

Euroclear Full Year 2019 Results Presentation



February 2020

Today's Agenda



- | | |
|--------------------------------|-----------------------|
| 1.Chairman's overview | Marc Antoine Autheman |
| 2.Performance Highlights | Lieve Mostrey |
| 3.Financial Performance Update | Bernard Frenay |
| 4.Business Highlights | Frederic Hannequart |
| 5.Outlook | Lieve Mostrey |
| 6.Questions and Answers | |

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The 2019 consolidated financial information included in this presentation is unaudited and based on Euroclear Holding SA/NV consolidated figures as of 31 December 2019. The audited consolidated financial statements of Euroclear Holding SA/NV for the year ended 31 December 2019 will be submitted for approval to the annual general meeting of shareholders of Euroclear Holding in May 2020 and will be filed in accordance with applicable requirements under Belgian law.

Overview from the Chairman



Excellent 2019
performance across all
business lines

First (I)CSD group to obtain
CSDR licenses

Growth in shareholder
returns with dividend
doubled in 2 years

Shareholder liquidity
initiatives ongoing



Performance Highlights

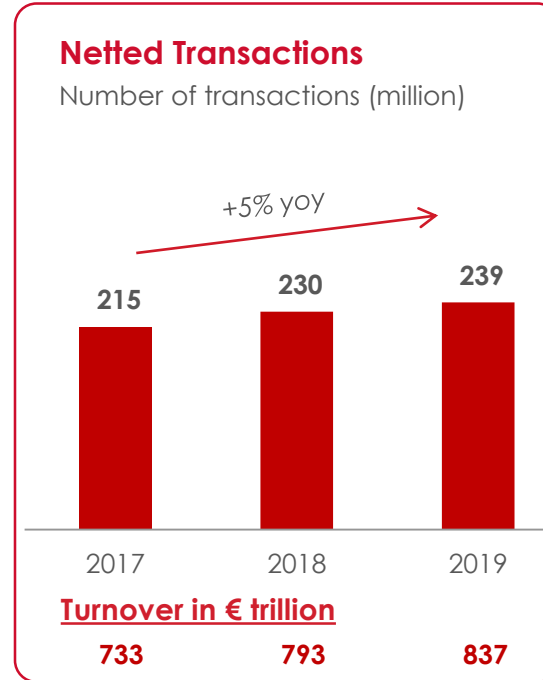
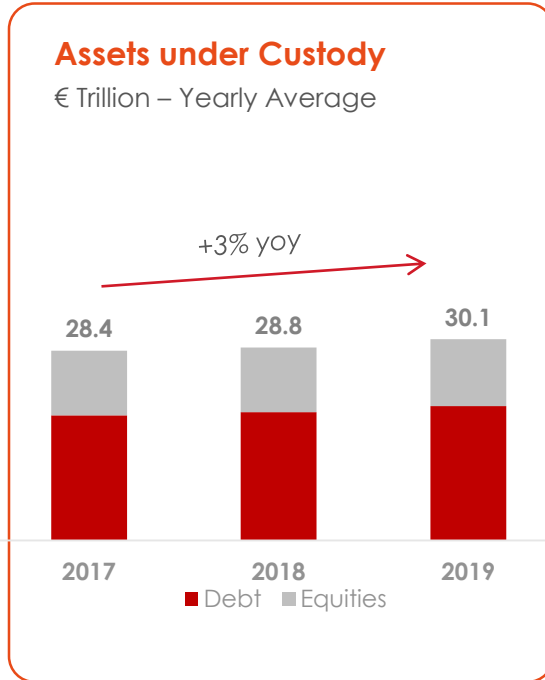
Excellent 2019 Performance - Highlights



Record Financial Performance	Improved Operating Income, Efficiency and Profitability	EPS: +34%
	Balance sheet strengthened	DPS: +50%
	Generating Shareholder Value and Returns	Business Income +3.9 Operating Margin: %pts Operating leverage: 5%

Delivering Customer-Centric Strategy	Strengthening Core Network as 1st (I)CSD Group with CSDR Licences	
	Growing Network Collateral Management and International Expansion	
	Reshaping Network Exploring Innovation and Data Opportunities	

Record Business Drivers underpin Strong 2019 Performance



- Customer expansion led to assets under custody (AuC) of over €30 trillion.
- Year-end AuC reached €31.4 trillion.

- Record level of transactions settled in 2019 equivalent to €837 trillion: approximately 10 x Global GDP.

- Regulatory / industry requirements driving growth of collateral outstanding to record €1.3 trillion.



Financial Performance Update

Record Financial Performance in 2019



 **€ 1145m Business Income**
+6% vs FY 2018

 **€820m Operating Expenses**
-0.7% vs FY 2018

 **€137 Earnings Per Share**
+34% vs FY 2018

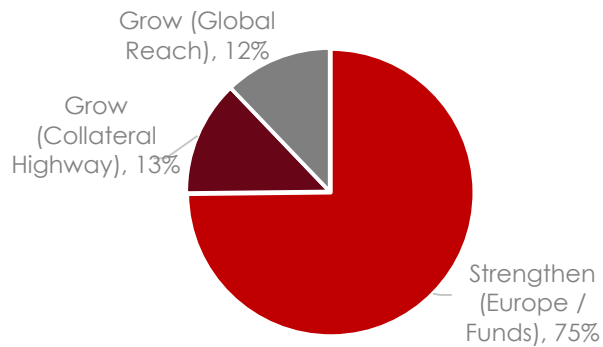
(€ m)	2018	FY 2019	vs ----- 2018	
Operating Income	1335	1435	100	8%
Business income	1079	1145	66	6.1%
Interests, banking & other inc.	256	290	34	13%
Operating Expenses	-814	-820	-6	-0.7%
Share of results	-7	1	8	
Operating Profit before impairment	514	616	102	20%
Impairment	-29	-2	27	
Pre tax profit	485	614	129	27%
Tax	-163	-183	-21	-13%
Net profit	322	431	109	34%
EPS	102.3	136.9		34%
Business income operating margin	24.5%	28.4%		
EBITDA margin (EBITDA/op.inc)	44.6%	49.4%		

Business Income Growth across Business Lines

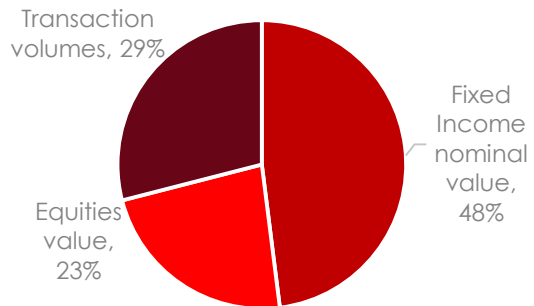


2019 Business Income

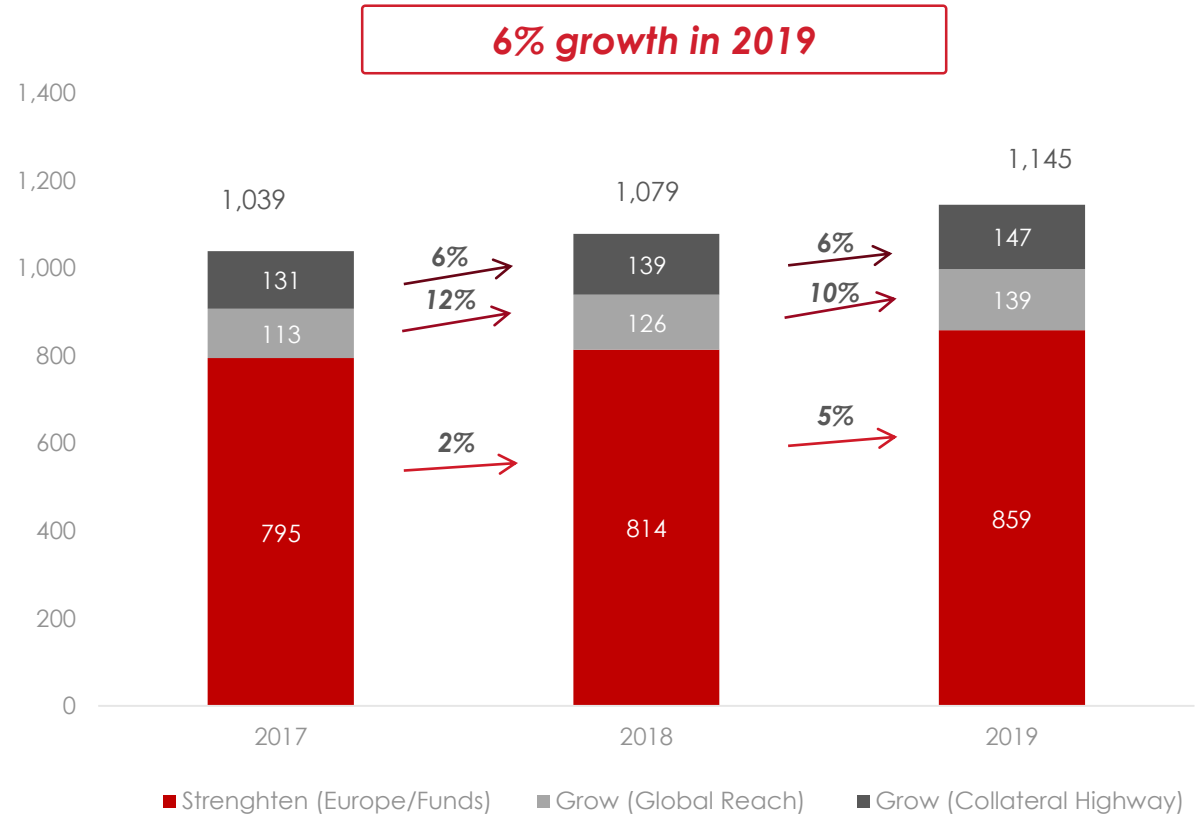
Business Lines



Market Drivers



Business Lines Track Record (€ m)

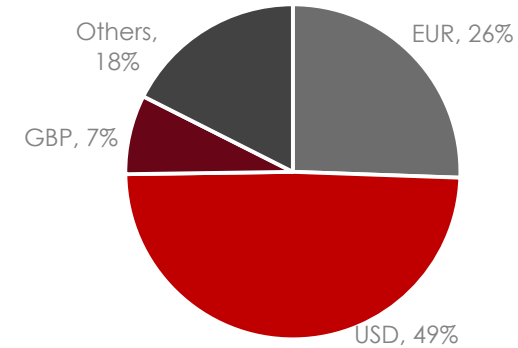


USD Rate Rises Led to Increase in Net Interest Income

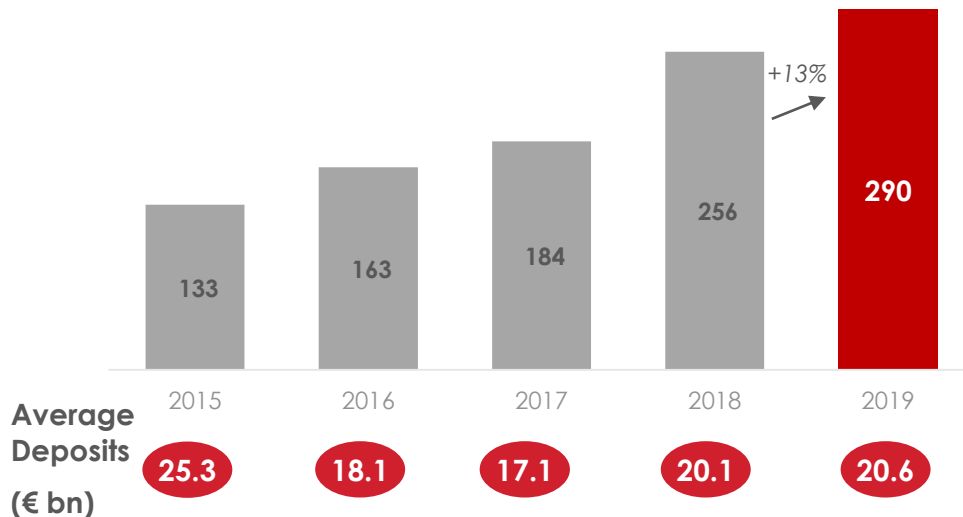


- Interest rate rises in USD underpinned strong cyclical growth in Banking Income
- Interest rates in Eurozone remain negative
- Interest income up despite additional charges linked to liquidity lines required in light of CSDR compliance
- **Rates:** Interest income cyclical in nature and highly correlated with interest rates
- **Volumes:** Balances slightly above 2018 level

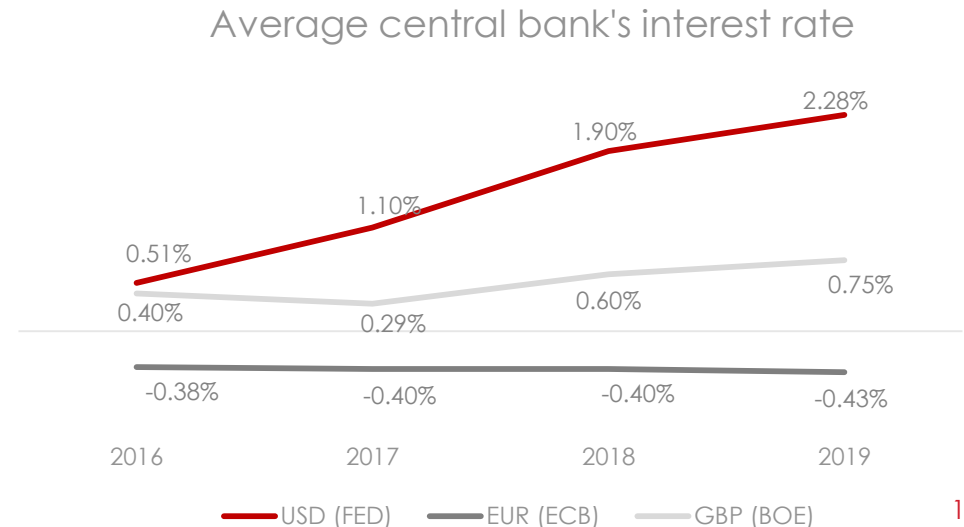
Deposits Currency Split



Interest, Banking & Other Income (€ m)



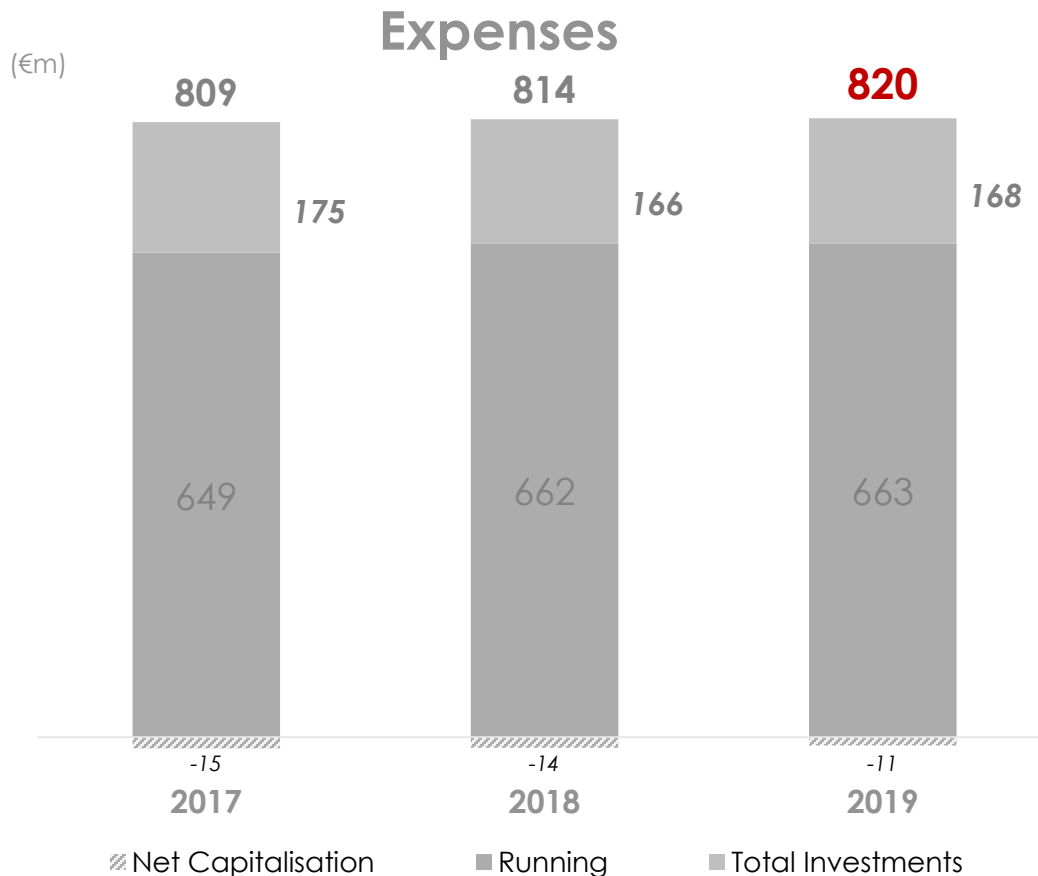
Interest Rate Evolution



Strong Cost Management while Sustaining Investment Levels



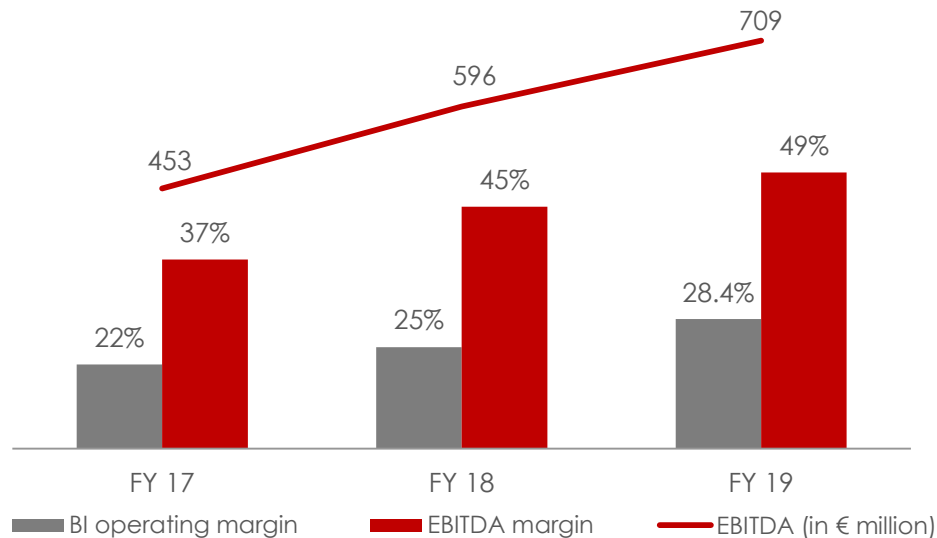
Operating expenses



- Operating expenses of €820m, up 0.7%, while sustaining investment levels
- Investments ongoing to modernise technology capabilities, along with product enhancements, regulatory-driven and cyber security initiatives
- Technology modernisation programme includes:
 - Selectively upgrading platforms & infrastructure
 - Enabling digitalisation of products & data solutions
 - Enhancing IT operating model for efficiency & agility
- Cost discipline remains a strong focus, demonstrated by the set-up of an operational excellence team to coordinate delivery of cost savings.

Business Income Operating Margin Increased to 28.4%, Ahead of Strategic Plan

Business Income Operating Margin¹, EBITDA & EBITDA margin²



- **Business income operating margin** of 28.4% increased by 4 percentage points
- **EBITDA** of €709m, up 19%, in line with the operating profit increase recorded in the period, leading to 49% EBITDA margin

1. Business Income Operating Margin is calculated as the difference between Business Income and the Operating Expenses, divided by the Business Income
 2. EBITDA margin is calculated as the EBITDA divided by the Operating Income

Strong Balance Sheet with Good Liquidity



Balance Sheet

(€m)

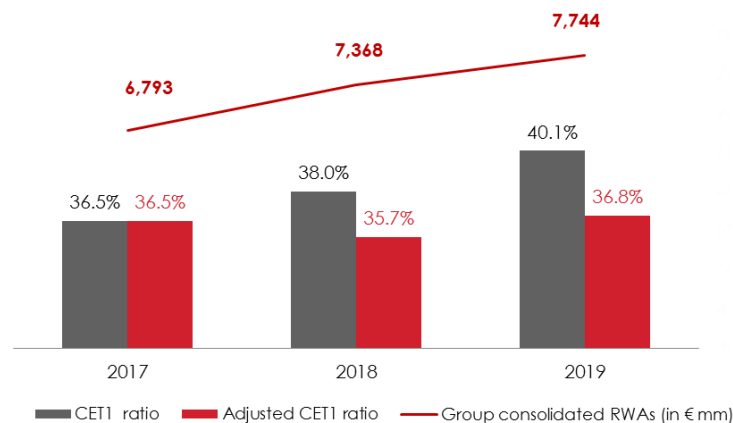
	2019	2018
Cash and balances with central banks	1,883	4,536
Loans and advances	13,735	14,540
Financial assets	10,311	7,434
Goodwill and intangible assets	1,002	992
Other assets	638	632

Total assets / Liabilities

	2019	2018
Deposits from central banks	826	540
Deposits from banks and customers	15,589	17,944
Debt securities issued and funds borrowed	6,107	4,956
Shareholders' equity	4,230	3,839
Other liabilities	817	855

- **Debt Securities Issued & Funds** borrowed reached €6,107 million driven by additional short-term paper issued by Euroclear Bank SA/NV.
- **Financial Assets** exceeded €10bn at group level mainly driven by reinvestments by the Bank of the 2019 debt proceeds and client balances in securities.
- **Shareholders' equity** up to €4,230m on accumulated profit, before 2019 expected dividend payment.
- **Strong and stable capital ratios** reflecting Euroclear low risk profile above required levels.

Group capital ratios & Risk Weighted Assets (RWAs) *

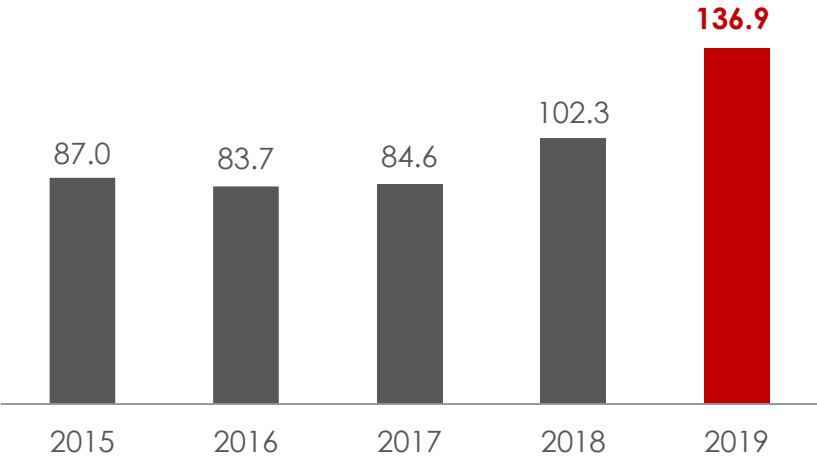


Delivering Increasing Returns for Shareholders



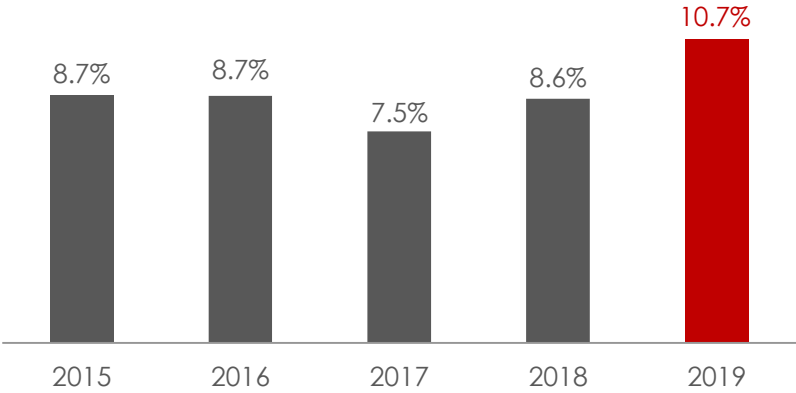
Earnings per share

€/share



Return on equity¹

%



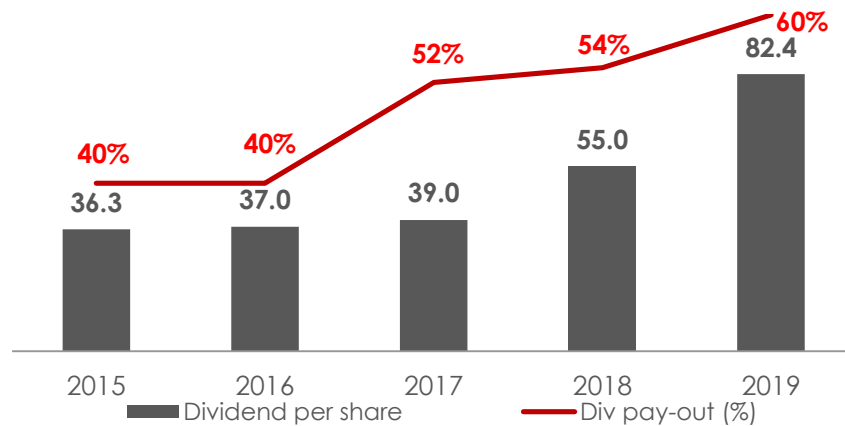
1. Return on Equity is calculated as the net profit of the year divided by the average shareholder equity pre dividend distributions, as reported in the year-end financial statements

Record Dividend per Share and NAV per Share



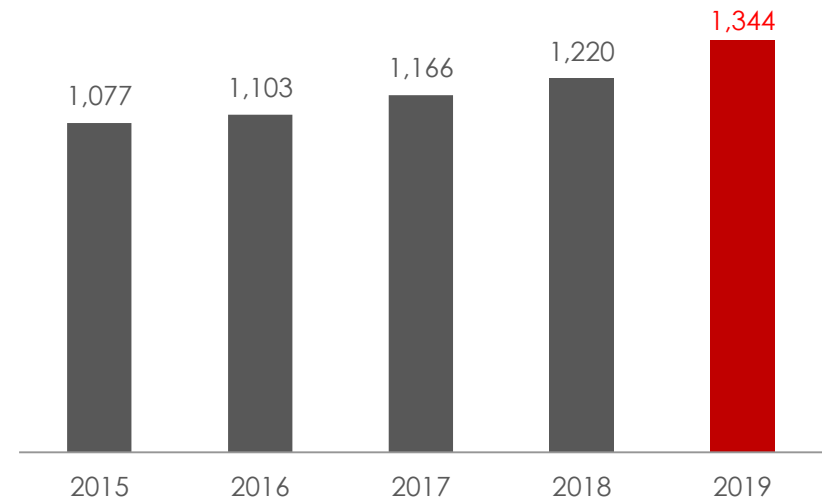
Dividend per share¹

€/share



NAV per share²

€/share



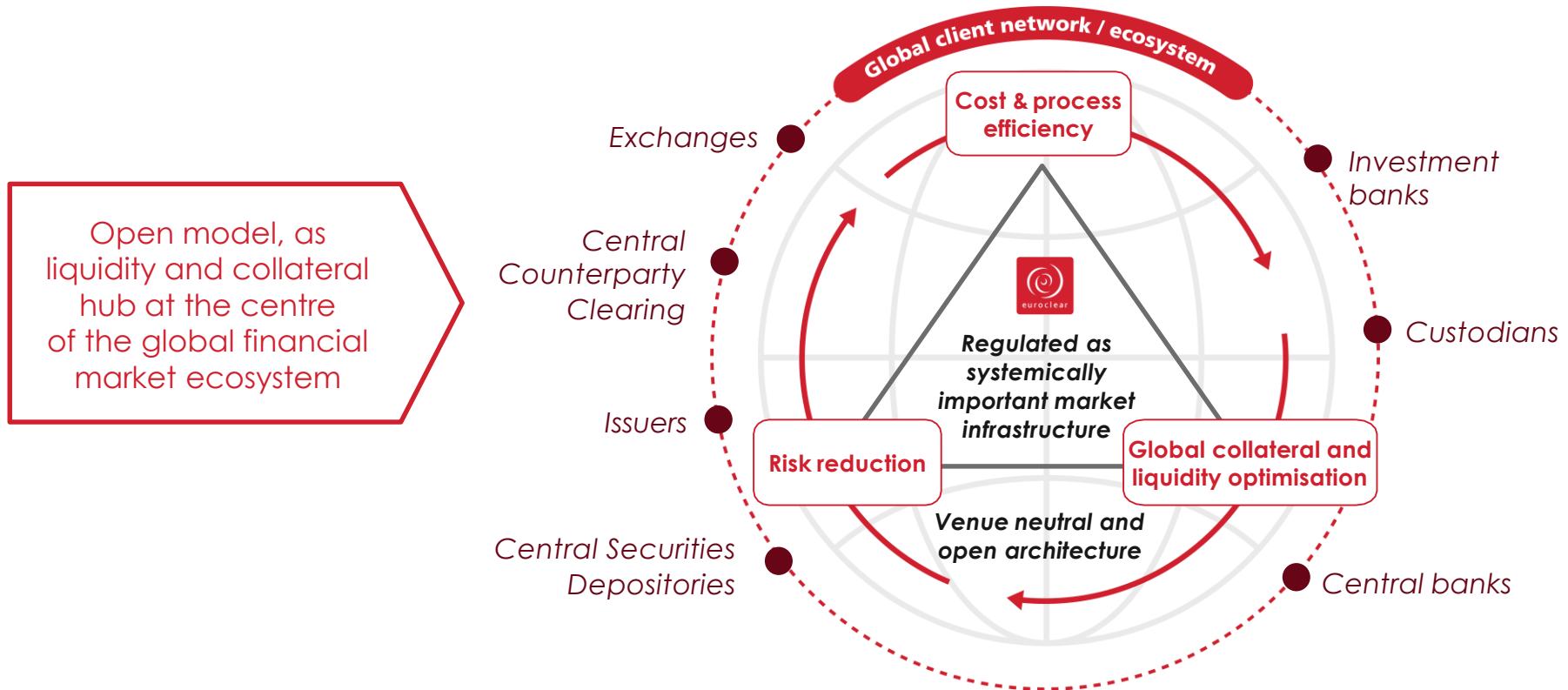
1. Dividend guidance for 2019

2. Net Assets Value per share is calculated as the reported equity at year end 2019 divided by the number of shares



Business Highlights

Unique Position at the Centre of a Global Client Network



Business Strategy aims to Strengthen, Grow and Reshape the Euroclear Network

Strengthening our Network in Europe



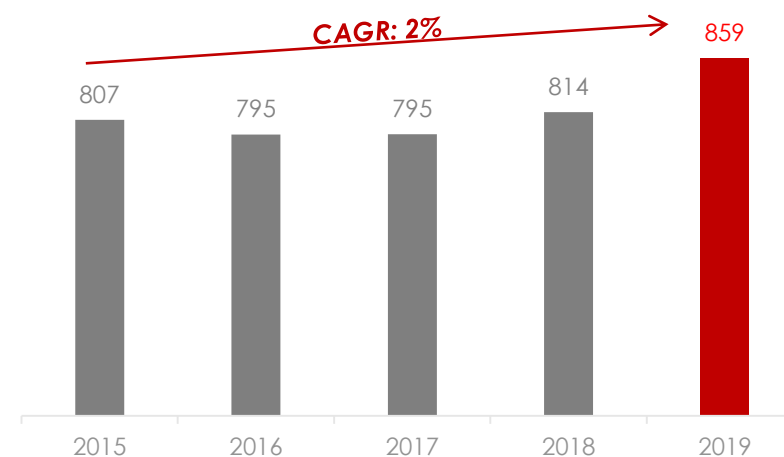
Eurobonds and Domestic European Securities

- Record business drivers and strong income growth
- Clients' needs shaped by regulatory changes
 - 1st ICSD group to be granted CSDR licences
 - Well prepared for Brexit
 - New issuer solutions
- Extending access to Central Bank Money by connecting Euroclear Bank to T2S

FundsPlace

- Extending Euroclear's position as the place for funds
 - Notable client wins across various platforms
 - International ETF structure continues to grow

Business Income



Revenue Mix / Outlook

- C. 75% of Business Income
- Expect Growth in line with European GDP levels

Growing our Network Globally



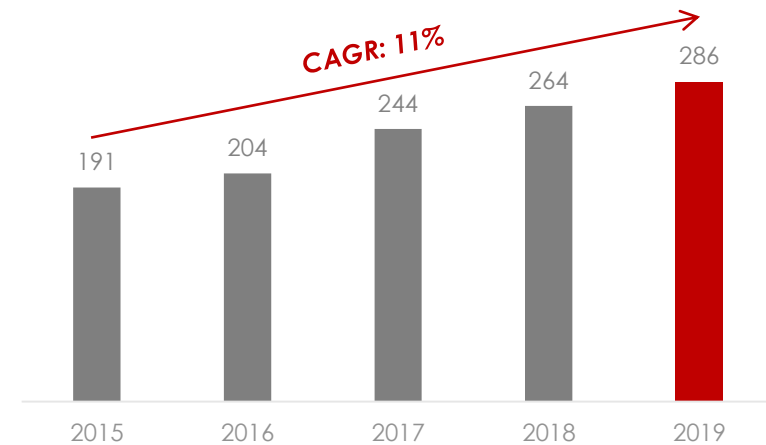
Collateral Highway

- Record business drivers and 6% income growth, despite challenging market conditions
- Successfully onboarding clients as part of Wave 4 of regulatory requirements for OTC derivatives
- Took 100% share in GlobalCollateral Ltd to enhance customer delivery model for global investors

Global Reach

- Strong pipeline of markets attracted to 'Euroclearability'
- Memorandum of Understandings signed with China, Saudi Arabia and Egypt to develop cross-border links
- Exploring opportunities to support development of ESG finance sector

Business Income (Growth)



Revenue Mix / Outlook

- C. 25% of Business Income
- Expect High Single Digit Growth Through-the-Cycle

Data and Innovation

- EasyWay web interface client growth of >300% in 2019 to 870 active clients
- Taskize community grown to +200 active clients in 50 countries
- Reference data products gaining client traction and generating revenues
- Preparatory work completed for first liquidity data solutions, with commercial phase beginning in 2020
- Developing blockchain solution to support to new issuer needs under incoming SRDII regulations
- Collaborating with industry initiatives to explore technology such as Blockchain
 - Pilot project with EIB, Santander and EY
 - Investment in Liquidshare



Connection



Data insights



Technology

Financial Market Infrastructure with Low Risk Profile

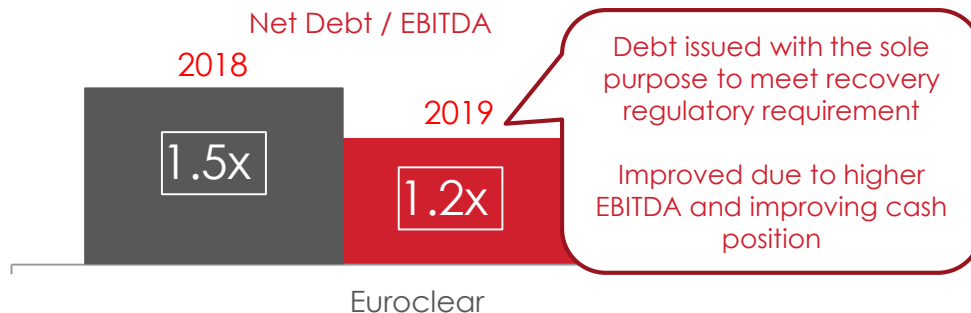


Systemically important role



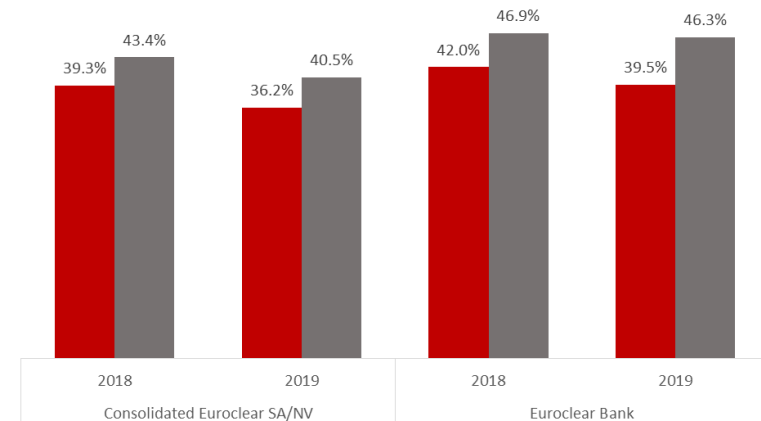
- Sustained investment in technology and cyber resilience to mitigate operational risks
- Debt issuances strengthened Euroclear Bank's liquidity profile
- Constant focus on ethics and regulatory compliance

Low Group Leverage



Strong Capital Position (2019)¹

- Strong ICAAP framework set at 99.98% confidence level
- Capital above ICAAP threshold providing additional buffer



AA / AA+ Rating

- Credit rating is important for our clients
- Consistently strong and stable credit ratings

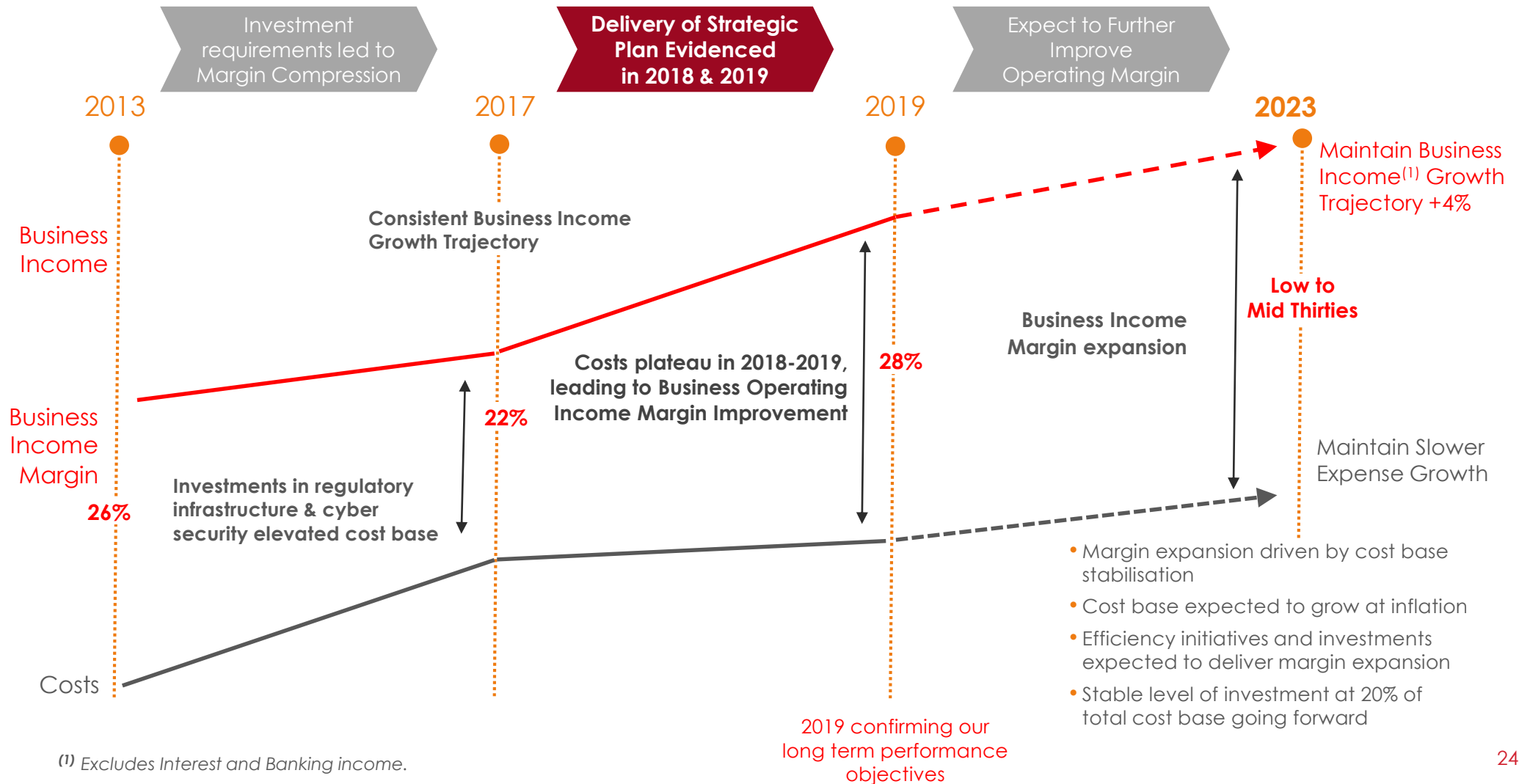


Combination of high credit rating, low risk profile and solid capital ratio are critical to resilient and sustainable performance



Outlook

Robust Strategic Plan to Deliver Growth and Efficiency



Expect to Continue to Deliver Attractive Growth, Whilst Retaining AA / AA+ Rating



	2019 (2018)	5-Yr growth	Comments on 2019
Business income	€1,145m (€1,079m)	Maintain Historic Growth Trajectory	Above Secular Trend
Business Income Operating margin¹	28.4% (25%)	Low to Mid Thirties	Good progress ahead of strategic plan
Operating leverage	5% (3%)	2% average through-the-cycle	Ahead of target for two years in a row
Interest, Banking and Other Income	€290m (€256m)	Driven by Balances and Interest Rates	Driven by higher first half USD rates
Rating	AA / AA+	Maintain AA/ AA+ Rating	Strong reduction in Net debt / EBITDA ratio

1. Excludes Interest and Banking income.



Questions & Answers



Appendix

Euroclear Leadership Team



Marc Antoine Autheman

Chairman



Lieve Mostrey

Chief Executive Officer



Frederic Hannequart

Chief Business Officer



Bernard Frenay

Chief Financial Officer



Peter Sneyers

Chief Risk Officer



Yves Dupuy

Chief Information Officer

Reported and Adjusted EPS Reconciliation

EBITDA retreatments



(in €m)	2015	2016	2017	2018	2019
Net Profit	293	298	236	322.1	430.8
Adjustments					
License Termination	-	-28.0	-	-	-
DTA	-	-	33.6	-	-
Adjusted Net Profit	293	270	269.6	322.1	430.8
Avg. Number of Shares	3.4	3.2	3.2	3.1	3.1
Adjusted EPS	87	84	84.6	102.3	136.9

(€ m)	FY 2017	FY 2018	FY 2019	vs 2018
Operating profit before Impairment	408	514	616	20%
Depreciation, amortisation & other provisions	38	64	70	10%
Net financial charges**	7	19	24	27%
EBITDA	453	596	709	19%
EBITDA margin (EBITDA/op.inc)	37%	45%	49%	

* Net financial charges recorded at Euroclear Holding level

Euroclear Investments – Summary Income Statement (in IFRS)



(€ m)	2019	2018	Y-o-Y
Net Operating income	436	78	459%
Net Interest Income	4	-2	-279%
Other Income	1	0	150%
Gains on non trading financial assets	215	-56	-484%
Dividend Income	216	136	59%
Operating expenses	-1	-1	0%
Share of results	0	0	0%
Operating profit before Impairment*	435	77	464%
Provisions	0	0	0%
Tax	-55	15	467%
Net Profit	380	92	312%

Euroclear Investments – Summary Balance Sheet (in IFRS)



€ million end of year balance	2019	2018	%
Loans & Advances	129.0	270.7	-52%
Financial assets	246.6	173.8	42%
Non-trading financial assets	1,103.9	781.0	41%
Current & Deferred income tax assets	0.0	6.9	-100%
Other Assets & Accruals	0.4	0.3	33%
Property Plant & Equipment	0.2	0.0	n.a.
Participations in group companies	637.2	637.2	0%
Total Assets	2,117.3	1,869.8	13%
Long Term Debt	1301.8	1,300.8	0%
Intercompany Borrowings	0.0	0.0	n.a.
Financial Liabilities held for trading	0.0	0.0	n.a.
Income & deferred tax liabilities	49.0	0.0	n.a.
Other liabilities & Accruals	0.2	0.3	-33%
Shareholders' Equity	766.3	568.7	35%
Total Liabilities	2,117.3	1,869.8	13%

Euroclear Bank - Summary Income Statement (in BEGAAP)



(€ m)	2019	2018	Y-o-Y
Net Operating income	1,025	944	9%
Operating expenses	-541	-514	-5%
Share of results	0	0	n.a.
Operating profit before Impairment*	484	431	12%
Provisions	0	0	n.a.
Impairment	0	-4	-100%
Tax	-142	-127	12%
Net Profit	342	299	14%

Euroclear Bank – Summary Balance Sheet (in BEGAAP)



€ million end of year balance	2019	2018	%
Loans and advances to banks and customers	15,210	18,638	-18%
Financial Assets	8,932	6,521	37%
Goodwill and (in)angible assets	6	5	20%
Other assets/accrued income	176	242	-27%
Total Assets	24,325	25,406	-4%
Deposits by banks and customers accounts	16,452	18,491	-11%
Debt instruments issued	5,309	4,258	25%
Other liabilities/provisions	376	560	-33%
Subordinated liabilities	306	202	51%
Shareholders' equity	1,882	1,894	-1%
Total Liabilities	24,325	25,406	-4%

Disclaimer



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