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## Euroclear reports strong business income growth in Q1 2025

Brussels (ots/PRNewswire) -

Results for the first quarter ending 31 March 2025

### Financial highlights

Strong underlying[1] business growth offsetting lower interest income

- Underlying business income for Q1 2025 reached a record €466 million, representing a 10% increase compared to Q1 2024. This growth was supported by robust business drivers, including fixed income issuance, increased equity quotations, and increased settlement activity due to market volatility related to geopolitical uncertainty.
- Underlying interest and banking income decreased by 10% compared to Q1 2024, to €255 million as expected given the declining interest rate environment. The impact was partially mitigated by increased cash balances.
- Underlying costs rose by 5%, broadly in line with expectations. This reflects investments in strategic development initiatives and inflation. Cost containment measures initiated last year continue to progress.
- As result of the positive operating leverage, business income operating margin improved from 23.4% in Q1 2024 to 27.1% in Q1 2025.
- Resulting adjusted net profit of €283 million decreased slightly by 1%. Adjusted Earnings Per Share remain stable year-on-year at €90.
- [Euroclear](#) Group retains a very strong capital position, comfortably above regulatory requirements with a Common Equity Tier 1 capital ratio of around 61%[2].

Following the acquisition of a 49% stake in Inversis (see below), Inversis' results are consolidated as from March 1st, contributing to the group profit for €1.2 million through the share of results.

The impacts of the Russian sanctions are detailed in the last section of this press release.

### Valerie Urbain, Chief Executive Officer of Euroclear, commented:

*"We have made a strong start to 2025, reporting a 10% increase in business income driven by robust growth in safekeeping fees and settlement income, offsetting the anticipated decrease in interest income as rates have declined. Despite market volatility and uncertainty, our continued growth shows the strength of our diversified, resilient business model.*

*We continue to closely monitor the impact of tariffs imposed by the US administration announced in early April, but the immediate direct impact on our business so far remains limited. Resilience and reliability remain the top priorities for our business and the volatile backdrop has underscored the strength of Euroclear's systems, which continue to perform highly efficiently and securely during periods of elevated trading volumes.*

*As Europe's largest player in post-trade, continuing to drive market openness, innovation and efficiency is central to our approach and we have made strong progress against our strategic priorities during the start of 2025. Our partnership with Microsoft will further enhance client experience, support our strategic ambitions and drive new opportunities for business growth. We are increasingly leveraging technological evolutions such as AI throughout the business to transform markets and to build an open digital and data-enabled platform that promotes collaboration, drives efficiency and delivers value for all market participants."*

### Business performance

The key operating metrics (end of period unless stated otherwise) demonstrate an excellent business performance during the period.

Q1 2024	Q1 2025	YoY evolution 3-year CAGR
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<b>Assets under custody</b>	€39.1 trillion	€41.4 trillion	+6 %	+4 %
<b>Number of transactions</b>	80.6 million	88 million	+9 %	+3 %
<b>Turnover</b>	€274 trillion	€336 trillion	+23 %	+8 %
<b>Fund assets under custody</b>	€3.3 trillion	€3.6 trillion	+9 %	+5 %
<b>Collateral Highway</b>	€1.8 trillion	€2 trillion	+12 %	+1 %
<b>Underlying cash deposits (full year average)</b>	€22.4 billion	€24.8 billion	+11 %	+1 %

Euroclear has reached record levels in settlement and safekeeping activities, with assets under custody growing for the tenth quarter in a row and closing the first quarter over the €41 trillion mark. The turnover increased by 23% compared to Q1 2024 thanks to high equity quotations, robust results in fixed income and increased settlement activity due to market volatility in the context of geopolitical uncertainty. The outstanding of Euroclear's Collateral Highway now surpasses to €2 trillion, while the funds depot is close to its peak of €3.6 trillion.

## Q1 2025 business milestones

### *Strategic stake in Inversis*

Early March 2025, Euroclear successfully completed the acquisition of 49% of Inversis. This first transaction paves the way for the full acquisition of the Spanish company. This aligns with Euroclear's strategic vision to accelerate the growth of its one-stop-shop funds offering – Euroclear FundsPlace – and expand its presence in Southern Europe. Inversis' technology-led, diversified and resilient business model underpinned by continued growth perfectly complements Euroclear's existing funds business.

### *New Singapore branch*

Further delivering on its Asia strategy, Euroclear Bank received approval for a branch licence in Singapore. Effective 1 February 2025, the new Singapore branch operates under a wholesale banking licence, enabling it to provide a broader range of activities. This change underscores Euroclear's long-standing commitment to the Asia Pacific market and its strategic focus on enhancing operational resilience while increasing proximity to clients in the region.

### *New, innovative service for US Treasury repo market*

Euroclear launched a US Treasury Delivery-Versus-Payment (DVP) repo service. The service offers cash lenders similar operational efficiency for DVP repo transactions as triparty repo transactions. Repo collateral is held in a segregated account with the cash lender's custodian of choice. Electronic trading workflows on venues are integrated into the new service, making activities such as collateral allocation seamless for cash lenders and their counterparties.

### *Strategic partnership with Microsoft harnessing cloud, data and AI*

Euroclear entered into a 7-year strategic partnership with Microsoft to transform Euroclear clients' experience and drive new opportunities for growth. The partnership further strengthens Euroclear's business ecosystem and technology infrastructure by leveraging Microsoft's leading technology, expertise and cloud services. This will enhance Euroclear's ability to create value for all market participants and unlock new opportunities at the core of the capital markets ecosystem. Microsoft will support Euroclear's strategic ambition in key growth areas like funds and client experience as well as its long-term vision to evolve into a Digital and Data-Enabled Financial Market Infrastructure.

## Russian sanctions impacts

### Financial impacts of the Russian assets

- Interest earnings from Russian sanctioned assets were €1,470 million, a 7.5% decrease from Q1 2024 due to gradual rate cuts. Future interest earnings will continue to evolve in line with future policy rates.
- As required by the EU windfall contribution regulation implemented in May 2024, Euroclear provisioned €944 million as windfall contribution for Q1 2025.
- The Russian sanctions and countermeasures resulted in direct costs of €22 million and a loss of business income of €9 million.
- Interest earnings related to Russian assets, which are subject to Belgian corporate tax, generated €360 million in tax revenue for the Belgian State.

### Update on Russian sanctions and countermeasures

Russia's invasion of Ukraine in February 2022 resulted in market-wide application of international sanctions. Euroclear considers the application of international sanctions as a key obligation. Therefore, well established processes are in place which have allowed the group to implement the sanctions while maintaining our normal course of business.

As a result of the sanctions, blocked coupon payments and redemptions owed to sanctioned entities continue to accumulate on Euroclear Bank's balance sheet. At the end of March 2025, Euroclear Bank's balance sheet totalled €230 billion, of which €195 billion relate to sanctioned Russian assets.

In line with Euroclear's risk appetite and policies and as expected by the EU Capital Requirements Regulation, Euroclear's cash balances are re-invested to minimise risk and capital requirements. In the first quarter of 2025, interest arising on cash balances from Russian-sanctioned assets was approximately €1.5 billion.

In May 2024, the European Commission has adopted a new regulation about a windfall contribution applicable to CSDs holding Russian Central Bank assets with a total value of more than €1 million. The profits generated by the reinvestment of these sanctioned amounts dating from 15 February 2024 onwards are required to be contributed to the European Fund for Ukraine. After retention of a 10% share of the windfall contribution to comply with capital and risk management requirements, Euroclear paid approx. €3.5 billion to the European Fund for Ukraine for the 2024 fiscal year.

Euroclear continues to act prudently and to strengthen its capital by retaining the remainder of the Russian sanction related profits as a buffer against current and future risks. Euroclear is focused on minimising potential legal, financial, and operational risks that may arise for itself and its clients, while complying with its obligations.

As a direct consequence of the sanctions and countermeasures, Euroclear faces multiple proceedings in Russian courts. Since Russia considers international sanctions against public order, Russian claimants initiated legal proceedings aiming mainly to access assets blocked in Euroclear Bank's books, by claiming an equivalent amount in Russian Ruble and enforcing their claim in Russia. Despite all legal actions taken by Euroclear and the considerable resources mobilised, the probability of unfavourable rulings in Russian courts is high since Russia does not recognise the international sanctions.

[1] Excluding Russian sanctions impacts

[2] Based on estimated RWA of around €14.4 billion (of which around €6,3 billion of RWA are related to Russian assets) and CET1 capital of around €8.8 billion

**About Euroclear** Euroclear group is the financial industry's trusted provider of post trade services. Guided by its purpose, Euroclear innovates to bring safety, efficiency and connections to financial markets for sustainable economic growth. Euroclear provides settlement and custody of domestic and cross-border securities for bonds, equities and derivatives and investment funds. As a proven, resilient capital market infrastructure, Euroclear is committed to delivering risk-mitigation, automation and efficiency at scale for its global client franchise. The Euroclear group comprises Euroclear Bank, the International CSD, as well as Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden, Euroclear UK & International.

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