

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

Disclosures as of 30 June 2022

September 2022

Semi-annual Pillar III Disclosure Report of Clearstream Banking S.A. - According to Part 8 of Regulation (EU) No. 876/2019 (Capital Requirements Regulation II, CRRII) and No. 575/2013 (Capital Requirement Regulation, CRR), in conjunction with § 26a German Banking Act (Kreditwesengesetz, KWG).

September 2022

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Clearstream Banking S.A. is a Clearstream Holding AG company, which is a Deutsche Börse Group company.

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Foreword

The purpose of the document is to meet regulatory disclosure requirements, based on the revised Basel banking framework, known as “Basel III.” At the European Union (EU) level, the disclosure framework covers the Basel III requirements, and includes additional components as laid down by 2019/878 (CRD V), Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR), and Regulation (EU) No. 876/2019 (Capital Requirements Regulation 2, CRR 2).

Clearstream Banking S.A. is a directly fully owned subsidiary of Clearstream Holding AG (CH), which is a financial holding company as defined in Art. 4 Paragraph 1.20 CRR 2. Together with its subordinated companies, CH forms a financial holding Group under German law.

1. Introduction

1.1. Objective of the report

The objective of this Disclosure Report is to fulfil the disclosure requirements detailed in Part 8 of the Capital Requirements Regulation (EU) No 575/2013 (CRR) as amended by Regulation (EU) 2019/876 (CRR2) and Article 38 of the Luxembourg Law of 5 April 1993 (“Luxembourg Banking Act”), at the legal entity level of Clearstream Banking S.A. (“CBL”).

1.2. Disclosure policy and frequency

To ensure adequate application of the disclosure requirements a Disclosure Policy has been established, that is reviewed and adapted, where necessary, on a yearly basis. The Executive Board of CBL is ultimately responsible for the Disclosure Policy and must approve any material changes to the policy. Furthermore, the Disclosure Policy defines disclosure content, allocates responsibilities, and defines processes.

In accordance with Article 434 CRR 2, CBL publishes its full Disclosure Report on its website:

[Pillar III Disclosure Report \(clearstream.com\)](https://www.clearstream.com/en/press-releases/2022/09/2022-09-20-clearstream-publishes-its-pillar-iii-disclosure-report)

In addition to the full-year disclosure report, in accordance with Article 433a (2) on disclosure obligations for large institutions other than G-SIIs that are non-listed institutions, key metrics are published twice a year.

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

1.3. Scope of application (Article 436 CRR 2)

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

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

CBL has 4 subsidiaries – Clearstream London Limited (CLL), Clearstream Banking Japan (CBJ), Clearstream Australia Limited (CAL) and Clearstream Fund Centre S.A. (CFC SA). However, on the grounds of non-materiality, in addition to the fact that CBL is exempt from consolidation for regulatory purposes under Article 22 CRR, the entities CLL, CBJ, CAL and CFC SA, are not consolidated for accounting purposes.

As such, this Disclosure Report covers Clearstream Banking S.A. and 3 branches: London, Singapore, and Japan.

All disclosed information is reported in CBL's accounting and reporting currency, Euro, unless otherwise specified.

1.4. Regulatory supervision

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

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

As of 1 January 2018, CBL is classified as Other Systemically Important Institution ("O-SII") as in CSSF Regulation N° 18-06 since the competent authorities comply with the EBA Guidelines 2014/10 on criteria to determine the conditions of application of Article 131 (3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions. Due to its classification as an O-SII, CBL must produce a stand-alone Pillar III disclosure report. This classification was re-confirmed in January 2022.

CHAG as the superordinate company of the financial holding group according to §10a (1) of the German Banking Act (KWG) as well as being approved as financial holding company in accordance with Article 21 CRD, is responsible for fulfilling the regulatory obligations on a consolidated/Group level vis-à-vis the German supervisory authorities and presents a Pillar III report in compliance with the disclosure requirements pursuant to Part Eight CRR and § 26a KWG.

2. Key metrics

As outlined in Art. 433c (2) (e), and Art. 447 of (EU) No. 876/2019 (CRR 2), the Bank discloses its data on own funds, risk-weighted exposures, capital ratios, leverage ratios, and liquidity coverage.

Disclosure periods T, T-1, T-2, T-3, and T-4 are defined as quarterly periods and shall be populated depending on the frequency set by Articles 433a, 433b and 433c CRR 2. Institutions disclosing the information in this template on a semi-annual basis shall provide data for periods T, T-2, and T-4. Consequently, for the semi-annual report as of June 2022, CBL discloses the information for 30 June 2022, 31 December 2021 and 30 June 2021.

2.1. Composition of capital

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

2.2. Risk-weighted exposure amounts

The capital requirements of CBL arise from the following categories:

- Credit risk from the items on the balance sheet and the off-balance sheet items under the standardised approach. The credit risk mitigation technique used by CBL for solvency purposes is collateralisation. For reporting purposes CBL applies supervisory volatility adjustments under the Financial Collateral Comprehensive Method as specified in Article 224 CRR;
- Counterparty credit risk from over-the-counter (OTC) derivatives using original exposure method (OEM);
- Operational risk using advanced measurement approach (AMA);
- Credit Valuation Adjustment for derivatives using standardised method; and;
- Risk exposure amount for foreign exchange.

2.3. Additional own funds requirements

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

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

Within its supervisory review and evaluation process (SREP) in 2019, further to article 28(1) of CSSF Regulation 15-02, the CSSF has concluded that, in excess of the requirements specified in Article 92 CRR, CBL is required to maintain the additional own funds equal to 1% of TREA, of which 100% CET1 capital. This requirement was confirmed in 2021.

2.4. Leverage ratio

Exposures of CSDs authorised as credit institutions arising from banking type ancillary services offered to participants in a securities settlement system and holders of securities accounts, have been excluded from the total exposure measure of the Leverage Ratio according to point (o) of Article 429a (1) CRR 2, as those activities do not create a risk of excessive leverage.

2.5. Liquidity coverage ratio

For the purposes of twice yearly disclosures these values of weighted average HQLA, outflows and inflows are calculated as the simple averages of month-end observations over the twelve months preceding the end of each quarter.

2.6. Net Stable Funding Ratio

According to Article 6 (4) point (b) CRR, institutions authorised as CSDs according to Article 16 and point (a) of Article 54 (2) CSDR are exempted from the Net Stable Funding Ratio (NSFR) on an individual basis. As a result, CBL is exempt from reporting of the NSFR.

(in 000s of €)		T	T-1	T-2	T-3	T-4
		30/06/2022		31/12/2021		30/06/2021
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	1,222,226		1,214,206		1,213,746
2	Tier 1 capital	1,222,226		1,214,206		1,213,746
3	Total capital	1,222,226		1,214,206		1,213,746
Risk-weighted exposure amounts						
4	Total risk exposure amount	4,351,567		4,037,268		4,293,804
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	28.09%		30.07%		28.27%
6	Tier 1 ratio (%)	28.09%		30.07%		28.27%
7	Total capital ratio (%)	28.09%		30.07%		28.27%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.00%		1.00%		1.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.00%		1.00%		1.00%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.00%		1.00%		1.00%
EU 7d	Total SREP own funds requirements (%)	9.00%		9.00%		9.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%		2.50%		2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%		0.00%		0.00%
9	Institution specific countercyclical capital buffer (%)	0.07%		0.05%		0.08%
EU 9a	Systemic risk buffer (%)	0.00%		0.00%		0.00%
10	Global Systemically Important Institution buffer (%)	0.00%		0.00%		0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.50%		0.50%		0.50%
11	Combined buffer requirement (%)	3.07%		3.05%		3.08%
EU 11a	Overall capital requirements (%)	12.07%		12.05%		12.08%
12	CET1 available after meeting the total SREP own funds requirements (%)	19.09%		21.07%		22.77%
Leverage ratio						
13	Total exposure measure	5,002,800		4,503,574		5,776,466
14	Leverage ratio (%)	24.43%		26.96%		21.01%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	n/a		n/a		n/a
EU 14b	of which: to be made up of CET1 capital (percentage points)	n/a		n/a		n/a
EU 14c	Total SREP leverage ratio requirements (%)	3.00%		3.00%		3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.00%		0.00%		0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%		3.00%		3.00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	16,642,841		14,369,126		13,770,653
EU 16a	Cash outflows - Total weighted value	15,756,405		14,010,879		13,851,869
EU 16b	Cash inflows - Total weighted value	1,607,633		2,081,076		2,280,619
16	Total net cash outflows (adjusted value)	14,148,772		11,929,803		11,571,250
17	Liquidity coverage ratio (%)	117.63%		120.45%		119.01%
Net Stable Funding Ratio						
18	Total available stable funding	n/a		n/a		n/a
19	Total required stable funding	n/a		n/a		n/a
20	NSFR ratio (%)	n/a		n/a		n/a

Table 1: Key Metrics