KELER CCP LTD.

Separate Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union
and
Independent Auditor's Report

for the year ended 31 December 2022

CONTENTS

Explanation of the abbreviations used in the financial statements:

AC	Debt instrument measured at amortized cost
AFS	Available-for-sale (financial instruments)
CBH	Central Bank of Hungary
CCP	Central Counterparty
CGU	Cash Generating Unit
DKJ	Discount treasury bill
EAD	Exposure at default
ECC	European Commodity Clearing
ECL	Expected Credit Loss
EMIR	European Market Infrastructure Regulation
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GCM	General Clearing Member
HAS	Hungarian Accounting Regulation
IAS	International Accounting Standards
IFRIC/SIC	International Financial Reporting Interpretations Committee/Standards Interpretation Committee
IFRS	International Financial Reporting Standards
LGD	Loss given default
LR	Loans and receivables (financial instruments)
MHUF	Million Hungarian Forint
OTC	Over the counter market
PD	Probability of default
PO	Performance Obligation
ROU	Right of use asset
SPPI	Solely Payments of Principal and Interest
THUF	Thousand Hungarian Forint
WACC	Weighted average cost of capital

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Independent Auditors' Report

To the shareholders of KELER KSZF Központi Szerződő Fél Zrt.

Opinion

We have audited the 2022 separate financial statements of KELER KSZF Központi Szerződő Fél Zrt. ("the Company"), which comprise the separate statement of financial position as at 31 December 2022, with total assets of MHUF 345,859, the separate statement of comprehensive income, with income for the year of MHUF 3,517, and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, 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 European Union (EU IFRSs) and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary (Act on Accounting).

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the separate financial statements, as provided in applicable laws in force in Hungary, the policy on rules of conduct (ethics) of the audit profession and on disciplinary procedures of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) translated into Hungarian and published on the website of the Chamber of Hungarian Auditors and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the 2022 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Act on Accounting and other applicable legal requirements, if any.
Our opinion on the separate financial statements expressed in the Opinion section of our report does not cover the business report.

In connection with our audit of the separate financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements and expressing an opinion on this and whether the business report is consistent with the separate financial statements.

In our opinion the 2022 business report of the Company is consistent, in all material respects, with its 2022 separate financial statements and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the business report, therefore, we do not express an opinion in this respects.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with EU IFRSs and for the preparation of the financial statements in accordance with provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of the Act on Accounting and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Budapest, 29 March 2023

KPMG Hungária Kft.

Registration number: 000202

Zsuzsanna Nagy
Partner, Professional Accountant
Registration number: 005421

This is an English translation of the Independent Auditors’ Report on the 2022 separate financial statements of the KELER KSZF Központi Szerződő Fél Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

		31.12.2022	***31.12.2021***
Cash and cash equivalents	6	191 188	198 806
Debt instruments measured at fair value through other comprehensive income	7	3 616	6 945
Trade receivables relating to gas market	8	2 404	1 995
Trade receivables relating to central counterparty and other service	9	171	420
Other receivables	10	14 846	58
Receivables from repurchase agreements	10	10 765	35 209
Receivables from foreign clearing houses	11	122 138	156 657
Income Tax - Current tax receivables	15	0	1
Intangible assets	12	693	622
Property, plant and equipment	13	24	32
Income Tax - Deferred tax assets	21	14	14
TOTAL ASSETS		***345 859***	***400 759***
Trade payables	14	255	289
Trade payable from gas market activity	8	2 590	1 878
Other payables	15	252	29 575
Income Tax - Current tax liability	15	301	0
Default Fund liabilities	16	7 801	6 365
Financial guarantee contract liability	17	26	35
Collateral held from energy market participants	18	227 756	299 014
Collateral held from gas market participants	18	80 357	54 129
Lease liability	19	18	19
Loans	20	10 531	0
TOTAL LIABILITIES		***329 887***	***391 304***
Share capital	22	3 423	2 623
Capital reserve	22	6 135	3 935
Retained earnings	22	6 476	2 943
Reserves of financial instruments measured at fair value through other comprehensive income	34	-62	-46
TOTAL SHAREHOLDERS' EQUITY		15 972	9 455
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		***345 859***	***400 759***

The accompanying notes (NOTE 1- NOTE 47) of the financial statements form an integral part of these separate financial statements

		01.01.2022-31.12.2022	***01.01.2021-31.12.2021***
Revenues from counterparty services	**24**	**5 130**	**3 038**
Other non-counterparty services	**25**	**33**	**13**
Bank service fees	27	-138	-85
Personnel expenses	28	-621	-570
Depreciation and amortization	12,13	-131	-161
Other operating expenses	29	-1 584	-930
Impairment of financial assets	30	11	-46
Impairment of non-financial assets	12,13	-5	-1
Expense/(income) from changes in financial guarantee funds liabilities	17	9	-27
Operating expenses		**-2 459**	**-1 820**
Net operating income		***2 704***	***1 231***
Interest incomes for items measured at AC		2 178	72
Interest incomes for items measured at FVTOCI		312	46
		2 490	*118*
Interest expense		-1 514	-808
Net interest income	**31**	**976**	**-690**
Other financial gains/(losses)	**32**	**200**	**-95**
Financial income		***1 176***	***-785***
INCOME BEFORE INCOME TAX		***3 880***	***446***
Income taxes	33	-347	-39
PROFIT OR LOSS FOR THE PERIOD		***3 533***	***407***

		01.01.2022-31.12.2022	**01.01.2021-31.12.2021**
Remeasurement gains/losses of financial instruments measured at fair value through other comprehensive income		-17	-63
Income tax of other comprehensive income		1	6
Other comprehensive income for the period	34	***-16***	***-57***
Of which later to be reclassified to net income:		-16	-57
Of which later not to be reclassified to net income:		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		***3 517***	***350***

	Share Capital	Share premium	Fair value through other comprehensive income debt instruments revaluation reserve	Retained Earnings	Total
Balance as of 1 January 2021	**2 623**	**3 935**	**11**	**2 536**	**9 105**
Total comprehensive income for the year			-57	407	350
Balance as of 31 December 2021	**2 623**	**3 935**	**-46**	**2 943**	**9 455**
Shares issued (registred on 13th May 2022)	800	2200			3 000
Total comprehensive income for the year			-16	3 533	3 517
Balance as of 31 December 2022	**3 423**	**6 135**	**-62**	**6 476**	**15 972**

The accompanying notes (NOTE 1- NOTE 47) of the financial statements form an integral part of these separate financial statements

		01.01.2022-31.12.2022	01.01.2021-31.12.2021
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAXES		**3 880**	**446**
Interest expense	31	1 514	808
Interest income	31	-2 490	-118
		-976	*690*
Non cash items - adjustments			
Depreciation and amortization charged	12,13	131	161
Impairment loss / reversal	12,3	-6	47
Gains and losses realized on securities		5	0
Foreign exchange rate losses/(gains)	32	-79	-13
Recognition / release of financial guarantee contract	17	-9	27
Operating cash-flow before working capital adjustments		**2 946**	**1 358**
Changes in the net balance of gas market transactions, net	8	303	-120
Changes in the net balance of security funds	16, 18	-43 593	296 591
Changes in the receivables from balance with other clearing houses	11	34 524	-133 885
Decrease/(increase) in trade and other receivables	9, 10	10 132	-35 414
Increase/(decrease) in trade and other payables	14,15	-29 324	29 371
Interest paid		-1 541	-746
Income tax paid		-44	-56
Cash generated (+) / used (-) in operation		**-26 597**	**157 099**

CASH FLOW FROM INVESTING ACTIVITIES		**01.01.2022-31.12.2022**	**01.01.2021-31.12.2021**
Acquisition of financial assets	7	-12 076	-7 970
Cash proceeds from financial instruments held for investment purposes	7	15 446	5 965
Acquisition of property, plant and equipment	13	-6	-13
Acquisition of intangible asset	12	-193	-98
Cash proceeds from disposal of property, plant and equipment	12	0	0
Proceeds from interest		2 205	144
Cash generated (+) / used (-) from investing activity		**5 376**	**-1 972**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from capital contribution		3 000	0
Lease paid	19	-10	-10
Loans received	20	10 531	0
Cash generated (+) / used (-) from/in financing activity		**13 521**	**-10**
Net increase (+) / decrease (-) in cash and cash equivalents		**-7 700**	**155 118**
Opening cash and cash equivalents	6	198 806	43 697
Foreign exchange rate difference on closing cash and equivalents		81	14
Expected credit loss balance on cash and equivalents	29	1	-21
Closing cash and cash equivalents	6	191 188	198 806
Net (decrease)/increase in cash and cash equivalents		**-7 700**	**155 118**

The accompanying notes (NOTE 1- NOTE 47) of the financial statements form an integral part of these separate financial statements

NOTE 1: GENERAL

Statement of IFRS compliance

These financial statements of KELER CCP Central Counterparty private company limited by shares (hereinafter referred as the “Company” or “KELER CCP”) were prepared in accordance with IFRSs, as adopted by the EU and the in accordance with the Act on Accounting (Law C of 2000) with focus on regulation dealing with entities preparing their financial statements under IFRS. The management declares that the Entity fully complies with the provisions of IFRSs/IASs and IFRICs/SICs as endorsed by the European Union. The management made this declaration in full awareness of its responsibility.

The Company's management determined that the Entity will be able to continue as a going concern. Therefore, there are no signs that would indicate that the Entity intends to terminate or significantly reduce its operations in the foreseeable future.

These financial statements were prepared using the accrual basis, which means that the business transactions are accounted for regardless of the financial settlements.

It is mandatory to publish and to deposit the separate financial statements of KELER CCP prepared under IFRS based on the Hungarian legislation.

The Company (legal form, seat)

KELER CCP was founded as a limited liability company according to the Hungarian laws. Company’s seat is H-1074 Budapest, Rákóczi str. 70-72.

Shareholders

KELER Central Depository Ltd.	99.85%
Central Bank of Hungary	0.08%
Budapest Stock Exchange (BSE)	0.07%

The ultimate parent of KELER CCP Ltd. is the Central Bank of Hungary (a major shareholder of KELER Central Depository Ltd. The major shareholder of BSE is also the CBH). The sole shareholder of CBH is the Hungarian State. The seat of the ultimate parent is 1013 Budapest, Krisztina körút 55.

The activity of the Entity

KELER CCP is a central counterparty business association under the requirements of the Act CXX of 2001on the Capital Market of Hungary (hereinafter “Tpt.”) and Regulation (EU) No 648/2012 on OTC derivatives, central counterparties, and trade repositories (“EMIR (EU) No 648/2012”). KELER CCP as central counterparty undertakes guarantee for transactions concluded on the Budapest Stock Exchange (“BSE”), and for the financial performance of gas market, KELER CCP as a general clearing member undertakes guarantee for the financial performance of energy market transactions towards European Commodity Clearing AG. KELER CCP’s direct partners are financial institutions (credit institutions and investment firms), commodities service providers, energy trading license holders and participants of an organized market. KELER CCP’s activity ensures that market participants’ guaranteed trades are settled risk free.

KELER CCP has obtained the EMIR license on 4 July 2014 from the Central Bank of Hungary

The upper limit of the guarantee payment of KELER CCP is derived from the equity of the Entity (i.e. basic guaranteeing equity and guaranteeing supplementary equity).

The preparation of the financial statements under IFRS is only allowed if it is prepared by a licensed professional. The person preparing the financial statements is: KELER Zrt., personally responsible: Lepres Orsolya, registered auditor (registration number: 005400), with IFRS accountant specialization.

Audit of the Company's financial statements is compulsory. Audit fee for the current year was 7 997 thousand forints for the separate financial statements. The auditor did not provide any other services for the Group.

NOTE 2: BASIS OF PREPARATION

Basis of measurement

The Entity generally measures its assets and liabilities on historical cost basis, except for cases where a given item should be measured at fair value under IFRS. Latter includes derivatives and financial instruments valued at fair value against other comprehensive income, that are stated at fair value.

Functional currency, presentation currency

These Separate financial statements are presented in Hungarian Forints, which is the primary economic environment in which the Entity operates (functional currency).
All amounts in the financial statements of the Entity are rounded to the nearest million ("MHUF").

Use of estimates and judgment's

The preparation of Separate 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.

In preparing its financial statements, the Entity made critical estimates in connection with the following topics which, as a result, are sources of uncertainty.

- The fair value of the financial instruments is valued at fair value as required by the IFRSs. These fair values are mostly quoted prices or based on quoted prices (Level 1 and Level 2). However, they may change significantly over time leading to significantly different values as expected at the measurement day. Items measured at fair value which is Level 3 measurement is especially judgmental, since the input date was determined based on information not directly observable. The information regarding the level of measurement of the items is provided in Note 37.

- Certain items of the Entity's assets can be tested for impairment at CGU level only. Identifying CGUs requires complex professional judgment. When determining the recoverable value of CGUs, the Entity's management relies on certain forecasts that are uncertain by nature. Current estimation suggests that the entity as whole qualifies as a CGU.

- The Entity applies estimates and judgments to determine the value of the Customer relationship asset (recognized as an intangible). The recoverable amount of this asset is reviewed annually. This estimation is a significant judgment and source of uncertainty (See Note 12).

- The Entity recognized a financial guarantee liability that was measured at fair value. The value depends on the predictions and expectations about the future. The nature of the estimation makes this a material judgement (See Note 17).

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) 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 end of reporting period are translated to Hungarian Forint at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Hungarian Forint at foreign exchange rates effective at the dates the values were determined.

From the Entity's perspective the following foreign currencies are relevant:

HUF/EUR	**2022**	**2021**
Year end closing rate	400.25	369.00
Yearly average rate	391.33	358.52

b) Cash and cash equivalents

Cash includes deposits repayable on demand. Cash equivalents are liquid investments with insignificant risk of value change and maturity of three months or less when acquired. Typically certain state bonds and treasury bills may meet the foresaid definition. Cash and cash equivalents are carried at amortized cost in the Separate Statement of Financial Positions.

c) Financial assets and financial liabilities

Classification

Financial assets or financial liabilities at fair value through profit or loss (FVTPL) are financial assets and financial liabilities that are classified as held for trading mainly for the purpose of profit-taking, are derivative instruments or upon initial recognition are designated as at fair value through profit or loss.

The Entity does not have any financial instruments at the end of this period, which is classified to the category FVTPL due to its nature being held for trading.

Debt instruments that meet both SPPI test and the business model of it is hold to collect will be classified at AC category and will be carried at amortized cost. This category include: accounts and other receivables, receivables from foreign clearing houses etc.

Debt instruments meeting the SPPI test with a business model of held to collect and sell will be classified at FVTOCI category

The treasury bills and government bonds held by the entity are classified to the FVTOCI debt category.

The Entity classifies its equity instruments -unless they are held for trading- into FVTOCI, meaning that the asset is measured at fair value at each reporting date and the gain/loss is related to other comprehensive income.
(The Entity does not hold any instruments at the end of this period.)

Other liabilities contain 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 guarantee activities.

Recognition

Financial assets and liabilities are recognized in the Entity’s books on the settlement date, except for derivative assets, which are entered on the trade date. 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 (for assets transaction costs are added, for liabilities transaction costs are deducted).

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets expire or the Entity transfers substantially all risks and rewards of ownership of the financial asset (without retaining significant right).

Measurement

Subsequent to initial recognition, all financial assets not falling under AC category and financial liabilities at fair value through profit or loss are measured at fair value. If no quoted market price exists from an active market and fair value cannot be reliably measured, the Entity uses valuation techniques to determine fair value.

Financial assets categorized to the AC category and all financial liabilities other than at fair value through profit or loss, are measured at amortized cost. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument. (For assets transaction costs are added, for liabilities transaction costs are deducted)

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

For financial assets in the AC category and financial liabilities carried at amortized cost, a gain or loss is recognized in profit or loss when the financial asset or financial liability is derecognized or impaired, and through the amortization process (as net income).

Income from effective interest on a FVTOCI instrument will be taken to net profit separately from the expected credit loss of this instrument (which is recognized in a different category of net profit). The valuation gain or loss of such a financial asset shall be recognized in other comprehensive income. Gain or loss on disposal (sale or expiration) of FVTOCI financial assets are recognized in net profit, while the previously accumulated other comprehensive income is reclassified to the income statement.

For equity instruments under FVTOCI, the accumulated gain or loss on revaluation will not be reclassified to the net profit once disposed, but it will be transferred directly to retained earnings.

Fair value measurement

The fair value of financial instruments is determined based on the requirements of *IFRS 13 Fair Value Measurement* (“IFRS 13”) and internal policies established in accordance with that
The fair value of financial instruments is based on their quoted market price at the end of reporting period 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 Entity’s economic estimates and the discount rate is a market related rate at the end of reporting period for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related measures at the end of reporting period.

Level 1: The input for the fair value is the unadjusted quoted price, no other input is used for the valuation.
Level 2: All inputs are directly or indirectly observable but there are inputs other than the quoted price.
Level 3: The fair value of derivatives that are not exchange-traded are estimated at the amount that the Entity would receive upon normal business conditions to terminate the contract at the end of reporting period taking into account current market conditions and the current creditworthiness of the counterparties.

The fair value of the treasury bills and government bonds of the Entity is classified into Level 2. The fair value is based mainly on observable prices however, when the fair value of these assets cannot be determined based on such quoted prices, instrument are measured based on yields remarkable for similar financial instruments.

Amortized cost measurement

The amortized 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 Entity estimates cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

Impairment of financial assets (expected credit loss)

For financial assets measured at AC or FVTOCI expected credit loss is recognized. The credit loss is the cash shortfall throughout the life of the financial asset. The expected credit loss is determined from multiplying:

- exposure at default (EAD);
- loss given default (ratio) (LGD);
- probability of default (PD) for the relevant period.

When items are recognized the 12-month ECL is considered. This is arrived to using the 12 month PD, reflecting the probability of default happening in the next 12 months. This is referred to as stage 1 ECL. This loss is recognized in net profit, without lowering the carrying amount of the instrument but a contra-active asset is used (allowance). The gross carrying amount of the asset remains unchanged.

If the credit quality of the asset deteriorates the instrument is reclassified into stage 2, where lifetime PD is considered. This is arrived to using the lifetime PD. This loss is recognized in net profit, without lowering the carrying amount of the instrument but a contra-active asset is used (allowance). The gross carrying amount of the asset remains unchanged.

It is assumed that the credit quality of the asset is deteriorated when any of following conditions is met or based on assessment of the management this is occurred.

• the contractual cash flows are more than 30 days past due (‘DPD 30 days rule’), excluding that case, when the delay has another reason. Regardless DPD 30 days rule, increase in risk shall be assumed, if based on market information the financial status of the partner is deteriorated, that can cause shortfall if cash flows.

It is assumed that there is significant deterioration in the credit quality if any of the following situations exist:

- severe financial difficulties of the issuer or the borrower;
- breach of the contract, missing repayment of capital or principal repayment;
- renegotiation of the contract or other reliefs due to the financial difficulties of the counterparty;
- it becomes probable that borrower will be subject to liquidation or other similar reorganizational procedure
- disappearance of an active market
- it can be concluded that the contractual cash flows are not going to be collected.

If the credit quality of the asset deteriorates even further – so the asset becomes impaired – the item will be classified into stage 3. In this case the item’s carrying amount is lowered directly any previously recognized allowance will be deducted from the carrying amount.

If the quality of the financial asset later improves the asset may be reclassified back from stage 3 to stage 2 and from stage 2 to stage 1.

It is considered that an item is defaulted if the contractual cash flow are 90 days past due, although if market conditions suggest the defaulted status may be concluded earlier.

The entity presumes that the credit quality deteriorates once the contractual cash flows are more than 30 days past due.

The default (impaired status) is a situation when the contractual cash flow is more than 90 days past due (90 DPD rule), unless the reason of the delay may be traced back to a clear reason other than deterioration in the credit quality. The default can be identified before the missing cash flow becoming 90 days past due, if market information suggest that.

The following singes are considered to be deteriorations in the credit quality:

- market data
- change in the economic environment
- independent rating agencies
- comparable data
- conclusions of the risk assessors
- forbearance
- payment behavior

For certain individually small balance receivables ECL is calculated on a collective basis. For accounts receivables the simplified method is applied, where immediately the lifetime ECL is charged but there is no continuous tracking of the credit quality.

For this purpose the Entity splits the accounts receivables into two portfolios: receivables from the gas activity and other account receivables. The ECL is determined using the following ratios:

Past due	**ECL ratio**
Less than 90 DPD	1%
Between 91 – 180 DPD	50%
Over 180 DPD	100%, or individually determined

For the gas portfolio:

Past due	**ECL ratio**
Less than 90 DPD	0,001%
Between 91 – 180 DPD	1%
Between 181 – 365 DPD	25%
Between 366 – 550 DPD	90%, or individually determined
Over 551 DPD	100%, or individually determined

If an expected credit loss is reversed it shall be recognized in net profit (decreasing the expected credit loss expense).

d) Accounting for impairment losses other than financial instruments and identifying CGUs

The Entity tests its assets for impairment each year. Testing consists of two stages. The first stage is to examine whether there are signs indicating that the assets in question are impaired. The following are signs that a given asset is impaired:
- damage;
- decline in income;
- unfavourable changes in market conditions and a decline in demand;
- increase in market interest rates.

Should there be any indication that an asset is impaired, a calculation which allows the recoverable amount of the asset to be determined is performed (this is the second step). The recoverable amount is the higher of the fair value of the asset reduced by the cost of disposal and the present value of the cash flows derived from continuous use.

If the value in use of an Entity of assets cannot be determined as it does not generate any cash flows itself (it is not in use), the test is performed with respect to the cash-generating units (CGUs).
First the impairment is determined on the level of the individual asset (if possible).

If the value in use can only be determined with respect to the CGUs and impairment needs to be accounted for, impairment losses are recognized as follows:
- first, damaged assets are impaired;
- second, the goodwill is reduced;
- third, the remaining amount of impairment losses are split among property, plant and equipment (PPE) and intangible assets in the CGU in proportion to their carrying amount prior to impairment.

The value of assets may not drop below their fair value reduced by their individual cost of disposal.

Impairment testing is performed by the Entity at the end of reporting period or when it is clear that impairment needs to be recognized.

The impairment – in case of changes in the circumstances – expect goodwill – may be reversed against net profit. The book value after the reversal may not be higher than the book value if no impairment loss was recognized previously.

e) 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 Entity are 14.5% for fixtures and fittings, 25% for office equipment and computers, 20% for vehicles, for tablet 33% and 50% for mobile phones.
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 profit or loss as expense as incurred.

f) Right-of-use-asset (ROU)

The Entity discloses the assets acquired through a lease transaction as a right-of-use asset. The ROUs are subsequently measured using the cost model and the amortization of this asset is mostly based on the contractual period. The ROUs are tested for impairment using the regulation of IAS 36. The ROU is presented together with the asset Company of which the underlying asset belongs to. The ROUs are disclosed separately in the Notes.

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.

Acquired customer relationship is an intangible asset with indefinite useful life, therefore no systematic amortization is charged on them. It represents contracts, concessions, licenses and similar rights in the course of the contribution of the clearing line of business in 2013 from KELER CCP's parent Company (KELER Ltd.). These are subject to yearly impairment test. No impairment charge was required based on the impairment test performed at the end of 2021 reporting period.

The intangible assets include a purchased customer list which was determined to be an indefinite useful life asset, so no systematic amortization was charged for that asset. The asset is tested for impairment annually. The impairment is charged when the relationship with the customer is no longer ongoing.

h) Trading on gas market

Based on the principle of the anonymity of the customers and the suppliers on the Balancing Platform, Trading Platform, CEEGEX and HUDEX the transactions are made with the participation of KELER CCP. KELER CCP stands between the counterparties as a technical partner (customer and supplier) during the buying and selling transactions. The inventory 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. (Current year transactions are presented in Note 26.) Due to the operating logics of KELER CCP, it is not responsible for the physical delivery of the goods, only responsible for the amount payable.

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 energy market non-clearing 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 energy market non-clearing Members.

j) Sale and repurchase agreements and lending of securities

The sale and repurchase agreement ("repo") underlying securities do not qualify for derecognition under IFRSs, so these items – which are legally considered sold – remain recognized in the financial statements and a liability is recognized embodying the settlement liability in the future periods. Analogically, reverse (passive) repo transaction not results recognition, instruments acquired under reverse (passive) repo are not recognized in the statement of financial position, but a receivable is recognized (debt instrument) together with the related interest income over the period of the repo agreement. The difference between the purchase and selling price is recognized as interest by the Group. Repos between the Group entities are eliminated in the consolidated financial statements. The ECL requirements defined by IFRS 9 are applicable for all outstanding receivables from repo deals, considering the credit quality of the underlying security.

The account rules to security lending agreement are similar to repo agreement, i.e. those do no result derecognition. Thus, security lent in the frame of lending deals for customers are no recognized from Consolidated Statement of Financial Position.

k) Revenue recognition

Fee revenue

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

Interest income

Interest income is recognized in the profit or loss for all interest bearing instruments on an accrual basis using the effective interest method as per IFRS 9.

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 market.

The performance obligations (PO) of the Entity are not complex, so all revenue is accounted for in the period when the service was rendered or the goods were sold (cleared).

If the Entity acts as an agent (as defined by IFRS 15) in a transaction the revenue and the relating expense is netted. Such transactions are settlements on the gas market.

Income taxes

The Entity assess on tax-by-tax basis if the a legally payable tax qualifies for income tax under IAS 12 standard.

Income tax on the profit or loss for the year comprises current and deferred tax. Deferred tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income, in which case it is recognized there, and if there is an item that effects equity directly, the income tax will be recognized in equity directly.

Deferred income tax is provided, using the balance sheet 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 end of the reporting period.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, 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.

Deferred taxes will only be recognized in relation to corporate income tax.

Other taxes are presented separately from income taxes.

For KELER CCP only corporate income tax qualifies as income tax.

l) Provisions

A provision is recognized when the Entity 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.

m) Financial guarantee contract liability

The nature of the activity of the Entity requires covering all the risks that are coming from default events (i.e. that KELER CCP must settle the compensation of the transaction even if one of the parties of the clearing agreement is unable to pay/act). Dealing with the statistically uncovered exposure the Entity recognizes a financial guarantee contract liability based on the available collateral and the probability of a loss event regardless how small this probability is. The effect of changes in the liability is booked to operating expenses in the income statement as “Expense/(income) from changes in financial guarantee funds liabilities”.

n) Default fund liability

As an element of the guarantee system, KELER CCP operates several default funds. The purpose of the default fund is to reduce the risk arising from default or failure of cleared and guaranteed transactions made by the Clearing Members which are not covered by individual guarantees and may occur unlikely. Contributions of the Members are kept in cash. These funds are recognized as liabilities and are measured at amortized cost.

o) Hedging

The Company does not establish accounting policies related to the accounting of hedging transactions. In the case of any hedging, the general relevant rules of IFRS 9 are used. (Currently the Entity did not identify hedge relationships.)

p) Statement of cash flows

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

For the purposes of reporting cash flows, cash and cash equivalents include cash, balances, certain treasury bills and government bonds and placements with the Central Bank of Hungary except those with more than three months maturity from the date of acquisition.

Items of net current liabilities are presented in a net amount in the cash flow statement.

q) Off balance sheet items

KELER CCP is entitled to require collateral from its Clearing Members using its central counterparty services. The form of collateral can be demand-deposit (HUF and foreign currency) and securities. Those deposits that are not directly held by KELER CCP are recorded in the "KELER Kollaterál" system. This is maintained by KELER on a specific collateral account in HUF or on a foreign currency account or security account by blocking the relevant amount. These balances are recognized as off balance sheet items for KELER CCP.

As a General Clearing Member of European Commodity Clearing AG (ECC) KELER CCP has to provide collateral for ECC regarding the settlement of its position of non-clearing members of KELER CCP.

KELER CCP recognizes as an off balance sheet item the credit line provided by its banks. The credit lines will be recognized as balance sheet items once the credit line is utilized.

NOTE 4: FINANCIAL RISK MANAGEMENT

The main elements of the Entity's counterparty risk management approach

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

A two-level clearing membership system is operated by KELER CCP on spot and derivative capital markets from 1 January 2009. KELER CCP operates a clearing membership system on Balancing and Trading Platform. Starting from 20 July 2010 KELER CCP as a General Clearing Member of the ECC is entitled to provide energy market non-clearing membership services to its clients. From 1st January 2013 KELER CCP operates a clearing membership system on Central Eastern European Gas Exchange (CEEGEX) and from 3 January 2018 operates a clearing membership system on HUDEX / Gas segment.

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 divided into two groups. The first group of the elements contains individual elements and only belong to cover the Clearing Members own default risks. On the other hand there are collective guarantee elements, which based on the collective risk taking approach, where all Clearing Members 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 spot day-ahead and intraday markets (ECC acting as a central counterparty determines the amounts),
- energy market initial margin – for derivative markets (ECC acting as a central counterparty determines the amounts).

The collective guarantee elements are as follows: default funds for derivative (Collective Guarantee Fund "KGA"), multinet (Exchange Settlement Fund "TEA") and gas markets (Trading Platform Default Fund "GKGA" and CEEGEX / HUDEX/Gas Collective Guarantee Fund "CHGKGA") settlement.

In case of capital market partners all collateral collected on margin calls are placed in cash and in securities accounts kept by KELER. The collateral placed by the Clearing Members can be cash, securities placed in KELER with a beneficiary of KELER CCP.
From 1 December 2020, the account management of energy and gas market (Non) Clearing Members required for daily settlements and placement of collaterals is not managed by KELER Zrt., it is managed by two commercial banks dedicated for this purpose. From 1 December 2020, in case of energy and gas market (Non)Clearing members, the collateral required must be available on their bank accounts at OTP Bank, Budapest Bank or MKB Bank, the collateral placed can only be cash. Budapest Bank and MKB Bank merged on 31 March 2022, since then they operate under the name MKB Bank. Two commercial banks are available for energy and gas market (Non)Clearing Members to hold an account necessary for collateral provision. In case of energy market most of the collaterals are forwarded to ECC and kept on ECC accounts with the beneficiary of ECC AG. In specific cases, collateral assets of energy market non-clearing members seated in Serbia are kept with OTP banka Srbija.

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

A capital position limit is set for each Clearing Member on the derivative market and it is calculated on a regular basis. On the spot energy markets cleared by ECC, pre-trade limits are applied where the limits are collateralized with a high degree and calculated based on the internal rating of KELER CCP. On the derivative energy markets cleared by ECC, TMR (Total Margin Requirement) limit is applied, where the total margin requirement of the energy market Non-Clearing Member should not exceed the value of the set limit. In case of limit breach the suspension of the energy market Non-Clearing Member's trading right is automatic and immediate. The partner has to place additional collateral to cease the limit breach and in that case it can be re-entered to trading. From November 2022 KELER CCP applies a partner clearing exposure limit in addition to the individual trading limit, which limits the maximum total exposure of energy market Non-Clearing Members' exposure on derivative markets. The share of partner clearing exposure limit applied to each derivative market Non-Clearing Member is determined based on client risk category.

The financial performance of the Clearing Members and energy market Non-Clearing Members are continuously monitored.

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

In case of any default, the margin elements can be used in a given order ("default waterfall") to fulfill any payment commitment on behalf of the Clearing or energy market Non-Clearing Member. Accordingly the rules in the General Business Terms of KELER CCP, the utilization of guarantee elements are the following:

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:

a. **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 CBH through VIBER
- own initial margin and financial collaterals of the Clearing Member
- free balance of bank accounts of Clearing Member kept in currencies other than the currency of settlement
- disposable securities of Clearing Member, if available
- default fund contribution by the Clearing Member
- dedicated own resources of KELER CCP allocated to the given markets
- the default fund
- use of derivative/spot market own initial margin of the Clearing Member in case of derivative/spot positions of the Clearing Member being fully terminated. Following this the basic financial collateral related to the clearing right concerned and the default fund contribution of the Clearing Member can be used also.
- other financial resources of KELER CCP

b. **In case of default by the Principal:**

- balance of the bank account of the Principal 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 Principal 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 of the Clearing Member provided with respect to the clearing member function
- own, disposable securities of the Clearing Member, if available
- default fund contribution by the Clearing Member
- initial margin and supplementary collateral and additional financial collaterals of the Principals
- initial margin, supplementary collateral and additional financial collateral of Non-clearing Member with individual account
- dedicated own resources of KELER CCP allocated to the given markets
- the default fund
- the own initial margin of the Clearing Member in the case of full termination of spot/derivative positions of the Clearing Member. Following this the basic financial collateral related to the clearing right concerned and the default fund contribution of the Clearing Member can be used also.
- other financial resources of KELER CCP

In the year 2022, KELER CCP and the default funds had not suffered any losses on the guarantee activities.

Foreign currency risk management

The Entity does not operate only domestically. In connection with the energy market settlement, the Entity could be exposed to foreign exchange risk through ECC's default fund contribution. The exposure is monitored continuously by the Entity whenever it is relevant. To finance ECCs default fund contribution the Entity uses the EUR loan provided by KELER, thus there is no foreign currency risk for the Entity.

At the end of 2021 KELER CCP decreased its own contribution to 0 EUR, therefore ECC's default fund contribution is forwarded entirely to the Non-Clearing Members proportional to their margin requirements. During 2022 KELER CCP's own contribution to ECC's default fund remained 0 EUR.

ECC determines a limit on derivative exposures for each of its GCMs. In 2021, as a result of turbulent market environment, the aggregate derivative margin requirement of all Non-Clearing Member of KELER CCP exceeded this amount, and an additional margin requirement was determined by ECC, which equals the surplus amount of the aggregated derivative initial margin of Non-Clearing Members exceeding the derivative exposure limit determined by ECC. This additional margin requirement was also forwarded to the Non-Clearing Members, in accordance with the principle of proportionality.

On gas markets the currency of exposures and collaterals is the same (EUR), there is no asset-liability side related currency risk.

KELER CCP currently does not use any risk-management tool to deal with the fluctuation in foreign exchange rates.

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 has treasury bills and short term government bonds with less than two years maturity. Most of KELERs' liquid security assets are deposited and held at KELER, its cash and their equivalents are held at retail banks. Due to the strict regulation applicable according to the investment policy, KELER CCP represents a very low credit and liquidity risk.

To provide further liquidity, KELER CCP obtained credit lines.

As a General Clearing Member of ECC, KELER CCP has to comply with margin and default fund requirements. On the international market ECC operates as central counterparty and also has a low credit risk.

As on 31 December 2022	**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	191 188	0	0	0	0	191 188
Debt instruments measured at fair value through other comprehensive income	0	3 616	0	0	0	3 616
Trade receivables relating to gas market	2 404	0	0	0	0	2 404
Trade receivables relating to central counterparty and other service	171	0	0	0	0	171
Other receivables	14 832	13	1	0	0	14 846
Receivables from repurchase agreements	10 765	0	0	0	0	10 765
Receivables from foreign clearing houses	122 138	0	0	0	0	122 138
Income Tax - Current tax receivables	0	0	0	0	0	0
Intangible assets	0	0	0	0	693	693
Property, plant and equipment	0	0	0	0	24	24
Income Tax - Deferred tax assets	0	0	14	0	0	14
TOTAL ASSETS	**341 498**	**3 629**	**15**	**0**	**717**	**345 859**
Trade payables	-255	0	0	0	0	-255
Trade payable from gas market activity	-2 590	0	0	0	0	-2 590
Other payables	-193	-56	-3	0	0	-252
Income Tax - Current tax liability	0	-301	0	0	0	-301
Default Fund liabilities	-7 801	0	0	0	0	-7 801
Financial guarantee contract liability	-26	0	0	0	0	-26
Collateral held from energy market participants	-227 756	0	0	0	0	-227 756
Collateral held from gas market participants	-80 357	0	0	0	0	-80 357
Lease liability	0	-9	-9	0	0	-18
Deferred tax liability	0	0	0	0	0	0
Loans	-7 531	-3 000	0	0	0	-10 531
TOTAL LIABILITIES	**-326 509**	**-3 366**	**-12**	**0**	**0**	**-329 887**
Accumulated balance of the positon	**14 989**	**15 252**	**15 255**	**15 255**	**15 972**	
Covered by the equity					**15 972**	

When the maturity of an item is not determinable the Entity classifies the asset as being without a maturity, the liability to the within 3 months category.

As on 31 December 2021	**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	198 806	0	0	0	0	198 806
Debt instruments measured at fair value through other comprehensive income	0	6 945	0	0	0	6 945
Trade receivables relating to gas market	1 995	0	0	0	0	1 995
Trade receivables relating to central counterparty and other service	420	0	0	0	0	420
Other receivables	47	1	5	5	0	58
Receivables from repurchase agreements	35 209	0	0	0	0	35 209
Receivables from foreign clearing houses	156 657	0	0	0	0	156 657
Income Tax - Current tax receivables	0	1	0	0	0	1
Intangible assets	0	0	0	0	622	622
Property, plant and equipment	0	0	0	0	32	32
Income Tax - Deferred tax assets	0	0	14	0	0	14
TOTAL ASSETS	**393 134**	**6 947**	**19**	**5**	**654**	**400 759**
Trade payables	-289	0	0	0	0	-289
Trade payable from gas market activity	-1 878	0	0	0	0	-1 878
Other payables	-29 508	-52	-1	-14	0	-29 575
Default Fund liabilities	-6 365	0	0	0	0	-6 365
Financial guarantee contract liability	-35	0	0	0	0	-35
Collateral held from energy market participants	-299 014	0	0	0	0	-299 014
Collateral held from gas market participants	-54 129	0	0	0	0	-54 129
Lease liability	0	-8	-11	0	0	-19
Income tax – Deferred tax liabiltiy	0	0	0	0	0	0
TOTAL LIABILITIES	**-391 218**	**-60**	**-12**	**-14**	**0**	**-391 304**
Accumulated balance of the positon	**1 916**	**8 803**	**8 810**	**8 801**	**9 455**	
Covered by the equity					**9 455**	

Due to the nature of short-term assets and liabilities, there is no significant difference between the book value and the nominal value of the contractual cash flows.

Interest rate risk management

The Entity's assets and liabilities have interest rate risk, of which magnitude is in line with the Entity's size. KELER CCP has deposits at ECC. As a result of change in interest rates, since 14 September 2022 ECC was paying interest on cash collaterals provided as deposits. KELER CCP also holds treasury bills and other short term government bonds mainly until maturity, which in case of liquidity needs are sold before maturity.

Regulation on the investment policy of the Entity

The Entity consists of legal entities where the investment possibilities are strictly regulated due to the nature of the activity.

The Entity may only keep investments that are fulfilling all of the following criteria:

- must have minimal credit and market risk;
- shall not have any possibility of a significant loss on the disposal;
- must be available for same day withdrawal;
- must be issued by a state or guaranteed by the government or a similar institution
- the Entity must have access to a market where these instruments are actively traded and where sale and repurchase deals are available
- the investments may not have any limitations (such as pledges, legal constraints on transfers etc.) attached to them.

NOTE 5: SPECIFIC REGULATION RELEVANT TO THE ENTITY AND IMPOSED CAPITAL MANAGEMENT

KELER CCP is not a credit institution; the Basel requirements, the CRR or the CRD do not apply directly to KELER CCP. However, the requirements of EMIR cover the capital requirements of CCPs also. Central counterparties are required to have shareholders' equity of at least 7.5 million Euros on a permanent basis (Capital requirement II) and the amount of shareholders' equity is required to be proportionate to the risk arising from the central counterparty activity. The ESMA technical standard details the calculation method of capital requirement.

A capital increase took place in April 2022. The parent company KELER Ltd. increased the capital by 3 billion HUF.

KELER CCP is required to determine the amount of capital requirement for the following risks (Capital requirement I):

- capital requirement on credit and counterparty risks,
- capital requirement on operational and legal risks;
- capital requirement on market risks (FX rate and securities position risk),
- capital requirement on winding up or restructuring of the activity of the central counterparty,
- capital requirement on business risk

According to the above, KELER CCP as a central counterparty must have a minimum equity capital of 7.5 million EUR (Capital requirement II.):

- Capital requirement II is converted to HUF at MNB EUR exchange rate related to the last day of the reference month.

Determination of available capital
The amount of available capital equals the components of shareholders' equity:
- Subscribed Capital
- Capital Reserves
- Retained Earnings
- Reserves of debt instruments valued at fair value against other comprehensive income

And the following items should be deducted:
- Intangible assets
- Contribution to the default fund of other CCPs (ECC Euro default fund contribution. It is not deducted if the contribution is forwarded entirely.)
- contribution to own default fund, if any (Since August 2022 the contribution of KELER CCP to default funds is 0 HUF).
- participations in subsidiaries if any

The available capital is required to cover the following elements:
- Minimum required capital
- Dedicated own resources = (0.25 * MAX (Capital requirement I., Capital requirement II.)
- Other financial resources (remaining amount after deduction of the above two items)

The following table shows KELER CCPs capital adequacy at the end of 2020, 2021 and 2022:

data in HUF million	**2022**	**2021**	**2020**
Capital requirement I.	4 822	4 799	2 708
Capital requirement II.	3 002	2 768	2 738
Available capital	7 622	8 796	6 488
Minimum capital requirement	5 305	5 279	3 012
Dedicated own resources	1 206	1 200	685
Other financial resources	1 111	2 317	2 791

The Entity is required to comply with these indicators according to national accounts. Therefore the calculation of capital adequacy must be determined in accordance with its value in line with Hungarian Law.

The most significant driver of the equity requirement in the current operating and market environment of KELER CCP is the credit- and counterparty risk. The position relating these guarantees are dominated by cash and cash equivalents provided to ECC (as deposit). From the Fall of 2021 previously unprecedented volatility and price increase described the gas and electricity market. Therefore, the deposit requirement of ECC – based on their methodology – quickly increased and became many times the original amount. This resulted in a record high deposit amount and as a consequence KELER CCP experienced challenges meeting the capital requirements.

By the beginning of March 2022 the continuous and significant increase of energy prices and the deposit balances resulted in the capital requirement allocated to credit and counterparty risk reached and exceeded the warning level. There are ongoing negotiations with shareholders on the date when the financial statements are authorized to issue to resolve the capital situation. . Although the equity capital of KELER CCP based on monthly calculation was sufficient until August 2022, based on the preliminary daily calculation of capital adequacy, with the warning level exceeded it became necessary to address the capital situation.

With the suggestion of Management, in order to ensure adequate regulatory capital compliance, the Board of KELER CCP presented a proposal of 3 billion HUF capital increase to the General Assembly, which was approved. After the capital increase, the available capital of KELER CCP has met the regulatory capital requirement until August 2022.

In August 2022, as a result of energy market turbulences the gas and electricity prices continued to increase, which significantly increased collateral requirements and consequently the capital requirement of credit risk component has also increased. In that month, based on the monthly capital calculation the capital of KELER CCP did not meet the regulatory capital requirement. From Fall of 2022 the price level of gas and electricity markets was lower, which resulted in the decrease of collateral requirements and consequently resulted in a lower value of the credit risk component. From October 2022, the capital adequacy of KELER CCP has met the requirements.

NOTE 6: CASH AND CASH EQUIVALENTS

	31.12.2022	31.12.2021
Bank accounts		
In HUF	9	291
In foreign currency	191 205	198 542
Closing balance	**191 214**	**198 833**
Demand deposit	205	971
Cash receive securities	191 009	197 862
Closing balance	**191 214**	**198 833**
Opening balance of expected credit loss (ECL)	-27	-6
Changes in the balance of expected credit loss (ECL)	1	-21
Closing balance of expected credit loss (ECL)	**-26**	**-27**
Closing balance, net of ECL	**191 188**	**198 806**

The bank accounts are demand deposits, available immediately for withdrawal. The interest on the bank account is between 0%-0.1% for HUF deposits, and –0.585% -1.884% for EUR deposits. These expenses are recorded as interest paid in the statement of incomes.

At the end of the current period KELER CCP entered into a repo deal, therefore the cash balance at the end of the period is significantly lower than in the previous period.

The individual guarantees from December 2020 will be held by all energy market clearing and subclearing member on the accounts of KELER CCP (see Note 18).

The designated deposit balance includes deposits that are received from the clients as contribution to the Default funds (see Note 16) and individual guarantees from 2020. These cash balances may only be used for certain purposes, strictly regulated by EMIR.

All bank balances are subject to ECL. The bank balances are considered to be in the stage 1 category for this purpose. The EAD is the balance at the end of the period and LGD was estimated at 45%, PD was estimated between 0.03 – 0.05%.

NOTE 7: FAIR VALUE TROUGH OTHER COMPREHENSIVE INCOME DEBT INSTRUMENTS

	31.12.2022	31.12.2021
Debt instruments measured at fair value through other comprehensive income		
Opening balance	6 945	4 991
Acquisition	12 077	7 970
Derecognition at maturity	-9 158	-5 091
Derecognition at sales	-6 268	-899
Impairment loss (3rd stage ECL)	0	0
Interest received	-33	0
Interest accrued (Amortization)	122	26
Remeasurement (Fair Value Adjustment)	-68	-51
Closing balance on 31 December	**3 617**	**6 946**
Opening balance of expected credit loss (ECL)	-1	-1
Changes in the balance of expected credit loss (ECL)	0	0
Closing balance of expected credit loss (ECL)	**-1**	**-1**
Closing balance, net of ECL	**3 616**	**6 945**
Treasury bills	2 484	5 073
Hungarian government bonds	1 132	1 872

The fair value of these assets can be determined based on readily available quoted prices published by Hungarian Debt Agency (Level 1). However, when the fair value of these assets cannot be determined based on such quoted prices, instrument are measured based on yields remarkable for similar financial instruments and generally used valuation techniques (Level 2).

The ECL of these instruments are based on the credit quality of these instruments, derived from the classification of the issuer (Hungarian State) also considering the requirements of the so called ‘standard risk management methodology’. Based on the standard model, the entity calculates loss rates based on internal evaluation using relevant benchmarks for short- and long-term periods alike. Credit loss is calculated using these loss rates.

The treasury bills and Hungarian government bonds are all classified in the Stage 1 category.

NOTE 8: TRADE RECEIVABLES AND TRADE PAYABLE RELATING TO GAS MARKET

	31.12.2022	**31.12.2021**
Trade receivables from gas market		
Receivable balance	2 404	1 995
Accumulated impairment losses	0	0
Receivable balance net of impairment (book value)	**2 404**	**1 995**

	31.12.2022	**31.12.2021**
Accumulated impairment losses of trade receivables		
Opening accumulated impairment losses	0	0
Impairment losses recognized in the current period	0	0
Impairment losses derecognized in the current period	0	0
Closing accumulated impairment losses	**0**	**0**

Accounting policies relating to the trading on the gas market is explained in Note 3. This balance relates to receivables from the participants on the foresaid gas market. These are paid – according to the contract – in less than 5 days.

The receivable from the gas market services are also subject to ECL. Here – due to the nature of the receivable – the Entity uses the simplified method, so immediately the life-time ECL is recorded without further tracking of the individual credit quality. Due to the collateral behind these transactions the loss ratio is low (see accounting policy for details).

The gas market guarantee system guarantees the settlement of claims.

The balance of the receivable depends on the trading activity on the market that the Entity does not influence.

The liabilities from the gas market embodies the other component of the clearing transaction is. what the CCP needs to pay to the actual seller of the gas. The payables are – by contractual agreement – due on the same day as the corresponding receivable. This value was 2 590 THUF at the end of 2022 and 1 878 MHUF in 2021. (The large decrease is due to the significant shortening of the settlement period.)

The fair value of these receivables and payables are close to their book value (the payment is done in a short time and no other issues require adjustment).

NOTE 9: TRADE RECEIVABLES RELATING TO CENTRAL COUNTERPARTY AND OTHER SERVICES

	31.12.2022	31.12.2021
Trade receivables from central counterparty and other services		
Receivable balance	174	425
Accumulated impairment losses	-3	-5
Receivable balance net of impairment (book value)	**171**	**420**

	31.12.2022	31.12.2021
Accumulated impairment losses of trade receivables		
Opening accumulated impairment losses	-5	-3
Impairment losses recognized in the current period	2	-2
Impairment losses derecognized in the current period	0	0
Closing accumulated impairment losses	**-3**	**-5**

These trade receivables include the not yet paid part of the rendered CCP and similar clearing related services. Accounts receivable are stated at the value of the invoiced service.

The trade receivables are also subject to ECL. Here – due to the nature of the receivable – the Entity uses the simplified method, so immediately the life-time ECL is recorded without further tracking of the individual credit quality. The ECL balance of each receivable – if not assessed individually – is calculated based on loss ratios which is the function of how many days the item is past due (for details see Note 3).

The derecognized impairment loss is due to the recovery of receivables that were previously identified as impaired and impairment loss was recognized.
The impairment loss or gain of the reversal – if any – is reported on a separate line in Separate Statement of Comprehensive Income, on a net basis.

The fair value of these receivables is close to their book value.

	31.12.2022	**31.12.2021**
Receivables		
Not overdue, not impaired	171	424
Not overdue, individually impaired	0	0
Overdue by at most 90 days, individually not impaired	1	0
Overdue more than 91 days, but not more than 180 days, individually not impaired	0	0
Overdue more than 181 days, but not more than 1 year, individually not impaired	0	0
Overdue more 1 years, but not more than 550 days, individually not impaired	1	0
Overdue more than 550 days, individually not impaired	1	1
Overdue, individually impaired	0	0
	174	**425**

NOTE 10: OTHER RECEIVABLES, INCOME TAX RECEIVABLE AND REPURCHASE AGREEMENTS

	31.12.2022	**31.12.2021**
Other receivables		
Loans to employees	1	11
Interest	223	1
Tax receivables (value added tax)	14 449	0
Receivables from the parent	156	0
Sundry other receivables	17	46
	14 846	**58**

	31.12.2022	**31.12.2021**
Opening balance of expected credit loss (ECL)	0	0
Changes in the balance of expected credit loss (ECL)	0	0
Closing balance of expected credit loss (ECL)	**0**	**0**
Closing balance of other receivables, net of ECL	**14 846**	**58**

The tax receivables and prepaid expenses are not under the scope of IFRS 9, therefore not ECL was recognized for those balances.

The sundry other receivables include accruals. The fair value of these receivables is close to the book value. If these items are under the scope of IFRS 9 ECL was established.

The receivables from the parent include balances that arise from amounts due from services rendered.

The entity has no influence on the balance of VAT receivables, since this balance depends on whether the entity has export or import position at the end of December, which depends on the actual market demand. The value of VAT receivable was 14 449 MHUF as at 31 December 2022, while last year the balance led to liability.

These receivables do not yield interest and they are all payable within one year. They are not impaired or past due. The fair value of these receivables is the same with the book value.

Receivables from repurchase agreements (repos)

This balance includes the receivables from repurchase agreements still outstanding at the end of the period. Under this agreement KELER CCP purchased high quality debt instruments at the end of the year (state securities). Those instruments are sold back to the seller on the next banking day. These instruments are not recognized by KELER CCP, but the amounts paid are considered as loan receivables. The difference between the purchase price and the selling price is recorded as interest income, which was in this period negative. The instruments are considered to be security on the loan.

	31.12.2022	**31.12.2021**
Repurchase agreement (repo) – closing balance		
Purchase price of the repo – KELER	0	5 075
Purchase price of the repo – Bank	10 767	30 139
	10 767	**35 214**

	31.12.2022	**31.12.2021**
Opening balance of expected credit loss (ECL)	-5	0
Changes in the balance of expected credit loss (ECL)	3	-5
Closing balance of expected credit loss (ECL)	**-2**	**-5**
Closing balance, net of ECL	**10 765**	**35 209**

The repo receivable is subject to ECL. The receivable was classified in Stage 1 category.

The fair value of the receivable is close to its book value.

NOTE 11: RECEIVABLES FROM FOREIGN CLEARING HOUSES

KELER CCP as a general clearing member of the ECC is entitled to provide energy market non-clearing membership services from 20 July 2010 on the spot power market, and 1 July 2011 on the futures power market and from 2012 on any other markets cleared by ECC without limitation (e.g. gas, EUA emission, etc.). According to the GCM status clearing members have to comply with specified margin and collective guarantee requirements of ECC.

The receivable is denominated in euro. In the original currency the receivable from energy market is: 305,195,367 EUR on 31 December 2022 and 424,602,197 EUR on 31 December 2021 .

The fair value of this receivable is the carrying amount. This receivable is not impaired.

	31.12.2022	31.12.2021
Receivables from foreign clearing houses		
Receivables from contributions	110 547	150 368
Receivables from guarantee funds	11 607	6 310
	122 154	**156 678**

	31.12.2022	31.12.2021
Opening balance of expected credit loss (ECL)	-21	-3
Changes in the balance of expected credit loss (ECL)	5	-18
Closing balance of expected credit loss (ECL)	**-16**	**-21**
Closing balance of receivables from foreign clearing houses, net of ECL	**122 138**	**156 657**

The clearing receivable is subject to IFRS 9 with respect in ECL. The receivable was classified in Stage 1 category. The full receivable is with one counterparty therefore it embodies risk concentration.

The receivables from guarantee funds come from the fact that the clearing members of KELER CCP are contributing to the guarantee fund which is handled and recorded by ECC. The full balance is requested to be paid by the clients of KELER CCP (see Note 18.).

NOTE 12: INTANGIBLE ASSETS

For the year ended 31 December 2022:

Cost	Customer relationship	Software	Total
Balance as of 1 January 2022	399	1 114	1 513
Acquisition	0	201	201
Partial disposal	0	-30	-30
Impairment of intangible assets	0	0	0
Balance as of 31 December 2022	**399**	**1 285**	**1 684**
Accumulated Amortization			
Balance as of 1 January 2022	8	883	891
Current year amortization	0	117	117
Disposals	0	-22	-22
Impairment of intangible assets	5	0	5
Balance as of 31 December 2022	**13**	**978**	**991**
Net book value			
Balance as of 1 January 2022	**391**	**231**	**622**
Balance as of 31 December 2022	**386**	**307**	**693**

For the year ended 31 December 2021:

Cost	Customer relationship	Software	Total
Balance as of 1 January 2021	399	1 037	1 436
Acquisition	0	163	163
Partial disposal	0	-86	-86
Impairment of intangible assets	0	0	0
Balance as of 31 December 2021	**399**	**1 114**	**1 513**
Accumulated Amortization			
Balance as of 1 January 2021	7	759	766
Current year amortization	0	124	124
Disposals	0	0	0
Impairment of intangible assets	1	0	1
Balance as of 31 December 2021	**8**	**883**	**891**
Net book value			
Balance as of 1 January 2021	**392**	**278**	**670**
Balance as of 31 December 2021	**391**	**231**	**622**

The acquisition only includes purchases.

The entity recognized impairment loss in 2022 for the following intangible asset:

- an acquired customer list (that was recognized as Customer relationship as an asset), since two of the customers included in the list has no further business relationship with KELER CCP.

The entity recognized impairment loss in 2021 for the following intangible asset:

- an acquired customer list, since one of the customers included in the list has no further business relationship with KELER CCP.

All the amortization and derecognition is taken to profit or loss.

Performance of the impairment review test – Customer Relationship

Customer relationship is an intangible asset with indefinite useful life. It represents contracts, concessions, licenses and similar rights in the course of the contribution of the clearing line of business in 2013 from the parent Company, KELER. This item was recognized at fair value when the contribution was made. This item is tested annually for impairment. The recoverable amount was based on a value in use calculation. The value in use calculation utilized projected cash flows from the next three years derived from this asset together with the terminal value. These values are the latest estimations of the management. The terminal value is based on decreasing cash flows. The projected cash flows were discounted back using an entity specific discount rate i.e. the WACC of KELER CCP. The most important elements of the calculation were:

	2022	**2021**
Cash flow estimation (pre-tax)	20 110	3 568
Pre-tax discount rate used	16,10%	7,90%
Value in use	17 077	3 111
Book value	378	378
Impairment loss	**-**	**-**

Based on the results of impairment review test to this asset, no such circumstances have been identified which refer to impairment loss.

Performance of the impairment review test – Software, development

The software products are contributing to the clearing activity. The software are specific to the Entity and were all provided by external supplier. The amortization period is four years on average. There are no pledges or similar items limiting the transfer or use of these assets. Based on the results of impairment review test to intangible assets other than assets related to development process described above, no such circumstances have been identified which refer to impairment loss.

The impairment of the development took place during the year and there were no signs of impairment in the period and it was also proven that the IRIS project will be recoverable.

Commitments for the AIX Project

The Entity initiated a project during the period, to provide services for the Kazakh market and act as a clearing house. The AIX application developed for the Kazakh market penetration – due to the discontinuation of the project – was disposed. The previously received advance of 50 000 EUR that was recorded as a liability was taken to the income statement as a gain.

Commitments for the ALMA Project
The Entity imitated in 2021 the so called ALMA project which is the development of a new risk management system. When the financial statements were authorized for issue the amount of the commitment is 223 MHUF. The project is expected to be finalized by the end of the third quarter of 2023 (modified deadline).

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2022:

Cost	**Machinery and equipment**	**Right -Of Use**	**Total**
Balance as of 1 January 2022	34	37	71
Acquisition	1	5	6
Disposals (sale)	-1	0	-1
Increase in advances	0	0	0
Impairment of Property, plant and equipment	0	0	0
Balance as of 31 December 2022	**34**	**42**	**76**
Cumulated Depreciation and Amortization			
Balance as of 1 January 2022	18	21	39
Current year amortization	7	7	14
Disposals (sale)	-1	0	-1
Balance as of 31 December 2022	**24**	**28**	**52**
Net book value			
Balance as of 1 January 2022	**16**	**16**	**32**
Balance as of 31 December 2022	**10**	**14**	**24**

For the year ended 31 December 2021:

Cost	**Machinery and equipment**	**Right -Of Use**	**Total**
Balance as of 1 January 2021	21	37	58
Acquisition	13	0	13
Increase in advances	0	0	0
Disposals (sale)	0	0	0
Impairment	0	0	0
Balance as of 31 December 2021	**34**	**37**	**71**
Cumulated Depreciation and Amortization			
Balance as of 1 January 2021	11	14	25
Current year amortization	7	7	14
Disposals (sale)	0	0	0
Balance as of 31 December 2021	**18**	**21**	**39**
Net book value			
Balance as of 1 January 2021	**10**	**23**	**33**
Balance as of 31 December 2021	**16**	**16**	**32**

The acquisitions are all purchases. These items contribute to the business activity, all of them are individually low value assets. There are no current commitments to purchase tangible assets. There are no pledges or similar items limiting the transfer or use of these assets.

The ROU asset is recognized due to a lease agreement on the office building. The building is leased from a parent company. The lease period ends – based on the latest modification – in 2024, end of the year. A lease liability was also recognized (see Note 19.).

The ROU asset is amortized over the legal life of the contract, without any residual value.

NOTE 14: TRADE PAYABLE

Payables from other activities that are not classified to other positions are under trade payables. These amounts are usually due within below 30 days. The trade payables are mainly denominated in HUF and in EUR.

Within the trade payables the material balances are the amount payable to Szintézis-NET Kft: 132 MHUF (pervious year: 0 MHUF), and the amount payable to KELER: 66 MHUF (pervious year: 276 MHUF).

NOTE 15: OTHER LIABILITIES, INCOME TAXES PAYABLE, TAX PAYABLES

	31.12.2022	31.12.2021
Accruals and other liabilities		
Taxes payable (other than income taxes)	81	29 368
Accrued interest	39	68
Accrued expenses	110	98
Advances received from partners	0	16
Sundry other liabilities	22	25
	252	**29 575**

The accrued expenses consist of sundry expenses that relate to this period but they were not yet invoiced, incurred. The advances received from clients include amounts received in relation to the AIX project where the development did not yet started. The liabilities due to discounts include items that were granted to clients based on their activity in the previous periods. These discounts are calculated at the end of the period and deducted from the revenues.

Advances received from partners included the amount received for the AIX project that was terminated in 2022 (see Note 12.)

	31.12.2022	31.12.2021
Taxes payable (other than income taxes)		
Value added tax	0	29 309
Personal income tax	9	9
Social security contributions	9	9
Social security contribution payable by the employee	11	10
Local tax	42	25
Other taxes	10	6
	81	**29 368**

The material VAT balance is due to the gas settlement activity (in this period the VAT had payable position). The balance will be settled by 20th January 2022. The entity is unable to influence the VAT position. At the end of 2022 VAT receivable was recognized (see Note 10).

Current liabilities from income tax

The entity presents it's liability from income taxes on a separate position. The following tax types are considered to be income taxes:

- corporate income tax (regulated by Act LXXXI of 1996)

The income tax liability of the Entity is 301 MHUF (in 2021 the balance is 1 MHUF tax receivable).

The fair value of the liabilities is close to their book value.

NOTE 16: DEFAULT FUND LIABILITIES

	31.12.2022	31.12.2021
Liabilities for Default Funds		
Exchange Settlement Fund	1 202	2 275
Collective Guarantee Fund	1 614	2 152
Gas Market Collective Guarantee Fund	4 703	1 721
CEEGEX/HUDEX Market Collective Guarantee Fund	282	238
Less own contribution	0	-21
	7 801	**6 365**

As an element of the guarantee system, KELER CCP operates several default funds. The purpose of the default 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.

The amount of the above contributions depends on the member's activity on the given market. Therefore these amounts are changing frequently.

The material increase in the Gas Market Collective Guarantee Fund has two reasons. Firstly the calculated security is based upon the turnover guarantee (3-months average) that is directly influenced by the actual market price what was sharply increased during the period (price effect), so the increase in the guarantee caused the value of the Guarantee Fund to increase. Also, the methodology of the calculation of the turnover guarantee changed as of 1st August 2022 which by itself led to an increase in the calculated amount.

The Entity - as the provider of these funds – must have also contributed to these funds until 2021. The own contribution for this fund was removed from the liability and on the other hand no receivable were recognized (the positions were netted). This type of contribution is not required any more. Based on the General Terms and Conditions in effect starting on 1st August 2022 KELER CCP does not contribute to this fund.

The fair value of the liabilities is close to the amortized cost as book value, so this serves as a proxy to fair value.

NOTE 17: FINANCIAL GUARANTEE CONTRACT LIABILITY

The nature of the activity of the Entity requires covering all the risks that are coming from default events (i.e. that the central counterparty must settle the compensation of the transaction even if one of the parties of the clearing agreement is unable to pay/act). To ensure the source of these payments the Entity operates guarantee system with several funds collected from the participants of the markets. These funds are based on calculations which are not designed to provide full coverage (i.e. it is impossible to provide 100% guarantee). The Entity set up a separate liability to reflect this commitment. To deal with the statistically uncovered exposure the Entity recognizes a financial guarantee contract liability based on the available collateral and the probability of a loss event regardless how small this probability is.
The changes in the financial guarantee contract ("FGC") are recognized in the profit or loss. The fair value of the FGC was arrived to by using the collateral's fair value, adjusted with haircut, taking into consideration the not yet covered risks.

Changes in the balance of the financial guarantee contract liability are included in the separate comprehensive income statement.

The FGC balance and change was the following during the period:

	31.12.2022	**31.12.2021**
Financial guarantee contract liability		
Opening financial guarantee contract liability	35	8
Changes in the financial guarantee contract liability	-9	27
Closing financial guarantee contract liability	**26**	**35**

NOTE 18: COLLATERAL HELD FROM ENERGY AND GAS MARKET PARTICIPANTS

; Energy market non-clearing members are required to provide the entire daily margin requirement – established by ECC – in Euro toward KELER CCP, which amount is forwarded directly toward ECC by KELER CCP to cover margin requirements occurred in line with the energy market non-clearing members trading activity. Beyond the daily margin requirement, energy market non-clearing members are also obliged to fulfill basic financial collateral in euro toward KELER CCP to meet participation pre-requisites.

The collateral amounts of the clearing members will be deposited by KELER CCP and will be kept on an escrow account. This shall be presented on a separate line in the balance sheet.

The required collateral was calculated – based on an accepted methodology – by the risk management.

NOTE 19: LEASE LIABILITY

	31.12.2022	**31.12.2021**
Lease liability		
Opening balance	19	27
Remeasurement of lease liability due to contract modification	5	0
Interest on the lease	2	1
Lease payment	-9	-9
Foreign exchange rate loss	1	0
Closing balance	**18**	**19**
Lease interest for the future periods	2	1
Lease payments for the future periods	**20**	**20**
Of which: short term liabilities	9	8
Of which: long term liabilities	9	11

The Company calculated the lease liability as the present value of the future cash payments. The cash flows are denominated in Euro, therefore the calculation was also done in Euro. The lease payments are linked to and index (inflation). This variable lease payment was taken into consideration when calculating the liability, however the expectation were not factored in the payments, the changes will be treated as a reassessment in the later periods. When calculating the lease liabilities, the rate used was 6.27% (incremental borrowing rate) which was backed up by external evidence from the bank.

In 2022 the lease contract was modified (the lease term was extended). Therefore the lease liability was remeasured based on the future cash-flows, which was recognized against ROU. During the modification the incremental borrowing rate was also recalculated.

When accounting for the lease the Entity uses the Euro amounts which are retranslated and any difference is accounted for as a foreign exchange rate gain or loss.

NOTE 20: LOANS RECEIVED

In 2022 KELER CCP received a financing credit line from MNB and from Parent. Note 35 discloses information on the amount of credit line.

	31.12.2022	**31.12.2021**
Provider of credit line		
KELER	3 000	**0**
CBH	7 531	0
	10 531	**0**

The loans are short term. The loan repayment for CBH is automatically executed (generally from VAT reclaim).

The fair value and book value of the above balances are the same.

NOTE 21: DEFERRED TAXES

The tax balances and temporary differences for 2022 are as follows:

Asset/liability	Tax base	Book Value	Deductible, taxable difference	Deferred tax through profit or loss	Deferred tax through OCI
Debt instruments measured at fair value through other comprehensive income	3 684	3 616	-68	0	6
Trade receivables relating to central counterparty and other service	175	171	-4	0	0
Receivables from repurchase agreements	10 766	10 765	-1	0	0
Receivables from foreign clearing houses	122 154	122 138	-16	2	0
Intangible asstes	715	693	-22	2	0
Accruals and other liabilities	235	252	-17	2	0
Financial guarantee contract liability	0	26	-26	2	0
			Deferred tax assets	**8**	**6**
			Deferred tax liability	**-**	**-**

The tax balances and temporary differences for 2021 are as follows:

Asset/liability	**Tax base**	**Book Value**	**Deductible, taxable difference**	**Deferred tax through profit or loss**	**Deferred tax through OCI**
Debt instruments measured at fair value through other comprehensive income	6 996	6 945	-51	0	5
Trade receivables relating to central counterparty and other service	425	420	-5	1	0
Receivables from repurchase agreements	35 214	35 209	-5	0	0
Receivables from foreign clearing houses	156 678	156 657	-21	2	0
Intangible assets	644	622	-22	2	0
Accruals and other liabilities	29 561	29 575	-14	1	0
Financial guarantee contract liability	0	35	-35	3	0
			Deferred tax assets	**9**	**5**
			Deferred tax liability	**-**	**-**

The deferred tax balances are not discounted.

	Recognized in profit or loss	Recognized in other comprehensive income	**TOTAL**
Balance as of 01 January 2021	5	-1	**4**
Current year changes	4	6	**10**
Balance as of 31 December 2021	9	5	**14**
Current year changes	-1	1	**0**
Balance as of 31 December 2022	8	6	**14**

NOTE 22: SHARE CAPITAL AND RESERVES

The changes of the reserves of the Entity are explained in the Statement of Changes in the Shareholder’s Equity.

The contributed capital of the Entity consists of share capital and share premium.

The contributed share capital is:

	31.12.2022	31.12.2021
Share capital		
KELER (KELER Central Depository Ltd.)	3 418	2 618
Magyar Nemzeti Bank (Central Bank of Hungary)	3	3
Budapesti Értéktőzsde (Budapest Stock Exchange)	2	2
	3 423	**2 623**

Which reflects the following ratios:

	31.12.2022	31.12.2021
Share capital	%	%
KELER (KELER Central Depository Ltd.)	99,85	99,81
Magyar Nemzeti Bank (Central Bank of Hungary)	0,08	0,10
Budapesti Értéktőzsde (Budapest Stock Exchange)	0,07	0,09
	100	**100**

	31.12.2022	31.12.2021
Capital reserve	6 135	3 935

All shares rank pari passu in the event of liquidation. The shares are dematerialized. During the period the issued capital was increased by 800 MHUF and an additional share premium of 2 200 MHUF was introduced. The additional capital was provided by the Parent only, other owners did not participate.

Fair value through other comprehensive income debt instruments revaluation reserve

The revaluation reserve includes the effect of the remeasurement of the FCVTOCI items. This reserve is reclassified into the net income when the underlying debt instrument is derecognized. Since the full balance of the accumulated equity is in relation to treasury bills expirering within a year, the full balance of the opening equity was reclassified to net income during the period.

NOTE 23: STATEMENT OF FINANCIAL POSITION CATEGORIES BASED ON CURRENT-NON CURRENT DISCTINCTION

The Entity presents its Separate Statement of Financial Position in liquidity order. The reason for that is that the parent company of the Entity (KELER Ltd.) follows this order.
The Balance Sheet based on the current – non-current distinction is the following:

	31.12.2022	**31.12.2021**
Non current assets	731	668
Current assets	345 128	400 091
Short term liabilities	-329 875	-391 278
Financed by:		
Long term liabilities	-12	-26
Owners' equity (net assets)	15 972	9 455

The non current assets include the intangible assets, the property plant and equipment and the deferred tax asset.
The long term liabilities include long term portion of the lease, certain employee benefits and the financial guarantee contract liability.
All other items of the balance sheet are current. The Entity defines an item of the balance sheet being current if the due date is within 12 months.

The change in the financing requirement was due to the change in the VAT position.

NOTE 24: INCOME FROM CENTRAL COUNTERPARTY SERVICE

The main revenue generating activity of the Entity is the fee income from acting as a central counterparty on several markets. These revenues are allocated to the period when the service is provided.

	2022	**2021**
Income from central counterparty service		
CCP services of spot market	440	298
CCP services of derivative market	326	245
Clearing membership fees	774	705
CCP services of gas market	284	321
CCP services of energy market	501	421
Income from collateral	2 801	1 043
Fees from trade reporting	4	5
	5 130	**3 038**

The significant increase in the income from collateral is due to the newly introduced settlement banking system for gas- and energy market clients, settling in EUR. This system was introduced by KELER CCP in December 2020. In this model clients are required to pay a fee based on their deposited amount. In December 2020 only gas collateral attracted a fee which was extended to the full energy service line in 2021. Due to the significant increase in the deposit balances further increase was experienced compared to the previous period.
The collateral fee increased due to increase of the guarantee balances caused by the market situation experienced on the energy markets.

NOTE 25: OTHER NON-COUNTERPARTY SERVICES INCOME

The Entity has activities that are either not provided on regular basis or outside of the scope of the core activity.

NOTE 26: GAS TRADING ACTIVITY

When the Entity acts as the central counterparty of the deals in gas trading legally they are considered to be buyer and seller at the same time. Therefore the income from selling the gas itself and the cost of this sale shall not be recognized in the profit or loss but it is netted, therefore it bypasses that statement. (The payables and receivables however are recognized on gross basis – see Note 8.) The fees for acting as a counterparty is recognized as clearing fee (Note 24). The balance is generated by the clearing members. KEELER CCP has on direct influence on this.

The trading volume is the following:

	2022	**2021**
Income from gas sold	1 339 494	636 472
Cost of sales of gas sold	-1 339 494	-636 472
To the income statement, net	**-**	**-**

Since KELER CCP does not qualify for a CCP on the energy market the expense and income from this activity is presented on net basis.

NOTE 27: BANK FEES, COMMISSION AND SIMILAR ITEMS

These fees, commissions charged by other financial institutions (mostly settlement banks) for the activities of the Entity.

NOTE 28: PERSONNEL EXPENSES

All the personal expenses are relating to short term employee benefits – including accumulating paid leaves – except the jubilee bonuses which is a long term employee benefit and other long-term liabilities.

The average number of employees was 29 in 2021 and 2022 alike.

	2022	**2021**
Personnel expenses		
Wages	508	455
Base wages	455	402
Premium	53	53
Social security and other contributions	73	79
Other cost of personnel	40	36
	621	**570**

NOTE 29: OTHER OPERATING EXPENSES

	2022	**2021**
Other expenses		
Charges for infrastructure	386	489
IT support	106	97
Expert fees	123	16
Other administrative services	41	26
Local business and other taxes	314	123
Education fees	23	13
Rental fees	14	13
Membership fees	13	14
Levies	1	1
Legal fees	4	6
Travel expenses	4	1
Insurance fees	4	5
ECC service fees	515	89
Fines paid	0	0
Other sundry expenses	36	37
	1 584	**930**

KELER CCP outsources some of its administrative services to KELER Ltd. (the parent company of KELER CCP), including: supplying of data between KELER and KELER CCP and to third parties as well, IT related and other (finance, accounting, controlling, marketing, PR, HR, compliance, etc.).
IT support services covers the support and update of the software used by the Entity. The elements of this expense are explained by the individual heading.

The ECC service fees increased in line with the deposit balances serviced by ECC in 2022.

NOTE 30: IMPAIRMENT LOSS OF FINANCIAL ASSETS

The impairment loss is calculated based on the expected credit loss model as required by IFRS 9. For instruments other than accounts receivable, the general method is used, where the instruments are classified into three stages. At the end of the reporting period all financial assets are in the first stage and the calculation of the impairment loss allowance is the following:

	Balances with banks	Repos	Treasury bills	Loans to employees	Receivables from foreign clearing houses	Account receivables	TOTAL
Opening balance of expected credit loss (ECL)	27	5	1	0	21	5	59
Changes in the balance of expected credit loss (ECL)	-1	-4	0	0	-5	-1	-11
Closing balance of expected credit loss (ECL)	**26**	**1**	**1**	**0**	**16**	**4**	**48**

The changes in the ECL were recognized in the income statement.
For the calculation the so called ‘standard model’ is used, where pre-set PDs and LGDs are applied for the counterparty, using the TTC (Through The Cycle) approach.
For the accounts receivable the simplified method is used, using the ageing approach (applying a provision matrix). This led to the following amounts:

NOTE 31: NET INTEREST INCOME

The interest income and expenses include the following amounts:

	2022	2021
Interest income		
Interest income on demand deposit	476	0
Income from interest on amortized cost instruments - Recharged negative interest	0	2
Interest income on repo deals	945	70
Interest on fair value through other comprehensive income debt instruments	312	46
Interest received from foreign clearing houses	757	0
	2 490	**118**

	2022	2021
Interest expense		
Interest paid on loans received	-171	-7
Interest paid to bank account	-193	-315
Interest paid to ECC	-618	-246
Other interest	-532	-240
	-1 514	**-808**

The significant increase in interest income is due to the change in the financial environment, namely the increasing interest rates (e.g. interest from ECC, from settlement banks, repos). The increase in interest expense is derived from the same reason. In 2022 MNB continued with interest rate increase cycle started in previous year. The base rate was increased in several steps from 2.4% to 13% by September 2022, while the interest rate of overnight deposit tender introduced in the middle of October was kept at 18%. Negative euro interest rates of previous years became positive in 2022.
Interest on fair value through other comprehensive income debt instruments include interests received on state securities.

NOTE 32: OTHER FINANCIAL GAIN/ LOSS

Other financial gains and losses include foreign exchange gains and losses for period, which is explained by movements on the EUR, GBP and USD rates.

NOTE 33: INCOME TAX EXPENSE, CHANGE IN THE INCOME TAX REGIME

Items classified as income taxes in accordance with IAS 12 are listed in Note 10. The rate for the corporate income tax was 9% in Hungary.

A breakdown of the income tax expense is:

	2022	**2021**
Income Taxes		
Current tax charged to the profit or loss	346	43
Deferred tax charged to the profit or loss	1	-4
Tax expense	**347**	**39**
Deferred tax charged to other comprehensive income	-1	-6
Total tax in total comprehensive income	**346**	**33**

The details about the deferred tax are in Note 20.

	2022	**2021**
Profit before taxes	**3 880**	**446**
Theoretical corporate tax rate	9%	9%
Corporate income tax calculated using the theoretical tax rate	**349**	**40**
Adjustments increasing the taxable profit multiplied with the theoretical tax rate	13	20
of which depreciation	*12*	*15*
of which other items	*1*	*5*
Adjustments decreasing the taxable profit multiplied with the theoretical tax rate	16	17
of which depreciation	*14*	*17*

of which other items	*2*	*0*
Actual corporate income tax	**346**	**43**
Actual income tax	346	43
Deferred corporate income tax recognized in profit or loss	1	-4
Actual income tax recognized in profit or loss	**347**	**39**
Actual income tax recognized in other comprehensive income	0	0
Deferred income tax recognized in other comprehensive income	-1	-6
Income tax in total comprehensive income	**346**	**33**

NOTE 34: OTHER COMPREHENSIVE INCOME

The other comprehensive income includes the revaluation of the fair value trough other comprehensive income financial instruments The other comprehensive income also include the tax effect of this as well.

This balance is to be reclassified to the profit or loss when the financial instruments are derecognized.

	2022	**2021**
Other comprehensive income:		
Remeasurement gain on fair value trough other comprehensive income debt instruments	-17	-63
Deferred tax charged to the Other comprehensive income	1	6
	-16	**-57**

The other comprehensive income will fully be reclassified to the income statement.

NOTE 35: OFF BALANCE SHEET ITEMS

	31.12.2022	**31.12.2021**
Guarantees received		
Cash	10 827	14 180
In HUF	9 588	12 542
In foreign currency	1 239	1 638
Security	47 841	37 115
Bank guarantee	0	0
	58 668	**51 295**
Specific safeguards		
Cash- in foreign currency	8 125	4 427
Security	1 405	4 081
	9 530	**8 508**
Line of credit available for use		
From domestic bank (MKB)	801	738
From the parent	21 000	6 000
From domestic bank (Gránit)	0	4 000
From domestic bank (OTP)	1 982	1 837
From domestic bank (Budapest Bank)	1 181	1 099
From domestic bank (Citi Bank Frankfurt)	1 588	1 495
CHB Credit line	42 469	0
	69 021	**15 169**

Under specified circumstances these security deposits maybe used by the Entity for given reasons (i.e. loss making event).
The Entity received a line of credit from several sources, out of which some is provided by commercial banks which's main purpose is to provide general liquidity (mainly for VAT position) and to maintain the appropriate operation of the settlement banking system. The credit line at Granit Bank was terminated in 2022. The parent provides two facilities. One of the line of credits provided by the parent is general in purpose providing short term liquidity and will be settled on a daily basis, thus the closing balance on each day is zero (upper limit is 4 billon HUF). The other facility is same in nature, but settled only annually (upper limit is 20 billion HUF).

The CBH provided a credit line of 50 billion HUF (of which a part was drawn). The main purpose of this credit line is financing VAT payables.

NOTE 36 RELATED PARTY TRANSACTIONS

A number of transactions are entered into with related parties (including shareholders) of the KELER CCP 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:

	2022	**2021**
Shareholders		
Interest income	-276	-11
Charges for infrastructure	-417	-520
Fees and commissions expenses	-102	-56
Interest expenses	-41	-7
Other items	-8	-7
	-844	**-601**

	31.12.2022	**31.12.2021**
Shareholders		
Receivables	0	5 074
Accrued interest receivables	123	0
	123	**5 074**
Accounts payable	3 118	291
	3 118	**291**

Transactions are at arm’s length condition.
The ultimate parent of the Entity is the Central Bank of Hungary (CBH). CBH is a government-related entity (as defined by IAS 24). This Entity uses the exemption in IAS 24.25 and does not make disclosures regarding balances and transactions with other government related entities. These transactions with other government related entities are immaterial and if they exist they are at arm’s length condition.

Members of the key managements are related parties.
Key management (during the period preparing the financial statements):

Board of Directors

- Dr. Selmeczy-Kovács Zsolt chairman of BoD
- Balogh Csaba Kornél, member of BoD
- Körmöczi Dániel, member of BoD
- Berényi László, member of BoD
- Kecskésné Pavlics Babett, member of BoD
- Horváth Dániel, member of BoD
- Demkó-Szekeres Zsolt (from 31st July 2020 until 29th November 2022)

Supervisory Board

- Varga-Balázs Attila, chairman of SB
- Gerendás János, member of SB
- Bozsik Balázs, member of SB (until 31th December 2021)
- Banai Ádám, member of the SB
- Boros Eszter member of the SB (from 27th May 2021)
- Kardos Miklós member of the SB (from 17th February 2022)

The Board of Directors and the Supervisory Board receives the following remuneration for the Entity:

2022	Board of Directors	Supervisory Board	Total
Salary and similar	112	28	140
Fringe benefits	6	-	6
Total	**118**	**28**	**146**

These renumerations are all short term employee benefits.

Remunerations above include all type of disbursement paid to members of Board of Directors and Supervisory Board. Other than the above stated remuneration no transactions are made with the foresaid people.

Balázs Bozsik resigned from the Supervisory Board in 2021.
Kardos Miklós was elected to be the member of the Supervisory board on 17th February 2022.
The board membership and the employment of Demkó-Szekeres Zsolt was terminated on 29th November 2022.

NOTE 37: DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The Entity is not involved in any interests that should be consolidated in any way (subsidiaries, associates or joint arrangements).

NOTE 38: CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Classification of financial instruments

As at 31 December 2022	Financial instruments (measured at fair value trough profit or loss)	Receivables measured at amortized cost	Fair value through other comprehensive income debt instruments sale assets	Other assets or liabilities at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	0	0	0	191 188	**191 188**	**191 188**
Government bonds and treasury bills measured at fair value through other comprehensive income	0	0	3 616	0	**3 616**	**3 616**
Trade receivables relating to gas market	0	2 404	0	0	**2 404**	**2 404**
Trade receivables relating to central counterparty and other service	0	171	0	0	**171**	**171**
Receivables from repurchase agreements	0	10 765	0	0	**10 765**	**10 765**
Receivables from foreign clearing houses	0	122 138	0	0	**122 138**	**122 138**
Trade payables	0	0	0	255	**255**	**255**
Trade payable from gas market activity	0	0	0	2 590	**2 590**	**2 590**
Default Fund liabilities	0	0	0	7 801	**7 801**	**7 801**
Financial guarantee contract liability	0	0	0	26	**26**	**26**
Collateral held from energy market participants	0	0	0	227 756	**227 756**	**227 756**
Collateral held from gas market participants	0	0	0	80 357	**80 357**	**80 357**
Loans	0	0	0	10 531	**10 531**	**10 531**

As at 31 December 2021	**Financial instruments (measured at fair value trough profit or loss)**	**Receivables measured at amortized cost**	**Fair value through other comprehensive income debt instruments sale assets**	**Other assets or liabilities at amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	0	198 806	0	0	**198 806**	**198 806**
Government bonds and treasury bills measured at fair value through other comprehensive income	0	0	6 945	0	**6 945**	**6 945**
Trade receivables relating to gas market	0	1 995	0	0	**1 995**	**1 995**
Trade receivables relating to central counterparty and other service	0	420	0	0	**420**	**420**
Receivables from repurchase agreements	0	35 209	0	0	**35 209**	**35 209**
Receivables from foreign clearing houses	0	156 657	0	0	**156 657**	**156 657**
Trade payables	0	0	0	289	**289**	**289**
Trade payable from gas market activity	0	0	0	1 878	**1 878**	**1 878**
Default Fund liabilities	0	0	0	6 365	**6 365**	**6 365**
Financial guarantee contract liability	0	0	0	35	**35**	**35**
Collateral held from energy market participants	0	0	0	299 014	**299 014**	**299 014**
Collateral held from gas market participants	0	0	0	54 129	**54 129**	**54 129**

No items were classified as fair value through profit or loss (FVTPL)

Assets and liabilities measured at fair value – Fair value hierarchy

As at 31 December 2022	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
Treasury bills and government bonds	0	3 616	0	**3 616**

As at 31 December 2021	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
Treasury bills and government bonds	0	6 945	0	**6 945**

Assets and liabilities measured at non-fair value – Fair value hierarchy

As at 31 December 2022	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
Cash and cash equivalents	0	191 188	0	**191 188**
Trade receivables relating to gas market	0	0	2 404	**2 404**
Trade receivables relating to central counterparty and other service	0	0	171	**171**
Receivables from repurchase agreements	0	0	10 765	**10 765**
Receivables from foreign clearing houses	0	0	122 138	**122 138**
Trade payables	0	0	255	**255**
Trade payable from gas market activity	0	0	2 590	**2 590**
Default Fund liabilities	0	0	7 801	**7 801**
Financial guarantee contract liability	0	0	26	**26**
Collateral held from energy market participants	0	0	227 756	**227 756**
Collateral held from gas market participants	0	0	80 357	**80 357**
Loans	0	0	10 531	**10 531**

As at 31 December 2021	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
Cash and cash equivalents	0	198 806	0	**198 806**
Trade receivables relating to gas market	0	0	1 995	**1 995**
Trade receivables relating to central counterparty and other service	0	0	420	**420**
Receivables from repurchase	0	0	35 209	**35 209**

agreements				
Receivables from foreign clearing houses	0	0	156 657	**156 657**
Trade payables	0	0	289	**289**
Trade payable from gas market activity	0	0	1 878	**1 878**
Default Fund liabilities	0	0	6 365	**6 365**
Financial guarantee contract liability	0	0	35	**35**
Collateral held from energy market participants	0	0	299 014	**299 014**
Collateral held from gas market participants	0	0	54 129	**54 129**

The year-end level 2 fair value measurement of treasury bills and government bonds are derived by KELER CCP using the yield curve published by ÁKK (Government Debt Management Agency)

The book value is an appropriate proxy for the fair value (at level 3) due to the short term nature of the items.

Receivables or similar items including counter party risk where the risk factor is not readily determinable are classified under Level 3 measurement.

NOTE 39: RECONCILIATION OF THE EQUITY

The Hungarian Accounting Act para 114/B requires the entity to reconcile the equity under IFRS with the equity defined by the foresaid paragraph.

The equity reconciliation for 31st December 2022 and for 31st December 2021 is:

	31.12.2022	31.12.2021
Equity under IFRSs	**15 972**	**9 455**
Received additional temporary capital	0	0
Given additional temporary capital	0	0
Received grant classified into share premium, if accounted for as deferred income	0	0
Received assets, if deferred income under IFRS	0	0
Introduced capital, if recognized as receivable from owners under IFRS	0	0
Equity reconciled as per Szt. 114/B	**15 972**	**9 455**

Items of equity as per the reconciliation

Issued capital under IFRS		
Issued capital as registered by the court of registry	3 423	2 623
Issued, but unpaid capital	0	0
Issued, but unpaid capital	0	0
Tide-up reserve	0	0
Received additional temporary capital	0	0
Reserve for future development	0	0
Tide-up reserve as per Szt. 114/B	**0**	**0**
Retained earnings		
Accumulated profit under IFRS not yet distributed (current and previous years)	2 943	2 536
Items charged directly to retained earnings under IFRS	0	0
Temporary additional capital granted	0	0
Development reserve not yet used adjusted with deferred taxes	0	0
Accumulated profit for the years before transition with transition adjustments	0	0
Retained earnings as per Szt. 114/B	**2 943**	**2 536**
Profit after taxes		
Profit after taxes as per Szt. 114/A point 9.	3 533	407
Revaluation reserve		
Items recognized in other comprehensive income, accumulated	-62	-46
Capital reserve		
Reconciled equity	15 972	9 455
less: reconciled issued capital	-3 423	-2 623
less: reconciled issued, but unpaid capital	0	0
less: reconciled tide up reserve	0	0
less: reconciled retained earnings	-2 943	-2 536
less: reconciled profit after taxes	-3 533	-407
less: reconciled revaluation reserve	62	46
Share premium as per Szt. 114/B	**6 135**	**3 935**

Reconciled equity
Reconciled equity as per 114/B

Issued capital	3 423	2 623
Issued, but unpaid capital	0	0
Capital reserve	6 135	3 935
Retained earnings	2 943	2 536
Tide-up reserve	0	0
Revaluation reserve	-62	-46
Profit after taxes	3 533	407
	15 972	**9 455**

Retained earnings (reconciled)	2 943	2 536
Profit for the current period	3 533	407
Less: value increase of investment properties (adjusted with tax effects)		
Retained earnings available for dividend	**6 476**	**2 943**

NOTE 40: STATEMENT OF FINANCIAL POSITION TO EMIR

KELER CCP 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”, here: basic guaranteed equity) 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.

	31.12.2022	**31.12.2021**
Cash and cash equivalents	191 188	198 806
Debt instruments measured at fair value through other comprehensive income	3 616	6 945
Trade receivables relating to gas market	2 404	1 995
Trade receivables relating to central counterparty and other service	171	420
Other receivables	14 846	58
Receivables from repurchase agreements	10 765	35 209
Receivables from foreign clearing houses	122 138	156 657
Income Tax - Current tax receivables	0	1
Intangible assets	693	622
Property, plant and equipment	24	32
Income Tax - Deferred tax assets	14	14
TOTAL ASSETS	**345 859**	**400 759**
Trade payables	255	289
Trade payable from gas market activity	2 590	1 878
Other payables	252	29 575
Income Tax - Current tax liability	301	0
Default Fund liabilities	7 801	6 365
Financial guarantee contract liability	26	35
Collateral held from energy market participants	227 756	299 014
Collateral held from gas market participants	80 357	54 129
Lease liability	18	19
Income Tax- Deferred tax liability	0	0
Loans	10 531	0
TOTAL LIABILITIES	**329 887**	**391 304**
CCP Capital requirement acc. to EMIR	8 027	4 049
Skin in the game default Exchange Fund	263	327
Skin in the game default Collective Guarantee Fund	375	311
Skin in the game default Gas Market Collective Guarantee Fund	1 119	248
Skin in the game default CEEGEX Market Collective Guarantee Fund	67	35
Other Financial resources	6 121	4 485
TOTAL SHAREHOLDERS' EQUITY	**15 972**	**9 455**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**345 859**	**400 759**

NOTE 41: CHANGES IN ACCOUNTING POLICIES

The Entity did not change its' accounting policies during 2022.

NOTE 42: NEW AND REVISED STANDARDS

The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2022.

New and amended standards and interpretations issued before the Company's financial statements were published but not yet effective are explained below. The Compnay intends to apply these new and amended standards and interpretations when they become effective.

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation, and disclosure. After it entered into force, IFRS 17 replaced IFRS 4 Insurance contracts (IFRS 4) issued in 2005. IFRS 17 applies to all types of insurance contracts (ie, life insurance, non-life insurance, direct insurance, and reinsurance contracts), regardless of the type of entity issuing them, as well as certain guarantees and financial instruments with discretionary equity features. Some scope exceptions will apply. The overall objective of IFRS 17 is to provide insurers with a more useful and consistent accounting model for insurance contracts. In contrast to the requirements of the IFRS 4 standard, largely based on previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts that covers all relevant accounting aspects. The main feature of IFRS 17 is the general model, supplemented by the following.

- Special adaptation for contracts with equity characteristics (the variable fee approach).
- A simplified approach (for premium allocation), especially for short-term contracts.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative data. Early application is permitted, provided that the entity applies both IFRS 9 and IFRS 15 on or before the date of first application of IFRS 17.
This standard is not relevant to the Company.

Amendments to IAS 1: Classification of liabilities as current or long-term

In January 2020, the IASB amended IAS 1 69-76 paragraphs in order to define the requirements for classifying liabilities as short-term or long-term. The amendments clarify the following.
- What does the right to postpone settlement mean.
- The right to postponement must exist at the end of the reporting period.
- The classification is not affected by the probability that the entity will exercise its right of deferral.
- If a derivative embedded in a convertible liability is itself an equity instrument, the terms of the liability do not affect its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and must be applied retroactively. The Company is exploring how the amendments will affect current practice and whether existing credit agreements require renegotiation.

Determination of accounting estimates - Amendments to IAS 8

In February 2021, the IASB published amendments to IAS 8 introducing the concept of “accounting estimates.” The amendments clarify the difference between changes in accounting estimates, changes in accounting policy, and corrections of errors. They also clarify how entities use valuation techniques and inputs to make accounting estimates.
The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and accounting estimates that occur on or after the beginning of that period. Early application is permitted, provided this fact is published.
The amendments are not expected to have a material impact on the Company’s financial statements.

Publication of the accounting policy – Amendments to IAS 1 and IFRS 2 practice statements

In February 2021, the IASB published amendments to IAS 1 and IFRS Practice Statement 2 (Making Materiality Decisions), which provide guidance and examples for entities to apply materiality decisions in accounting policy disclosures. The amendments are intended to assist entities in making more useful accounting policy disclosures by replacing the requirement for entities to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies and provide guidance on how entities apply the concept of materiality when making accounting policy disclosure decisions.
The amendments to IAS 1 must be applied to annual p“riods be”inning on or after January 1, 2023, earlier application is permitted. Since the amendments to Practice Statement 2 provide non-mandatory guidance on applying the concept of materiality to information related to accounting policies, the date of entry into force of these amendments does not need to be considered.
The Company is currently reviewing the disclosure of information on the accounting policy to ensure consistency with the amended requirements, which are not expected to cause any substantive changes.

Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12

In May 2021, the Board published amendments to IAS 12 that narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that result in the same taxable and deductible temporary differences.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided sufficient taxable profit is available) and a deferred tax liability should be recognized for all deductible and taxable temporary differences related to leases and decommissioning obligations.

The Company is currently investigating the impact of the amendments.
The Company has adopted specific standards and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company did not prematurely apply the standards, interpretations, and amendments issued but not yet effective.

Onerous contracts - Costs of contract performance - Amendments to IAS 37

An onerous contract is a contract where the unavoidable costs of fulfilling the obligations under the contract (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under the contract.
The amendments specify that when assessing whether a contract is onerous, an entity must consider costs that are directly related to the contract for the provision of goods or services, including all ancillary costs (e.g., direct labor and material costs), as well as the costs directly related to contractual activities (e.g., depreciation of equipment used to fulfill the contract, as well as the costs of managing and supervising the contract). General and administrative costs are not directly related to the contract and are not included here unless they are specifically charged to the contracting party under the contract.
The Company applied the amendments to those contracts for which it had not yet fulfilled all its obligations at the beginning of the reporting period. Before applying the amendments, the Company did not identify any contracts – even which are in force – as disadvantageous, so the amendment has no direct effect.

Reference to the conceptual framework – Amendments to IFRS 3

The amendments replace the reference to the previous version of the IASB Conceptual Framework with reference to the current version issued in March 2018 without significantly changing its requirements.
The amendments make an exception to the standard recognition principle of IFRS 3 Business Combinations to eliminate the problem of potential "day 2" gains or losses from liabilities and contingent liabilities that fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Receivables or IFRIC 21 Taxes would fall under if they arose separately. The exception requires entities to apply the requirements of IFRS 3 so that certain liabilities are recognized in the consolidated financial statements in connection with the acquisition, even if they would not otherwise be recognized.
The amendments add a new paragraph to the IFRS 3 standard.
In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which the amendments are applied for the first time (date of initial application).
These amendments had no impact on the consolidated financial statements of the Group, as no contingent assets, liabilities, or contingent liabilities subject to the amendments arose during the period.

Property, plant, and equipment: Income before intended use - Amendments to IAS 16

The amendment prohibits economic entities from deducting from the cost of an item of PPE the income from the sale of such items, which are generated when bringing the

given asset to the location and condition necessary for operation as planned by the management. Instead, the entity recognizes the revenue from the sale of such items and the costs of producing such items in profit or loss.
In accordance with the transitional provisions, the Company applies the amendments retrospectively only to property, plant, and equipment that are in use at or after the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments did not affect the consolidated financial statements of the Company.

IFRS 1 First-time adoption of international financial reporting standards – subsidiary as a first-time adopter

The amendment enables a subsidiary that decides to apply paragraph D16(a) of IFRS 1 to measure the accumulated translation differences based on the amounts recognized in the parent company's consolidated financial statements based on the date of the parent company's transition to IFRS, if no changes have been made to the consolidation procedures and due to the effects of a business combination in which the parent company acquired the subsidiary. This amendment also applies to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments did not impact the Group's consolidated financial statements, as the Group is not a first-time adopter.

IFRS 9 Financial instruments - Fees in the "10 percent" test for derecognition of financial liabilities

The amendment clarifies the charges that an entity considers when assessing whether the terms of a new or modified financial liability differ materially from the terms of the original financial liability. These fees include only fees paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on behalf of the other.
In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or replaced on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Company, as the Company’s financial instruments were not modified during the period.

IAS 41 Agriculture – Taxation during fair value measurement

The amendment removes the requirement in paragraph 22 of IAS 41 that entities must exclude tax-related cash flows when determining the fair value of assets subject to IAS 41. These amendments did not affect the consolidated financial statements of the Company, as it did not have any assets subject to IAS 41 on the reporting date.

NOTE 43: DISCLOSURES FOR THE SEPARATE FINANCIAL STATEMENT REQUIRED BY IAS 27

The Entity is a fully consolidated subsidiary of KELER Ltd. Those consolidated financial statements are published and deposited according to the relevant Hungarian legislation.
The Entity does not have any subsidiaries, associates or joint arrangements.

NOTE 44: SUBSEQUENT EVENTS

The Group did not identify any subsequent events after the end of the reporting period which would require separate presentation.

NOTE 45: EFFECTS OF THE COVID19 PANDEMIC AND THE RUSSIAN-UKRANIAN CONFLICT

The corona virus pandemic changed the social and economic environment substantially in 2020. The entity monitors the possible effects of the circumstances closely. In 2022 there were no decrease in revenues due to reasons theat derived from the pandemic. .

The Russian-Ukrainian armed conflict led to an increased trading volume on the markets cleared by KELER CCP which had a favorable effect on the revenues. At the same time the steep increase in the energy prices led to the steep increase in deposited amounts which resulted in higher fee and interest income. These market trends also led to increased risk that was appropriately handled by the risk management of KELER CCP, therefor no loss-event occurred. The compliance with the equity requirements set by the regulator due to the significant rise in the deposit balances due to the peak prices experienced at the end of August generated a challenge for KELER CCP. The equity requirement challenges were resolved with the normalization of the market prices and the new exposure-based limit system will assure compliance on the long term. The sanction-based restrictions were continuously fulfilled, which had no effect on the business relations of KELER CCP. Due to the sanctions KELER performed the state required client assessment and with a few clients the relationship was terminated which had not material effect on the business.

NOTE 46: DIVIDEND

The AGM on 27th April 2022 did not declare a dividend for the business year of 2021, all net profit was transferred to retained earnings.

NOTE 47: APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on 29 March 2023. The financial statements are approved by the Annual General Meeting.

Budapest, 29 March 2023.

Babett Pavlics Chief Executive Officer	Tamás Horváth Chief Operating Officer