

Semi-annual Pillar III Disclosure Report Clearstream Banking S.A.

Disclosures as of 30 June 2024

September 2024

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Pillar III Disclosure Report of Clearstream Banking S.A., according to Part Eight of Regulation (EU) No 575/2013 (Capital Requirement Regulation, CRR) as amended by Regulation (EU) No 876/2019 (Capital Requirements Regulation II, CRR II) and, in conjunction with § 26a German Banking Act (Kreditwesengesetz, KWG).

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Foreword

Clearstream Banking S.A. (CBL) is pleased to present its semi-annual Pillar III Disclosure Report as of 30 June 2024. The purpose of this document is to meet regulatory disclosure requirements, based on the revised Basel banking framework, known as “Basel III”. At the European Union (EU) level, the disclosure framework covers the Basel III requirements, and includes additional components as laid down by Directive 2013/36/EU (Capital Requirement Directive, CRD) as amended and Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) as amended by Regulation (EU) No 2019/876 (Capital Requirements Regulation 2, CRR 2). The Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards (ITS on Pillar III disclosures) with regard to public disclosures by institutions of the information referred to Titles II and III of Part Eight of Regulation (EU) No 575/2013 (CRR) is applicable since 28 June 2021.

Clearstream Banking S.A. (CBL) is a directly fully owned subsidiary of Clearstream Holding AG (CH), which is a financial holding company as defined in Article 4 Paragraph 1.20 CRR. Together with its subordinated companies, CH forms a financial holding Group under German law.

In application of Article 13(1) CRR EU parent institutions should comply with Part Eight CRR on consolidated basis. Consolidated disclosures of CH are available on the Clearstream website:

[Pillar III Disclosure Report \(clearstream.com\)](https://www.clearstream.com)

Additionally, significant subsidiaries and the subsidiaries which are of significance for their local market are required to disclose information to the extent applicable in respect to own funds, capital requirements, countercyclical capital buffers, credit risk, remuneration policy, leverage ratio and liquidity requirements on an individual basis. CBL being designated as O-SII, it falls under the scope of individual disclosures.

1. Introduction

1.1. 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 20 May 2019 amending Regulation (EU) No 575/2013 (CRR I) as at 30 September 2023 and Article 38 of the Luxembourg Law of 5 April 1993 (“Luxembourg Banking Act”), at the legal entity level of CBL.

On 24 June 2020, the European Banking Authority (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 Disclosure Report relates to CRR II.

1.2. Pillar 3 Disclosure Approach (Article 431(1), (2) CRR)

This Disclosure Report provides a comprehensive and detailed description of the risk profile of the Bank in accordance with CRR, taking into account the materiality principle pursuant to Article 432 (1) CRR. The following subchapters provide an overview of the approach and means of disclosures.

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.

1.3. Disclosure Policy (Article 431(3) CRR)

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 Executive Board of CBL 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 must be followed if CBL considers 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.

1.4. Formal Attestation (Article 431(3) CRR)

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 CBL Executive Board has approved this report for publication and confirmed that CBL meets the requirements of Article 431(3) CRR.

1.5. Non-material, Proprietary or Confidential Information (Article 432 CRR)

With exemption of disclosures laid down in point (c) of Articles 435(2) and 437 CRR, disclosure content can be omitted according to Article 432 CRR and relating EBA Guideline 2014/14 if the information is non-material, proprietary or confidential. For items regarding Article 435(2) point (c) of CRR 2, please refer to the full-year Disclosure Report of CBL.

1.6. Frequency of Disclosure (Article 433c CRR)

In addition to the full-year report and in accordance with Article 433c (1) (b) on disclosure obligations for large institutions other than Global Systemically Important Institutions (G-SIIs), key metrics are published with semi-annual frequency.

1.7. Means of Disclosures (Article 434 CRR)

In accordance with Article 434 CRR, CBL publishes its Disclosure Report on the website:

[Pillar III Disclosure Report \(clearstream.com\)](https://clearstream.com)

Furthermore, the following documents are also made available:

- A remuneration report and remuneration policy that fulfil the requirements according to Article 450 CRR.

That report is disclosed by year on the website of Clearstream Group:

www.clearstream.com/clearstream-en/about-clearstream/regulation-1-remuneration-information.

The remuneration policy is also publicly available under the following [link](#).

Information about the return on assets (RoA) according to Article 38-4 of the Luxembourg Banking Act is disclosed by CBL under Note 9.3 in the notes to its financial statements, which are published in the Luxembourg Trade and Companies Register (“Registre de Commerce et des Sociétés”).

1.8. Policy on Diversity with regard to Selection of Members of the Management Body (Article 435(2)(c) CRR)

CBL has defined several diversity principles that govern the selection of Executive Board and Supervisory Board members. To benefit from a balanced gender diversity and to fulfil the requirement of Article 27(4) of the Regulation (EU) No 909/2014 the Supervisory Board of CBL has approved the Gender Diversity Policy as [published on Clearstream’s website](#) and decided on a target to increase the number of the under-represented gender in the management body.

For the details of the principles, please refer to the full-year Disclosure Report of CBL.

1.9. Scope of Application (Article 436 CRR)

Clearstream Banking S.A. (“CBL”) was founded in 1970 in Luxembourg and has its registered office at 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

CBL is classified as a public limited company (Société Anonyme). It is governed by its Articles of Incorporation and Luxembourg company law.

Throughout the reporting period applicable to the semi-annual Pillar III Disclosure as of 30 June 2024, CBL had one foreign subsidiary namely Clearstream London Limited (CLL) and two branches: Singapore, and Tokyo (Japan). However, on grounds of non-materiality these are not consolidated for accounting purposes and CBL has also been exempted of consolidation for regulatory reporting purposes.

All disclosed information is reported in CBL’s accounting and reporting currency, Euro, if not otherwise specified.

1.10. Regulatory Supervision

Commission de Surveillance du Secteur Financier (“CSSF”) is the competent authority for the supervision of CBL as a credit institution according to Article 42 and 43 of the Luxembourg Banking Act. Furthermore, 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.

Moreover, CBL is subject to regulatory supervision in relation to the securities settlement system (“SSS”) according to Title V of the Luxembourg Law of 10 November 2009 relating to payment services. BCL is responsible for the oversight of SSSs, as per Article 110 of the Law of 10 November 2009. The oversight focuses on the operational and financial stability of each system individually, the participants in such systems as well as the stability of the financial system as a whole. Furthermore, specific regulations for SSSs must be considered (for example, circulars BCL 2001/163 and 2001/168).

Additionally, being authorised in accordance with Article 16 and Article 54 Paragraph (2) lit. a of Regulation (EU) No 909/2014 (CSDR), CSSF acts also as the designated competent authority carrying out the duties under CSDR for the supervision of CBL in accordance with Article 11 CSDR.

As of 1 January 2018, CBL is classified as Other Systemically Important Institution (“O-SII”) since the competent authorities comply with the EBA Guidelines 2014/10 on criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions. Due to its classification as an O-SII, CBL must produce a stand-alone Pillar III Disclosure Report. This classification was reconfirmed in November 2023 (as per CSSF Regulation N° 23-05).

CH as the superordinate company of the financial holding group according to §10a (1) of the German Banking Act (KWG) as well as being approved as financial holding company in accordance with Article 21 CRD, is responsible for fulfilling the regulatory obligations on a consolidated/Group level vis-à-vis the German supervisory authorities and presents a Pillar

III report in compliance with the disclosure requirements pursuant to Part Eight CRR and § 26a KWG.

2. Key Prudential Metrics

As outlined in Article 433c(1)(b), and Article 447 CRR, CBL discloses its data on own funds, risk-weighted exposures, capital ratios, leverage ratios, and liquidity coverage as shown below in Table 1 – EU KM1 – Key Metrics.

Disclosure periods T, T-1, T-2, T-3 and T-4 are defined as quarterly periods and shall be populated depending on the frequency set by Articles 433a, 433b and 433c CRR. Institutions disclosing the information in this template on a semi-annual basis shall provide data for periods T, T-2 and T-4. Consequently, for the semi-annual report as of 30 June 2024, CBL discloses the information for reporting dates 30 June 2024, 31 December 2023 and 30 June 2023.

2.1. Composition of capital

The total regulatory capital of CBL consists of Common Equity Tier 1 (CET1) capital, which comprises the following items:

- Subscribed capital;
- Share premium;
- Reserves, and retained earnings; and
- Revaluation reserves.

Deductions of the CET1 capital arise from the following items:

- Intangible assets (Article 36 (b) of CRR);
- Deferred tax assets (Article 36 (c) of CRR);
- Revaluation reserve for cash-flow hedges (Article 33 of CRR);
- 20% of net worth tax (NWT) reserve; and
- Regulatory adjustments:
 - Amount of insufficient coverage for non-performing exposures (Article 36 (m) of CRR);
 - Amount corresponding to prudent valuation adjustment (Article 34 of CRR).

2.2. Risk-weighted exposure amounts

The capital requirements of CBL arise from the following categories:

- Credit risk from the items on the balance sheet and the off-balance sheet items under standardised approach. The credit risk mitigation technique used by CBL for solvency purposes is collateralisation.
 - For reporting purposes, CBL applies supervisory volatility adjustments under the Financial Collateral Comprehensive Method as specified in Article 224 of CRR;
- Counterparty credit risk from over-the-counter (OTC) transactions using the Standardised Method (SACCR);
- Operational risk using the Advanced Measurement Approach (AMA);

- Credit Valuation Adjustment for derivatives business using the Standardised Method; and
- Risk exposure amount for foreign exchange transactions.

2.3. Additional own funds requirements

As an O-SII CBL is subject to additional buffer requirement of 0.5%.

Further to the provisions of Article 59-5 of the Law of 5 April 1993 on the financial sector, CBL is subject to additional capital requirements equal to 2.5% of total risk exposure amount (TREA) corresponding to the capital conservation buffer.

Within its supervisory review and evaluation process (SREP) in 2022, further to Article 28(1) of CSSF Regulation 15-02, the CSSF has concluded that, in excess of the requirements specified in Article 92 of CRR, CBL is required to maintain additional own funds equal to 0.5% to be held in the form of 56.25% CET1 capital and 75% of Tier 1 capital as a minimum. This requirement was confirmed in May 2024.

2.4. Leverage ratio

Exposures of CSDs authorised as credit institutions arising from banking type ancillary services offered to participants in a securities settlement system and holders of securities accounts, have been excluded from the total exposure measure of the leverage ratio according to Article 429a (1) (o) of CRR II, as those activities do not create a risk of excessive leverage.

2.5. Liquidity coverage ratio

For the purpose of semi-annual disclosures, these values of weighted average high-quality liquid assets (HQLA), outflows and inflows are calculated as the simple averages of month-end observations over the twelve months preceding the end of each quarter.

2.6. Net stable funding ratio

According to Article 6(4) (b) of CRR, institutions authorised as CSDs according to Articles 16 and 54(2) (a) of CSDR are exempted from the net stable funding ratio (NSFR) on an individual basis. As a result, CBL is exempt from NSFR reporting.

2.7. Key Metrics – Template EU KM1

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
(in 000s of €)		6/30/2024		12/31/2023		6/30/2023
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	1,024,053		1,011,696		1,007,535
2	Tier 1 capital	1,024,053		1,011,696		1,007,535
3	Total capital	1,024,053		1,011,696		1,007,535
Risk-weighted exposure amounts						
4	Total risk exposure amount	2,558,255		2,495,150		3,115,647
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	40.03%		40.55%		32.34%
6	Tier 1 ratio (%)	40.03%		40.55%		32.34%
7	Total capital ratio (%)	40.03%		40.55%		32.34%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.50%		0.50%		0.50%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.28%		0.28%		0.28%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.38%		0.37%		0.37%
EU 7d	Total SREP own funds requirements (%)	8.50%		8.50%		8.50%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%		2.50%		2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%		0.00%		0.00%
9	Institution specific countercyclical capital buffer (%)	0.72%		1.33%		0.71%
EU 9a	Systemic risk buffer (%)	0.00%		0.00%		0.00%
10	Global Systemically Important Institution buffer (%)	0.00%		0.00%		0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.50%		0.50%		0.50%
11	Combined buffer requirement (%)	3.72%		4.33%		3.71%
EU 11a	Overall capital requirements (%)	12.22%		12.83%		12.21%
12	CET1 available after meeting the total SREP own funds requirements (%)	31.53%		32.05%		23.84%
Leverage ratio						
13	Total exposure measure	4,199,738		3,708,458		4,648,804
14	Leverage ratio (%)	24.38%		27.28%		21.67%

Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	n/a		n/a		n/a
EU 14b	of which: to be made up of CET1 capital (percentage points)	n/a		n/a		n/a
EU 14c	Total SREP leverage ratio requirements (%)	3.00%		3.00%		3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.00%		0.00%		0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%		3.00%		3.00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	17,573,299		17,737,456		18,911,083
EU 16a	Cash outflows - Total weighted value	13,241,976		13,438,736		16,683,171
EU 16b	Cash inflows - Total weighted value	1,074,520		989,514		1,510,352
16	Total net cash outflows (adjusted value)	12,167,457		12,449,222		15,172,819
17	Liquidity coverage ratio (%)	144.43%		142.48%		124.64%
Net Stable Funding Ratio						
18	Total available stable funding	n/a		n/a		n/a
19	Total required stable funding	n/a		n/a		n/a
20	NSFR ratio (%)	n/a		n/a		n/a

Template 1: EU KM1 - Key metrics

Contact
www.clearstream.com

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Clearstream Banking S.A.

Address

Clearstream Banking S.A.
42 Avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg

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