



DEUTSCHE BÖRSE
COMMODITIES

Annual financial statements and management report

31 December 2018

**Balance sheet as at 31 December 2018
of Deutsche Börse Commodities GmbH, Frankfurt/Main**

Assets	31/12/2018	31/12/2017
	€	€ thousand
NON-CURRENT ASSETS		
Property, plant and equipment		
Operating and business equipment	186,00	1
Total non-current assets	186,00	1
CURRENT ASSETS		
Stocks		
Raw materials and consumables	20.856,76	15
Receivables and other assets		
Trade accounts receivable	1.490.612,90	1.442
Accounts receivable from affiliated companies	144.355.599,27	131.760
Other assets	6.365.254.799,60	5.925.037
	6.511.101.011,77	6.058.239
Bank balances	7.343.393,45	7.134
Total current assets	6.518.465.261,98	6.065.388
DEFERRED EXPENSES	40.000,00	20
Total assets	6.518.505.447,98	6.065.409

Shareholders' Equity and Liabilities	31/12/2018	31/12/2017
	€	€ thousand
SHAREHOLDERS' EQUITY		
Subscribed capital	1.000.000,00	1.000
Unappropriated surplus	6.368.693,49	5.768
Total shareholders' equity	7.368.693,49	6.768
PROVISIONS		
Provisions for taxes	209.273,13	858
Other provisions	200.630,20	181
Total provisions	409.903,33	1.039
Liabilities		
Bonds	6.509.499.892,30	6.056.680
Trade accounts payable	669.517,16	364
Accounts payable to affiliated companies	321.547,47	278
Other liabilities	235.894,23	280
thereof for taxes € 235.894.23 (previous year: € 280 thousand)		
Total liabilities	6.510.726.851,16	6.057.602
Total shareholders' equity and liabilities	6.518.505.447,98	6.065.409

Income statement
of Deutsche Börse Commodities GmbH, Frankfurt/Main
for the period from 1 January to 31 December 2018

	2018 €	2017 € thousand
Sales revenues	13.974.497,68	13.278
Other operating income	194.636.501,90	169.802
Personnel expenses		
Wages and salaries	-241.088,91	-231
Social security and expenses for pensions and other employee benefits	-13.443,37	-12
Depreciation of property, plant and equipment	-280,00	0
Other operating expenses	-201.833.927,78	-177.008
Other interest and similar income	86,00	0
Other interest and similar expenses	0,00	-9
Taxes on income	-1.921.539,31	-1.802
Income after taxes	4.600.806,21	4.018
Other taxes	-0,51	-2
Net income for the year	4.600.805,70	4.016
Profit carried forward from the previous year	1.767.887,79	1.752
Unappropriated surplus	6.368.693,49	5.768

Cash flow statement
of Deutsche Börse Commodities GmbH, Frankfurt/Main
for the period from 1 January to 31 December 2018

	2018	2017
	€	€ thousand
Net income for the period	4.600.805,70	4.016
+ Depreciation and amortization of non-current assets	280,00	0
+/- Decrease in provisions	-629.257,49	180
Increase/decrease of trade accounts receivable and of other assets not +/- allocated to investing or financing activities	-452.887.362,03	-1.897.557
Increase/decrease of trade accounts payable and of other liabilities +/- not allocated to investing or financing activities	453.124.910,06	1.900.185
= Cash flow from operating activities	4.209.376,24	6.824
- Cash payments for investment in property, plant and equipment	0,00	0
= Cash flow from investing activities	0,00	0
- Dividends paid to shareholders	-4.000.000,00	-2.000
= Cash flow from financing activities	-4.000.000,00	-2.000
= Change in cash funds from cash relevant transactions	209.376,24	4.824
+ Cash funds at the beginning of period	7.134.017,21	2.310
= Cash funds at the end of period	7.343.393,45	7.134

**Statement of shareholders' equity
of Deutsche Börse Commodities GmbH, Frankfurt/Main
for the period from 1 January to 31 December 2018**

Subscribed capital	2018 €	2017 € thousand
Balance as at 1 January	1.000.000,00	1.000
Balance as at 31 December	1.000.000,00	1.000
<hr/>		
Unappropriated surplus	2018 €	2017 € thousand
Balance as at 1 January	5.767.887,79	3.752
Net income	4.600.805,70	4.016
Distributions to shareholders	-4.000.000,00	-2.000
Balance as at 31 December	6.368.693,49	5.768
Equity as at 31 December	7.368.693,49	6.768

Notes to the financial statements for financial year 2018

General information on the Company

Deutsche Börse Commodities GmbH, which has its registered office in Frankfurt/Main, Germany, is registered in Commercial Register B of Frankfurt/Main District Court 60485 under the number 80375.

Accounting policies

The financial statements of Deutsche Börse Commodities GmbH, Frankfurt/Main, were prepared in accordance with the provisions of the Handelsgesetzbuch (HGB, German Commercial Code) and the Gesetz betreffend die Gesellschaften mit beschränkter Haftung (GmbHG, German Act on Limited Liability Companies).

The total cost accounting method was chosen for the income statement.

As a capital-market-oriented corporation pursuant to section 264d of the HGB, the Company constitutes a large corporation as defined by section 267 (3) of the HGB.

Property, plant and equipment is carried at cost. Depreciable property, plant and equipment is depreciated using the straight-line method over its useful life. For movable assets, the tax simplification rules regarding the depreciation start date are applied in their valid form on the respective date of acquisition.

Expenses denominated in foreign currency were translated on the posting date at the ECB reference rate or the Bloomberg rates.

The advertising materials for trade fair appearances reported under inventories are carried at cost.

Receivables and bank balances are carried at their nominal value.

All other provisions take appropriate account of all identifiable risks and contingent liabilities as at the reporting date and have been set aside in the amount of anticipated settlement expenses in accordance with prudent commercial judgement.

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

Formation of a valuation unit

In view of the cover for bearer bonds issued in the form of physical gold stocks and rights to take delivery of gold (Xetra book gold), a valuation unit was formed between these balance sheet items.

The physical gold stocks, the rights to take delivery of gold and the bearer bonds have to be valued together as an underlying and hedging transaction as defined in section 254 of the HGB to the extent that the bearer bonds are actually covered by stocks or rights to take delivery of gold. The accounting is prepared in accordance with the gross hedge presentation method; the bearer bonds, the stocks of physical gold and the rights to take delivery of gold are accordingly valued at the price of Xetra Gold prevailing on the reporting date. The valuation unit was effective at all times during the year and on the reporting date.

Notes to the balance sheet

Fixed assets

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

Receivables

All receivables have a residual maturity of less than one year.

Receivables from companies in which the Company has an equity interest

Receivables relate to the right to take delivery of physical gold (4,024.4 kg; previous year: 3,790.6 kg); upon asserting the right to take delivery, the physical gold must be delivered within ten bank working days. These receivables are due from a shareholder.

Other assets

This item primarily includes the physical stocks of gold held in custody at Clearstream Banking AG (177,450.4 kg; previous year: 170,452.3 kg) in the amount of €6,365,144.3 thousand (previous year: €5,924,920.7 thousand).

Equity

The share capital in the amount of €1,000.0 thousand (previous year: €1,000.0 thousand) is fully paid in.

Unappropriated surplus

The profit carried forward from the previous year and included in the unappropriated surplus amounts to €1,767.9 thousand (previous year: €1,751.8 thousand).

Proposal for the appropriation of net profit

The management proposes appropriating the net retained profits of € 6,368,693.49 reported in Deutsche Börse Commodities GmbH's annual financial statements as follows:

a distribution of €4,000 thousand to the shareholders and carrying the remaining €2,368,693.49 be carried forward to the new account.

Tax provisions

Tax provisions in the amount of €209 thousand (previous year: €858 thousand) primarily include corporate income tax provision in the amount of €107 thousand (previous year: €437 thousand) and trade tax provision of €96 thousand (previous year: €396 thousand).

Other provisions

Other provisions totalling €200.6 thousand comprise the following:

	31.12.2018	31.12.2017
	€ thous.	€ thous.
Personnel	120.2	120.0
Provisions for auditing costs	26.0	14.9
Outstanding invoices	54.4	45.9
	200.6	180.8

Liabilities

Liabilities are divided into the categories below.

Hedging the bearer bonds issued with physical gold and rights to take delivery of gold is a fair value hedge, which hedges miscellaneous price risk. As at the reporting date, a nominal amount of 181,474.8 kg (previous year: 174,242.8 kg) with a fair value of €6,509,499.9 thousand (previous year: €6,056,680.2 thousand) was hedged with rights to take delivery of gold in the amount of €144,355.6 thousand (previous year: €131,759.6 thousand) and with physical gold in the amount of €6,365,144.3 thousand (previous year: €5,924,920.7 thousand).

Deutsche Börse Commodities GmbH is entitled to terminate all bearer bonds at the end of any year if on 31 December in any year fewer than ten million bearer bonds have been issued by the issuer; payment is made in the following year under the terms and conditions of issue.

Trade payables in the amount of €669.5 thousand (previous year: €364.0 thousand) have a residual maturity of up to one year.

Liabilities towards companies in which the Company has a participating interest in the amount of €321.5 thousand (previous year: €277.4 thousand) have a residual maturity of up to one year. They are due to shareholders.

Other liabilities solely comprise value added tax liabilities in the amount of €232.4 thousand (previous year: €267.3 thousand) and wage and church tax in the amount of €3.5 thousand (previous year: €13.0 thousand) with a residual maturity of up to one year.

Notes to the income statement

Revenue

Sales revenue amounts to €13,974.5 thousand (previous year: €13,277.9 thousand) and includes the fees earned based on the custodian and service agreement with Clearstream Banking AG.

Other operating income

Other operating income in 2018 was almost wholly the result of the revaluation of physical gold holdings and the revaluation of the rights to take delivery of gold (Xetra book gold) in the amount of €194,606.5 thousand. In the previous year €169,788.2 thousand arose from the revaluation of the bearer bonds held in physical custody at Clearstream Banking AG.

Other operating expenses

Other operating expenses amounted to €201,833.9 thousand (previous year: €177,008.4 thousand) and in particular comprised:

- Write-back of the bearer bond in the amount of €194,606.5 thousand (previous year: €169,788.2 thousand from the write-down of the physical gold holdings held in custody at Clearstream Banking AG)
- Cost of storing gold in safekeeping at Clearstream Banking AG of €3,072.9 thousand (previous year: €2,934.4 thousand)
- Distribution fees to the shareholders of €1,952.9 thousand (previous year: €1,902.7 thousand)
- Remuneration for designated sponsoring activities of €921.9 thousand (previous year: €880.3 thousand)

- Advertising and marketing costs of €671.7 thousand (previous year: €1,001.9 thousand)

Auditor's fee

The total fee charged by the auditor for financial year 2018 amounts to €34.6 thousand (previous year: €57.1 thousand), Of this amount, €25 thousand (previous year: €26.7 thousand) relates to year-end auditing services, €7.3 thousand (previous year: €24.3 thousand) to other confirmation services and €2.3 thousand (previous year: €6.1 thousand) to tax advisory services.

Other financial obligations

Figures in € thousand	Total amount	Thereof: up to 1 year	Thereof: 1-5 years	Thereof: > 5 years
Management and agency contracts (previous year)	4,732	2,432	2,300	0
	(2,276)	(2,276)	(0)	(0)
Other contracts, including service agreements (previous year)	524	524	0	0
	(542)	(542)	(0)	(0)

Other disclosures

Board of Directors

The members of the Board of Directors include:

Martina Gruber (Chair) Member of the Executive Board of Clearstream Banking AG, Frankfurt/Main

Ingo Ramming (Deputy) Managing Director, Co-Head of Commodity Solutions, EMC Commodities, Corporate & Markets at Commerzbank AG, Frankfurt/Main

Dr Bernhard Fuchs Senior Vice President, Precious Metals Management and Umicore Marketing Services at Umicore AG & Co. KG, Hahnau

Jean-Luc Jacob	Departmental Director, Capital Market Trading, Commodity Products at DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main
Sebastian Luther (since 17 Jan 2019)	Departmental Director, Senior Fixed Income & Credit Sales at B. Metzler seel. Sohn & Co. KGaA, Frankfurt/Main
Mario Mattera (until 17 Jan 2019)	Member of the Partners' Committee at B. Metzler seel. Sohn & Co. KGaA, Frankfurt/Main
Christoph Naef	Managing Director, Head of Business & Distribution Management at Bank Vontobel AG Investment Banking, Zurich, Switzerland
Dr Volker Stemann	Managing Director, Head of Fixed Income & Currencies Continental Europe at Deutsche Bank AG, Frankfurt/Main
Sandra Vogt-Sasse	Tax Consultant and Wirtschaftsprüferin (Public Auditor), Managing Director at SAVOSA GmbH Steuerberatungsgesellschaft, Karben

The costs incurred by the members of the Board of Directors in performing their rights and responsibilities are borne in each case by the shareholder entitled to appoint the member. In the case of Ms Vogt-Sasse, whose management responsibilities deal in particular with the monitoring of the accounting and year-end auditing, costs of €13.4 thousand (previous year: €13.6 thousand) were incurred in financial year 2018.

Managing Directors

Deutsche Börse Commodities GmbH has the following Managing Directors:

Steffen Orben	Managing Director of Global Foreign Exchange at Deutsche Bank AG
Michael König	Head of Section, Client Relations Germany at Clearstream Banking AG

Management was granted a total amount of €240.0 thousand (previous year: €220.0 thousand) as remuneration for their work in financial year 2018. This includes salaries amounting to €120.0 thousand (previous year: €100.0 thousand) and bonuses in the amount of €120.0 thousand (previous year: €120.0 thousand).

Employees

Deutsche Börse Commodities GmbH did not have any employees in the year under review.

Report on post-reporting date events

No significant events occurred after the reporting date.

Frankfurt/Main, 27 March 2019

Deutsche Börse Commodities GmbH

The Managing Directors

Steffen Orben

Michael König

Deutsche Börse Commodities GmbH, Frankfurt/Main

Statement of changes in non-current assets as at 31 December 2018

	Costs					Depreciation and amortization					Carrying amounts	
	Balance as at 01/01/2018	Additions 2018	Disposals 2018	Reclassification 2018	Balance as at 31/12/2018	Balance as at 01/01/2018	Depreciation 2018	Write-ups 2018	Reclassification 2018	Balance as at 31/12/2018	31/12/2018	31/12/2017
	€	€	€	€	€	€	€	€	€	€	€	€
Property, plant and equipment												
Operating and business equipment	5.617,53	0,00	3.382,63	0,00	2.234,90	5.151,53	280,00	0,00	3.382,63	2.048,90	186,00	466,00
	5.617,53	0,00	3.382,63	0,00	2.234,90	5.151,53	280,00	0,00	3.382,63	2.048,90	186,00	466,00
	5.617,53	0,00	3.382,63	0,00	2.234,90	5.151,53	280,00	0,00	3.382,63	2.048,90	186,00	466,00

Management report for financial year 2018

Basic principles

i) Business model

Deutsche Börse Commodities GmbH (hereinafter also referred to as the “Company”) is a joint venture of four banks, a stock exchange operator, an industrial partner and a banking-related holding company. These investors are as follows:

- Commerzbank AG, Frankfurt/Main
- Deutsche Bank AG, Frankfurt/Main
- Deutsche Börse AG, Frankfurt/Main
- DZ BANK AG Deutsche Zentral-Genossenschaftsbank Frankfurt, Frankfurt/Main
- B. Metzler seel. Sohn & Co. KGaA, Frankfurt/Main
- Umicore AG & Co. KG, Hanau
- Vontobel Beteiligungen AG, Zurich, Switzerland.

The purpose of Deutsche Börse Commodities GmbH is to issue innovative forms of securitisation for commodities in the Frankfurt financial centre, to transform commodities into marketable investments and to ensure cost-effective trading with commodities in euros.

The “Xetra Gold” product was registered for trading on 28 November 2007. Xetra Gold is a zero-coupon bond broken down into units which have an indefinite term, are denominated in one gram of gold, are 100 per cent physically backed and securitise a right to delivery. Using this product, the bond holder’s economic position is intended to correspond to physical ownership of the corresponding amount of gold. Xetra Gold is traded on the Xetra electronic trading platform and on various regional exchanges. This enables purchases and sales of the bond at all times during every trading day. The smallest tradeable unit of Xetra Gold is one unit, which corresponds to one gram of gold.

The target groups for the acquisition of Xetra Gold are both private and institutional investors, including UCITS-compliant funds (Undertakings for Collective Investment in Transferable Securities).

The partners of Deutsche Börse Commodities GmbH provide their long-standing experience in the financial and commodities market:

- The banking partners organise the distribution of the securities.
- Deutsche Bank AG is the underwriter and market maker. In the latter function, it guarantees a low spread between the purchase and sale price of the bond.
- Deutsche Börse AG operates the Xetra trading platform, on which the Xetra Gold bond is traded.

- Clearstream Banking AG, Frankfurt/Main, which belongs to Deutsche Börse Group, provides custodial services for the securities and ensures that they are backed by gold at all times. The gold backing exists in two ways: first, through the deposit of physical gold in the vaults of Clearstream Banking AG and second, in the form of book gold (rights to take delivery of gold).
- Umicore AG & Co. KG is the provider of the gold.

Deutsche Börse Commodities GmbH has concluded master agreements with Deutsche Bank AG and Deutsche Börse AG, whereby they provide central functions and infrastructure services. These agreements govern the main performance obligations of the partners.

ii) Issued bonds

Xetra Gold was issued as a zero-coupon bond broken down into units with an indefinite term. It is a bearer bond that is 100 per cent backed by gold, which securitises a right to take delivery of gold (if a UCITS-compliant fund is involved, a cash payment is made) and is quoted in € per gram. Two global certificates each consisting of up to 5 billion units (corresponds to a total volume of two times 5 thousand tonnes of gold) were deposited with Clearstream Banking AG.

Deutsche Börse Commodities GmbH, as the issuer of the bond, is entitled to redeem the bond early if on 31 December of any year fewer than ten million bonds have been issued.

iii) Research and development costs

As a service provider, Deutsche Börse Commodities GmbH does not engage in research and development activities comparable with those of manufacturing companies.

iv) Branches

Deutsche Börse Commodities GmbH did not have any branches during the period under review.

Report on economic position

i) Macroeconomic and sector-specific environment

As 2018 was marked by geopolitical uncertainty, mainly in Asia and the Middle East, by uncertainty in connection with the Brexit negotiations and trade disputes between the major industrialised nations. This led to differing gold price trends in different currencies. While the price of gold in euros rose, it fell in US dollars. The ongoing effect of negative interest rates in Europe and the geopolitical uncertainties nonetheless led to increased demand for investment products in gold and thus also to a rise in the issue volumes of Xetra Gold.

ii) Business developments

In 2018, the result of Deutsche Börse Commodities GmbH remained positive compared with the previous year and was increased slightly. A rise in the issue volumes of Xetra Gold occurred notably in the 1st half of 2018 preceded by a slight increase of gold in euros. In the 2nd part of 2018 no significant change of issue volumes of Xetra Gold was documented. During summer 2018 a slight

decrease of gold in euros was persistent. This decrease was however reversed at the end of the year and gold in euros peaked at yearend. Due to this post-tax profit totalled €4,601 thousand (previous year: €4,016 thousand).

As at 31 December 2018, bonds with a notional value of 181,474.8 kg had been issued. The gold backing consisted of 177,450.4 kg of stored bars under custody in the vault of Clearstream Banking AG and delivery rights of 4,024.4 kg vis-à-vis Umicore AG & Co. KG.

iii) Results of operations

The Executive Board of Deutsche Börse Commodities GmbH assesses the position of the Company to be good. 2018 was marked by geopolitical uncertainty, such as in Asia and the Middle East, by uncertainty in Europe in connection with Brexit and trade disputes between the major industrialised nations. This led to an increase in the price of gold in euros. The issue volumes of Xetra Gold rose by about 7,232 kg in this environment, contrary to budget planning, which foresaw slightly lower issue volumes. The main activities during the reporting period included the design of Xetra Gold's brand, the Company's ongoing presence at trade fairs for private investors, and marketing activities directed towards institutional investors.

During the period from 1 January until 31 December 2018, Deutsche Börse Commodities GmbH generated revenue of €13,974 thousand (previous year: €13,278 thousand), The Company receives a share of the proceeds from the custodian of the bearer bond and the physical gold holdings. Other operating income primarily included the revaluation of physical gold holdings in the amount of €194,607 thousand (previous year: €169,788 thousand from the revaluation of the bearer bond). This income was offset by other operating expenses amounting to €201,834 thousand (previous year: €177,008 thousand), which mainly comprised the revaluation of the bearer bonds in the amount of €194,607 thousand (previous year: €169,788 thousand from the revaluation of physical gold holdings).

As at 31 December 2018, Deutsche Börse Commodities GmbH had a net profit of €4,601 thousand (previous year: €4,016 thousand).

Revenue in connection with custodial fees is the main source of income for Deutsche Börse Commodities GmbH. These fees are primarily determined by the volume of the issued units of Xetra Gold and the gold price. With a significantly increased issue volume, this revenue over the course of the year exceeded the planned figures by about 26 per cent in total.

Controllable expenses were about 19 per cent below the budget for 2018. They consist primarily of consulting, advertising and marketing costs. Uncontrollable expenses exceeded the budget by around 22 per cent. This excess over the budget resulted mainly from the higher sales commissions paid to distributors and from custody fees resulting from the increased issue volume.

iv) Financial position

As at 31 December 2018, Deutsche Börse Commodities GmbH had cash and cash equivalents totalling €7,343 thousand (previous year: €7,134 thousand), which were held in demand deposits at banks. These represent the total cash position.

The equity of Deutsche Börse Commodities GmbH stood at €7,369 thousand (previous year: €6,768 thousand) and comprised subscribed capital of €1,000 thousand (previous year: €1,000 thousand) and the accumulated profit totalling €6,369 thousand (previous year: €5,768 thousand).

Cash flow from operating activities in financial year 2018 amounted to €+4,209 thousand (previous year: €6,824 thousand), cash flow from investing activities was €0 thousand (previous year: €0 thousand) and cash flow from financing activities was €-4,000 thousand because of the profit distribution for financial year 2017 (previous year: €-2,000 thousand).

In view of this, the Company had a good liquidity position which allowed it to meet its payment obligations at all times during financial year 2018.

v) Net assets

Other assets comprise of the physical stocks of gold held in custody at Clearstream Banking AG in the amount of €6,365,255 thousand (previous year: €5,925,037 thousand). Receivables from companies in which the Company has an equity interest amount to €144,356 thousand (previous year: €131,760 thousand) and relate to the right to take delivery of physical gold.

Besides the assets acquired through the issuance of the bond, the Company had no other material assets as at the reporting date.

Total assets amount to €6,518,505 thousand (previous year: €6,065,409 thousand).

Overall, the Company's results of operations, financial position and net asset situation are in good order.

Financial and non-financial performance indicators

vi) Financial performance indicators

Changes in sales revenues is the key performance indicator for the net income. The Company is satisfied with the net profit of €4,601 thousand (previous year: €4,016 thousand) it achieved in 2018.

vii) Non-financial performance indicators

Sales revenues for the company are achieved as proceeds from the custodian of the bearer bond. These are impacted by issue volumes and the current market price. Sales revenues improve with an increase of issue volume and / or market price of the bearer bond.

Report on expected developments

The report on expected developments describes how Deutsche Börse Commodities GmbH is expected to perform in financial year 2019. It contains statements and information on events in the future. These forward-looking statements and information are based on the Company's expectations and assumptions when this report on expected developments was published. These assumptions and expectations are in turn subject to known and unknown risks and uncertainties. Numerous factors influence the success, business strategy and financial results of the Company. Many of these factors are outside the Company's control. Should one of these risks occur or an uncertainty materialise, or if one of the underlying assumptions made turns out to be incorrect, the actual development of the Company could deviate either positively or negatively from the expectations and assumptions contained in this report on expected developments.

The Company anticipates that the price of gold in 2019 might stabilise at its current level owing to a waning fiscal policy discourse in Europe and the continued influence of geopolitical uncertainties. However, demand for gold may still decline as a result of a stronger economy than is generally expected and associated positive trends on the equity markets. This would also impact the Xetra Gold product. As in the previous financial year 2018, the Company will continue to focus on promoting the product in a sustainable manner and especially on increasing awareness of it among institutional investors. To do this, events are to be held in larger German cities, for example, in order to directly point out the benefits of the product in personal discussions with institutional investors, investment advisors and other influencers. In addition, further advertising campaigns are planned. Deutsche Börse Commodities GmbH will also continue to be represented at various investors' fairs and conferences. We anticipate that the press will continue to report positively on the product during the coming years.

The Company expects that issue volumes will decline in 2019. Based on this conservative planning and the quantities that have already been sold, and taking into account a nearly unchanged cost base, the Company also expects that monthly operating cash flow will be consistently positive. There is a risk that revenue could fall significantly due to redemptions of the bond or a stronger-than-expected decline in the price of gold, causing negative operating cash flow.

The Company and the Xetra Gold product have established themselves on the market. During the reporting period, the product was the most extensively exchange-traded commodity product in Germany and the Company was one of the largest issuers in the commodities segment. To ensure that this market penetration continues to prevail, marketing expenses will remain one of the largest cost items of Deutsche Börse Commodities GmbH in the coming years. The costs for the necessary central functions and infrastructure services are likely to remain unchanged from the prior-year level. Deutsche Börse Commodities GmbH will actively manage its costs at all times but forecasts a result below the previous year for financial year 2019 as a whole.

Besides Germany, Xetra Gold is also registered for public distribution in Luxembourg and Austria. The Company's advertising and marketing measures will therefore focus on these sales markets.

Report on opportunities

Opportunities for an increase in issue volumes result primarily from a rising price of gold compared with the euro. The recent past has shown that a rise in the price of gold in connection with geopolitical or economic crises also leads to higher demand for gold. If a sovereign debt crisis were to occur again or if geopolitical crises were to take place, it is likely that central banks would implement further expansionary monetary policy measures and that the price of gold would increase from the current level. The Company would benefit from such a development.

Risk report

The main risks are divided into:

- Business risk
- Operational risk
- Financial risks

Deutsche Börse Commodities GmbH is integrated into the risk management system of Deutsche Börse Group. Its risk system distinguishes between business risks, operational risks and financial risks. The Executive Board monitors the risks of the Company.

A key aspect of risk management is the full coverage of the gold-denominated debt securities by means of the gold holdings and/or the book gold holdings. This ensures that the Company is not exposed to market price risks in this respect. To that end, a valuation unit for accounting purposes was established between the issued bearer bonds and the physical gold holdings as well as the delivery claims for gold (Xetra book gold).

i) Business risk

The Company is exposed to potential fluctuations in the price of gold in euros. A sustained decline in the price of gold can have an adverse effect on the sales of the bond and the realisable custodian fees and thus negatively impact the performance of the Company.

The recent past has shown that the trend in the gold price is closely correlated with the general state of the global economy, the financial markets and the monetary policy of central banks. The European Central Bank continues to adhere to an expansionary monetary policy owing to low inflation figures and low inflation expectations. This has led to an increase in the price of gold in euros. The issue volume for Xetra-Gold rose in 2018. However, if the European Central Bank returns to a restrictive monetary policy, this could lead to comparatively large sales by investors and force the Company to sell gold. The associated delivery and transport costs in the case of a gold sell-off could cause unplanned adverse financial effects.

The number of physical gold deliveries to end customers was low throughout 2018 and totalled about 3 exercises per month with an average exercise volume of roughly 3.6 kg per exercise. The issuer was able to process the shipment applications submitted from the banks on schedule within

the delivery period of 10 working days as defined in the prospectus. As at 31 December 2018, 1,014 shipments to end customers (31 December 2017: 977) had been performed or initiated since the product was launched.

The Executive Board receives a daily e-mail from the Controls Frankfurt Safekeeping department of Clearstream Banking AG containing data on the current XETRA closing price of gold from the previous trading day and the open exercises.

With the assistance of an established controlling report (a monthly actual-to-plan analysis), which the Executive Board receives every month from the Controlling department of Deutsche Börse AG, the performance and trends in the business as well as significant variances versus the budget can be monitored in a timely manner and countermeasures can be taken if needed.

ii) Operational risk

Operational risks primarily exist in all processes involved with the transport of the physical gold, the delivery to the vault and the shipment to the end customer. In financial year 2009, a change was made in the control process associated with the delivery of standard gold bars to the vault. These bars weigh about 12.5 kilograms. The tolerance level for the variance between the bar weight as per the delivery note and the measurement in the vault was increased from 0.3 grams to 3 grams. This allows for a more efficient process in the vault.

The current portfolio of gold in the vault, together with information on the XETRA closing price, is reported in a daily e-mail from the Controls Frankfurt Safekeeping department of Clearstream Banking AG to the Executive Board. Annual inventories of physical gold holdings are performed by Internal Audit (the timing is random) and the Controls Frankfurt Safekeeping department (in September/October) and the results are reported to the Executive Board.

The Xetra Gold bond is traded on the Xetra electronic trading platform. The trading platform had a very high service availability of nearly 100 per cent in 2018. However, disruptions in the availability of the trading platform could result in the future in lost income, claims for damage compensation and reputational losses in extreme cases.

iii) Financial risks

The Company divides financial risks into credit, market and liquidity risks. Credit risk describes the danger that a counterparty might not meet its contractual obligations, or not meet them in full. Credit risk can also arise from cash investments. Market price risks can arise in relation to cash investments through interest rate and currency fluctuations. A liquidity risk arises if daily payment obligations cannot be fulfilled or can be fulfilled only at increased refinancing costs.

Cash and cash equivalents are held at a domestic bank with a good credit rating. Credit risks are mostly limited to the small number of shareholder companies; interest rate and currency fluctuations

do not arise because the Company does not make any investments. Potential liquidity risks can be identified prematurely with the help of the monthly controlling report.

Due to its business model, Deutsche Börse Commodities GmbH does not have a significant funding need because gold purchases do not have to be paid for in advance and the gold placed into custody for investors is directly connected with revenue. There is only a very limited degree of credit and market risks.

We assess the risks as follows:

Business risks: Probability of occurrence is low,
risk can be borne

Operational risks: Probability of occurrence is low,
risk can be borne

Financial risks: Probability of occurrence is low,
risk can be borne

We see no risks in these risk categories that could in principle threaten the survival of the Company in 2019.

Internal control system

The Executive Board has established an internal control system (ICS) for Deutsche Börse Commodities GmbH that is intended to safeguard the effective and efficient business activities of the Company, prevent or detect the misappropriation of assets and thus protect the Company's overall business assets. The internal control system is an integral component of the risk management system aimed at controlling risks. It is continuously enhanced and adapted whenever conditions change. Monitoring tasks are implemented through process-integrated measures (such as organisational safeguards and controls) as well as through process-independent measures.

With regard to the accounting process of Deutsche Börse Commodities GmbH, the ICS is primarily intended to ensure proper accounting and financial reporting in order to present the net assets, financial position and results of operations in the annual financial statements in a complete and accurate manner.

Deutsche Börse Commodities GmbH's accounting is primarily performed by the central Financial Accounting and Controlling (FA&C) department of Deutsche Börse AG. The Head of the FA&C department of Deutsche Börse AG is responsible for the accounting process of the entire Deutsche Börse Group, including Deutsche Börse Commodities GmbH, as well as for the effectiveness of the process-integrated safeguards and control procedures. He/she ensures that risks in the accounting

process are recognised early on so that suitable safeguards and control procedures can be implemented in a timely manner. Group Tax is responsible for determining tax positions in the context of accounting.

The work instructions and process descriptions are regularly reviewed to ensure that they are up to date. Furthermore, high-risk processes are subjected to special control.

In order to maintain consistent and continuous accounting processes, FA&C provides regularly updated accounting manuals as well as guidelines and work instructions for the material accounting processes as part of the preparation of the annual financial statements of Deutsche Börse Commodities GmbH. All FA&C employees have access to this documentation and to the accounting manuals and account allocation guidelines, allowing them to obtain the information they need. Moreover, Deutsche Börse Group continuously monitors and analyses changes in the accounting environment and adjusts its processes in line with them.

Another key feature of the ICS is the principle of the separation of functions: tasks and responsibilities are clearly defined and allocated within the organisation. Incompatible tasks, such as modifying master data, on the one hand, and issuing payment instructions, on the other, are strictly segregated at a functional level. An independent control unit grants accounting system access rights to each employee and monitors them continuously using an incompatibility matrix. Transactions are initially recorded in the general ledger or corresponding sub-ledgers based on the chart of accounts and the account allocation guidelines.

Responsibility statement by the Executive Board

To the best of our knowledge, we confirm that in accordance with the applicable accounting principles for the preparation of annual reports, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the management report includes a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company in the rest of the financial year.

Frankfurt/Main, 27 March 2019

Deutsche Börse Commodities GmbH

The Managing Directors

Michael König

Steffen Orben

Independent Auditor's Report

To Deutsche Börse Commodities GmbH, Frankfurt am Main

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the financial statements of Deutsche Börse Commodities GmbH, Frankfurt am Main, which comprise the balance sheet as of 31 December 2018, the income statement, the cash flow statement and the statement of shareholder's equity for the financial year from 1 January to 31 December 2018 as well as the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Deutsche Börse Commodities GmbH, Frankfurt am Main, for the financial year from 1 January to 31 December 2018.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2018 and of its financial performance for the financial year from 1 January to 31 December 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The stock and evaluation of gold holdings

For the accounting and valuation principles used, please refer to the notes in the section "Formation of a valuation unit".

THE FINANCIAL STATEMENT RISK

As of 31 December 2018, the Company holds physical stocks of gold totaling 181,474.8 kilogram. This corresponds to a market value of EUR 6,509.5 million as of 31 December 2018. The gold stock at market value is divided into EUR 6,365.1 million of physical gold and EUR 144.4 million of rights to take delivery of gold. As a result, the gold holdings represent 99.9 % of the Company's assets as of 31 December 2018.

Deutsche Börse Commodities GmbH has been marketing the product "Xetra-Gold" since 2007. It is a zero coupon bond denominated in physical gold holdings and gold delivery claims. In accordance with § 254 HGB, the company has formed a valuation unit and accounts for it according to the gross hedge presentation method. The valuation of physical gold holdings, delivery claims on gold and bearer bonds is carried out on a monthly basis at fair value.

The carrying amount of the gold holdings and the outstanding bearer bonds results from the correct determination of the respective holdings and the fair value. Therefore, there is a risk for the financial statements that incorrectly determined inventories or fair values of the gold holdings may materially affect the presentation of the net assets and results of operations of Deutsche Börse Commodities GmbH.

OUR AUDIT APPROACH

Based on our risk assessment and the assessment of the risk of error, we have assessed the establishment, design and functioning of identified internal controls, in particular relating to the existence of gold holdings and the determination of the current market price.

We conducted an inventory survey and have sampled the correct recording of existing gold stocks by counting, measuring and weighing. Furthermore, we have assessed the correct acquisition of selected gold bars in the existing system.

As part of our audit of the correct recognition of outstanding bearer bonds, we have obtained external confirmations from risk-oriented selected customers or, alternatively, reconciled them with statements of deposit.

We have compared the market prices used to determine the fair value with publicly available price information. In addition, we have reconstructed the mathematical correctness of the calculation.

OUR OBSERVATIONS

The Company's method of recording existing gold inventories is appropriate and the market prices used to determine the fair value are reasonable.

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

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The board of directors is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures (system) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are

inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Legal and Regulatory Requirements

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the shareholder's meeting on 12 April 2018. We were engaged by the management board on 12 April 2018. We have been the auditor of the Deutsche Börse Commodities GmbH without interruption since the financial year 2007.

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

In addition to the audit of the annual financial statements and management report, we provided the following services to the company or its subsidiaries, which are not disclosed in the annual financial statements or the management report:

- Audit of the internal control system in accordance with IDW PS 951 n.F.,
- Tax services regarding in the preparation of tax returns and advice on individual matters.

German Public Auditor Responsible for the Engagement

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

Frankfurt am Main, 29 March 2019

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pfeiffer
Wirtschaftsprüfer
[German Public Auditor]

Hommel
Wirtschaftsprüfer
[German Public Auditor]