KELER CCP LTD.

Standalone 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 2021

CONTENTS

Explanation of the abbreviations used in the financial statements:

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

INDEPENDENT AUDITOR'S REPORT

		31.12.2021	***31.12.2020***
Cash and cash equivalents	6	198 806	43 697
Debt instruments measured at fair value through other comprehensive income	7	6 945	4 990
Trade receivables relating to gas market	8	1 995	439
Trade receivables relating to central counterparty and other service	9	420	179
Other receivables	10	58	141
Receivables from repurchase agreements	10	35 209	0
Receivables from foreign clearing houses	11	156 657	22 790
Income Tax - Current tax receivables	15	1	0
Intangible assets	12	622	670
Property, plant and equipment	13	32	33
Income Tax - Deferred tax assets	20	14	4
TOTAL ASSETS		***400 759***	***72 943***
Trade payables	14	289	302
Trade payable from gas market activity	8	1 878	442
Other payables	15	29 575	130
Income Tax - Current tax liability	15	0	11
Default Fund liabilities	16	6 365	4 941
Financial guarantee contract liability	17	35	8
Collateral held from energy market participants	18	299 014	43 152
Collateral held from gas market participants	18	54 129	14 825
Lease liability	19	19	27
TOTAL LIABILITIES		***391 304***	***63 838***
Subscribed capital	21	2 623	2 623
Capital reserve	21	3 935	3 935
Retained earnings	21	2 943	2 536
Reserves of financial instruments measured ad fair value through other comprehensive income	33	-46	11
TOTAL SHAREHOLDERS' EQUITY		9 455	9 105
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		***400 759***	***72 943***

The accompanying notes (NOTE 1- NOTE 46) of the financial statements form an integral part of these separate financial statements

		01.01.2021-31.12.2021	***01.01.2020-31.12.2020***
Revenues from counterparty services	**23**	**3 038**	**1 784**
Other non-counterparty services	**24**	**13**	**45**
Bank service fees	26	-85	-87
Personnel expenses	27	-570	-530
Depreciation and amortization	12,13	-161	-97
Other operating expenses	28	-930	-755
Impairment of financial assets	29	-46	0
Impairment of non-financial assets	12,13	-1	-6
Expense/(income) from changes in financial guarantee funds liabilities	17	-27	-2
Operating expenses		**-1 820**	**-1 477**
Net operating income		***1 231***	***352***
Interest incomes for items measured at AC		72	315
Interest incomes for items measured at FVTOCI		46	13
		118	*328*
Interest expense		-808	-338
Net interest income	**30**	**-690**	**-10**
Other financial gains/(losses)	**31**	**-95**	**227**
Financial income		***-785***	***217***
INCOME BEFORE INCOME TAX		***446***	***569***
Income taxes	32	-39	-52
PROFIT OR LOSS FOR THE PERIOD		***407***	***517***

		01.01.2021-31.12.2021	***01.01.2020-31.12.2020***
Remeasurement gains/losses of financial instruments measured at fair value through other comprehensive income		-63	12
Income tax of other comprehensive income		6	-1
Other comprehensive income for the period	33	***-57***	***11***
Of which later to be reclassified to net income:		-57	11
Of which later not to be reclassified to net income:		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		***350***	***528***

The accompanying notes (NOTE 1- NOTE 46) of the financial statements form an integral part of these separate financial statements

	Subscribed Capital	Capital reserve	Reserves of financial instruments measured at fair value through other comprehensive income	Retained Earnings	Total
Balance as of 1 January 2020	**2 623**	**3 935**	**0**	**2 019**	**8 577**
Total comprehensive income for the year			11	517	528
Balance as of 31 December 2020	**2 623**	**3 935**	**11**	**2 536**	**9 105**
Balance as of 1 January 2021	**2 623**	**3 935**	**11**	**2 536**	**9 105**
Total comprehensive income for the year			-57	407	350
Balance as of 31 December 2021	**2 623**	**3 935**	**-46**	**2 943**	**9 455**

		01.01.2021-31.12.2021	*01.01.2020-31.12.2020*
CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAXES		**446**	**569**
Interest expense	30	808	338
Interest income	30	-118	-328
		690	*10*
Non cash items - adjustments			
Depreciation and amortization charged	12,13	161	97
Impairment loss / reversal	12,29	47	6
Gains and losses realized on securities		0	0
Foreign exchange rate losses/(gains)	31	-13	-217
Recognition / release of financial guarantee contract	17	27	2
Operating cash-flow before working capital adjustments		**1 358**	**469**
Changes in the net balance of gas market transactions, net	8	-120	22
Changes in the net balance of security funds	16, 18	296 591	19 736
Changes in the receivables from balance with other clearing houses	11	-133 885	-4 446
Decrease/(increase) in trade and other receivables	9, 10	-35 414	9 465
Increase/(decrease) in trade and other payables	14,15	29 371	-73
Interest paid		-746	-338
Income tax paid		-56	-54
Cash generated (+) / used (-) in operation		**157 099**	**24 779**

	Note	*01.01.2021-31.12.2021*	*01.01.2020-31.12.2020*
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of financial assets	7	-7 970	-5 465
Cash proceeds from financial instruments held for investment purposes	7	5 965	4 500
Acquisition of property, plant and equipment	13	-13	-5
Acquisition of intangible asset	12	-98	-241
Cash proceeds from disposal of property, plant and equipment	12	0	12
Proceeds from interest		144	313
Cash generated (+) / used (-) from investing activity		**-1 972**	**-886**
CASH FLOW FROM FINANCING ACTIVITIES			
Lease payments	19	-10	-9
Cash generated (+) / used (-) from/in financing activity		**-10**	**-9**
Net increase (+) / decrease (-) in cash and cash equivalents		**155 118**	**23 884**
Opening cash and cash equivalents	6	43 697	19 765
Foreign exchange rate difference on closing cash and equivalents		14	49
Expected credit loss balance on cash and equivalents	29	-21	-1
Closing cash and cash equivalents	6	198 806	43 697
Net (decrease)/increase in cash and cash equivalents		**155 118**	**23 884**

The accompanying notes (NOTE 1- NOTE 46) of the financial statements form an integral part of these separate financial statements

NOTE 1: GENERAL

Statement of IFRS compliance

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

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

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

The Entity generally measures its assets and liabilities on a historical cost basis, except for cases where a given item should be measured at fair value under IFRS. Additional disclosures about the measurement basis is further discussed in Note 2.

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

The Company (legal form, seat)

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

Shareholders

The current ownership structure of the company is valid since 25th October 2018.

KELER Central Depository Ltd.	99.81%
Central Bank of Hungary	0.1%
Budapest Stock Exchange (BSE)	0.09%

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

The activity of the Entity

KELER CCP is a central counterparty business association under the requirements of the Act CXX of 2000 on the Capital Market of Hungary (hereinafter "Tpt.") and Regulation (EU) No 648/2012 on OTC derivatives, central counterparties, and trade repositories ("EMIR (EU) No 648/2012"). KELER CCP as central counterparty, undertakes guarantee for transactions concluded on the Budapest Stock Exchange ("BSE"), and for the financial performance of gas market, KELER CCP as a general clearing member undertakes guarantee for the financial performance of energy market transactions towards European Commodity Clearing AG. KELER CCP's direct partners are financial institutions (credit institutions and investment firms), commodities service providers, energy trading license holders and participants of an organized market. KELER CCP's activity ensures that market participants' guaranteed trades are settled risk free.

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

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

The preparation of the financial statements under IFRS is only allowed if it is prepared by a licensed professional. The person preparing the financial statements is:
KELER Zrt., personally responsible: Varró Gergő (registration number: 182019), charted public accountant with IFRS specialization.

NOTE 2: BASIS OF PREPARATION

Basis of measurement

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

Functional currency, presentation currency

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

Use of estimates and judgment's

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

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

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

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

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

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency transactions

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

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

	2021 closing	2021 average	2020 closing	2020 average
€	369	358,52	365,13	351,17

b) Cash and cash equivalents

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

c) *Financial assets and financial liabilities*

Classification

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

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

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

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

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

The Entity classifies its equity instruments -unless they are held for trading- into FVTOCI, meaning that the asset is measured at fair value at each reporting date (with the cost being considered as fair value in some cases) and the gain/loss is related to other comprehensive income.

The Entity does not holds any instruments at the end of this period.

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

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

Recognition

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

Derecognition

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

Measurement

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

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

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

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

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

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

Fair value measurement

The fair value of financial instruments is determined based on the requirements of *IFRS 13 Fair Value Measurement* ("IFRS 13") and internal policies established in accordance with that

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

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

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

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

Amortized cost measurement

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

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

Impairment of financial assets (expected credit loss)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the gas portfolio:

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

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

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

The Entity tests its assets for impairment each year. Testing consists of two stages. The first stage is to examine whether there are signs indicating that the assets in question are impaired. The following are signs that a given asset is impaired:

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

If the value in use can only be determined with respect to the CGUs and impairment needs to be accounted for, impairment losses are recognized as follows:

- first, damaged assets are impaired;
- second, the goodwill is reduced;
- third, the remaining amount of impairment losses are split among property, plant and equipment (PPE) and intangible assets in the CGU in proportion to their carrying amount prior to impairment.

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

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

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

e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairments, if any. Depreciation is provided using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life. The rates used by the Entity are 14.5% for fixtures and fittings, 25% for office equipment and computers, 20% for vehicles, for tablet 33% and 50% for mobile phones.
Expenditures incurred to replace a component of an item of property, plant and equipment that are accounted for separately, including major inspection and overhaul expenditures, are capitalized. Other subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized in the profit or loss as expense as incurred.

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

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

g) Intangible assets

Intangibles are stated at cost less accumulated depreciation and impairments, if any. Depreciation is provided using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life. For software 25% depreciation rate is used on a straight-line basis.

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

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

h) Trading on gas market

Based on the principle of the anonymity of the customers and the suppliers on the Balancing Platform, Trading Platform, CEEGEX and HUDEX the transactions are made with the participation of KELER CCP. KELER CCP stands between the counterparties as a technical partner (customer and supplier) during the buying and selling transactions. The inventory of gas held by KELER CCP is always zero at the end of a day. Therefore, buying and selling of the gas is recorded by net method settlement in the statement of comprehensive income while in the balance sheet accounts (receivables-liabilities) it is recorded gross. Due to the operating logics of KELER KSZF is not responsible for the physical delivery of the goods, only responsible for the amount payable.

i) Trading on energy market

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

j) Sale and repurchase agreements and lending of securities

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

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

k) Revenue recognition

Fee revenue

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

Interest income

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

Trading activity

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

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

If the Entity acts as an agent (as defined by IFRS 15) in a transaction the revenue and the relating expense is netted.

Non-refundable fees (received in advance)

The Entity received two non-refundable upfront payments which was invoiced close to signing the contract. The Entity 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.

l) Income taxes

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

Income tax on the profit or loss for the year comprises current and deferred tax. 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 there is an item effects equity directly, the income tax will be recognized in equity directly.

Deferred income tax is provided, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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

Other taxes are presented separately from income taxes.

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

m) Provisions

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

n) Financial guarantee contract liability

The nature of the activity of the Entity requires to cover all the risk that are coming from default events (ie. that KELER CCP must settle the compensation of the transaction even if one of the parties of the clearing agreement is unable to pay/act). Dealing with the statistically uncovered exposure the Entity recognizes a financial guarantee contract liability based on the available collateral and the probability of a loss event regardless how small this probability is.

o) Default fund liability

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

p) Hedging

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

q) Statement of cash flows

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

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

r) Off balance sheet items

KELER CCP is entitled to require collateral from its Clearing Members using its central counterparty services. The form of collateral can be cash (HUF and foreign currency) and securities. As a General Clearing Member of European Commodity Clearing AG (ECC) KELER CCP has to provide collateral for ECC regarding the settlement of its position of non-clearing members of KELER CCP. KELER CCP recognizes as an off balance sheet item the credit line provided by its bankers. The credit lines will be recognized as balance sheet items once the credit line is utilized.

NOTE 4: FINANCIAL RISK MANAGEMENT

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

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

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

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

Individual margins:

- basic financial collateral – for derivative, multinet, gas and energy market settlement,
- additional financial collateral – for derivative, multinet, gas and energy market settlement,
- initial margin – for derivative and multinet settlement,
- turnover margin – for gas market settlement,
- energy market turnover margin – for energy market settlement on spot day-ahead and intraday markets (ECC acting as a central counterparty determines the amounts),
- energy market initial margin– for derivative markets (ECC acting as a central counterparty determines the amounts).

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

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

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

A capital position limit is set for each clearing member on the derivative market and it is calculated on a regular basis. On the spot energy markets cleared by ECC, pre-trade limits are applied where the limits are collateralized with a high degree and calculated based on the internal rating of KELER CCP. On the derivative energy markets cleared by ECC, TMR (Total Margin Requirement) limit is applied, where the total margin requirement of the energy market non-clearing member should not exceed the value of the set limit. In case of limit breach the suspension of the energy market non-clearing member’s trading right is automatic and immediate. The partner has to place additional collateral to cease the limit breach and in that case it can be re-entered to trading.

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

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

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

Segregation principle:

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

Default waterfall:

a. In case of default on own account:

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

b. In case of default by the Principal:

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

In the year 2021, KELER CCP and the default funds had not suffered any losses on the guarantee activities.

Foreign currency risk management

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

As of 30 November 2021 KELER CCP decreased its maximum contribution to ECC's default fund to 5,000,000 EUR, and since 31 December 2021 KELER CCP does not contribute to the default fund at all. ECC's default fund contribution is forwarded to the Non-Clearing Members proportional to their margin requirements.

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

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

Maturity analysis of assets and liabilities and liquidity risk

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

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

To provide further liquidity, KELER KSZF obtained credit lines.

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

As on 31 December 2021	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash and cash equivalents	198 806	0	0	0	0	198 806
Debt instruments measured at fair value through other comprehensive income	0	6 945	0	0	0	6 945
Trade receivables relating to gas market	1 995	0	0	0	0	1 995
Trade receivables relating to central counterparty and other service	420	0	0	0	0	420
Other receivables	47	1	5	5	0	58
Receivables from repurchase agreements	35 209	0	0	0	0	35 209
Receivables from foreign clearing houses	156 657	0	0	0	0	156 657
Income Tax - Current tax receivables	0	1	0	0	0	1
Intangible assets	0	0	0	0	622	622
Property, plant and equipment	0	0	0	0	32	32
Income Tax - Deferred tax assets	0	0	14	0	0	14
TOTAL ASSETS	**393 134**	**6 947**	**19**	**5**	**654**	**400 759**
Trade payables	-289	0	0	0	0	-289
Trade payable from gas market activity	-1 878	0	0	0	0	-1 878
Other payables	-29 508	-52	-1	-14	0	-29 575
Default Fund liabilities	-6 365	0	0	0	0	-6 365
Financial guarantee contract liability	-35	0	0	0	0	-35
Collateral held from energy market participants	-299 014	0	0	0	0	-299 014
Collateral held from gas market participants	-54 129	0	0	0	0	-54 129
Lease liability	0	-8	-11	0	0	-19
TOTAL LIABILITIES	**-391 218**	**-60**	**-12**	**-14**	**0**	**-391 304**
Accumulated balance of the positon	**1 916**	**8 803**	**8 810**	**8 801**	**9 455**	
Covered by the equity					**9 455**	

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

As on 31 December 2020	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	43 697	0	0	0	0	43 697
Debt instruments measured at fair value through other comprehensive income	0	4 990	0	0	0	4 990
Trade receivables relating to gas market	439	0	0	0	0	439
Trade receivables relating to central counterparty and other service	179	0	0	0	0	179
Other receivables	138	1	2	0	0	141
Receivables from repurchase agreements	0	0	0	0	0	0
Receivables from foreign clearing houses	22 790	0	0	0	0	22 790
Income Tax - Current tax receivables	0	0	0	0	0	0
Intangible assets	0	0	0	0	670	670
Property, plant and equipment	0	0	0	0	33	33
Income Tax - Deferred tax assets	0	4	0	0	0	4
TOTAL ASSETS	**67 243**	**4 995**	**2**	**0**	**703**	**72 943**
Trade payables	-302	0	0	0	0	-302
Trade payable from gas market activity	-442	0	0	0	0	-442
Other payables	-121	0	0	-9	0	-130
Income Tax - Current tax liability	0	-11	0	0	0	-11
Default Fund liabilities	-4 941	0	0	0	0	-4 941
Financial guarantee contract liability	-8	0	0	0	0	-8
Collateral held from energy market participants	-43 152	0	0	0	0	-43 152
Collateral held from gas market participants	-14 825	0	0	0	0	-14 825
Lease liability	0	-8	-19	0	0	-27
TOTAL LIABILITIES	**-63 791**	**-19**	**-19**	**-9**	**0**	**-63 838**
Accumulated balance of the positon	**3 452**	**8 428**	**8 411**	**8 402**	**9 105**	
Covered by the equity					**9 105**	

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

Interest rate risk management

The Entity's assets and liabilities have interest rate risk, of which magnitude is in line with the Entity's size. KELER CCP has deposits at ECC. This deposit bears negative interest rate, therefore it leads to interest expense (negative interest income). The interest rate is floating and is fixed at the end of each day. KELER CCP also holds zero coupon and other short term government bonds until maturity.

Regulation on the investment policy of the Entity

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

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

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

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

In 2021 no capital increase took place
KELER CCP is required to determine the amount of capital requirement for the following risks (Capital requirement I):
- capital requirement on credit and counterparty risks,
- capital requirement on operational and legal risks;
- capital requirement on market risks (FX rate and securities position risk),
- capital requirement on winding up or restructuring of the activity of the central counterparty,
- capital requirement on business risk

Determination of available capital
The amount of available capital equals the components of shareholders' equity:
- Subscribed Capital
- Issued but not paid Capital (-)
- Capital Reserves
- Retained Earnings
- Committed Reverse
- Evaluation Reserve
- Retained Earnings of the year

And the following items should be deducted:

- Intangible assets
- Contribution to the guarantee fund of other CCPs (ECC Euro guarantee fund contribution)
- contribution to own guarantee fund
- participations in subsidiaries if any

The available capital is required to cover the following elements:

- Minimum required capital
- Dedicated own resources = (0,25 * MAX (Capital requirement I., Capital requirement II.)
- Other financial resources (remaining amount after deduction of the above two items)

The following table shows KELER CCPs capital adequacy at the end of 2019, 2020 and 2021:

data in HUF million	**2021**	**2020**	**2019**
Available capital	8 796	6 488	6 584
Minimum capital requirement	5 279	3 012	2 727
Dedicated own resources	1 200	685	620
Other financial resources	2 317	2 791	3 238

The Entity is required to comply with these indicators according to national accounts. Therefore the calculation of capital adequacy should be determined in accordance with Hungarian Accounting Rules available values.

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 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.

The Board of KELER CCP will discuss the possibilities of providing additional funds to meet the capital requirements and other actions required or needed on board meeting that will approve the financial statements. If necessary an extraordinary shareholders meeting will be held.

NOTE 6: CASH AND CASH EQUIVALENTS

	31.12.2021	31.12.2020
Bank accounts		
In HUF	291	4 534
In EUR	198 542	39 169
Closing balance	**198 833**	**43 703**
Demand deposit	971	24 404
Cash receive securities	197 862	19 299
Closing balance	**198 833**	**43 703**

	31.12.2021	31.12.2020
Opening balance of expected credit loss (ECL)	-6	-5
Changes in the balance of expected credit loss (ECL)	-21	-1
Closing balance of expected credit loss (ECL)	**-27**	**-6**
Closing balance, net of ECL	**198 806**	**43 697**

The bank accounts are demand deposits, available immediately for withdrawal. The interest on the bank account is between 0,35%-2,1% for HUF deposits, and –0,587% - 0% for EUR deposits. These expenses are recorded as interest paid in the statement of incomes.

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

The individual guarantees from December 2020 will be held by all energy market clearing and subclearing member on the accounts of KELER CCP. Due to this the balance of foreign currency increased significantly together with the corresponding liability (see Note 18).

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

All bank balances are subject to ECL. The bank balances are considered to be in the stage 1 category for this purpose. The EAD is the balance at the end of the period and LGD was estimed at 45%, and 12-month PD was estimated between 0,003 – 0,05%. The decrease in the ECL is due to the favorable PD of the large retail banks.

NOTE 7: FAIR VALUE TROUGH OTHER COMPREHENSIVE INCOME DEBT INSTRUMENTS

	31.12.2021	31.12.2020
Debt instruments measured at fair value through other comprehensive income		
Opening balance	4 991	4 000
Acquisition	7 970	5 465
Derecognition at maturity	-5 091	-4 000
Derecognition at maturity	-899	-499
Impairment loss (3rd stage ECL)	0	0
Interest accrued (Amortization)	26	13
Remeasurement (Fair Value Adjustment)	-51	12
Closing balance on 31 December	**6 946**	**4 991**

	31.12.2021	31.12.2020
Opening balance of expected credit loss (ECL)	-1	-1
Changes in the balance of expected credit loss (ECL)	0	0
Closing balance of expected credit loss (ECL)	**-1**	**-1**
Closing balance, net of ECL	**6 945**	**4 990**
Treasury bills	5 073	4 990
Hungarian government bonds	1 872	0

The interest of the FVTOCI instruments was taken to the Separate Statement of Comprehensive Income using the effective interest method, and the changes in the fair value from the recognition date until the end of the reporting period was recognized as other comprehensive income (OCI). This OCI will be reclassified to the profit or loss when the underlying financial asset is derecognized.

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

The ECL of these instruments are based on the credit quality of these instruments, derived from the classification of the issuer (Hungarian State) also considering the requirements of the so called 'standard risk management methodology'.

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

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

	31.12.2021	31.12.2020
Trade receivables from gas market		
Receivable balance	1 995	439
Accumulated impairment losses	0	0
Receivable balance net of impairment (book value)	**1 995**	**439**

	31.12.2021	31.12.2020
Accumulated impairment losses of trade receivables		
Opening accumulated impairment losses	0	0
Impairment losses recognized in the current period	0	0
Impairment losses derecognized in the current period	0	0
Closing accumulated impairment losses	**0**	**0**

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

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

The gas market guarantee system guarantees the settlement of claims.

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

The liabilities from the gas market embodies the other component of the clearing transaction is. what the CCP needs to pay to the actual seller of the gas. The payables are – by contractual agreement – due on the same day as the corresponding receivable. This value was 1 878 MHUF at the end of 2021 and 442 MHUF in 2020. (The large decrease is due to the significant shortening of the settlement period.)

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

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

	31.12.2021	31.12.2020
Trade receivables from central counterparty and other services		
Receivable balance	425	182
Accumulated impairment losses	-5	-3
Receivable balance net of impairment (book value)	**420**	**179**

	31.12.2021	31.12.2020
Accumulated impairment losses of trade receivables		
Opening accumulated impairment losses	-3	-6
Impairment losses recognized in the current period	-2	0
Impairment losses derecognized in the current period	0	3
Closing accumulated impairment losses	**-5**	**-3**

These trade receivables include the not yet paid part of the rendered CCP and similar clearing related services. Accounts receivable are stated at the value of the invoiced service.
The impairment loss of the receivables is assessed individually due to the low number of the partners and the materiality of the individual balances. The Entity calculates the loss based on an aging analysis, but on individual level. This analysis builds on historical evidence and is updated frequently.

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

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

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

	31.12.2021	**31.12.2020**
Receivables		
Not overdue, not impaired	424	181
Not overdue, individually impaired	0	0
Overdue by at most 90 days, individually not impaired	0	0
Overdue more than 91 days, but not more than 180 days, individually not impaired	0	0
Overdue more than 181 days, but not more than 1 year, individually not impaired	0	0
Overdue more 1 years, but not more than 550 days, individually not impaired	0	0
Overdue more than 550 days, individually not impaired	1	1
Overdue, individually impaired	0	0
	425	**182**

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

	31.12.2021	**31.12.2020**
Other receivables		
Balances from technical date mismatch		
Loans to employees	11	4
Interest	1	41
Tax receivables (other than income taxes)	0	82
Sundry other receivables	46	14
	58	**141**

	31.12.2021	**31.12.2020**
Opening balance of expected credit loss (ECL)	0	0
Changes in the balance of expected credit loss (ECL)	0	0
Closing balance of expected credit loss (ECL)	**0**	**0**
Closing balance, net of ECL	**58**	**141**

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

The sundry other receivables include accruals, in-transit items from energy market settling. The fair value of these receivables are close to the book value. If these items are under the scope of IFRS 9 ECL was established.
The other tax receivables consist of the following balances:

	31.12.2021	31.12.2020
Tax receivables (other than income taxes)		
Value added tax	0	74
Local tax	0	8
	0	**82**

These receivables do not yield interest and they are all payable within one year. They are not impaired nor past due. The fair value of these receivables is the same with the book value.

Receivables from repurchase agreements (repos)

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

At the end of 2020 there were no unsettled repo positions.

	31.12.2021	31.12.2020
Repurchase agreement (repo) – closing balance		
Purchase price of the repo - KELER	5 075	0
Purchase price of the repo - Bank	30 139	0
	35 214	**0**

	31.12.2021	31.12.2020
Opening balance of expected credit loss (ECL)	0	-1
Changes in the balance of expected credit loss (ECL)	-5	1
Closing balance of expected credit loss (ECL)	**-5**	**0**
Closing balance, net of ECL	**35 209**	**0**

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

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

NOTE 11: RECEIVABLES FROM FOREIGN CLEARING HOUSES

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

The receivable is denominated in euro. In the original currency the receivable from energy market is: 424,602,197 EUR on 31 December 2021 and 62,424,194 EUR on 31 December 2020.

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

	31.12.2021	**31.12.2020**
Receivables from foreign clearing houses		
Receivables from contributions	150 368	20 858
Receivables from guarantee funds	6 310	1 935
	156 678	**22 793**

	31.12.2021	**31.12.2020**
Opening balance of expected credit loss (ECL)	-3	-2
Changes in the balance of expected credit loss (ECL)	-18	-1
Closing balance of expected credit loss (ECL)	**-21**	**-3**
Closing balance, net of ECL	**156 657**	**22 790**

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

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

NOTE 12: INTANGIBLE ASSETS

For the year ended 31 December 2021:

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

For the year ended 31 December 2020:

Cost	**Rights and concessions**	**Software**	**Total**
Balance as of 1 January 2020	399	810	1 209
Acquisition	0	236	236
Advanced received	0	5	5
Partial disposal	0	-14	-14
Balance as of 31 December 2020	**399**	**1 037**	**1 436**
Accumulated Amortization			
Balance as of 1 January 2020	2	675	677
Current year amortization	0	85	85
Disposals	0	-2	-2
Impairment of intangible assets	6	0	6
Balance as of 31 December 2020	**8**	**758**	**766**
Net book value			
Balance as of 1 January 2020	**397**	**135**	**532**
Balance as of 31 December 2020	**391**	**279**	**670**

The acquisition only include purchases.

In the current period the carrying amount of the software asset increased significantly. This increased was due to the new software and improvements of already in use software that backed up the settlement bank model-change. The assets were brought in use on 1st December 2020.

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

The entity recognized impairment loss in 2020 for the following intangible asset:

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

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

Performance of the impairment review test – Customer Relationship

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

	2020	**2019**
Cash flow estimation (pre-tax)	3 568	1 276
Pre-tax discount rate used	7,9%	5,9%
Value in use	3 111	1 238
Book value	508	508
Impairment loss	-	-

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

Performance of the impairment review test – Software, development

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

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

Commitments for the AIX Project

The Entity initiated a project during the period, to provide services for the Kazah market and act as a clearing house. The project is in the approval stage, the developments needed for launching the project is already done in 2019. The received payments are recognized as liabilities.

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 223 MHUF. The project is expected to be finalized by the end of 2022.

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2021:

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

For the year ended 31 December 2020:

	Other assets	Right -Of Use	Total
Cost			
Balance as of 1 January 2020	19	37	56
Acquisition	5	0	5
Disposals (sale)	-3	0	-3
Balance as of 31 December 2020	**21**	**37**	**58**
Cumulated Depreciation and Amortization			
Balance as of 1 January 2020	8	7	15
Current year amortization	5	7	12
Disposals (sale)	-2	0	-2
Balance as of 31 December 2020	**11**	**14**	**25**
Net book value			
Balance as of 1 January 2020	**11**	**30**	**41**
Balance as of 31 December 2020	**10**	**23**	**33**

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

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

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

NOTE 14: TRADE PAYABLE

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

Within the trade payables the material balance is the amount payable to KELER: 276 MHUF (previous year: 196 MHUF).

NOTE 15: ACCRUALS AND OTHER LIABILITIES, INCOME TAXES PAYABLE

	31.12.2021	31.12.2020
Accruals and other liabilities		
Taxes payable (other than income taxes)	29 368	34
Accrued interest	68	7
Accrued expenses	98	66
Advances received from partners	16	16
Sundry other liabilities	25	7
	29 575	**130**

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

Advances received include the payments received in relation to the AIX project (clearing activity on the Kazakh market). These items are recognized in the income statement as revenue, when the related PO is satisfied.

	31.12.2021	31.12.2020
Taxes payable (other than income taxes)		
Value added tax	29 309	0
Personal income tax	9	9
Social security contributions	9	11
Social security contribution payable by the employee	10	11
Local tax	25	0
Other taxes	6	3
	29 368	**34**

The material VAT balance is due to the gas settlement activity (in this period the VAT had payable position). The balance will be settled by 20th January 2022. The entity is unable to influence the VAT position.

Current liabilities from income tax

The entity presents it’s liability from income taxes on a separate position. The following tax types are considered to be income taxes in accordance with IAS 12

The income tax liability of the Entity is (the balance is 1 MHUF tax receivable) 0 MHUF (2020:11 MHUF).

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

NOTE 16: DEFAULT FUND LIABILITIES

	31.12.2021	31.12.2020
Liabilities for Default Funds		
Exchange Settlement Fund	2 275	1 846
Collective Guarantee Fund	2 152	1 632
Gas Market Collective Guarantee Fund	1 721	750
CEEGEX/HUDEX Market Collective Guarantee Fund	238	734
Less own contribution	-21	-21
	6 365	**4 941**

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

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

The collected amounts are subject to interest. Interest is paid on a regular basis. These liabilities are recognized at amortized cost which is equal to the fair value of the liability.

The Entity - as the provider of these funds – must also contribute 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).

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

NOTE 17: FINANCIAL GUARANTEE CONTRACT LIABILITY

The nature of the activity of the Entity requires to cover all the risk that are coming from default events (ie. 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 (ie. it is impossible to provide 100% guarantee). The Entity set up a separate liability to reflect this commitment. To deal with the statistically uncovered exposure the Entity recognizes a financial guarantee contract liability based on the available collateral and the probability of a loss event regardless how small this probability is.
The changes in the financial guarantee contract ("FGC") is recognized in the profit or loss. The fair value of the FGC was arrived to by using the collateral's fair value, adjusted with haircut, taking into consideration the not yet covered risks.
Changes in the balance of the financial guarantee contract liability are included in the comprehensive income statement.
The FGC balance and change was the following during the period:

	31.12.2021	31.12.2020
Financial guarantee contract liability		
Opening financial guarantee contract liability	8	6
Changes in the financial guarantee contract liability	27	2
Closing financial guarantee contract liability	**35**	**8**

NOTE 18: COLLATERAL HELD FROM ENERGY AND GAS MARKET PARTICIPANTS

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

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

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

NOTE 19: LEASE LIABILITY

	31.12.2021	31.12.2020
Lease liability		
Opening balance	27	32
Interest ont he lease	1	1
Lease payment	-9	-9
Foreign exchange rate loss	0	3
Closing balance	**19**	**27**
Lease interest for the future periods	1	2
Lease payments for the future periods	**20**	**29**
Of which: short term liabilities	8	8
Of which: long term liabilities	11	19

The Company calculated the lease liability as the present value of the future cash payments. The cash flows are denominated in Euro, therefore the calculation was also done in euro. The lease payments are linked to and index (inflation). This variable lease payment was taken into consideration when calculating the liability, however the expectation were not factored in the payments, the changes will be treated as a reassessment in the later periods. When calculating the lease liabilities, the rate used was 3,82% (incremental borrowing rate) which was backed up by an external evidence from the bank. When accounting for the lease the Entity uses the Euro amounts which is retranslated and any difference is accounted for as a foreign exchange rate gain or loss.

NOTE 20: DEFERRED TAXES

When calculating deferred taxes, the Entity compares the amounts to be considered for taxation purposes with the carrying value for each asset and liability. If the difference is reversible (i.e. the difference is equalized in the foreseeable future), then a deferred tax liability or asset is recorded in a positive or negative amount as appropriate. Recoverability was separately examined by the Entity when recording each asset.

The need for deferred tax accounting was identified only in the case of corporate tax. When computing taxes, the Entity used a 9% rate upon reversal for all periods.

Deferred tax assets are supported by a tax strategy which confirms that the asset is expected to be recovered based on the information available. The change in deferred taxes was recognized in the profit or loss and for the remeasurement of fair value trough other comprehensive instruments included in the other comprehensive income .

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

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

The tax balances and temporary differences for 2020 are as follows:

Asset/liability	**Tax base**	**Book Value**	**Deductible, taxable difference**	**Deferred tax through profit or loss**	**Deferred tax through OCI**
Debt instruments measured at fair value through other comprehensive income	4 978	4 990	12	0	-1
Trade receivables relating to central counterparty and other service	182	179	-3	0	0
Receivables from foreign clearing houses	22 793	22 790	-3	0	0
Income tax receivable	715	670	-45	4	0
Financial guarantee contract liability	0	8	-8	1	0
			Deferred tax assets	**5**	**-**
			Deferred tax liability	**-**	**-1**

The deferred tax balances are not discounted.

	Debt instruments measured at fair value through other comprehensive income	Trade receivables relating to central counterparty and other service	Receivables from repurchase agreements	Receivables from foreign clearing houses	Income tax receivable	Accruals and other liabilities	Financial guarantee contract liability	**TOTAL**
Balance as of 1 January 2020	**0**	**1**	**0**	**0**	**6**	**2**	**1**	**10**
Current year changes	-1	-1	0	0	-2	-2	0	**-6**
Balance as of 31 December 2020	**-1**	**0**	**0**	**0**	**4**	**0**	**1**	**4**
Current year changes	6	1	0	2	-2	1	2	**10**
Balance as of 31 December 2021	**5**	**1**	**0**	**2**	**2**	**1**	**3**	**14**

NOTE 21: SUBSCRIBED CAPITAL

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

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

The contributed share capital is:

	31.12.2021	31.12.2020
Share capital		
KELER (KELER Central Depository Ltd.)	2 618	2 618
Magyar Nemzeti Bank (Central Bank of Hungary)	3	3
Budapesti Értéktőzsde (Budapest Stock Exchange)	2	2
	2 623	**2 623**

Which reflects the following ratios:

	31.12.2021 in %	31.12.2020 in %
Share capital		
KELER (KELER Central Depository Ltd.)	99,81	99,81
Magyar Nemzeti Bank (Central Bank of Hungary)	0,1	0,1
Budapesti Értéktőzsde (Budapest Stock Exchange)	0,09	0,09
	100	**100**

The contributed capital stayed at same during 2021 and 2020.

All shares rank **pari passu** in the event of liquidation. The shares are dematerialized.

Fair value through other comprehensive income debt instruments revaluation reserve

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

NOTE 22: STATEMENT OF FINANCIAL POSITION CATEGORIES BASED ON CURRENT-NON CURRENT DISCTINCTION

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

	31.12.2021	**31.12.2020**
Non current assets	668	708
Current assets	400 091	72 235
Short term liabilities	-391 278	-63 802
Financed by:		
Long term liabilities	-26	-36
Owners' equity (net assets)	9 455	9 105

The non current assets include the intangible assets, the property plant and equipment and the deferred tax asset.
The long term liabilities include long term portion of the lease, certain employee benefits and the financial guarantee contract liability.

All other items of the balance sheet are current. The Entity defines an item of the balance sheet being current if the due date is within 12 months.

NOTE 23: INCOME FROM CENTRAL COUNTERPARTY SERVICE

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

	2021	**2020**
Income from central counterparty service		
CCP services of spot market	298	369
CCP services of derivative market	245	178
Clearing membership fees	705	670
CCP services of gas market	321	223
CCP services of energy market	421	324
Income from collateral	1 043	13
Fees from trade reporting	5	7
	3 038	**1 784**

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

NOTE 24: OTHER NON-COUNTERPARTY SERVICES INCOME

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

NOTE 25: GAS TRADING ACTIVITY

When the Entity acts as the central counterparty of the deals in gas trading legally they are considered to be buyer and seller at the same time. Therefore the income from selling the gas itself and the cost of this sale shall not be recognized in the profit or loss but it is netted, therefore it bypasses that statement. (The payables and receivables however are recognized on gross basis – see Note 8.) The fees for acting as a counterparty is recognized as clearing fee (Note 23). The balance is generated by the clearing members. KEELER KSZF has on direct influence on this.

The trading volume is the following:

	2021	**2020**
Income from gas sold	636 472	104 780
Cost of sales of gas sold	-636 472	-104 780
To the income statement, net	**-**	**-**

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

NOTE 26: BANK FEES, COMMISSION AND SIMILAR ITEMS

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

NOTE 27: PERSONNEL EXPENSES

	2021	**2020**
Personnel expenses		
Wages	455	427
Base wages	402	382
Premium	53	45
Social security and other contributions	79	81
Other cost of personnel	36	22
	570	**530**

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

The average number of employees was 29 in 2021 (25 in 2020).

NOTE 28: OTHER OPERATING EXPENSES

	2021	2020
Other expenses		
Charges for infrastructure	489	440
IT support	97	80
Expert fees	16	49
Other administrative services	26	13
Local business and other taxes	123	57
Education fees	13	8
Rental fees	13	13
Membership fees	14	4
Levies	1	2
Legal fees	6	1
Travel expenses	1	1
Insurance fees	5	5
ECC service fees	89	18
Fines paid	0	4
Other sundry expenses	37	60
	930	**755**

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

NOTE 29: IMPAIRMENT LOSS OF FINANCIAL ASSETS

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

	Balances with banks	Repos	Treasury bills and government bond	Loans to employees	Receivables from foreign clearing houses	Account receivables	TOTAL
Opening balance of expected credit loss (ECL)	6	0	1	0	3	3	13
Changes in the balance of expected credit loss (ECL)	21	5	0	0	18	2	46
Closing balance of expected credit loss (ECL)	**27**	**5**	**1**	**0**	**21**	**5**	**59**

The changes in the ECL were recognized in the income statement.

For the calculation the so called 'standard model' is used, where pre-set PDs and LGDs are applied for the counterparty, using the TTC (Through The Cycle) approach.

For the accounts receivable the simplified method - based on IFRS 9 - is used, using the ageing approach. This led to the following amounts:

NOTE 30: NET INTEREST INCOME

The interest income and expenses include the following amounts:

	2021	2020
Interest income		
Income from interest on amortized cost instruments - Recharged negative interest	2	315
Interest income on repo deals	70	0
Interest on fair value through other comprehensive income debt instruments	46	13
	118	**328**

	2021	2020
Interest expense		
Interest expense on repo deals	0	-21
Interest paid on loans received	-7	-1
Interest paid to bank account	-315	-222
Interest paid to ECC	-246	-85
Other interest	-240	-9
	-808	**-338**

The negative interest is for the EUR deposits held at ECC and at KELER Ltd.. Interest on FVTOCI financial assets are for the discount treasury bills and government bonds.

NOTE 31: OTHER FINANCIAL GAIN/ LOSS

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

NOTE 32: INCOME TAX EXPENSE, CHANGE IN THE INCOME TAX REGIME

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

A breakdown of the income tax expense is:

	2021	**2020**
Income Taxes		
Current tax charged to the profit or loss	43	47
Deferred tax charged to the profit or loss	-4	5
Tax expense	**39**	**52**
Deferred tax charged to other comprehensive income	-6	1
Total tax in total comprehensive income	**33**	**53**

The details about the deferred tax is in Note 20.

	2021	**2020**
Profit before taxes	**446**	**569**
Theoretical corporate tax rate	9%	9%
Corporate income tax calculated using the theoretical tax rate	**40**	**51**
Adjustments increasing the taxable profit multiplied with the theoretical tax rate	20	11
of which: depreciation	*15*	*10*
of which other sundry items	*5*	*1*
Adjustments decreasing the taxable profit multiplied with the theoretical tax rate	17	15
of which: depreciation	*17*	*12*
of which other sundry items	*0*	*3*
Actual corporate income tax	**43**	**47**
Actual income tax	43	47
Deferred corporate income tax recognized in profit or loss	-4	5
Actual income tax recognized in profit or loss	**39**	**52**
Actual income tax recognized in other comprehensive income	0	0
Deferred income tax recognized in other comprehensive income	-6	1
Income tax in total comprehensive income	**33**	**53**

NOTE 33: OTHER COMPREHENSIVE INCOME

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

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

	2021	2020
Other comprehensive income:		
Remeasurement gain on fair value trough other comprehensive income debt instruments	-63	12
Deferred tax charged to the Other comprehensive income	6	-1
	-57	**11**

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

NOTE 34: OFF BALANCE SHEET ITEMS

	2021.12.31	2020.12.31
Guarantees received		
Cash	14 180	9 347
In HUF	12 542	8 499
In foreign currency	1 638	848
Security	37 115	34 176
	51 295	**43 523**
Specific safeguards		
Cash	4 427	1 365
In foreign currency	4 427	1 365
Security	4 081	4 910
	8 508	**6 275**
Line of credit (received)		
From domestic bank (MKB)	738	728
From the parent	6 000	5 000
From domestic bank (Gránit)	4 000	4 000
From domestic bank (OTP)	1 837	1 826
From domestic bank (Budapest Bank)	1 099	1 095
From domestic bank (Citi Bank Frankfurt)	1 495	365
	15 169	**13 014**

Under specified circumstances these security deposits maybe used by the Entity for given reasons (ie. loss making event).

The Entity received a line of credit from several sources, out of which some is provided by commercial banks which's main purpose is to provide general liquidity (mainly for VAT position) and to maintain the appropriate operation of the settlement banking system. The parent provides two facilities. One of the line of credits provided by the parent is general in purpose providing short term liquidity and will be settled on a daily basis, thus the closing balance on each day is zero (upper limit is 3 billon HUF). The other facility is same in nature, but settled only annually (upper limit is 3 billion HUF).

NOTE 35 RELATED PARTY TRANSACTIONS

A number of transactions are entered into with related parties (including shareholders) of the KELER CCP in the normal course of the business. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year end, and relating income and expense for the year are as follows:

	2021	**2020**
Shareholders		
Other operating income	0	13
Interest income	-11	0
Charges for infrastructure	-520	-475
Fees and commissions expenses	-56	-67
Interest expenses	-7	-22
Other items	-7	-22
	-601	**-573**
Shareholders		
Receivables	5 074	1
Bank balances	0	3 961
	5 074	**3 962**
Accounts payable	291	218
	291	**218**

Transactions are at arm's length condition. These balances and transactions will be eliminated at Entity level (ie. in the Separate financial statements of the KELER Ltd.), however these balances are not eliminated in these financial statements.
The ultimate parent of the Entity is the Central Bank of Hungary (CBH). CBH is a government-related entity (as defined by IAS 24). This Entity uses the exemption in IAS 24.25 and does not make disclosures regarding balances and transactions with other government related entities. These transactions with other government related entities are immaterial and if they exist they are at arm's length condition.

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

Board of Directors

- Dr. Selmeczy-Kovács Zsolt chairman of BoD
- Mátrai Károly, chief executive officer (until: 24th Februry 2020)
- Nagy Márton, member of BoD (until: 30th June 2020)
- Balogh Csaba Kornél, member of BoD

- Körmöczi Dániel, member of BoD
- Berényi László, member of BoD
- Mónus Attila, member of BoD (until: 24th Februry 2020)
- Marosi Bence, member of BoD (from: 14th March 2020 to 30 July 2020)
- Kecskésné Pavlics Babett, member of BoD (from 12th March 2020)
- Horváth Dániel, member of BoD (from 27th August 2020)
- Demkó-Szekeres Zsolt (31st July 2020)

Supervisory Board

- Dr. Szalay Rita, chairman of SB (until 27th February 2020)
- Varga-Balázs Attila, chairman of SB (from 27th February 2020)
- Gerendás János, member of SB
- Baksay Gergely, member of SB (until 27th February 2020)
- Bozsik Balázs, member of SB (until 31th December 2020)
- Palotai Dániel, member of SB (until 27th February 2020)
- Banai Ádám, member of the SB (from 27th February 2020)
- Boros Eszter member of the SB (from 27th May 2021)
- Kardos Miklós member of the SB (from 17th February 2022)

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

2021	Board of Directors	Supervisory Board	Total
Salary and similar	87	32	119
Fringe benefits	5	-	5
Total	**92**	**32**	**124**

These renumerations are all short term employee benefits.

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

Károly Mátrai resigned from the Board of Directors as of 24th February 2020 and the same day he stepped down as Chief Executive Officer was terminated. His employment will end on 24th May 2020.

Attila Mónus resigned from the Board of Directors as of 24th February 2020.

Dr. Rita Szalay resigned from the Supervisory Board and the same day she stepped down as Chairman of the Supervisory Board.

Gergely Baksay resigned from the Supervisory Board in 2020.

Dániel Palotai resigned from the Supervisory Board in 2020.

Márton Nagy resigned from the Board of Directors as of 30th June 2020.

Bence Marosi resigned from the Board of Directors as of 14th March 2020, and his employment was terminated on 30th July 2020.

Balázs Bozsik resigned from the Supervisory Board in 2021.

Kardos Miklós was elected to be the member of the Supervisory board on 17^{th} February 2022.

NOTE 36: DISCLOSURE OF INTERESTS IN OTHER ENTITIES

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

NOTE 37: CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Classification of financial instruments

As at 31 December 2020	Financial instruments (measured at fair value trough profit or loss)	Receivables measured at amortized cost	Fair value through other comprehensive income debt instruments sale assets	Other assets or liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	0	43 697	0	0	**43 697**	**43 697**
Debt instruments measured at fair value through other comprehensive income	0	0	4 990	0	**4 990**	**4 990**
Trade receivables relating to gas market	0	439	0	0	**439**	**439**
Trade receivables relating to central counterparty and other service	0	179	0	0	**179**	**179**
Receivables from repurchase agreements	0	0	0	0	**0**	**0**
Receivables from foreign clearing houses	0	22 790	0	0	**22 790**	**22 790**
Trade payables	0	0	0	302	**302**	**302**
Trade payable from gas market activity	0	0	0	442	**442**	**442**
Default Fund liabilities	0	0	0	4 941	**4 941**	**4 941**
Financial guarantee contract liability	0	0	0	8	**8**	**8**
Collateral held from energy market participants	0	0	0	43 152	**43 152**	**43 152**
Collateral held from gas market participants	0	0	0	14 825	**14 825**	**14 825**

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

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

Assets and liabilities measured at fair value – Fair value hierarchy

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

As at 31 December 2020	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
Treasury bills and government bonds	0	4 990	0	**4 990**

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

As at 31 December 2021	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
Cash and cash equivalents	198 806	0	0	**198 806**
Trade receivables relating to gas market	0	0	1 995	**1 995**
Trade receivables relating to central counterparty and other service	0	0	420	**420**
Receivables from repurchase agreements	0	0	35 209	**35 209**
Receivables from foreign clearing houses	0	0	156 657	**156 657**
Trade payables	0	0	289	**289**
Trade payable from gas market activity	0	0	1 878	**1 878**
Default Fund liabilities	0	0	6 365	**6 365**
Financial guarantee contract liability	0	0	35	**35**
Collateral held from energy market participants	0	0	299 014	**299 014**
Collateral held from gas market participants	0	0	54 129	**54 129**

As at 31 December 2020	**Fair value Level 1**	**Fair value Level 2**	**Fair value Level 3**	**Total**
Cash and cash equivalents	43 697	0	0	**43 697**
Trade receivables relating to gas market	0	0	439	**439**
Trade receivables relating to central counterparty and other service	0	0	179	**179**
Receivables from repurchase agreements	0	0	0	**0**
Receivables from foreign clearing houses	0	0	22 790	**22 790**
Trade payables	0	0	302	**302**
Trade payable from gas market activity	0	0	442	**442**
Default Fund liabilities	0	0	4 941	**4 941**
Financial guarantee contract liability	0	0	8	**8**
Collateral held from energy market participants	0	0	43 152	**43 152**
Collateral held from gas market participants	0	0	14 825	**14 825**

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)

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

NOTE 38: RECONCILIATION OF THE EQUITY

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

The equity reconciliation for 31st December 2021 and for 31st December 2020 is:

	31.12.2021	**31.12.2020**
Equity under IFRSs	**9 455**	**9 105**
Received additional temporary capital	0	0
Given additional temporary capital	0	0
Received grant classified into share premium, if accounted for as deferred income	0	0
Received assets, if deferred income under IFRS	0	0
Introduced capital, if recognized as receivable from owners under IFRS	0	0
Equity reconciled as per Szt. 114/B	**9 455**	**9 105**

	31.12.2021	**31.12.2020**
Items of equity as per the reconciliation		
Issued capital under IFRS		
Issued capital as registered by the court of registry	2 623	2 623
Issued, but unpaid capital	0	0
Issued, but unpaid capital	0	0
Tide-up reserve	0	0
Received additional temporary capital	0	0
Reserve for future development	0	0
Tide-up reserve as per Szt. 114/B	**0**	**0**
Retained earnings		
Accumulated profit under IFRS not yet distributed (current and previous years)	2 536	2 020
Items charged direclty to retained earnings under IFRS	0	0
Temporary additional capital granted	0	0
Development reserve not yet used adjusted with deferred taxes	0	0
Accumulated profit for the years before transition with transition adjustments	0	0
Retained earnings as per Szt. 114/B	**2 536**	**2 020**
Profit after taxes		
Profit after taxes as per Szt. 114/A point 9.	407	517
Revaluation reserve		
Items recognized in other comprehensive income, accumulated	-46	11
Share premium		
Reconciled equity	9 455	9 105
less: reconciled issued capital	-2 623	-2 623
less: reconciled issued, but unpaid capital	0	0
less: reconciled tide up reserve	0	0
less: reconciled retained earnings	-2 536	-2 020
less: reconciled profit after taxes	-407	-517
less: reconciled revaluation reserve	46	-11
Share premium as per Szt. 114/B	**3 935**	**3 935**

	31.12.2021	**31.12.2020**
Reconciled equity		
Reconciled equity as per 114/B		
Issued capital	2 623	2 623
Issued, but unpaid capital	0	0
Share premium	3 935	3 935
Retained earnings	2 536	2 020
Tide-up reserve	0	0
Revaluation reserve	-46	11
Profit after taxes	407	517
	9 455	**9 105**
Retained earnings (reconciled)	2 536	2 020
Profit for the current period	407	517
Less: value increase of investment properties (adjusted with tax effects)		
Retained earnings available for dividend	**2 943**	**2 536**

NOTE 39: STATEMENT OF FINANCIAL POSITION TO EMIR

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

	31.12.2021	**31.12.2020**
Cash and cash equivalents	198 806	43 697
Debt instruments measured at fair value through other comprehensive income	6 945	4 990
Trade receivables relating to gas market	1 995	439
Trade receivables relating to central counterparty and other service	420	179
Other receivables	58	141
Receivables from repurchase agreements	35 209	0
Receivables from foreign clearing houses	156 657	22 790
Income Tax - Current tax receivables	1	0
Intangible assets	622	670
Property, plant and equipment	32	33
Income Tax - Deferred tax assets	14	4
TOTAL ASSETS	**400 759**	**72 943**
Trade payables	289	302
Trade payable from gas market activity	1 878	442
Other payables	29 575	130
Income Tax - Current tax liability	0	11
Default Fund liabilities	6 365	4 941
Financial guarantee contract liability	35	8
Collateral held from energy market participants	299 014	43 152
Collateral held from gas market participants	54 129	14 825
Lease liability	19	27
TOTAL LIABILITIES	**391 304**	**63 838**
CCP Capital requirement acc. to EMIR	4 049	3 034
Skin in the game default Exchange Fund	327	253
Skin in the game default Collective Guarantee Fund	311	226
Skin in the game default Gas Market Collective Guarantee Fund	248	111
Skin in the game default CEEGEX Market Collective Guarantee Fund	35	100
Other Financial resources	4 485	5 381
TOTAL SHAREHOLDERS’ EQUITY	**9 455**	**9 105**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	**400 759**	**72 943**

NOTE 40: CHANGES IN ACCOUNTING POLICIES

The Entity did not change its' accounting policies during 2021.

NOTE 41: NEW AND REVISED STANDARDS

New or amended Standards and Interpretations, as endorsed by the EU as at 23 January 2022, that are effective for annual periods beginning after 1 January 2021

Reference to the Conceptual Framework (Amendments to IFRS 3); Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16); Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) and Annual Improvements to IFRS Standards 2018-2020

- **Amendments to IFRS 3 Business Combinations** to the Financial Reporting Framework without changing the accounting requirements for business combinations (Effective for annual periods beginning on or after 1 January 2022 Early application is permitted)
- **Amendment to IAS 16 Property, Plant and Equipment Property, Plant and Equipment – Proceeds before Intended Use** (Effective for annual periods beginning on or after 1 January 2022 Early application is permitted)
  The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract** (Effective for annual periods beginning on or after 1 January 2022 Early application is permitted)
  In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. Paragraph 68A clarifies that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
- **Annual Improvements to IFRS Standards 2018-2020**
  Amendment to IFRS 9 Financial Instruments
  The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
  Amendment to Illustrative Examples accompanying IFRS 16 Leases
  The improvements remove from illustrative Example 13 accompanying IFRS 16 reference to a reimbursement by the lessor to the lessee for leasehold improvements as well as an explanation of a lessee's accounting for such reimbursement.
  Amendment to IAS 41 Agriculture
  The improvements remove the requirement to use pre-tax cash flows to measure fair value of agriculture assets. Previously, IAS 41 had required an entity to use pre-tax cash flows when measuring fair value but did not require the use of a pre-tax discount rate to discount those cash flows.

Amendments to IFRS 16 Leases - COVID-19-Related Rent Concessions beyond 30 June 2021 (Effective for annual periods beginning on or after 1 April 2021.Earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021)

The amendments extends by one year the application period of the optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.

New or amended Standards and Interpretations that are effective for annual periods beginning after 1 January 2021, not yet endorsed by the EU as at 23 January 2022:

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future)

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognized when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognized when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current (Effective for annual periods beginning on or after 1 January 2023 Early application is permitted)

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the Company's right to defer settlement at the end of the reporting period. The Company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the Company will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments (Effective for annual periods beginning on or after 1 January 2023 Early application is permitted)

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than significant accounting policies.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Effective for annual periods beginning on or after 1 January 2023 Early application is permitted)

The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

Amendments to IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective for annual periods beginning on or after 1 January 2023. Early application is permitted)

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decomissioning liabilities. For leases and decomissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Group in the period of initial application

NOTE 42: DISCLOSURES FOR THE STAND ALONE FINANCIAL STATEMENT REQUIRED BY IAS 27

The Entity is a fully consolidated subsidiary of KELER Ltd. Those consolidated financial statements are published and deposited according to the relevant Hungarian legislation.

The Entity does not have any subsidiaries, associates or joint arrangements.

NOTE 43: SUBSEQUENT EVENTS

KELER CCP identified events after the end of the reporting period which will not adjust the financial statements but due to their nature they are disclosed.

By the beginning of 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.

The Board of KELER CCP will discuss the possibilities of providing additional funds to meet the capital requirements and other actions required or needed on board meeting that will approve the financial statements. If necessary an extraordinary shareholders meeting will be held (see Note 5).

NOTE 44: EFFECTS OF THE COVID19 PANDEMIC

The corona virus pandemic changed the social and economic environment substantially in 2020. The entity monitors the possible effects of the circumstances closely. In 2021 the Entity did not identify any material fallback in the revenue due to the pandemic. The operation of the Company was more or less undisturbed; however employees were mainly working remotely.

The management of the entity believes that there are no signs that would contradict the going concern assumption and there are no material effects expected for the 2022 business year.

NOTE 45: DIVIDEND

The AGM on 27th May 2021 did not declare a dividend for the business year of 2020, all net profit was transferred to retained earnings.

NOTE 46: APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on 16 March 2022. The financial statements are approved by the Annual General Meeting.

Budapest, 16 March 2022.

Babett Pavlics Chief Executive Officer	Tamás Horváth Chief Operating Officer