Euroclear Bank SA/NV

Financial statements at 31 December 2021

(English version)

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 2021.

Principal activities

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

The Company is based in Brussels and is part of the Euroclear group. The Euroclear group is the world's leading provider of international post-trade services. The group provides settlement, safekeeping and servicing of domestic and cross-border securities, with asset classes covered including bonds, equities and investment funds. The group includes the Central Securities Depository (CSD) with a banking licence, Euroclear Bank, based in Brussels, as well as the domestic CSDs Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden and Euroclear UK & International. Euroclear Bank, as a single purpose bank, is the only credit institution in the Euroclear group. Euroclear SA/NV provides system development and support services to the other companies of the group.

Euroclear SA/NV acquired in September 100% of the shares of MFEX group for a total price consideration of €513.2 million, including a capital contribution of €7.5 million.

Euroclear Holding SA/NV is the ultimate parent company of the Euroclear group. Based in Brussels, it owns, directly or indirectly, the entire issued share capital of these companies.

Euroclear Bank is rated AA by Fitch Ratings and AA by Standard & Poor's, with stable outlook. It operates branches in Hong Kong, Krakow and Tokyo.

By the end of 2021, Euroclear Bank's branch in Krakow, Euroclear Bank (Spółka Akcyjna) - Oddział w Polsce, had grown to 669 employees who serve its global client base. The Krakow branch provides a dual-office arrangement with Euroclear Bank's existing operations in Belgium.

With 151 employees, the Hong Kong Branch of Euroclear Bank SA/NV is an important contributor to client servicing in Asia. Through the Hong Kong office, Euroclear Bank can provide clients with a global service offering, despite the time zone difference with its headquarters in Europe.

The Japanese branch of Euroclear Bank in Tokyo, which supports Japan-based users of its securities settlement system, counted 17 employees in 2021.

Euroclear Bank issued various intra-group recovery capital instruments for €800 million in total. These instruments aim at structuring a relevant loss absorption mechanism to restore the capital position of the Bank in recovery and resolution scenarios in accordance with the Banking Recovery and Resolution Directive applicable to the Company. These instruments were fully subscribed by Euroclear Investments SA. €300 million out of the total amount issued were recognised as Category 2 regulatory capital by the National Bank of Belgium.

Besides the above Long-Term Notes issued, Euroclear Bank launched a €5 billion Euro Medium-Term Note (EMTN) and a €20 billion Certificate of Deposits (CD) multi-currency program to increase its qualifying liquidity sources under the European Central Securities Depository Regulation. The CD multi-currency program addresses unforeseen liquidity shortfalls in beyond extreme but plausible liquidity stress scenarios consistent with the recovery plan of the Bank.

Euroclear Bank had a total amount equivalent to €2.4 billion in issuance in EUR and USD by the end of 2021 through its EMTN programme. The Bank also actively issued under the CD Program in 2021, mainly in USD and GBP but also in EUR for maturities from one week to one year with a total amount of €2.1 billion of CDs at the end of 2021.

Strategy and Business review

As a provider of financial market infrastructure, Euroclear is trusted to operate a secure, neutral platform where a wide network of the world's largest financial firms and central banks hold and transact securities issued by companies and governments.

Euroclear provides financial market infrastructure services across asset classes via its international CSD (ICSD) (Euroclear Bank) and the group's six domestic European CSDs serving seven markets (Belgium, Finland, France, Ireland, the Netherlands, Sweden and the United Kingdom).

Together, these highly regulated CSDs provide solutions for domestic and global financial market participants to either issue or access securities issued by governments, corporations and asset managers. In addition, the group facilitates financing in capital markets by reducing risk, increasing post-trade process efficiency, and optimising collateral mobility and access to liquidity.

Euroclear has extended this presence in 2021 with the acquisition of MFEX, a leading European and global funds distribution platform. The association between Euroclear Bank's FundSettle platform and services and MFEX will allow Euroclear to expand its footprint in the funds business.

The Euroclear network comprises 2,000 financial institutions which use its platform to access 50 different markets and settle transactions in 50 currencies. On their behalf, the group holds €37.6 trillion of assets under custody and enables over 276 million transactions per year, worth an equivalent of €1 quadrillion or approximately 12.5 times global GDP.

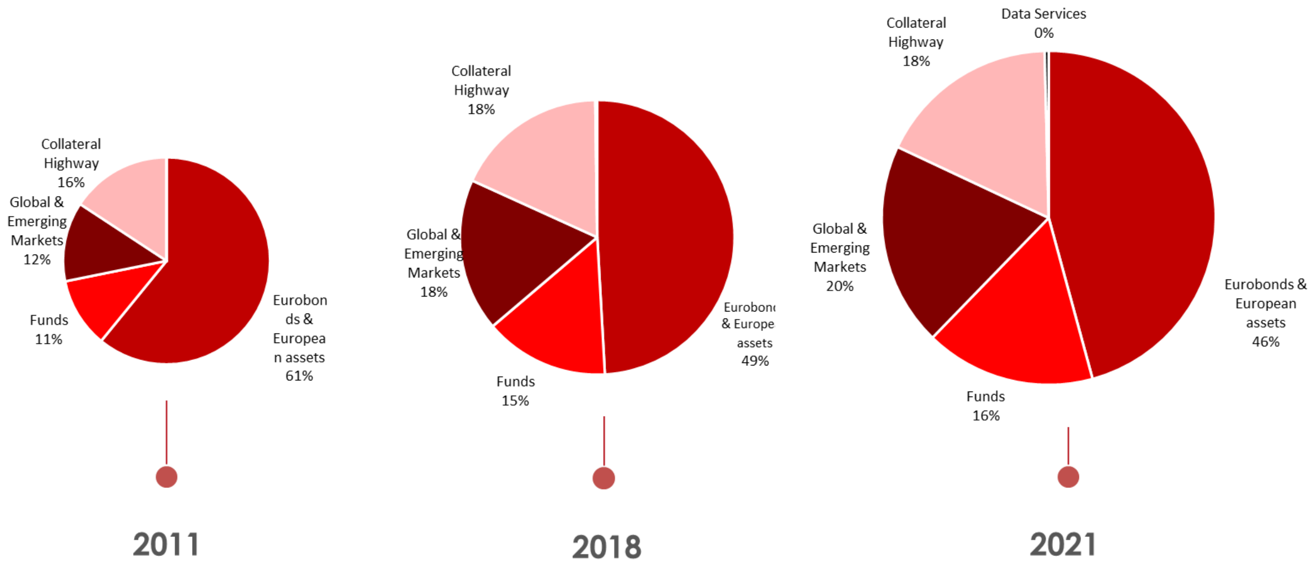
In 2021, Euroclear again demonstrated its operational reliability, despite disruption caused by the COVID-19 pandemic. Consequently, the group attained record operating metrics and a best-ever financial performance, reaching its key 2023 targets two years ahead of plan.

Underpinning this performance was accelerating progress on the group's three strategic objectives:

- **Strengthening our network** in Eurobonds, European securities and investment fund asset classes
- **Growing our network** by expanding internationally and by connecting global collateral pools
- **Reshaping our network** by exploring **innovative** value-add solutions that ensure long-term relevance to clients

Achieving its key multi-year performance targets early confirms that Euroclear's strategic direction is sound and that the business is performing very well. The scale of this transformation is even more apparent when looking over a ten-year time horizon. In 2011, growth business lines contributed just 25% of income compared to 40% by 2021. Having a stronger, more diversified business positions Euroclear well for its future strategic evolutions.

The contribution of Euroclear Bank into this evolution is shown below.



Management and the Board are progressing a review to further evolve the strategy for the future and set ambitious new targets, with further information to be communicated in the second quarter of 2022.

Strengthening Euroclear's European network

Euroclear entities play an especially crucial role in the functioning of European capital markets. They hold approximately 55% of all European capital market securities and over 60% of Eurobonds, which is testament to Euroclear's attractiveness to its home region's issuers and its investors.

The group's European network, which comprises Eurobond and European assets, generates 59% of Euroclear's business income.

Resilient and scalable infrastructure

By investing consistently in the group's technology capabilities and infrastructure platforms, we have ensured that Euroclear's core European business remains both reliable and scalable to meet growing market demand.

Our resilience was demonstrated as the group met its systems uptime targets despite the unprecedented market volatility of the past two years, during which time transaction volumes have risen by 23%. In 2021, transaction volumes increased by 7% to 295 million.

Undoubtedly, such exceptional growth in volumes in financial markets has been influenced by uncertainty resulting from the COVID-19 pandemic as well as other macro-economic and geopolitical considerations. This trend, along with extensive issuance of securities by businesses and governments, has continued throughout 2021.

Euroclear Bank has supported this broad-based volume increase while being in a long-lasting contingency situation, with almost all staff working fully from home since COVID-19 reached Europe in early 2020. As local restrictions are gradually lifted, we expect our people to be able to use our office facilities, in line with governmental guidance, and progressively shift towards hybrid working practices.

Sustained investment to upgrade technology capabilities

Highest priority is given to ensuring operational risks remain strictly controlled, with continued investment in cyber-defence and business resilience to meet an ever-evolving risk environment.

This focus is reflected in the group's technology investments where Euroclear is upgrading core systems and infrastructure, as well as optimising its technology to future-proof the organisation and enhance its service offering to clients. By moving towards hyper-converged technology solutions, the group is seeking to structurally optimise the costs related to acquiring and running hardware.

Several initiatives are underway to explore IT process automation, digital customer interfaces. These include Application Programming Interfaces (APIs),via the EasyWay product, as well as hybrid cloud solutions. EasyWay, a web-based interface that helps clients to work efficiently and manage their operational risks, is now used by the majority of Euroclear Bank clients and achieves high levels of customer satisfaction and platform stability.

In parallel, initiatives are underway to embed further agile ways of working and optimise the IT operating model by leveraging group synergies/experience and global partner support. Such efforts continue to make Euroclear an attractive place to work for talented and skilled technology professionals.

Supporting European ambitions

Providing robust infrastructure and a global investor network, Euroclear is a natural partner for European authorities as they raise funds for the sustainable post-pandemic economic recovery of the region. For example, Euroclear supported the European Union's €750 billion NextGenerationEU issuance, launched to help build a greener, more digital Europe.

Euroclear is also well placed to contribute further to the European Union's longstanding ambition to develop integrated European capital markets. In 2021, Euroclear Bank signed an agreement with the European Central Bank (ECB) and the central banks of the euro area to join the ECB's TARGET2-Securities (T2S) settlement system.

By connecting to this platform, Euroclear Bank will become the first ICSD to offer clients the choice between Euro settlement in commercial bank money and/or Euro settlement in central bank money.

Consequently, Euroclear Bank will provide clients with access to a single pool of liquidity and collateral, across multiple currencies and jurisdictions, enabling them to greatly optimise liquidity management and reduce their financing costs. Clients will also continue to benefit from the existing asset protection and high-quality collateral management and asset servicing.

Connecting Euroclear Bank to T2S builds on the group's existing contributions to European harmonisation. Euroclear's ESES CSDs (Euroclear Belgium, France and Nederland) have been connected to T2S since 2016.

Championing efficiency and safety during regulatory transitions

Euroclear continues to actively embrace – and enable – efforts to make the financial industry safer and more efficient. Over the past decade, pan-European legislation - including MIFID II, EMIR, CSDR, SRD II and new banking regulations - have continued to transform the financial landscape with a primary focus on fostering capital market safety.

Euroclear has invested extensively in its own regulatory compliance as it adapts to these new requirements. Euroclear Bank is fully licensed since 2019 and is now accompanying market participants through the adoption of the CSDR settlement discipline regime which entered into force on 1 February 2022.

Furthermore, as explained later in this report, Euroclear Bank is supporting clients as they adapt to the new regulatory requirements in other areas of its business strategy such as the expansion of global collateral management services and by providing data insights that foster high standards of corporate governance.

Consequences of Brexit

While already acting as issuer CSD for Irish governments securities Euroclear Bank successfully migrated all Irish corporate securities on its books. This migration, which provided long-term certainty to the €100 billion Irish securities market, was unique, and involved close market co-operation.

Growing a highly attractive funds business

As well as offering access to securities, the group also provides significant coverage of the funds industry as part of its diversified business model. In September 2021, this access has been strengthened through the acquisition of MFEX, a leading funds distribution platform.

Today, the Euroclear's funds business generates 15% of the group's business income.

MFEX, which was purchased for €505.7 million, is the most significant acquisition by the group in the past decade. By combining MFEX's well established fund distribution platforms with Euroclear's post-trade expertise, the acquisition of MFEX aims at strengthening the fund distribution offering of Euroclear's FundsPlace where Euroclear's strategic ambition is to capture the increasing demand for outsourcing of fund distribution by expanding FundsPlace's service offering and building out vertically integrated operations. Euroclear is creating a new end-to-end funds offering for our clients, providing access to over 2,000 fund distributors and 2,500 fund companies. Fund assets under administration reached €3.1 trillion across the Euroclear group.

With FundsPlace services including automated order routing, settlement and asset servicing, clients benefit from reduced costs, risks and the complexity associated with processing fund orders.

Growing Euroclear's network globally

We seek to grow Euroclear's network internationally and support the evolving requirements of clients as they look to benefit from the opportunities created by an inter-connected global economy.

To achieve this, Euroclear Bank is focused on two opportunities:
- mobilising collateral across borders and time zones
- connecting international markets to Euroclear

Together, these business lines contributed around 25% of the group's revenues in 2021.

Providing global collateral management solutions

The Euroclear Collateral Highway supports the financial market's requirement for a neutral, interoperable utility to source, mobilise and segregate collateral. It provides a comprehensive solution for managing collateral, offering clients a complete view of exposures across the full spectrum of their asset classes and enabling collateral optimisation opportunities.

In addition to more traditional collateral management activities (typically repos, securities lending, derivatives and access to central bank liquidity), Euroclear's range of collateral management solutions includes dedicated services for corporate treasurers, and a specialised equities collateral management service.

By the end of 2021, the average daily collateralised outstanding on the Collateral Highway reached a record €1.9 trillion, up 25% compared to 2020. The Collateral Highway's growth benefited from our leading global role in providing triparty solutions as clients implement new uncleared margin rules for derivatives under Basel frameworks.

Such new global regulations, which require clients to post margin across transactions to reduce counterparty and systemic risk, are expected to drive ongoing demand for collateral management services across a broader spectrum of market participants.

In early 2021, the group took steps to extend the global Collateral Highway by signing a Memorandum of Understanding (MOU) with the TMX Group to build a new collateral management service for Canada's capital markets.

Euroclearability – expanding the global reach of the network

Across the globe, growth economies are seeking to attract foreign investors to help fund long-term development needs. At the same time, international investors want opportunities to diversify and increase their investments around the world, particularly during a period of historically low yields in Europe and North America. Euroclear's Global & Emerging Markets business grew assets under custody by 15% in 2021 to €1.5 trillion.

Euroclear works closely to support local economies that wish to connect their domestic capital markets to a broad global investor base, to maximise capital flows and guarantee stability to these financial markets. In the course of 2021, we signed an agreement to extend our global reach possibilities to Saudi Arabia in co-operation with the CSD in the region.

In 2020 already, Euroclear Bank has contributed to extend its network in Asia with the launch of new asset classes in China and Japan. These were supplemented by the launch of a new bond structure with Singapore, launched in the first quarter of 2021. The new innovative structure combines domestic issuance with global distribution channels and is beginning to gain traction amongst major issuers in the region.

Reshaping the network

Euroclear's third strategic theme is to explore opportunities through new technologies and business models to reshape its network in sustainable ways that support clients' evolving requirements.

The areas of opportunity that Euroclear Bank is exploring in support of this theme,include:

- enhancing connections within the financial market ecosystem and strengthening shareholder governance
- harnessing insights through data
- exploring new technologies and opportunities to anticipate capital market needs
- expanding the role of infrastructure to foster growth and efficiency in the sustainable finance market

Insights that enhance governance-related issuer services

In recent years, there has also been an increasing demand for issuers to know and engage more closely with shareholders as part of their corporate governance practices. This trend is further strengthened by new regulatory imperatives around Know Your Customer (KYC) and the SRD II.

Bringing data insights

With almost €38 trillion (of which 45% in Euroclear Bank) of assets under custody, Euroclear today manages huge quantities of financial transactions data. Euroclear has extended its role in bringing greater transparency and liquidity in global capital markets by harnessing this untapped data. Launched in early 2021, LiquidityDrive captures this aggregated liquidity information to inform pre-trade decisions and enrich post-trade analysis.

For clients, this complements existing traditional sources of fixed income data, based on executed trades, empowering traders to use the centralised view on holding and concentration levels to make informed fixed income investment decisions. With historical data spanning back to 2018, the LiquidityDrive service spans over 450,000 fixed income ISINs, including aggregated data on over 200,000 Eurobond issuances, as well as domestic European debt.

Piloting blockchain technology and digital currency settlement

In March 2020, Banque de France launched a wholesale Central Bank Digital Currency ("CBDC") experiment programme to test the integration of CBDC in innovative procedures for the exchange and settlement of tokenised financial assets between financial intermediaries. A consortium of banks led by Euroclear assessed the potential of post-trade capital market settlement operations in CBDC for French Sovereign Debt Securities (OAT).

Last year's findings from the experiment confirmed that blockchain technology is suitable to manage post-trade market operations in CBDC, subject to additional testing with real-world volumes. It also highlighted that the full value of blockchain cannot be realised by simply replicating 'as is' the securities settlement operations processes. However, enabling direct access by end-investors on the blockchain platform via their custodians and/or removing the current post-trade processing breaks, would allow blockchain technology to improve post-trade operations. We are proud of our contribution to the overall CBDC experiment and the long-term blockchain journey of the capital markets.

Extending digital interfaces in the ecosystem

Euroclear continues to invest in connectivity and communications products that enhance our clients' experience and increase efficiency. EasyWay is Euroclear's web-based interface that offers clients a clear overview of settlement, collateral management and corporate actions activity. With accurate, real-time data at their fingertips, EasyWay helps users work efficiently and make fast, effective decisions to manage operational risks.

A further example is Taskize, the innovative messaging tool helps back-offices across the ecosystem to manage and resolve their post-trade activities more efficiently, particularly important considering CSDR settlement discipline. Client demand for the service has steadily increased, with 550 clients in more than 50 countries signed-up to the service and reporting important levels of user satisfaction. Euroclear Bank is an important player in this community of users.

Supporting growth of the sustainable finance market

Throughout 2021, Euroclear intensified investment to support the development of a sustainable finance market as one of the main pillars of our group ESG strategy.

To this end, a joint study with PwC explored the opportunity of using a financial market infrastructure approach to scale the sustainable finance market and we are now aiming, as a key part of our ESG strategy, to:

- support greater supply of ESG investment opportunities by reducing barriers to issuance
- simplify and clarify the issuance process for a sustainable issues to trade in international capital markets successfully
- foster trust through the processing of ESG information
- improve flow of ESG information between market participants
- mobilise greater ESG finance flows by expanding to more asset classes and participants. In this context, Euroclear was delighted to announce a strategic investment in Greenomy, a Belgium-based sustainable fintech platform that aims to support issuers and investors for compliance with increasing ESG taxonomy standards

Key business parameters

Euroclear Bank's financial performance is influenced by the following parameters:

- Net fee and commission income are 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 and funds, their market value is taken into consideration.

- Interest income stems principally from Euroclear Bank's clients' cash balances invested partially in short-term deposits and in money market short-term securities and from the investment of Euroclear Bank's capital, together with retained earnings.

- Administrative expenses include staff costs, depreciation and amortisation as well as other operating expenses. Administrative expenses are impacted to a certain level by business volume levels as well as by additional cyber and regulatory related investments.

Operating highlights

Euroclear Bank continued to perform strongly in 2021, while fulfilling its role as an international financial market infrastructure that connects investors and issuers around the world. This performance is mainly due to increased market activity across the business segment, partially offset by a less favourable interest rate environment.

The value of securities held for Euroclear Bank clients at the end of 2021 rose by 12% to €17.3 trillion compared to €15.5 trillion in 2020.

The turnover, or the value of securities transactions settled, reached €652.6 trillion in 2021, up by 13.3% compared to €576.0 trillion in 2020.

The number of netted transactions settled in Euroclear Bank amounted to 146.9 million in 2021, a 14.1% increase compared with the 128.8 million reported in 2020.

Financial performance highlights

The detailed results for the year are set out in the financial statements.

Net commission income (commissions received less commissions paid and including the cost of liquidity lines) increased by close to 16% to €927 million in 2021 driven by a steady income performance for Euroclear Bank's traditional business which was reinforced by stronger income performances of both Global Reach and Fund business lines. Net interest income (interest and similar income less interest and similar charges) amounted to €99.2 million, a decrease of 30% compared to last year due mainly to USD rate cuts decided by the FED.

General administrative expenses reached €607.1 million with a limited 9.2% increase compared to last year's level at €556.1 million, reflecting the continuous efforts of cost control despite the persistence of cyber security, regulatory and business investments at the level of Euroclear Bank.

Profit for the year before taxes was €427.5 million, 18% higher compared to last year.

The effective tax rate decreased in 2021 to 24%, compared to 26% in the prior year.

Profit for the year: The profit after tax for the year ended 31 December 2021 reached €324.3 million, compared to a profit of €270.0 million in the prior year. This corresponded to an increase of about 20% year on year.

Balance sheet: Total assets stood at €25.0 billion on 31 December 2021, increased by €2.3 billion compared to the previous year.

Total shareholders' equity is in line with prior year at €1.8 billion.

Share capital remained unchanged at the end of 2021 at €285 million represented by 70,838 shares.

Key performance indicators

Net fee income margin (net fee income minus general administrative expenses compared to net fee income) has increased from 30% to 35% in 2021, reflecting the increase of net fee income during the year.

Operating margin (profit before tax compared to operating income) has increased from 38.6% in 2020 to 41.5% in 2021, due to higher net fee income.

Unit cost ratio (general administrative expenses compared to the average value of securities held) remained at 37 bps (same as 2020).

Return on equity (profit for the year compared to average shareholder's equity) has increased from 14.7% in 2020 to 18.1% in 2021.

Asset performance (net profit compared to total average assets) increased from 12 bps in 2020 to 14 bps in 2021, mainly driven by higher net profit.

The CET 1 ratio of the bank increased to 43.5%, compared to 35.9% in 2020.

For more details about the evolution of capital base and requirement, please refer to the capital management section of the Directors Report hereunder.

Related parties

Euroclear Bank is controlled by Euroclear SA/NV. Incorporated in Belgium, it owns more than 99.9% of its shares. The ultimate parent of the group is Euroclear Holding SA/NV, also incorporated in Belgium. Euroclear Bank enters transactions with its parent companies, as well as with other entities in the Euroclear group, as described below. All transactions are at arm's length.

Securities settlement and custody services
In its normal course of business as an International Central Securities Depository, Euroclear Bank provides banking services to, and provides and receives settlement and custody services to and from, other Euroclear group's Central Securities Depositories. Terms and conditions applying to these depository links are the same as those applying to depositories outside the Euroclear group.

Software development, data centre and support services
Euroclear Bank has entered into agreements with Euroclear SA/NV and the group's CSD subsidiaries, whereby Euroclear SA/NV provides software development, data centre and a variety of non-operational and administrative support services.

Recovery and Resolution Instruments
Euroclear Bank issued end June 2018 under a Belgian law registered note format, various intra-group recovery capital instruments for €500 million in total on top of the €200 million contingent loan arranged in 2017, which was simultaneously converted into a registered note and aimed at structuring a relevant loss absorption mechanism to restore the capital position of the Bank in recovery and resolution scenarios in accordance with the Banking Recovery and Resolution Directive applicable to the Company.

These instruments were fully subscribed by Euroclear Investments SA. In addition to this, €300 million out of the total amount issued, were recognised as Tier 2 regulatory capital by the National Bank of Belgium.

Post-balance sheet events

Euroclear Bank is closely monitoring the invasion of Ukraine by Russia, and has taken the necessary measures to reflect the various sanctions that are issued by the different authorities. While not influencing the 2021 financial statements, we expect these sanctions to materially influence the size of our balance sheet going forward.

A consequence of the sanctions is that assets owned by sanctioned parties are blocked in the respective financial market infrastructures, including Euroclear. As the assets mature through their lifecycle, cashflows (e.g. income and redemptions) that are normally transferred to the underlying parties accumulate on our balance sheet for as long as the sanctions remain in place.

As of end of March 2022, Euroclear Bank's balance sheet increased by €28 billion compared to last December, which creates associated capital requirements, costs and reinvestment challenges. As of today, we do not see significant downside effects of this crisis on our financial performance.

In line with its role of financial market infrastructure (FMI), Euroclear Bank is carefully managing the various aspects resulting from this situation in cooperation with the competent authorities.

Information on circumstances that might materially influence the development of the Company

Other than set out in the section above, no circumstances occurred that might materially influence the development 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 its 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 Bank

Enterprise risk management framework and governance

Euroclear Bank operates within a highly-regulated environment and is a wholly-owned subsidiary of Euroclear SA/NV, a systemically important financial market infrastructure. In this context, an integrated, compliant and effective Enterprise Risk Management framework (ERM Framework) is in place, underpinned by a sound risk culture and a strong governance framework supporting decision making. This enables Euroclear to adequately identify, assess and manage its risks within the Board's risk appetite, whilst pursuing its strategy and corporate objectives and promoting resilience. The ERM Framework is subject to continuous improvement and its effectiveness is assessed periodically.

The ERM Framework also details the roles and responsibilities of the three lines of defence. The first line of defence is the risk owner and the primary source of (non-independent) assurance on the adequacy and effectiveness of the control environment. The second line of defence comprises Risk Management and Compliance and Ethics (C&E), who provide independent oversight of risk-taking activities and compliance with applicable regulation respectively. Internal Audit sits in third line, providing reasonable assurance and insight based on the highest level of independence on governance, risk management and internal controls.

Euroclear Bank's risk appetite is set by the Board and represents the maximum amount of risk the Board is willing to accept to achieve its objectives, including preservation of the long-term strength of the Company and of the trust of all key stakeholders. The risk appetite is supported by metrics which are monitored on an ongoing basis.

Main risks affecting the Company

Euroclear group has a comprehensive Risk Library, which includes all sources of risk that the Company is exposed to. Euroclear Bank is designated as another Systemically Important Institution in Belgium (O-SII). Key risks to note are as follows:

- *Operational risk (the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events) in particular cyber, business disruption and execution, delivery and process management risks:*

The ERM Framework has a strong focus on managing operational risks, which are at the core of the Euroclear Bank business. The limited number of incidents and operational errors demonstrate the robustness of the control environment in the context of CSDR licencing. All locations have appropriate contingency arrangements for recovery from workplace disruptions, supplemented by three geographically separate data centres to sustain operations in the event of a local and regional-scale disaster. Euroclear Bank continuously monitors and regularly tests its operational and management response and provides adequate training. To respond to evolving market and regulatory expectations, a new Business Resilience division was created with the mandate to support the entities in conducting their resilience programs and crisis management activities.

Throughout 2021 and the continuing COVID-19 crisis, the Company has displayed a resilient control environment. The Company continues to monitor and react appropriately with a view of safeguarding employees, clients (and their assets) and maintaining service levels. As society embraces the ‘new normal’, a strategic vision based on a hybrid (work-home) activity-based working model is being worked out.

Euroclear has continued to invest significantly in its cyber security capabilities including improvements to the cyber security risk culture. Our investment also in the IT risk and control environment resulted in improved security arrangements in a constantly evolving cyber threat landscape. Further investment will continue in 2022 and beyond to further reduce the residual risks and ensure sustainability.

- *Financial risks*

Financial Risks are borne by Euroclear Bank in its role as a settlement bank. Euroclear Bank operates a robust credit and liquidity risk framework which continuously seeks to reduce the intra-day uncommitted credit provided to its participants and to ensure smooth day-to-day operations, and maintain a high level of preparedness to cope with unexpected and significant liquidity shocks. Euroclear Bank has further improved its resilience and reduced the credit and liquidity risks it faces over the last years, which is confirmed by its sustained CSDR licensing. Euroclear Bank has low residual market risk arising from the investment of Euroclear Bank’s capital (interest rate risk) and future earnings (interest rate and foreign exchange rate risks). A hedging strategy is in place to mitigate Euroclear Bank’s interest rate risk and foreign exchange risk.

- *Legal, Compliance, Conduct and Culture risks*

The Company also faces conduct and culture and legal and compliance risks given its position as a leading financial market infrastructure operating in a highly-regulated environment. These risks are managed through robust application of Euroclear’s legal and compliance risk management framework.

- *Change and Project risks, business and strategic risks*

The ability to anticipate and integrate change in an evolving market is essential for the longer-term strategy of Euroclear Bank and the Euroclear group. Therefore, Euroclear operates a project management framework and has a dedicated Group Project Management Office to increase the robustness of its project and programme management capabilities.

Compliance

The Compliance and Ethics function (C&E) is responsible for assisting the Boards and Senior Management of the Euroclear group in managing compliance risks effectively by monitoring compliance with applicable laws, regulations and regulatory standards that fall within the scope of Euroclear companies’ competent authorities, national data protection authorities, and other foreign authorities, including providing assurance on the first line’s identification, assessment and management of compliance risks. C&E has developed a group-wide compliance risk management framework which sets out clear roles and responsibilities across the three lines of defence for the effective management and independent oversight of compliance risks. It allows Euroclear Bank to adequately identify, monitor, test and report to management on controls mitigating compliance risks. C&E also advises on remedial actions to identified compliance risk control gaps and monitors progress made in closing the gaps. This framework is supported by communication efforts (communication campaigns, e-learnings, and training sessions) that ensure sufficient awareness among staff members on compliance matters.

Supervision and regulation

The National Bank of Belgium and, to a lesser extent, the Financial Services and Markets Authority (FSMA) are the supervisors of Euroclear Bank.

Recovery plan

In line with regulatory rules and guidance, a Recovery, Restructuring and Wind-down (RRW) plan is in place for Euroclear Bank as part of its overall approach to a recovery, restructuring or orderly wind-down situation. As a minimum, this plan is reviewed and approved by the Board of Directors, upon recommendation of the Risk Committee, on an annual basis. The aim of the RRW plan is to demonstrate Euroclear Bank’s ability to recover from a series of extreme but plausible stresses that could threaten its financial viability, such that Euroclear Bank can, to the extent possible, ensure the continuous provision of critical (economic) functions. To this end, the RRW plan identifies and analyses a number of recovery and restructuring options that could be used in order to restore Euroclear Bank’s capital base, liquidity position or profitability, over a short-to-medium timeframe. Finally, should these recovery and restructuring options prove insufficient to negate the stress, and thus could not recover Euroclear Bank, then the RRW plan also contains a series of wind-down actions that could be taken to ensure, to the extent possible, the orderly wind-down of the Euroclear Bank’s critical (economic) functions such that it does not exacerbate or create a stress on the market.

Detailed information on the risks faced by Euroclear, as well as its risk management strategies, policies and processes can be found in Euroclear’s yearly Pillar 3 report on www.euroclear.com as well as in Note IV to the consolidated financial statements of Euroclear Holding SA/NV.

Capital management in Euroclear Bank

Capital measurement and allocation

Euroclear Bank has in place sound, effective and comprehensive capital measurement methodologies which are integrated within the overall Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP relies on two complimentary views on capital adequacy, normative and economic view:

- **Normative view:** Euroclear must comply under baseline and stressed conditions, for a planned period of at least three years, with all applicable regulatory capital requirements. These requirements stem from two major regulations that Euroclear Bank is subject to: Capital Requirement Regulation (CRR and CRD IV as transposed into Belgian Banking law) and CSD Regulation.
- **Economic view:** corresponds to the internal assessment of the level of capital necessary to sustain our business and risk profile given our strategy and risk appetite.

The internal view on Euroclear Bank's capital needs is based on economic capital models, which estimate the amount of capital that Euroclear needs to have in order to protect itself from unexpected losses resulting from the risks it faces in its various activities. This view is complemented by stress scenarios.

These models and stress scenarios are continuously kept up-to-date and regularly validated by an independent Model Validation function. Euroclear Bank is therefore confident that the resulting capital requirements are adequate to support the risks that it faces. The capital models run in a 99.98% confidence level, covering operational, credit and market risk, with additional methodologies to measure business and pension risks. Euroclear Bank adheres to a conservative approach to capital. Combined with Euroclear's strong risk management and effective controls, this approach leads to Euroclear Bank retaining high credit ratings. Euroclear Bank is assigned an AA credit rating by Fitch Ratings and by Standard & Poor's (S&P), both with stable outlooks.

The Capital Requirement Regulation (CRR) requires Euroclear Bank, to maintain at all times:

- a ratio of total capital to risk-weighted assets that cannot fall under a threshold of 8%
- a ratio of Tier 1 capital to risk-weighted assets that must exceed a threshold of 6%
- a ratio of common equity Tier 1 capital (CET1) exceeding 4.5%
- a Pillar 2 requirement (P2R) defined through the yearly supervisory review and evaluation process (SREP)
- a capital conservation buffer of 2.5% in common equity

In addition, Euroclear Bank is also subject to the capital requirements stipulated under CSDR.

Euroclear Bank, together with seven other banks or banking groups in Belgium, were identified in 2015 by the National Bank of Belgium as domestic systemically important banks (referred to in EU legislation as 'other systemically important institutions', or O-SIIs) under Belgian banking law and CRD IV. Subsequently, the National Bank of Belgium applies a common equity Tier 1 capital ratio surcharge of 0.75% to Euroclear Bank standalone.

Euroclear Bank determines risk-weighted assets for credit, operational and market risks. For credit risk, the Company uses the Foundation Internal Ratings Based Approach (FIRBA). Risk-weighted assets take into consideration balance sheet assets and off-balance-sheet exposures that may give rise to credit risk. Collateral and other eligible guarantees are taken into account appropriately.

With respect to operational risk, Euroclear Bank uses the Advanced Measurement Approach (AMA) for the calculation of Pillar 1 capital requirements.

As Euroclear Bank is a limited purpose bank and does not have a trading book, the market risk that Euroclear Bank incurs is very limited. For market risk, the Company uses the Standardised Approach to cover the foreign exchange risk.

Euroclear Bank intends to maintain a CET1 ratio and total capital ratio in line with the total SREP capital requirements evaluated on a yearly basis, in accordance with the supervisory review of its capital adequacy at statutory and consolidated levels.

In addition to the capital ratios, Euroclear Bank complies with the leverage ratio. Current requirement is 3%. Euroclear's current levels of the leverage ratio are above this regulatory requirement and are disclosed in the Pillar 3 publication.

The table below sets out the group's Tier 1 and total capital, which both exceed the highest regulatory requirements applicable to the Company.

Regulatory capital position

(€'000)	CY	PY
Risk-weighted assets (1)	**4,546,812**	**4,987,093**
Capital requirement	**363,745**	**398,968**
- Credit risk	85,222	79,609
- Market risk	1,576	1,481
- Operational risk	276,947	317,878
Capital base (2)	**2,275,314**	**2,090,677**
CET1	1,976,408	1,791,847
Tier 2	298,906	298,830
Solvency ratio		
Tier 1	43.5%	35.9%
Total	50.0%	41.9%

[1] Risk-weighted assets represent the total capital requirement multiplied by a factor of 12.5. This means that the risk-weighted assets do not only relate to credit and market risk, but also comprise the gross-up of the capital requirements related to operational risks. For Euroclear, the latter are the main source of capital consumption.

[2] Capital base is highly comparable to the shareholders' equity as presented on the balance sheet of Euroclear Bank after incorporation of subordinated liabilities for which regulatory capital recognition was granted by the National Bank of Belgium. Differences are due to deductions required by CRR regulation, i.e. intangible assets, current year proposed dividend and provision shortfall for expected losses.

Authorised capital

The authorised capital amount stands at €500 million.

Dividends

A dividend of €125,029,070 (€1,765 per share) was paid in July 2021 under the form of an extraordinary dividend.

Due to the geopolitical situation, the decision has been taken to postpone the payment of a dividend to shareholders in respect of the financial year ending 31 December 2021 until we have more clarity on the impacts of the invasion of Ukraine by Russia.

Acquisition of own shares

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

Non-Financial information

Euroclear Bank takes its responsibility for helping to create a more just and equitable world seriously. The group Corporate Responsibility programme is run in full alignment with the group business strategy and is divided into four streams. For more details on each of these streams, please refer to the sustainability report on www.euroclear.com. Our responsibility, prepared in accordance with the Global Reporting initiative Standards (Core). The 2021 report will be published later in 2022.

The sustainability report will this year also include the new mandatory limited disclosures on Taxonomy (quantitative and qualitative), in compliance with Article 8 of the Taxonomy Regulation.

Conflict of interests

Board members

During 2021, the Board has applied Article 7:115 of the Companies Code on conflict of interest at its meeting of 12 February 2021. Excerpts of the minutes of the Board held on that day are reproduced below:

Conflict of interest - In compliance with article 7:115 of the Code on Companies and Associations, and prior to any deliberation, Ms. V. Urbain declared having a conflict of interest. She requested Mrs. K. Boucqueau to enact that she has a personal and direct financial interest conflicting with the recommendation to be issued in connection with her own remuneration, given that she would benefit personally from the proposed remuneration. Therefore, Mrs. V. Urbain leaves the meeting when the Board reviewed her remuneration.

There are no financial consequences for the Company other than those resulting from any payment made by the Company thereunder.

Pierre Berger presented the recommendations of the Euroclear Bank Remuneration Committee to the Board with respect to:

- Proposed Incentive Compensation Pool PY 2020: the Incentive Compensation Pool was approved without comment
- The MC members and Heads of Control functions performance review - bonus and fixed fee:

The Chair noted that Belgian legal requirements required that the Board approved the overall compensation of the Management Committee, as reviewed and recommended by the Remuneration Committee.

The Chair noted that the Remuneration Committee had met earlier that day and had reviewed the individual 2020 incentive compensation amounts and 2021 fixed remuneration for the members of the Management Committee and approved the breakdown, subject to the Board's approval on the overall amount.

The Chair noted that the proposal for the members of the Management Committee had been set in accordance with the applicable remuneration policies of the Company and the Group and had been recommended by the Remuneration Committee. The Remuneration Committee also concluded that the proposal reflected the individual and collegial commitment and performance of the members of the Management Committee, except for two incumbents for whom they recommended a fixed fee increase.

Upon the recommendation of the Remuneration Committee, the Board approved the total 2020 Incentive Compensation and 2021 fixed remuneration of the Management Committee members, noting that the CEO had been consulted on the proposal (except on her own remuneration).

The Board noted that the 2019 incentive compensation and 2020 fixed fee for the MC, including the CEO, would not exceed 0.20% of the net operating income of the Company.

Each executive director abstained from deliberating and voting on his/her respective remuneration.

'The Board reviewed and approved the 2020 incentive compensation and 2021 fixed fee for the CEO, as recommended by the RemCo.'

Management Committee members

During the financial year, the Management Committee did not take any decision whereby any of its members had a conflict of interest within the meaning of Article 59/1 of the Belgian Banking Law.

Non-audit services

The amount of fees charged to Euroclear Bank and its subsidiaries for non-audit services amounted to €193,000. 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 are available on Euroclear's public website (www.euroclear.com).

Individual and collective Committee member skills

All members of the Audit Committee, the Risk Committee, the Nominations and Governance Committee and the Remuneration Committee are non-executive directors of the Company. Each of these committees also have two independent members within the meaning of Article 3:83 of the Belgian Banking Law. The committees have the required knowledge base and skills among their members and each member has the adequate personal attributes for each committee to fulfil its role efficiently.

Board advisory committees

Audit Committee ('AC')
The AC assists the Board in fulfilling its financial reporting, audit, technology and compliance and ethics oversight responsibilities. The AC is comprised of four non-executive directors of the Company, of which three independent members within the meaning of Article 37:837, § 1 of

the Belgian Banking Law. All members of the AC collectively have an understanding of the Company's business as well as collective competence in accounting, audit and IT matters. At least one member is competent in accounting and/or audit matters.

Risk Committee ('RC')
The RC assists the Board in fulfilling its risk oversight responsibilities. The RC is comprised of three non-executive directors of the Company. An observer from Euroclear SA/NV's RC has been appointed to support the Committee. The RC assists and advises the Board of Directors in its oversight of the Company's risk management governance structure, risk tolerance, appetite and strategy and key risks as well as the processes for monitoring and mitigating such risks. The RC members individually have the skills and experience to be able to understand the Company's business and to oversee the risk strategy, risk appetite (i.e. risk tolerance), risk capacity and risk profile of the Company.

Nominations and Governance Committee ('NGC')
The NGC assists and advises the Board of Directors in all matters in relation to the suitability assessment of Board, Management Committee members and key function holders, Board and Committee composition, succession planning, as well as corporate governance matters, including the suitability policy, as they apply to the Company. The NGC is comprised of three non-executive directors of the Company. Committee members possess individual and collective appropriate knowledge, skill, expertise and professional experience regarding governance, selection process, suitability and control practices and are able to properly and independently advise the Board of Directors on the composition and the functioning of the Board and Board Committees of the Company and, in particular, on the 'fit and proper' character of their members.

Remuneration Committee ('RemCo')
The RemCo assists and advises the Board of Directors in defining a global compensation policy for the Company. It ensures that the members of the Management Committee ('Executives'), identified staff and the non-executive Board members of the Company are compensated as per the principles described in Euroclear's compensation policy and oversees management's implementation of the policy. The RemCo is comprised of three non-executive directors of the Company. The RemCo members exercise relevant and independent judgment on the remuneration policies and practices. They collectively have the knowledge, expertise and experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to the Company's risk and capital profiles. The RemCo members collectively have an understanding of the Company's business and are competent in the sector in which the Company operates.

By order of the Board

Robert Peirce
Chairman of the Board
15 March 2022

Euroclear Bank Board and Committees - composition

Members	Euroclear Bank Board	Audit Committee	Risk Committee	Remuneration Committee	Management Committee	Nominations & Governance Committee
Robert Peirce (Chairman) Independent Non-Executive Director	•	•		•		
Victoria Cochrane Independent Non-Executive Director	•	• (chair)	•			
Mike Martin Independent Non-Executive Director	•		• (chair)			•
Carl Tilkin-Franssens Independent Non-Executive Director	•	•		• (chair)		• (chair)
Anne Swaelus Non-Executive Director	•	•				•
Bernard Frenay Non-Executive Director	•		•	•		
Didier Boonen Executive Director	•				•	
Marie-Anne Haegeman Executive Director	•				•	
Szandra Nagyné-Komocsi Executive Director	•				•	
Stéphane Bernard Executive Director	•				•	
Peter Sneyers Executive Director CEO Euroclear Bank	•				• (chair)	
Andrew Butcher Non-Executive Director, ESA Risk Committee Chairman			• (observer)			

Notice about additional auditing or adjusting mission

The managing board declares that no assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law, pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

The annual accounts have not been audited or adjusted by an external accountant or auditor who is not a statutory auditor.

If YES, mention here after: name, first names, profession, residence-address of each external accountant or auditor, the number of membership with the professional Institute ad hoc and the nature of this engagement.

A. Bookkeeping of the undertaking **

B. Preparing the annual accounts **

C. Auditing the annual accounts and/or

D. Adjusting the annual accounts.

If the assignment mentioned either under A. or B. is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names, profession and residence-address of each authorised accountant or accountant-tax consultant, his number of membership with the Professional Institute of Accountants and Tax consultants and the nature of this engagement.

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B,C and/or D)

(*) Delete where appropriate.
(**) Optional mention.

Balance sheet

As at 31 December 2021

(€'000)	Notes	2021	2020
ASSETS			
I. Cash in hand, balances with central banks and post offices		**-**	**-**
II. Government securities eligible for refinancing at the central bank		**2,837,254**	**5,035,371**
III. Amounts receivable from credit institutions	I	**16,281,913**	**12,591,146**
A. On demand		6,164,452	3,676,581
B. Other amounts receivable (at fixed term or period of notice)		10,117,461	8,914,565
IV. Amounts receivable from customers	II	**703,402**	**1,662,324**
V. Bonds and other fixed-income securities	III	**4,891,153**	**3,210,321**
A. Of public issuers		2,386,151	1,920,752
B. Of other issuers		2,505,002	1,289,569
VI. Corporate shares and other variable-income securities	IV	**-**	**-**
VII. Financial fixed assets	V, VI	**9,180**	**7,750**
B. Participating interests in other associated enterprises		-	-
C. Other shares or stakes constituting financial fixed assets		9,180	7,750
D. Subordinated loans with affiliated enterprises and with other associated enterprises		-	-
VIII. Formation expenses and intangible fixed assets	VII	**21,175**	**7,411**
IX. Tangible fixed assets	VIII	**4,926**	**4,452**
X. Own shares		**-**	**-**
XI. Other assets	IX	**40,854**	**29,409**
XII. Deferred charges and accrued income	X	**183,150**	**152,529**
Total assets		**24,973,007**	**22,700,713**

The accompanying Notes form part of these financial statements.

Balance sheet (continued)

As at 31 December 2021

(€'000)	Notes	2021	2020
LIABILITIES			
THIRD-PARTY FUNDS			
I. Amounts payable to credit institutions	XI	**13,954,722**	**12,177,123**
A. On demand		13,815,072	12,001,530
B. Resulting from refinancing by rediscounting of trade bills		**-**	**-**
C. Other amounts payable at fixed term or period of notice		139,650	175,593
II. Amounts payable to customers	XII	**3,980,583**	**3,763,906**
A. Savings deposits		-	-
B. Other amounts payable		3,980,583	3,763,906
1. On demand		3,264,056	3,125,615
2. At fixed term or period of notice		716,527	638,291
3. Resulting from refinancing by rediscounting of trade bills		-	-
III. Debt securities in issue	XIII	**4,498,724**	**4,316,140**
A. Bills and bonds in circulation		**-**	**-**
B. Other		4,498,724	4,316,140
IV. Other amounts payable	XIV	**69,933**	**179,188**
V. Accrued charges and deferred income	XV	**127,677**	**111,825**
VI. A. Provisions for risks and charges		**37,626**	**48,142**
1. Pensions and similar obligations		34,080	44,917
2. Fiscal charges		-	-
3. Other risks and charges	XVI	3,546	3,225
B. Deferred taxes		-	-
VII. Fund for general banking risks		**-**	**-**
VIII. Subordinated liabilities	XVII	**298,906**	**298,830**
Shareholders' equity		**2,004,836**	**1,805,559**
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		**94,048**	**94,048**
A. Legal reserve		28,550	28,550
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		**1,067,283**	**868,006**
Total liabilities		**24,973,007**	**22,700,713**

The accompanying Notes form part of these financial statements.

Balance sheet (continued)

As at 31 December 2021

(€'000)	Notes	2021	2020
OFF-BALANCE SHEET ITEMS			
I. Contingent liabilities	XXII	**11,031,321**	**7,403,055**
A. Unnegotiated acceptances		-	-
B. Guarantees in the nature of credit substitutes		11,031,321	7,403,055
C. Other guarantees		-	-
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	**1,217,567**	**1,872,859**
A. Firm commitments to make funds available		1,217,567	1,872,859
B. Commitments in respect of spot purchases of transferable securities or other assets		-	-
C. Available margin under confirmed credit lines		-	-
D. Commitments to underwrite and place securities		-	-
E. Repurchase commitments resulting from imperfect repurchase agreements		-	-
III. Assets entrusted to the institution		**17,302,729,507**	**15,477,780,609**
A. Assets held on an organised trusteeship basis			
B. Assets in safe custody and under similar arrangements		17,302,729,507	15,477,780,609
IV. To be paid upon corporate shares and units		**-**	**-**

Under the terms of the Euroclear Securities Lending and Borrowing Programme, Euroclear Bank provides a guarantee to securities lenders whereby if a securities borrower is unable to return the securities, Euroclear Bank guarantees the lender to receive replacement securities of their cash equivalent. Euroclear Bank also provides a guarantee to the GCA lenders, should the GCA borrowers fail to return lent Securities. This guarantee is provided on a net basis (difference between the market value of the unreturned Loan Securities and the market value of the Collateral Securities relating to the unreturned Loan Securities).

As of 31 December 2021, assets in safe custody (heading III.B. above) include securities for a market value of 11,415,844,000 €-equivalent which are blocked pursuant to applicable international sanctions measures (2020: 9,622,660,000 €-equivalent).

The accompanying Notes form part of these financial statements.

Profit and loss statement

As at 31 December 2021

(€'000)	Notes	2021	2020
INCOME STATEMENT			
(list form)			
I. Interest and similar income	XXIII	**197,267**	**246,610**
Of which : from fixed-income securities		6,533	15,891
II. Interest and similar charges (-)		**(98,032)**	**(104,729)**
III. Income from variable-income securities	XXIII	**278**	**211**
A. Corporate shares and other variable-income securities		-	-
B. Participating interests in affiliated enterprises		-	-
C. Participating interests in associated enterprises		-	-
D. Other shares or stakes representing financial fixed assets		278	211
IV. Commissions received	XXIII	**1,417,671**	**1,270,309**
A. Brokerage and similar commissions		439,096	377,870
B. Management, advisory and safekeeping services		707,324	637,770
C. Other commissions received		271,251	254,669
V. Commissions paid		**(490,970)**	**(470,300)**
VI. Profit from (loss on) financial operations	XXIII	**3,567**	**(2,152)**
A. Foreign exchange transactions and transactions in securities and other financial instruments		3,567	(2,152)
B. Sale of investment securities and similar operations		-	-
VII. General administrative expenses		**(607,097)**	**(556,142)**
A. Wages and salaries, social charges and pensions		(125,835)	(126,075)
B. Other administrative expenses		(481,262)	(430,067)
VIII. Depreciation and amounts written off (-) on formation expenses and intangible and tangible fixed assets		**(3,234)**	**(1,647)**
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		**1**	**(112)**
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		**11,349**	**(1,707)**
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 (-)		**(1,140)**	**(1,664)**
XIII. Transfers from (Appropriation to) the fund for general banking risks		**-**	**-**
XIV. Other operating income	XXIII	**19,127**	**10,322**
XV. Other operating charges (-)	XXIII	**(21,316)**	**(26,642)**
XVI. Current profit (loss) before taxes		**427,471**	**362,357**

The accompanying Notes form part of these financial statements.

Profit and loss statement (continued)

As at 31 December 2021

(€'000)	Notes	2021	2020
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		**(8)**	**(4)**
A. Exceptional depreciation on and amounts written off on formation expenses, intangible and tangible fixed assets		(8)	(2)
B. Amounts written off on financial fixed assets		-	-
C. Provisions for extraordinary risks and charges		-	-
D. Capital losses on disposal of fixed assets		-	(2)
XIX. Profit (Loss (-)) for the year before taxes		**427,463**	**362,353**
XIX. Bis. Deferred taxes		**-**	**-**
A. Transfers to deferred taxes (-)		-	-
B. Transfers from deferred taxes		-	-
XX. Taxes on profit	XXVI	**(103,157)**	**(92,403)**
A. Taxes (-)		(103,996)	(92,438)
B. Adjustment of income taxes and write-back of tax provisions		839	35
XXI. Profit (Loss (-)) for the year		**324,306**	**269,950**
XXII. Transfers to the non taxable reserve (-)		-	-
XXIII. Profit (loss (-)) for the year to be appropriated		**324,306**	**269,950**

The accompanying Notes form part of these financial statements.

Appropriation and transfer

As at 31 December 2021

(€'000)	2021	2020
APPROPRIATION AND TRANSFER		
A. Profit (loss (-)) to be appropriated	**1,192,312**	**1,083,991**
1. Profit (loss (-)) of the year to be appropriated	324,306	269,950
2. Carried forward profit (loss (-)) of previous financial years	868,006	814,041
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. Profit (loss) to be carried forward (+)/(-)	**1,067,283**	**868,006**
E. Shareholders' intervention in the loss	**-**	**-**
F. Profit to be distributed	**125,029**	**215,985**
1. Shareholders (a)	125,029	215,985
2. Directors (a)		
3. Other beneficiaries (a)		

(a) Solely in Belgian limited companies

A total dividend of €1,765 per share have been distributed in respect of the financial year ending 31 December 2021, which amounts to €125,029,070 of shareholders' equity. The dividend was paid as extraordinary dividend in July 2021.

The accompanying Notes form part of these financial statements.

Notes

I.Statement of amounts receivable from credit institutions

As at 31 December 2021

(€'000)	**2021**	**2020**
(heading III of the assets)		
A. For the heading as a whole	**16,281,913**	**12,591,146**
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	15,835,079	11,734,261
- Loans to banks	446,834	856,885
	16,281,913	12,591,146
B. Other amounts receivable (with a term or period of notice) from credit institutions	**10,117,461**	**8,914,565**
(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	10,117,461	8,914,565
- Over 3 months and up to one year	-	-
- Over one year and up to 5 years		
- Over 5 years		
- Undated		

II.Statement of amounts receivable from customers

(Heading IV of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
1. Amounts receivable from affiliated enterprises	**379**	**62**
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	703,402	1,662,324
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	81	438
b. On individuals	-	-
c. On corporates	703,321	1,661,886
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	703,402	1,662,324
8. Geographical breakdown (a)		
a. Belgium	3,073	6,121
b. Foreign countries	700,329	1,656,203

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) Geographical breakdown is done according to the beneficiaries of the credits.

III.Statement of bonds and other fixed-income securities

(Heading V of balances sheet assets)
As at 31 December 2021

(€'000)	2021	2020
A. GENERAL	**4,891,153**	**3,210,321**
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	286,840	291,342
b. Foreign public issuers	1,987,643	1,492,164
c. Belgian other issuers	1,067,795	122,593
d. Foreign other issuers	1,548,875	1,304,222
5. Quotations		
a. Book value listed securities	4,891,153	3,210,321
b. Market value listed securities	4,905,637	3,304,356
c. Book value unlisted securities	-	-
6. Quotations and durations		
a. Residual term up to one year	2,044,540	647,911
b. Residual term over one year	2,846,613	2,562,410
7. Breakdown according to whether the securities are part of :		
a. Trading portfolio	-	-
b. Investment portfolio	4,891,153	3,210,321
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	2,665	116
b. Negative difference in respect of all securities with a redemption value lower than their book value	77,830	102,996

III.Statement of bonds and other fixed-income securities (continued)

(Heading V of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
B. DETAILS OF THE BOOK VALUE OF THE INVESTMENT PORTFOLIO		
1. Acquisition value at the end of the previous financial year	**3,210,321**	**3,998,810**
2. Changes during the financial year		
a. Acquisitions	2,356,215	788,405
b. Redemptions and disposals	(639,138)	(1,537,061)
c. Adjustments made in accordance with Article 35 ter §4 and 5 (+/-)	(36,245)	(39,833)
3. Acquisition value at the end of the financial year	**4,891,153**	**3,210,321**
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	**4,891,153**	**3,210,321**

IV.Statement of corporate shares and other variable-income securities

(Heading VI of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
1. Geographical breakdown 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.Statement of corporate shares and other variable-income securities (continued)

(Heading VI of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
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 portfolios		
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.Statement of financial fixed assets

(Heading VII of balance sheet assets)
As at 31 December 2021

(€'000)	2021 Credit institutions	2021 Other	2020 Credit institutions	2020 Other
A. Breakdown of the headings VII A, B, C, D of the assets				
1. Economic sector of				
b. Participation in other enterprises linked by participating interests				
c. Other financial assets	-	9,180	-	7,750
d. Subordinated loans with affiliated enterprises and with other associated enterprises	-		-	

(€'000)	2021 Quoted	2021 Not quoted	2020 Quoted	2020 Not quoted
2. Quotation				
b. Participation in other enterprises linked by participating interests				
c. Other financial fixed assets	-	9,180	-	7,750
d. Subordinated loans with affiliated enterprises and with other associated enterprises				

V.Statement of financial fixed assets (continued)

(Heading VII of balance sheet assets)
As at 31 December 2021

(€'000)	Enterprises Affiliated	Enterprises Associated	Other
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	**-**	**-**	**7,750**
2. Changes during the financial year	**-**	**-**	**1,430**
a. Acquisitions			1,461
b. Sales	-		(31)
c. Transfers from one heading to another (+/-)			**-**
3. Acquisition value at the end of the financial year	**-**	**-**	**9,180**
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	**-**	**-**	**-**
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	**-**	**-**	**-**
10. Net book value at the end of the financial year	**-**	**-**	**9,180**

V.Statement of financial fixed assets (continued)

(Heading VII of balance sheet assets)
As at 31 December 2021

(€'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.Information on financial participations

As at 31 December 2021

A. Participating interests and other rights in other enterprises

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

VI.Information on financial participations (continued)

As at 31 December 2021

B. Enterprises to which the company is unlimitedly liable either as a qualified partner or member

The annual accounts of each of the enterprises to which the company is unlimitedly liable will be added to the present accounts and published jointly. Departure from that requirement will be mentioned in the second column referring to the appropriate code (A, B, C or D) as defined hereafter.

The annual accounts of the enterprise:

A. will be published through a deposition in the National Bank of Belgium;
B. will be published effectively in another member state of the EC pursuant to art.16 of the directive 2017/1132;
C. will be fully or proportionally consolidated in the consolidated annual accounts of the company which is prepared, audited and published pursuant to the provision of the Code of companies and associations related to the consolidated annual accounts;
D. Concern a company of the common law.

	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

VII.Statement of formation expenses and intangible fixed assets

(Heading VIII of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
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	**-**	**45,077**	
2. Changes during the financial year		**15,014**	**-**
a. Acquisitions including production of fixed assets		14,967	
b. Transfers and disposals (-)		-	
c. Transfers from one heading to another(-)		47	
3. Acquisition value at the end of the financial year		**60,091**	
4. Depreciation and amounts written off at the end of the previous financial year		**37,665**	
5. Changes during the financial year	**-**	**1,251**	**-**
a. Charged		1,249	
b. Reversed because of surplus (-)			
c. Acquired from third parties			
d. Cancelled (-)		-	
e. Transferred from one heading to another (+/-)		2	
6. Depreciation and amounts written off at the end of the financial year		**38,916**	
7. Net book value at the end of the financial year		**21,175**	

VIII.Statement of tangible fixed assets

(Heading IX of balance sheet assets)
As at 31 December 2021

(€'000)	Land and buildings	Installations, machines and tools	Furniture, fixtures and vehicles	Leasing and similar rights	Other tangible fixed assets	Fixed assets under constructionand advance payments
1. Acquisition value at the end of the previous financial year	**-**	**4,943**	**2,233**	**-**	**5,995**	**-**
2. Changes during the financial year	**-**	**485**	**70**	**-**	**330**	**-**
a. Acquisitions including own production of fixed assets		1,081	156	-	1,522	
b. Transfers and disposals (-)		(596)	(86)		(1,145)	
c. Transfers from one heading to another (+/-)		-	-		(47)	
3. Acquisition value at the end of the financial year	**-**	**5,428**	**2,303**	**-**	**6,325**	**-**
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	**-**	**3,583**	**1,638**	**-**	**3,500**	**-**
8. Changes during the financial year	**-**	**256**	**109**	**-**	**44**	**-**
a. Charged		846	199	-	1,196	
b. Reversed because of surplus (-)				-		
c. Acquired from third parties		-	-		-	
d. Cancelled (-)		(590)	(90)		(1,150)	
e. Transferred from one heading to another (+/-)		-	-		(2)	
9. Depreciation and amounts written-off at the end of the financial year	**-**	**3,839**	**1,747**	**-**	**3,544**	**-**
10. Net book value at the end of the financial year	**-**	**1,589**	**556**	**-**	**2,781**	**-**

IX.Other assets

(Heading XI of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
Breakdown of this caption if it represents an important amount		
a. Taxes to recover	23,617	22,488
b. Guarantee deposits	4,742	5,995
d. Miscellaneous	12,495	926
	40,854	**29,409**

X.Deferred charges and accrued income

(Heading XII of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
1. Deferred charges	6,330	4,633
2. Accrued income	176,820	147,896
	183,150	**152,529**

X.bisRe-use of funds of segregated customers

(Heading XII of balance sheet assets)
As at 31 December 2021

(€'000)	2021	2020
1. Total		

XI.Amounts payable to credit institutions

(Heading I of balance sheet liabilities)
As at 31 December 2021

(€'000)	2021	2020
1. Amounts payable to affiliated enterprises	**-**	**-**
2. 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 maximum	137,001	173,148
b. Over three months and up to one year maximum	2,649	2,445
c. Over one year and up to five years maximum	-	-
d. Over five years	-	-
e. Undated		
	139,650	**175,593**

XII.Amounts payable to customers

(Heading II of balance sheet liabilities)
As at 31 December 2021

(€'000)	2021	2020
1. Amounts payable to affiliated enterprises	**501,278**	**678,597**
2. Amounts payable to other enterprises linked by participating interests		
3. Breakdown by residual term		
a. At sight	3,471,358	3,255,615
b. Up to 3 months maximum	6,400	5,752
c. Over 3 months and up to one year maximum	5,000	5,000
d. Over one year and up to 5 years maximum	199,313	-
e. Over 5 years	298,512	497,539
f. Undated	-	-
4. Breakdown of the debts according to the nature of the debtors		
a. Debts on public authorities	65,839	29,776
b. Debts on individuals	-	-
c. Debts on corporates	3,914,744	3,734,130
5. Geographical breakdown of the amounts payable to		
a. Belgium	47,805	212,136
b. Foreign countries	3,932,778	3,551,770
	3,980,583	**3,763,906**

Amounts payable to credit institutions and customers (headings I and II of balance sheet liabilities) include an amount 6,682,667,000 €-equivalent (2020: 5,917,175,000 €-equivalent) of deposits blocked pursuant to applicable international sanctions measures.

In December 2016, a 10-year contingent convertible loan amounting to €200,000,000 was granted by Euroclear Investments SA to Euroclear Bank. In June 2018, the loan was converted for the same amount into a senior convertible note and certain features were amended in order to better meet recovery and resolutions requirements applicable to Euroclear Bank.

In June 2018, two additional notes were issued by Euroclear Bank and fully subscribed by Euroclear Investments SA, in order to strengthen the recovery profile of the Bank:

- €300,000,000 12 year fixed rate senior non preferred contingent convertible loan,
- €100,000,000 10 year fixed rate senior non preferred security.

In March 2019, the €100,000,000 10 year fixed rate senior non preferred security was converted into a new Tier 2 subordinated debt.

XIII.Debt securities in issue

(Heading III of balance sheet liabilities)
As at 31 December 2021

(€'000)	2021	2020
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 maximum	1,766,785	1,629,269
b. Over 3 months and up to one year maximum	793,991	806,472
c. Over one year and up to 5 years maximum	1,937,948	1,880,399
d. Over 5 years		-
e. Undated		-
	4,498,724	**4,316,140**

Euroclear Bank issues Medium Term Notes and Certificates of Deposits since 2018.

XIV.Other amounts payable

(Heading IV of balance sheet liabilities)
As at 31 December 2021

(€'000)	**2021**	**2020**
1. Fiscal and social debts towards the fiscal administration	**11,015**	**18,527**
a. Overdue	-	-
b. Not overdue	11,015	18,527
2. Fiscal and social debts towards the social security authorities	**4,630**	**4,357**
a. Overdue	-	-
b. Not overdue	4,630	4,357
3. Taxes	**11,015**	**18,527**
a. Payable	815	16,755
b. Estimated	10,200	1,772
4. Other debts		
Breakdown of this caption if it represents an important amount		
Dividend	-	115,962
Payroll (other than social security)	22,733	22,834
Other payable	31,555	17,508

XV.Accrued charges and deferred income

(Heading V of balance sheet liabilities)
As at 31 December 2021

(€'000)	2021	2020
1. Accrued charges	126,645	111,327
2. Deferred income	1,032	498
	127,677	**111,825**

XVI.Provisions for other liabilities and charges

(Heading VI.A.3 of balance sheet liabilities)
As at 31 December 2021

(€'000)	2021	2020
Breakdown of this heading if it represents an important amount		
Provisions for onerous lease contracts	2,177	1,554
Provisions for dilapidation costs	986	1,288
HR-related provisions	383	383
	3,546	**3,225**

XVII.Statement of subordinated liabilities

(Heading VIII of balance sheet liabilities)
As at 31 December 2021

(€'000)	2021	2020
1. Debts to affiliated enterprises	-	-
2. Debts to other enterprises linked by participating interest	298,906	298,830
3. Charges in respect of subordinated debts	9,976	9,995

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	200,000	30/03/2033	A) At early redemption date (30/03/2028) the issuer has the option to redeem in whole the outstanding amount of the Note, with a notice period of 15 days. Early redemption is allowed for tax deductibility and capital disqualification events. B) Payment after all preferred and non-preferred creditors, equally with other subordinated obligations, before shareholders and holders of other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Note. C) Permanent write-off at Common Equity Tier 1 trigger of €1,175 million. Write-off amount corresponds to the lower of (i) the amount necessary to restore the level of the Issuer's Common Equity Tier 1 capital to €1,175 million and (ii) the Outstanding Principal Amount.
2	EUR	100,000	30/03/2033	A) At early redemption date (30/03/2028) the issuer has the option to redeem in whole the outstanding amount of the Note, with a notice period of 15 days. Early redemption is allowed for tax deductibility and capital disqualification events. B) Payment after all preferred and non-preferred creditors, equally with other subordinated obligations, before shareholders and holders of other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Note. C) Permanent write-off at Common Equity Tier 1 trigger of €1,275 million. Write-off amount corresponds to the lower of (i) the amount necessary to restore the level of the Issuer's Common Equity Tier 1 capital to €1,275 million and (ii) the Outstanding Principal Amount.

XVIII.Statement of capital and shareholding structure

As at 31 December 2021

A. Statement of capital

	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 dematerialised shares		
* Registered	xxxxxxxxxxxxxx	70,838
* Dematerialised	xxxxxxxxxxxxxx	-

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

	Capital amount held	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	500,000	-

XVIII.Statement of capital and shareholding structure(continued)

As at 31 December 2021

	2021	2020
6. Shares not representing capital		
a. Breakdown		
* Number of stakes	-	-
* Number of voting rights attached	-	-
b. Breakdown by shareholder		
* Held by the credit institution	-	-
* Held by its subsidiaries	-	-

B. Structure of the institution's shareholding structure at the closing date of its accounts, as it results from the declarations received by the institution

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

As at 31 December 2021

(€'000)	2021
1. Total assets	
a. In euros	10,986,320
b. In foreign currencies (euro equivalent)	13,986,687
2. Total liabilities	
a. In euros	9,264,188
b. In foreign currencies (euro equivalent)	15,708,819

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

As at 31 December 2021

(€'000)	2021
Concerned headings of the assets and liabilities	
....	
....	
....	
....	

XXI.Statement of guaranteed liabilities and commitments

As at 31 December 2021

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 commitments of the credit institution				
a. Headings of the liabilities				
b. Off-balance sheet headings				
- Guarantee with the National Bank of Belgium			3,521,496	
- Guarantee with other central banks			601,261	
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

€3,521,496,000 of investment securities (2020: €3,391,679,000) resulting from the reserve repo activity have been deposited with the National Bank of Belgium as potential collateral for TARGET2-related exposures.

Other investments securities of €601,261,000 have been deposited with the Bank of England as potential collateral for the settlement of our operations on the UK market.

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 2021

(€'000)	2021	2020
1. Total of contingent liabilities on account of affiliated enterprises	-	-
2. Total of contingent liabilities on account of other enterprises linked by participating interests		
3. Total of the commitments to affiliated enterprises	-	-
4. Total of the commitments to other enterprises linked by participating interests		

XXIII.Operating results

(Headings I through XV of the profit and loss accounts)
As at 31 December 2021

	2021		2020	
(€'000)	**Belgian entities**	**Entities abroad**	**Belgian entities**	**Entities abroad**
1. Breakdown of operating income according to origin				
a. Interests and similar income	197,235	32	246,588	22
b. Income from variable-income securities				
- Corporate shares and other variable-income securities				
- Participation in affiliated enterprises	-		-	
- Participation in other enterprises linked by participating interests		-		-
- Participating interests and shares representing financial fixed assets	278		211	
c. Commissions received	1,417,671	-	1,270,309	-
d. Profit from financial operations				
- From exchange transactions and transactions in securities and other financial instruments	2,543	1,024	(430)	(1,722)
- From sale of investment securities	-	-	-	
e. Other operating income	19,004	123	10,740	(418)

XXIII.Operating results (continued)

(Headings I through XV of the profit and loss accounts)
As at 31 December 2021

(€'000)	2021	2020
2. Workers registered		
a. Total number of workers at the end of the financial year	1,682	1,667
b. Average number registered as full-time equivalent	1,623	1,605
- Management	282	272
- Employees	1,342	1,333
- Manual workers	-	-
- Other	-	-
c. Number of hours worked	2,511,421	2,503,491
3. Social charges		
a. Wages and direct social advantages	91,320	91,630
b. Social insurance paid by the employer	18,784	18,322
c. Employer premiums for extra legal insurance	2,405	2,535
d. Other	5,460	5,236
e. Pensions	7,866	12,852
	125,835	**130,575**
4. Provisions for pensions		
a. Additions (+)	-	-
b. Write-backs (-)	(10,390)	(649)
	(10,390)	**(649)**
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	10,224	12,872
b. Other operating charges	11,092	13,770
c. Breakdown of the other operating charges if they represent an important amount		
- Royalties	4,413	5,021
- Other operating charges	6,679	8,749
	21,316	**26,642**
7. Revenues results linked to affiliated enterprises	24,879	17,660
8. Expenses results linked to affiliated enterprises	532,072	477,927

XXIV.Forward off balance sheet operations in securities, foreign currencies and other financial instruments that do not constitute commitments creating a credit risk as defined in section II of the off balance sheet

As at 31 December 2021

(€'000)	**Amount at 31 December 2021**	**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	3,287,778	-
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	126,219	-
- Interest-rate futures	-	-
- Forward interest-rate contracts	-	-
- Interest-rate options	-	-
b. Other forward purchases and sales (c)		
- Other option contracts	-	-
- Other futures operations	-	-
- Other forward purchases and sales	-	-
	3,287,778	-

(a) Amounts to be delivered

(b) Nominal/notional reference amount

(c) Agreed buying/selling price

XXIV.Forward off balance sheet operations in securities, foreign currencies and other financial instruments that do not constitute commitments creating a credit risk as defined in section II of the off balance sheet (continued)

As at 31 December 2021

B. 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-rates derivatives

(€'000)	Amount at closing date (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	-	-
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 2021

(€'000)	2021	2020
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		
....		
4. Other exceptional charges - Breakdown of the heading if it represents an important amount		
....		

XXVI.Income taxes

(Heading XX of the profit and loss accounts)
As at 31 December 2021

(€'000)	2021	2020
1. Income tax for the year	**103,676**	**91,809**
a. Taxes or withholding taxes paid or due	93,476	90,037
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	10,200	1,772
2. Income taxes on previous financial years	**(519)**	**594**
a. Additional taxes or withholding taxes	(519)	594
b. Additional estimated taxes (brought to the heading IV of the liabilities) or provisioned (brought to heading VI A.2. of the liabilities)	-	-
	103,157	**92,403**
3. Sources of the differences between accounting profit and tax profit		
With particular mention of those related to timing differences		
- Non-deductible expenses	3,556	3,227
- Taxable provisions	138	(1,249)
- RDT	(278)	(211)
- Non tax deductible pension costs	(10,389)	8,321
- Capital gain on the sale of subsidiaries		
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		
- Other deffered tax assets	-	-
b. Deferred tax liabilities		
- Breakdown of deffered tax liabilities	-	-
....		

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

As at 31 December 2021

(€'000)	2021	2020
1. VAT charged and special taxes		
a. To the credit institution (deductible)	177,659	165,684
b. By the credit institution	10,046	9,524
2. Taxes withheld		
a. Personal income tax withheld	17,773	17,348
b. Withholding tax on financial revenue		

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

As at 31 December 2021

(€'000)	2021	2020
A. Off-blance sheet rights and commitments		
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		
....		
....		
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	112,160	116,654
- Method of this estimation	-	-
6. Nature and business purpose of off-balance sheet operations	118,143	129,456
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	4,575	
The commitment of Euroclear Bank towards Euroclear SA/NV as of 31 December 2021 amounts to €118,143,000 and corresponds to the development costs related to infrastructure and innovation projects currently under development or already launched that Euroclear SA/NV, as owner, will charge out in future years. The amount of €4,575,000 is a right to receive from other group entities and relates to the Easyway infrastructure.		
....		

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

As at 31 December 2021

	2021
B. 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	
....	
C. Nature and financial impact of significant subsequent events at the balance sheet date that are not included in the income statement or in the balance sheet.	-
Euroclear Bank is closely monitoring the invasion of Ukraine by Russia, and has taken the necessary measures to reflect the various sanctions that are issued by the different authorities. While not influencing the 2021 financial statements, we expect these sanctions to materially influence the size of our balance sheet going forward. A consequence of the sanctions is that assets owned by sanctioned parties are blocked in the respective financial market infrastructures, including Euroclear. As the assets mature through their lifecycle, cashflows (e.g. income and redemptions) that are normally transferred to the underlying parties accumulate on our balance sheet for as long as the sanctions remain in place. As of end of March 2022, Euroclear Bank's balance sheet increased by €28 billion compared to last December, which creates associated capital requirements, costs and reinvestment challenges. As of today we do not see significant downside effects of this crisis on our financial performance. In line with its role of financial market infrastructure (FMI), Euroclear Bank is carefully managing the various aspects resulting from this situation in cooperation with the competent authorities.	

XXIX.Financial relationships with

As at 31 December 2021

(€'000)	2021	2020
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	-	-
b. Amounts that may haven been reimbursed or waived	-	-
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	3,066	2,999
b. To past directors and past managers	-	-

(€'000)	2021	2020
B. The auditor(s) and person(s) to whom he (they) is (are) linked		
1. Audit fees	388	345
2. Non-statutory audit services		
a. Other assurance services	193	140
b. Tax services	-	-
c. Other services	-	-
3. Non-statutory audit services performed by individuals related to the statutory auditor		
a. Other assurance services	-	-
b. Tax services	-	-
c. Other services	-	-
	581	**485**

4. Disclosure in application article 3:64, §2 et §4 of the Code of companies and associations

Euroclear Bank ensures that the independence of the external auditor is preserved through a specific policy adopted by the board and agreed to by Deloitte. 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 2021

(€'000)	2021	2020
1. Financial instruments to be received by the institution on behalf of customers		
2. Financial instruments to be delivered by the institution to customers		
3. Financial instruments deposited by customers by the institution	13,899,049,583	12,324,331,028
4. Financial instruments from customers deposited by the institution	17,302,639,150	15,477,780,609
5. Financial instruments from customers received in guarantee by the institution	3,403,679,924	3,153,449,581
6. Financial instruments from customers given in guarantee by the institution	90,357	-

XXXI.Information country by country

As at 31 December 2021

Information to be completed for the institutions referred to in Article 4 Section 1, 3 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 except those who are publishing consolidated accounts in accordance with the Royal Decree of 23 September 1992 on the consolidated accounts of credit institutions, investment firms and management companies of undertakings for collective investment.

	2021				
DENOMINATION of the branch, subsidiary or joint subsidiary NATURE of activities COUNTRY	Number of full-time employees	Revenues	Profit (loss) before tax (1)	Income taxes	Public subsidies received
Euroclear Bank Credit institution BE	789	1,617,776	485,757	(97,780)	233
Euroclear Bank's Hong Kong branch Operational support HK	150	604	(21,031)	(227)	-
Euroclear Bank's Polish branch Operational support PL	668	379	(33,008)	(4,881)	-
Euroclear Bank's Japan branch Operational support JP	17	24	(4,255)	(268)	-

(1) Figures are presented after intercompany eliminations, i.e. before the recharge of operating expenses to Head Office

XXXII.Derivative financial instruments not estimated at fair value

As at 31 December 2021

Estimate of the fair value for each category of derivative financial instruments which are not evaluated on the basis of its economic value stating the volume and nature of the instruments concerned

				2021		2020	
Category of derivative financial instruments	**Risk covered**	**Speculation/coverage**	**Volume**	**Book value**	**Fair value**	**Book value**	**Fair value**
Forward foreign exchange	Forex	Coverage	3,287,778		(8,320)		7,237
Interest rate derivatives	Interest	Coverage	126,219		1,263		

	Book value	Fair value
FINANCIAL FIXED ASSETS THAT ARE CAPITALIZED AT AN AMOUNT OVER THE FAIR VALUE		
Amounts of assets adequately taken separately or grouped		
Reasons for which the book value is not reduced		
Elements that allow to suppose that the book value will be covered		

XXXIII.Note related to associated companies as defined in Article 1:20 of the Code of companies and associates

As at 31 December 2021

	2021
1. Financial Assets	
a. Participations	-
b. Subordinated loans	-
c. Other receivables	-
2. Other receivables	
a. More than one year	-
b. Up to one year	-
3. Debts	
a. More than one year	-
b. Up to one year	-
4. Personal and real guarantees constituted or irrevocably promised	
a. as security for debts or commitments to associated companies	-
b. as security for debts or commitments of the institution	-
5. Other significant financial liabilities	-

Statement relative to the consolidated accounts

As at 31 December 2021

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*~~

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

- 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 :~~

B. Information to be completed by the credit institution of 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**:

Ultimate parent	Immediate parent
Euroclear Holding SA/NV	Euroclear SA/NV
1 Boulevard du Roi Albert II	1 Boulevard du Roi Albert II
1210 Brussels	1210 Brussels
Belgium	Belgium
BE 0700.808.073	BE 423.747.369

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

* Delete where not appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated are prepared and published.

Social report

As at 31 December 2021

Numbers of joint industrial committees which are competent for the enterprise: 310

I. Statement of the persons employed

A. Number of employed persons for whom a DIMONA declaration has been introduced by the company or who are recorded in the general personnel register during the financial period

	Total	1. Men	2. Women
1. During the financial year			
a. Average number of staff			
- Full-time	606	269	338
- Part-time	180	25	155
- Total full-time equivalents (FTE)	743	287	456
b. Effective hours worked			
- Full-time	856,089	402,511	453,578
- Part-time	185,106	26,355	158,751
- Total	1,041,195	428,866	612,329
c. Personnel expenses (€'000)			
- Full-time	57,309	28,232	29,077
- Part-time	12,540	1,918	10,622
- Total	69,849	30,150	39,699
d. Benefits in addition to wages (€'000)	860	352	509

	P. Total	1P. Men	2P. Women
2. During the previous financial year			
a. Average number of staff	761	291	470
b. Effective hours worked	1,065,720	436,942	628,778
c. Personnel expenses (€'000)	68,900	29,274	39,626
d. Benefits in addition to wages (€'000)	878	359	519

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 C5.23 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.

Social report (continued)

As at 31 December 2021

I. Statement of the persons employed (continued)

A. Number of employed persons for whom a DIMONA declaration has been introduced by the company or who are recorded in the general personnel register during the financial period (continued)

	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	606	173	738
b. Breakdown by type of employment contract			
- Contract of unlimited duration	603	172	735
- Contract of limited duration	3	1	4
- One-job contract	-	-	
- Interim substitution contract		-	
c. Breakdown by sex and school degree			
- Men	266	24	284
Primary school		-	-
Secondary school	18	4	21
Higher non-academic degree	88	6	92
Academic degree	160	14	171
- Women	340	149	454
Primary school		-	-
Secondary school	35	15	46
Higher non-academic degree	101	46	136
Academic degree	204	88	273
d. Breakdown by professional occupation			
- Management	148	27	171
- Employees	458	146	568
- Manual workers	-	-	-
- Other	-	-	-

B. Temporary personnel and persons placed at the disposal of the enterprise

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

Social report (continued)

As at 31 December 2021

II. List of personnel movements during the financial period

	1. Full-time	2. Part-time	3. Total full-time equivalents
A. New employment contracts			
1. Number of staff engaged during the financial year	**49**	**2**	**51**
2. Breakdown by type of employment contract			
a. Contract of undefined duration	49	2	51
c. One-job contract	-		
d. Interim substitution contract	-		
B. Employment contracts terminated			
1. Number of employment contracts terminated during the financial year	**64**	**16**	**76**
2. Breakdown by type of employment contract			
a. Contract of undefined duration	62	16	74
b. Contract of defined duration	2	-	2
c. One-job contract			
d. Interim substitution contracts			
3. Breakdown by motive for the termination of the contract			
a. Retirement		5	3
b. Early retirement			
c. Dismissal	3	-	3
d. Other reason	61	11	70
- Of which the number of staff that continues to provide services to the Company as an independent on at least a half-time basis	-	-	

Social report (continued)

As at 31 December 2021

III. Information on vocational training for personnel during the financial period

(€'000)	Men	Women
1. Continued training initiatives with a formal character at the expense of the Company		
a. Number of staff involved	294	492
b. Number of training hours	3,484	5,534
c. Expenses incurred by the Company (€'000)	634	1,019
- of which gross charges directly linked to training	624	1,006
- of which contributions paid to collective funds	10	14
- of which subsidies and other financial advantages received	-	-
2. Continued training initiatives with less formal or informal character at the expense of the Company		
a. Number of staff involved	22	29
b. Number of training hours	66	87
c. Expenses incurred by the Company (€'000)	3	4
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 2021

Pension Plan

Euroclear Bank has several defined benefit pension plans covering employees in Belgium and Japan, as well as medical plans and termination indemnities.

The most recent full actuarial valuation of the plans was made by independent qualified professional actuaries as of 31 December 2021.

Funding levels are monitored on an annual basis and contributions are made to comply with minimum requirements as determined by local regulations and internal funding policy.

The pension deficit has been reclassified in financial year 2021 from Amounts payable to Provisions. 2020 comparative figures have been restated.

The service and interest cost (respectively recorded as Wages and salaries and financial charge), and actuarial result (recorded as movements in provisions) are fully expensed in the current year. The contributions (directly reducing the pension provision) reflect employers' contributions for funded plans and benefit disbursements for unfunded plans.

The service and interest cost, and actuarial results are fully expensed in the current year. The contribution, reflecting employers' contributions for funded plans and benefit disbursements for unfunded plans, amount to €6,070,000 (2020: €3,344,000).

The actuarial valuation at 31 December 2021 showed a deficit of €33,444,000 (2020: €43,630,000). It is detailed as follows:

(€'000)	2021	2020
Balance at 1 January	**(43,630)**	**(35,891)**
Movements		
a. Contributions	6,070	3,344
b. Service cost	(6,889)	(7,128)
c. Interest cost	(305)	(318)
d. Transfers	1,521	75
e. Foreign currency difference	52	788
f. Actuarial gains (/losses)	9,737	(4,500)
Balance at 31 December	**(33,444)**	**(43,630)**

The main assumptions used are the following :

	2021	2020
Discount rate	1.10%	0.71%
Expected inflation rate	1.90%	1.70%
Future salary increases	2.90%	2.80%
Expected medical cost trend rate	2.40%	2.20%

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:

(€'000)	2021	2020
Value of assets		
Equities	43,149	39,724
Bonds	28,814	25,907
Cash	408	322
Other	6,342	7,070
Total market value of assets	**78,713**	**73,023**

Valuation rules

As at 31 December 2021

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: 3 to 5 years
- Furniture and fixtures: 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.

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 provision 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. 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 immediately in the profit and loss account.

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, recorded under the form of provisions, 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/N

Statutory auditor's report to the shareholders' meeting of Euroclear Bank SA for the year ended 31 December 2021 - Annual accounts

In the context of the statutory audit of the annual accounts of Euroclear Bank SA (the "company"), we hereby submit our statutory audit report. This report includes our report on the annual accounts and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 29 April 2021, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2023. We have performed the statutory audit of the annual accounts of Euroclear Bank SA for 4 consecutive periods.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the company, which comprises the balance sheet as at 31 December 2021 and the income statement for the year then ended, as well as the explanatory notes. The annual accounts show total assets of 24 973 007 (000) EUR and the income statement shows a profit for the year ended of 324 306 (000) EUR.

In our opinion, the annual accounts give a true and fair view of the company's net equity and financial position as of 31 December 2021 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the annual accounts" section of our report. We have complied with all ethical requirements relevant to the statutory audit of the annual accounts in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Emphasis of matter – post balance sheet event

We draw attention to note 28 of the consolidated financial information, which describes the consequences of the conflict situation between Russia and Ukraine on the balance sheet. While not influencing the 2021 financial statements, the impacts of this crisis affect the structure of balance sheet in 2022. Our conclusion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Key audit matter 1: Revenue recognition

The Company's 31 December 2021 Annual Accounts show "Interests and similar income" and "Commissions received" captions amounting to 197 267 (000) EUR and 1 417 671 (000) EUR respectively. The aggregated amount of these captions represent the majority of the revenues of Euroclear Bank.

We identified these revenues as a Key Audit Matter due to (i) the significance of the balance and (ii) the dependency on IT systems.</td><td>We focused our audit effort on:

• Assessing the appropriateness of the design and operating effectiveness of the internal control framework relating to the billing system of Euroclear in the circumstances;

• Testing the IT Systems and IT General Controls over the fee income system infrastructure. We performed specific testing on the appropriateness of the access rights and the system changes brought to the IT systems;

• For the significant revenue streams, performing substantive analytical procedures on the fee income charged by comparing monthly evolution of the volumes to the evolution of the related fee income;

• Recomputing the interest income for a representative sample of loans, on the basis of the data output of the operational systems;

• Testing for a representative sample of invoices, the existence and accuracy of the amount recorded in the general ledger;

• Assessing the adequacy of a representative sample of manual journals impacting the reported fee amount.</td></tr>
<tr><td>Key audit matter 2 : Technology risk

The IT infrastructure of the group and its resilience is essential to the activity of the company and to the financial reporting processes.

We have identified the operating systems (including the mainframe), the databases, the applications and their interfaces as key elements of the IT infrastructure. We consider the general computer controls and controls over application interfaces as being key in mitigating technology risk across the IT infrastructure.
This assessment is based on:
- The multiplicity of applications;
- the very high volume of transactions.</td><td>Our review procedures involve the participation of IT experts. In accordance with our defined audit approach we tested the design, implementation and operating effectiveness of internal control and governance procedures relating to General IT Controls (GITC) applicable to the components considered as key in the financial reporting process. The scope include privileged access management and change management procedures on:
- Operating systems
- Databases
- Applications</td></tr>
</table>

- the importance of adequate (privileged) user access management to ensure data integrity; and - the continuous development by Euroclear of the IT systems in terms of access management and change management	When required, we have also tested additional business controls and conducted audit procedures to obtain sufficient comfort.

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of the 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 the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of annual accounts in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the annual accounts, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the annual report, for the documents to be filed according to the legal and regulatory requirements, for maintaining the company's accounting records in compliance with the legal and regulatory requirements applicable in Belgium, as well as for the company's compliance with the Code of companies and associations and the company's articles of association.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the annual accounts, the statement of non-financial information attached to the directors' report on the annual accounts and other matters disclosed in the annual report, those documents to be filed according to the legal and regulatory requirements and compliance with certain obligations referred to in the Code of companies and associations and the articles of association, as well as to report on these matters.

Aspects regarding the directors' report and other information disclosed in the annual report

In our opinion, after performing the specific procedures on the directors' report on the annual accounts, the directors' report on the annual accounts is consistent with the annual accounts for that same year and has been established in accordance with the requirements of article 3:5 and 3:6 of the Code of companies and associations.

In the context of our statutory audit of the annual accounts we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the annual accounts and other information disclosed in the annual report, i.e.:

- Business review;
- Key performance indicator – CET1 ratio;
- Risk management;
- Capital management

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 3:6, § 4 of the Code of companies and associations, will be disclosed in a separate report (applicable for the Euroclear group) which will be published later in 2022.

Statement on the social balance sheet

The social balance sheet, to be filed at the National Bank of Belgium in accordance with article 3:12, § 1, 8° of the Code of companies and associations, includes, both in form and in substance, all of the information required by this Code, including those relating to wages and training, and is free from any material inconsistencies with the information available to us in the context of our mission.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit of the annual accounts, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the annual accounts.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant legal and regulatory requirements.
- We do not have to report any transactions undertaken or decisions taken which may be in violation of the company's articles of association or the Code of companies and associations.
- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) N° 537/2014.
- The board of directors has taken the decisions described in the directors' report, with financial consequences as a result. In accordance with article 7:115 of the Code of companies and associations, the board of directors has informed the shareholders, that all executive board members have a personal and direct financial interest conflicting with the recommendation to be issued in connection with their respective remuneration given that she would benefit personally from the proposed remuneration.

  We have assessed the financial consequences for the company relating to the decisions taken in respect of the conflict of interest as described in the directors' report and we have nothing to report.

Signed at Zaventem.

The statutory auditor

Digitally signed by
Yves Dehogne
DocuSign
Signed By: Yves Dehogne (Signature)
Signing Time: 14-apr-2022 | 18:51 CEST
C: BE
Issuer: Citizen CA
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Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Yves Dehogne

Deloitte.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Registered Office: Gateway building, Luchthaven Brussel Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE86 5523 2431 0050 - BIC GKCCBEBB

Member of Deloitte Touche Tohmatsu Limited

1 Boulevard du Roi Albert II, 1210 Brussels, Belgium – Tel: +32 2 326 1211 – RPM Brussels number 0429 875 591