



Euroclear Shareholder Newsletter

Edition 19

July 2018



Marc Antoine Autheman
Chairman



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CEO



Euroclear's financial performance in the first half 2018 has been ahead of our expectations

Dear shareholders,

Welcome to edition 19 of your shareholder newsletter. In this edition, we provide an update on your company's performance in the first half 2018 and the latest news on the Corporate Evolutions we outlined at the March Investor Day, as well as the results of the Annual General Meeting (AGM) in May.

We also invite shareholders to attend a supplementary Investor Day in London on 29 August 2018 in order for us to provide additional information on these subjects

Cian Burke – a tragic loss

Firstly, it is with great sadness that we learned of the tragic loss of Cian Burke, an esteemed board director of Euroclear since 2015. Cian represented HSBC Holdings, where he was Head of HSBC Securities Services, and made a substantial contribution to our industry throughout his career.

Our thoughts are with Cian's family and his many friends at HSBC, as well as all those who were close to him, at this difficult time.

Strong first half performance

We are pleased to share that Euroclear's financial performance in the first half 2018 has been ahead of our expectations, driven by strategic initiatives and continuing very supportive market conditions.

Strong revenue growth of 8%, benefitting from banking income as interest rates began to rise, combined with management's focus on managing costs to deliver increased profitability from business operations. Business drivers continue to remain positive, and currently show no signs of abating.

First half operating profit rose 24% to €275 million, resulting in net EPS of €61.1 for the first half – an increase of 32% compared to the prior year. By way of reference, full year adjusted net EPS was €84.6 in 2017.

Management has also continued to make progress in the implementation of our three strategic priorities: strengthening European core, expanding growth initiatives and exploring innovation.

In the core, we are making headway in the CSDR authorisation process for each group (I)CSD, as well as the investments being made to enhance cyber security resilience.

We have seen further evidence of success in our growth initiatives. Progress in Collateral Management has been especially strong as we start to see client traction in GlobalCollateral Ltd (our joint venture with DTCC) as evidenced by winning the Financial News, Post Trade Initiative of the Year award. We also received top honours in the Global Custodian Tri-Party Securities Financing survey. We look forward to the next important milestone in Initial Margin OTC derivatives migrations, with the next wave scheduled in September.

Data-driven services are an exciting area of green-field opportunity for Euroclear. We have launched a first pilot project with Algomi to develop Fixed Income Inventory Trading, and taken a strategic stake in this fintech company.

In addition, we have taken steps to optimise the group's capital structures for recovery and resolution purposes in light of new regulatory requirements through successful issuances by Euroclear Investments SA (totalling €700 million) and Euroclear Bank (totalling €1 billion). Both transactions were oversubscribed, reflecting the attractiveness of our robust business model, the quality of our rating and confidence in future financial performance.

More information and key highlights from the first half 2018 are available [in this press release](#).

Corporate Evolution programmes are on track

Earlier this year, we announced a number of Corporate Evolutions in preparing for Brexit and to engage more closely with you – our shareholders.

The Board continues to believe that it is important that the group's parent holding company be located in the European Union in order to manage certain risks posed by Brexit.

We are making good progress in the project to relocate the group parent company from the UK to Belgium, the group's principal place of business. Subject to shareholder approvals at a court meeting later this year, all Euroclear plc shareholders will transfer their participations to the new company – to be named Euroclear Holding SA – on a one for one basis.

Prior to this, we will ask shareholders to approve changes to modernise Euroclear plc's Articles of Association before they are mirrored into Belgian law. Most notably, we will propose to raise the current voting cap from 5% to 25%.

The Board considers 25% to be an appropriate level, balancing its will to move towards the principle of one share/one vote (the future rule will allow all existing shareholders to exercise their full rights), and the need to maintain a diversified

shareholder base, supportive of the open business model of our Financial Market Infrastructure.

More details will be provided to shareholders ahead of an Extraordinary General Meeting planned for 12 September 2018.

We remain committed to an active, open dialogue with our shareholders and we would like to extend our thanks to all who contributed to the consultation, conducted by our independent advisor, Moelis & Company. The Board is currently analysing the findings in detail and how to incorporate your insights into our strategic thinking.

The consultation confirmed the need for new solutions to provide liquidity in your Company's shares. The Board has committed to study ways to improve liquidity in the shares with a view to considering specific initiatives after Euroclear Holding SA has been established.

Corporate Evolutions Investor Day

London - 29 August 2018

You are cordially invited to attend a supplementary investor day on 29 August 2018. During this dedicated session, management will provide information to shareholders on the various Corporate Evolutions described in this Newsletter.

When

29 August 2018
Tea & coffee from 10:30am
Presentation begins at 11:00am. Presentation will be available for streaming live & on-demand.

Where

South Place Hotel, 3 South Place, London EC2M 2AF

RSVP

Send an email to ir@euroclear.com
Register no later than Friday, 24 August 2018

AGM results and a new Sustainability Report

Finally, we would like to thank shareholders for their participation in the May AGM, at which all resolutions were passed.

In addition, we would like to announce that, for the first time, your company has published a sustainability report, outlining our work to ensure that we remain a good corporate citizen. We invite you to read the [sustainability report](#).

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Chairman

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Chief Executive Officer



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