

Euroclear FY 2022 Results

Investor Update



January 2023

Delivering record business and financial performance, showcasing resilience in challenging market conditions

Strategic direction and corporate purpose...



Customer-centric business strategy



Investment in resilient, scalable systems



Operational excellence & delivery



Dedicated and talented people



Geopolitical events and bear market



Inflationary pressures and rates hikes



... driving record operating numbers and robust performance

Robust operating metrics

€35.6 trillion	Assets under custody	-6%
304 million	Net number of transactions processed	+3%
€1,066 trillion	Turnover (value of transactions processed)	+7%

Strong underlying financial results

€1,955 million	Operating income	+21%
€603 million	Net profit	+32%
47.7%	EBITDA margin	+2%pts
€191.7	Earnings per share	+30%

Reaching strategic milestones

- Serving all **financial stakeholders** from issuers to investors.
- Embedding **ESG** a core strategic pillar / business enabler
- Proving **end-to-end solutions for funds** – **MFEX integration**
- Delivering **inorganic growth**, including the investments in **Greenomy, Impact Cubed, Fnality** and **Goji** (new asset class)

We innovate to bring safety, efficiency, and connections to financial markets for sustainable economic growth. This, combined with our culture and values, underpins the long-term aspiration to become a digital and data-enabled financial market infrastructure.



Implications of Russian sanctions

- Russia's invasion of Ukraine resulted in market-wide application of international sanctions, with Euroclear playing a material role in implementation as a financial market infrastructure. We consider the application of sanctions as a key priority and take the responsibility very seriously. Well established processes are in place which have allowed the group to implement the sanctions while maintaining our normal course of business.
- There is however additional complexity because package of sanctions is wide-ranging. Moreover, Russia does not recognize the international sanctions and has implemented countermeasures. The international sanctions, as well as Russian countermeasures, resulted in a loss of Russia-related business income which was more than compensated by increased interest income.
- The cash on the balance sheet has increased as blocked coupon payments and redemptions accumulate. At the end of December, Euroclear Bank's balance sheet increased by EUR 99 billion year-on-year to a total of EUR 124 billion, of which EUR 93 billion related to Russian sanctions. As per Euroclear's standard process, which is the same for any clients' long cash balances, the cash balances arising from the sanctions are invested to limit the credit risk generated by such balances. Over 2022, revenues on cash balances arising from sanctions on Russia was EUR 821 million.
- Future earnings linked to the sanctions will continue to depend on the prevailing interest rate environment and the evolution of the sanctions. The Board expects interest income to continue to grow materially as blocked payments and redemptions continue to accumulate in a rising interest rate environment, albeit at a slower pace in 2023.
- As previously outlined, while the Russian sanctions materially impact the balance sheet, impact thereof on the group's capital ratios is not expected to be significant. Euroclear maintains a strong capital position.
- The nature of the activities undertaken as a financial market infrastructure has led various parties to contest the sanctions and countermeasures, as well as their application, with legal proceedings ongoing in both the European Union and Russia. While not presently considered a material risk and having limited financial impact, the probability has increased that financial impacts arise, which may result in a possible post balance sheet event.
- With the growth of sanctioned liabilities and the increase of interest rates, the materiality of revenues on cash balances arising from sanctions on Russia on the group's financial results is unprecedented. As such, the Board considers it necessary to separate these earnings from the underlying financial results when assessing the company's performance and resources.
- The Board recognizes that the unexpected profit should be managed prudently, in line with its corporate purpose and considering its responsibilities towards stakeholders and society, as well as a more uncertain risk environment. Euroclear continues to act in a transparent manner with all authorities involved. The Board will continue to act cautiously by retaining any profits related to the Russian sanctions until the situation becomes clearer.

Key business activity metrics remained robust in 2022 despite lower equity valuations and geopolitical events...

... with diverging but offsetting evolution of business drivers in 2022, after a period of long-term market-driven growth.

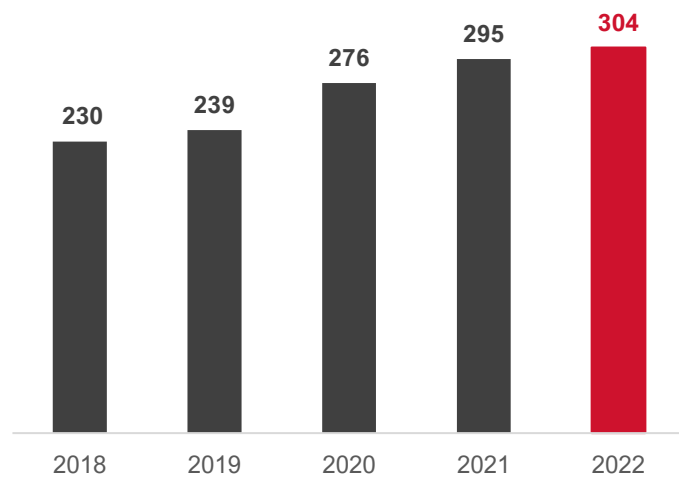


Global & Emerging Markets
+12% (vs 2021) to €1.7 trillion
 Assets Under Custody

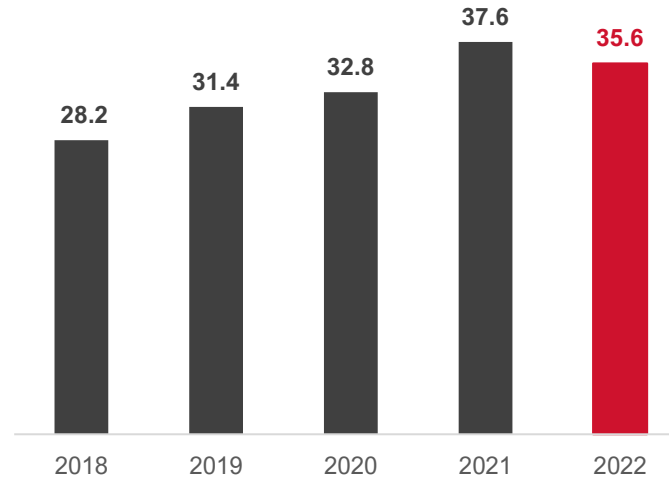


Funds
-11% (vs 2021) to €2.8 trillion
 Assets Under Custody

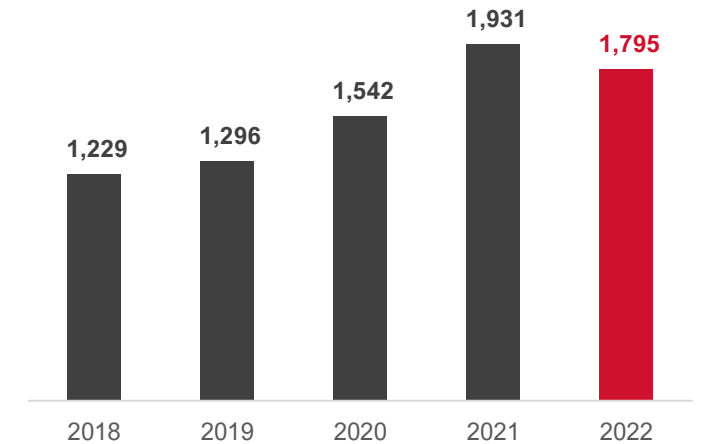
Yearly netted transactions, million



Assets under Custody, EUR trillion



Collateral Highway, EUR billion



We continue to perform strongly in 2022

with underlying net profit up 32% year-on-year

Euroclear Holding - Consolidated P&L (IFRS) (EUR Mln)	FY 2021	FY 2022	Russian sanctions impacts	FY 2022 Underlying	Underlying vs. 2021	
Operating income	1,615	2,769	814	1,955	340	21%
Business income	1,525	1,600	-7	1,607	82	5%
Interest, banking & other income	90	1,170	821	348	259	289%
Operating expenses	-988	-1,152	-20	-1,133	-145	15%
Operating profit before impairment	627	1,617	795	823	195	31%
Impairment	-16	-12	-1	-12	4	-25%
Pre-tax profit	611	1,605	794	811	199	33%
Tax	-153	-405	-197	-207	-55	36%
Net profit	458	1,201	597	603	145	32%
Earnings per share (EUR)	147.0	381.4		191.7		
Business income operating margin	35.2%	28.0%		29.5%		
EBITDA margin (EBITDA/oper.income)	45.6%	62.3%		47.7%		

Note: 2021 figures (except for EPS) have been restated to include MFEX pro forma, in order to allow like-for-like comparison.

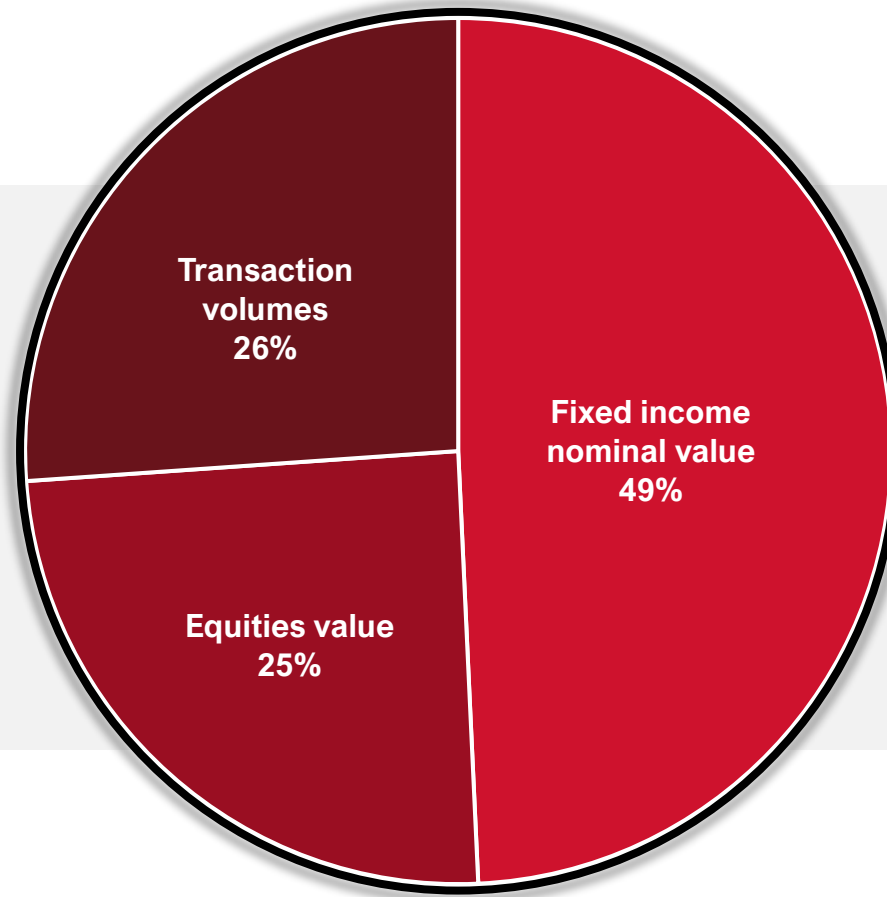
Operating income was up 21% year-on-year to EUR 1,955 million on an underlying performance basis (72% when taking Russian sanction impacts into account)

Business income increased by 5% to EUR 1,607 million, reflecting the continued strong growth of Euroclear's business lines as it implements its strategy

Interest, banking and other income increased by 289% to EUR 348 million on an underlying performance basis as a consequence of rising interest rates

Strong subscription-like income

providing a natural hedge against market volatility

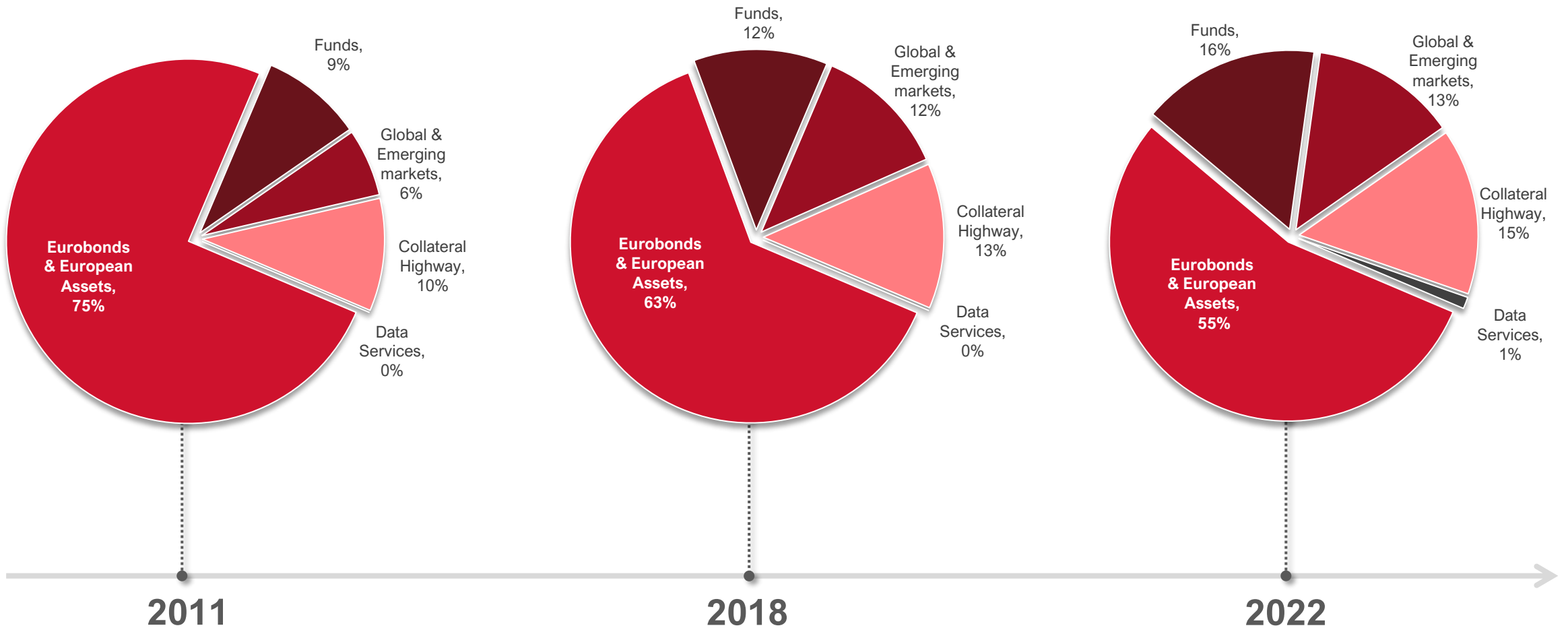


Business income generated by three main drivers:

- Transaction volume fees
 - Equities and Funds fees
 - Fixed-income fees
- ▶ **Fixed income fees are charged at nominal value and not sensitive to market conditions**

Diversified revenue model and transformation journey over a decade

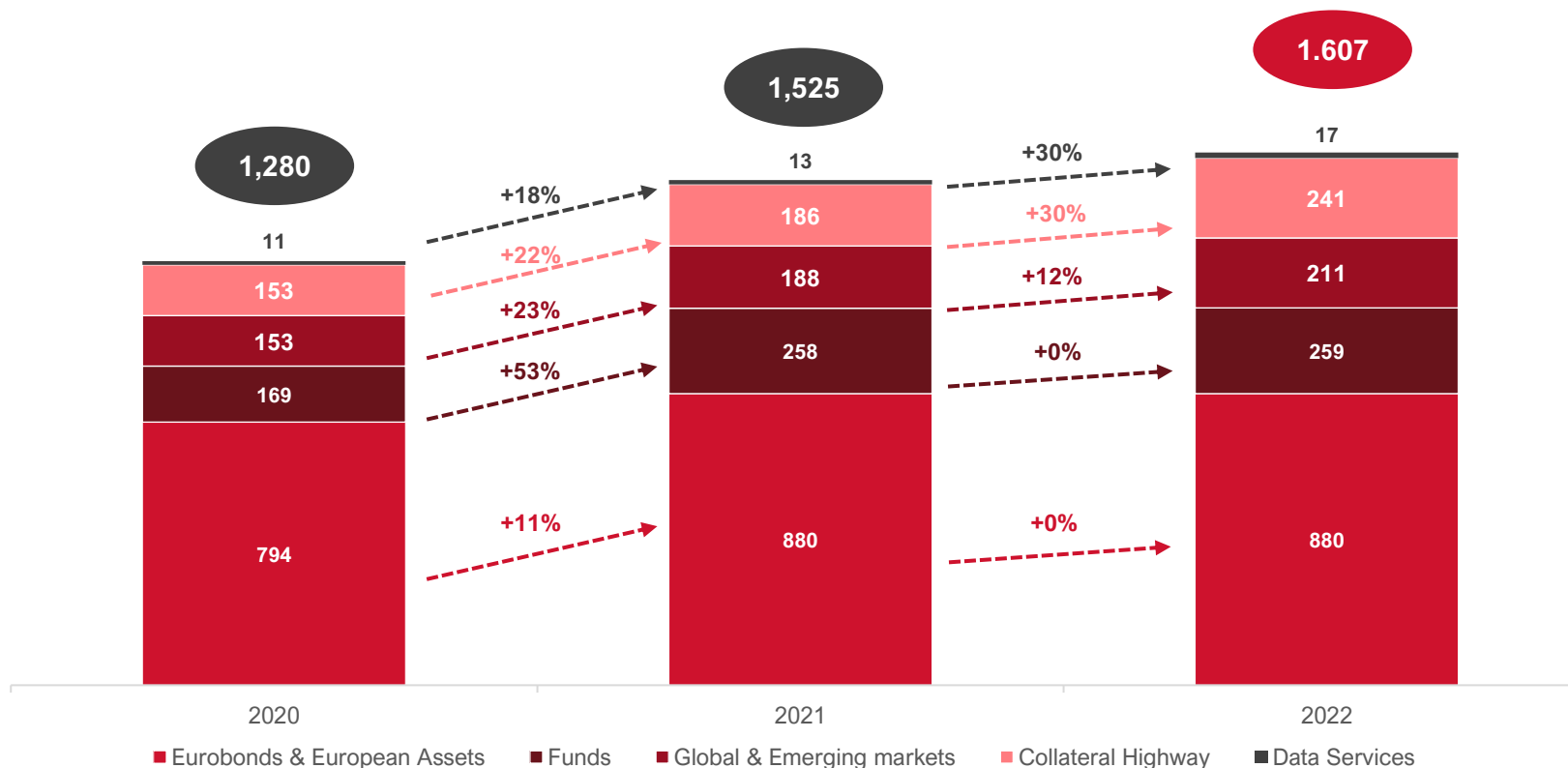
with growth business lines having increased from 25% to 45% of business income



Robust diversified revenue model

continued to deliver business income growth up 5% in 2022

Business Lines Track Record, EUR million

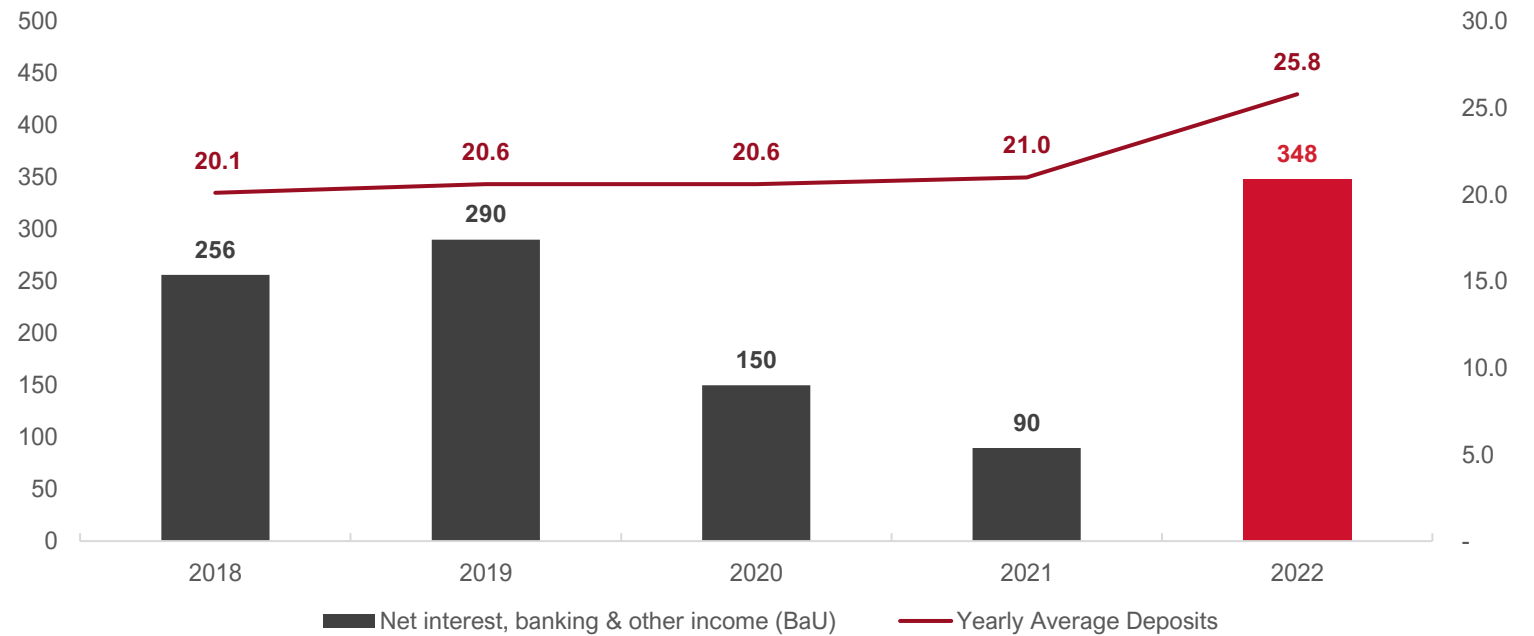


Note: 2021 figures have been restated to include MFEX pro forma, in order to allow like-for-like comparison.

Interest rates hikes in 2022 substantially increased net interest income

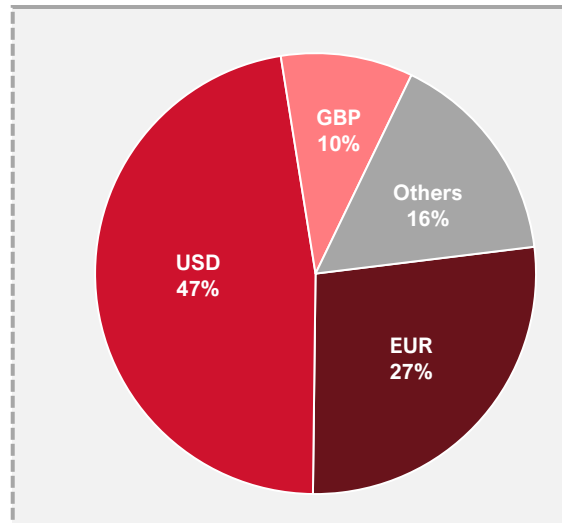
- Interest rates hikes in 2022 in response to inflationary pressures, especially in USD, have led to material increase in **Interest, Banking & Other Income, from €90m to €348m (+289%)** on an underlying performance basis
- During 2022, after subsequent hikes of 50bp, 75bp and 75bp respectively in July, September and November, the ECB continued to increase key rates by 50bp in December, leading to **positive interest rates in the Eurozone** after a long period of negative rates environment
- ▶ **Rates-driven:** Interest income are cyclical in nature and highly correlated with interest rates
- ▶ **Volume-driven:** Deposits balances increased compared to 2021

Interest, banking and other income¹, EUR million

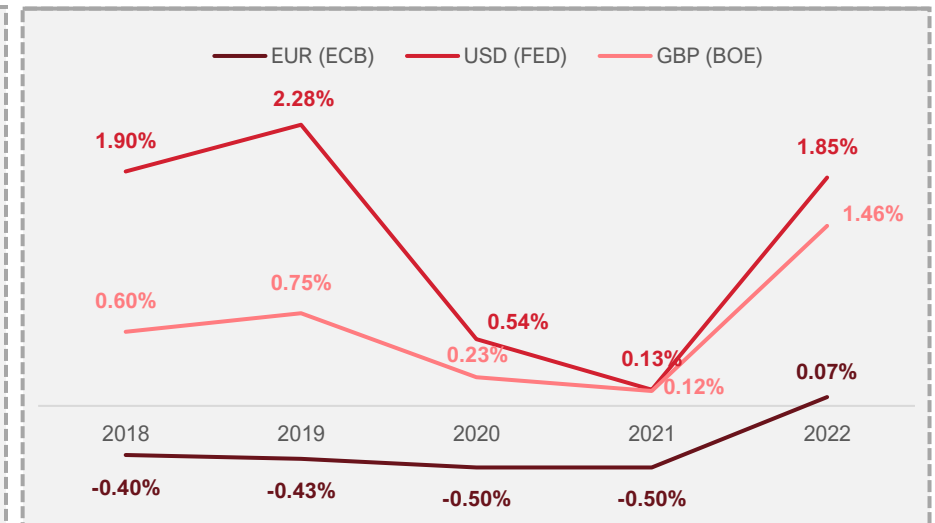


Yearly average deposits¹, EUR billion

Deposits per currency¹, EUR million



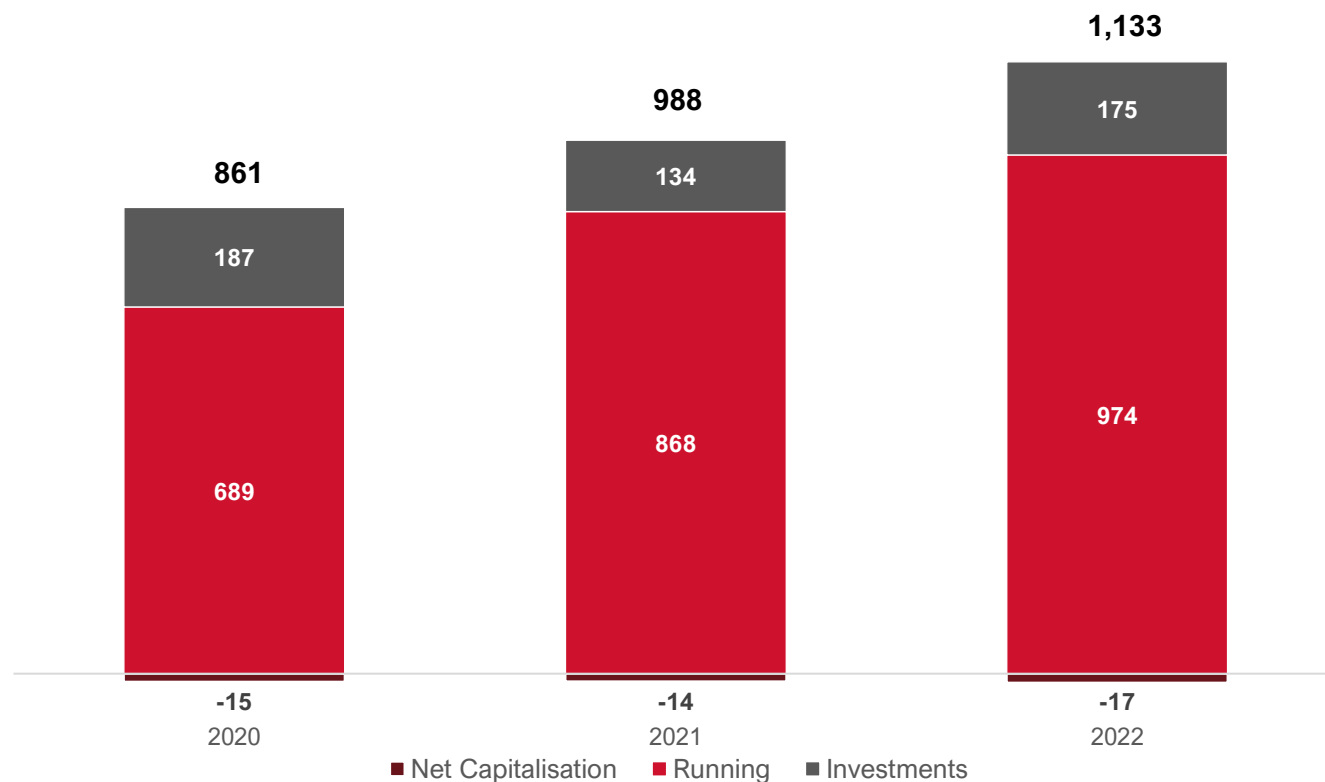
Interest Rates Evolution, % average



¹ Underlying performance, excluding Russian sanctions impacts

Focus on cost control and strategic investments amidst inflationary environment...

Operating Expenses Breakdown, EUR million

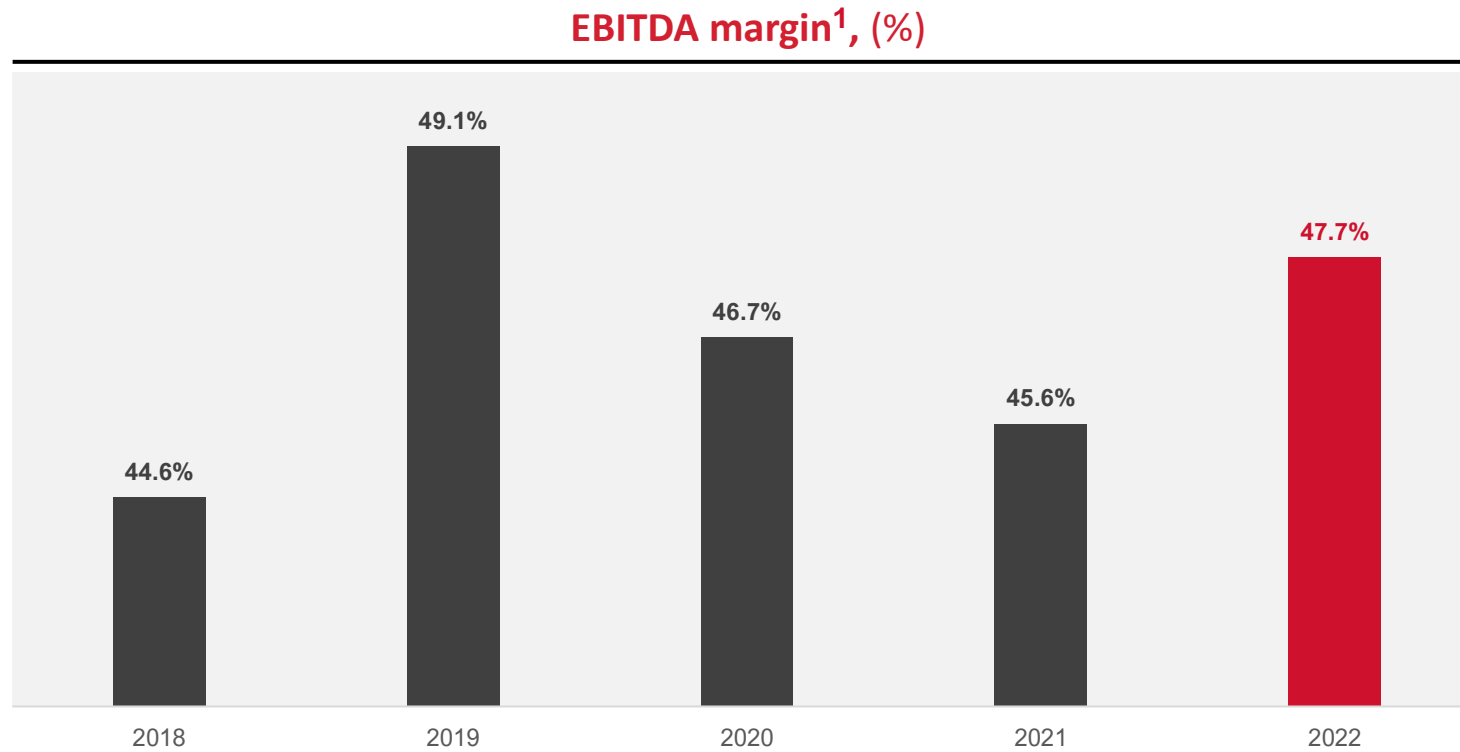


Note: 2021 figures have been restated to include MFEX pro forma, in order to allow like-for-like comparison.

Despite climbing inflationary pressures in 2022, the Group has proven to be resilient as cost discipline remains a strong focus:

- Operating expenses increased by 15% (from €988m to €1,133m) against an increase of 21% in operating income (from €1,615m to €1,955m) on an underlying performance basis
- Continued investments in strategic initiatives to foster technology capabilities and deliver product enhancements for future growth, in line with our Business Strategy
- Additional IT running costs aimed at reinforcing IT resilience, integrating business growth, consolidating IT infrastructure and further developing digital capabilities

Improvement on EBITDA margin almost reaching 50%

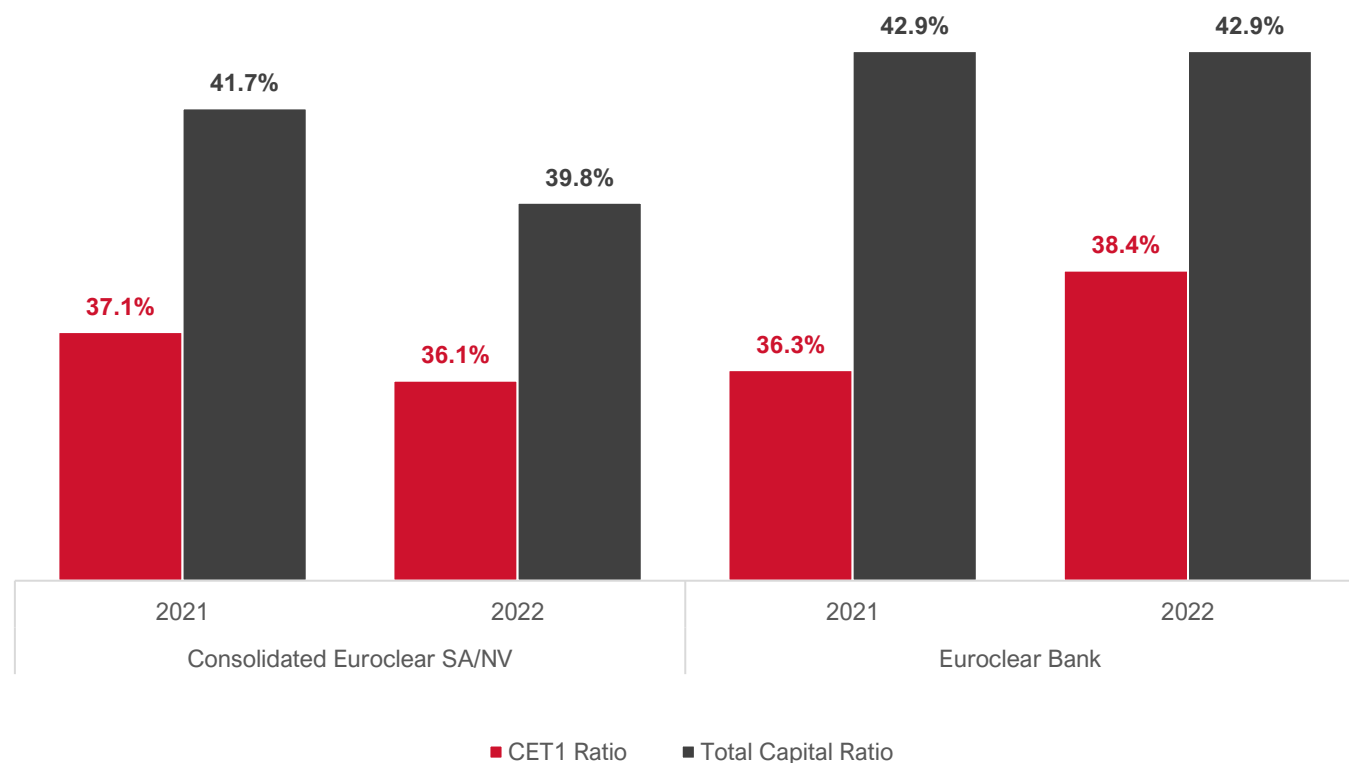


Strong capital and low risk profile

critical to resilient and sustainable performance creating headroom for further growth

Capital Ratios¹

▶ Capital comfortably above regulatory capital requirements



Euroclear Investments

S&P
AA-

Fitch
AA-

Euroclear Bank

S&P
AA

Fitch
AA

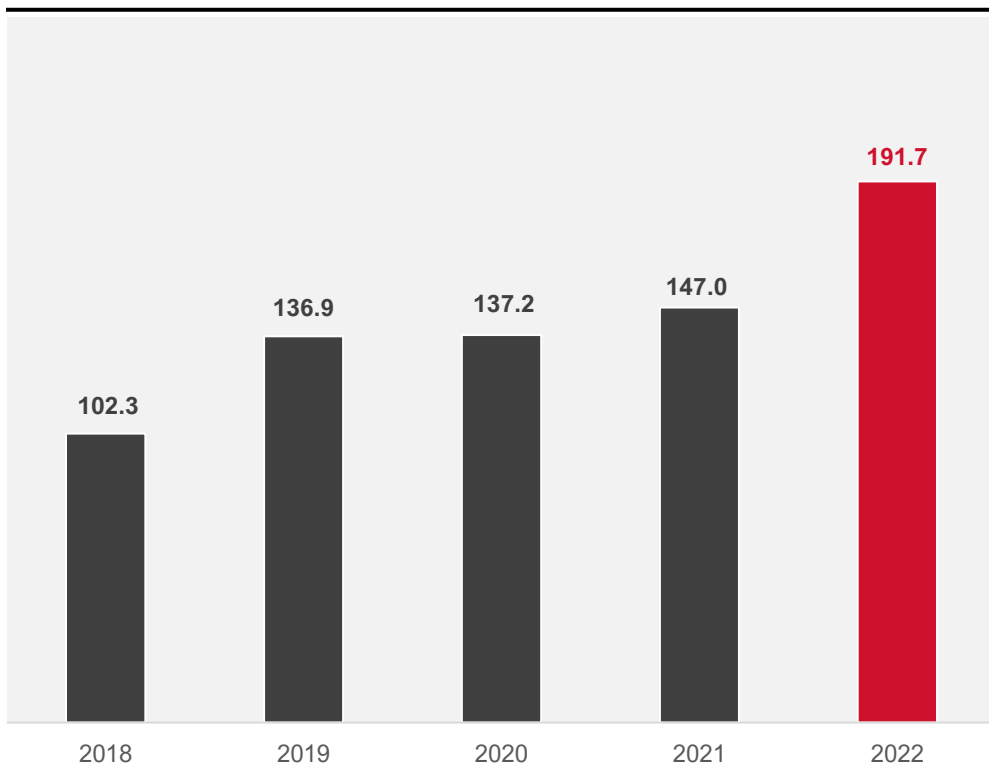
- Capital ratios remain robust even with increased volumes, supporting Euroclear’s low risk profile
- Group **shareholders' equity** at €5,397m before 2022 expected dividend payments and including Russia-related net profit (€597m)
- Group leverage remains very modest – **Net debt-to-EBITDA improving at 1.0x** (vs.1.3x in 2021) **on an underlying performance basis**
- **Low-risk profile**
 - ▶ No material operational losses
 - ▶ Strong risk culture



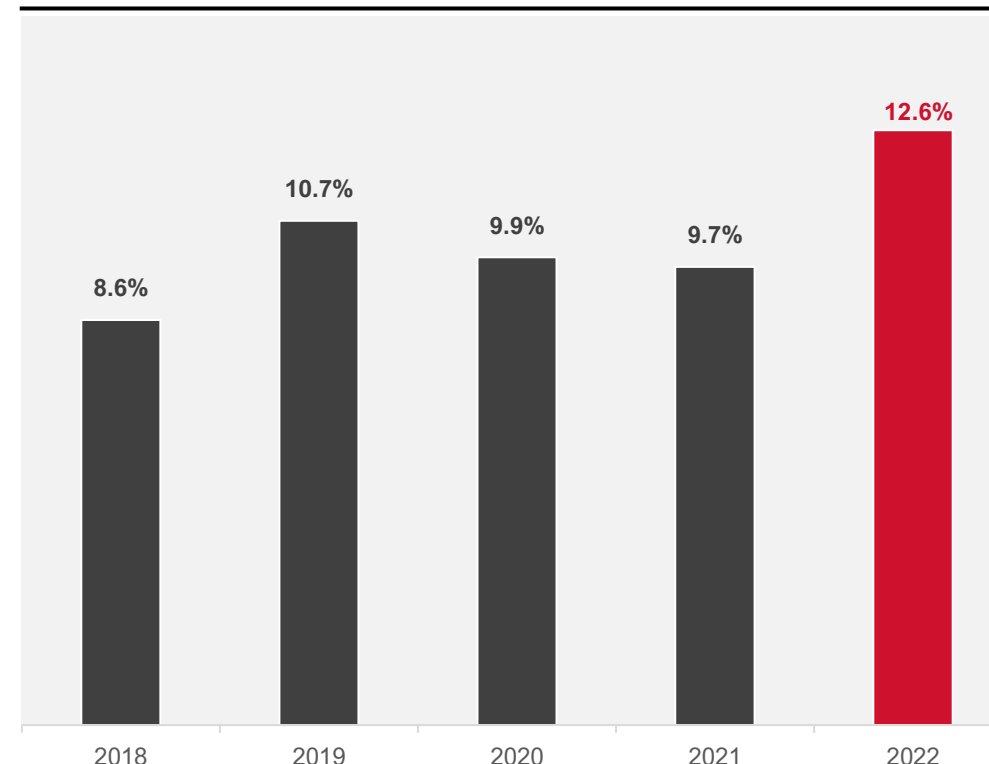
¹ Estimated capital ratios at 31/12/2022 include the Russia-related net profit of €597 million in retained earnings

Sustained shareholders' returns even on an underlying performance basis only

Earnings per share, EUR/share



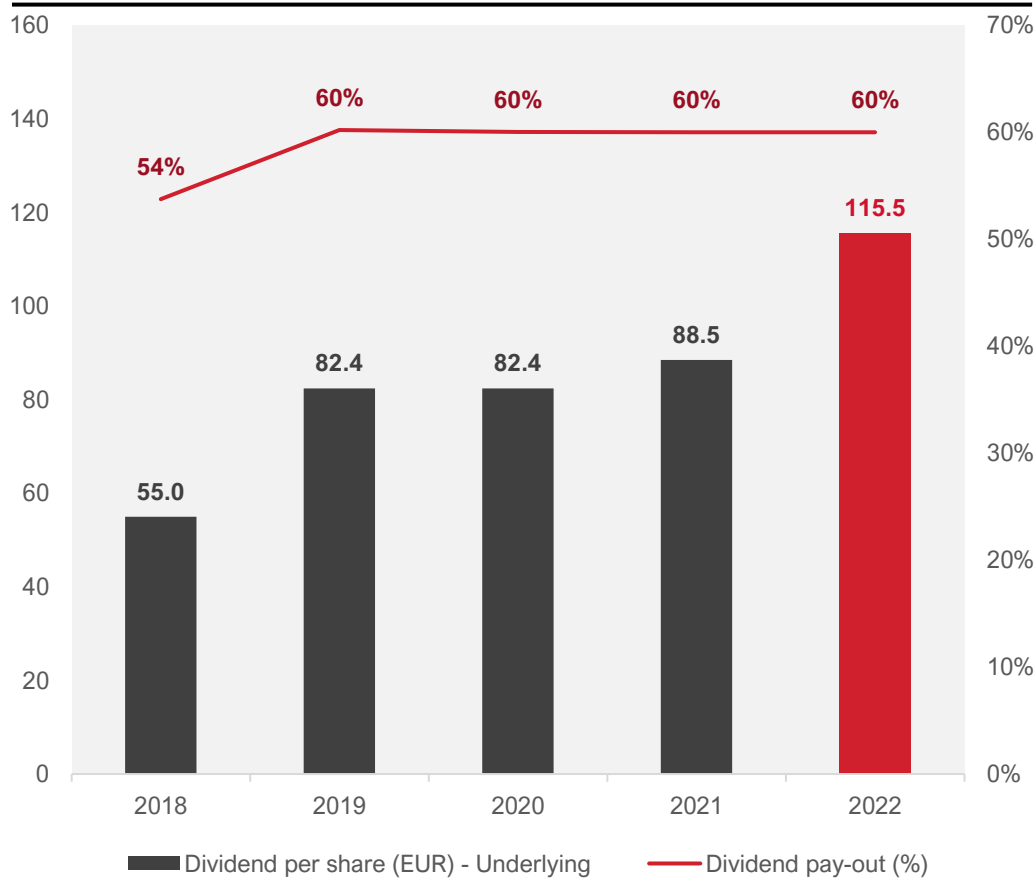
Return on equity¹, %



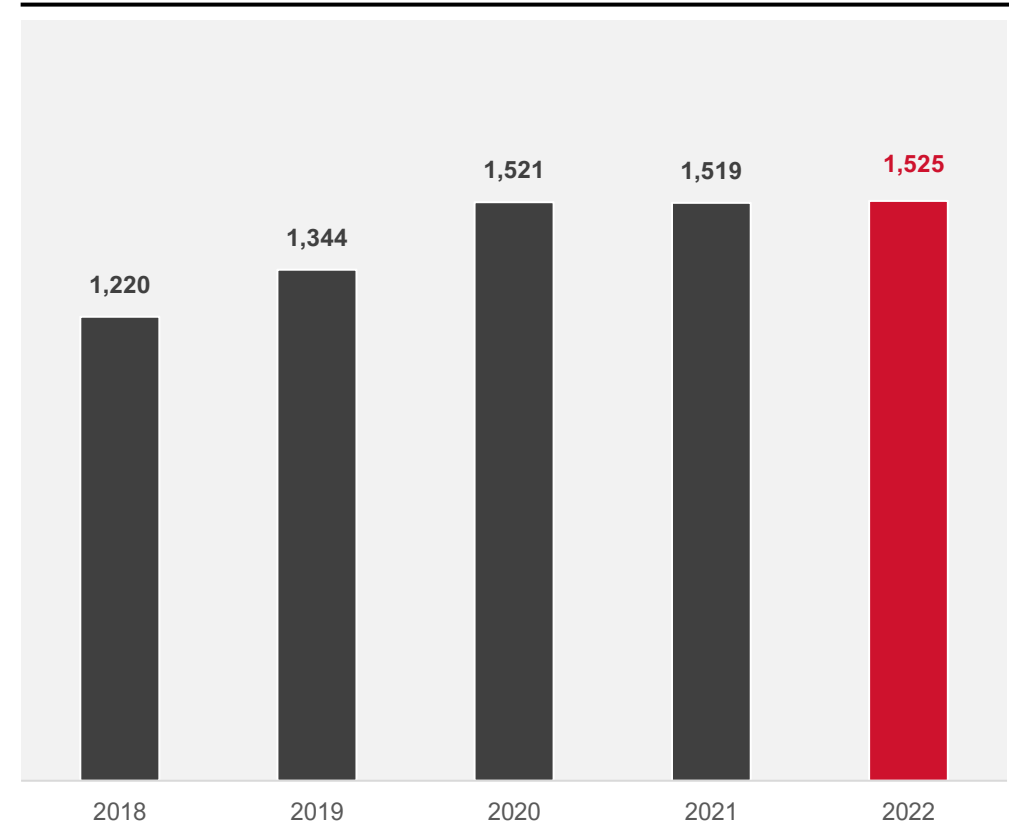
¹ Return on Equity is calculated as the net profit of the year divided by the average shareholder equity on an underlying performance basis

Increased dividend per share and NAV per share even on an underlying performance basis only

Dividend per Share¹, EUR/share



NAV per Share², EUR/share



¹ For 2022 the dividend pay-out is calculated to the underlying net profit only

² Net Assets Value per share is calculated as the equity at year end divided by the number of shares on an underlying performance basis

Group Summary Balance Sheet (in IFRS)

Euroclear Holding - Consolidated B/S (IFRS)					Underlying vs. 2021	
(End-of-year EUR Mln)	2021	2022 Total	2022 Russia	2022 Underlying		
Cash and balances with central banks	6,054	83,543	73,837	9,706	3,652	60%
Loans and advances	11,646	23,834	11,913	11,922	275	2%
Financial assets	9,279	17,104	7,630	9,474	195	2%
Goodwill and intangible assets	1,502	1,501	0	1,501	-1	0%
Other assets	918	1,655	0	1,655	737	80%
Total Assets	29,400	127,638.6	93,380	34,259	4,859	17%
Deposits from banks and customers	17,116	114,473	92,782	21,690	4,575	27%
Debt securities issued and funds borrowed	6,382	6,243	0	6,243	-139	-2%
Other Liabilities	1,120	1,526	0	1,526	406	36%
Shareholders' equity	4,782	5,397	597	4,800	18	0%
Total Liabilities and Shareholders' Equity	29,400	127,639	93,380	34,259	4,859	17%

Euroclear Investments – Summary Income Statement (in IFRS)

Euroclear Investments - Standalone P&L (IFRS) (EUR Mln)	FY 2021	FY 2022	Y-o-Y variance	
Net operating income	550	-131	-681	-124%
Net interest and fee income	2	4	3	155%
Dividend income	540	313	-227	-42%
Gains/Losses on non-trading financial assets	8	-448	-456	-5702%
Other income	0	0	-1	-129%
Operating expenses	-1	-4	-3	207%
Share of results	0	0	0	n.a.
Operating profit before impairment	549	-135	-684	-125%
Impairment	0	0	0	-161%
Pre-tax profit	549	-135	-684	-125%
Tax	-3	111	114	4519%
Net profit	546	-24	-570	-104%

► The volatility in financial results for Euroclear Investments in 2022, compared to 2021, resulted mainly from the impact of higher interest rates on fair valuation of assets under IFRS 9

Euroclear Investments – Summary Balance Sheet (in IFRS)

Euroclear Investments - Standalone B/S (IFRS)	2021	2022	Y-o-Y variance	
(End-of-year EUR Mln)				
Loans and advances	147	144	-3	-2%
Financial assets	310	331	21	7%
Non-trading financial assets	1,236	791	-445	-36%
Current & deferred income tax assets	0	64	64	<i>n.a.</i>
Other assets & accruals	0.1	0.1	0	-2%
Property, plant and equipment	0.1	0.0	0	-98%
Participations in group companies	806	806	0	0%
Total Assets	2,500	2,137	-363	-15%
Long-term debt	1,654	1,655	1	0%
Intercompany borrowings	0	0	0	<i>n.a.</i>
Financial liabilities held for trading	0	0	0	<i>n.a.</i>
Current & deferred income tax liabilities	51	0	-51	-100%
Other liabilities & accruals	0.3	0.5	0.2	80%
Shareholders' equity	795	481	-314	-39%
Total Liabilities and Shareholders' Equity	2,500	2,137	-363	-15%

Euroclear Bank - Summary Income Statement (in BEGAAP)

Euroclear Bank - Consolidated P&L (BEGAAP) (EUR Mln)	FY 2021	FY 2022	Russian sanctions impacts	FY 2022 Underlying	Underlying vs. 2021	
Operating income	1,034	2,228	814	1,413	379	37%
Operating expenses	-605	-697	-20	-677	-72	12%
Share of results	0	0	0	0	0	n.a.
Operating profit before impairment	429	1,531	795	736	307	72%
Impairment	0	-5	-1	-5	-5	n.a.
Pre-tax profit	429	1,526	794	731	302	70%
Tax	-105	-378	-197	-181	-76	73%
Profit for the period	324	1,148	597	550	226	70%

Euroclear Bank - Summary Balance Sheet (in BEGAAP)

Euroclear Bank - Consolidated B/S (BEGAAP) (End-of-year EUR Mln)	2021	2022 Total	2022 Russia	2022 Underlying	Underlying vs. 2021	
Loans and advances to banks and customers	16,946	106,784	85,750	21,034	4,088	24%
Financial assets	7,748	15,908	7,630	8,279	531	7%
Goodwill and intangible assets	21	47	0	47	26	124%
Other assets & accruals	258	830	0	830	572	222%
Total Assets	24,973	123,570	93,380	30,190	5,217	21%
Deposits from banks and customers	17,119	114,483	92,782	21,701	4,582	27%
Debt instruments issued	5,233	5,093	0	5,093	-140	-3%
Other liabilities & provisions	310	734	0	734	424	137%
Subordinated liabilities	306	306	0	306	0	0%
Shareholders' equity	2,005	2,953	597	2,356	351	18%
Total Liabilities and Shareholders' Equity	24,973	123,570	93,380	30,190	5,217	21%

APPENDICES

APPENDIX I – Group EBITDA

Euroclear Holding - Underlying	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	vs. 2021
(EUR Mln)						
Operating profit before impairment	514	611	568	627	823	31%
Depreciation, amortisation & other provisions	64	70	75	82	81	-2%
Net financial charges	19	24	24	26	28	8%
EBITDA	596	704	667	736	932	27%
EBITDA margin (EBITDA/oper.income)	44.6%	49.1%	46.7%	45.6%	47.7%	

Disclaimer

The information, statements and opinions expressed in this presentation (the “**Content**”) do not constitute and shall not be deemed to constitute: (i) any offer, invitation or inducement to sell a security or engage in investment, financial or other similar activity; or (ii) a solicitation of an offer to buy any security; or (iii) any recommendation or advice in relation to any investment, financial or other decision. Persons considering making any investment or financial decision should contact their qualified financial adviser. **The Content may include forward looking statements, in particular, in relation to future events, growth, future financial performance, plans, strategies, expectations, aims, prospects, competitive environment, regulation and supply and demand. Such statements contain inherent risks and uncertainties, and actual outcomes may differ materially from those expressed or implied by forward looking statements.**

To the maximum extent permitted by law, no warranty or representation including, but not limited to, accuracy or completeness (express or implied) is made in relation to the Content, including, but not limited to, any projections or statements about the prospects of Euroclear. Euroclear makes no commitment to update Content and expressly disclaims, to the extent lawful, liability for any errors or omissions in it. The Content is not directed at, or intended for distribution to, or use by any person or entity where such distribution or use is restricted by law or regulation. Persons into whose possession the Content comes should inform themselves about and observe any such restrictions. Past performance, historic financial information and/or historic distributions should not be taken as an indication of current or future performance, results or distributions.

The 2022 consolidated financial information included in this presentation is unaudited and based on Euroclear Holding SA/NV consolidated figures as of 31 December 2022. The audited consolidated financial statements of Euroclear Holding SA/NV for the year ended 31 December 2022 will be submitted for approval to the annual general meeting of shareholders of Euroclear Holding in May 2023 and will be filed in accordance with applicable requirements under Belgian law.

Moreover, the nature of the activities undertaken as a financial market infrastructure has led various parties to contest the sanctions and countermeasures related to the Russia's invasion of Ukraine, as well as their application, with legal proceedings ongoing in both the European Union and Russia. While not presently considered a material risk and having limited financial impact, the probability has increased that financial impacts arise, which may result in a possible post balance sheet event.

© 2023 Euroclear SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium – Tel: +32 (0)2 326 1211 – RPM Brussels number 0423 747 369. Euroclear is the marketing name for the Euroclear System, Euroclear Holding SA/NV, Euroclear SA/NV and their affiliates. All rights reserved. The information and materials contained in this document are protected by intellectual property or other proprietary rights.

All information contained herein is provided for information purposes only and does not constitute any recommendation, offer or invitation to engage in any investment, financial or other activity. We exclude to the fullest extent permitted by law all conditions, guarantees, warranties and/or representations of any kind with regards to your use of any information contained in this document.

You may not use, publish, transmit, or otherwise reproduce this document or any information contained herein in whole or in part unless we have given our prior written consent. Your use of any products or services described herein shall be subject to our acceptance in accordance with the eligibility criteria determined by us.

