Short-Form Audit Report

European Commodity Clearing AG
Leipzig

Annual Financial Statements for the Period Ending
December 31, 2021 and Management Report
for Financial Year 2021

INDEPENDENT AUDITOR'S REPORT

(Translation - the German text is authoritative)

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1. About the company

1.1 Business operations and corporate structure

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

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

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

ECC is wholly owned by EEX. A profit-and-loss transfer agreement exists between ECC and EEX.[1]

1.2 Corporate management

ECC essentially uses the parameters of commission income, costs, and earnings before taxes (EBT) to manage the Company. To evaluate these parameters, a monthly performance report is prepared for the Management Report, while a quarterly report is provided for the Supervisory Board. Reporting includes a target-actual comparison and a comparison against the previous year. Moreover, the risk parameters defined in the risk strategy also constitute essential control parameters for the clearing house. Furthermore, non-financial parameters are used for control purposes (cf. section 2.6.2).

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

Around 92% of ECC expenses are independent of turnover. As a result, ECC can settle additional business volumes without a significant increase in costs because of economies of scale and scope. Nonetheless, a decline in business volumes would have a direct impact on the profitability of ECC.

1.3 Research and development

As a service company, ECC does not engage in any research and development activities which are, for example, carried out by manufacturing companies. New developments of products and services for the year 2021 are addressed under "Development of business" and with a view to the future in the "Risk and opportunity report".

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1 https://www.eex.com/de/eex-ag/part-of-eex-group

2. Business report

2.1 Framework conditions

Regulatory framework

The EEX Group markets are influenced by the financial market, energy and climate protection legislation to a significant degree. Starting in the section “Risks of new or tightened regulation in the financial sector”, legislative initiatives and the political debate in 2021 which might have an impact on future ECC transaction revenues are outlined in detail.

Industry-specific framework

ECC’s customer group primarily consists of energy and utility companies, clearing banks, transmission system operators, commodity traders and commodity hedge funds.

Because of the energy transition, the energy and utility companies are facing far-reaching strategic and financial challenges. As a result of the geo-political situation (e.g. the situation in Ukraine) as well as demand and supply effects (e.g. higher demand for natural gas and electricity worldwide, malfunctioning of French nuclear power plants, as well as lower power generation from renewable energy for weather reasons, and increases in power consumption) both the price and volatility of many gas and power contracts cleared by ECC have increased significantly since September 2021. The models used to calculate the initial margin reflect these price and volatility increases. As a result, this has led to a hike in the initial margin and the cash collateral furnished (as will be outlined in subsequent sections). Moreover, the current situation influences energy and utility companies’ willingness to pay for exchange trading activities, while also influencing external lenders’ credit ratings and, hence, energy and utility companies’ ability to provide collateral for exchange transactions. There has been no clearing member default, however. Apart from that, any downgrading in trading participants credit rating also leads to a reduction in bilateral credit lines, which are common in OTC trading. In part, this has caused a shift from over-the-counter trading to clearing and, as a result, this has had a positive effect on the ECC business operations.

In the 2021 financial year, the Covid-19 pandemic again impacted the international economy. While, in 2020, the global economy suffered considerably because of regional lock-down measures and reduced mobility, slight trends towards a recovery were observed in 2021. The global energy demand has largely recovered and has shown a shift from North America and

Europe to Asia. Threshold countries, such as China and India, pushed the energy demand up again, exceeding the 2019 level. In 2021, the global energy demand recovered by 4.6%, offsetting the 2020 decline (4 %) and exceeding the 2019 demand by 0.5% as a result.[2] With an increase of 3.4% as against 2019, threshold and developing countries accounted for 70% of the forecast increase in global energy demand. The energy demand in industrialised countries was approximately 3% below the pre-pandemic level.[3]

Several waves of the pandemic throughout the year repeatedly led to restrictions in free movement and regionally dampened the energy demand. However, recovery packages and the introduction of vaccines has enabled individual fields of the economy to return to normalcy. As a result, the 2021 global economic output rose by 6% as against the previous year. This means the global BIP was more than 2% higher than the pre-pandemic level of 2019.[4] As in 2020, position adjustments and, as a result of these, a temporary sharp increase in market volatility were observed during this year. On the commodity market throughout Europe, in particular, a shift from OTC to clearing and exchange-traded volumes was observed with ECC benefiting from this, especially, on the power derivatives and gas spot markets.

At the same time, the exceptional situation of the Covid-19 pandemic has shown over the last two years that ECC offers all trading participants a feasible hedging option – even in situations with high levels of volatility and uncertainty. Despite the challenging situation, the market has proven to be stable and liquid. The ensured technical availability as well as stable business operations have enabled all trading participants to continue using the overall portfolio of ECC products and services.

Economic framework

The general framework conditions for the connected exchanges also have a direct effect on the situation of ECC.

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2 Global Energy Review 2021, page 6.
3 Global Energy Review 2021, page 2.
4 Global Energy Review 2021, page 6.

Essential factors influencing transaction revenue

The amount of the transaction fees is determined by three essential influencing factors: Apart from the size of the overall market, the transaction revenue also depends on the market share achieved and on the fee structure. Energy prices do not have any direct effect on the main business (clearing revenue) of ECC. In the implementation of the group structure and corporate management, the market share and fee structure are monitored with a focus on strengthening ECC's competitive position and establishing the company as a globally operating clearing service provider for energy and commodity products. In contrast, the size of the overall market cannot be influenced by ECC and essentially depends on the following factors:

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

2.2 Development of business

The development of business of ECC as a service provider for clearing and settlement is connected to the success of the partner exchanges affiliated with it. ECC, in return, has a positive effect on its partner exchanges by connecting new exchanges in the framework of the multi-exchange approach and by expanding its service portfolio. In terms of trading volumes, EEX, which operates the power derivatives markets, the gas markets and the markets for environmental products, agriculturals and global commodities, is ECC's biggest partner exchange.

In 2021, the Covid-19 pandemic again significantly impacted global economic development which, however, recorded stronger growth than in 2020. This was also reflected in a higher energy demand and, hence, it had a positive effect on the development of business at ECC. In addition to the high volatility, the development of business was influenced, in particular, by the record prices on the energy market recorded from September 2021 on. Overall, EEX was able to continue its growth trend and generate high growth rates on the gas markets, in environmental products and on the global freight market. On the EEX Power Derivatives Market, volumes remained slightly lower than in the previous year despite a significantly higher market share. In the agricultural products field, in 2021, EEX recorded a decline in trading in futures on European processing potatoes, which was partly offset by growth in the trading of dairy futures.

Power Derivatives

As a clearing house, ECC settles the trading transactions on all EEX Power Derivatives markets.

The Power Derivatives Europe & Japan business segment experienced a historic business year. During the second half of the year, the uncertainty on the European gas markets regarding potential supply shortages led to a historically high volatility on the power derivatives markets and, moreover, to unparalleled records in terms of the price level. In mid-September, the benchmark contract for European power, the German Power Base Load Front Year Contract exceeded the level of EUR 100 per MWh for the first time ever. Then, in mid-December, the contract price even exceeded a level of EUR 300 per MWh.[5]

The historically high price level and the partly extreme volatility on the power and gas markets led to a situation in which many market participants' bilateral credit lines were used up in trading off the exchange. In combination with a considerable increase in the counterparty risk, this has resulted in a significant shifting of trading activities from the OTC markets off the exchange to cleared markets on the exchange. EEX benefited from an increase in the market share in a large number of power derivatives market areas. However, in spite of the significantly higher market share, the clearing volume on the power derivatives markets remained slightly lower than in the previous year. The total volume for 2021 was 4,575 tWh and, hence, 3 % lower than in the previous year.

The German Power Futures, the benchmark product in European power derivatives trading, still account for the biggest share in the diversified EEX product portfolio. In the German market area, EEX significantly expanded its market share by 7 percentage points to 51 %. As a result, the ECC clearing volume increased by 3%, in particular, because of the high volatility from September 2021. However, trading activities on the other big power markets, i.e. France, Italy and Hungary, declined. In spite of this trend, EEX grew its market share by 9 percentage points in the French market area benefiting from the effect of a shift from OTC trading off the exchange to trading transactions registered on the exchange.

After the entry into the Japanese power market in May 2020, EEX successfully generated growth and, with an 87-% market share in 2021, it established itself as the market leader in trading in power derivatives in less than 12 months.

5 https://www.eex.com/en/market-data/power/futures

In response to the longer-term hedging demand of the trading participants, EEX introduced longer terms for Germany, Italy and Spain in 2021. Usually, PPAs concluded off the exchange with a term of up to ten years are hedged by registering connected individual transactions in EEX power futures. The option of registering the entire chain of individual contracts at one price further reduces costs for the trading participants. On the Spanish power market, EEX has already registered hedging transactions up to eight years in advance. The future-styled options which were recently introduced as an alternative in options trading round out the expanded EEX trading portfolio.

Power Spot Europe

The Paris-based European EPEX power exchange operates the EEX Group power spot markets. In addition, Power Exchange Central Europe (PXE) operates a partial order book of the Czech power spot market. ECC, in turn, provides clearing services for all the markets of these two trading platforms.

In the 2021 financial year, EEX Group achieved slight growth (+1%) as against the previous year in the Power Spot Europe business field. In spite of considerable volume increases in the Nordic countries, a slight decline was recorded in the day-ahead markets overall. This results, in particular, from the lower clearing volumes in Germany and the United Kingdom. In mid-February 2021, EEX expanded its offering in Central Europe with Polish day-ahead products which generated clearing volumes of 1.4 TWh in 2021, hence contributing to the growth.

Trading volumes on the intraday markets grew in almost all market areas. As a result, the intraday markets again gained in importance within the Power Spot Europe business field in 2021, now accounting for 20 % of the absolute volumes on the power spot market (previous year: 18 %). This growth trend is, first and foremost, due to the increasing importance of digitalisation and the fluctuating feed-in of renewable energies for the power supply, which resulted in an increased demand for flexibility and short-term balancing options on the part of the balancing group managers. On 27th January 2021, EPEX introduced new after-market contracts in Belgium and the Netherlands. These complement the intraday market and enable the trading participants to trade local hour and 15-minute contracts even after delivery.

On the French capacity market, which is operated by EPEX, a trading volume of 316,843 capacity guarantees was traded in 2021.

Natural gas

The Natural Gas Europe business field is the third important mainstay of revenue supplementing the power derivatives and spot markets. The 2021 business year was characterised by significant increases in the natural gas price. This was predominantly due to the tense situation on the gas market because of low storage levels (to a degree, driven by low temperatures in Q1), the economic recovery along with the higher gas consumption and the global price competition for natural gas with the Asian economies, which recovered even faster. As a result, this high volatility has led to an increase in the trading activities in gas products which, in turn, has increased the ECC clearing volume.

On the European gas spot market, EEX Group generated significant gains in market shares in almost all market areas and, hence, expanded its position as the leading gas spot exchange in Europe. Growth in trading volumes was achieved in almost all gas spot and derivatives markets, especially, in the Netherlands and Germany. Moreover, with an extraordinary growth rate of 325% as against the previous year, the development of the trading volumes in the Spanish gas futures was particularly outstanding. All in all, trading volumes increased both on the gas spot market and on the gas derivatives markets by 31 and 23% respectively as against the previous year.

In the first quarter of 2021, EEX expanded its product range with new futures-styled options on natural gas futures – like on the Power Derivatives Market. The new option products are available for order book trading and trade registration. In addition, on 28th June 2021, EEX launched financially settled natural gas futures. The new financially settled futures based on the European Gas Spot Index (EGSI) are available for the market areas in the Netherlands (TTF), Austria (CEGH) and Germany (NCG – replaced by THE in October). These now extend the trading options for the trading participants and, at the same time, EEX can now offer spread contracts. The customers can then use these to trade the price difference between the power and the gas derivatives market. This forms an important addition to further increase liquidity in the gas market.

On the European natural gas market, EEX Group directly competes with the ICE, CME Group and NASDAQ exchanges as well as the over-the-counter broker platforms. While, on the exchange-based derivatives markets, ICE accounts for the highest market share, EEX Group is the exchange with the highest trading volumes on the spot markets.

Environmental products

On 15 March 2021, EEX was awarded the contract for selling emission allowances under the national German emissions trading scheme (nEHS). nEHS initially provides for a fixed-price phase during which the nEHS allowances are to be issued at a statutory price, set to increase every year. Up to (and including) 2025, these allowances will be sold at fixed prices through EEX. From 2026 on, an auction procedure will be introduced. During the fixed-price phase, the number of available nEHS allowances is not limited. EEX's mandate comprises the sale of the emission allowances up to (and including) 2025. The first sale was carried out in October 2021. As in the case of all emission allowances which can be traded on EEX, ECC will also provide clearing and settlement of the nEHS allowances. To this end, a new access model was developed (DCP-nEHS), for which more than 60 licenses were granted in 2021.

In the European environmental products, EEX Group was able to increase the trading volumes in emission allowances as against the previous year. This positive development was boosted, in particular, by the increase in the number of trading participants active in order book trading. Auction volumes in the primary market are specified in the framework of the EU emissions trading scheme (EU ETS) and cannot be influenced by EEX.

EEX introduces new emission allowances to the market via auctions on behalf of the European Commission and the participating member states (primary auction). After Brexit, EEX auctioned off 100% of the primary market volume in the European Union. It operates the joint auction platform for auctioning of emission allowances on behalf of the European Commission and the member states taking part. Since June 2019, the auctions have also included the volumes of three EEA-EFTA states (Norway, Iceland and Liechtenstein) as well as the share in volume for which power generation in Northern Ireland accounts (remains in the EU ETS). EEX's role as a service provider was extended by another five-year term in November 2020. In addition, it also carries out separate auctions for the Federal Republic of Germany and Poland.

Agriculturals and Global Commodities

In the 2021 financial year, ECC recorded a 24-% increase in clearing revenue from agriculturals. At present, the share in revenue generated by ECC from clearing of agriculturals accounts for 0.1% compared to total clearing revenue.

As in the previous year, trading in futures on European processing potatoes at EEX was again affected by market distortions as a result of the Covid-19 pandemic in 2021. By contrast, EEX achieved 28-% growth in trading in dairy futures. This result was driven by strong performances in butter futures, which rose by 27%, and skimmed milk powder futures, which achieved growth of 22%. This strong growth reflects the increasing use of exchange price risk management tools by the European dairy industry.

In the Global Commodities segment, ECC achieved a new record in its freight market with more than one million cleared contracts and increased the 2021 volume by 28%. This is the highest volume ever recorded by ECC in this segment since its launch in 2016.

Moreover, on 19 April 2021, EEX expanded its product offering for the freight market by introducing Handysize 7TC Futures. The new EEX Handysize contract constitutes an expansion of the current EEX freight product offering consisting of Capesize, Panamax and Supramax contracts. These are cleared by ECC.

Clearing cooperations outside the EEX Group

In 2021, ECC also maintained cooperations with partner exchanges and, as a result, provided clearing services for trading platforms which are not part of EEX Group. In the 2021 financial year, this involved the Hungarian HUPX/HUDEX, the Norwegian NOREXECO, the Irish SEMOpx and SEEPEX.

During the reporting period, the volumes from clearing and settlement of transactions for HUPX/HUDEX rose considerably by 33% as against the previous year. The volumes traded at NOREXECO, by contrast, recorded a decline as against the previous year.

In October 2018, the Irish SEMOpx power exchange was launched in cooperation with the Irish transmission system operator EirGrid, the Northern-Irish transmission system operator SONI and EPEX. Since then, ECC, in its function as a central counterparty, has performed clearing and settlement of all transactions concluded on the Irish and Northern Irish day-ahead and intraday markets. The volumes traded at SEMOpx rose by 20 % as against the previous year.

2.3 Earnings situation

The development of the individual markets on the partner exchanges plays an important role for ECC - they govern the earnings situation of the clearing house. For ECC, the 2021 financial year was greatly influenced by major price fluctuations on the energy markets, some of which have had a massive effect on the results in the individual segments. This section covers the profit and loss account of ECC.

In the 2021 financial year, the interest result was k€ 15,693 and, hence, significantly higher than in the previous year (k€ 3,501). The increased interest result is due to the strong increases in cash collateral. An administrative fee is charged by ECC for cash collateral; therefore, the high interest income is simply based on the amount of the collateral deposited.

At k€ 111,301, the commission income which consists of transaction and annual fees (share of annual fees in the commission income: 0.65%) is k€ 9,232 or 9% higher than in the previous year (k€ 102,069).

In 2021, the power derivatives market again formed the mainstay of revenue and accounted for 39% of the ECC commission income. Compared to the previous year, the revenue from the settlement of power derivatives transactions declined to k€ 43,704 by 2% (previous year: k€ 44,508). At k€ 19,871 (previous year: k€ 19,714), commission income from power spot market clearing was stable as against the previous year. As a result, at 18% of all clearing income, this segment forms the third biggest pillar of revenue at ECC.

The commission income generated on the natural gas power and derivatives market increased significantly as against 2020. During the year under review, the income from gas market clearing was k€ 37,984, which corresponds to a 20% increase as against the previous year (previous year: k€ 31,575). Its share in the ECC commission income rose to 34% (previous year: 31%). As a result, clearing of the natural gas spot and derivatives markets still constitutes the second biggest pillar of revenue for ECC.

In clearing the EEX Global Commodities segment, ECC generated revenue of k€ 2,366 during the 2021 reporting year and, as a result, it increased its result as against the previous year (previous year: k€ 1,927). This growth is due to the positive development of the freight segment. During the 2021 financial year, the clearing revenue from emission allowances increased to k€ 2,512. As a result, it rose significantly as against the previous year (k€ 1,078). In this context, a part of the revenue is assigned to EEX. This is due to both the positive development of business and to the fact that EEX was awarded the contract for the sale of emission allowances in the national emissions trading scheme (nEHS). Moreover, clearing revenue in the agriculturals market grew to k€ 128 and increased as against the previous year (2020: k€ 103).

In addition, ECC provides clearing services for exchanges outside EEX Group. Compared with the previous year, the revenue from the clearing cooperation with the Hungarian power exchanges HUPX and HUDEX developed positively. Overall, commission income of k€ 1,131 was generated during the year under review (previous year: k€ 888), which corresponds to a 27% increase. The clearing revenue from the cooperation with the Irish SEMOpx power exchange rose to k€ 673 in 2021 (previous year: k€ 619).

ECC also generated further income by providing clearing services for the NOREXECO (k€ 240) and SEEPEX (k€ 132) exchanges and for the PXE power spot segment (k€ 19), which supports a part of order book trading.

In 2021, commission expenses rose from k€ 7,428 to k€ 10,060 as against the previous year. These expenses include costs to support liquidity in the gas segment and, as a result, they are proportionate to the commission income for clearing these markets, which has also increased.

At k€ 101,241, the ECC commission result (commission income less commission expenses) increased by 7%. This confirms that, despite the still challenging framework conditions, the ECC results continue to be stable and resilient.

The other operating income was k€ 9,887 and, as a result, rose by 40% during the reporting year as against the previous year (previous year: k€ 7,079). In 2021, this item, e.g., included revenue from internal transfer pricing and project cost reimbursements of the partner exchanges and external cost reimbursements.

Compared with the previous year, general administrative expenses rose to k€ 52,380 by 11% (previous year: k€ 46,988). At the same time, personnel expenses increased significantly from k€ 16,048 in the previous year to k€ 22,040 in 2021. This 37% increase reflected the workforce expansion within ECC (31 December 2021: 242 employees; 31 December 2020: 190 employees), which was due to the internalisation of consultancy services, in addition to organic growth. In contrast, the other administrative expenses remained almost constant at k€ 30,340, as against the previous year (2020: k€ 30,940). These include costs for external consultancy services and expenses for the procurement of internal services from other EEX Group companies.

In the past financial year, depreciations were k€ 2,152 and, hence, 6% lower than in the previous year (k€ 2,289). At k€ 2,583, the other operating expenses of ECC increased by 32% as against the previous year (2020: k€ 1,957). This primarily includes non-deductible input tax and expenses from exchange differences.

The EBT reflects the positive development which was positive as against the previous year and increased to k€ 69,705 by 29% (2020: k€ 54,151). However, ECC does not retain any annual net profit because of the profit-and-loss transfer agreement between ECC and EEX.

2.4 Asset situation

The asset situation of ECC is shaped by its business operations as a central counterparty in trading on commodity exchanges.

On the balance sheet date (31 December 2021), the balance sheet total was k€ 47,598,269 and, hence, k€ 39,732,141 above the 2020 balance sheet total (k€ 7,866,129). This balance sheet extension was primarily due to the significantly higher cash collateral shown on both the assets and liabilities side of the ECC balance sheet to the same amount.

The assets side of the balance sheet is essentially shaped by balances at credit institutions and central banks. These mainly result from the investment of the cash collateral deposited in the amount of k€ 42,567,520 (2020: k€ 5,964,828) as security for transactions which were offset by liabilities to the clearing members of the same amount. On 31 December 2021, the cash reserve was k€ 42,779,251 (2020: k€ 6,109,184). This development was, first and foremost, due to high market prices, high volatility on the market, especially in the last quarter of 2021, and the resulting, implicitly higher margins and default funds.

The trust asset item concerns CO2 allowances held in trust by ECC since 2017. This item has a value of k€ 4,553,157, which constitutes an increase as against the previous year (2020: k€ 1,628,853). There is a liabilities item in the same amount under trust liabilities.

Intangible assets added up to k€ 12,186 and were, hence, slightly lower than in the previous year (k€ 13,464) and primarily included exchange licenses and software. On the balance sheet date, other assets were k€ 134,834 (2020: k€ 50,869) and essentially included lendings to as well as receivables from affiliated companies, ECC input tax receivables from the competent tax offices in Norway and ECC Lux transaction fee receivables for the physical settlement of the transactions registered for clearing.

On the balance sheet date, accruals and deferred income were k€ 1,057 and, hence, approximately, at the level of the previous year (2020: k€ 890). Essentially, these largely concerned adjustments to software and systems of Deutsche Börse.

Liabilities to banks are based on cash collateral received by clearing members that are banks and totalled k€ 35,797,499 (2020: k€ 4,958,657). This strong growth is directly proportionate to the central banks on the assets side, which has also grown significantly.

The liabilities to customers include the cash collateral submitted to ECC by clearing members (in as far as such are not banking institutions). On the balance sheet date, these were k€ 6,870,054 (2020: k€ 1,037,309).

There is a letter of comfort for the liabilities of the subsidiary ECC Lux. Moreover, ECC guarantees the fulfilment of the obligations of ECC Lux towards the trading participants on the spot markets for which ECC Lux has taken over the delivery or acceptance of products.

2.5 Financial situation

At the end of the financial year, ECC had balance sheet equity of k€ 158,000 (2020: k€ 131,935). This difference is explained by the capital increase at ECC by EEX of k€ 26,065. As in the past, subscribed capital and retained income were k€ 1,015 or k€ 33,619. Since a profit-and-loss transfer agreement has been concluded with EEX, the balance sheet profit does not remain in the company. There are external credit lines which can cover additional liquidity requirements arising at short notice. As of the balance sheet date (31 December 2021), external loans of k€ 38,061 were used.

The funds paid for the investing activities of ECC during the reporting year were k€ 881 (previous year: k€ 1,285). 97% of this concerns investments in intangible assets. The intangible assets exclusively comprise software. The remaining 3% are investments in property, plant and equipment.

Overall statement

The business results confirm the success of ECC. Against the background of the impact of the Covid-19 pandemic outlined and of the generally demanding market environment, the company was able to increase its commission income by 9%, as against the previous year. The increase lies within the range of values forecast in the previous year. This development was supported, in particular, by the strong growth rates in the natural gas business, as a result of which slight declines in turnover on the power derivatives market in 2021 were more than compensated for. In spite of the growing competitive pressure, the clearing revenue on the power spot markets remained stable. Compared with the previous year, costs increased by 14% and are, hence, in the higher range of the range forecast in the previous year.

This means that, in terms of its EBT, ECC has had its most successful business year to date and continued to strengthen its sound capital base. The EBT significantly exceeded the forecast made in 2020. One of the major factors driving results was the interest result described in 2.3. The company has a sound liquidity base and was able to always meet its payment obligations during the 2021 financial year.

2.6 Financial and non-financial performance indicators

2.6.1 Financial performance indicators

As outlined in section 1.2, the ECC management essentially uses commission income, costs and EBT as parameters to manage and control the company. A detailed description of their development was provided in the sections on the asset, financial and earnings situation.

2.6.2 Non-financial performance indicators

Trading and clearing volumes

ECC uses, in particular, the partner exchanges' trading volumes cleared by ECC as non-financial performance indicators. These are shown in the table below.[6]

[6] Because of the presentation, there may be rounding differences in the column "Change".

Clearing volumes			2021	2020	Change
Power Derivatives			**4,575**	**4,737**	**-3%**
	Germany/ Austria	[TWh]	3,217	3,099	4%
	Italy	[TWh]	374	546	-31%
	France	[TWh]	477	552	-14%
	Spain	[TWh]	192	190	1%
	Others	[TWh]	315	351	-10%
Power Spot			**629**	**622**	**1%**
	Day-ahead	[TWh]	506	510	-1%
	Intraday	[TWh]	123	111	11%
Gas			**3,033**	**2,378**	**28%**
	Spot	[TWh]	1,847	1,411	31%
	Derivatives	[TWh]	1,186	968	23%
Environmentals			1,660	1,318	26%
	Emission all.	[million t]	1,614	1,290	25%
	nEHS	[million t]	287	0	-
	Prim. auction (Spot)	[million t]	587	673	-13%
	Sec. trading (Spot)	[million t]	75	64	18%
	Sec. trading (Deriv.)	[million t]	665	553	20%
	Options	[million t]	46	29	61%
Agriculturals		[contracts]	**46,290**	**49,452**	**-6%**
Global Commodities					
	Freight	[contracts]	1,009,017	789,921	28%
Clearing Cooperations					
	Power	[TWh]	96	77	25%
	Pulp & paper	[k T]	26	29	-12%

Employee matters

On 31 December 2021, ECC had 242 employees. Employee fluctuation, ongoing training of employees and length of employment are important indicators for measuring employee satisfaction and employee matters at ECC. The table below shows essential parameters regarding these indicators:

ECC AG		
Number of employees	242	
	Men	**Women**
Period of employment		
less than 5 years (%)	41.3	24.8
5 to 15 years (%)	17.8	13.2
more than 15 years (%)	1.7	1.2
New employees	38	28
Employees leaving ECC	8	4
Further training days per FTE	2.84	2.69

Increasing customer satisfaction requires, on the one hand, further efforts to strengthen work in agile project structures and, on the other, learning lessons from the pandemic for the future world of work. Company agreements on working time models and desk sharing provide orientation on the design of work in what is called the “new normal” which facilitates working at the office and from home. The newly established “Welcome Days” introduce all newcomers to the EEX Group culture and ensure that we form interdisciplinary as well as international networks for our day-to-day work. Moreover, the staff development offering was expanded and, in addition to specific individual and group training courses for all employees and executives, it now also includes a mentoring platform and a comprehensive and wide-ranging offering for self-regulated on-line learning.

Customer matters

The customers' requirements as well as the products and services they need are at the heart of the activities at ECC. This, e.g., includes the annual EEX/ECC customer survey. Once a year, all traders registered at EEX are asked about their needs regarding the ECC services in a comprehensive survey. This survey ranges from general satisfaction to detailed questions on products, services and recommended changes. After the evaluation of the survey, the results are discussed with the Management Board. They result in a list of recommended improvements and priorities, that are coordinated with the respective departments, and included in the relevant plans. Therefore, the results of the customer surveys also influence the management of ECC.

Other important performance indicators for customer satisfaction include market shares in the different markets and products, whose positive development was outlined in the section "Development of business", and the number of clearing members. On 31 December 2021, there were 31 clearing members at ECC (28 General Clearing Members and three Direct Clearing Members) – as against 32 clearing members on the 2020 balance sheet date. Moreover, 58 participants were admitted to the Direct Clearing Participant (DCP) model (2020: 48), while 66 participants took part in the nEHS Direct Clearing Participant (DCP) model. By the end of the year, the number of non-clearing members rose to 552 (2020: 529).

3. Risk and opportunity report

3.1 Risk management

Risk management is established in both the company's structure and procedures. The ECC Management Board holds overall responsibility for drafting and implementing the risk strategy. This creates the framework for designing the ECC risk management system. Their detailed design is based on the requirements of the European Market Infrastructure Regulation for OTC Derivatives, Central Counterparties and Transaction Registers ((EU) Regulation 648/2012, EMIR) as well as the supplementary technical standards according to the Delegated Regulation 153/2013. Competence for the operating design of the risk management system rests with the ECC Chief Risk Officer/EMIR Risk Officer (CRO).

The risk management system is integrated into all planning, controlling and reporting systems. Moreover, the 2nd line departments (e.g. compliance) and the third line (internal auditing) also form an essential part of the risk management system. The risk management system is based on the systematic identification, evaluation, documentation and communication of risks. Corresponding principles, processes and responsibilities are established in the internal written fixed rules.

Moreover, ECC has a risk committee according to article 28 of the European Market Infrastructure Regulation for OTC Derivatives, Central Counterparties and Transaction Registers ((EU) Regulation 648/2012, EMIR). The risk committee is staffed with representatives of clearing members and non-clearing members, as well as independent representatives. It advises the ECC Management Board with regard to questions of risk control.

Risk culture

Dealing with risks and observing the relevant compliance requirements are some of the central tasks of clearing houses. The central values of ECC, such as customer orientation, respect and entrepreneurship, also include the requirement that all employees and executives are risk-aware and behave with integrity in their actions. In view of this, the ECC Management Board adopted a code of conduct. Moreover, specific training courses on the subjects of safety, compliance and risk are carried out. In addition, target agreements must not create any incentives for taking uncontrolled risks. In the internal auditing department and management accounting functions, such as risk controlling, information security and compliance, incentives and remunerations are not influenced by the company's financial performance.

ECC uses the Financial Stability Board's guidelines on risk culture as orientation.

Risk management system and control

ECC carries out an annual risk inventory to identify risks and submit such to materiality analyses. This risk inventory also includes all risk-relevant matters of ECC Lux. ECC differentiates between financial, operating and business risks. Financial risks are subdivided into counterparty, market price and liquidity risks.

ECC considers the following risks as being essential risks:

- Counterparty risks (as part of financial risks)
- Market price risks (as part of financial risks)
- Liquidity risks (as part of financial risks)
- Operational risks
- Business risks

Essential risks result from the specific activity of ECC as a central counterparty. In risk controlling, ECC differentiates between risks resulting directly from the cleared business (risks covered by ECC's multi-tier CCP risk management system) and other risks.

The identified risks are then covered in the framework of the defined risk appetite by using various management strategies as part of the ongoing risk management process depending on the Management Board's decision, or in the framework of the assigned competences:

- Risk reduction, i.e. measures designed to reduce the amount or probability of occurrence of a risk,
- Risk transfer, i.e. passing on the risk to insurances or third parties in the context of liability provisions,
- Risk avoidance, e.g. by adjusting the business strategy
- Risk acceptance, i.e. the conscious acceptance of risks and permanent monitoring and controlling of such

In general, ECC aims to mitigate high risks in as far as possible, while low risks that cannot be reduced cost-efficiently tend to be accepted. Details on how essential risks are controlled are provided in the sections below under the statements on the partial risk strategies.

The Management Board is informed of the risk situation and the adequacy of the measures taken in the cleared business and regarding other risks on an ongoing basis. Every quarter, a risk report is submitted to the Supervisory Board. In addition, there is an ad-hoc reporting requirement in the event of material changes in the risk situation.

Risk appetite

Risk appetite is defined as the risk level which an organisation is willing to accept in pursuing its targets before risk reduction measures are considered as being necessary. Risk appetite is designed to ensure the continuation of business operations. Appropriate measures have to be taken (damage control and mitigation measures, etc.) to ensure this.

The risk appetite framework comprises the tools and concepts used to manage risks with the aim of continuously monitoring risks and, as a result, controlling risks in line with the respective risk appetite. The ECC risk appetite comprises a quantitative (regulatory and economic capital and liquidity requirements) and a qualitative dimension. The qualitative risk appetite is implicitly defined by (risk) guidelines and procedures established by the Management Board and monitored using the threshold values of the ECC risk parameters (early warning indicators). The early warning indicators aim to assess the development of the ECC risk profile on an ongoing basis. They are determined by taking into account the risks determined as being essential in the risk strategy and monitored regularly as well as reported to the Management Board and the Supervisory Board, at least, on a quarterly basis.

Compliance with economic capital requirements

The economic capital requirement is based on a confidence interval of 99.9% under consideration of a risk horizon of one year. Diversification effects between the individual risk types are not considered in the economic risk quantification.

ECC aims for a maximum utilisation of 85% in terms of the proportion between risk-covering assets and the overall economic risk. In this respect, the risk-covering assets correspond to the risk-bearing capacity (ECC equity) less the funds available for covering the cleared business for loss absorption purposes in the form of the “skin in the game”.

Compliance with regulatory capital requirements

The risk parameters as per EMIR also form essential control parameters for the clearing house. ECC must comply with the capital requirements regarding settlement risk, operational risk, default risk, market price risk and business risk according to the EMIR Regulation (EU) 648/2012 Article 16 in conjunction with the Delegated Regulation 153/2013.

The equity available to cover risks is established on the basis of the ECC balance sheet equity. On 31 December 2021, the EMIR equity was kEUR 158,000 (previous year: kEUR 131,935).

Potential losses from the default of ECC clearing members are covered by the multi-tier margin system of ECC. In order to ensure compliance with the requirements under Article 45 (4) of the Regulation (EU) 648/2012 on OTC derivatives, central counterparties and trade repositories in conjunction with Article 35 of the Delegated Regulation (EU) 153/2013, ECC has formed earmarked retained earnings, which are also referred to as “skin-in-the-game” or “dedicated own resources”, to fulfil the requirement regarding allocated own funds. The volume of this provision is reviewed, at least, annually and adjusted if required. In the 2021 financial year, the “skin-in-the-game” was increased by k€ 8,000, which corresponds to a 53% increase. Therefore, it was k€ 23,000 on 31 December 2021. This risk category is not offset by any additional risk-covering assets over and above these earmarked retained earnings.

According to the requirements in the Delegated Regulation 152/2013, the regulatory capital requirement for the credit risk, i.e. risks not covered by the margining system, was k€ 5,350 on the balance sheet date (2020: k€ 2,873). The capital requirement for the market risk of currency risks determined according to the regulatory source referred to was k€ 470 on the balance sheet date (2020: k€ 302).

A capital requirement of k€ 29,297 (previous year: k€ 25,631) is assessed for operational risks in accordance with the provisions of the Delegated Regulation 152/2013.

Capital requirements for business risks and winding-down costs are determined in accordance with the provisions in the Delegated Regulation 152/2013. On the balance sheet date, the capital requirement for business risks was k€ 29,249 (2020: k€ 28,052), while the capital requirement for settlement was k€ 29,249 (2020: k€ 28,052).

The risk-covering assets available for risk covering are considered as being sufficient in all cases to cover expected risks and, moreover, they were above the target value of 120% at all times.

<u>Compliance with liquidity requirements</u>

Liquidity risks can arise as risks from cleared transactions and other risks. Because of the risk measurement method, the cleared business requires separate control and is not included in the regulatory or economic capital requirements. ECC pursues the aim of being able to fulfil its payment obligations when due at all times even under stress conditions. To this end, ECC carries out various stress tests.

Risk profile

Economic capital requirement

The following table shows the overall risk position of ECC based on the economic capital requirement and calculated for the counterparty, market, operating and business risk as of the end of 2021 with a confidence level of 99.9% and a risk horizon of one year.

Overall risk position, based on the economic capital requirement

in %	31/12/2021	31/12/2020[7]
Counterparty risk	20.0	12.4
Market risk	0.3	0.2
Operational risk	79.7	87.4
Business risk	0.0	0.0
Total	**100**	**100**
Utilisation of the risk-covering assets	**52**	**51**

Regulatory capital requirement

According to the provisions of the Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR), ECC is required to maintain sufficient liquid equity to fulfil the capital requirements under article 169 of the European regulation. If the proportion between equity and capital requirements falls below a threshold of 110 %, the competent supervisory authority has to be notified forthwith. On the monthly reporting deadlines (01/2012 to 12/2021), the proportion between equity and capital requirements was between 123 and 144 %. Hence, it was above the reporting threshold of 110 % at all times.

[7] For reasons of comparability, the values of the previous year were adjusted to the changed method to determine the economic capital requirement.

Liquidity requirement

Furthermore, according to article 43 of the Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR), ECC has to provide sufficient liquid financial resources to cover the default of the two clearing members that cause the highest demand for liquidity. In accordance with Article 44 of this regulation, ECC compares the existing liquid resources with the liquidity requirement on a daily basis. If the ratio between liquid resources and the liquidity requirement falls below the reporting threshold (which is established internally), the Management Board, on the one hand, has to be informed forthwith and, on the other, measures have to be taken to strengthen the liquid resources in accordance with the liquidity plan. The daily ratios were between 1.68 and 3.22 and, as a result, they exceeded the minimum value of 1 required under supervisory legislation at all times.

3.2 Partial risk strategies to control individual risk types

During the reporting year, ECC identified the essential risks which might have relevant disadvantages on ECC and its assets, financial and earnings situation if they materialise in the following categories (listed in descending order of importance). They were not subdivided into segments since ECC only operates as a clearing house and does not further subdivide its business activities.

Counterparty risks

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

Regarding counterparty risks in the cleared business, ECC aims to ensure that the default waterfall covers the default of the two biggest clearing members at any time under extreme (yet plausible) market conditions (confidence level of, at least, 99.9%).

In the event of the default of a clearing member, ECC will close out the open position of the clearing member concerned and settle outstanding liabilities using funds from the various lines of defence. However, the risk that the funds from the different lines of defence might not be sufficient (such as its own "skin in the game") remains with ECC itself.

Therefore, ECC pursues the risk strategy of fully covering the default risk within the material confidence level by building risk-covering potential (lines of defence). These lines of defence consist of the following essential components:

- **Conditions for admission**: Only institutions which are based in the jurisdictions accepted by ECC, which have sufficient financial strength as well as the operating facilities for the settlement of the clearing business, can be admitted as ECC General and Direct Clearing Members. This is checked in the framework of the admission process and is monitored continuously. Moreover, clearing members in accepted jurisdictions which are not licensed as institutes are also admitted as Direct Clearing Members. These participants always have to trade within pre-trade limits ensuring that the available collateral is not exceeded in the event of a potential default of the Direct Clearing Member.

- **Guarantees by clearing member**: The clearing member supporting the trading participant guarantees all liabilities of those trading participants that are not clearing members/participants, e.g. from the provision of margins, the delivery of commodities or daily profit-and-loss settlement. Only the clearing fees owed are exempt from this guarantee. All payments are always collected directly by the clearing member.

- **Daily profit-and-loss settlement**: Accrued profits and losses from derivatives positions, as well as due payment amounts from spot market transactions, are offset on a daily basis and are credited or debited to the respective clearing member.

- **Initial Margins**: Initial margins cover the potential losses from an open position with a security level of 99% with a specified holding period of, at least, 2 days. the collateral received (after safety discounts) was € 39,203 million as of 31 December 2021.

- **Intraday Margin Calls**: During the business hours, ECC monitors the risks on a near-to-real-time basis and issues Intraday Margin Calls, whenever the risk exceeds internal thresholds determined in advance.

- **Allocated own funds of ECC**: ECC shall keep the allocated own funds in the amount specified by supervisory legislation at all times. These allocated own funds serve to cover potential losses which are not covered by the individual margins. The allocated own funds are used before the clearing fund. On 31 December 2021, the allocated own funds of ECC were € 23 million.

- **Clearing fund**: The clearing fund is a joint form of security provided by all clearing members. On 31 December 2021, the ECC clearing fund had a volume of € 2,116 million after markdowns. It covers potential losses which are not covered by the individual margins of a clearing member that might have defaulted. The amount of the clearing fund is established on the basis of daily stress tests in accordance with the EMIR requirements. These stress tests simulate the effects of the concurrent default of the two biggest clearing members and the concurrent default of a DCP-CM and its guarantor which have the highest exposure under the assumption of various extreme but plausible market price developments.

- **Margin call (power of assessment)**: In the event of the default of one or several other clearing members, ECC can request the clearing members to top up the clearing fund up to the amount of the original contribution for the same default. During a so-called cool-down period of, at a maximum, 3 months, the amount of the margin call and of the top-up obligation is limited to triple the original amount.

- **Forced allocation**: If, after a mandatory default auction, there are still positions which could not be allocated, ECC can allocate these remaining positions to the relevant trading participants and, as a result, close the remaining positions in default management.

- **Obligation to top up the clearing fund for further defaults**: After it has been used, the clearing fund has to be topped up to the original amount within a period of 10 financial days. If a clearing member or DCP-CM has defaulted, clearing fund contributions are released, at the earliest, one month after all obligations of the clearing member which has defaulted have been settled.

- **Further own resources of ECC**: ECC's further own resources cover potential losses that are not covered by earmarked own funds of ECC, individual margins or by the clearing fund.

- **Loss assumption by the parent company**: ECC's parent company, European Energy Exchange AG, is obliged to settle any annual net deficits which arise in the framework of a profit-and-loss transfer agreement.

- **Collateral and collateral markdown requirements**: ECC accepts cash collateral in the currencies of the cleared products provided these have sufficient liquidity in the framework of the EMIR requirements and highly liquid securities collateral by issuers with a low credit risk and emission allowances as collateral. Market price fluctuations are covered by adequate collateral markdowns. Collateral is re-assessed at market prices, at a minimum, on a daily basis. Guarantees by certain issuers with a low credit risk are also accepted for covering collateral requirements on spot markets. Concentration risks are controlled by assigning concentration limits.

Own funds are only invested in investments with minimum credit risk (e.g. as a secured investment) and the highest possible liquidity. Cash collateral which ECC receives in EUR is predominantly kept in the central bank account of the German Federal Bank. Clearing members that are institutes can also provide cash collateral in foreign currencies. Investment losses regarding currencies for which ECC does not have any access to central banks are assumed in proportion by ECC and those clearing members that operate in the currency in which the losses were incurred (pro-rata basis). The maximum amount to be provided by every clearing member in this way corresponds to the amount deposited by the clearing member with ECC in this currency in cash. The maximum amount to be provided by ECC is € 5 million.

Counterparty risks not covered by cleared business must be included in the quantification of the economic capital.

With respect to counterparty risks, ECC determines the risk appetite regarding investment risks with the help of a limit tableau. The limit tableau is connected with the risk-bearing capacity.

Operational risks

Operational risks can result from insufficient or defective systems and internal processes, from human error or technical failure, from insufficient or faulty external processes, from damage to material assets and from legal risks which arise because of the non-compliance or inadequate compliance with new or existing laws, provisions and contractual obligations.

ECC has implemented various instruments to manage operational risks. Internal damage and essential transactions are recorded and analysed in a structured manner and regularly reported to the Management Board. In addition, potential risks are evaluated during the annual review process of the operational risk scenarios. This review aims to record all essential future risks for ECC. This is done by asking experts, using relevant external and additional data as well as the structured transfer of all identified matters to an operational risk scenario. The likelihood of the potential operational risk event occurring is analysed and its possible financial impact is assessed.

Thereafter, operational risk parameters are calculated with the help of scenarios to quantify the economic capital.

ECC takes specific measures to reduce its operational risks. An essential aim of the ECC risk strategy is to minimise operational risks through far-reaching automation in combination with approved methods of system development, detailed test procedures and the internal control system. The IT strategy establishes ECC's strategic cornerstones regarding the security and availability of IT systems. The ECC information security management system is based on the targets derived from the ISO/IEC 27001 standard. The information security management system is used to implement measures to prevent damage.

The internal controls and risk management processes are part of the internal control system and are regularly reviewed by the internal auditing department and external auditors.
Internal processes are described in the "Written Rules" of ECC. These contain procedural descriptions and control actions for all significant processes. These are documented on checklists to reduce the probability of human error. In addition, ECC has comprehensive insurance protection.

ECC is exposed to compliance risks, e.g. on account of non-compliance with regulatory requirements, risks of fraud (e.g. payment and value-added-tax fraud), data protection and money laundering. Against this backdrop, ECC has established a comprehensive compliance management system.

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

To prevent money laundering and the financing of terrorism, ECC has established an effective risk management system which includes a risk analysis in accordance with section 5 of the German Money Laundering Act and internal protection measures according to section 6 of the German Money Laundering Act. ECC has a central office to establish measures to combat money laundering, financing of terrorism and other criminal acts.

Sensitive information requiring protection is especially protected at ECC. Furthermore, ECC has implemented rules to combat fraudulent actions and corruption.

As a member of Deutsche Börse Group, ECC is integrated into its group-wide data protection organisation. Therefore, ECC has access to comprehensive expertise and leverages economies of scale. Necessary local activities are initiated and controlled by the Data Protection Expert within the Compliance Department.

ECC has established a business continuity management system to minimise disruptions of critical business processes and services. In this framework, clear approaches as to how critical services, processes and resources can be returned to a predefined level within predefined time limits after an incident or a crisis have been established. In addition, the effectiveness of emergency plans is reviewed regularly. At an operational level, ECC core processes and systems are designed as high-availability systems with parallel operating structures and corresponding failover mechanisms between business sites (e.g. offices) and processing sites (e.g. computer centres).

Liquidity risks

Liquidity risks can arise both in the clearing business and in the ongoing business operations.

In the clearing business, a liquidity risk exclusively arises in the event of the default of a clearing member since ECC has to settle the clearing member's payments until its open positions are closed out. ECC manages this risk by maintaining liquid funds within the framework of the lines of defence (see above) in accordance with the requirements under article 44 EMIR in conjunction with the Delegated Regulation 153/2013:

- Maintaining liquid resources that, at least, cover the liquidity requirements in the event of the simultaneous default of the two clearing members that generate the greatest liquidity requirements under extreme yet plausible market conditions (stress test) and
- High requirements on the liquidity of collateral to be provided,
- Appropriate safety markdowns on collateral provided,
- Maintaining of lines at various institutions and the parent company and access to intraday credit from the German Federal Bank.

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

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

The liquidity risk is monitored and reported based on

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

In the management of liquidity risks from other business, stress risk is assessed using scenarios for future income and costs.

The remaining net risk from liquidity risks in current business is estimated to be very low for ECC on the basis of the risk management methods described.

Business risks

ECC's revenue essentially depends on the clearing volume. For this reason, sales losses caused by lower clearing volumes at largely unchanged costs constitute the biggest business risk for ECC. The ECC risk strategy aims to minimise this risk based on the overall costs to be expected under consideration of fixed and variable cost components. The quantitative planning aims are established in the context of medium-term planning, reviewed every year and adjusted if necessary. Moreover, the income is submitted to a stress test as against the budget or the forecast.

In addition, there is a profit-and-loss transfer agreement between ECC and EEX under which EEX is required to cover any annual net loss.

Market price risks

Market price risks do not occur in the clearing business due to the generally closed positions in this business. The interest risk and other market risks are insignificant because of the business activities and the conservative investment policy of ECC. ECC only holds limited open currency positions and endeavours to hedge all major open currency positions.

Concentration risks

In addition to the management of individual risks, monitoring and controlling of concentration risks form an essential element in ensuring the stability of the clearing house. Concentrations in terms of the business activities in clearing result from the business model and the resulting high share of European banks among the ECC clearing members.

Risk of new or tighter regulation in the financial sector

EU Financial Markets Directive MiFID II

Following a political agreement in December 2020, the EU institutions adopted the so-called MiFID II quick-fix amendments in early 2021. As a result, the negative effects of the MiFID-II position limits and the complexity which resulted for the market participants from the exception for secondary activities declined. While this simplified matters for the industry, the secondary legal provisions regarding position limits, position management controls and the exception for secondary activities for which legislation is being prepared at the moment are likely to involve implementation costs for ECC.

Moreover, the review of the MiFIR framework for pre-trade transparency is part of the ESMA agenda and is likely to result in corresponding amendments of the current reporting flows and transparency requirements. Depending on the design, EEX Group has to expect implementation costs for this.

In addition, ESMA is investigating the integrity of the European CO_2 market upon a request by the EU Commission following an increase in EUA prices. Its November 2021 provisional assessment did not provide any indication of improper trading behaviour. The final report is expected in early 2022. ECC is carefully monitoring these developments to ensure that there are no negative effects on trading and settlement on the EEX Group markets.

Financial transaction tax and digital tax

In the course of the Covid19 pandemic, extensive aid measures were adopted and implemented by national governments as well as by the European Commission. This is accompanied by a debate regarding financing of these costs. Moreover, the introduction of a global minimum tax is also placed in this context. In addition, at the European level, there is still the risk of the introduction of a common financial transaction tax on (commodity) derivatives and a so-called digital tax. These additional taxes involve the risk of a shift of trading activities to countries that do not levy them.

Regulation for central counterparties

As a credit institute under the German Banking Act, ECC is affected by the developments in the regulatory practice of the Federal Financial Supervisory Authority, e.g. by including sustainability or cybersecurity risks. This results in corresponding requirements for risk management as well as the entire ECC organisation and, as a result, it leads to higher expenses for implementing the requirements. Moreover, ECC is also affected by regulations for central counterparties, for example within the framework of the EMIR regulations or with regard to the obligation to prepare recovery and resolution plans for central counterparties. ECC makes appropriate adjustments to its rules and regulations in close cooperation with the supervisory authorities.

Impact of energy market legislation and regulation

EU toolbox and national measures against energy price hikes

European and national debates on high energy prices could lead to a reform of the European energy markets. So far, the member states were able to agree on short-term national measures, such as tax rebates and direct payments to consumers that do not distort the market. In this context, the European Union Agency for the Cooperation of Energy Regulators (ACER) will present a study on the advantages and costs of the current market design on behalf of the EU Commission in the first half of 2022. A provisional ACER analysis arrived at the conclusion that high energy prices are not based on the European energy market design. Instead, its design is considered as being macroeconomically advantageous and positive with regard to the security of supply and the further expansion of renewable energies. The study results can either contribute to a strengthening of market-based instruments through legislative support or bring about tighter regulation of derivatives markets restricting degrees of freedom and resulting in implementation costs.

Energy-policy projects of the new federal government

The climate protection and energy field of subjects is one of the main priorities of the new federal government. In energy policy, the focus will still be on the ambitious expansion of renewable energies to reach 80 % of power consumption by 2030. Moreover, a significant increase in power consumption until 2030 is expected. Furthermore, if possible, the phase-out of power generation from coal is to be brought forward from 2038 to 2030. Overall, this means that, compared to the status quo, power generation from renewable energies would have to be doubled – and that a very high number of renewable power generation facilities would have to be built by 2030.

This also means that investments in new energy infrastructures are needed, which, in addition to generation facilities, also includes power grids. Apart from the provision of plots of land and the acceleration of approval procedures, this raises the central question of how these investments are to be financed. Here, the coalition agreement relies, in particular, on market-based instruments, such as long-term power purchase agreements (green PPAs) and a strengthening of the Europe-wide trading in guarantees of origin for renewable power. If the coal phase-out can actually be achieved by 2030, a complete phase-out of EEG subsidies for renewable energies is promised concurrently.

Furthermore, the coalition agreement includes the task of drafting a new power market design. This is to be done via a “climate-neutral power system” platform bringing together representatives from science, business and society in general. In this framework, proposals for a reform of grid fees are to be prepared, while the demand for competitive capacity mechanisms open to various technologies and flexibilities (e.g. storage facilities and demand flexibility) is to be tested. Distribution networks are to be modernised and digitalised, e.g. increasing controllability.

The new power market design referred to above, however, remains unclear and involves potential risks. For example, at present, it cannot be assessed whether new, more regulated elements, such as, e.g., a capacity mechanism for controllable power generation, will be created leading to repercussions for the existing wholesale market.

New EU Climate, Energy and Environmental Aid Guidelines

In connection with the Green Deal, the EU Commission has revised and expanded the Climate, Energy and Environmental Aid Guidelines (CEEAG). The new guidelines provide the framework for government aid for climate-friendly investments balancing out the competition rules of the European internal market. The reform permits far-reaching exceptions provided investments primarily serve to lower greenhouse gas emissions. These exceptions include expressly state-guaranteed contracts for difference (CfD) for investments in renewable energies or for investments in climate-neutral industrial processes (carbon contracts for difference, CCfD). These entail the risk of undermining the functioning of energy and emission markets, e.g. by reducing incentives for market-based risk hedging and, therefore, withdrawing liquidity, in particular, from the derivatives markets as a result of the state's assumption of risk.

Revision of the European Renewable Energy Directive (RED III)

The proposals for the revision of the Renewable Energy Directive (RED II) submitted so far comprise a strengthening of market-based principles, e.g. the further flexibilization of the power system including renewable energies, the reinforcement of the role of the European market for guarantees of origin and support for long-term power purchase agreements for power from renewable sources (Green PPA). Moreover, important aspects, such as the certification of hydrogen, remain unclear. The further design, e.g., in delegated acts and the achievement of consensus among the EU member states will take until 2022. Depending on the specific design, these rules can serve to support or hinder the market-based ramp-up of a European hydrogen economy.

Further development of the gas market and hydrogen as a new commodity

In the gas sector, comprehensive transformation is emerging; legislation for which will be launched and implemented with a new EU gas package over the coming years. In this process, the importance of biomethane and biogas, synthetic gasses and hydrogen will increase. In the medium term, EEX Group has the opportunity to develop both national and European trading markets for hydrogen – with even a global hydrogen market in the long term. For ECC, in turn, this provides a new clearing field. Risks which might impair the trade ability of hydrogen and corresponding guarantees of origin might arise from legislation and regulation which is not or not sufficiently based on market principles. Early investments in building knowledge as well as a trading and settlement infrastructure might not be recouped.

Regulation on capacity allocation and congestion management on the power market (CACM)

The EU regulation on capacity allocation and congestion management (CACM regulation) which is material for market coupling of the European power markets also involves risks for EEX Group. The entry of competitors into the EPEX SPOT markets has effects on the market shares in the respective market areas. At the same time, the EPEX SPOT market entry in other markets – e.g. Poland in 2021 – provides the opportunity of gaining market shares there.

In addition, the current revision of the CACM regulation entails further risks. The ACER proposal would lead to a significant change in the governance structure of the market coupling operators (MCO). For spot exchanges operating as nominated electricity market operators (NEMO), such as EPEX SPOT, this would mean unbundling between market operator and market coupling activities and, instead, the possible creation of an independent market coupling operations entity. If the EU member states were to follow the ACER proposal, this would probably result in considerable consequences for the future competences of EPEX SPOT within the European power spot markets and influence on these.

Moreover, there is no guarantee that, in future, the costs for services of the market coupling function will be reimbursed and in what manner it will be done. Additionally, a changed understanding of competitive elements at power spot exchanges could mean that market liquidity would have to be shared with competitors even more comprehensively – with negative effects on trading and settlement fees.

Ongoing discussion regarding the configuration of European power bidding zones

The regulation on the internal electricity market provides for a review of the design of the European power bidding zones. The requirements under the regulation on the internal electricity market and, as a result, the action plans of the member states – including Germany – have priority. However, if a situation arises in which a member state cannot linearly increase the capacity annually until the target of 70% of the border-crossing capacity is reached, the results of the bidding zone review can become relevant before 2025. In the case of Germany, this could mean that the uniform power bidding zone between Germany and Luxembourg might be called into question, which would result in expenses and financial risks in the implementation on both the trading and settlement side. A change in the bidding zone also leads to changes to the underlying of derivatives contracts. This, in turn, can result in uncertainty and restraint on the part of the trading participants with corresponding negative effects on trading and settlement income. In 2021, preparatory measures for the next bidding zone review were taken. The actual review process will probably be launched in the first half of 2022 and take approximately twelve months so that results can be expected, at the earliest, in 2023.

New political initiatives, such as the EU Commission's offshore energy strategy, will have further effects on the European power market design. For example, the Commission is proposing the introduction of specific bidding zones for offshore wind. These would have to be integrated into European market coupling – resulting in expenses and financial risks in implementation on both the trading and settlement side. The first drafts for the design and implementation can be expected, at the earliest, in 2022.

Energy-policy measures in individual European countries

The ongoing reform of the ARENH mechanism in France, which regulates access to nuclear power capacities, offers both opportunities and risks for EEX Group. The plans for the French government provide for ARENH volumes to be settled on the market in future, which would increase liquidity and strengthen European and French price signals. However, this reform also involves the risk that this market might become more attractive to competitors.

While many measures of the most recent legislative package for renewables expansion in Austria were intended to have a stimulating effect on the power markets (direct marketing, market premium instead of a feed-in tariff, increasing importance of investment incentives), there are also some measures pointing to national isolation and disregard for the common European market for electricity. For example, the EU Commission refused to confirm the aid-relevant parts since all the intended funding was to be reserved exclusively for the expansion of renewables in Austria. What is even more worrying, however, is the mandatory disclosure of the share for which joint trading in power and guarantees of origin accounts in a sales offering. This share is to be disclosed and given the most advantageous treatment possible. In turn, this would exclude or devalue anonymous trading on exchange markets, such as, e.g., trading in and using foreign guarantees of origin.

According to initial plans, in revising the balancing energy rules in Poland, more time is to be given to the transmission system operator to internally process the schedule reports. This boils down to a period to submit the nomination on the intraday market of 55 minutes before delivery. However, this period jeopardises border-crossing trading up to 60 minutes before delivery (SIDC gate closure time). Therefore, an earlier market closure might become necessary in Poland since, otherwise, the report/delivery could not be guaranteed to the market participant. This would contravene the CACM provisions and, if other markets are more willing to accept the risk or otherwise address it, it could lead to disadvantages in the competition.

The impact of Brexit on the energy market and, in particular, border-crossing power trading

The UK's Brexit still poses several risks for EEX Group. These are due to potential differences between EU and UK regulation, which could lead to regulatory arbitrage with regard to competitors based in the United Kingdom.

As regards border-crossing physical power trading, Brexit has already had concrete effects including the end of border-crossing market coupling and adjustments to the British market framework bringing forward the day-ahead auction from 11:00 to 9:20 (GMT/BST). In a roadmap for the further cooperation, the trade and cooperation agreement between the EU and the United Kingdom provides for a re-introduction of border-crossing market coupling. Should this be implemented, implementation costs and uncertainties would have to be expected.

Influence of climate protection legislation

The implementation of the "European Green Deal" with new and ambitious climate protection targets for 2030 and 2050 forms one of the priorities of the European Union. To this end, in 2020, the EU Commission presented the comprehensive "Fit-for-55" package. The expansion and reform of the EU emissions trading scheme (EU ETS) forms the core of this legislative package. In addition to a revision of the ambitious greenhouse gas reduction targets, a second European ETS is to be introduced for the transport and heating sectors. Risks which might impair the efficiency of the EU ETS as a market-based mechanism and, hence, the trading market are found, primarily, in complementary political instruments which are also being discussed with the member states. This includes, in particular, the introduction of a minimum CO_2 price, the so-called "Carbon Contracts for Difference" (CCfD), to support investments in climate-friendly industrial facilities, or Carbon Border Adjustment Mechanisms for imports into the EU. All of these complementary instruments share the feature that, on their own or depending on the design, they could weaken the effect of the EU ETS as a central climate protection tool. This could even lead to further effects on the EEX Group emissions trading markets in Europe.

Impact of initiatives on information and cyber-security

The higher relevance of cyber-attacks also leads to increasing regulatory initiatives on cyber-security. For example, in 2021, the German Critical Infrastructures Regulation (Kritis) was revised to such a degree that its scope of application was extended to gas trading markets and now also includes EEX, as a result. In 2022, EEX will have to fulfil the requirements under the Kritis Regulation for the first time. It has to be assumed that additional requirements will be developed in the coming years and that, as a central counterparty, ECC will also be covered by this regulation in future.

Moreover, double regulation efforts regarding information and cyber-security could arise, e.g., through European initiatives, such as DORA – the Digital Operational Resilience Act of the EU announced for 2022. Various standards regarding requirements or reporting are already emerging.

At present, the EU network code on cyber-security aspects of cross-border electricity flows is being developed to attain uniform standards. This development of the EU network code aims to establish uniform principles of information security, e.g., for infrastructures involved in cross-border electricity flows. In the near future, trading markets and CCPS will already be subject to the requirements of the Digital Operational Resilience Act (DORA) and of the revised Network and Information Security Directive (NIS2). These two regulatory requirements which still have to be adopted will probably include detailed provisions on risk management in information and communications technology (ICT), reporting of cyber-incidents, on digital resilience testing and on ICT third-party risk management. Non-uniform cyber-security provisions across the different regulations could unnecessarily increase regulatory efforts without any noteworthy operational benefit for cyber-risk management.

War of aggression by the Russian Federation against the territory of Ukraine

In the course of the military escalation by the Russian Federation, a far-reaching invasion of Ukraine began in February 2022. This has direct consequences for the energy markets which were hit by additional price hikes during a phase of generally high prices and high volatilities. For example, depending on the term of the contracts, the price increases in gas and power ranged in the higher two-digit percentage range – in part doubling – immediately after the Russian invasion. In addition, such a market situation has direct effects on clearing – with price increases and increasing volatility leading to an increase in margin requirements. The effects on the trading participants' liquidity situation are actively and closely accompanied by EEX Group/ECC in close coordination with the market players as well as clearing members. It has to be assumed that, at least, in the short to medium term the volatile market environment will continue – also depending on the sanctions of the European Union and the United States against Russia. EEX Group implements corresponding sanction rules. If sanctions are to be imposed on trading participants excluding participation in trading at EEX Group, these trading participants will be suspended, or their membership terminated. Moreover, it appears possible that natural gas imports into Europe might be limited or reduced by Russia or that an import ban for Russian oil and/or natural gas might be imposed by the European Union, the United States of America and other countries.

Furthermore, the German federal government has announced that it aims to end the dependence on Russian fossil fuel imports and to ensure the security of supply by securing gas storage levels in the short term, creating a gas reserve and expanding the LNG infrastructure. Depending on the detailed design of these instruments, ramifications would have to be expected for the European gas trading markets, e.g. by impairing the benchmark effect on the market and market liquidity. Further risks include political and regulatory interventions in the market design of the European energy markets, e.g. the specification of regulated prices as a result of which trading activities might be significantly restricted, in particular, in exchange trading. Overall, the consequences of this military conflict on the EEX Group business are impossible to foresee. However, this conflict will put a strain on the macroeconomic environment and, as a result, it can impact energy trading as well.

3.3 Description of essential opportunities

Opportunities are managed as part of strategic management, corporate development and the continuous improvement process. Within this framework, opportunities for technological developments, new pricing strategies or potential partnerships are identified. The prioritisation of projects is carried out, among other things, as part of the institutionalised strategy discussion and the planning process. The added value as seen from the customer's perspective is taken into account just like strategic aims and available resources. Essential opportunities are characterised by their significant impact on the assets, financial and earnings situation and, therefore, they are regularly subjected to a profitability analysis during the prioritisation process.

Essential opportunities with a long-term effect on ECC's business success are primarily exploited through investments in structural growth. However, ECC also benefits from exogenic (macro-)

economic, political and social factors having a positive effect on the existing business activities. For example, we expect the trend towards a shift from the bilateral OTC market to the cleared exchange-traded market observed on the European power and gas markets to continue. In some regional markets, this development has already been completed, while, in other markets, a large part of the trading volume is still traded over the counter.

The current developments on the European power and gas markets (high volatility, supplier defaults) motivate trading participants to choose clearing via a central counterparty. Therefore, the share of cleared business in the entire power and gas trading market can be expected to remain high or even increase further because of the continuing uncertainties on the market. During high-risk periods, trading participants are more aware of the advantages of a CCP as a safe haven and of the benefits of price risk hedging. Possibly, this experience might help to reinforce the long-term transformation into cleared markets also once markets have stabilised again.

Furthermore, political and social efforts to decarbonise the economy create new opportunities for ECC. For example, as a central action package of the European Green Deal, the European "Fit-for-55" programme, strengthens the European emissions trading scheme (ETS) and confirms it as the leading instrument of the EU climate policy. The current trend towards sustainability is also driven by the voluntary adoption of sustainability targets by economic actors as well as the mutually reinforcing pressure coming from social movements, on the one hand, and requirements by investors, on the other. Because of its hard-earned position in the environmental markets, ECC expects growing revenue from the clearing offering in European and national allowance trading (e.g. nEHS in Germany for the transport and heating sectors).

In addition, ECC is exploring opportunities for structural growth designed to contribute to increasing sales and reducing the dependence on economic factors.

The expansion of the current clearing services, e.g., to other countries (e.g. power spot market in Poland during the year under review), the establishment of a payment infrastructure for EUR via commercial banks or the adjustment of trading hours to local business times can make access significantly easier for new clearing members and trading participants and improve ECC's positioning in the global clearing business. Additionally, the expansion of collateral accepted by ECC and further currencies for margining or cash settlement – and, wherever possible, the simplification – of preconditions for access to clearing also provide new opportunities. In this context, a special focus is on measures for lowering market entry barriers for smaller and mediumsized trading participants. This can still be achieved through the continuous further development of the Direct Clearing Participant model.

ECC's position as a specialised clearing house for commodity products with an integrated business model (integrated clearing) opens the opportunity to win over exchanges that have not yet been affiliated with ECC as new cooperation partners. To this end, it is crucial to identify and further develop the energy market-specific advantages of ECC's settlement system and to market them continuously to potential new partners. This model offers a significant advantage, particularly, for trading participants operating on several markets as it results in significant cost benefits, as opposing positions can be taken into account in the calculation of the collateral to be provided (cross-margining), while payment flows are synchronised (payment netting) and connections decline. Moreover, clearing cooperations also help to pave the way for expanded cooperation models at the EEX Group level – whether through the expansion of services offered for third parties (e.g. reporting, trade and technology) or through further integration at the corporate level.

3.4 Overall statement on the risk and opportunity situation

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

4. Forecast report

4.1 Forecast for the 2022 financial year

The forecast report describes the probable development of ECC AG in the 2022 financial year. This report contains forward-looking statements and information on future transactions. It is based on current expectations, assumptions and forecasts by the Management Board as well as on the information which was available at the time of publication. These forward-looking statements should not be considered a guarantee of the future developments and results mentioned in these. The future developments and results rather depend on a large number of factors. They comprise various risks and uncertainties and are based on assumptions which might turn out to be incorrect. We do not accept any obligation to update the forward-looking statements provided in this report.

The following assumptions were essentially made in the framework of planning of the economic, regulatory and competitive environment in 2022:

After the global economy unexpectedly fell into an unparalleled recession as a result of the Covid-19 pandemic and was still considerably influenced by it in 2021, ECC AG expects a further recovery of the economy during the forecast period.

- However, the worsening conflict between Russia and Ukraine will put a strain on the macroeconomic environment. Overall, the consequences for EEX Group's business cannot be foreseen at the moment.
- After Brexit, the regulatory EU standards which are relevant for the activities of ECC were transposed into British law. Based on this, the ECC AG management assumes that even after Brexit, customers will still have unrestricted access to the EEX Group products and services and that there will be no discrimination of markets inside and outside the EU as a result of deviating regulatory requirements between European and Great Britain.
- Potential changes to the regulatory environment are not to the disadvantage of EEX Group. Regulatory changes do not impair the financial markets (for example, no introduction of a financial transaction tax or digital tax).
- There are no intense price wars with competitors.

Against the backdrop of the strong result in the 2021 financial year, which was positively influenced by the dynamic market environment outlined in the report on business development, a stable development of sales revenue[8] only is expected for the 2022 financial year. Growth is expected to be driven, in particular, by the power derivatives markets in Europe. Furthermore, because of the ongoing increase in liquidity at the EEX Group trading markets and the improvement and expansion of the product and service offering as well as technical availability for customers, growth in the number of trading and clearing participants is expected. Against this background, ECC AG aims to generate further growth in commission income in 2022 as against the 2021 financial year. The planned growth ranges in the medium one-digit percentage range. This increase in revenue will primarily be due to growing clearing volumes in the core markets of the power and gas segment.

The attainment of these growth targets requires further investments in markets in the form of variable costs, additional expenses for ongoing business operations, product development and projects as well as the implementation of regulatory requirements. With regard to the cost forecast, ECC expects slight growth of 5% as against the previous year. Overall, ECC aims for a slight increase in earnings figures for 2022 despite the additional expenses.

Despite the uncertainty regarding the further development of the Covid-19 pandemic and the escalating conflict between Russia and Ukraine and the resulting uncertainty, ECC still considers itself to be very well positioned with its integrated clearing model. Therefore, it expects a stable development for its EBT for the coming year.

8 Sales revenue includes all ECC net revenues. This includes commission income, interest income and other operating income.

Leipzig, 8th March 2022

Peter Reitz Chief Executive Officer (CEO)	Dr. Götz Dittrich Chief Operating Officer (COO)
Clemens Völkert Chief Risk Officer (CRO)	Jens Rick Chief Information Officer (CIO)

Financial Statements as of 31st December 2021

European Commodity Clearing AG, Leipzig
Balance sheet as of 31st December 2021

Assets

	31/12/2021 €	31/12/2021 €	31/12/2020 €	31/12/2020 €
1. Cash reserve				
Central bank balances		42.779.250.648		6.109.184.012
(thereof at the Deutsche Bundesbank)		42.779.250.648		6.109.184.012
2. Accounts receivable from credit institutions				
a) Due on a daily basis	48.435.562		46.196.498	
b) Other accounts receivable	18.911.107	67.346.669	2.655.997	48.852.495
3. Accounts receivable from customers	50.410.521	50.410.521	13.986.895	13.986.895
4. Shares in affiliated companies		18.500		18.500
5. Trust assets		4.553.156.851		1.628.853.349
6. Intangible assets				
a) Acquired concessions, commercial trademarks and similar rights and values, Licenses to such rights and values	11.700.973		12.598.152	
b) Advance payments	485.444	12.186.417	865.351	13.463.503
7. Property, plant and equipment		8.978		10.847
8. Other assets		134.833.750		50.869.460
9. Prepaid expenses		1.057.092		889.858
Total assets		**47.598.269.425**		**7.866.128.920**

Liabilities & Equity

	31/12/2021 €	31/12/2021 €	31/12/2020 €	31/12/2020 €
1. Liabilities to credit institutions				
Due on a daily basis		35.797.498.849		4.958.657.230
2. Liabilities to customers				
a) Other liabilities				
aa) Due on a daily basis	6.870.053.733	6.870.053.733	1.037.309.293	1.037.309.293
3. Trust liabilities		4.553.156.851		1.628.853.349
4. Other liabilities		194.858.927		95.502.286
5. Deferred income		3.828.223		0
6. Provisions				
a) Provisions for pensions and similar commitments	26.323		18.521	
b) Other provisions	20.846.520	20.872.843	13.853.390	13.871.911
7. Equity				
a) Subscribed capital	1.015.227		1.015.227	
b) Capital reserve	123.365.644		97.300.495	
c) Retained earnings				
Other retained earnings	33.619.129	158.000.000	33.619.129	131.934.851
d) Balance sheet profit				
Total Liabilities & Equity		**47.598.269.425**		**7.866.128.920**

1. Contingent liabilities				
Liabilities from guarantees and guarantee contracts	2.764.511.994	2.764.511.994	465.819.309	465.819.309

European Commodity Clearing AG, Leipzig

Profit and Loss Statement
for the Period from 1st January 2020 to 31st December 2021

		2021 €	2021 €	2021 €	2020 €	2020 €	2020 €
1.	Interest income from						
	a) Credit and money market transactions						
	aa) thereof from transactions with positive interest rates		691.599			210.753	
	ab) thereof from transactions with negative interest rates		79.674.658	80.366.257		25.630.899	25.841.653
2.	Interest Expense						
	a) thereof from transactions with positive interest rates		523.697			372.380	
	b) thereof from transactions with negative interest rates		64.149.528	64.673.225		21.967.920	22.340.300
3.	Income from commission fees			111.301.289			102.069.302
4.	Expenses from commission fees			10.059.847			7.264.232
5.	Other operating income			9.886.637			7.078.694
	(thereof from currency translation 179,211 €; previous year: 791,812 €)						
6.	General administrative expenses						
	a) Human resources expenses						
	aa) Wages and salaries	17.835.645			13.382.831		
	ab) Social insurance contributions and expenses for Old-age provision and for support	4.204.429	22.040.073		2.664.772	16.047.603	
	b) Other administrative expenses		30.340.359	52.380.433		30.940.087	46.987.689
7.	Depreciation, Amortization and value adjustment of intangible assets and property, plant and equipment			2.152.237			2.289.362
8.	Other operating expenses			2.583.336			1.956.708
	(thereof from currency translation 1,308,753 €; previous year: 1,075,913 €)						
9.	**Result of ordinary operations**			**69.705.105**			**54.151.357**
10.	Taxes on income and profit			140.475			
11.	Profit transfer			-69.845.581			-54.151.357
12.	**Annual profit**			**0**			**0**
13.	**Balance sheet profit**			**0**			**0**

European Commodity Clearing AG, Leipzig
2021 N O T E S

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

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

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

1. Accounting and valuation principles

General principles

The financial statement of ECC as at 31 December 2021 was prepared in compliance with the HGB and the Aktiengesetz (AktG, German Stock Corporation Act) as well as the Regulation on the Accounting of Credit Institutions (RechKredV, Kreditinstituts-Rechnungslegungsverordnung). The income statement is structured according to RechKredV using the nature of graduated method (form 3). The development of the individual fixed asset items is shown separately.

Due to rounding, actual amounts may differ from unrounded or disclosed figures. This may also result in slight deviations from the published figures for the previous year.

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

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

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

Pending transactions, including derivative positions from open interest, are not balanced due to the realization principle according to Art. 252 Paragraph 1 No. 4 HGB, as performance and consideration regularly and consideration regularly balance each other out.

Central bank balances

The balances were assessed at nominal value.

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

Accounts receivable and other assets

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

The trade accounts payable and receivable with ECC Luxembourg as of the reporting date are offset in accordance with Art. 264 Paragraph 2 sentence 2 HGB. The actual offsetting situation towards ECC Luxembourg corresponds to the ECC Clearing Conditions at the time of the settlement and fulfilment of the corresponding transactions to the respective trading participants. The netted disclosure serves to improve the clarity and comprehensibility of the annual financial statements.

Shares in affiliated companies

Affiliated companies were assessed at the lower of their acquisition costs or fair value. As these are fixed assets, the mitigated lowest-value principle applies.

Trust assets and liabilities

ECC has an account for inventory management of emission allowances at the Union registry. In accordance with the Clearing Conditions, participants trading with European Allowances (EUA) or Certified Emission Reductions (CER) submit emission allowances to the ECC account at the Union registry. The inventories of these emission allowances are booked in the registry account kept by ECC and held in custody. As the fulfilling company, ECC holds all allowances for the trading participants involved. The above situation fulfils the criteria of holding in one's own name for third-party account and, as a result, requires balance sheet reporting of the trust relationships according to Art. 6 Paragraph 1 RechKredV. On 31st December 2021, these emission allowances held in trust accounted for an inventory of 57,194,173 allowances having a market value of K€ 4,553,157. ECC is required to return these emission allowances held in trust at any time and without any conditions.

Intangible assets and property, plant and equipment

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

Property, plant and equipment are valued at acquisition or production cost. Depreciable property, plant and equipment is depreciated on a straight-line basis over its useful life from 3 to 13 years or is valued at the lower fair value.

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

Prepaid expenses and deferred income

Prepaid expenses represent expenses paid before the balance sheet date that represent expenditure for a certain period after this date.

Deferred income represents income received in advance before the balance sheet date representing revenue or income earned at a specific time after that date.

Liabilities

Liabilities were shown at their respective settlement amounts in accordance with Art. 253 Paragraph 1 Sentence 2 of the HGB.

Provisions

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

Pension obligations

The provisions for pensions and similar obligations were recognized in accordance with actuarial principles at the present value of the defined benefit obligation using the "© Richttafeln 2018 G" mortality tables (generation tables) developed by Prof. Dr. Klaus Heubeck. Wage and salary increases were not taken into account, as the obligation is exclusively to employees who have already left the company.

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

Pension obligation discounted at the 10-year average (1.87%)	€ 175,287
Pension obligation discounted at the 7-year average (1.35%)	€ 183,154
difference	**€ 7,867**

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

Equity

The subscribed capital is reported at nominal value.

Guarantees and other commitments

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

Deferred taxes

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

2. Notes and explanations regarding the balance sheet

Cash reserve

ECC's cash reserve as at the balance sheet date amounts to K€ 42,779,251 (previous year: K€ 6,109,184) and consists exclusively of the credit balance at the Deutsche Bundesbank, of which K€ 342,447 (previous year: K€ 25,110) is held in the bank's own name and for the account of third parties. The increase in the cash reserve is mainly due to the price development in the energy market and the associated increase in margin requirements.

Assets in foreign currency

Assets in foreign currency amounted to K€ 60,058 on the balance sheet date (previous year: K€ 48,671). In the previous year, they were erroneously reported as foreign currency amount.

Claims on banks

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

Claims on banks	31/12/2021 k €	31/12/2020 k €
due on a daily basis		
bank accounts in €	3,107	6,822
bank accounts in foreign currencies	45,328	39,375
receivables customers bank member	18,911	2,656
Total	**67,346**	**48,852**

Accounts receivable from customers

As at 31 December 2021, receivables from customers amounted to k€ 50,411 (previous year: k€ 13,987) with a remaining term of less than one year as at the reporting date.

Shares in affiliated companies

On 31st December 2021, the shareholdings according to HGB were as follows:

Name	Registered office	Equity k €	Annual result 2021 k €	Share in %
European Commodity Clearing Luxembourg S.à r.l.	Luxembourg	215	40	100.00

Trust assets

On 31st of December 2021, trust assets were k€ 4,553,157 (previous year: k€ 1,628,853).

Intangible assets and property, plant and equipment

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

Other assets

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

Other assets	**31/12/2021 k €**	**31/12/2020 k €**
Receivables from affiliated companies	15,275	28,284
European Commodity Clearing Luxembourg S.à.r.l.	*10,299*	*22,916*
European Energy Exchange AG	*3,960*	*3,716*
EPEX Spot SE	*417*	*453*
Foreign currency valuation	*5*	*0*
Accrued receivables	*594*	*1,199*
Receivables from public authorities	13,979	7,559
Receivables of unpaid security deposits	79,888	10,649
Remaining other assets	25,692	4,377
Total	**134,834**	**50,869**

Prepaid expenses

As at 31 December 2021, prepaid expenses were reported for received invoices from deliveries and services amounting to k€ 1,057 (previous year: k€ 890).

Liabilities in foreign currencies

Liabilities in foreign currency amounted to k€ 57,501 (previous year: k€ 44,890) as of the balance sheet date. In the previous year, the amount was erroneously reported as a foreign currency amount.

Liabilities to credit institutions

The existing liabilities to credit institutions amounting to k€ 35,797,499 (previous year: k€ 4,958,657) are due on demand and consist mainly of cash collateral deposited by credit institutions with ECC amounting to k€ 35,759,438 (previous year: k€ 4,950,275). The increase in liabilities to banks is mainly due to the price development in the energy market and the associated increased margin requirements. In the previous year, cash collateral in the amount of k€ 157,272 was reported. In the previous year, cash collateral in the amount of k€ 157,272 was incorrectly reported under liabilities to customers.

Liabilities to customers

Liabilities to customers amounted to k€ 6,870,054 as of 31st December 2021 (previous year: k€ 1,037,309) and are due on demand. They mainly comprise cash collateral deposited by customers with ECC in the amount of k€ 6,806,026 (previous year: k€ 1,013,417).

Trust liabilities

The trust liabilities are obligations to surrender fiduciarily managed emission rights to the trustor. Analogous to the trust assets, there are trust liabilities of k€ 4,553,157 as at 31 December 2021 (previous year: k€ 1,628,853).

Other liabilities

The balance sheet item "Other liabilities" is broken down as follows:

Other liabilities	**31.12.2021**	**31.12.2020**
	k€	**k€**
Liabilities of unpaid security deposits	79,888	10,649
Liabilities to affiliated companies (including from profit transfer not yet paid)	39,541	57,512
Liabilities to other trading participants for which ECC holds federal bank accounts	65,586	25,110
Residual other liabilities	9,844	2,231
Total	**194,859**	**95,502**

Deferred income

As at 31 December 2021, there was deferred income for invoices issued for goods and services amounting to k€ 3,828 (previous year: k€ 0).

Provisions for pensions and similar obligations

The ECC has given legally binding pension commitments.

The asset value of the reinsurance policy was compounded by k€ 3 in the 2021 financial year and amounted to K€ 149 as of the balance sheet date (previous year: K€ 146). The acquisition cost of the plan assets corresponded to the fair value.

The settlement amount of the underlying pension provision under commercial law amounted to k€ 164 as of 31st December 2021 (previous year: k€ 164). This resulted in an interest expense of k€ 4 for financial year 2021. As in the previous year, no payments were made. Assuming the average market interest rate of the past seven financial years, this would result in a settlement amount of k€ 183.

Accordingly, the balance of the settlement amount and the asset value is reported in the balance sheet as a provision of k€ 26 (previous year: k€ 19).
The difference, which is calculated as the difference between the recognition of provisions discounted at the average market interest rate of the past ten years and the recognition of provisions discounted at the average market interest rate of the past seven years, amounts to k€ 8. In accordance with Art. 253 Paragraph 6 of the HGB, this amount is blocked from distribution.

Other Provisions

The balance sheet item of other provisions breaks down as follows:

Other provisions	**31/12/2021 k €**	**31/12/2020 k €**
Outstanding Invoices	16,201	11,308
Personnel obligations	4,377	2,289
Supervisory Board remuneration	71	60
Audit fees	170	169
Other provisions	28	27
Total	**20,847**	**13,853**

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

Interest rates of 1.11 % (6-year period of retention of documents) and of 1.56 % (10-year period of retention of documents) were used for the calculation of the provision regarding the obligation to retain business documents.

Equity

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

On 31st December 2021, the capital reserve amounted to k€ 123,366 (previous year: k€ 97,300). In December 2021, the capital reserve was increased by k€ 26,065.

The other revenue reserves amounted to k€ 33,619 (previous year: k€ 33,619). This included the provision according to EMIR article 45 in amount of k€ 23,000 (previous year: k€ 15,000).

Contingent liabilities

On the basis of a hard letter of comfort, ECC guaranteed liabilities of ECC Luxembourg amounting to K€ 2,764,512 (previous year: K€ 465,819) as of the balance sheet date. These liabilities are obligations from electricity and gas deliveries existing as at the reporting date. These obligations are covered by the retention of collateral (see section 4) and are subject to a low probability of occurrence based on historical data.

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

The interest income as well asthe commission income and the other operating income were generated exclusively in Germany, so that a breakdown by geographical markets in accordance with Art. 34 paragraph 2 no. 1 RechKredV is waived.

Interest income and expenses

Interest income for 2021 amounted to k€ 80,366 (previous year: k€ 25,842). The interest expense resulted primarily from negative interest on the deposited cash collateral in the total amount of k€ 64,673 (previous year: k€ 22,340), which was compensated by the administrative fee of k€ 79,675 (previous year: k€ 25,631). Interest expenses include k€ 1 (previous year: k€ 1) from compounding of provisions.

Income from commission fees

The commission fees of k€ 111,301 (previous year: k€ 102,069) concerned fees for clearing services by ECC. According to material criteria, the commission fees have the following structure:

Income from commission fees	**2021** **k €**	**2020** **k €**
Derivatives Market clearing fees	53,352	53,245
Spot Market clearing fees	55,172	47,305
Annual fees and other income from clearing	2,777	1,519
Total	**111,301**	**102,069**

Expenses from commission fees

Commission expenses of k€ 10,060 (previous year: k€ 7,264) mainly comprised volume-related costs for the Spot Market of k€ 7,860 (previous year: k€ 4,069) and for the Derivatives Market of k€ 1,923 (previous year: k€ 2,473) in connection with clearing services.

Other operating income

Other operating income of k€ 9,887 (previous year: k€ 7,079) breaks down as follows:

Other operating income	**2021** **k €**	**2020** **k €**
Income from agency services	8,365	4,774
Cost refunds from third parties	0	371
Income from foreign currency valuation	179	792
Release of provisions	1,051	796
EMIR Trade Reporting	195	194
Other income	97	152
Total	**9,887**	**7,079**

Since 2021, cost reimbursements from third parties have been reported as commission income.

General administrative expenses

The general administrative expenses of k€ 52,380 (previous year: k€ 46,988) include the following items:

General administrative expenses	2021 k €	2020 k €
Personnel expenses	22,040	16,048
Wages and salaries	*17,836*	*13,383*
Social insurance contributions	*4,204*	*2,665*
Other administrative expenses	30,340	30,940
Expenses for services for affiliated companies	*10,989*	*11,750*
Overhead & marketing and system expenses	*13,355*	*10,446*
Consultancy services	*5,996*	*8,744*
Total	**52,380**	**46,988**

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

Depreciation and impairments

Depreciation and impairments amounting to k€ 2,152 (previous year: k€ 2,289) mainly comprised scheduled depreciation on acquired software and stock exchange licenses.

Other operating expenses

The other operating expenses of k€ 2,583 (previous year: k€ 1,957) essentially comprised expenses from the input tax corrections due to sales exempt from sales tax of k€ 1,018 (previous year: k€ 967) as well as realized and unrealized exchange rate losses of k€ 1,309 (previous year: k€ 1,076) as of the balance sheet date.

Profit-and-loss transfer

Due to the profit and loss transfer agreement with EEX, the net profit for the financial year 2021 under HGB amounting to k€ 69,846 (previous year: k€ 54,151) will be fully transferred.

4. Other Notes

Structure of collaterals

As at 31 December 2021, the market participants had gross payment obligations from offsetable open positions from transactions traded via the central counterparty with a total value of k€ 317,206 (previous year: k€ 29,854). From ECC's point of view, receivables and liabilities from these open positions always offset each other in the same amount. The total value of k€ 317,206 takes into account the gross payment obligations, i. e. the risk-oriented net approach would lead to a significantly lower value.

Collateral	**31/12/2021 k€**	**31/12/2020 k€**
Margins called	41,321,198	5,847,463
Margin actually deposited:	44,163,788	6,141,231
thereof:		
Cash	42,593,014	5,964,864
Securities and book-entry securities (after haircut)	1,570,774	176,367

As at 31 December 2021, the clearing fund of ECC was endowed with k€ 2,122,033 (previous year: k€ 603,825).

Other financial obligations

The other obligations are listed in the table below:

Financial obligation	**Total k€**	**2022 k€**	**2023 to 2027 k€**	**2028 to 2031 k€**
Services from affiliated companies*	12,841	11,853	988	0
System expenses/maintenance	597	558	39	0
Buildings (rent)*	64	11	53	0
Vehicles	91	45	46	0
Other	654	622	32	0
Total	**14,247**	**13,089**	**1,158**	**0**

*These financial liabilities were liabilities to affiliated companies.

Amounts excluded from distribution

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

Human resources development

The average number of employees was 255 (previous year: 160) in the financial year 2021. The average number of employees in the financial year was divided into 136 men and 89 women. A total of 24 managers were employed on average during the financial year.

	male	female	total
Managers	20	4	24
Non-managers	116	85	201
Number of employees	136	89	225

Management Board

The board of directors includes:

Peter Reitz, Leipzig	Chief Executive Officer (Chief Executive Officer)
Dr Götz Dittrich, Leipzig	Member of the Board (Chief Operating Officer)
Dr Thomas Siegl, Eschborn	Member of the Board (Chief Risk Officer) (until 30/04/2021)
Dr Clemens Völkert, König im Taunus	Member of the Board (Chief Risk Officer) (since 15/7/2021)
Jens Rick, Oberursel	Member of the Board (Chief Information Officer)

In the financial year 2021, the total remuneration of the Management Board, consisting of basic remuneration and performance-related remuneration, amounted to k€ 2,370 (previous year: k€ 2,005). In addition, k€ 184 was attributable to pension expenses (previous year: k€ 192). The performance-related remuneration was paid out in part. The pension expenses include payments to former members of the Management Board.

Seats held on supervisory boards and other supervisory bodies

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

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

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

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

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

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

Supervisory Board

The Supervisory Board has the following members:

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

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

In the past financial year, the members of the Supervisory Board received emoluments of k€ 71 (previous year: k€ 60).

Supplementary Report

In the conflict between Ukraine and the Russian Federation, the consequences of this armed conflict for the business of ECC are not yet foreseeable; however, the conflict will have a negative impact on the macroeconomic environment and may therefore also have serious consequences for energy trading.

No further events which have an impact on the annual financial statement have occurred after the balance sheet date.

Leipzig, 8 March 2022

Peter Reitz
Chief Executive Officer (CEO)

Dr. Götz Dittrich
Member of the Board (COO)

Dr. Clemens Völkert
Member of the Board (CRO)

Jens Rick
Member of the Board (CIO)

Asset Register

European Commodity Clearing AG, Leipzig

Development of fixed assets in 2021

		Acquisition and production costs					Depreciation				Net Value	
		01.01.2021	Additions	Disposals	Transfers	31.12.2021	01.01.2021	Additions	Disposals	31.12.2021	31.12.2021	31.12.2020
		€	€	€	€	€	€	€	€	€	€	€
I.	**Intangible assets**											
	1. Concessions acquired for consideration, industrial property rights and similar rights and values as well as licenses to such rights and values	26.399.045,66	410.051,27	0,00	825.078,09	27.634.175,02	13.800.893,66	2.132.308,50	0,00	15.933.202,16	11.700.972,86	12.598.152,00
	2. Goodwill	7.099.182,40	0,00	0,00	0,00	7.099.182,40	7.099.182,40	0,00	0,00	7.099.182,40	0,00	0,00
	3. Advance payments made for intangible assets	865.351,09	445.170,81	0,00	-825.078,09	485.443,81	0,00	0,00	0,00	0,00	485.443,81	865.351,09
II.	**Fixed assets**											
	1.Other equipment, operating and office equipment	69.801,07	25.529,73	10.032,85	0,00	85.297,95	58.954,07	25.983,95	8.618,14	76.319,88	8.978,07	10.847,00
III.	**Financial assets**											
	1. Shares in affiliated companies	18.500,00	0,00	0,00	0,00	18.500,00	0,00	0,00	0,00	0,00	18.500,00	18.500,00
		34.451.880,22	**880.751,81**	**10.032,85**	**0,00**	**35.322.599,18**	**20.959.030,13**	**2.158.292,45**	**8.618,14**	**23.108.704,44**	**12.213.894,74**	**13.492.850,09**

INDEPENDENT AUDITOR'S REPORT

To European Commodity Clearing AG, Leipzig

Audit Opinions

We have audited the annual financial statements of European Commodity Clearing AG, Leipzig, which comprise the balance sheet as at December 31, 2021, and the statement of profit and loss for the financial year from January 1 to December 31, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of European Commodity Clearing AG for the financial year from January 1 to December 31, 2021.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Article 322 paragraph 3 sentence 1 HGB, 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 Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

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

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, 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, the executive directors are 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, the executive directors are 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, the executive directors are 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, the executive directors are 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 audit 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 § 317 HGB 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 judgment and maintain professional skepticism 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 audit 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 audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 audit 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 the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit 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.

Berlin, March 9, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Dr. Michael Rönnberg Wirtschaftsprüfer (German Public Auditor)	sgd. Michael Quade Wirtschaftsprüfer (German Public Auditor)