EUROPEAN BANKING AUTHORITY

2016

ANNUAL ACCOUNTS

CERTIFICATION LETTER FROM THE EBA ACCOUNTING OFFICER

The Annual Accounts of the European Banking Authority for the year 2016 have been prepared in accordance with the Financial Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council applicable to the general budget of the European Union and the accounting rules adopted by the European Commission's Accounting Officer, which are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the Annual Accounts of the Authority in accordance with Article 68 of the Financial Regulation.

I have obtained from the Authorising Officer, who guaranteed its reliability, all the information necessary for the production of the accounts that show the Authority's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present a true and fair view of the financial position of the Authority in all material aspects.

Done in London, on 16/05/2017.

[SIGNED]

Yves Lecoanet

Accounting Officer

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1. GENERAL INFORMATION

EUROPEAN BANKING AUTHORITY

The European Banking Authority ('the EBA' or 'the Authority') is an independent EU agency established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010, as amended by Regulation (EU) No 1022/2013 of the European Parliament and of the Council of 22 October 2013. The EBA started its operations on 1 January 2011, taking over all existing and ongoing tasks and responsibilities from the Committee of European Banking Supervisors (CEBS).

The EBA has a broad mandate which includes preventing regulatory arbitrage, guaranteeing a level playing field in regulation, strengthening international supervisory coordination, promoting supervisory convergence, enhancing consumer protection and providing advice to the EU institutions in the areas of banking, payments and e-money regulation as well as on issues related to corporate governance, auditing and financial reporting. As an integral part of the European System of Financial Supervisors (ESFS), the EBA works in close cooperation with its sister authorities, the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) in the Joint Committee, and with the European Systemic Risks Board (ESRB).

FUNDING

The EBA is financed from Union funds (40%) and through contributions from Member States (60%) made in accordance with the weighting of votes set out in Article 3(3) of the Protocol (No 36) on transnational transitions (recital 68 of the EBA Regulation).

AUTHORITY STRUCTURE

The European Banking Authority (EBA) is governed by its Board of Supervisors and a Management Board. The Board of Supervisors is responsible for taking the main decisions relating to the EBA's mandate and work. The Management Board takes decisions relating to the EBA's operations and the execution of its annual work programme. The Authority is represented by the Chairperson who is responsible for preparing the work of the Board of Supervisors and chairs its meetings, as well as those of the Management Board. The Chairperson's term of office is five years and may be extended once.

The EBA Executive Director is in charge of the implementation of the annual work programme under the guidance of the Board of Supervisors and under the control of the Management Board. The Executive Director's term of office is five years and it may be extended once.

The EBA is organised in three departments (Oversight, Regulation, Operations) and three units (Policy Analysis and Coordination, Resolution, Consumer Protection, Financial Innovation and Payments). It works together with experts from national authorities within a number of working groups and task forces to carry out its tasks.

The annual work programme, published on the EBA's website every year, describes the objectives and specific tasks to be carried by the departments and units of the EBA.

2. FINANCIAL STATEMENTS

2.1 Balance sheet

ASSETS	Note	31.12.2016	31.12.2015
NON-CURRENT ASSETS			
Intangible fixed assets	3.2.1		
Computer software		2,396,134	2,438,494
Tangible fixed assets	3.2.2		
Computer hardware		179,602	226,347
Furniture		473,199	493,067
Other fixture and fittings		8,571,612	8,364,719
Total		**11,620,547**	**11,522,627**
CURRENT ASSETS			
Current receivables	3.3.1	586,608	1,441,358
Sundry receivables	3.3.2	9,881	2,992
Prepaid expenses	3.3.3	1,220,853	663,765
Cash and cash equivalents	3.3.4	4,500,288	2,393,929
Total		**6,317,630**	**4,502,044**
TOTAL ASSETS		**17,938,177**	**16,024,671**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for risks and charges	3.4	2,797,506	1,579,348
Deferred revenue	3.5	5,986,434	6,613,345
Total		**8,783,940**	**8,192,693**
CURRENT LIABILITIES			
Current payables	3.6	2,410,813	1,760,277
Sundry payables	3.7	128,435	-
EU entities	3.8	1,601,492	381,239
Deferred revenue		648,074	669,238
Total		**4,788,814**	**2,810,754**
TOTAL LIABILITIES		**13,572,754**	**11,003,447**
NET ASSETS			
Accumulated surplus/(deficit)		5,021,224	6,177,752
Economic outturn for the year - profit/(loss)		(655,801)	(1,156,528)
TOTAL NET ASSETS		**4,365,423**	**5,021,224**

2.2 Statements of financial performance

	Note	2016	2015
OPERATING REVENUE	**3.9**		
Contribution from the Member States		21,634,257	17,392,368
Contribution from EFTA countries		614,610	493,804
EU Subsidy		12,641,720	15,152,079
Foreign currency conversion gains		959,100	685,939
Other administrative revenue		4,740	180,075
TOTAL OPERATING REVENUE		**35,854,427**	**33,904,265**
OPERATING EXPENSES	**3.10**		
Staff expenses	3.10.1	21,821,230	20,275,949
Building and related expenses	3.10.2	2,849,257	3,360,161
Other expenses	3.10.3	8,650,415	8,692,396
Depreciation and amortisation	3.10.4	2,250,643	1,953,528
Foreign currency conversion losses		986,839	830,866
TOTAL OPERATING EXPENSES		**36,558,384**	**35,112,900**
SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES		**(703,957)**	**(1,208,635)**
NON OPERATING REVENUES / (EXPENSES)	**3.11**		
Financial revenue		5,666	14,103
Financial expenses		42,490	38,004
SURPLUS / (DEFICIT) FROM NON OPERATING ACTIVITIES		**48,156**	**52,107**
SURPLUS / (DEFICIT) FROM ORDINARY ACTIVITIES		**(655,801)**	**(1,156,528)**
SURPLUS / (DEFICIT) FROM EXTRAORDINARY ITEMS		**-**	**-**
ECONOMIC RESULT FOR THE YEAR		**(655,801)**	**(1,156,528)**

2.3 Cash flow statements

	2016	2015
CASH FLOW FROM ORDINARY ACTIVITIES		
Surplus /(deficit) from ordinary activities	**(655,801)**	**(1,156,528)**
Operating activities		
Depreciation and amortisation	2,250,643	1,962,565
Increase/(decrease) in provisions for risks and liabilities	1,218,158	-
(Increase)/decrease in short term receivables	290,772	(786,218)
Increase/ (decrease) in accounts payable	778,970	(1,368,184)
Increase/ (decrease) in liabilities related to consolidated EU Entities	1,220,252	96,986
Increase/(decrease) in deferred income	(648,074)	(529,990)
Net cash flow from operating activities	**4,454,920**	**(1,781,369)**
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/decrease in tangible and intangible fixed assets	(2,348,561)	(875,861)
Net cash flow from investing activities	**(2,348,561)**	**(875,861)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,106,359	(2,657,230)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,393,929**	**5,051,159**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,500,288**	**2,393,929**

2.4 Statement of changes in net assets

	Accumulated Surplus	Net surplus/(deficit) for the period	Total Net Assets
Balance as of 31 December 2015	5,021,224		5,021,224
Economic result of the year		(655,801)	(655,801)
Balance as of 31 December 2016	**5,021,224**	**(655,801)**	**4,365,423**

3. NOTES TO FINANCIAL STATEMENTS

3.1 Summary of significant accounting policies

The Annual Accounts of the European Banking Authority (the 'Authority') comprise the financial statements and the reports on the implementation of the budget.

The financial statements show all charges and income for the financial year, based on accrual accounting rules which comply with the EU Accounting Rules, and are designed to establish the financial position in the form of a balance sheet as at 31 December. Specifically, the principles applied in drawing up the financial statements are:

- going concern basis
- prudence
- consistent accounting methods
- comparability of information
- materiality
- no netting
- reality over appearance
- accrual-based accounting

The budgetary accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.

Basis of preparation

The financial statements are prepared on a going concern basis as there is no indication that the Authority, based on the information currently available, will not continue to operate in its current state for the twelve months from the date of establishing these accounts. There are uncertainties not as to whether the Authority will continue to operate, but as to where it will operate from.

Functional and reporting currency

The euro is the functional and reporting currency of the Authority and amounts shown in the financial statements are presented in euros (EUR) unless indicated otherwise. Any slight differences versus the actual balances are due to rounding.

Currency and basis for conversion

All foreign currency transactions are recorded using the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of financial performance.

Exchange rates used for the preparation of the accounts are as follows:

1 EUR in GBP	**2016**	**2015**
Year-end exchange rate	0.85618	0.7340
Average exchange rate	0.81176	0.7268

Use of estimates

In accordance with IPSAS and other generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to, amounts for provisions, accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of intangible assets and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Non-current assets

Non-current assets correspond to the fixed assets received from the Committee of European Banking Supervisors on 1 January 2011 and to the acquisitions made from this date and still in use at the closing date.

Internally generated fixed assets relate to the development cost incurred for projects that have been authorised by the Management Board with an asset value at the end of the project higher than EUR 250 000.

Fixed assets are registered at cost and depreciated using the straight-line method according to the following schedule:

Type of asset	Useful life (years)	Annual depreciation rate
Hardware and software	4	25%
Telecommunications and audio-video equipment	4	25%
Other fixture and fittings	10	10%
Movable furniture	10	10%

Leases

Lease of fixed assets where the Authority has substantially all the risks and rewards of ownership are classified as financial leases. There are no items to be reported under this category.

Leases where the lessor retains a significant portion of the risks and rewards inherent in the ownership are classified as operating leases. Payments made under operating leases are charged to the Statement of financial performance for the portion accrued during the financial year. This is the case for rent paid.

Receivables

All receivables are indicated at the original amount less write-down for impairment where there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.
If any, the amount of write-down is charged to the Statement of financial performance.

Cash and cash equivalents

Cash includes only cash in hand as there are no other cash equivalents or liquid investments to be reported. Currently, the Authority works with two banks.

Payables

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies are delivered and accepted by the Authority.

Accrued expenses

In accordance with EU Accounting Rule 10 supplemented by paragraph 19 of IPSAS 19 (Provisions, contingent liabilities and contingent assets) accruals recognise the amounts to be paid for goods or services that have been received or supplied but which have not yet been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). The accruals are determined based on estimates received from the authorising officer as a result of the analysis of the budget amounts carried to the next year. These accruals are reported under current liabilities-current payables.

Revenue

The EBA's revenue consists of the contribution received from National Supervisory Authorities in the contribution received from the EU (40%) and Member States and third-country observers (60%), increased by the amount of the employer's contribution of the European pension scheme to be financed by the Member States and third country observers, as defined by the Article 83 a (2) of the Staff Regulation applicable to the European agencies.

Pursuant to Article 19.5 of the EBA Financial Regulation, the EU contribution constitutes a balancing contribution in the budget of the Authority. As a result, it is recognised as revenue in the amount necessary to cover budget expenditure. The difference between the amount actually received and the contribution has to be returned to the European Commission and booked as a liability.

Contributions from the National Supervisory Authorities are recognised as revenue when these resources are approved together with the budget by the Board of Supervisors.

Expenditure

Expenses arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the Authority. They are valued at original invoice cost.
At year end, incurred eligible expenses already due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

Contingent assets and liabilities

In line with EU Accounting Rule 10, the term 'contingent' is used for liabilities and assets that are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Employee benefits

The staff of the Authority is entitled to pension rights according to the pension scheme as defined in the Staff Regulations of the European Communities. The corresponding pension benefits are managed and paid by the European Commission. In compliance with Article 83a of the Staff Regulations, the contribution needed to fund the scheme is financed by the General Budget of the European Community and no employer contribution is paid by the Authority, except for the part financed by the Member States and the third country observers pursuant to Article 83 a (2) of the Staff Regulation. As a result of this, no pension liability is recognised in the balance sheet of the Authority.

3.2 Non-current assets

Non-current assets are fixed assets used and controlled by the Authority and are composed of tangible, intangible and other non-current assets.

3.2.1 Intangible fixed assets

Intangible fixed assets 2016		Computer software	Intangible assets under construction	Total
Gross carrying amounts 01.01.2016	**+**	**3,508,531**	**361,977**	**3,870,508**
Additions	+	1,003,134		1,003,134
Disposals	-	-	-	-
Transfers between headings	+/-	361,977	(361,977)	-
Other changes		-	-	-
Gross carrying amounts 31.12.2016		**4,873,642**	**-**	**4,873,642**
Accumulated amortisation and impairment 01.01.2016	**-**	**(1,432,013)**	-	**(1,432,013)**
Amortisation	-	(1,045,495)	-	(1,045,495)
Disposals	+	-	-	-
Accumulated amortisation and impairment 31.12.2016		**(2,477,508)**	-	**(2,477,508)**
Net carrying amounts as at 31/12/2016		**2,396,134**	**-**	**2,396,134**

Intangible fixed assets relate to internally generated software and computer software licences. Internally generated software corresponds to development costs incurred in the implementation of projects in relation with the mission of the Authority.

Additions of internally generated software in 2016 correspond to two projects which were still under construction as at 31/12/2015:

- The sixth release of the European Supervisory Platform system, ESP 6, which has delivered a series of functional and technical enhancements in April 2016. The amount capitalized during the year amounts to EUR 479 594.

- The first phase of the Electronic Document Management System, which became operational in October 2016. The amount capitalized during the year amounts to EUR 153 012.

3.2.2 Tangible fixed assets

Tangible fixed assets include mainly furniture, fixtures and IT equipment.

Tangible fixed assets 2016		Plant and equipment	Computer hardware	Furniture	Other fixtures and fittings	Total
Gross carrying amounts 01.01.2016	+	**13,500**	**522,342**	**630,347**	**9,453,399**	**10,619,588**
Additions	+	1,803	69,156	53,699	2,613	127,270
Disposals	-	-	(42,182)	(624)	-	(42,806)
Other changes	+/-	-	-	-	1,218,158	1,218,158
Gross carrying amounts 31.12.2016		**15,303**	**549,315**	**683,422**	**10,674,170**	**11,922,210**
						-
Accumulated depreciation and impairment 31.12.2016	-	**(3,660)**	**(295,995)**	**(137,280)**	**(1,098,520)**	**(1,535,455)**
Depreciation	-	(3,445)	(114,845)	(73,317)	(1,012,236)	(1,203,843)
Disposals	+	-	41,127	374	-	41,501
Other changes	(+/-)	-	-	-	-	-
Accumulated depreciation and impairment 31.12.2016		**(7,105)**	**(369,713)**	**(210,223)**	**(2,110,756)**	**(2,697,797)**
Net carrying amounts as at 31/12/2016		**8,198**	**179,602**	**473,199**	**8,563,414**	**9,224,413**

In line with the Agreement for lease signed on 14 May 2014 with the owner of the new offices in Canary Wharf, the fitting out was delivered on 8 December 2014, date of the start of the lease. The related cost recognised as an asset at that date, in amount of EUR 7 133 462, includes a contribution by the landlord in amount of EUR 2 256 212 which is recognised as a deferred income (see Note 3.5).

The other fixtures and fittings also include EUR 2 797 506 for the cost of returning the offices to their original state at the termination of the lease as requested by the contract. The counterpart is recorded as a long-term provision (see Note 3.4).

The fit out works cost is depreciated over 10 years, in accordance with the Authority's accounting policy for other fixtures and fittings.

The cost of returning the offices to their original state at the termination of the lease is depreciated over the lease term, which is 12 years.

3.3 Current assets

3.3.1 Current receivables

	31.12.2016	31.12.2015
VAT recoverable	586,608	1,441,358
Total	**586,608**	**1,441,358**

The recoverable VAT relates to payments to suppliers made during the year 2016 and still to be refunded by UK Authorities.

3.3.2 Sundry receivables

	31.12.2016	31.12.2015
Amounts to be regularised from staff	9,809	940
Amounts to recover from other EU institutions	72	2,052
Total	**9,881**	**2,992**

3.3.3 Prepaid expenses

	31.12.2016	31.12.2015
Rent expenses	738,772	281,974
Other prepaid expenses	482,081	381,791
Total	**1,220,853**	**663,765**

Other prepaid expenses relate to insurance, IT maintenance, and subscriptions to publications.

3.3.4 Cash and cash equivalents

	31.12.2016	31.12.2015
Citigroup (GBP Account)	1,505,169	1,310,720
ING (EURO Account)	2,995,119	1,083,209
Total	**4,500,288**	**2,393,929**

3.4 Provisions for risks and charges

	31.12.2016	31.12.2015
Re-instatement cost of the offices	2,797,506	1,579,348
Total	**2,797,506**	**1,579,348**

In line with commercial lease terms, the lease contract for the premises in Canary Wharf includes the obligation for the EBA to return the offices to their original condition. An amount of EUR 1 579 348 was added as at 31 December 2014 on the basis of an estimate provided by the Authority's property advisor.

In anticipation of the decision of the United Kingdom to leave the European Union, two full detailed valuations have been obtained from professional property experts, resulting in amounts ranging from 2.4 to 3.2 Million GBP, excluding VAT. The increase in the provision as at 31/12/2016 is based on the average of the two estimates, valued at the exchange rate at the closing date (1 EUR= 0.85618 GBP). It takes into account inflation at 2 % and discount rate impact at 3.5 % (HM Treasury guidance – The Green Book).
Value added tax at 20 % rate is not included as it can be reclaimed from the UK authorities under the current Headquarters Agreement with the Government of the United Kingdom.

The re-instatement to the initial condition has to be performed by the end of the occupancy, regardless of when the tenant leaves. The exact amount to be paid will depend on the cost of the works actually done and the result of possible further negotiation.

3.5 Deferred revenue

	Total Deferred revenue as at 31/12/2016			Thereof Non-current portion:	
	Original amount as at 8/12/2014	Amount reversed	Net amount as at 31/12/2016	As at 31.12.2016	As at 31.12.2015
Capital sum received from the Landlord	4,291,684	(737,817)	3,553,867	3,196,227	3,553,867
Landlord contribution to Fit out works cost in Canary Wharf	2,256,212	(391,703)	1,864,509	1,676,491	1,864,509
Rent free period	1,376,425	(160,293)	1,216,132	1,113,716	1,194,969
Total	**7,924,321**	**(1,289,813)**	**6,634,508**	**5,986,434**	**6,613,345**

The Agreement for lease signed on 14 May 2014 provided for a term of 12 years together with a rent free period of 32 months which could be converted totally or partially into a capital sum to be used for the financing of the fit out works. The EBA opted for the conversion of 25 months resulting in a capital sum of EUR 4 291 684 and a remaining rent free period of 7 months.

The Agreement for lease also included a Landlord contribution to fund part of the fit out works cost.

The capital sum, the landlord contribution and the rent free period are recorded as deferred revenue and recognised in the Statement of financial performance over the full term of the lease, 12 years.

3.6 Current payables

Current Payables	31.12.2016	31.12.2015
Payables to Member States	966,181	-
Payables to suppliers	202,913	189,754
Accrued charges-untaken annual leaves	509,835	514,120
Accrued charges-other	731,885	1,056,403
Total	**2,410,813**	**1,760,277**

Payables to Member States correspond to the payments received from the National Competent Authorities which are recognised as an advance payment on their 2017 budget contributions, as a result of the amending budget approved by the Board of Supervisors on 16 December 2016.

Accrued charges correspond to invoices to be received at 31 December 2016 for services rendered in 2016.

3.7 Sundry payables

	31.12.2016	31.12.2015
	128,435	-
Total	**128,435**	**-**

This amount relates to tangible and intangible fixed assets received but not yet invoiced at the closing date.

3.8 Payables to EU entities

	31.12.2016	31.12.2015
Subsidy to reimburse to the European Commission	1,601,492	381,239
Total	**1,601,492**	**381,239**

The contribution to repay to the European Commission corresponds to the budgetary result for the financial year 2016 which was determined on a modified cash basis. The detailed calculation is presented in the Budget result (Note 4.2).

The EBA is financed by Union funds (40%) and contributions from Member States (60%) in accordance with the weighting votes set out in Article 3(3) of the Protocol (No 36) on transnational transitions (recital 68 of the EBA Regulation). According to Articles 19.5 and 20.1 of the EBA Financial Regulation, the Union contribution paid to the Authority constitutes for its budget a balancing contribution which is accounted for as pre-financing. If the balance of the budget result account is positive, it is to be repaid to the Commission up to the amount of the Union contribution paid during the year.

The EBA has therefore allocated 100% of the surplus to the European Commission.

This is still an issue subject to discussion, as Member States consider that 60% of the surplus should be refunded to them. However, it is assumed that the solution found for the surpluses of the previous years, which is the deduction of the surplus from the budget contributions of year N+2 will continue to apply, resulting in the reimbursement to the national authorities for the part corresponding to their contribution.

3.9 Operating revenue

The Authority's 2016 revenue comes from the following sources:

	2016	2015
Contribution from Member States	21,634,257	17,392,368
Contribution from EFTA countries	614,610	493,804
EU Subsidy	12,641,720	15,152,079
Foreign currency conversion gains	959,100	685,939
Other administrative revenue	4,740	180,075
Total	**35,854,427**	**33,904,265**

The 2016 expected budget contributions amounted to EUR 36 491 378.

The contribution actually paid in 2016 by the Directorate-General for Financial Stability, Financial Services and Capital Market Union amounted to EUR 14 243 212 including the re-imbursement of the Member States' and Observers' share (EUR 170 552) in the 2014 Budgetary surplus of EUR 284 253.

In accordance with Article 20.1 of the Financial Regulation, the unused part of this contribution, which corresponds to EUR 1 601 492 in the 2016 Budget result (see note 4.2), has to be reimbursed to the European Commission. The difference of EUR 12 641 720 is recognised as operating revenue.

3.10 Operating expenses

3.10.1 Staff expenses

	2016	2015
Salaries and related allowances	21,393,642	19,894,173
Social contributions	427,588	381,776
Total	**21,821,230**	**20,275,949**

The increase in the staff expenses essentially reflects the part of the employer's pension contribution to be paid to the European Commission from 1 January 2016 onwards as a result of the change implemented by the Staff Regulation from December 2014.

3.10.2 Building and related expenses

	2016	2015
Rent	1,635,925	1,888,641
Related expenses	1,213,332	1,471,520
Total	**2,849,257**	**3,360,161**

The decrease in the building and related expenses essentially reflects the decrease in the GBP/EUR exchange rate.

3.10.3 Other expenses

Other expenses	2016	2015
Office supplies	108,610	77,633
Publicity and Legal	61,451	34,600
Recruitment	61,581	58,626
Training	170,012	205,204
Travel	68,264	37,492
Experts and related expenditure	1,101,902	1,408,490
IT support cost	1,613,099	1,327,832
Other services	935,997	967,302
Operational activities	4,529,499	4,575,217
Total	**8,650,415**	**8,692,396**

Operational activities include IT expenses in amount of EUR 2 498 012, corresponding essentially to IT Infrastructure costs, licence maintenance and consultancy working on the various IT projects for their part not capitalised.
Project costs for their part not capitalised amounts to EUR 133 595 for the sixth release of the European supervisory Platform (ESP 6) and EUR 73 852 for the Electronic Document Management System.
Cost incurred for other projects which do not meet the requirements for capitalisation amounts to EUR 737 140.

The operational activities also include the cost of travel for the operational staff (EUR 828 396) and translation (EUR 600 029).

3.10.4 Fixed asset related expenses

	2016	2015
Depreciation of tangible fixed assets	1,072,231	979,130
Depreciation of intangible fixed assets	1,045,495	852,122
Amortisation of the offices re-instatement cost	131,612	120,645
Amounts written-off	1,305	1,631
Total	**2,250,643**	**1,953,528**

3.11 Non-operating revenue (expenses)

Non-operating revenue	**2016**	**2015**
Bank interest received	5,666	14,103
Total	**5,666**	**14,103**
Non-operating expense		
Bank charges	(2,260)	(2,137)
Interest expense on financing of the fit out of the new premises	44,750	40,141
Total	**42,490**	**38,004**
Total Non-Operating activities Net	**48,156**	**52,107**

Interest expense on financing of the fit out of the new premises, as estimated to be paid as at 31/12/2015, has eventually been paid in 2016 for a lower amount.

3.12 Contingent liabilities

On 29 March 2017, the United Kingdom notified the European Council of its decision to withdraw from the European Union. An agreement setting out the arrangements for its withdrawal will be negotiated.
The seat of the Authority is defined in its founding regulation (Article 7 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 21 November 2010). Its expected relocation can only occur as a result of a legislative process involving the Commission, the European Parliament and the Council.
At the date on which these accounts are authorised, no decision has been made with regard to the future location of the Authority.

Potential cost related to a possible removal of the Authority's seat encompasses:

- the obligations from the existing office lease contract (see Note 3.13)
- the cost of the removal of the offices and of the staff of the Authority with their families.

Other than the obligations deriving from the lease, it is not practicable at this stage to give an estimate of those costs as there are uncertainties as to the future location of the seat, to the part of the staff which would follow the Authority and to the timing of a future removal.

Other contingent liabilities

Contingent liabilities include the part of the budgetary commitments which have not been recognised in expenses as at 31 December 2016.

Budgetary commitments	**2016**	**2015**
Commitments carried forward to year N+1	2,950,065	3,219,782
Less expenses already recognised in year N	(917,313)	(1,145,597)
Net budgetary commitments as at 31/12/N	**2,032,752**	**2,074,185**

Another contingent liability relates to the case lodged by an unsuccessful bidder in a tender that was launched by the Authority on 20/08/2014. The applicant seeks the annulment of the Authority's procurement decision of 02/03/2015 arguing that the Authority did not properly reason its decision and committed some manifest errors of assessment.

The applicant has requested compensation due to the loss of opportunity in the form of a flat rate amount of EUR 300 000, bearing interest from the date of the issue of the judgment.
Should the applicant succeed, the possible liability which might arise from the litigation is estimated at EUR 330 000.

In 2016, the applicant requested the General Court to convene an oral hearing or permission to submit a note on the rejoinder submitted by the Authority. The oral hearing was convened at the General Court on 15/05/2017. No indicative date was given by the Court as to when its judgment would be delivered.

At the moment it is not expected that any significant obligation would arise as a result of this case. However, this cannot be guaranteed until judgment is received from the Court.

3.13 Operating lease commitments

Due to the expiry of its previous lease at the end of 2014, and following an open competitive selection process, the Authority negotiated and signed a 12-year office lease agreement in London for the period up to 7 December 2026.

Based on the 12-year tenure of the contract, the Authority was able to negotiate a rent free period of 32 months, which was drawn down in full at the beginning of the contract, whereby the related amount was partially used (25 months) to finance the fit out works of the offices and partially (7 months) to occupy the offices without paying rent.

The contractual payments are scheduled as follows:

Operating lease - One Canada Square - Canary Wharf - Amounts in EUR using exchange rate at 31/12/2016 : 1 EUR = 0.85618 GBP	Charges still to be paid as at 31/12/2016			
	2017	2018 - 2020	2021 - 2026 (up to 7/12/2026)	Total charges to be paid
Rent	2,087,084	6,261,253	12,390,992	20,739,330
Service charges	752,916	2,258,747	4,470,050	7,481,713
Total	2,840,000	8,520,001	16,861,042	28,221,043

As the Authority's founding regulation provides for a possible relocation of the Agency pursuant to Article 81.2 (h), the Authority negotiated an option to break the contract at half way through the term of the lease, thus significantly reducing the potential cost associated with the removal, in case the seat of the Authority was to be removed from London. Notice should be given to the landlord at the latest 9 months before the expiry of the 6th year of the term, i.e. by 07/03/2020.

Should the Authority exercise the break option, it has the obligation to repay half of the incentive (16 months of rent) it had received at the beginning of the contract and which was based on the full 12 years term of the contract (32 month rent free).

In that case, the charges still to be paid as at 31/12/2016, including the latter repayment in amount of EUR 2 782 779, would be scheduled as follows:

Operating lease - One Canada Square - Canary Wharf - Amounts in EUR using exchange rate at 31/12/2016 : 1 EUR = 0.85618 GBP	Charges still to be paid as at 31/12/2016		
	2017	2018 - 2020 (up to 7/12/2020)	Total charges to be paid
Rent	2,087,084	6,129,739	8,216,823
Service charges	752,916	2,211,303	2,964,219
Repayment of half of the 32 month incentive received in 2014		2,782,779	2,782,779
Total	2,840,000	11,123,821	13,963,821

This would represent a saving of EUR 14 257 222 compared with the situation where the Authority would not have negotiated a break option.

3.14 Financial instruments

Financial instruments comprise cash, current receivables and recoverable, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks, information about which and how they are managed is set out below.

Prepayments, accrued income, accruals and deferred income are not included.

The carrying amounts of financial instruments are as follows:

	31.12.2016	31.12.2015
Financial assets		
Current receivables	586,608	1,441,358
Sundry receivables	9,881	2,992
Cash and cash equivalents	4,500,288	2,393,929
Total financial assets	**5,096,777**	**3,838,279**
Financial liabilities		
Current payables	1,169,094	189,754
Sundry payables	128,435	-
EU entities	1,601,492	381,239
Total financial liabilities	**2,899,021**	**570,993**
Tota net financial instruments	**2,197,756**	**3,267,286**

3.14.1 Liquidity risk

Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

The Authority manages liquidity risk by continually monitoring forecast and actual cash flows.

EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk.

The table below provides detail on the contractual maturity of all financial instruments of the Authority:

As at 31.12.2016	On demand	< 1 year	1-2 years	> 2 years	Total
Current receivables		586,608			586,608
Sundry receivables		9,881			9,881
Cash and cash equivalents	4,500,288				4,500,288
Total financial assets (A)	4,500,288	596,489	-	-	**5,096,777**
Current payables		1,169,094			1,169,093
Sundry payables		128,435			128,435
EU entities		1,601,492			1,601,492
Total financial liabilities (B)	-	2,899,021	-	-	**2,899,021**
Cumulative liquidity gap (A) - (B)	**4,500,288**	**2,197,756**	**2,197,756**	**2,197,756**	2,197,756

3.14.2 Credit risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Treasury resources are kept with commercial banks. The EBA recovers contributions from national supervisory authorities and the European Commission two times per year to ensure appropriate cash management and to maintain a minimum cash balance on its bank account. This is with a view to limit its risk exposure. Requests to the European Commission are accompanied by cash forecasts. The overall treasury balances fluctuated in 2016 between EUR 2.1 million and EUR 25.4 million, with an overall amount of payment executed in 2016 that equals approximatively EUR 39 million.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the EBA is exposed:

- All commercial banks are selected by call for tenders. The minimum short term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.

- The credit ratings of the commercial banks where the EBA has accounts are reviewed at least on a monthly basis, or higher frequency if and when needed.

The table below shows the maximum exposure to credit risk by the EBA:

	31.12.2016	**31.12.2015**
VAT	586,608	1,441,358
Other receivables	9,881	2,992
Cash in banks	4,500,288	2,393,929
Total credit risk	**5,096,777**	**3,838,279**

3.14.3 Market risk

Market risk can be split into interest rate risk and currency risk.

3.14.3.1 Interest rate risk

The EBA does not borrow any money. As a result it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts.

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied. For most of the accounts, the interest calculation is linked to the EONIA (Euro overnight index average) or EURIBOR (Euro Interbank Offer Rate) and is adjusted to reflect any fluctuations of this rate. In case the resulting interest rate to be applied is less than 0, then a fixed rate is applied for a certain period of time. As a result no risk exists that EBA earns interest at rates lower than market rates.

Average deposit in banks in 2016 was EUR 14.6 million. Interests earned amount to EUR 5 666.

3.14.3.2 Currency risk

Currency risk is the risk that the EBA's operations or its investment's value will be affected by changes in exchange rates.

The EBA is exposed to exchange rate fluctuations since it undertakes most transactions in GBP. The following table is a summary of the EBA's net foreign currency-denominated monetary assets and liabilities:

As at 31.12.2016	**GBP EUR equivalent**	EUR	**Other EUR equivalent**	**Total EUR**
Monetary assets (C)	2,091,777	3,005,000	-	5,096,777
Receivables with Member States	586,608			586,608
Other receivables		9,881		9,881
Cash and cash equivalents	1,505,169	2,995,119		4,500,288
Monetary liabilities (D)	2,971,019	2,705,381	-	5,676,400
Provisions	2,797,506			2,797,506
Payables with third parties	173,513	1,103,889		1,277,402
Payables with consolidated entities		1,601,492		1,601,492
Net Position (C) - (D)	(879,242)	299,619	-	(579,623)

If the GBP were to increase by 10%, the net asset position would be negatively impacted by EUR 88 000.

3.15 Related party disclosure

Highest grades description	**Grade**	**Number of persons of this grade**
Chair Person	AD 16	1
Executive Director	AD 15	1

The remuneration equivalent to the grades of the key management personnel in the table can be found in the Official journal of the European Union, 2016/C 466/07 of 14 December 2016.

3.16 Events after the balance sheet date

At the date on which the accounts are authorised, no material issue came to the attention of the accounting officer of the Authority or were reported to him that would require separate disclosure under this section. The Annual Accounts and related notes were prepared using the most available information and this is reflected in the information presented above.

4. BUDGET IMPLEMENTATION REPORTS

(Articles 92(b) and 97 of the EBA Financial Regulation)

4.1 Introduction to budget management

4.1.1. Budgetary principles (summary)

The establishment and implementation of the Authority's budget shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as provided for in the Authority's Financial Regulation.

- *Principle of unity and budget accuracy*

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Authority's activities. No revenue shall be collected and no expenditure effected unless booked to a line in the budget. An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

- *Principle of annuality*

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December, inclusive. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December. Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.

- *Principle of equilibrium*

The Authority's budget revenue and payment appropriations must be in balance. Commitment appropriations may not exceed the amount of the voted budget, plus own revenue and any other revenue. The Authority may not raise loans.

- *Principle of unit of account*

The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro.

- *Principle of universality*

Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

- *Principle of specification*

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items. The Executive Director may authorise transfers from one article to another within each chapter.

- *Principle of sound financial management*

Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.
The principle of economy requires that the resources used by the Authority for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

- *Principle of transparency*

The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget, as finally adopted, shall be published in the Official Journal of the European Communities and amending budgets shall be published in an appropriate way within two months of their adoption.

4.1.2. Types of appropriations

The Authority makes use of non-differentiated appropriations for both its administrative (Title I & II) and operational expenditure (Title III).

4.1.3. Description of the budget accounts

Following the provisions of the Financial Rules of the Authority, the budget accounts shall provide a detailed record of the budget implementation and shall record all budget revenue and expenditure operations (voted appropriations, commitments and payments of the financial year, entitlements established).

The content of the budget accounts, also called budget lines, is adopted annually by the Board of Supervisors, taking into account the general budgetary nomenclature and the Authority's rules on the structure and presentation of the statement of expenditure.

Title I budget lines are related to staff expenditure: salaries and allowances of the staff members working for the Authority and all other entitlements such as removal expenditures, installation costs. Title I also includes recruitment costs incurred by the Authority. Interim staff, training, staff perquisites and administrative mission costs are incorporated also under Title I.

Title II budget lines relate to all buildings, equipment, IT and other miscellaneous administrative expenditure.

Title III budget lines provide for the implementation of all the activities carried out in the frame of the missions and tasks assigned to the Authority by its founding Regulation. The accounts under this Title are sub-divided into the main activities performed in each area such as organisation of meetings, training, coordination missions, supervisory activities, etc.

4.2 Budget result for the financial year

		2016	2015
REVENUE			
Balancing Commission subsidy	+	13,958,958	11,924,600
Surplus Year N-2	+	284,253	3,608,718
Contributions from National Supervisory Authorities	+	21,634,257	17,392,368
Contributions from Observers	+	614,610	527,218
Bank interests	+	5,511	13,676
Other income	+	125,749	100,296
TOTAL REVENUE (a)		**36,623,339**	**33,566,876**
EXPENDITURE			
Title I:Staff-related			
Payments	-	23,952,625	22,571,851
Appropriations carried over	-	55,181	116,921
Title II: Administrative			
Payments	-	4,866,648	3,782,803
Appropriations carried over	-	929,025	1,487,794
Title III: Operational			
Payments	-	3,538,020	3,630,516
Appropriations carried over	-	1,965,859	1,615,067
TOTAL EXPENDITURE (b)		**35,307,358**	**33,204,952**
RESULT FOR THE FINANCIAL YEAR (a-b)		**1,315,981**	**361,924**
Cancellation of unused payment appropriations carried over from previous year	+	313,245	164,242
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	5	-
Exchange differences for the year (gain +/loss -)	+/-	(27,739)	(144,927)
BALANCE OF THE BUDGET RESULT ACCOUNT FOR THE FINANCIAL YEAR		**1,601,492**	**381,239**

4.3 Reconciliation of the budget result versus the economic result

In order to reconcile the budget result to the economic result for the period, differences between budget accounting and accrual accounting need to be taken into account. These differences can be attributed to timing or permanent differences. The most significant of these are the following:

- In budget accounting, capital expenditures are recorded as current year expenses. In accrual accounting these types of expenditures are capitalised and depreciated over the useful life span of the assets.

- In budget accounting, revenue is required to cover all committed expenditures at 31 December. In accrual accounting, revenue and expenses only include amounts corresponding to the financial year. The difference is treated as deferred revenue or accrued expenses in accrual accounting.

- In budget accounting, revenues are expressed on a cash basis and consist of cash received until 31 December of that year. In accrual accounting, revenue is measured at the fair value of the consideration received or receivable (see accounting policy).

		2016	2015
Economic outturn for the year (positive for surplus and negative for deficit)	**+/-**	**(655,801)**	**(1,156,528)**
Adjustment for accrual items (items not in the budgetary result but included in the economic result)			
Adjustments for Accrual Cut-off (reversal 31/12/N-1)	-	(1,659,892)	(2,593,534)
Adjustments for Accrual Cut-off (cut- off 31/12/N)	+	1,445,009	2,889,072
Depreciation of intangible and tangible assets	+	2,250,643	1,953,528
Provisions	+		-
Recovery orders issued in year N in class 7 and not yet collected	-	(2,984)	-
Payments made from carry over of payment appropriations	+	2,906,536	3,636,032
Adjustments for differed charges cut-off (Reversal from 31/12/N-1)	+	281,926	141,003
Adjustments for differed charges cut-off (Pre-payments made as at 31/12/N)	-	(318,899)	(239,853)
Adjustment for partial reversal of the capital sum, the landlord contribution and the rent free period received with the lease agreement	-	(648,074)	(529,990)
Accrued revenue for VAT reimbursement related to invoices from 2011 to 2014	-	-	(124,037)
Other	+/-	(79,761)	(100,059)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)			
Asset acquisitions (less unpaid amounts)	-	(1,001,969)	(875,861)
New pre-financing received in the year N and remaining open as at 31/12/N	+	1,601,492	381,239
Budgetary recovery orders issued before N and cashed in the year	+	-	33,414
Payment appropriations carried over to N+1	-	(2,950,064)	(3,219,782)
Cancellation of unused carried over payment appropriations from year N-1	+	313,246	164,243
Payment of 2014 CDT rebate (accrued in 2014 and collected in 2015)	+	-	22,352
VAT collected in January 2016 related to invoices from 2011 to 2014, previously recognised in accrued revenue in 2015	+	120,084	-
Total		1,601,492	381,239
Budget result		**1,601,492**	**381,239**

4.4 Budgetary transfers

	Chapter	Initial appropriations	Amending budget	Transfers	Final appropriations
		A	*B*	*C*	*D = A + B + C*
	Title 1 Staff expenditure	**26,849,000**	**(1,173,344)**	**(660,500)**	**25,015,156**
11	Salaries & allowances	25,353,000	(1,155,000)	(691,000)	23,507,000
12	Expenditure relating to staff recruitment and management	1,122,000	(18,344)	-	1,103,656
13	Mission expenses	40,000	-	31,000	71,000
14	Socio-medical infrastructure	70,000	-	-	70,000
16	Training	242,000	-	(500)	241,500
17	Receptions and events	22,000	-	-	22,000
	Title 2 Infrastructure and operating expenditure	**5,923,000**	**(324,334)**	**250,680**	**5,849,346**
20	Rental of buildings and associated cost	4,080,000	(213,000)	(241,400)	3,625,600
21	Information and communication technology	1,135,000	(44,000)	398,980	1,489,980
23	Current administrative expenditure	79,000	(34,000)	147,200	192,200
24	Postage / Telecommunications	248,000	(19,334)	(50,400)	178,266
25	Information and publishing	381,000	(14,000)	(3,700)	363,300
26	Meeting expenses	-	-	-	-
	Title 3 Operational expenditure	**5,292,000**	**(74,944)**	**409,820**	**5,626,876**
31	General operational costs: seminars for NSA, meetings, missions, consultation services, publication	2,197,000	(74,944)	396,500	2,518,556
32	Collection of information, developing and maintenance of a central European database	3,095,000	-	13,320	3,108,320
	TOTAL	**38,064,000**	**(1,572,622)**	**-**	**36,491,378**

The initial budget for the year was EUR 38,064,000. This was reduced in December 2016 by EUR 1,572,622 by an amending budget, the need for which was driven by the drop in the GBP/EUR exchange rate.

In 2016, the EBA made 34 transfers. Eight of the transfers were between titles and all of them were below the 10% threshold for Management Board approval.

4.5 Budgetary execution in 2016

Title	Final appropriations	Committed	%	Paid	%	Carried forward	%
	A	B	C = B/A	D	E = D/A	F	G = F/B
I: Staff-related	25,015,156	24,007,806	96%	23,952,625	96%	55,181	0%
II: Administrative	5,849,346	5,795,673	99%	4,866,648	83%	929,025	16%
III: Operational	5,626,876	5,503,879	98%	3,538,020	63%	1,965,859	36%
TOTAL	**36,491,378**	**35,307,358**	**97%**	**32,357,293**	**89%**	**2,950,065**	**8%**

4.5.1 Execution 2016

The EBA had an overall budget execution rate in 2016 of 97% for commitments and 89% for payments.

The report on detailed implementation of the budget by chapter is shown in Note 4.7.

Note 4.4 summarises the budget transfers by chapter.

4.5.2 Carry forward to 2017

The value of carry forward to the next year decreased by 8 % from 2015 (EUR 3 219 782) to 2016 (EUR 2 950 065), in the context of a 9% percent increase in total budget between the two years.

The table below shows the improvement in carry forward percentages compared to the previous year:

Title	2016	2015	Movement
	A	*B*	*C = A - B*
I: Staff-related	0%	1%	(1%)
II: Administrative	16%	28%	(12%)
III: Operational	36%	31%	5%
TOTAL	**8%**	**10%**	**(2%)**

4.6 Budgetary execution in 2016 on carry-forward from 2015

Title	Carry forward	Paid	%	Cancellations
	A	*B*	*C = B / A*	*D = B - A*
I: Staff-related	116,921	99,080	85%	(17,841)
II: Administrative	1,487,794	1,229,476	83%	(258,318)
III: Operational	1,615,067	1,577,981	98%	(37,086)
TOTAL	**3,219,782**	**2,906,537**	**90%**	**(313,245)**

One hundred and twenty-one commitments were carried forward from 2015. More than a third of these (47) related to legal commitments denominated in GBP where the drop in value of the GBP against the EUR resulted in savings for the EBA. It is estimated that the impact of the GBP/EUR exchange rate amounts to EUR 106 368, which represents 3.3% out of the 9.7% cancelled.

4.7 Detailed budget implementation 2016 by chapter

	Chapter	Final appropriations	Committed	%	Paid	%	Carried forward	%
		A	*B*	*C = B/A*	*D*	*E = D/A*	*F = B-D*	*G = F/B*
	Title 1 Staff expenditure	**25,015,156**	**24,007,806**	**96%**	**23,952,625**	**96%**	**55,181**	**0%**
11	Salaries & allowances	23,507,000	22,991,611	98%	22,991,611	98%	-	0%
12	Expenditure relating to staff recruitment and management	1,103,656	737,080	67%	722,241	65%	14,839	2%
13	Mission expenses	71,000	68,264	96%	65,983	93%	2,281	3%
14	Socio-medical infrastructure	70,000	51,654	74%	38,679	55%	12,975	25%
16	Training	241,500	150,288	62%	125,202	52%	25,086	17%
17	Receptions and events	22,000	8,910	41%	8,910	41%	-	0%
	Title 2 Infrastructure and operating expenditure	**5,849,346**	**5,795,673**	**99%**	**4,866,648**	**83%**	**929,025**	**16%**
20	Rental of buildings and associated costs	3,625,600	3,610,806	100%	3,469,507	96%	141,299	4%
21	Information and communication technology	1,489,980	1,487,808	100%	981,167	66%	506,641	34%
23	Current administrative expenditure	192,200	167,075	87%	70,682	37%	96,393	58%
24	Postage / Telecommunications	178,266	167,907	94%	146,116	82%	21,791	13%
25	Information and publishing	363,300	362,078	100%	199,177	55%	162,901	45%
26	Meeting expenses	-	-		-		-	
	Title 3 Operational expenditure	**5,626,876**	**5,503,879**	**98%**	**3,538,020**	**63%**	**1,965,859**	**36%**
31	General operational costs: seminars for NSA, meetings, missions, consultation services, publication	2,518,556	2,413,106	96%	1,737,964	69%	675,141	28%
32	Collection of information, developing and maintenance of a central European database	3,108,320	3,090,773	99%	1,800,056	58%	1,290,718	42%
	TOTAL	**36,491,378**	**35,307,358**	**97%**	**32,357,293**	**89%**	**2,950,065**	**8%**

5. FINANCIAL SYSTEMS AND MANAGEMENT

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. These systems were validated by the Accounting officer in compliance with Article 50.1(e) of the EBA Financial Regulation in December 2012 on the basis of work carried out by an independent accounting firm covering the systems, the financial circuits and a review of the accounting schemes.

Two changes introduced in 2014 to the working of the systems have been tested before they were implemented and do not call into question the validation of the accounting systems. No additional change was introduced in 2016.

A physical check of all IT-related mobile items was performed in September-October 2016, as well as a full inventory of furniture items in October-November 2016.

In both cases no material discrepancies were identified.