ANNUAL REPORT

YEAR 2023

EBA/REP/2024/10

Contents

Board of Supervisors analysis and assessment

The EBA Board of Supervisors (BoS) takes note of the Annual Report 2023, submitted by the Executive Director ('Authorising Officer') in accordance with Article 47(1) of the Financial Regulation applicable to the EBA.

Analysing and assessing the Annual Report 2023, the BoS has made the following observations.

This report contains a comprehensive account of the activities carried out by the EBA in the implementation of its mandate and work programme during 2023. The EBA has met its obligations under Article 47(1), providing a detailed account of the results achieved in relation to the objectives set in the work programme for 2023, and financial and management information.

The BoS takes note of the reports of the European Court of Auditors and the Internal Audit Service, and of the EBA's response to these reports.

The BoS notes that the Executive Director has no reservations or critical issues to report that would affect the presentation of the annual accounts for the financial year 2023 to the discharge authority.

Paris, 14 June 2024

José Manuel Campa

Chair of the Board of Supervisors

Introduction

The European Banking Authority (EBA) was established on 1 January 2011 under Regulation (EU) No 1093/2010[1] of the European Parliament and of the Council of 24 November 2010. The Authority is part of the European System of Financial Supervision (ESFS).

The EBA works to contribute to the stability and effectiveness of the European financial system through simple, consistent, transparent, fair regulation and supervision that benefits all EU citizens.

A key task of the EBA is to contribute to the creation of a European Single Rulebook in banking, a single set of harmonised rules for financial institutions throughout the EU. This creates a level playing field and provides a high level of protection to depositors, investors and consumers. The Authority also plays an important role in fostering the convergence of supervisory and resolution practices to ensure harmonised application of the rules. Finally, the EBA assesses risks and vulnerabilities in the EU banking sector through, in particular, regular risk assessment reports and pan-European stress tests.

Other tasks currently set out in the EBA's mandate include:

- investigating alleged incorrect or insufficient application of EU law by national authorities;
- taking decisions directed at individual competent authorities (CAs) or financial institutions in emergency situations;
- mediating to resolve disagreements between CAs in cross-border situations;
- acting as an independent advisory body to the European Parliament, the Council and the Commission;
- taking a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market;
- leading, coordinating and monitoring the EU financial sector's fight against money laundering and terrorist financing until the transfer of the EBA's task to the new dedicated European AML/CFT authority is completed;
- monitoring new and existing financial activities and contributing to the establishment of a common European approach towards technological innovation;

- integrating ESG considerations into regulation through enhanced disclosure, advanced risk management standards, and updates to the prudential framework and stress test methodologies.
- To perform these tasks, the EBA issues regulatory and non-regulatory instruments, including technical standards, guidelines, recommendations, opinions and ad hoc or regular reports.
- The technical standards are legal acts that specify particular aspects of an EU legislative text (directive or regulation) and aim at ensuring consistent harmonisation in specific areas. Once adopted by the European Commission, technical standards are legally binding and directly applicable in all Member States.

Executive Summary

The 2023 Annual Report of the European Banking Authority (EBA, hereinafter also 'the Authority') presents the main achievements and activities of the organisation in fulfilling its mandate and its Work Programme (WP) over the last 12 months. The EBA's achievements are presented against the backdrop of macroeconomic and geopolitical developments.

The report highlights the EBA's mission to contribute to the stability and effectiveness of the European financial system through simple, consistent, transparent, fair regulation and through supervision that benefits all EU citizens.

The year 2023 was an eventful and productive year, with the agency delivering on over 95% of the tasks under its remit. These achievements came despite the challenges facing us all, such as the ongoing war in Ukraine, the turmoil in the US banking system that spread to our shores, high inflation and interest rates, and the lingering effects of the COVID-19 pandemic.

Alongside its day-to-day tasks and responsibilities in strengthening the EU's banking sector, the EBA's main priorities and deliverables in 2023 included a number of highlights, from finalising the implementation of Basel III in the EU and running an enhanced EU-wide stress test, to putting data at the service of stakeholders and delivering on digital finance and Markets in Crypto-Assets Regulation / Digital Operational Resilience Act (MiCAR/DORA) mandates.

The EBA's core achievements came to fruition thanks to the dedication of its workforce of 250 people and the support of its members.

Alongside its priorities, the EBA carried out other tasks to enhance its capacity to fight money laundering and terrorist financing in the EU, to implement the environmental, social and governance (ESG) roadmap, and to conduct risk assessments. The EBA also worked in areas such as recovery and resolution, payment services, consumer and depositor protection, equivalence, and supervisory convergence and independence.

Foreword by the Chairperson

As I reflect back, 2023 was a year marked by our collective efforts to navigate through the many challenges faced by increased geopolitical tensions and an uncertain economic environment of rising interest rates. I am pleased that the banking sector continues building its resilience in the face of this increasingly uncertain macroeconomic environment.

What loomed large at the start of 2023 were the potential impacts that higher interest rates could have on financial instability. While this resulted in moments of turbulence in the banking sectors in the US and Switzerland, European banks weathered this period well.

In the face of these challenges, the robustness of our banks has shown to be a positive contribution to overall stability. They have stood as a beacon of strength and continued to support the economy. Our stress tests, conducted in the summer, showed that high levels of capital and liquidity compounded with higher rates serving as the bulwarks safeguarding European banks.

Nevertheless, vigilance must remain front and centre for banks and regulators to remain proactive in monitoring and managing potential economic risks. We also need to continue to assess the effectiveness of the regulatory framework to address the challenges ahead.

Our existing regulatory framework has shown to be an important pillar to ensure the orderly functioning and integrity of financial markets while bolstering the stability of the EU's financial system. That is why we remain resolute in our commitment to implementing the Basel III prudential rules in the European Union via the banking package. Our work in 2023 led to the development of a roadmap, that will guide us during the next years to the framework’s implementation in the EU as we are expected to deliver on mandates in a broad range of technical areas. With strong rules, we get strong bank.

We can never predict what will come our way, but what we can control is our ability to react to it. The EBA has been able to adapt its workplan and react to unforeseen developments throughout these recent years and I hope we will continue to do so in the future.

To bolster resilience, banks must shift more towards sustainable profitability, stable funding, proactive asset quality management, and robust crisis management frameworks.

Policymakers must also play their part by swiftly implementing crucial measures to deepen financial markets in the EU and ensure effective integration. This includes progressing in concrete areas such as the Crisis Management and Deposit Insurance package and advancing towards the establishment of the European Deposit Insurance Scheme. These actions are essential to shore up our banking sector and operate within a financially stable environment.

At the same time, we remain committed to fostering a sustainable economy, embracing our role in shaping a regulatory framework that supports this transition while ensuring the robustness of our banking sector. To that end, we are incorporating ESG risk factors in several key areas of the regulatory framework, including risk management, disclosures, and climate stress testing. By embedding sustainability within the bedrock of the regulatory framework, we continue our journey towards sustainable economic growth.

Furthermore, as the digital transformation of the sector accelerates, so are our efforts in this area. Our contribution to the establishment of uniform rules under the Operational Resilience Act (DORA) and Markets in Crypto-Assets Regulation (MiCAR), underscore our dedication to ensuring operational resilience and embracing innovative technologies responsibly.

We are also preparing for our new oversight and supervisory responsibilities under DORA and MiCAR.

All in all, the EBA has proven once more to be adaptable while never losing sight of its key priorities amid an ever-changing world and economic landscape. As I now look ahead to the coming years, I want to send out the clear message that we will continue to prioritise resilience, sustainability, and the deepening of a single market in the EU financial sector.

Last but not least, I want to thank the EBA staff for the work undertaken and achieved in 2023 as detailed in the Annual Report 2023. Furthermore, achieving these objectives was made possible thanks to the continued support and cooperation of our partners such as national competent authorities, the European Commission, other European institutions, and all other stakeholders, who proven reliable partners. The EBA values these fruitful working relationships as we continue to navigate towards a better future together.

By staying proactive, and collaborative with our partners, we can navigate through uncertainties and challenges, and move towards a future where the banking sector remains a cornerstone of our society, able to best serves citizens.

Interview with the Executive Director

What has kept the EBA busy over the past 12 months, and how should we remember 2023?

We should remember 2023 as a year of transformations for the EBA. Maybe the most obvious transformation was that of the financial and economic conditions, with high levels of inflation and new uncertainties about growth and geopolitical developments. This had to be factored into our regular risk analyses and of course in the EU-wide stress test carried out with EU competent authorities. The latter was, again, a pretty serious undertaking: it tested the resilience of a larger sample of banks from 16 EU and EEA countries under both baseline and adverse scenarios. The adverse scenario was in sharp contrast with that of our previous stress-test in 2021: not a low interest rate environment for long anymore but an economy with higher inflation and high interest rates that led to a very severe economic downturn with harsh market shocks. Overall, the results were very positive, showing that banks could withstand such shocks, keep high levels of capital and continue providing lending to the economy.

Another important step was the agreement reached by EU legislators on the “Banking Package” which will conclude the regulatory transformation started in the wake of the Great Financial Crisis. Our teams have been fully mobilised. They supported the co-legislators throughout this important endeavour, provided impact assessments, engaged with a wide range of stakeholders. Last December, we published a detailed planning for the implementation of the 140 mandates conferred to the EBA in the coming years.

The EBA has also been busy responding to the digital transformation of the financial sector. The regulatory framework indeed needs to take into account the increasing role of new technologies, allowing for innovation to flourish while also enhancing operational resilience to best serve the EU economy and its citizens. In practice, we have developed the foundations for implementing the Digital Operational Resilience Act and the Markets In Crypto-Assets Regulation which will bring new types of entities within the regulatory framework.

Let me add yet another transformation to the list: that of EBA's continued efforts to keep up the fight against money laundering and terrorist financing (ML/TF) within the EU financial sector. We have kept enhancing standards and the exchanges of information among competent authorities through a dedicated database and the establishment of more than 260 AML/CFT colleges by now. We also launched a new platform with competent authorities to support the Commission's preparations for the future EU AML authority.

Last but not least, the EBA has continued to transform its own organisation, rolling out the first instalments of a very comprehensive HR strategy, complementing its internal control set-up, further embedding modern ICT tools, and launching a new website.

All in all, as I reflect on the past 12 months, it is very clear to me that the EBA has again demonstrated its ability to tackle evolving mandates and circumstances, and to be an efficient link between legislators and competent authorities.

With so many priorities to juggle, how has the EBA managed to achieve so much?

Indeed, when one looks at our work programme or at the continuous flow of new information on our (by the way revamped) website, it is very clear that the EBA achieved a lot last year.

This is thanks to the ability and talent of our staff, and of the colleagues we work with at the national and European levels. This may sound self-evident, but at the heart of our agency is people, and we are very committed to supporting them in developing their work and projects.

Creating a motivating and inclusive environment is core to harnessing the full potential of our workforce, to driving innovation and creativity. This was the reason why, at the end of 2022, we embarked on a comprehensive HR strategy. The objective is to further empower our staff members, increase their well-being, offer them career development opportunities, especially through internal or external mobility.

We also invest in technology, to bolster our workforce with modern tools. As part of this journey, we moved to cloud-based tools and systems in 2023, offering more advanced functionality and security. Our collaborative platform allows us to work seamlessly and securely from anywhere, driving efficiency and innovation.

Are we where we want to be? Certainly not. Much more can and should be done from a HR and IT modernisation perspective, but the first results look positive. This seems also well received by our colleagues, as evidenced by the high favourable rates of our latest staff survey (72% overall, i.e. +7ppt compared to 2021). Of course, we will try to keep up the momentum, further improve or consolidate depending on the areas.

With the new stakeholders you will be engaging in the future and your new role, what steps have you taken to adjust your communication strategy?

Engaging with stakeholders at all steps of our work has always been at the core of EBA's work. As you say, this becomes even more important now that our responsibilities will involve new stakeholders, with some of them being not entirely familiar with the EU regulatory and financial stability framework. As our work can ultimately affect the lives of every citizen in Europe, we have a duty to be open and timely in our communications.

Under the leadership of our Chairperson, we have therefore started to rejuvenate, revamp, and rethink how we communicate with our stakeholders, EU citizens, and the media. This involved affirming our core values and mission statement, adopting a new visual identity and developing a new website, to communicate more effectively, make our work more accessible and better spread our messages.

So far, much of our communications activity has been revolving around consultations, publications, and announcements of key decisions, along with external events. This already means a lot of news presence as we publish on average eight different news stories a week on our website.

As our remit expands, we are exploring new opportunities to communicate effectively. Here again we can rely on our staff: everyone at the EBA can play their part in supporting our collective work, by relaying key messages, disseminating data, informing about new initiatives. Each staff member is a potential ambassador, showcasing what they do and what the EBA does, thus ensuring a multiplier effect.

Finally, our data strategy also largely contributes to our external engagement: most risk analyses are now supported with rich datasets which can be uploaded by external users and offer good data analytics. We trust this will encourage our stakeholders to stay tuned to the EBA.

As technology and innovation permeate every facet of our work, what are in your view the opportunities as well as the challenges of SupTech, RegTech and Artificial Intelligence for your Authority?

We should not only encourage and support innovation in the financial sector, it is also very important that we embrace it as an organisation.

Regulatory technology (RegTech), supervisory technology (SupTech), Artificial Intelligence (AI), all present many, and often untold, opportunities and challenges. They should help us augment automation, data analytics, and real-time monitoring, allowing for more streamlined and data-driven decision-making. AI is of particular interest. It is already showing promise when it comes to predictive analytics, risk assessment, and fraud detection, suggesting the possibility of an earlier, more reliable detection of emerging risks. And it could help improve regulatory outcomes too.

Another potential benefit of these innovations lies in the potential they offer to facilitate the collaboration and sharing of knowledge with industry stakeholders and competent authorities. By leveraging digital platforms and participating in initiatives like the EBA FinTech Knowledge Hub and the European Forum for Innovation Facilitators, we can grow common regulatory approaches and ensure a harmonised response to digital finance challenges across the EU.

While the benefits seem very important, there are also significant challenges. One is to be selective and to pick the most impactful initiatives. The rapid pace of technological change also requires us to continuously adapt and evolve our practices and capabilities. Finally, we must also address issues related to data privacy, cybersecurity, and algorithmic bias to ensure the integrity and fairness of regulatory and supervisory processes. Furthermore, as technology becomes increasingly sophisticated, there is a growing need for skilled professionals capable of navigating and leveraging these tools effectively.

With this in mind, we have decided, in 2023, that embedding innovation in our working model should be one of the core priorities for the EBA’s management team. And we are working on it!

Abbreviations and acronyms

ACP Advisory Committee on Proportionality
AI artificial intelligence
AISP account information service provider
AML/CFT anti-money laundering and countering the financing of terrorism
AMLA Anti-Money Laundering Authority
ART asset-referenced token
AT1 Additional Tier 1
BCBS Basel Committee on Banking Supervision
BM Basel III Monitoring
BRRD Bank Recovery and Resolution Directive
CA competent authority
CASP crypto-asset service provider
CCR counterparty credit risk
CET1 Common Equity Tier 1
CfA Call for Advice
CP Consultation Paper
CRD Capital Requirements Directive
CRR Capital Requirements Regulation
CSD Credit Servicers Directive
CTPP ICT third-party service provider designated as critical
CTR Consumer Trends Report
CVA credit valuation adjustment
DeFi decentralised finance
DGS deposit guarantee scheme
DGSD Deposit Guarantee Schemes Directive
DORA Digital Operational Resilience Act
DPM data point model
DP discussion paper
DRR Digital Regulatory Reporting
EBA European Banking Authority
EC European Commission
ECB European Central Bank
EFIF European Forum for Innovation Facilitators
EIOPA European Insurance and Occupational Pensions Authority
EMT electronic money token
EREP European Resolution Examination Programme
ERA Economic and Risk Analysis
ESAP European single access point
ESA European supervisory authority
ESG environmental, social and governance
ESMA European Securities and Markets Authority
ESRB European Systemic Risk Board
EU/EEA European Union / European Economic Area
EUCLID European Centralised Infrastructure for Supervisory Data
EuReCA EBA’s central database on anti-money laundering and countering the financing of terrorism
FRTB fundamental review of the trading book
GBP British pound sterling
GL guideline
ICT information and communication technology
IFD Investment Firms Directive
IFR Investment Firms Regulation
IMA internal models approach
IRB internal ratings based

IRRBB interest rate risk in the banking book
IT information technology
ITS implementing technical standard
JC Joint Committee
LCR liquidity coverage ratio
LCU Legal and Compliance Unit
LILLAC Liquidity Leverage Loss Absorbency and Capital Unit
MCD Mortgage Credit Directive
MiCAR Markets in Crypto-Assets Regulation
ML/TF money laundering/terrorist financing
MREL minimum requirement for own funds and eligible liabilities
NCA national competent authority
NFCI net fee and commission income
NII net interest income
NPL non-performing loan
NSFR net stable funding ratio
ORC overall recovery capacity
PRSP Prudential Regulation and Supervisory Policy Department
PSD2 revised Payment Services Directive
PSP payment service provider
Q&A question and answer
QIS quantitative impact study
RAR Risk Assessment Report
RAST Risk Analysis and Stress Testing Unit
RBM Risk-based Metrics Unit
RegTech regulatory technology
RoE return on equity
RTS regulatory technical standard
SA standardised approach
SCA&CSC strong customer authentication and secure communication
SDFA Supervisory Digital Finance Academy
SFDR Sustainable Finance Disclosure Regulation
SME small and medium-sized enterprise
SNCI small and non-complex institution
SRB Single Resolution Board
SREP Supervisory Review and Evaluation Process
STS simple, transparent and standardised
SupTech supervisory technology
TLAC total loss-absorbing capacity
TPP third-party provider
WP work programme
XBRL eXtensible Business Reporting Language

Part I – Achievements of the year

1.1 Achieving the 2023 core priorities

In 2023, the European Banking Authority (EBA) demonstrated unwavering commitment to its mandate. It executed 95% of the approximately 280 tasks outlined in its 2023 WP. The postponement of or delay in a small number of tasks was largely due to the need to carry out additional tasks not initially envisaged, though this did not compromise legal deadlines. The EBA indeed had to deal with an additional 20% of tasks not included in its agreed WP – whether unforeseen or previously unconfirmed – which added to the complexity of managing priorities and timelines. On the whole, the EBA's deliverables primarily encompassed reports, technical standards (regulatory technical standards (RTS) and implementing technical standards (ITS)), guidelines, responses to Calls for Advice and peer reviews, thus highlighting the institution's multifaceted role within the European Union's regulatory framework.

The following headings and subheadings break down in further detail the EBA's main tasks and deliverables over the past 12 months. Detailed tables also feature throughout, illustrating how the EBA executed the WP, broken down by product category.

The 2023 Annual Report offers insights into the breadth and depth of the EBA's activities, highlighting the EBA's unwavering commitment to its regulatory responsibilities and its vital role in ensuring stability and integrity within the European banking sector.

Table 1: Achievements in 2023 in numbers

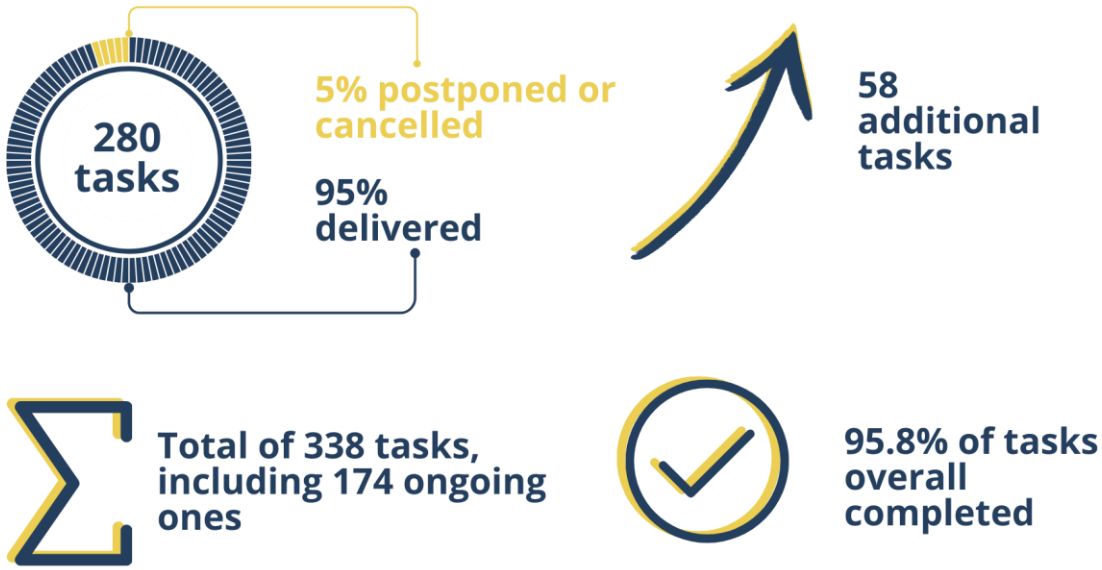
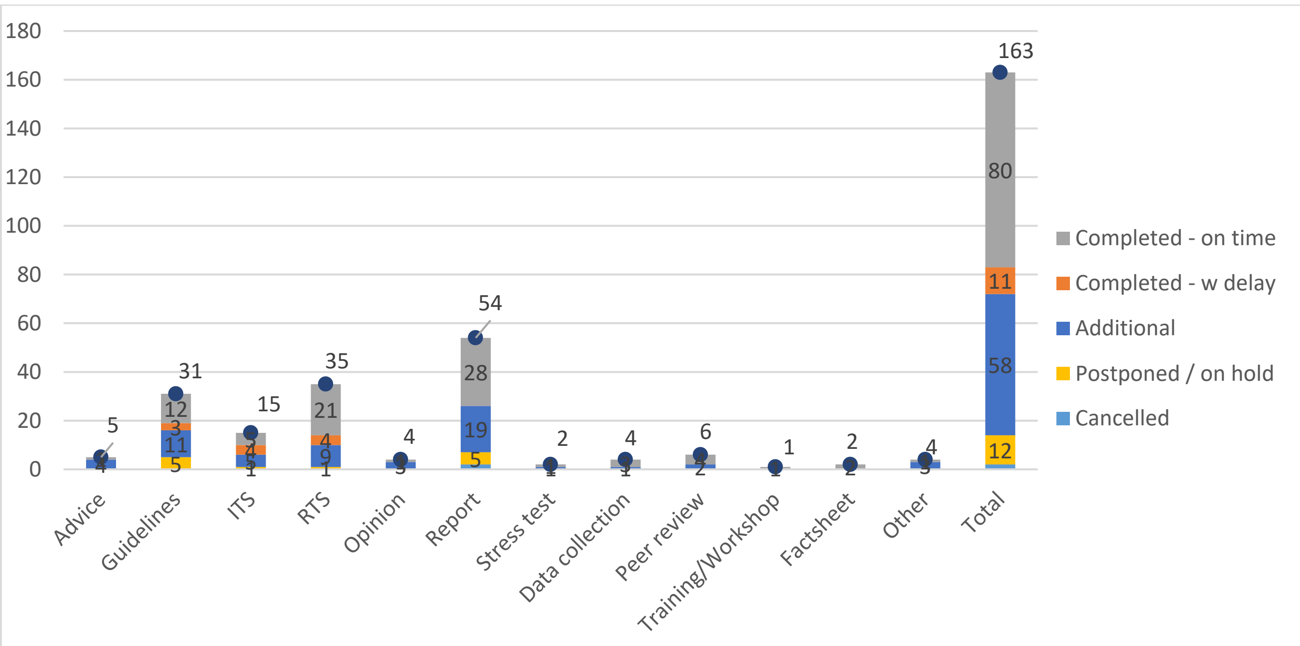


Figure 1: Breakdown of deliverables by category



NB: Thsee deliverables do not include the c 175 tasks that are of an ongoing nature,.

1.1.1 Finalising the implementation of Basel III in the EU

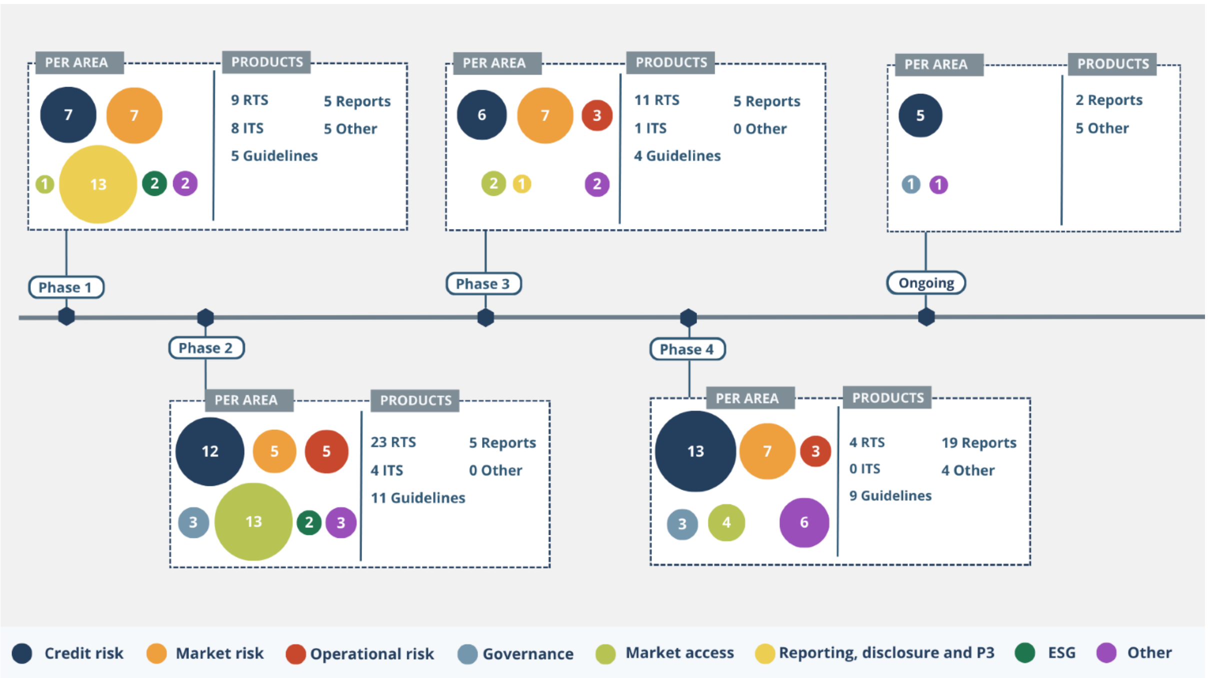
The banking package that was agreed on by co-legislators in 2023, i.e. Capital Requirements Regulation (CRR) III and Capital Requirements Directive (CRD) VI, will implement the Basel III framework in the EU.

To provide clarity to the industry on how the Authority will contribute to the implementation of the new legislation, in December 2023 the EBA published a roadmap detailing its approach to, and sequencing of, the work in the different areas in line with the legal deadlines set out by the co-legislators. Alongside the publication of the roadmap, a first batch of Consultation Papers (CPs) was published relating to the reporting/disclosure requirements and to market risk.

In the area of market risk, the EBA published draft RTS on the assessment methodology for the internal models approach to the fundamental review of the trading book (FRTB-IMA), which will provide clarification to supervisors and banks on the details relating to implementing internal models under the FRTB as well as to the report on the impact and relative calibration of the standardised approach for counterparty credit risk (SA-CCR).

The implementation of the banking package will be one of the main areas of work for the EBA in the coming years, with delivery of around 140 new mandates envisaged in 2024 and beyond.

Figure 2: Overview of mandates by area



With respect to investment firms, the EBA's work had two aims in 2023. Firstly, the EBA was focused on finalising the implementation of the technical details of the Investment

Firms Regulation (IFR) and Investment Firms Directive (IFD) introduced in 2019. The delivery of the draft RTS on prudential consolidation for investment firm groups thus constituted the final EBA deliverable under the Investment Firms Roadmap. Secondly, on 1 February 2023 the EBA, along with the European Securities and Markets Authority (ESMA), received a Call for Advice (CfA) from the Commission on the implementation review for the IFR/IFD framework, and they then started on the work associated with this CfA. Additionally, on 25 July 2023 the EBA published the guidelines for consultation on the application of the group capital test for investment firms, which are due to be published before the end of Q2 2024.

In the fields of securitisation and covered bonds, the EBA finalised the RTS setting out homogeneity criteria for STS on-balance-sheet (or synthetic) securitisation transactions under the simple, transparent and standardised (STS) framework set out in the Securitisation Regulation, as well as the draft RTS on the exposure value of synthetic excess spread, set out in the CRR respectively.

The Authority continued to give significant attention to benchmarking activities in both credit and market risk models (inclusive of IFRS 9-related considerations) in order to support competent authorities (CAs) with the assessment of internal approaches used for the calculation of own funds requirements and for remuneration practices.

On the liabilities side, the EBA continued to monitor Common Equity Tier 1 (CET1) issuances and to follow developments relating to capital and capital issuances (Additional Tier 1 (AT1), Tier 2 and total loss-absorbing capacity / minimum requirement for own funds and eligible liabilities (TLAC/MREL) instruments in particular). This led to a combined update on TLAC/MREL and AT1 instruments published in July 2023, which evidenced further convergence and standardisation in terms of the drafting of the notes and programmes.

Furthermore, the EBA continued its follow-up work on the implementation of the EBA Opinion on legacy instruments (including in the context of the CRR II grandfathering provisions) and, after providing guidance on one specific issuance of legacy Tier 2 instruments in January 2023, addressed a second case in January 2024. The analysis of interactions among loss absorbency requirements (i.e. capital and TLAC-MREL stacking order, MDA and buffers, and output floors) will continue into 2024.

Given the economic circumstances, the EBA also embarked on work to monitor the impact of the interest rate environment on own funds and eligible liabilities aspects (e.g. on the valuation of non-equity instruments or on accounting-related aspects).

Furthermore, with respect to work regarding interest rate risk in the banking book (IRRBB), the EBA issued an opinion in Q2 2023 on changes that the Commission intended to apply to the draft RTS on supervisory outlier tests of net interest income (NII) as proposed by the Authority.

Work was also carried forward on the scrutiny of IRRBB risks, as reflected in the publication in December 2023 of a heat map setting out aspects that will be subject to further monitoring and action, with corresponding timelines in the short-to-medium and long term (to continue in 2024 and beyond).

In the area of liquidity, the EBA continued to review ways in which institutions and CAs have implemented the regulatory provisions, for example as regards notifications, use of national options and discretion, and monitoring of implementation in practice. This led the Authority to publish several (updated) monitoring reports, including the potential impact on liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) levels of the upcoming central bank funding repayment (mainly repayments under the targeted longer-term refinancing operations) as well as of a potential scenario of higher liquidity risks.

In terms of market access, the EBA continued to monitor the regulatory perimeter and authorisation practices as well as reports on the establishment of third-country branches and the intermediate parent undertaking framework, with a view among other things to facilitating cross-border cooperation between CAs supervising subsidiaries and branches of third-country groups. The EBA also started to examine the requirements imposed on various types of market players for access to the EU market, focusing in particular on access to the EU market under MiCAR by issuers of asset-referenced tokens (ARTs).

With regard to the authorisation of credit institutions and qualifying holdings, the EBA concluded the follow-up report on the related peer review, identifying solid improvements in particular with respect to assessment of the financial soundness of proposed acquirers and to suspicions of money laundering / terrorist financing issues.

As concerns supervisory convergence, the EBA performed the yearly European Supervisory Examination Programme and started its preparatory work for the future review of the guidelines on the Supervisory Review and Evaluation Process (SREP), looking at the supervisory measures, including capital add-on and liquidity measures, set by CAs throughout the European Union and launching a peer review devoted to proportionality in the SREP. The EBA also updated the regulatory products governing the functioning of Supervisory Colleges; this update was delivered in late Q4 and included an amendment to improve the sharing of information among authorities in the context of adverse economic events.

In matters of governance and remuneration, the EBA continued to monitor and benchmark diversity and remuneration practices at EU level, with findings published in Q1 in the latest editions of its recurring reports. At the same time it worked on the streamlining and effectiveness of related data collections.

An additional focus will be to assess whether specific parts of the rulebook should be updated, streamlined or simplified. Ease of access to the consolidated rulebook and its user-friendliness are also to be improved.

KPI

	Indicator	Weight	Short description	Target	Achievement
A	Number of technical standards, guidelines, reports delivered	100%	Number of technical standards, guidelines and reports delivered on time stemming from implementation of CRD VI / CRR III / BRRD III	80%	*71%* (or 82% with additional deliverables)

See Annex I for details. Source of information: EBA WP monitoring tool and annual report.

1.1.2 Running an enhanced EU-wide stress test

In 2023, the EBA ran its EU-wide stress test to allow supervisors to assess the resilience of EU banks over a three-year horizon under a baseline and an adverse scenario. As in previous years, it built on the experience of and lessons learned by the EBA and its members from the previous exercises carried out since 2011. The sample was enlarged compared to previous exercises from 50 to 70 banks (from 16 EU and EEA countries covering 75% of EU banking sector assets). While the methodology still relied on a constrained bottom-up approach, following a decision taken by the Authority to move to a hybrid framework on a step-by-step basis projections for net fee and commission income (NFCI) were provided to banks based on supervisory top-down models. The 2023 exercise included, for the first time, granular information about the sectoral allocation of banks' credit losses, in order to better assess the heterogeneous impact of what had become a highly uncertain macroeconomic and geopolitical environment.

Figure 3: 2023 stress test macro financial scenario

The results of the 2023 EU-wide stress test showed that European banks remain resilient under an adverse scenario, which combines a severe EU and global recession, high and persistent inflation, increasing interest rates and higher credit spreads.

Table 2: Summary of key results

	CET1 capital ratio					Leverage ratio	
	End 2022	Baseline 2025	Adverse 2025	Delta baseline 2025-2022	Delta adverse 2025-2022	End 2022	Adverse 2025
Fully loaded	15.0%	16.3%	10.4%	+136 bps	-459 bps	5.4%	4.3%

Ad hoc analysis on unrealised losses on EU banks' bond holdings

In parallel with the EU-wide stress test, the EBA also performed an ad hoc analysis of unrealised losses on debt securities at EU banks. The analysis focuses on unrealised losses on banks' bond positions held at amortised cost. The sample considered is the same as that for the 2023 EU-wide stress test.

'Held at amortised cost' is an accounting classification, which allows banks to hold bonds without marking them to market. Banks are expected to hold these bonds until maturity, which has the important implication of allowing banks to reduce the sensitivity of their accounting profit and loss to interest rate changes.

EU banks held debt securities (bonds) with a book value of EUR 2.24 trillion as of February 2023. Of these, 59% were held at amortised cost and 41% at fair value through other comprehensive income. Most were bonds issued by governments (66%) and credit institutions (18%).

As of February 2023 total unrealised losses on bonds at amortised cost for the banks in the sample considered amounted to EUR 75 billion, compared to almost EUR 78 billion in December 2022. As of February 2023, losses were mitigated by hedges amounting to EUR 38 billion. Unrealised losses on bond holdings began increasing from the end of 2021 in line with increases in interest rates. However, according to these results, unrealised losses on bond holdings in the EU banking sector are currently limited in size compared to the overall solvency and liquidity profile of the banks.

Finally, unrealised losses calculated for this ad hoc analysis under the 2023 adverse EU-wide stress test scenario appear manageable overall (net losses amounting to EUR 133 billion).

The EBA also started developing a one-off Fit-for-55 climate risk scenario analysis, with the support of the ECB and CAs. This aims to assess the resilience of the financial sector in line with the Fit-for-55 package and to gain an insight into the capacity of the financial system to support the transition to a lower-carbon economy under conditions of stress. More detail on the activities carried out can be found in Section 1.1.6 Implementing the ESG roadmap.

KPIs

	Indicator	Weight	Short description	Target	Achievements
A	Validation of ECB NFCI and NII models	25%	NFCI and NII to be validated by EBA and NCAs for possible use as top-down projections in 2023 stress test	100%	100%
B	Publication of stress test results	75%	Covers running the actual stress test, methodological updates and publication of results	100%	100%

See Annex I for details. Source of information: EBA WP monitoring tool and annual report.

1.1.3 Putting data at the service of stakeholders

The EBA further rolled out its Data Strategy, aiming to improve the way regulatory data is acquired, compiled, used and disseminated to relevant stakeholders. It strengthened its analytical capabilities, with a focus in 2023 on enabling the Authority to share data and insights with internal stakeholders and the whole data ecosystem. Leveraging its European Centralised Infrastructure for Supervisory Data (EUCLID) platform allowed for data flows between diverse endpoints and provided internal and external stakeholders with access to high-quality, curated data and insights. This further improved risk analysis and facilitated greater dissemination and disclosure of bank data, including those covered by Pillar 3. It enhanced the EBA's assessment of the impact of regulatory reforms, improved proportionality and boosted the EBA's ability to analyse the effects on specific business models, while significantly reducing the need for ad hoc data collection. It also facilitated evidence-based policy analysis in the context of EU-wide debates on regulatory and supervisory matters.

One key target was the collection and dissemination of critical data assets, insights and analytics policies, with priority given to the implementation of the Pillar 3 data hub envisaged by the Level 1 legislation which is currently under development. A discussion paper was published in December explaining the processes and the main challenges that might potentially arise and providing an opportunity for stakeholders to provide input and to take part in a pilot to test the system. The hub will ultimately be connected to the European single access point (ESAP).

EUCLID greatly facilitated preparations for the 2023 transparency exercise published in December 2023, together with the 2023 Risk Assessment Report (RAR). As an integral part of the EBA's ongoing efforts to foster transparency and market discipline in the EU financial market, and complementing banks' own Pillar 3 disclosures, as laid down in the CRR, the transparency exercise provided over 1.2 million data points, with on average more than 10,000 data points per bank, and was based on the supervisory data submitted to the EBA via EUCLID.

In 2023 the EBA finalised a Data Point Model (DPM) Refit to ensure that the EBA data dictionary is fit for future challenges of reporting and digital processing. A DPM 2.0 standard was published in 2023 and will be implemented during a transitional period of 2024-2025. As part of this effort, the EBA completed the first phase of the migration to the Digital Regulatory Reporting (DRR) tool, DPM Studio, which will support a continuous reporting framework development process, including DPM releases, a full validation rules lifecycle, support for data calculations and creation of eXtensible Business Reporting Language (XBRL) taxonomy packages. Both the DPM Refit and DPM Studio are EBA-EIOPA joint projects.

In the context of its work on reporting and transparency, the EBA continued to map disclosure and reporting frameworks and to consider further proportionality measures in reporting and disclosure in order to achieve a reduction in the reporting burden and in the cost of compliance. These considerations and the Advisory Committee on Proportionality (ACP) recommendations (e.g. introducing simplified reporting for small and non-complex institutions in the new IRRBB reporting and launching a signposting tool for reporting requirements) were also reflected in the different components that the EBA delivered in the course of 2023 in order to complete and update these frameworks, as well as in the work embarked on to address necessary revisions to reporting and disclosure requirements stemming from CRR III and CRD VI.

Work also continued on exploring an integrated reporting framework, thereby contributing to a more consistent and integrated system for collecting statistical, resolution and prudential data with a view to achieving efficiency gains and reducing reporting costs for institutions' data. The EBA, together with the ECB and national authorities, prepared to establish a Joint Bank Reporting Committee to work together to integrate reporting frameworks and to build a common data dictionary.

The enhancement of the EBA data infrastructure and the improvement of the EU-wide reporting framework leverage input from various stakeholders, in particular from the CAs and the industry, with wide coverage in terms of size and business model. Moreover, the EBA benefits from the latest technological innovations, supporting its work in these areas and helping it to improve its regulatory landscape so as to develop innovative regulatory technology (RegTech) solutions.

DPM 2.0 and the path towards a common data dictionary

What is the DPM Standard?

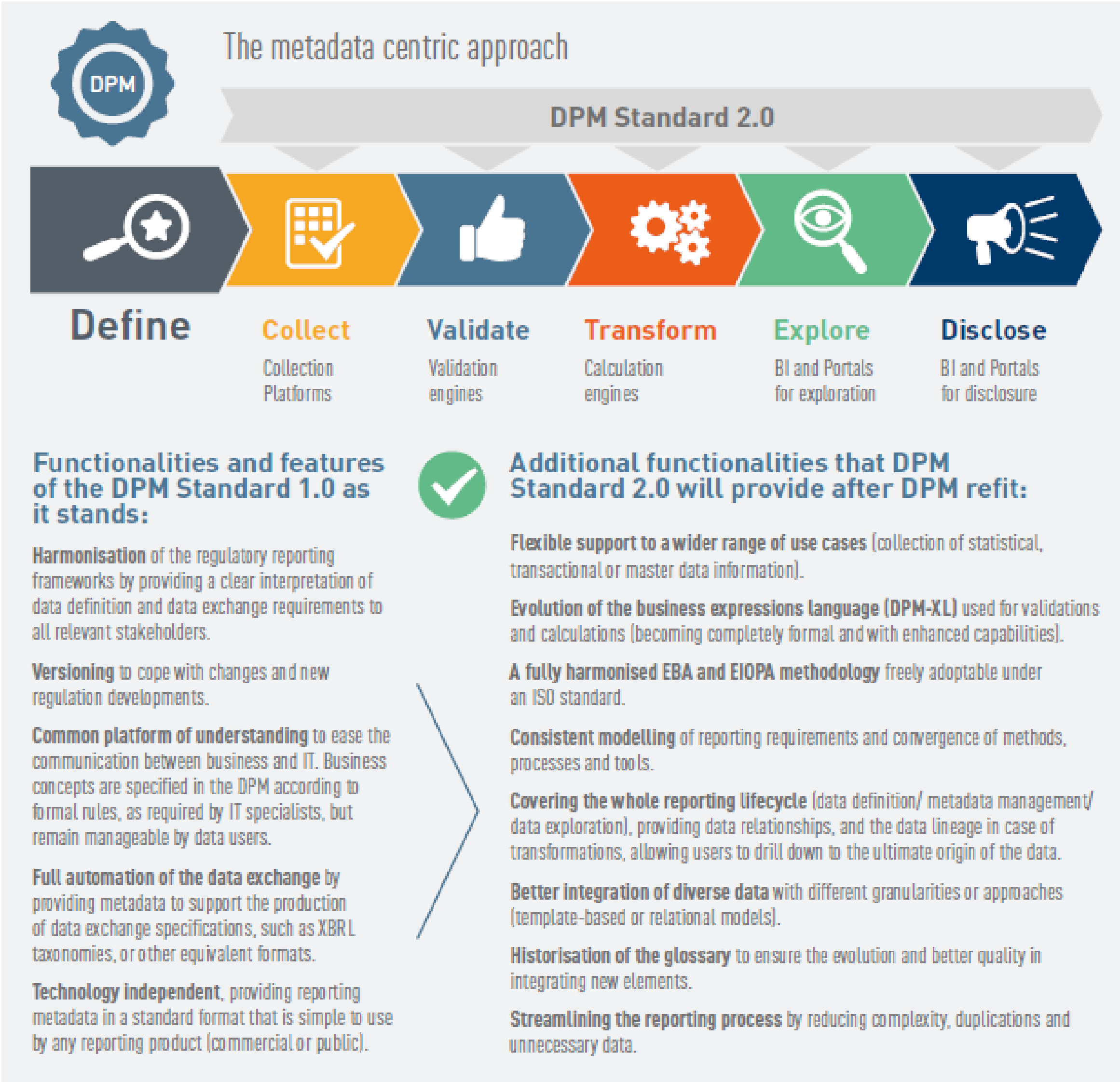
The DPM Standard is a key component of the data dictionary used by the EBA and EIOPA to define concepts for the harmonised regulatory data requirements (in the case of the EBA supervisory and resolution reporting) applicable to financial institutions in the EEA. In that sense, the DPM Standard supports experts preparing or using regulatory reporting data by providing a structured representation of the information, identifying all the business concepts and their relations, as well as validation and calculation rules. The EBA and EIOPA have developed the DPM Standard as a public good and as a means to promoting full digital processing of the reporting frameworks. DPM Standard 1.0 has underpinned the reporting frameworks under the remits of both authorities from the beginning and is scalable to further reporting frameworks.

Moving from DPM Standard 1.0 to 2.0

In the last decade, the DPM methodology has successfully supported the EBA and EIOPA in integrating their respective regulatory frameworks. After all these years, DPM Standard 1.0 required enhancements in order to remain fit the purpose in terms of responding to changes and reducing costs. DPM Refit is the joint response to the challenge of the increased volume, granularity and complexity of the data, and aims to reap the benefits of closer collaboration and a higher degree of harmonisation. As such, experts from both European supervisory authorities (ESAs) have been working on the DPM Refit project to upgrade DPM Standard 1.0 to DPM Standard 2.0, which provides common data definition standards and tools.

What is next?

In the longer term, the DPM Standard will play a key role in enabling semantic integration of a single cross-sectoral dictionary for the whole financial sector. As far as the banking sector is concerned, DPM Standard 2.0 should become the single methodology for defining not only the supervisory and resolution reporting already supported by the standard, but also the statistical reporting under the European System of Central Banks statistical integrated reporting framework.



KPIs

	Indicator	Weight	Short description	Target	Achievements
A	Launch of dissemination portal	40%	Project to develop infrastructure for dissemination of data and analysis, including with a view to preparing for the Pillar 3 data hub	100%	100%
B	DPM Refit	30%	Implementation of new improved DPM	100%	100% Developed but implemented in 2024-2025
C	DRR tools	30%	Completion of first phase of new DRR tools to support efficient creation and maintenance of the data dictionary relating to reporting requirements (data modelling, validations and transformations, data exchange format generation)	100%	100%

See Annex I for details. Source of information: KPI A: launch of the portal for use by EBA users and CAs; KPI B: publication of DPM Standard 2.0 in June and publication of implementation plan in October 2023; KPI C: launch of DPM Studio in late 2023.

1.1.4 Delivering on digital finance and MiCAR/DORA mandates

The Digital Operational Resilience Act (DORA) entered into force on 16 January 2023 and it will apply from 17 January 2025. The Markets in Crypto-Assets Regulation (MiCAR) entered into force on 29 June 2023 with the date of application ranging from 12 months from entry into force (in the case of issuers of asset-referenced tokens (ARTs) and electronic money tokens (EMTs)) to 18 months following entry into force for other types of activity under MiCAR.

Both legal acts are part of an EU Digital Finance Strategy that aims to ensure that the current legal framework does not pose obstacles to the use of new technologies and products and, at the same time, ensures that such new technologies and products fall within the scope of EU financial regulation and operational risk management arrangements of financial entities. The key priority for the EBA in 2023 was the development of the related policy mandates to supplement the new legal acts.

In relation to DORA, the three ESAs are mandated to jointly deliver 13 legal products by January 2025. Following the groundwork and public consultations carried out in 2023, in January 2024 they published a first series of policies in the areas of information and communication technology (ICT) risk management, ICT third-party risk management and incident reporting. This took into account feedback received from a public consultation, the European supervisory authorities' (ESAs') stakeholder groups and the ESAs' Advisory Proportionality Committee. The ESAs also delivered an interim report in relation to the upcoming implementation of a pan-European systemic cyber incident coordination framework (EU-SCICF).

Policy development for DORA continued with the launch of a second public consultation on policy products in December 2023 in the areas of incident reporting, digital operational resilience testing, ICT third-party risk management and oversight over critical ICT third-party providers (TPPs) (four sets of draft RTS, one set of draft ITS and two sets of guidelines). Publication of the final documents is scheduled for 17 July 2024.

In parallel with policy development, the ESAs also started preparing for the upcoming implementation of the pan-European oversight framework of ICT third-party service providers designated as critical (CTPPs). Among other things this includes:

- ongoing and enhanced engagement with relevant stakeholders carried on throughout the year, such as EU and third-country supervisory and oversight authorities as well as EU financial entities and ICT service providers;

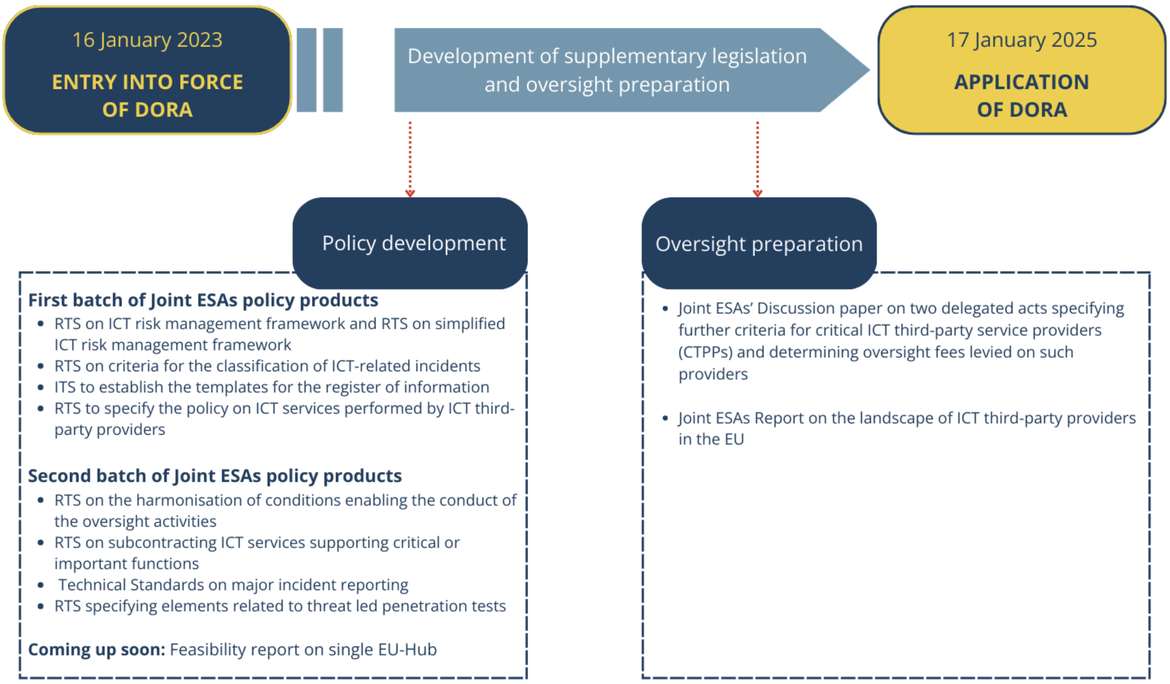
- the establishment of a High-Level Group on DORA Oversight in December 2023 which involves CAs in the design of the oversight framework and the establishment of procedures, methodologies and governance documents;

- data collection on the ICT TPP landscape in the EU – the results of the exercise were published by the ESAs on 27 September 2023;

- the development of necessary IT tools to support the oversight activities as well as the ICT-related incident framework.

In September 2023, the ESAs published technical advice on the criticality criteria for the designation of CTPPs and on the oversight fees as a response to the Commission's CfA.

Figure 4: Regulatory products and reports under the DORA mandate



For MiCAR, the EBA is responsible for delivering 20 technical standards and guidelines in all but one case within 12 months from entry into force (i.e. by the end of June 2024). Two of the mandates are joint with ESMA, and one is joint with ESMA and EIOPA. Again, substantial preparatory steps were taken to meet this challenge and the EBA launched Consultation Papers on the vast majority of its draft technical standards and guidelines in 2023:

- in July, the EBA issued its first consultation package on EU market access for issuers of ARTs and on complaints handling procedures;

- in October, the EBA issued its second consultation package on the procedure for the approval of white papers of ARTs issued by credit institutions, governance arrangements under the remuneration policy, internal governance arrangements, and on joint EBA-ESMA guidelines on suitability assessments of the management body and holders of qualifying holdings;

- in November and December, the EBA issued its third consultation package on supervisory colleges, reporting of transactions in ARTs and EMTs denominated in a non-EU currency, recovery plans for issuers of ARTs and EMTs, own funds requirements and stress testing of issuers under MiCAR, liquidity requirements and on stress testing of relevant issuers, on the requirements for policies and procedures on conflicts of interest for issuers of ARTs;
- in September 2023, the EBA also responded to the Commission's CfA on significance criteria for ARTs and EMTs and supervisory fees to be charged to issuers.

As required in connection with the preparatory steps for the supervision tasks assigned to the EBA (with respect to significant ARTs and significant EMTs), the EBA started to develop supervisory models, policies and procedures, as well as templates for the exchange of information between all relevant parties (including issuers, national competent authorities (NCAs), the ECB and other relevant central banks). In addition, an EBA Crypto Supervision Coordination Group was established, which brings together high-level representatives from EEA NCAs, the ECB and ESMA to discuss practical issues regarding the supervision of issuers of ARTs/EMTs and to foster convergence of supervisory practices in view of MiCAR applying to ART/EMT issuers from June 2024.

Finally, in view of the fast-approaching application date, and the finalisation of the associated technical standards and guidelines, the EBA stepped up its actions to encourage the industry and supervisors to sharpen their focus on consistent and timely implementation. In particular, in July 2023 the EBA published a statement with 'guiding principles' to which issuers of ARTs and EMTs are encouraged to pay due regard by the application date[1]. The principles are intended to facilitate early alignment with the rules established by MiCAR, for instance as regards the fair treatment of potential acquirers and holders of ARTs and EMTs, and sound governance and effective risk management.

The EBA also continued to monitor financial innovation and to identify areas where a further regulatory or supervisory response may be needed. Crypto-assets, tokenisation, decentralised finance, digital identity management and the application of artificial intelligence / machine learning, as well as digital platforms, supervisory and regulatory technologies (SupTech and RegTech) are examples of innovative applications on which

[1] https://www.eba.europa.eu/sites/default/files/document_library/Publications/Other%20publications/2023/Statement%20on%20%20preparatory%20steps%20towards%20application%20of%20MiCAR/1057527/Statement%20on%20timely%20preparatory%20steps%20towards%20the%20application%20of%20MiCAR%20to%20asset-referenced%20and%20e-money%20tokens.pdf

the EBA focused during the year. As Chair of the European Forum for Innovation Facilitators (EFIF) in 2023, the EBA coordinated the delivery of the EFIF WP, including thematic publications on innovation facilitators and BigTechs which also contain related recommendations. In particular, the joint ESAs Report on innovation facilitators published in December 2023 recommends steps to improve the activities of innovation facilitators, such as innovation hubs and regulatory sandboxes, while the report on the 2023 stocktake on BigTech direct financial services provision in the EU, published in early February 2024, recommends steps to enhance the monitoring of these activities.

Finally, the EBA, together with ESMA and EIOPA, guided and steered development of the EU Supervisory Digital Finance Academy (SDFA) training curriculum to ensure it is tailored to the CAs' needs and contributes to the SDFA's aim to strengthen supervisory capacity in innovative digital finance.

KPIs

	Indicator	Weight	Short description	Target	Achievements
A	Percentage of mandates under MiCA to be submitted to the Commission in 2024 and to be consulted on in 2023	35%	Under current assumptions, the EBA will be mandated to deliver to the Commission approx. 20 technical standards and guidelines in 2024	100%	95% All but one CPs were delivered in 2023
B	Percentage of mandates under DORA published and submitted to the Commission in 2023	35%	Under current assumptions, DORA will confer 13 joint mandates for technical standards and guidelines on the ESAs, of which 5 are to be delivered in 2023	100%	100% All CPs / final products were delivered as planned
C	Operational readiness to take up new tasks in relation to DORA and MiCA	10%	The EBA may be given new tasks as part of the DORA and MiCA proposals and should be ready to take up tasks (supervision/oversight etc.) effectively and efficiently	EBA is implementing its operational readiness plan	Implementation of operational readiness plan on track
D	Number of thematic publications, incl. opinions or reports, provided to the Commission and NCAs to build knowledge, promote convergence and identify regulatory gaps or obstacles relating to financial innovation	10%	The EBA has a mandate to monitor innovations and regularly issues recommendations to NCAs and/or the Commission	Up to two thematic publications (opinions or reports)	Achieved two publications
E	Percentage of reviewed and quality-assured training curriculum of the Digital Finance Academy to ensure it is tailored to the CAs' needs	10%	The EBA, together with ESMA and EIOPA, will guide and steer development of the Academy's training curriculum to ensure it is tailored to the CAs' needs	100%	100%

See Annex I for further details. Source of information: KPI A, B: and D: EBA WP monitoring tool and publications, KPI C: DORA /MiCAR milestones tracker, KPI E: internal ESA report to DG Reform.

1.1.5 Enhancing capacity to fight money laundering and terrorist financing in the EU

In 2023, the EBA continued to lead, coordinate and monitor the EU financial sector's fight against money laundering/terrorist financing (ML/TF) in line with its legal mandate, by setting common standards, fostering cooperation and supporting the implementation of robust approaches to tackling financial crime risks across the EU.

The EBA built on its comprehensive regulatory framework to address emerging risks by issuing new guidelines, updating existing guidelines and contributing to a holistic approach to anti-money laundering and countering the financing of terrorism (AML/CFT) to ensure that ML/TF risks are considered across all areas of supervision**.** In 2023, tackling unwarranted de-risking, ensuring compliance with restrictive measures and building robust approaches to AML/CFT for crypto-asset service providers (CASPs) and their CAs were particular areas of focus.

Tackling ML/TF risk can have unintended consequences. For example, it can make access to financial services difficult for vulnerable customers who are unable to provide standard forms of identification. This is why, in March 2023, the EBA published two guidelines on how institutions can manage ML/TF risk effectively, rather than de-risk, in situations where access by customers to financial products and services should be safeguarded. These guidelines build on the EBA's 2022 Opinion on de-risking, the EBA's 2016 Opinion on the application of customer due diligence measures to customers who are asylum seekers from higher-risk third countries or territories and on the statement the EBA issued in April 2022 in the context of the war in Ukraine. The EBA also published a factsheet, together with the Commission, to help not-for-profit organisations understand what information they might have to provide to open an account or to carry out a specific transaction.

The war in Ukraine highlighted the challenges associated with divergent approaches to complying with EU restrictive measures. The EBA found that significant differences exist in relation to the quality of institutions' systems and controls to comply with restrictive measures and supervisors' expectations of those systems and controls. Together, these differences undermine the effectiveness of the EU's restrictive measures or regimes and affect the stability and integrity of the EU's financial system. To address this, the EBA used provisions in Regulation (EU) 2023/1113, the CRD and the PSD to propose two new guidelines. One set of draft guidelines sets common, regulatory expectations regarding the role of senior management, internal governance arrangements and risk management systems in the restrictive measures context. A second set of draft guidelines sets out what payment service providers (PSPs) and CASPs should do to be able to comply with restrictive measures when performing transfers of funds and crypto-assets and focus on know-your-customer, screening and due diligence measures.

Throughout 2023, the EBA supported the development of common approaches to tackling ML/TF risks associated with CASPs and other entities under the MiCAR framework. This included guidance on the AML/CFT supervision of CASPs; guidance to CASPs and financial institutions that service CASP customers on assessing ML/TF risks and putting in place commensurate and risk-sensitive measures to manage those risks; and setting common expectations on managing ML/TF risks at market entry and throughout a MiCAR institution's life cycle. The EBA also consulted on revisions to its Transfer of Funds ('Travel Rule') Guidelines, which it amended and extended to apply to transfers of crypto-assets going forward. The public consultation on these guidelines closed in February 2024.

The EBA continued to foster supervisory cooperation by supporting information exchange and by continuing to develop the AML/CFT colleges framework.

By December 2023, more than 260 AML/CFT colleges had been set up. The EBA staff actively monitored 18 of these colleges and supported their effective functioning through contributions, feedback and the negotiation of draft terms of participation with key third-country observers. A report summarising the EBA's observations was published in August 2023 and found that CAs had taken important steps to improve the functioning of AML/CFT colleges, although many colleges had not reached full maturity. The report further identified good practices that will be useful for CAs to improve the effectiveness of AML/CFT colleges and consequently, of supervisory outcomes. In December 2023, the EBA staff launched the latest round of thematic college monitoring, focusing on neobanks and payment or electronic money institutions with a similar business model.

In addition to its college work, the EBA brought together CAs to share information and establish cooperation gateways in situations where cross-border ML/TF risks had crystallised but no AML/CFT college existed. This was the case, for example, in relation to a number of CASPs.

Throughout 2023, the EBA continued to support the implementation of robust approaches to tackling financial crime risks across the EU by identifying and disseminating information on ML/TF risks, by monitoring the implementation of its standards by CAs and issuing recommendations for improvements as necessary, and by contributing to the effective design of the EU's new legal and institutional AML/CFT framework.

In July 2023, the EBA published the fourth Opinion on the risks of money laundering and terrorist financing affecting the European Union's financial sector. The EBA issued this opinion against the background of a changed risk landscape, which had impacted institutions' AML/CFT compliance efforts and CAs' approaches to AML/CFT supervision. The war in Ukraine and the growth in CASP activity stood out in particular. For the first time, the EBA used data from its new central database on anti-money laundering and countering the financing of terrorism (EuReCA) to inform its analysis.

Data from EuReCA also informed the EBA's analysis of ML/TF risks associated with payment institutions. The EBA found that these risks were not assessed or managed effectively in all cases and that AML/CFT internal controls in payment institutions were often insufficient to mitigate inherent ML/TF risks, which were often high. The EBA's findings also suggest that not all CAs were doing enough to supervise the sector effectively. To address this, the EBA hosted discussions and roundtables with industry representatives and supervisors to identify a way forward, and provided technical advice to the Commission and co-legislators to inform the nascent payment services framework.

EuReCA

EuReCA is the EBA's AML/CFT database on serious AML/CFT deficiencies in individual financial institutions in the EU, which was launched in 2022. Between January and December 2023, the majority of reports related to credit institutions, followed by payment institutions. CAs found the largest number of deficiencies in respect of institutions' Customer Due Diligence measures.

Figure 5: areas where material weaknesses occur

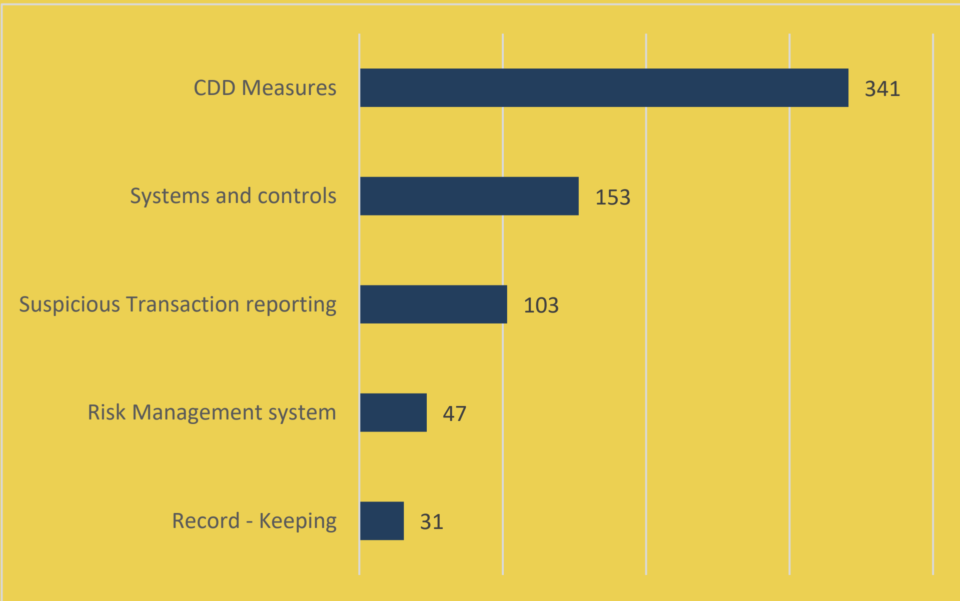


Table 3: Key EuReCA numbers

The EBA has used EuReCA data to support different AML/CFT work streams, namely the AML/CFT implementation reviews and the monitoring of AML/CFT colleges, to inform different AML/CFT deliverables, including the Opinion on ML/TF risks affecting the EU financial sector and the EBA Report on ML/TF risks associated with payment institutions, and to feed into the EBA's periodical Risk Dashboard and the EBA's Risk Assessment Report.

The EBA staff have also shared information from EuReCA with other CAs, either at their request or at the EBA's initiative; with ESMA and EIOPA, on a monthly basis, where information concerns entities under their scope; and with the lead supervisor of an AML/CFT college, where information concerns entities within the group.

Figure 6: top 5 sectors where material weaknesses are identified

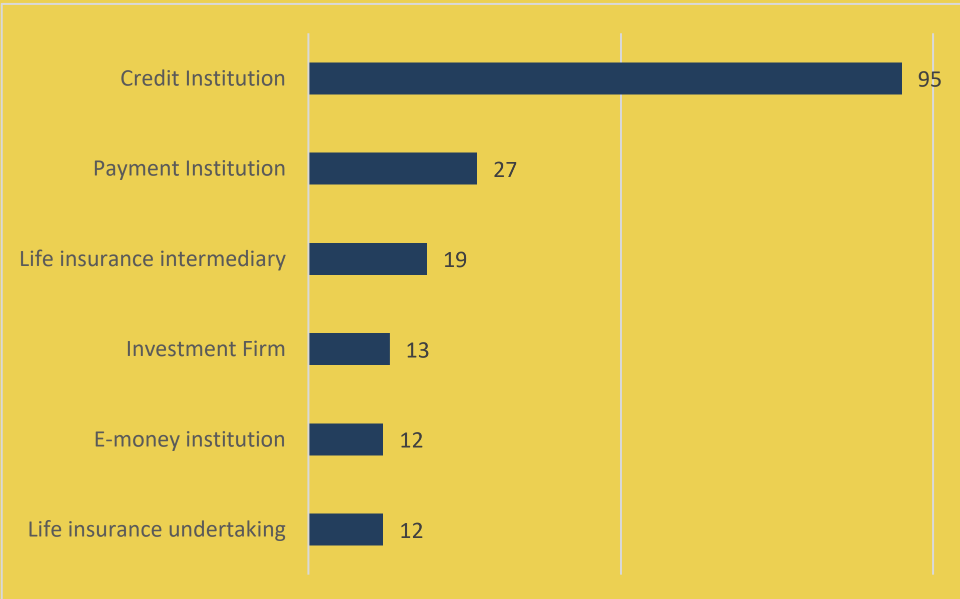
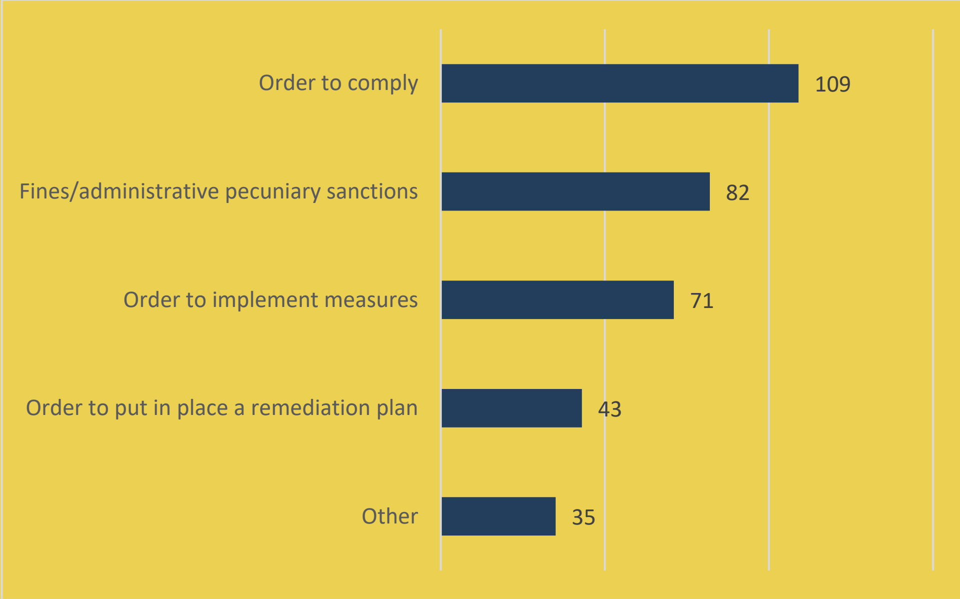


Figure 7: top 5 types of measures



The EBA continued its staff-led, in-depth assessments of CAs' approaches to AML/CFT supervision. It published a report on aggregate findings and a summary of recommendations issued during its third round of reviews in July 2023, and concluded that supervisors were making progress in the fight against money laundering and terrorist financing, but most needed to do more to ensure that their approach was effective and enabled them to tackle ML/TF risks in their sector. The EBA launched its fourth, and final, round of reviews in 2023. Over the course of that year, staff assessed and provided comprehensive feedback to 11 CAs from 5 Member States. By the end of 2024, all CAs that are responsible for tackling ML/TF risk in the EU's banking sector will have been assessed.

Finally, throughout 2023, the EBA contributed to shaping the new AML/CFT framework. As part of this, the EBA provided technical advice to the Commission and the co-legislators as necessary. It also worked to prepare a smooth hand-over of those aspects of its work that relate exclusively to AML/CFT compliance and supervision to the Anti-Money Laundering Authority (AMLA) that has been set up.

The Forum of EU AML/CFT supervisors on the transition to AMLA

Since the establishment of AMLA will bring significant changes to the way CAs approach AML/CFT supervision, the EBA has set up a Forum of EU AML/CFT supervisors to support them in the transition to AMLA and to the new EU AML/CFT framework. The Forum provides a space for discussion and information exchange, focusing on the practical aspects of the transition. Its objective is to contribute to the smooth transition to the new institutional framework, in particular by:

- identifying practical considerations linked to CAs' internal systems and organisation, as well as the changes necessary to prepare for the transfer of supervisory powers and future collaboration with AMLA;
- exchanging information on transition plans;
- fostering a common approach where appropriate.

The first Forum took place in October and has met every six weeks since.

In addition to the Forum, and throughout 2024 and 2025, the EBA will work with CAs to advise the Commission on key aspects of the new regime, including in relation to the methodology supervisors will use to assess ML/TF risks.

KPIs

	Indicator	Weight	Short description	Target	Achievements
C	Capacity to identify, analyse and disseminate information on ML/TF risks	25%	The EBA will identify, assess and disseminate information about ML/TF risks based on, inter alia, information from EuReCA. The EBA will also publish the fourth Opinion on ML/TF risk under Art 6(5) of the AMLD.	Analysis and dissemination of information in EuReCA, ad hoc and upon reasoned request One opinion	Achieved Two opinions
D	Contributing to the implementation of a holistic approach to tackling financial crime	25%	The EBA will deliver mandates under the 2022 Fund Transfers Regulation. It will also continue its work on de-risking and access to the financial system.	Up to four guidelines or amendments to existing guidelines	Achieved
E	Effective AML/CFT supervision – number of implementation and thematic reviews	30%	The EBA will assess CAs' approaches to AML/CFT supervision, with bilateral feedback and action points. It will also monitor AML/CFT colleges.	One thematic review; up to four implementation reviews	Achieved
F	Preparing for the smooth transfer of powers to AMLA	20%	The EBA will prepare to hand over those aspects of its work that relate exclusively to AML/CFT that will fall within AMLA's remit.	Transition plan	Execution of plan on track

See Annex I for further details. Source of information: KPI C, D and E: EBA WP monitoring tool and publications, KPI F: internal project plan.

1.1.6 Implementing the ESG roadmap

As a horizontal priority, the EBA paid particular attention to aspects relating to environmental, social and governance (ESG) matters being reflected in its work in accordance with the roadmap on sustainable finance published in December 2022.[2]

Figure 8: The roadmap explains the EBA's sequenced and comprehensive approach over the next three years to integrating ESG risk considerations into the banking framework and supporting the EU's efforts to achieve the transition to a more sustainable economy.

In 2023, the Authority continued to deliver on mandates included in the CRD, CRR, IFD, IFR, EBA Founding Regulation and those stemming from the Commission's action plan and Communication Strategy for Financing the Transition to a Sustainable Economy[3], and pursued its contributions to European and international work (particularly via the Platform on Sustainable Finance, Basel Committee, Network for Greening the Financial System, European Systemic Risk Board (ESRB)).

In line with the EBA's ESG roadmap, the Authority continued the investigation and potential review of the current framework for the prudential treatment of exposures to

[2] https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-its-roadmap-sustainable-finance
[3] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0390

capture environmental and social risks. The EBA follows a sequenced approach, in accordance with its legal mandates. To mark the completion of the first phase of this work the EBA published a report in October 2023 on the role of environmental and social risks in the prudential framework for credit institutions and investment firms. Taking a risk-based approach, the report assesses how the current prudential framework captures environmental and social risks and puts forward targeted enhancements to accelerate the integration of environmental and social risks across Pillar 1. The proposed enhancements aim to support the transition towards a more sustainable economy, while contributing to the stability, resilience and orderly functioning of the financial system.

In the report the EBA also puts forward recommendations for short-term actions to be taken over a three-year horizon as part of the implementation of the revised Capital Requirements Regulation and Capital Requirements Directive (CRR III / CRD VI). Taking a medium-to-long-term perspective, the report also presents possible revisions to the Pillar 1 framework – subject to monitoring and further assessment – reflecting the growing importance of environmental and social risks. Alongside other policy initiatives outside the prudential framework, the EBA continues to consolidate the integration of environmental and social risks across all pillars of the regulatory framework.

With regard to Pillar 2 requirements, the EBA continued its efforts to incorporate ESG considerations into risk management and supervisory guidance in a proportionate and gradual manner.

In January 2024 the EBA published a Consultation Paper on draft guidelines on the management of ESG risks with due consideration of the ACP recommendations. The draft guidelines, which are expected to be finalised in the course of 2024, set out requirements for institutions for the identification, measurement, management and monitoring of ESG risks, including through plans aimed at addressing the risks arising from the transition towards a climate-neutral EU economy.

In terms of disclosures and transparency, the ESAs also embarked on work to review principal adverse impact (PAI) indicators and financial disclosures in the Sustainable Finance Disclosure Regulation (SFDR), in response to a request from the Commission. Overall, the draft RTS proposes the extension of the list of social indicators for principal adverse impacts, refinement of the content of several of the other indicators for adverse impacts and their respective definitions, applicable methodologies, metrics and presentation, and amendments regarding decarbonisation targets. Further proposed changes, based on stakeholder Q&As and observations, cover the Do No Significant Harm disclosure design options and the simplification of the templates, among other technical changes.

Further assistance to the Commission in its next comprehensive assessment of the SFDR was provided in the ESAs' second annual report, published in September 2023, on the extent of voluntary disclosure of principal adverse impacts under the Article 18 of the SFDR. In a similar way to the previous publication in 2022, the report presented the findings from a survey of NCAs in order to assess the state of entity-level and product-level voluntary PAI disclosures under the SFDR. The report also includes a preliminary, indicative and non-exhaustive overview of good practice and of areas offering room for improvement.

Also in the context of disclosures, the set of draft RTS were published by the ESAs in May 2023 on the ESG impact disclosure for simple, transparent and standardised (STS) securitisations under the Securitisation Regulation, which aims to help market participants make informed decisions about the sustainability impact of their investments on sustainability disclosures on STS securitisation.

As a further contribution to the EU's wider objectives in sustainable finance, the EBA, ESMA and EIOPA published separate progress reports in June 2023 on greenwashing in their respective remits in the financial sector. In these reports, the ESAs put forward a common high-level understanding of the greenwashing applicable to market participants across their respective remits – financial markets, banking, and insurance and pensions.

The EBA progress report, more specifically, provides an overview of the greenwashing phenomenon in the banking sector and its impact on credit institutions, investment firms and payment service providers. The outcome of the quantitative analysis of the greenwashing phenomenon shows a clear increase in the total number of potential cases of greenwashing across all sectors, including for EU banks. It also indicates rising climate accountability: increased public attention directed towards climate change has led companies to be held more accountable for their environmental policies, climate impact and disclosures.

These progress reports came as an initial response to the Commission's request for input on the topic.

The final reports are expected to be delivered in May 2024 and will put forward recommendations, possibly along with suggestions for changes to the EU regulatory framework.

As another piece contributing to the ESG roadmap, the EBA responded to the Commission's CfA on green loans and mortgages. The report (and opinion) published in December 2023 advises the Commission to consider introducing a voluntary EU label for green loans based on a common EU definition, as well as the integration of the concept of green mortgages and their key sustainability features into the Mortgage Credit Directive

(MCD). The EBA's response includes an overview of green lending and associated practices in the EU banking sector, and outlines issues identified in the green loans market.

Furthermore, the EBA devoted substantial resources in 2023 to preparing for the one-off Fit-for-55 climate risk scenario analysis, to be conducted jointly by the ESAs, the ECB and the ESRB in accordance with the Commission request of 8 March 2023 and in line with the Commission Communication Strategy for Financing the Transition to a Sustainable Economy. The scenario analysis aims to assess the resilience of the financial sector in line with the Fit-for-55 package, and to gain insights into the capacity of the financial system to support the transition to a lower-carbon economy under conditions of stress.

One milestone to note here, after a public consultation in July 2023 on draft templates, is the launch of a data collection exercise (at the beginning of December) for gathering climate-related data from EU banks for the Fit-for-55 exercise. The data collection exercise seeks to gather climate-related and financial information on credit risk, market risk and real estate risks, at aggregated and counterparty level, as of December 2022. While aggregated data will provide information on the climate-related risks of the banking sector more broadly, counterparty-level data will enable the assessment of concentration risk for large climate exposures, capturing amplification mechanisms and assessing second-round effects.

The EBA is also considering developing a regular climate stress testing framework, with a focus at first on the development of methodologies, data and scenarios. A dedicated subgroup will work on this task.

Similarly, work on a framework to allow for effective monitoring of ESG risks in the banking sector and the green financial market is envisaged, but this had to be deprioritised owing to resource constraints. Ideally, such a framework could benefit from a gradual increase in external ESG risk-relevant data, with a focus on climate change-related risks.

KPIs

	Indicator	Weight	Short description	Target	Achievement
A	Contribution to the renewed Sustainable Finance Strategy	60%	Number of ESG related technical standards, guidelines, reports and responses to CfA stemming from the mandates in the CRD, CRR, IFD, IFR and from the Commission's renewed Sustainable Finance Strategy delivered on time	80%	86% Seven mandates delivered in 2023, one of which was delayed
B	Implementation of one-off Fit-for-55	40%	Preliminary work on the one-off Fit-for-55 climate risk scenario analysis in accordance with the	Development of one-off Fit-for-55 climate risk	Data collection launched in December 2023

	climate risk scenario analysis	Commission’s renewed Sustainable Finance Strategy	scenario analysis

See Annex I for further details. Source of information: KPI A and KPI B: EBA WP monitoring tool and publications.
NB: KPI B was adopted after the finalisation of the 2023 Work programme.

1.2 Additional achievements in 2023

1.2.1 Risk assessment

Along with the stress tests, the EBA has a responsibility to identify and analyse trends, potential risks and vulnerabilities in the banking sector. This not only helps ensure the orderly functioning and integrity of financial markets, but also contributes to the stability of the financial system in the EU.

Following on from 2022, the EBA continued to pay particular attention to risks stemming from the Russian invasion of Ukraine and the crisis in the Middle East, the jitters in the financial markets in early 2023, mainly in the US banking sector and in Switzerland, high inflation, lacklustre economic growth and increasing interest rates, all of which posed challenges not only for the banking sector, but also for households and corporates. The deterioration in the macroeconomic outlook gave rise to uncertainty, requiring the EBA, in conjunction with CAs and other EU institutions, to adjust its focus for 2023. The Authority addressed topics such as unrealised losses on EU/EEA banks' bond portfolios held at amortised cost, the impact of rising rates on EU/EEA banks and leveraging banks' IRRBB data.

Findings from the above and many other findings were reflected accordingly in various deliverables such as the quarterly risk dashboard and the Joint Committee (JC) spring and autumn risk reports. In December 2023, the EBA published the results of the 2023 EU-wide transparency exercise and its annual RAR.

The RAR highlighted the following:

The EU banking sector proved to be resilient in the aftermath of the US banking turmoil in March.

Capitalisation remained high with an average CET1 ratio at its highest reported point (16%). Underlying profitability supported banks' payouts.

Table 4: Key findings of the 2023 Risk Assessment Report

	CET1 ratio (transitional)	CET1 ratio (fully loaded)	Leverage ratio	LCR	NPL ratio	Share of Stage 2 loans	RoE
Jun-23	16%	15.9%	5.7%	160.9%	1.8%	9.1%	11%
Jun-22	15.2%	15%	5.3%	164.9%	1.8%	9.5%	7.9%

Elevated interest rate levels have so far supported widening interest margins, but this might have reached its turning point.

Asset quality remained robust, yet subdued economic growth and elevated interest rate levels create pockets of risk going forward.

Liquidity remained high but it started normalising from its highest levels connected with the pandemic.

Market funding costs have increased in line with interest rates, yet deposit rates have remained comparatively low, though they might rise going forward.

Operational risk – including cyber risk – has continued its rise, not least driven by geopolitical tensions.

Climate-related and broader ESG risks are increasingly in banks' focus.

In June 2023 the EBA published a report assessing the potential impact on LCR and NSFR levels of the upcoming central bank funding repayment, as well as a potential scenario of higher liquidity risk, particularly affecting government bonds, derivatives and repo markets in the context of a higher interest rate environment, inflation and recession risks. The EBA also continued monitoring banks' asset encumbrance and funding plans situation and published two thematic reports in July. The Asset Encumbrance Report highlighted further limited use of central bank funding in 2022 and an overall lower encumbrance ratio (decreased by 3.3 percentage points to 25.8% in December 2022). The Funding Plans Report showed that banks plan to issue more debt instruments to counterbalance an expected further decline in central bank funding.

In January 2024 the EBA published its heat map following scrutiny of the IRRBB. It contains specific short, medium and long-term targets for the EBA in terms of monitoring the impact on institutions from increases in interest rates and developments regarding institutions' ability to manage the risks.

1.2.2 Recovery and resolution

The EBA continued to work on strengthening the effectiveness of the framework by further developing two guidelines: one aiming to ensure that a minimum level of harmonised information is made public by authorities with regard to the mechanics underpinning the execution of the bail-in tool, a second on resolvability testing, amending the existing resolvability guidelines, aiming at a framework which, appropriately embedding proportionality, is able to ensure that resolvability capabilities are fit for purpose and effectively maintained by institutions and resolution authorities.

In early July 2023 the EBA also published the final guidelines on overall recovery capacity (ORC), aimed at establishing a consistent framework for the determination of the ORC by institutions in their recovery plans and the respective assessment by CAs. The main objective here was to harmonise, with appropriate consideration of proportionality aspects, the observed practices for ORC determination and assessment, to improve the usability of recovery plans and to make crisis preparedness more effective.

In the context of crisis preparedness, the EBA monitored evolving practices in relation to recovery planning, focusing in particular on improving the usability and the operationalisation of plans, which was included as a key priority in the European Supervisory Programme for the year 2024 with an enhanced focus on liquidity recovery options in order to cater for the macroeconomic trends that materialised in 2023.

On the topic of resolution, the EBA continued to monitor convergence in the implementation of identified issues within the resolution framework through the European Resolution Examination Programme (EREP) exercise. Monitoring the build-up of MREL resources in the European banking sector continued following the latest report published in early 2023, and it covered with increased frequency the relevant trends in the context of the quarterly MREL dashboard.

1.2.3 Payment services

In the course of 2023, the EBA continued to help make retail payments across the EU efficient, secure and easy to use, by contributing to the common interpretation, application and supervision of relevant EU directives and EBA technical standards and guidelines.

The peer review published in early 2023 of the authorisation of payment institutions and e-money institutions under the revised Payment Services Directive (PSD2) was a key deliverable in that respect. Following 10 months of analysis, the review concluded that there is increased transparency and consistency of the information required in the authorisation process as a result of the directive and the guidelines that the EBA issued in support. However, the review also identified significant divergences in CAs' assessment and the degree of scrutiny applied to the applications received. The review report therefore set out a series of measures addressed to CAs, to address such divergences, to level out the supervisory playing field, and to mitigate against 'forum shopping'.

Following the delivery of the EBA's response in June 2022 to the Commission's CfA regarding the review of PSD2, the EBA did not publish any additional legal instruments under PSD2, but instead continued to support the Commission in the run-up to the publication in June 2023 of its proposals for a revised Payment Services Directive (PSD3), a new Payment Services Regulation, and a new Regulation on Open Finance (Financial Data Access (FIDA)). The proposals envisage around 35 mandates to be conferred on the EBA for estimated delivery between 2025 and 2027.

As a follow-up to a discussion paper that the EBA published in February 2022, the EBA also continued to assess payment fraud data that more than 6,000 payment service providers initially submitted to their NCAs in compliance with Article 96(6) of PSD2 and the supporting EBA guidelines (EBA/GL/2018/05), which then submitted aggregations of the data to the EBA. Analysis of such data is key to understanding the extent to which the security requirements the EBA developed in previous years, in particular strong customer authentication (SCA), have achieved the envisaged aim of reducing payment fraud. However, the EBA is of the view that the quality of the data remains insufficient for publication and instead established measures to enhance the quality so as to publish an improved set of data in mid-2024.

1.2.4 Consumer and depositor protection

During 2023, the EBA continued its efforts to enhance the supervision of financial institutions' retail conduct across its regulatory and supervisory remit and to apply its depositor protection expertise to topical questions raised by the Commission and legislators.

With regard to the former, the Authority fulfilled for the first time the new ESA mandate to coordinate mystery shopping activities of NCAs; the findings were published in August 2023. The exercise, which focused on personal loans and payment accounts, confirmed that mystery shopping is a tool that adds value to the supervision of financial institutions by NCAs. It is complementary to other more conventional tools or approaches, and delivers first-hand information about, and insights into, the conduct of financial institutions towards consumers.

To allow for a robust identification of causes of potential harm to consumers, the EBA also developed for the first time a set of 'retail risk indicators', which were published in March 2023. The indicators cover a wide variety of different types of products within the EBA's remit (e.g. mortgage credit, consumer credit, deposits, payment accounts and payment services). They aim to show possible risks to consumers arising from the misconduct of financial institutions offering retail banking products in the EU, and from wider economic conditions, and will complement other sources of information that the EBA already uses to decide on its consumer protection priorities.

As part of the Authority's role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market, the EBA also coordinates financial literacy and education initiatives undertaken by national authorities. To that end, the EBA, in conjunction with the other ESAs, published factsheets on inflation and the rise in interest rates (published in May 2023) and on financial education and sustainable finance (published in November 2023). The factsheets were developed in easy-to-understand language, translated into all official EU languages, and reproduced by national authorities on their respective websites.

In April 2023, the Authority also published the eighth edition of its biennial Consumer Trends Report (CTR), in which it summarised trends observed for the products and services under the EBA's consumer protection mandate and identified two issues that consumers are currently facing and that will shape the EBA's consumer protection priorities over the subsequent two years: fraud in retail payments, and over-indebtedness and arrears.

As regards the development of regulatory mandates and products, two public consultations in the context of the Credit Servicers Directive (CSD) are noteworthy.

- In July 2023, draft guidelines on the establishment and maintenance of national lists or registers of credit servicers, specifying the types of information that the national lists or registers have to include, in order to enhance transparency for credit purchasers and borrowers and to bring about a level playing field across the Union.

- Also in July 2023, draft RTS on complaints handling procedures for issuers of ARTs under the MiCAR, which the EBA developed in close cooperation with ESMA.

- In November 2023, draft guidelines on complaints handling by credit servicers, which extend to credit servicers the same requirements under the existing Joint Committee guidelines on complaints handling that applied for nearly a decade to tens of thousands of financial institutions in the banking, investment and insurance sectors. The requirements pertain to firms' complaints management policy, their complaints management function, registration, reporting, internal follow-up and the provision of information, and procedures for responding to complaints.

- Finally, in response to the European Commission's proposed amendments to the draft Technical Standards on crowdfunding service providers, the EBA issued an Opinion noting the importance of ensuring that crowdfunding service providers can access historical data to improve the assessment of creditworthiness and the performance of their scoring models.

Within the remit of ensuring the consistency and effectiveness of supervisory actions and outcomes, in 2023 the EBA undertook its first peer review on conduct and consumer protection issues, and more specifically on the supervision of creditors' treatment of mortgage borrowers in arrears under the MCD. The peer review report was developed against the economic conditions and high interest rate environment at the time, published in December 2023, and found that CAs' supervision is effective overall and has been adapted to reflect said interest rate environment.

However, the review also found differences in the level of scrutiny that CAs apply to mortgage creditors, including the identification of risks that borrowers are facing. The report sets out some follow-up measures, both for individual and named CAs and for CAs more generally, to ensure that supervisory measures to mitigate consumer detriment are taken before the detriment materialises. The report also sets out some examples of best practice in this area that will be of benefit for other CAs to adopt.

As part of its responsibilities in the field of depositor protection, the EBA continued to contribute to the enhancement of the rulebook, among other things, by way of the February 2023 revision of its guidelines on methods for calculating contributions to deposit guarantee schemes (DGSs). The revised guidelines further strengthen the link between the riskiness of a credit institution and how much it needs to contribute to the DGS funds that will be used to reimburse depositors in the event that their bank fails.

Furthermore, in order to contribute to the review of the existing DGSD in response to a CfA from the Commission, in December 2023 the EBA published a report on the deposit coverage level and coverage of public authorities' deposits. Based on a quantitative analysis and simulation, the report concludes that a potential change to the current coverage level of EUR 100,000 would have a positive but limited impact on financial stability and depositor protection, while being costly and having a somewhat negative impact on moral hazard. The analysis also revealed that the extension of coverage to public authorities' deposits would have a limited impact on the industry, mainly because there are relatively few public authorities in comparison to the overall number of depositors across the EU.

Acting as a hub for DGS data collection and analysis, the EBA regularly publishes data on DGS across the EEA, and in April 2023 it provided its most recent update. The data covered two key concepts and indicators, namely available financial means and covered deposits, and indicated that, in the period from 2021 to 2022:

- the number of deposits protected by EU DGS increased by 2.5%, while the amount of funds available to protect those deposits in the event of bank failures increased by 7.4%;
- DGS are gradually increasing their available funds raised from the industry with the aim of reaching the harmonised minimum target level of 0.8% of deposits covered by the DGS by July 2024;
- half of the 36 DGS in the EEA have already reached the minimum target level ahead of the deadline.

1.2.5 Equivalence

In the context of its work on third-country equivalence, the EBA is assessing the regulatory and supervisory frameworks of third countries and their equivalence with the EU framework by providing opinions to the Commission.

In line with a roadmap on equivalence work developed in 2022, the EBA established a Network on Equivalence that supports the assessments of individual third countries and furthermore assists in the overhaul of the EBA's monitoring methodology.

At the same time, the Authority, in conjunction with the Commission, monitored the ongoing equivalence of countries covered by the Commission's decisions and reported back to the EU institutions.

1.2.6 Supervisory convergence and independence

a. Mediation between the Spanish and the Belgian deposit guarantee schemes

The EBA was requested to settle a disagreement between two DGS about the contributions to be transferred between the DGS following the cross-border merger of a credit institution. Following a conciliation process which did not lead to the parties agreeing on a solution, the EBA adopted a decision specifying the contributions to be transferred between the DGS and requiring them to review their internal systems in order to explore potential enhancements to their risk management and communication processes in order to reduce the scope for similar future disagreements.

b. Joint ESAs criteria on the independence of CAs

Since 2020, the EBA has had the task of fostering and monitoring supervisory independence and has reported on the independence of prudential, conduct and AML/CFT supervisors, resolution authorities and deposit guarantee scheme designated authorities.

On 25 October 2023, the joint ESAs criteria on the independence of CAs (the Joint Criteria) were published on the three ESAs' websites.

As different criteria have been adopted at the international level for each sector while the substance of the underlying principles is largely consistent, the aim of the Joint Criteria is to establish a single set of independence criteria for all CAs under the ESAs' remit.

The Joint Criteria will be used by the ESAs for future common assessment work, as well as providing a useful European reference point that can be used as a tool by CAs, including in their interactions with legislators, to support and enhance their independence.

The Joint Criteria are non-binding, principle-based and outcome based, and organised around four areas of CAs' governance: operational independence, financial independence, personal independence, and accountability and transparency.

c. Peer reviews

The EBA has made some changes to how it carries out peer reviews, undertaking more peer reviews – three peer reviews were launched in 2023 plus our first follow-up peer review following the 2020 ESAs review. In addition, the EBA peer review work plan for 2023 to 2024 was designed to support the EBA's priorities and address current risks (e.g. a 2023 peer review looking at the treatment of mortgage borrowers in arrears, reflecting potential consumer detriment arising from the changing interest risk environment). In 2023, the following peer review reports were published:

- peer review report on authorisation under PSD2;
- peer review report on excluding transactions with non-financial counterparties established in a third country from credit valuation adjustment (CVA) risk;
- peer review report on supervision of creditors' treatment of mortgage borrowers in arrears under the MCD.

The first follow-up peer review, on the joint ESAs guidelines on the prudential assessment of qualifying holdings, was started in spring 2023 and was published in early 2024. Work began in 2023 on the peer reviews on the definition of default and the application of proportionality under the SREP. Both are targeted peer reviews, and it is anticipated that the self-assessment questionnaires will be published in the summer of 2024. In addition, work is commencing on the tax integrity and dividend arbitrage trading schemes (Cum-Ex) peer review.

1.3 Engaging with stakeholders

The EBA continued to liaise closely with all relevant EU institutions and bodies, such as the Council of the EU, the European Parliament, the other ESAs and other EU institutions. In its mission, the EBA is accountable to the European Parliament, the Council and the Commission. In addition, we maintain an open institutional and proactive dialogue with our European partners. This dialogue remains a key pillar in the development of our products and in fostering awareness on current and future regulatory and supervisory challenges. In addition, the EBA maintains strong links with the supervisory community internationally. Through its active role at the Basel Committee on Banking Supervision (BCBS), the EBA contributes to discussions on global financial stability and international financial regulatory reforms, if and as appropriate.

The EBA's participation in European and international forums ensures close and continuous collaboration with its counterparts around the world. It benefits from expertise and input from these stakeholders, while also sharing its knowledge with them.

To ensure proactive and effective engagement with all its stakeholders, the EBA made use of all its channels and tools, including seminars, workshops, public hearings, bilateral meetings and similar methods (most of them in hybrid format). In addition, the EBA engaged with industry, consumer associations, academics and students through speaking engagements and visits.

In addition, the EBA also continued answering stakeholders' questions about the single rulebook submitted via the Q&A tool. In 2023, 287 were submitted and 190 were answered.

Figure 9: Stakeholder engagement in figures

1.4 Mapping deliverables by activity against the WP

This mapping of deliverables is based on the tables (Section 2) on the EBA 2023 WP with the main outputs for each activity, and compares planned against actual outcomes.

1.4.1 Policy and convergence

<table>
<tr><th colspan="2">Activity 1: Capital, loss absorbency and accounting
Contributing to VP 1 – directorate PRSP, unit LILLAC</th><th>Target</th><th>Actual</th></tr>
<tr><td>Ongoing activities</td><td>Capital and loss absorbency
• Maintain the EBA CET1 list
• Finalise and conclude the review on pre-CRR CET1 instruments
• Monitor – and report – on CET 1 issuances
• Monitor – and report – on AT1 issuances and calls
• Maintain AT1 instrument templates
• Analyse interactions with loss absorbency requirements
• Support Q&As on capital and eligible liabilities instruments
• Monitor capital and TLAC/MREL eligible liabilities issuances, including for ESG purposes
• Monitor and report on TLAC/MREL eligible liabilities issuances +
Accounting and audit
• Monitor and promote consistent application of IFRS 9 and work on the interaction with prudential requirements
• Continue work on the modelling aspects of IFRS 9 and their related impact on capital, using a benchmarking exercise, as per the roadmap (extension to high default portfolios in particular)
• Monitor the quantitative impact of the application of IFRS 9 through selected indicators
• Continue working on / monitoring consolidation aspects
• Monitor accounting standards and comment letters to the International Accounting Standards Board, where needed
• Deliver regulatory products and technical advice requested by the Commission</td><td>-</td><td>-</td></tr>
<tr><td>Output as per 2023 WP</td><td>Capital and loss absorbency
• Updated monitoring reports (CET1, AT1, TLAC/MREL+) as far as needed, also depending on market developments*</td><td>TBC</td><td>Q3</td></tr>
<tr><td>Postponed / on hold</td><td>Accounting and audit
• Guidelines specifying the activities that are a direct extension of banking, activities ancillary to banking, and similar activities**
• Preparation of the report to the Commission on completeness and appropriateness of provisions on consolidation**
• Update RTS on methods of consolidation, where needed***</td><td>TBC</td><td>On hold

TBC

TBC</td></tr>
<tr><td>Additional output</td><td>• Integration of high default portfolios into IFRS 9 benchmarking – 2nd - EBA report on the monitoring of the implementation of IFRS 9
• Answer to a letter from a law firm on legacy instruments not being compliant with CRR II – EBA opinion requested</td><td>-</td><td>Q4

Q4</td></tr>
</table>

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* When updating the AT1 report, the EBA incorporated the TLAC-MREL monitoring report for simplicity in one publication. For CET1 issues no update was deemed necessary in 2023.

** Guidelines and report were postponed given the impact of the revised CRR (CRR III) and the aim now is to cover them as part of phase 2 of the EBA roadmap.
*** Update of the RTS was not deemed necessary at this stage.

Activity 2: Liquidity, leverage, and interest rate risk **Contributing to VP 1 – directorate PRSP, unit LILLAC**		**Target**	**Actual**
Ongoing activities	*Liquidity risk* • Deliver regulatory products and update liquidity requirements • Monitor national practices on liquidity and national options and discretion, in particular monitoring the concrete implementation of the LCR rules and definitions • Continue to report on the monitoring of LCR implementation • Monitor interdependent assets and liabilities in the NSFR under Art. 428f of the CRR • Monitor interdependent inflows and outflows in the LCR under Art 26 of the LCR Delegated Act • Monitor notifications related to liquidity and follow-up actions • Update the list of credit institutions exempted from the 75% inflow cap under Article 33(5) of the LCR Delegated Act • Support Q&As on liquidity risk *Leverage ratio* • Monitor/promote consistent application (incl. notifications and follow-up actions), update requirements as needed • Support Q&As on leverage ratio *Interest rate risk in the banking book* • Monitor implementation of the RTS and guidelines related to IRRBB and implement the heatmap on IRRBB scrutiny plans • Support Q&As on IRRBB	-	-
Output as per 2023 WP	*Liquidity risk* • Report on the monitoring of interdependent assets and liabilities in the NSFR	Q1/Q2	Q3
	Liquidity risk • Updated report on LCR implementation monitoring +	Q2/Q3	Q3
Cancelled	*Liquidity risk* • Report on the monitoring of interdependent assets and liabilities in the LCR*	Q2	-
Additional output	*Interest rate risk in the banking book* • Opinion to the Commission on significant changes to the RTS on supervisory outlier tests on NII?	-	Q2
	• Elaboration and publication of a heatmap on IRRBB		Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* It was not deemed necessary to proceed with a report on the cases of interdependent inflows and outflows in the LCR.

Activity 3: Credit risk (incl. large exposures, loan origination, NPLs, securitisation) Contributing to VP 1 – directorate PRSP, unit RBM		**Target**	**Actual**
Ongoing activities	• Support the implementation of the Basel III credit risk framework in the EU • Deliver Basel III-related and other CRR/CRD mandates *Credit risk* • Maintain credit-related lists, including the identification of the eligibility of public-sector enterprises for the credit risk framework, and the mapping of ECAIs • Monitor and promote the consistent application of credit risk and credit risk modelling, including the implementation of the internal ratings based (IRB) approach roadmap *Loan origination* • Monitor the implementation of the EBA's loan origination guidelines *Non-performing loans (NPLs)* • Follow up on the work and mandates in the NPL directive + • Follow up on the EU action plan for tackling NPLs in Europe *Securitisation* • Monitor market development and promote the consistent application of frameworks on securitisation and covered bonds • Deliver mandates under the Securitisation Regulation • Implement the Covered Bonds Directive, including possible monitoring reports • Support Q&As on credit risk, large exposures and securitisation	-	-
Output as per 2023 WP	*Credit risk* • 2022 benchmarking report on IRB models	Q1	Q1
Delayed delivery	*Credit risk* • Preparation of ~~2023~~ 2024 benchmarking portfolios – update of ITS (including aspects related to IFRS 9) *	Q4 2022	Q2
	Securitisation • RTS on homogeneity for STS synthetic (homogeneity criteria for on-balance-sheet securitisation) – originally for Q2 2022 **	Q3 2023	Q1 2023
	• RTS on exposure value of synthetic excess spread – originally for Q1 2022 **	Q1	Q1
	• Guidelines on the harmonised interpretation and application of the requirements set out in Articles 26b to 26e (STS synthetic) ***	Q2	Q1 2024
Postponed /on hold	*Securitisation* • Guidelines on calculation of K IRB for dilution and credit risk (CP) ****	Q2	On hold
	• Monitoring report on capital treatment of NPE securitisation *****	Q4	On hold
Additional output	*Credit risk* • Amendments to ITS ECAI mapping under Art. 136 of the CRR (2023)	-	Q4
	• Amendments to ITS ECAI mapping under Art. 109a(1) of Solvency II		Q4
	• Handbook on IRB validation practices		Q3
	• Follow-up report on the discussion paper on machine learning and IRB		Q3

Activity 3: Credit risk (incl. large exposures, loan origination, NPLs, securitisation) Contributing to VP 1 – directorate PRSP, unit RBM		Target	Actual
	• Roadmap on banking package (CRR III / CRD VI)		Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* The ITS update was delivered in Q2 2023 (and in the WP should have referred to 2024 portfolios).

** Later delivery due to challenging legal deadline and resource constraints. The EBA requested delay to March 2023 (by letter to Commission of 2 February 2022) but then was able to close this in Q1.

*** Work not subject to legal deadline. Original planned delivery target had to be updated from Q2 to Q4.

**** Work not subject to legal deadline and had to be deprioritised.

*****There are limited market issuances, which does not allow for a sufficient sample of transactions to have a meaningful report.

Activity 4: Market, investment firms and services, and operational risk Contributing to VP 1 – directorate PRSP, unit RBM		Target	Actual
Ongoing activities	• Regular updates to the list of diversified stock indices, including any additional relevant indices, and applying the ITS quantitative methodology • Monitor and promote consistent application of market risk requirements, including the finalisation of phase IV in the EBA roadmap on the implementation of the FRTB in the EU • Support the implementation of the Basel III market risk, CVA and counterparty credit risk (CCR) framework in the EU • Delivery of Basel III-related and CRR/CRD mandates as regards the FRTB, CVAs, CCR and securities financing transactions • Monitor and promote the consistent application of operational risk and investment firms' requirements • Support Q&As on operational risk, investment firms, market risk, market infrastructure and CCR	-	-
Output as per 2023 WP	*Market risk* • 2022 benchmarking report on market risk models	Q1	Q1
	Market risk • Report on the impact and relative calibration of the SA-CCR; simplified SA-CCR and OEM	Q2	Q2
	Market risk • RTS on the assessment methodology for the FRTB-IMA (CP) • RTS on extraordinary circumstances for being permitted to continue using the IMA (CP) • RTS on extraordinary circumstances for being permitted to limit the backtesting add-on (CP) • RTS on material extensions and changes under the IMA (CP)	Q4	Q4 Q3 Q3 Q4
Delayed delivery	*Market risk* • Prepare the ~~2023~~ 2024 benchmarking portfolios – update of ITS * • RTS on Initial Margin Model Validation– originally for Q1 2022 **	Q4 2022 -	Q2 Q3
Postponed /on hold	*Market risk* • Guidelines on the meaning of exceptional circumstances for the reclassification of a position ***	Q4	TBC
Additional output	*Market risk* • RTS on foreign exchange and commodity risk in the BB – CP		Q4 Q4

Activity 4: Market, investment firms and services, and operational risk Contributing to VP 1 – directorate PRSP, unit RBM		Target	Actual
	• RTS on assessment of risk factor modellability under the IMA (Risk Factor Eligibility Test) – CP	-	Q4
	• RTS on backtesting and PLA – CP		Q4
	• RTS on SA-CCR - CP		
	Investment firms		Q2
	• RTS on prudential consolidation for investment firm groups		Q3
	• Guidelines on group capital test – CP		

* The ITS update was delivered in Q2 2023 (and in the WP should have referred to 2024 portfolios).

** Work not subject to legal deadline. Original planned delivery target had to be updated from Q2 to Q4.

*** Product was postponed due to no-action letter published by EBA on the FRTB boundary framework. The mandate has consequently been postponed as past of the CRR 3 legislative process.

Activity 5: Market, governance, supervisory review and convergence Contributing to VP 1 – directorate PRSP, unit Supervisory Review, Recovery and Resolution		Target	Actual
Ongoing activities	*Market access* • Cooperation agreements with third-country authorities on supervision, resolution, conduct and AML/CFT • Monitor regulatory perimeter and new financial activities across the EU • Monitor current application of prudential waivers *Internal governance and remuneration* • Support the Basel and Financial Stability Board work • Monitor and promote consistent application of internal governance and remuneration requirements under the CRD and IFD (including the application of gender-neutral remuneration policies) • Support Q&As on internal governance and remuneration • Together with the other European Supervisory Authorities, establish a system for exchange of information regarding fit & proper assessments (Article 31a of the ESAs Regulation) • Regular benchmarking reports (including diversity), remuneration trends, high earners and higher approved ratios +	-	-
Output as per 2023 WP	*SREP and supervisory convergence* • Report on convergence of supervisory practice in 2022 +	Q2	Q2
	SREP and supervisory convergence • 2024 European Supervisory Examination Programme	Q4	Q4
Delayed delivery	*SREP and supervisory convergence* • Update of RTS and ITS on the functioning of supervisory colleges *	Q2	Q4
	Internal governance and remuneration • Guidelines on diversity benchmarking under the CRD and IFD **	Q2	Q4
Postponed / on hold	*Internal governance and remuneration*	Q2	Q2 2024
	• Report on the application of waivers for remuneration requirements (CRD) + ***	Q3	Q1 2024
	• Report on high earners (annual, CRD and IFD) + ****	Q4	Q2 2024

Activity 5: Market, governance, supervisory review and convergence Contributing to VP 1 – directorate PRSP, unit Supervisory Review, Recovery and Resolution		Target	Actual
	• Report on the application of gender-neutral remuneration policies by institutions (CRD) and investment firms (IFD)*****		
Additional output	*Internal governance and remuneration* • Report on the diversity benchmarking exercise (every three years, CRD and IFD) • Joint ESMA-EBA report on the implementation of the Shareholder Rights Directive 2 (SRD2) provisions on proxy advisors and investment chains • Guidelines on the assessment of adequate knowledge and experience of the management or administrative organ of credit servicers under the CSD • Guidelines on fit and proper exchange of information – CP	-	Q1 Q3 Q4 Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* Work not subject to legal deadline. Original planned delivery target had to be updated from Q2 to Q4.

** Work not subject to legal deadline. Timeline had to be reviewed to give priority to other work. Original planned delivery target had to be updated from Q2 to Q4.

*** Timeline had to be reconsidered with the Commission, due to the fact that data availability did not allow the original delivery target to be met.

**** Timeline had to be reviewed due to reprioritisation and data quality issues.

***** Timeline had to be reviewed to group the release of IFD and CRD reports, while giving priority to other work.

Activity 6: Recovery and resolution Contributing to VP 1 and 2 – directorate PRSP, unit Supervisory Review Recovery and Resolution		Target	Actual
Output as per 2023 WP	• Report on convergence in the area of resolution (EREP report) • Guidelines on resolvability (chapter on testing) • Guidelines on ORC	Q2	Q3 Q2 Q3
	• Quantitative report monitoring the build-up of MREL resources in the EU (published with MREL impact assessment report) • 2024 EREP	Q4	Q1 2024 Q3
Postponed /on hold	• RTS on independent valuers – to be issued as a handbook * • ITS on resolution reporting **	Q3	Q4 2024 2024
Additional output	• Guidelines on resolvability (chapter on publication of bail-in approach) • Report on the amounts and distributions of holdings of eligible liabilities instruments among institutions identified as G-SIIs or O-SIIs, potential impediments to resolution and the risk of contagion in relation to those holdings	-	Q1 Q2

* Decision to deliver handbook instead of initially envisaged RTS. Deadline had to be reconsidered in view of the new scope of the work.

** Timeline had to be reviewed owing to expanded scope of work coupled with resource constraints.

Activity 7: ESG in supervision and regulation Contributing to HP 1 – lead directorate ERA, lead unit ESG Risks		Target	Actual
Ongoing activities	• Fulfilling the sustainable finance-related mandates received from the Commission and EU regulations/directives (in particular report on prudential treatment of exposures subject to environmental and/or social impacts in Q2) • Responses to the Commission's requests to provide reports and advice on sustainable finance-related topics (in particular reports on greenwashing and on green retail and mortgage loans in Q2) • Building up ESG risk assessment and monitoring tools • Contributing to European and international activities in this area (including Platform on Sustainable Finance, BCBS Taskforce on Climate Related Risks, NGFS)	-	-
Output as per 2023 WP	• 2023 annual report under Article 18 of the SFDR (on the extent of voluntary disclosure of principal adverse impacts under the SFDR)	Q3	Q3
Delayed delivery	• Joint RTS on sustainability disclosures on STS securitisation	Q2 2022	Q2
Additional output	• CfA on green loans and mortgages • Request for input from the Commission on greenwashing risks and supervision of sustainable finance policies – progress report • Report on the role of environmental and social risks in the prudential treatment – first step • Review of the joint RTS on ESG disclosures under the SFDR – PAI indicators (or E and S indicators) • Guidelines on ESG risk management – CP **	-	Q4 Q2 Q4 Q4 Q1 2024

* Joint ESAs work with ESMA in the lead. Timeline had to be reviewed to Q1 2023 (from Q3 2022) due to discussions (including with the Commission) on concerns around the scope of the mandate.

** Timeline had to be reviewed given later-than-anticipated finalisation of CRD VI, but the work is being carried out in advance of the proposed legal deadline. CP was published in January 2024.

Activity 8: Innovation and FinTech Contributing to VP 4 – lead directorate ICC, lead unit DF		Target	Actual
Ongoing activities	• Contribute to and foster common regulatory/supervisory approaches in digital finance topics (e.g. AI, supervisory technologies (SupTech), crypto-assets, distributed ledger technology) through knowledge sharing and awareness raising activities with EU and NCAs via the EBA FinTech Knowledge Hub (workshops, roundtables, seminars) and the European Forum for Innovation Facilitators • Thematic publications related to financial innovation • Chair and coordinate the EFIF • Enrich the existing risk analysis and mapping of use cases of AI in finance, including by clarifying supervisory expectations on specific use cases, where deemed necessary • Contribute to the development of the EU SDFA's training curriculum to ensure it is tailored to the CAs' needs	-	-
Additional / other output	• Updated joint ESAs report on innovation facilitators (EFIF)* • Report on 2023 stocktake of BigTech direct financial services provision in the EU (EFIF) *	-	Q4 Q1 2024

* Output related to ongoing activities around EFIF and thematic publications related to financial innovation.

Activity 8 continued – DORA Contributing to VP 4 – lead directorate ICC, lead unit DF		Target	Actual
Ongoing activities	• Monitor ICT and cyber landscape across the EU financial sector • Preparation for performance of oversight and other (non-regulatory) tasks under DORA	-	-
Output as per 2023 WP	• Joint ESAs high-level exercise on the landscape of ICT TPPs in the EU financial sector • CfA from the Commission on the upcoming delegated acts for criticality criteria (Article 28) and oversight fees (Article 38) (TBC) • ESRB recommendation on a pan-European systemic cyber incident coordination framework for relevant authorities (recommendation A(1) and B) • RTS to specify elements when subcontracting critical or important functions (Article 30 (5)27) – CP	Q3	Q3 Q3 Q2 Q4
	• RTS on specifying the elements and components of the ICT risk management framework – CP in Q2, RTS in Q1 2024* • RTS on simplified ICT risk management framework– CP in Q2, RTS in Q1 2024* • RTS on criteria for the classification of major ICT-related incidents – CP in Q2, RTS in Q1 2024* • RTS to specify the policy on ICT services – CP in Q2, RTS in Q1 2024 • Guidelines on the estimation of aggregated annual costs and losses caused by major ICT incidents – CP in Q4 *	Q4	Q1 2024
Additional output	• RTS to specify threat-led penetration testing aspects – CP in Q4 • RTS on specifying the reporting content and timelines for major ICT-related incident reporting – CP in Q4 • Guidelines on cooperation between ESAs and the CAs regarding the structure of the oversight framework – CP in Q4 • RTS on harmonisation of the conditions for the conduct of oversight – CP in Q4	-	Q4

* Target quarters in the WP 2023 were for CPs, which were delivered on or ahead of time. In most cases it was also possible to publish final deliverables in early Q1 2024.

Activity 8 continued – MiCAR Contributing to VP 4 – lead directorate ICC, lead unit DF		Target	Actual
Ongoing activities	• Monitor crypto-asset activities including the Network on Crypto-assets • Preparation for performance of supervision and other (non-regulatory) tasks under the MiCA	-	-
Output as per 2023 WP	• RTS on the approval process for white papers for ARTs issued by credit institutions – CP • RTS on information to be submitted in an application for authorisation to issue ARTs and ITS – CP • Guidelines on suitability of members of the management body and shareholders or members of qualifying holdings in issuers of ARTs or CASPs – CP • RTS on use of ARTs and EMTs denominated in a non-EU currency as a means of exchange – CP	Q3*	Q4 Q3 Q4 Q4

Activity 8 continued – MiCAR Contributing to VP 4 – lead directorate ICC, lead unit DF		Target	Actual
	• RTS to further specify the requirements, templates and procedures for handling complaints by issuers of ARTs – CP (final RTS was delivered in Q1 2024)		Q3
	• RTS on the identification, prevention, management and disclosure of conflicts of interest – CP		Q4
	• RTS on minimum content of governance arrangements on the remuneration policy for issuers of significant ARTs – CP		Q4
	• RTS on own funds requirements and stress testing – CP		Q4
	• RTS further specifying the liquidity requirements of the reserve of assets (ARTs) – CP		Q4
	• RTS to specify highly liquid financial instruments in the reserve of assets – CP		Q4
	• RTS to specify the minimum contents of the liquidity management policy and procedures - CP		Q3
	• RTS on detailed content of the information that is necessary to carry out the assessment for acquisitions of qualifying holdings in ART issuers – CP • RTS supplemental requirements for issuers of significant ARTs – CP • Guidelines on stress testing – CP • Guidelines on recovery plans – CP • Guidelines on redemption plans – CP ** • RTS on supervisory colleges – CP		Q3 Q4 Q4 Q1 2024 Q4
Postponed / on hold	• Guidelines on classification of crypto-assets (joint ESA mandate) – CP ***	Q3	Q2 2024
Additional output	• Guidelines on the minimum content of governance arrangements for issuers of ARTs – CP		Q3
	• Technical advice in response to the Commission's 2022 CfA on two delegated acts under MiCAR on the classification of ARTs and EMTs as significant and the fees to be charged to issuers of significant ARTs and EMTs		Q3
	• EBA statement on timely preparatory steps towards the application of MiCAR to asset-referenced and e-money tokens		Q3

* Delivery of work from mandates was revised compared to original planned delivery target to reflect later finalisation of MiCAR.

** Work not subject to legal deadline. Original planned delivery target was revised and CP published in Q1 2024.

*** Joint ESAs work. Timeline given in WP 2023 was indicative (as MiCAR had not yet been finalised) and had to be reviewed and agreed between the ESAs. CP expected to be published in Q2 2024.

Activity 9: Payment services, consumer and depositor protection Contributing to VP 5 – directorate ICC, unit Conduct, Payment and Consumers		Target	Actual
Ongoing activities	*Payment services* • Monitor the application of RTS on strong consumer authentication and common and secure communication (SCA&CSC), including the amended 90-day SCA exemption + • Monitor the consistent implementation of the EBA guidelines on limited network exemptions (to apply from June 2022) + • Monitor the consistent and accurate implementation by CAs and financial institutions of the EBA guidelines on fraud reporting (EBA /GL/2018/05), with data-based assessment of whether the	-	-

Activity 9: Payment services, consumer and depositor protection Contributing to VP 5 – directorate ICC, unit Conduct, Payment and Consumers		Target	Actual
	security-related provisions in PSD2 and the EBA's supporting instruments have achieved their objectives • Assess the NCA reports on security and operational incidents received under the revised EBA guidelines under PSD2, including reporting on the fulfilment of the corresponding incident reporting mandates under DORA • Continue to support the Commission in its review of PSD2 • Support Q&As on PSD2 + *Consumer protection* • Coordination of mystery shopping activities of NCAs *Depositor protection* • Prepare for delivery of the mandates estimated to be conferred on the EBA under the revised DGSD • Publish data on uses of DGS funds, including in bank failures, and data on covered deposits and financial means available to DGSs • Monitor the liquidations that involved a DGS pay-out + • Assess notifications received under the DGSD + • Support Q&As on DGSD • Preparatory work on the assessment of individual DGSs against criteria in the LCR delegated regulation and publication of opinions, as and when requested +		
Outputs as per 2023 WP	*Payment services* • Peer review of the EBA guidelines on authorisations under PSD2 *Consumer protection* • CTR 2022/23	Q1	Q1 Q2
	Depositor protection • Revised guidelines on methods for calculating contributions to deposit guarantee schemes	Q2	Q1
	Consumer protection • JC work on financial education with a focus on inflation, interest rates and sustainability – two factsheets	Q4	Q2 and Q4
Additional outputs	*Consumer protection* • Developing EBA retail risk indicators – two sets • EBA report on its mystery shopping exercise into personal loans and payment accounts • Guidelines on the establishment and maintenance of national lists or registers of credit servicers under the CSD – CP (final GL issued in Q1 2024) • Peer review on treatment of mortgage borrowers in arrears – policy component • Guidelines on complaints handling of credit servicers under the CSD – own initiative at request of NCAs – CP *Depositor protection* • Report on deposit coverage in response to Commission's CfA	-	Q1 / Q4 Q3 Q3 Q4 Q4 Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

Activity 10: Anti-money laundering and countering the financing of terrorism Contributing to VP 5 – directorate ICC, unit AML/CFT		Target	Actual
Ongoing activities	• Identification and assessment of ML/FT risks, and information about ML/TF risks based on, inter alia, information from EuReCA • Monitor AML/CFT colleges. Publication of report on their functioning + • Staff-led assessments of CAs' approaches to AML/CFT supervision, with bilateral feedback and action points. Publication of report on CAs' approaches to AML/CFT supervision + • Technical advice and input to support European and international AML/CFT objectives and cross-cutting areas • Supporting the transition to a new institutional EU AML/CFT framework (including EuReCA)	-	-
Output as per 2023 WP	• Fourth Opinion on ML/TF risks in the EU's financial sector	Q1/Q2	Q3
	• Guidelines on effective ML/TF risk management and access to financial services (incl. guidelines on customers that are not-for-profit organisations) – de-risking	Q2	Q1
	• Guidelines on policies, procedures and controls to support the implementation of restrictive measures (in two sets) – CP (delivery of final guidelines adjusted to Q3 2024) • Revised guidelines on ML/TF risk factors – CP in Q2, final guidelines in Q1 2024 (delivery of final guidelines adjusted) • Revised guidelines on transfers of funds – CP (delivery of final guidelines adjusted to Q4 2024) • Revised guidelines on risk-based supervision – CP in Q2, final guidelines in Q4	Q4*	Q4 Q1 24 Q4 Q4
Additional / other output	• Staff-led assessments of CAs' approaches to AML/CFT supervision (implementation reviews) – third report • AML/CFT colleges – third report on functioning of colleges • Article 9a risk assessment (PIs) – EBA report on ML/TF risks associated with payment institutions	-	Q3 Q3 Q2

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* Q4 target for delivery was indicative and revised after later-than-planned finalisation of the source regulation.

1.4.2 Risk assessment and data

Activity 11: Reporting and transparency Contributing to VPs 3, 1, HP 1 – directorate Data Analysis Reporting and Technology , Reporting and Transparency Unit		Target	Actual
Ongoing activities	• Maintain ITS on supervisory reporting and the reporting framework (legal act, templates, instructions and technical package, versions 3.3 and 3.4 to be delivered in 2023) • Preparatory work to amend supervisory reporting ITS in line with CRR III / CRD VI, with major amendments expected in credit risk and operational risk • Preparatory work to implement new reporting under CRR III / CRD VI on third-country branches and ESG risks • Follow-up actions on recommendations from the cost of compliance study • Maintain validation rules, the DPM and XBRL taxonomies	-	-

Activity 11: Reporting and transparency **Contributing to VPs 3, 1, HP 1 – directorate Data Analysis Reporting and Technology , Reporting and Transparency Unit**		**Target**	**Actual**
	• Continue to review proportionality in the reporting framework • Complete the first phase of new tools to improve development and maintenance of data dictionary, including data modelling, validations, transformations and data exchange formats creation • Implementation of new improved DPM (DPM Refit) • Data integration work following on from the feasibility study on integrated reporting • Contribute to implementation of EU Supervisory Data Strategy across financial sectors • Maintain mapping tool between reporting and Pillar 3 • Opinions on sustainability reporting standards under the CSRD (standards for banks are expected to be delivered in 2023, EBA opinion to be issued two months after) • Guidance on implementation of disclosures under Article 8 Taxonomy Regulation (if required, to be delivered in 2023) • Preparatory work on the Pillar 3 data hub • Preparatory work on ESAP, in coordination with the Pillar 3 hub project and with ESMA and EIOPA • Monitor Pillar 3 disclosures + (own initiative project – deprioritised in 2023; may be carried out in 2024 resources permitting) • Support Q&As on reporting and transparency framework • Continue our involvement in EU and international organisations, including European Financial Reporting Advisory Group non-financial reporting body, BCBS Disclosure Expert Group and BCBS Task Force on Climate-Related Financial Risks – workstream on disclosures		
Output as per 2023 WP	• ITS on IRRBB reporting • ITS on supervisory disclosure	Q2	Q3 Q2
	• ITS on reporting details for major ICT-related incidents – CP • ITS to establish the templates for the register of information – CP in Q2, full ITS in Q1 2024 • ITS on reporting of ARTs and EMTs denominated in a non-EU currency as a means of payment – CP	Q4	Q4 Q1 24 Q4
Delayed delivery	• ITS on FRTB reporting * • Roadmap for implementation of cost of compliance report recommendations: guidelines on resubmission policy – CP**	Q1 Q2	Q1 24 Q2
Additional output	• Draft ITS on amendments to supervisory reporting (daisy chains and MREL deductions) (v3.3) with technical packages • Pillar 3 data hub and ESAP – discussion paper • Draft ITS to implement CRR III / CRD VI changes in supervisory reporting framework (step 1) – CP • Draft ITS to implement CRR III / CRD VI changes in Pillar 3 framework (step 1) – CP	-	Q4 Q4 Q4 Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* Timeline had to be updated from Q1 to Q4 due to resource constraints. Final draft RTS was delivered in early January 2024.

** Timeline had to be updated from Q2 to 2024 due to resource constraints. Draft CP was delivered in early Q2 2023.

Activity 12: Risk analysis Contributing to VP 2 – directorate ERA, unit RAST		Target	Actual
Ongoing activities	• Quarterly EU risk dashboards • Risk assessment questionnaires – two per year • Internal updates on liquidity and market developments for the Board of Supervisors and the Banking Stakeholder Group • Work on macroprudential matters (including buffers) • Opinions on macroprudential measures • Thematic notes on various risk areas	-	-
Output as per 2023 WP	• JC spring risk report	Q1	Q1*
	• Funding plans report • Asset encumbrance report • JC autumn risk report	Q2**	Q3
	• Annual risk assessment report on the European banking system	Q3**	Q4
Additional output	• Amendments to guidelines on disclosure of GSIIs' indicators	-	Q4

* Even though the JC spring risk report was published in early Q2 2023, it had been submitted to the EFC-FST by the end of Q1.

** Delivery targets indicated in WP should have corresponded to actual delivery.

Activity 13: Stress testing Contributing to VP 2 – directorate ERA, unit RAST		Target	Actual
Ongoing activities	• Ongoing work on the improvement of the stress test methodology • Work on the incorporation of climate risk into the stress test framework • Design and implementation of internal top-down stress test capacity	Ongoing	-
Output as per 2023 WP	• 2023 EU-wide stress test exercise	Q3	Q3
Additional output	• Development of one-off Fit-for-55 climate risk scenario analysis – launch of the data collection for the banking sector module	-	Q3

Activity 14: Regulatory impact assessment Contributing to all priorities – directorate ERA, unit EAIA		Target	Actual
Ongoing activities	• Impact assessment reports that accompany the EBA's regulatory proposals and policy recommendations • Analysis and research to support and enhance ongoing regular EBA economic and statistical methodology and analysis • Maintenance and development of quantitative impact studies and the regular mandatory data collections for these, contacts with BCBS QIS TF and research TF • Publication of EBA staff papers • Work on ESG factors, financial innovation, payments, digital finance and AML/CFT	Ongoing	-

Activity 14: Regulatory impact assessment Contributing to all priorities – directorate ERA, unit EAIA		Target	Actual
	• Contribution to enhancing the stress test methodology • Work for the Task Force of Impact Studies and Advisory Committee on Proportionality • Specific Calls for Advice and other relatively large regulatory initiatives • Organisation of academic seminars and research workshops which benefit the quality of work in EBA products		
Output as per 2023 WP	• CRD V / CRR II Basel III monitoring report (annual report)	Q3	Q3
	• Annual report on the impact and phase-in of the LCR • Annual report on the impact and phase-in of the NSFR • Policy research workshop	Q4	Q4 Q1 24 Q4

Activity 15: Data infrastructure and services, statistical tools Contributing to VP 3 – directorate DART, unit STAT		Target	Actual
Ongoing activities	• Support regulatory work with quantitative analysis and analytical tools • Deliver regulatory products and technical advice requested by the Commission • Support the EBA's data infrastructure • Interact with the CAs to ensure smooth data flow and quality • Train CA and EBA users on data and analysis tools • Implement validation rules and quality checks for statistical analysis • Develop interactive and visualisation tools for data dissemination • Manage the data workflow (including through pre-populated templates) • Implementation of multi-year data strategy, building on EUCLID to improve data processing and analytical capabilities and to provide access to stakeholders, via a dissemination portal, to high-quality data and insights	Ongoing	-
Output as per 2023 WP	• Risk dashboards and other tools for internal and external data users	Quarterly	Quarterly
	• Update macro and bank-specific risk dashboards • 2023 EU-wide transparency exercise	Q4	Q2 Q3

1.4.3 Coordination and support

Activity 16: EBA governance, international affairs, communication Unit Governance and External Affairs		Target	Actual
Ongoing activities	• Support the EBA's governing bodies • Support the EBA's contribution to EU and international forums • Develop internal policies/processes to support the EBA's activities • Implement the EBA's communication strategy	-	-

Activity 16: EBA governance, international affairs, communication **Unit Governance and External Affairs**		**Target**	**Actual**
	• Monitor the implementation of the ESAs' review and possible follow-up to the Commission's report on the experience acquired following the revised ESAs Regulation • Execution of the Union Strategic Supervisory Priorities 2022-2023 plan • Training for EU CAs		
Output as per 2023 WP	• Multi-annual WP (2024-2026 horizon)	Q1	Q1
	• Consolidated annual activity report 2022 • Annual report 2022	Q2	Q2
	• 2024 annual WP	Q3	Q3
Additional output	• Opinion on EP 2021 discharge report • Joint Committee annual report 2022 • Joint Committee work programme 2024	-	Q3 Q2 Q3

Activity 17: Legal and compliance **Unit Legal and Compliance**		**Target**	**Actual**
Ongoing activities	• Legal advice to EBA staff and governing bodies • Data protection, ethics, anti-fraud and risk management functions • Sound internal processes for adopting EBA decisions • Represent the EBA before the Board of Appeal and the Court of Justice • Identify potential breaches of EU law, investigate and act as appropriate • Settle CA disputes through mediation and binding decisions • Implement supervisory and enforcement structures, ensure a high level of compliance, ethics and internal control • Q&A: coordinate the internal preparation by the policy areas of the answers to external stakeholders on the Single Rulebook	Ongoing	-
Output as per 2023 WP	• Peer review on exclusion from CVA risk of transactions with non-EU non-financial counterparties • Peer review of the EBA guidelines on authorisations under PSD2	Q1	Q2 Q1
	• Follow-up on peer review on qualified financial holdings	Q3	Q1 24
Cancelled	• Peer review on methods of prudential consolidation (was flagged to be confirmed in WP 2023) *	Q1	-
Additional output	• Peer review on treatment of mortgage borrowers in arrears – policy component	-	Q4
	• Joint ESAs' criteria on the independence of supervisory authorities	-	Q3

* When updating the EBA's peer review work plan it was decided not to carry out this peer review – which had until then been subject to confirmation. [TO BE CHECKED]

Activity 18: Resources (HR and finance) **Unit HR and FP**		**Target**	**Actual**
Ongoing activities	*Human resources* • Fulfilment of the establishment plan (at least 95%)	Ongoing	-

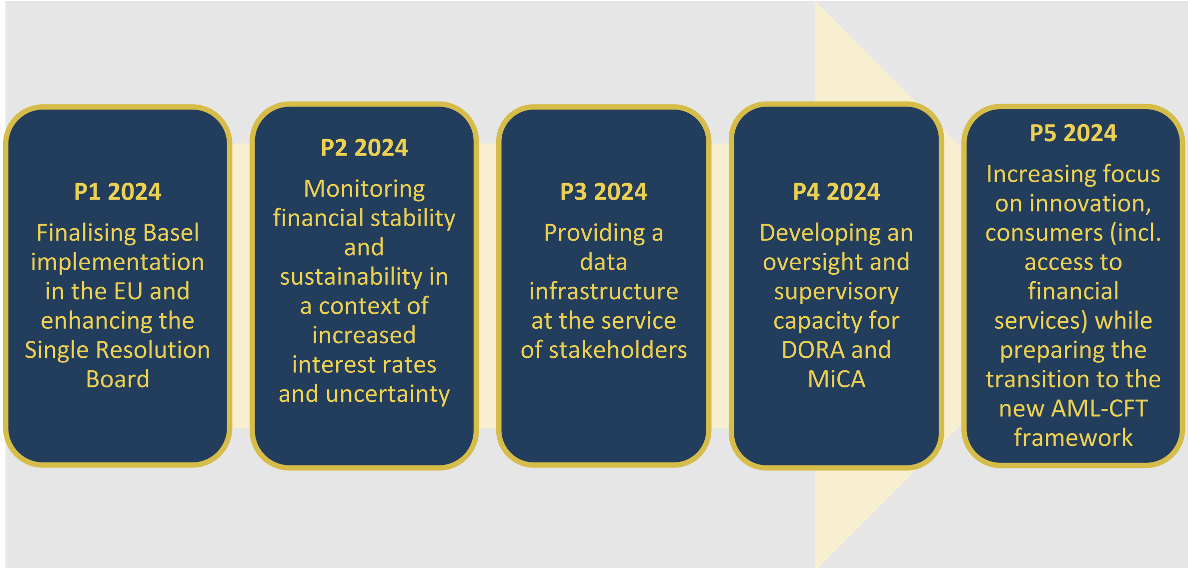
Activity 18: Resources (HR and finance) **Unit HR and FP**		**Target**	**Actual**
	• Development of skills and expertise (HR strategy matrix) • Adoption of Staff Regulations implementing rules [Art.110(2)] • Digitalisation of HR services *Finance* • Execution of the 2023 annual budget • Establishment and acquisition of the 2024 budget • Establishment of the 2025 budget • Creation of the 2023 procurement plan • Implementation of the 2023 procurement plan • Production of the 2023 annual accounts • Development of IT system for managing fees (MiCA/DORA)		

Activity 19: Infrastructures (Information technology and corporate support) **Units: IT and CSU**		**Target**	**Actual**
Ongoing activities	*IT* • Implement the EBA's IT strategy for 2020-2025 • Migrate the existing infrastructure to cloud, transform current IT estate and join the Cloud II Framework of the Commission – delivered in Q4 • Master and reporting data collection via the EUCLID platform (including committed information rate, peak information rate, supervisory, resolution, investment firms, COVID-19 reporting, Pillar III disclosures) • Enhance EUCLID solution with data validation and dissemination capabilities. Enhance data dissemination solution in light of preparing for the Pillar II data hub. • Enhance and support tools for the support of the EBA reporting framework • Support and enhance AML solution (EuReCA platform) • Support and further enhance collaboration tools within EBA and external stakeholders • Replace legacy systems with cloud native solutions • Support and tools for the Single Rulebook/signposting/ Q&As • Access management and security enhancements • Implementation of solutions for the EBA's operational readiness to take up new tasks in relation to MiCAR and DORA • Support the organisation of internal and external meetings *Corporate support* • Support the provision of catering and canteen services • Support the organisation and reimbursement of missions • Manage the EBA premises and office supplies • Adhere to security, health and safety requirements and supplies • Ensure that the use/disposal of EBA assets and inventory is compliant, safe, economic and environmentally friendly • Maintain Eco-Management and Audit Scheme registration • Contribute to the improvement and monitoring of an internal control system • Contribute to the annual risk assessment exercise	Ongoing	-

Activity 19: Infrastructures (Information technology and corporate support) Units: IT and CSU		Target	Actual
Output as per the 2023 WP	• Support the annual business continuity exercise	Q1	Q2
Additional output	• Establish EBA collaboration platform as the primary channel for collaboration between the EBA and its counterparties, enabling secure information exchange	-	Q3
	• Develop the first ever EBA data portal, EBA dissemination platform and dissemination of master data properties • Develop tools for the support of the EBA reporting framework (DPM Studio)	-	Q4

1.5 Setting key priorities for 2024

In a spirit of continuity the EBA has only slightly adjusted the strategic priorities for its WP for 2024:



1.5.1 Finalising the implementation of Basel III in the EU and enhancing the Single Rulebook

The EBA will prioritise its contribution to the timely and faithful implementation of the outstanding Basel III reforms in the EU to ensure banks can withstand future crises and to safeguard the proper functioning of the European and global financial systems. This reform will strengthen the regulatory framework by introducing more risk-sensitive approaches for determining capital requirements and also address shortcomings in the existing framework, including through an 'output floor' which will serve as a backstop for the use of internal models. At the same time, this will contribute to completing the Single Rulebook in banking.

The negotiations on the CRR III / CRD VI package were completed in 2023, and the revised framework includes just over 140 mandates for the EBA to develop regulatory standards and guidelines, many of which will be prepared in 2024, either in the form of CPs or possibly even as final (draft) deliverables. Following the finalisation of the negotiations and ahead of the formal adoption of the final legislative framework, the EBA's Roadmap – the full list of mandates can be found in Annex III – sets out the sequencing of the mandates in line with the deadlines set out by the co-legislators and explains the EBA's approach to the mandates as per major areas.

In the context of the CRR/CRD package the EBA will take into consideration the recommendation of the ACP so as to ensure that the regulatory products and guidance it delivers are drafted in a way that is consistent with and uphold the principle of proportionality, and reduce compliance costs without jeopardising the prudential objectives. The ACP is of the view that the development of RTS, ITS, guidelines and Q&As could reflect proportionality by (i) setting different scopes; (ii) aiming for less complex regulation; (iii) using simple language; and (iv) bearing in mind the impact of implementation for small and medium-sized banks. In particular the ACP recommended that the EBA further addresses proportionality in the credit risk framework given its relevance for banks' balance sheets regardless of size, range of activity and level of complexity.

The Commission's renewed Sustainable Finance Strategy, announced in July 2021 as part of the European Green Deal, and the banking package confer a number of regulatory ESG-related mandates on the EBA: ESG risk management and supervision, prudential treatment of exposures, disclosures, supervisory reporting, stress testing, standards and labels, including sustainable bonds, loans and securitisations, as well as development of a framework for systemic monitoring of ESG risks. For 2024 the work on prudential treatment of exposures and ESG risk management will remain the main focal points.

As noted, the EBA is expected to collaborate with the Commission on reports on the performance of the covered bond framework, which are mandated in Article 31 of the Covered Bonds Directive to be submitted by 2024/2025. Also in that context, the EBA will deliver its responses on two Calls for Advice: one to support the revision of the Covered Bond Directive, and another on insolvency benchmarking.

For the development of the Single Rulebook, in all areas, the ACP also recommended that the EBA ensure that proportionality considerations remain at the core of impact assessments that accompany the regulatory products and guidance.

1.5.2 Monitoring financial stability and sustainability in a context of increased interest rates and uncertainty

Within the context of this priority, an increased focus has been put on the impact of higher interest rates on the real economy in general and the banking sector in particular. Although inflation in most jurisdictions has retreated considerably, on average it still remains above target levels. Although the European economy has not fallen into recession, economic activity remains subdued. In view of this macroeconomic uncertainty banks have tightened their credit standards. With the current unstable geopolitical and economic circumstances, heightened efforts to track developments in and challenges to the financial sector (which also include cyber-resilience) may need to be sustained for the foreseeable future.

Based on the EU-wide stress test run in 2023, the EBA will continue to monitor risks in order to inform supervisory priorities. Following the 2023 exercise and the lessons learned, including from the introduction of top-down elements for NFCI, the EBA will assess the need for changes to its methodology for the 2025 exercise. The ACP recommended in this context that the EBA consider introducing supplementary proportionality considerations in its stress test work. The EBA will also start developing a regular climate stress test framework through a dedicated subgroup, and will run a one-off system-wide climate scenario analysis in conjunction with other ESAs and the ECB.

Work on building the EBA's ESG risk monitoring framework in order to be able to efficiently monitor ESG risks – transition and physical risks – in the financial sector as well as the development of the green financial market had to be postponed, but is now expected to resume (and to be completed in 2025). This envisages the gradual increase in the use of external ESG risk-relevant data with a focus on environmental risks.

The Authority will also continue to deliver on mandates included in the CRD, CRR, IFD, IFR and those stemming from the Commission's action plan and renewed Sustainable Finance Strategy, and to pursue its contributions to European and international work.

1.5.3 Putting data infrastructure at the service of stakeholders

The implementation of the EBA's Data Strategy will improve the way regulatory data is acquired, compiled, used and disseminated to relevant stakeholders, and will strengthen the Authority's analytical capabilities. The EBA will continue to leverage its EUCLID platform to enable data flows between diverse endpoints and provide internal and external stakeholders with access to high-quality, curated data and insights by employing more advanced technical capabilities; to foster the accessibility and dissemination of critical data assets, insights and analytics policies; and to implement the Pillar 3 data hub requested by the Level 1 legislation.

In 2024 the EBA will also finalise implementation of an improved DPM and methodology (the DPM Refit) to ensure the EBA data dictionary is fit for the future challenges in reporting and digital processing. The EBA will start producing reporting frameworks, including the DPM releases, the full validation rules lifecycle, support for data calculations and the creation of XBRL taxonomy packages through the DRR tools. Both the DPM Standard 2.0 and DRR tools were developed jointly with EIOPA. In the context of its work on reporting and transparency, the EBA will duly consider the proposals that the ACP deems critical from the perspective of proportionality and with a view to reducing the reporting burden.

1.5.4 Developing oversight and supervisory capacity for DORA and MiCAR

Regarding DORA, given its cross-sectoral nature the ESAs will focus significant attention and effort on the set-up of the oversight function over critical TPPs. Therefore, in 2024 the EBA, ESMA and EIOPA, together with the supervisory community, will be focusing on the operational set-up of the oversight framework in order, in their capacity as lead overseers, to be ready to oversee these critical ICT TPPs from 2025 onwards. This includes several preparatory steps, such as i) the process for designation as critical ICT third-party providers; ii) the design of the relevant processes, methodologies and governance structures envisaged by DORA to conduct oversight activities; and iii) capacity building to equip the cross-ESAs oversight team. New IT tools will also need to be implemented to support the new oversight function in terms of CTPP designation and oversight collaboration, as well as with respect to ICT-related incidents. During 2024, with a view to building operational and ICT risk capacities internally during the execution phase of the implementation plan, the EBA will also offer in-house training sessions and leverage the EU SDFA and other available training provision in order to build skills for managing DORA-related activities for ESAs and CAs.

For MiCAR, the EBA is responsible for delivering 20 technical standards and guidelines in 2024 (two of which are joint with ESMA, and one is joint with ESMA and EIOPA). The policy mandates under MiCAR will expand on the single rulebook for crypto-asset issuance and service provision in the EU established by MiCAR, for example by further specifying capital requirements for issuers of ARTs. Importantly, the EBA will need to be ready from the end of Q4 2024 to supervise issuers of significant ARTs and EMTs, for which the EBA will need in 2023 and 2024 to develop supervisory and enforcement policies and procedures, forms and templates for the exchange of information between all relevant parties (including supervised issuers, NCAs, the ECB and other relevant central banks). IT capabilities will need to be developed to support the EBA’s supervisory function and a new Crypto-Assets Standing Committee will need to be established to facilitate the EBA in the performance of its supervision tasks. In 2024 the EBA will also place special emphasis on promoting supervisory convergence in the area of crypto and MiCAR authorisation and supervision across the authorities through a dedicated Coordination Group, and also on strengthening supervisory capacity building, in particular by further extending training for staff and by organising workshops with NCAs on techniques for the supervision of issuers of ARTs and EMTs.

More generally, the recruitment of fee-funded resources is linked to uncertainties around the number of entities subject to being charged fees and a related risk that the funds will be insufficient to cover all staff costs.

1.5.5 Increasing focus on innovation and consumers while preparing the transition to the new AML-CFT framework

In 2024, the EBA will further enhance the supervision of financial institutions' conduct and strengthen CAs' ability to tackle financial crime across their regulatory and supervisory remit. It will also contribute to ensuring that citizens have access to financial and banking services and focus on consumer protection mandates assigned by MiCAR and the Credit Servicers and Credit Purchasers Directive. The EBA will continue to monitor and assess market developments, including financial innovation, to achieve a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities, and to provide advice to the co-legislators where needed. In particular in 2024/2025 the EBA will focus on priority areas encompassing:

- crypto-assets;
- tokenisation in relation to new financial products, services and decentralised finance;
- application of artificial intelligence / machine learning in the financial sector;
- value chain evolution (incl. monitoring mixed activity groups and white labelling).

In addition, the EBA will continue with its broader horizontal innovation-related work, including but not limited to knowledge sharing on supervisory and regulatory technologies (SupTech and RegTech) and open finance, will contribute to work priorities envisaged by the EFIF in 2024, and will leverage dialogue with industry, CAs and other EU and international organisations to identify emerging risks and opportunities.

In 2024, the EBA together with ESMA, EIOPA and the Commission, will continue to support the activities of the EU SDFA, to strengthen supervisory capacity in innovative digital finance, and to support the objectives of the EU Digital Finance Strategy.

Throughout 2024, the EBA will work closely with CAs and the Commission to facilitate the transition to the EU's new legal and institutional AML/CFT framework.

At the same time, the EBA will continue to foster the implementation of robust approaches to tackling ML/TF, sanctions and other financial crime risk across the EU, in line with its legal mandate and until AMLA begins fully to exercise its mandate and powers. AMLA is currently expected to be legally established in 2024, and fully operational in 2025. The EBA will adjust its WP as necessary, which may mean that planned deliverables will be re-prioritised.

Part II – Management

2.1 Management Board and Board of Supervisors

2.1.1 Board of Supervisors

The Board of Supervisors is the EBA's main decision-making body and guides the work of the Authority. In addition to the EBA's Chairperson, the Board of Supervisors is composed of the heads of banking supervision or their representatives in 30 national EU and EEA-EFTA supervisory authorities, who are sometimes accompanied by a representative of the national central bank. It also includes representatives from the European Commission, the European Systemic Risk Board, the European Central Bank, the Single Supervisory Mechanism, the Single Resolution Board, the European Securities and Markets Authority, the European Insurance and Occupational Pensions Authority and the EFTA Surveillance Authority.

As of 10 July 2023, the Board of Supervisors appointed Mr Helmut Ettl, Executive Director of the Austrian Financial Market Authority, as Vice-Chairperson for a 2.5-year term, succeeding Mr Jo Swyngedouw, Head of Financial Stability, AML Supervision and Banking Prudential Policy of the National Bank of Belgium.

In 2023, the Board of Supervisors met 10 times and twice with the EBA's Banking Stakeholder Group. All the minutes of the Board of Supervisors, Management Board and Banking Stakeholder Group are available on the EBA website under the section Governance structure and decision making.

Board of Supervisors composition at the end of 2023

Voting members

Country	Institution	Type of membership	Name
Austria	Österreichische Finanzmarktaufsicht	Member	Helmut Ettl
		Alternate	Michael Hysek
Belgium	Nationale Bank van België/Banque Nationale de Belgique	Member	Jo Swyngedouw
		Alternate	Kurt Van Raemdonck
Bulgaria	Bulgarian National Bank	Member	Radoslav Milenkov
		Alternate	Stoyan Manolov
Croatia	Hrvatska Narodna Banka	Member	Tomislav Ćorić
		Alternate	Sanja Petrinić Turković

Country	Institution	Type of membership	Name
Cyprus	Central Bank of Cyprus	Member	Constantinos Trikoupis
		Alternate	Kleanthis Ioannides
Czech Republic	Česká Národní Banka	Member	Zuzana Silberová
		Alternate	Marcela Gronychová
Denmark	Finanstilsynet	Member	Louise Caroline Mogensen
		Alternate	Thomas Worm Andersen
Estonia	Finantsinspektsioon	Member	Andres Kurgpõld
		Alternate	Kilvar Kessler
Finland	Finanssivalvonta	Member	Marko Myller
		Alternate	Jyri Helenius
France	Autorité de Contrôle Prudentiel et de Résolution	Member	Nathalie Aufauvre
		Alternate	François Haas
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	Member	Raimund Röseler
		Alternate	Adam Ketessidis
Greece	Bank of Greece	Member	Heather Gibson
		Alternate	Kyriaki Flesiopoulou
Hungary	Magyar Nemzeti Bank	Member	Csaba Kandrács
		Alternate	László Vastag
Ireland	Central Bank of Ireland	Member	Gerry Cross
		Alternate	Mary-Elizabeth McMunn
Italy	Banca d'Italia	Member	Andrea Pilati
		Alternate	Francesco Cannata
Latvia	Latvijas Banka	Member	Kristine Černaja-Mežmale
		Alternate	Ludmila Vojevoda
Lithuania	Lietuvos Bankas	Member	Simonas Krėpšta
		Alternate	Renata Bagdonienė
Luxembourg	Commission de Surveillance du Secteur Financier	Member	Claude Wampach
		Alternate	Nele Mayer
Malta	Malta Financial Services Authority	Member	Christopher P. Buttigieg
		Alternate	Anabel Armeni Cauchi
Netherlands	De Nederlandsche Bank	Member	Steven Maijoor
		Alternate	Willemieke van Gorkum
Poland	Komisja Nadzoru Finansowego	Member	Kamil Liberadzki
		Alternate	Artur Ratasiewicz
Portugal	Banco de Portugal	Member	Rui Pinto
		Alternate	Jose Rosas

Poland	Komisja Nadzoru Finansowego	Member	Kamil Liberadzki
		Alternate	Artur Ratasiewicz
Romania	Banca Naţională a României	Member	Adrian Cosmescu
		Alternate	Cătălin Davidescu
Slovakia	Národná Banka Slovenska	Member	Tatiana Dubinová
		Alternate	Linda Šimkovičová
Slovenia	Banka Slovenije	Member	Primoz Dolenc
		Alternate	Damjana Iglič
Spain	Banco de España	Member	Ángel Estrada
		Alternate	Agustín Pérez Gasco
Sweden	Finansinspektionen	Member	Henrik Braconier
		Alternate	Magnus Eriksson

EEA and EFTA members

Country	Institution	Type of membership	Name
Iceland	Fjármálaeftirlitið	Member	Björk Sigurgísladóttir
		Alternate	Gísli Óttarsson
Liechtenstein	Finanzmarktaufsicht Liechtenstein (FMA)	Member	Markus Meier
		Alternate	Elena Seiser
Norway	Finanstilsynet	Member	Per Mathis Kongsrud
		Alternate	Anders Sanderlien Hole
–	EFTA Surveillance Authority	Member	Stefan Barriga
		Alternate	Jonina Sigrun Larusdottir

Observers

Institution	Name
SRB	Sebastiano Laviola

Other non-voting members

Institution	Name
ECB	Katrin Assenmacher
ECB Supervisory Board	Stefan Walter, Sofia Toscano Rico

Institution	Name
EIOPA	Fausto Parente
ESMA	Natasha Cazenave
ESRB	Francesco Mazzaferro
European Commission	Martin Merlin, Almorò Rubin de Cervin

2.1.2 Management Board

In accordance with the EBA Founding Regulation, the Management Board ensures that the EBA carries out its mission and performs the tasks assigned to it. It is composed of the EBA Chairperson and six other members of the Board of Supervisors elected by and from its voting members. The Executive Director, the EBA Vice-Chairperson and a representative of the Commission also participate in its meetings.

Four new members joined the Management Board in 2023. Two members were elected by the Board of Supervisors in January 2023 from Spain and Greece, and two other members representing Hungary and Latvia, were elected in July 2023.

The Management Board met five times in 2023, out of which two meetings were held at the EBA premises, and the remaining meetings were held as videoconferences. The Management Board steers the preparation and revisions of the EBA's Annual Work Programme and the development of the Draft Single Programming Document which were approved in 2023 before their submission to the final approval of the Board of Supervisors.

It monitors the execution of the EBA's tasks and activities, the budget planning process and the allocation of human and financial resources. To guarantee the transparency of its decision making, minutes of the Management Board's meetings are published on the EBA website.

As a follow-up to the adoption of the EBA Enterprise Risk Management (ERM) policy in 2022, the management Board has reviewed and supported the EBA strategic risk register and risk appetite statement in 2023. While a number of risks were monitored closely, no significant risk or control issues were highlighted to the Management Board in 2023.

Management Board composition at the end of 2023

Country	Institution	Type of membership	Name
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	Member	Raimund Röseler
		Alternate	Adam Ketessidis
Greece	Bank of Greece	Member	Heather Gibson
		Alternate	Ekatrini Korbi
Hungary	Magyar Nemzeti Bank	Member	Csaba Kandrács
		Alternate	László Vastag
Latvia	Latvijas Banka	Member	Kristīne Černaja-Mežmale
		Alternate	
Poland	Komisja Nadzoru Finansowego	Member	Kamil Liberadzki
		Alternate	Artur Ratasiewicz
Spain	Banco de España	Member	Ángel Estrada
		Alternate	Agustín Pérez Gasco
	European Banking Authority		José Manuel Campa

2.2 Major developments

In 2023, the EBA was confronted with some important external challenges, namely the geopolitical tensions and ongoing conflicts as well as the macroeconomic developments, such as inflationary pressures and rising interest rates. The organisation was also positively impacted by some major internal developments described in the sub-sections below.

2.2.1 Mission statement and values

After a decade of activity and with the perspective of taking on new staff, in 2023 a task force made up of senior management and staff worked on developing the EBA mission statement and values.

Our mission is to contribute to the stability and effectiveness of the European financial system through simple, consistent, transparent and fair regulation and supervision that benefit all EU citizens.

The mission statement communicates the purpose of the organisation and is based on the EBA Founding Regulation.

Our values define us, guide our organisation and shape our actions at all levels of our work.

Public service at our core

We act independently, in the sole interest of the European Union. We are committed to strengthening the financial sector and protecting consumers through sound regulation.

Excellence in everything we do

We pride ourselves on the work that we do. We promote simplicity, objectivity, transparency and proportionality. We learn from successes and failures and continue improving what we do.

Trust in our relationships

We build relationships based on trust, respect and transparency. We are open and responsible for our actions, promises and commitments. We care about people. We should resemble the society in which we live. And we will abide by high ethical and environmental principles.

Creativity to deal with challenges

We strive to innovate and make a difference, with the belief that change is possible. We pioneer new ways of working to make a difference, and that makes us unique. We have the energy, imagination and courage to lead.

Collaboration is our approach

We value team spirit and cultural diversity. We encourage, seek and value input and feedback. By having a collaborative mindset, we can work and grow together with each other and our stakeholders.

2.2.2 Gender, diversity and inclusion (D&I)

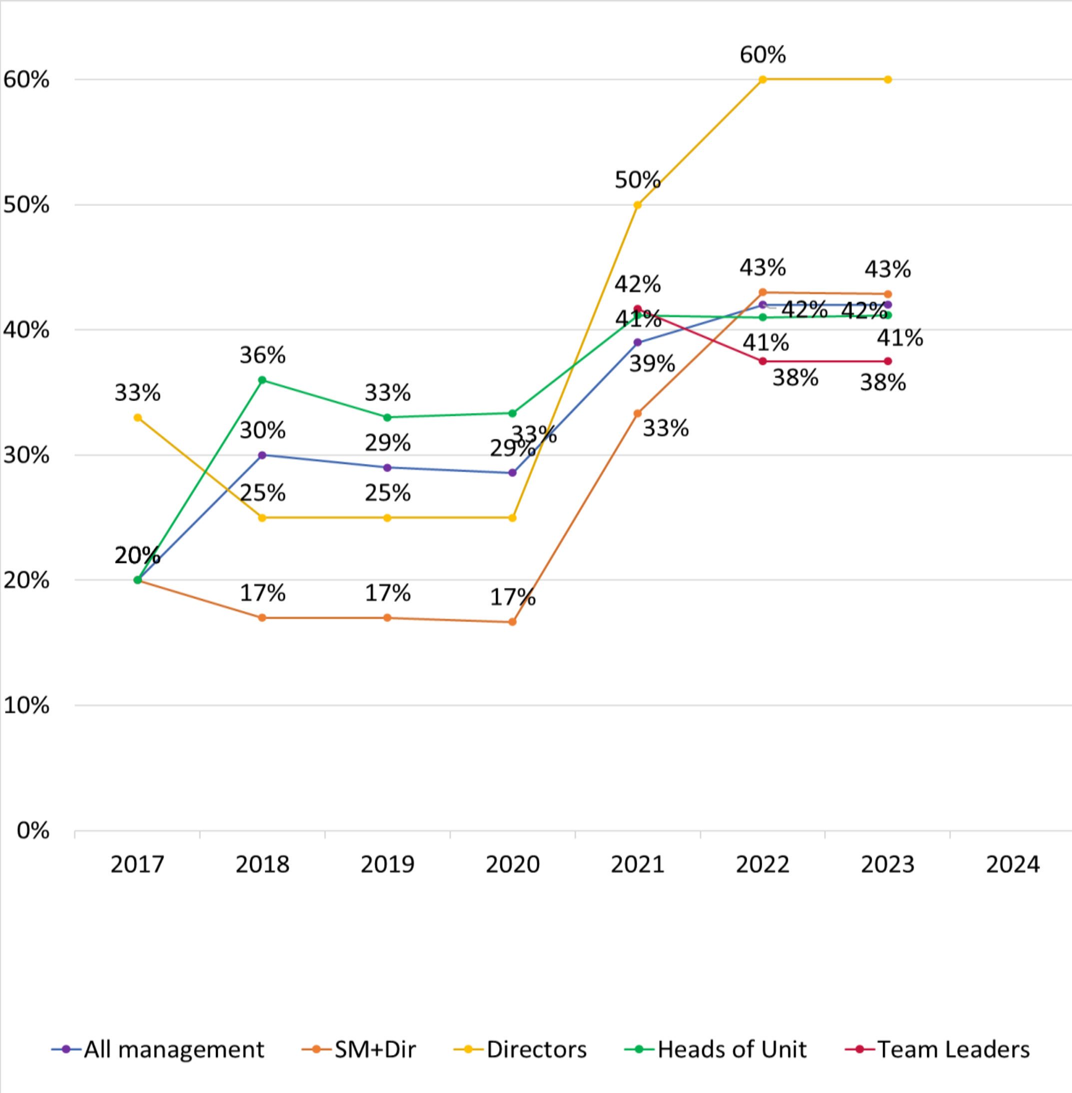
The EBA continued to be very active in embedding gender, D&I as a core pillar of its corporate culture.

D&I and gender equality are among the EU institutions' priorities as illustrated by the EU 2020–2025 Gender Equality Strategy.

The EBA strives for gender equality in professional and cultural development, ensuring women and men have equal opportunities to thrive both within the Authority and across the financial services sector.

Since the end of 2020, the EBA has been advancing on the issue of gender balance for its own organisation, in different phases: first, through embedding gender equality in our culture and values leading to the milestone of achieving gender-equal leadership. The numbers say it all: the women in senior leadership (Director level) have raised from 25% to 60% and is at 43% at all Management level (Chair, Executive Director, Directors, Heads of Unit).

Figure 10: Proportion of women in EBA Management and Team Leader roles



But this is just the beginning. Fostering gender equality makes EBA teams stronger in working towards common values and goals, and inclusion is actively pursued to harvest the advantages of a diverse work force.

The EBA's staff survey has shown that it has strengthened a sense of belonging, with an overall satisfaction rate of 72%, up from 65% in the previous survey. In that regard, the EBA has mainstreamed gender issues through its organisation with concrete initiatives such as training on unconscious bias. It has started working towards mechanisms and policies to promote gender equality in its own governance bodies. It has also launched a mentoring project to foster talent of staff of all genders, but with a majority of female attendees.

The EBA continued to invest in awareness campaigns for gender balance, both in-house and beyond. It held two conferences for EU agency staff featuring speakers from the European Parliament, other agencies and authorities, and the private sector. The EBA also spoke at conferences organised by other groups about its diversity efforts, thus broadening its coalition with EU agencies and stakeholders.

Additionally, the EBA is working towards creating an accessible and inclusive workplace, in particular by removing potential obstacles and shaping a collaborative barrier-free environment.

The EBA commissioned an assessment audit of the EBA offices' compliance with French law, which proved that the premises are compliant with applicable national legislation.

Additionally, a Commission expert from the Diversity and Inclusion Office of DG HR and Security was invited to check the accessibility of the EBA premises. Following this visit, numerous recommendations were identified concerning the following processes and areas: accessibility of premises and digital accessibility, recruitment and onboarding, inclusive missions and events, training and awareness raising, and tendering and procurement. The EBA is liaising with relevant stakeholders to address the recommendations.

2.2.3 Cloudification programme

The EBA completed a strategic initiative to migrate our IT landscape into the public cloud. The primary goals were to enhance agility, reduce operational costs, and improve scalability to build a secure and futureproof IT infrastructure. Over the past year, our dedicated team has successfully executed this migration, and is now operating our cloud-native environment.

As key achievements the project team has successfully delivered the following.

- In close cooperation with the three European Supervisory Agencies, two major tender procedures were executed, with the signature of multi-million-euro contracts.
- The migration process was executed with minimal disruption to the EBA's business operations. Critical applications and services were seamlessly moved to the cloud, ensuring continuity.
- With the robust security features offered by the cloud, the EBA's security posture has greatly increased. Its data are better protected against cyber threats by using EBA controlled encryption keys (EC's standard for SNC information) and advanced features such as 24/7 Security monitoring and defences based on Azure Sentinel SOC.

- Thanks to the dynamic scalability of the cloud, the EBA IT unit has gained in flexibility, enhancing the ability to respond to changing business needs.
- All the EBA services are now operated in the cloud and, thanks to close cooperation between the EBA, EIOPA, ESMA and the ECHA (the European Chemical Agency), our data protection compliance is ensured through the delivery of a baseline Data Protection Impact Assessment.

The execution of the project has been an exciting but challenging journey. In June, the EBA turned a corner when a revised plan was put in place, impacting its initial timeline and budget.

The EBA Office Managed Network Services and the EBA Azure Cloud Managed Services have been taken over by the new FWC Operators since June 2023, respectively November 2023, with some non-critical scope elements remaining to be delivered during the post-migration stabilisation period.

2.2.4 External communication strategy

The EBA external communication strategy is revised every few years to ensure that the Authority is communicating to the right audience in the most effective way and using the most appropriate channels. An important part of the process, finalised in the second half of 2023, was the refresh of the visual identity and EBA logo, which is now more minimalistic, modern and fit for the digital age.

The revision of the communication strategy culminated in the introduction of a new website, which has been redesigned with different stakeholders in mind – from representatives of competent authorities to members of the press – for a more engaging experience. In line with its new strategy, the EBA made use of a number of interactive data visualisation tools, such as Flourish and Power BI, thus enabling the creation of captivating data stories and making its data sources more accessible and appealing for all its stakeholders.

2.3 Budgetary and financial management

2.3.1 Budget execution

The initial voted budget for a total amount of EUR 52 677 553 was adopted by the BoS on 21 December 2022. This budget was amended three times during 2023. It was amended twice to increase the budget for the employer’s pension contribution by a total amount of EUR 150 000, stemming from the increase in the pension contributions and salaries indexation rates. The third budget amendment was to align the budget with the actual contribution received in 2023 from the Directorate General for Structural Reform Support

(DG REFORM) in respect of a service level agreement (SLA) for training services rendered to the EU Supervisory Digital Finance Academy (EU SDFA), and to take account of the final actual pension contribution cost, leading to a total reduction of EUR 155 552. Taken together, these amendments resulted in a final voted budget of EUR 52 672 001[4].

2023 budget amendments and transfers

In 2023, 27 budget transfers were authorised in accordance with Article 26 (paragraph 1) of the EBA Financial Regulations. The Management Board was not required to authorise any transfers.

Title	**Voted budget** *(A)*	**Amendments** *(B)*	**Transfers** *(C)*	**Final budget** *(D = A + B + C)*
I: Staff expenditure	33 515 237	23 080	704 613	34 242 930
II: Administrative expenditure	12 319 866	-18 318	-224 827	12 076 721
III: Operational expenditure	6 842 450	-10 314	-479 786	6 352 350
Total	**52 677 553**	**-5 552**	**-**	**52 672 001**

Execution of 2023 voted budget[5]

The EBA achieved a budget execution rate of 98.1% (or EUR 51 666 912) on the 2023 commitment appropriations and 91.4% (or EUR 48 118 318) on payment appropriations.

Title	**Voted budget** *A*	**Committed** *B*	**%** *C=B/A*	**Paid** *D*	**%** *E=D/A*	**Carry Forward** *F*	**%** *G=F/B*
I: Staff expenditure	34 242 930	34 082 857	99.5%	33 800 719	98.7%	282 138	0.8%
II: Administrative expenditure	12 076 721	11 775 877	97.5%	10 494 133	86.9%	1 281 744	10.9%
III: Operational expenditure	6 352 350	5 808 178	91.4%	3 823 466	60.2%	1 984 712	34.2%
TOTAL	**52 672 001**	**51 666 912**	**98.1%**	**48 118 318**	**91.4%**	**3 548 594**	**6.9%**

The total amount of 2023 commitment appropriations carried over to the next year was EUR 3 548 594 (or 6.9% of the appropriations committed at the end of 2023), which is EUR 2 783 765 less than the 2022 carry-overs. This decrease of almost 44% in commitment appropriations carried over in 2023 as compared to 2022 was a result of significant efforts made by the EBA to bring the carry forward amounts within the thresholds recommended by the European Court of Auditors.

Consumption of 2023 internally assigned revenue (C4)

In addition to its voted budget, the EBA had EUR 401 041 in appropriations arising from internally assigned revenue received during the year. These are the funds paid to the EBA

[4] Including EUR 214 772 received from DG REFORM for the EU SDFA
[5] Including the expenditure related to the SLA with DG REFORM

by other EU agencies for the rendered services or by the staff and suppliers as reimbursement of undue costs.

Title	Budget *A*	Committed *B*	% *C=B/A*	Paid *D*	% *E=D/A*	Carry Forward *F=A-D*	% *G=F/A*
I: Staff expenditure	172 602	1 939	1.1	1 939	1.1	170 663	98.9
II: Administrative expenditure	50 264	15 100	30	-	-	50 264	100
III: Operational expenditure	178 175	-	-	-	-	178 175	100
TOTAL	**401 041**	**17 039**	**4.2**	**1 939**	**91.4**	**399 101**	**99.5**

Budgetary execution on 2022 carry-overs

By the end of 2023, the EBA had executed 99.0 % of commitment appropriations carried over from 2022.

AR2023	Voted budget (C8)	Assigned revenue (C5)	Total						
	Carry over *A*	Paid *B*	% *C=B/A*	Carry over *D*	Paid *E*	% *F=E/D*	Carry over *G=A+D*	Paid *H=B+E*	% *I=H/G*
I: Staff expenditure	140 783	122 180	86.8	140 082	140 082	100	280 865	262 262	93.4
II: Administrative expenditure	2 779 074	2 728 399	98.2	1 721	1 721	100	2 780 795	2 730 120	98.2
III: Operational expenditure	3 402 502	3 399 791	99.9	595 307	595 307	100	3 997 809	3 995 097	99.9
TOTAL	**6 322 359**	**6 250 370**	**98.9**	**737 110**	**737 110**	**100**	**7 059 468**	**6 987 479**	**99.0**

Procurement

2023 was a busy year in terms of EBA-led procurement procedures. As framework contracts usually expire after four years, many framework contracts had to be awarded again.

Other aspects worth highlighting:

- organisation of six training courses for EBA colleagues;
- implementation of the Public Procurement Management Tool (PPMT);
- phasing out of eNotices and eTendering, and transition to the EU Funding and Tenders Portal;
- improvements to the EBA´s procurement procedures and documentation;
- reduction in the direct award of direct contracts, and related increase in the use of framework contracts;
- no complaints and no legal challenges related to procurement activities.

This table contains the number of procurement procedures completed in 2023, classified by kind of procedure.

Kind of procedure	Threshold	Number of procedures
Negotiated	Very low value (≤ €15 000)	18
Negotiated	Mid value (€60 000 – €140 000)	2
Negotiated under a FWC	Irrelevant	1
Open	Publication (≥ €140 000)	7
Restricted	Publication (≥ €140 000)	1
Total number of procedures		29

This table contains the number of procurement procedures launched in 2023 and ongoing at the end of the year, also classified by kind of procedure.

Information on late payments and late interest

The EBA paid 869 supplier invoices in 2023, of which two were paid late. On one of these invoices (from the European Commission) the EBA was required to pay late-payment interest of EUR 607. This is the first late-payment interest paid by the EBA since 2013.

2.3.2 Grant, contribution, and service level agreements

In 2022, the three ESAs (the EBA, EIOPA and ESMA) each signed a service level agreement (SLA) with DG REFORM, whereby the ESAs provide training services to the EU Supervisory Digital Finance Academy (EU SDFA) and DG REFORM provides funding to the ESAs for staff, missions and sundry other costs. In 2023, the EBA received EUR 214 772 from DG REFORM under this SLA. The SLA will run for four years from September 2022. However, given the success of the SDFA, the possibility of an extension is being discussed.

2.3.3 Control results

Overall budget implementation tables are shown in Annex II, including tables of financial statistics, which also includes KPI related to legality and regularity. KPIs applicable to budget implementation are listed in the table below. Further indicators are shown in Annex II.

KPI	Measure	Target	2023	2022
Commitment implementation rate (voted budget)	%	> 95	98.1	99.6
Payment implementation rate (C8 carry forward)	%	> 95	98.9	98.3
Late payments (supplier invoices)	Count	0	2	5
Carry forward to next year, by title (C1)	%			
- Title 1		10	0.8	0.4
- Title 2		20	11.5	26.5
- Title 3		30	34.2	44.2

These performance indicators are important measurements of the EBA's budget management. Failure to meet the targets for the implementation of appropriations (KPIs 1 and 2) can have consequences for the EU contribution to the EBA's budget in the subsequent year, with DG BUDG reducing the EU subsidy by 2% in budget year N+2. The ceilings for KPI 4 are those applied by the European Court of Auditors for its audit work and are for guidance only.

The legality and regularity of transactions is ensured by ex ante and ex post controls carried out by the EBA on all financial transactions: recovery orders, commitments, payments and budget transfers. The financial aspects of each operation are verified by members of the Finance & Procurement unit, who have the necessary competence and training to effectively prevent and detect errors or irregularities. This centralisation of control of financial aspects strengthens the capacity of the EBA to ensure a systematic application of the rules.

Ex ante verification is carried out on all financial transactions. It is supplemented by periodic ex post control exercises. In 2023, EBA staff members conducted one ex post control exercise on financial transactions, taking a risk-based sample that amounted to 7% of payment transactions by volume and 3% by value for the period July to December 2022. All transactions controlled were found to be legal and regular. No monetary errors were found. Some areas of improvement were identified and improvements implemented.

Through the year the agency carries out different control activities and assessments, and the results support the assurance on the achievement of the internal control objectives stipulated under Article 30(2) of the EBA's Financial Regulation. The Executive Director and the Management Board are informed of the results of the control activities and assessments, which comprise the following:

- annual internal control self-assessment of the EBA's Internal Control Framework, checking if all the components and principles are present and functioning;
- status of the implementation of open actions resulting from the control activities and assessments;
- analysis of exceptions reporting;
- results and analysis of ex post and ex ante controls on financial transactions;
- status of implementation of audit recommendations and observations issued by the internal and external auditors of the EBA;
- status of implementation of actions resulting from the comments and requests issued by the Discharge Authority;
- verification of access rights for the financial system;
- sensitive functions assessment and monitoring of the inventory.

2.3.4 Cost and benefits of controls

Control activities ensure that risks related to the achievement of the organisation's objectives are mitigated at all levels. Consequently, they include a variety of checks and approaches to mitigate risks, through manual and automated controls, both preventive and detective. To be cost-effective, the EBA's controls are designed to achieve the right balance between effectiveness, efficiency and economy.

The calculation method follows the approach used by the European Commission and the guidelines provided by the Performance Network of EU agencies.

In 2023, the EBA allocated 8.8 FTEs for control activities (A) in the areas of audit, anti-fraud, data protection, ethics, risk management, financial verification and self-assessment, which together with the direct costs (B) amounts to 3.51% of the 2023 executed budget. This cost estimation includes Chapter 11 costs, meaning pensions and salary weighting, excluding costs arising when staff join/leave (daily subsistence allowance, installation allowance, travel and relocation allowance).

Control activities costs (A)

1. Area of activity	2. TOTAL FTEs
Financial management including procurement, budget and accounting	4.7
Governance, risk and compliance	4.0
Adequate, safe and secure work environment	0.1
TOTAL	8.8 (3.04% of executed budget)

The direct costs (B) refer to the costs which are incurred in support of the control activities and include the external audit.

Direct control costs (B)

Item	Amount in EUR
Data protection, Business Continuity Management Programme (consultancy)	171,343
ABAC, Treasury Services	45,100
External audit	27,876
TOTAL	244,319 (0.47% of the executed budget)

In terms of the effectiveness of the controls, the European Court of Auditors has given the EBA an unqualified opinion on the 2023 accounts. In addition, given the overall conclusion on the maturity of the internal control system, the EBA has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls.

With a special focus on compliance while ensuring performance, the EBA has implemented a set of controls aiming to bring benefits to the Agency. These can be demonstrated by the following elements:

- compliance with regulatory requirements;
- reliable reporting that supports the decision-making process on items related to resources allocation and budget implementation;
- clean accounts, reliable recordkeeping and integrity of data;
- increased efficiency among the functions and processes;
- prevention of conflicts of interest;
- the European Parliament granting annual discharge on the implementation of the budget to the Executive Director;
- continuous unqualified ECA opinion on the accounts;
- reduced number of audit observations and recommendations, as well as the implementation of the agreed actions within short timelines.

The controls in place are considered adequate and proportionate to the risks they serve to mitigate. They provide reasonable assurance that the budget has been effectively executed in compliance with the regulations. The Agency reviews its internal control procedures and policies on a continuous basis, to implement improvements, manage risk and ensure a proportionate balance between the costs and benefits of controls.

2.4 Delegation and sub-delegation

As per Article 64(1) of the EBA Founding Regulation (Regulation (EU) No 1093/2010), the Executive Director of the EBA ‘shall act as Authorising Officer and shall implement the Authority’s annual budget’. The Executive Director delegated Authorising Officer powers to six staff members, via permanent delegations:

- Director of Operations: all budget lines, all transactions, with no monetary limit;
- Head of Finance & Procurement: all budget lines, all transactions, without monetary limit on Chapter 11 budget lines and with an EUR 60 000 limit per transaction on all other budget lines;
- two members of the Finance & Procurement team, all budget lines, payment transactions up to EUR 15 000 only;
- two corporate support staff members: missions purchase orders only, with no monetary limit.

The delegations are valid for the remaining duration of the employment contracts of the staff members in question, when they are revoked.

On two occasions, due to planned absences, the Executive Director also delegated Authorising Officer powers without monetary limit for short periods to the Head of Finance & Procurement.

All sub-delegated authorising officers provided declarations of assurance regarding the transactions for which they exercised their budgetary powers.

The Authorising Officer also delegates budgetary powers to staff to act as operational initiators, operational verifiers, financial initiators, financial verifiers and neutral verifiers.

In 2023, the EBA identified an issue with the set-up of some rights in ABAC, as a result of which the EBA is running a project to review the ABAC rights to ensure alignment with the current financial circuit and to facilitate future changes. Further training will also be provided in a workshop format to the local access managers. This initiative should also assist with the transition to SUMMA.

2.5 Human resources management

People being the main asset of the organisation, the focus is on the development of a fully fledged HR strategy as part of its three-year HR Transformation and rolling Matrix Strategy including 10 modules:

The HR infrastructure (the foundations)	Module 1 Module 2 Module 3	Complying with all rules Having the right sensors Optimising the HR function
The 'R' of HR (the organisation's perspective)	Module 4 Module 5 Module 6 Module 7	Attracting staff Managing staff Deploying staff Assessing staff
The 'H' of HR (the staff's perspective)	Module 8 Module 9 Module 10	Talent development Talent engagement Talent care

As a result, 2023 main outcomes were:

Module 1 – following the adoption by analogy of Commission Decision C(2022)1788 on working time and hybrid working, a second staff survey piloted by the EBA Staff Committee took place in October 2023, the result of which was that 95% of staff considered that they were familiar with the rules. Also, the outcome showed that the EBA is applying the working time and hybrid working regime in line with the evaluation report of September 2023 from the European Commission on the implementation of the decision.

Module 2 – new HR metrics relating to staff presence (e.g. annual leave, sick leave, flexi leave, etc.) were developed.

Module 3 – as part of HR Digitalisation, a new tool ('Allegro' system) was put in place allowing standardised and automated Job Descriptions, and the new eRecruitment tool entered the testing phase for a targeted go-live in Q1 2024.

Module 4 – talent attraction and selection were further strengthened with the adoption of new recruitment guidelines, a revised scoring methodology and new processes for publishing and disseminating calls. A new SNE rolling call was launched, optimising selection and hiring. New initiatives as part of talent leveraging were launched as the conclusion of more than 60 partnerships with universities and the launch of an EUAN ICT Academy task force identifying the skills of the future in the IT area. The focus was also on offering new measures for accommodating candidates with disabilities in selections.

Module 5 – a new Internship policy and a new Interim services management policy were adopted, and pilot cases were launched with a view to developing a Guest expert programme policy.

Module 6 – focal points were to provide staff with mobility opportunities with the development of a new ESAs staff exchange programme, and the implementation of the internal mobility policy with the successful conclusion of two Career Development Opportunities calls for acting managerial positions.

Module 7 – talent performance was redesigned as a management cycle. The 2023 Performance Management Cycle was completed on 26 June 2023. It started with the appraisal exercise (January to March) aiming at assessing staff's efficiency, ability and conduct; this was followed by Talent Review meetings (April and May) identifying the 'talent production line' moving forward and evaluating staff expressions of interest for internal and external mobility; the reclassification exercise was the last step (May to June).

Module 8 – as part of Talent development, the Team leaders (TL) programme was adjusted based on lessons learnt, providing an opportunity for staff skills development. The mentoring programme pilot was confirmed as a permanent feature of staff career development. A wide range of blended Learning and Development (L&D) was offered, including e-learning, tailored programmes, language courses, coaching sessions, inspirational talks, hybrid courses, workshops, etc. Mandatory sessions were organised on harassment prevention, cybersecurity awareness, ethics and integrity, etc.

Module 9 – several initiatives supporting talent engagement took place with the successful completion of the three dimensions of the 2022 SES action plan (EBA values, career development and wellbeing at work), the adoption of the EUAN D&I Charter and the ESAs' high-level conference on 7 March 2023 entitled 'Are we on the right track with gender equality', etc.

Module 10 – staff wellbeing remained a key priority, with the adoption of a new Social and sports clubs policy, the adoption of Team building events policy and toolkit, the conclusion of a new SLA with the Commission for psychosocial services, the adoption of new Staff Committee rules of procedure, the organisation of Flu campaign, new wellbeing courses, etc.

2023 key indicators:

- Temporary Agents (TAs) execution rate of the Establishment Plan: 99% (without MiCAR/DORA);
- Contract Agents (CAs) occupancy rate: 98% (without SDFA);
- Seconded National Expert (SNE) positions filled: 74% – 14 paid SNEs and 13 cost-free SNEs (DE, ES, FR, IT, MT, NL, RO);
- Trainees: 25;
- Interns (ages 14–19 years): 15;
- Time to hire (= average length of the recruitment procedure between the publication of the vacancy notice and the establishment of the reserve list): 3.4 months;
- Statutory staff (TAs and CAs) turnover rate: 6%;
- Staff with children up to 18 years old: 93;
- Staff with recognised disability: 1.

Brief description of the results of the screening / benchmarking exercise:

In 2023, the EBA continued to apply the benchmarking exercise following the methodology of the European Commission. The table in Annex IV depicts the results of the exercise based on the type of post: Administrative support and Coordination, Operational and Neutral. The increase in the share of job allocated to "operational" role (from 82.5% in 2022 to 84.6% in 2023) and corresponding decrease in the "administrative support and Coordination" role (from 12.3% in 2022 to 11.6% in 2023) confirms the shift towards greater efficiency, enabling more resources to deliver on the EBA's strategic operational priorities.

2.6 Strategy for efficiency gains

The driver of the strategy for efficiency gains is to ensure organisational agility through internal structural adjustments when needed, increased alignment with higher-level strategies and goals, people development, increased shared services and digitalisation.

a) Internal structural adjustments

The 2021 reorganisation has increased EBA efficiency and effectiveness through a better alignment of the Agency's internal structure to the achievement of its key priorities, and the EBA will continue to foster internal synergies in its wake. It was completed in 2022.

The activities portfolio has been streamlined to 19 (compared to 37 in 2021 and 25 in 2022) with a systematic analysis of all the tasks contributing to those activities. A separate activity was introduced to capture the oversight and supervision at this juncture, although this may be further considered going forward, including with the changes in relation to AML-related activities.

A reorganisation of EBA Standing Committees helped to improve efficiency and to support the focus on EBA strategic objectives. Further rationalisation is ongoing to reinforce the EBA work programme monitoring and workforce planning with the development of a new tool, which resulted in the migration of data from an Excel-based solution to an Access Database, providing for an improved and more user-friendly environment for task and resource planning functionalities. The Team Leaders role introduced in 2021 is entering into its second wave as a strong staff career development tool. The action plan developed following the Staff Engagement Survey of 2021-2022 is almost completed. Active synergies have been actioned with the ESAs and beyond with other EU Agencies through the EUAN (such as the staff swap programme between the EBA / ESMA / EIOPA, the Task Force on Shared Services on the attractiveness of EU employers, the ICT Academy aiming at identifying ways to attract young talent, and, in particular, more women in ICT, etc.). Besides the effective implementation of the EBA internal mobility, external mobility is to be adopted soon, completing the basis for staff deployment and career development.

The EBA's strategy for efficiency gains benefits from the implementation of **new technology** in line with its IT strategy and the objective therein of becoming a digital agency. While these changes represent a substantial effort for the EBA ex ante, it is expected that these initial investment costs will be fully recouped and will allow the EBA to reap positive efficiency gains over a multi-year horizon. For instance, the implementation of a collaboration platform has reduced email exchanges by 30-50% and has created more efficient processes. Development of an eRecruitment tool, discussions around automation of the Interactive Single Rulebook and the use of electronic workflow tools in Finance and HR are other examples.

Compared to the 2019 situation, in this 'new normal' the EBA organises 50% fewer meetings with externals at its premises (thus also benefiting its members' own environmental footprints) and 50% fewer staff missions to external meetings.

b) Joint procurements and external synergies

In the area of procurement, the EBA systematically seeks to include other agencies in its procurement procedures. In 2023, the EBA was lead agency on four **interinstitutional procurement** procedures, with a total value estimated at EUR 6 260 232, in which a total of two other agencies participated. The EBA also participates in many interinstitutional procedures led by other EU entities, predominantly those run by the Commission. Interinstitutional procurement is particularly strong with ESMA and the other Paris-based EU entities. In 2023, 73% of the EBA's 177 framework contracts in force (resulting from 74 procurement procedures) were procured by other EU entities – see table below.

	EBA	COM	Other agencies	Other	Total
Competitive procurement procedures completed in 2023 that resulted in the award of an FWC	8	21	9	1	39
Framework contracts	49	80	37	11	177

The EBA also continued its **close cooperation with the other ESAs**. Cross-cutting work and issues of common interest are discussed in regular ESA meetings at senior management and technical levels, with a view to reaping all possible synergies. The EBA attends ESMA and EIOPA BoS meetings and cooperates in different workstreams and task forces at working level. The EBA's Directors and Heads of Units, especially in the area of Admin/Resources/Legal, have regular discussions with their peers at the other two ESAs and the SRB.

The **Joint Committee** of the EBA, EIOPA and ESMA with the Commission and the ESRB is a key forum to discuss common regulatory issues and agree joint initiatives. Since its inception, the Joint Committee has successfully worked on numerous mandates. This will be taken to the next level with DORA.

A **shared accounting services** arrangement that was established with ESMA in 2021 to enhance the synergies between the two Paris-based authorities has been further complemented by extending it to EIOPA, whereby EIOPA's accounting officer can act as a backup for the EBA/ESMA accounting officer and vice versa.

The EBA successfully onboarded a new **Security Officer** (SO) and was supported by the EIOPA SO who was *ad interim* covering for both agencies. The collaboration continued very closely as both Agencies jointly embarked on their Cloud Transformation programmes to migrate to the public cloud. This has further brought together the three ESA SOs to align and work together to collectively raise the level of security assurance and protection in very similar circumstances and with very similar tooling in the Azure Public Cloud. The three SOs continue to work together to best prepare their organisations for the cCloud and for the upcoming security framework changes (i.e. the Cybersecurity Regulation, SNC in the Cloud policies, etc.). The three ESAs continue to evaluate a **shared security services** approach to optimise resource usage and synergise investments.

Finally, in the context of DORA, the ESAs explored the possibility of joint procedures and pooling of resources – possibly in the form of a joint oversight venture (JOV).

c) Other cross-efficiencies

The EBA and EIOPA are currently working on a 'Data Point Model (DPM) Refit' and 'Digital Regulatory Reporting' tooling. The authorities have found that they face similar problems and challenges with the expanding reporting framework and both are already using very similar Data Point Models. These projects share resources and work together with the aim of improving technical tools to support supervisory reporting and address issues.

On the technology front, the **FinTech Knowledge Hub,** established by the EBA in 2018, enhances the monitoring of financial innovation and knowledge sharing, and fosters technological neutrality in regulatory and supervisory approaches. The Hub has hosted a series of events on a wide spectrum of topics, including AI, RegTech and SupTech, and complements similar EU and national initiatives (e.g. the European Commission's FinTech Lab).

In the same vein, the ESAs established the **European Forum for Innovation Facilitators (EFIF)** in 2019 as a platform for supervisors to share experiences from engagement with firms through innovation facilitators (regulatory sandboxes and innovation hubs), to share technological expertise, and to reach common views on the regulatory treatment of innovative products, services and business models, overall boosting bilateral and multilateral coordination. The EBA chaired the EFIF in 2023 and continues to contribute to the EFIF as a joint-ESA initiative.

The **Supervisory Digital Finance Academy** is another cross-institutional initiative and a perfect example of how to maximise resources and avoid duplication. This initiative strengthens supervisory capacity in the area of innovative digital finance by providing a systematic training programme for the ESAs and for National Competent Authorities (NCAs).

Created in 2020, the **Advisory Committee on Proportionality (ACP)** provides recommendations to the EBA on how to foster proportionality in its activities and missions.

While forming an integral part of the EBA, the ACP is an independent committee. Specifically, it advises the EBA on its annual work programme and puts forward proposals on how its work may take into account specificities of financial institutions.

In 2023, proportionality remained a key driving principle of the EBA in its regulatory work. The ACP recommended that the EBA pay particular attention to proportionality in its activities in 2023 in the areas of the Supervisory Review and Evaluation Process (SREP), recovery and resolution, ESG, and reporting and transparency. The EBA took the recommendations into account in the preparation of these activities, recognising the value of enhancing proportionality where possible.

2.7 Assessment of audit and ex post evaluation results during the reporting year

2.7.1 Internal Audit Service (IAS)

In line with international professional auditing standards, the IAS established a multi-annual audit plan (Strategic Audit Plan 2022-2024), which is being reviewed annually taking into account important organisational and/or external developments that may have impacted the risk profile of the EBA.

	Audit topics (2022-2024)
Audit	1. Internal Control Framework and strategic risk management (validated) 2. HR management and ethics (to be finalised in Q1 2024) 3. IT governance and portfolio management (planned for Q4 2024)
Follow-up	- Continuous desk review of the recommendations reported as implemented - On-the-spot follow up as required

Following this audit plan, the IAS added an additional horizontal topic to its Strategic Audit Plan for the years 2023-2024: 'Multi-entity audit on coordination between DG FISMA and the decentralised agencies the EBA, EIOPA and ESMA'. As a result, planned IT governance and portfolio management audit will be postponed until Q4 2024.

All observation and recommendations are taken into the account and appropriate action plans are developed. The implementation of these actions is regularly followed-up.

In January 2023, the IAS issued the audit report on Internal Control Framework (ICF). The objective of the audit was to assess the effectiveness and efficiency of the design and implementation of the ICF in achieving the Authority's objectives. The IAS acknowledged that over the last two years the EBA has made considerable efforts to design its internal control framework and to effectively implement the internal control principles. The IAS concluded that overall, the design and implementation of the internal control framework is effective and efficient in order to allow achievement of the Agency's objectives, but there was one very important weakness related to the way the EBA conducted the annual self-assessment. The IAS also issued three other Important recommendations.

The EBA replied to the audit report confirming the acceptance of the recommendations and the action plan prepared by the EBA was considered adequate by the auditors.

2.7.2 Internal Audit Capability (IAC)

The EBA's internal audit function is ensured by the Commission's Internal Audit Service (IAS), which remains the official internal auditor of the Authority.

2.7.3 European Court of Auditors (ECA)

The European Court of Auditors (ECA) transmitted its draft report on the EBA's 2023 financial accounts on 24 May 2024.

As the reporting year is 2023, the official ECA report published during the year 2023 is the Audit Report on the annual accounts of the European Banking Authority (EBA) for the financial year 2023.

In this report, the ECA gave the opinion that 'the EBA's accounts for the year ended 31 December 2023 present fairly, in all material respects, the EBA's financial position at 31 December 2023, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's Accounting Officer. These are based on internationally accepted accounting standards for the public sector.' The Court also gave its opinion that the revenue and payments underlying the accounts for the year ended 31 December 2023 are 'legal and regular in all material respects.'

The ECA made one observation on legality and regularity of transactions (in italics below). This observation does not call into question the ECA's previously stated opinions. The EBA's draft reply to the observation is shown immediately after the observation.

- **3.5.10.** We audited a procurement procedure for "blockchain analytics services and crypto-assets markets data", with an estimated value of €360 thousand, which resulted in multiple framework contracts. We found that three tenderers that did not meet the financial capacity requirements – because they could only provide two years of financial statements instead of three as required – were nevertheless allowed to participate in the procedure. One of the three was awarded a contract as the second-ranked tenderer in the cascade. This breached Article 167(1) of the Financial Regulation, as well as the principle of transparency and equal treatment. In 2023 the EBA did not make any payments to this contractor, because so far it has only used the services of the first-ranked contractor.

- **EBA draft reply**: The procurement procedure concerned a nascent industry, in which the majority of the companies operating are newly established. In taking the decision to allow the three tenderers in question to participate in the procedure, the EBA relied on Article 19.3 Annex I to the Financial Regulation, and paragraph 4.3.1.19 of the procurement vade mecum, which allow for the EBA to take the approach that it did. The vade mecum, in particular, states: “For instance, a company created less than two years before the procedure may only provide financial statements for the past year instead of past two years and a business plan for the current year.”. The EBA understands that the position of the Court is that the EBA, to ensure transparency, should have stated this possibility in the call for tender documentation. The EBA received 23 tenders for this procedure, including from industry leaders identified in the EBA’s market analysis. In 2024, the EBA will not make any payments to the contractor in question.

Actions taken by the EBA on the Court’s 2022 observations are shown in section 2.8.a).

2.8

2.8.a) Follow-up of recommendations and action plans for audits and evaluations

Internal Audit Service (IAS)

The EBA continued implementation of audit recommendations stemming from the audit on Supervisory Reporting and Data Quality carried out in 2019, out of 5 recommendations issued only two important recommendations remained open: Validation rules and Reporting Framework development. The action plan has been implemented in 2023 and both recommendations have been subsequently closed in January 2024.

In January 2023 the IAS also issued the audit report on Internal Control Framework and Risk Management. Overall, there were four recommendations stemming from this audit: one very important on the process of the annual self - assessment and three important. All the recommendations have been accepted by the EBA and the action plan have been considered by the IAS as adequate.

The IAS concluded that overall, the design and implementation of internal control framework set up by EBA is effective and efficient, in order to allow achievement of the Agency's objectives, giving the EBA certainty for the assurance building process.

During the year there was no follow up of outstanding recommendations performed by the IAS and there were no significant delays in implementation of the action plans, of which, all are set to be completed in 2024.

The status of all open recommendation is as follows:

Source	No. of recommendations issued	Deadline
IAS Audit Data Quality	- Validation rules and the EBA's website on supervisory reporting - (Severity: Important)	Closed 30.01.2024
	- The EBA reporting framework development process (Severity: Important)	Closed 30.01.2024
Audit on Internal Control Framework and Risk Management	- Objectives setting (Severity: Important)	Under IAS review since 09.2023 (Deadline: 30 September 2023)
	- Risk management (Severity: Important)	Under IAS review since 12.2023 (Deadline: 31 December 2023)

Source	No. of recommendations issued	Deadline
	- Annual Self-Assessment of the Internal Control System - Severity: Very important)	(Deadline: 30 April 2024)
	- Other issues (internal roles and responsibilities, specific training on ICF) - (Severity: Important)	Deadline: 30 April 2024

Internal Audit Capability (IAC)

Not applicable

European Court of Auditors (ECA)

In the Annex to its 2023 draft report, the Court listed one observation that it followed up from previous years. This is shown below, along with the status of corrective action taken by the EBA.

Year		Corrective action	Status
2022	The EBA sought to procure services in two open tenders, one for market research for financial services and another for consultation on data protection. In one tender there was an overlap between award and selection criteria. In both cases, the EBA overestimated the maximum value of the contracts because of shortcomings in its research on market prices prior to launching the tenders.	One section in the EBA's newly developed guidance for selection committees relates specifically to the distinction between award and selection criteria. The EBA conducts market research by publishing "prior information notices" in the Official Journal in which it invites companies to respond to a questionnaire (public consultation) and asks for indicative prices to help it estimate contract value.	Closed

2.8.b) Follow-up of recommendations issued following investigations by OLAF

The EBA received a recommendation from OLAF following an investigation which did not concern the EBA but related to a framework agreement to which the EBA is also a party. The recommendation concerned the contractual obligation of outsourced IT service providers to justify their price offers for fixed-price contracts by using the daily rates agreed in the framework contracts in order to achieve a sufficient degree of price transparency that allows later for meaningful audits as foreseen in the framework agreements. The EBA reviewed its approach and confirmed that conformity of financial offers with the daily rates specified in the framework contract is verified very early at the service request step and any deviation from the framework contract is rejected, requiring the contractor to ensure their price offer is in full compliance.

2.9 Follow-up of observations from the discharge authority

On 10 May 2023, the European Parliament (EP) granted discharge to the Executive Director of the European Banking Authority (EBA) for the 2021 financial year and approved the closure of the accounts for the said financial year. In that context, the EP also set out its observations in a resolution.

As in previous years, the EBA welcomed the feedback received from the EP as part of the discharge process, which provides essential input on the Authority's organisation and performance. It provides an external point of view on the actions undertaken by the Authority during the year as well as on current practices.

The 30 observations issued by the discharge authority in the 2021 report, while the same in terms of number as in 2020 (which had been significantly lower than the 40 observations in the 2019 discharge), represented a further marked improvement in terms of substance.

The EBA published an Opinion on the European Parliament 2021 discharge report6 in September 2023 with responses to the observations received in the Parliament's resolution, in particular on those with a call for follow-up action.

Overall, the EBA considered that for 26 of the 30 observations follow-up actions were not applicable or needed, or have already been implemented. For four observations the follow-up was deemed to be an ongoing consideration.

This is further specified hereafter for the areas of procurement; prevention and management of conflicts of interest, and transparency; internal control; and digitalisation.

Procurement

With regard to the discharge authority's concern about an observation from the Court in relation to procurement of services to access market data, and the related call on the

[6] https://www.eba.europa.eu/sites/default/files/document_library/Publications/Opinions/2023/1062030/EBA-Op-2023-10%20%28Opinion%20EBA%20follow-up%20to%202021%20Discharge%20report%20of%20the%20EP%29.pdf

Authority to ensure that all procurement procedures follow the procedural steps set out in the Financial Regulation, the EBA acknowledged an error and noted that it had taken necessary remedial follow-up actions.

Since receiving the ECA observation, the EBA has complemented its internal processes and followed all necessary procedural steps for these kinds of procedures.

The EBA further noted that in its 2022 Audit the ECA reviewed two procurement procedures run according to the adjusted processes and had no remarks. In addition, the ECA marked the status of this observation as closed as part of its follow-up on observations from previous years.

Prevention and management of conflicts of interest, and transparency

The discharge authority's observation called on the EBA to take the necessary steps to avoid any suspicion of conflict of interest with regard to its Board members, all the while welcoming the steps taken by the Authority to strengthen the independence of members of the Board of Supervisors, Management Board and certain Board committees by ensuring that members with a conflict of interest do not attend discussions or voting on agenda items on which they are conflicted.

In response, the EBA noted that the Board of Supervisors adopted in its meeting of 21 June 2022 an amendment of its Rules of Procedure, also applying to the Management Board and to the mandates of the Standing Committee on Resolution (ResCo) and the Standing Committee on Anti-Money Laundering and Countering Terrorist Financing (AMLSC), whereby a member that has declared a conflict of interest is required in all cases to be absent from discussion and votes.

The EBA also noted that it will continue to be vigilant about this matter.

In relation to the discharge authority's call on the EBA to reinforce the rules to guarantee the independence of panel members during their deliberations and report to the discharge authority on the actions taken on this matter, the EBA set out a number of follow-up actions.

- On 1 January 2020, the ESAs review introduced additional conflict of interest requirements. The EBA extended those requirements to breach of Union law (BUL) panel members. At the time of the deliberative process in question, the EBA's policies and procedures on conflicts of interest and BUL investigations did not make provision in relation to contact with BUL panel members. Nevertheless, when necessary, panel members had been advised against accepting attempts to influence them in their role as a panel member.

- Furthermore, in December 2021 the Board of Supervisors adopted revised rules of procedure for breach of Union law investigations which set out timeframes for investigating cases and put in place specific rules to ensure the independence of panels and of members of other decision-making bodies.

The EBA was of the view that these actions address the concerns and the call for action of the discharge authority and noted that in its draft 2022 audit report the ECA marked the status of this observation as closed. This notwithstanding, the EBA will continue to be vigilant in keeping its measures under review.

With respect to the discharge authority's call to strengthen internal control mechanisms, including the setting up of an internal anti-corruption mechanism, the EBA noted that it had taken all necessary follow-up actions. In particular, in 2021 it:

- accepted and implemented the European Ombudsman's findings on revolving doors and conflicts of interest;

- extended conflicts of interest policies to certain Board committees and panels which prepare decisions for the BoS;

- reorganised the Legal and Compliance unit to consolidate and further strengthen steps already taken;

- published meetings of staff with lobby organisations (fortnightly for executive level, and quarterly for other staff).

Subsequently, in 2022, the EBA also took steps to strengthen the independence of BoS and MB members so those with conflicts cannot be present for discussions or voting.

Internal control

As regards the concerns the discharge authority expressed about a weakness identified by the Court in two recruitment procedures, the EBA stressed its commitment to ensuring the principles of transparency and equal treatment in all selection procedures and noted that it had since addressed the aspects in question in its procedures. The EBA can furthermore note that the ECA marked the status of these points as closed as part of the follow-up of previous years' observations.

In relation to a call to keep the discharge authority informed on the follow-up on the implementation of actions to further mitigate fraud risks, the EBA noted that its 2022 anti-fraud risk assessment showed further reductions in risk levels through continuous enhancement of measures taken to tackle risks identified in previous risk assessments, with over two-thirds of scenarios carrying a low level of fraud risk, no scenarios having a risk level above 'medium' (the third of five levels) and scenarios carrying a 'medium' level of risk reduced from one-third of scenarios to just over one-fifth.

Moreover, the EBA was called on to keep the discharge authority informed about the result of external assessments on risk management and related progress, as well as on the implementation of the Internal Control Framework.

In response the EBA noted the following.

- Regarding the COSO Enterprise Risk Management (ERM) Framework, work started in 2021 with Deloitte to enhance the compatibility of the EBA's current risk management programme with the COSO ERM Framework, and continued until November 2022. The following elements of the risk management framework were finalised:

- the risk register, including 15 strategic risks identified;
- an ERM policy, defining the overall ERM practices, as well as a risk appetite / risk tolerance statement, summarising the EBA's appetite for risk in each of a whole range of activities;
- an ERM lifecycle document explaining in detail the different steps/phases to be considered during the course of one year, including detailed indications of the different stakeholders and lines of defences involved in each step. The ERM lifecycle exists to generate and maintain a stream of data and information, recorded in the EBA's risk register, on the basis of which the EBA's personnel can make risk-informed decisions;
- awareness sessions for Directors and Heads of Units, as well as other staff;
- finally, a Risk Toolkit as well as an ERM Power BI tool to centralise and manage the risks / progress made.

Five out of the 15 risks were identified as needing extra mitigation measures, which are being developed from the beginning of 2023. In addition, the EBA:

- has developed an updated iteration of the risk register via application of the ERM lifecycle;
- has piloted integrating existing local risk registers into the ERM framework;
- plans to develop local risk assessments further as resources permit.

- Regarding the internal control systems, it was noted that the framework, adopted in 2019 and in line with the model of the Commission and the Committee of Sponsoring Organisations (COSO), consists of 5 internal control components and 17 principles, further developed in 49 characteristics.

The EBA assessed the presence and proper functioning of each principle (17 principles) and aggregated all the results at the component level (5 components) and ultimately at the level of the Internal Control Framework as a whole. The assessment of each principle was also considered in the light of the strengths and deficiencies identified in other principles within or outside the same component.

Following the assessment of internal controls, it was noted that several principles would benefit from some adjustments and improvements that would enhance the efficiency and effectiveness of the principle and its elements. While compliance remains an important requirement, the EBA will focus on assessment, monitoring of the activities and optimisation of controls.

With a view to upholding and enhancing the internal controls as a whole, an enhancement in the integration of the EBA's current risk management programme with the COSO ERM Framework, intensification of the activities in the ethics area and provision of tailored internal controls training have been taken forward in 2023.

Digitalisation

The discharge authority raised a concern that in 2021 the EBA was one of thousands of organisations that were subjects of a state actor's cyberattack exploring zero day vulnerability in Microsoft Exchange, and in that context the discharge authority encouraged working in close cooperation with ENISA (European Union Agency for Cybersecurity) and CERT-EU (Computer Emergency Response Team for the EU institutions, bodies and agencies) as well as offering regularly updated cybersecurity-related training programmes for all staff within the Authority.

In response the EBA highlighted the fact that it took significant measures (aligned and in close cooperation with CERT-EU, ENISA, DIGIT and the ESAs) to improve its security posture in the long term, including its cybersecurity monitoring, risk assessment and management, cyber awareness and training, security-minded investments and upgrades in its next-generation IT infrastructure hosting:

- in 2021: Security Operation Centre (SOC) implementation with subsequent (2022) testing and optimisation;

- continuous risk assessment (yearly penetration testing, CERT-EU Red Team exercise (2022)) and management, for which EBA implemented an IT Security Risk Register process (2022);
- yearly cybersecurity training and testing with all staff at the EBA;
- strategic choice to transition to top-tier infrastructure service provider (Microsoft Azure) providing next-generation security capabilities integrated in its hosting services (2022-2023).

In the same context, the discharge authority recalled the importance of increasing the digitalisation of the EBA in terms of internal operation and management but also in order to speed up the digitalisation of procedures; it stressed the need for the Authority to continue to be proactive in this regard in order to avoid a digital gap between the agencies at all costs; however, it drew attention to the need to take all the necessary security measures to avoid any risk to the online security of the information processed.

In response, the EBA noted that it is fully engaged in increasing digitalisation in terms of internal operation, management and procedures, and in the need to remain proactive all the while taking the necessary security measures.

It was furthermore highlighted that with its 2020-2025 ‘Digital Agency’ IT strategy the EBA has made a strong commitment to digitalising its infrastructure, its business products and services, its workplace environments and its services, with a core commitment to security and privacy. Via business-steered investments, the EBA has now already executed large transformation programmes for digitalisation, including deploying a new Collaboration Platform (2022), new workplace solutions (that also support hybrid and virtual ways of working) (2020-2022) and new digital workflows and transformed business products, while in 2023 it just completed a full migration and transformation of its infrastructure to the public cloud (‘Cloudification Programme’).

Furthermore, it was noted that the EBA has forward plans to further the digitalisation of its estate of applications and services, including new Enterprise Identity and Access Management, new business digital products and services, and new corporate solutions (SYSPER2, MIPS, ServiceNow, SUMMA), for which it also counts on the support of the Commission when they are providing/enabling these services.

In its Cloudification Programme, the EBA has diligently evaluated and managed risks associated with the transition to the public cloud, starting with its Cloud Risk Assessment (part of the EBA Cloud Strategy) and security-by-design requirements incorporated into its procurement for cloud services, and has implemented a wide range of security solutions, such as SOC, Azure native cyber defences, EBA-controlled HSM appliances to encrypt and protect EBA data according to its security needs, hardened and immutable infrastructure, a dedicated DPIA for Azure services, dedicated BCP/DRP capabilities, etc. The EBA used a risk assessment and mitigation stream in its Cloudification Programme that ensures security by design throughout the entire programme and at the end it concluded that it has achieved satisfactory security in online operations at this moment.

2.10 Environmental management

In 2023, the EBA maintained its EMAS registration. The 2023 environmental statement (with data from 2021 and 2022) was positively verified and validated by independent external auditors and is now available on the EBA website.

The EBA response to the climate and energy crises and its reporting on its climate and energy performance were positively evaluated in the European Court of Auditors' annual report on EU agencies for the financial year 2022.

Within the framework of the inter-agency EMAS Twinning Programme, the EBA supported eight European agencies in their process of establishing and implementing EMAS: Cedefop, Cepol, the European Union Agency for Asylum, the European University Institute, Frontex, Fusion for Energy, Translation Centre and Berec.

The EBA, together with ESMA and EIOPA, participated for the first time in the Interinstitutional EMAS Days in November 2023, the annual event of EMAS-registered organisations. The ESAs' experts presented *Introduction to sustainable finance: greenwashing, financing the transition to a sustainable economy, and financial education.*

The EMAS e-learning programme was developed in-house. Throughout 2023, more than 175 people completed this obligatory EMAS training.

The EBA adopted a circular economy policy, in which it commits to: a) minimising purchases of physical items so as to limit our material impact, b) buying to keep, c) maximising the life cycle of products, d) minimising the generation of waste, e) disposing of items in an environmentally friendly manner and f) introducing and promoting environmental best practices.

The EBA actively promoted EMAS sustainability and environmental management through, among other things, an EMAS social media campaign, an inter-agency spin-off session on communicating EMAS, and Interinstitutional EMAS Days. To learn more about the EBA's EMAS journey, please refer to this video: EMAS at the EBA.

2.11 Assessment by management

2.11.1 Overall budget implementation rate

The EBA reached a high level of budget execution in 2023: 98.1% execution on a total voted 2023 budget (after amendments) of EUR 52 672 002. Execution was impacted by having a slightly lower-than-planned number of temporary and contract agents impacting the budget over the entire year (despite a very high level of execution of the Establishment Plan by year-end – 99% for temporary agents), by a lower number of guidelines being sent for translation than had been planned for and by several IT projects that were either cancelled or postponed to 2024.

Execution of the appropriations carried forward from 2022 was 98.9%.

2.11.2 Legality and regularity

The control activities carried out on 2023 financial transactions and on the 2023 accounts included ex ante and ex post controls conducted by EBA staff, and the annual audit carried out by the ECA and Baker Tilly. Overall, these showed that verified transactions were in all material aspects legal and regular. In its 2023 annual report, ECA made one observation on legality and regularity of transactions, which is covered in more detail in section 2.7.3.

2.11.3 Validation of the accounting system

Since June 2011, the EBA has been using the accounting systems provided by the European Commission, which include ABAC Workflow for budgetary accounting, ABAC Accounting for financial reporting and ABAC Assets for the management of fixed assets. The ABAC system is the property of and is regularly validated by the Accounting Officer of the European Commission.

In December 2023, the financial systems of the EBA were validated by the Accounting Officer in compliance with Article 49(e) of the EBA Financial Regulation on the basis of work carried out by an independent accounting firm.

Part III – Assessment of the effectiveness of the internal control systems

3.1 Effectiveness of internal control systems

3.1.1 Methodology applied for the assessment of the effectiveness of the internal control system

EBA assesses the effectiveness of the internal control system by assessing the implementation of the internal control framework, including the implementation of the defined indicators, and by evaluating the main shortcomings identified by the EBA itself or reported by others, including the Internal Audit Services and the European Court of Auditors.

3.1.2 Internal control framework

The EBA's Internal Control Standards (ICS) are based on the Commission's ICS. They are approved by the Management Board and implemented within the organisation through the adoption of detailed implementing rules and related procedures.

In January 2019, the Management Board adopted the revised Internal Control Framework, which is in line with the model of the European Commission and the Committee of Sponsoring Organizations (COSO). The revised framework entered into force on the day following its adoption.

The framework consists of 5 internal control components and 17 principles, which are further developed in 49 characteristics. The EBA has assessed the presence and proper functioning of each principle (17 principles) and aggregated all the results at the component level (5 components) and ultimately at the level of the Internal Control Framework as a whole.

The EBA monitoring cycle of the EBA's internal control system is based on ongoing activities and specific periodic assessments. The deficiencies identified in the context of the monitoring activities are important elements that are taken into account in the annual assessment of the presence and functioning of the internal control system. Moreover, the methodology on the basis of which the annual assessment is conducted also includes the in-depth analysis of a set of indicators measured individually or via staff surveys and the audit results. The indicators and related monitoring data are discussed and approved on an annual basis by the EBA's Executive Director.

The assessment of the ICF for 2023 was performed and the main conclusions were as follows:

- The IAS concluded that overall, the design and implementation of internal control framework set up by EBA is effective and efficient, in order to allow achievement of the Agency's objectives, giving the EBA certainty for the assurance building process. There is only one very important recommendation issued in 2023 for which the action plan proposed by the EBA has been assessed as adequate and the implementation will be concluded in 2024.

-The self – assessment performed in relation to the implementation of the internal control framework showed that the internal system is present and functioning well, with only minor improvements needed. -At the component level, all of them are present and functioning well, with only minor improvements needed.

-At the principles level, all of them are present and functioning well, with only 7 principles requiring minor improvements.

-The analysis of the internal control monitoring criteria showed that out of 66 indicators, 58 reached the established target, while 8 indicators did not, compared with 13 in 2022, thus showing a significant improvement over a 12 month period.

- With a view to upholding and enhancing the internal controls as a whole the following actions have been taken during the year to address identified weaknesses: an enhancement in the integration of the EBA's current risk management programme with the COSO Enterprise Risk management Framework, intensification of the activities in the ethics area, and the provision of tailored internal controls training.

3.1.3 Ethics guidelines and conflicts of interest policy

The EBA has in place ethics guidelines and policies on conflicts of interest, setting out rules and expected behaviours to ensure that its staff act with independence, impartiality, objectivity and loyalty, and in a transparent way.

EBA staff and members of the EBA's governing bodies must submit annually a declaration of interests disclosing any interests that may conflict with the EBA's legitimate interests. The declarations of members of the governing bodies are published on the EBA's website, and so are those of the EBA's Chair, Executive Director and Directors. Alongside this regular obligation, all those actors are also reminded of their obligation to declare interests at any time inbetween the submission of annual declarations.

A specific risk and compliance team supports the Ethics Officer's work on ethics.

In 2023 in the area of ethics, the workflow system implemented at the end of December 2022 has effectively streamlined the handling of ethics requests and refinements continue to be made to the system. A new system for the annual declaration of conflicts of interest for BoS, MB, ResCo and AMLSC members was implemented in 2023, which significantly reduced the workload for compiling and assessing declarations. The EBA also led an Inter-Agency Legal Network workstream on revolving doors issues, surveying EU agencies, compiling current practices and identifying good practices that may be of interest to other agencies.

The EBA continues to publish detailed information on leavers, as recommended by the European Ombudsman in its decision in case SI/2/2017/NF.7.

3.1.4 Anti-fraud strategy

The EBA's anti-fraud strategy was last updated in 2020 and is expected to be update following finalisation of new OLAF guidance on anti-fraud strategies. It is implemented primarily through an annual anti-fraud risk assessment (AFRA) coordinated by the Risk and Compliance team within the Legal and Compliance Unit. The 2023 exercise was launched in November 2023 and the conclusions were presented to the Management Board in May 2024.

The objective of performing an AFRA is to identify potential fraud risks in all areas of activity of the EBA and prevent occurrence by ensuring appropriate controls are in place. The exercise focuses on the three primary areas of risk identified and handled in the strategy: misappropriation and theft of EU funds and resources; abuse of position in return for promise of favour; leaking of sensitive information. It sets out fraud risk scenarios and assesses their severity and likelihood, identifying and taking into account existing controls and assessing their adequacy. Based on the AFRA, where necessary, additional mitigating measures might be suggested and taken. The AFRA should also create awareness of fraud risks across the organisation, so that the EBA is better equipped to prevent, detect and report possible cases of fraud. The AFRA also contributes to the "Detect" objective of the strategy in identifying and assessing the effectiveness of controls in place to identify potential fraud and recommend further controls where appropriate. Prevention and detection work also relies on awareness activities, primarily delivered through new joiner and annual ethics training. This training, ensures that staff are aware of what amounts to fraud, what can give rise to it, as well as channels for whistleblowing and helps create a climate where informants feel able to approach line managers, Risk and Compliance, the Executive Director, Management Board or OLAF. The strategy's "recover, mitigate and respond" and "exploit" objectives have not been a focus of action in 2023 in the absence of detected frauds and EBA/OLAF investigations.

[7] https://www.eba.europa.eu/about-us/ethics-eba/occupational-activities-after-leaving-eba

In 2024 the Risk and Compliance team will continue working to integrate the AFRA process into the EBA's enterprise risk management (ERM) framework, and expects to update the anti-fraud strategy in the light of final OLAF guidance in this area.

3.2 Conclusions of the assessment of internal control systems

Following the 2023 in-depth analysis of the results obtained during the annual assessment (including the results obtained from ongoing monitoring) showed that there are no critical risks that could affect EBA's achievement of its objectives. All the components and principles are present and functioning as intended but, several principles were noted that would benefit from adjustments and improvements that would enhance the efficiency and effectiveness of the principle and its elements.

Five Internal Control Components	Category
Control Environment	Category 1 (fully effective). The component is present and functioning well, only minor improvements needed.
Risk Assessment	Category 1 (fully effective). The component is present and functioning well, only minor improvements needed.
Control Activities	Category 1 (fully effective). The component is present and functioning well, only minor improvements needed.
Information and Communication	Category 1 (fully effective). The component is present and functioning well, only minor improvements needed.
Monitoring Activities	Category 1 (fully effective). The component is present and functioning well, only minor improvements needed.

With a view to enhancing the internal controls as a whole and strengthening the approach to compliance and performance in terms of further embedding compliance in day-to-day work, the EBA has continued to focus on ensuring that the existing >96%

attendance at its annual mandatory training on ethics, anti-fraud and other compliance areas becomes full attendance. Going forward, the EBA will further develop data protection training provision for staff and integrate local risk registers into the ERM.

3.3 Statement of the manager in charge of risk management and internal controls

I undersigned, in my capacity as Internal Control Coordinator, I declare that in accordance with the EBA's Internal Control Framework I have reported my advice and recommendations on the overall state of internal control at the Authority to the Executive Director.

I hereby certify that the information provided in this Annual Report and in its annexes is, to the best of my knowledge, accurate, reliable and complete.

Paris, 14 June 2024

Peter Mihalik
Internal Control Coordinator

I undersigned declare that I have reported my recommendations on the state of risk management in the European Banking Authority to the Executive Director and to the Management Board.

I hereby certify that the management reporting on the state of risk management is, to the best of my knowledge, accurate and complete.

Paris, 14 June 2024

Jonathan Overett Somnier
Risk Manager

Part IV – Management assurance

4.1 Review of the elements supporting assurance

The building blocks of assurance that are normally in place and were available to the Executive Director in 2023 are outlined below:

- **Audits:** throughout 2023 the audit report on the Internal Control Framework and Risk Management has been validated, out of which two recommendations have already been submitted to the IAS for closure, with the two remaining recommendations (one of them classified as very important) being on track to be implemented by the end of April 2024. The fieldwork on HR management and ethics has been finalised with the final report expected in Q1 2024.

- **Monitoring and reporting:** this includes, for example, a thorough planning cycle with meetings with all units and reports to the Management Board; regular administrative and operational reports to the Management Board; monthly, quarterly and ad hoc internal reporting; and regular ex post control exercises on selected samples of transactions.

- Certification of the Authority's year-end accounts by the Accounting Officer: the Accounting Officer's certification of the provisional accounts by 1 March 2024 provided reasonable assurance to the Executive Director that the accounts present a true and fair view of the financial situation of the Authority.

- **Internal controls**: the Internal Control Coordinator ensures the effectiveness of the Authority's internal control systems, which was attested by the Internal Audit Service. The current Internal Control Framework of the EBA is designed to provide reasonable assurance regarding the achievement of five objectives set in Article 30(2) of the Financial Regulation: (1) effectiveness, efficiency and economy of operations; (2) reliability of reporting; (3) safeguarding of assets and information; (4) prevention, detection, correction and follow-up of fraud and irregularities; and (5) adequate management of the risks relating to the legality and regularity of the underlying transactions. The revised framework supplements the Financial Regulation and other applicable rules and regulations with a view to aligning EBA standards to the Commission standards, which are based on the highest international standards set by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework.

- **The discharge** granted by the European Parliament and the related report further supports management assurance. In particular as regards the latter the observations issued by the discharge authority in the 2021 report and 2022 reports did not raise any substantial issues. Where concerns were noted in the report(s), these had already been resolved to the extent that generally were raised in the context of evaluations of the Court or IAS and could thus be addressed as part of the follow-up actions taken in response to these .There were no significant weaknesses reported from these building blocks of assurance that are considered to be of such a significance that they would have an impact on the Executive Director's Declaration of Assurance.

4.2 Reservations

4.2.1 Materiality criteria used regarding reservations

The concept of materiality provides the authorising officer with a basis for determining if an identified weakness should be subject to a formal reservation in the declaration of assurance.Qualitative criteria:

- Weakness leading to critical operational damage
- Weakness leading to critical reputational damage
- Critical observations by auditors or OLAF

Quantitative criteria

In accordance with the Commission's guidelines on the preparation of annual activity reports, the ECA uses a 2 % materiality threshold. The EBA has therefore set the quantitative criterion of materiality at 2 % of its total budget.

4.3 Overall conclusions on assurance

Taking into the account the review of the elements supporting assurance, the Executive Director, in his capacity as Authorising Officer, is of the opinion that the management and control systems in place at the EBA are working as intended, that risks are appropriately monitored and mitigated, and necessary improvements are being implemented.

Based on all of the facts presented in the report and ion the light of the opinions expressed by the ECA and reliability of the accounts and on the legality and regularity of the transactions underlying the accounts, the EBA can conclude that the systems in place provide reasonable assurance that the resources under the responsibility of the Executive Director were used for their intended purposes and in accordance with the principles of sound financial management.

Part V – Declaration of assurance

I, the undersigned, François-Louis Michaud, Executive Director of the European Banking Authority, in my capacity as Authorising Officer, declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principle of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal such as the results of the self-assessment, ex ante verifications and ex post controls performed during the year, or the reports of the Internal Audit Service and of the European Court of Auditors.

I confirm that I am not aware of anything not reported which could harm the interests of the European Banking Authority.

Paris, 14 June 2024

François-Louis Michaud
Executive Director of the European Banking Authority

Annexes

Annex I – Core business statistics

Key performance indicators (KPIs)

Priority: Finalising the Basel III implementation in the EU

KPI

	Indicator	Weight	Short description	Target	Achievement
A	Number of technical standards, guidelines, reports delivered	100%	Number of technical standards, guidelines and reports delivered on time stemming from implementation of the CRD6 / CRR3 / BRRD3	80%	82%

Source of information KPI A: EBA work programme monitoring tool and annual report.

In relation to KPI A the EBA delivered 29 technical standards, guidelines and reports compared to 41 indicated as planned in the 2023 work programme. While some items had to be postponed, delayed or cancelled for various, valid reasons – often outside of the EBA's control - the tables in section 1.4. show 24 additional deliverables for activities 1-6 and 11, which brings the achievement rate to 82%.

Priority: Running an enhanced EU-wide stress test

KPI

	Indicator	Weight	Short description	Target	Achievements
A	Validation of ECB Net Fee and Commission Income (NFCI) and Net Interest Income (NII) models	25%	NFCI and NII to be validated by EBA and NCAs for possible use as top-down in 2023 stress test	100%	100%
B	Publication of Stress Test results	75%	Covers running actual stress test, methodological updates and publication of results	100%	100%

Source of information KPI A, KPI B: EBA work programme monitoring tool and publications

Regarding the KPIs, the following should be noted:

KPI A: Validation of ECB Net Fee and Commission Income (NFCI) and Net Interest Income (NII) projections for use as top-down models for possible use as top-down in the 2023 stress test took place in February 2023.

KPI B: The 2023 EU-wide stress test was run from January 2023, with results published in July 2023.

Priority: Putting data at the service of stakeholders

KPI

	Indicator	Weight	Short description	Target	Achievements
A	Launch of dissemination portal	40%	Project to develop infrastructure for dissemination of data and analysis also in light of preparing for the Pillar 3 data hub	100%	100%
B	Data Point Model ReFit	30%	Implementation of new improved Data Point Model	100%	100% Developed but imple-mented in 2024-2025
C	Digital Regulatory Reporting (DRR) tools	30%	Completion of first phase of new DRR tools to support efficient creation and maintenance of the data dictionary related with reporting requirements (data modelling, validations and transformations, the data exchange formats generation)	100%	100%.

Source of information KPI A: launch of the portal for use by EBA users and competent authorities; KPI B: Publication of DPM 2.0 standard in June and publication of implementation plan in October 2023; KPI C: Launch of DPM studio late 2023.

Regarding the KPIs, the following should be noted.

KPI A: EDAP was launched for internal users and competent authorities in 2023.

KPI B: DPM 2.0 standard was launched in H1 2023. Implementation started in 2023 by launching a DPM quality review. The EBA will issue technical packages with DPM 2.0 starting from H2 2024, with transitional use until the end of 2025.

KPI C: The first version of the DPM Studio tool was launched in 2023.

Priority: Delivering on digital finance and MiCAR/DORA mandates

KPIs

	Indicator	Weight	Short description	Target	Achievements
A	Percentage of mandates under MiCA to be submitted to the EC in 2024 and to be consulted on in 2023	35%	Under current assumption, EBA will be mandated to deliver to the EC approx 20. TS and GLs in 2024.	100%	95% All but one CPs were delivered in 2023.
B	Percentage of mandates under DORA published and submitted to the EC in 2023	35%	Under current assumption, DORA will confer 13 TS and GLs joint mandates on the ESAs, of which 5 are to be delivered in 2023	100%	100% All CPs / final products were delivered as planned

	Indicator	Weight	Short description	Target	Achievements
C	Operational readiness to take up new tasks in relation to DORA and MiCA	10 %	The EBA may be given new tasks as part of the DORA and MiCA proposals and should be ready to take up tasks (supervision/oversight and etc.) effectively and efficiently	EBA is implementing operational readiness plan	Implementation of operational readiness plan on track
D	Number of thematic publications, incl. opinions or reports provided to the EC and NCAs to build knowledge, promote convergence, and identify regulatory gaps or obstacles relating to financial innovation	10%	The EBA has a mandate to monitor Innovations and regularly issues recommendations to NCAs and/or the EC	Up to 2 thematic publications (opinions or reports)	Achieved 2 publications
E	Percentage of reviewed and quality verified training curriculum of the Digital Finance Academy's to ensure it is tailored to the competent authorities' needs	10%	The EBA, together with ESMA and EIOPA, will guide and steer development of the Academy's training curriculum to ensure it is tailored to the competent authorities' needs	100%	100%

Source of information: KPI A, B: and D: EBA work programme monitoring tool and publications, KPI C: DORA /MiCAR milestones tracker, .KPI E: Internal ESA report to DG Reform.

Regarding the KPIs, the following should be noted.

KPI A: for the 20 mandates for technical standards and guidelines the EBA delivered consultation papers in accordance with the planning – as revised to reflect the later-than-expected finalisation of MiCAR – with only one mandate having been postponed to the extent that the initial timeline was indicative (as MiCAR had not yet been finalised) and had to be reviewed and agreed between the ESAs. This amounts to an achievement rate of 95%.

KPI B: for the 13 mandates for technical standards and guidelines the EBA delivered in accordance with the planning 4 final draft RTS, 4 CPs for draft RTS, 1 final draft ITS, 1 CP for draft ITS and 2 CPs for draft guidelines. This amounts to an achievement rate of 100%.

KPI C: in respect of the operational readiness to take up tasks (supervision/oversight etc.) effectively and efficiently the implementation of the plan is fully on track.

KPI D: the EBA published in 2023 the report on the stocktake on BigTech direct financial services provision in the EU[8] and the joint ESAs report on innovation facilitators[9].

[8] https://www.eba.europa.eu/sites/default/files/2024-02/b0c38062-0055-4631-b99e-b728f19e3868/Report%20on%202023%20stocktaking%20of%20BigTech%20direct%20financial%20services%20provision.pdf

[9] https://www.eiopa.europa.eu/publications/joint-esas-report-innovation-facilitators-innovation-hubs-and-regulatory-sandboxes_en

KPI E: review and quality verification of training curriculum of the SDFA has been completed in accordance with the SLA.

Priority: Enhancing capacity to fight money laundering and terrorist financing in the EU

KPIs

	Indicator	Weight	Short description	Target	Achievements
C	Capacity to identify, analyse and disseminate information on ML/TF risks	25%	EBA will identify, assess and disseminate information about ML/TF risks based on, inter alia, information from the European reporting System for material CFT/AML weaknesses (EuReCA). EBA will also publish the 4th Opinion on ML/TF risk under Art 6(5) of the AMLD	Analysis and dissemination of information in EuReCA, ad hoc and upon reasoned request 1 opinion	Achieved 2 opinions
D	Contributing to the implemen-tation of a holistic approach to tackling financial crime	25%	EBA will deliver mandates under the 2022 Fund Transfers Regulation. It will also continue its work on de-risking and access to the financial system	Up to 4 guidelines or amendments to existing guidelines	Achieved
E	Effective AML/CFT supervision – number of implementation and thematic reviews	30%	EBA will assess competent authorities' approaches to AML/CFT supervision, with bilateral feedback and action points. It will also monitor AML/CFT colleges	1 thematic review; up to 4 implementation reviews	Achieved
F	Preparing for the smooth transfer of powers to AMLA	20%	EBA will prepare to hand over those aspects of its work that relate exclusively to AML/CFT and that will fall within AMLA's remit	Transition plan	Execution of plan on track

Source of information: KPIs C, D and E: EBA work programme monitoring tool and publications; KPI F: internal project plan.

Regarding the KPIs, the following should be noted.

KPI C: to support its capacity to identify, analyse and disseminate information on ML/TF risks the EBA published its fourth Opinion on money laundering and terrorist financing risks across the EU[10] and its third staff-led review of competent authorities' approaches to tackling money laundering and terrorist financing (ML/TF) risks in the banking sector[11].

KPI D: in terms of its contribution to the implementation of a holistic approach to tackling financial crime, the EBA delivered, in accordance with the planning mandates under the 2022 Fund Transfers Regulation, two final sets of guidelines and two CPs for draft guidelines, and as part of its work on de-risking one final set of guidelines and an amendment to existing guidelines. This amounts to an achievement rate of 100%.

[10] https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-fourth-opinion-money-laundering-and-terrorist

[11] https://www.eba.europa.eu/publications-and-media/press-releases/supervisors-banks-are-making-progress-fight-against-financial

KPI E: as part of efforts to achieve effective AML/CFT supervision the EBA published: a report on money laundering and terrorist financing (ML/TF) risks associated with EU payment institutions[12] and also its third report on the functioning of anti-money laundering and countering the financing of terrorism (AML/CFT) colleges[13] which covers the thematic review; as well as the third staff-led implementation report and implementation reviews of 11 CAs in 5 MS as part of the fourth and final round.

KPI F: the execution of the project plan to prepare for the smooth transfer of powers to AMLA is on track (see section 1.1.5 for further details).

Priority: Implementing the environmental, social and governance (ESG) roadmap

KPIs

	Indicator	Weight	Short description	Target	Achievement
A	Contribution to the Renewed Sustainable Finance Strategy	60%	Number of ESG related technical standards, GL, reports and responses to CfA stemming from the mandates in the CRD, CRR, IFD, IFR and from the renewed Sustainable Finance Strategy of the EC delivered on time	80%	86% 7 mandates delivered in 2023, of which one with delay
B	Implementation of one-off fit-for-55 climate risk scenario analysis	40%	Preliminary work on the one-off fit-for-55 climate risk scenario analysis in accordance with the renewed Sustainable Finance Strategy of the EC	Development of climate one-off fit-for-55 climate risk scenario analysis	Data collection launched in December 2023

Source of information: KPI A and KPI B: EBA work programme monitoring tool and publications.
NB: KPI B was adopted after the finalisation of the 2023 Work programme.

Regarding the KPIs, the following should be noted.

- KPI A: the EBA delivered seven ESG-related mandates. Only one of the reports was indicated in the 2023 planning, the remaining deliverables were either based on the newly proposed draft mandates, or requested by the Commission later. The mandates delivered in 2023 included one final draft RTS developed jointly with ESMA and EIOPA , one draft set of guidelines, two reports and two responses to Calls for Advice from the Commission. Most of the products were delivered within the requested timelines; only one joint final draft RTS was delivered after the deadline, which was due to controversies related to the issues covered by the RTS.

- KPI B: the implementation of the one-off Fit-for-55 climate risk scenario analysis is on track, with the data collection launched in December 2023.

[12]https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2023/1056453/Report%20on%20ML%20TF%20risks%20associated%20with%20payment%20institutions.pdf
[13]https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2023/1061535/Report%20on%20the%20functioning%20of%20AMLCFT%20colleges%20in%202022.pdf

Annex II – Budgetary and financial management

Revenue

The EBA Founding Regulation stipulates that the revenues of the Authority shall consist, in particular, of:

- obligatory contributions from national public authorities competent for the supervision of financial institutions;
- a subsidy from the European Union;
- any fees paid to the Authority in the cases specified in the relevant instruments of the Union law.

Furthermore, Article 20 of the Financial Regulation enables the EBA to collect other external and internal assigned revenue used to finance specific items of expenditure.

Comparison of revenues received in 2023 vs 2022

Revenues	2023 *A*	2022 *B*	2023 vs 2022	
			EUR *C = A – B*	% *D = C / B*
EU Contribution	**19 428 306**	**18 685 999**	**742 307**	**4.0**
Contributions from NCAs	**32 453 924**	**31 054 015**	**1 399 909**	**4.5**
- from EU NCAs	31 479 332	30 121 462	1 357 870	4.5
- from EFTA NCAs	974 592	932 553	42 039	4.5
Contributions from host Member State	**575 000**	**575 000**	**-**	**0.0**
DG REFORM funding for EU SDFA	**214 772**	**44 682**	**170 090**	**380.7**
Miscellaneous revenues	**401 041**	**737 110**	**- 336 069**	**- 45.6**
TOTAL REVENUES	**53 073 043**	**51 096 806**	**1 976 237**	**3.9**

Expenditure

In 2023, the EBA reached a budget execution rate of 97.4% (or EUR 51 683 951) on all revenues received. The budget execution was impacted by having a lower-than-planned number of temporary and contract agents, a lower number of guidelines being sent for translation than had been planned for, and several IT projects that were either cancelled or postponed to 2024.

Comparison of total appropriations committed at the end of the year in 2023 vs 2022

Title	2023 *A*	2022 *B*	2023 vs 2022 EUR *C = A – B*	 % *D = C / B*
I: Staff expenditure	34 084 796	31 376 172	2 708 624	8.6
II: Administrative expenditure	11 790 977	11 057 016	733 961	6.6
III: Operational expenditure	5 808 178	7 720 921	- 1 912 743	- 24.8
TOTAL	**51 683 951**	**50 154 109**	**1 529 842**	**3.1**

Budget execution of 2023 funds by chapter

Title and chapter	Budget appropriations	Total Commitments	Total Payments				
	Voted *A*	Assigned *B*	Total *C=A+B*	EUR *D*	% *F=D/C*	EUR *G*	% *H=G/C*
I: Staff expenditure	**34 242 930**	**176 602**	**34 415 532**	**34 084 796**	**99.0**	**33 802 658**	**98.2**
11 Staff in active employment	32 156 886	165 969	32 322 855	32 148 444	99.5	32 146 477	99.5
12 Expenditure relating to staff management and recruitment	600 479		600 479	529 786	88.2	436 870	72.8
13 Mission expenses, travel and incidental expenses	98 846	2 422	101 268	86 202	85.1	85 270	84.2
14 Socio-medical infrastructure	783 279	4 211	787 491	749 894	95.2	725 649	92.1
15 Training	455 940		455 940	426 345	93.5	273 392	60.0
17 Representation expenses, receptions and events	147 500		147 500	144 126	97.7	135 000	91.5
II: Administrative expenditure	**12 076 721**	**50 264**	**12 126 985**	**11 790 977**	**97.2**	**10 494 134**	**86.5**
20 Rental of building and associated costs	4 247 063		4 247 063	4 235 112	99.7	4 091 645	96.3
21 Information and communication technology	6 672 846		6 672 846	6 504 839	97.5	5 663 482	84.9
23 Current administrative expenditure	709 682	42 345	752 027	624 270	83.0	351 891	46.8
24 Postage and telecommunications	48 000	7 919	55 919	42 688	76.3	42 688	76.3
25 Information and publishing	399 130		399 130	384 068	96.2	344 428	86.3
III: Operational expenditure	**6 352 351**	**178 175**	**6 530 526**	**5 808 178**	**88.9**	**3 823 466**	**58.5**

Title and chapter	Budget appropriations	Total Commitments	Total Payments				
31 General operational expenditure	2 283 962	3 407	2 287 369	1 875 008	82.0	1 225 380	53.6
32 IT expenses for operational purposes	4 068 389	174 768	4 243 157	3 933 170	92.7	2 598 086	61.2
Total	**52 672 002**	**401 041**	**53 073 043**	**51 683 951**	**97.4**	**48 120 258**	**90.7**

Budget outturn

The budget outturn of EUR 1 080 883 was driven primarily by underspend of EUR 1 005 089 on the 2023 budget, with a further EUR 71 989 generated by cancellation of commitments carried over from 2022.

Cancellation of commitment and payment appropriations for the reporting year

The 2023 budget year was characterised initially by constraints on spending as a result of higher-than-expected salary indexation and general inflation. As the year went on, these constraints eased as the number of TA and CA hitting the budget was 5-10 % below target. At the end of the year, a number of planned guideline translations were delayed resulting in further appropriations going unused.

Cancellation of commitment and payment appropriations carried over

One hundred and eight commitments were carried over from 2022. The EBA decommitted 1.1 % of the value of commitments carried over i.e., EUR 71 989 from a total of EUR 6 322 359

Budget outturn for 2021-2023

	2021	2022	2023
Reserve from the previous years' surplus (+)	339 610	467 881	605 145
Revenues actually received (+)	49 681 484	50 628 924	52 468 356
Payments made (-)	-41 873 122	- 43 982 571	- 48 857 367
Carry-over of appropriations (-)	-7 298 331	- 7 059 468	- 3 945 729
Cancellation of appropriations carried over (+)	86 867	124 390	71 989
Adjustment for carry-over of assigned revenue appropriations from previous year (+)	63 153	166 169	737 110
Exchange rate differences (+/-)	-3 200	- 2 982	1 379
Adjustment for negative balance from previous year (-)	-	-	-
Total (draft) surplus	**996 461**	**342 343**	**1 080 883**

Budget transfers

In 2023, the EBA processed 27 budget transfers, of which 6 included transfers between titles. All of the transfers between titles were below the 10% threshold that would have required MB approval.

Budget transfer statistics

Year	No of transfers			Comments
	Within the same title	Between titles	Total	
2023	21	6	27	All transfers between titles were below the 10% threshold
2022	16	7	23	All transfers between titles were below the 10% threshold
2021	13	14	27	All but two transfers between titles were below 10% threshold

A summary per budget chapters of the budget amendments and transfers made in 2023 is available in the table below.

Budget amendments and transfers per chapter

Title and chapter	Voted budget *A*	Amendments *B*	Transfers *C*	Final budget *D = A + B + C*
Title 1 Staff expenditure	**33 515 237**	**23 080**	**704 613**	**34 242 930**
11 Staff in active employment	29 575 823	-103 423	275 265	29 747 665
11.33 Employer's pension contributions	2 280 771	128 450	-	2 409 221
12 Expenditure relating to staff management and recruitment	387 948	-1 009	213 540	600 479
13 Mission expenses, travel and incidental expenses	34 518	-	64 328	98 846
14 Socio-medical infrastructure	819 737	-938	-35 520	783 279
15 Training	406 940	-	49 000	455 940
17 Representation expenses, receptions and events	9 500	-	138 000	147 500
Title 2 Administrative expenditure	**12 319 866**	**-18 318**	**-224 827**	**12 076 721**
20 Rental of building and associated costs	4 148 361	-14 197	112 899	4 247 063
21 Information and communication technology	7 112 580	-4 121	-435 613	6 672 846
23 Current administrative expenditure	654 295	-	55 387	709 682
24 Postage and telecommunications	48 000	-	-	48 000
25 Information and publishing	356 630	-	42 500	399 130
Title 3 Operational expenditure	**6 842 451**	**-10 314**	**-479 786**	**6 352 351**
31 General operational expenditure	2 914 712	-10 314	-620 436	2 283 962
32 IT expenses for operational purposes	3 927 739	-	140 650	4 068 389
Total	**52 677 553**	**-5 552**	**-**	**52 672 002**

Chairperson and Executive Director expenses

Mission, representation and other expenses in accordance with Articles 11 to 15 of Annex VII to the Staff Regulations amounted to EUR 9 581 for the Chairperson and EUR 6 166 for the Executive Director.

Transaction processing

The tables below show the volume and value of commitments and payments processed in 2023 compared to 2022, irrespective of the source of funding. This includes any commitments (decommitments) and payments related to the budget appropriations carried over from the previous year (C5 and C8).

Commitments (including all fund sources, top-ups and decommitments)

Commitments	2023	2022	Movement	%
Volume	841	659	182	28 %
EUR	52 436 316	50 223 023	2 213 293	4 %
Average value	62 350	76 211	-13 861	-18 %

Payments (on all fund sources, including carry forward)

Payment orders	2023	2022	Movement	%
Volume	1 320	1 201	119	10 %
EUR	54 370 627	50 824 175	3 456 452	7%
Average value	41 190	42 318	-1 128	-3 %

The figures above include batch payments (referred to as mass payment load (MPL). The EBA uses MPL for payments to:

- staff: for salaries and allowances, for missions reimbursements, and for contributions including the home office contribution and public transport contribution;
- SNE and trainees: of monthly allowances and travel allowances.

The table below provides more data on these batch payments. They have contributed to a significant workload increase, as the supporting documentation for each of the individual payments contained within an MPL is subject to ex-ante control.

Payments by mass payment load (MPL) excluding staff salaries and SNE/trainee allowances

	2023	2022	Movement	%
Number of MPL	51	32	19	59 %

	2023	2022	Movement	%
Total number of individual payments	609	315	294	93 %
Total value	194 443	86 167	108 276	125 %

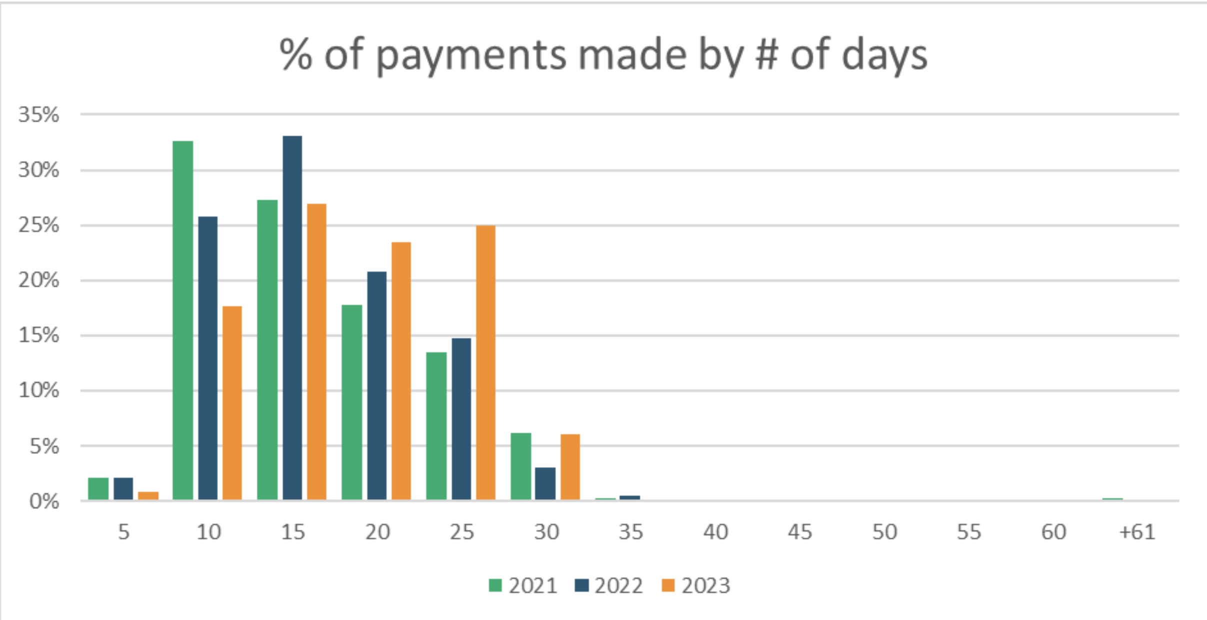
Recovery orders

Recovery orders	2023	2022	Movement	%
Volume	123	108	15	14 %
EUR	54 754 731	53 199 170	1 525 705	3 %
Average value	445 136	492 585	-47 698	-10 %

Supplier invoices – payment timing

The figure below compares payment timing in 2023 with previous years, by block of five days. In 2023, 19 % of payment requests were paid within 10 days and 27% of payment requests paid in the period 10-15 days after reception. These payment times are slower than was seen in 2022, due to two main factors: the EBA was dealing with an overall increase in transaction volumes, while Finance operated for the full year short one and a half FTE.

Payment timing statistics 2021-2023



In 2023, the EBA paid only two invoices after the due date. This is an improvement on 2022, particularly given the increase in the number of invoices paid. However, on one of these invoices (from the European Commission) the EBA was required to pay late payment interest of EUR 607. This is the first late payment interest paid by the EBA since 2013.

Invoice processing statistics

	2023	2022	2021
Total number of invoices paid	869	802	751
Late registration (> 7 days)	16	3	9
Invoices paid after the deadline (nr.)	2	5	5
Invoices paid after the deadline (%)	0.0	0.6	0.7
Average time to pay (days)	13	15	15
Number of suspended invoices	99	87	79
Average payment suspension (days)	26	42	32

When the EBA receives an invoice that is incorrect, not in accordance with the underlying contract, or where clarification is required, the EBA has the option of 'suspending' it in the accounting system (ABAC). This pauses the payment time clock, so that the suspended invoice does not go past its due date while the issue is being resolved. Finance keeps a measure of this because such invoices drive an increase in workload for staff that have to spend time trying to resolve the issue.

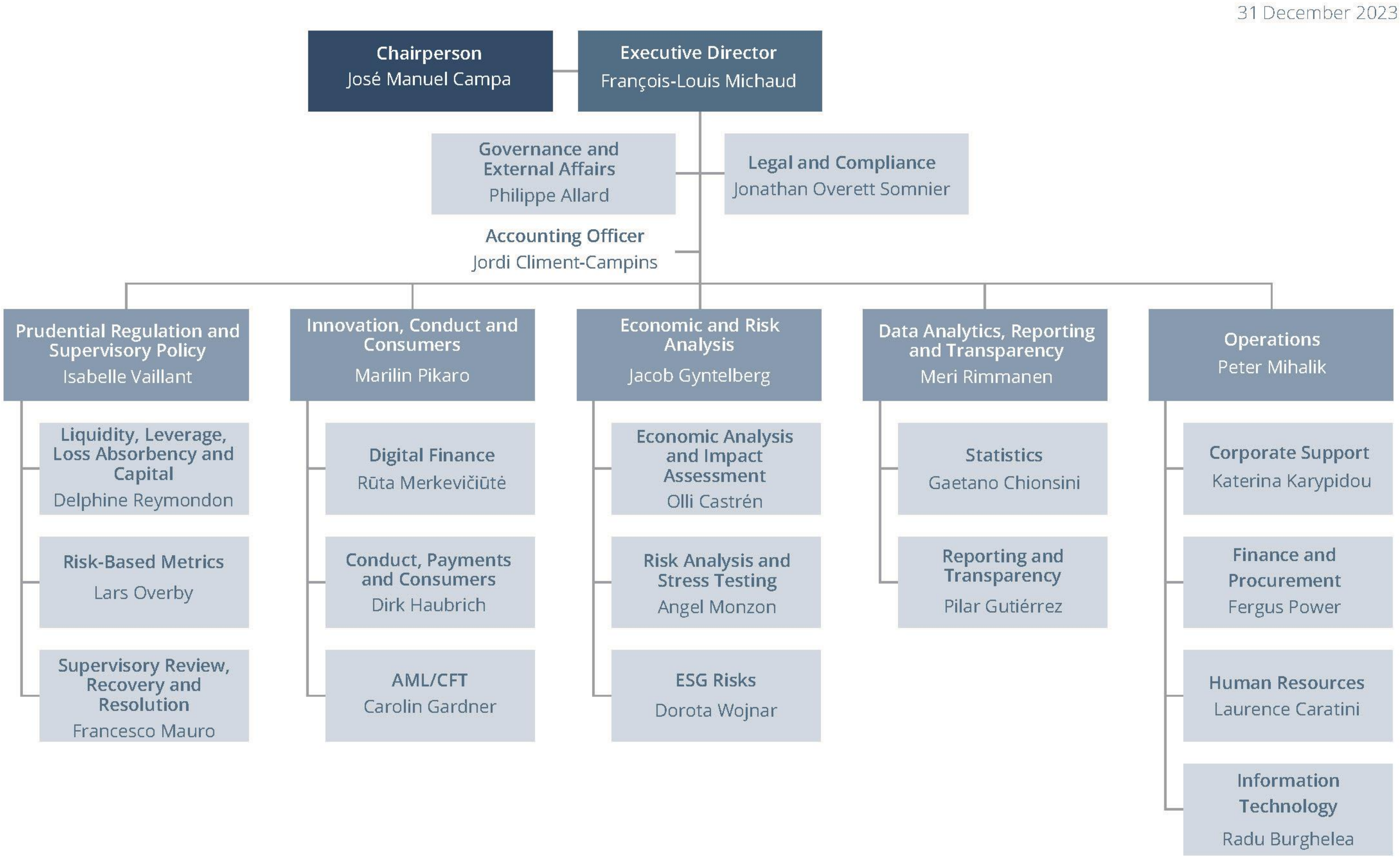
Legality and regularity indicators (linked to paragraph 2.3.3 of the report)

Indicator	2023	2022
Stage 1: Procurement		
Number of planned procedures cancelled	1	1
Number of procedures > EUR 15,000 where only one or no offers were received	3	3
Average number of requests for clarification regarding tender specifications	8	20
Number of 'valid' complaints or of litigation cases filed	Zero	Zero

Indicator	2023	2022
Number of companies excluded from participation in public procurement/awarding	Zero	Zero
Stage 2: Financial transactions		
Number/amount of liquidated damages due to delays in the implementation of the work	Zero	Zero
Number of transactions 'refused for correction' (all transactions, not only procurement) - Commitments - Payments - Recovery orders	 115 (14%) 175 (13%) 11 (9%)	 72 (11%) 74 (6%) 11 (10%)
Step 3: Supervisory measures		
Ex post control: % of transactions controlled by: - volume - value	 2.5 % 2.0 %	 1.2 % 3.0 %

European Banking Authority

Annex III – Organisational chart (31 December 2023)



Annex IV – Establishment plan and additional information on human resources management

Establishment plan 2023

Function group and grade	2023 Year N-1			
	Authorised budget		Actually filled as of 31.12.2023	
	Permanent posts	Temporary posts	Permanent posts	Temporary posts
AD 16		1		0
AD 15		1		1
AD 14		5		3
AD 13		2		0
AD 12		8		9
AD 11		12		6
AD 10		13		17
AD 9		24		23
AD 8		27		26
AD 7		30		30
AD 6		19*		18
AD 5		30		17
AD TOTAL	-	**172**		**150**
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6		3		1
AST 5		4		2
AST 4		2		2
AST 3		1		3
AST 2		2		3
AST 1		0		0
AST TOTAL	-	**12**		**11**
AST/SC*TOTAL	-	-		-
TOTAL	-	**184**		**161**

*The EBA will take the opportunity to convert one TA/AST into AST/SC when becoming free.

Information on recruitment grade / function group for type of post

Key functions	Type of contract	Function group, grade of recruitment
Chair Management Board	TA2(a)	AD 15
Executive Director	TA2(a)	AD14
Director of Department	TA2(f)	AD12
Head of Unit	TA2(f)	AD 9
Head of Sector	n/a	n/a
Senior Officer, Senior Specialist, etc.	TA2(f)	AD 8
Officer, Specialist	TA2(f)/CA	AD 6-7 – CA FG IV
Junior Officer	TA2(f)	AD 5
Senior Assistant	TA2(f)/CA	AST4- CA FG III
Junior Assistant	n/a	
Secretary to Chair, ED, Director	CA	FG IV
Secretary	CA	FG III
Mail Clerk	n/a	
Data Protection Officer	TA	AD 6
Accounting Officer	TA	AD 6
Internal Auditor	n/a	

Job screening/benchmarking

Job type (sub)category	2022	2023
Administrative support and Coordination	12.3%	11.6%
Administrative support	9.0%	8.7%
Coordination	3.3%	2.9%
Operational	**82.5%**	**84.6%**
Top level Operational Coordination	4.4%	4.8%
Programme Management and Implementation	32.4%	34.5%
Evaluation& Impact assessment	12.9%	12.4%
General operational	32.8%	33.0%
Neutral	**5.2%**	**3.8%**
Finance/Control	5.2%	3.8%
Linguistics	0%	0%

Implementing rules in compliance with Article 110 of the Staff Regulations

Working time and hybrid working	Commission Decision C(2022)1788
Engagement of CAs	Model Decision C(2019)3016
Engagement of TAs	Model Decision C(2015)1509
Middle Management	Model Decision C(2018)2542
Type of posts	Model Decision C(2018)8800

Schooling

The EBA considers schooling to be an essential part of its staff policy. For this purpose, the ‘European School la Défense’ has been granted accreditation for all levels from ‘Maternelle’ to the European Baccalaureate. A full nursery, primary and secondary education cycle is available for the English section while, besides a full nursery and primary cycle, a secondary cycle is opening gradually for the French section. Hence, the EBA is maintaining exceptionally its education contribution policy for certain staff members under certain conditions (e.g. if the child is in the final two years of the secondary cycle or the child attends a significant part of their school activities (equal to or more than 70%) in a language other than those offered by the European School in Paris.

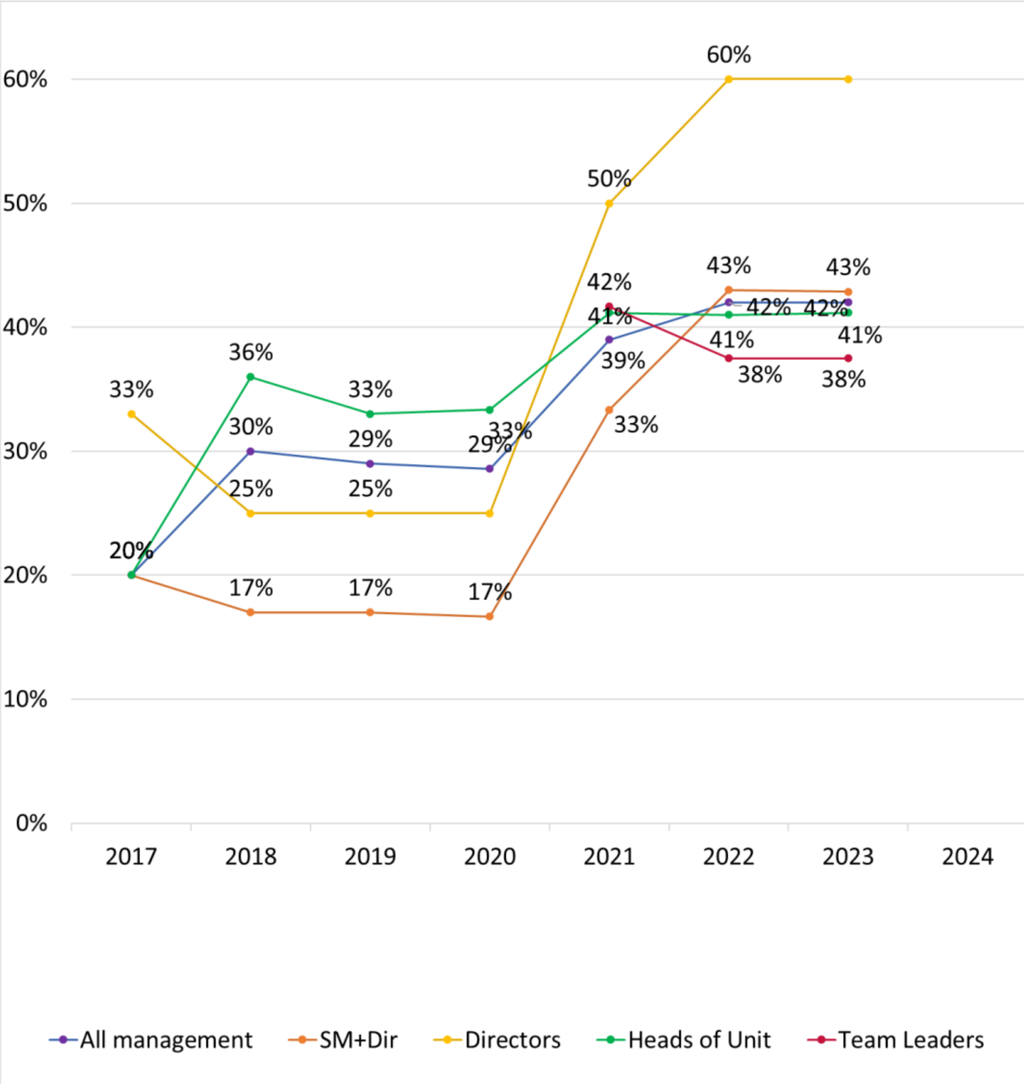
The EBA continues to work on direct agreements with schools and nurseries in Paris. On the basis of these agreements, the EBA pays tuition fees up to the threshold directly to the nurseries/schools. The amounts exceeding the threshold will be borne by staff members.

School year 2022–2023

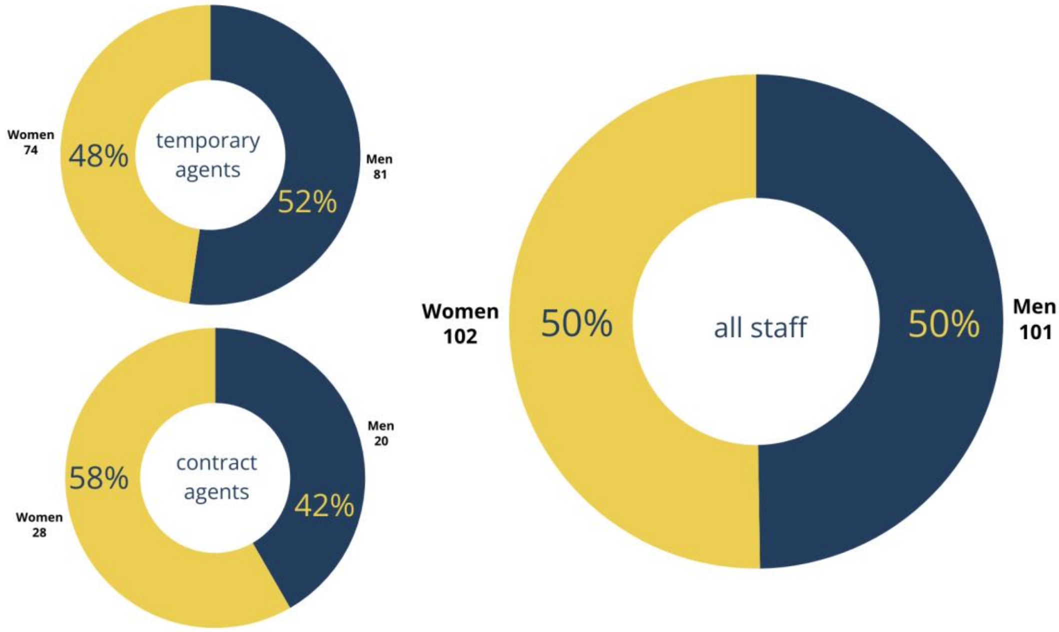
Nursery: up to 4 years old	38
Maternelle: more than 4 years old and up to 6 years old	23
Primary: more than 6 years old and less than 11 years old	40
Secondary: more than 11 years old and less than 19 years old	62
Total	163

Increase of female leadership over five years for senior management (Chairperson, Executive Director, Directors), middle management (Heads of Unit) and Team Leaders

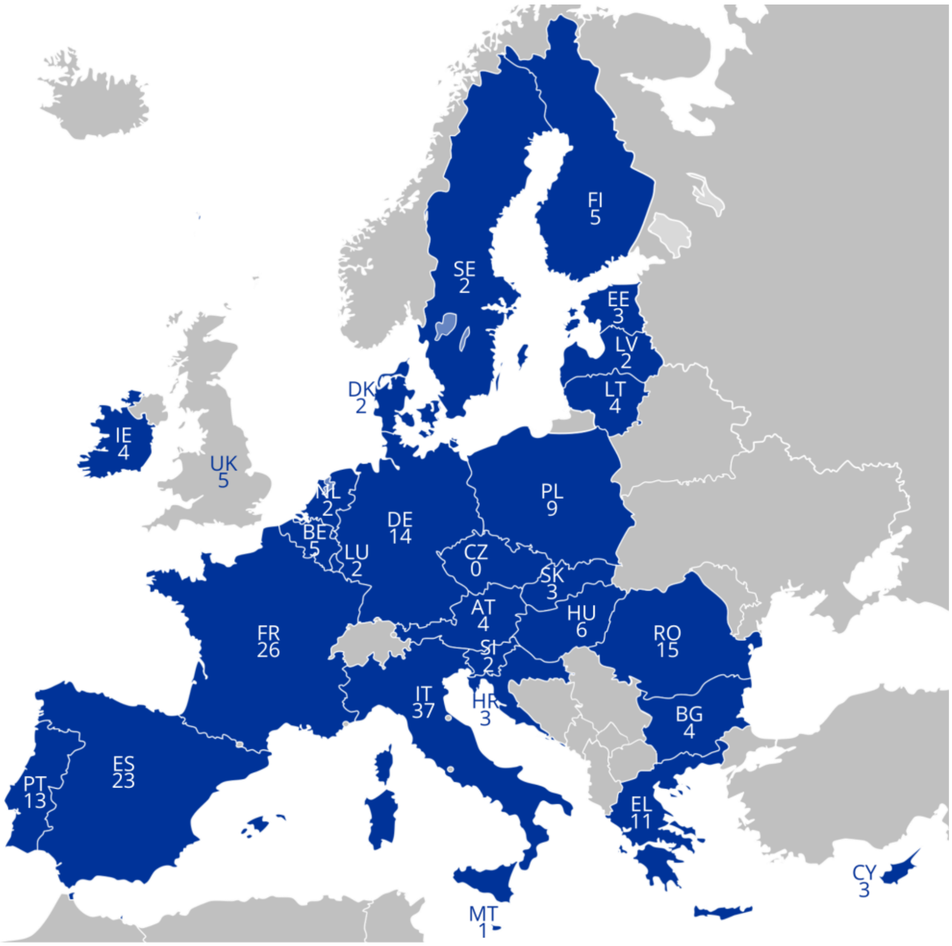
Figure 11: Female management and team leaders from 2017 to 31 December 2024

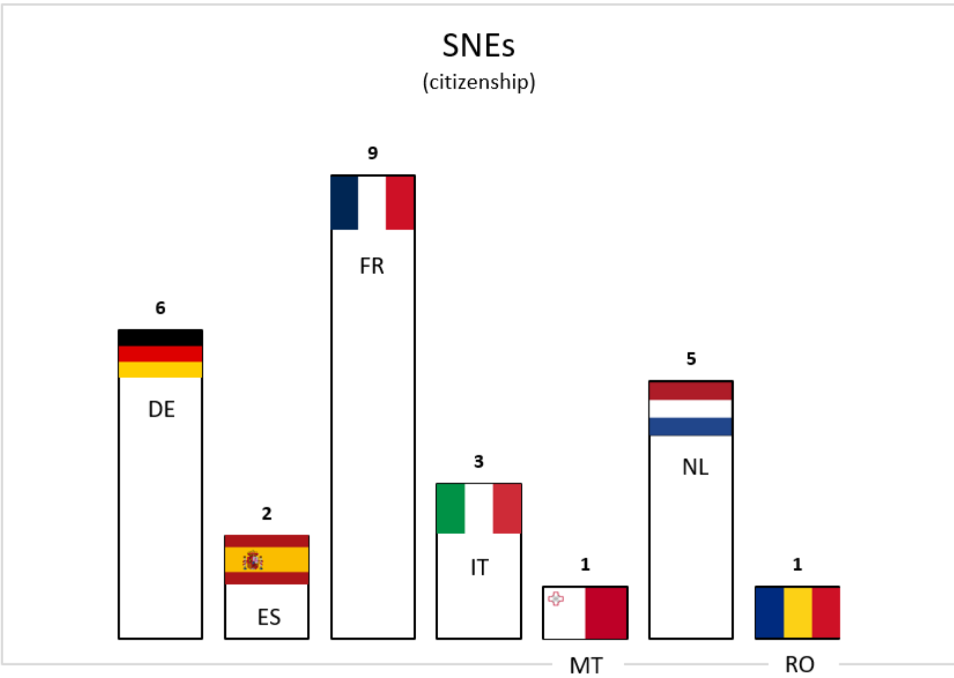


Statutory staff (TAs/CAs): gender balance



Statutory staff (TAs/CAs) and SNEs: geographical balance





Annex V – Human and financial resources by activity

The table below summarises the resource allocation per activity and details the type of resource: TAs, CAs or SNEs. Management staff and their assistants are distributed over the activities within their respective remits, hence the staffing numbers per activity not being whole numbers. (Minor differences in totals are due to rounding.)

	Activity (preceded by priority they contribute to)	TAs	CAs	SNE	Total	2023 Cost (EUR)
	Policy and convergence work	**70.1**	**12.1**	**9.1**	**91.4**	**22,732,408**
VP1	Activity 1 - Capital, loss absorbency, and accounting	7.5	0.2	-	**7.7**	2,119,265
VP1	Activity 2 - Liquidity, leverage, and interest rate risk	3.5	0.1	-	**3.6**	948,453
VP1	Activity 3 - Credit risk (incl. large exposures, loan origination, NPL, securitisation)	7.9	1.8	2.0	**11.8**	2,613,554
VP1	Activity 4 - Market, investment firms and services, and operational risk	7.6	0.6	1.0	**9.2**	2,206,046
VP1	Activity 5 - Market access, governance, supervisory review and convergence	9.6	0.2	1.0	**10.8**	2,713,463
VP1	Activity 6 - Recovery and resolution	3.8	0.1	-	**3.9**	1,115,659
HP1	Activity 7 - ESG in supervision and regulation	6.4	0.7	1.0	**8.1**	2,009,494
VP4	Activity 8 - Innovation and FinTech[14]	10.8	3.7	1.0	**15.6**	3,866,192
VP5	Activity 9 - Payment services, consumer and depositor protection	5.7	1.3	3.0	**10.1**	2,228,658
VP5	Activity 10 - Anti-money laundering and countering the financing of terrorism	7.4	3.4	-	**10.8**	2,911,625
	Risk assessment and data	**35.6**	**14.7**	**5.1**	**55.4**	**12,802,507**
VP3	Activity 11 - Reporting and transparency framework	10.0	1.0	1.0	**12.0**	3,238,718
VP2	Activity 12 - Risk analysis	5.0	0.2	-	**5.2**	1,434,640
VP2	Activity 13 - Stress testing	3.9	0.2	3.0	**7.1**	1,522,805
All	Activity 14 - Regulatory impact assessments	9.5	1.7	1.0	**12.2**	2,995,606
VP3	Activity 15 - Data infrastructure and services, statistical tools	7.3	11.6	-	**18.9**	3,610,738
	Governance, Coordination and support	**51.5**	**16.7**	**5.1**	**73.3**	**16,886,146**
ALL	Activity 16 - EBA governance, international affairs, communication	5.1	7.4	2.0	**14.5**	2,889,813
ALL	Activity 17 - Legal and compliance	12.8	0.4	3.0	**16.3**	3,194,472
ALL	Activity 18 - Resources (HR and finance)	13.3	3.8	-	**17.1**	3,636,255
ALL	Activity 19 - Infrastructures (Information technology and corporate support)	20.3	5.1	-	**25.4**	7,165,606
	Total	**157.2**	**43.6**	**19.3**	**220.1**	**52,421,061**

A shared accounting services arrangement with ESMA was introduced in 2021 to exploit synergies resulting from both authorities being now based in Paris. According to this arrangement, updated in 2023, the EBA is providing 50% of the time of its accounting officer to ESMA.

[14] Includes MiCA and DORA preparations (mostly through internal resource redeployments as no specific resources were available in 2023), as well as Supervisory Digital Finance Academy

Annex VI – Contribution, grant and service level agreements; Financial Framework Partnership Agreements

In 2022, the EBA signed an SLA with DG REFORM whereby the EBA provides services to the EU Supervisory Digital Finance Academy (https://eusdfa.eui.eu) over a period of four years. Under the terms of this SLA, DG REFORM is funding one TA and one CA for three years, as well as other costs arising from the EBA's support to the EU SDFA.

General information						Financial and HR impact				
	Date of signature	Total amount	Duration	Counterpart	Short description		2022		2023	
Service-level agreements										
1. SLA with DG REFORM	14/09/2022	€ 1 079 515	4 years	DG REFORM	Supporting the EU Supervisory Digital Finance Academy (EU-SDFA)		CA	PA	CA	PA
						Amount	44 682	44 682	214 772	214 772
						Number of TAs	-		0.49	
						Number of CAs	-		0.34	
Total service-level agreements						Amount	CA	PA	CA	PA
							44 682	44 682	214 772	214 772
			Number of TAs			-			0.49	
			Number of CAs			-			0.34	
TOTAL						**Amount**	**CA**	**PA**	**CA**	**PA**
							44 682	**44 682**	**214 772**	**214 772**
			Number of TAs			**-**			**0.49**	
			Number of CAs			**-**			**0.34**	

Annex VII – Environmental management

In 2023, the EBA maintained its EMAS registration. The 2023 environmental statement (with data from 2021 and 2022) was positively verified and validated by independent external auditors. The EBA environmental policy and annual environmental statement are now published on the EBA's website: https://www.eba.europa.eu/about-us/sustainable-eba.

The EBA response to the climate and energy crises and its reporting on its climate and energy performance were positively evaluated in the European Court of Auditors' annual report on EU agencies for the financial year 2022. The ECA checked whether the agencies a) undertook or planned measures to improve their energy efficiency and to reduce their carbon footprint; b) implemented sustainability reporting or issued environmental statements, and c) introduced the EU Eco-Management and Audit Scheme.

Communication and promotion of EMAS

Within the framework of the inter-agency EMAS Twinning Programme, the EBA supported eight European agencies in their process of establishing and implementing EMAS: Cedefop, Cepol, the European Union Agency for Asylum, the European University Institute, Frontex, Fusion for Energy, the Translation Centre and Berec.

The EBA actively promoted EMAS sustainability and environmental management through, among other things, an EMAS social media campaign, an inter-agency spin-off session on communicating EMAS, and Interinstitutional EMAS Days.

The EBA participated in the pan-European EMAS campaign, posting environment and sustainable finance-related content on social media between 30 May and 9 June 2023. Under hashtags #EMAShero and #WeForEMAS, the EBA released tweets, posts and videos on Twitter and LinkedIn.

Colleagues from the Communications and Corporate Support teams presented the EBA's successful EMAS communication strategy and visual identity during a common spin-off session of HCIN and the Greening Network of European Agencies on 29 June 2023.

The EBA, together with ESMA and EIOPA, participated for the first time in the Interinstitutional EMAS Days in November 2023, the annual event of EMAS-registered organisations. The ESA's experts presented *Introduction to sustainable finance: greenwashing, financing the transition to a sustainable economy, and financial education*.

The EMAS e-learning programme was developed in-house. Throughout 2023, more than 230 people completed this obligatory EMAS training (TAs, CAs, SNEs, trainees and consultants). They learnt a) what EMAS is, how it works, why it was implemented and how it can be beneficial; b) the place of EMAS in the global and European context (UN SDP, Paris Agreement, European Green Deal, EMAS and ISO); c) how EMAS was implemented at the EBA.

In addition to the dedicated webpage Sustainable EBA | European Banking Authority , the EMAS logo is now also visible on the main EBA website.

Environmental objectives and targets

In 2023, the EBA implemented, among others, the following measures to achieve its environmental objectives and targets, as planned in the Single Programming Document for that year.

Aspects	2023 objectives	Main actions implemented by the EBA in 2023 to improve its environmental performance and reduce its carbon footprint
		In its Environmental Policy, the EBA committed to minimising its impact on greenhouse gas emissions, with a special focus on travel.
		The EBA maintained its reduced levels of business travel and the number of meetings.
	EBA visitors and staff are informed about sustainable ways of travel.	The EBA continues to offer public transport contribution to its employees. Moreover, thanks to the EBA's intervention the building – Tour Europlaza – installed a bike pump station.
Travel	Chargers for electric and/or hybrid vehicles are available for staff on the premises.	The installation of chargers for electric and hybrid vehicles by the EBA was postponed, because as from 2025 this will be the obligation of the landlord.
		In 2023, the EBA continued to raise awareness about sustainable ways of travel. In particular, the EBA updated its mission and meetings organisation to include sustainable considerations throughout the workflow.
		Firstly, the handbook for visitors now contains a section on sustainability at the EBA where guests

		are shown ways in which they could contribute to a greener EBA. Secondly, all registered meeting participants and the EBA's staff on business travel are now invited to consider sustainable means of travel when making their transport and accommodation plans. Thirdly, relevant information is shared on the intranet and during induction training for newcomers. Fourthly, the EBA also actively promoted sustainable meetings and missions externally. We exchanged best practices with, among others, the Reflection group on greening and missions of the European Commission.
Waste	Circular economy policy is adopted to reduce waste generation.	In its Environmental Policy, the EBA committed, among other things, to improving its waste production, segregation and recycling as expected by the EBA's staff. To contribute to this objective, in 2023 the EBA adopted a circular economy policy, in which it commits to: a) minimising purchases of physical items so as to limit our material impact, b) buying to keep, c) maximising the life cycle of products, d) minimising the generation of waste, e) disposing of items in an environmentally friendly manner and f) introducing and promoting environmental best practices. The EBA has initiated the first exercise in decommissioning its IT equipment in a sustainable manner (donation, disposal).
Energy		In its Environmental Policy, the EBA committed, among other things, to building a strong

	Energy consumption in the building is reduced by 5% (baseline 2022).	relationship with its landlord to improve energy consumption performance. In June 2023, the EBA signed a new contract for the provision of 100% of electricity from renewable energy sources (RES), confirmed by certificates of origin. The EBA continued to adopt energy-saving measures, already implemented in 2022, such as adjusting heating schedules and temperatures, decreasing light intensity, switching off hot water boilers and shutting down AV back-end infrastructure overnight. On top of these things, the EBA commissioned a technical report on energy efficiency. In 2023, the EBA managed to achieve its energy reduction targets. It also committed to further reductions in subsequent years as well.
IT	The migration to efficient public cloud data centres is finalised.	In 2023, the EBA successfully transitioned its IT landscape, including the data centres, from a traditional set-up to a future-proof cloud infrastructure. This strategic move has yielded substantial environmental benefits. By adopting a pay-as-you-consume model, we have achieved greater workload flexibility and improved server utilisation rates. As a result, we have significantly reduced unnecessary energy consumption and our carbon emissions footprint. Additionally, we have optimised our applications and services by leveraging cloud-native capabilities, thereby further minimising their environmental impact. Based on performance benchmarks, we anticipate a substantial reduction in carbon emissions due to our cloud migration. To track our progress, we regularly monitor our carbon footprint through the dashboard.

Procure ment	Contract managers are trained on green public criteria.	All contract managers attended at least one training session on green public procurement and green procurement criteria in the last two years (2022-2023). In total, four sessions were organised (two per year), each one of them attended by the majority of the EBA contract managers. The training sessions included but were not limited to quiz questions and case studies on green requirements and criteria, as well as ways to verify that contractors comply with their environmental contractual obligations.
Core business	At least 80% of the EBA's ESG-related mandates, including contributions to the Commission's renewed Sustainable Finance Strategy, are delivered on time.	86% of the EBA's ESG-related mandates were delivered on time. See Annex I for further details.

Annex VIII – Annual Accounts

Please see document enclosed.

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