

## **KELER CCP Strategy 2019–2023**

Mission: KELER CCP wishes to become the number one capital and energy market clearing house and clearing bank service provider of the region, while efficiently managing risks based on strict professional criteria.

In terms of regulatory compliance, KELER CCP has undergone major changes in the past years due to the introduction of EMIR. Despite tighter regulation or perhaps as a consequence of the resulting extra resource requirements, today CCPs find themselves exposed to real competition. The provisions of new regulations (MIFID, EMIR, MIFID II / MIFIR) continue to strengthen competition that we certainly have to face during the period of the strategy. CCPs compete for markets and clients across borders. They have to find a delicate balance between growth required by commercial interests, remaining innovative and the volume of risks undertaken.

The firm, risk-based approach steadily applied so far has been one of the essential pillars of the status, the image and the shareholder value of KELER CCP. Therefore, uncompromising risk management meant in a wider sense and based on a solid professional basis is a primary factor in our strategy.

KELER CCP is committed to the continued strengthening of the prudent and conservative risk management principles applied through the transparency, auditability and international recognition of the systems. Capability to react flexibly and rapidly to changes in the business environment, to spot challenges and take opportunities in time are key objectives of KELER CCP. As a result, we will apply our present practice in the future also: knowing our customers personally, keeping active contact with them, requiring additional margin if needed or the prudent management of trading limits are worth more than ratings based on figures only.

KELER CCP intends to pursue a transparent risk management policy fully compliant with regulations in the future also, related to which the maintenance of membership requirements and prudent risk measurement and assessment processes in line with EMIR are essential criteria. In order to strengthen further our current risk management operation, following a careful preparation and selection process, the IT development of a new integrated risk management system (IRIS) was started.

KELER CCP expanded the range of products offered in time, and started to offer services primarily on the natural gas and power markets in addition to capital markets. We know the basics of these two markets, but our knowledge and resources need to be increased and deepened.

Since EMIR entered into force, the owners are no longer the primary factor of determining the capital needs of CCPs, with a view to the needs of market participants, as strict requirements must be met. The existing shareholders' equity of HUF 8 billion is sufficient for the current activity of KELER CCP and the current level of market activity, nevertheless, it is emphasized that during the period of the strategy, the capital of KELER CCP needs to be increased due to partly regulatory compliance, partly business growth reasons, the estimated amount of the capital increase is HUF 2-5 billion.

We believe that the acquisition of new customers, the launch of new products and the clearing of new markets present opportunities to increase volumes and thus reach the required economies of scale. Organic expansion, maintaining good relationship with our existing markets and customers, and secure operation are our fundamental goals. As part of this, supporting the product innovation of our existing capital markets and close cooperation with the Budapest Stock Exchange form the foundation for our natural volume increase strategy. In this framework, we do our best to support domestic capital market product development, innovation and possible expansion.

New client acquisition, increased turnover and thus income are key strategic goals on the energy markets also, as the central counterparty of the balancing clearing and the trading platform, CEEGEX/HUDEX, and as the general clearing member of ECC.

In addition to rising income expected on the energy market, the expansion of our capital market services to foreign markets support the long-term profitable operation of KELER CCP. Expansion in the region or even beyond the region is a logical direction, and our goal is to provide clearing service to the markets and exchanges of the countries in Central Eastern and South East Europe.

We see concrete opportunities and ideas of international importance on both the capital and the energy markets within the KELER CCP strategy timeframe that strengthen the clearing house position of KELER CCP and represent significant income potential.

Active and permanent presence on foreign markets is one of the keys of expansion. We believe that cooperation with foreign entities stands a better chance of success if the names, activities and solutions of KELER CCP and KELER have a familiar ring to the stakeholders of the market concerned. We find it necessary to strengthen our presence at industry conferences, in the press and as the sponsor of professional organizations, as these offer opportunities of cultivating existing customer relationships, caring for the customers, and contribute to the further increase of the recognition of KELER CCP in the region and in Western Europe also.