

# Pillar III Disclosure Report of Clearstream Fund Centre Holding S.A.

Disclosures as of 31 December 2023

June 2024

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# 1 Introduction

## 1.1 Regulatory Framework

In December 2010, the Basel Committee on banking supervision published the global regulatory framework on capital and liquidity, commonly known as Basel III, a set of standards aiming at strengthening the stability and resilience of the global banking system. The Basel framework consists of three mutually reinforcing pillars, as outlined below:

- Pillar 1 concerns the minimum quantitative (capital) requirements related to credit, operational and market risks. In addition, when the Basel III framework was translated into European law, requirements to calculate a leverage ratio as well as liquidity coverage ratio and net stable funding ratio came into force.
- Pillar 2 requires banks to integrate the risks of Pillar 1 and further significant and substantial risks into integrated capital management and risk management considerations. Additionally, the interaction between the banks' own assessments and the banking supervisors' review is prescribed.
- Pillar 3 promotes market discipline through disclosure and thereby transparency to the public.

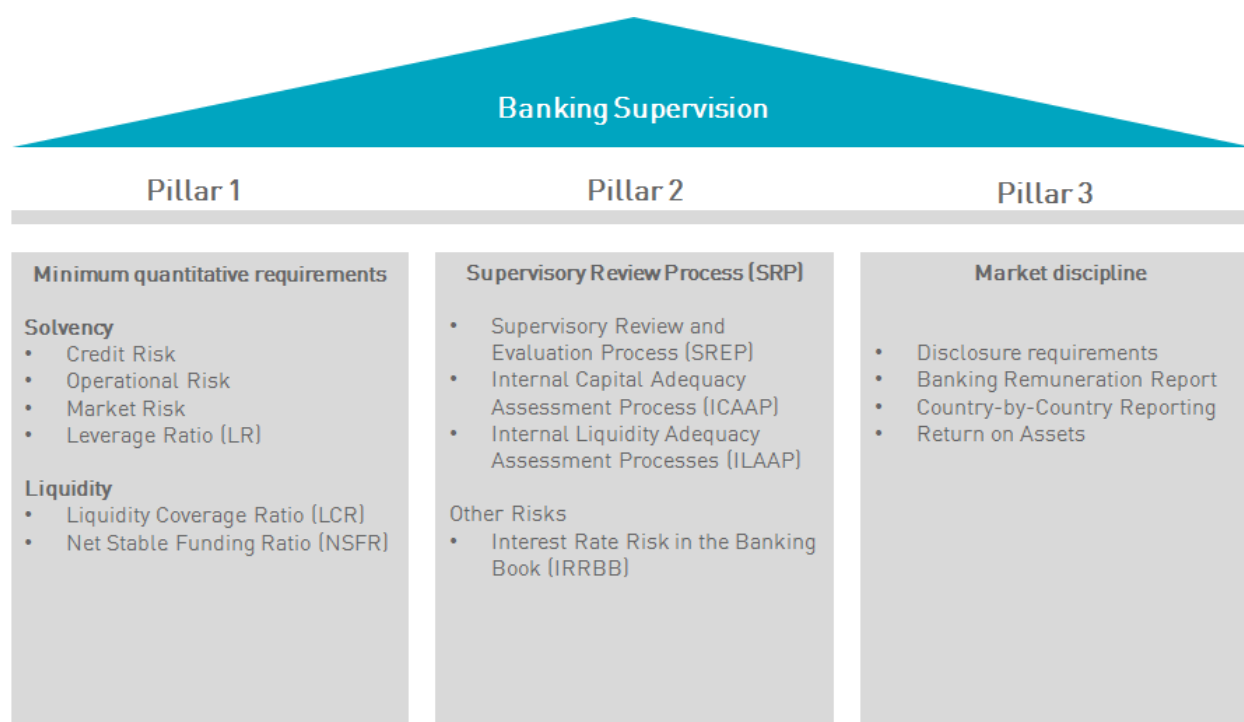


Figure 1: Overview regulatory framework

The Basel III standards were further enhanced through, among others, the revision of existing frameworks for assessing risk weighted assets (RWA) most notably through publication of the “Basel III: Finalising post-crisis reforms” in December 2017. The first elements of the Basel III standards were implemented in European law by the Capital Requirements Regulation (EU) No 575/2013 (CRR) and the Capital Requirements Directive 2013/36/EU (CRD), generally applied since 2014. In Luxembourg, the law of July 2015 transposed, among others, CRD 4, which entered into force in August 2015, by

amending the law of April 1993 on the financial sector. In May 2019, a revised prudential regulation package was adopted, further transposing the Basel III standards into European law through amending the CRR (through Regulation (EU) 2019/876 or CRR 2) and the CRD (through Directive (EU) 2019/878 or CRD 5).

In addition, the EU banking package also contains a revised Banking Recovery and Resolution Directive (BRRD, amended as per Directive (EU) 2019/879 BRRD2), reflecting changes related to legislation on the Minimum Requirement for own funds and Eligible Liabilities (MREL) and the Total Loss-Absorbing Capacity (TLAC) for global systemically important institutions.

This report provides the Pillar 3 disclosures on consolidated level of CFCH as set out in Part Eight of the CRR II. For the remainder of this document, if not specified otherwise, when referring to CFCH's direct subsidiary Clearstream Fund Centre S.A. ("CFCL"), formally CFCH and its direct subsidiary CFCL are meant.

The Basel III standards are not yet fully transposed into European Law. To provide banks with greater operational capacities to react to the Covid-19 crisis, the Basel Committee on Banking supervision deferred the implementation of the 2017 reforms, initially foreseen for January 2022, by one year to January 2023. With publication of three legislative proposals amending CRR, CRD as well as BRRD in October 2021, the EU initiated the finalisation of the implementation of Basel III. In December 2023, the triilogue negotiations on the banking package were concluded, and the final publication is expected in the first half of 2024. While the proposed introduction of the Output Floor limiting minimum capital requirements calculated with internal models to 72.5% of minimum capital requirements calculated with standardised approaches, is not expected to affect CFCH, proposed changes relating to the use of the credit risk standardised approach, the calculation of capital requirements for operational risk and identification, management and disclosure of ESG risk will be respectively monitored closely to ensure timely and appropriate implementation. The legislative proposals foresee application of the newly introduced and amended requirements as of January 2025.

The EU rules deviate in some respects from the Basel III standards to consider some European specificities. One key amendment is the introduction of the proportionality concept, which exempts CFCH as an 'other institution not yet listed' from certain obligations while subjecting large institutions to enhanced requirements.

In addition to the previously mentioned regulation and directive, this report considers the following regulatory publications:

- Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

- EBA/GL/2014/14 of 23 December 2014: Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Article 432 (1), 432 (2) and 433 of Regulation (EU) No. 575/2013.
- EBA/GL/2016/11 of 14 December 2016: Guidelines on disclosure requirements under Part Eight of Regulation (EU) No. 575/2013.
- EBA/GL/2017/01 of 21 June 2017: Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No. 575/2013.
- EBA/GL/2021/05: Guidelines on internal governance under Directive 2013/36/EU.
- EBA/GL/2021/06: Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU.
- EBA/GL/2018/10 (Consolidated version) on disclosure of non-performing and forborne exposures.
- CSSF Circular 23/830 Clarification on the public disclosure framework applicable to credit institutions and CRR investment firms (Pillar 3), referring to Guidelines of the European Banking Authority on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11), and repealing CSSF Circulars 15/605, 17/673 and 18/676; and
- CSSF Circular 15/618 adopting the EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency under the CRR.

In the following, we refer to the respective laws in place as of 31 December 2023 if not stated otherwise.

## 1.2 Objective of the Report

The objective of this disclosure report is to implement and fulfil the disclosure requirements pursuant to Articles 431-455 of Regulation (EU) 2019/876 (CRR II) of the European Parliament and of the Council of May 20, 2019, amending Regulation (EU) No. 575/2013 (CRR I) as of September 30, 2023, and Article 38 of the Luxembourg Law of 5 April 1993 (“Luxembourg Banking Act”), at the legal entity level of CFCH.

On June 24, 2020, the EBA published the final drafts for regulatory reporting (EBA/ITS/2020/05) and disclosure (EBA/ITS/2020/04) in accordance with CRR II. EBA’s technical implementation standards EBA/ITS/2020/04 of 24 June 2020 specify the tables integrated into the report. The specified table names are marked with the prefix EU. All information provided in this CRR II disclosure report relates to CRR II.

More specifically, the report intends to provide a detailed overview on the Bank’s:

- Legal structure.
- Capital structure.
- Risk management framework including governance arrangements, risk management methodology and risk reporting; and
- Risk management in terms of identified risk types.



### 1.3 Disclosure Policy and Frequency

With exemption of disclosures laid down in point (c) of Articles 435(2) and 437 CRR II, disclosure content can be omitted according to Article 432 CRR II and relating EBA Guideline 2014/14 if the information is non-material, proprietary or confidential. To ensure adequate application of the disclosure requirements a Disclosure Policy has been established, which is reviewed and adapted, where necessary, on a yearly basis. The Board of Directors of CFCH is ultimately responsible for the Disclosure Policy and must approve any material changes to the policy. Further, the Disclosure Policy defines disclosure content, allocates responsibilities, and defines processes.

In line with the Disclosure Policy, a dedicated process was followed for CFCH to consider omitting certain disclosures due to these disclosures being immaterial, proprietary, or confidential. Where the Bank classifies information as non-material in this report, this has been stated accordingly in the related disclosures. In accordance with article 432(1), information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.

In accordance with Article 434 CRR II, CFCH publishes its Disclosure Report once a year on the website: [Pillar III Disclosure Report](https://clearstream.com) (clearstream.com).

The information in this Pillar III Disclosure Report is unaudited. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

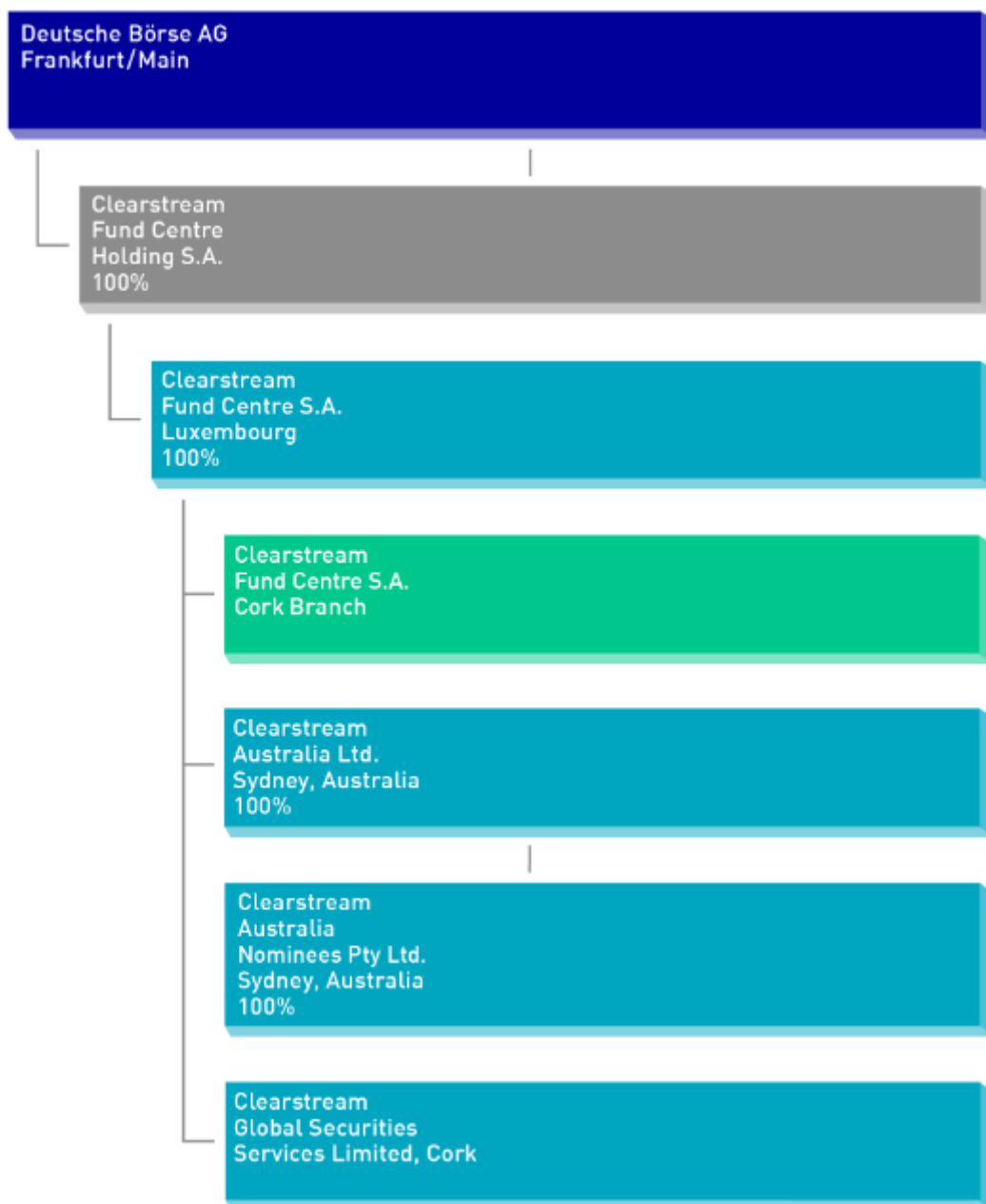
### 1.4 Formal Attestation

The Disclosure Report complies with the applicable legal and regulatory requirements and is prepared in accordance with the company's internal guidelines, procedures, systems and internal controls. The CFCH Board of Directors has approved this report for publication and confirmed that CFCH meets the requirements of Article 431(3) CRR II.

### 1.5 Corporate structure

Clearstream Fund Centre Holding S.A. ("CFCH") is a holding company based in Luxembourg which is a direct subsidiary of Deutsche Börse AG ("DBAG"). CFCH directly holds 100% of the shares of CFCL.

The following figures provide an overview of CFCH's corporate structure.



*Figure 2: Overview of Corporate Structure*

## 1.6 Business Operations

### 1.6.1 Clearstream Fund Centre Holding S.A. (“CFCH”)

CFCH was incorporated in Luxembourg on 26 July 2022. The purpose of the company is to acquire and control the ownership interests of other companies in Luxembourg or abroad. CFCH was granted an exemption from the approval requirements for financial holding companies on 10 October 2022 pursuant to Article 34-2 (6) of the law of 5 April 1993 on the

financial sector as amended (“LFS”), transposing the provisions of Article 21a (4) of Directive 2019/878 on 10 October 2022.

### **1.6.2 Clearstream Fund Centre S.A. (“CFCL”)**

CFCL was incorporated on 16 November 2021 in Luxembourg. It obtained the banking licence to operate as a credit institution in Luxembourg in accordance with Article 3 of the Law of 5 April 1993 on the financial sector by the European Central Bank (“ECB”) on 27 October 2022 which was communicated by CSSF on 7 November 2022 and activated on 30 December 2022. CFCL was established to realise the strategy of DBAG to carve out all activities related to Investment Funds Services (“IFS”) and create the basis for a stand-alone fund infrastructure dedicated only to investment funds.

CFCL Cork Branch is CFCL’s first operational centre outside of Luxembourg. It was incorporated on 31 March 2023 and activated on 1 July 2023. The servicing of mutual and hedge funds, as well as core client services support formerly provided by Clearstream Global Securities Services Ltd. are now provided by CFCL Cork Branch.

### **1.6.3 Clearstream Global Securities Services Ltd., Cork (“CGSS”)**

CGSS is defined as an ancillary service undertaking in accordance with Article 4, paragraph 1 No 18 CRR II. CGSS is a wholly owned subsidiary of CFCL and was one of Clearstream's servicing centres for mutual and hedge funds, as well as core client services support. CGSS also provided corporate IT support services for DB Group entities. The activities of CGSS relevant to CFCL were transferred to CFCL Cork Branch on 1 July 2023. The activities of CGSS relevant to DB Group entities were transferred to DBAG Cork Branch on 1 July 2023. CGSS had not operational activities since the creation of the two aforementioned Cork branches. Liquidation of CGSS is planned to be started in 2024.

### **1.6.4 Clearstream Australia Limited, Sydney, Australia (“CAL”)**

CBL successfully completed the acquisition of Ausmaq Limited, Sydney, Australia, (“CAL”) during the third quarter of 2019. With this acquisition, Clearstream is further expanding its offering in the investment funds space and has entered the Australian market. Ausmaq Limited has been a wholly owned subsidiary of Clearstream Banking, Luxembourg since 31 July 2019. In June 2020 it was renamed Clearstream Australia Limited. Due to the expansion of its geographical footprint, Clearstream expects the transaction to deliver revenue synergies. As a result of the carve out of the funds business and the establishment of CFCL S.A., all the shares in CAL held by CBL were transferred to CFCL S.A.

### **1.6.5 Clearstream Australia Nominee Limited, Sydney, Australia (“CAN”)**

Clearstream Australia Nominee Limited (“CAN”) CAN was registered in June 2020 as a Nominee company which is wholly owned by Clearstream Australia Limited. The nominee company was established to hold the assets of the company’s clients. Clearstream Australia, in fulfilling its role as custodian, controls CAN and administers the assets on behalf of its clients who are the beneficial owners of the underlying managed funds.

### **1.6.6 Licensing and Regulatory supervision**

The “Commission de Surveillance du Secteur Financier” (“CSSF”) is the competent authority for the supervision of CFCL as a credit institution according to Article 42 and 43 of the Luxembourg Banking Act. Furthermore, the “Banque Centrale du Luxembourg” (“BCL”) has a shared responsibility for liquidity supervision on the basis of Article 2 (4) of the Law of 23 December 1998 concerning the monetary status.

CFCL did not request to be qualified as a small and non-complex institution as per the definitions under article 4 Regulation (EU) 575/2013 CRR. CFCL qualifies as less significant institution, as the other systematically significant institution (O-SII) criteria will not be met based on the business plan submitted during the licence application process.

### **1.6.7 Scope of consolidation**

All information provided in this report refers if not stated otherwise to the companies included in the regulatory scope of consolidation. The accounting consolidation in this section refers to the consolidation method at Deutsche Börse group level.

In accordance with CSSF’s request, the Pillar III Disclosure Report has been generated for CFCH at consolidated level, including CFCL and its branch in Cork. The subsidiary Clearstream Australia Limited, Sydney, Australia (“CAL”) has been excluded from the scope, as it is not included in the consolidated prudential supervision by the CSSF.

## 2 Key Metrics

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
(in 000s of €)		12/31/2023		6/30/2023		12/31/2022
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	178,549		190,682		n/a
2	Tier 1 capital	178,549		190,682		n/a
3	Total capital	178,549		190,682		n/a
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	558,213		591,936		n/a
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	31.99%		32.21%		n/a
6	Tier 1 ratio (%)	31.99%		32.21%		n/a
7	Total capital ratio (%)	31.99%		32.21%		n/a
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.00%		0.00%		n/a
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.00%		0.00%		n/a
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.00%		0.00%		n/a
EU 7d	Total SREP own funds requirements (%)	8.00%		8.00%		n/a
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.50%		2.50%		n/a
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%		0.00%		n/a
9	Institution specific countercyclical capital buffer (%)	0.92%		0.82%		n/a
EU 9a	Systemic risk buffer (%)	0.00%		0.00%		n/a
10	Global Systemically Important Institution buffer (%)	0.00%		0.00%		n/a
EU 10a	Other Systemically Important Institution buffer (%)	0.00%		0.00%		n/a
11	Combined buffer requirement (%)	3.42%		3.32%		n/a
EU 11a	Overall capital requirements (%)	11.42%		11.32%		n/a
12	CET1 available after meeting the total SREP own funds requirements (%)	23.99%		24.21%		n/a
<b>Leverage ratio</b>						
13	Total exposure measure	370,504		307,489		n/a
14	Leverage ratio (%)	48.19%		62.01%		n/a
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0%		0%		n/a
EU 14b	of which: to be made up of CET1 capital (percentage points)	0%		0%		n/a
EU 14c	Total SREP leverage ratio requirements (%)	3.00%		3.00%		n/a
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.00%		0.00%		n/a
EU 14e	Overall leverage ratio requirement (%)	3.00%		3.00%		n/a
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	238,575		215,413		n/a
EU 16a	Cash outflows - Total weighted value	55,258		70,248		n/a
EU 16b	Cash inflows - Total weighted value	30,528		39,918		n/a
16	Total net cash outflows (adjusted value)	28,466		30,330		n/a
17	Liquidity coverage ratio (%)	838.09%		710.23%		n/a
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	332,632		302,496		n/a
19	Total required stable funding	177,617		133,291		n/a
20	NSFR ratio (%)	187.27%		226.94%		n/a

Template 1: EU KM1 - Key Metrics

### 3 Governance Arrangements

Institutions shall disclose the information referred to in Article 435(2) CRR II with regard to the governance arrangements using EU OVB template below. To facilitate the reading, the relevant information is provided as free text in the following chapters.

Legal basis	Row number	Free format	Disclosure chapter
Point (a) of Article 435(2) CRR	(a)	The number of directorships held by members of the management body.	Chapter 3.2, Chapter 3.3
Point (b) of Article 435(2) CRR	(b)	Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise.	Chapter 3.2, Chapter 3.3
Point (c) of Article 435(2) CRR	(c)	Information on the diversity policy with regard of the members of the management body.	Chapter 3.1
Point (d) of Article 435(2) CRR	(d)	Information whether or not the institution has set up a separate risk committee and the frequency of the meetings.	Chapter 3.3.2
Point (e) Article 435(2) CRR	(e)	Description on the information flow on risk to the management body.	Chapter 4

#### *Template 2: EU OVB - Disclosure on Governance Arrangements*

### 3.1 General Arrangements - CFCH

CFCH is incorporated in Luxembourg in the form of a public limited company (Société Anonyme). According to its Articles of Incorporation, CFCH has a Board of Directors. The members of the Board of Directors conduct the business of the Company in accordance with all applicable laws and regulations. As the direct parent of CFCL, CFCH qualifies as a parent financial holding company in Luxembourg in accordance with Article 1 (6b) of the Law of 5 April 1993 on the financial sector, as amended.

CFCH maintains a comprehensive suitability assessment policy and a corresponding side-letter defining specific job descriptions of Board of Directors members. The objective of this policy is to ensure that members of the Board of Directors of CFCH are suitable in terms of reputation, experience and governance criteria, as stipulated in the joint ESMA and EBA “Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU” [EBA/GL/2017/12/ESMA71-99-598].

In addition to the suitability assessment policy, CFCH has defined several diversity principles that govern the selection of Board of Directors members. The principles, listed below in detail, refer to educational and professional background, gender, age and geographical provenance with the aim to achieve a variety of views and experiences and to facilitate independent opinions within the Board of Directors:

- CFCH aims to achieve a balanced representation of women and men.

- The age structure of the Board should be of an appropriately broad range.
- An appropriately broad range of education and professional backgrounds should be present in the Board; and
- The composition of the Board should reflect CFCH's international profile.

The suitability assessment is initiated when it is intended to appoint or elect a new member of the Board of Directors, if a member resigns from the mandate causing material changes to the composition of the management body, in the event of any material changes (for example, reduction of work time, change regarding the scope or nature of the mandate or negative event with regard to the reputation) and on a regular basis, at least once a year.

To benefit from a balanced gender diversity and to fulfil the requirements under Article 435(2)(c) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, the Board of Directors of CFCH has approved the Gender Diversity Policy and decided on a target to increase the number of the under-represented gender in the management body.

The members of the Board of Directors of CFCH agreed on a 20% target quota for the representation of the under-represented gender (currently female) in the Board of Directors by 31 December 2028.

In the following paragraphs, the composition of the Board of Directors is reflected as at the end of the reporting period, being 31 December 2023.

### 3.1.1 Board of Directors

According to the Articles of Incorporation of CFCH, the Board of Directors consists of at least three (3) members. However, if the Company has a sole shareholder, the number of directors may be limited to one, until the Ordinary General Meeting following the establishment of the existence of more than one shareholder. The members of the Board of Directors are required to fulfil certain criteria, as laid down in the Suitability Assessment Policy, and to comply with regulatory requirements, as set out in the section above. Such criteria include but are not limited to: Members of the management body should have an up-to-date understanding of the business, of CFCH, and its risks. The assessment of a member's knowledge, skills and experience should consider both the theoretical experience attained through education and training and the practical experience gained in previous occupations.

A member of the management body should be considered to be of good repute, honesty, and integrity if there are no objective and demonstrable grounds to suggest otherwise, and no reason to have reasonable doubt about his or her good repute, honesty and integrity.

The Board of Directors prepares a job description and a candidate profile for a specific position. Subsequently, the Board of Directors identifies and recommends suitable candidates, who are sent for approval to the General Meeting of Shareholders. Following selection and nomination, Boards and Committees, Clearstream prepares the formal decision of the General Meeting of Shareholders to appoint the candidate as new member. The appointments of members to the Supervisory Board require prior express approval by the competent authority (CSSF).

On 31 December 2023, the Board of Directors consisted of the persons displayed in Table 3, which also discloses the number of directorships held by each member as required by Article 435(2) of CRR II.

In 2023, one new directorship was approved by the competent authorities.

The Board of Directors typically meets four (4) times per year, with additional meetings possible at the discretion of the Board of Directors members. In these meetings, it is informed about normal business activities as well as all substantial business events. In the event of extraordinary incidents, the CFCH Board of Directors is informed immediately.

<b>Name – position</b>	<b>Number of directorships</b>
Oliver Engels	1
Michèle Bierset	1
Mark Gem	2

*Table 1: Board of Directors Members*

### **3.2 General Arrangements - CFCL**

CFCL is incorporated in Luxembourg in the form of a public limited company (Société Anonyme). According to its Articles of Incorporation, CFCL has implemented a two-tier board structure, consisting of the Executive Board responsible for management and the Supervisory Board responsible for supervision and control. The members of the Executive Board and the Supervisory Board conduct the business of the Company in accordance with all applicable laws and regulations, notably the Law of 10 August 1915 on commercial companies, as amended, as well as the Law of 5 April 1993 on the financial sector, as amended, CSSF circulars, notably the CSSF Circular 12/552, as amended, the relevant EU framework, the Articles of Incorporation, the Internal Rules and Regulations of the Supervisory Board, and the Internal Rules and Regulations of the Executive Board.

CFCL maintains a comprehensive suitability assessment policy and a corresponding side-letter defining specific job descriptions of Supervisory Board and Executive Board members. The objective of this policy is to ensure that the members of the Executive Board of CFCL, the members of the Supervisory Board and key function holders of CFCL are suitable in terms of reputation, experience and governance criteria, as stipulated in the joint ESMA and EBA “Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU” (EBA/GL/2017/12/ESMA71-99-598) as well as in the Luxembourg Law of 5 April 1993 on the financial sector.

In addition to the suitability assessment policy, CFCL has defined several diversity principles that govern the selection of Executive Board and Supervisory Board members. The principles, listed below in detail, refer to educational and professional background, gender, age and geographical provenance with the aim to achieve a variety of views and experiences and to facilitate independent opinions within the Executive Board and the Supervisory Board:



- CFCL aims to achieve a balanced representation of women and men.
- The age structure of the Boards should be of an appropriately broad range.
- An appropriately broad range of education and professional backgrounds should be present in the Boards; and
- The composition of the Boards should reflect CFCL's international profile.

The suitability assessment is initiated when it is intended to appoint or elect a new member of the Executive Board or the Supervisory Board, if a member resigns from the mandate causing material changes to the composition of the management body, in the event of any material changes (for example, reduction of work time, change regarding the scope or nature of the mandate or negative event with regard to the reputation) and on a regular basis, at least once a year.

To benefit from a balanced gender diversity and to fulfil the requirements under Article 435(2)(c) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, the Supervisory Board of CFCL has approved the Gender Diversity Policy and decided on a target to increase the number of the under-represented gender in the management body.

The members of the Supervisory Board of CFCL agreed on a 20% target quota for the representation of the under-represented gender (currently female) in both the Supervisory Board and the Executive Board by 31 December 2027.

The rules of the limitation of mandates in accordance with Article 38-2 of the Luxembourg Law of 5 April 1993 on the financial sector must be complied with. Under this definition, and in consideration of the legal permissibility of the aggregation of mandates, on 31 December 2023 all members of the Executive and Supervisory Boards of CFCL complied with these rules.

In the following paragraphs, the composition of all boards and committees is reflected as at the end of the reporting period, being 31 December 2023.

### **3.2.1 Supervisory Board**

According to the Articles of Incorporation of CFCL, the Supervisory Board consists of at least three (3) members. The members of the Supervisory Board are required to fulfil certain criteria, as laid down in the Suitability Assessment Policy, and to comply with regulatory requirements, as set out in the section above. Furthermore, the Supervisory Board in its entirety must have the necessary skills, capabilities, and experience to supervise and control the Executive Board of CFCL. This requires understanding of the business of a credit institution. Such criteria include but are not limited to: Members of the management body should have an up-to-date understanding of the business, of the Bank and its risks. The assessment of a member's knowledge, skills and experience should consider both the theoretical experience attained through education and training and the practical experience gained in previous occupations.

A member of the management body should be considered to be of good repute, honesty, and integrity if there are no objective and demonstrable grounds to suggest otherwise, and no reason to have reasonable doubt about his or her good repute, honesty and integrity.

The Supervisory Board resolves to approve a job description and a candidate profile for a specific position. Subsequently, the Supervisory Board identifies and recommends suitable candidates, who are sent for approval to the General Meeting of Shareholders. Following selection and nomination, Boards and Committees, Clearstream prepares the formal decision of the General Meeting of Shareholders to appoint the candidate as new member. The appointments of members to the Supervisory Board require the prior express approval by the competent authority (CSSF).

On 31 December 2023, the Supervisory Board consisted of the persons displayed in Table 1, which also discloses the number of directorships held by each member as required by Article 435(2) of CRR II.

In 2023, one new directorship was approved by the competent authorities.

The Supervisory Board typically meets four (4) times per year, with additional meetings possible at the discretion of the Chairperson. In these meetings, it is informed about normal business activities as well as all substantial business events. In the event of extraordinary incidents, the CFCL Supervisory Board is informed immediately.

<b>Name – position</b>	<b>Number of directorships</b>
Stephan Leithner – Chairperson	1
Stephanie Eckermann	1
Labiba Homsy	4
Yves Baguet	1

*Table 2: Supervisory Board Members*

### **3.2.2 Executive Board**

According to CFCL’s Articles of Incorporation, the Executive Board shall be composed of at least three (3) members who are appointed by the Supervisory Board of CFCL for a period of four (4) years. The Executive Board is chaired by the CEO.

The recruitment process of members of the Executive Board starts with the Supervisory Board resolving on a job description and candidate profile for a specific position. Afterwards, the Supervisory Board identifies and approves suitable members. After the selection and nomination of a candidate, Boards and Committees, Clearstream prepares a formal decision of the Supervisory Board. The appointment of new members of the Executive Board of CFCL requires prior approval by the CSSF.

The Executive Board is responsible for managing CFCL in accordance with the applicable laws, the Articles of Association, and its internal rules and regulations with the objective of creating sustainable value in the interest of the Company, and taking into consideration the interests of the shareholders, employees, and other stakeholders. The Executive Board is responsible for establishing a proper business organisation, encompassing appropriate and effective risk management.

The members of the Executive Board must be professionally suitable and reliable for the management of a credit institution, and they must be able to devote sufficient time to fulfil their tasks. Further, sufficient theoretical and practical knowledge of the business of a central securities' depository/credit institution is required from all members of the Executive Board. In addition, the members of the Executive Board must have:

- An understanding of banking and financial markets, especially within the regulatory framework.
- An understanding of managing credit institutions; and
- Sufficient experience in managerial positions.

The business distribution scheme regulates the allocation of tasks and responsibilities between the Board members. Nevertheless, the Executive Board remains collectively responsible for the fulfilment of the duties as defined by law and set out in the Articles of Incorporation (overall responsibility).

Meetings of the Executive Board are held monthly or more frequently if required. On 31 December 2023, the Executive Board consisted of the persons displayed in , which also discloses the number of directorships held by each member, as required by Article 435(2) CRR II.

<b>Name – position</b>	<b>Number of directorships</b>
Philippe Seyll – Chief Executive Officer	1
Marco Steeg	1
Kevin Hayes	1
Harold Defays	1
Sonia Dribek-Pfleger	1
Neil Wise	1

*Table 3: Executive Board Members*

### 3.2.2.1 Committees

In 2023, the CFCL Supervisory Board did not have a separate Audit or Risk Committee.

## 4 Risk Management

In application of Article 435(1) of CRR II the qualitative information on risk management in CFCH is disclosed using guidance for template EU OVA below in the following chapters:

Legal basis	Row number	Qualitative information – Free format	Report chapter
Point (f) of Article 435(1) CRR II	(a)	Disclosure of concise risk statement approved by the management body	Chapter 4.1 Concise Risk Statement
Point (b) of Article 435(1) CRR II	(b)	Information on the risk governance structure for each type of risk	<i>Not applicable to CFCH</i>
Point (e) of Article 435(1) CRR II	(c)	Declaration approved by the management body on the adequacy of the risk management arrangements.	Chapter 4.4 Declaration of Adequacy of risk management arrangements
Point (c) of Article 435(1) CRR II	(d)	Disclosure on the scope and nature of risk disclosure and/or measurement systems.	<i>Not applicable to CFCH</i>
Point (c) of Article 435(1) CRR II	(e)	Disclose information on the main features of risk disclosure and measurement systems.	<i>Not applicable to CFCH</i>
Point (a) of Article 435(1) CRR II	(f)	Strategies and processes to manage risks for each separate category of risk.	Chapter 4.3 Risk Strategy Chapter 4.6 Risk Management Process
Points (a) and (d) of Article 435(1) CRR II	(g)	Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants.	Chapter 4.6 Risk Management Process

### *Template 3: EU OVA - Institution Risk Management Approach*

#### 4.1 Concise Risk Statement

In accordance with point (f) of Article 435 (1) of the CRR II, the concise risk statement represents the statement approved by the Board of Directors of CFCH and Executive Board of CFCL on the appropriateness of the risk management system and procedures and the description of the entity's risk profile associated with the business strategy.

The below concise risk statement was approved by the Executive Board of CFCL on 05.06.2024 and by the Board of Directors of CFCH on 10.06.2024.

This statement focuses on CFCH at consolidated level. The entities within the consolidation scope are:

- CFCH, a holding company based in Luxembourg which is a direct subsidiary of Deutsche Börse AG (“DBAG”); and

- CFCL, a credit institution fully owned by CFCH and established to realise the strategy of DBAG to carve out all activities related to Investment Funds Services (“IFS”) and create the basis stand-alone fund infrastructure dedicated only to investment funds. Since July 2023, the Clearstream Fund Centre S.A. Cork Branch in Ireland (“CFCL, Cork”), transferred from Clearstream Global Securities Ltd. (“CGSS”), has been primarily supporting order processing, settlement, and asset servicing.

Effective and efficient risk management is vital to protect the Banks interests, and it enables CFCL to achieve its corporate goals and safeguard its continued existence. CFCL has therefore established a risk management system consisting of roles, processes, and responsibilities applicable to all staff. This concept is designed to ensure that emerging risks can be identified and dealt with as early as possible. Moreover, CFCL Risk Management prepares and provides regular comprehensive risk reporting to the Executive Management and the respective CFCH Boards.

The CFCL Risk Strategy compliments its business strategy, setting limits to specify the maximum risk permitted (Risk appetite Framework) for its, operational risks, financial risks, pension risks and business risks. This is achieved by establishing respective requirements for risk management, risk control and risk limitation.

The business strategy of CFCL is updated annually and on an ad hoc bases in cases of material business change. Consideration is given to both internal and external environmental impacts such as macroeconomic and geopolitical changes. Other factors, such as the Material Change Process view, action plan for projects and investments the company is engaging in are taking into account. CFCL’s Risk Management ensure the coherence of the risk strategy with the annual business strategy, identifying new risks and business threats. Forward-looking risk scenarios are considered to minimise risk exposure to capital and liquidity. The Internal Capital Adequacy Assessment Process (ICAAP) builds upon the material risks identified in the Risk Strategy and ad hoc review. The execution of the CFCL Risk Strategy ensures timely and adequate risk control, identify continually assessing and reporting risk health in a structured and consistent method.

The results of these assessments are collected and used to systematically analyse and control the risks. Risk reports, covering existing and potential risks, are prepared on a regular and ad-hoc basis. These results are incorporated into the reporting for both CFCL, CFCH and the DBG group-level system. To ensures that appropriate measures are taken to avoid, reduce, transfer risk or, where appropriate, consciously accept risk.

CFCL Risk Management regularly prepares and provides comprehensive risk reports to the Executive Management and the respective Boards. The reports include risk quantification results in comparison with the established limits, supported by qualitative risk information, stress test results, and recommendations on capital adequacy. These reports are produced on a quarterly basis, in addition, a monthly report is circulated. The limit utilisation from an economic perspective is reported to the CFCL’s Executive and Supervisory Boards by CFCL Risk Management through these regular risk reports, using traffic lights to indicate the respective limit utilisation. The CFCL Executive Board as well as the CFCH Board of Directors defines and approves the limits as part of the risk appetite established in CFCL’s

Risk Strategy. The Risk Metric is a measured Risk Appetite and can be defined against red, orange, and yellow thresholds, approved by the Executive Board.

The Risk Management function at CFCL acts according to the following guiding principles, being consistent with the Risk Management principles at group level:

- support CFCL's mission by providing sound risk management services to our clients, to promote the integrity, transparency, efficiency, and the safety of capital markets.
- support CFCL's business strategy (as part of DBG's Clearstream Fund Services segment) by identifying, understanding, and assessing the risks CFCL faces.
- manage risk efficiently in line with the overall quantitative and qualitative risk appetite; and
- add value to strategic decisions related to, for example, mergers and acquisitions, new products and services, or technological changes, by creating transparency on associated risks and controls.

These guiding principles are complemented and implemented by clear ultimate responsibilities, risk awareness and culture, risk communication and reporting:

**Ultimate responsibilities:** The Executive Board and the Supervisory Board are ultimately responsible for the risk strategy of CFCL by ensuring that it is consistent, complete, sustainable, and up to date. The risk strategy reflects the risk appetite, which defines the maximum loss the Executive Board is willing to take in one year, the risk tolerances, and the aspired performance levels. The Executive Board ensures that the risk strategy is integrated into the business activities throughout CFCL and that adequate measures are in place to implement the strategies, policies, and procedures.

**Risk awareness and risk culture:** Risk awareness and a corresponding strong risk culture are encouraged, through for example, appropriate organisational structures and responsibilities, adequate processes, and the knowledge of the employees enhanced by regular mandatory trainings. The adequacy of the risk management and controlling systems is assessed regularly.

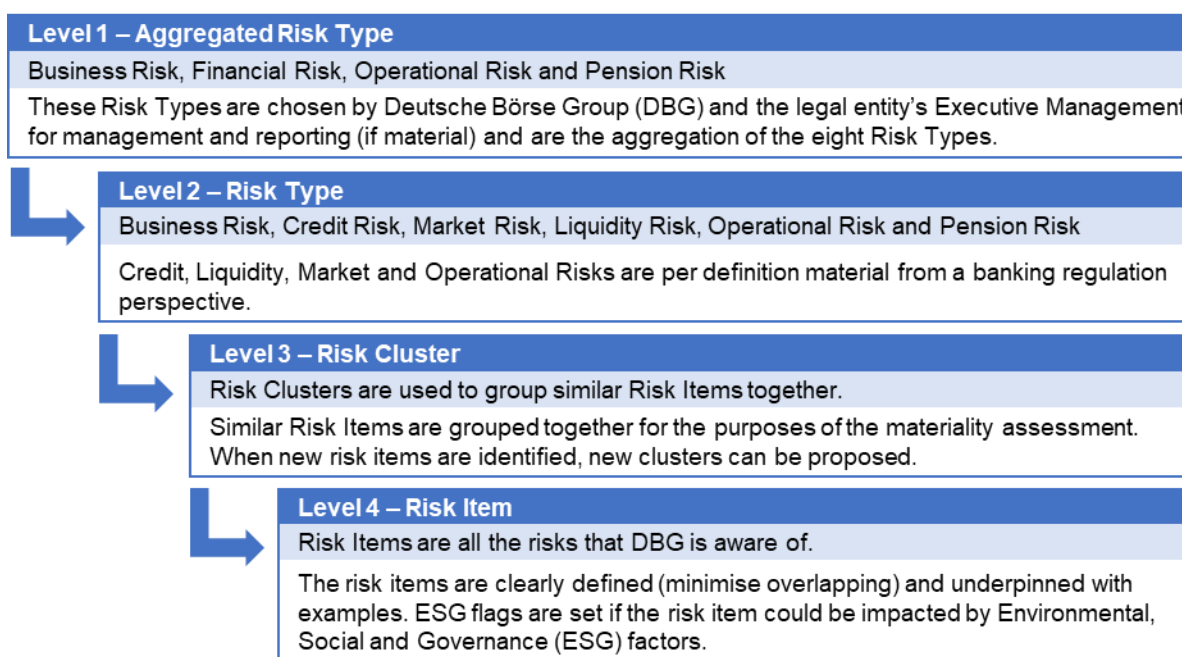
**Risk communication and reporting:** The responsible management bodies are informed in a timely and comprehensive manner about CFCL's risk profile, relevant risks and relevant losses. CFCL Risk Management may issue ad hoc reports when a new risk situation arises or there is a development in an existing risk that needs to be reported to the CFCL Executive Board. The internal reporting and communication are supplemented by external reporting.

The identified risks are mapped to the internal, annually updated risk inventory. The risk inventory process aims to ensure that CFCL undertakes a regular, structured identification and assessment process of the risks it might be exposed to due to its business model and industry environment. For the purpose of an effective review of the overall risk profile, the risk inventory process is not limited to certain areas of CFCL's activities or products but to all the entity's financial and non-financial activities, subsidiaries, and other connected entities as well as outsourcing arrangements to ensure an adequate risk assessment

covering dependencies to other entities that could have a material impact on CFCL’s risk profile. The risk inventory process is subject to an annual review performed by Risk Management on legal entity level and is approved by the relevant Executive Boards. As defined by the risk inventory, CFCL’s risk profile consists of five aggregated risk types: operational risk, financial risk, business risk and pension risk.

The risk inventory is based in the risk taxonomy and is a comprehensive and complete list of all the potential risk items that the entity may be exposed to due to its current and future business operations, and therefore includes all the risks the entity is aware of. The same Risk Taxonomy is used across the DBAG group to ensure a proper and consistent understanding of risks across the group. The Risk Taxonomy is summarised (as shown in Figure 3) by four levels:

- Aggregated Risk Types.
- Risk Types.
- Risk Clusters; and
- Risk Items.



*Figure 3: CFCL’s Risk Inventory Taxonomy Structure*

CFCL uses various quantitative and qualitative risk management methods to monitor and control the risk profile. The combination of different methods is intended to provide a comprehensive picture of the current risk situation as accurately as possible. The risk bearing capacity (RBC) concept is designed to ensure that CFCL can absorb any emerging risks, thereby securing the Bank to take appropriate measures to safeguard CFCL’s continued going concern. The risk appetite corresponds to the level of risk CFCL is willing to accept in order to conduct its business.

In terms of quantitative risk appetite from the economic perspective, it is the objective to ensure that it is 99.9% likely or greater (that is, no more than once in 1,000 years) that the total capital will not be exhausted within the next 12 months (economic perspective). This principle establishes how much risk CFCL must be able to withstand and the level of risk appetite that it has. CFCL's risk appetite framework consists of the tools and concepts used to manage risks. The aim is to be able to monitor risks continuously and thereby manage risks according to the risk appetite.

The allocation of RBC to material risk types, such as operational risk, business risk, and financial risk, with sub-limits for credit risk and market risk, take into account CFCL's risk profile. Additionally, various relevant factors must be considered, including historical values of required economic capital (REC) for specific risk types, planned revenue development, operations volume, credit portfolio, and intended model changes for quantifying certain risk types. The determination of risk appetite is made jointly by the Executive Board and the Supervisory Board of CFCL, considering risk confidence levels and specific risk types.

The quantitative and qualitative aspects of liquidity risk are consistent and aligned with the institution's business strategy and overall risk appetite. The liquidity risk strategy is just one component of the overall risk strategy. In addition, the liquidity risk concepts and methodologies, and the liquidity stress testing framework are aligned with the risk strategy and constitute core components of the risk appetite framework.

CFCL's liquidity risk appetite is defined as the level of liquidity risk that CFCL is willing to accept to pursue its business objectives, while meeting regulatory requirements. CFCL's liquidity risk management objective is to have the ability to ensure all pending payment instructions are processed in a timely manner under normal and stressed conditions.

In order to identify, measure, and closely monitor its liquidity position, CFCL implemented risk metrics to ensure compliance with the guidelines of EBA, and the principles and requirements established by the CRR II through the calculation of the liquidity ratios:

- Survival horizon.
- Maximum buffer usage in the 1st week.
- Liquidity coverage ratio (LCR); and
- Net stable funding ratio (NSFR).

Currently, CFCL does not incur intraday liquidity risks, as the client accounts are still managed by CBL. However, once clients are transferred from CBL to CFCL, intraday liquidity risk will become relevant.

In order to meet the minimum requirements for the regulatory liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), CFCL has established corresponding limits and early warning indicators. During 2023, CFCL significantly exceeded the required minimum ratio of 100% on every reporting date. At the end of 2023, the LCR was 852% (CFCH's LCR was 856%) and fully-fledged NSFR was 188% (CFCH's NSFR was 187%). The leverage ratio of CFCL



exceeded the required minimum ratio of 3%, it was reported at 48.3% as of EOY 2023 (CFCH's LR was 48.2%).

From the economic perspective, the institution manages its liquidity adequacy taking into consideration the specific features of its business model and ensuring that the expected outflows are sufficiently covered by internal liquidity. Given CFCL specific vulnerabilities, all relevant and quantifiable risks identified in the risk identification process are considered and are assessed under baseline and stressed scenarios.

CFCL is calculating a liquidity gap that includes forecasted cashflows for all CFCL's products and other potential inflows / outflows (for example, rent, salary, taxes). In addition, there is a projected view of the available liquidity buffer over time to cover potential liquidity shortfalls. The liquidity buffer of CFCL during 2023 consisted purely of cash in the central bank.

Both the liquidity gap and the liquidity buffer are calculated in 4 scenarios as per regulatory requirement:

- Base scenario.
- Idiosyncratic stress scenario.
- Market stress scenario; and
- Combined idiosyncratic and market stress scenario.

In 2023, CFCL consistently maintained excess liquidity on a daily basis, and no liquidity shortages occurred during regular business operations. As a result, the Executive Board of CFCL and Board of Directors of CFCH considers that the entity's liquidity position and internal liquidity adequacy assessment process (ILAAP) are sufficient to cover all identified liquidity-related risks.

Capital planning is conducted over a time-horizon of three years, which is aligned with the time-horizon of DBG's strategic planning. The capital plan of CFCL respectively CFCH is updated at least once a year: The capital planning process is performed regularly in Q4 of each year. In addition, ad-hoc updates can become necessary in case of extraordinary events (for example, material business changes / developments, mergers and acquisition transactions, regulatory legal changes, etc.).

In 2023, CFCL effectively managed the risks that it was exposed to, and the results of capital planning indicated that the company is adequately capitalised for the next three years.

CFCL's governance maintains a continuous process of identifying, updating, notifying, assessing, aggregating, and monitoring the institution's risks. Rigorous risk identification covers both historical risks and provisioned risks. To enhance understanding and model capital requirements effectively, these risks undergo stress testing.

For all relevant risk categories and subcategories, CFCL conducted stress tests ("ST") during 2023. These ST results were compared against the RBC. The conclusion is that even

the potential worst-case loss would be covered by capital. CFCL ensures that the institution maintains sufficient internal capital aligned with its risk profile.

In addition to traditional risk-specific stress tests, which analyse predefined stress scenarios and are reported quarterly, CFCL also performs annual reverse stress tests. These identify combinations of eligible stress scenarios that would exceed the entity's available risk bearing capacity (ARBC). Insights from reverse stress tests inform further risk mitigation or reduction measures. Additionally, CFCL quantifies risk-wide stress tests, assessing simultaneous impacts across various risk types. The institution has also developed adverse scenarios for capital planning purposes.

As of the end of 2023, CFCL and CFCH maintain a total capital ratio of 32%, indicating that their actual capital holdings, own funds of €178.8 million for CFCL and €178.5 million for CFCH, exceed the regulatory requirements.

Furthermore, the REC stands at €90.3 million for both CFCL and CFCH, well within the defined limits and aligned with the risk appetite, 50.5% utilisation of ARBC for CFCL and 50.6% for CFCH.

CFCL has maliciously stress-tested various scenarios, benchmarked against the ARBC. The conclusion is that even severe, yet plausible, losses would be adequately covered by capital.

In summary, CFCL and CFCH have thoroughly identified relevant risks, considered their risk profile, and determined the required economic capital needs. Consequently, their capital position is deemed sufficient to cover all identified risks.

The Board of Directors of CFCH and Executive Board of CFCL are confident in the effectiveness of its risk management system. CFCL continuously evaluates its risk environment and profile. Based on stress test results, required economic capital, and the risk management system, the Board concludes that CFCL's available risk-bearing capacity ("ARBC") is sufficient. Additionally, no risks with significant probabilities are identified that could threaten CFCL's viability. The risk management system is considered adequate for CFCL's profile and strategy.

CFCL Risk Management actively monitors current macroeconomic and geopolitical risks.

Key risk ratios and figures can be found in the EU KM1, EU OVA, EU LIQ1, EU LIQ2, EU IRRBB1 sections, and in the different risk type-specific sections. In addition, details are laid out in the following referenced sections:

Article 435(1)(f) CRR II requirements	Reference
<b>Risk Profile</b>	Chapter 4.13. Risk Profile
<b>Strategy</b>	Chapter 4.3. Risk Strategy Chapter 4.5. Risk Culture
<b>Management of risk</b>	Chapter 4.2. Risk Management Framework Chapter 4.6. Risk Management Process Chapter 4.7. Risk Identification Chapter 4.8. Risk Notification Chapter 4.9. Risk Assessment Chapter 4.10. Risk Treatment Chapter 4.11. Risk monitoring and reporting Chapter 7. Operational Risk Chapter 8. Credit Risk Chapter 9. Liquidity Risk Chapter 10. Market Risk / IRRBB Chapter 11. Other Risk Types
<b>Risk tolerances</b>	4.9. Risk Assessment
<b>Key ratios and figures</b>	Chapter 2. Key metrics Chapter 5. Linkages of Financial Statements Chapter 6. Composition of Capital Chapter 7. Operational Risk Chapter 8. Credit Risk Chapter 9. Liquidity Risk Chapter 10. Market Risk / IRRBB

*Table 4: Concise Risk Statement*

In relation to transactions involving the group, its affiliates, and related parties, these primarily stem from the outsourcing agreements between CFCL and other DBG entities. This was an agreement in result of the carve-out of all activities related to investment funds services (IFS).

Currently, CFCL directly provides only non-custody services. Funds related activities have already been integrated into CFCL, while CBL serves as the central securities depository and provides services related to settlement, safekeeping, asset servicing, record keeping, and client connectivity. CFCL ensures the necessary controls for these services. Only receipt and transmission of orders (RTO) services and execution of orders are handled by CFCL itself, using its own staff and infrastructure.

The relationship between CFCH and DBAG is primarily based on ownership and the flow of funds from CFCH to DBAG. Liability for client claims on the cost side and fee-based revenues and net interest income (NII) on the revenue side have been transferred from CBL to CFCL.

Given that CBL provides outsourcing services to CFCL and is in direct contact with CFCL clients, there are reputational risks. These risks arise from potential issues with the quality of service, confidentiality and security, and dependency on the outsourcing entity. If CBL fails to deliver the expected level of service or if there are any data breaches, it could harm CFCL's reputation as clients may not distinguish between the two entities. Similarly, dependency on CBL can pose a risk if CBL faces any operational issues.

In addition to reputational risks, CFCL should also consider operational and compliance risks. Operational risks could arise from inadequate or failed internal processes, people, and systems, or from external events. Compliance risks involve the risk of legal penalties if CFCL fails to act in accordance with industry laws and regulations, internal policies, or prescribed best practices.

All these risks, arising from the outsourcing agreement, were considered during the risk assessment as operational risks.

## 4.2 Risk Management Framework

CFCL's risk management framework is designed to record, assess, and control all risks. The framework includes procedures for identifying, notifying, assessing, treating, and monitoring/reporting risks. A risk management system, aligned with the group, has been established, which is applicable to all employees and organisational units. This system is vital for achieving business objectives and allows for the early detection and management of potential risks.

Risk at CFCL is defined as a potential negative impact on its financial, revenue, or liquidity situation. The risk strategy is aligned with the business strategy, governing risk levels across various activities. Emphasis is placed on risk mitigation, with measures taken to avoid, reduce, or transfer risk as needed. Regular risk reporting ensures reliable data for measurement and control. The Executive Board members share responsibility for the risk strategy and ensure its integration across all the Group's business activities. Adequate

measures are in place to effectively implement the strategies, policies, and procedures outlined in the risk management framework.

The implementation of the risk strategy is detailed in the following section.

### 4.3 Risk Strategy

The CFCL Risk Strategy is based upon its business strategy and updated at least annually considering changes in the internal and external business environment as well as possible threats for the company stemming from geopolitical environment, market development or the regulatory agenda, which may affect CFCL's earnings or liquidity situation. Leveraging on the DB Group's methodology, CFCL's Risk Strategy is structured around the following key risk strategy statements:

- **Risk limitation** – Risk management aims to protect and ensure continuity of operations with its risk limitation in both capital and liquidity terms.  
  
“With 99.9% confidence, capital is expected not to be exhausted within the next 12 months”. This principle establishes how much risk CFCL must be able to withstand and provides the framework for CFCL's level of risk appetite. In addition, liquidity must be at sufficient levels at all times, particularly regarding the Liquidity Coverage Ratio.
- **Supporting safe and compliant growth in the various business divisions** – “CFCL Risk Management supports the business division in successively migrating the CFS business into CFCL and to expand their overall business with extending the custody and banking services as laid down in the business strategy”.
  - CFCL ensures that service, client migration and the resulting capital and liquidity requirements are in line with the available capital and the liquidity situation. This is achieved through a risk management process that includes a comprehensive risk assessment by CFCL Risk Management.
- **Appropriate risk and return ratio** – “The return on equity should exceed the cost of equity”.
  - CFCL has set itself the goal that risk and return should be in a reasonable proportion across the product and client base.

In accordance with the CSSF Circular 12/552, as amended, CFCL's risk strategy forms the foundation of CFCL's Risk Management framework, which is developed in accordance with the DB Group risk policies and procedures.

The general risk management concept, describing the risk management framework in terms of processes, roles, and responsibilities, is based on the COSO ERM framework. CFCL's Risk Management framework strives for clear risk ownership and accountability, thereby following the group-wide framework.

The risk strategy includes statements concerning risk appetite as previously mentioned and sets limits to the RBC per risk type. REC is compared with the available RBC, which is defined as regulatory own funds, eligible regulatory capital, minus adjustments for unrealised losses driven mainly by ongoing litigations, for non-consolidated entities as well as for potential further reasons. The allocation of RBC for CFCL is defined as follows: Operational risk max 70%, financial risk max 20% and business risk max 10%. Pension risk is immaterial for CFCL and their subsidiaries, and therefore not actively managed.

The latest review of the risk strategy was approved by the Executive Board of CFCL in March 2024 via circular resolution in accordance with CFCL's Risk Strategy Process Procedure.

#### **4.4 Adequacy of Risk Management Arrangements**

In the Board of Directors meeting of CFCH held in June 2023 and Executive Board meeting of CFCL held June 2023, it was determined that the CFCL's risk management system is effective and adequate in relation to CFCL's risk profile and strategy, as per the requirements of point (e) of Article 435 (1) of the CRR II.

#### **4.5 Risk Culture**

CFCL fosters a risk-conscious culture and accountability through appropriate organisational frameworks, efficient procedures, and ongoing development of employee risk awareness. The principles of the DBG/CFCL risk culture are determined by individuals, framed by risk appetite, based on adherence to rules, shaped by incentives, and driven by leadership.

CFCL's risk culture is fundamentally built on the financial stability board's four pillars of a robust risk culture: tone from the top, accountability, effective communication and challenge, and incentives. This approach aims to establish clear ownership and accountability for risk.

To establish and foster risk awareness and culture, CFCL supports and initiates initiatives to educate staff in the specifics of CFCL's risk profile, processes, products, relevant markets, and infrastructure. It also strengthens risk awareness and implements opportunities for staff to report and draw attention to identified risks and incidents. CFCL sets up a sound monitoring and regular assessment of identified risks, changed risk materiality, and incidents, as well as management decisions and mitigation actions taken and their respective effectiveness.

Efforts to strengthen risk culture in the company throughout all employees range from a virtual refresher training to the publication of a regular short case study on the intranet. As a supportive measure, annual people survey analysis was performed to provide an understanding as to how the risk culture is perceived within Clearstream.

#### **4.6 Risk Management Process**

CFCL's risk management process is based on the three lines of defence model, which means a segregation of duties within the risk management process between the Risk Owners (1<sup>st</sup> line of defence), the Risk Management functions (2<sup>nd</sup> line of defence) and the Internal Audit function (3<sup>rd</sup> line of defence). Care must be taken to avoid control gaps,

conflicts of interest and redundancies. The model serves to ensure that the framework set out in the risk strategy is in place and to establish a functioning monitoring system.



*Figure 4: Three lines of Defence Governance and Segregation of Duties Within the Risk Management Process*

Furthermore, the process aims at ensuring that all threats, causes of loss and potential disruptions are:

- Properly identified as soon as possible (identification).
- Centrally recorded (notification).
- Assessed (that is, quantified in financial terms to the largest possible extent).
- Controlled (mitigation and control); and,
- Reported in a timely manner and consistently, together with suitable recommendations to the Executive Board (monitoring and reporting).

The Group Risk Management Policy outlines the five key elements mentioned above, as well as the appropriate quality standards. These are continually reviewed by an independent audit function to ensure the effectiveness and appropriateness of the risk management process.

Risk control is carried out in the decentralised business areas where the risks arise. The appointment of 'Operational Risk Representatives' in CFCL's operational units ensures risk control. These representatives are responsible for identifying, notifying, and controlling any risk in their area. CFCL Risk Management, a central risk control function within CFCL, evaluates all current and potential future risks. Risk Management report on a quarterly basis, and as needed, to the relevant Board of Directors of CFCH and Executive Board of CFCL.

#### 4.7 Risk Identification

Risk identification is a comprehensive process that involves the recognition of all threats, causes of loss, and potential disruptions. These risks can stem from internal activities or external factors and can be associated with existing or new processes, or when concluding new business or entering new service areas.

The process is both proactive and reactive. On the proactive side, it involves regular reviews of processes to identify weak areas and potential points of failure. This could include scenarios such as manual input requirements, processes lacking four-eyes controls,

procedures subject to high volumes or tight deadlines, or scenarios of disruption or failure, considering all sources of issues like system unavailability or human error.

On the reactive side, the risk identification process can be triggered following an incident. To properly identify potential risks, a risk inventory process has been established and is carried out at least once a year by CFCL Risk Management.

The identification phase also includes the quantification of risks. This involves defining parameters based on either statistical data, in the case of actual process monitoring, or subjective expert judgement when statistics are insufficient. These parameters illustrate the risk and are determined by the relevant organisational unit.

All organisational units and individual employees are obliged to identify and quantify potential risks within their area of responsibility. This comprehensive approach to risk identification ensures a thorough understanding and management of potential threats.

#### **4.8 Risk Notification**

Risk notification is a crucial step in the risk management process, ensuring that all identified and quantified risks are centrally recorded. This process is vital for maintaining continuity in risk management. All organisational units and individual employees are required to promptly notify CFCL Risk Management of any risks they have identified and quantified.

This process allows CFCL to respond swiftly to identified risks that could potentially disrupt our business. It is essential that any matters that could have a significant impact on CFCL's business or that could alter the risk profile of CFCL are recognised as early as possible.

#### **4.9 Risk Assessment**

The Risk Assessment phase is carried out by Risk Management based on data and information produced by and collected from the relevant areas, whether in periodic and ad hoc reports or upon request of Risk Management. It considers mitigation measures currently in place, such as business continuity measures, and a qualitative approach may be used whenever it adds value or is deemed more adequate.

CFCL conducts a continuous assessment of material risks, applying an economic perspective to aggregate risks at the company level. The primary tool used for this purpose is the value at risk (VaR) concept. VaR quantifies the risks a company is exposed to and indicates the maximum cumulative loss that could be faced if certain independent loss events materialise over a specific time horizon for a given probability.

Following the notification of risk, the assessment of an incident or potential risk development includes a qualitative and quantitative assessment. This process allows the overall validation of the risk appetite in a comprehensive way, facilitating the prioritisation of risk management actions.

The models of CFCL Risk Management are based on a one-year time horizon. The VaR is calculated at a confidence level of 99.9%.



In addition to considering extreme scenarios in its risk management, CFCL also performs stress test calculations, which consider even more conservative parameters than the regular VaR calculations. Risk-wide stress tests, which incorporate the interaction of all material risk types, are carried out and reported to the Executive Board of CFCL on a quarterly basis.

Beyond traditional stress tests that analyse the impacts of predefined stress scenarios, CFCL calculates reverse stress tests. These tests aim to identify the stress scenarios that would exceed the ARBC. The findings of reverse stress tests can lead to further analyses and the implementation of additional measures to reduce risk(s).

#### **4.10 Risk Treatment**

At CFCL, risk treatment is a process that involves determining and implementing the most appropriate treatment for the identified risk. It encompasses risk avoidance, risk mitigation, risk transfer, and intentional risk acceptance. The control of operational risk is maintained by designating “operational risk representatives” across all pertinent units, whose main duties include the identification, notification, and control of any risk in their respective areas. It is mandatory for all organisational units and employees to execute risk control and put into action mitigating measures as per the defined governance process. In general, the monitoring of the effectiveness of implemented control measures is performed in an iterative way, starting at the quantification phase of the Risk Identification process.

#### **4.11 Risk Monitoring and Reporting**

In the final stage of the risk management process, the relevant CFCL boards and committees are consistently and promptly informed about material risks and associated risk control measures. This enables them to take suitable actions. The responsibility of providing this information lies with CFCL Risk Management.

Regular risk reports, prepared on a regular and ad hoc basis, cover both existing and potential risks. These reports, include risk quantification results compared to the limits, qualitative risk-related information, stress test results, and information about CFCL’s capital adequacy. CFCL Risk Management communicates the limit utilisation from an economic perspective to the Executive and Supervisory Boards of CFCL through these regular risk reports. These reports use a traffic light system to indicate the respective limit utilisation.

CFCL Risk Management may issue ad hoc reports when a new risk situation arises or when there is a development in an existing risk that should be reported to the CFCL Executive Board. This is particularly the case when a risk has a significant impact on the Bank’s risk profile.

Information is gathered and evaluated based on structured and consistent procedures. The assessment results are compiled and used for systematic risk analysis and control.

Lastly, the internal audit function serves as a third line of defence by providing additional assurance through independent audits. These audits confirm that risk control and risk management are performed adequately. The audit results are also incorporated into the risk management system.

## 4.12 ICAAP Information

In application of point (c) of Article 438 of the CRR II the institutions shall disclose, upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process (ICAAP) using template EU OVC

To facilitate the reading the relevant information is provided as free text below.

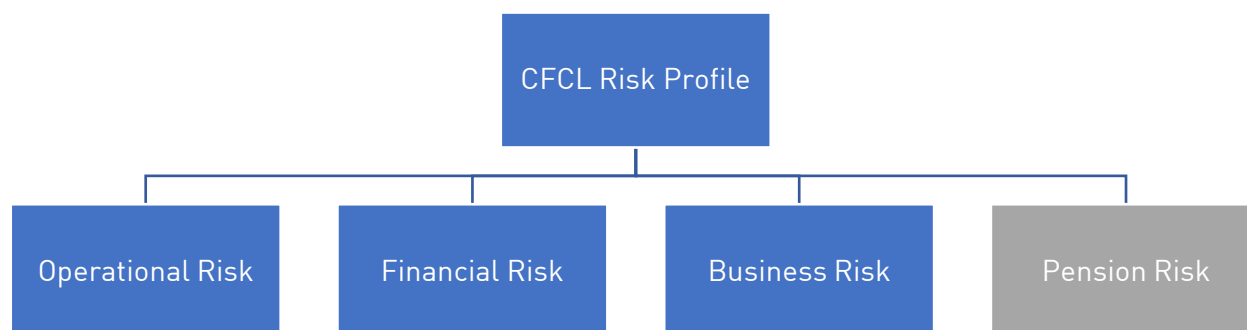
Legal basis	Row number	Qualitative information - Free format
Article 438(a) CRR II	(a)	<i>Not applicable to CFCH</i>
Article 438(c) CRR II	(b)	Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process.

### *Template 4: EU OVC – ICAAP Information*

The relevant competent authority (CSSF) did not specifically request the disclosure of the institution's internal capital adequacy assessment process results in the Pillar III report. Therefore, this section has been excluded.

## 4.13 Risk Profile

CFCL distinguishes between four major risk types, each managed and controlled using distinct methods. These risk types include operational risk, financial risk, business risk, and pension risk.



*Figure 5: CFCL's Risk Profile*

The risk profile of CFCL significantly differs from that of other financial services providers. While operational risk, business risk and financial risk are considered material, operational risk stands out as the major risk type within CFCL. In contrast, during the risk assessment, pension risk (in the narrow sense) was deemed immaterial. Subsequent chapters discuss the materiality and details of financial risk.

## 5 Linkages of Financial Statements

A reconciliation of own funds to audited financial statements pursuant to point (a) of Article 437, paragraph 1 CRR II must be applied by institutions as laid out in the Implementing Regulation (EU) No 1423/2013. In compliance with the exemption condition provided by Article 1711-5 of the law of 1915, CFCH opted for a consolidation on the level of the ultimate parent entity of the Group, Deutsche Börse AG (DBAG). Therefore, CFCH is not preparing consolidated financial statements.

The subsequent template for EU CC2 in chapter 6, represents a comparison of own funds between the audited financial statements for CFCL standalone and CFCL standalone regulatory figures.

As of 31 December 2023, CFCH had one direct subsidiary:

- CFCL, incorporated on 16 November 2021 as a limited liability company (Société Anonyme). The registered office of the Company is 42, avenue John F. Kennedy, L-1855 Luxembourg. CFCL is directly 100% owned by CFCH.

As of 31 December 2023, CFCL had one branch:

- Clearstream Fund Centre Cork (Cork branch) opened on 15 July 2023. Registered office: NSQ1, Navigation Square, Albert Quay East, Cork, Ireland.

## 6 Composition of Capital

### 6.1 Own Funds and Capital

Following the disclosure requirements in Article 437 (a) CRR II, as specified in the Implementing Regulation (EU) No. 2021/637 of March 2021, institutions are required to provide information concerning the capital composition, including reconciliation with their balance sheet and the main features of the regulatory capital instruments.

Furthermore, Article 438 of Part Eight CRR II requires disclosure of an overview of the total RWA and the related minimum capital requirements. Further breakdowns of RWAs are presented in subsequent parts of this report. Institutions should disclose an overview of total RWA forming the denominator of the risk-based capital requirements calculated per Article 92 CRR II and summary of the institution's calculation approaches chosen. Below templates for EU CC1 provide the composition of the Own Funds of CFCH consolidated and CFCL standalone on 31 December 2023 with accompanying ratios.

The total regulatory capital of CFCL and CFCH, consists of Common Equity Tier 1 (CET1) capital, which consists of subscribed capital, share premium, reserves, and retained earnings. Deductions of CET1 arise from intangible assets, deferred tax assets and regulatory adjustments.

(in 000 of €)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	270,159	equity (1)+ (2)
	of which: Instrument type 1 - Paid-in capital	30	equity (1)
	of which: Instrument type 2 - Share premium	270,129	equity (2)
2	Retained earnings	1,277	equity (6)
3	Accumulated other comprehensive income (and other reserves)	22,014	equity (3)+(4)+(5)
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>293,451</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	-	PVA on assets (3), (4), (5), (7), (8) and liabilities (1),(3)
8	Intangible assets (net of related tax liability) (negative amount)	(95,852)	assets (10)
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	equity (3a)
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(17,750)	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	assets (11)
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		

EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	(1,300)	Deductible net worth tax reserve in equity (5a)
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(114,902)</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>178,549</b>	
<b>Additional Tier 1 (AT1) capital: instruments</b>			
30	Capital instruments and the related share premium accounts		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>		
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>		
44	<b>Additional Tier 1 (AT1) capital</b>		
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>178,549</b>	
<b>Tier 2 (T2) capital: instruments</b>			
46	Capital instruments and the related share premium accounts		
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>		

Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>		
58	<b>Tier 2 (T2) capital</b>		
59	<b>Total capital (TC = T1 + T2)</b>	<b>178,549</b>	
60	<b>Total Risk exposure amount</b>	<b>558,213</b>	<b>Assets (1) to (13)</b>
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	31.99%	
62	Tier 1 capital	31.99%	
63	Total capital	31.99%	
64	Institution CET1 overall capital requirements	7.92%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.92%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.00%	
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	23.99%	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0.00	(4)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	19,630	(8)
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

*Template 5: EU CC1 – CFCH Consolidated Composition of Regulatory Own Funds*

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
(in 000 of €)			
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	285,728	equity (1)+ (2)
	of which: Instrument type 1 - Paid-in capital	8,701	equity (1)
	of which: Instrument type 2 - Share premium	277,027	equity (2)
2	Retained earnings	1,519	equity (6)
3	Accumulated other comprehensive income (and other reserves)	6,416	equity (3)+(4)+5)
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>293,662</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	-	PVA on assets (3), (4), (5), (7), (8) and liabilities (1),(3)
8	Intangible assets (net of related tax liability) (negative amount)	(95,852)	assets (10)
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	equity (3a)
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(17,729)	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	assets (11)
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	(1,300)	Deductible net worth tax reserve in equity (5a)
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(114,881)</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>178,781</b>	



<b>Additional Tier 1 (AT1) capital: instruments</b>		
30	Capital instruments and the related share premium accounts	
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	
35	of which: instruments issued by subsidiaries subject to phase out	
<b>36</b>	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	
41	Not applicable	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	
42a	Other regulatory adjustments to AT1 capital	
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>178,781</b>
<b>Tier 2 (T2) capital: instruments</b>		
46	Capital instruments and the related share premium accounts	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Credit risk adjustments	
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>	

<b>Tier 2 (T2) capital: regulatory adjustments</b>			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
<b>57</b>	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>		
<b>58</b>	<b>Tier 2 (T2) capital</b>		
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>178,781</b>	
<b>60</b>	<b>Total Risk exposure amount</b>	<b>558,704</b>	<b>Assets (1) to (13)</b>
<b>Capital ratios and requirements including buffers</b>			
61	Common Equity Tier 1 capital	32.00%	
62	Tier 1 capital	32.00%	
63	Total capital	32.00%	
64	Institution CET1 overall capital requirements	7.92%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.92%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.00%	
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	24.00%	
<b>National minima (if different from Basel III)</b>			
69	Not applicable		
70	Not applicable		
71	Not applicable		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	(4)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	19,651	(8)
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		

<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	
<b><i>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</i></b>		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

*Template 6: EU CC1 – CFCL Standalone Composition of Regulatory Own Funds*

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
<b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>			
1	Cash balances at central banks	275,445	(60)
2	Cash in hand, balances with banks	16,581	(60)
3	Financial assets held for trading - FX derivatives		(7),(60)
4	Financial assets FVOCI - Participating interests		(7),(60),(72)
5	Financial assets FVPL - Participating interests	37,380	(7),(60)
6	Financial assets at amortised cost	275,445	(60)
6a	<i>Debt securities</i>		(60)
6b	<i>Loans and advances</i>	275,445	(60)
7	Derivatives – hedge accounting - cash flow hedges		(7),(60)
8	Investments in subsidiaries, joint ventures and associates		(7),(60),(73)
9	Tangible assets	39,759	(60)
10	Goodwill and other intangible assets	95,852	(8)
11	Deferred tax assets	9	(21)
12	Other assets	17,235	(60)
13	Prepayments and accrued income		(60)
	<b>Total assets</b>	<b>482,261</b>	<b>482,267</b>
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements</b>			
1	Financial liabilities held for trading - FX derivatives	0	(7)
2	Financial liabilities measured at amortised cost	101,043	137,472
2a	<i>Deposits</i>		0
2b	<i>Debt securities issued</i>		0
2c	<i>Other financial liabilities</i>	101,043	137,472
3	Derivatives – Hedge Accounting - cash flow hedges		(7)
4	Other liabilities		1,080
5	Accruals and deferred income	41,052	
6	Provisions for pension and similar obligations		589
7	Other provisions	9,605	9,924
8	Current tax liabilities	10,174	12,816
9	Deferred tax liabilities	860	860
	<b>Total liabilities</b>	<b>162,734</b>	<b>162,741</b>
<b>Shareholders' Equity</b>			
1	Paid in capital	8,701	(1)
2	Share premium account	277,027	(1)
3	Accumulated other comprehensive income	-507	(2)
3a	<i>Cash flow hedges (effective portion)</i>		(2),(11)
3b	Foreign currency translation		0
3c	Actuarial gains/losses on defined benefit pension plans	-507	(2)
3d	<i>Fair value changes of equity instr. measured FVOCI</i>		(2)
4	Legal reserves	422	(2)
5	Other reserves	6,500	(2)
5a	<i>Deductible NWT reserve</i>		(27a)
6	<i>Retained Earnings</i>	1,519	1,519
7	Profit for the financial year	25,865	25,863
	<b>Total shareholders' equity</b>	<b>319,527</b>	<b>319,525</b>

*Template 7: EU CC2- CFCL Standalone Reconciliation of Regulation Own Funds to Balance Sheet in the Audited Financial Statements*

The main differences are stemming from:

- Various reclassifications between positions.
- Usage of mixed regime LuxGAAP with IFRS options in financial statements vs full IFRS for regulatory reporting purposes; and

- Usage of different Foreign Exchange (FX) rates.

Additionally, as per Circular CSSF 08/340, as amended by Circular CSSF 20/760, a total reconciliation between the FINREP prudential reporting figures and the published financial statements for CFCL for the financial year 2023 is provided in the table below.

ASSETS	Financial Statements 12/31/2023	FINREP 12/31/2023	Variance	Comments
Cash, cash balances at central banks and other demand deposits:	0.00	292,026,387		
Cash in hand, balances with central Banks and post office Banks	0.00	275,445,193		
Loans and advances to credit institutions repayable on demand	16,581,193	16,581,194	1	
Financial assets measured at amortized cost				
Loans and advances to credit institutions			258,259,907	Under FS, 275m cash at central bank is classified as financial asset measured at amortised cost, whereas this position is captured in FINREP under Cash balances at central banks.
	275,445,193	17,185,286		
Financial assets at fair value through profit- or loss:				
Equity instruments				
Participating interests	37,380,305	37,380,305	0.00	
Other assets	17,234,682	55,260	17,179,423	Trade receivables are captured as Other asset in FS, while in FinRep, they are reported as Financial asset at amortised cost. VAT Net payables (Clearing) account with debit balance is not captured in FS, while it is reported as Other asset in FinRep.
Tangible assets	39,758,873	39,758,873	0.00	
Deferred tax assets	8,875	8,875	0.00	
Goodwill and other intangible assets	95,851,644	95,851,644	0	
<b>TOTAL ASSETS</b>	<b>482,260,765</b>	<b>482,266,630</b>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>12/31/2023</b>	<b>AUDITED 12/31/2023</b>		
Financial liabilities measured at amortised cost				963,557.70 - Provisions are captured in FS as Accruals & Deferred Income
Short term lease liabilities	3,516,529		3,543,434	2,587,210.27 - liabilities for Tax are captured in FS as Accruals & Deferred Income while in FS these accounts are captured in Current tax liabilities
Long term lease liabilities	36,680,238	138,552,048		7,309.49 - presented in Other Assets in FINREP
Other financial liabilities	60,846,298			
Accruals and deferred income	41,052,417			
Provisions				
Other provisions	9,604,579	10,513,494	(908,915)	781,084.28 Liabilities pension captured under FS in Accruals and deferred income while in FINREP these items are captured as Provisions
Tax liabilities				(1,744,641.98) Provision Stock bonus presented in FS as Other Financial Liabilities while in FINREP these items are captured as Provisions
Current tax liabilities	10,173,919	12,816,178	(2,642,259)	1,631,920 - Liabilities for Tax on wages are captured in FS in Accruals & deferred income
Deferred tax liabilities	859,741	859,741	0.00	955,289 - VAT Net payables (Clearing) are captured in FS in Other Financial Liabilities
				54,643 - Risk provision VAT is captured in Financial Statements in Other Provisions
Total liabilities	162,733,721	162,741,461	(7,740)	
Issued capital				
Paid up capital	8,700,800	8,700,800	0.00	
Share premium account	277,026,895	277,026,895		
Reserves				
Legal reserves	422,050	6,922,050	0.00	
Other reserves not available for distribution	6,500,000			
Retained Earnings	1,518,583	1,518,583	0.00	
Accumulated other comprehensive income				
Revaluations	(506,508)	(506,508)	0	
Profit for the financial year	25,865,224	25,863,349	1,875	
Total equity	319,527,044	319,525,169		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>482,260,765</b>	<b>482,266,630</b>		

*Table 5: Reconciliation between the FINREP prudential reporting and the published annual accounts of CFCL standalone*

## 6.2 Countercyclical Buffer

Credit institutions must maintain a countercyclical capital buffer in addition to other own funds requirements. This buffer ensures that during economic expansions, when loan volumes are growing rapidly and the economy is performing well, banks maintain a higher capital base to absorb losses in stressed periods. Conversely, during stressed periods, the buffer can be drawn down.

The CFCH countercyclical capital buffer rate currently stands at 0.92% as of 31 December 2023.

## 6.3 Risk Weighted Capital

The following table summarises the capital requirements of CFCH for the different types of risks and the relevant calculation method. In alignment with CFCL's current business, the largest portion of the total capital requirements are stemming from operational risk, followed by credit risk and market risk.

(in 000 of €)		Total risk exposure amounts (TREA)		Total own funds requirements
		a 12/31/2023	b 6/30/2023	c 12/31/2023
1	Credit risk (excluding CCR)	101,037	70,705	8,083
2	Of which the standardised approach	101,037	70,705	8,083
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	-	-	-
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	-	-	-
9	Of which other CCR			
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk)	27,410	27,410	2,193
21	Of which the standardised approach	27,410	27,410	2,193
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	429,766	493,821	34,381
EU 23a	Of which basic indicator approach	429,766	493,821	34,381
EU 23b	Of which standardised approach			
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	<b>Total</b>	<b>558,213</b>	<b>591,936</b>	<b>44,657</b>

Template 8: EU OV1 – Overview of Total Risk Exposure Amounts

## 7 Operational Risk

In application of Articles 435 CRR II and 446 CRR II institutions shall disclose risk management objectives and policies for operational risk using template EU ORA. To facilitate the reading the descriptive information is provided as free text in the following chapters.

Row number	Qualitative information - Free format	Disclosures chapter
(a)	Disclosure of the risk management objectives and policies	Chapter 4 Chapter 7
(b)	Disclosure of the approaches for the assessment of minimum own funds requirements	Chapter 7.3
(c)	Description of the AMA methodology approach used <i>(if applicable)</i>	<i>Not applicable to CFCH</i>
(d)	Disclose the use of insurance for risk mitigation in the Advanced Measurement Approach <i>(if applicable)</i>	<i>Not applicable to CFCH</i>

### *Template 9: EU ORA - Qualitative Information on Operational Risk*

#### 7.1 Operational Risk Overview

Operational risk represents a major risk type for CFCL, and consequently, it is systemically managed and controlled.

CFCL's risk strategy, as described in 4 Risk management, also applies to the management of operational risk (hereinafter, "Operational risk", "OpRisk") and the other risk types: financial risk, business risk and pension risk. The risk capital dedicated to cover losses resulting from operational risk is defined in this risk strategy, setting a limit for this risk type.

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk contains sixteen risk clusters: compliance risk, contagion risk, corporate tax risk, custody risk, information security risk, information technology risk, legal risk, model risk, operational project risk, people risk, physical security risk, processing and execution risk, product tax risk, risk management risk, secondary reputational risk, and third-party risk.

Operational risk can be differentiated according to the severity and frequency of losses. As operational risk management depends on the risk position of CFCL, the general principles are as follows:

- All main risks are identified and analysed regarding the expected or real effect on frequency and severity.
- For risks with a low frequency but high severity, risk transfers are considered – for example, through insurance contracts.

- For risks with high frequency but low severity, risk reduction is considered – for example, by optimising processes.

## 7.2 Governance

The ultimate responsibility for operational risk management lies with the members of the Executive Board of CFCL resp. Board of Directors of CFCH, who are supported by different units and functions. The five steps of the risk management process described under chapter 4.6 are key to the framework.

It is the responsibility of line management units to control operational risk within their area on a day-to-day basis. This includes the identification of suitable measures to mitigate operational risk, and to improve the effectiveness and efficiency of operational risk management. To achieve this target, the Executive Board appoints “operational risk representatives” for their respective area, with a direct reporting line to the ultimate risk owner on the Executive Board.

The operational risk representative is the key contact for both the employees in the respective organisational unit as well as for CFCL Risk Management. They also support their line management with all tasks regarding operational risk and are especially responsible for the collection of operational risk event data within their organisational unit. In addition, the operational risk representatives take an active role in further developing operational risk tools and instruments. They also coordinate operational risk training for their respective organisational unit.

## 7.3 Measurement

CFCL is calculating the regulatory capital requirements for operational risk with its scenario-based Pillar II model. Input data for the calculation are results of a structured scenario analysis, as well as internal loss data, audit findings and (Key) Risk Indicators (KRIs, RIs). If loss data is sufficiently available, the application of a statistical model gives a reliable estimate of the underlying risk represented by the data. However, operational risk losses are not sufficiently available for all risk drivers. Internal loss data can be used as input for the scenario analysis insofar as they are relevant and applicable for respective scenario.

Each scenario has a certain frequency and severity that are input in a Monte Carlo simulation of losses from operational risk. Hereby the frequency is either Bernoulli or Poisson distributed, depending on the respective scenario, and the severity is modelled by a lognormal distribution. Following a Value-at-Risk approach, the capital requirements for operational risk are then defined as the 99.9% quantile of the loss distribution resulting from the aforementioned simulation.

In addition, it is assumed that banks doing similar business also have similar risk profiles. If this assumption holds, publicly available losses or losses from a banking consortium could be used to fill the gap of missing internal loss information. However, CFCL has a unique business model that, as of today, is not sufficiently represented in any bank consortium or public database. Therefore, CFCL is assessing the use of external loss data where appropriate.



## 7.4 Stress Testing

To achieve a better understanding of the most significant risks and to adequately model capital requirements, CFCL Risk Management runs stress tests on the regular and if necessary, on the ad-hoc basis. The stress testing aims to gauge the potential capital vulnerability to exceptional but plausible events. The stress test process is defined as follows:

- All scenarios agreed during the scenario analysis process with a probability of a severe loss of higher or equal to once in 1,000 years and with a severe loss amount of greater or equal to €1 million are considered when selecting scenarios for the stress test. The scenarios with a frequency less than one severe loss in every 1,000 years have to be neglected since these scenarios are deemed as unrealistic and implausible events. The scenarios with a severe loss of less than €1 million are also excluded since they do not create a sufficient stress.
- The identified vulnerabilities and risk drivers are combined into storylines to stress operational risk based on a plausible combination of eligible operational risk scenarios, assuming they will occur during a short period of time in a stressed situation within a one-year time frame.
- Based on the operational risk scenarios fulfilling the mentioned criteria, storylines that represent plausible and relevant, but extreme situations for the entities are derived. The storylines combine existing operational risk scenarios, assuming that these operational risk scenarios will occur during a short period of time in a stressed situation within a one-year timeframe,
- Risk drivers and vulnerabilities are combined into scenarios that are then translated into stressed parameters.

The operational risk scenarios are reviewed on a regular basis, if the landscape of the operational risk has changed, it would trigger, an ad-hoc review as well as stress test in the operational risk as well as risk wide stress tests.

A reverse stress test for operational risk is performed as well. It assumes the materialisation of several operational risk scenarios. It aims to combine multiple scenarios to indicate whether Operational Risk could potentially be a weak spot for the entity.

## 7.5 Mitigation

As laid out in its risk strategy, CFCL devotes considerable attention to mitigating the different types of operational risk mentioned above with the aim of reducing the frequency and amount of potential financial losses arising from corresponding risk events. To this end, various quality and control measures are taken to protect CFCL business from all cases of fraud and operational business losses. In addition to compliance with international best practice quality standards, these measures include a careful analysis of operational risk events that have occurred so that steps can be defined to reduce the probability of their recurrence.

The process comprises several quality and control initiatives whose objective is to ensure that CFCL's operations have sufficient controls to prevent any fraud or operational service deficiency. If an event of this kind occurs in CFCL's operations, a thorough analysis is performed to be in the position to define measures to reduce the probability of recurrence.

The key preventive measures of risk mitigation consist of robust internal control processes and ongoing initiatives to further reduce errors and omissions. This is supported by many measures that will take effect at the time or after an incident, such as Business Continuity Management (BCM) and insurance programs.

### **7.5.1 Internal Controls**

The Executive Board of CFCL has implemented an internal control system, designed to ensure the effectiveness and profitability of the business operations, prevent, or detect financial loss and thus protect all its business assets. CFCL's internal control system, an integral part of the risk management system, is continuously developed and adjusted to reflect changing conditions. It comprises both integrated and independent control and safety measures. Internal Audit carries out risk-oriented and process-independent controls to assess the effectiveness and appropriateness of the internal control system.

### **7.5.2 Business Continuity Management**

Within the operational risk framework, CFCL has implemented a comprehensive Business Continuity Management (BCM) as the unavailability of core processes and resources poses a substantial risk to CFCL and is a potential systemic risk for financial markets in general. The BCM framework encompasses precautionary measures and effective responses to mitigate the impact of incidents and ensure continuity of critical business processes at an acceptable level. Business Continuity Plans are developed, maintained, and tested regularly to ensure overall readiness.

### **7.5.3 BCM Organisation Clearstream**

The Executive Board of CFCL is responsible for ensuring the continuity of business at CFCL. This responsibility is delegated to the various organisational units, which are directly responsible for the operational resilience and disaster tolerance of their respective business areas. Reporting to executive management, the Business Continuity Management function is responsible for the overall coordination and monitoring of CFCL's preparedness to deal with incidents and crises.

The organisational roles and responsibilities and the guiding principles to ensure operational resilience are documented in a formal BCMS policy.

### **7.5.4 BCM Arrangements**

The implemented BCM arrangements aim to minimise the impact of the unavailability of key resources and address the unavailability of systems, workspace, staff, and suppliers to ensure the continuity of the most critical operations on a minimum business continuity objective level.

#### **7.5.4.1 Workspace unavailability**

Exclusively dedicated backup workspace facilities provide backup office space for mission-critical functions requiring onsite presence if an office location becomes unavailable.

Backup facilities are fully equipped, networked and operationally available at all times. Moreover, business transfer capabilities between Clearstream's different operational locations and remote working can be used to further mitigate workspace unavailability.

#### **7.5.4.2 Staff unavailability**

Business continuity solutions also cover the significant unavailability of staff, for example, during a pandemic-related incident or terrorist attacks. Solutions are designed to ensure that the minimum staff and skills required are available. Staff dispersal and business transfer capabilities between CFCL's different locations are in place where available in order to support in case any location is impacted. Mission-critical activities can be continued by staff in other locations or staff working remotely, for example, to mitigate cross contamination risks. Measures are defined to mitigate the availability risks during a widescale pandemic, either with a regional or cross regional impact. Focus is on ensuring the well-being of staff, for example, by remote working, thus ensuring staff availability. Measures are adaptable to also adhere to any recommendations or directives issued by local authorities.

#### **7.5.4.3 Incident and crisis management process**

A Group-wide incident and crisis management response structure is implemented to support the activation, escalation and control of the organisation's response in the event of a disruption. The response structure ensures structured and effective mechanisms that facilitate a coordinated response and rapid reaction to an incident or crisis. The process aims to minimise business and market impact, enabling a swift recovery and return to regular business activity.

Incident managers are appointed in the respective business areas and act as single points of contact if there are incidents and crises to ensure the appropriate response mechanisms are activated and to ensure an escalation up to the Executive Board and the notification of clients as well as other relevant external parties if necessary.

#### **7.5.4.4 "Real-life" simulation testing**

CFCL has adopted a comprehensive business-continuity testing approach that simulates scenarios as close as possible to real-life situations whilst reducing associated risks and avoiding client impacts. BCM plans are tested regularly, at least annually in an announced and unannounced method.

BCM test results are validated against the following objectives:

- Functional effectiveness: Validating all technical functionalities.
- Execution ability: Staff must be familiar with and knowledgeable in the execution of BCM procedures.
- Recovery time: The functions in the scope of the business continuity plans must be operational within the defined recovery time objective.

Test results are reported to the Executive Board.

## **7.6 Insurance**

Insurance is an additional tool used by CFCL to mitigate the impact of operational risk by transferring insurable risks to third parties through insurance policies. To achieve the optimum risk/benefit versus premium ratio, insurance policies are negotiated either through insurance brokers or directly with highly rated insurers.

## **7.7 Monitoring and Reporting**

The reporting approach laid out in 4.11 Risk monitoring and reporting also applies to the management of operational risk. Operational risk is monitored in the context of the Internal Capital Adequacy Assessment Process (ICAAP) of CFCL, which is defined centrally and calculated on a regular basis. Detailed information on ICAAP is laid out in 4.12 ICAAP information.

## 8 Credit Risk

In application of Article 435(1) CRR II institutions shall disclose their strategies and processes to manage credit risk using template EU CRA below. To facilitate the reading of the disclosures the relevant information is provided as free text in following chapters.

Qualitative disclosures		Report chapter
<b>(a)</b>	In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile.	Chapter 4.1
<b>(b)</b>	When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits.	Chapter 8
<b>(c)</b>	When informing on the structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR, the structure and organisation of the credit risk management and control function.	Not applicable to CFCH
<b>(d)</b>	When informing on the authority, status, and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR, the relationships between credit risk management, risk control, compliance and internal audit functions.	Not applicable to CFCH

### *Template 10: EU CRA General Qualitative Information About Credit Risk*

#### 8.1 Credit Risk Governance

CFCL's general structure, organisation and process of risk management and its risk strategy are described in the section 4 risk management.

During the year ended 31 December 2023, CFCL did not grant any credit to its participants nor was exposed to credit risk from treasury activities. Upon activation of credit services in 2024, credit risk management will be in accordance with article 435(1) CRR II. Intraday cash lending, overdraft facilities, will be granted to facilitate securities settlement to creditworthy counterparts following internal credit assessment and rating assignment, employing internal credit rating models and methodologies. Before any lending is conducted, CFCL will implement the credit policy and strategy, which will be approved by the Executive Board of the CFCL.

## 8.2 General Measurement

Credit risk or counterparty credit risk describes the risk that a counterparty might not meet its contractual obligations in parts or fully. Measurement criteria include the credit rating of the counterparty, the degree to which a credit line has been utilised, the collateral deposited and concentration risk, among others.

In the current phase of CFCL's business model development, where no clients have yet been migrated, credit risk mainly arises from cash exposures to BCL as well as other commercial banking relationships, investment grade, as well as in the receivables against other entities of Deutsche Börse Group.

CFCL calculates its credit risk exposure for regulatory purposes according to its pillar II model that is given by a single-factor Merton credit portfolio model for the client borrowings and treasury positions. Based on the probability of default, exposure at default and loss given default of each position in the credit portfolio, a portfolio loss distribution is derived from the simulated default losses via a Monte Carlo simulation. Following a VaR approach, the capital requirements for credit risk are then defined as the 99.9% quantile of the loss distribution resulting from the aforementioned simulation.

## 8.3 Credit Risk Mitigation

Since in the current situation CFCL only has a low credit exposure as mentioned in the chapter before, so far, mitigating measures are not yet applicable. Once further business activities are started, mitigation measures for credit risk will be put in place.

## 8.4 Monitoring and Reporting

The reporting approach described under 4.11 risk monitoring and reporting also applies to the management of credit risk.

Luxembourg banking regulations impose risk concentration limits that must be respected for each applicable exposure. A corresponding process has been put in place. The exposures to an individual client or group of connected clients above 25% of own funds, are reported as a breach under the large exposure's regulation.

## 9 Liquidity Risk

In application of point 4 of Article 451a CRR II, institutions shall disclose the arrangement, systems, processes, and strategies put in place to identify, manage, and monitor their liquidity risk. Qualitative information should be provided by using template LIQA below. To facilitate reading, the relevant information is provided as free text in the following chapters and Table “EU LIQA - Liquidity risk management” contains the reference to the chapter where the required information is disclosed.

Row number	Qualitative information - Free format	Report chapter
(a)	Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding.	Chapters 9.1, 9.2, 9.3, 9.5, 9.6, 9.7, 9.8
(b)	Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).	Chapters 9.1, 9.3
(c)	A description of the degree of centralisation of liquidity management and interaction between the group’s units.	Chapters 9.1, 9.3
(d)	Scope and nature of liquidity risk reporting and measurement systems.	Chapters 9.1, 9.4 9.7
(e)	Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.	Chapters 9.1
(f)	An outline of the bank’s contingency funding plans.	Chapters 9.1, 9.6
(g)	An explanation of how stress testing is used.	Chapters 9.1, 9.5
(h)	A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution’s profile and strategy.	Chapter 9.8.1
(i)	A concise liquidity risk statement approved by the management body succinctly describing the institution’s overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution’s management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body. These ratios may include:	Chapters 4.1, 9.4
	Concentration limits on collateral pools and sources of funding (both products and counterparties).	
	Customised measurement tools or metrics that assess the structure of the bank’s balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank.	

	Liquidity exposures and funding needs at the level of individual legal entities, foreign branches, and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.	
	Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps.	

*Template 11: EU LIQA - Liquidity Risk Management*

## 9.1 Liquidity Risk Overview

CFCL's liquidity risk appetite is defined as the level of liquidity risk that CFCL is willing to accept to pursue its business objectives while meeting regulatory requirements.

The risk acceptance criteria are translated into a limit system and into liquidity stress tests.

Regarding the limit systems and in addition to regulatory ratios, CFCL has defined prudent internal limits to mitigate liquidity risk.

CBL's treasury function performs the liquidity management of CFCL based on an outsourcing agreement. Treasury closely monitors and manages the liquidity position per currency against expected incoming and outgoing flows as well as CFCL's available resources.

CFCL also has in place a dedicated contingency funding plan with a set of specific contingency measures tailored to CFCL's business model. The liquidity contingency funding plan describes:

- Roles and responsibilities.
- Standard and exceptional liquidity generation measures.
- Liquidity saving measures.
- Escalation procedure; and
- The review of the plan.

For further details on CFCL's liquidity risk mitigation, please refer to chapter 9.6. No liquidity risk hedging is performed.

CFCL is issuing daily and monthly reports to CFCL Executive Management, monitoring and controlling daily limit observances and reporting breaches to CFCL Executive Management.

Liquidity stress tests are performed by CFCL Risk Management, analysing whether enough sources are available to cover liquidity needs in stressed market conditions within a certain time frame. The design of a stress test scenario is such that the assumptions are extreme, but plausible. The stress tests are calculated:

- Daily, for internal liquidity metrics.
- Quarterly for regulatory liquidity ratios, and
- Reported to the CFCL Executive Board monthly for internal liquidity metrics and quarterly for regulatory liquidity ratios.



Based on the results, CFCL evaluates the adequacy of its liquidity sources and makes relevant adjustments, if necessary.

Following CSSF Circular 09/403, CFCL has formulated its liquidity management policy and liquidity risk framework, which are approved by the Executive Board of CFCL. The liquidity parameters and models stated therein are reviewed regularly.

The Policy contains specific requirements to implement a liquidity risk strategy that includes contingency planning, governance, and the definition of senior management responsibilities. Required changes are proposed for approval via the Asset and Liability Committee (ALCO) to CFCL Executive Management within the annual update cycle or on ad-hoc basis if required.

Day-to-day implementation of the liquidity management strategy is the responsibility of CBL Treasury Front Office, monitoring the key performance indicators. CFCL risk management oversees the liquidity risk exposure from the second line of defence perspective, validating the assessment, monitoring, and performing reporting activities. The ALCO monitors and oversees those activities and makes recommendations to the Executive Board.

## 9.2 Liquidity Strategy

As outlined in Chapter 4.3, CFCL has adopted a comprehensive risk strategy reflecting amongst others its appetite regarding liquidity risks. The liquidity risk appetite represents the level of liquidity risk that CFCL accepts to take in order to pursue its business objectives while meeting regulatory obligations. The risk acceptance criteria are translated into a limit system, and liquidity stress test results are evaluated in accordance with the risk appetite. The target for liquidity management is the ability to:

- Manage CFCL's cash position with the aim of having sufficient liquidity available; and
- Have in place measures to deal with unexpected disruptions to its cash flows.

This is ensured by a permanent measurement, monitoring and control of the expected and actual cash flows.

## 9.3 Liquidity Risk Governance

Liquidity risk management is incorporated into CFCL's structure and organisation. Treasury front office as first line of defence function performs the day-to-day liquidity risk management. This function is outsourced to Clearstream Banking S.A. (CBL).

CFCL risk management monitors and controls the activities of CBL treasury front office. Together, CBL treasury front Office and CFCL risk management monitor the internal liquidity metrics and daily limit observances, as well as issuing daily and monthly reports to the CFCL executive management, including ad-hoc communication of limit breaches.

CFCL risk management oversees the liquidity risk exposure as the second line of defence, validating the assessment, monitoring and reporting activities of the first line of defence. CFCL risk management is also responsible for the performance of liquidity stress tests (please refer to Chapter 9.5 for more details on stress testing).

The ALCO monitors and oversees all activities related to liquidity risk management and makes recommendations to the Executive Board.

The ultimate responsibility for the soundness and oversight of CFCL's liquidity risk management lays with the Executive Board of CFCL.

## **9.4 Liquidity Metrics**

CFCL manages its liquidity risk using both regulatory liquidity ratios, reflecting the normative perspective, as well as internally defined liquidity metrics covering the economic perspective.

### **9.4.1 Regulatory Liquidity Ratios**

For CFCL, the regulatory ratios; liquidity coverage ratio and net stable funding ratio, have been defined by European and national laws. Further details on those two ratios are provided in the following subchapters.

#### **9.4.1.1 Liquidity Coverage Ration LCR**

In accordance with Commission Delegated Regulation (EU) No 2015/61 (LCR DA) regarding liquidity coverage requirements, CFCL needs to hold a sufficient liquidity buffer of high-quality liquid assets (HQLA) to cover the net cash outflows in stressed conditions over thirty days.

In application of Article 451a (2) CRR II information on LCR is provided. Reporting duties are monthly. The minimum ratio for CFCL is 100%, with internal early warning and recovery indicator set respectively to 122.5% and 110%. In addition to monthly reporting to the regulator, CFCL monitors the ratio daily.

The evolution of this ratio for the year 2023 as well as its components is presented in the following template.

Scope of consolidation:  
solo

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
		T	T-1	T-2	T-3	T	T-1	T-2	T-3
EU 1a	Quarter ending on (DD Month YYYY)	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2023	9/30/2023	6/30/2023	3/31/2023
EU 1b	Number of data points used in the calculation of averages	12	9	6	3	12	9	6	3
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					238,575	231,593	215,413	215,881
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	0	0	0	0	0	0	0	0
3	Stable deposits	0	0	0	0	0	0	0	0
4	Less stable deposits	0	0	0	0	0	0	0	0
5	Unsecured wholesale funding	0	0	0	0	0	0	0	0
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0	0	0	0	0
7	Non-operational deposits (all counterparties)	0	0	0	0	0	0	0	0
8	Unsecured debt	0	0	0	0	0	0	0	0
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	0	0	0	0	0	0	0	0
11	Outflows related to derivative exposures and other collateral requirements	0	0	0	0	0	0	0	0
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	0	0	0	0	0	0	0	0
14	Other contractual funding obligations	85,564	89,913	91,698	82,944	55,258	63,513	70,248	80,451
15	Other contingent funding obligations	637	647	676	704	0	0	0	0
16	<b>TOTAL CASH OUTFLOWS</b>					55,258	63,513	70,248	80,451
<b>CASH - INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	30,528	30,881	39,918	10,016	30,528	30,881	39,918	40,063
19	Other cash inflows	0	0	0	0	0	0	0	0
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	<b>TOTAL CASH INFLOWS</b>	30,528	30,881	39,918	10,016	30,528	30,881	39,918	40,063
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	30,528	30,881	39,918	10,016	30,528	30,881	39,918	40,063
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	LIQUIDITY BUFFER					238,575	231,593	215,413	215,881
22	TOTAL NET CASH OUTFLOWS					28,466	33,199	30,330	40,389
23	LIQUIDITY COVERAGE RATIO					838.09%	697.59%	710.23%	534.51%

Template 12: EU LIQ1 – Qualitative Information of LCR (T EUR)

For the purposes of this disclosure the values of LCR elements are calculated as the simple averages of month-end observations over the months preceding the end of each quarter starting from 31 December 2022, as mentioned in row EU 1b of the previous table.

In application of Article 451a (2) CRR II qualitative information on LCR is provided by using template EU LIQB. To facilitate the reading the relevant information is disclosed as free text below.

Row number	Qualitative information - Free format
(a)	Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time
(b)	Explanations on the changes in the LCR over time
(c)	Explanations on the actual concentration of funding sources
(d)	High-level description of the composition of the institution's liquidity buffer.
(e)	Derivative exposures and potential collateral calls
(f)	Currency mismatch in the LCR
(g)	Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

*Template 13: EU LIQB on Qualitative Information on LCR, Which Complements Template EU LIQ1.*

#### Points (a), (b) and (c)

The main drivers of LCR are:

- The liquidity buffer in EUR which consists in cash balances at central banks which are comfortably high and stable.
- The outflows are mainly driven by trade payables which are fairly covered within trade receivable.

Considering CFCL's current state of the business, that is, no client related liabilities or assets, there is no client cash activities in place.

#### Point (d)

In 2023, CFCH's only liquidity buffer consisted of cash at central banks, which were comfortably high and stable.

#### Point (e)

This topic is not applicable for CFCL, as CFCL does not have derivatives and, furthermore, did not grant credit in 2023 as no clients were migrated in 2023.

## Point (f)

The Cash balances at central banks are EUR denominated while the assets and liabilities subject to LCR calculation are trade payables and receivable in the same currency. The risk of currency mismatch is non-existent.

## Point (g)

The other items, the balance sheet of CFCH is sufficiently capturing deductions from CET1's intangible assets, deferred tax assets and is independently monitored with relevant key risk indicators.

### 9.4.1.2 Net Stable Funding Ratio

In application of Article 451a (3) CRR II information on the net stable funding ratio are provided. Reporting duties are quarterly. The minimum ratio for CFCL is 100%, with internal early warning and recovery indicator set respectively to 122.5% and 110%. In addition to monthly reporting to the regulator, CFCL monitors the ratio on a daily basis. The evolution of this ratio for the year 2023 as well as its components is presented in the following template.

(in currency amount)	a	b			d	e
		Unweighted value by residual maturity				
	No maturity	← 6 months	6 months to ← 1yr	↗ 1yr	Weighted value	
<b>Available stable funding (ASF) Items</b>						
1 Capital items and instruments	293,451	0	0	0	293,451	
2 Own funds	293,451	0	0	0	293,451	
3 Other capital instruments		0	0	0	0	
4 Retail deposits		0	0	0	0	
5 Stable deposits		0	0	0	0	
6 Less stable deposits		0	0	0	0	
7 Wholesale funding:		0	0	0	0	
8 Operational deposits		0	0	0	0	
9 Other wholesale funding		0	0	0	0	
10 Interdependent liabilities		0	0	0	0	
11 Other liabilities:	0	125,150	0	39,182	39,182	
12 NSFR derivative liabilities	0					
13 All other liabilities and capital instruments not included in the above categories		125,150	0	39,182	39,182	
<b>14 Total available stable funding (ASF)</b>					<b>332,632</b>	
<b>Required stable funding (RSF) Items</b>						
15 Total high-quality liquid assets (HQLA)					0	
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0	
16 Deposits held at other financial institutions for operational purposes		0	0	0	0	
17 Performing loans and securities:		33,751	0	37,380	40,755	
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0	0	0	0	
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		33,751	0	0	3,375	
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		0	0	0	0	
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		0	0	0	0	
22 Performing residential mortgages, of which:		0	0	0	0	
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		0	0	0	0	
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		0	0	37,380	37,380	
25 Interdependent assets		0	0	0	0	
26 Other assets:		82	0	136,821	136,862	
27 Physical traded commodities				0	0	
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	0	0	
29 NSFR derivative assets		0			0	
30 NSFR derivative liabilities before deduction of variation margin posted		0			0	
31 All other assets not included in the above categories		82	0	136,821	136,862	
32 Off-balance sheet items		0	0	627	0	
<b>33 Total RSF</b>					<b>177,617</b>	
<b>34 Net Stable Funding Ratio (%)</b>					187.27%	

Template 14: EU LIQ2 – Net Stable Funding Ratio

## 9.4.2 Internal Liquidity Metrics

To complement the regulatory liquidity ratios, several internal liquidity metrics are in place. These metrics are calculated using assumptions specific to the liquidity risk drivers inherent in CFCL's business model.

### 9.4.2.1 Liquidity Buffer

CFCL has a defined liquidity buffer in EUR which is the own funds held at the Central Bank of Luxembourg. In 2023, the own funds were comfortably high and stable. Considering CFCL's current state of the business, that is, no clients have yet been migrated, and consequently, no client cash activities took place, the liquidity buffer consisting solely of their own funds is deemed appropriate.

### 9.4.2.2 Maximum Buffer Usage

The maximum buffer usage is defined as the maximum percentage of the liquidity buffer that is "used" within the first week, that is, needed to cover projected net liquidity outflows.

### 9.4.2.3 Survival Horizon

The survival horizon / period is defined as the first point in time when the net liquidity outflows exceed the available liquidity buffer.

### 9.4.2.4 Liquidity Mismatch

The liquidity mismatch is defined as the maximum net amount of assets and liabilities within a portfolio for trades with a tenor exceeding three business days. However, the liquidity mismatch is neither calculated nor limited, due to the current restrictive business model of the IFS carve-out.

## 9.5 Stress Testing

CFCL's Liquidity risk stress testing is designed to comply with the CSSF Circular 11/506, as amended by CSSF Circular 20/753. It is based on internally developed assumptions and methodologies for CFCL as defined in the CFCL liquidity model documentation and CFCL liquidity risk framework. They are designed to cover the liquidity risk drivers identified by the risk identification process and model liquidity contingency situations and measures based on various forward-looking scenarios. The scenario selection covers an idiosyncratic stress scenario, a market stress scenario, and a combined stress scenario. Once clients have been migrated to CFCL, the additional reverse stress tests, challenging the stress test results by examining additional stress that could materialise on top of the underlying stress scenarios, are considered. Adverse projections of the regulatory liquidity ratios (LCR, NSFR) employ stress effects that also include the ones from the internal liquidity metrics.

Several kinds of stress scenarios are considered for the internal liquidity metrics and the regulatory liquidity ratios considering CFCL's individual business model.

Adverse stress scenarios capture CFCL's current material vulnerabilities. In the current situation the vulnerabilities are highly reduced. However, CFCL stresses relevant idiosyncratic, market-wide and combined risk factor evolutions:

- The idiosyncratic stress scenario assumes potential additional liquidity outflows due to operational risk events.
- The market stress scenario assumes a potential reduction of CFCL's liquidity income from the IFS business; and
- The combined stress scenario is a joint simulation of the idiosyncratic stress scenario and the market stress scenario.

CFCL's adverse stress testing will be adapted and enhanced once clients are migrated considering the additional vulnerabilities from the extended business, client cash and liquidity maturity transformation. This holds true for the assessment and stress simulation for all relevant currencies. In the current situation only, EUR is relevant once clients are migrated stress effects will also cover foreign exchange.

CFCL's liquidity stress testing framework was designed to comply with the CSSF Circular 11/506, as amended by CSSF Circular 20/753.

If the liquidity stress tests result in breaches, that is, the liquidity needs could not be covered by available liquidity sources on a same-day basis, CFCL risk management reports the breach to the ALCO. Based on an analysis of the breach(es), CFCL will review and adjust its contingency funding plan and / or funding plan, if required. The Executive Board will be informed accordingly. Also, the adequacy of CFCL's liquidity risk management framework and set of liquidity providers will be assessed considering the liquidity stress test results and their analysis and adjusted if necessary.

Throughout 2023, no breaches occurred in the liquidity stress scenarios, neither in the regulatory liquidity ratios nor in the internal liquidity metrics. Only the NSFR did show breaches of the thresholds in the Q1 2023 and Q2 2023 projections. As planning was underlying uncertainty due to the new foundation of CFCL, a projected NSFR below 100% was temporarily accepted. The stress tests thus showed that CFCL had sufficient qualifying liquid resources to cover the identified liquidity need.

## 9.6 Risk Mitigation

To ensure a sufficient level of liquidity to satisfy liquidity obligations under normal and stressed conditions, CFCL has a defined liquidity buffer in EUR. Chapter 9.4.2 Internal liquidity metrics provides further details. The following subchapters provide information of the available standard liquidity generation measures and additional liquidity generation measures in case of a contingency situation.

### 9.6.1 Standard liquidity generation measures

Given the short-term nature of CFCL's liquidity risk because of its core settlement activities, CFCL established the following standard liquidity generation measure:

- Access to routine credit at the central bank in EUR.

### 9.6.2 Contingency funding

Additional liquidity generation capabilities are available to face a contingency situation. These additional contingency funding capabilities and measures are listed below.

- Exceptional liquidity generation measures:
  - Sale of CFCL's proprietary investment portfolio.
  - Marginal Lending Facility (available in EUR only); and
  - Intra-group funding.

### 9.7 Monitoring and Reporting

The operational and analytical tools used to measure liquidity risks allow CFCL to effectively monitor its actual liquidity position against its expected activities and available resources based on account balances and remaining liquidity capacity. The extent of the liquidity risk reporting is defined in the liquidity risk framework document and consists of daily, monthly and quarterly monitoring / reporting elements of the internal liquidity metrics and regulatory liquidity ratios. The internal metrics are monitored daily. Due to the stable liquidity situation in the current phase of CFCL's business without client cash and external funding the internal liquidity metrics are reported on a monthly basis and additionally daily, in case of an observed breach.

Further, CFCL runs extreme but plausible scenarios for the internal liquidity metrics on a daily basis to analyse whether the liquidity needs would also be covered in stressed situations. The regulatory liquidity ratios are analysed under stress scenarios on a quarterly basis.

On a daily basis, CFCL's liquidity risk exposure and breaches of limits are controlled and reported by CBL treasury based on an outsourcing agreement. Any limit excesses which occurred as part of treasury activity are reported to CFCL's Executive Management upon their detection. Also, any breach that occurred in daily liquidity stress tests is reported to the Chief Risk Officer (CRO) and ALCO members on the day of the detection of the breach.

Further to this, the reporting approach laid out in 4.11 risk monitoring and reporting also applies to the management of liquidity risk, that is, liquidity risk exposures and limit breaches are included in the quarterly risk report to the Executive Management of CFCL.

On an annual basis, the Internal liquidity adequacy assessment process (ILAAP) of CFCL, defined at CFCH level, is reviewed and the corresponding ILAAP report is produced as a cross-unit effort, including first and second line of defence, under the lead of CFCL risk management. The final report is reviewed amongst others by CFCL compliance and the CRO of CFCL, and then submitted to the relevant Executive Boards for approval, before its submission to the regulatory authorities. Internal Audit, as the third line of defence, audits the ILAAP regularly.

### 9.8 Liquidity Adequacy

CFCL ensures the adequacy of its liquidity via the ILAAP, which stands next to the internal capital adequacy assessment process (ICAAP) and ensures that CFCL manages its liquidity



position adequately within a holistic management framework and meets all payment obligations on time.

Liquidity adequacy is secured from two forward-looking perspectives complementing each other and forming an integrated management approach:

- From an economic perspective, CFCL considers the specific features of the company business model and ensures that the expected outflows are executed in a timely manner; and
- In the normative perspective, CFCL manages its regulatory liquidity requirements by internal management buffers on top of regulatory limits as well as projections of regulatory ratios under economic stress assumptions.

The Executive Board is ultimately responsible for the soundness of the ILAAP, with a focus on:

- Ultimate responsibility for the liquidity adequacy statement as well as for the review and approval of the ILAAP.
- Review and approval of internal risk management documentation.
- Approval of the overall risk strategy and risk appetite.
- Approval of the risk quantification methodologies, including high-level risk measurement assumptions, parameters, data, and systems used.
- Approval of the risk identification process as well as the internal risk inventory and taxonomy.
- Approval of the stress testing framework.
- Ongoing review and approval of the monthly liquidity risk related reporting.
- Approval of the liquidity risk management framework.
- Approval of the liquidity strategy and capital planning; and
- Overseeing the integration of internal capital and liquidity framework (ICAAP and ILAAP) into The Bank.

The components are supported by objectives, assumptions, and methodologies, and are captured by clear, concise, and consistent documentation approved by the Executive Management. To determine the required liquidity, the complete risk profile of CFCL has been considered.

### 9.8.1 Liquidity Risk Adequacy Declaration

The Executive Board of CFCL approves and signs on an annual basis the liquidity adequacy statement, according to which CFCL is compliant with the regulatory requirements having tools and measures in place to monitor, manage and report liquidity risk appropriately.

In 2023, CFCL had excess liquidity daily, and no liquidity shortage occurred under business-as-usual conditions. In conclusion, CFCL's liquidity is considered adequate to cover all identified risks related to liquidity.

## 10 Market Risk / IRRBB

In application of Article 435(1) CRR II institutions shall disclose their strategies and processes to manage market risk using template EU MRA below. To facilitate the reading of the disclosures the relevant information is provided as free text in following chapters.

		Disclosures Chapter
<b>a</b>	Points (a) and (d) of Article 435 (1) CRR A description of the institution's strategies and processes to manage market risk, including: - An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks - A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges	Chapters 10.1, 10.2, 10.3, 10.4
<b>b</b>	Point (b) of Article 435 (1) CRR A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.	Not applicable to CFCH
<b>c</b>	Point (c) of Article 435 (1) CRR Scope and nature of risk reporting and measurement systems	Not applicable to CFCH

### *Template 15: EU MRA Qualitative Disclosure Requirements*

#### 10.1 Market Risk Governance

CFCL's general structure, organisation and process of risk management and its risk strategy are described in the section 4 Risk Management.

The risk strategy is translated into a limit system, which is monitored daily. The Clearstream banking investment policy covering CFCL as well defines limits, and responsibilities. Based on an outsourcing agreement CBL treasury and liquidity controls, hierarchically independent from CBL Treasury Front Office, controls that all risk parameters set in the investment policy are respected and directly reports to senior management any related breaches accordingly.

#### 10.2 General Measurement

Market risk is defined as the potential for economic financial losses in trading and non-trading portfolios from adverse changes in underlying market factors, including interest rates, foreign exchange rates, equity market prices, commodity prices, and credit spreads. As per the investment policy, CFCL is not involved in proprietary trading activities and does

not maintain a trading book. Furthermore, market risk can result from interest rate risk exposures to interest rate risk and possibly also to equity price risk from investing in ETFs on large European indices.

Currently CFCL's market risk from a CFCL consolidated perspective is mainly driven by the participation in CAL (that is, FX risk in AUD) and the CFCL's allocated portion<sup>1</sup> in the Pension Fund<sup>2</sup> (that is, interest rate risk caused by the different duration on the assets and the obligations side, FX risk and equity risk) and cash positions on bank accounts, resulting in interest rate risk. To cover the CFCH consolidated scope, the aforementioned is complemented by CFCH's market risk from a stand-alone perspective stemming from a cash position at a financial institution and a loan with CFCL (both interest rate risk).

CFCL calculates its market risk exposure for regulatory purposes according to its scenario based Pillar II model which is an extension of the IRRBB standardised methodology for interest rate risk. This methodology is extended to also cover FX and equity risk. The risk is calculated for a holding period of 250 days at the 99.9% quantile in accordance with regulatory requirements. In general, the risk associated to each asset class (that is, interest rate risk, FX risk, and equity risk) is determined by calculating the change in the present value of the portfolio with respect to two opposing shift scenarios compared to a base line scenario (that is, the present value of the portfolio using unshifted market data). The combination of the worst scenario loss of each asset class yields the required capital.

### 10.3 Market Risk Mitigation

The Clearstream Pension Fund assets are managed by the Clearstream Luxembourg Pension Fund who appointed Clearstream Banking S.A. (CBL) as Asset Manager. No direct mitigation measures can be applied on CFCL's side. Similarly, no direct mitigation measures can be applied in the case for the participation in CAL. Once further business activities are started, additional hedging and mitigation measures for market risk will be put in place.

### 10.4 Monitoring and Reporting

CBL Treasury and Liquidity Controls performs market risk control based on an outsourcing agreement with CFCL. CBL Treasury and Liquidity Controls is responsible for monitoring compliance with limits and issues monthly reports to the relevant executive management and CFCL Risk Management. CBL Treasury and Liquidity Controls monitors exposures against limits daily and immediately reports excesses to executive management, CFCL Risk Management and CBL Treasury. This function is independent of the CBL Treasury Front Office, which manages liquidity and executes transactions (liquidity management function).

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<sup>1</sup> Part of the pension fund is allocated to CFCL for the transferred employees from CBL.

<sup>2</sup> Here, only the market risk sensitivity of CFCL's portion of the pension fund is considered.

## 10.5 Interest Risk in the Banking Book

Based on requirements of Article 448 CRR II CFCL discloses changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU as well as the changes in the net interest income calculated under the two supervisory shock scenarios referred to in the same article using template IRRBB1 below for CFCH consolidated as per regulatory requirements. The figures have been calculated as of 31.12.2023 for the first time, so no figures as of 31.12.2022 are available.

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		Current period 31/12/23	Last period 31/12/22	Current period 31/12/23	Last period 31/12/22
1	Parallel up	427,714.78		5,393.58	
2	Parallel down	-1,124,747.25		-10,787.16	
3	Steeper	226,794.65			
4	Flattener	-335,694.78			
5	Short rates up	-32,445.19			
6	Short rates down	16,804.84			

*Template 16: EU IRRBB1 - Interest Rate Risks of Non-Trading Book Activities*

## 11 Other Risk Types

The following subchapters are added to the report to provide supplementary information with regards to other risk types that were classified as material risks of CFCL's overall risk profile.

### 11.1 Business Risk

Business risk reflects the sensitivity to external threats such as changes in the competitive, macroeconomic, regulatory or political environment or to internal weaknesses (incl. erroneous strategic management decisions). This comprises threats from competition, from a negative economic development in general, and from potential other aspects which can lead to lower than projected revenues or higher than projected costs.

Revenue risks particularly refer to a deterioration of the competitive environment as a result of the demand situation on the market, or a change in this situation; for example, due to changes in client requirements, missed trends, a change in business areas, overpricing, or a lack of production efficiency. Another key factor for the demand situation and thus for revenue risks is the macroeconomic environment (interest rates, inflation rates) and changes thereof, for example due to a pandemic.

The business risk is calculated via a scenario-based approach, which yields a VaR metric. If the calculated VaR is higher than the budgeted EBITDA for the next four quarters, then the capital requirements for business risk will be reported as the difference between the VaR and the budgeted EBITDA. A business risk capital requirement of €0 means that the VaR did not exceed the budgeted EBITDA.

For the regular monitoring of business risk, several control systems are used to understand the business risk environment and identify possible changes in the underlying risk profile. CFCL Risk Management constantly monitors and reviews the external business risk with the help of business risk specific key risk indicators. The business risk specific key risk indicators are reported within the quarterly risk reporting. The purpose of the underlying early warning system is to determine if an ad hoc review of a particular risk component is required and to outline the required reporting to the executive management in case of a trigger event.

## 12 Remuneration

### 12.1 Overview and Objectives

The Remuneration Policy (“Policy”) is a central element for the implementation of the remuneration systems and for ensuring alignment with the business and risk strategy as well as the remuneration strategy. The Policy provides the applicable framework for the design and implementation of the Remuneration systems for all employees of the Company and its branches (the term “employee” for this purpose refers to Executives, non-executive staff, Risk Takers, members of the Executive and Supervisory Board). The objectives are in particular:

- setting out the principles governing the company’s remuneration systems for all employee groups.
- ensuring that the remuneration in the company is in line with the applicable regulations on remuneration; and
- informing employees on the applicable rules as well as on their remuneration system.

It adheres in particular to Regulation (EU) No. 2019/876 (“CRR II”), Directive (EU) 2019/878 (“CRD V”), the EBA Guidelines 2021/04 on sound remuneration policies, the Law of 5 April 1993 on the financial sector (as amended) (“LFS”) and related CSSF circulars. The Policy is regularly reviewed to ensure compliance with the latest regulations. The last review took place in 2023. In 2023, no external consultant was mandated in the context of the design and implementation of the remuneration system.

The Policy is made publicly available on:

<https://www.clearstream.com/clearstream-en/about-clearstream/regulation-1-/remuneration-information>

In combination with the Remuneration Policy this report shall service to fulfil the CRR disclosure requirements.

Qualitative disclosures	Policy	Pillar III
<b>(a)</b> Information relating to the bodies that oversee remuneration. Disclosures shall include: <ul style="list-style-type: none"><li>• Name, composition and mandate of the main body (management body or remuneration committee as applicable) overseeing the remuneration policy and the number of meetings held by that main body during the financial year.</li><li>• External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework.</li><li>• A description of the scope of the institution’s remuneration policy (for example, by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries.</li></ul>	1.2 3.11 1.3	12.2 12.2 12.1

	<ul style="list-style-type: none"> <li>A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile.</li> </ul>	4.1	12.3
<b>(b)</b>	<p>Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:</p> <ul style="list-style-type: none"> <li>An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders.</li> <li>Information on the criteria used for performance measurement and ex ante and ex post risk adjustment.</li> <li>Whether the management body or the remuneration committee where established reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.</li> <li>Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee.</li> <li>Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.</li> </ul>	1.3 4.4 1.5 3.3 3.3	12.2 12.8 12.1 12.5 12.9
<b>(c)</b>	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.</p>	4.2	12.6
<b>(d)</b>	<p>The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD.</p>	3.3	12.7
<b>(e)</b>	<p>Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include:</p> <ul style="list-style-type: none"> <li>An overview of main performance criteria and metrics for institution, business lines and individuals.</li> <li>An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance.</li> <li>Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments.</li> <li>Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics.</li> </ul>	4.2 4.2 4.3 4.4	12.8 12.8 12.8 12.8
<b>(f)</b>	<p>Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance. Disclosures shall include:</p> <ul style="list-style-type: none"> <li>An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable</li> </ul>	4.3	12.8

	<p>remuneration including where it is different among staff or categories of staff.</p> <ul style="list-style-type: none"> <li>Information of the institution' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law).</li> <li>Where applicable, shareholding requirements that may be imposed on identified staff.</li> </ul>	4.4 n/a	12.8 12.8
<b>(g)</b>	<p>The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include:</p> <ul style="list-style-type: none"> <li>Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments.</li> </ul>	4.2 - 4.4	12.4 and 12.8
<b>(h)</b>	<p>Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management.</p>	n/a	n/a
<b>(i)</b>	<p>Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR.</p> <ul style="list-style-type: none"> <li>For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of point (a) and/or point (b) of Article 94(3) CRD. They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.</li> </ul>	n/a	12.7
<b>(j)</b>	<ul style="list-style-type: none"> <li>Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR.</li> </ul>	n/a	n/a

*Template 17: EU REMA – Remuneration Policy*

Following templates as per the EBA guidelines are available in appendix:

- Template EU REM1 - Remuneration awarded for the financial year
- Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) -
- Template EU REM3 - Deferred remuneration
- Template EU REM4 - Remuneration of EUR 1 mn or more per year
- Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)



## 12.2 Governance

The Supervisory Board decides on the remuneration system and Policy for the members of the Executive Board. In 2023, the Supervisory Board held four meetings which dealt with remuneration related topics.

The Executive Board decides on the remuneration system and Policy of all employee groups except for members of the Supervisory Board and members of the Executive Board. In 2023, the Executive Board held two meetings which dealt with remuneration related topics.

The Policy was reviewed and approved by both boards in 2023 and contained editorial changes and clarifications (for example, on deferred variable remuneration for Risk Takers) compared to the previous version.

As per editorial date, CFCL has not set up a Remuneration Committee as subcommittee of the Supervisory Board.

The remuneration system has been elaborated in cooperation with the relevant control units (Risk Management, Compliance, Internal Audit).

## 12.3 Risk Taker Identification

CFCL conducts an annual risk analysis to identify categories of staff whose professional activities have a material impact on the Company's risk profile ("Risk Takers") and to whom specific requirements apply according to the respective regulatory specifications unless exemptions apply.

An employee is deemed to be identified as Risk Taker especially if one of the qualitative and appropriate quantitative criteria on the identification of Risk Takers set out in Regulation (EU) 2021/923 is met. In this respect and amongst others, the following categories of staff are identified as Risk Takers:

- All members of the Executive Board or Supervisory Board,
- Members of the senior management,
- Employees responsible and accountable to the management body for control activities of the independent risk management function, compliance function or internal audit function,
- Employees heading or having managerial responsibility and whose professional activities are deemed to have a material impact on risk profile of a material business unit,
- Employees heading a (control) function responsible for legal affairs, finance including taxation, budgeting and accounting procedures, human resources, remuneration policy, information technology, information security, the management of outsourcing arrangements, the prevention of money laundering and terrorist financing or economic analysis,
- Employees identified pursuant to quantitative criteria, for example, employees whose total Remuneration exceed criterions set out by regulation and whose professional activities are deemed to have a material impact on the Company's risk profile.

Risk Takers are informed on their identification and remuneration system.

## 12.4 Link Between Performance and Remuneration Levels

The remuneration for members of the Executive Board and employees below the Executive Board consists of a fixed salary, a variable remuneration and fringe benefits.

Following the remuneration system of the Executive Board of Deutsche Börse AG and financial reporting KPIs, common key elements of the remuneration systems for all executive levels foster coherent motivational goals and pay-for-performance, while keeping transparency and strict alignment with the business and risk strategy. Key elements are:

- Target Amount of variable remuneration: A target bonus is set with the bonus amount ranging between 0% and 200% of the target bonus to ease understanding and transparency of variable remuneration and in line with international market practice.
- Additive bonus system: The performance measurement leading to the bonus indication reflects additively generally three measurement levels to reward individual performance as well as allowing participation in the overall Group and Company results.
- EBITDA and Net Revenues: The key elements measure variable remuneration in alignment with the business reporting. Both indicators are of material significance to the successful implementation of the "Compass 2023" growth strategy and incentivise profitable growth. The growth driven Net Revenues target is balanced by EBITDA, providing for high performance orientation while maintaining a balanced chance-risk profile; and
- ESG (Environmental, Social and Governance)-target: To pursue a sustainable development and in view of its corporate responsibility, sustainability aspects are incorporated into the measurement of variable remuneration to create a meaningful financial commitment.

The variable remuneration shall consider the overall performance of Deutsche Börse Group, the Company, the performance of the areas of responsibility and individual performance contributions. All three measurement levels are generally equally weighted. The allocation of the variable remuneration components within the Company shall also consider all types of current and future risks. When assessing individual performance, financial and non-financial criteria are considered.

## 12.5 Performance Measurement

In case individual performance is determined, this shall be based on the achievement of a mix of quantitative/financial and qualitative/non-financial agreed goals, which shall be challenging and ambitious. The goals shall be consistent with the business and risk strategies, corporate values, risk appetite, long-term interests, as well as the cost of capital and the liquidity of the Company.

The full amount of variable remuneration is subject to an ex-ante risk adjustment in case of negative performance contributions, breach of duty and unconscionable conduct; it can be reduced to zero before the bonus award is made. The reduction shall not be compensated by positive performance contributions.

The performance of members of the Executive Board, Risk Takers and other employees is measured annually and documented and tracked in the respective appraisal systems. The

performance assessment is executed by the respective line manager or, for members of the Executive Board, by the Supervisory Board.

The individual performance measurement is ensured through the respective appraisal systems.

The individual targets for Risk Takers in control units shall be independent from the performance of the business area they monitor and should not compromise their independence or create conflicts of interest in their advisory role. Specifically, for Risk Takers in control units primarily control targets shall be set.

## 12.6 Total Amount of Variable Remuneration

The Total Amount of the variable remuneration ("Total Amount") is based on a combination of the assessment of the performance of the overall result of the Group as well as individual goals including the area of responsibility. Details are stipulated in the respective remuneration scheme and the documentation of the determination of the Total Amount of variable remuneration.

The variable remuneration must not limit CFCL's ability to sustainably maintain or recover an appropriate capital base. If CFCL's ability to sustainably maintain or recover an appropriate suitable capital base is limited, no variable remuneration is to be granted. The total amount of the variable remuneration shall be determined in a formal, transparent and comprehensible process. Representatives of the relevant control units (for the determination of the bonus pool, performance criteria and remuneration awards) shall be involved within their scope of duties.

The Total Amount of variable remuneration is determined by summing up the actual individual variable remuneration that shall be awarded to all employees of the Company whereas such summed up amount is subject to the examination of side conditions, for example, on performance criteria derived from the Company's business and risk strategy in order to promote long-term sustainable success of the Company and to adequately reflect costs of capital and liquidity as well as risks incurred.

For the determination of the variable remuneration the target achievement on Company measurement level and the target achievement of the individual targets are multiplied with a risk adjustment factor. The risk adjustment factor is in general a combination based on the ratio of VaR relative to the available Risk-Bearing Capacity ("ARBC") and the liquidity risk consideration reflecting the limits according to the respective risk strategy. In line with the Company's risk strategy, the VaR incorporates applicable risk types such as operational, financial and business risk as well as liquidity risk. The limit utilisation of each risk type (operational, financial, business and liquidity risk) is measured on a monthly basis and evaluated using a traffic light system in accordance with the limits defined in the risk strategy. In the situation of a yellow or red traffic light, an assessment of the escalation process and mitigating measures (for example, capital allocation) is conducted to derive a potential reduction factor.

Overall, the determination of Variable Remuneration considers especially current and future risks, corporate values and risk appetite as well as long-term interests in accordance with the Company's risk strategy, which is derived from the business strategy on different levels:

Current risks are reflected on Company measurement level (derived from segment) and on individual measurement level by applying a Risk Adjustment Factor, which is based on the Company's RBC utilisation per risk type and the liquidity indicator reflecting the Company's risk appetite and tolerance to the financial impact of risk and on individual measurement level by setting risk adjusted goals, which shall align the employee's professional activities to the respective risk strategy (for example, risk reporting, risk committee preparation, fire drills). Future risks are reflected on Company measurement level in the review of sustainability, which aims also to align the Total Amount to prospective Company's development and on individual measurement level by applying malus and claw back arrangements (where applicable and regulatory required).

## 12.7 Ratio Between Fixed and Variable Remuneration

There shall be an appropriate ratio between the fixed and the variable remuneration. The variable remuneration may amount up to a maximum of 100% of the fixed remuneration. In case national regulatory requirements allow the shareholders, owners or members of the Company to approve a ratio of 1:2 between the Fixed and Variable Remuneration components, the Variable Remuneration may amount up to a maximum of 200% of the Fixed Remuneration in exceptional cases.

## 12.8 Link to Long-term Performance

Guidelines for variable remuneration take due account of possible mismatches of performance and risk periods. Payments of variable remuneration shall be deferred as appropriate, and the pay-out schedules shall be sensitive to the time horizon of risks. CFCL decided to apply a deferral system for Risk Takers to synchronise with its sister companies of Clearstream Group.

In general, variable remuneration is not guaranteed, that is, all variable remuneration is based on performance measurement and can be zero.

For Risk Takers, in case variable remuneration exceeds the threshold of €50.000 or in case it is more than one third of the employee's total remuneration the respective deferral rule applies:

At least 50% of the deferred and non-deferred parts of the variable remuneration shall be linked to the Group's long-term performance. For this purpose, the corresponding parts of the variable remuneration shall be granted in the form of Deutsche Börse AG share-based remuneration (instruments).

At least 40% or respectively, 60% (depending on the category of Risk Taker or in case of a variable remuneration of a high amount) of the variable remuneration component shall be deferred over a period that is no less than four to five years. Remuneration payable shall vest no faster than on a pro rata basis.

Before vesting, there is only an entitlement to an accurate determination of the respective part of the variable remuneration.

The sustainability of the performance contributions of each Risk Taker, his/her area of responsibility as well as the overall performance of the Company is considered. Moreover,

the financial situation of the Company, in particular significant changes in the capital base, decreases in the financial capacity and the ARBC is taken into account (back-testing). In case of a negative back-test, malus can apply to all elements: the cash portion as well as share-based portions of deferred remuneration, in particular in case of evidence of misbehaviour or serious error (for example, breach of code of conduct and other internal rules, especially concerning risks), negative performance contributions, significant failure of risk management respectively significant changes in the capital base, or significant downturn in the financial performance. In case of the circumstances described above have occurred to a significant degree, a reduction or forfeiture of portions of the deferred variable remuneration including the share-based instruments applies.

This is complemented through the implementation of repayment obligations for Risk Takers in accordance with regulatory requirements (so-called "Claw back"). In case of a significant involvement in or the responsibility for a behaviour which led to a significant loss for the Company or to a major regulatory sanction, or a severe breach of relevant external or internal regulations concerning standards of suitability and conduct has been carried out, the respective Risk Taker is obliged to repay any variable remuneration already paid out respectively any claim to payment of variable remuneration shall lapse.

In addition to the share-based components already mentioned for identified Risk Takers, there are no shareholding requirements.

## 12.9 Specific Elements of Variable Remuneration

Guaranteed variable remuneration is exceptional and is only allowed in connection with the hiring of new staff, is limited to a maximum period of one year and subject to appropriate equity and liquid resources as well as sufficient capital in order to ensure the Company's ARBC.

In general, severance payments are variable remuneration. Payments in connection with premature termination shall take due account of the performance over time and shall not reward falling short of performance expectations or misconduct following art. 38-6(h) LFS.

## 12.10 Quantitative Information

The CFCL remuneration information for identified staff (Risk Takers including Group Risk Takers) which are not being a Supervisory Board member is disclosed in EUR (foreign currencies are converted into EUR) and includes remuneration awarded for the respective service period for the financial year 2023. The remuneration information REM4 "Remuneration of 1 million EUR or more per year" refers to identified staff with a CFCL contract.

In order to maintain confidentiality and for data protection reasons, data are shown on an aggregated and rounded base (deviations may occur due to commercial rounding), if the aggregated data refers to at least three employees.

Risk Takers are, unless other stated, reported as identified for financial year 2023 with full-time equivalent (FTE) as per 31 December 2023.

		a	b	c	d	
		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	4	6	-	28
2		Total fixed remuneration	-	2,063,348	-	8,146,334
3		Of which: cash-based	-	2,063,348	-	8,146,334
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	4	6	-	28
10		Total variable remuneration	-	1,718,915	-	5,241,941
11		Of which: cash-based	-	651,565	-	2,097,241
12		Of which: deferred	-	390,939	-	1,154,445
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	1,067,351	-	3,144,700
EU-14b		Of which: deferred	-	806,725	-	2,323,903
EU-14x		Of which: other instruments	-	-	-	-
EU-14y	Of which: deferred	-	-	-	-	
15	Of which: other forms	-	-	-	-	
16	Of which: deferred	-	-	-	-	
17	Total remuneration (2 + 10)	-	3,782,263	-	13,388,275	

*Template 18: EU REM1 – Remuneration Awarded for The Financial Year*

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards - Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

*Template 19: EU REM2 – Special Payment to Staff Whose Professional Activities Have a Material Impact on Institution’s Risk Profile (Identified Staff)*

		a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	2,407,888	495,768	1,912,120	-	-	-	421,902	247,884
8	Cash-based	713,233	247,884	465,349	-	-	-	247,884	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	or equivalent non-cash instruments	1,694,655	247,884	1,446,771	-	-	-	174,018	247,884
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-	-	-	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	9,020,100	2,113,072	6,907,028	-	-	-	1,831,614	1,041,514
20	Cash-based	3,178,632	1,071,558	2,107,075	-	-	-	1,071,558	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash	5,841,468	1,041,514	4,799,954	-	-	-	760,056	1,041,514
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	11,427,988	2,608,840	8,819,148	-	-	-	2,253,516	1,289,398

*Template 20: EU REM3 – Deferred Remuneration*

	EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	0
3	2 000 000 to below 2 500 000	0
4	2 500 000 to below 3 000 000	0
5	3 000 000 to below 3 500 000	0
6	3 500 000 to below 4 000 000	0
7	4 000 000 to below 4 500 000	0
8	4 500 000 to below 5 000 000	0
9	5 000 000 to below 6 000 000	0
10	6 000 000 to below 7 000 000	0
11	7 000 000 to below 8 000 000	0
x	To be extended as appropriate, if further payment bands are needed.	0

*Template 21: EU REM4 – Remuneration of EUR 1 mn or More Per Year*

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										38
2	Of which: members of the MB	4	6	10							
3	Of which: other senior management				-	-	-	-	-	-	
4	Of which: other identified staff				-	-	-	20	8	-	
5	Total remuneration of identified staff	-	3,782,263	-	-	-	-	10,533,352	2,854,923	-	
6	Of which: variable remuneration	-	1,718,915	-	-	-	-	4,524,830	717,111	-	
7	Of which: fixed remuneration	-	2,063,348	-	-	-	-	6,008,522	2,137,812	-	

*Template 22: EU REM5 – Information on Remuneration of Staff Whose Professional Activities Have a Material impact on Institution's Risk Profile (Identified Staff)*



## 13 Appendix

### 13.1 Disclosure Overview

#### 13.1.1 EBA Tables and Templates

Disclosure	Template	CRR Article	Report Chapter
Disclosure of key metrics and overview of risk-weighted exposure amounts	EU OV1 – Overview of Total Risk Exposure Amounts	Article 438(d)	6.5
	EU KM1 - Key Metrics	Article 447	2
	EU OVC – ICAAP Information	Article 438 (c)	4.12
Disclosure of risk management policies and objectives	EU OVA - Institution Risk Management Approach	Annual (points (a), (e) of (f) of Article 435(1))	4
	EU OVB - Disclosure on Governance Arrangements	Annual (points (a), (b) and (c) of Article 435 (2))	3
Disclosure of own funds	EU CC1 – CFCH Consolidated Composition of Regulatory Own Funds EU CC1 – CFCL Standalone Composition of Regulatory Own Funds	Annual (point(a) of Article 437)	6.2
	EU CC2- CFCL Standalone Reconciliation of Regulation Own Funds to Balance Sheet in the Audited Financial Statements	Article 437(a)	6.3
Disclosure of liquidity requirements	EU LIQA - Liquidity Risk Management	Annual (points (a), (e) and (f) of Article 435(1))	9
	EU LIQ1 – Qualitative Information of LCR (T EUR)	Article 451a(2)	9.4.1.1
	EU LIQB on Qualitative Information on LCR, Which Complements Template EU LIQ1.	Article 451a(2)	9.4.1.1
	EU LIQ2 – Net Stable Funding Ratio	Article 451a(3)	9.4.1.2
Disclosure of credit risk quality	EU CRA General Qualitative Information About Credit Risk	Annual (points (a), (e) and (f) of Article 435(1))	8
Disclosure of the use of standardised approach and internal model for market risk	EU MRA Qualitative Disclosure Requirements	Article 435(1) (a)	10

	EU IRRBB1 - Interest Rate Risks of Non-Trading Book Activities		
<b>Disclosure of operational risk</b>	EU ORA - Qualitative Information on Operational Risk	Annual (points (a), (e) and (f) of Article 435(1))	7
<b>Disclosure of remuneration policy</b>	EU REMA – Remuneration Policy	Annual (points (a) to (d) and (k) of Article 450(1))	12.1
	EU REM1 – Remuneration Awarded for The Financial Year	Article 450(1)(h)(i)-(ii)	12.10
	EU REM2 – Special Payment to Staff Whose Professional Activities Have a Material Impact on Institution’s Risk Profile (Identified Staff)	Article 450(1)(h)(v)-(vii)	12.10
	EU REM3 – Deferred Remuneration	Article 450(1)(h)(iii)-(iv)	12.10
	EU REM4 – Remuneration of EUR 1 mn or More Per Year	Article 450 (1) (i)	12.10
	EU REM5 – Information on Remuneration of Staff Whose Professional Activities Have a Material impact on Institution’s Risk Profile (Identified Staff)	Article 450(1)(g)	12.10

*Table 6: EBA Tables and Templates Included*

Disclosure	Template	CRR Article	Report Chapter
<b>Disclosure of key metrics and overview of risk-weighted exposure amounts</b>	EU INS1 - Insurance participations	Point (f) of Article 438	Not Applicable
	EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio	Points (g) of Article 438	Not Applicable
<b>Disclosure of the scope of application</b>	EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)	Point (b) of Article 436	Not Applicable
	EU LIA - Explanations of differences between accounting and regulatory exposure amounts	Point (b) of Article 436	Not Applicable
	EU PV1: Prudent valuation adjustments (PVA)	Point (e) of Article 436	Not Applicable

	EU LIB - Other qualitative information on the scope of application	Points (f), (g) and (h) of Article 436	Not Applicable
<b>Disclosure of own funds</b>	EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments	Points (b) and (c) of Article 437	Not Applicable
<b>Disclosure of countercyclical capital buffers</b>	EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Point (a) of Article 440	Not Applicable
	EU CCyB2 - Amount of institution-specific countercyclical capital buffer	Point (b) of Article 440	Not Applicable
<b>Disclosure of the leverage ratio</b>	EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	Point (b) of Article 451(1)	Not Applicable
	EU LR2 - LRCom: Leverage ratio common disclosure	Article 451(3) - Rows 28 to 31a	Not Applicable
	EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Points (a), (b) and (c) of Article 451(1) and Article 451(2) - Rows up to row 28	Not Applicable
	EU LRA: Free format text boxes for disclosure on qualitative items	Point (b) of Article 451(1)	Not Applicable
<b>Disclosure of credit risk quality</b>	EU CRB: Additional disclosure related to the credit quality of assets	Points (d) and (e) of Article 451(1)	Not Applicable
	EU CQ3: Credit quality of performing and non-performing exposures by past due days	Points (a) and (b) of Article 442	Not Applicable
	EU CR1-A: Maturity of exposures	Points (c) and (d) of Article 442	Not Applicable
	EU CR2: Changes in the stock of non-performing loans and advances	Point (g) of Article 442	Not Applicable
	EU CR1: Performing and non-performing exposures and related provisions	Point (f) of Article 442	Not Applicable
	EU CQ1: Credit quality of forborne exposures	Points (c) and (f) of Article 442	Not Applicable
	EU CQ4: Quality of non-performing exposures by geography	Point (c) of Article 442	Not Applicable
	EU CQ5: Credit quality of loans and advances by industry	Points (c) and (e) of Article 442	Not Applicable
	EU CQ7: Collateral obtained by taking possession and execution processes	Points (c) and (e) of Article 442	Not Applicable

	EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Point (c) of Article 442	Not Applicable
	EU CQ2: Quality of forbearance	Points (c) and (f) of Article 442	Not Applicable
	EU CQ4: Quality of non-performing exposures by geography	Point (c) of Article 442	Not Applicable
	EU CQ5: Credit quality of loans and advances by industry	Points (c) and (e) of Article 442	Not Applicable
	EU CQ6: Collateral valuation - loans and advances	Points (c) and (e) of Article 442	Not Applicable
	EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	Point (c) of Article 442	Not Applicable
<b>Disclosure of the use of credit risk mitigation techniques</b>	EU CRC – Qualitative disclosure requirements related to CRM techniques	Point (c) of Article 442	Not Applicable
	EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Points (a) to (e) of Article 453	Not Applicable
<b>Disclosure of the use of standardised approach</b>	EU CRD – Qualitative disclosure requirements related to standardised model	Point (f) of Article 453	Not Applicable
	EU CR4 – standardised approach – Credit risk exposure and CRM effects	Points (a) to (d) of Article 444	Not Applicable
	EU CR5 – standardised approach	Points (g), (h) and (i) of Article 453 CRR and point (e) of Article 444	Not Applicable
<b>Disclosure of the use of the IRB approach to credit risk</b>	EU CRE – Qualitative disclosure requirements related to IRB approach	Point (e) of Article 444	Not Applicable
	EU CR6-A – Scope of the use of IRB and SA approaches	Points (a) to (f) of Article 452	Not Applicable
	EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range	Point (b) of Article 452	Not Applicable
	EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	Point (g) of Article 452	Not Applicable

	EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques	Point (j) of Article 453	Not Applicable
	EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach	Point (g) of Article 453	Not Applicable
	EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)	Point (h) of Article 438	Not Applicable
	EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	Point (h) of Article 452	Not Applicable
<b>Disclosure of specialised lending</b>	EU CR10 – Specialised lending and equity exposures under the simple riskweighted approach	Point (h) of Article 452 and point (f) of Article 180(1)	Not Applicable
<b>Disclosure of exposures to counterparty credit risk</b>	EU CCRA – Qualitative disclosure related to CCR	Point (e) of Article 438	Not Applicable
	EU CCR1 – Analysis of CCR exposure by approach	Points (a) to (d) and last paragraph of Article 439	Not Applicable
	EU CCR2 – Transactions subject to own funds requirements for CVA risk	Points (f), (g), (k) and (m) of Article 439	Not Applicable
	EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights	Point (h) of Article 439	Not Applicable
	EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale	Point (l) of Article 439 referring to point (e) of Article 444	Not Applicable
	EU CCR5 – Composition of collateral for CCR exposures	Point (l) of Article 439 referring to point (g) of Article 452	Not Applicable
	EU CCR6 – Credit derivatives exposures	Point (e) of Article 439	Not Applicable
	EU CCR7 – RWEA flow statements of CCR exposures under the IMM	Point (j) of Article 439	Not Applicable
	EU CCR8 – Exposures to CCPs	Point (h) of Article 438	Not Applicable

<b>Disclosure of exposures to securitisation positions</b>	EU-SECA - Qualitative disclosure requirements related to securitisation exposures	Point (i) of Article 439	Not Applicable
<b>Disclosure of exposures to securitisation positions</b>	EU-SEC1 - Securitisation exposures in the non-trading book	Points (a) to (i) of Article 449	Not Applicable
	EU-SEC2 - Securitisation exposures in the trading book	Point (j) of Article 449	Not Applicable
	EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	Point (j) of Article 449	Not Applicable
	EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	Point (k)(i) of Article 449	Not Applicable
	EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	Point (k)(ii) of Article 449	Not Applicable
<b>Disclosure of the use of standardised approach and internal model for market risk</b>	EU MR1 - Market risk under the standardised approach	Point (l) of Article 449	Not Applicable
<b>Disclosure of the use of standardised approach and internal model for market risk</b>	EU MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models	Article 445	Not Applicable
<b>Disclosure of the use of standardised approach and internal model for market risk</b>	EU MR2-A - Market risk under the internal Model Approach (IMA)	Points (a), (b), (c), (f) of Article 455	Not Applicable
<b>Disclosure of the use of standardised approach and internal model for market risk</b>	EU MR2-B - RWA flow statements of market risk exposures under the IMA	Point (e) of Article 455	Not Applicable
<b>Disclosure of the use of standardised approach and internal model for market risk</b>	EU MR3 - IMA values for trading portfolios	Point (h) of Article 438	Not Applicable
<b>Disclosure of the use of standardised approach and internal model for market risk</b>	EU MR4 - Comparison of VaR estimates with gains/losses	Point (d) of Article 455	Not Applicable
<b>Disclosure of operational risk</b>	EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts	Point (g) of Article 455	Not Applicable
<b>Disclosure of encumbered and unencumbered assets</b>	EU AE1 - Encumbered and unencumbered assets	Articles 446 and 454	Not Applicable

<b>Disclosure of encumbered and unencumbered assets</b>	EU AE2 - Collateral received and own debt securities issued	Article 443	Not Applicable
<b>Disclosure of encumbered and unencumbered assets</b>	EU AE3 - Sources of encumbrance	Article 443	Not Applicable
<b>Disclosure of encumbered and unencumbered assets</b>	EU AE4 - Accompanying narrative information	Article 443	Not Applicable

*Table 7: EBA Tables and Templates Excluded*

### 13.1.2 List of figures and tables

Following figures and tables other than those required by EBA are listed below:

<b>Figures</b>	<b>Tables</b>
Figure 1: Overview regulatory framework	Table 1: Board of Directors Members
Figure 2: Overview of Corporate Structure	Table 2: Supervisory Board Members
Figure 3: CFCL's Risk Inventory Taxonomy Structure	Table 3: Executive Board Members
Figure 4: Three lines of Defence Governance and Segregation of Duties Within the Risk Management Process	Table 4: Concise Risk Statement
Figure 5: CFCL's Risk Profile	Table 5: Reconciliation between the FINREP prudential reporting and the published annual accounts of CFCL standalone
	Table 6: EBA Tables and Templates Included
	Table 7: EBA Tables and Templates Excluded





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