

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

Disclosures as of 30 June 2023

September 2023

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

Pillar III Disclosure Report of Clearstream Banking S.A., according to Part 8 of Regulation (EU) No 876/2019 (Capital Requirements Regulation II, CRR II) and No. 575/2013 (Capital Requirements Regulation, CRR), in conjunction with section 26a of the Kreditwesengesetz (KWG, German Banking Act)

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## Foreword

Clearstream Banking S.A. (CBL) is pleased to present its semi-annual Pillar III Disclosure Report as of 30 June 2023. The purpose of this document is to meet regulatory disclosure requirements, based on the revised Basel banking framework, known as Basel III. At the European Union (EU) level, the disclosure framework covers the Basel III requirements, and includes additional components as laid down by Directive (EU) 2019/878 (CRD V), Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR), and Regulation (EU) No. 2019/876 (Capital Requirements Regulation II, CRR II).

CBL is a direct, fully owned subsidiary of Clearstream Holding AG (CH), which is a financial holding company as defined in Article 4 (1) 20 of CRR II. 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 (CRR II) and Article 38 of the Luxembourg Law of 5 April 1993 ("Luxembourg Banking Act"), at the legal entity level of CBL.

### 1.2. Disclosure policy and frequency

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

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

[Pillar III Disclosure Report \(clearstream.com\)](https://www.clearstream.com/pillar-iii-disclosure-report)

In addition to the annual report, in accordance with Article 433a (2) on disclosure obligations for large institutions other than Global Systemically Important Institutions (G-SIIs) that are non-listed institutions, key metrics are published with semi-annual frequency.

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

### 1.3. Scope of application (Article 436 of CRR II)

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 Association and Luxembourg company law.

Throughout the reporting period applicable to the semi-annual Pillar III Disclosure Report as of 30 June 2023, CBL had one (dormant) subsidiary, that is, Clearstream London Limited (CLL), and three branch offices: London (Great Britain), Singapore and Tokyo (Japan). However, on the grounds of non-materiality, these are not consolidated for accounting purposes and CBL has also been exempted of consolidation for regulatory reporting purposes.

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

### 1.4. Regulatory supervision

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

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

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

As of 1 January 2018, CBL is classified as Other Systemically Important Institution (O-SII) as per CSSF Regulation No. 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.

CH as the superordinate company of the financial holding group according to Section 10a (1) of the KWG and as an approved financial holding company in accordance with Article 21 of CRD, is responsible for fulfilling the regulatory obligations on a consolidated level vis-à-vis the German supervisory authorities and presents a Pillar III Disclosure Report in compliance with the disclosure requirements pursuant to Part 8 of CRR and Section 26a of the KWG.

## 2. Key metrics

As outlined in Articles 433c (2) (e) and 447 of CRR II, the CBL discloses its data on own funds, risk-weighted exposures, capital ratios, leverage ratios and liquidity coverage, as shown below in [Table 1 – EU KMI1 – Key metrics](#).

Disclosure periods T, T-1, T-2, T-3 and T-4 are defined as quarterly periods and shall be populated depending on the frequency set by Articles 433a, 433b and 433c of CRR II. Institutions disclosing the information in this template on a semi-annual basis shall provide data for periods T, T-2 and T-4. Consequently, for the semi-annual report as of 30 June 2023, CBL discloses the information for reporting dates 30 June 2023, 31 December 2022 and 30 June 2022.

### 2.1. Composition of capital

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

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

Deductions of the CET1 capital arise from the following items:

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

### 2.2. Risk-weighted exposure amounts

The capital requirements of CBL arise from the following categories:

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

### 2.3. Additional own funds requirements

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

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

Within its supervisory review and evaluation process (SREP) in 2022, further to Article 28 (1) of CSSF Regulation 15-02, the CSSF has concluded that, in excess of the requirements specified in Article 92 of CRR, CBL is required to maintain additional own funds equal to 0.5% to be held in the form of 56,25% CET1 capital and 75% of Tier 1 capital as a minimum. This requirement was confirmed in May 2023.

### 2.4. Leverage ratio

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

### 2.5. Liquidity coverage ratio

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

### 2.6. Net stable funding ratio

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



(in 000s of €)		T	T-1	T-2	T-3	T-4
		30/06/2023		31/12/2022		30/06/2022
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	1,007,535		1,008,281		1,222,226
2	Tier 1 capital	1,007,535		1,008,281		1,222,226
3	Total capital	1,007,535		1,008,281		1,222,226
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	3,115,647		3,498,887		4,351,567
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	32.34%		28.82%		28.09%
6	Tier 1 ratio (%)	32.34%		28.82%		28.09%
7	Total capital ratio (%)	32.34%		28.82%		28.09%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.50%		0.50%		1.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.28%		0.28%		1.00%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.37%		0.37%		1.00%
EU 7d	Total SREP own funds requirements (%)	8.50%		8.50%		9.00%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure</b>						
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 (%)	0.71%		0.14%		0.07%
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 (%)	3.71%		3.14%		3.07%
EU 11a	Overall capital requirements (%)	12.21%		11.64%		12.07%
12	CET1 available after meeting the total SREP own funds requirements (%)	24.06%		20.54%		19.09%
<b>Leverage ratio</b>						
13	Total exposure measure	4,648,804		4,085,331		5,002,800
14	Leverage ratio (%)	21.67%		24.68%		24.43%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of</b>						
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%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure</b>						
EU 14d	Leverage ratio buffer requirement (%)	0.00%		0.00%		0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%		3.00%		3.00%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	18,911,083		18,917,693		16,642,841
EU 16a	Cash outflows - Total weighted value	16,683,171		18,677,759		15,756,405
EU 16b	Cash inflows - Total weighted value	1,510,352		1,969,713		1,607,633
16	Total net cash outflows (adjusted value)	15,172,819		16,708,046		14,148,772
17	Liquidity coverage ratio (%)	124.64%		113.23%		117.63%
<b>Net Stable Funding Ratio</b>						
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: EU KM1 – Key metrics

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