



# Annual financial statements as at 31 December 2020 and Management Report

## **TRANSLATION – AUDITOR’S REPORT**

EUREX Clearing Aktiengesellschaft  
Frankfurt am Main, Germany

KPMG AG Wirtschaftsprüfungsgesellschaft

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**Balance Statement as at 31 December 2020  
of Eurex Clearing AG, Frankfurt/Main**

Assets	12/31/2020 €	12/31/2019 € thousand	12/31/2020 €	12/31/2019 € thousand	12/31/2019 € thousand	12/31/2019 € thousand
1. Liquid funds						
a) Balances with central banks of which with the Bundesbank €29,889,208,776.33 (previous year: €19,955,936 thousand)	29,889,208,776.33	19,955,936	24,183,941,300.14	19,180,341	19,180,341	19,180,341
2. Receivables from credit institutions						
a) payable on demand	2,515,630,457.33	6,151,657	7,652,618,990.48	6,368,158	6,368,158	6,368,158
b) other receivables	603,295,141.21	90,973	(previous year: €29,100 thousand)	0	0	0
3. Receivables from customers	165,303,664.25	4,695	95,371,250.09	101,075	101,075	101,075
4. Bonds and other fixed-interest securities						
a) Bonds and debt instruments of public-sector issuers	11,144,462.00	4,265	52,135,382.71	25,536	25,536	25,536
5. Investments in subsidiaries	0.00	75				
6. Assets held in trust	95,371,250.09	101,075				
7. Property, plant and equipment	5,960.00	8				
8. Other assets	59,151,842.86	10,537				
9. Deferred expenses	171,296.20	402				
<b>Total assets</b>	<b>33,339,282,850.27</b>	<b>26,319,623</b>	<b>33,339,282,850.27</b>	<b>26,319,623</b>	<b>26,319,623</b>	<b>26,319,623</b>
1. Liabilities to credit institutions						
a) Payable on demand						
b) Other payables						
2. Liabilities to customers						
a) Other liabilities						
aa) Other payables						
bb) Payable on demand thereof: to affiliated companies €36,800,000.00 (previous year: €29,100 thousand)						
3. Liabilities held in trust						
4. Other liabilities						
5. Provisions						
a) Provisions for pensions and similar obligations						
b) Provisions for tax						
c) Other provisions						
6. Shareholders' equity						
a) Subscribed capital						
b) Capital reserves						
c) Retained earnings						
ca) Legal reserves						
cb) Other retained earnings						
d) Unappropriated surplus						
<b>Total shareholders' equity and liabilities</b>	<b>33,339,282,850.27</b>	<b>26,319,623</b>	<b>33,339,282,850.27</b>	<b>26,319,623</b>	<b>26,319,623</b>	<b>26,319,623</b>
Other obligations						
Irrevocable credit commitments						
	2,000,000.00	2,000	2,000,000.00	2,000	2,000	2,000



**Income Statement  
of Eurex Clearing AG, Frankfurt/Main  
for the period from 1 January to 31 December 2020**

	12/31/2020		12/31/2019	
	€	€	€ thousand	€ thousand
<b>1. Interest income from</b>				
a) Loan and money market business				
aa) Loan and money market business with positive interest rates	1,183,297.93		4,227	
ab) Loan and money market business with negative interest rates	<u>280,134,004.10</u>	281,317,302.03	<u>178,951</u>	183,178
<b>2. Interest expense</b>				
a) Interest expense from business with positive interest rates	-1,703,992.16		-2,070	
b) Interest expense from business with negative interest rates	<u>-195,587,253.42</u>	<u>-197,291,245.58</u>	<u>-134,575</u>	<u>-136,645</u>
<b>3. Commission expense</b>				
<b>4. Other operating income</b>				
<i>thereof from currency translation €21,935,038.29 (previous year €8,531 thousand)</i>				
		119,246,553.16		86,635
<b>5. General administrative expenses</b>				
a) Personnel expenses				
aa) Wages and salaries	-32,394,576.61		-31,353	
ab) Social security and expenses for pensions and other employee benefits	<u>-4,937,195.61</u>	<u>-37,331,772.22</u>	<u>-5,123</u>	<u>-36,476</u>
<i>thereof for pensions €-1,310,779.15         (previous year €-1,845 thousand)</i>				
b) Other administrative expenses		<u>-108,891,093.27</u>		<u>-69,424</u>
		-146,222,865.49		-105,900
<b>6. Depreciation and amortization of fixed and intangible assets</b>				
		-3,084.00		-4
<b>7. Other operating expenses</b>				
<i>thereof from currency translation €-21,949,013.93 (previous year €-8,331 thousand)   thereof from accumulation €-88,889.46 (previous year €-1,077 thousand)</i>				
		-34,425,789.48		-9,558
<b>8. Income from write-ups to claims and certain securities and reversal of provisions for lending business</b>				
		0.00		12
<b>9. Net operating income</b>		<b>12,041,147.25</b>		<b>8,509</b>
<b>10. Income tax expense</b>				
		0.00		0
<b>11. Profit transferred under profit transfer agreement</b>				
		<u>-12,041,147.25</u>		<u>-8,509</u>
<b>12. Net income for the year</b>		<b>0.00</b>		<b>0</b>
<b>13. Unappropriated surplus</b>				
		<b>0.00</b>		<b>0</b>



## Notes to the financial statements for financial year 2020

### Accounting policies

Eurex Clearing Aktiengesellschaft (hereinafter Eurex Clearing ), which has its registered office in Frankfurt am Main, Germany, is registered in the Commercial Register of Frankfurt am Main District Court under the number HRB 44828.

The annual report of Eurex Clearing for the financial year 2020 was prepared in accordance with the provisions of the Handelsgesetzbuch (HGB, German Commercial Code), the Aktiengesetz (AktG, German Stock Corporation Act) and the Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV, German Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers).

Receivables and liabilities denominated in foreign currency have been translated using the ECB reference rate or the Bloomberg rates applicable as at the reporting date. If the assets and liabilities denominated in foreign currency have a maturity of one year or less, then sections 253 (1) clause 1 and 252 (1) no. 4 sub-clause 2 of the HGB were not applied.

Income and expenses were translated on the posting date at the ECB reference rate or the Bloomberg rates.

Where the amounts of assets and liabilities in the same currency correspond, these items are regarded as duly covered in accordance with section 340h of the HGB.

Acquired intangible assets are carried at cost and amortised using the straight-line method or valued at the lower fair value. No use was made of the option to capitalise internally generated intangible assets.

Property, plant and equipment is carried at cost. Depreciable property, plant and equipment is depreciated using the straight-line method over its useful life or valued at its lower fair value.

Low-value fixed assets with acquisition costs of up to €800 were written off directly in financial year 2020 in accordance with section 6 (2) of the Einkommensteuergesetz (EStG, German Income Tax Act). In this respect, no use was made of the option granted by section 6 (2a) EStG to create a compound item.

Receivables and other assets are always carried at their nominal amount. Item-by-item valuation allowances are established for all discernible risks. while latent risks are considered on a portfolio basis.

Provisions for pensions and similar obligations have been stated on the basis of actuarial tables using the Projected Unit Credit Method based on the 2018 G mortality tables (generation tables) developed by Dr Klaus Heubeck.

<b>Actuarial assumptions</b>		
	31 Dec 2020	31 Dec 2019
	%	%
10-year average discount rate	2.30	2.71
7-year average discount rate	1.60	1.97
Salary growth	3.00	3.50
Pension growth	1.90	2.00
Staff turnover rate (up to age 50, thereafter 0.00%)	2.00	2.00

Calculations for the projected benefit obligations arising from the employee-financed deferred compensation plan were made on the basis of the interest rate issued by Deutsche Bundesbank (the German central bank) of 2.30 per cent (previous year: 2.71 per cent) along with actuarial tables using 2018 G mortality tables developed by Dr Klaus Heubeck.

In accordance with section 246 (2) of the HGB, the settlement amount of pension liabilities as at the reporting date was offset against the fair value of those assets that are protected from all creditors and exclusively serve the purpose of meeting liabilities arising from pension obligations or comparable long-term commitments to employees (plan assets). The accumulated acquisition costs of these assets are €19,610 thousand (previous year: €16,809 thousand).

The total assets that were offset, which correspond to a 5.8 per cent share in a special fund as defined by section 1 (10) of the Kapitalanlagegesetzbuch (KAGB, German Capital Investment Code), had a fair value as at the reporting date of €21,719 thousand (previous year: €19,039 thousand), which is equivalent to the market value as defined by section 278 in conjunction with section 168 of the KAGB. In addition, the amount of €2,831 thousand (previous year: €2,218 thousand) was added to the special fund in the year under review and an amount of €31 thousand (previous year: €29 thousand) was transferred. These assets are protected from all creditor claims and are not repayable on demand.

The other provisions take into account all recognisable risks and uncertain liabilities as at the reporting date and were recognised at the amount required to settle the obligation based on a reasonable commercial assessment.

The values of the provisions for the Stock Bonus Plan and Long-term Sustainable Instrument (LSI) are calculated on the basis of the price of Deutsche Börse AG s shares on the reporting date.

The provisions for anniversary payments and early retirement were measured at the amount to be paid in accordance with actuarial principles, and for early retirees at present value. The projected unit credit method was applied as the basis of this assessment. During the year under review, the interest rate of 1.60 per cent (previous year: 1.97 per cent) published by Deutsche Bundesbank (the German central bank) was applied. The 2018 G mortality tables developed by Dr Klaus Heubeck were the basis of these projections.



An amendment to the law relating to the implementation of the Mortgage Credit Directive requires that pension provisions are discounted since 2016 using a 10-year average discount rate (until 2015: 7-year average discount). The resulting difference is as follows:

Pension provision discounted using a 10-year average	€24,331 thousand
Pension provision discounted using a 7-year average	€27,266 thousand
Difference	€2,935 thousand

The difference less deferred taxes may not be distributed, in accordance with §253 (6) HGB.

The interest-related financial instruments of the banking book are examined annually for excess liability. Eurex Clearing engages in maturity transformation only to a very limited extent, which means that interest rate risk is accordingly low. Due to the fixed-interest surplus in assets as at the reporting date, there was no excess liability resulting from the on-balance-sheet and off-balance-sheet transactions of the banking book, meaning that no provision was required in accordance with section 340a in conjunction with section 249 (1) of the HGB.

Deferred taxes are calculated in accordance with section 274 HGB on temporary differences between the carrying amounts according to commercial law and their taxable values. Deferred tax liabilities are reported only insofar as they exceed deferred tax assets. In view of the existing single-entity relationship for tax purposes with Eurex Frankfurt Aktiengesellschaft, Frankfurt/Main (hereinafter Eurex Frankfurt ), temporary differences between the carrying amounts according to commercial law and the taxable values were accounted for at the level of the controlling company, Eurex Frankfurt. There is currently a uniform corporation tax rate of 15 per cent plus a solidarity surcharge of 5.5 per cent. Taking trade tax into account, this results in an aggregate tax rate for the purposes of deferred taxes of 27.5 per cent. The calculation of deferred taxes is based on the combined income tax rate of all the companies comprising the single entity for tax purposes with Eurex Frankfurt.

In accordance with section 253 (1) clause 2 of the HGB, liabilities are recognised with their respective settlement amounts.

If the margin that clearing members are required to deposit with Eurex Clearing as collateral or a contribution to the default fund is paid in cash, Eurex Clearing recognises them as liabilities (under member cash deposits). The margins to be paid are calculated at time  $t$  and are due at  $t+1$ . Margin payments are calculated only after the post-trading period. In accordance with standard sector practice, the margin payments to be deposited as collateral are recognised only after the margins have been collected.

With respect to transactions settled via the central counterparty (CCP), the position of Eurex Clearing from an economic point of view is comparable to that of a financial broker as defined in section 1 (1) no. 4 of the Kreditwesengesetz (KWG, German Banking Act). Similar to the accounting treatment of transactions executed via a financial broker, transactions by Eurex Clearing are not recognised on the balance sheet. The open positions from the CCP business are determined for each clearing member and shown as assets and liabilities.

Interest income and expenses are classified as transactions with positive interest rates and transactions with negative interest rates according to their source. They are reported based on this classification in sub-positions of the interest result.

Interest rate effects from pensions and plan assets from the clearing item in accordance with section 246 (2) of the HGB, in the amount of €2,157 thousand, are included under other operating expenses in the year under review (previous year: €1,013 thousand, included in interest expense).

The other operating expenses also include interest rate effects from the addition of discounted interest for other provisions.

## **Notes to the balance sheet**

### **Cash reserve**

As at the reporting date, the cash reserve of Eurex Clearing AG amounted to €29,889,209 thousand (previous year: €19,955,936 thousand) and consisted exclusively of the credit balance at the Deutsche Bundesbank.

### **Assets in foreign currency**

Assets in foreign currencies as at the reporting date amounted to €2,408,052 thousand (previous year: €6,671,052 thousand).

### **Receivables from banks**

Of receivables from banks of €3.118.926 thousand, €737 thousand (previous year: €3,335 thousand) are related to receivables from affiliated companies.

Receivables from banks break down as follows:

	31 Dec 2020	31 Dec 2019
	€ thousand	€ thousand
<b>Payable on demand</b>		
Balances at foreign central banks	1,822,417	6,082,877
Bank balances and receivables from the clearing business	678,117	55,445
Interest receivables from the clearing business	15,089	13,329
Other receivables from banks	4	6
	<b>2,515,629</b>	<b>6,151,657</b>
<b>Term up to 3 months</b>		
Reverse repo investments	415,834	90,974
Time and notice deposits	187,463	0
	<b>603,297</b>	<b>90,974</b>
	<b>3,118,926</b>	<b>6,242,631</b>

### Receivables from customers

Receivables from customers amounting to €165,304 thousand (previous year: €4,695 thousand) are payable on demand and mainly comprise receivables from financial transactions in EUR and USD amounting to €165,008 thousand (previous year: €4,375 thousand).

### Investments in affiliated companies

Eurex Clearing Security Trustee GmbH was merged into Eurex Clearing AG in the 2020 financial year. There were no shares in affiliated companies as at the reporting date.

### Bonds and other fixed-interest securities

The bonds held as at the reporting date were exchange-listed securities in the amount of €11,144 thousand (previous year: €4,265 thousand).

### Assets held in trust

This item concerns receivables from clearing members arising from turnover related to remuneration that is ultimately collected via Eurex Frankfurt AG for Deutsche Börse and Eurex Global Derivatives AG, Zug, Switzerland, on a fiduciary basis. As at the reporting date, these receivables amounted to €95,371 thousand (previous year: €101,075 thousand), of which €61,329 thousand (previous year: €64,938 thousand) were from banks and €34,042 thousand (previous year: €36,137 thousand).

**Fixed assets**

The changes in fixed assets are described in the statement of changes in fixed assets.

**Other assets**

Other assets as at the reporting date comprise the following:

	31 Dec 2020	31 Dec 2019
	€ thousand	€ thousand
Receivables from Eurex Frankfurt AG	55,128	3,299
Receivables from Deutsche Börse AG	3,198	5,655
Receivables from incentive programme	277	120
Receivables from Eurex Securities Transaction Services GmbH	238	534
Receivables from Deutsche Börse Systems Inc.	168	85
Receivables from Eurex Repo GmbH	70	27
Receivables from Clearstream Banking S.A.	19	19
Receivables from taxes	6	2
Receivables from Eurex Global Derivatives AG	5	17
Personnel-related receivables	4	4
Receivables from Clearstream Banking AG	0	548
Miscellaneous other assets	39	227
	59,152	10,537

**Prepaid expenses**

Prepaid expenses include accruals and deferrals for invoices received from deliveries and services amounting to €171 thousand (previous year: €402 thousand).

**Liabilities in foreign currency**

As at the reporting date, liabilities in foreign currency amounted to €2,594,641 thousand (previous year: €6,667,404 thousand).

**Liabilities towards banks**

Liabilities towards banks amounting to €24,737,911 thousand (previous year: €19,180,341 thousand) are €24,183,941 thousand (previous year: €19,180,341 thousand) payable on demand and mainly comprise margins paid by clearing members amounting to €23,580,553 thousand (previous year: €19,122,916 thousand) and liabilities from the clearing business in the amount of €565,288 thousand (previous year: €49,888 thousand). In addition, €553,970 thousand (previous year: € 0 thousand) are included in liabilities to banks with agreed maturities.

### Liabilities towards customers

Of the liabilities towards customers amounting to €7.652.619 thousand, €7,632,293 thousand (previous year: €6,368,157 thousand) are payable on demand and mainly comprise margins paid by clearing members amounting to €7,595,486 thousand (previous year: €6,338,974 thousand), as well as liabilities towards affiliated companies from cash pooling amounting to €36,800 thousand (previous year: €29,100 thousand). In addition, there are liabilities to customers with an agreed term of up to one year of €20,326 thousand (previous year: €0 thousand).

### Liabilities held in trust

Trust liabilities are liabilities towards customers associated with the collection of remuneration on a fiduciary basis that has not yet been transferred via Eurex Frankfurt to Deutsche Börse and Eurex Global Derivatives AG.

### Other liabilities

	31 Dec 2020	31 Dec 2019
	€ thousand	€ thousand
Liabilities towards Deutsche Börse AG	26,312	6,542
Liabilities towards Eurex Frankfurt AG	15,059	8,932
Liabilities towards Clearstream Banking AG	4,048	612
Liabilities towards Eurex Repo GmbH	2,745	2,867
Liabilities towards Eurex Frankfurt AG London Branch	1,114	0
Trade payables	1,045	4,111
Liabilities from taxes	814	968
Liabilities towards Clearstream Operations Prague sro	519	943
Liabilities towards Clearstream Services S.A.	225	160
Liabilities towards Deutsche Börse Systems Inc.	166	165
Liabilities towards Eurex Global Derivatives AG	82	0
Miscellaneous other liabilities	6	197
Liabilities towards Clearstream Banking Luxembourg S.A.	0	27
	52,135	25,536

**Provisions for pensions and similar obligations**

<b>Asset offsetting pursuant to section 246 (2) clause 2 of the HGB</b>	
	€ thousand
Pension obligations payable	24,399
Fair value of plan assets	(21,719)
<b>Provisions for pensions and similar obligations</b>	<b>2,680</b>
<b>Netting profit and loss</b>	
	€ thousand
Expenses arising from pension obligations	674
<b>Net expense stated under personnel expenses</b>	<b>674</b>
Interest expense arising from pension obligations	2,089
Write-down on cover assets	120
Income from cover assets	(52)
<b>Net expenses stated under net interest income</b>	<b>2,157</b>

**Other provisions**

Other provisions, amounting to €42,965 thousand, comprise the following:

	€ thousand
Personnel provisions	14,574
of which, share-based remuneration components	8,279
of which, bonus	5,277
of which, other personnel provisions	1,018
Outstanding invoices	17,632
Provisions for incentive programme	3,416
Provisions recognised as part of the restructuring programme	2,049
Flexible working time credit balance	795
Provisions for Supervisory Board remuneration	320
Other provisions	4,179
	42,965

## Equity

The share capital of Eurex Clearing remains unchanged at €25,000,000. It is divided into 2,000,000 no-par value registered shares. The shares may be assigned only with the Company's consent.

Equity changed as follows:

	€ thousand	€ thousand	€ thousand	€ thousand
	Subscribed capital	Capital reserves	Retained earnings	
			Legal reserves	Other retained earnings
Carried forward as at 01 January 2020	25,000	580,313	2,500	7,000
Addition	-	135,000	-	-
Addition from 2020 net income	-	-	-	-
Balance as at 31 December 2020	25,000	715,313	2,500	7,000
Total shareholder's equity	749,813			

In the 2020 financial year, a payment of €135,000 thousand was made into the capital reserve by Eurex Frankfurt AG.

Since the market price of the plan assets is higher than their acquisition cost, there is a block on distributions of €2,109 thousand in accordance with section 268 (8) of the HGB in conjunction with section 301 AktG (previous year: €2,229 thousand).

## Income statement disclosures

### Interest income

Interest income and other operating income are primarily generated in Germany; a breakdown by geographical markets in accordance with section 34 (2) no. 1 of the RechKredV has therefore not been carried out. Interest income in the amount of €281,317 thousand (previous year: €183,178 thousand) mainly comprises lending and money market transactions with negative interest rates.

**Interest expense**

Interest expense in the amount of €197,291 thousand (previous year: €136,645 thousand) mainly comprises interest expense from transactions with negative interest rates.

**Commission expense**

Commission expense amounted to €10,580 thousand (previous year: €9,209 thousand) in the year under review, and is primarily related to bank fees.

**Other operating income**

Other operating income amounting to €119,247 thousand (previous year: €86,635 thousand) consists of:

	31 Dec 2020	31 Dec 2019
	€ thousand	€ thousand
Services for Eurex Frankfurt AG	79,120	57,630
Income from currency valuation	21,935	8,531
Services for Deutsche Börse AG	13,934	16,228
Income from the reversal of provisions	1,749	2,270
Services for Eurex Securities Transaction Services GmbH	137	534
Services for Eurex Repo GmbH	70	2
Services for Clearstream Banking AG	62	664
Services for Clearstream Banking Luxembourg S.A.	14	19
Services for Eurex Security Trustee GmbH	6	2
Services for Eurex Global Derivatives AG	2	2
Miscellaneous other operating income	2,218	393
	119,247	86,635



**General administration expenses**

The other administration expenses are broken down as follows:

	31 Dec 2020	31 Dec 2019
	€ thousand	€ thousand
Agency agreement services	46,097	26,313
provided by Deutsche Börse AG	27,963	19,392
provided by Eurex Frankfurt AG	8,664	1,758
provided by Eurex Repo GmbH	2,947	2,788
provided by Clearstream Operations Prague s.r.o.	2,236	919
By Eurex Frankfurt AG London Branch	1,329	0
By Eurex Frankfurt AG Singapore Branch	1,301	0
provided by CS Luxembourg	504	386
By Regulatory Services GmbH	406	0
provided by Deutsche Börse Systems Inc.	263	269
provided by Clearstream Banking AG	212	375
By Clearstream Holding AG	99	0
provided by Eurex Global Derivatives AG	82	0
By Deutsche Börse AG Paris Branch	79	0
provided by Clearstream Banking S.A.	12	49
provided by Clearstream Luxembourg Singapore Branch	0	365
provided by Eurex Security Trustee GmbH	0	12
Communication	19,916	13,946
External consultancy costs	17,704	17,280
Non-deductible input tax	12,177	5,322
IT costs	9,007	1,936
provided by Deutsche Börse AG	7,579	0
Cooperation costs with Nasdaq OMX	1,276	1,399
Marketing costs	1,153	1,059
Other administration expenses	1,561	2,169
	108,891	69,424

### Other operating expenses

Other operating expenses amounting to €34,426 thousand (previous year: €9,558 thousand) consisted primarily of foreign currency losses amounting to €21,949 thousand (previous year: €8,331 thousand), and expenses for business operations in the amount of €4,616 thousand (previous year: €66 thousand) and interest on VAT in the amount of €4,176 thousand (previous year: €0 thousand).

### Transfer of profit

Based on the profit transfer agreement with Eurex Frankfurt, an amount of €12,041 thousand (previous year: €8,509 thousand) was transferred.

### Auditor s fee

In accordance with section 285 no. 17 of the HGB, disclosures on the auditor s fee are contained in the notes to the consolidated financial statements of Deutsche Börse.

### Other information about the clearing business

As at 31 December 2020, market participants had netting-eligible gross payment obligations from open positions due to transactions traded via the central counterparty with a total value of €87.5 billion (previous year: €83.5 billion). From the point of view of Eurex Clearing, the receivables and liabilities from these open positions always fully offset each other. The total value of €87.5 billion takes into account gross payment obligations, i.e. the risk-oriented net view would lead to a significantly lower value.

To hedge Eurex Clearing s risk in the event of the default of a clearing member, the clearing conditions require clearing members to deposit margins in the form of cash or securities on a daily or intraday basis in the amount stipulated by Eurex Clearing.

The aggregate margin calls based on the executed transactions and clearing fund requirements amounted to €55,955.5 million at the reporting date (previous year: €48,736.7 million). The actual collateral deposited was as follows:

<b>Composition of Eurex Clearing s collateral (after haircuts)</b>		
	<b>Collateral value as at 31 Dec 2020</b>	<b>Collateral value as at 31 Dec 2019</b>
	€m	€m
Cash collateral (cash deposits) <sup>1)</sup>	31,625.7	25,097.3
Securities and book-entry securities collateral <sup>1)</sup>	41,243.2	37,114.3
<b>Total</b>	<b>72,868.9</b>	<b>62,211.6</b>

<sup>1)</sup> Including clearing fund

As at 31 December 2020, the volume of Eurex Clearing's clearing fund stood at €6,271.0 million (previous year: €4,811.1 million).

### Other financial obligations

Amount in €m	Total amount	Thereof: up to 1 year	Thereof: 1-5 years
Rental, leasing and maintenance contracts (previous year)	3.3 (5.6)	1.1 (1.3)	2.2 (4.3)
Management and agency contracts (previous year)	15.7 (13.8)	15.7 (13.8)	0 (0)
- Thereof to affiliated or associated companies (previous year)	15.7 (13.8)	15.7 (13.8)	0 (0)

**Other disclosures**

## Supervisory Board

The members of the Supervisory Board are:

Jeffrey Tessler <i>Chairman</i>	Member of the Supervisory Board of China Europe International Exchange AG, Frankfurt/Main, Chairman of the Supervisory Board of Eurex Frankfurt AG, Frankfurt/Main
Gregor Pottmeyer <i>Deputy Chairman</i>	Member of the Executive Board, Deutsche Börse AG, Frankfurt/Main
Peter Barrowcliff	Former Managing Director, Société Général Newedge UK Financial Limited, London
Charles Bristow	Co-Head of Global Rates Trading & Head of Funding & Capital Macro Markets, JP Morgan Securities PLC, London
Jutta Anneliese Dönges (until 8 April 2020)	Member of the Executive Board of Federal Republic of Germany Finance Agency GmbH, Frankfurt/Main
Nikolaus Ralf Horst Giesbert	Divisional Board Member, Fixed Income, Currencies & Commodities, Trade Finance & Cash Management, Commerzbank AG, Frankfurt/Main
Wim den Hartog	Managing Director, STX Group B.V., Amsterdam
Stefan Hoops (until 24 June 2020)	Head of Global Transaction Banking, Head Global Markets Germany, Deutsche Bank AG, Frankfurt/Main
Clifford M. Lewis	Lead Independent Director, Eris Exchange, Chicago Non-Executive Chair, TradAir, Tel Aviv
Raphael Masgnaux (until 24 June 2020)	Global Head of Prime Solutions & Financing and G10 Rates BNP Paribas S.A.
Roselyne Renel	Group Chief Credit Officer, Standard Chartered Bank UK, London
Thilo Roßberg	Head of Fixed Income Currency & Commodity Markets Germany, Deutsche Bank AG, Frankfurt/Main
Tammo Diemer (since 24 June 2020)	Member of the Executive Board of Federal Republic of Germany Finance Agency GmbH, Frankfurt/Main
David Feldmann (since 24 June 2020)	Managing Director and Head of Markets in Germany, Austria and Switzerland, Deutsche Bank AG, Frankfurt am Main
Tong Lee (since 24 June 2020)	Head of Fixed Income & Currencies and a member of Markets Executive Committee, UniCredit S.p.A., Milan

The members of the Supervisory Board received remuneration of €320 thousand in the year under review.

### **Executive Board**

The members of the Executive Board are:

Erik Tim Müller <i>Chairman</i>	Chief Executive Officer (CEO) Responsible for Human Resources, Compliance, Internal Audit, Legal, Corporate Office, Sales, Communication & Media, Treasury
Heike Eckert <i>Deputy Chairman</i> (until 30 June 2020)	Chief Operating Officer Deputy Chief Executive Officer Responsible for Clearing Design, Clearing Models, Clearing Delivery & Control, Member Services & Admission, Vendor Relations & Market Readiness, Facility Management, Purchasing & Resourcing, Outsourcing Management
Matthias Graulich	Chief Strategy Officer Responsible for Business Development, Strategy, Pricing, Marketing
Dr. Dmitrij Senko	Chief Risk Officer Responsible for Models & Analytics, Model Validation, Default Management, Risk Exposure Management, Credit, Treasury Back Office, Enterprise Risk Management, Financial Accounting & Controlling, Business Continuity Management, Business Information Security
Manfred Matusza	Chief Technology Officer Responsible for Clearing & Risk IT, System Architecture, Networks & Infrastructure, SAP & Office Automation, Group Security
Jens Janka (since 1 July 2020)	Chief Operating Officer Responsible for Clearing Design, Clearing Models, Clearing Delivery & Control, Member Services & Admission, Vendor Relations & Market Readiness, Facility Management, Purchasing & Resourcing, Outsourcing Management

In 2020, the total remuneration of members of the Executive Board amounted to €3.607,4 thousand (previous year: €4,942.9 thousand). Total remuneration included share-based compensation of €1,192.7 thousand (previous year: €1,674.4 thousand). The corresponding shares were valued in the year under review at the market price on the reporting date.

The estimated number of shares (1,459) is based on the share price of Deutsche Börse on the reporting date.

The provisions for pension obligations to former Executive Board members and their surviving dependants amounted to €3,320 thousand at the end of the reporting period.

### **Appointments to supervisory boards and other supervisory committees**

In accordance with section 340a (4) no. 1 of the HGB, a list of appointments to supervisory boards and other supervisory committees is presented below:

Erik Tim Müller

- Eurex Deutschland AG, Frankfurt am Main, Member of the Management Board

Heike Eckert (until 30 June 2020)

- European Energy Exchange AG, Leipzig, Member of the Supervisory Board
- European Commodity Clearing AG, Leipzig, Member of the Supervisory Board
- European Commodity Clearing AG, Leipzig, Member of the Risk Committee
- Eurex Clearing Security Trustee GmbH, Frankfurt am Main, Member of the Management Board (until 18 September 2020)

Matthias Graulich

- Eurex Clearing Security Trustee GmbH, Frankfurt am Main, Member of the Management Board (until 18 September 2020)
- Eurex Repo GmbH, Frankfurt am Main, Managing Director

Dr. Dmitrij Senko

- CCP12 (global association of CCPs); Member of Executive Committee, EMEA Vice Chair

## Employees

As at 31 December 2020, the number of employees at Eurex Clearing AG (excluding the Executive Board) was 271.5 (previous year: 251.30). During financial year 2020, the average number of employees was 261.5 (previous year: 241.9).

	Male	Female	Total
Management employees	13.8	4.3	18.1
Non-management employees	152.4	91.0	243.4
<b>Number of employees</b>	<b>166.2</b>	<b>95.3</b>	<b>261.5</b>

## Intercompany agreements

As part of the profit transfer agreement concluded between Eurex Clearing and Eurex Frankfurt, Eurex Clearing is obliged to transfer its net income for the year to Eurex Frankfurt, less any losses carried forward from the previous year and the amount to be added to the reserves, as required by section 300 of the AktG. At the same time, Eurex Frankfurt is required during the term of the agreement to make up any annual deficit incurred at Eurex Clearing through loss absorption, provided such losses have not already been offset through transfers from other retained earnings added during the term of the agreement.

## Group structure

Eurex Clearing is a wholly owned subsidiary of Eurex Frankfurt.

Eurex Clearing is incorporated into the consolidated accounts of Deutsche Börse AG, Frankfurt/Main, which may be viewed at the business premises of the Company. These consolidated financial statements exempt the Company from the requirement to produce accounts in accordance with the HGB. The consolidated financial statements of Deutsche Börse are prepared on the basis of International Financial Reporting Standards (IFRS) and published in the electronic German Federal Gazette.

In accordance with section 20 (4) of the AktG, Deutsche Börse and Eurex Frankfurt have notified us that they hold a majority interest in the Company.

### **Disclosure requirements in accordance with Part 8 of Directive (EU) no. 575/2013**

Eurex Clearing AG meets the disclosure requirements in accordance with Part 8 of Directive (EU) no. 575/2013 (CRR) by publishing

1. a remuneration report for the fulfilment of the disclosure requirements in accordance with Article 450 of the CRR; and
2. a disclosure report for all other matters requiring disclosure in accordance with Part 8 of the CRR and regarding details for governance arrangements in accordance with section 26a (1) clause 1 of the KWG.

Both reports are published on the Eurex Clearing website (<https://www.eurex.com/ec-en/>). The remuneration report is accessible by year on the following website: <https://www.eurex.com/ec-en/find/about-us/remuneration>. The disclosure report is available on the website <https://www.eurex.com/ec-en/find/corporate-overview/annual-reports> by year. The reports for financial year 2020 are not yet available online as at the publication date of the 2020 annual report.

### **Report on events after the balance sheet date**

At the date of this management report, there was still uncertainty about the duration and the resulting long-term consequences of the SARS-CoV-2 viral pandemic that broke out at the beginning of 2020.



Frankfurt am Main, 10 March 2021

Eurex Clearing Aktiengesellschaft



Erik Tim Müller



Matthias Graulich



Manfred Matusza



Dmitrij Senko



Jens Janka



Eurex Clearing AG, Frankfurt am Main

Statement of changes in non-current assets as at December 31, 2020

	Costs		Depreciation and amortization				Carrying amounts					
	Balance as at 1/1/2020	Additions 2020	Disposals 2020	Reclassification 2020	Balance as at 12/31/2020	Balance as at 1/1/2020	Depreciation 2020	Write-Ups 2020	Disposals 2020	Reclassification 2020	Balance as at 12/31/2020	Balance as at 12/31/2019
	€	€	€	€	€	€	€	€	€	€	€	€
<b>Investments in subsidiaries</b>												
Investments in subsidiaries	75,000.00	0.00	75,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,000.00
	75,000.00	0.00	75,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75,000.00
<b>Property, plant and equipment</b>												
Operating and business equipment	31,101.47	552.00	0.00	0.00	31,653.47	22,609.47	3,084.00	0.00	0.00	0.00	25,693.47	8,492.00
	31,101.47	552.00	0.00	0.00	31,653.47	22,609.47	3,084.00	0.00	0.00	0.00	25,693.47	8,492.00
	106,101.47	552.00	75,000.00	0.00	31,653.47	22,609.47	3,084.00	0.00	0.00	0.00	25,693.47	83,492.00



## Appendix to the Financial Statement 2020

### Country-by-country reporting according § 26a Satz 2 KWG

Country/ Information*	Entity and its nature of activities	Turnover [TEUR]	Number of employees	Profit or loss before tax [TEUR]	Tax on profit or loss [TEUR]
Germany	Eurex Clearing AG: CRR-institute, central counterparty	192,693	261.5	12,041	0

Eurex Clearing AG did not receive any public subsidies in the financial year.



## Management report for financial year 2020

### 1. Basic principles and business model

Eurex Clearing Aktiengesellschaft, Frankfurt/Main (hereinafter Eurex Clearing ) is a credit institution licensed through the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, the German Federal Financial Supervisory Authority), which under the Kreditwesengesetz (KWG, German Banking Act) is authorised to act as a central counterparty (CCP) for financial market transactions in markets connected to it. Since 10 April 2014 Eurex Clearing has also been authorised as a clearing house in accordance with the European Market Infrastructure Regulation (EMIR). Furthermore, Eurex Clearing has had a limited authorisation since 1 August 2013 to operate a deposit and lending business. On 1 October 2013 it initiated this activity, taking into account the restrictions contained in the authorisation. In connection with this authorisation, it grants loans and extends credit lines for certain affiliated companies and accepts deposits from these companies in connection with cash pooling.

The key business purposes of Eurex Clearing are effectively protecting customer positions and mitigating counterparty risk by means of the depositing of collateral and ensuring cost-effective risk and position management for clearing members and their customers as participants in the financial and capital markets.

On 1 February 2016, Eurex Clearing was registered with the Commodity Futures Trading Commission (CFTC) as a derivatives clearing organisation (DCO) for clearing OTC interest rate swaps for US clearing members in accordance with the Commodity Exchange Act, and since 22 December 2018 Eurex Clearing has been able to clear customer transactions of US clearing members. Within the framework of the Temporary Recognition Regime (TRR) Eurex Clearing has retained its status as a recognised provider of clearing services in the United Kingdom. Eurex Clearing has also registered for permanent authorisation with the Bank of England. Furthermore, Eurex Clearing is listed by the Monetary Authority of Singapore as a Recognised Clearing House in Singapore.

BaFin has classified Eurex Clearing as an institution that potentially poses a threat to the system (section 20 (1) of the Sanierungs- und Abwicklungsgesetz (SAG, German Recovery and Resolution Act)) due to the fact that no simplified recovery plan requirements can be identified for Eurex Clearing in accordance with the SAG.

Eurex Clearing performs the duties of a clearing house, including the operation of a clearing system for cash and unit settlement of transactions on domestic and international securities or derivatives exchanges, multi-lateral trading platforms and of OTC transactions in various financial instruments such as derivatives, equities, securities lending and repo transactions. Eurex Clearing guarantees the performance of delivery and payment obligations after transactions are concluded on Eurex Deutschland, Frankfurt/Main; the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange), Frankfurt/Main; the Irish Stock Exchange, Dublin, Ireland; Eurex Repo GmbH, Frankfurt/Main; and of off-exchange transactions on approved trade sources.

As a service provider, Eurex Clearing does not engage in research and development activities comparable with those of manufacturing companies. Consequently, this report does not include a section detailing research activities. However, Eurex Clearing does develop system solutions for the implementation of its structural growth objectives. Against this background, the Company is constantly working to maintain and further increase the technology leadership and stability of its electronic systems in the interests of its customers and the systemic stability of the financial markets.

## **2. Report on economic position**

### **2.1 Macroeconomic and sector-specific environment**

Global economic performance in 2020 was largely determined by the outbreak of the viral infection SARS-CoV-2 ( coronavirus ), and its restrictions and effects on the production and consumption business cycles. Economic growth factors were hampered by the ongoing international uncertainties and resulted in macroeconomic performance in 2020, both in Germany and globally, falling short of market expectations. The coronavirus pandemic and the measures taken to contain the spread of the virus had a dampening effect on economic performance in the euro zone, the USA and ultimately also worldwide. Global economic performance in March and April of 2020 was historically low. A variety of economic indicators, across a wide range of sectors, indicated unprecedented declines.

The lockdown measures were gradually eased from the second half of April onwards and, as a result, economic activity picked up somewhat. The global economy made a significant recovery in the third quarter of 2020 and this growth momentum continued at the beginning of the fourth quarter. Although news of the development of effective vaccines against coronavirus has sparked optimism in financial markets, the short-term global economic outlook remains clouded by the pandemic. The significant increase in new Covid-19 infections observed towards the end of 2020, particularly in advanced economies, resulted in the reintroduction of lockdown measures.

Both the monetary policies of numerous central banks and the fiscal policies of many governments made an important contribution to stability during the coronavirus crisis. The European Central Bank (ECB), as well as the Federal Reserve (FED) and many other central banks responded to the outbreak of the coronavirus pandemic with further cuts in key interest rates and expansions in monetary policy measures in the form of bond purchases (quantitative easing). In addition, governments around the world adopted unprecedented aid packages to facilitate economic recovery. Nationally funded measures were in the foreground, but extensive packages were also put together at European level. As a result of transfer payments and cheaper credit, public debt rose in many countries in 2020.

Early in the pandemic, in particular, market uncertainty was reflected in increased volatility, which peaked in March 2020, leading to record trading volumes in financial centres around the world and across asset classes. Nevertheless, global financial and derivatives markets proved robust and stabilising during the coronavirus crisis.

On top of the effects of the pandemic, the UK's planned exit from the European Union (Brexit) also had an impact on the financial market. After the planned exit date was postponed several times, the United Kingdom left the European Union on 31 January 2020. A transition period lasting until 31 December 2020 followed, during which both sides negotiated future relations with each other. The Bank of England added Eurex Clearing to its list of CCPs benefiting from the Temporary Recognition Regime (TRR)



before the end of the transition period. The TRR allows authorised non-UK CCPs to provide clearing services and activities in the UK until 31 December 2023, provided that they continue to comply with the requirements of the TRR.

Immediately following the US presidential election in November 2020, the outcome of which took several days to emerge, futures and options on the VSTOXX had trading volumes approximately 50 per cent higher than the volumes observed on average during the period from March to November 2020. A few days later, following the announcement of the first effective Covid-19 vaccine tests, there was a further significant increase in VSTOXX futures trading volume. At its peak, the futures trading volume was about double (93,000 contracts traded) the average daily trading volume in the March-November 2020 period.

## 2.2 Business developments

An assessment of Eurex Clearing's business development must take into account that due to contractual agreements with Eurex Frankfurt AG, the Company conducts its business activities primarily in its own name but for the account of another company. Eurex Clearing does not generate commission income; the fees it receives are transferred via Eurex Frankfurt AG to Deutsche Börse AG and Eurex Global AG or directly to Deutsche Börse AG in the case of transactions on the Frankfurt Stock Exchange cleared via Eurex Clearing. Eurex Frankfurt AG assumes the expenses incurred in connection with the operation of the clearing house, plus a profit surcharge, meaning that this profit surcharge ultimately constitutes an essential component of the result before profit transfer.

The clearing and trading volume was 1,861.4 million contracts for futures and options (previous year: 1,947.2 million). This is equivalent to a daily average of around 7.3 million contracts (previous year: 7.7 million).

Clearing in equity index derivatives, including derivatives on dividend indices and volatility indices, rose by 10 per cent over the previous year to 1,050.7 million contracts (previous year: 953.0 million). The volume of equity derivatives contracts (single-stock options and futures, as well as dividend derivatives on individual securities and various ETF products) cleared in the year under review was 273.8 million (previous year: 425.2 million), a decrease of 36 per cent, which was also due to lower or unpaid dividends from companies as an economic impact of the Covid-19 pandemic.

The volume of interest rate derivatives cleared in the year under review decreased by 6 per cent to 528.5 million contracts (previous year: 560.8 million).

At the end of financial year 2020, over-the-counter interest rate swaps settled via EurexOTC Clear achieved an outstanding nominal volume of €16,580.0 billion (previous year: €12,886.3 billion), an increase of 29 per cent.

At Eurex Repo, the marketplace for the collateralised money market and for the General Collateral Pooling (GC Pooling) range, the average outstanding volume increased in the year under review by 10 per cent to €112.2 billion (previous year: €101.7 billion, single-counted for both periods). Growth was achieved in particular in the products Special Repo (up 22 per cent to €50.4 billion) and GC Pooling® (up 12 per cent to €49.4 billion). As a result of the low interest rate environment and the ECB's bond purchase programme without a defined end and Pandemic Emergency Purchase Programme, PEPP, many bonds which could serve as collateral for repo transactions continued to be taken off the market.

In cash markets, the clearing volume for transactions involving equities was 55 per cent above the previous year's level, at 168.2 million transactions (previous year: 108.2 million transactions). The clearing volume for bond transactions rose by 35 per cent year on year to 4.2 thousand transactions (previous year: 3.1 thousand transactions).

Due to insufficient volumes and unstable market demand, the Executive Board of Eurex Clearing AG decided in December 2020 to discontinue its clearing offering for the securities lending business in financial year 2021.

Due to the impact of the Covid-19 pandemic, growth in commission income before deductions was 8 per cent in 2020, slightly lower than expected in the previous year.

## **2.3 Results of operations, financial position and net assets**

### **2.3.1. Results of operations**

Net interest income amounted to €84,026 thousand in 2020 (previous year: €46,553 thousand). Included in this are interest income in the amount of €281,317 thousand (previous year: €183,178 thousand) as well as interest expense of €197,291 thousand (previous year: €136,645 thousand). The Company did not generate any commission income after transfers. The commission expense of €10,580 thousand (previous year: €9,209 thousand) is primarily related to bank fees.

In 2020 other operating income at Eurex Clearing amounted to €119,247 thousand (previous year: €86,635 thousand) and largely comprises income from management services for Eurex Frankfurt AG and Eurex Global Derivatives AG, Zug, Switzerland, amounting to €79,118 thousand (previous year: €57,632 thousand), agency agreement services for Deutsche Börse amounting to €13,924 thousand (previous year: €16,228 thousand), income from foreign currency measurement of €21,935 thousand (previous year: €8,531 thousand) as well as the reversal of provisions in the amount of €1,749 thousand (previous year: €2,270 thousand).

Administrative expenses amounted to €146,223 thousand (previous year: €105,900 thousand) and in the main relate to personnel expenses in the amount of €37,332 thousand (previous year: €36,476 thousand), expenses for agency agreement services provided by Deutsche Börse AG amounting to €27,963 thousand (previous year: €19,392 thousand), communication costs in the amount of €19,916 thousand (previous year: €13,946 thousand), external consulting costs of €17,704 thousand (previous year: €17,280 thousand), non-deductible input tax in the amount of €12,177 thousand (previous year: €5,322 thousand), IT costs in the amount of €9,007 thousand (previous year: €1,936 thousand), agency agreement services provided by Eurex Frankfurt AG amounting to €8,664 thousand (previous year: €1,758 thousand), commission expenses with Eurex Repo GmbH amounting to €2,947 thousand (previous year: €2,788 thousand) and agency agreement services provided by Clearstream Operations Prague SRO, Prague, Czech Republic, amounting to €2,236 thousand (previous year: €919 thousand), commission expenses with Eurex Frankfurt AG London Branch amounting to €1,329 thousand (previous year: €0 thousand), commission expenses with Eurex Frankfurt AG Singapore Branch amounting to €1,300 thousand (previous year: €0 thousand), transaction cooperation costs with Nasdaq OMX amounting to €1,276 thousand (previous year: €1,399 thousand) as well as marketing costs of €1,153 thousand (previous year: €1,059 thousand).

The Company's net profit (before profit transfer to the parent company) was €12,041 thousand (previous year: €8,509 thousand). Under the existing profit transfer agreement, €12,041 thousand (previous year: €8,509 thousand) was transferred to Eurex Frankfurt AG.

In relation to the average capital employed (monthly calculation) the return on capital (based on the net income before transfer of profit) in the financial year was 0.03 per cent (previous year: 0.2 per cent).

### **2.3.2. Financial position**

As a result of a payment of €135,000 thousand into capital reserves on 4 February 2020, Eurex Clearing's equity increased from €614,813 thousand to €749,813 thousand as at 31 December 2020.

Funds paid in as collateral after haircuts by clearing participants of €31,625,691 thousand (previous year: €25,097,296 thousand) are payable on demand. They are secured in the form of repurchase agreements deposited with credit institutions and financial service providers, with the terms of the repurchase agreements ranging from on demand to up to a month. Despite an investment of €11,144 thousand (previous year: €4,265 thousand) in bonds, Eurex Clearing engages in maturity transformation to only a very limited extent. Furthermore, Eurex Clearing has uncollateralised balances at central banks that are payable on demand. As at 31 December 2020, these amounted to €31,711,626 thousand (previous year: €26,038,813 thousand).

Expenses associated with the operation of the clearing house are reimbursed to the Company regularly during the financial year on the basis of the contractual agreements with Eurex Frankfurt AG and Eurex Global Derivatives AG. In addition, Eurex Frankfurt AG would compensate a loss incurred by Eurex Clearing due to the profit transfer agreement.

Approved credit lines amounting to €900 million, CHF 200 million and USD 300 million in total, granted by various credit institutions, are available for refinancing purposes. The approved euro credit lines were drawn on regularly during financial year 2020. As at 31 December 2020, these lines had not been drawn down.

Additionally, since the expansion of its authorisation in August 2013, Eurex Clearing has had the option of short-term refinancing with Deutsche Bundesbank (the German central bank) using intraday or overnight credit lines. In financial year 2020, Eurex Clearing exclusively used intraday loans for secured borrowing. As at 31 December 2020, there was no collateral deposited in the collateral account with Deutsche Bundesbank and, consequently, no credit line was granted or used.

Total assets after the deduction of margins and liabilities held in trust amounted to €1,493,577 thousand (previous year: €805,050 thousand), resulting in an equity ratio of 50.2 per cent (previous year: 76.4 per cent).

As from 1 January 2018, the Company is required to adhere to 100 per cent of the liquidity coverage ratio introduced by the Capital Requirements Regulation (EU) No 575/2013 and the revised version of the Liquidity Coverage Ratio Delegated Regulation (LCRDR), which came into effect on 30 September 2016 with Implementing Regulation (EU) 2015/61. As at 31 December 2020, Eurex Clearing AG had a ratio (LCRDR) of 138.9 per cent.

Liquidity management at Eurex Clearing AG is based on the principles deriving from the German Banking Act, which are set out in the risk report. No cash flow statement is therefore provided at this point.

In view of the above, the Company had a good liquidity position which allowed it to meet its payment obligations at all times during financial year 2020.

### **2.3.3. Net assets**

The cash reserve in the amount of €29,889,209 thousand (previous year: €19,955,936 thousand) and receivables from credit institutions in the amount of €3,118,926 thousand (previous year: €6,242,630 thousand) mainly comprise the investment of the cash collateral deposited by clearing participants in the amount of €31,750,335 thousand (previous year: €25,461,890 thousand).

Overall, the Company's results of operations, financial position and net assets were stable. Eurex Clearing was always able to meet its payment obligations in financial year 2020.

## **2.4 Financial and non-financial performance indicators**

### **2.4.1. Financial performance indicators**

In light of the fact that Eurex Clearing primarily operates its clearing business in its own name but for the account of Eurex Frankfurt AG, the net profit of the Company (before profit transfer to the parent company) is considered to be a key management parameter. In the year under review the profit before profit transfer amounted to €12,041 thousand (previous year: €8,509 thousand). Another financial performance indicator used by Eurex Clearing is commission income before transfers to the parent company. In the year under review commission income before transfers was €996,127 thousand (previous year: €921,407 thousand). The changes in operating costs in accordance with IFRS and the administrative costs in accordance with the Handelsgesetzbuch (HGB, German Commercial Code) are managed as part of quarterly target/actual and actual/actual comparisons.

### **2.4.2. Non-financial performance indicators**

The growth in its clearing and trading volumes – particularly on the Eurex exchange – is seen as a key factor in the clearing house's performance. The growth in clearing and trading volumes is described in the business developments section.

### **3. Report on expected developments, opportunities and risks**

#### **3.1 Report on expected developments**

This report describes how Eurex Clearing is expected to perform in financial year 2021 and beyond. It contains statements and information on events in the future. These forward-looking statements and information are based on the Company's expectations and assumptions when this report on expected developments was published.

Eurex Clearing identified various factors in the recent business trend that significantly impacted investments in derivatives and clearing and which are considered likely to persist in the coming financial year:

- Due to stimulus measures introduced by the ECB in the wake of the Covid-19 crisis, key interest rates in the euro area are expected to remain low. This may continue to dampen trading and clearing volumes of repo transactions as well as products on government bonds and not allow them to return to pre-crisis levels.
- Developments following the financial crisis of 2008 and the European sovereign debt crisis from 2011 onwards, which weighed on the euro zone in terms of uncertainties about economic performance and the creditworthiness of individual member states, have stabilised. The Company therefore expects trading activity to perform in line with the market based on continued moderate global economic growth. A stable growth trajectory could, above all, foster trading in benchmark products, such as products on the MSCI and STOXX.
- The more confident actions of governments in the EU and the USA should mean that risks of restricted access to their respective financial markets are less significant than in previous years, and should lead to an increase in EU trading and clearing volumes originating from the USA, particularly in the clearing volumes of over-the-counter interest rate derivatives.
- Eurex and UK market participants are prepared for the market access restrictions associated with Brexit in order to maintain business processes and ensure the security of existing and future investments.

Eurex Clearing plans to increase commission income before transfers by 5 per cent in 2021 compared with financial year 2020, provided that an economic recovery in the euro area materialises in the wake of a successful containment of the global pandemic, and there is positive momentum from organic growth initiatives. In view of the considerable uncertainty about how the pandemic will progress and any consequential effects on the global economy, the Company has also prepared in parallel for scenarios where commission income stagnates. In principle, the Company is anticipating structurally positive growth despite the expectation of increased competition and possible challenges on the cyclical side. Eurex Clearing is implementing structural growth measures aimed at actively realising sustained growth that is less dependent on cyclical effects. Net profit before taxes, depreciation and contributions from profit transfer agreements (adjusted for extraordinary effects) is expected to be stable compared with the previous year.

#### **3.2 Report on opportunities**

The factors influencing trading and clearing activity are manifold and not easily predictable. Key challenges in the coming financial year will continue to be the management of the pandemic crisis, the introduction

and impact of regulatory measures relating to the capital and risk management activities of market participants, structural changes in financial markets and political uncertainties, which would increase the risks faced by market participants.

Considering these influencing factors, in particular due to global economic performance and economic growth in the euro area, Eurex Clearing continues to expect that the cyclical growth drivers in the derivatives business will remain intact and will have a positive impact in the long term. It also forecasts volatility to stay close to the mid-range levels seen in 2020.

In addition to cyclical drivers, Eurex Clearing is pursuing opportunities for structural growth that are intended to contribute to sales growth and aim to further reduce dependence on cyclical factors. Eurex Clearing plans to use the measures listed below to participate in these developments:

- Further expansion of the range of clearing services, access models and the global distribution network for OTC interest rate derivatives-
- Extension of the direct access models to Eurex Clearing for buy-side customers, in order to cater actively to their specific requirements for a solution, efficient in capital and operational terms, for central clearing of repo transactions
- Entry into new markets for the settlement and risk management of exchange-based and over-the-counter trading in currency derivatives
- Collaborative arrangements and partnerships with third-party providers to increase the transparency of efficiencies that can be utilised by Eurex Clearing

In addition, Eurex Clearing expects there to be fundamentally positive stimuli on operating activities during the 2021 forecast period and beyond as a result of many other measures to expand the clearing network, strengthen the customer base in terms of quantity and geographical reach, and increase the number of clearing products and product classes.

As a whole, the measures are part of a comprehensive expansion of Eurex Clearing's services in the context of regulatory reforms that aim to have central counterparties play a greater role in the clearing and risk management of exchange-based and over-the-counter trading. Furthermore, the continual expansion of services in the area of risk management also enables the integrated business model of Deutsche Börse Group to be used to achieve economies of scale across business areas, for example by linking up to securities collateral deposited at Clearstream. These aspects are anticipated to have a slightly positive effect on Eurex Clearing's commission income (before transfers).

### **3.3 Risk report**

#### **Risk management system and methods**

Risk management at Eurex Clearing AG is anchored in its organisational structure and workflows. The Executive Board has overall responsibility for risk management. In particular, the Executive Board of Eurex Clearing AG determines risk appetite within the context of the risk strategy. It ensures that the risk appetite is compatible with the Company's short and long-term strategy, business and capital planning, risk-bearing

capacity and remuneration systems. The Executive Board of Eurex Clearing AG also determines which metrics are used to assess risk and how regulatory capital is allocated to the different types of risk. It ensures that the requirements placed on risk strategy and risk appetite are complied with. Eurex Clearing AG is also included in Deutsche Börse AG's Group-wide risk management. The Supervisory Board of Eurex Clearing AG assesses and monitors the effectiveness of the risk management system and its ongoing development. In addition, the Supervisory Board discusses the risk strategy once a year.

Using a range of tools, Eurex Clearing AG evaluates and monitors material risks on an ongoing basis. It applies both the normative and economic perspective to aggregate risks at Company level. The main instrument that it uses for the purpose of quantification of the economic perspective is the value at risk (VaR) model.

- Normative perspective: The aim of this perspective is to ensure that Eurex Clearing AG meets all regulatory capital requirements at all times and is considered a management parameter for capital adequacy. The calculation of risk for credit, market and operational risks is based on the calculation logic of the legal requirements of Capital Requirements Regulation (EU) No. 575/2013 ( CRR ) and/or Regulation (EU) 2019/876 ( CRR II ) of the European Parliament and of the Council amending Regulation (EU) No 575/2013. In addition, the capital requirements from Regulation (EU) No 648/2012 ( EMIR ) of the European Parliament and of the Council must also be met as part of the authorisation as a central counterparty.
- Economic perspective: The economic perspective complements the normative perspective and serves a strictly economic view independent of regulatory model requirements. From this perspective Eurex Clearing AG must not exhaust its available capital in more than 0.02 per cent of all years. It calculates its required economic capital (hereinafter referred to as REC) at a confidence level of 99.98 per cent and over a time window of 12 months. The risk-bearing capacity set against the required economic capital is the available capital. For the purpose of risk management, at least once a quarter Eurex Clearing AG calculates as a metric the REC in relation to its risk-bearing capacity.
- In addition, Eurex Clearing AG considers extreme scenarios and factors these into its risk management. These include both stress tests across risk types and stress tests for particular material risk types.

An early warning system is used for both perspectives in order to utilise the risk-bearing capacity. This shows green, yellow, orange or red. In addition to the quantification of risks, risk reporting also includes qualitative information on the risk profile in the form of risk indicators or analyses of realised losses. Events relevant to risk are comprehensively explained, and possible countermeasures are described. A corresponding risk report is submitted to the Executive Board of Eurex Clearing AG at least once a quarter. The Supervisory Board, the Risk Committee and the Audit and Risk Committee also receive quarterly risk reports.

Internal Auditing checks the risk controlling function independently.

## **Risk profile**

Eurex Clearing AG distinguishes between financial and operational risks. Financial risks are divided into credit, market and liquidity risks. Operational, credit and liquidity risks are classified as material risks.

## **Operational risk**

For Eurex Clearing AG operational risk exists in particular in terms of the non-availability of systems, service deficiencies, damage to material goods, and litigation and business practice. The share of operational risk in the REC of Eurex Clearing AG was 59 per cent as at 31 December 2020.

### **(a) Availability risk**

Availability risk arises when operational resources that are essential to the services offered by Eurex Clearing AG, such as systems, premises, employees or suppliers / service providers, could become unavailable, causing services to be delayed or not provided at all.

### **(b) Service deficiencies**

The category of service deficiencies comprises risks that may arise if a service for clients is performed inadequately, e.g. due to defective products and processes, improperly performed processes or erroneous manual entries.

### **(c) Damage to material goods**

This category includes risks due to accidents and natural disasters as well as terrorism and sabotage.

### **(d) Litigation and business practice**

Losses can result from legal proceedings. These may occur if Eurex Clearing AG breaches laws or requirements, enters into inadequate contractual agreements, or fails to observe case law to a sufficient degree.

Eurex Clearing AG takes specific measures to reduce its operational risk. This includes in particular business continuity management (BCM). BCM covers all processes that ensure continuing operations in an emergency. It covers arrangements for all key resources (systems, rooms, employees, suppliers/service providers), including the redundant design of all critical IT systems and the technical infrastructure, as well as backup workstations for employees in critical functions. It also includes unavailability due to pandemic-based events such as the recent coronavirus outbreak. The situation is managed using the Incident and Crisis Management process. Precautionary measures are centrally coordinated to ensure the continuity of business-critical operations and the health and safety of employees.

The operational capability of the back-up locations is tested regularly, as is the availability of remote access. Furthermore, Eurex Clearing AG has a compliance structure and associated procedures aimed at ensuring adherence to legal requirements.

No notable operational losses were incurred in the 2020 reporting period.

## **Financial risks**



Eurex Clearing AG divides financial risks into credit, market and liquidity risks. Liquidity risks are not quantified as part of the REC calculation but instead are monitored separately. Financial risks had a share of 41 per cent of the REC of Eurex Clearing AG as at 31 December 2020.

### **(a) Credit risk**

Credit risk (counterparty default risk) describes the danger that a counterparty might not meet its contractual obligations, or not meet them in full. The credit risk faced by Eurex Clearing AG is broken down into credit risks from the clearing business and credit risks that may arise from cash investments. Credit risk had a share of 40 per cent of the REC of Eurex Clearing AG as at 31 December 2020.

Principally, risk concentrations arise from the large proportion of European banks among clearing members and the concentration of business activity on clearing as a result of the business model.

### **Credit risk from the clearing business**

Under its terms and conditions, Eurex Clearing AG only enters into transactions with its clearing members. Clearing mainly relates to defined securities, pre-emptive rights and derivatives that are traded on specific stock exchanges. Eurex Clearing AG also offers this service for over-the-counter (OTC) products such as interest rate swaps and forward rate agreements. As a central counterparty, it stands between transactional counterparties. Through offsetting mutual claims and requiring clearing members to post collateral, Eurex Clearing AG mitigates credit risk.

Each clearing member must prove that it has capital or, in the case of funds, assets under management, equal to at least the amounts that Eurex Clearing AG has defined for the different markets. The amount of capital or assets under management for which evidence must be provided depends on the risk. To mitigate Eurex Clearing AG's risk that clearing members might default before settling open transactions, members are obliged to deposit collateral in the form of cash or securities (margins) on a daily basis and, if required, to meet additional intraday margin calls.

Eurex Clearing AG only permits collateral with a high level of credit quality and liquidity as collateral to meet margin requirements. In determining credit quality, both an internal evaluation and external ratings are used. On the basis of these consolidated ratings, only collateral classed at least as investment grade is permitted. For bank bonds, the threshold is raised to at least A- in view of the potential wrong way K risks. The eligibility criteria are reviewed on an ongoing basis. In addition, the market price risk is covered with a confidence level of at least 99.9 per cent through corresponding margins. Larger safety margins therefore apply to securities from issuers with lower credit quality than to securities with a high level of credit quality. If eligible collateral fails at a later point in time to meet the high credit quality requirements (e.g. because of a new consolidated rating), it is excluded. Risk inputs are checked each month and the safety margins are recalculated daily for each security. In addition, a minimum safety margin applies to all securities.

Margins are calculated separately for clearing member accounts and their client accounts.

Gains and losses resulting from intraday changes to the value of financial instruments are either settled in cash by the counterparties (variation margin) or deposited with Eurex Clearing AG as collateral by the seller due to the change in the equivalent value of the item (premium margin). In the case of bond, repo or equity

transactions, the margin is collected from either the buyer or the seller (current liquidating margin), depending on how the transaction price performs compared to the current value of the financial instruments. The purpose of these margins is to offset gains and losses already accumulated.

In addition, Eurex Clearing AG uses additional collateral to protect itself in the case of default by a clearing member against any risk that the value of the positions in the member's account will deteriorate in the period before the account is settled. This additional collateral is known as the initial margin. The target confidence level here is at least 99.0 per cent (with a minimum two-day holding period) for exchange-traded transactions, or 99.5 per cent (with a five-day holding period) for OTC transactions. Eurex Clearing AG checks each day whether the margins meet the required confidence level. The initial margin is currently calculated using two methods: the legacy risk-based margining method, and the Eurex Clearing Prisma method. The Eurex Clearing Prisma method is available for all derivatives contracts traded. It takes into account the clearing member's entire portfolio and takes historical and stress scenarios into account when calculating the margin requirements. The objective is to cover market fluctuations for the entire liquidation period until the account is settled. At present, the risk-based margining method is still used for cash market products, physical deliveries, as well as for securities lending and repo transactions.

In addition to the margins for current transactions, each clearing member contributes to a default fund, with the contributions based on its individual risk profile. This fund is jointly liable for the financial consequences of a default by a clearing member to the extent that this cannot be covered by the member's individual margin, its own contributions to the default fund and a contribution from Eurex Clearing AG itself. Eurex Clearing AG checks by means of daily stress tests whether its default fund is sufficient to absorb the default of the two largest clearing members. This involves subjecting all current transactions and their collateral to market price fluctuations at a confidence level of at least 99.9 per cent. In order to be able to determine potential losses in excess of a clearing member's individual margins, the impact on the default fund of a potential default is simulated. Eurex Clearing AG has defined limits which, when exceeded, trigger an immediate adjustment to the size of the default fund if necessary. The following lines of defence are available for the case that a clearing member is unable to meet its obligations to Eurex Clearing AG due to a delay in performance or a default:

- First, the relevant clearing member's outstanding positions and transactions can be netted and/or closed from a risk perspective by entering into appropriate back-to-back transactions, or they can be settled in cash. Customer segregation models are taken into account.
- Any potential shortfall that might be incurred in connection with such a closing or cash settlement, as well as the associated costs, would be covered in the first instance by the collateral provided by the clearing member concerned. As at 31 December 2020, collateral amounting to €66,598 million had been provided for the benefit of Eurex Clearing AG (after safety margins).
- After this, the relevant clearing member's contribution to the default fund would be used to cover the open amount. Contributions ranged from €1 million to €487.3 million as at 31 December 2020.
- Any remaining shortfall would initially be covered by Eurex Clearing AG's own contribution to the default fund. Eurex Clearing AG's contribution amounted to €200 million as at 31 December 2020.
- Only then would the other clearing members' contributions to the default fund be used proportionately. As at 31 December 2020, aggregate default fund contribution requirements for all clearing members of Eurex Clearing AG amounted to around €4,536 million. After the contributions

have been used in full, Eurex Clearing AG can request additional contributions from each clearing member, which can be a maximum of twice as high as their original default fund contributions. In parallel to these additional contributions, Eurex Clearing AG provides additional funds of up to €300 million, provided via a Letter of Comfort from Deutsche Börse AG (see below). These additional funds will be realised together with the additional clearing members and Eurex Clearing AG contributions, on a pro rata basis.

- Next, the portion of Eurex Clearing AG's equity which exceeds the minimum regulatory equity would be realised.
- Finally, the remaining minimum regulatory equity of Eurex Clearing AG would be drawn upon.
- Deutsche Börse AG has issued a Letter of Comfort in favour of Eurex Clearing AG. With this Letter of Comfort, Deutsche Börse AG commits to provide the funds to Eurex Clearing AG required to fulfil its obligations – including the obligation to provide additional funds of up to €300 million, as mentioned above. The maximum amount to be provided under the Letter of Comfort amounts to €600 million, including the payments made already. Third parties are not entitled to any rights under the letter of comfort.

In the event of a clearing member defaulting, Eurex Clearing AG carries out a Default Management Process (DMP). The aim of the DMP is to close out all positions taken over as a result of the default. Costs arising in connection with closing out the positions are covered through the collateral available through Eurex Clearing's lines of defence. At its core, the DMP ensures that products with similar risk characteristics are assigned to liquidation groups that have been closed out collectively. Within a liquidation group, Eurex Clearing AG rebalances itself by transferring the defaulted positions to other clearing members either by means of an auction process or through a bilateral private sale. Any claims against Eurex Clearing AG arising from the closing out of the positions taken over from the defaulted clearing member are covered by the collateral available through the cascade of lines of defence. If necessary, this collateral is sold on the market through bilateral private sales in order to cover the outstanding claims from the closing out of open positions. In this way the DMP not only contributes to the security and integrity of the capital markets, it also protects non-defaulting clearing members from the potential negative consequences that may result from a participant defaulting.

To date, the DMP at Eurex Clearing AG has been triggered four times: Gontard & MetallBank (2002), Lehman Brothers (2008), MF Global (2011) and Maple Bank (2016).

In each of the above-mentioned cases, the funds deposited by the defaulting clearing member as collateral were sufficient to cover the losses incurred in the closing out and to return a substantial portion of the resources to the defaulting clearing member.

### **Credit risk arising from cash investments**

Credit risk can also arise from cash investments. Eurex Clearing AG reduces its risk when investing cash belonging to Group companies and cash deposited by customers by distributing investments across multiple counterparties, all with a high credit quality, by defining investment limits for each counterparty and by investing cash primarily in the short term and in collateralised form if possible. Investment limits are established for each counterparty on the basis of at least annual credit checks and using ad hoc analyses, as necessary. Since extending its licence as a deposit and credit institution under the German Banking Act,

Eurex Clearing AG can also use the permanent facilities of Deutsche Bundesbank and the Swiss National Bank and is therefore able to manage a large part of its customer cash in the central bank framework. Investment losses on currencies for which Eurex Clearing AG has no access to the respective central banks will be borne, on a pro rata basis, by Eurex Clearing AG and by those clearing members active in the currency where losses were incurred. The maximum amount which each clearing member will have to contribute in this manner is the total amount such clearing member has pledged with Eurex Clearing AG as cash collateral in this currency. The maximum amount to be borne by Eurex Clearing AG is €50 million.

### **(b) Market price risk**

Market price risks include risks of an adverse change in interest rates, currencies or other market prices. Market price risk had a share of 1 per cent of the REC of Eurex Clearing AG as at 31 December 2020. Due to the short maturities of the cash investments and liabilities, the interest rate risk is low.

Eurex Clearing AG avoids open currency positions whenever possible. Market price risks may also arise from ring-fenced pension plan assets (Contractual Trust Arrangement – CTA). The Company reduced its risk of extreme losses by deciding to invest a predominant proportion of the CTA on the basis of a value preservation mechanism.

### **(c) Liquidity risk**

A liquidity risk arises if daily payment obligations cannot be fulfilled or can be fulfilled only at increased refinancing costs. Eurex Clearing AG has to meet stringent internal liquidity requirements and comply with a conservative investment policy due to its status as a central counterparty. A monthly review process ensures the appropriateness of these liquidity requirements. Since extending its licence as a deposit and credit institution under the German Banking Act, Eurex Clearing AG can use Deutsche Bundesbank's permanent facilities.

In order to analyse the liquidity risk of Eurex Clearing AG and to ensure that sufficient liquid financial resources are maintained at all times, daily stress test calculations are carried out. To this end, Eurex Clearing AG has implemented various scenarios that take into consideration sources of liquidity risk both within the Company itself and throughout the entire market. In accordance with regulatory requirements, Eurex Clearing AG performs a daily calculation of the need for liquidity that would result in the event of the default of its two largest clearing members, and maintains sufficient liquidity to meet this identified need. A threshold of 40 per cent is used for the liquidity buffer as an early warning system. The liquidity buffer should not fall below a value of 10 per cent.

In the year under review, Eurex Clearing AG had sufficient liquidity at all times with a liquidity buffer of 281 per cent as at 31 December 2020.

## **Summary**

The risk profile did not change significantly in financial year 2020. As at 31 December 2020, the REC of Eurex Clearing AG amounted to €495 million, with the REC composition for the individual risk types as follows:

For operational and financial risk the REC was €291 million and €204 million. Financial risk was made up of credit risk with REC of €200 million and market risk with REC of €4 million.

The capital requirements for the risk-weighted assets (RWA) of Eurex Clearing AG in the amount of €104.2 million as at 31 December 2020 were at all times met by a sufficient amount of regulatory capital in the financial year under review. The regulatory capital as at the end of the financial year totalled €750 million. The total capital ratio was 57.55 per cent as at 31 December 2020. The regulatory capital requirement pursuant to Article 16 EMIR was €190.80 million as of 31 December 2020.

## **Outlook**

Eurex Clearing AG evaluates its risk situation on an ongoing basis. Based on stress tests and the calculated REC and using the risk management system, the Executive Board of Eurex Clearing AG concludes that the available risk-bearing capacity is sufficient. Furthermore, no risk can be identified that would jeopardise Eurex Clearing AG as a going concern.

Frankfurt/Main, 10 March 2021

Eurex Clearing Aktiengesellschaft



Erik Tim Müller



Matthias Graulich



Manfred Matusza



Dr. Dmitrij Senko



Jens Janka





# Independent Auditor's Report

To EUREX Clearing Aktiengesellschaft, Frankfurt am Main

## Report on the audit of the annual financial statements and management report

### Opinions

We have audited the financial statements of EUREX Clearing Aktiengesellschaft, Frankfurt am Main which comprise 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 as well as the notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the management report of EUREX Clearing Aktiengesellschaft 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 financial statements comply, in all material respects, with the legal requirements of German commercial law applicable to financial institutions and give a true and fair view of the net assets and financial position of the Company as at 31 December 2020 and of its results of operations for the financial year from 1 January to 31 December 2020 in accordance with German principles of proper accounting, and
- the accompanying management report as a whole provides a suitable 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 EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with 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 European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. 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.

### **Key Audit Matters in the Audit of the Annual Financial Statements**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

#### **■** [Collection of commission income](#)

For the collection of commission income in its own name for third-party account and its transfer by Eurex Clearing, please refer to Section 2.2, Business performance, in the management report for the financial year 2020.

#### THE FINANCIAL STATEMENT RISK

EUREX Clearing Aktiengesellschaft undertakes the collection in particular of transaction fees and also the clearing of the related exchange-traded derivative transactions on the basis of separate business procurement contracts with Eurex Frankfurt AG as operator of the Eurex futures market in Germany. For Deutsche Börse AG EUREX Clearing Aktiengesellschaft undertakes the clearing of transactions concluded on the Frankfurt Stock Exchange. Clearing is the settlement, in money or shares, of the transactions in various financial instruments, such as stocks, bonds and derivatives. Furthermore EUREX Clearing Aktiengesellschaft collects the fees charged to participants by Eurex Germany for access to the clearing house, transaction fees and the fees for the transactions concluded within the framework of the Eurex OTC functionality. All fees are collected in its own name and for third-party account and transferred within the group.

As a result of the large number of derivative transactions traded every day and of transactions traded on the Frankfurt Stock Exchange, the process used to determine the commission income is accorded great importance. This process is highly automated and based on various IT systems that are connected to each other by automatic interfaces.

The risk for the financial statements consists here in the fact that transactions are not dealt with properly in the process and the wrong amount of commission income is consequently collected and transferred.

## OUR AUDIT APPROACH

Based on our risk analysis and the assessment of the risks of error, we have supported our audit opinion using both control-based and substantive audit procedures. We accordingly conducted the following audit procedures in particular in consultation with IT specialists at KPMG:

We first inspected the description of the process used to record commission income and gained an understanding of the related risks and also of the internal control system in relation to the collection of the commission income.

In order to assess the appropriateness of the internal control system, we carried out enquiries, inspected the relevant documentation and identified the IT systems involved. The automatic and semi-automatic controls judged to be relevant for our audit are aimed in particular at ensuring that the correct amount of commission income is collected.

After this structural audit was carried out, we conducted function tests to check the effectiveness of the controls that have been set up. The function tests also extended to the effectiveness of the general IT controls.

Furthermore, we conducted substantive analytical audit procedures to examine the development of the various types of commission income in comparison with the prior year from materiality and risk perspectives and for a representative sample reconciled the commission income received against the corresponding invoices.

## OUR OBSERVATIONS

The process used to collect and transfer commission income is appropriate, with the result that there were no indications that wrong amounts had been collected.

### ■ Determination of other operating income on account of existing internal group contracts

For the other operating income from the reimbursement of the net expenses for the management of operations, please refer to the disclosures in the notes in the section on disclosures and explanatory notes on the statement of profit and loss. For the existing internal group contracts concerning the transfer of commission income, please refer to the disclosures in Section 2.2, Business performance, of the management report for the financial year 2020.

## THE FINANCIAL STATEMENT RISK

EUREX Clearing Aktiengesellschaft collected trading and clearing fees for derivatives in its own name and for the account of Eurex Frankfurt AG on the basis of existing business procurement contracts and transferred this income accordingly. Furthermore EUREX Clearing Aktiengesellschaft collects clearing fees for transactions concluded on the Frankfurt Stock Exchange for Deutsche Börse AG. In return, Eurex Frankfurt AG and Deutsche Börse AG assumed the expenses for the operation of the clearing house, less a profit surcharge.

In the 2020 financial year, the other operating income from the reimbursement of expenses amounted to EUR 93.1 million (prior year: EUR 73.9 million).

As a result of the extensive integration of services between EUREX Clearing Aktiengesellschaft and companies of the Deutsche Börse Group, which are regulated in various management, business procurement and shareholder relationship contracts, great importance is ascribed to the correct determination of the reimbursement of expenses. The risk for the financial statements consists here in the fact that the expenses to be reimbursed are allocated incorrectly and that the wrong amount of profit surcharges and the other operating income to be recognised is consequently reported.

## OUR AUDIT APPROACH

Based on our risk analysis and the assessment of the risks of error, we have supported our audit opinion exclusively on the basis of substantive audit procedures. We accordingly performed the following audit procedures:

We first gained an overview of the key service relationships between EUREX Clearing Aktiengesellschaft and the companies of the Deutsche Börse Group as well as the related contractual bases. Building on this, we analysed the underlying offsetting models, identified the related risks in respect to a proper determination of other operating income and gained an overview of the internal control system.

In the course of the substantive audit procedures, we audited in particular whether the reimbursement of expenses was mathematically accurate, verified that expenses had been correctly allocated to the contractual bases, reviewed whether the contractually agreed profit surcharges had been applied and verified whether the other operating income had been correctly posted.

## OUR OBSERVATIONS

The procedure for determining other operating income on the basis of existing internal group contracts is appropriate.

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

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, 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 the EU Audit Regulation and in compliance with 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditors at the Annual General Meeting on 24 June 2020. We were engaged by the Supervisory Board on 9 December 2020. EUREX Clearing Aktiengesellschaft has been a financial institution subject to the CRR since August 2013, and we have been the auditor of EUREX Clearing Aktiengesellschaft without interruption since that time.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or its subsidiaries the following services that are not disclosed in the annual financial statements or in the management report:

- Audit of the IFRS single-entity financial statements of Eurex Clearing AG as at 31 December 2020,
- Assurance service pursuant to ISAE 3000

## **German public auditor responsible for the engagement**

The German Public Auditor responsible for the engagement is Klaus-Ulrich Pfeiffer.

Frankfurt am Main, 12 March 2021

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pfeiffer  
Wirtschaftsprüfer  
[German Public Auditor]

Nebelung  
Wirtschaftsprüferin  
[German Public Auditor]