



DEUTSCHE BÖRSE
GROUP

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Interim report

Quarter 1/2014

Deutsche Börse Group: key figures

		31 Mar 2014	Quarter ended 31 Mar 2013
Consolidated income statement			
Net revenue (total revenue less volume-related costs)	€m	514.2	484.3
Net interest income from banking business	€m	8.4	8.2
Operating costs	€m	-247.8	-295.3
Earnings before interest and tax (EBIT)	€m	329.9	192.0
Net income for the period	€m	219.0	121.2
Earnings per share (basic)	€	1.19	0.66
Consolidated cash flow statement			
Cash flows from operating activities excluding CCP positions	€m	53.2	146.3
Consolidated balance sheet (as at 31 March)			
Non-current assets	€m	11,605.7	5,082.0
Equity	€m	3,561.0	3,312.8
Non-current interest-bearing liabilities	€m	1,522.7	1,545.3
Performance indicators			
Employees (average FTEs for the period)		4,009	3,725
EBIT margin, based on net revenue	%	53 ¹⁾	40
Tax rate	%	26.0 ²⁾	26.0
Gross debt / EBITDA		1.3 ²⁾	1.4
Interest coverage ratio	%	28.4 ²⁾	15.8
The shares			
Opening price	€	60.20	46.21
Closing price (as at 31 March)	€	57.77	47.25
Market indicators			
Eurex			
Number of contracts	m	541.1	558.4
Xetra and Börse Frankfurt			
Trading volume (single-counted)	€bn	331.9 ³⁾	260.3
Clearstream			
Value of securities deposited (average for the period)	€bn	12,045	11,411
Number of transactions	m	33.1	30.3
Global Securities Financing (average outstanding volume for the period)	€bn	580.0	562.8
Transparency and stability key figures			
Proportion of companies listed in the Prime Standard (for shares) as a percentage of all listed companies ⁴⁾	%	83	83
Number of calculated indices		10,706 ⁵⁾	12,111
Number of sustainable index concepts		23	19
System availability of cash market trading system (Xetra [®])	%	100	100
System availability of derivatives market trading system (T7/Eurex [®])	%	99.999	99.966
Market risk cleared via Eurex Clearing (gross monthly average)	€bn	18,974	19,575

1) Adjusted for non-recurring earnings in connection with the merger of Direct Edge Holdings, LLC and BATS Global Markets, Inc.

2) Adjusted for non-recurring items in connection with the merger of Direct Edge and BATS

3) Thereof €4.7 billion certificates and warrants

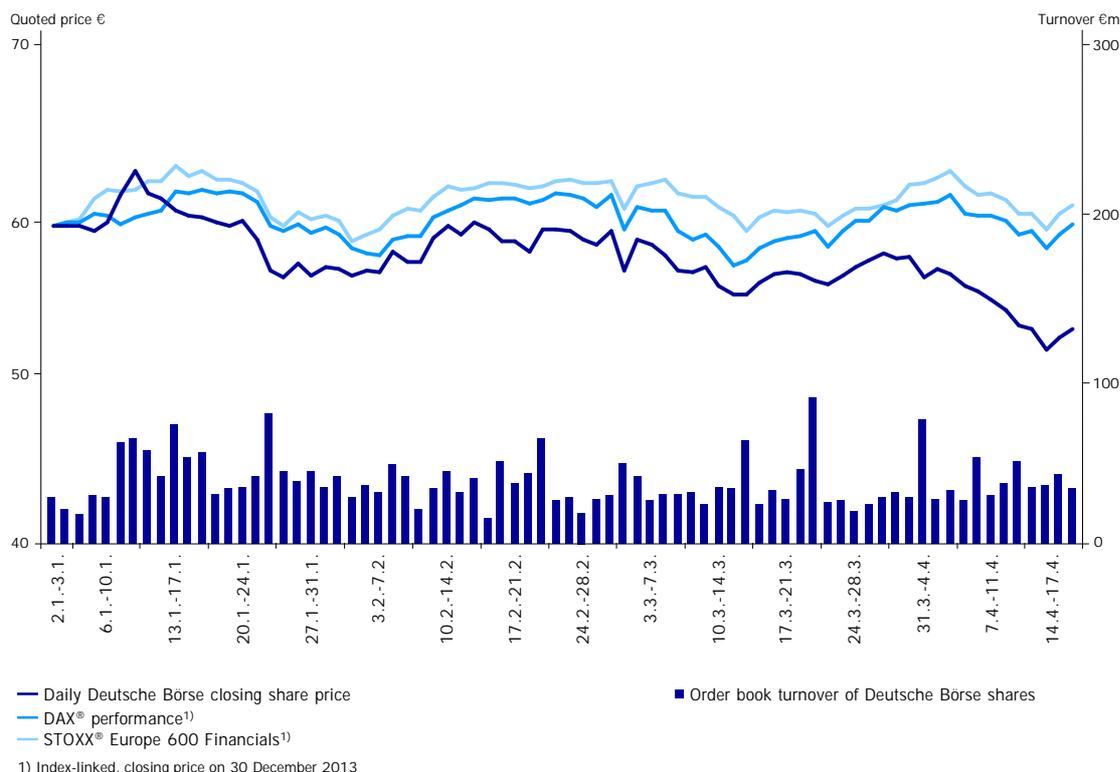
4) Market capitalisation of companies listed in the Prime Standard (shares) in relation to the market capitalisation of all companies listed on the Frankfurt Stock Exchange

5) In the course of 2013, no direct comparison to prior-year figure possible due to change in calculation base following change-over to new reporting system

Q1/2014: Deutsche Börse Group's revenue increases year-on-year and compared with previous quarters

- First-quarter performance was clearly positive, especially in the cash market business of the Xetra segment and the post-trading business of the Clearstream segment.
- In connection with the consolidation of EEX as at 1 January 2014, this development resulted in an increase in net revenue by 6 per cent to €514.2 million (Q1/2013: €484.3 million).
- Operating costs totalled €247.8 million (Q1/2013: €295.3 million incl. non-recurring items).
- Earnings before interest and tax (EBIT) increased significantly to €329.9 million in the first quarter of 2014 (Q1/2013: €192.0 million), mainly due to two non-recurring factors: firstly, higher costs incurred in Q1/2013, primarily for efficiency programmes, and secondly, non-recurring income in Q1/2014 that Deutsche Börse Group generated as a result of a revaluation of its equity interest in Direct Edge (some 32 per cent) in connection with the merger of Direct Edge and BATS. Adjusted for these non-recurring factors, EBIT amounted to €271.6 million (Q1/2013: €257.8 million).
- Basic earnings per share amounted to €1.19 for an average of 184.1 million shares; adjusted for non-recurring items: €1.00 (Q1/2013: €0.66 for 184.1 million shares; adjusted for non-recurring items: €0.92).
- Operating cash flows excluding CCP positions amounted to €53.2 million in the first quarter of 2014 (Q1/2013: €146.3 million). This decrease is especially attributable to the payment of US\$151.9 million which occurred due to the settlement the Group entered into with OFAC in January.
- A dividend of €2.10 per share will be proposed to the Annual General Meeting on 15 May 2014.
- On 10 April, Eurex Clearing, Deutsche Börse Group's clearing house, received a clearing house licence under the European Market Infrastructure Regulation (EMIR). This licence confirms that the Group's clearing services fully meet the requirements of EMIR.

Development of Deutsche Börse AG shares since the beginning of Q1/2014



Group interim management report

Basic principles of the Group

There have been the following changes to the basis of consolidation in the period under review compared with the fundamental information about the Group described on [pages 92 to 103 of the corporate report 2013](#).

Changes to the basis of consolidation

Due to Deutsche Börse Group's attainment of control over European Energy Exchange AG (EEX), EEX and its subsidiaries have been fully consolidated since 1 January 2014. The revenue and costs generated from EEX have been assigned to the Eurex and Market Data + Services segments since the first quarter of 2014. EEX's earnings are therefore no longer included in the result from equity investments. For Eurex, this means an increase in net revenue from transaction fees and other net revenue on the one hand and higher operating costs on the other. For Market Data + Services, net revenue from the connectivity business has risen; conversely, the revenue from the technology services provided to EEX, which was previously accounted for using the equity method, has ceased.

Likewise, Impendium Systems Ltd., a provider of cloud-based software solutions located in London, has been consolidated since 1 January 2014. Net revenue and costs are reported in the Market Data + Services segment.

Already since 1 July 2013, the revenue and costs generated from trading structured products (certificates and warrants) have been allocated to the Xetra and Market Data + Services segments, after the joint venture with the Swiss exchange organisation SIX, Scoach Holding S.A., was terminated effective 30 June 2013.

Report on the economic position

Macroeconomic and sector-specific environment

The company's business operations and economic and sector-specific environment have not changed significantly compared with the presentation in the [2013 corporate report \(pages 103 to 104\)](#). The main central banks maintained the strongly expansionary focus of their monetary policy in the first quarter of 2014. The European Central Bank (ECB) left its key interest rate at the historically low level of 0.25 per cent. The Federal Reserve Bank also continued its low interest rate policy. In addition to the central banks' sustained low interest rate policy, low market volatility also continued to dominate trading activity in the first quarter of 2014. The volatility index spiked to any significant extent on only a few isolated trading days; these spikes were short-lived and did not have any lasting effect. The initiatives to regulate the financial markets remain a challenge for the company's business environment, especially in the derivatives market. A lack of clarity surrounding the legal requirements and the impact they will have on market structures and market participants' business models have led to caution among some market participants.

According to its study published in April, the International Monetary Fund (IMF) expects economic activity to increase by around 1.2 per cent in the euro zone as a whole in 2014 (January 2014: increase of 1.0 per cent) and to expand by around 1.7 per cent in Germany (January 2014: 1.6 per cent). The study forecasts economic growth of around 2.9 per cent in the UK (January 2014: 2.4 per cent) and of around 2.8 per cent in the USA (January 2014: 2.8 per cent). The IMF forecasts the highest growth by far in 2014 – approximately 7 per cent – in Asian countries, and especially China, in anticipation of high domestic demand there. As a result of the divergence in estimates for the different economic regions, global economic growth is projected to be around 3.6 per cent in 2014. Thus, the IMF's study shows that the situation in Europe recovered slightly better than it had been expected at the beginning of the year.

Trading activity trends on Deutsche Börse Group's cash and derivatives markets in the year to date basically correspond to those of other European exchange organisations with similar product portfolios. However, as the situation within the euro zone remains fragile – at present, the European Central Bank is discussing possibilities of further easing its monetary policy –, trading volumes in interest rate derivatives in particular have been below average.

There were no changes in corporate strategy and management in the first quarter. For a comprehensive presentation of them, please refer to the details provided in the [2013 corporate report \(pages 116 to 118\)](#).

Research and development

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.

Results of operations

Results of operations in the first quarter of 2014

In the cash market, there seems to be a gradual return of investor confidence in the stable long-term growth of the euro zone. Capital that had been withdrawn from some European countries and invested in the USA or Asia as a result of the euro currency crisis and the debt crisis returned to Europe and led to a significant increase in trading activity in the cash market. So far, the derivatives market has failed to benefit from this development, as the market environment created by the central banks' sustained low interest rate policy and low stock market volatility prevented the cyclical business drivers from having a similar effect here as, for example, in the USA, prompting trading participants to place trading orders more cautiously, as in the previous year. The business of Clearstream, the segment responsible for post-trade activities, is recording a continuous upward trend especially through acquiring major customers. In particular due to the Liquidity Hub and an advanced strategy regarding the creation of a common settlement platform for the euro zone, TARGET2-Securities (T2S), Clearstream sees itself as extremely well positioned to enable customers to utilise collateral efficiently. In addition, Clearstream is able to score points in global securities financing with its liquidity management services, which allow banks to deploy their capital as efficiently as possible. Deutsche Börse Group's technology and market data business (Market Data + Services segment) shows significant upswing in the index business.

In total, Deutsche Börse Group's net revenue rose by 6 per cent year-on-year to €514.2 million in Q1/2014 (Q1/2013: €484.3 million). In addition to the slightly improved business environment, the positive development is also due to the consolidation of EEX and Impendium Systems in Q1/2014 as well as of Scoach Holding S.A. in the third quarter of 2013. Without these consolidation effects in the amount of €20.2 million, net revenue increased by 2 per cent. Net revenue is composed of sales revenue plus net interest income from banking business and other operating income, less volume-related costs.

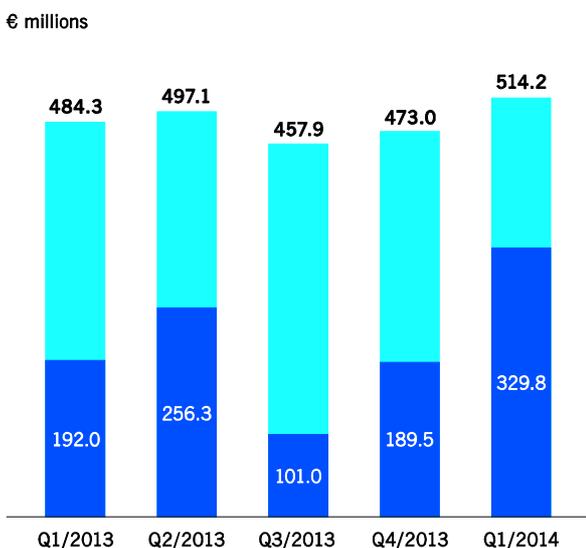
In an environment of persistently low interest rates, a rise in average overnight customer deposits led to a slight increase, to €8.4 million, in net interest income from banking business generated in the Clearstream segment in Q1/2014 (Q1/2013: €8.2 million).

Operating costs amounted to €247.8 million, significantly down year-on-year (Q1/2013: €295.3 million), because this had included costs for one-off items, notably efficiency programmes, totalling €65.8 million. One-off items amounted to €4.4 million in Q1/2014. Adjusted for these, operating costs were €13.9 million higher than in Q1/2013. This increase is due to the abovementioned consolidation effects of €12.2 million (see [section "Changes to the basis of consolidation"](#)) and higher investments in growth initiatives.

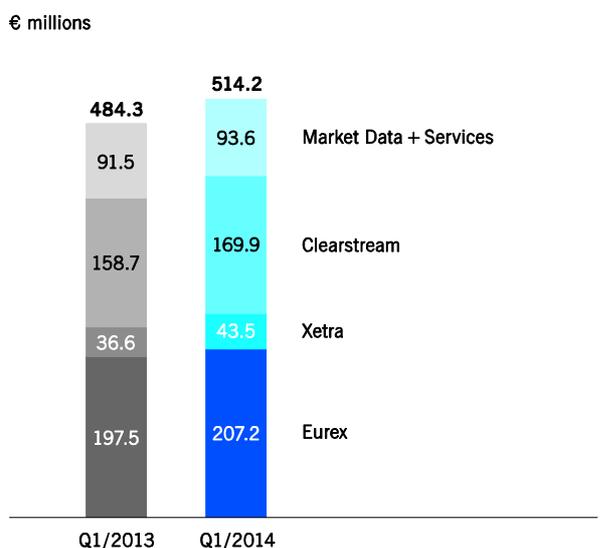
The result from equity investments amounted to €63.5 million (Q1/2013: €3.0 million). The significant increase is attributable to non-recurring income of €62.7 million in connection with the merger of Direct Edge Holdings, LLC (Direct Edge) and BATS Global Markets, Inc. (BATS) at the end of January 2014. The revaluation of the existing shares in Direct Edge, in which Deutsche Börse Group held around 32 per cent via its subsidiary ISE, resulted in a gain of €46.5 million. In addition, the Group received a special dividend of €16.2 million after the transaction had been completed. Adjusted for these factors, the result from equity investments amounted to €0.8 million.

The growth in net revenue and decrease of operating costs, and in particular the non-recurring income in connection with the revaluation of the existing shares in Direct Edge, lifted EBIT to €329.9 million in the first quarter of 2014 (Q1/2013: €192.0 million). Adjusted for non-recurring cost items (efficiency programmes) and for non-recurring items in the result from equity investments, EBIT in Q1/2014 was €271.6 million (Q1/2013: €257.8 million).

Net revenue and EBIT by quarter



Composition of net revenue by segment



■ Net revenue
■ EBIT

The Group's financial result for the first quarter of 2014 improved to €–10.9 million (Q1/2013: €–23.2 million) primarily due to the favourable refinancing of non-current financial liabilities completed in 2013.

The tax rate in the first quarter of 2014 was 26.0 per cent (Q1/2013: 26.0 per cent), adjusted for non-recurring income related to the merger of Direct Edge and BATS.

Consolidated net income for the first quarter of 2014 amounted to €219.0 million (Q1/2013: €121.2 million). Adjusted for the aforementioned non-recurring items, net income increased by 9 per cent to €184.7 million (Q1/2013: €169.9 million).

Basic earnings per share, based on the weighted average of 184.1 million shares outstanding, improved to €1.19 in the first quarter of 2014 (Q1/2013: €0.66 for 184.1 million shares outstanding); adjusted €1.00 (Q1/2013: €0.92).

Comparison of results of operations with the forecast for 2014

Deutsche Börse Group's business performance in the first quarter of 2014 confirms the statements made in the [report on expected developments on pages 171 to 182 of the 2013 corporate report](#). On the basis of net revenue, EBIT and consolidated net income generated in the first quarter of 2014, Deutsche Börse Group is currently in the upper half of the respective forecast ranges. A sequential increase in operating costs is expected in each quarter of the current year. They will rise firstly for seasonal reasons in the fourth quarter, and secondly due to the planned investments in growth initiatives, which will have a greater impact on costs as the year progresses. For this reason, the Group confirms its operating costs forecast for 2014.

Deutsche Börse AG share: key figures

		31 Mar 2014	Quarter ended 31 Mar 2013
Earnings per share (basic)	€	1.19	0.66
Earnings per share (basic, adjusted)	€	1.00	0.92
Opening price ¹⁾	€	60.20	46.21
High ²⁾	€	63.29	52.30
Low ²⁾	€	54.80	46.01
Closing price (as at 31 Mar)	€	57.77	47.25
Number of shares (as at 31 Mar)	m	193.0	193.0
Market capitalisation (as at 31 Mar)	€bn	11.1	9.1

1) Closing price on preceding trading day

2) Intraday price

Eurex segment

Net revenue in the Eurex segment increased by 5 per cent year-on-year to €207.2 million (Q1/2013: €197.5 million). Of this, €14.9 million was attributable to EEX transaction fees and other EEX revenue. Without taking EEX's consolidation into account net revenue in the Eurex segment would have slightly declined.

EBIT rose to €168.2 million (Q1/2013: €94.6 million). Of this amount, €62.7 million was attributable to non-recurring income that Deutsche Börse Group generated as a result of a revaluation of its shares in Direct Edge in connection with the merger of Direct Edge and BATS.

As EEX has been consolidated since the first quarter of 2014, transaction fees as well as other revenue and costs are reported in the Eurex segment.

The derivatives market environment in the first quarter of 2014 remained largely unchanged compared with the previous year: uncertainty about the effects of regulatory initiatives, comparatively low stock market volatility, low inflation (in some cases with deflationary tendencies), persistently low interest rates and no prospect of changes in interest rates. Against this background, demand for hedging and trading activities by participants on the European derivatives exchanges declined year-on-year. The number of European futures and options contracts traded on Eurex declined by 6 per cent to 378.6 million contracts (Q1/2013: 401.3 million). Including the International Securities Exchange (ISE), which showed a stable year-on-year development of traded contracts in the first quarter of 2014, the trading volume was 541.1 million contracts (Q1/2013: 558.4 million).

In spite of the continuing difficult derivatives market environment, Eurex slightly increased the trading volume of the equity index derivatives traded in Europe; the number of contracts traded rose by 5 per cent to 180.3 million in the first quarter of 2014 (Q1/2013: 171.9 million). This means that equity index derivatives are the highest-volume product group on the Eurex derivatives exchange. Higher volatility on individual trading days led to more active trading of equity index derivatives, which in turn resulted in an overall increase in the first quarter. Eurex set new monthly and quarterly records with futures and options on RDX, the Russian Depository Index, and in trading of the Eurex KOSPI product since the minimum contract size was changed in June 2012.

Trading volumes for European interest rate derivatives fell year-on-year to 127.0 million contracts in the first quarter of 2014 (Q1/2013: 143.8 million). In the prior-year quarter, the expectation that the European Central Bank would adjust key interest rates had led to comparatively high volumes for interest rate derivatives; this accounts for the 12 per cent fall in volume. By comparison, the number of interest rate derivatives traded in the first quarter of 2014 was up on the previous two quarters.

Volumes in the equity derivatives product group were down 17 per cent to 68.7 million contracts in the first quarter of 2014 (Q1/2013: 82.9 million).

Dividend derivatives continued their positive performance, reaching the highest level in a quarter since they were launched. At 2.7 million contracts in the first quarter of 2014, the number of traded contracts rose by 42 per cent on the prior year (Q1/2013: 1.9 million).

Breakdown of net revenue in the Eurex segment

€ millions



1) Commodities and commodities derivatives traded at EEX and Eurex

The number of US options contracts on ISE increased slightly by 3 per cent in the first quarter of 2014 to 162.5 million (Q1/2013: 157.1 million). ISE's US equity options market share was 16.5 per cent (Q1/2013: 17.3 per cent). Gemini, the ISE marketplace geared primarily towards the trading requirements of private investors, has now firmly established itself among the trading platforms for US options.

As a consequence of its majority interest in EEX, Deutsche Börse Group has attained the majority in EEX's supervisory board. Therefore, EEX has become a fully consolidated subsidiary since 1 January 2014. Eurex has thus further diversified its product offering and now offers, among others, commodities derivatives. EEX is the leading European energy exchange and marketplace for power derivatives, natural gas and CO₂ emission allowances on the derivatives and spot markets, as well as for coal and Guarantees of Origin (i.e. certificates which can be used for disclosure purposes, e.g. to prove that a consumed MWh was generated from renewable sources). Furthermore, EEX plans to further expand both its portfolio and its reach and therefore in Q1/2014 acquired a majority interest in Cleartrade Exchange, a Singapore-based futures exchange founded in 2010. In cooperation with Cleartrade, EEX will create a joint global product offering in the commodities area. In the first quarter, the total volume in power trading was 350.3 TWh, an increase of 5 per cent (Q1/2013: 333.3 TWh). Trading of gas products increased by 117 per cent to 121.7 TWh (Q1/2013: 56.2 TWh). In emission rights trading, 223.6 tonnes of CO₂ were traded, an increase of 14 per cent on the corresponding quarter in the previous year (Q1/2013: 195.6 t CO₂).

Eurex segment: key indicators

	Q1/2014	Q1/2013	Change
Financial derivatives	m contracts	m contracts	%
Total Eurex and ISE	541.1	558.4	-3
European derivatives ¹⁾	378.6	401.3	-6
European equity index derivatives ²⁾	180.3	171.9	5
European interest rate derivatives	127.0	143.8	-12
European equity derivatives ²⁾	68.7	82.9	-17
US options (ISE)	162.5	157.1	3
Commodities ³⁾	TWh / m t CO ₂	TWh / m t CO ₂	
Electricity	350.3	333.3	5
Gas	121.7	56.2	117
Emissions trading	223.6	195.6	14
Repo business ⁴⁾	€ bn	€ bn	%
Total Eurex Repo	216.7	207.1	5
GC Pooling®	148.7	145.6	2
Euro market	39.8	28.6	39
CHF market	28.2	32.9	-14

1) The total shown does not equal the sum of the individual figures as it includes other traded products such as ETFs, volatility, agricultural and precious metals derivatives.

2) Dividend derivatives have been allocated to the equity index and equity derivatives.

3) Volume traded on EEX in terawatt-hours (TWh) for power and gas trading and in CO₂ tonnes for trading in emission rights

4) Average outstanding volume on Eurex Repo® (single-counted)

In the first quarter of 2014, the average outstanding volume on Eurex Repo, the marketplace for the collateralised money market in Swiss francs and euros as well as for the GC Pooling® (General Collateral Pooling) offering, increased by 5 per cent to €216.7 billion (Q1/2013: €207.1 billion, single-counted for both periods). Demand for collateralised money-market transactions led to a positive trend in the euro market due to continued uncertainty concerning the assessment of counterparty risk in the unsecured money market. Here, the average outstanding volume increased by 39 per cent to €39.8 billion (Q1/2013: €28.6 billion). In the GC Pooling collateralised money market, average outstanding volumes were €148.7 billion, up 2 per cent on the prior-year quarter (Q1/2013: €145.6 billion, single-counted for both periods).

EurexOTC Clear, the Eurex clearing offering for over-the-counter interest rate swaps, gained more new members, with leading national and international banks and asset managers ABN Amro Clearing, BNP Paribas, Morgan Stanley and Union Investment joining in the first quarter. The total number of clearing members as at 31 March 2014 was 32; in total, around 120 customers have signed up for a connection. By being connected to EurexOTC Clear, market participants can clear OTC derivatives in advance of the introduction of a clearing obligation for these financial instruments when the European Market Infrastructure Regulation (EMIR) is implemented.

In this context Eurex Clearing, Deutsche Börse Group's clearing house, was authorised on 10 April to be a clearing house in accordance with the European Market Infrastructure Regulation (EMIR) by its national competent authority BaFin (Federal Financial Supervisory Authority). The authorisation confirms that Eurex Clearing is fully EMIR compliant. Therefore, Eurex Clearing can already provide its members services needed to meet the upcoming clearing obligation for derivatives in Europe.

Xetra segment

- Net revenue rose by 19 per cent to €43.5 million (Q1/2013: €36.6 million). This figure contains the proceeds (€2.6 million) from transaction fees for structured product trading that are recognised in the Xetra segment starting in the third quarter of 2013.
- EBIT increased to €27.5 million (Q1/2013: €10.4 million).

Deutsche Börse Group's cash market has had a strong first quarter of 2014. After investors had withdrawn capital from Europe and invested it primarily in the USA and Asia in the wake of the euro crisis and the debt crisis experienced by some European states, they are now investing more in Europe again. This return of capital is also reflected in the German equity market, which is viewed by investors as a safe and reliable market. The daily trading volume on Xetra® increased by 22 per cent year-on-year to €316.3 billion (Q1/2013: €260.3 billion). In the first quarter of 2014, the number of Xetra transactions increased by 20 per cent year-on-year to 55.5 million (Q1/2013: 46.2 million). The average value per transaction was €11.4 thousand (Q1/2013: €11.3 thousand). The Xetra segment generated a total of €28.2 million in net revenue from trading (Q1/2013: €21.8 million). The net revenue of the central counterparty for equities increased year-on-year in the first quarter of 2014, to €8.2 million (Q1/2013: €7.1 million). Other net revenue declined to €7.1 million (Q1/2013: €7.7 million).

With a trading volume of €15.6 billion in the first quarter of 2014, the Frankfurt Stock Exchange saw an increase of 54 per cent as against the previous year (Q1/2013: €10.1 billion). Due to the termination of the Scoach joint venture with SIX Swiss Exchange, the certificates and warrants traded on the Frankfurt Stock Exchange – amounting to €4.7 billion – have been included in calculating the volumes since the beginning of the third quarter of 2013.

On Tradegate Exchange, which is operated by a company in which Deutsche Börse holds a majority interest, investors traded securities with a volume of €15.7 billion in the first quarter of 2014, a 50 per cent increase year-on-year (Q1/2013: €10.5 billion).

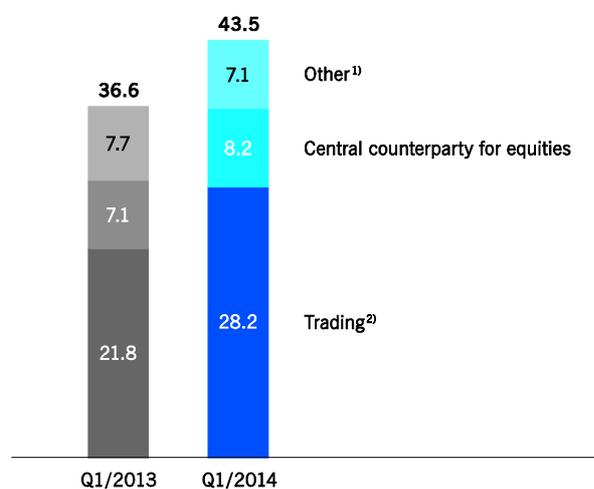
Deutsche Börse operates Europe's leading marketplace for exchange-traded funds (ETFs). As at 31 March 2014, a total of 1,018 ETFs were listed on Deutsche Börse (31 March 2013: 1,030 ETFs), meaning that it offers by far the largest selection of ETFs of all the European exchanges. The assets under management held by ETF issuers reached a new record high of €236.7 billion (Q1/2013: €208.0 billion). The segment's trading volume increased by 8 per cent to €33.8 billion in the first quarter of 2014 (Q1/2013: €31.2 billion). Deutsche Börse's European market share continues to lead the market, at 32 per cent (Q1/2013: 33 per cent).

Besides the marketplace for ETFs, Deutsche Börse operates a segment for exchange-traded commodities (ETCs). Xetra-Gold®, a physically backed bearer bond issued by Deutsche Börse Commodities GmbH, is the most successful ETC product. In the first quarter of 2014, the falling gold price and lower demand from the private investor sector led to a decline in the volume held. At the end of the first quarter of 2014, Deutsche Börse Group held 46.4 tonnes of gold in custody (31 March 2013: 53.7 tonnes). Due to the slide in gold prices at the same time, the value was equivalent to €1.4 billion (31 March 2013: €2.2 billion).

In the listing business, Deutsche Börse recorded two new admissions in the first quarter of 2014: in both cases, these were technical listings without a public offer. Furthermore, 27 companies implemented a capital increase; the placement volume amounted to around €1 billion. Additionally, two companies used the option of issuing corporate bonds in the Entry Standard for bonds. The issue volume as given in the prospectuses amounted to a total of €60 million.

Breakdown of net revenue in the Xetra segment

€ millions



1) Including revenue from listing and Eurex Bonds

2) The position "Trading" includes the Xetra® electronic trading system, Börse Frankfurt as well as structured products trading.

In February, Deutsche Börse acquired, for a sum in the lower single-digit millions (sterling), a minority interest in UK company Bondcube Limited, which is developing an innovative trading system for fixed-income securities.

Xetra segment: key indicators

	Q1/2014 €bn	Q1/2013 €bn	Change %
Trading volume (order book turnover, single-counted)			
Xetra	316.3	260.3	22
Börse Frankfurt ¹⁾	15.6 ²⁾	10.1	54
Tradegate Exchange	15.7	10.5	50

1) Formerly Xetra Frankfurt Specialist Trading; since Q3/2013 including certificates and warrants due to consolidation of Scoach effective 1 July 2013

2) Thereof €4.7 billion in certificates and warrants

Clearstream segment

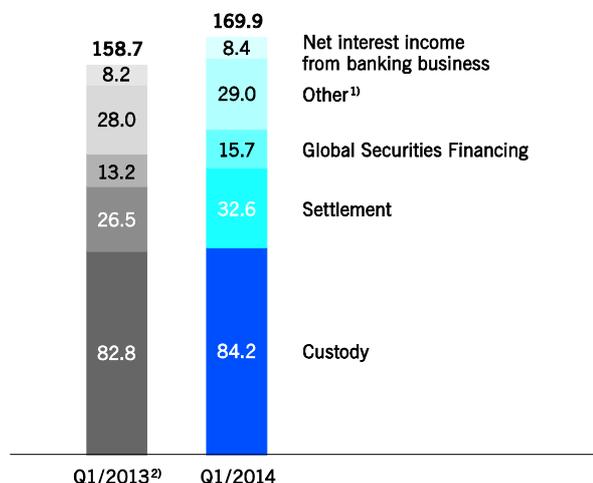
▫ At €169.9 million, Clearstream registered a 7 per cent increase in net revenue against the prior-year period (Q1/2013: €158.7 million) in the first quarter of 2014.

▫ EBIT stood at €84.5 million in the first quarter of 2014 (Q1/2013: €49.5 million).

The average value of assets under custody in the first quarter of 2014 increased to €12.0 trillion (Q1/2013: €11.4 trillion). This was due on the one hand to the sustained price gains of equities on the German domestic market, which showed an increase in assets under custody, to €5.7 trillion in Q1/2014 (Q1/2013: €5.4 trillion). On the other hand, international assets under custody in the first quarter of 2014 were at €6.4 trillion, 5 per cent above last year (Q1/2013: €6.0 trillion). Customer gains contributed to this growth. Net revenue in the custody business increased slightly to €84.2 million for Q1/2014 (Q1/2013: €82.8 million).

Breakdown of net revenue in the Clearstream segment

€ millions



1) Including Connectivity and Reporting

2) 2013 figures of selected business areas restated due to changes in internal reporting; no restatement of total net revenue

The number of settlement transactions processed by Clearstream increased by 9 per cent to 33.1 million (Q1/2013: 30.3 million). This increase is due to higher trading activity by market participants in the first quarter of 2014. Totalling 11.4 million transactions, Clearstream's international settlement activity for the first quarter of 2014 was 11 per cent higher than in the prior-year quarter (Q1/2013: 10.3 million). Settlement of international off-exchange (over-the-counter, OTC) transactions increased by 8 per cent to 9.2 million (Q1/2013: 8.5 million), thus accounting for 81 per cent of all international transactions. Settlement of stock exchange transactions went up by 22 per cent to 2.2 million (Q1/2013: 1.8 million), thus accounting for 19 per cent of all international transactions. In the domestic business, settlement transactions went up by 9 per cent to 21.7 million for first quarter (Q1/2013: 20.0 million), due to higher trading activity of German retail investors. Here, 65 per cent were stock-exchange transactions and 35 per cent OTC transactions. Stock-exchange transactions increased to 14.2 million (Q1/2013: 13.1 million), and OTC transactions rose to 7.5 million (Q1/2013: 6.9 million). Net revenue in the settlement business went up by 23 per cent in the first quarter of 2014, to €32.6 million (Q1/2013: €26.5 million). The difference in growth rates between volume and sales is due to temporary additional fees, introduced on 1 April 2013, to cover connectivity costs to TARGET2-Securities (T2S).

The success of Investment Funds Services contributed positively to the custody and settlement business. In the first quarter of 2014, Clearstream processed 2.2 million transactions, a 16 per cent increase over the previous year (Q1/2013: 1.9 million). The average value of investment funds under custody for the first quarter of 2014 was €294.3 billion, 17 per cent higher than last year (Q1/2013: €250.9 billion).

Clearstream segment: key indicators

	Q1/2014	Q1/2013	Change
Custody	€bn	€bn	%
Value of securities deposited (average value)	12,045	11,411	6
international	6,355	6,049	5
domestic	5,690	5,362	6
Settlement	m	m	%
Securities transactions	33.1	30.3	9
international – OTC	9.2	8.5	8
international – on-exchange	2.2	1.8	22
domestic – OTC	7.5	6.9	9
domestic – on-exchange	14.2	13.1	8
Global Securities Financing	€bn	€bn	%
Outstanding volume (average value)	580.0	562.8	3
Average daily cash balances	€m	€m	%
Total ¹⁾	11,274	10,849	4
euros	4,760	4,274	11
US dollars	4,909	4,656	5
other currencies	1,605	1,919	-16

1) Contains approximately €1.2 billion (Q1/2013: €1.3 billion) currently restricted by relevant EU and US sanction programmes

Within the Global Securities Financing (GSF) business, which includes triparty repo, securities lending and collateral management, average outstandings increased year-on-year to €580.0 million (Q1/2013: €562.8 million). The diversified product mix ensured a higher growth of total net revenue in the GSF business, which was up by 19 per cent to €15.7 million in the first quarter of 2014 (Q1/2013: €13.2 million).

Overnight customer cash deposits increased in the first quarter of 2014 to reach an average of €11.3 billion (Q1/2013: €10.8 billion). Adjusted for assets restricted by relevant EU and US sanction programmes, customer cash deposits increased to €10.1 billion (Q1/2013: €9.5 billion). Net interest income from Clearstream's banking business rose by 2 per cent to €8.4 million in Q1/2014 (Q1/2013: €8.2 million). The comparatively low net interest income reflects the sustained low levels of interest rates.

In the first quarter, Clearstream stepped up the strategically important expansion of its service offering as part of TARGET2-Securities (T2S). T2S is the European Central Bank's pan-European settlement platform, to which Clearstream will be connected in 2016 – a total of 24 central securities depositories in the euro zone will use T2S. Clearstream would like to enhance T2S beyond the actual added value offered by the platform and announced in January that it intended to settle a large number of additional assets (including eurobonds) via T2S. The aim is to facilitate more efficient settlement for customers via T2S across a wide range of asset classes. In addition to settlement, Clearstream aims to use T2S to change its approach to servicing assets. In March, the company signed an agreement with custodian banks BNP Paribas Securities Services, Intensa Sanpaolo, BBVA, Citi and Erste Bank, which will improve the servicing of assets held with Clearstream in the T2S market environment. This will be achieved through proximity to the respective domestic markets and detailed knowledge of local market practices.

In the area of collateral management, Clearstream signed a letter of intent with Norwegian central securities depository Verdipapirsentralen ASA (VPS) in February. After Brazil, Australia, South Africa, Spain, Canada and Singapore, Norway is now the seventh market in which Clearstream technology will be used. In March, Clearstream also positioned a bilateral collateral management product, OTC Collateral, on the market. OTC Collateral leads to a significant increase in the service offering for OTC transactions and will help customers to overcome collateral fragmentation and to optimise allocation by including the option to cover OTC, triparty and central counterparty (CCP) risk positions from a single collateral pool, Clearstream's Global Liquidity Hub.

In February, Clearstream also formalised its market approach for supporting the internationalisation of the renminbi. Among other things, this aims to allow foreign investors to invest in the Chinese currency, to improve the liquidity of the offshore RMB through suitable solutions, to increase the scope of RMB products and services, and to contribute to the growth and maturity of the RMB bond market.

Market Data + Services segment

- Net revenue rose to €93.6 million (Q1/2013: €91.5 million).
- EBIT increased significantly by 33 per cent year-on-year to €49.7 million (Q1/2013: €37.5 million).

The trading signals business declined slightly in the tense market environment in the first quarter of 2014: current efforts to regulate automated trading more tightly are leading to uncertainty in the trading departments of banks and financial services institutions. In addition, user numbers are declining due to structural changes in the financial services industry. Net revenue fell slightly in the first quarter of 2014

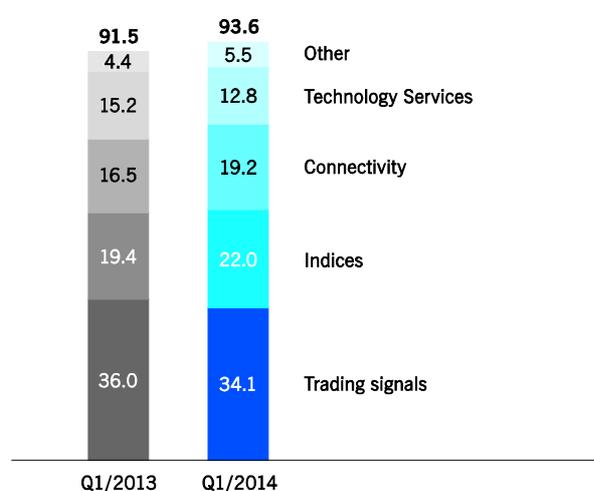
compared with the prior-year quarter to €34.1 million (Q1/2013: €36.0 million). In order to give its subscribers more options, the segment further diversified the machine-readable data on offer. Trading participants can now adjust their algorithmic trading strategies in time and fine-tune their risk management. The “Order by Order” information product provides full transparency for the most important Eurex futures. It offers complete insight into the Eurex order book, which consists of some 150 instruments. The detailed trading and order book data benefits institutional investors who depend on extremely granular market data for implementing their trading strategies.

Deutsche Börse operates its index business via its subsidiary STOXX Ltd. It generates its revenue from calculating and marketing indices and benchmarks that are used by banks and fund management companies mainly as underlyings for financial instruments. The index business grew in the first quarter of 2014; net revenue increased to €22.0 million (Q1/2013: €19.4 million). The licensing revenue for these products increased owing to the improved market trends in equity index derivatives trading on Eurex and the increase in ETF-managed assets. In order to further internationalise its business, Deutsche Börse licensed its blue-chip DAX index to a Japanese fund management company. This company launched a passive investment fund that replicates the performance of the DAX. This makes it easier for Japanese investors to invest in the DAX, the barometer for economic activity in Germany, and to participate in its performance.

Net revenue from the external technology solutions business fell to €12.8 million in the first quarter of 2014 (Q1/2013: €15.2 million). This can be attributed primarily to the consolidation of EEX from the first quarter of 2014 and of Scoach from the third quarter of 2013, as a result of which external revenue in the amount of €2.2 million for EEX- and respectively Scoach-related services in the Technology Solutions business area was no longer recognised. On the other hand, connectivity income generated by EEX with external customers is now recognised following the consolidation of the subsidiary as at 1 January 2014 in the Connectivity business area of the Market Data + Services segment; this amounted to €1.5 million. In total, these two effects reduced the segment’s net revenue in the first quarter of 2014 by some €0.7 million.

Breakdown of net revenue in the Market Data + Services segment

€ millions



The Market Data + Services segment generates connectivity revenue from connecting trading participants on the cash and the derivatives markets, from users of the data services and from customers of the technology solutions. This revenue depends on the bandwidth connections required for the services in question. Through the further development of data services, e.g. the introduction of the bandwidth-intensive "Order-by-Order" product and the new connectivity formats for derivatives trading platform T7, which was launched last year, as well as additional net revenue owing to the consolidation of EEX and Scoach (see above), connectivity revenue increased to €19.2 million in the first quarter of the year (Q1/2013: €16.5 million).

Other revenue comprises the provision of data to the back offices of financial services providers (e.g. the TRICE® reporting service), among other things. This amounted to €5.5 million in the first quarter of 2014 and was therefore above the prior-year level (Q1/2013: €4.4 million). In order to expand its business with information services for regulatory reporting compliance, Deutsche Börse acquired London-based software provider Impendium Services for a sum in the single-digit millions. Impendium assists customers in complying with regulatory requirements in Europe, North America and the Asia-Pacific region. The transaction is part of Deutsche Börse's growth strategy, which aims to offer software tools that help customers to cope with the increasing flood of data on the financial markets and thus to automate related business processes.

Financial position

Cash flow

Deutsche Börse Group generated cash flow from operating activities before changes in reporting date-related CCP positions of €53.2 million in the first quarter of 2014 (Q1/2013: €146.3 million). The decrease is in particular due to a payment of US\$151.9 million in connection with a settlement the Group entered into with OFAC (Office of Foreign Assets Control). Including the changes in the CCP positions, cash flow from operating activities was €56.7 million (Q1/2013: €41.4 million). The change in cash flows from operating activities before changes in reporting date-related CCP positions can be explained as follows:

- Net income for the period up by €102.4 million to €227.3 million
- Decrease of €6.9 million in non-current provisions, compared with an increase in the first quarter of 2013, due in particular to the launch of a €39.7 million restructuring programme
- Increase in non-cash income to €41.4 million in the first quarter of 2014, compared with €4.8 million in the first quarter of 2013, especially due to the remeasurement of the shares in Direct Edge Holdings LLC in connection with the merger of Direct Edge Holdings LLC and BATS Global Markets, Inc., which led to non-cash income of €46.4 million.
- Increase of €181.9 million in working capital (Q1/2013: increase in working capital of €33.6 million), primarily driven by an increase in current liabilities of €100.0 million (Q1/2013: €28.1 million), which was in turn attributable to a €132.7 million rise in trade receivables. Current liabilities declined by €81.7 million (Q1/2013: €5.2 million), due in particular to a payment of US\$151.9 million in connection with a settlement the Group entered into with OFAC.

Cash inflows from investing activities amounted to €571.7 million in Q1/2014 (Q1/2013: cash outflows of €32.8 million). The increase can primarily be attributed to the following changes:

- Cash inflows due to maturing collateralised cash investments with an original maturity of more than three months amounted to €588.2 million (Q1/2013: €0 million); in addition securities of €81.9 million matured or were sold (Q1/2013: €2.3 million).
- Moreover, the Group acquired securities with an original maturity of more than three months in an amount of €95.0 million (Q1/2013: €8.5 million) as well as an investment of €33.7 million in Taiwan Futures Exchange Corporation, Taipei.
- Due to the consolidation of the European Energy Exchange AG, Leipzig, as at 1 January 2014, cash flow resulted in an increase of €61.5 million. Since no purchase price was payable, there were no cash outflows. There was a cash outflow of €3.1 million in connection with the acquisition of Impendium Ltd, London.
- At €21.9 million, investments in intangible assets and property, plant and equipment were at the prior-year level; they related in particular to investments by the Clearstream (€9.8 million) and Eurex (€11.6 million) segments. These investments were primarily attributable to expansion investments in the field of settlement and collateral management systems (€8.0 million), as well as trading and clearing systems (€8.3 million).

Cash outflows from financing activities amounted to €10.1 million (Q1/2013: cash inflows of €593.3 million). They resulted from commercial paper being issued in an amount of €89.9 million (Q1/2013: nil) and commercial paper maturing in an amount of €100.0 million (Q1/2013: nil).

In March 2013, Deutsche Börse AG had issued a euro-denominated bond with a term of five years and a principal amount of €600.0 million.

Cash and cash equivalents as at 31 March 2014 thus amounted to €562.5 million (31 March 2013: €1,147.7 million).

Capital structure

As a rule, the Group aims to achieve a dividend distribution ratio of 40 to 60 per cent of adjusted consolidated net income. Moreover, it implements share buy-backs in order to distribute to its shareholders funds not required for the company's operating business and its further development. This policy is determined at all times by the company's capital requirements, which depend on the legal and regulatory framework as well as its credit rating, economic capital and liquidity needs.

Customers of the company expect to have conservative interest coverage and debt/equity ratios and to 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 rating agencies' current requirements for an "AA" rating for Deutsche Börse AG. Deutsche Börse Group met this objective in Q1/2014, achieving an interest coverage ratio of 28.4 (Q1/2013: 15.8). This figure is based on a relevant interest expense of €10.6 million and an adjusted EBITDA of €300.8 million. Due to the successful refinancing accomplished in 2013, interest expense decreased significantly year-on-year. This again had a positive impact on the interest coverage ratio. In addition, Deutsche Börse aims to achieve a ratio of interest-bearing gross debt to EBITDA of no more than 1.5 at Group level. This performance indicator also plays a material role in maintaining the parent company's current "AA" rating. In the first quarter, the Group met the target ratio, at 1.3. This figure is based on gross debt of €1,612.6 million and an adjusted EBITDA of €300.8 million.

Moreover, 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 to support activities at its Eurex Clearing AG subsidiary.

For financial year 2013, Deutsche Börse AG is proposing to the Annual General Meeting to resolve payment of a dividend of €2.10 per no-par value share (financial year 2012: €2.10). This proposal represents a distribution ratio of 61 per cent, adjusted for merger and acquisition costs, as well as efficiency programme costs (2012: 58 per cent, adjusted for merger and acquisition costs, efficiency programme costs and income from the remeasurement of the equity component of the purchase price for the acquisition of the shares of Eurex Zürich AG held by SIX Group AG). For 184.1 million dividend-bearing no-par value shares, this would result in a total dividend of €386.6 million (2012: €386.5 million).

Net assets

As at 31 March 2014, Deutsche Börse Group's non-current assets amounted to €11,605.7 million (31 March 2013: €5,082.0 million). They consisted primarily of intangible assets and financial assets as well as of financial instruments of its central counterparties. Intangible assets primarily included goodwill of €2,084.0 million (31 March 2013: €2,106.8 million) and other intangible assets of €923.0 million (31 March 2013: €890.7 million). Non-current receivables and securities from banking business of €1,271.9 million (31 March 2013: €1,418.3 million) accounted for the largest part of financial assets, which amounted to €1,523.9 million as at the balance sheet date (31 March 2013: €1,678.0 million). Non-current assets were matched by equity of €3,561.0 million (31 March 2013: €3,312.8 million). Non-current liabilities totalling €8,644.6 million (31 March 2013: €2,052.0 million) mainly related to financial instruments of the central counterparties amounting to €6,633.1 million (31 March 2013: nil), which are reported separately from the current financial instruments of Eurex Clearing AG due to a maturity of more than three months, interest-bearing liabilities of €1,522.7 million (31 March 2013: €1,545.3 million) as well as deferred tax liabilities of €289.9 million (31 March 2013: €297.1 million).

Among other things, changes in current liabilities were the result of the increase in liabilities from banking business to €15,541.3 million (31 March 2013: €14,175.2 million). Commercial paper amounting to nominally €90.0 million was outstanding as at the end of the first quarter of 2014 (31 March 2013: nil).

Report on post-balance sheet date events

On 23 April 2014, Deutsche Börse announced that its subsidiary Clearstream and Citco have signed an agreement for the purchase of Citco's Financial Institution Hedge Fund custody processing business to Clearstream. The purchase price amounts to a sum in the mid double digit million euro range. The deal allows Clearstream to significantly expand its hedge fund services for financial institutions.

The acquisition of Citco Global Securities Services' (CGSS) hedge fund custody infrastructure adds around 300 CGSS employees to Clearstream and licences Clearstream to use Citco's custody IT infrastructure. The two companies will ensure the takeover takes place in a gradual way in order to ensure a smooth transition.

Risk report

Deutsche Börse Group provides detailed information on its operating environment, strategy, principles, organisation, processes, methods and concepts of its risk management in its 2013 corporate report.

The assessment of operational, financial, business and project-related risks did not change significantly in the period under review.

Operational risks for Deutsche Börse Group relate to availability, processing, material goods, as well as litigation and business practice. Further information concerning operational risk and the measures to mitigate them can be found in [Deutsche Börse Group's corporate report 2013 on pages 153 to 158](#).

In its 2013 corporate report, Deutsche Börse Group informed about proceedings initiated by various US plaintiffs on 30 December 2013 seeking the surrender of certain positions claimed to be held for Bank Markazi in Luxembourg. No claims for damages were asserted against Clearstream in these proceedings.

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. On 14 March 2014, the insolvency administrator and Eurex Clearing signed an irrevocable settlement stating that they would each waive all claims arising from their previous legal relationship. As a result, the insolvency administrator withdrew the claim.

On 12 November 2012, the Chicago Board Options Exchange (CBOE) filed a patent infringement law suit against the International Securities Exchange (ISE) (the "CBOE Litigation"). In the CBOE Litigation, CBOE alleges US\$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. Upon ISE's motion, the case was recently transferred to the competent courts of New York City.

In November 2006, ISE itself filed a patent infringement lawsuit against CBOE (the "ISE Litigation"). In the ISE Litigation, as of December 2012, ISE alleged US\$475 million in damages for infringement of ISE's patent which relates to systems and methods for operating an automated exchange. The ISE Litigation was scheduled for trial in March 2013. However, in the course of the pre-trial motions, some of the decisions of the trial judge establishing ISE's burden of proof to succeed in trial, were extremely adverse to ISE. As a result, ISE believed that it could not prove its case of infringement, and therefore determined to move straight to an appeal of those rulings and forego a trial. On 12 April 2013, ISE filed an appeal of the rulings with the U.S. Court of Appeals for the Federal Circuit ("CFAC"). On 7 April 2014, the CFAC affirmed in part and reversed in part the rulings of the trial court, but the net result is that ISE does not have a viable case left in the matter. On 17 April, ISE filed with the CFAC a petition for rehearing. ISE expects a decision on the petition for rehearing in Q2/2014.

On 2 April 2014, Deutsche Börse AG announced ad hoc that Clearstream Banking S.A. has been informed by its U.S. counsels, that the United States Attorney for the Southern District of New York has made Clearstream subject of criminal investigation in connection with alleged violations of U.S. money laundering and Iran sanction laws. Currently, while Clearstream is cooperating with the U.S. Attorney, the investigation is in a very early stage.

Deutsche Börse Group is exposed to financial risks mainly in the form of credit risk and liquidity risk in the financial institutes Clearstream Holding group and Eurex Clearing AG. In addition, the Group's cash investments and receivables are subject to credit risk. The majority of cash investments involve short-term transactions that are collateralised, thus minimising liquidity risk as well as market risk from cash investments. Market risk is immaterial for the entire Group. Further information on financial risks can be found on [pages 158 to 164 of the 2013 corporate report](#).

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. Furthermore, 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. Further information concerning business risks can be found in the [2013 corporate report on pages 164 and 165](#).

Currently, the Group is pursuing several major projects. These are constantly monitored to identify risks at an early stage and enable appropriate countermeasures to be taken. Further information concerning project risks can be found in the [2013 corporate report on page 165](#).

The Group evaluates its risk situation on an ongoing basis. Taking into account the stress test calculations performed, the required economic capital and earnings at risk as well as the risk management system, which it considers to be effective, the Executive Board of Deutsche Börse AG is of the opinion that the risk-bearing capacity of the Group is sufficient. A significant change in the Group's risk profile cannot be identified at present.

Report on 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. At present the Executive Board cannot identify any significant change in the Group's opportunities that were described in detail in the [2013 corporate report on pages 177 to 180](#). As part of its growth strategy, Deutsche Börse Group has already reached two milestones relating to the structural growth opportunities described in the corporate report.

Clearing of OTC derivatives: EMIR licence for Eurex Clearing

On 10 April, Eurex Clearing, Deutsche Börse Group's clearing house, received a clearing house licence in accordance with EMIR from the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, the German Federal Financial Supervisory Authority). The granting of the licence confirms full compliance of Eurex Clearing's clearing services with the EMIR rules. This means that Eurex Clearing can already provide services to its participants to help them prepare for the impending clearing obligation for derivatives.

Expansion in Asia: closer German-Chinese cooperation

At the end of March, Deutsche Börse and Bank of China announced their strategic cooperation in Berlin in the presence of Chinese President Xi Jinping and German Chancellor Angela Merkel. The strategic partnership will see Bank of China become a trading and clearing member of Deutsche Börse Group and will give Chinese issuers and Asian investors direct access to the German and European capital markets. The extended cooperation is an important milestone in the further implementation of Deutsche Börse Group's corporate strategy, which has identified the Asia-Pacific region as one of its focal points. The agreement also calls on the two companies to develop the financial infrastructure needed to underpin further cooperation between China and Germany and to support the internationalisation of the renminbi by promoting Frankfurt/Main as the European offshore centre for the currency. In addition to the cooperation between Deutsche Börse and Bank of China, it was also announced that the financial centre of Frankfurt would in future be the only venue in the euro zone where trades in the Chinese currency, the renminbi, can be settled. A memorandum of understanding detailing the clearing of payments denominated in renminbi was signed by the Bundesbank and the PRC's central bank, the People's Bank of China.

Report on expected developments

The report on expected developments describes how Deutsche Börse Group is expected to perform in financial year 2014. 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.

Deutsche Börse Group is not planning any fundamental change to its operating policies in the coming years. At present, the Executive Board cannot identify any deviation from the forecast described in detail on [pages 171 to 182 of the corporate report 2013](#).

Development of results of operations

For the remainder of financial year 2014, Deutsche Börse Group does not expect any material deviation from the forecasts for its operating environment made in its 2013 consolidated financial statements.

For the forecast period, the uncertainty about the future behaviour of capital market participants continues to make specific forecasts of the results of operations difficult. As part of its budget planning process, the company has therefore developed different possible scenarios for its results of operations in 2014 and has published them on [pages 178 to 179 of the corporate report 2013](#).

However, as at the publication date of this Group interim management report, the company expects that special factors affecting operating costs will increase by €10 million to some €30 million, owing to the acquisition of Citco Global Securities Services announced in April 2014.

Development of the Group's financial position

The company expects cash flows from operating activities to remain clearly positive in the future; these are Deutsche Börse Group's main financing instrument. The company plans to invest amounts of around €150 million per year in intangible assets and property, plant and equipment during the forecast period on a consolidated basis. The 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.

As a rule, the Group aims to achieve a dividend distribution ratio of 40 to 60 per cent of adjusted consolidated net income. Moreover, it implements share buy-backs in order to distribute to its shareholders funds not required for the Group's operating business and its further development. This policy is determined at all times by the company's capital requirements, which depend on the legal and supervisory framework as well as requirements relating to its credit rating, economic capital and liquidity.

Consolidated income statement

for the period 1 January to 31 March 2014

	Note	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Sales revenue		589.8	541.2
Net interest income from banking business		8.4	8.2
Other operating income	4	3.2	5.2
Total revenue		601.4	554.6
Volume-related costs		-87.2	-70.3
Net revenue (total revenue less volume-related costs)		514.2	484.3
Staff costs		-109.0	-165.9
Depreciation, amortisation and impairment losses		-30.1	-28.3
Other operating expenses	5	-108.7	-101.1
Operating costs		-247.8	-295.3
Result from equity investments		63.5	3.0
Earnings before interest and tax (EBIT)		329.9	192.0
Financial income		3.2	1.1
Financial expense		-14.1	-24.3
Earnings before tax (EBT)		319.0	168.8
Other tax		-0.4	-0.3
Income tax expense		-91.3	-43.6
Net profit for the period		227.3	124.9
thereof shareholders of parent company (net income for the period)		219.0	121.2
thereof non-controlling interests		8.3	3.7
Earnings per share (basic) (€)	13	1.19	0.66
Earnings per share (diluted) (€)	13	1.19	0.66

Consolidated statement of comprehensive income

for the period 1 January to 31 March 2014

	Note	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Net profit for the period reported in consolidated income statement		227.3	124.9
Items that will not be reclassified to profit or loss:			
Changes from defined benefit obligations	8	-9.0	11.8
Deferred taxes		2.5	-3.1
		-6.5	8.7
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences ¹⁾	8	0.9	27.4
Remeasurement of cash flow hedges		0.6	-0.4
Remeasurement of other financial instruments		-1.2	0.8
Deferred taxes	8	0.1	-15.7
		0.4	12.1
Other comprehensive income after tax		-6.1	20.8
Total comprehensive income		221.2	145.7
thereof shareholders of parent company		212.9	142.0
thereof non-controlling interests	8	8.3	3.7

1) Exchange rate differences include €0.3 million (31 March 2013: €1.6 million) that were taken directly to accumulated profit as part of the result from equity investments.

Consolidated balance sheet

as at 31 March 2014

Assets	Note	31 Mar 2014 €m	31 Dec 2013 €m	31 Mar 2013 €m
NON-CURRENT ASSETS				
Intangible assets	6			
Software		174.3	178.8	149.7
Goodwill		2,084.0	2,042.6	2,106.8
Payments on account and construction in progress		103.2	85.2	75.1
Other intangible assets		923.0	852.1	890.7
		3,284.5	3,158.7	3,222.3
Property, plant and equipment	6			
Fixtures and fittings		35.9	37.3	42.3
Computer hardware, operating and office equipment		63.4	69.9	76.4
Payments on account and construction in progress		0.1	0.1	1.7
		99.4	107.3	120.4
Financial assets	7			
Investments in associates and joint ventures		75.4	183.4	210.1
Other equity investments		152.3	23.9	25.4
Receivables and securities from banking business		1,271.9	1,178.3	1,418.3
Other financial instruments		23.9	25.6	24.0
Other loans		0.4	0.4	0.2
		1,523.9	1,411.6	1,678.0
Financial instruments of the central counterparties		6,633.1	4,058.6	0
Other non-current assets		11.7	11.7	8.8
Deferred tax assets		53.1	49.0	52.5
Total non-current assets		11,605.7	8,796.9	5,082.0
CURRENT ASSETS				
Receivables and other current assets				
Financial instruments of the central counterparties		195,756.3	153,546.8	196,706.1
Receivables and securities from banking business		15,641.5	9,544.0	13,653.7
Trade receivables		415.2	218.8	238.5
Receivables from related parties		0.9	4.1	3.3
Income tax receivables ¹⁾		20.4	40.4	91.3
Other current assets		283.3	273.7	226.3
Available-for-sale financial assets		0	35.6	0.9
		212,117.6	163,663.4	210,920.1
Restricted bank balances		19,580.8	16,221.7	16,655.2
Other cash and bank balances		792.0	627.9	1,270.1
Total current assets		232,490.4	180,513.0	228,845.4
Total assets	10	244,096.1	189,309.9	233,927.4

1) Thereof €8.8 million (31 December 2013: €8.8 million and 31 March 2013: €10.6 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 Mar 2014 €m	31 Dec 2013 €m	31 Mar 2013 €m
EQUITY	8			
Subscribed capital		193.0	193.0	193.0
Share premium		1,249.0	1,249.0	1,249.0
Treasury shares		-446.6	-446.6	-449.8
Revaluation surplus		22.5	29.4	23.4
Accumulated profit		2,231.3	2,011.8	2,070.6
Shareholders' equity		3,249.2	3,036.6	3,086.2
Non-controlling interests		311.8	231.4	226.6
Total equity		3,561.0	3,268.0	3,312.8
NON-CURRENT LIABILITIES				
Provisions for pensions and other employee benefits	9	92.9	80.2	88.0
Other non-current provisions		102.6	113.2	115.9
Deferred tax liabilities		289.9	243.4	297.1
Interest-bearing liabilities		1,522.7	1,521.9	1,545.3
Financial instruments of the central counterparties		6,633.1	4,058.6	0
Other non-current liabilities		3.4	2.6	5.7
Total non-current liabilities		8,644.6	6,019.9	2,052.0
CURRENT LIABILITIES				
Tax provisions		230.7	266.8	220.5
Other current provisions		112.0	223.6	111.6
Financial instruments of the central counterparties		195,746.3	153,046.8	196,206.1
Liabilities from banking business		15,541.3	9,725.3	14,175.2
Other bank loans and overdrafts		1.3	0.1	0.2
Trade payables		257.5	123.7	86.5
Liabilities to related parties		1.5	1.9	16.9
Cash deposits by market participants		19,580.8	16,221.7	16,655.2
Other current liabilities		419.1	412.1	1,090.4
Total current liabilities		231,890.5	180,022.0	228,562.6
Total liabilities		240,535.1	186,041.9	230,614.6
Total equity and liabilities	10	244,096.1	189,309.9	233,927.4

Consolidated cash flow statement

for the period 1 January to 31 March 2014

	Note	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m	Twelve-months period as at 31 Mar 2014 €m	31 Mar 2013 €m
Net profit for the period		227.3	124.9	597.6	644.4
Depreciation, amortisation and impairment losses	6	30.1	28.3	120.6	108.6
Increase/(decrease) in non-current provisions		-6.9	39.7	-14.5	35.5
Deferred tax expense/(income)	8	26.0	5.8	22.3	-50.8
Cash flows from derivatives		0	-14.0	-2.5	-14.0
Other non-cash (income)/expense		-41.4	-4.8	-22.9	17.1
Changes in working capital, net of non-cash items:		-181.9	-33.6	4.7	-28.9
(Increase)/decrease in receivables and other assets		-100.0	-28.1	-58.1	-7.2
Increase/(decrease) in current liabilities		-81.7	-5.2	66.2	-10.4
Increase in non-current liabilities		-0.2	-0.3	-3.4	-11.3
Net loss on disposal of non-current assets		0	0	-1.1	1.8
Cash flows from operating activities excluding CCP positions		53.2	146.3	704.2	713.7
Changes from liabilities from CCP positions		3.2	-30.7	58.7	122.5
Changes in receivables from CCP positions		0.3	-74.2	-19.3	-32.8
Cash flows from operating activities		56.7	41.4	743.6	803.4
Payments to acquire intangible assets		-20.4	-18.9	-100.5	-105.0
Payments to acquire property, plant and equipment		-1.5	-3.5	-26.6	-41.8
Payments to acquire non-current financial instruments		-133.7	-12.7	-135.8	-232.6
Payments to acquire investments in associates and joint ventures		-1.2	0	-36.3	-0.8
Payments to acquire subsidiaries, net of cash acquired		58.4	0	63.6	-295.5
Proceeds from the disposal of shares in associates and joint ventures		0	0	0	21.5
(Net increase)/net decrease in current receivables and securities from banking business with an original term greater than three months		588.2	0	-104.0	379.0
Proceeds from disposals of available-for-sale non-current financial instruments		81.9	2.3	114.9	394.4
Cash flows from investing activities		571.7	-32.8	-224.7	119.2

	Note	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m	Twelve-months period as at 31 Mar 2014 €m	31 Mar 2013 €m
Purchase of treasury shares		0	-1.2	0	-199.4
Proceeds from sale of treasury shares		0	0	1.9	1.2
Payments to non-controlling interests		0	0	-8.3	-14.6
Repayment of long-term financing		0	0	-797.8	-309.2
Proceeds from long-term financing		0	594.5	0	1,194.5
Repayment of short-term financing		-100.0	0	-1,280.0	-792.5
Proceeds from short-term financing		89.9	0	1,369.7	789.3
Dividends paid		0	0	-386.5	-622.9
Cash flows from financing activities		-10.1	593.3	-1,101.0	46.4
Net change in cash and cash equivalents		618.3	601.9	-582.1	969.0
Effect of exchange rate differences		0.4	1.8	-3.1	1.9
Cash and cash equivalents as at beginning of period		-56.2	544.0	1,147.7	176.8
Cash and cash equivalents as at end of period	12	562.5	1,147.7	562.5	1,147.7
Interest income and other similar income		3.3	0.6	8.3	6.8
Dividends received		17.2	0.6	29.5	12.4
Interest paid		-7.6	-3.0	-93.9	-117.3
Income tax paid		-84.8	-49.8	-128.3	-204.9

Consolidated statement of changes in equity

for the period 1 January to 31 March 2014

	Note			thereof included in total comprehensive income	
		31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Subscribed capital					
Balance as at 1 January		193.0	193.0		
Balance as at 31 March		193.0	193.0		
Share premium					
Balance as at 1 January		1,249.0	1,249.0		
Balance as at 31 March		1,249.0	1,249.0		
Treasury shares					
Balance as at 1 January		-446.6	-448.6		
Purchase of treasury shares		0	-1.2		
Balance as at 31 March		-446.6	-449.8		
Revaluation surplus					
Balance as at 1 January	8	29.4	14.3		
Changes from defined benefit obligations		-9.0	11.8	-9.0	11.8
Remeasurement of other financial instruments		-1.2	0.8	-1.2	0.8
Remeasurement of cash flow hedges		0.6	-0.4	0.6	-0.4
Deferred taxes		2.7	-3.1	2.7	-3.1
Balance as at 31 March		22.5	23.4		
Accumulated profit					
Balance as at 1 January	8	2,011.8	1,938.9		
Net income for the period		219.0	121.2	219.0	121.2
Exchange rate differences and other adjustments		0.6	26.2	0.9	27.4
Deferred taxes		-0.1	-15.7	-0.1	-15.7
Balance as at 31 March		2,231.3	2,070.6		
Shareholders' equity as at 31 March		3,249.2	3,086.2	212.9	142.0

	Note	thereof included in total comprehensive income			
		31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Shareholders' equity (brought forward)		3,249.2	3,086.2	212.9	142.0
Non-controlling interests					
Balance as at 1 January		231.4	223.0		
Changes due to capital increases/(decreases)	8	72.1	0	0	0
Changes due to share in net income of subsidiaries for the period	8	8.3	3.7	8.3	3.7
Exchange rate differences and other adjustments		0	-0.1	0	0
Total non-controlling interests as at 31 March		311.8	226.6	8.3	3.7
Total as at 31 March		3,561.0	3,312.8	221.2	145.7

Notes to the interim financial statements

Basis of preparation

1. Accounting policies

The interim financial statements have been prepared in compliance with the 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 March 2014, there were no effective standards or interpretations not yet adopted by the European Union that could affect the interim financial statements. Accordingly, the interim financial statements also comply with the IFRSs as issued by the IASB. The accounting policies applied by the company to the consolidated financial statements for the year ended 31 December 2013 were also applied to the interim financial statements.

In addition to the standards and interpretations applied as at 31 December 2013, the following standard is applied for the first time: Amendments to IAS 32 – “Offsetting of Financial Assets and Financial Liabilities” (December 2011).

The IASB has issued no other standards by the date of publication of this interim report, which have not yet been adopted by the EU and which are relevant to Deutsche Börse AG.

In addition, IAS 34 (“Interim Financial Reporting”) was applied. The income tax expense for the interim reporting period was calculated using a forecast effective Group tax rate of 26 per cent. The nominal tax rates used when calculating the Group tax rate ranged between 17 and 43 per cent. Deferred tax assets were recognised for tax loss carryforwards at the end of the interim reporting period where these can be expected to be realised within the next five tax periods.

Due to the consolidation of European Energy Exchange AG and its European Commodity Clearing AG subsidiary effective 1 January 2014, the item “Financial instruments of central counterparties” includes outstanding transactions that are being cleared through European Commodity Clearing AG, in addition to the outstanding customer positions of Eurex Clearing AG. Accordingly, the item “Financial instruments of Eurex Clearing AG” was renamed “Financial instruments of the central counterparties”.

In accordance with the provisions of the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), these interim financial statements are supplemented by a Group interim management report. Neither report is subject to a statutory audit.

2. Group structure

Since the Chairman of the supervisory board of European Energy Exchange AG (EEX), who is appointed by Eurex Zürich AG, has a casting vote on the EEX supervisory board as from 1 January 2014, Eurex Zürich AG has exercised control over EEX since that date. Consequently, EEX has been fully consolidated in Deutsche Börse AG's consolidated financial statements since that date.

Effective 10 January 2014, Deutsche Börse AG acquired a 100 per cent interest in Impendium Systems Ltd., domiciled in London, United Kingdom, for a purchase price of £3.2 million plus a revenue-dependent purchase price component of a fair value amounting to £5.2 million. Since Deutsche Börse AG is the only shareholder, there is a presumption of control. The subsidiary has been included in full in the consolidated financial statements since the first quarter of 2014.

Following completion of the merger agreement between Direct Edge Holdings, LLC and BATS Global Markets, Inc. on 31 January 2014, former Direct Edge Holdings, LLC has no longer been accounted as an associate. There is no significant influence on its successor BATS Global Markets, Inc.

On 10 February 2014, Deutsche Börse AG acquired a 15 per cent interest, in Bondcube Limited, registered in England and Wales, United Kingdom. Deutsche Börse AG is currently only able to exercise control over Bondcube Limited jointly with the company's founders, so the company has been classified as a joint venture and is accounted for using the equity method in accordance with IFRS 11.

3. Seasonal influences and valuations

The Group's revenues are influenced more by the volatility and the transaction volume on the capital markets than by seasonal factors. Owing to a concentration of costs for projects only coming to completion in the fourth quarter, costs in the fourth quarter tend to be higher than in the first three quarters of the business year.

Consolidated income statement disclosures

4. Other operating income

Composition of other operating income

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Rental income from sublease contracts	0.3	0.1
Income from agency agreements	0	0.2
Miscellaneous	2.9	4.9
Total	3.2	5.2

Miscellaneous other operating income includes income from cooperation agreements and from training and valuation adjustments.

5. Other operating expenses

Composition of other operating expenses

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Costs for IT services providers and other consulting services	35.1	35.3
IT costs	21.3	20.9
Premises expenses	16.9	19.1
Non-recoverable input tax	14.5	8.7
Travel, entertainment and corporate hospitality expenses	4.7	4.1
Insurance premiums, contributions and fees	4.1	2.9
Advertising and marketing costs	3.9	3.4
Non-wage labour costs and voluntary social benefits	2.1	1.8
Supervisory Board remuneration	1.2	0.9
Cost of agency agreements	1.1	2.1
Miscellaneous	3.8	1.9
Total	108.7	101.1

Costs for IT services providers and other consulting services relate mainly to expenses in connection with software development. These costs also contain costs of strategic and legal consulting services as well as of audit activities.

Consolidated balance sheet disclosures

6. Intangible assets and property, plant and equipment

As at 31 March 2014, intangible assets amounted to €3,284.5 million (31 December 2013: €3,158.7 million).

This item primarily consists of goodwill in the amount of €2,084.0 million (31 December 2013: €2,042.6 million), licences, trade names and customer relationships (position "Other intangible assets" in the amount of €923.0 million (31 December 2013: €852.1 million), internally developed software in the amount of €151.7 million (31 December 2013: €157.7 million) as well as payments on account and construction in progress of €103.2 million (31 December 2013: €85.2 million).

The increase of €41.4 million in goodwill is mainly attributable to the initial consolidation of European Energy Exchange AG (€37.8 million).

The increase of €70.9 million in other intangible assets is primarily due to the recognition of hidden reserves of €74.8 million in the course of the initial consolidation of European Energy Exchange AG. This was offset by amortisation charges amounting to €4.3 million in total.

The €6.0 million decline in internally developed software was primarily due to amortisation in the amount of €10.5 million. This was partially compensated by currency translation effects of €2.2 million and additions to the basis of consolidation in the amount of €1.9 million.

Property, plant and equipment totalled €99.4 million as at 31 March 2014 (31 December 2013: €107.3 million). The decrease of €7.9 million is primarily related to depreciation amounting to €10.7 million.

7. Financial assets

Financial assets amounted to €1,523.9 million as at 31 March 2014 (31 December 2013: €1,411.6 million). €93.6 million of this increase relates to receivables and securities from banking business.

8. Equity

In the first quarter of 2014, equity increased by €293.0 million to €3,561.0 million (31 December 2013: €3,268.0 million). This was largely attributable to the consolidated net income for the period of €219.0 million and non-controlling interests of €72.1 million arising in connection with the initial consolidation of European Energy Exchange AG.

The decline of €6.9 million in the revaluation surplus is mainly due to the change in defined benefit obligations.

Exchange rate differences and deferred taxes thereon in the total amount of €0.8 million only had a slight impact on the change in equity.

The increase of €8.3 million in non-controlling interests on the basis of realised profits and after adjustment for dividend distributions contributed to the rise in equity.

9. Pension provisions

Pension provisions are measured using the projected unit credit method in accordance with IAS 19 on the basis of actuarial reports. As at 31 March 2014, the discount rate for pension plans and other employee benefits was 3.2 per cent in Germany and Luxembourg (31 December 2013: 3.4 per cent; 31 March 2013: 3.7 per cent); in Switzerland the discount rate used was unchanged as against year-end 2013, at 2.0 per cent (31 March 2013: 2.25 per cent).

10. Total assets

The increase in consolidated total assets by €54.8 billion to €244.1 billion as at 31 March 2014 (31 December 2013: €189.3 billion) depends to a significant extent on the financial instruments of the central counterparties, receivables and liabilities from banking business as well as cash deposits by market participants. The level of these items can vary widely on a daily basis according to customers' needs and actions.

11. Fair value hierarchy

Financial assets and liabilities that are measured at fair value are allocated to the following three hierarchy levels: financial assets and liabilities are 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 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.

As at 31 March 2014, financial assets and liabilities measured at fair value were allocated to the hierarchy levels 1 to 3 as follows:

Fair value hierarchy

	Fair value as at 31 Mar 2014 €m	thereof attributable to:		
		Level 1 €m	Level 2 €m	Level 3 €m
Recurrently carried at fair value				
ASSETS				
Financial assets held for trading				
Derivatives				
Non-current financial instruments of the central counterparties	6,633.1	6,633.1	0	0
Current financial instruments of the central counterparties	195,756.3	195,756.3	0	0
Total	202,389.4	202,389.4	0	0
Available-for-sale financial assets				
Equity instruments				
Other equity investments	4.6	0	4.6	0
Total	4.6	0	4.6	0
Debt instruments				
Other financial instruments	23.1	23.1	0	0
Non-current receivables and securities from banking business	1,271.9	1,271.9	0	0
Current receivables and securities from banking business	403.3	403.3	0	0
Total	1,698.3	1,698.3	0	0
Total assets	204,092.3	204,087.7	4.6	0
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Non-current financial instruments of the central counterparties	6,633.1	6,633.1	0	0
Current financial instruments of the central counterparties	195,746.3	195,746.3	0	0
Liabilities from banking business	6.1	0	6.1	0
Other current liabilities	6.1	0	0	6.1
Total liabilities	202,391.6	202,379.4	6.1	6.1

As at 31 March 2013, financial assets and liabilities measured at fair value were allocated to the hierarchy levels 1 to 3 as follows:

Fair value hierarchy

	Fair value as at 31 Mar 2013 €m	thereof attributable to:		
		Level 1 €m	Level 2 €m	Level 3 €m
Recurrently carried at fair value				
ASSETS				
Financial assets held for trading				
Derivatives				
Current financial instruments of the central counterparties	196,706.1	196,706.1	0	0
Current receivables and securities from banking business	23.6	0	23.6	0
Total	196,729.7	196,706.1	23.6	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	24.0	24.0	0	0
Non-current receivables and securities from banking business	1,418.3	1,418.3	0	0
Current receivables and securities from banking business	100.9	100.9	0	0
Total	1,543.2	1,543.2	0	0
Total assets	198,278.7	198,249.8	28.9	0
LIABILITIES				
Financial liabilities held for trading				
Derivatives				
Current financial instruments of the central counterparties	196,206.1	196,206.1	0	0
Other non-current liabilities	3.0	0	0	3.0
Other current liabilities	0.5	0	0.1	0.4
Total liabilities	196,209.6	196,206.1	0.1	3.4

In the first quarter of 2014, no reclassifications were made between the individual levels.

Financial assets and financial liabilities listed in levels 2 and 3 as at 31 March 2014 are measured as follows:

- The derivatives listed in level 2 comprise forward foreign exchange transactions. The fair value of the forward foreign exchange transactions is determined on the basis of the forward foreign exchange rates for the remaining period to maturity as at the balance sheet date.
- The equity investments allocated to level 2 are measured on the basis of current, comparable market transactions.
- As at the start of the year, derivative financial instruments belonging to an incentive programme amounting to €-6.1 million were allocated to Level 3. The financial instruments are regularly measured at fair value through profit and loss using an internal model as at the quarterly balance sheet dates. The results from the subsequent measurement are recognised under "other operating expenses".

As at the balance sheet date 31 March 2014, there were no effects recognised in profit or loss. The model takes into account the criteria underlying the conditional repayment of the grant made by Eurex Clearing AG. The criteria include, in particular, non-financial indicators as the expected number of customers in a specific market segment as well as expected trading volumes. They are continuously monitored, while taking possible adjustments into account; for this, information of customers is also used. Since there is an internal model, the parameters can be different as at the settlement date; however, the derivative financial instrument will not exceed an amount of €-8.0 million; this amount arises if the beneficiaries of the incentive programme fulfill the conditions and a repayment of the contribution is not taken into consideration.

The fair value of other financial assets and liabilities not measured at fair value is determined as follows:

The euro and US dollar bonds issued by Deutsche Börse Group have a fair value of €1,590.0 million (31 December 2013: €1,551.8 million) and are reported under interest-bearing liabilities. The fair value is calculated on the basis of the quoted values of the bonds or as the present value of the cash flows relating to the private placements on the basis of market parameters.

The carrying amounts of the following items represent a reasonable approximation of their fair value:

- Unlisted equity instruments whose fair value generally cannot be reliably determined on a continuous basis and which are reported under the "financial assets" item; these are carried at cost less any impairment losses
- Other loans, which are reported under "financial assets"
- Other receivables and other assets as well as current receivables from banking business, to the extent that these are measured at amortised cost
- Restricted bank balances
- Cash and other bank balances
- Cash deposits by market participants
- Other current liabilities

Other disclosures

12. Reconciliation to cash and cash equivalents

Reconciliation to cash and cash equivalents

	31 Mar 2014 €m	1 Jan 2014 €m
Restricted bank balances	19,580.8	16,221.7
Other cash and bank balances	792.0	627.9
less bank loans and overdrafts	-1.3	-0.1
Financial instruments of the central counterparties (netted)	10.0	500.0
	20,381.5	17,349.5
Reconciliation to cash and cash equivalents		
Current receivables and securities from banking business	15,641.5	9,544.0
less loans to banks and customers with an original maturity of more than 3 months	0	-692.1
less available-for-sale debt instruments	-338.4	-310.6
Current liabilities from banking business	-15,541.3	-9,725.3
Current liabilities from cash deposits by market participants	-19,580.8	-16,221.7
	-19,819.0	-17,405.7
Cash and cash equivalents	562.5	-56.2

13. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the parent company (net income for the period) by the weighted average number of shares outstanding.

Diluted earnings per share are determined by adding the number of potentially dilutive ordinary shares that may be acquired under the Stock Bonus Plan (SBP) 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.

When determining diluted earnings per share, all SBP tranches for which cash settlement has not been resolved are assumed to be equity-settled – regardless of the actual accounting in accordance with IFRS 2.

There were the following potentially dilutive rights to purchase shares as at 31 March 2014:

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 31 Mar 2014	Average price for the period ²⁾ €	Number of potentially dilutive ordinary shares 31 Mar 2014
2013 ³⁾	0	36.28	66,923	58.42	25,362
2014 ³⁾	0	47.17	52,442	58.42	10,099

1) According to IAS 33.47 (a) for share options and other share-based payment arrangements the issue price and the exercise price shall include the fair value of any goods or services to be supplied to the entity in the future under the share 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 March 2014

3) This relates to rights to shares under the Share Bonus Plan for senior executives. As the grant date for the 2014 tranche is not until financial year 2015, the number indicated for the balance sheet date may change subsequently.

As the volume-weighted average share price was higher than the adjusted exercise prices for the 2013 and 2014 tranches, these options are considered dilutive under IAS 33 as at 31 March 2014.

Calculation of earnings per share (basic and diluted)

	31 Mar 2014	Quarter ended 31 Mar 2013
Number of shares outstanding as at beginning of period	184,115,657	184,078,674
Number of shares outstanding as at end of period	184,115,657	184,051,513
Weighted average number of shares outstanding	184,115,657	184,051,815
Number of potentially dilutive ordinary shares	35,461	32,208 ¹⁾
Weighted average number of shares used to compute diluted earnings per share	184,151,118	184,084,023
Net income for the period (€m)	219.0	121.2
Earnings per share (basic) (€)	1.19	0.66
Earnings per share (diluted) (€)	1.19	0.66

1) Adjusted for the tranches for which cash settlement was resolved.

As at 31 March 2014, 60,812 options were excluded from the calculation of the weighted average number of potentially dilutive shares, as their effect during the period is not dilutive.

14. Segment reporting

Composition of sales revenue by segment

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
External sales revenue		
Eurex	244.5	222.2
Xetra	50.3	40.4
Clearstream	200.8	186.3
Market Data + Services	94.2	92.3
Total external sales revenue	589.8	541.2
Internal sales revenue		
Clearstream	1.9	1.3
Market Data + Services	7.8	7.0
Total internal sales revenue	9.7	8.3

Net interest income from banking business

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Gross interest income	10.9	11.5
Interest expense	-2.5	-3.3
Total	8.4	8.2

Net revenue

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Eurex	207.2	197.5
Xetra	43.5	36.6
Clearstream	169.9	158.7
Market Data + Services	93.6	91.5
Total	514.2	484.3

Operating costs

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Eurex	102.2	104.5
Xetra	16.3	27.7
Clearstream	85.3	109.1
Market Data + Services	44.0	54.0
Total	247.8	295.3

Earnings before interest and tax (EBIT)

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Eurex	168.2	94.6
Xetra	27.5	10.4
Clearstream	84.5	49.5
Market Data + Services	49.7	37.5
Total	329.9	192.0

Investment in intangible assets and property, plant and equipment

	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m
Eurex	11.5	9.9
Xetra	0.2	0.5
Clearstream	9.8	11.4
Market Data + Services	0.4	0.6
Total	21.9	22.4

15. Financial liabilities and other risks

Interest-bearing liabilities

The following payment obligations arose from the interest-bearing liabilities as at 31 March 2014:

Payment obligations from interest-bearing liabilities

	Expected payment obligation ¹⁾ 31 Mar 2014 €m
Up to 1 year	40.2
1 to 5 years	1,001.8
More than 5 years	708.4
Total	1,750.4

1) The expected payments in US dollars were translated into euros at the applicable forward rate.

Other risks

CBOE vs. ISE

On 12 November 2012, the Chicago Board Options Exchange (CBOE) filed a patent infringement lawsuit against the International Securities Exchange (ISE) (the "CBOE Litigation"). In the CBOE Litigation, CBOE alleges US\$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. Upon ISE's motion, the case was recently transferred to the competent courts of New York City.

In November 2006, ISE itself filed a patent infringement lawsuit against CBOE (the "ISE Litigation"). In the ISE Litigation, as of December 2012, ISE alleged US\$475 million in damages for infringement of ISE's patent which relates to systems and methods for operating an automated exchange. The ISE Litigation was scheduled for trial in March 2013. However, in the course of the pre-trial motions, some of the decisions of the trial judge establishing ISE's burden of proof to succeed in trial, were extremely adverse to ISE. As a result, ISE believed that it could not prove its case of infringement, and therefore determined to move straight to an appeal of those rulings and forego a trial. On 12 April 2013, ISE filed an appeal of the rulings with the U.S. Court of Appeals for the Federal Circuit ("CFAC"). On 7 April 2014, the CFAC affirmed in part and reversed in part the rulings of the trial court, but the net result is that ISE does not have a viable case left in the matter. On 17 April, ISE filed with the CFAC a petition for rehearing. ISE expects a decision on the petition for rehearing in Q2/2014.

Peterson vs. Clearstream Banking S.A., Citibank NA et al. and Heiser vs. Clearstream Banking S.A. In its corporate report 2012, Deutsche Börse Group informed about proceedings initiated by various plaintiffs seeking turnover of certain customer positions held in Clearstream Banking S.A.'s (Clearstream) securities omnibus account with its US depository bank, Citibank NA, and asserting direct claims against Clearstream for damages of US\$250 million for purported wrongful conveyance of some of these positions.

In July 2013, the US court ordered turnover to plaintiffs, holding that the customer positions were owned by Bank Markazi. The decision did not address the direct claims against Clearstream. Bank Markazi and Clearstream appealed the turnover order.

The responsible bodies of Deutsche Börse AG and Clearstream approved the terms of a settlement agreement with the plaintiffs in this case on 9 September 2013. Pursuant to the settlement agreement, the direct claims against Clearstream were to be dismissed and ratifying plaintiffs agreed not to sue Clearstream for damages arising from specified acts that occurred prior to the effective date of the agreement.

In return, Clearstream agreed to withdraw its appeal from the turnover order. On 8 November 2013, the US trial court dismissed the direct claims against Clearstream and the settlement became effective. On 13 November 2013, the US appellate court accepted the withdrawal of Clearstream's appeal of the district court's turnover order in light of the settlement with plaintiffs. Bank Markazi's appeal continues without Clearstream's involvement.

If this turnover is ultimately affirmed by the US appeals court and the assets turned over, a related case, Heiser vs. Clearstream Banking S.A., also seeking turnover of the same assets, will be dismissed.

On 30 December 2013 US plaintiffs filed under seal a complaint targeting certain assets of approximately US\$ 1.6 billion claimed to be held for Bank Markazi, the Iranian Central Bank, by Clearstream in Luxembourg. The plaintiffs are judgement creditors of Iran and seek the turnover of these customer assets to satisfy their judgement.

Criminal investigations against Clearstream Banking S.A.

On the night of 2 April 2014, Clearstream Banking S.A. (Clearstream) was informed by its US legal counsel that the United States Attorney for the Southern District of New York had launched preliminary investigations against Clearstream due to alleged violations of US anti-money laundering and sanctions regulations. The investigations, in which Clearstream is cooperating with the US attorney, are currently at a very early stage.

Eurex Clearing AG vs. Lehman Brothers Bankhaus AG

On 26 November 2012, the insolvency administrator of Lehman Brothers Bankhaus 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 demanded 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 considered the claim unfounded and defended itself against the insolvency administrator's action. On 14 March 2014, the insolvency administrator and Eurex Clearing signed an irrevocable settlement stating that they would each waive all claims arising from their previous legal relationship. As a result, the insolvency administrator withdrew the claim brought before the Frankfurt/Main Regional Court.

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.

Tax risks

Due to its business activities in various countries, Deutsche Börse Group is exposed to tax risks. A process has been developed to recognise and evaluate these risks, which – in the first place – are recognised depending on the probability they will arise. In a second step, these risks are measured on the basis of their expected value. In case it is more probable than not that the risks will arise, a tax provision is recognised. Deutsche Börse Group continuously reviews if the preconditions for the recognition of corresponding tax provisions are met.

16. Material transactions with related parties

The following table shows 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	
	31 Mar 2014 €m	Quarter ended 31 Mar 2013 €m	31 Mar 2014 €m	31 Mar 2013 €m
Loans from Börse Frankfurt Zertifikate Holding S.A. (until 12 Dec 2013: Scoach Holding S.A.) to Deutsche Börse AG as part of cash pooling ¹⁾	n.a.	0	n.a.	-13.1
Loans from Börse Frankfurt Zertifikate AG (until 1 Nov 2013: Scoach Europa AG) to Deutsche Börse AG as part of cash pooling ¹⁾	n.a.	0	n.a.	-1.4
Services of Deutsche Börse AG for Börse Frankfurt Zertifikate AG (until 1 Nov 2013: Scoach Europa AG) ¹⁾	n.a.	1.0	n.a.	0.5
Loans from Deutsche Börse AG to Digital Vega FX Ltd.	0	0	0.3	0.1
Operation of trading and clearing software by Deutsche Börse AG for European Energy Exchange AG and affiliates ²⁾	n.a.	1.9	n.a.	1.4
IT services and provisions of infrastructure by International Securities Exchange, LLC for Direct Edge Holdings, LLC ³⁾	n.a.	0.2	n.a.	0.6
Development and operation of the Link Up Converter system by Clearstream Services S.A. for Link Up Capital Markets, S.L. ⁴⁾	n.a.	0.3	0	0.2
Transactions within the framework of gold under custody between Deutsche Börse Commodities GmbH and Clearstream Banking AG	-0.8	-1.2	-0.3	-0.4
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for Deutsche Börse AG by Indexium AG	-1.0 ⁵⁾	0	-0.6 ⁵⁾	-2.4
Calculation services, provision of software solutions for indices and benchmark and operation of necessary software for STOXX Ltd. by Indexium AG	-0.8 ⁶⁾	-0.6	-0.6 ⁶⁾	-1.7
Operation and development of Xontro by Deutsche Börse AG for BrainTrade Gesellschaft für Börsensysteme mbH ⁷⁾	1.5	1.4	0.6	0.4
Operation of the floor trading system by BrainTrade Gesellschaft für Börsensysteme mbH ⁷⁾ for Deutsche Börse AG	-0.1	-0.2	0	0
Other transactions with associates	-	-	0	0

1) Börse Frankfurt Zertifikate AG and Börse Frankfurt Zertifikate Holding S.A. have been fully consolidated in Deutsche Börse AG's consolidated financial statements since 1 July 2013.

2) European Energy Exchange AG has been fully consolidated in Deutsche Börse AG's consolidated financial statements since 1 January 2014.

3) Following completion of the merger agreement between Direct Edge Holdings, LLC and BATS Global Markets, Inc. on 31 January 2014, it is no longer possible to exercise significant influence over Direct Edge Holdings, LLC; BATS Global Markets, Inc. is therefore no longer classified as an associate.

4) Shares in Link-Up Capital Markets, S.L. were sold effective 31 December 2013.

5) Thereof provision for development costs amounting to €0.6 million

6) Thereof provisions for development costs amounting to €0.6 million

7) Associate since 1 July 2013

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 first quarter of 2014, Deutsche Börse AG did not have business relations with entities whose key management personnel are, at the same time, members of Deutsche Börse AG's Supervisory Board.

17. Employees

Employees

	31 Mar 2014	Quarter ended 31 Mar 2013
Average number of employees during the period	4,009	3,725
Employed as at the balance sheet date	4,028	3,728

The increase in the number of employees results largely from changes to the basis of consolidation (196 employees). Since new jobs were created in connection with strategically important projects, the number of employees increased by 104 persons year-on-year as at the balance sheet date.

There was an average of 3,753 full-time equivalent (FTE) employees during the first quarter of 2014 (Q1/2013: 3,495).

18. Events after the balance sheet date

On 23 April 2014, Deutsche Börse announced that its subsidiary Clearstream and Citco have signed an agreement for the purchase of Citco's Financial Institution Hedge Fund custody processing business to Clearstream. The purchase price amounts to a sum in the mid double digit million euro range. The deal allows Clearstream to significantly expand its hedge fund services for financial institutions.

The acquisition of Citco Global Securities Services' (CGSS) hedge fund custody infrastructure adds around 300 CGSS employees to Clearstream and licences Clearstream to use Citco's custody IT infrastructure. The two companies will ensure the takeover takes place in a gradual way in order to ensure a smooth transition.

Frankfurt/Main, 28 April 2014

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Financial calendar

28 April 2014
Q1/2014 results

15 May 2014
Annual General Meeting

3 June 2014
Investor day

24 July 2014
Half-yearly financial report

27 October 2014
Q3/2014 results