KELER

Central Clearing House and Depository (Budapest) Ltd.

ANNUAL REPORT 2008

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chairman's message

In 2008 the permanent rise of stock exchanges seen in the past years ended. The American mortgage crises spread like wildfire to capital markets, the banking sector and then to all industries resulting in an ever deepening global economic crisis. This crisis also reached Hungary and in October 2008 insolvency of the country was a real threat. Although the loan agreement of EUR 25 billion signed with the IMF, EU and the World Bank averted this threat, the crisis seriously impacted the operation of domestic money and capital markets.

Although the crisis left a mark on the operation and result of KELER, several positive changes occurred at KELER.

As a result of the project launched in 2007 to complete the functional separation of KELER with the joint and several liability undertaken by KELER, KELER KSZF Kft. as central counterparty guarantees the financial settlement of stock exchange transactions since January 1, 2009. For the players of the domestic capital market, among them current and future clearing members the establishment of an independent organization to act as central counterparty ensures increased transparency of operation that is a guarantee of long term market development.

Csaba Lantos
chairman of the board of directors

In the most dramatic period of the financial crisis KELER Risk Management continuously monitored the positions of clearing members and daily and intraday changes in the prices of certain stock exchange contracts. With regard to the hectic price changes of stock exchange contracts and increased volatility Risk Management changed initial margins without delay. As a subsequent result of crisis management we can state that the financial strength of clearing members, the guarantee system operated and the tools of risk management applied have passed the extraordinary test; the knowledge and experience obtained as a result of the financial crisis in Russia 10 years ago impacting Hungary were used now. Due to successful and active risk management neither KELER, nor the guarantee funds behind the markets suffered financial losses.

The aggregate turnover of the Budapest Stock Exchange cash market amounted to HUF 5,780 billion that is a fall of more than 35 % compared to the market turnover of 2007. Despite the decreased turnover the number of stock exchange transactions increased to nearly 2 million that is an expansion of 18 % compared to the transaction number of 2007. Similar trends although of smaller magnitude characterized the market of OTC transactions with gross settlement: turnover in 2008 contracted with nearly 5 %, however, the number of transactions in 2008 was 158,000, that is about 5 % higher than in the previous year.

Although modestly but securities account maintenance fees continued to decrease. Good news for our customers that we could pay higher interest rates than earlier on various deposits with KELER. Our clearing members could continuously provide the collateral levels that were temporarily increased during the crisis despite having to compensate for the temporary impairment of stock blocked for falling prices. Conditions of accepting collateral were tightened to the extent absolutely necessary only and even the time of condition change was set with due precautions and liquidity risks were taken into account.

Due to the service development completed by KELER in 2008, in addition to a number of minor improvements and further to communication with KELER via KID customers are able to use SWIFT in line with international standards for communication with KELER in relation to certain KELER services. This improvement made prompt stock exchange settlement services available to counterparties and allowed counterparties to manage and process further SWIFT transactions (e.g. blockings) regarding securities. Another development allows our customers to create and cancel dematerialized securities via KID.

The infrastructural institutions of the EU capital markets under the guidance of industrial associations continued to implement with undiminished energy the undertakings contained in the codes of conduct. In 2008 the working teams of industrial associations carried on with the development of the tool – conversion table – supporting the comparison of pan-European depository fees in order to comply with the requirements regarding price transparency. In addition to the three major undertakings contained in the code of conduct reporting obligations egarding compliance with the requirements of the code were also finalized. Accordingly KELER completed in September 2008 the General Implementation Report that contains the most important measures taken in the interest of compliance with the requirements of the code and the Self-Assessment Reports regarding price transparency, accessibility and interoperability.

I would like to take the opportunity to say thank you to the owners of KELER, credit institutions, investment service providers, issuers and further players in the Hungarian capital market and all the employees of KELER for being instrumental in the past year in ensuring that KELER as the background institution of the capital market could operate at a high level and concentrate on professional duties even in times of great challenges.

Csaba Lantos
chairman of the board of directors

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regulatory environment

Several events of great significance occurred in KELER in 2008.

GENERAL MEETINGS

The Board of Directors convened an extraordinary general meeting on March 12, 2008. The main purpose of calling the general meeting was to approve the final documents related to the separation of KELER and KELER KSZF Kft. (hereinafter: KELER KSZF); furthermore the general meeting also accepted the business plan of KELER for 2008 and elected Lajos Bartha as member of the Supervisory Board.

The ordinary annual general meeting of KELER took place on April 23, 2008. The agenda of the general meeting included the report by the Board of Directors on the activity completed in the business year 2007 and the acceptance of the annual report. Regarding the separation of KELER and KELER KSZF the bylaws of KELER were modified. Additionally in relation to the separation the general meeting made decisions concerning the amount and expiry date of the joint and several liability undertaken on behalf of KELER KSZF and the modification of the medium term financial plan of KELER KSZF.

ESTABLISHMENT OF KELER KSZF

The founders signed the articles of incorporation of KELER KSZF on April 2, 2008. The Court of Registration of Budapest entered KELER KSZF in the register of companies on June 6, 2008. The full name of KELER KSZF is KELER KSZF Központi Szerződő Fél Korlátolt Felelősségű Társaság. Its registered office is the same as that of KELER. The equity capital of KELER KSZF is HUF 20,000,000, its founders are the Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság (Budapest Stock Exchange, hereinafter: BSE) and KELER with a share of 25.5 % and 74.5% respectively. The main activity of KELER KSZF is the management of money and capital markets.

License by the Supervisory Authority to KELER KSZF

KELER KSZF submitted the license request on June 30, 2008 to the Pénzügyi Szervek Állami Felügyelete (Financial Supervisory Authority, hereinafter: FSA). Prior to submitting the request the FSA and the National Bank of Hungary were consulted. The Company received the license requested on November 7, 2008.

Separation

KELER KSZF started operation on January 1, 2009. As a result the contracts concluded by KELER to guarantee performance were transferred to KELER KSZF as of January 1, 2009.

MODIFICATIONS OF ACT CXX OF 2001

The modification of Act CXX of 2001 completed in 2008 related to KELER was the result on the one hand of the objection raised by the FSA during licensing regarding the extent of liability, and on the other the separation of KELER and KELER KSZF and the changes related to the agreements on the activity undertaken by KELER KSZF as of January 1, 2009.

In both cases the Legal Counsel was involved in forming the joint position of the parties concerned and then in drafting the regulation. As a result subsection a) of section (5) of paragraph 338 and subsection a) of section (2) of paragraph 340/A of the Act CXX of 2001 stipulate regarding both the clearing house and the central depository that they must have a liability insurance of at least HUF 100.000.000 per event of loss and the minimum annual amount of liability insurance is HUF 150.000.000.

Paragraph 178 of Act CIII of 2008 contains a transitional provision regarding the separation of KELER and KELER KSZF according to which the contracts regarding the guarantee undertaken to ensure the performance of stock exchange transactions concluded by the organization providing clearing house activities and terminating the guarantee are transferred as of January 1, 2009 to the organization acting as central counterparty that executes an agreement with the stock exchange to guarantee the performance of transactions.

business results of KELER

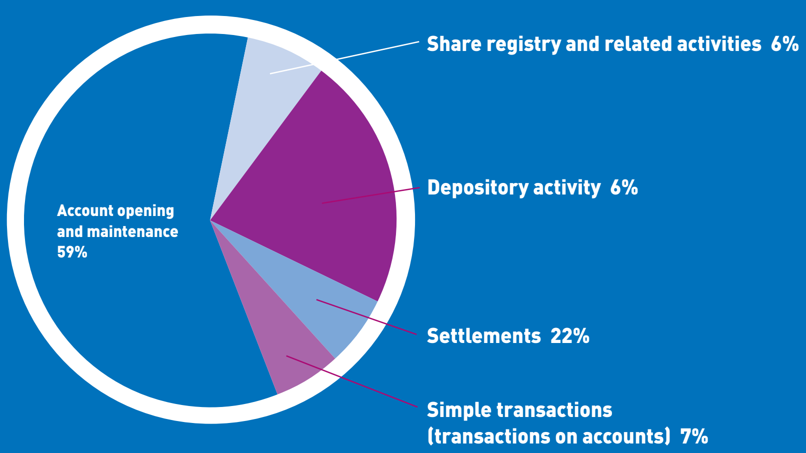
Adverse market influences left a mark on the business results of KELER, too. Above all financial results were significantly below expected levels, less than 49 % of the planned HUF 1,592 million profit were realized due to trading related exchange rate losses.

As opposed to financial activities the results for 2008 of services provided were influenced by negative market trends to a much lesser extent as it was in the 3rd quarter of 2008 only that deteriorating international economic circumstances became obvious. Thus a profit of HUF 472.6 million was realized that is 95 % of the planned figure.

The fact that the results from services provided are only slightly less than expected is due to the favorable trend in income (HUF 4,311.5 million that is 97.1 % of plan), efficient cost management and other expenditures recognized (jointly HUF 3,845.9 million; that is 97,6% of plan).

Within KELER's total income clearing fees of the cash market were more than expected and compensated for a large part of income from account maintenance that contracted due to decreasing securities prices and falling derivative clearing fees.

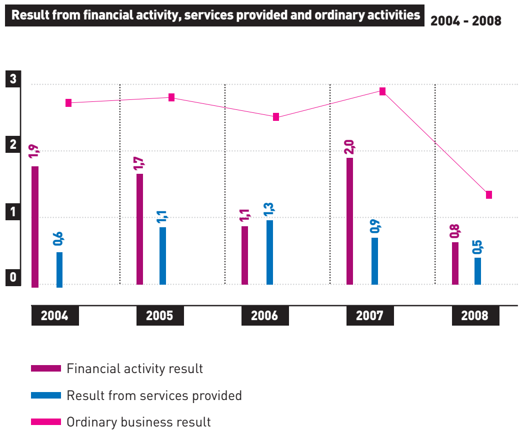
Structure of income from services provided



Within operating expenses primarily general administration costs were reduced and depreciation recognized for investments was less than expected. However, settlement turnover related costs were higher than expected.

Ordinary business result that is the total of results from financial activity and services provided amounted to HUF 1,253.5 million that is 60 % of plan. As there were no extraordinary items the ordinary (business) result equals profit before tax. The value of the ROE indicator - profit for the period after tax (HUF 1,024.6 million)/equity capital at the beginning of the year (HUF 13,052.3 million) = 7.85%.

After deduction of HUF 228.8 million tax payable and general reserves (HUF 102.5 million). The General Meeting of KELER decided to transfer the amount of net result of HUF 922,2 million to retained earnings.



Results from financial activity and services provided in 2008 remained significantly below the levels realized in earlier years. Compared to the particularly successful year 2007 results realized in 2008 decreased with nearly 50 %..

DETAILS OF RESULT (in million HUF)

Description (in million HUF)	actual 2007	planned 2008	actual 2008
A. Financial result (A.=1.+2.+3.+4.)	1,995.3	1,592.0	780.8
B./1. Comission and fee income received (B./1.=5.+6.+7.+8.)	**4,408.3**	**4,436.1**	**4,262.6**
5. Domestic income in line with Fee Schedule	3,647.4	3,687.7	3,652.3
6. Income from export	213.1	206.8	153.6
7. Income from register of shareholders maintenance and related services	324.2	324.8	264.9
8. Income based on individual agreements and other income	223.5	216.8	191.8
B./2. Other income (B./2.=9.+10.)	**31.2**	**5.0**	**48.9**
9. Income from other financial and investment services	2.7	0.0	2.7
10. Other income (not from business services provided)	28.5	5.0	46.220
B. Income from services provided (B.=B/1.+B./2.)	**4,439.5**	**4,441.1**	**4,311.5**
11. Comission and fees paid (payable)	237.3	206.4	249.3
12. General administration expenses	2,433.7	2,739.8	2,686.9
13. Depreciation	518.1	656.1	619.7
C. Total operation costs (C.=11.+12.+13.)	3,189.2	3,602.3	3,555.9
D. Other expenditures (TAO, business tax, innovation contribution, etc.)	362.7	339.6	290.0
E. Operating costs and expenditures of services provided without impairment recognized (E.=C.+D.)	3,551.9	3,941.9	3,845.9
F. Impairment recognized (for receivables)	12.7	3.0	4.0
G. Impairment reversed (for receivables)	5.6	0.0	11.0
H. Operating costs and expenditures of services provided (H.=E.+F.-G.)	3,558.9	3,944.9	3,838.9
I. Result on services provided (I.=B.-H.)	880.6	496.2	472.6
J. Result on ordinary (business) activities (financial activity + services provided) (J.=A.+I.)	2,875.9	2,088.2	1,253.5
K. Extraordinary result	-0.8		0.0
L. PROFIT BEFORE TAX (L.=J.+K.)	2,875.1	2,088.2	1,253.5
14. less: tax payment obligation (16%)	437.3	334.1	178.9
15. less: solidarity tax (4%)	114.6	83.5	49.9
M. PROFIT FOR THE PERIOD (M.=L.-14.-15.)	**2,323.2**	**1,670.5**	**1,024.6**
16. General reserves (10 % of profit after tax) (not recognized during the year)	232.3	167.1	102.5
17. Dividend payable (approved)	2,090.9	1,503.5	0.0
N. NET RESULT (N.=M.-16.-17.)	**0.0**	**0.0**	**922.2**

treasury

Due to the economic crisis that is impacting KELER also and the resulting extremely high market volatility the financial result of Treasury realized in 2008 was unfortunately less than previously planned. Treasury realized a result of HUF 752.9 million that is 47 % of the planned HUF 1,592 million. This figure is after impairment recognized at year end (HUF – 232.9 million) for securities in the trading book.

Additional reasons for the actual result of 2008 staying well below plan:

- A considerable loss of foreign exchange rates was recognized during the course of 2008 (during the previous years a non-realized loss of HUF 600 million was accumulated on the government securities portfolio)
- Recognizing impairment at year end and
- Decreasing margin (high cost of funds).

In 2008 the amount of assets managed by Treasury decreased significantly, on average with HUF 3.8 billion compared to the previous year, the daily average amount of assets managed exceeded HUF 28 billion (HUF 28.2 billion) on an annual level. The average structure of liabilities also changed: the significant fall in third party liabilities were compensated by taking loans on the interbank market, thus we ensured stable liquidity for the daily funding of the government security portfolio. This

money market activity appeared as a new product in the operation of Treasury and would have resulted in extra profit under normal circumstances.

Within the structure of assets government securities represented on average 95 %, interbank placements and genuine placement agreements had a share of 5 %. This is a major change compared to last year that is explained by the difference between government market yields and interest rates that can be achieved on the interbank market. Obligatory reserves accounted for a 3 % share within total assets.

Government bonds with fix interest rates (the amount of credit institution bonds is unchanged and amounts to HUF 100 million only) made up the overwhelming majority of the government securities portfolio. The average duration of the government securities portfolio exceeded 2.5 years. The average annual yield of the asset portfolio was 7.85 %.

In addition to trading in government securities in 2008 we made it a point to increase our participation in government securities lending. Therefore we extended our clientele both on the interbank market and outside the interbank market. Thus at the end of 2008 our annual lending volume reached HUF 550 billion.

The placement of foreign currency account balances to nostro account banks that we started in 2007 did not reach expected levels either. Although in 2008 the average amount of foreign currency balances that could be placed increased compared to 2007, interest received for balances placed fell during the entire year in accordance with international trends. The result from foreign currency operations amounted to HUF 62.2 million.

In the interest of increased security of Treasury operation we started to separate front office and back office activities in the second half of 2008, accordingly the rights of areas involved were modified. Having developed our technical background and information systems ensuring Treasury participation in the money markets we hope that developments will be a major contributor to profitable Treasury operation in 2009.

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clearing house and depository activity

In 2008 the period of several years when stock markets soared permanently is terminated. The American real estate market crisis quickly spread over to the banking sector, then to the entire industrial sector and generated ever deepening and global economic recession. The spectacular financial packages of American and European leaders calmed markets for a while, as a result capital and money market prices showed extraordinary volatility.

The leading stock markets of the world closed the year with significantly lower prices. The American stock market index of longest record DJIA showed a decrease of 33.84 % in 2008 compared to the 2007 end of year level and finally ended the year at 8,776.39 points. The DAX of Frankfurt and the FTSE of London, the indices of the most important European markets realized a decrease of 40.37 % and 31.33 % respectively. Finally the DAX closed the year at 4,810.2 points and the FTSE was at

4,434.2 points at the end of 2008. The annual trend of stock market rates is characterized by a lasting and steep decline during which major highs and even larger falls were frequently experienced one after the other.

International foreign exchange trading could not escape the impacts of the economic crisis either. As the crisis started from the United States the first 6 months of 2008 was a spectacularly successful period for the European common currency, flying the Euro exchange rate to historic heights against the USD. At the top the Euro was close to a rate of 1.60 against the USD, finally this level was not exceeded and the maximum daily closing rate was 1.5987. Following this historic peak as the crisis has become more serious and spread over to the European economies the Euro rate against the USD declined continuously and at the end of November 2008 the rate weakened to 1.2457 that represents the lowest point in the past period of more than 2 years. Following this lowest point the European currency strengthened somewhat and finally closed 2008 with an exchange rate of 1.3978 that all in all represents a decrease of 4.19 % in the exchange rate compared to the previous year.

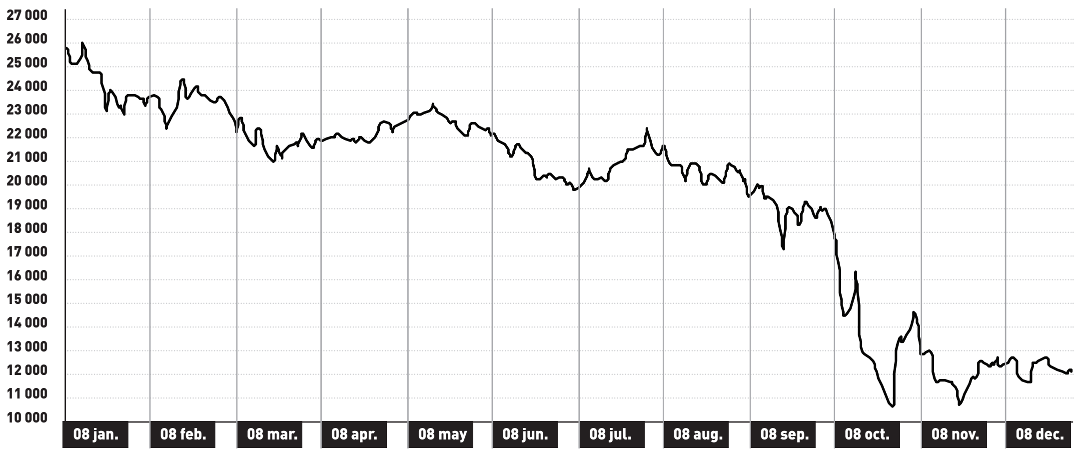
With regard to the Hungarian currency the decision of greatest influence of the year was that as of February 26, 2008 the foreign exchange band of the Hungarian Forint was terminated, thus instead of the earlier band of plus/minus 15 % representing a slight constraint only the foreign exchange rate of the Forint is fully determined by the prevailing market demand and supply. The exchange rate of the Forint against the Euro reached a historic peak by mid-summer (HUF 229.11), followed by a permanent decline forcing the exchange rate to its annual lowest point of HUF 275.79 in the worst days of the crisis. In 2008 the Euro strengthened 4.51 % against the Forint compared to the previous year and closed the year at HUF 264.78.

The Monetary Council of the National Bank of Hungary changed the base rate on seven occasions during 2008. From the starting level of 7.5 % the base rate increased to 8.5 % in three steps, then as the crisis has reached rock-bottom in Hungary the rate was increased to 11.5 % with a one-step increase of 300 basis points. Following the drastic rise the base rate was lowered to 10 % at the end of the year after 3 decreases of 50 basis points each. Government securities yields moved together with the base rate until the events in October, however market players already built the shock-like rise of the base rate into their expectations, thus the annual government securities yield at the peak of the crisis exceeded 12 %. The one year yield increased with 150 basis points to 8.95 % during the year as opposed to the base rate increase of 250 basis points during the year. The interest shown by foreign investors financing the Hungarian state debt reached historic highs at the beginning of the year when more than 26 % of the entire state debt was financed by foreigners (in the amount of HUF 3,499.2 billion).

In the second half of 2008, particularly from the time the first signs of crisis were felt the volume of government securities held by foreign investors declined permanently and steeply and at year end it imploded by one third to HUF 2,458.9 billion. Thus the rate of foreign financing dropped below 19 %.

Investors at the Budapest Stock Exchange also suffered losses due to the financial crisis as the BUX has decreased 53.34 % and closed the year at 12,241.69 points.

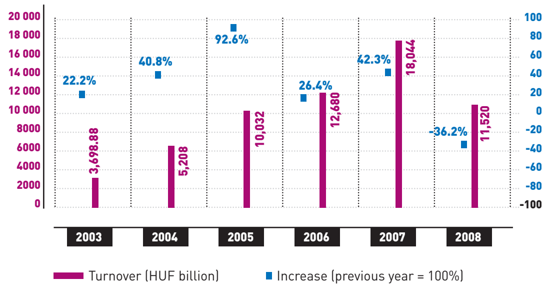
BUX index levels during 2008



CLEARING HOUSE ACTIVITY

The aggregate turnover of the cash market at the BSE was HUF 5,780.24 billion that is a fall of 35.33 % compared to 2007. Average daily turnover decreased to HUF 23.03 billion from HUF 36.48 billion in the previous year. The aggregate turnover of equity trading, a key segment of the cash market amounted to HUF 5,284.26 billion in 2008 that is a drop of 39.2 % compared to 2007, thus average daily turnover fell from HUF 35.48 billion in 2007 to HUF 21.05 billion in 2008. Despite the fall in turnover the number of registered stock exchange transactions increased from 1,654,992 in 2007 to 1,950,035 in 2008, representing a rise of 17.83 %. The number of average daily transactions was 6,755 in 2007 and expanded to 7,769 in 2008.

Spot equity turnover at BSE 2003 - 2008
double counted



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Turnover* HUF billion	6,827	6,834	2,771	3,027	3,699	5,208	10,032	12,680	18,044	11,520
Number of deals (in thousand)	1,474	1,627	911	741	718	791	1,120	1,494	1,655	1,950

* double counted

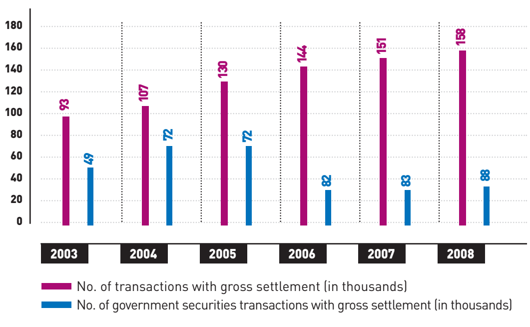
The aggregate turnover of the derivative market was HUF 4,246.19 billion that is a drop of 38.01 % compared to last year. Equity based product turnover within annual turnover was HUF 2,011.39 billion that is a share of 47.8 %, while financial product turnover was registered at HUF 2,159.05 billion that is 50.87 %. The annual turnover of equity based products imploded with 40.66 %, while the annual turnover of financial products was 36.39% lower than in the previous year. Commodities turnover was HUF 74.86 billion that is an increase of 16.74 % over the previous period.

Product type / transaction type in 2008	(HUF billion)
Index based future products	734.46
Future equity	1,276.93
Future foreign exchange	2,060.06
Future interest	0.00
BUX option	0.00
Equities option	0.00
Foreign exchange option	99.89
Commodities futures	73.24
Commodities options	1.4
Total	4,245.98

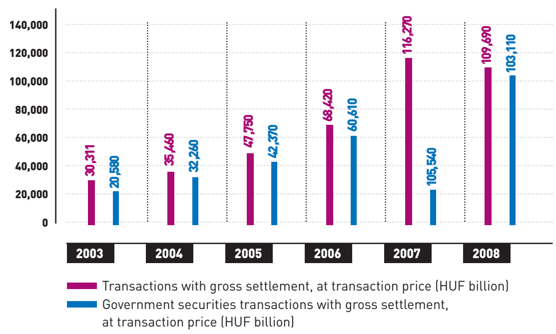
Source: BSE statistics 2008

On the market of over-the-counter (OTC) transactions with gross settlement the turnover at transaction price in 2008 showed a decrease of 5.6 % and changed from HUF 116,276 billion in 2007 to HUF 109,699 billion in 2008. Government securities accounted for HUF 103,116 billion of the turnover that was made up by 88 thousand transactions. However, transaction numbers increased with 4.7 % to 158 thousand.

Number of transactions with gross settlement 2003 - 2008



Turnover of transactions with gross settlement 2003 - 2008

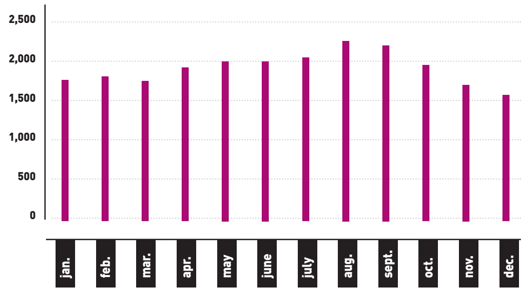


INTERNATIONAL SETTLEMENTS

By the end of summer 2008 the volume of foreign securities kept in KELER exceeded HUF 2.2 billion and the year end portfolio value in 2008 was HUF 1.6 billion, the same as at the end of 2007.

The number of cross-border securities transactions in 2008 changed to 9000. The number of customers using Xetra settlements continued to drop, there are only two customers using this service. The number of foreign customers of KELER increased as the Swiss clearing house SIS opened an account with KELER.

Monthly value of international securities kept EUR million



CENTRAL DEPOSITORY ACTIVITY

Handling dematerialized securities

In 2008 the number of new dematerialized securities series increased with 25 % compared to the previous year (455 new series).

Handling physical securities

In line with the decreasing trend of previous years at the end of 2008 the number of physical securities kept in our vault was nearly 23 thousand less than in the previous year (855 thousand pieces).

Issuance of securities codes

In 2008 the number of ISIN identifiers issued was 1 067.

Volume of securities kept in KELER on December 31, 2008

Security type	Physical securities (thousand pieces)	Face value HUF billion	Number of dematerialized securities series	Face value HUF billion	Total face value (HUF billion)
Equities	884	169	1,161	2,037	**2,206**
Government securities	0	0	114	13,266	**13,266**
Other securities	1	1	968	4,690	**4,691**
Total	**885**	**170**	**2,243**	**19,993**	**20,163**

Non-HUF based	Physical securities (thousand pieces)	In foreign currency million	Number of dematerialized securities series	In foreign currency million	In foreign currency million
USD		0.03	19	116.40	116.43
EUR	0.0	0.00	98	2,785.08	2,785.08
CHF	0.6	5.33	249	2,346.83	2,352.16
PLN	0	0,0	3	64.65	64.65
CZK	0	0,0	3	512.80	512.80
BGN	0	0,0	1	1.49	1.49

Corporate event related information	2004	2005	2006	2007	2008
Dividend payment	29	30	35	24	25
Yield payment	0	0	17	9	17
Interest payment (maturity)	359	202	396	395	464
Other corporate events					13
General meeting	96	67	145	75	66
Updating share registry	107	82	106	110	105
Retrospective shareholders registration	0	0	4	13	8

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share registry

In 2008 our primary task was to establish the business background required for changing the information system necessary for the modernization of the share registry system, owing to which we could start using an up-to-date software complying with all applicable regulations.

The scope of services provided in this field (maintaining register of shareholders, services related to payments, organization of general meetings) did not change in 2008. However, a umber of our partners used fewer services in 2008 as based on general meeting decrees no dividends were paid toshareholders. This has left a mark on our revenues of 2008 that remained considerably below the level planned for a 'normal' financial year.

The revenue generated by the department in 2008 was HUF 269,827 thousand that is made up by the following elements:

Revenue types	HUF thousand	Share
Revenue from maintenance of shareholders' register:	113,673	42.12%
Net revenue from the organization of general meetings *:	51,650	19.15%
Revenue from dividend payment services:	89,466	33.16%
Revenue related to dematerialization:	1,858	0.68%
Acting as Payment Agent:	13,180	4.89%
Total	269,827	100.00%

*including costs of subcontractors

In 2008 we had a new customer, thus at the end of the year the number of issuers among customers was 48. Obviously this customer number includes partners using only our dematerialization related services on a case by case basis but does not include some of our customers who have taken use of further services provided by KELER in addition to the services they already used.

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projects of high priority

KELER TRANSFORMATION (KÁP) PROJECT

Based on discussions with the European Central Bank the National Bank of Hungary suggested in December 2004 the functional separation of KELER in the interest of improved management of multilayered risks arising in KELER and provision of depository services under all circumstances. Based on the decision owners and experts were consulted and at the end of 2005 the relevant chapter of the Act on Capital Markets was modified pursuant to which the Act stipulated December 31, 2008 as the final date of transformation.

KELER launched a project (KELER Transformation Project) in 2007 to complete the separation: the project was responsible to ensure that following the necessary changes in regulations after December 31, 2008 the central counterparty function shall be played by a new independent organization and necessary legal, IT and operations infrastructures and accounting background are in place. As an important milestone of the project the Municipal Court of Budapest as court of registration registered the new independent enterprise on June 6, 2008 under the name of KELER KSZF Központi Szerződő Fél Korlátolt Felelősségű Társaság (short name: KELER KSZF Kft.).

Owners of the new company at the time of foundation were KELER Zrt. (75 % minus 1 vote) and the Budapest Stock Exchange Zrt. (25 % plus 1 vote), equity capital of the company was HUF 20 million.

Following successful separation of IT systems and implementing them in a virtual environment, establishment of the accounting background and finalizing required public and internal procedures KELER KSZF. submitted a request for license to the Financial Supervisory Authority (FSA) for

undertaking central counterparty activity, FSA issued the requested license on November 7, 2008 under no. E-III/1012/2008. With the license received normal operation could be started after December 31, 2008. The Risk Management Director and the Head of Risk Management Department of KELER act as the General Manager and the Deputy General Manager respectively of the Company, while employees of Risk Management of KELER are the employees of the Company based on trilateral employment agreements.

Following the transformation and with the joint and several liability undertaken by KELER, KELER KSZF (KELER CCP) as central counterparty guarantees the financial settlement of stock exchange transactions from January 1, 2009.

The General Meeting of the Company held on February 26, 2009 changed the ownership structure of the KELER KSZF.

The modification of the Act on the central bank as of January 1, 2009 allowed the National Bank of Hungary (NBH) to acquire direct ownership in KELER KSZF (equity capital HUF 20 million). Following previous consents by owners (KELER Zrt. 75 % minus 1 vote, Budapest Stock Exchange Zrt. 25 % plus 1 vote) obtained the General Meeting of the Company decided on the division of the business share of nominal value of HUF 5,100,000 held by the BSE. Following division of the share the BSE had a business share of HUF 2,380,000, while the NBH as a new direct owner had a share of HUF 2,720,000.

The new ownership structure of KELER KSZF following the acquisition of share by NBH shows the same ownership proportions as that of KELER, accordingly the NBH has a participation of 53.33 % (direct and indirect) and the BSE had a share of 46.67 % (direct and indirect) in KELER KSZF.

DEVELOPMENT PROCESS SURVEY (DPS) PROGRAM

In the interest of increased dynamism and efficiency of development processes at KELER within this program we created a new development structure and methodology and completed organizational fine-tuning. Project and portfolio management methodology and application development methodology were introduced with the establishment of necessary development and test environments expected to be completed by the end of 2009.

DECAGON (HR) PROJECT

The DECAGON project created and introduced the most important HR systems in KELER in the course of 2008.

development of services

Business and IT developments were completed in 2008 in line with the Annual Development and Investment Plan of KELER. The Business Development Department was responsible for coordinating the developments and grouping tasks by business versions. In 2008 KELER completed four major business version updates.

CASH ACCOUNT NUMBER TRANSFORMATION

With this development we have met the requirement of our customers to clearly identify their customers, that is investors and investors' accounts with account numbers of 24 digits, also facilitating straight through processing of cash account items in back office systems. The essence of the transformation is that the first 16 digits of the new account number of 24 characters identifies KELER and the account of the customer (investment service provider) of KELER, and KELER allows its customers to identify their own customers (investors) with the help of the last 8 characters.

REMOTE CLEARING MEMBERSHIP

This development established a communication package that can be used by non-resident counterparties also, the central element of the package is a communication tool in line with international standards (SWIFT). As a result spot stock exchange settlements are made available to counterparties and the management and processing of additional SWIFT transactions (e.g. blockings) related to securities are also facilitated.

ESTABLISHMENT AND CANCELLATION OF SECURITIES VIA KID

In order to simplify the establishment and cancellation of dematerialized securities KELER ensures that such actions can be completed via KID.

REQUIREMENTS OF KID AND STP KID CUSTOMER REQUESTS

Based on requirements received from our customers certain functions of KID and STP KID were improved. As a result of the improvements completed several users can connect to the systems at the same time, data shown in the queue monitoring screen were added business information, functions allowing the repeated use of packages and new inquiries were introduced, some KID functions were accelerated.

INTERNATIONAL SETTLEMENTS

We hope that certain developments completed (e.g. input of corporate events without date, sending allegement on free transactions, acceptance of matched securities transfers) in the field of international settlements continue to increase the satisfaction of our customers in 2008.

ELECTRONIC DOCUMENT MANAGEMENT

In the interest of meeting customer requirements regarding electronic administration we have introduced an IT system that is capable of receiving electronic documents from the customers of KELER and ensures document processing and verification of the authenticity of electronic signatures.

INTERNET BASED SERVICES

In 2008 we started developments related to Internet based communication and to the establishment of an alternative service channel. Following the expected launch of the service in 2009 on our updated home page the customers of KELER will be able to manage the so far manual ISIN identification issuance with online payment.

MODERNIZATION OF CERTAIN BUSINESS SYSTEMS

In 2008 the modernization and acceleration of our derivative settlement and share registry systems were started. In the field of share registry new functions to accommodate customer requirements will be offered, thus individual registration requirements currently sent in hard copy by account keeping institutions can be submitted electronically via KID in the future.

VIRTUALIZATION

In harmony with the DPS program the objective of KELER is to modernize the IT infrastructure until the end of 2009 so that a scalable and cost efficient IT system that is easier to operate than the current one and has increased availability supports business processes. In order to achieve this objective KELER will establish a virtual system environment, preparations for launching it were started during 2008.

BCP-DRP

Regarding the field of business continuity KELER introduced a software entitled Carisma and completed BIA, BCP, DRP and IT security risk analysis and risk management in Carisma during 2008.

risk management

CRISIS MANAGEMENT

In the most dramatic period of the financial crisis Risk Management continuously monitored the positions of clearing members and daily and intraday changes in the prices of certain stock exchange contracts. Based on stress test calculations completed daily and real time price and position monitoring we continuously evaluated clearing member and ordering party positions with the greatest losses and completed prompt clearing several times a day if necessary to financially settle price changes uncovered with initial margin.

With regard to the hectic price changes of stock exchange contracts and increased volatility Risk Management changed initial margins without delay.

As part of active crisis management we continuously consulted market players and regulators to have a full picture of the situation.

As a subsequent result of crisis management we can state that the financial strength of clearing members, the guarantee system operated and the tools of risk management applied have passed the test. As a result of successful and active risk management no financial losses occurred in KELER.

COUNTERPARTY RISKS

Clearing membership system

In the course of the year two clearing members terminated their membership, while no new clearing member entered the market. On one occasion the Hungarian branch as legal successor of a bank with registered office abroad took over the activities of the Hungarian enterprise. During the year two active clearing members modified their membership agreements due to a change in the scope of sections / contracts traded.

At the end of the year the clearing membership system had 31 active members, among them there are 6 commodities exchange service providers, 2 Hungarian branches of credit institutions with registered office abroad, 14 investment service providers and 9 Hungarian credit institutions.

Treasury, bank rating

In cooperation with Treasury in 2007 Risk Management proposed a new approach to modernize the limit structure related to the operation of Treasury. On one hand the endeavor to increase the efficiency of risk management, on the other the expansion of activities, including the placement of foreign exchange deposits started by Treasury and related liquidity management justified the modernization.

Following the establishment of technical conditions the full scale introduction of the limit system was successfully completed in the second half of 2008.

Based on quarterly and annual audited figures Treasury counterparties were rated and a proposal was made to the Assets and Liabilities Committee on the exposure that can be taken towards the counterparties concerned.

MARKET RISKS

Initial margin

In line with the annual timetable, on average with monthly frequency and as a function of the market environment on a case-by-case basis also the risks of individual products and related initial margins were analyzed. With the changes of risks initial margins were changed on several occasions. For new products we always completed the calculation of initial margin based on information available.

Collective Guarantee Fund

Based on a Board of Directors proposal accepted in 2007 the maximum contribution to the Collective Guarantee Fund of the Derivative Market (KGA) from January 1, 2008 changed to HUF 40 million from the earlier amount of HUF 20 million.

In the summer of 2008 the Board of Directors accepted the conceptional proposal regarding the standardization of making guarantee funds based on which the calculation algorhythm in line with the methodology applied to the Collective Guarantee Fund of the Derivative Market (KGA) shall be applied to the Collective Guarantee Fund of the Cash Market (TEA) in the future.

OPERATIONAL RISK MANAGEMENT

During the spring of 2008 KELER launched a project to establish the system of operational risk management to ensure compliance with the requirement stipulated in section (3) e) of paragraph 13/C of the Banking Act according to which all credit institutions shall have procedures on the measurement and management of operational risks.

The objective of the system being formed is to allow KELER to be continuously aware of its own risks, to monitor them and to reduce them if possible and also to gather information related to losses in the past and to make professional estimates as to potential events that occur rarely but may result in damages of significant amount.

As a result of the project following approval by the Board of Directors until the end of 2008 the relevant internal procedures were finalized, organizational arrangements were made and the system gathering loss events related to operational risks was completed. In line with the organizational structure Risk Management is responsible for operational risk management, within Risk Management one person is covering operational risk management tasks and reports to the newly established Operational Risk Management Committee of KELER. In the interest of comprehensive mapping, consideration and monitoring of risks contact persons within each organizational units were designated, information provided by the contact persons is summarized by the employee in charge of operational risk management.

With relevant procedures taking force on January 1, 2009 the introduction of the operational risk management project was successfully completed.

NEW PRODUCTS

In line with the requirements of market players the Budapest Stock Exchange is striving to continuously expand the scope of contracts traded, thus from February 2008 certificates can be traded in the equities section of the prompt market of the BSE. The risk analysis and clearing related to the new product that has an entirely different character than existing products meant a serious professional challenge to KELER.

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internal audit

In 2008 Internal Audit completed its activities in line with the work schedule approved by the Supervisory Board (SB) and the prevailing operating procedure on Internal Audit. When defining areas to be covered the review of activities, processes and controls with inherent risks and/or of high priority was considered an essential aspect.

The work schedule approved by the SB was modified on two occasions during 2008 (two reviews were cancelled after approval by the SB) as one task was transferred to the Compliance Officer in line with the Organizational and Operational Procedure and an IT related internal audit review could not be completed as the position of Quality Assurance Manager is not completed in KELER.

From August 26, 2008 KELER had no IT internal auditor, the position was completed on February 16, 2009.

In order to ensure control for the fields of IT and security and to meet from an internal audit point of view the requirement stipulated in section (4) of paragraph 13/B of the Banking Act 2 regarding the

operation of the IT audit system following a request for proposal KELER concluded an agreement with KPMG Tanácsadó Kft. on completing the remaining four IT audit reviews defined in the IT internal audit plan of 2008.

In 2008 Internal Audit completed eight non-IT and 8 IT related reviews, additionally based on the agency agreement concluded KPMG Kft. completed 4 IT reviews.

Three out of the eight non-IT related reviews were of an overall nature covering the settlement of derivative transactions, cash management and the comprehensive review of the Dematerialization Department. Four out of the IT reviews were related to certain areas covering agreements with suppliers and service providers; compliance with international practices in the main server room; review of the fee module from an IT and security point of view; reviewing security settings of servers, work stations and data basis and the practice of logging.

Additionally the performance of the extraordinary reporting obligation defined for KELER in the order of the PSZÁF regarding the follow-up review completed in March 2007 was due quarterly according to which the Internal Audit was responsible to check that measures included in the order are completed. KELER is to send to PSZÁF the first report discussed by the Board of Directors and approved by the Supervisory Board until September 1, 2007 and then quarterly. Performance of this obligation is a recurrent quarterly task for Internal Audit during which the follow-up review of past due measures to eliminate the deficiencies discovered in the previous quarterly reporting is to be completed also.

During reviews completed Internal Audit checked compliance with the requirements of regulations, internal procedures and regulations, enforcement of security aspects and the operation of controls. Reports on the reviews completed call the attention to incorrect practices that may eventually conflict with the requirements of regulations and internal procedures.

During the reviews we turned our attention to follow-ups being completed to check enforcement of measures and proposals that were found necessary to remedy deficiencies discovered in earlier reviews. In 2008 further to the reviews related to meeting the extraordinary reporting obligation defined in the order of PSZÁF, Internal Audit completed altogether nine (four out of which are of IT nature) reviews of a follow-up character. In order to increase efficiency reviews of both comprehensive and selective nature covered the follow-up investigation of measures suggested in earlier reviews related to similar topics and areas.

In compliance with regulations (Banking Act) and the procedure on the operation of Internal Audit the reviews of Internal Audit are discussed and accepted by the Supervisory Board. In accordance with prevailing regulations (Banking Act) Internal Audit sends review reports simultaneously to the members of the Board of Directors.

In line with the requirements of the relevant internal procedure from February 2008 Internal Audit must review all regulatory documents, thus it reviewed seventy-nine new or under modification documents, in most cases individual documents were reviewed on more than one occasion.

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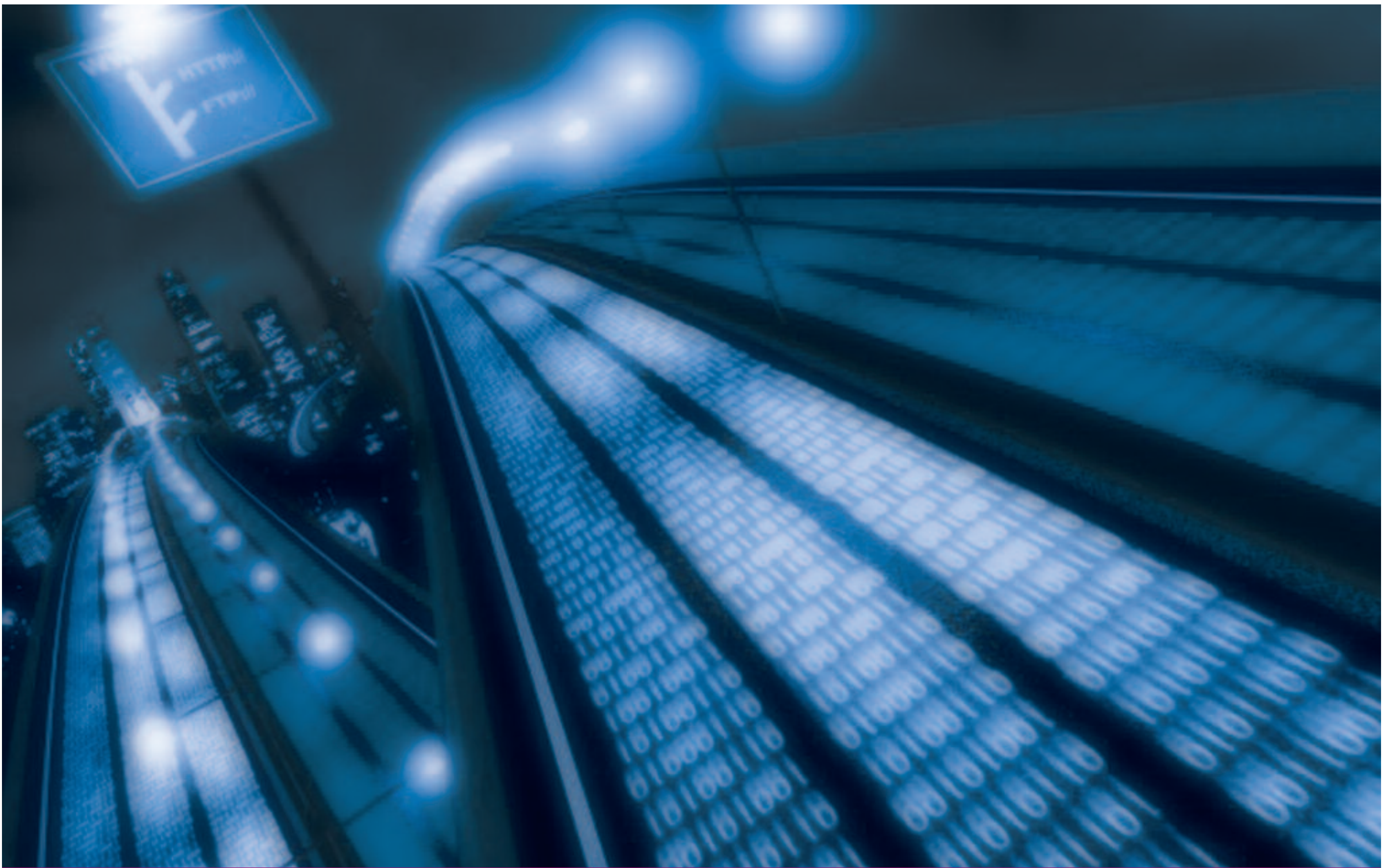
information technology

Similarly to past years a number of tasks had to be completed in 2008 in the field of information technology.

In 2008 a new IT strategy was finalized that defines the directions of development in terms of IT organization and development for the next three years and is primarily based on being customer focused, cost efficient and compliant with the requirements of regulations and industrial recommendations and meeting market requirements.

The annually Disaster Recovery Plan (DRP) test was successfully completed. For the first time in 2008 for a week after the DRP test and in line with plans the IT system serving our business systems operated in the Backup operations center.

One of the most important tasks of 2008 was the implementation and proper alignment of the IT system of KELER KSZF Kft. with the systems of



KELER. During this task not only a new IT system was created but state-of-the-art virtualization technology and operations systems that KELER wishes to use were established.

In 2008 we have started the planned infrastructural restructuring of KELER that is expected to be completed in the first half of 2009. During the infrastructural changes new tools and technologies were introduced and the operations system and data base management system were upgraded.

When developing our business applications the development methodology introduced in 2007 had great significance. During the year business systems were implemented in four major phases.

The restructuring of the IT organization was continued in line with changing requirements with particular attention being paid to the review of IT processes. We will continue the organizational restructuring in 2009 also in line with changing requirements of the environment and in order to provide efficient support to business.

At the end of 2008 independent experts started the IT audit of fourteen business systems of KELER.

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human resources

The year 2008 was the period of implementing processes and tasks supporting the human resources strategy earlier defined by the management of KELER.

ORGANIZATIONAL CHANGES

On June 1, 2009 within the IT Directorate the IT Infrastructure Development Department was formed that is in charge of defining technical conditions related to the long term IT solutions at KELER.

On July 28, 2008 the position of Director of Marketing and Customer Relationship was filled. With the new Director the number of Management members increased to 5.

As of December 31, 2008 the position of Deputy Director of Depository was terminated resulting in the Deputy Director of Operations being responsible for all depository related activities.

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code of conduct

In 2008 the working groups of industrial associations continued to develop a tool – the conversation table – supporting the comparison of depository fees throughout Europe to meet the requirements on the transparency of prices. The conversation table allows depositories to consistently form their fees based on a list containing the standard definition of depository services as determined by depositories.

In 2008 in addition to the three major undertakings contained in the Code of Conduct the framework of reporting requirements to ensure compliance with the Code was also finalized.

Accordingly KELER prepared the General Implementation Report in September 2008 that contained the major measures taken to comply with the requirements of the Code and the

Self-Assessment Reports regarding transparency of prices, accessibility and interoperability. The General Implementation Report was sent to the appropriate organizations (ECSDA and EACH) and submitted as information to the Financial Supervisory Authority.

In line with the requirements of the Code of Conduct KELER is to evaluate annually in the so-called Self-Assessment Report the level of compliance with the undertakings regarding the separation of services and their isolation in terms of accounting, and the Report is to be audited by an independent auditor. KELER announced an official tender to select the auditor in accordance with the requirements of the Code but actual provision of accounting data to PSZÁF, the preparation of the Self-Assessment Report and its audit regarding the year 2008 will take place for the first time in the first half of 2009.

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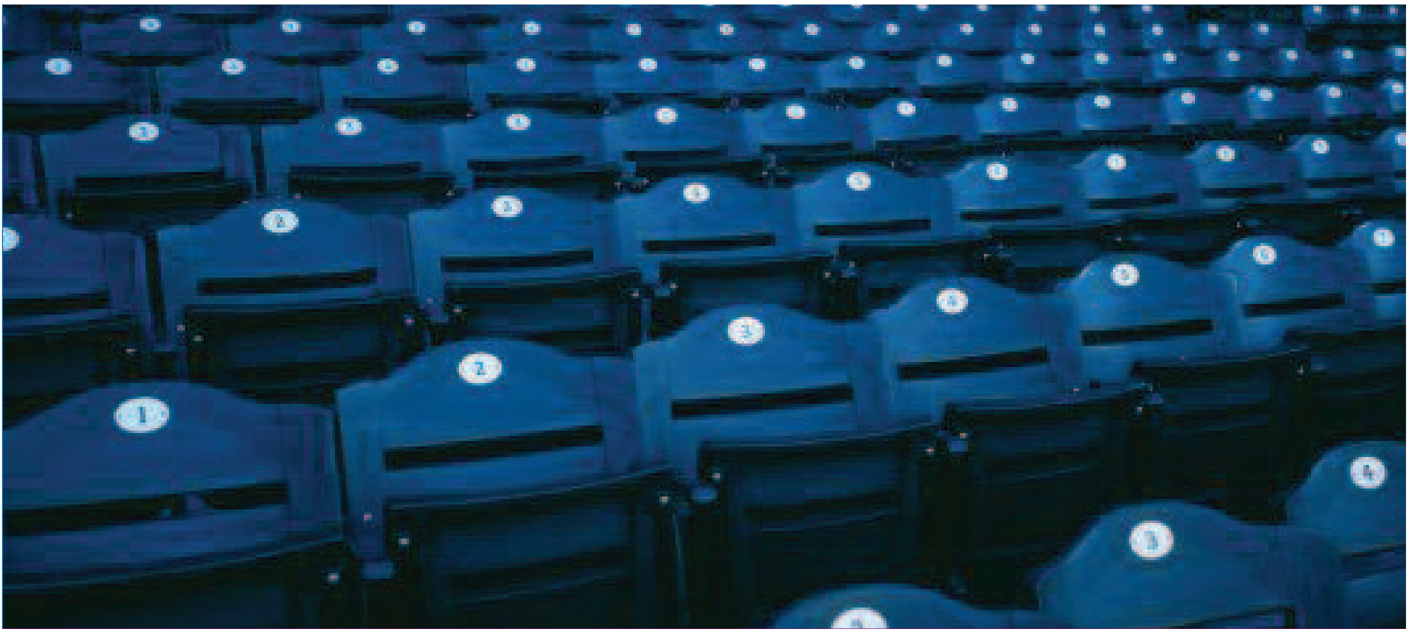
report by the supervisory board of KELER on the year 2008

In 2008 the Supervisory Board held 5 meetings and on one occasion passed decisions out of session.

The Supervisory Board approved the work schedule of Internal Audit of the Company and discussed the status reports on the implementation of the work schedule; Internal Audit fully completed the actions planned for the year 2008 as approved by the Supervisory Board.

In the course of 2008, among others, the comprehensive reviews of derivative settlement, cash management and central depository were completed. Additionally management of agreements with suppliers and service providers, the integrated processing of treasury transactions, the rating system of KELER and inventory taking were reviewed. As part of the IT audit work schedule the server room, the IT and security aspects of the fee module and the quality assurance of IT processes were reviewed. During the year the Supervisory Board received extraordinary quarterly reports regarding the measures taken to remedy discre-pancies discovered in the follow-up review of 2007 by the Financial Supervisory Authority (PSZÁF).

Internal Audit reports discussed by the Supervisory Board and related action plans covered discrepancies discovered and tasks proposed to eliminate discrepancies, including persons responsible forimplementation and applicable deadlines. Follow-up reports informed members of the Supervisory Board on the execution of such tasks.



Based on reports by the Management the Supervisory Board of KELER Zrt. continuously monitored the implementation of actions that became necessary pursuant to the reports of Internal Audit.

The Supervisory Board approved the modification of the procedure of KELER Zrt. on the operation of the internal audit system. Although the primary reason for modification was compliance with the requirements set forth in Recommendation No. 11 of 2006 (14 December) of the Board of PSZÁF on setting up and using internal safeguards, practical experience of past years was incorporated in the updated procedure. Thus, among others, in order to deal with the problems arising as a result of the recurrent lack of appropriate IT internal auditor the modified procedure allows that with the prior approval of the Supervisory Board an external organization is authorized for a temporary period to complete specific internal audit tasks. Accordingly the Supervisory Board approved that KPMG Tanácsadó Kft., selected based on a request for proposal completes four IT internal audit reviews defined in the Internal Audit work schedule of 2008.

During the year the risk asessment and analysis methodology serving as the basis of the Internal Audit work schedule was finalized; the primary objective is that the reviews of Internal Audit focus on operations and processes with inherent risks of the highest level. The work schedule for 2009 was completed based on this methodology.

The Supervisory Board regularly discussed periodic reports on the course of business and management of KELER Zrt. Despite unfavorable market trends income from services provided was only slightly below plan and a favorable pattern characterized operating costs. However, income from financial services remained significantly below planned levels due to different than planned stock and less favorable than expected interest margins and exchange rate loss related to securities. As a result the Return on Equity (ROE) indicator fell from 18.1 % in the previous year to 7.3 % in 2008.

The reports of Management continuously advised the Supervisory Board on the current status of the KELER Transformation Project (KÁP) of high importance that implemented the functional separation of KELER. The project was successfully completed and on 1 July, 2008 KELER KSZF Kft. was formed.

Based on Internal Audit reports and follow-up reports and other materials discussed the Supervisory Board declares that throughout the operation of KELER processes are regulated, management is in order, the Board of Directors and the Management of the Company make continuous efforts to maintain secure operation at a high level.

When establishing procedures and defining the directions of development the Company strived to facilitate the spreading of up-to-date methods in all areas of the money and capital markets. The Supervisory Board is convinced that similarly to earlier periods KELER Zrt. has all personal and material conditions to meet the challenges of forthcoming years.

The capital structure of KELER Zrt. continues to provide great security to the players of the money and capital markets using the services of the Company. Furthermore we are convinced that the infrastructure necessary to provide quality services of high level is at the disposal of KELER Ltd.

The Supervisory Board found that the Management of the Company used financial sources entrusted to the Management with due care. The Supervisory Board reviewed financial statements of the Company and studied the report by the auditors. Accordingly the Supervisory Board makes a proposal to the General Meeting to accept the regular financial statement of KELER Zrt. for the year 2008 with total assets/liabilities of HUF 35,963,724 thousand and a net result of HUF 922,178 thousand. The Supervisory Board proposes to transfer the amount of net result to retained earnings.

Budapest, 17 April, 2009

Lajos Bartha
Chairman
Supervisory Board

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report by the independent auditor

Deloitte.

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(Translation of the original Hungarian auditors' report)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Central Clearing and Depository (Budapest) Ltd.

We have audited the accompanying consolidated financial statements of Central Clearing and Depository (Budapest) Ltd. (the "Company"), which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated income statement, statement of changes in consolidated equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Member of
Deloitte Touche Tohmatsu

Registered by the Budapest Court of Registration
Company Reg. No.: 01-09-071057

Opinion

In our opinion, the consolidated financial statements give a true and fair view of (or "present fairly, in all material respects,") the consolidated financial position of Central Clearing and Depository (Budapest) Ltd. as of December 31, 2008, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Budapest, February 27, 2009

The Original Hungarian version has been signed by

Gábor Gion
Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C
000083

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consolidated balance sheet

Consolidated balance sheet - 31 December 2008			
		31.12.2008	**31.12.2007**
Cash and cash equivalents	3	121	2,138
Placements with other banks, net of allowance for placement losses		3,013	5,610
Financial assets at fair value through Income Statement	4	28,864	28,144
Receivables relating to clearing and depository activities	5	367	437
Accrued interest receivables		815	528
Associates and other investments	6	20	20
Securities held-to-maturity	7	100	100
Premises, equipments and intangible assets, net	9	2,001	1,752
Other assets, net of allowance	8	738	344
TOTAL ASSETS		**36,039**	**39,073**
Due to banks and deposits from the National Bank of Hungary and other banks	10	11,534	4,080
Deposits from customers	11	9,467	19,411
Accrued interest payable		145	46
Other liabilities	12	683	579
TOTAL LIABILITIES		**21,829**	**24,116**
Share capital	13	4,500	4,500
Retained earnings and reserves	14	9,697	10,457
Minority interest	15	13	0
TOTAL SHAREHOLDERS' EQUITY		**14,210**	**14,957**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**36,039**	**39,073**

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consolidated income statement

		01.01.2008-31.12.2008	01.01.2007-31.12.2007
Interest income:			
Loans		48	156
Due from banks and balances with the National Bank of Hungary and other banks		209	347
Securities held for trading		1,943	1,891
Securities held-to-maturity		10	8
		2,210	**2,402**
Interest expense:			
Due to banks and deposits from the National Bank of Hungary and other banks		(234)	(1)
Deposits from customers		**(317**	**(335)**
Other		(151)	(135)
		(702)	**(471)**
NET INTEREST INCOME		**1,508**	**1,931**
Non-interest income:			
Income from clearing and depository activity	16	**4,263**	**4,408**
Foreign exchange losses and gains, net		6	(5)
Dividend income		14	18
Other non-interest income		60	37
		4,343	**4,458**
Non-interest expenses:			
Fees and commissions		(249)	(237)
Gains and loss on securities, net		(202)	(443)
Personnel expenses	17	(1,536)	(1,316)
Depreciation and amortization		(620)	(518)
Other non-interest expenses	18	(1,666)	(1,482)
		(4,273)	**(3,996)**
PROFIT BEFORE INCOME TAX		**1,578**	**2,393**
Income tax	19	(248)	(509)
NET PROFIT FOR THE YEAR		**1,330**	**1,884**

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statement of consolidated

	01.01.2008-31.12.2008	01.01.2007-31.12.2007
OPERATING ACTIVITIES		
Income before income taxes	1,330	1,884
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Income Taxes	248	509
Depreciation and amortization	620	518
Unrealised (gains) / losses on fair value adjustment on financial assets		
at fair value through Income Statement	(111)	201
Changes in operating assets and liabilities:		
Net (increase) / decrease in financial assets at fair value through Income Statement	(609)	(5,097)
Net (increase) / decrease in accrued interest receivables	(287)	5
Net increase / (decrease) in accrued interest payable	99	17
Net increase / (decrease) in other liabilities	272	88
Net cash provided by operating activities	**(170)**	**(4,359)**
INVESTING ACTIVITIES		
Net (increase) / decrease in placements with other banks, net of allowance for placement losses	1,816	(2,749)
Net (increase) / decrease in securities available-for-sale	-	-
Net (increase) / decrease in associates and other investments	(1)	(1)
Net (increase) / decrease in securities held-to-maturity	-	-
Net (increase) / decrease in other assets	(323)	(65)
Net additions to premises, equipments and intangible assets	(869)	(1,186)
Net cash used in investing activities	**623**	**(4,001)**
FINANCING ACTIVITIES		
Net increase / (decrease) in due to banks and deposits from the National Bank of Hungary and other banks	7,454	2,044
Net increase / (decrease) in deposits from customers	(9,944)	6,274
Net increase / (decrease) in the compulsory reserve established by the National Bank of Hungary	780	(317)
Dividends paid	(2,090)	(1,843)
Net cash flow provided by financing activities	**(3,800)**	**6,158**
Net increase / (decrease) in cash and cash equivalents	**(2,017)**	**(318)**
Cash and cash equivalents at the beginning of the year	2,138	2,456
Cash and cash equivalents at the end of the year	121	2,138
Net (decrease)/increase in cash and cash equivalents	**(2,017)**	**(317)**
Analysis of cash and cash equivalents		
Cash, due from banks and balances with the National Bank of Hungary at the beginning of the year	1,168	1,803
Compulsory reserve established by National Bank of Hungary	970	653
Cash and cash equivalents at the beginning of the period	**2,138**	**2,456**
Cash, due from banks and balances with the National Bank of Hungary at the beginning of the year	(69)	1,168
Compulsory reserve established by National Bank of Hungary	190	970
Cash and cash equivalents at the end of the period	**121**	**2,138**

statement of changes in consolidated shareholders' equity

	Share Capital	Retained Earnings and reserves	Minority Interest	Total
Balance as at				
31 December 2006	**4,500**	**10,416**		**14,916**
Profit for the year	-	1,884	-	1,884
Dividends paid	-	(1,843)	-	(1,843)
Balance as of				
31 December 2007	**4,500**	**10 457**	**-**	**14,957**
Profit for the year	-	1,330	-	1,330
Dividends paid	-	(2,090)	-	(2,090)
Minority Interest	-	-	13	13
Balance as of				
31 December 2008	**4,500**	**9,697**	**13**	**14,210**

notes to financial statements

NOTE 1: GENERAL

Central Clearing House and Depository (Budapest) Ltd. ("the Company" or "KELER") is a limited company incorporated under the laws of the Republic of Hungary on 12 October 1993. The official address of the company: 1075 Budapest, Asbóth utca 9-11.

The Company's primary activities are that of a clearing house for the Budapest Stock Exchange ("BSE"). The Company also handles the BSE customers' cash accounts and safekeeping of securities, OTC government securities clearing and settlement between the National Bank of Hungary ("NBH"), banks and brokers. From the beginning of 2004, the Company has operated as a specialized credit institution under the Act CXII of 1996 on Credit Institutions and Financial Enterprises ("Act on Credit Institutions").

NBH (one of KELER's owner) found the risk of the central contractual party (CCP) and the central depository function functioning within one company too high. In accordance with the decision made by the NBH, as a result of the functional separation, the activity of the central contractual party (CCP) was transferred into KELER CCP Ltd., the clearing and settlement functions remained at KELER Ltd.

KELER CCP Ltd. was founded by KELER Ltd. and Budapest Stock Exchange.

KELER CCP Ltd. is a limited liability company according to the Hungarian laws. Registration of the company: 6 June, 2008. Company's seat: H-1075 Budapest, Asbóth str. 9-11.

KELER CCP Ltd.'s owners:

• KELER Ltd.	74.5%
• Budapest Stock Exchange	25.5%

KELER CCP Ltd. has started its obligate business activity, central counterparty service, as of 1 January 2009. CCP service, provided by KELER CCP Ltd., means guarantee taking on BSE traded cash and derivatives transactions.

As of 1st January 2009 the guarantee is not provided by KELER Ltd but by KELER CCP Ltd. The amount of the guarantee was equal to the authorized capital of KELER Ltd.

As of 1st January 2009 the upper limit of the guarantee is:

- Equity of KELER CCP HUF 50 million (when established)
- The suretyship of KELER is HUF 11 billion (value is set up annually)

KELER and KELER CCP (hereinafter the "Group") serve their clients in Hungary.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Group maintains its statutory accounting records and prepares its statutory financial statements in accordance with the accounting regulations of Hungary in Hungarian forints. These financial consolidated statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and, as a consequence, reflect adjustments not recorded in the Hungarian statutory records.

Basis of preparation

These financial statements are presented in Hungarian forints, rounded to the nearest million ("HUF million" or "HUF mn"). They are prepared on the historical cost basis, except that the following assets and liabilities are stated at their fair value: instruments at fair value through profit or loss and available-for-sale instruments, provided that reliable market information is available.

The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2008

Four standards and interpretations issued by the ASB and IFRIC are effective for the current period.

These are

- IAS 39 (Amendment) Financial Instruments: Recognition and Measurment and IFRS 7: Reclassification of Financial Assets) (effective from 1 July 2008)
- IFRIC 11: IFRS 2 - Group and Treasury share transactions. (effective for accounting periods beginning on or after 1 March 2007)
- IFRIC 12: Service Concession Arrangements (effective for accounting periods beginning on or after 1 January, 2008)
- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008)

The adoption of the above amendment and interpretations had no significant impact on the Consolidated Financial Statements of the Group. The IFRIC 12 has not been endorsed yet by the EU, this interpretation has no significant impact on the Consolidated Financial Statements of the Group.

Changes in Accounting Policies arising from the Adoption of New IFRSs and Amendments to IASs effective 1 January 2009

At the balance sheet date of these financial statements, other than the Standards and Interpretations adopted by the Group, the following Standards and Interpretations were issued but not yet effective:

- IAS 1 (Revised) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009)
- IAS 23 (R) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009)
- IAS 27 (Amendment) Consolidated and Separate Financial Statements (effective from 1 January 2009)
- IAS 32 (Amendment) Financial Instruments: Presentation (effective for accounting periods beginning on or after 1 January 2009)
- IFRS 2 (Amendment) Share-based payments (effective for accounting periods beginning on or after 1 January 2009)
- IFRS 3 (Revised) Business Combinations (effective from 1 July 2009)*
- IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations (And Consequential Amendment to IFRS 1: First-Time Adoption) (effective from 1 July 2009)* IFRS 7 (Amendment) Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2009)
- IFRS 8 (Amendment) Operating Segments (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009)*
- IFRIC 16 Hedges of Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008)*
- IFRIC 17 Distributions of Non-Cash Assets to Owners (effective for accounting periods beginning on or after 1 July 2009)*
- IFRIC 18 Transfer of Assets from Customers (effective from 1 January 2009)*
- Improvements to International Financial Reporting Standards 2008 (effective for accounting periods beginning on or after 1 January 2009)

*not yet endorsed by the EU

Significant accounting estimates

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. Future changes in economic conditions, business strategies, regulatory requirements, accounting rules and other factors could result in a change in estimates that could have a material impact on future financial statements.

Group's management makes estimates concerning accrued bonuses, which are based on profit of the year and are paid in the following year.

Foreign currency

Transactions in foreign currencies are translated to Hungarian forint at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Hungarian forint at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Hungarian forint at foreign exchange rates ruling at the dates the values were determined.

Cash and cash equivalents

Cash equivalents are liquid investments with original maturity of three months or less.

Intangibles, property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairments, if any. Depreciation is provided using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life. The rates used by the Group are 14.5% for building improvements, 14.5% for office machines and 33% for office equipment and computers. For software 25% depreciation rate is used on a straight-line basis.

Expenditures incurred to replace a component of an item of property, plant and equipment that are accounted for separately, including major inspection and overhaul expenditures, are capitalized. Other subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized in the income statement as expense as incurred.

Financial instruments

- **Financial assets at fair value through Income Statement**

State bonds, treasury bills and discount bonds issued by NBH are classified as financial assets at fair value through Income Statement that were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are included in a portfolio in which a pattern of short term (within one year) profit taking exists. Financial assets at fair value through Income Statement are initially recognized at cost which does not include transaction costs and are subsequently re-measured at fair value based on quoted bid prices. All related realized and unrealized gains and losses are included in Net gains and losses on securities in the Income Statement.

- **Associates and other investments**

All associates and other investments are initially recognized at cost, being the fair value of the consideration given including acquisition costs associated with the investment. After initial recognition, associates and other investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognized in profit and loss as they arise.

For investments where there is no market price or the market price is considered to be an unreliable indicator, fair value is estimated on the basis of the market price of comparable investments or by reference to the expected future cash flows. Where fair value cannot be reliably measured for certain investments, such investments are measured at amortized cost. Where there has been a permanent diminution in the value of an investment, it is recognized as an expense in the period in which the diminution is identified.

- **Receivables relating to clearing and depository activities**

Receivables from clearing and depository activities are carried at amortized cost, including the original invoice amount less impairment. Impairment is charged up to the recoverable amount calculated on the basis of discounted future cash flows expected.

- **Liabilities relating to clearing and depository activities**

The exchange cash accounts and mutual fund deposit of customers are recognized initially at cost and subsequently are stated at amortized cost. Interest related to liabilities is recognized in the Income Statement over the period using the effective yield method.

- **Regular transactions**

Regular way purchases and sales of financial assets are recognized and derecognized at settlement date of purchase and sale, respectively.

- **Trade and other receivables**

Trade and other receivables are stated at cost less impairment losses.

- **Trade and other payables**

Trade and other payables are stated at their cost.

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements ('repos') are retained in the financia statements as trading or investment securities with concurrent recognition of the counterparty liability. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to customers. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method. Securities lent to counterparties are also retained in the financial statements.

Revenue recognition

- **Fee revenue**

The Group receives revenue for its clearing and depository activities, such revenue is recognized when these services are performed.

- **Interest income**

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis using the effective yield method.

- **Dividends**

Dividends receivable are paid in the Group's financial statements in the period in which they are approved by the shareholders.

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred income tax is provided, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the carrying amount is adjusted to the recoverable amounts.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The recoverable amount of investments in held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss of a held-to-maturity security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Hedging

The Group is not engaged in any hedging activity.

NOTE 3: CASH AND CASH EQUIVALENTS

Due from banks and balances with NBH

Within one year		
In HUF	121	2,138
	121	2,138

Placements with other banks, net of allowance for placement losses

Within one year		
In HUF	3,013	5,610
	3,013	5,610

Based on the requirements for compulsory reserves set by the National Bank of Hungary, the balance of compulsory reserves amounted to approximately HUF 190 million and HUF 970 million as on 31 December 2008 and 2007, respectively. (The reserve has to comply with the monthly average balance of MNB.)

Daily balance was HUF 121 million and HUF 2,138 million as on 31 December 2008 and 2007, respectively.

Interbank placements include bank accounts at Clearstream Banking, Citibank A.G., NBH and OTP Bank Plc. Group manages its own money and its clients' money on these accounts.

NOTE 4: FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	2008	2007
Securities held for trading		
Hungarian Government		
Discount Treasury Bills	5,669	11,620
Hungarian Government Bonds	23,195	15,524
NBH Bonds	-	1,000
	28,864	**28,144**

In Group's security portfolio the proportion of Hungarian Government Discount Treasury Bills is 20% and 41% as on 31 December 2008 and 31 December, 2007, respectively. The main purpose is to assure the continuous liquidity within one year. In the remaining proportion, Group has government bonds with fixed interest rate. The annual average yield was 7.84% and 7.06% in the year 2008 and 2007, respectively.

NOTE 5: RECEIVABLES RELATING TO CLEARING AND DEPOSITORY ACTIVITIES

	2008	2007
Receivables relating to clearing and depository activities		
Receivables from custodian services	37	83
Receivables from customers on stock exchange transactions	330	354
	367	437

NOTE 6: ASSOCIATES AND OTHER INVESTMENTS

	2008	2007
		data in THUF
Associates and other investments		
ANNA (Association of National Numbering Agencies)	331	317
GIRO	20 000	20 000
	20 331	**20 317**

No impairment had to be charged against these investments.

NOTE 7: SECURITIES HELD-TO-MATURITY

	2008	2007
Debanture bonds		
HVBV 2010/B-001	100	100
	100	**100**

Group had a debenture bond issued by UniCredit Jelzálogbank Ltd. and denominated in HUF as on 31 December 2008 and 2007. The debenture bond is a security with floating interest rate, the interest rates have being adjusted based on auction market average yields of Hungarian Government Discount Treasury Bills with one-year maturity.

The nominal interest rate of bond HVB 2010/B-001 issued by the Unicredit Jelzálogbank Ltd. was 8.58% on 19th May 2008 and 10.27% on 19th May 2009.

NOTE 8: OTHER ASSETS, NET OF ALLOWANCE

	2008	2007
Other Assests		
Taxes recoverable	410	204
Trade receivables	4	3
Other advances	117	3
Prepayments and accrued income	184	108
Other	23	26
	738	**344**

Prepayments and accrued income contain the interest due on securities and deposits.

NOTE 9:PREMISES, EQUIPMENTS AND INTANGIBLE ASSETS, NET

For the year ended December 31, 2008:

	Intangible assets	Buildings and improvements	Machinery and equipments	Total
Cost				
Balance as on 1 January 2008	4,513	246	1,524	6,283
Net additions	1,258	45	72	1,375
Net disposals	510	-	43	553
Balance as on 31 December 2008	5,261	291	1,553	7,105
Accumulated Depreciation and Amortization				
Balance as on 1 January 2008	3,384	80	1,067	4,531
Net additions	449	15	156	620
Net disposals	11	-	36	47
Balance as on 31 December 2008	3,822	95	1,187	5,104
Net book value				
Balance as on 1 January 2008	1,129	166	457	1,752
Balance as on 31 December 2008	1,439	196	366	2,001

Until 31st December 2008 the following intangible assets were activated, amongst others (software, intellectual goods, rights representing assets):

- OPEN EPVR for HUF 127 million,
- WEBSPHERE system for HUF 81 million,
- RCMS for HUF 67.4 million,
- 3F development programme for HUF 66.3 million,
- ORACLE database manager for HUF 40.3 million,
- KID electronic communication for HUF 36.9 million,
- KÁP collateral system development for HUF 31.4 million,
- CB international settlement system for HUF 26.9 million,
- KTEK for HUF 19 million.

Until 31st December 2008 intangible assets were not activated in 415 million forints.

For the year ended December 31, 2007:

	Intangible assets	Buildings and improvements	Machinery and equipments	Total
Cost				
Balance as on 1 January 2007	3,807	219	1,357	5,383
Net additions	1,045	87	427	1,559
Net disposals	339	60	260	659
Balance as on 31 December 2007	4,513	246	1,524	6,283
Cumulated Depreciation and Amortization				
Balance as on 1 January 2007	3,015	105	1,179	4,299
Net additions	370	13	135	518
Net disposals	1	38	247	286
Balance as on 31 December 2007	3,384	80	1,067	4,531
Net book value				
Balance as on 1 January 2007	792	114	178	1,084
Balance as on 31 December 2007	1,129	166	457	1,752

NOTE 10: DUE TO BANKS AND DEPOSITS FROM THE NATIONAL BANK OF HUNGARY AND OTHER BANKS

	2008	2007
Deposits for Mutual Fund clearing		
Within one year		
In HUF	9,550	1,565
In foreign currency	1,984	2,515
	11,534	4,080

NOTE 11: DEPOSITS FROM CUSTOMERS

	2008	2007
Interest-bearing		
Within one year		
In HUF	1,050	1,097
In foreign currency	823	2,824
Non interest-bearing		
Within one year		
In HUF	7,594	15,490
In foreign currency	-	-
	9,467	19,411

In 2008 and 2007 KELER paid an annual average rate of 4,5% for the HUF interest-bearing deposits. In 2008 the interests paid for the foreign exchange deposits moved between an annual rate of 0,25% and 0,5% while in 2007 it moved between 0,75% and 1% on average.

NOTE 12: OTHER LIABILITIES

	2008	2007
Accrued expenses	326	231
Accounts payable	192	213
Income Taxes payable	66	59
Salaries and social security payable	59	45
Other	8	18
Deferred tax liabilities	32	13
	683	579

NOTE 13: SHARE CAPITAL

There was no change in the share capital of the Company since the prior year. The share capital consists of 900 shares with nominal (par) value of HUF 5 million per share as on 31 December 2008.

All 900 shares have been authorized, issued and fully paid.

	2008	2007
Share capital		
Magyar Nemzeti Bank (National Bank of Hungary)	2,400	2,400
Budapesti Értéktőzsde (Budapest Stock Exchange)	2,100	2,100
	4,500	4,500

There are no special rights or limitations attributed to shareholders by these shares.

Magyar Nemzeti Bank (National Bank of Hungary) held 53.33% directly and 1.85% indirectly as on 31 December 2008 and 31 December 2007.

Budapesti Értéktőzsde (Budapest Stock Exchange) held 46.67% directly as on 31 December 2008 and 31 December 2007.

NOTE 14: RETAINED EARNINGS AND RESERVES

	2008	2007
Retained earnings and reserves		
Balance as on 1 January	10,457	10,416
Net income after income taxes	1,330	1,884
Dividend	(2,090)	(1,843)
Balance as on 31 December	9,697	10,457

The KELER's reserves under Hungarian Accounting Standards were HUF 9 577 million and HUF 8 553 million as on 31 December 2008 and 2007, respectively.

These amounts include general reserve. In accordance with section 75 of Act on Credit Institutions, a general reserve equal to 10% of net income after tax is required to be made. Increases in the general reserve are treated as appropriations of retained earnings, as calculated in accordance with Hungarian Accounting Standards and thus are not charged against income. The balance of the general reserve was HUF 1 000 million and HUF 898 million as on 31 December 2008 and 31 December 2007, respectively.

Dividends of HUF 2 090 million for the financial year 2007 were approved by the Annual General Meeting on 23 April 2008.

Dividends for the financial year ended 31 December 2008 will be approved by the Annual General Meeting on 6 May 2008.

NOTE 15: MINORITY INTEREST

	2008	2007
Balance as on January 1	0	0
Minority Interest part of the share capital	5	0
Minority Interest the riving from the profits	8	0
	13	0

NOTE 16: INCOME FROM CLEARING AND DEPOSITORY ACTIVITY

	2008	2007
Clearing fees	2,259	2,311
Other commission income	655	723
Transaction fees	649	642
Other security transaction fees	588	574
Accounts maintenance	112	158
	4,263	4,408

NOTE 17: PERSONNEL EXPENSES

	2008	2007
Wages	998	835
Base wages	768	640
Premium	230	195
Social security and other contributions	357	308
Other cost of personnel	181	173
	1,536	1,316

The average number of employees was 121 and 115 as on 31 December 2008 and 2007 respectively. Average rate of wage increasing was 9% in 2008.

NOTE 18: OTHER NON-INTEREST EXPENSES

	2008	2007
Contracted services	685	555
Taxes	202	282
Fees paid to experts	42	180
Rental fees	139	149
Postage and phone fees	78	63
Material type expenses	83	56
Fees paid for education	45	31
Fees paid to authorities	11	15
Insurance fees	7	8
Marketing cost	5	8
Other	369	135
	1,666	1,482

NOTE 19: INCOME TAX EXPENSE

Group is presently liable for income tax at a rate of 16% and an special (solidarity) tax at a rate 4%. In the calculation of deferred tax the 20% tax rate was taken into account.

A breakdown of the income tax expense is:

	2008	2007
Income Taxes		
Current tax	229	551
Deferred tax	19	(42)
	248	509

A reconciliation of the deferred tax liabilities is as follows:

	2008	2007
Balance as at 1 January	(13)	(55)
Deferred tax charge	(19)	42
Balance as on 31 December	(32)	(13)

A breakdown of the deferred tax liabilities is as follows:

	2008	2007
Fair value adjustment of held for trading and held-to-maturity securities	(32)	(13)
	(32)	(13)

Temporary differences result primarily from timing differences arising on the different valuation principles of financial assets held for trading for tax and accounting purposes.

A reconciliation of the income tax charge is as follows:

	2008	2007
Net income before income taxes	1,578	2,393
Income tax with statutory tax rate (16%)	253	383
Solidarity tax (4%)	63	96
Income tax adjustments are as follows:		
Effect of general risk reserve	3	3
Dividend income	(3)	(4)
Corrections of previous financial years	-	(9)
Investments at fair value	(20)	42
Local community business tax	(19)	(21)
Subsidies	(2)	(3)
Other	(27)	22
Income tax	248	509
Effective tax rate	15.7%	21.3%

NOTE 20: FINANCIAL RISK MANAGEMENT

As on 31 December 2008, approximately 99% (31 December 2007: 99%) of the Group's financial assets held for trading portfolio consisted of securities issued by the Hungarian State. The Group's investment activity is ruled by the Act CXX of 2001 on Capital Market ("Act on Capital Market"), according to which the Group can only invest its liquid assets in securities issued or guaranteed by the Hungarian State.

The Group has policies in place to ensure that services are made to customers with an appropriate credit history. Repurchase agreements are limited to high credit quality brokers and financial institutions. Group has policies that limit the amount of credit exposure to any one broker and financial institution. As on 31 December 2008, there was no open repurchase agreement.

The main elements of the Companies counterparty risk management approach are the following:

(i) The performance and financials of members are continuously monitored and the Group constantly monitors bankruptcy. Member banks are classified quarterly based on financial statements.

(ii) A two-level clearing membership system was operated by the KELER on BSE prompt and derivative markets till 31 December 2008. Clearing members have to comply with specified requirements including equity capital criteria. From 1 January 2009 the clearing-membership system is operated by Keler CCP Ltd. The business activity as well as adherence to the set criteria of clearing members is continuously monitored.

(iii) A real-time price monitoring system is operated on the prompt- and derivative markets of both exchanges. Group is entitled to force clearing in case price changes exceed certain limits.

(iv) A multi-level guarantee system is operated on prompt and derivative markets. The elements of the guarantee system are: individual collaterals: basic-level cash collateral, base collateral, and supplementary cash collateral. The guarantee elements are the following: collective guarantee fund on derivative markets, stock exchange settlements found on prompt multinet markets.

(v) A market position limit is set for clearing members, which is monitored.

Foreign currency risk management

There have been no significant differences in daily portfolios of assets and liabilities denominated in foreign currency during the financial year 2008 and 2007. The majority of assets and liabilities denominated in foreign currency are composed by cash accounts for foreign currency owned by customers; the amounts on cash accounts for foreign currency owned by Group are relatively low compared to total balances. Due to this the Group does not have significant exposure to foreign currency risk.

The actually opened foreign currency positions are investigated by Group exclusively to self-owned foreign currency portfolios, considering the fact that foreign currency portfolios owned by customers do not generate foreign currency risk exposure to Group, because the conversions of foreign currencies can be performed only upon customers' requests, therefore the customers run the total foreign currency risk arising from conversions.

Foreign currency denominated assets amounted to HUF 2,997 million and HUF 5,366 million, while the foreign currency denominated liabilities amounted to HUF 2,807 million and HUF 5,126 million as on 31 December 2008 and 31 December 2007, respectively. Considering the net foreign currency position during the investigated period Group was every time in long position, the portfolio fluctuated around the average amount of 218.88 HUF million in a small compass (standard deviation: 50.38% relative standard deviation: 23.02%) and the composition of balances was affected by no significant change.

Details of compositions of assets and liabilities denominated in foreign currency are presented by following tables.

31 December, 2008

FX	Assets		Liabilities		Net	
	in FX	In HUF mn	in FX	In HUF mn	in FX	In HUF mn
AUD	74,106	10	20,550	3	53,556	7
CAD	68,935	11	44,755	7	24,180	4
CHF	124,396	22	90,787	16	33,609	6
CZK	1,973,385	20	1,635,267	16	338,118	4
EUR	5,490,289	1,454	5,160,065	1,366	330,224	88
GBP	162,401	44	118,158	32	44,244	12
HKD	17,923	0	17,923	1	0	-1
HRK	0	0	0	0	0	0
HUF	294,341,430	294	294,246,707	294	94,723	0
JPY	5,075,598	11	1,609,907	3	3,465,691	8
NOK	149,230	4	46,000	1	103,230	3
NZD	0	0	0	0	0	0
PLN	324,045	21	230,529	15	93,517	6
RON	6,000	0	6,000	0	0	0
SEK	143,359	3	104,279	3	39,080	0
SKK	0	0	0	0	0	0
TRY	7,377	1	4,477	1	2,900	0
USD	5,864,794	1,102	5,583,645	1,049	281,148	53
Total		**2,997**		**2,807**		**190**

31 December, 2007

FX	Assets		Liabilities		Net	
	in FX	In HUF mn	in FX	In HUF mn	in FX	In HUF mn
AUD	363,384	55	359,854	54	3,530	1
CAD	27,777	5	24,625	4	3,152	1
CHF	118,679	18	91,071	14	27,608	4
CZK	2,018,513	20	1,806,303	17	212,210	3
EUR	12,561,425	3,180	11,917,509	3,018	643,916	162
GBP	194,308	67	186,423	64	7,885	3
HKD	0	0	0	0	0	0
HRK	4,482	1	4,482	1	0	0
JPY	6,802,676	10	3,836,919	6	2,965,757	4
NOK	687,232	22	598,014	19	89,218	3
NZD	13,142	2	13,142	2	0	0
PLN	542,357	38	461,344	32	81,013	6
RON	12,002	1	12,002	1	0	0
SEK	286,286	8	188,789	5	97,497	3
SKK	0	0	0	0	0	0
TRY	5,800	1	5,800	1	0	0
USD	11,224,802	1,938	10,933,451	1 888	291,351	50
Total		**5,366**		**5,126**		**240**

Maturity analysis of assets and liabilities and liquidity risk

The main purpose of liquidity activity is to ensure Group's continuous solvency and thereby originate the secure liquidation of capital market transactions. Additionally, liquidity management analyses the liquidity consent between assets and liabilities.

The following tables provide an analysis of assets, liabilities and shareholders' equity into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment schedules allow for early repayment possibilities.

31 December 2008

As on 31 December 2008	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash and cash equivalents	121	-	-	-	-	121
Placements with other banks,						
net of allowance for placement losses	3,013	-	-	-	-	3,013
Financial assets at fair value through Income Statement	300	7,629	16,186	4,749	-	28,864
Receivables relating to clearing and depository activities	367	-	-	-	-	367
Accrued interest receivables	815	-	-	-	-	815
Associates and other investments	-	-	-	-	20	20
Securities held-to-maturity	-	-	100	-	-	100
Premises, equipments and intangible assets, net	-	-	-	-	2,001	2,001
Other assets, net of allowance	723	4	10	1	-	738
TOTAL ASSETS	**5,339**	**7,633**	**16,296**	**4,750**	**2,021**	**36,039**
Due to banks and deposits from the						
National Bank of Hungary and other banks	11,534	-	-	-	-	11,534
Deposits from customers	9,467	-	-	-	-	9,467
Accrued interest payable	145	-	-	-	-	145
Other liabilities	683	-	-	-	-	683
TOTAL LIABILITIES	**21,829**	**-**	**-**	**-**	**-**	**21,829**
Share capital	-	-	-	-	4,500	4,500
Retained earnings and reserves	-	-	-	-	9,697	9,697
Minority Interest	-	-	-	-	13	13
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**-**	**-**	**14,210**	**14,210**
TOTAL LIABILITIES ANDSHAREHOLDERS' EQUITY	**21,829**	**-**	**-**	**-**	**14,210**	**36,039**
LIQUIDITY (DEFICIENCY)/EXCESS	**(16,490)**	**7,633**	**16,296**	**4,750**	**(12,189)**	**-**

31 December 2007

As on 31 December 2008	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash and cash equivalents	2,138	-	-	-	-	2,138
Placements with other banks,						
net of allowance for placement losses	5,610	-	-	-	-	5,610
Financial assets at fair value through Income Statement	6,625	7,856	8,825	4,838	-	28,144
Receivables relating to clearing and depository activities	437	-	-	-	-	437
Accrued interest receivables	528	-	-	-	-	528
Associates and other investments	-	-	-	-	20	20
Securities held-to-maturity	-	-	100	-	-	100
Other assets, net of allowance	321	5	16	2	-	344
Premises, equipments and intangible assets, net	-	-	-	-	1,752	1752
TOTAL ASSETS	**15,659**	**7,861**	**8,941**	**4,840**	**1,772**	**39,073**
Due to banks and deposits from the						
National Bank of Hungary and other banks	4,080	-	-	-	-	4,080
Deposits from customers	19,411	-	-	-	-	19,411
Accrued interest payable	46	-	-	-	-	46
Other liabilities	579	-	-	-	-	579
TOTAL LIABILITIES	**24,116**	**-**	**-**	**-**	**-**	**24,116**
Share capital	-	-	-	-	4,500	4,500
Retained earnings and reserves	-	-	-	-	10,457	10,457
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**-**	**-**	**14,957**	**14,957**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24,116**	**-**	**-**	**-**	**14,957**	**39,073**
LIQUIDITY (DEFICIENCY)/EXCESS	**(8,457)**	**7,861**	**8,941**	**4,840**	**(13,185)**	**-**

Interest rate risk management (in HUF mn)

As on December 31, 2008

ASSETS	within 1 month		within 3 months over 1 month		over 3 months	within 1year	over 1 year	within 2 year	over 2 years		without maturity		total		total
	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	
Due to banks and deposits with the National Bank of Hungary	**432**	**2,702**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**423**	**2,702**	**3,134**
fixed interest / discounted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	432	2,702	-	-	-	-	-	-	-	-	-	-	432	2,702	3,134
Interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held for trading	**102**	**-**	**198**	**-**	**7,629**	**-**	**6,411**	**-**	**14,524**	**-**	**-**	**-**	**28,864**	**-**	**24,864**
fixed interest / discounted	102	-	198	-	7,629	-	6,411	-	14,524	-	-	-	28,864	-	24,864
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held-to-maturity	**-**	**-**	**-**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**	**-**	**100**	**-**	**100**
fixed interest / discounted	-	-	-	-	-	-	100	-	-	-	-	-	100	-	100
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans (other assets)	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**-**	**12**	**-**	**-**	**-**	**17**	**-**	**17**
fixed interest / discounted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	-	-	-	-	-	-	5	-	12	-	-	-	17	-	17

LIABILITIES															
Due to banks and deposits with the National Bank of Hungary	**9 ,809**	**1,725**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,809**	**1,725**	**11,534**
fixed interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	9 ,809	1,725	-	-	-	-	-	-	-	-	-	-	9,809	1,725	11,534
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits from customers	**8,679**	**788**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,679**	**788**	**9,467**
fixed interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	8,679	788	-	-	-	-	-	-	-	-	-	-	8,679	788	9,467
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET POSITION	**(17,954)**	**189**	**198**	**-**	**7,629**	**-**	**6,515**	**-**	**14,536**	**-**	**-**	**-**	**10,925**	**189**	**11,114**

Interest rate risk management (in HUF mn)

As on December 31, 2007

ASSETS	within 1 month		within 3 months over 1 month		over 3 months	within 1year	over 1 year	within 2 year	over 2 years		without maturity		total		total
	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	HUF	In foreign currency	
Due to banks and deposits with the National Bank of Hungary	**2,382**	**5,366**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,382**	**5,366**	**7,748**
fixed interest / discounted	1,100	-	-	-	-	-	-	-	-	-	-	-	1,100	-	1,100
variable interest	1,282	5,366	-	-	-	-	-	-	-	-	-	-	1,282	5,366	6,648
Interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held for trading	**3,031**	**-**	**3,595**	**-**	**7,855**	**-**	**2,975**	**-**	**10,688**	**-**	**-**	**-**	**28,144**	**-**	**28,144**
fixed interest / discounted	3,031	-	3,595	-	7,855	-	2,975	-	10,688	-	-	-	28,144	-	28,144
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities held-to-maturity	**-**	**-**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**	**-**	**-**	**100**	**-**	**100**
fixed interest / discounted	-	-	-	-	-	100	-	-	-	-	-	-	100	-	100
variable interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans (other assets)	**1**	**-**	**5**	**-**	**-**	**-**	**15**	**-**	**4**	**-**	**-**	**-**	**25**	**-**	**25**
fixed interest / discounted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	1	-	5	-	-	-	15	-	4	-	-	-	25	-	25

LIABILITIES															
Due to banks and deposits with the National Bank of Hungary	**1,565**	**2,515**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,565**	**2,515**	**4,080**
fixed interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	1,565	2,515	-	-	-	-	-	-	-	-	-	-	1,565	2,515	4,080
non-interest-bearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits from customers	**16,587**	**2,824**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,587**	**2,824**	**19,411**
fixed interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
variable interest	1,907	2,824	-	-	-	-	-	-	-	-	-	-	1,097	2,824	3,921
non-interest-bearing	15,490	-	-	-	-	-	-	-	-	-	-	-	15,490	-	15,490
NET POSITION	**(12,738)**	**27**	**3,600**	**-**	**7,855**	**-**	**2,990**	**-**	**10,692**	**-**	**-**	**-**	**12,399**	**27**	**12,426**

Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument, therefore indicates to what extent it is exposed to interest rate risk.

The majority of Group's assets and liabilities have interest risk, but Group's liabilities usually are less sensitive for interest fluctuation than its assets.

The following table presents the interest reprising dates of Group. Variable yield assets and liabilities have been reported according to their next reprising date. Fixed income assets and liabilities have been reported according to their maturity.

Application of VaR methodologies

The VaR risk measure estimates the maximum potential loss referring to the portfolio's value change i.e the maximum potential, not realized loss on rate over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches.

Considering the fact that Group is affected significantly neither the foreign currency risk nor risk of fluctuation in equity instrument prices, the majority of VaR exposure is connected to interest rate risk.

Risks exposures of Group computed by VaR methodology are contained by following table. Calculation of VaR amounts has being prepared by 99% probability and one-day relative shift. Foreign currency VaR concerns to foreign currency denominated balances, the interest VaR is connected to the portfolio of securities issued by Hungarian State, the one of the investment securities, and the one of secured and non-secured loans and deposits.

	31 December 2008	**31 December 2007**
Interest Var		
By 250-daily standard deviation	284.17	72.87
By 60-daily standard deviation	456.60	57.95
Forreign currancy VaR		
By 250-daily standard deviation	5.06	2.99
By 60-daily standard deviation	8.41	2.23

Sensitivity analyses

While VaR captures the Group's daily exposure to foreign currency and interest rate risk based on recent data showing real market volatility, sensitivity analysis indicates that if the value of the main, determining element of rate changes to a certain extent, what level of change is generated in the value of the portfolio.

• Foreign currency sensitivity analysis

The Group is performing foreign currency sensitivity analysis just for its own foreign currency positions. The data in following table show the relative (expressed in percentage) and absolute decrease of HUF value of own foreign currency positions in the case of weakening of EUR and USD prices compared to HUF (ceteris paribus).

	31 December 2008	**31 December 2007**
1% Weakening of EUR		
Sensivity of prtfolio (%)	0.47%	0.68%
Sensivity of portfolio (HUF million)	0.88	1.62
1% Weakening of USD		
Sensivity of prtfolio (%)	0.26%	0.21%
Sensivity of portfolio (HUF million)	0.48	0.50

• Interest rate sensitivity analysis

Group measures interest rate sensitivity of asset side on a daily basis. The interest rate sensitivity of assets (i.e the potential loss expected in the case of a 100-base point parallel positive-bound movement of the yield curve) was HUF 619.3 million and HUF 566.2 million as on 31 December 2008 and 31 December 2007, respectively.

• Equity price sensitivity analysis

The Group has no significant equity instruments hold in 2008 and 2007 therefore is not exposed to a significant equity price risk.

NOTE 21: OFF-BALANCE SHEET ITEMS

Off balance sheet items include securities safeguarded and deposited at the Group by customers.

	NOMINAL VALUE 31 Dec. 2008	31 Dec. 2007
SECURITIES		
Physical securities		
Securities introduced to the stock exchange-Physical	-	-
Securities not introduced to the stock exchange-Physical		
Corporate bonds	1,171	2,431
Shares	46,535	41,617
Investment Fund coupons	-	-
	47,706	**44,048**
Dematerialized securities		
Introduced to the stock exchange	12,746,699	12,724,779
Not introduced to the stock exchange	7,246,091	6,066,355
	19,992,790	**18,791,134**
TOTAL	**20,040,496**	**18,835,183**

	31 Dec. 2008	31 Dec. 2007
Materialized securities denominated in foreign currency		
Share denominated in foreign currency (CHF)	983	843
Share denominated in foreign currency (USD)	6	5
Dematerialized securities denominated in foreign currency		
Investment Fund coupons (EUR)	229,252	99,070
Investment Fund coupons (USD)	21,428	17,957
Investment Fund coupons (PLN)	4,099	1,373
Investment Fund coupons (CZK)	580	220
Investment Fund coupons (BGN)	201	-
Share denominated in foreign currency (EUR)	29,345	6,347
Mortgage bonds denominated in foreign currency (EUR)	439,864	452,404
Mortgage bonds denominated in foreign currency (CZK)	4,518	-
Bonds (CHF)	417,219	205,144
Bonds (EUR)	38,971	4,871
Bonds (USD)	444	921
TOTAL	**1,186,910**	**789,155**

NOTE 22: RELATED PARTY TRANSACTIONS

As on 31 December 2008 the Group had provided housing loans to management. The outstanding amount was HUF 6 million as on 31 December 2008 and HUF 9 million as on 31 December 2007 respectively.

A number of transactions are entered into with related parties and owners of the Group in the normal course of business. These include deposit placed and services provided. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year end, and relating income and expense for the year are as follows.

NATIONAL BANK OF HUNGARY	**2008**	**2007**
Term deposit placements	36	1 917
Interest income	5	39
Other income	14	18
Bank account costs	11	10
Other costs	1	1
	67	**1,985**

Transactions with directors and officers	**2008**	**2007**
Remuneration of the members of the Board of Directors	23	20
Remuneration of the members of the Supervisory Board	8	8
Loans given to management	82	82
Loan repayment by management	76	73
	189	**183**

Transactions performed with BSE during 2008 are immaterial for disclosure.

NOTE 23: SUBSEQUENT EVENTS

Following the settlement date up to the time of the balance sheet the yields of Hungarian Government Bonds increased, which changed the amount of loss in government bonds to HUF 1,424 million.

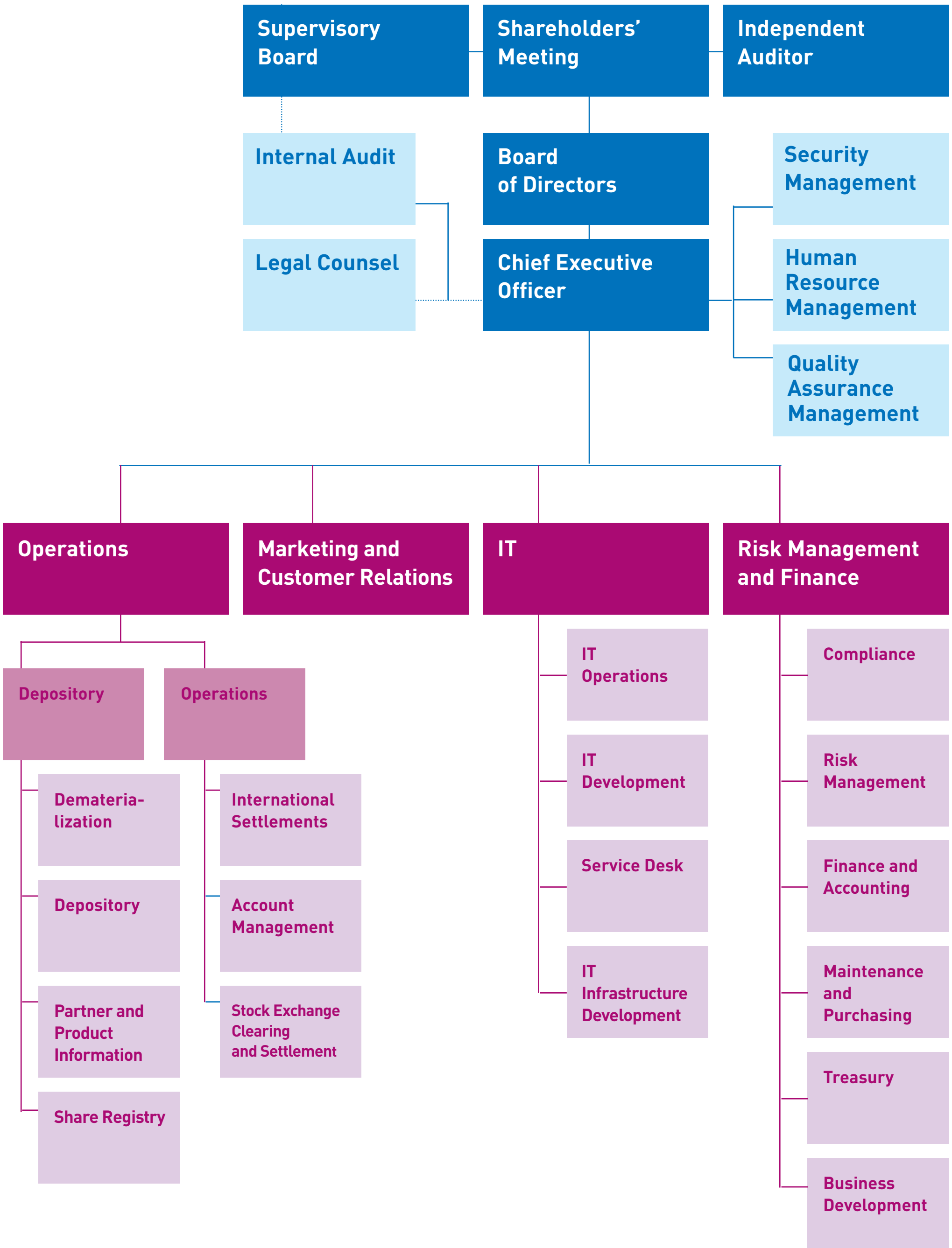
NOTE 24: CONTINGENCIES

In Hungary, there is no procedure for final tax settlement. The books and records remain open to inspection by the tax authorities for five years. Management is not aware of any significant unaccrued tax liabilities.

NOTE 25: DIVIDEND PAYMENTS

On 26 May 2008, KELER paid the dividend for financial year 2007 to owners in value of HUF 2,090 million. The dividend for the financial year 2008 will be stated on 06 May 2009.

organizational structure of KELER



management

MEMBERS OF THE MANAGEMENT IN 2008

György Dudás	Chief Executive Officer
Margit Brauner	Director Operations
Károly Mátrai	Director Risk Management and Business Development
András Katkó	Director Information Technology
Ádám Práger	Director Marketing and Customer Relations (from July 28, 2008)

György Dudás
Chief Executive Officer

Margit Brauner
Director - Operations

Károly Mátrai
Director - Risk Management and Business Development

András Katkó
Director - Information Technology

Ádám Práger
Director - Marketing and Customer Relations

general information

Ownership structure

SHAREHOLDERS		SHAREHOLDING
National Bank of Hungary (NBH)	HUF 2,400 million	53.33 %
Budapest Stock Exchange (BSE)	HUF 2,100 million	46.67 %
Total	**HUF 4,500 million**	**100 %**

Members of the Board of Directors

Csaba Lantos .... chairman

György Sándor .... vice chairman

András Kármán

Barbara Júlia Romhányi

György Mohai Dr.

György Dudás

Margit Brauner

Members of the Supervisory Board

Lajos Bartha ....chairman

Judit Brosch

Dr. Judit Pettkó-Szandtner

Sándor Török

Contact:
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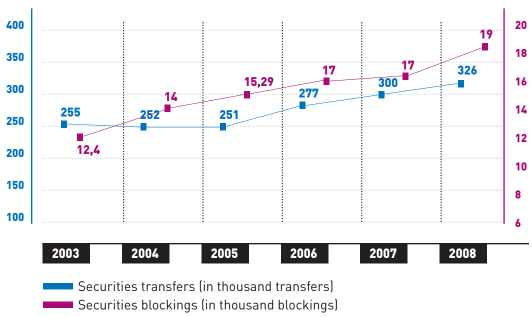
Postal address: H-1367 Budapest, POB 73, Hungary
Phone: (06-1) 483-6100
Fax: (06-1) 342-3539
Home page: www.keler.hu
E-mail: keler@keler.hu

statistics

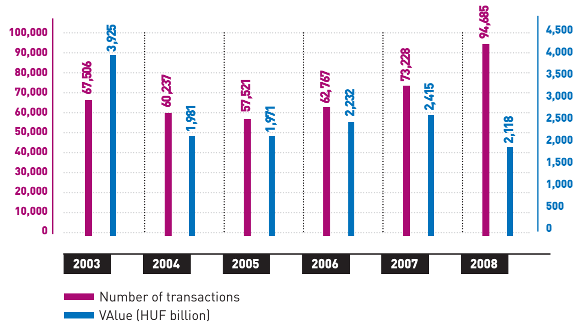
Total securities in KELER by number of pieces and by market value (December 2008)

	Number of pieces	Market value (HUF)
Government bonds	1,180,851,513	11,476,955,499,199
Treasury bills	217,800,000	2,117,953,929,500
Bonds	38,203,018,442	2,447,389,944,108
Equities	186,959,451,228	8,248,279,020,000
Investment units	1,397,867,951,556	2,626,649,251,575
Foreign securities	27,469,228,739	425,037,359,706
Total	**1,651,898,301,478**	**27,342,265,004,088**

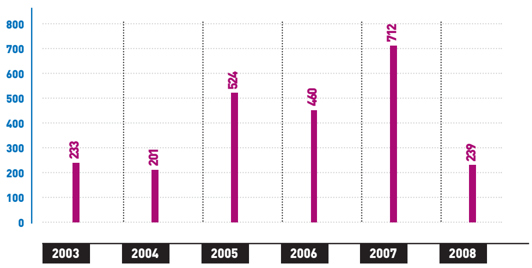
Number of other securities transactions 2003 - 2008



Funds transfers by customers from and to currency accounts kept by KELER



Volume of year end open contracts at the BSE 2003 - 2008



The share of GIRO - VIBER turnover in 2008