DEUTSCHE BÖRSE GROUP

www.deutsche-boerse.com

Corporate report 2012

Deutsche Börse Group acts as an intermediary between regulators, banks and companies. Its core competency is organising regulated markets. By developing solutions for efficient risk and collateral management, it assumes responsibility: for its customers, owners, employees – and society in general.

Deutsche Börse Group: key figures

		2012	2011	Change in %
Consolidated income statement				
Net revenue	€m	1,932.3	2,121.4	–9
Net interest income from banking business	€m	52.0	75.1	–31
Operating costs	€m	–958.6	–962.2 [1]	0
Earnings before interest and tax (EBIT)	€m	969.4	1,162.8 [1]	–17
Net income	€m	645.0	855.2 [1]	–25
Earnings per share (basic)	€	3.44	4.60 [1]	–25
Consolidated cash flow statement				
Cash flow from operating activities	€m	707.7	785.6	–10
Consolidated balance sheet				
Non-current assets	€m	5,113.9	5,020.3 [1]	2
Equity	€m	3,169.6	3,132.6 [1]	1
Non-current interest-bearing liabilities	€m	1,737.4 [2]	1,458.3	19
Performance indicators				
Dividend per share	€	2.10 [3]	2.30	–9
Dividend payout ratio	%	58 [4][6]	52 [5]	12
Employees (average annual FTEs)		3,416	3,278	4
Net revenue per employee, based on average FTEs	€thous.	566	647	–13
EBIT margin, based on net revenue	%	50	55	–9
Tax rate	%	26.0 [6]	26.0 [7]	0
Gross debt / EBITDA		1.6 [8]	1.1 [8]	45
Interest coverage ratio	%	15.2 [8]	19.0 [8]	–20
The shares				
Opening price	€	40.51	51.80	–22
High	€	52.10	62.48	–17
Low	€	36.25	35.46	2
Closing price	€	46.21	40.51	14
Market indicators				
Xetra and Xetra Frankfurt Specialist Trading [9]				
Trading volume [10]	€bn	1,111.3	1,459.8	–24
Eurex				
Number of contracts	m	2,292.0	2,821.5	–19
Clearstream				
Value of securities deposited (annual average)	€bn	11,111	11,106	0
Number of transactions	m	113.9	126.3	–10
Global Securities Financing (average outstanding volume for the period)	€bn	570.3	592.2	–4
Transparency and safety key figures CR				
Proportion of companies listed in the Prime Standard (for shares) as a percentage of all listed companies	%	83	77	8
Number of calculated indices		appr. 12,000	appr. 8,600	40
System availability of trading systems (Xetra®/Eurex®)	%	99.999	99.975	0
Market risk cleared via Eurex Clearing (gross monthly average)	€bn	7,507	9,230	–19

1) Amount restated to reflect the transition of the accounting policies for defined benefit obligations to the revised IAS 19 2) €1,160.0 million thereof are reported under "Interest-bearing liabilities", and the bonds that will mature in financial year 2013 in the amount of €577.4 million are reported under "Other current liabilities". 3) Proposal to the Annual General Meeting 2013 4) Figure based on the proposal to the Annual General Meeting 2013 5) Adjusted for the costs of mergers and acquisitions and of efficiency programmes and for income arising from the remeasurement of the equity component of the purchase price for the acquisition of the shares in Eurex Zürich AG held by SIX Group AG 6) Adjusted for expenses related to the revaluation of the share component of the purchase price paid for the acquisition of the shares in Eurex Zürich AG held by SIX Group AG; a one-off income from the reversal of deferred tax liabilities for STOXX Ltd. based on a decision by the Swiss Financial Supervisory Authority; a one-off income from the recognition of deferred tax assets resulting from the future possible offsetting of losses carried forward by Eurex Global Derivatives AG 7) Adjusted for the non-taxable income related to the revaluation of the share component of the purchase price paid for the acquisition of the shares in Eurex Zürich AG held by SIX Group 8) Adjusted for the cost of mergers and acquisitions and of efficiency programmes 9) Xetra Frankfurt Specialist Trading (prior to 23 May 2011: floor trading) 10) Excluding certificates and warrants 11) Market capitalisation of companies listed in the Prime Standard (shares) in relation to the market capitalisation of all companies listed on the Frankfurt Stock Exchange (FWB®, Frankfurter Wertpapierbörse)

Deutsche Börse Group at a glance

Our six services

Listing p. 20

Stock exchanges bring companies from the real economy together with investors on the capital market. Both large, international enterprises and medium-sized companies raise equity or debt capital via Deutsche Börse. They can choose from different transparency segments.

Benefits: Investors can share in the growth of the real economy – and promote it with their investments.

Our brands

- Deutsche Börse
- Xetra®

Trading p. 24

Exchange trading is as close as you can get to a "perfect market": Deutsche Börse operates regulated markets for equities, derivatives and other instruments, based on its Xetra® and Eurex® electronic trading systems.

Benefits: Prices are determined on exchanges on the basis of free buy and sell decisions, which then serve as guidelines for companies' future prospects.

Our brands

- Xetra®
- Scoach®
- Tradegate®
- Eurex®
- Eurex Bonds®
- Eurex Repo®
- International Securities Exchange
- European Energy Exchange

Clearing p. 30

Clearing is used to net out claims and liabilities relating to financial instruments against each other. Eurex Clearing AG, Deutsche Börse Group's clearing house, acts as a buyer for every seller and a seller for every buyer. Market participants provide collateral to manage the risk that arises in trading.

Benefits: Clearing is comparable to insurance against counterparty default for market participants.

Our brand

- Eurex Clearing

Post-trade p. 34

After trading and clearing, Clearstream – Deutsche Börse Group's post-trade services provider – supports market participants in settling their delivery obligations and in holding the securities purchased in safe keeping. These securities can then be used as collateral.

Benefits: Post-trade services enable market participants to satisfy legislators' regulatory requirements reliably and efficiently.

Our brands

- Clearstream
- Lux CSD
- REGIS-TR

Responsibilities of Executive Board members

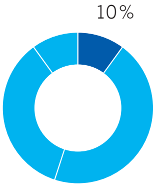
CEO, CFO, Special Projects

Xetra, Eurex

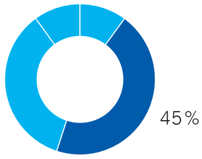
Clearstream

Our four financial reporting segments: Breakdown of net revenue[1)]

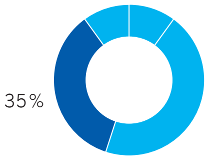
Xetra



Eurex



Clearstream



■ Share of Deutsche Börse Group's net revenue attributable to the segment concerned

1) The external net revenue from the Information Technology (IT) segment and the costs for corporate services are allocated to the four segments.

Our four aspects of sustainability CR

IT services p. 40

IT is the foundation for all exchange services. Deutsche Börse operates data centres for trading and settlement and programs the related software. It also builds and supervises the network linking participants.

Benefits: Reliable trading and settlement systems – and hence market security – are the top priority for IT at Deutsche Börse.

Our brand

- Deutsche Börse

Market data p. 44

Institutional and private investors base their decisions on market data – which in turn create new information. Deutsche Börse produces and distributes price data from its Eurex and Xetra trading systems and indices on global market trends.

Benefits: Thanks to their independence, exchanges can deliver objective measurements of market trends.

Our brands

- DAX®
- STOXX®
- Market News International (MNI)
- Need To Know News

Economy p. 152

Deutsche Börse Group's core business includes efficiently organising, and providing stable systems for, capital markets. Standardisation, maximum transparency and a broad range of risk management services are the tools that it uses to reach these goals. The Group also focuses on making high-quality sustainability information available to ensure that investors can make rounded investment decisions.

Environment p. 152

As a financial services provider, too, Deutsche Börse Group is responsible for ensuring an intact environment. The core objective of its ecological commitment is to measure and monitor the effects its operating activities have on the environment and to minimise negative effects. Both employees and service providers are included in this.

Employees p. 50

Committed, competent staff are vital to Deutsche Börse Group's business success. This is why, in addition to offering attractive remuneration and above-average social benefits, its human resources policy concentrates on measures promoting personal development and a better work-life balance.

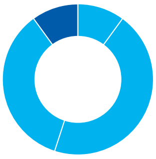
Corporate citizenship p. 60

As a "good corporate citizen", Deutsche Börse Group becomes involved in socially relevant topics. It is active primarily at a regional level and is guided by local needs at its various corporate locations. The Group-wide sponsorship guidelines focus on innovative, sustainable projects in the areas of education and science, culture and social involvement.

IT, Market Data & Analytics

Market Data & Analytics

10 %



Cover photograph: taken at the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange)

Corporate report 2012

Regulated markets guarantee fair trading. As a marketplace organiser, Deutsche Börse has a public-service mission to ensure integrity and transparency.

This year, Deutsche Börse Group is underlining its public-service mission by providing integrated reporting that also reflects the overarching benefits of its activities for the first time. Key aspects of the corporate responsibility report, previously published separately, can now be found in this corporate report 2012. This presents a clear profile of Deutsche Börse: its business activities as well as its responsibility.

How to navigate around this corporate report

- CR Corporate responsibility topics
- Reference to a location in the report
- Reference to a location outside of the report

Contents

About this report CR

Deutsche Börse is introducing a new reporting concept for this year: In addition to the content previously included in the annual report, this corporate report 2012 contains topics from the corporate responsibility (CR) report, which – until now – had been published separately. The new combined report marks the first step on our way to "integrated reporting". It demonstrates that social responsibility and sustainability are rooted in all business areas of Deutsche Börse Group.

The content of the report and indicators of the topics relating to corporate responsibility are essentially in accordance with the third generation (3.1) guidelines on sustainability reporting of the Global Reporting Initiative (GRI). Their evaluation was made with regard to the interests of important stakeholders – and the indicators are based on the materiality analysis. Since not all GRI indicators are applicable to the services of a stock exchange, further relevant key figures and information were added to these.

1) Component of the combined management report

Contents

2012 – the year that was

1st quarter

Jan **Eurex acquired in full:** Deutsche Börse Group acquires the remaining shares in Eurex Zürich AG from SIX Group AG, making it the sole owner of the Eurex derivatives exchange.

Clearstream organises 16th GSF Summit: The conference is the largest event for the repo and collateral management sector.

2012 Annual Reception: Deutsche Bundesbank President Dr Jens Weidmann is the keynote speaker at Deutsche Börse Group's Annual Reception. He addresses some 750 guests at Deutsche Börse's corporate headquarters.

Feb **European Commission blocks business combination with NYSE Euronext:** The European Commission prohibits the planned business combination of Deutsche Börse AG and NYSE Euronext due to antitrust concerns.

Mar **New collateral management services partners:** Clearstream wins the central securities depositories Strate in South Africa, CDS Clearing and Depository Services in Canada and Iberclear in Spain as further partners for a global collateral management.

2nd quarter

Apr **Climate data for 1,800 companies online CR:** The www.boerse-frankfurt.de website publishes emissions data for 1,800 companies around the world.

May **Clearstream joins T2S:** Clearstream becomes one of the first central securities depositories to sign the framework agreement for the European Central Bank's TARGET2-Securities (T2S) initiative.

Higher dividends and special distribution: Shareholders receive a dividend of €2.30 per share, a year-on-year increase of 10 per cent, plus a special dividend of €1.00 per share.

Faber takes over as Chairman of the Supervisory Board: Following the scheduled election of the entire Supervisory Board for its new term, four of the 18 members are women.

Jun **Deutsche Börse holds sixth Investor Day:** Analysts and institutional investors learn about Deutsche Börse Group's strategic focuses and current developments in its business areas.

First "Qualified Supervisory Board Member" examination: Deutsche Börse's Capital Markets Academy supports the German Corporate Governance Code requirement that supervisory board members should undertake training and further education measures so as to ensure supervisory boards' ongoing professionalisation.

You will find more details on the year 2012
in the online version of this corporate report
corporatereport2012.deutsche-boerse.com

3rd quarter

Jul **Expansion of European network:** The establishment of an additional access point in Zurich offers a further reduction in latency times for Xetra and Eurex customers.

Declaration of conformity with the German Sustainability Code is published CR: Deutsche Börse Group actively promotes transparent information on sustainability and supports the German Sustainability Code.

Aug **KOSPI 200 cooperation positive to date:** Eurex and KRX celebrate two years of cooperation on the most heavily traded derivative in the world.

1,000 ETFs tradeable on Xetra: Deutsche Börse's ETF product offering remains the largest of any European exchange.

Sep **First Chinese ETF on the DAX:** With a DAX® license to Hua An Asset Management, Deutsche Börse clears the way for the first Chinese ETF which gives investors from the People's Republic direct access to Germany's leading companies.

Placement of €600 million corporate bond: With the ten-year bond, Deutsche Börse replaces some of its existing non-current financial liabilities.

Awards for achievements in sustainability CR: Deutsche Börse is confirmed as a member of the Dow Jones Sustainability Indices. Furthermore, it has met the criteria for inclusion in the FTSE4Good Index and it also maintains its position in the STOXX® ESG Global Leaders Index and in the MSCI World ESG Index.

4th quarter

Oct **Continuous bond trading on Xetra®:** Xetra expands electronic bond trading to include over 2,000 international government and corporate bonds, plus 60 German federal government bonds.

Over 100,000 investment funds available via Clearstream: Clearstream now offers more than 100,000 investment funds from 33 countries for cross-border distribution.

Largest IPO since 2007: Telefónica Deutschland raises approximately €1.45 billion in equity with its initial public offering (IPO).

Nov **Eurex Clearing launches clearing of OTC interest rate swaps:** Buy-side clients can use the clearing platform ahead of the start of the clearing obligation in Europe for OTC financial instruments.

The Prague Stock Exchange uses Xetra: The Prague Stock Exchange migrates its electronic securities trading to the Xetra trading system.

Dec **Hauke Stars joins Executive Board:** Hauke Stars assumes responsibility for IT and Market Data & Analytics, which are being bundled into a single business segment.

Eurex introduces new trading system: The new generation of the new Eurex trading system goes live. With the new trading system, participants of Eurex Exchange benefit from significantly better performance while stability and availability remain as high as usual.

Higher transparency requirements for Open Market: Deutsche Börse closes the First Quotation Board and tightens the rules for the Entry Standard.

Letter from the CEO

Reto Francioni
Chief Executive Officer

Reto Francioni
Chief Executive Officer

Dear readers and shareholders,

Deutsche Börse has worked hard and with great success not only to become the number one in Germany, but also to reach the pinnacle of its industry worldwide. Your company is now among the world's leading exchange organisations and holds the top spot in Europe, well ahead of its formerly much stronger competition. Deutsche Börse Group's employees and executives have achieved excellent results over the past few years. We intend to continue these successes, even though 2012 proved to be a more difficult year due to cyclical effects and the weaker sector as a whole. The priorities of our company remain investing in future growth and in a reliable, highly efficient infrastructure for the financial markets worldwide, together with ensuring cost discipline and enabling shareholders to participate in our success.

We will reach these challenging targets, although we are well aware that it will not be easy. Our opportunities for growth have dwindled. As a European company, we have to acknowledge that, for our sector at least, there is currently a disadvantage to being located in Europe, at least when it comes to the European Commission's decisions. At the same time, our competitors are striking hard and regrouping, making the most of the disproportionately more supportive conditions in their own countries. We cannot rest for a minute and we do not plan to. Our focus remains on growing under our own steam by moving into new markets and leveraging new market opportunities.

Economic environment in 2012 and beyond: a difficult framework for exchange organisations

There is no doubt that it will take time before equilibrium is restored to the financial markets. 2012 was dominated by uncertainty about the development of the global and, in particular, the European economy, as well as the future of financial regulation. This hit trading volumes in the capital markets all over the world. According to the World Federation of Exchanges (WFE), the order book volume on regulated securities exchanges fell by 22 per cent worldwide and the number of derivative contracts traded on exchanges dropped 15 per cent in 2012, www.world-exchanges.org

As a central service provider to the financial sector, we, too, were affected by this trend Post-trade business remained remarkably stable given the difficult environment, with our diversified business model stabilising the Group's overall performance. In some areas, our ever more diverse business model not only provided stability, it actually generated growth. This was true, for example, in our new cash market segment for corporate bonds issued by medium-size companies, the relatively new volatility index derivatives and derivatives on government bonds outside of our traditionally successful products (the Bund Future and index derivatives), as well as our post-trade services for investment funds.

However, these growth segments are not large enough in terms of their scale. Or, to be more precise: they are not large enough yet. The aims of our strategy for this and the coming years include becoming even less sensitive to market fluctuations and developing stable and growing sources of income outside of our traditional business. This in no way means that we intend to neglect our core competency of organising regulated markets. On the contrary: we want to build on this core competency and extend it to new services that are tailored to the current market situation, namely the greater need for risk management and efficient collateral management, as well as the increased reporting requirements for OTC trading.

Our strategy: act in a way that benefits the real economy and offer the services that make this possible all over the world

It will allow us to contribute to creating a better, more responsible and more sustainable organisation of the unregulated markets, whose excesses led to the financial crisis in 2007 and 2008 and the consequences that are still being felt today.

This was already one of our objectives before the financial crisis, and we strengthened it in the aftermath through new offerings for market participants and the real economy. Our role is that of a market-centric intermediary between legislators and regulators, on one side, and the financial and real economy, on the other. For us, being market-centric means setting the same clear and enforceable rules for all parties, in the interests of all market participants, to ensure that everyone has the same information and trading opportunities.

The planned merger with US and European exchange organisation NYSE Euronext would have created the opportunity for us to more firmly implement these convictions globally and to reach currently non-transparent and uncollateralised markets. Unfortunately, as you know, the regulators in Brussels have not followed our reasoning and gave preference to, we still believe, an unjustifiedly narrow market definition that ignores the realities of the global economy. Even without this merger we were and still are the world's most comprehensive and diversified exchange organisation see the chart on page 12 in the chapter "Strategic perspectives".

Building on this, after the merger was blocked, we immediately realigned our corporate strategy, gearing it towards the medium term and implementing it without delay in 2012, see the "Strategic perspectives" section. To improve our focus on this strategy and accelerate its implementation, we increased our investments in carefully selected growth and infrastructure projects in 2012. We plan to continue along this route in 2013, although this will involve investing counter-cyclically and a further increase in expenses. Fortunately, we are able to fall back on our strong financial position. This is a competitive advantage we have developed over all other comparable exchange organisations worldwide thanks to our operating results, as well as our systematic cost management, see the chart on page 16 in the chapter "Strategic perspectives".

Strict cost management will continue to play a key role in the current and future years. However, an appropriate ratio of costs to investments must be maintained. We believe that all stakeholders should participate in the company's success. We will therefore propose a dividend of €2.10 for financial year 2012 to the Annual General Meeting to be held in May 2013. This is the same level as in 2007 to 2010 and the dividend is twice as high as the dividend paid in 2005.

Financial year 2012 and share performance: figures reflect the difficult environment

In financial year 2012, Deutsche Börse Group's net revenue declined 9 per cent to €1.9 billion. At the same time, adjusted profit before tax decreased 19 per cent to €1.0 billion. These figures reflect the difficult environment, which, as mentioned above, was dominated by uncertainty regarding future economic and regulatory developments. In light of these negative external effects, however, these results are satisfactory. Adjusted for non-recurring effects, such as the cost of efficiency measures, our operating costs rose 5 per cent to €922 million. This increase was within our forecast range and reflects the higher investments in growth and infrastructure projects. Other key indicators of our business performance are presented starting on page 106.

Deutsche Börse AG's share price rose 14 per cent in 2012 for further details, see the "Deutsche Börse shares" section of the management report on page 144. With a market capitalisation of around €9 billion, Deutsche Börse still ranks among the top five players in the global exchange arena, well ahead of its three biggest competitors active in Europe – NYSE Euronext, Nasdaq OMX and the London Stock Exchange. The only exchanges that are currently stronger than Deutsche Börse are those that are active in an environment where the real economy is growing rapidly (Brazil's Bovespa and HKEx in Hong Kong), or which have manoeuvred their way into the top spot through approved mergers, such as the CME.

The first integrated report: testament to our holistic, future-oriented corporate governance

A DAX®-listed group is no longer merely benchmarked against financial criteria such as market capitalisation or profit, particularly if a large proportion of its economic activities are performed as part of a public-service mission, as is the case for us with the Frankfurt Stock Exchange and the Eurex derivatives exchange. This report represents our first move towards integrated reporting.

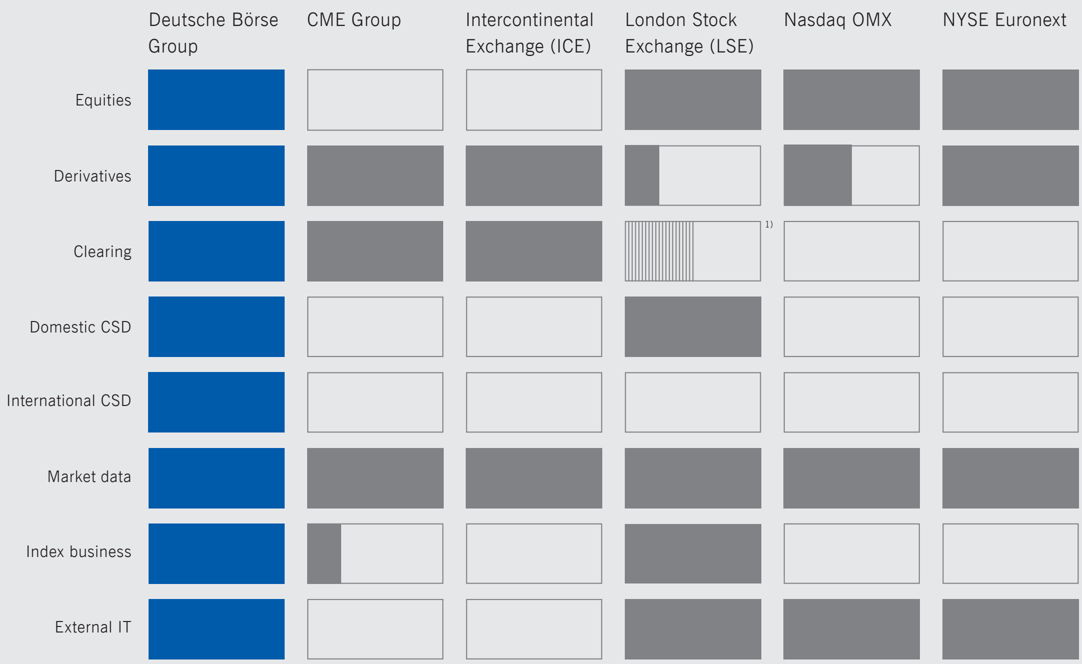
We are supporting a large number of initiatives to promote sustainability. We place particularly high value on our membership of the United Nations Global Compact and the implementation of its principles regarding human rights, labour, the environment and anti-corruption. After focusing strongly on our own sustainability performance and reporting in the past, which was again rewarded by our inclusion in key sustainability indices in 2012, we are now turning our attention to fostering transparency for holistic investment strategies on the global capital markets.

Our message to you, our shareholders, is we have not only overcome the challenges of the past year, but used them to open up new opportunities for the future. We are already ahead of all other exchange organisations worldwide in terms of the diversification of our business. We want to continue on this course, gathering speed from a walk to a run: unlike many others, we are fit enough for a marathon and have enough in reserve for plenty more sprints along the way.

Our employees at all our locations around the world made this success possible, which is why they deserve our special thanks for this difficult past year. One thing is true both for us as employees and managers of Deutsche Börse and for you as shareholders: competition will not only continue, it is going to get tougher. Fortunately, we are well prepared and know exactly how we are going to reach our targets.

Yours truly,

Reto Francioni
Chief Executive Officer



Deutsche Börse Group has the most complete business model of all exchange organisations worldwide

1) Acquisition of 60 per cent of the shares in LCH.Clearnet has not yet been completed.

Strategic perspectives

Deutsche Börse Group started its strategy of diversification as early as the 90s: beginning with electronic derivatives trading, the management of Deutsche Börse has been gradually expanding the company's core competences of organising regulated markets to include more products as well as post-trade services. The new perspectives formulated early in 2012 have adapted this strategy to the new market conditions and have focused it more sharply: firstly, on up-until-now unregulated and uncollateralised markets, secondly, on the setup of a powerful department for IT services and market data as well as, thirdly, on the expansion into global emerging markets, in particular in Asia.

Review: milestones towards a diversified global exchange organisation

Deutsche Börse Group is one of the most diversified exchange organisations in the world. It has achieved this over the years by growing organically taking advantage of selected external growth opportunities. 1990 saw the establishment of Deutsche Terminbörse (DTB, the German derivatives exchange), which merged with the Swiss Soffex exchange eight years later and, renamed Eurex, has since then emerged as one of the world's leading derivatives exchanges. It was the first time futures were traded and cleared in Germany, and – unlike at the established derivatives exchanges in London, Paris, or Chicago – this was done fully electronically. Also in 1990, an Aktiengesellschaft (German stock corporation) owned primarily by the German banks took over the operation of the cash market of the Frankfurt Stock Exchange from the Frankfurt am Main Chamber of Commerce and Industry. This corporation became Deutsche Börse AG in December 1992.

The acquisition of all shares in DTB and in the post-trading organisation Deutscher Kassenverein then laid the cornerstone for one of the first diversified companies shaping today's global exchange arena: Deutsche Börse Group. From 1997 onwards, Deutsche Börse also drove forward the roll-out of electronic trading in the cash market through Xetra®, which had already delivered success after success for the company in the derivatives area.

The new millennium brought further key innovations: in 2000, Deutsche Börse Clearing AG, which had previously been formed from the securities settlement organisations, merged with the Luxembourg-based international central securities depository Cedel International to form Clearstream International. Two years after that, Deutsche Börse acquired all the shares in Clearstream International. This meant that the entire post-trading business (settlement, custody and collateral management) was now under the umbrella of Deutsche Börse Group.

The year 2001 marked another turning point: it was the year Deutsche Börse AG listed on the stock exchange, making it the first major western exchange organisation of international significance to take this step – its competitors, from the London Stock Exchange to the New York Stock Exchange, followed suit a short while later. Since then, Deutsche Börse Group has consistently been driving forward its internationalisation and diversification. It opened representative offices in Beijing, Hong Kong, Tokyo and later Singapore. What is more, through its subsidiary Clearstream, Deutsche Börse Group has operated in the region for three decades and has more firmly established customer relationships than most other Western exchange organisations.

Status: guarantor for safety and integrity in the securities trading

Deutsche Börse Group, one of the world's largest exchange organisations, provides access to the global capital markets for investors, financial institutions and companies. Deutsche Börse's offering covers the entire value chain, from the issuance of financial instruments, through securities and derivatives trading as well as clearing and the post-trading business, down to the provision of market data and the development and operation of electronic trading systems.

Safety and integrity form the basis of Deutsche Börse's business philosophy. Its strategy is built on these guiding values. In the development and implementation of this strategy, Deutsche Börse can depend on two special strengths, which distinguish it from other financial services providers: firstly, its neutrality, meaning that it strictly avoids internal conflicts of interest in its dealings with customers; secondly, its public mandate to operate regulated markets governed by safety and integrity. Both of these criteria are conditions for determining free prices that are not exposed to non-market influences, but are derived exclusively from generally available information and analyses. In this way, these prices perform an economic function as reliable signals on which companies and investors can base their investment decisions. This economic, and ultimately also social, function distinguishes them in particular from off-exchange trading platforms, which bring together orders on behalf of certain market participants in a weakly regulated environment.

Deutsche Börse Group's strategic directions

The strategic perspectives Deutsche Börse developed after the European Commission blocked the planned merger with NYSE Euronext focus on expanding the regulated, supervised and transparent offering to previously unregulated and uncollateralised markets. Through efficient risk and liquidity management, it holds answers to the continuing loss of confidence among market participants that arose during the financial crisis and still persists unabated. This applies in particular to the off-exchange sector and in the context of implementing the regulatory reforms intended to respond to the financial crisis by increasing the transparency, security and integrity of markets and market infrastructures. Other strategic directions are the creation of a powerful market data and IT unit as well as geographical expansion, especially into the Asian markets see chart below. In all three areas, Deutsche Börse Group reaped the first rewards in 2012, especially in the expansion of its offering:

Firstly: In May 2012, Deutsche Börse entered into an agreement with the largest international trading houses for the introduction of a clearing solution for OTC interest rate swaps. The systems for the first phase were completed and the production environment went live in November 2012, for details see the chapter entitled "Clearing".

Strategic roadmap – investments in growth and infrastructure will be further increased in 2013

Secondly: Already in 2011, the Brazilian central securities depository Cetip had become the first Global Liquidity Hub customer that Deutsche Börse connected to Clearstream. In addition to Brazil, agreements have been entered into for Canada, Australia, South Africa and Spain to join this initiative for the increasingly important liquidity and collateral management activities. Some of these markets will be connected to the Global Liquidity Hub in the course of the year 2013, for details see the chapter entitled "Post-trading".

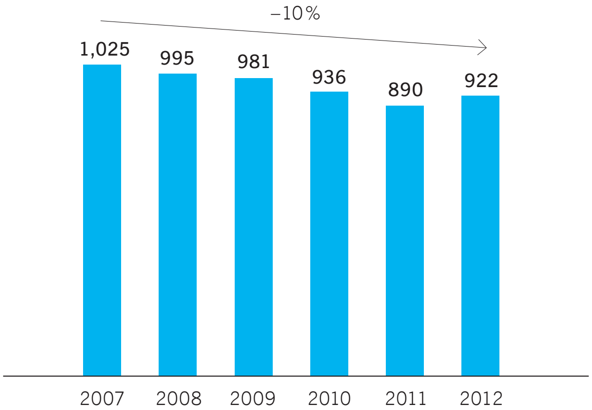
Thirdly: By linking Eurex's central counterparty to Clearstream's collateral management, Deutsche Börse Group is able to offer products and services that combine the strengths of both areas. One example is GC Pooling® Select, a product with which Deutsche Börse Group extends collateralised money market transactions to new customer groups – especially companies in the real economy as well as funds and insurers. With this new market segment, Deutsche Börse meets these companies' growing demand for collateralised financing. According to a recent study, the collateralised money market transactions of non-banks grew twice as fast in the past five years as their uncollateralised equivalents, i.e. at 10 per cent a year compared with 5 per cent a year.

In the market data and IT area, Deutsche Börse bundled all the Group's IT services together with the market data business to form a new segment with effect from 1 January 2013, combining them in a market-driven business unit under the leadership of Hauke Stars. By the middle of 2013, Hauke Stars and her team will define the strategic direction for the new segment and identify areas for expansion to leverage growth potential in the medium to long term.

Geographical expansion: it is clear that critical future growth in Deutsche Börse Group's markets will no longer be concentrated on Europe or North America, but on Asia and Latin America. For this reason, Deutsche Börse has identified promising fresh potential in the geographical expansion of its business, especially in the Asian growth markets,

Effective cost management

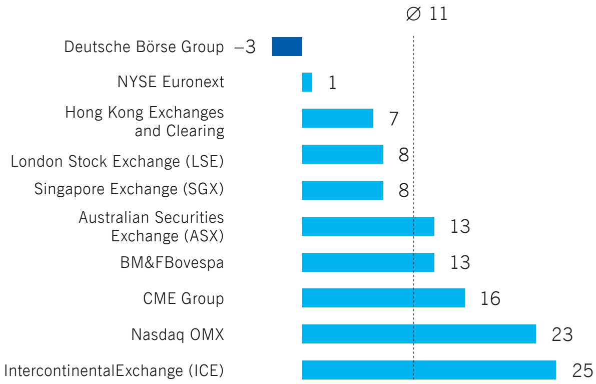
Operating costs[1], €m



1) Adjusted for ISE impairment (2009–2010), costs for efficiency measures (2007–2012) and merger related costs (2011–2012)

Cost growth of key exchange organisations

Compound annual growth rate 2007–2011[2], in %



2) Operating costs 2011 vs. 2007; Deutsche Börse Group excluding volume related costs; NYSE Euronext excluding section 31, liquidity payment, routing and clearing fees; Nasdaq excluding liquidity rebates and brokerage clearance and exchange fees; LSE FY until 31 Mar 2012; ASX and SGX FY until 30 June 2011

whose financial infrastructure is not yet keeping up with the dynamic growth of the real economy. In those markets, Deutsche Börse is currently expanding through organic growth, supplemented occasionally by suitable forms of cooperation. Here are a few examples:

- In the derivatives market, Deutsche Börse has developed a pioneering form of cooperation with the Korea Exchange, under which customers can use Eurex's global network for Asian products outside the Asian time zone – in this case they are able to trade a derivative on one of the most widely traded indices in the world, Korea's benchmark KOSPI index. Following this experience, which was encouraging for both parties, the Korean financial regulator granted Eurex direct market access for further products in February 2013.
- Also in February 2013, Eurex extended this form of cooperation to its collaboration with the Taiwan Futures Exchange, TAIFEX. The planned cooperation, which is scheduled to start in the fourth quarter of 2013, covers trading and clearing of derivatives on the TAIEX index, one of Asia's most widely traded equity indices.
- In February 2013, Eurex also connected the first participant from Japan directly to the global trading network.

Outlook: continuation of the strategy and systematic cost management

The projects described above are laying the foundations for Deutsche Börse Group's future growth. However, it is difficult to predict how soon they will translate into increased revenue and profit. The projects have been planned for the medium term and cannot be assessed on the basis of interim reviews. Moreover, they depend on the speed at which the general environment is changing.

In addition, the success of Eurex's off-exchange business initiatives (EurexOTC Clear) depends on the implementation of regulatory measures. On the one hand, it is critical that the systems and processes for clearing OTC financial instruments and for meeting new reporting requirements are already available and have demonstrated their robustness in test runs. On the other, new business initiatives can only be rolled out once absolutely all the implementation rules have been formulated in detail and legitimised democratically. These processes – quite rightly – require a lot of coordination effort, so their outcome cannot be predicted with the same accuracy as is possible when planning pure-play technical projects.

In addition to its expansion efforts, Deutsche Börse is recognised in the market for its forward-looking cost management. Thanks to its measures for enhancing operating efficiency, Deutsche Börse secured an edge over its competitors at anticipating the changes in its market environment and the cyclical headwinds. Of the world's major exchange organisations, Deutsche Börse is the only one that effectively reduced its operating costs in the period from 2007 to 2011. Deutsche Börse will continue to pursue its strict cost discipline in the future to leverage the freedom needed for investments. For this reason, Deutsche Börse is planning to cut staff costs and non-personnel costs by €70 million a year. This objective is to be achieved by 2016 without compulsory redundancies.

Deutsche Börse also takes its social responsibility very seriously. Deutsche Börse's corporate responsibility strategy focuses on the economy, employees, the environment and society, for details see page 48. The way these focal points impact on the various exchange functions is described in the chapters starting on page 20.

Our six services – present for you in 22 locations worldwide

Whether Rhine-Main area, London's Docklands, the financial districts in Manhattan, Hong Kong or Singapore – Deutsche Börse Group is present where its customers are: in the whole world. At least, with one of its six services around securities. The Group focuses on Europe, its region of origin, and is deeply rooted with it. The two biggest locations are the area Frankfurt Rhine-Main and Luxembourg – together with Paris, they represent the most important financial centres in continental Europe. As its customers, however, Deutsche Börse Group focuses more and more on the world's growth regions, in particular on Asia.

Locations in Europe: Berlin, Brussels, Dublin, Eschborn, Frankfurt/Main, Leipzig, London, Luxembourg, Madrid, Moscow, Paris, Prague, Zurich

Locations in Asia: Dubai, Hong Kong, Beijing, Singapore, Tokyo

Locations in North America: Chicago, New York, Ottawa, Washington, D.C.

The exchange

Exchanges make an important contribution to the economy by bringing companies together with investors. When a company is listed, its stock is admitted to trading on the exchange. Comprehensible pricing is the result of transparent, supervised trading on regulated markets. Clearing houses protect market participants against risks, post-trade services help them to use the securities held in custody efficiently. IT services provide the electronic basis for this. And market data ensure the necessary transparency from an independent source.

Listing

Task

→ **Listing**. Stock exchanges bring companies seeking capital together with investors providing it. In this process, the company publicly offers investors its own shares or bonds, which are first admitted to or listed on the exchange and can then be traded.

Process

Planning and preparation	→	Structuring	→	Implementation and marketing	→	Pricing and secondary market
▪ Selection of advisors ▪ Selection of consortium bank		▪ Creation of timetable and business plan ▪ Due diligence ▪ Preparation of EU prospectus		▪ Preparation of investor relations activities ▪ Publication of EU prospectus ▪ Application for admission of securities ▪ Approach to investors		▪ Pricing and allocation process ▪ Initial price fixed ▪ Exchange trading

Benefits

→ Stock exchanges provide efficient access to the capital market. Companies can raise equity or debt capital by issuing shares or bonds. This provides a basis for investments and innovation in the real economy and thus for jobs.

Listing

Deutsche Börse gives companies access to the capital market. Both large and medium-sized companies can raise equity or debt capital. By issuing shares, they raise equity capital and grant investors participation rights. When raising debt capital by issuing bonds, companies undertake to pay interest and repay the invested capital.

At Deutsche Börse, companies can choose from transparency standards: the Prime Standard offers maximum transparency – and therefore also draws the greatest attention from investors. The General Standard requires the level of compliance prescribed by the EU, and the Entry Standard requires the minimum that is necessary from the investors' point of view.

This gives investors the opportunity to share in the growth of the economy. In this way, Deutsche Börse facilitates investments by companies while at the same time supporting retirement provision.

Listing

Task

Listing. Stock exchanges bring companies seeking capital together with investors providing it. In this process, the company publicly offers investors its own shares or bonds, which are first admitted to or listed on the exchange and can then be traded.

Process

Planning and preparation
- Selection of advisors
- Selection of consortium banks

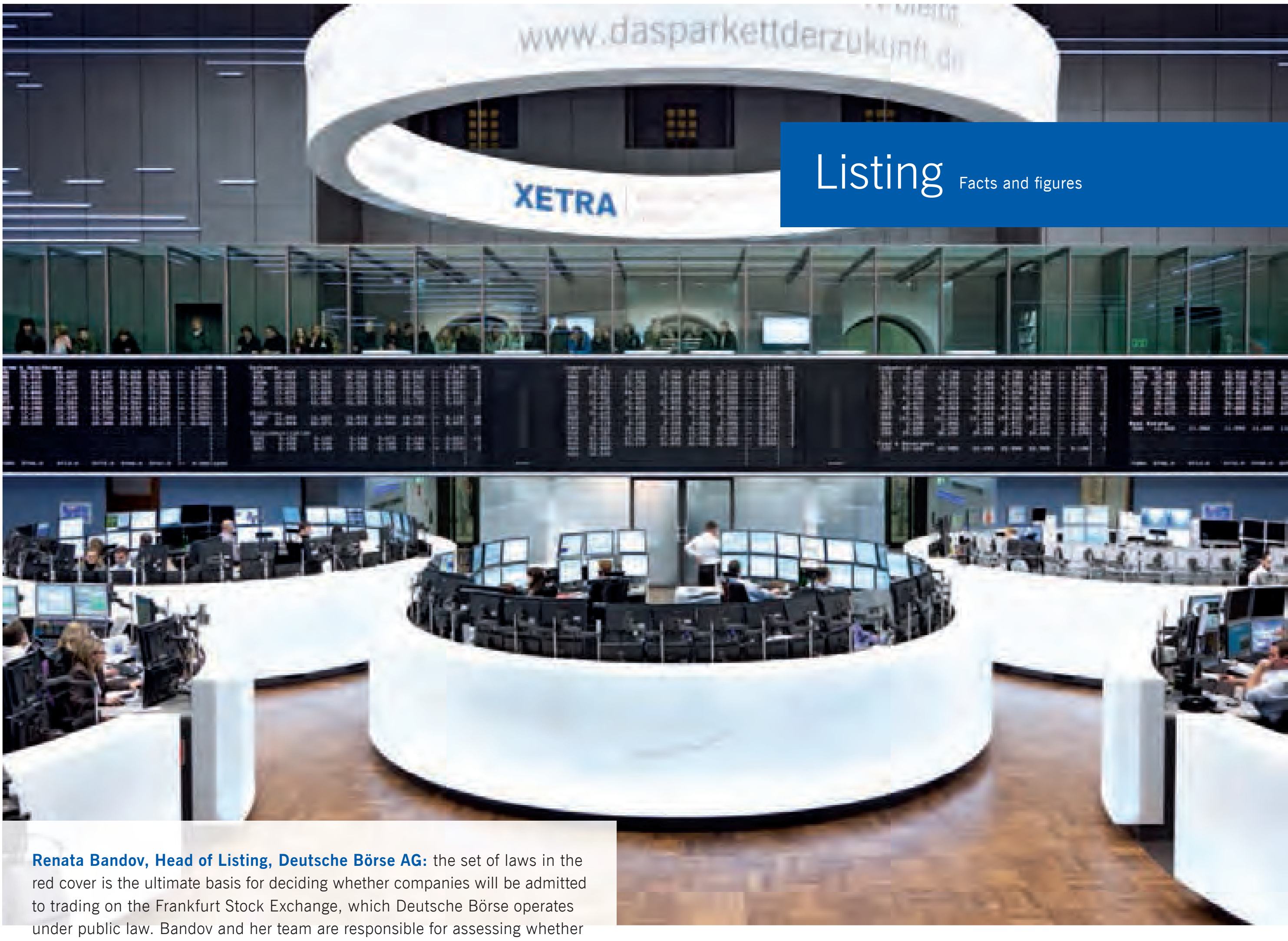
→ **Structuring**
- Creation of timetable and business plan
- Due diligence
- Preparation of EU prospectus

→ **Implementation and marketing**
- Preparation of investor relations activities
- Publication of EU prospectus
- Application for admission of securities
- Approach to investors

→ **Pricing and secondary market**
- Pricing and allocation process
- Initial price fixed
- Exchange trading

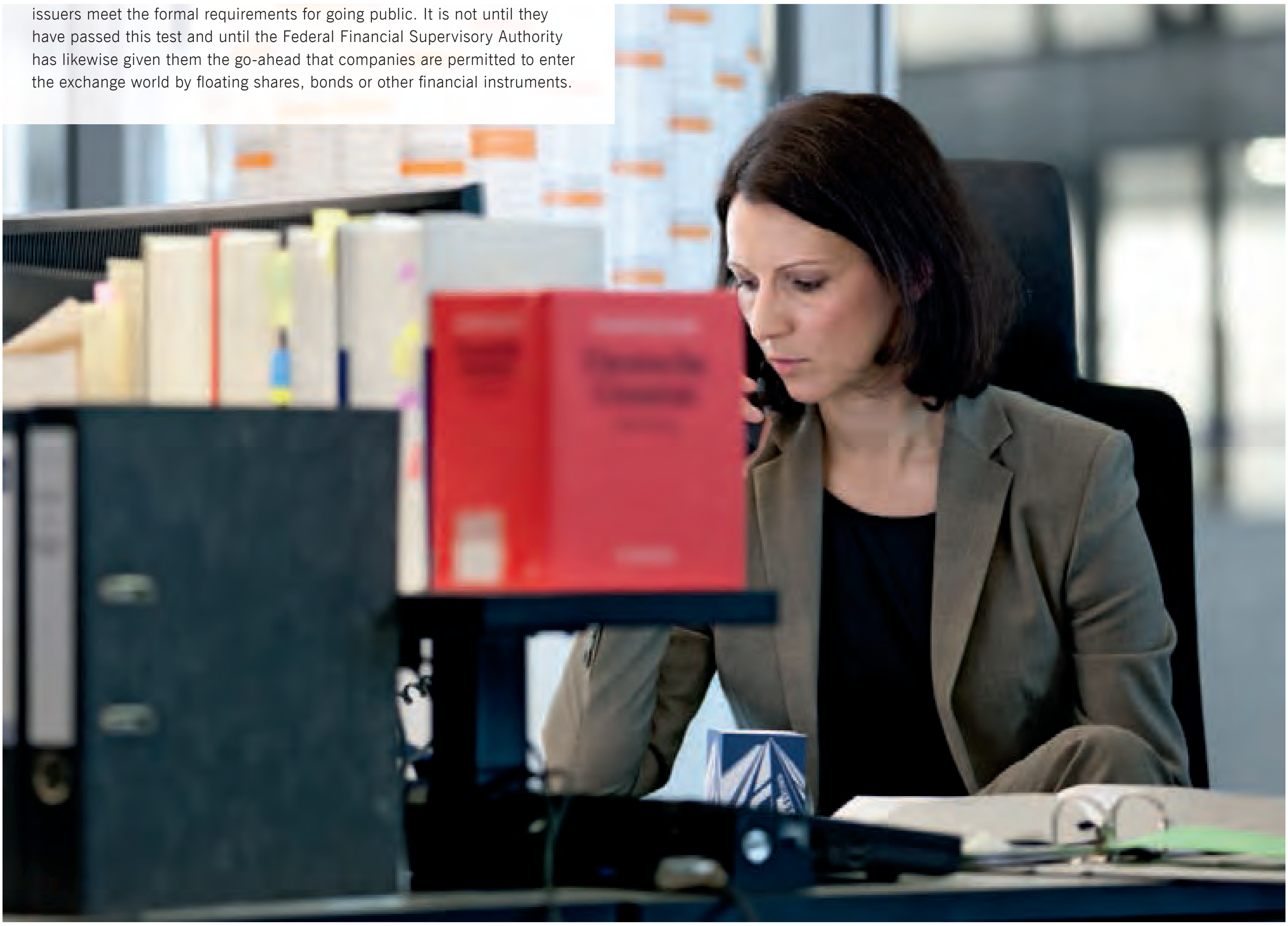
Benefits

Stock exchanges provide efficient access to the capital market. Companies can raise equity or debt capital by issuing shares or bonds. This provides a basis for investments and innovation in the real economy and thus for jobs.



Listing Facts and figures

Renata Bandov, Head of Listing, Deutsche Börse AG: the set of laws in the red cover is the ultimate basis for deciding whether companies will be admitted to trading on the Frankfurt Stock Exchange, which Deutsche Börse operates under public law. Bandov and her team are responsible for assessing whether issuers meet the formal requirements for going public. It is not until they have passed this test and until the Federal Financial Supervisory Authority has likewise given them the go-ahead that companies are permitted to enter the exchange world by floating shares, bonds or other financial instruments.



Our brands

DEUTSCHE BÖRSE GROUP

XETRA DEUTSCHE BÖRSE GROUP

Many roads lead to the capital market

At Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange), which is operated by Deutsche Börse, companies can raise both equity and debt capital – with different transparency requirement levels tailored to the needs of companies and investors see chart below.

Initial public offerings at Deutsche Börse benefit from simple admission procedures, a well-balanced regulatory environment and low costs. The transparency requirements are tailored to the company profiles that apply in the different segments. The Prime Standard, for example, is geared towards large, established companies as well as medium-sized companies focusing on international investors. The General Standard is suitable above all for companies with national operations that primarily want to appeal to German investors. The lower barriers to access offered by the Entry Standard provide small, medium-sized and young growth enterprises in particular with access to the capital market.

There are many arguments in favour of tapping the capital market – even in economically difficult times. An exchange listing is particularly good for expanding the range of options available to medium-sized companies, allowing them to overcome difficulties in accessing capital. Securing a long-term source of financing that is more independent of banks is a key element in a sustainable corporate strategy. In addition, listing enhances the reputation of companies with banks as well as with customers.

Deutsche Börse's primary market offering targets both German and international companies. The main focus of its drive to win international companies for a listing on the FWB continues to be on Asia as well as Central and Eastern Europe. For example, Deutsche Börse welcomed 7 new issues from China in 2012.

Corporate bonds: a new growth area

The Entry Standard for corporate bonds is especially for growing medium-sized companies

Customised transparency – for shares and bonds

Overview of Deutsche Börse's transparency segments

Two ways to access the capital market:	**EU-regulated market** (Regulated market)	**Exchange-regulated market** Regulated unofficial market (Open Market)
Deutsche Börse transparency segments for shares:	**Prime Standard** **General Standard**	**Entry Standard**
Deutsche Börse transparency segments for corporate bonds:	**Prime Standard for corporate bonds** The participation requires the inclusion in the Entry Standard or the admission to the regulated market.	**Entry Standard for corporate bonds**

€2.35 billion

IPO volume on the Prime Standard in 2012

a simple, quick and cost-effective option to raise debt capital. The market segment's offering is now also targeting a significant number of private investors for the first time, who can use it to subscribe for bonds directly via the stock exchange. For the placement of bonds, Deutsche Börse gives issuers access to a comprehensive network of investors and traders in Germany and abroad. In 2012, 19 companies made use of this option to raise capital, borrowing €767 billion in total.

The success among medium-sized companies of the Entry Standard for corporate bonds also alerted larger issuers to the possibility of issuing bonds. In response, in October 2012 Deutsche Börse created a segment for large-volume bonds: the Prime Standard for corporate bonds. The companies listed there meet particularly stringent transparency requirements.

Contributions to sustainable business activities CR

By raising capital, companies can finance investments, thereby creating jobs and contributing to economic growth and prosperity. Unlike on the OTC market for these securities, trading via the fully electronic Xetra® trading system is subject to strict supervisory rules and is continuously monitored.

Listed companies have an obligation of transparency to investors. Deutsche Börse supports them in meeting this obligation by providing a system that transmits the information required for publication: the electronic Exchange Reporting System (ERS®). The information transmitted is published on the Internet at boerse-frankfurt.de and is therefore available promptly to interested investors. Environmental, social and governance (ESG) scores and CO_2 emission data for 1,800 global stock corporations provided as part of the Carbon Disclosure Project are also available free of charge on the same website.

In addition, Deutsche Börse regularly presents workshops on sustainability issues. For example, an entire forum at the German Equity Forum 2012, Europe's biggest capital market conference, was dedicated to sustainability.

€6.73 billion

volume of the capital increases on the FWB® in 2012 (Prime, General and Entry Standard)

€2.38 billion

IPO volume in total in 2012

€1.69 billion

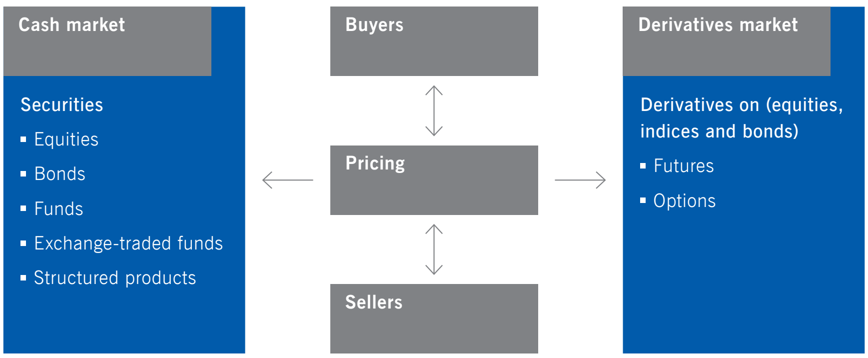
issue volume in the bond segment in 2012 (Entry and Prime Standard for corporate bonds)

Trading

Task

Trading. Exchanges are marketplaces where buyers and sellers negotiate prices under the same conditions. Standardised products, such as equities and derivatives, are the most commonly traded products. Most trades are carried out electronically.

Process



Benefits

Transparent, supervised trading creates fair and transparent pricing. In this way, prices guide investment flows to where the best performance is expected.

Trading

Exchange trading is the closest possible approximation to a “perfect” market. The goods traded there – securities, derivatives or commodities – are standardised and therefore comparable. In addition, exchange trading offers maximum transparency and guarantees the supervision of market development.

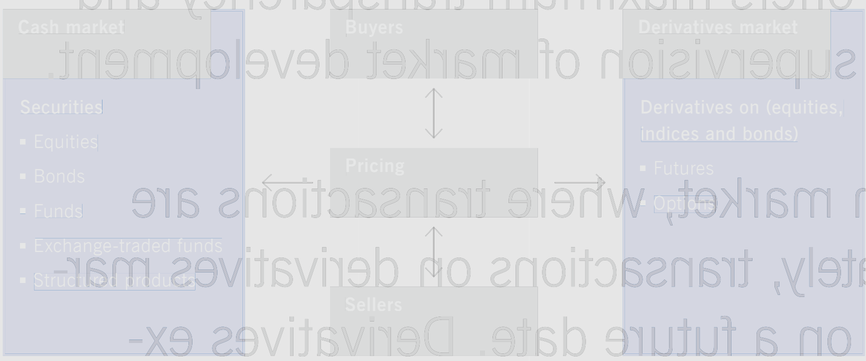
Unlike the cash market, where transactions are settled immediately, transactions on derivatives markets are settled on a future date. Derivatives exchanges offer investors more opportunities to hedge.

Floor trading, where market participants gather at the exchange to execute transactions, has now been replaced by electronic systems: Although trading still takes place on the floor of the main trading room of the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange), the specialists who have access to the floor use Deutsche Börse’s electronic trading system, Xetra®. Trades on Deutsche Börse’s derivatives markets are performed solely electronically.

Task

Trading Exchanges are marketplaces where buyers and sellers negotiate prices under the same conditions. Standardised products, such as equities and derivatives, are the most commonly traded products. Most trades are carried out electronically.

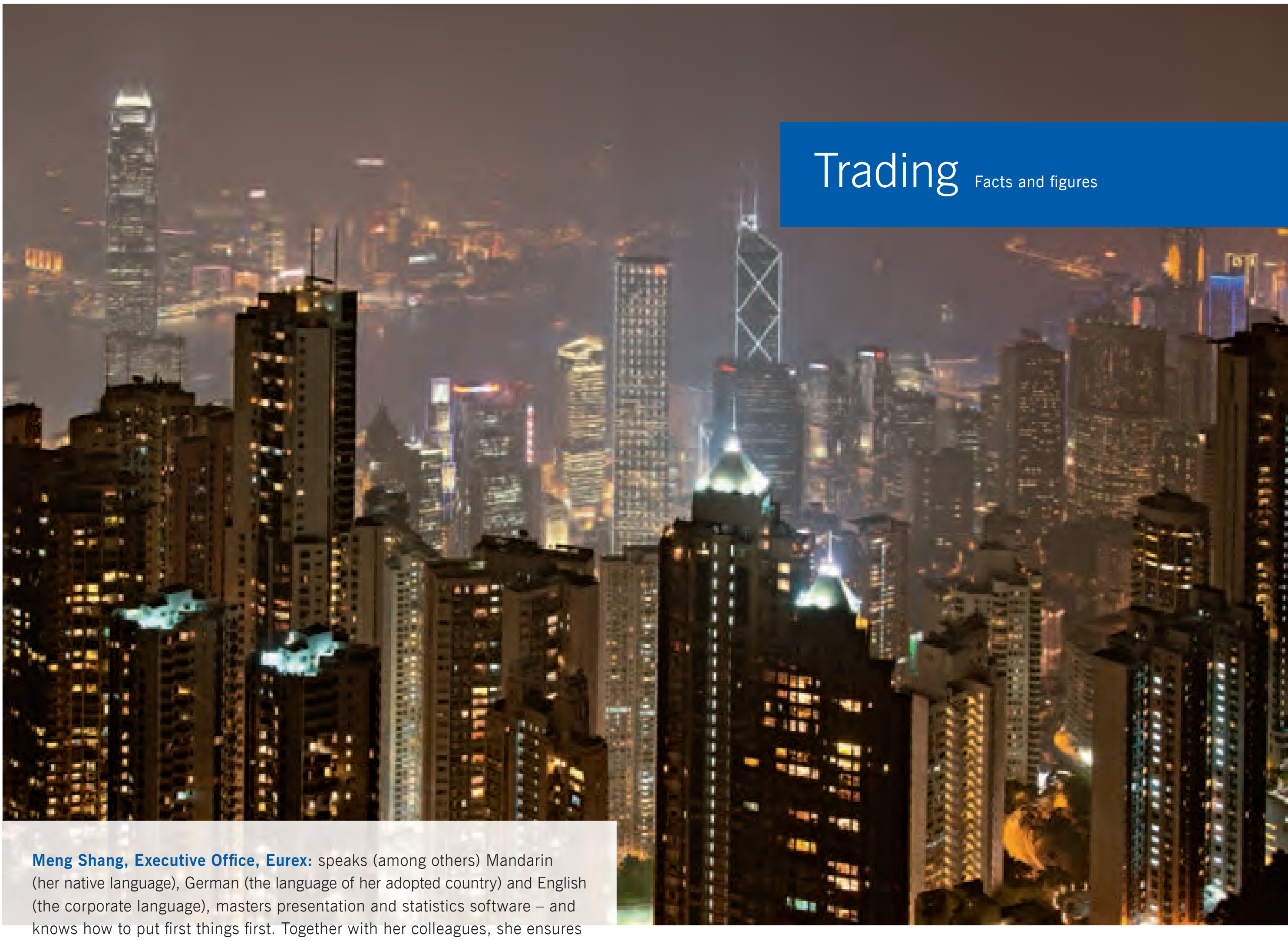
Process



Benefits

Transparent, supervised trading creates fair and transparent pricing. In this way, prices guide investment flows to where the best performance is expected.

Trading Facts and figures



Meng Shang, Executive Office, Eurex: speaks (among others) Mandarin (her native language), German (the language of her adopted country) and English (the corporate language), masters presentation and statistics software – and knows how to put first things first. Together with her colleagues, she ensures that Eurex's Executive Committee always has absolutely accurate analyses at hand for preparing its decisions advancing the electronic cash and derivatives markets. Based in the Eschborn head office, at times she also works at the airport en route to one of the cities in the region that offers best potential for future growth: East Asia.

Trading (Cash market)

Our brands

XETRA DEUTSCHE BÖRSE GROUP

scoach

tradegatexchange

Cash market: broad portfolio of tradeable products

Xetra is Deutsche Börse AG's cash market division. Xetra provides efficient access to the capital market, supports cutting-edge trading models and offers an ever-growing range of tradeable securities. Over 11,000 equities from German and international issuers, more than 25,000 fixed-income securities, 1,200 exchange-traded funds (ETFs), exchange-traded commodities (ETCs) and exchange-traded notes (ETNs), as well as around 2,800 actively managed mutual funds can be bought and sold on Xetra. This allows investors to make targeted investments in instruments that correspond to their individual investment strategy and risk preferences.

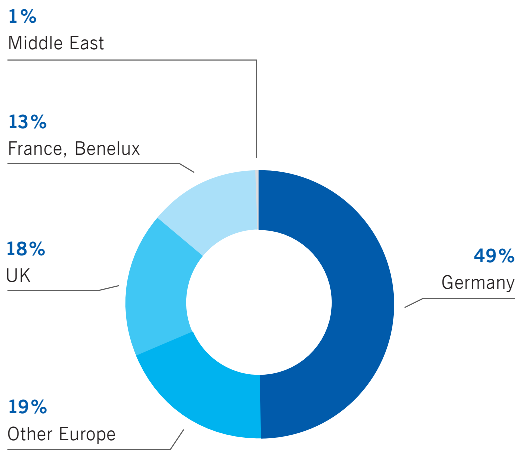
In addition, more than 950,000 certificates and warrants can be traded on the Scoach exchange, which is operated jointly with SIX Swiss Exchange.

Tailored market models allow a wide variety of investors from Europe and all over the world to realise their trading strategies. Xetra executes orders at the best possible price and offers transparent and fast trading at low costs.

Xetra is aimed at both institutional and private investors. Xetra Frankfurt Specialist Trading, which is carried out on the Xetra platform by intermediaries in the main trading room of the FWB, is primarily geared towards private investors. Deutsche Börse also has an interest in the operator of the Tradegate Exchange in Berlin, whose services and extended trading hours are tailored to private investors.

Xetra: presence in Europe and beyond

Countries of origin of Xetra® participants 2012
(share of total number 244)



As at 31 December 2012

Stronger international presence

Xetra further expanded and strengthened its international coverage in 2012. Its international reach allows Xetra to consolidate liquidity from all over Europe, improving the market quality for all investors. Other European exchanges use the Xetra technology to operate their cash markets.

The Xetra platform has been used by the Vienna Stock Exchange since 1999, the Irish Stock Exchange since 2000, the Bulgarian Stock Exchange since 2008 and the Ljubljana Stock Exchange since 2010. In July 2012, the Malta Stock Exchange also adopted the Xetra system.

€1,145.2 billion

trading volume on Xetra® including Frankfurt Specialist Trading and Tradegate

Diversified trading opportunities with new products

In October 2012, bond trading on Xetra was expanded to include more than 2,000 international government and corporate bonds, as well as 60 German federal government bonds. Market participants benefit from a transparent and liquid bond market and gain access to a wide investor network of Xetra. At the same time, Deutsche Börse is promoting the integrity of the market with regard to the trade in this asset class, which was previously almost exclusively traded off-exchange ("over-the-counter", OTC), and has already met the highest transparency requirements.

Technological expansion

Speed, security and resilience are essential parameters in competition between exchange organisations. In 2012, Xetra implemented further measures to enhance the trading system's performance. Xetra boasts particularly high system reliability, which minimises its customers' operational risk see also chapter "IT services".

The development of Xetra technology focused on standardisation in 2012 (e.g. the use of the public-domain FIX transfer protocol) and functional enhancements (e.g. new order types). In addition, as part of the launch of a new version of the trading system in November 2012, Xetra made it easier to record OTC transactions.

Contributions to sustainable business activities CR

Trading on Xetra is distinguished by its high level of transparency, fair pricing and rigorous trading surveillance. These criteria must be met in order for all investors to be able to participate equally in market developments. In this way, Xetra makes a significant contribution to the security and integrity of the capital markets and helps maintain trust in the markets even at times of crisis.

194.7 million

transactions executed on Xetra®

244

trading institutions with more than 4,134 connected terminals and traders in 18 countries

More than 990,000

financial instruments tradeable on Xetra

Trading (Derivatives market)

Our brands

Derivatives market: derivatives as hedging instruments

Derivatives have become an integral part of the modern world of finance, as they make it possible to manage market and price risks. Hedging with derivatives increases companies' planning certainty and thus also contributes to better macroeconomic performance.

Deutsche Börse's Eurex derivatives exchange is one of the world's largest regulated markets for futures and options trading. Eurex's strength lies in the trading of index derivative products and interest rate derivatives with maturities of two or more years. Futures and options on individual equities and other underlyings can also be traded on Eurex.

Eurex is also represented on the US equity options market via its New York subsidiary, International Securities Exchange (ISE).

Furthermore, Eurex Repo is another Deutsche Börse Group derivatives exchange. Eurex Repo is a marketplace for collateralised money market transactions, known as repurchase agreements (in short: repos). These are financing transactions where securities with a predetermined repurchase price are exchanged for cash.

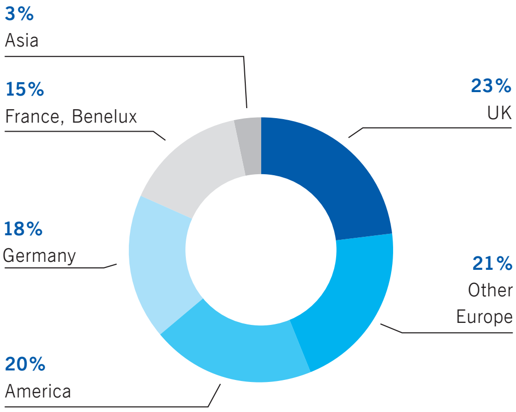
Together with leading banks, Eurex operates the Eurex Bonds trading platform for interbank trading of European government bonds, among other asset classes. Compared with OTC transactions, market participants also benefit from greater transparency and supervised trading on this platform.

Stronger international presence

In 2012, Eurex's strategic goals again included the global expansion of the business. Eurex expanded its presence in the Asia-Pacific region, in particular, through its branches in Singapore, Beijing and Hong Kong, among other locations. In total, 14 participants from the region were connected to the Eurex network see chart below.

Eurex: a global network

Countries of origin of Eurex participants (share of total number 426)



As at 31 December 2012

The cooperation with the Korea Exchange for derivatives trading on Korea's benchmark KOSPI index was particularly successful. The 2012 trading volume was double that of the previous year.

With its Trader Development Program, Eurex supports new traders by allowing them to use the order routing systems of existing participants

2.3 billion

transactions on Eurex®, including ISE

to trade on Eurex and therefore offers an alternative to direct membership. Hence, a large number of new traders were again acquired worldwide in 2012. Eurex thus also contributed to specialist training in derivatives trading around the world.

Diversified trading opportunities with innovative products

Eurex Exchange launched around 150 further equity index and commodity derivatives as well as a futures contract on French government bonds in 2012. The European government bond futures supplement the Bund future. The euro crisis caused government bond yield curves to move in vastly different directions. In view of this, the new government bond futures contracts represent more accurate hedging instruments for market participants.

Exchange-traded dividend derivatives, a relatively new asset class, were very popular on the market. For this type of derivative contract, the focus is on the dividend distributed rather than the performance of the underlying that pays out the dividend. Volatility index derivatives also grew sharply. These indices react to the fluctuation range of share prices of major euro zone companies. This offers a further hedging option to market participants.

New trading platform

Eurex launched a new generation of its trading platform in December 2012. The traded products are gradually being migrated to this new architecture. With this new trading platform, Eurex has again set the global standard as a technology leader in the field of derivatives trading, while at the same time improving the management of operational risk.

Contributions to sustainable business activities CR

Exchange trading not only contributes to sustainability by improving risk management and transparency. It can also help to reduce greenhouse gas emissions, as laid down in the Kyoto Protocol, through the trade in CO_2 certificates. As the EU auction platform, the Leipzig-based European Energy Exchange (EEX), in which Eurex holds a majority interest, is one of the leading European exchanges organising the trade in these certificates. EEX also operates a regulated market for power, natural gas and coal. At present, EEX is planning to expand trading to include green power certificates based on wind, hydroelectric and solar power.

575

participants, thereof 426 at Eurex Exchange with more than 8,000 traders in 31 countries, and 149 participants at ISE

More than 3,800

tradeable derivatives, thereof around 1,800 futures and options on Eurex Exchange and more than 2,000 options on ISE

Clearing

Task

Clearing. The participants involved in securities and derivatives trading enter into sale and purchase agreements that have to be fulfilled at a certain point in time. As a central counterparty, the clearing house guarantees delivery and settlement.

Process

Sellers	↔	Clearing house/ central counterparty	↔	Buyers
▪ Equities ▪ Derivatives ▪ Repos ▪ Bonds		▪ Enters into purchase agreement ▪ Guarantees its settlement ▪ Manages risks ▪ Manages collateral		▪ Equities ▪ Derivatives ▪ Repos ▪ Bonds

Benefits

Clearing is comparable to insurance against counterparty default for market participants. Clearing therefore increases stability and integrity of the markets.

Clearing

The traded financial instruments and financial claims of each participant are netted out and collateralised in clearing. Eurex Clearing AG performs this function for Deutsche Börse. As the central counterparty, the clearing house ensures that only net claims and obligations need to be offset against each other (a so-called netting) – this net amount is significantly lower than the traded positions in total.

In addition, the clearing house acts as a buyer for each seller and a seller for each buyer. Depending on the risk associated with their net positions, each participant is required to deposit securities. Both on- and off-exchange-traded derivatives as well as cash market products are cleared through the clearing house. This function benefits the financial sector by hedging open trading positions and therefore increasing stability and integrity of the markets.

Clearing

Task

Clearing. The participants involved in securities and derivatives trading enter into sale and purchase agreements that have to be fulfilled at a certain point in time. As a central counterparty, the clearing house guarantees delivery and settlement.

Process

Benefits

Clearing is comparable to insurance against counterparty default for market participants. Clearing therefore increases stability and integrity of the markets.

Clearing Facts and figures

Cesar Matos, Head of Risk Operations, Eurex Clearing: together with his staff members, working in shifts, he makes sure that the buy and sell orders placed by clearing participants are sufficiently collateralised. That's why he needs to rely on a team that is fully behind him and willing to discuss openly any issues that may arise. It is essential that he and his colleagues not only understand three-dimensional risk models, but also their clients' needs, with whom they are in constant touch. After all, 9-digit sums may be at stake for them. Matos and his team practise risk management "in real time".

Clearing

Our brand

Secure clearing for a wide product range

As a central counterparty, Eurex Clearing AG guarantees transactions involving a very wide range of products. While transactions are netted out, the clearing volume of approximately €7.5 trillion decreases to €39 billion. This is opposed to collateral deposited of €49 billion which is provided by market participants and managed by Eurex Clearing, given a buffer of about €10 million, see chart on the right. Due to the guarantee, individual counterparty risk for market participants is omitted.

Eurex Clearing is Europe's leading central counterparty and offers clearing services for derivatives, repos, equities and fixed-income securities for both exchange-traded and off-exchange (over-the-counter, OTC) transactions.

In addition to Eurex, the European Energy Exchange, Eurex Bonds®, Eurex Repo®, Xetra, the Irish Stock Exchange as well as participants of OTC trading use the clearing house as a central counterparty.

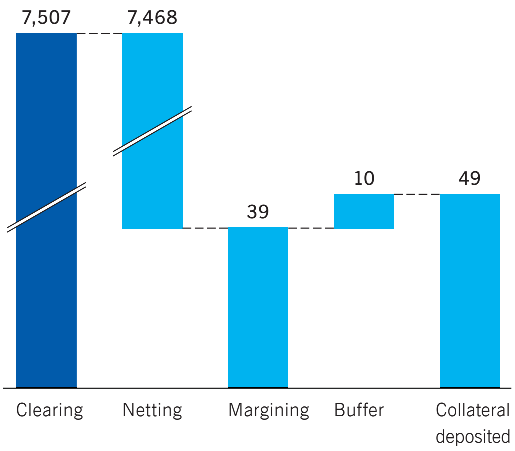
The safety and integrity of the financial markets are closely linked to effective risk management. Eurex Clearing sets standards in quality and effectiveness through real-time risk management.

Effective risk management through OTC clearing

Thus, Eurex Clearing is planning to gradually expand its offerings for OTC-traded derivatives products concerning interest rate and equity derivatives. At present, with Eurex Credit Clear, the offering presents a central counterparty for OTC-traded credit default swaps (CDSs).

Clearing reduces and hedges risks

Monthly average 2012 at Eurex Clearing AG in € billions



As at 31 December 2012

Interest rate swaps were added to the offering in November 2012. Eurex Clearing has also offered a central counterparty service for bilateral securities lending since November. These two changes were made in anticipation of central clearing becoming a legal requirement for many OTC-traded financial instru-

€7,507 billion

market risk cleared via Eurex Clearing (monthly average gross 2012)

ments in the future when the European Market Infrastructure Regulation (EMIR) is implemented.

Protection for customer assets

Furthermore, Eurex Clearing has introduced new functions and services for its listed and OTC markets. The "Individual Clearing Model" offers comprehensive protection of client collateral within the clearing house and allows immediate portability of positions and assets in case of a clearing member default.

More accurate calculation of collateral required

To further enhance stability on the derivatives market while allowing participants more efficient use of their capital, Eurex Clearing plans to introduce a new risk management method. As an enhancement to the previous practice, under the new method, risk management assesses the entire portfolio of a participant to calculate the collateral that have to be deposited. Among other things, this method makes cross-margining possible, i. e. calculating the risk and therefore the collateral required for exchange-traded and OTC derivatives. This allows a portfolio's actual risk to be more accurately assessed – and at the same time, it reduces the collateral costs of the clearing participants.

Collateralised money market through GC Pooling

GC Pooling® is a forward-looking offering developed within Deutsche Börse, which continued to grow in 2012. It allows the settlement on Eurex Repo of anonymous, collateralised money market transactions, which are cleared via Deutsche Börse's central counterparty, Eurex Clearing. With GC Pooling, customers can also re-use the securities received via Clearstream to obtain liquidity from Deutsche Bundesbank, Germany's central bank, or provide them as collateral to Eurex Clearing.

Contributions to sustainable business activities CR

The clearing function's most significant contribution to sustainability is that it improves the systemic stability of the financial markets. This contribution is being further expanded by the ongoing projects, particularly OTC clearing and services to protect customer assets. GC Pooling has also allowed Deutsche Börse to restore the interbank market's trust in money market transactions.

1.8 billion

transactions processed by Eurex Clearing

163

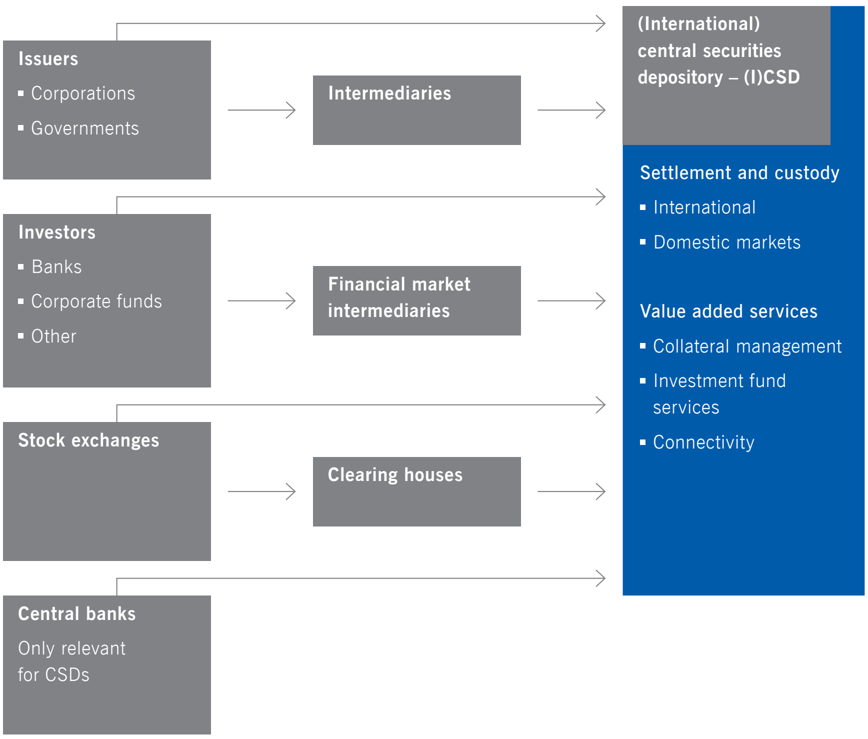
clearing members from 16 countries

Post-trade

Task

Post-trade. Once securities are traded and cleared, post-trade services providers take care that they reach the accounts they are meant for – a process called settlement. Furthermore, they make sure that the securities are safely deposited – a practice called custody. The assets under custody then need to be managed in order to produce maximum value for their owners.

Process



Benefits

Post-trade services are the cornerstone for capital markets' safety – and are fundamental to leverage liquidity most efficiently.

Post-trade

At Deutsche Börse Group, Clearstream is responsible for settlement, i.e. transferring securities from one account to another, and for depositing these assets safely on behalf of banks and their clients. Risk and liquidity management solutions and services for investment funds have gained importance.

Assets under custody can be put to productive use on behalf of their owners – through Clearstream's global liquidity management solution. Assets, for example, can be lent in order to produce value for their owners, as a "guarantee" or "collateral" for transactions. Assets are also increasingly needed to help fulfil minimum liquidity requirements set by regulators. In order to support financial institutions in doing so safely and efficiently, Clearstream offers sophisticated post-trade services – worldwide.

Clearstream's post-trade services contribute to the stability and the efficiency of capital market transactions.

Post-trade

Post-trade

Task

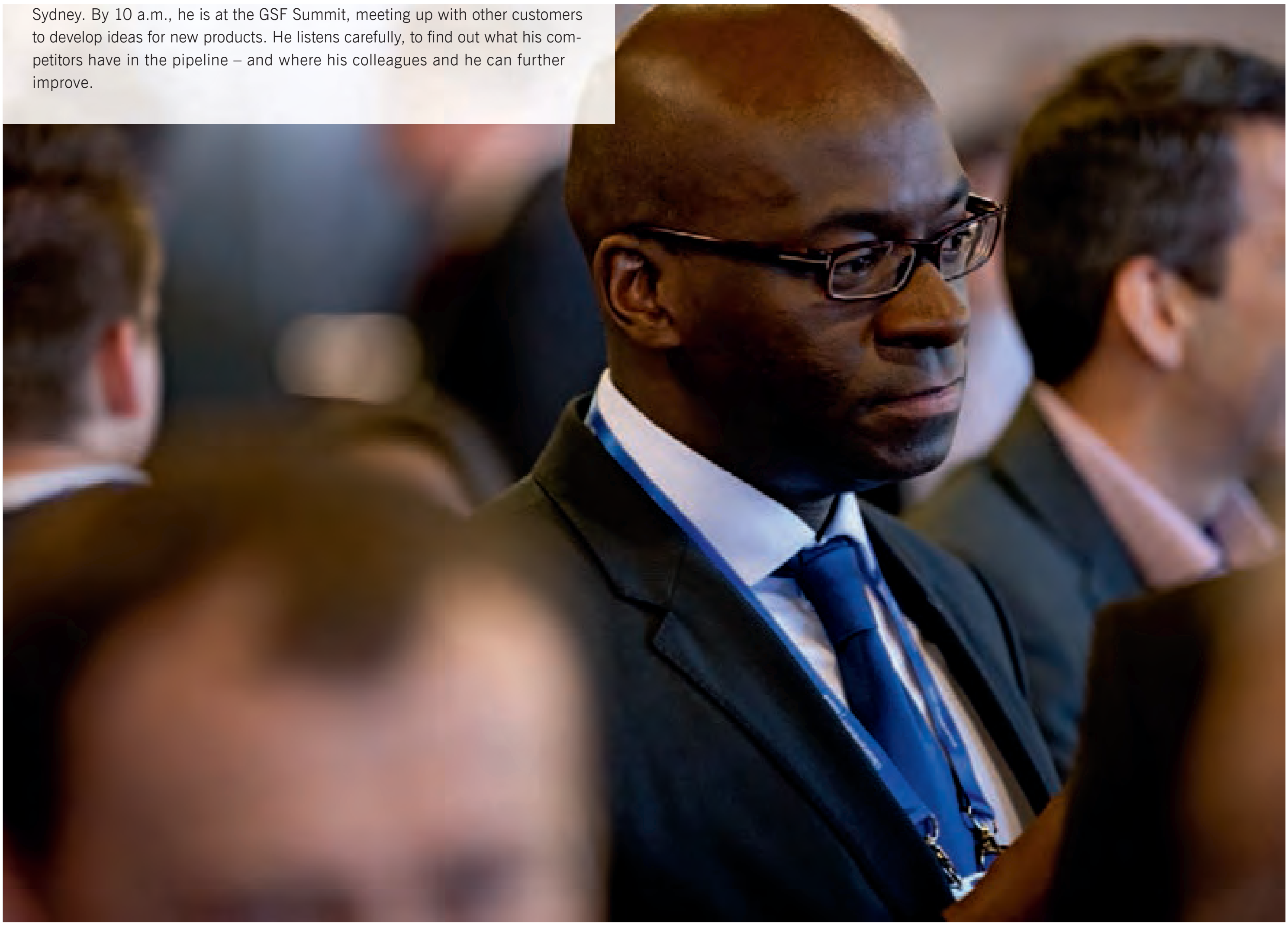
Post-trade Once securities are traded and cleared, post-trade services providers take care that they reach the accounts they are meant for – a process called settlement. Furthermore, they make sure that the securities are safely deposited – a practice called custody. The assets under custody then need to be managed in order to produce maximum value for their owners.

Process

Benefits

Post-trade services are the cornerstone for capital markets' safety – and are fundamental to leverage liquidity most efficiently.

José Manoka Mussala, Expert, Product Management Global Securities Financing (GSF), Clearstream: at 8 a.m. this morning, he was still in his Luxembourg office negotiating the new bid for the Global Liquidity Hub in a video conference with his contacts at the Australian Securities Exchange in Sydney. By 10 a.m., he is at the GSF Summit, meeting up with other customers to develop ideas for new products. He listens carefully, to find out what his competitors have in the pipeline – and where his colleagues and he can further improve.



Post-trade

Our brands

clearstream | DEUTSCHE BÖRSE GROUP

LUXCSD

REGIS-TR EUROPEAN TRADE REPOSITORY

Adding value to assets under custody

In its comparatively recent, but fast developing role as a leading global provider of asset services, Clearstream can draw from its long experience in settlement and custody. Domiciled in Luxembourg, Clearstream is an international central securities depository (ICSD), which for over 40 years has been operating post-trade infrastructure for international bonds and providing services for all types of securities such as, increasingly, shares. Over the decades, Clearstream has grown from a European provider of bond services into a truly global post-trade services provider, now operating from ten locations in Europe, North America and Asia, with a customer base of over 2,500 financial institutions in more than 110 countries worldwide.

In the 1990s, Clearstream became a full bank and began to provide global custody services to financial institutions across the globe, covering not only international securities, but also domestic securities markets. In addition, Clearstream is the central securities depository (CSD) for German domestic securities, and for Luxembourg, jointly with Banque centrale du Luxembourg, through LuxCSD.

Liquidity and risk management focus

According to estimates by the Basel Committee on Banking Supervision from April 2012, banks worldwide are facing an aggregate shortfall of stable funding of €2.78 trillion in fulfilling the additional liquidity requirements of Basel III. In addition, new clearing obligations, while improving systemic stability, pose new challenges to the liquidity management of banks. Clearstream offers global post-trade services in order to support their customers in coping with the increased administrative capacities and financial costs that result from this structural change. By doing so, Clearstream also provides both safety and financial relief for the economy as a whole, undergoing a process of re-regulation in response to the massive loss of confidence in financial markets caused by the financial crisis. The value that can be created by such services is immense: as a survey conducted by Accenture and Clearstream in September 2011 has shown, the financial sector could save over €4 billion a year in opportunity costs if it eliminated inefficiencies resulting from the international fragmentation of collateral management.

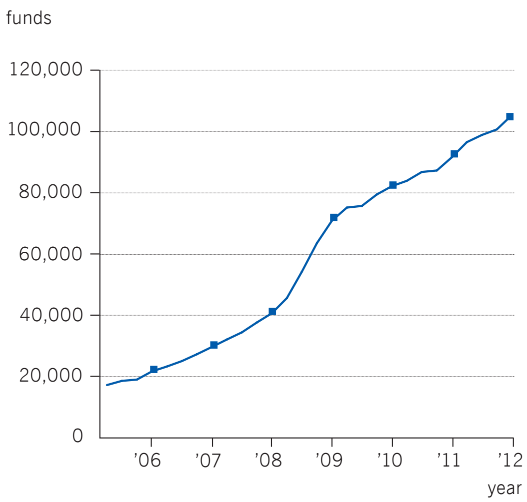
As a consequence, Clearstream has developed the Global Liquidity Hub. The hub allows banks to use the assets Clearstream holds under custody on their behalf more efficiently, and such across platforms and legal jurisdictions. This means, for instance, that they can

€11.1 trillion

assets under custody (bonds, equities, funds and gold)

put the assets to productive use by re-using them (e.g. lend them to others), and engage in repurchasing agreements. Clearstream will also allocate assets at the right value according to a given exposure to avoid costly "over-collateralisation". In addition, the hub provides an algorithm, which automatically optimises the security portfolio needed to safely cover

Vestima®: access to more than 100,000 funds
Number of available funds per year-end



the risks that need to be collateralised be it for regulatory or business reasons – on an international basis.

These are not the only value-added services Clearstream provides to the financial community. Vestima®, another fast growing service, supports the investment fund industry in order routing. For investors, this has the advantage of being offered fast, easy and cost-efficient access to a wider range of funds – more than 100,000 globally, see chart in the left column. For fund managers, this increases the scope to reach a larger and more diversified customer base; as a consequence, investors have a much wider choice among funds to invest in. In close cooperation with their customers, Clearstream continuously refines and enlarges these services.

International partnerships

Clearstream believes that partnerships are an important means of enlarging both scale and scope of its business activity. As a global provider of post-trade services, Clearstream leverages the expertise of its regional partners in the interest of its customers.

The increased focus on capital requirements and therefore the demand for better liquidity and collateral management is a global issue. However, only a few providers can offer a sophisticated collateral management engine on top of a large pool of liquidity. Clearstream has started to offer its collateral management engine to third parties and has signed outsourcing agreements with various market infrastructures globally. This service – known as Liquidity Hub GO (Global Outsourcing) – is at different stages of development with Clearstream's global partners: it is live with Brazilian CSD Cetip since July 2011, to be launched in 2013 for the Australian exchange organisation ASX, and Iberclear, the CSD belonging to the Spanish exchange organisation BME. Similar timelines are envisaged for

South African CSD Strate, partly owned by the Johannesburg Stock Exchange, and, on the basis of a letter of intent, the Canadian CSD Clearing and Depository Services.

But CSDs are not the only Clearstream partners that are in need of a collateral management engine – agent banks also need to offer such services to their underlying customer base. As the first customers of the Liquidity Hub Connect service, BNP Paribas Securities Services and Citibank have signed agreements with Clearstream to leverage its collateral management expertise. The service will go live in the first quarter of 2013.

Partnerships are part of Clearstream's strategy and can be found across the company's product and service range. One of Clearstream's core functions is to bring issuers and investors together, globally, through a network of settlement links that facilitate the exchange. Clearstream continuously broadens its settlement network and has recently launched a connection to the Philippines – its 53rd link. This settlement network is the widest among ICSDs. Clearstream ensures its presence in all these markets by working with local partners – agents or sub-custodians – who act on behalf of the company in the respective markets.

Joint ventures are also an important part of Clearstream's partnership approach. The company launched REGIS-TR, the European trade repository for OTC derivatives, together with the Spanish exchange organisation BME; with Banque centrale du Luxembourg, Clearstream has created LuxCSD, a national access point for Luxembourg to TARGET2-Securites both from an issuance and a custodian perspective.

Clearstream uses its proven expertise to create business solutions within Deutsche Börse Group to bring valuable benefits to the market. For instance, together with the cash market segment Xetra, Clearstream has launched a unique way of trading investment funds on exchanges. Furthermore, with Eurex, the derivatives segment, Clearstream has enabled its customers to optimise their liquidity management through GC Pooling®.

Adding value to and through T2S

In Europe, the implementation of a standardised settlement infrastructure for central bank money has made progress, even though the project has postponed its start from 2014 to 2015, due to its complexity. To complement the harmonisation objectives of the European Commission, the European Central Bank has offered the European CSDs a single settlement infrastructure: TARGET2-Securities (T2S).

74.8 million

German domestic settlement transactions processed in 2012

This infrastructure will create a pan-European liquidity pool and thus significantly intensify competition for post-trade services in Europe. Clearstream supported the goals of the T2S initiative and has been actively involved in shaping its direction since its inception in 2006. In spring 2012, as one of the first CSDs, Clearstream has formally committed itself to join T2S.

As the German CSD, it will provide approximately 40 per cent of all settlement transactions on the T2S platform. Deutsche Börse Group is investing into financial infrastructure in order to lower the fragmentation of liquidity in the settlement and custody area and to offer superior asset services to European banks. This investment also contributes to a stable and efficient financial infrastructure in Europe. For Clearstream, T2S is an opportunity to deploy its collateral management expertise to an even larger customer base.

Contributions to a sustainable economy CR

Clearstream plays an important role for the economy at large because it offers a safe environment for post-trade services. This is highlighted by the fact that it has AA credit ratings by the major international rating agencies. In 2012, Clearstream again received top grades awarded on the basis of customer ratings in the "Global Custodian" magazine's "Agent Banks in Major Markets Survey", making it once more the leading international central securities depository.

As the focus on corporate governance intensifies globally, investors increasingly need state-of-the art post-trade services to support their active ownership initiatives. Clearstream therefore launched an extended proxy voting service which is designed to support domestic and cross-border shareholders in their governance rights and to help promote active participation in line with recent market initiatives, such as the EU Shareholders Rights Directive.

More than 2,500

customers in over 110 countries

€570.3 billion

monthly average outstandings for Global Securities Financing (GSF) services

104,958

investment funds available for order routing through Vestima® (as at 31 Dec 2012)

IT services

Task

IT services. Exchanges are technology businesses. They develop and operate networks, high-performance computers, and the software for the trading and post-trading business all over the world. Some of them also offer IT services to external customers in the finance industry.

Process

Customers		IT services		Processes
Exchange and market participants ▪ Trading ▪ Clearing house ▪ Central securities depository	→	Operation ▪ Network operation ▪ Server operation ▪ Outsourcing	→	Securities process chain ▪ Market data ▪ Trading ▪ Clearing ▪ Settlement ▪ Depository
External customers ▪ IT-Outsourcing	→	Development ▪ Software	→	External processes

Benefits

Trading and settlement system reliability is the main priority for exchanges. Without this, there would be no transparent pricing or safe custody.

IT services

The uninterrupted operation of Deutsche Börse's data centre systems forms the basis for the reliable execution of trading and settlement. Demands on the system are growing, particularly in terms of the increasing volume of data transfer. The expansion and monitoring of the networks makes it possible to connect customers and partners globally.

The software that underpins Deutsche Börse's services is programmed and regularly updated by IT. This guarantees a high level of performance and flexibility. The trading systems and software always represent the latest state of the art.

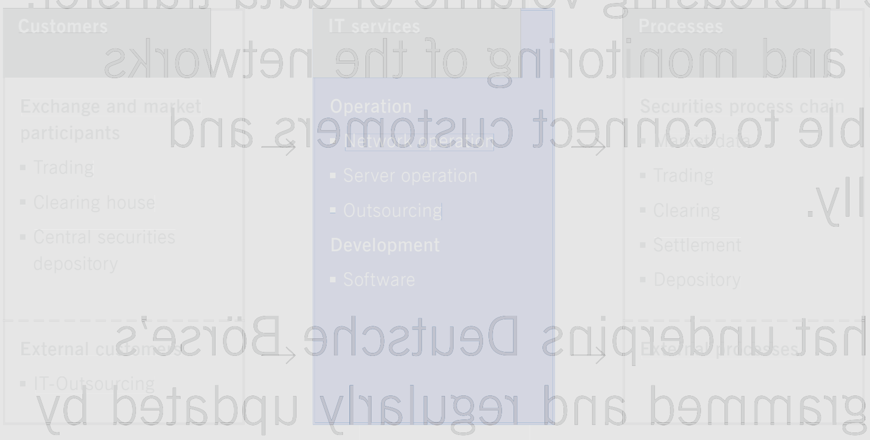
Exchanges outside Germany also rely on Deutsche Börse's technology. Deutsche Börse is thus making its mark as an IT solutions provider for other financial services providers – with the aim of improving security.

IT services

Task

IT services. Exchanges are technology businesses. They develop and operate networks, high-performance computers, and the software for the trading and post-trading business all over the world. Some of them also offer IT services to external customers in the finance industry.

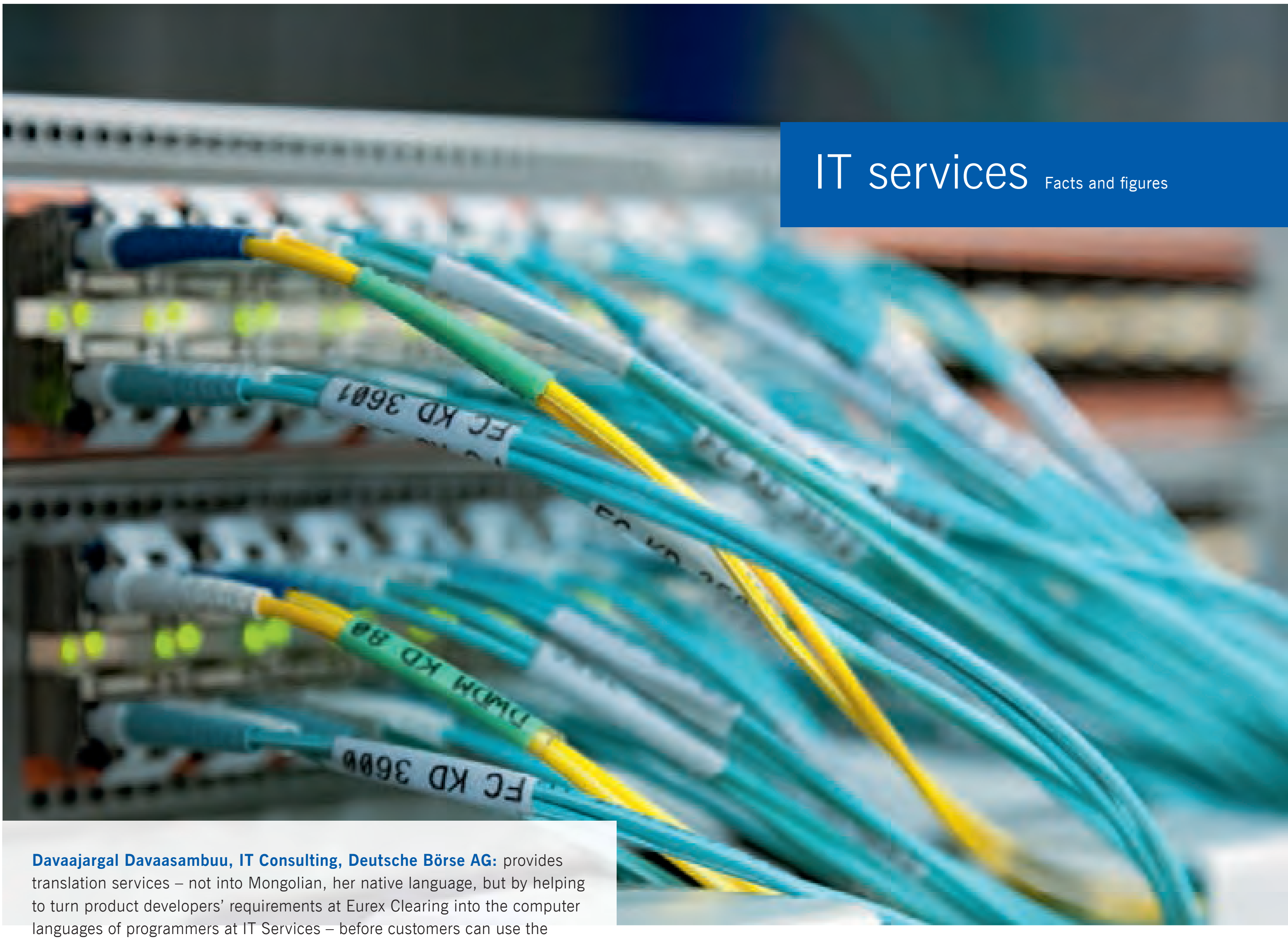
Process



Benefit

Trading and settlement system reliability is the main priority for exchanges. Without this, there would be no transparent pricing or safe custody.

IT services Facts and figures



Davaajargal Davaasambuu, IT Consulting, Deutsche Börse AG: provides translation services – not into Mongolian, her native language, but by helping to turn product developers' requirements at Eurex Clearing into the computer languages of programmers at IT Services – before customers can use the software on Deutsche Börse's servers. Davaasambuu holds a Master of Engineering in Computer Science, having studied, among others, at the Asian Institute of Technology in Thailand. If you wish to improve the clearing of derivatives you need to be able to move smoothly between different worlds – for which being at home in several cultures is an asset.

IT services

Our brand

DEUTSCHE BÖRSE GROUP

Full-service trading and settlement systems provider

Deutsche Börse is one of the world's leading full service providers for the development and operation of trading and settlement systems. From its locations in Frankfurt/Eschborn, Luxembourg, Prague, Chicago and New York, Deutsche Börse's IT division operates the trading infrastructure for 33 trading platforms and exchanges worldwide, as well as a global network for the connection of participants and other players.

Since exchanges play an important role in the economy by continuously setting prices throughout the trading day and making it possible for investors to buy or sell financial instruments, permanent system availability is crucial. The availability of the derivatives and cash market systems as well as of the settlement, custody and information systems was again more than 99.99 per cent in 2012. As in previous years, the systems therefore exceeded the defined requirements.

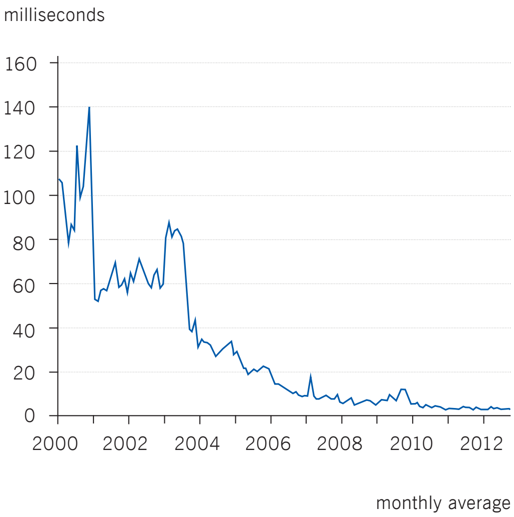
To ensure that the speed and reliability of data transfer is maintained at the same high level in future, Deutsche Börse IT is expanding the capacity of its data centre together with its strategic partner Equinix. This will allow Deutsche Börse Group to handle the rising number of co-location customers, whose systems are housed alongside Deutsche Börse's system servers, and meet their growing requirements. Furthermore, the past year was also characterised by the new shared platform for the Group's trading systems which was also developed in 2012.

Partner for strategic projects

Deutsche Börse Group's strategic projects are also always based on an IT infrastructure that is able to support and drive forward the strategy. Deutsche Börse IT supports and accompanies the implementation of Group-wide strategic goals. The division created the capacities and programmed the functions that underpin projects such as Clearstream's Liquidity Hub, OTC clearing by Eurex Clearing and the service offering related to securities lending.

Exchange trading accelerates

Evolution of response times using the example of Eurex



99.998%

availability of the international central securities depository in 2012

Development of new systems

The core element of the IT roadmap is the development of a new generation of the trading and clearing infrastructure. This initiative to modernise and improve the flexibility of the IT systems was again a key focus in 2012.

The development and implementation of two new systems was completed in the fourth quarter of 2012. Firstly, the new Eurex Exchange trading architecture was launched and, secondly, a new and more efficient risk management system, Eurex Clearing Prisma®, was developed. Both are setting new standards in latency and performance. This upgrade makes it possible to install software updates more quickly and simplifies the operation and maintenance of the systems.

Contributions to sustainable business activities CR

By ensuring the uninterrupted availability of the trading and settlement systems, Deutsche Börse Group has created the electronic basis for all other elements of the value chain. In this way, Deutsche Börse IT indirectly contributes to the stability of the financial sector.

In addition, Deutsche Börse's IT management demands the most efficient possible server capacity planning. Improving energy efficiency and the use of green power are also key considerations for IT. For example, the waste heat produced by the nearby data centre is redirected to Clearstream's office building in Luxembourg. This reduces energy consumption. The building was awarded "HQE" (Haute Qualité Environnementale) certification at the start of 2012.

In addition, Deutsche Börse expanded its range of IT services on the European energy markets in October 2012. The new ComXerv trading service provides an algorithm for the cross-border allocation of energy capacities, optimising the use of these capacities and increasing liquidity on the participating markets. In addition to the operation, maintenance and monitoring of trading and settlement systems for energy market participants, the "IT for Energy" offering includes bottleneck management and optimising capacity allocation.

800 million

quotes: daily maximum on Eurex® on 9 May 2012

60 million

transactions: daily maximum on Xetra® on 13 January 2012

0.4 milliseconds

latency of the fastest Eurex installations (December 2012)

99.999%

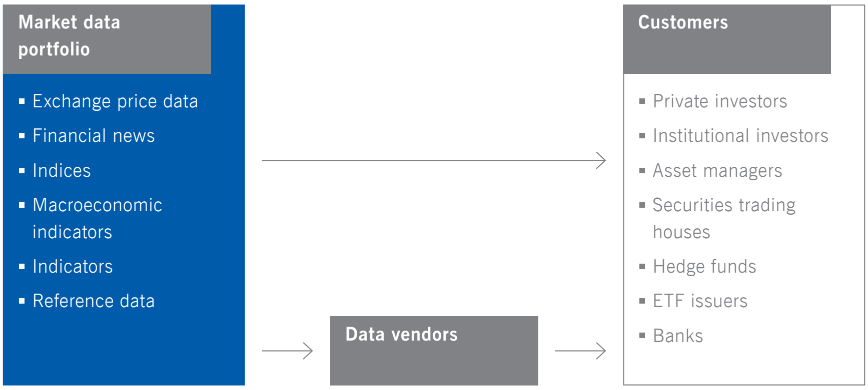
availability of the trading system Eurex in 2012

Market data

Task

Market data. Market data is elementary information that parties interested in the financial markets need in order to make decisions – decisions about investments, securities trading, changes in risk positions and much more.

Process



Benefits

As independent information providers, exchanges thus make an important contribution to the transparency of trading and the objectivity of the benchmarks available on the market.

Market data

The international financial markets are used by participants with highly diverse information needs: private investors, institutional investors, asset managers, securities trading houses, hedge funds, issuers of exchange-traded funds etc. These participants analyse and make decisions on investment strategies, risk positions, investment performance, securities emissions, securities transactions, transaction settlement etc. For this reason, all players incorporate the information supplied by Deutsche Börse into their day-to-day activities. The data is either transmitted directly by Deutsche Börse or redistributed by what are known as data vendors.

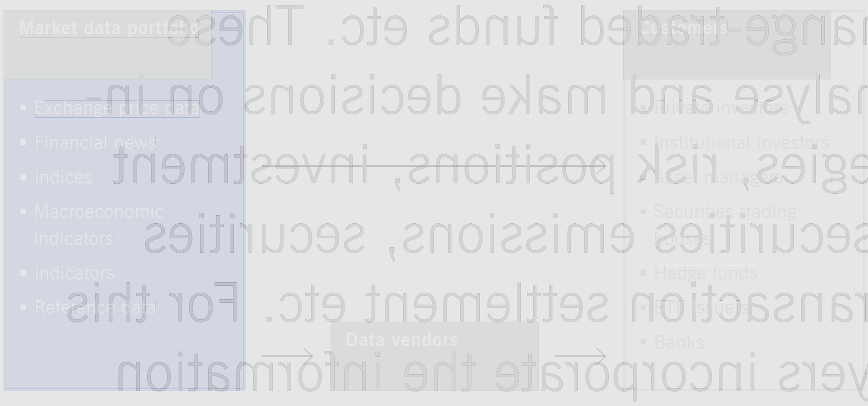
Deutsche Börse's data portfolio includes price data from the Eurex and Xetra trading systems, trading statistics, analyses, company master data, financial news, economic data and over 12,000 indices. This data creates market transparency.

Market data

Task

Market data Market data is elementary information that parties interested in the financial markets need in order to make decisions – decisions about investments, securities trading, changes in risk positions and much more.

Process



Benefit

As independent information providers, exchanges thus make an important contribution to the transparency of trading and the objectivity of the benchmarks available on the market.

Market data
Facts and figures

Thomas Reckewell, Market Data & Analytics, Head of Customer Audits: keeps in touch with customers of information products and analytical tools – worldwide. The first and still best-known product of this nature is Deutsche Börse's DAX® index, the standard metric for the German stock market. Reckewell and his team support clients to ensure the compliant usage of Deutsche Börse data. After all, the exchange invests a lot of effort in generating, enhancing and disseminating them. In addition, together with his team, he develops new product offers – thus benefitting current and future clients.

Market data

Our brands

DEUTSCHE BÖRSE MARKET DATA

DAX

STOXX

mni DEUTSCHE BÖRSE GROUP

Need to Know News DEUTSCHE BÖRSE GROUP

Information – essential for participating in the capital markets

Extensive information and analyses are essential for successful participation in the international capital market. The heightened uncertainty surrounding general economic developments has led to increased demand for high-quality market information. By promoting transparency that can be relied on, Deutsche Börse helps create confidence in the markets.

Signals – expanding the global information offering

The Trading and Market Signals business area provides exchange trading information, economic data and financial news to traders, fund managers, hedge funds, analysts and professional investors. Some of the data is transmitted in real time through direct links and can be used by market participants to implement computerised trading strategies.

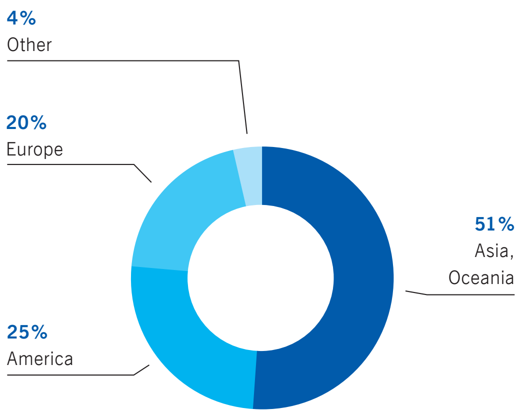
In 2012, the business area expanded its product range further. At high-speed data service AlphaFlash® in particular, the foundation was laid for future growth. In September 2012, for example, AlphaFlash entered into an exclusive agreement with Fitch Ratings to provide and disseminate rating information in machine-readable format at maximum speed. AlphaFlash has also been available in Brazil since January 2012.

Indices – globalising the index universe

Marketing the DAX® index family and other global indices of Deutsche Börse's subsidiary STOXX is another business area. Investors use the indices as a standard for comparing its investment performance, see also chart below. As underlyings, they allow banks and fund companies to issue derivatives, exchange-traded funds and structured products. STOXX calculates, develops and distributes about 6,400 indices worldwide, in addition to the approximately 5,600 indices of Deutsche Börse. Furthermore, STOXX acts as the exclusive marketer of DAX indices. In the course of the year, approximately 540,000 structured products worldwide were issued on the basis of Deutsche Börse and STOXX indices. The success of the indices can be attributed primarily to their strictly rule-based approach and their clear focus on tradability.

STOXX® – setting the standard for markets around the world

Companies in the STOXX Global Total Market Index, divided by region (percentages of total number of 7,372)



As at 31 December 2012

185,000

financial instruments worldwide use an index disseminated by Deutsche Börse Group (as at 31 December 2012)

In 2012, STOXX added over 2,100 indices to its STOXX Global Index family, with a particular focus on further growth in its Asian indices. For example, the STOXX China Total Market index family represents a new benchmark for Chinese equities. The global indices of STOXX and Deutsche Börse are now used by more than 300 asset managers and professional investors around the world. In 2012, EURO STOXX 50® was again among the top three most popular underlyings on the derivatives markets worldwide.

Reference data – expanded product range

The distribution of proprietary reference data from Deutsche Börse's trading systems for the back offices of financial services providers is the core element of the third business area, which supports banks in meeting their regulatory reporting requirements, among other things. By providing reference data on securities, such as master and scheduling data, as well as valuation prices, Deutsche Börse assists banks and financial services providers in supporting their securities settlement transactions.

In 2012, an expansion of the product range lifted demand for the PROPRIS product® – the provision of reference data on securities settled by the central securities depository Clearstream in Frankfurt and in Luxembourg.

Contributions to sustainable business activities CR

In April 2012, Deutsche Börse Group's cash market division Xetra and STOXX announced the introduction of an information portal for sustainable securities as well as the launch of the STOXX® Global ESG Leaders index. For the first time, the companies included in these indices are selected on the basis of fully transparent sustainability criteria and a purely rule-based process.

Since May 2012, STOXX has been a signatory to the United Nations Principles for Responsible Investment, a global initiative that promotes the integration of sustainability criteria into corporate decision-making.

Deutsche Börse's Monthly Carbon Report provides greater transparency about the actual CO_2 emissions in Europe. Deutsche Börse calculates the monthly data for all 27 member states of the EU.

About 3,500

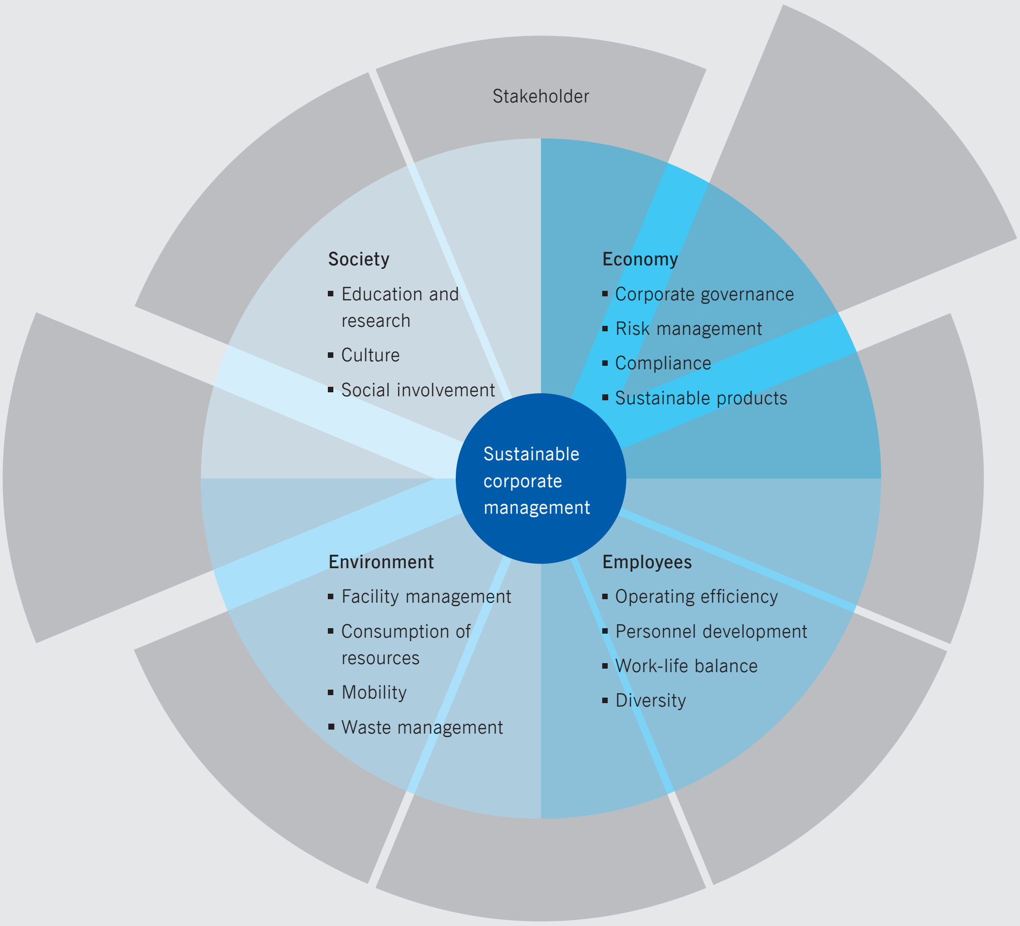
customers in 148 countries

12,000

indices calculated, including 2,300 calculated for the first time in 2012

1,250 million

trading data items are distributed daily by the segment to the market participants (average)



Deutsche Börse Group's corporate responsibility strategy

Deutsche Börse Group interacts with a large number of different stakeholder groups, see the chapter on "Stakeholder engagement". Understanding their points of view on the company and responding appropriately to the interests and requirements resulting from these different perspectives is part of Deutsche Börse Group's corporate responsibility.

Responsibility

Deutsche Börse is not just a technology business. It is a service provider, too. It is the conscientious, responsible actions of its employees that enable Deutsche Börse to perform its duties and meet the requirements of its different stakeholders – including clients, owners and representatives of the public interest. This is why Deutsche Börse invests in its employees' abilities and sees their diversity as a strength.

Caterina Nudo, Head of Customer Service Europe, Clearstream: leads a 100-strong team from around 15 different countries, who look after customers – off-site, from Luxembourg's Square or Eschborn's Cube, or from Deutsche Börse's London and Prague offices. Her team combines communication skills with professional expertise – and strong motivation. She works hard to achieve this, be it on the phone or in video conferences. To her, communicating with her team and constant training on the job or in special seminars is essential for fulfilling her task: delivering together with her team a perfect service to customers.

Group staff

→ Deutsche Börse is a service provider that makes exacting demands on its staff: their technical skills, their ability to communicate and work in teams, and their readiness to take responsibility. At Deutsche Börse, experts with highly specialised knowledge work hand-in-hand with generalists, who tailor the offering to the requirements of customers, owners and representatives of the public interest.

Deutsche Börse supports on-the-job training

Initial and advanced training, as well as continuing professional education measures, are a top priority at Deutsche Börse. Deutsche Börse supports its staff in continuously expanding and refreshing their knowledge of the financial markets. Of equal importance are education programmes to improve the communication and organisational skills of employees. In accordance with market requirements, Deutsche Börse therefore offers a wide variety of internal and external training programmes, which help individual employees and their superiors master their own particular challenges. The offering is continuously adapted and expanded according to requirements. Deutsche Börse's training offering for its staff also includes attending part-time Masters programmes following a targeted selection process. To facilitate participation in part-time study programmes, the company provides financial support and offers special leave to the students. This allows employees to improve their career prospects and apply the acquired skills in the interests of the company.

Since 2000, there has been a "high potential circle" in the Group that aims to recruit new management talent internally: as part of this programme, a set curriculum consisting of business school seminars and training events to enhance social skills, as well as networking meetings, personal mentors and meetings with Executive Board members is used to prepare younger, particularly motivated and talented Group staff for positions of responsibility.

New mentoring programmes promote Group-wide exchange

In 2012, Deutsche Börse introduced custom-made mentoring programmes for different target groups:

- The "new hire" mentoring programme helps new employees get started, and aids them in establishing contacts beyond their own department and in gaining a cross-departmental understanding of the company. Experienced members of staff, who have been holding a permanent position at Deutsche

Börse Group for at least two and a half years, volunteer to act as a mentor and offer guidance to the employee during his or her first six to nine months in the company.
- The "new role" mentoring programme supports employees after they have taken on a new management position. The mentor acts in an advisory capacity, passing on his or her experience to the mentee, and aids the mentee in taking on his or her new role.
- Within the framework of a mentoring programme for women in management positions, top-level executives (including members of the Executive Board) assume the role of mentor.

Special training for executives

Deutsche Börse provides management training in the form of dedicated training courses, coaching and cross-segment events to encourage the exchange of views, such as the dialogue with top management regularly hosted by the Executive Board for holders of key functions. In accordance with a voluntary commitment undertaken by companies in the DAX®, Deutsche Börse also took further measures in 2012 to increase the number of women in management positions, see ⇥ combined management report.

Clear processes for succession planning ensure that, when management positions become vacant, the most competent candidates are selected to take over the management functions seamlessly.

In addition to a career as a manager, staff have opportunities for promotion in expert or project manager career paths. Deutsche Börse also supports moves to positions of the same hierarchical level in a different department or business area.

Increase in the number of vocational trainees

Deutsche Börse increased its number of vocational trainees again in 2012: at the end of the year, the company had twelve prospective office communication specialists. During their training, trainees are assigned to up to seven departments – including central departments as well as market areas – for, on average, three months per assignment. Thus, trainees gain insight into a wide range of tasks while at the same time making valuable contributions to the work of Deutsche Börse Group. Deutsche Börse offered permanent positions to all five trainees who completed their traineeships in 2012.

Diversity creates new ideas and customer proximity

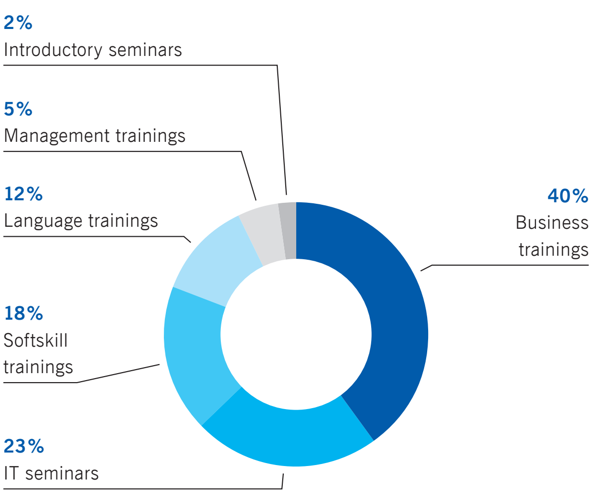
Deutsche Börse Group embraces and promotes the diversity of its staff, not least because this is in its own business interest: the wide range of products and services is matched by staff with different educational profiles. These members of staff develop the offerings as part of a team and in close contact with customers. The profiles include study programmes in mathematics, information technology, business administration, or economics as well as in law, the humanities and social sciences.

71

different countries of origins for all employees

Internal trainings, divided up according to topic

(Percentages of a total number of 823)



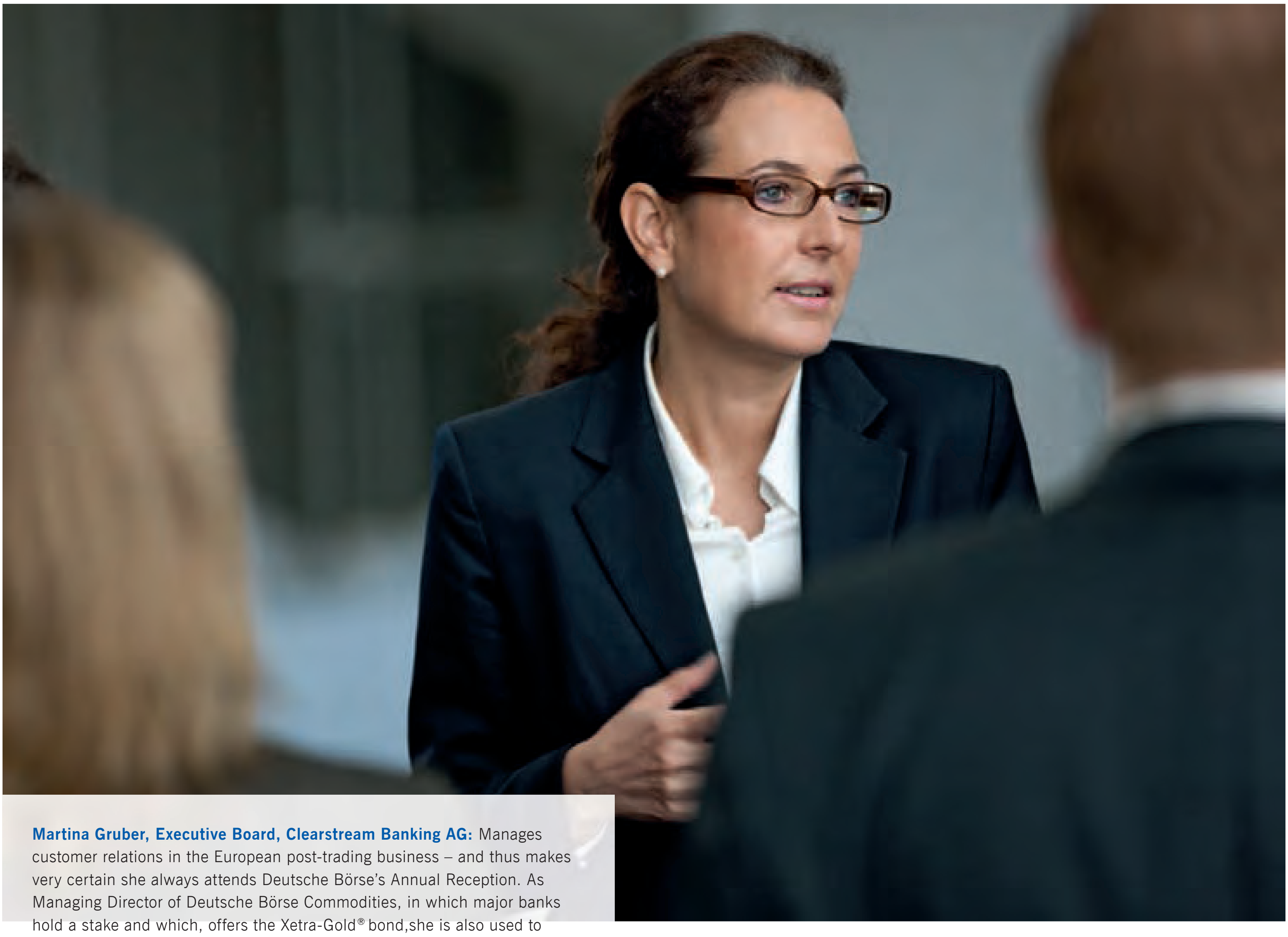
As at 31 December 2012

One of the strengths of Deutsche Börse's business model is the opportunity to develop new products through cross-divisional cooperation. To support this initiative, Deutsche Börse Group encourages its employees to think outside their set areas of responsibility and develop suggestions in cooperation with other business areas. One instrument for channelling these ideas is YouNovate. This innovation management programme at Deutsche Börse gives staff the opportunity to submit ideas and suggestions for improvement. The ideas may relate to any aspect of the company – new products, contributions to cost efficiency, or public relations. The overarching goal of YouNovate is to promote a culture of innovation in the company. In this way, innovation management helps the company to recognise and tap into growth opportunities even beyond existing products.

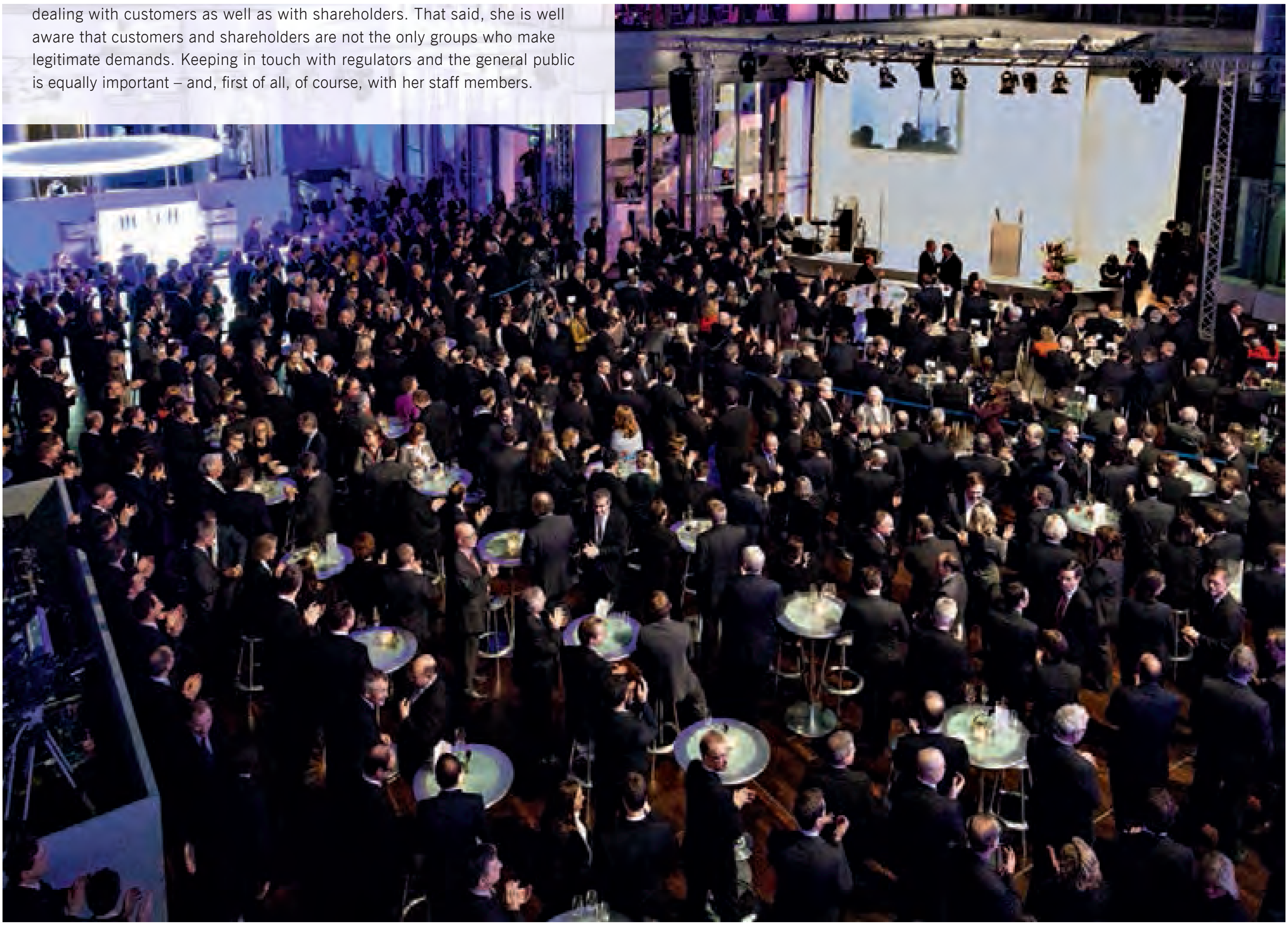
Ultimately, the expertise needed to work at Deutsche Börse Group can only be acquired through learning by doing. This is why professional success at Deutsche Börse is determined less by the knowledge gained at university or in a previous job than by the ability to work with a team and customer focus – in a job environment that makes high demands on the individual's ability to understand technology and to communicate, and which, furthermore, is subject to permanent change. Diversity in the company also promotes employees' readiness to be as flexible as the job demands.

Deutsche Börse Group is a global company – with 22 locations in 16 countries around the world. Continuous internationalisation is one of the core elements of Deutsche Börse Group's strategy. The company aims not only at developing new markets but also at establishing close relationships to its international customers. It therefore operates not only in different markets, but also in different cultures. The diversity of customers is reflected in the cultural diversity of its staff: Deutsche Börse Group employs people from 71 countries of origin around the world. Diversity also means that, as a matter of course, Deutsche Börse also employs disabled people as an integral part of its workforce and creates the best possible working conditions for them.

The diversity of its workforce is one of Deutsche Börse's strengths. It presents new challenges for communication – but is ultimately an essential condition for survival in the face of global competition.



Martina Gruber, Executive Board, Clearstream Banking AG: Manages customer relations in the European post-trading business – and thus makes very certain she always attends Deutsche Börse's Annual Reception. As Managing Director of Deutsche Börse Commodities, in which major banks hold a stake and which, offers the Xetra-Gold® bond,she is also used to dealing with customers as well as with shareholders. That said, she is well aware that customers and shareholders are not the only groups who make legitimate demands. Keeping in touch with regulators and the general public is equally important – and, first of all, of course, with her staff members.



Stakeholder engagement CR

Stakeholder engagement is the term used to describe a company's interaction with its stakeholders. As an infrastructure provider for the capital markets, Deutsche Börse Group considers the continuous dialogue with its stakeholders as an important element of its economic and social function.

Dialogue – the basis for trustful working relationships

Deutsche Börse Group interacts with a large number of different stakeholder groups, see chart below. Depending on their points of view, i.e. whether they consider Deutsche Börse as the capital market organiser or whether they regard it as a listed company, stakeholders and their interests can vary.

Deutsche Börse Group seeks to communicate with its stakeholders mainly through personal dialogue as well as through committees and working groups. The topics for discussion, their relevance for efficient and safe markets and the depth of the specific relationship between Deutsche Börse and its stakeholders determine which communication platform is used. In addition, surveys and dialogue events allow stakeholder group representatives to give specific feedback – and in this way to present their views directly.

Open dialogue promotes trustful working relationships and provides essential impulse for development and decision processes. A direct communication channel facilitates dealing with stakeholder requirements. Requests and criticisms voiced by stakeholder groups are taken on board without delay and can be reflected in decisions in a timely manner. In addition,

Summary of key stakeholders

Deutsche Börse Group as a listed company

- Deutsche Börse AG shareholders
- Employees
- Employee representatives
- Business partners
- Suppliers
- Service providers

Both

- Supervisory authorities
- Politics
- Media
- Non-governmental organisations
- Society

Deutsche Börse Group as a capital market organiser

- Intermediaries
- Issuers
- Institutional / private investors
- Trading, clearing and post-trading participants
- Financial community

Deutsche Börse Group uses this exchange of views to comment on controversial issues and provide reasons for its position.

Overview of internal and external stakeholder interests

While shareholders, employees and business partners are primarily interested in the company, a solid corporate governance and strong results of operations, customers – as issuers, trading, clearing and post-trade participants – focus on a comprehensive, efficient and high-quality product and service offering. For supervisory authorities, politics and society in general, the most significant role of Deutsche Börse Group is its contribution to the stability and efficiency of the financial markets, and therefore its key role for a functioning national economy.

Against this backdrop, Deutsche Börse Group continued to concentrate in 2012 on its assessment of the latest regulatory initiatives and highlighted their potential impact on markets and market participants, see www.deutsche-boerse.com > About us > Public Affairs. At the same time, the company expanded its range of efficient risk and liquidity management solutions for market participants, also to improve the company's results of operations from a long-term perspective. Moreover, the Group contributed in many different ways to enhancing integrity, transparency and standardisation on the global capital markets. Measures taken in the areas of customer satisfaction, compliance and data security as well as steps taken to increase employee satisfaction rounded off Deutsche Börse Group's internal and external stakeholder engagement activities in 2012, see also the chapter on "Group staff" starting on page 51; Key figures on benefits at www.deutsche-boerse.com/cr

Areas for action at Deutsche Börse Group

Deutsche Börse Group prioritises its areas for action with regard to the initiatives of highest strategic importance for the operating business. In addition, Deutsche Börse Group regularly determines areas for action and issues which are of key importance to its various stakeholders. Through these analyses, the company establishes core areas for its future engagements and addresses the needs and interests of its stakeholders. The chart on the right shows the most important initiatives in the operating business as well as core issues addressed in communication with representatives of key stakeholder groups. The darker an area for action appears in the chart, the higher is its strategic priority, the more importance Deutsche Börse Group attaches to it in its operating business, and the more frequently it was mentioned in discussions with various stakeholders. The stability and availability of trading systems and risk management solutions for market participants, for instance, are key areas for action for the company and its stakeholders.

The key selection criterion used by Deutsche Börse Group in identifying relevant areas for action is materiality, i.e. the significance of an issue. In addition, Deutsche Börse Group must be able in principle to influence the areas concerned.

17

customer workshops on Deutsche Börse Group's IT strategy

Areas for action at Deutsche Börse

▪ Transparency/standardisation on the capital markets ▪ Support for regulatory projects to ensure a stable financial system ▪ Integrity and compliance ▪ Cost efficiency ▪ Know-how transfer on capital market issues ▪ Stability and availability of the trading systems ▪ Remuneration ▪ Profitable growth	▪ Staff training and development ▪ Emissions trading ▪ Customer satisfaction ▪ Risk management solutions for market participants ▪ EBIT ▪ Stakeholder engagement ▪ Innovation potential ▪ Employee satisfaction	▪ Technology leadership ▪ Shareholder satisfaction ▪ Corporate citizenship ▪ Diversity and equal opportunities ▪ Value creation ▪ Job security	▪ Sustainable product portfolio ▪ Environmental management ▪ Green IT ▪ Greenhouse gas emissions ▪ Supplier management ▪ Human rights

Highest relevance →

Deutsche Börse Group therefore used the following sources to determine the relevant areas for action and their weighting:

- Information from Deutsche Börse Group's committees and working groups, whose members include international capital market representatives see www.deutsche-boerse.com/cr > Customer governance
- Analysis of customer satisfaction surveys, customer visits and queries put to Deutsche Börse Group's customer service organisation
- Internal analyses and assessments of trends and developments in the financial services sector (e.g. changes in the regulatory framework)
- Insights gained from investor conferences, roadshows and individual visits as well as topics raised at the Annual General Meeting
- Feedback from staff meetings, employee events and regular review discussions
- Areas of corporate strategic focus identified at the meetings of the Executive and Supervisory Boards and of the individual Supervisory Board committees
- Focus topics from dialogue events, workshops and other events for representatives of various stakeholder groups
- Analysis of press clippings and enquiries
- Enquiries received by Deutsche Börse Group from other external stakeholder groups

Continuous dialogue with stakeholders

Internal and external dialogue has a high priority for Deutsche Börse Group. This is reflected in the large number of measures and formats used to institutionalise and extend the exchange of views with representatives of various stakeholder groups. The chart below lists key examples of dialogues that took place in 2012:

Key examples of dialogues in 2012

Deutsche Börse AG

Institutional investors/analysts and private investors

- Conference calls were held to inform the capital market of the key performance figures and latest developments as part of quarterly financial reporting activities.
- The Annual General Meeting of Deutsche Börse Aktiengesellschaft was held on 16 May 2012 and around 59 per cent of the share capital was represented.
- At the sixth Investor Day on 1 June 2012, analysts and institutional investors learnt about Deutsche Börse Group's strategic focus areas and current developments in its business areas.
- Deutsche Börse held well over 500 one-on-one discussions with current/potential investors during international roadshows, investor conferences and individual visits in 2012.

Intermediaries, issuers and other market participants

- Deutsche Börse Group has a global presence with locations in the major financial centres, such as Frankfurt, Luxembourg, London, New York, Tokyo, Hong Kong, Singapore and Dubai.
- Institutionalised customer meeting programmes tailored to the needs of Xetra, Eurex and Clearstream ensure that views can be exchanged in person – up to and including at Executive Board level.
- Customer satisfaction – e.g. with new software releases of Deutsche Börse Group's IT – is measured in studies and published on the Group's websites.
- The German Equity Forum, held from 12 to 14 November 2012, attracted some 6,000 visitors, including German and international entrepreneurs, investors and analysts.

Employees, management and works council

- 95.3 per cent of permanent employees used the annual staff dialogue in 2012 to exchange views and information directly with their line managers.
- The bimonthly employee magazine and five lunchtime forums ensured that information on special topics and current projects was transferred throughout the company.
- Approximately 70 executives discussed the Group's strategic orientation and horizontal initiatives involving several business areas with the Executive Board at each of two top management dialogue events.
- Following the invitation of the human resources department, female executives met, for the first time, to network at six events, such as after-work get-togethers.
- The works council reported on its work at quarterly works meetings and in monthly discussions with the CFO.

59%

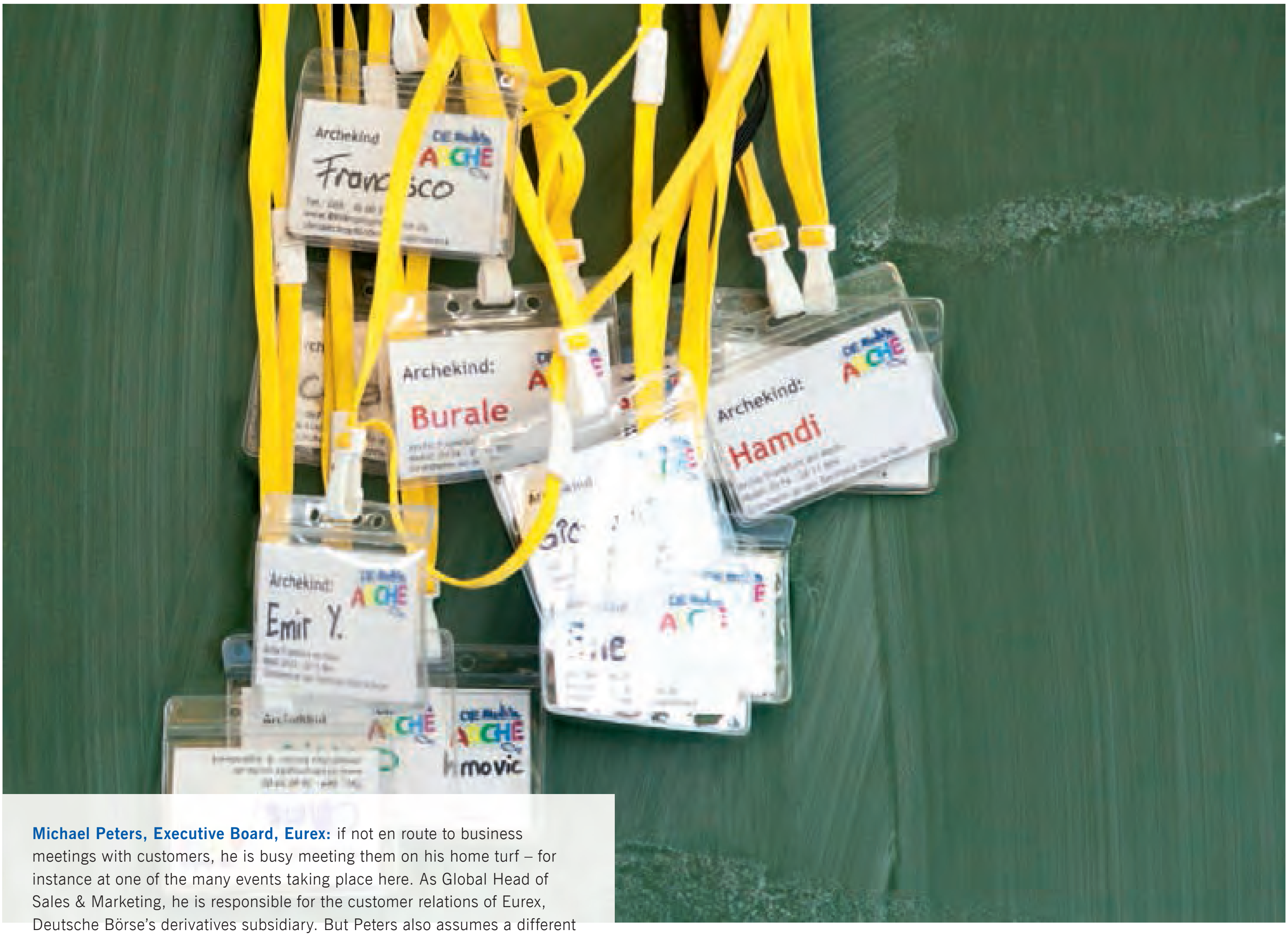
of the share capital attended the Annual General Meeting of Deutsche Börse AG

Supervisory authorities, regulators and politics

- Deutsche Börse Group released some publications on political issues such as the financial transaction tax.
- Representatives of the Group regularly took part in public consultation events at international, European and national level.
- In addition to workshops, the Group initiated expert discussions on current regulatory issues (e.g. high frequency trading) with key constituents of political stakeholder groups.
- Company representatives took part in public hearings held by central authorities and political bodies (e.g. ESMA, the German parliament) as well as in conferences and expert forums on regulatory issues.

Society, non-governmental organisations and the media

- Deutsche Börse Group informed media representatives about capital market/stock exchange issues at eight press conferences.
- Deutsche Börse Group's Visitors Centre welcomed about 50,000 interested members of the public for guided tours of the trading floor, presentations by specialists and the open day on 3 October 2012.
- The investor website www.boerse-frankfurt.de records about 2 million hits a month.
- The Group e-mails a daily newsletter containing market information to 25,000 investors.
- Employees of the Frankfurt Stock Exchange hotline respond to around 1,000 telephone and written enquiries a month.
- Deutsche Börse Group is an active member of numerous bodies and associations www.deutsche-boerse.com/cr



Michael Peters, Executive Board, Eurex: if not en route to business meetings with customers, he is busy meeting them on his home turf – for instance at one of the many events taking place here. As Global Head of Sales & Marketing, he is responsible for the customer relations of Eurex, Deutsche Börse's derivatives subsidiary. But Peters also assumes a different kind of responsibility: as a member of the Supervisory Board of non-profit Phineo gAG, he has committed himself to analysing and selecting social projects, such as the German "Arche" ("Ark") foundation, which aims to combat child poverty.

Good corporate citizenship CR

Deutsche Börse Group has been a committed and responsible "good corporate citizen" for many years. It considers this social engagement as a strategic investment in the future of the Group's locations worldwide, and while planning its activities, it is guided by their needs.

The Group is active in the areas of education and science as well as culture and social projects; the material objectives of all activities are to promote the future prospects of young people and to support innovative, sustainable concepts. The binding framework, which serves as an orientation aid for all charitable contributions, is set out in Group-wide Corporate Citizenship Guidelines, see text box

Key principles of the Corporate Citizenship Guidelines

- Connection to the business activity and to the existing know-how
- Active and project-related support with focus on the corporate locations
- Medium- to long-term engagement and focus on topics of social relevance
- Regular assessment of the activities, ideally by means of external evaluation
- Preferably active employee involvement in projects
- Transfer of successful concepts to the Group's international locations
- Sports, private individuals, political parties and religious institutions are not eligible for support

Education and science

Financial knowledge plays an important role in our society – having an understanding of an exchange's business and service offering is hereby essential.

Therefore, Deutsche Börse is aware of its responsibility to communicate information about the exchange and its meaning for a functioning national economy: be it the transfer of basic knowledge or special technical know-how, through play or as theory, online or in the classroom – Deutsche Börse invests in worldwide education initiatives for different target groups in a variety of ways.

The Capital Markets Academy is Deutsche Börse Group's central training body and delivers the company's training activities for market participants. Its range of offerings comprises workshops as well as certificate and study programmes on the Group's products and systems and the basics of the capital market.

Through lecturing assignments at different universities, members of Deutsche Börse Group's middle and upper management also share their personal, practice-based know-how with business and economics students.

The Group promotes the transfer of knowledge about stock exchanges at schools via teaching materials and teacher training seminars. Publications such as the stock exchange glossary, guided tours of the trading floor of the Frankfurt Stock Exchange and various multimedia information offerings on the www.deutsche-boerse.com/cma_e and www.boerse-frankfurt.de websites provide an easily understandable introduction to the complex world of the capital market.

Culture

As part of its cultural sponsorship programme, Deutsche Börse supports a number of institutions and projects in the areas of visual arts and music. The company supports selected exhibitions, and with several projects, it promotes the development of young photographic artists at the early stages of their careers. As the title sponsor of the Deutsche Börse Photography Prize, it is a partner for one of the most important international awards for contemporary photography.

The starting point of its cultural commitment is the Art Collection Deutsche Börse, the company's own collection of photographic art, which has been growing continuously for 13 years. The collection presents contemporary photographs by over 90 international artists at the Group's main locations in Frankfurt/Eschborn, Luxembourg and Prague. The works of art give the buildings a unique character and are an inspiration to employees and visitors.

The collection is not limited to specific themes. The varied works on display cover everything from classics of contemporary photography down to works by young artists, photographic art and documentary photography. Employees and members of the public with an interest in art can take guided tours of the collection or attend openings and special viewings. More information about the Group's cultural sponsorship promotion programme can be found at www.deutsche-boerse.com/art

Social projects

The relationship between society, politics and the economy is in a state of transition: social commitment by companies and their contribution to solving social problems are gaining in significance. For this reason, Deutsche Börse supports social institutions and projects at its locations. In doing so, the company not only makes donations, but also supports employee involvement.

Deutsche Börse also provides structural support to the non-profit sector via Phineo gAG, an organisation established together with the Bertelsmann Foundation. The independent analysts and consultants examine selected social issues such as child poverty and the integration of people with disabilities and dementia patients. In addition, Phineo identifies areas in need of support. On its online platform, its so-called "social marketplace", Phineo recommends particularly effective projects for sponsorship, see www.phineo.org

At its Frankfurt/Eschborn location, Deutsche Börse takes an active stand against child poverty as part of the "Freundeskreis der Arche" (Society of Friends of the Frankfurt "Ark") support group, of which it is a founding member. Thanks to the financial support given by this society, two branches of this children's project have now started their work in Frankfurt. They provide a free lunch to more than 100 children every day, help them with their homework and above all give them attention.

International activities

Beyond the initiatives mentioned above, as a "good corporate citizen" Deutsche Börse Group is involved in numerous projects at its location in Frankfurt/Eschborn, which it supports through sponsorships, donations, corporate volunteering, scholarships, awards and events as well as by offering its premises as a venue. As far as possible and practical, connections are established between projects of different CR areas, see www.deutsche-boerse.com/cr

Deutsche Börse Group's CR activities are centrally coordinated and organised in Eschborn. As a globally operating company with numerous locations worldwide, the company is also involved in CR activities at

45,000

visitors on the floor of the Frankfurt Stock Exchange in 2012

five of its international locations. In cooperation with the responsible colleagues at the location, projects are selected which are in line with the Group's guiding principles but which also take into account local needs and conditions.

Luxembourg
At the second-largest Group location, the Group company Clearstream has been committed to supporting cultural events, mainly in the area of music, for years. In addition, about 200 works from the Art Collection Deutsche Börse are presented at the company premises, "The Square", during guided tours and the day of private art collections (Private Art Kirchberg), which was initiated by Clearstream. Each year, the employee-founded "Clearstream Charity Committee" organises, of their own initiative, numerous fundraising events in support of social projects.

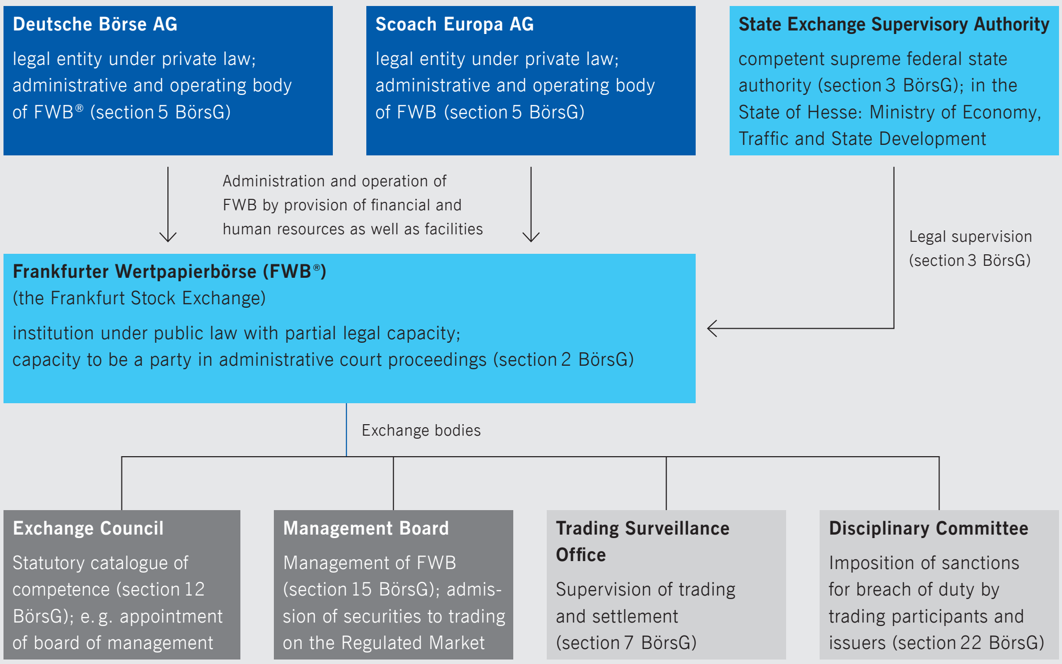
Prague
The 400 employees of the Clearstream and Information Technology areas in Prague, the Group's third-largest location, experience corporate responsibility mainly in the form of various employee projects and teambuilding events. Group projects on topics such as health, fitness or the environment not only serve to increase team spirit but also communicate the basic principles of corporate responsibility.

London
At the London location, supported project areas include education and science as well as social and cultural projects. In the context of its cultural commitment, the company supports the prestigious Deutsche Börse Photography Prize, awarded in cooperation with the local Photographers' Gallery. Educational projects, such as the "Career Academies" mentoring programme, enable employees to pass on their own professional and life experience to young university students.

Chicago
In Chicago, corporate responsibility activities are focused on social issues: multiple projects, mainly in support of low-income families, are organised in cooperation with the institution "Family Matters". In addition, the company supports cultural projects as well as projects teaching high school and college students about the capital market not only financially but also through the active involvement of local employees.

New York
Within the context of social engagement, the employees at the Group company International Securities Exchange (ISE) have teamed up with the New York "Ronald McDonald House" which organises numerous events for families in need. In cooperation with this institution, New York employees also organise the annual Group-wide Social Day, which allows employees to get directly involved in a social project. In addition, ISE is a sponsor of Baruch College, promoting college education in the areas of options and securities markets.

Asien
At Deutsche Börse Group's locations in Asia, the company is involved in numerous training and educational projects. Within this context, cooperations and partnerships have been set up with various universities, amongst others with the Chinese University of Hong Kong, the Shanghai Advanced Institute of Finance and National Taiwan University. Since September 2012, the Group has also been supporting Singapore Management University, Singapore's first state-financed independent university. The partnerships' aim is to promote teaching about the financial markets.



Regulatory and supervisory bodies for exchange trading

Sample illustration showing the Frankfurt Stock Exchange (FWB®, Frankfurter Wertpapierbörse). The legal requirements listed also apply to all other Deutsche Börse Group exchanges organised under public law in Germany: Eurex Deutschland, European Energy Exchange and Tradegate Exchange. The International Securities Exchange is subject to US law, while the Eurex Zürich exchange is run in accordance with Swiss law.

Governance

Deutsche Börse Group attaches great importance to the principles of responsible corporate governance. Corporate governance creates transparency on how a company is managed and supervised, and on its internal structure and organisation.

Deutsche Börse has been approved by the relevant supervisory authorities and entrusted with ensuring orderly exchange trading for the cash and derivatives markets. This means that Deutsche Börse assumes a responsibility under public law.

1) Component of the combined management report

The Executive Board




Reto Francioni, *1955
Chief Executive Officer,
Deutsche Börse AG
Prof., Dr. jur.
Frankfurt/Main

Frank Gerstenschläger, *1960
member of the Executive Board,
Deutsche Börse AG
responsible for Special Projects
university degree in Economics,
Business Administration and Engineering
(Dipl.-Wirtschaftsingenieur)
Darmstadt

Andreas Preuss, *1956
member of the Executive Board and
Deputy Chief Executive Officer,
Deutsche Börse AG
responsible for the
Cash & Derivatives Markets division
university degree in Economics
(Dipl.-Kaufmann)
Frankfurt/Main

Gregor Pottmeyer, *1962
member of the Executive Board,
Deutsche Börse AG
Chief Financial Officer
university degree in Economics
(Dipl.-Kaufmann)
Frankfurt/Main

Jeffrey Tessler, *1954
member of the Executive Board,
Deutsche Börse AG
responsible for the Clearstream division
MBA
Luxembourg

Hauke Stars, *1967
member of the Executive Board,
Deutsche Börse AG
(since 1 December 2012)
responsible for the Information Technology division and the Market Data division
Master of Science in Engineering
Ruedlingen, Switzerland

Former member of the Executive Board

Michael Kuhn, *1954
member of the Executive Board,
Deutsche Börse AG
Chief Information Officer
(until 31 December 2012)
responsible for the
Information Technology division
(until 30 November 2012)
Dr.-Ing.
Frankfurt/Main

Detailed information about the members of the Executive Board and their appointments to supervisory bodies of other companies can be found on the Internet under: www.deutsche-boerse.com/execboard

As at 1 January 2013

The Supervisory Board

Joachim Faber, *1950
Chairman
Senior Advisor
Allianz SE, Munich
Nationality: German
Board member
since 20 May 2009

Gerhard Roggemann, *1948
Deputy Chairman
Vice Chairman
Cannacord Genuity Hawkpoint Limited, London
Nationality: German
Board member from 11 May 1998 to 14 May 2003 and
since 12 July 2005

Richard Berliand, *1962
Executive Director
Richard Berliand Limited, Ashtead, Surrey
Nationality: British
Board member
since 7 October 2005

Irmtraud Busch,[1] *1956
Staff member in the Settlement Product Design (OPD) section
Clearstream Banking AG, Frankfurt/Main
Nationality: German
Board member
since 16 May 2012

Karl-Heinz Floether, *1952
Independent Management Consultant,
Kronberg
Nationality: German
Board member
since 16 May 2012

Marion Fornoff,[1] *1961
Staff member in the Human Resources Germany section
Deutsche Börse AG, Frankfurt/Main
Nationality: German
Board member
since 16 May 2012

Hans-Peter Gabe,[1] *1963
Staff member in the HR Policies & Corporate Training section
Deutsche Börse AG, Frankfurt/Main
Nationality: German
Board member
since 21 May 1997

Richard M. Hayden, *1945
Non-Executive Chairman
Haymarket Financial LLP, London
Senior Advisor
TowerBrook Capital Partners L.P., London
Nationality: US-American and British
Board member
since 12 July 2005

Craig Heimark, *1954
Managing Partner
Hawthorne Group LLC, Palo Alto
Nationality: US-American
Board member
since 7 October 2005

David Krell, *1946
Chairman of the Board of Directors
International Securities Exchange, LLC, New York
Nationality: US-American
Board member
since 1 January 2008

Monica Mächler, *1956
Lawyer, Pfäffikon
Former Vice Chair of the Board of Directors of the Swiss Financial Market Supervisory Authority (FINMA), Bern
Nationality: Swiss
Board member
since 16 May 2012

Friedrich Merz, *1955
Lawyer
Partner Mayer Brown LLP, Dusseldorf
Nationality: German
Board member
since 12 July 2005

Thomas Neisse, *1948
Chief Executive Officer
Deka Investment GmbH, Frankfurt/Main
Nationality: German
Board member
since 20 May 2009

Heinz-Joachim Neubürger, *1953
Independent Management Consultant, London
Nationality: German
Board member
since 16 May 2012

Erhard Schipporeit, *1949
Independent Management Consultant, Hanover
Nationality: German
Board member
since 7 October 2005

Jutta Stuhlfauth,[1] 1961
Lawyer and Head of Unit Policies and Procedures
Deutsche Börse AG, Frankfurt/Main
Nationality: German
Board member
since 16 May 2012

Martin Ulrici,[1] *1959
Staff member in the HR Policies & Corporate Training section
Deutsche Börse AG, Frankfurt/Main
Nationality: German
Board member
since 16 May 2012

Johannes Witt,[1] *1952
Staff member in the Consolidation & Accounting Frankfurt section
Deutsche Börse AG, Frankfurt/Main
Nationality: German
Board member
since 21 May 1997

1) Employee representative
2) The former members' term of office expired at the end of the Annual General Meeting on 16 May 2012.

As at 31 December 2012

Former members of the Supervisory Board[2]

Manfred Gentz, *1942
Chairman
President of the International Chamber of Commerce (ICC) Germany, Berlin
Nationality: German
Board member
since 14 May 2003

Herbert Bayer,[1] *1950
Former Trade Union Secretary ver.di, Department 1 Financial Services, Area Frankfurt/Main and region, Frankfurt/Main
Nationality: German
Board member
since 13 July 1994

Birgit Bokel,[1] *1952
Former staff member in the Facility Management section
Deutsche Börse AG, Frankfurt/Main
Nationality: German
Board member
since 14 May 2003

Konrad Hummler, *1953
Managing Partner
Wegelin & Co. Private Bankers, St. Gallen
Nationality: Swiss
Board member from 11 September 2007 to 12 May 2011 and since 31 May 2011

Hermann-Josef Lamberti, *1956
Former Member of the Executive Board
Deutsche Bank AG, Frankfurt/Main
Nationality: German
Board member
since 11 October 2005

Roland Prantl,[1] *1963
Staff member in the Configuration Management & Quality Assurance section
Deutsche Börse AG, Frankfurt/Main
Nationality: German
Board member from 4 May 2000 to 14 May 2003 and since 24 May 2006

Norfried Stumpf,[1] *1963
Staff member in the New Issues & CSK Frankfurt section
Clearstream Banking AG, Frankfurt/Main
Nationality: German
Board member
since 20 May 2009

Detailed information about the members of the Supervisory Board and their additional appointments to supervisory bodies of other companies or comparable control bodies can be found on the Internet under:
www.deutsche-boerse.com/supervboard

Report of the Supervisory Board

Joachim Faber
Chairman of the Supervisory Board

In the year under review, the Supervisory Board held in-depth discussions on the position and prospects of the company and performed its duties in accordance with the law and the Articles of Association. We regularly advised the Executive Board on the management of the company and monitored its work. We were involved in all key decisions. Where required by law, the Articles of Association or the bylaws, we adopted resolutions following thorough examination.

We held a total of eight meetings, including one extraordinary meeting and one constituent meeting. In addition, two preparatory workshops and two strategy workshops were held. At the strategy workshops, which were held in April and November 2012, we addressed Deutsche Börse Group's growth strategies in detail. The two preparatory workshops were held before the meeting convened to adopt the financial statements on 19 March and the meeting convened to adopt the budget on 10 December 2012, and were used for detailed advance discussions of the agenda items for these meetings.

At our meetings, the Executive Board provided us with comprehensive and timely information, both verbally and in writing, in line with the legal requirements on the course of business, the position of the company and the Group (including the risk situation and risk management), as well as on the company's strategy and planning. We discussed all transactions significant for the company in the plenary meetings and in the Supervisory Board committees, based on the reports of the Executive Board. The high frequency of both plenary and committee meetings facilitated intensive dialogue between the Executive Board and the Supervisory Board. Individual issues were also addressed between meetings, both in written reports by the Executive Board and in the form of discussions. In addition, the Chairman of the Executive Board continually informed the Chairman of the Supervisory Board of current developments in the company's business, significant transactions, upcoming decisions as well as the long-term outlook and thoughts on potential developments, and discussed these matters with him. With one exception, all members of the Supervisory Board attended at least half of the meetings of the Supervisory Board held during their respective terms of office in 2012. Mr Lamberti, whose appointment ended at the end of the Annual General Meeting (AGM) on 16 May 2012, was prevented from attending over half of the meetings of the Supervisory Board held during his term of office in 2012. The average participation rate in the period under review was 91.5 per cent.

The Executive Board submitted all measures requiring Supervisory Board approval according to the law, the Articles of Association, or the bylaws to the Supervisory Board, and the Supervisory Board approved these measures. The Supervisory Board also verified that the Executive Board's actions were lawful, due and proper, and appropriate.

Focus of the work of the Supervisory Board

At the Supervisory Board meetings, we were continually informed of current developments and initiatives by reports from the CEO, the CFO and the Executive Board members responsible for the different business areas. Projects relevant to the company, market developments and regulatory changes were discussed. Our work in 2012 focused on the assessment of Deutsche Börse Group's strategic position and orientation after the planned merger with NYSE Euronext Inc. was prohibited by the European Commission. The Supervisory Board repeatedly addressed both the growth strategies of the individual business areas and Group-wide growth strategies in detail. We also kept a close eye on regulatory developments at national and European level and discussed their potential impact on our business model. In particular, we discussed the European Market Infrastructure Regulation (EMIR), the revision of the Markets in Financial Instruments Directive (MiFID II/MiFIR), the Central Securities Depositories Regulation, the Capital Requirements Directive (CRD IV), as well as the financial transaction tax and the regulation of high-frequency trading at a national level.

We were regularly informed about Deutsche Börse AG's share price performance, including in comparison to its competitors. Moreover, the Executive Board reported on the business performance, financial position and results of operations of Deutsche Börse AG, its investees and Deutsche Börse Group as a whole.

The Supervisory Board meetings focused on the following issues during the reporting period:

At our first regular meeting of the reporting period, which took place on **13 February 2012**, we held in-depth discussions on the prohibition of the planned merger with NYSE Euronext Inc. by the European Commission and assessed Deutsche Börse Group's strategic position and future orientation. In addition, the Supervisory Board addressed the preliminary results for financial year 2011 and the dividend proposed by the Executive Board for financial year 2011. It also resolved the amount of the variable remuneration of the Executive Board for financial year 2011 following in-depth discussion. Furthermore, the Supervisory Board adopted the corporate governance declaration in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code) and the corporate governance report including the 2011 remuneration report.

At our meeting on **19 March 2012**, we discussed the company's 2011 annual financial statements and the consolidated financial statements plus the corresponding management reports; the auditors were present for this. The 2011 annual financial statements and consolidated financial statements were approved in line with the recommendation by the Audit and Finance Committee, which had previously conducted an in-depth examination of the documents. We also approved a revised version of the budget for financial year 2012 and determined the structure and amount of the remuneration of the Executive Board of Deutsche Börse AG for 2012, as well as the target criteria for the 2012 cash bonus. In addition, we approved the filing of an appeal against the European Commission's decision prohibiting the planned merger with NYSE Euronext Inc. Other key topics of the meeting included the candidates to be proposed to the Annual General Meeting for election to the Supervisory Board, the proposed candidate for the position of Chairman of the Supervisory Board, the proposal to the Annual General Meeting to amend the Supervisory Board's remuneration, and the adoption of the agenda for the Annual General Meeting 2012. The report of the Supervisory Board 2011 was also resolved.

At our extraordinary meeting on **23 April 2012**, we addressed current developments relating to the pan-European TARGET2-Securities settlement platform and its impact on business in the post-trading segment, Clearstream.

In our meeting on **16 May 2012**, which was held directly before the Annual General Meeting, the Executive Board provided us with information on the Annual General Meeting. The Executive Board also presented a status report on current developments.

The constituent meeting of the newly elected Supervisory Board was also held on **16 May 2012**, immediately following the Annual General Meeting. The Supervisory Board elected Joachim Faber as Chairman of the Supervisory Board and re-elected Gerhard Roggemann as Deputy Chairman. In addition, the Supervisory Board elected the members of the Supervisory Board committees and, where necessary, their chairpersons.

In our meeting on **11 June 2012**, we dealt in particular with Deutsche Börse Group's enterprise-wide growth strategies, Deutsche Börse AG's letter of comfort in favour of Eurex Clearing AG following the acquisition of all of the shares of Eurex Zürich AG from SIX Group AG and SIX Swiss Exchange AG, as well as the one-year extension of the consulting agreement between Deutsche Börse AG and Richard Berliand Limited.

We again discussed Deutsche Börse Group's strategy in light of regulatory developments at our ordinary meeting on **18 September 2012**. Other important topics included the appointment of Hauke Stars as Member of the Executive Board of Deutsche Börse AG and the reappointment of Reto Francioni as Chairman of the Executive Board. We also approved the issue of senior bonds by Deutsche Börse AG and adopted a policy on consulting agreements with members of the Supervisory Board.

We also addressed Deutsche Börse's corporate strategy in our meeting on **10 December 2012**, in particular the opportunities that may arise from regulatory changes. In addition, the Supervisory Board discussed the effectiveness of the risk management system and adopted the 2013 budget and the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) for the year under review; eventually, we discussed the results of the annual efficiency audit. We also adopted a new flexible age limit for Executive Board members, which will take effect as soon as the existing flexible age limit is revoked.

Work of the committees

The Supervisory Board has a total of six committees, which are primarily responsible for preparing the decisions and topics to be discussed in the plenary meetings. Additionally, the Supervisory Board has delegated individual decision-making powers to the committees, to the extent that this is legally permissible. Each of the committee chairs provided detailed reports of committee work at the meetings of the Supervisory Board. The composition and exact working methods of the individual committees can be found in the corporate governance declaration in accordance with section 289a of the HGB.

The Chairman of the Supervisory Board chairs the Personnel Committee, the Nomination Committee and the Strategy Committee.

The **Personnel Committee** met five times during the year under review. At the beginning of 2012, it discussed in detail the amount of the Executive Board's variable remuneration for 2011 as well as the structure and amount of the 2012 target remuneration and resolved a corresponding recommendation for the plenary session. In addition, the Committee discussed the 2011 remuneration report. In subsequent meetings, the Personnel Committee addressed the appropriateness of the Executive Board remuneration and developed a proposal for the plenary session and the Annual General Meeting to amend the Supervisory Board's remuneration. It also issued a recommendation to the Supervisory Board on the appointment of the

Executive Board member responsible for the Information Technology segment and the Market Data division. Furthermore, the Committee adopted the Executive Board members' individual targets for 2013 and addressed the review of Executive Board remuneration, the rules specifying a flexible age limit for Executive Board members and succession planning for Deutsche Börse Group's middle and upper management.

The **Strategy Committee** met four times during the year under review. At its first meeting, the Committee discussed the European Commission's merger control procedure in connection with the planned merger with NYSE Euronext Inc. In the following meetings, the Committee held in-depth discussions on the company's business performance and potential strategic courses of action at Group level, as well as its medium-term strategy planning in light of regulatory developments.

The **Audit and Finance Committee** held six meetings and one conference call in the period under review. It discussed the annual and consolidated financial statements, including the corresponding management reports, and the audit report for financial year 2011 in a meeting at the beginning of 2012; the auditors were present for this. In addition, the Audit and Finance Committee prepared the Supervisory Board's resolution on the corporate governance report for 2011, including the remuneration report and the corporate governance declaration in accordance with section 289a of the HGB, and discussed the dividend for financial year 2011. It also addressed the interim reports for the first and third quarters of 2012 and the half-yearly financial report for the first half of 2012. It obtained the necessary statement of independence from the auditors, prepared the Supervisory Board's proposal to the Annual General Meeting in May 2012 for the election of the auditors and agreed the audit fee. The auditors supported the Audit and Finance Committee in all material questions relating to accounting and regular monitoring activities. Other important topics included Deutsche Börse Group's reports on risk management and on compliance, the reports on the internal control system and the internal audit report. The members of the Committee were informed about these topics – including the methods and systems applied and their efficiency and adequacy – throughout the entire reporting period and discussed them in detail. Deutsche Börse AG's letter of comfort in favour of Eurex Clearing AG was also discussed. In addition, the Committee addressed the issuance of senior bonds by Deutsche Börse AG. It also established the areas of emphasis of the audit for 2012 and discussed the declaration of conformity by the Supervisory Board for 2012. At its last meeting in the reporting period, the Committee dealt with the budget for 2013, the report on the internal auditing system, the effectiveness of the risk management as well as with risk allocation.

The **Technology Committee** met four times in the year under review. It addressed the further development of the Xetra and Eurex trading systems, as well as the Clearstream systems. The Committee also held in-depth discussions on the development of new trading systems for the cash and the derivatives markets, and for clearing and settlement. In addition, it addressed cutting-edge concepts to leverage synergy effects during software development. At the last meeting of the year under review, the Committee discussed in detail the 2013 IT project budget for Deutsche Börse Group.

The **Clearing and Settlement Committee** held two meetings in the year under review, in which it discussed Deutsche Börse Group's initiatives in the area of securities settlement. In particular, the Committee examined the Global Liquidity Hub, a platform for liquidity and risk management, TARGET2-Securities, as well as post-trade services for OTC markets. In addition, the Committee held in-depth discussions on current regulatory developments such as the European Market Infrastructure Regulation (EMIR).

The **Nomination Committee** prepared the election of shareholder representatives by the Annual General Meeting 2012 and drew up the corresponding proposed list of candidates. In addition, the Committee addressed the recommendation of the German Corporate Governance Code that the Supervisory Board's composition profile include an adequate number of independent members and prepared a corresponding recommendation to the Supervisory Board. The Committee met three times in the year under review.

Corporate governance and declaration of conformity CR

The recommendations and suggestions of the German Corporate Governance Code and their implementation were discussed in the meetings of the Supervisory Board and the Finance and Audit Committee. The annual declaration of conformity in accordance with section 161 of the AktG was adopted by the Supervisory Board in line with the Audit and Finance Committee's recommendation. It is publicly available on the company's website at www.deutsche-boerse.com/declconformity. Further information on corporate governance at Deutsche Börse Group can be found in the corporate governance report adopted jointly by the Executive Board and Supervisory Board and the corporate governance declaration.

Audit of the annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), domiciled in Berlin, audited the annual financial statements of Deutsche Börse AG and the consolidated financial statements, as well as the combined management report for the financial year ended 31 December 2012, together with the accounting system, and issued an unqualified audit opinion. The condensed financial statements and interim management report contained in the half-yearly financial report for the first six months of 2012 were reviewed by KPMG. The documents relating to the financial statements and the reports by KPMG were submitted to the members of the Supervisory Board for examination in a timely manner. The auditor attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board to approve the annual financial statements. The auditor reported on the key results of the audit, elaborated in particular on the net assets, financial position and results of operations of the company and Group, and was available to provide supplementary information. The auditor also reported that no significant weaknesses in the control and risk management systems had been found, in particular with respect to the financial reporting process, nor were any significant weaknesses relating to the recognition of sales revenue or taxes. Equally, the audit of goodwill and intangible assets, the measurement of equity investments and the capitalisation of internally developed software did not give rise to any objections. The same applied to the audit of compliance with all relevant statutory provisions and regulatory requirements. KPMG provided the Supervisory Board with information on other services that were rendered in addition to audit services. There were no grounds for suspecting impairment of the auditor's independence. The Audit and Finance Committee discussed the financial statement documents and the reports by KPMG in detail with the auditors and examined them carefully itself. It is satisfied that the reports meet the statutory requirements under sections 317 and 321 of the HGB in particular. The Committee reported to the Supervisory Board on its examination and recommended that it approve the annual financial statements and consolidated financial statements.

Our own examination of the annual financial statements, the consolidated financial statements and the combined management report for 2012 did not lead to any objections and we concurred with the results of the audit performed by the auditors. We approved the annual financial statements prepared by the Executive Board and the consolidated financial statements at our meeting on 13 March 2013 in line with the Audit and Finance Committee's recommendation. The annual financial statements of Deutsche Börse AG are thereby adopted. The Audit and Finance Committee discussed the Executive Board's proposal for the appropriation of the unappropriated surplus in detail with the Executive Board, in particular in view of the company's liquidity and financial planning as well as taking into account shareholders' interests. Following this discussion and its own examination, the Audit and Finance Committee approved the Executive Board's proposal for the appropriation of the unappropriated surplus. After examining this ourselves, we also approved the Executive Board's proposal for the appropriation of the unappropriated surplus in a plenary meeting of the Supervisory Board.

Composition of the boards

The following changes to the composition of the Supervisory Board took place in the period under review:

- The Supervisory Board's regular term of office ended at the end of the Annual General Meeting on 16 May 2012. The shareholder representatives Manfred Gentz, Konrad Hummler and Hermann-Josef Lamberti did not stand as candidates for re-election, and their appointments as members of the Supervisory Board therefore ended at the end of the Annual General Meeting. The remaining shareholder representatives in the Supervisory Board were re-elected for another term of office. Monica Mächler, Karl-Heinz Floether and Heinz-Joachim Neubürger were elected as new members of the Supervisory Board.
- The employee representatives Birgit Bokel, Herbert Bayer, Roland Prantl and Norfried Stumpf left the Supervisory Board. Irmtraud Busch, Marion Fornoff, Jutta Stuhlfauth and Martin Ulrici were elected as new members of the Supervisory Board.
- At its constituent meeting on 16 May 2012, the Supervisory Board elected Joachim Faber as Chairman of the Supervisory Board and re-elected Gerhard Roggemann as Deputy Chairman.

The following changes to the composition of the Executive Board took place and the following reappointments were resolved in the period under review:

- Gregor Pottmeyer was reappointed for a term of five years by way of a Supervisory Board resolution dated 13 February 2012. His term of office will end on 30 September 2017.

- In a resolution dated 18 September 2012, we terminated Reto Francioni's appointment by mutual agreement with immediate effect, and reappointed him with immediate effect for another term of office, which will end on 31 October 2016. We also reappointed him as Chairman of the Executive Board.
- Michael Kuhn's term of office ended on 31 December 2012. His appointment was not renewed by mutual agreement.
- Frank Gerstenschläger's term of office will expire on 31 March 2013. His appointment was also not renewed by mutual agreement.
- Hauke Stars was appointed as a member of the Executive Board for the first time in a resolution dated 18 September 2012. Her term of office began on 1 December 2012 and will end on 30 November 2015.

Management of individual conflicts of interest

During financial year 2011 and up until the end of the first quarter of 2012, the international law firm of Mayer Brown LLP advised Deutsche Börse AG on the planned business combination with NYSE Euronext. Supervisory Board member Friedrich Merz is a partner of Mayer Brown LLP. Mr Merz did not take part in either the discussion about the engagement of Mayer Brown LLP or in the Supervisory Board's engagement resolution.

Following the expiration of the consulting agreement dated 1 May 2011, Richard Berliand Limited, whose managing director Richard Berliand is a member of the Supervisory Board, signed a new consulting agreement with Deutsche Börse AG effective 1 July 2012 for the provision of advisory services relating to the development of new products and services in the area of derivatives trading and clearing. We approved the extension of this agreement with effect from 1 July 2012. Mr Berliand was neither present when the extension of the consulting agreement was discussed by the Supervisory Board, nor did he participate in the resolution on the consulting agreement.

The Supervisory Board resolved a policy on consulting agreements with members of the Supervisory Board in the year under review. This policy lays down the framework for entering into consulting agreements with Supervisory Board members.

We would like to thank the outgoing Supervisory Board members for their many years of hard work, which has played a significant role in Deutsche Börse AG's development and success. Our special thanks go to Michael Kuhn and Frank Gerstenschläger for their many years of valued service on Deutsche Börse AG's Executive Board. We would also like to thank the remaining members of the Executive Board, as well as all employees and the employee representatives, for their dedication and achievements in relation to Deutsche Börse AG's strategic reorientation.

Frankfurt/Main, 13 March 2013
For the Supervisory Board:

Joachim Faber
Chairman of the Supervisory Board

Corporate governance declaration

→ In accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code), the corporate governance declaration is part of the combined management report. In this declaration, Executive Board and Supervisory Board of Deutsche Börse AG report on the following: the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act), relevant information on corporate governance practices, Executive and Supervisory Board working practices, as well as the composition and working practices of the committees of the Supervisory Board.

Declaration of conformity in accordance with section 161 of the AktG

On 10 December 2012, the Executive Board and Supervisory Board of Deutsche Börse AG issued the following declaration of conformity:

"Declaration of Conformity – December 2012

Declaration of Conformity by the Executive Board and Supervisory Board of Deutsche Börse AG in accordance with section 161 of the German Stock Corporation Act

Section 161 of the German Stock Corporation Act (AktG) requires the executive board and supervisory board of a listed stock corporation to declare annually that the recommendations of the "Government Commission German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) have been and are being met or, if not, which recommendations have not been or are not being applied and why not.

For the period since the last regular declaration of conformity dated 13 December 2011 and the intra-year declaration of conformity dated 16 May 2012, the declaration of conformity refers to two different versions of the Code: Until 14 June 2012, the declaration set out below refers to the old version as of 26 May 2010. Since 15 June 2012, the declaration refers to the requirements of the Code in its current version as of 15 May 2012, which was published in the Bundesanzeiger on 15 June 2012.

The Executive Board and the Supervisory Board of Deutsche Börse AG declare that the recommendations of the "Government Commission German Corporate Governance Code" have been and will be met with a few deviations. The following applies to the deviations:

1. Deductible in the D&O policy for the Supervisory Board (no. 3.8 (3) of the Code)

The Company has not followed the recommendation of agreeing a deductible in the D&O policy for the Supervisory Board pursuant to no. 3.8 (3) of the Code. Furthermore, the Company will not follow this recommendation for the time being.

Since agreeing a deductible is relatively unusual in other countries, there was and is some concern that agreeing a deductible could impact on the Company's goal of staffing its Supervisory Board with prominent members of the community abroad who have broad business experience.

2. Agreement of severance payment caps when concluding Executive Board contracts and of change of control clauses (no. 4.2.3 (4) and (5) of the Code)

2.1 Severance payment caps pursuant to no. 4.2.3 (4) of the Code

All current service contracts with members of the Executive Board include Code-compliant severance payment caps so that in this respect, the recommendation pursuant to no. 4.2.3 (4) of the Code has been and is being complied with. As in the past, however, the Supervisory Board still reserves the right to deviate from the recommendation pursuant to no. 4.2.3 (4) of the Code under certain circumstances in the future. The Supervisory Board is of the opinion that a deviation may become necessary in extraordinary cases.

2.2 Change of control clauses in Executive Board contracts pursuant to no. 4.2.3 (5) of the Code

The recommendation to limit severance payments in the event of a change of control pursuant to no. 4.2.3 (5) of the Code has not been and is not complied with in full. The Supervisory Board resolved the implementation of Code-compliant severance payments in the event of a change of control in accordance with no. 4.2.3 (5) of the Code, in the context of introducing a new remuneration system in 2010. These Code-compliant provisions already apply to all new Executive Board members appointed since September 2009 and to all Executive Board members reappointed since 1 January 2010. However, individual change of control clauses in all other service contracts with Executive Board members remain unchanged until the end of the current term of service. Thus, the implementation of Code compliant change of control clauses has not yet been completed entirely, resulting in a deviation.

3. Remuneration of the members of the Supervisory Board (no. 5.4.6 (2) of the Code)

Following the proposal of the Executive Board and the Supervisory Board, the Annual General Meeting of Deutsche Börse AG resolved on 16 May 2012 to change the remuneration system of the members of the Supervisory Board to a purely fixed remuneration without any performance-related components and to amend the Articles of Incorporation accordingly. The Executive Board and the Supervisory Board are of the opinion that this kind of remuneration is more appropriate to the controlling function of the Supervisory Board, which has to be performed independently of the Company's success.

Accordingly, the declaration of conformity had to be amended on 16 May 2012, as the then applicable German Corporate Governance Code (version as of 26 May 2010) in no. 5.4.6 (2) still recommended performance-related compensation for members of the Supervisory Board and the discontinuation of this recommendation resolved by the Government Commission German Corporate Governance Code became applicable only after the new version of the Code had been published in the Federal Gazette on 15 June 2012.

Since the current version of the German Corporate Governance Code does not recommend performance-related remuneration in no. 5.4.6 (2) any more, the temporary deviation no longer exists."

The annual declaration of conformity in accordance with section 161 of the AktG is publicly available on the company's website at www.deutsche-boerse.com/declconformity. The declarations of conformity for the previous five years can also be accessed there.

Information on corporate governance practices CR

Policies/Code of Conduct

Deutsche Börse Group's global orientation requires that binding policies and standards of behaviour are applied at each of its locations around the world. The principles for cooperation are aimed in particular at ensuring responsibility, respect and mutual esteem. They are also applied in the implementation of the Group's business model. As a fully integrated exchange company, Deutsche Börse Group organises financial markets and provides the infrastructure for all areas of the equities and derivatives business – from trading through settlement and, clearing, the provision of market data down to custody and securities management. Communication with customers, investors, employees and the public is based on timely information and transparency. In addition to profit-based activity, recognised social responsibility standards form the basis for managing Deutsche Börse as a business.

Group-wide Code of Conduct

Responsible actions and behaviour depend on values that are shared by all employees throughout the Group. The Code of Conduct adopted by the Executive Board and applicable throughout the Group lays the foundation for this and sets minimum ethical and legal standards. It is equally binding on members of the Executive Board and on all other management levels and employees of the Group. In addition to specific rules, it provides general guidance as to how employees can contribute to putting defined corporate standards into practice in their daily working lives. The aim of the Code of Conduct is to set out guidance for working together in the company's day-to-day activities, to contribute to solving any cases of conflict and to help meet ethical and legal challenges.

The Code of Conduct for employees can be viewed at www.deutsche-boerse.com > Corporate responsibility > Employees > Code of ethics.

Supplier policy

Deutsche Börse Group demands adherence to high standards not only from its management and its employees, but also from its suppliers. The Code of Conduct for Suppliers and Service Providers requires them to respect human rights and employee rights and to comply with minimum standards. Most suppliers have signed up to these conditions; other business partners have made voluntary commitments that correspond to or exceed Deutsche Börse Group's standards. Service providers and suppliers must sign up to the Code as a prerequisite for doing business with Deutsche Börse Group.

The standards are regularly reviewed in the light of current developments and are amended as necessary.

The Code of Conduct for Suppliers can be found on the Internet at www.deutsche-boerse.com > Corporate responsibility > Economy > Procurement management.

Values

Deutsche Börse Group's business activities are based on the legal frameworks and ethical standards of the different countries in which it operates. The Group makes the values clear to which it attaches importance especially by joining initiatives and organisations that stand for generally accepted ethical standards. The relevant memberships are as follows:

- **United Nations Global Compact** www.unglobalcompact.org: The United Nations Global Compact is an international agreement between companies and the United Nations. By participating, the company agrees to meet minimum social and ecological standards.
- **Diversity Charter** www.diversity-charter.com: As a signatory to the Diversity Charter, Deutsche Börse AG is committed to recognising, valuing and enhancing the diversity of its workforce, customers and business associates – irrespective of age, gender, disability, race, religion, nationality, ethnic background, sexual orientation or identity.
- **International Labour Organisation** www.ilo.org: The UN agency is the international organisation responsible for drawing up and overseeing international labour standards; it brings together representatives of governments, employees and employers to jointly shape policies and programmes.
- **The German Sustainability Code** www.nachhaltigkeitsrat.de: The German Council for Sustainable Development adopts the German Sustainability Code and recommends that the political and business communities use it extensively as a voluntary instrument. The German Sustainability Code arose by virtue of an innovative process of dialogue among stakeholders. Since 2011, the company has published a declaration of conformity with the German Sustainability Code.

Sector-specific policies
Deutsche Börse Group's pivotal role in the financial sector requires that it deals with information responsibly. For this reason, a number of rulebooks are in force in the Group to ensure that employees deal with sensitive information, data and facts consciously and responsibly. These rulebooks contain both legal requirements and special policies applicable to the respective industry segment.

Whistleblowing system
Deutsche Börse Group's whistleblowing system gives employees and external service providers an opportunity to report non-compliant behaviour. Deutsche Börse Group has engaged Deloitte & Touche to act as an external ombudsman and to receive any information submitted by phone or e-mail. The whistleblowers' identity will remain anonymous at all times and will not be revealed to Deutsche Börse Group.

Risk and control management policies
Functioning control systems are an important part of stable business processes. Deutsche Börse's Group-wide control systems are embedded in an overarching framework. Among other things, this takes into account legal rules, the recommendations of the German Corporate Governance Code, European regulations and recommendations as well as further company-specific policies. The people responsible for the different elements of the control system are in close contact with each other and with the Executive Board and report regularly to the Supervisory Board or its committees. The Group also has a Group-wide risk management system that covers and provides mandatory rules governing roles, processes and responsibilities, such as risk limit.

Executive and Supervisory Board working practices

The dual board principle, which assigns separate, independent responsibilities to the Executive Board and the Supervisory Board, is a fundamental principle of the German Stock Corporation law. The actions of Deutsche Börse AG's governing bodies and committees are based on the principle of responsible corporate governance. Corporate governance aims to promote long-term value creation and to make a sustainable contribution to guaranteeing the company's long-term success through transparency and a values-driven approach: good corporate governance boosts the confidence of investors, customers, business partners, employees and the financial markets.

Executive Board of Deutsche Börse AG
The Executive Board heads up Deutsche Börse AG and Deutsche Börse Group. It temporarily had seven members in December of the year under review, but otherwise has six members. Its duties include defining the Group's corporate goals and strategic orientation, managing and monitoring the operating units, and establishing and monitoring an efficient risk management system. The Executive Board is responsible for preparing the quarterly and half-yearly financial reports, the consolidated financial statements and the annual financial statements of Deutsche Börse AG. In addition, its job is to ensure that legal requirements and official regulations are complied with.

The members of the Executive Board are jointly responsible for all aspects of management. Irrespective of the collective responsibility of all members of the Executive Board, each member manages the company divisions assigned to them in the Board's schedule of responsibilities independently and on their own responsibility. In addition to the business areas, there are functional responsibilities; in addition to the office of the Chief Executive Officer, these comprise Finance (including Investor Relations), Risk Management, Human Resources and Compliance. The business responsibilities relate to operating business areas, such as cash market activities and the derivatives business, securities settlement and custody, information technology and the market data business. Further details of the Executive Board's work are determined in bylaws that the Supervisory Board has adopted for the Executive Board. These bylaws specify the responsibilities of the Executive Board members for particular areas, matters reserved for the full Executive Board, special measures that require the approval of the Supervisory Board and other procedural details and resolution procedures.

The Executive Board meets regularly for Executive Board meetings, which are convened by the Chief Executive Officer, who coordinates the work of the Executive Board. Each Executive Board member can demand that a meeting be convened. In accordance with its bylaws, the full Executive Board normally takes decisions on the basis of resolutions passed by a simple majority of the members voting on the resolution. If an equal number of votes is cast, the Chairman's vote is decisive. The Chairman also has a veto, although he cannot enforce a resolution against a majority vote.

The Executive Board can establish fixed-term Executive Board committees and appoint advisory boards to implement audits or reviews, or prepare Executive Board resolutions, but did not make use of this possibility in financial year 2012.

More information on the Executive Board, its composition, the member's individual appointments and their biographies can be viewed at
www.deutsche-boerse.com/execboard

Close cooperation between Executive Board and Supervisory Board
The Executive and Supervisory Boards work closely together on a basis of mutual trust. They perform their duties in the interests of the company with the aim of achieving a sustainable increase in value. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on the course of business. In addition, the Executive Board informs the Supervisory Board regularly on all issues concerning business planning, business development, the risk situation and risk management as well as the control systems in the company. The Chairman of the Executive Board reports to the Supervisory Board without delay, verbally or in writing, on any matters that are of special importance to the company. The company's strategic orientation is examined in detail and coordinated with the Supervisory Board and its implementation discussed at regular intervals. In particular, the Chairmen of the two Boards maintain regular contact and discuss the company's strategy, business performance and risk management. Moreover, the Supervisory Board can request a report from the Executive Board at any time, especially on matters relating to Deutsche Börse AG and on business transactions at subsidiaries that could have a significant impact on the position of Deutsche Börse AG.

Supervisory Board of Deutsche Börse AG
The Supervisory Board supervises and advises the Executive Board in the management of the company. It supports it in significant business decisions and provides assistance in matters of strategic importance. The Supervisory Board has defined measures that require the approval of the Supervisory Board in the bylaws for the Executive Board. In addition, the Supervisory Board is responsible in particular for appointing the members of the Executive Board, for specifying the total remuneration of each Executive Board member and for examining the consolidated financial statements and the annual financial statements of Deutsche Börse AG. The work of the

Supervisory Board in the 2012 financial year is explained in the report of the Supervisory Board on pages 70 to 77.

Two-thirds of the Supervisory Board's members are shareholder representatives and one-third are employee representatives. In accordance with the Articles of Association of Deutsche Börse AG, the Supervisory Board currently has 18 members. The Supervisory Board's current period of office is three years; the latest period began at the Annual General Meeting in 2012, whereby the periods of office for the shareholder and employee representatives are identical.

The Supervisory Board comes together for regular meetings in February, March, June, May, September and December. In addition, extraordinary meetings are held as required. The committees also hold regular meetings. The Supervisory Board passes its resolutions with a simple majority. It regularly reviews the efficiency of its work, discusses areas for improvement and resolves suitable measures to achieve this wherever necessary.

With regard to its composition, the Supervisory Board has resolved a requirements catalogue, which specifies certain targets. It defines basic qualifications, such as an understanding of business issues, knowledge of the German corporate governance system, analytical and strategic abilities as well as integrity and suitability of character for the position. In addition, company-specific qualification requirements have been defined on the basis of the business model, concrete objectives and specific regulations applicable to Deutsche Börse Group. They include in particular sound knowledge about exchanges, the clearing and settlement business, financial, audit and risk management, compliance, accounting and auditing, information technology and experience of regulatory requirements. Whereas each Supervisory Board member should ideally demonstrate the basic qualifications, the company-specific qualifications relate to the Supervisory Board as a whole. Moreover, the requirements catalogue resolved by the Supervisory Board contains specific targets for the adequate representation of women and specifies a sufficient number of independent Supervisory Board members. Information on the composition profile can be found in the corporate governance report on pages 86 to 91.

The committees of the Supervisory Board and their working practices

The Supervisory Board has established committees with the aim of improving the efficiency of its work by dealing with complex matters in smaller groups and preparing them for the Supervisory Board. They are convened by the chairman of the committee. The Supervisory Board has established six committees. The individual responsibilities and the rules of procedure for adopting resolutions have been incorporated into the bylaws for the Supervisory Board. The rules of procedure correspond to those of the plenary meeting of the Supervisory Board. The tasks and composition of the individual committees are presented in the table below. The chairmen report to the plenary meeting about the subjects addressed in, and resolutions of, the committee meetings.

Information on the activities and meetings for the reporting period can be found in the report of the Supervisory Board.

More information on the Supervisory Board and its committees, its composition, the members' individual appointments and their biographies can be viewed at www.deutsche-boerse.com/supervboard. Information on the treatment of potential conflicts of interest is given on page 77 of the report of the Supervisory Board.

The committees of the Supervisory Board

Composition and responsibilities

Strategy Committee

Members until 16 May 2012	Members as from 16 May 2012
Manfred Gentz (Chairman)	Joachim Faber (Chairman)
Herbert Bayer	Richard Berliand
Birgit Bokel	Karl-Heinz Floether
Joachim Faber	Hans-Peter Gabe
Richard M. Hayden	Heinz-Joachim Neubürger
Friedrich Merz	Gerhard Roggemann
Gerhard Roggemann	Jutta Stuhlfauth

Composition

- Chairman of the Supervisory Board as committee chairman
- At least five other members who are elected by the Supervisory Board

Responsibilities

- Advises the Executive Board on matters of strategic importance to the company
- Prepares the positions to be adopted by the plenary meeting of the Supervisory Board for strategic issues

Audit and Finance Committee

Members until 16 May 2012	Members as from 16 May 2012
Erhard Schipporeit (Chairman)	Erhard Schipporeit (Chairman)
Friedrich Merz	Friedrich Merz
Thomas Neiße	Heinz-Joachim Neubürger
Johannes Witt	Johannes Witt

Composition

- Normally four members who are elected by the Supervisory Board
- Excluded from membership: the Chairman of the Supervisory Board, former members of the company's Executive Board whose appointment ended less than two years ago
- Prerequisite for the chairman of the committee: he or she must have special knowledge and experience in the application of financial reporting principles and internal control methods as well as independence

Responsibilities

- Deals with matters relating to the preparation of the annual budget, risk management, internal auditing, control systems, accounting, reporting, compliance and other related issues
- Discusses and examines in detail the financial statement documents including the auditor's report on the annual and consolidated financial statements as well as the half-yearly financial report and the interim reports
- Reports to the Supervisory Board on the examination of the annual financial statements and the consolidated financial statements and recommends approval
- Commissions the auditor, fixes the audit fees, establishes the areas of emphasis of the audit, obtains the necessary statement of independence from the auditors, prepares of the Supervisory Board's proposal to the Annual General Meeting for the election of the auditors

Technology Committee

Members until 16 May 2012	Members as from 16 May 2012
Craig Heimark (Chairman)	Craig Heimark (Chairman)
Richard Berliand	Karl-Heinz Floether
David Krell	David Krell
Roland Prantl	Martin Ulrici

Composition

- Normally four members who are elected by the Supervisory Board

Responsibilities

- Advises the plenary meeting of the Supervisory Board on all issues relating to IT development and the organisation of data processing at Deutsche Börse AG and its affiliated companies

Clearing and Settlement Committee

Members until 16 May 2012	Members as from 16 May 2012	Composition
▪ Konrad Hummler (Chairman) ▪ Joachim Faber ▪ Thomas Neiße ▪ Norfried Stumpf	▪ Richard Berliand (Chairman) ▪ Irmtraud Busch ▪ Monica Mächler ▪ Thomas Neiße	▪ Normally four members who are elected by the Supervisory Board **Responsibilities** ▪ Advises the plenary meeting of the Supervisory Board on the assessment of relevant regulatory trends at national and European level and on estimating the impacts of these trends on Deutsche Börse Group

Personnel Committee

Members until 16 May 2012	Members as from 16 May 2012	Composition
▪ Manfred Gentz (Chairman) ▪ Hans-Peter Gabe ▪ Richard M. Hayden ▪ Gerhard Roggemann	▪ Joachim Faber (Chairman) ▪ Marion Fornoff ▪ Richard M. Hayden ▪ Gerhard Roggemann	▪ Chairman of the Supervisory Board as committee chairman ▪ At least three other members who are elected by the Supervisory Board, one of them being an employee representative **Responsibilities** ▪ Deals with matters relating to the service contracts of Executive Board members, in particular, the structure and amount of their remuneration ▪ Deals with personnel development and succession planning of the Executive Board ▪ Approves appointments of Deutsche Börse AG's Executive Board members to other executive boards, supervisory boards, advisory boards and similar boards, honorary offices and secondary activities, as well as other related issues ▪ Approves matters relating to the Executive Board's agreement on employees' retirement benefits, to the Executive Board's granting of individual-legally retirement benefits or to the intention to reach company agreements through the definition of pension plans

Nomination Committee

Members until 16 May 2012	Members as from 16 May 2012	Composition
▪ Manfred Gentz (Chairman) ▪ Richard M. Hayden ▪ Gerhard Roggemann	▪ Joachim Faber (Chairman) ▪ Richard M. Hayden ▪ Gerhard Roggemann	▪ Normally three members: exclusively shareholder representatives who are also represented on the Personnel Committee ▪ The Chairman of the Personnel Committee also chairs the Nomination Committee **Responsibilities** ▪ Proposes to the Supervisory Board suitable candidates for election to be proposed to the Annual General Meeting

Corporate governance report

Corporate governance stands for responsible corporate management and control. Good corporate governance boosts the confidence of investors, business partners, employees and the financial markets. It is therefore indispensable for sustaining the company's success.

Corporate governance and declaration of conformity CR

Deutsche Börse Group attaches great importance to the principles of responsible corporate governance and control. The corporate governance report is published in accordance with the requirements of the German Corporate Governance Code in combination with the corporate governance declaration.

The Executive Board and the Supervisory Board of Deutsche Börse AG submitted their declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) on 10 December 2012. With this declaration, the company confirms to act according to a predominant number of recommendations of the German Corporate Governance Code.

The annual declaration of conformity in accordance with section 161 of the AktG is printed in the corporate governance declaration in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code) and is publicly available on the company's website at www.deutsche-boerse.com/declconformity The declarations of conformity for the previous five years can also be accessed there.

Almost all the suggestions of the German Corporate Governance Code have been and will be complied with. To the extent that deviations exist, they relate to the following:

Broadcast of the Annual General Meeting using modern communication media in accordance with no. 2.3.4 of the German Corporate Governance Code
Shareholders of Deutsche Börse AG were able to follow the entire 2012 Annual General Meeting of the company on the Internet as provided for by the suggestion in no. 2.3.4 of the German Corporate Governance Code. The opening speeches of the Supervisory and Executive Boards at the 2013 Annual General Meeting will again be broadcast on the Internet. However, no decision has yet been taken on whether to broadcast the entire 2013 Annual General Meeting on the Internet.

Separate preparatory meetings for shareholder and employee representatives in accordance with no. 3.6 of the German Corporate Governance Code
The proposal to hold separate preparatory meetings for shareholder and employee representatives, which had been included as a suggestion in the old version of the Code, no longer has that status in the new version of the Code of 15 May 2012. It had in any case been normal practice in the Supervisory Board of Deutsche Börse AG not to hold separate preparatory meetings of shareholder and employee representatives

before Supervisory Board meetings as a standard practice, but only when necessary. Since no. 3.6 of the German Corporate Governance Code is no longer a suggestion, no deviation has existed since the Code was amended.

Corporate Governance at Deutsche Börse Group CR

Women in management positions
Hauke Stars, who was appointed with effect from 1 December 2012, is the first woman to become a member of the Executive Board of Deutsche Börse AG. As a result, the objective of nominating a female member for the Executive Board by 2015 was already met in 2012.

In addition, Deutsche Börse Group aims to increase the proportion of women in middle and upper management to 20 per cent by 2015. In the year under review, women accounted for 13 per cent of employees in middle and upper management positions at Deutsche Börse Group.

Adequate representation of women continues to be taken into account in long-term succession planning. The Group has established a number of programmes that are specifically designed to develop talented staff and thus also qualify women for management positions.

Flexible upper age limit for Executive Board members
In accordance with Article 6 (3) of the Articles of Association of Deutsche Börse AG, membership of the Executive Board generally terminates when the members attain the age of 60. The Supervisory Board believes that this upper age limit is no longer in line with modern practice and intends to propose to the 2013 Annual General Meeting that the relevant provisions in the Articles of Association be abolished. Equally, in future appointments will run with a flexible upper age limit up to the end of the month in which the Executive Board member turns 60. From the month in which the Executive Board member turns 60, he or she can be reappointed for a period of one year at a time. However, the last period of appointment should end at the end of the month in which the Executive Board member turns 65.

The Supervisory Board appoints members to the Executive Board with the aim of optimising the composition of this body in the interests of the company. Experience, sector know-how and personal specialist qualifications play an important role in this regard. Depending on the Board post to be filled, it is not only the range and depth of specific experience that matter, but also whether this experience is up to date. The new flexible upper age limit is designed in particular to address the issue. It has been worded deliberately loosely to allow the Supervisory Board to retain full flexibility in its appointment decisions. The new upper age limit is to come into force as soon as the abolition of the statutory existing limit has become effective.

Composition of the Supervisory Board
The current composition of the Supervisory Board of Deutsche Börse AG is such that its members in the aggregate have the knowledge, skills and specialist expertise to duly carry out their tasks and the Supervisory Board corresponds to the specified qualification profile.

Qualification profile of the Supervisory Board

With regard to its composition, and in particular to the future nomination of Supervisory Board members, the Supervisory Board has resolved a requirements catalogue in accordance with no. 5.4.1 of the German Corporate Governance Code. This catalogue specifies certain targets, which are set out below.

Members of the Supervisory Board should have the knowledge, skills and specialist expertise necessary to enable them to carry out the duties of a supervisory board member in an international company. To this end, the Supervisory Board has defined general (basic) and company-specific qualification requirements see text box. The company-specific qualification requirements are derived from the business model, concrete objectives and specific regulations applicable to Deutsche Börse Group.

Qualification requirements for members of the Supervisory Board of Deutsche Börse AG

Basic qualification requirements:

- Understanding of business issues
- Basic knowledge and understanding of the German corporate governance system
- Analytical and strategic abilities
- Integrity and suitability of character for the position

Company-specific qualification requirements

Sound knowledge about:

- Exchange business models
- The clearing and settlement business
- International asset management
- Financial, audit and risk management as well as compliance
- Accounting and auditing
- Information technology
- Regulatory requirements

Whereas each Supervisory Board member should ideally demonstrate the basic qualifications, the company-specific qualifications relate to the Supervisory Board as a whole. In addition, members should have enough time to perform their duties.

Independence of the Supervisory Board

With a view to further professionalising the supervisory board work of listed German companies, the Government Commission on the German Corporate Governance Code in 2012 put a special focus on issues relating to the independence of supervisory board members representing the shareholders. According to the newly worded no. 5.4.2 of the German Corporate Governance Code, a Supervisory Board member is not to be considered independent in particular if he or she has personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. In relation to the number of independent Supervisory Board members, the Nomination Committee recommended to the Supervisory Board on 26 November 2012 that at least half of its shareholder representatives should be independent as defined in no. 5.4.2 of the German Corporate Governance Code. The Supervisory Board followed this recommendation at its meeting on 19 February 2013. In its current composition, the Supervisory Board meets the target resolved by the Supervisory Board.

Women on the Supervisory Board
The election of Monica Mächler as a Supervisory Board member by the Annual General Meeting on 16 May 2012 means that the objective of recruiting a female Supervisory Board member representing the shareholders has been met. In addition, the Supervisory Board intends to increase to at least three the number of female shareholder representatives on the Supervisory Board by 2015. Including the employee representatives, the Supervisory Board currently has four female members. Moreover, the goal is to continue to reflect the company's international profile in the composition of Supervisory Board members in the future.

Education and training measures for the Supervisory Board
In principle, members of the Supervisory Board are responsible for ensuring their own training and further education. In addition, Deutsche Börse AG complies with the recommendation in no. 5.4.5 (2) of the German Corporate Governance Code to support the training and further education of Supervisory Board members. For example, it offers specific introduction seminars for new Supervisory Board members and presents workshops on selected strategic issues and, if necessary, technical topics.

Efficiency audit of the work of the Supervisory Board
Deutsche Börse AG regards regular reviews of the efficiency of Supervisory Board work in accordance with no. 5.6 of the German Corporate Governance Code as a key component of good corporate governance. These reviews put it in a position to improve processes continuously and provide fresh impetus for goal-oriented working. In the year under review, the Supervisory Board performed its efficiency audit in the form of an internal survey, focusing on evaluating the body's expectations and its focus in its future activities following the elections in 2012. The Supervisory Board considers its work to be well organised and emphasises the importance of time management and setting priorities.

Flexible upper age limit for Supervisory Board members
The rules specifying a flexible upper age limit (generally 70) set out by the Supervisory Board in its bylaws are taken into account when candidates are proposed to the Annual General Meeting.

Transparent reporting CR

To ensure maximum transparency and information equality, corporate communication at Deutsche Börse adopts the rule that all target groups must receive all relevant information at the same time. In its financial calendar, Deutsche Börse AG therefore informs shareholders, analysts, shareholders' associations, the media and the interested public of key events such as the date of the Annual General Meeting or publication dates for financial indicators. In addition to ad hoc disclosures, information on directors' dealings and voting rights notifications, the company's website www.deutsche-boerse.com also provides the latest corporate report, annual reports, interim reports, corporate responsibility reports and company news items.

Deutsche Börse AG supplies information about the annual and consolidated financial statements at a financials press conference. Following the publication of the interim reports, it offers conference calls for analysts and investors. In addition, it explains its strategy and informs all interested parties in accordance with the principle of providing information simultaneously to all target groups worldwide.

In addition, Deutsche Börse submitted a declaration of conformity with the German Sustainability Code for the 2012 financial year. The German Sustainability Code is a voluntary instrument that companies can use to make their own sustainability performance publicly accessible and comparable. It uses 20 criteria and the associated performance indicators to explain aspects of corporate governance, ecology, and social responsibility and document them using performance indicators. The substance of the Code is based on recognised principles such as:

Recognised principles on corporate governance, ecology and social responsibility

- The UN Global Compact, www.unglobalcompact.org
- The OECD Principles of Corporate Governance, www.oecd.org
- ISO 26000, www.iso.org
- The Global Reporting Initiative (GRI), www.globalreporting.org
- The EFFAS standards for European financial analysts www.effas.net

Accounting and auditing

In its corporate report, Deutsche Börse AG informs shareholders and the interested public in detail of Deutsche Börse Group's business performance in the year under review. The company publishes further extensive information with its half-yearly financial report and two quarterly financial reports.

The financial statement documents and the corporate report are published within 90 days of the end of the financial year (31 December); interim reports (half-yearly and quarterly financial reports) are available within 45 days of the end of the quarter or six-month period concerned. Following preparatory discussions by the Audit and Finance Committee, the consolidated and the annual financial statements are discussed and examined by the plenary meeting of the Supervisory Board and with the auditor before being approved. The Executive Board discusses the half-yearly report and the quarterly reports for the first and third quarters with the Supervisory Board's Audit and Finance Committee before publication. The half-yearly report is reviewed by the auditor.

Following the proposal of the Supervisory Board, the Annual General Meeting 2012 elected KPMG AG Wirtschaftsprüfungsgesellschaft, domiciled in Berlin (KPMG), to audit its 2012 annual and consolidated financial statements and to review its half-yearly financial report in financial year 2012. The Supervisory

Board's proposal was based on the recommendation by the Audit and Finance Committee. Before the election, the Audit and Finance Committee had obtained the necessary statement of independence from KPMG according to which there were no personal, business, financial, or other relationships between the auditors, its governing bodies and audit managers on the one hand, and the company and the members of its Executive and Supervisory Boards on the other, that could give cause to doubt the auditors' independence. The Audit and Finance Committee monitored the continued existence of this independence during financial year 2012.

The Committee also supervised the financial reporting process in financial year 2012. The Supervisory and Executive Boards were informed promptly of its work and findings. There were no material findings in the past financial year. Information on audit services and audit fees is provided in note 6 of the notes to the consolidated financial statements.

Other sections with a bearing on corporate governance
Information relating to corporate governance is also provided in other sections of this corporate report:

- In his letter on pages 6 to 10 the Chief Executive Officer provides information about financial year 2012 and the future orientation of the company.
- The corporate governance declaration in accordance with section 289a of the HGB on pages 78 to 85 gives, among other things, detailed information on the way the Executive Board and the Supervisory Board work. It also contains the declaration of conformity in accordance with section 161 of the AktG.
- The remuneration report discloses the individual total remuneration of the governing bodies and explains the current remuneration system.
- Deutsche Börse Group's control systems are presented on pages 112 to 113 of the combined management report.
- The change in the number of employees in the year under review is reported in the "Employees" section on pages 148 and 193 of the combined management report.
- Deutsche Börse Group's commitment to its stakeholders and society as a whole, as well as the activities it performs for its employees are described in the "Responsibility" section of this corporate report, see pages 48 to 63.
- Information on securities-based incentive programmes for senior executives and employees can be found in note 39 of the notes to the consolidated financial statements.
- Details of recent directors' dealings can be accessed on the company's website at www.deutsche-boerse.com/dd.

Remuneration report

This remuneration report is a component of the combined management report. The report reflects the requirements of the Handelsgesetzbuch (HGB, the German Commercial Code) and the International Financial Reporting Standards (IFRSs), respectively, as well as the German Accounting Standard (GAS) 17 "Reporting on the Remuneration of Members of Governing Bodies". In addition, the report corresponds to the requirements of the German Corporate Governance Code (the Code).

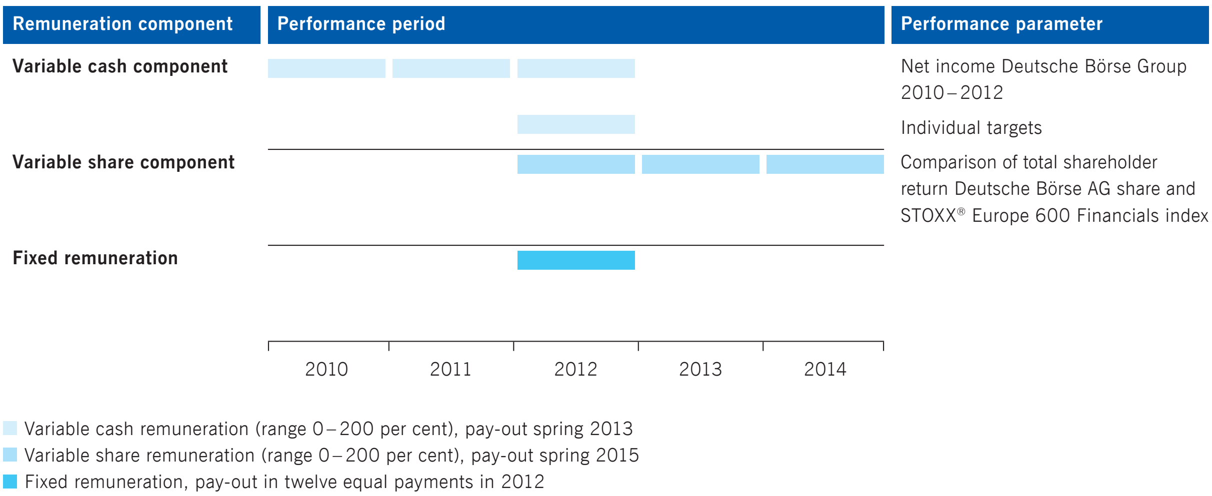
Executive Board remuneration

Remuneration system and targets CR

The Executive Board remuneration is designed in a way that rewards sustainably successful and responsible corporate governance. The remuneration system provides incentives based on multi-year assessment periods and aims to prevent unjustifiable risks from being taken. The company's economic performance, stakeholder management, succession planning for management positions, employee satisfaction as well as the value contribution made to the economy and society over the medium and long term, are key components of the remuneration system within the target definition and within the measurement of the achievement of the target criteria.

The remuneration of the Executive Board is determined by the entire Supervisory Board. The Personnel Committee is responsible for preparing the Supervisory Board's decision. The Supervisory Board regularly reviews the appropriateness of the Executive Board remuneration. The chart below outlines the Executive Board remuneration system. The system aims to compensate the Executive Board members appropriately for their tasks and responsibilities, as well as in accordance with legal requirements.

System of the Executive Board remuneration



2012 expense for share-based payments
(2009 tranche)[1)]

	Expense recognised (2009 tranche) €thousands	Carrying amount as at the balance sheet date (2009 tranche) €thousands
Reto Francioni	111.5	0
Andreas Preuss	86.1	0
Frank Gerstenschläger	54.3	0
Michael Kuhn	69.5	0
Gregor Pottmeyer	0	0
Hauke Stars	0	0
Jeffrey Tessler	40.3	0
Total	**361.7**	**0**

1) In 2009, the last tranche of the old stock bonus plan was allocated.

2012 expense for share-based payments
(2010, 2011 and 2012 tranches)

	Expense recognised (2010–2012 tranches) €thousands	Carrying amount as at the balance sheet date (2010–2012 tranches) €thousands
Reto Francioni	801.7	1,416.3
Andreas Preuss	665.1	1,174.9
Frank Gerstenschläger	409.9	724.2
Michael Kuhn	521.7	921.6
Gregor Pottmeyer	443.4	783.3
Hauke Stars	10.8	10.8
Jeffrey Tessler	525.5	928.5
Total	**3,378.1**	**5,959.6**

Non-performance-related remuneration components
Non-performance-related remuneration consists of a monthly fixed basic remuneration as well as ancillary contractual benefits.

Fixed remuneration
The members of the Executive Board receive a fixed basic salary in twelve monthly instalments. The basic salary represents approximately 30 per cent of the total target remuneration for one year. It is reviewed by the Supervisory Board on a regular basis, at least every two years.

Ancillary contractual benefits
In addition to the basic remuneration, the members of the Executive Board receive certain ancillary contractual benefits. These include the provision of an appropriate company car for business and personal use. Tax is payable by the Executive Board members on the pecuniary benefit arising from private use. In addition, members of the Executive Board receive taxable contributions towards private pensions. The company also takes out insurances for them, like an accident insurance and a D&O insurance. The D&O insurance policy includes a deductible of 10 per cent of the damages arising from the insured event, with the maximum deductible per year set by the Supervisory Board at 1.5 times the fixed annual remuneration of the relevant Executive Board member.

Performance-related remuneration components
The performance-related remuneration represents approximately 70 per cent of the total target remuneration for the year and consists of variable cash and variable share components. Starting in the year under review, the reference periods for performance measurement are based on the past three years for the variable cash component and on the next three years for the variable share component. Consequently, in the year under review, the variable cash component was determined based on performance in 2010 to 2012 and the variable share component was based on the period from 2012 to 2014.

2012 total expense

(numbers of the previous year in brackets)

	Expense recognised (total) €thousands	Carrying amount as at the balance sheet date (total) €thousands
Reto Francioni	913.2 (469.4)	1,416.3 (1,028.5)
Andreas Preuss	751.2 (384.8)	1,174.9 (829.4)
Frank Gerstenschläger	464.2 (238.1)	724.2 (515.8)
Michael Kuhn	591.2 (303.3)	921.6 (658.0)
Gregor Pottmeyer	443.4 (215.0)	783.3 (339.9)
Hauke Stars	10.8 (0)	10.8 (0)
Jeffrey Tessler	565.8 (308.1)	928.5 (676.3)
Total	**3,739.8** **(1,918.7)**	**5,959.6** **(4,047.9)**

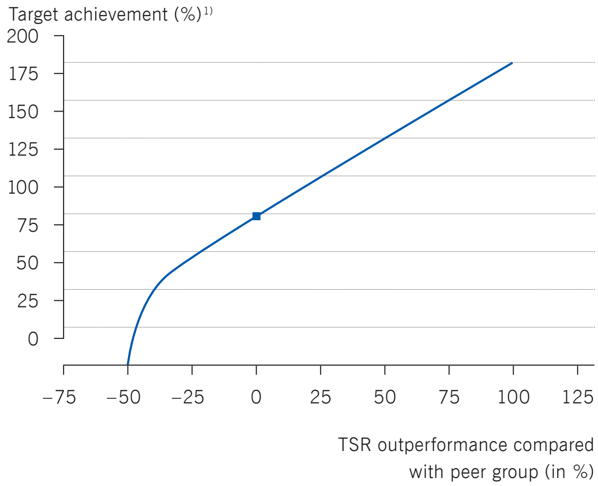
Variable cash component
The Supervisory Board establishes the 100 per cent target value of the variable cash component in euros for every Executive Board member each year. Two parameters are used to measure the extent to which targets have been met:

Achievement of the Group's net income target: Two-thirds of the variable cash component is based on meeting a specified net income target for the Group, and hence on a corresponding return on equity. This measure takes into account the Group's net income for the current financial year and the two preceding years. The degree to which the targets have been achieved is determined for each of the three financial years, and can range from 0 per cent to a maximum of 200 per cent. The average level of target achievement is then used to calculate two-thirds of the variable cash component for the current financial year. The Supervisory Board has to take into account exceptional, one-off effects when determining the level of target achievement.

Achievement of individual targets: One-third of the variable cash component is determined based on the degree to which each member of the Executive Board has achieved their individual targets. The individual targets are set in each case for the current financial year. Target achievement is determined after the year has come to an end. The target achievement for the variable cash component can range from 0 per cent to a maximum of 200 per cent.

Measurement of the target achievement for the variable stock bonus

Comparison of Deutsche Börse AG's total shareholder return with that of STOXX® 600 Financials (peer group)



1) Cap at 200 per cent

Variable share component
The Supervisory Board establishes the 100 per cent target value for the variable share component for each Executive Board member in euros. Based on this

target value, a number of phantom Deutsche Börse shares is calculated for each member of the Executive Board at the beginning of the financial year. This is done by dividing the euro amount of the target share component by the average share price (Xetra® closing price) in the two calendar months before the target value is determined. An entitlement to the variable stock bonus only arises at the end of the three-year performance period (vesting period) and is settled fully in cash. The stock bonus is variable in two ways: the first variable is the number of phantom Deutsche Börse shares, which depends on the relative performance of Deutsche Börse's total shareholder return (TSR) compared to the TSR of the STOXX® Europe 600 Financials Index. The second variable is the share price at the end of the period.

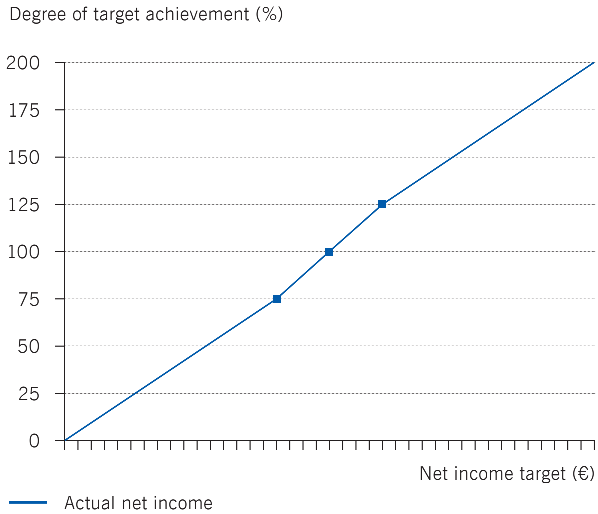
The number of shares calculated at the end of the vesting period is multiplied by the share price applicable on that date (average price/Xetra closing price of Deutsche Börse's shares in the preceding two full calendar months).

If the average performance of Deutsche Börse AG's TSR in the vesting period moves parallel to the average TSR of the benchmark index, the number of phantom shares remains unchanged at the end of this period. If the TSR of Deutsche Börse AG is 50 per cent or less than the index's TSR, the number of phantom shares falls to nil. If the TSR of Deutsche Börse AG is at least twice the index's TSR, the number of phantom shares doubles. Concerning the variable share component, a double cap exists. Firstly, the performance of the allocated phantom shares is restricted to a maximum of 200 per cent, at the ratio of Deutsche Börse AG's TSR to the TSR of the peer group. Secondly, the Supervisory Board settled a maximum of 250 per cent of the original target value as the upper limit for the payment of the variable share component.

The following chart shows the relationship between TSR performance and the number of shares:

Measurement of the target achievement for the variable cash component

Comparison of the net income target with the actual net income



A modified Black-Scholes option pricing model (Merton model) was used to measure the stock options arising from the variable share component. It is based on the following valuation parameters:

Valuation parameters

(2010, 2011 und 2012 tranches)

		Share component 2012	Share component 2011	Share component 2010
Term		3 years	2 years	1 year
Risk-free interest rate	%	–0.04	–0.04	0.02
Volatility	%	31.50	27.01	8.90
Deutsche Börse AG share price[1]	€	46.21	46.21	46.21
Dividend yield	€	4.54	4.54	4.54
Fair value	€	42.11	44.03	46.03
Relative total shareholder return	%	–8.16	1.20	5.68

1) Share price as at 31 December 2012 (Xetra closing price)

Number of 2012 phantom shares

		Number of phantom shares on the grant date[1]	Adjustments of number of phantom shares since the grant date[2]	Number of phantom shares as at 31 Dec 2012
Reto Francioni	2012 tranche	18,204	–1,854	16,350
	2011 tranche	14,866	179	15,045
	2010 tranche	16,448	935	17,383
	Total of 2010 to 2012 tranches			**48,778**
Andreas Preuss	2012 tranche	15,101	–1,538	13,563
	2011 tranche	12,332	148	12,480
	2010 tranche	13,645	776	14,421
	Total of 2010 to 2012 tranches			**40,464**
Frank Gerstenschläger	2012 tranche	9,308	–948	8,360
	2011 tranche	7,601	92	7,693
	2010 tranche	8,411	478	8,889
	Total of 2010 to 2012 tranches			**24,942**
Michael Kuhn	2012 tranche	11,847	–1,207	10,640
	2011 tranche	9,674	117	9,791
	2010 tranche	10,704	608	11,312
	Total of 2010 to 2012 tranches			**31,743**
Gregor Pottmeyer	2012 tranche	10,068	–1,025	9,043
	2011 tranche	8,222	99	8,321
	2010 tranche	9,097	517	9,614
	Total of 2010 to 2012 tranches			**26,978**
Hauke Stars[3]	2012 tranche	935	–95	840
	2011 tranche	–	–	–
	2010 tranche	–	–	–
	Total of 2010 to 2012 tranches			**840**
Jeffrey Tessler	2012 tranche	11,934	–1,216	10,718
	2011 tranche	9,745	117	9,862
	2010 tranche	10,783	613	11,396
	Total of 2010 to 2012 tranches			**31,976**
	Total of 2010 to 2012 tranches			**205,721**

1) As from 2010, the variable share component has a vesting period of three years.
2) The adjustments to and number of phantom shares on the balance sheet date are based on the result of the performance comparison since the grant date (total shareholder return comparison with peer group) and are indicative for 2012. The number may change as a result of the performance comparison based on the total shareholder return in 2013 and 2014.
3) Appointed to the Executive Board effective 1 December 2012

Amount of Executive Board remuneration

The overview below shows the remuneration awarded to each Executive Board member for financial years 2012 and 2011, not including retirement benefits.

Total Executive Board remuneration for 2012, without retirement benefits

(numbers of the previous year in brackets)

	Non-performance related remuneration	Other remuneration from ancillary contractual benefits[1]	Variable cash payment	Variable share component[2]		Total
				Number of phantom shares	Amount at the grant date[3]	
	€ thousands	€ thousands	€ thousands		€ thousands	€ thousands
Reto Francioni	1,100.0 (1,100.0)	17.0 (60.1)	1,445.5 (1,596.6)	18,204 (14,866)	839.0 (839.0)	3,401.5 (3,595.7)
Andreas Preuss[4]	800.0 (800.0)	29.0 (29.0)	1,199.7 (1,325.1)	15,101 (12,332)	696.0 (696.0)	2,724.7 (2,850.1)
Frank Gerstenschläger	580.0 (580.0)	28.2 (26.8)	699.0 (776.1)	9,308 (7,601)	429.0 (429.0)	1,736.2 (1,811.9)
Michael Kuhn	650.0 (650.0)	20.1 (20.1)	875.8 (990.6)	11,847 (9,674)	546.0 (546.0)	2,091.9 (2,206.7)
Gregor Pottmeyer	600.0 (600.0)	17.3 (23.9)	799.8 (902.0)	10,068 (8,222)	464.0 (464.0)	1,881.1 (1,989.9)
Hauke Stars[5]	48.3 (–)	4.8 (–)	69.6 (–)	935 (–)	38.8 (–)	161.5 (–)
Jeffrey Tessler[6]	729.4 (711.7)	32.0 (32.0)	947.1 (1,013.1)	11,934 (9,745)	550.0 (550.0)	2,258.5 (2,306.8)
Total	**4,507.7** **(4,441.7)**	**148.4** **(191.9)**	**6,036.5** **(6,603.5)**	**77,397** **(62,440)**	**3,562.8** **(3,524.0)**	**14,255.4** **(14,761.1)**

1) Other remuneration comprises salary components such as taxable contributions towards private pensions, taxable lump-sum telephone allowances/living expenses, and company car arrangements.
2) The number of stock options at the 2012 grant date is calculated by dividing the target for the stock bonus by the average share price (Xetra closing price) of Deutsche Börse shares in the calendar months January and February 2012 (€46.09). The number of phantom shares is indicative and may change as a result of the performance comparison based on total shareholder return.
3) Corresponds to the 100 per cent target value for the 2012 phantom stock bonus. The variable stock component under the 2012–2014 performance assessment will be paid out in 2015.
4) Deutsche Börse AG contributes €215.7 thousand (2011: €225.7 thousand) to total remuneration for Andreas Preuss. This amount is composed as follows: non-performance related remuneration: €64.0 thousand (2011: €64.0 thousand), other remuneration from ancillary contractual benefits: nil (2011: nil), variable cash payment: €96.0 thousand (2011: €106.0 thousand), number of phantom shares: €1,209 (2011: 987), their amount at the grant date: €55.7 thousand (2011: €55.7 thousand).
5) Appointed to the Executive Board effective 1 December 2012
6) Deutsche Börse AG does not contribute to total remuneration for Jeffrey Tessler. Clearstream International S.A. pays out 100 per cent of the remuneration.

Retirement benefits
Mr Francioni, Mr Pottmeyer and Mr Tessler are entitled to pension benefits after reaching the age of 60, Ms Stars after reaching the age of 62, and Mr Gerstenschläger, Mr Kuhn and Mr Preuss after reaching the age of 63, provided that they are no longer in the employment of Deutsche Börse AG in each case at that time. There are two different retirement benefit systems for Deutsche Börse AG Executive Board members: Executive Board members who were appointed for the first time before 1 January 2009 receive a defined benefit pension. Executive Board members who were appointed for the first time after that date receive a defined contribution pension. The pensionable income and the present value of the existing pension commitments as at 31 December 2012 are presented in the table on page 99.

Defined benefit retirement benefit system
After reaching the contractually agreed retirement age, members of the Executive Board to whom the defined benefit retirement benefit system is applicable receive a specified percentage (replacement rate) of their individual pensionable income as a pension. This is subject to the Executive Board member in question having served on the Executive Board for at least three years and having been reappointed at least once. Pensionable income is determined and regularly reviewed by the Supervisory Board. When the term of office began, the replacement rate was 30 per cent. It rose by five percentage points with each reappointment, up to a maximum of 50 per cent. The provisions of the defined benefit retirement benefit system apply to Mr Francioni, Mr Gerstenschläger, Mr Kuhn, Mr Preuss and Mr Tessler.

Defined contribution retirement benefit system
For Executive Board members to whom the defined contribution retirement benefit system applies, the company makes a contribution in the form of a capital component in each calendar year they serve on the Executive Board. This contribution is determined by applying an individual replacement rate to the pensionable income. As in the defined benefit retirement benefit system, the pensionable income is determined and regularly reviewed by the Supervisory Board. The annual capital components calculated in this way bear annual interest of 3 per cent. The provisions of the defined contribution retirement benefit system apply to Mr Pottmeyer and Ms Stars.

Early retirement pension
Members of the Executive Board who have a defined benefit pension are entitled to an early retirement pension if the company does not extend their contract, unless the reason for this is attributable to the Executive Board member or would justify termination without notice of the Executive Board member's contract. The amount of the early retirement pension is calculated in the same way as the retirement benefits by applying the relevant replacement rate to the pensionable income. Again, this is subject to the Executive Board member having served on the Executive Board for at least three years and having been reappointed at least once. Members of the Executive Board who have a defined contribution pension are not eligible for early retirement benefits.

Death and permanent occupational incapacity benefits
In the event of the permanent occupational incapacity of a member of Deutsche Börse AG's Executive Board, the company is entitled to retire the Executive Board member in question. Permanent occupational incapacity exists if an Executive Board member is

Retirement benefits

	Pensionable income[1)]	Replacement rate		Present value/ defined benefit obligation		Pension expense	
	2012	as at 31 Dec 2012	as at 31 Dec 2011	as at 31 Dec 2012	as at 31 Dec 2011	2012	2011
	€ thousands	%	%	€ thousands	€ thousands	€ thousands	€ thousands
Defined benefit system							
Reto Francioni	1,000.0	40.0	35.0	10,647.8	8,170.4	0	0
Andreas Preuss	600.0	40.0	40.0	5,796.8	4,036.6	683.7	675.2
Frank Gerstenschläger	500.0	40.0	40.0	4,269.5	4,717.8	56.9	0
Michael Kuhn	500.0	50.0	50.0	5,794.0	5,619.5	240.9	235.7
Jeffrey Tessler[2)]	577.8	40.0	40.0	4,166.8	4,057.6	94.0	78.3
Total	**3,177.8**			**30,674.9**	**26,601.9**	**1,075.5**	**989.2**
Defined contribution system							
Gregor Pottmeyer[3)]	500.0	48.0[4)]	48.0[4)]	1,035.9	669.5	298.6	307.5
Hauke Stars[5)]	500.0	36.0[4)]	–	22.9	–	–	–
Total				**1,058.8**	**669.5**	**298.6**	**307.5**

1) Since 2010, pensionable income is no longer based on fixed remuneration, but is reviewed and determined by the Supervisory Board.
2) Deutsche Börse AG does not contribute to total remuneration for Jeffrey Tessler. Clearstream International S.A. pays out 100 per cent of the remuneration.
3) The pension agreement with Mr Pottmeyer was entered into as part of the restructuring of the Executive Board remuneration in 2010.
4) Annual pension contribution on the basis for assessment in the defined contribution system.
5) Appointed to the Executive Board effective 1 December 2012

unable to perform his or her professional activities for more than six months and it is not expected that his or her occupational capacity will be regained within a further six months. In such cases, Executive Board members who have a defined benefit pension plan receive the amount calculated by applying the relevant replacement rate to the pensionable income. Executive Board members with a defined contribution pension plan receive the benefit assets acquired when the benefits fall due, plus an allocated amount. The allocated amount corresponds to the full annual pension contribution that would have been due in the year of leaving service multiplied by the number of years between the benefits falling due and the Executive Board member reaching the age of 59 or 62.

In the event of the death of an Executive Board member, his or her spouse receives 60 per cent of the above amount and each dependent child receives 10 per cent (25 per cent for full orphans), up to a maximum of 100 per cent of the pension contribution.

Transitional payments

In the event of permanent occupational incapacity, the agreements under the defined benefit retirement benefit system for Deutsche Börse AG's Executive Board provide for a transitional payment in addition to the benefits described above. The amount of this payment corresponds to the amount of the target variable remuneration (cash and share bonuses) in the year in which the benefits fall due. It is paid out in two tranches in the two subsequent years. In the case of the death of an Executive Board member, his or her spouse receives 60 per cent of the transitional payment.

Severance payments

In the event of early termination of an Executive Board member's contract of service other than for good cause, any payments made to the Executive Board member may not exceed the remuneration for the residual term of the contract of service and may also not exceed the value of two total annual remuneration payments (severance payment cap). The payment is calculated based on the total remuneration in the past financial year and, where appropriate, the expected total remuneration for the current financial year. The Supervisory Board may exceed the upper limit in exceptional, justified cases.

Change of control

If an Executive Board member is asked to stand down within six months of a change of control, he or she is entitled to a severance payment equal to two total annual remuneration payments or the value of the residual term of his or her contract of service, where this is less than two years. This entitlement may be increased to 150 per cent of the severance payment. If an Executive Board member resigns within six months of the change of control because his or her position as a member of the Executive Board is significantly negatively impacted as a result of the change of control, the Supervisory Board may decide at its discretion whether to grant a severance payment of the above-mentioned amount. This provision applies to all new contracts for, and reappointments of, members of Deutsche Börse AG's Executive Board since 1 July 2009.

Other provisions

Secondary employment

Additional appointments or sideline activities entered into by individual members of the Executive Board require the approval of the entire Executive Board and the Chairman of the Supervisory Board or, in certain cases, the entire Supervisory Board, which has delegated granting such approval to the Personnel Committee. If a member of the Executive Board is remunerated for an office performed at an affiliate of Deutsche Börse AG, this is offset against the Executive Board member's entitlement to remuneration from Deutsche Börse AG.

Loans to Executive Board members

The company did not grant any advances or loans to members of the Executive Board in financial year 2012, and there are no loans or advances from previous years to members of the Executive Board.

Payments to former members of the Executive Board

Former members of the Executive Board or their surviving dependents received payments of €1.6 million in the year under review (2011: €1.6 million). The actuarial present value of the pension obligations as at the balance sheet date was €41.5 million in the year under review (2011: €33.3 million).

Supervisory Board remuneration

The Annual General Meeting of Deutsche Börse AG on 16 May 2012 adopted a new remuneration system for the Supervisory Board and amended article 13 of Deutsche Börse AG's Articles of Association accordingly. Consequently, two different remuneration systems were applied in 2012. These are described below.

Old remuneration system

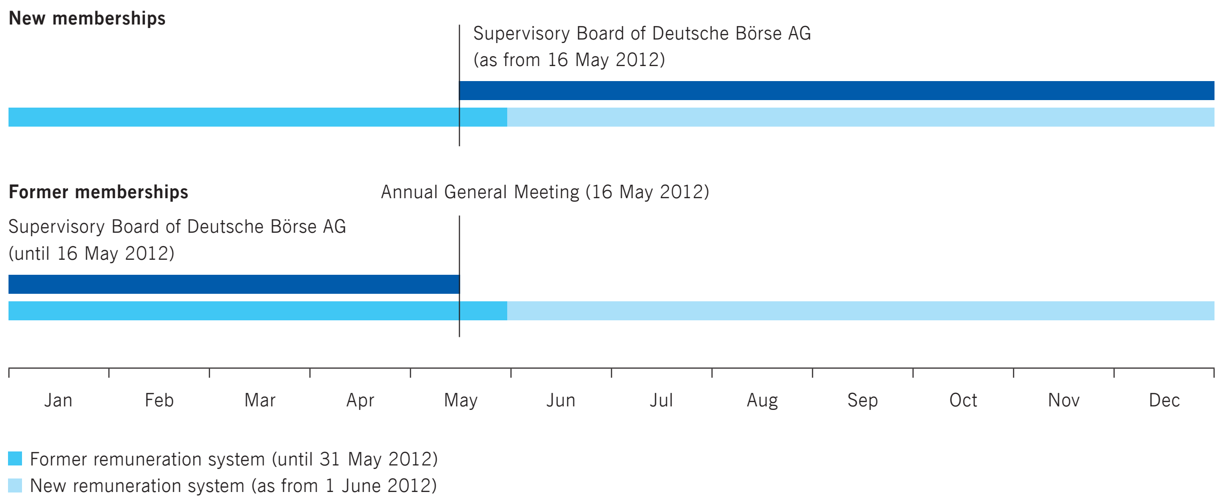
Until 31 May 2012, Supervisory Board members received rateable fixed remuneration, depending on their length of service in the year under review. The annual fixed remuneration for membership was €96 thousand for the Chairman, €72 thousand for the Deputy Chairman and €48 thousand for each other member. In addition, membership of the Supervisory Board's committees (Strategy, Technology, Personnel, Nomination, Clearing and Settlement, and Audit and Finance) was remunerated: the additional remuneration was unchanged at €30 thousand per annum for the Chairman of each committee (€40 thousand per annum for the Chairman of the Audit and Finance Committee) and €20 thousand per annum for each other committee member.

Members of the Supervisory Board also received annual variable remuneration based on two different targets relating to the company's performance. Target 1: in the year in which the remuneration was paid, the consolidated return on equity after taxes of Deutsche Börse Group had to exceed by at least five percentage points the average of the monthly average current yields to maturity of domestic bearer bonds and public-sector bonds with a remaining maturity of more than nine to ten years, as calculated by Deutsche Bundesbank (Germany's central bank). Target 2: consolidated earnings per share for the previous two full financial years had to exceed consolidated earnings per share for the previous year in each case by 8 per cent or more. The members of the Supervisory Board each received annual variable remuneration in the amount of €16 thousand for each target met. In financial year 2012, target 1 was met.

New remuneration system

Since 1 June 2012, members of the Supervisory Board receive fixed annual remuneration of €70 thousand. The Chairman receives remuneration of €170 thousand and the Deputy Chairman receives €105 thousand. Members of Supervisory Board committees receive additional fixed annual remuneration of €30 thousand for each committee position they hold. This amount rises to €35 thousand for members of the Audit and Finance Committee. The committee chairmen's remuneration is €40 thousand, or €60 thousand for the Chairman of the Audit and Finance Committee. If a Supervisory Board member belongs to several Supervisory Board committees, only the work in a maximum of two committees is remunerated. The remuneration for the work in the two most highly remunerated committees is awarded. Supervisory Board members who only belong to the Supervisory Board for part of the financial year, receive one-twelfth of the fixed annual remuneration and, if applicable, of the remuneration for their committee membership for each month or part month of membership.

Supervisory Board remuneration in 2012
under the two remuneration systems applicable for the financial year



Remuneration paid to members of the Supervisory Board for advisory and agency services
In the year under review, €42.5 thousand (2011: €161.4 thousand) was paid to Richard Berliand Limited for advisory and agency services. Richard Berliand is the Managing Director and general partner of Richard Berliand Limited.

As part of the transaction between Deutsche Börse Group and NYSE Euronext that has since been prohibited by the European Commission, Deutsche Börse AG entered into contracts for the provision of advisory services with Deutsche Bank AG, Frankfurt/Main, and Mayer Brown LLP, Washington. In the period under review, two members of the Supervisory Board of Deutsche Börse AG also held key management positions in these companies. In 2012, Deutsche Börse Group paid Deutsche Bank AG and Mayer Brown LLP a total of €1,097.4 thousand (2011: €3,038.5 thousand) for advisory services in connection with this transaction.

Supervisory Board remuneration[1) 2)]

	Membership		Non-performance-related remuneration		Performance-related remuneration	
	2012	2011	2012 € thousands	2011 € thousands	2012 € thousands	2011 € thousands
Joachim Faber (Chairman as from 16 May 2012)	full year	full year	192.3	88.0	6.7	16.0
Gerhard Roggemann (Deputy Chairman)	full year	full year	151.3	132.0	6.7	16.0
Herbert Bayer[3)]	1 Jan–16 May	full year	28.3	68.0	6.7	16.0
Richard Berliand	full year	full year	114.2	68.0	6.7	16.0
Birgit Bokel[3)]	1 Jan–16 May	full year	28.3	68.0	6.7	16.0
Irmtraud Busch[4)]	16 May–31 Dec	–	64.0	–	1.3	–
Karl-Heinz Floether[4)]	16 May–31 Dec	–	83.2	–	1.3	–
Marion Fornoff[4)]	16 May–31 Dec	–	64.0	–	1.3	–
Hans-Peter Gabe	full year	full year	88.3	68.0	6.7	16.0
Manfred Gentz (Chairman until 16 May 2012)[3)]	1 Jan–16 May	full year	77.5	186.0	6.7	16.0
Richard M. Hayden	full year	full year	120.8	108.0	6.7	16.0
Craig Heimark	full year	full year	96.7	78.0	6.7	16.0
Konrad Hummler[3)]	1 Jan–16 May	full year	32.5	78.0	6.7	16.0
David Krell	full year	full year	86.7	68.0	6.7	16.0
Hermann-Josef Lamberti[3)]	1 Jan–16 May	full year	20.0	48.0	6.7	16.0
Monica Mächler[4)]	16 May–31 Dec	–	64.0	–	1.3	–
Friedrich Merz	full year	full year	97.9	88.0	6.7	16.0
Thomas Neisse	full year	full year	95.0	88.0	6.7	16.0
Heinz-Joachim Neubürger[4)]	16 May–31 Dec	–	86.1	–	1.3	–
Roland Prantl[3)]	1 Jan–16 May	full year	28.3	68.0	6.7	16.0
Erhard Schipporeit	full year	full year	112.5	88.0	6.7	16.0
Jutta Stuhlfauth[4)]	16 May–31 Dec	–	64.0	–	1.3	–
Norfried Stumpf[3)]	1 Jan–16 May	full year	28.3	68.0	6.7	16.0
Martin Ulrici[4)]	16 May–31 Dec	–	64.0	–	1.3	–
Johannes Witt	full year	full year	89.6	68.0	6.7	16.0
Total			**1,977.8**	**1,526.0**	**129.7**	**288.0**

1) See note 39 in the notes to the consolidated financial statements for details of the long-term incentive components.
2) The recipient of the remuneration is determined individually by the members of the Supervisory Board.
3) Left the Supervisory Board on 16 May 2012
4) Elected to the Supervisory Board on 16 May 2012

This financial report is composed of the combined management report, the consolidated financial statements and the notes to the consolidated financial statements. In preparing its combined management report, Deutsche Börse Group has followed a recommendation of the Accounting Standards Committee of Germany and is an early adopter of German Accounting Standard (GAS) 20. In addition to the Group, the combined management report covers Deutsche Börse AG with disclosures based on the German Commercial Code. The remuneration report (starting on page 92) and the corporate governance declaration (starting on page 78) are also components of the combined management report.

Combined management report

Combined management report

This combined management report covers the Group as well as Deutsche Börse AG: It has been prepared in accordance with sections 289, 315 and 315a of the Handelsgesetzbuch (HGB, German Commercial Code) and German Accounting Standard (GAS) 20. The combined management report also takes into account the requirements set out in the Practice Statement "Management Commentary" issued by the International Accounting Standards Board (IASB).

Basic principles of the Group

Overview of Deutsche Börse Group

Business operations and Group structure

Deutsche Börse AG, headquartered in Frankfurt/Main, Germany, is the parent company of Deutsche Börse Group. As at 31 December 2012, the Group employed 3,704 people in 22 locations in 16 countries. As one of the largest exchange organisations worldwide, Deutsche Börse Group offers its customers a broad portfolio of products and services. These cover the entire process chain of securities trading – from trading and clearing of equities and derivatives, through transaction clearing and settlement, custody of securities, services for liquidity and collateral management, as well as the provision of market information, down to the development and operation of electronic systems. The Group's process-oriented business model enhances capital market efficiency. Issuers benefit from the low cost of capital, while investors enjoy high liquidity and low transaction costs. At the same time, Deutsche Börse stands for integrity, transparency and security on the capital markets, where organised trading takes place based on a free pricing process and customers manage risks under their own responsibility.

Deutsche Börse Group is composed of Deutsche Börse AG and its subsidiaries, associates and joint ventures.

Deutsche Börse AG itself operates the cash market of Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) with its fully electronic Xetra® trading platform. Through its equity investment in Scoach Holding S.A., Deutsche Börse AG also offers trading in structured products (certificates and warrants).

Through Eurex Zürich AG and its subsidiaries, Deutsche Börse AG operates derivatives markets in Europe (Eurex) and the United States (International Securities Exchange, ISE) and offers clearing services (Eurex Clearing AG).

In addition, Deutsche Börse sells price and reference data as well as other information relevant for trading and develops indices through its subsidiary STOXX Ltd.

All post-trade services are handled by Clearstream Holding AG and its subsidiaries. These include transaction settlement, administration and custody of securities as well as global securities financing and investment funds services.

Deutsche Börse AG and Clearstream Services S.A. develop and operate Deutsche Börse Group's technological infrastructure.

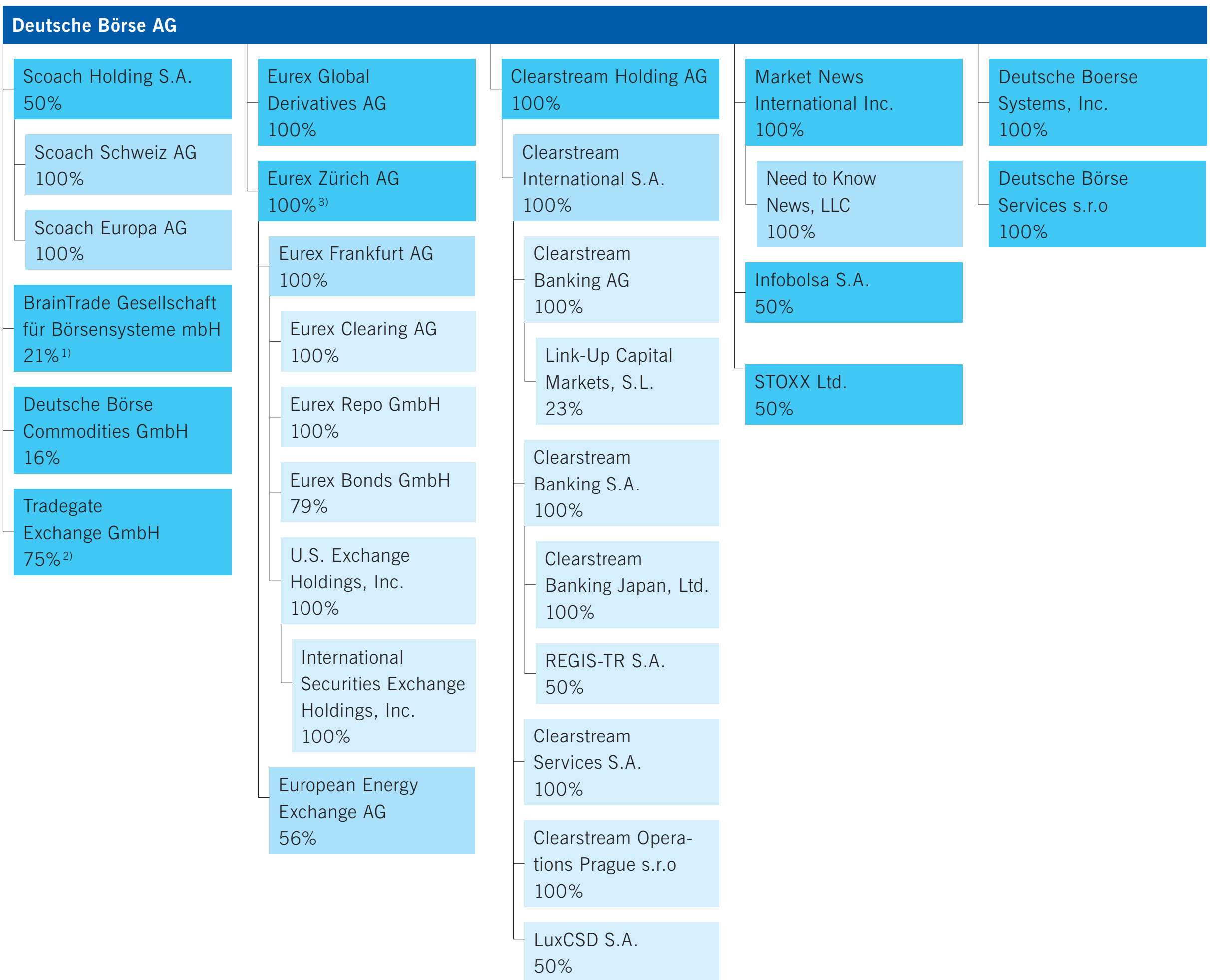
The chart on the next page gives an overview of Deutsche Börse Group's principal shareholdings; its basis of consolidation is presented in full in note 2 to the consolidated financial statements.

Company management

The governing bodies of Deutsche Börse AG, as a German stock corporation, are the Annual General Meeting, the Supervisory Board and the Executive Board, each of which has its own areas of responsibility.

The Annual General Meeting resolves the appropriation of the unappropriated surplus, appoints the shareholder representatives in the Supervisory Board and determines the approval of the acts of the Executive Board and the Supervisory Board. In addition, it decides on corporate actions and other matters governed by the Aktiengesetz (AktG, German Stock Corporation Act). The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in key decisions affecting the company. Additionally, it adopts the consolidated financial statements prepared by the Executive Board. Members of the Supervisory Board are appointed for a period of three years; however, when electing members to the Supervisory Board, the Annual General Meeting may determine a shorter term of office. The Supervisory Board of Deutsche Börse AG has 18 members: 12 shareholder representatives and 6 employee representatives.

Simplified shareholding structure of Deutsche Börse Group as at 31 December 2012



1) Direct equity interest of Deutsche Börse AG: 14 per cent
2) Plus an equity interest of 1.23 per cent, which is held directly via Tradegate AG Wertpapierhandelsbank
3) Direct equity interest of Deutsche Börse AG: 50 per cent

The Executive Board has sole responsibility for managing the company and the Chief Executive Officer coordinates the activities of the Executive Board members. Until 30 November 2012, the Executive Board of Deutsche Börse AG had 6 members. Deutsche Börse AG's Executive Board temporarily had 7 members in December 2012 due to the appointment of Hauke Stars effective 1 December 2012 and the departure of Michael Kuhn at the end of the year. The Executive Board again had 6 members as at 1 January 2013. From 1 April 2013, the Executive Board will be reduced to 5 members due to the departure of Frank Gerstenschläger. The remuneration system and the remuneration paid to the individual members of the Executive Board of Deutsche Börse AG are presented in the remuneration report, which is part of this combined management report.

Reporting segments

Deutsche Börse Group classifies its business into four segments: Xetra, Eurex, Clearstream and Market Data & Analytics. Since financial year 2010, this structure has served as a basis for the internal management of the Group and for financial reporting. Changes from financial year 2013 onwards are described below.

Reporting segment	Business areas
Xetra	▪ Cash market with the Xetra® electronic trading system, the Xetra Frankfurt Specialist Trading and Tradegate ▪ Central counterparty for equities ▪ Admission of securities to listing
Eurex	▪ Electronic derivatives market trading platform Eurex® ▪ Electronic equity options trading platform ISE ▪ Over-the-counter (OTC) trading platforms Eurex Bonds® and Eurex Repo® ▪ Central counterparty for bonds, on- and off-exchange derivatives and repo transactions (Eurex Clearing)
Clearstream	▪ Custody and settlement services for domestic and international securities ▪ Global securities financing services ▪ Investment funds services
Market Data & Analytics	▪ Sales of price information and information distribution ▪ Index development and sales

Organisational structure

The organisational structure of Deutsche Börse Group in financial year 2012 mirrored the three market areas: cash market (Xetra), derivatives market and market data (Derivatives & Market Data), as well as securities settlement and custody (Clearstream). Each area is headed by a member of the Executive Board of Deutsche Börse AG. In addition, there are Group-wide administrative functions in the divisions of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Changes from financial year 2013 onwards are described in the following paragraph and already reflected in the overview of the Group's leadership structure (see chart on the next page).

Changes in financial year 2013

The organisational structure and reporting segments will change as follows in financial year 2013:

- Andreas Preuss heads the cash market and derivatives businesses starting as of 1 January 2013; the Xetra and Eurex reporting segments will remain separate. Frank Gerstenschläger, the Executive Board member responsible for the Xetra division in financial year 2012, is leaving the company as at 31 March 2013.
- As of 1 January 2013, the Information Technology (IT) and Market Data & Analytics areas are combined with selected external IT services in a separate business unit under the direction of Hauke Stars. The new segment structure clearly reflects the declared intention to expand Deutsche Börse's technology leadership and expertise in the area of market data. In the 2013 financial reports, the prior-year figures will be adjusted accordingly.

Goals and strategies

Goals and strategy of Deutsche Börse Group

In the past years, Deutsche Börse Group has developed into one of the largest exchange organisations in the world and increased its value considerably since going public. Its business success is founded on the Group's integrated business model, which aims to offer its customers efficient and cost-effective services. It is based on the following key principles:

- Integrating different financial market services such as trading, clearing, settlement and custody of securities, liquidity and collateral management, as well as index and market data services
- Providing these services for different asset classes such as equities, bonds, funds and derivatives

- Developing and operating the Group's own electronic systems for all processes along the securities trading value chain
- Acting as an impartial marketplace organiser to ensure orderly, supervised trading with fair pricing and risk management services

The efficiency of the business model is reflected in the fact that Deutsche Börse Group is one of the providers of trading, clearing and settlement services with the most attractive prices and that the Group has generated a strong cash flow from its operating activities for many years.

Deutsche Börse Group continues to pursue its strategy, which has enabled it to achieve its leading position. In doing so, it focuses primarily on organic growth by introducing new products in existing and new asset classes, expanding its business to new customer groups and moving into markets in new regions. If external growth opportunities appear to be economically attractive, the Group also takes these into consideration. The aim is responsible and sustainable growth that will add long-term value – for customers and business partners, staff, shareholders as well as the company.

Deutsche Börse Group channels its energies in the next years in three directions as part of its strategy:

- Forceful expansion of its product and service range to currently unregulated and uncollateralised markets: this move is in response to changes in customer needs as well as the regulatory framework.
- Accelerated expansion of technology leadership and expertise in the market data segment: Deutsche Börse Group achieves this by pooling all relevant company resources. To this end, the Information Technology (IT) and Market Data & Analytics areas as well as selected external services have been bundled in a separate business unit (reporting segment as of financial year 2013).
- Tapping into new geographic growth areas, especially in Asia, and acquiring new customer groups

Leadership structure of Deutsche Börse Group as at 1 January 2013

Group Executive Board

CEO R. Francioni	CFO G. Pottmeyer	Cash & Derivatives Markets A. Preuss	Clearstream J. Tessler	IT & Market Data & Analytics H. Stars	Special Projects F. Gerstenschläger
Programs and Advisory	Financial Accounting & Controlling	Executive Office	Client Relations Europe & Americas	Central IT & Coordination	
Internal Auditing	Strategic Finance	IT	Client Relations South Asia/ Middle East/Africa	Networks & Infrastructure Ops	
Group Strategy	Investor Relations & Treasury	Business Development	Client Relations North Asia	VMS & Xetra/ Eurex Operations	
Corporate Communications	Group Compliance, Information Security & Risk Management	Sales & Marketing	Client Relations GSF & Broker/ Dealers	AD Cash/ Derivatives	
Corporate Office	Human Resources	Operations	Business Management	Clearstream IT	
General Counsel	Organization & Administration	Clearing	Operations	Market Data & Analytics	
Market Policy & European Public Affairs	SAP & Office Automation	Cash Market Structure	Investment Funds Services		

The organic growth targeted by Deutsche Börse Group is influenced by the following factors:

- The performance of the financial markets in line with general economic conditions (e.g. volatility in the cash market)
- Regulatory requirements (e.g. EMIR, Capital Requirements Directives)
- Structural changes in the financial markets (e.g. increasing use of derivatives by investment funds)
- The Group's ability to innovate (e.g. continuous introduction of new products and services)

While Deutsche Börse Group cannot affect the performance of the financial markets, it is able to exert an influence on other factors in part or in full, for example through lobbying efforts regarding the regulatory framework for the financial markets or developing new products and services. In this way, it can reduce its dependence on factors outside its control.

Management approach for corporate responsibility issues CR

Deutsche Börse Group takes a holistic view of its corporate responsibility. Its management approach focuses on four areas for action: the economy, employees, the environment and corporate citizenship, in order to strengthen and secure Deutsche Börse Group's benefits for the economy and for society for the long term.

- Economy: Deutsche Börse Group aims to ensure integrity, transparency and security on the capital markets. It adds the most value to society in its primary core business.
- Employees: Deutsche Börse Group pursues a responsible, sustainably focused human resources policy. It wants to win committed and competent employees and retain them for as long as possible.
- Environment: Deutsche Börse Group aims to keep its ecological footprint to a minimum by implementing an environment- and resource-friendly business ecology.
- Corporate citizenship: Deutsche Börse Group sees itself as a good corporate citizen and is committed to fulfilling this role in its international locations.

Selected initiatives and specific measures from these four areas are described in the sections on "Employees", "Corporate responsibility" and "Sustainability".

Corporate responsibility falls under the remit of the CEO. The corporate responsibility team coordinates the Group-wide measures and progresses the strategic development of the management approach. Regular reviews are held in consultation with the operating departments to determine whether the areas for action and implementation measures are still relevant and how the objectives are being met and the targets reached.

Sustainability management CR

Deutsche Börse Group feels committed to corporate governance that takes social, ethical and ecological aspects into account when implementing its economic objectives. The company gave strong expression to this commitment by signing up to the United Nations Global Compact.

As a central organiser of the capital market it is Deutsche Börse's duty to systemically stabilise the markets it organises and to ensure that sustainability information is more transparent and more easily available for market participants. As a listed company, it has a duty to consistently monitor and hone its own sustainability profile. Playing this dual role, Deutsche Börse Group focuses its sustainability management on two areas for action:

- Fostering transparency for holistic investment strategies
- Optimising its own sustainability performance

Examples of initiatives and their successful implementation can be found in the section on "Sustainability".

Internal management control

Control systems

Deutsche Börse Group's internal management control system is based on operating performance indicators of the income statement (net revenue, operating costs, EBIT, net income for the year) as well as balance sheet performance indicators (liquidity, equity less intangible assets). In addition, Deutsche Börse Group includes performance indicators in its control system that are derived from the income statement and the balance sheet (interest coverage ratio, gross debt/ EBITDA, return on shareholders' equity).

Net revenue is composed of sales revenue plus net interest income from banking business and other operating income, less volume-related costs. Sales revenue from external customers is generally dependent on the growth factors described above (performance of the financial markets, regulatory and structural changes, and the Group's ability to innovate). Net interest income from banking business is dependent on the development of Clearstream's international settlement business on the one hand and the development of short-term interest rates, particularly in the euro zone and the USA, on the other. Other operating income results from exchange rate differences, among other things. Volume-related costs comprise expenses that correlate with the level of sales revenue in certain areas of the company, such as fees and commissions from banking business or costs for purchasing price information. In addition, various license fees contribute to volume-related costs. Operating costs include staff costs, depreciation, amortisation and impairment losses, as well as other operating expenses. Staff costs consist of wages and salaries as well as social security contributions and the cost of retirement benefits. They are subject to inflation and depend partially on the development of Deutsche Börse AG's share price, as they also include changes in the provisions and payments for the Stock Bonus Plan for members of the Executive Board and senior executives that was introduced in 2007. The depreciation, amortisation and impairment charges include depreciation and amortisation of, and impairment losses on, intangible assets and property, plant and equipment. Other operating expenses mainly consist of the costs of developing and operating the Group's technological infrastructure, office infrastructure costs and marketing costs.

Around 80 per cent of Deutsche Börse Group's total costs are fixed costs (excluding special factors). The Group can therefore handle higher volumes of business without a significant increase in costs. Conversely, a decline in business volumes has a direct impact on the Group's profitability. Approximately 20 per cent of the Group's total costs are volume-related costs.

Deutsche Börse Group manages its EBIT via net revenue and operating costs. At Group level, Deutsche Börse Group's net income for the year also serves as a performance indicator for internal management control.

Deutsche Börse Group's balance sheet-based performance indicators include a target liquidity as well as equity less intangible assets. Liquidity planning aims at retaining liquidity amounting to the operating costs incurred in one quarter; target liquidity currently stands at €250 million. In managing its equity less intangible assets, the Group's aim is not to reach a particular target figure but rather to achieve a positive value in general.

The interest coverage ratio shows the ratio of EBITDA to interest expenses from financing activities. Under its capital management programme, the Group plans to achieve an interest coverage ratio of at least 16 for Deutsche Börse Group. In addition, the aim is to achieve a ratio of interest-bearing gross debt to EBITDA of 1.5 maximum on the Group level. The two performance indicators mentioned above play a material role at present in protecting the Group's current "AA" rating.

The Clearstream subgroup aims to maintain an interest coverage ratio of 25 and comply with other capital adequacy measures to protect its current "AA" rating. Because Clearstream had no financial liabilities from non-banking business in the year under review, as in the previous year, it was not necessary to calculate the interest coverage ratio for the subgroup.

Further information on the Group's financial position is presented in the "Financial position" section of this combined management report.

Internal control system and risk management with regard to the Group's accounting practices

The Group's internal control system (ICS) is another control tool. Its primary purpose is to ensure that Deutsche Börse Group's accounting processes comply with orderly bookkeeping and accounting practices. This guarantees that the presentation of the net assets, financial position and results of operations in the single-entity and consolidated financial statements of Deutsche Börse AG and its subsidiaries is correct and complete.

The Financial Accounting and Controlling (FA&C) department and the corresponding units in foreign subsidiaries are mainly responsible for preparing the accounts of Deutsche Börse AG and its consolidated subsidiaries. The head of FA&C at Deutsche Börse AG is responsible for the accounting processes throughout Deutsche Börse Group as well as for ensuring the effectiveness of the safeguarding and control measures that also form part of the accounting process. This officer ensures that risks in the accounting system are identified early on and that adequate safeguarding and control measures are taken in good time. An internal monitoring system comprising both integrated and independent controls has been implemented to this end. The consistent quality of financial reporting is, amongst other things, supported by using the following tools:

- Work instructions and process descriptions for each individual accounting process, including the preparation of consolidated financial statements, are stored in a database created especially for this purpose.
- IFRS and German GAAP (HGB) accounting manuals and account allocation guidelines ensure a Group-wide consistent financial reporting standard and process.

The work instructions and process descriptions are regularly reviewed to ensure that they are up-to-date. High-risk processes are subject to special control. The financial reporting manuals and account allocation guideline are also updated on an ongoing basis. All employees within the department have access to the database, reporting manuals and account allocation guidelines and can thus obtain current information on the regulations to be followed.

In addition, the FA&C department is responsible for monitoring changes in the accounting-related framework, analysing their potential impact on Deutsche Börse Group and initiating appropriate measures to implement these changes. This includes in particular continuously analysing the impact of any new or revised accounting standards and providing ongoing support for new transactions to ensure they are adequately reflected in the accounting system.

Another important feature of the internal control system within the FA&C department is the principle of functional separation: tasks and responsibilities are clearly defined and allocated within the organisation. Incompatible tasks, such as changing master data and issuing payment instructions, are kept strictly apart. This functional separation is ensured, among other things, by an independent control unit with the authority to grant accounting system access rights to employees and continuously monitor them by means of an "incompatibility matrix". Transactions are initially recorded in the general ledger or corresponding subledgers based on the table of accounts and the account allocation guideline. The preparation of the closing entries and consolidated financial statements always follows the principle of dual control.

All major subsidiaries of Deutsche Börse Group keep their general ledgers in the same SAP system using the SAP EC-CS consolidation software. The accounting data of subsidiaries not incorporated in the Group's SAP system is included in the consolidated financial statements via upload files. For the consolidation of liabilities, expenses and income, transactions are recorded in separate accounts under the name of the respective partner company. Differences arising from the consolidation of liabilities, expenses and income are appraised centrally and sent on to the accounting departments of the companies for clarification.

Internal Auditing carries out risk-driven and process-neutral checks to assess the effectiveness and appropriateness of the internal control system for accounting.

The implemented processes, systems and controls provide reasonable assurance that the accounting processes comply with the applicable financial reporting principles and laws. However, even an appropriate and functioning internal control system can only offer adequate, but never total, protection against failure to achieve the goals described at the beginning of this section. The Executive Board and the Audit and Finance Committee established by the Supervisory Board receive regular reports on the effectiveness of the internal control system for the financial reporting process.

Research and development activities

As a service provider, Deutsche Börse Group does not engage in research and development activities comparable with those of manufacturing companies. This section of the report has therefore been omitted. The Group's product and services development activities are described in more detail in the opportunities report and in the report on expected developments.

Takeover-related disclosures

Disclosures in accordance with sections 289 (4) and 315 (4) HGB

In accordance with sections 289 (4) and 315 (4) of the Handelsgesetzbuch (HGB, German Commercial Code), Deutsche Börse AG makes the following disclosures as at 31 December 2012:

The share capital of Deutsche Börse AG amounted to €193.0 million on 31 December 2012 and was composed of 193,000,000 registered ordinary shares. There are no other classes of shares besides these ordinary shares.

The Executive Board is only aware of limitations to voting rights that result from the Aktiengesetz (AktG, German Stock Corporation Act). These include voting right limitations pursuant to section 136 of the AktG and limitations under the AktG for treasury shares. Section 136 of the AktG stipulates that shareholders may not exercise voting rights for themselves or on behalf of another shareholder if a resolution is to be adopted formally approving their actions, releasing them from an obligation, or deciding whether the company should assert a claim against them. The voting rights of the relevant shares are thus excluded by law in cases where section 136 of the AktG applies. Under section 71b of the AktG, Deutsche Börse AG is also not permitted to exercise any rights of treasury shares held in its portfolio.

Under the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), any investor whose shareholding reaches, exceeds, or falls below specified voting right thresholds as a result of purchase, sale, or any other transaction is required to notify the company and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority). The lowest threshold for this disclosure requirement is 3 per cent (see note 43 to the consolidated financial statements for details). Deutsche Börse AG is not aware of any direct or indirect investments in its capital representing more than 10 per cent of the voting rights.

None of Deutsche Börse AG's shareholders hold shares that confer special control rights.

Employees holding shares in Deutsche Börse AG exercise their rights in the same way as other shareholders in accordance with statutory regulations and the Articles of Association.

Members of the Executive Board are appointed and released in accordance with sections 84 and 85 of the AktG. In accordance with Article 6 (3) of the Articles of Association of Deutsche Börse AG, membership of the Executive Board generally terminates when members reach the age of 60. Amendments to the

Articles of Association of Deutsche Börse AG are adopted by resolution of the Annual General Meeting in accordance with section 119 (1) no. 5 of the AktG. Under Article 12 (4) of the Articles of Association of Deutsche Börse AG, the Supervisory Board has the power to make changes to the Articles of Association that relate only to the wording. In accordance with Article 18 (1) of the Articles of Association of Deutsche Börse AG, resolutions of the Annual General Meeting are passed – unless otherwise stipulated by mandatory requirements of the AktG – by a simple majority of the votes cast. Insofar as the AktG prescribes a majority of share capital to be represented at the Annual General Meeting for resolutions, a simple majority of the represented share capital is sufficient where this is legally permissible.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to increase the share capital until 11 May 2016 by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions on one or more occasions by up to a total of €5.2 million (authorised share capital I). Full authorisation, particularly the conditions for disapplying shareholders' pre-emptive rights, derives from Article 4 (3) of the Articles of Association of Deutsche Börse AG.

The Executive Board is also authorised to increase the share capital until 26 May 2015, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions on one or more occasions by up to a total of €27.8 million (authorised share capital II). The shareholders must be granted pre-emptive rights, which the Executive Board can disapply in certain cases, subject to the approval of the Supervisory Board in each case. The Executive Board is authorised to disapply shareholders' pre-emptive rights for cash capital increases if the issue price of the new shares is not significantly lower than the stock exchange price and the total number of shares issued while pre-emptive rights are disapplied does not exceed 10 per cent of the share capital. Furthermore, the Executive Board is authorised to disapply pre-emptive rights for new shares with a proportionate interest in the share capital totalling up to €3.0 million in order to issue these new shares to employees of the company or of companies affiliated with it, excluding the members of the Executive Board and the management of affiliated companies. In addition, the Executive Board is authorised to disapply pre-emptive rights if capital is increased in exchange for non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets. Finally, the Executive Board is authorised to disapply fractional amounts from shareholders' pre-emptive rights. Full authorisation, particularly the conditions for disapplying shareholders' pre-emptive rights, derives from Article 4 (4) of the Articles of Association of Deutsche Börse AG.

The Executive Board is also authorised to increase the share capital until 26 May 2015, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash contributions on one or more occasions by up to a total of €19.5 million (authorised share capital III). The shareholders must be granted pre-emptive rights, which the Executive Board can disapply only for fractional amounts with the approval of the Supervisory Board. The exact content of this authorisation derives from Article 4 (5) of the Articles of Association of Deutsche Börse AG.

The Executive Board is further authorised to increase the share capital until 15 May 2017, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions on one or more occasions by up to a total of €6.0 million (authorised share capital IV). Shareholders must be granted pre-emptive rights unless the Executive Board makes use of the authorisation granted to it to disapply the shareholders' pre-emptive rights with the approval of the Supervisory Board. The Executive Board is authorised to disapply fractional amounts from the shareholders' pre-emptive rights with the approval of the Supervisory Board. The Executive Board is also authorised, subject to the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in order to issue up to 900,000 new shares per financial year from the authorised share capital IV to members of the Executive Board and employees of the company as well as to members of the executive boards or management and employees of its affiliated companies in accordance with sections 15 et seqq. of the AktG. Full authorisation derives from Article 4 (6) of the Articles of Association of Deutsche Börse AG.

The company's share capital has been contingently increased in accordance with Article 4 (7) of the Articles of Association of Deutsche Börse AG by up to €6.0 million by issuing up to 6,000,000 no-par value registered shares (contingent share capital I). The contingent capital increase is used exclusively to settle stock options granted until 13 May 2008 as a result of the authorisation under item 7 of the agenda of the Annual General Meeting of 14 May 2003. The contingent capital increase will only be implemented insofar as the holders of issued stock options exercise their pre-emptive rights and the company does not settle these stock options by transferring treasury shares or by way of a cash payment. The new shares carry dividend rights from the beginning of the financial year in which they are issued as the result of exercising stock options.

The Executive Board is authorised to acquire treasury shares amounting to up to 10 per cent of the share capital. However, the acquired shares, together with any treasury shares acquired for other reasons that are held by the company or allocated to it in accordance with sections 71a et seqq. of the AktG, may at no time exceed 10 per cent of the company's share capital. The authorisation to acquire treasury shares is valid until 11 May 2013 and may be exercised by the company in full or in part on one or more occasions. However, it may also be exercised by dependent companies, by companies in which Deutsche Börse AG holds a majority interest, or by third parties on its or their behalf. The Executive Board may elect to acquire the shares (1) on the stock exchange, (2) via a public tender offer addressed to all shareholders or via a public request for offers of sale addressed to the company's shareholders, (3) by issuing tender rights to shareholders, or (4) through the use of derivatives (put or call options or a combination of both). The full and exact wording of the authorisation to acquire treasury shares, and particularly the permissible uses to which the shares may be put, can be found in items 6 and 7 of the agenda of the Annual General Meeting of 12 May 2011.

The following material agreements of the company are subject to a change of control following a takeover bid:

- On 25 October 2006, Deutsche Börse AG and SIX Group AG (formerly SWX Group) set out a cooperation agreement to combine their business operations in the area of structured products in a European exchange organisation under a joint name and brand (Scoach). This cooperation agreement was adopted by SIX Swiss Exchange AG in place of SIX Group AG on 24 March 2009. The cooperation agreement gives either party a right of termination with a notice period of six months to the end of the month if a change of control occurs at the other party, i.e. Deutsche Börse AG or SIX Swiss Exchange AG. The right of termination expires if it is not exercised within three months of the date of the change of control. According to the cooperation agreement, a change of control takes place if a person, corporation or partnership directly or indirectly acquires control over a company, either alone or together with Group companies or in concert with other persons or companies. A company has control if it directly or indirectly holds more than 50 per cent of the voting rights or the capital of another corporation or partnership, if it must fully consolidate another corporation or partnership under the International Financial Reporting Standards (IFRSs), or if it is able to control a company through voting trusts or by appointing members of executive bodies.
- On 6 May 2008, supplemented on 9 April 2009, on 30 March 2010, on 29 March 2011 and on 27 February 2012, Deutsche Börse AG and its subsidiary Clearstream Banking S.A. concluded a multicurrency revolving facility agreement with a consortium of banks for a working capital credit totalling up to €750 million. In the event of a change of control, the lead manager of the consortium must terminate the agreement within a period of 30 days and declare all amounts due to the lenders immediately repayable, if required to do so by a majority of the consortium banks, which together provide two-thirds of the amount of the facility granted at the time of the change of control. Under the terms of this agreement, a person or group of persons has control if they act in concert and/or if they have the opportunity to manage the business of Deutsche Börse AG or to determine the composition of the majority of Deutsche Börse's Executive Board.

- As part of the acquisition of ISE, it was agreed that no person or group may directly or indirectly acquire more than 40 per cent of the shares in ISE or acquire control over the voting rights attached to more than 20 per cent of the shares in ISE without the prior approval of the US Securities and Exchange Commission (SEC). Otherwise, as many ISE shares will be transferred to a trust as required to comply with the limits.
- Under the terms of the 2008/2013 fixed-rate bonds amounting to €650.0 million issued by Deutsche Börse AG, the terms of the subordinated fixed-rate and floating-rate bonds amounting to €550.0 million issued by the company in 2008 and under the terms of the 2012/2022 fixed-rate bonds amounting to €600.0 million issued by Deutsche Börse AG, cancellation rights apply in the case of a change of control. If they are exercised, the bonds are repayable at par plus any accrued interest. A change of control has taken place if a person or a group of persons acting in concert, or third parties acting on their behalf has or have acquired more than 50 per cent of the shares of Deutsche Börse AG or the number of Deutsche Börse AG shares required to exercise more than 50 per cent of the voting rights at Annual General Meetings of Deutsche Börse AG. In addition, the relevant loan terms require that the change of control must adversely affect the rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Fitch Ratings, Moody's Investors Service or Standard & Poor's. Further details can be found in the applicable loan terms.
- A change of control also results in rights to require repayment of various bonds issued by Deutsche Börse AG in 2008 under a US private placement. The change of control must also adversely affect the rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Fitch Ratings, Moody's Investors Service or Standard & Poor's. The provisions contained in the applicable terms correspond to the conditions specified for the 2008/2013 fixed-rate bonds. The bonds issued under the private placement are as follows: US$170.0 million due on 10 June 2015, US$220.0 million due on 10 June 2018, and US$70.0 million due on 10 June 2020.
- Under certain conditions, members of Deutsche Börse AG's Executive Board have a special right of termination in the event of a change of control. According to the agreements made with all Executive Board members, a change of control has occurred if (1) a shareholder or third party discloses its ownership of more than 50 per cent of the voting rights in Deutsche Börse AG in accordance with sections 21 and 22 of the WpHG, (2) an intercompany agreement in accordance with section 291 of the AktG is entered into with Deutsche Börse AG as a dependent company, or (3) Deutsche Börse AG is absorbed in accordance with section 319 of the AktG or merged in accordance with section 2 of the Umwandlungsgesetz (UmwG, German Reorganisation and Transformation Act).

In addition to the above agreements subject to a change of control in the event of a takeover offer, further agreements apply. In the opinion of Deutsche Börse AG, however, these are not material as defined by section 315 (4) of the HGB.

The compensation agreements entered into with the members of the Executive Board in the event of a takeover offer can be found in the remuneration report.

Report on the economy

Macroeconomic and sector-specific conditions

2012 saw a large number of developments that had and continue to have a significant impact on the macroeconomic environment and market activity. In particular, these included:

- A slow-down in the global economy, especially in the second half of the year.

- High government debt levels in several European countries, along with concerted countermeasures by the EU and the decline of the euro against the US dollar, especially in the second and third quarters of 2012.
- The provision of large amounts of liquidity via the major central banks' low interest rate policy

Following a 1.8 per cent increase in real GDP in the OECD countries in 2011, current estimates reveal a rise of just 1.4 per cent in 2012. Estimates published by the International Monetary Fund suggest that the global economy grew by 3.2 per cent in 2012 (2011: increase in real terms of 3.9 per cent).

In this macroeconomic environment, Deutsche Börse Group's business is mainly influenced by cyclical trends in Germany, other European countries and the United States.

Based on initial estimates, growth in German GDP in 2012 eased year-on-year due to slower global economic growth and the stagnation of world trade at prior-year levels. The International Monetary Fund's January 2013 estimates put growth in German economic output at 0.9 per cent in 2012 (2011: increase in real terms of 3.1 per cent). The slowdown in GDP growth that had already been observed in the second half of 2011 continued in the year under review. According to information supplied by the German Federal Statistical Office, economic growth adjusted for price, seasonal and calendar effects amounted to 0.6 per cent in the first half of 2012 in comparison to the previous half-year period, whereas economic output in the second half of the year increased only by 0.1 per cent in comparison to the first six months of the year.

As in 2011, economic performance in the year under review was mixed across Europe: development was stable in Germany, France and Austria, while according to European Commission estimates Greece, Italy and Spain, among other countries, were in recession. On 12 July 2012, the key interest rate in Europe was cut by another 25 basis points to the new historically low level of 0.75 per cent.

The OECD is forecasting a real-term increase of 2.2 per cent in US economic output in 2012 as a result of continuing budget consolidation resulting from the US debt crisis in summer 2011. Market uncertainty is continuing due to the financial policy difficulties, the persistently high unemployment rate and resulting lower levels of consumer spending. The Federal Reserve kept the federal funds rate within the target range of zero to 0.25 per cent that it had set in December 2008.

Development of trading activity on selected European cash markets

		2012 bn	Change 2012 vs. 2011 %
London Stock Exchange[1) 2)]	£	1,017.9	–15
Euronext[1) 3)]	€	1,324.2	–22
Deutsche Börse Group – Xetra[1)]	**€**	**1,069.9**	**–24**
Bolsas y Mercados Españoles[1)]	€	698.9	–24
Borsa Italiana[2)]	€	576.2	–29

1) Trading volume in electronic trading (single-counted)
2) Part of London Stock Exchange Group
3) Part of NYSE Euronext

Source: Exchanges listed

The high levels of government debt in individual European states, the decline of the euro against the US dollar and the difficult economic situation are continuing to fuel uncertainty on the financial markets. These factors led to a lower level of trading in the cash and derivatives markets in financial year 2012.

Development of contracts traded on selected derivatives markets

	2012 m contracts	Change 2012 vs. 2011 %
CBOE Holdings	1,059.4	–8
NYSE Euronext	1,928.9	–15
CME Group	2,890.0	–15
Deutsche Börse Group – Eurex	**2,292.0**	**–19**
Korea Exchange[1)]	1,835.6	–53

1) As from June 2012, the Korean exchange regulator ordered an increase in the minimum contract size on the Korean market.

Source: Exchanges listed

According to the Bank for International Settlements (BIS), global net issuance of international bonds rose by 24 per cent year-on-year in the first nine months of 2012. In line with this, their aggregate principal amount grew by more than 5 per cent in the same period to €16.8 trillion (since BIS has changed the way it collects the data, the figures given are not comparable with those reported in previous years). This development underlines the continued attractiveness of the international bond markets for issuers.

The average volume of international bonds held in custody by Clearstream rose slightly year-on-year.

Business development

2012 was a difficult year for the players on the financial markets in Europe and North America, as well as for the organisers of these markets – the exchanges. Even in year five of the financial crisis, the capital markets failed to stabilise sufficiently to fully restore investor confidence.

Several factors had a significant impact on business development at Deutsche Börse Group:

- The continuing uncertainty about future global economic developments – especially in the euro zone, where the euro debt crisis continues to rear its head – put a damper on the trading activities of market participants. In times of acute crisis, banks value the reliability of exchanges as trading places that guarantee security and integrity. If, however, the uncertainty persists beyond the short term, as is currently the case, this has a paralysing effect on the market participants. In addition, the lack of confidence in a permanently stable development of the euro zone was prompting investors to withdraw their capital from Europe and either invest it back in their respective home markets, for example in the USA, or in growth markets such as Asia or South America.
- A lack of clarity surrounding the legal framework for financial markets inhibits the markets more than a strict, but ultimately reliable regulatory framework, which allows businesses to plan. For example, on the one hand, stricter capital requirements are leading banks and other market participants to scale back their trading activities; on the other hand, however, this gives Deutsche Börse Group the opportunity to develop services that allow banks to use their capital with maximum efficiency.
- The low interest rate policy pursued by central banks in response to the state of the economy led to another reduction in net interest income from banking business generated in the Clearstream segment. Interest rate derivatives traded on Eurex were also adversely impacted by stable low interest rates.
- Other factors included the ECB's liquidity programmes, such as the long-term refinancing operations initiated in December 2011 and February 2012. These operations are designed to provide long-term liquidity to the capital markets on favourable terms. This led to a deterioration in the market environment for the liquidity management services offered to market participants by the Clearstream segment.

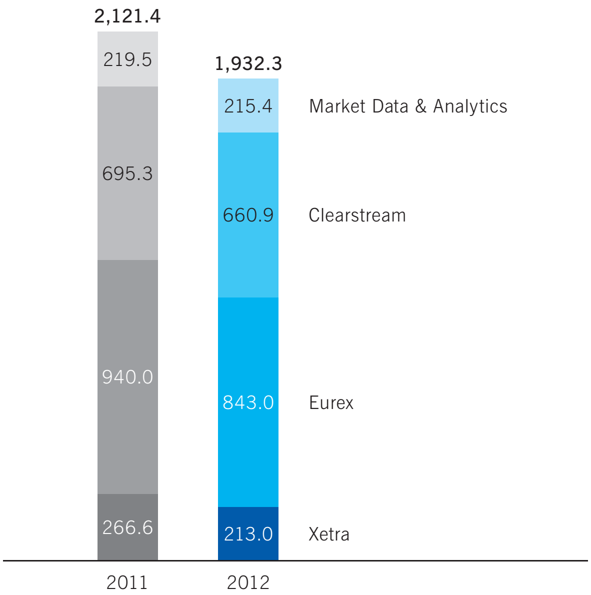
In this challenging market environment, the result generated by Deutsche Börse Group in financial year 2012 was lower than in the previous year. Net revenue decreased by 9 per cent to €1,932.3 million in 2012 (2011: €2,121.4 million). When analysing this decline, it should be also taken into account that in 2011 the market turbulence in the euro zone had triggered a significant temporary increase in demand for exchange-based hedging, which in turn led to one of the best results in Deutsche Börse's history. By contrast, the acquisition of all of the shares of

Eurex Zürich AG, which has been reported in the consolidated financial statements of Deutsche Börse AG since the beginning of the year under review, had a positive impact on revenue in 2012.

Deutsche Börse AG increased its investments in projects of strategic importance to implement the three strategic directions communicated in 2012 (see section on "Goals and strategies of Deutsche Börse Group"). Therefore, in the year under review, costs for growth initiatives and infrastructure projects increased year-on-year by €36.7 million. The money was used in particular for projects initiated by Eurex and Clearstream to prepare the Group's platforms for clearing over-the-counter derivatives and to develop a global risk and collateral management system. Nevertheless, the Group's operating costs decreased slightly year-on-year to €958.6 million (2011: €962.2 million).

Net revenue by segment

€ millions



Results of operations

Deutsche Börse Group's net revenue declined by 9 per cent in financial year 2012 to €1,932.3 million (2011: €2,121.4 million). Net revenue is composed of sales revenue plus net interest income from banking business and other operating income, less volume-related costs. The decline in net revenue reflects in particular the uncertainty about future global economic developments, the situation in the euro zone and the central banks' persistent low interest rate policy. Furthermore, there is lasting uncertainty about the far-reaching reform projects in the financial industry and their impact on market participants. Together, these factors put a significant damper on the trading activity of market participants in the year under review, whereas the previous year had been characterised by high volatility due to the turbulence in the euro zone as well as to the credit rating downgrade for the United States. As a result, trading volumes in securities and derivatives and the associated post-trade services and a part of market data services declined in 2012, in some cases sharply.

In total, the cash market trading volume on Xetra contracted by 24 per cent, while the segment's net revenue fell by 20 per cent. On the derivatives market, the contract volumes for European futures and options were down by 19 per cent, the same rate of decline as for the US options traded on the International Securities Exchange (ISE). Lower contract volumes in the Eurex segment resulted in a 10 per cent drop in net revenue. The acquisition of the remaining shares in Eurex Zürich AG from SIX Group AG, which has been reflected in Deutsche Börse Group's consolidated financial statements since the start of 2012, had a stabilising effect. In contrast to the trading activity in the Xetra and Eurex segments, post-trade services were down only slightly: the Clearstream segment was able to partially offset the decline in settlements caused by the reduction in trading activity, in particular thanks to its stable custody business and a slight rise in net revenue from global securities financing. Overall, the Clearstream segment's net revenue was 5 per cent down on the previous year. Net revenue in the Market Data & Analytics segment was relatively stable due to the steady expansion of the product range, especially at the subsidiary STOXX Ltd., and to strong demand for high-quality underlyings for financial instruments, such as the DAX® index. As a result of historically low key interest rates, net interest income from banking business decreased by 31 per cent to €52.0 million in the year under review, in spite of higher average customer cash deposits. The European Central Bank had cut the key interest rate by 25 basis points with effect from 14 December 2011 and again from 12 July 2012, bringing it down to a historically low level of 75 basis points. In addition, on 11 July 2012, the European Central Bank reduced the rate for the deposit facility from 0.25 to 0 per cent. Net interest income declined steadily in the course of the year, from €18.5 million in the first quarter of 2012 to €8.4 million in the fourth quarter as a result of the interest rate changes.

Accelerated implementation allowed the efficiency programme launched in 2010 with a total volume of €150 million to be completed ahead of schedule in the year under review. Overall, the cost-cutting programme was realised significantly faster than originally planned.

Deutsche Börse Group key performance figures

	2012 €m	2011 €m	Change %
Net revenue	1,932.3	2,121.4	–9
Operating costs	958.6	962.2	0
EBIT	969.4	1,162.8	–17
Net income	645.0	855.2	–25
Earnings per share (basic) in €	3.44	4.60	–25

Volume-related costs rose by 13 per cent to €276.7 million (2011: €244.0 million). The rise is mainly due to technical changes in the fee models in the cash and US options markets and has no impact on results.

The company's operating costs were down slightly year-on-year, amounting to €958.6 million (2011: €962.2 million). They include costs for efficiency programmes of €23.1 million (2011: €1.1 million). Expenses of €13.1 million were incurred in 2012 for the prohibited merger with NYSE Euronext (2011: €82.2 million). Adjusted for these one-off effects, costs increased by 5 per cent to €922.4 million (2011: €878.7 million). The following factors were the key drivers for the year-on-year increase in costs of €43.7 million:

- As part of the Group's growth strategy, the Executive Board resolved to increase spending on strategic projects in 2012. In the year under review, the costs for growth initiatives and infrastructure projects were therefore €36.7 million higher than in the prior-year period. The amount was used in particular to fund initiatives in the Eurex and Clearstream segments, for example, to prepare the clearing of OTC derivatives transactions and in the area of collateral management in the post-trade business.
- Additional costs amounting to some €9.3 million were incurred because the US dollar exchange rate strengthened against the euro.
- To enhance transparency, Deutsche Börse Group revised its accounting policy for defined benefit obligations retroactively as from 1 January 2012 by adopting the revised the IAS 19 early; actuarial gains and losses are now recognised directly in the revaluation surplus. Additionally, Deutsche Börse Group reports the net interest expenses in connection with defined benefit obligations previously presented in staff costs in the financial result. The prior-year figures have been adjusted accordingly, reducing operating costs by €11.1 million and increasing financial expense by €2.5 million. Further information is provided in note 1 to the consolidated financial statements.

Staff costs, a key factor in operating costs, rose to €414.2 million in 2012 (2011: €385.8 million). Adjusted for the effects of efficiency programmes amounting to €14.4 million (2011: €–6.7 million), staff costs only rose slightly by 2 per cent year-on-year to €399.8 million (2011: €392.5 million). This slight increase is largely due to the higher average number of people employed in the year under review and was partially offset by a drop in variable remuneration compared with the previous year. Further details of the share-based payment arrangements are provided in note 39 to the consolidated financial statements.

Depreciation, amortisation and impairment losses increased by 15 per cent to €105.0 million in the year under review (2011: €91.4 million). This was primarily driven by a rise of intangible assets and property, plant and equipment in connection with the Group's growth initiatives and infrastructure measures.

Other operating expenses, which amounted to €439.4 million in the year under review (2011: €485.0 million), relate primarily to the costs of developing and operating Deutsche Börse Group's technological infrastructure, including, for example, costs for IT services providers and data processing. In addition, other operating expenses include the cost of the office infrastructure at all the Group's locations as well as travel expenses, most of which are incurred in connection with sales activities. Because of the Group's business model and the fact that the company does not normally distribute its products and services to end customers, advertising and marketing costs only account for a very small portion of the company's operating expenses.

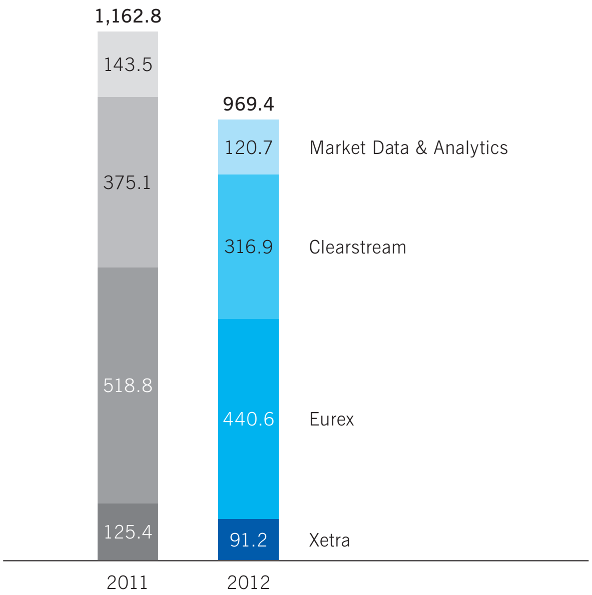
The result from Deutsche Börse Group's equity investments amounted to €–4.3 million (2011: income €3.6 million). It was generated primarily by Scoach Holding S.A., Direct Edge Holdings, LLC and European Energy Exchange AG. The positive contributions made by these companies were offset by an impairment loss of €10.8 million recognised on the Group's interest in Quadriserv Inc., which resulted in total in a loss from equity investments. SIX Swiss Exchange AG has terminated the cooperation agreement with effect from 30 June 2013. The markets contributed to the joint venture will be transferred back to the respective parent companies.

Overview of operating costs

	2012 €m	2011 €m	Change %
Staff costs	414.2	385.8	7
Depreciation, amortisation and impairment charges	105.0	91.4	15
Other operating expenses	439.4	485.0	–9
Total	**958.6**	**962.2**	**0**

EBIT by segment

€ millions



Primarily because of lower net revenue, Deutsche Börse Group's earnings before interest and tax (EBIT) declined by 17 per cent in the year under review to €969.4 million (2011: €1,162.8 million). Adjusted for the special factors mentioned above, the Group's EBIT amounted to €1,005.6 million, a 19 per cent decrease compared with 2011 (€1,246.1 million).

The Group's financial result for financial year 2012 was €–132.7 million (2011: €–3.8 million). The clear widening of this figure is primarily due to Deutsche Börse AG's agreement with SIX Group AG to acquire all the shares in Eurex Zürich AG. Under the terms of the agreement, part of the purchase price was to be settled in shares. The equity component of the purchase price liability was definitively measured at fair value through profit and loss on 1 February 2012. The rise in the share price between 31 December 2011 and 1 February 2012 led to a non-cash, tax-neutral expense of €26.3 million on the measurement of the equity component and an expense of €1.1 million on the unwinding of the discounted cash component. For 2011, there had been non-cash, tax-neutral income of €80.8 million on the measurement of the equity component and an expense of €3.4 million on the unwinding of the discount on the cash component. In addition, at the end of September 2012, Deutsche Börse AG placed a corporate bond with a maturity of 10 years and a volume of €600 million. It serves primarily to refinance part of the outstanding long-term financial liabilities, which amount to roughly €1.5 billion in total. Deutsche Börse made use of the positive market environment to obtain funds early to repay outstanding existing bonds maturing in 2013. In this context, Deutsche Börse AG made creditors of outstanding euro-denominated bonds an offer to repurchase these bonds and bought fixed-income bearer bonds issued in 2008 amounting to €72.1 million (principal amount), as well as hybrid bonds, also issued in 2008, amounting to €237.1 million (principal amount). By repurchasing the outstanding bonds, it was possible to use the funds raised through the new issue directly and thus reduce gross debt by a corresponding amount as at the end of the year. The placement of the bond and the simultaneous repurchase of some of the outstanding euro-denominated bonds led to a non-recurring charge on the net financial result of €12.4 million in the fourth quarter of 2012. The amount includes the premium for the repurchase of the bonds in excess of their principal amount. Adjusted for these factors, the net financial result in 2012 amounted to €–92.9 million (2011: €–81.2 million).

The effective Group tax rate was 26.0 per cent in 2012 (2011: 26.0 per cent). It is calculated after adjustments for the above-mentioned special factors made to the operating costs and the financial result. In addition, the Group tax rate was adjusted by non-recurring income from the reversal of deferred tax liabilities for STOXX Ltd. amounting to €20.7 million (of which SIX Group AG receives one half) as a result of a decision by the Swiss financial authorities and by non-recurring income amounting to €37.1 million from the recognition of deferred tax assets due to the ability in the future to offset loss carryforwards in connection with the acquisition of the shares held by SIX Group AG in Eurex Global Derivatives AG.

Driven by the lower EBIT, Deutsche Börse Group also recorded a decrease in net income compared to 2011 by 25 per cent to €645.0 million (2011: €855.2 million). Excluding the special factors described above, consolidated net income was down 21 per cent year-on-year to €660.9 million (2011: €839.5 million).

Non-controlling interests in net profit for the period amounted to €24.8 million (2011: €22.6 million). STOXX Ltd. accounted for the largest share of this with €24.6 million (2011: €18.5 million).

Basic earnings per share, based on the weighted average of 187.4 million shares, amounted to €3.44 (2011: €4.60 for an average of 185.8 million shares outstanding). Adjusted for the non-recurring effects described above, basic earnings per share declined by 22 per cent to €3.53 (2011: €4.51).

Key figures by quarter

	Q1		Q2		Q3		Q4	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m
Net revenue	506.9	526.3	506.7	506.4	471.0	578.6	447.7	510.1
Operating costs	248.6	211.8	228.9	233.1	227.4	248.3	253.7	269.0
EBIT	260.0	319.1	278.8	279.0	245.4	333.8	185.2	230.9
Net income for the period	146.2	214.1	186.2	180.5	159.9	316.9	152.7	143.7
Earnings per share (basic) (€)	0.77	1.15	0.99	0.97	0.86	1.70	0.82	0.78

EBIT and net profitability by segment

	2012		2011	
	EBIT €m	EBIT margin[1] %	EBIT €m	EBIT margin[1] %
Xetra	91.2	43	125.4	47
Eurex	440.6	52	518.8	55
Clearstream	316.9	48	375.1	54
Market Data & Analytics	120.7	56	143.5	65
Total	**969.4**	**50**	**1,162.8**	**55**

1) Based on net revenue

Comparison of results of operations with the forecast for 2012

For 2012, Deutsche Börse Group had forecast net revenue of approximately €2,100 million to €2,350 million, operating costs of less than €930 million and EBIT of approximately €1,200 million to €1,350 million. This forecast was based on assumptions such as restored confidence among market participants in response to an improved situation in the European sovereign debt crisis, a stable interest rate environment compared with 2011 and a moderate improvement in economic conditions. At the time the forecast for 2012 was published, the company had announced that net revenue was expected to be at the lower end of the range if actual developments deviated from the assumptions made.

The conditions described under "Results of operations" above deviated significantly from the assumptions on which the forecast was based. Because of this divergence, Deutsche Börse Group missed its net revenue target, which it had already adjusted to €1,950 million at the time the results for the third quarter of 2012 were published in view of unsatisfactory business developments.

At €922.4 million, the Group met its target of achieving operating costs of less than €930 million (adjusted for merger and acquisition costs and costs for efficiency programmes amounting to around €30 million) thanks to its strict cost management.

The shortfall in net revenue compared with the expected forecast range in the financial year under review had a negative effect on the forecast EBIT range as well as on the interest coverage ratio, which at 15.2 did not entirely reach the target of at least 16.

Xetra segment

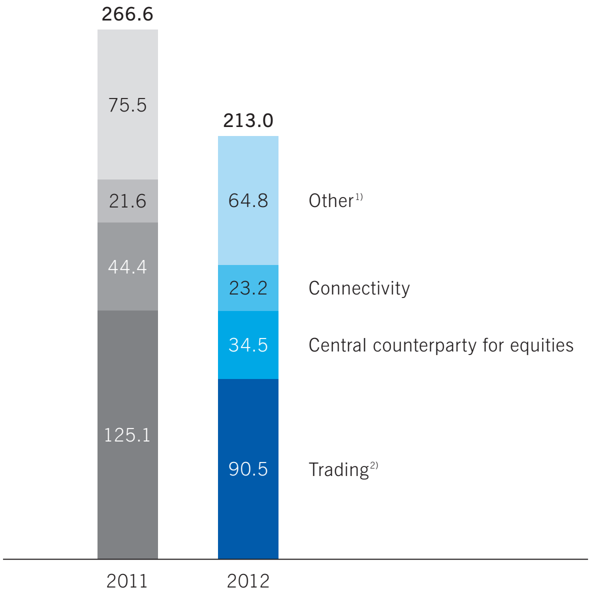
The Xetra segment generates most of its net revenue from trading and clearing cash market securities, including shares and bonds from German and international issuers, exchange-traded funds (ETFs) and exchange-traded commodities (ETCs) as well as shares in actively managed retail funds. The key players on Deutsche Börse's platforms are institutional investors and professional market participants.

The primary sales driver, accounting for 43 per cent, was net revenue from trading, which is largely conducted on Xetra, the electronic trading platform. Xetra Frankfurt Specialist Trading takes place in parallel, as does trading on Tradegate, which is aimed at private investors. The central counterparty (CCP) for equities operated by Eurex Clearing AG contributed 16 per cent to the segment's net revenue; the net revenue of the CCP is determined to a significant extent by trading activities on Xetra. IT net revenue as well as income from cooperation agreements and listing fees are grouped under "other" (together these accounted for 30 per cent of net revenue). Income from cooperation agreements mainly derives from operating the systems of the Irish Stock Exchange, the Vienna Stock Exchange, the Bulgarian Stock Exchange, the Ljubljana Stock Exchange, the Malta Stock Exchange and the Prague Stock Exchange. Listing fees predominantly came from existing company listings and admissions to trading. Connectivity income accounted for 11 per cent of net revenue.

The uncertainty surrounding future global economic development and the European debt crisis led to general risk aversion and had a negative impact on investor confidence in the financial markets. As a result, there was a marked decline in continuous

Breakdown of net revenue in the Xetra segment

€ millions



1) Including income from listing and cooperation agreements
2) The position "Trading" includes Xetra Frankfurt Specialist Trading (until 23 May 2011: floor trading) as well as the Xetra® electronic trading system.

trading activity on Xetra and in Xetra Frankfurt Specialist Trading. Because of the lower levels of trading activity on the markets, net revenue in the Xetra segment fell by 20 per cent to €213.0 million (2011: €266.6 million).

The number of transactions in Xetra electronic trading (excluding Specialist Trading and Tradegate Exchange) declined by 21 per cent year-on-year to 194.7 million (2011: 247.2 million). The trading volume on Xetra (measured in terms of order book turnover, single-counted) was down by 24 per cent in the year under review to €1,069.9 billion (2011: €1,406.7 billion). The average value of a Xetra transaction was €11.0 thousand, slightly down on the previous year (2011: €11.4 thousand).

Deutsche Börse Group continued to develop its trading technology in 2012. Ongoing investments in the performance and risk management of the trading system ensure that trading is reliable, fair and orderly, even during times of extreme demand. Deutsche Börse rolled out Xetra Release 13.0 in November 2012. This new version of the trading system makes new order types available to private and institutional investors, improves existing functions and expands interfaces.

The Xetra network continued to strengthen and extend its international reach in 2012. The Prague Stock Exchange migrated its electronic securities trading to the Xetra trading system on 30 November 2012. The Prague Stock exchange is linked to the Xetra network through the Vienna Stock Exchange, which has operated its cash market using Xetra since 1999. The Malta Stock Exchange has also been using the Xetra system since July 2012. In addition, the Irish Stock Exchange has extended its Xetra agreement with Deutsche Börse AG by a further four years until 31 December 2016.

While trading volumes declined among institutional investors, who primarily use Xetra, the situation in the case of private investors was mixed. Private investors are the prime target group for the Xetra Frankfurt Specialist Trading model, which combines the strengths of Xetra trading – extremely fast order execution, trading throughout Europe, high liquidity – with the benefits of floor trading, human know-how, during trading hours from 8 a.m. to 8 p.m. With this model, the Frankfurt Stock Exchange enables its customers to respond quickly to international market events and developments. The volume (single-counted) traded via the Specialist Trading model was €41.4 billion, down 22 per cent on the previous year (2011: €53.1 billion).

The long trading hours and special order types offered by the Berlin-based Tradegate Exchange is tailored to meet the needs of private investors. Tradegate Exchange generated a trading volume of €33.9 billion, an increase of 5 per cent compared with 2011 (€32.3 billion).

Although operating costs in the Xetra segment were down by 15 per cent, the decline in net revenue could only be partially offset by cost management. As a result, EBIT declined by 27 per cent to €91.2 million (2011: €125.4 million).

Cash market: trading volume (single-counted)

	2012 €bn	2011 €bn	Change %
Xetra	1,069.9	1,406.7	–24
Xetra Frankfurt Specialist Trading[1)]	41.4	53.1	–22
Tradegate	33.9	32.3	5

1) Prior to 23 May 2011: floor trading; excluding certificates and warrants

Deutsche Börse has enabled ETF trading on Xetra since 2000 through a specially created segment, XTF®. ETFs combine the flexibility of individual equities with the risk diversification of a fund. They represent entire markets or sectors in a single product, are traded via stock exchanges as efficiently and with the same liquidity as equities, and can be bought at low transaction costs without load fees. Their number and assets under management have grown steadily since being launched in Europe. As at 31 December 2012, 1,010 ETFs were listed on the Frankfurt Stock Exchange (2011: 899 ETFs). Assets under management using ETFs amounted to €205.7 billion, 31 per cent more than in the previous year (2011: €157.4 billion).

Xetra segment: key figures

	2012 €m	2011 €m	Change %
Net revenue	213.0	266.6	–20
Operating costs	126.6	148.4	–15
EBIT	91.2	125.4	–27

In spite of the general market weakness, which caused trading turnover in the XTF segment to contract by 33 per cent to €128.5 billion (2011: €192.4 billion), Deutsche Börse held on to its position as European market leader because it has the highest number of products and high liquidity in ETF trading.The most heavily traded ETFs continue to be based on the European STOXX equity indices and on the DAX index. In addition, investors can benefit from other innovative products. For the first time, they have the opportunity to make targeted investments in, for example, the performance of government bonds issued by specific countries of the euro zone or of corporate bonds issued in specific countries in South or South-East Asia.

Deutsche Börse also expanded its range of exchange-traded commodities (ETCs). ETCs reflect the performance of single commodities or commodity sectors, such as energy, agricultural commodities, or precious metals. Xetra-Gold®, a bearer bond issued by Deutsche Börse Commodities GmbH, is the most successful ETC product. Since it started trading on 14 December 2007, Xetra-Gold has been the most heavily traded ETC on Xetra. As at 31 December 2012, Deutsche Börse Group held 53.8 tonnes of gold in custody (2011: 52.8 tonnes). Given a gold price of €40.47 per gram (closing price on 31 December 2012), the value of the gold was equivalent to €2.2 billion, a new record (2011: €2.1 billion). In 2012, order book turnover for Xetra-Gold on the Xetra trading platform fell by 35 per cent to €2.0 billion (2011: €3.1 billion); its market share of order book turnover in the ETC segment was 27 per cent. Xetra-Gold is approved for sale to the public in Germany, Luxembourg, Switzerland, Austria, the United Kingdom and the Netherlands.

In the listing business, Deutsche Börse AG recorded 89 new admissions in the year under review. 11 of them were initial public offerings (IPOs), of which eight were in the Prime Standard and three in the Entry Standard. The total placement volume in 2012 stood at around €2.38 billion. The year’s largest IPO was that of Telefónica Deutschland Holding AG, which took place in October 2012 and had a volume of around €1.45 billion. Likewise, companies that were already listed made use of the option of raising around €6.73 billion of capital through capital increases in 2012. The option of issuing bonds in the Entry Standard, introduced in 2011, recorded significant successes in 2012: 19 companies used the Entry Standard to raise debt capital. The issue volume as given in the prospectuses amounted to a total of €767 million. The issue volume of the three companies (including one transfer) that opted for the new Prime Standard segment for corporate bonds launched in 2012 amounted to €925 million. The Prime Standard for corporate bonds is aimed at larger listed and unlisted companies.

Eurex segment

As in the cash market, the performance of the Eurex derivatives segment largely depends on the trading activities of institutional investors and proprietary trading by professional market participants. The segment's revenue is therefore generated primarily from the combined transaction fees that Eurex charges for trading and clearing derivatives contracts. As in previous years, the main revenue drivers in 2012 were equity index derivatives with a 47 per cent share of total net revenue. These were followed by interest rate derivatives (20 per cent), US options offered by the International Securities Exchange (ISE; 11 per cent) and equity derivatives (5 per cent). The "other" item (17 per cent of net revenue) includes connection fees, IT services and revenue from the Eurex Bonds and Eurex Repo subsidiaries, among other things.

The market environment in 2012 was largely dominated by the European debt crisis, continuing uncertainty about future global economic developments and the central banks' ongoing low interest rate policy. Additional factors include the far-reaching regulatory reform projects in the financial industry, whose impact on market structures and business models is difficult to gauge accurately at present. This economic and regulatory framework ultimately led institutional customers to act with greater caution and to scale back their trading activities. As a result, the use of exchange-traded and centrally cleared derivatives declined compared with the previous year – both on Deutsche Börse Group's derivatives exchanges and on the derivatives exchanges of other exchange organisations worldwide.

In total, 2,292.0 million contracts were traded on Deutsche Börse Group's derivatives exchanges (Eurex and ISE) in 2012, a year-on-year decline of 19 per cent (2011: 2,821.5 million). This is equivalent to a daily average of 9.0 million contracts (2011: 11.1 million). Eurex generated a trading volume of 1,660.2 million contracts for European futures and options, 19 per cent down on the previous year (2011: 2,043.4 million). The trading volume for US options traded on ISE contracted by 19 per cent to 631.8 million contracts (2011: 778.1 million).

Net revenue of the segment decreased by 10 per cent to €843.0 million (2011: €940.0 million). The year-on-year decline in business activity was partially compensated by the acquisition of 100 per cent of the shares in Eurex Zürich AG.

Given a 3 per cent drop in operating costs, Eurex generated EBIT of €440.6 million (2011: €518.8 million). The acquisition of all shares in Eurex Zürich AG with effect from 1 January 2012 resulted in additional EBIT of €68.5 million in the year under review.

Eurex segment: key figures

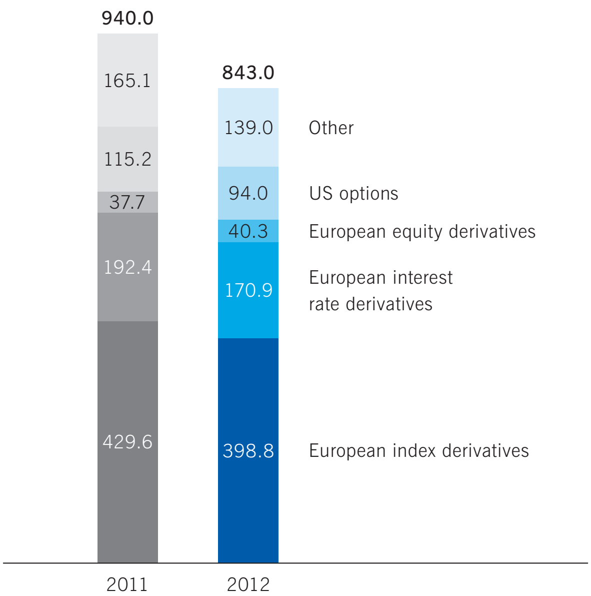
	2012 €m	2011 €m	Change %
Net revenue	843.0	940.0	–10
Operating costs	375.8	387.7	–3
EBIT	440.6	518.8	–15

European equity index derivatives were again the product group with the highest trading volume. The trading volume of these derivatives, however, decreased by 20 per cent year-on-year to 770.4 million contracts (2011: 959.8 million). Although by far the most contracts were still traded on the EURO STOXX 50® index (315.2 million futures and 280.6 million options), derivatives on European STOXX® indices were also affected by the debt crisis in Europe and the lack of confidence in the common currency. Eurex generated net revenue of €398.8 million (2011: €429.6 million) on the back of trading in European equity index derivatives.

The volume of equity derivatives contracts (single stock options and futures) dropped by 8 per cent to 413.1 million (2011: 450.5 million). Nevertheless, net revenue from equity derivatives increased to €40.3 million (2011: €37.7 million), in particular due to the positive development of higher-margin dividend products.

Breakdown of net revenue in the Eurex segment

€ millions



The volume of interest rate derivatives traded in the year under review fell by 25 per cent to 470.4 million (2011: €630.4 million); net revenue amounted to €170.9 million (2011: €192.4 million). As key interest rates remained low and interest rate differentials between a number of euro zone countries and Germany continued to be high, there was reduced demand for derivatives on German government bonds to hedge positions. By contrast, Eurex recorded a rise in the trading volume of alternative hedging instruments, such as futures on French and Italian government bonds.

On ISE, the trading volume in US options declined amid a generally weak market trend as well as a highly competitive market environment: market participants traded 631.8 million contracts in the year under review, 19 per cent fewer than in the prior year (2011: 778.1 million). ISE's market share of US equity options was 17.0 per cent in 2012 (2011: 18.2 per cent). ISE's net revenue with US options was down 18 per cent to €94.0 million (2011: €115.2 million).

Contract volumes in the derivatives market

	2012 m contracts	2011 m contracts	Change %
Equity index derivatives[1]	770.4	959.8	–20
Equity derivatives[1]	413.1	450.5	–8
Interest rate derivatives	470.4	630.4	–25
Total European derivatives (Eurex)[2]	**1,660.2**	**2,043.4**	**–19**
US options (ISE)	631.8	778.1	–19
Total Eurex and ISE[2]	**2,292.0**	**2,821.5**	**–19**

1) Dividend derivatives have been allocated to the equity index and equity derivatives.
2) The total shown does not equal the sum of the individual figures as it includes other traded derivatives such as ETF, volatility, agricultural, precious metals and emission derivatives.

Besides derivatives trading, Eurex also operates Eurex Clearing, Europe's leading clearing house. In addition to its function as a central counterparty for the clearing and risk management of products of connected trading platforms such as Xetra®, Eurex®, Eurex Bonds®, Eurex Repo®, the European Energy Exchange (EEX) and the Irish Stock Exchange, Eurex Clearing offers services for futures and options on equities and interest rate products with contract specifications similar to Eurex contracts that are traded off the order book.

On 13 November, Eurex Clearing launched Eurex OTC Clear, the new clearing offering for over-the-counter (OTC) interest rate swaps. The new offering creates the conditions needed for investors to connect to its clearing platform in good time before the central clearing obligation for certain OTC derivatives prescribed by the European Market Infrastructure Regulation (EMIR) enters into force at EU level. Many well-known banks cooperated with Eurex Clearing and provided support during development and roll-out. 12 banks have already been admitted as market participants and have successfully settled their first transactions using Eurex OTC Clear for interest rate swaps. The new clearing offering for OTC derivatives has been tailored specifically to the needs of institutional customers, with a particular focus on security and efficiency. Eurex's OTC Clear offering is a major element in Deutsche Börse Group's strategy, which aims at expanding its product and service offering to unregulated and unsecured markets.

Eurex Clearing's "Individual Clearing Model" offers full individual account maintenance (segregation) of customer positions and collateral. These are therefore optimally protected and immediately transferable in the event that a clearing member defaults, so that customers are able to continue their trading activities without interruption.

In addition, Eurex Clearing AG was the first European clearing house to introduce a central counterparty for bilateral securities lending. This service allows customers to make more efficient use of capital and simplifies operations. On completion of the pilot phase, the new service is to be extended to European markets for loans in equities, ETFs and fixed-income securities.

Eurex Repo, the marketplace for collateralised money market trading in Swiss francs and euros as well as for the GC Pooling® offering, reported average outstandings of €234.7 billion in 2012 (2011: €276.6 billion, single-counted for both years). While the euro market grew by 19 per cent to a new record high of €36.1 billion (2011: €30.3 billion, single-counted for both years), average outstanding volumes on the repo market in Swiss francs dropped significantly. This was mainly because of the interest policy measures taken by the Swiss National Bank (SNB) to devalue the Swiss franc and a decline in the issuance of SNB bills.

GC Pooling, the collateralised money market which Eurex Repo operates jointly with Eurex Clearing and Clearstream, again proved to be a reliable liquidity pool for market participants. The average outstanding volume on this market increased by 23 per cent to a new record level of €145.4 billion in 2012 (2011: €118.2 billion; single-counted for both years). GC Pooling enables balance-sheet friendly and anonymous money market trading in which standardised collateral baskets (a group of securities with similar quality features, such as issuer credit ratings) are traded and cleared via a central counterparty (Eurex Clearing). Eurex Repo generates revenue from the fees charged for trading and clearing the repo transactions.

GC Pooling was extended to non-financial institutions in the fourth quarter of 2012 (GC Pooling® Select). Since then, banks' corporate customers have also been able to use this secured financing plus central clearing offering to minimise the counterparty risk for their cash investments.

Trading volumes on Eurex Bonds, the international electronic platform for interbank bond trading, grew by 2 per cent to €119.7 billion in 2012 (2011: €117.2 billion, single-counted for both years). The positive trend is due to increased demand for investments in issues with top-notch ratings.

New products give market participants new impetus to develop investment, hedging and arbitrage strategies, thus generating additional trading volumes. The products launched by Eurex in 2012 included various equity, equity index, interest rate, commodity and dividend derivatives. Eurex's futures contracts on French government bonds, for example, show that new products and asset classes not only expand the portfolio, but can also make a substantial value contribution. Eurex's trading volume in OAT futures, which were launched in April 2012 and are based on notional long-term bonds issued by the French Republic (Obligations Assimilables du Trésor – OAT), reached 4.3 million contracts in the year under review. Futures on Italian government bonds, launched in 2009, continued to record a similarly strong performance. Other examples demonstrating the success of new products include the relatively recent dividend derivatives. Trading in these derivatives contracts increased again in 2012, rising 15 per cent to 6.9 million (2011: 6.0 million). Trading in Eurex's volatility index derivatives increased even more in 2012, by around 120 per cent to 5.3 million contracts (2011: 2.4 million contracts).

When launching new products, Eurex not only relies on in-house development, but also works with partner exchanges. It cooperates particularly successfully with the Korea Exchange (KRX) on a product on Korea's benchmark KOSPI index, which has been available for trading on Eurex since 30 August 2010. This product became one of the most frequently traded index option contracts on Eurex in 2012. Its volume almost doubled in 2012 to 32.4 million contracts (2011: 17.4 million). However, the increase in the minimum contract size in the home market ordered by the Korean exchange regulator as from June 2012 has since led to a corresponding decline in the average number of contracts traded each day, but has had no impact on earnings for Eurex.

Overall, the expansion strategy pursued by Deutsche Börse and Eurex in Asia focuses on cooperation with leading local institutions. For example, Deutsche Börse has signed memorandums of understanding (MoUs) with the China Financial Futures Exchange (CFFEX) and the Taiwan-based GreTai Securities Market (GTSM). Eurex will cooperate with the China Futures Association (CFA) in the future. Under these MoUs, the respective partners aim to exchange extensive amounts of information with a view to driving forward joint efforts to further develop the financial markets.

In March 2012, Eurex agreed a further cooperative arrangement with Singapore Exchange (SGX), which enables participants to access more easily the two marketplaces. Due to the connection of the two companies' co-location data centres in Singapore and Frankfurt/Main, market participants will have easy access to the markets of the other exchange in each case.

At the beginning of December, Eurex introduced a new trading architecture and will now gradually migrate the entire portfolio of tradeable contracts to this architecture. The migration is expected to be completed by May 2013. As a result of the migration, market participants will benefit from considerably improved performance and functions without losing any of the system stability and availability to which they are accustomed.

The new system is based on Deutsche Börse Group's global trading infrastructure, which has already been successfully introduced at ISE. This provides greater flexibility, thus cutting the time to market for new products and functions. The powerful messaging architecture ensures shorter latency times and faster communications.

Clearstream segment

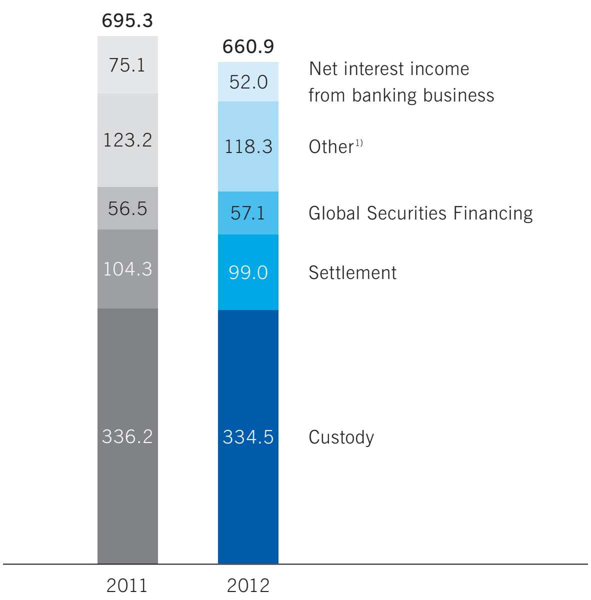
Clearstream provides the post-trade infrastructure for bonds, equities and investment funds. In addition, Clearstream offers custody services for securities from 53 markets worldwide. The key contributor to Clearstream's net revenue was the custody business generating 50 per cent. Net revenue in this business is mainly driven by the value of international and domestic securities deposited, which determines the deposit fees. The settlement business accounted for 15 per cent of Clearstream's net revenue. It depends heavily on the number of international and domestic settlement transactions processed by Clearstream, both via stock exchanges and over-the-counter (OTC). The Global Securities Financing (GSF) business, which includes triparty repo, GC Pooling, securities lending and a wide range of collateral management services, contributed 9 per cent to the segment's net revenue. Clearstream also provides the post-trade infrastructure for investment funds. Net interest income from Clearstream's banking business contributed 8 per cent to Clearstream's net revenue. Other business activities including connectivity, reporting and external IT services accounted for an 18 per cent share of total net revenue.

In the year under review, Clearstream's net revenue fell by 5 per cent year-on-year to €660.9 million (2011: €695.3 million). It was basically stable in the custody business, slightly down in settlement, slightly up in GSF business and significantly down in net interest income from banking business.

In the custody business, the overall average equivalent value of assets under custody remained stable at record levels of €11.1 trillion in 2012 (2011: €11.1 trillion). In the international custody business, the average value of assets under custody is mainly driven by the amount of outstanding bonds and increased slightly to €6.0 trillion (2011: €5.9 trillion).

Breakdown of net revenue in the Clearstream segment

€ millions



1) Including Connectivity and Reporting

The average value of domestic securities deposited decreased by a similar amount to €5.1 trillion (2011: €5.2 trillion). The domestic custody volume is mainly determined by the market value of shares, funds and structured products traded on the German cash market. In line with business development in custody, net revenue remained stable at €334.5 million in 2012 (2011: €336.2 million).

The number of total settlement transactions (domestic and international) processed by Clearstream saw a 10 per cent decrease in 2012 to 113.9 million (2011: 126.3 million). This decline in the volume of settlement transactions corresponded to the trading activity of market participants in general, which was slower than in the previous year. However, international transactions in total grew slightly by 3 per cent to 39.0 million (2011: 37.9 million) due to a 9 per cent growth year-on-year in OTC transactions, which accounted for 82 per cent of Clearstream's international settlement business. Stock exchange transactions, which had an 18 per cent share in the international settlement business decreased by 17 per cent year-on-year. In the domestic German market, settlement transactions fell by 15 per cent to 74.8 million (2011: 88.4 million). Here, a majority of 66 per cent were stock exchange transactions and OTC business accounted for 34 per cent of the transactions. However, stock exchange transactions fell more (by 18 per cent) than OTC transactions (by 9 per cent) in the year under review, primarily as a result of trading activity in Germany, which was significantly lower than in the previous year. Net revenue in the settlement business fell by 5 per cent to €99.0 million (2011: €104.3 million). The difference between business development and the change in net revenue is due to the fact that higher-valued transactions decreased to a smaller degree than others.

The investment funds services at Clearstream keep growing. In the year under review, Clearstream processed 6.4 million transactions, 20 per cent more than in the previous year (2011: 5.3 million). More than 100,000 funds from 33 jurisdictions are available for order routing through Clearstream's Vestima platform. The average value of assets held under custody in Investment Funds Services in 2012, as part of the above-mentioned custody volumes, was €229.1 billion, up 5 per cent year-on-year (2011: €217.4 billion).

In the Global Securities Financing (GSF) business, the average outstanding volume declined to 570.3 billion (2011: €592.2 billion), a decrease of 4 per cent, mainly driven by the continued supply of liquidity by central banks while the previous year's level had been positively impacted by high market uncertainty, especially in the third quarter. Despite this market-driven decrease in volumes, the GSF business recorded a 1 per cent increase in net revenue, to €57.1 million (2011: €56.5 million). This is due to a shift of client behaviour into higher margin service segments and a continued growth in the GC Pooling service, which recorded a daily average in outstandings of €145.4 billion, a plus of 23 per cent year-on-year (2011: €118.2 billion).

Clearstream segment: key indicators

	2012	2011	Change
Custody	€bn	€bn	%
Value of securities deposited (average value during the year)	11,111	11,106	0
international	5,964	5,896	1
domestic	5,147	5,210	–1
Settlement	m	m	%
Securities transactions	113.9	126.3	–10
international – OTC	31.9	29.2	9
international – on-exchange	7.2	8.7	–17
domestic – OTC	25.7	28.3	–9
domestic – on-exchange	49.1	60.1	–18
Global Securities Financing	€bn	€bn	%
Monthly average	570.3	592.2	–4
Average daily cash balances	m	m	%
Total	10,248	10,801[1)]	–5
euro	3,888	3,795	2
US dollars	4,350	4,923	–12
other currencies	2,010	2,083	–4

1) Includes some €1.6 billion currently restricted by EU and US sanctions (2011: €3.1 billion)

Average customer cash deposits declined year-on-year by 5 per cent to €10.2 billion (2011: €10.8 billion). This includes an average amount of some €1.6 billion (2011: €3.1 billion), which was not available as a result of the blocking of dedicated accounts in line with European and US sanction programmes. Adjusted for these assets, customer cash deposits increased to €8.6 billion in 2012 (2011: €7.7 billion). Net interest income from Clearstream's banking business fell by 31 per cent to €52.0 million in 2012 (2011: €75.1 million). This is due to the fact that the European Central Bank lowered its key interest rate by 25 basis points to 0.75 per cent on 11 July 2012, reaching its lowest historical level, whereas its level had been at 1.5 per cent after 13 July 2011 and at 1 per cent at the end of 2011. In addition, on 11 July 2012, the European Central Bank reduced the rate for the deposit facility from 0.25 to 0 per cent.

Lower net revenue in the main business lines and a drop in net interest income from banking business reduced Clearstream's EBIT in the year under review by 16 per cent to €316.9 million (2011: €375.1 million).

Clearstream segment: key figures

	2012 €m	2011 €m	Change %
Net revenue	660.9	695.3	–5
Operating costs	348.1	326.0	7
EBIT	316.9	375.1	–16

Clearstream's core business is the settlement and custody of international bonds. Both the trading and the post-trading market environment have become more complex in recent years, and Clearstream's goal continues to be to streamline the post-trade services industry in the interest of its customers. Clearstream offers global asset services in order to support customers in coping with the increased capital requirements and risk and liquidity management considerations resulting from the need for systemic stability of capital markets.

One of the answers to these challenges is a more efficient management of capital and liquidity and hence of collateral. Clearstream has developed its integrated collateral management environment, the Global Liquidity Hub, which allows banks to use the assets that are available as collateral more efficiently. Clearstream has repeatedly been recognised as best collateral management service provider by leading industry publications and has, for its globally demanded outsourcing solution, the competitive advantage to be the only collateral management services provider that can manage collateral across time zones and national borders while the assets stay in the respective domestic environment – as required in many legislations. Consequently, the Global Liquidity Hub has won further partners among central securities depositories worldwide. The company's new product "Liquidity Hub GO" – "GO" stands for "global outsourcing" – went live with Brazilian CSD Cetip in 2011 and is at different stages of development with Clearstream's global partners. It is planned to be launched in 2013 for CSDs in Australia (ASX), Spain (Iberclear) and South Africa (Strate). A Letter of Intent has also been signed with Canadian CSD CDS. This paves the way for a multi-time-zone collateral management insourcing service in real-time and is in line with the observed trend towards a global consolidation of collateral management activities. In addition to the above mentioned CSDs, the agent banks BNP Paribas Securities Services and Citi have signed an agreement with Clearstream to leverage its collateral management excellence, thus enabling joint customers to cover their global exposures through a single optimised collateral pool. Finally, Clearstream has initiated links to trading Platforms such as 360T. The collateral management activities are evidence of the Group's strategy to tap into new geographic areas and acquire new customer groups by partnering with other market players.

The settlement landscape will face a significant change with the launch of TARGET2-Securities (T2S), the standardised pan-European settlement infrastructure that the European Central Bank intends to introduce in 2015. Clearstream aims to take advantage of the emerging European market landscape and, having supported the goals of the T2S initiative since its inception, was one of the first central securities depositories to sign the T2S Framework Agreement in May 2012. The German CSD Clearstream Banking AG will account for approximately 40 per cent of the future T2S settlement volumes in the euro area and aims at becoming the preferred entry point to T2S. By being the first CSD to establish the cornerstones of a pricing model, applicable as early as 1 April 2013, Clearstream intends to guide and support existing and future customers in moving towards T2S.

A core element of Clearstream's business is also to expand the number of linked markets and product reach to enable access to domestic markets and strengthen its market position. In the year under review, Clearstream strengthened its commitment to Asia by introducing a settlement link to the Philippines. The ICSD also intends to open a direct account at the new Russian CSD. Clearstream's network now encompasses 53 markets around the globe: 33 in Europe, 6 in the Americas, 11 in the Asia-Pacific region and 3 in the Middle East and Africa. Clearstream's settlement network is the largest of any international CSD and enables counterparties in local markets to settle eligible securities efficiently through Clearstream's operational hubs in Eschborn, Luxembourg, Prague and Singapore. In November 2012, Clearstream also set up a new operational branch in Ireland to facilitate the processing of hedge funds that the company so far did not cover. The new Dublin branch will allow Clearstream to service the entire range of funds: mutual funds, exchange-traded funds and alternative funds such as hedge funds.

Market Data & Analytics segment

The Market Data & Analytics segment generates, collects, analyses and prepares capital market data, and distributes it to customers in 148 countries. Capital market participants and other interested parties subscribe to receive this information, which they then use themselves, process or pass on. The segment generates much of its net revenue on the basis of long-term arrangements with customers and is relatively independent of trading volumes and volatility on the capital markets.

In a difficult business environment, Market Data & Analytics' net revenue was largely stable in 2012, reaching €215.4 million (2011: €219.5 million). This is due to strong demand for high-quality underlyings for financial instruments, such as the DAX index, and for reliable, uninterrupted supplies of market information of the kind provided by Deutsche Börse's

CEF® data feed. This demand corresponds to the increased uncertainty about international economic developments and the stability of Germany as a business location.

Market Data & Analytics expanded its product range further in response to the challenging market environment, especially in its subsidiary STOXX Ltd., which generated external net revenue of €32.2 million in 2012 (2011: €34.1 million). This also applied to demand for macroeconomic data, news and indicators of the kind provided by Deutsche Börse Group's subsidiary, Market News International Inc. (MNI).

Market Data & Analytics generated most (66 per cent) of its net revenue in its first business area, the distribution of licences for real-time trading and market signals; in 2011 this area had accounted for 66 per cent as well. Its performance declined slightly because of falling employment levels in the financial sector.

An important part of this offering from Market Data & Analytics is the AlphaFlash® algorithmic news feed provided jointly with the subsidiaries MNI and Need to Know News. The ultra high-speed service was developed for algo traders, fund managers, hedge funds, analysts and professional investors whose trading decisions factor in developments in macroeconomic data. Here, too, the segment expanded its range of offerings: since May 2012, AlphaFlash® Trader has allowed users of trading platforms to automate order placement depending on price-sensitive events. In addition, the range of proprietary indicators has been extended following MNI's acquisition of the China Consumer Sentiment Survey (CCSS) from Intage Hyperlink Market Consulting (Shanghai) Co., Ltd.

In its second business area, the Market Data & Analytics segment offers indices and benchmarks used by banks and fund companies as underlyings for the financial instruments they offer on the capital market. Issuers can use the indices to develop products for any market situation and trading strategy. In addition, investors use the indices as standards for comparing the performance of their investments and for measuring risk. In the index business, which is operated by the segment's subsidiary STOXX Ltd., Market Data & Analytics' net revenue increased further in 2012. This growth was driven above all by DAX ETFs, which recorded a clear increase in assets because of the reliability of the DAX index as an underlying.

Moreover, the range of indices was continually extended in 2012, for example by adding a new country classification for emerging markets based on transparent quantitative criteria as well as the DAX ex Financials index, which tracks the share price performance of all companies on Germany's blue-chip DAX index with the exception of banks and financial services companies. The area also supports Deutsche Börse Group's internationalisation strategy: in September, for example, Market Data & Analytics added over 2,100 indices to the STOXX Global Index family, particularly for shares in Asia. In addition, new benchmarks were introduced for Chinese equities in the form of the STOXX China Total Market indices. Also in September, the DAX index was licensed to Hua An Asset Management Co. Ltd., one of China's largest fund companies.

In the segment's third business area, the supply of data for the back offices of financial services providers, demand decreased as a result of lower trading volumes. This affected in particular the TRICE® service, with which Deutsche Börse AG helps its customers to meet their obligations to report information to financial supervisory authorities and which therefore performs in line with trading. Successful marketing of historical data partially compensated for the decrease.

Operative costs in the Market Data & Analytics segment increased by 8 per cent; EBIT amounted to €120.7 million (2011: €143.5 million).

Market Data & Analytics segment: key figures

	2012 €m	2011 €m	Change %
Net revenue	215.4	219.5	–2
Operational costs	108.1	100.1	8
EBIT	120.7	143.5	–16

Development of profitability

Return on shareholders' equity represents the ratio of after-tax earnings to the average equity available to the Group in 2012. The Group's return on shareholders' equity decreased to 21.6 per cent in the year under review (2011: 29.7 per cent), primarily due to lower earnings. Adjusted for the special effects described in the results of operations, the return on shareholders' equity amounted to 22.1 per cent (2011: 29.2 per cent).

The weighted average cost of capital (WACC) after taxes amounted to 4.4 per cent in the year under review (2011: 5.9 per cent). Deutsche Börse's cost of equity reflects the return on a risk-free alternative investment plus a premium for general market risk, and also takes account of the specific risk of Deutsche Börse shares compared with the market as a whole, known as the beta. The cost of debt represents the terms on which Deutsche Börse AG was able to raise short- and long-term debt.

Deutsche Börse's cost of capital

	2012 %	2011 %
Risk-free interest rate[1]	1.6	2.6
Market risk premium	5.0	5.0
Beta[2]	0.7	0.9
Cost of equity[3] (after tax)	5.0	7.1
Cost of debt[4] (before tax)	5.2	6.0
Tax shield[5]	1.4	1.6
Cost of debt (after tax)	3.9	4.4
Equity ratio[6] (annual average)	51.2	54.0
Debt ratio[7] (annual average)	48.8	46.0
WACC (before tax)	5.1	6.6
WACC (after tax)	4.4	5.9

1) Annual average return on ten-year German federal government bonds
2) Statistical measure of the sensitivity of the price of an individual share to changes in the entire market. A beta of 1.0 means that the performance of the share moves strictly parallel to the reference market as a whole. A beta above 1.0 denotes greater volatility than the overall market and a beta below 1.0 less volatility.
3) Risk-free interest rate + (market risk premium x beta)
4) Interest rate on short- and long-term corporate bonds issued by Deutsche Börse AG
5) Denotes and quantifies the reduction in tax paid that arises from the deductibility of interest payments on debt and is factored into the calculation of the cost of capital
6) 1 – debt ratio
7) (Total non-current liabilities + tax provisions + other current provisions + other bank loans and overdrafts + other current liabilities + trade payables + payables to associates + payables to other related parties) / (total assets – financial instruments of Eurex Clearing AG – liabilities from banking business – cash deposits by market participants); basis: average balance sheet items in the financial year

Financial position

Cash flow

Cash and cash equivalents at Deutsche Börse Group comprise cash and bank balances, to the extent that these do not result from reinvesting current liabilities from cash deposits by market participants, as well as receivables and liabilities from banking business with an original maturity of three months or less. Cash and cash equivalents at the end of 2012 amounted to €544.0 million (2011: €657.2 million).

Deutsche Börse Group generated cash flow from operating activities before changes in reporting-date CCP positions of €726.2 million in financial year 2012 (2011: €700.0 million). Including the changes in the CCP positions, cash flow from operating activities was €707.7 million (2011: €785.6 million).

Deutsche Börse Group calculates its cash flow on the basis of net income, adjusted for non-cash changes; in addition, cash flows derived from changes in balance sheet items are taken into account. The changes in cash flow from operating activities excluding reporting-date CCP positions were as follows:

- Net profit for the period declined by €208.0 million to €669.8 million.

- The other non-cash expenses increased by €121.5 million to €50.7 million (2011: non-cash income of €70.8 million), especially as a result of the remeasurement of the equity component in connection with the acquisition of additional shares in Eurex Zürich AG.
- The increase in working capital employed (changes in working capital, net of non-cash items) fell by €135.4 million year-on-year to €–42.0 million. There was a significant decline in liabilities in 2011, which was mainly attributable to tax payments and the reduction in current provisions in connection with share-based payments, as well as the efficiency measures initiated in 2010; in contrast, 2012 saw an increase in current liabilities of €12.6 million. Current receivables, on the other hand, rose by €43.7 million (2011: €4.2 million), driven primarily by a €75.4 million increase in tax receivables.
- Deferred tax income amounted to €56.9 million, mainly in connection with the recognition of deferred tax assets on loss carryforwards (2011: deferred tax expense of €6.7 million).

Cash outflows from investing activities amounted to €267.4 million in the year under review (2011: cash inflow of €823.2 million), primarily due to the payment of €295.0 million in connection with the acquisition of further shares in Eurex Zürich AG and due to the purchase of securities with an original term of more than one year amounting to €265.4 million (2011: €345.0 million). In addition, there were cash inflows of €392.2 million (2011: €558.3 million) because securities with an original maturity of more than one year matured or were sold. Current receivables and securities from banking business declined by €27.4 million in financial year 2012. In financial year 2011, the cash inflow was due to the decrease in current receivables and securities from banking business of €770.1 million.

Payments to acquire property, plant and equipment and intangible assets amounted to €145.7 million (2011: €115.6 million), mostly in connection with enhancements to the trading and settlement systems.

Cash outflows from financing activities amounted to €550.6 million (2011: €505.6 million). Cash flows from financing activities regularly contain the effects of dividend payments and of liabilities for commercial paper that is issued or repaid as part of the company's short-term liquidity management. The dividend payments in May 2012 for financial year 2011 amounted to €622.9 million, including the special dividend (dividend for financial year 2010 paid in May 2011: €390.7 million). In 2012, a corporate bond totalling a volume of €600.0 million was issued and outstanding euro-denominated bonds with a total principal amount of €309.2 million were repurchased (see section "Results of operations" for more information). In addition, commercial paper amounting to €789.3 million was issued in 2012 (2011: nil) and commercial paper worth €796.2 million was repaid (2011: nil). Moreover, treasury shares amounting to €198.2 million were acquired (2011: €111.7 million).

Cash and cash equivalents as at the end of the year under review therefore amounted to €544.0 million (2011: €657.2 million). At €580.5 million, free cash flow, i.e. cash flows from operating activities excluding reporting-date CCP positions less payments to acquire intangible assets and property, plant and equipment, was slightly below the prior-year level (2011: €584.4 million).

As in previous years, the Group does not expect any liquidity squeezes to occur in financial year 2013 due to its positive cash flow from operating activities, adequate credit lines (which had not been drawn down as at 31 December 2012) and flexible management and planning systems.

Operating leases

Deutsche Börse Group uses operating leases, primarily for the new office building in Eschborn, which the Group moved into in the second half of 2010, and for the buildings used by Clearstream International S.A. in Luxembourg (see note 38 to the consolidated financial statements for details).

Consolidated cash flow statement (condensed)

	2012 €m	2011 €m
Cash flows from operating activities (excluding CCP positions)	726.2	700.0
Cash flows from operating activities	707.7	785.6
Cash flows from investing activities	–267.4	823.2
Cash flows from financing activities	–550.6	–505.6
Cash and cash equivalents as at 31 December	544.0	657.2

Liquidity management

Deutsche Börse AG meets its operating liquidity requirements primarily by means of internal financing, i.e. by retaining generated funds. The company aims at retaining liquidity amounting to the operating costs incurred in one quarter; target liquidity currently stands at €250 million. As far as regulatory and legal provisions allow and as far as it is economically sensible, its subsidiaries make their cash surplus available to Deutsche Börse AG by means of a cash pool within the Group. All of the Group's cash investments are short-term in order to ensure availability. Furthermore, investments are secured through the use of liquid bonds by top-rate issuers. Deutsche Börse AG has access to external sources of financing, such as bilateral and syndicated credit lines, and a commercial paper programme (see note 36 to the consolidated financial statements for details on financial risk management). In the past years, Deutsche Börse AG has been utilising its access to the capital market in order to meet its structural financing needs by repeatedly issuing corporate bonds.

Capital structure

Deutsche Börse Group's capital management principles remained unchanged: in general, the Group aims to distribute dividends amounting to 40 to 60 per cent of its adjusted consolidated net income for the year and uses share buy-backs to distribute funds not required for the Group's operating business and further development to its shareholders. These principles take into account the capital requirements deriving from the Group's legal and regulatory framework as well as from its credit rating, economic capital and liquidity needs. To ensure the continued success of the Clearstream segment, which is active in securities custody and settlement, the company aims to retain Clearstream Banking S.A.'s strong "AA" credit rating. Deutsche Börse AG also needs to maintain a strong credit profile for the benefit of the activities at its subsidiary Eurex Clearing AG.

Customers expect their service providers to have conservative interest coverage and debt/equity ratios and thus maintain strong credit ratings. Deutsche Börse Group therefore continues to pursue its objective of achieving an interest coverage ratio (ratio of EBITDA to interest expenses from financing activities) of at least 16 at Group level in order to meet the current rating agencies' requirements for an "AA" rating. Adjusted for merger and acquisition costs and for costs of efficiency programmes, Deutsche Börse Group fell slightly below this target in the year under review with an interest coverage ratio of 15.2. This figure is based on a relevant interest expense of €73.1 million and an adjusted EBITDA of €1,108.2 million. In addition, the aim is to achieve a ratio of interest-bearing gross debt to EBITDA of maximum 1.5 on the Group level. The two performance indicators mentioned above play a material role in protecting the Group's current "AA" rating. In the year under review the Group slightly exceeded the ratio with 1.6. This figure is based on interest-bearing gross debt of €1,737.4 million and an adjusted EBITDA of €1,108.2 million. The slight exceeding is based on the higher level of debt as a result of the refinancing starting in Q4/2012. After completion of the refinancing in the financial year 2013 the level of debt is expected to decrease slightly.

The interest coverage ratio is calculated using the consolidated interest costs of financing of Deutsche Börse Group, among other factors, excluding interest costs relating to the Group's financial institution companies. These include Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG. Interest charges that are not related to financing are excluded from the interest coverage ratio. 50 per cent of the interest expense on the hybrid bond issued in

2008 is excluded from the interest coverage calculation, reflecting the assumed equity component of the hybrid bond.

Because of the refinancing of long-term financial liabilities started in 2012 (see section "Results of operations"), the company anticipates a significant reduction in the interest expense incurred to finance the Group in 2013 and 2014. For this reason, the company expects the interest coverage ratio to improve in the medium term.

Interest coverage ratio of Deutsche Börse Group

Interest expense from financing activities	Issue volume	2012 €m	2011 €m
Fixed-rate bearer bond	€650 m[1]	32.6	33.0
Hybrid bond	€550m[2]	14.9[3]	17.0[3]
Private placement	US$460 m	21.3	19.8
Fixed-rate bearer bond	€600 m	3.6	–
Commercial paper	€150 m – 2012[4] €0 m – 2011	0.7	–
Total interest expense (including 50% of the hybrid coupon)		**73.1**	**69.8**
EBITDA (adjusted)		1,108.2	1,325.3
Interest coverage[5]		**15.2**	**19.0**

1) A nominal amount of €72 million was repurchased as at 31 December 2012 (31 December 2011: €0 million).
2) A nominal amount of €330 million was repurchased as at 31 December 2012 (31 December 2011: €93 million).
3) Only 50 per cent of the interest expense on the hybrid bond is accounted for in the interest coverage calculation, reflecting the assumed equity component of the hybrid bond. The total interest expense for the hybrid bond amounted to €29.9 million in 2012 and €33.9 million in 2011.
4) Annual average
5) EBITDA / interest expense from financing activities (includes only 50 per cent of the interest on the hybrid bond)

Deutsche Börse AG has also publicly declared its intention to comply with certain additional key performance indicators that the company believes correspond to an AA rating. For example, tangible equity (equity less intangible assets) should not fall below €700 million at Clearstream International S.A. and not below €250 million at Clearstream Banking S.A. An additional commitment is to maintain the profit participation rights of €150 million issued by Clearstream Banking S.A. to Deutsche Börse AG. For the Clearstream subgroup, the objective is to maintain an interest coverage ratio of at least 25, insofar as the financial liabilities result from non-banking business.

Relevant key performance indicators

		2012	2011
Tangible equity Clearstream International S.A. (as at balance sheet date)	€m	819.2[1]	801.1[2]
Tangible equity Clearstream Banking S.A.[3] (as at balance sheet date)	€m	672.4	670.9

1) Net of the interim dividend of €75.0 million, which has not yet been adopted by the Annual General Meeting
2) Net of the interim dividend of €50.0 million
3) Including €150.0 million from profit participation rights issued by Clearstream Banking S.A. to Deutsche Börse AG

Dividends and share buy-backs

Since the launch of its capital management programme in 2005, Deutsche Börse Group returned a total of around €4.2 billion to its shareholders between 2005 and 2011 in the form of share buy-backs and dividends. In the 2012 financial year, it distributed a total of €822.3 million in the form of share buy-backs and dividends: the company bought back in total around 4.8 million shares for €199.4 million in the months of June/July, respectively November/December and paid out a dividend of €434.1 million as well as a special dividend of €188.8 million for the 2011 financial year.

Of the some 46.1 million shares repurchased between 2005 and 2012, the company cancelled a total of around 30.6 million shares up to 2012. Approximately 5.3 million shares were issued to SIX Group AG in order to settle 50 per cent of the purchase price for the acquisition of the shares of Eurex Zürich AG. 1.3 million shares were acquired by employees under the terms of the Group Share Plan (see note 39 to the consolidated financial statements). As at 31 December 2012, the remaining approximately 8.9 million shares were held by the company as treasury shares.

For financial year 2012, Deutsche Börse AG will propose to the Annual General Meeting to pay a dividend of €2.10 per share (2011: €2.30). This dividend corresponds to a distribution ratio of 58 per cent of consolidated net income, adjusted for special effects described in the results of operations (2011: 52 per cent, adjusted for merger and acquisition costs, primarily associated with the prohibited merger with NYSE Euronext, and for costs of efficiency programmes and the income from the revaluation of the share component of the purchase price for the acquisition of the shares in Eurex Zürich AG held by SIX Group AG). For 184.1 million no-par value shares bearing dividend rights, this would result in a total dividend of €386.5 million (2011: €434.1 million without special distribution). The aggregate number of shares bearing dividend rights results from an ordinary share capital of 193.0 million shares, less 8.9 million treasury shares.

Bonds
In 2012, Deutsche Börse AG issued a corporate bond with a volume of €600 million. It serves primarily to refinance part of the outstanding long-term financial liabilities, which amount to roughly €1.5 billion in total. In this context, Deutsche Börse AG made creditors of outstanding euro-denominated bonds an offer to repurchase these bonds (see section "Results of operations" for more information).

Credit ratings
Deutsche Börse AG regularly has its credit quality reviewed by the rating agency Standard & Poor's, while Clearstream Banking S.A. is rated by Fitch and Standard & Poor's. Both rating agencies confirmed the existing credit ratings of the Group companies in the course of the financial year. However, because of the weaker business environment, Standard & Poor's added a negative outlook to Deutsche Börse AG's rating on 20 December 2012. On 1 February 2013, Fitch Ratings added a negative outlook to Clearstream Banking S.A.'s AA rating because of increased operational risk.

As at 31 December 2012, Deutsche Börse AG was one of only two DAX-listed companies that had been given an AA rating by Standard & Poor's.

Ratings of Deutsche Börse AG

	Long-term	Short-term
Standard & Poor's	AA	A–1+

Ratings of Clearstream Banking S.A.

	Long-term	Short-term
Fitch	AA	F1+
Standard & Poor's	AA	A–1+

Net assets

Deutsche Börse Group's non-current assets amounted to €5,113.9 million as at 31 December 2012 (2011: €5,020.3 million). Goodwill of €2,078.4 million (2011: €2,095.2 million) represented the largest item. The change in non-current assets compared with 31 December 2011 is primarily due to the rise in non-current receivables and securities from banking business held by Deutsche Börse Group as financial assets, which increased to €1,485.0 million (2011: €1,404.6 million). The net value of internally developed software and of other equity investments increased slightly.

Current assets amounted to €211,414.0 million as at 31 December 2012 (2011: €212,982.2 million). Changes in current assets resulted primarily from the following factors:

- An increase in restricted bank balances to €19,450.6 million (2011: €13,861.5 million) as a result of higher cash collateral deposited by clearing members with Eurex Clearing AG; the amount increased primarily because clearing members preferred to provide cash rather than securities as collateral.

- A decrease in the financial instruments of Eurex Clearing AG item to €178,056.5 million (2011: €183,618.1 million) in connection with its function as a central counterparty (CCP) for cash and derivatives markets. This asset is matched by a liability in the same amount.
- A decrease in receivables and securities from banking business at Clearstream to €12,808.2 million (2011: €14,144.1 million)
- A decrease in other cash and bank balances to €641.6 million (2011: €925.2 million)

Assets were financed by equity in the amount of €3,169.6 million (2011: €3,132.6 million) and liabilities in the amount of €213,358.3 million (2011: €214,869.9 million).

The following factors determined the change in equity compared with 31 December 2011:

- A decline in the value of treasury shares to be deducted from equity to €448.6 million (2011: €691.7 million). This decrease is primarily due to Deutsche Börse AG's acquisition of the remaining shares in Eurex Zürich AG from SIX Group AG. In addition to a cash component, the purchase price included around 5.3 million shares. Share buybacks of around €200 million made in the year under review partially compensated for this effect.
- A decrease in accumulated profit to €1,938.9 million (2011: €2,123.0 million)

Non-current liabilities fell to €1,616.4 million (2011: €1,916.8 million), primarily as a result of a €298.3 million decrease in interest-bearing liabilities to €1,160.0 million (2011: €1,458.3 million). In total, the decrease was mainly due to the reclassification of bonds maturing in financial year 2013 and amounting to €577.4 million under "other current liabilities". This was partially offset by the corporate bond issued in 2012 and the repurchase of the bonds issued in 2008 (see section "Results of operations" for more information).

Current liabilities amounted to €211,741.9 million (2011: €212,953.1 million). The main changes in current liabilities occurred in the following items:

- A decrease in the financial instruments of Eurex Clearing AG item to €178,056.5 million (2011: €183,618.1 million) in connection with its function as a central counterparty for cash and derivatives markets
- An increase in liabilities from cash deposits by market participants to €19,450.6 million (2011: €13,861.5 million) as a result of higher cash collateral provided by the clearing members of Eurex Clearing AG; the amount increased primarily because clearing members preferred to provide cash rather than securities as collateral.
- A decrease in liabilities from banking business at Clearstream to €12,880.3 million (2011: €14,169.6 million)
- A decrease in liabilities to other related parties to €1.6 million (2011: €528.7 million); this is due to the reduction in the liability to SIX Swiss Exchange AG following payment of the purchase price for the acquisition of the 50 per cent

Debt instruments of Deutsche Börse AG

Type	Issue volume	ISIN	Term	Maturity	Coupon p.a.	Listing
Fixed-rate bearer bond	€650 m	XS0353963225	5 years	April 2013	5.00 %	Luxembourg/Frankfurt
Series A bond	US$170 m	Private placement	7 years	June 2015	5.52 %	Unlisted
Series B bond	US$220 m	Private placement	10 years	June 2018	5.86 %	Unlisted
Series C bond	US$70 m	Private placement	12 years	June 2020	5.96 %	Unlisted
Hybrid bond	€550 m	XS0369549570	30 years[1]	June 2038	7.50 %[2]	Luxembourg/Frankfurt
Fixed-rate bearer bond	€600 m	DE000A1RE1W1	10 years	Oct. 2022	2,375 %	Luxembourg/Frankfurt

1) Early termination right after 5 respectively 10 years and in each year thereafter
2) Until June 2013: fixed-rate 7.50 per cent p.a.; from June 2013 to June 2018: fixed-rate mid swap + 285 basis points; from June 2018: variable interest rate (Euro interbank offered rate for 12-month euro deposits (EURIBOR), plus an annual margin of 3.85 per cent)

equity interest in Eurex Zürich AG amounting to €295.0 million (plus around 5.3 million shares).
- An increase in other current liabilities to €888.4 million (2011: €322.0 million) due to the reclassification of bonds maturing in financial year 2013 which amount to €577.4 million from non-current interest-bearing liabilities.

Overall, Deutsche Börse Group invested €145.7 million in intangible assets and property, plant and equipment (capital expenditure, CAPEX) in the year under review, 26 per cent more than in the previous year (2011: €115.6 million). The Group's largest investments in the year under review were made in the Clearstream and Eurex segments.

Working capital
Working capital is current assets less current liabilities, excluding technical closing date balance sheet items and commercial paper. Current assets excluding technical closing date items amounted to €457.1 million (2011: €433.3 million). As Deutsche Börse Group collects fees for most of its services on a monthly basis, the trade receivables of €211.8 million included in the current assets as at 31 December 2012 (31 December 2011: €224.3 million) were relatively low compared with net revenue. The current liabilities of the Group, excluding technical closing date items, and the bonds maturing in 2013 amounted to €777.0 million (2011: €1,303.5 million). The Group therefore had negative working capital of €–319.9 million at the end of the year (2011: €–870.2 million). This development is primarily due to the decline in liabilities to other related parties.

Technical closing date balance sheet items
The "current receivables and securities from banking business" and "liabilities from banking business" balance sheet items are technical closing date items that were strongly correlated in the year under review and that fluctuated between approximately €11 billion and €13 billion (2011: between €8 billion and €15 billion). These amounts mainly represent customer balances within Clearstream's international settlement business.

The "financial instruments of Eurex Clearing AG" balance sheet item relates to the function performed by Eurex Clearing AG: since the latter acts as the central counterparty for Deutsche Börse Group's various markets, its financial instruments are carried in the balance sheet at their fair value. The financial instruments of Eurex Clearing AG are described in detail in the risk report and in notes 3, 15 and 36 to the consolidated financial statements. The total value of these financial instruments varied between €178 billion and €218 billion at the balance sheet dates relevant for the year under review (31 March, 30 June, 30 September, 31 December) (2011: between €151 billion and €223 billion).

Market participants linked to Eurex Clearing provide collateral partly in the form of cash deposits, which are subject to daily adjustments. The cash deposits are generally invested on a secured basis overnight by Eurex Clearing AG and reported in the balance sheet under "restricted bank balances". The total value of cash deposits at the balance sheet dates relevant for the year under review (31 March, 30 June, 30 September, 31 December) varied between €13.4 billion and €19.5 billion and was thus above the figures for the previous year (2011: between €5 billion and €16.5 billion). The collateral provided increased in the course of the year, driven by high volatility.

Value added: breakdown of enterprise performance CR
Deutsche Börse Group's commercial activity contributes to private and public income – this contribution is made transparent in the value added statement.

Value added is calculated by subtracting depreciation, amortisation and impairment charges and third-party costs from the enterprise performance. In 2012, the value added by Deutsche Börse Group amounted to €1,378.9 million (2011: €1,634.1 million). The breakdown of value added shows that large portions of the revenue generated flow back into the economy: 46 per cent (€637.5 million) benefited share holders in the form of dividend payments, while 30 per cent (€414.2 million) went to employees in the form of salaries and other remuneration components. Taxes accounted for 12 per cent (€166.9 million), while 7 per cent (€100.6 million) was attributable to lenders. The 5 per cent value added that remained in the company (€59.7 million) is available for investments in growth initiatives, for example (see charts below).

Overall assessment of the economic situation by the Executive Board

Deutsche Börse Group's results of operations in financial year 2012 fell short of the Executive Board's expectations because of the difficult economic conditions and the great uncertainty in the market. In addition, persistent ambiguity about financial market regulation and the central banks' low interest rate policy proved counterproductive for the Group. The Group's net revenue declined by 9 per cent in total. Business performance saw a particular decline year-on-year especially in the business areas that depend more heavily on market participants' trading activity. Despite active cost management and a decrease in operating costs, EBIT and net profit for the year also declined compared with the previous year. The Executive Board had already reduced its earnings forecast in line with this in the course of the year under review.

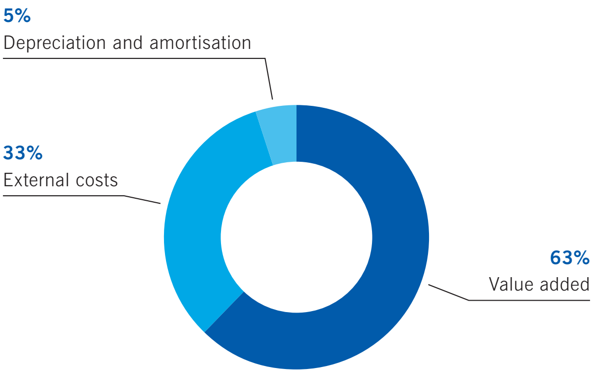
The Executive Board believes that Deutsche Börse Group's financial position was extremely stable in the year under review. As in the previous year, the company generated high operating cash flow. The decline in EBIT meant that the interest coverage ratio fell slightly short of the target of 16 at Group level. For 2013, the Executive Board expects a return to an interest coverage ratio of at least 16. This expectation is supported by the refinancing of long-term financial liabilities that began in 2012 and that will lead to a reduction in interest expenses as early as in 2013. The full benefit of this effect will be felt in 2014.

Rating agencies again confirmed the Group's credit quality by awarding it excellent ratings in 2012. However, because of the weaker business environment, Standard & Poor's added a negative outlook to Deutsche Börse AG's rating on 20 December 2012. In addition, on 1 February 2013, Fitch Ratings added a negative outlook to Clearstream Banking S.A.'s rating because of increased operational risk.

Deutsche Börse AG has offered its shareholders attractive returns for years – and financial year 2012 is no exception. With a proposed dividend of €2.10, the distribution to shareholders is close to the previous year's level of €2.30 in spite of lower earnings. Compared with the previous year, the distribution ratio has increased from 52 to 58 per cent (adjusted for special items in both cases) and is at the upper end of the Executive Board's target range of between 40 and 60 per cent.

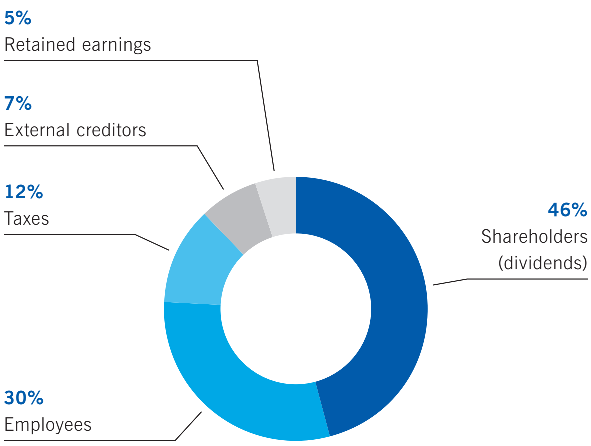
Origination of value added

Company performance: €2,200.0 million



Distribution of value added

Value added: €1,378.9 million



Deutsche Börse Group: ten-year review

		2003	2004	2005
Consolidated income statement				
Net revenue	€m	n.a.	1,395.5	1,616.4
thereof net interest income from banking business	€m	94.4	77.1	112.7
Operating costs	€m	–969.0	–869.9	–910.9
Earnings before interest and tax (EBIT)	€m	452.6	458.7	705.0
Net income	€m	246.3	266.1	427.4
Earnings per share (basic)	€	1.10[2]	1.19[2]	2.00[2]
Consolidated cash flow statement				
Cash flow from operating activities	€m	530.6	439.6	667.7
Consolidated balance sheet				
Non-current assets	€m	2,381.8	2,162.7	2,007.8
Equity	€m	2,353.5	2,552.5	2,200.8
Non-current interest-bearing liabilities	€m	503.2	502.3	501.6
Performance indicators				
Dividend per share	€	0.28[2]	0.35[2]	1.05[2]
Dividend payout ratio	%	25	28	49
Employees (average annual FTEs)		3,049	3,080	2,979
Net revenue per employee, based on average FTEs	€ thous.	n.a.	453	543
Personnel expense ratio (staff costs / net revenue)	%	n.a.	24	25
EBIT margin, based on net revenue	%	32	33	44
Tax rate	%	45.2	43.8	38.0
Return on shareholders' equity (annual average)[11]	%	11	10	18
Gross debt / EBITDA		0.8	0.8	0.6
Interest coverage ratio	%	n.a.	n.a.	n.a.
The shares				
Closing price of Deutsche Börse-shares	€	21.68[2]	22.14[2]	43.28[2]
Average market capitalisation	€bn	4.7	4.9	7.5
Market indicators				
Xetra and Xetra Frankfurt Specialist Trading[17]				
Trading volume[18]	€bn	964.7	1,014.3	1,125.5
Eurex				
Number of contracts	m	1,014.9	1,065.6	1,248.7
Clearstream				
Value of securities deposited (annual average)	€bn	7,335[20]	7,593[20]	8,752[20]
Number of transactions	m	61.8[21]	50.0[21]	53.9[21]
Global Securities Financing (average outstanding volume for the period)	€bn	111.2[22]	136.4[22]	210.9[22]

1) Amount restated to reflect the transition of the accounting policies for defined benefit obligations to the revised IAS 19
2) Amount restated to reflect the capital increase in 2007
3) Thereof €449.8 million are reported under "Other current liabilities".
4) €1,160.0 million thereof are reported under "Interest-bearing liabilities", and the bonds that will mature in financial year 2013 in the amount of €577.4 million are reported under "Other current liabilities".
5) Proposal to the Annual General Meeting 2013
6) Adjusted for the ISE impairment charge recognised in Q4/2009
7) Adjusted for the costs of efficiency programmes and for the ISE impairment charge recognised in Q4/2010
8) Adjusted for the costs of mergers and acquisitions and of efficiency programmes and for income arising from the remeasurement of the equity component of the purchase price for the acquisition of the shares in Eurex Zürich AG held by SIX Group AG
9) Figure based on the proposal to the 2013 Annual General Meeting
10) Adjusted for the costs of efficiency programmes
11) Net income / average shareholders' equity for the financial year based on the quarter-end shareholders' equity balances
12) Adjusted for tax relief resulting from the ISE impairment charge in 2009

	2006	2007	2008	2009	2010	2011	2012
	1,899.6	2,416.0	2,497.4	2,039.4	2,015.8	2,121.4	1,932.3
	150.7	230.8	236.8	97.4	59.4	75.1	52.0
	–879.1	–1,075.2	–994.8	–1,396.8	–1,500.2	–962.2[1]	–958.6
	1,027.5	1,345.9	1,508.4	637.8	527.8	1,162.8[1]	969.4
	668.7	911.7	1,033.3	496.1	417.8	855.2[1]	645.0
	3.36[2]	4.70	5.42	2.67	2.25	4.60[1]	3.44
	843.4	839.6	1,278.9	801.5	943.9	785.6	707.7
	1,907.6	4,164.0	4,544.9	5,251.0	5,069.5	5,020.3	5,113.9
	2,283.3	2,690.2	2,978.3	3,338.8	3,410.3	3,132.6[1]	3,169.6
	499.9	501.0[3]	1,512.9	1,514.9	1,455.2	1,458.3	1,737.4[4]
	1.70[2]	2.10	2.10	2.10	2.10	2.30	2.10[5]
	50	51	38	56[6]	54[7]	52[8]	58[9, 15]
	2,739	2,854	3,115	3,333	3,300	3,278	3,416
	694	847	802	612	611	647	566
	22	23	17	19	20[10]	19[10]	21[10]
	54	56	60	31	26	55	50
	36.0	36.0	28.5	26.9[12]	26.9[13]	26.0[14]	26.0[15]
	30	39	41	18	14	30	22
	0.4	0	1.0	1.3[6]	1.2[7]	1.1[16]	1.6[16]
	58.5	64.4	18.9	15.8	16.8[12]	19.0[13]	15.2
	69.71[2]	135.75	50.80	58.00	51.80	40.51	46.21
	11.7	18.4	16.0	10.2	10.1	9.6	8.5
	1,695.3	2,552.5	2,229.1	1,120.6	1,298.3	1,459.8	1,111.3
	1,526.8	2,704.3[19]	3,172.7	2,647.4	2,642.1	2,821.5	2,292.0
	9,203[20]	10,504	10,637	10,346	10,897	11,106	11,111
	104.7	123.1	114.3	102.0	116.4	126.3	113.9
	301.2[22]	332.7	398.8	483.6	521.6	592.2	570.3

13) Adjusted for tax relief resulting from the ISE impairment charge in 2010
14) Adjusted for the non-taxable income related to the revaluation of the share component of the purchase price paid for the acquisition of the shares in Eurex Zürich AG held by SIX Group
15) Adjusted for expenses related to the revaluation of the share component of the purchase price paid for the acquisition of the shares in Eurex Zürich AG held by SIX Group, a one-off income from the reversal of deferred tax liabilities for STOXX Ltd. based on a decision by the Swiss Financial Supervisory Authority and a one-off income from the recognition of deferred tax assets resulting from the future possible offsetting of losses carried forward by Eurex Global Derivatives AG
16) Adjusted for the cost of mergers and acquisitions and of efficiency programmes
17) Xetra Frankfurt Specialist Trading, prior to 23 May 2011: floor trading
18) Excluding certificates and warrants
19) Pro forma figure including US options of ISE
20) Value of assets under custody on 31 December
21) Due to a change in the statistical reporting procedure in 2007, the figures are only comparable to a limited extent with those from 2006 onwards.
22) Average outstanding volume in December of the year

Report on post-balance sheet date events

On 5 February 2013 Deutsche Börse AG announced that the Executive Board of the company is planning to accelerate the measures to increase the operating efficiency. In its meeting on 19 February 2013, the Supervisory Board approved the measure. For that purpose the company will identify and implement additional personnel and non-personnel cost savings of €70 million per annum. This will allow the company to compensate the expected inflationary cost increase ahead of time. Furthermore, this ensures the necessary flexibility to continue the growth and infrastructure investments, which will allow the company to seize opportunities relating to structural and regulatory changes in financial markets and potential in markets like Asia. At the same time the company continues to adapt to evolving customer needs. All efficiency measures shall be fully realised by 2016. To achieve the efficiency improvements, the company is expecting implementation costs in a magnitude of €90 to €120 million. The majority of this amount is expected to be recognized in the income statement in the form of provisions already in 2013.

Deutsche Börse shares

Stock market performance

Global economic growth continued to slow year-on-year in the course of 2012, and economic output even declined in the euro zone. This trend is due, among other factors, to restrictive fiscal policies, primarily in the USA, where taxes increased and government spending was reduced, and to the ongoing tense financial situation in the euro zone. Despite the fact that the overall economic conditions deteriorated year-on-year, DAX®, Germany's blue-chip index, performed very well during the course of the year, ending at 7,612 points, 29 per cent higher than in the previous year. The largely contradicting trends in the economy and the stock markets are mainly attributable to historically low interest rates as well as fears of inflation, which have made it more attractive to invest in shares than other types of investment. However, the positive equity market trends only affected the Group's business activity to a limited extent because the market environment overall continued to be dominated by marked restraint in participants' capital market activities. Deutsche Börse AG's share price nonetheless performed well in 2012, ending the year with a 14 per cent increase. This also approximately corresponds to the share price performance of other exchange organisations, based on the Dow Jones Global Exchanges Index, which rose by 13 per cent in 2012. The STOXX® Europe 600 Financials Index, which serves as the benchmark index for the Executive Board's share-based remuneration and reflects the performance of European financial stocks, grew by 26 per cent in 2012. Deutsche Börse AG shares recorded a twelve-month intraday high of €52.10 on 21 February 2012 and a twelve-month intraday low of €36.25 on 5 June 2012. They closed the last trading day of the year under review at €46.21 (2011: €40.51). The performance of the share price in the course of the year was affected on the one hand by the prohibited merger with NYSE Euronext, after which the shares reached their year high. On the other hand, the fact that business activity during the year was weaker than expected and various plans for regulatory reform, which were perceived as risks for the Group, also played a role and contributed to the low in June 2012.

Exchange data of Deutsche Börse AG shares

Stock exchange	
Germany	Frankfurt (Prime Standard)
Securities identification numbers	
ISIN	DE0005810055
WKN	581005
Symbol	
Frankfurt Stock Exchange	DB1
Reuters – Xetra® trading	DB1Gn.DE
Bloomberg	DB1:GY

An attractive long-term investment

Deutsche Börse shares continue to offer investors excellent opportunities to participate in the long-term growth potential of the international capital markets. This is based on the Group's integrated business model, its strict Group-wide risk management policy and its strong focus on operating efficiency. Since Deutsche Börse AG went public in 2001, shareholders have benefited from an average annual return of around 11 per cent to the end of 2012, significantly higher than the performance of DAX; in the same period, a direct investment in DAX would have yielded an annual return of around 1 per cent. This means that investors who purchased €10,000 worth of shares at the time of Deutsche Börse AG's IPO and reinvested the dividends, held shares worth €34,334 at the end of 2012. Had they invested in the DAX index during the same period, their holdings would have been worth just €11,467.

Deutsche Börse AG share: key figures

		2012	2011
Earnings per share (basic, adjusted)[1]	€	3.44	4.60
Dividend per share	€	2.10[2]	2.30
Dividend yield[3]	%	4.8	4.6
Opening price (as at 1 Jan.)[4]	€	40.51	51.80
High[5]	€	52.10	62.48
Low[5]	€	36.25	35.46
Closing price (as at 31 Dec.)	€	46.21	40.51
Average daily trading volume on Xetra®	m shares	1.0	1.4
Number of shares (as at 31 Dec.)	m	193.0[6]	195.0
thereof outstanding (as at 31 Dec.)	m	184.1	183.4
Free float (as at 31 Dec.)	%	100	100
Price-earnings ratio[3]		12.4	11.0
Market capitalisation (as at 31 Dec.)	€bn	8.9	7.9

1) Adjusted for costs of efficiency programmes and merger and acquisition costs
2) For financial year 2012, proposal to the Annual General Meeting 2013
3) Based on the volume-weighted average of the daily closing prices
4) Closing price on preceding trading day
5) Intraday price
6) Deutsche Börse AG reduced its ordinary share capital to €193.0 million or 193.0 million shares on 17 February 2012 by redeeming 2.0 million treasury shares.

Share price development of Deutsche Börse AG and benchmark indices in 2012

Indexed to 30 December 2011 = 100

1) Between 1 January and 7 February 2012 the data shown refer to tendered shares (ISIN DE000A1KRND6).

Index membership

Deutsche Börse AG shares are represented in a series of European and global equity indices, among others in the German blue-chip index DAX, the Dow Jones Global Exchanges Index, the STOXX Europe 600 Financials and the German dividend index DivDAX®. However, Deutsche Börse AG Group's shares were removed from the EURO STOXX 50, the pan-European blue-chip index, effective 18 June 2012, because their market capitalisation was too low on the cut-off date for calculating the index composition.

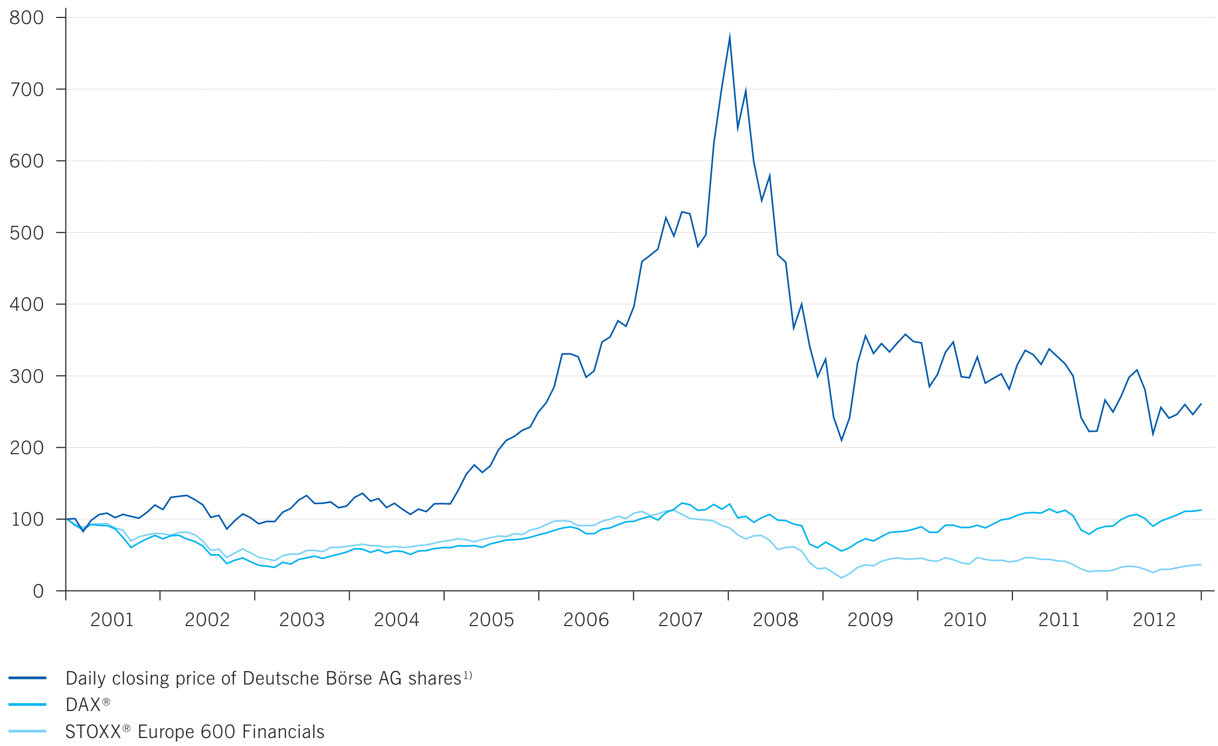
Thanks to Deutsche Börse Group's transparent reporting on its corporate responsibility activities, the company was also represented in key sustainability indices in 2012, such as the FTSE4Good Index Series (FTSE4Good Global Index and FTSE4Good Europe Index) and the two Dow Jones Sustainability Indices (DJSI World and DJSI Europe), which include the top 10 per cent of companies in each sector in line with the "best in class" principle. The company is also represented in other sustainability indices: since 2003 in the Advanced Sustainability Performance Index (ASPI), since 2008 in the ECPI Ethical Index Euro, as well as in the MSCI World ESG Index and the STOXX® Global ESG Leaders Index since these two indices were launched in 2010, resp. 2011.

Investor relations activities

On numerous occasions during the reporting period, the company informed existing and potential investors as well as other capital market participants about its long-term strategy as well as the cyclical factors and structural growth drivers of its business. At the beginning of the past financial year, communication with the company's shareholders centred on issues in connection with the planned merger with NYSE Euro-

Share price development of Deutsche Börse AG and benchmark indices since listing

Indexed to 5 February 2011 = 100



1) Between 20 July 2011 and 7 February 2012 the data shown refer to tendered shares (ISIN DE000A1KRND6).

next, which was prohibited in February 2012, and the strategic directions adopted by the company following this initiative. As the year progressed, questions relating to opportunities and risks arising from changes to the regulatory framework dominated the company's investor relations work.

Deutsche Börse Aktiengesellschaft held its Annual General Meeting at the Jahrhunderthalle in Frankfurt/Main on 16 May 2012. Around 59.5 per cent of the share capital was represented (2011: 42.9 per cent). The company held its sixth investor day in Eschborn in June 2012. At this event, domestic and international analysts and institutional investors were informed about the Group's strategic priorities and current developments in the individual business areas. In addition, Deutsche Börse held well over 500 one-on-one discussions with current and potential investors at international roadshows, investor conferences and individual meetings. The quality of the Group's investor relations activities was confirmed, for example in a survey of institutional investors and financial analysts conducted by Institutional Investor magazine: Deutsche Börse AG came first in the "Best Investor Relations" category in the "Specialty & Other Finance" sector.

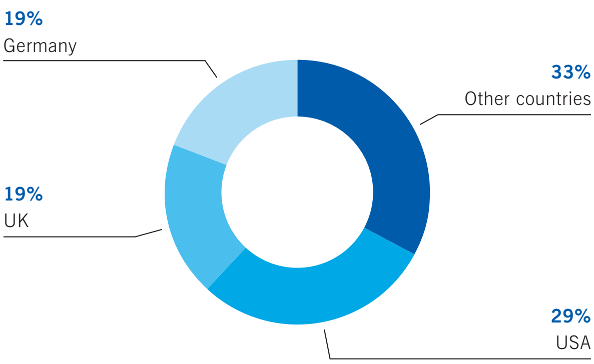
International investor base

The proportion of non-German shareholders remained stable year-on-year at around 81 per cent (2011: 81 per cent), although there was a clear shift to other countries from the USA. This trend is largely associated with significant caution on the part of US investors, who reduced their positions in European shares in general due to the uncertainties in the euro zone. Deutsche Börse AG had approximately 70,000 shareholders at the end of the reporting period based on the share register and analyses of shareholdings. The proportion of institutional investors based on the number of shares was around 93 per cent in 2012, compared with around 95 per cent in the previous year. The slight decline reflects the higher number of private investors, which rose year-on-year primarily because of the attractive dividend distribution.

Attractive dividend

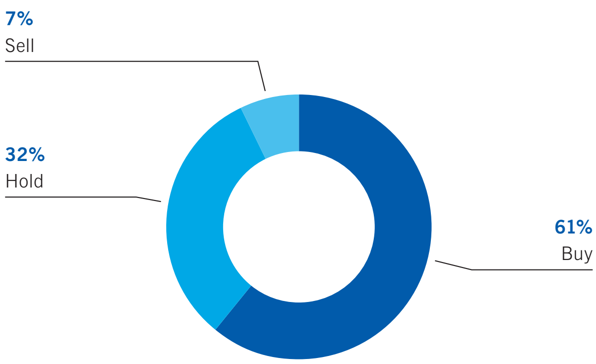
In the past year, Deutsche Börse AG ensured that its shareholders were able to participate in its very good 2011 business performance and increased the regular dividend by 10 per cent to €2.30. This resulted in a distribution ratio of 52 per cent of consolidated net income (adjusted for costs for mergers and acquisitions, as well as for efficiency programmes). In addition to the dividend, the company paid out a special distribution of €1.00 per share. For financial year 2012, Deutsche Börse AG's Executive Board and Supervisory Board will propose a dividend of €2.10 per share to the Annual General Meeting on 15 May 2013. This corresponds to the dividend per share which was paid from 2008 to 2011. Adjusted for costs of mergers and acquisitions as well as for efficiency programmes), the distribution

Share of international shareholders on a high level in 2012



As at 31 December 2012

Deutsche Börse AG: analysts predominantly issue buy recommendations



As at 31 December 2012

ratio related to the consolidated net income amounts to around 58 per cent and is at the upper level of the Group's defined 40 to 60 per cent range; this value is in line with the Group's dividend policy.

Analysts

Around 30 analysts from banks and securities trading firms published regular earnings forecasts for and studies on Deutsche Börse AG in the reporting period. As at 31 December 2012, 61 per cent of analysts recommended buying Deutsche Börse AG shares. This compares with 32 per cent who issued hold and 7 per cent who issued sell recommendations. The average target price set by analysts was €48 at the end of 2012.

Financial and non-financial performance indicators CR

Employees CR

Committed, highly skilled employees are the cornerstone of Deutsche Börse Group's business success. They master challenging tasks and shape the corporate culture with their sense of responsibility, their dedication and flexibility as well as their will to deliver outstanding performance. Deutsche Börse Group aims to make sure that staff with these qualities continue to join the company in the future and, ideally, that they stay for the long term. This is the basis for its long-term human resources policy.

As at 31 December 2012, Deutsche Börse Group had 3,704 employees (31 December 2011: 3,588); the average number of employees in the year under review was 3,654 (2011: 3,522). The year-on-year increase is mainly due to the expansion of its locations in Prague (+58 employees) and Singapore (+16 employees) as part of the operating efficiency programme ("Excellence"), which the Executive Board had resolved in 2010. Under this programme, operations were relocated from Frankfurt and Luxembourg to Prague and Singapore. The workforce in Luxembourg was –15 employees and in Frankfurt +50 employees. Two mutually offsetting effects were at work here: on the one hand, the number of employees decreased as a result of measures under the "Excellence" programme, while on the other, jobs were created for strategically important projects, such as the Eurex Clearing AG initiatives. At the US subsidiary International Securities Exchange (ISE), the number of employees at the New York location declined by 19, while the size of the workforce at the other locations grew by 26 employees.

Employees by segment

	31 Dec 2012	31 Dec 2011
Xetra	436	448
Eurex	1,034	999
Clearstream	1,816	1,749
Market Data & Analytics	418	392
Total Deutsche Börse Group	**3,704**	**3,588**

Deutsche Börse Group is an international team: as at 31 December 2012, it employed people at 22 locations worldwide. The following table breaks this figure down into countries and regions:

Employees per countries/regions

	31 Dec 2012	%
Germany	1,598	43.1
Luxembourg	973	26.2
Czech Republic	462	12.5
United Kingdom	101	2.7
Rest of Europe	147	4.0
North America	308	8.4
Asia	107	2.9
Middle East	8	0.2
Total Deutsche Börse Group	**3,704**	**100**

To recruit and retain the best talent in the long term, Deutsche Börse Group offers flexible working hours: taking into account part-time employees, there was an average of 3,416 full-time equivalents (FTE) during the year (2011: 3,278). As at 31 December 2012, the proportion of part-time employees was higher in the general workforce than in management, and it was higher among women than among men.

Under the joint declaration signed by all DAX companies, the company aims to fill 20 per cent of upper and middle management positions and 30 per cent of lower management positions with women by 2015. As at 31 December 2012, the proportion of such positions filled by women stood at 13 per cent for all of Deutsche Börse Group (Germany: 12 per cent) for upper and middle management positions, and at 23 per cent (Germany: 20 per cent) for lower management positions. In order to increase the proportion of women in management positions, Deutsche Börse has adapted its talent management programmes and recruitment and promotion processes. Employee qualifications are always the decisive criteria for filling a position, with equal consideration being given to both men and women, irrespective of age. In addition, women are explicitly taken into account when appointing replacements for top management positions. Deutsche Börse Group also offers a variety of other instruments to develop female employees: targeted succession planning, an external and internal mentoring programme, a women's network as well as coaching and training specifically for women. Eight of the current 21 members of the "high potential circle", Deutsche Börse Group's programme for growing potential management talent, are female (38 per cent). In addition, remuneration differences between women and men are analysed on a regular basis. The analysis has not identified any systematic disadvantages for women. Rather, differences in remuneration are due to qualifications, years of service and function.

The company provides a number of options designed to achieve a good work-life balance as part of its Job, Life & Family initiative:

- Option to telework from home
- Emergency childcare service, which was used in Germany on a total of 166 days in 2012
- A holiday club for schoolchildren
- An emergency parent-child office at the Eschborn and Luxembourg locations
- Reservation of places for employees' children aged between six months and three years at a daycare centre for children in Eschborn; the number of dedicated places depends on demand in the company
- An "Elder and Family Care" programme to facilitate care for needy family members
- The ability to take sabbaticals – this option was used by five employees in Germany and Luxembourg in 2012.

A total of 28 male and 37 female employees took parental leave in financial year 2012. This figure included three male employees in management positions. In 2012, 24 male and 43 female employees returned to the company from parental leave. Out of these totals, one male and three female employees left the company after their parental leave.

In the year under review, Deutsche Börse Group supported its employees by subsidising childcare in the amount of €692 thousand (2011: €576 thousand). Financial subsidies for childcare have gone up as 2012 marks the first year that employees in management positions also received subsidies. Employees in management and non-management positions receive a monthly net sum of up to €255.65 per child up until the child is six years old or until it starts school.

Moreover, presentations by specialists, workshops and coaching give employees information on a variety of issues relating to the topic of work-life balance as well as advice (e.g. on stress management, nutrition, or care for the sick and elderly). One of the aims of these measures is to maintain the health of employees in spite of high workloads and to keep the sickness rate in the company to a minimum. Deutsche Börse Group's sickness rate averaged 2.8 days per employee in the year under review (2011: 2.8 days).

As at 31 December 2012, 62.5 per cent of Deutsche Börse Group employees were graduates (2011: 62.1 per cent). This figure is calculated on the basis of the number of employees holding a degree from a university, university of applied sciences, or professional academy; it also takes into account employees who have completed comparable studies abroad. Deutsche Börse Group offers its staff a broad portfolio of professional development opportunities in the form of internal and external training events. In total, the Group invested an average of 2.1 days per employee in staff training.

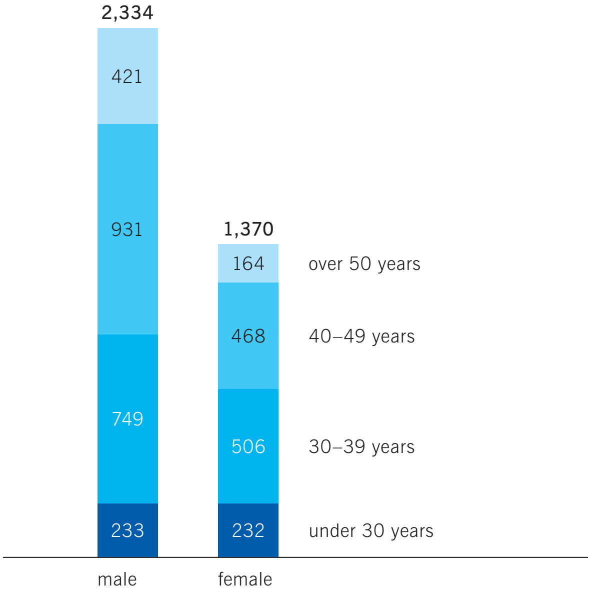
Measured in terms of the average number of full-time equivalent employees in the year under review, net revenue per employee declined by 13 per cent to €566 thousand (2011: €647 thousand). Staff costs per employee, adjusted for efficiency programme costs, went down by 2 per cent to €117 thousand (2011: €120 thousand). The remuneration paid under the company collective labour agreement in Germany increased by 3.0 per cent in financial year 2012. Salaries were also adjusted at the Group's other locations.

The average age of Deutsche Börse Group's employees at the end of the year under review was 40.4 years. The ⊡ charts on the right show the employee age structure as at 31 December 2012.

207 employees left Deutsche Börse Group and 309 joined the Group in the course of the year. The staff turnover rate was 5.7 per cent and therefore lower than in the previous year (2011: 8.9 per cent). The average length of service at the end of the year under review was 10.6 years.

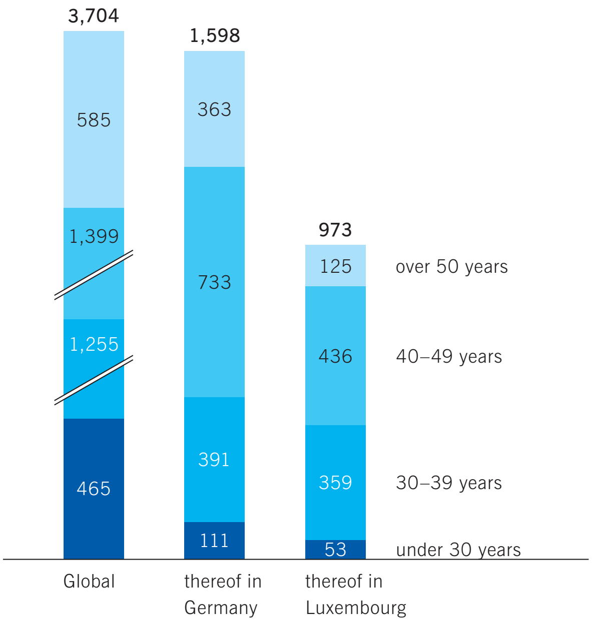
Deutsche Börse Group employees' age structure

by gender



Deutsche Börse Group employees' age structure

by location



Code of conduct CR

Important basic principles and values forming part of the Group's corporate culture are set out in a code of conduct at Deutsche Börse Group, which serves as a guideline for all employees at every level of the Group. This includes, as a matter of course, respect for human and labour rights. For example, Deutsche Börse Group complies with international agreements such as the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the standards issued by the International Labour Organisation. In addition, it has undertaken to implement the ten principles of the UN Global Compact in the areas of human rights, labour standards, the environment and anti-corruption throughout the Group. The employees receive mandatory introductory training in this area. In 2012, 8 training days of 8 hours took place and were attended by a total of 92 employees.

Key figures on Deutsche Börse Group's workforce as at 31 December 2012

	Global			thereof in Germany			thereof in Luxembourg		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees	2,334	1,370	3,704	1,011	587	1,598	605	368	973
Upper and middle management	152	23	175	88	12	100	43	9	52
Lower management	168	50	218	81	20	101	44	17	61
Staff	2,014	1,297	3,311	842	555	1,397	518	342	860
Part-time employees	59	343	402	29	185	214	26	130	156
Upper and middle management	1	4	5	0	2	2	1	2	3
Lower management	2	6	8	1	3	4	1	3	4
Staff	56	333	389	28	180	208	24	125	149
Disabled employees	31	18	49	28	18	46	3	–	3
Proportion of graduates (%)	66	57	63	66	51	61	55	48	52
Apprentices	3	9	12	3	9	12	–	–	–
Interns and students[1]	123	108	231	112	104	216	11	2	13
Length of service									
Under 5 years (%)	31	36	33	20	24	22	14	18	15
5–15 years (%)	47	43	46	54	50	52	65	58	63
Over 15 years (%)	22	21	21	26	26	26	21	24	22
Staff turnover									
Joiners	196	113	309	53	33	86	15	19	34
Leavers	137	70	207	30	17	47	25	15	40
Training days per staff member	2.1	2.3	2.1	2.1	2.6	2.3	2.3	2.4	2.3
Promotions	94	63	157	47	20	67	32	19	51
Employees covered by collective bargaining agreements[1]	1,151	819	1,970	859	561	1,420	292	258	550

1) The global figures reported here refer solely to the locations in Germany, Luxembourg and the Czech Republic; this corresponds to 82 per cent of Group staff.

Corporate responsibility CR

In its corporate responsibility (CR) strategy "Growing responsibly", Deutsche Börse defines what it means by corporate responsibility and lays down the scope of activity for the entire Group. Deutsche Börse focuses its corporate responsibility activities on four areas: the economy, employees, the environment and corporate citizenship. This allows it to take due account of social, ethical and ecological aspects when implementing its economic objectives.

Economy

As a capital market organiser, Deutsche Börse Group provides fair market access as well as liquid and transparent trading for investors. It reduces information asymmetries and uses highly effective instruments to manage its customers' risks. In doing so, the Group makes its greatest value contribution to society in its primary core business of organising sound, transparent and secure capital markets worldwide.

A key element of this is operating and developing its integrated business model. In accordance with this, top strategic priority is given to investments in the availability and reliability of trading systems, in services and technologies to manage the risk and liquidity of market participants, and in initiatives aimed at applying the high standards of the regulated market to the largely unregulated off-exchange segment of the capital markets.

Because Deutsche Börse Group sets standards in the market, effective corporate governance structures, sound business practice and compliance with all the laws, requirements and regulations in the operating business play a key role. For example, as a member of the UN Global Compact, Deutsche Börse Group is committed to implementing the ten principles of the UN Global Compact in the areas of human rights, labour, environmental protection and anti-corruption throughout the Group when designing its business processes.

In addition, Deutsche Börse Group campaigns for greater transparency of sustainability information on the global capital markets – with measures ranging from introducing its own transparency initiatives to supporting the campaigns of other players in this area or promoting best practice in the market. Against this background, Deutsche Börse Group supports the German Sustainability Code and has published an annual declaration of compliance to this code, for the first time in 2011 and annually since then.

Employees

Deutsche Börse Group takes its responsibility as an employer seriously, because its business success is founded on the commitment and performance of its staff. To ensure that Deutsche Börse Group continues to attract responsible and motivated people in the future and, ideally, retain them in the long term, it pursues a responsible, sustainable human resources policy. The objectives include improving its employees' work-life balance – a comprehensive "Job, Life & Family" programme has been developed for this purpose – and specifically promoting diversity (see section on "Employees" for details).

Environment

Although Deutsche Börse Group is not a manufacturing company and can therefore exert only little influence on climate change, it is aware of the significance of this issue: reductions in greenhouse gas emissions and the careful handling of resources are an important part of its commitment to greater sustainability. The focus is on continuously improving the Group's business ecology through environment-friendly IT management as well as on reducing its energy demand, water and paper consumption, and waste (see the following section on "Sustainability").

Corporate citizenship

Deutsche Börse Group sees itself as a corporate citizen and is committed to fulfilling this role, especially at its locations. Its activities in this area focus on education and science, culture and social involvement. When selecting projects, it gives priority in particular to innovative ideas and concepts that also allow its staff to get involved.

All charitable contributions are subject to Group-wide corporate citizenship guidelines adopted by the Executive Board. They provide a binding framework that determines the nature and proper handling of contributions. Sports, private individuals, religious institutions or political parties are not eligible for support (exception: the Political Action Committee of the subsidiary ISE).

Sustainability

Deutsche Börse Group also feels committed to sustainable business activities in particular. Examples include initiatives to promote the transparency of holistic investment strategies on the one hand and measures to optimise its own sustainability performance on the other.

Initiatives to foster transparency in holistic investment strategies

Sustainable index products

Deutsche Börse Group develops index products that are used by investors as a basis for sustainable investments. The aim is to promote the transparency of holistic investment decisions by improving the available information and to demonstrate best practice across a diverse index portfolio. The indices focus the attention of capital market participants on the companies engaging in sustainable business practices.

In 2012, STOXX Ltd., a subsidiary of Deutsche Börse AG, again expanded its range of sustainability indices to a total of 19 indices. The STOXX ESG Leaders Index family (ESG stands for "Environment, Social, Governance") gives Deutsche Börse Group a range of sustainability indices; their selection model is based entirely on transparent criteria. On the basis of the "KPIs for ESG 3.0" standard published by the Society of Investment Professionals in Germany (DVFA) and data released by Sustainalytics, the leading provider of sustainability data, a uniform model has been developed under which all companies in the global STOXX® Global 1800 equity index are given a consistent and transparent score for the ESG criteria. The underlying catalogue of criteria can be accessed on the www.stoxx.com website. Moreover, to ensure that the model is maintained and reviewed on an ongoing basis, the STOXX ESG Advisory Board has been set up, an international body of experts from research/science and business. This board includes one representative each from Deutsche Börse AG and Eurex.

In addition to the STOXX ESG Leaders Indices, STOXX calculates and markets other indices that track sustainable investments: an alliance with Sarasin, a Swiss private bank known in particular for its sustainability research, has resulted in the DAXglobal® Sarasin Sustainability Indices for Germany and Switzerland, as well as the STOXX Europe Sustainability Index family – a series of pan-European sustainability indices.

Emissions trading

In cooperation with the European Energy Exchange (EEX) in Leipzig, Eurex operates a regulated, transparent marketplace for trading greenhouse gas (CO_2) emissions, which helps companies to meet the climate change targets under the Kyoto Protocol. Market participants of both exchanges can trade on a common platform and hedge against the risks arising from their activities on the emissions market. In addition to emission rights, power, gas and coal derivatives are traded on the EEX.

In addition, Deutsche Börse Group has published a Monthly Carbon Report since October 2010. This fills an information gap on the CO_2 market and makes the actual extent of CO_2 emissions in the energy sector and industry more transparent for analysts and traders.

Information portal for sustainable securities

Deutsche Börse's information portal for sustainable securities supports both private and institutional investors in accounting for sustainability criteria in their investment decisions. This free service is part of www.boerse-frankfurt.de. It pools information on all sustainable products tradeable at Deutsche Börse (i.e. equities, indices, investment funds and certificates) on a single platform. In addition to company-specific master data and key financial indicators of 1,800 global companies in the STOXX universe, the master data sheets on the information portal contain supplementary ESG indicators as well as data points from the Carbon Disclosure Project. The ESG data, which is provided by Sustainalytics, one of the world's leading research providers, corresponds to the corporate ratings for the STOXX Global ESG Leaders index family. In addition, Deutsche Börse Group publishes a transparency and a performance indicator reflecting each company's contribution to climate protection. This indicator is determined by the Carbon Disclosure Project, a non-profit organisation which maintains the world's largest database of company-relevant climate information.

Initiatives to optimise Deutsche Börse's own sustainability performance CR

Energy-efficient IT management

Deutsche Börse Group fulfills its role as marketplace organiser primarily by developing and operating IT-based solutions. Therefore, energy-efficient IT management offers the Group considerable scope for improving its sustainability performance.

The guiding principle of sustainable IT management at Deutsche Börse Group is to achieve the highest possible operating efficiency, i.e. optimised server and storage system utilisation and a reduction in back-up systems, as far as market requirements concerning system security and speed allow. Another objective is to ensure that the servers currently being deployed are used continuously if possible by actively distributing the load.

A new flexible profile system has been selected for Deutsche Börse Group's server rooms in Frankfurt/Main. This system enables the strict separation of cold supply air and hot exhaust air, known as cold aisle containment, and thus prevents cold and warm air from mixing. In addition, the use of fibre-optic rather than copper cables and direct cooling lead to a sustained reduction in power consumption. In 2012, all servers at the data centre were supplied with 100 per cent environmentally friendly hydroelectric power. At the Luxembourg location, Clearstream's data centre is situated underneath the office building. This allows an especially efficient use of energy, as the office premises are heated with hot exhaust air from the servers. Further energy savings are achieved by cooling the server rooms directly with fresh outdoor air.

Outside the data centres, too, the focus is on sustainable, energy-efficient IT solutions. For example, thin clients (network computers without hard drives) are used throughout the Group and the hardware (awarded the "Energy Star" label) is selected specifically for its long lifespan and ecological certification.

Resource-efficient business ecology

For Deutsche Börse Group, environmental protection is an unconditional commitment to preserving the natural environment and resources. The Group therefore aims to record its own ecological footprint as accurately as possible and to steadily reduce it.

Facility management is highly relevant in this regard. As early as the planning stage for the Group's headquarters in Frankfurt/Eschborn, attention was paid to the use of energy-efficient and environmentally-friendly systems. The power generated by the company's own combined heat and power plant covers up to 60 per cent of its energy requirements. With its ecologically innovative design, the building was the first German office building to be awarded the LEED ("Leadership in Energy and Environmental Design") platinum standard, a US sustainability certificate, in 2010. Clearstream's building complex "The Square" was the first established property in Luxembourg to receive the "NF Bâtiments Tertiaires – Démarche HQE" sustainability certificate.

Other initiatives to improve the Group's business ecology focus on reducing greenhouse gas emissions, water and paper consumption and waste. They include:

- Using shuttle buses between the Eschborn and Luxembourg sites to cut down on individual trips
- Offering job tickets for local public transport to staff in Eschborn
- Using videoconferencing instead of business travel
- Automatically presetting printers for double-sided printing
- Reducing the number of printed publications
- Sending letters and parcels at the Frankfurt site and parcels at the Luxembourg site via the Deutsche Post and DHL "Go Green" initiative
- Organising Group-wide "Green Days" to raise awareness of environmental issues among staff

Code of conduct for suppliers

A sustainability agreement between Corporate Purchasing and Deutsche Börse Group's suppliers and service providers has been in place since the end of 2009 and requires mandatory compliance with basic legal principles and rules of conduct, such as respect for human and employee rights. The agreement also imposes ecological and social requirements on the Group's service providers. Suppliers accounting for around 94 per cent of the Group's global purchasing volume had signed this code of conduct by the end of 2012, or submitted voluntary obligations that cover or even exceed the issues listed. The suppliers are assessed at regular intervals as part of the business relationship. The evaluation criteria include aspects relating to economic, ecological and ethical sustainability.

Responsible procurement

As early as the materials procurement stage, Deutsche Börse Group makes sure it buys exclusively environmentally compatible products wherever possible. These include FSC paper, recycled toners and other office consumables, as well as small appliances that have been awarded "Blue Angel" or "Energy Star" environmental certification.

Sustainability ratings CR

Sustainability ratings assess companies' sustainability reporting and performance. They measure ecological, social and corporate governance performance and rate companies' holistic management of opportunities and risks. For investors with a focus on sustainability, the results of these ratings increasingly play a role in their assessment of companies on the capital markets.

Deutsche Börse Group is also regularly analysed by various service providers, such as Robeco SAM, Sustainalytics, EIRIS, oekom, Vigeo and Sarasin. The Group's positive performance in various sustainability ratings and rankings has repeatedly led to Deutsche Börse shares being included in the following sustainability indices:

- Dow Jones Sustainability Indices (DJSI): in DJSI World and DJSI Europe since 2005; result of Robeco SAM rating: company score 57; average score of sector 39
- FTSE4Good Index: in the Global Index and the Europe Index since 2009; result of EIRIS/IMUG rating: absolute score 4 out of 5, supersector relative 95 out of 100 points
- Carbon Disclosure Leadership Index (CDLI): since 2009; score: 89 out of 100
- STOXX ESG Leaders Index: since 2011 (launch year). The entirely rule-based and transparent STOXX rating model means that there is no conflict of interests; result of sustainalytics rating: total score of 72 (E: 70, S: 66, G: 83), ranking: 4 out of 139 companies
- ECPI Ethical Index Euro: since 2008
- MSCI World ESG Index: since 2010 (launch year)
- Advanced Sustainability Performance Index (ASPI): since 2003

Corporate Responsibility: key figures of Deutsche Börse Group

		2012	2011
Transparency			
Proportion of companies listed in the Prime Standard (for shares) as a percentage of all listed companies (by market capitalisation)[1]	%	83	77
Number of calculated indices		appr. 12,000	appr. 8,600
thereof sustainability indices		19	15
Safety			
System availability of trading systems (Xetra®/Eurex®)	%	99,999	99,975
Market risk cleared via Eurex Clearing (gross monthly average)	€bn	7,507	9,230
Supplier management			
Share of sales revenue generated with suppliers/service providers that have signed the Code of Conduct or have made voluntary commitments over and above those required under the Code	%	94.3	91.1
Compliance			
Punished cases of corruption		0	0
Proportion of business units reviewed for corruption risk	%	100	100
Number of employees trained in anti-corruption measures[2]		1,133	248
Number of justified customer complaints relating to data protection		0	1
Environment			
Energy consumption[3]	MWh	69,120	68,073
Greenhouse gas emissions	t	29,452	29,799
thereof travel-based greenhouse gas emissions	t	6,304	7,315
Water consumption[4]	m^3	63,757	63,144
Paper consumption[5]	t	113	122
Cash value of material administrative fines and total number of non-monetary penalties due to non-compliance with legal requirements in the environmental area	€	0	0
Good Corporate Citizenship			
Corporate responsibility project expenses per employee[6]	€	850	900
Corporate volunteering days per employee	days	2	2

1) Market capitalisation of companies listed in the Prime Standard (shares) in relation to the market capitalisation of all companies listed on the Frankfurt Stock Exchange (FWB®, Frankfurter Wertpapierbörse)
2) In addition to initial training for new recruits, compliance training is performed at two-year intervals. As a result, the number of employees may differ significantly in a direct year-on-year comparison.
3) The energy consumption reported comprises direct and indirect energy consumption.
4) The water consumption reported comprises only the volume of water sourced from municipal utilities.
5) The paper consumption reported only relates to office requirements.
6) For memberships, donations, sponsoring and communication; does not include social benefits or special leave expenses for corporate volunteering.

Risk report

Risk management is an integral component of management and control within Deutsche Börse Group. Effective and efficient risk management safeguards the Group's continued existence and enables it to achieve its corporate goals in the long term. To this end, the Group has established a Group-wide risk strategy and a Group-wide risk management system which defines roles, processes and responsibilities and is binding for all staff and organisational entities within Deutsche Börse Group.

Risk strategy

Deutsche Börse Group's risk strategy is based on its business strategy and sets limits specifying the maximum risk permitted for the Group's operational, financial, and business risks as well as its overall risk. This is done by laying down corresponding requirements for the management, control and limitation of risk. The Group ensures that appropriate measures are taken to avoid, reduce and transfer, or intentionally accept risk. The principles of this strategy apply to all business segments within the Group.

The risk strategy enables risks to be controlled in a timely and adequate manner. Information needed for risk management is captured and assessed on the basis of structured, consistent procedures. The results of the assessment are collated in a reporting system, which is used to systematically analyse and control the risks. Relevant reports are prepared on both a regular and an ad-hoc basis, and cover existing as well as potential risks.

Deutsche Börse Group's risk management is based on the following principles:

- Each Group Executive Board bears the ultimate responsibility for the risk management of Deutsche Börse Group and its companies.
- An awareness of risk and the associated risk culture are ensured by means of a clear organisational structure, defined responsibilities, viable processes and continuous knowledge transfer to employees.
- The responsible management levels must always be informed about the relevant risks and the risk profile of the Group in an open, timely and complete manner.
- Effective and efficient risk management supports Deutsche Börse Group in achieving its corporate goals and safeguards the company's continued existence. The risk management system is designed to provide complete, timely and consistent risk-related information in order to ensure the identification, assessment and monitoring and reporting of risks.

Risk management system

The Group's risk management system ensures that all management committees within Deutsche Börse Group are able to control the risk profile of the entire Group or of a single legal entity, as well as specific material risks, in a timely manner. The aim is to identify developments that could threaten the Group and to take appropriate countermeasures promptly.

Governance

Through the governance structure of its risk management system, Deutsche Börse Group ensures a strong awareness of risk throughout the entire Group and the effectiveness and efficiency of the risk management system.

The Executive Board of Deutsche Börse AG is responsible for Group-wide risk management. The Supervisory Board monitors the effectiveness of the risk management system. In addition, the Finance and Audit Committee of the Supervisory Board monitors the Group's risk strategy and the effectiveness of the risk management system, and also examines the quarterly reports from Group Risk Management (GRM). These reports contain assessments of existing and new risks. The full Supervisory Board is informed in writing of the content of these reports.

The Chief Financial Officer and business areas are jointly responsible for risk management at the segment level. The Group-wide Risk Committee of Deutsche Börse Group acts as the steering committee, chaired by the Group Chief Financial Officer. The central task of the Risk Committee is to support the Executive Board in monitoring Deutsche Börse Group's risk profile. The Committee is made up of the leadership of the relevant business areas as well as representatives of the Chief Financial Officer, such as Group Risk Management, a central function which coordinates the work carried out by the Committee. The Risk Committee monitors the validity and reliability of the risk strategy, the risk management system including the various methods used, and the risk management process. It also promotes Group-wide awareness of risk and examines current risk assessments. The Risk Committee proposes actions where it is required to reduce or avoid risks.

The business areas identify risks and report these promptly to GRM. The business areas also perform risk control, inform their respective management about developments in risk indicators and continuously improve the quality of the risk management processes.

GRM ensures that the comprehensive risk management system is applied and that it complies with the same minimum standards in all companies belonging to Deutsche Börse Group.

In addition to the Finance and Audit Committee, GRM also reports to Deutsche Börse AG's Executive Board on a quarterly and ad-hoc basis where required. GRM proposes the risk strategy and its formation in the form of guidelines for risk management to the Risk Committee and Deutsche Börse Group's Executive Board.

In addition, other areas within Deutsche Börse Group assume relevant risk management functions. For example, representatives of the Chief Financial Officer are responsible for central credit and treasury matters. Furthermore, Financial Accounting & Controlling issues reports to the supervisory authorities in compliance with regulatory guidelines. It is also responsible for the entire Group's budget controlling. Independent audits by the Internal Auditing function ensure that the risk control and risk management functions are adequately organised and that they perform their duties. Deutsche Börse AG's early risk warning system is controlled by the external auditor in accordance with legal requirements.

Risk management process

Deutsche Börse Group's risk management system is used to implement the risk strategy for which the Executive Board is responsible. To this end, all potential losses must be identified in good time, captured centrally, assessed (i. e. quantified in financial terms as far as possible), reported to the Executive Board together with recommendations, and controlled. Deutsche Börse Group's risk management process therefore comprises five stages (see chart on the next page).

Step 1: Risk identification

In this initial step, threats and causes of losses or malfunctions are identified. Risks can arise as a result of internal activities or because of external factors. All matters that could have a material impact on Deutsche Börse Group's business or that might change the risk profile must be recognised as early as possible. It is the responsibility of all business areas and their employees to identify these potential risks.

Step 2: Risk notification

All business areas must inform GRM regularly and, in urgent cases, on an ad hoc basis of the risks they have identified and quantified. This procedure guarantees that all potential risks and threats are captured centrally.

Step 3: Risk assessment

GRM assesses the risk potential in a quantitative and qualitative manner based on the information available. The VaR method is used for the quantitative assessment of a potential risk (see section on "Risk management methods" of this consolidated management report). Deutsche Börse Group uses a risk matrix for

Governance structure of risk management

Supervisory Board
Monitoring of risk management system efficiency

Audit and Finance Committee
Assessment of risk strategy and risk management system

Executive Board
Responsible for the Group-wide risk management

Group-wide Risk Committee[1)]
Monitoring of Deutsche Börse Group's risk profile

Group Risk Management
Risk assessment and reporting to Executive Board and Supervisory Board

Risk management functions[2)]
Risk identification, risk surveillance as well as risk reporting

1) Representatives from relevant CFO areas, relevant business areas as well as Group Risk Management
2) Among them Credit, Treasury and Financial Accounting & Controlling

the qualitative assessment of specific risks, in particular regulatory requirements. This matrix allows risks to be observed over a period exceeding the usual observation period of twelve months. This helps to ensure that the risk situation of the entire Group is observed in a comprehensive manner over several years.

Step 4: Risk control

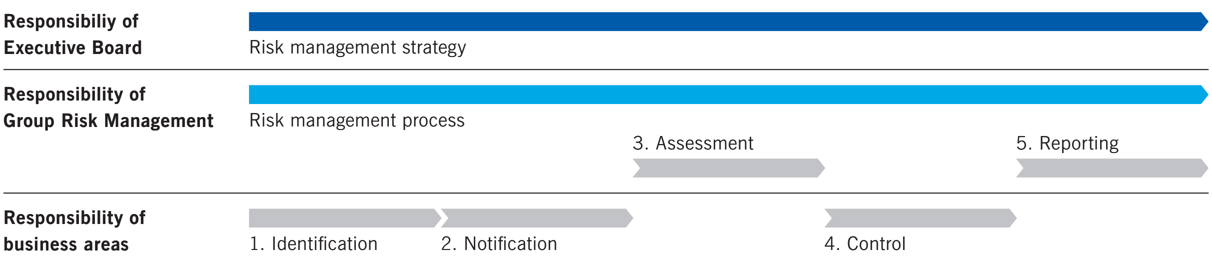
All business areas and their employees are responsible for risk control and for taking measures to limit loss. The possible responses are risk mitigation, deliberate risk acceptance, external risk transfer, or risk avoidance. The business areas decide on and implement the most appropriate alternative in each case. The internal control system (ICS) that the Executive Board has set up for Deutsche Börse Group (for details see section on "Goals and strategies" of this consolidated management report) is used to help prevent risks. Along with other measures, the ICS is designed to ensure the effectiveness and efficiency of the Group's business operations, avert or uncover financial losses and thus protect all Deutsche Börse's business assets. It comprises both integrated and independent control and safety measures. The ICS is an integral part of the risk management system and is continuously being enhanced and adjusted to reflect changing conditions.

Step 5: Risk reporting

The responsible Executive Board members and committees are informed of any material risks, their assessment and possible immediate countermeasures; if appropriate, they receive further recommendations so that they can set suitable steps in motion.

In addition, GRM sends an "Internal Capital Adequacy Assessment Process" (ICAAP) report to the Executive Boards of the Clearstream Holding group and Eurex Clearing AG once a year, thus fulfilling the provisions of the second pillar of the Basel II regulatory framework. In this report, GRM reports on the current risk situation and assesses the capital resources of the Clearstream Holding group and Eurex Clearing AG. In accordance with the third pillar of Basel II, the Clearstream Holding group and Eurex Clearing AG also meet a broad obligation to report their business activities in their capacity as financial institutions. In particular, the companies regularly report to the supervisory authorities on the methods of their risk management and the assessment of capital resources.

Five-stage risk management system with central and decentral responsibility



An example for the course of the risk management process

A subsidiary of Deutsche Börse Group receives a customer claim for compensation for a loss. The department concerned first identifies the reason for this claim for compensation and the person responsible for operational risk at this department (operational risk representative) evaluates the potential impact of the event (1). If the amount of the claim for compensation exceeds a certain threshold, the operational risk representative records the event and its impact in the operational risk event database, as well as the compensation for the loss if the claim for compensation is justified. In this way, GRM receives notification of the event (2). GRM analyses the available information, assesses the case and, if appropriate, proposes measures (3). If necessary, line management then makes improvements and takes the appropriate measures (4). GRM informs the Executive Board of the event, its details and analysis, as well as any measures already planned, in the report for the following quarter or, if necessary, ad hoc (5).

Risk management methods

Deutsche Börse Group uses various quantitative and qualitative risk management methods to monitor and control the risk profile. The combination of different methods is intended to provide as complete a picture of the current risk situation as possible. This allows Deutsche Börse Group to take appropriate measures to safeguard the Group's continued existence. The following section illustrates the central risk management instruments used by Deutsche Börse Group.

Value at risk

Deutsche Börse Group uses a standardised approach – value at risk (VaR) – for measuring and reporting all risks across the Group, including entities that are not subject to regulation by supervisory authorities. VaR is a comprehensive way of presenting and controlling the general risk profile. It quantifies risks and lays down, for the specified confidence level, the maximum cumulative loss Deutsche Börse Group could face if certain loss events materialised over a specific period. Likewise potential concentration risks can also be identified by way of VaR analyses.

The Group determines the VaR in three stages:

- Stage 1: Determining the loss distribution for each individual risk. This is performed for each individual risk on the basis of historical data (such as market data, default, claim, or outage history) or risk scenarios. This loss distribution may be, for example, a lognormal distribution (often used for risks arising from service deficiencies) or a Bernoulli distribution (used, for example, to simulate counterparty default in credit risk).
- Stage 2: Simulating losses using the Monte Carlo method. A Monte Carlo simulation is used to achieve a stable VaR calculation by simulating as many loss events as possible in line with the distribution assumptions made. This produces a spread of possible total losses.
- Stage 3: Calculating VaR on the basis of the Monte Carlo simulation. To do this, the losses calculated by the Monte Carlo simulation are arranged by size in descending order, and the corresponding losses are determined for the specified confidence levels.

Economic capital

The Group's economic capital (EC) can be determined using the VaR. EC measures the amount of capital that is required in order to be able to cover extreme events as well over a period of twelve months. Economic capital is calculated at a confidence level of 99.98 per cent. This means that losses within the next twelve months will not exceed the calculated EC with a probability of 99.98 per cent. Deutsche Börse Group uses two different EC concepts for this. These differ with respect to the assumed diversification between individual risks and between segments.

- Required economic capital: The required economic capital does not take into account any diversification effects, i.e. a correlation of 1 is assumed between

the individual risks as well as for the inter-company correlation. Deutsche Börse Group uses the most conservative approach for this purpose.
- Diversified required economic capital: Diversification effects between the individual risks are included when calculating the diversified required economic capital.

Expected shortfall
Deutsche Börse Group uses the expected shortfall concept as a complementary method to EC. The expected shortfall is defined as the average of losses exceeding EC. The objective of this concept is to supplement the focus on EC by obtaining information regarding potential losses exceeding EC.

Stress tests
Deutsche Börse Group also carries out stress test calculations for operational as well as financial risks for the Clearstream and Eurex segments, along with their respective legal entities. These stress tests simulate the occurrence of extreme losses or an accumulation of major losses in one year. Since the Group has not incurred any major losses to date, potential risk scenarios are defined for this purpose. These risk scenarios describe possible loss events and their probability as well as the potential amount of loss, which is estimated. The values determined in the stress tests are compared with the limits defined as part of the risk-bearing capacities. Both historical as well as hypothetical scenarios are calculated.

Reverse stress tests
Reverse stress tests have also been performed since 2011. This instrument is used to determine loss scenarios that would have to occur in order to exceed risk-bearing capacities.

Regulatory requirements
Having received regulatory approval from the Luxembourg supervisory authority CSSF (Commission de Surveillance du Secteur Financier), Clearstream Banking S.A. and Clearstream Banking AG have applied the Advanced Measurement Approach (AMA) since 1 January 2008 to calculate their capital requirements for operational risk under the Solvabilitätsverordnung (SolvV, German Solvency Regulation) based on the Basel II regulatory framework, while Clearstream Holding AG has used this approach at Group level since receiving the approval of the German Federal Financial Supervisory Authority (BaFin, Bundesanstalt für Finanzdienstleistungsaufsicht) on 7 October 2010. Eurex Clearing AG uses the Basic Indicator Approach to calculate its capital requirements in relation to operational risk. For credit and market price risks, the standardised approach is used throughout the Group.

Risk-bearing concepts
The Group uses two risk-bearing concepts. Risk-bearing capacity assumes the liquidation of the Group (gone concern), whereas risk appetite assumes the continuation of the Group (going concern).

GRM reports to the Risk Committee, Executive Board as well as the Finance and Audit Committee on a quarterly basis regarding the results of the risk appetite and risk-bearing capacity concepts. This procedure guarantees that the risk limits laid down by the Executive Board in its risk strategy are monitored and complied with on a sustainable basis.

Risk-bearing capacity
Deutsche Börse Group calculates the required economic capital in order to determine the risk-bearing capacity. The most conservative approach is pursued for the required economic capital in order to show the dependencies. A value of 1 is assumed for both the correlation of inter-risk diversification effects as well as for the inter-company correlation, that is these potential risks occur at the same time and are therefore accumulated. Deutsche Börse Group uses the shareholders' equity recognised under IFRS as the risk-bearing capacity for its economic capital, adjusted, among others, by an amount to reflect the risk of not being able to liquidate intangible assets at their carrying amounts in a stress situation. The Clearstream Holding group uses its regulatory capital as the risk-bearing capacity for its economic capital (for details see note 20 to the consolidated financial statements).

Required eco-economic capital is compared with the available risk-bearing capacity. Deutsche Börse Group also calculates required economic capital at the level of individual risks and business segments. These are compared against limits representing a percentage of the available risk-bearing capacity defined for each individual risk.

Risk appetite

The risk appetite concept is used in order to ensure the Group's continued existence. Diversified required economic capital is determined initially for this purpose. It is calculated in the same way as required economic capital. However, diversification effects between individual risks and between business segments are taken into account for this purpose. These arise because losses do not occur for all individual risks at the same time, so that the VaR is lower for the overall risk than for the total of VaR values of the individual risks. The projected EBIT for the following year is defined as risk appetite. This represents the risk limit for the Group in order to achieve its corporate goals. Compliance with the limit is reviewed both at Group level as well as segment level.

Risk management as a contribution to sustainability CR

Deutsche Börse Group aims to make a sustainable contribution to society with its range of risk management services. In its role as a capital market organiser, Deutsche Börse primarily does this by ensuring the security and integrity of the markets and by increasing the allocation efficiency of the markets through its pricing function. Deutsche Börse Group also assumes important risk management functions for its customers and, in doing so, contributes to the efficiency and systemic stability of the capital markets.

- Since 2011, for example, the Client Asset Protection solution has allowed client assets within the clearing house to be clearly assigned to the participant concerned if a trading partner defaults.
- The systematic expansion of the central counterparty service will enable Deutsche Börse Group to better hedge against risks in OTC derivatives trading in future.
- Via its Clearstream subgroup, Deutsche Börse manages and holds securities in custody on behalf of its customers in the most secure form possible, usually electronically. The Global Liquidity Hub guarantees that the securities deposited are used efficiently. Deutsche Börse Group also enables the settlement of anonymous, collateralised money market transactions through GC Pooling.

Deutsche Börse Group's internal risk management guarantees that it can offer these services without interruption (for details see section on "Business continuity management").

Risk description and assessment

Risk structure

Deutsche Börse Group distinguishes between operational, financial, business and project risk. These individual risks constitute substantial risks for the Group. They are described in this risk report both generally as well as at Deutsche Börse Group segment level.

Operational risks

In the operational risk category, a distinction is made between availability risk, service deficiencies, damage to physical assets, legal offences and business practices.

- Availability risk results from the possible failure of operating resources essential to the services Deutsche Börse Group offers, making it impossible to deliver services on time or at all. This risk constitutes the greatest operational risk for Deutsche Börse Group.
- The category of service deficiencies includes risks that could materialise if a service for customers of Deutsche Börse Group is performed inadequately, for example due to product and process defects, processes being performed incorrectly, or errors in manual processing. Manual work continues to be necessary, despite the many automated systems and efforts aimed at delivering straight-through processing.

- Damage to physical assets is included under risks due to accidents and natural disasters, as well as terrorism and sabotage.
- Risk associated with legal offences includes losses that could arise as a result of non- or inappropriate compliance with new or existing laws, losses from insufficient contract terms or from court decisions not adequately taken into account during normal business operations, as well as losses from fraud.
- Business practice risk includes losses resulting from inadequate control measures to prevent money laundering, violations of competition regulations, or breaches of banking secrecy. Business practice risk also includes human resources risk. Deutsche Börse Group's success is founded on the commitment and performance of its employees. The Group is therefore exposed to the risk of important employees in key positions leaving the company, or of positions not being filled adequately.

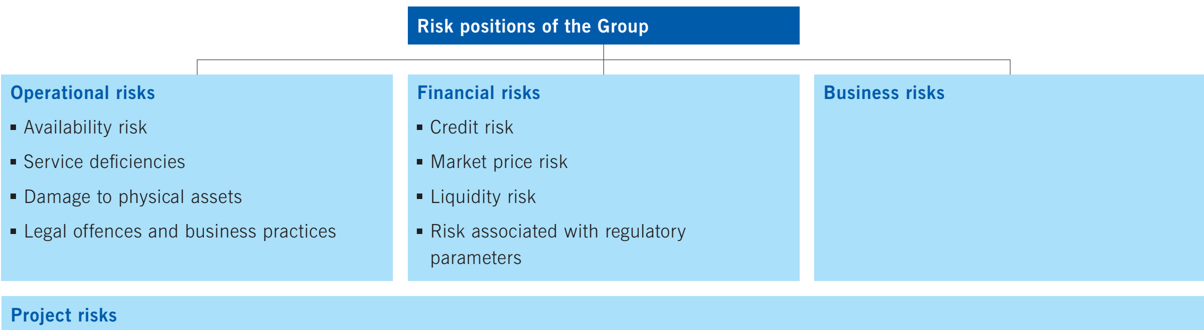
Deutsche Börse Group devotes considerable attention to mitigating the different types of operational risk mentioned above with the aim of reducing the frequency and amount of potential financial losses arising from corresponding risk events. To this end, various quality and control measures are taken to protect the Group's business from all kinds of fraud and operational business losses. In addition to compliance with international quality standards, these measures include a careful analysis of operational risk events that have occurred so that steps can be defined to reduce the probability of their recurrence. Apart from this, Deutsche Börse Group has defined a large number of business continuity measures to be taken when or after an emergency occurs. Furthermore, Deutsche Börse Group has entered into insurance contracts to reduce the financial consequences of loss events.

Against the background of the human resources risks described above, Deutsche Börse Group aspires to be perceived as an attractive employer by implementing a range of human resources policy measures (for details see section on "Employees").

Moreover, the Group complies with international quality standards (such as certification according to ISO 9001/TickIT and ISO/IEC 20000) to reduce operational risk – in particular the Group's availability risk.

Business continuity management: Deutsche Börse Group endeavours to deliver its products and services as reliably as possible. For this reason, it attaches the greatest importance to maintaining its business operations and protecting them against emergencies and disasters. Since the non-availability of its core processes and resources poses a substantial risk to Deutsche Börse Group and is a potential systemic risk for the financial markets in general, Deutsche Börse Group has established a Group-wide business continuity management (BCM) system. The BCM system encompasses all the precautionary processes to ensure that business continues as normal if a crisis occurs, thus substantially reducing availability risk. It covers arrangements for all key resources (systems,

Risk structure of Deutsche Börse Group



rooms, staff, suppliers/service providers), including the redundant design of all critical IT systems and the technical infrastructure, as well as backup workspaces in each of the main operational centres for employees in critical functions. Examples of these provisions can be found in the "Business continuity measures" diagram.

An emergency and crisis management process has been implemented within the Group to ensure a prompt response and a coordinated approach to any emergencies. The process is designed to minimise their impact on business processes and the market and to facilitate a swift return to business as usual. Emergency managers have been appointed as central points of contact in all business areas to assume responsibility in cases of emergency or crisis. The emergency managers inform and/or alert the Executive Board (depending on the severity of the incident). In cases of crisis, the Executive Board member responsible for the area concerned acts as the crisis manager.

The business continuity measures are tested regularly by simulating emergency situations realistically. These tests are normally carried out unannounced. GRM reports all problems encountered as well as its test results and recommendations to the Executive Board. The test results are assessed according to the following criteria:

- Functional effectiveness – the measures must work from a technical point of view.
- Executability – employees must be familiar with the emergency procedures and be able to execute them.
- Recovery time – the emergency measures must ensure that operations are restored within the scheduled time.

Compliance function: Moreover, the Group Compliance function and the business segments have the task to protect the Group against possible loss or damage resulting from failure to comply with applicable laws, regulations and good corporate governance standards, with a particular focus on the following topics:

- prevention of money laundering and terrorist financing
- compliance with professional and banking secrecy
- prevention of insider dealing
- prevention of market manipulation
- prevention of fraud
- prevention of conflicts of interest and corruption
- data protection

Insurance policies: Any residual operational risk that Deutsche Börse Group does not wish to retain and that can be insured at a reasonable price is transferred by taking out insurance policies. All insurance

Business continuity measures

Incident and crisis management process

Systems	Workspace	Staff	Suppliers
▪ All trading, clearing and settlement systems as well as related networks are designed for continuous high-availability operations without loss of electronic data. ▪ Tha data centres are duplicated locally to protect against a failure of an entire location.	▪ Backup workplaces are configured for mission critical functions. ▪ The backup locations are fully equipped and always ready for immediate use. ▪ Remote access facilities to the Group's systems enable teleworking.	▪ In case of significant staff unavailability in a specific location, critical operations can be shifted to other locations. ▪ Additional pandemic mitigation measures are in case of a pandemic outbreak.	▪ Service level agreements describe contingency procedures with critical suppliers. ▪ Contingency procedures of suppliers are regularly reviewed through a due diligence process. ▪ If the suppliers cannot meet the requirements, alternative suppliers are used where possible.

policies are coordinated centrally, thereby ensuring that uniform insurance cover is available at all times for the entire Group at an attractive cost-benefit ratio. Insurance policies are individually reviewed and approved by the Chief Financial Officer of Deutsche Börse AG.

Financial risk

Deutsche Börse Group breaks down financial risk into credit, market price and liquidity risk as well as the risk of not meeting regulatory parameters.

- Credit risk describes the risk of a counterparty defaulting and not being able to meet its liabilities towards Deutsche Börse Group in full or at all. Credit risk at Deutsche Börse Group mainly relates to the companies in the Clearstream Holding group and to Eurex Clearing AG. In addition, Deutsche Börse Group's cash investments and receivables are subject to credit risk.
- Market price risk can arise in the form of interest rate or currency risk in business operations as a result of collecting net revenues denominated in foreign currency and in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates. The Group avoids outstanding currency positions wherever possible. Further market price risks may arise in connection with contractual trust arrangements (insolvency-proof fund assets related to Deutsche Börse Group's existing pension plans).
- Liquidity risk arises if there is insufficient liquidity to meet daily payment obligations or when increased refinancing costs are incurred in the event of liquidity bottlenecks.
- Risk associated with regulatory parameters comprises losses that could arise if specified ratios are not met. Details on the regulatory parameters for each company are given in note 20 to the consolidated financial statements.

Business risks

Business risk reflects the sensitivity of the Group to macroeconomic developments and its vulnerability to event risk, such as regulatory initiatives or changes in the competitive environment. In addition, it includes the Group's strategic risk, which relates to the impact of risk on the business strategy and any resulting adjustment to the strategy. This risk is expressed in relation to EBIT. Business risk can impact sales revenue and/or cost trends, for example causing a decline in actual sales revenue compared to target figures, and/or a rise in costs. This could lead to intangible assets being partially or fully written down following an impairment test. In addition, external factors such as the performance and volatility of the capital markets or a lack of investor confidence in the financial markets may impact financial performance. Business risk is not broken down further.

Detailed information on the relevant regulatory initiatives and their potential impact on the Group or the companies of the business segments, as far as can be estimated from today's perspective, is provided in the "Regulatory environment" section of this consolidated management report.

Project risks

Project risk can arise as a result of implementing projects (launching new products, processes or systems), which may have a significant impact on one of the three other risk categories (operational, financial and business risk). Project risk is assessed by Group Risk Management and addressed in the early stages of major projects. Project risk is not, however, broken down further.

Clearstream segment

Operational, financial, business and project risk are described and assessed at the Clearstream segment level in the following.

Operational risks

Service deficiencies, availability risk and legal risks constitute substantial operational risks for the Clearstream segment.

Service deficiencies: Service deficiencies constitute the greatest operational risk for the Clearstream segment. The greatest danger is that human errors may lead to service deficiencies and thus loss for Clearstream. The risk is that client instructions are not processed correctly, are processed too late or are not processed at all. Customers who are affected by such an error would have to be compensated for any associated losses. In order to avoid this risk, Clearstream is continuously improving its systems and procedures to process customer instructions. In addition, all incomplete instructions and conflicting instructions are rejected. The various companies of the Clearstream Holding group also work together with their customers on standardising the procedure for handling customer instructions. There is also the risk that information is not transmitted or only transmitted incorrectly to clients. This may result from technical faults as well as human error. If customers suffer a loss, then this would need to be reimbursed by Clearstream. A number of different technical solutions have been implemented to mitigate this risk. In addition, all processes that potentially generate new information about specific events that is of relevance for clients must be reviewed by a second person (four-eyes principle). In the reporting year there were no material losses.

Availability risks: The risk that the services and products offered by the companies of the Clearstream Holding group may not be available constitutes a substantial risk for Clearstream. This includes the risk that critical IT systems of the international central securities depository fail. This could mean that basic business activities of companies of the Clearstream Holding group cannot be conducted for a specific period of time. This risk is mitigated by extensive BCM measures, including a redundant hardware and network infrastructure. In order to ensure the effectiveness of these measures, business continuity measures are also tested regularly. No material losses due to availability risk were determined in the reporting year.

Legal risks: Clearstream is also exposed to legal risks that manifest themselves in particular in legal disputes that are ongoing at present.

In September 2007, the plaintiffs in a civil action obtained a default judgement against Iran in US courts. In June 2008, the plaintiffs commenced enforcement proceedings in the United States District Court for the Southern District of New York to satisfy this judgment by restraining certain client positions held in Clearstream Banking S.A.'s securities omnibus account with its US depository bank, Citibank NA. The restrained positions are allegedly owned by an Iranian government entity. Consistent with its custodial obligations, Clearstream Banking S.A. defended itself against the restraints and filed a motion to vacate the restraints on various grounds. In October 2010, the plaintiffs commenced a lawsuit which seeks to have the restrained positions of approximately US$2 billion turned over to the plaintiffs. An amended complaint was received by Clearstream Banking S.A. in Luxembourg on 7 January 2011. This includes a cause of action directly against Clearstream Banking S.A. amounting to damages of US$250 million in connection with purportedly fraudulent conveyances related to the restrained positions. In summer 2011, Citibank NA included other potential judgment creditors of Iran in the litigation. At the direction of the court, Clearstream Banking S.A. renewed its motion to vacate the restraints. This renewed motion remains pending before the court. On 7 December 2011, the plaintiffs filed a second amended complaint, adding claims for damages against Clearstream Banking S.A. and others of US$2 billion, plus punitive damages to be determined at trial and attorney's fees. Clearstream Banking S.A. considers the plaintiffs' claims against it to be legally and factually without merit, as Clearstream Banking S.A. will establish in the course of litigation. Should the case proceed, Clearstream Banking S.A. intends to defend itself vigorously to the fullest extent, in line with its custodial obligations.

Clearstream Banking S.A. is cooperating with the US export control authority, the Office of Foreign Assets Control (OFAC), on its ongoing investigation of "Iranian Transaction Regulations" in connection with the transfer of assets via Clearstream's processing system. On 9 January 2013, Deutsche Börse AG reported in an ad-hoc announcement that the Office of Foreign Assets Control (OFAC) had contacted Clearstream Banking S.A. with regard to certain securities transfers associated with the closure of accounts maintained by Iranian customers. OFAC's preliminary views are that (1) apparent violations of US sanctions may have occurred in 2008 in connection with the aforementioned securities transfers, and (2) if OFAC were to issue a civil pre-penalty notice, the penalty specified would be in amount of approximately US$340 million. These estimates were shared with Clearstream for discussion purposes only and are subject to potential significant change in favour of Clearstream, depending on the outcome of discussions with OFAC. Clearstream continues to believe that its actions were in compliance with any applicable US sanctions and regulations and considers OFAC's preliminary figure to be unwarranted and excessive. Clearstream will take the opportunity during the substantive discussions to explain why a penalty should not be imposed or, if a settlement payment is agreed upon, why it should be in a far lesser amount.

Other risks: There are also risks arising from the loss of employees in key positions as well as through damage to physical assets. No material losses were determined in 2012 for these risks either.

Stress test: Stress test calculations are performed within the Clearstream segment for operational risk. These stress tests simulate the occurrence of extreme operational losses or an accumulation of major operational losses in one year. Since Clearstream has not incurred any major losses to date, potential risk scenarios are defined for this purpose. These risk scenarios describe possible operational loss events and their probability as well as the potential amount of loss, which is estimated by internal experts from the respective business areas. The following extreme loss situations are simulated for the stress test on the basis of these risk scenarios and compared with the available risk-bearing capacity for operational risk:

- the risk scenario with the largest estimated maximum loss, irrespective of its expected probability
- the combination of the two largest maximum losses, each with a probability estimated at one or more events per 100 years
- the combination of the three largest maximum losses, each with a probability estimated at more than one event per 100 years

The stress tests for operational risk conducted in the financial year did not identify any need to increase the available risk-bearing capacity for the Clearstream segment.

Financial risks
Substantial financial risks for the Clearstream segment are detailed below.

Credit risks: Credit risk is the material financial risk for Clearstream.

To increase the efficiency of securities transaction settlement, Clearstream Banking S.A. and Clearstream Banking AG extend credit to their customers. This type of credit business is, however, fundamentally different from the classic credit business. Firstly, credit is extended solely on a very short-term basis, normally intraday. Secondly, it is largely collateralised and granted to customers with good credit ratings. Furthermore, credit lines granted can be revoked at any time.

Clearstream Banking S.A. is also exposed to credit risk arising from its strategic securities lending transactions (ASLplus). Only selected banks operate as borrowers. All lending transactions are fully collateralised and only selected bonds are permitted as collateral. The minimum rating for these issues is an A from Standard & Poor's or a comparable rating from other agencies. A minimum rating of A–1 applies for issuers of short-term bonds without an issue rating.

The creditworthiness of potential customers is assessed before entering into a business relationship with them. Clearstream Banking S.A. and Clearstream Banking AG establish customer-specific credit lines on the basis of both regular reviews of the customer's credit and ad-hoc analyses. Clearstream Banking S.A. and Clearstream Banking AG define safety margins for securities provided as collateral to ensure that this is sufficient to cover risk exposure and test their adequacy on an ongoing basis. To determine the safety margin, Clearstream takes all relevant risk factors into account. A specific margin is allocated to each individual factor. The aggregate safety margin is calculated by adding together the individual margins of the relevant risk factors.

In addition, Clearstream calculates credit risk concentrations by performing VaR analyses for the Clearstream Holding group to detect any risk clusters relating to individual counterparties. To this end, credit risk VaRs are calculated for individual counterparties and compared with the overall credit risk VaRs. Because of the group's business model, the companies in the group are almost exclusively focused on financial sector customers. However, no material credit risk concentrations were found for individual counterparties.

Further credit risks can arise in relation to cash investments made by companies belonging to the Clearstream Holding group. This risk is reduced for the companies by spreading investments across a number of counterparties with exclusively good credit ratings, defining investment limits for each counterparty, and making mostly short-term investments which are collateralised if possible. Maximum investment limits are established on the basis of regular assessments of creditworthiness and, if necessary, ad-hoc analyses.

Credit risk stress tests are calculated for the Clearstream Holding group, Clearstream Banking S.A. and Clearstream Banking AG to analyse the impact of further extreme scenarios, e. g. a default of the largest customer. A special stress test examines Clearstream Banking S.A.'s credit risk exposure from the Euroclear settlement process. In addition to classic stress tests, which analyse the impact of predefined stress scenarios on the available risk-bearing capacity, the entities mentioned above have performed so-called reverse stress tests since 2011. This instrument is used to determine how many clients would have to default for the losses to exceed the risk-bearing capacities.

The results of the stress tests and reverse stress tests can entail further analyses and the implementation of risk mitigation actions. The stress test calculations did not identify any material credit risks in the financial year 2012.

Liquidity risk: Treasury guarantees the liquidity of the companies in the Clearstream Holding group. Its investment strategy is designed to ensure that customer deposits can be repaid at any time. The limits used to manage liquidity are therefore conservative. Extensive further sources of liquidity are available to provide additional security. The Clearstream Holding group had sufficient liquidity throughout 2012.

Stress test calculations are performed on liquidity risk in the Clearstream Holding group. To this end, the Clearstream Holding group implemented scenarios that are calculated quarterly. In these scenarios, both the sources and the uses of liquidity are subjected to a stress test using historical as well as hypothetical scenarios. In addition, the Clearstream Holding group implemented so-called reverse stress tests on liquidity risk. The reverse stress tests analyse which scenarios would additionally have to occur to bring about a situation of insufficient liquidity. Based on the stress tests, the Clearstream segment had sufficient liquidity in 2012.

Other risks: Clearstream is also exposed to market price risk and risk arising from regulatory parameters. The Clearstream Holding group is exposed to interest rate risk in connection with cash investments. These risks are mitigated by means of a limit system that only permits maturity transformation to a limited extent. Market price risk is immaterial to the Clearstream segment companies.

Business risks
Business risks constitute a potential risk for the Clearstream segment companies. In particular, a possible escalation of the European sovereign debt crisis into an economic crisis in the euro zone represents a risk to the Clearstream segment. In light of the ongoing sovereign debt crisis and the deterioration in the economic environment this might entail, there is the possibility that the segment's financial performance could develop negatively. The companies analysed the potential impact of different scenarios right up to a collapse of the euro zone in order to be prepared for different developments. The various scenarios affect the segment in different ways. A collapse of the euro zone would have the greatest consequences. Its effects on both the financial markets and the European banking sector would lead to significant upheaval. The foreseeable deterioration in the financial markets and the expected bank defaults would negatively impact the segment. The segment companies are aware of these risks and arrangements have been made to counter the possible effects. Another material business risk for the Clearstream segment is a general interest rate level that remains low. There is also the risk that the authorities and institutions of the European Union are unable to reassure the markets and restore confidence in market participants. If international financial markets were to deteriorate significantly, there would be a negative impact on the business activities of the Clearstream segment companies.

In addition, regulatory initiatives could exacerbate the Clearstream segment companies' competitive environment, thus negatively influencing their earnings. This includes in particular the planned regulation of CSDs (central securities depositories), the various reorganisation and winding-up provisions, as well as another revision of the Capital Requirements Directive (CRD IV).

Scenarios are established and quantitatively assessed for the Clearstream companies based on the most significant risk events. In addition, stress scenarios are defined to analyse the impact on EBIT of further extreme scenarios. Reverse stress tests are performed for the Clearstream Holding group, Clearstream Banking S.A. and Clearstream Banking AG, and their impact on the available risk-bearing capacity is analysed. Results of the stress tests indicate that potential losses arising from business risk are matched by adequate risk-bearing capacity.

Project risks
The Clearstream segment is currently in the process of implementing the uniform European securities settlement engine, TARGET2-Securities. This process is constantly monitored in order to detect potential risk at an early stage and enable appropriate measures.

Eurex segment
Like the Clearstream segment, the Eurex segment is exposed to operational, financial, business and project risk. These are described and assessed as follows.

Operational risks
Availability risk, service deficiencies and legal risks constitute material operational risks for the Eurex segment companies.

Availability risk: Availability risk results from the possible failure of operating resources, such as systems, rooms, employees and/or suppliers/service providers, which are essential to the services Eurex offers, making it impossible to deliver services on time or at all. For example, defects in the CCP system could lead to processing delays at Eurex Clearing AG. Problems with the risk engine could lead to the incorrect calling of collateral to be assigned by the clearing participant. There is also the risk that the Eurex Frankfurt AG trading system is unavailable for a specific period of time.

Triggers could include hardware or software failure, operator or security errors, or physical damage to the data centres. In order to combat availability risk, the Eurex segment companies use comprehensive BCM measures that are formalised within the framework of the business continuity plan. The effectiveness of the various measures is monitored by regularly reviewing or testing these plans. No losses were incurred in 2012 as a result of the failure of operating resources, nor was there any recognisable severe risk either.

Service deficiency risk: This category includes risks that could materialise if a service for clients of companies from the Eurex segment is performed inadequately, for example due to product and process defects, processes being performed incorrectly, or errors in manual processing. Manual work continues to be necessary, despite the many automated systems and efforts aimed at delivering straight-through processing (STP). In addition, manual intervention in market and system management is necessary in special cases. In order to prevent service deficiencies, all such work processes are reviewed by at least two people, helping to minimise the incidence of human error by employees. In addition, the technical systems are being continuously improved to preclude hardware and software failures. No material losses were incurred in 2012 as a result of service deficiencies.

Legal offences: Eurex segment companies are exposed to legal risks.

On 26 November 2012, the insolvency administrator of Lehman Brothers Bankhaus AG (LBB AG) brought an action against Eurex Clearing AG. On the basis of German insolvency law, the insolvency administrator is demanding from Eurex Clearing AG the repayment of €113.5 million and payment of another amount of around €1.0 million plus interest of 5 percentage points above the base rate accrued on the total amount since 13 November 2008. Eurex Clearing AG considers the claim unfounded and is defending itself against the insolvency administrator's action. The action is against the background of payments in the amount of €113.5 million that LBB AG had made to Eurex Clearing AG on 15 September 2008. LBB AG was thereby effecting collateral payments (intraday margin payments) of Lehman Brothers International (Europe) (LBIE) from the underlying clearing relationship to Eurex Clearing AG by acting as correspondence bank for the former clearing member LBIE. On the same day, administration proceedings were opened in the United Kingdom with respect to LBIE, and Bundesagentur für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority) issued a moratorium with regard to LBB AG. On 13 November 2008, insolvency proceedings were opened with regards to LBB AG.

In addition, on 12 November 2012, the Chicago Board Options Exchange (CBOE) brought an action against the International Securities Exchange (ISE) for patent infringements. CBOE is claiming damages of US$525 million for an alleged infringement of three patents on procedures to limit market maker-specific risks. ISE believes that the claim for damages made by CBOE is unfounded, as it has no factual or legal basis. ISE intends to defend itself in these court proceedings by all available means. ISE itself brought an action against the CBOE for patent infringements in November 2006. In this legal dispute which is still ongoing, and for which the main hearing is due to commence on 11 March 2013, ISE is claiming damages of US$475 million due to an infringement of an ISE patent on a procedure for the operation of an automated trading system.

Other risks: Furthermore, the Eurex segment companies are exposed to human resources risks and the risk of material damage. However no material losses were determined in the year under review.

Stress tests: In the course of their scenario validation, the Eurex segment entities perform stress tests. These stress tests simulate the occurrence of extreme operational losses or an accumulation of major operational losses in one year. Since no major losses have been incurred to date, potential risk scenarios are defined for this purpose. These risk scenarios describe possible operational loss events and their probability as well as the potential amount of loss, which is estimated by internal experts from the respective business areas. The following extreme loss situations are simulated for the stress test on the basis of these risk scenarios and compared with the available risk-bearing capacity for operational risk:

- the risk scenario with the largest estimated maximum loss, irrespective of its expected probability
- the combination of the two largest maximum losses, each with a probability estimated at one or more events per 100 years
- the combination of the three largest maximum losses, each with a probability estimated at more than one event per 100 years

In addition to these stress tests, which analyse the impact of predefined stress scenarios on available risk-bearing capacities, the Eurex segment companies have been performing so-called reverse stress tests since 2011.

Financial risks

Credit risk and liquidity risk constitute material financial risk for the Eurex segment companies.

Credit Risks: In accordance with its clearing conditions, Eurex Clearing AG conducts transactions with its clearing members only. Clearing relates to securities, pre-emptive rights, derivatives and emission allowances that are traded on Eurex Deutschland and Eurex Zürich ("Eurex exchanges"), Eurex Bonds, Eurex Repo, Frankfurter Wertpapierbörse (FWB, the Frankfurt Stock Exchange), the Irish Stock Exchange as well as the European Energy Exchange and for which Eurex Clearing AG as a central counterparty enters into initiated or executed transactions. In addition, Eurex Clearing AG may act as the central counterparty for OTC derivatives transactions if these transactions correspond in substance to the derivatives transactions in the aforementioned markets and if the clearing members decide to use the clearing system for their OTC transactions. In this context, Eurex Clearing AG also provides clearing services for its clearing members for transactions executed on the individual markets or OTC transactions. In some cases, this is done in cooperation with another clearing house (link clearing house) and on the basis of a special agreement (clearing link agreement).

Each clearing member must prove that it has liable capital equal to at least the amount stipulated by Eurex Clearing AG for its clearing activities in the various markets. The amount of the proven capital depends on the risk involved.

In order to protect Eurex Clearing AG against the risk of default by a clearing member before it has settled its outstanding transactions, clearing members are required, under the terms of the applicable version of the clearing conditions, to provide daily collateral in the form of cash or securities (margins) – plus additional intraday security margins if required – in an amount stipulated by Eurex Clearing AG. Margin calculations are performed separately for clearing members' own accounts and the accounts of their clients.

The intraday profit or loss arising from the price movement of the financial instruments is either settled between the counterparties in cash (variation margin) or deposited by the seller with Eurex Clearing AG as collateral due to the change in value of the position (premium margin). In the case of bonds, repo, and equities transactions, the margin is collected either at the buyer or the seller (current liquidating margin), depending on the relationship between the purchase price and the current value of the financial instruments. In addition to offsetting profits and losses, these measures are intended to protect against the risk of the cost of closing out an account over the expected liquidation period, assuming the most unfavourable price movement possible for the positions held in the account (additional margin). The method of calculating the additional margin is known as risk-based margining and is essentially a VaR approach. First of all, the maximum cost of closure is calculated for each product individually. Opposite positions with the same risk profile are then offset against each other provided that they have been highly correlated over a significant period of time. The target confidence level for the additional margin is at least 99.0 per cent. Regular checks ensure that the margins correspond to the required confidence level.

Since 13 November 2012, Eurex Clearing AG has also been offering clearing services for OTC interest rate swaps and forward rate agreements. As part of these services, bilateral transactions are settled via Eurex Clearing AG, the central counterparty, which acts as an intermediary between the transactions. Participation requires members to have their own clearing license. Eurex Clearing AG uses the new Prisma (portfolio-based risk management) method to calculate margins. This method is based on the clearing member's entire portfolio and calculates the margin requirement taking historical and stress scenarios into account. It takes correlation breaks into account and imposes margin premiums on concentrated or illiquid portfolios. The margin is basically calculated in such a way that market fluctuations are covered over the entire liquidation period. At the same time, Eurex Clearing AG expanded its default management process to include the Prisma method.

Eurex Clearing AG is planning to offer its clearing members Prisma as an alternative to risk-based margining for on-exchange products as well – for a limited period until it is replaced altogether. As soon as risk-based margining has been replaced entirely by portfolio-based risk management, on-exchange and off-exchange transactions can be netted out against each other in full.

Eurex Clearing AG only admits selected collateral with a high credit rating to cover margin requirements. Eurex Clearing AG continually monitors the permitted collateral and sets safety margins to cover the market risks of the collateral at a confidence level of at least 99.9 per cent. Eurex Clearing AG applies an additional haircut to issuers from countries that have been classified as too risky; alternatively, they are excluded from the permissible collateral. The risk parameters used to set the safety margins are regularly reviewed and the safety margins recalculated on a daily basis for each security. All risk factors are taken into consideration during this process. The safety margin calculated in this way is then compared with a minimum safety margin. The higher of the two values is used as the safety margin.

In addition to providing margins for current transactions, each clearing member must contribute to a clearing fund depending on its individual risk. The fund provides collective protection against the financial consequences of any default of a clearing member not covered by the individual margins of the clearing members concerned, their contributions to the clearing fund as well as the revenue reserves of Eurex Clearing AG. Eurex Clearing AG has established a separate clearing fund for the clearing of credit default swaps. Eurex Clearing AG performs stress tests to establish whether its clearing funds are sufficient to cover the risk exposure. This involves subjecting all current transactions by clearing members and their collateral to market price fluctuations at a confidence level of at least 99.9 per cent. To facilitate the calculation of potential losses that exceed the individual margins of a clearing member, the impact of a potential default on the clearing fund is simulated. If the limits defined by Eurex Clearing AG are exceeded, it can take immediate action to adjust the volume of the clearing fund.

If a clearing member does not meet its obligations to Eurex Clearing AG, the latter has the following lines of defence:

1. First, the outstanding positions and transactions of the clearing member concerned can be netted and/or closed from a risk perspective by entering into appropriate back-to-back transactions, or they can be settled in cash.
2. Any potential shortfall that might be incurred in connection with such a closing or cash settlement, as well as associated costs, would be covered in the first instance by the collateral provided by the clearing member concerned. As at 31 December 2012, collateral amounting to €45,159.2 million had been provided for the benefit of Eurex Clearing AG. This collateral was offset by credit risk amounting to €34,864.7 million.
3. Subsequently, the relevant clearing member's contribution to the clearing fund would be used to cover the shortfall.

4. Any remaining shortfall would initially be covered by the retained earnings of Eurex Clearing AG. These amounted to €7.0 million as at 31 December 2012. As at 4 January 2013, Eurex Clearing AG increased its contribution to the clearing funds to €50.0 million in total.
5. After this, a proportionate claim would be made on the contributions paid into the clearing funds by all other clearing members. As at 31 December 2012, the volume of Eurex Clearing AG's clearing fund stood at €1,011 million. The separate clearing fund established for the clearing of credit default swaps amounted to €2.0 million. Once this has been used up, Eurex Clearing AG may call in additional collateral from the clearing participants, up to twice the amount of the clearing fund contribution originally requested.
6. Ultimately, remaining shortfalls would be covered by a letter of comfort issued by Deutsche Börse AG. In this letter of comfort, Deutsche Börse AG has issued a guarantee ("Patronatserklärung") to Eurex Clearing AG to provide Eurex Clearing AG with the funds needed to cover the shortfall resulting from a default of or failure to pay a clearing member in excess of the above lines of defence. The undertaking has a cap of €700 million.

Credit risk stress tests are calculated for Eurex Clearing AG to analyse the impact of extreme scenarios, e.g. a default of the largest counterparty. The values determined in the stress tests are compared with the limits defined as part of the available risk-bearing capacities. In addition, credit risk stress tests are conducted for Eurex Clearing AG to analyse the simultaneous default of several counterparties. In addition to classic stress tests, which analyse the impact of predefined stress scenarios on the available risk-bearing capacity, Eurex Clearing AG has performed so-called reverse stress tests since 2011. This instrument is used to determine how many counterparties would have to default for the lines of defence to be no longer sufficient to absorb the losses.

The results of the stress tests and reverse stress tests can entail further analyses and the implementation of risk mitigation actions. The credit risk stress test calculations did not identify any material risks in the financial year.

In addition credit risks can arise in relation to cash investments. The function is performed by the central Treasury-function, which has Group-wide responsibilities. Treasury reduces this risk for Eurex segment companies by spreading such investments across a number of counterparties with exclusively good credit ratings, defining investment limits for each counterparty and making mostly short-term investments which are collateralised if possible. Maximum investment limits are established on the basis of regular assessments of creditworthiness and, if necessary, ad hoc analyses.

The Eurex segment companies perform regulatory stress tests on the market price risk. Market price risks, however, are not material for the segment and its subsidiaries. Therefore, apart from the regulatory stress tests, no further stress tests of the market price risk are performed. Therefore, apart from the regulatory stress tests, no further stress tests of the market price risk are performed.

Liquidity risks: Treasury monitors the daily and intraday liquidity of the companies and manages it with the help of a limit system. The Eurex segment companies also perform operational and strategic liquidity management. Operational liquidity management ensures that payments to be made in the subsequent three months are covered while strategic liquidity management is geared towards longer-term planning and securing of liquidity as well as the financing of projects and investments.

Strict internal liquidity requirements apply to Eurex Clearing AG due to its role as central counterparty. Its investment policy is therefore conservative. Regular analyses ensure the appropriateness of these liquidity requirements. Eurex Clearing AG is currently striving to extend its licence as a credit institution under the German Banking Act. As a result, Eurex Clearing AG will be able to enter into credit and deposit operations with restrictions. Furthermore, the extension of Eurex Clearing AG's licence will allow it to make use of the German Bundesbank's permanent facilities. This will allow the segment to control its internal liquidity even better. It is hoped that the licence will be received in April 2013.

Risk arising from regulatory parameters: The failure to meet regulatory parameters only constitutes an immaterial risk for Eurex segment companies.

Business risks
The Eurex segment companies are also affected by business risks. Material risks include a sharp decline in trading activity as a result of caution shown by customers and a possible escalation of the European sovereign debt crisis. There is also the risk of increased competition between established derivatives exchanges or the entry of new competitors, which could potentially lead to the Eurex segment companies losing market share.

Likewise there is the risk of a negative impact as a result of various regulatory initiatives such as the German act to regulate high-frequency trading.

In addition, other regulatory initiatives could affect the Eurex segment and negatively influence the financial position. These initiatives include in particular a financial transactions tax in eleven EU Member States, which would cause the migration of trading volumes to markets that are less regulated and less transparent, as well as the revision of the EU's Markets in Financial Instruments Directive (MiFID) and the Markets in Financial Instruments Regulation (MiFIR).

The European Market Infrastructure Regulation (EMIR) increases the requirements for central counterparties. Eurex Clearing AG is committed to dealing with the future requirements arising from EMIR. As a result, the required adjustments to the new provisions are being prepared for business operations in order to ensure prompt authorisation as a central counterparty under the new regulatory framework. This means therefore that Eurex Clearing AG is pro-actively making its contribution, as earmarked by the supervisory authorities, to achieve the various G20 objectives.

Scenarios are established and quantitatively assessed for the Eurex segment companies based on the most significant risk events. In addition, stress scenarios are defined to analyse the impact on EBIT of further extreme scenarios. Potential losses from the occurrence of improbable and large-loss scenarios associated with business risk are matched by adequate risk-bearing capacity.

Project risks
Eurex Clearing AG is due to implement the Prisma method in 2013. The implementation will be continuously monitored in order to ensure that any potential risks which may arise as a result of this process can be identified at an early stage.

Xetra segment
Operational, business and project risks constitute material risks in the Xetra segment. Contrary to the Clearstream and Eurex segments, financial risks are not substantial for Xetra segment companies. The individual risks with respect to the Xetra business segment are described and assessed in the following sections.

Operational risks
In the same way as the Eurex segment, service deficiencies and availability risks constitute material operational risks for the Xetra segment companies.

Service deficiency risks: Individual employee errors which may, for example, lead to errors with respect to the continuity of operations constitute a material risk within the framework of this risk class. This risk should be mitigated by way of measures such as the principle of four-eyes principle.

Availability risks: There is the risk in the Xetra segment that trading or settlement systems are unavailable for a specific period of time due to technical faults or human error. The Xetra segment is aware of this risk and has implemented comprehensive BCM measures in order to mitigate this risk, including the redundant design of all critical IT systems and the technical infrastructure, as well as the setup of back-up workspaces in each of the main operational trading centres for employees in critical functions. The efficiency and effectiveness of these measures is regularly reviewed and safeguarded.

Other risks: There are also legal risks for the Xetra segment along with the risk of damage to physical assets. However, these risks are immaterial to the segment. There are also human resources risks for the Xetra segment.

No material losses from operational risks were incurred in the year under review.

Financial risks

Due to its economic orientation, financial risks for the Xetra segment are not substantial.

Business risk

In addition, external factors such as the performance and volatility of the stock markets or a lack of investor confidence in the financial markets may negatively impact financial performance. In particular, the possible escalation of the European sovereign debt crisis into an economic crisis in the euro zone represents a risk to the Xetra segment.

There are also risks arising from regulatory initiatives. There is the risk in particular that the proposed Federal Act for the Prevention of Risks and the Abuse of High Frequency Trading (Gesetz der Bundesregierung zur Vermeidung von Gefahren und Missbrauch im Hochfrequenzhandel) has a deteriorating effect on business within the Xetra segment. The requirements of the act may mean that the trading activity of the majority of customers is reduced, thus leading to a deterioration in the financial position. The Xetra segment companies are aware of these risks and have taken appropriate measures to counter the possible consequences. In addition, the introduction of a financial transactions tax in eleven EU Member States would presumably lead to a decline in trading volumes. In the event a financial transactions tax is introduced, Xetra segment customers would shift part of their trading activities to markets that are less regulated and less transparent in order to avoid paying tax.

Further regulatory projects that could impact the earnings position or the competitive environment, respectively, include in particular the revision of the EU's Markets in Financial Instruments Directive (MiFID), the Markets in Financial Instruments Regulation (MiFIR), as well as European Market Infrastructure Regulation, EMIR.

The analysis of potential loss scenarios for 2012 showed that potential losses are matched at any time by an adequate risk-bearing capacity.

Project risks

The Xetra segment is currently pursuing a project to develop a direct connection between the marketplace and customer groups, such as investment companies or pension funds. The objective is to facilitate better access to the trading system. This project is regularly monitored by Group Risk Management in order to be able to detect risks at an early stage and initiate appropriate measures.

Market Data & Analytics segment

Just like the Xetra segment, the risk profile of the Market Data & Analytics (MD&A) business segment is essentially characterised by operational, business and project risks. However, financial risks are not substantial for the business segment. The individual risks of MD&A are illustrated and assessed in the following part. Overall the MD&A segment is characterised by a low risk profile.

Operational risks

Business practice risks and availability risks constitute the material operational risks for the MD&A segment.

Business practice risks: There is the risk that the business segment incurs losses resulting from failure to comply with statutory provisions or the use of unlicensed products. This risk is mitigated by introducing and constantly developing various control measures. The central Group Compliance function should in particular ensure compliance with the various statutory provisions.

Availability risks: The risk that the services offered are not available constitutes a material risk for the MD&A segment. It is possible that specific data or data packages, such as information regarding index levels, cannot be transmitted to customers as a result of technical faults or manual errors. The risk therefore is that customers may submit compensation claims to a segment company.

Other risks: Damage to physical assets, human resources risks and service deficiencies constitute other risks for the segment.

No material losses from operational risks were incurred in the financial year 2012.

Financial risks

Financial risks are not substantial for the MD&A business segment.

Business risks

A sustained or increased consolidation process within the banking sector constitutes a material business risk for the MD&A segment. This could have a negative impact on customer demand for products or services within this segment, thus leading to a reduction in revenue. In the same way as other segments, there is also the risk of a possible escalation of the European sovereign debt crisis which would also have negative consequences for the financial position of the MD&A segment.

In addition, the Markets in Financial Instruments Regulation (MiFIR) could negatively impact the MD&A segment. Potential new and/or more stringent requirements for publishing market data could constitute a risk for the MD&A segment. Furthermore, the introduction of a financial transaction tax in eleven European countries would also have negative implications for the segment.

A number of different scenarios were taken into account for the segment in order to analyse potential losses. This scenario analysis showed that potential losses are matched by adequate available risk-bearing capacity.

Project risks

The MD&A segment is currently reorganising structures within the business segment. This means that the departments should be more closely interconnected with IT. The objective is to further expand the technological leadership of Deutsche Börse Group. This project is regularly monitored. As a result, all project-related risks should be identified at an early stage in order to be able to initiate appropriate measures.

Overall assessment by the Executive Board

In its function as responsible body, the Executive Board of Deutsche Börse AG reviews the Group-wide risk management. The resulting conclusion of the Executive Board and the outlook for the coming financial year is illustrated in the following part.

Summary

In the past financial year, further external risk factors for Deutsche Börse Group's business emerged. However, the Group identified new risks at an early stage and took appropriate measures to encounter them. As a result of these measures, the risk profile of Deutsche Börse Group did not change significantly. In the year under review, the risks to which Deutsche Börse Group was exposed were matched at all times by adequate risk-bearing capacities. As at 31 December 2012, Deutsche Börse Group's required economic capital amounted to €1,451 million and was opposed by an available risk-bearing capacity amounting to €2,407 million. The Executive Board of Deutsche Börse AG firmly believes in the effectiveness of its risk management system. To further boost the management of operational risk, comprehensive risk management software was introduced at the Clearstream Holding group in the past year.

Outlook

The Group evaluates its risk situation on an ongoing basis. Taking into account the stress test calculations performed, the resulting economic capital, and the risk management system, which it considers to be effective, the Executive Board of Deutsche Börse AG concludes that the available risk-bearing capacity is sufficient. Moreover, it cannot identify any risk that could jeopardise the Group's viability as a going concern.

Further developments in the area of risk management are scheduled for 2013. Moreover, 2013 will see an increased number of assessments of business and in particular regulatory risks that could impact Deutsche Börse Group beyond the one-year period used to calculate economic capital. In addition, the Group is planning to extend its Group-wide credit risk consolidation systems. In the coming year, Eurex Clearing AG und the Clearstream Holding group will also implement the new requirements under the revised Minimum Requirements for Risk Management (MaRisk) published on 14 December 2012. It is possible that Eurex Clearing AG and the Clearstream Holding group will fall under the legislation on protection against risks and on planning the reorganisation and winding up of banks and financial groups which is currently planned. In this case, Eurex Clearing AG and Clearstream Holding group will develop a recovery plan for their institutions.

Report on opportunities

Management of opportunities

Deutsche Börse Group's management of opportunities aims to identify and assess opportunities as early as possible and to initiate appropriate measures in order to take advantage of opportunities and transform them into business success.

Deutsche Börse Group evaluates organic growth opportunities specifically as part of its annual budget planning process and on an ongoing basis in the course of the year, as required. These evaluations are based on the proposals for new products, services, or technologies developed in the Group's business areas.

The process begins with a careful analysis of the market environment, taking into account not only customer wishes, but also factors such as market developments, competitors and regulatory changes. This draws on a range of opportunity development tools such as a strengths and weaknesses analysis or inside-out and outside-in approaches.

The ideas for growth initiatives are fleshed out using uniform, Group-wide templates and subjected to a profitability analysis. Qualitative aspects are documented in the form of a business plan, and expenses and revenues are projected in detail for several years.

The business plan includes, for example, information about the product or service that is to be offered, as well as about target customers and competitors, market size, barriers to market entry and the positioning of the product or service on the market. It also outlines the resources required, the implementation approach including the marketing/sales strategy, and highlights potential risks.

The profitability analysis is based on absorption costing. A distinction is made between expense- and expenditure-related variables, allowing the effect on both the Group's income statement and its cash flow statement to be modelled.

Investment appraisal tools are used to assess whether the proposed growth initiative is of economic benefit to the Group. Deutsche Börse Group uses the discounted cash flow method to do this. Alongside the net present value, the appraisal also uses the internal rate of return and the payback period. The discount rate, which is essential for calculating the net present value, is calculated on the basis of Deutsche Börse Group's cost of equity and aggregates project-specific risk premiums that are determined using a standardised process. For example, premiums must be charged if a growth initiative expands into new geographic regions or involves the development of completely new products and services that Deutsche Börse Group does not have any prior experience with.

Once the business plan and profitability analysis have been prepared for the individual growth initiatives, a decision is made as to their implementation. This is made by the Executive Board of Deutsche Börse Group as part of the annual budget planning process. The Executive Board starts by setting the budget for growth initiatives; this depends on general business performance. This budget is then allocated to the individual business areas on the basis of various factors (such as a business area's contribution to the Group's EBIT). The relevant growth initiatives are then prioritised within the business areas. Prioritisation is based on the profitability analysis. It also takes risks into account and assesses the contribution of individual growth initiatives to business area and Group strategies. Economies of scope (where a growth initiative offers benefits for several business areas) also play a role in the prioritisation of growth initiatives. The initiatives that make the highest value contribution and that can be financed within the scope of the budget allocated to the business area are selected by the Executive Board and incorporated into the budget.

Budgeting for growth initiatives involves reserving a full-year budget in the form of cash outflows and expenditures for each selected growth initiative included in the investment portfolio. The budget is approved by the Executive Board of Deutsche Börse Group in the course of the year and is classified by project phases. This ensures that funding approval is linked to project progress and that projects are reviewed regularly. It also gives the Executive Board the opportunity to adjust the deployment of the funds reserved for the year as a whole and to react to general business performance – if required, for example, new growth initiatives can be approved and budgeted in the course of the year.

Monitoring of growth initiatives within the scope of the intraperiod budget approval process is complemented by regular reporting. As a rule, Deutsche Börse Group's Executive Board receives a monthly report on the status and progress of initiatives currently being implemented. The report is coordinated by central functions in cooperation with the individual projects from the business areas and compares planned costs and revenues with actual budget usage and the revenues actually generated. In addition, financial planning is adjusted, forecasts are updated and changes to the scope of the project are made transparent. Milestones are also tracked and project-specific risks and the countermeasures taken are described. Project management and the supporting central functions report to the Executive Board on the status of the project.

Organic growth opportunities

Specifically, Deutsche Börse Group is currently focusing on growth initiatives in relation to OTC derivatives clearing and liquidity management.

Clearing of OTC-traded derivatives (Eurex)

In the light of experience gained during the 2008 financial crisis, which was triggered by the non-settlement of highly risky, bilateral over-the-counter (OTC) transactions entered into on an unsecured basis, the leading industrialised nations (G20) agreed to create an effective regulatory environment to make off-exchange derivatives transactions more transparent and secure. In response, the European Union has developed the European Market Infrastructure Regulation (EMIR), which is aimed at regulating OTC trading with derivatives. EMIR stands for:

- An obligation to clear standardised OTC derivatives transactions using a central counterparty
- Special risk management requirements for transactions in non-standardised derivatives
- An obligation to report the transactions to a trade repository

EMIR entered into force on 16 August 2012 and is currently being implemented. To help market participants meet the requirements of EMIR, Eurex Clearing has developed a central counterparty for clearing OTC derivatives transactions; it is known as "EurexOTC Clear" and has been available to the market since 13 November 2012. This offering, which may later be extended to other asset classes, is aimed primarily at institutional customers and their interest rate derivatives transactions (interest rate swaps). It focuses in particular on security and efficiency, allowing customers to profit from the full benefit of Eurex Clearing's risk and collateral management services for their OTC transactions as well.

Collateral and liquidity management (Clearstream)
The liquidity management offering developed as part of the Global Liquidity Hub growth initiative enables Clearstream to help its customers cope with structural changes, such as those resulting from the additional liquidity requirements under Basel III and the new clearing obligations under EMIR. The Global Liquidity Hub allows banks to use the assets that Clearstream holds in custody on their behalf more efficiently across different platforms and countries. Since this is a key issue worldwide, Clearstream has started to market its collateral management system to third parties and has entered into outsourcing agreements with various market infrastructure operators around the world. This service – the Liquidity Hub GO (Global Outsourcing) – is at different stages of development with Clearstream's international partners. In addition to central securities depositories, Clearstream has also signed agreements with agent banks to leverage their collateral management expertise.

External growth opportunities

In addition to organic growth, the company regularly pursues external growth opportunities, which are subjected to the same kind of stringent analysis as the organic growth initiatives. For this reason, only few of the opportunities analysed are ultimately realised.

Examples of external growth in the past few years include the acquisition of all the shares in Eurex from SIX Group AG, of a majority interest in the European Energy Exchange and of additional shares in the index provider STOXX Ltd. Deutsche Börse Group is also open to cooperations in Asia – examples can be found in the section "Eurex segment". In general, however, given that the company already offers a very comprehensive range of products and services along the entire value chain, the focus is squarely on organic growth.

Cyclical and structural opportunities

Alongside organic and external growth opportunities, the company has identified a number of possible cyclical developments that could have a positive impact on Deutsche Börse Group:

- In the cash and derivatives market segments (Xetra and Eurex), sustained positive economic development, an improvement in the situation of the southern EU member states, a lasting rise in investor confidence in the capital markets and, as a result, a renewed rise in risk appetite among market participants as well as greater stock market volatility could stimulate trading activity by market participants and boost trading volumes.
- The volumes of interest rate derivatives traded on the Group's derivatives markets could pick up further as a result of increasing speculation about the trend in long-term interest rates on German and other European government bonds, if key interest rates actually rose and if the spread between the various European government bonds narrowed.
- In the post-trading segment, Clearstream, a reduction in the liquidity supplied by the central banks could encourage bond issuance and thus cause custody volumes to rise. Moreover, this could increase demand for Clearstream's range of collateral and liquidity management services. Net interest income from banking would benefit from a rise in short-term interest rates in the euro zone and the USA.

- In the market data business, an increase in the number of employees at companies active on the financial markets could lead to growing demand for data packages.

However, Deutsche Börse Group is convinced that structural rather than cyclical factors will dominate in the long term and impact business success.

- For the Eurex derivatives segment, the company has identified opportunities arising from growing demand for European derivatives among investors and trading houses based outside Europe, for example in Asia. This is primarily related to growing investment volumes and increasing portfolio diversification in those regions.
- As a result of the European legal and administrative framework relating to certain undertakings for collective investment in transferable securities (UCITS III), the company also expects that traditional investment funds will increasingly include derivatives in their portfolio strategies.
- Since the importance of risk management has been rising as a consequence of the financial crisis, the company expects market participants to make greater use of the Group's clearing services to settle transactions in different asset classes, such as OTC-traded derivatives, and in this way to eliminate counterparty risk.
- For Clearstream's post-trading activities, the company anticipates that in the long term companies will increasingly raise capital through equity and debt financing on the capital markets. This is related to the higher capital and liquidity requirements for banks and the resulting negative impact on the total volume of available credit. For Clearstream, this could have a positive effect on custody volumes, especially in the international bond segment. In addition, given the growing internationalisation of the capital markets, the company continues to predict a sharper rise in the volume of bonds issued internationally compared with fixed-income securities issued domestically. Moreover, because of changed regulatory requirements and the persistent loss of confidence among market participants the Group anticipates a structural increase in demand for collateral and liquidity management services.

Report on expected developments

The report on expected developments describes how Deutsche Börse Group is expected to perform in financial year 2013. It contains statements and information on events in the future. These forward-looking statements and information are based on the company's expectations and assumptions at the time of publication of this report. In turn, these are subject to known and unknown opportunities, risks and uncertainties. Numerous factors influence the Group's success, its business strategy and financial results. Many of these factors are outside the company's control. Should opportunities, risks, or uncertainties materialise or one of the assumptions made turn out to be incorrect, the actual development of the Group could deviate either positively or negatively from the expectations and assumptions contained in the forward-looking statements and information contained in this report on expected developments.

Development of the operating environment

Deutsche Börse Group anticipates that the business environment will continue to be difficult worldwide during the forecast period. The company also expects that the uncertainty surrounding the creditworthiness and liquidity of certain euro zone countries will continue to influence the capital markets. On this basis, the company does not believe that the confidence of capital market participants will improve significantly in the short term. With regard to interest rate developments, the company does not expect the central banks in Europe and the USA to fundamentally abandon the prevailing low interest rate policy.

In its forecast of economic development for 2013 published in January 2013, the International Monetary Fund (IMF) predicts a decline of around 0.2 per cent in the euro zone and growth of around 0.6 per cent in Germany. The difference between the euro zone and Germany is a result of the renewed contraction anticipated in countries such as Italy and Spain. Expectations for the United Kingdom and the United States are higher than for the euro zone. In 2013, the economy is forecast to grow by around 1.0 per cent in the UK and by around 2.0 per cent in the USA. The highest growth by far in 2013 – approximately 7 to 8 per cent – is again expected in Asian countries (and especially China) in anticipation of high domestic demand. Given the extremely varied estimates for the different economic regions, global economic growth is projected to be around 3.5 per cent in 2013.

Governments and central banks are currently working on strengthening regulation of the financial markets to further stabilise the financial sector and prevent future crises of this degree of severity. The measures envisioned, and in some cases already initiated, range from revising the legal framework for banking business and capital requirements to improving financial market supervision (for more information, please see the "Regulatory environment" section of this report on expected developments). For Deutsche Börse Group's customers, the impact of these far-reaching regulatory reform projects on market structures and business models is difficult to gauge accurately at present. Deutsche Börse anticipates that this uncertainty will continue to weigh on the business activities of market participants during the forecast period. For the Group itself, the different regulatory projects will have both positive and negative consequences. Overall, however, the company sees the changing regulatory environment as an opportunity to expand its business further.

In 2012, Deutsche Börse Group announced that it would channel its energies in three directions as part of its growth strategy (see the "Strategy" section of this combined management report) that the Group will continue to pursue during the period under review in the context of its integrated business model, which focuses on trading, clearing, settlement and custody of securities and derivatives. Based on this successful business model, which covers the entire process chain for financial market transactions and the key asset classes, Deutsche Börse will continue to observe the trends on the financial markets worldwide and to leverage them to enhance its products and services. The Group's key strategic goal is to provide all customers with outstanding services. With its scalable electronic platforms, Deutsche Börse believes it remains in an excellent position to compete with other providers of trading and settlement services.

Regulatory environment

One consequence of the global financial market crisis is that work is now underway at an international level on regulatory initiatives in a wide variety of areas, with the aim of creating a more transparent and more stable financial system. The main focus is on new regulations for banks, although the financial market infrastructure and the settlement of securities, derivatives and other financial instruments are also affected in some instances. The supervisory structures have also changed as a result of these regulations: the European supervisory authorities created on 1 January 2011 and the European Systemic Risk Board now play a much more significant role, while the scope for decisions at national level has declined. The introduction of a financial transaction tax is also being discussed within the European Union. To this end, several EU member states have agreed "increased cooperation" aimed at introducing uniform taxation of financial transactions. The introduction of such a tax would negatively impact Deutsche Börse's business performance. The extent to which this tax would impact on business performance depends on which asset classes would be included, how it would be applied and what the tax rates would be. It is not possible to predict the concrete impact on the Group from the current status of the discussions.

Market infrastructure regulation

With respect to the changes to the regulatory framework, three EU legislative packages are of central relevance to the Group, in addition to a large number of smaller initiatives: the current revision of the Markets in Financial Instruments Directive (MiFID), the regulation by the European Parliament and the European Council on OTC derivatives, central counterparties and trade repositories (European Market Infrastructure Regulation, EMIR) and the regulation on central securities depositories (CSD Regulation).

MiFID

The European Commission published a draft revision of MiFID at the end of 2011. The aim is to increase the transparency and integrity of the markets and to further strengthen investor protection, among other things in the light of the financial market crisis. In addition, the European Commission is planning to apply the measures regulating high frequency trading and to tighten competition, particularly in the area of derivatives trading and clearing. For Deutsche Börse Group, the regulations originally proposed by the European Commission regarding access to different links in the value chain could potentially intensify the competition. Moreover, depending on the version ultimately adopted, the measures regulating high frequency trading could dampen trading activity by the Group's customers. The regulation is expected to be implemented in 2015. Some of the rules will take the form of a regulation (MiFIR) that is directly applicable throughout the EU.

EMIR

The regulation by the European Parliament and the European Council on OTC derivatives, central counterparties and trade repositories aims to achieve a co-ordinated set of rules for the operation and supervision of central counterparties (CCPs). The draft was presented by the European Commission in September 2010 and the final version published at the end of July 2012. Among other things, the regulation aims to mandate the use of central counterparties for settling a greater number of derivatives transactions – a proposal that offers an opportunity for Deutsche Börse Group to extend its clearing offering to OTC derivatives. In addition, it introduces a reporting requirement for OTC derivatives using trade repositories. The supervision of these trade repositories by the European Securities Markets Authority (ESMA) is also a component of the planned regulation. However, the additional importance to be placed on central counterparties in Europe will also entail increased capital requirements. In the case of the operator of Deutsche Börse Group's central counterparty, Eurex Clearing AG, the company expects an additional capital requirement of up to €150 million. An amount of €110 million was already injected in January 2013. The application in practice of EMIR is only expected for 2014.

CSD regulation

With the CSD regulation, the European Commission aims to reform the European securities settlement and custody environment and, by doing so, to create a uniform European regulatory framework for central securities depositories for the first time. The European Commission submitted a proposal for this in March 2012. The measures are expected to be passed in the second half of 2013. Depending on the outcome of the organisational regulations currently under discussion in this context, these measures could have an impact on Clearstream's business activities.

The above-mentioned regulatory initiatives are supplemented by the revision of the Capital Requirements Directive (CRD IV) and the regulatory project on the recovery and resolution of financial institutions (see the following section entitled "Banking regulations"). A revision of European Securities Law Legislation (SLL) is also expected for 2013.

Further regulatory changes designed to ensure financial market stability are being examined at national and international levels by the Basel Committee on Banking Supervision, the European Commission, the European Central Bank and the new European supervisory authorities (ESMA, EBA and the European Systemic Risk Board), among others. At a national level, the Hochfrequenzhandelsgesetz (German High Frequency Trading Act) in particular will have some implications for Deutsche Börse Group.

Banking regulations

With respect to banking regulation, which affects the Group both directly and indirectly, significant change projects are in the final phase of development or have already reached the implementation stage, with further changes already on the horizon. This applies both to the international regulatory framework (the rules issued by the Basel Committee on Banking Supervision) and to the European regulations (Capital Requirements Directive, CRD) and national regulations that build on these. In addition, there are supplementary initiatives at all three of the above levels that deal with issues such as corporate governance or recovery and resolution planning for (systemically important) institutions.

Back in December 2010, the Basel Committee on Banking Supervision (BCBS) published details of the revised version of the collection of rules now known as Basel III. The BCBS issued an initial revision of the Basel III framework on 1 June 2011, which expanded on individual aspects. On 25 July 2012, revised rules for the capitalisation of exposures to central counterparties were published. Finally, on 6 January 2013, the BCBS endorsed further adjustments to the liquidity requirements, which were published on 7 January 2013.

In particular, Basel III includes a revised definition of capital, additional risk buffers for expected losses, the introduction of anticyclical capital buffers, the introduction of a leverage ratio (put simply, a minimum ratio of capital to unweighted total assets plus off-balance sheet risk positions), stricter liquidity management requirements and closer monitoring of liquidity positions by supervisory authorities (in particular the introduction of two quantitative minimum ratios for short-term and medium-term liquidity). Phased introduction in the period up to 2019 is planned; certain subareas will be reviewed and, if necessary, modified during the transition process. The Basel III package also comprises a general revision of the capitalisation requirements for exposures to central counterparties.

Taking into account various interim rules, the Basel III regulations have, in principle, been in force internationally since 1 January 2013. However, to enter into force in the EU, they must be implemented in EU and, if applicable, national law.

In addition, the BCBS is currently discussing further fine-tuning or fundamental revisions of individual aspects of the Basel regulatory framework, including rules on allocating items to the trading or banking book, rules on organising the internal audit function in banks and adjustment modifications to the requirements for the liquidity coverage ratio. Since 2011, the BCBS has also been holding detailed discussions on additional capital requirements over and above the Basel III regulations for global and domestic systemically important banks (G-SIBs/D-SIBs). The BCBS already issued guidelines on this on 19 July 2011 and on 29 June 2012. Some of these additional rules are collectively known colloquially as “Basel III.5”. On the basis of purely qualitative indicators, the supervisory authority responsible assigns the banks in its area of supervision to one of the two categories or to both.

In the EU, the Basel III regulations, together with other aspects such as corporate governance issues and the implementation to a large extent of a single rule book, are to be incorporated in a revised regulatory framework for banks and securities service providers. To this end, the EU Directives 2006/48/EC (Banking Directive) and 2006/49/EC (Capital Adequacy Directive), which up to now have been collectively referred to as the Capital Requirements Directives, are being completely revised and restructured to produce an integrated legislative package (commonly referred to as CRD IV) consisting of a directive (which will subsequently have to be implemented in national law) and a regulation (which will enter into force directly).

The European Commission submitted a proposal on this on 20 July 2011. In May 2012, the European Council and the European Parliament set out their position on the European Commission’s proposal; since then, the proceedings have since been in the trialogue phase. As the negotiations were not completed in 2012, the regulations did not enter into force on the planned date, 1 January 2013. While the negotiations are being finalised, current regulatory initiatives, such as the revised Basel rules on the counterparty weight for exposures to central counterparties, the extended capital requirements (Basel III.5), the rules for systemically important institutions (including the increased capital requirements for such institutions), capital buffers for systemic risk, the option to introduce national rules setting stricter capital requirements and the revised Basel liquidity requirements of January 2013 are also being discussed and are expected to be incorporated into the final text of the regulations. The regulations are now not anticipated to enter into force before the later part of 2013 at the earliest, or even in 2014.

Whereas the Basel III rules only apply directly to global commercial banks with an international remit, the EU rules apply to all banks that operate in the EU. CRD IV therefore partly addresses both regional and size-related issues, and provides specific or modified regulations for certain types of business. Based on the current status of the discussions, the future interaction between EMIR, the CSD regulation, MiFID and the CRD is particularly relevant from Deutsche Börse Group's point of view.

Independently of the ongoing negotiations at EU level, the Federal Government started in spring to implement the provisions of CRD IV in German law. Following consultation on the drafts, the Federal Government introduced a draft bill implementing CRD IV into the parliamentary process on 15 October 2012. The bill has since been supplemented by consultations on subsequent regulations. The completion of the legislative process is, however, dependent on the CRD IV package being finalised at a European level.

Given the current status of the discussions on the provisions of CRD IV, the company does not expect any material effect on the equity base of its regulated companies in the short to medium term. Nevertheless, the Group will continue to analyse the capital resources of the regulated entities – including the inter actions with the requirements for the Group's central counterparties under EMIR – and will adjust them if necessary to strengthen risk coverage. Depending on business performance, the possible designation of Group companies as systemically important institutions, the size of the relevant buffers and the setting of a leverage ratio (which may have a limiting effect in the future), it is, however, expected that the capital base will have to be gradually strengthened in the long term. On the basis of its internal analyses and forward-looking planning, the Group will take the necessary measures in good time. Since specific issues – including the concrete application of the rules concerning the leverage ratio and liquidity ratios – have not yet been resolved and it is also unclear how the various regulations will interact in future, the ultimate impact on the Group's business activities cannot be assessed or predicted at the present time.

The financial crisis triggered extensive discussions at the international and European level about the need to prepare recovery and resolution plans for financial sector institutions. As a result, in October 2011, the Financial Stability Board (FSB) adopted the Key Attributes of Effective Resolution Regimes for Financial Institutions (Key Attributes), which are aimed at resolving systemically important institutions without loss to the public purse, thus avoiding the "too big to fail" dilemma. The Key Attributes specify that resolution and recovery plans must be prepared at least for global systemically important financial institutions. The heads of state and government of the G20 countries have undertaken to implement the Key Attributes.

At a European level, the European Commission published a proposal on 6 June 2012 for a directive of the European Parliament and the European Council which defines a framework for the recovery and resolution of credit institutions and securities firms (Recovery and Resolution Directive). The Recovery and Resolution Directive will establish European law and incorporate material components of the Key Attributes.

On 2 November 2012, the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority) published a consultation draft entitled "Mindestanforderungen an die Ausgestaltung von Sanierungsplänen" (Minimum Requirements for the Design of Recovery Plans, MaSan). On 20 December 2012, the Federal Ministry of Finance published a draft bill for the recovery and resolution planning of credit institutions and financial groups.

Deutsche Börse Group's involvement in regulatory initiatives

Deutsche Börse Group has been, and will continue to be, deeply involved in the above-mentioned political and regulatory initiatives right from the start. The Group participates actively in the consultations, making sure that political decision-makers are aware of potential negative consequences for the market as a whole and the company affected in particular. Deutsche Börse Group also takes an appropriate stand regarding the above-mentioned political initiatives. In this way, it counteracts excessive effects for the Group or any of its subsidiaries and works to ensure that any affected business units are included appropriately.

Development of results of operations

Deutsche Börse Group continues to consider itself very well positioned and expects to see a positive trend in its results of operations in the long term. For the forecast period, however, the uncertainty about the future behaviour of capital market participants makes specific forecasts of the results of operations difficult. A recurrence of the disconnect observed in financial year 2012 between the performance of the stock markets and the real economy and trading on the Group's cash and derivatives markets, which is linked to a loss of confidence among investors and market participants, cannot be ruled out for the forecast period either. The company also expects continuing uncertainty among market participants about the future form of the regulatory projects. As a result, the dampening effect on the business activities of the Group's customers could persist in the forecast period.

As part of its budget planning process, the company has therefore developed different possible scenarios for its results of operations in 2013. If the capital market environment and investor confidence fail to improve and the markets continue to be impacted by uncertainty regarding global economic performance and the future situation in the euro zone, business activity would be on a level comparable to the second half of 2012. For full-year 2013, this would mean net revenue of around €1.8 billion, a potential decline of around 7 per cent compared with 2012. Should the capital market environment, investor confidence and the position of the southern EU member states improve significantly in 2013, the company would expect net revenue to increase moderately year-on-year to more than €2.0 billion. The scenario used to forecast net revenue is to a significant extent determined by cyclical factors, which prevail in the short to medium-term and whose impact on business activity the company is unable to control.

With regard to net interest income from banking business, the company does not anticipate any fundamental change in interest rate policies in Europe and the USA. Since the market interest rates relevant to the Group declined in the course of 2012, the company expects net interest income to decrease in 2013.

If, contrary to expectations, general conditions become even worse than described above, or impact the company's customers to an even greater extent, the company believes it is in a good position to continue to do business profitably due to its integrated business model, the cost management that has already been implemented and measures planned, which are described in the following section.

In the forecast period, the company aims to systematically continue its successful operating cost management of the past few years. In February 2013, the Group announced that it will increase operating efficiency further by cutting staff costs and non-personnel costs by €70 million a year. The full effect of the efficiency improvements is expected to be felt from 2016 onwards. The company expects implementation costs associated with the measures to be in a range of between €90 million and €120 million, of which probably most will be reflected in earnings in 2013 in the form of provisions. The additional savings are intended to offset at an early stage the inflation-linked cost increases expected in the forecast period and beyond. At the same time, they provide the Group with the freedom needed to continue its growth and infrastructure initiatives, which it intends to use to take advantage of opportunities presented by the structural and regulatory changes on the financial markets and to harness the potential offered by growth markets such as Asia. By doing this, the company is also adapting to changing customer requirements. Primarily as a result of increased investments, the company expects operating costs (adjusted for special effects such as efficiency programmes) to increase moderately overall in the forecast period and beyond, starting in 2013.

In terms of operating profit, the declining net revenue scenario would generate EBIT of around €0.8 billion, adjusted for special effects. In the scenario with a moderate rise in net revenue, adjusted EBIT would be approximately €1.0 billion (and hence similar to 2012) because of the slight rise in operating costs.

The Group anticipates an unchanged tax rate of approximately 26 per cent, adjusted for special effects, for the forecast period.

Net income would amount to around €0.5 billion in the declining net revenue scenario and to around €0.7 billion in the scenario with moderately rising net revenue, adjusted for special effects in both cases. The refinancing of long-term financial liabilities which began in 2012 will positively impact net income because it will lead to a reduction of interest expenses as a result of lower interest rate levels.

At the publication date of this combined management report the company is expecting special effects of some €90 million, mainly relating to costs for efficiency measures, to contribute to operating costs. Additional costs might also be incurred due to the current OFAC investigation (see risk report for details) and potential consolidation effects.

The parent company Deutsche Börse AG has also considered the scenarios described above in its planning. For 2013, the company expects net revenue between €1.1 and €1.2 million and net profit of €0.5 million, adjusted for special effects, in both scenarios.

Xetra segment

Net revenue in the Xetra cash market segment will continue to depend on equity market trends, equity market volatility and structural and cyclical changes in trading activity. The year 2012 saw a significant level of caution on the part of market participants because of the macroeconomic environment. Sustainable growth would require a significant improvement in investor confidence. However, there were only tentative signs of this at the time this management report was prepared.

In addition to developing its own cash market, the company will continue to maintain a close watch on changes in the competitive environment for the European cash markets. As in the past, it considers itself well positioned to retain its status as the market leader for trading German blue chips and to offer its customers across the globe an attractive range of products and services for cash trading in German and European equities, as well as equities clearing. However, due to the stronger competition in the cash market, further shifts in the market shares of all competitors cannot be ruled out.

Eurex segment

In the past year, the described cyclical factors led to a significant decrease in trading volumes. However, Deutsche Börse Group still believes that structural growth factors will remain dominant over the long term, and that they will positively influence trading volumes in all product segments. These structural growth drivers are as follows:

- Traditional investment funds are increasingly including derivatives in their portfolio strategies as a result of the European legal and administrative framework relating to certain undertakings for collective investment in transferable securities (UCITS III).
- Due to the importance of risk management, more and more OTC transactions are shifting to Eurex Clearing for settlement so that counterparty risk can be eliminated through centralised clearing.
- Demand for Eurex products from investors and trading houses from non-European areas such as Asia is growing.

Eurex will continue to step up investments to enhance its technology and its product offering in the forecast period. The investment focus is on expanding risk management. For example, the Eurex segment is planning to expand its portfolio-based risk management, which will offer customers the ability to net out on-exchange and off-exchange (OTC) transactions against each other. Among other things, this new feature is part of the functional preparations being made to enable Eurex to offer an expanded range of clearing services for OTC derivatives trading in future. In the medium to long term, the company expects this initiative to deliver significant additional net revenue. Since the regulatory requirements to settle OTC derivatives transactions via a central counterparty will probably not finally enter into force until 2014, only a small additional contribution to net revenue is anticipated for 2013.

Clearstream segment
The Clearstream segment generates its net revenue primarily with the settlement and custody of international bonds – a business that is much more stable and less subject to fluctuations on the capital markets than the trading business. Deutsche Börse continues to predict a sharper rise in the volume of bonds issued internationally compared with fixed-income securities issued domestically. In addition, in view of the regulatory requirements and the loss of confidence among market participants, the Group anticipates an increase in demand for collateral and liquidity management services. Alongside the products already successfully placed on the market such as GC Pooling – the collateralised money market jointly operated by Clearstream, Eurex Clearing and Eurex Repo – Clearstream is expanding its international Global Liquidity Hub offering: after connecting Brazil's central securities depository Cetip in 2011, plans are in place to connect other providers, such as those in Australia and South Africa, in the forecast period. In the medium to long term, the company expects this initiative to deliver significant additional net revenue. However, since the different providers can only be connected consecutively, only a small additional contribution to net revenue is anticipated for 2013.

With regard to its customer structure, the company continues to expect that consolidation in the financial sector will persist and that customers in Clearstream's domestic and international business will merge. These larger customers would benefit from greater discounts, which would lead to a decline in average fees. Although Deutsche Börse faces especially intense competition in the areas of the settlement and custody of international bonds, the company does not expect this to have a major impact on its net revenue or to result in a loss of market share during the forecast period.

Information Technology and Market Data & Analytics segment
Since 1 January 2013, the Information Technology (IT) and Market Data & Analytics areas have been combined in a separate reporting segment together with selected external IT services. The aim of the new segment is to accelerate the expansion of Deutsche Börse's technology leadership and expertise in the area of market data by pooling all the company's relevant resources in a dedicated market-driven business unit. The goal is to open up untapped growth opportunities in the medium to long term under uniform management and with separate profit and loss responsibility.

For the forecast period, the company expects the new segment's combined external IT net revenue to be stable. Net revenue in the Market Data & Analytics area is largely dependent on demand for market data in the financial sector. The company anticipates that the environment in this business area will remain difficult during the forecast period. However, the segment intends to steadily expand its product range in all areas with new data services to offset these cyclical factors.

Development of pricing models

Deutsche Börse anticipates sustained price pressure in some of its business areas during the forecast period. The company's objective is to mitigate this price pressure by continually improving its products and services and offering selective incentives for price-elastic business.

Over the long term, the average net revenue per unit concerned is expected to decline in all areas of the Group. This is a result of the laddered pricing models that lead to a decline in income per unit as customers' business activities increase.

Non-financial performance indicators CR

Initiatives to promote the transparency and security of the markets will be a focus during the forecast period, ensuring Deutsche Börse Group's value contribution to society. To live up to this goal, Deutsche Börse will continue to expand its Group-wide product and service offering in the area of market transparency, for example by adding indices developed and calculated by the Group. Moreover, the investments in the trading and clearing infrastructure already made in 2012 as well as those planned for the forecast period will ensure that the systems meet customer and market requirements. Against this background, the company anticipates that the availability of the different systems will be maintained at the very high level of previous years throughout the forecast period.

Responsible management with a focus on long-term value creation has a high priority for Deutsche Börse Group as a service company. In particular in view of demographic change and the resulting shortage of specialist staff, the company aims to continue to position itself adequately and therefore intends to increase the number of women in management positions. By 2015, the proportion of women in middle and upper management is to be increased to 20 per cent, while the figure in junior management should be 30 per cent. The appointment of Hauke Stars means that the goal of having at least one female Executive Board member by 2015 was already met in 2012.

Development of the Group's financial position

The company expects operating cash flow, which is Deutsche Börse Group's primary funding instrument, to remain positive in the forecast period. With regard to liquidity, the Group expects two significant factors to influence its development. Firstly, with respect to its cash flow from investing activities, the company plans to invest in a magnitude of €150 million per year in intangible assets and property, plant and equipment during the forecast period on a consolidated basis. These investments will serve primarily to develop new products and services in the Eurex and Clearstream segments and enhance existing ones. The total mainly comprises investments in the trading infrastructure and risk management functionalities. Secondly, the Executive Board and Supervisory Board of Deutsche Börse AG will propose to the Annual General Meeting to be held in May 2013 that a dividend of €2.10 per share should be paid. This would correspond to a liquidity outflow of €386.5 million. Apart from the above, no further material factors were expected to impact on the Group's liquidity at the time the management report was prepared. As in previous years, the Group does not expect any liquidity squeezes due to its positive cash flow, adequate credit lines (see note 36 to the consolidated financial statements for details) and flexible management and planning systems.

Under its capital management programme, Deutsche Börse will react flexibly to a changing market environment in the forecast period. Both the general target dividend distribution ratio of 40 to 60 per cent of consolidated net income for the year and any share buybacks are subject to capital requirements, investment needs and general liquidity considerations.

For 2013, the company expects to reach an interest coverage ratio of at least 16, the target at Group level. This would be possible even if net revenue were to decline, because the Group's interest expense can already be reduced in 2013 as a result of the refinancing of its long-term financial liabilities, which began in 2012. The full benefit of this effect will be felt in 2014, so that the Group anticipates an interest coverage ratio clearly above 16.

In addition, the aim is to achieve a ratio of interest-bearing gross debt to EBITDA of 1.5 maximum on Group level. For 2013, the Group expects to slightly exceed the ratio of 1.5 depending on the potential development of net revenue.

The parent company, Deutsche Börse AG, plans to invest some €50 million in intangible assets and property, plant and equipment during the forecast period.

Overall assessment by the Executive Board

The Executive Board of Deutsche Börse AG believes that, thanks to its comprehensive offering along the securities trading value chain and its innovative power, the company remains in an extremely good position compared with the international competition and expects to see a positive trend in its results of operations in the long term. For the forecast period, however, the uncertainty about the future behaviour of capital market participants in relation to economic and regulatory conditions makes it difficult for the Executive Board to make a specific forecast. By taking the additional efficiency measures resolved in 2013, the Executive Board has prepared the company at an early stage for the changing market and will be able to compensate for the expected inflation-linked cost increases after the forecast period. At the same time, this means the Executive Board has provided the freedom needed to continue the Group's growth and infrastructure initiatives, which it intends to use to take advantage of opportunities presented by the structural and regulatory changes on the financial markets and to harness the potential offered by growth markets such as Asia. Primarily as a result of the increased level of investments, the Executive Board expects operating costs (after adjustments) to increase moderately in the forecast period and beyond. Overall, the Executive Board anticipates on this basis that cash flow from operating activities will remain clearly positive and, as in previous years, there will be no liquidity squeezes.

Deutsche Börse AG (Disclosures based on the HGB)

In contrast to the consolidated financial statements, the single-entity financial statements of Deutsche Börse AG are not prepared in accordance with International Financial Reporting Standards (IFRS) but in accordance with the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG).

Business and operating environment

General situation of the company

Deutsche Börse AG is the parent company of Deutsche Börse Group. Its business activities comprise above all the cash and derivative markets as well as IT and Market Data & Analytics. The performance of the Clearstream segment is reflected in the business performance of Deutsche Börse AG mainly because of the profit transfer agreement with Clearstream Holding AG. In view of this, the business and operating environment of Deutsche Börse AG is essentially the same as that of Deutsche Börse Group. These are described in detail in the section “Macroeconomic and overall industry-specific conditions”.

Overview of Deutsche Börse AG’s business development in the year under review

Deutsche Börse AG’s profit in 2012 was lower than in financial year 2011 primarily because of the worsening market conditions.

Performance figures of Deutsche Börse AG

	2012 €m	2011 €m	Change %
Sales revenue	1,110.3	1,280.7	–13
Total costs	692.6	741.2	–7
Result from investments	307.6	207.0	49
EBIT	844.6	864.4	–2
Result from ordinary business activity (EBT)	726.3	760.1	–4
Net income	605.7	679.7	–1
Earnings per share (€)	3.23[1]	3.66[1]	–12

1) Calculation based on weighted average of shares outstanding.

Sales revenue fell by 13 per cent to €1,110.3 million (2011: €1,280.7 million). The largest contribution to sales was provided by the Eurex segment, in which sales revenue amounted to €660.2 million (2011: €765.6 million).

At €692.6 million, the company’s total costs (staff costs, impairment losses relating to intangible assets and property, plant and equipment, and other operating expenses) were 7 per cent lower than in the previous year (2011: €741.2 million).

In 2012, the result from investments of Deutsche Börse AG was €307.6 million (2011: €207.0 million). Income from the transfer of profit amounting to €215.4 million (2011: €173.4 million) and income from profit participation rights amounting to €15.0 million (2011: €15.0 million) contributed to this result. There was also a partial reversal of the impairment of the profit participation rights of Deutsche Börse AG in Eurex Frankfurt AG amounting to €56.7 million (2011: €29.3 million). This reversal is a result of the profit generated by Eurex Frankfurt AG in financial year 2012. Income from investments also included dividends amounting to €23.1 million (2011: €10.2 million).

Earnings before interest and taxes (EBIT) fell by 2 per cent to €844.6 million (2011 adjusted: €864.4 million). Net income amounted to €605.7 million, falling by 11 per cent (2011: €679.7 million) in particular because of merger-related special effects in 2011 amounting to €60.1 million.

Results of operations of Deutsche Börse AG

Deutsche Börse AG's revenue fell in 2012 by 13 per cent to €1,110.3 million (2011: €1,280.7 million). The table on the next page shows how this revenue breaks down among the company’s segments.

Information on the business development in the Xetra segment can mainly be found in the section “Xetra segment”.

Sales revenue by segment

	2012 €m	2011 €m	Change %
Xetra	232.4	306.9	–24
Eurex	660.2	765.6	–14
Market Data & Analytics	196.6	196.9	0
Clearstream[1]	21.1	11.3	88
Total	**1,110.3**	**1,280.7**	**–13**

1) The sales revenue attributable to the Clearstream segment results from IT services provided by Deutsche Börse AG for companies within the Clearstream Holding AG subgroup.

Overview of total costs

	2012 €m	2011 €m	Change %
Staff costs	138.0	146.5	–6
Depreciation/amortisation	32.5	28.4	14
Other operating expenses	522.1	566.3	–8
Total	**692.6**	**741.2**	**–7**

Please refer to the section "Eurex segment" for details of the performance of the Eurex derivatives segment. The reasons for any deviations from the information in the above-mentioned section lie in the fact that developments in the US derivatives market operated by the International Securities Exchange (ISE) do not directly affect Deutsche Börse AG's business. Furthermore, the increase in the revenues and costs generated as a result of the acquisition of the remaining shares in Eurex Zürich AG in the year under review do not have a direct impact on the annual financial statements of Deutsche Börse AG because the net revenues are passed on to the subsidiary Eurex Global Derivatives AG. Accordingly, Deutsche Börse AG continues to participate directly in 85 per cent of the economic result of Eurex Zürich AG.

The results of operations in the Market Data & Analytics segment are essentially explained in the section "Market Data & Analytics segment". Please note that business developments at the subsidiary STOXX Ltd. have no direct impact on Deutsche Börse AG's business performance.

Other operating income decreased slightly in the year under review to €109.2 million (2011: €118.8 million). This is above all due to the lower out-of-period income arising from the reversal of provisions, which have dropped to €6.9 million (2011: €19.5 million).

In the year under review, total costs fell by 7 per cent compared to 2011 to €692.6 million (2011: €741.2 million) and are composed as follows:

Staff costs fell year-on-year by 6 per cent to €138.0 million in the year under review, mainly due to lower costs for pensions and early retirement.

In the year under review, amortisation and depreciation relating to intangible assets and property, plant and equipment increased by 14 per cent to €32.5 million (2011: €28.4 million). This increase is essentially due to higher depreciation on IT hardware amounting to €22.0 million (2011: €18.3 million).

Other operating expenses were reduced year-on-year by 8 per cent mainly due to lower advisory fees amounting to €101.5 million (2011: €146.9 million). The higher advisory fees in 2011 arose in particular due to the planned merger with NYSE Euronext.

The result from ordinary business activity fell by 4 per cent to €726.3 million (2011: €760.1 million) compared to the previous year.

Development of profitability

Deutsche Börse AG's return on equity represents the ratio of the result after tax to the average equity that was at the disposal of the company in 2012. It fell compared to 2011, mainly because of the poorer result, from 31.5 per cent to 27.4 per cent.

Financial position of Deutsche Börse AG

As at the reporting date on 31 December 2012, cash funds amounted to €281.1 million (2011: €596.0 million) including cash, current account balances at banks and fixed deposits.

The company received dividends of €23.1 million (2011: €10.2 million). The rise is due above all to the higher dividend of €15.0 million (2011: €7.8 million) paid by STOXX Ltd.

Deutsche Börse AG can draw on external credit lines amounting to €605.0 million (2011: €605.0 million), which had not been used as at 31 December 2012. In addition, the company has an opportunity for flexible, short-term financing provided by a commercial paper programme involving a total facility of €2.5 billion in various currencies. As in the previous year, no commercial paper was in circulation at the end of the year.

Deutsche Börse AG uses a Group-wide cash pooling process to guarantee an optimal allocation of liquidity within Deutsche Börse Group, thus ensuring that all subsidiaries are able to meet their payment obligations at all times.

In the past financial year, Deutsche Börse AG issued a corporate bond with a face value of €600 million. There are also other euro-denominated bonds with a face value totalling €797.8 million and US dollar bonds with a face value in the amount of US$460 million.

Please see section “Financial position” for more information on these bonds.

In 2012, Deutsche Börse AG generated cash flow from operating activities amounting to €456.6 million (2011: €615.4 million). The decrease in operating cash flow was mainly due to higher cash outflows in connection with amounts owed to affiliated companies and trade payables.

Cash flow statement (condensed)

	2012 €m	2011 €m
Cash flows from operating activities	456.6	615.4
Cash flows from investing activities	–371.0	–133.5
Cash flows from financing activities	–526.1	–496.8
Cash and cash equivalents as at 31 December	–241.7	198.8

The cash flow from investing activities came to €–371.0 million (2011: €–133.5 million). The rise was mainly due to the higher investments in financial assets compared to the previous year.

Cash flow from financing activities in the year under review was €–526.1 million (2011: €–496.8 million). The increase is predominantly due to the higher dividend. The dividend rose from €2.10 to €2.30 per share; in addition, shareholders received a special distribution of €1.00 per share. This resulted for financial year 2012 in a cash outflow of €622.9 million (2011: €390.7 million).

As at the reporting date, 31 December 2012, cash and cash equivalents amounted to €–241.7 million (2011: €198.8 million). They include liquid funds amounting to €281.1 million (2011: €596.0 million) minus liabilities from cash pooling amounting to €522.7 million (2011: €397.2 million) and liabilities to banks in the amount of €0.1 million (2011: €0.0 million).

Net assets of Deutsche Börse AG

As at 31 December 2012, the non-current assets of Deutsche Börse AG amounted to €4,221.7 million (2011: €3,572.4 million). The largest part was accounted for by shares in affiliated companies amounting to €3,086.3 million (2011: €2,496.2 million), primarily from the investment in Clearstream Holding AG and from loans to affiliated companies of €996.9 million (2011: €942.8 million).

Non-current assets (condensed)

	2012 €m	2011 €m
Intangible assets	13.5	9.6
Tangible assets	77.8	78.0
Financial assets	4,130.4	3,484.8
Non-current assets as at 31 December	**4,221.7**	**3,572.4**

Shares in affiliated companies rose by €590.2 million, mainly as a result of the acquisition of Eurex Global Derivatives AG for the amount of €552.9 million. €295.0 million of the purchase price was paid in cash and €255.9 million by delivery of shares in Deutsche Börse AG to SIX Group AG. Furthermore, ancillary acquisition costs of €2.0 million were capitalised.

Loans to affiliated companies in the year under review were up by €54.1 million, above all due to the reversal of the write-down on the profit participation rights of Eurex Frankfurt AG in the amount of €56.7 million.

In the year under review, investments by Deutsche Börse AG in intangible assets and property, plant and equipment amounting to €36.4 million (2011: €34.1 million) exceeded write-downs; these came to €32.5 million (2011: €28.4 million).

Receivables from and liabilities towards affiliated companies include charges for Group-internal services and the amounts invested by Deutsche Börse AG within the scope of cash pooling arrangements. Receivables from affiliated companies are mainly due as a result of the existing profit transfer agreement with Clearstream Holding AG; they amount to €215.4 million. Liabilities towards affiliated companies mainly arise from cash pooling in the amount of €509.5 million (2011: €384.7 million).

Deutsche Börse AG receives fees for most of its services shortly after the end of each month. Accordingly, trade receivables as at the end of the year amounted to €118.8 million (2011: €119.9 million).

In the year under review, net working capital came to €–438.1 million (2011: €–350.4 million). The change is primarily attributable to an increase in liabilities towards affiliated companies arising from cash pooling by Deutsche Börse Group.

Employees of Deutsche Börse AG

In the year under review, the number of employees at Deutsche Börse AG increased by 16 to 1,012 as at 31 December 2012 (31 December 2011: 996). On average, 1,001 employees worked for Deutsche Börse AG during financial year 2012.

In the course of financial year 2012, 38 employees left Deutsche Börse AG, resulting in a fluctuation rate of 3.8 per cent.

As at 31 December 2012, Deutsche Börse AG employed personnel at eight locations throughout the world. The following table shows a breakdown by countries and regions:

Employees per country/region

	31 Dec 2012	%
Germany	956	94.5
United Kingdom	42	4.1
Rest of Europe	13	1.3
Asia	1	0.1
Total Deutsche Börse AG	**1,012**	**100**

The employee age structure at Deutsche Börse AG as at 31 December 2012 was as follows:

Age structure of employees

	31 Dec 2012	%
Under 30 years	54	5
30 to 39 years	242	24
40 to 49 years	463	46
Over 50 years	253	25
Total Deutsche Börse AG	**1,012**	**100**

The following table illustrates the length of service of the company's employees as at 31 December 2012:

Employees length of service

	31 Dec 2012	%
Less than 5 years	214	21
5 to 15 years	506	50
Over 15 years	292	29
Total Deutsche Börse AG	**1,012**	**100**

As at 31 December 2012, 67 per cent of Deutsche Börse AG's employees were graduates. This figure is calculated on the basis of the number of employees holding a degree from a university, university of applied sciences, or professional academy, and employees who have completed studies abroad.

In total, the company invested an average of 2.8 days per employee in staff training.

Remuneration report of Deutsche Börse AG

As the structure and design principles of the remuneration system correspond to those of Deutsche Börse Group, please refer to the Remuneration Report in this Corporate Report.

Corporate governance declaration in accordance with section 289a HGB

The corporate governance declaration in accordance with section 289a HGB applies to Deutsche Börse Group and Deutsche Börse AG, please refer to the corporate governance declaration made on behalf of the Group.

Opportunities and risks facing Deutsche Börse AG

As the opportunities and risks facing Deutsche Börse AG and the measures and processes for dealing with them are essentially the same as for Deutsche Börse Group, please refer to the sections "Risk report" and "Opportunities report" for more information. Deutsche Börse AG's share of the opportunities and risks of its equity investments and subsidiaries is fundamentally proportionate to the size of its shareholding. Risks that threaten the existence of the Eurex Clearing AG subsidiary have a direct impact on Deutsche Börse AG as it has issued a guarantee ("Patronatserklärung"). Further information on the guarantee issued to Eurex Clearing AG is available in the section "Other obligations and transactions not included in the balance sheet" contained in the notes to the annual financial statements of Deutsche Börse AG.

The description of the internal control system (ICS) stipulated in section 289 (5) HGB is given in the "Internal management control" section.

Report on events after the balance sheet date at Deutsche Börse AG

The key events that have occurred after the balance sheet date correspond to the events described in the "Report on post-balance sheet date events" section.

Report on expected developments at Deutsche Börse AG

This report describes the expected development of Deutsche Börse AG in financial year 2013. It contains statements and information on events in the future. These forward-looking statements and information are based on the company's expectations and assumptions at the time of publication of this report on expected developments. In turn, these are subject to known and unknown opportunities, risks and uncertainties. Numerous factors influence the company's success, business strategy and financial results. Many of these factors are outside the company's control. Should one of the opportunities, risks or uncertainties materialise or one of the assumptions made turn out to be incorrect, the actual development of the company could deviate either positively or negatively from the expectations and assumptions detailed in the forward-looking statements and the information given in this report.

Development of the operating and regulatory environment

As Deutsche Börse AG's business, operating and regulatory environment is essentially the same as that of Deutsche Börse Group, please refer to the relevant parts in the "Report on expected developments" for an assessment of future developments.

Development of Deutsche Börse AG's results of operations

In its expected business development Deutsche Börse AG is generally impacted by the same factors as Deutsche Börse Group. They are described in the „Report on expected developments" which also includes quantitative statements on Deutsche Börse AG.

Deutsche Börse AG has prepared its consolidated financial statements and the notes to the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) and the related interpretations issued by the International Accounting Standards Board (IASB).
All sections of the financial report were audited by KPMG AG Wirtschaftsprüfungsgesellschaft and granted an unqualified audit opinion.

Consolidated financial statements/notes

Consolidated income statement

for the period 1 January to 31 December 2012

	Note	2012 €m	2011 €m
Sales revenue	4	2,145.3	2,233.3
Net interest income from banking business	4	52.0	75.1
Other operating income	4	11.7	57.0
Total revenue		**2,209.0**	**2,365.4**
Volume-related costs	4	–276.7	–244.0
Net revenue (total revenue less volume-related costs)	**4**	**1,932.3**	**2,121.4**
Staff costs	5	–414.2	–385.8
Depreciation, amortisation and impairment losses	11, 12	–105.0	–91.4
Other operating expenses	6	–439.4	–485.0
Operating costs		**–958.6**	**–962.2**
Result from equity investments	8	–4.3	3.6
Earnings before interest and tax (EBIT)		**969.4**	**1,162.8**
Financial income	9	12.3	135.1
Financial expense	9	–145.0	–138.9
Earnings before tax (EBT)		**836.7**	**1,159.0**
Income tax expense	10	–166.9	–281.2
Net profit for the year		**669.8**	**877.8**
thereof shareholders of parent company (net income)		645.0	855.2
thereof non-controlling interests		24.8	22.6
Earnings per share (basic) (€)	34	**3.44**	**4.60**
Earnings per share (diluted) (€)	34	**3.43**	**4.59**

Consolidated statement of comprehensive income

for the period 1 January to 31 December 2012

	Note	2012 €m	2011 €m
Net profit for the year reported in consolidated income statement		**669.8**	**877.8**
Exchange rate differences[1]	20	–23.2	31.2
Remeasurement of cash flow hedges		–10.4	–13.7
Remeasurement of other financial instruments		23.3	–32.2
Changes from defined benefit obligations		–53.7	–9.0
Deferred taxes	10, 20	22.9	–8.7
Other comprehensive expense		**–41.1**	**–32.4**
Total comprehensive income		**628.7**	**845.4**
thereof shareholders of parent company		603.9	839.5
thereof non-controlling interests		24.8	5.9

1) Exchange rate differences include €–0.3 million (2011: €1.9 million) taken directly to accumulated profit as part of the result from equity investments.

Consolidated balance sheet

as at 31 December 2012

Assets

	Note	31 Dec 2012 €m	31 Dec 2011 €m	1 Jan 2011 €m
NON-CURRENT ASSETS				
Intangible assets	11			
Software		132.7	101.2	50.2
Goodwill		2,078.4	2,095.2	2,059.6
Payments on account and construction in progress		85.4	56.3	65.2
Other intangible assets		882.3	911.1	914.9
		3,178.8	3,163.8	3,089.9
Property, plant and equipment	12			
Fixtures and fittings		43.6	46.0	39.0
Computer hardware, operating and office equipment		82.9	85.0	70.2
Payments on account and construction in progress		1.7	0.1	29.0
		128.2	131.1	138.2
Financial assets	13			
Investments in associates		204.8	158.1	172.6
Other equity investments		26.7	111.7	64.7
Receivables and securities from banking business		1,485.0	1,404.6	1,555.6
Other financial instruments		21.5	16.6	12.1
Other loans[1]		0.1	0.6	1.0
		1,738.1	1,691.6	1,806.0
Other non-current assets		9.0	9.6	17.5
Deferred tax assets	10	59.8	24.2	19.2
Total non-current assets		5,113.9	5,020.3	5,070.8
CURRENT ASSETS				
Receivables and other current assets				
Financial instruments of Eurex Clearing AG	15	178,056.5	183,618.1	128,823.7
Receivables and securities from banking business	16	12,808.2	14,144.1	7,706.9
Trade receivables	17	211.8	224.3	212.1
Associate receivables		2.1	2.7	5.6
Receivables from other related parties		0.9	5.1	4.4
Income tax receivables[2]		102.7	27.3	25.6
Other current assets	18	138.6	173.9	141.4
Assets held for sale		1.0	0	0
		191,321.8	198,195.5	136,919.7
Restricted bank balances	19	19,450.6	13,861.5	6,064.2
Other cash and bank balances		641.6	925.2	797.1
Total current assets		211,414.0	212,982.2	143,781.0
Total assets		216,527.9	218,002.5	148,851.8

1) Thereof €0.1 million (31 December 2011: €0.6 million) in associate receivables
2) Thereof €10.6 million (31 December 2011: €12.4 million) with a remaining maturity of more than one year from corporation tax credits in accordance with section 37 (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act)

Equity and liabilities

	Note	31 Dec 2012 €m	31 Dec 2011 €m	1 Jan 2011 €m
EQUITY	20			
Subscribed capital		193.0	195.0	195.0
Share premium		1,249.0	1,247.0	1,247.0
Treasury shares		–448.6	–691.7	–586.5
Revaluation surplus		14.3	46.7	91.3
Accumulated profit		1,938.9	2,123.0	1,972.1
Shareholders' equity		**2,946.6**	**2,920.0**	**2,918.9**
Non-controlling interests		223.0	212.6	458.9
Total equity		**3,169.6**	**3,132.6**	**3,377.8**
NON-CURRENT LIABILITIES				
Provisions for pensions and other employee benefits	22	95.4	47.2	55.1
Other non-current provisions	23, 24	80.3	77.4	86.6
Deferred tax liabilities	10	274.7	323.0	297.7
Interest-bearing liabilities	25	1,160.0	1,458.3	1,455.2
Other non-current liabilities		6.0	10.9	9.6
Total non-current liabilities		**1,616.4**	**1,916.8**	**1,904.2**
CURRENT LIABILITIES				
Tax provisions (thereof income tax due: €202.3 million; 2011: €162.6 million)	23, 26	252.2	219.6	345.0
Other current provisions	23, 27	88.9	105.4	134.8
Financial instruments of Eurex Clearing AG	15	178,056.5	183,618.1	128,823.7
Liabilities from banking business[1]	28	12,880.3	14,169.6	7,822.0
Other bank loans and overdrafts		0.1	0.4	20.1
Trade payables		108.2	114.6	96.5
Payables to associates		15.1	13.2	4.0
Liabilities to other related parties		1.6	528.7	13.6
Cash deposits by market participants	29	19,450.6	13,861.5	6,064.2
Other current liabilities	30	888.4	322.0	245.9
Total current liabilities		**211,741.9**	**212,953.1**	**143,569.8**
Total liabilities		**213,358.3**	**214,869.9**	**145,474.0**
Total equity and liabilities		**216,527.9**	**218,002.5**	**148,851.8**

1) Thereof €0.1 million (31 December 2011: €0.1 million) liabilities to associates

Consolidated cash flow statement

for the period 1 January to 31 December 2012

	Note	2012 €m	2011 €m
Net profit for the year		669.8	877.8
Depreciation, amortisation and impairment losses	11, 12	105.0	91.4
Decrease in non-current provisions		–2.3	–27.5
Deferred tax (income)/expense	10	–56.9	6.7
Other non-cash expense/(income)		50.7	–70.8
Changes in working capital, net of non-cash items:		–42.0	–177.4
Increase in receivables and other assets		–43.7	–4.2
Increase/(decrease) in current liabilities		12.6	–170.2
Decrease in non-current liabilities		–10.9	–3.0
Net loss/(net gain) on disposal of non-current assets		1.9	–0.2
Cash flows from operating activities excluding CCP positions		**726.2**	**700.0**
Changes in liabilities from CCP positions		–39.1	–36.2
Changes in receivables from CCP positions		20.6	121.8
Cash flows from operating activities	33	**707.7**	**785.6**
Payments to acquire intangible assets and property, plant and equipment		–145.7	–115.6
Payments to acquire intangible assets		–101.2	–74.0
Payments to acquire property, plant and equipment		–44.5	–41.6
Payments to acquire non-current financial instruments		–265.4	–345.0
Payments to acquire investments in associates		–1.9	–66.2
Payments to acquire subsidiaries, net of cash acquired		–295.5	–2.8
Proceeds from the disposal of shares in associates		21.5[1)]	23.7[1)]
Net decrease in current receivables and securities from banking business with an original term greater than three months		27.4	770.1
Proceeds from disposals of available-for-sale non-current financial instruments		392.2	558.3
Proceeds from the disposal of property, plant and equipment		0	0.7
Cash flows from investing activities	33	**–267.4**	**823.2**
Purchase of treasury shares		–198.2	–111.7
Proceeds from sale of treasury shares		1.2	0
Payments to non-controlling interests		–14.6	–7.9
Net cash received from non-controlling interests		0	9.7
Repayment of long-term financing		–309.2	–5.0
Proceeds from long-term financing		600.0	0
Repayment of short-term financing		–796.2	0
Proceeds from short-term financing		789.3	0
Dividends paid		–622.9	–390.7
Cash flows from financing activities		**–550.6**	**–505.6**
Net change in cash and cash equivalents		**–110.3**	**1,103.2**

	Note	2012 €m	2011 €m
Net change in cash and cash equivalents (brought forward)		**–110.3**	**1,103.2**
Effect of exchange rate differences[2)]		–2.9	–0.5
Cash and cash equivalents as at beginning of period[3)]		657.2	–445.5
Cash and cash equivalents as at end of period[3)]	33	**544.0**	**657.2**
Interest income and other similar income[4)]		12.7	53.9
Dividends received[4)]		12.9	7.9
Interest paid[4)]		–118.2	–120.4
Income tax paid		–258.4	–401.1

1) Return of capital of Direct Edge Holdings, LLC
2) Primarily includes the exchange rate differences arising on translation of the ISE subgroup
3) Excluding cash deposits by market participants
4) Interest and dividend payments are allocated to cash flows from operating activities.

Consolidated statement of changes in equity

for the period 1 January to 31 December 2012

	Note	2012 €m	2011 €m	thereof included in total comprehensive income 2012 €m	thereof included in total comprehensive income 2011 €m
Subscribed capital					
Balance as at 1 January		195.0	195.0		
Retirement of treasury shares		–2.0	0		
Balance as at 31 December		**193.0**	**195.0**		
Share premium					
Balance as at 1 January		1,247.0	1,247.0		
Retirement of treasury shares		2.0	0		
Balance as at 31 December		**1,249.0**	**1,247.0**		
Treasury shares					
Balance as at 1 January		–691.7	–586.5		
Purchase of treasury shares		–198.2	–111.7		
Retirement of treasury shares		119.3	0		
Sales within the Group Share Plan		6.8	6.5		
Acquisition of the interest of non-controlling shareholders in Eurex Zürich AG		315.2	0		
Balance as at 31 December		**–448.6**	**–691.7**		
Revaluation surplus	20				
Balance as at 1 January		46.7	91.3		
Changes from defined benefit obligations		–53.7	–9.0	–53.7	–9.0
Remeasurement of cash flow hedges		–10.4	–13.7	–10.4	–13.7
Remeasurement of other financial instruments		23.3	–32.2	23.3	–32.2
Increase in share-based payments		–2.4	–2.2	0	0
Deferred taxes	10	10.8	12.5	10.8	12.5
Balance as at 31 December		**14.3**	**46.7**		
Accumulated profit	20				
Balance as at 1 January		2,123.0	1,972.1		
Dividends paid	21	–622.9	–390.7	0	0
Retirement of treasury shares		–119.3	0	0	0
Acquisition of the interest of non-controlling shareholders in Eurex Zürich AG		–72.1	–332.9	0	0
Net income		645.0	855.2	645.0	855.2
Exchange rate differences and other adjustments		–26.9	40.5	–23.2	47.9
Deferred taxes	10	12.1	–21.2	12.1	–21.2
Balance as at 31 December		**1,938.9**	**2,123.0**		
Shareholders' equity as at 31 December		**2,946.6**	**2,920.0**	**603.9**	**839.5**

	Note	2012 €m	2011 €m	thereof included in total comprehensive income 2012 €m	2011 €m
Shareholders' equity (brought forward)		**2,946.6**	**2,920.0**	**603.9**	**839.5**
Non-controlling interests					
Balance as at 1 January		212.6	458.9		
Acquisition of the interest of non-controlling shareholders in Eurex Zürich AG		0	–252.5	0	0
Changes due to capital increases/(decreases)		–14.6	1.3	0	0
Changes due to share in net income of subsidiaries for the period		24.8	22.6	24.8	22.6
Exchange rate differences and other adjustments		0.2	–17.7	0	–16.7
Balance as at 31 December		**223.0**	**212.6**	**24.8**	**5.9**
Total equity as at 31 December		**3,169.6**	**3,132.6**	**628.7**	**845.4**

Notes to the consolidated financial statements
Basis of preparation

1. General principles

Deutsche Börse AG ("the company") is incorporated as a German public limited company ("Aktiengesellschaft") and is domiciled in Germany. The company's registered office is in Frankfurt/Main.

The 2012 consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) and the related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards. As at 31 December 2012, there were no effective standards or interpretations not yet adopted by the European Union affecting the consolidated financial statements. Accordingly, the consolidated financial statements also comply with IFRSs issued by the IASB.

The disclosures required in accordance with Handelsgesetzbuch (HGB, German Commercial Code) section 315a (1) have been presented in the notes to the consolidated financial statements and the remuneration report, which forms part of the combined management report. The consolidated financial statements are also based on the interpretations issued by the Rechnungslegungs Interpretations Committee (Accounting Interpretations Committee) of the Deutsches Rechnungslegungs Standards Committee e.V. (Accounting Standards Committee of Germany), to the extent that these do not contradict the standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the IASB.

New accounting standards – implemented in the year under review

The following standards and interpretations issued by the IASB and adopted by the European Commission became effective for Deutsche Börse AG as at 1 January 2012 and were applied for the first time in the 2012 reporting period:

Amendment to IAS 19 "Employee Benefits" (June 2011)
Deutsche Börse Group is applying IAS 19 "Employee Benefits", which was issued by the IASB on 16 June 2011 and adopted by the EU on 5 June 2012, ahead of schedule in financial year 2012 in order

to improve transparency with respect to its defined benefit obligations. The accounting policies for employee benefits have been adapted in line with this as follows: the return on plan assets is assumed to be the discount rate used to measure the pension obligation. Actuarial gains and losses are now recognised directly in the revaluation surplus; the corridor method is no longer used. Past service cost resulting from retrospective plan amendments is expensed immediately and in full. Additionally, as from 1 January 2012, Deutsche Börse Group reports the net interest cost previously presented in staff costs in the financial result. Prior-year figures have been adjusted accordingly. Gains and losses resulting from the adjustment of the prior-year figures and the expense recognised for the defined benefit obligations are presented in note 22. The change, and in particular the discontinuation of the corridor method, leads firstly to increased equity volatility and secondly to the recognition of the entire pension obligations less the fair value of the plan assets.

Amendments to IFRS 7 "Financial Instruments: Disclosures – Transfers of Financial Assets" (October 2010)
The amendments require enhanced disclosures on transactions that lead to the transfer of financial assets. They aim to create greater transparency with regard to risks that are retained by the transferor. The amendments are effective for financial years, which began on or after 1 July 2011.

Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets" (December 2010)
In accordance with IAS 12, deferred taxes on assets measured using the fair value model of IAS 40 should take into account the varying tax consequences that follow from the different ways of recovering the carrying amount of the asset through sale or through use. The amendments to the standard presume that the carrying amount will normally be recovered by selling the asset. The amendments must be applied for financial years beginning on or after 1 January 2013.

New accounting standards – not yet implemented

The following standards and interpretations, which are relevant to Deutsche Börse Group and which Deutsche Börse Group did not adopt in 2012 prior to the effective date, have been published by the IASB prior to the publication of this annual report and partially adopted by the European Commission.

IFRS 9 "Financial Instruments" (November 2009)
IFRS 9 introduces new requirements for the classification and measurement of financial assets. These stipulate that all financial assets that have to date fallen within the scope of IAS 39 are either recognised at amortised cost or at fair value. The standard is, taking account of the changes made in 2011, effective for financial years beginning on or after 1 January 2015; earlier application is permitted. The standard has not been adopted by the EU yet.

Amendments to IFRS 9 "Financial Instruments" (October 2010)
The amendments extend IFRS 9 "Financial Instruments" to include rules on accounting for financial liabilities. If the fair value option is applied to financial liabilities, revisions to the recognition of changes in an entity's own credit risk must be taken into account: a change in credit risk must now be recognised in other comprehensive income rather than in profit or loss. The amendments are effective, taking into account the changes made in December 2011, for financial years beginning on or after 1 January 2015. Earlier application is permitted if the rules on accounting for financial assets are also applied. The standard has not been adopted by the EU yet.

Amendments to IFRS 9 and IFRS 7 – "Mandatory Effective Date and Transition Disclosures in the Notes" (December 2011)
In addition to the amendments to IFRS 9 listed above, the IASB has issued further amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures". This also had the effect of postponing the requirement to apply the amended IFRS 9 for financial years beginning on or after 1 January 2015. In addition, IFRS 9 (rev. 2011) includes exceptions that allow an entity to make additional disclosures in the notes on transition to IFRS 9 instead of adjusting prior-period financial statements. Depending on the adoption date, the following arrangements apply: entities adopting IFRS 9 for the first time for reporting periods

- which began before 1 January 2012 are not required to adjust prior periods or provide additional transition disclosures in the notes.
- which began between 1 January 2012 and 31 December 2012 must adjust prior periods, unless they provide the additional transition disclosures in the notes.
- beginning on or after 1 January 2013 are not required to adjust prior periods, but are in all cases required to provide the additional transition disclosures in the notes.

The additional disclosures in the notes required in IFRS 9 have been added as an amendment to IFRS 7: the disclosures required include in particular recognition and measurement for the first reporting period in which IFRS 9 is adopted, the changes in carrying amounts resulting from the transition to IFRS 9, unless they relate to measurement effects at the time of transition, as well as the changes in carrying amounts attributable to such effects. In addition, it must be possible, on the basis of the information disclosed, to reconcile the measurement categories according to IAS 39 and IFRS 9 to individual line items in the financial statements or classes of financial instruments. The amendments to the two standards have not yet been adopted by the EU.

IFRS 10 "Consolidated Financial Statements" and IAS 27 (2011) "Separate Financial Statements" (May 2011)
IFRS 10 replaces the guidance on control and consolidation contained in IAS 27 (2009) "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities" by uniform principles and accounting requirements that are applied to all companies to determine control. In future, IAS 27 will only contain requirements governing separate financial statements. The standards have been adopted by the EU on 11 December 2012 and are effective for financial years beginning on or after 1 January 2014. Earlier application is permitted.

If IFRS 10 is adopted early, the standards IFRS 10, IFRS 11 and IFRS 12 and the amendments to IAS 27 and IAS 28 as well as the interpretation SIC-12 must be applied collectively.

IFRS 11 "Joint Arrangements" (May 2011)
The standard introduces two types of joint arrangement: "joint operations" and "joint ventures". It supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". The previous option to use proportionate consolidation for jointly controlled entities has been abolished. Venturers in a joint venture must use the equity method of accounting. IFRS 11 has been adopted by the EU on 11 December 2012. This standard must be applied for financial years beginning on or after 1 January 2014.

IFRS 12 "Disclosure of Interests in Other Entities" (May 2011)
IFRS 12 defines the required disclosures for entities that apply IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements": these entities must disclose information that enables users of their financial statements to evaluate the nature of, and the risks associated with, their interests in other entities and the effects of those interests on their financial position, financial performance and cash flows. The standard has been adopted by the EU on 11 December 2012 and is effective for financial years beginning on or ofter 1 January 2014.

IFRS 13 "Fair Value Measurement" (May 2011)
This standard describes how to determine fair value and extends the related disclosures. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard must be applied for financial years beginning on or after 1 January 2013. IFRS 13 has been adopted by the EU on 11 December 2012.

Amendments to IAS 28 "Investments in Associates and Joint Ventures" (May 2011)
As part of the amendments to IAS 28, accounting disclosures for joint ventures were included in the standard; the basic approach for assessing the existence of significant influence and rules for applying the equity method have been retained. The amendments to the standard were adopted by the EU on 11 December 2012 and must be applied together with IFRS 10, IFRS 11, IFRS 12 and IAS 27. The standard is effective for financial years beginning on or after January 2014.

Amendments to IAS 1 "Presentation of Financial Statements" (June 2011)
The amendments to IAS 1 henceforth require entities to classify expenses and income recognised in other comprehensive income into two categories. The classification will depend on whether or not the item is reclassified (recycled) to profit or loss in the future. Items that are not recycled to the income statement must be presented separately from items that are recognised in profit or loss in the future. The amendments to the standard have been adopted by the EU on 5 June 2012 and are effective for financial years, which began on or after 1 July 2012. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the amendments must be applied retrospectively.

Amendments to IAS 32 and IFRS 7 – "Offsetting of Financial Assets and Financial Liabilities" (December 2011)
The IASB has revised the guidance for offsetting financial assets and financial liabilities and published the results in the form of amendments to IAS 32 "Financial Instruments: Presentation" and to IFRS 7 "Financial Instruments: Disclosures".

The offsetting requirements laid down in IAS 32 have been retained in principle, and additional guidance has been provided for clarification. In this guidance, the IASB emphasises firstly that an unconditional, legally enforceable right of offsetting must exist, even if one of the parties involved is insolvent. Secondly, it lists illustrative criteria under which gross settlement of a financial asset and a financial liability nevertheless leads to offsetting. The additional guidance is effective retrospectively for financial years beginning on or after 1 January 2014. The amendments have been adopted by the EU on 13 December 2012.

Amendments to IFRS 7 "Financial Instruments: Disclosures" (December 2011)
The amendments introduce new disclosure requirements for certain offsetting arrangements: the disclosure requirement applies regardless of whether the offsetting arrangement has in fact led to the financial assets and financial liabilities being offset. In addition to a qualitative description of the rights of set-off,

the guidance specifically also requires quantitative disclosures. The amendments to IFRS 7 are effective retrospectively for financial years beginning on or after 1 January 2013. The amendments have been adopted by the EU on 13 December 2012.

Changes resulting from the "Annual Improvements Project" (May 2012)
Six amendments affecting five standards are planned. The amendments must be applied for financial years beginning on or after 1 January 2013.

Changes in the transition guidance for IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" (June 2012)
The IASB has published a clarification to the transition guidance for IFRS 10 "Consolidated Financial Statements", which specifies that 1 January 2013 is the date of first-time adoption for entities whose financial year is the calendar year. No retrospective adjustments need to be made for subsidiaries sold in the prior-year period. The amendments to the three standards require that, on initial application, the comparative information and the disclosures in respect of the individual financial statement line items affected set out in IAS 8.28 (f) be restated for the immediately preceding comparative period only. The amendments are effective for financial years beginning on or after 1 January 2013. The amendments have not yet been adopted by the EU.

Changes in the transition guidance for IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" (2011) (October 2012)
The amendments relate to the consolidation requirements for certain subsidiaries of investment entities. IFRS 10 "Consolidated Financial Statements" defines an investment entity and sets out the exception to consolidating particular subsidiaries of an investment entity. IFRS 10 supersedes SIC-12 "Consolidation – Special-purpose Entities". In future, qualifying investment entities will not consolidate subsidiaries but will recognise them at their fair value. The amendments are effective for financial years beginning on or after 1 January 2014. The amendments have not yet been adopted by the EU.

Deutsche Börse Group cannot assess conclusively what the impact of the application of the new and amended standards will be at this stage. In addition to extended disclosure requirements, a material effect on the consolidated financial statements is expected especially from the initial application of IFRS 9, IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28.

2. Basis of consolidation

Deutsche Börse AG's equity interests in subsidiaries, associates and joint ventures as at 31 December 2012 included in the consolidated financial statements are presented in the following tables. Unless otherwise stated, the financial information in these tables is presented in accordance with the generally accepted accounting principles in the companies' countries of domicile.

Fully consolidated subsidiaries

Company	Domicile	Equity interest as at 31 Dec 2012 direct (indirect) %
Clearstream Holding AG	Germany	100.00
Clearstream International S.A.	Luxembourg	(100.00)
Clearstream Banking S.A.	Luxembourg	(100.00)
Clearstream Banking Japan, Ltd.	Japan	(100.00)
REGIS-TR S.A.	Luxembourg	(50.00)
Clearstream Banking AG	Germany	(100.00)
Clearstream Services S.A.	Luxembourg	(100.00)
Clearstream Fund Services Ireland Ltd.	Ireland	(100.00)
Clearstream Operations Prague s.r.o	Czech Republic	(100.00)
LuxCSD S.A.	Luxembourg	(50.00)
Deutsche Börse Services s.r.o	Czech Republic	100.00
Deutsche Boerse Systems, Inc.	USA	100.00
Eurex Global Derivatives AG	Switzerland	100.00
Eurex Zürich AG	Switzerland	(100.00)[3]
Eurex Frankfurt AG	Germany	(100.00)
Eurex Bonds GmbH	Germany	(79.44)
Eurex Clearing AG	Germany	(100.00)
Eurex Repo GmbH	Germany	(100.00)
Eurex Services GmbH	Germany	(100.00)
U.S. Exchange Holdings, Inc.	USA	(100.00)
International Securities Exchange Holdings, Inc.	USA	(100.00)
ETC Acquisition Corp.	USA	(100.00)
International Securities Exchange, LLC	USA	(100.00)
Longitude LLC	USA	(100.00)
Longitude S.A.	Luxembourg	(100.00)
Finnovation S.A.	Luxembourg	100.00
Infobolsa S.A.	Spain	50.00
Difubolsa, Serviços de Difusão e Informaçao de Bolsa, S.A.	Portugal	(50.00)
Infobolsa Deutschland GmbH	Germany	(50.00)
Open Finance, S.L.	Spain	(31.00)
Market News International Inc.	USA	100.00
MNI Financial and Economic Information (Beijing) Co. Ltd.	China	(100.00)
Need to Know News, LLC	USA	(100.00)
Risk Transfer Re S.A.	Luxembourg	100.00
STOXX Ltd.	Switzerland	50.10
Tradegate Exchange GmbH	Germany	76.23[5)]

1) Includes capital reserves and retained earnings, accumulated gains or losses and net profit or loss for the year and, if necessary, further components according to the respective local GAAP
2) Before profit transfer or loss absorption

Currency	Ordinary share capital thousands	Equity[1)] thousands	Total assets thousands	Sales revenue 2012 thousands	Net profit/loss 2012 thousands	Initially consolidated
€	101,000	2,115,314	2,332,780	0	215,421[2)]	2007
€	25,000	819,349	845,188	76,097	235,619	2002
€	57,808	533,929	14,279,897	501,942	125,044	2002
JPY	6,500	35,252	53,899	68,928	5,564	2009
€	3,600	2,163	3,548	2	–635	2010
€	25,000	276,259	1,384,882	335,086	87,318	2002
€	30,000	62,377	119,056	194,093	9,351	2002
€	500	586	2,666	1,209	86	10 Oct 2012
CZK	160,200	182,961	222,461	297,900	–10,303	2008
€	6,000	5,335	5,465	33	–365	2010
CZK	200	84,372	163,946	484,479	28,760	2006
US$	400	4,091	5,248	9,072	602	2000
CHF	100	282,455	283,006	130,259	–208,399	1 Jan 2012
CHF	10,000	305,016	326,890	41,400	4,565	1998
€	6,000	984,318	1,719,010	0	86,851[4)]	1998
€	3,600	7,515	8,641	4,505	1,429	2001
€	25,000	139,416	19,828,221	0	1,186[2)]	1998
€	100	550	12,709	13,449	11,098[2)]	2001
€	25	1,182,469	1,269,236	0	86,754[2)]	2007
US$	1,000	0	1,055,243	0	–1,722	2003
US$	0	1,721,482	2,265,931	0	13,091	2007
US$	0	3,639	3,639	125	125	2007
US$	0	61,261	148,891	262,228	44,011	2007
US$	0	3,945	5,910	5,720	3,923	2007
€	1,100	454	1,033	0	–646	28 Jun 2012
€	141,400	121,183	145,480	10,714	–1,785	2008
€	331	11,867	13,558	8,226	581	2002
€	50	155	192	160	18	2002
€	100	1,296	1,309	102	70	2003
€	4	1,040	1,604	2,671	396	31 Jan 2011
US$	9,911	20,600	21,039	18,103	816	2009
US$	0	237	543	1,111	94	3 Mar 2011
US$	4,193	5,425	8,463	7,355	–261	2009
€	1,225	1,225	11,621	1,585	0	2004
CHF	1,000	88,044	103,215	83,863	19,255	2009
€	500	913	1,135	1,426	230	2010

3) Thereof, 50 per cent are directly held and 50 per cent are indirectly held via Eurex Global Derivatives AG.
4) Including income from profit pooling agreements with its subsidiaries amounting to €98,246 thousand
5) Thereof, 1.23 per cent are indirectly held via Tradegate AG Wertpapierhandelsbank.

As at 31 December 2012, Deutsche Börse AG held 50 per cent of the voting rights of Infobolsa S.A. The key decision-making body of Infobolsa S.A. is the Board of Directors, where the Chairman's casting vote gives Deutsche Börse AG the majority of the votes.

Deutsche Börse AG indirectly holds 50 per cent of the voting rights in LuxCSD S.A. Since Deutsche Börse's subsidiary Clearstream International S.A., which holds 50 per cent of the voting rights, has the right to appoint the Chairman of the Supervisory Board, who also has a casting vote, there is a presumption of control.

Moreover, Deutsche Börse AG indirectly holds 50 per cent of the voting rights in REGIS-TR S.A. Since Deutsche Börse's subsidiary Clearstream Banking S.A., which holds 50 per cent of the voting rights, has the right to appoint the Chairman of the Supervisory Board, who in turn has a casting vote, there is a presumption of control.

Changes to consolidated subsidiaries

	Germany	Foreign	Total
As at 1 January 2012	9	24	33
Additions	0	3	3
Disposals	0	0	0
As at 31 December 2012	9	27	36

On 7 June 2011, Deutsche Börse AG, SIX Group AG and SIX Swiss Exchange AG had entered into a share purchase agreement under which SIX Swiss Exchange AG contributed the Swiss derivatives business relating to Eurex Zürich AG to Eurex Global Derivatives AG, a newly formed subsidiary , and distributed 100 per cent of the shares of this subsidiary as a non-cash dividend to SIX Group AG. SIX Group AG sold these shares to Deutsche Börse AG on 30 April 2012. The purchase price was settled in cash in the amount of €295.0 million as well as by delivery of 5,286,738 shares of Deutsche Börse AG; on delivery, the shares had a market value of €255.9 million. In accordance with the share purchase agreement, the shares were sold with economic effect as at 1 January 2012. Since the material conditions for closing the transaction were met in the first quarter of 2012, sales revenue has accrued to Deutsche Börse Group since that quarter.

On 28 June 2012, International Securities Exchange Holdings, LLC, New York, USA, formed Longitude S.A., which is domiciled in Luxembourg, Luxembourg. As a wholly-owned subsidiary, Longitude S.A. has been included in full in the consolidated financial statements since the second quarter.

Effective 10 October 2012, Clearstream International S.A., Luxembourg, Luxembourg, acquired the class A shares of Clearstream Fund Services Ireland Ltd., Dublin, Ireland, bearing 100 per cent of the voting rights. The purchase price for these class A shares was €0.5 million. Subsequent to the acquisition, Clearstream Fund Services Ireland Ltd. issued additional class A shares amounting to €0.5 million which were also purchased by Clearstream International S.A. Furthermore, Clearstream International S.A. entered into three put options which will be settled by delivery of class B, C and D shares of Clearstream Fund Services Ireland Ltd. The first option will be exercisable in 2013, the second by the end of 2014/beginning of 2015 and the third option by the end of 2017/beginning of 2018. Whereas the exercise price of the current option is not variable but subject to the achievement of certain conditions, the exercise prices of the two non-current options are variable and depend on the expected performance of Clearstream Fund Services Ireland, Ltd.

The total fair value of the three options amounted to €3.4 million. Goodwill amounting to €4.0 million resulted from these transactions. The subsidiary has been fully consolidated since the fourth quarter of 2012. No significant amount of non-controlling interest existed at the acquisition date and no significant profit or loss of Clearstream Fund Services Ireland Ltd. has been included in the consolidated statement of comprehensive income for the reporting period. The company aims to expand Clearstream's existing services for hedge funds. The goodwill recognised primarily reflects revenue synergies with existing business and the gain of knowledge in the area of third-party order-routing and -processing of shares in hedge funds.

Associates and joint ventures

Company, domicile	Segment	Equity interest as at 31 Dec 2012 direct (indirect) %	Currency	Ordinary share capital thousands	Assets thousands	Liabilities thousands	Sales revenue 2012 thousands	Net profit/loss 2012 thousands	Associate since
Deutsche Börse Commodities GmbH, Germany	Xetra	16.20	€	1,000	2,180,244[1]	2,177,089[1]	5,354[1]	1,503[1]	2007
European Energy Exchange AG, Germany[2] [3]	Eurex	(56.14)	€	40,050	808,793[1]	695,097[1]	47,921[1]	11,813[1]	1999
ID's SAS, France	Eurex	25.01	€	10	2,867[1]	759[1]	2,222[1]	761[1]	2010
Digital Vega FX Ltd., United Kingdom	Market Data & Analytics	13.02	GBP	0	895[4]	219[4]	28[4]	–875[4]	24 Jun 2011
Scoach Holding S.A., Luxembourg[2] [3]	Xetra	50.01	€	100	32,079[1]	5,263[1]	46,097[1]	6,567[1]	2009
Indexium AG, Switzerland	Market Data & Analytics	49.90	CHF	100	12,648	18,162	6,927	–844	2009
Phineo gAG, Germany	Xetra	12.00[5]	€	50	1,332[1]	109[1]	156[1]	–198[1]	2010
Direct Edge Holdings, LLC, USA	Eurex	(31.54)	US$	126,290[6]	211,073	84,783	474,220	17,135	9 Feb 2012
The Options Clearing Corporation, USA	Eurex	(20.00)	US$	600[7]	3,151,824[7]	3,139,392[7]	150,299[7]	1,829[7]	2007
Hanweck Associates, LLC, USA	Eurex	(26.44)	US$	126[6]	912[1]	639[1]	2,669[1]	–951[1]	2010
Tradegate AG Wertpapierhandelsbank, Germany[8]	Xetra	4.93	€	24,525	37,928[1]	10,819[1]	18,834[1]	–2,708[1]	2010

1) Preliminary figures
2) Subgroup figures
3) There is no control.
4) Shortened financial year; period ended 30 November 2012
5) In addition, Deutsche Börse AG holds an interest in Phineo Pool GbR, Berlin, Germany, which holds a 48 per cent stake in Phineo gAG. This interest is jointly managed.
6) Value of equity
7) Figures as at 31 December 2011
8) As at the balance sheet date the fair value of the stake in the listed company amounted to €5.7 million.

On 22 December 2011, the US Department of Justice approved, subject to conditions, the transaction planned at the time between Deutsche Börse Group and NYSE Euronext. Deutsche Börse AG and NYSE Euronext agreed to these conditions on the same date. These included in particular the requirement to dispose of the interest in Direct Edge Holdings, LLC. With effect from the announcement, the significant influence over Direct Edge was no longer allowed to be exercised; in particular, the members of the management and supervisory bodies of Direct Edge appointed by Deutsche Börse Group were no longer allowed to participate in decisions or receive non-public information from Direct Edge. As a result of this relinquishment of significant influence, the company was no longer classified as an associate as at 31 December 2011. Following the European Commission's prohibition of the transaction, the US Department of Justice, invalidated its judgement with all conditions included therein on 9 February 2012. Since therefore Deutsche Börse Group attained power to excercise significant influence on Direct Edge Holdings, LLC again, the company has been again classified as an associate and accounted for using the equity method.

With publication of the 2011 annual financial statements of ID's SAS, Paris, France, on 21 March 2012, it was officially announced that the EBIT target in accordance with the agreement on preemptive rights between ID's SAS and Deutsche Börse AG had not been achieved. This gave Deutsche Börse AG the right to exercise the options for the 2011 tranche. Consequently, Deutsche Börse AG purchased an additional 10.52 per cent of ID's SAS on 19 April 2012 for a purchase price of €1,235.00, increasing its total interest to 25.01 per cent. As Deutsche Börse AG had already exercised significant influence within the meaning of IAS 28.7 (a) by virtue of its membership of the board of directors, the company continues to be classified as an associate and is accounted for using the equity method.

Effective 29 March 2012, International Securities Exchange Holdings, LLC, New York, USA, acquired an additional 6.54 per cent stake in Hanweck Associates, LLC, New York, USA, for a purchase price of US$ 1.0 million, bringing its total interest to 26.44 per cent. Since International Securities Exchange Holdings, LLC exercises significant influence within the meaning of IAS 28, Hanweck Associates, LLC has been classified since then as an associate and is accounted for using the equity method.

Within the framework of a plan disclosed on 24 October 2012 concerning a cooperation between Link-Up Capital Markets, S.L., Madrid, Spain and S.W.I.F.T. SCRL, La Hulpe, Belgium, SWIFT has entered into contract negotiations with Clearstream Banking AG, Frankfurt, Germany, to purchase shares in Link-Up Capital Markets, S.L. In the course of the preparations for the transaction, SWIFT has estimated the Link-Up Capital Markets, S.L. at a market value of €4.6 million for 100 per cent. Since all criteria mentioned in IFRS 5 were fulfilled in Q4/2012, Link-Up Capital Markets, S.L. was classified as a non-current asset held for sale.

Where Deutsche Börse Group's share of the voting rights in a company amounts to less than 20 per cent, Deutsche Börse Group's significant influence is exercised in accordance with IAS 28.7 (a) at least through the Group's representation on the Supervisory Board or the board of directors of the following companies as well as through corresponding monitoring systems:

- Deutsche Börse Commodities GmbH, Frankfurt/Main, Germany
- Digital Vega FX Ltd., London, United Kingdom
- Phineo gAG, Berlin, Germany
- Tradegate AG Wertpapierhandelsbank, Berlin, Germany

3. Accounting policies

Deutsche Börse AG's consolidated financial statements have been prepared in euros, the functional currency of Deutsche Börse AG. Unless stated otherwise, all amounts are shown in millions of euros (€m). The annual financial statements of subsidiaries included in the consolidated financial statements have been prepared on the basis of the Group-wide accounting principles based on IFRSs that are described in the following.

Adjustments to accounting policies

Since 1 January 2012, credit balances at central banks that are subject to minimum reserve requirements are no longer reported as restricted but as receivables and securities from banking business; prior-year amounts have been adjusted accordingly.

Recognition of revenue and expenses

Trading, clearing and settlement fees are recognised on the trade day and billed on a monthly basis. Custody revenue and revenue for systems development and systems operation are generally recognised ratably and billed on a monthly basis. Sales of price information are billed on a monthly basis. Fees charged to trading participants in connection with International Securities Exchange, LLC's expenses for supervision by the U.S. Securities and Exchange Commission (SEC) are recognised at the settlement date.

International Securities Exchange, LLC earns market data revenue from the sale of trade and quote information on options through the Options Price Reporting Authority, LLC (OPRA, the regulatory authority responsible for distributing market data revenues among the US options exchanges). Pursuant to SEC regulations, US exchanges are required to report trade and quote information to OPRA. International Securities Exchange, LLC earns a portion of the income of the US option exchange association based on its share of eligible trades for option securities. Revenue is recorded as transactions occur on a trade date basis and is collected quarterly.

As a rule, rebates are deducted from sales revenue. They are recognised as an expense under volume-related costs to the extent that they exceed the associated sales revenue. This item also comprises expenses that depend on the number of certain trade or settlement transactions, the custody volume, or the Global Securities Financing volume, or that result from revenue sharing agreements or maker-taker pricing models. Volume-related costs no longer occur if the corresponding revenue is no longer generated.

Interest income and expenses are recognised using the effective interest method over the respective financial instrument's term to maturity. Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the income can be measured reliably. Interest expenses are recognised as an expense in the period in which they are incurred. Interest income and expenses from banking business are netted in the consolidated income statement and disclosed separately in note 4.

Dividends are recognised in the result from equity investments if the right to receive payment is based on legally assertable claims.

The consolidated income statement is structured using the nature-of-expense method.

Research and development costs

Research costs are expensed in the period in which they are incurred. Development costs are capitalised, provided that they satisfy the recognition criteria set out in IAS 38. These development costs include direct labour costs, costs of purchased services and workplace costs, including proportionate overheads that can be directly attributed to the preparation of the respective asset for use, such as costs for the software development environment. Development costs that do not meet the requirements for capitalisation in accordance with IAS 38 are recognised in the consolidated income statement. Interest expense that cannot be allocated directly to one of the developments is recognised in profit or loss in the year under review and not included in capitalised development cost. If research and development costs cannot be separated, the expenditures are recognised as expenses in the period in which they are incurred.

All development costs (both primary costs and costs incurred subsequently) are allocated to projects. The projects are broken down into the following phases in order to decide which cost components need capitalising and which do not:

Non-capitalised phases

1. Design:
- Definition of product design
- Specification of the expected economic benefit
- Initial cost and revenue forecast

Capitalised phases

2. Detailed specifications:
- Compilation and review of precise specifications
- Troubleshooting process

3. Building and testing:
- Software programming
- Product testing

Non-capitalised phases

4. Acceptance:
- Planning and implementation of acceptance tests

5. Simulation:
- Preparation and implementation of simulation
- Compilation and testing of simulation software packages
- Compilation and review of documents

6. Roll-out:
- Planning of product launch
- Compilation and dispatch of production systems
- Compilation and review of documents

In accordance with IAS 38, only tasks belonging to the “detailed specifications” and “building and testing” phases are capitalised. All other earlier or later phases of software development projects are expensed.

Intangible assets

Capitalised development costs are amortised from the date of first use of a software using the straight-line method over its expected useful life. The useful life of internally developed software is generally assumed to be five years; a useful life of seven years is used as the basis in the case of newly developed trading platforms.

Purchased software is carried at cost and reduced by systematic amortisation and, where necessary, impairment losses. Amortisation is charged using the straight-line method over the expected useful life or at most until the right of use has expired.

Useful life of software

Asset	Amortisation period
Standard software	3 to 10 years
Purchased custom software	3 to 6 years
Internally developed custom software	3 to 7 years

Intangible assets are derecognised on disposal or when no further economic benefits are expected to flow from them.

The amortisation period for intangible assets with finite useful lives is reviewed at least at the end of each financial year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

Goodwill is recognised at cost and tested at least once a year for impairment.

The cost of the other intangible assets acquired in the course of business combinations corresponds to the fair value as at the acquisition date. Assets with a finite useful life are amortised using the straight-line method over the expected useful life. Assets with an indefinite useful life are tested for impairment at least once a year.

Useful life of other intangible assets arising out of business combinations

Asset	Amortisation period
ISE's exchange licence	indefinite
Member relationships	30 years
Customer relationships	12, 30 years
ISE trade name	10 years
STOXX trade name	indefinite
Historical data	5 years
Restrictions on competition	1 to 3 years

As ISE's exchange licence has an indefinite term and ISE expects to retain the licence as part of its overall business strategy, the useful life of this asset is classified as indefinite. The STOXX trade name includes the trade name itself, the index methodologies and the Internet domains because these can generally not be transferred separately. There are no indications that time limitations exist with regard to the useful life of the STOXX trade name. A review is performed each reporting period to determine whether the events and circumstances still justify classifying as indefinite the useful lives of ISE's exchange licence and the STOXX trade name.

Property, plant and equipment

Depreciable property, plant and equipment is carried at cost less cumulative depreciation. The straight-line depreciation method is used. Costs of an item of property, plant and equipment comprise all costs directly attributable to the production process, as well as an appropriate proportion of production overheads. Financing costs were not recognised in the year under review, as they could not be directly allocated to any particular development.

Useful life of property, plant and equipment

Asset	Depreciation period
Computer hardware	3 to 5 years
Office equipment	5 to 25 years
Leasehold improvements	based on lease term

Repair and maintenance costs are expensed as incurred.

If it is probable that the future economic benefits associated with an item of property, plant and equipment will flow to the Group and the cost of the respective asset can be reliably determined, expenditure subsequent to acquisition is added to the carrying amount of the asset as incurred. The carrying amounts of the parts of the asset that have been replaced are derecognised.

Financial assets

Financial assets comprise investments in associates and financial assets as described in the "Financial instruments" section.

Investments in associates consist of investments in joint ventures and other associates. They are measured at cost on initial recognition and accounted for using the equity method upon subsequent measurement.

Impairment testing

In accordance with IAS 36, specific non-current non-financial assets are tested for impairment. At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. In this case, the carrying amount is compared with the recoverable amount (the higher of value in use and fair value less costs to sell) to determine the amount of any potential impairment.

The value in use is estimated on the basis of the discounted estimated future cash flows from continuing use of the asset and from its ultimate disposal, before taxes. For this purpose, discount rates are estimated based on the prevailing pre-tax weighted average cost of capital. If no recoverable amount can be determined for an asset, it is allocated to a cash-generating unit, for which the recoverable amount is calculated.

Irrespective of any indications of impairment, intangible assets with indefinite useful lives and intangible assets not yet available for use must be tested for impairment annually at least. Impairment tests are performed where there are indications of impairment. If the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognised, and the net book value of the asset is reduced to its estimated recoverable amount.

Goodwill is allocated to identifiable groups of assets (cash-generating units) or groups of cash-generating units that create synergies from the respective acquisition. This corresponds to the lowest level at which Deutsche Börse Group monitors goodwill. An impairment loss is recognised if the carrying amount of the cash-generating unit to which goodwill is allocated (including the carrying amount of this goodwill) is higher than the recoverable amount of this group of assets. The impairment loss is first allocated to the goodwill, then to the other assets in proportion to their carrying amounts.

A review is conducted at every balance sheet date to see whether there is any indication that an impairment loss recognised on non-current assets (excluding goodwill) in the previous years no longer applies. If this is the case, the carrying amount of the asset is increased and the difference is recognised in profit or loss.The maximum amount of this reversal is limited to the carrying amount that would have resulted if no impairment loss had been recognised in previous periods. In accordance with IAS 36, impairment losses on goodwill are not reversed.

Financial instruments

Financial instruments comprise financial assets and liabilities. For Deutsche Börse Group, financial assets are, in particular, other equity investments, receivables and securities from banking business, other financial instruments and other loans, receivables and other assets as well as bank balances. Financial liabilities relate primarily to interest-bearing liabilities, other non-current liabilities, liabilities from banking business, financial instruments of Eurex Clearing AG, cash deposits by market participants as well as trade payables.

Recognition of financial assets and liabilities
Financial assets and liabilities are recognised when a Group company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are generally recognised at the trade date. Loans and receivables from banking business, available-for-sale financial assets from banking business as well as purchases and sales of equities via the central counterparty (i.e. Eurex Clearing AG) are recognised at the settlement date.

Financial assets are initially measured at fair value; in the case of a financial asset that is not measured at fair value through profit or loss in subsequent periods, this includes transaction costs.

Subsequent measurement of financial assets and liabilities
Subsequent measurement of financial instruments follows the categories to which they are allocated in accordance with IAS 39 and which are described below. As in previous years, Deutsche Börse Group did not take advantage of the option to allocate financial assets to the "held-to-maturity investments" category in the year under review. In addition, the Group waived the possibility to designate financial assets or liabilities at fair value through profit and loss (fair value option).

Assets held for trading
Derivatives that are not designated as hedging instruments as well as financial instruments of Eurex Clearing AG (see details below) are measured at fair value through profit or loss. Apart from financial instruments of Eurex Clearing AG this category includes in particular interest rate swaps, currency swaps and forward foreign exchange transactions.

Fair value of these derivatives is calculated based on observable current market rates. If resulting from banking business, realised and unrealised gains and losses are immediately recognised in the consolidated income statement as "other operating income" and "other operating expenses" or, if incurred outside the banking business, as "financial income" and "financial expenses".

Loans and receivables
Loans and receivables comprise in particular current and non-current receivables from banking business, trade receivables as well as other current receivables. They are recognised at amortised cost, taking into account any potential impairment losses, if applicable. Premiums and discounts are included in the amortised cost of the instrument concerned and are amortised using the effective interest method; they are contained in "net interest income from banking business" if they relate to banking business, or in "financial income" and "financial expense".

Available-for-sale financial assets
Non-derivative financial assets are classified as "available-for-sale financial assets", if they cannot be allocated to the "loans and receivables" and "assets held for trading" categories. These assets comprise debt and equity investments recognised in the "other equity investments" and "other financial instruments" items as well as debt instruments recognised in the current and non-current receivables and securities from banking business items.

Available-for-sale financial assets are generally measured at the fair value observable in an active market. Unrealised gains and losses are recognised directly in equity in the revaluation surplus. Impairment and effects of exchange rates on monetary items are excluded from this general rule; they are recognised in profit or loss.

Equity instruments for which no active market exists are measured on the basis of current comparable market transactions, if these are available. If an equity instrument is not traded in an active market and alternative valuation methods cannot be applied to that equity instrument, it is measured at cost, subject to an impairment test.

Realised gains and losses are generally recognised under financial income or financial expense. Interest income is recognised in the consolidated income statement in net interest income from banking business based on the effective interest rate method. Other realised gains and losses are recognised in the consolidated income statement in “other operating income” and “other operating expenses”.

If debt instruments of banking business are hedged instruments under fair value hedges, hedge accounting is applied for fair value adjustments corresponding to the hedged item (see “Fair value hedges” below).

Derecognition of financial assets and liabilities
Financial assets are derecognised when the contractual rights to the cash flows expire or when substantially all the risks and rewards of ownership of the financial assets are transferred. Financial liabilities are derecognised when the obligations specified in the contracts are discharged or cancelled.

Clearstream Banking S.A. acts as principal in securities borrowing and lending transactions in the context of the ASLplus securities lending system. Legally, it operates between the lender and the borrower without being an economic contracting partner (transitory items). In these transactions, the securities borrowed and lent match each other. Consequently, these transactions are not recognised in the consolidated balance sheet.

Netting of financial assets and liabilities
Financial assets and liabilities are offset and only the net amount is presented in the consolidated balance sheet when a Group company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets
Financial assets that are not measured at fair value through profit or loss are reviewed at each balance sheet date to establish whether there is any indication of impairment.

Deutsche Börse Group has laid down criteria for assessing whether there is evidence of impairment. These criteria primarily include significant financial difficulties on the part of the debtor and breaches of contract.

The amount of an impairment loss for a financial asset measured at amortised cost is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. A subsequent reversal is recognised at a maximum at the carrying amount that would have resulted if no impairment loss had been recognised.

The amount of an impairment loss for a financial asset measured at cost (equity instruments that are non-listed) is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at a current market interest rate. Subsequent reversal is not permitted.

In the case of available-for-sale financial assets, the impairment loss is calculated as the difference between cost and fair value. Any reduction in fair value already recognised in equity is reclassified to profit or loss upon determination of the impairment loss. A subsequent reversal may only be recognised for debt instruments if the reason for the original impairment loss no longer applies.

Financial liabilities not measured at fair value through profit and loss

Financial liabilities not held for trading are carried at amortised cost. These liabilities comprise issued bonds and private placements. The borrowing costs associated with the placement of financial liabilities are included in the carrying amount, within the framework of the effective interest method, if they are directly attributable. Discounts reduce the carrying amount of liabilities and are amortised over the term of the liabilities.

Financial liabilities measured at fair value through profit and loss

A forward transaction with a non-controlling shareholder for the acquisition of non-controlling interests that is settled in cash or by delivering other financial assets is a financial liability recognised at fair value. It is subsequently measured at fair value through profit and loss. The equity interest attributable to a non-controlling shareholder underlying the transaction is accounted for as if it had already been acquired at the time of the transaction.

Derivatives and hedges

Derivatives are used to hedge interest rate risk or foreign exchange risk. All derivatives are carried at their fair values. The fair value of interest rate swaps is determined on the basis of current observable market interest rates. The fair value of forward foreign exchange transactions is determined on the basis of forward foreign exchange rates at the balance sheet date for the remaining period to maturity.

Hedge accounting is applied for derivatives that are part of a hedging relationship determined to be highly effective under IAS 39 and for which the conditions of IAS 39.88 are met, as follows.

Cash flow hedges
The portion of the gain or loss on the hedging instrument determined to be highly effective is recognised directly in equity. This gain or loss ultimately adjusts the value of the hedged cash flow, i.e. the gain or loss from the hedging instrument is recognised in profit or loss when the hedged item is recognised in the balance sheet or in profit or loss. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Fair value hedges
The gain or loss on the hedging instrument, together with the gain or loss on the hedged item (underlying) attributable to the hedged risk, is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item adjusts its carrying amount.

Hedges of a net investment in a foreign operation
The effective portion of the gain or loss from a hedging transaction that is designated as a highly effective hedge is recognised directly in equity. It is recognised in profit or loss when the foreign operation is sold. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

Derivatives that are not part of a hedging relationship
Gains or losses on derivative instruments that are not part of a highly effective hedging relationship are recognised immediately in the consolidated income statement.

Financial instruments of Eurex Clearing AG (central counterparty)

Eurex Clearing AG acts as the central counterparty and guarantees the settlement of all transactions involving futures and options on the Eurex exchanges (Eurex Deutschland and Eurex Zürich AG). As the central counterparty, it also guarantees the settlement of all transactions for Eurex Bonds (bond trading platform) and Eurex Repo (repo trading platform), certain exchange transactions in equities on Frankfurter Wertpapierbörse (FWB, the Frankfurt Stock Exchange) and certain cash market transactions on the Irish Stock Exchange. In addition, Eurex Clearing AG guarantees the settlement of all OTC (over-the-counter, i.e. off-exchange) transactions entered in the trading system of the Eurex exchanges, Eurex Bonds, Eurex Repo, the Frankfurt Stock Exchange and the Irish Stock Exchange. These transactions are only executed between Eurex Clearing AG and a clearing member.

In accordance with IAS 39.38, purchases and sales of equities via the central counterparty are recognised and simultaneously derecognised at the settlement date.

For products that are marked to market (futures and options on futures), Eurex Clearing AG recognises gains and losses on open positions of clearing members on each exchange day. By means of the variation margin, profits and losses on open futures positions resulting from market price fluctuations are settled on a daily basis. The difference between this and other margin types is that the variation margin does not comprise collateral, but is a daily offsetting of profits and losses in cash. In accordance with IAS 39.17 (a) and IAS 39.39, futures are therefore not reported in the consolidated balance sheet. For future-style options, the option premium is not required to be paid in full until the end of the term or upon exercise. Option premiums are carried in the consolidated balance sheet as receivables and liabilities at their fair value on the trade date.

“Traditional” options, for which the buyer must pay the option premium in full upon purchase, are carried in the consolidated balance sheet at fair value. Correspondingly, credit default swaps are also carried at fair value. Fixed-income bond forwards are recognised as derivatives and carried at fair value until the settlement date. Receivables and liabilities from repo transactions are classified as held for trading and carried at fair value. Receivables and liabilities from variation margins and cash collateral that is determined on the reporting date and only paid on the following day are carried at their nominal amount.

The fair values recognised in the consolidated balance sheet are based on daily settlement prices. These are calculated and published by Eurex Clearing AG in accordance with the rules set out in the contract specifications (see also the Clearing conditions of Eurex Clearing AG).

Cash or securities collateral of Eurex Clearing AG

As Eurex Clearing AG guarantees the settlement of all traded contracts, it has established a multi-level collateral system. The central pillar of the collateral system is the determination of the overall risk per clearing member (margin) to be covered by cash or securities collateral. Losses calculated on the basis of current prices and potential future price risks are covered up to the date of the next collateral payment.

In addition to these daily collateral payments, each clearing member must make contributions to the clearing fund (for further details, see the risk report in the combined managment report). Cash collateral is reported in the consolidated balance sheet under "cash deposits by market participants" and the corresponding amounts under "restricted bank balances".

In accordance with IAS 39.20 (b) in conjunction with IAS 39.37, securities collateral is not derecognised by the clearing member providing the collateral, as the transfer of securities does not meet the conditions for derecognition.

Treasury shares

The treasury shares held by Deutsche Börse AG at the reporting date are deducted directly from shareholders' equity. In accordance with IAS 32.33, gains or losses on treasury shares are taken directly to equity. The transaction costs directly attributable to the acquisition of treasury shares are accounted for as a deduction from shareholders' equity (net of any related income tax benefit).

Other current assets

Receivables, other assets, and cash and cash equivalents are carried at their nominal amount. Adequate valuation allowances take account of identifiable risks.

Restricted bank balances include cash deposits by market participants which are invested largely overnight, mainly in the form of reverse repurchase agreements with banks.

Non-current assets held-for-sale

Non-current assets that are available for immediate sale in their present condition and whose sale is highly probable within a reasonable period of time are classified as "non-current assets held for sale". A transaction is highly probable if measures for the sale have already been initiated and the relevant bodies have adopted the corresponding resolutions.

Pensions and other employee benefits

Pensions and other employee benefits relate to defined contribution and defined benefit pension plans.

Defined contribution pension plans

There are defined contribution plans as part of the occupational pension system via pension funds and similar pension institutions, as well as on the basis of the 401(k) plan. In addition, contributions are paid to the statutory pension insurance scheme. The level of contributions is normally determined in relation to income. No provisions are recognised for defined contribution plans. The contributions paid are reported as pension expenses in the year of payment.

There are defined contribution pension plans for employees working in Germany, Luxembourg, the Czech Republic, the UK and the USA. In addition, the employer pays contributions to employees' private pension funds.

Defined benefit plans
Provisions for pension obligations are measured, separately for each pension plan, using the projected unit credit method on the basis of actuarial reports. The fair value of plan assets, taking into account the asset ceiling rules if there are any surplus plan assets, is deducted from the present value of pension obligations. This results in the net defined benefit liability or asset. Net interest for the financial year is calculated by applying the discount rate determined at the beginning of the financial year to the net defined benefit liability determined as at that date.

The relevant discount rate is determined by reference to the return on long-term corporate bonds with a rating of at least AA (Moody's Investors Service, Standard & Poor's, Fitch Ratings and Dominion Bond Rating Service) on the basis of the information provided by Bloomberg, and a maturity that corresponds approximately to the maturity of the pension obligations. Moreover, the bonds must be denominated in the same currency as the underlying pension obligation. Measurement of the pension obligations in euros is based on a discount rate of 3.5 per cent, which is determined according to the Towers Watson Global RATE:Link methodology (updated in line with the current market trend). If the pension obligations had been measured at the reporting date using a discount rate of 3.0 per cent as determined according to the method used in the previous year, the pension obligations would have been around €28 million higher.

Actuarial gains or losses resulting from changes in expectations with regard to life expectancy, pension trends, salary trends, or the discount rate as compared with the estimate at the beginning of the period or compared with the actual development during the period are recognised directly in other comprehensive income. Actuarial gains and losses recognised in other comprehensive income may not be reclassified to profit or loss in subsequent periods. Similarly, differences between the (interest) income on plan assets determined at the beginning of the period and the return on plan assets actually recorded at the end of the period are also recognised directly in other comprehensive income. The actuarial gains or losses and the difference between the expected and the actual return or loss on plan assets are recognised as revaluation surplus.

Other long-term benefits for employees and members of executive boards (total disability pension, transitional payments and surviving dependents' pensions) are also measured using the projected unit credit method. In accordance with IAS 19.127, actuarial gains and losses and past service cost are recognised immediately and in full through profit or loss.

Other provisions

Provisions are recognised if the Group has a present obligation from an event in the past, an outflow of resources with economic benefit to settle the obligation is probable and it is possible to reliably estimate the amount of this obligation. The amount of the provision corresponds to the best possible estimate of the expense which is necessary to settle the obligation at the balance sheet date. A provision for restructuring is only recognised when an entity has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that the restructuring measures will be implemented, for example by starting to implement that plan or announcing its main features to those affected by it. Contingent liabilities are not recognised, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Group Share Plan (GSP) and Stock Bonus Plan (SBP)

Accounting for the Group Share Plan and the Stock Bonus Plan follows IFRS 2 “Share-based payment”.

Group Share Plan

Under the Group Share Plan, shares are granted at a discount to the market price. The expense of this discount is recognised in the income statement at the grant date. Options granted follow the accounting principles for share-based payments for which Deutsche Börse AG has a choice of settlement in cash and equity instruments. In 2010, the company resolved the cash settlement of all GSP tranches in existence at that time.

The options in the 2006 GSP tranche expired on 30 June 2012, when the plan ended.

The cost of the GSP shares offered to the employees of the US subsidiary International Securities Exchange Holdings, Inc. at a discount is recognised in the income statement at the grant date. GSP share grants are accounted for as equity-settled share-based payments. The GSP shares are measured at their fair value at the grant date and recognised in the income statement over a three-year vesting period, with a corresponding increase in shareholders’ equity. The remaining options in the 2009 GSP tranche were exercised in financial year 2012 following expiration of the vesting period.

Stock Bonus Plan (SBP)

The SBP shares are generally accounted for as share-based payments for which Deutsche Börse AG has a choice of settlement in cash and equity instruments. In financial year 2012, and as in the previous years, the company resolved to settle the tranches due in each following year in cash. Under these circumstances, there is at present a presumption in accordance with IFRS 2 that all SBP shares will be settled in cash. Accordingly, Deutsche Börse Group has measured the SBP shares as cash-settled share-based payment transactions.The cost of the options is estimated using an option pricing model (fair value measurement) and recognised in staff costs in the income statement. Any right to payment of a stock bonus only vests after the expiration of the three-year performance period on which the Plan is based.

A separate variable share-based payment has been agreed for Deutsche Börse AG’s Executive Board since financial year 2010. The number of virtual shares for each Executive Board member is calculated on the basis of Deutsche Börse AG’s average share price in the two months preceding the point in time at which the Supervisory Board establishes the 100 per cent target value for the variable share component. The calculation of the subsequent payout amount of the stock bonus depends on the change in relative shareholder return and Deutsche Börse AG’s share price performance. Claims under this stock bonus programme are settled in cash after the expiration of the three-year performance period.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed using the balance sheet approach in accordance with IAS 12. The deferred tax calculation is based on temporary differences between the carrying amounts in the tax accounts and the carrying amounts in the IFRS financial statements that lead to a future tax liability or benefit when assets are used or sold or liabilities are settled.

The deferred tax assets or liabilities are measured using the tax rates that are currently expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised for the carryforward of unused tax losses only to the extent that it is probable that future taxable profit will be available. Deferred tax assets and deferred tax liabilities are offset where a legally enforceable right to set off current tax assets against current tax liabilities exists and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Leases

Leases are classified as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Leased assets and the associated liabilities are recognised at the lower of fair value and the present value of the minimum lease payments if the criteria for classification as a finance lease are met. The leased asset is depreciated or amortised using the straight-line method over its useful life or the lease term, if shorter. In subsequent periods, the liability is measured using the effective interest method.

Expenses incurred in connection with operating leases are recognised as an expense on a straight-line basis over the lease term.

Consolidation

All subsidiaries directly or indirectly controlled by Deutsche Börse AG are included in Deutsche Börse AG's consolidated financial statements. This condition is generally met if Deutsche Börse AG directly or indirectly holds more than half of the voting rights or is otherwise able to govern the financial and operating policies of the other entity.

Initial consolidation of subsidiaries in the course of business combinations uses the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. Any excess of cost over the acquirer's interest in the fair value of the subsidiary's net identifiable assets is recognised as goodwill. Goodwill is reported in subsequent periods at cost less accumulated impairment losses.

Intragroup assets and liabilities are eliminated. Income arising from intragroup transactions is eliminated against the corresponding expenses. Profits or losses arising from deliveries of intragroup goods and services, as well as dividends distributed within the Group, are eliminated. Deferred taxes are recognised for consolidation adjustments where these are expected to reverse in subsequent years.

Interests in equity attributable to non-controlling interest shareholders are carried under "non-controlling interests" within equity. Where these are classified as "puttable instruments", they are reported under "liabilities".

Currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date.

At the balance sheet date, monetary balance sheet items in foreign currency are measured at the exchange rate at the balance sheet date, while non-monetary balance sheet items recognised at historical cost are measured at the exchange rate on the transaction day. Non-monetary balance sheet items measured at fair value are translated at the closing rate on the valuation date. Exchange rate differences are recorded as other operating income or expense in the period in which they arise unless the underlying transactions are hedged. Gains and losses from a monetary item that forms part of a net investment in a foreign operation are recognised directly in "accumulated profit".

The annual financial statements of companies whose functional currency is not the euro are translated into the reporting currency as follows: assets and liabilities are translated into euros at the closing rate. The items in the consolidated income statement are translated at the average exchange rates for the period under review. Resulting exchange differences are recognised directly in accumulated profit. When the relevant subsidiary is sold, these exchange differences are recognised in consolidated profit for the period in which the deconsolidation gain or loss is realised.

The following euro exchange rates of consequence to Deutsche Börse Group were applied:

Exchange rates

		Average rate 2012	Average rate 2011	Closing price as at 31 Dec 2012	Closing price as at 31 Dec 2011
Swiss francs	CHF	1.2043	1.2270	1.2073	1.2165
US dollars	USD (US$)	1.2929	1.4038	1.3196	1.2918
Czech koruna	CZK	25.1182	24.6412	25.0960	25.8195

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from initial consolidation are reported in the functional currency of the foreign operation and translated at the closing rate.

Key sources of estimation uncertainty and management judgements

The application of accounting policies, presentation of assets and liabilities and recognition of income and expenses requires the Executive Board to make certain judgements and estimates. Adjustments in this context are taken into account in the period the change was made as well as in subsequent periods, where necessary.

Note 11 contains information on the assumptions applied in performing annual impairment tests on goodwill and intangible assets with an indefinite useful life. In each case, the respective business plans serve as the basis for determining any impairment. These plans contain projections of the future financial performance of the cash-generating units. If their actual financial performance fails to meet these expectations, corresponding adjustments may be necessary. For further information on the impact incurred due to changes in the discount rate and further assumptions, please see note 11.

Accounting for provisions for pensions and similar obligations requires the application of certain actuarial assumptions (e.g. discount rate, staff turnover rate) so as to estimate their carrying amounts (see above). Note 22 shows the present value of the obligations at each balance sheet date. These assumptions may fluctuate considerably, for example because of changes in the macroeconomic environment, and may thus materially affect provisions already recognised. A sensitivity analysis of the key factors is presented in note 22.

Deutsche Börse AG or its group companies are subject to litigation. Such litigation may lead to orders to pay against the entities of the group. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation if such amount is reasonably estimable. Management judgement includes the determination whether there is a possible obligation from past events, the evaluation of the probability that an outflow will occur and the estimation of the potential amount. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously. For further information on other risks please see note 37.

Note 39 contains disclosures on the valuation model used for the stock options. Where the estimates of the valuation parameters originally applied differ from the actual values available when the options are exercised, adjustments are necessary; such adjustments are recognised in the consolidated income statement for the period if they relate to cash-settled share-based payment transactions.

In addition, the probable utilisation applied when establishing provisions for expected losses from rental agreements is estimated (see note 24). In the creation of personnel-related restructuring provisions, certain assumptions were made with regard to, for example, fluctuation rate, discount rate and salary trends. Should the actual values deviate from these assumptions, adjustments may be necessary.

Consolidated income statement disclosures

4. Net revenue

Composition of net revenue

	Sales revenue		Net interest income from banking business	
	2012 €m	2011 €m	2012 €m	2011 €m
Xetra				
Trading[1]	108.9	140.9	0	0
Clearing and settlement fees	34.5	44.4	0	0
Connectivity	23.2	21.6	0	0
Other[2]	63.5	68.2	0	0
	230.1	**275.1**	**0**	**0**
Eurex				
Equity index derivatives	402.5	430.4	0	0
Interest rate derivatives	170.9	192.4	0	0
US options (ISE)	157.7	145.2	0	0
Equity derivatives	41.9	39.8	0	0
Other[2]	139.4	138.1	0	0
	912.4	**945.9**	**0**	**0**
Clearstream				
Custody fees	438.2	441.7	0	0
Transaction fees	111.1	117.6	0	0
Global Securities Financing	89.4	83.9	0	0
Net interest income	0	0	52.0	75.1
Other assets	135.2	139.3	0	0
	773.9	**782.5**	**52.0**	**75.1**
Market Data & Analytics				
Sales of price information[3]	153.8	159.6	0	0
Indices	83.6	85.8	0	0
Other assets	26.5	26.5	0	0
	263.9	**271.9**	**0**	**0**
Total of all segments	**2,180.3**	**2,275.4**	**52.0**	**75.1**
Consolidation of internal revenue	**–35.0**	**–42.1**		
Group	**2,145.3**	**2,233.3**	**52.0**	**75.1**

1) The „Trading“ item includes Xetra Frankfurt Specialist Trading (before 23 May 2011: floor trading) and the electronic Xetra trading system.
2) The „Other“ item also includes the allocated IT revenue.

	Other operating income		Volume-related costs		Net revenue		Consolidation of internal net revenue		External net revenue	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m
	0	0	–18.4	–15.8	90.5	125.1	0	0	90.5	125.1
	0	0	–5.1	–6.2	29.4	38.2	5.1	6.2	34.5	44.4
	0	0	0	0	23.2	21.6	0	0	23.2	21.6
	7.3	13.0	–1.0	–0.9	69.8	80.3	–5.0	–4.8	64.8	75.5
	7.3	**13.0**	**–24.5**	**–22.9**	**212.9**	**265.2**	**0.1**	**1.4**	**213.0**	**266.6**
	0	0	–27.9	–30.9	374.6	399.5	24.2	30.1	398.8	429.6
	0	0	0	0	170.9	192.4	0	0	170.9	192.4
	0	0	–63.7	–30.0	94.0	115.2	0	0	94.0	115.2
	0	0	–1.6	–2.1	40.3	37.7	0	0	40.3	37.7
	10.2	40.1	–8.3	–15.1	141.3	163.1	–2.3	2.0	139.0	165.1
	10.2	**40.1**	**–101.5**	**–78.1**	**821.1**	**907.9**	**21.9**	**32.1**	**843.0**	**940.0**
	0	0	–103.7	–105.5	334.5	336.2	0	0	334.5	336.2
	0	0	–12.1	–13.3	99.0	104.3	0	0	99.0	104.3
	0	0	–32.3	–27.4	57.1	56.5	0	0	57.1	56.5
	0	0	0	0	52.0	75.1	0	0	52.0	75.1
	3.1	8.4	–15.4	–18.4	122.9	129.3	–4.6	–6.1	118.3	123.2
	3.1	**8.4**	**–163.5**	**–164.6**	**665.5**	**701.4**	**–4.6**	**–6.1**	**660.9**	**695.3**
	0	0	–20.8	–20.4	133.0	139.2	9.1	5.2	142.1	144.4
	2.6	0	–9.1	–4.8	77.1	81.0	–23.9	–29.8	53.2	51.2
	0.5	3.9	–4.3	–3.7	22.7	26.7	–2.6	–2.8	20.1	23.9
	3.1	**3.9**	**–34.2**	**–28.9**	**232.8**	**246.9**	**–17.4**	**–27.4**	**215.4**	**219.5**
	23.7	**65.4**	**–323.7**	**–294.5**	**1,932.3**	**2,121.4**	**0**	**0**	**1,932.3**	**2,121.4**
	–12.0	**–8.4**	**47.0**	**50.5**	**0**	**0**			**0**	**0**
	11.7	**57.0**	**–276.7**	**-244.0**	**1,932.3**	**2,121.4**	**0**	**0**	**1,932.3**	**2,121.4**

3) As the products of Market News International Inc. and Need To Know News, LLC have been fully integrated, the sales revenue of these two companies is reported under the sales of price information for the Market Data & Analytics segment. Prior-year figures have been adjusted accordingly.

Since the first quarter of 2012, Deutsche Börse Group has been using net revenue as primary key performance indicator for income. This consists of sales revenue plus external net interest income from banking business and other operating income deducing volume-related costs. On the one hand, the change was made in connection with actual and expected changes in fee models increasing sales revenue and volume related costs without having an impact on earnings. On the other hand, other operating income significantly decreased due to the complete purchase of shares in Eurex Zürich AG from SIX Group AG.

Composition of net interest income from banking business

	2012 €m	2011 €m
Loans and receivables	84.2	134.8
Financial liabilities measured at amortised cost	–58.0	–68.5
Available-for-sale financial assets	15.1	23.6
Financial assets or liabilities measured at fair value through profit or loss:		
Interest income	14.5	5.5
Interest expense	–2.2	–18.0
Interest income – interest rate swaps – fair value hedges	0.5	1.1
Interest expense – interest rate swaps – fair value hedges	–2.1	–3.4
Total	**52.0**	**75.1**

Composition of other operating income

	2012 €m	2011 €m
Income from agency agreements	0.9	29.1
Income from exchange rate differences	1.4	7.5
Gains on the disposal of equity investments and subsidiaries	0	4.7
Rental income from sublease contracts	1.3	2.6
Miscellaneous	8.1	13.1
Total	**11.7**	**57.0**

Income from agency agreements results largely from the operational management of the Eurex Zürich derivatives market for SIX Swiss Exchange AG. The reason for the decrease in 2012 is the absence of the reimbursement of expenses of SIX Group for the operation of Eurex by Deutsche Börse Group due to the complete purchase of shares in Eurex Zürich AG by Deutsche Börse AG.

Gains on the disposal of equity investments and subsidiaries amounting to €4.7 million in 2011 result from the complete disposal of the interest in Bolsa Mexicana de Valores, S.A. de C.V. amounting to 1 per cent.

For details of rental income from sublease contracts see note 38.

Miscellaneous other operating income includes income from cooperation agreements and from training and valuation adjustments.

Volume-related costs comprise partial or advance concessions which Deutsche Börse Group obtains from third parties, which it markets as part of its own value chain, and which indirectly depend on the development of volume trends and sales revenue.

5. Staff costs

Composition of staff costs

	2012 €m	2011 €m
Wages and salaries	345.7	310.1
Social security contributions, retirement and other benefits	68.5	75.7
Total	**414.2**	**385.8**

Staff costs include costs of €14.4 million (2011: €–6.7 million) recognised in connection with efficiency programmes.

6. Other operating expenses

Composition of other operating expenses

	2012 €m	2011 €m
Costs for IT services providers and other consulting services	156.1	192.5
IT costs	81.4	75.8
Premises expenses	78.5	71.2
Non-recoverable input tax	34.5	39.9
Advertising and marketing costs	23.1	21.3
Travel, entertainment and corporate hospitality expenses	19.5	19.4
Insurance premiums, contributions and fees	12.2	12.3
Cost of agency agreements	11.7	15.5
Non-wage labour costs and voluntary social benefits	11.7	11.6
Supervisory Board remuneration	4.4	4.6
Cost of exchange rate differences	2.5	2.1
Miscellaneous	3.8	18.8
Total	**439.4**	**485.0**

Costs for IT services providers and other consulting services relate mainly to expenses in conjunction with software development. An analysis of development costs is presented in note 7. These costs also contain costs of strategic and legal consulting services as well as of audit activities. The unusually high level in 2011 is primarily due to the cost of the planned combination of Deutsche Börse Group and NYSE Euronext, which was prohibited on 1 February 2012.

Composition of fees for the auditor[1)]

	2012 €m	2011 €m
Statutory audit	1.5	2.2
Other assurance or valuation services	0.7	0.7
Tax advisory services	0.5	0.7
Other services	0.9	1.0
Total	**3.6**	**4.6**

1) With companies of KPMG Europe LLP Group. There are further assignments with other companies of KPMG, in particular in Singapore, the Czech Republic and the USA.

7. Research and development costs

Own expenses capitalised relate solely to development costs of internally developed software, involving the following systems and projects in the individual segments:

Research and development costs

	Total expense for software development		of which capitalised	
	2012 €m	2011 €m	2012 €m	2011 €m
Xetra				
Xetra software	5.1	6.9	0.3	3.7
New trading platform Xetra/Eurex	0	1.6	0	0.4
CCP releases	3.4	2.1	0.6	0
	8.5	**10.6**	**0.9**	**4.1**
Eurex				
Eurex software	12.8	17.3	4.2	5.9
New trading platform Xetra/Eurex	27.5	14.7	14.7	11.8
Eurex Clearing Prisma	18.8	8.8	12.6	5.2
New trading platform ISE	5.2	10.9	4.1	7.5
EurexOTC Clear	28.8	4.6	11.8	1.1
	93.1	**56.3**	**47.4**	**31.5**
Clearstream				
Collateral Management and Settlement	41.0	21.8	20.9	14.6
Custody	12.2	12.9	7.7	7.9
Connectivity	4.4	1.9	3.1	1.3
Investment funds	4.3	4.2	2.7	1.3
	61.9	**40.8**	**34.4**	**25.1**
Market Data & Analytics	**4.1**	**2.5**	**0.5**	**0.7**
Research expense	**1.0**	**1.4**	**0**	**0**
Total	**168.6**	**111.6**	**83.2**	**61.4**

8. Result from equity investments

Composition of result from equity investments

	2012 €m	2011 €m
Equity method-accounted result of associates		
Scoach Holding S.A.	4.5	7.7
Direct Edge Holdings, LLC[1]	1.9	1.5
European Energy Exchange AG	0.5	6.8
Deutsche Börse Commodities GmbH	0.3	0.2
ID's SAS	0.1	0.1
Tradegate AG Wertpapierhandelsbank	0	0.2
Total income from equity method measurement	**7.3**	**16.5**
Indexium AG	–4.0	–3.4
Link-Up Capital Markets, S.L.	–0.5	–0.3
Digital Vega FX Ltd.	–0.1	–0.2
Hanweck Associates, LLC	–0.1	0
Total expenses[2] from equity method measurement from associates	**–4.7**	**–3.9**
Result from associates	**2.6**	**12.6**
Result from other equity investments	**–6.9**	**–9.0**
Result from equity investments	**–4.3**	**3.6**

1) Direct Edge Holdings, LLC has been classified again as an associate since the restoration of significant influence on 9 February 2012.
2) Including impairments

The result from associates in financial year 2012 contains impairment losses of €2.5 million (2011: €3.0 million). These relate to the loan granted to Indexium AG by Deutsche Börse AG, whose recoverability was partially eroded due to the continuing loss situation and the losses in excess of the carrying amount of the investment in Indexium AG.

The result from other equity investments includes impairment losses of €10.8 million (2011: €17.2 million) relating to the investment in Quadriserv Inc. The negative performance is attributable to the continuing difficult capital market environment and the company's declining market share during financial year 2012.

Dividends of €10.1 million (2011: €5.8 million) were received from interests in associates and €2.8 million (2011: €2.2 million) from interests in other equity investments in the year under review.

9. Financial result

Composition of financial income

	2012 €m	2011 €m
Interest on reverse repurchase agreements categorised as "loans and receivables"	10.4	51.2
Income from available-for-sale securities	0.7	0.5
Interest on bank balances categorised as "loans and receivables"	0.7	1.5
Other interest and similar income	0.2	0.6
Interest income from associate receivables categorised as "loans and receivables"	0.2	0.1
Interest-like income from revaluation of derivatives held for trading	0.1	0.4
Interest-like income for subsequent measurement of the liability to SIX Group AG	0	80.8
Total	**12.3**	**135.1**

Composition of financial expense

	2012 €m	2011 €m
Interest on non-current loans[1]	99.7	86.3
Expenses from the unwinding of the discount on and the subsequent measurement of the liability to SIX Group AG	27.4	3.4
Interest on taxes	6.1	9.5
Expenses from the unwinding of the discount on the pension provisions	4.3	2.5
Interest-like expenses for exchange rate differences on liabilities[1]	1.8	0.5
Transaction costs of non-current liabilities[1]	1.7	1.4
Interest-like expenses for derivatives held as hedging instruments	0.9	1.0
Interest on current liabilities[1]	0.9	0.5
Interest paid on Eurex participants' cash deposits	0	30.6
Other costs	2.2	3.2
Total	**145.0**	**138.9**

1) Measured at amortised cost

10. Income tax expense

Composition of income tax expense (main components)

	2012 €m	2011 €m
Current income taxes:		
of the year under review	224.1	278.0
from previous years	–0.3	–3.5
Deferred tax (income)/expense on temporary differences	–56.9	6.7
Total	**166.9**	**281.2**

The total current tax expenses in the amount of €223.8 million include domestic tax expenses of €156.2 million and foreign tax expenses of €67.6 million (2011: domestic tax expenses €201.8 million, foreign tax expenses €72.7 million). The total deferred tax income in the amount of €56.9 million include domestic tax expenses of €6.3 million and foreign tax income of €63.2 million (2011: domestic tax expenses €10.7 million, foreign tax income €4.0 million).

As in the previous year, a tax rate of 26 to 28 per cent was used in the reporting period to calculate deferred taxes for the German companies. This reflects trade income tax at multipliers of 280 to 460 per cent (2011: 280 to 460 per cent) on the tax base value of 3.5 per cent (2011: 3.5 per cent), corporation tax of 15 per cent (2011: 15 per cent) and the 5.5 per cent solidarity surcharge (2011: 5.5 per cent) on the corporation tax.

A tax rate of 28.80 per cent (2011: 28.80 per cent) was used for the Luxembourgian companies, reflecting trade income tax at a rate of 6.75 per cent (2011: 6.75 per cent) and corporation tax at 22.05 per cent (2011: 22.05 per cent).

Tax rates of 17 to 45 per cent were applied to the companies in the UK, Portugal, Singapore, Switzerland, Spain, the Czech Republic and the USA (2011: 17 to 45 per cent).

The following table shows the carrying amounts of deferred tax assets and liabilities as well as the related tax expenses recognised in income or directly in equity.

Composition of deferred taxes

	Deferred tax assets		Deferred tax liabilities		Exchange rate differences	Deferred tax expense/(income)		Tax expense/(income) recognised directly in equity	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2012 €m	2011 €m	2012 €m	2011 €m
Pension provisions and other employee benefits	43.4	28.5	0	0	–1.4	1.3	0.9	–14.8[1]	–2.5[1]
Other provisions	5.4	7.3	0	0	1.3	0.6	8.2	0	0
Interest-bearing liabilities	0	0	–0.9	–0.7	0	0.2	–0.4	0	0
Intangible assets	0	0	–13.9	–10.0	0	3.9	3.0	0	0
Intangible assets from purchase price allocation	0	0	–248.1	–274.1	–3.9	–22.1	–7.0	0	0
Non-current assets	0.3	0	0	–3.6	0	–3.9	1.2	0	0
Investment securities	0	2.7	–3.6	0	–0.1	–0.4	1.7	6.8[1]	–6.8[1]
Other non-current assets	4.4	1.5	0	0	0	–0.1	–0.9	–2.8[1]	–3.2[1]
Losses carried forward	36.4	0	0	0	0	–36.4	0	0	0
Exchange rate differences	0	0	–38.3	–50.4	0	0	0	–12.1[2]	21.2[2]
Gross amounts	**89.9**	**40.0**	**–304.8**	**–338.8**	**–4.1**	**–56.9**	**6.7**	**–22.9**	**8.7**
Netting of deferred taxes	–30.1	–15.8	30.1	15.8			–	–	–
Total	**59.8**	**24.2**	**–274.7**	**–323.0**	**–4.1**	**–56.9**	**6.7**	**–22.9**	**8.7**

1) Separate disclosure in the consolidated statement of changes in equity under “revaluation surplus”
2) Separate disclosure in the consolidated statement of changes in equity under “accumulated profit”

Changes taken directly to equity relate to deferred taxes on changes in the measurement of securities carried at fair value (see also note 20) and changes in the measurement of pension provisions.

€67.4 million (2011: €28.5 million) of deferred tax assets and €242.7 million (2011: €268.5 million) of deferred tax liabilities have an expected remaining maturity of more than one year.

Deferred tax liabilities have not been recognised in respect of the tax on future dividends that may be paid from retained earnings by subsidiaries and associated companies. In accordance with section 8b (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act), 5 per cent of dividends and similar income received by German companies is treated as non-deductible expenses for tax purposes.

Reconciliation between the expected and the reported tax expense

	2012 €m	2011 €m
Expected income taxes derived from earnings before tax	217.5	301.3
Tax losses utilised and tax ineffective losses carried forward	22.4	11.5
Recognition of deferred taxes on losses carried forward	–36.4	0
Tax increases due to other non-tax-deductible expenses	7.8	4.6
Effects resulting from different tax rates	–21.7	7.1
Tax decreases due to dividends and income from the disposal of equity investments	–21.5	–24.7
Exchange rate differences	–0.6	–14.7
Other	–0.3	–0.4
Income tax expense arising from current year	**167.2**	**284.7**
Prior-period income taxes	–0.3	–3.5
Income tax expense	**166.9**	**281.2**

To determine the expected tax expense, earnings before tax have been multiplied by the composite tax rate of 26 per cent assumed for 2012 (2011: 26 per cent).

At the end of the financial year, accumulated unused tax losses amounted to €176.3 million (2011: €97.6 million), for which no deferred tax assets were recognised. The unused tax losses amounting to €176.3 million are attributable to domestic losses totalling €7.2 million and to foreign tax losses totalling €169.1 million (2011: domestic tax losses €5.9 million, foreign tax losses €91.7 million). Tax losses of €1.4 million were utilised in 2012 (2011: €1.3 million).

The losses can be carried forward in Germany subject to the minimum taxation rules, and in Luxembourg indefinitely as the law now stands. Losses in other countries can be carried forward for periods of up to 20 years.

Tax decreases due to dividends and the disposal of equity investments for 2012 which include a one-off increase of €7.1 million resulting from the remeasurement of the purchase price liability to be settled in shares for the acquisition of the Swiss derivatives business (2011: one-off decrease of €20.1 million resulting from the remeasurement of the purchase price liability to be settled in shares for the acquisition of the Swiss derivatives business).

Consolidated balance sheet disclosures

11. Intangible assets

Intangible assets

	Purchased software €m	Internally developed software €m	Goodwill €m	Payments on account and construction in progress[1] €m	Other intangible assets €m	Total €m
Historical cost as at 1 Jan 2011	**306.2**	**762.5**	**2,070.3**	**65.2**	**1,931.5**	**5,135.7**
Changes in the basis of consolidation[2]	0	0	3.1	0	0	3.1
Additions	10.3	4.4	1.6	57.0	0.7	74.0
Disposals	–15.3	–83.1	–0.7	0	–0.9	–100.0
Reclassifications	2.7	66.3	0	–65.7	0	3.3
Exchange rate differences	0.3	1.4	31.6	–0.2	49.0	82.1
Historical cost as at 31 Dec 2011	**304.2**	**751.5**	**2,105.9**	**56.3**	**1,980.3**	**5,198.2**
Changes in the basis of consolidation[3]	0	0	4.0	0	0	4.0
Additions	17.9	8.7	0.1	74.5	0	101.2
Disposals	–36.3	–38.4	0	0	–3.1	–77.8
Reclassifications	0	45.4	0	–45.4	0	0
Exchange rate differences	–0.2	–0.6	–20.9	0	–31.8	–53.5
Historical cost as at 31 Dec 2012	**285.6**	**766.6**	**2,089.1**	**85.4**	**1,945.4**	**5,172.1**
Amortisation and impairment losses as at 1 Jan 2011	**289.4**	**729.1**	**10.7**	**0**	**1,016.6**	**2,045.8**
Amortisation	10.9	22.7	0	0	18.4	52.0
Disposals	–15.3	–83.1	0	0	–0.8	–99.2
Reclassifications	–0.5	0.5	0	0	0	0
Exchange rate differences	0	0.8	0	0	35.0	35.8
Amortisation and impairment losses as at 31 Dec 2011	**284.5**	**670.0**	**10.7**	**0**	**1,069.2**	**2,034.4**
Amortisation	10.1	29.9	0	0	19.5	59.5
Disposals	–36.2	–38.3	0	0	–3.1	–77.6
Exchange rate differences	–0.1	–0.4	0	0	–22.5	–23.0
Amortisation and impairment losses as at 31 Dec 2012	**258.3**	**661.2**	**10.7**	**0**	**1,063.1**	**1,993.3**
Carrying amount as at 1 Jan 2011	16.8	33.4	2,059.6	65.2	914.9	3,089.9
Carrying amount as at 31 Dec 2011	19.7	81.5	2,095.2	56.3	911.1	3,163.8
Carrying amount as at 31 Dec 2012	**27.3**	**105.4**	**2,078.4**	**85.4**	**882.3**	**3,178.8**

1) Additions in payments on account and construction in progress in the year under review relate exclusively to internally developed software.
2) This relates exclusively to additions as part of the acquisition of Open Finance, S.L.
3) This relates exclusively to additions as part of the acquisition of Clearstream Fund Services Ireland Ltd.

Software, payments on account and construction in progress

Additions to and reclassifications of software relate primarily to the development of software products for the Clearstream segment and to the development of the new derivatives platform and risk margining and clearing systems of the Eurex segment.

Carrying amounts of software and construction in progress as well as remaining amortisation periods of software

	Carrying amount as at		Remaining amortisation period as at	
	31 Dec 2012 €m	31 Dec 2011 €m	31 Dec 2012 years	31 Dec 2011 years
Xetra (software applications)				
Xetra Release 12.0	2.7	3.4	3.9	4.9
Xetra Release 10.0	1.0	1.7	1.5	2.5
	3.7	**5.1**		
Eurex (software applications)				
ISE trading platform including applications	36.6	41.6	4.3	5.3
CCP 7.0 Securities Lending	5.9	1.8	4.9	n.a.
EurexOTC Clear	4.9	1.1	4.9	n.a.
Eurex 14.0 – Rappidd	1.9	1.7	4.9	n.a.
	49.3	**46.2**		
Eurex (construction in progress)				
Derivatives trading platform	27.9	13.2	n.a.	n.a.
Eurex Clearing Prisma	17.8	5.2	n.a.	n.a.
Eurex Release 14.0 Clearing	10.0	2.1	n.a.	n.a.
	55.7	**20.5**		
Clearstream (software applications)				
Custody	18.2	11.4	4.7	n.a.
Settlement	15.7	21.2	2.7–3.7	3.7–4.7
Global Securities Financing (GSF)	7.0	9.1	2.2–4.2	1.5–4.5
Investment funds	1.2	1.5	3.2	1.5–4.2
	42.1	**43.2**		
Clearstream (construction in progress)				
Settlement	12.9	1.3	n.a.	n.a.
Custody	6.5	n.a.	n.a.	n.a.
Investment funds	3.7	0.9	n.a.	n.a.
Global Securities Financing (GSF)	2.3	n.a.	n.a.	n.a.
	25.4	**2.2**		
Other software assets and construction in progress[1)]	14.6	20.6		
Total	190.8	137.8		

1) Each with a carrying amount of less than €1.0 million as at 31 December 2012

Goodwill

Changes in goodwill

	Clearstream €m	ISE €m	STOXX €m	Other €m	Total goodwill €m
Balance as at 1 Jan 2012	**1,063.8**	**982.0**	**32.6**	**16.8**	**2,095.2**
Changes in the basis of consolidation	0	0	0	4.0	4.0
Exchange rate differences	0	–20.7	0	–0.2	–20.9
Additions	0	0	0	0.1	0.1
Balance as at 31 Dec 2012	**1,063.8**	**961.3**	**32.6**	**20.7**	**2,078.4**

The impairment test was performed by allocating the goodwill to the following groups of cash-generating units (CGUs):

Goodwill allocation to the groups of cash-generating units (CGUs)

	CGU Clearstream segment €m	CGU Eurex segment €m	CGU Market Data & Analytics segment €m	CGU Clearstream Ireland €m	CGU Infobolsa €m	Total goodwill €m
Balance as at 31 Dec 2012	**1,063.8**	**961.3**	**43.3**	**4.0**	**6.0**	**2,078.4**

Goodwill, the stock exchange licence acquired as part of the acquisition of ISE as well as the acquired trade name of STOXX Ltd. are intangible assets with an indefinite useful life. The recoverable amounts of the cash-generating units with allocated goodwill were based either on their values in use (CGU Clearstream segment and CGU Eurex segment) or on their fair value less costs to sell (CGU Market Data & Analytics segment, CGU Infobolsa and CGU Clearstream Ireland). Only in cases in which one of these values (value in use or fair value less costs to sell) does not exceed the carrying amount, the respective other value is calculated. Since there is no active market for the cash-generating units, a discounted cash flow method was used to calculate both value in use and fair value less costs to sell.

The key assumptions made to determine the recoverable amounts vary depending on the cash-generating unit concerned. Pricing or market share assumptions are based on past experience or market research. Other key assumptions are mainly based on external factors. Significant macroeconomic indicators include, for instance, equity index levels, volatility of equity indices, as well as interest rates, exchange rates, GDP growth, unemployment levels and government debt. The discount rate is based on a risk-free interest rate between 2.0 and 2.1 per cent and a market risk premium of 6.5 per cent. It is used to calculate individual discount rates for each cash-generating unit that reflect the beta factors, the cost of debt and capital structure of the peer groups concerned.

Each calculation of the sensitivities stated below was based on the adaption of a parameter (discount rate, sales revenue and growth rate of a perpetual annuity), by assuming that all other parameters in the evaluation model remain unchanged. Possible correlations between the parameters were not considered.

Eurex

The goodwill resulting from the acquisition of ISE is allocated to a group of cash-generating units in the Eurex segment.

Since the ISE goodwill had been calculated in US dollars, an exchange rate difference of €–20.7 million occurred in 2012 (2011: €31.2 million).

Assumptions on volumes of index and interest rate derivatives and volumes in the US equity options market, which were derived from external sources, were the key criteria applied to determine the value in use with the discounted cash flow method.

Cash flows were projected over a five-year period (2013 to 2017) for European as well as US activities. Cash flow projections beyond this period were, as in the previous year, extrapolated assuming a 1.0 per cent growth rate. The pre-tax discount rate used was 13.0 per cent (2011: 12.4 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Eurex.

Clearstream

The “Clearstream” goodwill is allocated to the Clearstream cash-generating unit. The recoverable amount is determined on the basis of the value in use applying the discounted cash flow method. Assumptions on assets held in custody, transaction volumes and market interest rates were the key criteria used to determine value in use.

Cash flows were projected over a three-year period (2013 to 2015). Cash flow projections beyond 2015 were extrapolated assuming a perpetual annuity with a growth rate of 2.5 per cent (2011: 2.5 per cent). The pre-tax discount rate used was calculated on the basis of the cost of equity and amounted to 13.1 per cent (2011: 11.8 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate to 0 per cent would lead to a goodwill impairment in the cash-generating unit Clearstream.

Clearstream Ireland

The goodwill from the acquisition of Clearstream Fund Services Ireland Ltd. is allocated to the separate cash-generating unit, “Clearstream Ireland”. The recoverable amount is determined on the basis of fair value less costs to sell, applying the discounted cash flow method. Cash flows were projected over a five-year period (2013 to 2017). To reach a steady state, the detailed planning period was extrapolated to 2020 and no further growth was assumed for the perpetual annuity thereafter. The after-tax discount rate used was calculated on the basis of the cost of equity and amounted to 14.5 per cent.

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Clearstream Ireland.

Market Data & Analytics
The goodwill arising from the acquisition of STOXX Ltd., Zurich, Switzerland, in 2009 was allocated to a group of cash-generating units in the Market Data & Analytics segment. It results primarily from the strong position of STOXX Ltd. in European indices as well as from growth prospects in the production and sale of tick data for indices, the development, maintenance and enhancements of index formulas and from the customising of indices.

The goodwill of US$7.9 million that arose in the course of the acquisition of Market News International Inc. (MNI), New York, USA, by Deutsche Börse AG in 2009 was allocated to the Market Data & Analytics segment and relates to access to global, trade-related information such as news from public authorities and supranational organisations.

The goodwill of US$3.0 million that arose in the course of the acquisition by MNI of 100 per cent of the shares in Need to Know News, LLC, Chicago, USA, was also allocated to the Market Data & Analytics segment.

The recoverable amount of the Market Data & Analytics segment is determined on the basis of the fair value less costs to sell. The key assumptions made related to the expected development of future data and licence income as well as of the customer base; these are based both on external sources of information and on internal expectations that correspond to the budget values for financial year 2013. Cash flows were planned over a five-year period, with projections for periods beyond this assuming a perpetual annuity with a growth rate of 2.0 per cent (2011: 2.5 per cent). The after-tax discount rate used was 9.2 per cent (2011: 8.4 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Market Data & Analytics.

Infobolsa
The goodwill from the acquisition of the Infobolsa subgroup (including the goodwill from the acquisition of the shares in Open Finance S.L.) was allocated to the Infobolsa cash-generating unit. The recoverable amount was determined on the basis of fair value less costs to sell, applying the discounted cash flow method. The assumptions on which the calculation is based are derived from external sources of information and internal management expectations. Cash flows were planned over a five-year period, with projections for periods beyond this assuming a perpetual annuity with a growth rate of 2.0 per cent (2011: 2.5 per cent). The after-tax discount rate used was 9.2 per cent (2011: 8.4 per cent).

Neither an increase in the discount rate by 1.0 per cent nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the cash-generating unit Infobolsa. A reduction in the planned sales revenue by 5.0 per cent per year would lead to a goodwill impairment in the cash-generating unit Infobolsa amounting to €0.7 million.

Other intangible assets

Changes in other intangible assets

	ISE's exchange licence €m	Member relation-ships of ISE €m	Market data customer relation-ships of ISE €m	ISE trade name €m	STOXX trade name €m	Customer relation-ships of STOXX Ltd. €m	Miscel-laneous intangible assets €m	Total €m
Balance as at 1 Jan 2012	**115.2**	**317.7**	**18.2**	**4.7**	**420.0**	**30.8**	**4.5**	**911.1**
Amortisation	0	–12.2	–0.7	–0.8	0	–3.1	–2.7	–19.5
Exchange rate differences	–2.4	–6.5	–0.4	–0.1	0	0	0.1	–9.3
Balance as at 31 Dec 2012	**112.8**	**299.0**	**17.1**	**3.8**	**420.0**	**27.7**	**1.9**	**882.3**
Remaining amortisation period (years)	**–**	**25**	**25**	**5**	**–**	**9**		

Other intangible assets: ISE
ISE's other intangible assets were tested for impairment at the end of the year. The recoverable amount of these assets was calculated on the basis of the value in use of the ISE cash-generating unit, which is attributable to the Eurex segment. The cash-generating unit of the ISE subgroup is the US options exchange International Securities Exchange, LLC.

The key assumptions made, which are based on analysts' estimates, relate to expected volumes and transaction prices on the US options market. Cash flows were projected over a five-year period (2013 to 2017). A 2.5 per cent growth rate was assumed beyond 2017 (2011: 2.5 per cent). The pre-tax discount rate used was 16.2 per cent (2011: 16.6 per cent).

Exchange licence of ISE
In the course of the purchase price allocation carried out in December 2007, the fair value of the exchange licence was determined. The exchange licence, granted in 2000 by the U.S. Securities and Exchange Commission, permits the ISE subgroup to operate as a regulated securities exchange in the United States. The exchange licence held by the ISE subgroup is estimated to have an indefinite useful life, because the licence itself does not have a finite term and Eurex management expects to maintain the licence as part of its overall business strategy.

The exchange licence does not generate cash flows largely independent from those generated by the ISE subgroup as a whole. Consequently, the exchange licence is allocated to the ISE subgroup as the cash-generating unit.

Member relationships and market data customer relationships of ISE

In the context of the purchase price allocation, the fair values of member and customer relationships were calculated. Both assets are being amortised over a period of 30 years using the straight-line method. Cash flows do not result from either the member or the customer relationships which would be independent of the entire ISE subgroup. Consequently, both items are allocated to the cash-generating unit "ISE subgroup".

ISE trade name

The ISE trade name is registered as a trade name and therefore meets the IFRS criterion for recognition separately from goodwill. In accordance with the purchase price allocation of December 2007, the asset is being amortised over a period of ten years using the straight-line method. As there are no cash inflows that are generated independently from the ISE subgroup, the trade name is also allocated to the cash-generating unit "ISE subgroup".

An increase in the discount rate by 1.0 per cent, a reduction in the planned sales revenue by 5.0 per cent per year or a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to an impairment in the other intangible assets in the cash-generating unit ISE amounting to a volume of €20 million to €50 million. A more positive development of the parameters in future could, in contrast to the assumptions above, result in a reversal of impairment of the other intangible assets of ISE.

Other intangible assets: STOXX

The STOXX trade name, the company's customer relationships as well as fully amortised non-compete agreements and other intangible assets were identified as part of the acquisition of STOXX Ltd. and allocated to the STOXX cash-generating unit, as they do not generate cash independently. The STOXX cash-generating unit was allocated to the Market Data & Analytics segment.

The impairment test was based on fair value less costs to sell, taking into account expected developments in the licence and sales fees for indices and data. Cash flows were projected over a five-year period (2013 to 2017). Cash flow projections beyond 2017 were extrapolated assuming a 2.0 per cent (2011: 2.0 per cent) growth rate. The after-tax discount rate amounted to 10.2 per cent (2011: 9.4 per cent).

STOXX trade name

The STOXX trade name includes the trade name itself, the index methodologies and the Internet domains because these can generally not be transferred separately. As the trade name is registered, it meets the IFRS criterion for recognition separately from goodwill. An indefinite useful life was assumed for the STOXX brand name given its history and the fact that it is well known on the market.

Customer relationships of STOXX
STOXX Ltd. has relationships with customers, which are based on signed contracts and thus meet the identifiability criterion for recognition separately from goodwill.

Neither an increase in the discount rate by 1.0 per cent nor a reduction in the planned sales revenue by 5.0 per cent per year nor a decrease in the growth rate of the perpetual annuity to 0 per cent would lead to a goodwill impairment in the other intangible assets in the cash-generating unit STOXX.

12. Property, plant and equipment

Property, plant and equipment

	Fixtures and fittings €m	Computer hardware, operating and office equipment €m	Payments on account and construction in progress €m	Total €m
Historical cost as at 1 Jan 2011	**87.7**	**300.7**	**29.0**	**417.4**
Additions	1.8	38.3	1.5	41.6
Disposals	–25.6	–17.9	–5.2	–48.7
Reclassifications	10.0	9.6	–22.9	–3.3
Exchange rate differences	1.5	0.4	–2.3	–0.4
Historical cost as at 31 Dec 2011	**75.4**	**331.1**	**0.1**	**406.6**
Additions	6.6	36.2	1.7	44.5
Disposals	–3.4	–37.3	0	–40.7
Reclassifications	0.1	0	–0.1	0
Exchange rate differences	–0.2	–0.2	0	–0.4
Historical cost as at 31 Dec 2012	**78.5**	**329.8**	**1.7**	**410.0**
Depreciation and impairment losses as at 1 Jan 2011	**48.7**	**230.5**	**0**	**279.2**
Depreciation	6.0	33.4	0	39.4
Disposals	–25.6	–17.5	0	–43.1
Exchange rate differences	0.3	–0.3	0	0
Depreciation and impairment losses as at 31 Dec 2011	**29.4**	**246.1**	**0**	**275.5**
Depreciation	7.6	37.9	0	45.5
Disposals	–2.0	–37.0	0	–39.0
Exchange rate differences	–0.1	–0.1	0	–0.2
Depreciation and impairment losses as at 31 Dec 2012	**34.9**	**246.9**	**0**	**281.8**
Carrying amount as at 1 Jan 2011	39.0	70.2	29.0	138.2
Carrying amount as at 31 Dec 2011	46.0	85.0	0.1	131.1
Carrying amount as at 31 Dec 2012	**43.6**	**82.9**	**1.7**	**128.2**

13. Financial assets

Financial assets

	Investments in associates €m	Other equity investments €m	Receivables and securities from banking business €m	Other financial instruments and loans €m
Historical cost as at 1 Jan 2011	**170.5**	**68.7**	**1,550.7**	**13.0**
Additions	66.1	2.8	330.0	12.2
Disposals	–23.7	–11.1	–210.8	–0.5
Addition/(reversal) premium/discount	0	0	–0.3	0
Reclassifications	–83.2	83.2	–236.1[1)]	–4.0
Exchange rate differences	2.8	0.6	–1.9	0.9
Historical cost as at 31 Dec 2011	**132.5**	**144.2**	**1,431.6**	**21.6**
Additions	2.2	2.6	80.5	7.2[3)]
Disposals	–21.5	–2.6	0	–1.3
Addition/(reversal) premium/discount	0	0	0	0
Reclassifications	68.8	–82.4	–25.0[1)]	0
Exchange rate differences	0.5	–2.9	–0.1	–0.2
Historical cost as at 31 Dec 2012	**182.5**	**58.9**	**1,487.0**	**27.3**
Revaluation as at 1 Jan 2011	**2.1**	**–4.0**	**4.9**	**0.1**
Disposals of impairment losses	0	0.3	0	0
Dividends	–5.8	0	0	0
Net income from equity method measurement[2)]	15.6	0	0	0
Currency translation differences recognised directly in equity	–0.8	0	0	0
Currency translation differences recognised in profit or loss	–0.6	0	0	0
Other fair value changes recognised directly in equity	–1.7	–0.8	0	0
Other fair value changes recognised in profit or loss	0	6.0	0	–3.0
Market price changes recognised directly in equity	0	0	–26.4	–1.5
Market price changes recognised in profit or loss	0	–17.2	–1.7	0
Reclassifications	16.8	–16.8	–3.8[1)]	0
Revaluation as at 31 Dec 2011	**25.6**	**–32.5**	**–27.0**	**–4.4**
Disposals of impairment losses	0	10.4	0	0
Dividends	–10.1	0	0	0
Net income from equity method measurement[2)]	7.0	0	0	0
Currency translation differences recognised directly in equity	1.3	0.4	0	0.3
Currency translation differences recognised in profit or loss	0.1	0	0	0
Other fair value changes recognised directly in equity	0	0.3	0	0
Other fair value changes recognised in profit or loss	0	0	0	–2.5
Market price changes recognised directly in equity	–2.0	0	25.0	0.9
Market price changes recognised in profit or loss	0	–10.8	0	0
Reclassifications	0.4	0	0	0
Revaluation as at 31 Dec 2012	**22.3**	**–32.2**	**–2.0**	**–5.7**
Carrying amount as at 1 Jan 2011	172.6	64.7	1,555.6	13.1
Carrying amount as at 31 Dec 2011	158.1	111.7	1,404.6	17.2
Carrying amount as at 31 Dec 2012	**204.8**	**26.7**	**1,485.0**	**21.6**

1) Reclassified as current receivables and securities from banking business
2) Included in the result from equity investments
3) Thereof part of a pledge agreement with the Industrie- und Handelskammer (IHK, the Chamber of Commerce) Frankfurt/Main: €5.0 million.

For details on revaluations and market price changes recognised directly in equity, see also note 20. Other equity investments include available-for-sale shares.

In the year under review, impairment losses amounting to €13.3 million (2011: €20.2 million) were recognised in the income statement. €2.5 million (2011: 3.0 million) of these impairment losses relate to loans which were impaired as part of the equity method measurement of Indexium AG and €10.8 million (2011: €17.2 million) to unlisted equity instruments. See note 8 for further details.

Composition of receivables and securities from banking business

	31 Dec 2012 €m	31 Dec 2011 €m
Fixed-income securities		
from other credit institutions	858.2	763.7
from multilateral banks	467.1	425.3
from regional or local public bodies	159.7	40.6
from sovereign issuers	0	0
Other receivables[1]	–	175.0
Total	**1,485.0**	**1,404.6**

1) Secured through total return swaps

Securities from banking business include financial instruments listed on a stock exchange amounting to €1,485.0 million (2011: €1,229.6 million).

14. Derivatives and hedges

Deutsche Börse Group generally uses derivative financial instruments to hedge existing or highly probable forecast transactions. The derivatives are included in the positions “other non-current assets”, “other non-current liabilities” as well as “receivables and securities from banking business”, “liabilities from banking business” and “other current liabilities”.

Derivatives (fair value)

	Note	Assets		Note	Liabilities	
		31 Dec 2012 €m	31 Dec 2011 €m		31 Dec 2012 €m	31 Dec 2011 €m
Fair value hedges						
long-term		–	–		–	–
short-term		–	–	28	–	–1.2
Cash flow hedges						
long-term		–	0.9		–	–4.8
short-term	16	0.4	–	30	–14.6	–
Derivatives held for trading						
long-term		–	–		–	–
short-term	16	0.1	45.8	28	–16.7	–
Total		**0.5**	**46.7**		**–31.3**	**–6.0**

As a result of the acquisition of Clearstream Fund Services Ireland Ltd., Clearstream International S.A. entered into three written put options which will be settled by delivery of equity instruments of Clearstream Fund Services Ireland Ltd. As at 31 December 2012, these options had a fair value of €3.4 million and are reported under "other non-current liabilities" and "other current liabilities" in the consolidated balance sheet.

Fair value hedges

Interest rate swaps, under which a fixed interest rate is paid and a variable rate is received, have been used to hedge the value of certain fixed-rate available-for-sale financial instruments.

The following table gives an overview of the notional amount of the positions covered by fair value hedges at 31 December 2012:

Outstanding positions fair value hedges

	31 Dec 2012 €m	31 Dec 2011 €m
Notional amount of pay-fixed interest rate swaps	–	81.4
Fair value of pay-fixed interest rate swaps	–	–1.2
Net hedging ineffectiveness	–0.2	0.1
Losses on hedged items	–1.0	–1.8
Gains on hedging instruments	0.8	1.9

Cash flow hedges

Development of cash flow hedges

	2012 €m	2011 €m
Cash flow hedges as at 1 January	–3.9	9.9
Amount recognised in equity during the year	–9.4	–12.3
Amount recognised in profit or loss during the year	–	–0.5
Premium paid	–	–
Realised losses	–0.9	–1.0
Cash flow hedges as at 31 December	**–14.2**	**–3.9**

The following table gives an overview of the notional amount of the positions covered by cash flow hedges at 31 December 2012:

Outstanding positions cash flow hedges

		Forward rate agreement		Foreign exchange transactions	
		31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Number		2	2	12	–
Notional amount	€m	300.0	300.0	24.9	–
Fair value	€m	–14.6	–3.9	0.4	–

In 2013, some of the bonds issued by Deutsche Börse AG will mature. To partially hedge future refinancing transactions which will occur in all probability, a forward interest rate payer swap and a payer swaption were used to (conditionally) lock in prevailing (forward) interest rate levels which were judged to be attractive.

In October 2012, the Clearstream subgroup entered into twelve forward foreign exchange transactions amounting to US$2.7 million each, maturing at the end of each month in the period from January 2013 to December 2013 to hedge part of the expected US dollar sales revenue by converting it into euro thereby mitigating the risk of a devaluation of the US dollar. The contracts had a positive fair value of €0.4 million as at 31 December 2012. This positive fair value was included in the “receivables and securities from banking business” item, see note 16.

Hedges of a net investment

In connection with the private placements in the USA, the bonds of the series A to C were designated as hedges against currency risk arising from the translation of the foreign functional currency US dollar into euro in order to hedge the net investment in the ISE subgroup.

Composition of private placements[1)]

Type	Issue volume	Equivalent			Term	
		31 Dec 2012	31 Dec 2011	as at emission	from	until
	US$m	€m	€m	€m		
Series A	170.0	128.8	131.6	110.2	12 June 2008	10 June 2015
Series B	220.0	166.7	170.3	142.7	12 June 2008	10 June 2018
Series C	70.0	53.1	54.2	45.4	12 June 2008	10 June 2020
Total	**460.0**	**348.6**	**356.1**	**298.3**		

1) Presented under “interest-bearing liabilities”. See section “Results of operations” of the combined management report.

Effective exchange rate differences from the private placements are reported in the balance sheet item "accumulated profit", as are exchange rate differences from the translation of foreign subsidiaries. €50.0 million (2011: €57.5 million) has been recognised cumulatively in this item directly in equity. There was no ineffective portion of the net investment hedges in 2012 and 2011.

Derivatives held for trading

Foreign exchange swaps as at 31 December 2012 expiring in less than three months with a notional value of €2,302.9 million (2011: €2,684.0 million) had a negative fair value of €16.7 million (2011: positive fair value of €45.8 million). These swaps were entered into to convert foreign currencies received through the issue of commercial paper by the banking business into euros, and to hedge short-term foreign currency receivables and liabilities in euros economically. These are reported under "current receivables and securities from banking business" and "liabilities from banking business" in the balance sheet (see also note 16 and 28).

As at 31 December 2012, there was one forward exchange transaction in US dollars classified as held for trading. The forward contract of US$10 million matures on 1 August 2013. This transaction intends to economically hedge a future foreign currency receivable within the Group that has not yet arisen at the balance sheet date.

Outstanding positions derivatives transactions

		Foreign exchange swaps		Foreign exchange futures	
		31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Number		77	61	1	–
Notional amount	€m	2,302.9	2,684.0	–	–
Notional amount	US$m	–	–	10.0	–
Positive fair value	€m	–	45.8	0.1	–
Negative fair value	€m	–16.7	–	–	–

15. Financial instruments of Eurex Clearing AG

Composition of financial instruments of Eurex Clearing AG

	31 Dec 2012 €m	31 Dec 2011 €m
Forward transactions in bonds and repo transactions	162,533.1	159,604.5
Options	15,430.3	23,384.4
Other	93.1	629.2
Total	**178,056.5**	**183,618.1**

Receivables and liabilities that may be offset against a clearing member are reported net.

See note 36 for details on the deposited collateral held by Eurex Clearing AG relating to its financial instruments.

16. Current receivables and securities from banking business

In addition to non-current receivables and securities from banking business that are classified as non-current financial assets (see note 13), the following receivables and securities from banking business, attributable solely to the Clearstream subgroup, were classified as current assets as at 31 December 2012.

Composition of current receivables and securities from banking business

	31 Dec 2012 €m	31 Dec 2011 €m
Loans to banks and customers		
Reverse repurchase agreements	2,847.4	5,567.8
Money market lendings	7,729.6	5,907.5
Balances on nostro accounts	1,975.4	1,810.9
Overdrafts from settlement business	228.4	559.6
	12,780.8	**13,845.8**
Available-for-sale debt instruments	25.0	242.1
Interest receivables	2.0	10.4
Forward foreign exchange transactions[1]	0.4	45.8
Total	**12,808.2**	**14,144.1**

1) See note 14.

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. Potential concentrations of credit risk are monitored against counterparty credit limits (see note 36).

Remaining maturity of loans to banks and customers

	31 Dec 2012 €m	31 Dec 2011 €m
Not more than 3 months	12,780.8	13,455.2
More than 3 months but not more than 1 year	0	390.6
Total	**12,780.8**	**13,845.8**

All of the securities held as at 31 December 2012 and 2011 were listed and issued by sovereign or sovereign-guaranteed issuers.

Remaining maturity of available-for-sale debt instruments

	31 Dec 2012 €m	31 Dec 2011 €m
Not more than 3 months	0	38.7
3 months to 1 year	25.0	203.4
Total	**25.0**	**242.1**

17. Development of allowance against trade receivables

As in the previous year, there were no trade receivables due after more than one year as at 31 December 2012.

Allowance account

	€m
Balance as at 1 Jan 2011	**7.1**
Additions	1.7
Utilisation	–0.8
Reversal	–0.5
Balance as at 31 Dec 2011	**7.5**
Additions	1.5
Utilisation	–0.1
Reversal	–0.8
Balance as at 31 Dec 2012	**8.1**

In the current year irrecoverable receivables of €0.7 million were written off, for which no provision for doubtful debts had been recognised.

18. Other current assets

Composition of other current assets

	31 Dec 2012 €m	31 Dec 2011 €m
Other receivables from CCP transactions	87.7	108.3
Tax receivables (excluding income taxes)	21.5	18.3
Prepaid expenses	20.8	24.1
Receivables from insurance companies	2.0	1.6
Receivable from forward foreign exchange transaction	0	7.3
Collection business	0	4.4
Debt instrument[1]	0	4.0
Miscellaneous	6.6	5.9
Total	**138.6**	**173.9**

1) Relates to a release of pledge and pledge agreement with IHK Frankfurt/Main (the Frankfurt/Main Chamber of Industry and Commerce)

Miscellaneous other current assets include a certificate of deposit of €1.4 million (2011: €1.4 million) used as collateral for two letters of credit.

19. Restricted bank balances

Amounts reported separately under liabilities as cash deposits by market participants are restricted. Such amounts totalling €19,450.6 million (2011: €13,861.5 million) are mainly invested via bilateral or triparty reverse repurchase agreements and in the form of overnight deposits at banks (restricted bank balances). Government or government-guaranteed bonds, mortgage bonds and bank bonds with an external rating of at least AA– are accepted as collateral for the reverse repurchase agreements.

20. Equity

Changes in equity are presented in the consolidated statement of changes in equity. As at 31 December 2012, the number of no-par value registered shares of Deutsche Börse AG issued was 193,000,000 (31 December 2011: 195,000,000). Transaction costs of €–0.1 million incurred in connection with the buy-back of 4,724,005 no-par value registered shares were recognised directly in equity (2011: €0.1 million).

Subject to the agreement of the Supervisory Board, the Executive Board is authorised to increase the subscribed share capital by the following amounts:

- an Arbeitnehmer der Gesellschaft oder der mit ihr verbundenen Unternehmen im Sinne der §§ 15ff. Aktiengesetz (AktG) erfolgt, wobei ein anteiliger Betrag des Grundkapitals von bis zu 3 Mio. € nicht überschritten werden darf.

Composition of authorised share capital

	Amount in €	Date of authorisation by the shareholders	Expiry date	Existing shareholders' pre-emptive rights may be disapplied for fractioning and/or may be disapplied if the share issue is:
Authorised share capital I	5,200,000	12 May 2011	11 May 2016	▪ against non-cash contributions for the purpose of acquiring companies, parts of companies, or interests in companies, or other assets.
Authorised share capital II	27,800,000	27 May 2010	26 May 2015	▪ for cash at an issue price not significantly lower than the stock exchange price up to a maximum amount of 10 per cent of the nominal capital to issue new shares. ▪ to employees of the company or affiliated companies with the meaning of sections 15ff. of the Aktiengesetz (AktG, German Stock Corporation Act), with the pro rata amount of the share capital not allowed to exceed €3 million. ▪ against non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets.
Authorised share capital III	19,500,000	27 May 2010	26 May 2015	n.a.
Authorised share capital IV	6,000,000	16 May 2012	15 May 2017	▪ for the issuance of up to 900,000 new shares per year to Executive Board members and employees of the company as well as to the management and employees of affiliated companies within the meaning of sections 15ff. of the AktG.

In addition to authorised share capital I, II, III and IV, the company has contingent capital I that was created to issue up to 6,000,000 shares to settle stock options under the Group Share Plan (see note 39).

There were no further subscription rights for shares as at 31 December 2012 or 31 December 2011.

Revaluation surplus

The revaluation surplus results from the revaluation of securities and other current and non-current financial instruments at their fair value less deferred taxes, as well as the value of the stock options under the Group Share Plan for which no cash settlement was provided at the balance sheet date (see note 39). This item also contains reserves from an existing investment in an associate, which were recognised in connection with the acquisition of further shares, as the company was fully consolidated as of this date. Following the revision of the accounting policies for defined benefit obligations, actuarial gains and losses are directly recognised in revaluation surplus. See also note 1.

Revaluation surplus

	Recognition of hidden reserves from fair value measurement €m	Other equity investments (financial assets) €m	Securities from banking business (financial assets) €m
Balance as at 1 Jan 2011 (gross)	**103.7**	**8.8**	**–0.2**
Changes from defined benefit obligations	0	0	0
Fair value measurement	0	–0.8	–27.7
Increase in share-based payments	0	0	0
Reversal to profit or loss	0	–4.9	1.2
Balance as at 31 Dec 2011 (gross)	**103.7**	**3.1**	**–26.7**
Changes from defined benefit obligations	0	0	0
Fair value measurement	0	0.4	25.0
Increase in share-based payments	0	0	0
Reclassification taken directly to equity	0	0	0
Reversal to profit or loss	0	–1.6	0
Balance as at 31 Dec 2012 (gross)	**103.7**	**1.9**	**–1.7**
Deferred taxes			
Balance as at 1 Jan 2011	**0**	**–0.5**	**0.1**
Additions	0	0	7.4
Reversals	0	–0.1	0
Balance as at 31 Dec 2011	**0**	**–0.6**	**7.5**
Additions	0	0.1	0
Reversals	0	0	–7.2
Balance as at 31 Dec 2012	**0**	**–0.5**	**0.3**
Balance as at 1 Jan 2011 (net)	**103.7**	**8.3**	**–0.1**
Balance as at 31 Dec 2011 (net)	**103.7**	**2.5**	**–19.2**
Balance as at 31 Dec 2012 (net)	**103.7**	**1.4**	**–1.4**

	Other financial instruments (financial assets) €m	Current securities from banking business €m	Cash flow hedges €m	GSP and SBP options €m	Defined benefit obligations €m	Total €m
	0.2	**0**	**10.5**	**4.6**	**–45.1**	**82.5**
	0	0	0	0	–9.0	–9.0
	–1.5	2.6	–12.3	0	0	–39.7
	0	0	0	–2.2	0	–2.2
	0	–1.1	–1.4	0	0	–6.2
	–1.3	**1.5**	**–3.2**	**2.4**	**–54.1**	**25.4**
	0	0	0	0	–53.7	–53.7
	0.9	–1.6	–10.0	0	0	14.7
	0	0	0	–2.4	0	–2.4
	0	0	0	0	0	0
	0	0.2	–0.4	0	0	–1.8
	–0.4	**0.1**	**–13.6**	**0**	**–107.8**	**–17.8**
	0	**0**	**–2.3**	**0**	**11.5**	**8.8**
	0	0	3.4	0	2.5	13.3
	0	–0.5	–0.2	0	0	–0.8
	0	**–0.5**	**0.9**	**0**	**14.0**	**21.3**
	0	0.4	2.8	0	14.8	18.1
	0	0	–0.1	0	0	–7.3
	0	**–0.1**	**3.6**	**0**	**28.8**	**32.1**
	0.2	**0**	**8.2**	**4.6**	**–33.6**	**91.3**
	–1.3	**1.0**	**–2.3**	**2.4**	**–40.1**	**46.7**
	–0.4	**0**	**–10.0**	**0**	**–79.0**	**14.3**

Accumulated profit

The "accumulated profit" item includes exchange rate differences amounting to €82.3 million (2011: €105.5 million). €30.7 million was withdrawn due to currency translation for foreign subsidiaries in the year under review (2011: additions €59.3 million) and €7.5 million was added relating to a net investment hedge that was used to hedge the net investment in ISE against currency risk (2011: withdrawal €11.4 million).

Regulatory capital requirements and regulatory capital ratios

Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG as well as the regulatory Clearstream group are subject to solvency supervision by the German or Luxembourg banking supervisory authorities (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin, and Commission de Surveillance du Secteur Financier, CSSF, respectively). All companies that are subject to this supervision are non-trading-book institutions. Market price risk positions consist only of a relatively small open foreign currency position. As a result of these companies' specific businesses, their risk-weighted assets are subject to sharp fluctuations and their solvency ratios are correspondingly volatile. Thereby, the volatility of the ratio within the Clearstream subgroup is significantly higher than at Eurex Clearing AG and is subject to major fluctuations on a day-to-day basis in the course of the year. Due to a high degree of collateralised or zero-weighted cash investments, the capital requirements for credit and market price risks of Eurex Clearing AG are relatively stable.

The capital requirements are subject to the national regulations of the individual companies. These are based on EU Banking and Capital Requirements Directives which are ultimately based on "Basel II". The companies concerned homogeneously apply the standardised approach for credit risk. For calculating the operational risk charge, Eurex Clearing AG uses the basic indicator approach, while the Clearstream companies apply the AMA (advanced measurement approach).

Of the companies subject to solvency supervision, only Clearstream Banking S.A. has a very limited amount of Tier 2 regulatory capital from the revaluation surplus under the relevant IFRS treatment. A minimum solvency ratio of 8 per cent applies. The individual companies' capital resources sufficiently reflect the fluctuation in risk-weighted assets. Stress considerations are used to determine the capital required for expected peaks and additional reserves for unexpected events are added. The capital requirements determined in this way are met through the capital resources. As the actual capital requirements are below the expected peaks – significantly so under normal circumstances – this may lead to a very high technical closing date solvency ratio.

The capital requirements of the Clearstream companies rose in the year under review. This was mainly driven by increased capital requirements for operational risk that arose during the annual review of the risk scenarios, as well as by higher business volumes at Clearstream Banking AG, combined with slightly lower capital requirements for credit and market risk at Clearstream Banking S.A. The reduction in the regulatory capital of the Clearstream Holding Group (under HGB) and the simultaneous increase in the equity of Clearstream Banking S.A. (under IFRSs) are primarily the result of different accounting requirements, especially in relation to the timing of measurement gains or losses recognised directly in equity.

The change in equity at Clearstream Banking AG is mainly attributable to additions to retained earnings with the approval of the annual financial statements 2011. The increase in equity at Clearstream Banking S.A. was primarily driven by the effects of dividends and fluctuations in the revaluation surplus.

The deposited cash collateral at Eurex Clearing AG fluctuated in the course of the year, rising overall to an equivalent value significantly in excess of €20 billion. This is due, among other factors, to the interest rate situation on the money and capital markets, especially with respect to the Swiss franc, which now has negative interest rates. However, since cash investments with central banks in Germany or Switzerland are risk-free from a regulatory perspective and most other collateralised cash investments are backed by prime collateral, the increase in cash deposits and, by implication, also in bank balances did not lead to a noticeable absolute increase in regulatory capital requirements for credit risk at Eurex Clearing AG.

Eurex Clearing AG's internal risk model assumes higher capital requirements for operational risk than does the accounting-based basic indicator approach in accordance with regulatory requirements. For this reason, Eurex Clearing AG has always maintained a capital buffer for these types of risk over and above the minimum regulatory requirements. Against this background, the banking supervisory authorities encouraged Eurex Clearing AG in 2011 to expand the basis for calculating the regulatory capital requirements to include an adequate clearing portion of the fees collected for the account of the operating companies. This resulted in an increase of around €61 million in its regulatory capital requirements to €70 million in 2011. The capital requirements for operational risk are calculated once a year on the basis of a three-year average of historical income, including the assumed clearing fees, and are therefore not subject to daily fluctuations. Compliance with the minimum supervisory ratio is maintained at all times due to the sufficient capital buffer for uncollateralised cash investments. To further strengthen its capital base, Eurex Clearing AG increased its own funds in 2012 by adding €25 million to capital reserves. Moreover, in anticipation of further increases in the capital requirements for Eurex Clearing AG as a central counterparty under the EMIR regime, Eurex Clearing AG increased its equity by another €110 million in January 2013 by making a further contribution to capital reserves.

Composition of own funds requirements

	Own funds requirements for operational risk		Own funds requirements for credit and market price risk		Total capital requirements	
	31 Dec 2012 €m	31 Dec 2011 €m	31 Dec 2012 €m	31 Dec 2011 €m	31 Dec 2012 %	31 Dec 2011 %
Clearstream Holding group	195.1	181.3	73.9	79.3	269.0	262.8
Clearstream Banking S.A.	116.7	111.0	67.9	72.5	184.6	183.5
Clearstream Banking AG	74.4	68.9	25.8	18.5	100.2	87.4
Eurex Clearing AG	69.3	69.9	3.8	2.7	73.1	72.6

Regulatory capital ratios

	Own funds requirements		Regulatory equity		Solvency ratio	
	31 Dec 2012 €m	31 Dec 2011 €m	31 Dec 2012 €m	31 Dec 2011 €m	31 Dec 2012 %	31 Dec 2011 %
Clearstream Holding group	269.0	260.6	783.0	821.1	23.3	25.2
Clearstream Banking S.A.	184.6	183.5	459.9	426.0	19.9	18.6
Clearstream Banking AG	100.2	87.4	188.1	183.1	15.0	16.8
Eurex Clearing AG	73.1	72.6	138.6	113.0	15.2[1)]	12.5

1) Including the €110 million increase in its own funds at the beginning of January 2013, the solvency ratio for Eurex Clearing AG is 27.2 per cent.

Eurex Clearing AG has been accredited by the Financial Services Authority (FSA) in the UK as a Recognised Overseas Clearing House (ROCH). The FSA expects regulatory capital equivalent to at least half the operating expenses of the previous year to be maintained; the resulting regulatory minimum capital required by the FSA amounted to €48.0 million as at 31 December 2012 (2011: €32.8 million).

In principle, the regulatory minimum requirements were complied with at all times by all companies during the year under review and in the period up to the preparation of the consolidated financial statements. The situation on the money markets, especially in Swiss francs, has brought about a change in customer behaviour: cash receipts stay with the Clearstream companies for longer than usual and, as a result, credit balances accumulate in Clearstream Banking S.A.'s nostro accounts, which are maintained for securities settlement. In combination with the strict large-exposure rules for the interbank business in force since 31 December 2010, this led to isolated short-term breaches of the large-exposure limits, both at Clearstream Banking S.A. and at the level of the Clearstream group. Given the difficult market environment, the Group took appropriate countermeasures.

21. Shareholders' equity and appropriation of net profit of Deutsche Börse AG

The annual financial statements of the parent company Deutsche Börse AG, prepared as at 31 December 2012 in accordance with the provisions of the Handelsgesetzbuch (HGB, the German Commercial Code), report net profit for the year of €605.7 million (2011: €679.7 million) and shareholders' equity of €2,301.5 million (2011: €2,255.9 million).

Net profit for the year is significantly lower year-on-year, primarily due to a decrease in revenue.

Proposal on the appropriation of the unappropriated surplus

	31 Dec 2012 €m	31 Dec 2011 €m
Net profit for the year	605.7	679.7
Appropriation to other retained earnings in the annual financial statements	–205.7	–29.7
Unappropriated surplus	**400.0**	**650.0**
Proposal by the Executive Board:		
Distribution of a regular dividend to the shareholders of €2.10 per share for 184,051,513 no-par value shares carrying dividend rights (in 2012 from net profit for 2011: €2.30 plus a special dividend of €1.00 per share)	386.5	622.9[1)]
Appropriation to retained earnings	13.5	27.1[2)]

1) Restated to reflect actual distribution (proposal for 2012: €605.4 million) after resolution of the Annual General Meeting on 16 May 2012 due to the adjusted number of shares carrying dividend rights to 188,753,670
2) Restated to reflect actual appropriation to retained earnings

No-par value shares carrying dividend rights

	Number
Number of shares issued as at 31 December 2012	**193,000,000**
Number of shares acquired under the share buy-back programme up to the balance sheet date	–8,921,326
Number of shares outstanding as at 31 December 2012	**184,078,674**
Number of shares acquired under the share buy-back programme up to the date of signing of these financial statements	–27,161
Total	**184,051,513**

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the company that are not eligible to receive dividends under section 71b of the Aktiengesetz (AktG, the German Stock Corporation Act). The number of shares eligible to receive dividends can change until the Annual General Meeting through the repurchase or sale of further treasury shares. In this case, without changing the dividend of €2.10 per eligible share, an amended resolution for the appropriation of the unappropriated surplus will be proposed to the Annual General Meeting.

22. Provisions for pensions and other employee benefits

Defined benefit pension plans

The defined benefit obligations of the companies of Deutsche Börse Group relate primarily to final salary arrangements and pension plans based on ‘capital components’, which guarantee employees a choice of either life-long pensions or capital payments on the basis of the final salary paid. In Switzerland, there are guaranteed defined contribution plans. Deutsche Börse Group uses external trust solutions to cover some of its pension obligations.

The following retirement benefit plans exist to provide retirement benefits to employees in the Group:

There has been an employee-financed deferred compensation plan for employees of Deutsche Börse Group in Germany since 1 July 1999. This plan gives employees the opportunity to convert parts of their future remuneration entitlements into benefit assets of equal value. The benefits consist of a capital payment on reaching the age of 65 or earlier, if applicable, in the case of disability or death; when due, the payment is made in equal annual payments over a period of three years. The benefit assets earn interest at a rate of 6 per cent p.a. As a rule, new commitments are entered into on the basis of this deferred compensation plan; employees with pension commitments under retirement benefit arrangements in force before 1 July 1999 were given an option to participate in the deferred compensation plan by converting their existing pension rights.

Individual commitment plans exist for members of the executive boards of Group companies; they are based on the plan for senior executives described below, i.e. in each calendar year the company provides an annual contribution to a "capital component" calculated in accordance with actuarial principles. The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. In addition, retirement benefit agreements are in place with members of the executive boards of Group companies, under which they are entitled to pension benefits on reaching the age of 63 and following reappointment. When the term of office began, the replacement rate was 30 per cent of individual pensionable income. It rose by five percentage points with each reappointment, up to a maximum of 50 per cent of pensionable income. Details of the pension commitments for members of Deutsche Börse AG's Executive Board can be found in the remuneration report.

In the period from 1 January 2004 to 30 June 2006, senior executives in Germany were offered the opportunity to participate in the following pension system based on "capital components": the benefit is based on annual income received, composed of fixed annual salary and the variable remuneration. Every year, participating Group companies provide for an amount that corresponds to a certain percentage of the pensionable income. This amount is multiplied by a capitalisation factor depending on age, resulting in the "annual capital component". The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due. This benefit plan was closed to new staff on 30 June 2006; the senior executives who were employed in the above period can continue to earn capital components.

The employees of the Clearstream subgroup in Luxembourg participate in separate defined benefit pension plans. The defined benefit pension plan in favour of Luxembourg employees of Clearstream International S.A., Clearstream Banking S.A. and Clearstream Services S.A. is funded by means of cash contributions to an "association d'épargne pension" (ASSEP) organised in accordance with Luxembourg law. The benefits consist of a one-off capital payment, which is generally paid on reaching the age of 65. The benefit plan does not cover disability or death in service. Contributions to the "association d'épargne pension" are funded in full by the participating companies. The contributions are determined annually on the basis of actuarial reports and the amount of the obligation is calculated in accordance with Luxembourg law.

The employees of STOXX Ltd. participate in a separate defined benefit pension plan. They are insured by a pension fund of SIX Swiss Exchange AG at PREVAS Sammelstiftung, Zurich.

Since 1 January 2012, there have been a separate pension plan (basic pension plan) and a supplementary benefits plan (bonus plan) for employees of Eurex Zürich AG; both plans are based on insurance policies and, in addition to retirement benefits, comprise disability benefits and dependants' pensions. The contributions to the basic pension plan are paid by the employee and the employer, based on progressive percentages of the insured wage (annual wage less coordination deduction). For the bonus plan, the contributions are determined as a percentage of the bonus; it is also funded by contributions from employees and the employer. The retirement age is 65. The beneficiaries can choose between pension payments and a one-off payment.

The present value of defined benefit obligations can be reconciled as follows with the provisions shown in the balance sheet:

Net liability of defined benefit obligations

	31 Dec 2012 €m	31 Dec 2011 €m
Present value of the defined benefit obligations that are at least partly financed in advance	326.2	243.4
Fair value of plan assets	–233.4	–197.6
Funded status	**92.8**	**45.8**
Present value of unfunded obligations	2.0	1.4
Net liability of defined benefit obligations	**94.8**	**47.2**
Impact of minimum funding requirement/asset ceiling	0.6	0
Amount recognised in the balance sheet	**95.4**	**47.2**

Changes in the net defined benefit obligations

	Present value of obligations €m	Fair value of plan assets €m	Total €m	Impact of minimum funding requirement/ asset ceiling €m	Total €m
Balance as at 1 Jan 2011	**228.9**	**–173.8**	**55.1**	**0**	**55.1**
Current service cost	13.8	0	13.8	–	13.8
Interest expense/(income)	10.8	–8.3	2.5	–	2.5
Past service cost and gains and losses on settlements	2.7	0	2.7	–	2.7
	27.3	**–8.3**	**19.0**	**0**	**19.0**
Remeasurements					
Losses on plan assets, excluding amounts already recognised in interest income	–	13.6	13.6	–	13.6
Gains from changes in demographic assumptions	–0.2	–	–0.2	–	–0.2
Gains from changes in financial assumptions	–2.7	–	–2.7	–	–2.7
Experience gains	–1.7	–	–1.7	–	–1.7
	–4.6	**13.6**	**9.0**	**0**	**9.0**
Effect of exchange rate differences	0.7	–0.2	0.5	0	0.5
Contributions:					
Employers	0	–36.4	–36.4	–	–36.4
Plan participants	0.7	–0.7	0	–	0
Benefit payments	–8.2	8.2	0	–	0
Balance as at 31 Dec 2011	**244.8**	**–197.6**	**47.2**	**0**	**47.2**
Current service cost	14.3	–	14.3	–	14.3
Interest expense/(income)	11.9	–9.6	2.3	–	2.3
Past service cost and gains and losses on settlements	0.9	–	0.9	–	0.9
	27.1	**–9.6**	**17.5**	**0**	**17.5**
Remeasurements					
Return on plan assets, excluding amounts already recognised in interest income	–	–8.3	–8.3	–	–8.3
Losses from changes in financial assumptions	66.9	–	66.9	–	66.9
Experience gains	–5.5	–	–5.5	–	–5.5
Change in asset ceiling, excluding amounts included in interest expense	–	–	0	0.6	0.6
	61.4	**–8.3**	**53.1**	**0.6**	**53.7**
Effect of exchange rate differences	0.3	0	0.3	0	0.3
Contributions:					
Employers	–	–23.4	–23.4	–	–23.4
Plan participants	0.7	–0.7	0	–	0
Benefit payments	–6.2	6.2	0	–	0
Settlements	0.1	0	0.1	–	0.1
Balance as at 31 Dec 2012	**328.2**	**–233.4**	**94.8**	**0.6**	**95.4**

In financial year 2012, employees converted a total of €3.1 million (2011: €4.5 million) of their variable remuneration into deferred compensation benefits.

Assumptions

Provisions for pension plans and other employee benefits are measured annually at the balance sheet date using actuarial methods. The following assumptions were applied to the calculation of the actuarial obligations for the pension plans:

Actuarial assumptions

	31 Dec 2012			31 Dec 2011		
	Germany %	Luxembourg %	Switzerland %	Germany %	Luxembourg %	Switzerland %
Discount rate	3.50	3.50	2.00	5.00	5.00	2.25
Salary growth	3.50	3.50	1.00	3.50	3.50	1.00
Pension growth	2.00	2.00	0	2.00	2.00	0
Staff turnover rate	2.00	2.00	n.a.[1]	2.00	2.00	n.a.[1]

1) Staff turnover rate in accordance with the Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge (BVG, Swiss Federal Occupational Retirement, Survivors' and Disability Pension Plans Act)

In Germany, the "2005 G" mortality tables (generation tables) developed by Prof Dr Klaus Heubeck are used, modified by statistical information gathered by the German Federal Statistical Office and Deutsche Rentenversicherung (the German statutory pension insurance scheme) in the years 2006 to 2008. For Luxembourg, generation tables of the Institut national de la statistique et des etudes économiques du Grand-Duché du Luxembourg are used. For Switzerland, the BVG 2010 generation tables are used.

Adjustment of prior-year amounts

Because of the first-time application of the revised IAS 19, the prior-year figures have changed as follows:

Adjustments to defined benefit obligations and revaluation surplus

	€m
Net liability as at 31 December 2010 (corridor method)	**11.1**
Adjustment taken directly to equity	45.1
Accumulated profit	–1.1
Net liability as at 31 December 2010 (OCI method)	**55.1**
Revaluation surplus as at 31 December 2010 (OCI method)	**–45.1**
Net liability as at 31 December 2011 (corridor method)	**1.7**
Adjustment taken directly to equity	54.1
Increase in interest expense	2.5
Reduction in staff costs	–11.1
Net liability as at 31 December 2011 (OCI method)	**47.2**
Revaluation surplus as at 31 December 2011 (OCI method)	**–54.1**

Sensitivity analysis

The sensitivity analysis presented in the following considers the change in one assumption at a time, leaving the other assumptions unchanged from the original calculation, i.e. possible correlation effects between the individual assumptions are not taken into account. Because of the early application of IAS 19 (2011) in financial year 2012, no comparative prior-period figures are provided for the sensitivity analysis.

Sensitivity of defined benefit obligations to changes in the principal actuarial assumptions

	Change in actuarial assumption	Impact on defined benefit obligations	
		Defined benefit obligations €m	Change %
Present value of the obligations[1]		328.2	–
Discount rate	Increase by 1.0 percentage point	278.7	–15.1
	Recution by 1.0 percentage point	388.1	18.3
Salary growth	Increase by 0.5 percentage points	340.0	3.6
	Reduction by 0.5 percentage points	318.7	–2.9
Pension growth	Increase by 0.5 percentage points	337.8	2.9
	Reduction by 0.5 percentage points	319.6	–2.6
Life expectancy	Increase by 1 year	335.4	2.2
	Reduction by one year	320.5	–2.3

1) Present value of the obligations using assumptions in accordance with the table “actuarial assumptions”

Composition of plan assets

In Germany, the plan assets are held by a trustee in safekeeping for individual companies of Deutsche Börse Group and for the beneficiaries. At the company’s instruction, the trustee uses the funds transferred to acquire securities on a trust basis, without any consulting on the part of the trustee. The contributions are invested in accordance with an investment policy, which may be amended by the companies represented in the investment committee in agreement with the other members. The trustee may refuse to carry out instructions if they are in conflict with the fund’s allocation rules or the payment provisions. In accordance with the investment policy, about 50 per cent of fund assets are invested in shares with the aim of replicating the STOXX Europe 600 Index. A total return approach is pursued for the remaining fund assets, and investments can be made in different asset classes.

In Luxembourg, the Board of Directors of the Clearstream Pension Fund is responsible for determining the investment strategy, with the aim of maximising returns in relation to a benchmark. This benchmark is derived in equal parts from the return on five-year German federal government bonds and the return on the EURO STOXX 50 Index. According to the investment policy, the fund may only invest in fixed-income securities, shares and listed investment fund units, and it may hold cash.

Since 1 January 2012, the assets of the pension funds of Eurex Zürich AG and Eurex Global Derivatives AG have been invested with AXA Stiftung Berufliche Vorsorge and are therefore reported under “qualifying insurance policies”.

Overview on plan assets

	31 Dec 2012		31 Dec 2011	
	€m	%	€m	%
Equity instruments – Europe	**86.3**	**37.0**	**70.9**	**35.8**
Financial institutions	16.3		12.8	
Manufacturing and Industrial	19.2		14.3	
Energy and commodities	15.4		13.8	
Technology companies	6.4		7.6	
Other	29.0		22.4	
Equity instruments – other	**0.6**	**0.3**	**0.5**	**0.3**
Financial institutions	0.1		0.1	
Manufacturing and Industrial	0.1		0.1	
Energy and commodities	0.1		0	
Technology companies	0.1		0	
Other	0.2		0.3	
Bonds	**104.0**	**44.6**	**88.1**	**44.6**
Government bonds	87.6		76.4	
Corporate bonds	16.4		11.7	
Derivatives	**0**	**0**	**0.7**	**0.4**
Stock index futures	0.2		0.6	
Interest rate futures	–0.2		0.1	
Property	**0.7**	**0.3**	**0.3**	**0.1**
Europe	0.6		0.3	
Other	0.1		0	
Investment funds	**19.0**	**8.1**	**15.7**	**8.0**
Other	**0.1**	**0**	**0.2**	**0.1**
Total listed	**210.7**	**90.3**	**176.4**	**89.3**
Qualifying insurance policies	7.9	3.4	0.2	0.1
Property – Europe	0	0	0.3	0.2
Cash	14.8	6.3	20.7	10.4
Total not listed	**22.7**	**9.7**	**21.2**	**10.7**
Total plan assets	**233.4**	**100.0**	**197.6**	**100.0**

As at 31 December 2012, plan assets included financial instruments of the Group amounting to €0.1 million. They did not include any property occupied or other assets used by the Group.

Risks

In addition to the general actuarial risks, the risks associated with the defined benefit obligations relate especially to financial risks in connection with the plan assets, including in particular counterparty credit and market risks.

Market price risk

The return on plan assets is assumed to be the discount rate determined on the basis of corporate bonds with an AA rating. If the actual rate of return on plan assets is lower than the discount rate used, the net defined benefit liability increases accordingly. However, due to the equity ratio, in particular in the plan assets held in Germany, the actual return is expected to exceed the return on corporate bonds with a good credit rating in the medium to long term – although in the short term this may contribute to greater market price volatility of the plan assets.

Deutsche Börse Group considers the share price risk resulting from the equity ratio of the plan assets to be appropriate. The company bases its assessment on the expectation that the overall volume of payments from the pension plans will be manageable in the next few years, that the total amount of the obligations will also be manageable and that it will be able to meet these payments in full from operating cash flows. Any amendments to the investment policy take into account the duration of the pension obligation as well as the expected payments over a period of ten years.

Moreover, the level of the net liability is influenced by the discount rates in particular, whereby the current low interest rates contribute to a relatively high net liability. A continued decline in returns on corporate bonds will lead to a further increase in defined benefit obligations, which can be only partially offset by the positive development of the fair values of the corporate bonds included in the plan assets.

Inflation risk

Possible inflation risks that could lead to an increase in defined benefit obligations exist because some pension plans or the "annual capital components" are directly related to the salaries, i.e. a significant increase in salaries would lead to an increase in the benefit obligation from the plans. In Germany, however, there are no contractual arrangements with regard to inflation risk for these pension plans. An interest rate of 6 per cent p.a. has been agreed for the employee-financed deferred compensation plan; the plan does not include any arrangements for inflation, so that it has to be assumed that there will be little incentive for employees to contribute to the deferred compensation plan in times of rising inflation.

In Luxembourg, salaries are adjusted for the effects of inflation on the basis of a consumer price index no more than once a year; this adjustment leads to a corresponding increase in the benefit obligation from the pension plan. Since the obligation will be met in the form of a capital payment, there will be no inflation-linked effects once the beneficiary reaches retirement age.

In Switzerland, the benefit plans at AXA Stiftung Berufliche Vorsorge and PREVAS Sammelstiftung include the provision that the Board of the foundation decides annually whether the retirement pensions will be adjusted to price trends. The decision takes into account in particular the financial capability of the foundation. There are no arrangements for automatic adjustments to price increases over and above the legal requirements that apply to certain surviving dependants' and disability pensions.

Duration and expected maturities of the pension obligations

The weighted duration of the pension obligations was 14.4 years as at 31 December 2012.

Expected maturities of the undiscounted pension payments

	Expected pension payments[1] 31 Dec 2012 €m
Less than 1 year	8.1
Between 1 and 2 years	7.5
Between 2 and 5 years	39.3
More than 5 years up to 10 years	59.9
Total	**114.8**

1) The expected payments in CHF were translated into euros at the closing rate on 31 December 2012.

The expected costs of defined benefit plans amount to approximately €19.9 million for the 2013 financial year, including interest expense.

Defined contribution pension plans

In the year under review, the costs of defined contribution plans amounted to €27.0 million (2011: €27.8 million).

23. Changes in other provisions

Changes in other provisions

	Other non-current provisions €m	Tax provisions €m	Other current provisions €m	Total €m
Balance as at 1 Jan 2012	**77.4**	**219.6**	**105.4**	**402.4**
Reclassification	–6.4[1]	–0.3	6.5	–0.2[2]
Utilisation	–8.6	–3.6	–36.6	–48.8
Reversal	–4.9	–4.8	–8.8	–18.5
Additions	22.8	41.3	22.4	86.5
Balance as at 31 Dec 2012	**80.3**	**252.2**	**88.9**	**421.4**

1) Primarily reclassification of provisions from non-current to current
2) Relates to the reclassification to liabilities

24. Other non-current provisions

Other non-current provisions have more than one year to maturity.

Composition of other non-current provisions

	31 Dec 2012 €m	31 Dec 2011 €m
Restructuring and efficiency measures	42.3	45.6
Pension obligations to IHK[1]	9.6	8.9
Bonus	8.6	4.9
Stock Bonus Plan	6.7	7.6
Anticipated losses	6.1	2.5
Jubilee	5.5	5.3
Early retirement	1.5	2.6
Total	**80.3**	**77.4**
thereof with remaining maturity between 1 and 5 years	61.1	60.7
thereof with remaining maturity of more than 5 years	19.2	16.7

1) IHK = Industrie- und Handelskammer Frankfurt am Main (the Frankfurt/Main Chamber of Industry and Commerce)

Provisions for restructuring and efficiency measures include provisions amounting to €8.5 million (2011: €9.9 million) for the restructuring and efficiency programme resolved in September 2007 as well as €33.8 million (2011: €35.7 million) for the programme resolved in 2010 to increase operational performance. Additions include discount effects amounting to €3.9 million (2011: €1.2 million) mainly from the passage of time.

For details on the restructuring and efficiency programmes see “Internal management control – Control systems” section in the combined management report.

Provisions for pension obligations to the Industrie- und Handelskammer (IHK, the Chamber of Commerce) are recognised on the basis of the number of eligible employees. Provisions for early retirement benefits are calculated on the basis of the active and former employees involved. Additions include discount rate effects amounting to €0.3 million (2011: €0.4 million) mainly from the passage of time.

For details on the Stock Bonus Plan, see note 39.

As at 31 December 2012, the provisions for anticipated losses contain provisions for anticipated losses from rental expenses and restoration obligations amounting to €7.1 million (2011: €4.3 million), of which €1.0 million (2011: €1.8 million) are allocated to current provisions. The provisions classified as non-current are not expected to be utilised before 2014. €6.0 million of the non-current provisions relates to restoration obligations. The remaining portion of €0.1 million is for vacancy provisions; discount effects from the discounted portion are therefore immaterial. The provisions are calculated on the basis of existing rental agreements for each building.

25. Liabilities

The euro and US dollar bonds as well as a hybrid bond denominated in euros issued by Deutsche Börse Group have a carrying amount of €1,737.4 million (2011: €1,458.3 million) and a fair value of €1,821.9 million (2011: €1,526.8 million). Thereof, €1,160.0 million are carried under Interest-bearing liabilities and bonds maturing in financial year 2013 amounting to €577.4 million are recognised under Other current liabilities.

In the current financial year, Deutsche Börse AG issued a corporate bond with a nominal amount of €600 million. The bond has a term of ten years and a coupon of 2.375 per cent annually; the bond mainly serves to refinance a portion of the outstanding financial liabilities. In this context, the company made creditors of outstanding euro-denominated bonds an offer to repurchase those bonds. Deutsche Börse AG purchased bonds with a principal amount of €309.2 million as part of this repurchase. For further details, see the "Results of operations" section and the table "Debt instruments of Deutsche Börse AG" in the combined management report.

The financial liabilities recognised in the balance sheet were not secured by liens or similar rights, neither as at 31 December 2012 nor as at 31 December 2011.

26. Tax provisions

Composition of tax provisions

	31 Dec 2012 €m	31 Dec 2011 €m
Income tax expense: current year	33.4	34.7
Income tax expense: previous years	168.9	127.9
Capital tax and value added tax	49.9	57.0
Total	**252.2**	**219.6**

The estimated remaining maturity of the tax provisions is less than one year.

27. Other current provisions

Composition of other current provisions

	31 Dec 2012 €m	31 Dec 2011 €m
Interest on taxes	43.1	37.1
Recourse, litigation and interest rate risks	11.3	13.9
Claims for damages	10.1	11.7
Stock Bonus Plan	8.3	6.3
Restructuring and efficiency measures[1)]	5.6	9.8
Rent and incidental rental costs	3.1	4.3
Personnel expenses	2.3	0.7
Anticipated losses	1.0	1.8
Transaction costs advice[2)]	0.1	16.0
Miscellaneous	4.0	3.8
Total	**88.9**	**105.4**

1) Thereof provisions amounting to €0.4 million (2011: €0.5 million) for the restructuring and efficiency programme resolved in 2007 and provisions amounting to €3.6 million (2011: €7.9 million) for the programme to increase operational performance adopted in 2010 (for details see section "Internal management control" of the combined management report)
2) Relating to the acquisition of the remaining shares of Eurex Zürich AG and the merger of Deutsche Börse AG and NYSE Euronext that was prohibited on 1 February 2012

For details on share-based payments, see note 39. For details on non-current anticipated losses, see note 24.

28. Liabilities from banking business

The liabilities from banking business are attributable solely to the Clearstream subgroup.

Composition of liabilities from banking business

	31 Dec 2012 €m	31 Dec 2011 €m
Customer deposits from securities settlement business	12,542.5	13,900.9
Issued commercial paper	208.3	204.3
Overdrafts on nostro accounts	109.2	33.8
Forward foreign exchange transactions – held for trading	16.7	0
Money market borrowing	3.5	26.7
Interest liabilities	0.1	2.7
Interest rate swaps – fair value hedges	0	1.2
Total	**12,880.3**	**14,169.6**

Remaining maturity of liabilities from banking business

	31 Dec 2012 €m	31 Dec 2011 €m
Not more than 3 months	12,880.3	14,167.1
More than 3 months but not more than 1 year	0	2.5
Total	**12,880.3**	**14,169.6**

29. Cash deposits by market participants

Composition of cash deposits by market participants

	31 Dec 2012 €m	31 Dec 2011 €m
Liabilities from margin payments to Eurex Clearing AG by members	19,447.4	13,858.0
Liabilities from cash deposits by participants in equity trading	3.2	3.5
Total	**19,450.6**	**13,861.5**

30. Other current liabilities

Composition of other current liabilities

	31 Dec 2012 €m	31 Dec 2011 €m
Euro bond	577.4[1]	0
Payables to Eurex participants	152.1	155.2
Special payments and bonuses	37.7	50.1
Interest payable	33.4	42.0
Tax liabilities (excluding income taxes)	24.5	24.4
Vacation entitlements, flexitime and overtime credits	17.4	14.4
Derivatives	14.6	0
Liabilities as part of social security	3.8	4.4
Earn-out component	1.2	0
Miscellaneous	26.3	31.5
Total	**888.4**	**322.0**

1) See note 25 for further details.

31. Maturity analysis of financial instruments

Underlying contractual maturities of the financial instruments at the balance sheet date

	Contractual maturity					
	Sight		Not more than 3 months		More than 3 months but not more than 1 year	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m
Non-derivative financial liabilities						
Interest-bearing liabilities[1]	0	0	0	0	877.3	87.1
Other non-current financial liabilities	0	0	0	0	0	0.1
Non-derivative liabilities from banking business	12,651.7	13,960.4	211.9	205.2	0	1.3
Trade payables, payables to associates, payables to other related parties and other current liabilities	0	11.6	317.4	837.5	5.6	9.2
Cash deposits by market participants	19,450.6	13,861.5	0	0	0	0
Other bank loans and overdrafts	0.1	0.4	0	0	0	0
Total non-derivative financial liabilities (gross)	**32,102.4**	**27,833.9**	**529.3**	**1,042.7**	**882.9**	**97.7**
Derivatives and financial instruments of Eurex Clearing AG						
Financial liabilities and derivatives of Eurex Clearing AG	21,255.7	23,202.7	120,780.9	139,808.6[2]	36,018.7	20,606.8
less financial assets and derivatives of Eurex Clearing AG	–21,255.7	–23,202.7	–120,780.9	–139,808.6[2]	–36,018.7	–20,606.8
Cash inflow – derivatives and hedges						
Cash flow hedges	0	0	6.1	0	18.7	0
Fair value hedges	0	0	0	0	0	3.4
Derivatives held for trading	471.1	962.8	1,831.8	1,679.5	7.7	0
Cash outflow – derivatives and hedges						
Cash flow hedges	0	0	–6.2	0	–18.7	0
Fair value hedges	0	0	0	–0.3	0	0
Derivatives held for trading	–346.8	–964.2	–1,973.3	–1,724.6	–7.6	0
Total derivatives and hedges	**124.3**	**–1.4**	–141.6	–45.4	0.1	3.4

1) Included in non-current interest-bearing liabilities and other current liabilities
2) The prior-year figure includes the traditional options in the amount of €23,384.4 million because no analysis was provided for reasons of immateriality.

Contractual maturity				Reconciliation to carrying amount		Carrying amount	
More than 1 year but not more than 5 years		Over 5 years					
2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m
244.8	1,393.6	895.2	245.3	–279.9	–267.7	1,737.4	1,458.3
0.8	0.4	0	0.5	2.2	5.1	3.0	6.1
0	0	0	0	0	1.5	12,863.6	14,168.4
0	0.7	0	0	97.9	117.3	420.9	976.3
0	0	0	0	0	0	19,450.6	13,861.5
0	0	0	0	0	0	0.1	0.4
245.6	**1,394.7**	**895.2**	**245.8**	**–179.8**	**–143.8**	**34,475.6**	**30,471.0**
1.2	0	0	0	0	0	178,056.5	183,618.1
–1.2	0	0	0	0	0	–178,056.5	–183,618.1
5.6	18.6	1.4	13.6				
0	0	0	0				
0	0	0	0				
–16.8	–26.1	–4.2	–17.4				
0	0	0	0				
–5.5	0	0	0				
–16.7	–7.5	–2.8	–3.8				

32. Classification of financial instruments under IAS 39

The following table shows an analysis of the financial instruments in the balance sheet in accordance with their classification under IAS 39 as well as the corresponding carrying amounts:

Classification of financial instruments

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount	
				31 Dec 2012 €m	31 Dec 2011 €m
Other equity investments	13	AFS[1]	Historical cost	20.9	33.0
		AFS[1]	Fair value	5.8	78.7
Non-current receivables and securities from banking business	13	AFS[1]	Fair value	1,485.0	1,229.6
		Loans and receivables	Amortised cost	0	175.0
Other financial instruments	13	AFS[1]	Fair value	21.5	16.6
Other loans	13	Loans and receivables	Amortised cost	0.1	0.6
Other non-current assets	14	Cash flow hedges	Fair value	0	0.9
		Loans and receivables	Amortised cost	3.8	3.7
Financial instruments of Eurex Clearing AG	15	Held for trading	Fair value	178,056.5	183,618.1
Current receivables and securities from banking business	14, 16	AFS[1]	Fair value	25.0	242.1
		Cash flow hedges	Fair value	0.4	0
		Loans and receivables	Amortised cost	12,782.8	12,657.3
		Derivatives held for trading	Fair value	0	45.8
Trade receivables	17	Loans and receivables	Amortised cost	211.8	224.3
Associate receivables		Loans and receivables	Amortised cost	2.1	2.7
Receivables from other related parties		Loans and receivables	Amortised cost	0.9	5.1
Other current assets	14, 18	Held for trading	Fair value	0.1	0
		Loans and receivables	Amortised cost	92.0	122.4
		AFS[1]	Fair value	0	4.0
Restricted bank balances	19	Loans and receivables	Amortised cost	19,450.6	15,060.4
Other cash and bank balances		Loans and receivables	Amortised cost	641.6	925.2

1) Available-for-sale (AFS) financial assets
2) This relates to the private placements designated as hedging instruments of a net investment hedge (see note 14).
3) This relates to the put options issued by Clearstream International S.A. relating to Clearstream Fund Services Ireland Ltd. (see note 2).

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount 31 Dec 2012 €m	Carrying amount 31 Dec 2011 €m
Interest-bearing liabilities (excluding finance leases)	14, 25	Liabilities at amortised cost	Amortised cost	811.4	1,102.2
		Net investment hedge[2)]	Amortised cost	348.6	356.1
Other non-current liabilities	14	Cash flow hedges	Fair value	0	4.8
		Liabilities at amortised cost	Amortised cost	1.7	0
		Puttable instruments[3)]	Fair value	3.0	0
Financial instruments of Eurex Clearing AG	15	Held for trading	Fair value	178,056.5	183,618.1
Liabilities from banking business	14, 28	Liabilities at amortised cost	Amortised cost	12,863.6	14,168.4
		Held for trading	Fair value	16.7	0
		Fair value hedges	Fair value	0	1.2
Other bank loans and overdrafts	33	Liabilities at amortised cost	Amortised cost	0.1	0.4
Trade payables		Liabilities at amortised cost	Amortised cost	108.2	114.6
Payables to associates		Liabilities at amortised cost	Amortised cost	15.1	13.2
Payables to other related parties		Liabilities at amortised cost	Amortised cost	1.6	314.5
		Held for trading	Fair value	0	214.2
Cash deposits by market participants	19	Liabilities at amortised cost	Amortised cost	19,450.6	13,861.5
Other current liabilities	14, 25, 30	Liabilities at amortised cost	Amortised cost	771.0	197.6
		Cash flow hedges	Fair value	14.6	0
		Puttable instruments[3)]	Fair value	0.4	0

The carrying amount of other loans, current receivables and other assets as well as current and non-current receivables from banking business measured at amortised cost, restricted bank balances, and other cash and bank balances corresponds to their fair value.

The “other equity investments” item, which is carried at historical cost less any impairment losses, comprises non-listed equity instruments whose fair value generally cannot be reliably determined on a continuous basis. For the year under review, their fair value is estimated to be close to their carrying amount.

The bonds reported under interest-bearing liabilities and under other current liabilities have a fair value of €1,430.9 million (2011: €1,125.3 million). The fair values are the quoted prices of the bonds as at 31 December 2012. The fair value of the private placements is €391.0 million (2011: €400.6 million). This figure was calculated as the present value of the cash flows relating to the private placements on the basis of market parameters.

The carrying amount of current liabilities and cash deposits by market participants represents a reasonable approximation of fair value.

The financial assets and liabilities that are measured at fair value are to be allocated to the following three hierarchy levels: financial assets and liabilities are to be allocated to level 1 if there is a quoted price for identical assets and liabilities in an active market. They are allocated to level 2 if the inputs on which the fair value measurement is based are observable either directly (as prices) or indirectly (derived from prices). Financial assets and liabilities are allocated to level 3 if the fair value is determined on the basis of unobservable inputs.

In financial year 2012, only puttable instruments with a carrying amount of €3.4 million were allocated to level 3. In the previous year, the investment in Direct Edge Holdings, LLC was disclosed as level 3. After obtaining significant influence, this investment is accounted as an associate in 2012. No profits or losses were involved relating to these instruments in 2012.

As at 31 December 2012, the financial assets and liabilities that are measured at fair value were allocated to the following hierarchy levels:

Fair value hierarchy

	Fair value as at 31 Dec 2012 €m	thereof attributable to: Level 1 €m	Level 2 €m	Level 3 €m
ASSETS				
Financial assets held for trading				
Derivatives				
Financial instruments of Eurex Clearing AG	178,056.5	178,056.5	0	0
Current receivables and securities from banking business	0.4	0	0.4	0
Other current assets	0.1	0	0.1	0
Total	**178,057.0**	**178,056.5**	**0.5**	**0**
Available-for-sale financial assets				
Equity instruments				
Other equity investments	5.8	0.5	5.3	0
Total	**5.8**	**0.5**	**5.3**	**0**
Debt instruments				
Other financial instruments	21.5	21.5	0	0
Current receivables and securities from banking business	25.0	25.0	0	0
Non-current receivables and securities from banking business	1,485.0	1,485.0	0	0
Total	**1,531.5**	**1,531.5**	**0**	**0**
Total assets	**179,594.3**	**179,588.5**	**5.8**	**0**
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Financial instruments of Eurex Clearing AG	178,056.5	178,056.5	0	0
Liabilities from banking business	16.7	0	16.7	0
Other current liabilities	15.0	0	14.6	0.4[1]
Other non-current liabilities	3.0	0	0	3.0[1]
Total liabilities	**178,091.2**	**178,056.5**	**31.3**	**3.4**

1) This relates to the put options issued by Clearstream International S.A. relating to Clearstream Fund Services Ireland Ltd. (see note 2).

By comparison, the financial assets and liabilities measured at fair value as at 31 December 2011 were allocated to the hierarchy levels as follows:

Fair value hierarchy

	Fair value as at 31 Dec 2011	thereof attributable to:		
		Level 1	Level 2	Level 3
	€m	€m	€m	€m
ASSETS				
Financial assets held for trading				
Derivatives				
Financial instruments of Eurex Clearing AG	183,618.1	183,618.1	0	0
Current receivables and securities from banking business	45.8	0	45.8	0
Other non-current assets	0.9	0	0.9	0
Total	**183,664.8**	**183,618.1**	**46.7**	**0**
Available-for-sale financial assets				
Equity instruments				
Other equity investments	78.7	1.7	4.6	72.4[1]
Total	**78.7**	**1.7**	**4.6**	**72.4**
Debt instruments				
Other financial instruments	16.6	16.6	0	0
Current receivables and securities from banking business	242.1	242.1	0	0
Other current assets	4.0	4.0	0	0
Non-current receivables and securities from banking business	1,229.6	1,229.6	0	0
Total	**1,492.3**	**1,492.3**	**0**	**0**
Total assets	**185,235.8**	**185,112.1**	**51.3**	**72.4**
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Financial instruments of Eurex Clearing AG	183,618.1	183,618.1	0	0
Liabilities from banking business	1.2	0	1.2	0
Liabilities to other related parties	214.2	214.2	0	0
Other non-current liabilities	4.8	0	4.8	0
Total liabilities	**183,838.3**	**183,832.3**	**6.0**	**0**

1) Relates to Direct Edge Holdings, LLC (see note 2)

Other disclosures

33. Consolidated cash flow statement disclosures

Cash flows from operating activities

After adjustments to net profit for the year for non-cash items, cash flows from operating activities excluding CCP positions amounted to €726.2 million (2011: €700.0 million). After adjustment for the change in CCP positions cash flow from operating activities amounted to €707.7 million (2011: €785.6 million).

The other non-cash income consists of the following items:

Composition of other non-cash expenses/(income)

	2012 €m	2011 €m
Subsequent measurement of the liability from the acquisition of further shares of Eurex Zürich AG	27.4	–77.4
Impairment of other equity investments/loans	11.4	20.2
Equity method measurement	4.5	–9.1
Fair value measurement of Direct Edge Holdings, LLC	0	–6.0
Fair value measurement of interest rate swaps	0.8	–5.0
Miscellaneous	6.6	6.5
Total	**50.7**	**–70.8**

Cash flows from investing activities

Investments in intangible assets include an amount of €0.1 million (2011: €2.4 million) relating to goodwill. Among the other investments in intangible assets and property, plant and equipment, the measures undertaken under the strategic growth initiatives and infrastructure projects are classified as expansion investments, while all remaining investments are reported as replacement investments. The other investments in intangible assets and property, plant and equipment are broken down as follows:

Payments for investments in intangible assets other than goodwill and property, plant and equipment

	31 Dec 2012 €m	31 Dec 2011 €m
Expansion investments		
Xetra	1.0	0.1
Eurex	53.0	34.3
Market Data & Analytics	0	0.1
Clearstream	41.0	28.0
	95.0	**62.5**
Replacement investments		
Xetra	7.5	12.9
Eurex	20.6	13.7
Market Data & Analytics	4.3	4.9
Clearstream	18.2	19.2
	50.6	**50.7**
Total	**145.6**	**113.2**

Of the investments in non-current financial instruments, an amount of €255.6 million (2011: €330.0 million) related to the purchase of variable-rate securities in the banking business. Securities and other non-current receivables in the amount of €392.2 million (2011: €558.3 million), of which €387.7 million (2011: €547.4 million) related to the banking business, matured or were sold in financial year 2012.

In 2012, there were cash outflows of €295.5 million in connection with the acquisition of shares in subsidiaries. €295.0 million of this amount related to the acquisition of the shares in Eurex Global Derivatives AG, which holds 50 per cent of shares of Eurex Zürich AG. The purchase price was paid in cash in the amount of €295.0 million as well as by delivery of 5,286,738 shares of Deutsche Börse AG; at the time of delivery, the shares had a fair value of €255.9 million.

The acquisition of shares in subsidiaries led to a cash outflow of €3.5 million in 2011. This related to the acquisition of shares in Open Finance, S.L. No non-current assets or liabilities were acquired as part of this transaction.

Reconciliation to cash and cash equivalents

Reconciliation to cash and cash equivalents

	31 Dec 2012 €m	31 Dec 2011 €m
Restricted bank balances	19,450.6	13,861.5
Other cash and bank balances	641.6	925.2
less bank loans and overdrafts	–0.1	–0.4
	20,092.1	**14,786.3**
Reconciliation to cash and cash equivalents		
Current receivables and securities from banking business	12,808.2	14,144.1
less available-for-sale debt instruments	–25.0	–242.1
less derivatives	–0.4	0
Current liabilities from banking business	–12,880.3	–14,169.6
Current liabilities from cash deposits by market participants	–19,450.6	–13,861.5
	–19,548.1	**–14,129.1**
Cash and cash equivalents	**544.0**	**657.2**

34. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the year attributable to shareholders of the parent company (net income) by the weighted average number of shares outstanding.

In order to determine diluted earnings per share, potentially dilutive ordinary shares that may be acquired under the Stock Bonus Plan (SBP) (see also note 39) were added to the average number of shares. In order to calculate the number of potentially dilutive ordinary shares, the exercise prices were adjusted by the fair value of the services still to be provided.

In order to determine diluted earnings per share, all SBP tranches for which cash settlement has not been resolved are assumed to be settled with equity instruments – regardless of actual accounting in accordance with IFRS 2.

The following potentially dilutive rights to purchase shares were outstanding as at 31 December 2012:

Calculation of the number of potentially dilutive ordinary shares

Tranche	Exercise price €	Adjustment of the exercise price according to IAS 33[1] €	Average number of outstanding options 2012	Average price for the period[2] €	Number of potentially dilutive ordinary shares as at 31 Dec 2012
2011[3]	0	15.31	124,852	43.69	81,101
2012[3]	0	29.24	94,232	43.69	31,166
Total					**112,267**

1) According to IAS 33.47(a), the issue price and the exercise price for stock options and other share-based payment arrangements must include the fair value of any goods or services to be supplied to the entity in the future under the stock option or other share-based payment arrangement.
2) Volume-weighted average price of Deutsche Börse AG shares on Xetra for the period 1 January to 31 December 2012
3) This relates to rights to shares under the Stock Bonus Plan (SBP) for senior executives.

As the volume-weighted average share price was higher than the adjusted exercise prices for the 2011 and 2012 tranches, these stock options are considered dilutive under IAS 33 as at 31 December 2012.

Calculation of earnings per share (basic and diluted)

	2012	2011
Number of shares outstanding as at beginning of period	188,686,611	185,942,801
thereof number of shares received by SIX Swiss Exchange AG effective 1 January 2012	5,286,738	0
Number of shares outstanding as at end of period	184,078,674	183,399,873
Weighted average number of shares outstanding	187,379,239	185,819,757
Number of potentially dilutive ordinary shares	112,267	219,042
Weighted average number of shares used to calculate diluted earnings per share	187,491,506	186,038,799
Net income (€m)	645.0	855.2
Earnings per share (basic) (€)	3.44	4.60
Earnings per share (diluted) (€)	3.43	4.59

1) Due to the change in the accounting policy for defined benefit obligations under IAS 19 in Q1/2012, net profit for 2011 has been adjusted retrospectively. As a result of this adjustment, diluted earnings per share for 2011 increased from €4.56 to €4.59; basic earnings per share increased from €4.57 to €4.60.

35. Segment reporting

Segment reporting is governed by the internal organisational and reporting structure, which is broken down by markets into the following four segments:

Internal organisational and reporting structure

Segment	Business areas
Xetra	▪ Cash market using the Xetra electronic trading system, Xetra Frankfurt specialist trading and Tradegate ▪ Central counterparty for equities ▪ Admission of securities to listing
Eurex	▪ Electronic derivatives market trading platform Eurex ▪ Electronic options trading platform ISE ▪ Over-the-counter (OTC) trading platforms Eurex Bonds and Eurex Repo ▪ Central counterparty for bonds, on- and off-exchange derivatives and repo transactions (Eurex ▪ Clearing)
Clearstream	▪ Custody, administration and settlement services for domestic and foreign securities ▪ Global securities financing services ▪ Investment funds services
Market Data & Analytics	▪ Sales of price information and information distribution ▪ Index development and sales

In accordance with IFRS 8, information on the segments is presented on the basis of internal reporting (management approach).

Sales revenue is presented separately by external sales revenue and internal (inter-segment) sales revenue. Inter-segment services are charged on the basis of measured quantities or at fixed prices (e.g. the provision of data by Eurex to Market Data & Analytics).

Due to their insignificance to segment reporting, the “financial income” and “financial expense” items have been combined to produce the “net financial result”.

Segment reporting

	Xetra		Eurex		Clearstream	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m
External sales revenue	230.1	275.1	912.4	945.9	768.4	775.9
Internal sales revenue	0	0	0	0	5.5	6.6
Total sales revenue	**230.1**	**275.1**	**912.4**	**945.9**	**773.9**	**782.5**
Net interest income from banking business	0	0	0	0	52.0	75.1
Other operating income	7.3	13.0	10.2	40.1	3.1	8.4
Total revenue	**237.4**	**288.1**	**922.6**	**986.0**	**829.0**	**866.0**
Volume-related costs	–24.5	–22.9	–101.5	–78.1	–163.5	–164.6
Net revenue (total revenue less volume-related costs)	**212.9**	**265.2**	**821.1**	**907.9**	**665.5**	**701.4**
Staff costs	–55.9	–53.3	–133.6	–129.5	–180.9	–165.8
Depreciation, amortisation and impairment losses	–13.8	–12.5	–48.2	–42.2	–32.5	–26.8
Other operating expenses	–56.9	–82.6	–194.0	–216.0	–134.7	–133.4
Operating costs	**–126.6**	**–148.4**	**–375.8**	**–387.7**	**–348.1**	**–326.0**
Result from equity investments	4.9	8.6	–4.7[2)]	–1.4[3)]	–0.5	–0.3
Earnings before interest and tax (EBIT)	**91.2**	**125.4**	**440.6**	**518.8**	**316.9**	**375.1**
Net financial result	–2.7	–1.9	–125.5[4)]	0.6[5)]	–3.4	–1.8
Earnings before tax (EBT)	**88.5**	**123.5**	**315.1**	**519.4**	**313.5**	**373.3**
Investment in intangible assets and property, plant and equipment	8.5	13.0	73.6	48.0	59.2	47.2
Employees (as at 31 December)	436	448	1,034	999	1,816	1,749
EBIT margin (%)[7)]	**42.8**	**47.3**	**53.7**	**57.1**	**47.6**	**53.5**

1) The consolidation of internal net revenue column shows the elimination of intragroup sales revenue and profits.
2) Includes impairment losses totalling €10.8 million that account for the interest in Quadriserv Inc.
3) Includes impairment losses of €17.2 million attributable to the interest in Bombay Stock Exchange Ltd.
4) Includes loss on subsequent measurement of liabilities to SIX Group AG of €27.4 million.
5) Includes gain on subsequent measurement of liabilities to SIX Group AG of €77.4 million.
6) Excluding goodwill
7) EBIT margin is calculated on the basis of EBIT divided by net revenue.

	Market Data & Analytics		Total of all segments		Consolidation of internal net revenue[1]		Group	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m
	234.4	236.4	2,145.3	2,233.3	0	0	2,145.3	2,233.3
	29.5	35.5	35.0	42.1	–35.0	–42.1	0	0
	263.9	**271.9**	**2,180.3**	**2,275.4**	**–35.0**	**–42.1**	**2,145.3**	**2,233.3**
	0	0	52.0	75.1	0	0	52.0	75.1
	3.1	3.9	23.7	65.4	–12.0	–8.4	11.7	57.0
	267.0	**275.8**	**2,256.0**	**2,415.9**	**–47.0**	**–50.5**	**2,209.0**	**2,365.4**
	–34.2	–28.9	–323.7	–294.5	47.0	50.5	–276.7	–244.0
	232.8	**246.9**	**1,932.3**	**2,121.4**	**0**	**0**	**1,932.3**	**2,121.4**
	–43.8	–37.2	–414.2	–385.8	0	0	–414.2	–385.8
	–10.5	–9.9	–105.0	–91.4	0	0	–105.0	–91.4
	–53.8	–53.0	–439.4	–485.0	0	0	–439.4	–485.0
	–108.1	**–100.1**	**–958.6**	**–962.2**	**0**	**0**	**–958.6**	**–962.2**
	–4.0	–3.3	–4.3	3.6	0	0	–4.3	3.6
	120.7	**143.5**	**969.4**	**1,162.8**	**0**	**0**	**969.4**	**1,162.8**
	–1.1	–0.7	–132.7	–3.8	0	0	–132.7	–3.8
	119.6	**142.8**	**836.7**	**1,159.0**	**0**	**0**	**836.7**	**1,159.0**
	4.3	5.0	145.6	113.2	0	0	145.6[6]	113.2[6]
	418	392	3,704	3,588	0	0	3,704	3,588
	51.8	**58.1**	**50.2**	**54.8**	**n.a.**	**n.a.**	**50.2**	**54.8**

In the year under review, there were no extraordinary impairment losses (2011: nil).

Non-cash valuation allowances and bad debt losses resulted from the following segments:

Breakdown of non-cash valuation allowances and bad debt losses

	2012 €m	2011 €m
Xetra	0	0.4
Eurex	0	0.2
Clearstream	0.4	0
Market Data & Analytics	0.3	0.6
Total	**0.7**	**1.2**

Deutsche Börse Group's business model – and that of its segments – is focused on an internationally operating participant base and pricing does not differ depending on the customer's location. From a price, margin and risk perspective, this means that it is unimportant whether sales revenue is generated from German or non-German participants.

The risks and returns from the activities of the subsidiaries operating within the economic environment of the European Monetary Union (EMU) do not differ significantly from each other on the basis of the factors to be considered in identifying information on geographical regions under IFRS 8. As a result, Deutsche Börse Group has identified the following information on geographical regions: the euro zone, the rest of Europe, America and Asia-Pacific.

Sales revenue is allocated to the individual regions according to the customer's domicile, while investments and non-current assets are allocated according to the company's domicile and employees according to their location.

As described above, the analysis of sales is based on the direct customer's billing address. This means for example: sales to an American investor trading a product with an Asian underlying via a European clearing member are classified as European sales. Thus, in addition to sales to customers based in the Asia Pacific region, Deutsche Börse Group also reports sales of products based on Asia Pacific underlyings. These include, for example, trading of the South Korean KOSPI index on Eurex, settlement and custody services for securities issued by Asian entities, and index products such as the STOXX China Total Market indices. Furthermore, the Group earns net interest income on Asian customer balances. In total, this Asia Pacific-driven business amounted to an additional €36.3 million in 2012 (2011: €34.2).

Information on geographical regions

	Sales revenue		Investments[3]		Non-current assets		Number of employees	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m	2012	2011
Euro zone	1,076.8[1]	1,103.1[1]	133.6	105.5	1,442.7[2]	1,382.9[2]	2,652	2,613
Rest of Europe	727.8[1]	806.4[1]	5.3	1.1	579.9[2]	585.2[2]	633	557
America	295.1[1]	290.5[1]	6.5	6.5	1,488.5[2]	1,483.9[2]	308	324
Asia/Pacific	80.6	75.4	0.2	0.1	0.8	1.0	111	94
Total of all regions	**2,180.3**	**2,275.4**	**145.6**	**113.2**	**3,511.9[2]**	**3,453.0**	**3,704**	**3,588**
Consolidation of internal sales revenue	–35.0	–42.1						
Group	**2,145.3**	**2,233.3**	**145.6**	**113.2**	**3,511.9[2]**	**3,453.0**	**3,704**	**3,588**

1) Including countries in which more than 10 per cent of sales revenue were generated: Germany (2012: €571.0 million; 2011: €579.8 million), UK (2012: €571.0 million; 2011: €625.9 million), and USA (2012: €285.1 million; 2011: €278.3 million)
2) Including countries in which more than 10 per cent of non-current assets are carried: USA (2012: €1,488.5 million; 2011: €1,483.9 million), Germany (2012: €1,266.0 million; 2011: €1,256.7 million) and Switzerland (2012: €573.2 million; 2011: €582.0 million)
3) Excluding goodwill

36. Financial risk management

Deutsche Börse Group presents the qualitative disclosures required by IFRS 7 in detail in the combined management report (see explanations in the risk report, which is part of the combined management report), such as the nature and extent of risks arising from financial instruments, as well as the objectives, strategies and methods used to manage risk.

Financial risks arise at Deutsche Börse Group mainly in the form of credit risk. To a very small extent the Group is exposed to market price risk. Financial risks are quantified using the economic capital concept (please refer to the risk report for detailed disclosures). Economic capital is assessed on a 99.98 per cent confidence level for a one-year holding period. The economic capital is compared with the Group's liable equity capital adjusted by intangible assets so as to test the Group's ability to absorb extreme and unexpected losses. The economic capital for financial risk is calculated at the end of each month and amounted to €184 million as at 31 December 2012. It is largely determined by credit risk. The economic capital for credit risk is calculated for each business day.

The Group evaluates its financial risk situation on an ongoing basis. In the view of the Executive Board, no threat to the continued existence of the Group can be identified at this time.

Credit risk

Credit risks arise in Deutsche Börse Group from the following items:

Classification of financial instruments

	Segment	Note	Carrying amounts – maximum risk position: Amount as at 31 Dec 2012 €m	Carrying amounts – maximum risk position: Amount as at 31 Dec 2011 €m	Collateral: Amount as at 31 Dec 2012 €m	Collateral: Amount as at 31 Dec 2011 €m
Collateralised cash investments						
Overnight money invested under securities repurchase agreements	Eurex[1]		1,499.9	1,000.0	1,601.9	1,064.3
Interest-bearing receivables	Clearstream	13	0	175.0	0	167.2
Reverse repurchase agreements	Eurex[1]		5,287.5	5,736.2	5,316.7[2]	5,972.1[2]
	Clearstream	16	2,847.4	5,567.8	2,842.6[3][4]	5,586.5[3][4]
	Group[1]		133.2	510.0	135.2	516.9
			9,768.0	**12,989.0**	**9,896.4**	**13,307.0**
Uncollateralised cash investments						
Money market lendings – central banks	Eurex[1]		12,862.7	7,178.0	0	0
	Clearstream	16	6,530.7	3,551.0	0	0
Money market lendings – other counterparties	Eurex[1]		29.6	154.4	0	0
	Clearstream	16	1,198.9	2,356.5	0	0
	Group[1]		14.9	101.5	0	0
Balances on nostro accounts	Clearstream	16	1,975.4	1,810.9	0	0
	Group[1]		264.3	106.6	0	0
Other fixed-income securities	Clearstream	13	5.8	87.8	0	0
Floating rate notes	Clearstream	13	1,504.2	1,383.9	0	0
	Group	13, 18	5.0[5]	4.0	0	0
Fund assets	Eurex	13	8.8	0	0	0
			24,400.3	**16,734.6**	**0**	**0**
Loans for settling securities transactions						
Technical overdraft facilities	Clearstream	16	228.4	559.6	n.a.[6]	n.a.[6]
Automated Securities Fails Financing[7]	Clearstream		741.3	723.5	800.4	992.2
ASLplus securities lending[7]	Clearstream		38,043.9	38,497.0	38,071.3	40,228.2
			39,013.6	**39,780.1**	**38,871.7**	**41,220.4**
Total			73,181.9	69,503.7	48,768.1	54,527.4

	Segment	Note	Carrying amounts – maximum risk position		Collateral	
			Amount as at 31 Dec 2012 €m	Amount as at 31 Dec 2011 €m	Amount as at 31 Dec 2012 €m	Amount as at 31 Dec 2011 €m
Balance brought forward			73,181.9	69,503.7	48,768.1	54,527.4
Other receivables						
Other loans	Group		0.1	0.6	0	0
Other assets	Group		93.5	126.1[5)]	0	0
Trade receivables	Group		211.8	224.3	0	0
Associate receivables	Group		2.1	2.7	0	0
Receivables from other related parties	Group		0.9	5.1	0	0
Interest receivables	Clearstream	16	2.0	10.4	0	0
			310.4	369.2	0	0
Financial instruments of Eurex Clearing AG (central counterparty)			34,864.7[8)]	42,189.5[8)]	45,881.2[9)10)]	51,306.9[9)10)]
Derivatives		14	0.5	46.7	0	0
Financial guarantee contracts[7)]			11.7	0	0	0
Total			108,369.2	112,109.1	94,649.3	105,834.3

1) Presented in the items "restricted bank balances" and "other cash and bank balances"
2) Thereof, €0 repledged to central banks (2011: €503.0 million)
3) Thereof, €443.8 million repledged to central banks (2011: €2,832.7 million)
4) Total of fair value of cash (€0 million; 2011: €22.5 million) and securities collateral (€2,842.6 million; 2011: €5,564.0 million) received under reverse repurchase agreements
5) The amount includes collateral totalling €5.0 million (2011: €5.1 million).
6) The portfolio of deposited collateral is not directly attributed to any utilisation, but is determined by the scope of the entire business relationship and the limits granted.
7) Off-balance-sheet items
8) Net value of all margin requirements resulting from executed trades as at the balance sheet date; this figure represents the risk-oriented view of Eurex Clearing AG while the carrying amount of the position "financial instruments of Eurex Clearing AG" in the balance sheet shows the gross amount of the open trades according to IAS 32.
9) Collateral value of cash and securities collateral deposited for margins covering net value of all margin requirements
10) The amount includes the clearing fund totalling €1,402.3 million (2011: €1,064.4 million).

Cash investments

Deutsche Börse Group is exposed to credit risk in connection with the investment of cash funds. The Group mitigates such risks by investing short-term funds – to the extent possible – on a collateralised basis, e.g. via reverse repurchase agreements.

According to the treasury policy, only bonds with a minimum rating of AA– issued or guaranteed by governments or supranational institutions are eligible as collateral.

The fair value of securities received under reverse repurchase agreements (Clearstream subgroup, Eurex Clearing AG and Deutsche Börse AG) was €8,273.6 million (2011: €12,053.0 million). The Clearstream subgroup and Eurex Clearing AG are able to repledge the securities received to their central banks.

The fair value of securities received under reverse repurchase agreements repledged to central banks amounted to €443.8 million as at 31 December 2012 (2011: €3,335.7 million). The contract terms are based on recognised bilateral master agreements.

Uncollateralised cash investments are permitted only for counterparties with sound creditworthiness within the framework of defined counterparty credit limits or in the form of investments in money market or other mutual funds as well as US treasuries and municipal bonds with maturities of less than two years. The Clearstream subgroup assesses counterparty credit risk on the basis of an internal rating system. The remaining Group companies use external ratings available to them.

Part of the available-for-sale fixed-income financial instruments and floating rate notes held by Clearstream are pledged to central banks to collateralise the settlement facilities obtained. The fair value of pledged securities was €1,352.0 million as at 31 December 2012 (2011: €1,431.1 million).

Loans for settling securities transactions

Clearstream grants customers technical overdraft facilities to maximise settlement efficiency. These settlement facilities are subject to internal credit review procedures. They are revocable at the option of the Clearstream subgroup and are largely collateralised. Technical overdraft facilities amounted to €87.6 billion as at 31 December 2012 (2011: €102.3 billion). Of this amount, €2.8 billion (2011: €3.2 billion) is unsecured, whereby a large proportion relates to credit lines granted to central banks and other government-backed institutions. Actual outstandings at the end of each business day generally represent a small fraction of the facilities and amounted to €228.4 million as at 31 December 2012 (2011: €559.6 million); see note 16.

Clearstream also guarantees the risk resulting from the Automated Securities Fails Financing programme it offers to its customers. However, this only applies when the risk is collateralised. In the absence of collateral, this risk is covered by third parties. Guarantees given under this programme amounted to €741.3 million as at 31 December 2012 (2011: €723.5 million).

Under the ASLplus securities lending programme, Clearstream Banking S.A. had securities borrowings from various counterparties totalling €38,043.9 million as at 31 December 2012 (2011: €38,497.0 million). These securities were fully lent to other counterparties. Collateral received by Clearstream Banking S.A. in connection with these loans amounted to €38,071.3 million (2011: €40,228.2 million).

In 2011 and 2012, no losses from credit transactions occurred in relation to any of the transaction types described.

Other receivables
Trading, settlement and custody fees are generally collected without delay by direct debit. Fees for other services, such as the provision of data and information, are settled mainly by transfer. As a result of default by customers, receivables of €2.2 million (2011: €1.8 million) relating to fees for trading and provision of data and IT services are not expected to be collectable.

Financial instruments of Eurex Clearing AG (central counterparty)
To safeguard Eurex Clearing AG against the risk of default by a clearing member, the clearing conditions require the clearing members to deposit margins in the form of cash or securities on a daily basis or an intraday basis in the amount stipulated by Eurex Clearing AG. Additional security mechanisms of Eurex Clearing AG are described in detail in the risk report.

The aggregate margin calls (after haircuts) based on the executed transactions was €34,864.7 million at the reporting date (2011: €42,189.5 million). In fact, collateral totalling €45,881.2 million (2011: €51,306.9 million) was deposited.

Composition of Eurex Clearing AG's collateral

	Collateral value as at 31 Dec 2012 €m	Collateral value as at 31 Dec 2011 €m
Cash collateral (cash deposits)[1]	19,447.4	13,858.0
Securities and book-entry securities collateral[2] [3]	26,433.8	37,448.9
Total	**45,881.2**	**51,306.9**

1) The amount includes the clearing fund totalling €680.3 million (2011: €242.8 million).
2) The amount includes the clearing fund totalling €722.0 million (2011: €821.6 million).
3) The collateral value is determined on the basis of the fair value less a haircut.

In contrast to the risk-oriented net analysis of the transactions via the central counterparty, the gross amounts are reported in the balance sheet, as the offsetting rules defined in IAS 32 cannot be met. For a detailed explanation of this balance sheet item, see section "Financial instruments of Eurex Clearing AG (central counterparty)" in note 3 or note 15 for an analysis of the carrying amount of €178,056.5 million as at 31 December 2012 (2011: €183,618.1 million).

Credit risk concentrations
Deutsche Börse Group's business model and the resulting business relationships with a large part of the financial sector mean that, as a rule, credit risk is concentrated on the financial services sector. Potential concentrations of credit risk on individual counterparties are limited by application of counterparty credit limits.

The regulatory requirements, such as those arising under the Großkredit- und Millionenkreditverordnung (GroMiKV, ordinance governing large exposures and loans of €1.5 million or more) in Germany and the corresponding rules in Luxembourg arising under the revised CSSF circular 06/273, are in principle complied with.

The German and Luxembourgian rules are based on the EU directives 2006/48/EC and 2006/49/EC (commonly known as CRD) as revised in 2009 with effect as at 31 December 2010.

See also note 20 for an explanation of regulatory capital requirements.

Deutsche Börse Group carries out VaR calculations in order to detect credit concentration risks. In 2012, no significant credit concentrations were assessed.

The economic capital for credit risk is calculated for each business day and amounted to €184 million as at 31 December 2012 (2011: €226 million).

Market price risk

As part of the annual planning, the treasury policy of Deutsche Börse Group requires that any net earnings exposure from currencies be hedged through foreign exchange transactions, if the unhedged exposure exceeds 10 per cent of consolidated EBIT. Foreign exchange exposures below 10 per cent of consolidated EBIT may also be hedged.

During the year, actual foreign exchange exposure is monitored against the latest EBIT forecast. In case of an overstepping of the 10 per cent threshold, the exceeding amount must be hedged.

In addition, the policy stipulates that intraperiod open foreign exchange positions are closed when they exceed €15.0 million. This policy was complied with as in the previous year; as at 31 December 2012, there were no significant net foreign exchange positions.

Currency risks in the Group arise mainly from the operating results and balance sheet items of ISE, which are denominated in US dollars, plus that part of Clearstream's sales revenue and interest income less expenses which is directly or indirectly generated in US dollars. As at 31 December 2012, ISE accounted for 22 per cent of the Eurex segment's sales revenue (2011: 20 per cent). In addition, the Clearstream segment generated 9 per cent of its sales revenue and interest income (2011: 8 per cent) directly or indirectly in US dollars.

Acquisitions where payment of the purchase price results in currency risk are generally hedged.

The Group has partially hedged its investment in ISE against foreign currency risks by issuing fixed-income US dollar debt securities. The investment in ISE (hedged item) constitutes a net investment in a foreign operation. The US dollar securities designated as hedging instruments for the net investment hedge were issued in a nominal amount of US$460.0 million.

Interest rate risks arise further from debt financing of acquisitions. The acquisition of ISE was financed through senior and hybrid debt. Senior debt was issued in euros and US dollars with tenors of five to twelve years and fixed coupons for the life of the instruments. The hybrid debt issue has a fixed coupon for the first five years to be refixed in case the instrument is not called.

In October 2012, Deutsche Börse AG successfully issued a senior bond in an amount of €600 million that largely serves to refinance some of the outstanding long-term financial liabilities.

Equity price risks arise to a limited extent from contractual trust arrangements (CTAs) and from the Clearstream Pension Fund in Luxembourg. In addition, there are equity price risks arising from strategic equity investments in other exchange operators.

Economic capital is calculated at the end of each month for market price risks that can arise in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates as well as through hedging corporate transactions. On 31 December 2012, the economic capital for market price risk was €1 million (2011: €7 million).

In financial year 2012, impairment losses amounting to €13.3 million (2011: €20.2 million) were recognised in profit and loss for strategic investments that are not included in the VaR for market price risk.

Liquidity risk

For the Group, liquidity risk may arise from potential difficulties in renewing maturing financing, such as commercial paper and bilateral and syndicated credit facilities. In addition, required financing for unexpected events may result in a liquidity risk. Most of the Group's cash investments are short-term to ensure that liquidity is available, should such a financing need arise. Eurex Clearing AG remains almost perfectly matched with respect to the durations of received customer cash margins and investments which in only limited amounts may have tenors of up to one month while the Clearstream subgroup may invest customer balances up to a maximum of one year under strict control of mismatch and interest rate limits (see note 31 for an overview of the maturity structure).Term investments can be transacted via reverse repurchase agreements against highly liquid collateral that can be deposited with the Luxembourg Central Bank and can be used as a liquidity buffer in case of need.

Contractually agreed credit lines

Company	Purpose of credit line		Currency	Amount as at 31 Dec 2012 m	Amount as at 31 Dec 2011 m
Deutsche Börse AG	working capital[1]	– interday	€	605.0	605.0
Eurex Clearing AG	settlement	– interday	€	670.0	670.0
	settlement	– intraday	€	700.0	700.0
	settlement	– interday	CHF	200.0	200.0
Clearstream Banking S.A.	working capital[1]	– interday	US$	0	1,000.0
	working capital[1]	– interday	€	750.0	0

1) €400.0 million of Deutsche Börse AG's working capital credit lines is a sub-credit line of Clearstream Banking S.A.'s €750 million working capital credit line.

Clearstream Banking S.A. has a bank guarantee (letter of credit) in favour of Euroclear Bank S.A./N.V. issued by an international consortium to secure daily deliveries of securities between Euroclear and Clearstream. This guarantee amounted to US$2.75 billion as at 31 December 2012 (2011: US$2.75 billion). Euroclear Bank S.A./N.V. has also issued a corresponding guarantee in favour of Clearstream Banking S.A.

Furthermore, Eurex Clearing AG holds a credit facility of US$2.1 billion granted by Euroclear Bank S.A./N.V. in order to increase the settlement efficiency.

A commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies. As at year-end, there was no outstanding commercial paper (2011: no outstanding commercial paper).

Clearstream Banking S.A. also has a commercial paper programme with a programme limit of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2012, commercial paper with a nominal value of €208.4 million had been issued (2011: €204.3 million).

The rating agencies Fitch and Standard & Poor's confirmed the existing credit ratings of the Group companies in the course of the financial year. However, because of the weaker business environment, Standard & Poor's added a negative outlook to Deutsche Börse AG's rating on 20 December 2012. On 1 February 2013, Fitch Ratings added a negative outlook to Clearstream Banking S.A.'s AA rating because of increased operational risk.

As at 31 December 2012, Deutsche Börse AG was one of only two DAX-listed companies that had been given an AA rating by Standard & Poor's.

As at 31 December 2012, Deutsche Börse AG's commercial paper programme was awarded the best possible short-term rating of A–1+.

37. Financial liabilities and other risks

For the coming financial years, the Group's expenses in connection with long-term contracts relating to maintenance contracts and other contracts are presented in the following:

Breakdown of future financial obligations

	31 Dec 2012 €m	31 Dec 2011 €m
Up to 1 year	49.9	49.7
1 to 5 years	63.4	51.5
More than 5 years	9.5	8.9
Total	**122.8**	**110.1**

In connection with the cooperation agreement between SIX Swiss Exchange AG and Deutsche Börse AG with regard to both parties' participation in Scoach Holding S.A., Deutsche Börse AG has the right and the obligation, at the end of the cooperation after expiration of the term or termination of the agreement, to retain the Scoach Holding S.A. (including the collateral participation in Scoach Europa AG, a wholly-owned subsidiary of Scoach Holding S.A.) as sole shareholder. This obligation results in a contingent liability of Deutsche Börse AG to SIX Swiss Exchange AG to make a compensation payment if the net financial liabilities and non-operating assets of Scoach Holding S.A. (including Scoach Europa AG) are higher than those of Scoach Schweiz AG, which is being taken over by SIX Swiss Exchange AG. The reverse case will result in an obligation of SIX Swiss Exchange AG to Deutsche Börse AG. In December 2012, SIX Swiss Exchange AG gave notice of termination of the cooperation agreement effective 30 June 2013. Due to this termination of the cooperation agreement, the joint venture will end on 30 June 2013 and the markets contributed to the venture will be transferred back to the parent companies.

Other litigation and liability risks

Contingent liabilities may result from present obligations and from possible obligations from events in the past. Deutsche Börse Group recognises provisions for the possible incurrence of losses only if there is a present obligation from an event in the past which is likely to cause an outflow of resources and if it is possible to reliably estimate the amount of such obligation. In order to determine for which proceedings the possibility of incurring a loss is more than unlikely as well as how the possible loss is estimated, Deutsche Börse Group takes into account a multitude of factors, including the nature of the claim and the facts on which it is based, the jurisdiction and course of the individual proceedings, the experience of Deutsche Börse Group, prior settlement talks (as far as have already taken place) as well as reports and evaluations of legal advisors. However, it is possible that a reliable estimate for a given proceedings could not be determined before the release of the consolidated financial statements, and that – as a result – no provisions are recognised.

Eurex Clearing AG vs. Lehman Brothers Bankhaus AG
On 26 November 2012, the insolvency administrator of Lehman Brothers Bankhaus AG (LBB AG), Dr Michael C. Frege, brought an action against Eurex Clearing AG before the Frankfurt/Main Regional Court. On the basis of German insolvency law, Dr Frege is demanding from Eurex Clearing AG the repayment of €113.5 million and payment of another amount of around €1.0 million plus interest of 5 percentage points above the base rate accrued on the total amount since 13 November 2008. Eurex Clearing AG considers the claim unfounded and is defending itself against the insolvency administrator's action.

LBB AG had made payments in the amount of €113.5 million to Eurex Clearing AG in the morning of 15 September 2008. LBB AG was thereby effecting collateral payments (intraday margin payments) of Lehman Brothers International (Europe) (LBIE) from the underlying clearing relationship to Eurex Clearing AG by acting as correspondence bank for the former clearing member LBIE. On 15 September 2008, administration proceedings were opened in the United Kingdom with respect to LBIE, and Bundesagentur für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority) issued a moratorium with regard to LBB AG in the course of 15 September 2008. On 13 November 2008, insolvency proceedings were opened with regards to LBB AG.

Clearstream Banking S.A. vs. OFAC
The U.S. Treasury Department Office of Foreign Assets Control (OFAC) has contacted Clearstream Banking S.A. (Clearstream) regarding OFAC's investigation under US Iran sanctions regulations of certain securities transfers within the Clearstream settlement system in 2008. These transfers implemented the decision taken by Clearstream in 2007 to close its Iranian customers' accounts. OFAC had been informed of the closing of the accounts in advance.

OFAC has now invited Clearstream to pursue closure of the matter through substantive discussions and settlement in accordance with OFAC's standard procedures. Thereupon Clearstream has decided to enter into such settlement discussions with OFAC on 9 January 2013.

OFAC has communicated to Clearstream its preliminary views on the investigation. OFAC's preliminary views are that (1) apparent violations of US sanctions may have occurred in 2008 in connection with the aforementioned securities transfers, and (2) if OFAC were to issue a civil pre-penalty notice based only on information currently available to it, such a pre-penalty notice would indicate an amount of approximately US$340 million. These views were shared for discussion purposes only and are subject to potential significant change in favour of Clearstream depending on the outcome of discussions with OFAC. OFAC has not taken any final decision either on a finding of any violation or on any amount. Any settlement with OFAC would not constitute a finding of a violation.

Clearstream continues to believe that its actions were in compliance with any applicable US sanctions regulations and considers OFAC's preliminary figure to be unwarranted and excessive. Clearstream appreciates the opportunity to engage in substantive discussions with OFAC on the facts and reasons why a penalty should not be imposed or, if a settlement payment is agreed upon, why it should be in a far lesser amount.

Up until the release of these consolidated financial statements, the amount of a payment – also taking into account expert's opinions and different evaluation methods – cannot be estimated reliably by Deutsche Börse Group (nor can a certain range be specified); as a result and in accordance with IAS 37.26 no provisions have been recognised. This approach reflects the information known at the time of the release of the consolidated financial statements; it may change over the course of time, in particular during the course of the proceedings or upon entering into settlement talks, as the case may be.

Peterson vs. Clearstream Banking S.A., Citibank NA et al.
Following a civil action against Iran, plaintiffs obtained a default judgement against Iran in September 2007 in US courts. In June 2008, plaintiffs commenced enforcement proceedings in the United States District Court for the Southern District of New York to satisfy this judgement by restraining certain client positions held in Clearstream Banking S.A.'s securities omnibus account with its US depository bank, Citibank NA. The restrained positions are alleged to be beneficially owned by an Iranian government entity. Consistent with its custodial obligations, Clearstream defended against the restraints and filed a motion to vacate the restraints on various grounds. In October 2010, plaintiffs commenced a lawsuit which seeks to have the restrained positions turned over to plaintiffs. An amended complaint was received by Clearstream in Luxembourg on 7 January 2011. The amended complaint includes a cause of action directly against Clearstream with a claim for US$250 million in connection with purportedly fraudulent conveyances related to the restrained positions. In summer 2011, Citibank NA interpleaded other potential judgement creditors of Iran into the litigation. At the direction of the court, Clearstream renewed its motion to vacate the restraints. This renewed motion remains pending before the court. On 7 December 2011, the plaintiffs filed a second amended complaint, adding claims for damages against Clearstream and others of US$2 billion, plus punitive damages to be determined at trial and attorney's fees. Clearstream considers the plaintiffs' claims against it to be legally and factually without merit, as Clearstream will establish at the appropriate time in the litigation. Should the case proceed, consistent with its custodial obligations Clearstream intends to defend itself vigorously to the fullest extent.

Heiser vs. Clearstream Banking S.A.
In addition to existing enforcement proceedings in the Peterson case, another turnover proceeding was filed by another set of plaintiffs (the Heiser plaintiffs) in the U.S. District Court for the Southern District of New York in March 2011 in connection with the enforcement of the Heiser plaintiffs' separate judgement against Iran. The Heiser plaintiffs are seeking turnover of the same above mentioned client positions held in Clearstream Banking S.A.'s securities omnibus account with its US depository bank. The

Heiser plaintiffs have been interpleaded into the Peterson case and the Heiser case has been stayed pending disposition of certain pending motions in the Peterson case. Clearstream Banking S.A. intends to defend itself vigorously to the fullest extent against this claim consistent with its custodial obligations, if the case proceeds.

CBOE vs. ISE

On 12 November 2012, the Chicago Board Options Exchange (CBOE) filed a patent infringement lawsuit against the International Securities Exchange (ISE). CBOE alleges $525 million in damages for infringement of three patents, which relate to systems and methods for limiting market maker risk. ISE believes that CBOE's damages claim lacks merit because it is unsupported by the facts and the law. ISE intends to vigorously defend itself in this lawsuit. In November 2006, ISE itself filed a patent infringement lawsuit against CBOE. In this on-going litigation, which is scheduled for trial on 11 March 2013, ISE alleges $475 million in damages for infringement of ISE's patent which relates to systems and methods for operating an automated exchange.

In addition to the matters described above and in prior disclosures, Deutsche Börse Group is from time to time involved in various legal proceedings that arise in the ordinary course of its business. Deutsche Börse Group recognises provisions for litigation and regulatory matters when it has a present obligation from an event in the past, an outflow of resources with economic benefit to settle the obligation is probable and it is possible to reliably estimate the amount. In such cases, there may be an exposure to loss in excess of the amounts accrued. When these conditions are not met, Deutsche Börse Group does not recognise a provision. As a litigation or regulatory matter develops, Deutsche Börse Group evaluates on an ongoing basis whether the requirements to recognise a provision are met. Deutsche Börse Group may not be able to predict what the eventual loss or range of loss related to such matters will be. Deutsche Börse Group does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its financial statements as a whole.

38. Leases

Finance leases

There were no minimum lease payments from finance leases for Deutsche Börse Group neither as at 31 December 2012 nor as at 31 December 2011.

Operating leases (as lessee)

Deutsche Börse Group has entered into leases to be classified as operating leases due to their economic substance, meaning that the leased asset is allocated to the lessor. These leases relate mainly to buildings, IT hardware and software.

Minimum lease payments from operating leases

	31 Dec 2012 €m	31 Dec 2011 €m
Up to 1 year[1)]	68.8	73.6
1 to 5 years[1)]	176.6	189.3
More than 5 years[1)]	151.0	194.0
Total	**396.4**	**456.9**

1) The expected payments in US dollars were translated into euros applying the closing rate of 31 December 2012.

In the year under review, €72.1 million (2011: €65.0 million) of minimum lease payments was recognised as an expense. No expenses were incurred for subleases or contingent rentals in the year under review.

Operating leases for buildings, some of which are subleased, have a maximum remaining term of 13 years. The lease contracts usually terminate automatically when the lease expires. The Group has options to extend some leases.

Rental income expected from sublease contracts

	31 Dec 2012 €m	31 Dec 2011 €m
Up to 1 year	1.0	1.4
1 to 5 years	1.0	1.7
Total	**2.0**	**3.1**

39. Stock Bonus Plan, Stock Plan and Group Share Plan

Stock Bonus Plan (SBP) and Stock Plan

In the year under review, the company established an additional tranche of the SBP. In order to participate in the SBP, a beneficiary must have earned a bonus. The number of stock options for senior executives is determined by the amount of the individual and performance-based SBP bonus for the financial year, divided by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the fourth quarter of the financial year in question. Neither the converted SBP bonus nor the stock options will be paid at the time the bonus is determined. Rather, the entitlement is generally received two years after having been granted (so-called "waiting period"). Within this period, beneficiaries cannot assert shareholder rights (in particular, the right to receive dividends and attend the Annual General Meeting). The beneficiaries' claims resulting from the SBP are calculated on the first trading day following the last day of the waiting period. The current market price at that date (closing auction price of Deutsche Börse share in electronic trading on the Frankfurt Stock Exchange) is multiplied by the number of SBP shares.

Since 1 January 2010, a different method has been applied to calculate the number of stock options for Executive Board members which is described below.

To calculate the number of stock options for Executive Board members under the 2010 SBP tranche and all subsequent tranches, the Supervisory Board defines the 100 per cent stock bonus target in euros for each Executive Board member at the beginning of each financial year. Based on the 100 per cent stock bonus target defined by the Supervisory Board at the beginning of each financial year, the corresponding number of virtual shares for each Executive Board member is calculated by dividing the stock bonus target by the average share price (Xetra closing price) of Deutsche Börse AG's shares in the two calendar months preceding the month in which the Supervisory Board adopts the resolution on the stock bonus target. Any right to payment of a stock bonus vests only after a performance period of three years. The year in which the 100 per cent stock bonus target is defined is taken to be the first performance year.

The calculation of the subsequent payout amount of the stock bonus for the Executive Board depends on the development of two performance factors during the performance period: firstly, on the relative performance of the total shareholder return on Deutsche Börse AG's shares compared with the total shareholder return of the STOXX Europe 600 Financials Index as the peer group, and secondly, on the performance of Deutsche Börse AG's share price. This is multiplied by the number of virtual shares at the end of the performance period to determine the stock bonus. The share price used to calculate the cash payment claims of Executive Board members from the stock bonus is calculated as the average price of Deutsche Börse AG's shares (Xetra closing price) in the two full calendar months preceding the end of the performance period.

On 20 April 2009, the Luxembourgian Commission de Surveillance du Secteur Financier (CSSF) published a circular on remuneration policies in the banking sector that addresses key aspects of remuneration practices for sustainable corporate governance and support their implementation in banking institutions' day-to-day operations. According to this circular, every banking institution is required to introduce a remuneration policy that is in harmony with its business strategy and corporate goals and values as well as the long-term interests of the financial enterprise, its customers and investors, and which minimises the institution's risk position. Clearstream companies in Luxembourg have therefore revised their remuneration system for executive boards in line with the circular, and introduced a so-called stock plan. The exercise process of this stock plan stipulates the allocation of a stock bonus at the end of each financial year, which will be paid in three tranches of equal size with maturities after one, two and three years, respectively. There is a cash settlement obligation for claims under the stock plan.

The number of stock options under the stock plan is determined by the amount of the individual, performance-based bonus established for each Executive Board member, divided by the average market price (Xetra closing price) for Deutsche Börse AG shares in the fourth quarter of the financial year in question. As the contracts require the stock bonus to be exercised gradually, it is divided into three separate tranches, which are measured according to their respective residual term using the corresponding parameters of the Stock Bonus Plan for senior executives.

In April 2012, Eurex Frankfurt AG introduced a special remuneration component for its Executive Board members in the form of a separate SBP tranche with a term of 21 months.

For the stock bonus of senior executives under the 2010 to 2012 tranches, Deutsche Börse AG has an option whether to settle a beneficiary's claim in cash or shares. The company decided to settle the 2010 tranche claims due in 2013 in cash. A cash settlement obligation exists for claims relating to the stock bonus of the Executive Board under the newly issued 2010, 2011 and 2012 SBP tranches, all future stock bonus programmes issued for the Executive Board and the stock plan for the executive board members of the Clearstream companies.

In accordance with IFRS 2, the company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the stock options.

Valuation parameters for SBP shares

		Tranche 2012	Tranche 2011[1)]	Tranche 2010
Term until		31 Jan 2015	31 Jan 2013 – 31 Jan 2015	31 Jan 2013
Risk-free interest rate	%	–0.04	–0.04 – 0.02	0.02
Volatility of Deutsche Börse AG shares	%	31.50	8.90 –31.50	8.90
Dividend yield	%	4.54	4.54	4.54
Exercise price	€	0	0	0

1) The SBP 2011 tranche also includes SBP options of the Stock Plan for the executive board members of the Luxembourgian companies and SBP options for the Executive Board of Eurex Frankfurt AG. These options are evaluated using different parameters.

The valuation model does not take into account exercise hurdles. The volatilities applied correspond to the market volatilities of comparable options with comparable maturities.

Valuation of SBP shares

	Balance as at 31 Dec 2012[1)] Number	Deutsche Börse AG share price as at 31 Dec 2012 €	Intrinsic value/ option[2)] €	Fair value/ option[2)] €	Settlement obligation €m	Current provision as at 31 Dec 2012 €m	Non-current provision as at 31 Dec 2012 €m
Tranche 2010	177,564	46.21	46.21	46.03	8.2	8.0	0
Tranche 2011	198,834	46.21	46.21	42.11 –46.03	8.8	0.3	5.3
Tranche 2012	109,402[3)]	46.21	46.21	42.11	4.6	0	1.4
Total	**485,800**				**21.6**	**8.3**	**6.7**

1) There were no exercisable SBP shares as at 31 December 2012.
2) As at the balance sheet date
3) As the grant date for the 2012 tranche for senior executives is not until financial year 2013, the number indicated for the balance sheet date may change subsequently.

The stock options from the 2009 SBP were exercised in the year under review following expiration of the vesting period. The average exercise price for the 2009 tranche following expiration of the vesting period was €47.33 for the 2009 tranche. Shares of the SBP tranches 2009, 2010 and 2011 were paid to former employees as part of severance payments in the reporting year. The average exercise price amounted to €42.37 for the 2009 tranche, €43.26 for the 2010 tranche and €50.10 for the 2011 tranche.

The amount of provisions for the SBP results from the measurement of the number of SBP shares with the fair value of the closing auction price of Deutsche Börse shares in electronic trading at the Frankfurt Stock Exchange as at the balance sheet date and its proportionate recognition over the vesting period.

Provisions amounting to €15.0 million were recognised as at the balance sheet date of 31 December 2012 (31 December 2011: €13.9 million). Thereof, €6.7 million are non-current (2011: €7.6 million). Of total provisions amounting to €15.0 million, €5.9 million were attributable to members of the Executive Board (2011: €4.0 million). The total cost of the SBP shares in the year under review was €8.7 million (2011: €7.7 million). Of that amount, an expense of €3.7 million was attributable to active members of the Executive Board as at the balance sheet date (2011: €1.9 million). For the number of SBP shares granted to members of the Executive Board, please also refer to the remuneration report.

Change in number of SBP shares allocated

	Balance as at 31 Dec 2011	Disposals 2010 tranche	Disposals 2011 tranche	Additions 2012 tranche	Options exercised	Options forfeited	Balance as at 31 Dec 2012
To the Executive Board	178,707	2,377[1)]	2,722[1)]	69,514	37,401	0	205,721
To other senior executives	440,082	0	66,899	39,888	128,391	4,601	280,079
Total	**618,789**	**2,377**	**69,621**	**109,402[2)]**	**165,792**	**4,601**	**485,800**

1) This relates to a decline in the number of SBP shares caused by a decline in the TSR compared to the 100 per cent value at the time the tranche was issued.
2) As the grant date for the 2012 tranche for senior executives is not until financial year 2013, the number indicated for the balance sheet date may change subsequently.

Group Share Plan (GSP)

Employees of Deutsche Börse Group who are not members of the Executive Board or senior executives have the opportunity to subscribe for shares of Deutsche Börse AG at a discount of 30 or 40 per cent to the issue price under the Group Share Plan (GSP). This discount is based on the employee's performance assessment and length of service. Under the 2012 GSP tranche, eligible employees were able to buy up to 100 shares of the company. The purchased shares must be held for at least two years.

In 2004 to 2006, employees participating in the GSP received an additional stock option for each share acquired through the GSP, which they could exercise after two years at a fixed premium to the issue price.

The options of the remaining 2006 GSP tranche expired on 30 June 2012 when the plan ended, because the exercise price of the options exceeded the closing auction price of Deutsche Börse shares.

In the year under review, expense in the total amount of €0.6 million (2011: €0.1 million) was recognised in staff costs for the Group Share Plan.

Change in number of GSP options allocated

	Balance as at 31 Dec 2011	Options exercised	Options forfeited	Balance as at 31 Dec 2012
Tranche 2006	44,719	0	44,719	0

ISE Group Share Plan

As a component of remuneration with a long-term incentive effect the company also issued an annual tranche of the Group Share Plan for employees of the US subgroup ISE in the past. Under these tranches of the ISE Group Share Plan, eligible employees had the opportunity to acquire a number of shares in Deutsche Börse AG based on their earned bonus plus an additional personal contribution. The purchase price for the shares, which was reduced by 90 per cent, was paid from the granted GSP bonus and an additional contribution by the beneficiary. For the 2009 tranche of the stock options, a three year vesting period was scheduled. Neither the GSP bonus nor the number of GSP shares were paid at the time the bonus was determined. Rather, the payments were made two years after the grant date of the 2009 tranche. Within this period, beneficiaries could not assert shareholder rights (in particular, the right to receive dividends and attend the Annual General Meeting).

The shares under the Group Share Plan were delivered no later than 45 days after the vesting period expired. The difference between the average purchase price and the reduced subscription price was charged to staff costs.

ISE has not issued any further tranche for the ISE Group Share Plan. The stock options from the 2009 tranche were exercised following expiration of the vesting period. The average share price for the 67,064 stock options exercised was €46.34.

Change in number of ISE GSP shares allocated

	Balance as at 31 Dec 2011	Options exercised	Options forfeited	Balance as at 31 Dec 2012
Tranche 2009	67,064	67,064	0	0

After exercise of the 2009 tranche, there were no more provisions under the ISE's GSP programme as at the balance sheet date on 31 December 2012 (2011: current provisions of €2.4 million).

40. Executive bodies

The members of the company's executive bodies are listed in the "Executive Board" and "Supervisory Board" chapters of this corporate report.

41. Corporate governance

On 10 December 2012, the Executive and Supervisory Boards issued the latest version of the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, the German Stock Corporation Act) and made it permanently available to shareholders on the company's website (see also chapter "Corporate governance declaration" of this corporate report).

42. Related party disclosures

Related parties as defined by IAS 24 are members of the executive bodies of Deutsche Börse AG and the companies classified as associates of Deutsche Börse AG and other investors, and companies that are controlled or significantly influenced by members of the executive bodies.

The remuneration of the individual members of the Executive and Supervisory Boards is presented in the remuneration report. The remuneration report is a component of the combined management report.

Executive Board

In 2012, the fixed and variable remuneration of the members of the Executive Board, including non-cash benefits, amounted to a total of €14.3 million (2011: €14.8 million).

In 2012, no expenses for non-recurring termination benefits for Executive Board members (2011: nil) were recognised in the consolidated income statement.

The actuarial present value of the pension obligations to Executive Board members was €31.7 million at 31 December 2012 (2011: €27.3 million). Expenses of €1.4 million (2011: €1.3 million) were recognised as additions to pension provisions.

Former members of the Executive Board or their surviving dependents

The remuneration paid to former members of the Executive Board or their surviving dependents amounted to €1.6 million in 2012 (2011: €1.6 million). The actuarial present value of the pension obligations was €41.5 million at 31 December 2012 (2011: €33.3 million).

Supervisory Board

The aggregate remuneration paid to members of the Supervisory Board in financial year 2011 was €2.1 million (2011: €1.8 million).

Other material transactions with related parties

The two following tables show the other material transactions with companies classified as related parties. All transactions were effected on an arm's length basis.

Material transactions with associates

	Amount of the transactions		Outstanding balances	
	2012 €m	2011 €m	31 Dec 2012 €m	31 Dec 2011 €m
Loans from Scoach Holding S.A. to Deutsche Börse AG as part of cash pooling	0	0.1	–13.1	–11.8
Loans from Scoach Europa AG to Deutsche Börse AG as part of cash pooling	0	0	–0.1	–0.8
Services of Deutsche Börse AG for Scoach Europa AG	6.0	5.9	0.4	1.2
Loans from Deutsche Börse AG to Indexium AG	0.2	0.1	0[1)]	0.6
Loans from Deutsche Börse AG to Digital Vega FX Ltd.	0	0	0.1	0
Operation of trading and clearing software by Deutsche Börse AG for European Energy Exchange AG and affiliates	9.7	10.1	0.7	0.3
IT services and infrastructure by International Securities Exchange, LLC for Direct Edge Holdings, LLC[2)]	0.8	0.7	0.6	0.4
Development and operation of the Link Up Converter system by Clearstream Services S.A. for Link Up Capital Markets, S.L.	1.6	1.8	0.2	0.5
Material transactions within the framework of gold under custody between Clearstream Banking AG and Deutsche Börse Commodities GmbH	–5.1	–4.3	–0.4	–0.4
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for Deutsche Börse AG by Indexium AG	0	0	–2.5[3)]	0
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for STOXX Ltd. by Indexium AG	–1.4	0	–1.6[4)]	0
Other outstanding balances with associates	–	–	–0.1	0

1) Outstanding balance after impairment losses of €5.5 million on the loan granted to Indexium AG by Deutsche Börse AG
2) Direct Edge Holdings, LLC has been classified again as an associate since the restoration of significant influence on 9 February 2012.
3) Thereof provisions for development costs amounting to €1.5 million
4) Thereof provisions for development costs amounting to €1.3 million

Material transactions with other related parties

	Amount of the transactions		Outstanding balances	
	2012 €m	2011 €m	31 Dec 2012 €m	31 Dec 2011 €m
Office and administrative services by Eurex Zürich AG for SIX Swiss Exchange AG[1]	0	28.0	n.a.	5.0
Loans from SIX Group AG provided to STOXX Ltd. as part of the acquisition and interest charges thereon[1]	0	–0.3	n.a.	–6.2
Office and administrative services by SIX Group AG for STOXX Ltd.[1]	2.2	–1.3	n.a.	–1.3
Office and administrative services by SIX Swiss Exchange AG for Eurex Zürich AG[1]	–2.3	–8.4	n.a.	–1.1
Office and administrative services by SIX Swiss Exchange AG for Eurex Frankfurt AG[1]	–2.0	–7.2	n.a.	–0.2
Transfer of revenue from Eurex fees by Eurex Zürich AG to SIX Swiss Exchange AG[1]	n.a.	n.a.	n.a.	–16.5
Operation and development of Xontro by Deutsche Börse AG for BrainTrade Gesellschaft für Börsensysteme mbH	9.6	12.3	0.9	2.0
Operation of the floor trading system by BrainTrade Gesellschaft für Börsensysteme mbH for Deutsche Börse AG	2.4	4.9	0	–0.3

1) On 30 April 2012, SIX Group AG sold its remaining shares in Eurex Zürich AG to Deutsche Börse AG. Since then, SIX Group AG and its affiliates have not been considered as related parties within the meaning of IAS 24.

Transactions with key management personnel

Key management personnel are persons who directly or indirectly have authority and responsibility for planning, directing and controlling the activities of Deutsche Börse Group. The Group defines the members of the Executive Board and the Supervisory Board as key management personnel for the purposes of IAS 24.

In the context of the proposed transaction between Deutsche Börse Group and NYSE Euronext, Deutsche Börse AG entered into contracts for the provision of advisory services with Deutsche Bank AG, Frankfurt/Main, and Mayer Brown LLP, Washington. In the period under review, two members of the Supervisory Board of Deutsche Börse AG also held key management positions in these companies. In the financial year ended 31 December 2012, Deutsche Börse Group paid Deutsche Bank AG and Mayer Brown LLP a total of €1.1 million (2011: € 3.0 million) for advisory services in connection with this transaction.

Furthermore, Deutsche Börse AG has entered into a contract for the provision of advisory services with Richard Berliand Limited, whose Executive Director Richard Berliand is a member of Deutsche Börse AG's Supervisory Board. Significant elements of this contract include strategies relating to the competitive positioning of Deutsche Börse AG's new clearing business in the market as well as advisory services in connection with major strategic projects. Deutsche Börse Group made payments of €42.5 thousand to Richard Berliand Limited for advisory services in the year under review (2011: €161.4 thousand).

In financial year 2012, the employee representatives on Deutsche Börse AG's Supervisory Board received salaries (excluding Supervisory Board remuneration) amounting to €0.7 million (2011: € 0.5 million). The total consists of the respective total gross amounts for those employee representatives who drew salaries from Deutsche Börse AG in the year under review.

Further transactions with related parties
In the context of the transaction between Deutsche Börse AG, SIX Group AG and SIX Swiss Exchange AG described in detail in note 2, it was agreed that all of Eurex's sales and profits will accrue to Deutsche Börse AG with effect from 1 January 2012; instead of the economic interest of 85 per cent of these amounts included in Deutsche Börse AG's consolidated financial statements. In return, SIX Swiss Exchange AG received consideration of €295.0 million in cash and 5,286,738 shares of Deutsche Börse AG.

43. Shareholders

Section 160 (1) no. 8 of the Aktiengesetz (AktG, German Stock Corporation Act) requires disclosure of the existence of long-term investments that have been notified to the entity in accordance with section 21 (1) or section 21 (1a) of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act). The following table provides an overview of the disclosable investments as at 11 March 2013 that had been notified to the company. The information was taken in all cases from the most recent notifications provided by disclosers to the company. All notifications provided by the company concerning disclosure of investments in the year under review and thereafter until 11 March 2013 are accessible on www.deutsche-boerse.com/ir_news. Please note that the information with regard to the percentages and voting rights held under these long-term investments may no longer be up-to-date.

The company received the following notifications pursuant to section 21 of the WpHG:

Discloser	Domicile and country in which the domicile or place of residence of the discloser is located	Date investment reached, exceeded or fell below threshold	Over-/ understepping (+/–)
Deutsche Börse AG	Frankfurt/Main, Germany	17 Feb 2012	+
BlackRock Advisors Holdings, Inc.	New York, USA	1 Dec 2009	+
BlackRock Financial Management, Inc.	New York, USA	14 Apr 2011	+
BlackRock Holdco 2, Inc.	Delaware, USA	14 Apr 2011	+
Black Rock Group Limited	London, United Kingdom	7 Dec 2012	+
BlackRock, Inc.	New York, USA	12 Apr 2011	+
Royal Bank of Scotland Group plc	Edinburgh, United Kingdom	16 May 2011	-
Royal Bank of Scotland N.V.	Amsterdam, Netherlands	16 May 2011	-
BR Jersey International Holdings, L.P.	St. Helier, Jersey, Channel Islands	8 Feb 2012	+
BlackRock International Holdings, Inc.	New York, USA	2 Aug 2012	+
RFS Holdings B.V.	Amsterdam, Netherlands	16 May 2011	–
RBS Holdings N.V.	Amsterdam, Netherlands	16 May 2011	–
Capital Research and Management Company	Los Angeles, USA	1 Oct 2011	–
Franklin Mutual Advisers, LLC	Washington, USA	12 Oct 2011	–
Sun Life of Canada (U.S.) Financial Services Holdings, Inc.	Boston, USA	19 Dec 2011	–
Sun Life Financial (U.S.) Investments LLC	Wellesley Hills, USA	19 Dec 2011	–
Sun Life Financial (U.S.) Holdings, Inc.	Wellesley Hills, USA	19 Dec 2011	–
Sun Life Global Investments Inc.	Toronto, Canada	19 Dec 2011	–
Sun Life Assurance Company of Canada – U.S. Operations Holdings, Inc.	Wellesley Hills, USA	19 Dec 2011	–
Sun Life Financial Inc.	Toronto, Canada	19 Dec 2011	–
Massachusetts Financial Services Company (MFS)	Boston, USA	19 Dec 2011	–
Credit Suisse Group AG	Zurich, Switzerland	23 May 2012	–
Credit Suisse Securities (Europe) Limited	London, United Kingdom	23 May 2012	–
The Capital Group Companies	Los Angeles, USA	2 Oct 2012	–
Morgan Stanley	Delaware, USA	29 May 2012	–
Morgan Stanley International Holdings	Delaware, USA	29 May 2012	–
Morgan Stanley International Limited	London, United Kingdom	29 May 2012	–
Morgan Stanley Group Europe	London, United Kingdom	29 May 2012	–
Morgan Stanley UK Group	London, United Kingdom	29 May 2012	–
Morgan Stanley & Co International Plc	London, United Kingdom	29 May 2012	–
Deka Bank Deutsche Girozentrale	Frankfurt/Main, Germany	11 May 2012	+
Credit Suisse AG	Zurich, Switzerland	23 May 2012	–
Credit Suisse Investments UK	London, United Kingdom	23 May 2012	–
Credit Suisse Investment Holdings UK	London, United Kingdom	23 May 2012	–
Warburg Invest Kapitalanlagegesellschaft	Hamburg, Germany	21 May 2012	–

Reporting threshold	Attribution in acc. with sections 22, 25 and 25a of the WpHG	Investment (%)	Investment (voting rights)
3.00%	n.a.	4.94%	9,533,068
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.35%	6,526,163
5.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	5.04%	9,821,174
5.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	5.04%	9,821,174
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.00030%	5,790,525
5.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	5.01%	9,773,982
3.00%	1.50344 % of the voting rights in acc. with section 22 (1) sentence 1 of the WpHG and 0.00006 % of the voting rights in acc. with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	1.50350%	2,931,849
3.00%	n.a.	1.50344%	2,931,719
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.58%	6,981,055
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	3.58%	6,981,055
3.00%	section 22 (1) sentence 1 no. 1 of the WpHG	1.50344%	2,931,719
3.00%	section 22 (1) sentence 1 no. 1 of the WpHG	1.50344%	2,931,719
3.00%	section 22 (1) sentence 1 no. 6 of the WpHG	2.88%	5,562,043
3.00%	section 22 (1) sentence 1 no. 6 of the WpHG	2.96%	5,771,503
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.92%	5,699,639
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.92%	5,699,639
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.92%	5,699,639
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.92%	5,699,639
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.92%	5,699,639
3.00%	section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG	2.92%	5,699,639
3.00%	section 22 (1) sentence 1 no. 6 of the WpHG	2.92%	5,699,639
5.00%		1.34%	2,587,486
	section 25a of the WpHG	0.02%	39,420
	section 25 of the WpHG	0.04%	71,843
	sections 21, 22 of the WpHG	1.28%	2,476,223
5.00%	sections 21, 22 of the WpHG	1.28%	2,471,378
5.00%	sections 21, 22 of the WpHG	2.75%	5,310,796
5.00%		3.54%	6,834,833
	section 25a of the WpHG	2.31%	4,462,194
	section 25 of the WpHG	1.17%	2,253,884
	sections 21, 22 of the WpHG	0.06%	118,755
5.00%		1.03%	1,984,463
	section 25 of the WpHG	1.00%	1,930,473
	sections 21, 22 of the WpHG	0.03%	53,990
5.00%	section 25 of the WpHG	0.88%	1,693,951
5.00%	section 25 of the WpHG	0.88%	1,693,951
5.00%	section 25 of the WpHG	0.88%	1,693,951
5.00%		2.99%	5,775,662
	section 25a of the WpHG	2.11%	4,081,711
	section 25 of the WpHG	0.88%	1,693,951
5.00%		5.70%	11,008,669
	section 25 of the WpHG	0.81%	1,567,000
	sections 21, 22 of the WpHG	4.89%	9,441,669
5.00%		1.34%	2,587,486
	section 25a of the WpHG	0.02%	39,420
	section 25 of the WpHG	0.04%	71,843
	sections 21, 22 of the WpHG	1.28%	2,476,223
5.00%	sections 21, 22 of the WpHG	1.28%	2,471,378
5.00%	sections 21, 22 of the WpHG	1.28%	2,471,378
3.00%	sections 21, 22 of the WpHG	1.61%	3,108,037

44. Employees

Employees

	2012	2011
Average number of employees during the year	3,654	3,522
Employed as at the balance sheet date	3,704	3,588
FTE annual average	3,416	3,278

Of the average number of employees during the year, 9 (2011: 8) were classified as Managing Directors (excluding Executive Board members), 365 (2011: 373) as senior executives and 3,280 (2011: 3,141) as employees.

There was an average of 3,416 full-time equivalent (FTE) employees during the year (2011: 3,278). Please refer also to the "Employees" section in the combined management report.

45. Events after the balance sheet date

On 5 February 2013 Deutsche Börse AG has announced that the Executive Board of the company, subject to the approval of the Supervisory Board, is planning to accelerate the measures to increase the operating efficiency. For that purpose the company will identify and implement additional personnel and non-personnel cost savings of €70 million per annum. This will allow the company to compensate expected inflationary cost increases ahead of time. Furthermore, this ensures the necessary flexibility to continue the growth and infrastructure investments, which will allow the company to seize opportunities relating to structural and regulatory changes in financial markets and potential in markets like Asia. At the same time the company continues to adapt to evolving customer needs. All efficiency measures shall be fully realised by 2016. To achieve the efficiency improvements, the company is expecting implementation costs in a magnitude of €90 to €120 million. The majority of this amount is expected to be recognised in the income statement in the form of provisions already in 2013.

46. Date of approval for publication

Deutsche Börse AG's Executive Board approved the consolidated financial statements for submission to the Supervisory Board on 11 March 2013. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether it endorses them.

Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, 11 March 2013
Deutsche Börse AG

Reto Francioni	Andreas Preuss	Frank Gerstenschläger
Gregor Pottmeyer	Hauke Stars	Jeffrey Tessler

Auditor's report

We have audited the consolidated financial statements prepared by Deutsche Börse Aktiengesellschaft, Frankfurt/Main, comprising the consolidated income statement, the statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. [paragraph] 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 13 March 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Braun Wirtschaftsprüfer (German Public Auditor)	Beier Wirtschaftsprüfer (German Public Auditor)

Summarised annual financial statements of Deutsche Börse AG

A summary of Deutsche Börse AG's financial statements prepared in accordance with the provisions of the Handelsgesetzbuch (HGB, the German Commercial Code) is presented below. In accordance with section 328 (2) HGB, the information is not presented in the legally required form of publication. A copy of the complete financial statements can be obtained from Deutsche Börse AG, Investor Relations, 60485 Frankfurt/Main, Germany. A pdf version may be downloaded from the Internet at www.deutsche-boerse.com/agm under the "Annual General Meeting" navigation point as part of the "Materials on the Annual General Meeting 2013".

Income statement for the period 1 January to 31 December

	2012 €m	2011 €m
Sales revenue	1,110.3	1,280.7
Other operating income	109.2	118.8
Total costs	–692.6	–741.2
Income from equity investments	79.7	39.4
Income from profit pooling agreements	215.4	173.4
Write-downs of non-current financial assets and current financial instruments	–2.7	–25.9
Net financial result	–93.0	–85.1
Profit before tax from ordinary activities	**726.3**	**760.1**
Taxes	–120.6	–140.6
Extraordinary income	0	60.3
Extraordinary expense	0	–0.1
Extraordinary earnings	**0**	**60.2**
Net profit for the year	**605.7**	**679.7**
Appropriation to other retained earnings	–205.7	–29.7
Unappropriated surplus	**400.0**	**650.0**

Balance sheet as at 31 December

	2012 €m	2011 €m
Assets		
Fixed assets	4,221.7	3,572.5
Current assets	749.8	981.9
Total assets	**4,971.5**	**4,554.4**
Equity and liabilities		
Equity		
Subscribed capital	184.1	183.4
(thereof par value of shares acquired for retirement: €–8.9 million; previous year: €–11.6 million)		
Share premium	1,286.3	1,284.3
Other retained earnings	431.1	138.2
Unappropriated surplus	400.0	650.0
	2,301.5	**2,255.9**
Provisions	279.1	287.0
Liabilities	2,390.9	2,011.5
	2,670.0	**2,298.5**
Total equity and liabilities	**4,971.5**	**4,554.4**

Proposal on the appropriation of the unappropriated surplus

The Executive Board proposes that the unappropriated surplus amounting to €400.0 million (2011: €650.0 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

Proposal on the appropriation of the unappropriated surplus

	2012 €m	2011 €m
Distribution of a regular dividend to the shareholders of €2.10 per share for 184,051,513 no-par value shares carrying dividend rights (in 2012 from net profit for 2011: €2.30 plus a special dividend of €1.00 per share)	386.5	622.9[1)]
Appropriation to retained earnings	13.5	27.1[2)]
Unappropriated surplus	**400.0**	**650.0**

1) Restated to reflect actual distribution (proposal for 2012: €605.4 million) after resolution of the Annual General Meeting on 16 May 2012 due to the adjusted number of shares carrying dividend rights to 188,753,670
2) Restated to reflect actual appropriation to retained earnings

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the company that are not eligible to receive dividends under section 71b of the Aktiengesetz (AktG, the German Stock Corporation Act). The number of shares eligible to receive dividends can change up until the Annual General Meeting through the repurchase of further treasury shares (irrespective of whether or not such shares are subsequently retired) or through the sale of treasury shares. In this case, without changing the dividend of €2.10 an amended resolution for the appropriation of surplus will be proposed to the Annual General Meeting.

Glossary

B

Basel III Recommendations by the Basel Committee on Banking Supervision at the Bank for International Settlements in Basel, Switzerland. The aim of the recommendations is to ensure the stability of the financial system. They supplement the regulatory framework for banks (Basel II recommendations) that were resolved in 2004; they update and complement the Basel II requirements especially to eliminate weaknesses of the framework which got visible during the global financial and economic crisis.

Beta An indicator of the sensitivity of the price of an individual share to the performance of the market as a whole. Beta systematically denotes the relationship between the risk of a specific investment and the market risk.

C

Carbon Disclosure Project (CDP) The Carbon Disclosure Project (CDP) is an independent, not-for-profit organisation which has the world's largest database of climate-relevant company information. It provides the data for the capital markets and the general public.

CCP Central counterparty; also: clearing house. An institution that acts as a legal intermediary between the trading partners as a buyer or seller after a transaction has been completed, facilitating ⇒ netting, minimising the default risk of a contracting party (margining and collateralisation), and carrying out all process steps necessary for ⇒ clearing.

Central counterparty ⇒ CCP

Certificate The holder of a certificate participates in the price performance of an underlying to which the price performance of the certificate is linked. This underlying can be a basket of shares compiled according to specific criteria, for example. Underlyings may also be bonds, indices, currencies, funds, precious metals, commodities, or real estate. From a legal perspective, an investor in a certificate acquires a legal obligation on the part of the issuer. Certificates can be freely traded.

Clearing The ⇒ netting and ⇒ settlement of receivables and liabilities arising from securities and derivatives transactions; determination of the bilateral net debt of buyers and sellers.

Collateral management Collateral comprises assets given as a guarantee by a borrower (collateral provider) to secure a loan or other financial exposures and which are subject to utilisation by the lender (collateral taker) in the event of default. Collateral management encompasses the administration and ⇒ custody of deposited collateral to cover financial exposures, for example resulting from ⇒ securities lending transactions or derivatives transactions.

Commercial paper A debt security traded on the money market that has a short or medium term (mostly less than one year) and is issued by issuers with a high credit rating to finance their short-term capital requirements.

Corporate bond In addition to bank loans, companies can also raise debt capital by issuing corporate bonds on the capital market. The interest that a company must pay investors who buy its bond is based on the company's credit quality, among other things.

Credit default swap A separate asset class and part of ⇒ OTC derivatives. Credit default swaps (CDSs) are used to hedge default risk and make it tradeable. The buyer of a CDS receives credit protection and is compensated by the CDS seller in the event of default. In return, the seller receives periodic payments from the CDS buyer.

CSD Central securities depository. Clearsteam Banking AG, Frankfurt/Main, acts as the officially recognised German bank for the central depository of securities under the Depotgesetz (the German Securities Deposit Act), among other things. In this function, it offers a wide range of post-trade services relating to securities issued in Germany and other countries, both as a CSD for securities eligible for collective safe custody and as a custodian for other securities.

Custody The safekeeping and administration of securities for others. A custody account (similar to an account for money transactions) is established for each customer. The account information includes details of the types, nominal values or quantities, volumes, etc. of the securities held, as well as the name and address of the account holder.

E

EBA European Banking Authority, in London. Has the aim of creating a common legal framework for the national banking supervisory authorities. Like the ⇒ ESMA, it is part of the new European System of Financial Supervision (ESFS).

EMIR The European Market Infrastructure Regulation regulates ⇾ OTC derivatives, central counterparties (⇾ CCPs) and trade repositories, and aims to improve security and integrity within the OTC derivatives market by promoting transparency and reducing risk. Among other things, the Regulation achieves this by introducing a ⇾ clearing obligation for eligible OTC derivatives, measures to reduce counterparty credit risk and operational risk for OTC derivatives not cleared via CCPs, as well as disclosure requirements for all derivatives. It also establishes general requirements for CCPs and trade repositories.

Entry Standard Subsegment of the exchange-regulated market (Open Market) of Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) with additional transparency requirements.

ESG criteria ESG stands for "Environment, Social, Governance". The composition of ESG indices such as the STOXX® ESG Global Leaders Index reflects these selection criteria.

ESMA European Securities and Markets Authority, in Paris. Has the aim of creating a uniform legal framework for the national banking supervisory authorities. Like the ⇾ EBA, it is part of the new European System of Financial Supervision (ESFS).

ETC Exchange-traded commodity. Security on individual commodities or commodity baskets that can be traded on-exchange in the same way as a share via the Xetra® trading system. Unlike ⇾ ETFs, ETCs are perpetual debt instruments that are secured by the respective commodities.

ETF Exchange-traded fund. Mutual fund with indefinite maturity whose shares can be bought or sold in continuous trading on the exchange. It tracks the performance of the index on which it is based.

ETN Exchange-traded note. ETNs are exchange-traded bonds that track the performance of specific market indicators. Examples include volatility indices, foreign currencies, or equity indices. In contrast to ⇾ ETCs, ETNs track the performance of indices outside of the commodities sector.

Eurex Bonds® Electronic platform for bond and basis trading. Eurex Clearing AG acts as the central counterparty (⇾ CCP) for transactions on Eurex Bonds.

Eurex Repo® Electronic platform for trading general collateral (⇾ GC Pooling®), ⇾ repos and securities with Eurex Clearing AG as the central counterparty (⇾ CCP).

EU prospectus Mandatory publication for the public offer and the admission of securities with all material information about the issuer and the securities. In addition to the issuer, its underwriting bank is also responsible and liable for the accuracy of the content. The minimum requirements for prospectuses are derived from the EU prospectus regulation.

F

Forward rate agreement OTC, non-standardised interest rate derivative in which both parties agree on a fixed rate of interest to be paid or received on an obligation beginning at a future start date.

Future Standardised, exchange-traded derivatives contract in which sellers agree to deliver, and buyers agree to purchase, a certain quantity of an underlying at a predetermined price.

G

GC Pooling® Product segment developed by ⇾ Eurex Repo and Clearstream Banking that is tailored to meet the needs of short-term collateralised money market trading and offers collateralised short-term financing and efficient collateral management.

General Standard Transparency level on the EU-regulated market of Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange). In contrast to the ⇾ Prime Standard, issuers need only meet the minimum statutory requirements (such as an annual report and ad hoc disclosures) to be admitted to and remain in the General Standard.

Global Liquidity Hub An integrated risk and liquidity management in the ⇾ GSF business field. The Global Liquidity Hub offers integrated financing services, including ⇾ securities lending services and ⇾ collateral management for a range of major asset classes including fixed-income securities and equities. Through the Global Liquidity Hub, customers can fulfil their ⇾ margin obligations and cover their global exposures.

Global Reporting Initiative (GRI) Independent not-for-profit organisation that publishes guidelines for creating sustainability reports in cooperation with the United Nations Environment Programme (UNEP). Transparency is the basis of reporting in accordance with the GRI, which aims to ensure that sustainability reports are standardised and comparable.

GSF Global Securities Financing; a business area within Deutsche Börse Group's Clearstream segment that comprises automated ⇾ securities lending services and ⇾ collateral management in tripartite repo transactions.

H

Hedge funds Alternative form of investment that allows fund management to enjoy a significantly greater choice of investment strategies than in the traditional investment fund business due to less regulation. This also allows highly speculative strategies, which, if successful, improve the fund's performance. Hedge funds are counterparties in risk transfer transactions, contributing to the ability of capital markets to operate and increasing liquidity in highly specialised market segments.

Hedging Method of securing open positions exposed to price risks by entering into a position with an offsetting risk profile. For example, an existing portfolio can be hedged against price risks through the use of derivatives, such as futures and options.

I

Initial public offering (IPO) An IPO is the first time a company offers shares to the public and places them on a stock exchange.

Interbank market The market that pools banks' supply and demand for money, currencies and securities.

M

Maker-taker model A maker-taker model is a pricing system that is used by some exchanges and MTFs. Market makers, who provide additional liquidity on the market by entering bid and offer orders, are ensured transaction fees at a discount from the operator; market participants who withdraw liquidity from the market (takers) pay higher fees.

Margin Collateral (cash or pledged security) deposited by the clearing member (the buyer or seller) to guarantee the fulfilment of a derivatives transaction and cover the risk exposure of the clearing house.

MiFID Markets in Financial Instruments Directive. MiFID establishes a regulatory framework for the provision of investment services in financial instruments (such as brokerage, advice, dealing, portfolio management, underwriting etc.) by banks and investment firms and for the operation of regulated markets by market operators. The overarching objective is to promote the integration, competitiveness and efficiency of EU financial markets.

MiFID II MiFID II refers to the revision of the Markets in Financial Instruments Directive (MiFID). The overarching goal of the legislation is to make financial markets more efficient, more resilient and more transparent, and to provide new rules of procedure for algorithmic trading in addition to strengthening investor protection.

MiFIR Markets in Financial Instruments Regulation. A supplementary EU regulation to MiFID II. MiFIR regulates the disclosure of trade transparency data to the public and transaction data to competent authorities and enables non-discriminatory access to clearing facilities and the mandatory trading of derivatives on organised venues.

Monthly Carbon Report (MCR) Deutsche Börse Group has published the MCR since October 2010. It provides analysts and traders with transparent information on companies' carbon footprint.

MTF Multilateral trading facility. Securities firm or market operator that represents the interests of a large number of persons in the buying and selling of financial instruments within the system. It applies defined provisions so as to lead to an agreement on the purchase of these financial instruments.

N

Netting Offsetting buy and sell positions over a given period of time so that market participants only have to settle the balance. One of the functions and advantages of the CCP.

O

Open Market In addition to the Regulated Market, Open Market is the second statutory market segment in Germany and is a private sector segment. Primarily foreign shares, bonds and funds from German and foreign issuers, certificates and warrants are traded on the Open Market in addition to German shares.

Operating leases Operating leases are a financing method in which the lessee is generally able to use equipment with a longer depreciation period (compared with the term of the lease).

Options Options convey the right, but not the obligation, to buy (call) or sell (put) a certain quantity of the associated underlying at the end of the term at a specific price. As the buyer is not obliged to exercise the option, it is referred to as a conditional forward transaction.

OTC short for: over the counter, off-exchange. Describes transactions between two or more trading parties that are not conducted on a regulated market. The OTC segment accounts for by far the largest part of the derivatives market.

P

Prime Standard Subsegment of the EU-regulated market of Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) for companies that meet high transparency standards. A listing in the Prime Standard is a precondition for admission to one of Deutsche Börse's selection indices, such as DAX®, MDAX®, SDAX® or TecDAX®.

R

Repurchase agreement (Repo) The sale of securities with a simultaneous agreement to buy back securities of the same kind at a later date.

S

Securities lending Transfer of securities by a lender for a fee and on condition that the borrower returns securities of the same kind, quality and amount to the lender at the end of a fixed term.

Settlement The completion of an exchange transaction, i.e. the transfer of money and traded securities from the seller to the buyer and vice versa. Within Deutsche Börse Group, Clearstream is responsible for this post-trading function.

Specialist → Xetra® Frankfurt Specialist

T

T2S short for: TARGET2-Securities. Initiative to create a single platform for transmitting securities within the euro zone. The objective of this platform is to reduce the cost of cross-border securities settlement within the euro zone. It will be operated by the European Central Bank. "TARGET" is short for "Trans-European Automated Real-time Gross Settlement Express Transfer System".

U

United Nations Principles for Responsible Investment (PRI)
This initiative, launched in 2005 by the United Nations and a network of institutional investors, defines six principles for responsible investment and helps global financial system players to put these into practice and factor them into their daily decisions.

X

Xetra® Frankfurt Specialist
Supports trading in equities, bonds, funds and structured products using the Xetra trading system. These specialists ensure liquidity. Their function is to guarantee tradability, for example of less liquid securities, and they are committed to ensuring minimum spreads and avoiding partial executions that are not economically attractive.

Deutsche Börse Group – international presence

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10711 Berlin
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Schiffbauerdamm 40
10117 Berlin
Germany[2)]

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Representative Office
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Germany

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Germany

Frankfurt Branch
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Notes from the editor
Where only the masculine form has been used to refer to groups of people, this is not intended to be gender-specific but merely serves to enhance readability.

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Further information CR

Principles of sustainability reporting
In compiling the information on sustainability in this corporate report, our aim is to achieve the highest possible degree of clarity and transparency. The non-financial facts and figures published generally refer to Deutsche Börse Group as a whole. Topics that are specific to a certain location or sustainability activities that are managed locally are identified accordingly.

Verification of non-financial key figures
The non-financial key figures as well as the qualitative statements in relation to corporate responsibility in this corporate report were subject to review by KPMG AG Wirtschaftsprüfungsgesellschaft, an independent external auditor. The respective independent assurance is available on the Internet under www.deutsche-boerse.com/cr_e. KPMG's auditor's report on the consolidated financial statements and the combined management report of Deutsche Börse AG as at 31 December 2012 can be found on page 314 of this corporate report.

Assessment of the application level of the GRI guidelines
Companies that base their sustainability reports on the GRI guidelines can define the level to which they have applied GRI guidelines. Deutsche Börse Group has classified its report in this way and had this self-assessment verified by the GRI. It has attained level A+.

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GRI hereby states that **Deutsche Börse Group** has presented its report "Corporate Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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Amsterdam, 14 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

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The "+" has been added to this Application Level because Deutsche Börse Group has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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GJ = Gigajoule

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