Annual financial statements as at 31 December 2020 and management report

TRANSLATION – AUDITOR'S REPORT

European Commodity Clearing AG
Leipzig

KPMG AG Wirtschaftsprüfungsgesellschaft

European Commodity Clearing AG, Leipzig

Balance sheet as of 31st December 2020

Assets

	31.12.2020	31.12.2019
	€	€
1. Cash reserve	**6,109,184,012**	**3,898,693,810**
Central bank balances	6,109,184,012	3,898,693,810
(thereof at the Deutsche Bundesbank)	6,109,184,012	3,898,693,810
2. Accounts receivable from credit institutions	**48,852,495**	**32,417,164**
a) Due on a daily basis	46,196,498	30,963,899
b) Other accounts receivable	2,655,997	1,453,265
3. Accounts receivable from customers	**13,986,895**	**11,997,705**
4. Shares in affiliated companies	**18,500**	**18,500**
5. Trust assets	**1,628,853,349**	**930,529,149**
6. Intangible assets	**13,463,503**	**14,465,956**
a) Acquired concessions, commercial trademarks and similar rights and values, Licenses	12,598,152	14,095,673
b) Advance payments	865,351	370,283
7. Property, plant and equipment	**10,847**	**12,931**
8. Other assets	**50,869,460**	**34,280,891**
9. Deferred expenses and accrued income	**889,858**	**909,746**
Total assets	**7,866,128,920**	**4,923,325,853**

Liabilities

	31.12.2020	31.12.2019
	€	€
1. Liabilities to credit institutions	**4,958,657,230**	**1,900,970,903**
Due on a daily basis	4,958,657,230	1,900,970,903
2. Liabilities to customers	**1,037,309,293**	**1,901,399,369**
3. Trust liabilities	**1,628,853,349**	**930,529,149**
4. Other liabilities	**95,502,286**	**63,109,240**
5. Provisions	**13,871,911**	**8,382,340**
a) Provisions for pensions and similar comm	18,521	10,523
b) Other provisions	13,853,390	8,371,817
6. Equity	**131,934,851**	**118,934,851**
a) Subscribed capital	1,015,227	1,015,227
b) Capital reserve	97,300,495	84,300,495
c) Retained earnings		
Other retained earnings	33,619,129	33,619,129
d) Balance sheet profit	-	-
Total liabilities	**7,866,128,920**	**4,923,325,853**

1. Contingent liabilities		
Liabilities from guarantees and guarantee contrac	465,819,309	206,805,184

European Commodity Clearing AG, Leipzig

Profit and Loss Statement
for the Period from 1st January 2019 to 31st December 2020

		2020	2020	2020	2019	2019	2019
		€	€	€	€	€	€
1.	Interest income from						
	a) Credit and money market transactions						
	aa) thereof from transactions with positive interest rates		210,753			286,721	
	ab) thereof from transactions with negative interest rates		25,630,899	25,841,653		21,635,753	21,922,474
2.	Interest Expense						
	a) thereof from transactions with positive interest rates		372,380			164,088	
	b) thereof from transactions with negative interest rates		21,967,920	22,340,300		18,060,283	18,224,372
3.	Current income from investments in affiliated companies			0			27,421
4.	Income from commission fees			102,069,302			94,887,385
5.	Expenses from commission fees			7,264,232			7,428,021
6.	Other operating income			7,078,694			9,449,506
	(thereof from currency translation 791,812.37€; previous year 756,748.63 €)						
7.	General administrative expenses						
	a) Human resources expenses						
	aa) Wages and salaries	13,382,831			8,639,002		
	ab) Social insurance contributions and expenses	2,664,772	16,047,603		1,821,699	10,460,701	
	b) Other administrative expenses		30,940,087	46,987,689		34,337,990	44,798,691
8.	Depreciation, Amortization and value adjustment of						
	intangible assets and property, plant and equipment			2,289,362			1,939,078
9.	Other operating expenses			1,956,708			1,938,834
	(thereof from currency translation 1,075,913.66€; previous year 648,556.43 €)						
10.	**Result of ordinary operations**			**54,151,357**			**51,957,789**
11.	Taxes on income and profit			0			1,838
12.	Profit transfer			-54,151,357			-51,955,951
13.	**Annual profit**			**0**			**0**
14.	**Balance sheet profit**			**0**			**0**

European Commodity Clearing AG, Leipzig
2020 N O T E S

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

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

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

1. Accounting and valuation principles

General principles

Accounting and valuations are adopted 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 Accounting Directive for Banks and Financial Services Providers (RechKredV). The profit and loss statement according to RechKredV is structured in the scaled form (form 3). The development of the single items of the fixed assets is shown separately.

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

Receivables and liabilities in foreign currencies were valued at the average spot exchange rate at the time of the transaction. If the receivables and liabilities in foreign currency have a remaining term of one year or less, Art. 253 Paragraph 1 Sentence 1 HGB and Art. 252 Paragraph 1 No. 4 Half-Sentence 2 HGB were not applied. Gains and losses resulting from the settlement of these transactions or from the translation of assets and liabilities at the closing rate were recognised in income in accordance with Art. 256a HGB.

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

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

Central bank balances

The balances were assessed at the nominal value.

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

Accounts receivable and other assets

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

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

Shares in affiliated companies

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

Trust assets and liabilities

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

Paragraph 1 RechKredV. On 31st December 2020, these emission allowances held in trust accounted for an inventory of 50,880,855 allowances having a market value of € 1,628,853,349. ECC is required to return these emission allowances held in trust at any time and without any conditions.

Intangible assets and property, plant and equipment

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

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

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

Liabilities

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

Provisions

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

Pension obligations

The provisions for pensions and similar obligations were recognised in accordance with actuarial principles at the projected unit credit value using the "2018 G mortality tables" by Prof. Dr Klaus Heubeck.

Due to a change in the law implementing the Wohnimmobilienkreditrichtlinie, pension provisions have been calculated since 2016 using a 10-year average interest rate (until 2015: 7-year average interest rate). The resulting difference is as follows:

Pension obligation discounted at the 10-year average (2.3%) Pension obligation discounted at the 7-year average (1.6%)	€ 164,475 € 175,554
difference	**€ 11,079**

This difference or differential amount according to Art. 253 Paragraph 6 HGB less deferred taxes may not be distributed. The interest rate with a remaining term of 15 years was chosen for the commercial balance sheet reporting of pension obligations. In this respect, the option of Art. 253 Paragraph 2 Sentence 2 HGB was exercised.

Guarantees and other commitments

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

Deferred taxes

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

Equity

The subscribed capital is reported at nominal value.

2. Notes and explanations regarding the balance sheet

Cash reserve

ECC's cash reserve as at the balance sheet date amounts to € 6,109,184 thousand (previous year: € 3,898,694 thousand) and consists exclusively of the credit balance at the Deutsche Bundesbank, of which € 25,110 thousand (previous year: € 3,468 thousand) is held in the bank's own name and for the account of third parties.

Assets in foreign currency

Assets in foreign currency amounted to € 182,192 thousand (previous year: € 26,494 thousand) at the balance sheet date.

Accounts receivable from credit institutions

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

Accounts receivable from credit institutions	2020 Thousands €	2019 Thousands €
due on a daily basis		
bank accounts in €	6,822	5,046
bank accounts in foreign currencies	39,375	25,918
receivables customers bank member	2,656	1,453
Total	**48,852**	**32,417**

Accounts receivable from customers

Accounts receivable from customers amounted to € 13,987 thousand as of December 31, 2020 (previous year: € 11,998 thousand) and had a remaining term of less than one year as of the balance sheet date. They mainly include clearing fees not yet collected and open items from transactions settled via ECC for the December 2020 performance period amounting to €12,300 thousand.

Shares in affiliated companies

On 31st December 2020, the shareholdings according to HGB were as follows:

Name	Registered office	Equity Thousands €	Annual result 2020 Thousands €	Share in %
European Commodity Clearing Luxembourg S.à r.l.	Luxembourg (Luxembourg)	175	47	100.00

Trust assets

On 31st December 2020, trust assets were € 1,628,853 thousand (previous year: € 930,529 thousand).

Intangible assets and property, plant and equipment

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

Other assets

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

Other assets	2020 Thousands €	2019 Thousands €
Receivables from affiliated companies	28,284	11,733
European Commodity Clearing Luxembourg S.à.r.l.	*22,916*	*5,714*
European Energy Exchange AG	*3,716*	*4,157*
EPEX Spot SE	*453*	*284*
Powernext SAS[1]	*0*	*169*
Accrued receivables	*1,199*	*1,409*
Receivables from public authorities	7,559	2,821
Margin calls	10,649	17,476
Remaining other assets	4,377	2,251
Total	**34,281**	**34,281**

Deferred expenses and accrued income

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

On 31st December 2020, there were deferred expenses and accrued income of € 890 thousands (previous year: € 910 thousands).

Liabilities in foreign currencies

Liabilities in foreign currencies amounted to € 171,914 thousand (previous year: € 24,187 thousand) at the balance sheet date.

Liabilities to credit institutions

The existing liabilities to credit institutions amounting to € 4,958,657 thousand (previous year: € 1,900,971 thousand) are due on a daily basis and consist mainly of cash collateral deposited with ECC by credit institutions in the amount of € 4,950,275 thousand (previous year: € 1,900,968 thousand).

Liabilities to customers

The liabilities to customers amounted to € 1,037,309 thousand as of 31st December 2020 (previous year: € 1,901,399 thousand) and are due on a daily basis. They mainly comprise cash collateral deposited by customers with ECC in the amount of € 1,013,417 thousand (previous year: € 1,890,951 thousand).

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[1] Powernext SAS was merged with EEX AG with effect from 1 January 2020.

Trust liabilities

The trust liabilities are liabilities to customers in connection with the collection of fees in trust, which were forwarded to ECC Luxembourg. In parallel with the trust assets, there were trust liabilities of € 1,628,853 thousand (previous year: € 930,529 thousand) on 31st December 2020.

Other liabilities

On the balance sheet date, there were other liabilities of € 95,502 thousand (previous year: € 63,109 thousand). These essentially comprise € 57,712 thousand in liabilities to affiliated companies, including those from unpaid profit transfers and for agency services, as well as margin liabilities of € 10,649 thousand. There were no liabilities with a remaining term of more than one year.

Excess of plan assets over pension liabilities

The ECC has given legally binding pension commitments.

The asset value of the reinsurance policy was compounded by € 3 thousand in the 2020 financial year and amounted to € 146 thousand as of the balance sheet date (previous year: € 143 thousand). The acquisition cost of the plan assets corresponded to the fair value.

The settlement amount of the underlying pension provision under commercial law amounted to € 164 thousand as of 31st December 2020 (previous year: € 154 thousand). This resulted in an interest expense of € 4 thousand for financial year 2020, taking into account payments made of € 0 thousand. Assuming the average market interest rate of the past seven financial years, this would result in a settlement amount of € 176 thousand.

Accordingly, the balance of the settlement amount and the asset value is reported in the balance sheet as a provision of € 19 thousand (previous year: € 11 thousand).

The difference, which is calculated as the difference between the recognition of provisions discounted at the average market interest rate of the past ten years and the recognition of provisions discounted at the average market interest rate of the past seven years, amounts to € 11 thousand. In accordance with Art. 253 Paragraph 6 of the German Commercial Code, this amount is blocked for distribution.

Provisions

Other Provisions in amount of € 13,853 are structured as follows:

Other provisions	31/12/2020 Thousands €	31/12/2019 Thousands €
Outstanding Invoices	11,308	6,363
Personnel obligations	2,289	1,753
Supervisory Board remuneration	60	74
Audit fees	169	157
Other provisions	27	25
Total	**13,853**	**8,372**

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

Interest rates of 1.48 % (6-year period of retention of documents) and of 1.94 % (10-year period of retention of documents) were used for the calculation of the provision regarding the obligation to retain business documents.

Equity

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

On 31st December 2020, the capital reserve amounted to € 97,300 thousand (previous year: € 84,300 thousand). In December 2012, the capital reserve was increased by € 13,000 thousand.

The other retained income amounted to € 33,619 thousand (previous year: € 33,619 thousand). This included the provision according to EMIR article 45 in amount of € 15,000 thousand on the balance sheet date (previous year: € 15,000 thousand).

Contingent liabilities

On the basis of a hard letter of comfort, ECC guaranteed liabilities of ECC Luxembourg in the amount of € 465,819 thousand (previous year: € 206,805 thousand) as of the balance sheet date. These liabilities relate to obligations from electricity and gas deliveries existing on the balance sheet date. These obligations are covered by the retention of collateral (see Section 4) and are subject to a low probability of occurrence based on historical data.

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

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

Interest income and expenses

In 2020, interest income of € 25,842 thousand (previous year: € 21,922 thousand) was generated. Interest expenses mainly resulted from negative interest on the cash collateral deposited in the total amount of € 22,340 thousand (previous year: € 18,224 thousand), which was offset by the administrative fee of € 25,631 thousand (prior year: € 21,636 thousand) charged to the clearing banks.

Income from commission fees

The commission fees of € 9102,069 thousand (previous year: € 94,887 thousand) concerned fees for clearing services by ECC. According to material criteria, the commission fees have the following structure:

Income from commision fees	**2020 Thousands €**	**2019 Thousands €**
Derivatives Market clearing fees	53,245	46,419
Spot Market clearing fees	47,305	47,178
Annual fees and other income from clearing	1,519	1,290
Total	**102,069**	**94,887**

Expenses from commission fees

The commission expenses of € 7,264 thousand (previous year: € 7,428 thousand) essentially comprised volume-dependent expenses for Derivatives Market in amount of € 2,473 thousand and € 4,069 thousand in context with clearing services.

Other operating income

Other operating income of € 7,079 thousand (previous year: € 9,450 thousand) breaks down as follows:

Other operating income	**2020 Thousands €**	**2019 Thousands €**
Income from agency services	4,774	6,652
Cost refunds from third parties	371	1,183
Income from foreign currency valuation	792	757
Release of provisions	796	466
EMIR Trade Reporting	194	174
Other income	152	217
Total	**7,079**	**9,450**

General administrative expenses

The general administrative expenses of € 46,988 thousand (previous year: € 44,799 thousand) include the following items:

General administrative expenses	**2020 Thousands €**	**2019 Thousands €**
Personnel expenses	16,048	10,461
Wages and salaries	*13,383*	*8,639*
Social insurance contributions	*2,665*	*1,822*
Other administrative expenses	30,940	34,338
Expenses for services for affiliated companies	*11,750*	*15,985*
Overhead & marketing	*6,918*	*4,905*
System expenses	*3,528*	*4,378*
Consultancy services	*8,744*	*9,070*
Total	**46,988**	**44,799**

The increase in personnel expenses resulted from the increased number of employees. This resulted from a continued increase in personnel as well as a restructuring of EEX functions into ECC.

Other operating expenses

The other operating expenses of € 1,957 thousand (previous year: € 1,939 thousand) essentially comprised expenses from the input tax corrections due to sales exempt from sales tax of € 967 thousand (previous year: € 1,120 thousand) as well as realized and non-realized exchange rate losses of € 1,076 thousand (previous year: € 649 thousand) as of the balance sheet date.

Profit-and-loss transfer

On the basis of the profit and loss transfer agreement with EEX, the net profit for the financial year 2020 under HGB amounting to € 54,151 thousand (previous year: € 51,956 thousand) will be transferred in full.

4. Other Notes

Structure of collaterals

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

Collateral	**31/12/2020**	**31/12/2019**
	m€	**m€**
Cash funds	5,965	3,795
Securities and book-entry securities (after haircut)	176	122
Total	**6,141**	**3,917**

On 31st December 2020, the ECC clearing fund amounted to € 604 million (previous year: € 437 million).

Other financial obligations

The other obligations are listed in the table below:

Financial obligation	Total Thousands €	2021 Thousands €	2022 to 2026 Thousands €	2027 to 2030 Thousands €
Services from affiliated companies*	9,918	9,918	0	0
System expenses/maintenance	2,405	1,916	489	0
Buildings (rent)*	74	11	53	11
Vehicles	48	29	19	0
Other	386	386	00	0
Total	**12,831**	**12,260**	**561**	**11**

*These financial liabilities were liabilities to affiliated companies.

Amounts excluded from distribution

On the balance sheet date, there were no amounts excluded from distribution according to Art. 268 Paragraph 8 HGB. According to Art. 253 Paragraph 6 HGB, there were amounts excluded from distribution on the balance sheet date in the amount of the difference of € 11 thousand.

Human resources development

In the financial year under review, on average 160 employees (previous year: 110 employees) were employed by the company. The average number of employees in the financial year was divided into 100 men and 60 women. A total of 17 managers were employed on average during the financial year.

	male	female	total
Managers	14	3	17
Non-managers	86	57	143
Number of employees	**100**	**60**	**160**

Management Board

Peter Reitz, Leipzig — Chief Executive Officer (CEO)

Dr Götz Dittrich, Leipzig — Member of the Board (COO)

Dr Thomas Siegl, Eschborn — Member of the Board (CRO)

Jens Rick, Oberursel — Member of the Board (CIO)

In the financial year 2020, the total remuneration of the Management Board, consisting of basic remuneration and performance-related remuneration, amounted to € 2,005 thousand (previous year:

€ 1,761 thousand). In addition, € 192 thousand was attributable to pension expenses (previous year: € 192 thousand). The performance-related remuneration was paid out in part.

Seats held on supervisory boards and other supervisory bodies

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

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

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

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

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

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

Supervisory Board

The Supervisory Board has the following members:

Heike Eckert (Chairman)	Member of the Management Board, Deutsche Börse AG, Frankfurt/Main
Hans E. Schweickardt (Vice-Chairman)	Vice-Chairman of the Supervisory Board, Polenergia SA, Warsaw/Poland
Jürg Spillmann (Vice-Chairman)	Member of the Management Board, Eurex Global Derivatives AG, Zug/Switzerland
Dr Karin Labitzke	in retirement (formerly: head of the central function CRO Central Functions UniCredit Bank AG), Gauting
Prof. Harald R. Pfab	Managing Director, HHP Beratung GmbH, Fronreute
Vincent van Lith	European Head of Energy, ABN AMRO Bank N.V. Frankfurt Branch, Frankfurt/Main

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

In the past financial year, the members of the Supervisory Board received emoluments of € 60 thousand (previous year: € 74 thousand).

Supplementary Report

The outbreak of the SARS-CoV-2 pandemic in 2020 is not expected to have a significant impact on the financial statements and business activities of ECC AG in 2021. There have been no events after the balance sheet date which have a material impact on the financial statements.

Leipzig, 2 March 2021

Peter Reitz Chief Executive Officer (CEO)	Dr Götz Dittrich Member of the Board (COO)
Dr Thomas Siegl Member of the Board (CRO)	Jens Rick Member of the Board (CIO)

Development of Fixed Assets in the 2020 Financial Year

	Costs of acquisition					Depreciation / Amortization				Residual book values	
	01.01.2020	Additions	Disposals	Transfers	31.12.2020	01.01.2020	Additions	Disposals	31.12.2020	01.01.2020	31.12.2020
	€	€	€	€	€	€	€	€	€	€	€
1. Intangible assets	**33,094,074.06**	**1,270,408.37**	**0.00**	**-903.28**	**34,363,579.15**	**18,628,117.72**	**2,272,134.62**	**176.28**	**20,900,076.06**	**14,465,956.34**	**13,463,503.09**
20500000 Costs of acquisition of concessions and commercial property rights	14,824,038.73	0.00	0.00	0.00	14,824,038.73	3,706,009.73	988,269.00	0.00	4,694,278.73	11,118,029.00	10,129,760.00
20500020 IT software	10,800,431.83	509,998.65	0.00	264,576.45	11,575,006.93	7,822,787.78	1,283,865.62	38.47	9,106,614.93	2,977,644.05	2,468,392.00
20700000 Goodwill	7,099,182.40	0.00	0.00	0.00	7,099,182.40	7,099,182.40	0.00	0.00	7,099,182.40	0.00	0.00
23700000 Prepaid expenses intangible assets	370,421.10	760,409.72		-265,479.73	865,351.09	137.81	0.00	137.81	0.00	370,283.29	865,351.09
2. Property, plan and equipment	**123,718.41**	**14,415.92**	**69,236.54**	**903.28**	**69,801.07**	**110,787.41**	**17,226.92**	**69,060.26**	**58,954.07**	**12,931.00**	**10,847.00**
21810000 Business and office equipment	43,654.99	1,020.93	39,836.17	0.00	4,839.75	41,891.99	938.93	39,836.17	2,994.75	1,763.00	1,845.00
21830000 Office furnishings	43,389.35	0.00	15,261.51	0.00	28,127.84	32,221.35	2,166.00	15,261.51	19,125.84	11,168.00	9,002.00
21811000 Minor assets	27,992.20	13,394.99	5,456.99	903.28	36,833.48	27,992.20	14,121.99	5,280.71	36,833.48	0.00	0.00
21812000 Collective item - minor assets	8,681.87	0.00	8,681.87	0.00	0.00	8,681.87	0.00	8,681.87	0.00	0.00	0.00
3. Shares in affiliated companies	**18,500.00**	**0.00**	**0.00**	**0.00**	**18,500.00**	**0.00**	**0.00**	**0.00**	**0.00**	**18,500.00**	**18,500.00**
26100000 Shares	18,500.00	0.00	0.00	0.00	18,500.00	0.00	0.00	0.00	0.00	18,500.00	18,500.00
	33,236,292.47	**1,284,824.29**	**69,236.54**	**0.00**	**34,451,880.22**	**18,738,905.13**	**2,289,361.54**	**69,236.54**	**20,959,030.13**	**14,497,387.34**	**13,492,850.09**

Management Report of European Commodity Clearing AG, Leipzig, for the 2020 Financial Year

1. About the Company

1.1 Business operations and corporate structure

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

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

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

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

1.2 Corporate governance

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

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

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

1.3 Research and development

As a service company, ECC does not engage in any research and development activities, which are, e.g., carried out by manufacturing companies. New developments of products and services for the year 2020 are addressed under “Development of business” and with a view to the future in the “Risk and opportunity report”.

2. Economic development

2.1 Framework conditions

Regulatory framework conditions

The markets of the EEX Group are significantly influenced by energy and financial market legislation. The following legislative initiatives and political discussions in 2020 have or may have a potential impact on the Group's transaction proceeds in the future (details, in particular on the potential risks, are discussed in the "Risk and opportunities report" section):

Industry-specific framework conditions

ECC's client group consists primarily of energy and utility companies, clearing banks, grid operators, commodity traders and commodity hedge funds.

Energy and utility companies are facing far-reaching strategic and financial challenges due to the energy transition. The decline in earnings associated with the energy transition, coupled with rising depreciation and provisions for the dismantling of conventional power generation, is a significant burden on the profitability of these companies. The current situation has an impact on the willingness of energy and utility companies to pay for exchange trading activities as well as on the credit ratings of external capital providers and thus on the ability of energy and utility companies to provide collateral for exchange transactions. On the other hand, a decline in the creditworthiness of market participants leads to a reduction in bilateral credit lines, which are common in OTC trading. This partially caused a shift from over-the-counter trading to clearing and thus had a positive impact on ECC's business.

For ECC, the 2020 financial year was strongly influenced by the development of the Covid 19 pandemic, with the following aspects in particular having partly significant effects on ECC's overall economic environment:

- Massive weakening of the global economy, especially in the first half of 2020 due to the outbreak of the Covid 19 pandemic
- Significant restrictions on economic and social activities (lockdown)
- The lockdown measures led to lower energy demand, including a 10 per cent drop in electricity consumption in Germany in the March/April period and a 4 per cent drop over the whole of 2020 compared to the average of the three previous years

- The change in the fundamental data and the uncertainty about the further course of the pandemic, especially during the first lockdown in March/April, caused great uncertainty among the players on the energy markets. Especially in the power futures market and the market for CO2 emission allowances, position adjustments and, as a result, a temporary jump in market volatility could be observed during this period.

At the same time, the exceptional situation of the Covid 19 pandemic has shown that ECC, as a regulated central counterparty, offers its clients the necessary security in terms of hedging their trading transactions and a flexible supply of commodities, even in times of high volatility and uncertainty in the market. Despite the challenging situation, the market has always proven to be stable and liquid and all ECC members have remained capable of acting. ECC did not record any failures during the entire period. The guaranteed technical availability as well as a stable operational business enabled all trading and clearing participants to continue using the entire portfolio of ECC services.

Macro-economic framework conditions

The general framework conditions for the affiliated exchanges have a direct impact on the economic, sectoral and regulatory situation for ECC.

Significant factors influencing the transaction proceeds

The amount of transaction revenues is determined by three major influencing factors. In addition to the size of the overall market, the revenues depend on the achieved market share and the fee structure. The market share and the fee structure are monitored in the implementation of the Group strategy and corporate management with the focus on strengthening the competitive position of ECC and positioning the company as a globally operating clearing service provider for energy and commodity products. In contrast, the size of the overall market cannot be influenced by the company and essentially depends on the following factors:

- Final consumption of the traded commodity
- Volatility in the energy and commodity markets
- Regulatory framework conditions
- Churn rate of the traded commodity.

2.2 Development of business

The business performance of ECC as a service provider for clearing and settlement is linked to the success of its partner exchanges. In feedback, ECC has a positive effect on its partner exchanges by connecting new exchanges as part of the multi-exchange approach and by expanding its service portfolio. The major partner exchange in terms of trading volumes is EEX, which operates the Power Derivatives Markets as well as the Markets for Environmental Products, Agricultural Products and Global Commodities. The French energy exchange Powernext was merged with EEX with effect from 1 January 2020. EEX thus took over the operation of the Spot and Derivatives Markets for Natural Gas as well as the registry services of the former Powernext. In addition, ECC continues to provide its clearing services for the French power spot exchange EPEX.

As already described in the general conditions of the economic report, it became apparent in spring 2020 that the outbreak of the infectious disease Covid-19 in China towards the end of 2019 would have a significant negative impact on the development of the global economy and thus also on ECC's business performance. The dynamic global spread of the virus led to uncertainty among market participants. While the growth trend in trading and clearing volumes in the electricity spot and futures markets in Europe as well as in the freight market continued and double-digit growth rates were achieved in the Environmental Products Europe business area, ECC recorded volume declines in the Natural Gas Europe and Agricultural Products business areas in connection with the effects of the pandemic. Furthermore, the business development was positively influenced by the increase in revenue from clearing services for partner exchanges which do not belong to EEX Group.

The development of the corresponding product segments and markets is briefly described below.

<u>Power Derivatives</u>

As a clearing house, ECC handles the settlement of trading transactions on all power derivatives markets of EEX. The business segment again developed positively in the 2020 financial year, continuing its long-term growth trend, although the global Covid 19 pandemic led to increased price uncertainty and thus volatility on the markets. Despite the ongoing regulatory challenges in the context of Brexit and a continued intense competitive environment, ECC was able to increase its clearing volume by 19 per cent, growing significantly faster than the overall market. With a volume of more than 4,500 TWh, a new record was set in electricity futures trading in the reporting year. In particular, this success was driven by the German Power Futures, which continue to be the reference product in European power derivatives trading. EEX increased its market share in

Germany by two percentage points to 44 percent in 2020 and achieved a volume growth of 16 percent in the same period.

In many market areas in Europe, the positive trend of a shift from OTC trading to exchange-registered trading continued. In this context, EEX was able to increase its market share in France to 54 percent (2019: 46 percent) and in Spain to 75 percent (2019: 64 percent). The majority of the markets in the Central and South Eastern Europe region also achieved a significant increase in trading and clearing volumes. The Hungarian market in particular benefited strongly from this development, with ECC achieving a volume of over 200 TWh there.

Despite strong competition and declining volumes last year, the trend in the most important power option markets Germany and France was reversed. In the past year, ECC's clearing volume for German power options increased by 60 percent and showed a clear counter-impulse to last year's development. The increased liquidity is a clear indication of the growing importance of option products as hedging instruments in power trading, especially in a volatile market environment.

In addition, another milestone in the internationalisation of ECC as part of EEX Group was achieved in the 2020 financial year: In May, EEX opened its first power derivatives market in the Asia-Pacific region in Japan, with ECC also taking over the clearing of the trading transactions here. In the first seven months, the clearing volumes already exceeded the trading volumes of the local Japanese exchange TOCOM and demonstrated a successful entry into a new market region.

Despite the successful development of its markets, EEX continues to be exposed to strong competition on the Derivatives Market for Power in Europe. More than half of all trading continues to take place via off-exchange broker platforms and is not hedged on the exchange, although this market share will continue to decline in 2020. In addition to EEX, the global exchange operators Nasdaq Commodities (Nasdaq) and ICE as well as smaller national energy exchanges are active as regulated trading venues in European power trading.

Power Spot

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

In the segment Power Spot Europe, a new volume record was achieved in the 2020 financial year and growth of 4 percent was achieved compared to 2019. Trading volumes increased significantly in the day-ahead markets in France and Belgium as well as in the intraday markets in all market areas. In addition, the new day-ahead and intraday markets in the four Nordic countries (Norway, Sweden, Denmark and Finland), which were launched on 3 June and 25 May 2020 respectively, also contributed to the growth.

Overall, the intraday markets within the Power Spot Europe business area continued to gain in importance in 2020, accounting for 18 percent of the absolute volume on the power spot markets (previous year: 15 percent). This trend is primarily driven by the increasing importance of digitalisation and the fluctuating feed-in of renewable energies for the power supply, which results in an increased demand for flexibility and short-term balancing options among balancing group managers. In addition, EPEX launched new local intraday auctions in the four countries Austria, Belgium, France and the Netherlands on 14 October 2020. These complement the existing local 15-minute intraday auctions in Germany, the coupled 30-minute intraday auctions in the UK and the coupled 60-minute intraday auctions in Switzerland. On 10 December 2020, new cross-border 15- and 30-minute intraday products were also successfully launched at the bidding zone borders between Belgium, Germany, France and the Netherlands.

EPEX is in direct competition with other spot exchanges in the Power Spot Europe segment. The main competitor Nord Pool is active in all EPEX markets except Switzerland. In addition, EPEX competes with the Austrian exchange EXAA on the German as well as the Austrian day-ahead market.

Natural Gas

The Natural Gas Europe segment is the third important revenue driver in addition to the Derivatives and Spot Markets for power. On the European Gas Spot Market EEX was able to achieve significant market share gains in almost all market areas and thus expand its position as the leading exchange on the Spot Market for natural gas in Europe. However, due to the lower demand for natural gas as a result of the Covid 19 pandemic, the total volume on the Gas Spot Market decreased compared to the previous year and led to a reduction in the clearing volumes of ECC, particularly in the German and Dutch market areas. On the Derivatives Market, this decline is primarily attributable to the declining trading volumes of EEX on the Dutch Derivatives Market (TTF hub), the most liquid market area in Europe, due to competitive pressure. As a result, the traded and cleared volumes in the Natural Gas Europe business field fell by 6 per cent compared to 2019.

The competitive environment in the European natural gas markets is similar to that of the derivatives markets for power. The major part of natural gas trading takes place via over-the-counter broker platforms. The remaining trading is distributed between EEX and the exchanges CME Group, ICE and Nasdaq. While ICE has the largest market share on the exchange-based derivatives markets, EEX is the exchange with the largest trading volumes on the spot markets.

Environmental Products

In the area of environmental products, ECC was able to increase the clearing volumes for emission allowances on both the EU primary and secondary markets for spot and derivatives compared to the previous year. The main reason for the overall positive development was the increase in active participants in order book trading. In options trading, the development repeatedly declined due to a lower market share.

On behalf of the European Commission and the participating member states, new emission allowances are introduced to the market via auctions on the EEX (primary auction). The quantities to be auctioned are fixed in advance. Almost 90 percent of the entire primary market volume in Europe is auctioned via EEX. It operates the joint auction platform for the auctioning of emission allowances on behalf of the European Commission and 25 participating member states and, since June 2019, additionally three EEA-EFTA states. It was confirmed in this role as a service provider for a further five years in November 2020. In addition, EEX conducts separate auctions for the Federal Republic of Germany and Poland. Separate auctions are also carried out for the United Kingdom by the competitor ICE.

In secondary trading for emission allowances, ICE holds around 95 percent of the market. The remaining trading volumes are mainly attributable to EEX.

Agriculturals and Global Commodities

In the agricultural products business, ECC recorded a decline in clearing revenue in the 2020 financial year. This is due to the reduced demand for processing potatoes during the Covid 19 pandemic, as a result of which fewer contracts were traded in processed potato futures than in the previous year. In contrast, EEX achieved growth of 22 percent in trading in futures on dairy products. This is attributable, in particular, to the very high volume increase of 79 percent in the futures on skimmed milk powder.

In the Global Commodities segment, ECC achieved revenue growth of over 900 percent compared to the previous year. This increase is attributable to the freight segment, which achieved double- to triple-digit growth rates in every quarter. In addition to the takeover of the open interest of NFX and the increase in market participants, the intensification of the sales activities of the partner exchanges EEX and EEX Asia were decisive for the sustained growth. Furthermore, an important milestone for the further development of the Global Commodities area was the agreement on the takeover of the futures and options business of NFX by EEX Group.

Clearing Cooperations outside EEX Group

In 2020, ECC also maintained co-operations with partner exchanges and thus provided clearing services for trading venues which do not belong to EEX Group. In the 2020 financial year, these were the Hungarian HUPX/HUDEX, the Norwegian NOREXECO and the Irish SEMOpx.

The volumes from the clearing and settlement of transactions for HUPX/HUDEX increased significantly by 16 percent in the reporting period compared to the previous year.

In contrast, the traded volumes of NOREXECO recorded a decline compared to the previous year.

In October 2018, the Irish power exchange SEMOpx was launched in cooperation with the Irish transmission system operator EirGrid, the Northern Irish transmission system operator SONI and EPEX. Since then, ECC, in its role as central counterparty, has taken over the clearing and settlement of all transactions carried out on the Irish and Northern Irish day-ahead and intraday markets. The traded volumes of SEMOpx recorded a slight increase compared to the previous year.

2.3 Earnings situation

For ECC, the development of the individual markets of the partner exchanges plays an important role - they determine the clearing house's earnings situation. For ECC, the 2020 financial year was marked by the development of the Covid 19 pandemic, which had a significant impact on the results of the segments in some cases. This section deals with the profit and loss account of ECC.

Net interest income amounted to € 3,501 thousand in financial year 2020, below previous year's amount of € 3,698 thousand. The interest rate situation during the Corona pandemic, as well as stringent investment regulations required by the regulatory authorities, did not allow ECC any alternative investment opportunities in 2020.

Commission income, consisting of transaction and annual fees (share of annual fees in commission income: 0.7 percent), amounted to € 102,069 thousand and was thus € 7,182 thousand or 8 percent higher than the previous year's figure of € 94,887 thousand.

In 2020, the futures market for electricity again proved to be the main revenue driver and accounted for 44 percent of ECC's commission income. Revenue from the settlement of electricity futures transactions rose by 17 per cent year-on-year to € 44,508 thousand (previous year: €

38,159 thousand). Commission income from clearing the electricity spot market was stable compared to the previous year and amounted to € 19,714 T (previous year: € 19,628 T). Thus, at 19 per cent, they constitute the third-largest income segment of ECC.

Commission income earned on the spot and futures market for natural gas fell moderately compared to the previous year. Commission income from clearing on the gas markets amounted to €31,575 thousand in the reporting year, which corresponds to a decrease of 5 per cent compared to 2019 (previous year: €33,064 thousand). The share of ECC's commission income also fell slightly to 31 per cent (previous year: 35 per cent). This means that the clearing of the spot and futures markets for natural gas nevertheless still represents ECC's second-largest revenue segment.

With the clearing of the Global Commodities Segment of EEX, ECC was able to generate revenue of € 1,927,000 in the year under review and thus significantly increase its result compared to the previous year (previous year: € 183,000). This growth is attributable to the positive development of the freight segment as well as to the takeover of the futures and options business of NFX by EEX Group. Revenue from the clearing of emission allowances rose to € 1,078 thousand in the 2020 financial year. This means that they increased by 15 percent compared to the previous year (€ 936 thousand). The revenue segment thus continued to contribute one percent to ECC's total commission income in 2020. The clearing revenues of the agricultural market amounted to € 103 thousand and declined in comparison to the previous year (previous year: € 181 thousand).

Moreover, ECC provides clearing services for exchanges outside EEX Group. The revenue from the clearing cooperation with the Hungarian power exchanges HUPX and HUDEX developed positively compared to the previous year. In total, commission income in the amount of € 888 thousand was generated in the year under review (previous year: € 727 thousand), which corresponds to an increase of 22 percent. The clearing revenues from the cooperation with the Irish power exchange SEMOpx rose to € 619 thousand in 2020 (previous year: € 598 thousand).

ECC generated further income with clearing services for the NOREXECO (€ 240 thousand) and SEEPEX (€ 113 thousand) exchanges, as well as for the power spot segment of PXE (€ 20 thousand), which manages part of the order book trading.

Commission expenses fell slightly in 2020 compared to the previous year from € 7,428 thousand to € 7,264 thousand. At ECC, these expenses consist in particular of intercompany reimbursements to EEX for market makers in the gas segment and are correspondingly proportional to the commission income from the clearing of these markets, which also fell.

The commission result of ECC (commission income less commission expenses) increased by 8 percent in comparison to the previous year to € 94,805 thousand. ECC's earnings development was thus stable and resilient despite adverse environmental influences due to the Covid 19 pandemic.

Other operating income amounted to € 7,079,000 and fell by 25 percent in the reporting year compared to the previous year (previous year: € 9,450,000). In 2020, this item included, among other things, income from internal service charging and project cost reimbursements from the partner exchanges as well as external cost reimbursements and positive exchange rate effects.

General administrative expenses increased by 5 per cent over the previous year to € 46,988 thousand (previous year: € 44,799 thousand). In this context, personnel expenses increased significantly from € 10,461,000 in the previous year to € 16,048,000 in 2020. This 53 percent increase reflects the strong increase in the number of staff at ECC (2020: 190; 2019: 129 employees), which, in addition to organic growth, is also attributable to the internal reorganisation of business divisions between ECC AG and EEX AG. In contrast, other administrative expenses fell by 10 percent compared to the previous year to € 30,940,000 (previous year: € 34,338,000). These include, in particular, expenses for the adjustments to clearing and risk management systems, costs for external consulting services as well as expenses for the procurement of internal services from other companies of EEX Group.

Depreciation and amortisation amounted to € 2,289,000 in the past financial year and were thus 18 percent higher than the previous year's value of € 1,939,000. At € 1,957,000, the other operating expenses of ECC remained almost unchanged in comparison with the previous year (previous year: € 1,939,000).

The EBT reflects the positive development of the financial year compared to the previous year and increased by 4 percent to € 54,151 thousand (previous year: € 51,958 thousand). Due to the profit and loss transfer agreement between ECC and EEX, no net income for the year remains at ECC. Accordingly, the calculation of the return on equity is obsolete.

2.4 Asset situation

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

Total assets amounted to € 7,866,129 thousand as of the balance sheet date and were thus € 2,942,803 thousand higher than the previous year's balance sheet total of € 4,923,326 thousand.

The assets side of the balance sheet is mainly characterised by balances with central banks and credit institutions. These result mainly from the investment of cash collateral of € 5,964,828 thousand (previous year: € 3,794,686 thousand) to secure transactions, which were matched by obligations to clearing members in the same amount. As at 31 December 2020, the cash reserve amounted to € 6,109,184 thousand (previous year: € 3,898,694 thousand). This development can be explained mainly by increased margin requirements due to the very high volatility in 2020 and thus implicitly larger margins and clearing fund.

The position of trust assets includes the CO2 certificates managed in trust by ECC since 2017. As of the balance sheet date, the value of this item amounts to € 1,628,853 thousand, which is above the level of the previous year (previous year: € 930,529 thousand). This development is directly related to the positive business development in the emissions sector. There is a liability item in the same amount under liabilities.

Intangible assets totalled € 13,464,000 and were thus slightly below the previous year's figure of € 14,466,000. Other assets amounted to € 50,869 thousand (previous year: € 34,281 thousand) as of the balance sheet date and essentially comprise loans and receivables from affiliated companies, margin calls demanded but not yet collected from the trading participants, input tax receivables of ECC from the responsible tax offices in Norway and receivables for transaction fees of ECC Lux for the physical settlement of transactions registered for clearing.

The accruals and deferrals amounted to € 890,000 as of the reporting date and were thus approximately at the previous year's level (previous year: € 910,000). In terms of content, they largely represented adjustments to software and systems of Deutsche Börse AG.

Liabilities to banks include cash collateral received from clearing members that are banks and totalled €4,958,657 thousand (previous year: €1,900,971 thousand). This growth is directly related to the likewise strong increase in balances with central banks on the assets side.

The liabilities to customers, on the other hand, include the cash collateral provided to ECC by the clearing members, in so far as they are not banks. On the balance sheet date, they amounted to € 1,037,309 thousand (previous year: € 1,901,399 thousand).

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

2.5 Financial situation

At the end of the financial year, ECC had equity of € 131,935 thousand (previous year: € 118,935 thousand). The capital increase of ECC by EEX in the amount of € 13,000 thousand is the reason for the difference. The subscribed capital and retained earnings remained unchanged at € 1,015 thousand and € 33,619 thousand respectively. As there is a profit and loss transfer agreement with EEX, the company has no retained earnings. There are external credit lines which can cover additional liquidity requirements arising at short notice. As of the reporting date of 31 December 2020, external credit lines in the total amount of € 8,382,000 were used. Furthermore, there is an internal credit line of EEX which was drawn down to the amount of € 24,000,000 as of the reporting date.

The cash outflow from ECC's investment activities in the year under review comprises investments in intangible assets, especially in ECC's IT infrastructure, and investments in property, plant and equipment. In total, the investments amounted to € 1,287 thousand (previous year: € 986 thousand).

Summary

The business results prove the success of ECC. Despite the effects of the Covid 19 pandemic described above and a generally challenging market environment, the company was able to increase its commission income by 8 percent compared to the previous year. This development was driven in particular by the strongly growing power derivatives segment, which more than compensated the slight decline in sales on the spot and derivatives markets for natural gas in 2020. Sales revenues on the electricity spot markets remained stable despite increasing competitive pressure.

ECC thus achieved its most successful financial year to date in terms of earnings (EBIT) and continues to maintain its solid and resilient capital base. The company has a good liquidity position and met its payment obligations at all times in fiscal year 2020.

2.6 Financial and non-financial performance indicators

2.6.1 Financial performance indicators

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

Key risk figures according to EMIR

The risk indicators according to EMIR are also key management parameters for the clearing house. The equity capital available for risk coverage is determined on the basis of the EMIR regulations using the balance sheet equity capital of ECC. As of 31 December 2019, EMIR equity amounted to € 131,935 thousand (previous year: € 118,935 thousand).

Potential losses from the default of clearing members of ECC are covered by the multi-level margin system of ECC. In order to meet the requirement under Article 45 (4) of the European Regulation for OTC Derivatives, Central Counterparties and Transaction Registrars (648/2012) in conjunction with Article 35 of the delegated Regulation 153/2013, ECC has established an earmarked revenue reserve, also known as "skin-in-the-game", to meet the requirement for allocated equity capital. The volume of this reserve is reviewed at least annually and adjusted if necessary. There were no further adjustments in the 2020 financial year. As a result, it amounted to € 15,000,000 as of 31 December 2020. Beyond this earmarked revenue reserve, this risk category is not matched by any risk cover funds.

The capital required for the credit risk, i.e. the risk exceeding the aforementioned default risks vis-à-vis trading participants, was € 2,873 thousand as of the balance sheet date (previous year € 2,227 thousand). The capital required for the market risk of foreign currency risks was € 302 thousand as of the balance sheet date (previous year € 0 thousand).

In accordance with the provisions of the delegated regulation 152/2013, capital requirements for operating risks are set at € 25,631 thousand (previous year € 22,936 thousand).

The capital requirement for business risk and wind down costs is calculated in accordance with the provisions of the delegated regulation 152/2013. As of the balance sheet date, the capital requirement for business risk was € 28,052 thousand (previous year € 20,966 thousand) and for wind down risk € 28,052 thousand (previous year € 20,966 thousand).

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

2.6.2 Non-financial performance indicators

Trading and clearing volumes

As non-financial performance indicators, the ECC uses in particular the trading volumes of the partner exchanges, which are shown in the following table.

Clearing volumes			2020	2019	Change
Power Derivatives			**4,737**	**3,973**	**19 %**
	Germany/ Austria	*[Twh]*	3,099	2,665	16 %
	Italy	*[Twh]*	546	569	-4 %
	France	*[Twh]*	552	357	55 %
	Spain	*[Twh]*	190	152	25 %
	Others	*[Twh]*	351	230	52 %
Power Spot			**622**	**598**	**4 %**
	Day-Ahead	*[Twh]*	510	506	1 %
	Intraday	*[Twh]*	111	92	21 %
Natural Gas			**2,378**	**2,542**	**-6 %**
	Spot	*[Twh]*	1,411	1,454	-3 %
	Derivatives	*[Twh]*	968	1,088	-11 %
Environmental Products		***[Mio. t]***	**1,318**	**1,139**	**16 %**
Agriculturals		***[Contracts]***	**49,452**	**57,125**	**-13 %**
Global Commodities					
	Freight	*[Contracts]*	789,921	74,776	956 %
Clearing Cooperations					
	Power	*[Twh]*	77	70	9 %
	Pulp & Paper	*[thous. t]*	29	47	-37 %

Employee affairs

On 31 December 2020, ECC had 190 employees. Important indicators for measuring employee satisfaction and employee concerns at ECC are employee turnover, employee training and length of employment. The following table shows individual key figures for these indicators:

ECC AG	
Number of Employees	190

	Men	Women
Length of employment		
less than 5 years (%)	39.5	25.8
5 to 15 years (%)	19.5	12.1
More than 15 years (%)	2.1	1.1

Entries	29	13
Leavings	9	2

Training days per FTE	1.81	2.40

In 2020, human resources work at ECC was faced with the challenge of further strengthening models for flexible working arrangements and supporting the induction and integration of new employees into the teams, not least in the context of the Covid-19 strategy. By concluding a company agreement on "mobile working", the employees' desire for modern solutions to reconcile work, family and individual life plans was taken into account. Due to the pandemic situation in 2020, an "Interim Home Office Guideline" was introduced ahead of time before the company agreement on "Mobile Working" came into force, in order to enable all employees to work safely in a home office responsibly and at an early stage and to protect their health.

In May 2020, a detailed staff survey was also conducted at the ECC, which revealed that over 90 % of employees rate their satisfaction with their work as high.

Customer affairs

The needs of the customers and the products and services required for this purpose are the focus of the activities at ECC. This includes, among other things, the annual EEX/ ECC customer survey. Once a year, all traders registered on EEX are asked about their needs with regard to trading activities on EEX in a comprehensive survey.

The survey ranges from general satisfaction to detailed questions on products, services and suggestions for changes. After the evaluation of the survey, the results are discussed with the Management Board. They result in a list of suggestions for improvement and priorities, which are coordinated with the respective departments and included in the planning. In 2020, the traders' assessment of the quality of the products and services, the approval processes and the Group in general has improved.

Other important performance indicators for customer satisfaction are the market shares in the different markets and products, the positive development of which was described in the section "Business performance", as well as the number of clearing members. The number of ECC clearing members totalled 32 (28 general clearing members and 4 direct clearing members) as at 31 December 2020, compared to 31 clearing members as at the 2019 reporting date. In addition, 48 participants were admitted to the Direct Clearing Participant (DCP) Model (2019: 35). This model, offered since September 2016, allows trading participants direct access to trading and clearing on the spot markets without having to connect to a system clearing member. The number of non-clearing members rose to 529 at the end of the year (previous year: 512).

3. Risk and opportunity report

3.1 Risk management

Organisational structure

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

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

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

Risk culture

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

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

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

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

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

Risk management system and objectives

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

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

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

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

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

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

Risk appetite

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

1. Compliance with regulatory capital

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

2. Compliance with economic capital

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

3. Compliance with economic capital on ECC AG level

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

4. Equity-based risk coverage

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

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

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

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

Risk profile

The following table shows the overall risk position of ECC, measured by economic capital requirements, calculated for counterparty, market, operational and business risk for the end of 2020 with a confidence level of 99.9% and a time window of 12 months. To determine the overall risk position, ECC does not take into account diversification effects between the risk classes.

Overall risk position, measured by economic capital requirements

in %	31/12/2020	31/12/2019
Counterparty risk	12.4	15.3
Market risk	0.2	0.1
Operational risk	87.4	84.5
Business risk	0.0	0
Total	**100**	**100**
Utilisation of EMIR equity capital	**44.7**	**38.4**

In accordance with the requirements of the European regulation for OTC derivatives, central counterparties and trade repositories (648/2012), the ECC is obliged to maintain sufficient liquid equity at all times to comply with the capital requirements in accordance with Article 16 of the European regulation. If the ratio of equity capital to capital requirements falls below the threshold of 110 percent, a report must be made to the responsible supervisory authority immediately. The ratio between equity and capital requirements on the monthly reporting dates (01/2020 to 12/2020) was between 121 and 154 percent and thus always significantly above the reporting threshold of 110 percent.

Furthermore, in accordance with Article 43 of the European regulation for OTC derivatives, central counterparties and trade repositories (648/2012), the ECC must maintain sufficient liquid financial resources to cover the default of the two clearing members, which cause the greatest liquidity requirements. In accordance with Article 44 of this regulation, the ECC compares the available liquid resources with the liquidity requirements on a daily basis. If the ratio between liquid resources and liquidity requirements falls below the internally defined reporting threshold of 1.1, the Management Board must be informed immediately, on the other hand, measures must be taken to strengthen liquid resources in accordance with the liquidity plan. The daily ratios were between 2.53 and 3.23, which is always above the regulatory minimum of 1.

Risk controlling

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

1. Controlling of counterparty risks from the clearing sector

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

2. Controlling of counterparty risks from the uncleared business

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

3. Controlling of liquidity risks

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

4. Controlling of other risks including operational risks

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

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

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

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

Stress tests regarding equity and reverse stress tests

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

Risk reporting

The Management Board informs itself on an ongoing basis, at least monthly, about the risk situation in the cleared business (e.g. on the basis of backtesting results, adequacy of financial resources, concentration risks). In addition, the Executive Board informs itself monthly and the Supervisory Board quarterly about compliance with capital requirements, credit risk limits, liquidity risk in non-cleared business and operational risks. Quantitative guidelines have been defined for these risk categories, which are listed and monitored in the corresponding reports. Qualitative reporting is also provided for other risks. In addition, there is an ad hoc reporting obligation for significant changes in the risk situation. The utilisation of stress tests and capital limits is shown using a traffic light system. If limits are exceeded, the risk report contains a description of the situation and appropriate corrective measures.

3.2 Sub-risk strategies for controlling individual types of risks

In the year under review, ECC identified the relevant risks which, if they were to occur, could have a relevant adverse effect on ECC and its net assets, financial position and results of operations in the following categories, with these being listed in descending order of importance. There is no subdivision into segments, as ECC operates exclusively as a clearing house and does not undertake any further segmentation of its business activities.

Counterparty risks

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

In case of default of a clearing member, ECC will close out the open positions of the clearing member concerned and offset open liabilities with the financial resources of the various lines of defense. The ECC itself bears the risk that the financial resources of the various lines of defense are not sufficient, or that its own skin-in-the-game is insufficient.

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

- **Conditions for admission:** Only institutions based in jurisdictions accepted by ECC and having sufficient financial strength, creditworthiness as well as the operational facilities to settle the clearing business can be admitted as ECC General and Direct Clearing Members. This is tested during the admission process and monitored continuously. Clearing members in accepted jurisdictions which do not have a licence as an institute are admitted as Direct Clearing Participants (DCP). In this context, such members must, at all times, trade within pre-trade limits which must ensure that the available collateral is not exceeded in the event of a potential default of the direct clearing member.
- **Guarantees by Clearing Members:** The Clearing Member supporting the trading participant guarantees all obligations of the trading participants that are not Clearing Members/Participants, e.g. from the provision of collateral, the delivery of commodities or the daily profit-and-loss statement. The only exceptions to this guarantee are the clearing fees owed. All payments are always collected directly by the clearing member.

- **Daily profit-and-loss settlement:** Accrued profits and losses as well as due payment amounts are offset on a daily basis and are credited to or debited from the respective Clearing Member.
- **Individual margins:** Individual margins cover the potential losses from an open position with a security level of 99 per cent with a specified holding period of at least 2 days. Collateral received after collateral margins amounted to € 5,537 million as at 31 December 2020.
- **Intraday margin calls:** During business hours, ECC monitors the risks "near to real time" and carries out intraday margin calls and requests additional collateral whenever the risk exceeds certain internal thresholds specified in advance.
- **Allocated own funds of ECC:** ECC shall keep the allocated own funds in the amount specified by supervisory legislation at all times. These allocated own funds serve to cover potential losses which are not covered by the individual margins. The allocated own funds are used before the clearing funds are used.
- **Clearing fund:** The clearing fund is a joint form of security provided by all Clearing Members. ECC's clearing fund had a volume after security margins of € 604 million as at 31 December 2020. It covers potential losses which are not covered by individual margins. The amount of the clearing fund is established on the basis of stress tests which are carried out on a daily basis and fulfil the EMIR requirements. These tests simulate the effects of the default of the biggest participant and of the two participants or of the concurrent default of a DCP and its guarantor which have the highest exposure. This is done subject to the assumption of various extreme yet plausible market price developments. In addition, an individual minimum contribution per Clearing Member is established on the basis of the maximum of the following components:
    - An absolute minimum
    - Statistics regarding the individual margin calls of a Clearing Member (including its Non-Clearing Members and customer positions) over the last 12 months
    - EMIR 80% netting cap: According to EMIR Article 27, the difference between the margin requirement determined at the portfolio level and the margin requirement determined at the level of the individual product should not exceed 80% of the difference of the risk determined at the level of the portfolio and

of the individual product. If this is the case for a portfolio, the amount of the difference exceeding 80% is charged as the minimum contribution.

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

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

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

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

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

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

Operational risks

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

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

A key objective of ECC's risk strategy is to minimise operational risks through extensive automation in conjunction with recognised methods of system development, extensive testing procedures and the internal control system. The following components of internal controls and risk management processes are part of the internal control system and are regularly reviewed by internal and external auditors. Internal processes are described in the "Written Rules" of the ECC. They contain procedural descriptions and control actions for all significant processes. These are documented on checklists to reduce the probability of human error.

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

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

Outsourcing risks are controlled in accordance with the outsourcing policy. ECC provides core services itself and also prefers to outsource selected aspects of IT to Deutsche Börse Group companies. In this context, external service providers are used, among other things, in order to utilise relevant market know-how but also to take advantage of economies of scale, especially in system operation. The quality of the service providers is reviewed as part of the selection process and on an ongoing basis, including on the basis of agreed service level agreements. Backup processes have been implemented for critical business processes.

A legal risk is the ability to enforce the main components of ECC's legal regulations (primarily the clearing conditions) in the relevant jurisdictions. This is reduced by using the standard ECC rules and regulations in conjunction with standardised contract forms. The enforceability of these standard rules and regulations is regularly reviewed by internal and external experts.

The compliance function also has the task of recording control processes and risks arising from possible compliance or legal infringements by means of a standardised questionnaire and to implement effective procedures for compliance with the legal regulations and requirements of importance to the institution and corresponding controls by means of control actions and reporting.

Liquidity risks

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

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

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

ECC prepares a daily liquidity report on the available liquid resources and the liquidity requirements in the event of default of the two clearing members, which generate the greatest liquidity requirements in extreme but plausible market conditions. In addition, the potential sources of liquidity risks are recorded in the liquidity plan, which is updated quarterly, and brought to the attention of the Management Board.

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

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

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

The liquidity risk is assessed on the basis of

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

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

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

Compliance risks

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

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

The Executive Board and employees of ECC are regularly trained on the relevant compliance topics. In particular, the topics of money laundering, data protection, corruption, market manipulation and insider trading are also covered. Participation in the training is mandatory.

ECC's whistleblower system is used to report potential or actual violations of supervisory or regulatory provisions and ethical standards. Here, employees can submit reports by telephone or e-mail. The anonymity of whistleblowers is guaranteed.

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

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

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

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

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

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

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

Business and settlement risks

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

The aim of ECC's risk strategy is to manage this risk on the basis of the expected total costs, weighing up fixed and variable cost components, by including it in the risk assessment, competitive comparisons and monthly financial reporting with target/actual comparisons. Risk management in the context of project implementation (i.e. adherence to schedule, costs and budget) is carried out as part of project control.

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

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

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

Concentration risks

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

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

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

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

- In order to control concentration risks from the uncleared business, ECC primarily relies on covering its structural liquidity requirement through its own liquidity rather than credit lines.

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

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

Market price risks

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

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

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

Risk of tighter regulation in the financial and energy sectors

EU Financial Markets Directive MiFID II

The COVID 19 pandemic caused the European Commission to propose a capital market rescue package in July 2020 to encourage more investment in the real economy and provide some relief to critical sectors. On commodity derivatives, the Commission made targeted changes to MiFID II to allow firms to respond to market volatility, while giving new contracts better opportunities to develop and strengthening the role of the euro in the international capital market. In December 2020, the EU institutions agreed on the Commission's proposal to extend the MiFID II position limits regime to agricultural and critical commodity derivatives, while reducing complexity for market participants when trading on an ancillary basis. Since the reforms will only apply from 2022, barriers to trading in commodity derivatives on the markets of EEX Group will remain in place for a transitional period. It should be noted that the so-called quick fix does not replace the complete revision of MiFID II. The European Commission will submit a legislative proposal for the fundamental revision of MiFID II in 2021. In principle, this involves the risk that regulations which are relevant for commodity trading will be amended or supplemented and will have a negative impact on trading and settlement on the markets of EEX Group.

Financial transaction tax and digital tax

In the course of dealing with the Covid19 pandemic, extensive aid measures were adopted by national governments and also by the European Commission. It is to be expected that after the end of the pandemic there will be a discussion about the financing of these costs. Political actors are calling for the introduction of a common financial transaction tax on (commodity) derivatives or the so-called digital tax. These additional taxes carry the risk of a shift of trading activities to countries that do not levy them.

Regulation for central counterparties

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

Regulation of Financial Market Institutions in Germany

Potential changes with additional requirements for financial market institutions based in Germany could result from the Act to Strengthen Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität), which is currently in the legislative process and is expected to come into force during 2021.

Influence of energy market legislation and regulation

Legal framework for renewable energies

In the context of stricter climate targets (including an increase in the European CO2 reduction target for 2030 from 40 to 55 percent compared to 1990) and the effects of the Covid 19 pandemic, there is a trend towards increased risk-taking on the part of the state in the upcoming reforms of support mechanisms for renewable energies in various European countries. The most recent examples are the demands for state-guaranteed contracts for difference (CfD) in the offshore wind sector and the granting of follow-up subsidies for renewable energy plants that have been subsidised for 20 years. The need for risk hedging on the part of investors is offset by the fact that the use of state-guaranteed instruments is consequently opposed by a restriction of hedging needs via derivative markets. There is a risk that power derivatives market products of EEX will be displaced by state-backed instruments and that, as a result, there is a danger of liquidity drying up in trading and settlement.

Further effects on the electricity market design and thus the overall market result from political initiatives such as the European Commission's offshore energy strategy. Among other things, the Commission proposes the introduction of specific bidding zones for offshore wind (Offshore Bidding Zones). These would have to be integrated into the European market coupling, associated with expenses and financial risks in the implementation on the trading and settlement side. In addition, governance structures are being discussed that could possibly limit the scope of power exchanges and clearing houses through a centralised ISO structure ("Independent System Operator").

<u>Regulation for capacity allocation and congestion management (CACM)</u>

The EU Capacity Allocation and Congestion Management Regulation (CACM Regulation), which is decisive for the market coupling of the European electricity markets, also poses risks for ECC. The market entry of competitors into the EPEX markets has an impact on the market shares in the respective market areas. At the same time, EPEX's market entry in other markets - in Norway, Sweden, Finland and Denmark in 2020 and in Poland in 2021 - means the opportunity to gain market shares there and to expand ECC's clearing business.

Furthermore, the revision of the CACM planned for 2021 entails additional risks. First, there is no guarantee that the costs of services in the area of the market coupling function will be reimbursed. Secondly, a change in the governance structure of the Market Coupling Operator function could lead to possible centralisations and thus change the scope of EPEX SPOT as the partner exchange of ECC. Thirdly, a change in the understanding of competitive elements in power spot exchanges could lead to the need to share market liquidity extensively with competitors, with negative effects on trading and settlement revenues.

<u>Ongoing discussion on the configuration of European power bidding zones</u>

Despite the requirements of the Clean Energy Package to provide 70 percent of the cross-border grid capacity for trading transactions or, in the case of structural congestion, to remedy the situation by means of an action plan by the end of 2025, the periodic (every three years) review of the configuration of the European electricity bidding zones continues to take place in parallel. The requirements of the Clean Energy Package and thus the action plans of the member states - including Germany - have priority. However, if a member state is unable to increase its capacity in a linear fashion up to the 70 percent target, the results of the bidding zone review could already be relevant before 2025. For Germany, this could mean a reconsideration of the unified German-

Luxembourg electricity bidding zone, combined with expenses and financial risks in the implementation on the trading and settlement side. A change in the bidding zone also leads to changes in the underlying value of futures contracts. The result can be uncertainty and reluctance on the part of trading participants with a corresponding negative impact on trading and settlement revenues.

<u>The reform of the ARENH mechanism in France</u>

The reform of the ARENH mechanism in France, which regulates access to historical nuclear power capacities, offers both opportunities and risks for EEX Group. The plans of the French government provide for ARENH volumes to be settled on the market in future, which increases liquidity and strengthens European and French price signals. This effect will be even more positive if nuclear generation is sold directly through the market and financially covered by standardised futures products. However, the reform also offers the risk that competitors with their own trading offers for the French electricity market will become increasingly active.

<u>Further development of the gas market and hydrogen as a new commodity</u>

A comprehensive transformation is on the horizon for the gas sector, which will be legally launched within 2021. In this context, the importance of biomethane and biogas, synthetic gases and hydrogen will increase. In the short to medium term, EEX Group has the opportunity to establish both national and European trading markets for hydrogen, and possibly even a global hydrogen market in the long term. Risks which may impair the tradability of hydrogen and the corresponding guarantees of origin lie in legislation and regulation which are not or not fully based on market principles. In particular, there is a risk that early investments to build up a trading and settlement infrastructure will not amortise as foreseen.

<u>Brexit</u>

The withdrawal of the United Kingdom from the European Union poses a number of risks for ECC. These are, for example, due to potential differences between EU and UK regulation which could lead to regulatory arbitrage with regard to competitors based in the United Kingdom. Due to the many years of preparatory work for a possible no-deal scenario, the markets of EEX but also ECC itself, including its participating clearing members, were prepared for the end of the transition phase on 31 December 2020. It still remains to be seen to what extent the United Kingdom and the European Union will cooperate or compete with each other in the future. This will have a direct impact on the regulatory environment.

3.3 Description of the essential opportunities

Opportunities are managed as part of strategic management, corporate development and the continuous improvement process. Within this framework, opportunities for technological developments, new pricing strategies or potential partnerships are identified. The prioritization of projects is carried out, among other things, as part of the institutionalized strategy discussion and the planning process. The added value from the customer's perspective is taken into account, as are the strategic goals and available resources. Significant opportunities are characterized by a significant influence on the net assets, financial position and results of operations and are therefore regularly subjected to a profitability analysis during the prioritization process.

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

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

The importance of the clearing business can also increase in view of the regulatory requirements for trading participants. The expansion of the current clearing services to other countries and trading hours can significantly simplify the access of new trading participants and better position ECC in the global clearing business. For example, ECC expanded its clearing services in the year under review with the settlement of power spot transactions in the Scandinavian market areas or the clearing of Japanese power futures.

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

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

3.4 Overall statement on the risk and opportunity situation

Overall and considering the partner exchange approach as well as the more diversified revenue structure, earning power and financial stability, ECC regards itself well positioned to achieve its financial goals and to further strengthen its market position. The Management Board is confident that the risk and opportunity management system established in the company will identify risks and opportunities at an early stage in the future and that the current risk situation can be successfully countered and potential opportunities can be exploited.

4. Forecast report

4.1 Comparison of earnings position with the forecast for the 2020 financial year

In the year under review, ECC generated commission income of € 102,069 thousand, thus falling short of the assumed target value range for the year 2020. The expected growth rates could not be achieved, particularly in the gas markets. In addition, significantly lower revenues were recorded from the clearing of environmental products and the EEX power derivatives markets.

The planned result from ordinary business activities (operating result/EBT) was also not achieved due to the lower commission income in 2020. The result from ordinary business activities amounted to € 54,151 thousand at the end of the year, thus slightly missing the range of the forecast values.

in Thousands €	Forecast 2020			Actual 2020
Net revenue	109,008	-	121,120	102,069
Operating result	59,210	-	65,788	54,151

4.2 Forecast for the 2021 financial year

The forecast report contains information on the expected development of ECC in the fiscal year 2021, based on current expectations, assumptions and forecasts of the Executive Board and the information currently available to it. The forward-looking statements are not to be understood as guarantees of the future developments and results mentioned therein. Rather, future developments and results are dependent on a number of factors. They involve various risks and uncertainties and are based on assumptions that may prove to be incorrect. ECC assumes no obligation to update the forward-looking statements contained in this report.

The following assumptions were made in the context of planning for the economic, regulatory and competitive environment in 2021:

- After the global economy unexpectedly fell into an unprecedented recession in the course of 2020 due to the Covid 19 pandemic, ECC expects an economic recovery in the forecast period. This will be supported by government economic stimulus programmes, an ultra-loose monetary policy of central banks worldwide and an increasing Covid 19 vaccination rate.
- It is assumed that Brexit will not restrict customers' access to ECC.

- Potential changes in the regulatory environment are not to the disadvantage of ECC.
- There is no impact from regulatory changes for financial markets (e.g. higher capital requirements for clearing members, no introduction of a financial transaction tax).
- There is no negative impact on the liquidity of the core markets due to a changed electricity market design, in particular by a possible splitting of further price zones in the electricity market.
- ECC's growth is largely driven by an increase in commission income, especially through an increase in market shares and trading volumes on the European electricity futures and gas markets.

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

ECC's commission income is expected to increase by a maximum of 14 percent compared to the level of 2020.

in Thousands €	Actual 2020	Forecast 2021
commission fees	102,069	104,583 - 116,181

This development is mainly driven by the increasing market shares and clearing volumes on the European power derivatives and gas markets which, with a share of 75 percent of the total commission income, will represent the most important source of revenue for the company in 2021. Furthermore, the number of trading and clearing participants is expected to grow due to the ongoing increase in liquidity on the trading platforms of EEX Group as well as the improvement and expansion of the product and service offering and the technical accessibility for customers.

The Power Spot Markets, on the other hand, are facing increasing competition following the introduction of joint order books in the intraday and day-ahead markets (SIDC/MNA), which entails considerable revenue risks. Other asset classes (especially the power derivatives and gas markets) also continue to find themselves in a situation of increasing competitive pressure. The entry of competitors into both the existing markets and the growth markets of ECC's partner exchanges brings with it the risk of losing opportunities to shape these energy markets and of not achieving one's own economic goals. As a feedback loop, this development would have a negative impact on the development of ECC's clearing business.

With regard to the cost forecast, ECC expects a maximum growth of 14 percent compared to the previous year.

in Thousands €	Actual 2020	Forecast 2021
costs	59,030	60,485 - 67,205

This is due in particular to the increased variable costs. These correlate with the strong increase in commission income in ECC. The fixed costs of ECC are expected to be 7 percent higher in 2021 than in 2020. The rise in costs is mainly due to higher personnel expenses in connection with planned new hires, salary adjustments and full-year effects from the transfer of jobs from EEX to ECC, as well as to increased operational IT costs. On the other hand, there will be lower expenses for consulting services as well as for the use of internal services by other group companies of EEX Group due to restructuring and reallocations of specialist departments and competences within the group. Overall, the fixed cost development of ECC reflects the efficiency increases in the business processes and systems.

Depending on the development of commission income and costs described above, ECC expects an increase in operating profit (EBT) of a maximum of 6 percent compared to the previous year. This increase is due in particular to the opportunities to consolidate and expand the markets.

in Thousands €	Actual 2020	Forecast 2021
Operating result (EBT)	54,151	51,468 - 57,187

However, even if the general conditions should develop to the disadvantage of ECC, ECC still sees itself in a position to operate its business profitably due to its successful business model. Sensitivity analyses have shown that a 10 percent decline in provision income compared to plan would be reflected in a 18 percent drop in earnings. Among other things, it was assumed that variable costs would develop in line with transaction revenues and that all other cost items would be kept constant.

Despite the insecurity about the further development of the Covid 19 pandemic and the associated uncertainty, ECC continues to see itself in a very good position with its integrated clearing model. It expects a positive development of its earnings situation in the coming year as well as in the medium term.

Management Report of European Commodity Clearing AG, Leipzig, for the 2020 Financial Year

Leipzig, 2 March 2021

Peter Reitz Chief Executive Officer (CEO)	Dr Götz Dittrich Chief Operating Officer (COO)
Dr Thomas Siegl Chief Risk Officer (CRO)	Jens Rick Chief Information Officer (CIO)

Independent Auditor's Report

To European Commodity Clearing AG, Leipzig

Opinions

We have audited the annual financial statements of European Commodity Clearing AG, Leipzig, which comprising the balance sheet as at 31 December 2020, and the statement of profit and loss for the financial year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of European Commodity Clearing AG, Leipzig for the financial year from 1 January to 31 December 2020.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020, in accordance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Opinions

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

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

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

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

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

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

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

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

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

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

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

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

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

Frankfurt am Main, 4 March 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pfeiffer Wirtschaftsprüfer [German Public Auditor]	Nebelung Wirtschaftsprüferin [German Public Auditor]