Euroclear Bank

Stand-alone financial statements at 31 December 2012

2012

euroclear

Post-trade made easy

Directors' report

The directors of Euroclear Bank SA/NV (the 'company') are pleased to present their report, together with the audited financial statements of the company for the year ended 31 December 2012.

Principal activities

Euroclear Bank provides settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, investment funds and derivatives.

Serving major financial institutions located in more than 90 countries, the company is based in Brussels and is part of the Euroclear group of companies. The Euroclear group also includes, inter alia, Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden, Euroclear UK & Ireland and Xtrakter Limited (Xtrakter). These companies are the Central Securities Depositories (CSDs) for Belgian, Dutch, Finnish, French, Irish, Swedish and UK securities whereas Xtrakter is a transaction reporting and trade matching services company.

Euroclear Bank is rated AA+ by Fitch Ratings and AA by Standard & Poor's.

Business review

Last year was a very difficult one for the financial industry in general. Many economic issues converged to slow a recovery and created volatile and stagnant securities market conditions. In this environment, clients and other securities professionals focused on reducing costs through efficiency gains, limiting risks through automation and increasing liquidity through improved asset optimisation and usage. Far-reaching regulatory changes will lead to a reshaping of our sector and the individual business models of our clients.

Providing the most relevant services at the right time to our clients is a key part of our development strategy.

Meeting growing demands for collateral

Euroclear's global 'Collateral Highway' is the first fully open global market infrastructure to source and mobilise collateral across borders. It is open to all CCPs, CSDs, central banks, global and local custodians, investment and commercial banks. Since its launch in July 2012, more than 25 central banks have started using the Collateral Highway, as well as major CCPs like LCH.Clearnet, ICE Clear Europe and CME Clearing Europe. The first CSD outside the Euroclear group to join the Collateral Highway was the CMU unit of the Hong Kong Monetary Authority. The first ever renminbi triparty repo deal was conducted with them on the Collateral Highway. Other CSDs outside the Euroclear group and business partners like BNP Paribas Securities Services and Citi are working closely with us to help mutual clients source and mobilise securities as collateral via the Collateral Highway.

Further efficiency gains

Euroclear Bank achieved further ISO compliance with custody reporting upgrades to increase asset servicing efficiency. The roll-out of new Open Inventory Sourcing technology enables clients to use assets held in Euroclear group entities, with agent banks and CSDs in numerous domestic markets as collateral for risk and exposure management purposes via the Collateral Highway.

Risk reduction and asset optimisation opportunities through innovation

Better risk control and asset optimisation opportunities will be offered through the gradual roll-out of our new web-based application called EasyWay. This application will give clients across the group a unique portal to perform operational tasks efficiently and quickly. Using a smart and user-friendly dashboard, clients will be able to manage all of their Euroclear activities through a single interface, whilst managing operational risk even better in real time. Leveraging new web and i-pad technologies, Easyway will offer a new user experience and wireless solutions for clients.

Business partnerships and new industry initiatives

Business partnerships

We formed strong partnerships to offer the market efficient solutions and fulfil local market needs.

The launch of our Central Data Utility (CDU) in partnership with SmartStream offers clients validated, cleansed and enriched securities reference data. Through the centralisation and mutualisation of data management services, the CDU increases data accuracy and reduces client back office costs. Starting with Eurobond data, the CDU will expand to other asset types from a broad geographic range of markets.

Our partnership with Markit will give the market access to reference data on more than 200,000 Eurobonds.

New industry initiatives

In March 2012, the Hong Kong Monetary Authority (HKMA), Bank Negara Malaysia (BNM) and Euroclear Bank launched a common platform to ease cross-border investment in and settlement of Asian debt securities. This project has received several innovation awards.

Two Asian CSDs have partnered with us to enhance their investment fund processing infrastructure. Korea Securities Depository (KSD) linked to Euroclear Bank's FundSettle platform to become part of Korea's infrastructure to process cross-border fund transactions. Taiwan Depository & Clearing Corporation is now using FundSettle's automated order-routing service.

Euroclear Bank recently linked with the new Russian CSD to offer cross-border post-trade services for Russian government bonds (OFZ's). Similar services are planned for other Russian fixed-income securities in 2013.

Stability in a turbulent environment

With market conditions shifting regularly, Euroclear's reliability and low-risk profile, resilient systems and stable results are the best way to add value to our clients and for the market.

Our successful handling of the Greek debt restructuring in March – processing more instructions than any other service provider outside Greece – contributed to the smooth execution of the swap transaction globally.

New Euroclear Bank branch office in Poland

Euroclear Bank has received full regulatory approval to open an operations centre in Krakow, Poland. Euroclear Bank SA/NV (Spółka Akcyjna) - Oddział w Polsce officially opened on 28 January 2013.

This centre will grow over the next five years to provide a dual-office arrangement with Euroclear Bank's existing operations set-up in Belgium and will ultimately have several hundred Euroclear employees servicing our global business. We are pursuing this initiative in order to benefit from a second large employee recruitment pool, ensuring high levels of support for our clients, whilst continuing to improve our competitiveness.

During 2012 Euroclear started paving the way for setting up the operations center, which is expected to start supporting client business in 2013.

Operating highlights

The Euroclear group delivered strong performance during a year that was impacted by uncertainty about the future of the global economy and the crisis in the euro zone. In addition, far-reaching regulatory reforms in the financial sector and their potential impact on market participants remained unclear in 2012.

The **value of securities held** for Euroclear Bank clients at the end of 2012 amounted to €10.8 trillion, a 2% increase compared to €10.6 trillion in 2011.

The **turnover**, or the value of securities transactions settled, decreased by 7% to €307.1 trillion in 2012 compared to €328.5 trillion in 2011.

The **number of netted transactions** settled in the Euroclear Bank was 64.2 million in 2012, a 8% increase compared with the 59.5 million reported in 2011.

The **daily value of collateral provision outstanding** increased by 4% at the end of 2012 to €336.1 billion from €324.1 billion at the end of 2011. For the full year, the average daily value of collateral managed in Euroclear Bank declined by 5% from €347.4 billion to €331.7 billion. Following the successful launch of the Collateral Highway, Euroclear Bank has maintained strong levels in outstandings, especially in view of the general downturn in the European financing market which has been deeply impacted by the ECB Long Term Refinancing Operations reducing reliance on funding from the secured repo market.

Average **overnight cash deposits** increased by 35% to €15.8 billion, showing that clients are sensitive to our strong ratings.

Financial performance highlights

The detailed results for the year are set out on page 10 of the financial statements.

Net fee and commission income is mainly a function of the value of securities deposited, the number of settlement transactions and the daily value of collateral provision outstanding. The value of bonds is based on nominal value whilst for equities, their market value is taken into consideration. Net fee income increased slightly to €523 million in 2012 compared to €504 million in the prior year. This evolution is mainly due to higher safekeeping and settlement fees in line with the increase in value of securities held an the number of netted transactions respectively, as well as higher other non-volume related fees.

Net interest income reached €90 million, a decrease by 20% compared to last year. Our interest income stems principally from Euroclear Bank's overnight deposits of clients' cash balances. Although average client overnight deposits reached unprecedented levels, net interest income is significantly down as a result of the historically low levels of interest rates. Interest income is also generated from the investment of Euroclear Bank's capital, retained earnings and the proceeds from subordinated debt, which have also yielded lower interest returns reflecting the downward trend in interest rates.

Operating income reached €644 million, growing by 2% compared with 2011. Operating income is composed of net fee and commission income, net interest income and other income (respectively 81%, 14% and 5% of 2012 total operating income). Other income in 2012 included a realised profit of €30 million related to the buy back by Euroclear Bank for €196 million of its hybrid capital (issued in 2005 for €300 million).

Administrative expenses remained flat at €433 million in 2012. Operating expenses have been under constant focus for the past few years, without compromising on our risk management or business developments.

Operating profit before tax was €174 million, an increase of 3% compared with €170 million in 2011, reflecting the slight increase in operating income combined with strong cost management.

Taxes: The tax rate slightly increased to 26% compared to 25% in 2011.

Profit for the year: The profit after tax for the year ended 31 December 2012 amounted to €129 million, compared with a profit of €127 million for the year ended 31 December 2011.

Balance sheet: Total assets stood at €18,744 million on 31 December 2012, up €3,881 million on the previous year. Loans and deposits increased by 32% and 31% to €17,520 million and €16,690 million, respectively. Total shareholders' equity increased by 2% to €1,442 million in 2012. Share capital remained unchanged at the end of 2012 at €285 million represented by 70,838 shares.

Post balance sheet events

There have been no significant events between the year end and the date of approval of these accounts which require recognition or disclosure in the financial statements.

Information on circumstances that might materially influence the development of the consolidated perimeter

During the financial year, no circumstances occurred that might materially influence the development of the consolidated perimeter of the company.

Research and development

The company has continued investing in research and development. These investments are linked to product and services development activities as well as performance and resilience of our systems. Euroclear Bank also continues investing in market research in line with its mission to provide increasingly commoditised market infrastructure services.

Risk management in Euroclear

We have built a strong risk culture and risk management framework. Our Enterprise Risk Management framework is based on relevant market and regulatory standards. It minimises the risks in settlement and custody services, as well as settlement-related banking activities. Policies related to each of the relevant risks are in place and our governance structure clearly defines responsibilities for monitoring and control.

Euroclear Bank faces **operational** risk. Effective monitoring, appropriate reporting and the maintenance of a database of operational risks containing more than a decade of data enable us to understand and manage operational risks well. We have developed and tested comprehensive processes in all entities to ensure continuous availability of business-critical services and effective management response to crises. We have three data centres sufficiently far apart to sustain operations in the event of a regional-scale disaster. Crisis response capability is maintained through regular switches of activity between the primary data centres and adequate training of staff.

Financial risks are faced by Euroclear Bank in its role as a single-purpose settlement institution. These risks are a by-product of the services we offer. They are limited by conservative policies, strict limits, carefully selected counterparties and a short duration.

As a settlement bank, Euroclear Bank mainly faces collateralised intra-day **credit** exposures on its clients. In addition, it runs credit risk resulting from the intraday use of a high-quality correspondent network and from short-term placements, mainly by using reverse repos, of clients' end-of-day positions in the market with high-quality counterparties.

Because **liquidity** is key for the efficient functioning of Euroclear Bank, it has built a strong framework to ensure a high level of preparedness to cope with unexpected and important liquidity shocks.

A low level of **market** risk (interest rate and foreign exchange rate risks only) arises as a by-product of the investment of Euroclear Bank's capital (interest rates risk) and future earnings (interest rates and foreign exchange rate risks). We do not have a trading book. A hedging strategy was put in place to mitigate the interest rates risk and foreign exchange risk.

To anticipate European rules regarding recovery and resolution planning, the National Bank of Belgium asked us to prepare a recovery plan for the company, as well as for the Euroclear group. We have progressed well and intend to complete these plans in 2013.

Further information on the risks faced by Euroclear, as well as on risk management strategies, policies and processes can be found in Euroclear's yearly Pillar 3 report on www.euroclear.com as well as, in less detail, in the Notes to the Consolidated Financial Statements.

Branches

Euroclear Bank SA/NV operates two branches in Hong Kong and Krakow.

Authorised capital

During the financial year, the Board of directors did not decide on any capital increase or issue of convertible bonds or subscription rights in the framework of authorised capital.

Acquisition of own shares

During the financial year, neither the company nor any directly controlled subsidiary or person acting in his own name but on behalf of the company or a directly controlled subsidiary of the company acquired any shares of the company.

Conflict of interests

Board members

During 2012, the Board has applied Article 523 of the Companies Code on conflict of interest at its meeting of 21 February. Excerpts of the minutes of the Board held on that day are reproduced below:

"Executive remuneration

The Chairman noted that Belgian legal requirements provide that the Board should approve the compensation of the Management Committee (MC).

It was noted that the Board has delegated to the Remuneration Committee the power to make recommendations to the Board with respect to the total amount of remuneration and other benefits paid by the company to the MC members and to approve the amount of annual individual remuneration of each MC member (including incentive compensation, and changes to base salary, retirement and other benefits), subject to approval by the Board of the overall amount of executive remuneration.

Therefore, the elements that require approval by the Board at the meeting are:

- the total 2011 MC bonus and non-pensionable fee 2011 paid by Euroclear Bank to the members of the Management Committee (Yves Poullet, Luc Vantomme, André Rolland, Pierre Yves Goemans, John Trundle); and
- the total 2012 salary and non-pensionable fee 2012 paid by Euroclear Bank to the members of the Management Committee (Yves Poullet, Luc Vantomme, André Rolland and Pierre Yves Goemans, John Trundle)
- All Board members who are on the EB MC declared a conflict of interest within the meaning of Article 523 of the Company Code in connection with the proposed decision on their remuneration. They did not participate to the vote. The Board was of the opinion that the proposed individual 2011 incentive compensation and non-pensionable fee 2011 and 2012 salaries and non-pensionable fee 2012 for MC members was in the interest of the company as the bonuses and remunerations are competitive compared to the market."

"The total individual 2012 incentive compensation and 2013 salaries for the members of the MC will respectively not exceed 0.1% and 1.6% of the 2012 operating income of the company".

The Board voted in favor unanimously with the members of the MC abstaining and no votes against.

Management Committee members

During the financial year, the Management Committee did not take any decision whereby any one of its members had a conflict of interest within the meaning of Article 524ter of the Belgian Companies Code.

Non-statutory audit services

The amount of fees charged to Euroclear Bank SA/NV and its subsidiaries for non-statutory audit services amounted to €264,000, the largest part of it relating to the ISAE 3402 report. Further details of fees for audit and non-audit services are provided in Note XXIX of the financial statements.

Publicity of external mandates

Details of the reportable directorship mandates and managerial functions exercised in companies outside the Euroclear group by the members of the Board and the management of Euroclear SA/NV are posted on Euroclear's website.

Individual and collective Audit Committee and Remuneration Committee member skills

The Audit and Risk Committee (ARC) of Euroclear Bank is comprised of three non-executive directors, at least one of whom is an independent director within the meaning of Article 526ter of the Belgian Companies Code and is competent in accounting and/or audit matters and where possible has some relevant risk experience. All members have an in-depth knowledge of the financial markets and services while individual ARC members have audit, risk, operational and regulatory expertise. The members of the ARC collectively have an understanding of the company's business, accounting and audit matters, as required by Article 20 of the Banking Law of 22 March 1993, as well as the relevant personal attributes among its members necessary to fulfill its role efficiently.

The company has established a Remuneration Committee (RC) comprised of two non-executive directors. At least one member of the RC is an independent director within the meaning of Article 526ter of the Belgian Companies Code. The expertise of the individual RC members and the Committee as a whole is such that the Committee can make an independent assessment of the company's remuneration policies and practices in view of the risks faced by the company.

By order of the Board

Frederic Hannequart
Chairman of the Board
7 March 2013

Euroclear Bank Board and Committees - current composition

as at 31 December 2012

Members	Board	Audit & Risk Committee	Remuneration Committee	Management Committee	Nominations & Governance Committee
Frederic Hannequart, Chairman	•		• (chair)		• (chair)
Pierre Berger, Independent Art 526ter	•	• (chair)	•		•
Lieve Mostrey	•	•			
Valérie Urbain	•	•			
Jo Van de Velde	•				
Yannic Weber	•				
Yves Poullet Executive Director CEO Euroclear Bank	•			• (chair)	
Pierre Yves Goemans Executive Director	•			•	
André Rolland Executive Director CFO Euroclear Bank	•			•	
Pierre Slechten Executive Director COO Euroclear Bank	•			•	
Luc Vantomme Executive Director CRO Euroclear Bank	•			•	
Tim Howell CEO Euroclear SA/NV			• (advisor)		
OBSERVERS					
Fabien Debarre		•			
Jean-Jacques Verdickt		•			

Balance sheet
For the year ended 31 December

(€'000)	Notes	2012	2011
Assets			
I. Cash in hand, balances with central banks and post offices		**-**	**-**
II. Government securities eligible for refinancing at the central bank		**199,998**	**624,685**
III. Amounts receivable from credit institutions	I	**12,680,122**	**10,269,999**
A. On demand		3,504,365	6,142,956
B. Other amounts receivable (at fixed term or period of notice)		9,175,757	4,127,043
IV. Amounts receivable from customers	II	**4,948,165**	**3,210,894**
V. Bonds and other fixed-income securities	III	**779,955**	**611,584**
A. Of public issuers		529,753	611,584
B. Of other issuers		250,202	-
VI. Corporate shares and other variable-income securities	IV	**-**	**-**
VII. Financial fixed assets	V, VI	**35,126**	**37,438**
A. Participating interests in affiliated enterprises		27,699	27,699
B. Participating interests in other associated enterprises		-	-
C. Other shares or stakes constituting financial fixed assets		7,427	9,739
D. Subordinated loans with affiliated enterprises and with other associated enterprises		-	-
VIII. Formation expenses and intangible fixed assets	VII	**-**	**19**
IX. Tangible fixed assets	VIII	**2,975**	**2,520**
X. Own shares		**-**	**-**
XI. Other assets	IX	**12,206**	**11,645**
XII. Deferred charges and accrued income	X	**84,985**	**94,480**
Total assets		**18,743,532**	**14,863,264**

The accompanying Notes form part of these financial statements.

Balance sheet (continued)

For the year ended 31 December

(€'000)	Notes	2012	2011
Liabilities			
I. Amounts payable to credit institutions	XI	**12,573,109**	**9,745,845**
A. On demand		11,879,845	9,425,652
B. Resulting from refinancing by rediscountingof trade bills		-	-
C. Other amounts payable at fixed term or period of notice		693,264	320,193
II. Amounts payable to customers	XII	**4,390,509**	**3,194,325**
A. Savings deposits		-	-
B. Other amounts payable		4,390,509	3,194,325
1. On demand		4,265,381	3,087,495
2. At fixed term or period of notice		125,128	106,830
3. Resulting from refinancing by rediscounting of trade bills		-	-
III. Debt securities in issue	XIII	**-**	**-**
A. Bills and bonds in circulation		-	-
B. Other		-	-
IV. Other amounts payable	XIV	**173,027**	**48,092**
V. Accrued charges and deferred income	XV	**57,798**	**163,981**
VI. A. Provisions for risks and charges		**4,863**	**833**
1. Pensions and similar obligations		872	724
2. Fiscal charges		-	-
3. Other risks and charges	XVI	3,991	109
B. Deferred taxes		**-**	**-**
VII. Fund for general banking risks		**-**	**-**
VIII. Subordinated liabilities	XVII	**102,336**	**297,434**
Shareholders' equity		**1,441,890**	**1,412,754**
IX. Capital	XVIII	**285,497**	**285,497**
A. Called up share capital		285,497	285,497
B. Uncalled capital		-	-
X. Share premium account		**558,008**	**558,008**
XI. Revaluation reserve		**-**	**-**
XII. Reserves		**94,047**	**94,047**
A. Legal reserve		28,549	28,549
B. Non available reserve		-	-
1. For own shares		-	-
2. Others		-	-
C. Untaxed reserve		-	-
D. Available reserve		65,498	65,498
XIII. Profit (loss (-)) carried forward		**504,338**	**475,202**
Total liabilities		**18,743,532**	**14,863,264**

The accompanying Notes form part of these financial statements.

Off-balance sheet items

For the year ended 31 December

(€'000)	Notes	2012	2011
Off-balance sheet items			
I. Contingent liabilities	XXII	**9,900,499**	**12,361,914**
A. Unnegotiated acceptances		-	-
B. Guarantees in the nature of credit substitutes		9,802,399	12,067,914
C. Other guarantees		98,100	294,000
D. Documentary credits		-	-
E. Assets pledged by secured guarantees on behalf of third parties		-	-
II. Commitments which can give rise to a credit risk	XXII	**6,901,435**	**732,967**
A. Firm commitments to make funds available		6,901,435	732,967
B. Commitments in respect of spot purchases of transferable securities or other assets		-	-
C. Available margin under confirmed credit lines		-	-
D. Commitments to underwrite andplace securities		-	-
E. Repurchase commitments resulting from imperfect repurchase agreements		-	-
III. Assets entrusted to the institution		**10,953,658,172**	**10,991,666,418**
A. Assets held on an organised trusteeship basis		-	-
B. Assets in safe custody and under similar arrangements		10,953,658,172	10,991,666,418
IV. To be paid upon corporate shares and units		**-**	**-**

Under the terms of the Euroclear Securities Lending and Borrowing Programme, Euroclear Bank provides an indemnification to securities lenders whereby if a securities borrower is unable to return the securities, Euroclear Bank will indemnify the lender with replacement securities or their cash equivalent. The indemnification is valued at market value plus accrued interest. Euroclear Bank's policy is that all securities borrowings are covered by collateral pledged by the borrowing banks and customers.

The accompanying Notes form part of these financial statements.

Profit and loss statement

As at 31 December

(€'000)	Notes	2012	2011
Income statement *(list form)*			
I. Interest and similar income	XXIII	**116,213**	**151,031**
Of which from fixed-income securities		3,022	18,775
II. Interest and similar charges (-)		**(26,708)**	**(39,483)**
III. Income from variable-income securities	XXIII	**2,068**	**2,074**
A. Corporate shares and other variable-income securities		-	-
B. Participating interests in affiliated enterprises		1,699	1,778
C. Participating interests in associated enterprises		-	-
D. Other shares or stakes representing financial fixed assets		369	296
IV. Commissions received	XXIII	**909,912**	**914,285**
A. Brokerage and similar commissions		267,053	272,957
B. Management, advisory and safekeeping services		434,321	430,830
C. Other commissions received		208,538	210,498
V. Commissions paid		**(387,270)**	**(410,058)**
VI. Profit from (loss on) financial operations	XXIII	**30,132**	**12,417**
A. Foreign exchange transactions and transactions in securities and other financial instruments		(2,267)	2,341
B. Sale of investment securities and similar operations		32,399	10,076
VII. General administrative expenses		**(432,778)**	**(432,519)**
A. Wages and salaries, social charges and pensions		(104,545)	(101,173)
B. Other administrative expenses		(328,233)	(331,346)
VIII. Depreciation and amounts written off (-) on formation expenses and intangible and tangible fixed assets		**(722)**	**(647)**
IX. Write-back of amounts written off (amounts written off (-)) on amounts receivable and write-back provisions (provision (-))for headings "I. Contingent liabilities" and "II. Commitments which can give rise to a credit risk" in the off-balance sheet section		**-**	**-**
X. Write-back of amounts written off (amounts written off(-))on the investment portfolio of bonds, shares and other fixed-income or variable-income securities		**-**	**-**
XI. Uses and write-back of provisions for risks and charges other than those referred to in heading "I. Contingent liabilities"and "II. Commitments which can give rise to a credit risk" in the off-balance sheet section		**-**	**-**
XII. Provisions for risks and charges other than those covered in headings "I. Contingent liabilities" and "II. Commitments which can give rise to a credit risk" in the off-balance sheet section (-)		**(5,023)**	**(201)**
XIII. Transfers from (Appropriation to) the fund for general banking risks		**-**	**-**
XIV. Other operating income	XXIII	**5,467**	**6,524**
XV. Other operating charges (-)	XXIII	**(36,838)**	**(33,399)**
XVI. Current profit (loss) before taxes		**174,453**	**170,024**

The accompanying Notes form part of these financial statements.

Profit and loss statement (continued)

As at 31 December

(€'000)	Notes	2012	2011
Income statement (continued) *(list form)*			
XVII. Exceptional income		**-**	**-**
A. Write-back of depreciation and amounts written off on intangible and tangible fixed assets		-	-
B. Write-back of amounts written off on financial fixed assets		-	-
C. Write-back of provisions for exceptional risks and charges		-	-
D. Capital gains on disposal of fixed assets		-	-
E. Other exceptional income	XXV	-	-
XVIII. Exceptional charges		**-**	**(16)**
A. Exceptional depreciation on and amounts written off on formation expenses, intangible and tangible fixed assets		-	-
B. Amounts written off on financial fixed assets		-	-
C. Provisions for extraordinary risks and charges		-	-
D. Capital losses on disposal of fixed assets		-	(16)
E. Other exceptional charges	XXV	-	-
XIX. Profit (Loss (-)) for the year before taxes		**174,453**	**170,008**
XIX. Bis. Deferred taxes		**-**	**-**
A. Transfers to deferred taxes (-)		-	-
B. Transfers from deferred taxes		-	-
XX. Taxes on profit	XXVI	**(45,315)**	**(43,174)**
A. Taxes (-)		(45,315)	(43,174)
B. Adjustment of income taxes and write-back of tax provisions		-	-
XXI. Profit (Loss (-)) for the year		**129,138**	**126,834**
XXII. Transfers to the non taxable reserve (-)		-	-
XXII. Transfers from the non taxable reserve		-	-
XXIII. Profit (loss (-)) for the year to be appropriated		**129,138**	**126,834**

The accompanying Notes form part of these financial statements.

Appropriation and transfer

As at 31 December

(€'000)	2012	2011
Appropriation and transfer		
A. Profit (loss (-)) to be appropriated	**604,340**	**550,205**
1. Profit (loss (-)) of the year to be appropriated	129,138	126,834
2. Carried forward profit (loss (-)) of previous financial years	475,202	423,371
B. Transfer from shareholder's equity	**-**	**-**
1. From capital and share premium	-	-
2. From reserves	-	-
C. Appropriation to shareholder's equity (-)	**-**	**-**
1. To the capital and to the share premium	-	-
2. To the legal reserve	-	-
3. To the other reserves	-	-
D. Carried forward result	**(504,338)**	**(475,202)**
1. Carried forward profit (-)	(504,338)	(475,202)
2. Carried forward loss	-	-
E. Shareholders' intervention in the loss	**-**	**-**
F. Profit to be distributed (-)	**(100,002)**	**(75,003)**
1. Shareholders (a)	(100,002)	(75,003)
2. Directors (a)	-	-
3. Other beneficiaries (a)	-	-

(a) solely in Belgian limited companies

The accompanying Notes form part of these financial statements.

Notes to the stand-alone financial statements

I. Amounts receivable from credit institutions

(Heading III of balance sheet assets)
As at 31 December

(€'000)	2012	2011
(heading III of the assets)		
A. For the heading as a whole	**12,680,122**	**10,269,999**
1. Amount receivable from affiliated enterprises	-	-
2. Amount receivable from other enterprises linked by participating interests	-	-
3. Subordinated amounts receivable	-	-
In terms of nature, the following additional analysis is relevant		
- Surplus funds with banks	12,289,017	9,892,745
- Loans to banks	391,105	377,254
	12,680,122	10,269,999
B. Other amounts receivable (with a term or period of notice) from credit institutions	**9,175,757**	**4,127,043**
(heading III B. of the assets)	-	-
1. Bills eligible for refinancing at the central bank of the country or countries of establishment of the credit institution	-	-
2. Breakdown according to remaining term to maturity		
- Up to 3 months	8,721,005	4,127,043
- Over 3 months and up to one year	454,752	-
- Over one year and up to 5 years	-	-
- Over 5 years	-	-
- Undated	-	-

II. Amounts receivable from customers

(Heading IV of balance sheet assets)
As at 31 December

(€'000)	2012	2011
1. Amounts receivable from affiliated enterprises	**2,855**	**69,560**
2. Amounts receivable from other enterprises linked by participating interests	**-**	**-**
3. Subordinated amounts receivable	**-**	**-**
4. Bills eligible for refinancing at the central bank of the country or countries of establishment of the credit institution	**-**	**-**
5. Breakdown of amounts receivable according to remaining term to maturity		
a. Up to 3 months	4,798,165	3,210,894
b. Over 3 months and up to one year	150,000	-
c. Over one year and up to 5 years	-	-
d. Over 5 years	-	-
e. Undated	-	-
6. Breakdown according to the nature of the debtors		
a. On public authorities	189	1,593
b. On individuals	-	-
c. On corporates	4,947,976	3,209,301
7. Breakdown by type		
a. Commercial paper	-	-
b. Leasing loans	-	-
c. Consumer loans	-	-
d. Real estate loans	-	-
e. Other loans superior to 1 year	-	-
f. Other	4,948,165	3,210,894
8. Geographical breakdown (a)		
a. Belgium	17,192	82,444
b. Foreign countries	4,930,973	3,128,450
	4,948,165	**3,210,894**
9. Analytical data related to real estate loans with reconstitution of capital at the bank		
a. Initial capital granted	-	-
b. Reconstitution fund and mathematical reserve linked to the loans	-	-
c. Net position (a-b)	-	-

(a) The geographical breakdown is made in function of the beneficiaries of the credit.

III. Bonds and other fixed-income securities

(Heading V of balance sheet assets)
As at 31 December

(€'000)	2012	2011
A. General	**779,955**	**611,584**
1. Bonds and other securities issued by affiliated enterprises	**-**	**-**
2. Bonds and other securities issued by other enterprises linked by participating interests	**-**	**-**
3. Bonds and securities representing subordinated loans	**-**	**-**
4. Geographical breakdown of the following headings		
a. Belgian public issuers	-	-
b. Foreign public issuers	529,753	611,584
c. Belgian other issuers	-	-
d. Foreign other issuers	250,202	-
5. Quotations		
a. Book value listed securities	779,955	611,584
b. Market value listed securities	779,614	615,014
c. Book value unlisted securities	-	-
6. Quotations and durations		
a. Residual term up to one year	779,955	507,296
b. Residual term over one year	-	104,288
7. Bonds and securities belonging to		
a. Trading portfolio	-	-
b. Investment portfolio	779,955	611,584
8. For the trading portfolio		
a. Positive difference between the market value and the acquisition value for bonds and securities to be valued at their market value	-	-
b. Positive difference between the market value and the book value for bonds and securities valued in accordance with Article 35 ter §2 (2)	-	-
9. For the investment portfolio		
a. Positive difference in respect of all securities with a redemption value higher than their book value	355	2
b. Negative difference in respect of all securities with a redemption value lower than their book value	5,310	11,587

III. Bonds and other fixed-income securities (continued)

(Heading V of balance sheet assets)
As at 31 December

(€'000)	2012	2011
B. Details of the book value of the investment portfolio		
1. Acquisition value at the end of the previous financial year	**611,584**	**1,580,663**
2. Changes during the financial year		
a. Acquisitions	1,138,354	599,210
b. Redemptions and disposals	(953,738)	(1,550,320)
c. Adjustments made in accordance with Article 35 ter §4 and 5 (+/-)	(16,245)	(17,969)
3. Acquisition value at the end of the financial year	**779,955**	**611,584**
4. Transfers between portfolios		
a. From the investment portfolio to the trading portfolio (-)	-	-
b. From the trading portfolio to the investment portfolio (+)	-	-
c. Impacts of these transfers on the result	-	-
5. Write-offs at the end of the previous financial year	**-**	**-**
6. Changes during the financial year		
a. Charged	-	-
b. Reserved because of surplus (-)	-	-
c. Cancelled (-)	-	-
d. Transferred from one heading to another (-)	-	-
7. Write-offs at the end of the financial year	-	-
8. Book value at the end of the financial year	**779,955**	**611,584**

IV. Corporate shares and other variable-income securities

(Heading VI of balance sheet assets)
As at 31 December

(€'000)	2012	2011
A. General information		
1. Geographical breakdown of the issuers of the securities		
a. Belgian issuers	-	-
b. Foreign issuers	-	-
2. Quotations		
a. Book value listed securities	-	-
b. Market value listed securities	-	-
c. Unlisted securities	-	-
3. Shares and securities belonging to the		
a. Trading portfolio	-	-
b. Investment portfolio	-	-
4. For the trading portfolio		
a. Positive difference between the acquisition value and the market value for securities valued at their market value	-	-
b. Positive difference between the market value, when higher, and the book value for securities valued in accordance with Article 35 ter § 2 (2)	-	-

IV. Corporate shares and other variable-income securities (continued)

(Heading VI of balance sheet assets)
As at 31 December

(€'000)	2012	2011
B. Details of the book value of the investment portfolio		
1. Acquisition value at the end of the previous financial year	**-**	**-**
2. Changes during the financial year	**-**	**-**
a. Acquisitions	-	-
b. Cancelled (-)	-	-
c. Other changes	-	-
3. Acquisition value at the end of the financial year	**-**	**-**
4. Transfers between portfolio's		
a. From the investment portfolio to the trading portfolio (-)	-	-
b. From the trading portfolio to the investment portfolio (+)	-	-
c. Impact of these transfers on the result	-	-
5. Write-offs at the end of the previous financial year	**-**	**-**
6. Changes during the financial year	**-**	**-**
a. Charged	-	-
b. Reversed because of surplus (-)	-	-
c. Cancelled (-)	-	-
d. Transferred from one heading to another (+/-)	-	-
7. Write-offs at the end of the financial year	**-**	**-**
8. Book value at the end of the financial year	**-**	**-**

V. Financial fixed assets

(Heading VII of balance sheet assets)
As at 31 December

(€'000)	2012 Credit institutions	2012 Other	2011 Credit institutions	2011 Other
A. Breakdown of the headings VII A, B, C, D of the assets				
1. Economic sector of				
a. Participation in affiliated enterprises	-	27,699	-	27,699
b. Participation in other enterprises linked by participating interests	-	-	-	-
c. Other financial assets	-	7,427	-	9,739
d. Subordinated loans with affiliated enterprises and with other associated enterprises	-	-	-	-

(€'000)	2012 Quoted	2012 Not quoted	2011 Quoted	2011 Not quoted
2. Quotation				
a. Participation in affiliated enterprises	-	27,699	-	27,699
b. Participation in other enterprises linked by participating interests	-	-	-	-
c. Other financial fixed assets	124	7,303	124	9,615
d. Subordinated loans with affiliated enterprises and with other associated enterprises	-	-	-	-

V. Financial fixed assets (continued)

(Heading VII of balance sheet assets)
As at 31 December 2012

(€'000)	Affiliated (VII.A.)	Associated (VII.B.)	Enterprises Other (VII.C.)
B. Details on the book value at the end of the financial year (VII A, B and C of the assets)			
1. Acquisition value at the end of the previous financial year	**27,699**	**-**	**10,108**
2. Changes during the financial year	**-**	**-**	**-**
a. Acquisitions	-	-	-
b. Sales	-	-	(2,312)
c. Transfers from one heading to another (+/-)	-	-	-
3. Acquisition value at the end of the financial year	**27,699**	**-**	**7,796**
4. Revaluation at the end of the previous financial year	**-**	**-**	**-**
5. Changes during the financial year	**-**	**-**	**-**
a. Charged	-	-	-
b. Acquired from third parties	-	-	-
c. Cancelled (-)	-	-	-
d. Transferred from one heading to another(+/-)	-	-	-
6. Revaluation at the end of the financial year	**-**	**-**	**-**
7. Write-offs at the end of the previous financial year	**-**	**-**	**369**
8. Changes during the financial year	**-**	**-**	**-**
a. Charged	**-**	-	-
b. Revered because of surplus (-)	**-**	-	-
c. Acquired from third parties	**-**	-	-
d. Cancelled (-)	**-**	-	-
e. Transfers from one heading to another (+/-)	**-**	-	-
9. Write-offs at the end of the financial year	**-**	**-**	**369**
10. Net book value at the end of the financial year	**27,699**	**-**	**7,427**

V. Financial fixed assets (continued)

(Heading VII of balance sheet assets)
As at 31 December 2012

(€'000)	Affiliated enterprises	Associated enterprises
C. Details of the subordinated loans		
1. Net book value at the end of the previous financial year	**-**	**-**
2. Changes during the financial year	**-**	**-**
a. Additions	-	-
b. Repayments (-)	-	-
c. Write-off (-)	-	-
d. Write-off taken back	-	-
e. Exchange differences (+/-)	-	-
f. Other change(+/-)	-	-
3. Net book value at the end of the financial year	**-**	**-**
4. Cumulated provisions at the end of the financial year	**-**	**-**

VI. A. List of affiliated enterprises

As at 31 December 2012

Mentioned hereafter are the enterprises in which the credit institution holds a participation as mentioned in the Royal Decree of 23 September 1992, as well as the other enterprises in which the credit institution holds social rights representing at least 10% of the subscribed equity.

Name, address, VAT or Nat. Id nr	Shareholder's stake				Data from the last available financial statements			
		Directly		Through subsidiaries				
	Type of shares	Number	%	%	Financial statements of	Currency	Equity	Net result
Calar Belgium SA/NV 1 Boulevard du Roi Albert II 1210 Brussels, Belgium Registre des sociétés civiles : 1489	Ordinary shares	157,354	100		31/12/2012	€000	19,994	876
Euroclear Finance 2 SA 5, Rue Guillaume Kroll 1882 Luxembourg, Luxembourg RCS Lux: B - 108194	Ordinary shares	4,499	99.98		31/12/2012	€000	4,788	74

VI. B. List of enterprises for which the credit institution as a shareholder is bearing unlimited liability

As at 31 December 2012

	Name and complete address of the headquarter and for the Belgian enterprises, mention of the VAT number or the national number	Possible code (a)
Code	05	10

(a) The financial statements of the enterprise:

A. Are published by deposit at the Belgian National Bank by this enterprise;
B. Are effectively published by this enterprise in another EU Member State as per Article 3 of the Directive: 68/151/CEE; and
C. Are integrated in the global consolidation or by proportional consolidation of the consolidated financial statements of the credit institution controlled and published in agreement with the Royal Decree of 23 September 1992 related to the consolidated accounts of credit institutions

VII. Formation expenses and intangible fixed assets

(Heading VIII of balance sheet assets)
As at 31 December 2012

(€'000)	2012
A. Detail of the formation expenses	
1. Net book value at the end of the previous financial year	**-**
2. Changes during the financial year	**-**
a. New expenses incurred	-
b. Depreciation	-
c. Other changes	-
3. Net book value at the end of the financial year	**-**
4. Including	
a. Formation and capital - increased expenses or issuing expenses for loans and other start-up expenses	-
b. Reorganisation expenses	-

(€'000)	Goodwill	Other intangible fixed assets	Commissions for the operations of art 27 Bis
B. Intangible fixed assets			
1. Acquisition value at the end of the previous financial year	**-**	**37,876**	**-**
2. Changes during the financial year	**-**	**(4)**	**-**
a. Acquisitions including production of fixed assets	-	-	-
b. Transfers and disposals (-)	-	(4)	-
c. Transfers from one heading to another(-)	-	-	-
3. Acquisition value at the end of the financial year	**-**	**37,871**	**-**
4. Depreciation and amounts written off at the end of the previous financial year	**-**	**37,857**	**-**
5. Changes during the financial year	**-**	**15**	**-**
a. Charged	-	15	-
b. Reversed because of surplus (-)	-	-	-
c. Acquired from third parties	-	-	-
d. Cancelled (-)	-	-	-
e. Transferred from one heading to another (+/-)	-	-	-
6. Depreciation and amounts written off at the end of the financial year	**-**	**37,871**	**-**
7. Net book value at the end of the financial year	**-**	**0**	**-**

VIII. Tangible fixed assets

(Heading IX of balance sheet assets)
As at 31 December 2012

(€'000)	Land and buildings	Installations, machines and tools	Furniture, fixtures and vehicles	Leasing and similar rights	Other tangible fixed assets	Fixed assets under construction and advance payments
1. Acquisition value at the end of the previous financial year	**-**	**1,516**	**562**	**-**	**2,504**	**-**
2. Changes during the financial year	**-**	**200**	**168**	**-**	**774**	**-**
a. Acquisitions including own production of fixed assets	-	200	168	-	774	-
b. Transfers and disposals (-)	-	-	-	-	-	-
c. Transfers from one heading to another (+/-)	-	-	-	-	-	-
3. Acquisition value at the end of the financial year	**-**	**1,716**	**730**	**-**	**3,278**	**-**
4. Revaluations at the end of the previous financial year	**-**	**-**	**-**	**-**	**-**	**-**
5. Changes during the financial year	**-**	**-**	**-**	**-**	**-**	**-**
a. Recorded	-	-	-	-	-	-
b. Acquired from third parties	-	-	-	-	-	-
c. Cancelled (-)	-	-	-	-	-	-
d. Transferred from one heading to another (+/-)	-	-	-	-	-	-
6. Revaluations at the end of the financial year	**-**	**-**	**-**	**-**	**-**	**-**
7. Depreciation and amounts written-off at the end of the previous financial year	**-**	**825**	**382**	**-**	**855**	**-**
8. Changes during the financial year	**-**	**294**	**58**	**-**	**335**	**-**
a. Charged	-	301	60	-	342	-
b. Reversed because of surplus (-)	-	-	-	-	-	-
c. Acquired from third parties	-	-	-	-	-	-
d. Cancelled (-)	-	-	-	-	-	-
e. Transferred from one heading to another (+/-)	-	(7)	(2)	-	(7)	-
9. Depreciation and amounts written-off at the end of the financial year	**-**	**1,119**	**440**	**-**	**1,190**	**-**
10. Net book value at the end of the financial year	**-**	**597**	**290**	**-**	**2,088**	**-**

IX. Other assets

(Heading XI of balance sheet assets)
As at 31 December

(€'000)	**2012**	**2011**
Breakdown of this caption if it represents an important amount		
a. VAT & WHT to recover	8,335	7,581
b. Guarantee deposits	3,543	2,395
c. Tax assets	241	-
d. Miscellaneous	87	1,669
	12,206	**11,645**

X. Deferred charges and accrued income

(Heading XII of balance sheet assets)
As at 31 December

(€'000)	2012	2011
1. Deferred charges	2,134	2,349
2. Accrued income	82,851	92,131
	84,985	**94,480**

X.bis Re-use of funds of segregated customers

(Heading XII of balance sheet)
As at 31 December

(€'000)	2012	2011
1. Total amount	-	-

XI. Amounts payable to credit institutions

(Heading I of balance sheet liabilities)
As at 31 December

(€'000)	2012	2011
1. For the heading as a whole, amounts payable to affiliated enterprises	**124,551**	**91,140**
2. For the heading as a whole, amounts payable to other enterprises linked by participating interests	**-**	**-**
3. Breakdown of the amounts payable other than at sight according to their residual term (heading I.B and C of the liabilities)		
a. Up to three months	693,264	320,193
b. Over three months and up to one year	-	-
c. Over one year and up to five years	-	-
d. Over five years	-	-
e. Undated	-	-
	693,264	**320,193**

XII. Amounts payable to customers

(Heading II of balance sheet liabilities)
As at 31 December

(€'000)	2012	2011
1. Amounts payable to affiliated enterprises	**8,141**	**7,143**
2. Amounts payable to other enterprises linked by participating interests	**-**	**-**
3. Breakdown by residual term		
a. At sight	4,265,444	3,096,049
b. Up to 3 months	125,065	98,276
c. Over 3 months and up to one year	-	-
d. Over one year and up to 5 years	-	-
e. Over 5 years	-	-
f. Undated	-	-
4. Breakdown of the debts according to the nature of the debtors		
a. Debts on public authorities	928	2,248
b. Debts on individuals	-	-
c. Debts on corporates	4,389,581	3,192,077
5. Geographical breakdown of the amounts payable to		
a. Belgium	207,943	68,214
b. Foreign countries	4,182,566	3,126,111
	4,390,509	**3,194,325**

XIII. Debt securities in issue

(Heading III of balance sheet liabilities)
As at 31 December

(€'000)	2012	2011
1. Amounts payable which, to the knowledge of the credit institution, constitute amounts payable to affiliated enterprises	**-**	**-**
2. Amounts payable which, to the knowledge of the credit institution, constitute amounts payable to other enterprises linked by participating interests	**-**	**-**
3. Breakdown according to the residual term		
a. Up to 3 months	-	-
b. Over 3 months and up to one year	-	-
c. Over one year and up to 5 years	-	-
d. Over 5 years	-	-
e. Undated	-	-
	-	**-**

XIV. Other amounts payable

(Heading IV of balance sheet liabilities)
As at 31 December

(€'000)	2012	2011
1. Fiscal and social debts towards the fiscal administration	**38,026**	**16,202**
a. Overdue	-	-
b. Not overdue	38,026	16,202
2. Fiscal and social debts towards the social security authorities	**5,763**	**4,109**
a. Overdue	-	-
b. Not overdue	5,763	4,109
3. Taxes		
a. Payable	1,888	137
b. Estimated	19,926	16,065
4. Other debts		
Breakdown of this caption if it represents an important amount		
…………………………………………………………………………………………		
…………………………………………………………………………………………		
…………………………………………………………………………………………		
…………………………………………………………………………………………		

XV. Accrued charged and deferred income

(Heading V of balance sheet liabilities)
As at 31 December

(€'000)	2012	2011
1. Accrued charges	56,497	163,664
2. Deferred income	1,301	317
	57,798	**163,981**

XVI. Provisions for risks and charges

(Heading VI.A.3 of balance sheet liabilities)
As at 31 December

(€'000)	**2012**	**2011**
Breakdown of this heading if it represents an important amount		
Onerous contracts	3,883	
Dilapidation costs	108	109
………………………………………………………………………………………………		
………………………………………………………………………………………………		

XVII. Statement of subordinated liabilities

(Heading VIII of balance sheet liabilities)
As at 31 December

(€'000)	2012	2011
1. Debts to affiliated enterprises	102,336	297,434
2. Debts to other enterprises linked by participating interest	-	-
3. Charges in respect of subordinated debts	7,805	12,779

4. Details of subordinated debt are as follows:

N° Ref.	**Currency**	**Amount**	**Maturity date**	**A) Circumstances for early redemption** **B) Conditions for subordination** **C) Conditions for convertibility**
1	EUR	102,600	Undated issue	A) On demand of the issuer with a notice period of 30 to 60 days, at each interest payment date as from 15 June 2015. B) Payment after all preferred creditors, equally with other subordinated obligations, before shareholders, if the guarantor is solvent. C) Not convertible

The Fixed/Floating Rate Subordinated Guaranteed Non-Cumulative Perpetual Security mentioned above is denominated in euro and was issued at par by Euroclear Finance 2 in June 2005 (principal amount of €300 million). The proceeds of the issue and the capital (€4.5 million) of Euroclear Finance 2 were lent to Euroclear Bank through the full subscription of Fixed/Floating Rate Subordinated Perpetual Notes (principal amount of €304.5 million, net of €2.6 million of issue costs) issued by Euroclear Bank. These notes provide Upper Tier II regulatory capital to Euroclear Bank on a stand-alone basis, whereas the securities provide Hybrid Tier I regulatory capital to Euroclear Bank on a consolidated basis.

Euroclear Bank has irrevocably guaranteed, on a subordinated basis, the due payment of all sums payable by Euroclear Finance 2. The notes rank equally with all unsecured obligations of Euroclear Bank and rank in priority to the rights and claims of all classes of equity. They are subordinated to the claims of Senior Creditors of Euroclear Bank. The securities rank equally with all other present and future, direct, unsecured, perpetual, non-cumulative and subordinated obligations of Euroclear Finance 2 and rank in priority to the rights and claims of all classes of equity. They are subordinated to the claims of Senior Creditors both of Euroclear Finance 2 and Euroclear Bank. Euroclear Finance 2 has options to redeem the Fixed/Floating Rate Subordinated Guaranteed Non-Cumulative Perpetual Securities on 15 June 2015 and on any interest payment date thereafter.

Upon the occurrence of a supervisory event or any event resulting in a general concursus creditorum on the assets of Euroclear Bank, as defined in the terms and conditions of Fixed/Floating Rate Subordinated Guaranteed Non-Cumulative Perpetual Securities, the securities together with the accrued interest will be converted into Conversion Profit-sharing Certificates in consideration for a contribution in kind of the securities to Euroclear Bank. Upon the occurrence of such an event, the Notes will also be redeemed at their principal amount together with accrued interest.

During 2009, Euroclear Finance 2 repurchased a nominal amount of €6 million of its issued securities. This transaction resulted in an equivalent repurchase of the notes issued by Euroclear Bank.

Additional buy-back transactions were carried out in 2012, whereby Euroclear Finance 2 repurchased a total nominal amount of €196 million of its issued securities. These transactions resulted in an equivalent repurchase of the notes issued by Euroclear Bank.

XVIII. Shareholders' capital

As at 31 December 2012

	Amounts (€000)	Number of shares
1. Capital		
a. Subscribed capital		
(heading IX. A. of the liabilities)		
- At the end of the last financial year	285,497	70,838
- Subscribed capital changes throughout the exercise	-	-
- At the end of the financial year	285,497	70,838
b. Structure of capital		
- Categories of shares		
* Ordinary shares	285,497	70,838
- Registered or bearer shares		
* Registered	xxxxxxxxxxxxxx	70,838
* Bearer	xxxxxxxxxxxxxx	-

	Uncalled capital	Called up capital, unpaid
2. Called up but unpaid capital		
a. Shareholders still owing capital payment	-	-

	Capital amountheld	Corresponding number of shares
3. Own shares held		
a. By the credit institution	-	-
b. By its subsidiaries	-	-
4. Share issuance commitment		
a. Following the exercise of conversion rights		
- Amount of convertible loans outstanding	-	-
- Amount of capital to be subscribed	-	-
- Corresponding maximum number of shares to issue	-	-
b. Following the exercise of subscription rights		
- Number of subscription rights outstanding	-	-
- Capital amount to be subscribed	-	-
- Corresponding maximum number of shares to issue	-	-
5. Non-subscribed authorised capital	**-**	**-**

	Number of stakes	Number of voices related to
6. Shares not representing capital		
Which are		
a. Held by the credit institution	-	-
b. Held by its subsidiaries	-	

XIX. Breakdown of total assets and total liabilities in euros and foreign currencies

As at 31 December 2012

(€'000)	In euros	In foreign currencies (euro equivalent)
Total assets	9,236,151	9,507,381
Total liabilities	9,235,827	9,507,705

XX. Trustee operations referred to in Article 27ter, § 1 paragraph 3

As at 31 December

(€'000)	2012
Concerned headings of the assets and liabilities	
……………………………………………………………………………………………	
……………………………………………………………………………………………	
……………………………………………………………………………………………	
……………………………………………………………………………………………	

XXI. Guaranteed liabilities and commitments

As at 31 December 2012

Secured guarantees provided or irrevocably promised by the credit institution on its own assets

(€'000)	Mortgages (a)	Pledging of goodwill (b)	Pledges on other assets (c)	Guarantees established on future assets (d)
1. As security for liabilities and commitmentsof the credit institution				
a. Headings of the liabilities				
b. Off-balance sheet headings				
- Guarantee with the National Bank of Belgium	-	-	979,953	-
2. As security for liabilities and commitments of third parties				
a. Headings of the liabilities				
b. Off-balance sheet headings				

(a): Amount registered or book value of the real estate encumbered if the latter is lower
(b): Amount registered
(c): Book value of the assets pledged
(d): Amount of the assets in question

Investment securities with a book value of €979,952,912 have been deposited with the Belgian National Bank as potential collateral for TARGET2-related exposures.

XXII. Statement of the contingent liabilities and of commitments which can give rise to a credit risk

(Heading I and II of the off-balance sheet)
As at 31 December

(€'000)	**2012**	**2011**
Total of contingent liabilities on account of affiliated enterprises	98,100	294,000
Total of contingent liabilities on account of other enterprises linked by participating interests	-	-
Total of the commitments to affiliated enterprises	-	-
Total of the commitments to other enterprises linked by participating interests	-	-

XXIII. Details concerning the results of the current and previous financial year

(Headings I through XV of the profit and loss accounts)
As at 31 December

(€'000)	2012 Belgian entities	2012 Entities abroad	2011 Belgian entities	2011 Entities abroad
1. Breakdown of operating income according to origin				
a. Interests and similar income	116,211	2	151,031	-
b. Income from variable-income securities				
- Corporate shares and other variable-income securities	-	-	-	-
- Participation in affiliated enterprises	1,699	-	1,778	-
- Participation in other enterprises linked by participating interests	-	-	-	-
- Participating interests and shares representing financial fixed assets	369	-	296	-
c. Commissions received	909,912	-	914,285	-
d. Profit from financial operations				
- From exchange transactions and transactions in securities and other financial instruments	(2,125)	(142)	1,624	139
- From sale of investment securities	32,399		10,077	
e. Other operating income	5,465	2	6,524	-

XXIII. Details concerning the results of the current and previous financial year (continued)

(Headings I through XV of the profit and loss accounts)
As at 31 December

(€'000)	2012	2011
2. Workers registered		
a. Total number of workers at the end of the financial year	1,304	1,301
b. Average number registered as full-time equivalent	1,266	1,254
- Management	179	164
- Employees	1,087	1,090
- Manual workers	-	-
- Other	-	-
c. Number of hours worked	1,776,537	1,776,242
3. Social charges		
a. Wages and direct social advantages	78,852	75,477
b. Social insurance paid by the employer	19,627	18,791
c. Employer premiums for extra legal insurance	1,347	930
d. Other	2,536	2,796
e. Pensions	2,183	3,179
	104,545	**101,173**
4. Provisions for pensions		
a. Additions (+)	148	201
b. Write-backs (-)	-	-
	148	**201**
5. Other operating income		
a. Breakdown of the heading XIV if they represent an important amount		
…………………………………………………………………………………………		
…………………………………………………………………………………………		
…………………………………………………………………………………………		
6. Other operating charges		
(heading XV of the profit and loss account)		
a. Taxes	6,029	7,621
b. Other operating charges	30,809	25,778
c. Breakdown of the other operating charges if they represent an important amount		
- Other operating charges	8,471	3,733
- License fees	22,338	22,045
	36,838	**33,399**
7. Operating results linked to affiliated enterprises		
a. Revenues	38,219	9,260
b. Expenses	359,258	370,870

XXIV. Forward off-balance sheet operations in securities, foreign currencies and other financial instruments which do not constitute commitments which can give rise to a credit risk within the meaning of heading II of the off-balance sheet

As at 31 December 2012

(€'000)	Amount at 31 December 2012	Of which transactions do not constitute hedging transactions
A. Types of operations		
1. On transferable securities		
a. Forward purchases and sales of transferable securities and negotiable instruments	-	-
2. On currencies (a)		
a. Forward exchange operations	114,107	-
b. Interest-rate and currency swaps	-	-
c. Currency futures	-	-
d. Currency options	-	-
e. Forward exchange rate contracts	-	-
3. On other financial instruments		
a. On interests (b)		
- Interest-rate swaps	-	-
- Interest-rate futures	-	-
- Forward interest-rate contracts	-	-
- Interest-rate options	245,068	-
b. Other forward purchases and sales (c)		
- Other option contracts	-	-
- Other futures operations	-	-
- Other forward purchases and sales	-	-
	359,175	-

(a) Amounts to be delivered
(b) Nominal/notional reference amount
(c) Agreed buying/selling price

Estimation of the impact on the results of the derogation to the valuation rule defined under Article 36 Bis, § 2, granted by the Belgian Banking and Finance Commission, concerning interest-rate derivatives.

(€'000)	Amount at 31 December 2012 (a)	Difference between market value and book value (b)
B. Type of interest-rate derivative		
1. For the purposes of treasury management	-	-
2. For the purposes of asset and liability management	245,068	7
3. Without effect on risk reduction	-	-

(a) Notional amount
(b) Positive fair value (Negative fair value)

XXV. Exceptional results

(Heading XVII.E and XVIII.E of the profit and loss accounts)
As at 31 December

(€'000)	2012	2011
1. Realised gain on disposal of fixed assets to affiliated enterprises	-	-
2. Realised loss on disposals of fixed assets to affiliated enterprises	-	-
3. Breakdown of the heading if it represents an important amount (heading XVII. E. of the income statement)		
……………………………………………………………………………………………		
……………………………………………………………………………………………		
4. Other exceptional charges - Breakdown of the heading if it represents an important amount (heading XVIII. E. of the income statement)		
……………………………………………………………………………………………		
……………………………………………………………………………………………		

XXVI. Income taxes

(Heading XX of the profit and loss accounts)
As at 31 December

(€'000)	2012	2011
1. Income tax for the year	**45,303**	**43,152**
a. Taxes or withholding taxes paid or due	25,401	27,087
b. Taxes or withholding taxes receivable booked as an asset	-	-
c. Additional estimated tax (brought to heading IV. B. of the liabilities) as fiscal debts	19,902	16,065
2. Income taxes on previous financial years	**12**	**22**
a. Additional taxes or withholding taxes	12	22
b. Additional estimated taxes (brought to the heading IV of the liabilities) or provisioned (brought to heading VI A.2. of the liabilities)	-	-
	45,315	**43,174**
3. Sources of the differences between accounting profit and tax profit		
With particular mention of those related to timing differences (if the impact on the corporate profit is significant)		
- Non-deductible expenses	2,453	3,732
- RDT	2,866	1,898
- Notional interest	41,319	45,273
4. Impact on the extraordinary results of the taxes on the result of the year		
…………………………………………………………………………………………		
…………………………………………………………………………………………		
…………………………………………………………………………………………		
5. Sources of deferred taxes (where those indications are important for the valuation of the credit institution)		
a. Deferred tax assets		
- Cumulated tax losses, future deductible taxed benefits	-	-
b. Deferred tax liabilities	-	-
…………………………………………………………………………………………		

XXVII. Other taxes and taxes at the charges of third parties

As at 31 December

(€'000)	2012	2011
1. VAT charged and special taxes		
a. To the credit institution (deductible)	139,416	138,629
b. By the credit institution	11,919	12,026
2. Taxes withheld		
a. Personal income tax withheld	19,075	18,345
b. Withholding tax on financial revenue	65	48

XXVIII. Off-balance sheet rights and commitments and transactions with related parties

As at 31 December

(€'000)	2012	2011
1. Major commitments for the acquisition of fixed assets		
…………………………………………………………………………		
…………………………………………………………………………		
…………………………………………………………………………		
2. Major commitments for the sale of fixed assets		
…………………………………………………………………………		
…………………………………………………………………………		
…………………………………………………………………………		
3. Important legal proceedings and other important commitments	**19,636**	**30,600**
Euroclear Bank faces a contingent liability amounting to ISK 3.3 billion (approximately €19.6 million) following a court case introduced by one of its cash correspondents. This amount excludes an estimate for interest or legal costs. On 1 March 2013, Euroclear Bank won its litigation against the cash correspondent. However, an appeal by the latter against this decision is expected in the course of the year. Furthermore, at the end of 2011, Euroclear Bank was involved in a potentially material litigation in the Commercial Court in the UK. The claim against Euroclear Bank had been brought by a client which was seeking damages for the alleged breach of contract and/or negligence by Euroclear Bank in certain of its past operations. This litigation has been settled in May 2012.		
4. If necessary, brief description of the commitments relating to the supplementary retirement benefit plan for the benefit of employees and directors		
5. Retirement benefits which are the responsibility of the credit institution		
- Estimated amount of engagement for the credit institution for services already carried out	-	-
- Method of this estimation	-	-
6. Nature and business purpose of off-balance sheet operations		
To the extent that the risks and advantages related to those operations are significant and that the disclosure of those risks and rewards is necessary for the correct assessment of the financial situation of the institution		
…………………………………………………………………………		
…………………………………………………………………………		
…………………………………………………………………………		
7. Transactions with related parties not carried out at arm's length		
Disclosure of such transactions to the extent that they are significant, including their amount, the nature of the links with the related party, as well as any other information on the transactions which would be necessary for a better understanding of the financial situation of the institution		
…………………………………………………………………………		
…………………………………………………………………………		
…………………………………………………………………………		

XXIX. Financial relations with

As at 31 December

(€'000)	2012	2011
A. Directors and managers, individuals or corporate bodies who control the credit institution directly or indirectly, but who are not affiliated enterprises or other enterprises controlled directly or indirectly by those persons		
1. Amounts receivable from them		
a. Main conditions concerning amounts receivable	-	-
2. Amount of guarantees given on their behalf		
a. Main conditions concerning guarantees given on their behalf	-	-
3. Other significant commitments undertaken in their favour		
a. Main conditions concerning other commitments	-	-
4. The amount of direct and indirect remuneration and pensions included in the income statement, as long as this disclosure does not concern exclusively or mainly the situation of a single identifiable person		
a. To directors and managers	2,107	2,014
b. To past directors and past managers	-	-

(€'000)	2012	2011
B. The auditor(s) and person(s) to whom he (they) is (are) linked		
1. Audit fees	**414**	**406**
2. Non-statutory audit services		
a. Other assurance services	211	253
b. Tax services	-	-
c. Other services	53	41
3. Non-statutory audit services performed by individuals related to the statutory auditor		
a. Other assurance services	-	-
b. Tax services	-	-
c. Other services	-	-
4. Notices in application of alinea 133, paragraph 6 of the Belgian Company Code		
	678	**700**

Euroclear Bank ensures that the independence of the external auditor is preserved through a specific policy adopted by the Board and agreed to by PwC. This policy adheres to the highest standards of independence. The engagement of the external auditor for non-core services is subject to specific controls, supervised by the Audit Committee.

XXX. Positions in financial instruments

As at 31 December

(€'000)	2012	2011
1. Financial instruments to be received on behalf of customers	-	-
2. Financial instruments to be delivered to customers	-	-
3. Financial instruments deposited by customers	8,097,962,709	7,993,883,616
4. Financial instruments from customers deposited	10,953,658,172	10,991,666,418
5. Financial instruments from customers received in guarantee	2,855,695,464	2,997,782,802
6. Financial instruments from customers given in guarantee	-	-

XXXI. Derivative financial instruments not estimated at fair value

As at 31 December

(€'000)	2012	2011
Estimation of the fair value of every category of derivative financial instruments not estimated at fair value in the financial statements, with indications of the nature and volumes of such instruments		
a. Foreign exchange options	-	(2,805)
b. Forward foreign exchange	2,898	(969)
c. Interest rate derivatives	(4)	(443)

XXXII. Statement relative to the consolidated accounts

As at 31 December 2012

Declaration related to consolidated accounts

A. Information to be completed by all the credit institutions

The credit institution establishes and publishes consolidated accounts and a consolidated management report in accordance with the Royal Decree of 23 September 1992 relating to the consolidated accounts of credit institutions: ~~YES~~ / NO[1]

The credit institution does not establish consolidated accounts or a management report for one of the following reasons[1]:

- ~~the credit institution does not control, solely or jointly, one or more subsidiaries under Belgian or foreign law~~
- the credit institution, however, submitted to the Royal Decree of 23 September 1992, is exempted to establish consolidated accounts and a consolidated management report because the credit institution is a subsidiary of a mother company that establishes and publishes consolidated accounts (Article 4 of the Royal Decree of 23 September 1992).
  - justification of the respect of the provisions set out Article 4
  - name, complete address of the headquarter company and, if it concerns a Belgian legal entity, the VAT number or the national number of the mother company that establishes and publishes the consolidated accounts in the name of which the exemption is authorised

Euroclear SA/NV
1 Boulevard du Roi Albert II
1210 Brussels
Belgium
BE 423.747.369

B. Information to be completed by the credit institution if a subsidiary or a joint subsidiary

Name, complete address of the headquarter and, if it concerns a Belgian legal entity, the VAT number or the national number of the mother company and mention if this mother company establishes and publishes consolidated accounts in which the credit institution accounts are integrated by the consolidation[2]:

Ultimate parent	**Immediate parent**
Euroclear plc 33 Cannon Street London EC4M 5SB United Kingdom	Euroclear SA/NV 1 Boulevard du Roi Albert II 1210 Brussels Belgium BE 423.747.369

If the mother company is under foreign law, place where the above-mentioned consolidated accounts can be obtained[2]:

Euroclear plc Baarematte 6340 Baar Switzerland	Euroclear SA/NV 1 Boulevard du Roi Albert II 1210 Brussels Belgium BE 423.747.369

1 Delete as appropriate

2 If the accounts of the institution are consolidated at several levels, the indications are given on the one hand for the biggest consolidation scope and on the other hand, for the smallest consolidation scope to which the institution belongs as a subsidiary, and for which consolidated accounts are prepared and published

Staff survey

As at 31 December 2012

Social security number : 30/01186583-53
Number of the social consulting committees governing the Company: 310

I. Details of staff employed

A. Staff under contract

	Total	Men	Women
1. During the financial year			
a. Average number of staff			
- Full-time	1,001	409	592
- Part-time	161	15	146
- Total full-time equivalents (FTE)	1,124	419	705
b. Effective hours worked			
- Full-time	1,357,067	582,444	774,623
- Part-time	164,544	15,829	148,715
- Total	1,521,611	598,273	923,338
c. Personnel expenses (€'000)			
- Full-time	69,054	31,077	37,977
- Part-time	9,947	1,056	8,891
- Total	79,001	32,133	46,868
d. Benefits in addition to wages (€'000)	1,308	510	798

	Total	Men	Women
2. During the previous financial year			
a. Average number of staff	1,134	419	715
b. Effective hours worked	1,574,184	613,981	960,203
c. Personnel expenses (€'000)	75,642	30,240	45,402
d. Benefits in addition to wages (€'000)	1,311	509	802

Staff survey (continued)

As at 31 December 2012

	Full-time	Part-time	Total (T) or total full-time equivalents (FTE)
3. At the end of the financial year			
a. Number of staff in the personnel register	1,001	158	1,122
b. Breakdown by type of employment contract			
- Contract of unlimited duration	863	157	983
- Contract of limited duration	138	1	139
- One-job contract	-	-	-
- Interim substitution contract	-	-	-
c. Breakdown by sex and school degree			
- Men	409	17	421
Primary school	-	-	-
Secondary school	35	6	39
Higher non-academic degree	127	5	131
Academic degree	247	6	251
- Women	592	141	700
Primary school	-	-	-
Secondary school	84	18	98
Higher non-academic degree	171	52	211
Academic degree	337	71	392
d. Breakdown by professional occupation			
- Management	119	28	141
- Employees	882	130	981
- Manual workers	-	-	-
- Other	-	-	-

B. Hired staff and staff put at disposal of the Company

	Hired personnel	Personnel put at disposal
1. Average number of people	2	-
2. Effective hours worked	3,274	-
3. Expenses incurred by the Company (€'000)	95	-

Staff survey (continued)

As at 31 December 2012

II. Evolution of staff numbers during the financial year

	1. Full-time	2. Part-time	3. Total full-time equivalents
A. New employment contracts			
1. Number of staff engaged during the financial year	**118**	**2**	**120**
2. Breakdown by type of employment contract			
a. Contract of undefined duration	34	2	36
b. Contract of defined duration	84	-	84
c. One-job contract	-	-	-
d. Interim substitution contract	-	-	-
B. Employment contracts terminated			
1. Number of employment contracts terminated during the financial year	**121**	**9**	**128**
2. Breakdown by type of employment contract			
a. Contract of undefined duration	89	9	96
b. Contract of defined duration	32	-	32
c. One-job contract	-	-	-
d. Interim substitution contracts	-	-	-
3. Breakdown by motive for the termination of the contract			
a. Retirement	-	-	-
b. Early retirement	4	2	6
c. Dismissal	10	-	10
d. Other reason	107	7	112
- Of which the number of staff that continues to provide services to the Company as an independent on at least a half-time basis	-	-	-

Staff survey (continued)

As at 31 December 2012

III. Staff participating in training programmes

(€'000)	Men	Women
1. Continued training initiatives with a formal character at the expense of the Company		
a. Number of staff involved	409	645
b. Number of training hours	12,211	15,673
c. Expenses incurred by the Company (€000)	894	972
- of which gross charges directly linked to training	883	956
- of which contributions paid to collective funds	11	16
- of which subsidies and other financial advantages received	-	-
2. Continued training initiatives with less formal or of an informal character at the expense of the Company		
a. Number of staff involved	57	63
b. Number of training hours	171	189
c. Expenses incurred by the Company (€000)	6	6
3. Initial training initiatives at the expense of the Company		
a. Number of staff involved	-	-
b. Number of training hours	-	-
c. Expenses incurred by the Company	-	-

Complementary Information

As at 31 December 2012

I. Pension Plan

The group, which adopted IAS 19 in 2006, has a wide range of defined-benefit pension plans and medical plans covering employees in Belgium.

The assets of the plans are held separately from those of the group.

The most recent full actuarial valuations of the plans, under IFRS (IAS 19), were made by independent qualified professional actuaries as of 31 December 2012.

The pension cost in 2012, computed in accordance with IAS 19 (taking into account, for example, projected salary increases and inflation up to the time of retirement) amounted to €3,294,000 (2011: €2,890,000) and was fully expensed in the current year. The contribution, reflecting employers' contributions for funded plans and benefit disbursements for unfunded plans, amounted to €2,419,000 (2011: €742,000). The actuarial valuation at 31 December 2012, also computed in accordance with IAS 19, showed a deficit of €9,683,000 (2011: €10,175,000).

The deficit is detailed as follows:

(€'000)	2012
1. Balance at 1 January 2012	**(10,175)**
2. 2012 movements	
a. Contributions	2,419
b. Yearly charge	(3,294)
c. Actuarial gains / (losses)	1,367
3. Balance at 31 December 2012	**(9,683)**

The major assumptions used by the actuaries in their valuation were:

(€'000)	2012	2011
Discount rate	3.26%	5.32%
Expected return on assets, overall	6.30%	6.50%
Expected inflation rate	2.00%	2.20%
Future salary increases	3.60%	5.30%
Expected medical cost trend rate	4.00%	4.20%

The above percentages are weighted averages of the assumptions used for individual plans.

The value of assets in the plans and the expected rates of return were:

	2012		2011	
	Value of assets (€'000)	Long-term rate of expected return	Value of assets (€'000)	Long-term rate of expected return
Equities	24,064	7.50%	21,560	7.70%
Bonds	16,042	4.50%	14,374	4.70%
Total market value of assets	**40,106**		**35,934**	

II. Additional clarification on staff survey

In accordance with the applicable regulations, please note that the population reflected in the staff survey does not agree with the figures presented in Note XXIII of the financial statements. The reason is that the latter present figures related to the legal entity, i.e. including its foreign branches, whereas the former exclusively shows figures associated with the headquarters in Belgium.

Valuation rules

As at 31 December 2012

The financial statements of Euroclear Bank SA/NV and its subsidiary undertakings are made up as at, and for the period ending, 31 December. The valuation rules used to draw up the group's accounts and the stand-alone accounts of Euroclear Bank have been prepared in accordance with the Royal Decree of 23 September 1992 ('the Royal Decree'), relating to the annual accounts of credit institutions.

This document contains the specification of the valuation rules in a number of areas, where the Royal Decree allows alternative treatments, where significant management estimates are required, or which are very significant areas in the financial statements.

Those areas are:

a] Income and expenditure recognition
b] Provisions for bad and doubtful debts
c] Provisions for liabilities and charges
d] Leasing
e] Intangible fixed assets
f] Tangible fixed assets
g] Subsidiary undertakings
h] Debt securities and equity shares
i] Sale and repurchase transactions
j] Pensions and other post-retirement benefits
k] Derivatives and other financial instruments
l] Foreign currencies
m] Fund for general banking risks

a] Income and expenditure recognition

Interest income is recognised in the profit and loss account as it accrues.

Dividend income is recognised in the profit and loss account when received.

Fees receivable, which represent a return for services provided, are credited to income when the related service is performed.

Fees receivable, which represent a return for credit risk borne or which are in the nature of interest, are taken to the profit and loss account over the period of the loan, or on a systematic basis over the expected life of the transaction to which they relate.

Expenditure is accounted for on an accrual basis.

b] Provisions for bad and doubtful debts

Specific provisions are made against advances when, in the opinion of the directors, credit risks or economic or political factors make recovery doubtful. The need to adjust provisions is reviewed regularly in the light of actual experience. The provisions which are made during the year (less amounts released and recoveries of bad debts previously written off) are charged against operating profit. Bad debts are written off in part or in whole when a loss has been confirmed.

c] Provisions for liabilities and charges

Specific provisions are recognised where there is a present obligation arising from a past event, there is a probable outflow of resources, and the outflow can be estimated reliably.

d] Leasing

Contracts to lease assets are classified as finance leases where they transfer substantially all the risks and rewards of ownership of the asset to the customer. Contracts not deemed to be finance leases are treated as operating leases.

Rentals payable and receivable under operating leases are accounted for on the straight-line basis over the period of the lease.

e] Intangible fixed assets

Intangible fixed assets are amortised in equal instalments over their estimated useful lives.

f] Tangible fixed assets

Depreciation of tangible fixed assets is provided on a straight-line basis over their estimated useful lives as follows:

- Leasehold improvements: shorter of economic life and period of lease
- Data processing and communications equipment: 4 to 5 years
- Furniture, fixtures and office equipment: 5 to 7 years

g] Subsidiary undertakings

Investments in Euroclear Bank's subsidiary undertakings are stated in the parent company's stand-alone accounts at cost less dividends received from pre-acquisition reserves and any impairment in value.

h] Debt securities and equity shares

Securities and shares intended for use on a continuing basis in the group's activities are classified as investment securities and are stated at cost less provision for any impairment in value. The carrying value of investment securities is adjusted over the period to maturity to allow for the amortisation of premiums or discounts on an actuarial basis. Such amortisation is included in interest receivable.

Valuation rules (continued)

As at 31 December 2012

i] Sale and repurchase transactions

Securities that have been sold with an agreement to repurchase continue to be shown on the balance sheet and the sale proceeds recorded as a deposit. Securities acquired in reverse repurchase transactions are not recognised in the balance sheet and the purchase price is treated as a loan. The difference between the sale price and repurchase price is accrued evenly over the life of the transaction and charged or credited to the profit and loss account as interest payable or receivable.

j] Pensions and other post-retirement benefits

The Company operates a number of post-retirement benefit schemes for its employees, including both defined contribution and defined benefit pension plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient funds to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the income statement in the period in which they occur.

Past service cost is recognised in the profit and loss account over the average period until the benefits become vested. If the benefits are already vested, the past service cost is recognised immediately.

The costs of defined contribution plans are charged to the income statement in the period in which they fall due.

The Company provides post-retirement healthcare benefits to their retirees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the income statement. These obligations are valued annually by independent qualified actuaries.

k] Derivatives and other financial instruments

Transactions are undertaken in derivative financial instruments (derivatives) for hedging purposes, which include interest rate swaps, futures, options and similar instruments. A derivative is designated as non-trading as there is an offset between the effects of potential movements in market rates on the derivative and the designated non-trading asset, liability or position being hedged. Non-trading derivatives are reviewed regularly for their effectiveness as hedges.

Under a derogation granted by the Belgian Banking and Finance Commission to Article 36 bis, § 2 of the Royal Decree of 23 September 1992, derivatives entered into for the purposes of asset and liability management can be accounted for as hedges.

Non-trading derivatives are accounted for on an accruals basis, consistent with the assets, liabilities or positions being hedged. Income and expense on non-trading derivatives are recognised as they accrue over the life of the instruments as an adjustment to the income or expense of the hedged item.

Where a non-trading derivative no longer represents a hedge because either the underlying non-trading asset, liability or position has been derecognised, or the effectiveness of the hedge has been undermined, it is restated at fair value and any change in value is taken directly to the profit and loss account and reported within ‘Profit from (loss on) financial operations’. Thereafter, the derivative is classified as a trading instrument and accounted for accordingly.

In other circumstances, where non-trading derivatives are terminated, any resulting gains and losses are amortised over the remaining life of the hedged asset, liability or position. Unamortised gains and losses are reported within ‘Other assets’ and ‘Other liabilities’ on the balance sheet.

Derivatives hedging anticipatory transactions are accounted for on a basis consistent with the relevant type of transaction. i.e. gains and losses are not recognised until the period the anticipated transactions occur. When anticipatory transactions do not actually occur, related derivatives are restated at fair value and changes in value are taken directly to the profit and loss account and reported within ‘Profit from (loss on) financial operations’.

l] Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates prevailing at the balance sheet date. Profit and loss amounts in foreign currencies are translated into euros at the rates prevailing on the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies are translated into euros at historical exchange rates.

Spot foreign exchange contracts are translated into euros at market rates and the resulting gains or losses are taken into the profit and loss account.

The results of branches in foreign currencies are translated at average exchange rates for the year. Exchange differences arising on consolidation of the Company’s branches are taken to the profit and loss account.

m] Fund for general banking risks

Additions to, and the uses of, a fund for general banking risks are determined by the Board of directors of Euroclear Bank SA/NV.

Statutory auditor's report

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE ANNUAL ACCOUNTS OF THE COMPANY EUROCLEAR BANK SA AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2012

As required by law and the company's articles of association, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the annual accounts, as defined below, for the year ended 31 December 2012, as well as our report on other legal and regulatory requirements.

Report on the annual accounts

We have audited the annual accounts of Euroclear Bank SA ("the Company") for the year ended 31 December 2012, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of '000' EUR 18.743.532 and a profit for the year of '000' EUR 129.138.

The Company's board of directors' responsibility for the preparation of the annual accounts
The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility
Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts 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 the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

Unmodified Opinion
In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as at 31 December 2012 and of its results for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report, for maintaining the company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' Code and the Company's articles of association.

In the framework of our mandate our responsibility is to verify compliance with certain legal and regulatory requirements. On this basis, we provide the following additional comments which do not modify our opinion on the annual accounts:

- The annual report includes the information required by the Companies' Code and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in violation of the company's articles of association or the Companies' Code that we have to report to you.
- In accordance with Article 523 of the Companies' Code, the financial consequences of the decision of the board of directors on 21 February 2012 relating to the compensation scheme for the members of the management committee have been adequately disclosed in the 'conflict of interest' section of the annual report on the statutory accounts.

Brussels, 8 March 2013

The Statutory Auditor
PwC Reviseurs d'Entreprises SCCRL
Represented by

Damien Walgrave
Reviseur d'Entreprises