AUDITOR'S REPORT

Financial Statement as of 31st December 2013 and Management Report

European Commodity Clearing AG
Leipzig

KPMG AG Wirtschaftsprüfungsgesellschaft

European Commodity Clearing AG, Leipzig

Balance Sheet as of 31st December 2013

Assets			
		31/12/2013	**31/12/2012**
	EUR	**EUR**	**EUR**
1. Cash reserves			
Cash at central banks	766,331,666	766,331,666	139,880,979
2. Accounts receivable from bank			
a) Due every day	3,906,319		494,959,001
b) Other accounts receivable	178,106	4,084,425	115,469
3. Accounts receivable from customer	1,820,830	1,820,830	1,041,127
4. Shares in affiliated companies	18,500	18,500	18,500
5. Intangible assets			
Concessions, industrial property rights and similar rights and values acquired for consideration as well as licenses regarding such rights and values	1,996,440	1,996,440	1,431,794
6. Property, plant and equipment	44,568	44,568	57,276
7. Other assets	14,072,171	15,072,171	9,975,845
8. Accruals and deferrals	463,205	463,205	467,265
9. Excess of plan assets over pension liability	32,807	32,807	36,787
Total assets		**789,864,612**	**648,984,043**

Liabilities			
		31/12/2013	**31/12/2012**
	EUR	**EUR**	**EUR**
1. Liabilities to banks Due every day	5,22,483,884	522,483,884	304,826,037
2. Liabilities to customers	220,528,636	220,528,636	308,459,745
3. Other liabilities	979,052	979,052	637,694
4. Accruals and deferrals	1,875	1,875	-
5. Reserves			
a) Reserves for pensions and similar commitments	10,359		17,211
b) Tax provisions	818,715		154,155
c) Other provisions	2,584,680	3,413,754	1,417,088
6. Equity			
a) Subscribed capital	1,015,227		1,015,227
b) Capital reserve	14,300,495		14,300,495
c) Retained income Other retained earnings	16,836,196		11,921,066
d) Balance sheet profit	10,305,493	42,457,411	6,234,925
Total liabilities		**789,864,612**	**648,984,043**

1. Contingent liabilities Liabilities from guarantees and guarantee agreements	60,198,969	60,198,969	73,306,860

European Commodity Clearing AG, Leipzig

Profit and Loss Account for the period from 1st January 2013 to 31st December 2013

		2013 EUR	2013 EUR	2013 EUR	2012 EUR
1.	Interest income from a) Credit and money market transactions		156,426		804,369
2.	Interest expenses		614	155,812	385,533
3.	Current income from investments in affiliated companies			0	59,169
4.	Income from commission fees		30,739,116		22,703,547
5.	Expenses for commission fees		1,481,382	29,257,734	1,156,949
6.	Other operating income			968,842	852,817
7.	General administrative expenses a) Human resources expenses aa) Wages and salaries ab) Social insurance contributions and expenses for old-age pension and for support including: for old-age pension EUR 208,357 (2012: EUR 238,793) b) Other administrative expenses	2,680,956 523,235	3,204,191 10,517,525	13,721,716	2,633,386 541,202 9,076,778
8.	Depreciations and value adjustments of intangible assets and property, plant and equipment			630,315	776,877
9.	Other operating expenses			818,642	613,191
10.	**Result of ordinary operations**			**15,211,715**	**9,235,986**
11.	Taxes on income and profit			4,906,222	3,001,061
12.	**Annual profit**			**10,305,493**	**6,234,925**
13.	Profits carried forward from previous year			0	0
14.	Additions to retained income a) To other retained income			0	0
15.	**Balance sheet profit**			**10,305,493**	**6,234,925**

European Commodity Clearing AG, Leipzig
N O T E S regarding 2013

The annual financial statement of European Commodity Clearing AG ("ECC") for the financial year 2013 was prepared in accordance with the provisions of the German Commercial Code and of the German Companies Act as well as the Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (RechKredV). The profit and loss account according to RechKredV has a graded structure (form 3). The development of the individual items of the fixed assets is shown separately in accordance with Art. 268 Paragraph 2 HGB [German Commercial Code].

ECC is included in the consolidated financial statement of European Energy Exchange AG (EEX AG), Leipzig, which is published in the German Electronic Gazette.

ECC is the sole shareholder of European Commodity Clearing Luxembourg S.à.r.l. (ECC Lux). ECC Luxembourg is included in the commodity delivery chain (power and gas and transfer of emission allowances). The exemption from the requirement to prepare a partial consolidated financial statement is used in accordance with Art. 291 Paragraph 1 Figure 3 HGB.

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 provisions regarding large capital companies contained in Art. 340a Paragraph 1 HGB are used. The going concern principle is applied; assets and liabilities are assessed individually. 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.
Cash in foreign currencies was assessed with an effect on income on the basis of the exchange rate on the balance sheet date.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment were assessed at cost of acquisition less scheduled depreciations. Fixed assets were depreciated in accordance with the usual period of use for the company and under consideration of the period of use which is permissible from a tax perspective. The straight-line method of depreciation was used for additions.

Minor assets (with costs of acquisition of up to EUR 410 (net)) acquired during the financial year were recorded as expenditure at the full amount in the year of acquisition.

Accounts receivable and other assets

The accounts receivable and other assets were assessed at the nominal value less required individual value adjustments.

The trade accounts payable and receivable with regard to ECC Lux existing on the balance sheet date are shown on a netted-out basis since the preconditions for an offsetting condition are not fulfilled. The actual offsetting situation towards ECC Lux corresponds to the ECC Clearing Conditions at the time of the repayment and fulfilment of the corresponding transactions towards the respective trading participants. Netted-out reporting serves to improve the clarity and comprehensibility of the annual financial statement.

Cash at central banks
Cash at central banks was assessed at the nominal value.

Shares in affiliated companies
Affiliated companies were assessed at their acquisition costs.

Liabilities
Liabilities were shown at the amount to be paid. There are no liabilities with a remaining term of more than one year.

Reserves
Reserves are defined for all risks discernible up until the preparation of the annual financial statement, doubtful liabilities and contingent losses. They are reported at the settlement amount.

Liability relationships
As of the balance sheet date, there was a letter of comfort and a guarantee. More detailed information on this is provided under "Contingent liabilities".

Deferred taxes
Deferred taxes are established for differences in time between the assessments of assets, debts and accruals and deferrals under commercial legislation and taxation legislation. Deferred taxes are determined on the basis of a combined income tax rate of 32 percent. Deferred taxes are not reported in the balance sheet on account of the net asset position by exercising the right of option according to Art. 274 HGB [German Commercial Code].

2. Notes and Explanations regarding the Balance Sheet

Accounts receivable from banks and customers
The accounts receivable from banks and customers concern accounts receivable with a remaining term of less than one year.

Shares in affiliated companies

On 31st December 2013, the shareholdings were as follows:

Name	Registered office	Subscribed capital in EUR	Share in %	Equity in EUR	Annual profit in EUR
European Commodity Clearing Luxembourg S.à.r.l.	Luxembourg (Luxembourg)	12,500	100.00	76,010	40,646

Intangible assets

Intangible assets are reported in the balance sheet at kEUR 1,996 (2012: kEUR 1,432) as of 31st December 2013.

Property, plant and equipment

Property, plant and equipment were reported in the balance sheet at kEUR 45 (2012: kEUR 57) as of 31st December 2013.

Other assets

As of the balance sheet date, the other assets amounted to kEUR 15,072 (2012: kEUR 9,976). This amount essentially consists of accounts receivable from affiliated companies for clearing services and input tax refunds (kEUR 1,388) and accounts receivable from input tax (kEUR 13,508).

On 31st December 2013, there were no accounts receivable from shareholders (2012: kEUR 30).

Deferred expenses and accrued income

Expenses before the balance sheet date which constitute expenses for a certain period after the said date are reported as “deferred expenses and accrued income”. As of 31st December 2013, there were deferred expenses and accrued income of kEUR 463 (2012: kEUR 467).

Excess of plan assets over pension liabilities

The excess of plan assets over pension liabilities of kEUR 33 (2012: kEUR 37) results from offsetting of pension provisions with corresponding plan assets.

Liabilities to banks

The existing liabilities to banks are due on a daily basis.

Liabilities to customers

The liabilities to customers concern liabilities which are due on a daily basis.

Other liabilities

There are other liabilities of kEUR 979 (2012: kEUR 638).

Essential items comprise trade accounts payable of kEUR 526 (2012: kEUR 338) for incoming invoices not settled yet and liabilities to shareholders of kEUR 195 (2012: kEUR 151) for intercompany services and charging on of costs of material.

There are no other liabilities to affiliated companies (2012: kEUR 108).

Reserves

	31/12/2013	**31/12/2012**
	kEUR	kEUR
Pension provisions	10	17
Tax provisions	819	155
Corporation tax/solidarity surcharge	410	75
Trade tax	409	80
Other provisions	2,585	1,417
Human resources expenses	939	658
Outstanding invoices	662	552
Legal risks	565	0
Claims to compensation	250	0
Supervisory Board bonus	96	132
Costs of annual financial statement and auditing	54	58
Other provisions	19	17
Total	**3,414**	**1,589**

The increase in human resources provisions results from increased bonus payments for the past financial year. The compensation provisions and provisions for legal risks refer to doubtful debts from a system failure and IT costs.

With regard to pensions and similar obligations there are is one liability under a pension contract and one liability from a contract regarding the old-age part-time working scheme.

The 2005 G guideline tables by Klaus Heubeck were used as the legal basis for the calculation with regard to provisions. A discounting factor of 4.88% was used for the pension contract. The discounting factor for the old-age part-time working scheme contract was 4.88%. A salary trend of 0% was used as the basis for both contracts.

The calculation regarding the old-age part-time working scheme was effected in accordance with the comment by IDW (Institute of German Auditors) on reporting of obligations under old-age part-time working schemes in balance sheets (IDW RS HFA 3). For the purpose of the calculation of pensions, the basis for the assessment of the contribution according to Art. 10 Paragraph 3 Figure 1 in conjunction with Art. 11 Paragraph 2 of the Law for the Improvement of Corporate Pension Schemes (entry-age value of the pension obligation according to Art. 6a Paragraph 3 EStG [German Income Tax Law]) was used.

The interest income from the plan assets amounted to kEUR 7, while discounting expenses amounted to kEUR 7.

Process Values in kEUR	As of 01/01/2013	Plan assets 01/01/2013	Formation	Consumption	Discounting	Amount of provisions	Plan assets 31/12/2013	As of 31/12/2013
Pension provision	85	121	2	0	4	91	124	-33
Old-age part time	111	94	0	53	3	61	51	10

Interest rates of 4.10% (6-year period of retention of documents) and of 4.56% (10-year period of retention of documents) were used for the calculation of the reserve regarding the obligation to retain business documents.

Equity

The equity of ECC amounts to EUR 1,015,227. It is divided into 1,015,227 bearer share certificates. The shares can only be transferred with the shareholders' approval.

The capital reserve amounted to kEUR 14,300 on 31st December 2013. Reserves have not changed as against the previous year.

Retained income

The other retained income amounted to kEUR 16,836 (2012: kEUR 11,921). Following the resolution adopted by the annual general meeting in 2012, the 2012 balance sheet profit of kEUR 1,320 was paid out, a share of kEUR 3,415 was added to retained income and kEUR 1,500 was added to the EMIR reserve as a part of retained income.

The company's annual profit amounts to kEUR 10,305 (2012: kEUR 6,235).

3. Notes and Explanations regarding the Profit and Loss Account

The income from commission fees and the other operating income were generated exclusively in Germany, while interest expenses were also exclusively incurred 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 2013, interest income of kEUR 156 was generated. In 2012, interest income of kEUR 804 was generated. This decline is due to the generally lower interest rate level.

Income from commission fees

The income from commission fees of kEUR 30,739 (2012: kEUR 22,704) concerned fees for clearing services by ECC. According to material criteria, the commission fees have the following structure:

Income from commission fees	2013 kEUR	2012 kEUR
Derivatives market clearing fees	16,689	14,031
Spot market clearing fees	12,703	8,456
Annual fees	211	153
Other income from clearing	1,136	64
Total income from commission fees	**30,739**	**22,704**

Expenses for commission fees

The expenses for commission fees of kEUR 1,481 (2012: kEUR 1,157) essentially comprise volume-dependent system costs.

Other operating income

The other operating income of kEUR 969 (2012: kEUR 853) essentially results from the provision of services for affiliated companies and shareholders (kEUR 286) and from on-charging of costs (kEUR 229) and from the management of securities deposited as collateral (kEUR 247). In addition, there is revenue unrelated to the accounting period of in total kEUR 164 which results from the reversal of provisions.

General administrative expenses

The general administrative expenses of kEUR 13,722 (2012: kEUR 12,251) include the following items:

General administrative expenses	2013 kEUR	2012 kEUR
Personnel costs	3,204	3,174
Wages and salaries	2,681	2,633
Social insurance contributions	523	541
Other administrative expenses	10,518	9,077
Expenses for business management services	5,739	5,590
Systems expenditure	1,868	1,751
Consultancy services	1,565	779
Overheads & marketing	1,346	957
Total	**13,722**	**12,251**

The development of personnel costs is disproportionately high as against the increase in the staff number on account of a severance package for a member of the Management Board last year. The increased consultancy expenses, e.g., comprise expenses for the formation of provisions for IT costs.

Other operating expenses

The other operating expenses of kEUR 819 (2012: kEUR 613) essentially comprise expenses from an input tax adjustment (kEUR 459), which was based on sales that are exempt from sales tax, and expenses for claims settlement incurred in the framework of the formation of provisions (kEUR 250).

In the financial year, expenses unrelated to the accounting period of kEUR 105 were incurred for IT expenses.

Taxes on income and profit
In total, trade tax and corporation tax of kEUR 4,906 (2012: kEUR 3,001) have to be paid on the profits for the financial year 2013.

4. Other Notes

Structure of collateral
In order to cover the risk which ECC AG has in the event of the default of a Clearing Member the Clearing Members undertake to furnish collateral in cash or in securities in the amount determined by ECC every day as well as during the day in accordance with the ECC Clearing Conditions. On the balance sheet day, these had the following structure:

Collateral	**31/12/2013 EUR million**	**31/12/2012 EUR million**
Cash funds	636	549
Securities and book-entry securities (after security haircut)	376	690
Total	**1,012**	**1,239**

On 31st December 2013, the ECC clearing fund had a value of EUR 128 million (2012: EUR 129 million).

Other financial obligations
The other contractual obligations are listed in the table below:

Contractual obligations	**2014 kEUR**	**2015 to 2018 kEUR**	**2019 to 2021 kEUR**
Provision of business management services	5,777	0	0
Systems expenditure/maintenance/infrastructure	1,554	956	0
Rent	114	455	228
Vehicles	22	21	0
Other	231	205	0
Total	**7,698**	**1,637**	**228**

Contingent liabilities
Without any changes as against the previous year, a letter of comfort regarding the liabilities of ECC Lux of up to a maximum amount of kEUR 986 existed between EEC AG and transpower stromübertragungs gmbH on the balance sheet date.

ECC guarantees trade accounts payable of ECC Luxembourg at an amount of kEUR 59,213 (2012: kEUR 72,321) as of the balance sheet date.

This guarantee covers existing liabilities under power and gas deliveries. Collateral was deposited with regard to these so that this does not result in any risk for ECC.

Amounts excluded from distribution

There are no amounts excluded from distribution according to Article 268 Paragraph 8 HGB. The costs of acquisition of the plan assets with regard to deferrals from offsetting of pension provisions correspond to the fair value.

Human resources development

On the balance sheet date, 36 members of staff (2012: 29 employees) were employed at the company. In the financial year under review, on average 27 employees (2012: 26 employees) were employed by the company.

Management Board

Peter Reitz, Leipzig	Chairman (CEO)
Steffen Köhler, Oberursel	Member (COO)
Dr. Thomas Siegl, Eschborn	Member (CRO)
Iris Weidinger, Leipzig	Member (CFO)

In the past financial year, the total compensation for the Management Board amounted to kEUR 964.

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 fee for the auditor of the annual accounts was specified in the consolidated financial statement of EEX. The consolidated annual financial statement of EEX is published in the German Electronic Gazette.

Supervisory Board

The Supervisory Board has the following members:

Dr. Jürgen Kroneberg (Chairman)	Lawyer, Cologne
Prof. Harald R. Pfab (Deputy Chairman)	Chairman of the Management Board of Sachsen Bank, Fronreute
Jürg Spillmann Chairman)	Deputy Chairman of the Management Board of Eurex (Deputy Zurich AG, Zurich
Roland Werner Chairman)	State Secretary, Saxon State Ministry for Economic (Deputy Affairs, Labour and Transport, Dresden
Dr. Ulf Böge	Former President of the Federal Cartel Office, Meckenheim
Pierre Bornard	Vice-Chairman of the Executive Board of RTE – Réseau de Transport d'Electricité, Fontenay-aux-Roses
Josef Rahmen	Chairman of the Management Board of LVV Leipziger Versorgungs- und Verkehrsgesellschaft mbH, Leipzig
Pieter Schuurs (until 11th February 2013)	Member of the Management Board of APX-ENDEX Derivatives B.V., Naarden
Vincent van Lith	Director, Deutsche Bank AG, Maintal
Hans E. Schweickhardt (from 6th June 2013)	Chairman of the Board of Directors of Alpiq Holding AG, Lausanne

On the balance sheet date, there was a personnel and compensation committee of the Supervisory Board of ECC which had the following members: Dr. Jürgen Kroneberg, Prof. Harald R. Pfab, Jürg Spillmann and Roland Werner.

During the past financial year, the members of the Supervisory Board received emoluments of kEUR 104 (2012: kEUR 132).

Leipzig, 14th February 2014

Peter Reitz
Chairman of the Management Board (CEO)

Steffen Köhler
Management Board (COO)

Iris Weidinger
Management Board (CFO)

Dr. Thomas Siegl
Management Board (CRO)

Development of Assets in the Financial Year 2013

	Costs of acquisition and production				Depreciations				Net book values	
	31/12/2012	Additions	Disposals	31/12/2013	31/12/2012	Additions	Disposals	31/12/2013	31/12/2012	31/12/2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
1. Intangible assets	**10,614,991.16**	**1,174,930.01**	**0.00**	**11,789,921.17**	**9,183,197.66**	**610,283.75**	**0.00**	**9,793,481.41**	**1,431,793.50**	**1,996,439.76**
1350 IT software	2,832,234.26	207,739.75	0.00	3,040,028.01	2,084,015.26	610,283.75	0.00	2,694,299.01	748,219.00	345,729.00
1700 Prepayments for intangible assets	683,574.50	967,136.26	0.00	1,650,710.76	0.00	0.00	0.00	0.00	683,574.50	1,650,710.76
1500 Goodwill or enterprise value	7,099,182.40	0.00	0.00	7,099,182.40	7,099,182.40	0.00	0.00	7,099,182.40	0.00	0.00
2. Fixed assets	**264,666.23**	**7,323.06**	**201.62**	**271,787.67**	**207,390.23**	**20,031.06**	**201.62**	**227,219.67**	**57,276.00**	**44,568.00**
5000 Equipment and furnishings	204,759.00	0.00	0.00	204,759.00	173,371.00	12,615.00	0.00	185,986.00	31,388.00	18,773.00
6500 Office equipment	39,210.84	4,178.51	0.00	43,389.35	14,697.84	2,896.51	0.00	17,594.35	24,513.00	25,795.00
6700 Low-value assets	11,170.52	3,144.55	201.62	14,113.45	11,170.52	3,144.55	201.62	14,113.45	0.00	0.00
6750 Low-value assets – Compound item	9,525.87	0.00	0.00	9,525.87	8,150.87	1,375.00	0.00	9,525.87	1,375.00	0.00
3. Shares in affiliated companies	**18,500.00**	**0.00**	**0.00**	**18,500.00**	**0.00**	**0.00**	**0.00**	**0.00**	**18,500.00**	**18,500.00**
8000 Shares	18,500.00	0.00	0.00	18,500.00	0.00	0.00	0.00	0.00	18,500.00	18,500.00
	10,898,157.39	**1,182,253.07**	**201.62**	**12,080,208.84**	**9,390,587.89**	**630,314.81**	**201.62**	**10,020,701.08**	**1,507,569.50**	**2,059,507.76**

Management Report of European Commodity Clearing AG, Leipzig, for the 2013 Financial Year

1. About the Company

Operating activities and corporate structure

European Commodity Clearing AG (ECC) with registered offices in Leipzig was established through a spin-off of the services of European Energy Exchange AG (EEX) in the field of clearing and settlement in 2006. It is the leading clearing house for energy and related products in Europe. The company which has its registered office in Leipzig had a staff of in total 36 employees on 31st December 2013.

The organisation of clearing and settlement as an independent company regulated by the financial services authorities enables ECC to respond flexibly to the requirements of the market and, at the same time, to provide the security of a regulated environment.

ECC is a credit institution and has a banking license as a central counterparty within the meaning of Art. 1 Paragraph 1 Figure 12 KWG (German Banking Act) in conjunction with Art. 1 Paragraph 31 KWG. 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 European Commodity Clearing Luxembourg S.à.r.l. (ECC Lux), a wholly owned subsidiary of ECC.

In its function as a central counterparty of exchange trades and transactions registered for clearing on the affiliated exchanges, the company pursues the aim of increasing the efficiency of clearing and settlement through the integration of different market platforms, products and commodities into a uniform system for the settlement of trades, in addition to the successful settlement of the trading transactions. In addition to the original core function of ECC, i.e. clearing and settlement of the trades concluded on EEX, cooperations with other exchanges have been entered into since 2006. This aims at offering the integrated ECC clearing and settlement services, in particular, on those market platforms which are also used by the EEX trading participants. On account of the business model of EEX, the focus of the current development of ECC is on cooperations with European energy exchanges. At present, ECC co-operates with EPEX SPOT SE (EPEX), Powernext S.A. (Powernext), Central European Gas Hub AG (CEGH), HUPX Hungarian Power Exchange Ltd. (HUPX) and Power Exchange Central Europe a.s. (PXE). The clearing cooperation with APX/ENDEX Derivatives B.V. (APX/ENDEX) was terminated in the financial year 2013. A sub-central counterparty relationship has been established with Eurex Clearing AG for the settlement of the trades concluded by Eurex participants in EEX cooperation products.

EEX holds 98.5 percent of the shares in ECC. Powernext holds a share of 1.5 percent in the shares in ECC. In 2013, APX/ENDEX sold its one share to EEX.

Corporate management

As a German public limited company (AG = Aktiengesellschaft) ECC has the following corporate bodies: the general meeting, the Supervisory Board and the Management Board each with their own responsibilities.

The general meeting appoints the members of the Supervisory Board, adopts decisions on the approval of the activities of the Management Board and of the Supervisory Board and passes resolutions on the appropriation of the balance sheet profit.

The Supervisory Board appoints, monitors and advises the Management Board and it is directly involved in matters of fundamental importance for the company. Moreover, it adopts the annual financial statement prepared by the Management Board. As a result of the fact that one member of the Supervisory Board resigned in February 2013 the Supervisory Board temporarily had only eight members. Since the annual general meeting in June 2013, the Supervisory Board has again had nine members with a term of office of three years. In 2014, elections regarding five seats on the Supervisory Board will be held.

The company is represented to the outside world by the Management Board, which is in charge of business management. The Management Board consists of the Chief Executive Officer (CEO), the Chief Operating Officer (COO), the Chief Risk Officer (CRO) and the Chief Financial Officer (CFO). The Management Boards of EEX and ECC have the same staffing.

Strategy and control

Because of its international network and the partner exchanges connected to it ECC is the leading clearing house for energy and related products in Europe. ECC further expands its position in cooperation with its partner exchanges by increasing its product and market coverage, expanding the Trade Registration clearing offer and further developing and simplifying its clearing services. Furthermore, ECC aims to increase the international coverage of its clearing services.

The earnings of ECC are influenced, in particular, by the income from commission fees (transaction and annual fees), the interest income and the other operating income. As regards expenses, we differentiate between expenses for commission fees, interest expenses, general administrative expenses, other operating expenses and depreciations. While the commission expenses are variable (i.e. because they are correlated to the amount of the transaction fees, the other expense items have the character of fixed costs (cf. “Earnings, assets and financial situation” for details with regard to this).

Approximately 91 percent of ECC’s expenses are independent of turnover. As a result, ECC can generate additional business volumes without a significant increase in its costs on account of economies of scale and scope. However, a decline in its business volumes would have a direct impact on the profitability of ECC.

ECC essentially uses the parameters of turnover, costs, EBT, liquidity and the average return on equity to control the company. The average return on equity is calculated as the proportion between the annual net profit and the average equity for the financial year.

Furthermore, the internal control system (ICS) of EEX Group, which is also used within ECC, forms a further tool for attaining the corporate aims and ensuring process stability. The said ICS comprises the principles, processes and measures which are employed by the corporate management and implemented in the business processes by the organisational units of EEX Group. In order to ensure a proper course of the business processes and business activities and to prevent errors or irregularities or to detect such in due time the following protection and control measures have been implemented within EEX Group: separation of incompatible tasks, principle of dual control, approval processes, access and entry restrictions, job descriptions, documentation of processes in work instructions and checklists, employee training courses and signature guidelines. Furthermore, the rules and regulations are regularly checked as to whether they are still up to date and, if required, they are updated.

As an independent and outsourced unit of EEX Group, the internal auditing department carries out risk-oriented and process-independent examinations in order to check the adequacy and effectiveness of the ICS. The Management Board and the Supervisory Board are informed of the results of these examinations. Furthermore, events during operations (i.e. the failure of business processes on account of insufficient process design, human errors and IT failures or failures on the part of external service providers) are recorded in a centralised form and evaluated regularly in order to identify and remedy weaknesses. Major operating events are regularly reported to the Management Board and the Supervisory Board; if required, reporting is also effected on an ad-hoc basis.

2. Economic Environment

Macro-economic and industry-specific framework conditions
The macro-economic and industry-specific framework conditions which are material for the business operations of ECC and, in particular, for the development of the transaction volumes are outlined below. The effects which these framework conditions had on the development of business in the respective business segments in 2013 are outlined in the following section 3 and in the outlook/forecast report (section 7) with a view to the future.

Lasting slow-down in the economy, subdued growth continues
As in the previous year, the German economy only grew slightly in 2013. While in 2012 economic growth still amounted to 0.7 percent, the gross domestic product is expected to grow by only approximately 0.6 percent in 2013.

In the course of the past year, the German economy was supported, in particular, by the fact that the export economy was able to generate record figures. In contrast to most other big European economies, Germany was able to avoid slipping into recession as a result. Furthermore, the low interest rate level promoted, in particular, the domestic economy. Within the Euro zone, the effects of the debt crisis were limited as a result of the first important reforms and, as a result, there is the perspective of a further improvement of the economic situation.

For the year 2014, the German Federal Ministry of Economics forecasts growth of 1.7 percent in the gross domestic product.

Situation on the financial markets still tense
The year 2013 was shaped by the lasting difficult financial situation of Greece, various Euro crisis summits and the use of the rescue packages (the EFSF and the ESM) by Ireland, Portugal, Spain and Cyprus. This helped to prevent excessive increases in interest rates for the countries affected and to

calm down the financial markets. Towards the end of the year, the German share index (DAX) reached its highest level ever.
Nonetheless, the fundamental problems within the Euro zone have not been resolved yet. As in the past, the development on the financial markets and the level of debt of certain EU countries still have to be seen as being critical. The situation in France, which is the second biggest economy within the Euro zone, is still tight. If the credit rating of strong countries, such as Germany, is affected by the government debt crisis in the Euro zone, this can also have a negative impact on the development of the economy.

Inconsistent development of commodity prices
The development on the German physical power market was shaped, in particular, by the increasing share of renewable energies. For example, the share of green power within the German power mix was 23.4 percent in 2013 compared with 22.8 percent in the previous year. Starting at approximately EUR 45 per MWh the price for the Phelix Baselod Year Future for the front year 2014 initially fell to EUR 36 per MWh in August and then reached approximately EUR 37 per MWh at the end of the year. Moreover, fluctuations of up to 33 percent were recorded in the course of the year.

The monthly gas price index EGIX had a low volatility in the course of the year. In spite of two lows in the year amounting to EUR 26 per MWh in March and September, it again reached its initial level of EUR 28 per MWh at the end of the year.

Prices for emission allowances declined further in the course of 2013. Starting at approximately EUR 6 per tCO_2, the price briefly fell below the limit of EUR 3 per tCO_2 (April). This decline in prices is due to the over-allocation of emission allowances to the market which resulted, on the one hand, from the EU emission thresholds from the year of crisis (2009) which were far from ambitious and, on the other hand, from the inflow of CER certificates from third countries. In order to stop this decline in prices, the decision to reduce the volume of emission allowances available to the market ("backloading") and to return these volumes to the market as late as in the years 2019/2020 was adopted in the summer of 2013. As a result, the price increased again to EUR 5 per tCO_2 towards the end of the year. The continued political debate regarding the possible temporary tightening of the supply of emission allowances or regarding a long-term reform of EU emissions trading has had a decisive impact on the developments on the market.

At the end of the year, the oil price was at the level of the previous year at USD 111 per barrel (Brent type). However, it fluctuated in the course of the year – from USD 119 per barrel in February to USD 98 in April as a result of the temporarily weak situation of the economy in the USA and in China.

A high volatility (i.e. a high range of fluctuations) of the exchange prices is generally associated with increased trading activities and/or higher volumes.

Power consumption increases, power consumption at the level of the previous year
According to calculations by the Working Group on Energy Balances, primary energy consumption only increased by 4.1 percent in the first half of the financial year 2013 compared with the corresponding period in the previous year. This was e.g. due to the long and cold winter 2012/2013. On an annualised basis for the year 2013, an increase by 2.6 percent is expected.

Moreover, at 629.0 TWh, the Working Group on Energy Balances expects the gross generation of power to be at the level of the previous year (2012: 629.8 TWh). The level of the trading volumes on the exchange power market is e.g. shaped by power generation and the physical consumption of power as a part of primary energy consumption.

Energy turnaround again shaped the market environment in 2013

In 2013, the energy turnaround shaped the framework conditions for the business activities of EEX Group to a significant degree. For example, the exchange prices for power within the German market area declined further. On the Day-Ahead market of EPEX, the average hourly price declined by approximately 11 percent as against the previous year (from EUR 42.60 per MWh in 2012 to EUR 37.78 per MWh in 2013). On the Derivatives Market of EEX Power Derivatives GmbH, the price for annual deliveries of power for the respective following calendar year declined from, on average, EUR 49.30 per MWh in 2012 for the calendar year 2013 to EUR 39.08 per MW in 2013 for the calendar year 2014 by approximately 21 percent.

The effects which these framework conditions have had on the development of business in the respective divisions are outlined in the following section with regard to 2013 and with a view to the future under "Outlook/Forecast report".

Supervisory legislation developments shape the financial year

The year 2013 was shaped by a number of supervisory legislation requirements which were implemented in the European Market Infrastructure Regulation (EMIR) at the end of 2012 and specified in more detail in the corresponding technical standards in the spring of 2013. As seen from the perspective of ECC, the regulatory requirements also permit interesting design options, e.g. in the form of new service offers. For example, ECC offers its customers the option of taking over trade reporting which is mandatory for the Clearing Members under EMIR. ECC will actively approach these opportunities and is convinced that it has already established a good position for itself at the current time. The approval process for the EMIR license which was initiated in September 2013 is expected to be concluded in the spring of 2014.

In addition to an efficient technical connection, questions regarding the efficiency of margins were also considered in the context of the global regulation of financial markets as a result of the financial crisis and of the need to settle derivatives transactions via a central counterparty which is expected as a result. In addition to a continuous optimisation of the margin calculation models under consideration of regulatory requirements, ECC is convinced that it has established a sound position for itself also through the use of emission allowances for the fulfilment of margin requirements which has been possible under certain preconditions since the end of 2013.

3. <u>Development of business</u>

The development of the business of ECC as a service provider for clearing and settlement is connected to the success of the partner exchanges affiliated with it. For this reason, the development of the corresponding markets plays an important role for ECC and is outlined briefly below.

In 2013, the market environment was shaped by uncertainties on the market and by hesitation as regards the effects of political and regulatory decisions on wholesale trading. Nonetheless, the market shares of the trading volume settled through ECC in the overall market increased in 2013.

EEX Power Derivatives GmbH
Compared with the previous year, the trade volumes on the Power Derivatives Market of EEX Power Derivatives GmbH increased significantly by 36%. In September, a new all-time monthly record was achieved at, in total, 177.9 TWh. In addition to further developments of the technical infrastructure, the significant price changes on the German power market and the increased relevance of credit risks for trading participants and, as a result, the need to settle trades through the exchange or through a central clearing house have contributed to this.

In 2013, the registration of trades concluded over the counter (Trade Registration) accounted for 584 TWh (previous year: 471 TWh), while exchange trading accounted for 681 TWh (previous year: 460 TWh). The volume traded on the exchange increased by 48 percent as against the previous year. Moreover, the volume which was reported for Trade Registration increased by 24 percent as against the previous year. The share of transactions traded through the exchange in the total volume increased from 49 percent to approximately 54 percent.

At 20 TWh in 2013, the volume traded on the Power Derivatives Market in France stabilised at approximately the level of the previous year. As a result, it was significantly lower than the volumes achieved in 2011 and 2010. This development is probably due to the effects of the NOME law, which caused volume drops on the entire French derivatives market (comprising both exchange and over-the-counter markets). The regulated tariffs for the procurement of power by medium-sized and large industrial enterprises in France which result from the law have led to a significant reduction in the interest in trading French Power Derivatives. In the financial year under review, the share of French futures in the entire trading activities on the Power Derivatives Market was 1.6 percent of the total volume of EEX Power Derivatives GmbH.

In September 2013, EEX launched exchange trading in physically settled futures regarding Belgian and Dutch power. Before this step, ECC had already carried out clearing of these contracts as a cooperation partner of the then APX/ENDEX from 2007 to 2013. However, this cooperation ended following the takeover of the derivatives market of APX/ENDEX by Intercontinental Exchange Inc. (ICE). Since EEX opened the order books for Dutch and Belgian power, 0.1 TWh were traded in Dutch power. This restrained start is primarily due to the fact that the open interest in the corresponding contracts was transferred from ECC to ICE Clear Europe, Ltd. (ICE Clear Europe) upon the take-over of ENDEX by ICE and that the participants have not yet integrated the new products into their systems.

In addition, the Trade registration offering was supplemented with various European power contracts. The initiative for the introduction of Trade Registration products which was begun in 2012 was continued this year. For example, EEX added financially settled Power Derivatives Contracts for the Scandinavian, Swiss and Italian market and, at the beginning of 2014, the registration of Spanish power futures will be launched, in addition.

EGEX European Gas Exchange GmbH (EGEX)
In 2013, the natural gas business segment was completely revised in the context of the gas cooperation with Powernext (PEGAS). As a result, both all current gas markets/products of EGEX and the new quality-specific gas products for high- and low-calorific gas (H- and L-gas) have been available for trading together with the Powernext gas markets via one trading system (Trayport ETS) since November 2013. In addition to a significantly enhanced integration into the trading participants' trading systems, this also and for the first time permits trading of location spreads, i.e. of price differences between identical products in different gas market areas. As a result, Spot and Derivatives Market products regarding in total six gas market areas can now be traded following the introduction of futures for the TTF and PEG Sud market areas by Powernext.

Overall, trade volumes increased and, in this context, the gas spot markets offset the decline in trading on the derivatives markets. At 81 TWh, the clearing volume of natural gas spot trades was 124 percent higher than in the previous year (36 TWh). In the field of natural gas derivatives trades, a decline to 29 TWh (previous year: 40 TWh) was recorded.

Global Environmental Exchange GmbH (GEEX)
On 1st January 2013, the spot and derivatives markets for emission allowances were transferred to a wholly owned subsidiary of EEX under the corporate name Global Environmental Exchange GmbH (GEEX).

ECC generates revenue from clearing and settlement of secondary trading transactions and the corresponding primary market auctions for emission allowances on the spot and derivatives markets of GEEX.

In 2013, the business field of emissions achieved a significant increase in trade volumes (+234 percent as against the previous year). The beginning of the primary market auctions of the third trading period of the EU emissions trading scheme was decisive for this. These auctions are carried out by EEX on behalf of the EU Commission and of 26 EU member states and have significantly gained in volume for regulatory reasons since the beginning of the year 2013. In 2013, in total 214 auctions were held on EEX on up to four days per week.

In this process, the volumes on the spot market increased by 647 million EUA (582 percent) since only spot market auctions are carried out in the third trading period of the EU emissions trading scheme. The derivatives market showed a trend in the opposite direction – with trading volumes declining by 52 million EUA (36 percent) in 2013.

The lasting political discussions regarding a potential temporary tightening in the supply of emission allowances ("backloading") or regarding a long-term reform in EU emissions trading had a negative impact on the development on the market. Moreover, the serious delays in the free allocation of emission allowances by the EU member states to the plant operators covered by emissions trading also had a high significance for trading in 2013. As a result, a large part of the annual first allocation of emission allowances (which comprised approximately one half of the total volume in 2013) was not available for trading on the secondary market.

European Energy Exchange AG (EEX)

The clearing services product portfolio of ECC was expanded with Guarantees of Origin in 2013. Guarantees of Origin are certificates that furnish proof that a given MWh was generated from renewable energies. They are used exclusively for labelling power. In June 2013, EEX became the first exchange to launch a derivatives market for Guarantees of Origin. From the launch of the product to the end of 2013, in total 0.5 TWh were traded in futures on Guarantees of Origin. This means that, although the volume traded is below expectations, this product has managed to establish a position for itself within a difficult market environment characterised by price declines.

The unsatisfactory development of the coal business segment continued in the financial year 2013. As a result of the intensive exchange of information with trading participants, EEX Group introduced a coal contract denominated in Euro and further expanded the clearing connection (straight-through-processing) to ECC for over-the-counter trading. Nonetheless, income from commission fees was not generated on the Coal Derivatives Market in 2013.

EPEX SPOT SE (EPEX)

The Spot Markets for Power with delivery in Germany, France, Austria and Switzerland, which are concentrated within EPEX, generated a positive development with the exception of the French Day-Ahead Market. The volume traded on the Power Spot Market through EPEX increased by 2 percent to 346 TWh (2012: 339 TWh). The increase in revenue (+31 percent) which is disproportionately high compared with the increase in volume is due to the higher complexity of the settlement process on the physical spot market and the adjustment of the clearing fees which was associated with it.

The trade volumes on the EPEX Day-Ahead Markets largely developed positively in 2013. Compared with the previous year, the Swiss Day-Ahead Market, in particular, recorded significant growth of 12 percent. The Intraday segment gained in liquidity in the calendar year 2013, which is seen in particular on the French intraday market with an increase of 33 percent as against the previous year. In spite of the hitherto low share of the Intraday markets compared with the Day-Ahead markets (23 v. 322 TWh), the Intraday markets are gaining in importance. Their share in the total volume of EPEX increased compared with the previous year. This is due, in particular, to the growing importance of fluctuating renewable energies. This, in turn, results in a growing need for short-term balancing for the market area coordinators.

Furthermore, EPEX benefitted from the transmission system operators' obligation to market volumes of power from renewable energies on a power exchange was introduced in 2010 in the framework of the German Renewable Energies Act (EEG) and is specified in more detailed in the Ordinance on the Nationwide Equalisation Scheme (AusgleichsMechV), and from the possibility of direct marketing of power on the exchange which was established in January 2012. Even though there is no obligation regarding marketing through an exchange or, more specifically, EPEX in direct marketing, EPEX was able to successfully establish itself in this market as a strong market platform. This is due to the high liquidity and the comprehensive product offering of the exchange both in Day-Ahead and Intra-Day trading. Because of this position EPEX assumes that it will continue to benefit from volumes in the context of direct marketing in the future.

Moreover, market coupling in the framework of CWE, which was launched in 2010, facilitates trading of power across borders and has also contributed to the positive development of the Power Spot Markets.

In June 2013, Intra-day trading within the Swiss market area via the EPEX trading platform was launched and, at the same time, border-crossing intra-day trading on the exchange also became possible. The clearing volume settled by ECC was 0.5 TWh in 2013.

In 2013, the market coupling project for North West Europe (NWE, consisting of the CWE, the United Kingdom and the Nordic countries) was continued. This project will enter the operating phase at the beginning of the year 2014. The price coupling algorithm developed in a project involving five further European power exchanges in the framework of the "Price Coupling of Regions" initiative will be used in NWE for the first time in 2014. Furthermore, the method of Flow-Based-Market Coupling was developed further in 2013. This method is to be implemented following the expansion of market coupling to the NEW region. This is also to be implemented in 2014. In contrast to the market coupling method used so far, Flow-Based Market Coupling expressly also considers interactions between borders of several market areas within a meshed transmission system. This permits an enhanced utilisation of the transmission capacities and increases the efficiency of power trading. After completion of the market coupling process, all EU member states, Switzerland and Norway will form one joint market area.

APX-ENDEX

The cooperation with APX/ENDEX ended on 7th October 2013. Clearing for the derivatives transactions of the long-standing partner exchange APX/ENDEX was transferred to ICE Clear Europe. This step was necessitated by the take-over of the derivatives business of APX/ENDEX by ICE, the termination of the clearing services agreements with ECC and the change of the clearing house to ICE's own clearing house in connection with this. Therefore, volumes and revenue have not been generated from this cooperation since November 2013.

Powernext SA (Powernext)

The volumes traded on Powernext were 70 TWh on the spot market, 43 TWh on the derivatives market and, as a result, volumes were higher than in the previous year (+63 percent and +3 percent).

In 2013, the portfolio of Powernext Gas Derivatives Contracts was expanded with futures for the TTF and PEG SUD market areas. Furthermore, in the framework of the PEGAS cooperation with EEX, trading of location spreads, i.e. of price differences between identical products in different gas market areas, has become possible for the first time.

HUPX Hungarian Power Exchange Ltd. (HUPX)

The volumes from transactions concluded on HUPX and cleared by ECC increased to 17.1 TWh (2012: 13.7 TWh) by 25 percent.

In June 2013, the product portfolio was expanded with physically settled week futures and, as a result, the gap between the short-term products of the HUPX spot market and the derivatives market products has now been closed. In 2014, HUPX will become the first ECC partner exchange to benefit from the improved connection to the Trade Import Gateway via the AMQP technology and it will support ECC in this complex project as a pilot customer.

Central European Gas Hub (CEGH)

The volumes on the CEGH of Wiener Börse AG developed positively during the year and reached 13.2 TWh as against 3.1 TWh in the previous year. This corresponds to an increase by 325 percent. The number of trading participants also rose significantly from 32 trading participants at the end of 2012 to 100 trading participants at the end of the year under review with the majority of the participants (78) currently admitted to trading on the CEGH spot market. Accordingly, in 2014, the exchange will focus its efforts on activating trading participants that are already active on the spot market for the CEGH derivatives market. In this connection, there are plans to offer additional maturities for the CEGH Gas Futures, such as quarters, seasons and years, for trading in 2014.

Power Exchange Central Europe a.s. (PXE)

Since September 2013 ECC has offered clearing and settlement services for transactions concluded on the Prague-based energy exchange PXE. As a result, the clearing offering has been expanded with Czech, Slovakian and Hungarian power futures. Their participants now benefit from the comprehensive base of participants of ECC and from the cross-margining effects resulting from the far-reaching product and market coverage.

Since December 2013 ECC has supported the market for physically settled Czech gas futures introduced by the Central European Gas Hub of Wiener Börse AG in cooperation with PXE.

NOREXECO AS (NOREXECO)

With the Norwegian company NOREXECO, which has submitted an application for a license as a regulated market to the Norwegian supervisory authority, ECC for the first time acquired an exchange partner which will offer commodity derivatives offers for recycled fibres and pulp for trading in 2013. The launch of clearing is planned for the spring of 2014. Moreover, further derivative and option offers in the field of paper and wood-based raw materials are planned for the future. In addition to the expansion of the product offering with a global market with excellent growth perspectives, ECC hopes that this commitment will also provide interesting interactions with the existing product portfolio.

Development of the Open Interest

On 31st December 2013, the open interest totalled EUR 27 billion (2012: EUR 33 billion) and, hence, declined by approximately 17 %. This is based on the development on the Gas Futures Market and, in particular, the transfer of the open interest to ICE Clear Europe, which was effected on account of the termination of the clearing cooperation with APX/ENDEX. Compared with this, market for Phelix Futures recorded a record in the open interest in 2013.

	2013 kEUR	2012 kEUR
Futures (power)	26,010,328	23,900,522
Futures (gas)	1,175,840	8,647,592
Futures (EUA)	290,315	457,575
Futures (coal)	8	0
Options (power)	1,887	1,277
Total	**27,478,378**	**33,006,967**

For mathematical reasons, differences in the amount of ± one unit (TWh, EUR, %, etc.) can arise in the tables as a result of rounding.

Further developments
In connection with the technical connection to the ECC clearing infrastructure, the expansion of the Trade Import Gateways (TIG), the central entry channel for derivatives transactions, was begun with a number of technical and functional improvements in the past financial year. The new functionalities are to be made available to the partner exchanges and, via the "straight-through-processing" (STP) offers eXRP of EFET.net and Hosted Clearing Link by Trayport, to other market participants, such as brokers, in the course of the coming year. Afterwards, ECC will offer the fully automatic STP-based Trade Registration to all partner exchanges and it will also support alternative broker models, such as the Non-Trading Broker Membership.

In order to support the customers' flexibility and to generate savings potential for the customers, EUA certificates have been accepted as collateral which can be taken into account since December 2013. As a result, emission allowances can be used by Clearing Members to fulfil their margin requirements.

ECC is currently in negotiations with a number of exchange initiatives in connection with clearing service offers and, as a result, it perceives this as confirmation of its strategic partner exchange approach. The attractiveness of ECC which is constantly growing as a result of the expansion of the product portfolio and of the market coverage is also reflected in the growing transaction volumes and the steadily increasing customer base.

In 2013, ECC has admitted in total four new Clearing Members. As of the end of the year, the number of Clearing Members (including Non-Clearing Members) rose to 381 (previous year: 315).

4. <u>Situation of the company</u>

Earnings situation
The development of the individual markets plays an important role and determines the earnings situation of the clearing house to a decisive degree. At EUR 29.3 million, the ECC commission income increased significantly by 36 percent as against the previous year. The excellent clearing income of the Power Derivatives Market of EEX Power Derivatives GmbH formed the main reason for the positive development of results in the financial year 2013. Moreover, the cooperations with EPEX and Powernext, in particular, helped to boost sales.

At EUR 30.7 million, the commission income consisting of transaction and annual fees (share of the annual fees in commission income: 1 percent) was EUR 8.0 million or 35 percent higher than in the previous year (EUR 22.7 million).

In 2013, clearing and settlement of transactions from cooperations and transactions of EEX Group accounted for almost identical shares of the commission income (49 and 51 percent respectively). This also includes the Power Derivatives Market revenue of EEX Power Derivatives GmbH, which accounted for 42 percent (previous year: 40 percent) of the clearing revenue. In 2013, the turnover from the settlement of Power Derivatives transactions increased from EUR 9.1 million in the previous year to EUR 12.4 million by 37 percent and, as a result, an increase was achieved for the first time after a two-year decline.

The revenue from clearing of the Power Spot Market increased from EUR 6.8 million to EUR 9.0 million by 32 percent or EUR 2.2 million and with a share of 31 percent (previous year: 30 percent) it forms the second biggest segment of ECC.

Moreover, the gas business segment of EGEX which increased to kEUR 1,933 (previous year: kEUR 1,303) by 48 percent and, hence, contributed 7 percent to the ECC clearing revenue, also developed positively.

In the financial year 2013, the revenue from clearing of emission allowances amounted to kEUR 526 and was, hence, 94 percent higher than in the previous year.

The APX/ENDEX derivatives market was another important mainstay of revenue. At EUR 2.9 million, the transactions in TTF Natural Gas Futures, Dutch Power Futures and Belgian Power Futures accounted for a share of 10 percent (2012: EUR 3.5 million, 15 percent) of the clearing revenue. However, as a result of the termination of the cooperation, no further clearing revenue will be generated in this segment in 2014.

Clearing of the spot and derivatives transactions of Powernext on the French gas market generated EUR 1.8 million (2012: EUR 1.2 million) and, hence, contributed 6 percent (previous year: 5 percent) to the ECC income from commission fees.

In the 2013 financial year, the total revenue from the cooperation with the CEGH of the Vienna Gas Exchange again increased as against the previous year (+366 percent) and reached kEUR 264 (2012: kEUR 61).

Furthermore, clearing of the Hungarian Power Spot Market and the settlement of the Hungarian Power Futures developed positively in 2013. Overall, an income from commission fees of kEUR 377 (previous year: kEUR 239) was generated. The cooperation achieved a lasting positive development and exceeded expectations at +128 percent in 2013.

During the first four months of the cooperation with PXE, which was launched in 2013, income from commission fees of kEUR 247 was achieved, which significantly exceeded expectations.

In 2013, commission expenses increased, first and foremost, on account of the significantly increased income from commission fees as against the previous year and reached EUR 1.5 million in the year under review as against EUR 1.2 million in 2012.

In the financial year 2013, the interest result amounted to kEUR 156 and was, hence, kEUR 263 below the result achieved in the previous year. This is due to the European Central Bank's decision to lower the base rate to 0.5 percent in May 2013 and to 0.25 percent in November 2013. This interest rate cut was not compensated in spite of higher, interest-bearing stocks of cash collateral.

During the year under review, the other operating income increased significantly and, at kEUR 969, it reached a value which was 14 percent higher than in the previous year (kEUR 853). This item e.g. comprises internal transfer billing and, starting in 2013, the collection of the portfolio management fee.

Compared with the previous year, the general administrative expenses increased to EUR 13.7 million (previous year: EUR 12.3 million) by 12 percent primarily on account of the other administrative expenses which were 16 percent higher. This increase primarily concerned expenses for systems and consultancy services as well as internal transfer pricing. At 3.2 million human resources expenses remained constant. This value was higher in the previous year on account of one-off expenses in connection with changes on the Management Board.

In 2013, other operating expenses increased to kEUR 819 (2012: kEUR 613) essentially on account of a provision for damages (kEUR 250).

The depreciations of kEUR 630 (previous year: kEUR 777) essentially comprise scheduled depreciations on capitalised software and systems.

As a result, an EBT of EUR 15.2 million was achieved in 2013, which, at 65%, is significantly higher than the reference value for the previous year (EUR 9.2 million). Moreover, at EUR 10.3 million the annual net profit also developed positively as against the previous year (EUR 6.2 million).

As a result, the return on equity after taxes of 32 percent significantly increased as against the value for the previous year (23 percent). The average return on equity in the year under review was 35 percent (previous year: 22 percent). In this context, the return on equity is calculated as the annual profit in relation to the average equity for the accounting period. In 2013, this parameter is again at a high level and illustrates the company's high earning power – even in a market environment which continues to be difficult.

Asset situation
ECC's asset situation is shaped by its business activities as the central counterparty for trading on energy exchanges. In this context, a special focus is on the trading platforms of EEX Group for which ECC provides the settlement of transactions.

On the balance sheet date, the balance sheet total was EUR 789.9 million and it was, hence, EUR 140.9 million higher than the balance sheet total for the previous year (EUR 649.0).

The asset side of the balance sheet was essentially shaped by balances with central banks. These mainly result from the investment of the cash collateral deposited in the amount of EUR 741.0 million (previous year: EUR 613.3 million) for collateralising transactions which were offset by liabilities of an identical amount to Clearing Members for the spot and derivatives market. On 31st December 2013, the cash reserve was EUR 766.3 million (previous year: EUR 139.9 million). The increase in cash reserves is due to the fact that no overnight investments were made as of the balance sheet date.

Intangible assets totalled EUR 2.0 million and, as a result, increased by kEUR 565 as against the previous year (EUR 1.4 million). Other assets were EUR 15.1 million on the balance sheet date and essentially included input tax receivables of ECC towards the competent tax office in Luxembourg.

At kEUR 463 accruals were at the level of the previous year and are mainly due to the capitalisation of change requests.

The liabilities to banks were dominated by the cash collateral of those Clearing Members that are credit institutions and totalled EUR 522.5 million (previous year: EUR 304.8 million).

The liabilities to customers comprise cash collateral of EUR 220.5 million (previous year: EUR 308.5 million) provided to ECC by Clearing Members (in as far as such are not credit institutions).

The company's equity shown in the balance sheet increased from EUR 33.5 million to EUR 42.5 million (before profit distribution). As in the previous year, the subscribed capital and the capital reserve still amount to EUR 1.0 million and EUR 14.3 million respectively. An annual net profit of EUR 10.3 million is reported.

The debt ratio as the share of the long-term and short-term debt in the balance sheet total after adjustment for cash collateral was 13 percent (previous year: 6 percent). ECC was able to cover all its expenses with its revenue at all times and generated a significant surplus. Credit lines by external lenders did not have to be used in the financial year and are not to be used in the financial year 2014 either. There is a letter of comfort for liabilities of the subsidiary ECC Lux towards a transmission system operator. Moreover, ECC guarantees the fulfilment of the obligations of ECC Lux towards trading participants on the Spot Markets with regard to which ECC Lux has assumed the delivery or acceptance of commodities.

Financial situation

As a credit institution, ECC establishes the solvency ratio in accordance with requirements under supervisory legislation (Regulation on Adequate Equity Resources of Institutes – German Solvency Regulation (SolvV)).

The values as of the reporting deadlines amounted to between 56.7 percent and 66.6 percent and, as result, they were above the required minimum value of 8.4 percent at all times.

The liquidity ratio according to the Regulation on the Liquidity of Financial Institutions (German Liquidity Regulation, LiqV) is established as a further important indicator. To this end, cash and cash equivalent are compared with the payment obligations at the end of the month. This resulted in ratios of between 1.02 and 1.05. These values were above the minimum value of 1 required under supervisory legislation at all times.

As of the end of the financial year, ECC had liquid funds of EUR 29.2 million according to its balance sheet. Thanks to the high internal financing strength and the available liquidity, the company can continue to carry out the investments – in particular, the planned expenses for cooperation and expansion projects as well as the investments in the IT landscape – which are required in order to preserve the company's good competitive position.

Summary

The business results achieved testify to the success of ECC. In spite of the negative macro-economic development and of the difficult market environment described, the company was able to increase its income from commission fees, generate a good return on equity and retain its sound capital base.

5. Employees

At the end of the year, the company had 36 employees. At the end of the previous year, ECC employed a staff of 29.

The age structure is as follows:

Age group	Number of employees	Percent
< 30 years	10	28 %
30 to 39 years	19	53 %
40 to 49 years	6	17 %
>/= 50 years	1	3 %
Total	**36**	**100 %**

For mathematical reasons, differences in the amount of ± one unit (TWh, EUR, %, etc.) can arise in the tables as a result of rounding.

The share of employees with an academic degree was 83 percent. This share refers to employees with a degree from a university, a technical university or a university of co-operative education. On the balance sheet date, female employees accounted for 56 percent of the staff. As of the balance sheet date, the company had five executive positions, two of which were occupied by women.

6. Risk Management

Risk management system and targets

ECC is a central counterparty within the meaning of Art. 1 Paragraph 1 Figure 12 KWG [German Banking Act] in conjunction with Art. 1 Paragraph 31 KWG. Moreover, ECC has submitted an application for a licence according to the new EU Regulation on OTC derivatives, central counterparties (CCPs) and trade repositories (TRs) (EMIR licence). The Management Board of ECC holds overall responsibility for the wording and implementation of the business and risk strategy.

This provides the framework for the design of the ECC risk management system. Its detailed design is based on the requirements of Art. 25 a Paragraph 1 KWG and the “Minimum requirements for risk management” derived from these by the German Federal Financial Supervisory Authority (BaFin). Moreover, in 2013, ECC created all the preconditions for implementing the requirements of the EU Regulation for OTC derivatives, central counterparties and trade repositories (648/2012) as well as the supplementary technical standards. Pending a decision on granting of an approval according to Article 17 of Regulation 648/2012, the provisions of the German Banking Act in the version of 31st December 2013 continue to apply in accordance with Article 64 r Paragraph 18 KWG.

ECC differentiates between the following risk categories which are controlled in accordance with specific risk management principles:

- Default risk
- Operational risk
- Liquidity risk
- Market price risk
- Business risk
- Compliance risk

On account of the ECC business model, the operational risks and the default risks constitute the essential risk categories for ECC.

As the main risk category of ECC default risks are fully covered by the margin system. The operational risk is calculated using the basis indicator approach on the basis of the volume of revenue and it is then considered with regard to the risk-bearing capacity. Measured against the volume of risk coverage the remaining risk categories are of subordinate importance. The total of all risks is covered by the volume of the risk coverage funds available at all times. The determination of risks and the comparison with the available risk coverage assets are effected, at least, on a monthly basis.

Moreover, ECC carries out the calculation of the risk measures according to the EU Regulation for OTC derivatives, central counterparties and trade repositories (648/2012) and has adjusted the risk coverage assets to these requirements.

As an essential new component, own resources of 50 percent of the equity requirements have to be provided as a capital buffer for operational risks, market price risks and business risks.

With regard to the organisational structure there is a clear separation of functions: The business risk is controlled by the Management Board of ECC. The operating divisions are in charge of the on-going measurement and control of risks in the context of the specified risk management principles. Monitoring of limits set and reporting to the Management Board and the Supervisory Board are effected centrally by the Risk Controlling department. This department is not responsible for the business operations and reports directly to the Chief Risk Officer of the company. In the capacity of the EMIR Risk Officer, the head of this department also has a direct reporting line to the Management Board.

The monthly risk report constitutes the main tool for informing the Management Board about the risk situation. This report is supplemented by daily and weekly reports regarding specific aspects (e.g. the structure of the collateral, the development of the Clearing Members' ratings and stress test results) as well as ad-hoc reports if there are material matters. The risk situation is discussed with the Supervisory Board on a quarterly basis.

The Internal Auditing department checks the adequacy and operability of the individual elements of the risk management system at regular intervals in accordance with the risk-oriented test schedule adopted by the Management Board. In this respect, essential departments are checked at least once a year.

Counterparty risk
Since, as the central counterparty, ECC steps into the chain between the buyer and the seller, it assumes both parties' default risks. For this reason, the counterparty risk constitutes one of the most important risks of ECC. At the same time, hedging of this risk constitutes ECC's main task.

One element of the risk strategy of ECC is to fully cover this counterparty risk at all times by building lines of defence. These lines of defence consist of the following essential components:

- Conditions for admission: Only institutions which are based in the EU or in Switzerland, which have sufficient financial strength as well as the operating facilities for the settlement of the clearing business, can be admitted as ECC Clearing Members. This is checked in the framework of the admission process and monitored continuously.
- Guarantee by the Clearing Members: The Clearing Member supporting the trading participant guarantees all obligations of the trading participants, e.g. arising from the provision of collateral, the delivery of commodities or the daily profit-and-loss settlement. All payments are collected directly by the Clearing Member. Only the clearing fees owed are exempt from this guarantee.
- Daily profit-and-loss settlement: Accrued profits and losses are offset on a daily basis and credited to the respective Clearing Member or debited from it.
- Individual margins: Individual margins cover the potential losses from an open position with a security level of 99 percent during a specified holding period.
- Intraday margin calls: ECC is entitled to carry out intraday margin calls and to request additional collateral at all times if this is required on account of the market or risk situation.
- 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. These tests simulate the effects of the default of two participants which cause the highest loss under the assumption of various extreme but plausible market price developments. In addition, an individual minimum contribution is established from the historical additional individual margin of a given Clearing Member (including its Non-Clearing Member and customer positions) over the last twelve months. Depending on the assessment of a given Clearing Member's risk ECC also establishes an absolute minimum contribution which is established from the definition of the limit for portfolio-specific contribution rules as per Article 27 (4) of the Delegated Regulation (EU) 153/2013 and an absolute minimum contribution.

- Formation of reserves: ECC forms reserves for the clearing fund from its profits to the amount requested by the EU Regulation for OTC derivatives, central counterparties and trade repositories (648/2012) in order to contribute to the fulfilment of the obligations of a Clearing Member that has defaulted if required.
- Obligation to replenish the clearing fund: The clearing fund has to be replenished to the original amount within a period of ten business days after it is used. In as far as a Clearing Member is in default, contributions to the clearing fund are released at the earliest one month after all obligations of the Clearing Member that has defaulted have been settled.
- Further own resources of ECC: ECC's further own resources cover potential losses that are not covered by individual margins or by the clearing fund.
- Collateral requirements and collateral haircuts: ECC only accepts cash collateral in Euro and collateral with high liquidity and a minimum credit and currency risk. The market price fluctuations are covered by adequate collateral haircuts. Collateral is re-assessed at least on a daily basis and concentration risks are taken into account. Wrong-way risks are considered by banning the submission of own issues as collateral for Clearing Members that do not have a zero weighting under supervisory legislation.

Furthermore, a potential counterparty risk arises with regard to the investment of cash collateral received on the part of credit institutions. For this reason, until 31st December 2013 these funds were exclusively invested in overnight investments with minimum risk at development banks with a zero weighting under supervisory legislation or as reverse repo transactions with approved counterparties and securities with the lowest possible credit risk and the highest possible liquidity. The potential losses arising from the default of due clearing fees are low and are considered in the risk coverage assets.

On the balance sheet date (31st December 2013), the collateral stock amounted to in total EUR 1,048 million. On the other hand, there were margin requirements of EUR 938 million.

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

- Malfunctions of the IT systems used,
- Inadequate design of internal processes,
- Errors by employees,
- Errors by or default of external service providers and
- Legal risks.

The ECC risk strategy pursues the superior aim of minimising operational risks by means of the far-reaching automation in connection with approved methods of systems development and comprehensive test procedures. ECC provides core services itself and also uses external service providers in order to generate economies of scale (in particular as regards system operations). The quality of the service providers is examined in the framework of the selection process and continuously on the basis of the service level agreements concluded. Operational risks are identified and assessed in the context of an annual self-assessment.

Back-up processes have been implemented for critical business processes and are tested regularly. Moreover, the quality of internal controlling is checked regularly by ICS.

In the context of the conclusion of balance agreements, priority rules for the nominations by ECC are aimed at – in as far as such are negotiable.

In addition to this, ECC also has insurance with regard to cases of damage caused by errors in commercial operations (E&O insurance) in the framework of the pecuniary damage liability insurance of Deutsche Börse AG (group policy). The potential losses from operating risks remaining after the payment of insurance sums are considered at the amounts required under supervisory legislation in the risk-bearing capacity concept.

Internal processes are described in the “written rules of procedure” of ECC. These contain process descriptions and controlling activities for all essential processes. They are documented in checklists in order to reduce the likelihood of human errors or omissions.

Legal risks are minimised through the use of the standard set of rules and regulations of ECC in combination with standardised contract forms.

A damage database is kept for the on-going monitoring and reporting of cases of damage during operations. In this database, all operating events (even if such have not led to any direct financial damage) are recorded in a decentralised form and, afterwards, analysed in a centralised form.

During the year under review, no major damage which could lead to the conclusion that there might be an increased likelihood of the emergence of such cases of damage in the future was caused.

Liquidity risk

Liquidity risks can arise both from the settlement of the on-going business and in the event of a default of a Clearing Member.

On account of the pursued business strategy, the settlement of the on-going business does not lead to any material differences in time periods. The ECC risk strategy pursues the aim of avoiding differences in time periods in the balance sheet by means of an adequate investment policy. The financing requirements for current expenses (incl. profit distributions) and investments are planned and covered in the framework of medium-term planning. Any unplanned funding shortfalls (which might essentially result from taxation matters) are covered by providing liquidity reserves. Supervision and reporting regarding the liquidity risk are effected on the basis of liquidity ratios – in accordance with the provisions of the EU Regulation for OTC derivatives, central counterparties and trade repositories (648/2012), a continuous twelve-month liquidity forecast and the analysis of the liquidity impact of various business development scenarios.

The default of a Clearing Member and the effects on liquidity connected with it are controlled on the basis of the high requirements placed on the convertibility of collateral to be furnished into cash, adequate collateral haircuts on collateral provided and on the limitation of risk concentrations with regard to the collateral received.

Market price risk
On account of the positions which are closed on principle in the clearing business, there are no market price risks. The market price risks resulting from the remaining business operations (essentially currency risks) are insignificant and controlled in line with the respective situation.

Business risk
The ECC income from commission fees largely depends on the volume settled. Therefore, the essential business risk consists of the company's dependence on only a few high-revenue markets and a potential decline of revenue while fixed costs remain unchanged.

ECC's risk strategy aims at controlling this risk. This is done through consistent control and by avoiding fixed costs in as far as possible by opting for variable cost components, through the inclusion in risk reporting, by comparisons with competitors and by means of monthly financial reporting with target-actual comparisons.

ECC monitors the regulatory changes in cooperation with the European Association of CCP Clearing Houses (EACH) and uses these sources to assess and control these strategic risks.

In addition to purely quantitative analyses, ECC also carries out qualitative evaluations of the potential stress scenarios. In order to cover the business risk, ECC keeps 25 percent of the annual gross expenses in cash resources as required by the EU Regulation for OTC derivatives, central counterparties and trade repositories in connection with the technical regulation standards. A full erosion of the business model is also taken into account in the calculation of the EMIR parameter and in the scenario observations (reverse stress test) and it is also contained in the calculation regarding the risk-bearing capacity.

Further business risks which might have an impact on the company's success are addressed in the section "Opportunities and risks".

Compliance risk
ECC settles all transactions via Clearing Members. Since, as banking institutions, these are subject to the rules of the German Banking Act (KWG) (or of other equivalent European rules and regulations) regarding the implementation of measures to fight money laundering, financing of terrorism and fraud, ECC only has a low risk of being abused for money laundering, financing of terrorism or fraud. This risk is analysed and re-evaluated on an annual basis. Moreover, ECC has convinced itself that the Clearing Members have put in place adequate measures to fight money laundering.

The ECC risk strategy aims at identifying any suspicious counterparty as early as during the initiation stage of the business relationship by means of know-your-customer measures which are developed and implemented in cooperation with the exchanges and markets for which ECC provides clearing. During the admission process of the exchanges and markets and of the Clearing Members, all potential counterparties are checked. In the event of justified doubt during the ECC admission process, a decision by the ECC Management Board or by its CRO is brought about.

Sensitive information and information which has to be protected is treated with the strictest confidentiality by ECC. Moreover, rules on good conduct have been established for the company's employees.

Summary presentation of the risk situation

The equity available to cover risks is derived from the equity of ECC shown in the balance sheet less intangible assets. On 31st December 2013, the entire risk coverage assets amounted to kEUR 29,545 (previous year: kEUR 25,059).

Potential losses from the default of ECC Clearing Members are covered by the multi-tier margin system of ECC. In order to ensure compliance with the requirements under Article 45 (4) of the regulation (EU) 648/2012 in conjunction with Article 35 of the Delegated Regulation (EU) 153/2013, ECC has formed earmarked retained earnings to fulfil the requirement regarding allocated own funds. For this reason, this risk category is not compared as against risk coverage assets above and beyond these retained earnings. On the basis of historical time series, the possible losses from the default of trading participants were estimated at kEUR 18 per year for a normal case (worst case scenario: kEUR 439) as of 31st December 2013.

With regard to operating risks capital requirements of kEUR 296, which were also established on the basis of historical time series, were assessed in the basic scenario. The equity requirement according to the basis indicator approach is used as the worst case scenario. This, in turn, results in capital requirements of kEUR 3,297.

In order to quantify the business risk the effects of various stress scenarios regarding the development of business on the planned EBT are analysed. Under the basic scenario this does not result in any capital requirements, while capital requirements amount to kEUR 3,342 in the worst case scenario.

In addition to this, the capital requirements for winding down in accordance with the requirements of the ESMA Technical Standards (coverage of the gross expenses over six months, so-called "wind-down costs") and for covering the business risk (25 percent of the gross expenses during the previous year) are determined. On 31st December 2013, the capital required to this end amounted to kEUR 9,179.

The risk coverage assets available to cover risks are considered as being sufficient to cover the expected risk at all times even under consideration of the new provisions of the EU Regulation for OTC derivatives, central counterparties and trade repositories.

The overall assessment for the financial year 2013 did not reveal any threats to the continuation of business on account of individual risks or of the aggregated risk item. The Management Board does not expect any material changes in the ECC risk profile for the next financial year.

7. Outlook/Forecast report

ECC pays a high degree of attention to the growing pressure from the competition which results from regulatory uncertainty, growing customer requirements and the increasing professionalisation of the exchanges and clearing houses. It is optimistic as regards the challenges arising from this on account of the competitive value chain within EEX Group which comprises trading platforms with a high liquidity and cost-effective clearing solutions. ECC has set itself the aim of growing at above-average growth rates, thus, further boosting its role as the leading energy clearing house in Europe.

In the context of its growth strategy, EEX Group continues to focus on diversification into business fields other than power. This includes the expansion of the natural gas and emissions market, strengthening of the clearing and information product segments as well as the development of new fields of business. In view of the current market developments, the further development of markets together with partners and in the context of cooperations and the expansion of the product and service offering are increasingly gaining in importance.

As a pioneer implementing new trends, EEX Group will expand its product offering and further optimise the lead time required to introduce new products. Together with EEX ECC pursues the aim of offering clearing services for all important Continental European power markets. In addition, the Trade Registration of the products is to be made available for all of these markets.

Moreover, EGEX and ECC are also planning a significant expansion of their product and clearing offering in the framework of the PEGAS cooperation with the French Powernext. This pursues the aim of offering corresponding services within all major gas market areas. In this context, expansion initially refers to western, southern and northern Europe.

In addition to this, EEX Group will submit a bid for the contract regarding the operation of the permanent platform for the execution of the primary market auctions of the third trading period under the EU emissions trading scheme. A decision regarding awarding of the contract for the operation of this platform will probably be taken in the autumn of 2014. At present, EEX successfully operates the transitional platform for the execution of the primary market auctions of the third trading period of the EU emissions trading scheme (EU and 26 member states) and for Poland. Furthermore, EEX Group has already been awarded the contract for the operation of the permanent auction platform for Germany and is carrying out the corresponding auctions without any problems.

Moreover, EEX is planning to invest in new fields of business. For example, following the launch of Guarantees of Origin for Power in June 2013 weather derivatives are to be offered in the future. Weather derivatives are derivatives market products which use meteorological data (e.g. wind volumes and temperatures) as the underlying. The growing importance of renewable energies increases the energy generators' dependence on external weather influences and, as a result, the demand for hedging against unexpected developments of the weather. In this respect, EEX sees potential for growth.

As a result of the expansion of the product offering and the increasing supply of financial products the participants' need to trade on several exchanges or settle their transactions via several central counterparties is declining. Moreover, EEX will give its price model a more flexible design and counter potential price wars with an improved service offering in order to strengthen its position in the increasing competition. For example, a resolution to adjust the price list from 2014 with the aim of becoming even more competitive and lowering barriers to market entry, in particular, for smaller customers was adopted. In the interest of a customer-oriented alignment, EEX and ECC will continuously improve the other service offering – in particular, through flexible trading systems and simplified admission processes – and, as a result, enhance the utilisation of the existing customer potential as well as acquire new customers.

Last not least, EEX and ECC will continue to maintain and expand their partnership model if this is commercially sensible and feasible. In cooperation with the Norwegian derivatives exchange NOREXECO, ECC is expected to offer clearing and financial settlement of four financially settled commodity derivatives contracts from the spring of 2014.

In order to improve its competitive position, the reduction of internal complexity and increases in efficiency within EEX Group will be continuously supported. In 2014, the internal processes and the IT infrastructure will be further enhanced and simplified, e.g. through a further consolidation of various business applications. Against this backdrop, results are expected to be lower even though sales are expected to increase in 2014.

In 2014, the Power Spot and Derivatives Market will form the mainstay of revenue. Since the price increase for clearing of the Power Spot Markets (which was implemented on 1st June 2013) will be valid for the entire year and since sales will continue to grow both in the framework of the PEGAS cooperation and of the other clearing cooperations, the revenue which will no longer be generated as a result of the termination of the cooperation with APX/ENDEX will be offset almost in full and the diversification strategy of ECC will be further promoted. ECC is expected to generate commission income within a range of between EUR 28.7 million and EUR 30.5 million, which will, hence, be slightly lower than in 2013. This range was established using a 3-percent addition to or deduction from the value planned for the year 2014.

The range of the income from commission fees between EUR 25.4 million and EUR 26.9 million, which was assumed for the year 2013, was exceeded as a result of the successful development of the Power Derivatives Market of EEX Power Derivatives GmbH and of the Power Spot Market of EPEX.

In spite of largely stable overhead cost items, the reduction in project expenditure and the continuation of active cost management, non-variable costs are expected to be approximately 8 percent higher in 2014 than in the previous year. In 2014 and 2015, one-off expenses for the maintenance and optimisation of the IT infrastructure and processes will be incurred in the framework of the implementation of the IT strategy. Moreover, expenses will also be incurred in the framework of the introduction of a business data warehouse and of the further development of existing clearing systems in order to achieve increases in sales and economies of scale in the future. Furthermore, depreciations are expected to increase as a result of the required investments in software and systems. Personnel expenses will increase moderately in the context of the planned hiring of new employees in the field of market and product development and on account of salary adjustments.

Depending on the development of the commission income, ECC expects to generate EBT in the range of between EUR 11.8 million and EUR 13.5 million. The level of the result achieved in 2013 will only be reached again in subsequent years in keeping with the plan. In the case of the result too, a 3-percent addition to or deduction from the value planned for 2014 was used in the calculation.

The result expected for 2013 was also exceeded because of the positive development of the income from commission fees. In this respect, the range was between EUR 8.6 million and EUR 10.1 million.

8. Report on opportunities and risks

Competitive environment

ECC has established a position for itself as the central clearing house for energy and related products in Europe. As a service provider for the fields of clearing and settlement, ECC directly competes with other clearing houses. Since the settlement of products is largely effected through technical systems and does not necessarily require any local personal contact between the clearing house and the trading participants, ECC can be classified as being part of an international competitive environment.

In addition to the direct competition pressure on account of competing clearing houses and brokers, the competitive environment of ECC also comprises the competitors of the exchanges co-operating with ECC. This is due to the fact that changes in the trade volumes on the market platforms connected to ECC have a direct impact on the volume settled. As a result, indirect competitive pressure is caused by the possible shift of trade volumes to market platforms that are not covered by ECC. For this reason, the future development of the market platforms for energy and related products in Europe is of decisive importance for ECC. The energy turnaround, competitive pressure, various financial and energy market regulation projects will probably all contribute to a market environment which is likely to be uncertain again and which will again shape energy trading in 2014.

Amongst other aspects, the current market environment is shaped by the following trends which are relevant for energy exchanges: the increasing maturity of energy trading in Europe, the professionalisation of exchange platforms, growing demands on the part of the customers and the increasing importance of clearing, e.g. on account of increasing risk awareness and regulatory requirements.

The increasing standardisation of products, the entry of globally operating exchanges into the market and a growing share of financial players in trading reflect the increasing maturity of the markets. At the same time, competitive and price pressures increase. In the context of competition and technical progress, the requirements which the customers put to the product range, prices and technical standards have increased and lead to the increasing professionalisation of the exchanges. The market player’s increasing risk awareness and new regulatory provisions (e.g. EMIR, MiFID II) can increase the significance and use of central (clearing) counterparties. Furthermore, new regulatory provisions permit an increasing convergence of the business models of broker and exchange trading platforms along with a corresponding intensification of competition.

Opportunities and risks

The improvement in the financial market policy situation within the Euro zone which is decisive for ECC, the recovery of the economy in Europe and strong financial markets are very important for the attainment of ECC's growth aims and will contribute to positive impulses for the trade volumes in all market segments and to an increase in the results of EEX Group.

The position which ECC has established for itself as a clearing house specialising in energy and related products and with an integrated business model constitutes a unique selling proposition as against competitors. This opens opportunities to acquire those exchanges which have not been connected to ECC so far as new cooperation partners. In this respect, the identification, further development and continuous communication of the energy-market specific advantages of the ECC settlement systems to potential new partners are of decisive importance. In this respect, the approach pursued by ECC (including the integration of several market platforms, products and commodities within a uniform settlement system (integrated clearing)) provides an essential advantage as compared with competitors. This model provides significant cost advantages, in particular, for trading participants that operate on several market platforms since opposite positions can be considered in the calculation of the margins to be furnished (cross-margining).

Opportunities for growth result from the increasing importance of clearing which is currently emerging (i.e. the settlement of derivatives transactions via central counterparties). As a result of the discussion of the causes of the financial and economic crisis, the advantages of clearing are more strongly perceived by the regulatory authorities as well as by the public. This offers opportunities to increase the share of cleared transactions in the entire trade volume. Amendments of regulatory framework conditions, such as e.g. through EMIR, do not form mandatory preconditions for this. What is decisive, however, is that the trading participants recognise and use the advantages of cleared transactions. For this reason, a transparent presentation of the cost advantages by ECC both for the trading participants and political institutions combined with the constant expansion of the clearing services (both in terms of geographic reach and quantity) provides the opportunity to significantly and lastingly increase the transactions settled by ECC.

The most important risks for the development of business at ECC result from the following three fields: regulation in the financial and energy sector, power market design and the intensification of the competition.

In addition to the refusal of the EMIR licence, the Management Board sees the elimination of the general exception for commodity derivatives trading in the framework of the revision of the EU Markets in Financial Instruments Directive (MiFID) and the regulatory amendments connected with it as the biggest risk for ECC. In order to make over-the-counter trading more transparent, there are, e.g., plans to create so-called "Organised Trading Facilities" (OTFs) and to include these in monitoring. As a result, broker platforms and the derivatives transactions concluded on these would partly also be subject to the future MiFID II/ MIFIR. However, an exception will be established in the definition of financial instruments with regard to power and gas contracts with mandatory physical settlement which are traded on OTFs. However, this will lead to unequal regulatory treatment of markets and create corresponding regulatory arbitrage opportunities. In connection with this, a possible shift of trading volumes to the disadvantage of the exchange platforms is possible. In addition to the inclusion of OTFs in MiFID II / MIFIR, this results in further risks. Aspects, such as limited exceptions and a possible obligation to acquire a licence as a financial service provider with corresponding equity requirements and further obligations, position caps and interconnections between the definition of financial instruments and other fields of financial market regulation associated with it, can lead to general trading restraint of the players and, if applicable, to a possible shift of volumes away from the exchange and towards platforms with less regulation and standardisation. For example, a major negative consequence might be that the trading participants are obliged to clear according to EMIR ("forced clearing") but that they might, at the same time, not be able to fulfil the necessary collateral requirements of the central counterparties which are connected with it or to comply with the requirements regarding transparency in trading. At the same time, forced clearing can also lead to substitution effects between cleared and uncleared markets – which would be positive for ECC.

Moreover, the potential introduction of a financial transaction tax in Germany also entails significant risks for ECC. There are plans to charge a flat tax on the nominal value of every commodity derivatives transaction concluded in Germany. As a result of the comparatively high nominal values of e.g. a Phelix year future, the financial transaction tax might lead to a reduction of the interest in trading, in particular, in the field of financial and speculative energy trading. At present, it cannot be foreseen, however, whether the energy products will be defined as commodity derivatives transactions. Even if the draft laws regulating the energy and/or financial market do not all attain full legal force or cannot be fully applied in 2014, these projects can still have a direct effect on the business of EEX Group if market players anticipate certain developments and display restraint in their activities as a result.

Moreover, the increasing price and competitive pressure also forms a significant risk. In the future, a further intensification of competition – possibly, in the form of price wars in the clearing business – and a continuing consolidation and reduction in the number of exchanges in the energy section in Europe have to be expected. In addition, the entry of US-American derivatives market exchanges into the EEX markets can be foreseen. This entails the risk of a decline in clearing volumes for ECC. Furthermore, new regulatory provisions permit a further convergence of the business models of broker and exchange trading platforms with a corresponding intensification of the competition.

The ECC Management Board is convinced that the company still has a sound position in its competitive environment in order to defend and further strengthen its position in the tougher competition. Current developments regarding tighter regulatory requirements as well as the ECC's development in its core business as compared with the dynamic competition are also monitored and internally evaluated promptly.

9. Events after the Balance Sheet Date

There were no events of special importance for the company's earnings, assets and financial situation after the end of the financial year 2013.

10. <u>Other Notes</u>

Reservation regarding statements about the future

This report contains forward-looking statements. These statements are based on current expectations, assumptions and forecasts by the Management Board and on the information which is currently available for it. These forward-looking statements should not be considered a guarantee of the future developments and results mentioned in these. The future developments and results rather depend on a large number of factors. They comprise various risks and uncertainties and are based on assumptions which might turn out to be incorrect. We do not accept any obligation to update the forward-looking statements provided in this report.

11. Final Statement regarding the Subordinate Status Report

Statement by the Management Board according to Art. 312 Paragraph 3 AktG (German Companies Act)

As a subsidiary of EEX AG, ECC has prepared a subordinate status report according to Art. 312 AktG. The final statement is as follows:

"In accordance with Art. 312 AktG, the Management Board of ECC AG declares that it has received adequate consideration for every legal transaction listed below. The assessment was made on the basis of the circumstances at the time at which the legal transaction was concluded in each case.

There were no further legal transactions in addition to the legal transactions listed below and, moreover, we do not know of any other measures which would have to be reported."

Leipzig, 14th February 2014

[handwritten signature]	*[handwritten signature]*
Peter Reitz	Steffen Köhler
Chairman of the Management Board (CEO)	Management Board (COO)
[handwritten signature]	*[handwritten signature]*
Iris Weidinger	Dr. Thomas Siegl
Management Board (CFO)	Management Board (CRO)

Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the European Commodity Clearing AG, Leipzig, for the business year from January 1 to December 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, February 14, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

signature signature

Mock
German Qualified Auditor

Müller
German Qualified Auditor