Consolidated Financial Statements under IFRS as adopted by the EU and Independent Auditor's Report

For the year ended 31 December 2019

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Independent Auditor's Report

To the Shareholders of Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság

Opinion

We have audited the accompanying 2019 consolidated annual financial statements of Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs").

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements" section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated annual financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated annual financial statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Budapest, 18 September 2020

Szabó Gergely
Ernst & Young Kft.
1132 Budapest, Váci út 20.
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Consolidated Statement of financial position

	Notes	31 December 2019 HUF million	31 December 2018 HUF million
ASSETS			
Property, plant and equipment	14	232	178
Intangible assets	14	340	332
Right of use assets	3/o)	336	0
Investments accounted for using the equity method	15	12 024	13 188
Non-current assets		**12 932**	**13 698**
Inventories	16	7	4
Trade and other receivables	17	322	250
Current tax assets	17	10	12
Prepaid expenses	17	26	49
Accrued revenues	17	415	309
Securities held to maturity		0	0
Cash and cash equivalents	18	2 713	1 370
Current assets		**3 493**	**1 994**
TOTAL ASSETS		**16 425**	**15 692**
EQUITY AND LIABILITIES			
Share capital	19	541	541
Reserves	20	2 576	2 576
Retained earnings		11 292	11 012
Accumulated other comprehensive income		-226	-217
Total shareholders' equity		**14 183**	**13 912**
Provisions	9	2	0
Employee benefits	10	10	9
Non-current lease liability		257	0
Deferred tax liability	13	583	730
Total non-current liabilities		**852**	**739**
Trade and other payables	21	1 019	837
Current lease liability	21	102	0
Prepaid revenues	21	64	63
Accrued expenses	21	205	141
Total current liabilities		**1 390**	**1 041**
Total liabilities		**2 242**	**1 780**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**16 425**	**15 692**

Budapest, 18 September 2020

Richárd Végh
CEO

Katalin Sámel
Financial Director

The accompanying notes to the financial statements on pages 6 to 33 form an integral part of these financial statements.

Consolidated Statement of Profit or Loss and other comprehensive income

	Notes	2019 HUF million	2018 HUF million
Revenues	6	2 765	2 555
Other income	6	262	181
Reversal of impairment on receivables	17	-11	10
Operating expenses	7	-3 590	-2 823
Impairment on receivables		0	0
Financial income	11	17	12
Financial expense	12	-21	-6
Share of profit/loss from associate	15	712	746
Net profit/loss before taxation		**134**	**675**
Income tax	13	146	17
Net profit/loss for the year		**280**	**692**
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Changes of fair values of financial instruments through OCI (Associate)		-8	8
Income taxes of other comprehensive income		-1	1
Other comprehensive income		**-9**	**9**
Total comprehensive income for the year		**271**	**701**

Budapest, 18 September 2020

Richárd Végh
CEO

Katalin Sámel
Financial Director

The accompanying notes to the financial statements on pages 6 to 33 form an integral part of these financial statements.

Statement of changes in Shareholders' equity
For the year ending 31 December 2019
(in million HUF)

Consolidated Statement of changes in equity

	Share capital	Reserves	Retained earnings	Accumulated OCI	Total shareholder's equity
Financial Year Ended 31 December 2018					
Balance at 1 January 2018	**541**	**2 576**	**10 757**	**0**	**13 874**
Change of accounting policy (IFRS 9)			-4		-4
Change of accounting policy (Associate)			-433	-226	-659
Profit/loss for financial year 2018			692	9	701
Balance at 31 December 2018	**541**	**2 576**	**11 012**	**-217**	**13 912**
Financial Year Ended 31 December 2019					
Balance at 1 January 2019	**541**	**2 576**	**11 012**	**-217**	**13 912**
Profit/loss for financial year 2019			280	-9	272
Balance at 31 December 2019	**541**	**2 576**	**11 292**	**-226**	**14 183**

Budapest, 18 September 2020

Richárd Végh
CEO

Katalin Sámel
Financial Director

The accompanying notes to the financial statements on pages 6 to 33
form an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	2019 HUF million	2018 HUF million
Cash flows from operating activities			
Net profit for the year		**280**	**692**
Adjustments to reconcile net profit to operating cash flows:			
Depreciation and amortisation	14	337	171
Share of associated companies profit before taxation	15	-712	-746
Income tax expense adjustment	13	-146	-17
Impairment (and reversal of impairment) on receivables		-11	-10
Employee benefits	10	1	0
Lease fees paid		-81	0
Working capital adjustments:			
Net (increase)/decrease in trade and other receivables	17	-142	-178
Net (increase)/decrease in inventories		-3	2
Net change in government grants	21	93	495
Net increase/(decrease) in trade and other creditors	21	154	117
Income tax paid	13	-1	-2
Net Cash from Operating Activities		**-231**	**524**
Cash flows from investing activities			
Interest received	11	0	0
Purchase of intangibles, property, plant and equipment	14	-293	-308
Dividend received	15	1 867	400
Sale of intangible, property, plant and equipments	14	0	0
Purchase/sale of securities		0	0
Net cash flow from investing activities		**1 574**	**92**
Cash flows from financing activities			
Net cash flow from financing activities		**0**	**0**
Net increase / (decrease) in cash and cash equivalents		**1 343**	**616**
Cash and Cash Equivalents at Beginning of Year	18	**1 370**	**754**
Cash and Cash Equivalents at End of Year	18	**2 713**	**1 370**

Cash and Cash Equivalents contains only the balance of the cash at bank.

Budapest, 18 September 2020

Richárd Végh
CEO

Katalin Sámel
Financial Director

The accounting policies and explanatory notes on pages 6 to 33 form an integral part of the financial statements.

1. REPORTING ENTITY

Budapest Stock Exchange Ltd. (hereinafter referred as: "BSE" or "the Company") was founded on 21 June 1990. The four main activities of the Company are listing services, trading services, dissemination of market information and product development. The Company is operating under the relevant Capital Market Act. The Company's registered office is located at Szabadság tér 7, Budapest, Hungary. The ownership structure of the Company is presented in Note 18.

The Company's controlling shareholder is National Bank of Hungary (address: 1054 Budapest, Szabadság tér 9.)

BSE has two subsidiaries as of 31. December 2019, Budapest Institute of Banking (BIB) Zrt. and Első Értékpapírosítási Tanácsadó Zrt. (ELÉT). BIB and ELÉT have been consolidated into the current Consolidated Financial Statements, as if BSE, BIB and ELÉT were one sole entity. Therefore, the consolidated accounts of BSE, BIB and ELÉT are further referred to as the „Group".

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared on a voluntary basis, and not for the purpose of statutory filing. BSE does not fall under the obligation to prepare consolidated financial statements for statutory purposes in accordance with the Act C of 2000 ("Hungarian Accounting Law"). Separate financial statements of BSE have been prepared in accordance with the Hungarian Accounting Law for statutory filing purposes and have been approved by the Board of Directors on 29 April 2020.

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as adopted by EU.

These consolidated financial statements - on the basis of the authorization of the Board of Directors - were approved by the Chief Executive Officer on 18 September 2020.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- financial assets at fair value through OCI are measured at fair value

The methods used to measure fair values are discussed further in Note 5.

c) Functional and presentation currency

These consolidated financial statements are presented in Hungarian Forint ("HUF"), which is the Group's functional currency. All financial information presented in HUF has been rounded to the nearest million („MHUF").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates and judgements

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

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

In the consolidated statement of financial position, the Group applied estimates regarding Impairment on receivables, according to the payment history of its customers and other relevant factors, like market information and client correspondence. Estimates and assumptions were also applied in the calculation of Employee benefits, according to Group statistics (the basis of the calculation is explained in Note 3. II. h).

The consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis.

b) Basis of preparation

BSE has founded a subsidiary in the summer of 2017, in order to modernise the system of financial trainings and examinations. The BSE General Meeting held on 27th July 2017 approved the foundation of the new company, that provides education and is called Budapest Institute of Banking Zrt. (BIB). As the Group has no exemption under IFRS 10, it prepares consolidated financial statements starting from the business year 2017, where BIB is consolidated, being 100% subsidiary of BSE.

Shareholders of BSE decided to found a subsidiary dealing with consultancy for securitisation, on the general meeting of 14 August 2019. Based on the modification of the Act CXX of 2001, BSE founded Első Értékpapírosítási Tanácsadó Zrt. (ELÉT) as its 100% subsidiary, which started its operation in September 2019.

Subsidiaries are consolidated from the date at which BSE gained control. The Group controls a company when it is exposed to, or has rights to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary.

The financial statements of BSE, BIB and ELÉT used in the preparation of the consolidated financial statements are prepared as of the same date.
In preparing consolidated financial statements, the Group combines the financial statements of BSE, BIB and ELÉT line by line by adding together like items of assets, liabilities, equity, income and expenses.
In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken:

The carrying amount of the BSE's investment in BIB and ELÉT and BSE's portion of equity of each subsidiary are eliminated;
Intragroup balances, transactions, income and expenses shall be eliminated in full. Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Associates are those entities in which the Company has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Associate entities are accounted for using the equity method and are initially recognised at cost.

The Company's associate company, Central Depository and Clearing House (Budapest) Ltd ("KELER") (and its consolidated subsidiary, KELER CCP Ltd. ("KELER CCP")) are included in these financial statements using the equity method, whereby the investment was initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets. The income statement reflects the Company's share of the results of operations of the investee.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of instruments fair valued through OCI, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

d) IFRS 9 - Financial instruments

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Trade and other receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost.

The Group has not designated any financial assets or liabilities as at fair value through profit or loss.

The **financial liabilities** of the Group comprise Trade and other payables.

(b) Impairment

Since the adoption of IFRS 9, the Group's accounting for impairment losses for financial assets is driven by a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

(c) Accounting policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

- **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value, (plus transaction costs in the case of financial asset not at fair value throught profit or loss). Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 3) j) about Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

- **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not currently classify any assets into debt instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

- **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

- **Impairment of financial assets**

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included in Note 16.

Impairment of trade receivables

For **trade receivables** and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of other financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition (Stage 1), ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition (Stage 2), a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Stage 3 applies when the financial asset becomes credit impaired. The loss allowance in this scenario is the same as in Stage 2, however, the interest revenues calculated from the EIR model is no longer recognised on the basis of the gross carrying value, but on the net carrying value (gross carrying value less loss allowance).

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

- **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include **trade and other payables**.

- **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

- **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The Group currently has no items to which the offsetting would be applicable.

- **Fair values of financial assets and liabilities**

For those financial assets and liabilities that are not measured subsequently at fair value, like trade receivables and trade payables, the carrying amount is a reasonable approximation of fair value (in line with IFRS 7 29.a).

e) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The annual rates used for this purpose, which are consistent with those of the prior years, are:

Leasehold premises and related expenditure	6%
General electrical equipment	14.5% - 20%
Computer systems	33%
Office furniture, fittings and other equipment	14.5% - 20%
Motor vehicles	20%

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Residual values are considered to be nil. Depreciation is not charged on tangible fixed assets which have not yet been brought into use and on land. Depreciation methods, useful lives and residual values are reassessed at the reporting date. Gains and losses on disposal of property, plant and

equipment are determined by reference to their carrying amount and are taken into account in determining other income.

f) Intangible assets

Software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised straight line over their estimated useful lives.

Rights and patents	10%
Licenses and software	20% or 33%

g) Impairment

I. Financial assets

For impairment of financial assets please see Note 3 d).

II. Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss, as other expense.

In respect of assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Employee benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Wages and salaries include contributions to defined contribution schemes, on the basis of the decision of the employees. There are no defined benefit schemes at the Group.

Employees are entitled to jubilee benefits starting from the financial year 2016, after each 5 year of employment up to the 30th year. The Group measures the obligation according to IAS 19 Employee Benefits, in long-term liabilities, and any changes to the obligation are recognized against profit or loss.
The Group uses the projected unit cost method for calculating its obligation, and uses its own statistics of fluctuation in the actuarial assumptions. For discounting, the Group uses market yield on government bonds.

i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. The following specific recognition criteria must also be met before revenue is recognised:

Trading fees include an annual minimum fee (admission fee) and monthly transaction fee.
Companies pay an amount for the day of **listing**, and also a quarterly fee for **being listed**.
Information revenues include both annual and monthly fees depending on the product, according to the Regulations of BSE.

- Annual fees are recognised straight line over the 12 month period to which the fee relates.
- Admission fees are recognised at the time of admission to trading.
- Data, transaction, information and exchange charges are recognised in the month in which the data is provided or the transaction is effected.

Operating revenue comprises membership and other fees receivable from stockbrokers together with fees receivable in respect of the listing, clearing, registration and trading of quoted securities and related services.

IFRS 15 - *Revenue from Contracts with Customers*

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

All the revenues of the Group belong to a specific point or period in time that is usually a complete financial year, quarter or month. Revenues do not affect more than one financial year, as the frequency of issuing invoices of a contract generally cover a maximum of one calendar year.

Trade receivables are non-interest bearing and are generally on terms of 8 to 30 days.

Identifying a contract

The Group normally has approved contracts in writing, with identifiable rights of each party and identifiable payment terms. Contracts do have commercial substance and it is probable that the Group will collect the considerations.

There are no:

- Variable revenues: fees of services are fixed, there are no options or guarantees that may result in the revenues to be containing variable components
- Significant financing components
- Non-cash considerations in exchange for services
- Amounts payable to the customers
- Performance obligations to be identified separately
- Material costs to obtain of fulfil a contract.

Principal versus agent consideration

The Group has certain contracts with customers that require the Group to purchase the service for itself from its suppliers. In such cases, the Group retains the risks of providing the service and quality of the service, and also bears credit risks of its customers. Although the Group and its customers agree on the services and its prices in a separate agreement from that of the service provider. According to these criteria, the Group acts as a principal in these contracts and is eligible to recognize both Revenues and Cost of sales of these contracts, therefore no change in the recognition and measurement of its Revenues and Cost of Sales is required compared to the previous years.

k) Finance income

Finance income comprises interest income on funds invested, dividend income (except for dividend from subsidiaries and associates), and gains on the disposal of financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

l) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

From 2010 financial intermediaries are obliged to pay a banking tax, currently levied at 5.6% of their adjusted net revenue of the second year before the tax year (currently 2018). The tax shall be recognized as operating expenses as it is not a net income based but a revenue based tax.

m) Events after the balance sheet date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. These events are adjusting and non-adjusting events according to IAS 10.

All adjusting events after balance sheet date have been taken into account in the preparation of the consolidated financial statements of the Group.

All non-adjusting events – if any - are disclosed in the Notes to the Financial Statements, please see Note 22.

n) Government grants

The main policy for recognizing government grants is that revenues/reimbursements of incurred costs should be accounted for in the same period. That is, if a certain expense is reimbursable from a government program, it should be recognized in the same financial year. Such items are presented as Other Income in the financial statements.

o) Leases

The Group applies IFRS 16 from 1 January 2019 and assessed its contracts at that date whether they fall within the scope of the standard. The standard requires all lease transactions that are material and non-current to be recognised in the statement of financial position. The Group chose the modified retrospective approach, therefore it recognized right-of-use assets and Lease liabilities on 1 January 2019.

The main effect of the standard is that the Group classifies its contract of leasing its premises as a lease under IFRS 16, and presents it as a right-of-use asset, along with a lease liability and a provision for the restoration costs, in contrast with the previous cost approach according to invoices affecting the financial year.

The right of use asset consists of the discounted present values of future lease payments, and the discounted value of any costs estimated to occur at the end of the lease term. The lease liability consists of the discounted present values of all future lease payments.

	2019	2018
Opening balance	**0**	**n/a**
First application of IFRS 16	440	n/a
Payments to lessor	-80	n/a
Effect of VAT on P/L	-13	n/a
Interest incurred	12	n/a
Lease liability on 31 December	**359**	**n/a**

The full effect of the transition over the period of the lease contract is going to be zero on the profit and loss account. However, both the Assets and Liabilities of the statement of financial position increase due to the additional items. Also, the timing of the expenses incurred will differ from the previous accounting policy.

Under IFRS 16, depreciation of the right-of-use asset is linear. Interest expense is recognized monthly on the Lease liability, and as the amount of the liability decreases month-by-month due to the invoices of the lessor, the amount of interest expense decreases from month to month as well.

Under the previous policy, the amounts of the invoices were recorded in Operating expenses, and as an annual inflation is agreed up in the contract, the amount of Operating expenses used to increase in every year.

The below table represents the effect on the Profit and loss account in the below table (HUF million), according to the calculations of the Group:

	2019	2020	2021	2022	2023
Current accounting method	93	112	121	124	21
Under IFRS 16	118	116	112	109	16

The values of the right of use asset and the lease liabilities as of 1 January 2019 were HUF 442 million and HUF 440 million respectively.

p) Changes in accounting policies (IAS 8)

Please see the effects of IFRS 16 on the financial statements in Section 3. o).

4. FINANCIAL RISK MANAGEMENT

a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the risk management policies, which describes the responsibilities for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consumer's receivables from customers and investment securities.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any individual customer or financial institution other than the State.

Since the adoption of IFRS 9, the accumulated impairment on trade receivables represents the estimation of credit risk of the current due receivables, as seen in Note 16.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Cash held by the Group are considered to be sufficient for liquidity management purposes.

In accordance with legal provisions, the Group invests its free liquid assets as a deposit in the case of a period of less than a month, for a period of over a month it invests them in government securities or time deposits. The Group's liquid assets are stable, and the Group believes its liquidity risk is low.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group operates domestically only and is not exposed to significant foreign exchange risk. The Group prices are set by internal rules as authorized by the Board. The Group operates with financial assets that do not bear significant interest rate risk, if any.

e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements, except for the minimal share capital that needs to be 5 MHUF.

5. PRESENTATION OF FINANCIAL INSTRUMENTS

a) Interest rate sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables (if any) remain constant. The analysis is performed on the same basis for 2018.

	2019 HUF million	2018 HUF million
Interest income from banks	0	0,4
Average amount of Cash and cash equivalents	2 042	1 062
Average effective interest rate	0,02%	0,04%
Effect of change in interest rate (+1%)	20	11

Assuming that interest rates changed by 1%, income would have increased by HUF 20 million in 2019.

b) Foreign exchange sensitivity

The Group operates generally in its functional currency and is not exposed to significant foreign exchange risk.

c) Basis of determining fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments.

Other financial instruments

The fair value of all other financial instruments is estimated to be equal to the carrying amount of these financial instruments. These assets include cash, trade and other receivable and payables.

6. REVENUES AND OTHER INCOME

	2019 HUF million	2018 HUF million
Revenues from trading fees		
Annual admission fees	66	66
Fees of trading (monthly) and auctions	902	973
Connection fees, licenses	50	51
Revenues from listing fees		
Listing (one-off) fee	42	45
Quarterly fee	400	362
Revenues from sale of information		
Annual vendor fees	311	306
Monthly vendor fees	468	438
Other information services	44	45
Revenues from other services	482	269
Total Revenues	**2 765**	**2 555**

Other services include sub-contracted services, and the income of BIB. ELÉT had no income in the period.

	2019 HUF million	2018 HUF million
Other income	262	181
Total Other Income	**262**	**181**

The HUF 181 million other income in 2018 includes HUF 110 million related to government grants. The program (which started in the last quarter of 2017) are transferred to Hungarian SME-s that are ready to deepen their knowledge on different financing methods, including the equity market, and those companies that are actually issuing their shares at BSE. In order to successfully bring about the project, labor expenses are incurred in the project at BSE itself, which are reimbursable in the program. This part of the other income increased in 2019 by HUF 80 million and reached HUF 190 million (out of total HUF 262 million).

Government grants

Nature and extent of government grants in the financial statements: In 2019, HUF 110 million have been accrued as government grants related to the program (GINOP-1.1.7-17-2017-000001 and Mentoring program in the Central Hungarian Region), while in 2019 the amount grew to HUF 190 million, as the program has gone live. The Company has not benefited directly from any other government programs.

Current progress of projects:
The commitment for the Central Hungarian Region project is 6 companies, 7th company will start the program in 2020.
In case of the Mentoring program, the commitment for the whole period is 30 companies. Until now, 10 companies started the program. Considering the number of current/future companies and the deadline (end of 2022), the progress of the project is adequate.

There are no unfulfilled conditions known to the Company related to the grant that would affect the recognition of these other income items.

7. OPERATING EXPENSES

	Notes	2019 HUF million	2018 HUF million
Personnel expenses	8	1 346	1 185
Banking tax		137	123
Rental		157	127
Services utilised		49	149
Strategy development services		521	190
Non-deductible VAT		181	140
Depreciation of property, plant and equipment, intangibles	13	230	171
PR, marketing costs		307	270
Communication expenses		9	6
Material costs		10	7
Maintenance costs		32	21
Travelling expenses		16	17
Licence fees		178	174
Other administration expenses		255	184
Education		107	12
Local business tax		54	45
Total		**3 590**	**2 823**

The significant change of the strategy development services are in line with the progression of the Group's business strategy development. The expense type mostly includes the cost of the external advisors.

Other administration expenses include service expenses incurred in the normal course of the business.

8. EMPLOYEE INFORMATION

	2019 HUF million	2018 HUF million
Wages and salaries	1 047	908
Social security costs	230	209
Other personnel type expenses	69	68
Total	**1 346**	**1 185**

The average number of employees during the year was 60 (2018: 59). The above presented Employee costs are part of Operating Expenses (Note 7).

9. PROVISIONS

	2019 HUF million	2018 HUF million
Opening balance	0	0
Additions	2	0
Amounts charged against provisions	0	0
Closing balance	**2**	**0**

The estimated liability for such restoration costs (restoring the underlying asset to the condition required by the terms and conditions of the lease) is recognized as a provision.

10. JUBILEE BENEFITS

	2019 HUF million	2018 HUF million
Jubilee obligation as at 1 January	9	9
Interest cost	0	0
Current service cost	1	0
Benefits paid	-1	-2
Actuarial gains/losses	1	2
Jubilee obligation as at 31 December	**10**	**9**

The sum of Current service costs and Actuarial gains/losses are included in Operating Expenses, under Personnel Expenses.

11. FINANCIAL INCOME

	2019 HUF million	2018 HUF million
Interest income from banks	0	0
Foreign currency gains	17	12
Other financial income	0	0
Total	**17**	**12**

12. FINANCIAL EXPENSES

	2019 HUF million	2018 HUF million
Realised foreign exchange losses	9	6
Interest of lease liability	12	0
Total	**21**	**6**

13. TAXATION

	2019 HUF million	2018 HUF million
Current tax expense		
Corporate income tax	1	2
	1	**2**
Deferred tax expense/reversal		
Origination of temporary differences	-147	-18
	-155	**-18**
Total income tax expense	**-146**	**-17**

From 2017, the tax rate is flat 9%, therefore this rate is applicable for deferred tax calculations.

The reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	2019		2018	
	%	HUF million	%	HUF million
Net profit before taxation		**127**		**675**
Applicable tax rate	**9,0%**	**11**	**9,0%**	**61**
Deferred tax effect on total tax expense / benefit				
Effect of equity accounting for associate KELER Group		-105		-27
Miscellaneous items		-52		-51
Total income tax expense (+) / benefit (-)	**-115,0%**	**-146**	**-2,5%**	**-17**

The provision for deferred taxation (liability) for the year is analyzed as follows:

	2019 HUF million	2018 HUF million
At beginning of the year	730	749
Debited/(Credited) in net profit	-147	-19
At end of the year	**583**	**730**

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a tax rate of 9%. The balance at 31 December 2019 mainly represents the untaxed gain of investments in associated companies.

There are no unrecognized tax assets or liabilities.

14. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS

2019	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
			HUF million			
Cost						
1 January 2019	1 544	45	414	121	38	2 162
Additions	133	1	153	24	0	310
Disposals and charge offs	-1	0	-81	-19	0	-101
31 December 2019	**1 676**	**46**	**486**	**126**	**38**	**2 371**
Depreciation						
1 January 2019	1 212	32	289	104	16	1 652
Charge for the year	125	10	81	9	6	231
Eliminated on disposals	-1	0	-81	-1	0	-83
31 December 2019	**1 335**	**42**	**289**	**112**	**22**	**1 800**
Net book value						
1 January 2019	**332**	**13**	**125**	**17**	**22**	**510**
31 December 2019	**340**	**4**	**197**	**14**	**16**	**572**

2018	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
			HUF million			
Cost						
1 January 2018	1 289	45	306	191	38	1 869
Additions	268	0	108	2	0	378
Disposals and charge offs	-13	0	0	-72	0	-85
31 December 2018	**1 544**	**45**	**414**	**121**	**38**	**2 162**
Depreciation						
1 January 2018	1 124	22	247	93	10	1 496
Charge for the year	101	10	42	12	6	171
Eliminated on disposals	-14	0	0	-2	0	-15
31 December 2018	**1 212**	**32**	**289**	**104**	**16**	**1 652**
Net book value						
1 January 2018	**165**	**23**	**59**	**98**	**28**	**373**
31 December 2018	**332**	**13**	**125**	**17**	**22**	**510**

There are no restrictions on title, and no property, plant and equipment is pledged as security for liabilities.

There are some fully amortized intangible assets in the records of the Company, that are still in use. The five greatest items are all softwares of trading transactions, with initial values HUF 804 million in total.

15. INVESTMENTS

Name of the entity	Place of business	Ownership interest held by BSE (%)		Principal activities	Basis of consolidation
		2019	2018		
Budapest Institute of Banking Zrt. (BIB Plc.)	Hungary	100	100	educational activity	subsidiary
Első Értékpapírosítási Tanácsadó Zrt. (ELÉT Plc.)	Hungary	100	n/a	securitization advisory	subsidiary
KELER Zrt. (KELER Ltd.)	Hungary	46,67	46,67	depository services	associate
KELER KSZF Zrt. (KELER CCP Ltd.)	Hungary	0,09	0,09	clearing service	associate

The Company holds an investment of 46.67% (2018: 46.67%) in KELER and an investment of 0.09% (2018: 0.09%) in KELER CCP. KELER CCP is 99,81% owned by KELER. The value of these investments in the IFRS consolidated financial statements changed as follows:

	2019 HUF million	2018 HUF million
Opening balance	**13 188**	**13 492**
Share of post acquisition profit/loss	712	746
Effect of changes in acc. policies (IFRS 9)	0	-659
Share of other comprehensive income	-9	9
Dividend received	-1 867	-400
Closing balance	**12 024**	**13 188**

The aggregated IFRS consolidated financial information of **KELER** as at 31 December is as follows:

	2019 HUF million	2018 HUF million
Current assets	170 101	155 783
Non-current assets	2 433	1 792
Total assets	**172 534**	**157 575**
Current liabilites	146 785	129 316
Non-current liabilities	0	0
Total liabilities	**146 785**	**129 316**
Total shareholders' equity	**25 749**	**28 259**
Revenues	**7 897**	**7 359**
Net profit/loss for the year	**1 509**	**1 611**
Other comprehensive income	**-19**	**19**
Total comprehensive income	**1 490**	**1 630**

There are no publicly available quoted market prices for the purposes of valuation of KELER shares.

The standalone financial information of BIB is as follows:

	2019 HUF million	2018 HUF million
Current assets	129	151
Non-current assets	74	63
Current liabilities	59	115
Non-current liabilities	75	0
Total shareholders' equity	68	99
Revenues	376	298
Net profit for the year	-71	18

BIB does not prepare financial statements under IFRS, but under Hungarian Accounting Standards.

The standalone financial information of ELÉT is as follows:

	2019 HUF million	2018 HUF million
Current assets	744	0
Non-current assets	16	0
Current liabilities	116	0
Non-current liabilities	0	0
Total shareholders' equity	645	0
Revenues	0	0
Net profit for the year	-156	0

ELÉT does not prepare financial statements under IFRS, but under Hungarian Accounting Standards.

16. Inventories

The Company has no significant value of inventory in 2019. These assets are not related to the Company's core business. The assets support the daily operation of the Company (stationery and other office related assets).

17. OTHER CURRENT ASSETS, INCLUDING TRADE RECEIVABLES

	2019 HUF million	2018 HUF million
Trade and other receivables	322	250
Total Trade and other receivables	**322**	**250**

The amount of Impairment on trade receivables has changed according to the below:

	2019 HUF million	2018 HUF million
Gross amount of trade receivables	281	220
Accumulated impairment	-41	-30
Net amount of trade receivables	**322**	**250**

	2019 HUF million	2018 HUF million
Accumulated impairment as of 1 January	30	40
Net change of impairment	11	-10
Accumulated impairment as of 31 December	**41**	**30**

	2019 HUF million	2018 HUF million
Prepaid expenses	26	49
Total Prepaid expenses	**26**	**49**

	2019 HUF million	2018 HUF million
Accrued revenues	415	309
Total Accrued revenues	**415**	**309**

	2019 HUF million	2018 HUF million
Current income tax	10	12
Total current tax assets	**10**	**12**

18. CASH AND CASH EQUIVALENTS

	2019 HUF million	2018 HUF million
Deposit and current accounts	2 713	1 370
Total	**2 713**	**1 370**

19. SHARE CAPITAL

The Company's authorised, issued, called up and fully paid share capital comprises 5,413,481 (2018: 5,413,481) ordinary shares with par value of HUF 100. All shares rank pari passu in the event of a winding up. The share capital represents shares held by the following shareholders:

	2019 %	2018 %
Hungarian National Bank	81,4%	81,4%
KBC Securities Mo. Fióktelepe	5,2%	5,2%
CONCORDE Értékpapír Zrt.	4,2%	4,2%
OTP Bank Nyrt.	2,7%	2,7%
ERSTE Bank Hungary Zrt.	2,3%	2,3%
MOL Nyrt.	2,2%	2,2%
Others (all under 2% share individually)	2,1%	2,0%
Total	**100,0%**	**100,0%**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

20. RESERVES

Capital reserve:

The balance on this reserve represents share premium and recognized mark to market valuation of certain assets at the transformation of the exchange in 2002.

21. CURRENT LIABILITES

	2019 HUF million	2018 HUF million
Accruals, prepaid listing fees	205	141
Accrued salaries and bonuses	64	63
Other items	2	0
Trade and other creditors	441	266
Advances received for project "GINOP" and Central Hungarian	588	495
Tax items	90	76
Total payables and other current liabilities	**1 390**	**1 041**

22. RELATED PARTY INFORMATION

Transactions with related parties

The Company has two subsidiaries, Budapest Institute of Banking (BIB) Zrt. founded in 2017 and Első Értékpapírosítási Tanácsadó Zrt. (ELÉT) founded in 2019. The following transactions with the subsidiaries have been eliminated due to the consolidation of BIB and ELÉT into the financial statements.

The following transactions occurred with related parties:

BALANCE SHEET

Name of related party	Account type	HUF million 2019	HUF million 2018
	Trade accounts receivable	**9,9**	**14,6**
KELER CCP Ltd.		0	0
KELER Ltd.		0	0
National Bank of Hungary		0,6	7,7
Budapest Institute of Banking		5,4	6,9
Első Értékpapírosítási Tanácsadó Ltd.		3,9	0
	Trade accounts payable	**0,5**	**0,4**
KELER CCP Ltd.		0	0
KELER Ltd.		0	0
National Bank of Hungary		0,5	0,4
Budapest Institute of Banking		0	0
Első Értékpapírosítási Tanácsadó Ltd.		0	0
	Other balance sheet items related to affiliated company	**75**	**75**
Budapest Institute of Banking	Loan granted	75	75

INCOME STATEMENT

Name of related party	Transaction type	HUF million 2019	HUF million 2018
	Sale of goods and services to related parties	**26,9**	**21,1**
KELER CCP Ltd.	Sponsorship fee	0	0
KELER Ltd.	Intermediary services	0	0,1
KELER Ltd.	Disclosure obligations	8,9	8,9
KELER Ltd.	Event sponsorship	3	0
National Bank of Hungary	Dual training	3	3
National Bank of Hungary	Education	0,2	0
National Bank of Hungary	Development activity	1,6	0
National Bank of Hungary	Leased lines and accesses	4,8	2,5
National Bank of Hungary	Stock exchange activity revenue	1	0
Budapest Institute of Banking	Sold of intangible and fixed assets	0	6,6
Budapest Institute of Banking	Interest on loan	1,3	0
Első Értékpapírosítási Tanácsadó Ltd.	Sub-contracted services revenue	3,1	0
	Purchase of services from related parties	**13,5**	**15,5**
KELER Ltd.	Share register management	0,7	0,2
KELER Ltd.	Securities account management	0,5	0,4
KELER Ltd.	General meeting registration	0	0,3
KELER Ltd.	Sale of trading data	8	8
KELER Ltd.	Other	0	0,4
National Bank of Hungary	Expenses to charge forward	0,3	0
Budapest Institute of Banking	Education	4	6,2
	Other items related to affiliated company	**0**	**75**
Budapest Institute of Banking	Non repayable assets transfered	0	75
	Dividens	**1 867**	**400**
KELER Ltd.	Dividens received	1 867	400

Off-balance sheet item related to subsidiaries: BSE, as parent company, undertakes guarantee for the fulfillment of the obligations related to the BIB's lease agreement. Amount of the of parent company guarantee is HUF 3 million.

Management includes members of the Board of Directors and the members of the Supervisory Board.

Members of the Board of Directors

dr. Patai Mihály (from 21 May 2019)
Végh Richárd
Barlai Róbert (to 1 May 2019)
dr. Bacsa György
dr. Balog Ádám (to 16 Januar 2019)
dr. Máté Géza
Kuti Zsolt
dr. Fömötör Barna
Bánfi Attila (from 21 May 2019)

Members of the Supervisory Board

Dr. Gerhardt Ferenc István
Bartha Lajos
Régely Károly
Dr. Kardkovács Kolos Viktor
dr. Selmeczi-Kovács Zsolt Zoltán
Kása Orsolya

Key management compensation
Key management of the Group are the executive members of the Budapest Stock Exchange's board of directors, Supervisory Committee and members of the executive management. Key management personnel remuneration includes the following expenses:

Key management compensation	2019 HUF million	2018 HUF million
Salaries including bonuses and social security contributions	498	404
Company car allowance	6	6
Short-term employee benefits	**504**	**409**
Post-employment benefits	**0**	**0**
Other long-term employee benefits	**0**	**0**
Termination benefits	**0**	**0**
Share-based payment	**0**	**0**
Total remuneration	**504**	**409**

The controlling entity is the Hungarian National Bank. The list of its subsidiaries as of 31 December 2019 is the following:

Name of subsidiary company	Place of business	Ownership interest held by the controlling entity (%)		Principal activities
		2019	2018	
Magyar Pénzverő Zrt. (Hungarian Mint cPlc.)	Hungary	100	100	produce circulation coins
Pénzjegynyomda Zrt. (Hungarian Banknote Printing Shareholding Co.)	Hungary	100	100	production of forint banknotes and secure documents
GIRO Zrt.	Hungary	100	100	payment system operation
MNB-Biztonsági Szolgáltatások Zrt.	Hungary	100	100	personal guarding and protection
MNB-Jóléti Humán Szolgáltató és Üzemeltető Kft.	Hungary	100	100	maintenance and catering
MNB-Ingatlan Kft.	Hungary	100	n/a	rental and operation of real estate
Pénzügyi Stabilitási és Felszámoló Nonprofit Kft. (Financial Stability and Liquidator Non-profit LLC)	Hungary	100	100	perform the liquidation of financial institutions
Budapesti Értéktőzsde Zrt. (Budapest Stock Exchange)	Hungary	81,4	81,4	official listings on the stock exchange
KELER Központi Értéktár Zrt. (KELER Ltd.)	Hungary	53,3	53,3	depository services
KELER KSZF Központi Szerződő Fél Zrt. (KELER CCP Ltd.)	Hungary	0,1	0,1	clearing service

23. EVENTS AFTER BALANCE SHEET DAY

The effect of the COVID-19 epidemic on the operation of BSE

March has brought a significant price fall on BSE, BUX index (containing securities of the greatest companies) has significantly decreased. Analytics explain this by the expansion of the coronavirus, its effect on economy and the reactions of investors.

BSE remains attentive to the extraordinary situation and identifies any tasks it needs to perform, and also stays in contact with the supervisory body (Magyar Nemzeti Bank), in order to be able to react instantly to protect rights of investors, stability of market and operation of the stock exchange.

BSE possesses the appropriate contingency plans and regulations.

BSE is a vitally important economic entity according to the Government Decree No. 1101/2020 (III.14.) and is indirectly a state-owned entity in majority.

BSE has prepared its financial statements according to the going concern principle, meaning that the Company can sustain its operation in the foreseeable future. The revenues and cash assets provide coverage for the planned expenses and costs for 2020, according to Q1 of 2020. As of 31 March, our revenues have exceeded planned proportioned values by 25%, in part due to the significant increase in market turnover, and growth in vendor revenues. In case profitability decreases for any unforeseeable reason, continuous and uninterrupted operation of the Company is still secured.

Based on the above, the effect of the COVID-19 epidemic on the operation of BSE has been classified as a non-adjusting event.

Other matters:

No dividend has been paid by BSE for the business year 2019.

24. FORTHCOMING IFRS-s

Standards and interpretations issued but effective only for annual reporting periods beginning after 1 January 2020.

Standard/Interpretation	Impact on financial statements
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	The Entity expects that the amendments will not have a material impact on the financial statements.
IFRS 3 Business Combinations – Previously held interests in a joint operation	The Entity expects that the amendments will not have a material impact on the financial statements.
IAS 16 Property, Plant and Equipment	The Entity expects that the amendments will not have a material impact on the financial statements.
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	The Entity has not yet made an assessment whether the new pronouncement will have a material impact on the financial statements.
IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform	The Entity expects that the amendments will not have a material impact on the financial statements.
IAS 1 and IAS 8: Definition of Material	The Entity expects that the amendments will not have a material impact on the financial statements.
IFRS 16 Leases Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15.	The Entity has prepared a detailed analysis and has concluded that from 1 January 2019 the discounted future lease costs of its premises should be presented as an asset, which will increase its Total assets by around 6% on the first effective day.
References to the Conceptual Framework in IFRS Standards	The Entity expects that the amendments will not have a material impact on the financial statements.