



Annual financial statements as at 31 December 2019 and management report

TRANSLATION - AUDITOR'S REPORT

European Commodity Clearing AG
Leipzig

KPMG AG Wirtschaftsprüfungsgesellschaft

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European Commodity Clearing AG, Leipzig

Profit and Loss Statement
for the Period from 1st January 2019 to 31st December 2019

| | 2019 | | 2019 | | 2018 | | 2018 | |
|---|------|------------|-----------|-------------------|------|------------|------|-------------------|
| | € | € | € | € | € | € | € | € |
| 1. Interest income from | | | | | | | | |
| a) Credit and money market transactions | | | | | | | | |
| aa) thereof from transactions with positive interest rates | | 286,721 | | | | 168,842 | | |
| ab) thereof from transactions with negative interest rates | | 21,635,753 | | 21,922,474 | | 17,128,921 | | 17,297,764 |
| 2. Interest Expense | | | | | | | | |
| a) thereof from transactions with positive interest rates | | 164,088 | | | | 192,414 | | |
| b) thereof from transactions with negative interest rates | | 18,060,283 | | 18,224,372 | | 14,078,061 | | 14,270,475 |
| 3. Current income from investments in affiliated companies | | | | 27,421 | | | | 0 |
| 4. Income from commission fees | | | | 94,887,385 | | | | 81,369,149 |
| 5. Expenses from commission fees | | | | 7,428,021 | | | | 4,848,153 |
| 6. Other operating income | | | | 9,449,506 | | | | 7,425,256 |
| <i>(thereof from currency translation 756,748.63 €; previous year 1,007,472.79 €)</i> | | | | | | | | |
| 7. General administrative expenses | | | | | | | | |
| a) Human resources expenses | | | 8,639,002 | | | 6,614,420 | | |
| aa) Wages and salaries | | | 1,821,699 | | | 1,313,772 | | |
| ab) Social insurance contributions and expenses | | 10,460,701 | | | | 1,313,772 | | |
| b) Other administrative expenses | | 34,337,990 | | 44,798,691 | | 24,829,144 | | 26,142,917 |
| 8. Depreciation, Amortization and value adjustment of intangible assets and property, plant and equipment | | | | | | | | |
| 9. Other operating expenses | | | | 1,939,078 | | | | 2,199,864 |
| <i>(thereof from currency translation 648,556.43 €; previous year 1,233,407.38 €)</i> | | | | 1,938,834 | | | | 2,127,321 |
| 10. Result of ordinary operations | | | | 51,957,789 | | | | 49,889,018 |
| 11. Taxes on income and profit | | | | 1,838 | | | | -41,152 |
| 12. Profit transfer | | | | -51,955,951 | | | | -49,930,170 |
| 13. Annual profit | | | | 0 | | | | 0 |
| 14. Balance sheet profit | | | | 0 | | | | 0 |

European Commodity Clearing AG, Leipzig

2019 N O T E S

European Commodity Clearing AG (hereinafter “ECC”) with its headquarter in Leipzig is a subsidiary of European Energy Exchange AG (EEX), Leipzig. It is included in the consolidated financial statement of EEX and of Deutsche Börse AG (Deutsche Börse), Frankfurt am Main. Both are available at the German electronic gazette (www.bundesanzeiger.de). ECC is registered in the commercial register of Leipzig Local Court in section B under no. 22362.

ECC is the sole shareholder of European Commodity Clearing Luxembourg S.à r.l. (hereinafter “ECC Luxembourg”). ECC Luxembourg is included in the commodity delivery chain (power and gas). The exemption from the requirement to prepare a subgroup financial statement is used in accordance with Art. 291 Paragraph 1 HGB.

A profit-and-loss transfer agreement has been concluded by and between ECC and EEX. Within the terms of this profit-and-loss transfer agreement, ECC is committed to transfer its net profit for the year under German commercial law completely to EEX. At the same time, EEX is obliged to fully compensate any net loss occurring at ECC during the term of the agreement by assuming losses.

1. Accounting and valuation principles

General principles

Accounting and valuations are effected in accordance with the general accounting and invoicing provisions for capital companies according to HGB in compliance with the supplementary provisions of AktG and the Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (RechKredV). The profit and loss statement according to RechKredV is structured in the scaled form (form 3). The development of the single items of the fixed assets is shown separately.

The company is a large corporation within the meaning of Art. 267 Paragraph 3 HGB. Accordingly, the regulations for the accounting of large corporations in accordance with Art. 340a Paragraph 1 HGB were applied. The going concern principle was applied; assets and liabilities were assessed individually. The prohibition of netting in accordance with § 246 HGB was observed. A cautious assessment was effected, i.e. all foreseeable risks and losses which were incurred up until the balance sheet date were taken into account.

Receivables and liabilities in foreign currencies were valued at the average spot exchange rate at the time of the transaction. If the receivables and liabilities in foreign currency have a remaining term of

one year or less, Art. 253 Paragraph 1 Sentence 1 HGB and Art. 252 Paragraph 1 No. 4 Half-Sentence 2 HGB were not applied. Gains and losses resulting from the settlement of these transactions or from the translation of assets and liabilities at the closing rate were recognised in income in accordance with Art. 256a HGB.

To the amount in which assets and liabilities in the same currency correspond in terms of amount, these items are considered specially covered in accordance with Art. 340h HGB.

Expenses and revenues were translated on the posting date using the reference exchange rates provided by the house bank.

Central bank balances

The balances were assessed at the nominal value.

Expenses incurred due to negative interest on credit balances were reported in the income statement under interest expenses. Any income from passing on interest expenses from negative interest on deposits to third parties was reported accordingly under interest income.

Accounts receivable and other assets

The accounts receivable and other assets were assessed at the nominal value less required single value adjustments. Latent risks are adjusted by a general allowance.

The trade accounts payable and receivable with regard to ECC Luxembourg existing on the balance sheet date were netted out since the preconditions for offsetting in accordance with Art. 264 Paragraph 2 sentence 2 of the German Commercial Code are fulfilled. The actual offsetting situation towards ECC Luxembourg corresponds to the ECC Clearing Conditions at the time of the settlement and fulfilment of the corresponding transactions to the respective trading participants. Netted-out reporting serves to improve the clarity and comprehensibility of the annual financial statement.

Shares in affiliated companies

Affiliated companies were assessed at the lower of their acquisition costs or fair value.

Trust assets and liabilities

ECC has an account for inventory management of emission allowances at the Union registry. In accordance with the Clearing Conditions, participants in exchange trading in EU allowances (EUA) or Certified Emission Reductions (CER) submit emission allowances to the ECC account at the Union registry. The inventories of these emission allowances are booked in the registry account kept by ECC and held in custody. As the fulfilling company, ECC holds all allowances for the trading participants involved. The above situation fulfils the criteria of holding in one's own name for third-party account and, as a result, requires balance sheet reporting of the trust relationships according to Art. 6

Paragraph 1 RechKredV. On 31st December 2019, these emission allowances held in trust accounted for an inventory of 38,181,481 allowances having a market value of € 930,529,149. ECC is required to return these emission allowances held in trust at any time and without any conditions.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment were assessed at costs of acquisition less scheduled depreciations. No use was made of the capitalization option for self-generated intangible assets.

Property, plant and equipment are valued at acquisition or production cost. Depreciable property, plant and equipment is depreciated on a straight-line basis over its useful life for tax purposes or is valued at the lower of cost or market.

Minor assets with acquisition or production costs of up to € 800 (net) acquired during the financial year were written off completely in the year of acquisition in accordance with Art. 6 Paragraph 2 EstG. The option under Art. 6 Paragraph 2a EstG to form a collective item was not used in this context.

Liabilities

Liabilities were shown at the amount to be paid in accordance with Art. 253 Paragraph 1 Sentence 2 of the HGB.

Provisions

Provisions are defined for all risks, doubtful liabilities and contingent losses discernible up until the preparation of the annual financial statement. They are reported at the probable settlement amount. Provisions with a remaining term of more than one year were discounted at the average market interest rate corresponding to their remaining term in accordance with Art. 253 Paragraph 2 Sentence 1 HGB.

Pension obligations

For pension obligations shown in the commercial balance sheet, the interest rate for a remaining term of 15 years was chosen. In this respect, the option provided by Art. 253 Paragraph 2 Sentence 2 HGB was exercised. Thus the interest rate is 2.71 percent (average interest rate for 10 years; previous year: 3.21 percent) respectively 1.97 percent (average interest 7 years; previous year: 2.32 percent) for the trade balance valuation. The © 2018 G mortality tables by Dr. Klaus Heubeck were used as the biometric basis for calculation.

Guarantees and other commitments

On the balance sheet date, there was a letter of comfort between ECC and ECC Luxembourg. More detailed information on this is provided under "Contingent liabilities".

Deferred taxes

Deferred taxes are generally calculated in accordance with Art. 274 HGB for temporary differences between the commercial and tax valuations of assets, liabilities and prepaid expenses. Deferred tax liabilities are only reported to the extent that they exceed deferred tax assets. Due to the existing income fiscal unity with EEX, temporary differences between commercial and tax valuations were taken into account at the level of the controlling company EEX. Deferred taxes as of the reporting date were calculated on the basis of a combined income tax rate of 32 percent for the tax group of EEX. Deferred taxes were not shown in the balance sheet in the event of a surplus of assets, exercising the option under Art. 274 HGB.

Equity

The subscribed capital is reported at nominal value.

2. Notes and explanations regarding the balance sheet

Assets in foreign currency

Assets in foreign currency amounted to € 26,494 thousand (previous year: € 27,544 thousand) at the balance sheet date.

Accounts receivable from credit institutions

Accounts receivable from banks had a remaining term to maturity of less than one year on the reporting date and are structured as follows:

| Accounts receivable from credit institutions | 2019 | 2018 |
|---|--------------------|--------------------|
| | Thousands € | Thousands € |
| GBP Collateral of DCP | 23,704 | 22,132 |
| Other receivables | 8,713 | 14,571 |
| Total | 32,417 | 36,703 |

Accounts receivable from customers

Accounts receivable from customers amounted to € 11,998 thousand as of December 31, 2019 (previous year: € 40,452 thousand) and had a remaining term of less than one year as of the balance sheet date. They mainly include clearing fees not yet collected and open items from transactions settled via ECC for the December 2019 performance period amounting to €10,646 thousand.

Shares in affiliated companies

On 31st December 2019, the shareholdings according to HGB were as follows:

| Name | Registered office | Equity T€ | Annual Profit 2019 T€ | Share in % |
|---|----------------------------|--------------|--------------------------|------------|
| European Commodity Clearing Luxembourg S.à r.l. | Luxembourg (Luxembourg) | 127 | 46 | 100.00 |

Trust assets

On 31st December 2019, trust assets were €930,529 thousand (previous year: € 1,348,573 thousand).

Intangible assets and property, plant and equipment

The breakdown and development of intangible assets and property, plant and equipment can be found in the statement of changes in fixed assets.

Other assets

The balance sheet position of other assets is structured as follows:

| Other assets | 2019 Thousands € | 2018 Thousands € |
|--|-----------------------------|-----------------------------|
| Receivables from affiliated companies | 11,733 | 19,922 |
| <i>European Commodity Clearing Luxembourg S.à.r.l.</i> | 5,714 | 6,441 |
| <i>European Energy Exchange AG</i> | 4,157 | 2,144 |
| <i>EPEX Spot SE</i> | 284 | 20 |
| <i>Powernext SAS</i> | 169 | 14 |
| <i>EPEX Spot Belgium SA</i> | 0 | 10,460 |
| <i>Forderungsabgrenzungen</i> | 1,409 | 844 |
| Receivables from public authorities | 2,821 | 510 |
| Remaining other assets | 19,727 | 2,818 |
| Total | 34,281 | 23,251 |

Deferred expenses and accrued income

Expenses before the balance sheet date which constitute expenses for a certain period after this date are, in principle, reported as “deferred expenses and accrued income” (ARAP).

On 31st December 2019, there were deferred expenses and accrued income of € 910 thousands (previous year: € 1,538 thousands).

Liabilities in foreign currencies

Liabilities in foreign currencies amounted to € 24,187 thousand (previous year: € 17,980 thousand) at the balance sheet date.

Liabilities to credit institutions

The existing liabilities to credit institutions amounting to € 1,900,971 thousand (previous year: € 1,777,585 thousand) are due on a daily basis and consist mainly of cash collateral deposited with ECC by credit institutions.

Liabilities to customers

The liabilities to customers amounted to € 1,901,399 thousand as of 31st December 2019 (previous year: € 3,755,397 thousand) and are due on a daily basis. They mainly comprise cash collateral deposited by customers with ECC.

Trust liabilities

In parallel with the trust assets, there were trust liabilities of € 930,529 thousand (previous year: € 1,348,573 thousand) on 31st December 2019.

Other liabilities

On the balance sheet date, there were other liabilities of € 63,109 thousand (previous year: € 47,784 thousand). These essentially comprise € 38,189 thousand in liabilities to affiliated companies, including those from unpaid profit transfers and for agency services, as well as margin liabilities of € 17,476 thousand. There were no liabilities with a remaining term of more than one year.

Excess of plan assets over pension liabilities

The ECC has given legally binding pension commitments.

The asset value of the reinsurance policy was compounded by € 3 thousand in the 2019 financial year and amounted to € 143 thousand as of the balance sheet date (previous year: € 140 thousand). The acquisition costs of the cover assets corresponded to the fair value.

The settlement amount of the underlying pension provision under commercial law amounted to € 154 thousand as of 31st December 2019 (previous year: € 141 thousand). This resulted in an interest expense of € 5 thousand for financial year 2019, taking into account payments made of € 0. Assuming the average market interest rate of the past seven financial years, this would result in a settlement amount of € 166 thousand.

Accordingly, the balance of the settlement amount and the asset value is reported in the balance sheet as a provision of € 11 thousand (previous year: € 0 thousand).

The difference, which is calculated as the difference between the recognition of provisions discounted at the average market interest rate of the past ten years and the recognition of provisions discounted at the average market interest rate of the past seven years, amounts to € 12 thousand. In accordance with Art. 253 Paragraph 6 of the German Commercial Code, this amount is blocked for distribution.

Provisions

The item provisions includes provisions for pensions and similar obligations of € 11 thousand (previous year € 0 thousand) and other provisions. These are broken down as follows:

| Other provisions | 31/12/2019 Thousands € | 31/12/2018 Thousands € |
|--------------------------------|-----------------------------------|-----------------------------------|
| Outstanding Invoices | 6,363 | 8,339 |
| Personnel obligations | 1,753 | 2,354 |
| Supervisory Board remuneration | 74 | 109 |
| Audit fees | 157 | 104 |
| Other provisions | 25 | 25 |
| Total | 8,372 | 10,930 |

The personnel provisions essentially comprise bonus payments for the past financial year.

Interest rates of 1.82% (6-year period of retention of documents) and of 2.33% (10-year period of retention of documents) were used for the calculation of the provision regarding the obligation to retain business documents.

Equity

On the balance sheet date, the equity of ECC was unchanged and amounted to € 1,015,227. It was divided into 1,015,227 bearer share certificates.

On 31st December 2019, the capital reserve amounted to € 84,300 thousand (previous year: € 74,300 thousand). In December 2019, the capital reserve was increased by € 10,000 thousand.

The other retained income amounted to € 33,619 thousand (previous year: € 33,619 thousand). This included the provision according to EMIR article 45. This provision was increased by € 3,500 thousand as a result of reclassifications from other retained income in 2019. As a result, it was € 15,000 thousand on the balance sheet date (previous year: € 11,500 thousand).

Contingent liabilities

On the basis of a hard letter of comfort, ECC guaranteed liabilities of ECC Luxembourg in the amount of € 206,805 thousand (previous year: € 521,467 thousand) as of the balance sheet date. These

liabilities relate to obligations from electricity and gas deliveries existing on the balance sheet date. These obligations are covered by the retention of collateral (see Section 4) and are subject to a low probability of occurrence based on historical data.

3. Notes and Explanations regarding the Profit-and-Loss Account

The interest income as well as the income from commission fees and the other operating income were generated exclusively in Germany, so that a breakdown according to geographical markets is dispensed with in accordance with Art. 34 Paragraph 2 Figure 1 of the Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (RechKredV).

In 2019, interest income of € 21,922 thousand (previous year: € 17,298 thousand) was generated. Interest expenses mainly resulted from negative interest on the cash collateral deposited in the total amount of € 18,224 thousand (prior year: € 14,270 thousand), which was offset by the administrative fee of € 21,636 thousand (prior year: € 17,129 thousand) charged to the clearing banks.

Income from commission fees

The commission fees of € 94,887 thousand (previous year: € 81,369 thousand) concerned fees for clearing services by ECC. According to material criteria, the commission fees have the following structure:

| Income from commission fees | 2019 Thousands € | 2018 Thousands € |
|--|-----------------------------|-----------------------------|
| Derivatives Market clearing fees | 46,419 | 40,378 |
| Spot Market clearing fees | 47,178 | 39,981 |
| Annual fees and other income from clearing | 1,290 | 1,010 |
| Total | 94,887 | 81,369 |

Expenses from commission fees

The commission expenses of € 7,428 thousand (previous year: € 4,848 thousand) essentially comprised volume-dependent expenses.

Other operating income

Other operating income of € 9,450 thousand (previous year: € 7,425 thousand) breaks down as follows:

| Other operating income | 2019 Thousands € | 2018 Thousands € |
|--|-----------------------------|-----------------------------|
| Income from agency services | 6,652 | 5,468 |
| Cost refunds from third parties | 1,183 | 431 |
| Income from foreign currency valuation | 757 | 1,007 |
| Release of provisions | 466 | 180 |
| EMIR Trade Reporting | 174 | 135 |
| Other income | 217 | 204 |
| Total | 9,450 | 7,425 |

General administrative expenses

The general administrative expenses of € 44,799 thousand (previous year: € 32,757 thousand) include the following items:

| General administrative expenses | 2019 Thousands € | 2018 Thousands € |
|---|-----------------------------|-----------------------------|
| Personnel expenses | 10,461 | 7,928 |
| <i>Wages and salaries</i> | 8,639 | 6,614 |
| <i>Social insurance contributions</i> | 1,822 | 1,314 |
| Other administrative expenses | 34,338 | 24,829 |
| <i>Expenses for services for affiliated companies</i> | 15,985 | 11,647 |
| <i>Overhead & marketing</i> | 4,905 | 4,058 |
| <i>System expenses</i> | 4,378 | 4,289 |
| <i>Consultancy services</i> | 9,070 | 4,836 |
| Total | 44,799 | 32,757 |

The increase in personnel expenses resulted from the increased number of employees and income dependent rewards. This resulted from a continued increase in personnel as well as a restructuring of EEX functions into ECC. The increase in other expenses results from the settlement of the increased business volume and increased project expenses.

Other operating expenses

The other operating expenses of € 1,939 thousand (previous year: € 2,127 thousand) essentially comprised expenses from the input tax corrections due to sales exempt from sales tax of € 1,120 thousand (previous year: € 846 thousand) as well as realized and non-realized exchange rate losses of € 649 thousand (previous year: € 1,233 thousand) as of the balance sheet date.

Profit-and-loss transfer

On the basis of the profit and loss transfer agreement with EEX, the net profit for the financial year 2019 under HGB amounting to €51,956 thousand (previous year: €49,930 thousand) will be transferred in full.

4. Other Notes

Structure of collaterals

In order to cover ECC's risk in the event of the default of a Clearing Member, the Clearing Members undertake to provide the daily or intra-day collateral in cash or securities to the amount specified by ECC in accordance with the Clearing Conditions. On the balance sheet date, these were as follows:

| Collateral | 31/12/2019 | 31/12/2018 |
|--|-------------------|-------------------|
| | m€ | m€ |
| Cash funds | 3,795 | 5,500 |
| Securities and book-entry securities (after haircut) | 122 | 448 |
| Total | 3,917 | 5,948 |

On 31st December 2019, the ECC clearing fund amounted to € 437 million (previous year: € 622 million).

Other financial obligations

The other obligations are listed in the table below:

| Financial obligation | Total | 2020 | 2021 to 2024 | 2025 to 2029 |
|-------------------------------------|--------------------|--------------------|---------------------|---------------------|
| | Thousands € | Thousands € | Thousands € | Thousands € |
| Services from affiliated companies* | 10,384 | 10,384 | 0 | 0 |
| System expenses/maintenance | 1,521 | 1,402 | 119 | 0 |
| Buildings (rent)* | 3,737 | 374 | 1,495 | 1,868 |
| Vehicles | 83 | 33 | 50 | 0 |
| Other | 874 | 404 | 470 | 0 |
| Total | 16,598 | 12,597 | 2,133 | 1,868 |

*These financial liabilities were liabilities to affiliated companies.

Amounts excluded from distribution

On the balance sheet date, there were no amounts excluded from distribution according to Art. 268 Paragraph 8 HGB. According to Art. 253 Paragraph 6 HGB, there were amounts excluded from distribution on the balance sheet date in the amount of the difference of € 12 thousand.

Human resources development

In the financial year under review, on average 110 employees (previous year: 78 employees) were employed by the company. The average number of employees in the financial year was divided into 66 men and 44 women. A total of 12 managers were employed on average during the financial year.

Management Board

| | |
|----------------------------|--|
| Peter Reitz, Leipzig | Chief Executive Officer (CEO) |
| Dr. Götz Dittrich, Leipzig | Member of the Board (COO) |
| Dr. Thomas Siegl, Eschborn | Member of the Board (CRO) |
| Jens Rick, Oberursel | Member of the Board (CIO), since 1st November 2019 |

In the financial year 2019, the total remuneration of the Management Board, consisting of basic remuneration and performance-related remuneration, amounted to € 1,761 thousand (previous year: € 1,558 thousand). In addition, € 192 thousand was attributable to pension expenses (previous year: € 148 thousand). The performance-related remuneration was paid out in part.

Seats held on supervisory boards and other supervisory bodies

In addition to their function in the ECC, the persons listed below hold mandates in statutory supervisory bodies of large corporations in accordance with Art. 267 Paragraph 3 HGB:

| | |
|-------------|--|
| Peter Reitz | Chairman of the Supervisory Board of EPEX Spot SE, Paris |
|-------------|--|

Transactions with related parties in accordance with Art. 285 Fig. 21 HGB

During the financial year under review, no transactions with related parties which were concluded subject to conditions that are not common on the market were concluded.

Fee for the auditor of the annual accounts according to Art. 285 Fig. 17 HGB

The company is included in the consolidated financial statements of EEX AG. The information on the auditor's fee is part of the notes to the consolidated financial statements of EEX AG in accordance with Art. 285 Fig. 17 HGB.

Supervisory Board

The Supervisory Board has the following members:

| | |
|---|---|
| Heike Eckert (Chairman) | Member of the Management Board, Eurex Clearing AG, Eschborn |
| Hans E. Schweickardt (Vice-Chairman) | Chairman of the Supervisory Board, Polenergia S.á.r.l., Warsaw/Poland |
| Jürg Spillmann (Vice-Chairman) | Member of the Management Board, Eurex Global Derivatives AG, Zug/Switzerland |
| Dr. Karin Labitzke | Former head of the central function CRO Central Functions UniCredit Bank AG, Gauting |
| Prof. Harald R. Pfab | Managing Director, HHP Beratung GmbH, Fronreute |
| Vincent van Lith | Executive Director, ABN AMRO Bank N.V., Frankfurt/Main |

The following members of the Supervisory Board have left the Supervisory Board in the 2019 financial year:

| | |
|------------------------------------|--|
| Dr. Jürgen Kroneberg (Chairman) | Lawyer, Kampen (Sylt) († 9th February 2019) |
|------------------------------------|--|

On the balance sheet date, the ECC Supervisory Board had an auditing committee comprising all Supervisory Board members and a human resources and compensation committee consisting of the following members: Heike Eckert, Hans Schweickardt and Jürg Spillmann.

In the past financial year, the members of the Supervisory Board received emoluments of € 74 thousand (previous year: € 109 thousand).

Supplementary Report

There have been no events after the balance sheet date which have a material impact on the financial statements.

Leipzig, 28th February 2020

Peter Reitz
Chief Executive Officer (CEO)

Dr. Götz Dittrich
Member of the Board (COO)

Dr. Thomas Siegl
Member of the Board (CRO)

Jens Rick
Member of the Board (CIO)

Development of Fixed Assets in the 2019 Financial Year

| | Costs of acquisition | | | Depreciation / Amortization | | | Residual book values | | |
|--|----------------------|-------------------|-----------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 01/01/2019 € | Additions € | Disposals € | Transfers € | 31/12/2019 € | 01/01/2019 € | 31/12/2019 € | 01/01/2019 € | 31/12/2019 € |
| 1. Intangible assets | 32,116,765.42 | 980,582.39 | 3,273.75 | 0.00 | 33,094,074.06 | 16,697,759.02 | 18,628,117.72 | 15,419,006.40 | 14,465,956.34 |
| 205000000 Costs of acquisition of concessions and commercial property rights | 14,824,038.73 | 0.00 | 0.00 | 0.00 | 14,824,038.73 | 2,717,740.73 | 3,706,009.73 | 12,106,298.00 | 11,118,029.00 |
| 205000020 IT software | 10,193,544.29 | 615,217.29 | 3,273.75 | -5,056.00 | 10,800,431.83 | 6,880,835.89 | 7,822,787.78 | 3,312,708.40 | 2,977,644.05 |
| 207000000 Goodwill | 7,099,182.40 | 0.00 | 0.00 | 0.00 | 7,099,182.40 | 7,099,182.40 | 7,099,182.40 | 0.00 | 0.00 |
| 237000000 Prepaid expenses intangible assets | 0.00 | 365,365.10 | 0.00 | 5,056.00 | 370,421.10 | 0.00 | 137.81 | 0.00 | 370,283.29 |
| 2. Property, plant and equipment | 115,387.90 | 5,821.94 | 491.43 | 0.00 | 123,718.41 | 102,760.90 | 110,787.41 | 15,627.00 | 12,931.00 |
| 218100000 Business and office equipment | 43,264.15 | 1,197.23 | 491.43 | -314.96 | 43,654.99 | 40,966.15 | 41,891.99 | 2,298.00 | 1,763.00 |
| 218300000 Office furnishings | 43,389.35 | 0.00 | 0.00 | 0.00 | 43,389.35 | 30,060.35 | 32,221.35 | 13,329.00 | 11,168.00 |
| 218110000 Minor assets | 23,052.53 | 4,624.71 | 0.00 | 314.96 | 27,992.20 | 23,052.53 | 27,992.20 | 0.00 | 0.00 |
| 218120000 Collective item - minor assets | 8,681.87 | 0.00 | 0.00 | 0.00 | 8,681.87 | 8,681.87 | 8,681.87 | 0.00 | 0.00 |
| 3. Shares in affiliated companies | 18,500.00 | 0.00 | 0.00 | 0.00 | 18,500.00 | 0.00 | 0.00 | 18,500.00 | 18,500.00 |
| 261000000 Shares | 18,500.00 | 0.00 | 0.00 | 0.00 | 18,500.00 | 0.00 | 0.00 | 18,500.00 | 18,500.00 |
| | 32,253,653.32 | 986,404.33 | 3,765.18 | 0.00 | 33,236,292.47 | 16,800,519.92 | 18,738,905.13 | 15,453,133.40 | 14,497,387.34 |

1. About the Company

1.1 Business operations and corporate structure

European Commodity Clearing AG (ECC), with its registered office in Leipzig, Germany, was established in 2006 through a spin-off of the clearing activities of European Energy Exchange AG (EEX).

ECC is a credit institution and has a banking licence as a central counterparty within the meaning of Art. 1 Paragraph 1 No. 12 KWG (German Banking Act), in conjunction with Art. 1 Paragraph 31 KWG. In addition, since 2014, ECC has had a licence to act as a central counterparty, within the meaning of the European Regulation (648/2012) on OTC derivatives, central counterparties and trade repositories (EMIR). In this function, ECC settles the trades concluded between the trading participants on the affiliated markets or registered for clearing and guarantees their fulfilment even if a counterparty defaults. Physical deliveries are settled by the European Commodity Clearing Luxembourg S.à.r.l. (ECC Lux), a wholly-owned subsidiary of ECC.

In addition to the reliable and contractually compliant settlement of the trading transactions in line with the contracts, the company's objective as a clearing house is to increase the efficiency of clearing and risk management through the integration of different market platforms, products and commodities into a uniform system. As part of the EEX Group, ECC provides clearing services for all markets of European Energy Exchange AG (EEX), EPEX SPOT SE (EPEX), Powernext SA, Power Exchange Central Europe, a. s. (PXE) and EEX Asia Pte. Ltd. (EEX Asia, formerly Cleartrade Exchange). In addition to this, cooperations with other exchanges outside EEX Group have been entered into since 2006. In this context, the focus is on the creation of clearing offers across markets and products in the field of commodity derivatives and spot trading. At present, ECC cooperates with the two Hungarian energy exchanges HUPX and HUDEX, as well as with SEMOpx, NOREXECO and SEEPEX.

ECC is wholly owned by EEX. A profit and loss transfer agreement exists between ECC and EEX.

Management

As a German public limited company, ECC comprises the following corporate bodies: the general meeting, the Supervisory Board and the Management Board, each of which has its own competences. In addition, there is a risk committee as an advisory body for the corporate management (as stipulated by EMIR).

The general meeting appoints the members of the Supervisory Board and approves the activities of the Management Board as well as of the Supervisory Board.

The Supervisory Board appoints, monitors and advises the Management Board and is directly involved in decisions which are of fundamental importance to the Company. Moreover, it adopts the annual financial statement prepared by the Management Board. At present, the Supervisory Board has six members.

The Management Board (which is in charge of managing the company's operations) represents the company to the outside world. On 31 December 2019, the Management Board consists of the Chief Executive Officer (CEO), the Chief Operating Officer (COO), the Chief Risk Officer (CRO) and the Chief Information Officer (CIO). Some of the members of the ECC Management Board also act as members of the EEX Management Board.

1.2 Corporate governance

ECC essentially uses the parameters of commission income, costs, EBT, and liquidity to manage the Company. Moreover, the risk parameters according to EMIR are also essential control parameters for the clearing house.

The revenue generated by ECC is influenced, in particular, by income from commission fees (transaction and annual fees) and other operating income. Expense is differentiated between commission expenses, general administrative expenses, other operating expenses and depreciations. While provision expenses are variable in character, i.e. they correlate with the amount of the transaction fees, the further expense items have the character of fixed costs (cf. "Earnings situation" for details).

Approximately 87 percent of the ECC expenses are independent of turnover. As a result, ECC can settle additional business volumes without a significant increase in costs because of economies of scale and scope. Nonetheless, a decline in business volumes would have a direct impact on the profitability of ECC.

1.3 Research and development

As a service company, ECC does not engage in any research and development activities, which are, e.g., carried out by manufacturing companies. New developments of products and services for the year 2019 are addressed under "Development of business" and with a view to the future in the "Risk and opportunity report".

2. Economic development

2.1 Macro-economic, industry-specific and regulatory framework conditions

Essential factors influencing the transaction fees

The amount of the transaction fees is determined by three essential influencing factors: Apart from the size of the overall market, the transaction revenue also depends on the market share achieved and on the fee structure. The market share and the fee structure are monitored in the framework of the implementation of the group strategy and of corporate management with a focus on strengthening the competitive position of EEX Group and positioning the group as a global energy and commodities trading platform. By contrast, the size of the overall market cannot be influenced by ECC and essentially depends on the following factors:

- Physical energy consumption and market maturity (churn rate)
- Price development and volatility on the energy markets
- Regulatory framework conditions

Regulatory framework conditions

The markets of the EEX Group are significantly influenced by energy and financial market legislation. In the following, the main changes or innovations in 2019 with effects on the transaction proceeds of ECC are presented.

The revised EU Financial Markets Directive MiFID II, which has been applicable since 3 January 2018, lays down rules for trading in commodity derivatives. For example, it contains position limits on commodity derivatives traded on the energy markets. This means that certain upper limits for holding derivatives may not be exceeded either by individual companies or by groups of companies on an aggregated basis. In 2019, initial discussions and consultations took place between regulators, clients and trading venues for a fundamental revision of MiFID II. This also specified the requirements in the context of so-called "pre-trade transparency", according to which bids of on-exchange and OTC transactions that are brought to an exchange for clearing will be reported to the responsible regulator in future.

The individual legal provisions of the so-called "Clean Energy Package" came into force in the first half of 2019. In addition to fundamental market design issues, such as ensuring free and unimpeded price formation, this package also includes aspects of cross-border trading, the

promotion and integration of renewable energies, the design of capacity markets and the powers of the European energy regulatory agency ACER. The regulations on the layout of bidding zones and the further expansion of the grid infrastructure contained in the new Electricity Market Regulation are of essential importance for the electricity markets of the EEX Group. In addition, the political decision to phase out the use of coal will have an impact on electricity production. Work on the legal basis for Germany's coal phase-out by 2038 at the latest was started in 2019 and will be continued in 2020.

The EU Regulation on Capacity Allocation and Congestion Management ("CACM") is of key importance for power spot exchanges. The regulation includes the establishment of a uniform day-ahead and intraday market coupling by means of harmonised rules for capacity calculation, congestion management and electricity trading and introduces the concept of the nominated electricity market operator (NEMO). It regulates the cooperation between NEMOs and transmission system operators and creates a system that allows NEMOs to become active in additional member states. In addition, the CACM Regulation requires that the exchanges in the fields of activity concerned be regulated by the national authorities. Thus, since the entry into force of the Regulation, EPEX has been subject to regular review by the respective national regulatory authorities and to the requirement of regular reporting.

The decision of the Federal Ministry of Economics and Energy (MBWi), which is based on the amendment of the Gas Network Access Ordinance and provides for the merger of the two German gas market areas GASPOOL and NCG to form the Trading Hub Europe, represents a significant change in the design of the gas market. The merger, which is to be implemented by the beginning of the gas year in October 2021, aims to promote competition and strengthen the price signal of a pan-German market area. The German gas market is thus faced with the challenge of coordinating the implementation and concrete design of the joint gas market area between the 16 gas transmission system operators and the two market area managers and supporting them by using the appropriate trading products.

Furthermore, the so-called "climate package" adopted in December 2019 has an impact on the energy market in Germany, which contains measures in various economic sectors such as energy, transport, buildings, industry and agriculture. Of central importance for the EEX Group is the decision to introduce a national trading system for fuel emissions in the sectors heat and transport. The national ETS takes effect from 2021 and provides for a guaranteed fixed price for the emitted certificates until 2025. The national emissions trading system, which also represents the decision against a CO₂ tax, is to be transformed into a common European system. In December 2019, the European Commission also presented the "European Green Deal" package of measures, which is to be supplemented by corresponding legislative proposals in 2020. In particular, these include proposals to increase emission reduction targets, to expand emissions

trading, to integrate sectors, to reform tax and aid rules, and a more active role for the EU in international climate policy.

While trading markets are generally subject to the influence of the respective market-specific political framework, uncertainty about the stability of the political framework generally remained at a high level. The main reasons for this were, on the one hand, the delayed withdrawal of the United Kingdom from the European Union and the associated uncertainty about the exact form of the Brexit. On the other hand, ongoing trade conflicts between the USA, Russia, China and the EU led to a tense situation on the international trade markets.

2.2 Development of business

The business performance of ECC as a service provider for clearing and settlement is linked to the success of its partner exchanges. In feedback, ECC has a positive effect on its partner exchanges by connecting new exchanges as part of the multi-exchange approach and by expanding its service portfolio. The main partner exchanges are EEX, which operates the Power Derivatives Markets, as well as the Markets for Environmental Products, Agricultural Products and Global Commodities, the French Power Spot Exchange EPEX and the French Energy Exchange Powernext, which organises European gas spot and derivatives trading. Powernext will be merged into EEX with effect from 01 January 2020. EEX will thus take over the operation of the Spot and Derivatives Markets for natural gas as well as the register services of the former Powernext as of the new financial year. The development of the corresponding product segments and markets is briefly described below.

Power Derivatives

As a clearing house, ECC handles the settlement of trading transactions on all power derivatives markets of EEX. The business segment again developed positively in the 2019 financial year. Despite a significant increase in regulatory uncertainties, particularly due to the planned Brexit, and a continued strong competitive environment, ECC was able to increase the clearing ring volume in this business segment by more than 20 percent. The Phelix-DE futures introduced in 2017 as a reaction to the division of the German-Austrian price zone for the market area Germany form the reference product in European electricity futures trading. In 2019, ECC also recorded another significant increase in clearing volumes in the Central-South-East Europe region and the market area Spain. In addition, EEX achieved an increase in market share in the Italian and French markets despite declining overall market volumes. In Spain in particular, the so-called "Power Purchase Agreements" or "PPAs" offered by EEX established themselves as instruments for the long-term exchange-based hedging of OTC long-term contracts for electricity, thus contributing to the increase in trading volumes.

ECC's clearing volumes for electricity options fell in the fiscal year, particularly due to a declining overall market. Market participants who actively traded these products in previous years shifted their activities to trading in gas options in 2019. In addition, the EEX faced intense competition from the Intercontinental Exchange (ICE) in the electricity options segment in 2019, which was able to increase its market share through an improved product offering and an aggressive pricing policy.

In the past financial year, EEX again supported growth in the power term segment by introducing new products. For example, the range of products offered in the existing markets was expanded by new short-term products for Austria and additional quarterly maturities for France, Italy and Spain and an exchange-based order book was introduced for the Greek electricity futures market. In addition, the group expanded its product range to 20 European market areas by introducing new term contracts for Bulgaria, Serbia and Slovenia. For the 2020 financial year, ECC plans to develop the Japanese market by introducing a clearing service for power term products in the Tokyo and Kansai regions. This will be the first time that ECC will also be represented in Asia with an offer on the power futures market.

EEX continues to be exposed to the strong competition on the Power Derivatives Market in Europe. More than half of the trading continues to take place via OTC broker platforms and is not cleared, even though this market share has again declined in 2019. The remaining trading volume is spread across several energy exchanges. In addition to the EEX, these are mainly the global exchange operators NASDAQ Commodities (NASDAQ) and ICE as well as smaller national energy exchanges.

Power Spot

The French power exchange EPEX operates the Power Spot Markets of the EEX Group. In addition, Power Exchange Central Europe (PXE) manages a partial order book of the Czech Power Spot Market. ECC provides clearing services for all markets of these two trading venues.

Overall, the Intraday Markets within the Power Spot Business Area continued to gain in importance in 2019 and reached 16 percent of the absolute volumes on the Power Spot Markets (previous year: 14 percent). This trend was mainly due to the increasing importance of digitalisation and the fluctuating renewable energies for electricity supply, which resulted in an increased need for flexibility and short-term balancing options for the balancing group managers.

An important step towards the creation of a pan-European intraday solution for the spot market for electricity was the introduction of the European cross-border platform XBID in 14 European countries in June 2018. Based on a common IT system, XBID maps all continuous European trading in a common order book and forms the interface between the local trading systems of the

power exchanges and the transmission system operators who provide the cross-border transmission capacity. In November 2019, the XBID solution was expanded by 7 countries to 21 participating countries. The connection of further countries to the XBID platform is planned for 2020.

EPEX is in direct competition with other spot exchanges in the power spot segment. Within the framework of the CACM Regulation, EPEX implemented the so-called "Multi-NEMO Arrangement" together with the transmission system operators of the CWE region and other NEMOs in July 2019. This resulted in a decline in market share in the entire CWE region, which was, however, more than offset by an increase in the overall market.

Natural Gas

The partner exchange Powernext, which operates the gas trading platform PEGAS, also recorded a positive development in the 2019 financial year and thus asserted itself as the third important revenue pillar for ECC, alongside the futures and spot markets for electricity.

A total of twelve market areas were offered for trading on the PEGAS platform operated by Powernext in the reporting year (GPL - Germany, NCG - Germany, TTF - Netherlands, PEG - France, NBP - Great Britain, ZEE - Belgium, ZTP - Belgium, PSV - Italy, CEGH - Austria, GPN - Denmark, OTE - Czech Republic, PVB - Spain).

In almost all important market areas, growth in clearing volumes was achieved on both the spot and derivatives markets. This growth in the spot markets was mainly based on market share gains in a simultaneously growing overall market. Only on the French spot market for gas did volume decreases have to be accepted due to declining market shares. On the futures markets, the growth in trading volume is particularly attributable to the growth of the overall market.

The gas products tradable via the PEGAS trading platform were also expanded in 2019 and supplemented by spot and futures contracts for natural gas trading in Spain. In addition, PEGAS launched an OTC registration service for LNG futures in May 2019 to support European energy companies in hedging against price risks in the global LNG markets.

The competitive environment in the European natural gas markets is similar to that of the electricity futures markets. The majority of natural gas trading takes place via off-exchange broker platforms. The remaining trading is distributed among Powernext, the CME Group and ICE exchanges and smaller national energy exchanges. While ICE has the largest market share on the exchange-based futures markets, Powernext is the exchange with the largest trading volumes on the spot markets. Particularly in Europe's largest gas market area, the Dutch TTF, Powernext benefited in the year under review from an increasing market share while the overall market grew.

Environmental Products

In the area of environmental products, ECC was unable to continue its growth rate of the previous year due to lower clearing volumes for emission allowances on both the primary and secondary markets. The main reason for the decline in volumes was a significant reduction in auction volumes within the framework of the "market stability reserve" for the strengthening of the CO2 price for regulatory reasons, which led to an overall decline in the overall market. In addition, the EEX was unable to continue the positive development of its option volumes in 2019, thus reducing its market share to 10 percent (2018: 20 percent).

On behalf of the European Commission, new emission allowances for all member states are introduced to the market via auctions (primary auction). The quantities are fixed in advance and are auctioned separately on the EEX for Germany, the United Kingdom and Poland. Auctioning for the remaining 25 Member States will be bundled. While the auction for the United Kingdom is carried out by ICE, EEX operates the auctions for all other EU member states. The corresponding underlying contracts have already been extended by up to five years in 2016.

In secondary trading for emission allowances the market is dominated by the dominant position of ICE, which handles around 90 percent of the market. The remaining trading volumes are mainly attributable to the EEX. In options trading, the market share of EEX fell to 3 percent in the 2019 financial year (2018: 29 percent).

Agriculturals and Global Commodities

ECC was also able to increase its sales revenues in the agricultural products business segment in fiscal 2019. While fewer contracts were traded in futures on dairy products than in the previous year, clearing volumes for futures on processed potatoes achieved growth of 16 percent. To improve the market offer for dairy products, EEX continued the consultation phase with the e-commerce trading platform Global Dairy Trade (GDT) in 2019 to establish a joint venture. The aim of the cooperation is to establish an auction mechanism for European dairy products in Europe.

ECC also achieved revenue growth in the Global Commodities segment. This increase is mainly attributable to the freight segment, which achieved double to triple-digit growth rates in each quarter. The main drivers for the continued organic growth were an increase in market participants, improvements in distribution and connectivity, the raising of position limits and an expanded product portfolio. In addition, trading volumes for iron ore contracts on the EEX Asia

platform increased by 37 percent. On the other hand, the clearing volumes of futures on marine diesel and fertilizer as well as other futures on ferrous metals and coal declined.

An important milestone in 2019 for the further development of the Global Commodities division was the takeover of the futures and options business of NFX by the EEX Group. The first migration of the freight open interest from NFX to ECC was successfully completed in December. Two further so-called matching sessions are planned for 2020.

Clearing Cooperations

ECC continued to cooperate with partner exchanges in 2019 and thus provided clearing services for trading venues which do not belong to the EEX Group. In October 2018, the Irish Power Exchange SEMOpx was launched in cooperation with the Irish transmission system operator EirGrid, the Nordic transmission system operator SONI and EPEX. Since then, ECC, in its function as Central Counterparty, has been responsible for clearing and settlement of all transactions on the Irish and Northern Irish day-ahead and intraday markets. With the Norwegian company NOREXECO, ECC cooperates with an exchange partner that offers commodity derivatives for pulp and paper (recycled paper) for trading. In addition, ECC takes over the clearing of trading transactions on the electricity spot and futures markets of the Hungarian power exchanges HUPX and HUDEX.

New Services

The major project to convert the EUREX Classic derivatives market clearing system to C7 was successfully completed in August 2019. Important milestones were already achieved in 2017 and 2018 with the migration of the payment and risk management functions. With the final conversion of the position and transaction management services in 2019, ECC now offers its customers a modern clearing system.

Since the end of 2018, ECC has maintained a network of six internationally active commercial banks, which are available to ECC clearing members as settlement banks for foreign currency payments in British pounds and US dollars. Following the successful launch with two pilot customers in the fourth quarter of 2018, the migration of all clearing members to the new correspondent bank service continued in 2019.

New cooperations and product categories

In 2019, the ECC continued to support a number of product launches at its partner exchanges. For example, clearing services were offered for numerous new power futures contracts on the EEX (including Bulgaria, Serbia, Slovenia) as well as for the Swiss-Italian power spot auctions on

the EPEX introduced in 2019. In addition, since June 2019, ECC has been responsible for clearing and settlement of physically fulfilled spot contracts on the Spanish gas hub PVB.

In the first half of 2019, Pownext was entrusted by the French government with the execution of auctions for proof of origin for the next five years. ECC provides the clearing services for the handling of these auctions.

In addition, EEX Asia has been able to register transactions directly for clearing with ECC as a further exchange partner since April 2018. This business relationship was further expanded in 2019 with the introduction of new products such as the Panamax Freight Futures.

In the energy sector, ECC now carries out the physical settlement of gas and electricity contracts with 31 network or hub operators in 18 countries with the help of ECC Lux. ECC is also linked to the relevant registers for the custody and transfer of emission rights, certificates of origin and French capacity guarantees.

2.3 Earnings situation

For ECC, the development of the individual markets of the partner exchanges plays an important role - they determine the clearing house's profit situation. This section deals with the profit and loss account of ECC.

Net interest income amounted to €3,698 thousand in financial year 2019, up from €3,027 thousand in the previous year. The current interest rate situation combined with the stringent investment regulations required by the regulatory authorities did not allow ECC any alternative investment opportunities in 2019 either. On the other hand, however, there are administrative fees for cash collateral, which more than offset the negative interest result.

Commission income, consisting of transaction and annual fees (share of annual fees in commission income: 0.6 per cent), amounted to € 94,887 thousand and was thus € 13,518 thousand or 17 per cent higher than the previous year's figure of € 81,369 thousand.

In 2019, the futures market for electricity again proved to be the main revenue driver and accounted for 40 percent of ECC's commission income. Revenue from the settlement of electricity futures transactions rose by 20 per cent year-on-year to € 38,159 thousand (previous year: € 31,669 thousand).

The commission income earned on the spot and forward market for natural gas increased significantly in the course of business in 2019. Commission income from clearing on the gas markets rose to € 33,064 thousand in the year under review, which corresponds to growth of 26 per cent year-on-year (previous year: € 26,268 thousand). This makes the revenue segment

natural gas the strongest growing market in terms of clearing revenues. The share of clearing revenues grew to 35 per cent. The spot and futures market for natural gas is thus ECC's second largest revenue segment.

Commission income from the clearing of the spot market for electricity rose by 4 per cent from € 18,802 thousand to € 19,628 thousand and, at 21 per cent, is ECC's third largest income segment.

Income from the clearing of emission allowances fell to € 936 thousand in the 2019 financial year. This represents a decline of 61 per cent compared with the previous year (€ 2,406 thousand). The main reason for this is the low liquidity of the secondary market for emission allowances. In 2019, the revenue segment thus accounted for only 1 per cent of ECC's total commission income (previous year: 3 per cent). The clearing revenues of the agricultural market amounted to € 181 thousand and thus remained at the previous year's level. With the clearing of the EEX Global Commodities Segment, ECC generated proceeds of € 183 thousand in the year under review, more than doubling its result compared to the previous year (previous year: € 84 thousand). This is attributable to the positive development of the Freight segment and the takeover of the Futures and options business of NFX by the EEX Group. The first migration of the Freight Open Interest from NFX to ECC was successfully completed at the end of the year and thus led to increased clearing revenues already in 2019.

The clearing business for the Hungarian spot and futures markets for electricity on the HUPX and HUDEX exchanges developed positively compared to the previous year. Total commission income of € 727 thousand was generated in the year under review (previous year: € 665 thousand).

Commission income from the clearing cooperation with the Irish electricity exchange SEMOpX rose to € 598 thousand in 2019 (previous year: € 145 thousand). This development is also attributable to a full-year effect, as the cooperation was entered into at the end of 2018. For 2019, ECC expected clearing revenues from the SEMOpX markets of € 560 thousand, which means that the cooperation is positive in terms of earnings.

ECC generated further income from clearing services for the SEEPEX (€ 101 thousand) and NOREXECO (€ 9 thousand) exchanges and for the electricity spot segment of PXE (€ 11 thousand), which manages part of the order book trading.

Commission expenses in 2019 increased significantly from € 4,848 thousand to € 7,428 thousand compared to the previous year. The commission expenses of ECC consist primarily of market maker refunds to Powernext and are proportional to the increase in commission income. The

increase in market maker expenses is also due to higher reimbursement ratios and new incentive programmes.

ECC's net fee and commission income (fee and commission income less fee and commission expenses) rose by 14 per cent year-on-year to €87,459 thousand. Thanks to growth in all major business areas, ECC was thus able to significantly improve its earnings performance in fiscal 2019 compared to the previous year.

Other operating income rose by 27 per cent in the year under review, reaching € 9,450 thousand (previous year: € 7,425 thousand). In 2019, this item included, among other things, income from internal cost allocation and the securities management fee, as well as project cost reimbursements from partner exchanges and positive exchange rate effects.

General administrative expenses rose significantly by 37 per cent year-on-year to € 44,799 thousand (prior year: € 32,757 thousand). Personnel expenses rose significantly from € 7,928 thousand in the previous year to € 10,461 thousand in 2019, reflecting the strong increase in the number of staff (2019: 129; 2018: 84 employees) and higher expenses for bonuses for employees and the Management Board due to the higher earnings compared to the previous year. Other administrative expenses rose by 38 per cent year-on-year to € 34,338 thousand (previous year: € 24,829 thousand) and were driven in particular by higher expenses for adjustments to clearing and risk management systems, for external consulting services and for internal cost allocation.

Furthermore, depreciation and amortisation amounted to T€ 1,939 and were thus 12 per cent below the previous year's figure of T€ 2,200. ECC's other operating expenses also fell slightly in the year under review to € 1,939 thousand (previous year: € 2,127 thousand).

The EBT reflects the positive development of the financial year compared to the previous year and increased by 4 per cent to € 51,958 thousand (previous year: € 49,889 thousand). Due to the profit and loss transfer agreement between ECC and EEX, ECC does not have any net income for the year. Accordingly, the calculation of the return on equity is obsolete.

2.4 Asset situation

The financial position of ECC is characterised by its business activities as a central counterparty for trading on commodity exchanges.

Total assets amounted to € 4,923,326 thousand as of the balance sheet date and were thus € 2,125,879 thousand lower than the previous year's total assets of € 7,049,205 thousand.

The assets side of the balance sheet is mainly characterised by balances with central banks and credit institutions. These result mainly from the investment of cash collateral of € 3,794,686

thousand (previous year: € 5,502,328 thousand) to secure transactions which were matched by obligations to clearing members in the same amount. As at 31 December 2019, the cash reserve amounted to €3,898,694 thousand (previous year: €5,583,227 thousand). This development can be explained mainly by declining margin requirements due to decreasing volatility at the end of the year and an implicitly smaller clearing fund.

The position trust assets includes CO2 certificates managed in trust by ECC since 2017. As of the balance sheet date, the value of this item amounted to € 930,529 thousand, which is significantly lower than in the previous year (previous year: € 1,348,573 thousand). This development is directly related to the declining business development in the emissions sector. There is a liability item in liabilities in the same amount.

Intangible assets totalled € 14,466 thousand and were thus € 953 thousand below the previous year's figure of € 15,419 thousand. Other assets amounted to € 34,281 thousand (previous year: € 23,251 thousand) as of the balance sheet date and essentially comprise loans and receivables from shareholders and affiliated companies, input tax receivables of ECC from the responsible tax offices in Luxembourg and Belgium, and receivables for transaction fees of ECC Lux for the physical settlement of transactions registered for clearing. From the 2019 financial year onwards, this item also includes margin calls of € 17,476 thousand that have been requested but not yet collected by trading participants. There is another liability in the same amount.

Prepaid expenses and deferred charges amounted to € 910 thousand on the reporting date, € 628 thousand lower than in the previous year. In terms of content, they mainly represented adjustments to software and systems of Deutsche Börse AG.

Liabilities to banks are determined by cash collateral received from clearing members that are banks and totalled € 1,900,971 thousand (previous year: €1,777,585 thousand). Liabilities to customers, on the other hand, include the cash collateral provided to ECC by clearing members who are not banks. On the balance sheet date, they amounted to € 1,901,399 thousand (previous year: € 3,755,397 thousand).

There is a letter of comfort for liabilities of the subsidiary ECC Lux. ECC also guarantees the fulfilment of ECC Lux's obligations to trading participants on the spot markets, for which ECC Lux has assumed the delivery or acceptance of goods.

2.5 Financial situation

At the end of the financial year, ECC had equity of € 118,935 thousand (previous year: € 108,935 thousand). The capital increase of ECC by EEX in the amount of € 10,000 thousand is the reason for the difference. The subscribed capital and retained earnings remained unchanged at € 1,015

thousand and € 33,619 thousand respectively. As there is a profit and loss transfer agreement with EEX, the company has no retained earnings. There are external credit lines which can cover additional liquidity requirements arising at short notice. These were not used as of the reporting date 31 December 2019.

The cash outflow from ECC's investment activities in the year under review comprises investments in intangible assets, especially in ECC's IT infrastructure, and investments in property, plant and equipment. In total, the investments amounted to € 986 thousand (previous year: € 1,385 thousand).

Summary

The business results prove the success of ECC. Despite the challenging market environment described above, the company was able to significantly increase its commission income compared to the previous year. This development was driven in particular by the strongly growing business segments electricity forward and natural gas. With this result, ECC achieved its most successful business year to date and thus continues to maintain its solid capital base. The company has a good liquidity position and has met its payment obligations at all times in fiscal year 2019.

2.6 Financial and non-financial performance indicators

2.6.1 Financial performance indicators

As described in section 1.2, the management of ECC mainly uses the key performance indicators commission income, costs, EBT and liquidity to manage the company. A detailed description of their development was provided in the earnings, asset and financial situation part.

Key risk figures according to EMIR

The risk indicators according to EMIR are also key management parameters for the clearing house. The equity capital available for risk coverage is determined on the basis of the EMIR regulations using the balance sheet equity capital of ECC. As of 31 December 2019, EMIR equity amounted to € 118,935 thousand (previous year: € 108,935 thousand).

Potential losses from the default of clearing members of ECC are covered by the multi-level margin system of ECC. In order to meet the requirement under Article 45 (4) of the European Regulation for OTC Derivatives, Central Counterparties and Transaction Registrars (648/2012) in conjunction with Article 35 of the delegated Regulation 153/2013, ECC has established an earmarked revenue reserve, also known as "skin-in-the-game", to meet the requirement for

allocated equity capital. The volume of this reserve is reviewed at least annually and adjusted if necessary. In the financial year, € 3,500 thousand was transferred from retained earnings to the EMIR reserve. As a result, it amounted to € 15,000 thousand as of 31 December 2019. Beyond this earmarked revenue reserve, this risk category is not matched by any risk cover funds.

The capital required for the credit risk, i.e. the risk exceeding the aforementioned default risks vis-à-vis trading participants, was € 2,227 thousand as of the balance sheet date (previous year € 3,023 thousand). The capital required for the market risk of foreign currency risks was € 0 thousand as of the balance sheet date (previous year € 765 thousand).

In accordance with the provisions of the delegated regulation 152/2013, capital requirements for operating risks are set at € 22,936 thousand (previous year € 19,400 thousand).

The capital requirement for business risk and wind down costs is calculated in accordance with the provisions of the delegated regulation 152/2013. As of the balance sheet date, the capital requirement for business risk was € 20,966 thousand (previous year € 21,001 thousand) and for wind down risk € 20,966 thousand (previous year € 21,001 thousand).

The risk cover funds available to cover risks are considered sufficient to cover the expected risks in all cases.

2.6.2 Non-financial performance indicators

As non-financial performance indicators the ECC uses in particular the trading volumes of the partner exchanges.

In total, 3,973 TWh were traded on the electricity futures market (previous year: 3,347 TWh), which corresponds to an increase of 19 percent.

In 2019, 2,665 TWh (previous year: 2,200 TWh) were traded on the German electricity futures market. This represents an increase of 21 percent compared to the previous year. The EEX thus increased its market share in the German market area to 42 percent in 2019 (2018: 30 percent) and achieved a volume growth of 34 percent.

A total volume of 569 TWh was traded on the Italian Power Derivatives Market in 2019, which corresponds to a 14 percent share of the total volume of the EEX Power Derivatives Market (2018: 563 TWh). The Italian market thus represented the second largest market area for the EEX in terms of trading volume.

The volume traded on the Power Derivatives Market in France also increased and amounted to a total of 357 TWh in the year under review (previous year: 329 TWh). This represents an increase of 8 percent.

In the Spanish Market Area, EEX again recorded a significant increase in trading volumes in 2019. The trading volume grew to 152 TWh, representing a 42 percent increase compared to 2018 (previous year: 107 TWh).

On the power spot exchanges, the volume cleared by ECC in the year under review rose by 5 percent to 596 TWh compared to the previous year (570 TWh including the trading volumes of SEEPEX, see below). Trading volumes increased significantly both on the day-ahead markets in Germany and the United Kingdom and on the intraday markets in all major market areas. In contrast to the previous year, this also includes the volumes traded on the South Eastern European Power Exchange (SEEPEX) in the amount of 3 TWh for the Serbian day-ahead market.

The natural gas volumes traded on Powernext and settled by ECC in 2019 amounted to 1,454 TWh on the spot market. This represents a growth of 31 percent compared to the previous year (1,111 TWh). The cleared volume on the gas futures market amounted to 1,088 TWh in the year under review. This compares with a volume of 852 TWh in 2018, which represents an increase of 28 percent.

In the Agricultural Products segment, 57,125 contracts were cleared by ECC in the year under review, a decrease of 5 percent compared with the previous year (previous year: 60,251 contracts).

In the global commodities segment, the volume of freight contracts cleared through ECC increased to 66,446 contracts in fiscal 2019. This corresponds to growth of 83 percent compared with the previous year.

The volumes from clearing and settlement of the transactions for HUPX/HUDEX were almost the same in the reporting period as in the previous year and amounted to a total of 27 TWh. A record trading volume of 22 TWh was achieved on the Hungarian power spot market (HUPX) in 2019, which partly compensated for the 22 percent decline in volume on the power futures market (HUDEX).

NOREXECO's traded volumes of 47 tons in 2019 were down 14 percent on the previous year.

The number of ECC system clearing members totalled 31 (27 general clearing members and 4 direct clearing members) as of December 31, 2019, an increase of 6 new clearing members and one deregistration compared to the 2018 reporting date. In addition, 35 participants were admitted as Direct Clearing Participant Clearing Members. This model, offered since September 2016, allows trading participants direct access to trading and clearing on the spot markets without having to connect to a system clearing member. The number of Non-Clearing Members rose to 512 at the end of the year (previous year: 510).

In March 2018, ECC was granted the status of a Recognised Clearing House (RCH) by the Monetary Authority of Singapore (MAS). This enables ECC to admit Clearing Members from Singapore to all derivatives market products.

Since mid-2019, the ECC has also been able to admit US clearing members. In November 2019, Mizuho Securities USA LCC became the first clearing ring bank from the USA to be admitted, which enables ECC to further expand its international network of participants.

3. Risk and opportunity report

3.1 Risk management

Organisational structure

Competence for the operational design of the risk management system rests with the Chief Risk Officer (CRO) of ECC.

The risk management system is integrated into all planning, controlling and reporting systems. The 2nd line departments (e.g. compliance) and the 3rd line (internal audit) are also an essential part of the risk management system. The risk management system is based on the systematic identification, evaluation, documentation and communication of risks. Corresponding principles, processes and responsibilities are regulated in guidelines.

ECC also has a risk committee in accordance with the European regulation for OTC derivatives, central counterparties and trade repositories (Regulation (EU) 648/2012) Article 28. The risk committee is composed of representatives of clearing members, non-clearing members and independent representatives. This Committee shall advise the ECC Board of Directors on risk management issues.

Risk culture

Dealing with risks is the central business area of a clearing house. Compliance requirements are an essential part of dealing with risks, either through their significance for risk management itself or through appropriate sanctions. The risk and compliance culture is therefore an important element of the clearing house. In shaping the risk and compliance culture, ECC is guided by the four indicators of the guidelines of the Financial Stability Board FSB (Basel Principles) with regard to an appropriate risk and compliance culture: management culture (tone from the top), employee responsibilities (accountability), open communication and critical dialogue (effective communication and challenge) and appropriate incentive structures (incentives).

Accordingly, it begins in the Executive Board by setting values and representing these values within the company. The essential values of customer orientation, respect and entrepreneurship include the requirement to act with integrity, to comply with laws and guidelines and to report any non-compliance observed within the company to the relevant compliance departments. In this context, the Executive Board has adopted the Code of Conduct for Business Conduct of Deutsche Börse Group in the ECC.

On the basis of the audit, compliance, project and risk reports, the Executive Board obtains an impression of the risk and compliance culture of the company and adjusts project priorities or initiates changes where necessary. For ECC, respect and entrepreneurship also means that the company's values and approach to risk prevention and management are communicated to all employees of the company and that employees become aware of their respective responsibilities. In their respective departments, the departmental directors and divisional/departmental heads work towards the acceptance of risk and compliance-based targets and corresponding values, if necessary by including them in the target agreements with the employees.

In addition to the established procedures and processes of risk and compliance management, the Board of Managing Directors achieves transparency on risks, including the risk of compliance violations, by promoting open communication between all departments. Internal Audit in particular, as well as the departments of the 2nd Line of Defense, must report regularly, directly and openly to the Board of Management.

Incentives and target agreements must not provide an incentive to take uncontrolled risks. For the risk controlling, audit, information security and compliance departments/functions, it also applies that no part of the incentives or target agreements may provide for a participation in the company's results.

Risk management system and objectives

The main risks arise from ECC's special activities: ECC is a central counterparty under the European regulation for OTC derivatives, central counterparties and trade repositories (Regulation (EU) 648/2012). The corresponding licence was granted by the Federal Financial Supervisory Authority on 11 June 2014. ECC continues to be a credit institution with the exclusive licence as a central counterparty within the meaning of Art. 1 Paragraph 1 No. 12 KWG in conjunction with Art. 1 Paragraph 31 KWG.

In its risk management, ECC distinguishes between risks that arise directly from the cleared business and other risks.

The default and associated liquidity risks in the cleared business, i.e. in the event of the default of one or more clearing members of ECC, are the main risk categories. The main risk management instruments of ECC as a central counterparty (CCP) are the margin model, the clearing fund and the other elements of the default waterfall (see "Lines of Defense"). In accordance with the requirements of Regulation (EU) No. 648/2012, ECC also provides a detailed description of these models on its website.

Furthermore, operational risks (including compliance risks) are relevant due to the business activities of ECC and the highly regulated environment.

Details on the management of these risk categories can be found in the following paragraphs.

ECC's Management Board bears overall responsibility for the formulation and implementation of the business and risk strategy. This sets the framework for the design of ECC's risk management system. Its detailed design is based on the requirements of the EU regulation for OTC derivatives, central counterparties and trade repositories (Regulation (EU) 648/2012) and the supplementary technical standards in accordance with delegated regulation 153/2013.

Risk appetite

The risk strategy reflects the "risk appetite", which is defined as the maximum loss that the Board of Directors is prepared to accept in a year at a certain confidence level. The risk appetite provides the framework for taking risks and managing them. The risk appetite includes the determination of the ratio of available capital and risk and, for ECC, encompasses both the goal of continuing as a going concern and creditor protection.

1. Compliance with regulatory capital

ECC must comply with the capital requirements according to the EMIR (EU) No 648/2012 Article 16 in conjunction with Delegated Regulation (EU) No 152/2013 (RTS 152/2013) regarding settlement risk, operating risk, default risk and business risk. The directly available equity according to (EU) No. 648/2012 (EMIR) Article 16 constitutes the available capital. ECC aims to comply with a target value of 120% of the directly available equity regarding the total capital requirements.

2. Compliance with economic capital

As a result of the profit and loss transfer agreement concluded with EEX, ECC is in a joint liability arrangement with EEX. The extensive provision of services by EEX for ECC means that economic risks are recorded at EEX level.

3. Compliance with economic capital on ECC AG level

ECC also considers risks arising exclusively from ECC's business activities and compares them with the ECC capital situation in its capital framework. The allocation of a separate overall risk cover of ECC is therefore made to address risks from clearing (clearing funds, skin-in-the-game) separately from risks from non-cleared business of ECC (equity).

4. Equity-based risk coverage

The following circumstances are compared with the risk potential of the risk cover funds (economic risk-bearing capacity):

- Market risks
- Business risks
- Counterparty default and operational risks

It is ECC's objective that the events of these risk types should not lead to a breach of the regulatory capital requirement on a "stand-alone" basis with 99% probability, and that with 99.9% probability the total equity of ECC is sufficient to cover the risks.

Liquidity risks are managed separately and not covered by capital. Credit risks arising from the default of fees largely overlap with business risks and are therefore not separately covered by risk capital.

Risk profile

The following table shows the overall risk position of ECC, measured by economic capital requirements, calculated for counterparty, market, operational and business risk for the end of 2019 with a confidence level of 99.9% and a time window of 12 months. To determine the overall risk position, ECC does not take into account diversification effects between the risk classes.

Overall risk position, measured by economic capital requirements

| in % | 31/12/2019 | 31/12/2018 |
|---|-------------------|-------------------|
| Counterparty risk | 15 | 23 |
| Market risk | 0 | 0 |
| Operational risk | 85 | 77 |
| Business risk | 0 | 0 |
| Total | 100 | 100 |
| Utilisation of EMIR equity capital | 38 | 39 |

In accordance with the requirements of the European regulation for OTC derivatives, central counterparties and trade repositories (648/2012), the ECC is obliged to maintain sufficient liquid equity at all times to comply with the capital requirements in accordance with Article 16 of the European regulation. If the ratio of equity capital to capital requirements falls below the threshold of 110 percent, a report must be made to the responsible supervisory authority immediately. The ratio between equity and capital requirements on the monthly reporting dates (01/2019 to

12/2019) was between 139 and 155 percent and thus always significantly above the reporting threshold of 110 percent.

Furthermore, in accordance with Article 43 of the European regulation for OTC derivatives, central counterparties and trade repositories (648/2012), the ECC must maintain sufficient liquid financial resources to cover the default of the two clearing members, which cause the greatest liquidity requirements. In accordance with Article 44 of this regulation, the ECC compares the available liquid resources with the liquidity requirements on a daily basis. If the ratio between liquid resources and liquidity requirements falls below the internally defined reporting threshold of 1.1, the Management Board must be informed immediately, on the other hand, measures must be taken to strengthen liquid resources in accordance with the liquidity plan. The daily ratios were between 1.74 and 3.53, which is always above the regulatory minimum of 1.

Risk controlling

The main part of economic risk controlling is structured as follows:

1. Controlling of counterparty risks from the clearing sector

With regard to counterparty risks in the cleared segment, ECC aims to ensure that the default waterfall covers the default of the two biggest Clearing Members under extreme yet plausible market conditions (at least, 99.9% confidence level) at all times.

2. Controlling of counterparty risks from the uncleared business

With regard to counterparty risks from the uncleared business segment, ECC specifies the risk appetite through a limit tableau regarding investment risks. The limit tableau is connected with the risk-bearing capacity.

3. Controlling of liquidity risks

ECC carries out stress tests for the liquidity risk. The liquidity risk for the cleared business is controlled using the same parameters as counterparty risks of the cleared business. Liquidity risks from the uncleared business are controlled so that the stressed liquidity forecast for the next 3 months does not fall to below zero.

4. Controlling of other risks including operational risks

With regard to all remaining risk categories, capital requirements are provided in line with the requirements of the EU Regulation 648/2012 (EMIR) in conjunction with the Delegated Regulation 152/2013. In as far as adjustments become necessary because of provisions in other jurisdictions, a competence-based decision is taken on whether the adjustments are to be taken over in the rules and regulations as well as the strategy.

The identified risks are managed within the defined risk appetite by applying different management strategies as part of the ongoing risk management process depending on the decision of the Management Board or within the framework of competences granted:

- Risk reduction, i.e. measures designed to reduce the scale of impact in the event of occurrence or the probability of occurrence of the risk
- Risk transfer, i.e. the transfer to insurances or third parties in the framework of liability provisions
- Risk avoidance, e.g. through adjustments in the business strategy
- Risk acceptance, i.e. the conscious acceptance of risks and the permanent monitoring and control thereof

In general, ECC aims to mitigate high risks in as far as possible in this respect, while low risks which cannot be reduced commercially tend to be accepted instead.

Stress tests regarding equity and reverse stress tests

On the basis of theoretically feasible scenarios, stress tests are used to test whether, in these cases, the ECC equity would be sufficient to cover possible losses and risks. In contrast to this, reverse stress tests are based on the maximum loss threshold with the aim of identifying exactly those scenarios which might materialise until the threshold is reached.

Risk reporting

The Management Board informs itself on a monthly basis and the Supervisory Board on a quarterly basis about compliance with capital requirements, stress test limits, credit risk limits (the individual counterparty limits and compliance with the components of the lines of defense) as well as liquidity risk and operational risk. Quantitative guidelines have been defined for these risk categories, which are listed and monitored in the corresponding reports. Qualitative reporting is also provided for other risks. In addition, there is an ad hoc reporting obligation for significant changes in the risk situation. The utilisation of stress tests and capital limits is shown using a traffic light system. If limits are exceeded, the risk report contains a description of the situation and appropriate corrective measures.

3.2 Sub-risk strategies for controlling individual types of risks

In the year under review, ECC identified the relevant risks which, if they were to occur, could have a relevant adverse effect on ECC and its net assets, financial position and results of operations in the following categories, with these being listed in descending order of importance. There is no

subdivision into segments, as ECC operates exclusively as a clearing house and does not undertake any further segmentation of its business activities.

Counterparty risks

Since ECC acts as a central counterparty between buyer and seller, it bears the risk of default for both sides. The counterparty default risk is therefore the main risk of ECC. Hedging this risk is also the main task of ECC.

In case of default of a clearing member, ECC will close out the open positions of the clearing member concerned and offset open liabilities with the financial resources of the various lines of defense. The ECC itself bears the risk that the financial resources of the various lines of defense are not sufficient.

The risk strategy of ECC is therefore to fully secure the default risk at all times by building up risk coverage potential (Lines of Defense). The Lines of Defense consist of the following main components:

- **Conditions for admission:** Only institutions which are based in jurisdictions accepted by ECC and have sufficient financial strength as well as the operating facilities for the settlement of the clearing business, can be admitted as ECC General and Direct Clearing Members. This is tested during the admission process and monitored continuously. Clearing Members in accepted jurisdictions which do not have a licence as an institute are admitted as Direct Clearing Members (DCP). In this context, such members must, at all times, trade within pre-trade limits which must not exceed the existing collateral.
- **Guarantees by Clearing Members:** The Clearing Member supporting the trading participant guarantees all obligations of the trading participant that is not a Clearing Member, e.g. from the provision of collateral, the delivery of commodities or the daily profit-and-loss settlement. Only the clearing fees owed are exempt from this guarantee. All payments are always collected directly by the Clearing Member. In the event of participation in the context of a Direct Clearing Membership, trading is only possible in the framework of limits established by ECC.
- **Daily profit-and-loss settlement:** Accrued profits and losses as well as due payment amounts are offset on a daily basis and are credited to or debited from the respective Clearing Member.
- **Individual margins:** Individual margins cover the potential losses from an open position with a security level of 99 percent during a specified holding period.

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- **Intraday margin calls:** During business hours, ECC monitors the risks “near to real time” and carries out intraday margin calls and requests additional collateral whenever the risk exceeds certain internal thresholds specified in advance.
 - **Allocated own funds of ECC:** ECC shall keep the allocated own funds in the amount specified by supervisory legislation at all times. These allocated own funds serve to cover potential losses which are not covered by the individual margins. The allocated own funds are used before the clearing funds are used.
 - **Clearing fund:** The clearing fund is a joint form of security provided by all Clearing Members. It covers potential losses which are not covered by individual margins. The amount of the clearing fund is established on the basis of stress tests which are carried out on a daily basis and fulfil the EMIR requirements. These tests simulate the effects of the default of the biggest participant and of the two participants or of the concurrent default of a DCP and its guarantor which have the highest exposure. This is done subject to the assumption of various extreme yet plausible market price developments. In addition, an individual minimum contribution per Clearing Member is established on the basis of the maximum of the following components:
 - An absolute minimum
 - Statistics regarding the individual margin calls of a Clearing Member (including its Non-Clearing Members and customer positions) over the last 12 months
 - EMIR 80% netting cap: According to EMIR Article 27, the difference between the margin requirement determined at the portfolio level and the margin requirement determined at the level of the individual product should not exceed 80% of the difference of the risk determined at the level of the portfolio and of the individual product. If this is the case for a portfolio, the amount of the difference exceeding 80% is charged as the minimum contribution.
 - **Power of assessment:** In the event of the default of one or several other Clearing Members, Clearing Members can be requested by ECC to replenish the clearing fund up to the amount of the original amount for the same default.
 - **Forced allocation:** In the framework of default management and in the event that positions could not be assigned after a mandatory default auction, ECC can allocate these remaining positions to the trading participants and close the remaining positions in this way.

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- **Obligation to replenish the clearing fund for further defaults:** The clearing fund has to be replenished to the original amount within a period of 10 business days after it has been used. If a Clearing Member or Direct Clearing Member is in default, clearing fund contributions are released, at the earliest, one month after all obligations of the Clearing Member or DCM that has defaulted have been settled.
 - **Further own resources of ECC:** ECC's further own resources cover potential losses that are not covered by earmarked own funds of ECC, individual margins or by the clearing fund.
 - **Assumption of losses by the parent company:** In the context of a profit-and-loss transfer agreement, the parent company of ECC, European Energy Exchange AG, has to compensate any net losses which occur.
 - **Collateral requirements and collateral haircuts:** ECC accepts cash collateral in currencies of the cleared products provided these have sufficient liquidity in the framework of the EMIR requirements and highly liquid securities collateral by issuers with a low credit risk and emission allowances as collateral. Market price fluctuations are covered by adequate collateral haircuts. Collateral is re-assessed at market prices, at a minimum on a daily basis. Guarantees by certain issuers with a low credit risk are accepted for covering collateral requirements on spot markets. Concentration risks are controlled by assigning concentration limits. The accepted collateral as well as the minimum quality of the issuers, of concentration limits as well as the exclusion of certain issuers are specified by the ECC Management Board upon a proposal by Risk Controlling.

Own funds are only invested in investments with minimum credit risk (e.g. as a secured investment) and the highest possible liquidity.

The potential losses arising from the default of due clearing fees are relatively low and are considered in the risk coverage assets.

Based on the worst-case stress scenario which serves the calculation of the clearing fund volume, a reverse stress test is carried out in order to identify the stress scenario under which the individual margin requirements, the clearing fund (including ECC's own contribution) and the ECC risk coverage assets are used up.

Stress test scenarios are also carried out for the limits set up for investments or current accounts. Lines are also part of reverse stress testing.

The remaining risk is included in the risk-bearing capacity concept.

Operational risks

At ECC, operational risks are defined as comprising all potential cases of damage resulting from:

- malfunctions of the IT systems used as well as of the risks considered in the IT strategy, e.g. information security risks (ISRisk)
- inadequate design of internal processes
- errors by employees
- errors by or default of external service providers and
- legal risks.

A key objective of ECC's risk strategy is to minimise operational risks through extensive automation in conjunction with recognised methods of system development, extensive testing procedures and the internal control system. The following components of internal controls and risk management processes are part of the internal control system and are regularly reviewed by internal and external auditors.

Internal processes are described in the "Written Rules" of the ECC. They contain procedural descriptions and control actions for all significant processes. These are documented on checklists to reduce the probability of human error.

The control of availability risks is supported by the BCM function. This includes a standardised business impact analysis based on a process map, requirements for the provision, documentation and testing of business-critical processes identified from this analysis, and appropriate reporting. This also includes rules for the unavailability of IT systems and technical infrastructure, as well as the loss of employees in core functions, for example due to pandemic-based events such as the SARS-CoV-2 ("coronavirus") virus infection. The situation is handled on the basis of the Incident and Crisis Management Process. Precautionary measures are coordinated centrally to ensure the continuity of business-critical processes and the health and safety of employees. Back-up locations are tested regularly and remote access is provided.

The management of information security risks takes into account the specifications of the business and risk strategy as well as the IT strategy. Information security risks are assessed taking into account the inheritance of protection requirements from the protection requirements analysis and in accordance with the EEX Information Risk Management Standard. The identified information security risks are delivered to the OpRisk Management of the Regulatory Reporting and Bank Risk department for aggregation. There, these risks are checked for plausibility and taken into account in the risk management processes.

Outsourcing risks are controlled in accordance with the outsourcing policy. ECC provides core services itself and outsources selected aspects of IT (including IT provider management and IT service design) to EEX AG and DBAG. These in turn use external service providers to achieve economies of scale, especially in system operation. The quality of the service providers is reviewed as part of the selection process and on an ongoing basis on the basis of agreed service level agreements. Backup processes are implemented for critical business processes.

The main legal risk is the ability to ensure the enforceability of the main components of ECC's legal regulations (primarily the clearing conditions) in the relevant jurisdictions. This is reduced by using the standard ECC rules and regulations in conjunction with standardized contract forms. The enforceability of these standard rules is regularly reviewed by internal and external experts. The compliance function also has the task of recording control processes and risks arising from possible compliance or legal infringements by means of a standardised questionnaire, and to implement effective procedures to ensure compliance with the legal regulations and requirements of importance to the institution and corresponding controls by means of control actions and reporting.

Liquidity risks

Liquidity risks can arise from the clearing business as well as from ongoing business operations.

In the clearing business, liquidity risk only occurs in the event of default of a clearing member, since ECC must settle the payments of the clearing member concerned until the open positions of the clearing member are closed out. In accordance with the requirements of EMIR Article 44 in conjunction with delegated Regulation 153/2013, ECC manages this risk by maintaining liquid funds within the framework of the Lines of Defense (see above):-

- Maintaining liquid resources that at least cover the liquidity requirements in the event of simultaneous default of the two clearing members that generate the greatest liquidity requirements under extreme but plausible market conditions (stress test), and
- high demands on the liquidability of collateral to be provided,
- appropriate security discounts on collateral provided,
- the maintenance of lines at various institutions and the parent company and access to intraday credit from the Bundesbank.

ECC prepares a daily liquidity report on the available liquid resources and the liquidity requirements in the event of default of the two clearing members, which generate the greatest liquidity requirements in extreme but plausible market conditions. In addition, the potential

sources of liquidity risks are recorded in the liquidity plan, which is updated quarterly, and brought to the attention of the Board of Directors.

On the basis of the lines of defence presented, the remaining net risk from liquidity risks in the clearing business is estimated to be very low for ECC.

Due to the business strategy, no significant maturity mismatches arise from the settlement of current business.

The aim of ECC's risk strategy is to avoid maturity mismatches in the balance sheet through its investment policy. The financing requirements for current expenses (including distributions) and investments are planned and covered within the framework of medium-term planning. Any unplanned financing gaps - mainly due to tax issues - are closed by maintaining liquidity reserves.

The liquidity risk is assessed on the basis of

- a rolling 12-month liquidity forecast,
- the analysis of business risks based on various business development scenarios (which have an effect on liquidity due to the assumed absence of cash inflows in the form of transaction fees) and
- the expected wind-down period (survival period of ECC in months if all inflows of funds cease, which is a reverse stress test)

monitored and reported. In the management of liquidity risks from non-cleared business, stress risk is assessed using scenarios for future income and costs.

Based on the risk management methods described, the remaining net risk from liquidity risks in current business is estimated to be very low for ECC

Compliance risks

The ECC records general compliance requirements in a legal inventory. General compliance risks are determined using a risk-based approach, which is the basis for corresponding 2nd line of defense controls.

ECC is exposed to compliance risks, particularly in the areas of non-compliance with regulatory requirements, fraud risks (e.g. payment and sales tax fraud), damage to trust resulting from unauthorised publication of information, data protection, IT compliance and misuse for money laundering. Furthermore, ECC as a credit institution has to ensure that no transactions are conducted with natural or legal persons who are on sanction lists of the various organisations.

To prevent money laundering and the financing of terrorism, ECC has established an effective risk management system which includes a risk analysis in accordance with § 5 of the Money Laundering Act and internal security measures in accordance with § 6 of the Money Laundering Act. The ECC has a central office to establish measures to combat money laundering, terrorist financing and other criminal acts. According to the risk analysis, the ECC has a low risk of being misused for money laundering, terrorist financing or other criminal acts.

The aim of ECC is to identify counterparties with an increased risk profile in the business initiation phase using a standardized know-your-customer questionnaire and a scoring procedure developed in cooperation with the exchanges and markets cleared by ECC. In addition, all potential counterparties are checked during the admission process of the exchanges and markets or clearing members.

As part of the admission process for new Clearing Members, ECC asks whether they have adequate anti-money laundering measures in place. If justified doubts remain in the ECC admission process, a decision is taken by the ECC management.

In addition, ECC continuously and automatically checks all business partners, including important associated companies of these business partners, against known sanctions lists. ECC also operates data processing systems that enable it to identify business relationships as well as individual transactions that are considered dubious or unusual based on the public or company's available knowledge of money laundering and terrorist financing methods.

Sensitive and sensitive information is specially protected at ECC. Furthermore, ECC has regulations to combat fraudulent actions and corruption.

The function of the data protection officer is located within the EEX Group to the Deutsche Börse Group. ECC can thus access extensive expertise and leverage economies of scale. Necessary local activities are initiated and controlled by the Data Protection Expert within the Compliance Department.

Compliance risk is part of operational risk in the risk-bearing capacity analysis.

Business and settlement risks

The main business risk is the dependence on a few profitable markets and the decline in income with unchanged fixed costs, since ECC's revenues are largely dependent on sales.

The aim of ECC's risk strategy is to manage this risk on the basis of the expected total costs, weighing up fixed and variable cost components, by including it in the risk assessment, competitive comparisons and monthly financial reporting with target/actual comparisons. Risk

management in the context of project implementation (i.e. adherence to schedule, costs and budget) is carried out as part of project control.

ECC monitors regulatory changes in cooperation with the EACH association and auditors and maintains the competence to assess and control these strategic risks.

A complete erosion of the business model is considered from a regulatory perspective, and is also taken into account as a reverse stress test when calculating the wind down period.

Stress tests on earnings are carried out when considering the economic risk-bearing capacity in relation to the earnings planning/forecast.

Concentration risks

In addition to the management of individual risks, the monitoring and control of concentration risks is an essential component in ensuring the stability of a clearing house. The term concentration risk refers to potential losses that may result from the concentration of contracts in individual portfolios at the level of trading participants or clearing members, through insufficient diversification with regard to the collateral accepted or the business partners. Concentrations with regard to counterparty risks can arise in the actual clearing business and in non-cleared business (e.g. Treasury):

- Concentration risks, which manifest themselves in the portfolios of trading participants or at the level of the clearing members (clearing business), are continuously monitored by ECC as part of the daily stress test, which considers the position size in relation to the currently measured trading volume of the respective markets. In 2019, ECC revised the model to take into account the risks from concentrated positions and is requesting higher margin contributions for concentrated positions.
- Concentration risks by big clearing participants are mitigated and controlled by calculating the clearing fund on the basis of the default of the two biggest clearing participants within the sense of a stress test.
- With the aim of monitoring and controlling concentration risks of the accepted collateral from clearing, ECC has defined a monitoring process as well as corresponding concentration limits for individual issuers, types of issuers), for the different types of collateral and the consideration with regard to margin requirements.
- Concentration risks in the uncleared business can arise in the process of holding and investing cash collateral. In principle, balances with banks are only possible in the framework of the limit tableau; cash balances always have to be transferred to the ECC TARGET2 account. In investing cash collateral, concentration risks are avoided by collateralising the investments (e.g. reverse repo) and by distributing the investments to

different counterparties. In addition, there are specifications for individual counterparties regarding credit rating and limits adopted by the Management Board.

Concentrations with regard to liquidity risks can arise in the actual clearing business and in the uncleared business (e.g. revenue/costs).

- In order to control concentration risks regarding liquidity in the cleared business, liquidity scenarios based on the default of the two biggest Clearing Members are considered. In the event that insufficient liquidity is found here, e.g. since the ratio between cash collateral and other collateral (in particular securities) falls below a defined threshold value, ECC can charge cash margins or determine a cash rate.
- In addition, with a view to the financial settlement via payment/correspondence banks, ECC aims to have more than one bank available per currency (e.g. one bank with an automatic payment interface + an additional bank as a back-up with the option of manual payments). Concentration risks are not perceived with regard to the financial settlement of EUR payments made via the TARGET2 system.
- In order to control concentration risks from the uncleared business, ECC primarily relies on covering its structural liquidity requirement through its own liquidity rather than credit lines.

Concentrations with regard to operational risks are managed within the framework of the stress test approach. With regard to outsourcing, concentrations of several outsourcings to one service provider are included in the outsourcing risk.

Due to the fact that market price risks are insignificant for ECC, the same applies analogously to concentration risks in this area; there is no separate management.

Market price risks

Market price risks do not occur due to the generally closed positions in the clearing business. The market price risks resulting from other business operations (mainly foreign currency risks) are insignificant and are managed according to the situation.

Physical delivery risks are minimized, for example, by seeking to give priority to the nomination of ECCs when concluding balancing group contracts - where negotiable - or by using margins.

For market price risks, capital amounts must also be reserved in accordance with delegated regulation 152/2013 if materiality thresholds are exceeded. Up to this point, amounts are reserved for market price risks from an economic point of view which correspond to the haircuts applied to collateral and are thus regarded as stress test risk.

Regulatory risks

Due to the influence of energy and financial market legislation on ECC's transaction revenues, changes and innovations in regulation represent potential risks for the company.

Risk of tighter regulation in the financial and energy sectors

Within the framework of the EU Markets in Financial Instruments Directive MiFID II, ECC's interest in the 2019 financial year focused primarily on the pre-trade transparency requirements for transactions that are brought to the stock exchange by trade registration. Challenges for the stock exchanges arise from the fact that the desired information on the bids that lead to the conclusion of the transaction is not available to the stock exchanges. In order to avoid negative effects, for example on trading liquidity, the EEX Group, in coordination with the regulatory authorities and trading participants, has developed a solution which takes into account the requirements of regulation.

The introduction of a common financial transaction tax on (commodity) derivatives in individual EU countries, including Germany, entails the risk of trading activities being shifted to countries which do not levy such a tax. This would mean a competitive advantage for competitors in countries that do not participate. A final decision on the introduction of the transaction tax was not made in 2019, although the inclusion of commodity derivatives is not currently planned.

As a credit institution under the German Banking Act, ECC is affected by developments in the regulatory practice of the Federal Financial Supervisory Authority. This results in higher demands on risk management and on the entire organization of ECC and thus leads to increased expenses for the implementation of the requirements. In addition, ECC is affected by regulations for central counterparties, for example within the framework of the EMIR regulations. ECC regularly prepares itself for foreseeable changes and makes appropriate adjustments to the rules and regulations in close cooperation with the supervisory authority.

Changes in the design of the electricity market

The Clean Energy Package, which comes into force in 2019, will have a major impact on the development of the European energy markets, especially the electricity markets. The legislative package introduces a large number of new or revised legal provisions in the areas of energy efficiency, renewable energies, the design of the electricity market and security of supply and contains regulations in the spirit of competitive energy markets. Of particular importance for the electricity markets of the EEX Group are the provisions which have an impact on the layout of electricity supply zones. The negative effects of such a bidding zone change on the liquidity and thus the trading volumes of the EEX Group became evident as early as 2017. The EEX Group reacted to the division of the German-Austrian bidding zone by introducing separate power futures contracts for the German and Austrian markets, with the Phelix-DE futures quickly establishing

themselves as the new benchmark product for German electricity. The extent to which further changes in electricity supply zones will occur and the potential risks they entail will depend on the specific design of the Clean Energy Package and remains to be seen.

The EU Regulation on Guidelines for Capacity Allocation and Congestion Management (CACM Regulation) described in the chapter "Regulatory Framework" and the introduction of the Nominated Electricity Market Operators (NEMO) contained therein also pose risks for ECC. Thus, other NEMOs will be able to use the market depth and the development status of the markets operated by EPEX alone up to now and thus benefit from the available liquidity without having to contribute additional liquidity themselves. This may lead to significant decreases in the clearing volumes of ECC, although this trend is not yet reflected in the market shares of the Group. In addition, this regulation means that competitors may enter the EPEX Markets and that new market areas may be opened up.

A further risk of the CACM Regulation is the non-guaranteed reimbursement of costs generated when exercising the so-called market coupling operator function. Whereas before the entry into force of the CACM Regulation the reimbursement of costs by the respective transmission system operators was contractually fixed and guaranteed, the amount of costs to be reimbursed is now determined at national level by the respective regulatory authority depending on the occurrence, appropriateness and proportionality. This results in potential losses in the seven-digit range for the EEX Group. It remains to be seen which risks will materialise due to the adaptation of the CACM Regulation to the Clean Energy Package.

Further effects on the electricity market design and thus the overall market will result from the further development of the market integration of renewable energies. While the share of renewable energies in gross electricity consumption is rising, expansion is increasingly faltering, particularly in Germany, due to a shortage of space, delayed approval procedures and a decline in acceptance of larger infrastructure projects. This entails the risk that the further development of market integration will be delayed, e.g. by new marketing or promotion approaches, or even that market approaches such as tenders will be completely called into question.

In addition, there are uncertainties in the context of the coal phase-out as to the extent to which concrete measures will be defined to ease the burden of possibly rising electricity prices or to guarantee security of supply. From the point of view of the EEX Group, the introduction of such additional instruments entails the risk that the reference effect of the electricity price signal and the functioning of the trading market may be undermined or even called into question in the long term.

Changes in gas market design

The role of the fossil fuel natural gas is currently under fundamental discussion. In the course of the various debates and the implementation of the so-called European Green Deal, both risks and opportunities can be expected for the ECC. The planned integration of green or synthetically produced gases into the existing gas markets means that liquidity will be split up between different gas qualities, thus weakening the existing gas markets. On the other hand, the integration of such gases also offers the gas markets a future perspective in which they can contribute to the success of decarbonisation as a source of flexibility.

The possible scenario of the formation of a Central European wholesale market area, already raised in the context of the quo vadis discussion, still exists, but is currently not the focus of the discussion. In case of further Market Areas merging, the EEX Group would be forced to reduce the product range in its gas markets.

This would thus have a direct impact on the clearing services offered by ECC for the gas product segment. Furthermore, arbitrage opportunities for traders would be eliminated due to the currently existing price differences between the different Market Areas.

Reform of the European emissions trading system

The "climate package" adopted in 2019 represents a comprehensive joint programme for the energy, transport, buildings, industry and agriculture sectors. The annual reduction targets for the individual sectors contained in the package entail the risk that the market's potential for coordinating different sectors (sector integration) cannot be fully exploited. For the EEX Group there is the risk that the reference effect of market price signals, e.g. in the electricity and emissions market, will be limited.

The central element of the climate package is the introduction of a trading system for fuels, which includes the transport and heating sectors and represents the decision against a CO₂ tax. From the point of view of the EEX Group, the long introduction phase of the national emissions trading system, in which companies can acquire certificates at a fixed price without any quantity restrictions and no trading is planned, is to be assessed critically. In addition, pricing after the introductory phase remains open. The EEX Group therefore advocates a timely transition of the national ETS into a European solution with free market pricing. Risks for ECC arise in particular from a possible fragmentation of energy and climate policy which could also jeopardize the common market in the long term.

The "European Green Deal" package of measures presented in December poses a particular risk for the ECC in terms of a too small-scale regulation of individual areas, a greater use of fiscal measures on a European level and the proposed CO₂ compensation mechanism for imports into

the EU (so-called "Carbon Border Tax"). On the other hand, opportunities for the ECC arise from the proposals to expand emissions trading and a stronger integration of different sectors.

Brexit

The planned withdrawal of the United Kingdom from the European Union poses a number of risks for the ECC. These are, for example, due to potential differences between EU and UK regulation, which could lead to regulatory arbitrage with regard to competitors based in the UK. Furthermore, with the withdrawal of the UK, numerous UK-based clearing members of ECC, but also trading participants of the exchanges belonging to the EEX Group, will have to ensure continuous market access - for example by relocating activities to the European Union. With its status as a Recognised Clearing House at the Bank of England, ECC benefits from a transitional regime in the United Kingdom lasting several years and has thus made preparations to continue to serve British clearing members as customers.

General political uncertainty

Trading markets are generally subject to the influence of the respective market-specific political framework conditions. In addition, there is uncertainty about the fundamental stability of political conditions and the political capacity to act. This includes - besides the concrete example of Brexit - a growing dissatisfaction and thus pressure on established institutions of the political systems. As a consequence, a strengthening of nationalist positions can be observed in some European countries, which in turn leads to difficulties in defining clear political majorities as a basis for stable government action. This could be observed in Germany in 2019 in the state elections. At the federal level, the election of the new godparents of the SPD and CDU and their upcoming political agenda are also likely to determine the climate in the grand coalition, and with it the question of whether the coalition will remain in place until the end of the legislative period in 2021. In addition, there are new developments in protest movements, such as the yellow vests in France or Fridays for Future in Germany and other European countries. They have the potential for an extra-parliamentary opposition that can influence political decisions through its high level of public attention. This poses a certain risk for economic actors, as government actions can become less calculable and even lead to political structural breaks, e.g. by questioning decisions already made.

3.3 Description of the essential opportunities

Opportunities are managed as part of strategic management, corporate development and the continuous improvement process. Within this framework, opportunities for technological developments, new pricing strategies or potential partnerships are identified. The prioritization of projects is carried out, among other things, as part of the institutionalized strategy discussion and the planning process. The added value from the customer's perspective is taken into account, as

are the strategic goals and available resources. Significant opportunities are characterized by a significant influence on the net assets, financial position and results of operations and are therefore regularly subjected to a profitability analysis during the prioritization process.

The positioning of ECC as a specialised clearing house for energy and energy-related products with an integrated business model (integrated clearing) opens up the opportunity to win over stock exchanges that have not yet been affiliated with ECC as new cooperation partners. To this end, it is crucial to identify and further develop the energy market-specific advantages of ECC's settlement systems and to market them continuously to potential new partners. This model offers a significant advantage, particularly for trading participants who are active on several marketplaces, which results in significant cost benefits, as opposing positions can be taken into account when calculating the collateral to be deposited (cross margining) and connection costs are reduced. ECC's service portfolio offers reporting services in addition to the familiar services such as financial and physical settlement and risk management services to support clearing participants in meeting the increased regulatory requirements. The effort for clearing participants to meet the requirements of EMIR Article 9, REMIT and MiFID II/MiFIR is significantly reduced by the clearing house's offer.

The use of trading limits on the partner exchanges is an essential element in reducing access barriers to clearing and enables clearing members to effectively manage the risks of their non-clearing members. With its centralized, cross-exchange limit management, ECC offers an innovative tool for efficiently setting and managing trading limits. Together with its partner exchanges, ECC is continuously working on the expansion of limit functionalities.

In addition, the restructuring of existing processes and the technical infrastructure opens up further opportunities. In the year under review, for example, major parts of the migration to the C7 clearing system, which is already successfully established in the market, were successfully completed.

The importance of the clearing business may also continue to grow against the background of regulatory requirements for trading participants. The expansion of the current clearing services to other countries and trading hours, among other things, can significantly simplify access for new trading participants and improve ECC's position in global clearing business. Thus, EPEX is aiming to expand its power spot trading to the Scandinavian countries at the beginning of the coming financial year. ECC will take over the clearing on these markets. In addition, clearing services for the Japanese Power Derivatives Market are to be offered from 2020 onwards.

Another way to increase the clearing business is to expand the collateral accepted by ECC and to extend - and where possible simplify - the conditions for access to clearing.

Further opportunities lie in measures to lower market entry barriers for small and medium-sized trading participants. This can still be achieved by continuously developing the Direct-Clearing Participant Clearing Member Model.

3.4 Overall statement on the risk and opportunity situation

Overall and under consideration of the partner exchange approach as well as of the more diversified revenue structure, its earning power and financial stability, ECC is convinced that it has established a sound position for itself to attain the targets pursued and further strengthen its position as a leading clearing house in Europe. This is based on the competitive value chain within EEX Group which is characterised by liquid trading markets and cost-effective clearing solutions. The Management Board is confident that the risk and opportunities management system established in the Company will identify risks and opportunities early on also in future and that, as a result, the risk situation as it presents itself at present can be managed successfully and that potential opportunities can be used.

4. Forecast report

4.1 Comparison of earnings position with the forecast for the 2019 financial year

In the year under review, ECC generated commission income of € 94,887 thousand, thus falling 5% short of the assumed target value for 2019 of € 100,363 thousand. The expected growth rates could not be achieved, particularly in the gas futures market. In addition, significantly lower revenues were recorded from the clearing of environmental products and the EEX Global Commodities Markets.

The planned result from ordinary activities (operating result/EBT) for 2019 amounted to € 51,309 thousand and was nevertheless slightly exceeded due to high other operating income. The result from ordinary activities amounted to € 51,958 thousand at the end of the year, thus exceeding the budgeted figure by 1%.

| in Thousands € | Forecast 2019 | | Actual 2019 |
|------------------------|----------------------|-----------|--------------------|
| Net revenue | 90,327 | - 100,363 | 94,887 |
| Operating result (EBT) | 46,178 | - 51,309 | 51,958 |

4.2 Forecast for the 2020 financial year

The forecast report contains information on the expected development of ECC in the fiscal year 2020, based on current expectations, assumptions and forecasts of the Executive Board and the information currently available to it. The forward-looking statements are not to be understood as guarantees of the future developments and results mentioned therein. Rather, future developments and results are dependent on a number of factors. They involve various risks and uncertainties and are based on assumptions that may prove to be incorrect. ECC assumes no obligation to update the forward-looking statements contained in this report.

The following assumptions were made in the context of planning for the economic, regulatory and competitive environment in 2020:

- Potential changes in the regulatory environment are not detrimental to regulated platforms
- Not affected by regulatory changes for financial markets (e.g. higher capital requirements for clearing members, no introduction of a financial transaction tax)
- No significant change in the risk profile of ECC

In the coming financial year, considerable further developments in the process and IT landscape of ECC are expected to continue in order to meet the increased regulatory requirements. This will be accompanied by the further development of the services offered, to promote customer satisfaction and the expansion of the product portfolio.

ECC's commission income is expected to increase by a maximum of 28 percent compared to the level of 2019.

| in Thousands € | Actual 2019 | Forecast 2020 |
|-----------------------|--------------------|----------------------|
| commission fees | 94,887 | 109,008 - 121,120 |

This development is mainly driven by the increasing market shares and clearing volumes of the spot and futures markets for electricity, which will continue to be the most important source of income for the company in 2020, accounting for 55 percent of total commission income. The planning premise for the spot markets provides for stable clearing revenues from day-ahead and increasing revenues from clearing the intraday markets. These assumptions are also supported by the planned market expansion of EPEX into Scandinavia. On the Power Derivatives Markets, EEX expects increasing market shares on the most important markets Germany, France and Italy, which is reflected in rising clearing proceeds for ECC.

In addition, commission income in the natural gas business segment is becoming increasingly important and thus supports ECC's diversification strategy. For the spot market, ECC expects increasing market shares on all hubs in the following fiscal year. In connection with this, increasing transaction revenues are expected, also due to the full-year effect of the Spanish market area introduced in 2018. A complete recovery of market shares is assumed for the gas futures market. After comparatively low volumes and revenues on the gas futures markets in 2018, caused by MiFID II and strong competitive pressure from brokers, market shares have already been regained in 2019. This positive development is expected to continue in the following financial year. In addition, the full-year effect of the introduction of futures products on liquefied natural gas in spring 2019 will also contribute to the positive development of the business segment.

Furthermore, the number of trading and clearing participants is expected to grow due to the ongoing increase in liquidity at the trading venues of the EEX Group as well as the improvement and expansion of the product and service offering and the technical accessibility for customers.

With regard to the cost forecast, ECC expects a maximum growth of 17% compared to the previous year.

| in Thousands € | Actual 2019 | Forecast 2020 |
|-----------------------|--------------------|----------------------|
| costs | 54,960 | 57,632 - 64,036 |

This is due in particular to increased variable costs. These correlate with the strong increase in commission income in ECC. The fixed costs of ECC are expected to be 4 percent higher in 2020 than in 2019. The slight rise in costs is mainly due to higher personnel expenses in connection with planned new hires and salary adjustments. In addition, overhead costs are expected to rise, as are operating IT costs and higher expenses for system depreciation as part of process and IT optimization. On the other hand, there will be lower expenses for the use of internal services by other group companies of the EEX Group due to restructuring and reallocation of departments and competences within the group. Overall, the fixed cost development of ECC reflects the efficiency increases in business processes and systems, such as the ongoing migration to the clearing system C7 in 2019.

Depending on the development of commission income and costs described above, ECC expects an increase in operating profit (EBT) of a maximum of 27% compared to the previous year. This strong increase is due in particular to the opportunities to consolidate and expand the markets.

| in Thousands € | Actual 2019 | Forecast 2020 | |
|------------------------|--------------------|----------------------|----------|
| Operating result (EBT) | 51,958 | 59,210 | - 65,788 |

At the time of publication of this management report, it is becoming apparent that the SARS-CoV-2 ("coronavirus") virus infection that broke out in China at the end of 2019 will have a clearly negative impact on the development of the global economy, at least in the first few months of 2020.

However, even if the general conditions should develop to the disadvantage of ECC, ECC still sees itself in a position to operate its business profitably due to its successful business model. Sensitivity analyses have shown that a 10 percent decline in provision income compared to plan would be reflected in a 16 percent drop in earnings. Among other things, it was assumed that variable costs would develop in line with transaction revenues and that all other cost items would be kept constant.

With its integrated clearing model, ECC continues to see itself in a very good position and expects its earnings situation to continue to develop positively in the coming year and in the medium term.

Leipzig, 28 February 2020

Peter Reitz
Chief Executive Officer (CEO)

Dr Götz Dittrich
Chief Operating Officer (COO)

Dr Thomas Siegl
Chief Risk Officer (CRO)

Jens Rick
Chief Information Officer (CIO)

Independent Auditor's Report

To European Commodity Clearing AG, Leipzig

Opinions

We have audited the annual financial statements of European Commodity Clearing AG, Leipzig, which comprising the balance sheet as at 31 December 2019, and the statement of profit and loss for the financial year from 1 January to 31 December 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of European Commodity Clearing AG, Leipzig for the financial year from 1 January to 31 December 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019, in accordance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in

accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company’s position it provides.
- perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these

assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 4 March 2020

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pfeiffer
Wirtschaftsprüfer
[German Public Auditor]

Nebelung
Wirtschaftsprüferin
[German Public Auditor]