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Euroclear Shareholder Newsletter

Edition 14

20 July 2017

From the Chairman

Marc Antoine Autheman

Welcome to the 14th edition of your shareholder newsletter. ”



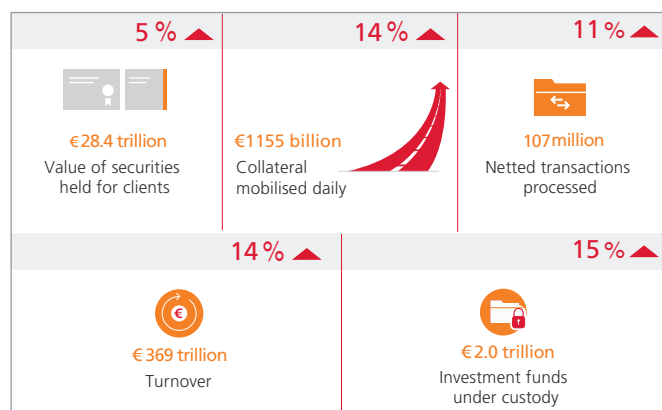
In this edition, we update you on the better than anticipated financial performance delivered in the first half of 2017, the group’s operational highlights, as well as the results of your company’s recent general meetings.

Positive revenue dynamics, particularly in Euroclear Bank and the ESES CSDs, served to offset our initial planned step-up in investment in regulatory-driven and cyber security initiatives during the first half 2017. Euroclear’s first half operating profit before taxation of €224 million rose 8% year-on-year.

With operating profit growth strongest in relatively high corporate tax jurisdictions, the overall tax rate rose to 33.4%. Profit after tax of €149 million resulted in net earnings per share of €46.4, representing a 2% increase compared to the 2016 period.

Despite very satisfactory results in the first half, the board remains cautious on the outlook for full year financial performance due to the phasing of our planned investments in regulatory-driven and cyber security initiatives and, to a lesser extent, the potential impacts of uncertain market conditions and normal seasonality on revenues.

Management is progressing the group’s strategic imperatives, both in its traditional business in Europe and growth initiatives in collateral, funds and internationally, while also exploring adjacent opportunities enabled by new technology. Further information on Euroclear’s first half operational highlights is available here. Lastly, the Board is pleased to confirm that all twenty resolutions proposed at the annual general meeting were approved



unanimously by shareholders. In addition, the 2017 buy-back programme completed successfully providing liquidity to 13 shareholders who wished to divest while being accretive to remaining shareholders with a purchase price of €718 per share, well below book value.

While no buy-back programme is presently planned for 2018, the Board will continue to assess its approach to shareholder returns as part of its annual capital planning process each February.

As always we welcome your views and feedback and hope you find this newsletter informative.

Marc Antoine Autheman

Financial results

- Euroclear's revenue performance in the first half 2017 benefited from robust financial market conditions and strong business drivers. Net fee income of €513.9 million increased by 5%.
- Total operating income of €618.7 million increased by 7% year-on-year, also benefitting from a 17% increase in net interest income, mainly due to higher rates in USD.
- The group's cost base increased to €389.2 million, up 8% compared with same period last year, due to the initial planned step-up of investment regulatory-driven and cyber security projects.
- The group operating profit before taxation rose by €16.0 million to €224.3 million, representing an increase of 8% compared to the prior year.
- Operating profit growth was strongest in entities with relatively high corporate tax jurisdictions compared to last year, leading to an increase in the overall tax rate to 33.4%.
- Profit after tax of €149 million resulted in net earnings per share of €46.4, representing a 2% increase compared to the 2016 period.
- Euroclear continues to maintain a strong and highly liquid capital base.

The unaudited group consolidated financial results for the first half ended 30 June 2017 have also been published at <https://www.euroclear.com/investorrelations/financials/financialresults.html>.

Please note that the information contained in this document has not been audited and has not been prepared to the standard required for statutory end of year accounts. Accordingly, no warranty or representation is given as to the accuracy or completeness of such information.

New bulletin board session

The Board will open a new Bulletin Board session to run from

21 July 2017 at 12:00 CET
until 11 August 2017 at 12:00 CET.

The Bulletin Board is an online facility for the purpose of improving liquidity and facilitating bilateral dealings in Euroclear ordinary shares.

You can access the Bulletin Board using your personal user ID and the current password, which was sent to your institution on 29 August 2016 (or more recently for new users). If you do not have a Bulletin Board user ID/password or have other questions, please contact us at ir@euroclear.com.

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