

# Investor Day 2014

## London

3 June 2014



# Agenda

- 10.00**      **Group Strategy/ Financials**
- Reto Francioni, CEO
  - Gregor Pottmeyer, CFO
- Xetra/ Eurex – Cash & Derivatives Markets**
- Andreas Preuss, Deputy CEO
- Q&A session**
- 12.00**      **Lunch break**
- 13.00**      **Clearstream – Post-trade**
- Jeffrey Tessler, Member of the Executive Board
- Market Data + Services**
- Hauke Stars, Member of the Executive Board
- Q&A session**
- 15.00**      **End of event**

# Agenda

**Group Strategy/ Financials**

**Xetra/ Eurex – Cash & Derivatives Markets**

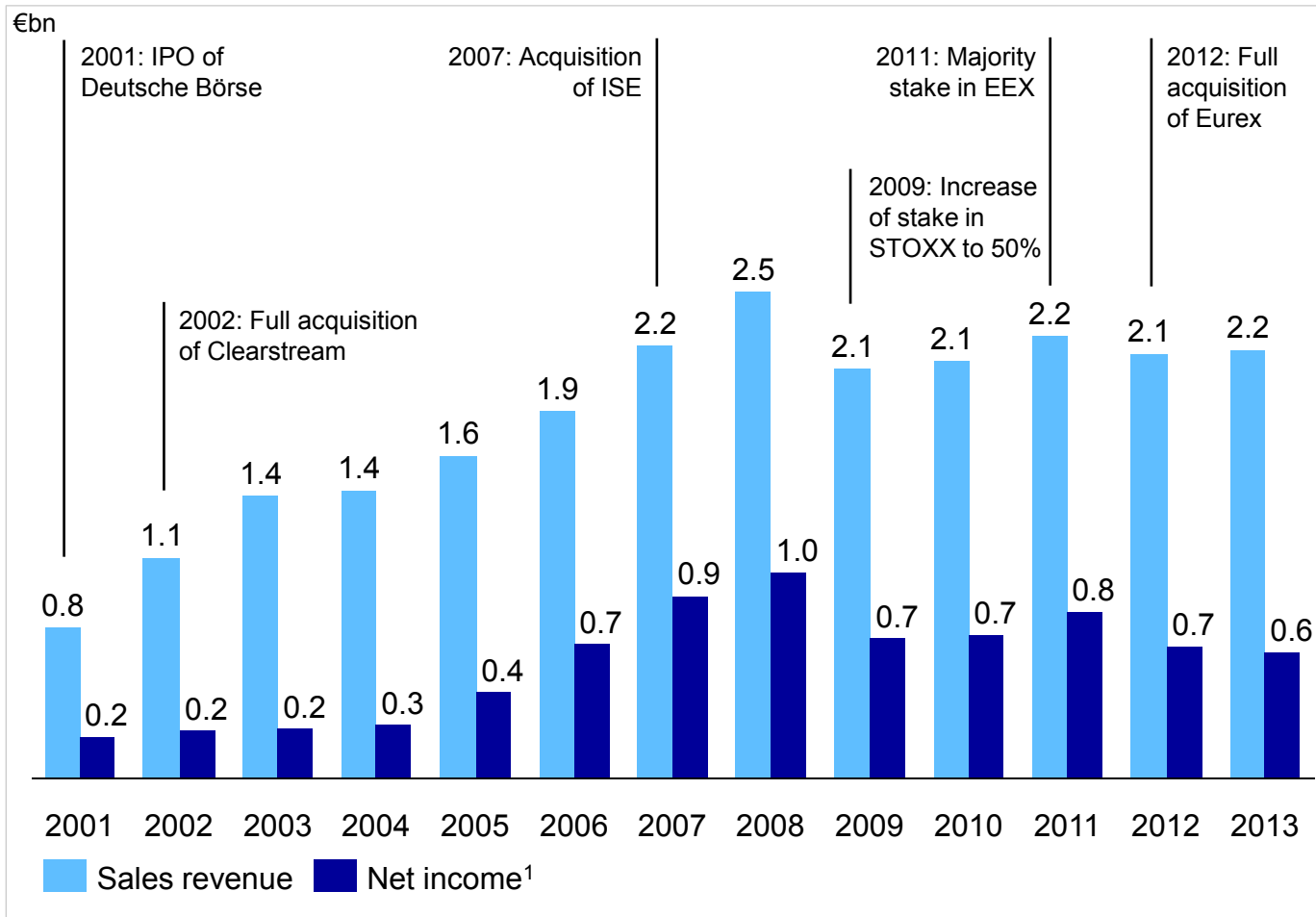
**Clearstream – Post-trade**

**Market Data + Services**

## Investment Highlights Deutsche Börse Group

- Uniquely positioned to benefit from customer focus on risk, collateral and liquidity management; business model is serving as the global industry role model
- Long-term growth strategy along 3 pillars: new services for uncollateralized and unregulated markets, combination of market data & IT, and geographic expansion mainly in Asia; strategy embraces cross-divisional activities no competitor can pursue
- Best in-class cost management with reduction of operating costs by 6 percent between 2007 and 2013, thus delivering attractive cash generation and profit margins through the cycle
- Strong balance sheet and credit rating paired with highly attractive distribution policy; around €6 billion shareholder distribution through dividends and share buybacks since 2005
- Partnerships and complementary M&A evaluated if opportunities arise; recent transactions: majority in EEX, full acquisition of Eurex, 5% stake in TAIFEX, and Citco's hedge fund business

# Deutsche Börse Has Delivered Attractive Returns And Maintained Stability Through Challenging Market Environment



<b>ISIN:</b>	DE0005810055
<b>Bloomberg:</b>	DB1 GY
<b>Reuters:</b>	DB1Gn.DE
<b>Revenue growth<sup>2</sup>:</b>	+184%
<b>Net income growth<sup>2</sup>:</b>	+213%
<b>Share price<sup>3</sup>:</b>	+259%
<b>Shareholder return<sup>3</sup>:</b>	+362%
<b>Dividend yield<sup>4</sup>:</b>	3.8%
<b>Free cash-flow yield<sup>4</sup>:</b>	6.5%
<b>Rating:</b>	AA

1) Adjusted for impairments (2009-2010), costs for efficiency measures (2010-2013), merger related costs (2011-2012), and OFAC settlement (2013)

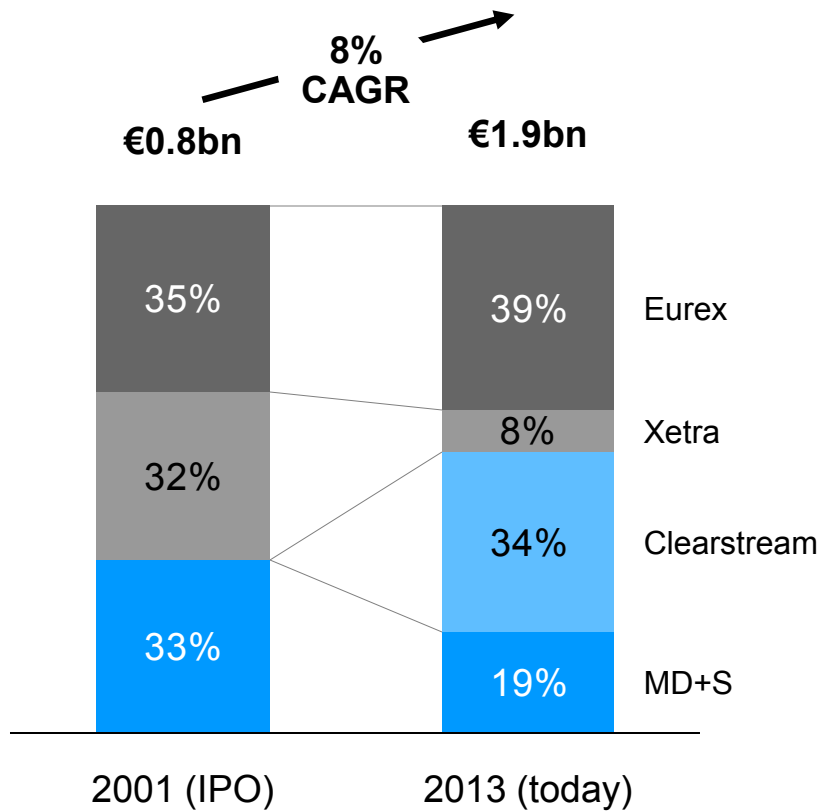
2) 2001-2013

3) 5 Feb 2001 – 31 Dec 2013

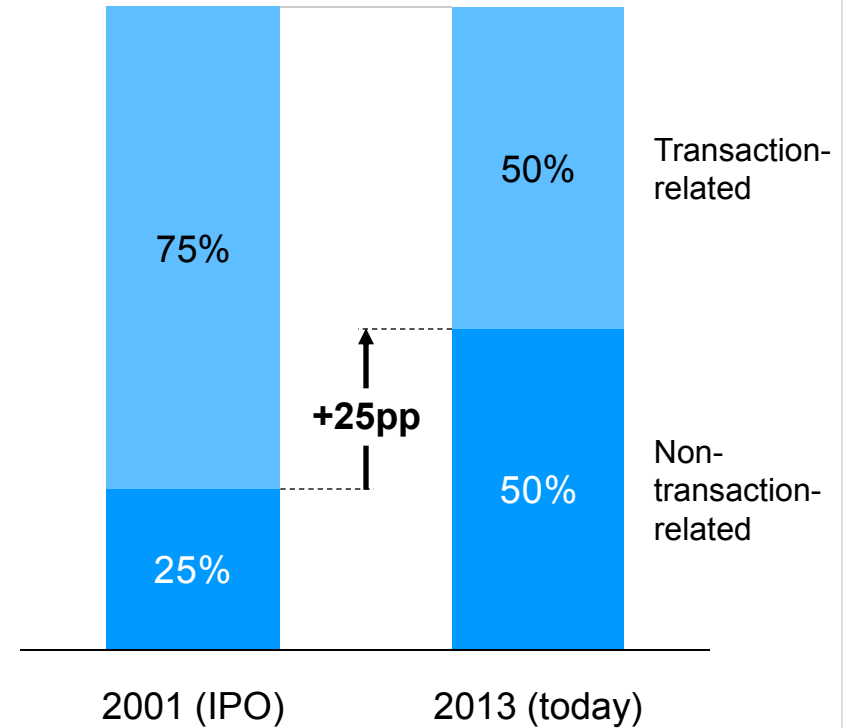
4) As per 30 May 2014

# Deutsche Börse Group Transformed Into A Diversified Full Service Market Infrastructure Provider

**Segmental revenue breakdown**



**Share of non-transaction related revenue**



# Strong Position In Each Reporting Segment With Increasing Focus On Cross-Divisional Themes

## Eurex

- #1 derivatives market in Europe
- #3 derivatives market world-wide
- Best-in-class clearing and risk management offering with real-time capabilities
- OTC clearing offering to address new client needs

- Cash market in Europe's largest economy
- Stable market share in DAX® equities (~65%)
- European leader in ETFs ~1/3 market share

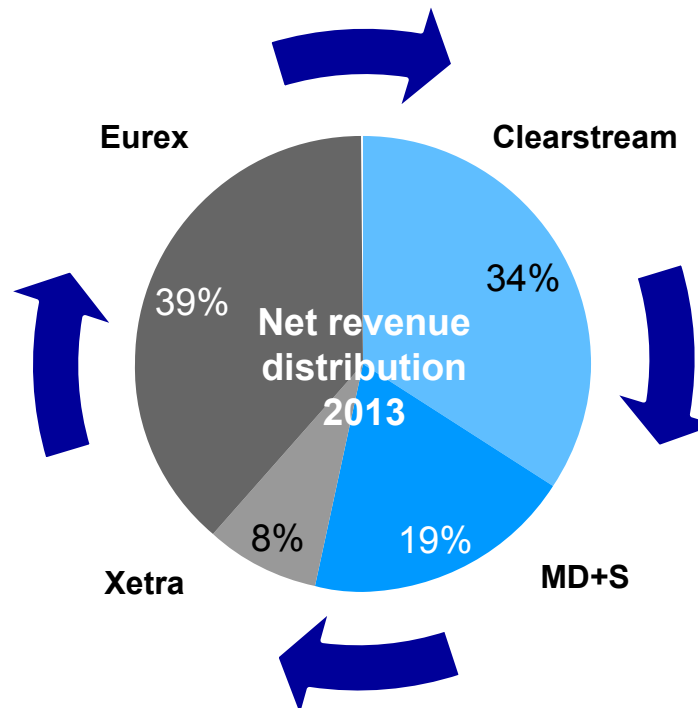
## Xetra

## Clearstream

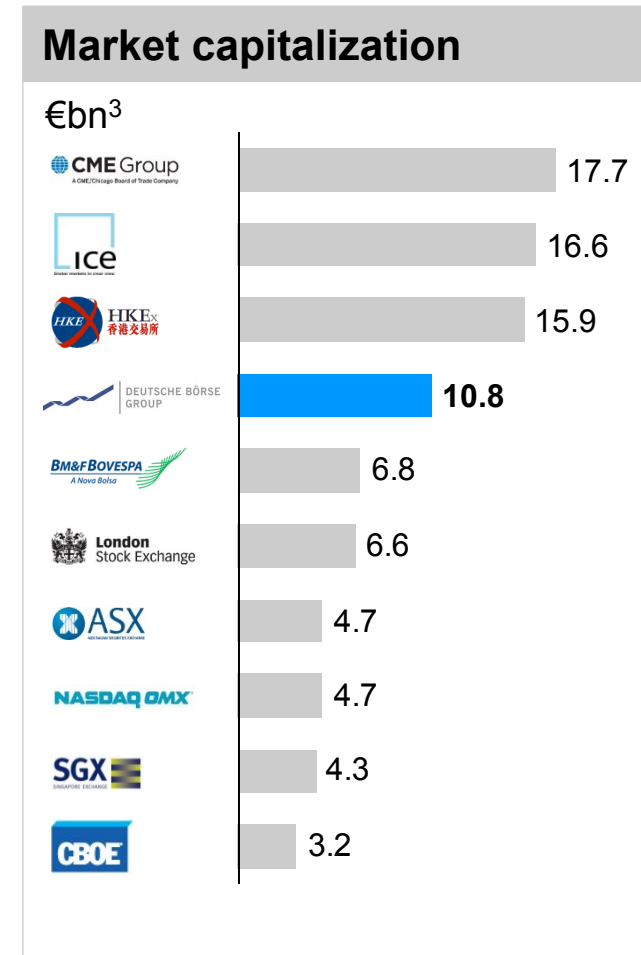
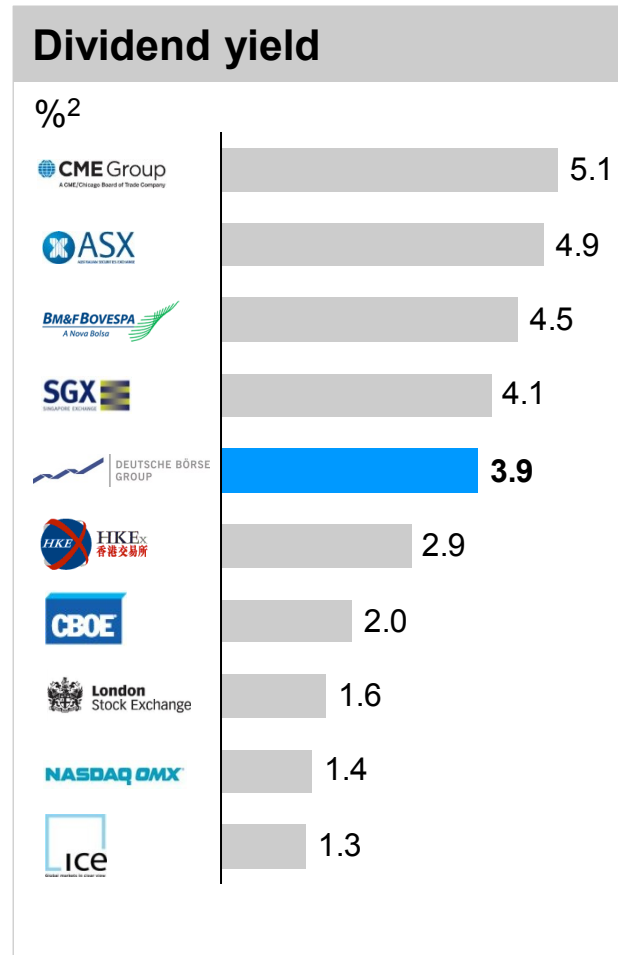
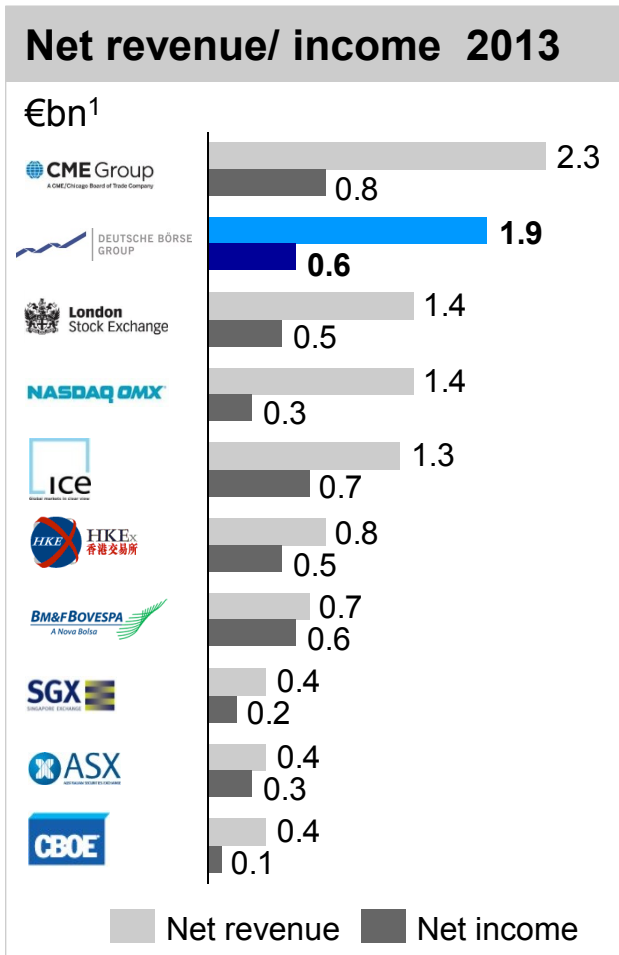
- Leading global post-trade provider with international and domestic business
- 2,500 clients in more than 110 countries hold more than €12.1 trillion assets under custody
- Expansion of services with Global Liquidity Hub, Investment Funds, and TARGET2-Securities (T2S) offering

- High-quality data and leading European benchmark indices (STOXX®, DAX®)
- Superior exchange infrastructure, and reliable connectivity services
- MD+S on track to deliver net revenue growth from structural initiatives

## Market Data + Services (MD+S)



# Strong Position In The Global Exchange Sector Paired With Long-Standing Track Record For Dividend Distributions








1) Source: Companies; adjusted for exceptional items if disclosed; ICE includes NYSE Euronext since November 2013

2) Source: Reuters; based on analyst estimates for 2014 dividend

3) Source: Bloomberg; as per 30 May 2014



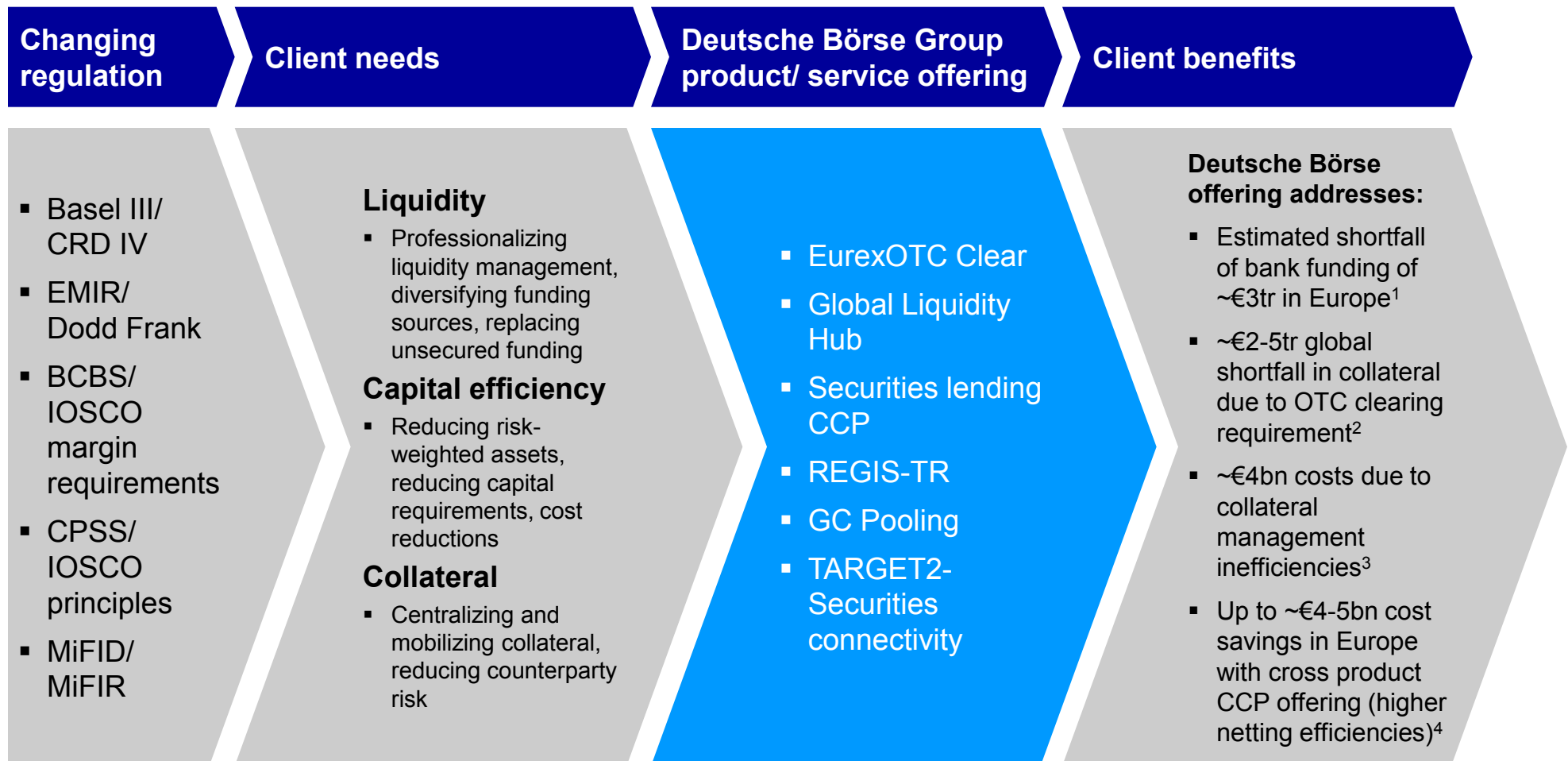
# Business Model Of Deutsche Börse Group Is Serving As The Global Role Model

		 DEUTSCHE BÖRSE GROUP	 CME Group <small>A CME/Chicago Board of Trade Company</small>	 ICE <small>INTERNATIONAL COMMODITY EXCHANGE</small>	 London Stock Exchange	 NASDAQ OMX
Cash market	Eurex/ Xetra	●	○	●	●	●
Derivatives market		●	●	●	◐	◑
Clearing		●	●	●	◐	◑
Settlement	Clearstream	●	○	○	◐	○
Custody		●	○	○	◐	○
Collateral management		●	○	○	○	○
Market data	Market Data + Services	●	●	●	●	●
Indices		●	◐	○	●	○
Technology		●	○	●	●	●

# Opportunities From Regulatory Framework Are More Concrete And Outweigh Challenges

	Description	Status	Impact	Timing
<b>EMIR</b> European Market Infrastructure Regulation	Implementation of G20 rules to enforce tighter rules for unregulated OTC derivatives markets	EMIR entered into force in Aug 2012 and ESMA technical standards in Mar 2013; reporting obligation started 2014 (RegisTR authorized in Nov 2013); clearing obligation starts 2015 (Eurex Clearing authorized in Apr 2014)	<b>Positive</b>	<b>From 2015 onwards</b>
<b>MiFID/ MiFIR</b> Markets in Financial Instruments Directive/ Regulation	MiFID revision/ MiFIR extend the scope of the 2007 directive; implementation of G20 rules to make EU financial markets more transparent and efficient	MiFID/ MiFIR enter into force in Jun 2014; ESMA technical standards will be finalized in Q2/15; full application expected for 2017; trading obligation and increased transparency requirements for all financial instruments; interoperability between clearing houses excluded; access rules (trading to clearing and vice versa; benchmarks)	<b>Positive and negative</b>	<b>From 2017 onwards; access rules from 2019</b>
<b>FTT</b> Financial Transaction Tax	Tax with the objective to increase contribution from the financial sector to public finances	Proposal failed on EU27 level; enhanced cooperation on EU10 level progresses slowly on process, design and use of proceed questions	<b>Slightly negative</b> (assuming cash equity FTT)	<b>2016 targeted</b>
<b>German HFT Act</b> German High-Frequency Trading Act	Introduces supervision of HFTs and safeguards for trading venues and HFTs	Act entered into force in May 2013 (implementation in Europe through MiFID in 2017); volume impact is negligible; no material "spill-over" of US HFT discussion to Europe expected (different market structure in Europe)	<b>Neutral</b>	<b>Already applicable</b>
<b>T2S</b> TARGET2-Securities	Single platform for securities settlement in central bank money	Clearstream is early T2S adopter; framework agreement was signed in April 2012; Clearstream migration to T2S platform scheduled for 2016	<b>Positive</b>	<b>From 2015/2016 onwards</b>
<b>CSD Regulation</b>	CSD regulation harmonizes post-trade rules in Europe	CSD regulation enters into force in Q3/14 and ESMA technical standards in Q2/15	<b>Slightly positive</b>	<b>From 2016 onwards</b>

# Changing Regulation Drives Client Needs For Market Infrastructures



1) Quantitative impact study of Basel Committee on Banking Supervision (December 2010)

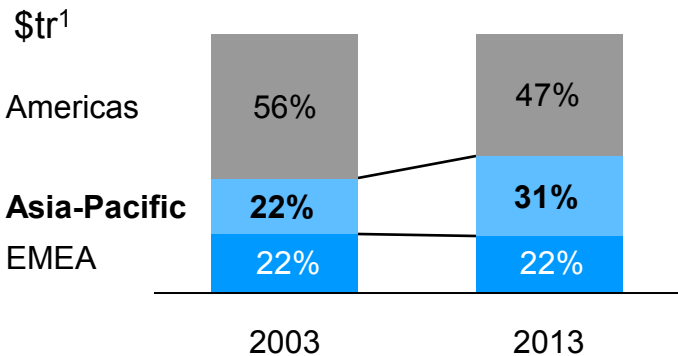
2) Celent study "Cracking the Trillion Dollar Collateral Optimization Question" (August 2012)

3) Accenture and Clearstream study "Collateral Management" (2011)

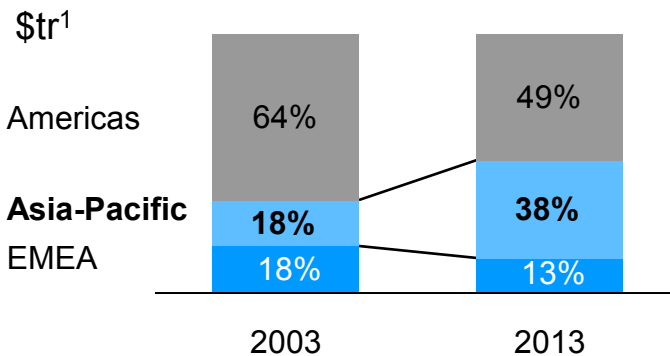
4) "The future of central clearing" study by Eurex Clearing and Oliver Wyman (April 2014)

# Focus On Asia Driven By Increasing Importance Of The Region In The Global Financial Market Context

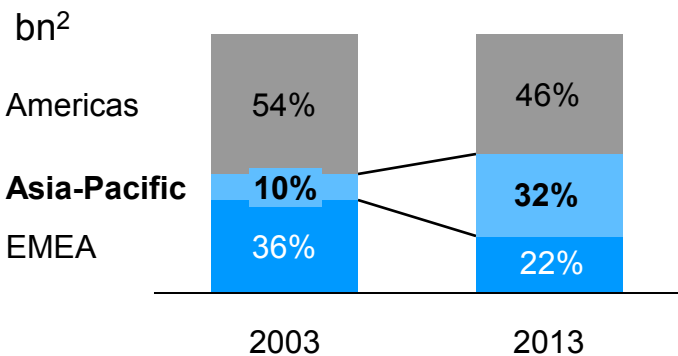
## Equity market capitalization



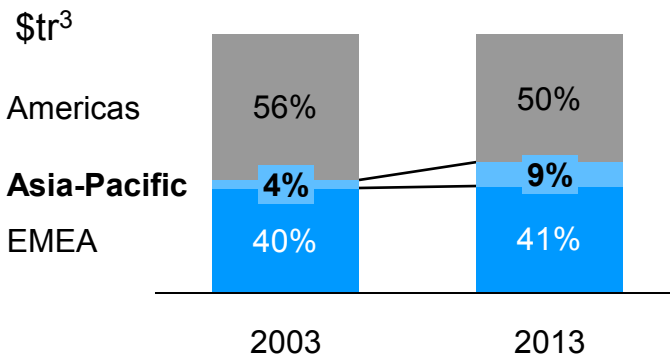
## Share trading value



## Traded derivatives contracts



## Bonds outstanding



## Current initiatives

- Derivatives clearing house in Singapore
- Strategic cooperation with Bank of China
- Cooperation with TAIFEX (5% stake)
- Liquidity Hub for SGX
- Technology alliance with BSE
- Majority stake in Singapore based Cleartrade (commodities)
- MoU with Thailand to facilitate development of markets
- Partnership with Shanghai to distribute data products in China

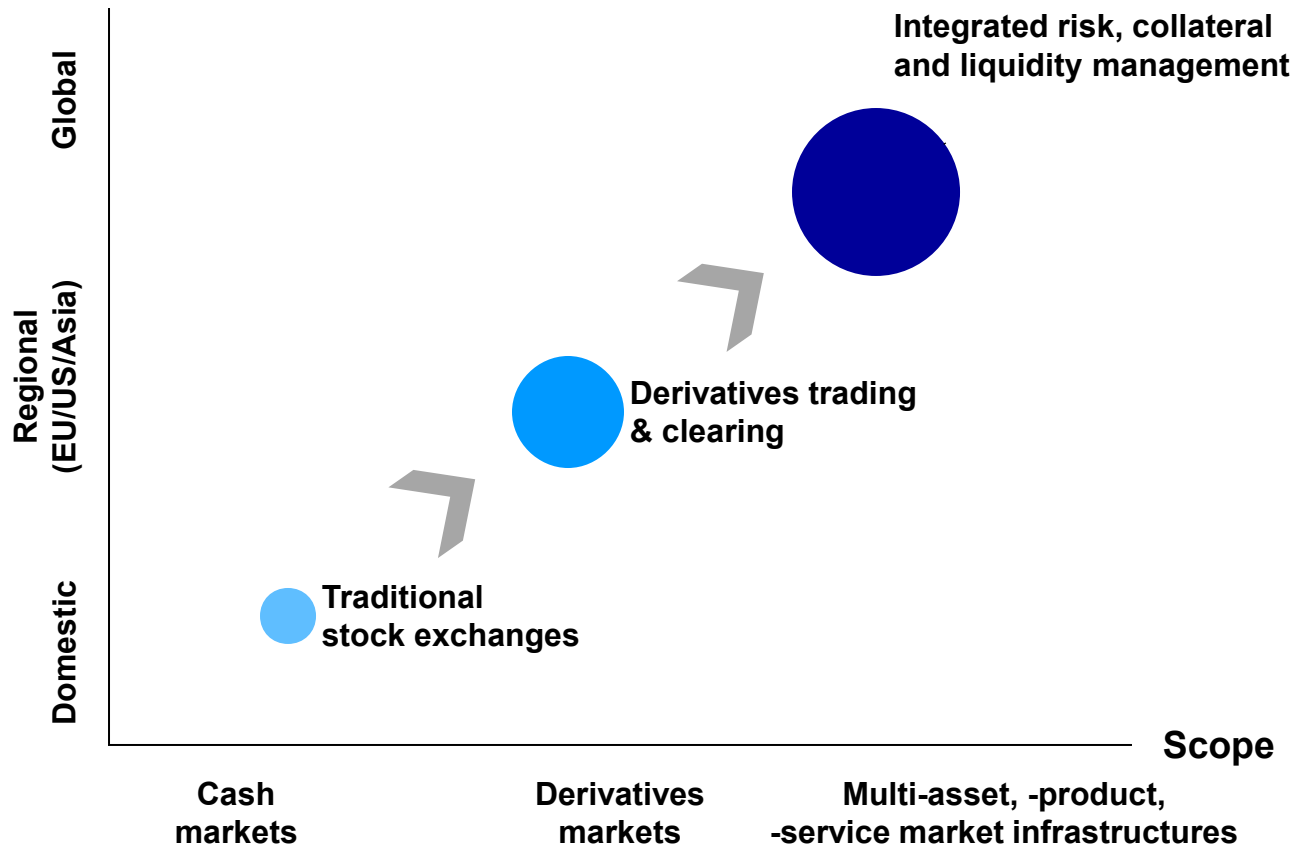
1) Source: WFE

2) Source: FIA; Asia-Pacific adjusted for KRX due to significant change of contract size in 2012

3) Source: BIS; Asia-Pacific excl. Japan

# Our Strategy Is Focused On Becoming The Preeminent Global Provider For Integrated Risk, Collateral And Liquidity Management

## Internationality



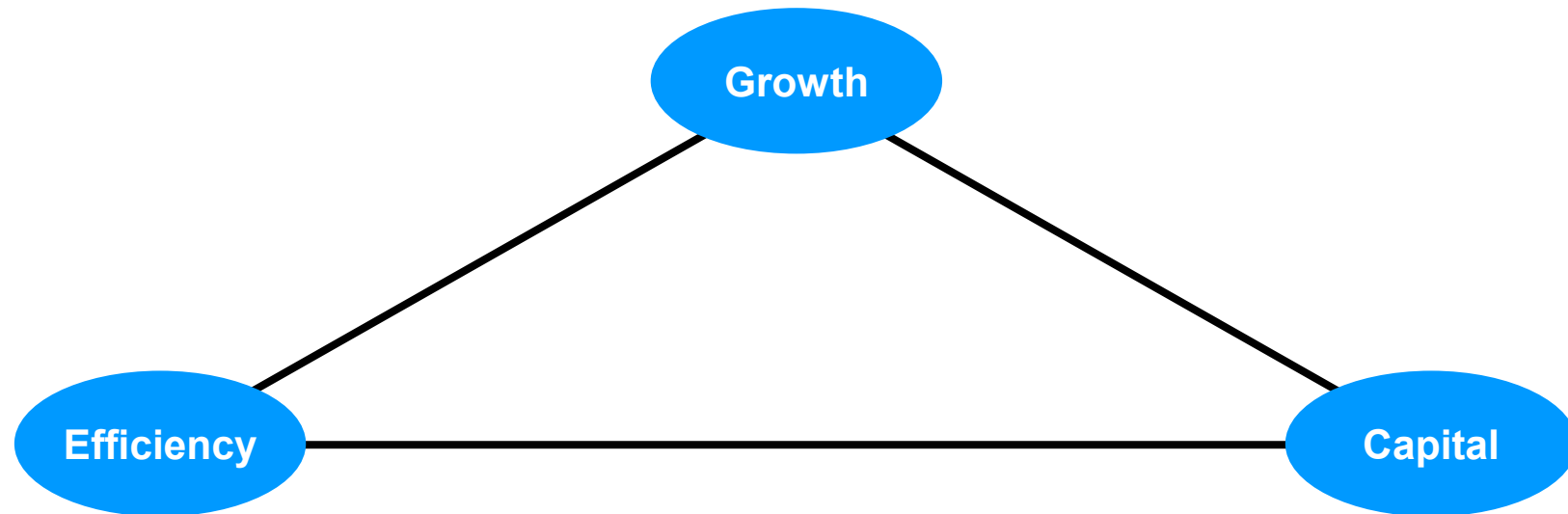
## Success factors

- Leading derivatives market with best in class clearing and risk management
- Global post trade provider with unique collateral management capabilities
- High quality data and leading European benchmark indices
- Superior technology with best in class performance and reliability
- Track-record for innovating the industry
- Market leadership in many products and services
- Dedicated and entrepreneurial workforce

# Management Is Firmly Focused On Growing The Business, Effective Cost Management, And Attractive Capital Management

## **Ambitious growth targets**

- 20-40% net revenue growth target 2013-2017
- Primarily organic growth, but also partnerships and complementary M&A



## **Effective cost management**

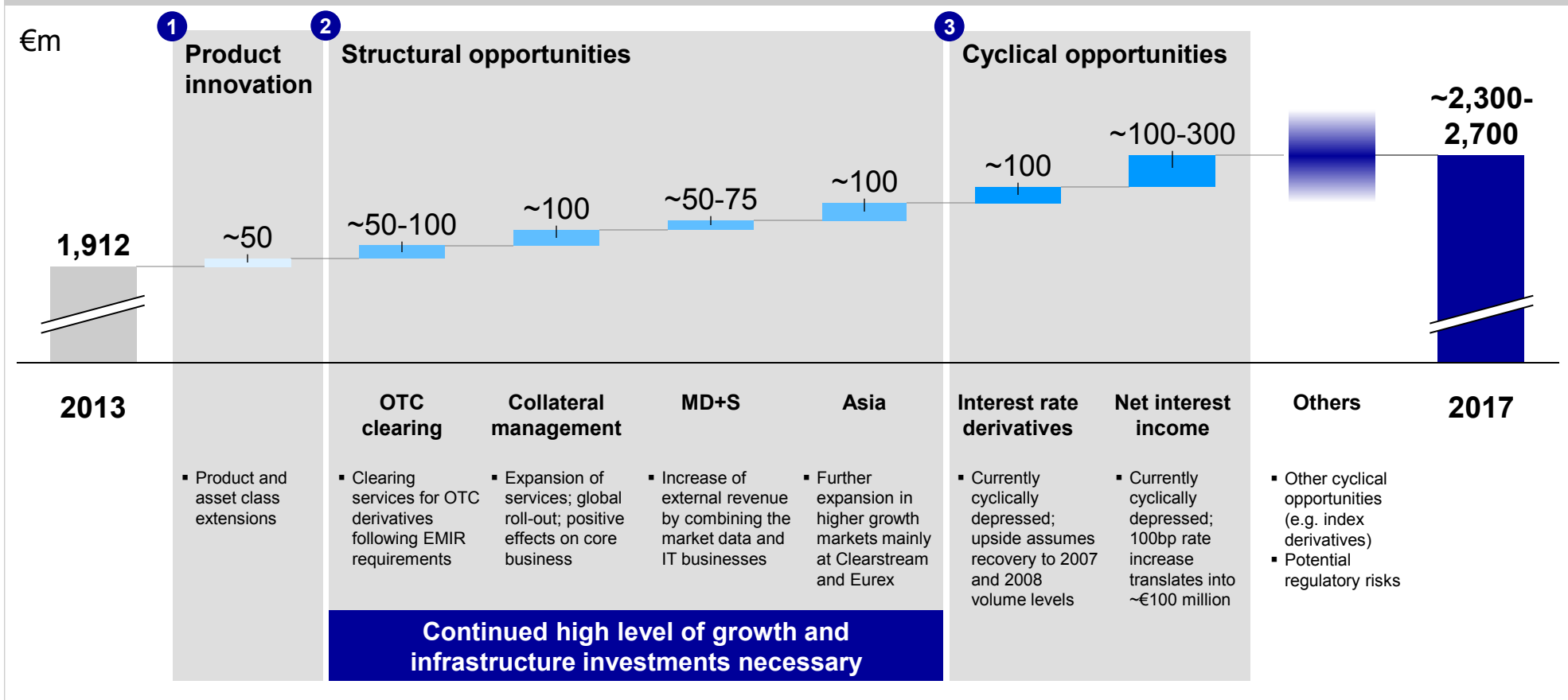
- Cost discipline remains key priority
- Further efficiency gains as part of ongoing program

## **Attractive capital management**

- Maintain strong credit rating profile
- Continue attractive capital management policy

# Growth – Substantial Incremental Revenue From Structural And Cyclical Drivers Expected

## Illustration of mid- to long-term net revenue opportunities



# 1 Growth – Track Record For Product Innovation Underscores Confidence In €50 Million Net Revenue Target For 2017

## Track record: €38m p.a. with new Eurex products

€m

38

### Net revenue contribution of new Eurex products<sup>1</sup>:

- Existing asset classes: MCSI indices, RDX USD, French and Italian government bond futures
- New asset classes: dividend and volatility derivatives
- Cooperation products: KOSPI derivatives

2013

## Target: incremental €50m net revenue by 2017

€m

50

### Examples for product innovation pipeline:

- Interest rate swap futures
- FX futures and options
- Secured funding futures
- Further MSCI futures
- New dividend derivatives
- EURIBOR Mid-curve Options
- TASE index futures (TA-25)
- Commodity derivatives (EEX, Cleartrade)
- GC Pooling Select

Incremental net revenue by 2017

1) Products introduced since 2008



2

# Growth – Initiatives To Benefit From Structural Growth Are On Track To Achieve Additional €300-375 Million Net Revenue By 2017

	Net revenue target 2017 (€m)	Description	Milestones achieved	Timing (illustrative)
<b>OTC Clearing</b>	50-100	<ul style="list-style-type: none"> <li>Clearing services for OTC derivatives following EMIR requirements</li> <li>Net revenue target based on ~25% market share in European D2C</li> </ul>	<ul style="list-style-type: none"> <li>All major sell-side banks connected</li> <li>Over 140 buy-side firms signed up</li> <li>EMIR authorization received (Apr 14)</li> </ul>	
<b>Collateral management</b>	100	<p>Net revenue opportunity consists of:</p> <ul style="list-style-type: none"> <li>Collateral management fees (~1/3)</li> <li>Positive impact on core custody and settlement business (~2/3)</li> </ul>	<ul style="list-style-type: none"> <li>Roll-out of Liquidity Hub in 4 markets and +10 markets in pipeline</li> <li>Client (UBS, Monte Titoli in 2013) and business wins</li> </ul>	
<b>MD+S</b>	50-75	<p>Growth in all main areas of MD+S:</p> <ul style="list-style-type: none"> <li>Index (global strategy, buy-side)</li> <li>Information (analytics)</li> <li>Tools (software as a service)</li> <li>Market solutions (distribution of IT)</li> </ul>	<ul style="list-style-type: none"> <li>Set-up of new segment and strategy</li> <li>Data partnerships (BSE, SSE)</li> <li>Acquisition of Impendium Systems</li> <li>New energy markets platform (M7)</li> </ul>	
<b>Asia</b>	100	<p>Further expansion in higher growth markets mainly at Clearstream and Eurex</p>	<ul style="list-style-type: none"> <li>Strategic cooperation with BOC</li> <li>Clearing house in Singapore</li> <li>TAIFEX cooperation &amp; stake</li> <li>Cleartrade acquisition (commodities)</li> </ul>	

**Further structural opportunities:**

- Trading requirement for OTC derivatives (MiFID)
- Positive impact of TARGET2-Securities for Clearstream

2

## Growth – Deutsche Börse Group's Asian Growth Initiatives Are Based On Successful Expansion Of Business

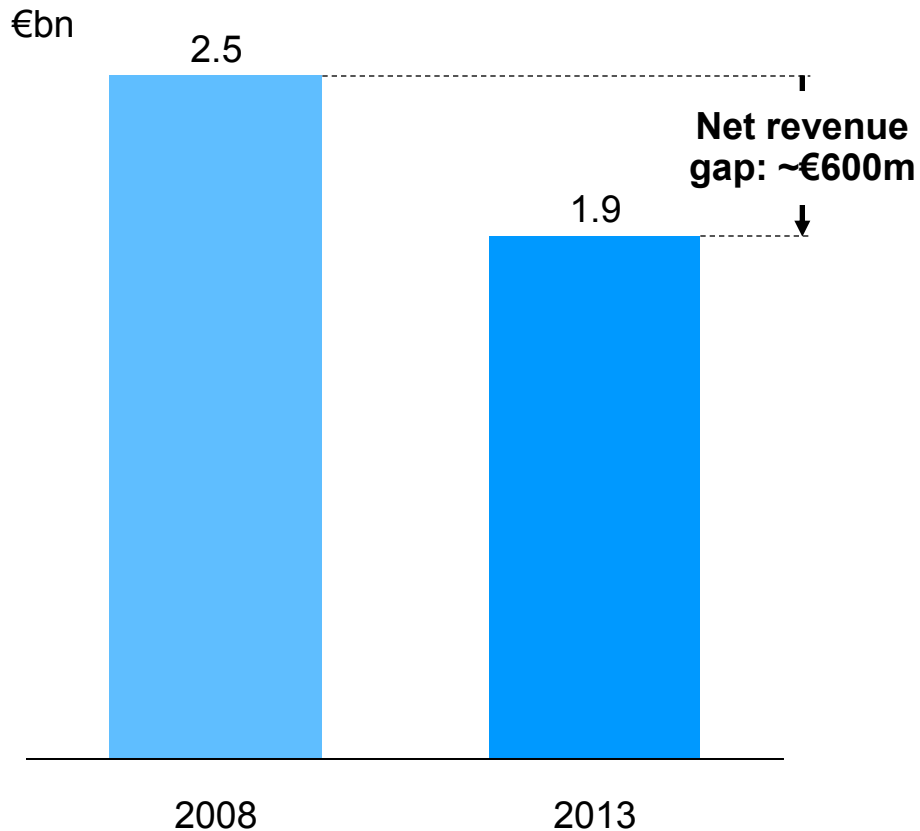
	2007	2013	Current initiatives
<b>Sales revenue</b>	<€50 million	>€100 million	<ul style="list-style-type: none"> <li>▪ Build-up of clearing house for derivatives in Singapore</li> <li>▪ Strategic cooperation with Bank of China to develop RMB market</li> <li>▪ Cooperation with TAIFEX in derivatives strengthened by acquisition of 5% stake</li> <li>▪ Progress in Clearstream's Liquidity Hub; ASX connected, SGX in pipeline for 2014</li> <li>▪ Technology alliance with BSE now covers cash and derivatives</li> <li>▪ Acquisition of majority stake in Singapore based Cleartrade to complement commodity offering</li> <li>▪ MoU with SET to facilitate development of markets between Thailand and Germany</li> <li>▪ Partnership with Shanghai Stock Exchange to distribute market data products in China</li> </ul>
<b>Staff</b>	<30	>110	
<b>Representative offices</b>	Hong Kong, Singapore, Tokyo	Beijing, Hong Kong, Singapore, Tokyo	
<b>Operations hub</b>	-	Singapore	
<b>Regulatory registrations</b>	-	Banking license in Singapore	
<b>Partners</b>	-	ASX, BOC, BSE, Hong Kong Monetary Authority, Korea Exchange, SGX, Standard Chartered, TAIFEX	

**Target: increase revenue with Asian clients and products by €100 million by 2017**

3

## Growth – Net Revenue Decline Since Record Year 2008 Mainly Driven By Cyclical Developments

### Net revenue development since record year 2008



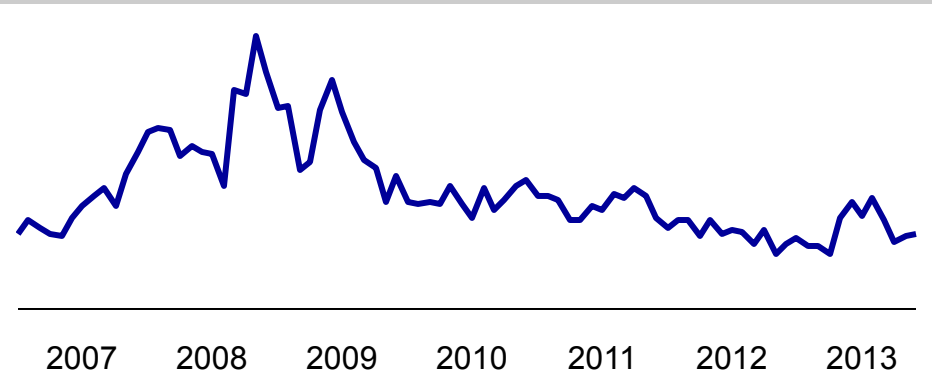
#### Selected cyclical factors that influenced the net revenue development since 2008:

Product	Main driver	Net revenue impact
Net interest income	Low short term interest rates	~€200m
Interest rate derivatives	Low interest rate volatility	~€100m
Index derivatives	Low equity market volatility	~€100m

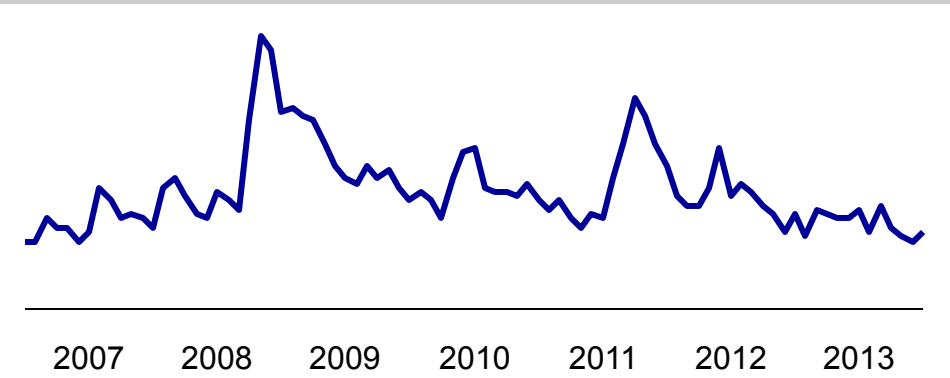
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# Growth – Important Cyclical Drivers For Deutsche Börse Group’s Businesses Remained Depressed In 2013

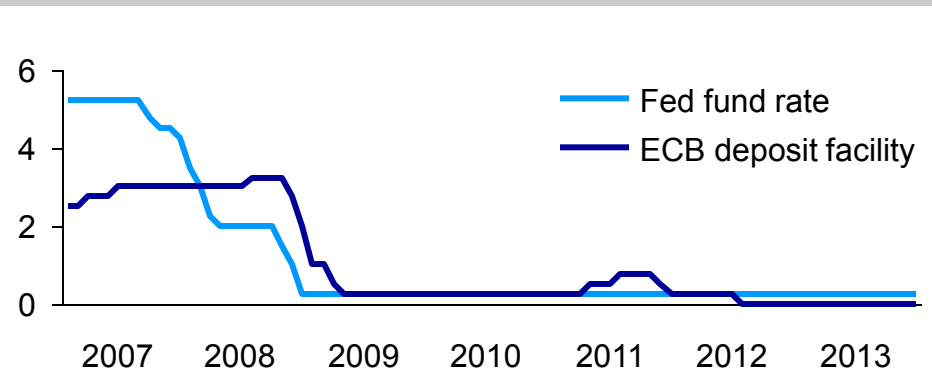
**Eurex – Interest rate volatility<sup>1</sup>**



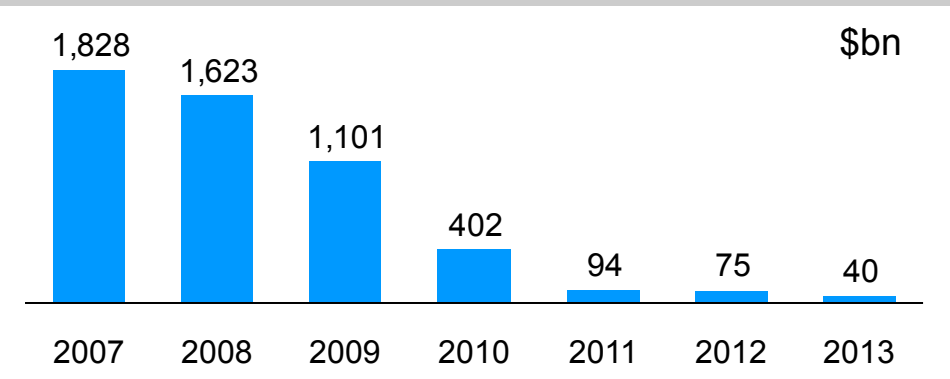
**Eurex – Equity market volatility<sup>2</sup>**



**Clearstream – Short term interest rates in %**



**Clearstream – Net issuance of international bonds<sup>3</sup>**



1) Source: Bloomberg; Credit Suisse Interest Rate Volatility Index; monthly average  
 2) Source: Reuters; VSTOXX; monthly average  
 3) Source: BIS; net issuance of international bonds in developed countries (table 11A)

# Growth – Partnerships And Complementary M&A Are Part Of Strategy Implementation To Further Enhance Growth Trajectory

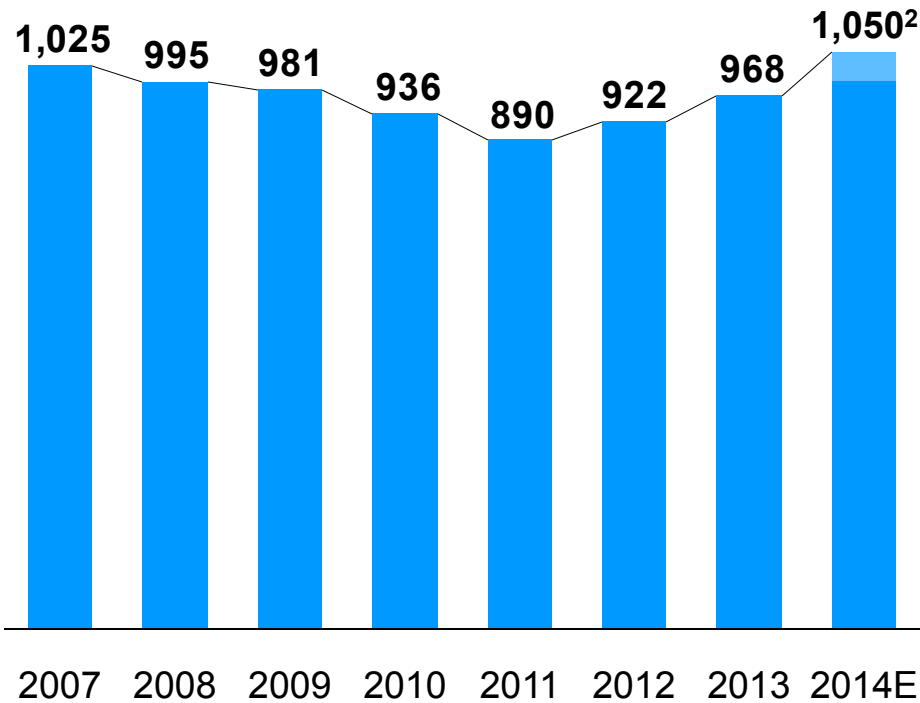


2010	2011	2012	2013	2014
▲ <b>STOXX</b> : index business (majority stake)				
▲ <b>REGIS-TR</b> : trade repository (JV with Iberclear)				
▲ <b>LuxCSD</b> : depository for Luxembourg (JV with BCL)				
▲ <b>EEX</b> : commodities (majority stake)				
▲ Full acquisition of <b>Eurex</b> (15% stake from SIX)				
▲ <b>Cloud Exchange</b> (JV with Zimory)				
<b>GMEX Group</b> : innovative trading solutions (minority stake) ▲				
<b>Impendium Systems</b> : regulatory solutions (full acquisition) ▲				
<b>Cleartrade</b> : commodities platform in Singapore (majority stake) ▲				
<b>Bondcube</b> : fixed income trading (minority stake) ▲				
<b>TAIFEX</b> : derivatives market (minority stake) ▲				
<b>Citco</b> : hedge fund custody services (full acquisition) ▲				

# Operating Efficiency – Effective Cost Management Over The Years Created Flexibility To Increase Investments In Growth

## Track record for effective cost management

Operating costs<sup>1</sup>, €m



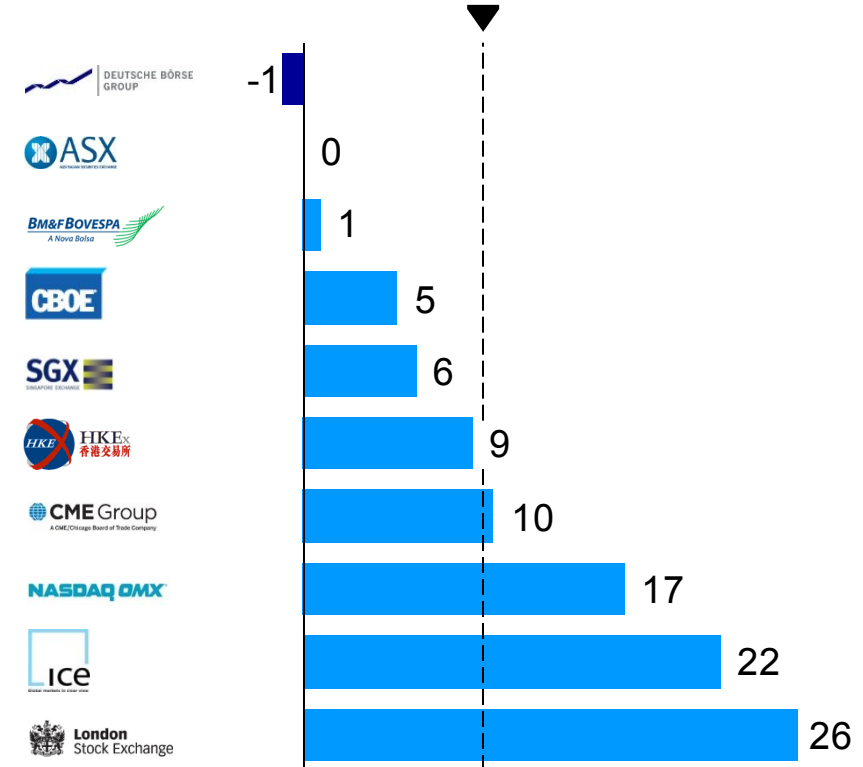
1) Adjusted for extraordinary items

2) Includes €50 million consolidation effects (mainly EEX)

3) Operating expenses excluding volume related costs and one-offs

## Cost growth of key exchange organizations

CAGR 2007-2013<sup>3</sup>, % Ø 10

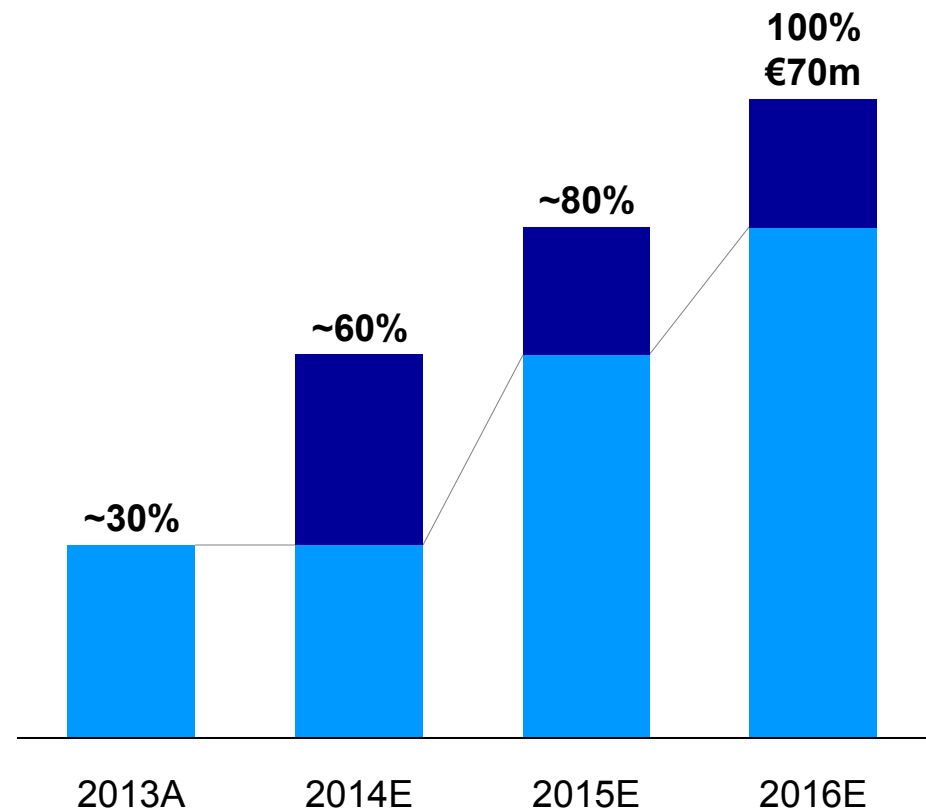


# Operating Efficiency – Efficiency Measures Introduced In 2013 Fully On Track

## Efficiency measures initiated in 2013

- Planned savings in personnel and non-personnel costs of €70 million per annum by 2016
- Non-personnel cost: €45 million, e.g. through a reduction of expenditure for external consulting as well as IT operating cost
- Personnel cost: €25 million, voluntary leaver program for around 120 staff members and around 50 executives
- Implementation costs for the measures of around €110 million expected, of which €82 million were already booked in 2013

## Ramp-up of cost savings



# Capital Management – Refinancing Led To Significant Reduction Of Interest Expenses

## Overview refinancing

### First tranche (Oct 2012)

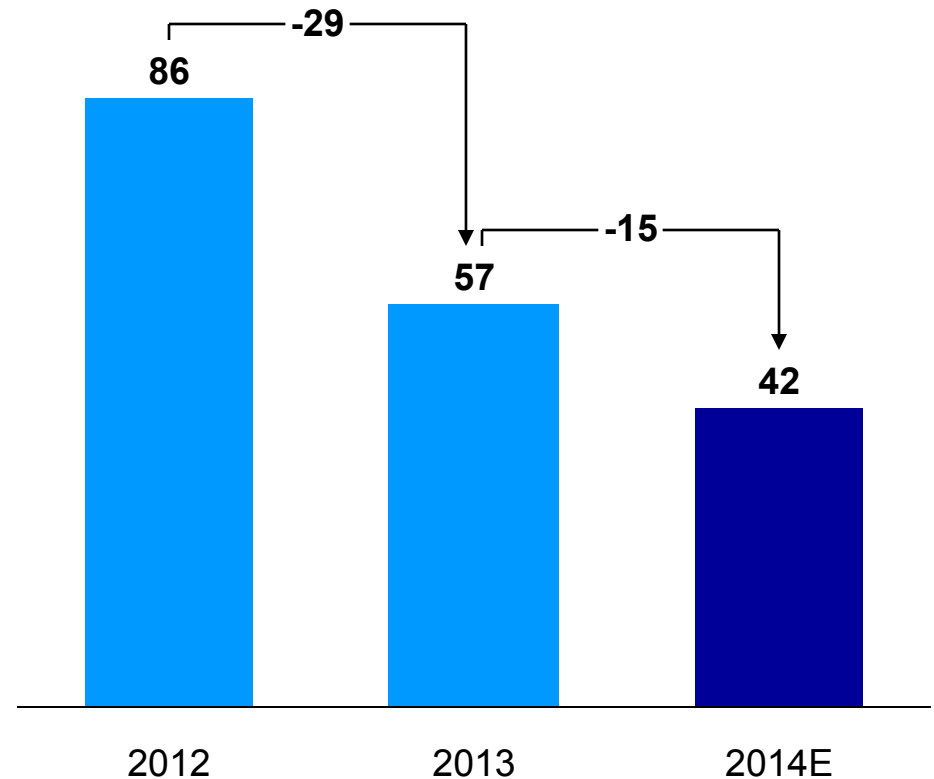
- Terms of first tranche: €600 million, term of 10 years, 2.375% coupon

### Second tranche (Mar 2013)

- Terms of second tranche: €600 million, term of 5 years, 1.125% coupon

## Debt financing costs (part of financial expenses)

€m





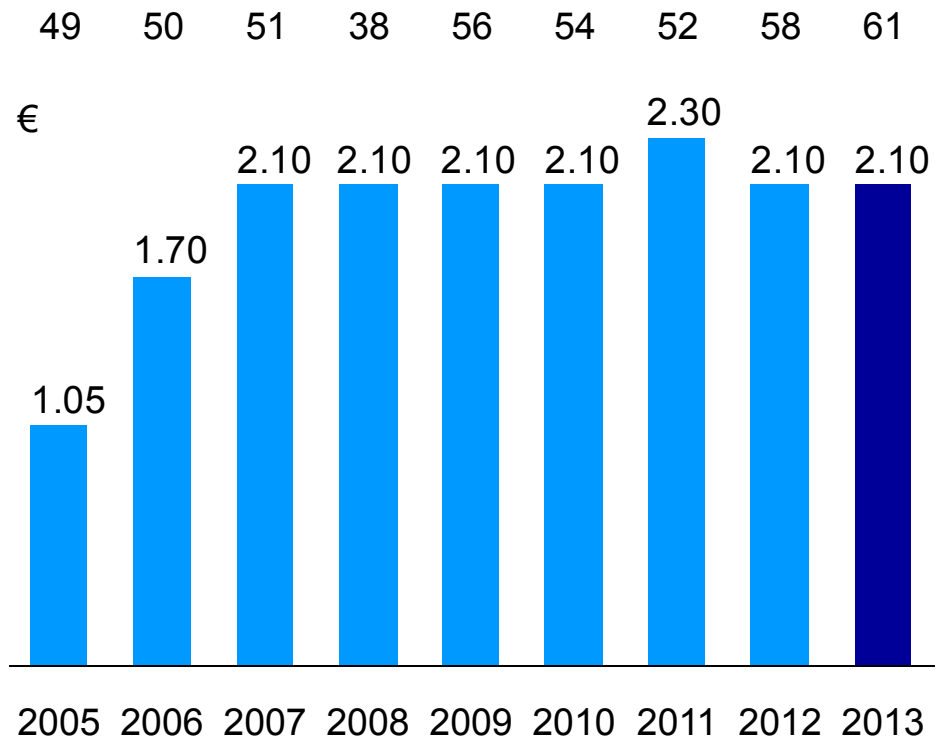
# Capital Management – Strong Cash Flow Generation Allows For Strong Rating Profile And Attractive Distribution Policy

## Capital Management Policy

- Continuing past practice, Deutsche Börse distributes funds not required for the Group's operating business and further development to its shareholders
- The capital management policy foresees a dividend payout ratio of 40 to 60 percent complemented by share buy-backs
- Both distribution components are subject to capital requirements, investment needs and general liquidity considerations
- Due to its considerable clearing and post-trading business activity, Deutsche Börse is focused on maintaining a strong credit and rating profile, including Clearstream Banking S.A.'s strong "AA" credit rating

## Attractive dividend distribution

Pay-out ratio (%)<sup>1</sup>



1) Adjusted for extraordinary items

# Capital Management – Credit Rating Metrics And Banking Regulatory Capital Requirements

## Credit rating metrics

	Minimum requirement	Actuals 31 Dec 2013
<b>Deutsche Börse AG</b> <b>“AA” Standard &amp; Poor’s</b>		
Interest coverage ratio EBITDA to interest expenses from financing activities	≥16	<b>20.1<sup>1</sup></b>
Gross debt to EBITDA	≤1.5	<b>1.5<sup>1</sup></b>
<b>Clearstream Banking S.A.</b> <b>“AA” Standard &amp; Poor’s, Fitch Ratings</b>		
Tangible equity		
Clearstream International S.A.	€700m	<b>€821m</b>
Clearstream Banking S.A.	€400m	<b>€821m<sup>2</sup></b>

## Regulatory capital requirements

	Minimum requirement	Actuals 31 Dec 2013
<b>Eurex Clearing AG</b>		
Regulatory equity	€79m	<b>€249m</b>
Solvency ratio	8%	<b>25%</b>
<b>Clearstream Holding group</b>		
Regulatory equity	€339m	<b>€1,117m</b>
Solvency ratio	8%	<b>26%</b>

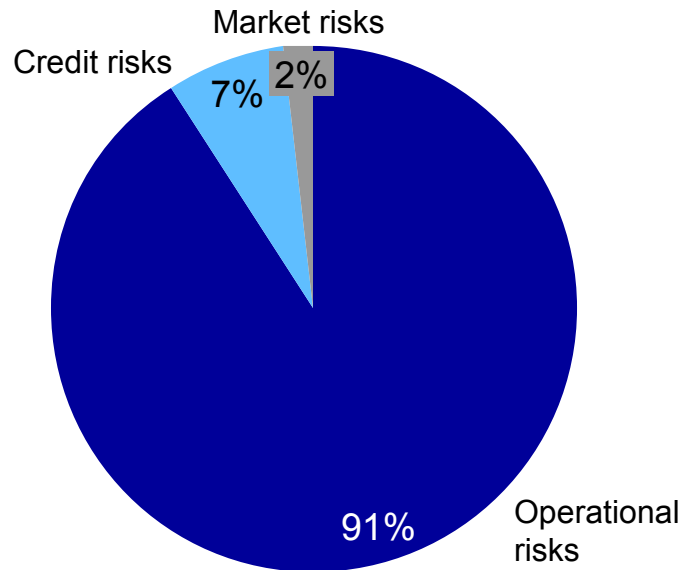
1) Adjusted for costs for efficiency measures and merger related costs

2) Includes €150 million from profit participation rights issued by Clearstream Banking S.A.

# Capital Management – Capital Requirements Are Largely Driven By Operational Risks

## Eurex Clearing AG (regulatory requirements)

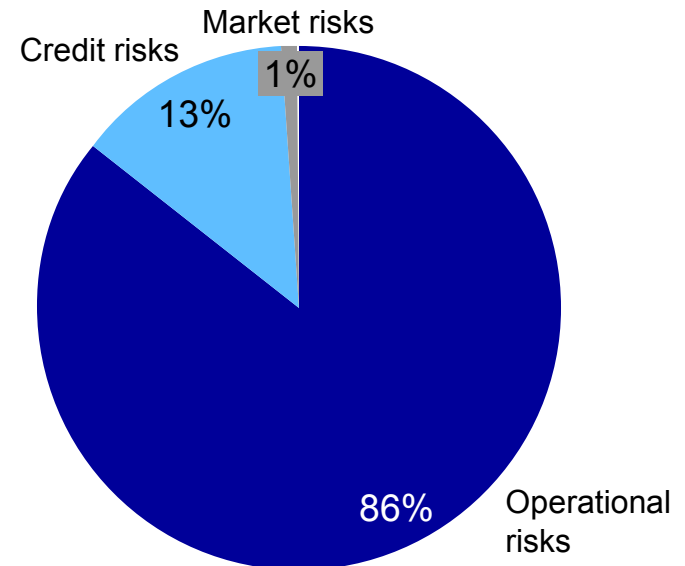
31 Dec 2013; €79 million



EMIR minimum capital requirements for Eurex Clearing currently amount to around €217 million

## Clearstream Holding group (regulatory requirements)

31 Dec 2013; €339 million



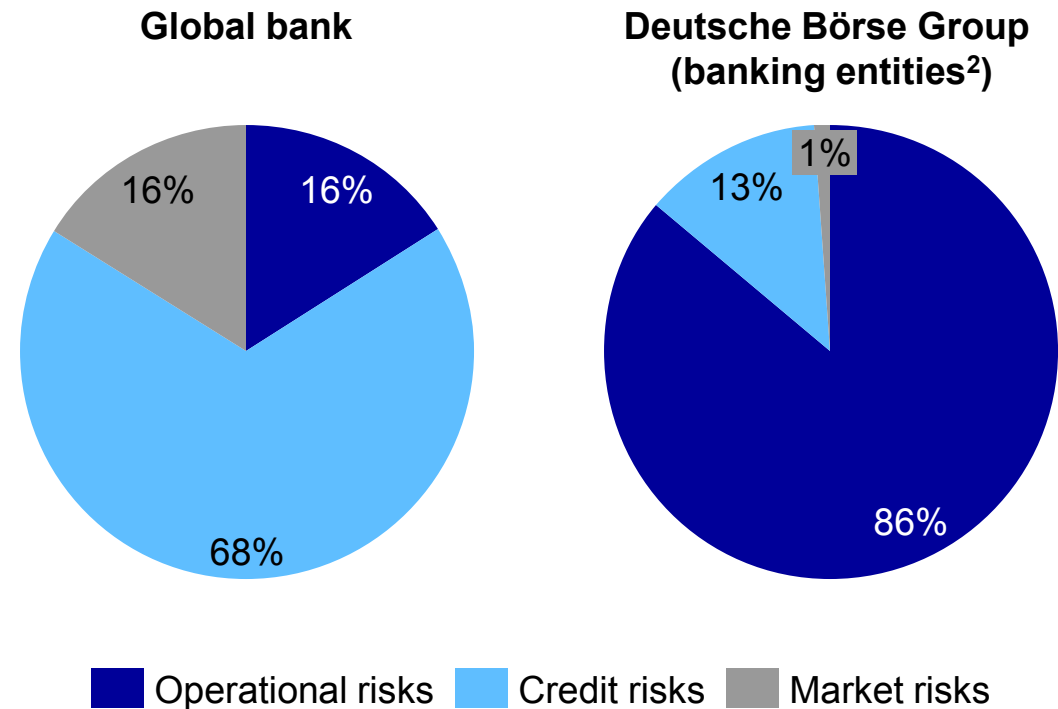
Operational risks evaluated with advanced measurement approach (AMA) approved by regulators

# Risk Management – In Contrast To Banks, Deutsche Börse Group’s Risk Profile Is Dominated By Operational Risk

- In contrast to a traditional bank, Deutsche Börse’s risk profile is mainly driven by operational risks:
  - Availability risk
  - Service deficiency
  - Damage to physical assets
  - Legal risk and business practices
- Credit exposure is limited due to focus on highly collateralized clearing and settlement transactions, instead of traditional lending and trading products

## Risk profile of a global bank<sup>1</sup> vs. Deutsche Börse

Regulatory capital requirements



1) Deutsche Bank AG; as per 31 December 2012

2) Eurex Clearing AG and Clearstream Holding group; as per 31 December 2013

## Risk Management – Strong Mitigation Frameworks For Operational Risks Are In Place

### Systems and IT

- Integrated IT function and extensive track record for system reliability, e.g. close to 100 percent availability over the last years, against the background of strong increase of transaction load
- Continuous investments in IT systems

### Operational risk framework

- Clearstream uses the Basel II Advanced Measurement Approach (AMA) to continuously strengthen its management of operational risks
- Integrated systems allow straight-through processing to reduce manual intervention
- Continued push to extend operational risk capability across the Group

### Compliance

- Move to dedicated Group compliance function
- Strong Group-wide controls and reporting framework

# Risk Management – Counterparty Risk In The Clearing House Effectively Managed By Collateralization And Lines Of Defense

## Lines of defense of clearing house

1. **Liquidation of open positions**  
Close-out of positions results in surplus or shortfall

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2. **Liquidation of collateral**  
€46bn (after haircuts)<sup>1</sup>

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3. **Clearing fund contribution of relevant member**  
€1m to €92m

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4. **Clearing fund contribution of Eurex Clearing**  
€50m

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5. **Clearing fund contribution of all members**  
~€3bn<sup>2</sup> (additional collateral may be called in<sup>3</sup>)

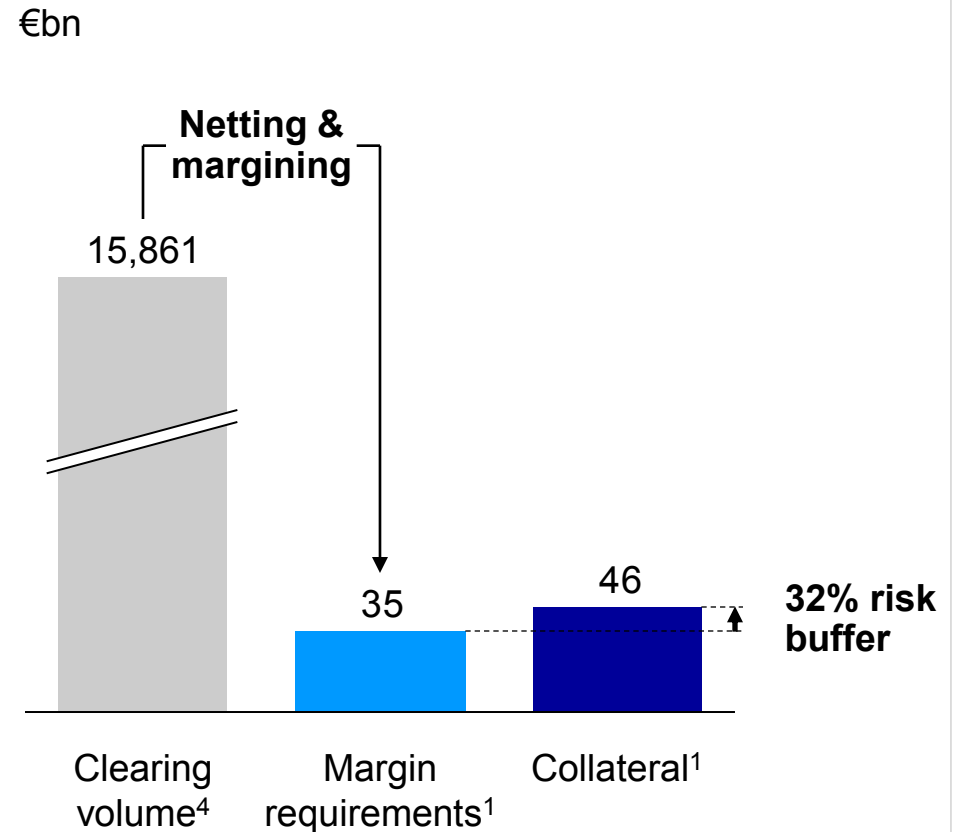
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6. **Parental Guarantee to Eurex Clearing**  
Up to €700m by Deutsche Börse

---

7. **Liabe equity of Eurex Clearing**  
€249m (incl. €50m clearing fund contribution)

## Risk management position in 2013



1) 31 December 2013

2) 31 May 2014

3) Up to twice the amount of the original clearing fund contribution

4) Monthly average 2013

# Risk Management – Risk Management Essentials Promote Strong Risk Culture Across The Group

## Risk management essentials

- 1** We support Deutsche Börse Group's mission by providing superb risk management services to our customers, to promote the integrity, transparency, efficiency, and the safety of capital markets
- 2** We support the Group's growth strategy by identifying, understanding, and assessing the risks facing the Group
- 3** We manage risk efficiently in line with the overall risk appetite
- 4** We add value to strategic decisions by creating transparency on risk and return per segment, product, and customer

*"Make markets safer"*

*"Understand the risks we take"*

*"Manage risk efficiently"*

*"Ensure that the expected return fairly compensates the risks"*

## Risk Management – Summary

- The Group's risk profile is mainly characterized by operational risks; its transaction based business model is very distinct from the business model of banks

**Extensive track record  
for system reliability**

- Counterparty risk at Eurex Clearing is effectively managed through netting, collateralization and the clearing fund

**No collateral shortfall or  
loss as part of Lehman  
Brothers and MF Global  
default**

- Counterparty risk at Clearstream is assumed only to facilitate settlement; credit exposures are limited to highly rated customers and largely collateralized (with highly rated collateral)

**Never any financial loss**



# Agenda

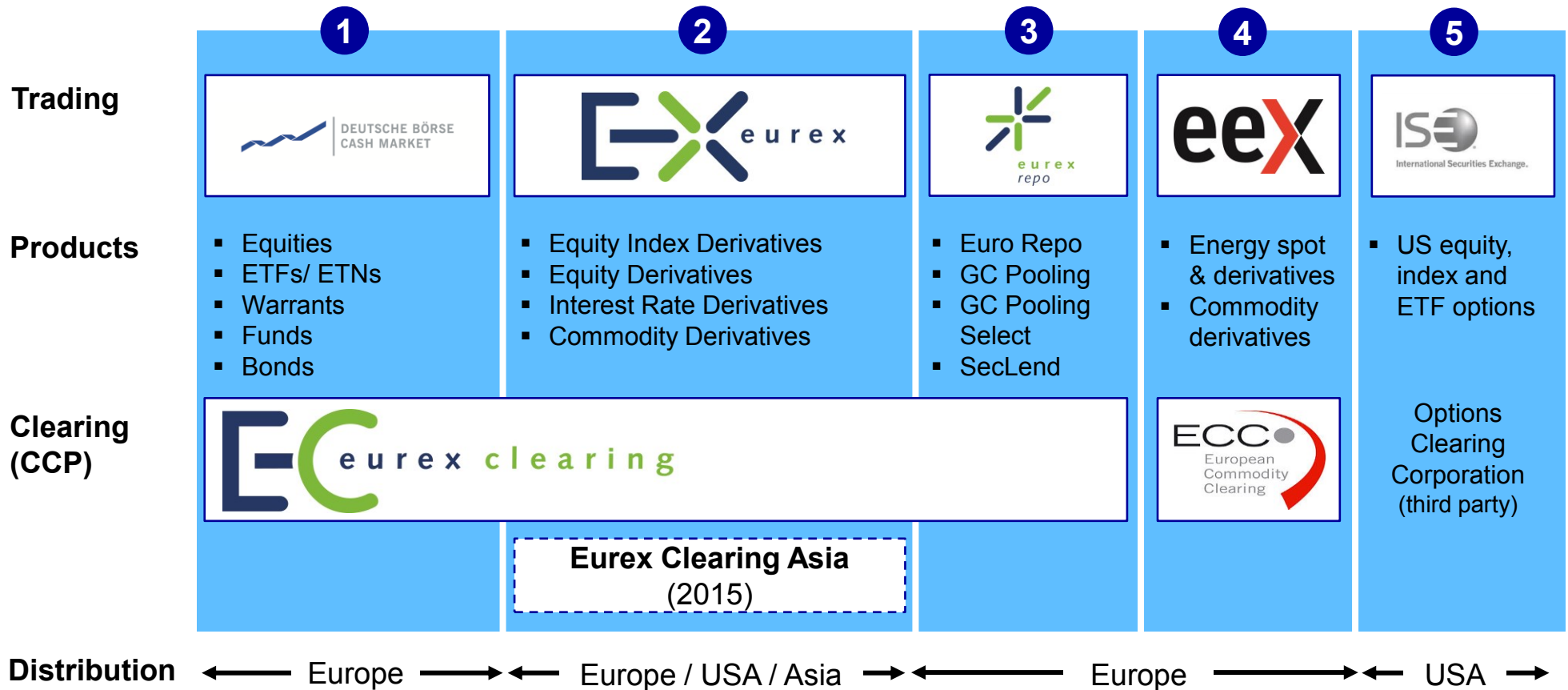
**Group Strategy/ Financials**

**Xetra/ Eurex – Cash & Derivatives Markets**

**Clearstream – Post-trade**

**Market Data + Services**

# Cash & Derivatives Markets – Comprehensive Offering In Trading & Clearing Services



Eurex Clearing Asia  
(2015)

# Cash & Derivatives Markets – Key Figures



## Trading

**Order Book Turnover: €98 billion<sup>1,2</sup>**  
*„Fourth largest cash market in Europe“*

**Trading value: €7,651 billion<sup>2</sup>**  
*„Third largest derivatives market in the world“*

## Products

**Number tradable/ listed products:**  
 Xetra: >2,500 Frankfurt: >1,200,000

**Number of products: >2,000**  
**Number of series: >265,000**

## Clearing

**Number of transactions cleared:**  
 7 million<sup>2</sup>

**Number of transactions cleared:**  
 129 million<sup>2</sup>

## Financials

**Net revenue 2013<sup>1</sup>**  
 €152 million

**Net revenue 2013<sup>3</sup>**  
 €741 million

1) Including Börse Frankfurt Zertifikate AG (H2/13), Eurex Bonds and Tradegate Exchange

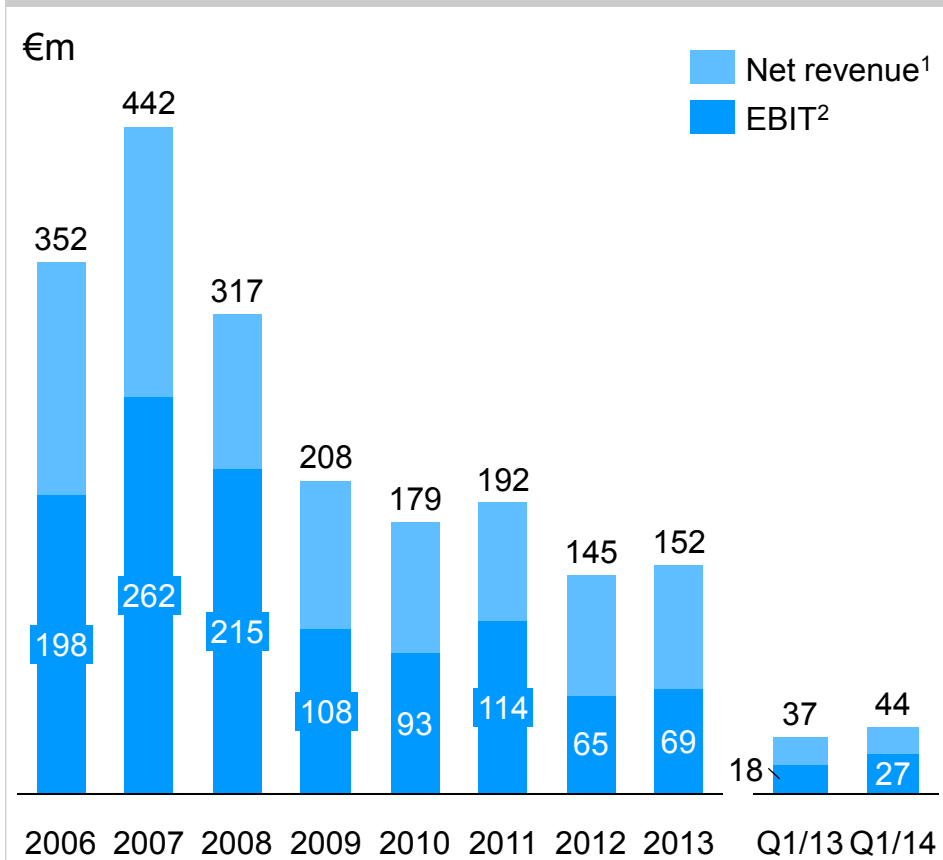
2) Monthly average 2013; single-counted

3) Including Eurex Repo and ISE

1

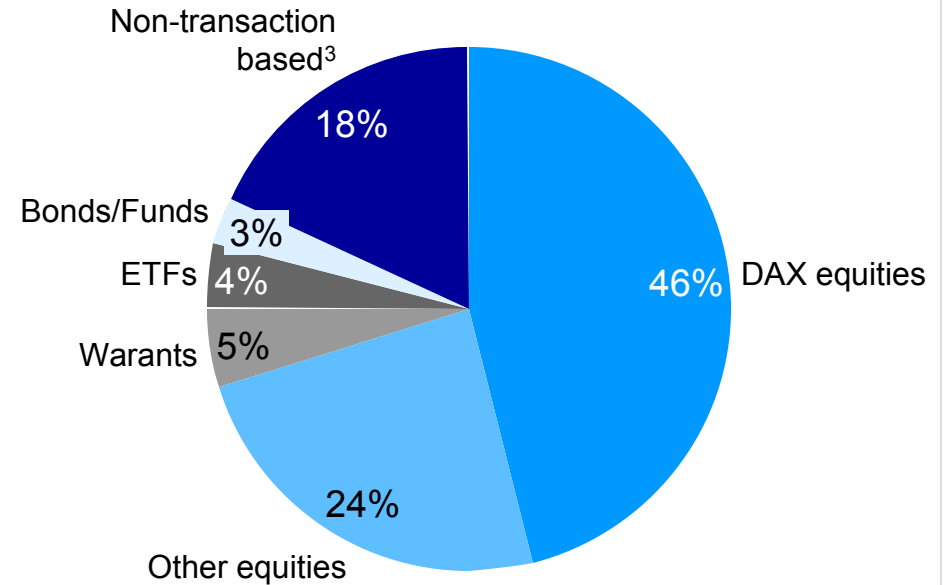
## Cash Market – Net Revenue Recovering In 2013 And Q1/2014

### Development of net revenue and EBIT



### Breakdown of net revenue by product

Q1/14; €44 million



1) 2006-2012 adjusted for new financial reporting introduced in Q1/2013 (2006-2007 approximated)

2) Adjusted for costs for efficiency programs and merger related costs (2010-Q1/14)

3) Mainly consists of listing, admission and member fees

1

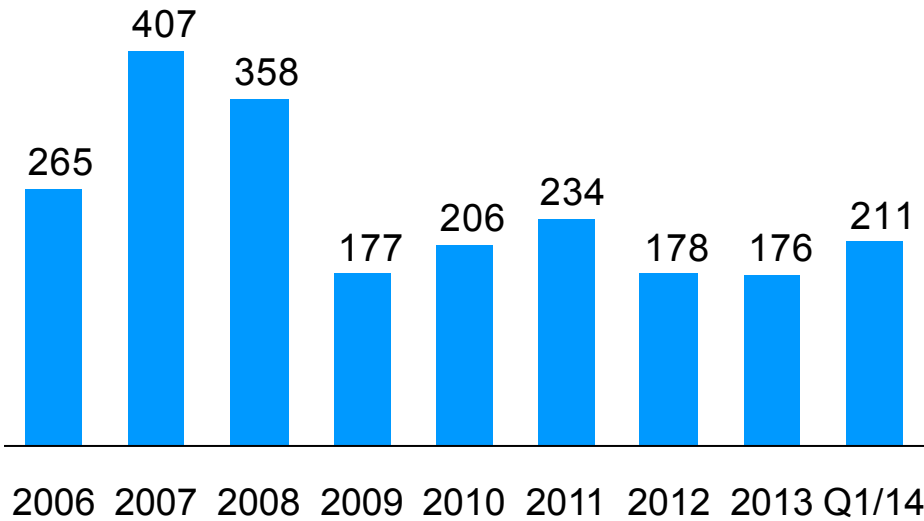
# Cash Market – Trades And Turnover Drive Revenue; 76 Percent Of Turnover Generated Outside Germany

## Development of Cash Market volumes

Number of Xetra trades (m)  
(monthly average)

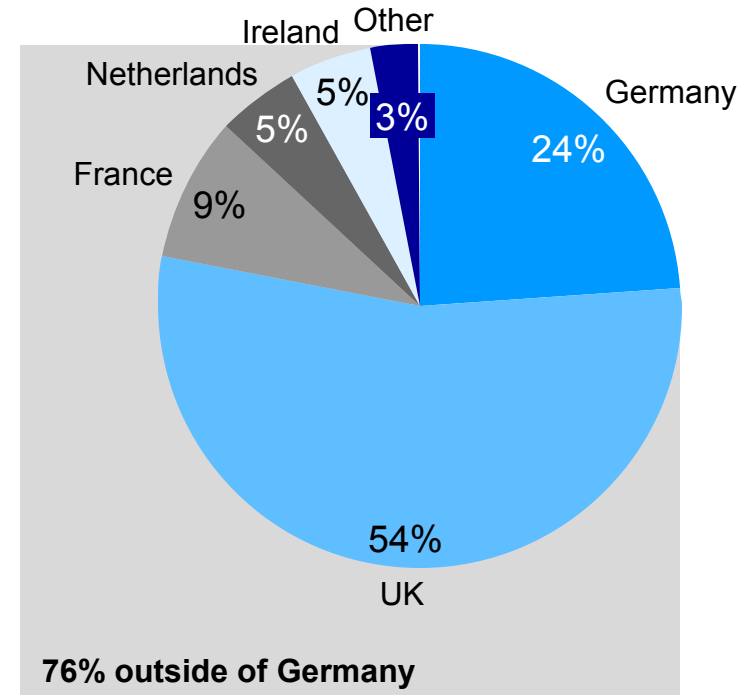
9.0 14.7 18.8 14.0 16.0 21.6 16.2 15.9 18.5

Xetra total turnover<sup>1</sup> (€bn)  
(monthly average)



## Total turnover by member country

Q1/14; €633 billion<sup>1</sup>



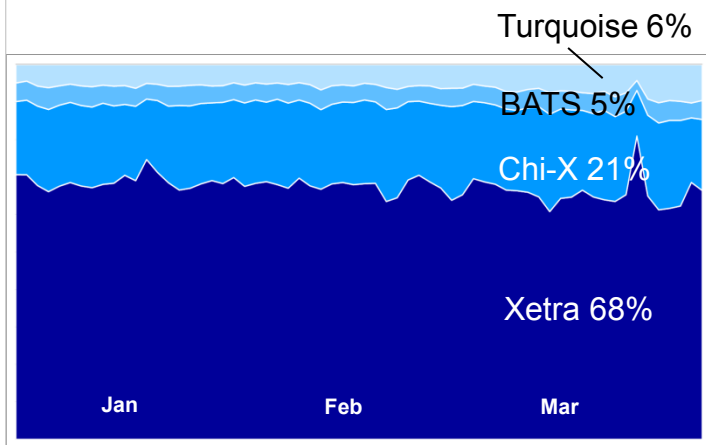
1) Double counted; i.e. each side (buy/ sell) is counted

1

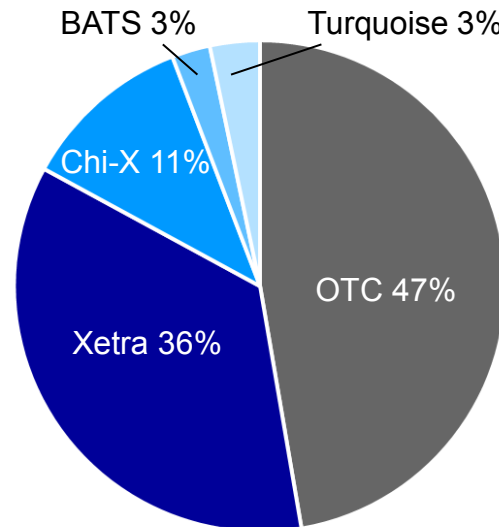
# Cash Market – Strong Position In German Blue Chips; Migration Of OTC Order Flow Yields Growth Potential

## Market share development German blue chips

1) DAX on Xetra and other pan-European venues<sup>1</sup> (Q1/2014)



2) DAX on Xetra, other pan-European venues and OTC<sup>2</sup> (Q1/2014)



■ Xetra    ■ Chi-X<sup>3</sup>    ■ BATS<sup>3</sup>    ■ Turquoise

## Description and outlook

- Xetra maintains **stable market share** in German blue chips and provides price discovery based on efficient processes and attractive order flow
- Ongoing MiFID review with **potential** to initiate **migration of order flow** from OTC trading to transparent venues with secure post-trade infrastructure

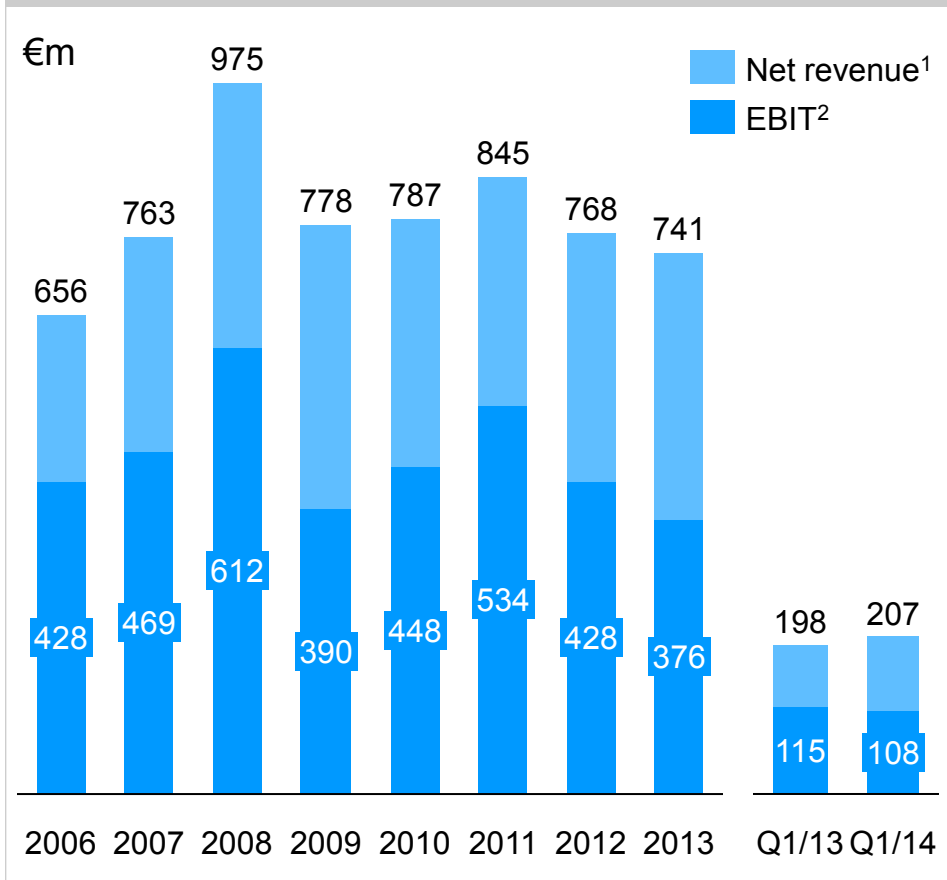
1) Source: LiquidMetrix

2) Source: Bloomberg

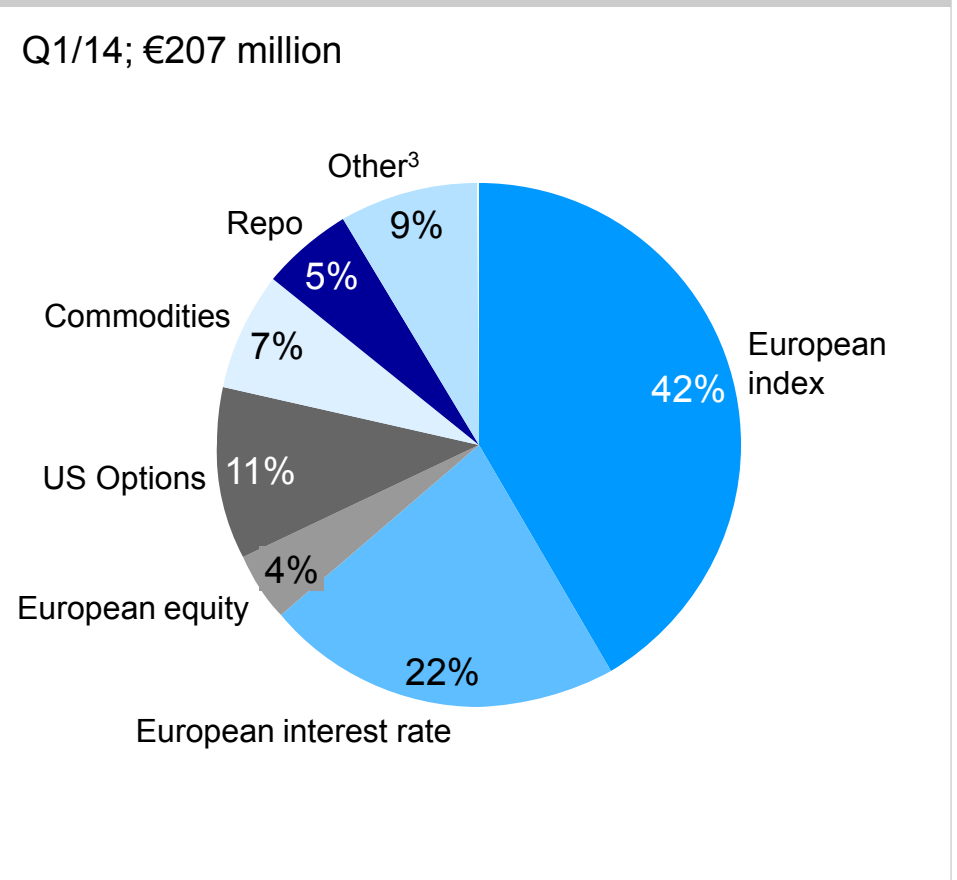
3) Respective separate order books of merged BATS Chi-X Europe

## 2 Derivatives Market – Development Of Net Revenue And EBIT

Development of net revenue and EBIT



Breakdown of net revenue by product



1) 2006-2012 adjusted for new financial reporting introduced in Q1/2013 (2006-2007 approximated); since 2008 ISE included; since 2014 EEX included

2) Adjusted for costs for efficiency programs and merger related costs (2010-Q1/14) and the one-off gain relating to Direct Edge and BATS merger (Q1/14)

3) Mainly consists of market data, admission and member fees

**2**

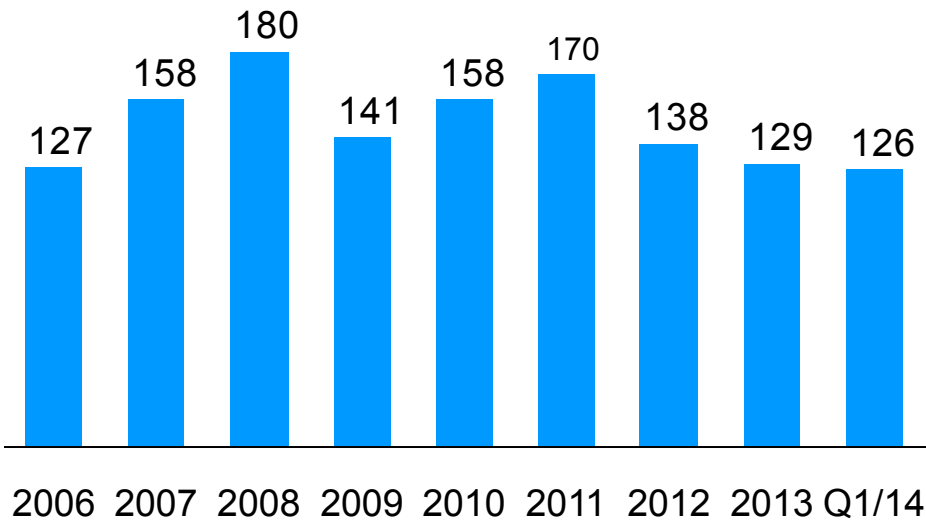
# Derivatives Market – Number Of Contracts Traded Drives Revenue; 92 Percent Of Volume Generated Outside Germany

## Development of derivatives market volumes

Number of Eurex trades<sup>1</sup> (m)  
(monthly average)

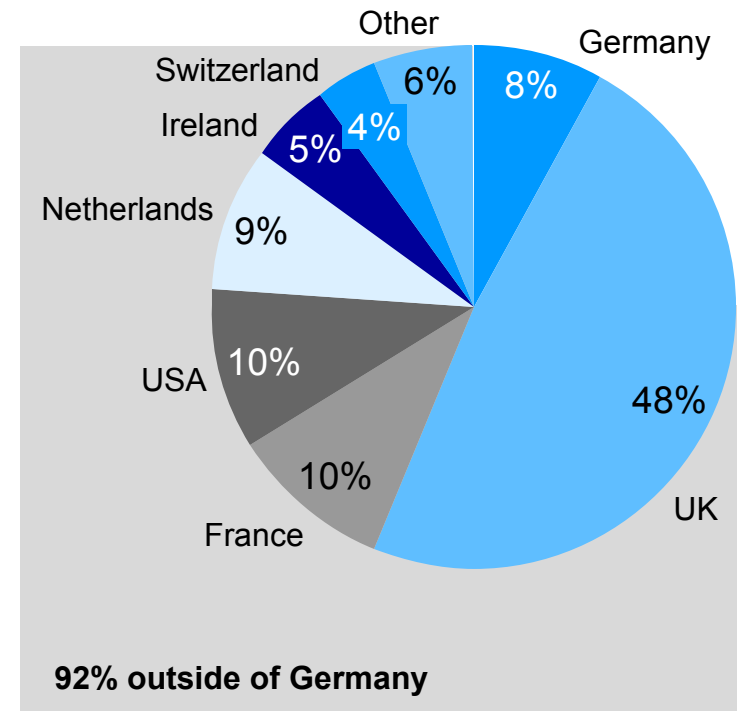
4.0    5.3    8.6    7.6    8.0    10.0    8.7    8.4    8.8

Eurex traded contracts<sup>1</sup> (m)  
(monthly average)



## Eurex volume by member country

Q1/14; 757 million traded contracts<sup>2</sup>



1) Single counted  
2) Double counted

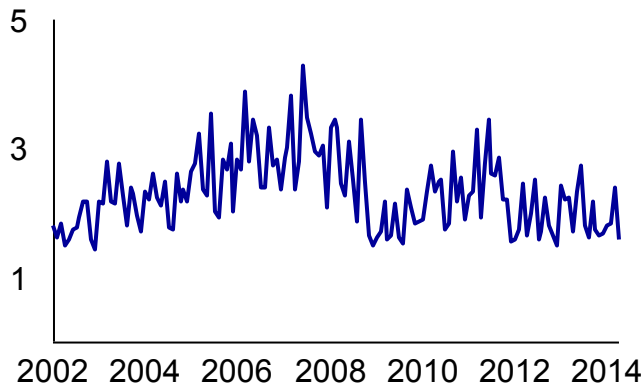


2

## Derivatives Market – Resistant To Difficult Market Conditions; Recovery Potential In European Rates And Index Derivatives

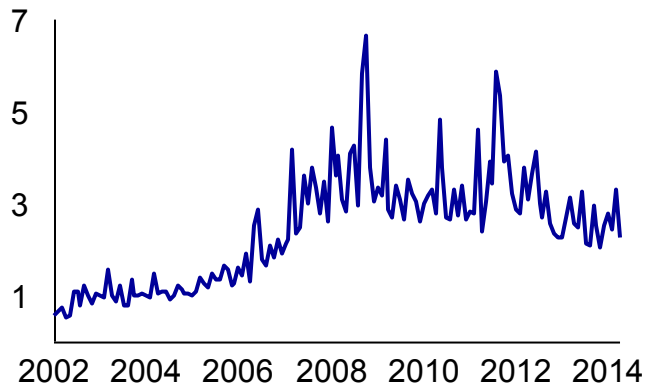
### European Interest Rate Derivatives

Daily traded contracts 2002 – May 2014 in million



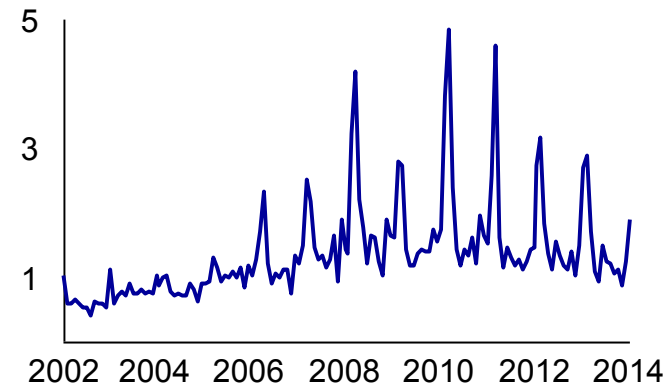
- Trading activity decreased in EU and US since 2011 due to continuously falling interest rates and volatility
- Q1/2014: Development differs between US and Europe:
  - US: Increase in volumes mainly driven by the short end of the yield curve
  - FED announcement in December 2013 to reduce their bond-buying program; change of interest expectations and volatility
  - Europe: Volumes have suffered from gradually declining European yield levels and interest expectations

### European Index Derivatives



- Until fall 2011, investors were focused on trading Euro benchmark products, in particular Eurex' EURO STOXX 50 derivatives (all-time-high volume in Q3/2011)
- Euro crisis (and accompanying short-selling bans) partially shifted investment interests to regional index products including DAX and FTSE or to products outside Europe (Emerging Markets, US or Asian markets)
- Since the beginning of 2014 markets are moving sideward and volatility is low – Creates challenging environment for index derivatives

### European Equity Derivatives



- Uncertainty regarding the future of the Euro zone has strongly reduced stock holdings by asset managers and caused less demand for hedging or yield enhancement
- Market shares and volumes at Eurex are growing in 'non-core' equity option segments (Dutch, French, Spanish and Italian)
- Since mid 2013 Eurex holds, on average, the highest market share in Single Stock Futures amongst European exchanges
- Dividend season creates peaks in volumes in the months April and May

2

# Derivatives Market – Market Environment In Transformation Globally

## Changes in derivatives market environment

### Market

- New regulatory framework expected to increase cost of trading – increasing capital requirements drive focus on capital and cost efficiency
- Mid- to long-term market growth expected in Asia
- Regulatory differences between US and Europe divide previously global market, i.e. differences in timeline and scope for OTC clearing obligation create un-level playing field

### Products

- Low volatility, low interest rate remains a challenge in Europe
- OTC and listed derivatives getting 'closer' to each other – OTC clearing first opportunity, development of listed trading products to follow
- Commodity products expected with sustainable strong demand

### Customers

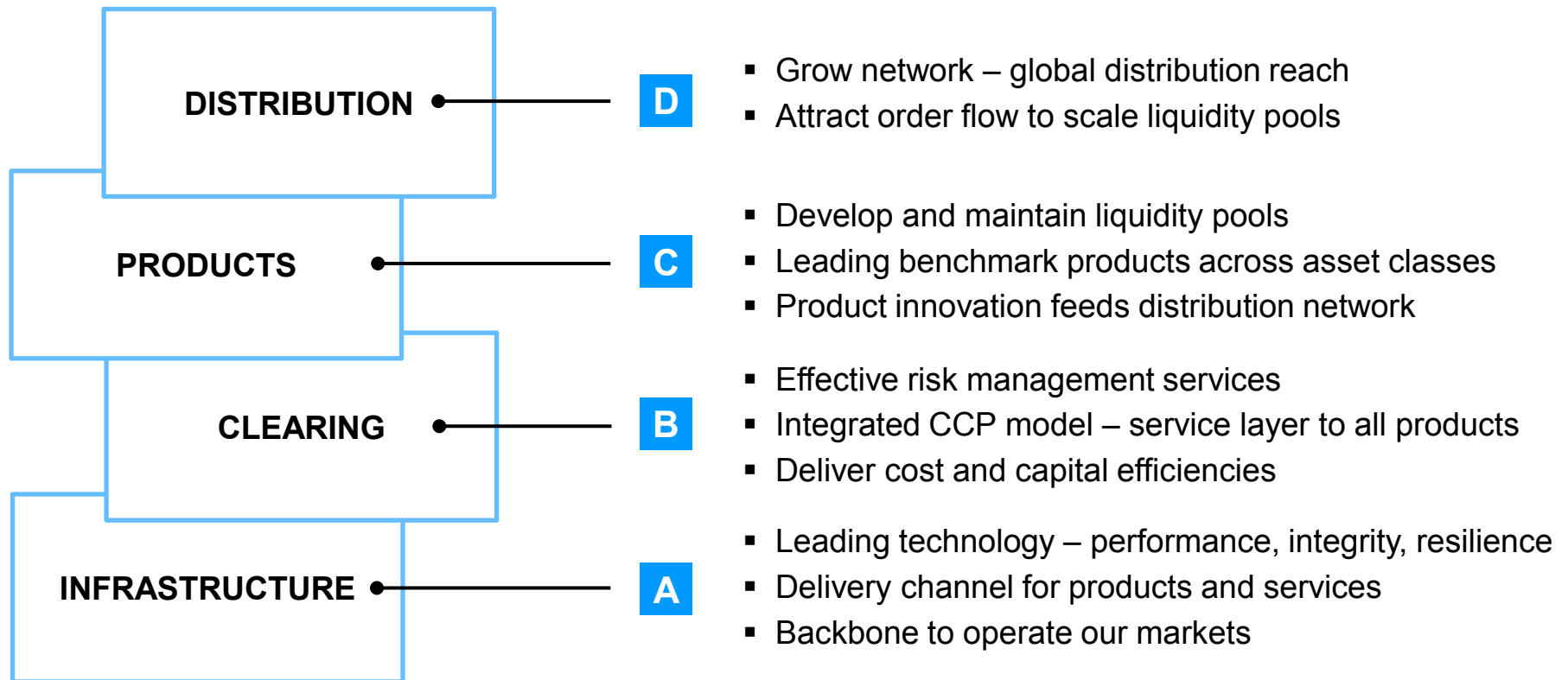
- Banks facing 'triple transformation' – economic, business model and cultural change
- Clearing value proposition expected to increase acceptance of CCP clearing across types of market participants, i.e. banks, asset managers, corporates

### Competition

- Competition increasing both in derivatives trading and clearing – drives product and service innovation
- Efficient risk management key to manage costs (cross / portfolio margining) – only a few players have the scale to deliver superior value and efficiency

2

## Derivatives Market – Business Model: Combination Of Four Success Factors Drives Competitive Position



## A

# Infrastructure Migration In Plan – New Backbone For Market Operations, Co-operations And Innovation

## T7 Trading

- Derivatives market migration successfully completed in 2013 – Eurex markets running on new architecture, further build out on-going
- New basis for co-operations in market development – Bombay Stock Exchange (BSE) running cash and derivatives market on T7 basis

## C7 Clearing

- Initial release in June 2014 – Eurex Clearing migration scheduled for mid 2015
- Basis to launch Eurex Clearing Asia – new clearing house in Singapore

## PRISMA Risk

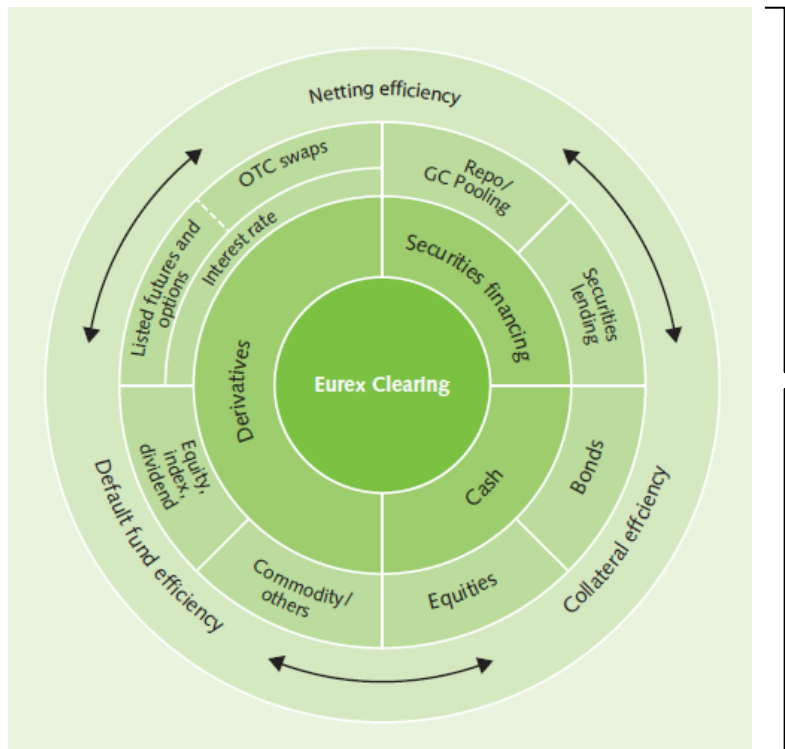
- New risk model introduced in a first step – Gradually expanding to cover complete product portfolio
- Unlocks capital efficiencies – Enabling portfolio based risk management and cross-margining (OTC/ listed derivatives)
- Release 2.0 in May 2014 – Covers interest rate derivatives, delivers cross-margining for EurexOTC Clear and Eurex listed products

B

# Clearing – Integrated CCP Model Of Eurex Clearing Increases Cost And Capital Efficiencies For Clients

## Integrated CCP model of Eurex Clearing

## Key cost and capital efficiency drivers<sup>1</sup>



### 1 Netting efficiency

Multilateral risk netting may be complemented by cross-product exposure netting as well as **cross-margining via Eurex Clearing PRISMA**

### 2 Default fund efficiency

CCPs with **significant existing exposures primarily in a single currency** across products under a **single default fund** lead to higher efficiency in terms of funding & capital requirements

### 3 Collateral efficiency

CCPs with a **large spectrum of eligible collateral, re-use of other assets** (e.g. GC pooling) and **central bank access** mitigate funding issues for clients

1) Source: "The Future of Central Clearing-Maximizing capital and cost efficiency through an integrated cross-product CCP clearing service", Eurex Clearing, Oliver Wyman 2014  
[http://www.eurexgroup.com/blob/group-en/46536-901130/890470/5/data/otc\\_clear\\_the\\_future\\_of\\_central\\_clearing\\_wyman\\_study.pdf](http://www.eurexgroup.com/blob/group-en/46536-901130/890470/5/data/otc_clear_the_future_of_central_clearing_wyman_study.pdf)

B

# Cross-product Margining Is Key Driver For Efficiencies In Interest Rate Derivatives

Additional future saving potential over baseline CCP<sup>1</sup>

Global/ Regional Bank	Up to <b>+0.1-0.15</b> Bps/ Notional	<b>+50-100%</b>
Hedge Fund	Up to <b>+30-45</b> Bps/ AuM	n/a
Fixed Income Mutual Fund	Up to <b>+0.6-1.0</b> Bps/ AuM	<b>+45-70%</b>

Key Driver

- **Cross-product margining** in EUR interest rate derivatives – in particular the possibility to use cheaper and more flexible exchange traded derivatives to manage exposures
- **Default fund efficiency** – in particular funding and capital savings related to directional client portfolios
- **Cross-product margining** in EUR interest rate derivatives
- **Improved terms** for clearing and execution derived from benefits for **execution and clearing broker**
- **Broad eligible collateral range**
- **Improved terms** for clearing and execution derived from benefits for **execution and clearing broker**

**Cross product margining creates new possibilities to manage exposures in particular for banks using cheaper and more flexible exchange traded derivatives to manage their house account**

1) Baseline CCP characteristics: Silo'd product and default fund structure and narrow collateral spectrum; figures subject to review given the publication of the final rules for bank exposures to CCPs on 10 April 2014

Source: "The Future of Central Clearing-Maximizing capital and cost efficiency through an integrated cross-product CCP clearing service", Eurex Clearing, Oliver Wyman 2014  
[http://www.eurexgroup.com/blob/group-en/46536-901130/890470/5/data/otc\\_clear\\_the\\_future\\_of\\_central\\_clearing\\_wyman\\_study.pdf](http://www.eurexgroup.com/blob/group-en/46536-901130/890470/5/data/otc_clear_the_future_of_central_clearing_wyman_study.pdf)

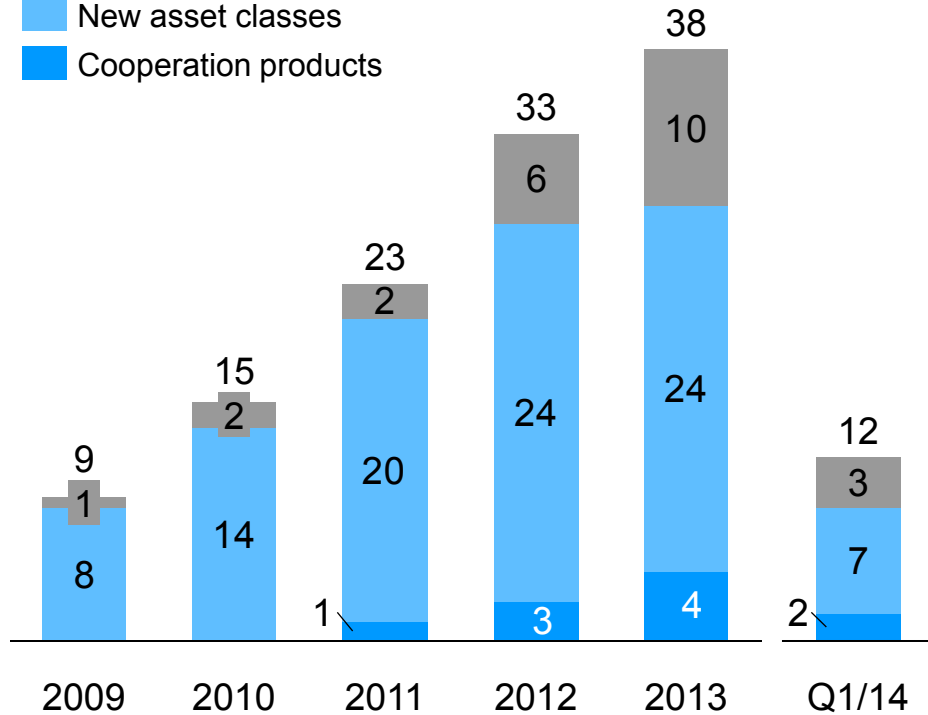
C

## Product Innovation – New Products Increasingly Contribute To Top-line Development

### Net revenue contribution of new products

€m<sup>1</sup>

- Existing assets classes
- New asset classes
- Cooperation products



1) Products introduced since 2008

### Product innovations since 2008

#### Existing Asset Classes

- Index Derivatives: MSCI Indices on several regions, such as World, Europe, Russia, Japan and Emerging Markets; RDX USD (leading Russian DR index)
- Interest Rate Derivatives: Eurex offers some of the world's most heavily traded interest rate derivatives; products allow to manage interest rate risk and serve as a standard reference when comparing and evaluating interest rates in Europe; extension of government bond future offering after yield spread widening with European sovereign crisis: Italian (BTP) and French (OAT) government bond futures

#### New Asset Classes

- Dividend Derivatives & Volatility Derivatives complete Eurex' portfolio in equity based asset classes to enable the feasibility of more and different trading strategies

#### Cooperation products

- KOSPI Options, being one of the most traded index options globally; volumes driven by Korean participants (~50% market share) attract professional traders (Q1/14: +60%)

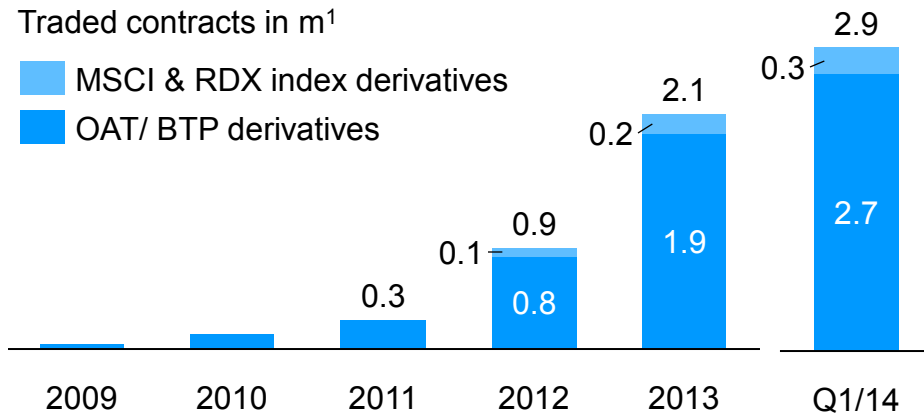
C

# Product Innovation – Positive Development In Existing And New Asset Classes

## Product innovation in existing asset classes

Traded contracts in m<sup>1</sup>

■ MSCI & RDX index derivatives  
■ OAT/ BTP derivatives



### Interest Rate Derivatives

Growth in Italian (BTP, +47% y-o-y<sup>2</sup>) and French (OAT, +38% y-o-y<sup>2</sup>) government bond futures, good acceptance after yield spread widening with European sovereign crisis

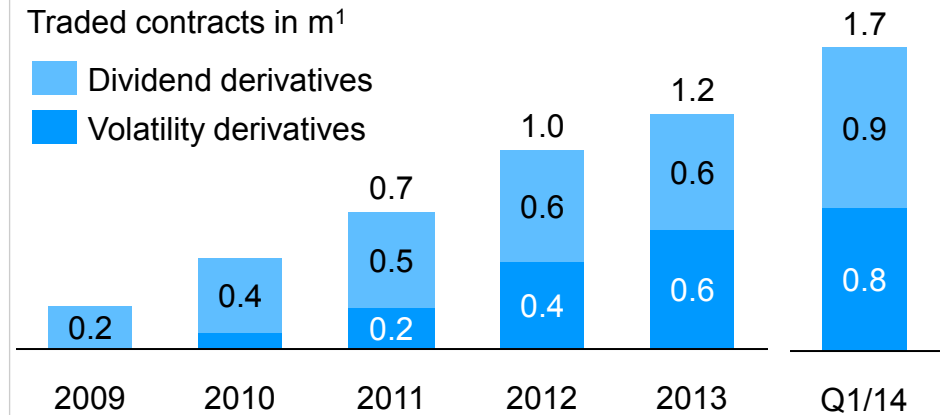
### Equity Index Derivatives

Growth of +47% y-o-y<sup>2</sup> in MSCI Indices (mainly in MSCI Russia, Europe, World and Emerging Markets);  
RDX USD Index with +45% y-o-y<sup>2</sup> by traded contracts

## Product innovation in new asset classes

Traded contracts in m<sup>1</sup>

■ Dividend derivatives  
■ Volatility derivatives



### Volatility Derivatives

Strong client interest in Europe; admission of VSTOXX futures in the US (August 2012) facilitated further volume increase (+29% y-o-y<sup>2</sup>)

### Dividend Derivatives

After counterparty risk issue in 2008, OTC dividend swap volumes in Euro STOXX 50 began to move to listed dividend derivatives; volumes outperformed former OTC volumes (+51% y-o-y<sup>2</sup>)

1) Monthly average; single counted

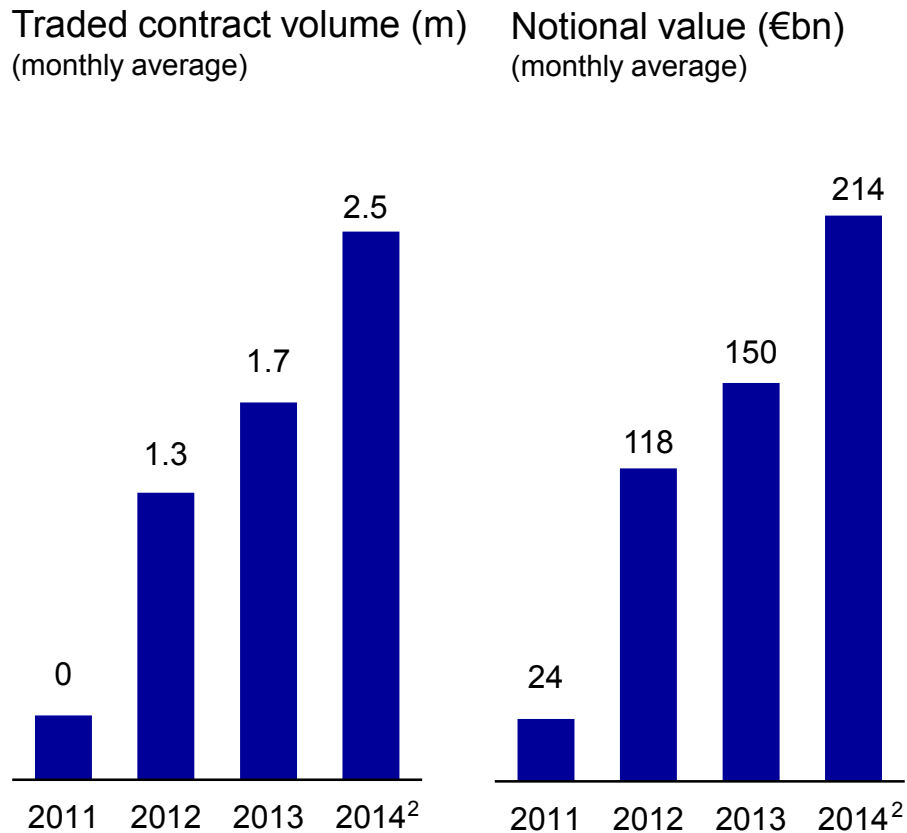
2) Monthly average Q1/2014 vs. FY/2013





## Product Innovation – Co-operation Products A Successful Format: Eurex KOSPI Product Developed Into Attractive Liquidity Pool

### Development of KOSPI 200 Options<sup>1</sup>



### Key developments

- Since launch in 2010, over 80 million contracts have been traded in the Eurex KOSPI Product (as of end of April 2014)
- Average daily volume exceeded 110,000 contracts in April 2014, a y-o-y increase of 43%; the average daily trading value amounts to KRW 48.9 million - 8% of the daytime value
- 22 KRX and 22 Eurex members are participating in the Eurex/ KRX Link, 2 more firms are preparing their readiness
- 5 market makers are now quoting actively during core European trading hours
- Healthy mix of market participants with 50% retail flow out of Korea, 50% contributed by international, institutional investors
- In early 2013, Eurex received the permission from the Korean Financial Services Commission (FSC) to offer its full suite of products directly in Korea
- In October 2013, Eurex welcomed Woori Futures as its first NCM out of Korea; another Korean firm is currently in the admission process

1) Single counted; adjusted for contract size change until June 2012

2) Q1/2014

C

# Product Innovation – Full Product Pipeline In 2014

	<b>February</b>	<b>Index derivatives on four Vienna Stock Exchange (VSE) indices</b> covering Austria, CEE and Russia, additional products on VSE indices, e.g. China, Poland or Turkey considered
	<b>March</b>	<b>1-4 year EURIBOR Mid-Curve Options</b>
	<b>May</b>	<b>TAIEX index futures and options</b>
	<b>June</b>	<b>TA-25 index futures</b> cooperation agreement with the Tel Aviv Stock Exchange was concluded in Dec 2013 to launch TA-25 index futures in USD; provides access to the Israeli market for international market players; TA-25 index options at TASE are among the top 10 index options globally
	<b>July</b>	<b>Foreign Exchange (FX) Futures and Options</b> listed currency futures and options on the following main currency pairs: EUR/USD, EUR/GBP, EUR/CHF, GBP/USD, GBP/CHF, and USD/CHF - Eurex will offer physical settlement of contracts, i.e. Delivery of the respective currencies via the international currency settlement system Continuous Linked Settlement (CLS)
	<b>September</b>	<b>One-month EUR Secured Funding Futures</b> referencing the STOXX GC Pooling EUR Deferred Funding Rate based on short term order book repo transactions on Eurex Repo's successful GC Pooling repo market; first product globally allowing hedging and trading of euro secured interest rate risk  <b>Euro Swap Futures; 2, 5, 10 and 30 year interest rate swap futures</b> Eurex plans to launch 2, 5, 10 and 30-year Euro denominated Swap Futures which will be physically delivered into a standard OTC Interest Rate Swap with EurexOTC Clear for IRS at expiry – completes offering for the euro interest rate curve, enabling participants to trade swap and swap spread risk, cross-margining with Eurex highly liquid government bond futures
	<b>November</b>	<b>Euribor Futures</b> – further enhancement for pack's and bundles, strips and futures strategies with release T7 2.5

C

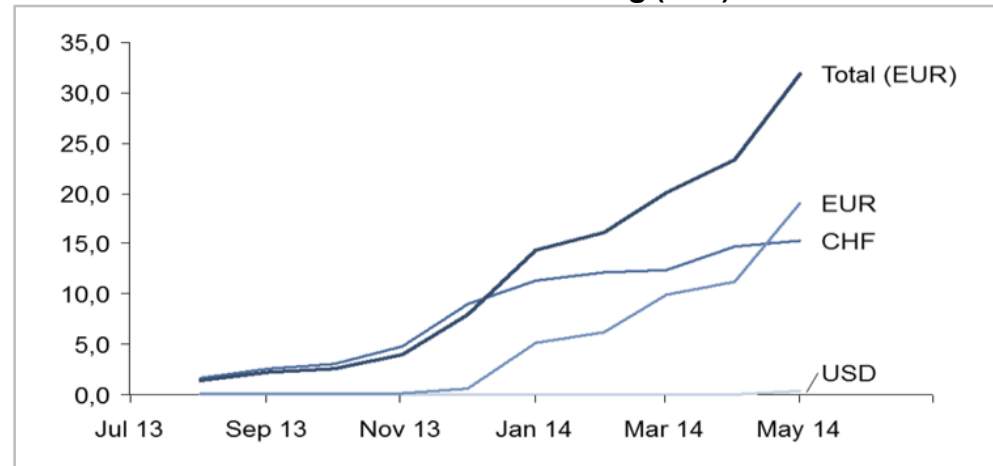
# EurexOTC Clear – Significant Progress In Client Admission And Clearing Volumes

- **33 admitted Clearing Members** – including all major global dealers; more than 50 expected until end of 2014
- **Over 140 buy-side clients** active in on-boarding process
- **Union Invest first major asset manager** live in Individual Segregation with approx. 100 underlying funds
- **Clearing activity significantly increased since beginning of the year** – more counter-parties start to actively clear house business
- Clearing of **client business** expected to start in **Q4 2014**, subject to effectiveness of clearing mandate early 2015

## Admitted Clearing Members



## OTC IRS Volumes – Notional Outstanding (€bn)<sup>1</sup>



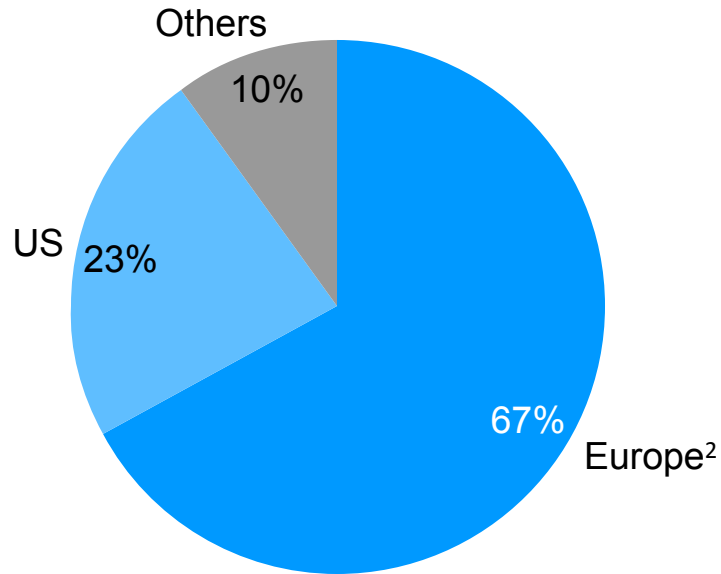
<sup>1</sup>) Monthly view of Notional Outstanding based on the ultimo value of the month



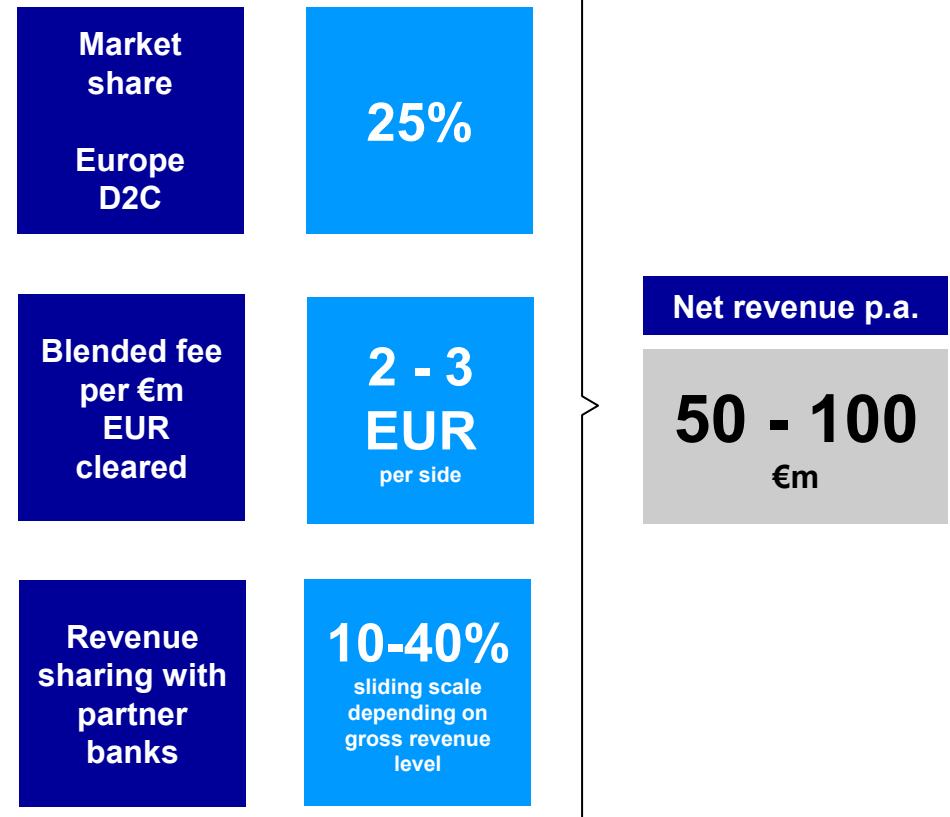
# EurexOTC Clear – Revenue Expectation For Interest Rate Swap Clearing

## Geographic distribution of IRS trading

€726 trillion traded volume p.a.<sup>1</sup>



## Net revenue expectation 2017



1) Triennial Central Bank Survey 2013 on <http://www.bis.org/publ/rpfx13irt.pdf> as of December 2013; assuming 80% of total business clearable

2) Assumption: D2D (Dealer-to-Dealer) 60%, D2C (Dealer-to-Client) 40%

D

# Asia – High Priority On Co-operations And Organic Expansion In 2014 And 2015

## Co-operations

- **Eurex / Taifex Link launched** - Eurex's members can access TAIFEX index derivatives during European & US core trading hours, leverages successful cooperation format
- **Bombay Stock Exchange (BSE)** - Joined Eurex technology roadmap in 2013; today, both derivatives & cash market running on Eurex T7 architecture, progress in derivatives market business development
- **Bank of China (BoC)** - Strategic partnership announced in March 2014, BoC trading and clearing participant, joint development of financial infrastructure to underpin further cooperation between China and Germany and to support the internationalization of the Renminbi

## Organic expansion

- **First clearing member in Asia** - United Overseas Bank Ltd. (UOB), Singapore

## Eurex Clearing Asia

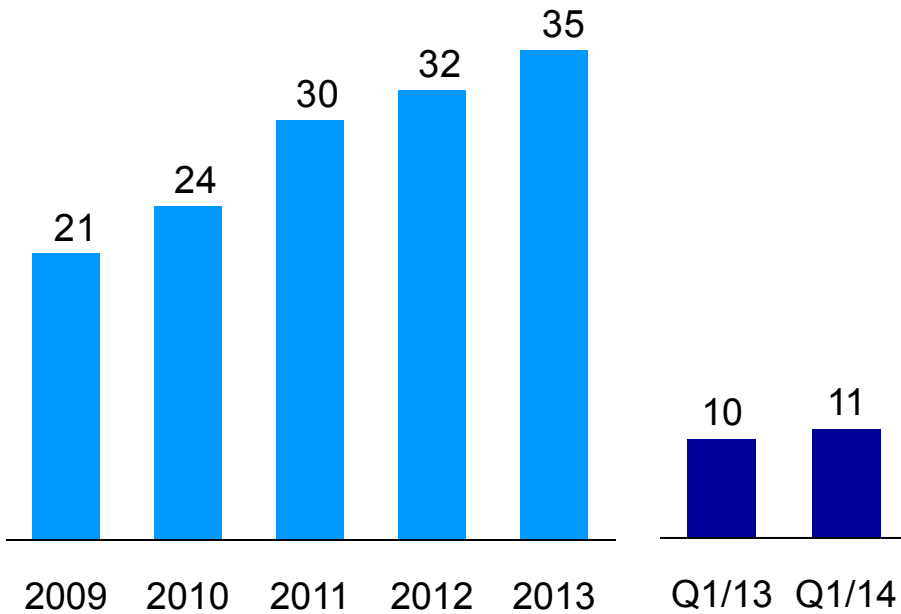
- Progress made in distribution to Asia over past years, next step is to expand service model on-site
- Eurex Clearing Asia in implementation, new clearinghouse in Singapore – enabling trading & clearing services for Asian market hours in combination with Eurex Zürich exchange
- First step is to enable distribution of Eurex benchmark products with local service model – further build out to Asian CCP, enabling comprehensive Asia market coverage and co-operations
- Leverages Eurex infrastructure and proven clearing model in a seamless design for customers – enabling new business opportunities and distribution expansion over mid- to long-term
- Implementation started – market launch targeted for H2/2015

3

# Eurex Repo – Continuous Net Revenue Growth

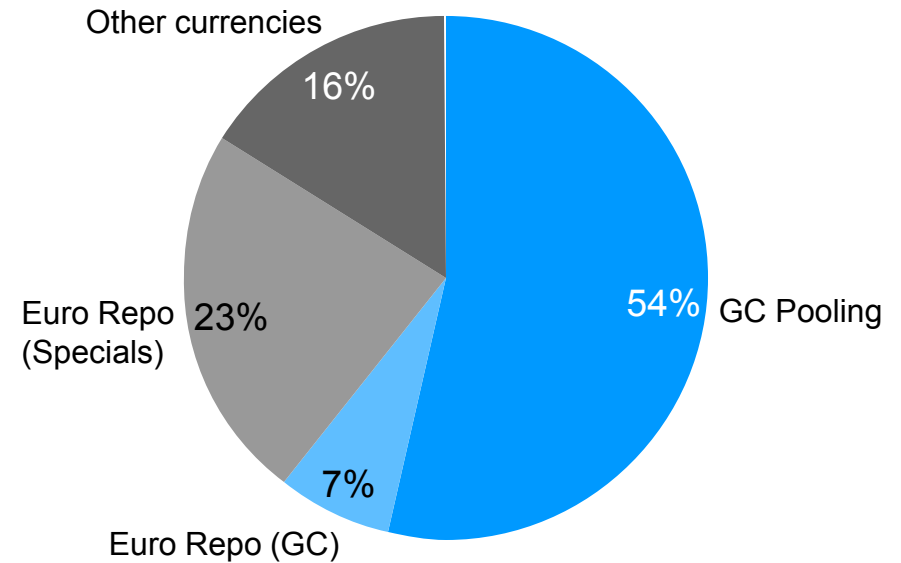
## Development of net revenue

€m<sup>1</sup>



## Breakdown of net revenue by market

Q1/14; €11 million



1) Trading & clearing fees; excluding Clearstream related fees; Q1/2014 includes one-off annual fees

3

## Eurex Repo – Business Model Expanding

### Key developments

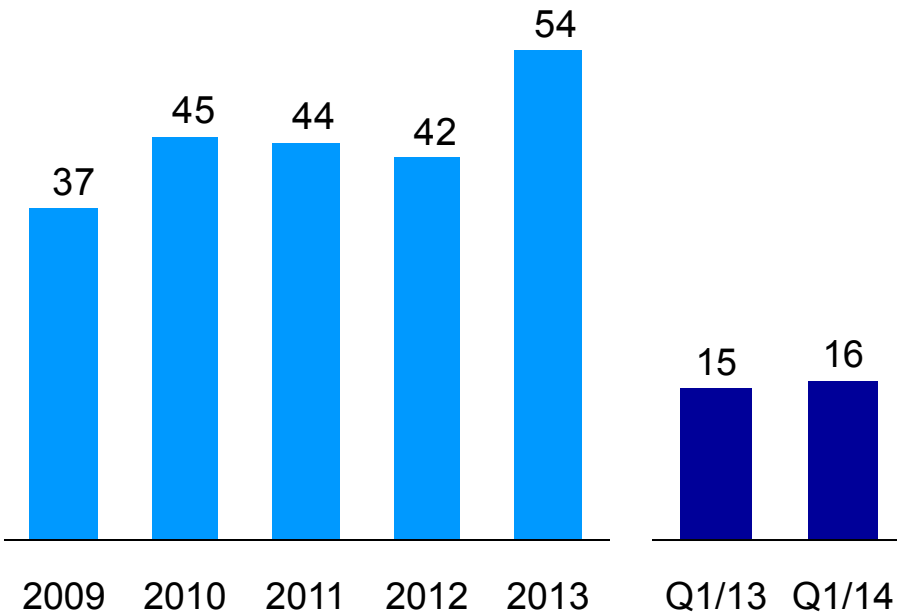
- **GC Pooling Market:** Multi-Currency Initiative: extension of international collateral baskets and cash-currencies e.g. CHF, DKK, GBP
- **GC Pooling Select:** First German corporate successfully executed GC Pooling Select trades in Q1-2014; extension to corporates in countries such as Austria, Switzerland, France, UK and Netherland as next step
- **SecLend Market:** First **SecLend trades** successfully executed in Q4-2013; extension to agency lending services successfully implemented
- **STOXX GC Pooling Index Family:** Secured cash driven EUR-funding calculated indices for short and long term funding based on GC Pooling Market (overnight to 12 months) as an alternative to the unsecured LIBOR fixing
- **Leveraging synergies with derivatives market:** Launch of 1-Month EUR Secured Funding Futures on Eurex based on STOXX GC Pooling Indices planned for 2014
- **Regional expansion:** Application submitted for a “Recognized Market Operator” in Singapore to admit potential Asian customers for GC Pooling
- **Systems/ Infrastructure:** Introduction of new Eurex Repo trading system (called “F7”); phased migration approach planned starting in November 2014

4

## European Energy Exchange (EEX) – Majority Shareholding Consolidated; Revenue Growth Accelerating In 2013 & Q1/2014

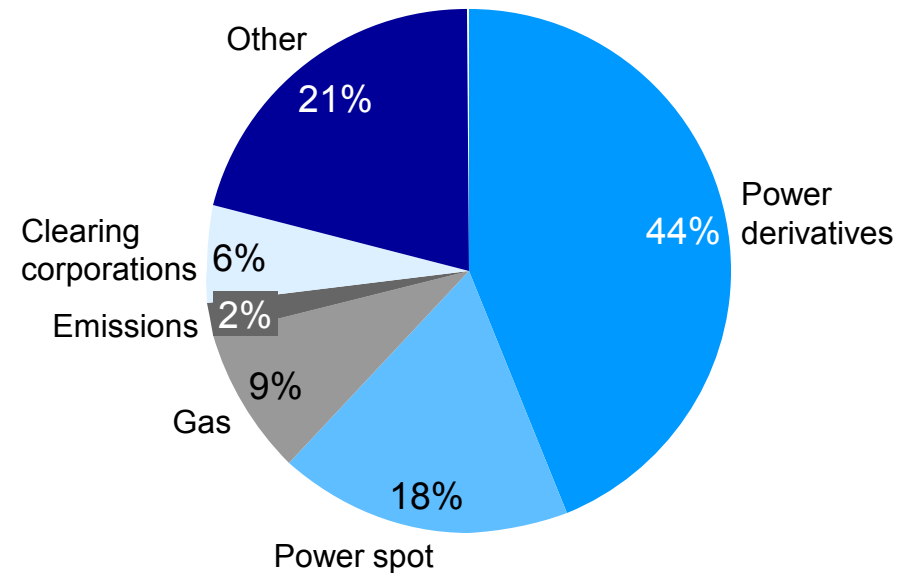
### Development of net revenue

€m



### Breakdown of net revenue by product

Q1/14; €16 million





4

## European Energy Exchange (EEX) – Contributes New Asset Classes To Eurex Group, Growth Potential In Commodities

### Strategic objectives

#### EEX strategically aims to expand both its product portfolio and geographical reach

- **Global energy trading** – expand EEX's presence worldwide, e.g. through cooperation with local partners
- **Global energy clearing** – add additional partner exchanges for its clearinghouse ECC, including new asset classes and regions
- **Multi-commodity offering** – develop new asset classes with growth potential, thus provide further cross-margining and netting benefits to EEX clients

In January 2014 **majority acquisition of Cleartrade Exchange in Singapore** –  
Expands business model into Asia and new asset classes (freight/ commodities)

#### Asset classes

Power

Natural Gas

Coal

Emissions

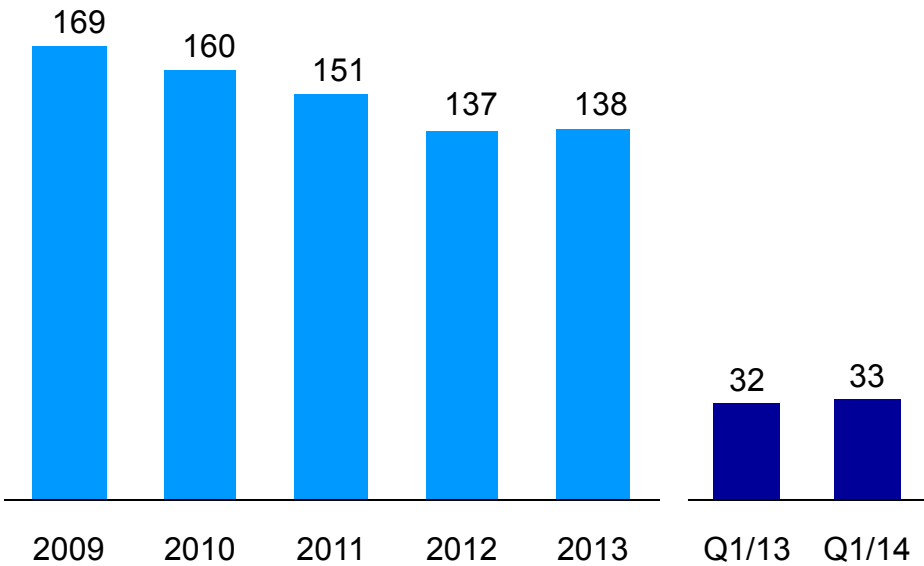
Guarantees of Origin

5

## International Securities Exchange (ISE) – Stable Net Revenue In 2013 And Q1/2014

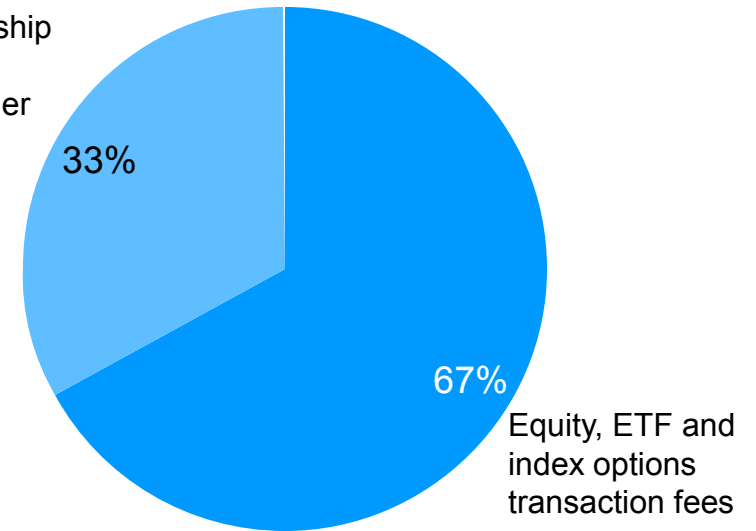
### Development of net revenue

€m



### Breakdown of net revenue by product

Q1/14; €33 million

ISE membership  
fees, market  
data, and other

5

## International Securities Exchange (ISE) – Well Positioned In Highly Competitive Environment

### Key developments

- The US options industry is **more competitive than ever with 12 exchanges competing** for order flow
- Technology continues to be an important competitive differentiator, and **ISE leads the industry with the T7 trading architecture**; ISE has focused on offering a robust suite of risk management tools to market makers and customers, which is increasingly important in today's market environment
- ISE's launch of ISE Gemini in August 2013 has been a successful aspect of ISE's competitive strategy, as ISE Gemini attracts business from a segment of the market not targeted by the original ISE exchange; **ISE Gemini was the fastest new exchange to reach 2% market share**, and YTD is averaging 3.1% equity options market share (adjusted for dividend trades)
- ISE has **received SEC approval** to launch a new options volatility product which will compete in this growing segment of the market; **ISE will launch options on the Nations' VolDex index later this year**
- Average daily volume for ISE and ISE Gemini (combined in Q1/2014) was 2.7 million contracts per day, representing a 1.8% increase compared **to YTD 2013**; as of 31 March ISE's combined market share (ISE and ISE Gemini) was 16.2% (adjusted for dividend trades)

# Cash & Derivatives Markets – Summary

## Key messages

- ▶ Comprehensive offering in cash and derivatives markets – solid revenue development in 2014 to date
- ▶ Eurex core products resistant to difficult market conditions – recovery potential in European interest rates and index derivatives
- ▶ Infrastructure migration in plan – new backbone for market operations, co-operations and innovation
- ▶ Eurex Clearing well positioned for new regulatory environment – integrated CCP model increases cost and capital efficiencies for clients
- ▶ Product innovation contributes to top-line development – full pipeline in 2014 for listed products, significant progress in EurexOTC Clear
- ▶ Asia market development high on management agenda – Eurex Clearing Asia in implementation, new opportunities in organic development and co-operations
- ▶ European Energy Exchange – accelerated revenue growth, strategic expansion of asset class coverage and strengthened commodity strategy

# Agenda

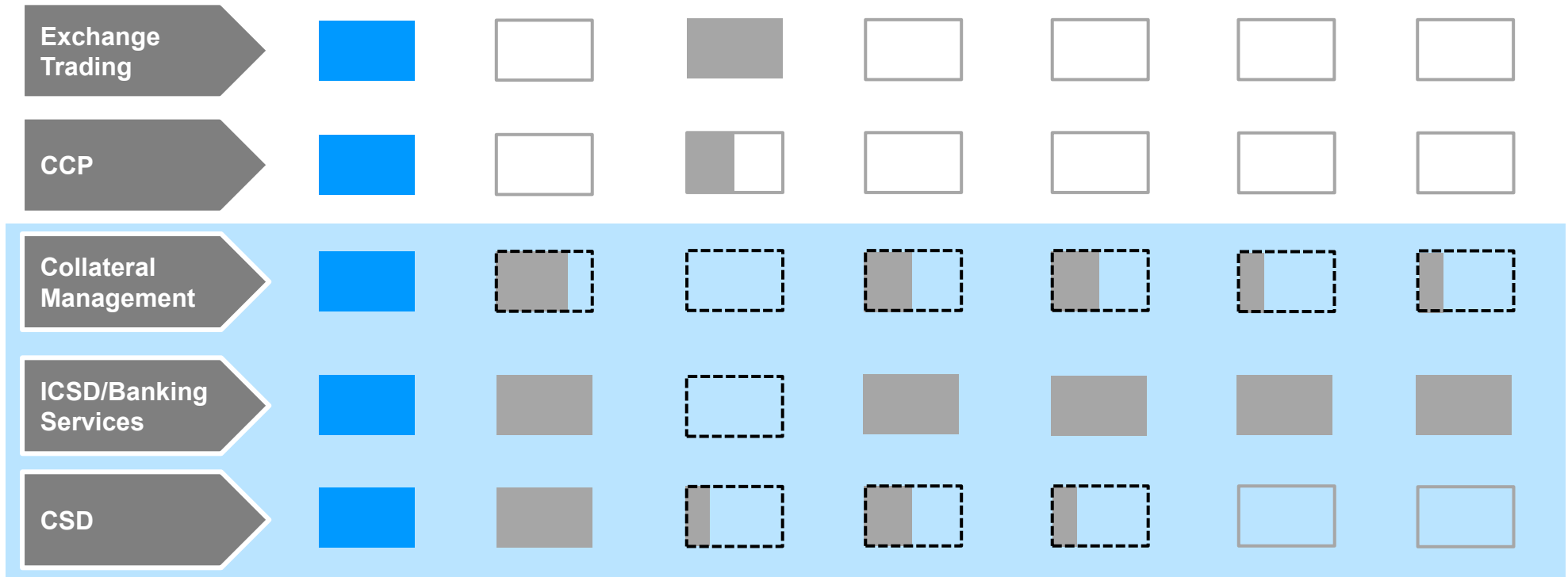
**Group Strategy/ Financials**

**Xetra/ Eurex – Cash & Derivatives Markets**

**Clearstream – Post-trade**

**Market Data + Services**

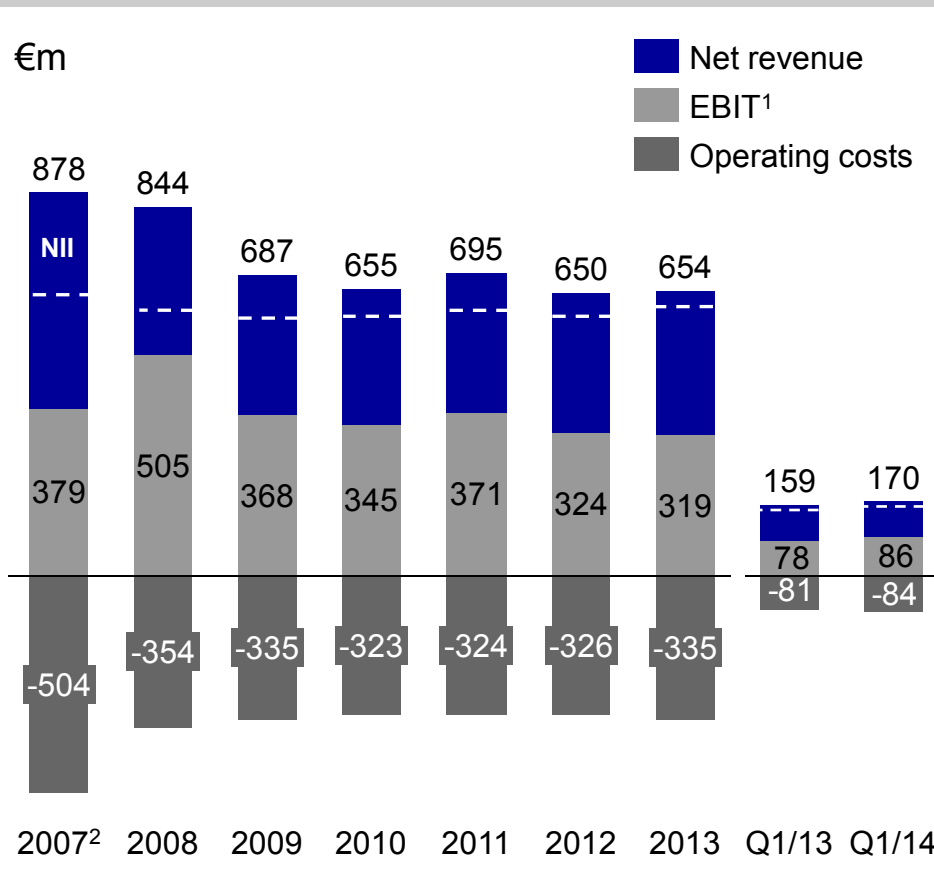
# Global Leadership Across The Value Chain – Post-Trade Excellence As A Differentiator



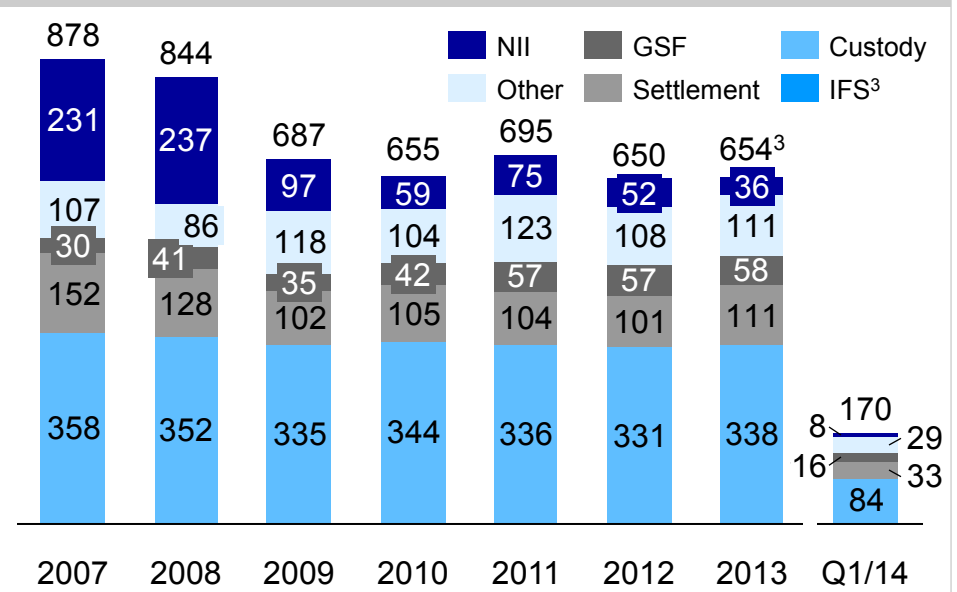
**No**    
  **Full**  
 Degree of service coverage    
  Recent Developments

# Revenue Resilience And Strong Cost Discipline

## Net revenue, cost and EBIT development



## Breakdown of net revenue by activity (€m)



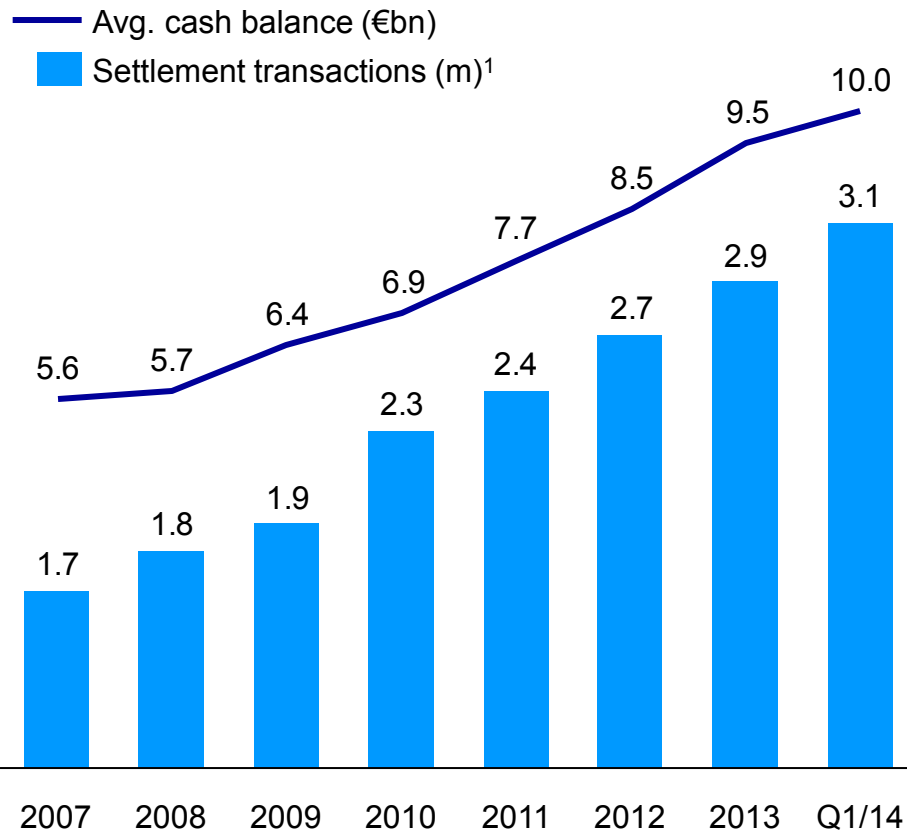
### Remarks

- Cost control consistently targets reduction in fixed costs across all functions and locations
- Volume-related cost kept stable despite custody growth due to efficient management of depository network
- Net Interest Income as significant up-side potential

1) Adjusted for costs for efficiency programs and merger related costs (2010-Q1/14), as well as costs relating to the OFAC settlement in 2013  
 2) Excluding a gain of €121 million relating to sale of buildings in Luxembourg  
 3) Of total 2013 net revenue, €81.3 million relate to Investment Funds Services

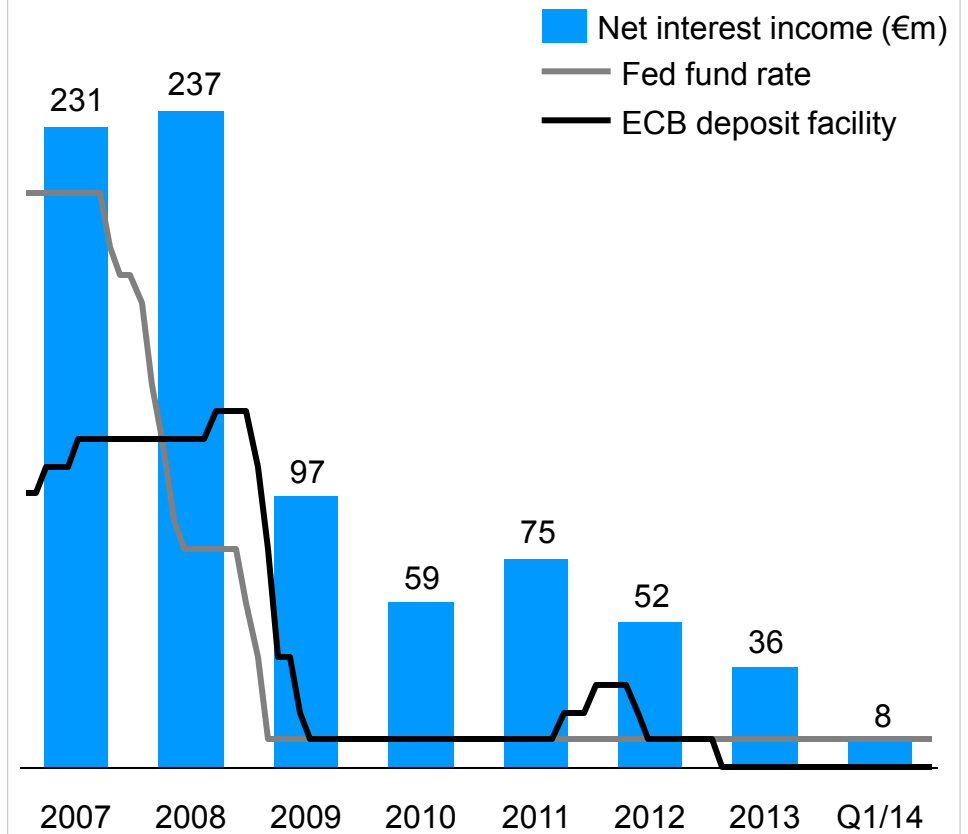
# Low Interest Rates Weigh On Net Interest Income Performance Despite High Cash Balances

## Settlement transactions & cash balances



1) Monthly average international OTC settlement transactions

## Interest rates & net interest income





# A Solid Business Model Offering Secure And Attractive Services

## Clearstream at a glance

- The only global CSD positioned at the core of an exchange group alongside a clearing house
- Offering integrated post-trade services on more than €12 trillion of assets under custody
- A gateway to access 54 markets
- Serving customers in more than 110 countries from 10 locations
- “AA” rated by Standard & Poor’s and Fitch

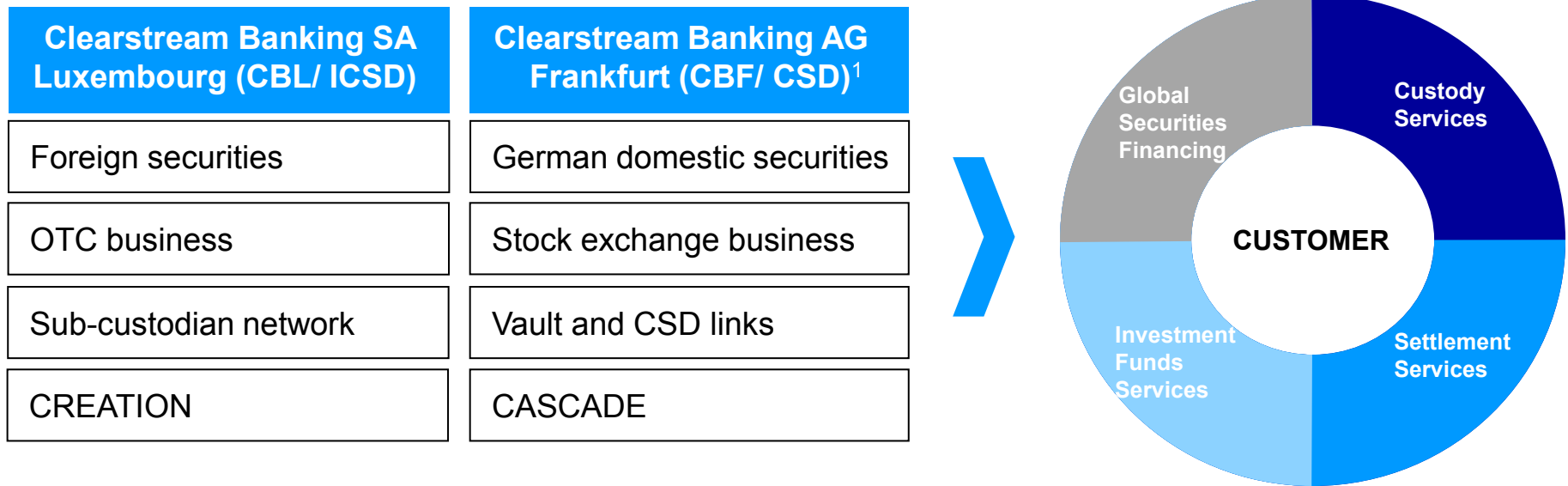
### Global Custodian Magazine:

- Top rated ICSD
- Top rated Triparty Agent

### Global Investor ISF Magazine:

- Top rated Triparty Agent

## One business model with international and domestic offering

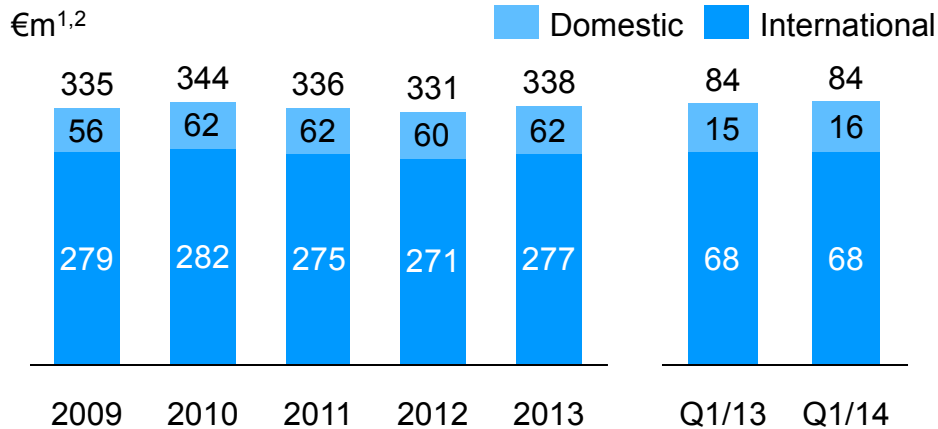


1) Clearstream Banking AG is also a 50% shareholder in the Luxembourg CSD



# Custody – Significant Inflow Of Assets Despite Increased Competition

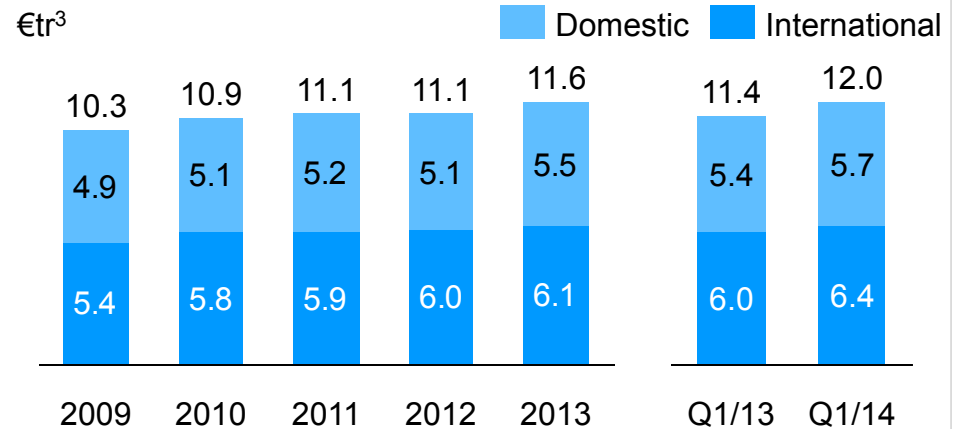
## Net revenue development



## Development 2013

- Closed 2013 with new record of €12 trillion assets under custody achieved through business wins from Euroclear & domestic markets
- Continuous service improvements seeking more direct market access and tailored service offering
- Client-led quality award: top-rated by Global Custodian as best ICSD

## Development of assets under custody



## Outlook

- Inflow of assets under custody from broker-dealers and investment banks with tailored service needs
- Inflow of Eurobonds and European assets from customers preparing for TARGET2-Securities
- Inflow of non-European assets: clients shifting global portfolio, increased intra-regional business (i.e. Asia)
- Roll out AIFMD<sup>4</sup> reporting service

1) Net revenue split before 2011 approximated due to change in reporting

2) Including Investment funds custody revenues

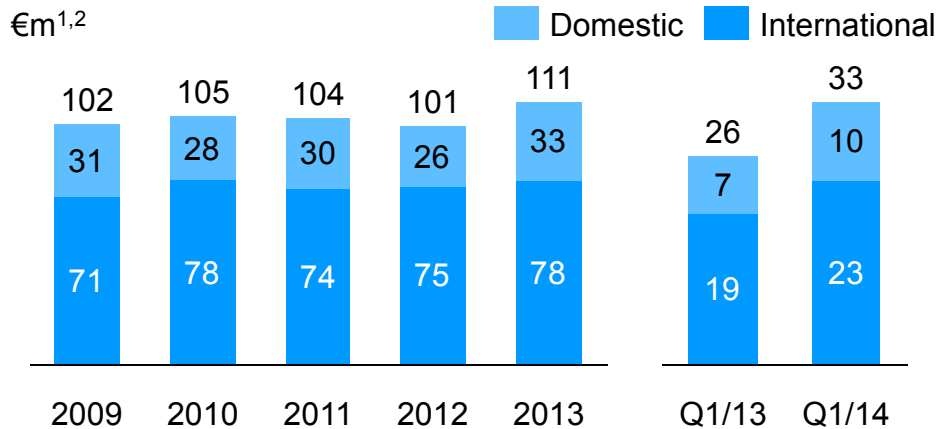
3) Average per period

4) Alternative Investment Fund Managers Directive

# Settlement – Higher Volume Reflecting Growth In On-Exchange And OTC Transactions



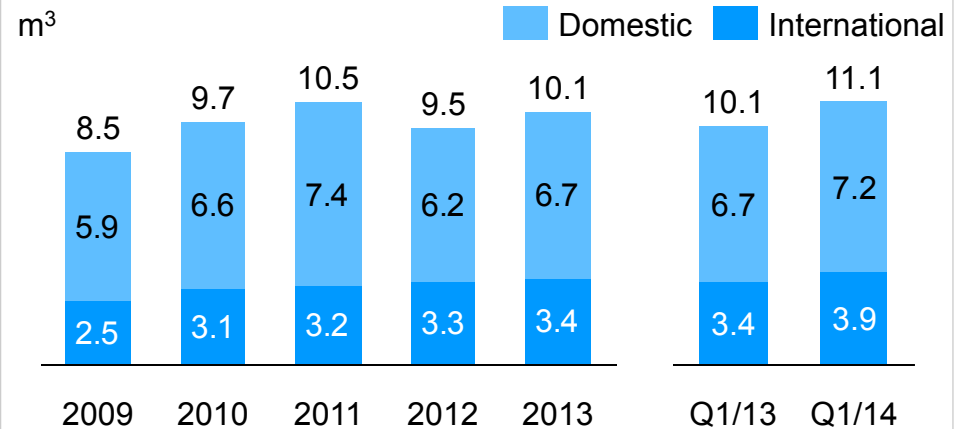
## Net revenue development



## Development 2013

- Announcement of T2S Pricing model and T2S local market partnerships
- International settlement was 80% OTC and grew by 5%; international figures reflect wins against competitors and domestic markets
- Domestic settlement was 65% on-exchange and grew by 7% in 2013, tracking recovery in Germany

## Development of settlement volumes



## Outlook

- Central bank money: migrate Clearstream into T2S
- Commercial bank money: enhancement to the Bridge pursuing ECB interoperability agenda
- Extend processing capability to cover the US business day
- Act as first-mover infrastructure for off-shore Renminbi

1) Net revenue split before 2011 approximated due to change in reporting

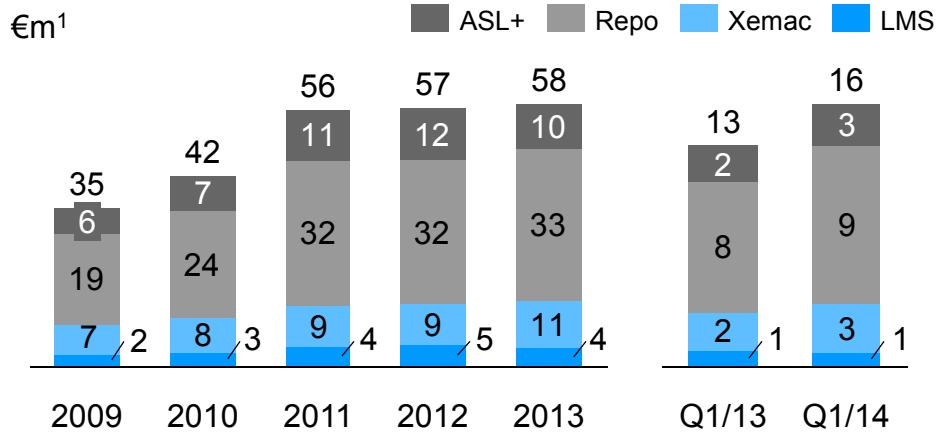
2) Including investment funds settlement revenues

3) Monthly average per period

# Global Securities Financing (GSF) – Maintaining Leadership Through Innovation



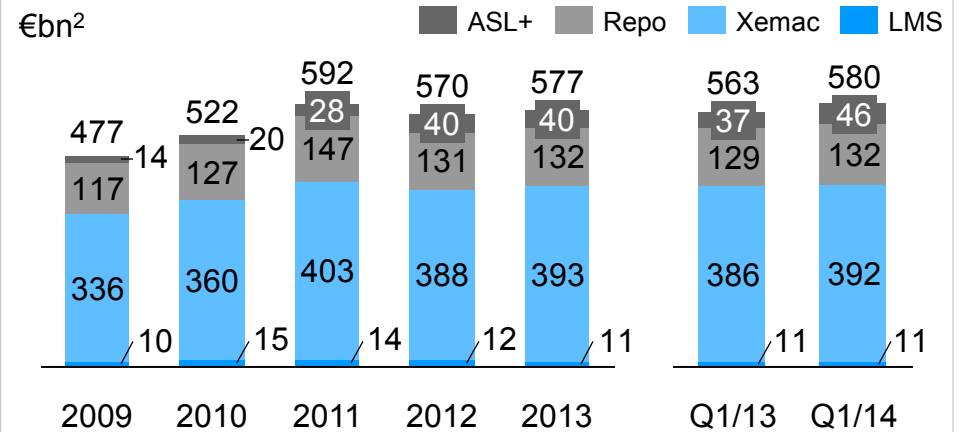
## Net revenue development



## Development 2013

- ASL growth at expense of Euroclear' offering
- Liquidity Hub go-lives (ASX, Strate, Iberclear, BNP) and new partners (Citi, Standard Chartered, SGX)
- Partnership with 360T and GC Pooling Select bringing the first mandates since live-date Q4/2013
- Adding Liquidity Hub exposure locations (Dubai)
- Increase in collateral management fees

## Development of GSF volumes outstanding<sup>1</sup>



## Outlook

- Continue to win business away from Euroclear
- Further Liquidity Hub partnerships with local CSD (Norway: VPS) and CCPs
- Extending SGX partnership to other Asian markets
- Secure further business via existing strategic partnerships and services (Bloomberg, TradeCycle with Commerzbank, Belfius Bank, ...)

1) ASL+: Automated Securities Lending plus; Repo: collateralized money market transactions; Xemac (GC Pooling®): collateral management system for the German market with links to Deutsche Bundesbank and Eurex; LMS: Lending Management System for the domestic market platform

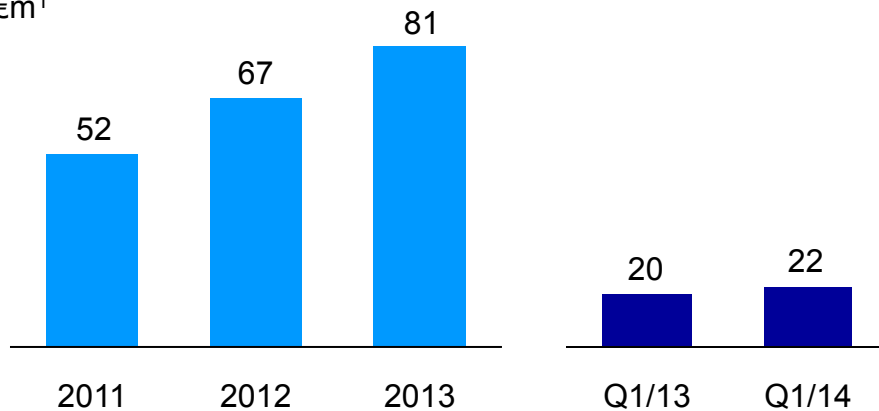
2) Monthly average per period

# Investment Fund Services (IFS) – Accelerating Rapid Growth



## Net revenue development

€m<sup>1</sup>

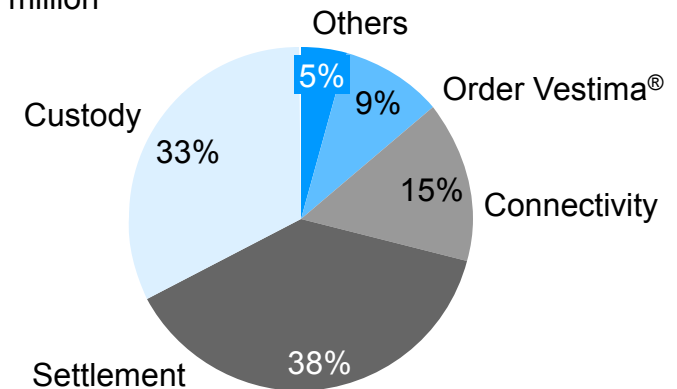


## Development 2013

- Record revenue from investment fund services and settlement / custody services on the investment funds asset class: 21% of growth
- Hedge fund processing integrated in Vestima
- Number of funds available on the Vestima order-routing platform above 120,000
- Launch of funds cooperation with the Korean CSD

## Breakdown of net revenue by activity

Q1/14; €22 million



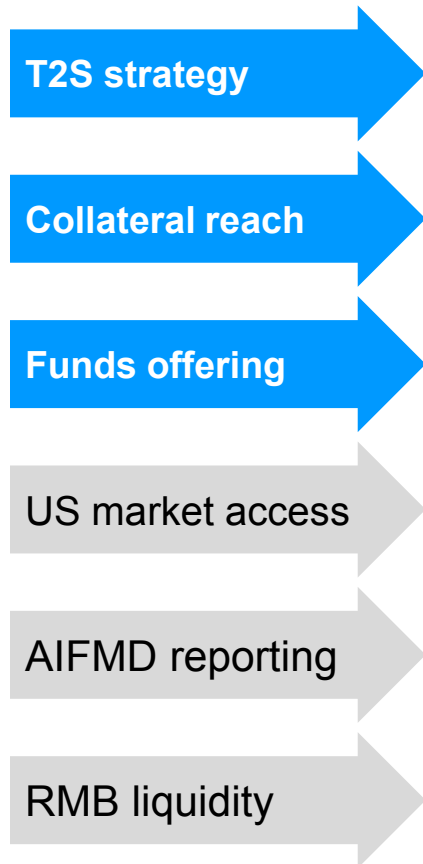
## Outlook



- Secure market leadership for funds of all types
- Expansion of existing hedge fund franchise in Ireland through acquisition of Citco business stream
- Roll out AIFMD solution for investment funds
- Roll out offering for direct investor access to ETFs
- Positioning for T2S services for fund issuers
- Increasing regional reach (Asia and LATAM)

1) Investment Fund Services net revenue are part of the respective reporting category

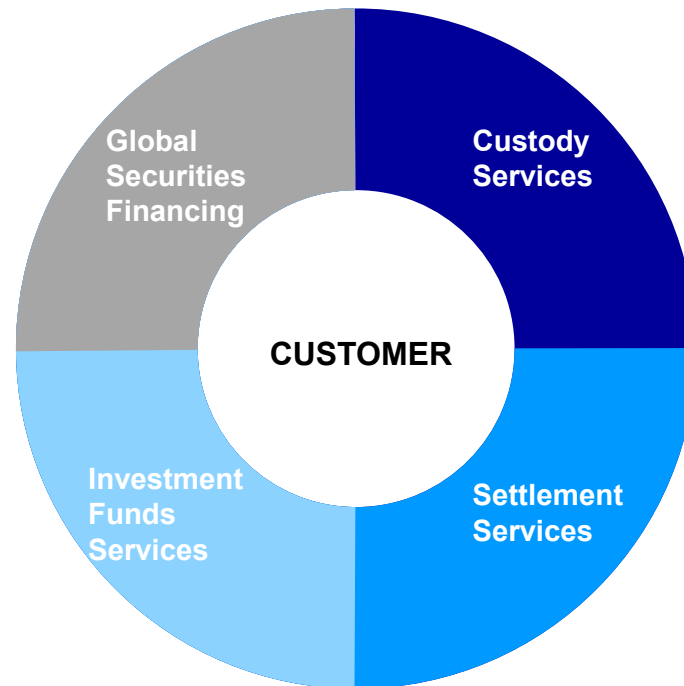
# Leading Solutions Drive Customers To Clearstream – Integrated Offering Retains Customers And Enable Sustainable Growth

## Access



 Immediate customer needs  
 Market positioning

## Integration



## Growth

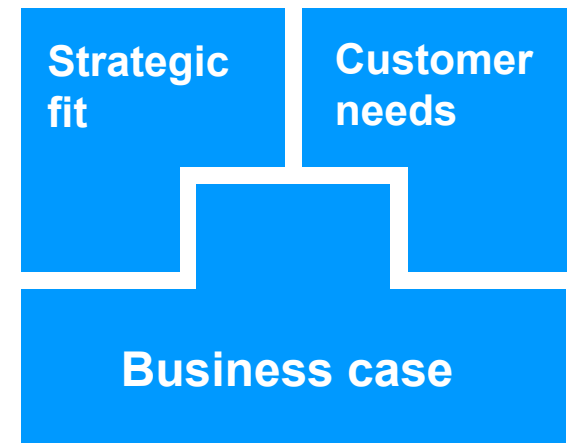
- Customer base
- Counterparties
- Settlement volumes
- Custody volumes
- Collateral fees
- IFS fees

# Clearstream's Strategic Initiatives Must Fulfill Simple But Strict Investment Criteria And Meet Growth Ambitions

## High-level strategy statement

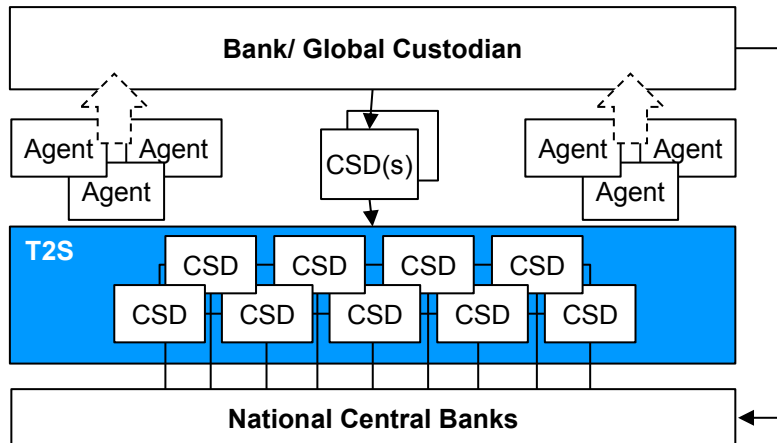
1. T2S allows Clearstream to (1) expand its settlement liquidity (2) increase the appeal of its collateral management and custody products and (3) uniquely position Clearstream's funds business
2. Liquidity Hub is answering fundamental client needs and leverages Clearstream and Deutsche Börse's leadership by combining unique collateral management and clearing capabilities
3. Secure Clearstream's market leadership for the rapidly growing and still fragmented international fund market
4. Expand Clearstream's market penetration in Asia and the Americas as part of a global offering and regional initiatives

## Clearstream investment criteria



# TARGET2-Securities – A Unique Opportunity For Clearstream

## T2S will change the post-trade landscape ...



- T2S is a central technical platform for securities settlement in Euro and foreign currency in central bank money that will replace existing models and redesign the post-trade landscape
  - T2S is an ECB initiative – built and operated by national central banks (Germany, France, Italy, Spain)
  - The objective is to harmonise domestic and cross-border settlement processes and to reduce related settlement cost
- T2S benefits outweigh its initial central bank money settlement focus
  - Promoting these benefits has been Clearstream's mission

1) Average charged by agent banks and ICSDs

2) Average cost calculated by ECB

## ... bringing benefits to customers

- **Cash pooling**: central funding account for all T2S settlement enables settlement netting and reduces funding needs
- **Securities pooling**: centralized safekeeping of CSD and ICSD assets eliminates friction cost associated with today's fragmented pools
- **Central collateral management** from the Liquidity Hub will create financing efficiencies and drastically reduce the need for securities realignments
- **Auto-collateralization** (on flow) will reduce collateral consumption to support settlement credit
- National Central Banks will provide **intraday settlement credit** facilities for free while commercial banks are expected to start charging
- Cash deposits at National Central Banks attract no regulatory charge
- Lower **settlement costs** per trade (today €2-5<sup>1</sup>, with T2S €0.25<sup>2</sup>)



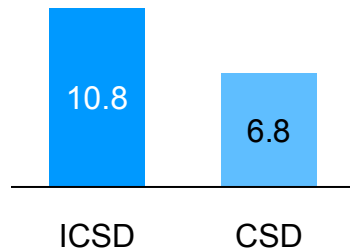
# TARGET2-Securities – Leading To Increased Liquidity And New Clients For Clearstream

## Euroclear

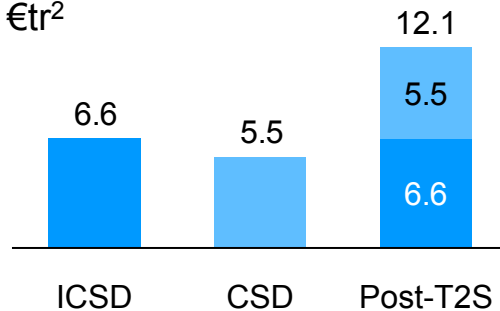
## Clearstream

### T2S relevant custody volumes<sup>1</sup>

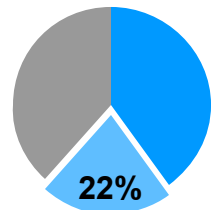
€tr



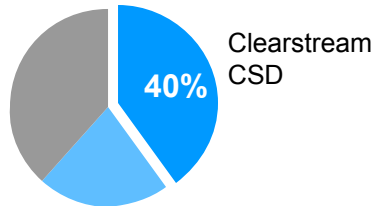
€tr<sup>2</sup>



### Share in T2S settlement volumes<sup>3</sup>



Euroclear CSDs<sup>4</sup>



Clearstream CSD

## T2S strategy and opportunities

- Clearstream has the highest share of settlement volumes in T2S and we expect additional volumes from post-T2S realignments
- We combine our ICSD and CSD custody volumes; no other (I)CSD proposes such an integrated offering
- The combined volumes create the largest liquidity pool in Europe
- We will offer our full settlement, custody and collateral management services suite on our single liquidity pool
- Our combination of settlement and collateral liquidity is uniquely attractive

**Objective:** Through T2S combine CSD and ICSD assets under custody to achieve optimal liquidity and attract volumes and customers away from our main competitors

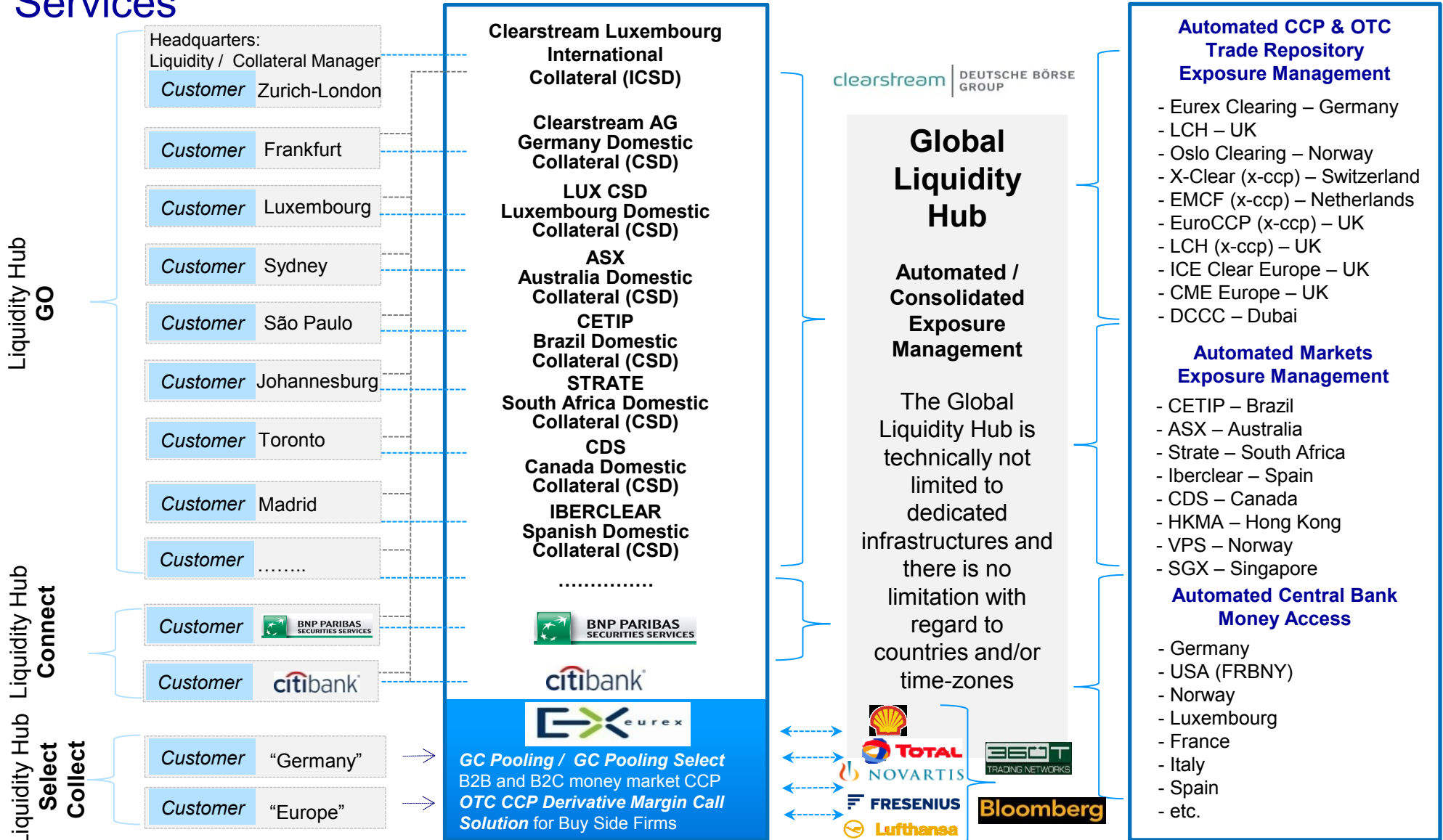
1) Expectation based on current volumes; calculation is based on the current assumption of CB that only Eurozone countries will join

2) Numbers include intergroup holdings of around €0.6 trillion for comparability reasons

3) T2S Source figures (2011): <http://sdw.ecb.europa.eu>

4) France, Belgium, Netherlands; non-Euro markets not considered

# Most Sophisticated Collateral Management Approach With Differentiating Services



# Client Feedback Is Validating Clearstream's T2S – Collateral Management Strategy

## Broker Dealers

- Biggest beneficiaries of liquidity/ collateral savings made available with T2S in addition to reduced back office costs from harmonized settlement processes
  - Liquidity in German government debt expected to move into T2S/ CBF
  - Positive feedback to press release on making Eurobonds eligible in T2S
  - UBS Investment Bank joining Clearstream creates momentum with new prospects
- 

## Global Custodians

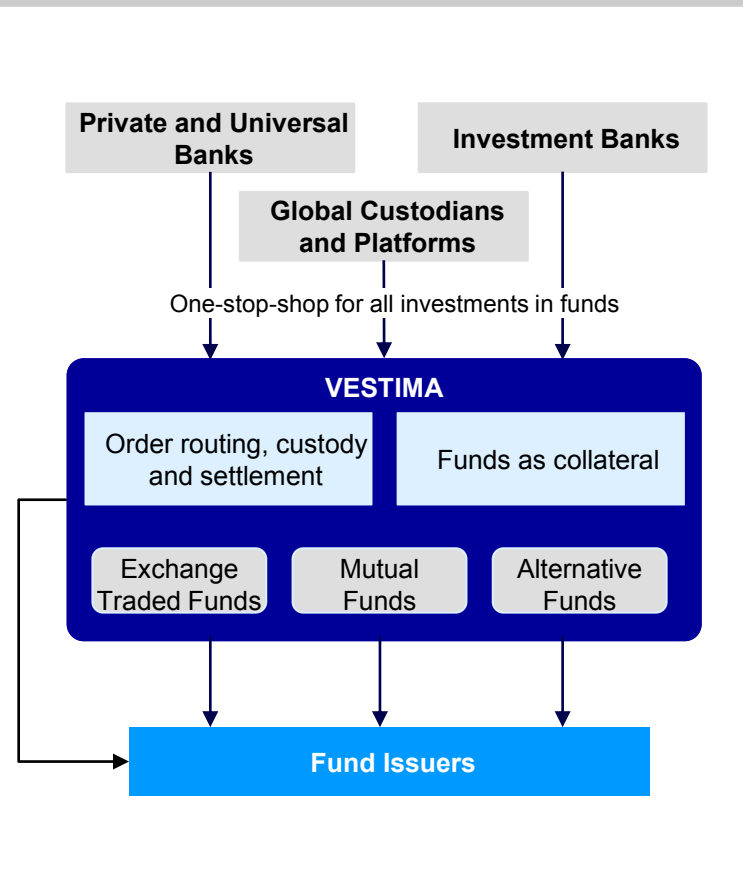
- Welcome the opportunity to consolidate safekeeping of their assets with a handful of (investor) CSDs in response to regulations (AIFMD/ UCITS) and internal risk management concerns
  - Buy side clients expressing preference to their global custodians to settle in central bank money to leverage minimum reserves and avoid capital charges
  - Beneficiaries of Clearstream's collateral management outsourcing model and supporting new asset servicing approach
- 

## European Local Banks

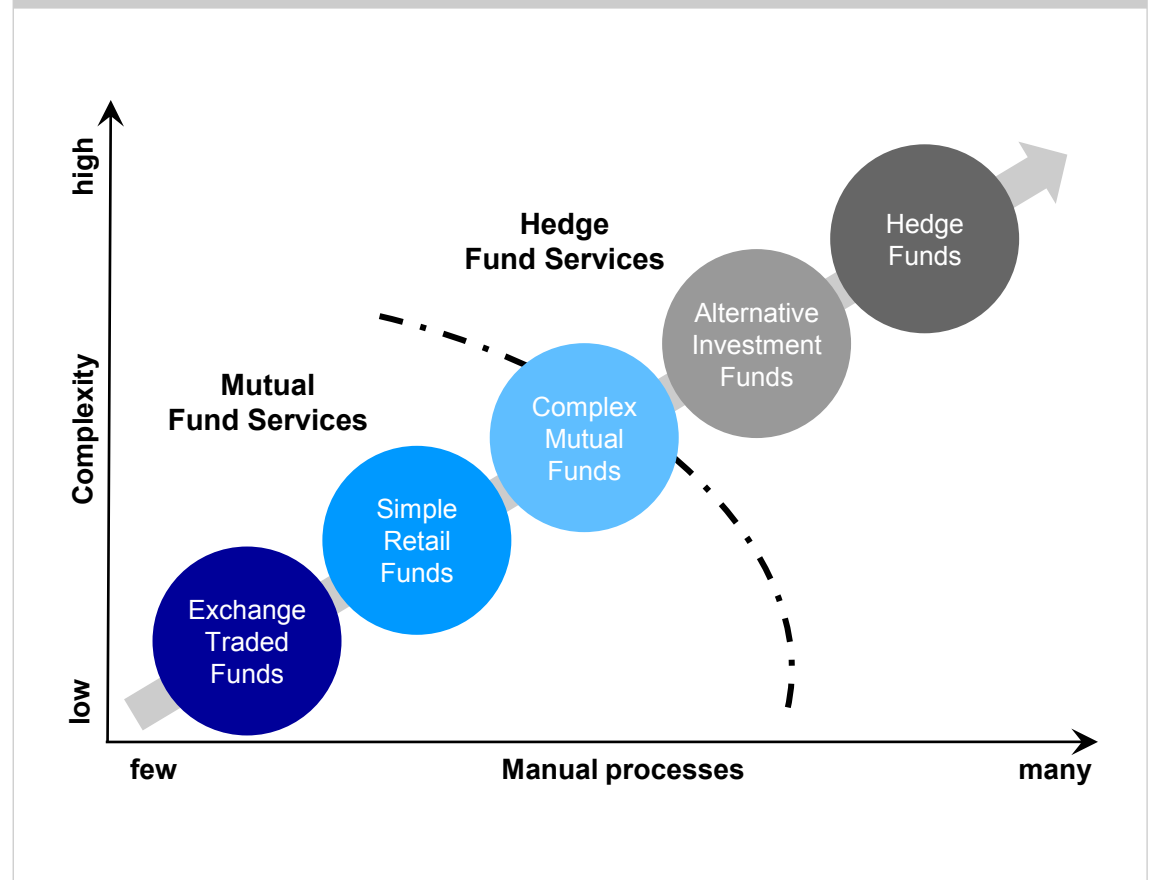
- Looking to reduce post trade costs through further network consolidation moving to a preferred single provider
- Welcome the opportunity to centralize EUR settlement in central bank money to leverage minimum reserves and avoid capital charges on commercial bank money

# Investment Fund Services Offer A Central Meeting Place For Fund Investors And Issuers

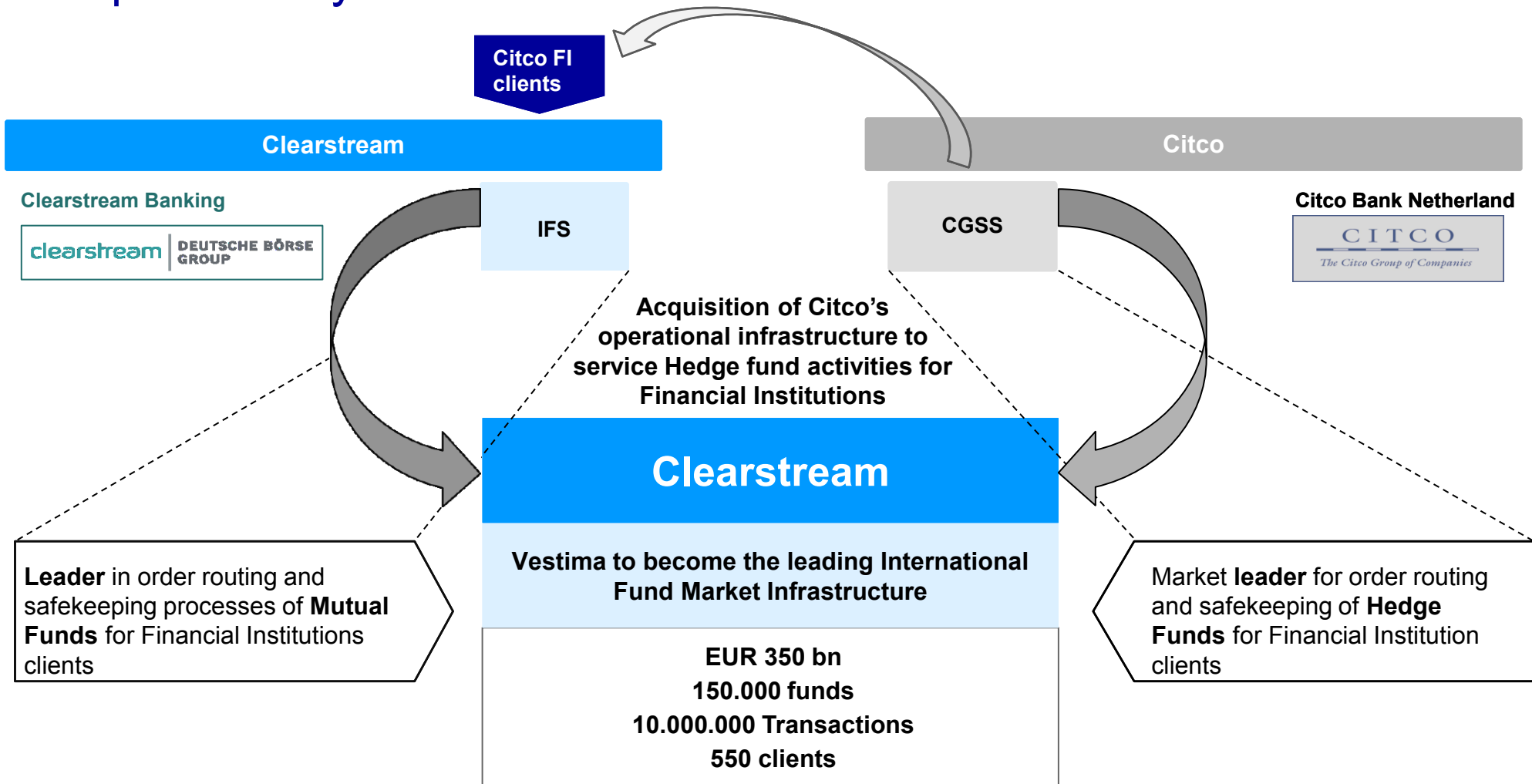
## Integrated offering ...



## ... now expanded to hedge funds

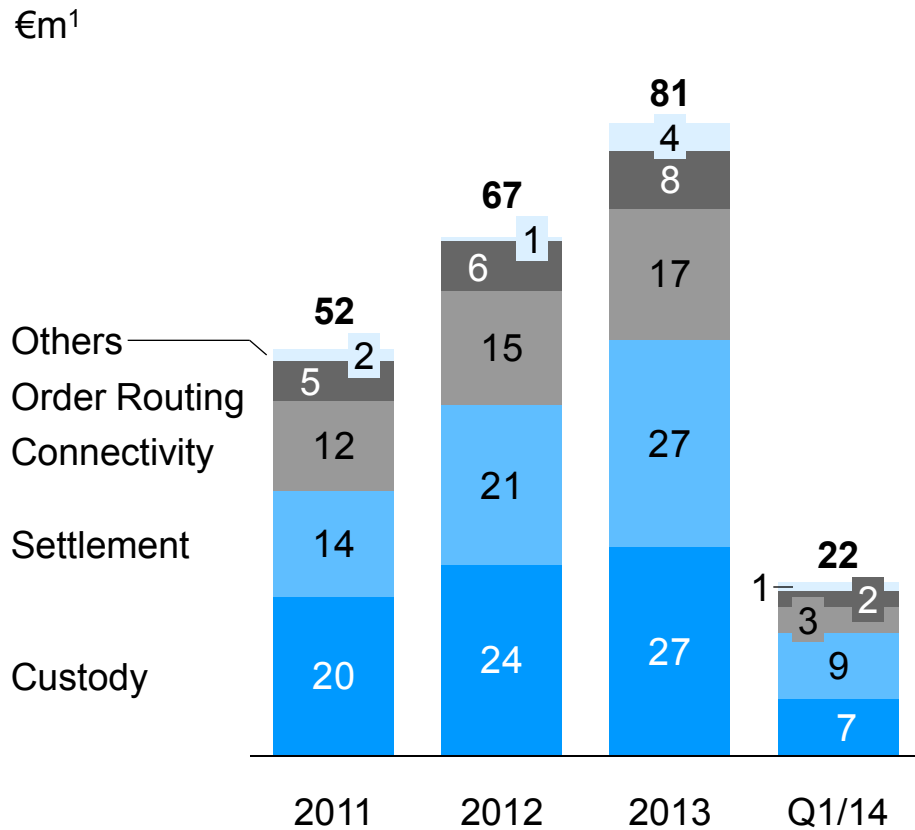


# Expansion Into Hedge Funds Through Acquisition Of Complementary Citco Business



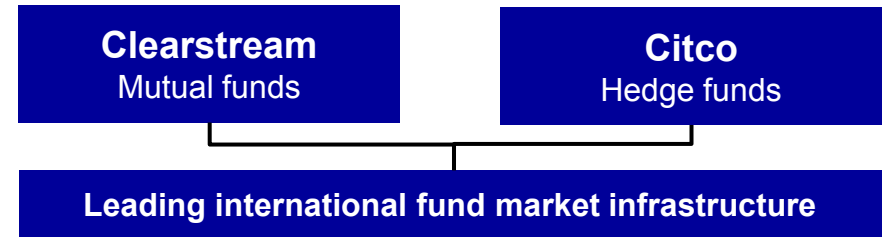
# Clearstream – Citco Transaction Extends Clearstream’s Fund Offering Significantly And Creates Leading Fund Infrastructure

## Existing fund business has grown rapidly ...



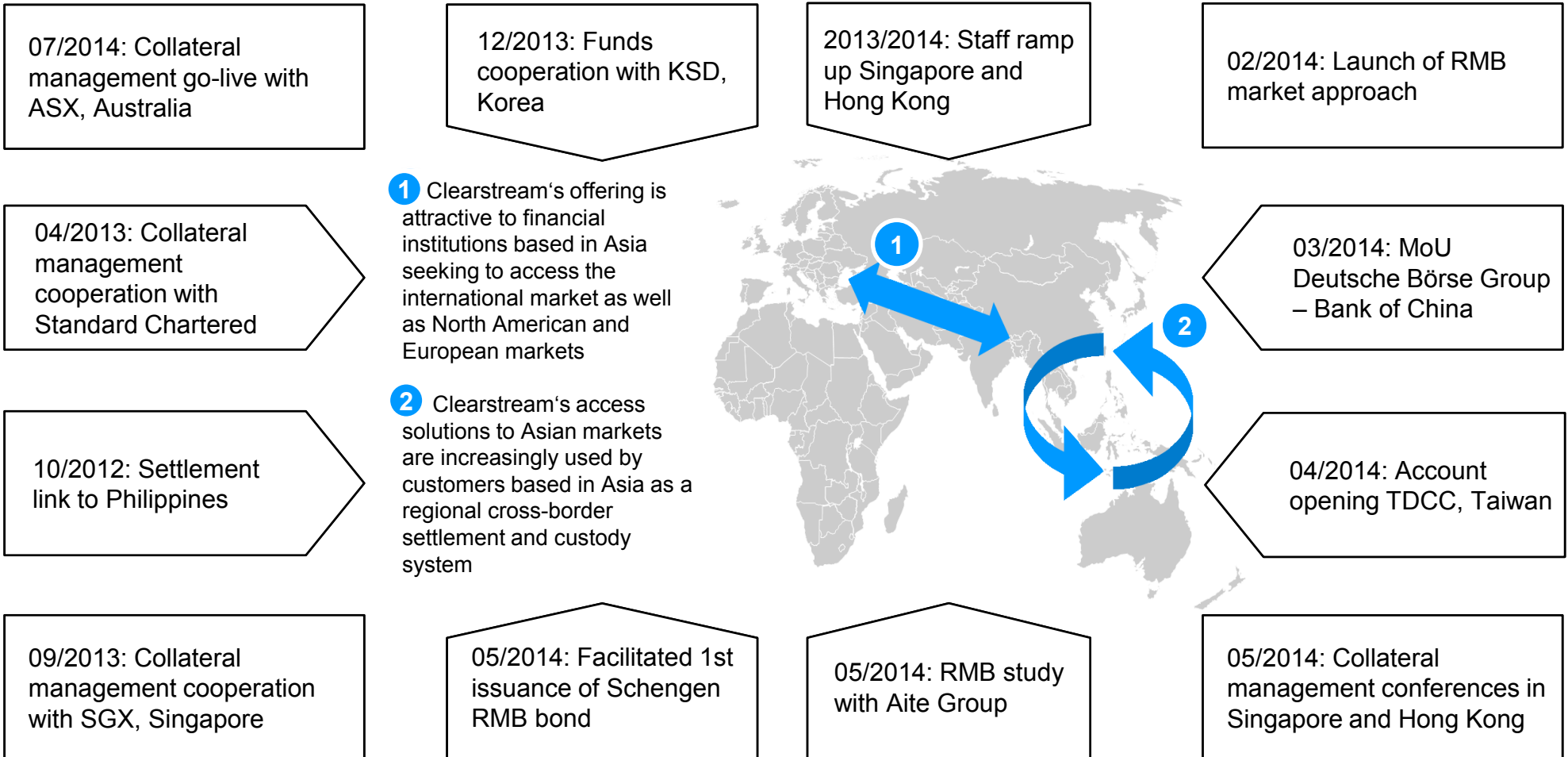
1) Investment fund net revenue are part of the respective reporting category

## ... Citco will add hedge funds capabilities



- Clearstream plans to acquire Citco’s hedge fund custody infrastructure based in Ireland for a mid-double-digit million Euro amount
- With the transaction Clearstream benefits immediately from Citco’s hedge fund industry knowledge and related IT capabilities
- Single and standardised entry point for all fund transactions to be introduced in under two years
- Transaction is expected to close in H2/2014; additional net revenue of around €25 million per annum based on 2013 numbers

# Steady Progress In Asia Strategy To Leverage Growth Opportunities



## Key Clearstream Messages

1

Clearstream has a **strong business model** centered on 4 attractive and complementary services: Settlement, Custody, Global Securities Financing and Investment Fund Services

2

T2S acts as a catalyst to boost Clearstream strategy: combined value proposition of T2S, collateral management and investment funds services is confirmed at early stage by **client wins and asset growth**

3

**Growth across various dimensions:** existing and new products, new client segments (corporates), regional access – strong footprint in Asia and accelerating regional ambitions

4

Revenue resilience and cost discipline allow Clearstream to continue to invest in differentiating services and to boost collateral management and investment funds solutions to secure current **industry leadership**

5

Growing revenues despite low interest rates – **Net Interest Income as “embedded option”** (2008: €236.6 million; 2013: €35.9 million)

6

Our focused continues to be on **strategy execution and T2S readiness** with a clear roadmap optimizing our investment budget; we remain attentive to market changes and **new opportunities** (RMB, US access, AIFMD, etc.)



# Agenda

**Group Strategy/ Financials**

**Xetra/ Eurex – Cash & Derivatives Markets**

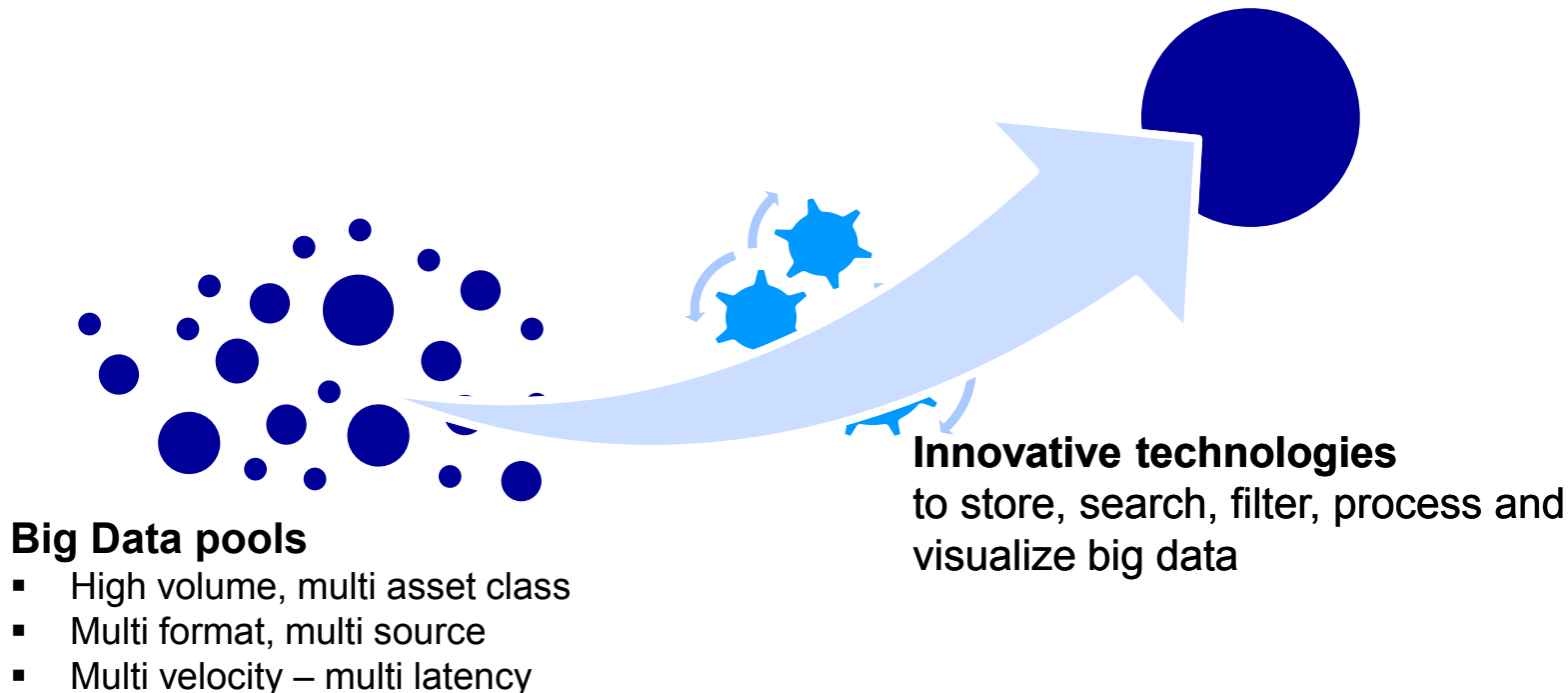
**Clearstream – Post-trade**

**Market Data + Services**

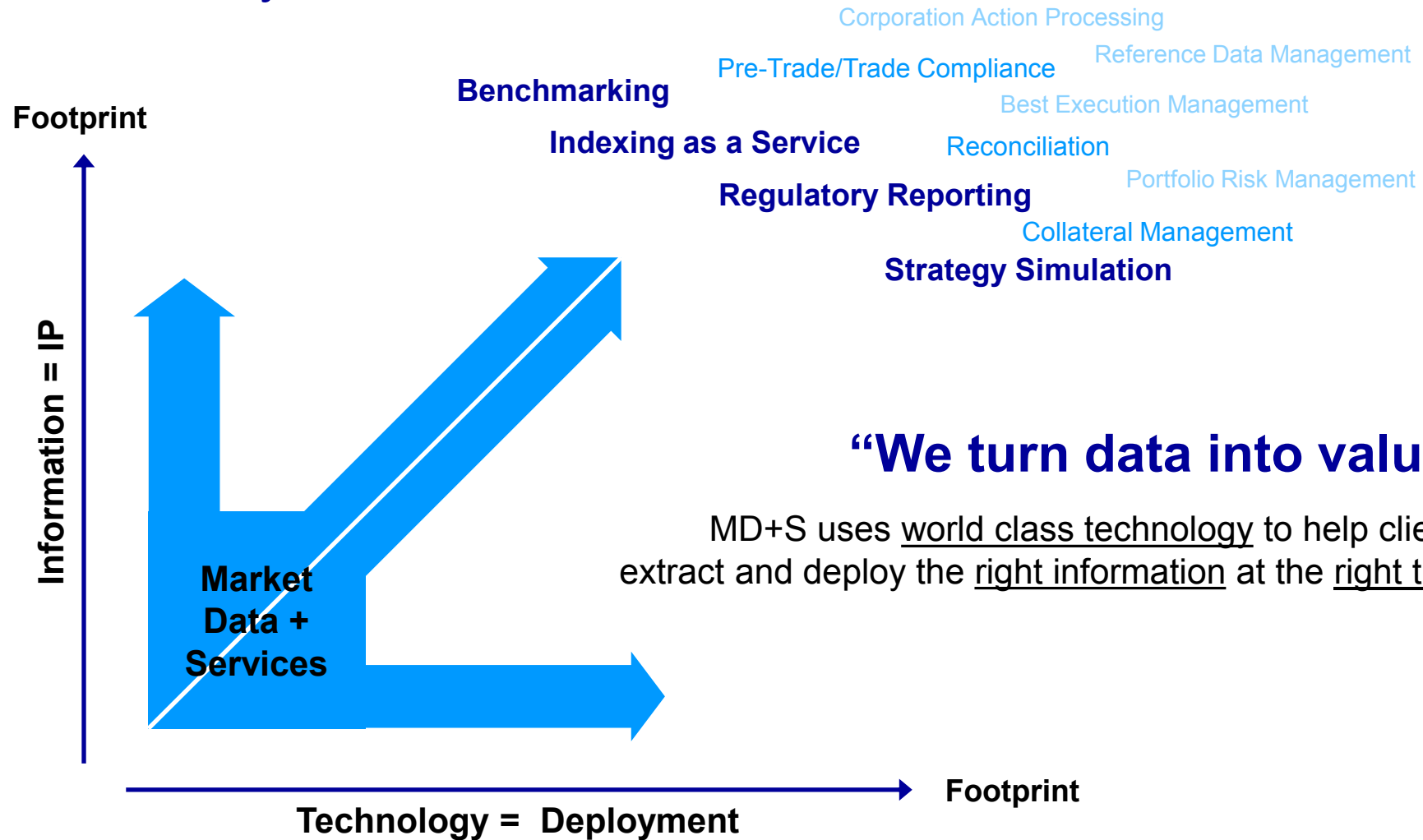
# Effective Deployment Of Data And Technology Has Become Key Value Driver For Market Participants

## Data deployed, e.g. ...

- ... Data detecting new outperforming investment strategies
- ... Data facilitating transparency on risk
- ... Data steering to best execution venues
- ... Data enabling process automation lowering cost and RWA



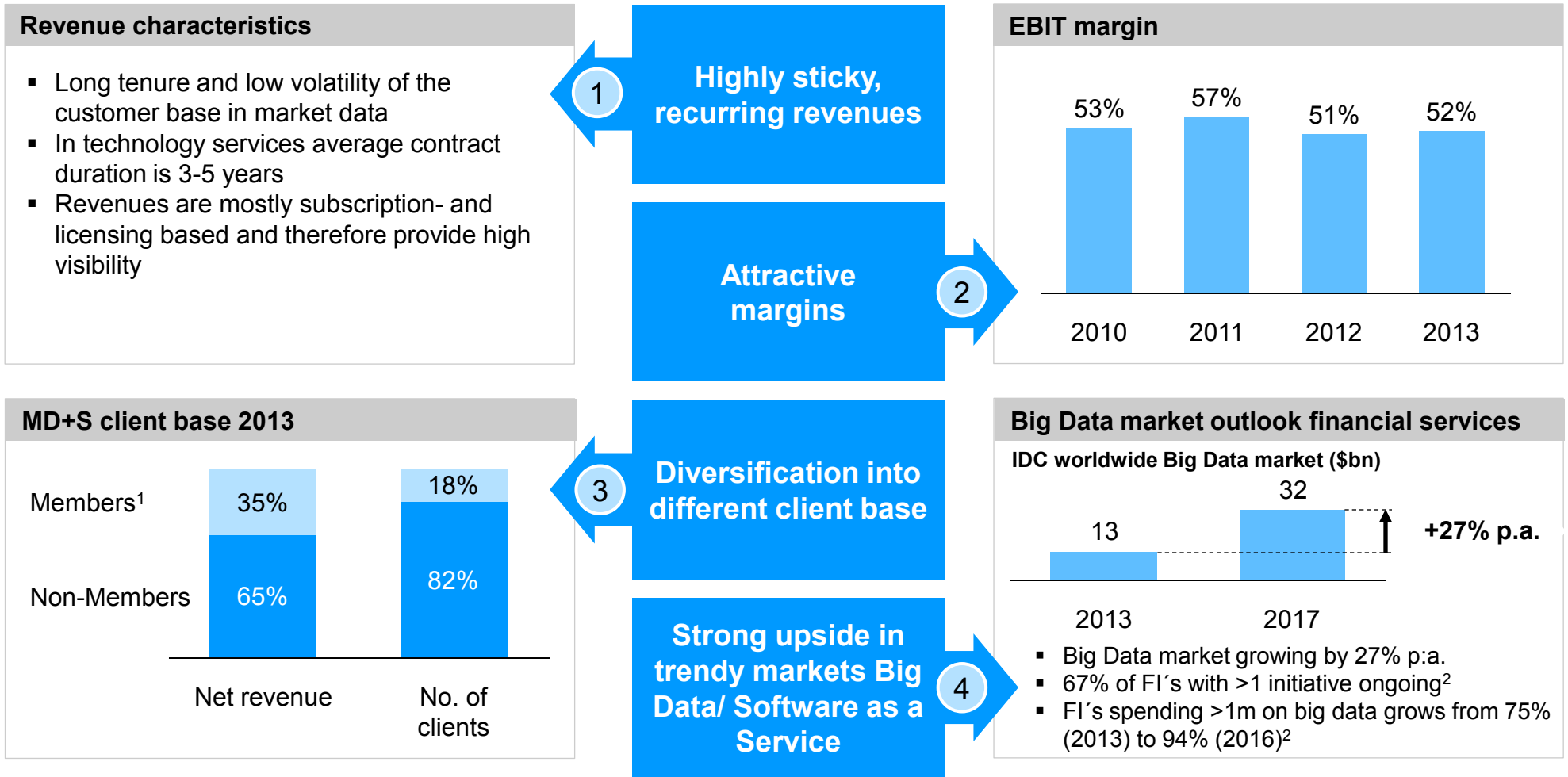
# Market Data + Services (MD+S) Turns Data Into Value For Capital Market Players



**“We turn data into value”**

MD+S uses world class technology to help clients extract and deploy the right information at the right time

# Diversified MD+S Model Provides Attractive Investment Case

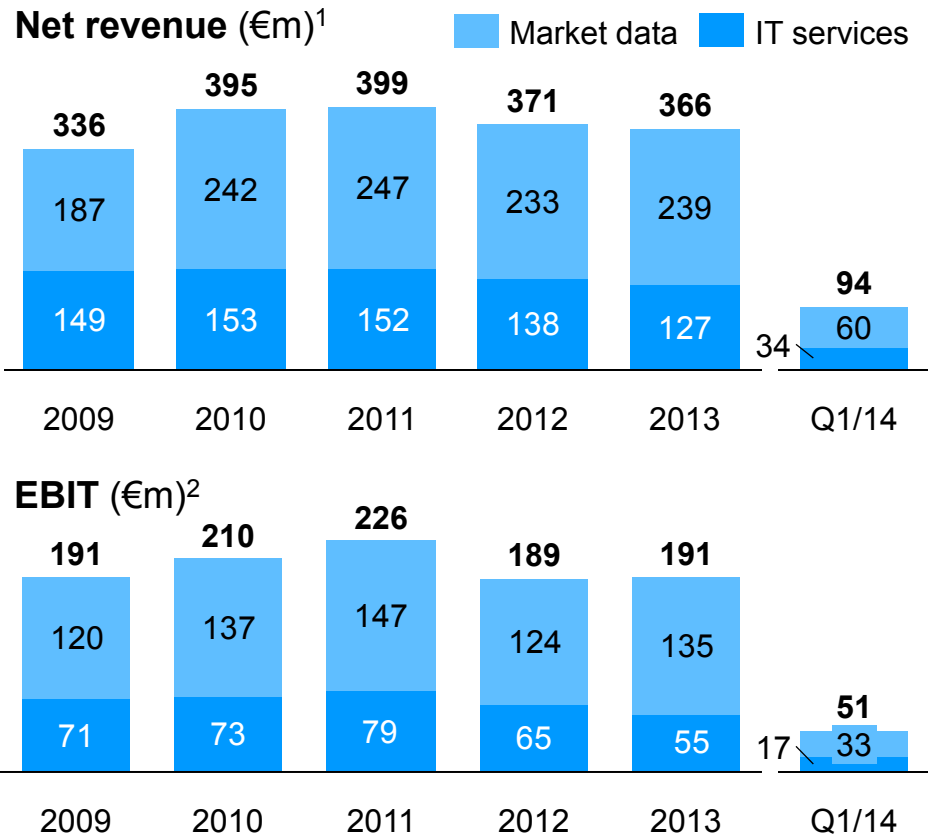


1) Clients of other parts of the Group (e.g. Eurex and Xetra)

2) Survey of New Vantage Partners: „Big Data Executive Survey 2013“, ~50 Executives, 75% from Financial Institutions (FI)

## 2013 – New Segment Setup For Future Growth

### Net revenue and EBIT development



1) 2009-2012 adjusted for new financial reporting introduced in Q1/2013

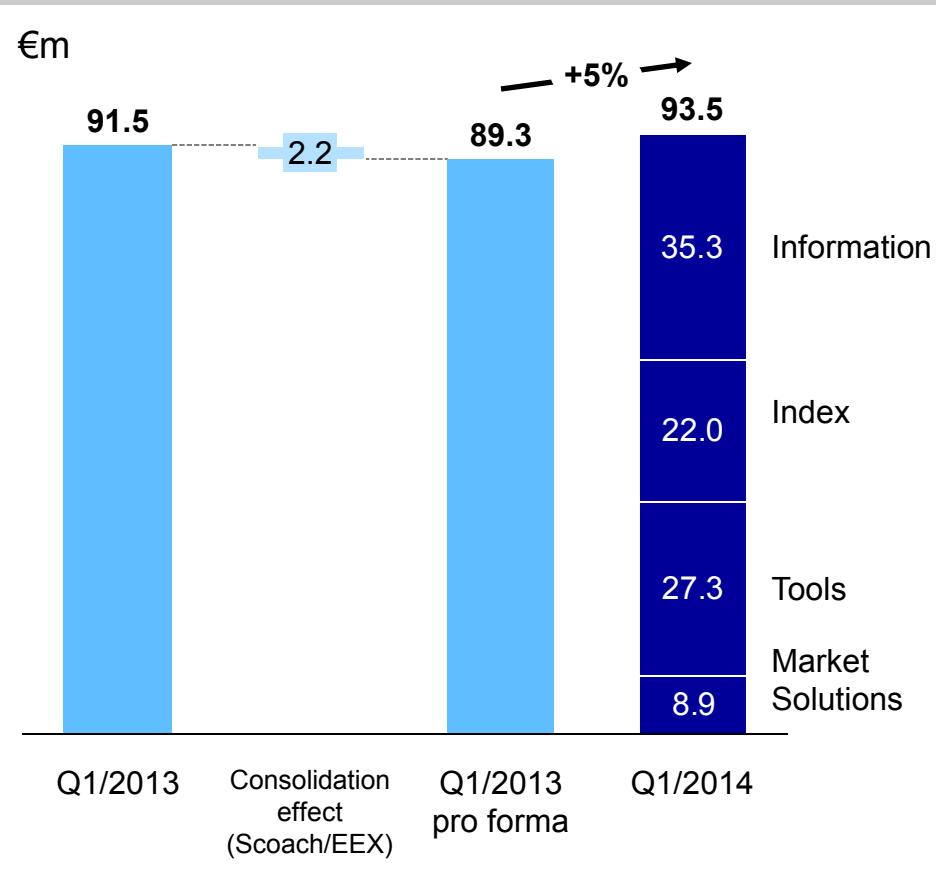
2) Adjusted for costs for efficiency programs and merger related costs (2010-Q1/14)

### New segment genesis

- New segment assembled in H1/2013 from Market Data area and over 20 different IT services spread across the Group
- Product portfolio included end-of-lifecycle and subcritical services as well as contracts with Deutsche Börse affiliates which needed realignment
- Strategic program set new direction and predefined service portfolio going forward
- As of Q1/2014, the service lines have been restructured, growth projects have been started and the organisation for proper execution of strategic program has been installed

# 2014 – MD+S Geared Up To Deliver Aspired Organic Growth Rates Of 4%

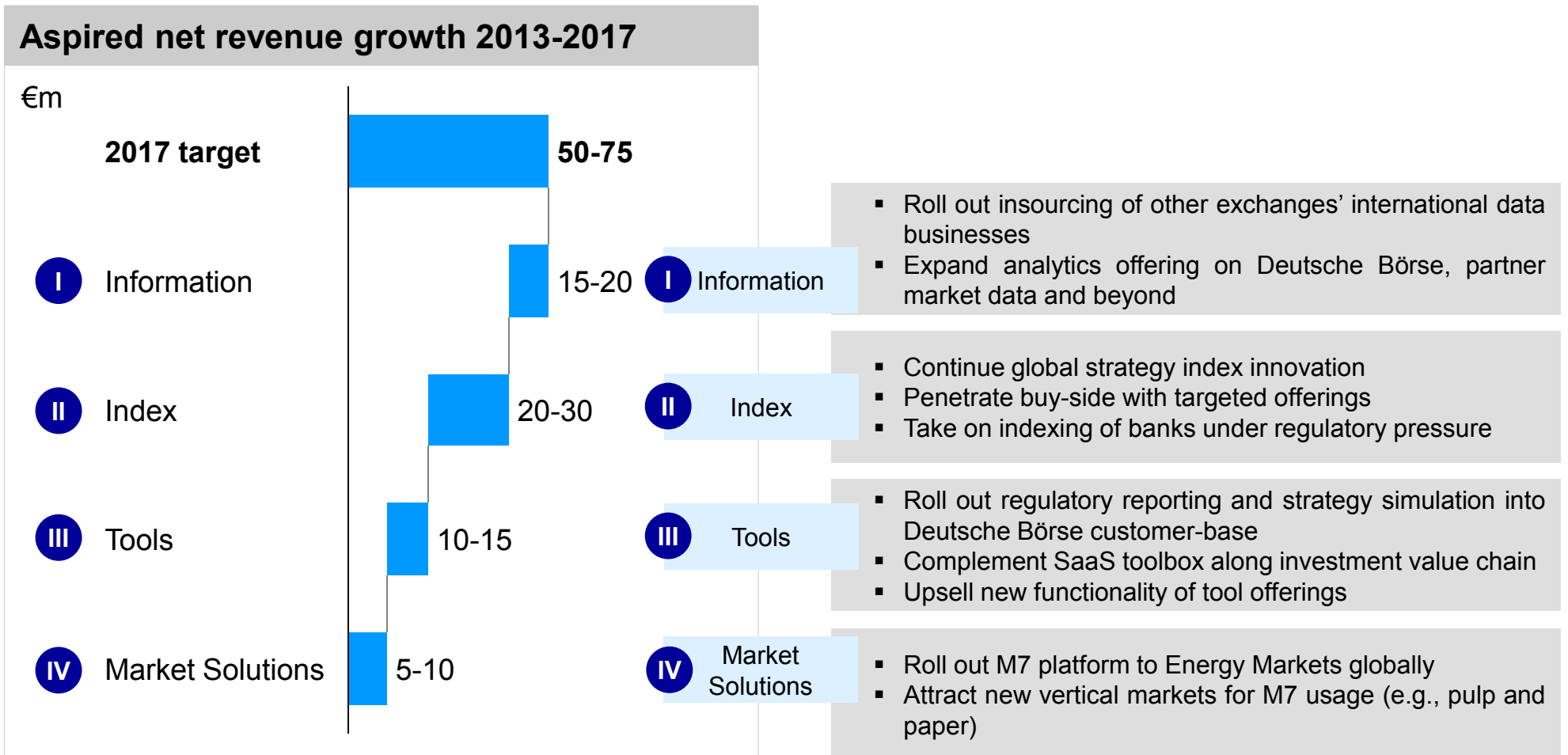
## MD+S net revenue breakdown



## Current activities and customers

- I Information**
  - Products: Real-time / historical market data (e.g. Xetra, Eurex), reference data, market moving signals (e.g. indicators, news)
  - Customers: Asset managers, buy & sell side traders, trading applications, investors, investment advisors, back offices of financial institutions, custodians
- II Index (incl. DAX, STOXX)**
  - Products: >12,000 blue chip, indices ranging from equity, bond, commodity and volatility indices to customized indices
  - Customers: Issuers of ETFs, investment funds and structured products, market places, clearing houses
- III Tools**
  - Products: Simulation-, regulatory reporting software as a service, market connectivity
  - Customers: Brokers, ISVs, cash and derivatives participants
- IV Market Solutions**
  - Products: Business process as well as infrastructure outsourcing to exchanges, energy markets and vendors
  - Customers: Trading venue operators, vendors, brokers, banks

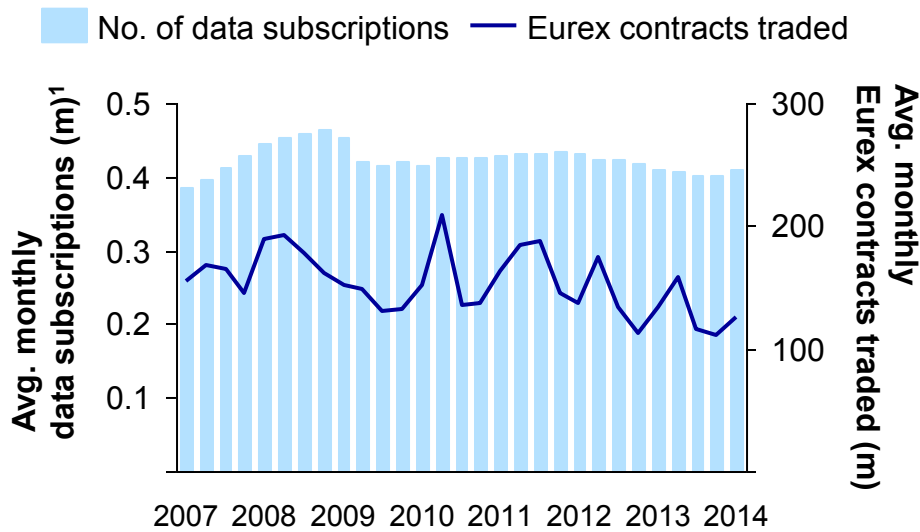
# MD+S On Track To Deliver Net Revenue Growth Of 4% Per Annum As Forecasted





# Information: Stable Core – Growth In Non-Deutsche Börse Info

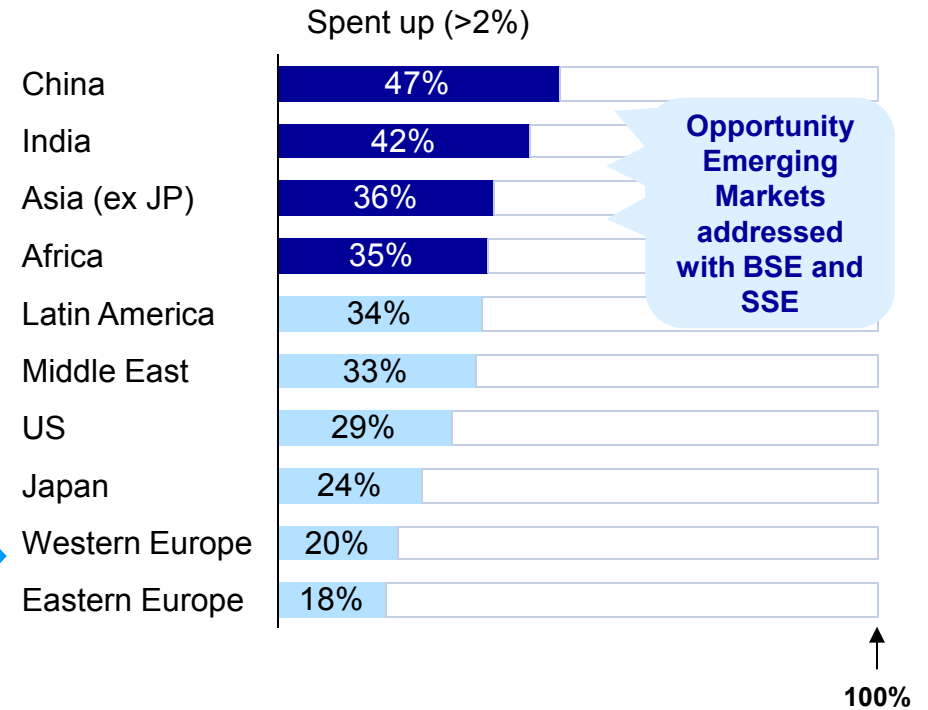
## Data subscriptions vs. trading volume



- Stable, recurring customer base in core data
- Lack of growth impulse after financial crisis in continental European exchange data will be compensated in emerging markets

## Market data spend forecast

Share of data users planning to increase spend in 2014 by percent<sup>2</sup>

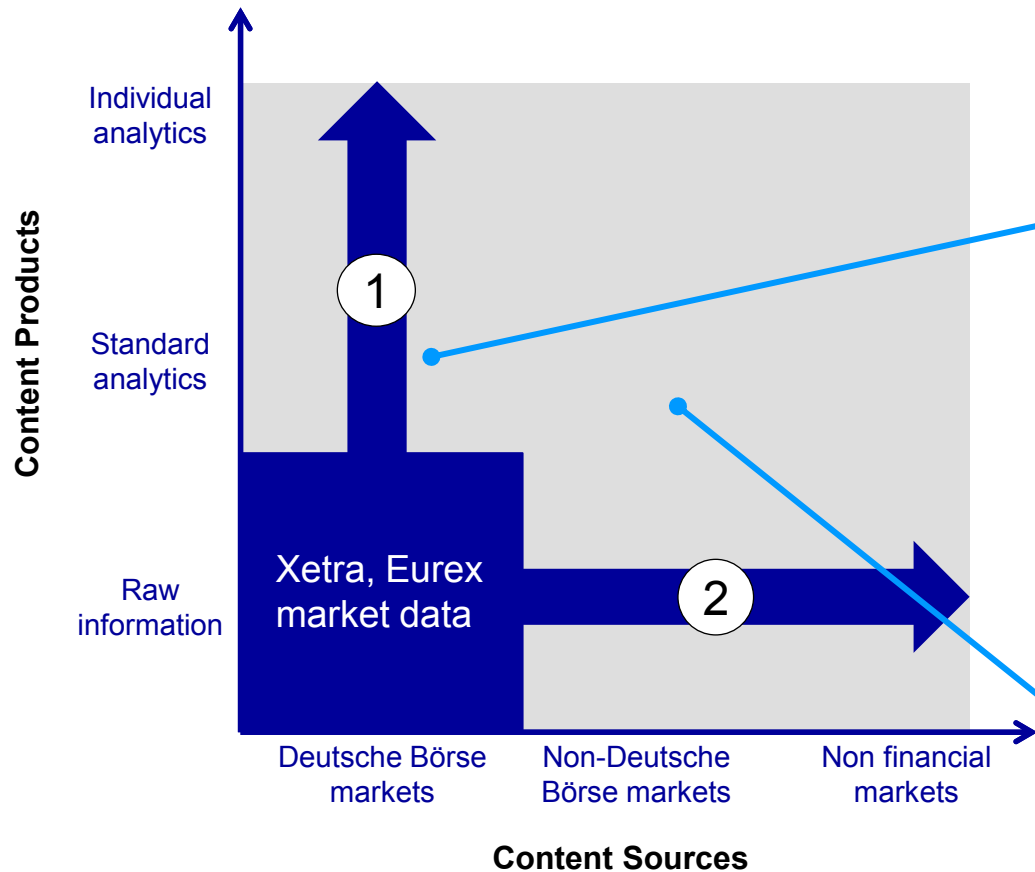


1) Incl. PUSH, RETAIL, PER PHYSICAL USER (Xetra, Eurex, DAX, STOXX, etc.)

2) Source: Burton-Taylor survey analysis: Global Market Data/News Spend Forecast – By Region – 2013



# 1 Information: Growth Focus 2014 - 2017



## Example: Real-time analytics

- Deeper **insight in trading markets** through **trade related**, **order related** and **index related** metrics
- **1<sup>st</sup> releases** for **Xetra** with **70<sup>1</sup> key figures** went live 2013
  - 10 trade related analytics (7 Xetra, 3 Eurex)
  - 56 order related (30 Xetra, 26 Eurex)
  - 4 Index related (4 Xetra)
- Next set of analytics for Xetra/ Eurex planned for 2014
- IP/ Methodology to be rolled out over partner exchanges' order books

## Example: BSE data partnership

- In October 2013 MD+S entered into agreement to take on **international data commercialization for Bombay Stock Exchange (BSE India)**
- **Migration** of BSE India vendors to GDB contract was **finalized in April 2014**
- Existing 52 BSE vendors have been migrated
- So far **additional 8 new BSE vendors have been signed up** and more are in the pipeline
- **Delivery/ commercial start planned for June**

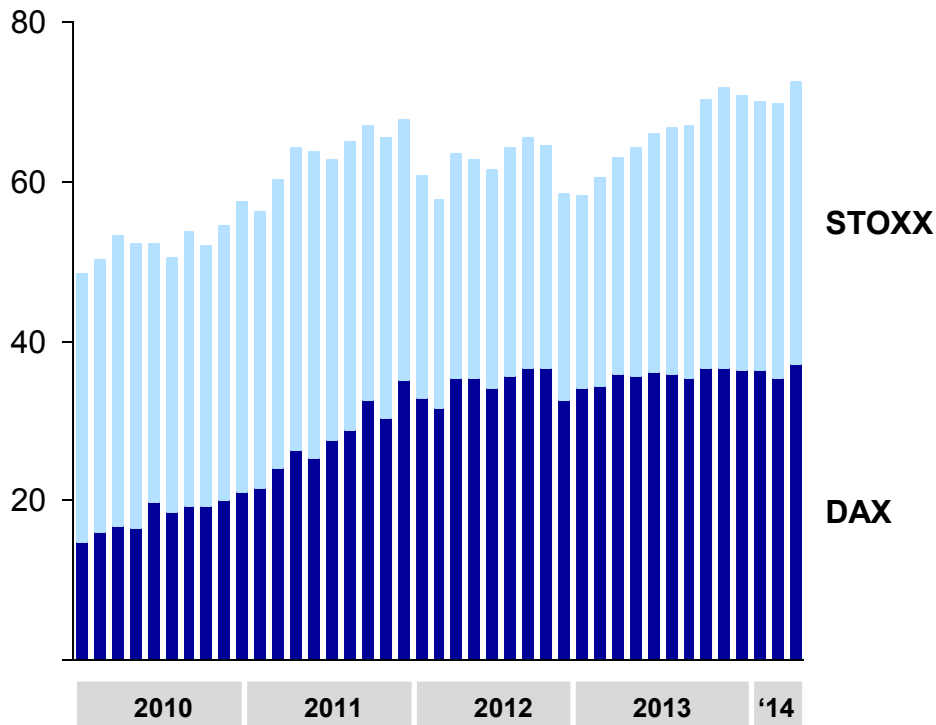
1) Overlap between key figure in Eurex and XETRA



# Index: Sustainable Growth In Assets Under Management – Additional Opportunity In Non-EU Indices

## ETFs using STOXX/ DAX as underlying

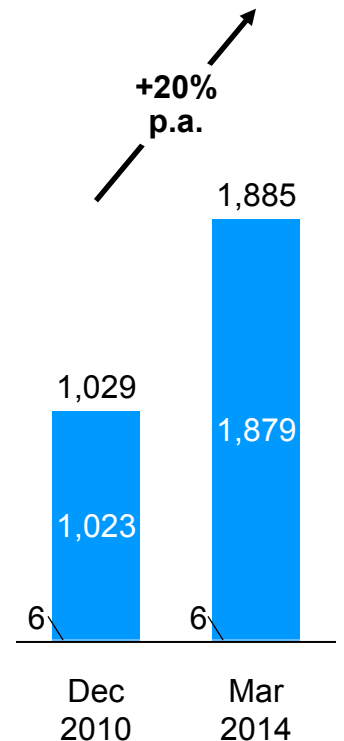
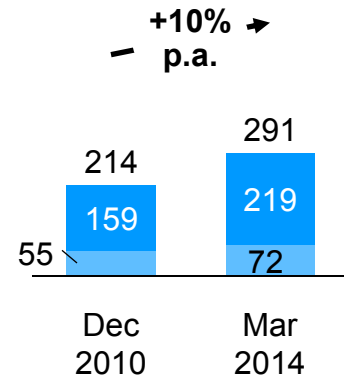
Assets under management; €bn<sup>1</sup>



## Total assets allocated into ETFs by region

Assets under management<sup>2</sup>

- Other underlyings
- STOXX/ DAX underlying

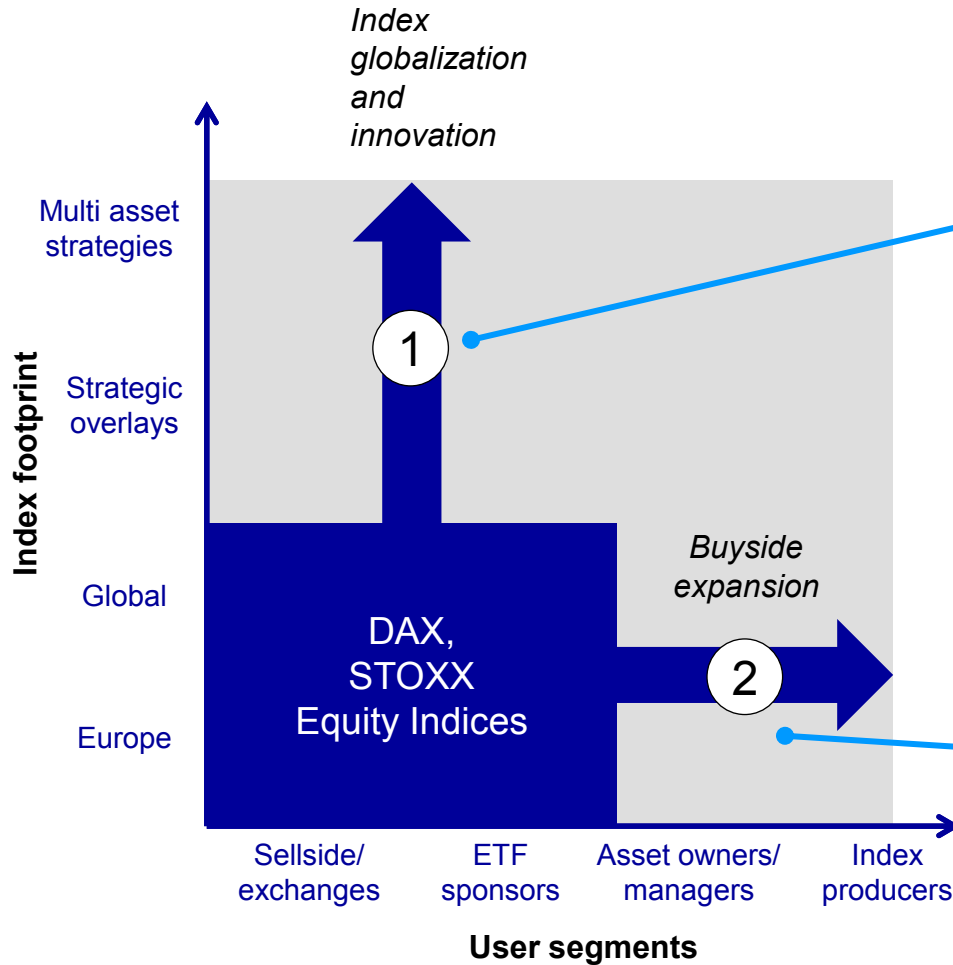


1) Source: STOXX, Bloomberg

2) Source: Blackrock Highlight Industry Report, Oanda.com



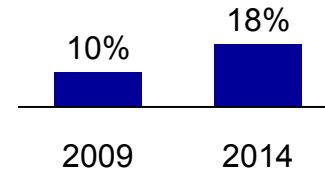
# Index: Growth Focus 2014 - 2017



## Example: strategy index innovation

- Growth until 2013 driven by globalization
- Expansion of portfolio into Strategy Overlays (Smart Beta indices) in 2012 and 2013
- Commercialization of Strategy Overlays from 2014

### Strategy indices in % of total indices offered

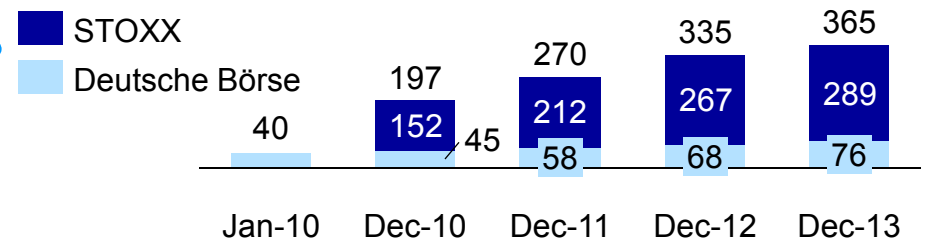


*AuM in strategy indices: 4.9bn (up from 3.2bn in 2010)*

## Example: buy-side expansion

- Data product for buy-side launched 2010
- Client base still being built out, globally
- Buy-side now contributing 13% of Index revenues

### Buy-side licenses – No. of clients

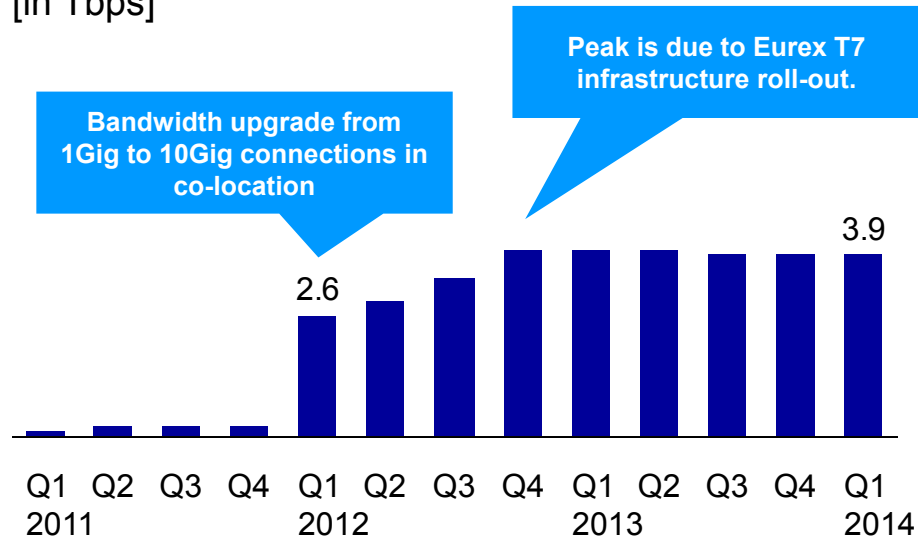




## Tools: Connectivity Saturated – Opportunity In Software Tools

### Customer bandwidth usage

[in Tbps]

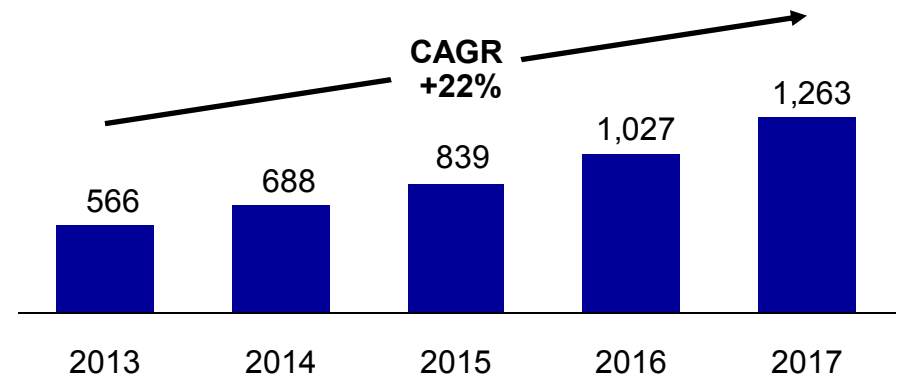


- Past growth driven by connectivity
- No short term growth impulse expected from traditional connectivity
- Forward integration into process automation

### Market for software as a service in finance<sup>1</sup>

- Trend to Software-as-a-Service (SaaS) within the financial services industry is accelerating
- MD+S will leverage Deutsche Börse Group's core IT capabilities, the proprietary data footprint and the existing connectivity to provide additional tools to our clients
- First tool launched: **Virtual Private Simulation**, a cloud based simulation environment for members to test trading applications

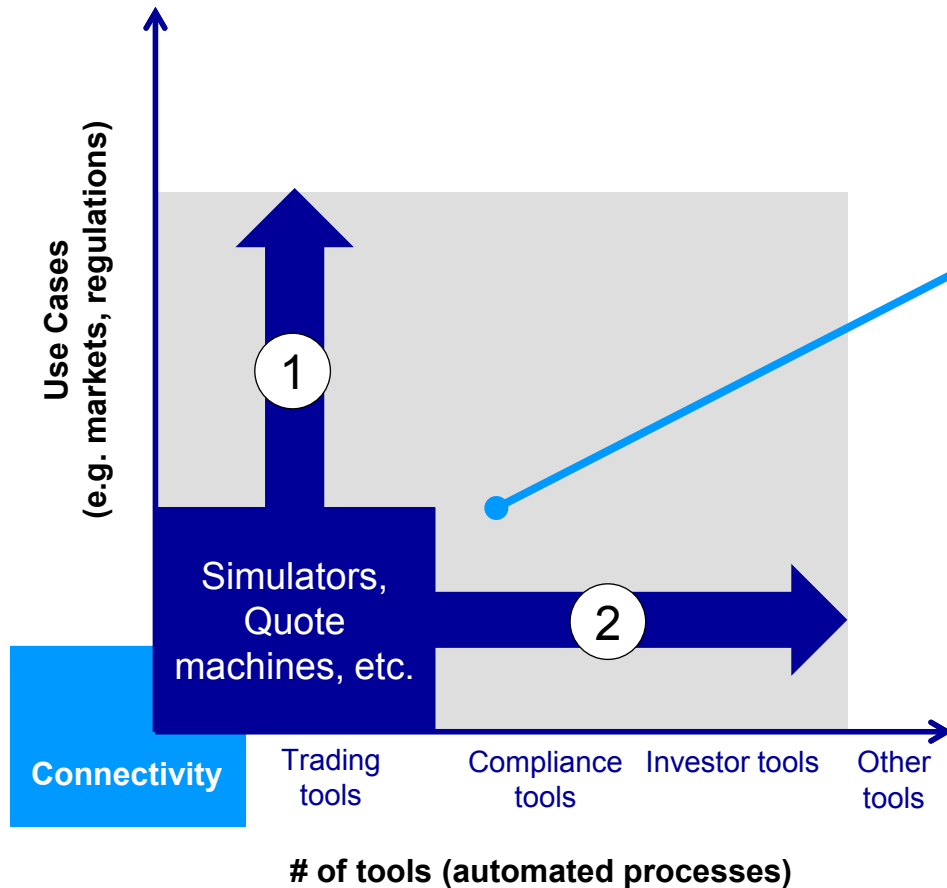
### Expected revenue growth for SaaS (€m)



1) Source: Kable Cloud Forecast April 2014



## Tools: Growth Focus 2014 - 2017



### Example: Impendium Systems

**Deutsche Börse acquired 100% of Impendium effective 1 February 2014**

**Impendium automates regulatory reporting for capital market participants, worldwide (cloud based SaaS)**

#### Rationale

- Platform expands Deutsche Börse's existing and planned regulatory data offering to global, holistic, multi-regulation solution
- Imminent growth potential from EMIR collateral and valuation regulation (2014), Remit (2014) and Mifid II (2016 ff.)
- More than 500 potential customers within member base of Eurex, Xetra, EEX as well as Regis-TR customer base

#### Post acquisition update


- Substantially increased customer base on the back of EMIR reporting obligation in February 2014
- Aligned with Regis-TR and Eurex to deliver EMIR Collateral and valuation solution in Q3 2014
- Aligned with EEX to deliver Remit solution in Q3 2014

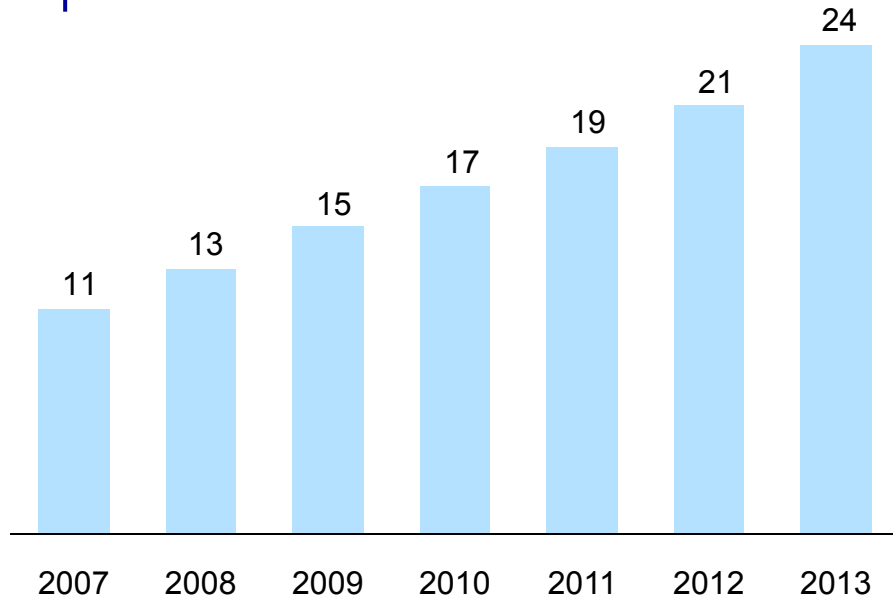
**IV**

# Market Solutions: Growing Client Base/ Upside Through Upselling

## Market Solutions

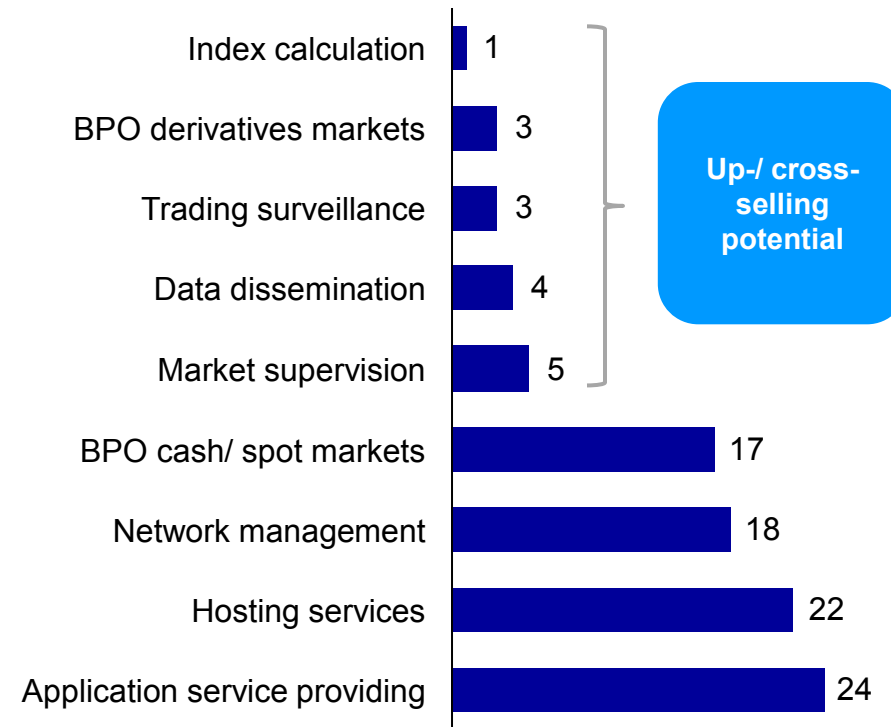
Number of market places<sup>1</sup>


 Average contract duration > 5 years  
 Average remaining contract period > 3 years



## Service coverage

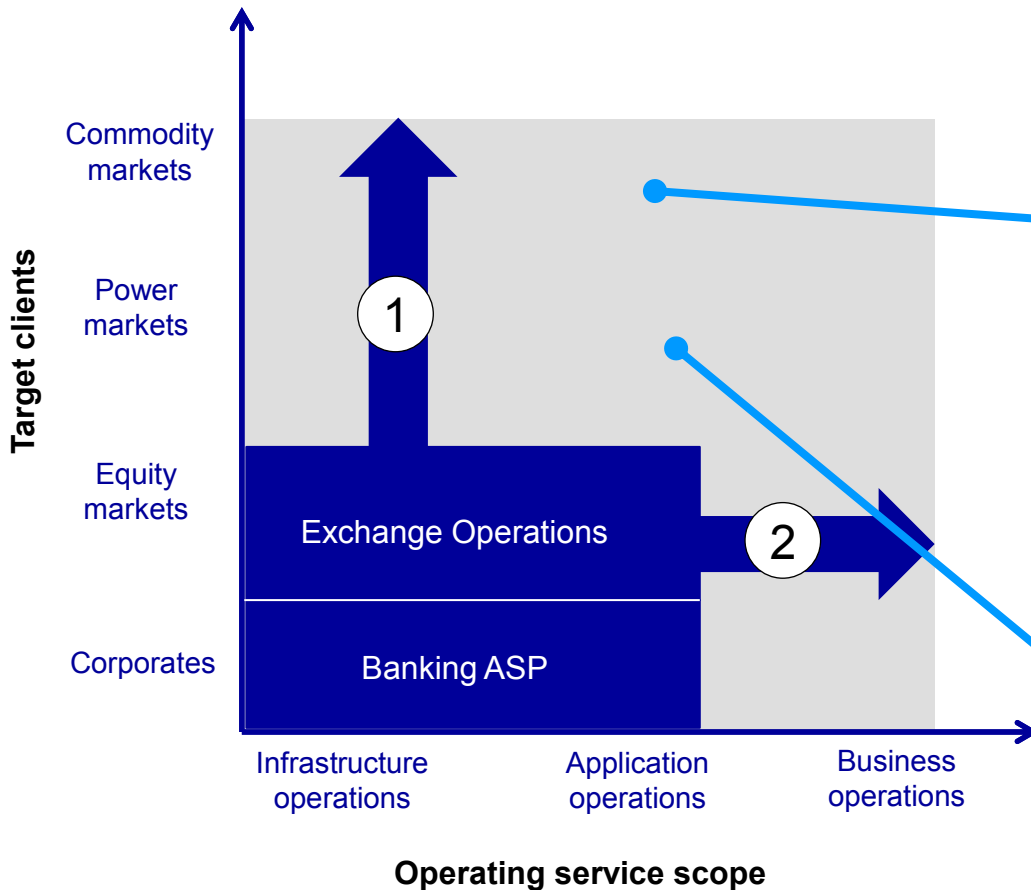
Number of market places per service<sup>1</sup>



1) Without own trading venues (Xetra, Eurex, Eurex Repo, Eurex Bonds, EEX, Scoach, ISE, Xetra Ffm Spec.)

## IV

## Market Solutions: Growth Focus 2014 - 2017

**Example: commodities market**

Deutsche Börse to support the launch of the first Norwegian wood and paper commodities exchange with its M7 multi market technology

**Example: energy markets**

**10 February 2014: The Power Exchanges APX, Belpex, EPEX SPOT, Nord Pool Spot and OMIE are pleased to confirm the signing of a cooperation agreement for a common European cross border intraday solution. In addition, an early start agreement was signed with Deutsche Börse AG for the delivery of a technical system.**

The agreements, which are open to other European Power Exchanges willing to join, were signed following an intensive selection and negotiation process. The parties will now continue the work of developing a common European-wide Intraday solution within a robust project framework. The work will be undertaken jointly by the participating Power Exchanges, Transmission System Operators and Deutsche Börse AG, with support from the relevant national regulatory authorities, the Agency for the Cooperation of Energy Regulators and the European Commission.

# MD+S Contributes To Deutsche Börse Group's Asia Strategy

Signed new licenses with Asian ETF issuers

Several licenses signed with Asian ETF issuers in China, Korea and Japan to launch products based on STOXX indices



Expanded Asian vendor network

Vendor campaigns in Korea, Taiwan and China have substantially extended MD+S's vendor network and stimulated sales of the Group's market data and news products in these countries

### No. of vendors in Asia



Established sales partnerships with Asian exchanges

- As of June, MD+S will act as exclusive data distributor for Bombay Stock Exchange
- In China, Shanghai Stock Exchange will act as DBG's sales agent ensuring deeper market penetration



Participated in Asian partnerships of Eurex

In the partnerships with the Korea Exchange (KRX) and the Taiwan Futures Exchange (Taifex), MD+S ensures supply of trading participants and other potentially interested parties with market data. In Korea 95% of KRX members receive Eurex data with 70% subscribing to DAX and Xetra ETF





# Market Data & Services – Summary

## Key messages

- ▶ Effective deployment of data and corresponding technology has become a key value driver for capital market participants
- ▶ MD+S turns data into value for a wide array of capital market players
- ▶ Diversified data driven business model of MD+S provides attractive fundamentals for investors
- ▶ 2013 – realignment of the new segment's strategy and service line portfolio and setup for future growth
- ▶ 2014 – new setup with service lines Information, Index, Tools and Market Solution already produced 5% growth in Q1/2014
- ▶ MD+S well on track to deliver €50m-75m net revenue growth until 2017 coming from all four service lines
- ▶ Present and future MD+S initiatives well contributing to the Group's Asia strategy

## Financial Calendar And Contact Details

### Financial calendar

<b>24 Jul 2014</b>	Interim report Q2/2014
<b>25 Jul 2014</b>	Conference call Q2/2014
<b>27 Oct 2014</b>	Interim report Q3/2014
<b>28 Oct 2014</b>	Conference call Q3/2014

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