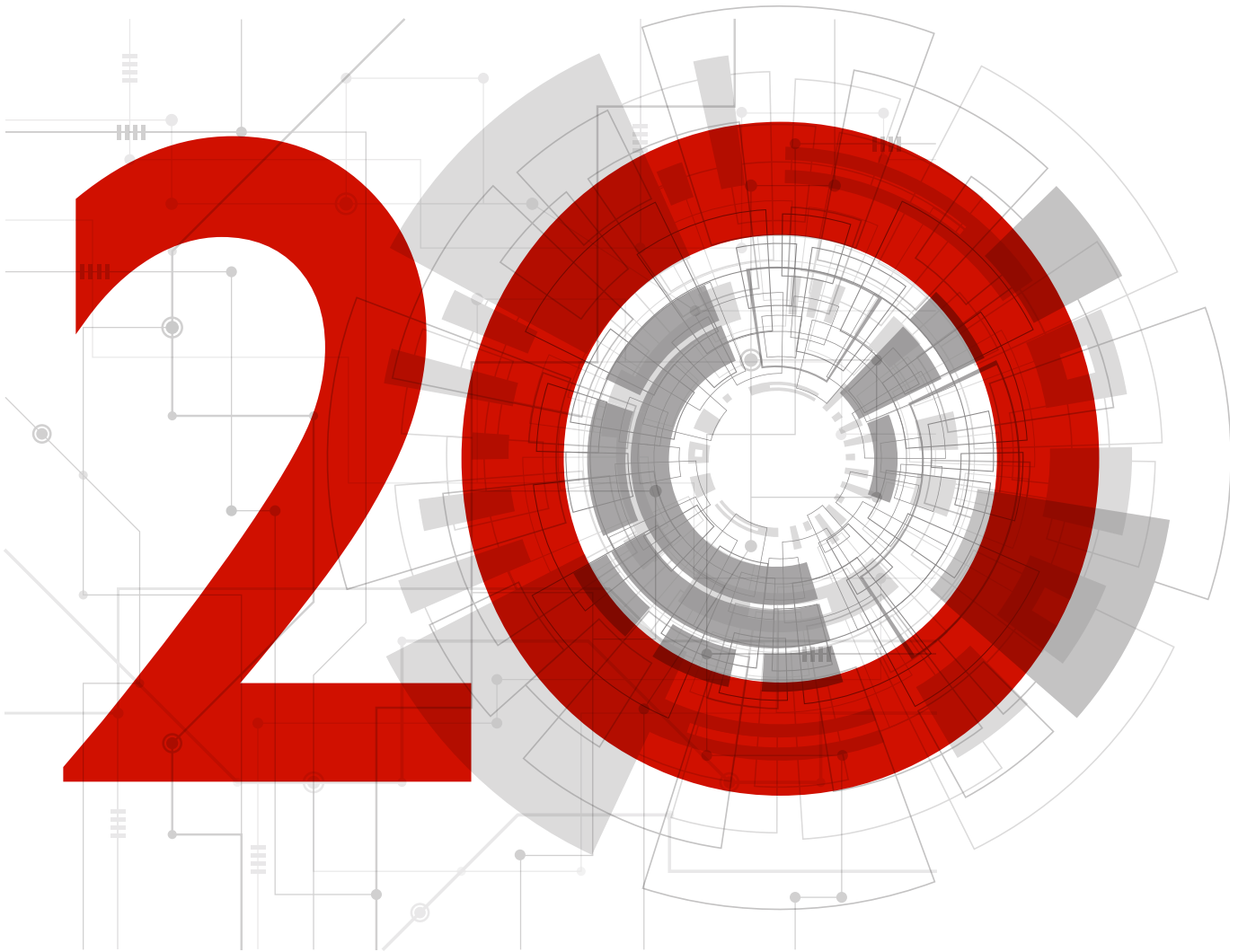
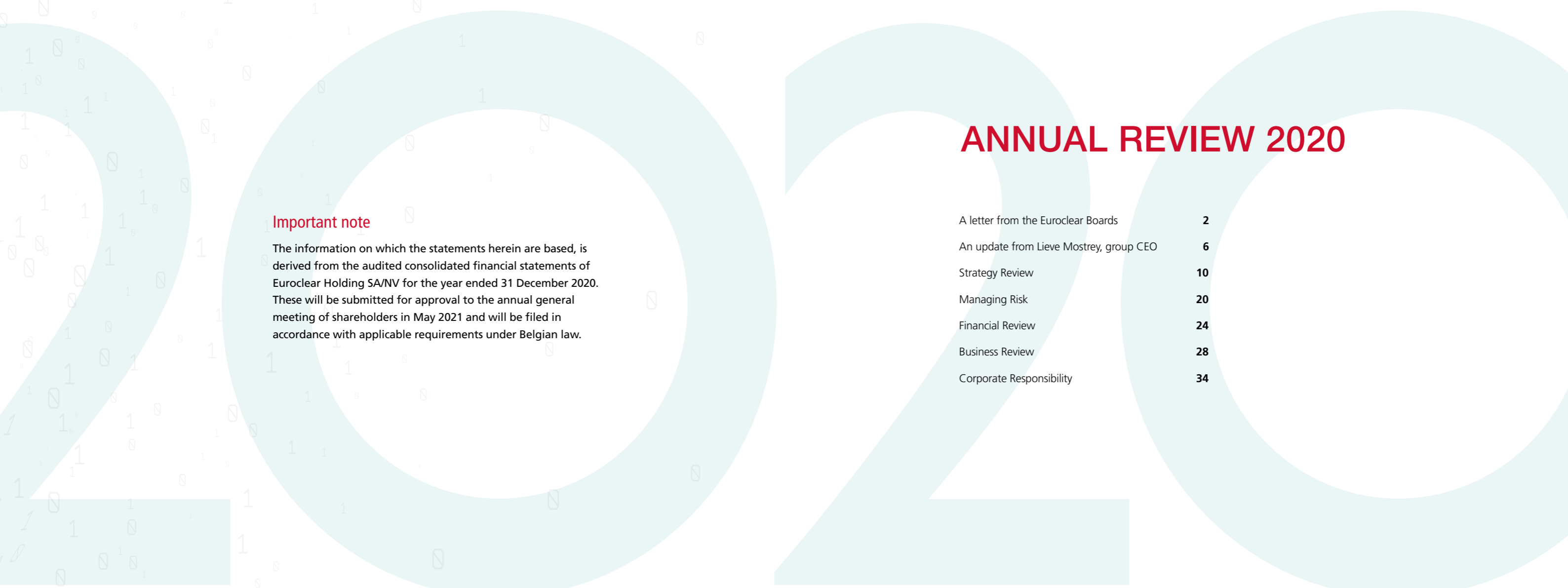




EUROCLEAR **ANNUAL REVIEW 2020**





Important note

The information on which the statements herein are based, is derived from the audited consolidated financial statements of Euroclear Holding SA/NV for the year ended 31 December 2020. These will be submitted for approval to the annual general meeting of shareholders in May 2021 and will be filed in accordance with applicable requirements under Belgian law.

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A letter from the Euroclear Boards

“
We are pleased to report that we more than met the challenges of 2020, processing a higher volume of transactions than ever before while maintaining our high standards of business continuity.

Harold Finders, Interim Chair Euroclear Holding

”



Dear shareholders,

As we write to update you on the Euroclear group's performance in 2020, we must first reflect on what was a most difficult and unprecedented year for all our stakeholders.

We are all aware of the sweeping global impact of Covid-19, which forced immediate and necessary change to our daily lives and brought uncertainty to financial markets. Policy makers responded by cutting interest rates and expanding money supply to stimulate spending, while governments issued more debt as they not only try to shield the impact of the pandemic on households and businesses, but also prepare for future economic recovery.

Geopolitical shifts, including Brexit and the US elections introduced further uncertainty, while ongoing technological developments continued to evolve our operating environment.

A robust performance in 2020

Times like this underline the importance of Euroclear's role in the financial ecosystem, and how market participants rely on our stability, resilience and adaptability.

We are pleased to report that we more than met the challenges of 2020, processing a higher volume of transactions than ever before while maintaining our high standards of business continuity. We are very grateful to the whole team for their considerable efforts over the past year in such testing conditions. Our resilience is also testament to the investments that have been made in our systems and technology in recent years.

In addition to fulfilling our obligations to our clients, we have performed well - operationally, financially and in continuing to implement and deliver on our strategy. Euroclear's

diversified business model and its strategic initiatives delivered strong growth in business income, which offset declines as a result of lower interest rates. Such a resilient top line performance was the foundation from which Euroclear delivered group net profit of €432 million, in line with 2019's record level.

In light of this resilient performance, and considering the company's robust capital base, the Euroclear Holding Board has announced its intention to pay an interim dividend of €82.4 per share, subject to confirmation of the mid-year 2021 performance. This represents a pay-out ratio of 60%, consistent with the previous dividend, and in line with the guidance range of 55% to 65% that has been adopted by the Board.

Consistent strategic progress

The Boards are pleased with the continued implementation of the group's strategic initiatives over the past year.

Through its strategy to strengthen, grow and reshape the Euroclear network, your company is positioned to benefit from heightened demand across a number of its business lines, such as in funds and collateral management.

At the same time, by balancing cost control with investment in business resilience, efficacy and new client offerings, the quality of our earnings continue to be enhanced.

Simplifying governance structures

Euroclear's Boards have also adapted well to the new reality and digital ways of working.

With the group now having been granted its CSD Regulation licences by the regulatory authorities for all its operating entities, the Boards of Euroclear Holding and Euroclear SA/NV are now preparing to adopt a new, simpler governance structure, taking into consideration the incoming Capital Requirement Directive V (CRD V) regulations.

Over the course of 2020, there were a number of changes to the composition of the Boards, including the departure of Marc Antoine Autheman who stepped down after eight years as Chairman of Euroclear Holding and Euroclear SA/NV.

In the interim, pending a permanent replacement Chairman for both boards, we have operated a tandem chair structure for Euroclear Holding and Euroclear SA/NV, and taken the opportunity to undertake governance reforms.

In doing so, we recognise that the group has benefitted from both Boards working more closely together and from the range of expertise and perspectives brought by the diversity of its members.

As such, we intend to simplify the Boards' structure and composition in the coming months, following approval from our shareholders.

Corporate responsibility

The events of 2020 have undoubtedly increased the focus on all businesses' responsibilities to their communities and society, starting in the workplace. Throughout the year, Euroclear has sought to prioritise the health, well-being and engagement of its people despite full remote working and wider government enforced restrictions.

We believe it is essential to act responsibly and to take a long-term view. We are proud that no employees were made redundant or placed on furlough as a consequence of Covid-19. Furthermore, through the Euroclear Solidarity Fund, a €1 million donation was made in support of the hospitals and charities tackling the pandemic on the frontline.

Looking to the future, we intend to further build on the group's Corporate Responsibility foundations; this is not only the right thing to do, but also a growth opportunity for our business as we support the financial industry in grasping ESG and sustainable finance priorities.

Thank you

Euroclear benefits greatly from its stable and supportive investor community. Over the course of the past year, this community has evolved as incoming shareholders, including a shareholder consortium led by the Belgian state fund, SFPI, increased their investments. These investors have diversified our shareholder base and provided liquidity to those longstanding investors who wished to sell. We would like to thank the Euroclear shareholder community for the confidence you continue to place in us.

Finally, let us also thank management, colleagues as well as our clients, suppliers and partners for the dedication and collaboration they have demonstrated throughout 2020. Their continued efforts ensure that Euroclear is well placed to continue delivering value to stakeholders through its attractive customer proposition and unique business model as an independent, open financial market infrastructure.

Thank you

Harold Finders, Interim Chair Euroclear Holding
Franco Passacantando, Interim Chair Euroclear SA/NV



Looking to the future, we intend to further build on the group's Corporate Responsibility foundations; this is not only the right thing to do, but also a growth opportunity for our business as we support the financial industry in grasping ESG and sustainable finance priorities.

Franco Passacantando, Interim Chair Euroclear SA/NV

An update from Lieve Mostrey

Euroclear group CEO

Sustained focus and investment in the group's strategic imperatives, as well as its diversified business model, led to business income growth of 12% year on year, well ahead of our strategic plans.

Lieve Mostrey, Euroclear group CEO



Dear shareholders,

In the past year, 2020, Euroclear has delivered a robust business performance, despite the unprecedented conditions and significant headwinds that resulted from the Covid-19 pandemic. This yielded stable financial results and consistent shareholder returns.

Business Resilience, Strategic Progress

I am very proud of how we achieved such a strong performance in 2020 and I would like to highlight two key reasons.

Firstly, we adapted seamlessly to implement full remote working to protect the health of staff and to continue providing service to our clients.

The majority of this shift in working arrangements came in March, a period when financial markets were extremely volatile and customer transaction volumes exceptionally high. Service levels throughout this period remained high, with our systems performing well and our people going the extra mile in support of customers throughout this challenging time.

Ensuring business continuity was the foundation of the group's performance last year, and was largely thanks to the dedication of Euroclear colleagues, despite difficult circumstances. I would like to say thank you to them all. They have demonstrated great adaptability and are already beginning to adopt new ways of working that continue to boost employee engagement, effectiveness and well-being in tomorrow's more digital workplace.

Secondly, we have continued to deliver the group's business strategy to strengthen, grow and reshape the Euroclear network.

Sustained focus and investment in the group's strategic imperatives, as well as its diversified business model, led to business income growth of 12% year on year, well ahead of our strategic plans. This strong business income performance offset substantially weaker interest, banking and other income due to the impact of the lower interest rate environment.

When we look at the financials more closely, it is clear that our five year strategy is progressing well. Business income operating margin (which excludes interest income) is our key strategic metric of growth and efficiency. This expanded to 33% in 2020, which is already within the group's target range of low-to-mid thirties, three years ahead of our initial plan.

Continuing to invest in the future

I believe that Euroclear is well equipped to grasp its future opportunities. Over the past years, we have invested carefully in its technology, people, regulatory imperatives and customer proposition as a systemically important financial market infrastructure. Today, every operating entity holds a licence under the CSD Regulation, which represents a hallmark of quality.

These investments mean that Euroclear is well positioned at the centre of the global capital markets ecosystem, and its strategy is targeted at extending its capacity to meet participants evolving requirements.

At the core, all participants want to have a trusted partner where assets can be held and mobilised safely, and transactions can take place efficiently and reliably. Business resilience, as well as access to liquidity and collateral management solutions, remain vital for many clients. In 2020, on average, the group processed securely transactions worth the entire annual global economic product on a monthly basis.

As economies seek to emerge from the crisis, there is likely to be a sustained increase in demand for Euroclear to connect both companies and countries, both in Europe and beyond, to its global investor community.

And finally, as an open architecture platform, we are building strong partnerships with the financial markets to capture the opportunities ahead. Euroclear is well placed to play a pivotal role as the industry further harnesses opportunities from leveraging data, digital technology and the rise of sustainable finance.

Committed to sustainability

The broader events of the past year have undoubtedly heightened the focus by all of us on sustainability matters and the broader public good. Issuers and investors alike are seeking to incorporate Environmental, Social and Governance (ESG) factors into their securities profiles and investment processes, especially in support of a post Covid-19 economic recovery.

As a place of issuance, with access to a global network of investors, Euroclear actively supports such initiatives, which include the European Union's SURE programme and NextGenerationEU recovery instrument.

Over the past decade, our GlobalReach programme has acted as a means for inclusion, by providing governments around the globe with access to cheaper financing from the international investor community. This funding is frequently used for infrastructure and local development projects. With expertise in matching local funding needs with global resource, Euroclear intends to partner with the financial industry to support growth of the ESG finance agenda.

Turnover¹ (in € trillion)



Value of securities held² (in € trillion)



Average daily collateral provision outstanding² (in € billion)



Number of netted transactions (in millions)



¹ The data includes intra-group holdings/transactions, as relevant.

² Yearly average

Thank you

Finally, I would like to say thank you to all our customers for entrusting their business with us, to employees and partners for their continued efforts, and to you, our shareholder community, for your confidence.

We look forward to serving global financial markets in 2021 and beyond.

Thank you and take care.

Lieve Mostrey, Euroclear group CEO

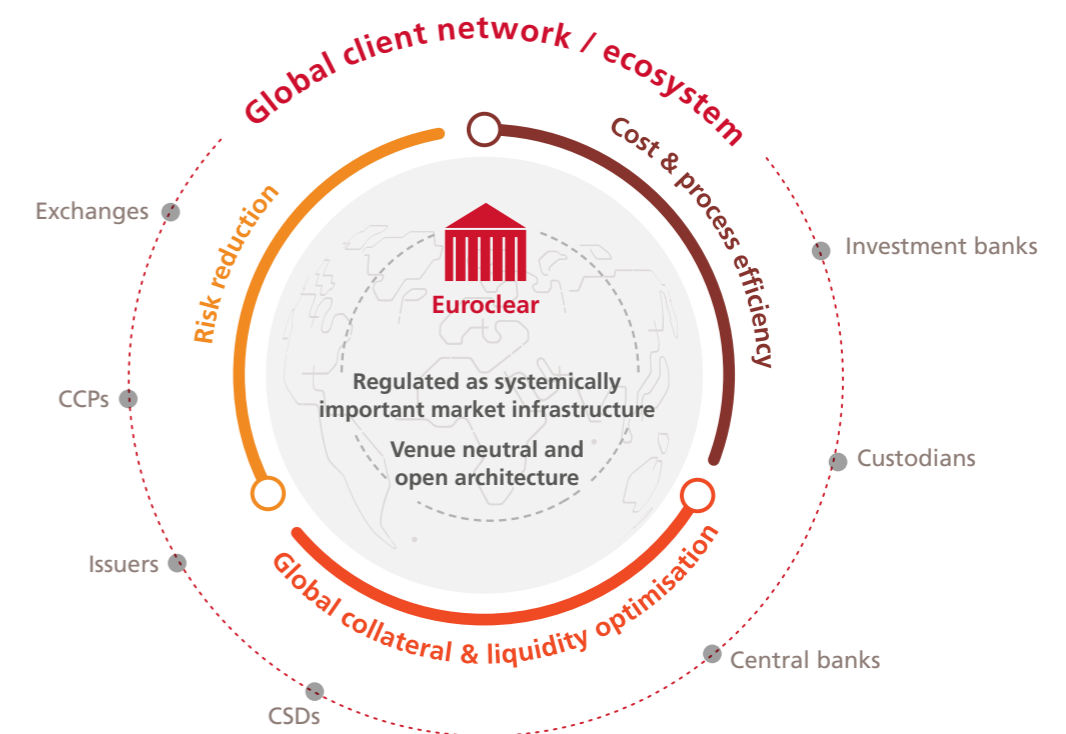


Strategy Review

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

“Euroclear’s strategy facilitates financing in capital markets by reducing risk, increasing post-trade process efficiency, and optimising collateral mobility and access to liquidity.”

Frederic Hannequart Euroclear SA/NV Chief Business Officer



Euroclear's network comprises 2,000 financial institutions who use its platform to access 50 different markets and settle transactions in 50 currencies. On their behalf, Euroclear holds €32.8 trillion of assets under custody and enables over 276 million transactions, worth an equivalent of over €897 trillion, more than 12x global economic product.

While 2020 was a year that led to considerable disruption for all of society, Euroclear not only provided the resilience required and expected by its clients, but also continued to progress its three strategic objectives:

- **Strengthening our network** in Eurobonds, European securities and investment fund asset classes

- **Growing our network** by expanding internationally and by connecting global collateral pools
- **Reshaping our network** by exploring innovative value-add solutions that ensure long-term relevance to clients

Through this strategy, Euroclear facilitates financing in capital markets by reducing risk, increasing post-trade process efficiency, and optimising collateral mobility and access to liquidity.

Strategic progress and an attractive customer proposition meant that in 2020 – a year of much uncertainty – Euroclear further built on the record operating metrics and financial performance reported in 2019.

Strengthening Euroclear's European network

At its core, Euroclear provides robust and relevant market infrastructure services across asset classes via its international CSD (Euroclear Bank) and the group's six domestic European CSDs. Together, they provide solutions for domestic and global financial market participants to either issue or access securities issued by governments, corporations and asset managers.

Together, Euroclear entities hold 54% of all European capital market securities and 63% of Eurobonds, which is testament to Euroclear's attractive position to the region's issuers and its investors as well as its longstanding commitment to Europe.

As well as offering access to securities, the group also provides significant coverage of the European funds industry, with access to over 1,200 fund administrators and 145,000 funds.

Euroclear's European network generates approximately 75% of the group's business income.

Resilience in the face of exceptional conditions

Global financial markets were faced with unprecedented conditions from spring 2020, as policy makers and businesses began to understand and react to the spread of Covid-19 from Asia to Europe and then across the world.

Not only did this create exceptional volatility in financial markets, leading to dramatic swings in equity markets and very high transaction volumes, but also significant operational challenges for financial market participants as they implemented business contingency plans.

In line with its priorities of protecting its people's well-being and ensuring business continuity, Euroclear itself moved to its full contingency measures in early March, with almost all staff members working remotely – a setup which remains in place to date.

With homeworking already embedded in Euroclear's operations and policies, these measures were implemented smoothly. As such, the group was able to focus on ensuring that the significantly heightened transaction volumes could be processed and clients were well supported during this uncertain period.

Nevertheless, such measures were never expected to remain in place for such extended periods and the group continues to focus on adapting to these challenges and supporting colleagues' engagement and well-being, as described on page 33.

Positioned to support Europe's economic recovery and ambitions for a Capital Markets Union

Euroclear has supported both companies and governments as they issued unprecedented levels of securities in 2020, including in response to Covid-19, which is a trend that is expected to continue in 2021. For example, the European Union announced a €750 billion recovery instrument, known as NextGenerationEU to help build a greener, more digital Europe, and has also completed four issuances of social bonds through its SURE programme in 2020. Such increased issuance has been a significant factor in the growth of assets under custody, which reached a record €32.8 trillion at year end.

Providing robust infrastructure and a global investor network, Euroclear is a natural partner for European authorities as they raise funds to support the economic recovery of the region, and to increase the competitiveness of Europe's financial markets.

Euroclear is well placed to contribute further to the European Union's longstanding ambition to develop a Capital Markets Union, including by bringing to fruition plans to offer ICSD settlement in central bank money by connecting Euroclear Bank to the ECB's TARGET2-Securities (T2S) system. Such a move would build on the group's existing contributions to European harmonisation. Euroclear's ESES CSDs (Euroclear Belgium, France and Nederland) have been connected to T2S since 2016, and Euroclear Finland is already scheduled to join T2S in the coming years.

Scale provider of post-trade services

€32.8 trillion
assets held in our custody for our clients

276 million transactions processed
+15% y-o-y growth

>1.5 million securities worldwide
+350,000 Eurobonds

>54%
Euro-based capital market securities

63%
Eurobond holdings

€897 trillion in turnover
+7% y-o-y growth

In doing so, Euroclear Bank would become the first global post-trade provider to provide access to central bank money on top of its commercial bank money environment. Financial institutions would be able to better manage risk and increase efficiency, while also optimising liquidity. With the creation of a single pool of collateral liquidity across multiple currencies and market jurisdictions, these plans would contribute to more attractive European capital markets.

Embracing regulatory change to drive efficiency and safety

Euroclear continues to actively embrace efforts to make the financial industry safer and more efficient, building on 50 years' experience as a trusted infrastructure partner.

Over the past decade, pan-European legislation - including MIFID II, EMIR, the CSD Regulation (CSDR), SRD II and new banking regulations - have continued to transform the financial landscape with a focus on fostering capital market safety.

Euroclear has invested extensively in its own regulatory compliance as it adapts to these new requirements. In the fourth quarter of 2020, Euroclear UK & Ireland received its CSDR licence from its competent authority, which means that every group CSD is fully licenced under CSDR.

Regulatory initiatives over the past decade have tended to promote the safety and efficiency of capital markets, a trend which aligns closely with the value proposition of financial market infrastructures such as Euroclear. Euroclear has endeavoured to support clients as they adapt to the

new requirements. One such example being the provision of collateral management solutions as required by initial margin requirements for non-cleared derivatives or greater transparency of ownership to issuers in the context of SRD II.

Sustained investment to upgrade technology capabilities

In its role as trusted financial market infrastructure, clients rely on Euroclear for efficient, reliable and secure technology solutions. The group's first priority remains ensuring operational risks remain strictly controlled, with continued investment in cyber-defence and business resilience to meet an ever-evolving risk environment.

At the same time, Euroclear is selectively upgrading core systems and infrastructure, optimising its technology and providing solid foundations for future developments. Several initiatives are underway to explore IT process automation, digital customer interfaces – such as APIs and the EasyWay product - as well as hybrid cloud solutions. By moving towards hyperconverged technology solutions, the group is seeking to structurally optimise the costs related to acquiring and running hardware.

In parallel, initiatives are underway to progressively adopt agile ways of working across the whole organisation, and optimise the IT operating model by leveraging group capabilities and global partners. Such efforts continue to make Euroclear an attractive place to work for talented and skilled technology professionals.

Better connecting European issuers to global investors

As well as providing investor CSD solutions for global financial market participants, the core of Euroclear's offer is to provide an attractive place of issuance for governments, global and domestic companies, and asset managers.

These issuers are looking to distribute their securities to a broad range of potential investors, seeking a stable investor base and delivering cost of capital efficiencies.

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

Today, both the issuing entities and end investors in the custodial chain expect greater transparency and higher engagement than was previously the case.

Euroclear has a longstanding issuer franchise offer in its domestic CSDs, and is investing to enhance this offering. For example, ESES' new InvestorInsights™ platform provides issuers with data analysis regarding its shareholders, which supports shareholder engagement activities.

Meanwhile, in Finland and Sweden, Euroclear also provides a range of services that assist issuers in managing general meetings, including electronic advanced voting solutions which have proven valuable to companies during 2020 when most physical meetings were not possible.

Providing efficient, global access to funds

Asset managers' objectives as fund promoters are similar to those of corporate issuers in enabling broad and efficient access to their issuances. Through its FundsPlace platform, Euroclear supports these distribution strategies by providing a range of funds-specific post-trade services, contributing to the continued growth of the fund management industry.

FundsPlace brings together a network of over 1,200 fund administrators who entrust Euroclear with €2.6 trillion of assets under custody, up 8% compared to 2019.

With FundsPlace services including automated order routing, settlement and asset servicing, clients benefit from flexibility and opportunities to leverage automation as a means to reduce the cost, risks and complexity associated to processing fund trades.

Such an offer is attractive at a time when the funds industry is going through a period of significant evolution. Innovative business models that meet the needs of an increasingly global and technology-savvy customer base, as well as pressures for increased transparency and efficiency throughout the investment chain, are disrupting traditional practices.

Euroclear is well placed to support these evolving trends, including those occurring through the proliferation of Exchange-Traded Products (ETPs). Having already supported the rapid development of the international ETF model over the past years, this offer was broadened to include a wider array of ETPs such as Exchange-Traded Notes (ETNs) and Exchange-Traded Commodities (ETCs).

Ensuring a smooth transition through Brexit

Since the referendum result in 2016, Euroclear has prepared for the changes resulting from the United Kingdom's decision to leave the European Union.

As the UK operator of the CSD for Irish corporate securities, Euroclear has focused on ensuring continuity of Irish settlement services for all market participants. Until this year, the service for Irish corporate securities, has been provided by Euroclear UK & Ireland (EUI) from London, however the UK's departure from the EU affects EUI's ability to provide the service.

In March 2021, having been granted temporary equivalence by the European Commission and the European Securities and Markets Authority (ESMA), Euroclear completed the migration all Irish corporate securities to its international CSD, Euroclear Bank, which already acts as issuer CSD for Irish government securities.

The place for funds

€2.6 trillion
funds under custody

>11 million
funds orders routed annually

>1,200
fund administrators

145,000
investment funds
processed by Euroclear

Growing Euroclear's network globally

The group's second strategic theme is to grow the Euroclear network internationally, supporting the evolving requirements of clients as they look to benefit from the opportunities created by an interconnected global economy.

To achieve this, Euroclear is focused on two opportunities:

- mobilising collateral across borders and time zones
- connecting international markets to Euroclear

Together, these business lines contributed around 25% of the group's revenues in 2020.

Providing global collateral management solutions

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

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

By the end of 2020, the average daily collateralised outstanding on the Collateral Highway reached a record €1.5 trillion, up 17% compared to 2019.

The demand for collateral management services is expected to continue to accelerate in the coming years, driven by impact of new global regulations which require clients to post margin across transactions to reduce counterparty and systemic risk. One area of regulatory change is the new regime for initial margin requirements for non-cleared derivatives, and Euroclear has been accompanying clients in their transition since 2016.

Euroclear's Collateral Margin Utility aims to support the industry's need to manage collateral movements across borders. In March 2020, Euroclear became the sole owner of the GlobalCollateral entity, having taken over the 50% previously owned by DTCC.

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

Euroclearability – expanding the global reach of the network

Across the globe, growth economies are seeking to attract foreign investors to help fund long-term development needs. At the same time, international investors want opportunities to diversify and increase their investments around the world, particularly during a period of historically low yields in Europe and North America.

Euroclear works closely to support local economies that wish to connect their domestic capital markets to a broad global investor base, aiming to bring more efficient capital flows and providing stability to these financial markets. Some emerging markets are also profoundly impacted by the global Covid-19 health crisis, and Euroclear continues to support these economies in accessing a global investor base now, and over the longer term.

Research has shown that liquidity in domestic sovereign bond markets directly prompt higher trading volumes and lower bond yields in primary and secondary markets. Markets that are 'Euroclearable' illustrate a number of features that enable international investors to access domestic bond markets, such as efficient and secure asset ownership, an investor-friendly tax and regulatory environment and other features which enable connectivity between domestic bond markets and international investors. During 2020, Euroclear opened new links with Romania and

Collateral Highway

€1.5 trillion
average collateral
outstanding
mobilised daily

+17%
y-o-y growth

Euroclearability

\$3.8 billion

Potential GDP boost to real economies for 6 recently Eurocleared countries over 10 years

+1.0%
in the annual
healthcare budget

or

+1.2%
increase in the annual
education budget

(Source: white paper "Impact of Euroclearability" by PwC, 2019)

Turkey. Additionally the Central Bank of the UAE announced that, effective January 2021, a new securities issuance program to licensed financial institutions and eligible investors, named Monetary Bills (M-bills) will be introduced. Euroclear also signed a MOU with the Serbian Ministry of Finance in February with the intention to eventually establish a link to facilitate future international investment into Serbia.

Launching new asset classes to support Asia network

Euroclear has continued to extend its network in Asia with the launch of new asset classes in China and Japan during 2020. These were supplemented by the launch of a new bond structure with Singapore, launched in the first quarter 2021.

Building on its long-term partnership with the Shanghai Clearing House, Euroclear Bank launched Yulan bonds. Yulan bonds will be issued through Shanghai Clearing House with international investors able to benefit from real-time multi-currency DVP settlement with any

counterparty within Euroclear Bank's network. Chinese issuers are now able to access a deeper liquidity pool in a cost-efficient way.

Continuing in this vein, Euroclear Bank collaborated closely with the Japanese capital market in 2020 and launched a new asset class, Origami bonds. Origami bonds are foreign currency denominated Japanese local bonds issued by domestic market participants and then distributed and settled in real-time multi-currency delivery vs. payment (DVP) within Euroclear Bank. As a result, Japanese issuers are now able to gain direct exposure to a wider foreign investor base, reaping the benefits of a greater liquidity pool and improved cost efficiencies.

In the first quarter of 2021, Euroclear launched a new bond structure in collaboration with the Singapore Exchange. Known as the Orchid bond structure, the new asset class combined domestic bond issuance with global distribution across the Euroclear Bank network.

In addition, Euroclear, together with Clearstream Banking Luxembourg, appointed the Asia Construction Bank as Common Depository, Safekeeper and Service Provider.

Reshaping the network

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

There are three main areas of opportunity that Euroclear is exploring in support of this theme:

- Enhancing connections within the financial market ecosystem and exploring new technologies
- Harnessing insights through data
- Investigating how Euroclear could further support ESG initiatives

Enhancing the digital network to ensure safety

Euroclear continues to invest in connectivity and communications products that enhance clients' experience and increase efficiency. EasyWay is Euroclear's web-based interface that offers clients a clear overview of settlement, collateral management and corporate actions activity. With accurate, real-time data at their fingertips, EasyWay helps users work efficiently and make fast, effective decisions to manage operational risks. 2020 was a watershed year for EasyWay, following the successful migration of Euroclear Bank clients from Euclid PC and Euclid PC Client. Today, more than 1,100 clients are using EasyWay, four times more than two years ago.

A further example is Taskize. Taskize's innovative messaging tool helps back-offices across the financial market ecosystem to manage and resolve their post-trade activities more efficiently, particularly important in light of CSDR settlement discipline. Client demand for the service has steadily increased, with almost 400 clients in more than 50 countries reporting high levels of user satisfaction. Over 100 clients signed up to Taskize in 2020.

Euroclear continues to consult financial market participants to understand their evolving requirements to ensure that the end-to-end user experience is enhanced as the group's own digital capabilities are upgraded. Indeed, Euroclear is also exploring how certain technologies, such as cloud-based solutions, smart automation and robotics, might help to enhance Euroclear's own operating efficiency with several pilot projects already proving successful. Investments in digital ways of working, 'laptops for all' and online collaboration and communication tools enabled Euroclear colleagues to adapt swiftly to fully remote working in the context of Covid-19.

Bringing data insights

Given its role as financial market infrastructure with €32.8 trillion of assets under custody, Euroclear today manages a vast amount of financial transactions data. Euroclear is looking to extend its role in bringing greater transparency and liquidity in global capital markets by harnessing this untapped data. By bringing new, valuable and actionable insights to clients, Euroclear commits to support the development of safer, more efficient financial markets.

Euroclear continued to grow client traction and revenues in reference data products. The group intends to grow value-add data solutions such as its new Euroclear LiquidityDrive™ product, launched in early 2021. Clients can use Euroclear LiquidityDrive's detailed liquidity information to inform pre-trade decisions and enrich post-trade analysis.

Supporting ESG Finance

Euroclear is actively partnering with the financial industry to support growth of the ESG finance agenda. Such opportunities extend to supporting market standardisation of ESG indicators that enable issuers to prove their credentials and for investors to efficiently screen their investments.

Over the past decade, the GlobalReach programme has acted as a means for inclusion, by providing governments around the globe with access to cheaper financing from the international investor community. This funding is frequently used for infrastructure and local development projects.

Demand from investors and issuers to incorporate Environmental, Social and Governance (ESG) factors into their securities profile continued to strengthen in 2020.

For example, the EU's SURE programme, launched to support the future economic recovery post Covid-19, adopts a clear framework in order to enhance its bonds' ESG credentials. As a place of issuance, with access to a global network of investors, Euroclear actively supports such initiatives.

In supporting global capital markets, Euroclear aims to maintain a strong reputation in the financial industry for safety, resilience and quality post-trade services.

Peter Sneyers Euroclear SA/NV Chief Risk Officer



Managing risk

Euroclear operates within a highly regulated environment as a systemically important financial market infrastructure. In supporting global capital markets, Euroclear aims to maintain a strong reputation in the financial industry for safety, resilience and quality post-trade services.

The Euroclear Board considers that a comprehensive and effective risk governance framework, underpinned by a sound risk culture, is critical to the overall effectiveness of the group's risk management arrangements.

Euroclear continuously monitors changes to the group's risk profile and endeavour to take appropriate steps to address significant deviations at an early stage, in line with its risk profile and the Board's risk appetite. While primary focus is given to managing those risks that fall within Euroclear's span of control, as a financial market infrastructure the group also consider the implications of external factors, such as potential systemic risks to the financial markets, Euroclear participants and their clients and the implications of geo-political and climate change risks.

Euroclear continuously invests in its risk management solutions to ensure they remain adequate to manage its risk posture, and related to this, is implementing a new group-wide Integrated Risk Management (IRM) tool.

As a systemically important FMI, Euroclear has taken further steps in order to support the ecosystem rather than fuel procyclicality at times of severe market stress. The focus in 2020 has been to further reduce remaining uncovered residual credit risk in extreme stress events, for the benefit of the market and protection of Euroclear. Euroclear mainly uses the below five risk categories to facilitate risk identification, analysis and mitigating actions.

Principal risks

Approach

Operational risk

Risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. This includes:

- operational execution;
- delivery and process management risk;
- custody risk, fraud and cyber risk;
- business disruption and system failures;
- clients;
- product and business practices;
- employment practices and workplace safety;
- damage to physical assets;
- outsourcing and supplier risk; and
- model risk.

Euroclear has reinforced its operational risk management framework in the context of CSDR licensing over recent years. Effective identification, monitoring, management and appropriate reporting are at the centre of its approach. Being a market infrastructure, the integrity, confidentiality and availability of both Euroclear's and its clients' data and the continuous availability of its services remain paramount.

Euroclear has continued to invest significantly in its cyber security capabilities including improvements to the cyber security risk culture. Ongoing investment in the IT risk and control environment further adapts Euroclear's security arrangements to meet the needs of a constantly evolving cyber threat landscape. Such investments will continue in 2021 and beyond in order to keep reducing the residual risks and ensure sustainability.

Management engaged in a holistic step-back on business resilience. This led to a dedicated business resilience programme constructed around evidencing, strengthening and extending recovery capabilities to meet increasing market and regulatory expectations. This important investment aims to enhance the group's business resilience capabilities in dealing with the increasingly complex 'extreme but plausible' scenarios and integrating the perspectives of Euroclear's ecosystem. Investment will continue in the next years to ensure the group's continued strong resilience.

Principal risks

Credit risk

Risks arising from the default or failure of a participant or other counterparty (e.g. cash correspondents, treasury counterparts) to meet their financial obligations to Euroclear on time and in full.

Approach

Credit risk is borne mainly by Euroclear Bank, in its role of single-purpose settlement bank. Euroclear Bank faces collateralised intra-day credit exposures on its clients and is continuously looking at initiatives to reduce the intra-day credit provided to its clients.

In addition, it runs credit risk resulting from the intra-day use of a high-quality network of cash correspondents and from short-term investments, mainly by using reverse repos, of clients' end-of-day cash positions in the market with high-quality counterparties. Over the last years, several initiatives have been implemented to eliminate or reduce dependency on, and unsecured exposure towards cash correspondents. These initiatives consist of:

- Reduction of commercial bank money with cash correspondents in EUR
- Use of Central Bank to:
 - receive income proceeds and perform settlement
 - deposit overnight cash

Additionally, the credit framework of Euroclear Bank was enhanced with the introduction of a risk appetite dimension linked to Euroclear Bank's capital. The CSDs of the group offer only securities settlement services in central bank money and do not provide credit to clients. Their credit risk is related to the investment of their own funds subject to strict investment guidelines.

Liquidity risk

Risks arising from being unable to meet its contractual or contingent obligations when due resulting from inappropriate and/or insufficient funding and/or liquidity.

Liquidity is key for the efficient functioning of Euroclear Bank. As a result, Euroclear Bank has built a robust liquidity management framework to ensure smooth day-to-day operations and to be able to cope with unexpected and significant liquidity shocks.

Over the past two years, Euroclear Bank has established a €5 billion Euro Medium Term Note (EMTN) and a €20 billion Certificate of Deposits multi-currency programme, issuing a total outstanding amount of €4.3 billion at the end of 2020. This has increased the robustness of its liquidity capacity as per CSD Regulation (including increased committed liquidity facilities) and has enabled the company to put funding arrangements in place to cover for situations of duress.

Euroclear Bank maintains and tests annually its liquidity contingency plan to ensure the business continuity of its core settlement and custody services. This plan foresees a specific measure in case of unexpected liquidity shortfall.

Principal risks

Market risk

Risk of losses in (on or off balance-sheet) positions arising from adverse movements in market prices.

Approach

Euroclear Bank has a very low level of market risk (interest rate and foreign exchange rate risks only) arising from the investment of Euroclear Bank's capital, debt and client long balances (interest rate risk) and from future earnings (interest- and FX-rate risks). A hedging strategy is currently in place to mitigate Euroclear Bank's foreign exchange risk.

Legal and compliance risk

Risk of financial loss or reputational damage arising from failure to comply with legal and regulatory requirements and material contractual obligations necessary to maintain Euroclear's license to operate, or failure to protect the group's rights and interests.

A group-wide framework is operated to adequately identify, monitor and manage legal and compliance risks. The areas monitored include amongst others, contractual risk, legislative risk (including identification of upcoming regulation), dispute management, market abuse, personal data protection, sanctions and money laundering.

Further information on our risks and uncertainties, risk management strategies, policies and processes can be found in the notes accompanying the consolidated financial statements of Euroclear Holding SA/NV and in our annual Pillar 3 report on www.euroclear.com.

“The Euroclear group delivered a robust business performance in 2020, reflecting its business continuity, the benefits of its strategy and its continued relevance as a systemically-important financial market infrastructure.”

Bernard Frenay Euroclear SA/NV Chief Administration Officer



Financial review

The Euroclear group's results for the year and financial position at 31 December 2020 are set out in the Euroclear Holding SA/NV audited consolidated financial statements

These figures are expected to be submitted for approval by Euroclear Holding SA/NV's 2021 annual shareholders' meeting. The full year 2020 figures are compared to the full year 2019 figures of Euroclear Holding (unless otherwise indicated). Prior to 2019, the comparison relates to the financial results of Euroclear plc.

The Euroclear group delivered a robust business performance in 2020, reflecting its business continuity, the benefits of its strategy and its continued relevance as a systemically-important financial market infrastructure.

Income statement review

Business income increased by 12% year on year to €1,280 million as the group benefited from strong client traction and positive market conditions. Net fee and commission income, which includes liquidity line fees, was €1,251 million in 2020, an increase of more than 13% compared to the previous year.

Net interest income was €122 million, compared to €307 million last year, due mainly to lower average interest rates margins (mainly in USD 2019 and 2020).

Other income reached €57 million in 2019, an increase of close to 128% compared to 2018, mainly due to the sale of Euroclear's participation in Calar Belgium.

Operating income was €1,430 million in 2020, flat compared to 2019.

Administrative expenses increased by 5% to €862 million in 2020 as investments continued in the Euroclear's customer proposition, technology upgrades and regulatory-driven initiatives, as well as certain one-off costs relating to exceptional circumstances during 2020.

Operating profit before impairment and taxation reached €568 million in 2020, a decrease of 8% compared to 2019.

Impairments were recorded in 2020 for €1.4 million, principally related to intangible and fixed assets.

Effective tax rate amounted to 24%, compared to 30% in 2019, mainly driven by the decrease in the Belgian income tax rate.

Profit for the year ended 31 December 2020 was €432 million, in line with a profit of €431 million in 2019.

Operating income (in € million)

2020	1,430
2019	1,435
2018	1,335
2017	1,223
2016	1,163

Operating profit before impairment and taxation (in € million)

2020	568
2019	616
2018	514
2017	403
2016	411

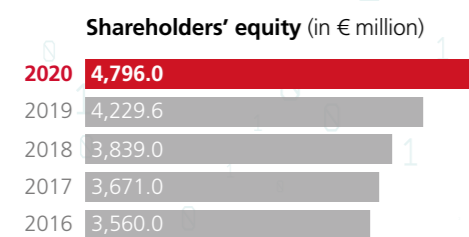
Balance sheet review

Total assets amounted to €26,397 million on 31 December 2020, down by €1,173 million compared to the previous year. The decrease is mainly driven by lower deposits from central banks, banks and other customers partially offset by additional debt instruments issued on the market in 2020 for a total €-equivalent between €1.9 billion and €2.4 billion at the level of Euroclear Bank coupled with stronger consolidated shareholder equity.

Loans and deposits totalled €14,816 million and €15,081 million, respectively, on 31 December 2020.

Total shareholders' equity totalled €4,796 million in 2020, up €566 million from the prior year. Such increase is principally driven by the profits of the year, non-payment of group dividend on 2019 results coupled with the increase of FVOCI revaluation reserves relating to Euroclear financial instruments held on balance sheet (mainly equity participation in Euronext).

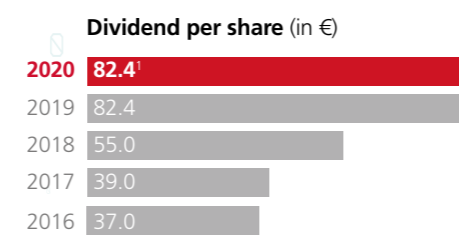
Net asset value per share (total shareholder's equity divided by the year-end number of shares) totalled €1,521 as of 31 December 2020, compared to €1,344 in 2019.



Dividends

In light of the Covid crisis, the dividend related to the 2019 results was postponed to 2021 as per the regulatory authorities' guidance. The Board envisages approving the payment of the dividend related to 2019 in the course of the month of March 2021 under the form of an interim distribution, in accordance with the Belgian Companies Code and Euroclear Holding SA/NV's Articles of Association.

For the effective allocation of 2020 results, the Board foresees an interim dividend to be paid during the second half of the year, subject to confirmation after the first half financial results.



¹ Indicative dividend. The Board envisages approving the payment of such a dividend in the second half 2021 under the form of an interim distribution, in accordance with the Belgian Companies Code and Euroclear Holding SA/NV's Articles of Association

Key performance indicators

Our key performance indicators reflect the effectiveness of our corporate strategy as we build on our stability and discipline as a company.

Business income margin (Business income excluding administrative expenses compared to business income) increased from 28% in 2019 to 33% in 2020 as a result of positive operating leverage achieved during the year (i.e. 8.8%).

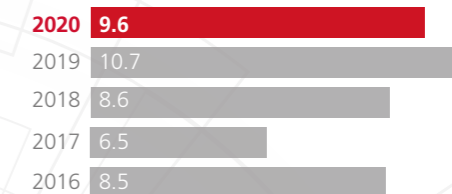
Operating margin (operating profit before impairment and taxation compared to operating income) decreased from 43% to 40% in 2020.

Unit cost ratio (administrative expenses compared to the average value of securities held). The adjusted Unit cost ratio reduced slightly from 0.27 basis points (bps) in 2019 to 0.26 bps in 2020, thanks to stable cost base while average value of securities held increased by more than 4% year on year).

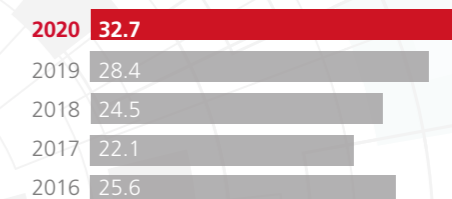
Return on equity (profit for the year compared to average shareholders' equity) decreased from 10.7% to 9.6% in 2020.

Net earnings per share (profit for the year divided by the weighted average number of shares) increased to €137.2 in 2020 compared to €136.9 in 2019 due to higher earnings.

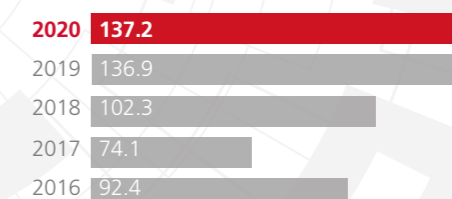
Return on equity (in %)



Business income margin (in %)



Net earnings per share (in €)



Increased market volatility saw netted transactions rise 10.7% year on year, to a record 129 million transactions. This activity resulted in an equivalent of €576 trillion being processed by Euroclear Bank's systems, a 5.8% increase in turnover compared to 2019.

Business review

Euroclear Bank

Euroclear Bank, the group's International CSD, delivered strong business growth during an exceptional year for financial markets. Euroclear Bank successfully navigated uncertain market conditions to deliver robust operational and financial performance during a year which saw much market volatility due to the pandemic. Business continuity plans were activated successfully, with 95% of staff working from home since March 2020.

Increased market volatility saw netted transactions rise 10.7% year on year, to a record 129 million transactions. This activity resulted in an equivalent of €576 trillion being processed by its systems, a 5.8% increase in turnover compared to 2019. The value of securities held by Euroclear Bank also increased by 3% to €15.3 trillion.

The role of Euroclear Bank in providing safe and efficient post-trade services remains much appreciated in Europe and beyond. Euroclear Bank's CSDR license and AA/AA+ rating reflect its prudent approach given its responsibility for global post-trade services.

As outlined in the strategic review (pages 11 to 19), Euroclear Bank continues to invest in enhancing its client proposition across asset classes, including funds. Fund assets under custody rose 8% to €2.6 trillion as Euroclear's FundsPlace offering from asset managers and ETF issuers continues to grow, reflecting industry growth and demand for an international distribution model.

Benefiting from its diversified service offering, Euroclear's Collateral Highway mobilised an average of €1.5 trillion by year end, up 17% compared to 2019. The demand for collateral management solutions continues to increase as financial market participants seek solutions to mobilise their assets and increase liquidity.

With Brexit, Euroclear Bank has been working closely with the authorities and financial market stakeholders in Ireland in preparation for the migration of Irish corporate securities from Euroclear UK & Ireland to Euroclear Bank as Issuer CSD. This migration extends the role Euroclear Bank has played for Irish government debt for decades.

Euroclear Bank continues to assess a connection to the European Central Bank's T2S ecosystem, with the intention to offer clients the choice between euro settlement in both commercial bank and central bank money. Such a move



Valérie Urbain Chief Executive Officer

Euroclear Bank	2020	Change from 2019
Turnover	€576.0 trillion	▲ 6%
Value of securities held ¹	€15.3 trillion	▲ 3%
Number of netted transactions	128.8 million	▲ 11%

¹ At December 2020

would assist financial institutions in managing their risk, increasing efficiency and liquidity, and help to foster more attractive European capital markets. As a result, it would support more harmonised European financial markets and foster international investment, in accordance with the ambitions of the Capital Market Union.

During 2020, there was a strong focus on Asia. Euroclear Bank has continued to extend its network in Asia with the launch of new asset classes in China (Yulan bonds) and Japan (Origami bonds), swiftly followed in 2021 by the Orchid bond structure in Singapore. With these developments, domestic issuers can gain direct exposure to a wider foreign investor base, reaping the benefits of a greater liquidity pool and improved cost efficiencies.

As outlined on page 16, being 'Euroclearable' is increasingly important for many international investors when assessing emerging market securities for investment opportunities and portfolio diversification. Governments and central banks in many emerging economies that wish to access international funding frequently recognise this and Euroclear assists them as they adopt international standards. GlobalReach assets under custody rose 7% to €1.3 trillion.

Euroclear UK & Ireland



Michael Carty Chief Executive Officer

As outlined on page 15, EUI has been preparing for Brexit since the 2016 referendum results. The two biggest impacts for EUI in relation to the UK's withdrawal are that it is precluded from continuing to act as the CSD for Ireland and will no longer have direct access to euros as a settlement currency via the European Central Bank.

In November, the European Commission determined that the legal and supervisory requirements for UK CSDs were equivalent to those in the EU. This determination is temporary and expires at the end of June 2021. Following this decision, the company also received recognition as a third country CSD from the European Securities and Markets Authority (ESMA). This allowed EUI to continue to deliver Irish market settlement services to Ireland until the migration of Irish securities to Euroclear Bank in March. This migration has since been completed successfully.

EUI has gained its CSDR licence, which represents a hallmark of quality for European CSDs. Having completed its final filing in mid-2020, EUI was granted its licence by the regulatory authorities in the fourth quarter. At the expiry of the Brexit transition period on 31 December 2020, CSDR became part of UK law.

Ensuring operational resilience is core to EUI's business strategy. However, the CREST settlement system experienced an extended service disruption over a period of two days in September. An independent post-incident review was established to provide lessons learned from this highly unusual event.

Michael Carty was appointed as CEO in the third quarter, having previously headed the Euroclear Sweden CSD. He replaced Chris Elms who was interim CEO and remains a key member of the leadership team. The leadership change was conducted in an orderly and seamless manner.

Euroclear UK & Ireland	2020	Change from 2019
Turnover	€188.4 trillion	▲ 16%
Value of securities held ¹	€6.1 trillion	▲ 1%
Number of netted transactions	70.9 million	▲ 19%

¹ At December 2020

Throughout 2020, Euroclear UK & Ireland (EUI) focused on business continuity in the Covid-19 context, while also progressing its preparations for Brexit and gaining authorisation for its CSDR licence. The company remains focused on developing its strategy in support of both UK domestic and international financial markets.

Volatile conditions in financial markets led to record levels of transactions. EUI was able to support clients, despite working fully remotely from March 2020 as it implemented business continuity arrangements.

ESES CSDs – Euroclear Belgium, Euroclear France and Euroclear Nederland

In 2020, the ESES CSDs together processed a total of 45 million netted transactions, which is equivalent to €120 trillion of settlement turnover. Conditions in financial markets were volatile, although equity market valuations recovered well after being impacted in March 2020. Together with increased public and corporate debt issuance, this resulted in the value of securities being held on behalf of clients rising to €9 trillion by year end.

Alongside the rest of the group, ESES responded ably to the Covid-19 situation while managing compliance with public regulations across the three countries. With the vast majority of staff working remotely since March 2020, ESES ensured business continuity for its clients. Throughout this period a considerable focus has been put on ensuring the well-being and engagement of its people.

ESES continues to strengthen its position as both investor CSD, leveraging its connection to the ECB's T2S platform, but also as an attractive place of issuance towards both domestic and foreign issuers.

ESES has focused on developing a range of services that support clients in the context of the incoming SRD II regulation. Such services include Euroclear InvestorInsight™, an online platform which comprises value added services to issuers and intermediaries to support their investor identification, and related governance and shareholder engagement activities such as general meeting and voting services.

In the course of 2020, the TPI shareholder identification services offered by Euroclear France were enhanced to encompass a broader range of funds data, which resulted in increased demand from asset manager clients.

ESES has continued to pursue the rollout of the Single CSD offer with Euroclear Bank, the provision of value added services such as enhancements to its asset servicing offer through a new digital platform, collateral services and the modernisation of its IT infrastructure.

Across its three markets, ESES remained well tuned to local developments. Euroclear France has been chosen by Banque de France to be intimately involved in a Central Bank Digital Currency experiment, while Euroclear Nederland jointly with the Dutch banking community co-designed a medium-term vision for the post-trading industry.



Brigitte Daurelle Chief Executive Officer

Euroclear Belgium	2020	Change from 2019
Turnover	€0.7 trillion	▼ 10%
Value of securities held ¹	€0.2 trillion	▼ 12%
Number of netted transactions	2.9 million	▲ 11%
Euroclear France ²		
Turnover	€114.1 trillion	▲ 3%
Value of securities held ¹	€7.7 trillion	▲ 5%
Number of netted transactions	33.9 million	▲ 12%
Euroclear Nederland		
Turnover	€5.6 trillion	0%
Value of securities held ¹	€1.2 trillion	▲ 11%
Number of netted transactions	8.6 million	▲ 25%

¹ At December 2020.

² The data for Euroclear France excludes 'pensions livrées' with Banque de France.

ESES has also worked closely with ECB and other financial market participants in preparing for a new schedule related to major European projects, such as T2-T2S consolidation, the CSDR Settlement Discipline Regime and the launch of the ECB's Eurosystem Collateral Management System, all of which have been impacted as a consequence of the Covid-19 situation.

Euroclear Finland



Hanna Vainio Chief Executive Officer

2020 was like no other year in the history of Euroclear Finland. Covid-19 induced turbulence in the market resulted in record high settlement volumes. In spite of the exceptional situation, Euroclear Finland was able to show resilience, operate fluently and meet customer expectations, while in remote operational mode.

The Infinity CSD system performed robustly throughout the year, with excellent uptime and efficiency rates. In 2020, Euroclear Finland delivered four incremental improvement releases for Infinity, focusing on stabilisation, mandatory regulatory changes and functional upgrades.

Due to interdependencies and changes in European financial market infrastructure projects and following the wishes of participants, the plan for the Finnish market to join the European Central Bank's T2S settlement platform was proposed to change to September 2023.

Euroclear Finland served 133 issuers with their general meetings in the midst of the pandemic, which required agility to change its product offering to comply with a temporary emergency companies act. This allowed issuers to hold their general meetings with shareholders attending remotely. The advance voting service became instrumental in ensuring that critical decisions, such as dividend payments, were taken with legal clarity. 45 companies opted to use Euroclear Finland advance voting service in 2020, paving way for more hybrid online general meetings in the future.

The Shareholders' Rights Directive (SRDII) came into force on 3 September 2020. Euroclear Finland integrated the SRDII requirements in its general meeting services by using ISO standard messaging to facilitate information flow in the custody chain.

The number of Finnish retail investors reached an all-time high of 911,003 at the end of 2020. The growth was partially fueled by the introduction of the equity savings account, a new vehicle for retailer investors. During the first year, 152,000 equity savings accounts were opened, and the value of holdings on those accounts reached €740 million. The issuance of warrant instruments saw a 56% year-on-year increase.

Euroclear Finland	2020	Change from 2019
Turnover	€1.6 trillion	▼ 9%
Value of securities held ¹	€0.4 trillion	▼ 15%
Number of netted transactions	15 million	▲ 48%

¹ At December 2020

Euroclear Sweden



Roger Storm Chief Executive Officer

Euroclear Sweden maintained a high customer service and system stability throughout the exceptional year with the majority of the staff working from home since March. The high customer satisfaction was reflected in both the annual client survey and in daily interaction with clients.

As in most markets, March started a period of high market volatility which led to a record number of settlement transactions. The value of securities also reached an all-time high, driven by both strong new issuance and stock exchange values. Euroclear Sweden's operational performance was strong and the VPC-system continue to be robust and supported the exceptional peak activities with excellent uptimes.

Issuers were supported with a record number of General Meetings, most of which were transformed into an almost fully digital format. To support this, a digital postal voting service was launched, enabling shareholders to actively participate in these meetings and cast their votes without having to be physically present. The service was launched immediately after the new Swedish law on temporary exceptions to facilitate General Meetings in companies and associations came into force on 15 April 2020. The Shareholders' Rights Directive (SRDII) came into force on 3 September 2020, and we correspondingly provided the new required services to issuers and investors for owner identification and general meeting notifications.

The fund order routing service continued its strong growth path, with both new fund distributors and fund management companies joining. Here also, the pandemic created an environment of high activity levels combined with full or partial remote working which led to a heightened awareness on the importance of automation. The market circumstances also triggered high renewal rates in certain structured products, with overall issuance by international investment banks into the Swedish market reaching record levels.

Euroclear Sweden actively participated in the Coordination Forum for Swedish Post trade harmonisation, headed by Riksbanken (the Swedish central bank). As per the Forum's final report, we will continue to engage in efforts to harmonise the Swedish securities markets with the rest of the EU. The company's main obligation continues to be the most

Euroclear Sweden	2020	Change from 2019
Turnover	€11.1 trillion	▼ 4%
Value of securities held ¹	€1.9 trillion	▲ 25%
Number of netted transactions	15.5 million	▲ 16%

¹ At December 2020

trusted CSD-provider for the Swedish capital market and its stakeholders, a preferred business partner with a sustainable operating model.

Roger Storm was appointed and stepped in as new CEO in October, replacing Michael Carty who was named CEO of Euroclear UK & Ireland and Annelie Lindahl who was interim CEO in the third quarter. These leadership changes have been conducted in an orderly and seamless manner, ensuring a strong business performance.

Given Euroclear's systemically important position within the financial services industry, behaving responsibly and ethically towards clients, staff and broader society is a core part of the company's identity.

Corporate Responsibility

Given Euroclear's systemically important position within the financial services industry, behaving responsibly and ethically towards clients, staff and broader society is a core part of the company's identity. 2020 proved to be a year where this ethical and sustainable behaviour became an even more important operating commitment.



Creating a great place to work

Being a Great Place to Work is one of the group's corporate objectives. Euroclear has always considered its people to be central to its success; providing them with an array of benefits and initiatives aimed to ensure physical and mental well-being.

With the outbreak of Covid-19, Euroclear was well placed to smoothly transition to teleworking for the majority of staff. Furthermore, the group adapted quickly to cater for clients' increased requirements throughout this challenging time. Since mid-March 2020, Euroclear has maintained a strict working-from-home policy, with only a limited number of business-critical people onsite.

With extended remote-working, it is inevitable that physical and mental pressures may increase for some colleagues, and Euroclear put in place a range of resources to help staff to manage. This framework of initiatives includes workshops on managing stress, resilience coaching, a series of virtual events to keep people connected, as well as making people aware of vital avenues of support, such as nurses and medical experts. Furthermore, Euroclear frequently measures the morale of staff through its engagement surveys; and uses the findings to refine and recalibrate its wellbeing framework.

Participation in the group's YourVoice employee engagement surveys remained strong. 86% of colleagues participated in both the mid-year and end of year polls. The overall engagement scores trended up compared to 2019, and were stable across the two 2020 surveys, despite the difficult circumstances.

The Covid-19 crisis has also proved a catalyst to explore ways in which the group can evolve its approach to the way its employees work.

In addition, in early 2021, the group launched the Euroclear Employee Solidarity fund, to support employees who may find themselves in exceptional financial circumstances.

Diversity & Inclusion

Diversity & Inclusion (D&I) remains an important focus for the group. In 2020, Euroclear established a new D&I governance structure, which is in itself more inclusive and allows for better representation of under-represented groups.

Every year Euroclear publishes the gender pay gap for the whole group in its sustainability report, with the next iteration scheduled for release in May 2021.

In 2020, Euroclear broadened its D&I focus beyond gender diversity. Partnering with organisations that support people with disabilities and neurodiversity, actions were taken to strengthen the group's recruitment approach in order to welcome people with different abilities. Training is provided to leaders on D&I topic to ensure that this is embedded firmly in the organisation.

With over 80 nationalities working for Euroclear, the company benefits from the richness of its people's diversity. However, understanding how colleagues from under-

represented communities experience inclusion is key to making this diversity a real asset, and work is continuing on this stream.

Training and development is critical to attracting and keeping talent. In 2019, a groupwide Euroclear Academy was launched, providing a broad training and development offering comprising both technical and soft skills. In 2020, the Euroclear Academy offering was adapted in the context of Covid-19 to meet employees' expectations for a digital learning experience. The group also implemented a new, centralised Euroclear learning platform to further align its training offer with the needs of employees and the business and to ensure that training is tailored to the needs of the people and the business. In 2020 the number of days training across the group was 5,570 with a total of 2,749 individual coaching hours.

Moreover, in 2020, Euroclear launched its Leaders for the Future programme, a leadership development programme for potential future leaders.

Sustainable Marketplace

Sustainable finance

As described in page 16, Euroclear endeavours to support sustainable economies by connecting investors and issuers across the globe. Through its GlobalReach programme, Euroclear assists developing economies in reaching international standards, which allows them to connect their domestic capital markets to a broader international investor base by becoming 'Euroclearable'.

According to a study by PwC published in 2019, the consequences of becoming Euroclearable for the six developing markets they considered, was a reduction of sovereign borrowing costs by an average of 28 basis points (bps). Such economic benefits equate to 1% of the countries annual healthcare budget or 1.2% of the education budget, which provides the opportunity to bring tangible benefit to the real economy.

Demand from both issuers and investors to incorporate Environmental, Social and Governance (ESG) factors into their securities profile continued to strengthen in 2020. Euroclear is exploring ways to partner with the financial industry to support growth of the ESG segment.

Supply chain

Euroclear considers it important to ensure that its suppliers maintain high ethical standards and behaviours. As such, the group extended the ESG assessment of its critical and outsourcing suppliers, as part of the yearly recertification exercise, with a particular focus on environmental factors.

Euroclear manages the supply chain risks of its critical suppliers in order to contribute to financial market stability. All critical suppliers are assessed annually, with respect to ESG, compliance, anti-money laundering and counter-terrorism financing, economic sanctions, conflicts of interest, gifts & hospitality, fraud, bribery, corruption and human rights, including modern slavery. Protocols are established and followed when issues are identified. Euroclear remains committed to follow all regulatory requirements.

Compliance & Ethics

In 2020, Compliance & Ethics ran a sustained awareness programme across the organisation, to ensure all staff are aware of their moral and ethical duties as part of Euroclear. For example, a blended mix of in-person and remote learning covered important topic domains such as sanctions, fraud prevention, modern slavery, anti-money laundering and conflicts of interest. 99% of all staff participated.

Euroclear's commitment to ethical practices manifests itself in its continued support of the Ethics & Trust in Finance prize: an essay-writing prize encouraging the next generation of Euroclear leaders to find new innovative ways of keeping global capital markets ethical and sustainable.



Committed to the environment

Euroclear has been carbon neutral to PAS2060 standards for nine years. The group is committed to Science-Based Targets for emissions reduction with a target to reduce its emissions by 36% by 2024, based on a 2014 baseline. By the end of 2020, Euroclear had reduced its carbon emissions by 32%.

In 2020, the group's environment partners, Ecoact, carried out a comprehensive study to propose an alignment with the new climate change targets, which have been reduced from a 2 degree Celsius warming scenario to a 1.5 degree Celsius scenario. Euroclear is now carefully considering how to apply this analysis and looking to redefine its targets in 2021. Part of its approach to changing the way Euroclear works, to better align with employee and societal needs, will also consider the environmental impact. Less commuting and fewer business trips will further reduce carbon emissions, while efforts are being made to greatly decrease the amount of paper used by the company.

In addition, Euroclear has engaged in a multi-year project to improve risk frameworks and relating disclosures with the evolving regulatory requirements on environmental risks.



Supporting communities

2020 has been a difficult one for those in communities who are most vulnerable. Early in the year, Euroclear donated €1 million to a range of organisations on the front line of the battle against the pandemic across all group locations. This donation was in addition to the group's ongoing commitments to a range of local and global causes.

Euroclear firmly believes that volunteering gives staff the opportunity to develop skills and use their talents for the benefit of society. This is why a new corporate volunteering programme was launched, giving all employees eight hours a year to dedicate to volunteering in their local communities. In 2020, over 500 volunteers joined the new programme.

Please refer to the 2020 sustainability report 'Our responsibility', created in adherence to the Global Reporting Initiative (GRI) standards (core) for more details on all these topics. The next report will be published on euroclear.com in May 2021.

Euroclear history

1968

Morgan Guaranty launches the Euroclear System.

1972

Euroclear System sold to the Euroclear Clearance System Public Limited Company which is owned by over 120 major financial institutions.

2000

Euroclear Bank created, taking responsibility for all Euroclear-related operating and banking activities.

2005

Euroclear SAVNV created as a new parent company, owning Euroclear Bank and the CSDs and the group's securities-processing platforms.

2002

NECIGEF, the Dutch CSD, joins as Euroclear Nederland. CRESTCo, the CSD for Irish equities and all UK securities, becomes part of the Euroclear group renamed Euroclear UK & Ireland.

2001

Euroclear Bank merges with Sicovam, the CSD of France, which is renamed Euroclear France.

2006

CIK, the CSD for Belgium joins the group as Euroclear Belgium.

2008

Euroclear acquires the Nordic Central Securities Depository, which comprises the CSDs of Finland and Sweden.

2009

Euroclear Settlement of Euronext-zone Securities (ESES) is launched.

2020

Despite exceptional Covid-19 circumstances, Euroclear delivered a stable financial performance. The colleagues shown incredible resilience during this unprecedented year.

2016

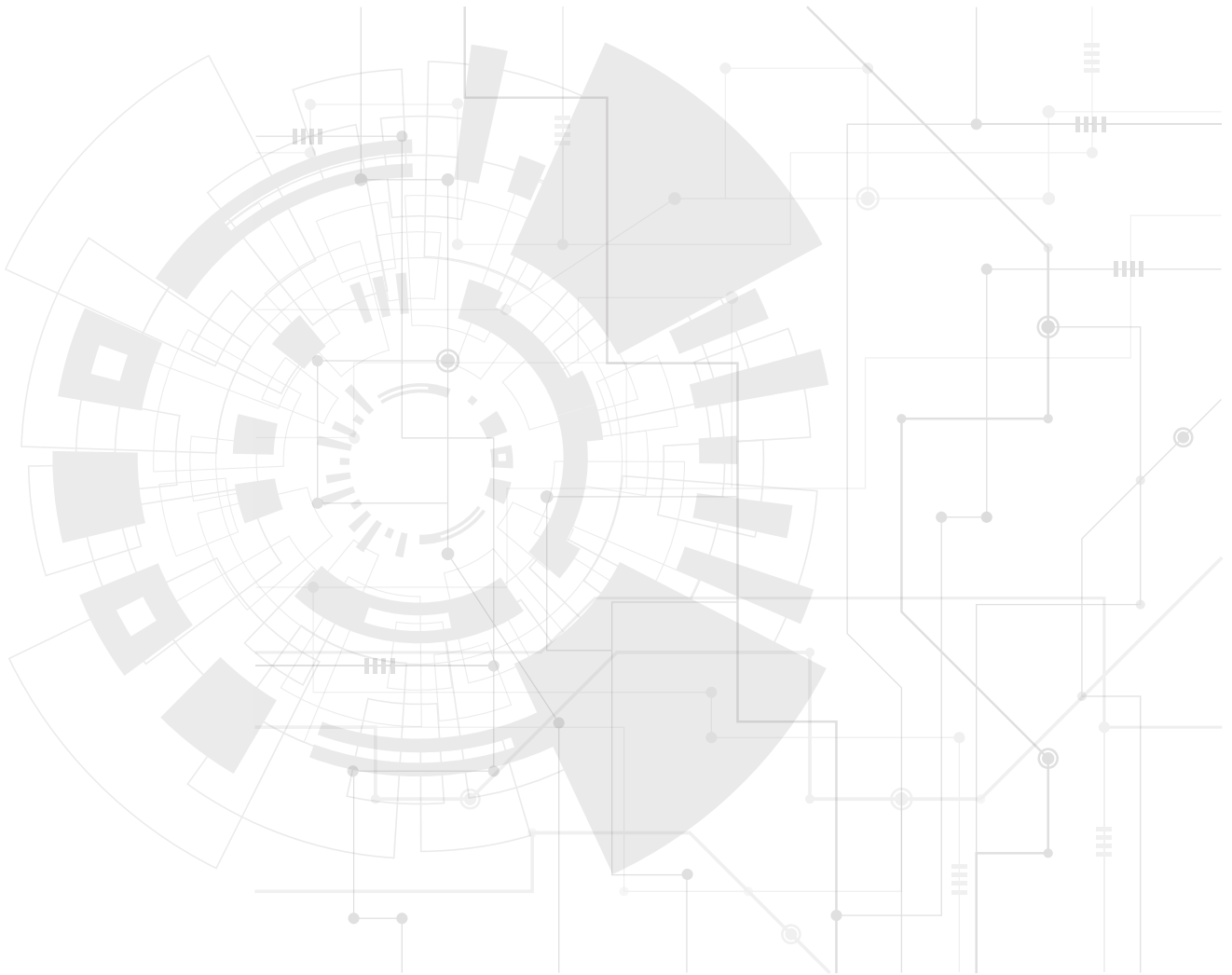
Euroclear's ESES CSDs (Euroclear Belgium, Euroclear France and Euroclear Nederland) connect to the ECB's TARGET2-Securities platform.

2012

Launch of Euroclear's Collateral Highway, the first open global market infrastructure to source and mobilise collateral across borders.

About Euroclear

Euroclear is the financial industry's trusted provider of post-trade services. We provide settlement, safekeeping and servicing of domestic and cross-border securities transactions, from bonds, equities and derivatives to investment funds. We connect over 2,000 financial market participants across the globe and ensure securities transactions are processed safely and efficiently. As an open and resilient infrastructure, we help clients cut through complexity, lower costs, and mitigate risks.



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