keler ccp

Annual Report 2013

Content

1. Chairman's Message

In 2013, the global economy witnessed moderate growth and decelerating inflation, while Europe struggled with the internal crisis caused by the financial problems of the EU member states fighting persistently high levels of indebtedness. Nevertheless, the Hungarian economy has seen growth expanding, primarily due to the expansion in exports and investments. As far as the operation of the KELER Group is concerned, the continuous interest rate cut strategy with decreasing cuts over time by the Monetary Council in 2013 was a major characteristic of the period, as the indirect effect of which the results on financial activity by KELER repeatedly exceeded expectations.

In 2013 also, the KELER Group focused on long-term strategic developments, owing to this the Group made significant progress towards the retention of competitiveness in the ever strengthening international competition and the serving of markets at a high level in compliance with the most recent market standards.

The Strategic Modernization Program founded to implement in Hungary the TARGET-2 Securities (hereinafter: T2S) project aiming at the unification of the European capital market made good headway in the past year in terms of both regulatory compliance and the replacement of the account management systems. In August 2013, the first phase of the system replacement project has been finished successfully with the selection of TATA Consultancy Services Ltd. (TCS), thus, in 2015 TCS will replace the current key systems of KELER with the BaNCS solution. This means that the tailor-made off-the-shelf product, compliant with industry standards and best practices of an internationally recognized supplier with strong references will be the foundation for the future operation of KELER.

In 2013, the earlier sub-custodian service provider of KELER Ltd. was replaced by SIX Securities Services (SIX-SIS); the strategic partnership formed will contribute to the implementation of the business objectives set by the KELER Group.

During the year KELER worked on an innovative project in the Hungarian market also: the Wide Application Routing Platform (WARP) was launched in April 2013 and two development packages were released during the year. With the expansion of the group of products offered KELER enters a new market segment. The integrated and automated platform links directly the manager, the distributor and the custodian of the investment fund and KELER; this can increase the efficiency of the distribution process and facilitates the more efficient use investment funds also.

Following several years of preparatory work, the European Commission enacted the European Market Infrastructure Regulation (hereinafter: EMIR), the regulation on European central counterparties. In order to comply fully with the requirements stated in the regulation the clearing house and the depository activities were separated organizationally: as of 1 January 2013 KELER CCP operates as clearing house, while KELER continues to cover the traditional depository roles. The owners of KELER CCP decided on the capital increase required for compliance with EMIR and during the year a number of changes involving the organization and processes were required due to the regulation; by 1 August 2013 the Group successfully made all these steps.

Besides serving the Hungarian market going international became a principal focus for KELER CCP as nearly one quarter of the more than 50 clients served in the energy market are international companies. The EMIR license of KELER CCP is of outstanding importance for the Group as compliance with the European Union regulation allows the strengthening of our position in the domestic and the regional market.

Another major task of KELER CCP was the creation of the background infrastructure for the BSE to migrate to the XETRA® trading system. With the management of the BSE and the support provided by KELER CCP the exchange traders could fully test the new system, as a result the new trading system had a problem-free entrée.

From the KELER Group Clients' point of view the development of KID, the client communication channel is also a major development, a number of the KID-developments already went live in 2013, others will follow suit in 2014.

In 2013, the KELER Group contacted partners on-line and personally also to receive feedback on the services, development directions of the Group based on the comprehensive review of the comments and the needs of the capital, gas and energy market clients. Based on the survey feedback analysis specific action plans with implementation schedules were finalized to promote the integration of the useful recommendations and development needs received from clients into the operation of the KELER Group.

I would like to take this opportunity to say thank you to the owners of KELER Group, the Hungarian credit institutions, investment firms, issuers all other players of the capital market, gas and energy market partners and the employees of KELER Group for assisting the Group to provide high level services and to concentrate on professional tasks this year also.

Csaba Lantos

Chairman of the Board of Directors

2. Market Environment

In 2013, similarly to the previous period, the efforts to maintain the integrity of the European Union that has been facing a crisis due to the financial problems of the EU member states with high public debt and to recover the stability of the common currency were the global focus. At the beginning of the year the financial problems of Cyprus were in the news when the banking system of the country built on an unsustainable business model was on the brink of collapse. In order to stabilize the situation the holders of large deposits, private individuals and companies alike, were forced to give up a large part of their funds.

However, for the European Union 2013 was also the year of banking union. The new capital adequacy requirements were adopted and entered into force, in 2014, the single supervisor can start to operate. The EU institutions with legislative powers came to an agreement on the directives of resolution and recovery and the rules on deposit guarantees. From the point of view of Hungary it was a major decision by the EU that after nine years the excessive deficit procedures were closed for the country in the summer of 2013.

DJIA, the US equities index with a long history increased by 26.5% in 2013 compared to the closing index value of the previous year, as a result it closed the year at 16 576.66 points. Parallel with this, the major European stock market indices soared also: for example the DAX in Frankfurt increased by 25.48%, while the London FTSE strengthened by 14.43%. As a result the DAX closed the year at 9 552.16 points, while the FTSE was at 6 749.10 points at the end of 2013.

In 2013, the international FX markets continued to witness a weak Euro. During the year the Euro was not quoted against the Swiss Franc above the closing value of 1.2084 of the previous period and finally closed the year at 1.2272. The Euro / US Dollar rate produced a more spectacular chart. In the spring it seemed the European currency will recover, however, by the end of the year the momentum vanished and the Euro closed the year at 1.3754, a weakening of 4.16% compared to the level at the beginning of the year.

During the year the exchange rate of our national currency against the Euro remained relatively stable (moved within a band of +/-3.6% compared to the rate at the end of 2013) and weakened by 2.1% to 297.32 compared to the closing rate of 2012 at 291.29. During the year the period of the weakest performance by the Forint was March when it reached a local maximum of 307.85. May was the period when the Forint performed best: it was quoted as low as 288.15 against the Euro. The CHF/HUF rate moved parallel with the Euro rate, although at a lower level. The rate moved in the 230.32-251.92 band during the year. At the end of the year, the MNB CHF/HUF mid-rate was 242.5, representing a HUF strengthening of 0.6% compared to the MNB mid-rate of 241.06 last year. The American currency moved along a similar curve, however, in terms of proportions the Dollar rate moved within a somewhat wider band. The annual rate change was 12.38%. However, it is to be highlighted that towards the end of the year, contrary to the other two currencies, the Dollar became weaker against the Forint, thus the closing rate of 216.89 is a weakening of 1.79% compared to the same period of the previous year.

During 2013, the Monetary Council of the Central Bank of Hungary voted in favor of a continuous base rate decrease and cut the rate on 12 occasions during the year. However, the extent of rate cuts showed a decreasing trend during the year: the rate cuts of 25 basis points at the beginning of the year were followed by cuts of 20 basis points by the end of the year. As a result the base rate dropped to 3.00% on 31 December 2013 from 5.75% at the end of 2012.

Unlike in earlier years, the share of foreign investors in the group of investors financing the Hungarian public debt decreased. The volume of government securities denominated in Forint increased by 19.63% during the year to reach HUF 20 950.2 billion. While at the end of 2012 28.84% (HUF 5 050.4 billion) of outstanding government securities were held by foreign investors, by December 2013 this dropped to 25.47% (HUF 5 336.4 billion). As far as the maturity structure is concerned the share of securities with less than a year to maturity was around 50% in the past year. The securities with more than 2 years to maturity had a share of about 9%, while in the group of securities with longer tenors there was a shift in favor of securities with more than 5 years to maturity.

BUX, the equities index of the Budapest Stock Exchange (hereinafter: BSE) closed 2013 at 18 564.08 points that is 2.15 % higher than the end of year closing value in 2012. In 2013, the index peaked at 19 743.65 points in June and tested a similar level (19 717.4 points) in July also. The rally at the beginning of the year is worth highlighting: the index reached 19 664.12 points after soaring by 8.2% during 14 trading days compared to the end of 2012 value. At this time the index was below 18 500 points, on two occasions it was even below 18 000 points. At its annual absolute lowest level the BUX was at 17 815.69 points. Compared to the previous years its volatility was low, with an annual change of 10.39% compared to the end of the year value of 2013.

BUX index levels in 2013

3. KELER Group Transformation: Transfer of Activity

As a major milestone in the history of the KELER Group the domestic clearing house, fully compliant with the European practice also, was established by 1 January 2013 as a result of the parent company Central Clearing House and Depository (Budapest) Ltd. (hereinafter: KELER) transferring the entire guaranteed market clearing business to KELER CCP by way of activity transfer. The transfer closed a long, two-phase process as from 1 January, 2013 KELER CCP, established in 2008 and acting as the central counterparty, clears guaranteed markets in a single organization.

The transfer of activity influenced the entire organizational and regulatory structure of the KELER Group. After 1 January 2013, the central securities depository and banking services offered by KELER and the clearing and guarantee undertaking activities undertaken by KELER CCP are fully separated; the separate General Business Rules and the new contracts concluded by the clients and the KELER Group clearly show these changes.

4. Regulatory Environment

KELER CCP is a business association operating as a central counterparty guaranteeing the fulfillment of stock exchange transactions and over-the-counter capital market transactions pursuant to Act CXX of 2001 on the Capital market (hereinafter: Tpt.).

KELER CCP operates in line with the provisions of the above regulation, its regulatory documents and the requirements of the decrees of the Financial Supervisory Authority of Hungary (the MNB as legal successor since 1 October 2013).

KELER CCP undertakes the central counterparty and clearing activities licensed by Decree E-III/1012/2008. and Decree H-EN-III-1164/2012. of the Supervisory Authority pursuant to Sections 340/D (1) b) and 334 a) of the Tpt.

In accordance with the agreement concluded with KELER, KELER CCP outsources certain elements of its activity to KELER in compliance with the prevailing requirements of the Tpt. and other relevant legal regulations.

In 2013, the operation of KELER CCP was affected by the following new regulations and changes to regulations and these will continue to affect the operation after they are published in 2013:

/ Act V of 2013 on the Civil Code,

/ Act XCVIII of 2013 on the Amendment of certain financial acts,

/ Act CXXXIX of 2013 on the Central Bank of Hungary,

/ Act CCLII of 2013 on the Amendment of certain acts related to the new Civil Code entering into force,

/ Government Order 518/2013. (XII. 30.) on the Amendment of government orders containing specific accounting rules related to the Act on Accounting,

/ MNB Order 23/2013. (XI. 6.) on the Reporting obligations related to the central bank information system, primarily in order to facilitate the Central Bank of Hungary in completing its basic responsibilities,

/ MNB Order 39/2013. (XII. 29.) on the Obligations of persons and organizations supervised by the financial intermediary system to report master data,

/ MNB Order 42/2013. (XII. 29.) on the Reporting obligations of capital market organizations related to the central bank information system, primarily in order to facilitate the Central Bank of Hungary in completing its supervisory responsibilities.

In 2013, KELER CCP held general meetings on two occasions:

/ The annual ordinary general meeting was held on 15 May 2013,

/ on 18 December 2013, an extraordinary general meeting was held.

/ The annual ordinary general meeting of KELER CCP was held on 15 May 2013 the general meeting agenda items included, among others:

/ report by the Board of Directors on its activity in the business year of 2012,

/ acceptance of the report on the financial statements in line with Act C of 2000 on Accounting and on the distribution of profit after tax,

/ resolution on capital increase with the issuance of new shares,

/ amendment to the Articles of Association,

/ election of executives,

/ modification of the terms of the joint and several liability.

In order to comply with the provisions of the regulation on OTC derivatives, central counterparties and trade repositories (EMIR) and due to the HUF 4 billion increase of the share capital of KELER CCP the amendment of the Articles of Association, the establishment of the Supervisory Board and the Risk Committee became necessary.

Members of the Supervisory Board:

Lajos Bartha, Attila Tóth, Lóránt Varga,
Attila Varga-Balázs (since 18 December 2013)

Members of the Risk Committee:

Csaba Balogh, Zsolt Katona, Krisztián Kovács, Gábor Orbán, Bálint Kocsis, Sándor Török, dr. János Száz

The court of registration registered the modification of the Articles of Association, the capital increase and the members of the Supervisory Board. Accordingly the ownership structure of KELER CCP changed as follows:

KELER	**99.72 %**
National Bank of Hungary	0.15 %
Budapest Stock Exchange	0.13 %

The annual ordinary general meeting passed a resolution on the modification of the terms of the joint and several liability. Simultaneously with the capital increase of KELER CCP the amount of the joint and several liability undertaken by KELER was reduced to HUF 4 billion, expiry date is 31 December 2013.

On 18 December 2013, KELER CCP held an extraordinary general meeting with the following agenda items:

/ modification of the terms of the joint and several liability,

/ election of Supervisory Board member.

With respect to the terms of the joint and several liability the general meeting made the resolution to extend the term until the day the license of KELER CCP pursuant to EMIR is received, but not later than the day of the annual ordinary general meeting of 2014. The general meeting elected Attila Varga-Balázs to the Supervisory Board.

5.

Business Results of KELER CCP

Source: KELER CCP Ltd.'s Hungarian Statutory Financial Statement

The 2013, financial plan of KELER CCP was prepared in line with the plan of KELER. Concerning the economic outlook at the time of planning the fears of recession seemed to become stronger all over Europe. The peripheries of the Eurozone continued to struggle with high debt, while the government intended to improve the budget with new measures taken simultaneously with the IMF talks.

The income plan of KELER CCP was finalized in line with market expectations, also taking into account the restructuring of KELER resulting in the transfer of the clearing business to KELER CCP as of 2013. In addition to the mentioned infrastructural service package, on the expense side planning took into account the extra costs – staff expenses, software support fee, depreciation and amortization, fees paid to experts - due to the restructuring.

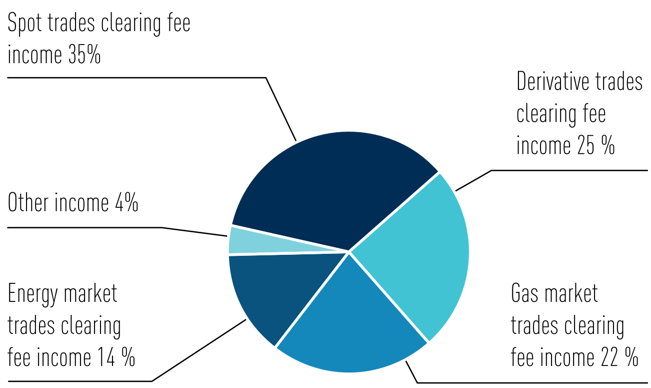
In 2013, the income from guaranteed trades concluded on the BSE dropped significantly compared to the previous period and to the plan. Due to the decreased stock exchange activity in this market segment KELER CCP realized HUF 138 million less income than planned. Energy market clearing were unable to compensate the loss of income; the income in this market is nearly HUF 89 million less than expected. Having regard to all these in the subject period the income of KELER CCP was 20.4% less than planned.

Costs and expenditures during the period were nearly as planned; accordingly the operating result of KELER CCP amounted to HUF 83.3 million that is 28.7% of the plan.

On the whole, KELER CCP closed the subject financial year with an operating result of HUF 83.3 million and a financial result of HUF 47.9 million, the result on ordinary activities is HUF 131.2 million. As there were no extraordinary items, the result on ordinary activities equals the profit (loss) before tax. The profit (loss) before tax is subject to a corporate tax payment obligation of HUF 8.1 million, after the deduction of this obligation the profit after tax of KELER CCP is HUF 123.1 million.

The total profit before tax of 2013 does not reach the planned amount but exceeds the profit of the previous period.

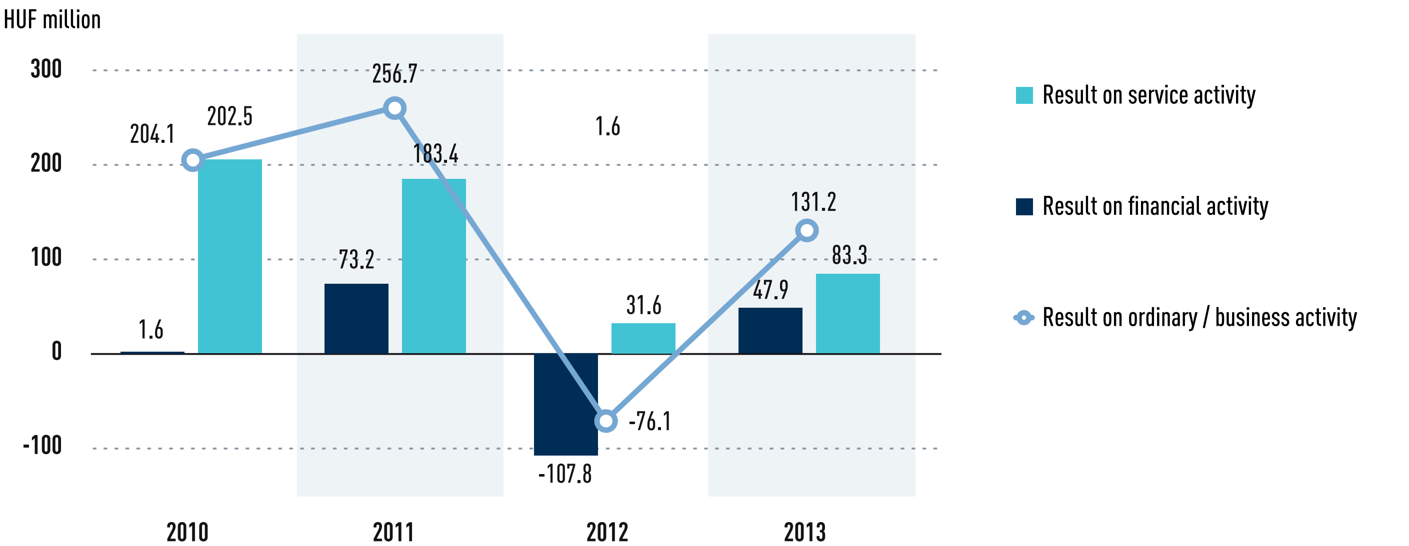
Structure of income from services / 2013



PROFIT AND LOSS STATEMENT (in HUF million)

No.	Item description	Actual 2012	Plan 2013	Actual 2013	Actual / Plan 2013
1. (a)	Net domestic sales - guarantee undertaking	599.1	1 037.4	792.4	76.4%
1. (b)	Net domestic sales - gas sales	71 115.0	80 000.0	61 251.3	
2.	Net export sales			20.4	
I.	**Income from guarantee undertaking (1.+2.)**	**71 714.0**	**81 037.4**	**62 064.1**	
II.	**Other income**	**3.2**	**22.7**	**30.7**	
III.	**Own performance capitalized**				
3.	Raw materials and consumables	0.0	0.1	0.1	100.0%
4.	Cost of services used	421.4	495.4	461.1	93.1%
5.	Other services	104.1	78.4	79.9	101.9%
6.	Cost of goods sold	71 115.0	80 000.0	61 251.3	
IV.	**Material type expenditures (3.+4.+5.+6.)**	**71 640.6**	**80 573.9**	**61 792.4**	**76.7%**
V.	**Staff expenses**	**22.5**	**138.8**	**138.9**	**100.1%**
VI.	**Depreciation and amortization**	**1.4**	**30.9**	**50.3**	**162.7%**
VII.	**Other expenditures**	**21.0**	**26.2**	**30.0**	**114.5%**
A.	**OPERATING RESULT (I.+II.+-III.-IV.-V.-VI.-VII.)**	**31.7**	**290.3**	**83.3**	**28.7%**
VIII.	**Financial income**	362.3		196.1	
IX.	**Financial expenditures**	470.1		148.3	
B.	**FINANCIAL RESULT (VIII.-IX.)**	-107.8	70.0	47.9	
C.	**RESULT ON ORDINARY ACTIVITIES (+-A.+-B.)**	-76.1	360.3	131.2	
D.	**EXTRAORDINARY RESULT**				
E.	**PROFIT OR (LOSS) BEFORE TAX**	-76.1	360.3	131.2	
X.	**Income tax**	0.0	36.0	8.1	
F.	**PROFIT OR (LOSS) FOR THE PERIOD (+-E.-X.)**	-76.1	324.3	123.1	
7.	Use of accumulated retained earnings for dividends and profit sharing				
8.	Dividends and profit sharing paid (approved)				
G.	**NET RESULT (+-F.+7.-8.)**	**-76.1**	**324.3**	**123.1**	

Result on financial service activity / 2010-2013



6. Risk Management

COUNTERPARTY RISKS

Clearing membership system

During 2013, the clearing membership system of KELER CCP expanded further, primarily in the energy and gas markets. One of the most important steps was to start providing clearing and guarantee undertaking services for spot and futures market of CEEGEX Central Eastern European Gas Exchange (hereinafter: CEEGEX) from 1 January 2013. The range of services offered to energy market non-clearing members was expanded to include other European energy markets during 2013. As far as the number of capital market clearing members is concerned, at the end of the year there were altogether 31 service provider members, including credit institutions, investment firms and commodity dealers, in various sections/ranges of transactions, this means the number of members increased with one compared to 2012.

In 2013, there were some new players joining the 16 existing clearing members of the Daily Natural Gas and Capacity Trading Market (hereinafter: NFKP) and some earlier participant requested the termination of membership. As a result there were 19 active members in the gas market at the end of the year. The precondition of membership in the CEEGEX market is membership in the NFKP market, thus at the end of 2013 there were 6 participants with individual clearing membership in the CEEGEX market, and two of them have registered offices abroad.

The group of energy market non-clearing members also grew: 10 new market players joined, two of them have registered offices abroad. Two members requested the termination of membership. Therefore the number of members increased to 32; 27 members can trade in the HUPX day-ahead power market, out of them 16 are non-clearing members in the physical futures market also. There were 9 members interested in some form in the expansion of the non-clearing member service to the foreign energy markets.

In summary, at the end of 2013 there were 74 active members in the clearing membership system, out of them 31 were capital market clearing members (3 commodity brokers, 5 Hungarian branches of foreign credit institutions, 1 Hungarian branch of a foreign investment firm, 13 investment firms and 9 Hungarian credit institutions), 19 gas market clearing members and 32 energy market non-clearing members. In each of the latter two clearing membership systems there were 7 participants with membership in both markets.

MARKET RISKS

Individual clearing member collaterals

A key basic operation of KELER CCP is the continuous monitoring of compliance with the requirements on individual collaterals and the maintenance of the collateral system. Depending upon the change in risks the initial margins were changed on several occasions in 2013, with respect to new products the initial margin requirements were defined based on information available to us. The margining methodology was fine-tuned due to the requirements of the EMIR license, thus the current methodology is compliant with the regulatory requirements.

During the past year there was no change in the level and order of the energy market margining.

As part of the start of CEEGEX clearing the gas exchange margin algorithms and their starting values were determined.

Default funds

The Risk Management of KELER CCP checks the adequacy of the capital market and CEEGEX default funds daily in line with the requirements of EMIR and as part of regulatory compliance it finalized a new default fund calculation methodology based on the result of the daily stress test calculation.

Due to the influence of the decreasing risks in the NFKP market one of the parameters of default fund calculation was modified, owing to this the size of the default fund decreased, thus the burdens of gas market participants lessened.

Joint and several liability by KELER

The general meeting decided to increase the share capital of KELER CCP, accordingly as of 1 July 2013 the amount of the joint and several liability went down from HUF 8 billion to HUF 4 billion, in line with the resolution of the General Meeting held in December 2013 the expiry date is the date KELER CCP is licensed in line with EMIR but not later than the day of the 2014 annual ordinary general meeting of KELER.

Collateral assets

In the subject period the group of eligible collateral instruments was modified in line with the requirements of EMIR: some equities, the corporate bonds and the mortgage bonds are no longer eligible collateral instruments.

7. Regulated Market, Gas and Energy Market Clearing

On 6 December 2013, the BSE introduced a new security trading platform, this is one of the changes of utmost importance in the history of the BSE. The launch of the XETRA® trading system was a prominent task and required thorough preparation from all market participants, thus from KELER CCP also that provides the clearing service. Under the direction of the BSE and with the support of KELER CCP the stock market traders could complete a full testing, as a result the new trading system went live without any problems. With the launch of the trading system the domestic security market became an integral part of the European markets, at the same time several thousands of new investment instruments became available for the Hungarian traders.

During the year the group of spot market products increased continuously due to the listing of different certificates and warrants and the range of derivative products also became wider.

In 2013, MTS Hungary, the trading platform for government securities primary dealers listed the student loan bond.

The domestic gas trading reached another important milestone in 2013 as a new trading place was added to the domestic gas market: on 2 January 2013, after the two and a half year of operation of the daily balancing market, CEEGEX started to operate. KELER CCP with a good track record in gas and energy market clearing and risk management is the clearing house of CEEGEX. In the second half of the year several foreign trades joined the platform, so as the first market maker which combination has created the stable basis of future turnover.

NFKP prepared for the extra tasks arising from the launch of the new trading venue (entry of new gas traders, change in the order of nomination), which greatly supported the seamless start.

In 2013, the conditions of centralized invoicing, a basic requirement of the successful long term operation of the gas markets was created in regulations, consequently as of 1 January, 2014 purchase price invoicing is completed with centralized invoicing in both cleared markets.

2013 was an important period in the energy market clearing services. During the year new markets became available as part of the general clearing member service provided by KELER CCP. As a result, in addition to the HUPX and the EPEX Spot markets, EEX, the largest derivative energy exchange, CEGH, the Austrian gas market and PXE, the power exchange of Prague became available. The interest shown by the clients exceeded expectations and the clients are active traders in all new segments.

EMIR

After several years of preparatory work the European Commission had the regulation on European central counterparties, commonly known as EMIR, enter into force. In order to comply fully with the requirements of the regulation, as of 1 January 2013 KELER, the parent company transferred the entire guaranteed market clearing activity as transfer of operation to KELER CCP.

In line with the expectations of the regulator there were several modifications in the clearing and risk management processes, among them of outstanding importance are the creation of a new, higher level of client protection, the introduction of the determination of the default fund based on stress tests and the change of the default waterfall. KELER CCP established the Risk Committee in the work of which the representatives of both the clearing members and their clients, independent market experts and the independent Board members take part.

During the year the shareholders decided to increase the capital: as a result the shareholders' equity of KELER CCP went over HUF 5 billion. As of 1 August 2013, also due to the requirements of EMIR, risk management is completed within the organization of KELER CCP. As the result of the organizational changes, developments, amendments to methodologies and regulations the domestic clearing house fully compliant with the European practice came into being.

Within the deadline stated KELER CCP submitted all the documents required for EMIR licensing, based on this on 4 July 2014 KELER CCP obtained the consent of the Supervisory College to the license.

KELER CCP took preparatory steps to meet the reporting obligation to ESMA as of 12 February 2014 as required by EMIR.

With the involvement of market participants KELER CCP set up the OTC Derivative Working Group with respect to the OTC derivative clearing requirement of EMIR. The Working Group is responsible for assessing the attributes of the domestic OTC derivative market and for taking part in the preparatory work of decision making on the future need of the clearing service.

The following figures and ratios describe the guaranteed regulated markets in 2013

BSE Cash Market

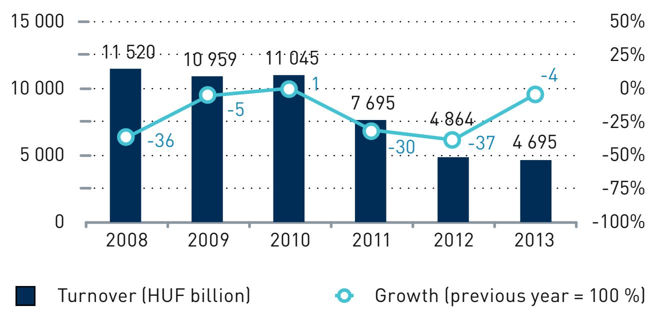
The aggregate single counted BSE cash market turnover of HUF 2 415.7 billion is a decrease of 3.72% compared to 2012. The average daily turnover dropped to HUF 9.82 billion from HUF 10.24 billion in the previous year (considering 246 and 245 trading days respectively). The equity trades make up the large part of the security market turnover. The daily turnover of equities was HUF 2 343.5 billion in 2013 that is a decrease of 3.38% compared to 2012, thus the average daily turnover in the equities market was HUF 9.53 billion as opposed to HUF 9.9 billion in the previous year. The turnover in equities made up 97.01% of the total market turnover.

The decrease in the number of registered stock exchange cash market securities trades exceeded the contraction of turnover, thus in 2013 there were 1 532 205 deals made in the BSE cash market as opposed to 1 845 987 transactions in 2012, this is a decrease of 17%. The number of trades in equities was 17.3% less than in the previous year. The average daily number of stock exchange cash trades in 2013 was 6 228, in 2012 this figure was 7 535, out of which on average 5 480 trades per day were made in equities (6 653 in 2012).

BÉTa Market

The single-counted total turnover of the 23 international equities listed at the BÉTa Market was HUF 3.8 billion that is less than the HUF 6.6 billion turnover in the previous period. The number of registered transactions was 6 732 compared to 9 125 trades in the previous year. .

BSE cash market equities turnover 2008-2011 (double counted)



Derivative market

The derivative market of the BSE registered an outstanding increase in turnover in 2013. The single-counted turnover of HUF 2 551 billion is 34.68% more than the turnover of HUF 1 894.1 billion in the previous year. The turnover concentration followed the pattern of the previous years as the FX-based products have an increasingly strong market share within the entire derivative market. In the annual turnover the FX-based products had a share of HUF 1 840.8 billion (72.2%), while the turnover of index and equities based products was HUF 679 billion (26.6%). Compared to the figures of the previous year the turnover of currencies increased with HUF 608.7 billion (on a nominal basis), while the turnover in equities increased with HUF 49.2 billion. The turnover of the Commodity Section was HUF 31.1 billion in 2013, it was HUF 32.2 billion in 2012, and this is a turnover decrease of 3.27%.

	2008	2009	2010	2011	2012	2013
Turnover* (HUF billion)	11 520	10 959	11 045	7 695	4 864	4 695
Number of trades (in thousands)	1 950	3 304	2 612	2 335	1 639	1 355

* double-counted

Source: Budapest Stock Exchange Annual Statistics, 2013

Products / Transactions in 2013	HUF billion
Index based futures products	76.65
Equities futures	602.37
FX futures	1 831.25
Interest futures	0.00
BUX option	0.00
Equities option	0.00
FX option	9.57
Commodity futures	31.15
Commodity option	0.00
Total	**2 550.99**

Source: Budapest Stock Exchange annual statistics, 2013

MTS Hungary

In 2013, the market of primary dealers, at the cash market of MTS Hungary there were 1 468 trades made in the value of HUF 549.9 billion. In the previous year the number of trades was 1 844 turnover was HUF 760.6 billion; this is a contraction in turnover of 27.7% compared to the previous year.

NFKP Market

In 2013, the single counted gas turnover of the NFKP market was 24.9 billion MJ; at market value this represented HUF 77.8 billion. Compared to the previous year the volume traded decreased with 9.6 % (27.56 billion MJ), while turnover value was down by 14% (HUF 90.47 billion).

CEEGEX Market

In the first business year of the CEEGEX market the single counted gas turnover reached 1.64 million MJ, at market value this was HUF 5.43 million.

Energy market
(as general clearing member service provider)

In 2013, in the day-ahead and the intra-day power markets 7.89 TWh power was cleared, the market value of this amounted to HUF 99.3 billion. In the previous year, clients traded 4.3 TWh in the amount of HUF 62.4 billion. 94.1% of the trades cleared were traded at the HUPX, while the remaining 5.9% of trades were made at the EPEX Spot market. The 2013 day-ahead double-counted turnover of HUPX was 18.15 TWh, based on this figure KELER CCP had a market share of 41%. Compared to the previous year market share of 33% KELER CCP could increase its share with 8 percentage points.

In 2013, the delivery from long term physical delivery trades was 2.65 TWh, with a market value of HUF 33.3 billion; the turnover in the past year was 1.55 TWh.

In 2013, KELER CCP cleared 3.54 TWh in the futures energy market, the position value at trade price was HUF 45.1 billion. The turnover cleared last year was 2.91 TWh, in the value of HUF 44.8 billion. Nearly the entire futures turnover cleared was traded at the HUPX. In 2013 the annual double counted turnover of the futures market at HUPX was 14.27 TWh; based on this figure KELER CCP had a market share of 24%.

8.

Client Relations

CLIENT FORUMS

In terms of client relations, 2013 was an eventful year for KELER CCP. Related to the revolutionary changes witnessed in the regulatory and market environment (e.g. EMIR taking force) and the developments of the KELER Group the client forums organized on various subjects became a part of daily life at KELER CCP to facilitate regulatory compliance by the clients and the market and the use of the renewed services of KELER.

The communication on the changes required by EMIR was very intense during the year as EMIR transformed fundamentally the word of financial markets from the basic infrastructure until the end investors. A large part of the changes related to the clearing houses, nevertheless, the regulation came with significant changes for clients also; therefore KELER CCP assisted the preparatory work of market participants with newsletters and expert knowledge shared at various professional forums.

The first event related to regulatory changes was the EMIR meeting held in June 2013 to provide a comprehensive picture on the status of the regulation, the progress of the project of KELER CCP and the steps to be taken by the market. During the year the experts of KELER CCP were invited to a number of events to give presentations, our experts were pleased to accept the invitations. After a forum organized for clearing members the general presentation of the trade reporting service provided by KELER to meet the reporting requirement stated in EMIR was held at the end of the year. This event was attended by 143 clients and attracted the strongest interest in the history of the KELER Group.

Also related to EMIR, KELER CCP launched the OTC Derivative Clearing Working Group to assess the market needs and to start a conversation on the possible implementation. The Working Group held three meetings in 2013.

In 2013, KELER CCP held its already traditional Clearing Members' Forum on two occasions; the event was a great opportunity to discuss the actual issues of the KELER Group.

In 2013, KELER CCP exhibited for the first time at EMART Energy 2013, one of the most important events of the European energy trading sector. This was a very good opportunity to contact existing and potential clients and also contributed to the increased reputation of KELER CCP and to becoming part of the group of the most important service providers.

Related to the energy market the colleagues of KELER CCP took part at all the major regional conferences, among which the Energy Trading Central and South Eastern Europe 2013 event was of great importance and the experts representing KELER CCP were requested to keep a presentation on the situation of the regional gas markets.

CLIENT SATISFACTION SURVEY

After the 2012, online only client satisfaction survey of the KELER Group in 2013 our partners were contacted online and KELER Group, in 2013. The most important goal of the survey is to get feedback related to the services, development directions of the Group by the comprehensive assessment of the views and the needs of the capital, gas and energy market clients. Based on the feedback received the KELER Group can state that the basically positive client view of the Group continued to improve in the past year.

Following the analysis of information received specific action plans with an implementation schedule were finalized to promote the integration of useful client recommendations and development needs into the operation of the KELER Group.

9.

International Relations

KELER CCP is a member of EACH (European Association of Central Counterparty Clearing Houses) and participates at the regular meetings of the organization and is involved in the work of certain sub-committees. KELER CCP takes part in the work of the T+2 Task Force, the professional consultancy forum related to the harmonization of the T+2 security settlement cycle set up by the T2S Harmonization Steering Group. KELER CCP is a regular participant at the events of the clearing members working group of ECC (European Commodity Clearing AG) related to the development of energy market clearing.

10. Information Technology

In 2013, IT activity at KELER CCP followed the business strategy of the KELER Group; in the meantime, IT created the new IT strategy for the period of 2014-2016 that entered into force in the autumn of 2013.

The deliberate, planned operation and the high level availability of the information technology supporting business services remained the main goals related to IT operation. During the year, the joint availability of KELER CCP systems to clients was 99.933%, which proves the efforts made in this field came to fruition.

In 2013, the IT Directorate completed the following major tasks with respect to the systems of KELER CCP:

/ The IT infrastructure forming the background of business services was changed and modernized fundamentally:

- All servers and network control functions were moved from the data center in Asbóth Street to the data center at the Mártonffy Street premises of GIRO, in the two data centers of KELER all physical servers, data storage and network instruments were replaced by new equipment. Replication is ensured at the level of basic infrastructure between the two data centers, centers are linked with redundant telecommunication lines independent from one another.
- KELER operates in a 100% virtual environment and virtual servers were consolidated by function.
- Before the transition KELER completed successfully a full-scale DR test, including the simulation of the loss of all physical units and software errors also.

/ As part of the EMIR compliance 10 business applications were further developed.

/ In the KID Modernization Project KELER Group worked to renew and make the front-end system more user-friendly, to improve compliance with security requirements. For the users accessing the services via the 'thick client' the installation of the application started in December, the application is expected to become general in the first quarter of 2014. The solution for users accessing KID on the Internet is also finalized, currently it is being tested – go-live is expected in the first half of 2014.

/ The MNB (successor of the HFSA) started a general review in the autumn of 2013, the review results are expected to be available in 2014.

/ In 2013, the operation of information technology at the KELER Group was reliably stable. In 2014, the most challenging tasks will include the maintenance of predictability, reliability of services under the extraordinary circumstances of relocation in the spring and the launch of the Trade Repository at the beginning of the year.

11. Human Resources

In addition to making sure that KELER CCP provides high quality services daily, in 2013 the main Human Resources tasks included ensuring the human resources required for important projects and developments were available and the regulatory requirements were complied with.

In order to comply with EMIR the following major organizational changes were made:

- As of 1 January 2013, the 7 staff members of the Clearing Operations were transferred with legal succession from KELER to KELER CCP. Due to this change the group level regulations effecting the staff of KELER and KELER CCP were necessary to be created and all the tasks required by continued employment had to be completed.
- As of 1 May 2013, the Supervisory Board controls the operation of the company.
- As of 1 August 2013, also with legal succession, the 7 staff members of Risk Management were transferred to KELER CCP.
- As of 7 November 2013, a new chief advisor position was filled, the holder of this position is responsible for leading international projects and monitoring regulatory changes.

We paid special attention to the development of the professional skills of our employees, therefore internal and external trainings were offered in English language skills, project methodology, negotiation skills and product and market knowledge to develop our staff.

In 2013, KELER CCP was able to provide the human resources necessary to reach its objectives.

12.

Internal Audit

KELER CCP does not undertake internal audit on its own, therefore based on the agreement concluded with KELER and the case by case requests of the Supervisory Board KELER Internal Audit completes this activity with respect to KELER CCP, as well. In 2013 there were 3 internal audit reviews completed at KELER CCP that covered:

- the CEEGEX guarantee and risk management system,
- the CEEGEX clearing system and related daily operative activities,
- and the DER-SPOT settings and daily processes were reviewed retrospectively.

13.

Security Management

In 2013, Security Management continued the consolidation started earlier and implemented a number of measures in order to introduce modern, convenient and secure user solutions:

/ The descriptions of business processes creating value, the catalogue of daily KELER CCP services by cut-off times and the BCPs and support IT system DRPs to be followed in the case of service and process interruption were updated and tested.

/ Security Management tested employee security awareness and approach on various occasions, in the interest of maintaining the appropriate level of awareness trainings were organized to supplement these actions. In 2013, an e-learning system was launched to increase the efficiency and convenience of security awareness trainings.

/ The introduction of the system (CyberArk) to manage and supervise power rights, to keep an electronic record on power users and to supervise the activity of power users is coming to an end.

/ Two systems to prevent data leakage were tested (DLP – Data Loss/Leak Prevention), based on this the system to protect sensitive data will be selected and implemented in 2014.

/ The rules and documents of the central log analyzer system (SSIM) were reviewed, Security Management expanded the administration of the central log analyzer system to additional systems to ensure that log analysis at KELER CCP is completed in proportion to risks.

/ In order to comply with external expectations KELER CCP reviewed IT security controls. Several new IT systems were reviewed in terms of vulnerability and the independent security review of the new virtual infrastructure was completed, as well.

14. Environment Protection

The Green Office Program of the KELER Group aims to integrate environment-conscious thinking into the corporate culture in the longer term, to reduce energy and paper consumption drastically at the corporate level and to create the system of selective waste collection. To this end a number of environment protection correction measures with minor and major resource needs were taken, among them the drastic reduction of paper consumption is a top priority. Additionally, the Group is committed to responsible thinking and the creation of a healthy working place is a key issue. As part of the implementation of the Green Office Program in 2010 the KELER Group joined the Green Office competition of the KÖVET Association where it was awarded the 1st prize in the medium-sized enterprises category. In 2012 the KELER Group entered the 'Ablakon Bedobott Pénz' (How to not waste money) competition of the KÖVET Association announced for the 10th time and was awarded 'The Office Green Savings Special Prize'. Having seen the results achieved the KELER Group will continue to take environment-conscious measures as far as possible in the coming years as well.

In January 2013, the Board of KELER made a resolution that from April 2014 the KELER Group will operate from the R70 Office Complex in Budapest (VII. Rákóczi út 70-72.). When selecting the new premises the priorities considered included the need to create an attractive place of work for staff that they can truly enjoy while environment-conscious tools and solutions are used, additionally that the office area is suitable to continue the already well-functioning Green Office Program.

The mix of modern, natural and environmentally friendly materials and solutions in the building include a fully flexible air conditioning system and windows that can be opened; the energy saving solutions applied include a lighting control system equipped with sensors to cut down on electric power consumption.

The KELER Group had the office and relaxation areas designed with a traditional environmental conscious approach in mind and strived to contribute to the protection of the environment when the high quality premises were finalized in line with the capacities of the R70 Office Complex in addition to ensuring the efficient use of space. The office areas were designed in line with the principles and rules of LEED (Leadership in Energy and Environmental Design).

15.

Report by the Supervisory Board of KELER CCP

Report by the Supervisory Board of KELER CCP Ltd. on the financial statements in line with Act C of 2000 on Accounting

The Supervisory Board of KELER CCP was formed on 15 May 2013, it held 3 sessions in 2013.

The Internal Audit work schedule of the Company was approved by the Board of Directors, during the year the Supervisory Board was regularly updated on the implementation of the work schedule.

At its sessions the Supervisory Board reviewed quarterly reports on the activity of the Board of Directors of KELER CCP Ltd. and was informed on the agenda items discussed at the Board of Directors meetings.

In 2013 the DER-SPOT settings and daily processes, the GEEGEX guarantee and risk management system and the CEEGEX clearing system and the related daily operative activities were reviewed.

The internal audit reports and related action plans discussed by the Supervisory Board included the shortcomings identified in the audits and the recommended tasks to eliminate them, the responsible persons and the deadline to complete the relevant tasks.

Based on the reports by the management the Supervisory Board of KELER CCP Ltd. continuously monitored the implementation of the measures recommended in the internal audit reports .

At its sessions the Supervisory Board discussed regularly the periodic repost on the business and the management of KELER CCP Ltd.

The Supervisory Board approved the Internal Audit work schedule proposed for 2014 with respect to KELER CCP Ltd.

Based on the internal audit reports and other documents discussed the Supervisory Board establishes that throughout the operation of KELER CCP Ltd. processes are regulated, management is in order and the Board and the management of the Company make continuous efforts to maintain secure operation at a high level.

In the course of creating the 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, the capital and the energy markets. The Supervisory Board is convinced that similarly to earlier periods KELER CCP Ltd. has all the personal and material conditions to meet the challenges of the forthcoming years.

The capital structure of KELER CCP Ltd. continues to provide great security to the players of the money, the capital and the energy market that use the services of the Company. Furthermore, we are convinced that the infrastructure necessary to provide quality services is available to KELER CCP Ltd.

The Supervisory Board established that the management of the Company exercised due care with respect to the financial sources entrusted to it. The Supervisory Board reviewed the annual financial statements of the Company prepared in line with the Hungarian accounting standards, reviewed the report by the auditor. Based on these documents the Supervisory Board makes a proposal to the General Meeting to accept the annual financial statements of KELER CCP Ltd. for 2013 with total assets/net worth and liabilities HUF 25 594 104 thousand and net result of HUF 123 060 thousand.

/ Budapest, 8 May 2014

Attila Tóth
Chairman of the Supervisory Board

16.

16.1 / Report by the Independent Auditor

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Independent Auditors' Report

To the shareholders of KELER KSZF Zrt.

Report on the Financial Statements

We have audited the accompanying financial statements of KELER KSZF Zrt. ("the Company"), which comprise the statement of financial position as at 31 December 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Budapest, 7 May 2014

KPMG Hungária Kft.

Gábor Agócs
Partner

16.

16.2 Statement of Financial Position as at 31 December 2013

Statement of Financial Position As of 31 December 2013 (All amounts in THUF)			
		31.12.2013	31.12.2012
Cash and cash equivalents	5	8 702 826	5 259 975
Receivables relating to gas market	6	11 880 322	10 145 236
Receivables relating to central contractual party service		80 909	47 399
Accrued interest receivables		9 923	17 695
Other assets	8	4 274 908	4 935 873
Tax assets		102 909	52 909
Intangible assets	7	544 825	52 044
Property, plant and equipment		96	-
TOTAL ASSETS		**25 596 718**	**20 511 131**
Liabilities for Guarantee Funds	9	3 763 985	4 188 464
Accrued interest payable		123 834	238 506
Current tax liabilities		-	-
Accounts payable from gas market	10	11 879 833	10 145 236
Accounts payables	10	148 863	216 680
Accruals and other liabilities	11	4 469 151	5 137 253
TOTAL LIABILITIES		**20 385 666**	**19 926 139**
Share capital	12	1 823 200	20 000
Capital Reserve		2 734 800	30 000
Retained earnings		653 052	534 992
TOTAL SHAREHOLDERS' EQUITY		**5 211 052**	**584 992**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**25 596 718**	**20 511 131**

16.3 Statement of Comprehensive Income

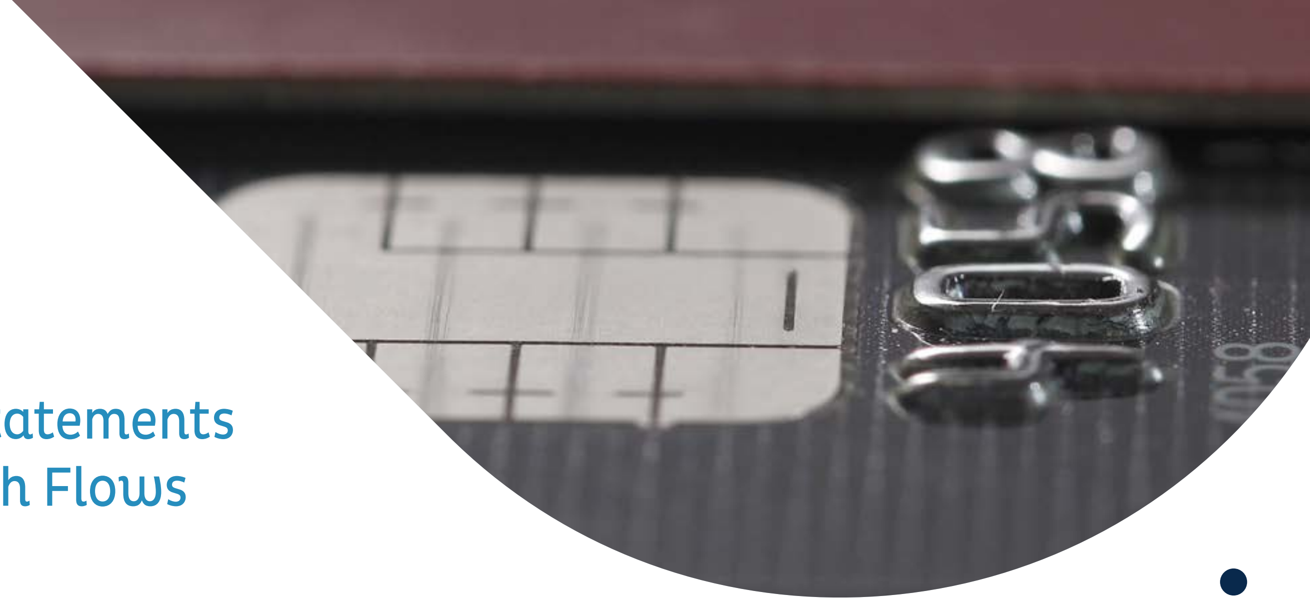
Statement of Comprehensive Income for the year ended 31 December 2012 (All amounts in THUF)			
		01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012
Income from central counterparty service	13	**812 799**	**599 054**
Other operating income	14	**46 966**	**3 171**
Fees and commissions expenses		(74 832)	(99 445)
Personnel expenses	15	(138 874)	(22 513)
Depreciation and amortization		(50 287)	(1 417)
Other expenses	16	(501 641)	(447 110)
Net loss on sale of FX		-	(77 068)
Other operating expenses		**(765 634)**	**(647 553)**
Interest income		160 881	239 281
Interest expense		(123 834)	(270 092)
Net interest income		37 047	(30 811)
PROFIT BEFORE INCOME TAX		**131 178**	**(76 140)**
Taxation	17	(13 118)	7 614
NET PROFIT FOR THE YEAR		**118 060**	**(68 526)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**118 060**	**(68 526)**

16.4 Statements of Changes in Shareholders' Equity

Statement of Changes in Equity For the year ended 31 December 2013 (All amounts in THUF)				
	Share Capital	Retained Earnings	Capital Reserve	Total
Balance as of 1 January 2012	**20 000**	**603 518**	**30 000**	**653 518**
Total comprehensive income for the year	–	(68 526)	–	(68 526)
Balance as of 1 January 2013	**20 000**	**534 992**	**30 000**	**584 992**
Total comprehensive income for the year	-	118 060	-	118 060
Increase in capital	1 803 200	-	2 704 800	4 508 000
Balance as of 31 December 2013	**1 823 200**	**653 052**	**2 734 800**	**5 211 052**

16.

16.5 Statements of Cash Flows



Statement of Cash Flows For the year ended 31 December 2013 (All amounts in THUF)	01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT	**118 060**	**(68,526)**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Income Taxes	29 373	4 366
Depreciation and amortization	50 287	1 417
Net (increase) / decrease in accrued interest receivables	7 772	4 158
Net (increase) / decrease in CCP receivables	(1 768 596)	(310 196)
Net (increase) / decrease in other assets	609 932	(3 934 917)
Net (increase) / decrease in Placement and loans from partners	(424 479)	(263 142)
Net increase / (decrease) in accrued interest payable	(114 672)	14 835
Net increase / (decrease) in other liabilities	998 678	5 076 965
Income Taxes paid	(28 340)	(41 236)
Net cash provided by operating activities	**(521 985)**	**483 724**
INVESTING ACTIVITIES		
Net additions to premises, equipments and intangible assets	(35 164)	(50 948)
Net cash used in investing activities	**(35 164)**	**(50 948)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capital payment	4 000 000	-
Net increase / (decrease) in loans from the KELER Ltd.	-	(450 000)
Net cash flow from financing activities	**4 000 000**	**(450 000)**
Net increase / (decrease) in cash and cash equivalents	**3 442 851**	**(17 224)**
Cash and cash equivalents at the beginning of the year	5 259 975	5 277 199
Cash and cash equivalents at the end of the year	8 702 826	5 259 975
Net (decrease)/increase in cash and cash equivalents	**3 442 851**	**(17 224)**

16.

16.6 Notes to Financial Statements

NOTE 1: GENERAL

KELER CCP Ltd. (The Company or KELER CCP) was founded as a limited liability company according to the Hungarian laws, on 6 June, 2008. In 2011 KELER CCP was transformed to a private company limited by shares. The court of registration registered KELER CCP Ltd. as a private company limited by shares on 17 March, 2011, the Company started operation as a private limited company on 31 March, 2011. Company's seat is H-1075 Budapest, Asbóth str. 9-11. till the end of May 2014. General Meeting will make a decision changing our Company's seat (H-1074 Budapest, Rákóczi str. 70-72). from June 2014.

KELER CCP Ltd.'s owners since 07 July 2013

KELER Ltd.	**99.72%**
Central Bank of Hungary	0.15%
Budapest Stock Exchange (BSE)	0.13%

KELER CCP is a central counterparty business association pursuant to the requirements of the Tpt. (Act on the Capital Market of Hungary) operating and guaranteeing the settlement of guaranteed regulated market, BÉTa market, gas market and energy market transactions. KELER CCP as central counterparty undertakes guarantee for transactions concluded on the Budapest Stock Exchange, BÉTa market (multilateral trading system for cross-border securities operated within the BSE multilateral trading facility, MTS market (a multilateral trading facility operated by EuroMTS Limited since 01.01.2012) and for the financial performance of gas market (Daily natural gas and capacity trading market operated by FGSZ (Natural Gas Transmission Company) from 1st July 2010.) transactions. KELER CCP as general clearing member undertakes guarantee for the financial performance of energy market transactions towards European Commodity Clearing AG. From the beginning of 2013 KELER CCP also acts a central counterparty on the CEEGEX (Central Eastern European Gas Exchange). KELER CCP's direct partners are commodities service, securities service providers, financial institutions, participants of an organized market, or organizations performing clearing house activity. KELER CCP's activity ensures that market participants' guaranteed trades are settled risk free.

KELER CCP Ltd. has started its business activity as a central counterparty service provider, as of 1 January 2009. Further from the beginning of year 2013, the clearing activity of KELER Ltd. was also taken over by KELER CCP.

KELER CCP is consolidated in the financial statement of KELER Ltd. (address: H-1075 Budapest, Asbóth str. 9-11)

NOTE 2: BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the EU.

These financial statements were approved by the Board of Directors on 07 May 2014. These financial statements are not intended to be used for statutory filing purposes.

b) Basis of measurement

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets or liabilities at fair value through profit or loss, and available-for-sale financial assets, except those for which a reliable measurement of fair value is not available. The latter items are stated at either amortised or historical cost. Other financial assets and liabilities and non-financial assets and liabilities are stated at either amortised cost or historical cost.

These financial statements are presented in Hungarian Forints rounded to the nearest thousand ("THUF").

c) Functional currency

Items included in the financial statements are measured using Hungarian Forint, the currency of the primary economic environment in which the Company operates ('the functional currency').

d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS, as adopted by the EU requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate revised and in any future period affected.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

a) Comparatives

Certain items previously reported in the prior years financial statements have been restated and reclassified to provide consistency for presentation purposes, if applicable.

b) Foreign currency transactions

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.

c) Cash and cash equivalents

Cash equivalents are liquid investments with original maturity of three months or less. Cash and cash equivalents are carried at amortised cost in the balance sheet.

d) Financial assets and financial liabilites

Classification

Financial assets or financial liabilities at fair value through profit or loss are financial assets and financial liabilities that are classified as held for trading mainly for the purpose of profit-taking, are derivative instruments that are not designated and effective hedging instruments or upon initial recognition are designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss contain state bonds, treasury bills and discount bonds issued by Central Bank of Hungary ("CBH").

Receivables relating to guarantee activities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity.

Available for sale financial assets are non-derivative instruments that are not designated as another category of financial assets.

Other liabilities contains all financial liabilities that were not classified as at fair value through profit or loss.

Other liabilities contain placements and loans from other banks, deposits from customers, liabilities relating to garantee activities.

Recognition

Financial assets and liabilities are recorded in the Company's books on the settlement day, except for derivative assets, which are entered on the trade day. Financial assets or financial liabilities are initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets expire or the Company transfers substantially all risks and rewards of ownership of the financial asset.

Measurement

Subsequent to initial recognition, all financial assets or financial liabilities at fair value through profit or loss and all available for sale assets are measured at fair value. If no quoted market price exists from an active market and fair value cannot be reliably measured, the Company uses valuation techniques to determine fair value.

All financial liabilities other than at fair value through profit or loss, held to maturity financial instruments and originated receivables are measured at amortised cost less impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss shall be recognised in profit or loss, as financial income or expense.

A gain or loss on an available-for-sale financial asset shall be recognised directly in equity, through the statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss, as financial income or expense.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Fair value measurement

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using valuation models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Company's economic estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded are estimated at the amount that the Company would receive upon normal business conditions to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

Impairment of financial assets

If there is an objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss, as other expense.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed through profit or loss, as other income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss, even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Financial assets are assessed individually or collectively. All individually significant financial assets above 1 MHUF are assessed for specific impairment. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics. →

e) Impairment of non-financial assets

If there is any indication that the carrying amount of a non-financial (within the scope of IAS 36) asset exceeds its recoverable amount, the Company makes estimates for the recoverable amount of the asset. The Company considers external and internal information in assessing the amount of impairment. Impairment loss is recognised or reversed according to the individual rating of the asset.

Inventories within the scope of IAS 2 are measured at the lower of cost and net realisable value. The Company makes estimates for the realisable amount on a quarterly basis. Write-downs are recognised or reversed according to these estimates.

If the carrying amount / cost of the non-financial asset exceeds its recoverable amount / realisable value, write-down shall be recognised, if not, write-down shall be reversed to increase the carrying amount of the asset. The carrying amount of the asset after reversal can not exceed the original carrying amount.

f) 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 Company are 14.5% for building improvements, 14.5% for office machines and 25% for office equipment and computers.

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.

g) Intangible assets

Intangibles 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. For software 25% depreciation rate is used on a straight-line basis.

KELER CCP shall not account for any ordinary depreciation for the intangible assets connected to its contracts, concessions, licenses and similar rights in the course of the contribution of the clearing line of business - not recognised in the books of KELER. KELER CCP shall review its value once a year on the balance sheet date, and if necessary will account for extraordinary depreciation.

h) Trading on gas market

Based on the theory of the anonymity of the customers and the suppliers on the Daily natural gas and capacity trading market, the transactions are made with the participation of KELER CCP. KELER CCP stands between the counterparties as a technical partner (customer or supplier) during the buying and selling transactions. The stock of gas held by KELER CCP is always zero at the end of a day. Therefore, buying and selling of the gas is recorded by net method settlement in the statement of comprehensive income while in the balance sheet accounts (receivables-liabilities) it is recorded gross.

i) Trading on energy market

KELER CCP as a general clearing member of European Commodity Clearing AG (ECC) maintains positions and clears the cash side of the trades to its nonclearing members towards ECC. KELER CCP receives all relevant information from ECC who is acting as central counterparty of all trades of the energy market, and KELER CCP does guarantee all account transfer according the received information between ECC and the nonclearing members.

j) Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements ('repos') are retained in the financial 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.

k) Revenue recognition

/ Fee revenue

KELER CCP receives revenue for its guarantee, clearing and settlement activities, such revenue are recognized when these services are performed.

/ Interest income

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

/ Trading activity

Sales income is recognized on the trading day when the actual sales (and purchase) happen. See also above for trading on gas and energy marked.

l) 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.

m) Provisions

A provision is recognized when the Company 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.

n) Hedging

The Company is not engaged in any hedging activity.

o) Statement of cash flows

Information about the cash flows of the Company is useful in providing users of financial statements with a basis to assess the ability of the Company to generate cash and cash equivalents and the needs of the Company to utilise those cash flows.

For the purposes of reporting cash flows, cash and cash equivalents include cash, balances and placements with the Central Bank of Hungary except those with more than three months maturity.

p) Events after the balance sheet date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. These events are adjusting and non-adjusting events.

All adjusting events after balance sheet date have been taken into account in the preparation of the financial statements of the Company.

NOTE 4: FINANCIAL RISK MANAGEMENT

a) The main elements of the Company's counterparty risk management approach are as follows

As central counterparty KELER CCP undertakes guarantee for transactions concluded on guaranteed market. CCP's activity ensures that market participants' guaranteed trades are settled risk free. In order to provide this services KELER CCP operates a clearing membership system, with a guarantee and margin elements, combined with monitoring and limit functions.

A two-level clearing membership system is operated by KELER CCP on prompt and derivative capital markets from 1 January 2009. KELER CCP operates a clearing membership system on Daily natural gas and capacity trading market. Starting with the same day from 1st July 2010 KELER CCP as a general clearing member of the ECC is entitled to provide energy market non-clearing membership services to it's partners. From 1st January 2013 KELER CCP operates a clearing membership system on Central East European Gas Exchange (CEEGEX).

Besides the clearing membership system, KELER CCP operates a multi-level guarantee system on the guaranteed markets. The elements of the guarantee system are: variation margin, individual margins and collective guarantee elements. The guarantee elements can be grouped into two group. The first group of the elements contains individual elements and only belong to cover the clearing members own risks. On the other hand there are collective guarantee elements, which based on the collective risk taking approach, where all clearing member should take a portion of risk of the overall market.

Individual margins: basic financial collateral – for derivative, multinet, gas and energy market settlement,

/ additional financial collateral – for derivative, multinet, gas and energy market settlement,

/ initial margin – for derivative and multinet settlement,

/ turnover margin – for gas market settlement,

/ energy market turnover margin – for energy market settlement on day-ahead and intraday markets,

/ energy market initial margin– for physical futures market.

The collective guarantee elements are as follows: collective guarantee funds for derivative (Collective Guarantee Fund), multinet (Exchange Settlement Fund) and gas market (Gas Market Collective Guarantee Fund and CEEGEX Collective Guarantee Fund) settlement.

All collateral collected on margin calls are placed in cash and securities accounts kept by KELER. The collateral placed by the clearing members can be cash, securities or bank guarantee placed in KELER with a beneficiary of KELER CCP. In case of energy market some part of the collateral forwarded to ECC and kept on ECC accounts with a beneficiary of ECC AG.

A real-time price monitoring system is operated on the cash and derivative markets of BSE. KELER CCP is entitled to dispose intraday clearings, in case price changes exceed certain previously announced limits.

A capital position limit is set for each clearing member and monitored regularly.

The financial performance of the clearing members and energy market non-clearing members are continuously monitored.

Further, the Company constantly monitors the official bankruptcy databases. Partners are rated regularly by the Company.

In case of any default, the margin element can be used in a given order to fulfill any payment commitment on behalf of the clearing member. Accordingly the rules in the General Business Rules of KELER CCP the utilisation of guarantee element are the follows:

Segregation principle

Collateral deposited on Client accounts cannot be used in case of default on the own account of the Clearing Member. However, initial margin and collateral deposited by the Clearing Member can be fully used also in case of default by the Client.

Default waterfall

In case of default on own account:

/ balance of own bank account in the currency of settlement of the Clearing Member in case of a credit institution, debit to the bank account kept with MNB through VIBER)

/ own initial margin and financial collaterals of the Clearing Member

/ freely usable balance of bank accounts of Clearing Member kept in currencies other than the currency of settlement

/ freely usable securities of Clearing Member and/ or bank guarantee

/ TEA contribution by the Clearing Member

/ dedicated own resources of KELER CCP allocated to TEA markets

/ the TEA

/ use of derivative market own initial margin of the Clearing Member in case of derivative positions of the Clearing Member being fully terminated. Following this the basic financial collateral related to the clearing right concerned and the KGA contribution of the Clearing Member can be used also.

/ other financial resources of KELER CCP

/ underlying joint and several liability by KELER.

In case of default by the Client:

/ balance of the bank account of the Client in the currency of settlement (HUF/foreign currency)

/ balance of the bank account of the Clearing Member in the currency of settlement (HUF/foreign currency)

/ free balance of the bank account of the Client in currencies other than the currency of settlement

/ free balance of the bank account of the Clearing Member in currencies other than the currency of settlement

/ basic financial collateral of the Clearing Member, additional financial collateral and supplementary collateral of the Clearing Member provided with respect to the clearing member function

/ own, freely usable securities and/or bank guarantee of the Clearing Member

/ TEA contribution by the Clearing Member

/ initial margin and supplementary collateral and additional financial collaterals of the Clients

/ initial margin, supplementary collateral and additional financial collateral of Non-clearing

Member with individual account

/ dedicated own resources of KELER CCP allocated to TEA markets

/ the TEA

/ the own initial margin of the Clearing Member in the case of full termination of spot positions of the Clearing Member

/ the derivative market own initial margin of the Clearing Member in the case of full termination of the derivative positions of the Clearing Member.

Following this the basic financial collateral related to the clearing right concerned and the KGA contribution of the Clearing Member can be used also.

/ other financial resources of KELER CCP

/ underlying joint and several liability by KELER.

In the year 2013, KELER CCP and the guarantee funds had not suffered any losses on the guarantee activities.

b) Foreign currency risk management

The Company operates not only domestically. In connection with the energy settlement the Company is exposed to foreign exchange risk which is monitored continuously by the Company.

As at 31 December 2013, KELER CCP contributed to the energy market settlement by 1.500.000 EUR as a deposit. This sum stems from own funds.

1% weakening in the currency rate of EUR results in a 4.454 THUF loss, while the strengthening of EUR would result profit in the same amount.

c) Maturity analysis of assets and liabilities and liquidity risk

The main purpose of liquidity activity is to ensure KELER CCP's continuous solvency and thereby originate the secure liquidity of capital and energy market transactions.

KELER CCP does not have any investment, but all of its liquid assets are deposited and held at KELER. KELER as a parent company of KELER CCP operates as a central securities depository with specialized credit institution licence. Since KELER is regulated, and operates with a very conservative investment policy, KELER represents a very low credit and liquidity risk for KELER CCP.

As a general clearing member of ECC, KELER CCP has to comply with margin and collective guarantee requirements. On the international market ECC operates as central counterparty and also has a low credit risk.

d) Remaining maturity of assets and liabilities are as follows:

Statement of Financial Position – As of 31 December 2013 (All amounts in THUF)

	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	8 702 826	-	-	-	-	8 702 826
Receivables relating to gas market	11 880 322	-	-	-	-	11 880 322
Receivables relating to central contractual party service	80 909	-	-	-	-	80 909
Accrued interest receivables	9 923	-	-	-	-	9 923
Other assets	4 274 908	-	-	-	-	4 274 908
Current tax assets	102 909	-	-	-	-	102 909
Intangible assets	-	-	-	-	544 825	544 825
Property, plant and equipment	-	-	-	-	96	96
TOTAL ASSETS	**25 051 797**	**-**	**-**	**-**	**544 921**	**25 596 718**
Liabilities for Guarantee Funds	3 763 985	-	-	-	-	3 763 985
Accrued interest payable	123 834	-	-	-	-	123 834
Currant tax liabilities	-	-	-	-	-	-
Accounts payable from gas market	11 879 833	-	-	-	-	11 879 833
Accounts payables	148 863	-	-	-	-	148 863
Accruals and other liabilities	4 469 151	-	-	-	-	4 469 151
TOTAL LIABILITIES	**20 385 666**	**-**	**-**	**-**	**-**	**20 385 666**
Share capital	1 823 200	-	-	-	-	1 823 200
Capital Reserve	2 734 800	-	-	-	-	2 734 800
Retained earnings	653 052	-	-	-	-	653 052
TOTAL SHAREHOLDERS' EQUITY	**5 211 052**	**-**	**-**	**-**	**-**	**5 211 052**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**25 596 718**	**-**	**-**	**-**	**-**	**25 596 718**
LIQUIDITY (DEFICIENCY)/EXCESS	**(544 921)**	**-**	**-**	**-**	**544 921**	**(0)**

Statement of Financial Position – As of 31 December 2013 (All amounts in THUF)						
	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	5 259 975	-	-	-	-	**5 259 975**
Receivables relating to gas market	**10 145 236**	**-**	**-**	**-**	**-**	**10 145 236**
Receivables relating to central contractual party service	47 399	-	-	-	-	**47 399**
Accrued interest receivables	17 695	-	-	-	**-**	**17 695**
Intangible assets	-	-	-	-	52 044	**52 044**
Other assets	4 935 873	-	-	-	-	**4 935 873**
Current tax assets	52 909	-	-	-	**-**	**52 909**
TOTAL ASSETS	**20 459 087**	**-**	**-**	**-**	**52 044**	**20 511 131**
Liabilities for Guarantee Funds	4 188 464	**-**	**-**	**-**	**-**	**4 188 464**
Accrued interest payable	238 506	-	-	-	-	**238 506**
Currant tax liabilities	-	-	-	-	-	**-**
Accounts payable from gas market	10 145 236	-	-	-	-	**10 145 236**
Accounts payables	216 680	-	-	-	-	**216 680**
Accruals and other liabilities	5 137 253	-	-	-	-	**5 137 253**
TOTAL LIABILITIES	**19 926 139**	**-**	**-**	**-**	**-**	**19 926 139**
Share capital	-	-	-	-	20 000	**20 000**
Capital Reserve	-	-	-	-	30 000	**30 000**
Retained earnings	-	-	-	-	534 992	**534 992**
TOTAL SHAREHOLDERS' EQUITY	**-**	**-**	**-**	**-**	**584 992**	**584 992**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**19 926 139**	**-**	**-**	**-**	**584 992**	**20 511 131**
LIQUIDITY (DEFICIENCY)/EXCESS	**532 948**	**-**	**-**	**-**	**(532 948)**	**0**

e) Interest rate risk management

The Company's assets and liabilities do not have significant interest rate risk. KELER CCP earns some interest from its EUR deposit at ECC, but the interest rate is low and it changes every day. KELER CCP does not hold any securities.

NOTE 5: CASH AND CASH EQUIVALENTS

Bank accounts		
Within one year	2013	2012
In HUF	8 030 807	4,482,345
In EUR	672 019	777,630
	8 702 826	5,259,975

NOTE 6: RECEIVABLES RELATING TO GAS MARKET

Receivables relating to gas market		
	2013	2012
Receivables relating to NFKP gas market	11 880 322	10 145 236
	11 880 322	10 145 236

Additional information about trading on gas market can be viewed in NOTE 3 Significant Accounting Policies.

NOTE 7: OTHER ASSETS

Other Assets	2013	2012
Receivable from ECC (European Commodity Clearing AG)	4 221 068	4,917,007
Other receivables	51 799	18,185
Prepayment	2 041	681
	4 274 908	4,935,873

KELER CCP as a general clearing member of the ECC is entitled to provide energy market non-clearing membership services from 1 July 2010 on the spot energy market, and 1 July 2011 on the futures energy market. According to the GCM status clearing members have to comply with specified margin and collective guarantee requirements of ECC. During 2013 ECC introduced the daily spot margining system and a new margin calculation method which resulted a relatively high amount of margin call towards KELER CCP.

The original currency the receivable from ECC is: 14,216,657 EUR on 31 December 2013 (16,880,108 EUR in 2012)

NOTE 8: INTANGIBLE ASSETS

For the year ended 31 December 2013:

Cost	Customer relationship	Software	Total
Balance as of 1 January 2013	-	56 594	56 594
Additions	378 527	163 869	542 396
Disposals	-	-	-
Balance as of 31 December 2013	378 527	220 463	598 990

Cumulated Depreciation and Amortization	Customer relationship	Software	Total
Balance as of 1 January 2013	-	4 550	4 550
Additions	-	49 615	49 615
Disposals	-	-	-
Balance as of 31 December 2013	-	54 165	54 165

Net book value	Customer relationship	Software	Total
Balance as of 1 January 2013	-	52 044	52 044
Balance as of 31 December 2013	378 527	166 298	544 825

For the year ended 31 December 2012:

Cost	Software	Intangible assets
Balance as of 1 January 2012	5 646	5 646
Additions	50 948	50 948
Disposals	-	-
Balance as of 31 December 2012	56 594	56 594

Cumulated Depreciation and Amortization	Software	Intangible assets
Balance as of 1 January 2012	3 133	3 133
Additions	1 417	1 417
Disposals	-	-
Balance as of 31 December 2013	4 550	4 550

Net book value	Software	Intangible assets
Balance as of 1 January 2012	2 513	2 513
Balance as of 31 December 2013	52 044	52 044

NOTE 9: LIABILITIES FOR GUARANTEE FUNDS

As an element of the guarantee system, KELER CCP operates several collective guarantee funds. The purpose of the guarantee fund is to reduce the risk arising from default or failure of cleared and guaranteed transactions made by the Clearing Members. Contributions of the Members are kept in cash.

Liabilities for Guarantee Funds	2013	2012
Exchange Settlement Fund	1 031 300	1 258 056
Collective Guarantee Fund	635 000	712 116
Gas Market Collective Guarantee Fund	2 062 685	2 218 292
CEEGEX Market Collective Guarantee Fund	35 000	-
	3 763 985	4 188 464

NOTE 10: ACCOUNTS PAYABLES

Accounts payables	2013	2012
Accounts payable from gas market	11 879 833	10 145 236
Accounts payable - Shareholders	142 430	189 973
Accounts payable	6 433	26 707
	12 028 696	10 361 916

Additional information about trading on gas market can be viewed in NOTE 3 Significant Accounting Policies.

NOTE 11: ACCRUALS AND OTHER LIABILITIES

Accruals and other Liabilities	2013	2012
Energy Market Liquidity Contribution	4 428 905	5 057 977
Other liabilities	40 246	79 276
	4 469 151	5 137 253

In the mid of 2012 KELER CCP has adopted a new margin settlement system regarding the Energy Market. As a result of the implemented changes; energy market non-clearing members are required to provide the entire daily margin requirement – established by ECC – in cash euro toward KELER CCP, which amount is forwarded directly toward ECC by KELER CCP to cover margin requirements occurred in line with the power non-clearing members trading activity. Beyond the daily margin requirement, energy market non-clearing members are also obliged to fulfill basic financial collateral in cash euro toward KELER CCP to meet participation pre-requisites.

NOTE 12: SHARE CAPITAL

Share capital	2013	2012
KELER (Central Clearing Hose and Depository (Budapest) Ltd.)	1 818 100	14 900
Magyar Nemzeti Bank (National Bank of Hungary)	2 720	2 720
Budapesti Értéktőzsde (Budapest Stock Exchange)	2 380	2 380
	1 823 200	20 000

KELER (Central Clearing House and Depository (Budapest) Ltd.) held 99,72% of the shares directly as on 31 December 2013 and 74,5% 31 December 2012.

Magyar Nemzeti Bank (Central Bank of Hungary) held 0,15% of the shares directly as on 31 December 2013 and 13,6% 31 December 2012.

Budapesti Értéktőzsde (Budapest Stock Exchange) held 0,13% of the shares directly as on 31 December 2013 and 11,9% 31 December 2012.

All shares rank pari passu in the event of widing up.

NOTE 13: INCOME FROM CENTRAL COUNTERPARTY SERVICE

Income from central counterparty service	2013	2012
Guarantee fees of spot market	256 569	223 810
Guarantee fees of derivative market	180 688	90 270
Clearing membership fees	196 000	178 500
Guarantee fees of gas market	135 471	89 141
Guarantee fees of power market	44 071	17 333
	812 799	599 054

NOTE 14: OTHER OPERATING INCOME

Other operating income	2013	2012
Net profit on sale of FX	10 810	–
Revenues from gas	61 251 296	71 114 982
Cost of goods sold (gas)	(61 251 296)	(71 114 982)
Other income	36 156	3 171
	46 966	3 171

NOTE 15: PERSONNEL EXPENSES

Personnel expenses	2013	2012
Wages	96 842	16 069
Base wages	71 408	16 069
Premium	25 434	–
Social security and other contributions	29 626	4 553
Other cost of personnel	12 406	1 891
	138 874	22 513

The average number of employees was 10 on 31 December 2013 (1 in 2012).

NOTE 16: OTHER EXPENSES

Other expenses	2013	2012
Outsourced services	309 499	351 843
Services used	110 974	61 353
Local business and other taxes	18 693	13 778
Fees paid to experts	25 600	4 076
Fees paid to authorities	5 435	4020
Rental fees	7 301	2 360
Attorneys' fees	6 134	1 766
Education fees	3 048	3 048
Insurance fees	1 500	1 500
Postage and phone fees	369	32
Material type expenses	60	10
Other	13 028	3 324
	501 641	447 110

KELER CCP outsources some of its administrative services to KELER Ltd., including: supplying of data between KELER and KELER CCP and to third parties as well, handling of collaterals of the clearing members and of collective guarantees, IT related and other (finance, accounting, controlling, marketing, PR, HR, compliance, etc..).

NOTE 17: INCOME TAX EXPENSE

The income tax rate is 19% and 10% (up to HUF 500 million profit) in Hungary in 2011.

A breakdown of the income tax expense is:

Income Taxes	2013	2012
Current tax	8 118	–
Deferred tax	5 000	(7 614)
	13 118	(7 614)

Deferred tax assets (+) / liabilities (-)

	2013	2012
Balance as on 1 January	7 614	-
Deferred tax charge	(5 000)	7 614
Balance as on 31 December	2 614	7 614

Deferred tax assets (+) / liabilities (-)

	2013	2012
Accrued loss	2 614	7 614
	2 614	7 614

A reconciliation of the income tax charge is as follows:

	2013	2012
Net income before income taxes	131 178	(76 140)
Income tax with statutory tax rate (19%)	-	-
Income tax with statutory tax rate (10%)	13 118	-

Income tax adjustments are as follows:

	2013	2012
Entertainment allowance (10%)	–	–
Accrued loss	-	(7 614)
Income tax	13 118	(7 614)
Effective tax rate	10%	10%

NOTE 18: RELATED PARTY TRANSACTIONS

A number of transactions are entered into with related parties (including shareholders) of the Company in the normal course of the business. 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:

Shareholders	2013	2012
Income from central counterparty service	-	550 829
Other operating income	35 990	3 164
Interest income	160 273	237 276
Contracted services	(353 137)	(389 852)
Fees and commissions expenses	(73 545)	(94 929)
Interest expenses	-	(39 994)
	(230 419)	266 494

Shareholders	2013	2012
Receivables relating to central contractual party service	-	60
Other receivables	-	3 164
Bank	8 054 762	4 500 409
Accrued interest receivables	9 800	17 695
	8 064 562	4 521 328

Shareholders	2013	2012
Share capital	1 818 100	14 900
Capital Reserve	2 727 150	22 350
Accounts payable	142 430	189 973
	4 687 680	227 223

Transactions are at arm's length condition.

Transactions with directors and officers	2013	2012
Remuneration of the members of the Management and Board of Directors	21 743	20 649
	21 743	20 649

NOTE 19: SUBSEQUENT EVENTS

The dividend for the financial year 2013 may be approved at the General Meeting to be held the 28th May 2014.

NOTE 20: Statement of financial position according to EMIR

KELER CCP Ltd. is under EMIR authorization and so has to comply with all requirements in regulations Regulation (EU) No 648/2012 and 153/2013. A CCP shall keep and indicate separately in its balance sheet an amount of dedicated own resources (so-called skin in the game) for the purpose set out in Article 45(4) of Regulation (EU) No 648/2012. As KELER CCP has established more than one default fund for the different classes of financial instruments it clears, the total dedicated own resources shall be allocated to each of the default funds in proportion to the size of each default fund, to be separately indicated in its balance sheet and used for defaults arising in the different market segments to which the default funds refer to. KELER CCP also has to separate its minimum capital requirement according to Article 16 of Regulation (EU) No 648/2012/EU.

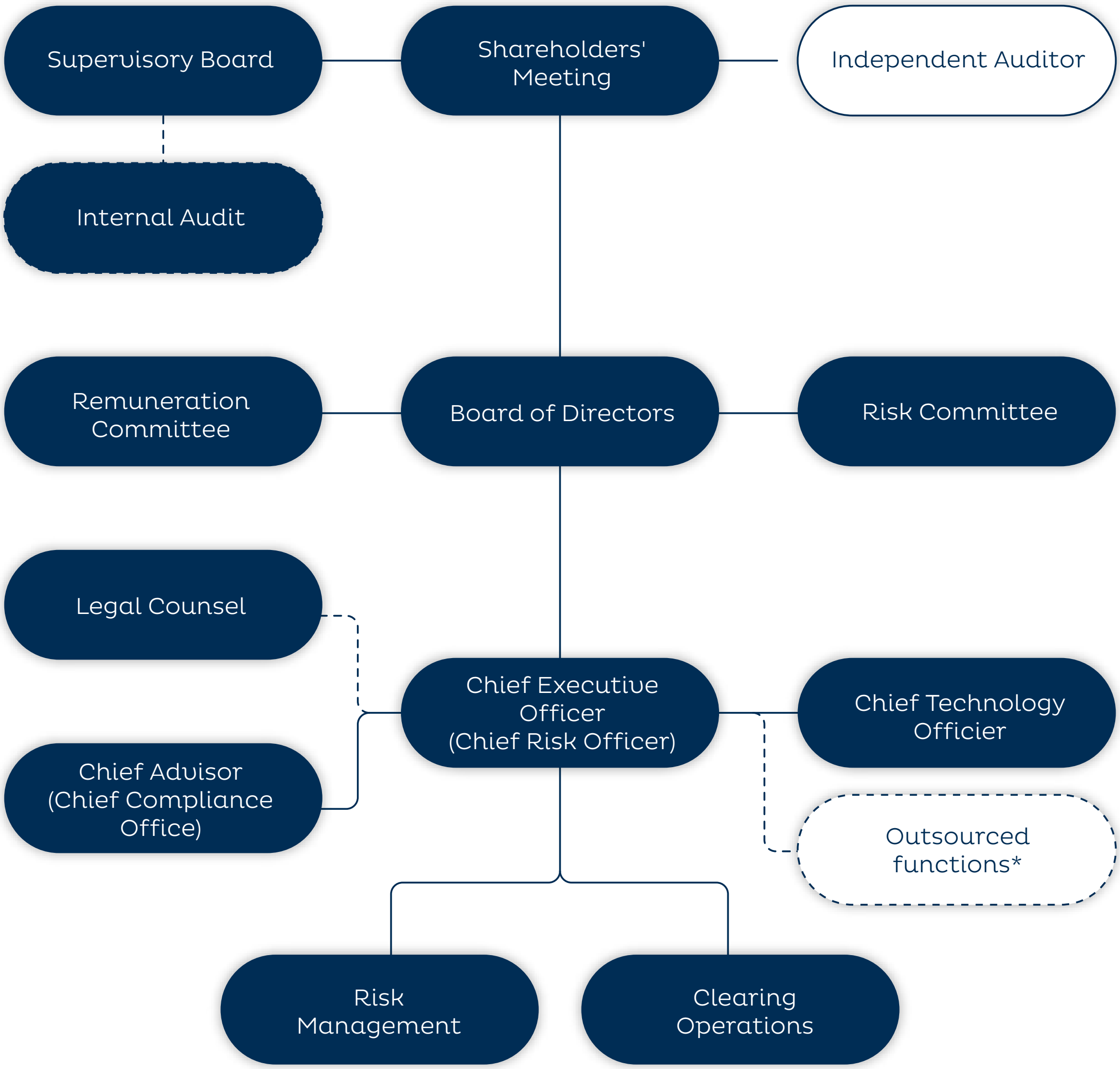
	31.12.2013	31.12.2012
Cash and cash equivalents	8 702 826	5 259 975
- Skin in the game default Exchange Fund	151 037	-
- Skin in the game default Collective Guarantee Fund	93 387	-
- Skin in the game default Gas Market Collective Guarantee Fund	303 351	-
- Skin in the game default CEEGEX Market Collective Guarantee Fund	4 412	-
- CCP Capital requirement acc. To EMIR	2 429 625	-
Receivables relating to gas market	11 880 322	10 145 236
Receivables relating to central counterparty service	80 909	47 399
Accrued interest receivables	9 923	17 695
Other assets	4 274 908	4 935 873
Current tax assets	102 909	52 909
Intangible assets	544 825	52 044
Property, plant and equipment	96	-
TOTAL ASSETS	**25 596 718**	**20 511 131**

	31.12.2013	31.12.2012
Liabilities for Guarantee Funds	3 763 985	4 188 464
Accrued interest payable	123 834	238 506
Currant tax liabilities	-	-
Accounts payable from gas market	11 879 833	10 145 236
Accounts payables	148 863	216 680
Accruals and other liabilities	4 469 151	5 137 253
TOTAL LIABILITIES	**20 385 666**	**19 926 139**
CCP Capital requirement acc. To EMIR	2 429 625	-
Skin in the game default Exchange Fund	151 037	-
Skin in the game default Collective Guarantee Fund	93 387	-
Skin in the game default Gas Market Collective Guarantee Fund	303 351	-
Skin in the game default CEEGEX Market Collective Guarantee Fund	4 412	-
Other Financial resources	2 229 239	584 992
TOTAL SHAREHOLDERS' EQUITY	**5 211 052**	**584 992**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**25 596 718**	**20 511 131**

NOTE 21: NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014; Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.) This Standard is to be applied retrospectively when there is a change in control conclusion.	The Company does not expect the new standard to have any impact on the financial statements, since the assessment of control over its current investees under the new standard is not expected to change previous conclusions regarding the Group's control over its investees.
IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)	The Company does not expect IFRS 11 to have material impact on the financial statements since it is not a party to any joint arrangements.
I AS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011) are also applied early.)	The Company does not expect IAS 27 (2011) to have material impact on the financial statements, since it does not results in a change in the Company's accounting policy.
IAS 28 (2011) Investments in Associates and Joint Ventures (Amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early.)	The Company does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.
Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities must also be made.)	The Company does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.
Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (Effective for annual periods beginning on or after 1 January 2014; early adoption is permitted; to be applied retrospectively subject to transitional provisions	The Company does not expect the new standard to have any impact on the financial statements, since [Parent Co] does not qualify as an investment entity
Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13)	The Company does not expect the new Standard will have a material impact on the financial statements
Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13)	The Company does not expect the new Standard will have a material impact on the financial statements.

17. Organizational Structure of KELER CCP



*Outsourced functions:

/ planning,
/ controlling,
/ process managament, development of operation, coordination of IT developments,
/ reporting, keeping contact (for third parties),
/ management of collaterals,
/ treasury acitivities,
/ client service,
/ PR & marketing,
/ financial and accounting activities,
/ HR,
/ facility, office management, procurement, document management,
/ IT,
/ operation and maintenance of the security system.

18.
Management

Károly Mátrai
Chief Executive Officier

Viktor Nagy
Head of
Risk Management

Tamás Horváth
Head of Clearing

Ágnes Juhász
Chief Advisor

19.

General Information

Ownership Structure

Ownership	Share held (%)
KELER	**99.72%**
National Bank of Hungary	0.15%*
Budapest Stock Exchange	0.13%**
Total	100%

* Due to the stake held in KELER Zrt. indirect and direct holdings amount to 53.33%.

** Due to the stake held in KELER Zrt. indirect and direct holdings amount to 46.67%.

Members of the Board of Directors

Csaba Lantos – Chairman
Csaba Balogh – Vice Chairman
Hannes A. Takacs
Gergely Kóczán*
Balázs Vonnák**
Zsolt Katona
György Dudás
Károly Mátrai

* until 15 May 2013
** since 15 May 2013

Members of the Supervisory Board

Attila Tóth – Chairman**
Lajos Bartha – Chairman*
Lajos Bartha – Vice Chairman**
Attila Tóth – Vice Chairman*
Lóránt Varga
Attila Varga-Balázs***

* until 15 May 2013
** since 15 May 2013
*** since 18 December 2013

Contact

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Home page:	www.kelerkszf.hu
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Monday to Friday from 9.00 hrs until 15.00 hrs
Phone: +36 – 1 - 483-6240

Service Desk

Available from 7.00 hrs until 20.00 hrs
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or +36-1-483-6120