# KELER CENTRAL DEPOSITORY LTD.

## Consolidated 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 | Financial asset measured at amortized cost |
| ARO | Asset retirement obligationa |
| CBH | Central Bank of Hungary |
| CCP | Central Counterparty (may mean: clearing house) |
| CGU | Cash-generating unit |
| DKJ | Treasury Bills issued by the Hungarian State |
| EAD | Exposure At Default |
| ECC | European Commodity Clearing |
| ECL | Expected Credit Loss |
| EMIR | European Market Infrastructure Regulation |
| EPS | Earnings per share |
| CRR | Capital Requirement Regulation |
| FVTOCI | Fair value through other comprehensive income |
| FVTPL | Fair value through profit or loss |
| GCM | General Clearing Member |
| HAS | Hungarian Accounting Regulation |
| HTM | Held to maturity (financial asset) |
| IAS | International Accounting Standards |
| IFRIC/SIC | Interpretations of the International Financial Reporting Standards |
| IFRS | International Financial Reporting Standards |
| LGD | Loss Given at Default |
| LR | Loans and receivables (financial asset) |
| MÁK | Government Bonds issued by the Hungarian State |
| MHUF | Million Hungarian forints |
| PD | Probability of Default |
| PO | Performance Obligation |
| ROU | Right of use asset |
| SPPI | Cash Flow test of ’Solely Payments of Principal and Interest’ |
| WACC | Weighted average cost of capital |

KPMG Hungária Kft.
Váci út 31.
H-1134 Budapest
Hungary

Tel.: +36 (1) 887 71 00
Fax: +36 (1) 887 71 01
E-mail: info@kpmg.hu
Internet: kpmg.hu

# Independent Auditors' Report

To the shareholders of Keler Központi Értéktár Zrt.

**Report on the Audit of the Consolidated Financial Statements**

*Opinion*

We have audited the 2022 consolidated financial statements of Keler Központi Értéktár Zrt. and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, with total assets of MHUF 468,947, the consolidated statement of comprehensive income, with income for the year of MHUF 5,212, and the consolidated 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 consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated 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 consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group for the purposes of our audit of the consolidated 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.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

***The amount of fees for settlement, clearing and issuer services for the year ended 31 December 2022: HUF 12,770 million.***

Refer to notes (27) to the consolidated financial statements.

| The key audit matter | Our response |
| --- | --- |
| Fees are generated from a high volume of relatively small value transactions under several significant revenue streams: settlement (securities), clearing (gas and electricity) and issuer (consulting) services. The multitude of the fee types within these major revenue streams as well as the number of rates used increases the complexity of revenue recognition. There is a risk that revenues from these fees are not recognized in accordance with the relevant terms and conditions.<br><br>Due to the above factors we considered revenue from fees an area which required our increased attention in the audit and as such was determined to be a key audit matter. | Our audit procedures in the area included the following:<br><br>— With the support of our own IT specialist we obtained understanding of the revenue recognition process including the determination, approval and recording as well as the modification of fee parameters in the Group's relevant information systems;<br>— For a sample of revenue transactions we inspected the relevant underlying documentation evidencing delivery of the related service; furthermore, we recalculated the fee revenue based on the relevant underlying transaction data included in the relevant underlying documentation and applicable rates;<br>— For a sample of transactions with customers we obtained confirmations of transactions for the year and followed up on significant discrepancies, if any;<br>— We examined whether the disclosures in the consolidated financial statements relating to the recognition of revenue from fees appropriately describe the relevant quantitative and qualitative information required by the applicable financial reporting framework. |

*Other Information*

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the consolidated 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 consolidated 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 consolidated business report is consistent with the consolidated financial statements.

With respect to the consolidated business report, based on the Act on Accounting, we are also responsible for checking that the information referred to in Section 95/C and Section 134 (5) of the Act on Accounting has been provided in the consolidated business report.

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

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

We confirm that the information referred to in Section 95/C and Section 134 (5) of the Act on Accounting has not been provided in the consolidated business report based on exemption.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated business report, and if so, the nature of such misstatement. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with EU IFRSs and for the preparation of the financial statements in accordance with provisions applicable to entities preparing consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

We were appointed by the shareholders' meeting on 27 May 2021 to audit the consolidated financial statements of the Group for the financial year ended 31 December 2022. Our total uninterrupted period of engagement is two years, covering the periods ending 31 December 2021 to 31 December 2022.

We confirm that:

• our audit opinion is consistent with the additional report presented to the Audit Committee of the Group dated 22 March 2023;

• we have not provided to the Group prohibited non-audit services (NASs) as set out by Article 5(1) of Regulation (EU) No 537/2014 and in terms of the member state derogations by the Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors in force in Hungary. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is the signatory of this report.

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 consolidated financial statements of the Keler Központi Értéktár Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete consolidated financial statements it refers to.

| | | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Cash and cash equivalents | | 225 262 | 237 021 |
| Mutual deposits | 5 | 326 | 196 |
| Financial assets measured at amortized cost | 6 | 59 210 | 61 041 |
| Debt instruments measured at fair value through other comprehensive income | 6 | 13 528 | 17 093 |
| Income tax - Current tax receivable | 9 | 0 | 1 |
| Income tax - Deferred tax assets | 18 | 62 | 49 |
| Receivables from clearing on gas market | 7 | 2 404 | 1 995 |
| Receivables from clearing and depository activities | 8 | 915 | 1 035 |
| Receivables from foreign clearing houses | 10 | 122 138 | 156 657 |
| Other receivables | 9 | 15 132 | 437 |
| Receivables from repurchase agreements | 16 | 25 687 | 30 135 |
| Intangible assets | 11 | 3 630 | 4 109 |
| Property, plant and equipment | 12 | 653 | 653 |
| **TOTAL ASSETS** | | **468 947** | **510 422** |
| Deposits from customers | 13 | 35 505 | 38 631 |
| Liabilities for Guarantee Funds | 14 | 7 801 | 6 365 |
| Financial guarantee contract liability | 22 | 26 | 35 |
| Collateral held from energy market participants | 14 | 227 756 | 299 014 |
| Collateral held from gas market participants | 14 | 80 357 | 54 129 |
| Income Tax - Current tax liability | 17 | 473 | 43 |
| Other tax payables | 17 | 296 | 29 629 |
| Trade payable from gas market activity | 7 | 2 590 | 1 878 |
| Trade payables | 15 | 465 | 298 |
| Liabilities from repurchase agreements | 16 | 14 928 | 0 |
| Loans | 21 | 63 080 | 50 160 |
| Lease liability | 19 | 197 | 218 |
| Provisions | 20 | 416 | 294 |
| Other payables | 22 | 681 | 564 |
| **TOTAL LIABILITIES** | | **434 571** | **481 258** |

| | | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Share capital | 23 | 4 500 | 4 500 |
| Retained earnings | | 29 184 | 24 115 |
| Statutory reserves | 24 | 800 | 629 |
| Reserves of financial instruments measured ad fair value through other comprehensive income | 25 | -108 | -80 |
| **Equity holders of the Parent Company** | | **34 376** | **29 164** |
| Non-controlling interest | | | |
| **TOTAL SHAREHOLDERS' EQUITY** | | **34 376** | **29 164** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **468 947** | **510 422** |

| | | ***01.01.2022-31.12.2022*** | ***01.01.2021-31.12.2021*** |
|---|---|---|---|
| ***Income from clearing and depository activity*** | ***27*** | ***12 770*** | ***9 567*** |
| Interest incomes for items measured at AC | 28 | 4 608 | 589 |
| Interest income for items measured at FVTOCI | 28 | 1 057 | 105 |
| Total interest income | | *5 665* | *694* |
| Interest expenses | 28 | -3 081 | -909 |
| ***Net interest income*** | | ***2 584*** | ***-215*** |
| Gains on securities, net | 29 | -5 | -11 |
| Expected credit loss (ECL) | 35 | 7 | -48 |
| ***Income from the principal activity*** | | ***15 356*** | ***9 293*** |
| Bank service fees | 31 | -300 | -242 |
| Personnel expenses | 32 | -3 821 | -3 522 |
| Depreciation and amortization | 33 | -1 509 | -1 058 |
| Services and support for infrastructure | 33 | -1 164 | -959 |
| Professional fees | 33 | -527 | -295 |
| Telecommunication services | 33 | -210 | -139 |
| Insurance fees | 33 | -21 | -21 |
| Materials, supplies | 33 | -75 | -53 |
| Rental fees | 33 | -20 | -20 |
| Marketing fees | 33 | -6 | -5 |
| Education | 33 | -40 | -21 |
| Taxes and levies | 33 | -1 055 | -296 |
| Operational services | 33 | -770 | -324 |
| Fees and levies paid to regulatory bodies | 33 | -211 | -182 |
| Legal fees, procedural fees, costs, levies | 33 | -27 | -30 |
| Other cost of risk | 33 | -100 | -19 |
| Other sundry operational expenses | 33 | 8 | -37 |
| Expenses from non deductible VAT | 33 | -89 | -111 |
| ***Operating expenses*** | | ***-9 937*** | ***-7 334*** |
| Impairment of non-financial assets | 11 | -5 | -1 |
| Other interest income | 34 | 312 | 417 |
| Other income and expenses | 34 | 51 | 15 |
| ***Operating income*** | | ***5 777*** | ***2 390*** |

| | | ***01.01.2022-31.12.2022*** | ***01.01.2021-31.12.2021*** |
|---|---|---|---|
| Other financial income and expenses | 34 | 207 | -95 |
| ***Financial income*** | | ***207*** | ***-95*** |
| ***INCOME BEFORE INCOME TAX*** | | ***5 984*** | ***2 295*** |
| Income taxes | 36 | -744 | -370 |
| ***PROFIT OR LOSS FOR THE PERIOD*** | | ***5 240*** | ***1 925*** |
| Other comprehensive income, net: | | | |
| Remeasurement gains/losses of financial instruments measured at fair value through other comprehensive income | 37 | -31 | -113 |
| Income tax of other comprehensive income | 37 | 3 | 10 |
| ***OTHER COMPREHENSIVE INCOME FOR THE PERIOD*** | | ***-28*** | ***-103*** |
| Of which later to be reclassified to net income: | | -28 | -103 |
| Of which later not to be reclassified to net income: | | 0 | 0 |
| ***TOTAL COMPREHENSIVE INCOME FOR THE YEAR*** | | ***5 212*** | ***1 822*** |

All profit or loss for the period and other comprehensive income for the period is attributable to the shareholders of Parent Company.

| | Issued capital | Fair value trough other comprehensive income reserve | Retained earnings | Statutory reserve | **Equity attributed to the shareholders of the parent** | **Non controlling interest** | **Sum** |
|---|---|---|---|---|---|---|---|
| **Balance on 1st January 2021** | **4 500** | **23** | **22 342** | **477** | **27 342** | **0** | **27 342** |
| Total comprehensive income | 0 | -103 | 1 925 | 0 | 1 822 | 0 | 1 821 |
| Transfer to statutory reserve | 0 | 0 | -152 | 152 | 0 | 0 | 0 |
| **Balance on 31st December 2021** | **4 500** | **-80** | **24 115** | **629** | **29 164** | **0** | **29 164** |
| Total comprehensive income | 0 | -28 | 5 240 | 0 | 5 212 | 0 | 5 212 |
| Transfer to statutory reserve | 0 | 0 | -171 | 171 | 0 | 0 | 0 |
| **Balance on 31st December 2022** | **4 500** | **-108** | **29 184** | **800** | **34 376** | **0** | **34 376** |

| | | 01.01.2022-31.12.2022 | 01.01.2021-31.12.2021 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **INCOME BEFORE INCOME TAX** | | **5 984** | **2 295** |
| Interest expense | | 3 496 | 1 249 |
| Interest income | | -6 392 | -1 451 |
| | | *-2 896* | *-202* |
| **Non-cash items - adjustments** | | | |
| Depreciation and amortization charged | 33 | 1 509 | 1 058 |
| Impairment loss / reversal | | -7 | 2 |
| Recognition / release of provision | 20 | 101 | 20 |
| Unrealized gain on cash and cash equivalents and on non opretaing items | | 31 | -27 |
| Expected credit loss on cash and equivalents and non operating items | | -6 | 48 |
| Impairment of intangible assets | 11 | 5 | 21 |
| Gain on disposing property plant and equipment | | 4 | 2 |
| Remeasurement of FVTPL financial assets sold | 29 | 5 | 11 |
| **Operating cash-flow before working capital adjustments** | | **4 730** | **3 228** |
| Changes in the guarantee fund liability | 14 | -43 603 | 296 618 |
| Changes in the net balance of gas market transactions, net | 8 | 303 | -120 |
| Changes of the deposits of clients, net (loro accounts) | 13 | -3 126 | 5 652 |
| Changes in the receivables from balance with other clearing houses | 10 | 34 524 | -133 885 |
| Changes in trade and other receivables | 8,9 | -14 280 | -35 335 |
| Changes in trade and other payables | 15,22 | -29 093 | 28 903 |
| Cash proceeds/cash paid from financial instruments | 6 | 20 387 | 3 071 |
| Net increase (-) / decrease (+) in placements with other banks, net of allowance for losses | 5 | -130 | -67 |
| Interest paid | | -2 934 | -1 139 |
| Taxes paid (-/+) | | -323 | -320 |
| **Cash generated (+) / used (-) in operation** | | **-33 545** | **166 606** |

| | | 01.01.2022-31.12.2022 | 01.01.2021-31.12.2021 |
|---|---|---|---|
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | | -320 | -113 |
| Acquisition of intangible asset | | -664 | -1 966 |
| Cash proceeds from financial instruments held for investing purposes | 6 | 68 768 | 21 556 |
| Cash used on financial instruments held for investing purposes | 6 | -63 625 | -43 142 |
| Proceeds from interest | | 5 164 | 1 894 |
| **Cash generated (+) / used (-) from investing activity** | | **9 323** | **-21 771** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Dividend payment | | 0 | 0 |
| Lease payments | 19 | -124 | -114 |
| Loans received | 21 | 38 761 | 22 104 |
| Loans repaid | 21 | -26 270 | 0 |
| **Cash generated (+) / used (-) from/in financing activity** | | **12 367** | **21 990** |
| **Net increase (+) / decrease (-) in cash and cash equivalents*** | | **-11 855** | **166 825** |
| Opening cash and cash equivalents | 5 | 237 021 | 70 179 |
| Expected credit loss of cash and cash equivalents | | 1 | -21 |
| Foreign exchange rate difference on cash and equivalents | | 95 | 34 |
| Closing cash and cash equivalents | 5 | 225 262 | 237 021 |
| **Net decrease (-) / increase (+) in cash and cash equivalents** | | **-11 855** | **166 825** |

## NOTE 1: GENERAL

*Statement of IFRS compliance*

The consolidated financial statements of KELER Central Depository Ltd. (hereinafter referred as "KELER" or "Company" or "Parent Company") and its' consolidated subsidiary, KELER CCP Central Contracting Party Ltd. (also referred to as together the 'Entity' or 'Group') were prepared in accordance with International Financial Reporting Standards ("IFRSs"). The management declares that the Group fully complied with the provisions of IFRSs/IASs and IFRICs/SICs as endorsed by the European Union and in accordance with the Act on Accounting (Law C of 2000) with focus on regulation dealing with entities preparing their financial statements under IFRS applicable in the current period. The management made this declaration in full awareness of its responsibility.

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

These financial statements are also the consolidated financial statements of the Group, which are also deposited after the approval of the owners.

These financial statements were prepared using the accrual basis.

*Presentation of the Group (legal form on entities, seat)*

The KELER Central Depository Ltd. is a limited liability company. The official address of the company: H-1074 Budapest, Rákóczi str. 70-72.

The KELER Központi Értéktár Zrt. is a depository and a specialized credit institution regulated by the 909/2014/EU regulation of the council improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 and the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises. The overseeing institution allowed the list of activities under the CSDR regime with its ruling No. H-EN-III-613/2020.

KELER's owners**:**

National Bank of Hungary 53.33%
Budapest Stock Exchange 46.67%.

There is no change in the ownership during the period.

KELER KSZF Central Counterparty Ltd. ("KELER CCP"), as a subsidiary of KELER was founded by KELER, National Bank of Hungary ("CBH" or "MNB") and Budapest Stock Exchange ("BSE") in 2008.

Company's seat: H-1074 Budapest, Rákóczi str. 70-72.

KELER CCP's owners on 31 December 2022 and 2021

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| KELER | 99.85% | 99.81% |
| MNB | 0.07% | 0.10% |
| BÉT | 0.08% | 0.09% |

The ultimate parent of the Group is CBH, the shareholder of CBH is the Hungarian state.

KELER CCP is a central counterparty business association pursuant to the requirements of the Act CXX of 2001 on Capital Market ("Act on Capital Market") and Regulation (EU) No. 648/2012 of the European Parliament and of the Council (of 4 July 2012) on OTC derivatives, central counterparties and trade repositories, operating and guaranteeing the settlement of stock exchange and over-the-counter transactions. KELER CCP as central counterparty undertakes guarantee for transactions concluded on the Budapest Stock Exchange and for the financial performance of the gas market (Daily natural gas and capacity trading market) transactions. KELER CCP as general clearing member undertakes guarantee for the financial performance of power market transactions towards European Commodity Clearing AG. KELER CCP's direct partners are commodities service, securities service providers, financial institutions, participants of an organized market, or organizations performing clearing house activity. KELER CCP's activity ensures that market participants' guaranteed trades are settled risk free.

KELER KSZF acquired the EMIR license (04.07.2014) - described in regulation 648/2012/EU - from the Central Bank of Hungary.

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

One of the shareholders of the Company (Central Bank of Hungary) regularly enters into transactions with Entity. These transactions are not regarded as shareholder transactions since they are done on regular business terms same as if they were done with independent parties. The ultimate parent of the Group classified as a government entity in accordance with *IAS 24 Related Party Disclosures*. The Group applies the disclosure exemption granted in IAS 24.25.

Disclosures on related party are in Note 40.

*Changes in the group structure*

The group structure did not change during the period.

The controlling governmental party of the Group is the Central Bank of Hungary. The Group does not enter in material transaction with other governmental entities and has no material outstanding balance at the end of this reporting period.

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

Audit of the Group's financial statements is compulsory. Audit fee for the current year financial statements was 22 848 thousand forints. The auditor did not provide any other services for the Group.

## NOTE 2: BASIS OF PREPARATION

### *a) Basis of measurement*

The Group 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 one includes derivatives and debt instruments measured at fair value through other comprehensive income that are measured at fair value.

### *b) Functional currency, presentation currency*

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

These consolidated financial statements are presented in Hungarian Forints rounded to the nearest million ("MHUF").

### *c) Use of estimates and judgements*

The preparation of consolidated financial statements in accordance with IFRS 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 Group 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 presented in Note 41.

- Certain items of the Group's assets can be tested for impairment primarily at cash generating unit (CGU) level only, it is only possible for certain individual assets to measure recoverable value directly (e.g. core system). Identifying CGUs requires complex professional judgment. In addition, when determining the recoverable value of CGUs, the Group's management is forced to rely on forecasts for the future which are uncertain by nature. The Group identified two CGUs which correspond to the legal entities (KELER CD, and CCP).

- When measuring provisions, due to their nature, it is necessary to utilize significant assumptions, which influence the value of these items and their effects on net profit. Due to this professional judgment significant estimates are attached to the provisions.

- The Group 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 22!)

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) Basis of consolidation

*Subsidiaries*

The Group consists of the Parent Company and the subsidiaries. The Group includes all entities which are directly or indirectly controlled by the Parent Company.

Since the financial year beginning on 1 January 2014, control is defined in accordance with *IFRS 10 Consolidated Financial Statements* ("IFRS 10"). According to this standard, an investor has control over an investee if it has rights to the variable positive returns generated by the investee and bears the consequences of negative returns and has the ability to direct operations and, as a result, to affect those returns through its decisions (power). This ability to power of operation arises from rights.

Control is primarily obtained through equity ownership, agreements with other shareholders. KELER obtained control over all of the entities included in these consolidated financial statements by virtue of equity ownership.

*Associates and joint arrangements*

The Group does not have associates or joint arrangements during this reporting period.

*Transactions eliminated during consolidation*

Intercompany balances and transactions, and any unrealized gains and losses arising from intercompany transactions are eliminated in the frame of consolidation.

### b) Foreign currency transactions

Transactions in foreign currencies are translated to Hungarian forint at the foreign exchange rate effective 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 officially published by National Bank of Hungary and effective at that date. Foreign exchange differences arising on translation are recognized in the Consolidated Statement of Comprehensive Income. 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 Group's perspective the following foreign currencies are relevant:

| | 2022 closing | 2022 average | 2021 closing | 2021 average |
|---|---|---|---|---|
| CHF | 406,93 | 390,30 | 356,90 | 331,71 |
| EUR | 400,25 | 391,33 | 369,00 | 358,52 |
| GBP | 451,98 | 458,78 | 440,03 | 417,03 |
| USD | 375,68 | 373,12 | 325,71 | 303,29 |

### c) Cash and cash equivalents, mutual deposits

Cash includes deposits repayable on demand. Cash equivalents include liquid investments (including the CBH overnight deposits) with maturity of three months or less when acquired at that there is insignificant risk of value change. Typically certain state bonds and treasury bills may meet the foresaid definition. Cash and cash equivalents are carried at amortized cost in the Consolidated Statements of Financial Position.

### d) 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 or are derivative instruments.
(Note: The Group did not have any financial instruments during the current period which is classified to the category FVTPL due to its nature being held for trading.

Debt instruments that meet both SPPI test (i.e. cash flows from those are solely payments of principal and interest) and the business model of it is hold to collect the cash flows (business model test) will be classified o financial assets measured at amortized costs (AC category) and will be carried at amortized cost. This category include the state bonds (MÁK) of the Group, balances of trade and other receivables, receivables from foreign clearing houses and cash balances.
Debt instruments that meet SPPI test with, but based on the business model the purpose is collect the cash flows from holding the instruments or sell those will be classified at FVTOCI category.

The Group classifies the held equity instruments – excluded instruments held for trading purposes – into the FVTOCI category, that shall be measured at fair value at each reporting date.

Other liabilities contain all financial liabilities that were not classified as at fair value through profit or loss.
(Note: Other liabilities contain interbank takings and loans from other banks, deposits from customers, liabilities relating to clearing and depository activities and liabilities from repo deal open as at the end of reporting period contracted with unconsolidated entities.)

*Recognition*

Financial assets and liabilities are recognized in the financial statements of the Group on the settlement date, except for derivative assets, which are recognized 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 in case of all financial instruments that are not measured at fair value through profit or loss, less transaction costs in case of liabilities.

*Derecognition*

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

*Measurement*

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

Financial assets classified to AC and all financial liabilities other than financial liabilities measured 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 (in case of assets increasing, in case of liabilities decreasing the carrying amount) and amortized based on the effective interest rate of the instrument.

The debt instruments – except for items measured at fair value through profit or loss – are presented in the statements on an amount representing the deduction by accumulated impairment loss recorded based on expected credit losses. The part of this accumulated impairment loss based on expected credit losses attributable to current year is taken to the profit or loss.

Gains and losses on financial assets or financial liabilities measured at fair value through profit or loss are recorded in Consolidated Statement of Comprehensive income, as gains on securities (as an element of current year profit or loss, on a net basis)

Income calculated from effective interest method on a FVTOCI debt instrument will be taken to profit or loss, separately from the impairment losses and reversal determined based on expected credit losses (which is recognized in a different category of net

profit) of the instrument. Gains or losses on disposal of instruments are recognized in profit or loss
The adjustments from fair value measurement of such a financial asset shall be recognized in other comprehensive income that is accumulated on a separate reserve within the equity. In the case of disposal (i.e. sale or expiration), the previously accumulated other comprehensive income is reclassified to the profit or loss.

In the case of disposal FVTOCI instruments other than debt instruments, the previously accumulated other comprehensive income cannot be reclassified to the profit or loss, that is transferred to retained earning within the equity.

*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
Generally, the fair value is

- 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 Group'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 Group would receive upon normal business conditions to terminate the contract at the end of reporting period considering current market conditions and the current creditworthiness of the counterparties.

The fair value of the treasury bills is considered by the Group as 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 and generally used valuation techniques (Level 2).

*Measurement of amortized cost*

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 for financial assets.

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

*Impairment of financial assets (expected credit losses)*

For financial assets measured at AC or FVTOCI, impairment losses are recognized based on expected credit losses. ECL can be determined as 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 occurring in the next 12-months (referred as ‘Stage 1’). This loss is considered without lowering the gross carrying amount of the instrument, but a contra-active asset is used (allowance). The gross carrying amount (i.e. calculated without ECL) of the asset remains unchanged.

If the credit quality of the asset significantly deteriorates, the instrument is reclassified into Stage 2, where impairment loss is calculated based on expected credit losses determined in accordance with probability of default during the whole lifetime of instrument. Impairment is recorded in profit or loss, without deduction of gross carrying amount.

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 that case the item's carrying amount is directly deducted with any previously recognized accumulated impairment loss.

It is considered that an item is 'defaulted' if the contractual cash flow are 90 days past due ('DPD 90 days rule') excluding that case, when the delay has another reason. Regardless to DPD 90 days rule, default can be determined if market conditions suggest the defaulted status may be concluded earlier.

The following signs are deteriorations in the credit quality and to be impaired:

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

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.

An asset is non-performing if the contractual cash flows are at least more than 90 days past due. An asset is also non-performing if based on market data or on individual assessment the conclusion can be reached that the asset is nonperforming. The deterioration of the credit quality must be assumed to be deteriorated if the contractual cash flows are more than 30 days past due unless it can be demonstrated that the delay is for reasons other than deterioration in the credit quality (i.e. administrative mistake).

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

For this purpose, the Group splits the accounts receivables into two portfolios: receivables from the gas activity 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 181 DPD | 100%, or individual measurement |

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 individual measurement |
| Over 551 DPD | 100%, or individual measurement |

If ECL decreased, reversal of impairment loss shall be recognized in profit or loss (decreasing the expected credit loss expense).

***e) Impairments of non-financial assets and identifying CGUs***

The Group tests its significant 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 a group 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).

Firstly, 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:

- firstly, damaged assets are impaired;
- secondly, goodwill is reduced;
- thirdly, 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 Group at the year-end or when there is a triggering event for impairment. signs.

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

### *f) Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairments, if any. Depreciation is calculated using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life.

| **Property, Plant and Equipment** | **Depreciation** |
|---|---|
| Rented property | In accordance with rental contract |
| Electronic networks, wires | 8% |
| Computing devices | 25% |
| Tablets | 33% |
| Photocopiers, faxes, telephones | 25% |
| Mobile phones | 50% |
| Vehicles | 20% |
| Office machines | 33% |
| Furniture | 14,5% |

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 statement of comprehensive income as expense as incurred.

### *g) Right-of-use-asset (ROU)*

The Group discloses the assets acquired through a lease transaction as a right-of-use asset. The ROUs is 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 group of which the underlying asset belongs to. The ROUs are disclosed separately in the Notes.

The Parent subleases some of the items to the subsidiary. This sublease is eliminated on consolidation.

In those cashes when there is an optional period in the contract, the lease term will only include this period if there is evidence that the optional period (or a part of it) will be called.

To reach to a conclusion if the evidence is convincing the following will be considered:

- the price of the optional period compared to the market price;
- significant leasehold improvements;
- the asset is special, it is hard to have it replaced;
- the cost of terminating the lease is significant.

Simply the fact that it is more convenient to continue a previously existing lease will not provide convincing evidence.

### *h) Intangible assets*

Intangible assets 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, valuable rights and interests 25% depreciation rate is used on a straight-line basis, except certain special items (i.e. core banking system) where the rate is 10%.

The Group does not amortize those intangible assets that are not yet ready to use.

When the Group develops software to support the activities they decide about the eligibility of the capitalization according to the following criteria:

- the project is technically feasible
- there is an intention to complete the project
- the Group is able to use the asset (or sell it)
- the software will generate future economic benefits
- the resources needed to finish the projects are available
- the cost of the project is identifiable.

These criteria are also taken into consideration when the software is developed by external party, but it is coordinated by the Group.

For own developments, the cost of labour is estimated at the actual wages, social contribution paid by the Group are also taken into account.

If the Group acquires intangible assets with indefinite useful life the asset will be subject to annual impairment testing.

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.

### *i) Trading on gas market*

Based on the principle of the anonymity of the customers and the suppliers on the daily natural gas and capacity trading market, the transactions are made with the participation of KELER CCP. KELER CCP stands between the counterparties as a technical partner (customer 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 Consolidated Statement of Comprehensive Income while in the accounts in Consolidated Statement of Financial Positions (receivables-liabilities) it is recorded gross. (Transactions in the current year are disclosed in Note 30.) Due to the operating logics of KELER CCP is not responsible for the physical delivery of the goods, only responsible for the amount payable.

### *j) 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 non-clearing members towards ECC. KELER CCP receives all relevant information from ECC that is acting as central counterparty of all trades of the power market, and KELER CCP does guaranty all account transfer according the received information between ECC and the non-clearing members.

### *k) 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, which is accrued by using the effective interest method during the repo period. 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. (the Group as a lender)

In case of security borrowing transactions, the instruments borrowed are not recognized in the Consolidated Statement of Financial Position, as the Group has no control over the instruments. These securities are presented as “Securities owned by third parties” in Note 39 Off Balance sheet items. (the Group as a borrower)

### *l) Revenue recognition*

- **Fee revenue**

The Group realizes revenue from its guarantee, clearing and depository service providing activities (including clearing on the gas and electricity market), such revenue is recognized when these services are performed.

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

If the Group acts as an agent (as defined by *IFRS 15 Revenue from Contracts with Customers* (“IFRS 15”)) in a transaction, the revenue and the related expense is presented on a net base. Such transactions are sales from trading on gas markets.

Income from fines is not presented as sales revenues, but presented as other income.

- **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 under IFRS 9.

- **Trading activity**

Sales income is recognized on the trading day when the actual sales (and purchase) occur. See more details above for trading on gas and energy market.

The Group’s typical performance obligations (PO) are not complex, so the Group accounts for revenues in the period when the services are rendered or products are transferred. When the Group acts as an agent – as defined in IFRS 15 Revenues from customer contracts – the related revenues and costs are presented on net basis. Latter transactions are sales from trading on gas markets.

- **Non-refundable fees (received in advance)**

The Group received two non-refundable upfront payments which were invoiced close to signing the contract. The Group assessed if these fees are in connection with a future performance obligation or an already completed performance obligation. If it is a completed performance obligation the fee will be taken to income otherwise it will be recognized as a liability.

***m) Income taxes***

The Entity assess on tax-by-tax basis if the a legally payable tax qualifies for income tax under IAS 12 Income Taxes (“IAS 12”) standard. Deferred taxes will only be recognized in relation to corporate income tax.

Income tax in the Consolidated Statement of Comprehensive Income for the year comprises current and deferred taxes. Income 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 an item affects equity directly, the income tax will be recognized in equity directly.

Deferred income tax is recorded, 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 is recorded 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.

The Group considers all taxes that are charged to any level of profit or loss to be income taxes and other taxes are presented separately from income taxes.

From the perspective of the Group the following taxes are income taxes: corporate income tax, and for KELER CCP local tax and innovation contribution.

### *n) Provisions*

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

The Group identified an asset retirement obligation (ARO) in connection with the ROU. The ARO is identified, since when the Group moves out from the building the original circumstances must be restated. The estimated amount of this liability was recognized as provision. The discount on this provision was unwinded and the financial expense was debited.

If a provision is expressed in foreign currency, the rules of IAS 21 will be applied to deal with any foreign exchange gain or loss that shall be taken to finance profit.

### *o) Financial guarantee contract liability*

The nature of the activity of the Group requires covering all the risk that is 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). To deal with the statistically uncovered exposure the Group recognizes a financial guarantee contract liability based on the available collateral and the probability of a loss event regardless how small this probability is.

### *p) Guarantee fund liability*

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

### *q) Statutory reserves*

The statutory reserves are items which are recognized through as a transfer from other elements of the equity based on local legislation due to specific activity. The recognition or the release of such items does not affect the other comprehensive income.

#### i. General reserve

In accordance with Section 83 of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises, a general reserve equal to 10% of the net after tax income is required to be made in the Hungarian statutory financial statements. The recognized general reserve is directly transferred from the retained earnings.

### ii. General risk reserve

Under Section 87 of formerly effective Act CXII of 1996 on Credit Institutions and Financial Enterprises, a general risk reserve of maximum 1.25% of the risk-weighted assets was made until 31 December 2013. This statutory reserve was recognized through as a transfer from retained earnings. Since 1 January 2014, there is no legal right to record such type of reserve and formerly recorded reserves can be used to cover unexpected credit losses only.

### *r) Hedging*

The Group does not establish separate accounting policy to the accounting of hedge relationships, any potential hedge relationship is treated in accordance with general rules of IFRS 9.
(Note: the Group has no hedge relationship currently)

### *s) Statement of cash flows*

Information about the cash flows of the Group is useful in providing users of financial statements with a basis to assess the ability of the Group to generate cash and cash equivalents and the needs of the Group 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 National Bank of Hungary, except those with more than three months maturity from the date of acquisition.

Changes of items of net current assets are presented on net basis in the statement of cash flows.

### *t) Off balance sheet items*

KELER CCP is entitled to require a collateral from its Clearing Members using its central counterparty services. The form of collateral can be cash, foreign exchange, and securities. As clearing member of European Commodity Clearing AG (ECC) KELER CCP has to provide collateral for ECC regarding the settlement of power market position of power market non-clearing members of KELER CCP.

KELER discloses the not yet utilized part of credit lines as off-balance sheet items. These items will become recognized elements of the financial statements when they became utilized.
Furthermore, the deposited physical securities are considered to be off balance sheet items, and the state securities recorded as a result of securities borrowing transactions.

## NOTE 4: FINANCIAL RISK MANAGEMENT

### a) Introduction and overview

KELER is subject to the provisions of CSDR[1] as a central securities depository, which besides core services, provides non-banking and banking-type ancillary services, therefore it shall comply with the Act CXX of 2001 on the Capital Market (Tpt.) and with the Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Hpt.) as well.

KELER's risk management principles are approved by the Board of Directors.

The risk management tasks were performed by the Risk Management Department directly subordinated to the CEO, therefore risk management function is separated from the business departments.
KELER is exposed to the following main risk types arising from its operation and strategy:

- investment risks:
    a. credit and counterparty risks,
    b. market risks,
- liquidity risk,
- operational risks.

The exposures of KELER to the above risk types, the objectives, policy and procedures to measure and manage risks, and the calculated effective free capital by KELER are discussed below.

As of 2014, KELER CCP operates as a qualifying central counterparty licensed under EMIR; thus, it complies with EU and Hungarian legislation regulating qualifying central counterparties. Hereinafter we refer to the activity of KELER CCP as the central counterparty function.

Changes in capital requirement stemming from different risk types are presented in the chapter about Capital Management.

### b) Investment risk

Two subcategories are defined under investment risk:

- credit and counterparty risks,
- market risks.

[1]Regulation (EU) No 909/2014 of the European Parliament and of the Council of on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 Text with EEA relevance

### i. Credit and counterparty risk

Credit risk is the risk of loss impacting profitability and the capital position arising from default (or failure to perform as contracted) by the counterparty, i.e. from default on (on or off the balance sheet) liabilities towards the Group.

Counterparty risk is the potential loss arising from failure by the counterparty to meet contractual obligations before closing the transaction (final settlement of cash flows). As a type of credit risk, this risk typically relates to derivatives, repo and other securities financing transactions.

The various sub-types of credit and counterparty risks are introduced in the following chapters. Off-balance sheet items related risks are considered under credit and counterparty risks.

i. Credit and counterparty risk related to Treasury activity

***Central securities depository function***

Contrary to a traditional commercial bank, in the case of KELER credit risks are not considered complex and decisive.

Pursuant to Article 46 of the CSDR, KELER applies the following investment policy:

1) KELER holds its financial assets at central banks, authorized credit institutions or authorized CSDs.

2) KELER has prompt access to its assets, when required. Financial resources are invested in cash or in highly liquid financial instruments with minimal market and credit risk. Investments are also capable of being liquidated rapidly with minimal adverse price effect (Hungarian government securities).

3) Investments that do not meet the aforementioned provisions (i.e. holdings), are fully deducted from own funds.

4) KELER also assures that investments remain within acceptable concentration limits.

In line with the above requirements the central securities depository can use the available funds of the shareholders' equity to perform the most common deal types that are the following:

- buy/sell of fixed rate Hungarian government securities denominated in HUF
- security repo and reverse repo deals
- FX transactions
- O/N, T/N or S/N interbank and CBH deposit placements,
- interbank and CBH loans.

Limiting the risks inherent in KELER's treasury activities beyond the regulatory constraints of the partners is comprehensively provided by the partner rating system, the daily monitoring and internal limit system. As part of daily monitoring, KELER Risk Management informs the Assets and Liabilities Committee on limit violations through KELER CRO. Regarding the operation of the treasury limit system and possible limitations, KELER's Board of Directors receives regular information in the framework of quarterly measurements performed by KELER Risk Management Department.

***Central counterparty function***

KELER CCP clearing members include credit institutions and investment firms in the capital market, in the energy markets cleared by the ECC and the gas markets (Balancing Platform, Trading Platform, CEEGEX, HUDEX gas) power and gas traders are the direct members of KELER CCP. For KELER CCP as central counterparty, counterparty risk is financial (or securities) default by its clearing members and non-clearing members (in the energy market). Besides that, exposures and liabilities related to fees may also arise due to the operation of KELER CCP.

In case of clearing member and energy market non-clearing member default on spot market purchase price, derivative market variation margin, KELER CCP as central counterparty is required to compensate non-defaulting participants in line with the default process, by using collaterals and guarantees, and its shareholders' equity also if needed. Therefore, counterparty risk monitoring and management are of outstanding importance to enable the central counterparty to assess potential exposures and have the appropriate amount of capital and liquid assets to compensate non-defaulting parties.

KELER CCP regularly rates capital market clearing members, gas market clearing members and energy market non-clearing members according to objective (capital, liquidity and profitability indicators) and subjective aspects determined in its internal rating methodology. The internal rating system is used by KELER CCP for the purpose of determining the transactions and collateral to be requested from the client, the ECL is not calculated on this basis (see Note 3). If the rating of counterparty deteriorates significantly, KELER CCP pays special attention to the positions taken and uncovered risk, and based on individual assessment, on the grounds of perceived risk increase, it may impose additional financial collateral on the counterparty concerned. In addition, KELER CCP applies pre-paid, collateralized limits in the prompt gas markets settled by it, as well as pre-trade and post-trade limits in the markets settled by the ECC in both the spot and futures markets, thus limiting the exposures of each counterparty.

The elements of the guarantee system are designed to cover credit risk arising from default by KELER CCP clearing and non-clearing members; no separate capital requirement is made. Due to the operation of the guarantee system, when the collateral requirement of a portfolio is determined, the counterparty risk factor is not quantified. In order to manage the resulting risk of negligible amount, which cannot be examined historically, KELER CCP makes financial reserve in line with the bucket method. The part uncovered by the risk measure confidence level used to calculate collateral instruments and the maximum probability of occurrence were taken into account to determine financial reserve.

ii. Risk of CSD links[2] and account managing institutions

***Central securities depository function***
In connection with the trading of foreign securities, KELER has operational relations with CSD links and account management institutions. It is part of KELER's normal operation that the level of cross-border exposures resulting from these relationships show a significant change during the day and/or beyond the day, which is influenced by the trading activities of the clients, over which KELER has only a limited and indirect influence due to its business.

A reliable and stable background and a good reputation are the key criteria when selecting CSD links, indirect relationships and intermediaries. In addition to the usual ratings, the result of the partner questionnaire, if necessary, and the credit rating of the country where the registered office of the institution is located are also taken into account.

iii. Large exposure

Large exposure is defined as the risk taking at least ten percent of eligible capital for a customer or group of customers as per Article 387-403 of CRR.

***Central securities depository function***

KELER CSD manages and monitors large exposures on a daily basis in line with the provision of CRR. Excessive large exposures are maximized by the limits set based on the available own funds.

iv. Residual risk

***Central counterparty function***

As part of the guarantee system operated by KELER CCP, the clients of KELER CCP are required to provide collateral. Instead of using the full market value, the collateral portfolio is taken into account after haircuts determined in the valid KELER CCP condition list on accepting securities and foreign currencies. This is a risk management technique to eliminate residual risk. The applicable condition list of KELER CCP determines the types of eligible collateral also; thus, jointly with the use of haircuts, residual risk is minimized.

[2] CSD link means an arrangement between CSDs whereby one CSD becomes a participant in the securities settlement system of another CSD in order to facilitate the transfer of securities from the participants of the latter CSD to the participants of the former CSD or an arrangement whereby a CSD accesses another CSD indirectly via an intermediary. CSD links include standard links, customized links, indirect links, and interoperable links

The central counterparty does not determine separate capital requirement for residual risks either.

v. Concentration credit risk

Risk concentration is the risk exposure that intra-risk or inter-risk across various risk types can lead to loss that jeopardizes the usual business operation (usual continuous operation with reasonable profits) of the entity or makes a material change in the risk profile of the entity.

***Central counterparty function***

Concentration risk related to the central counterparty activity of KELER CCP arises in two ways. On the one hand, due to the concentration of positions taken by KELER CCP clearing members and energy market non-clearing members, on the other hand it is due to the concentration of collaterals.

The market and capital position limit is designed to manage risk concentration related to counterparties towards which KELER CCP as central counterparty undertakes guarantee in exchange settlements. If these limits are exceeded, additional financial collateral can be collected in line with the General Business Rules of KELER CCP due to perceived risk increase to mitigate risks arising from increased concentration.

KELER CCP applies concentration limits in line with ESMA TS 153/2013, among others by individual issuer, asset type, to the concentration of securities in the central counterparty collateral portfolio.

KELER CCP does not determine capital requirement for concentration risks.

vi. Country risk

Country risk is the risk of loss generated by an event (economic, political, etc.) occurring in the country, controllable by the country (government) given and uncontrollable by the partner of KELER.

***Central counterparty function***

The country exposure of KELER CCP increases gradually due to the strategy followed as KELER CCP provides services to foreign counterparties and has multiple connections with international settlements. Some of the foreign counterparties are clearing members that are considered foreign legal entities as they transformed into branches, and for this reason the country risk of the parent company is to be taken into account also. Additionally, foreign clearing members/non-clearing members, partly related to the settlement of the MTS market, are also part of the KELER CCP counterparty group. Several energy market non-clearing members are registered abroad. Related to energy market clearing, KELER CCP has account management relationship with Citibank Frankfurt, with Clearstream Luxembourg and OTP Serbia and clearing relationship with ECC, through this link KELER CCP is involved in foreign energy market clearing also.

In terms of country risk, the largest exposure is towards Germany due to the exposures to ECC and Citi Frankfurt. Germany is a leading EU member state, with safe background. KELER CCP has no material exposure to non-EU member states currently and such exposure is not expected in the future either. Risks due to existing country risks are managed in the guarantee system.

KELER CCP does not determine capital requirement for concentration risk.

### ii. Market risk

Market risk is the risk that the real value of the future cash flows of a financial instrument will be volatile due to changes in market prices. Market risk reflects the risks associated with interest-bearing assets, shares, indexes and it may include foreign exchange risk and commodity risks as well.

i. Hungarian forint (HUF) interest rate risk

***Central securities depository function***

For the management of KELER’s securities, two sub-books were created in the banking book. One sub-book contains held-to-maturity securities and the other contains securities available for sale if intended to.

KELER's business model only includes held-to-maturity securities purchased for the purpose of cash-flow collection and securities purchased for liquidity management that can be easily sold if necessary. Active trading for the purpose of profit making does not take place due to KELER's conservative investment strategy and its central, infrastructural role.

Starting in 2020, KELER also took advantage of the opportunity to take out 5-year secured loans offered by the Hungarian Central Bank (HCB) and purchased securities of almost the same maturity, but with a higher interest rate, out of a total of nearly HUF 50 billion. The collateral value of the purchased and blocked securities determined by the HCB decreased during 2022 due to the increase in yields, therefore new securities had to be blocked in the meantime in order to ensure coverage. At the end of the year and at present, the coverage of long-term loans has been resolved, however, further potential increases in yields may pose challenges to KELER in 2023 as well. To deal with this, KELER has a securities lending agreement, with which KELER has the opportunity to fulfill additional collateral needs behind HCB loans.

At the end of the year, KELER only held Hungarian Treasury bills denominated in Hungarian forint in its salable sub-book. These are presented on the balance sheet line "Debt instruments measured at fair value through other comprehensive income".

The held-to-maturity portfolio included deposit transactions, foreign currencies, and held-to-maturity government bonds. Held-to-maturity government securities are presented on the balance sheet line "Financial assets valued at amortized cost".

The following tables illustrate the effect of +100 bp parallel interest rate shift in the yield curve (interest rate sensitivity) of the investment portfolio, which represents the assumed loss for the given time expressed in million forints. The data reflect the interest rate sensitivity of the asset side, the interest rate sensitivity of liabilities with the same maturity was not included in the calculation below:

| **Non-trading book – available for sale** | **2022** | **2021** |
|---|---|---|
| December | 19 | - |

| **Non-trading book – held to maturity** | **2022** | **2021** |
|---|---|---|
| December | 1 119 | 1 856 |

In addition to daily capital requirements calculation, daily value at risk (VaR) for the trading and non-trading book portfolio is calculated daily. VaR calculation is based on 99% confidence level and 1 day relative change.
The following tables show VaR changes in 2021 and 2022, based on the last day of the month, in HUF millions.

| **Non-trading book – available for sale** | **2022** | **2021** |
|---|---|---|
| December | 22 | - |

| **Non-trading book – held to maturity** | **2022** | **2021** |
|---|---|---|
| December | 656 | 428 |

ii. Foreign exchange interest rate and exchange rate risk

Only the own FX positions (FX account balances) represent FX risk for KELER. Among the foreign exchange assets of the clients placed on KELER accounts for trading purposes, the available-for-sale free stock is also invested in the same currency, so they do not bear foreign exchange risk for KELER. The primary purpose of the own foreign currency assets held by KELER is to make sure that the international settlement services provided by KELER are secure and seamless and to ensure the related FX conversion service. The net amount of the portfolio that can be held at the end-of-day is limited in each currency, thus the amount of risk that can be taken is limited also. Almost 70% of the portfolio is represented by the following currencies: CHF, GBP, EUR and USD. FX risk is measured by historic analyses and daily VaR calculation.

Changes in open own FX portfolio and calculated VaR changes in 2021 and 2022, on the last day of the year, in HUF million, are as follows:

| | **2022** | | **2021** | |
|---|---|---|---|---|
| **Date** | **Portfolio** | **VaR** | **Portfolio** | **VaR** |
| December | 213 | 5 | 190 | 2 |

***Central counterparty function***

In the case of KELER CCP, there are several approaches to discuss market risk.
One approach is that related to the operation of the central counterparty a potential default can convert counterparty risk into market risk, upon default by the member concerned KELER CCP has to fund, temporarily or finally, cash/securities or derivative market variation margin with the sales proceeds of existing collaterals or with own resources if the former are not sufficient.

KELER CCP analyzes regularly the market risk of collaterals, i.e. the terms of eligibility: in line with the requirements of EMIR it analyzes monthly that the haircuts applied on eligible instruments are appropriate, if found inappropriate, haircuts are amended, and KELER CCP quarterly consults the Risk Committee on haircut levels. The group of eligible collaterals is in line with the requirements of EMIR.

Additionally, prudent margining is designed to cover the market risk of cleared instruments; the appropriateness of margining is monitored continuously.

Market risk can arise at KELER CCP as a part of own resources, that is the minimum capital requirement under EMIR (7.5 million EUR), is invested in Hungarian government securities, treasury bills that are held until maturity, thus market risk is not material related to these instruments.

As an ECC clearing member, KELER CCP provides guarantee undertaking to its non-clearing members in spot and futures energy market clearing. The entire amount of collective guarantee fund contribution payable to ECC is to be made in euro. Consequently, KELER CCP can have a material FX portfolio that is the ECC guarantee fund contribution; however, it does not give rise to real FX rate risk in daily operation, it is not converted to HUF. The contribution to the ECC guarantee fund is deducted when the available capital is calculated.

KELER CCP determines capital requirement for market risk.

iii. Liquidity and funding risks

***Central securities depository function***

Liquidity is the ability of the entity to fund and meet the increase in assets, expiring liabilities without material unplanned risks. Liquidity risks can be put into two groups: liquidity and funding risks.

Liquidity risk: the risk that the entities are not able to meet financial liabilities on time within the day, operatively (30 days), in the short (1-3 months) and medium term (3-12 months) or due to related market liquidity risks they can sell balancing capacities at a material loss due to the inadequate depth of the market or other market disturbances.

(Market liquidity risk is the risk that the entity is not able to realize positions at appropriate market prices, i.e. market liquidity risk is the risk that a market position cannot be closed at market prices during a short period of time, it can be closed at a worse price only, thus it is required to maintain the position to realize the appropriate market price, which may need depositing or taking liquid assets.)

Funding risk: the risk, that in the long term (over one year) entities are not able to meet financial liabilities without unacceptable increase in funding costs. Thus, in the long term, entities cannot keep their funding stable.

The special activity of KELER, in particular seamless settlement requires liquid assets that can be mobilized quickly at all times. Partly due to the former requirement, the assets the central securities depository can keep are strictly regulated by legislation (see Article 46 of CSDR). In addition to legal restrictions, KELER endeavors to select financial instruments that can be sold quickly under normal market conditions if needed and can be used to create intra-day liquidity also.

The liquidity risk limits are monitored daily, the reports are discussed by the Assets and Liabilities Committee. Additionally, a comprehensive report is prepared at least once a year for the KELER Board of Directors.

The table below shows the assets and liabilities in terms of cash-flow. The data are in HUF million and reflect the situation as of December 31, 2022.

| Due date of cash-flows | Assets | Liabilities | Surplus | Deficit |
|---|---|---|---|---|
| 0-90 days | 398 899 | 378 091 | 20 808 | 0 |
| 91-365 days | 7 361 | 6 735 | 626 | 0 |
| Over 1 year – within 5 years | 58 064 | 49 674 | 8 390 | 0 |
| Over 5 years | 340 | 72 | 268 | 0 |
| Open maturity | 4 283 | 34 376 | 0 | 30 093 |
| Total | 468 947 | 468 947 | 0 | 0 |

### *Central counterparty function*

There are two major functions related to which KELER CCP needs liquidity: on the one hand liquidity is needed for guarantee undertaking, the main activity of KELER CCP - typically, KELER CCP is able to provide this liquidity with shareholder’s equity. On the other hand, a variable amount of liquid assets is required for the daily operation of KELER CCP. One part of it is represented by the transfer price payable to KELER; the larger part consists of financial liabilities arising from ECC clearing membership. Liquidity needs related to guarantee undertaking may arise several times during a day, in line with market settlement times.

Regarding default related liquidity risk management, EMIR requires the capability to cover the liquidity need uncovered by individual collateral related to the two members with the largest exposures in the market.

The liquidity need expected on the following day is analyzed and forecasted daily. It is assessed monthly, retrospectively, whether KELER CCP was able to meet the requirement of EMIR to cover the liquidity need arising from the risk of the two largest members uncovered by individual collateral.

KELER CCP does not determine capital requirement for liquidity risk.

### c) Operational risks

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risks (CRR, Article 4, section 52). KELER examines and manages legal, reputational risk and ICT risk under operational risk.

KELER focuses on the following special source of risks under operational risk:

- operational risks associated with key participants,
- operational risks related to central depository links,
- risks related to system participants, central securities depositories and market infrastructures connected to KELER,
- risks associated with external service providers.

Operational risk measurement and management is based on a loss database that is supplemented by expert estimates and the collection of key risk indicators. All organizational units of the KELER are to be involved in the collection of operational risk events, the regular assessment, evaluation and mitigation of risks. This way it can be ensured that the operational risk management system covers in terms of operation and activity.

Operational risks are regularly identified and quantified based on the self-assessment interviews with the organizational units.

The regular analysis and reporting to Management of loss events ensures risk monitoring and is the basis of taking risk management measures.

### d) Settlement risk

Settlement risk is the risk that a settlement executed through a payment system is performed in a way other than expected. Settlement risk may include credit and liquidity risk elements also.

### *Central counterparty function*

In line with the investment policy of KELER CCP, the amount of minimum capital requirement is invested in short-term government securities that are held until maturity. The portfolio includes a few securities; settlement risk upon trade settlement is negligible.

In the case of KELER CCP, no capital requirement is established for credit risk arising from settlement risk.

## e) Capital management (Regulated institutions' capital management)

### *Central securities depository function*

The table below contains audited data for 2021. The data for 2022 were not yet considered final at the time the report was prepared. The final capital calculations and the actual free capital calculated on the basis of the audited data for 2022 are calculated and made public by KELER during its annual mandatory disclosure, which document can be found on the KELER website.

| **million HUF** | **31.12.2022.**[3] | **31.12.2021.** |
|---|---|---|
| Subscribed capital | 4 500 | 4 500 |
| Retained earnings | 23 178 | 21 536 |
| FVTOCI reserves | (47) | (35) |
| General reserves | 692 | 509 |
| **Tier 1 capital (T1)** | **28 322** | **26 509** |
| Provisions | 89 | 82 |
| **Tier 2 capital (T2)** | **89** | **82** |
| **Own funds – before deductions** | **28 323** | **26 591** |
| Intangible assets | (1 953) | (2 427) |
| Excess over the limit due to investment restrictions | - | - |
| Value adjustments due to the requirements for prudent valuation | (10) | (10) |

[3] Unaudited data.

| | | |
|---|---|---|
| Excess over the limit due to large exposure | - | - |
| Deferred tax assets | 0 | 0 |
| Other deductions | (9 592) | (6 600) |
| **Total deductions** | **(11 556)** | **(9 037)** |
| **Own funds – after deductions** | **16 856** | **17 554** |
| **Tier 1 capital – after deductions** | **16 767** | **17 472** |
| Pillar 1 capital requirements[4] | 2 012 | 1 634 |
| CET1 capital adequacy ratio (Pillar 1)[5] | 66,7% | 85,5% |
| Capital Adequacy Ratio (Pillar 1)[6] | 67% | 85,9% |
| Capital buffer | 629 | 511 |
| SREP capital requirements [7] | 2 605 | 2 548 |
| Free capital excluding CSDR[8] | 13 622 | 14 495 |
| CSDR capital requirements [9] | 5 869 | 4 701 |
| Effective free capital[10] | 7 753 | 9 794 |

Since KELER and KELER CCP are not subject to consolidated supervision, a group level capital adequacy is not applicable.
Due KELER’s specific position, the examination of free capital alone is not sufficient. The free capital remaining after the fulfillment of the credit institution's (SREP) capital requirements and capital buffers should cover the capital requirement for liquidation or restructuring risk and general business risk. The capital requirement for these risks is determined in accordance with the requirements of the CSDR. The effective free capital is the own funds remaining after the risk of liquidation or restructuring and the fulfillment of the capital requirement for general business risk. The effective free capital is the part of KELER's capital that is not tied up to cover risks. This part of the capital may be used to cover additional risks, i.e., it quantifies KELER's additional risk-taking capacity.
Currently the capital maintenance buffer is the only buffer KELER must calculate and apply.

[4] Capital requirements for risk types defined in CRR
[5] (Tier 1 capital – after deductions) / Pillar 1 capital requirements * 8%
[6] (Own funds – after deductions) / Pillar 1 capital requirements * 8%
[7] Capital requirements calculated in accordance with supervisory requirements and guidelines.
[8] (Own funds – after deductions) – (SREP capital requirements) – (Capital buffers)
[9] Capital requirements of winding-down or restructuring risk and general business risk
[10] (Free capital excluding CSDR) – (CSDR capital requirements)

### *Central counterparty function*

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.

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

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

KELER CCP - being a central contracting party - is required to have 7.5 million EUR own equity, on the basis of the above, which is the value of Capital reuirement II. The exchange of Capital Requirement to to HUF is performed on the HUF/EUR rate of CPH on the last day of the month.

Determination of available capital
The amount of available capital equals the components of shareholders' equity:

- subscribed capital
- capital reserves
- retained earnings
- Reserves of financial instruments measured at fair value through other comprehensive income

And the following items are to be deducted from this:

- Intangible assets
- contribution to the guarantee fund of other CCPs (ECC Euro guarantee fund contribution)
- contribution to own guarantee fund

The available capital is required to cover the following elements:

- Minimum capital requirement
- 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 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 deposit balances grew significantly and the capital requirement allocated to credit and counterparty risk reached 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.

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 Genaral 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 5: CASH AND CASH EQUIVALENTS, MUTUAL FUNDS

Cash and cash equivalents include general deposits and interbank balances.

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Due from banks and balances** | | |
| Within one year | | |
| In HUF | 12 144 | 19 258 |
| In foreign currency | 191 204 | 198 542 |
| Cash equivalents in HUF | 992 | 0 |
| | **204 340** | **217 800** |
| Opening balance of expected credit loss (ECL) | -29 | -7 |
| Changes in the balance of expected credit loss (ECL) | 2 | -22 |
| Closing balance of expected credit loss (ECL) | **-27** | **-29** |
| **Closing balance, net of ECL** | **204 313** | **217 771** |

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Placements with other banks, receivables after expected credit loss** | | |
| Within one year | | |
| In HUF | 515 | 3 015 |
| In foreign currency | 20 437 | 16 238 |
| | **20 952** | **19 253** |
| Opening balance of expected credit loss (ECL) | -3 | -4 |
| Changes in the balance of expected credit loss (ECL) | 0 | 1 |
| Closing balance of expected credit loss (ECL) | **-3** | **-3** |
| Closing balance, net of ECL | **20 949** | **19 250** |
| **Cash and cash equivalents** | **225 262** | **237 021** |

Cash equivalents include treasury bills (D230125) that had a maturity of less than 90 days when acquired.

The bank accounts are demand deposits, available immediately for withdrawal. The interest on the bank account is between 2,4% to 13,0% for HUF deposits [-0,9%-2,4%in 2021], -0,25% to 5,6% for foreign currency deposits [ -0,09%-+0,21% in 2021]. Amount paid because of negative interest rates are recorded as interest paid in the profit or loss.

Following the CBH regulation the compulsory reserve balance was approximately 1 171 million HUF and 408 million HUF in 2022 and 2021, respectively. This reserve was kept in short term CBH deposits.

The year-end balance of the CBH deposits were 1 140 million HUF and 584,7 million HUF at the end of 2022 and 2021, respectively.

For cash and cash equivalents, impairment based on expected credit loss shall be recognized. All items in this group belong to stage 1 for ECL purposes. For the calculation 45% LGD is used and the 12-month PD is measured between 0,003% and 0,6% which already considered the forward looking information at the date of the calculation.

| **Mutual deposits** | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Deposit held at Six Swiss Bank | 326 | 196 |
| Opening ECL balance | 0 | 0 |
| Current year ECL | 0 | 0 |
| Closing ECL balance | **0** | **0** |
| Closing balance, net of ECL | **326** | **196** |

The mutual funds are recognized as a separate balance sheet position. These balances are deposited in foreign financial institutions, which financial institution deposits the amount by KELER on a loro account. On the mutual fund position the Group discloses forint deposits from SIX SIS Bank solely.

The conditions of these deposits are basically identical with those applicable for the other cash and cash equivalents. The expected credit loss shall be calculated in the same way as it is calculated for cash balances, the PD of SIX SIS Bank is 0,03%.

## NOTE 6: STATE SECUTIRIES

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at amortized cost | 59 210 | 61 041 |
| Financial assets measured at fair value through other comprehensive income | 13 528 | 17 093 |
| | **72 738** | **78 134** |

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Assets measured at amortized cost** | | |
| Hungarian government bonds | | |
| Opening balance | **61 049** | **40 413** |
| Acquisition | 2 023 | 22 632 |
| Derecognition at maturity and sales | -3 284 | -1 566 |
| Impairment loss (3rd stage ECL) | 0 | 0 |
| Effective interest for the period | 1 050 | 935 |
| Proceeds from interest | -1 620 | -1 365 |
| Gross value of debt instruments | **59 218** | **61 049** |
| Opening balance of expected credit loss (ECL) | -8 | -5 |
| Changes in the balance of expected credit loss (ECL) | 0 | -3 |
| Closing balance of expected credit loss (ECL) | **-8** | **-8** |
| Closing balance, net of ECL | **59 210** | **61 041** |

| | | |
|---|---|---|
| A220624A11 | 0 | 2 285 |
| A221026B17 | 0 | 585 |
| A231124A07 | 904 | 895 |
| A240626B15 | 2 869 | 1 348 |
| A250624B14 | 17 566 | 18 152 |
| A260422E20 | 26 173 | 26 098 |
| A271027A16 | 11 282 | 11 257 |
| A281022A11 | 98 | 98 |
| A251126C19 | 326 | 331 |
| | 59 218 | 61 049 |

The Hungarian government bonds yield is between 6,07% and 11,42%. All of the above purchases are representing debt instruments maturing in five years.

| **Financial assets measured at fair value trough other comprehensive income** | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Opening balance | 17 134 | 14 653 |
| Opening accumulated revaluation | -39 | 11 |
| Acquisition | 61 527 | 28 479 |
| Derecognition at maturity and sales | -65 357 | -26 043 |
| Impairment loss (3rd stage ECL) | 0 | 0 |
| Interest received | -33 | |
| Interest accrued (Amortization) | 417 | 85 |
| Remeasurement (Fair Value Adjustment) | -121 | -90 |
| | **13 528** | **17 095** |
| Opening balance of expected credit loss (ECL) | -1 | -1 |
| Changes in the balance of expected credit loss (ECL) | -1 | -1 |
| Closing balance of expected credit loss (ECL) | **-2** | **-2** |
| **Closing balance, net of ECL** | **13 526** | **17 093** |
| Of which treasury bill | 12 396 | 12 748 |
| Of which government bond | 1 132 | 4 345 |
| D220126 | 0 | 174 |
| D220309 | 0 | 2 764 |
| D220629 | 0 | 494 |
| D220119 | 0 | 2 899 |
| D221019 | 0 | 6 417 |
| D230125 | 981 | 0 |
| D230222 | 6 106 | 0 |
| D230419 | 1 905 | 0 |
| D230517 | 2 465 | 0 |
| D230628 | 939 | 0 |
| A221026B17 | 0 | 4 345 |
| A230823C20 | 1 132 | 0 |
| | **13 528** | **17 093** |

The discount treasury bills are purchased with the yields between 3,2% and 13,37% in 2022.

Market value of AC assets at end of period:

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Fair value of financial assets measured at cost (AC) | 46 110 | 55 095 |

The difference of the book value and the fair value is driven by the significant change in the market interest in 2022. The difference shall only be realized if those securities were sold before they mature and derecognition.

There are no adjustments from remeasurement in case of AC securities in the consolidated financial statements (except for accumulated impairment loss based on ECL)

The fair value of these assets can be determined based on the 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 quoted for similar financial instruments and adjusted using generally applied 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’. The Entities internal model assigns loss rates for both the short- and long-term periods using benchmarks. Using these values, the expected credit loss is booked for the different assets.. In respect of ECL, both treasury bills and government bonds are all classified in the Stage 1 category.

## NOTE 7: TRADE RECEIVABLES AND TRADE PAYABLE RELATING TO GAS MARKET

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

| **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 presented 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 5 than days.

The receivable from the gas market services are also subject to ECL. Here – due to the nature of the receivable – the Group 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 this receivable depends on the trading activity on the market that the entity does not influence.

The liabilities from the gas market are they payable amount that is the other “party” of the clearing transaction. The payables are – by contractual agreement – due on the same day as the corresponding receivable. This amount at the end of 2022 2 590 MHUF, at the end 2021 1 878 MHUF.

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

## NOTE 8: TRADE RECEIVABLES FROM CENTRAL COUNTERPARTY AND DEPOSITORY OPERATION

| **Receivables relating to clearing and depository activities** | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Depository receivables | 777 | 654 |
| Clearing receivables | 174 | 425 |
| Accumulated impairment losses (collective) | -36 | -44 |
| Accumulated impairment losses (specific) | 0 | 0 |
| **Receivable balance net of impairment (book value)** | 915 | 1 035 |

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Accumulated impairment losses of trade receivables** | | |
| **Opening accumulated impairment losses** | -44 | -37 |
| Impairment losses recognized in the current period, collective | 8 | -7 |
| Impairment losses recognized in the current period, specific | 0 | 0 |
| Impairment losses derecognized in the current period | 0 | 0 |
| **Closing accumulated impairment losses** | -36 | -44 |

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Receivables** | | |
| Not overdue, not impaired | 861 | 1 028 |
| Not overdue, individually impaired | 0 | 1 |
| Overdue by at most 30 days, individually not impaired | 62 | 0 |
| Overdue by at most 90 days, individually not impaired | 3 | 19 |
| Overdue more than 91 days, but not more than 180 days, individually not impaired | 2 | 3 |
| Overdue more than 181 days, individually not impaired | 3 | 28 |
| Overdue more 1 year, individually not impaired | 20 | 0 |
| Overdue, individually impaired | 0 | 0 |
| | **951** | **1 079** |

These trade receivables include the not yet paid part of the rendered CCP, Depository and similar services. The balances are stated at invoiced amounts since they become payable in a short time.

The individually significant balance from these receivables is the balance due from OTP Bank, with the amount 86 MHUF (2021: 75 MHUF).

The expected credit loss on the receivables is assessed by the Group based on simplified manner thus immediately the life-time ECL is recorded without further tracking of the individual credit quality. The impairment loss based on ECL – if it not assessed individually – shall be determined based on aging table (see details in Notes 3.)

The derecognized impairment loss is due to the recovery of receivables that were previously identified as impaired and impairment loss was recognized, but the impairment loss in the same value is no longer necessary.

The impairment loss or gain of the reversal is reported on a separate line in Consolidated Statement of Comprehensive Income, on a net basis.

The fair value of these receivables do not show significant difference from the amortized cost as carrying amounts (due to them being short term), thus carrying amount shows the best estimation of the fair value.

## NOTE 9: OTHER RECEIVABLES, TAX RECEIVABLE

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Other receivables** | | |
| Accrued expenses | 320 | 303 |
| Interest accruals | 278 | 6 |
| Social security contributions and tax receivables | 14 451 | 4 |
| Advances to suppliers | 1 | 1 |
| Loans to employees | 41 | 73 |
| Sundry other receivables | 41 | 50 |
| | **15 132** | **437** |
| Opening balance of expected credit loss (ECL) | 1 | 0 |
| Changes in the balance of expected credit loss (ECL) | -1 | 0 |
| Closing balance of expected credit loss (ECL) | 0 | 0 |
| Closing balance, net of ECL | **15 132** | **437** |

Loans to employees are considered to be financial instruments which are measured at amortized cost (2022: 41 million HUF, 2021: 73 million HUF).

Prepaid expenses and tax receivables are not subject to IFRS 9, thus calculation of ECL is not required, however for financial assets under other receivables ECL was calculated.

The accruals include hardware maintenance fees paid in advance and unexpired software update fees as material amounts.

Other accruals include cost items that have been prepaid for several years of support, but their performance period is comprised of the following reporting periods and some prepaid operating cost items.

The other tax receivables consist of the following balances:

| **Tax receivables (other than income taxes)** | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Personal income tax | 0 | 0 |
| VAT Receivable from State | 14 451 | 4 |
| Local tax | 0 | 0 |
| | **14 451** | **4** |

All tax balances are related to the Hungarian Tax Authority.

These receivables do not yield interest and they are all to be received within one year. They are not impaired nor past due.

The entity has no influence on the balance of VAT receivables, since this balance depends on weather the entity has export or import position at the end of December which depends on the actual market demand. Last year the balance led to liability.

## NOTE 10: RECEIVABLES FROM CLEARING HOUSES

KELER CCP as a general clearing member of the ECC is entitled to provide power market non-clearing membership services from 1 July 2010 on the spot power market, and 1 July 2011 on the futures power market. Therefore KELER CCP may assume certain liabilities in line with this activity. 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 power market is: 305 195 367 EUR on 31 December 2022 (424 602 197 EUR on 31 December 2021).

The clearing receivable is subject to ECL. The receivable was classified in Stage 1 category. The full receivable is with one counterparty therefore it embodies risk concentration.
The fair value of these receivables do not show significant difference from the amortized cost as carrying amounts, thus carrying amount shows the best estimation of the fair value.

| | **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, net of ECL** | **122 138** | **156 657** |

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 14.).

## NOTE 11: INTANGIBLE ASSETS

| Intangible assets | Concessions and similar rights | Intellectual property | Developments | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance as on 1 January 2022** | **171** | **13 323** | **613** | **14 107** |
| Additions | 0 | 1 327 | 154 | **1 481** |
| Own performance | 0 | 74 | 5 | **79** |
| Ready to use | 0 | 0 | -742 | **-742** |
| Derecognition, scrap | 0 | -178 | -3 | **-181** |
| Settlement of advances | 0 | -3 | 0 | **-3** |
| Proceeds from advances | 0 | 2 | 0 | **2** |
| Disposals | 0 | 0 | 0 | **0** |
| **Balance as on 31 December 2022** | **171** | **14 545** | **27** | **14 743** |
| | | | | |
| **Cumulated Depreciation, Amortization and Impairment** | | | | |
| **Balance as on 1 January 2022** | **160** | **9 838** | **0** | **9 998** |
| Current year amortization | 0 | 1 138 | 0 | **1 138** |
| Impairment of intangible assets | 5 | 0 | 0 | **5** |
| Derecognition, scrap | 0 | -28 | 0 | **-28** |
| Disposals | 0 | 0 | 0 | **0** |
| **Balance as on 31 December 2022** | **165** | **10 948** | **0** | **11 113** |
| | | | | |
| **Net book value** | | | | |
| **Balance as on 1 January 2022** | **11** | **3 485** | **613** | **4 109** |
| **Balance as on 31 December 2022** | **6** | **3 597** | **27** | **3 630** |

| Intangible assets | Concessions and similar rights | Intellectual property | Developments | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance as on 1 January 2021** | **171** | **10 246** | **1 572** | **11 989** |
| Additions | 0 | 3 231 | 1 424 | **4 655** |
| Ready to use | 0 | 0 | -2 363 | **-2 363** |

| | | | | |
|---|---|---|---|---|
| Derecognition, scrap | 0 | -86 | -20 | **-106** |
| Settlement of advances | 0 | -71 | 0 | **-71** |
| Proceeds from advances | 0 | 3 | 0 | **3** |
| Disposals | 0 | 0 | 0 | **0** |
| **Balance as on 31 December 2021** | **171** | **13 323** | **613** | **14 107** |
| | | | | |
| **<u>Cumulated Depreciation, Amortization and Impairment</u>** | | | | |
| **Balance as on 1 January 2021** | **159** | **9 152** | **0** | **9 311** |
| Current year amortization | 0 | 686 | 0 | **686** |
| Impairment of intangible assets | 1 | 0 | 0 | **1** |
| Derecognition, scrap | 0 | 0 | 0 | **0** |
| Disposals | 0 | 0 | 0 | **0** |
| **Balance as on 31 December 2021** | **160** | **9 838** | **0** | **9 998** |
| | | | | |
| **<u>Net book value</u>** | | | | |
| **Balance as on 1 January 2021** | **12** | **1 094** | **1 572** | **2 678** |
| **Balance as on 31 December 2021** | **11** | **3 485** | **613** | **4 109** |

The increase in the balance includes new purchases and the development of the new core system of the Group, together with several development of currently used system.

The systems that currently used and further developed are:

- KSZP development (core system)
- the data warehouse system
- several smaller adjustments to other systems
- development due to the shift to the settlement bank model.

*Impairment test – intangible assets*

The Group tested the market value of the softwares. The impairment test performed did not identify signs of impairment, no impairment recognition was necessary.

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

- an acquired customer list, 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

Commitments

KELER launched the development of its new core system (KSZP project) in 2018, the main modules of which were brought in use during December 2021. In 2022 the other components of the project and the additional works required were concluded. Therefore, the project was officially declared to be complete by the joint meeting of the Board and the Supervisory Board with the approval of EY in the role of the quality controller on 25th January 2023.

The development has a material budget from the point of view of the Company (3 502,2 MHUF) (out of which 2 877 million HUF will be capitalized and 625,2 million HUF will be expensed), out of which 2 740,7 million HUF was brought in use (the work in progress intangible asset balance is 6 million HUF).

The Group recognized during the previous business year– in connection with the KSZP project – 20 million HUF impairment and the related asset was disposed.

The AIX application developed for the Kazah market penetration – due to the discontinuation of the project – was disposed. The effect of the impairment is 6 million. 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 initiated 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 298 MHUF. The project is expected to be finalized by the end of the third quarter of 2023.

## NOTE 12: PROPERTY, PLANT AND EQUIPMENT

| **Property, plant and equipment** | **Buildings and improve-ments** | **Right Of Use asset** | **Machinery and equipment** | **Work in progress** | **Total** |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **Balance as on 1 January 2022** | **127** | **453** | **2 194** | **1** | **2 775** |
| Purchases | 0 | 0 | 321 | 1 | **322** |
| Commencement of lease | 0 | 55 | 0 | 0 | **55** |
| Sale | 0 | 0 | -13 | 0 | **-13** |
| **Balance as on 31 December 2022** | **127** | **508** | **2 502** | **2** | **3 139** |
| **Cumulated Depreciation and Amortization** | | | | | |
| **Balance as on 1 January 2022** | **95** | **258** | **1 769** | **0** | **2 122** |
| Current year's depreciation | 6 | 91 | 280 | 0 | **377** |
| Sale | 0 | 0 | -13 | 0 | **-13** |
| **Balance as on 31 December 2022** | **101** | **349** | **2 036** | **0** | **2 486** |
| **Net book value** | | | | | |
| **Balance as on 1 January 2022** | **32** | **195** | **425** | **1** | **653** |
| **Balance as on 31 December 2022** | **26** | **159** | **466** | **2** | **653** |

| Property, plant and equipment | Buildings and improve-ments | Right Of Use asset | Machinery and equipment | Work in progress | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **Balance as on 1 January 2021** | **127** | **437** | **2 193** | **0** | **2 757** |
| Purchases | 0 | 0 | 110 | 1 | **111** |
| Commencement of lease | 0 | 16 | 0 | 0 | **16** |
| Sale | 0 | 0 | -109 | 0 | **-109** |
| **Balance as on 31 December 2021** | **127** | **453** | **2 194** | **1** | **2 775** |
| **Cumulated Depreciation and Amortization** | | | | | |
| **Balance as on 1 January 2021** | **89** | **165** | **1 622** | **0** | **1 876** |
| Current year's depreciation | 6 | 93 | 256 | 0 | **355** |
| Sale | 0 | 0 | -109 | 0 | **-109** |
| **Balance as on 31 December 2021** | **95** | **258** | **1 769** | **0** | **2 122** |
| **Net book value** | | | | | |
| **Balance as on 1 January 2021** | **38** | **272** | **571** | **0** | **881** |
| **Balance as on 31 December 2021** | **32** | **195** | **425** | **1** | **653** |

The above items contribute to the business activity. The buildings and improvements include improvements on leasehold property (the headquarter office of Group).

The majority of the machinery and equipment are computers, servers and similar IT equipment that are customized for the activity of the Group. A smaller portion of this position is fixtures and fittings for the administrative activity.

The ROU asset is recognized due to a lease agreement on the office building. The building is leased from an external party. The lease period ends – due to a contract modification – in 2024, at the end of the year. A lease liability was also recognized (see Note 19.). The ROU was initially measured on the value of the discounted cash flows derived from this contract. For discounting the incremental interest rate of 6,27% was used (previously: 3,82%).

The ROU is amortized on linear basis with no residual value over the period of the contract. The amortization expense is taken to the net profit.

The other leased property is for the building where the backup system of the Group is located. This lease expired on 31st December 2022, therefore no ROU is recognized in the financial statements in this contract. A new contract was initiated, which meets the criteria of short-term leases (so the paid amounts are immediately expensed).

Currently there is no commitment to purchase tangible assets. There are no pledges or similar items limiting the transfer or use of these assets.

## NOTE 13: DEPOSITS FROM CUSTOMERS, FINANCIAL GUARANTEE CONTRACT

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Deposits from customers** | | |
| Interest-bearing | | |
| *Within one year* | | |
| In HUF | 14 955 | 23 345 |
| In foreign currency | 19 819 | 15 018 |
| Non interest-bearing | | |
| *Within one year* | | |
| In HUF | 324 | 194 |
| In foreign currency | 407 | 74 |
| | **35 505** | **38 631** |

These balances include the deposits of the customers. These balances are available for the customers for immediate withdrawal. KELER does not accept deposit from the general market.

The deposits are stated at amortized cost (the fair value of these liabilities is close to their book value).

The Group paid an annual average rate between 2,1% to 12,78% in year 2022 for the HUF interest-bearing deposits (2021: -0,35% to 2,1%), while the deposited amount received negative interest (2022: : -1,45% és 3% , 2021: between -1,45 to 3%). The negative payable interest was accounted for as interest income by the Group.

This balance also includes the mutual funds.

## NOTE 14: GUARANTEE FUND LIABILITIES, GUARANTEES FROM THE CLIENTS ON THE ENERGY MARKET

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Liabilities for Guarantee 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 Market Collective Guarantee Fund | 282 | 238 |
| Less: own contribution of KELER CCP | 0 | -21 |
| | **7 801** | **6 365** |

Guarantee Fund Liabilities

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

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

The increase in the balance of Gas Market Collective Guarantee Fund comes from two main sources. Firstly, the amount of the required fund is calculated based on the three-month average of the applied turnover security, whereas the market price has a direct effect on the value of the turnover security, which market price sharply and steadily increased during the period (price effect). Therefore, the increasing turnover security ended up in increasing funding requirement. The methodology of the calculation of the turnover security changed since 1st August 2022, which change also made the value of the turnover security larger and increased the funding requirement.

Since the Group itself transacts on the above markets, it must have contributed to these funds. The own contribution for this fund was removed from the liability and on the other hand no receivable were recognized (the positions were netted).

Guarantees from the Clients on the Energy and Gas Market

The 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.

These balances are recognized in euro. The value related to the energy market 227 756 MHUF (2021: 299 014 MHUF). The value related to the gas market 80 357 MHUF (2020: 54 129 MHUF).

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

The fair value of the liabilities is close to their carrying amount.

## NOTE 15: TRADE PAYABLES

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

Material amounts in trade payables are outstanding amounts for the IT service providers (the largest amounts are: 13, 30, 33, 53 and 132 million HUF).

The book value and the fair value of the trade payables are not materially different.

## NOTE 16: REPO ASSETS AND LIABILITIES

Based on IFRS 9 and the relevant accounting policies of the Group the repo deals are not derecognition events, therefore the transferred securities will not be derecognized from the books of KELER Group and the received securities will not be recognized.

The Group only accounts for the investing or the financing activity caused by the repo deal. The difference between the given and the received amount was accounted for as interest. The repo asset and liability is measured at amortized cost.

The Group has a material balance with AKK from repo receivable. These transactions were initiated to settle other repo deals with OTP and KH Banks. This complex deal was recorded as receivable on one hand and as a liability towards the banks on the other hand at nearly same amount.

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Repurchase agreement (repo) – closing balance** | | |
| Purchase price of the repo | 25 690 | 30 139 |
| Interest accrued | 0 | 0 |
| | **25 690** | **30 139** |
| | | |
| Opening balance of expected credit loss (ECL) | -4 | 0 |
| Changes in the balance of expected credit loss (ECL) | 1 | -4 |
| **Closing balance of expected credit loss (ECL)** | **-3** | **-4** |
| | | |
| **Closing balance of expected credit loss (ECL)** | **25 687** | **30 135** |

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Liabilities from repurchase agreements** | | |
| Liabilities from repurchase agreements | 14 928 | 0 |
| | **14 928** | **0** |

## NOTE 17: INCOME TAX PAYABLE AND OTHER TAXES PAYABLE

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Taxes payable (other than income taxes)** | | |
| Personal income tax | 63 | 63 |
| Rehabilitation contribution | 4 | 3 |
| Health insurance and pension contributions | 75 | 76 |
| Social security contributions | 57 | 67 |
| Value added tax | 38 | 29 383 |
| Other taxes | 59 | 37 |
| | **296** | **29 629** |

The Group considers corporate income tax, local business tax and innovation contribution (latter two only from the point of view from the Parent) as income taxes. These items are separately disclosed in the balance sheet (separated from other tax liabilities). (See Note 9.) Current tax liability is at the end of 2022 year: 473 MHUF; at the end of 2021 year: 43 MHUF

The tax liability balances are all payable to the Hungarian Tax Authority except the bank oversight fee that is payable to the Central Bank of Hungary and the local tax, which is payable to the local government of Budapest.

In 2021 material VAT balance was due to the gas settlement activity (in this period the VAT had payable position). The balance was settled by 20th January 2022. The Group is unable to influence the VAT position. At the end of the current period the Group had a receivable position in VAT.

## NOTE 18: DEFERRED TAXES, RECONCILIATION OF THEORETICAL AND ACTUAL TAX

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

| Balance | Tax base | Carrying Amount | Deductible, taxable difference | Deferred tax through profit or loss | Deferred tax through OCI |
|---|---|---|---|---|---|
| Receivables relating to clearing and depository activities | 919 | 915 | -4 | 1 | 0 |
| Debt instruments measured at amortized cost | 13 650 | 13 528 | -122 | 0 | -11 |
| Receivables from foreign clearing houses | 122 154 | 122 138 | -16 | -1 | 0 |
| Property, plant and equipment | 645 | 653 | 8 | 1 | 0 |
| Intangible assets | 3781 | 3759 | -22 | -2 | 0 |
| Other payables | 592 | 681 | -89 | -10 | 0 |
| Provisions for onerous contract | 0 | 416 | -416 | -38 | 0 |
| Financial guarantee contract liability | 0 | 26 | -26 | -2 | 0 |
| **Deferred tax assets** | | | | **51** | **11** |
| **Deferred tax liability** | | | | **0** | **0** |
| **Total deferred tax assets** | | | | **62** | |

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

| Balance | Tax base | Carrying Amount | Deductible, taxable difference | Deferred tax through profit or loss | Deferred tax through OCI |
|---|---|---|---|---|---|
| Receivables relating to clearing and depository activities | 1 040 | 1 035 | -5 | 1 | 0 |
| Debt instruments measured at amortized cost | 17 184 | 17 093 | -91 | 0 | -8 |
| Receivables from foreign clearing houses | 156 678 | 156 657 | -21 | -2 | 0 |
| Property, plant and equipment | 644 | 653 | 9 | 1 | 0 |
| Intangible assets | 4 131 | 4 109 | -22 | -2 | 0 |
| Other payables | 481 | 564 | -83 | -9 | 0 |
| Provisions for onerous contract | 0 | 294 | -294 | -27 | 0 |
| Financial guarantee contract liability | 0 | 35 | -35 | -3 | 0 |
| **Deferred tax assets** | | | | **41** | **8** |
| **Deferred tax liability** | | | | **0** | **0** |
| **Total deferred tax assets** | | | | **49** | |

Deferred tax balances are not discounted.
Movements in deferred tax balances:

| | Recognized in net profit or loss | Recognized in other comprehensive income |
|---|---|---|
| **Balance as on 1 January 2021** | -103 | 2 |
| Current year changes | 61 | -10 |
| **Balance as on 31 December 2021** | -41 | -8 |
| Current year changes | -10 | -3 |
| **Balance as on 31 December 2022** | -51 | -11 |

## <u>NOTE 19:</u> LEASE LIABILITY

The Group 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.

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 calculating the lease liabilities, the rate used was 6,27% (incremental borrowing rate) which was backed up by an external evidence from the bank.

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

| **Lease liability** | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Opening balance | 218 | 302 |
| Initial application of IFRS 16 | 54 | 16 |
| Interest on the lease | 22 | 11 |
| Lease payment | -115 | -114 |
| Foreign exchange rate loss | 18 | 3 |
| **Closing balance** | **197** | **218** |
| Lease interest for the future periods | 18 | 14 |
| **Lease payments for the future periods** | **215** | **232** |
| Of which: short term liabilities | 95 | 94 |
| Of which: long term liabilities | 102 | 124 |

## NOTE 20: PROVISIONS

The Group reported provision for three issues. On one hand there is a ROU which requires dismantling at the end of its useful life, on the other hand it may be required to make an indemnification payment due to a client transaction, thirdly a provision for legal cases.

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Provisions** | | |
| Opening balance | 294 | 272 |
| Addition of provision | 100 | 19 |
| Unwinding of the discount | 21 | 2 |
| Provisions reversed | 1 | 1 |
| | **416** | **294** |
| *Of which:* | | |
| *Long term* | 29 | 28 |
| *Short term* | 387 | 266 |

Provisions balances are derived from the following issues:

| | **31.12.2022** | Increase | Decrease | **31.12.2021** |
|---|---|---|---|---|
| **Provisions recognized** | | | | |
| Indemnification payment | 266 | 21 | 0 | 245 |
| Asset retirement obligation (ARO) | 31 | 1 | 0 | 30 |
| Legal cases | 119 | 100 | 0 | 19 |
| | **416** | **122** | **0** | **294** |

Due to the nature of indemnification payment no further disclosers are made, these disclosures are postponed until the case is resolved.

The asset retirement obligation includes the cost of the recovery of the rented premises at a discounted amount.

Among provisions for legal cases provisions for legal disputes are presented.

## NOTE 21: LOANS

| **Loans** | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Long term loans | 49 200 | 49 201 |
| Short term loans | 13 880 | 959 |
| | **63 080** | **50 160** |

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Opening | 50 160 | 28 027 |
| Loans taken out | 38 761 | 22 104 |
| | 83 | 0 |
| Repayment | -26 270 | 0 |
| Effective interest | 733 | 333 |
| Paid interest | -387 | -304 |
| Closing amortized cost | **63 080** | **50 160** |
| of which long term (all principal) | 49 148 | 50 108 |
| of which short term (all principal) | 13 531 | 0 |
| of which short term (all accrued interest) | 401 | 52 |

The long term loans include the loans taken from MNB (called five year maturity, secured with financial assets, fixed rate loan). The loans were taken trough a tender. The loans are having a fixed interest rate, but the individual loans are carrying different interest. The effective interest rate of the loan is basically the same as the nominal interest, since there were no material transaction costs and other item influencing the effective interest was associated to it.

In 2022 KELER CCP received a financing credit line from MNB, primarily for financing VAT payables. Note 38 discloses information on the amount of credit line. At the end of 2022 the amount of loan drawn was 7 531 MHUF.

Foreign currency short term loans received in 2021 were repaid in 2022 in full.

Conditions of loans received by KELER Ltd.:

| Type | Bank | Currency | Dates taken | Maturity | Balance | Fixed interest (p.a.) |
|---|---|---|---|---|---|---|
| Loan covered by securities | CBH | HUF | 2020.04.08 | 5 year | 2 500 | 0,90% |
| Loan covered by securities | CBH | HUF | 2020.09.09 | 5 year | 2 636 | 0,60% |
| Loan covered by securities | CBH | HUF | 2020.09.16 | 5 year | 1 360 | 0,60% |
| Loan covered by securities | CBH | HUF | 2020.09.30 | 5 year | 1 666 | 0,60% |
| Loan covered by securities | CBH | HUF | 2020.10.07 | 5 year | 1 611 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.10.14 | 5 year | 1 705 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.11.11 | 5 year | 2 857 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.11.18 | 5 year | 2 500 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.11.25 | 5 year | 2 857 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.12.02 | 5 year | 1 780 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.12.09 | 5 year | 2 230 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.12.16 | 5 year | 2 071 | 0,75% |
| Loan covered by securities | CBH | HUF | 2020.12.23 | 5 year | 2 230 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.01.13 | 5 year | 3 000 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.01.20 | 5 year | 2 500 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.01.27 | 5 year | 2 000 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.02.03 | 5 year | 1 538 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.02.24 | 5 year | 588 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.03.03 | 5 year | 588 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.03.10 | 5 year | 555 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.03.17 | 5 year | 526 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.03.24 | 5 year | 500 | 0,75% |

| Type | Bank | Currency | Dates taken | Maturity | Balance | Fixed interest (p.a.) |
|---|---|---|---|---|---|---|
| Loan covered by securities | CBH | HUF | 2021.03.31 | 5 year | 555 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.04.07 | 5 year | 555 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.04.14 | 5 year | 555 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.04.21 | 5 year | 500 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.04.28 | 5 year | 526 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.05.05 | 5 year | 526 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.05.12 | 5 year | 555 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.05.19 | 5 year | 526 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.05.26 | 5 year | 500 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.06.02 | 5 year | 500 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.06.09 | 5 year | 526 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.06.16 | 5 year | 500 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.06.23 | 5 year | 500 | 0,75% |
| Loan covered by securities | CBH | HUF | 2021.06.30 | 5 year | 500 | 0,90% |
| Loan covered by securities | CBH | HUF | 2021.07.07 | 5 year | 500 | 0,90% |
| Loan covered by securities | CBH | HUF | 2021.07.14 | 5 year | 500 | 0,90% |
| Loan covered by securities | CBH | HUF | 2021.07.21 | 5 year | 526 | 0,90% |
| Loan covered by securities | CBH | HUF | 2021.07.28 | 5 year | 500 | 0,90% |
| | | | | | **49 148** | |

| | |
|---|---|
| Interest paid until 31st December 2021: | -304 |
| Interest paid until 31st December 2022: | -374 |

Interbank loans:

| Type | Bank | Currency | Dates taken | Maturity | Balance | Fixed interest (p.a.) |
|---|---|---|---|---|---|---|
| Interbank loan | OTP | HUF | 10.03.2022 | 1 year | 2 000 | 7,25% |
| Interbank loan | CIB | HUF | 16.03.2022 | 1 year | 1 500 | 6,9% |
| Interbank loan | OTP | HUF | 16.03.2022 | 1 year | 2 000 | 7,5% |
| Interbank loan | CIB | HUF | 26.04.2022 | 1 year | 500 | 7,56% |
| Sum | | | | | 6 000 | |

All thebove loans were taken by the Parent. The loans are recognized at amortized cost. The fair value of the loans is materially lower, by 13 billion HUF, than the book value (due to the changes in market interest rates). This difference would be realized upon the conversion of the loan liability to actual market conditions, which has no realistic change of happening.

## NOTE 22: OTHER PAYABLES, FINANCIAL GUARANTEE CONTRACT LIABLITIY

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Other payables** | | |
| Accrued expenses | 274 | 346 |
| Interest | 127 | 79 |
| Sundry other expenses | 280 | 139 |
| | **681** | **564** |

The accrued expenses consist of sundry expenses that relate to this period but they were not yet invoiced, incurred.

The other liabilities include past obligations from not used paid leaves and accruals from lease incentives, and cash payables in transfer due to clients in the real time settlement system. Cash payables due to clients are financial liabilities, in the value of 48 MHUF in 2022, 11 MHUF in 2021.

The nature of the activity of the Group 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). 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 FGC balance is fully explained by the movements of the guarantee funds.

| | 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 23: SHARE CAPITAL

There was no change in the share capital of the Company compared to the prior year. The share capital consists of 900 shares with nominal (par) value of HUF 5 million per share as on 31 December 2022 (as well as on 31 December 2021) All 900 shares have been authorized, issued and fully paid.

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Share capital** | | |
| Magyar Nemzeti Bank (Central Bank of Hungary) | 2 400 | 2 400 |
| Budapesti Értéktőzsde (Budapest Stock Exchange) | 2 100 | 2 100 |
| | **4 500** | **4 500** |

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

Magyar Nemzeti Bank (Central Bank of Hungary) held 53.33% of the shares directly and 37,96% indirectly as of 31 December 2022 (same at the end of last reporting period).

Budapesti Értéktőzsde (Budapest Stock Exchange) held 46.67% of the shares directly as on 31 December 2022 and 31 December 2011. The CBH's stake in Budapest Stock Exchange was 81.35% in 2022 and 2021.

Non-controlling interest represents the 0.15% and 0.19% share of non-controlling shareholders of BSE in KELER CCP in 2022 and 2021 respectively.

## NOTE 24: STATUTORY RESERVES

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Statutory Reserves** | | |
| General reserve | 678 | 507 |
| General risk reserve | 122 | 122 |
| | **800** | **629** |

These reserves are recognized due to legislative requirements. Certain regulation requires the Parent Company to transfer from earnings certain amounts to these reserves, so they will not be available for distribution, but only for the cover of operating losses.

## NOTE 25: FAIR VALUE TROUGH OTHER COMPREHENSIVE INCOME RESERVE

This reserve accumulates the revaluation of FVTOCI debt instruments. This reserve is reclassified to net profit when the asset is derecognized. Since FVTOCI debt instruments only include treasury bills all the balance of 1st January 2022 was reclassified to net profit during the period.

The deferred tax asset of performed transfer is also reflected in the reserves.

## NOTE 26: STATEMENT OF FINANCIAL POSITION CATEGORIES BASED ON CURRENT-NON CURRENT DISTINCTION

The Group presents its Consolidated Statement of Financial Position in liquidity order. The reason for that is that the KELER is a financial institution and as such it is usual to follow this order.

The Consolidated Statement of Financial Position based on the current – non-current distinction is the following:

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| Non current assets | 62 687 | 63 049 |
| Current assets | 406 261 | 447 372 |
| Short term liabilities | 384 826 | 431 805 |
| | 84 122 | 78 616 |
| Financed by: | | |
| Long term liabilities | 49 746 | 49 453 |
| Net assets | 34 376 | 29 163 |
| | 84 122 | 78 616 |

The non-current assets include the intangible assets, the property, plant, and equipment (including ROU), securities measured at amortized cost and deferred tax asset, and long term other receivables.

The long-term liabilities include loans, certain employee benefits, long term portion of the lease liability and the financial guarantee contract liability.

All other items of the Consolidated Statement of Financial Position are current. The Group defines an item of the Consolidated Statement of Financial Position being current if the due date is within 12 months.

### *Maturity analysis of assets and liabilities*

The Group prepares a maturity analysis to present when the assets and liabilities of the entity are/becoming due. This analysis presents the surplus or deficit in items available for settlement. The main considerations on liquidity risk are presented in Note 4.

| 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 | 225 262 | 0 | 0 | 0 | 0 | **225 262** |
| Mutual deposits | 326 | 0 | 0 | 0 | 0 | **326** |
| Available for sale financial assets | 0 | 904 | 57 980 | 326 | 0 | **59 210** |
| Financial assets measured at fair value trough OCI | 7 088 | 6 440 | 0 | 0 | 0 | **13 528** |
| Income tax receivable | 0 | 0 | 0 | 0 | 0 | **0** |
| Deferred  tax receivable | 0 | 0 | 62 | 0 | 0 | **62** |
| Trade receivables relating to gas market | 2 404 | 0 | 0 | 0 | 0 | **2 404** |
| Receivables relating to depository activities | 915 | 0 | 0 | 0 | 0 | **915** |
| Receivables from foreign clearing houses | 122 138 | 0 | 0 | 0 | 0 | **122 138** |
| Other receivables | 15 079 | 17 | 22 | 14 | 0 | **15 132** |
| Receivables from repurchase agreements | 25 687 | 0 | 0 | 0 | 0 | **25 687** |
| Intangible assets | 0 | 0 | 0 | 0 | 3 630 | **3 630** |
| Property, plant and equipment | 0 | 0 | 0 | 0 | 653 | **653** |
| **TOTAL ASSETS** | **398 898** | **7 361** | **58 064** | **340** | **4 283** | **468 947** |

| 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 |
|---|---|---|---|---|---|---|
| Deposits from customers | -35 505 | 0 | 0 | 0 | 0 | **-35 505** |
| Liabilities for Guarantee Funds | -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** |
| Income tax payable | -473 | 0 | 0 | 0 | 0 | **-473** |
| Deferred tax liability | 0 | 0 | 0 | 0 | 0 | **0** |
| Other tax payables | -296 | 0 | 0 | 0 | 0 | **-296** |
| Trade payable from gas market activity | -2 590 | 0 | 0 | 0 | 0 | **-2 590** |
| Trade payables | -465 | 0 | 0 | 0 | 0 | **-465** |
| Liabilities from repurchase agreements | -14 928 | 0 | 0 | 0 | 0 | **-14 928** |
| Loans | -7 531 | -6 401 | -49 148 | 0 | 0 | **-63 080** |
| Lease liability | -96 | 0 | -101 | 0 | 0 | **-197** |
| Provisions for onerous contract | 0 | 0 | -416 | 0 | 0 | **-416** |
| Other payables | -267 | -334 | -8 | -72 | 0 | **-681** |
| **TOTAL LIABILITIES** | **-378 091** | **-6 735** | **-49 673** | **-72** | **0** | **-434 571** |
| **LIQUIDITY (DEFICIENCY)/EXCESS** | **20 808** | **626** | **8 391** | **268** | **4 283** | **34 376** |

| **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 | 237 021 | 0 | 0 | 0 | 0 | **237 021** |
| Mutual deposits | 196 | 0 | 0 | 0 | 0 | **196** |
| Available for sale financial assets | 0 | 2 870 | 57 743 | 428 | 0 | **61 041** |
| Financial assets measured at fair value trough OCI | 2 899 | 14 194 | 0 | 0 | 0 | **17 093** |
| Income tax receivable | 0 | 1 | 0 | 0 | 0 | **1** |
| Deferred tax receivable | 0 | 0 | 49 | 0 | 0 | **49** |
| Trade receivables relating to gas market | 1 995 | 0 | 0 | 0 | 0 | **1 995** |
| Receivables relating to depository activities | 1 035 | 0 | 0 | 0 | 0 | **1 035** |
| Receivables from foreign clearing houses | 156 657 | 0 | 0 | 0 | 0 | **156 657** |
| Other receivables | 362 | 7 | 36 | 32 | 0 | **437** |
| Receivables from repurchase agreements | 30 135 | 0 | 0 | 0 | 0 | **30 135** |
| Intangible assets | 0 | 0 | 0 | 0 | 4 109 | **4 109** |
| Property, plant and equipment | 0 | 0 | 0 | 0 | 653 | **653** |
| **TOTAL ASSETS** | **430 300** | **17 072** | **57 828** | **460** | **4 762** | **510 422** |

| 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 |
|---|---|---|---|---|---|---|
| Deposits from customers | -38 631 | 0 | 0 | 0 | 0 | **-38 631** |
| Liabilities for Guarantee Funds | -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** |
| Income tax payable | -43 | 0 | 0 | 0 | 0 | **-43** |
| Deferred tax liability | 0 | 0 | 0 | 0 | 0 | **0** |
| Other tax payables | -29 629 | 0 | 0 | 0 | 0 | **-29 629** |
| Trade payable from gas market activity | -1 878 | 0 | 0 | 0 | 0 | **-1 878** |
| Trade payables | -298 | 0 | 0 | 0 | 0 | **-298** |
| Liabilities from repurchase agreements | 0 | 0 | 0 | 0 | 0 | **0** |
| Loans | 0 | -959 | -49 201 | 0 | 0 | **-50 160** |
| Lease liability | 0 | -86 | -132 | 0 | 0 | **-218** |
| Provisions for onerous contract | -263 | -2 | -29 | 0 | 0 | **-294** |
| Other payables | -209 | -264 | -8 | -83 | 0 | **-564** |
| **TOTAL LIABILITIES** | **-430 494** | **-1 311** | **-49 370** | **-83** | **0** | **-481 258** |
| **LIQUIDITY (DEFICIENCY)/EXCESS** | **-194** | **15 761** | **8 458** | **377** | **4 762** | **29 164** |

When the maturity of an item is not determinable the group classifies the asset as being without a maturity, the liability to the within 3 months category. The cash deficit in the first three months is resolved by liquidating a part of the treasury bill portfolio. The treasury bills are sold on OTC markets.

For short term assets and liabilities – due to their nature – there are no significant differences between the book value and nominal value of contractual cash-flows. For long term state securities and long term loans the split according to contractual cash-flows (capital and interest payments) is the following:

| **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** |
|---|---|---|---|---|---|---|
| Long term securities at amortized cost | 0 | 2 365 | 59 197 | 315 | 0 | **61 877** |
| Long term loans | 93 | 280 | 49 937 | 0 | 0 | **50 309** |

| **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** |
|---|---|---|---|---|---|---|
| Long term securities at amortized cost | 0 | 4 329 | 59 787 | 437 | 0 | **64 553** |
| Long term loans | 93 | 280 | 50 309 | 0 | 0 | **50 682** |

The more detailed liquidity categories of the securities:

| As on 31 December 2022 | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years maturity | 5-6 years maturity | 6-7 years maturity | 7-8 years maturity | 8-9 years maturity | 9-10 years maturity | Sum |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets measured at amortized cost | 904 | 2 868 | 43 734 | 11 281 | 97 | 326 | 0 | 0 | 0 | 0 | **59 210** |

| As on 31 December 2021 | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years maturity | 5-6 years maturity | 6-7 years maturity | 7-8 years maturity | 8-9 years maturity | 9-10 years maturity | Sum |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Assets measured at amortized cost | 2 870 | 895 | 1 348 | 44 244 | 11 255 | 98 | 331 | 0 | 0 | 0 | **61 041** |

## NOTE 27: INCOME FROM CLEARING AND DEPOSITORY ACTIVITY

| | 2022 | 2021 |
|---|---|---|
| **Income from depository activity** | | |
| Banking services | 6 319 | 5 345 |
| Income from issuer activity | 592 | 522 |
| Income from depository services | 362 | 328 |
| Income from reporting activity | 211 | 206 |
| Code issuance | 160 | 133 |
| Data and information services | 1 | 0 |
| | **7 645** | **6 534** |

| | 2022 | 2021 |
|---|---|---|
| **Income from clearing activity** | | |
| CCP services of spot market | 440 | 298 |
| CCP services of derivative market | 326 | 245 |
| Clearing membership fees | 774 | 705 |
| CCP services of gas market | 283 | 321 |
| CCP services of energy market | 501 | 421 |
| Income from collateral | 2 801 | 1 043 |
| | **5 125** | **3 033** |
| **Income from clearing and depository activity** | **12 770** | **9 567** |

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

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.

## NOTE 28: NET INTEREST INCOME

| **Net income from interest** | **2022** | **2021** |
|---|---|---|
| Interest income | | |
| Income from interest on amortized cost instruments | 365 | 185 |
| Income from interest on fair value trough other comprehensive income items | 1 057 | 105 |
| Interest income from bank accounts | 2 258 | 173 |
| Interest income from client accounts | 158 | 158 |
| Interest from repos | 1 010 | 64 |
| Interest on statutory reserves placed at CBH | 57 | 3 |
| Interest received from foreign clearing houses | 757 | 0 |
| Interest received for loans | 3 | 6 |
| *Total interest income* | **5 665** | **694** |
| Interest expense | | |
| Interest expense on bank accounts | 587 | 398 |
| Interest expense on client accounts | 862 | 2 |
| Lease interest | 21 | 12 |
| Interest on repos | 331 | 2 |
| Interest payable (loans) | 130 | 9 |
| Amounts paid to clearing houses | 618 | 246 |
| Other interest expenses | 532 | 240 |
| *Total interest expense* | **3 081** | **909** |
| **Net income form interest** | **2 584** | **-215** |

The other revenue generating activity of the Group is to hold free financial assets to gain from net interest. Gain from this activity is calculated on net basis.

The significant increase in interest income is due to the change in the financial environment, namely the increasing interest rates. 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 tender introduced in the middle of October was kept at 18%. Negative euro interest rates of previous years became positive in 2022.

## NOTE 29: GAINS AND LOSSES FROM TRADING WITH SECURITIES

This line in the Consolidated Statement of Comprehensive Income includes the realized gains and losses from trading of treasury bills and government bonds. In 2021 KELER recognized losses on government bonds, while there was n o such result in 2022.

## NOTE 30: GAS TRADING ACTIVITY

When the KELER KSZF acts as the central counterparty of the deals in gas trading legally they are buyer and seller at the same time. The Group concluded that it acts as an agent, since they do not possess the gas during the settlement process, not even for momentarily. 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 7.) The fees for acting as a counterparty is recognized as clearing fee (Note 26). The balance is generated by the clearing members. KEELER KSZF 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** | **0** | **0** |

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 31: BANK FEES, COMMISSION AND SIMILAR ITEMS

| | 2022 | 2021 |
|---|---|---|
| **Operating expenses** | | |
| **Banking expenses** | | |
| Depository services | 18 | 15 |
| Banking services | 216 | 161 |
| LEI issuance services | 24 | 32 |
| TR service - mediated | 33 | 29 |
| Other mediated services | 9 | 5 |
| | **300** | **242** |

This position fees, commissions charged by other financial institutions (mostly settlement banks) for the activities of the Group.

## NOTE 32: PERSONNEL EXPENSES

| | 2022 | 2021 |
|---|---|---|
| **Personnel expenses** | | |
| Wages | 3 121 | 2 793 |
| Base wages | 2 766 | 2 506 |
| Bonuses | 355 | 287 |
| Social security and other contributions | 456 | 497 |
| Other cost of personnel | 244 | 232 |
| | 3 821 | 3 522 |

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 also includes termination benefits.

The average number of employees was 219 in the period ended 31 December 2022, and 214 in the period ended 31 December 2021.

## NOTE 33: EXPERT, TELECOMMUNICATION, IT-SUPPORT FEES AND OTHER OPERATING EXPENSES

The Group classifies its operation expenses according to the type of the cost incurred. Material items (like expert fees, telco fees and IT-support) are disclosed separately on the face of the Consolidated Statement of Comprehensive Income.

The other expenses are those operational items that do not fall into the previous categories. The breakdown of that line is the following:

| | 2022 | 2021 |
|---|---|---|
| **Operating expenses** | | |
| **Depreciation and amortization** | 1 509 | 1 058 |
| **Expenses from maintenance of assets** | | |
| Softwares | 968 | 784 |
| Hardwares | 186 | 166 |
| Operation assets | 10 | 9 |
| | **1 164** | **959** |
| **Professional fees** | | |
| Professional fees (operational) | 225 | 40 |
| Professional fees (development) | 218 | 171 |
| Audit fees | 71 | 73 |
| Administrative fees | 13 | 11 |
| | **527** | **295** |

| | | |
|---|---|---|
| **Telecommunication services** | | |
| Postal services | 2 | 3 |
| Telephone, internet and transmission lines | 96 | 75 |
| Datatrafficing (T2S, SWIFT, Reuters) | 112 | 61 |
| | **210** | **139** |
| | | |
| **Insurance** | **21** | **21** |
| | | |
| **Material type expenses** | | |
| Utility bills | 49 | 34 |
| Expenses related to vehicles | 12 | 10 |
| Expenses related to buildings | 1 | 0 |
| Expenses related to IT assets | 12 | 6 |
| Other material type expenses | 1 | 3 |
| | **75** | **53** |
| | | |
| **Rental fees** | | |
| Other rental fees | 20 | 20 |
| | **20** | **20** |
| | | |
| **Marketing expenses** | | |
| Advertisement | 6 | 5 |
| | **6** | **5** |
| | | |
| **Training and education** | | |
| Professional trainings | 17 | 11 |
| Conferences | 23 | 10 |
| | **40** | **21** |
| | | |
| **Taxes on operation** | | |
| Sectorial tax on financial institution | 140 | 219 |
| - Surplus profit tax | 791 | |
| Special tax on financial institutions due to the pandemic | 0 | 0 |
| Non-deductible VAT | 2 | 6 |
| Local taxes | 122 | 71 |
| | **1 055** | **296** |
| | | |
| **Services** | | |
| Services related to real estates | 138 | 127 |
| Services related to vehicles | 9 | 11 |
| Services related to transportation and taxi | 5 | 5 |
| Travel expenses, accommodation | 6 | 2 |

| | | |
|---|---|---|
| Cost of temporary employment | 5 | 8 |
| Membership fees | 46 | 45 |
| Expenses from other services | 561 | 126 |
| | **770** | **324** |

| | | |
|---|---|---|
| **Levies** | | |
| Levies paid to oversight institutions | 211 | 182 |
| | **211** | **182** |
| **Legal and other procedural fees and stamp duties** | **27** | **30** |
| **Other risk related expenses** | | |
| Recognition of provisions | **100** | **19** |
| **Other non-financial activity related expenses** | **-8** | **37** |
| **Elimination difference due to VAT differences** | **89** | **111** |

## NOTE 34: OTHER INCOME AND EXPENSES, FINANCIAL INCOME AND EXPENSES

Certain sundry incomes and expenses that cannot be classified as operating activities or do not relate to the activity of the Group are presented as other incomes and expenses. These items include gains and losses on disposing property, plant and equipment.

Foreign exchange gains and losses are presented as financial income and expenses together with net interest income of those entities of the Group whose core activity does not include banking services.

Other interest income includes the interest expense and interest income from securities financed by the loan taken from CBH (see Note 21).

| | **2022** | **2021** |
|---|---|---|
| **Other interest income** | | |
| Interest income of items under amortized cost model | 685 | 751 |
| Interest paid (CBH loan) | -373 | -334 |
| | **312** | **417** |

## NOTE 35: 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:

| | Cash and cash equivalents | Assets measured at amortized cost | Debt instruments measured at amortized cost | Receivables relating to clearing and depository activities |
|---|---|---|---|---|
| Opening balance of expected credit loss (ECL) | 32 | 8 | 1 | 14 |
| Changes in the balance of expected credit loss (ECL) | -2 | 0 | 1 | -5 |
| Closing balance of expected credit loss (ECL) | **30** | **8** | **2** | **9** |

| | Receivables from repurchase agreements | Other receivables | Receivables from foreign clearing houses | **Sum** |
|---|---|---|---|---|
| Opening balance of expected credit loss (ECL) | 4 | 0 | 21 | **79** |
| Changes in the balance of expected credit loss (ECL) | -3 | 1 | -5 | **-14** |
| Closing balance of expected credit loss (ECL) | **1** | **1** | **16** | **67** |

The effect of transition to IFRS 9 is recognized directly to retained earnings, the changes in the ECL however are taken to the profit or loss (separate line item).

For the calculation the so called ‘standard model’ is used, where preset 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.

## NOTE 36: INCOME TAX EXPENSE

Items classified as income taxes in accordance with IAS 12 are listed in Note 9. The rate of the corporate income tax is 9%, the local tax rate is 2% for decades, and the innovation contribution is 0,3%.

The tax base of latter two is derived from the gross profit (actual gross profit or in case of the depository activity the net interest).

A breakdown of the income tax expense is:

| | **2022** | **2021** |
|---|---|---|
| **Income Taxes** | | |
| Current corporate income tax | 526 | 129 |
| Deferred corporate income tax | -10 | 62 |
| Local tax | 198 | 156 |
| Innovation contribution | 30 | 23 |
| Income tax recognized in total comprehensive income | **744** | **370** |

| | **2022** | **2021** |
|---|---|---|
| **Profit before taxes** | **5 984** | **2 295** |
| Local tax and innovation contribution | 227 | 179 |
| Adjusted profit before taxes | 5 757 | 2 116 |
| Theoretical corporate tax rate | 9% | 9% |
| **Corporate income tax calculated using the theoretical tax rate** | **518** | **190** |
| Adjustments increasing the taxable profit multiplied with the theoretical tax rate | 149 | 108 |
| *of which amortization* | 137 | 98 |
| *of which recognition of provisions* | 9 | 2 |
| *of which sundry other items* | 3 | 8 |
| Adjustments decreasing the taxable profit multiplied with the theoretical tax rate | 142 | 169 |
| *of which amortization* | 142 | 100 |
| *of which losses carried forward used* | 0 | 69 |
| *of which sundry other items* | 0 | 0 |
| **Actual corporate income tax** | **525** | **129** |
| Base of the local tax | 9 919 | 7 805 |
| Rate of the local tax | 2% | 2% |
| **Local tax – theoretical tax** | **198** | **156** |
| Tax adjustments | 0 | 0 |
| **Local tax (actual):** | **198** | **156** |
| Base of the innovation contribution | 9 919 | 7 805 |
| Rate of the innovation contribution | 0,3% | 0,3% |
| **Innovation contribution – theoretical tax** | **30** | **23** |
| Tax adjustments | 0 | 0 |
| **Innovation contribution (actual)** | **30** | **23** |

| | | |
|---|---|---|
| Actual income tax | 754 | 308 |
| Deferred corporate income tax recognized in profit or loss | -10 | 62 |
| **Actual income tax recognized in profit or loss** | **744** | **370** |

| | **2022** | **2021** |
|---|---|---|
| Actual income tax recognized in other comprehensive income | 0 | 0 |
| Deferred income tax recognized in other comprehensive income | -3 | -10 |
| **Income tax in total comprehensive income** | **741** | **360** |

## NOTE 37: OTHER COMPREHENSIVE INCOME

The other comprehensive income includes two elements: the revaluation of the debt instruments measured at fair value through other comprehensive income and the deferred tax effect of this.
The balances are reclassified into net profit once the financial instruments are derecognized (expired or sold).

| | **2022** | **2021** |
|---|---|---|
| **Other comprehensive income** | | |
| Remeasurement gain on AFS financial assets | -31 | -113 |
| Retranslation of foreign operation | 3 | 10 |
| | **-28** | **-103** |

## NOTE 38: SECURITIES DEPOSITED; OFF BALANCE SHEET ITEMS

Foreign securities means amounts in security accounts of the counterparties.

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **SECURITIES** | | |
| **Physical securities** | | |
| Physical securities HUF | 106 021 | 103 176 |
| Physical securities CHF | 2 250 | 1 974 |
| | **108 271** | **105 150** |
| **Dematerialized securities** | | |
| Dematerialized securities HUF | 57 872 169 | 50 349 581 |
| Dematerialized securities AUD | 2 | 2 |
| Dematerialized securities CAD | 111 | 98 |
| Dematerialized securities CHF | 14 900 | 21 026 |
| Dematerialized securities CZK | 93 744 | 89 763 |
| Dematerialized securities EUR | 4 109 049 | 3 310 673 |
| Dematerialized securities GBP | 814 | 578 |
| Dematerialized securities HKD | 2 | 2 |
| Dematerialized securities ILS | 3 | 0 |
| Dematerialized securities NOK | 3 | 3 |
| Dematerialized securities PLN | 35 197 | 32 664 |
| Dematerialized securities RON | 0 | 223 |
| Dematerialized securities RUB | 32 | 27 |
| Dematerialized securities SEK | 6 | 5 |
| Dematerialized securities THB | 1 | 1 |
| Dematerialized securities USD | 453 088 | 339 418 |
| | **62 579 121** | **54 144 064** |
| | **62 687 392** | **54 249 214** |

The deposited, not owned physical securities by type of security, traded on the stock exchange, whereas OTC securities on nominal value.

## NOTE 39: OFF BALANCE SHEET ITEMS, CONTINGENT LIABILITIES

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Guarantees received** | | |
| Bank guarantee | 55 | 55 |
| | **55** | **55** |

| | **31.12.2022** | **31.12.2021** |
|---|---|---|
| **Specific safeguards** | | |
| Cash | | |
| In foreign currency | 8 125 | 4 427 |
| Security | 61 | 4 142 |
| Bank guarantee | 55 | 55 |
| | **8 241** | **8 624** |
| **Credit lines** | **48 021** | **9 169** |
| **Contingent liabilities** | | |
| Litigation | 62 | 62 |
| | **62** | **62** |

Under specified circumstances these items may be used by the Group.

KELER CCP received several lines of credit from banks. The main purpose of the credit line is to ensure the liquidity of the gas market (mainly the VAT position) and to be able to operate the settle bank model. In the year 2022 a credit line of 50 billion HUF was opened by CHB with the purpose of providing liquidity on gas markets, to finance VAT payables.

The contingent liability is disclosed due to an ongoing litigation.

Government bonds and treasury bills received through securities borrowing contracts are securities which may not be presented as assets, thus they are presented as “Securities owned by third parties”.

## NOTE 40: RELATED PARTY TRANSACTIONS

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

**CENTRAL BANK OF HUNGARY**

| | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Term deposit placements | 12 134 | 18 965 |
| | **12 134** | **18 965** |
| Loans | -56 731 | -49 201 |
| | **-56 731** | **-49 201** |
| **Income and expenses** | **2022** | **2021** |
| Interest income | 1 444 | 71 |
| Other income | 0 | 0 |
| | **1 444** | **71** |
| Bank account costs | 28 | 20 |
| Interest expense | 373 | 334 |
| Other costs | 0 | 0 |
| | **401** | **354** |

As stated before the parent of the Group is the Central Bank of Hungary (CBH). CBH is a government-related entity (as defined by IAS 24). This Group 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.

The Parent Company enters into material transactions with the Government Debt Management Agency (ÁKK), those deals are security repurchase ("repo") transactions. The amount of repo transactions was 199 188 MHUF during 2022, year end repo balance being 14 923 MHUF (during 2021 value of transactions was 77 411 MHUF, with a year end balance of 0).

The Parent Company enters into material transaction with the Central Bank of Hungary, which deals servers the short (O/N deposits or O/N loans) and long term liquidity management (loans from CBH) and lawful handling of the deposit balances. The turnover of the O/N deals entered into was 4 738 454 MHUF in 2022, with a year end overnight balance of 10 978 MHUF (asset). The turnover of O/N deals was 4 131 399

MHUF in 2021, with a year end overnight balance of 18 382 MHUF (asset)). Loans taken from CBH with 5-years maturity was 0 MHUF in 2022 (21 145 MHUF in 2021).

There are insignificant transactions with other government related entities and all those transactions are on market basis.

Members of the key managements are related parties.

Key management of the Parent (during the period preparing the financial statements):

- dr. Selmeczi-Kovács Zsolt, President of the Board
- Balogh Csaba Kornél, member of the Board
- Demkó-Szekeres Zsolt, member of the Board (CEO: from 31st July 2020 to 29th November 2022)
- Horváth Gábor, banking director, deputy CEO, member of the Board
- Kuti Zsolt, member of the Board
- Máté Tóth István, member of the Board
- Végh Richárd, member of the Board

Supervisory Board of the Parent Company

- Taczmann Róbert Ferenc, President of the Supervisory Board
- Gergely Ádám, member of the Supervisory Board (since 27th May 2021.)
- Pintér Klára, member of the Supervisory Board
- Varga Lóránt, member of the Supervisory Board
- Visontai Balázs, member of the Supervisory Board

Members of the Directory Board and Supervisory Board received the following renumerations in total in the relevant years:

| | **2022** | **2021** |
|---|---|---|
| Board of Directors | 210 | 155 |
| Supervisory Board | 29 | 32 |
| | **239** | **187** |

These are all short-term employee benefits.

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

Changes in the Parent Company Board members:
Ádám Gergely was elected as member of the Supervisory Board from 27th May 2021.
The Board membership and employment of Zsolt Demkó-Szekeres was terminated on 29th November 2022.

## NOTE 41: CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

### a) Classification of financial instruments

| **31 December 2022** | Financial instruments (fair value option) | Receivables | Available for sale assets | Other assets or liabilities at amortized cost | **Total carrying amount** | **Fair value** |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 0 | 225 262 | 0 | 0 | **225 262** | **225 262** |
| Mutual deposits | 0 | 326 | 0 | 0 | **326** | **326** |
| Available for sale financial assets | 0 | 59 210 | 13 528 | 0 | **72 738** | **59 638** |
| Receivables from repurchase agreements | 0 | 25 687 | 0 | 0 | **25 687** | **25 687** |
| Receivables relating to clearing and depository activities | 0 | 125 457 | 0 | 0 | **125 457** | **125 457** |
| Loans to employees | 0 | 41 | 0 | 0 | **41** | **41** |
| Deposits from customers | 0 | 0 | 0 | 35 505 | **35 505** | **35 505** |
| Liabilities for Guarantee Funds | 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** |
| Liabilities from repurchase agreements | 0 | 0 | 0 | 14 928 | **14 928** | **14 928** |
| Loans | 0 | 0 | 0 | 63 080 | **63 080** | **49 428** |
| Accounts payable | 0 | 0 | 0 | 3 055 | **3 055** | **3 055** |
| Lease liability | 0 | 0 | 0 | 197 | **197** | **197** |
| Other payables to clients in transit | 0 | 0 | 0 | 48 | **48** | **48** |

| 31 December 2021 | Financial instruments (fair value option) | Receivables | Available for sale assets | Other assets or liabilities at amortized cost | Total carrying amount | Fair value |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 0 | 237 021 | 0 | 0 | **237 021** | **237 021** |
| Mutual deposits | 0 | 196 | 0 | 0 | **196** | **196** |
| Available for sale financial assets | 0 | 61 041 | 17 093 | 0 | **78 134** | **72 188** |
| Receivables from repurchase agreements | 0 | 30 135 | 0 | 0 | **30 135** | **30 135** |
| Receivables relating to clearing and depository activities | 0 | 159 687 | 0 | 0 | **159 687** | **159 687** |
| Loans to employees | 0 | 73 | 0 | 0 | **73** | **73** |
| Deposits from customers | 0 | 0 | 0 | 38 631 | **38 631** | **38 631** |
| Liabilities for Guarantee Funds | 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** |
| Loans | 0 | 0 | 0 | 50 160 | **50 160** | **50 160** |
| Accounts payable | 0 | 0 | 0 | 2 176 | **2 176** | **2 176** |
| Lease liability | 0 | 0 | 0 | 218 | **218** | **218** |
| Other payables to clients in transit | 0 | 0 | 0 | 11 | **11** | **11** |

### b) Assets and liabilities measured at fair value – Fair value hierarchy

| **31 December 2022** | **Fair value Level 1** | **Fair value Level 2** | **Fair value Level 3** | **Total** |
|---|---|---|---|---|
| Debt instruments measured at fair value trough other comprehensive income | 0 | 13 528 | 0 | **13 528** |

| **31 December 2021** | **Fair value Level 1** | **Fair value Level 2** | **Fair value Level 3** | **Total** |
|---|---|---|---|---|
| Debt instruments measured at fair value trough other comprehensive income | 0 | 17 093 | 0 | **17 093** |

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)

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

No items were classified as fair value through profit or loss, or held to maturity during the years presented.
Receivables or similar items including counter party risk where the risk factor is not readily determinable are classified under Level 3 measurement.

| 31 December 2022 | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | 225 262 | 0 | 0 | **225 262** |
| Mutual deposits | 0 | 0 | 326 | **326** |
| Receivables relating to clearing and depository activities | 0 | 0 | 125 457 | **125 457** |
| Debt instruments measured at amortized cost | 0 | 59 210 | 0 | **59 210** |
| Receivables from repurchase agreements | 0 | 0 | 25 687 | **25 687** |
| Loans to employees | 0 | 0 | 41 | **41** |
| Deposits from customers | 0 | 0 | 35 505 | **35 505** |
| Liabilities for Guarantee Funds | 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** |
| Liabilities from repurchase agreements | 0 | 0 | 14 928 | **14 928** |
| Loans | 0 | 0 | 63 080 | **63 080** |
| Accounts payable | 0 | 0 | 3 055 | **3 055** |
| Lease liability | 0 | 0 | 197 | **197** |
| Other payables to clients in transit | 0 | 0 | 48 | **48** |

| 31 December 2021 | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 | Total |
|---|---|---|---|---|
| Cash and cash equivalents | 237 021 | 0 | 0 | **237 021** |
| Mutual deposits | 0 | 0 | 196 | **196** |
| Receivables relating to clearing and depository activities | 0 | 0 | 159 687 | **159 687** |
| Debt instruments measured at amortized cost | 0 | 61 041 | 0 | **61 041** |
| Receivables from repurchase agreements | 0 | 0 | 30 135 | **30 135** |
| Loans to employees | 0 | 0 | 73 | **73** |
| Deposits from customers | 0 | 0 | 38 631 | **38 631** |
| Liabilities for Guarantee Funds | 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** |
| Loans | 0 | 0 | 50 160 | **50 160** |
| Accounts payable | 0 | 0 | 2 176 | **2 176** |
| Lease liability | 0 | 0 | 218 | **218** |
| Other payables to clients in transit | 0 | 0 | 11 | **11** |

## NOTE 42: NEW AND MODIFIED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2021.

New and amended standards and interpretations issued before the Group's financial statements were published but not yet effective are explained below. The Group 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 Group.

### 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 Group 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 Group'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 Group 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 Group is currently investigating the impact of the amendments.
The Group 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 Group 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 Group 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 Group 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 Group 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 Group.

**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 Group, as the Group’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 Group, as it did not have any assets subject to IAS 41 on the reporting date.

## NOTE 43: DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The Group did not face any uncertainty or had to deal with any more complex issues when it considered how its investments would be treated in terms of consolidation.

In the subsidiaries the Parent have a voting right of 99.85%. The remaining 0,15% is held by CBH and HSE, and they constitute non-controlling interest.

The Group has no associated company.
The Group does not have to face any restrictions on its access to net assets, profit or cash flow in the context of its consolidated business.

The Group has no consolidated or unconsolidated interests in which control is not based on voting rights or where voting rights are not used to control the relevant activities leading to control (structured entities).

None of the group entities are investment entities nor do they have investment in those types of entities.

The Group has an immaterial investment in Association of National Numbering Agencies (ANNA). The value of the investment is 1 250 EUR and is recorded as an equity investment measured at FVTOCI.

## NOTE 44: CHANGES IN THE ACCOUNTING POLICIES

The Group did not change the accounting policies in 2022, but there were new rules introduced for accounting for securities borrowed and for self developed intangible assets (these have no effects on previous periods).

## NOTE 45: DIVIDEND

The AGM of KELER did not declare dividend on their meeting on 27nd April 2022. The profit of the period was transferred to retained earnings.

## NOTE 46: THE EFFECT OF THE COVID-19 PANDEMIC AND THE RUSSIAN-UKRANIAN CONFLICT

The corona virus pandemic changed the social and economic environment substantially in 2020.

The KELER Group was identified being one of the entities with key importance in the national economy (see regulation 12/2016.). The KELER Group was also identified as playing a key role in the economic system by the Action Group for the Security of Key Hungarian Undertakings.

Unlike for most of the companies the pandemic did not result in a direct consequence on the activity of the KELER Group in the period until the financial statements were authorized for issue:

- business results: there were no decline in the revenue due to the pandemic in 2022 and there were no material change in the level of expenses
- operation: the Group operates in the same manner, except most of the work is remotely done.

The management continuously monitors the advances, however they do not expect material changes.

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.

Based on the above facts the management of the Parent Company there are no signs yet identified that would suggest that the going concern of the Group cannot be justified, and so far no material effect for the year 2023 was identified.

## NOTE 47: SUBSEQUENT EVENTS

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

## NOTE 48: APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 29 March 2023 to be sent for approval by the owners. KELER's General Meeting is entitled to approve the consolidated financial statements**.**

Budapest, 29 March 2023

| | |
|---|---|
| Horváth Gábor | Herczegh István |
| Chief Executive Officer | Chief Financial Officer |