EUROPEAN BANKING AUTHORITY

2018

ANNUAL ACCOUNTS

CERTIFICATION LETTER FROM THE EBA ACCOUNTING OFFICER

The annual accounts of the European Banking Authority for the year 2018 have been prepared in accordance with the Title IX of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Banking Authority in accordance with Article 68 of the Financial Regulation.

I have obtained from the authorising officer, who certified its reliability, all the information necessary for the production of the accounts that show the European Banking 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 fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the European Banking Authority.

Done in London, on 21/05/2019.

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 its 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.

Since the organisational restructuring effective 1 March 2018, the EBA is organised in four department (- Prudential Regulation and Supervisory Policy, - Banking Markets, Innovation and Consumers, - Economic Analysis and Statistics, - Operations) each of them composed of three or four units. 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	31.12.2018	31.12.2017
NON-CURRENT ASSETS			
Intangible fixed assets	3.2.1		
Computer software		2,813,819	1,946,853
Tangible fixed assets	3.2.2		
Computer hardware		179,599	206,349
Furniture		241,579	420,107
Other fixture and fittings		2,237,183	7,227,137
Total		**5,472,180**	**9,800,446**
CURRENT ASSETS			
Current receivables	3.3.1	883,148	988,907
Sundry receivables	3.3.2	73,174	198,526
Prepaid expenses	3.3.3	1,133,391	1,648,546
Cash and cash equivalents	3.3.4	5,587,528	3,511,280
Total		**7,677,241**	**6,347,259**
TOTAL ASSETS		**13,149,421**	**16,147,705**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for risks and charges	3.4	8,589,141	6,731,978
Deferred revenue	3.5	-	1,100,051
Total		**8,589,141**	**7,832,029**
CURRENT LIABILITIES			
Provision for risks and charges	3.4	5,973,652	-
Current payables	3.6	2,500,927	2,519,046
Sundry payables	3.7	10,893	68,906
EU entities	3.8	256,056	1,823,361
Deferred revenue		3,127,455	4,461,317
Total		**11,868,983**	**8,872,630**
TOTAL LIABILITIES		**20,458,124**	**16,704,659**
NET ASSETS			
Accumulated surplus/(deficit)		(556,954)	4,365,423
Economic outturn for the year - profit/(loss)		(6,751,749)	(4,922,377)
TOTAL NET ASSETS		**(7,308,703)**	**(556,954)**

2.2 Statement of financial performance

	Note	2018	2017
OPERATING REVENUE	**3.9**		
Contribution from the Member States		24,754,656	22,994,562
Contribution from EFTA countries		703,257	653,254
EU Subsidy		16,870,440	12,948,382
Foreign currency conversion gains		153,536	619,680
Other administrative revenue		97,405	205,489
TOTAL OPERATING REVENUE		**42,579,294**	**37,421,367**
OPERATING EXPENSES	**3.10**		
Staff expenses	3.10.1	25,194,634	26,062,142
Building and related expenses	3.10.2	7,011,151	2,135,278
Other expenses	3.10.3	10,542,486	10,495,897
Depreciation and amortisation	3.10.4	6,314,330	3,002,426
Foreign currency conversion losses		163,448	538,472
TOTAL OPERATING EXPENSES		**49,226,049**	**42,234,215**
SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES		**(6,646,755)**	**(4,812,848)**
NON OPERATING REVENUES / (EXPENSES)	**3.11**		
Financial revenue		5,365	-
Financial expenses		(110,359)	(109,529)
SURPLUS / (DEFICIT) FROM NON OPERATING ACTIVITIES		**(104,994)**	**(109,529)**
SURPLUS / (DEFICIT) FROM ORDINARY ACTIVITIES		**(6,751,749)**	**(4,922,377)**
SURPLUS / (DEFICIT) FROM EXTRAORDINARY ITEMS		**-**	**-**
ECONOMIC RESULT FOR THE YEAR		**(6,751,749)**	**(4,922,377)**

2.3 Cash flow statement

	2018	2017
CASH FLOW FROM ORDINARY ACTIVITIES		
Surplus /(deficit) from ordinary activities	**(6,751,749)**	**(4,922,377)**
Operating activities		
Depreciation and amortisation	6,314,330	3,002,426
Increase/(decrease) in provisions for risks and liabilities	7,830,815	3,934,472
(Increase)/decrease in short term receivables	746,266	(1,018,637)
Increase/ (decrease) in accounts payable	(76,132)	48,704
Increase/ (decrease) in liabilities related to consolidated EU Entities	(1,567,305)	221,869
Increase/(decrease) in deferred income	(2,433,913)	(1,073,141)
Net cash flow from operating activities	**4,062,313**	**193,316**
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/decrease in tangible and intangible fixed assets	(1,986,065)	(1,182,324)
Net cash flow from investing activities	**(1,986,065)**	**(1,182,324)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,076,248	(989,008)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**3,511,280**	**4,500,288**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5,587,528**	**3,511,280**

2.4 Statement of changes in net assets

	Accumulated Surplus	Net surplus/(deficit) for the period	Total Net Assets
Balance as of 31 December 2017	(556,954)		(556,954)
Economic result of the year		(6,751,749)	(6,751,749)
Balance as of 31 December 2018	**(556,954)**	**(6,751,749)**	**(7,308,703)**

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 that 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 will not continue to operate in its current state for the twelve months from the date of establishing these accounts.

On 29 March 2017, the United Kingdom notified the European Council of its decision to withdraw from the European Union.

On 20 November 2017, the General Affairs Council of the European Union agreed to move the seat of the European Banking Authority to Paris, France.

This decision was confirmed on 14 November 2018 by the Regulation (EU) 2018/1717 of the European Parliament and of the Council amending Regulation (EU) No 1093/2010, which establishes Paris, France as the new seat of the Authority from 30 March 2019.

At the date those accounts are established, the expected date of the physical move is 31/05/2019.

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	2018	2017
Year-end exchange rate	0.89453	0.88723
Average exchange rate	0.88542	0.87218

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 the acquisitions made from 01/01/2011 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 contributions received from the EU (40%) and EU National Competent Authorities (EU NCAs, 60%), increased by EFTA NCAs' contributions and the amount of the employer's contribution of the European pension scheme to be financed by EU and EFTA NCAs, in compliance with 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 Competent Authorities are recognised as revenue when these resources are approved together with the budget by the Board of Supervisors.

Contributions from the host Member State are recognised, based on the matching principle, when the expenses they are intended to cover are registered in the statement of financial performance.

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 EFTA National Competent Authorities 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

`		Computer software	Intangible assets under construction	Total
Gross carrying amounts 01.01.2018	**+**	**5,421,559**	212,524	**5,634,083**
Additions	+	280,395	1,466,895	1,747,290
Disposals	-	-	-	-
Transfers between headings	+/-	194,000	(194,000)	-
Other changes		-	-	-
Gross carrying amounts 31.12.2018		**5,895,954**	**1,485,419**	**7,381,373**
Accumulated amortisation and impairment 01.01.2018	**-**	**(3,687,230)**	-	**(3,687,230)**
Amortisation	-	(880,324)	-	(880,324)
Accumulated amortisation and impairment 31.12.2018		**(4,567,554)**	-	**(4,567,554)**
Net carrying amounts as at 31/12/2018		**1,328,400**	**1,485,419**	**2,813,819**

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 2018 correspond (for EUR 268 399) to the DPM-Driven Data Analysis project which was deployed on 31/07/2018. They also include two projects which are still under construction as at 31/12/2018, the EUCLID Work stream 2 project for EUR 1 091 980 and the PSD 2 project for EUR 386 911.

3.2.2 Tangible fixed assets

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

Tangible fixed assets 2018		Plant and equipment	Computer hardware	Furniture	Other fixtures and fittings	Other Fixture and fittings under construction	Total
Gross carrying amounts 01.01.2018	**+**	**15,303**	**651,311**	**705,927**	**10,934,916**	-	**12,307,457**
Additions	+	-	82,243	19,913	424	136,195	238,775
Disposals	-	-	(91,029)	(2,830)	-	-	(93,859)
Gross carrying amounts 31.12.2018		**15,303**	**642,524**	**723,010**	**10,935,340**	**136,195**	**12,452,373**
							-
Accumulated depreciation and impairment 31.12.2018	**-**	**(10,936)**	**(444,962)**	**(285,820)**	**(3,712,147)**	**-**	**(4,453,864)**
Depreciation	-	(3,541)	(101,924)	(198,173)	(5,123,032)	-	(5,426,669)
Disposals	+	-	83,960	2,562	-	-	86,522
Accumulated depreciation and impairment 31.12.2018		**(14,477)**	**(462,925)**	**(481,431)**	**(8,835,178)**	**-**	**(9,794,011)**
Net carrying amounts as at 31/12/2018		**826**	**179,599**	**241,579**	**2,100,163**	**136,195**	**2,658,362**

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 7 435 369, 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).

Because of the obligation to move to new offices in Paris, the useful life of the fit out has been revised to result in a full depreciation of the related assets as at 31 May 2019, expected date of the move.

3.3 Current assets

3.3.1 Current receivables

	31.12.2018	31.12.2017
VAT recoverable	883,148	988,907
Total	**883,148**	**988,907**

The recoverable VAT relates to payments to suppliers made during the year 2018 and still to be refunded by UK Authorities.

3.3.2 Sundry receivables

	31.12.2018	31.12.2017
Amounts to be regularised from staff	4,181	69,349
Amounts to recover from other EU institutions	5,395	67,187
Other amounts to recover	63,598	61,990
Total	**73,174**	**198,526**

3.3.3 Prepaid expenses

	31.12.2018	31.12.2017
Rent expenses	501,184	735,907
Other prepaid expenses	632,207	912,639
Total	**1,133,391**	**1,648,546**

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

3.3.4 Cash and cash equivalents

Cash	31.12.2018	31.12.2017
Citigroup (GBP Account)	2,371,222	644,238
ING (EURO Account)	3,216,306	2,867,042
Total	**5,587,528**	**3,511,280**

3.4 Provisions for risks and charges

	31.12.2017	Additional provisions	Other	31.12.2018	Thereof:	
					Non - current	Current
Re-payment of the 16 month rent free period	-	2,663,477		2,663,477	2,663,477	-
Rent of the office without use (01/06/2019 to 7/12/2020)	-	4,556,932		4,556,932	2,794,809	1,762,123
Re-instatement cost of the offices	3,049,870		80,985	3,130,855	3,130,855	-
Cost related to the move to the new seat	3,682,108	529,421		4,211,529	-	4,211,529
Total	**6,731,978**	**7,749,830**	**80,985**	**14,562,793**	**8,589,141**	**5,973,652**

- 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 lease agreement provides for the 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 6^{th} year of the term, i.e. by 07/03/2020.
  Because of the obligation to move to its new offices in Paris (see Note 1 – Basis of preparation), it is expected that the Authority will exercise the break option. The lease contract provides that, in that case, 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) and to pay all rents and service charges until 07/12/2020.

- In line with IPSAS 19, the part of those payments beyond the expected date of the physical move (31/05/2019) for which the authority will not receive benefits is recognised as a liability.

- 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.

- The related provision as 31/12/2017 was based on the average of two valuations by professional experts valued at the exchange rate at the closing date taking into account inflation at 2 % and discount rate impact at 3.5 % (HM Treasury guidance – The Green Book).
  The increase in the provision as at 31/12/2018 reflects the unwinding of the discount (EUR 106745) as well as the decrease in the GBP/EUR exchange rate at the closing date (EUR 25 760).
  The re-instatement to the initial condition has to be performed by the end of the lease. The exact amount to be paid will depend on the cost of the works actually done and the result of possible further negotiation.
- The cost related to the move encompasses the removal of the staff of the Authority with their families in accordance with the Staff Regulation as well as the physical move of furniture and IT items.

3.5 Deferred revenue

	Total Deferred revenue as at 31/12/2018			Thereof Non-current portion:	
	Original amount as at 8/12/2014	**Amount reversed**	**Net amount as at 31/12/2018**	As at 31.12.2018	As at 31.12.2017
Capital sum received from the Landlord	4,291,684	(3,422,885)	868,799	-	587,250
Landlord contribution to Fit out works cost in Canary Wharf	2,256,212	(1,800,495)	455,717	-	308,034
Rent free period	1,376,425	(1,073,486)	302,939	-	204,767
Contribution France to Fit-out works in Paris	-	-	1,500,000	-	-
Total	**7,924,321**	**(6,296,866)**	**3,127,455**	-	**1,100,051**

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 have been recorded as deferred revenue. They have been recognised in the Statement of financial performance, until 20 November 2017, over the full term of the lease, 12 years. From that date, they have been recognised over the remaining period until the expected date of the physical move, i.e. 31/05/2019.

In June 2018, the French Government confirmed its support to the relocation process of the Authority in Paris. A first amount of EUR 1 500 000 was received in November 2018 to contribute to the financing of the fit out works to occur in the first quarter 2019.

3.6 Current payables

	31.12.2018	31.12.2017
Payables to suppliers	195,529	40,958
Accrued charges-untaken annual leaves	738,545	587,147
Accrued charges-other	1,566,853	1,890,941
Total	**2,500,927**	**2,519,046**

Other accrued charges correspond to invoices to be received as at 31 December 2018 for services rendered in 2018 as well as provisions derived from the obligation to move to the Authority's new seat.

3.7 Sundry payables

	31.12.2018	31.12.2017
Sundry payables	10,893	68,906
Total	**10,893**	**68,906**

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

3.8 Payables to EU entities

	31.12.2018	31.12.2017
Subsidy to reimburse to the European Commission	256,056	1,823,361
Total	**256,056**	**1,823,361**

The contribution to repay to the European Commission corresponds to the budgetary result for the financial year 2018, 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 2018 revenue comes from the following sources:

Operating revenue	2018	2017
Contribution from Member States	24,754,656	22,994,562
Contribution from EFTA countries	703,257	653,254
EU Subsidy	16,870,440	12,948,382
Foreign currency conversion gains	153,536	619,680
Other administrative revenue	97,405	205,489
Total	**42,579,294**	**37,421,367**

The 2018 expected budget contributions amounted to EUR 42 584 409.

The contribution actually paid in 2018 by the Directorate-General for Financial Stability, Financial Services and Capital Market Union amounted to EUR 17 126 496 including the re-imbursement of the Member States' and Observers' share (EUR 960 895) in the 2016 Budgetary surplus of EUR 1 601 492.

In accordance with Article 20.1 of the Financial Regulation, the unused part of this contribution, which corresponds to EUR 256 056 in the 2018 Budget result (see note 4.2), has to be reimbursed to the European Commission. The difference of EUR 16 870 440 is recognised as operating revenue.

3.10 Operating expenses

3.10.1 Staff expenses

Staff expenses	2018	2017
Salaries and related allowances	24,507,224	25,441,979
Social contributions	687,410	620,163
Total	**25,194,634**	**26,062,142**

The 2017 figures included the first recognition of the provision related to the relocation of the staff. This results in a decrease in 2018 in amount of EUR 3 682 108 which has been partially offset by the increase in the current staff expenses due essentially to the increase of the staff number (+ 7.6% as an average), an additional provision for relocation in amount of EUR 404 921, as well the salary cost increase.

3.10.2 Building and related expenses

Building and related expenses	2018	2017
Rent	3,792,062	976,398
Related expenses	3,219,089	1,158,880
Total	**7,011,151**	**2,135,278**

The increase in the building and related expenses essentially reflects the impact of the contractual obligations derived from exercising the break option (EUR 7 220 409), partially offset by the increase in the release of the deferred revenue linked to the premises (EUR 2 860 773).

3.10.3 Other expenses

Other expenses	2018	2017
Office supplies	131,241	140,767
Publicity and Legal	70,788	20,218
Recruitment	107,490	57,646
Training	230,230	194,383
Travel	150,737	66,715
Experts and related expenditure	1,000,040	1,016,307
IT support cost	2,051,722	2,529,243
Other services	1,591,829	1,058,800
Operational activities	5,208,409	5,411,819
Total	**10,542,486**	**10,495,897**

Operational activities include IT expenses in amount of EUR 2 868 315, 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 412 850. Cost incurred for other projects which do not meet the requirements for capitalisation amounts to EUR 890 967.
The operational activities also include the cost of travel for the operational staff (EUR 817 795) and translation and editing (EUR 969 180).

3.10.4 Fixed asset related expenses

	2018	2017
Depreciation of tangible fixed assets	3,754,133	1,375,980
Depreciation of intangible fixed assets	880,324	1,209,722
Amortisation of the offices re-instatement cost	1,672,536	414,946
Amounts written-off	7,337	1,778
Total	**6,314,330**	**3,002,426**

The increase in fixed assets related expenses reflects the accelerated depreciation of the fit-out and the offices reinstatement cost in 2018 to obtain a full depreciation as at 31/05/2019.

3.11 Non-operating revenue (expenses)

Non-operating revenue	**2018**	**2017**
Bank interest received	5,365	-
Total	**5,365**	**-**
Non-operating expense		
Bank charges	(3,614)	(2,653)
Unwinding of the discount related to re-instatement provision	(106,745)	(106,876)
Total	**(110,359)**	**(109,529)**
Total Non-Operating activities Net	**(104,994)**	**(109,529)**

3.12 Contingent liabilities

Contingent liabilities include the part of the budgetary commitments, which have not been recognised in expenses as at 31 December 2018.

Budgetary commitments	**2018**	**2017**
Commitments carried forward to year N+1	6,446,757	3,318,044
Less expenses already recognised in year N	(1,759,027)	(868,058)
Net budgetary commitments as at 31/12/N	**4,687,730**	**2,449,986**

3.13 Operating lease commitments

- London offices

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.

Because of its obligation to move its seat to Paris, it is expected that the Authority will exercise the break option at half way through the term of the lease, i.e. at 07/12/2020.

The contractual obligations derived from exercising the break option have been recognised as a liability (see Note 3.4).

The remaining future contractual payments are scheduled as follows:

Operating lease - One Canada Square - Canary Wharf Amounts in EUR using exchange rate at 31/12/2018 : 1 EUR = 0.89453 GBP	**Charges still to be paid as at 31/12/2018**		
	2019 Until 31/05/2019	**2020**	**Total charges to be paid**
Rent	820,935	-	820,935
Service charges	408,453	-	408,453
Total	**1,229,388**	**-**	**1,229,388**

- Paris offices

Following an open competitive selection process, the Authority negotiated and signed a 9-year office lease agreement for the new offices in Paris on 31/07/2018.
In an amendment to the contract signed on 31/10/2018, the forecast fit out works of the new offices was agreed for an estimated amount of EUR 3 179 919, with expected date of completion 16/04/2019.
Based on a firm term of 9 years, the Authority was able to negotiate a Landlord contribution of EUR 4 552 240.
The fit out works will be paid up to EUR 1 500 000 from the contribution provided by the French State and for the remainder from the Landlord contribution. Unused portion of the Landlord contribution will be drawn up in the form of a rent-free period.

Subject to changes in the completion date and final cost of the fit-out works, the future contractual payments are scheduled as follows:

Tour Europlaza - La Défense - Paris	**Charges still to be paid as at 31/12/2018**			
	< 1 year	**2 - 5 years**	**> 5 years**	**Total charges to be paid**
Rent	-	11,979,919	8,559,280	20,539,199
Total	**-**	**11,979,919**	**8,559,280**	**20,539,199**

In accordance with the lease agreement, and in substitution for a security deposit, the Authority gave the Landlord a bank guarantee equivalent to three months' rent.

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, accruals and deferred income are not included.
The carrying amounts of financial instruments are as follows:

	31.12.2018	31.12.2017
Financial assets		
Current receivables	883,148	988,907
Sundry receivables	73,174	198,527
Cash and cash equivalents	5,587,528	3,511,280
Total financial assets	**6,543,850**	**4,698,714**
Financial liabilities		
Current payables	195,529	40,958
Sundry payables	10,893	68,906
EU entities	256,056	1,823,361
Total financial liabilities	**462,478**	**1,933,225**
Total net financial instruments	**6,081,372**	**2,765,489**

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 31.12.2018	On demand	< 1 year	1-2 years	> 2 years	Total
Current receivables		883,148			883,148
Sundry receivables		73,174			73,174
Cash and cash equivalents	5,587,528				5,587,528
Total financial assets (A)	5,587,528	956,322	-	-	**6,543,850**
Current and non current payables		11,627,467	3,130,855		14,758,322
Sundry payables		10,893			10,893
EU entities		256,056			256,056
Total financial liabilities (B)	-	11,894,416	3,130,855	-	**15,025,271**
Cumulative liquidity gap (A) - (B)	**5,587,528**	**(5,350,565)**	**(8,481,420)**	**(8,481,420)**	(8,481,420)

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 2018 between EUR 3.1 million and EUR 20.8 million, with an overall amount of payment executed in 2018 that equals approximatively EUR 43.9 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:

	31.12.2018	31.12.2017
VAT	883,148	988,907
Other receivables	73,174	198,527
Cash in banks	5,587,528	3,511,280
Total credit risk	**6,543,850**	**4,698,714**

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 2018 was EUR 13.5 million. The interests earned in 2018 amount to EUR 5 365.

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 31.12.2018	**GBP EUR equivalent**	EUR	**Other EUR equivalent**	**Total EUR**
Monetary assets (C)	3,254,371	4,341,267	-	7,595,637
Receivables with Member States	883,148	-		883,148
Other receivables		1,124,961		1,124,961
Receivables with consolidated entities				
Cash and cash equivalents	2,371,223	3,216,306		5,587,528
Monetary liabilities (D)	10,369,301	4,655,970	-	15,025,271
Provisions	10,351,264	4,211,529		14,562,793
Payables with third parties	18,037	188,385		206,422
Payables with consolidated entities		256,056		256,056
Net Position (C) - (D)	(7,114,930)	(314,703)	-	(7,429,633)

If the GBP/EUR exchange rate were to increase by 10%, the net asset position would be negatively impacted by EUR 711 000.

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, 2018/C 451/04 of 14 December 2018.

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

		2018	2017
REVENUE			
Balancing Commission subsidy	+	15,525,004	14,390,504
Surplus Year N-2	+	1,601,492	381,239
Contributions from National Supervisory Authorities (Member States)	+	24,754,656	22,994,557
Contributions from National Supervisory Authorities (EFTA countries)		703,257	653,254
Contribution from the French State		1,500,000	
Bank interests		5,365	0
Other income	+	90,653	91,186
TOTAL REVENUE (a)		44,180,427	38,510,740
EXPENDITURE			
Title I:Staff			
Payments	-	27,451,200	24,485,847
Appropriations carried over	-	112,277	55,481
Title II: Administrative Expenses			
Payments	-	5,687,502	4,784,942
Appropriations carried over	-	4,409,867	1,185,166
Title III: Operating Expenditure			
Payments	-	4,433,799	4,256,321
Appropriations carried over	-	1,924,613	2,077,396
TOTAL EXPENDITURE (b)		**44,019,258**	**36,845,153**
RESULT FOR THE FINANCIAL YEAR (a-b)		**161,169**	**1,665,587**
Cancellation of unused payment appropriations carried over from previous year	+	104,799	76,566
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+		
Exchange differences for the year (gain +/loss -)	+/-	(9,912)	81,208
BALANCE OF THE RESULT ACCOUNT FOR THE FINANCIAL YEAR		**256,056**	**1,823,361**

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).

		2018	2017
Economic outturn for the year (positive for surplus and negative for deficit)	**+/-**	**(6,751,749)**	**(4,922,377)**
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)	-	(2,474,088)	(1,241,719)
Adjustments for Accrual Cut-off (cut- off 31/12/N)	+	2,305,398	2,478,088
Depreciation of intangible and tangible assets	+	6,314,330	3,002,426
Provisions	+	7,830,815	3,934,472
Recovery orders issued in year N in class 7 and not yet collected	-	-	(118,145)
Payments made from carry over of payment appropriations	+	3,213,244	2,873,498
Adjustments for differed charges cut-off (Reversal from 31/12/N-1)	+	765,689	318,899
Adjustments for differed charges cut-off (Pre-payments made as at 31/12/N)	-	(519,375)	(765,689)
Adjustment for partial reversal of the capital sum, the landlord contribution and the rent free period received with the lease agreement		(3,933,913)	(1,073,141)
Other	+/-	(46,676)	(62,511)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)			
Asset acquisitions (less unpaid amounts)	-	(1,861,717)	(1,182,324)
New pre-financing received in the year N and remaining open as at 31/12/N	+	256,056	1,823,361
Payment appropriations carried over to N+1	-	(4,946,757)	(3,318,044)
Cancellation of unused carried over payment appropriations from year N-1	+	104,799	76,566
Total		256,056	1,823,361
Budget result		**256,056**	**1,823,361**

4.4 Budgetary transfers

	Budgetary expenditure 2018	Initial appropriations	Amending budget	Transfers	Final appropriations
		A	*B*	*C*	*D = A + B + C*
	Title 1 Staff expenditure	**26 874 000**	**303 009**	**426 511**	**27 603 520**
11	Salaries & allowances	24 398 000		513 888	24 911 888
12	Expenditure relating to staff recruitment and management	1 308 000	170 700	- 77 677	1 401 024
13	Mission expenses	40 000	132 309	- 7 592	164 717
14	Socio-medical infrastructure	804 000		- 13 496	790 504
15	Training	263 000		22 750	285 750
17	Receptions and events	61 000		- 11 362	49 638
	Title 2 Administrative expenditure	**5 761 000**	**2 406 400**	**440 084**	**8 607 484**
20	Rental of building and associated costs	3 216 000	864 500	270 139	4 350 639
21	Information and communication technology	1 676 000	1 411 500	442 130	3 529 630
23	Current administrative expenditure	211 000	54 700	- 78 561	187 139
24	Postage / Telecommunications	186 000	57 800	- 45 592	198 208
25	Information and publishing	472 000	17 900	- 148 032	341 868
26	Meeting expenses				
	Title 3 Operational expenditure	**7 240 000**	**-**	**- 866 595**	**6 373 405**
31	General operational expenditure	2 820 000		- 352 822	2 467 178
32	IT expenses for operational purposes	4 420 000		- 513 773	3 906 227
	TOTAL	**39 875 000**	**2 709 409**	**-**	**42 584 409**

The initial budget for the year was EUR 39,875,000. This was increased in November 2018 by EUR 2 709 409 to 42 584 409.

4.5 Budgetary execution in 2018

2018-C1	Adopted Budget	Committed	% commit.	Paid	% paid	Carried Forward	% CF
I: Staff Related	27 603 520	27 563 478	99.85%	27 451 200	99.59%	112 277	0.41%
II: Administrative	8 607 484	8 597 369	99.88%	5 687 502	66.15%	2 909 867	33.85%
III: Operational	6 373 405	6 358 412	99.76%	4 433 799	69.73%	1 924 613	30.27%
TOTAL	**42 584 409**	**42 519 259**	**99.85%**	**37 572 502**	**88.37%**	**4 946 757**	**11.63%**

B2018-A02050-C4	France Contribution	Committed	% commit.	Paid	% paid	Carried Forward	% CF
II: Administrative	1 500 000	1 500 000	100%	-	0%	1 500 000	100%
TOTAL	**1 500 000**	**1 500 000**	**100%**	**-**	**0%**	**1 500 000**	**100%**

4.5.1 Execution 2018

The EBA had an overall budget execution rate in 2017 (C1) of 99.85% for commitments and 88.37% 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.

Assigned revenue (C4) received from the French Government (see Note 3.5) to support the fit-out works in Paris to occur in the first quarter 2019 has been entirely carried forward to 2019.

4.5.2 Carry forward to 2019

The percentage of carry forward relative to the budget increased by 3 % from 2017 (EUR 3 318 044) to 2018 (EUR 4 946 757). This is essentially due to the commitments related to the relocation made after the adoption of the amending budget in November 2018.

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

Title	2018	2017	Movement
	A	*B*	*C = A - B*
I: Staff-related	0%	0%	0%
II: Administrative	34%	20%	14%
III: Operational	30%	33%	-3%
TOTAL	**12%**	**9%**	**3%**

4.6 Budgetary execution in 2018 on carry-forward from 2017

Title	Carry forward	Paid	%	Cancellation
	A	*B*	*C = B / A*	*D = B - A*
I: Staff Related	55 481	43 379	78.19%	12 103
II: Administrative	1 185 166	1 108 024	93.49%	77 142
III: Operational	2 077 396	2 061 841	99.25%	15 555
TOTAL	**3 318 044**	**3 213 244**	**96.84%**	**104 799**

4.7 Detailed budget implementation 2016 by chapter

Chapter	Budget	Total commitments		Total payments		Carry forward	
	A	*B*	*C = B / A*	*D*	*E = D / A*	*F*	*G = F / B*
11 Staff in active employment	24 911 888	24 911 528	100%	24 911 528	100%		0%
12 Expenditure relating to staff management and recruitment	1 401 024	1 401 024	100%	1 370 761	98%	30 263	2%
13 Mission expenses, travel and incidental expenses	164 717	149 394	91%	147 155	89%	2 239	1%
14 Socio-medical infrastructure	790 504	790 437	100%	774 519	98%	15 917	2%
15 Training	285 750	264 911	93%	201 754	71%	63 157	24%
17 Representation expenses, receptions and events	49 638	46 185	93%	45 484	92%	701	2%
20 Rental of building and associated costs	4 350 639	4 349 059	100%	3 540 843	81%	808 216	19%
21 Information and communication technology	3 529 630	3 529 629	100%	1 648 848	47%	1 880 781	53%
22 Movable property and associated costs							
23 Current administrative expenditure	187 139	180 625	97%	118 279	63%	62 346	35%
24 Postage and telecommunications	198 208	196 208	99%	160 220	81%	35 988	18%
25 Information and publishing	341 868	341 847	100%	219 313	64%	122 535	36%
26 Meeting expenses							
31 General operational expenditure	2 467 178	2 453 783	99%	1 960 750	79%	493 033	20%
32 IT expenses for operational purposes	3 906 227	3 904 630	100%	2 473 049	63%	1 431 580	37%
Grand Total	**42 584 409**	**42 519 259**	**100%**	**37 572 502**	**88%**	**4 946 757**	**12%**

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 March 2018 on the basis of work carried out by an independent accounting firm.

A physical check of all IT items and all furniture items was performed in September-October 2018. No material discrepancies were identified.