



*Energizing Clearing*



# ANNUAL REPORT

2022

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## CHAIRMAN'S MESSAGE

As in previous years, the year 2022 presented a number of challenges for both the domestic and the international economy, and thus also for the KELER Group. In the first quarter of last year, the restrictions caused by the coronavirus epidemic were still making it difficult for business organisations to operate, while from early spring, the Russian-Ukrainian war in the neighbouring country created an economic turbulence which hit not only the neighbouring countries, but practically the whole world with recession and energy crisis.

Despite the macroeconomic difficulties, KELER Group concluded a successful financial year, with stable operations resulting in a pre-tax profit of HUF 2.234 billion for KELER and a pre-tax profit of HUF 3.9 billion for KELER CCP in 2022.

At KELER Group, the past year was about creating a strategy for the years 2023-2027, which we managed to prepare in close cooperation with the owners. Following their approval by the General Meeting, we started the detailed planning of the implementation of the KELER and KELER CCP strategies, which will determine the Group's tasks for the next five years.

We determined the strategic directions of KELER for the period of five years commencing in 2023 based on its core values, i.e., stable and reliable operation, professionalism and prudent and transparent operation, while it is also important to us to further strengthen innovation, openness to development and client focus over the strategy period. The new strategy focuses on the implementation of such fundamental objectives as developing the business lines related to KELER's core activity and continuing the IT modernisation already started. The successful implementation and achievement of these objectives will be supported by the further implementation of international best practices and by further harmonisation and digitisation. To achieve this, we will need the support of our client, based on regular dialogue and professional consultation with market players and on strengthening our openness to development to meet client needs.

The main strategic objective of KELER CCP for the years of 2023-2027 is to provide added value to increase the stability



*Zsolt Selmeczi-Kovács*

**ZSOLT SELMECZI-KOVÁCS DR.**  
Chairman

and efficiency of the markets it serves as a "national flagship", i.e. a centre of risk management and clearing house competence for the Hungarian capital and energy markets.

The implementation of the strategy of KELER Group 's strategy will be a top priority in the coming years, in addition to ensuring stable day-to-day operations. We are confident that our strong corporate foundations, such as our core business lines, our cautious financing policy and the professional expertise of our the staff of KELER Group are going to support us in achieving our goals in the coming years.

One of the solid value of KELER Group is its well-prepared and highly experienced staff, therefore we pay particular attention to creating a family-friendly working environment, providing high quality benefits and organising team-building events for our colleagues. In recognition of its numerous family-friendly measures, KELER and KELER CCP have also been awarded the "Family-Friendly Workplace" mark, which is awarded by the Family-Friendly Hungary Centre (Családbarát Magyarország Központ) to companies committed to operating in a family-friendly manner and taking measures favouring employees continuously.

I would like to take this opportunity to thank the owners, managers and all employees of KELER Group, whose persistent and constructive work not only guaranteed the success of the Group last year, but also contributed to the success of domestic and foreign credit institutions, investment companies, issuers and the players of the capital, gas and energy markets as well.

## CHIEF EXECUTIVE OFFICER'S MESSAGE

From an international perspective, the easing of the coronavirus epidemic could have brought improving prospects for our economic environment in the first quarter of 2022, however, such expectations were quickly overshadowed by the Russian-Ukrainian conflict that erupted in early spring. The war in a neighbouring country, soaring energy prices and a tightening monetary and fiscal policy outlook also brought a highly challenging year for each participant of the economy. Investors turned away from risk assets, which resulted in a very significant correction in many asset classes. 2022 was a year of sharp stock market movements, increased uncertainty, volatility, falling stock indices and rising bond yields.

All in all, KELER CCP as a business organisation also had a very complex year and had to face both favourable and extremely stressful periods as a result of domestic and international economic events. The highly volatile and turbulent economic environment and the energy crisis which we are all aware of have put the operational and risk management activities of the KELER CCP to a major test. As a Central Counterparty, it is KELER CCP has the fundamental task of ensuring the stability of the markets it serves at all times precisely in the face of such major economic crises, turbulence and increased risk of bankruptcy. On the operational side, this usually means the management of much larger turnover and market activity on a daily basis, as well as the ongoing professional management of increased risks.

KELER CCP has successfully passed this extremely difficult test. The increased activity and the related hard work throughout the year have resulted in a better than expected performance on the side of the financial results. The capital market fee income of KELER CCP increased by around 35% compared to 2021, thanks to the outstanding turnover on the stock exchange, whereas the rising interest rate environment generated interest income of nearly HUF 1 billion. In the electricity and gas markets, the developments in the war, the sanctions against Russia and the scarcity of alternative supply capacity have led to record high energy prices and extreme volatility. KELER CCP was managing the consequences of the crisis in the energy markets with continuous risk management reactions and actions. As a result of these actions, the company's margins meant to cover risks has increased by several times compared to previous years. In addition to covering the exposure managed in the markets, margins have



*Babett Pavlics*

**BABETT PAVLICS**  
Chief Executive Officer

a significance in terms of the financial profit as well. By the end of 2022, the fee and net interest income generated from margin management at KELER CCP reached HUF 2.2 billion, contributing significantly to the profitability of the core activity of KELER CCP.

As a result of the above-mentioned economic effects, the energy crisis sweeping across Europe and the related activity related to the necessarily active role played as central counterparty, KELER CCP's pre-tax profit for 2022 was close to HUF 3.9 billion.

In addition to being a year of crisis management, 2022 was also a year of strategy-making for KELER CCP. After months of analysis and planning, the general meeting adopted the new strategy of KELER CCP for the years 2023-2027 in December 2022. The main strategic objective of KELER CCP in the coming years is to ensure the stability and efficiency of the markets it serves, in particular as a "national flagship", i.e. a centre of risk management and clearing house competence for the Hungarian capital and energy markets. To support the long-term value creation capacity of KELER CCP, the strategy also emphasises a number of developments and growth opportunities supporting the Hungarian energy and capital markets, which KELER CCP is already actively working on today.

During 2022, KELER CCP provided central counterparty clearing services to 6 market operators (the Budapest Stock Exchange, MTS S.p.A., FGSZ Földgázszállító Zrt., FGSZ KP Kft., CEEGEX Zrt. and HUDEX Zrt.) for the trading venues they operate.



In 2022, we continued focusing on the needs and expectations of active customers in the markets we serve, in order to improve our stock exchange performance and to develop markets. We supported the assessment of market needs and the identification of appropriate market development directions through regular consultations with our clients, the continuous communication of changes affecting clearing services, consultations and training sessions jointly held with market operators, and internal training. In addition, we took every opportunity in 2022 as well to ensure that KELER CCP staff meet face-to-face with domestic and international clients and partners. Our company was represented as a sponsor, speaker and participant at several prestigious capital market and energy conferences (BSE50, BSE Legek, E-World, ETCSEE, GasCon, EnKon, MEKSZ Conference). We also conducted a survey repeatedly to assess our clients' views on our services via personal interviews. I would like to take this opportunity to thank our clients for their active support during the survey and to underline that the implementation of the action plan drawn up based on the opinions, requests and suggestions collected will be one of the important tasks of our next period.

In support of our strategic objectives and the development of markets, we continued focusing on IT development in the past year as well. Accordingly, intensive efforts were made in 2022 to bring the integrated risk management system of the KELER CCP into operation on the one hand and to further develop our IT infrastructure to support the servicing of gas markets on the other hand. The go-live of the first module of our new integrated risk management system, the so-called "haircut function", was successfully completed on 12 December 2022, to the satisfaction of users. The next stage of the development work will be the "margin module", which will enable daily margin calculations and, accordingly, a margin requirement that can react immediately to market changes, and is planned to go live in Q4 2023 as the next step of the project.

I would also like to take this opportunity to express my special thanks to all of my colleagues who, through their persistent, constructive and professional work in such a crisis-ridden and extremely demanding year, contributed to the fact that KELER CCP managed to pass such a difficult test and that in 2022, we were able to close a very successful year from a financial point of view as well.

After all the challenges, the solutions found for them and the hard work related to the turbulences, now we can look back on a year full of achievements, which is the joint success of the owners of KELER Group, Hungarian credit institutions, investment companies, the capital, gas and commodity market players and all the employees of KELER Group.



## MARKET ENVIRONMENT

At the beginning of 2022, the easing of the long-standing coronavirus epidemic could have brought improving prospects for our economic environment, however, these were quickly overshadowed by the Russian conflict in Ukraine that erupted in February. The outbreak of the conflict, the sanctions and their consequences had a profound impact on international, as well as domestic financial, capital and energy markets and on social life. Although the most violent market movements occurred in the immediate aftermath of the outbreak of the war, the escalation and successive sanctions packages generated considerable uncertainty in all cases.

The Russia-Ukraine war and the resulting unprecedented rise in energy prices gave a new growth momentum to previously slow inflation, leading to double-digit increases in many countries. Global energy production, trade and consumption radically changed in response to geopolitical events. This is particularly true in Europe, where the substitution of energy from the East by other alternative sources started at an unexpected pace, transforming trade and business processes of decades in a matter of months.

To mitigate the damage caused by the coronavirus epidemic, central banks supported the recovery of the economy by creating favourable interest rate conditions, asset purchase programmes, loan and guarantee schemes to increase lending, which eased liquidity constraints for companies. On the fiscal side, market participants received help from budgetary measures. However, rising inflationary pressures from

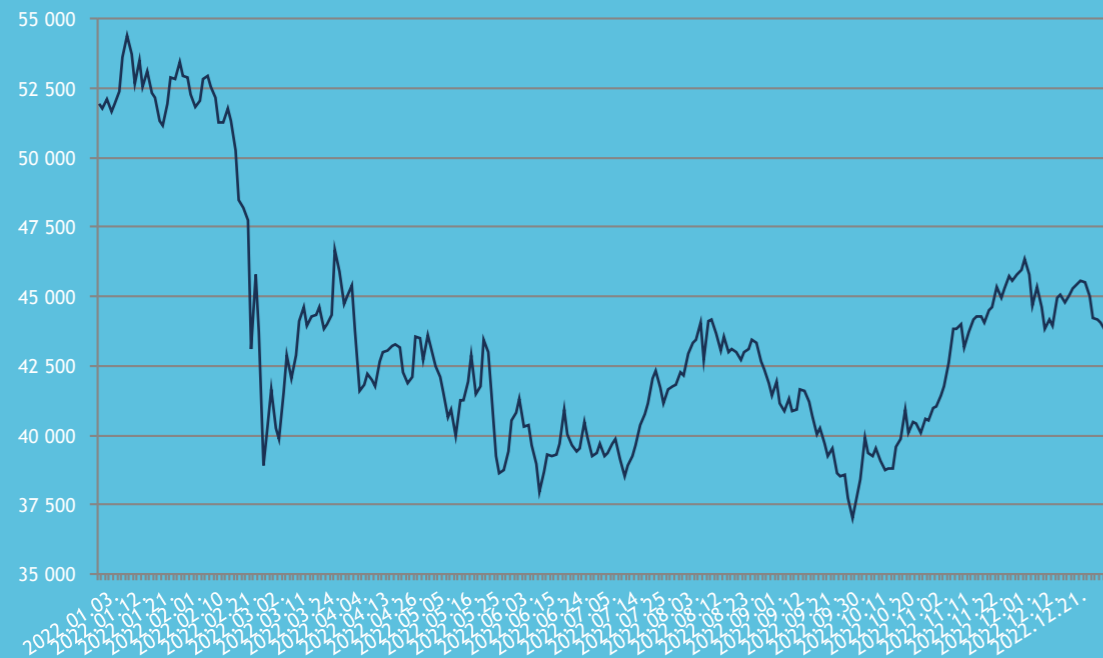
energy prices also significantly reduced the room for manoeuvre for monetary and fiscal policy. Central banks typically raised policy rates and tightened monetary conditions in order to contain inflation. Because of the rise in interest rates and the explosion in energy prices, both households and the corporate sector found themselves in a difficult situation. It is therefore no coincidence that fears of a global recession also intensified. Although by the end of 2022, energy prices had corrected significantly from their peak during the year, there is still considerable uncertainty about the overall economic situation and the outlook for 2023.

The outbreak of the war between Russia and Ukraine, soaring energy prices and a tightening monetary and fiscal policy outlook also brought a very different year for markets compared to previous periods. Investors turned away from risk assets, which resulted in a very significant correction in many asset classes. 2022 was a year of sharp stock market movements, increased uncertainty, volatility, falling stock indices and rising bond yields. The US Dow Jones Industrial Average index was down 9% from its close of the previous year, whereas the Standard & Poor's 500 index closed 20% lower. Alongside US stock indices, Japan's Nikkei 225 fell 9%, Europe's Stoxx Europe 50 index closed 23% lower and Germany's DAX index closed 12% lower compared with the end of the previous year.

As with international stock indices, the Budapest Stock Exchange (BSE) equity index also showed a significant correction compared to the previous year, with the BUX closing the last trading day of 2022 at 43 749 points, down by 14%.

mid-October, was kept at 18%. Despite these measures, consumer prices rose by 24.5% in December and core inflation was 24.8%. The annual average inflation rate was 14.5%. Analysts expect inflation to remain elevated in the first half of 2023, but to ease thereafter in the second half of the year.

Changes of the BUX Index in 2022



The BSE's spot market turnover increased by approximately 12.4% year-on-year, with total annual turnover increasing from HUF 3 382 billion to HUF 3 802 billion.

The domestic currency was trading between EUR 353.1/HUF and EUR 432.9/HUF against the euro. Looking back to the year 2022, the forint weakened by more than 8% against the euro, taking into account the mid-market exchange rates of 1 January and 31 December. By the end of 2022, the forint had also weakened against the US dollar and the Swiss franc, depreciating 16% against the former and closing 14.6% lower against the latter compared to the previous year's closing exchange rate. On the international currency market, the dollar strengthened against most major currencies, for example against the euro and the Swiss franc, gaining 6.5% and 5.2% respectively over the period.

In 2022, the National Bank of Hungary (MNB) continued the cycle of interest rate hikes it had started. The base rate was raised in several steps from 2.4% to 13% in September, while the overnight deposit quick tender rate, introduced in



**ACTIVITIES OF KELER CCP**

**Stability and reliability**

KELER CCP continued to serve its domestic and international client base in the financial year of 2022 as well as a stable and reliable financial infrastructure provider of the region.

**Unique services**

Established in 2008 as an independent clearing house, KELER CCP is a unique provider in the region and in Europe in terms of the number of cleared trading venues and the diversity of its product range, which includes traditional capital market financial and commodity products, as well as energy-related spot and derivative products. In addition to the continuous and secure operation and development of the Hungarian securities market and derivative capital and energy markets, the role of the company is of decisive importance in ensuring the financial stability of the Hungarian natural gas market and thus the security of natural gas supply, which was of particular importance during the past year. In addition to its clearing activities as a central counterparty, KELER CCP, as a general clearing member, provides its clients with direct access to the major domestic and other European energy exchanges cleared by EEC as central counterparty.

KELER CCP is open to strategic partnerships in the region, which will enable it to offer its services in new trading venues.

**Diversified range of services**

During 2022, KELER CCP provided central counterparty clearing services to 6 market operators: the Budapest Stock Exchange, MTS S.p.A., FGSZ Földgázszállító Zrt., FGSZ KP Kft., CEEGEX Zrt. and HUDEX Zrt. for the trading venues they operate.

**International client base**

Over the past years, KELER CCP has become a major player on the international market. At the end of 2022, it provided clearing and clearing-related services to a total of 154 direct and indirect clients from 24 countries. The Client base is also very diverse, including both leading domestic and international financial institutions, as well as non-financial players such as traders, producers and system operators in the natural gas and electricity markets.

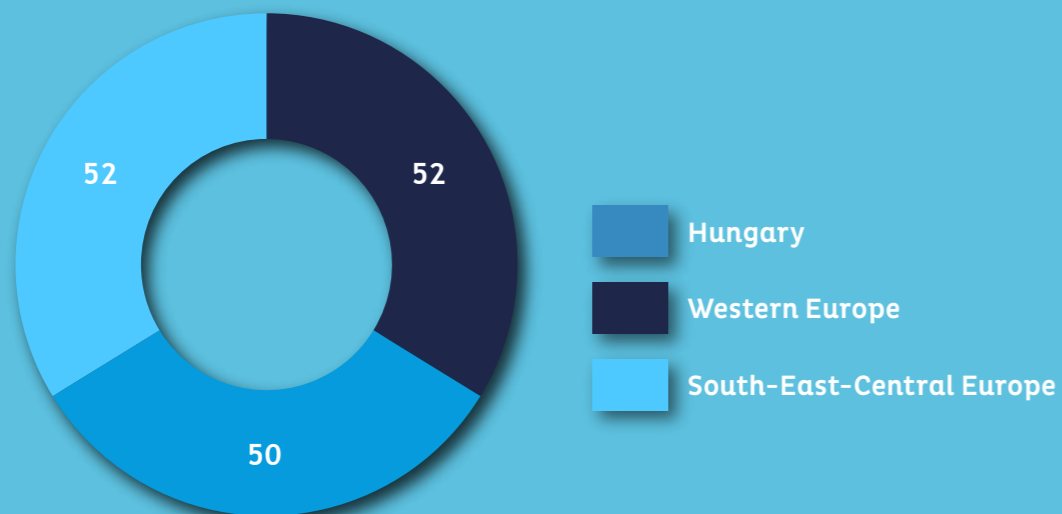


## Prudential compliance

KELER CCP successfully completed the re-authorization procedure under Regulation (EU) No 648/2012 (hereinafter: 'EMIR'), resulting in the authorisation to operate as a central counterparty on 4 July 2014. At the end of 2022, there were 14 authorised clearing houses in the European Union, of which

only 4 were regional clearing houses. As a supervised institution, KELER CCP demonstrates and confirms compliance with legal requirements and international recommendations in its annual supervisory and biennial oversight assessment by the Central Bank of Hungary.

### Clients by region



## REGULATORY ENVIRONMENT

KELER CCP Ltd. as a central counterparty and business association operating under Act CXX of 2001 on the capital market (hereinafter: 'Capital Market Act') and Regulation 648/2012/EU on OTC Derivatives, Central Counterparties and Trade Repositories (hereinafter: 'EMIR'), undertakes commitments related to the settlement of stock exchange and an over-the-counter capital market transactions.

KELER CCP performs its activities primarily in accordance with the provisions of the above legislation and the resolutions of the Central Bank of Hungary, as the authority supervising the company.

Based on the Supervisory Authority's decision No. H-EN-III-43/2014 dated 4 July 2014, KELER CCP carries out central counterparty and clearing services as defined in decree No. H-EN-294/2017 on the basis of the Capital Market Act and EMIR.

On the basis of the agreement with KELER, KELER CCP outsources certain elements of its activities to KELER, subject to compliance at all times with the outsourcing requirements of the Capital Market Act, EMIR and other relevant legislation.

**The activities of KELER CCP were affected in 2022 by the following legislation and/or changes to certain legislation, and continue to be affected by the following legislation when they enter into force in 2022 or earlier:**

- Act CXX of 2001 on the Capital Market,
- Act V of 2013 on the Civil Code,

- Act XXIII of 2003 on Settlement Finality in Payment and Securities Settlement Systems,
- Act CXXXVIII of 2007 on Investment Firms and Commodity Exchange Service Providers and the Rules Governing the Activities They May Perform,
- Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings,
- Act CXXXIX of 2013 on the National Bank of Hungary,
- Act CXXII of 2009 on the More Economical Operation of Publicly Owned Companies,
- Act CXII of 2011 on the Right of Informational Self-determination and on Freedom of Information (Information Act),
- Act XL of 2008 on Natural Gas Supply,
- Act CLXVI of 2012 on the Identification, Designation and Protection of Essential Systems and Facilities,
- Act XLIX of 1991 on Bankruptcy and Liquidation Proceedings,
- Regulation (EU) No 600/2014 on Markets in Financial Instruments and Amending Regulation (EU) No 648/2012 (MIFIR),
- Regulation (EU) No 648/2012 on OTC Derivatives, Central Counterparties and Trade Repositories (EMIR),
- Regulation (EU) No 909/2014 of the European Parliament and of the Council 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 (CSDR),

- Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on capital requirements for central counterparties,
- Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on capital requirements for central counterparties,
- Commission Implementing Regulation (EU) No 1248/2012 of 19 December 2012 Laying Down Implementing Technical Standards with Regard to the Format of Applications for Registration of Trade Repositories According to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC Derivatives, Central Counterparties and Trade Repositories,
- Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 Supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with Regard to Regulatory Technical Standards on Settlement Discipline (SDR RTS),
- Commission Delegated Regulation (EU) No 2017/389 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council as Regards the Parameters for the Calculation of Cash Penalties for Settlement Fails and the Operations of CSDs in Host Member States,
- Regulation (EU) No 2019/876/EC of the European Parliament and of the Council of 20 May 2019 Amending Regulation (EU) No 575/2013 as Regards the Leverage Ratio, the Net Stable Funding Ratio, Requirements for Own Funds and Eligible Liabilities, Counterparty Credit Risk, Market Risk, Exposures to Central Counterparties, Exposures to Collective Investment Undertakings, Large Exposures, Reporting and Disclosure Requirements, and Regulation (EU) No 648/2012,
- Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the Protection of Natural Persons with Regard to the Processing of Personal Data and on the Free Movement of Such Data, and Repealing Regulation (EC) No 95/46/EC (GDPR),
- Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of the destabilising Russian measures in Ukraine,
- Regulation (EU) No 2021/23 of the European Parliament and of the Council of 16 December 2020 on a Framework for the Recovery and Resolution of Central Counterparties and Amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014, (EU) No 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132,
- Government Decree 459/2015 (XII.29.) on the Specificities of the Obligation to Prepare and Keep Annual Accounts of Stock Exchanges, Central Securities Depositories and Central Counterparty Organisations,
- Government Decree No 474/2022 (XI. 23.) on the rules applicable to certain activities related to energy trading during an emergency,
- MNB Decree No. 11/2009 (II.27.) on the Requirements for the General Terms and Conditions and operating rules of organisations providing central counterparty activities under the Act on Capital Market,
- MNB Decree No. 54/2021 (XI. 24.) on the data reporting obligations to be fulfilled by capital market organisations to the central bank information system primarily for the purpose of performing the supervisory tasks of the National Bank of Hungary.

## General Meetings

**The Annual General Meeting of KELER CCP Ltd. was held on 27 May 2022, and Extraordinary General Meetings were held on 17 February and 15 December.**

**The agenda of the General Meetings was as follows:**

### February 17, 2022

1. Amendment of KELER CCP Ltd.'s Articles of Incorporation
2. Amendment of the Rules of Procedure of KELER CCP Ltd.'s Supervisory Board
3. Amendment of the Outsourcing Agreement between KELER Ltd. and KELER CCP Ltd.
4. Amendment of the Member Credit Agreement and the Security Deposit Agreement between KELER Ltd. and KELER CCP Ltd.
5. Approval of the Commercial Bank Overdraft Facilities provided to KELER CCP Ltd.
6. The mid-term and long-term dividend policy of KELER CCP Ltd.

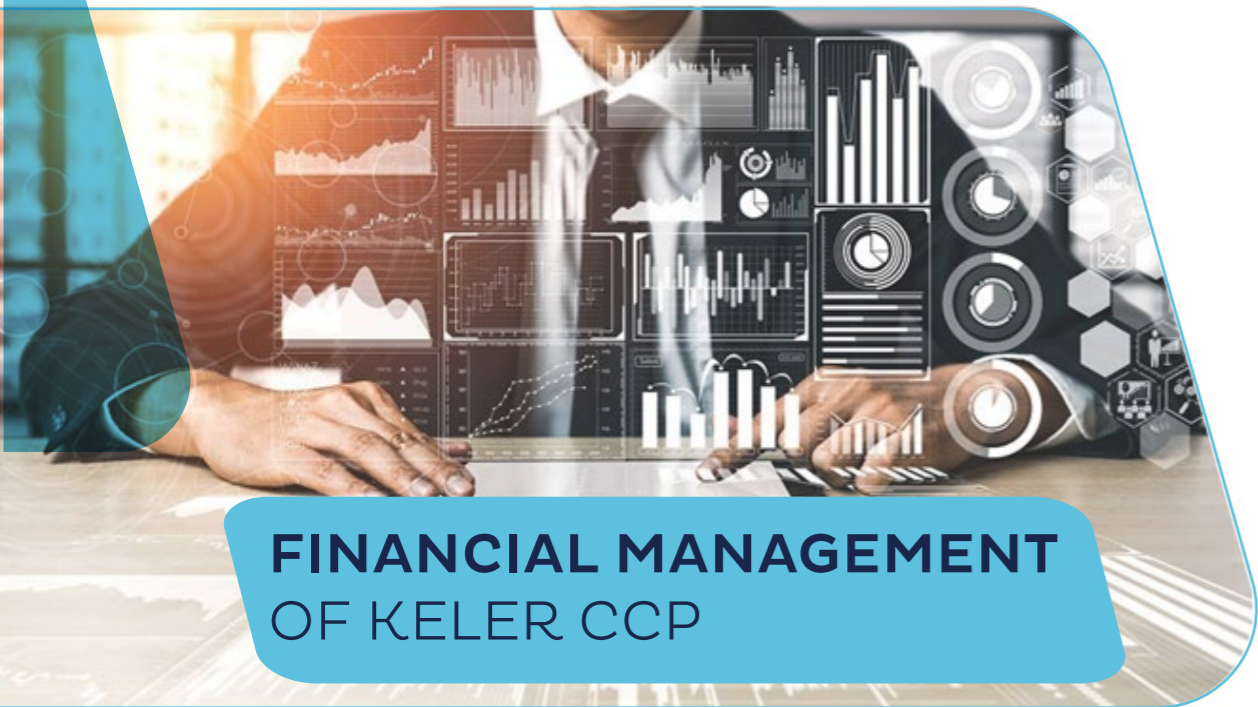
7. Election and determination of remuneration of the supervisory board member of KELER CCP Ltd. – no written submission
8. Amendment of the regulations on the remuneration of, and the benefits payable in the event of the termination of the legal relationship to, executive officers, Supervisory Board members and employees in management positions subject to Section 208 of the Labour Code

### 27 April, 2022

1. Report of the Board of Directors of KELER CCP Ltd. on the Company's assets, business policy and management (the submission is identical to the 'Business Report 2021')
2. Approval of the separate financial statements of KELER CCP Ltd. prepared in accordance with IFRS rules under the Act on Accounting:
  - a) proposal of the Board of Directors for the approval of the accounts prepared in accordance with the IFRS, decision on the distribution of the profit after tax
  - b) report of the Supervisory Board on the accounts prepared in accordance with the IFRS
  - c) submission of the auditor of KELER CCP Ltd. on the accounts prepared in accordance with the IFRS
3. Amendment of the Rules of Procedure of KELER CCP Ltd.'s Supervisory Board
4. Increase of the share capital in KELER CCP Ltd and the amendment of KELER CCP Ltd.'s Articles of Incorporation with regard to such share capital increases and the necessity of other modifications
5. Amendment of the Outsourcing Agreement between KELER Ltd. and KELER CCP Ltd.
6. Other

### December 15, 2022

1. Adoption of the Strategy of KELER CCP Ltd for 2023 to 2028
2. Amendment of KELER CCP Ltd.'s Articles of Incorporation
3. Amendment of the Rules of Procedure of KELER CCP Ltd.'s Supervisory Board
4. Amendment of the auditor's contract of KELER CCP Ltd.
5. Other



## FINANCIAL MANAGEMENT OF KELER CCP

In 2022, Hungarian business organisations had to face both favourable and extremely stressful periods as a result of domestic and international economic events. While wage increases and transfers from the state to the population at the beginning of the year continued to fuel the post-COVID recovery, the second half of the year saw a decline in economic performance, as inflation soared, EU funding dried up, the forint depreciated, the fiscal policy tightened and lending declined due to significant interest rate hikes. While the beginning of the year was marked by GDP growth of around 7%, the economy entered a technical recession in the second half of the year.

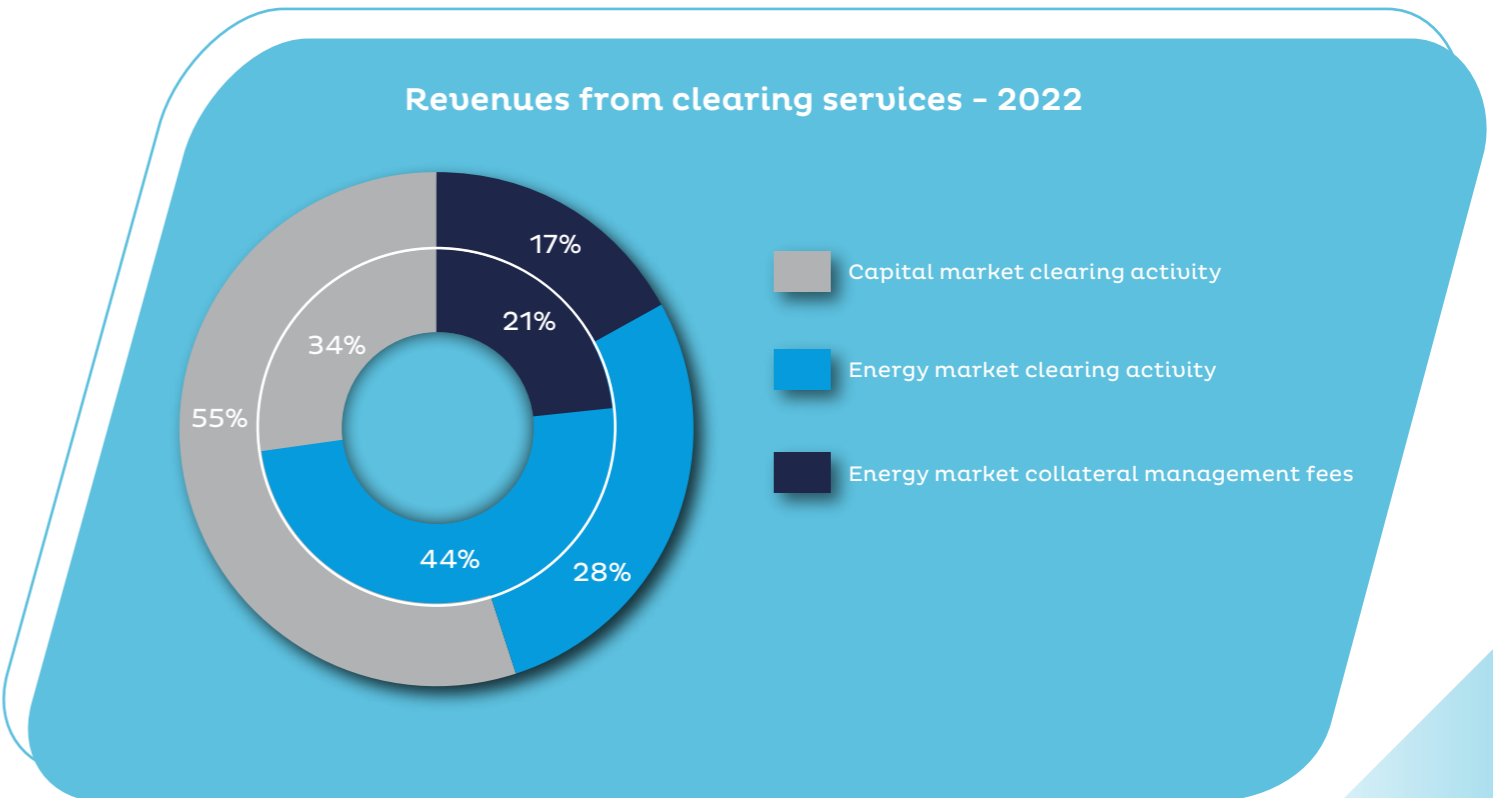
In the capital markets, the launch of the Russian offensive in February had an effect similar to the turbulence triggered by COVID-19 in 2020. The exposure of domestic companies and Hungary, coupled with high levels of market liquidity, led to a significant decline in the exchange rate of domestic assets and the forint. Overall, the BSE spot market saw an unprecedented number of transactions in the year under review, with more than 400,000 transactions at their peak in March and a cumulative total of 2.41 million transactions. Capital market fee income increased by around 35% compared to 2021, thanks to the outstanding turnover.

In the GCM and gas markets, the developments in the war, the sanctions against Russia and the scarcity of alternative supply capacity “sky-rocketed” the price of energy commodities. Overall, the volume cleared by KELER CCP on the GCM market increased, but its composition changed: as in

the gas market, spot market contracts predominated in the GCM markets as well. The increase in free market energy prices had its main impact on the management of the KELER CCP in the year under review through its collateral (deposit) portfolio, which evolved in line with prices and volumes: the fee income from deposit management amounted to HUF 2.8 billion, compared to HUF 1 billion in 2021. The increase in revenues more than offset the increase in operating expenses by several hundred million forints as well.

Due to the increase in interest rates in the capital market, KELER CCP earned interest income of approximately HUF 1 billion in the period under review.

As a result of the effects described above, KELER CCP's pre-tax profit for 2022 was close to HUF 3.9 billion.







### Partner Risks - Clearing Membership System

The number of KELER CCP capital market clearing members and non-clearing members was similar in 2022 to the end of 2021.

A total of 28 institutions had clearing or non-clearing memberships in a section of the Budapest Stock Exchange, which is two fewer than in 2021. At the end of 2022, 11 institutions were general clearing members, 8 were individual clearing members and 10 were non-clearing members.

There were no significant changes in the number of clearing members in the gas markets in 2022 compared to 2021. The number of clearing members decreased only on the Trading Platform and increased minimally in the other markets. The number of clearing members on the Trading Platform was 15, while KELER CCP had 68 clearing members in the Balancing Clearing. KELER CCP had 47 clearing members on the CEEGEX organised gas market and 24 clearing members on the HUDEX/Gas market. The number of non-clearing members in the energy markets cleared by ECC was 78 at the end of 2022.

KELER CCP's counterparty risk management is based on well-established participation baseline requirements and the continuous monitoring and review of the fulfilment of these requirements. Prior to the admission of clearing members and

energy market non-clearing members, and on an annual basis thereafter, KELER CCP conducts a full risk assessment using its self-developed Know Your Customer (KYC) questionnaire and risk-sensitive rating system, ensuring that only eligible companies are allowed to participate in the system.

As in 2020, the Know Your Customer (KYC) questionnaire was revised in 2022 as well. The most significant change was that the KYC questionnaires for gas and energy were separated, allowing for a more comprehensive risk assessment and operational capacity assessment. The gas market questionnaire was prepared with the assistance of an external consultant, with a strong focus on the gas market characteristics of clearing members, in order to better assess the riskiness of each customer.

### Market risks - Clearing members' individual margins

An important core activity of KELER CCP risk management is the continuous monitoring of the adequacy of initial margin parameters and the maintenance of the risk management framework. In 2022, the capital and HUDEX/Gas market initial margins were reviewed at least on a monthly basis and the appropriate initial margin values were determined for all new products based on available public information. The initial margin determination methodology is in line with the legal requirements, but the Risk Management Department is continuously working to improve the methodologies and ensure regular reviews.

KELER CCP continued to fine-tune the gas market guarantee system in 2022 as well, taking into account both its previous default experience and the recommendations of the Central Bank of Hungary, as supervisor and overseer. A new model for the calculation of turnover margin was introduced from August 2022 in connection with the Balancing Clearing.

With regard to energy markets, the trading limits introduced in 2017, mainly for spot markets, were also applied by KELER CCP in 2021, and a margin requirement limit was applied for all energy market non-clearing members, with the aim of limiting exposures to the futures market, so that not only spot markets but also exposures from derivatives market trading are limited and highly collateralised. KELER CCP has placed great emphasis on fine-tuning the limit calculation methodology and automating the related processes. In addition to the limit values applied, traders can determine the value of the value of the extra collateral they add, depending on the trading limit they need.

The contribution of KELER CCP to the ECC Default Fund decreased during 2021 from its previous amount of EUR 10 mln to EUR 0, i.e. the full contribution passed on to the energy market non-clearing members. In 2022, this did not change, the contribution of the KELER CCP remained EUR 0.

### Default funds

The risk management area of KELER CCP checks the adequacy of the size of the capital and gas market default funds on a daily basis, as required by EMIR, and uses a default fund calculation methodology based on the result of the daily stress test calculation as part of its compliance with the legislation.

The methodology for setting the capital market default funds (TEA and KGA) and the default fund linked to the CEEGEX/HUDEX gas markets (CEEGEX/HUDEX/Gas KGA) did not change. The methodology for establishing the default fund for the Balancing Clearing and the Trading Platforms Default Fund (TP NGA) did not change in 2021, either, the amount of the contribution per member remained the same, but the determination of the contribution per member was modified.

In 2022, there were no defaults in the markets cleared by KELER CCP.

### Collateral assets

During the period under review, the scope of collateral instruments accepted was defined in accordance with EMIR requirements and the acceptance parameters were regularly reviewed.



## MARKET AND PRODUCT DEVELOPMENTS

### Budapesti Értéktőzsde (Budapest Stock Exchange)

One of the main pillars of competitive and innovative economies is the stock exchange. The mission of the BSE is to effectively facilitate equity and bond financing for companies and to play a catalytic role in expanding the ability of domestic companies to raise funds, thereby strengthening the competitiveness of the Hungarian economy. As part of this process, the Stock Exchange established the National Stock Exchange Development Fund (Hungarian abbreviation: 'NTfA') in 2017.

As a venture capital fund, the NTfA, like the ELITE Programme, aims to provide support to companies that are ready to take a new step in their maturity and enter the stock market, including the BSE Xtend Market. BSE Xtend Market is a capital financing market specifically designed to help small and medium-sized enterprises (SMEs) enter the stock market and also a precursor to entry to the BSE main market. Entry is supported from the outset by the entire ecosystem set up by the BSE, through participation in the ELITE programme and the Mentor programme, followed by the NOMAD (Nominated Advisors) providing support for a successful market launch.

The first successful issue of securities on BSE's Xtend Market was finally made in December 2018 with Megakrán Nyrt., followed shortly afterwards by the listing of CyBERG Corp. Nyrt., and in 2019, the shares of two more companies were

listed (DM-KER Nyrt. and GOPD Nyrt.). In 2020, the Stock Exchange welcomed another issuer with the successful listing of Gloster Infokommunikációs Nyrt. Building on the waves of success of previous years, 4 new companies were listed in 2021: OXO Nyrt., NAP Nyrt., Épduferr Nyrt. and Polyduct Nyrt. joined the platform. The year 2022 was a real success story in the history of Xtend Market, with the successful listing and trading of 11 new companies, following 7 successful listings in previous years: EU-SOLAR Plc, ViVeTech Plc, Navigator, Biggeorge, Naturland Holding Plc, Multihome, ASTRASUN Solar Plc, Energy Investment Plc, Goodwill Pharma Plc, CDSYS Plc, and Valberg Plc.

On 1 July 2019, the National Bank of Hungary launched the Growth Bond Programme (NKP), which aims to help diversify the debt of domestic corporates by increasing the liquidity of the corporate bond market, thereby enhancing the effectiveness of monetary transmission. Under the programme, the central bank will purchase HUF 1 550 billion of bonds issued by non-financial non-public corporations and public enterprises with a good rating. Contemporaneously with the launch of the NKP programme, the Budapest Stock Exchange created a new market, BSE XBond, for companies planning to issue bonds, where they can enter the public market under simplified conditions. Since the authorisation of the XBond Market, the first listing has taken place for bonds issued by MOL Plc. and later for bonds issued by by CORDIA International Ingatlanfejlesztő Ltd. In 2020, the number of listings on the platform skyrocketed, with

additional 26 issuers listing their bonds. In 2021, the XBond Market success story continued with 48 issuers listing 53 new bonds on the platform. The success of the XBond Market continued unabated in 2022 as well, with 26 issuers issuing 32 new corporate bonds.

IN 2022, three new issuers were listed on the main market of the Stock Exchange, the equity market: the shares of Vienna Insurance Group AG were listed in the Premium category, eSense Nyrt. was listed in the Standard category, while DM-KER Nyrt. was also listed in the Standard category from the Xtend Market.

The product portfolio of the Stock Exchange was further expanded beyond the share listings with the listing of a number of new mortgage bonds, bonds, mutual funds and certificates. With the introduction of these new products, the offering on the securities market continued to expand in 2022. In debt securities, the successful bond offerings of Magyar Export-Import Bank and Magyar Fejlesztési Bank, the discount bond issues of OTP Bank Nyrt. and MKB Bank Nyrt., and the corporate bond issuance by Erste Bank Hungary Ltd. should be highlighted.

### BÉTa

The BÉTa Market, the alternative trading platform of Budapest Stock Exchange, offers the opportunity to trade directly in forint in shares of major European companies and exchange-traded funds. Trading liquidity is provided by market makers in accordance with their obligations under the market maker contract. Most recently, shares in Wizz Air Holdings Plc. and two new ETFs issued by UBS have been listed on the BÉTa Market during the previous year.

The foreign securities trading venue continued to offer 20 equities and 9 exchange traded funds in 2022.

### MTS Hungary

Since March 2019, MTS Hungary, which provides price quotes for Hungarian government securities, has been organised by MTS S.p.A. as market operator. In 2022, the platform continued to offer a wide range of products to domestic and international participants in the primary government securities trading system, with the possibility to trade Hungarian government bonds and discount Treasury bills, as well as bonds issued by the Magyar Fejlesztési Bank.

### Balancing Platform (IP) and Trading Platform (KP)

In order to increase financial security, the Gas Supply Act was amended on the initiative of FGSZ Földgázszállító Zrt. as of 1 January 2020, according to which system users willing to connect to the high-pressure natural gas transmission system in Hungary are obliged to become members of the central counterparty. The compulsory clearing membership laid down in the legislation reinforces the "gatekeeper" role of KELER CCP, while at the same time requiring more responsible behaviour from all participants, in order to ensure that market players are always in the best financial security and can guarantee the continuous and uninterrupted supply of natural gas. Since the new settlement banking model implemented in 1 December 2020, all gas and energy market participants have been settling their financial accounts through commercial bank payment accounts.

FGSZ has been applying the imbalance limit violation system management measures (WDO) since 1 April 2022.

### CEEGEX / HUDEX

The extension of the trading period for spot products in 2021 had a positive impact on exchange turnover, similarly to the continuing promotion of the possibility to register OTC futures on the exchange. Since August 2022, spot market transactions concluded before 6.00 p.m. are processed in the daily settlement, while their financial settlement is carried out on the next business day.

### Energy markets

Energy trading has been growing year on year, both in terms of the number of participants and the volumes traded on the market, and this trend continued in 2022. HUPX joined the Single Intraday Market Coupling (SIDC) in November 2019, in the second wave. Another milestone in the coupling of markets was the successful completion of the DE-AT-PL-4M MC (Interim Coupling) project in June 2021, which aims to unite the day-ahead electricity markets of Eastern and Western Europe and is the most significant step towards a single European day-ahead market coupling. Italy joined in the third wave of SIDC in September 2021, followed by the successful completion of the fourth wave in 2022, with Greece and Slovakia joining the market coupling. With this new milestone, intraday trading expanded to 25 countries on 29 November 2022, thanks to SIDC.



### Trading venues in terms of numbers

#### Budapest Stock Exchange – Spot securities market (regulated market)

The regulated securities market of the Stock Exchange had a single counted turnover of HUF 3 791.4 billion in 2022, a year-on-year increase by 12.6%. The average daily turnover was HUF 15.1 bln, up from HUF 13.4 bln a year earlier (with 252 trading days in 2021 and 2022 alike).

Equity transactions accounted for 96.8% of the spot market turnover (97.0% in 2021), with an annual turnover of HUF 3,670.3 bln in 2022. The average daily equity turnover was thus HUF 14.6 bln, up from HUF 13.0 bln a year earlier.

The annual number of BSE regulated market spot securities transactions registered was 2,368,488 in 2022, an increase of 28.3% compared with 2021. Within the number of transactions, the number of equity transactions amounted to 2,132,088, accounting for 90.0% of all transactions. The

average daily volume of transactions in the spot market of the Stock Exchange was 9,399 in 2022, compared to 7,325 a year earlier, of which the average daily volume of equity transactions was 8,460 in 2022.

#### Budapest Stock Exchange – BÉTa Market, BSE Xtend (MTF markets)

The annual aggregate single counted turnover of foreign equities traded and cleared in HUF on the BÉTa Market and of investment funds (ETFs) traded on the Stock Exchange was HUF 6.1 bln, in a total of 19,734 transactions. The previous year turnover was HUF 5.2 bln in 17,088 transactions. The average transaction value was HUF 0.31 mln in 2022 (similarly to HUF 0.31 mln in 2021). The turnover of the BSE Xtend market in 2022 was HUF 3.7 billion in 18,506 transactions (compared to HUF 4.15 billion and 21,012 transactions in 2021).

#### Budapest Stock Exchange – XBond (MTF Market)

The domestic corporate bond market had a single counted turnover of 11 transactions worth a total of HUF 837.2 bln in 2022 (compared to 18 transactions worth HUF 5.9 bln in 2021).

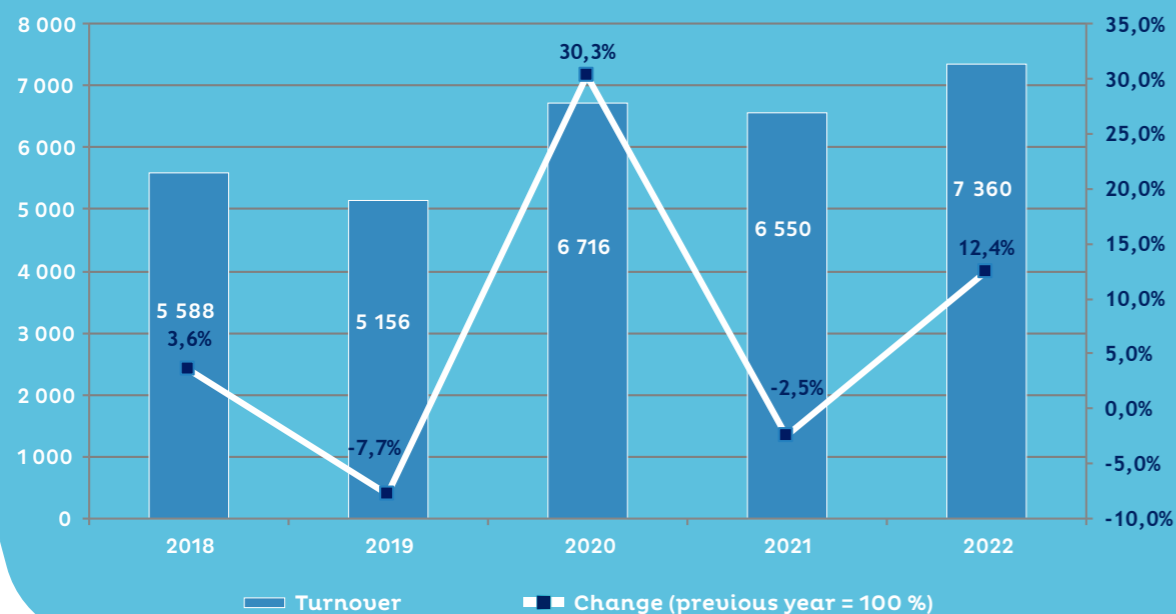
#### Budapest Stock Exchange – Derivative Market

The annual single counted derivatives market turnover was HUF 3,968.3 bln, an increase of 27.0% compared to the last business year (HUF 3,122.2 bln). Among derivative products, FX futures transactions continued to account for the largest

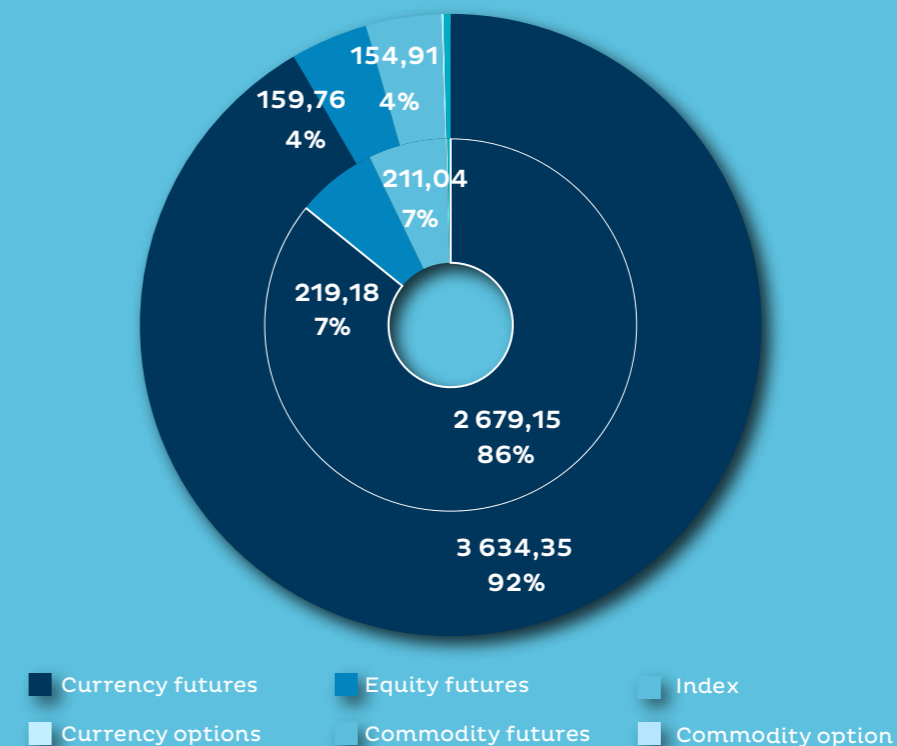
share of turnover, with a turnover of HUF 3,634.3 bln in 2022, representing 91.6% of the total turnover (85.8% in 2021). The annual traded volume of single stock futures transactions was HUF 159.8 bln in 2022, down from HUF 219.2 bln in the previous year. The turnover of index based futures was HUF 154.9 bln in 2022, compared to HUF 211.0 bln in 2021. The turnover of FX options was HUF 5.5 billion in 2022 (compared to HUF 4.2 billion in 2021).

Measures to boost turnover in the BSE Commodity Section proved effective, resulting in a total of HUF 13.8 bln of cereals changing hands in 2022, compared to the turnover of HUF 8.6 bln in 2021.

Trading volumes at spot markets (BSE, BSEa, Xtend) 2018 -2022 (duplicated), HUF billion



BSE derivative turnover by product, 2022 and 2021, HUF billion

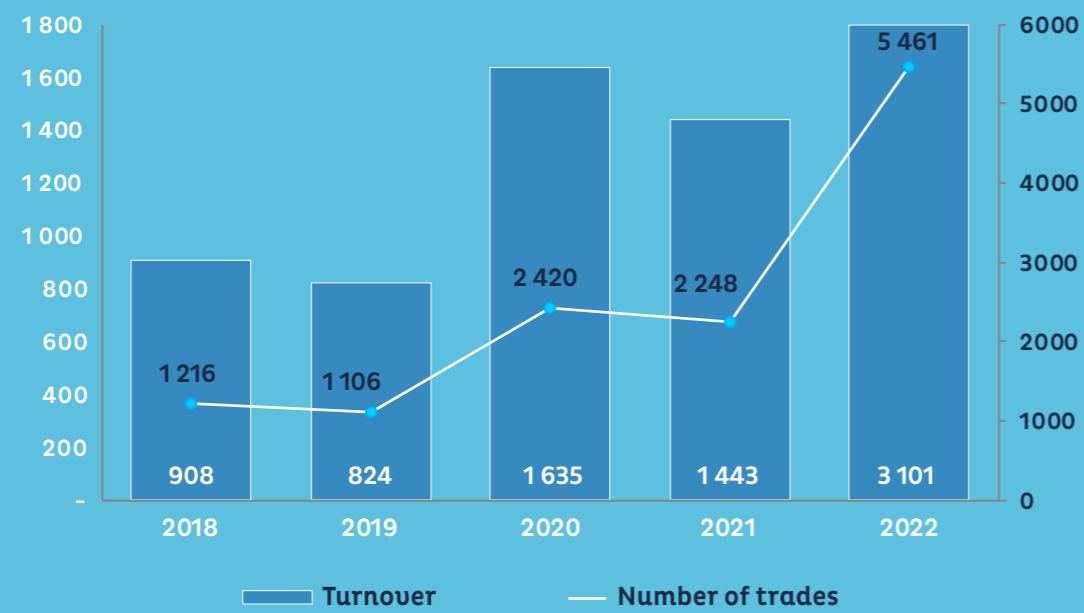




### MTS - MTS Hungary

In the primary dealer market for domestic government securities, the single counted turnover was HUF 1,550.7 bln in 5,461 transactions, compared to HUF 721.3 bln in 2,248 transactions in 2021.

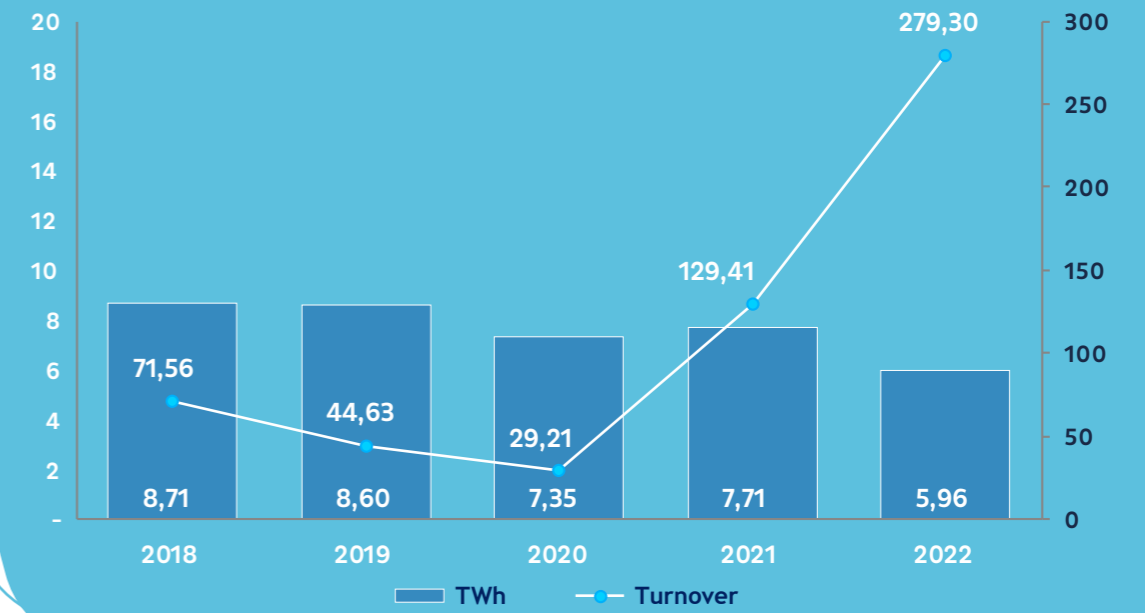
MTS Hungary cash turnover and number of trades 2018-2022, HUF billion (double-counted)



### FGSZ IP / FGSZ KP - Balancing Clearing (IP) and Trading Platform

The domestic natural gas balancing clearing and trading platform cleared 5.96 TWh of gas in 2022, for a total value of HUF 279.3 bln. The volume and the value traded in the past year was 7.7 TWh and HUF 129.4 bln, respectively.

Trading volumes of Balancing Platform and Trading Platform 2018-2022 (duplicated), HUF billion, TWh



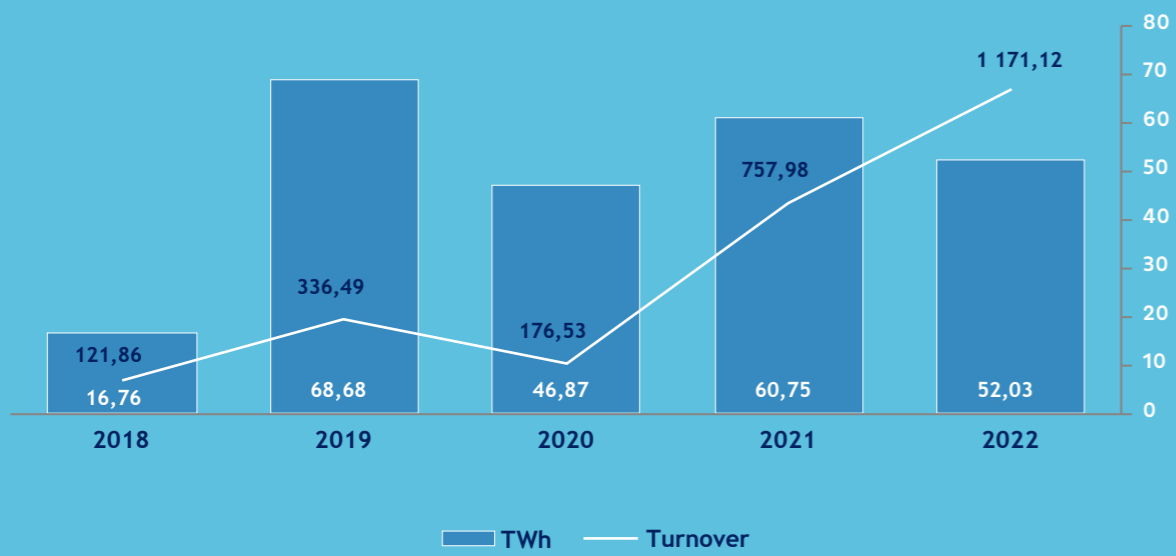
### CEEGEX

The day-ahead and intraday turnover of the organised natural gas market was 52.0 TWh in 2022, with a total value of HUF 1,171.1 bln, compared with 60.7 TWh and HUF 758.0 bln in the previous year.

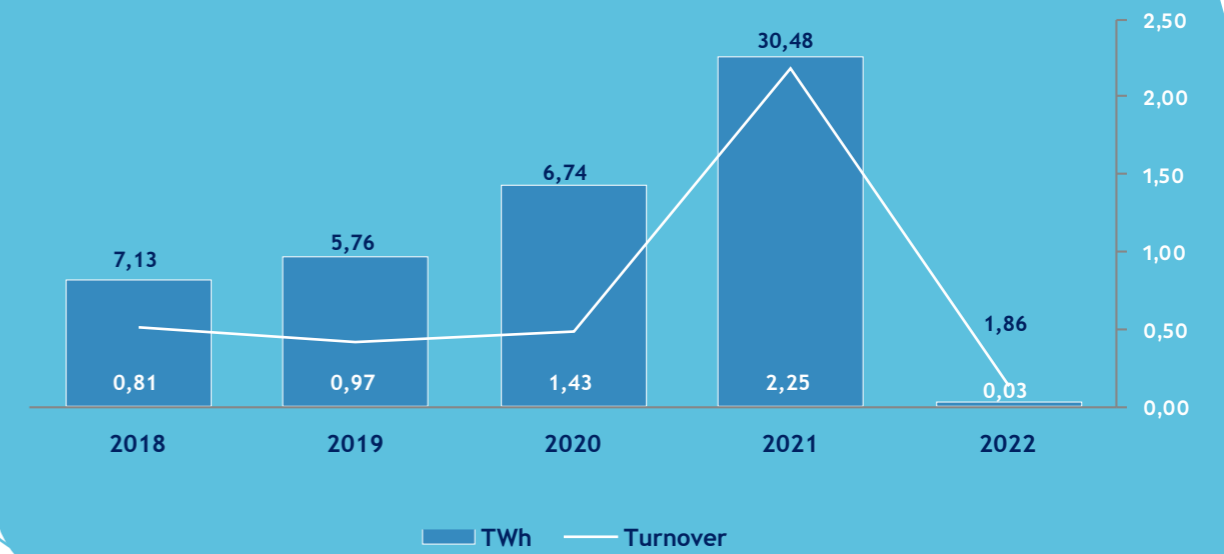
### HUDEX/GAS

Gas market participants traded 31.2 TWh of turnover on the domestic derivatives energy exchange in 2022, compared to 2.25 TWh of turnover in the previous year. The volume in terms of turnover value was HUF 1.86 bln in 2022 (HUF 30.48 bln in 2021).

CEEGEX spot trading volume 2018-2022  
(duplicated) HUF billion, TWh



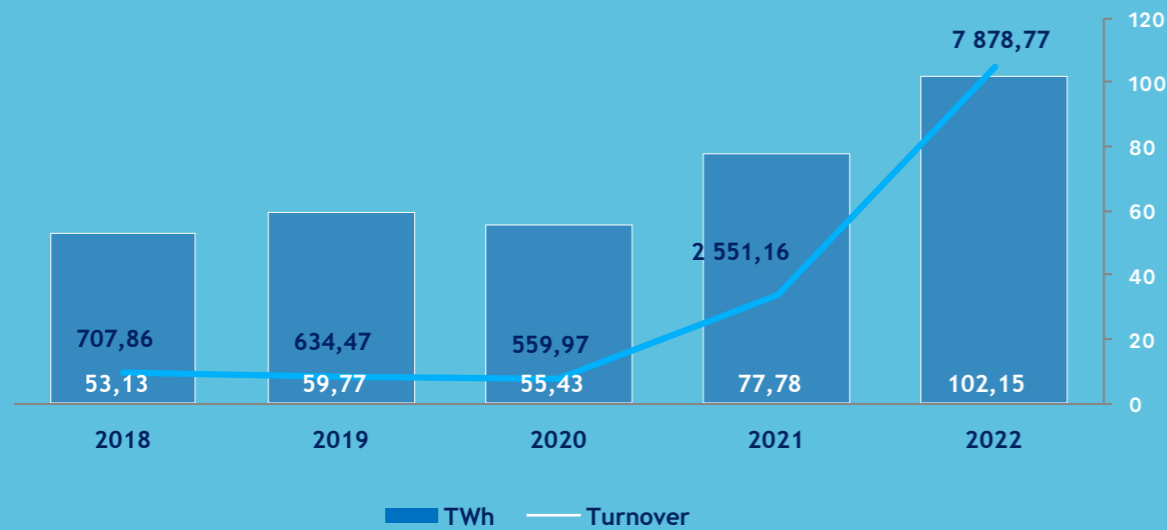
HUDEX/Gas futures trading volume 2018-2022  
(duplicated) HUF billion, TWh



### Energy markets - Spot markets

In the EEX, EPEXSPOT, HUPX, SEMOpX and SEEPEX spot energy markets, cleared as part of the KELER CCP's general clearing and settlement service for energy markets, KELER CCP's clients primarily trade electricity and natural gas on the day-ahead and intraday energy markets. The volume of natural gas and electricity traded reached 102.1 TWh in 2022

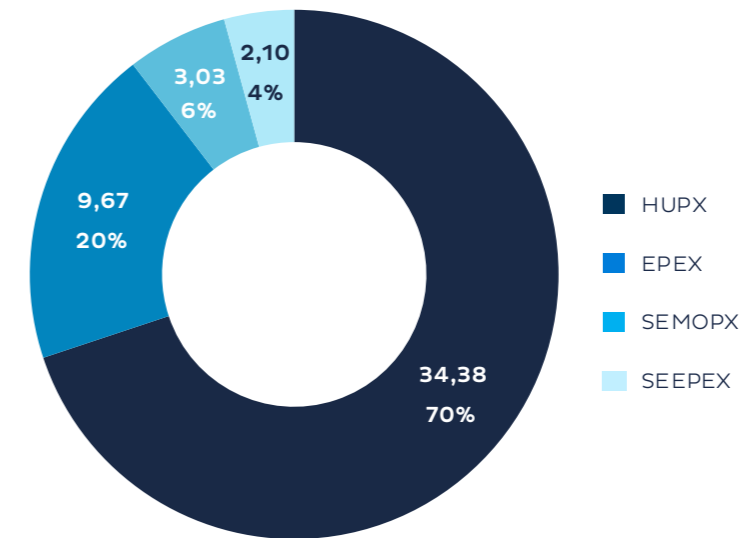
Spot energy market trading volume 2018-2022 (single counted) HUF billion, TWh



with a value of HUF 7.878.8 bln (77.8 TWh and HUF 551.2 bln in 2021). The turnover of day-ahead and intraday electricity products was 49.18 TWh in 2022 (45.4 TWh in 2021). In the market for day-ahead and intraday natural gas products, traders generated 52.97 TWh of turnover, up from 32.4 TWh in 2021.

Four trading venues shared the combined 49.18 TWh turnover of the spot commodity markets. The largest volume was traded on the Hungarian HUPX, with a total of 34.4 TWh, representing a 69.91% share. The pan-European EPEX accounted for 9.7 TWh of turnover and 19.7% of the total. The Serbian SEEPEX accounted for 4.3%, while SEMOpX accounted for 6.2% of the total turnover.

### Spot power markets trading volume by exchanges in 2022 (TWh)

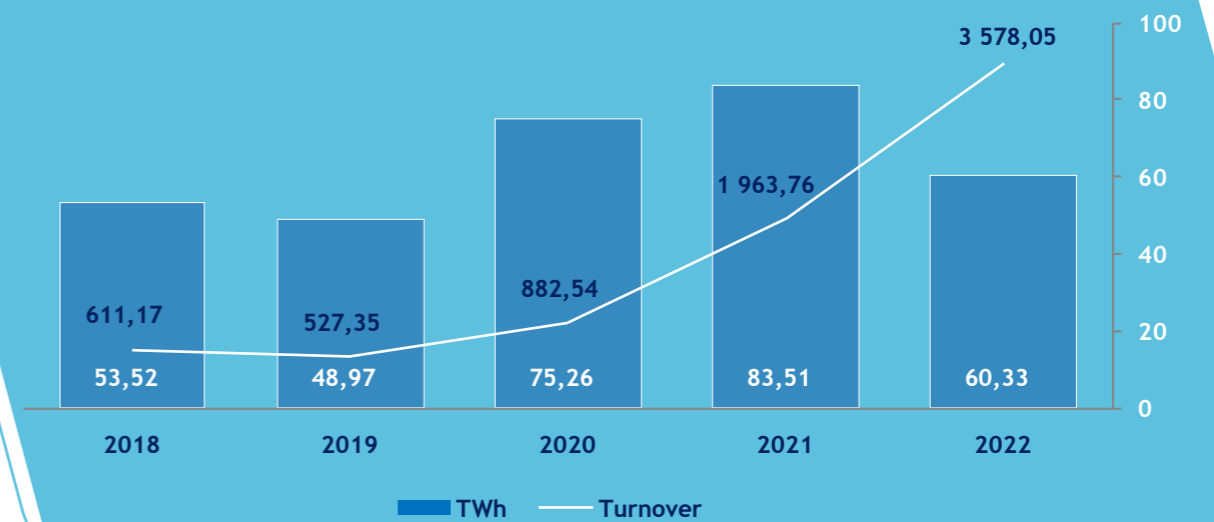


Within the total exchange and OTC registered electricity market turnover of the HUPX day-ahead and intraday market, the market share of KELER CCP was 54.7% in 2022 (48.6% in 2021).

### Energy markets - Derivatives markets

In 2022, KELER CCP's clients concluded transactions worth HUF 3,578.1 bln and 60.3 TWh for gas and electricity products on the EEX energy derivatives exchange and for electricity products on the HUDEX energy exchange, compared to a turnover of gas and electricity derivatives in the volume of 83.5 TWh in 2021.

Futures energy market trading volume 2018-2022 (single counted), HUF billion, TWh



KELER CCP's market share in the registered electricity exchange and OTC turnover of the HUDEX futures was 18.6% in 2022 (22.7% in 2021).





## CLIENT RELATIONS

### Gas and energy markets, acquisition of clients on the gas and energy market

Due to the emerging energy crisis, the year 2022 posed significant challenges not only for wholesale and retail gas and energy companies, but also for the institutions that serve the post-trading process, including KELER CCP. One understandable consequence of the crisis was the emergence of more active strategic decision-making among clients, either to cease trading or, conversely, to enter one or more markets. As a result, KELER CCP carried out an unprecedented number of clearing entries and closures based on client decisions: a total of 26 new gas and energy market client acquisitions were made on an annual basis, while in 7 additional cases, client acceptance by KELER CCP was already approved by the turn of the year, and we were only waiting for the related confirmation from the partner clearing house. Along with this, the number of contract terminations also reached a record high in the year 2022 due to the turbulences detailed in the introduction. A total of 21 contracts were terminated, all of them on the basis of client decisions (e.g. clearing members rationalised their trading activities within the group or stopped trading due to turbulent market conditions).

KELER CCP operates in a highly competitive international environment, the so-called GCM (general clearing member) business, where it offers access to stock exchanges serviced by European Commodity Clearing AG (ECC). Nevertheless, we concluded the year with 78 members even in this highly

turbulent period. Despite strong competition, we signed new contracts with 17 and terminated contracts with 14 clients. We had some clients who decided to change their provider, while several clients ceased trading completely.

In the Hungarian gas markets, which are of particular importance to KELER CCP, we had 68 clearing members at the end of the year - of which 47 are members of CEEGEX and 24 are members of HUDEX as well. In this segment, we signed contracts with 9 new clients during the year and contracts with 7 clients were terminated, however, KELER KSZF did not initiate the termination of the clearing membership contract for any of the contracting parties.

By the end of 2022, KELER CCP had a total of 146 contracted energy and gas market counterparties, of which 20 companies were trading both on the Hungarian gas market and as non-clearing members on an ECC market.

Below, we would like to highlight some of the events and business development achievements for 2022 that we believe have contributed to both the strengthening of the cooperation with partner trading venues and to the improving of client experience:

- As of 1 August 2022, we introduced a change to our risk management model for the balancing gas market to strengthen the risk management framework. The go-live of the related changes was preceded by an active market communication process, which allowed us to take into account feedback from the market.

- Contemporaneously with such going live, KELER CCP continued to further refine and improve the risk management model to better serve the interest of the whole market and to take into account the specificities of balancing. Again, the milestones for the development of the changes were personally agreed with key players in the gas market.
- As of 1 August 2022, KELER CCP introduced a change in the area of "voluntary limit management", which had been long wished for by clients. Since that day, CEEGEX and KP gas markets have been operating under a limit system based on a voluntary margin amount, i.e. KELER CCP no longer determines a minimum margin amount to be provided based on historical data. The size of the limits can only be based on the decision of the client and the size of the collateral deposited by the client.
- To further develop our current settlement banking service model, we continued negotiations with prospective banking partners with an international background, with two of which we are in the final stages of preparation. Therefore, we trust that we will be able to expand the scope of our settlement banking partners in 2023 to include the Hungarian subsidiaries of two major international banking groups with strong presence in the region.
- During the year, we produced and published a number of training videos, mainly for our gas customers, which have hopefully contributed to their understanding of the clearing activity and to the transparency of our processes as well.
- We developed and presented our clients a detailed action plan of our proposed promotions based on client satisfaction survey. We did so in the hope of getting feedback from our clients on our proposed improvements and plans to improve client experience. We also trust that by seeing concrete results from their feedback, they will continue to invest energy and effort in the thorough completion of our client satisfaction survey.
- We continued strategic discussions with partner trading venues to encourage traffic and provide more comprehensive services to our mutual clients.
- We are also proud of the mutual open days and workshops organised in close cooperation with our partner trading venues to learn about each other's processes. We believe that this kind of mutual cooperation between market operators and post-trade infrastructures contributes to the development of professionals, to more effective cooperation, and ultimately to the benefit of our clients.
- Last but not least, in the year 2022, we participated at the major energy market conferences (ETCSEE - Budapest, E-World - Essen, GasCon - Budapest, EnKon - Budapest,

MEKSZ conference - Visegrád, International Gas Conference - Siófok), with the aim of reinforcing the KELER CCP brand, our service and our contribution to the safe operation of the markets at these events.

### Capital markets, capital market client acquisition

KELER CCP continued to ensure stable, predictable and secure clearing of capital market transactions in 2022 as well, which is of particular importance in such a highly turbulent and volatile market situation.

During the year, we placed particular emphasis on communicating with capital market clearing members. Following the system-wide implementation of the CSDR (Regulation (EU) No 909/2014) and its detailed rules (collectively: the Settlement Discipline Regime (SDR)), we held a client forum to provide a detailed presentation on the expected changes and their implications for post-trade and clearing before the legislation took effect on 1 February 2022. We are proud that, after such and similar market dialogues, it is confirmed that the market positively perceives the preparedness, expert knowledge and support demonstrated by KELER CCP during the implementation of the changes and new legislation.

The market dialogue and professional forum on settlement discipline and "default management" is also worth highlighting in 2022. Based on experiences and individual client feedback, there was a clear demand from capital market players for support from the clearing house with solving problems related to the settlement of stock exchange transactions, such as "circular debt" and possible delays in "OTC/custody transactions", which hinder the timely settlement of stock exchange transactions with strict and early settlement deadlines. Discussions on solutions are ongoing and the changes are expected to be implemented in 2023, subject to positive market feedback.

The next highlight is also related to risk management: in 2022, KELER CCP also presented its key clearing members the changes to the margin calculation methodology planned by KELER CCP. With the clients affected more significantly, bilateral consultations were also held so that we could take into account their feedback on the planned changes. The new methodology is expected to be implemented in 2023.

## Communication, trade fairs

In 2022, KELER CCP continued to focus on professional issues and further strengthening its brand. To this end, KELER CCP was constantly present on different media platforms: it was actively managing its LinkedIn profile and Youtube channel and, most notably, created a so-called "CCP Academy" page on its website. The latter is particularly important as we believe it can enhance the understanding of the post-trade world. As highlighted in the section on energy markets, we believe that training and contributing to the knowledge of professionals are particularly important and that our videos can contribute to client satisfaction. In 2022, we also represented KELER CCP as a speaker at the Energy Trading Central and South Eastern Europe (ETCSEE) conference, which provided an excellent opportunity to highlight the importance of the role of central counterparties for energy market participants.

We continued publishing educational materials on the above channels in 2022 as well and we continuously analyse the platforms and forums that may contribute to the KELER CCP's "educational", branding and client satisfaction objectives.

## International relations

KELER CCP is a member of the AFM (Association of Futures Markets) and EACH (European Association of CCP Clearing Houses) and as such regularly participates in the work of the various professional sub-committees.



## INFORMATION TECHNOLOGY

As in every year, the primary success factor for the IT function was to ensure a high level of availability for clients in 2022 as well. The annual indicator for the KELER CCP this year was 99.789%.

### Priority development tasks of KELER CCP in 2022

#### EnKlír gas market consolidation

The implementation of the third phase of gas market consolidation was a key priority for KELER CCP in 2022. Back in 2019, the strategic partners FGSZ, CEEGEX and HUDEX, which operate the gas market platforms cleared by KELER CCP, initiated significant changes in the functioning of the cleared markets. As a result, a jointly agreed concept was developed in agreement with the market operator partners, resulting in a simpler, more transparent and financially more favourable operating model for system users and market participants in the Hungarian gas market as a whole. The gas market consolidation project of KELER CCP was successfully completed in the first half of 2022, after the obtaining of the necessary permits.

#### IRIS project

Within the framework of the project to develop the IRIS application, the stress test module will be implemented for the following markets: BSE Spot, BSE Derivatives, HUDEX and the FGSZ balancing platform.

The development was integrated into KELER's Group IT infrastructure in 2022 and following the successful tests, the module is waiting for the final implementation, which is planned – in parallel with the below, further risk management system-developments in 2023.

#### ALMA project

Further to the above detailed IT developments, KELER CCP also initiated – as a green field development – the implementation of an integrated risk management software (ALMA).

The project aimed at automating the risk management calculations and mandatory reports and analyses of KELER CCP and validating the risk management models by creating an integrated and auditable application.

The project's first stage includes the implementation of the so called „haircut” and „margin” modules. Following the preparations and the successful steps in the development process, the haircut module went live smoothly on 12 December 2022, to the satisfaction of users. The margin module is due to go live expected in Autumn 2023.

In the second half of 2022, in order to maintain and improve operational security, the IT area started to renew the database and application servers supporting business applications, upgrade the browser and office software tools, phase out and replace unsupported application and



infrastructure components in a planned manner, and significantly reduce the number of obsolete 3rd party components used in the office environment.

In recent years, the amount of data stored in the environment of KELER Group has increased significantly, and so have the related backup and archiving requirements. In order to be able to redundantly backup the increased data volume within the timeframe determined by the rules, the backup environment was expanded by increasing the capacity and backup speed.



## HUMAN RESOURCES POLICY

The main task of the Human Resources policy area in 2022 continued to be to support the organisation in order to ensure the high quality of the work of KELER CCP. As of 31 December 2022, KELER CCP had 29 employees, of which 3 persons comprised the Board of Management of KELER CCP. In 2022, there were no organisational changes affecting KELER CCP.

As in the previous year, the priority tasks included supporting the integration of new recruits, motivating and retaining existing staff, and ensuring adequate human capital for the successful implementation of KELER CCP projects. To facilitate the integration of new employees, the complex information days introduced in 2019 continue to provide an opportunity to new employees of KELER Group to learn about the operation of the individual areas of the KELER CCP. Furthermore, KELER CCP also continued its series of lectures supporting internal knowledge sharing, which had started in September 2021, and had been very successful among colleagues.

The main objectives of the human policy area remained to maintain the mental health of staff - due to the continuing presence of the pandemic caused by the Covid-19 virus -, to create a healthy balance between home and office work, to manage organisational development and to provide for appropriate human resources. KELER CCP also continued providing its employees the possibility of working from home in 2022 as well, which had become widespread and preferred in previous years and a measure also constituting significant advantage for the Company in the labour market. In the

selection process, the recruitment and integration of professionally qualified staff into the organisation and operations of the KELER Group remained a priority.

For the third time in a row, KELER Group employees were asked to complete a complex company diagnosis questionnaire, which examined the company's efficiency and its impact on the organisational culture from the perspective of managers and employees. The survey examined the impact of the interventions on the organisation, and all reports included Hungarian benchmark data to set realistic targets. The organisational development work which had started in 2021 with the support of the senior management of KELER and KELER CCP continued in 2022 as well. This organisational development work is expected to yield a consensus-based, aligned vision with clear priorities in the long run.

Human Resources will continue to strive in 2022 as well to be flexible in adapting to the needs of the individual specialist areas of KELER CCP, to ensure the required professional mix and to provide the further training, as well as the retraining, of colleagues where necessary.





## INTERNAL AUDIT

In 2022, the Internal Audit carried out its activities on the basis of the annual work plan adopted by the Supervisory Board, based on risk assessment and risk analysis, the unscheduled audit needs and the control system's operating rules in force. In defining its audit tasks, it has made the examination of high-priority activities and processes and the operation of controls which present a risk a key consideration. The internal audit also conducted the mandatory review of new or amended regulatory documents.

The internal audit activities of the KELER CCP are also supported by the KELER Internal Audit Organisation, which carries out group and IT-related audits with its own organisation, based on an outsourcing agreement.

In 2022, since IT banking security and seven non-IT audits were completed. Within the audits carried out, there were ten thematic and five targeted audits and there was one extraordinary audit.

### The thematic audits covered the following areas

- SWIFT annual security assessment,
- Remuneration Policy,
- Compliance with ISO/IEC 27001:2014,

- The margin and guarantee system,
- Project management processes,
- Management of outsourced activities,
- Logging,
- Planning process,
- Capital adequacy.

In the context of the target audits, the area monitored haircut compliance, the conduct of disaster recovery tests, IT data reporting, licence management and source code depositing. The audit of the procurement process was realized as part of an extraordinary audit.

The inspections focused on compliance with legislation and internal rules and instructions, the operation of controls and the verification of security aspects, with particular attention being paid to the implementation of measures and recommendations deemed necessary on the basis of the weaknesses identified during previous inspections. The reports on the Internal Audit investigations were discussed by the Supervisory Board of the company at its regular meetings.



## SECURITY MANAGEMENT

In 2022, the security area continued to implement its security strategy tasks and started working on its strategy for 2023-2025. In order to increase the level of security, the primary objective was to continue the consolidation activities already started, which prioritised a more proactive response to potential cyber-attacks. The security domain continues to aim to maintain a user-friendly, high security environment that meets current cyber security challenges, as well as regulatory and market requirements. The area remains a business-oriented and supportive organisation, helping the company to achieve its business strategy.

During 2022, KELER Group achieved one of its major security strategic objectives and obtained ISO 27001:2014 certification, which covers, among others, the EMIR service processes performed by KELER as an outsourced activity, and the supporting IT and other business and support processes.

### In 2022, KELER CCP met the following main objectives in the area of security:

- The group-wide BIA assessment and the associated risk analysis were updated repeatedly.
- The Business Continuity Framework and associated BCP-DRP plans were reviewed last year, and their annual testing also took place.

- The area further strengthened its incident management capability by further expanding the use of the SIEM system, extending the system and adding new log sources.
- Information security controls were regularly reviewed to ensure risk-based protection and compliance with external requirements and several penetration tests were conducted.
- A complete review of the DMZ environment was carried out and several measures to further enhance security in the environment were implemented.
- In the area of network protection, Security Management significantly reduced the possibility of network attacks and introduced a new generation of IPS in its internal network.
- The company implemented a new PKI system that can support the implementation of more security controls in the long term.
- To keep the IT infrastructure up to date, a patch management tool was implemented to allow for quality improvements in the update cycles.



**ENVIRONMENTAL PROTECTION**

The environmental responsibility of the KELER Group is not significant due to the nature of its activities, as no environmental damage is likely to occur in the course of its operations. The KELER Group does not use any hazardous substances that require authorisation in its activities.

The KELER Group's own Green Office Programme aims at embedding environmental awareness in the corporate culture in the long term, reducing energy and paper consumption at company level and establishing a system of selective waste collection. The Group is also committed to the principle of responsible care, paying particular attention to creating a healthy workplace.

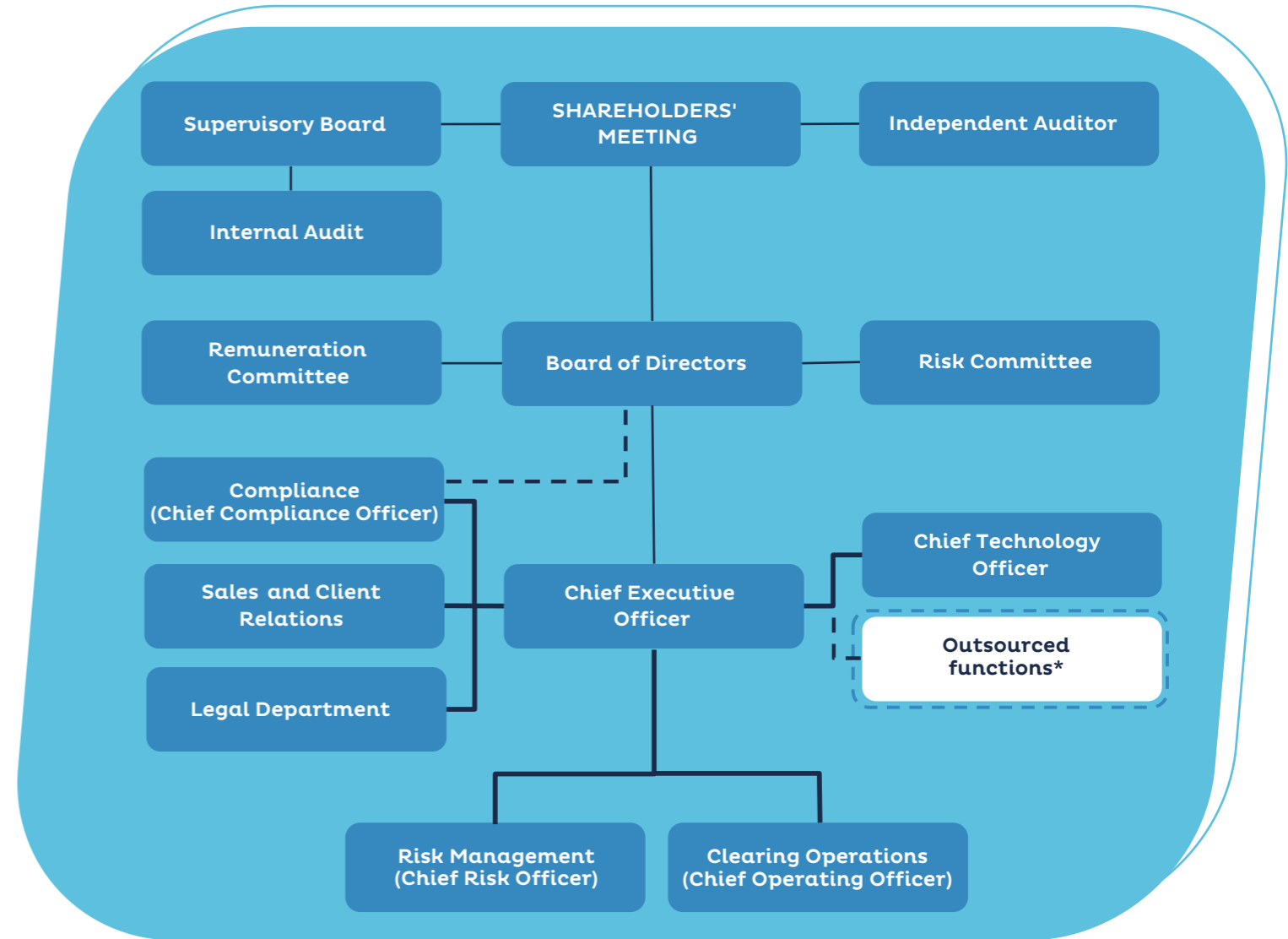
Continuous monitoring of the central printing fleet and data analysis ensure lower paper consumption for printing. And a motion-sensing lighting system in the leased building optimises power consumption.

An environmental consultant assists the KELER Group in identifying its legal obligations, air protection, waste reporting and other data reporting obligations.

The environmental goals of KELER Group include reducing its ecological footprint in its day-to-day operations.

**ORGANIZATIONAL STRUCTURE**

(AS OF 31 DECEMBER 2021)



**\*Outsourced functions:**

- planning,
- controlling,
- specific legal activities,
- process management, development of operation, coordination of IT developments,
- reporting, keeping contact (for third parties),
- collateral management (valuation, coverage checking, parameter settings),
- treasury,
- client service,
- PR & marketing,
- financial and accounting activities,
- Human Resources Management,
- facility, office management, procurement, document management,
- IT activities,
- operation and maintenance of the security system,
- certain internal audit activity,
- reporting



## MANAGEMENT



**Ms. BABETT PAVLICS**  
Chief Executive Officer



**Mr. TAMÁS HORVÁTH**  
Chief Operating Officer



**Ms. CSILLA SZANYI**  
Chief Risk Officer



**Ms. FRUZZINA FÜZESI**  
Head of Sales and  
Client Relationship



**Ms. DÓRA TAJTHY Dr.**  
Senior Legal Advisor



**Ms. RITA BARNA Dr.**  
Senior Legal Advisor



**Ms. ÁGNES JUHÁSZ**  
Chief Advisor



**Mr. KRISZTOFER MOLNÁR**  
Chief Technology Officer



**Mr. GÁBOR PLUZZSIK**  
Internal Auditor

## GENERAL INFORMATION

Effective between 1 January 2022 and 31 December 2022

### Ownership structure until 27 April 2022

Shareholders	Financial contribution	Ownership ratio
KELER Central Securities Ltd.	HUF 2 618 100 000	99,81 %
Central Bank of Hungary	HUF 2 720 000	0,10 %*
Budapest Stock Exchange	HUF 2 380 000	0,09 %**
<b>TOTAL</b>	<b>HUF 2 623 200 000</b>	<b>100,00 %</b>

### Ownership structure from 27 April 2022

Shareholders	Financial contribution	Ownership ratio
KELER Central Securities Ltd.	HUF 3 418 100 000	99,85 %
Central Bank of Hungary	HUF 2 720 000	0,08 %*
Budapest Stock Exchange	HUF 2 380 000	0,07 %**
<b>TOTAL</b>	<b>HUF 3 423 200 000</b>	<b>100,00 %</b>

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

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

## BOARD OF DIRECTORS

### Chairman:

Mr Zsolt Selmeczi-Kovács dr.

### Members of the Board of Directors:

Mr Csaba Kornél Balogh

Mr Dániel Horváth

Mr Dániel Körmöczi

Mr László Berényi

Ms Babett Paulics

Mr Zsolt Demkó-Szekeres  
until 29 November 2022

## SUPERVISORY BOARD

### Chairman:

Mr Attila Varga-Balázs

### Members of the Supervisory Board:

Mr Ádám Bánai

Mr János Gerendás

Mr Miklós Kardos

Ms Eszter Boros dr.



# CONTACT

## CONTACT

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E-mail: [kelerccp@kelerkszf.hu](mailto:kelerccp@kelerkszf.hu)

Home page: [www.kelerkszf.hu](http://www.kelerkszf.hu)

## CLIENT SERVICE

Monday to Friday from 9.00 until 15.00

Phone: +36 1 483 6240

Phone: +36 30 481 4331

E-mail: [ugyfelszolgalat@keler.hu](mailto:ugyfelszolgalat@keler.hu)

## SERVICE DESK

Available from 7.00 until 20.00

Phone: +36 1 483 6228

Phone: +36 1 483 6120

