

Clearstream Group

Remuneration Report for 2016

This report discloses information on remuneration for Clearstream Group (including Clearstream Holding AG, Clearstream Banking AG and Clearstream Banking S.A.)

according to

Article 450 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013,

§ 16 of the German Remuneration Ordinance for Institutions (InstitutsVergV) of 16 December 2013 and

Circular 10/496 of the Luxembourgish Commission de Surveillance du Secteur Financier (CSSF).

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1. Preamble

Clearstream Holding AG must fulfil regulatory requirements on consolidated group level (“Clearstream Group”) as superordinated company of regulated credit institutions in Germany (Clearstream Banking AG) and Luxembourg (Clearstream Banking S.A.).

The regulations on remuneration are manifested in the Capital Requirements Directive IV (Directive 2013/36/EU, in the following referred to as “CRD IV”) and Capital Requirements Regulation (Regulation (EU) No 575/2013 of 26 June 2013, in the following referred to as “CRR”). According to the legislative processes, the requirements have been implemented at the national levels. In contrast to regulations that are binding directly on the member states to whom they are addressed, directives have to be implemented on national level.

In Germany, the implementation took place mainly through amendments of the German Remuneration Ordinance for Institutions of 16 December 2013 (Institutsvergütungsverordnung, in the following referred to as “InstitutsVergV”) and the German Banking Act (Kreditwesengesetz, in the following referred to as “KWG”).

In Luxembourg, CRD IV was reflected in 2016 in the amended Luxembourg law of April 5 1993 on the financial sector. CRD IV related remuneration rules were applied as from 2014 to all Luxembourg entities of the Clearstream Group. In addition, Clearstream Banking S.A. remained subject to the requirements of the Commission de Surveillance du Secteur Financier (in the following referred to as “CSSF”) Circular 10/496 that refers to the CEBS (Committee of European Banking Supervisors) Guidelines on Remuneration Policies and Practices of 10 December 2010 (including disclosure requirements on remuneration).

The Remuneration Report for 2016 at hand provides qualitative and quantitative information on remuneration of Clearstream Group for the financial year 2016 pursuant to the requirements that apply to Clearstream Banking AG and Clearstream Banking S.A. on remuneration disclosure according to Article 450 CRR, § 16 InstitutsVergV and Article 35 of the CSSF Circular 10/496. Due to the interconnectedness between the different Clearstream companies, the information disclosed in this report covers the remuneration of all categories of staff whose professional activities have a material impact on its risk profile (in the following referred to as “Risk Taker”) identified from Clearstream Banking AG and/or Clearstream Banking S.A. perspectives, regardless the company for which Risk Taker are under contract with. As a consequence, remuneration data for identified Risk Taker under contract with Clearstream Services S.A. or Clearstream International S.A. (or under contract with its subsidiary Clearstream Operations Prague s.r.o) will be disclosed under Clearstream Group. Therewith, Clearstream Holding AG discloses information on its remuneration policies and practices for those Risk Taker and more specifically on the risk profile of Clearstream Banking AG and/or Clearstream Banking S.A.. The qualitative and appropriate quantitative criteria on identification of Risk Taker are set out in the Reg-

ulation (EU) No 604/2014¹ (in the last revised version from 18 February 2016²; in the following referred to as “EBA-RTS”). Clearstream Holding AG as well as Clearstream Banking AG are classified as major institutions by the national regulator. In consequence, Clearstream Holding AG as well as Clearstream Banking AG must fulfil the general as well as the special requirements of InstitutsVergV in conjunction with CRD IV and CRR since the financial year 2014. Clearstream Banking S.A. being a significant institution in Luxembourg, it is subject to special requirements set by Circular 10/496 (transposing the Capital Requirements Directive III (Directive 2010/76/EU, in the following referred to as “CRD III”)) and CRR.

The implementation of a further developed regulatory compliant remuneration system and the design of the remuneration system was consulted also during 2016 by hkp/// group and legally advised by Gleiss Lutz.

References made to persons in the masculine for reasons of readability apply equally in the feminine.

2. Compensation governance

2.1. Responsibilities for the remuneration systems

In 2016, Clearstream Banking S.A. implemented a two-tier structure. This structure, characteristic of a German stock corporation, features a clear separation between the powers of the Supervisory Board, which monitors and advises the Executive Board, and the Executive Board itself, which carries out day-to-day business.

The respective Supervisory Board of Clearstream Holding AG, Clearstream Banking AG and Clearstream Banking S.A. (the Supervisory Board of Clearstream Banking S.A. which is supported by the Clearstream Remuneration Committee, in the following referred to as “CRC”, for further details see chapter 2.4) acts as responsible body to implement the remuneration system for the Executive Board.

The remuneration policy for employees below the Executive Board lies in the responsibility of the Executive Board.

1 Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile of 26 June 2013.

2 Commission Delegated Regulation (EU) 2016/861 of 18 February 2016 correcting Commission Delegated Regulation (EU) No 528/2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach and correcting Commission Delegated Regulation (EU) No 604/2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (Text with EEA relevance).

In 2016, the Supervisory Board of Clearstream Banking AG and of Clearstream Banking S.A. met each two times for remuneration related topics. The CRC was set up to support for remuneration matters related to Clearstream employees employed in a Luxembourg based company (see chapter 2.4). The Executive Board of Clearstream Holding AG as superordinated company according to the German Banking Act (KWG) is responsible for the implementation of a Clearstream group wide remuneration policy and approved the corresponding resolutions on remuneration topics. The Clearstream Group remuneration system is implemented according to a cascading process from group level down to entity level. The Compensation Officer supports the Supervisory Board of Clearstream Holding AG and Clearstream Banking AG in assessing the appropriateness of the remuneration systems for Clearstream Group and Clearstream Banking AG. The Remuneration Advisory Board (in the following referred to as "RAB", for further details see chapter 2.3) of Clearstream Holding AG ensures an appropriate involvement of the control functions in the design and monitoring of the remuneration systems for Clearstream Group.

2.2. Compensation Officer and Deputy

Within the compensation governance under the respective regulatory requirements the Compensation Officer and the Deputy Compensation Officer of Clearstream Holding AG and Clearstream Banking AG ensure appropriate, long-term and effective control of the company's remuneration systems according to §§ 23 – 26 InstitutsVergV. The Compensation Officer and the Deputy Compensation Officer have a direct functional and disciplinary reporting line to the Executive Board of Clearstream Holding AG and Clearstream Banking AG and have a direct functional reporting line to the Supervisory Board.

Main activities performed in 2016:

- involvement in the conceptual development of the design of the remuneration system 2016 for Executives (Risk Taker and non-Risk Taker) within Clearstream Group,
 - involvement in the process to identify Risk Taker Clearstream group wide,
 - involvement in the preparation of the merit process,
 - ongoing monitoring of the remuneration system for Executive Board members within Clearstream Group,
 - ongoing monitoring of the employees' remuneration systems within Clearstream Group,
 - preparation and submission of the Remuneration Review Report,
 - supporting the Supervisory Boards in fulfilling its responsibilities in designing and monitoring the Executive Board remuneration (preparation of Supervisory Board meetings).
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2.3. Remuneration Advisory Board

The Remuneration Advisory Board (RAB) is set up for Clearstream Holding AG by the Executive Board and, in order to involve also control units in the design and monitoring of compensation systems as per requirements of § 3 InstitutsVergV, it includes at least representatives of i.e. control functions such as Human Resources, Compliance, Risk Management, Legal or the Compensation Officer and representatives of Finance. The Audit function is included within the framework of its duties.

The RAB is involved in the design and development of the Clearstream Group compensation systems covering the remuneration of the employees, the executive employees and the Executive Board members of the regulated companies of Clearstream, before the systems are cascaded through the Group and in particular to Clearstream Banking AG and Clearstream Banking S.A.. The RAB supports the Groups efforts to ensure compliance of its compensation system with regulatory requirements and applicable law.

With regard to its tasks, the RAB met one time in 2016 and consulted about:

- the design and implementation of the new remuneration system for executive employees and Risk Taker, including the payout system for Risk Taker, pool funding and allocation,
- the possible implications in the context of the draft version of the revised Remuneration Ordinance for Institutions (InstitutsVergV) which were subject of discussion in order to face upcoming changes of regulatory requirements.

2.4. Remuneration committees

Clearstream Banking AG must not implement a remuneration committee in accordance with § 25d (12) KWG and § 15 InstitutsVergV. In this respect, the Supervisory Board is responsible to monitor the appropriateness of the remuneration systems for staff, in particular for those staff members heading compliance and risk functions or being identified as Risk Taker.

In Luxembourg for remuneration matters relating to Clearstream employees employed in a Luxembourg based company, the Clearstream Remuneration Committee ("CRC") of Clearstream Holding AG is supported by the Supervisory Board of Clearstream International S.A., Clearstream Banking Luxembourg S.A. and Clearstream Services S.A. (in the following referred to as "Clearstream Luxembourg Companies"). The CRC was set up effective from 2016 to ensure compliance with Luxembourgish regulations and deals with remuneration related matters within the corporate structure of the Clearstream Luxembourg Companies to ensure consistency.

In 2016, the CRC met two times and made decisions on, amongst others, Executive Board personal matters, variable remuneration 2015 with payout in 2016 (including appropriateness and compliance with current side conditions of bonus pool for Members of

Executive Board committees, Risk Taker, Senior Managers in control functions, Executives and Staff non-Risk Taker), the Executive Board Remuneration System and the maximum ratio between fixed and variable remuneration.

The main tasks and competencies of the CRC are to provide independent support to the Supervisory Boards of the Clearstream Luxembourg Companies upon matters related to the remuneration of members of the Executive Management, Senior Management and Risk Taker under contract with the Clearstream companies based in Luxembourg.

The Remuneration Committee is composed of five members, including the Chairman, who are appointed by the Supervisory Board of Clearstream Holding AG, subject to the approval of the Supervisory Board of the respective Clearstream Luxembourg Companies. The Chairman and the members must hold office in at least one of the Supervisory Boards in any of the Clearstream Luxembourg Companies and shall not exercise an executive position in any of the Clearstream Luxembourg Companies at the time of their appointment and during the term of their mandate.

3. Remuneration systems

3.1. Remuneration principles

The strategic goals of Clearstream Group, derived from a strategic process, were developed and broken down in a cascade to the next level and the individuals' target agreements.

The new compensation system for Executives and Risk Taker which was implemented in 2016 fosters a higher performance orientation as well as an enhanced equity orientation in order to comply with regulatory requirements and to ensure a sustainable development.

Remuneration principles are set out in the Clearstream Group remuneration policy, which is reviewed in a regular yearly process and implemented by the respective Boards. Further remuneration principles are included in the individuals' contracts, the remuneration schemes for Risk Taker, the applicable terms and conditions for the long-term sustainable instrument (in the following referred to as the "LSI") respectively in the terms and conditions for the long-term sustainable instrument or the restricted stock units (in the following referred to as the "RSU").

The remuneration policy is an important framework to ensure the implementation of the business and risk strategy and is a central element for the implementation of the remuneration systems within the organization. It aims at:

- setting out principles governing the company's remuneration systems of Clearstream Group, including Clearstream Holding AG, Clearstream Banking AG and Clearstream Banking S.A., in the organisational guidelines,
-

- ensuring that the remuneration in the Clearstream companies is in line with the applicable regulations on remuneration,
- informing staff on the applicable rules as well as on their remuneration system,
- describing the determination of variable remuneration pools and
- aligning the interests of the shareholders and employees, for Risk Taker by using LSI and RSU if applicable.

Clearstream Holding AG, as superordinated company, and the major institutions i.e. Clearstream Banking AG and Clearstream Banking S.A., have performed several activities to ensure that the remuneration policy and the remuneration principles are in line with applicable regulations on remuneration. The regular review of the remuneration policy was performed in the course of 2016.

3.2. Remuneration systems for Executive Board and other employees

The remuneration systems for the Executive Board members of Clearstream Holding AG, Clearstream Banking AG, Clearstream Banking S.A. and Risk Taker and for other executive and non-executive (staff) employees consist of a fixed salary and variable remuneration which is in general and amongst others specified in the respective employment contracts.

The fixed remuneration for non-executive employees is set out in the service contract. For Germany, the fixed remuneration takes into account the utilized salary table. In Luxembourg, the fixed remuneration of staff takes into consideration the Collective Bargaining Agreement for the Banking Sector in which Clearstream Banking S.A. takes part. Non-executive employees are granted their variable remuneration in form of a cash bonus. They are evaluated through the staff appraisal system.

During 2016, a new compensation system for the Executive Board, Executives and Risk Taker was implemented following the guiding principles of the new remuneration system of Deutsche Börse AG Executive Board in order to ensure group wide alignment. The former bonus range was converted into a target bonus system and applied in an additive bonus system.

Executive employees who are not identified as Risk Taker receive in accordance with the target achievement a "Performance Bonus" in cash and share-based variable remuneration in form of a "Stock Bonus Plan". The determination of the variable remuneration is based on "Net Income Growth" and "Individual Objectives".

Risk Taker, including Executive Board members of Clearstream Holding AG, Clearstream Banking AG and Clearstream Banking S.A. receive a variable remuneration according to the conditions of the respective remuneration scheme for Risk Taker and depending on the Risk Taker category and the terms and conditions of the LSI respectively the terms

and conditions of the LSI and RSU. The individual variable remuneration takes into consideration the "Target Variable Remuneration", the company performance as well as the target achievements on individual level and level of area of responsibility.

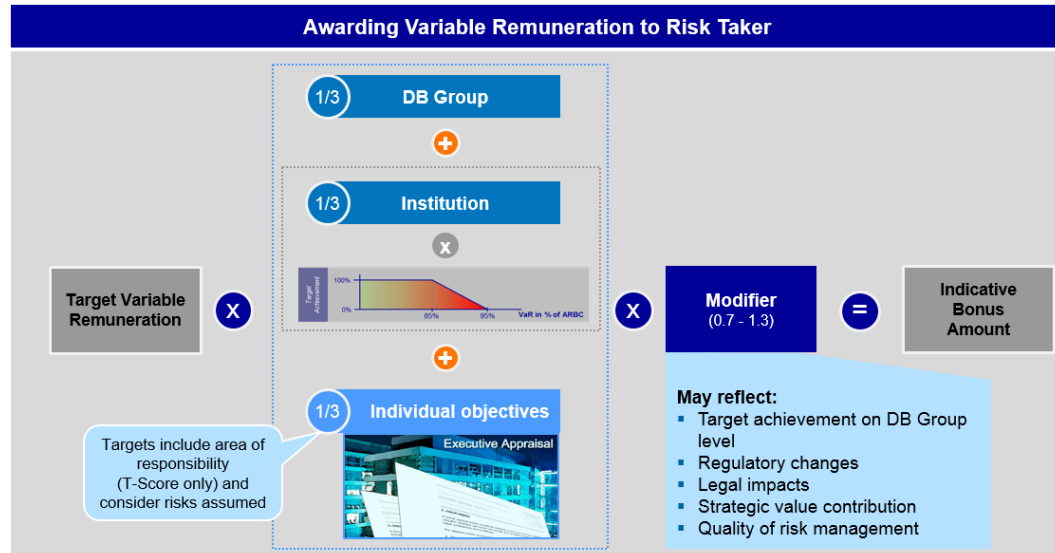
For all executive employees, a so-called "Indicative Bonus Amount" which is subject to final decision of Deutsche Börse Group Compensation Committee and the respective decision making body is calculated. The target amount for variable remuneration serves as basis for the calculation of the Indicative Bonus Amount. Net Income Growth and Individual Objectives (including objectives on area of responsibility) determine the "Overall Target Achievement Level". The Overall Target Achievement Level and, if applicable, a modifier is multiplied with the individual target variable remuneration.

Net Income Growth is a key element for variable remuneration and for executing and supporting the Deutsche Börse growth strategy and accounts to one third. In addition, the Net Income Growth of Clearstream Holding AG derived from the Clearstream-segment contributes another third to the Overall Target Achievement Level. Individual Objectives that cover the level of the area of responsibility as well as the individual level, shall include at least one qualitative target and contribute to the determination to one third, too.

A modifier may be applied with a limited range of 0.7 - 1.3 to consider further aspects on group and also on institution level deemed to be relevant for determining the bonus, e.g. performance, regulatory changes, legal impacts, strategic value contribution or the quality of risk management.

The final bonus amount is subject to decision of the respective decision making body (an adjustment of +/- 20% of target bonus may apply for Risk Taker). Allocation maximum is 200% of the target variable remuneration to comply with the "Bonus Cap" (variable remuneration in maximum 200% of fixed remuneration). For members of the Executive Board, Risk Taker as well as employees of Clearstream Group, the relevant shareholders passed a resolution on the maximum variable remuneration of 200% of the annual fixed remuneration according to regulatory requirements (Bonus Cap) with regard to the provisions of § 25a paragraph 5 sentence 5 KWG.

The payout of any variable remuneration is subject to check for side conditions in institutions according to § 7 InstitutsVergV (i.e. company performance, capital planning, liquidity requirements, risk bearing capacity). Overall budget limit and a multi-year measurement may apply for Risk Taker.



Graphic 1: Exemplary process of awarding variable remuneration to Risk Taker.

Depending on the category of Risk Taker, 40 to 73% of the variable remuneration are deferred (the RSU for three, the LSI over a period of three to four years, both paid out after an additional retention period of one year). The share based components RSU and LSI link parts of the variable remuneration with a sustainable development. The deferral period is defined in accordance to the regulatory requirements, Clearstream Group's business cycle as well as the nature and risk content of Clearstreams business activities.

To account for extraordinary developments (i. e. significant change in the economic or regulatory capital base), the Supervisory Board may adjust variable remuneration of Executive Board members according to § 10 InstitutsVergV.

Further, Clearstream Group does not guarantee variable remuneration in general and only applies the exemption set out in InstitutsVergV in case of an entry within the first twelve months after entry taking into account appropriate equity and liquidity resources as well as sufficient capital in order to ensure its risk-bearing capacity.

Overall, the variable remuneration systems does not incentivise to take disproportional high risks and is designed in a way that bonus can be reduced to zero in order to apply with the regulatory requirements of § 45 KWG and of §§ 38.5 and 38.6 of the Luxembourg law on the financial sector.

3.3. Total Amount of variable remuneration

For the financial year 2016, the total amount of variable remuneration (the “Total Amount”) was defined in a formalised and transparent process. The award of variable remuneration requires the respective Supervisory Board to jointly with the respective Executive Board resolve upon a sufficient Total Amount of variable remuneration for the performance period, out of which the Risk Taker of the company will be awarded, taking into account § 45 paragraph 2, sentence 1, number 5a of the German Banking Act (KWG) and § 7 InstitutsVergV.

Precondition to this resolution upon a Total Amount is that the respective company did not experience negative overall business performance. In particular, where this is accompanied by a significant decrease of the company’s enterprise value, as a general rule, no Total Amount will be resolved upon.

Assessment of the requirements to determine the Total Amount		Assessment
Overall economic situation		
Overall Group performance	Taking into account costs of liquidity and capital as well as the assumption of risk, the Group achieves a positive overall business performance.	✓/✗
Exceptional cases	The <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> allows with respect to extraordinary circumstances, to resolve a Total Amount, regardless of the overall negative business performance.	✓/✗
Requirements of the InstitutsVergV		
	When determining the Total Amount, risk-bearing capacity, multi-year capital planning and profitability of the Group are taken into account. Moreover, the Group is able to maintain or recover adequate funds and liquidity.	✓/✗
	The determination of the Total Amount does not limit the Group’s ability to meet or recover the combined capital buffer requirements in accordance with KWG.	✓/✗
A Total Amount is resolved upon:		✓/✗

Graphic 2: Overview of the requirements to determine the Total Amount.

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

If the Supervisory Board, the Executive Board or the line manager of a Risk Taker decide in their overall assessment that the awarding of variable remuneration is not appropriate, there is no right to the award. Thereby, the Supervisory Board or the line manager considers all circumstances leading to significant underperformance or negative performance contributions causing significant financial losses or damage to the reputation for the institution. This also applies in the event of individual unconscionable conduct or conduct in breach of duty as defined in the remuneration policy and the respective remuneration schemes.

3.4. Risk Taker identification

According to § 18 InstitutsVergV and EBA-RTS, staff whose professional activities have a material impact on the institution's risk profile must be identified. For financial year 2016, Clearstream Group performed a risk analysis and identified Risk Taker based on these qualitative and quantitative criteria set out in the EBA-RTS.

Pursuant to regulatory requirements, members of the Supervisory Boards and Boards of Directors were identified as Risk Taker for 2016. The identified members received only attendance fees for the respective Supervisory Board or Board of Director function, which is no remuneration that can be classified as fixed or variable remuneration in the sense of the Remuneration Ordinance.

In general, the Risk Taker of Clearstream Holding AG, Clearstream Banking AG and Clearstream Banking S.A. can be differentiated between Risk Taker as members of the Executive Board, Risk Taker below the Executive Board (n-1 Risk Taker) and other Risk Taker. Deutsche Börse AG's employees directly involved in providing services to Clearstream Banking AG and Clearstream Banking S.A. within the framework of an outsourcing agreement were identified as so-called Group Risk Taker (Group Risk Taker n-1 respectively Group Risk Taker other).

3.5. Variable remuneration scheme

For Risk Taker, the variable remuneration consists of an upfront and a deferred part. Depending upon the classification of the respective Risk Taker category, the final bonus amount is split into different instruments, namely the cash bonus, the LSI shares and the RSU shares (if applicable). Therefore, the respective payout schedules are applied as shown below.

Clearstream applied in all locations the exemption limit up to which the German supervisory authority currently accepts the payout of the complete variable remuneration to avoid disproportional operating expenses. If a Risk Taker is granted variable remuneration of EUR 50,000 or higher, variable remuneration will be deferred. At least a minimum of 50% of the deferred and non-deferred parts of the variable remuneration shall be granted in share-based long-term instruments according to regulatory requirements. For eligible persons, with the LSI and the additional RSU (the RSU Shares will be deferred for three years with cliff vesting and are subject to an additional retention period of one year) two third of variable remuneration will be awarded in form of share-based instruments. This exemption limit, which is also applied to Clearstream Banking S.A., fulfils the indicative exemption limit of EUR 100,000 set by the CSSF in its Circular 11/505.

The LSI links a part of the variable remuneration with a sustainable development. The deferral period is defined in accordance to the regulatory requirements, Clearstream Group's business cycle as well as the nature and risk content of Clearstreams business activities. The deferral part (non-upfront part) of variable remuneration will be deferred for

a period of three or four years and vested pro rata, also depending upon the Risk Taker classification. In every case, an additional retention period of one year applies for the LSI shares.

The RSU shares will be deferred for three years. In addition and in analogy to the LSI shares, the RSU shares are subject to a retention period of one year. At the end of the retention period, the entire RSU part will be paid out (cliff vesting).

3.5.1. Payout process

The Risk Taker payout schedule with the cash and LSI bonus apply to all Risk Taker. Additionally, the RSU as a long-term component applies to Executive Board members with the internal management level 6 and 5* as well as Group Risk Taker with the internal management level 6³.

For Risk Taker with the RSU (Executive Board member with internal level 6, 5* as well as n-1 Group Risk Taker with internal management level 6 within Deutsche Börse Group), the Award is split into three instruments:

- One third of the final bonus amount will be converted in cash ("Cash bonus").
- One third of the final bonus amount will be converted into long-term sustainable instruments ("LSI shares") in accordance with the respective terms and conditions of the LSI. The LSI shares are subject to an additional retention period of one year.
- One third of the final bonus amount will be converted into Restricted Stock Units ("RSU shares") in accordance with the respective terms and conditions of the RSU. The RSU shares will be deferred for three years and are subject to an additional retention period of one year. Afterwards, the entire RSU part will be granted (cliff vesting).

40% of the Cash bonus and 40% of the LSI shares ("Upfront") are granted upfront. 60% of the Cash bonus and 60% of the LSI shares ("Deferral") will be deferred over a period of four respectively three years ("Deferral Period"). Within the Deferral Period, the Deferral will be split into four respectively three equal annual instalments. The LSI shares are subject to an additional retention period of one year.

For Risk Taker (namely the categories of n-1 Risk Taker, other Risk Taker, n-1 Group Risk Taker, other Group Risk Taker) the award is split into two instruments:

- 50% of the final bonus amount will be converted in cash ("Cash bonus").
- 50% of the final bonus amount will be converted into long-term sustainable instruments ("LSI shares") in accordance with the respective terms and conditions of the LSI. The LSI shares are subject to an additional retention period of one year.

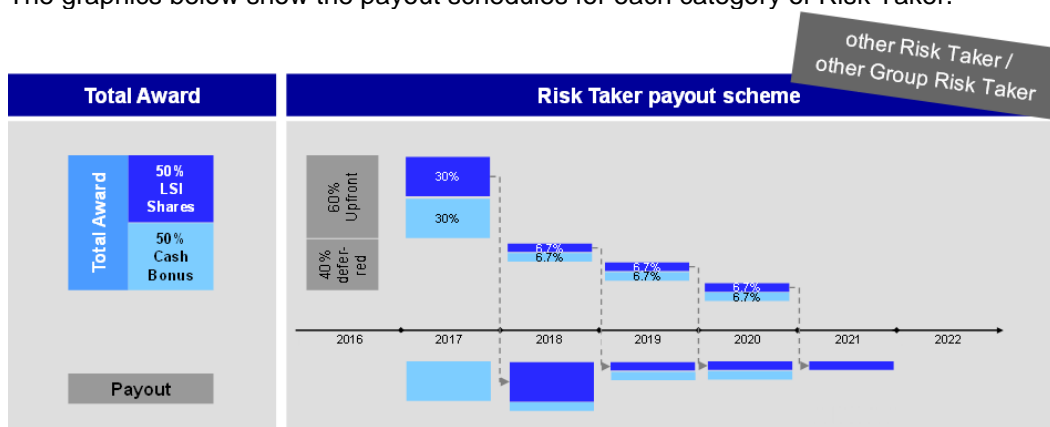
3 The internal management level for Executives incl. Executive Board members ranges to three levels with highest level 6.

40% (namely the categories of n-1 Risk Taker and n-1 Group Risk Taker) respectively 60% (namely for other Risk Taker respectively other Group Risk Taker) will be granted as upfront part. 60% respectively 40% will be deferred over a period of three years (Deferral Period). Within the Deferral Period, the Deferral will be split into three (respectively four) equal annual installments. The LSI shares are subject to an additional retention period of one year.

Until the final decision regarding the payout of the final bonus amount (“Granting”), there is no right to the Deferral or to non-deferred parts of the final bonus amount which have already been converted into LSI shares or RSU shares. During the Deferral Period and Retention Period, there is only a right to an accurate determination of the expected (unpaid) portion of the variable remuneration. Portions of the variable remuneration which are due to be paid out, but are not effectively paid out or are not converted into LSI shares or RSU shares forfeit and are not carried forward into future years. For the avoidance of doubt fixed remuneration shall not be subject to deferral or retention periods.

3.5.2. Payout schedules for Risk Taker (different categories)⁴

The graphics below show the payout schedules for each category of Risk Taker.



Graphic 3: Exemplary payout of the variable remuneration (other Risk Taker respectively other Group Risk Taker).

Upfront Payments		Deferred Payments	
Cash	LSI Shares	Cash (annual installments)	LSI Shares (annual installments)
30%	30%	20% (3 x 6.7%)	20% (3 x 6.7%)

Graphic 4: Overview of Risk Taker payout schedule (other Risk Taker respectively other Group Risk Taker).

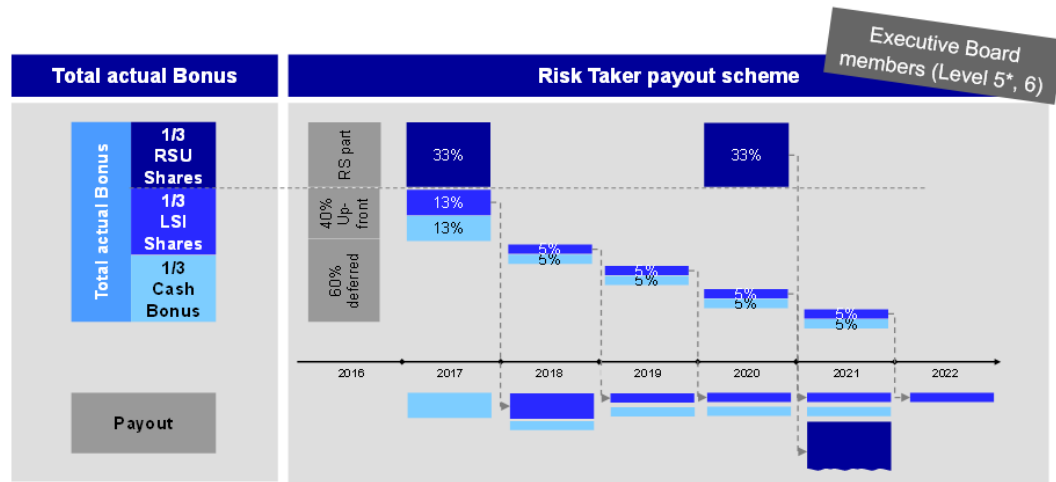
⁴ For reasons of readability, the percentages in this document are rounded and amount to 100% in each respective case.

The respective components within the Group Risk Taker category, namely the cash part and the LSI part, may vary with regard to the payout as displayed below.

Upfront Payments		Deferred Payments	
Cash	LSI Shares	Cash (annual installments)	LSI Shares (annual installments)
20%	20%	30% (3 x 10%)	30% (3 x 10%)

*n-1 Risk Taker /
n-1 Group Risk Taker*

Graphic 5: Overview of Risk Taker payout schedule (n-1 Risk Taker respectively n-1 Group Risk Taker).



Graphic 6: Exemplary payout of the variable remuneration for Risk Taker (Executive Board members (Level 5*, 6)) with the RSU.

Upfront Payments		Deferred Payments		
Cash	LSI Shares	Cash (annual installments)	LSI Shares (annual installments)	RSU Shares (Cliff vesting)
13%	13%	20% (4 x 5%)	20% (4 x 5%)	33%

Executive Board members (Level 5, 6)*

Graphic 7: Overview of Risk Taker payout schedule for Risk Taker (Executive Board members (Level 5*, 6)) with the RSU.

Upfront Payments		Deferred Payments		
Cash	LSI Shares	Cash (annual installments)	LSI Shares (annual installments)	RSU Shares (Cliff vesting)
13%	13%	20% (3 x 6.7%)	20% (3 x 6.7%)	33%

n-1 Group Risk Taker (Level 6)

Graphic 8: Overview of Risk Taker payout schedule for Risk Taker (n-1 Group Risk Taker (Level 6)) with the RSU.

3.6. Variable remuneration under CRD III requirements

As a significant institution and in order to meet also remuneration requirements set by CRD III and the related CSSF Circular 10/496, Clearstream set specific rules for its Executive Board members in Luxembourg who were identified as Risk Taker. Due to deferral rules, concerned Executive Boards members are still eligible, under certain conditions as described below, to the payment of deferred tranches of variable remuneration for performance years 2011 to 2013.

Under the CRD III remuneration scheme, the performance variable remuneration varied between 0% and 50% of the total annual remuneration. The scheme was designed to ensure an adequate balance between upfront and deferred variable remuneration as well as an adequate relation between cash and share-based components. The variable remuneration takes into consideration the performance of the company as well as the achievement of individual financial and non-financial objectives of the employee.

Where a variable remuneration was awarded, the granted amount was divided into a maximum of 50% cash and a minimum of 50% share-based bonus.

The cash payment takes place in four instalments as follows:

- The upfront payment, representing 60% of the cash part, takes place during the year following the year of the employee's performance measurement;
- The deferred payment, representing 40% of the cash part, is deferred in three equal payments over a period of three years following the first payment. The vesting process foresees a yearly pro-rata vesting.

The share-based part represents at least 50% of the variable remuneration. The vesting process foresees a yearly pro-rata vesting i.e. the concerned Executive Board members acquire each of the following three years a vested right in relation to a third of the deferred share linked variable remuneration. The payments of vested rights are made in cash ("cash settlement").

The Board of Directors of Clearstream International S.A. and Clearstream Banking S.A. have the right to execute an annual ex-post risk adjustment on the deferred variable remuneration which may result in the reduction (down to zero) of the value of the deferred

variable remuneration components and/or the payout of the retained part of the share-based bonus. Such a decision would be particularly made in case of evidence of misbehaviour or serious error, significant downturn in financial parameters of the employee's company/department works for and on which performance measurement has been based, significant failure of risk management in the employee's company/department, significant changes in the company's economic or regulatory capital base and fraud or misleading information regarding the parameters used to measure the employee's performance.

3.7. Backtests for variable remuneration

Prior to the payment, within a comprehensive review, it is decided by taking into account the requirements of the InstitutsVergV about the extent the variable remuneration under review will be paid out or converted into LSI shares respectively RSU shares.

Therefore, the sustainability of the performance contributions of Risk Taker, his area of responsibility as well as the overall performance of the institution will be considered. Moreover, the financial situation of the company, in particular significant changes in the capital base, decreases in the financial capacity and the risk-bearing capacity will be taken into account (backtesting).

In case of a negative backtest, malus can apply to all elements, the cash portion and the LSI respectively the RSU portion of deferred remuneration, in particular in case of evidence of misbehavior or serious error (e.g. breach of code of conduct and other internal rules, especially concerning risks), negative performance contributions (e.g. if any material assumptions underlying the calculation of the variable remuneration later prove to not be sustainable or to be incorrect), significant failure of risk management respectively significant changes in the capital base, or significant downturn in the financial performance. In case of the circumstances described above have occurred to a significant degree, a reduction or forfeiture of portions of the deferred variable remuneration including LSI respectively the RSU shares applies.

Therefore, a malus assessment was performed for 2016 by the respective line manager as well as by the Malus Meeting which includes representatives of Human Resources, Internal Audit, Compliance and Risk Management. Within this comprehensive review, potential cases which could lead to reduction or forfeiture of bonus payments respectively deferred remuneration tranches are assessed. The assessment results in a recommendation regarding a potential further treatment of critical cases. A final decision upon consequences lies in the responsibility of the respective Executive Board or the respective Supervisory Board. The malus assessment performed did not result in any case with a potential need to adjust or forfeit variable remuneration for 2016 and/or deferred tranches from financial year 2014 and 2015 and from previous financial years for Executive Board members, Risk Taker or employees of Clearstream Group. The payout of variable remuneration for 2016 and of deferred tranches from previous financial year(s) was assessed to be in line with the regulatory requirements.

3.8. Prohibition of personal hedging strategies

The effectiveness of risk alignment will be significantly weakened if staff members were able to transfer the downside risks to another party through hedging or certain types of insurance. To ensure the effectiveness of risk alignment, the remuneration policy and remuneration principles prohibit to undertake any personal hedging strategies or other countermeasures that confine or neutralise the risk alignment effects of their remuneration.

Also, appropriate compliance structures and measures in order to prevent any hedging strategies are implemented, including random checks of securities accounts and other accounts. Through this, all Risk Taker agreed to allow inspections of their securities accounts and to declare if and which personal hedging strategies or other countermeasures they utilized.

4. Information on remuneration

4.1. Information on Supervisory Board members⁵

According to EBA-RTS, members of the management body in its supervisory function (Supervisory Board) are classified as Risk Taker. As Clearstream Supervisory Board members or Board of Directors members receive no remuneration which is to be classified as fixed or variable remuneration in the sense of CRD IV, the number of mandates of the members of the Supervisory Board is disclosed below. Members of the Supervisory Boards and Board of Directors under service contract within Deutsche Börse Group, identified as Risk Taker for a operational function and that received remuneration for their service contract are disclosed under table 2 and 3.

	Clearstream Holding AG	Clearstream Banking AG	Clearstream Banking S.A.	Σ
Supervisory Board structure 2016⁶				
<i>number of mandates</i>	4	6	6	16

Table 1: Structure of the respective Supervisory Boards 2016.

⁵ Supervisory Board member are stated as Headcount. Supervisory Board members or Board of Directors members not employed within Deutsche Börse Group receive only an attendance fee. Remuneration information of Supervisory Board member employed within Deutsche Börse Group is included in this Remuneration Report.

⁶ In total for the three Clearstream Supervisory Boards there are 14 mandates of Clearstream Supervisory Boards as of 31 December 2016. Due to mid-year changes in the composition of the Supervisory Board of Clearstream Holding AG and Clearstream Banking S.A., some mandates were taken from more than one person while the financial year 2016.

4.2. Remuneration Information by business area⁷

According to Article 450 paragraph 1 g CRR, aggregate quantitative information on remuneration are broken down by business area:

Amounts in Mio. EUR	Clearstream Holding AG	Clearstream Banking AG	Clearstream Banking S.A.	Other Clearstream Group	Σ
Remuneration 2016					
<i>Risk Taker (FTE)</i>	1.7	8.7	12.2	37.8	60.4
total remuneration	1.06	2.77	5.24	15.75	24.82
thereof fixed remuneration	0.58	1.77	2.96	9.63	14.94
thereof variable remuneration	0.48	1.00	2.28	6.12	9.88
ratio variable to fixed remuneration	1 : 0.83	1 : 0.56	1 : 0.77	1 : 0.64	1 : 0.66

Table 2: Aggregate quantitative information according to Article 450 paragraph 1 g CRR.

⁷ The remuneration information is disclosed in EUR (foreign currencies are converted into EUR) and includes remuneration awarded for the respective service period for the financial year 2016. In order to maintain confidentiality and for data protection reasons, data are shown on an aggregated and rounded base. Risk Taker are, unless other stated, reported as identified for financial year 2016 with full-time equivalent (FTE) as per 31 December 2016 (if appropriate changes in the course of the year are reflected). Information is allocated according to contractual situation with the legal entity respectively allocated to the legal entity for which entity the Risk Taker is identified for or delivers services to. For Clearstream Banking AG and Clearstream Banking S.A., business activities can not be considered as business units as they are no separate entities or business lines. Further, business activities in Clearstream Group are highly interconnected, so that Clearstream Banking AG and Clearstream Banking S.A. were considered as material business units according to the Risk Taker identification process and reported as legal entities. Due to data protection reasons, there are no further distinctions within each legal entity, especially information on remuneration for Clearstream International S.A., Clearstream Operations Prague s.r.o as well as Clearstream Services S.A. and are incorporated under "other Clearstream Group". The information reported for Clearstream Banking AG include Risk Taker in control functions and support functions; for Clearstream Banking S.A. control functions, business management, operations and client relations; "Other Clearstream Group" include Risk Taker of other Clearstream Group entities and Risk Taker in control functions, support functions and operations.

4.3. Remuneration Information by Senior Management and Risk Taker⁷

According to Article 450 paragraph 1 h CRR, aggregate quantitative information on remuneration 2016 of senior management and Risk Taker⁸:

amounts in Mio. EUR	Members of the Senior Management			Risk Taker (including Group Risk Taker)			Σ
	Clear-stream Holding AG	Clear-stream Banking AG	Clear-stream Banking S.A.	Clear-stream Banking AG	Clear-stream Banking S.A.	Other Clear-stream Group	
Remuneration 2016							
<i>Risk Taker (FTE)</i>	1.7	2.8	5.7	5.9	6.5	37.8	60.4
total remuneration	1.06	1.27	3.80	1.50	1.44	15.75	24.82
thereof total fixed remuneration	0.58	0.77	1.98	1.00	0.98	9.63	14.94
thereof total variable remuneration	0.48	0.50	1.82	0.50	0.46	6.12	9.88
ratio variable to fixed remuneration	1 : 0.83	1 : 0.65	1 : 0.92	1 : 0.50	1 : 0.47	1 : 0.64	1 : 0.66
Total variable remuneration 2016							
thereof in cash	0.16	0.17	0.61	0.30	0.29	2.57	4.10
thereof in share-linked instruments	0.32	0.33	1.21	0.20	0.17	3.55	5.78
Deferred variable remuneration 2016							
<i>Risk Taker (FTE)</i>	1.7	2.8	5.7	3.1	3.0	28.0	44.30
total variable remuneration (deferral and upfront part)	0.48	0.50	1.82	0.50	0.46	6.12	9.88
total deferred variable remuneration	0.41	0.43	1.58	0.32	0.27	4.84	7.85
thereof deferred in cash	0.09	0.10	0.37	0.12	0.10	1.29	2.07
thereof deferred in share-linked instruments	0.32	0.33	1.21	0.20	0.17	3.55	5.78
thereof vested	0.07	0.07	0.24	0.18	0.19	1.28	2.03
thereof unvested	0.41	0.43	1.58	0.32	0.27	4.84	7.85
Amounts of deferred remuneration from previous years⁹							
vested and paid out from previous years	0.14	0.21	0.76	0.00	0.00	1.40	2.51
unvested and deferred from previous years	0.36	0.54	1.79	0.00	0.00	3.50	6.19
thereof reduced through performance adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00

⁸ Deferred remuneration includes the deferral and the deferred upfront part of the LSI as well as the RSU. The table with deferred variable remuneration 2016 includes all Executive Board members who received variable remuneration for who the payout schedule of the respective payout scheme applied. The figures on members of the Senior Management contain the remuneration data of Executive Board members and Supervisory Board members (if remuneration was awarded for the respective mandate).

⁹ Amounts of deferred remuneration from previous years allocated as identified in the respective year. Unvested share-linked tranches are calculated with the share price according to the respective terms and conditions.

amounts in Mio. EUR	Members of the Senior Management			Risk Taker (including Group Risk Taker)			Σ
	Clear-stream Holding AG	Clear-stream Banking AG	Clear-stream Banking S.A.	Clear-stream Banking AG	Clear-stream Banking S.A.	Other Clear-stream Group	
Sign-on / buy-out 2016							
<i>Risk Taker (FTE)</i>	-	-	-	-	-	-	-
total amount of sign-on / buy-out payments	-	-	-	-	-	-	-
Severance payments 2016¹⁰							
<i>Risk Taker (FTE)</i>	-	-	-	-	-	-	2.0
total amount of severance payments	-	-	-	-	-	-	0.26
thereof awarded in 2016	-	-	-	-	-	-	0.26
thereof paid out in 2016	-	-	-	-	-	-	0.26
highest such award to a single person	-	-	-	-	-	-	0.15

Table 3: Aggregate quantitative information according to Article 450 paragraph 1 g CRR, broken down by members of the Executive Board and Risk Taker.

4.4. Information on High Earners

Pursuant to Article 450 paragraph 1 i CRR, the number of individuals being remunerated EUR 1 Mio. or more (High Earners) per financial year must be broken down into pay bands of EUR 0.5 Mio.. Overall for financial year 2016 Clearstream entities remunerated one employee in the pay bracket between EUR 1.0 to 1.5 Mio. and one employee in the pay bracket between EUR 1.5 to 2.0 Mio..

¹⁰ In order to maintain confidentiality and for data protection reasons, data are shown on an aggregated and rounded base. Severance payment awarded in the respective financial year refers to severance payments which are awarded in the relevant financial year but not necessarily yet paid out to the employee. Therefore, the amount or point of time of severance payment to be paid out in the financial year may differ from the awarded amount.
