



# EUROPEAN BANKING AUTHORITY 2012 ANNUAL ACCOUNTS

## CERTIFICATION LETTER FROM THE EBA ACCOUNTING OFFICER

The Annual Accounts of the European Banking Authority for the year 2012 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by the 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 61 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 15 May 2013.



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 Authority established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010, and published in the Official Journal of the European Union (L 331/12) on 15 December 2010.

The EBA was established and started operations as of 1 January 2011, and in addition to its new mandates, it took over all existing and ongoing tasks and responsibilities from the Committee of European Banking Supervisors (CEBS).

The EBA has a broad mandate including, but not limited to, 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 of the European Supervisory Authorities, and with the European Systemic Risks Board (ESRB).

### **FUNDING**

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

### **AUTHORITY STRUCTURE**

The European Banking Authority is governed by a Board of Supervisors and a Management Board. The Board of Supervisors is responsible for taking the main decisions related to the EBA's mandate and giving guidance on the work of the EBA. The Management Board takes the decisions related 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 and those of the Management Board. The Chairperson's term of office is five years and it may be extended once.

The Executive Director is in charge of the implementation of the annual work programme of the EBA 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 two units (Policy Analysis and Coordination, Consumer Protection). 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 clusters and units of the EBA.

## 2 FINANCIAL STATEMENTS

### 2.1 Balance sheet

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>NON-CURRENT ASSETS</b>			
<i>Intangible fixed assets</i>	3.2.1		
Computer software		28,186	-
<i>Tangible fixed assets</i>	3.2.1		
Computer hardware		89,220	74,816
Furniture		71,255	84,247
Other fixture and fittings		346,388	418,310
<b>Total</b>		<b>535,049</b>	<b>577,372</b>
<b>CURRENT ASSETS</b>			
Current receivables	3.3.1	172,537	170,754
Sundry receivables	3.3.2	19,264	206,683
Prepaid expenses	3.3.3	291,924	66,360
Cash and cash equivalents	3.3.4	8,945,787	6,378,023
<b>Total</b>		<b>9,429,512</b>	<b>6,821,820</b>
<b>TOTAL ASSETS</b>		<b>9,964,561</b>	<b>7,399,192</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Provision for risks and charges	3.4	1,403,155	784,316
<b>Total</b>		<b>1,403,155</b>	<b>784,316</b>
<b>CURRENT LIABILITIES</b>			
Current payables	3.5	2,824,557	2,319,491
Sundry payables	3.6	29,070	4,569
EU entities	3.7	1,153,066	3,637,111
<b>Total</b>		<b>4,006,693</b>	<b>5,961,172</b>
<b>TOTAL LIABILITIES</b>		<b>5,409,848</b>	<b>6,745,488</b>
<b>NET ASSETS</b>			
Accumulated surplus/(deficit)		653,704	813,239
Economic outturn for the year - profit/(loss)		3,901,009	(159,535)
<b>TOTAL NET ASSETS</b>		<b>4,554,713</b>	<b>653,704</b>

## 2.2 Economic outturn account

	Note	2012	2011
<b>OPERATING REVENUE</b>	<b>3.8</b>		
Contribution from the Member States		11,045,491	7,413,000
Contribution from EFTA countries		296,513	199,000
EU subsidy		6,461,476	1,493,139
Foreign currency conversion gains		268,686	124,415
Other administrative revenue		72,318	-
<b>TOTAL OPERATING REVENUE</b>		<b>18,144,484</b>	<b>9,229,554</b>
<b>OPERATING EXPENSES</b>	<b>3.9</b>		
Staff expenses	3.9.1	8,979,990	5,359,276
Building and related expenses	3.9.2	1,230,740	864,118
Other expenses	3.9.3	3,459,456	2,538,050
Depreciation	3.9.4	214,415	449,258
Foreign currency conversion losses		352,004	175,525
<b>TOTAL OPERATING EXPENSES</b>		<b>14,236,605</b>	<b>9,386,227</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>3,907,879</b>	<b>(156,673)</b>
<b>NON OPERATING REVENUES (EXPENSES)</b>	<b>3.10</b>		
Financial expenses		(6,870)	(2,862)
<b>SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES</b>		<b>(6,870)</b>	<b>(2,862)</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>		<b>3,901,009</b>	<b>(159,535)</b>
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>		<b>-</b>	<b>-</b>
<b>ECONOMIC OUTTURN FOR THE YEAR</b>		<b>3,901,009</b>	<b>(159,535)</b>

## 2.3 Cash flow table

	2012	2011
<b>CASH FLOW FROM ORDINARY ACTIVITIES</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>3,901,009</b>	<b>(159,535)</b>
<b>Operating activities</b>		
Depreciation of tangible fixed assets	173,736	449,242
Increase/(decrease) in provisions for risks and liabilities	598,839	182,903
(Increase)/decrease in short term receivables	(39,928)	714,194
Increase/(decrease) in accounts payable	540,984	(1,161,558)
Increase/(decrease) in liabilities related to consolidated EU Entities	(2,482,970)	3,637,111
<b>Net cash flow from operating activities</b>	<b>2,691,670</b>	<b>3,662,357</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase)/decrease in tangible and intangible fixed assets	(123,906)	(41,209)
<b>Net cash flow from investing activities</b>	<b>(123,906)</b>	<b>(41,209)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,567,764</b>	<b>3,621,148</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6,378,023</b>	<b>2,756,875</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8,945,787</b>	<b>6,378,023</b>

## 2.4 Statements of changes in net assets

	Accumulated surplus	Net surplus for the period	Total net assets
Balance as of 31 December 2011	653,704	-	653,704
Net result for the year	-	3,901,009	3,901,009
<b>Balance as of 31 December 2012</b>	<b>653,704</b>	<b>3,901,009</b>	<b>4,554,713</b>

### 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 are based on accrual accounting rules complying with the EU Accounting Rules, and show all charges and income for the financial year thus establishing the financial position in the form of a balance sheet as at 31 December. 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

#### 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 economic outturn account.

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

1 EUR in GBP	2012	2011
Year end exchange rate	0.816100	0.835300
Average exchange rate	0.812415	0.872683



## 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 from 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 may differ from these 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 in 2011 and 2012. 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%
Other fixtures and fittings	4	25%
Movable furniture	10	10%

Other fixtures and fittings which cannot be reused when offices are relocated are depreciated for the period from the acquisition date until 31 December 2014, the end date of the lease contract of those offices.

Assets under construction are not amortised and include items which were not put into use as of the end of 2012.

## Leases

Lease of intangible 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 economic outturn account for the portion accrued during the financial year. This is the case for rents 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 the receivables.

The amount of write-down, if any, is charged to the economic outturn account.

## Cash and cash equivalents

Cash includes only cash in hand as there are no other cash equivalents or liquid investments to be reported. The Authority currently works with only one bank.

## **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 for, 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 (assessed on the portion of the carry-overs to be applied to 2012). These accruals are reported under current liabilities-current payables.

## **Revenue**

EBA's revenue consists of the contribution received from National Supervisory Authorities in the Member States and third country Observers (60%) and from the subsidy received from the EU (40%).

Pursuant to Article 15(4) of the EBA Financial Regulation, the EU subsidy constitutes for the budget of the Authority a balancing subsidy. As a result, the EU subsidy is recognised as revenue in the amount necessary to cover budget expenditure. The difference between this amount and the amount actually received has to be returned to the Commission and is 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 Authority.

## **Employee benefits**

The staff of the Authority are entitled to pension rights according to the pension scheme as defined in the Staff Regulations of the European Communities. These pension benefits are managed and paid by the European Commission. In compliance with Article 83(a) 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. 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 owned by the Authority and are composed of tangible, intangible and other non-current assets.

#### 3.2.1 Intangible fixed assets

Intangible fixed assets are composed of computer software and licences, received on 28 December 2012.

Intangible fixed assets 2012		Computer software	Total
<b>Gross carrying amounts 01.01.2012</b>	+	-	-
Additions	+	28,186	28,186
Disposals	-		
<b>Gross carrying amounts 31.12.2012</b>		<b>28,186</b>	<b>28,186</b>
<b>Accumulated amortisation and impairment 01.01.2012</b>			
	-	-	-
Depreciation	-		
Write-back of depreciation	+		
Disposals	+		
<b>Accumulated amortisation and impairment 31.12.2012</b>		-	-
<b>Net carrying amounts as at 31.12.2012</b>			
		<b>28,186</b>	<b>28,186</b>

### 3.2.2 Tangible fixed assets

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

Tangible fixed assets 2012		Computer hardware	Furniture	Other fixtures and fittings	Tangible fixed assets under construction	Total
<b>Gross carrying amounts 01.01.2012</b>	+	123,761	239,735	1,954,079	-	2,317,575
Additions	+	55,670	11,434	26,510	50,292	143,905
Disposals	-	(15,859)	(1,636)	(23,183)	-	(40,678)
Transfer between headings	(+/-)	(5,089)	1,903	3,186	-	-
Other changes (1)	(+/-)	-	-	-	-	-
<b>Gross carrying amounts 31.12.2012</b>		<b>158,482</b>	<b>251,435</b>	<b>1,960,592</b>	<b>50,292</b>	<b>2,420,802</b>
<b>Accumulated amortisation and impairment 01.01.2012</b>	-	(48,945)	(155,488)	(1,535,769)	-	(1,740,203)
Depreciation	-	(20,317)	(24,692)	(128,727)	-	(173,736)
Write-back of depreciation	+					
Disposals	+					
Impairment (1)	-					
Write-back of impairment	+					
Transfer between headings	(+/-)					
Other changes (1)	(+/-)					
<b>Accumulated amortisation and impairment 31.12.2012</b>		<b>(69,262)</b>	<b>(180,180)</b>	<b>(1,664,496)</b>	-	<b>(1,913,939)</b>
<b>Net carrying amounts as at 31.12.2012</b>		<b>89,220</b>	<b>71,255</b>	<b>296,096</b>	<b>50,292</b>	<b>506,863</b>

At 31 December 2011, other fixtures and fittings which could not be reused if offices were relocated were depreciated up to 31 December 2012, the date at which the Authority could exercise the break clause of the contracts.

At 31 December 2012, the Authority did not exercise the break clause and will occupy the offices until 25 December 2014, which is the end date of the lease contracts.

As a result, the assets will be depreciated until 31 December 2014 instead of 31 December 2012. The impact of this change in the method reads as follows for the years 2012 to 2014:

	Impact in 2012	Impact in 2013	Impact in 2014	Total
(Decrease)/ Increase in the depreciation	(265,000)	132,500	132,500	-

The tangible fixed assets under construction correspond to the surveyors' costs linked with the lease of new office space in Tower 42.

### 3.3 Current assets

#### 3.3.1 Current receivables

Current Receivables	31.12.2012	31.12.2011
VAT recoverable	172,537	170,754
<b>Total</b>	<b>172,537</b>	<b>170,754</b>

The recoverable VAT relates to payments to suppliers made during the year 2012 and still to be refunded by the UK Authorities.

#### 3.3.2 Sundry receivables

Sundry Receivables	31.12.2012	31.12.2011
Amount to be recovered from City of London	14,443	178,929
Amounts to be recovered from staff	4,821	25,236
Salary advances	-	2,519
<b>Total</b>	<b>19,264</b>	<b>206,683</b>

The amount to be recovered from City of London corresponds to the reduction in the business rates to which the EBA is entitled in virtue of its Privileges and Immunities.

The amount to be recovered from staff corresponds essentially to taxes paid on behalf of seconded staff under CEBS agreements.

### 3.3.3 Prepaid expenses

	31.12.2012	31.12.2011
Rent expenses	236,439	-
Prepaid business rates	3,010	58,847
Other prepaid expenses	52,476	7,513
<b>Total</b>	<b>291,924</b>	<b>66,360</b>

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

### 3.3.4 Cash and cash equivalents

Cash	31.12.2012	31.12.2011
Citigroup (GBP Account)	903,530	335,339
Citigroup (EURO Account)	8,042,257	4,948,634
Co-operative Bank	-	1,094,050
<b>Total</b>	<b>8,945,787</b>	<b>6,378,023</b>

### 3.4 Provisions for risks and charges

	31.12.2012	31.12.2011
Salary adjustment disputed by the Council	918,815	182,903
Re-instatement cost of the offices	346,000	326,000
CEBS open invoices to be settled	138,340	275,413
<b>Total</b>	<b>1,403,155</b>	<b>784,316</b>

The salary adjustments proposed by the European Commission pursuant to the Staff Regulations have not been accepted by the Council. The amount as at 31 December 2012 covers the period from 1 July 2011 to 31 December 2012 and takes into account the cost of living in Belgium (EUR 201 033), the effect of the correction coefficient for the United Kingdom (EUR 128 492) as well the impact of the exchange rate with the British Pound (EUR 589 290). The settlement is pending the result of the legal proceedings currently in progress before the European Court of Justice.

The lease contract for the premises includes the obligation for the EBA to re-instate the offices to their original state. The cost to cover this obligation is estimated to EUR 326 000, to which EUR 20 000 were added as at 31 December 2012 as re-instatement cost for additional office space in Tower 42.

The liabilities inherited from CEBS included accrued charges for services rendered from 2007-2010 for which the invoices had not been received at 31 December 2011. As at 31 December 2012, the oldest part of those accrued charges, essentially related to the period 2007-2008 and which had not been confirmed by suppliers, were reversed for an amount of EUR 137 073.

### 3.5 Current payables

Current payables	31.12.2012	31.12.2011
Payables to suppliers	254,613	382,132
Payables to Member States	1,606,194	1,173,236
Accrued charges- annual leave not taken	270,989	148,459
Accrued charges-other	691,686	614,269
Accrued charges-European institutions	1,075	1,395
<b>Total</b>	<b>2,824,557</b>	<b>2,319,491</b>

Payables to Member States include an amount of EUR 1 106 194 representing the payments received from Members and Observers, which are recognised as an advance payment on their 2013 budget contributions, as agreed on by the Board of Supervisors on 19 December 2012.

Accrued charges correspond to invoices to be received at 31 December 2012 for services rendered in 2012.

### 3.6 Sundry payables

	31.12.2012	31.12.2011
Sundry payables	29 070	4,569
<b>Total</b>	<b>29 070</b>	<b>4,569</b>

The amount as at 31 December 2012 relates essentially to intangible fixed assets received but not yet invoiced at the closing date (see note 3.2.1).

### 3.7 Payables to EU entities

Payables to EU entities	31.12.2012	31.12.2011
Subsidy to repay to the European Commission	1,100,062	3,579,861
Other payables to the European Commission	53,004	57,250
<b>Total</b>	<b>1,153,066</b>	<b>3,637,111</b>

The subsidy to repay to the European Commission corresponds to the budgetary result for the financial year 2012 which was determined on a modified cash basis. The detailed calculation is presented in the budget outturn account (note 4.1).

EBA is financed by Union funds (40%) and contributions by Member States (60%) in accordance with the weighting votes set out in Article 3(3) of the Protocol (No 36) on transnational provisions (recital 68 of the EBA Regulation). According to Articles 15(4)

and 16(1) of the EBA Financial Regulation, the Community funds paid to the Authority shall constitute for its budget a balancing subsidy which is accounted for as pre-financing. If the balance of the budgetary outturn account is positive, this shall be repaid to the Commission up to the amount of the Community subsidy paid during the year.

EBA 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. The EBA, together with the other ESAs and the Commission continues to seek a long-term solution, especially in the framework of the revision of the Framework Financial Regulation to be applied to the EU agencies at the beginning of 2014. In the short term, it is assumed that the solution found for the 2011 surplus which is the deduction of the surplus from the budget contributions of year N+2 will continue to apply, resulting in the repayment to the National Supervisory Authorities of the part corresponding to their contribution.

### 3.8 Operating revenue

The Authority's 2012 revenue came from the following sources:

Operating revenue	2012	2011
Contributions from Member States	11,045,491	7,413,000
Contributions from EFTA countries	296,513	199,000
EU subsidy	6,461,476	1,493,139
Foreign currency conversion gains	268,686	124,415
Other administrative revenue	72,318	-
<b>Total</b>	<b>18,144,484</b>	<b>9,229,554</b>

The expected budget contributions for 2012 amounted to EUR 20 747 000 split between EU (40%) and the Member States and Observers (60%).

In October 2012, as a result of an anticipated budget execution of 91%, the Management Board decided to reduce those contributions by 9%. This was endorsed by the Board of Supervisors on 19 December 2012.

As a result, only EUR 11 342 004 of the Member States' and Observers' contributions already paid as at 31 December 2012 were recognised as 2012 revenue. The other part, a total of EUR 1 106 194 was registered as a liability (see note 3.5) to be deducted from the 2013 budget contributions.

The subsidy actually paid in 2012 by the Directorate-General for Internal Market and Services was reduced to EUR 7 561 538. Pursuant to Article 16(1) of the Financial Regulation, the unused part of this subsidy, which corresponds to a total in the budget outturn account of EUR 1 100 062 has to be repaid to the Commission. The difference of EUR 6 461 476 was recognised as operating revenue.

The other administrative revenue represents the reimbursement of the business rates, paid for their largest part by CEBS for the first quarter 2011, and for which EBA is exempted in virtue of its Privileges and Immunities.



### 3.9 Operating expenses

#### 3.9.1 Staff expenses

Staff expenses	2012	2011
Salaries and related allowances	8,804,212	5,255,103
Social security	175,778	104,173
<b>Total</b>	<b>8,979,990</b>	<b>5,359,276</b>

#### 3.9.2 Building and related expenses

Building and related expenses	2012	2011
Rent	770,674	529,571
Related expenses	460,066	334,547
<b>Total</b>	<b>1,230,740</b>	<b>864,118</b>

#### 3.9.3 Other expenses

Other expenses	2012	2011
Office supplies	172,579	98,475
Publicity and legal	19,301	26,540
Recruitment	46,605	52,054
Training	51,122	22,348
Travel (administrative staff)	36,057	237,337
Experts and related expenditure	682,212	234,151
IT support	334,378	184,445
Other services	451,635	356,727
Operational activities	1,665,567	1,325,974
<b>Total</b>	<b>3,459,456</b>	<b>2,538,050</b>

Operational activities include travel cost from operational staff (EUR 641 531), IT cost related to the collection of information, the development and maintenance of a central European database (EUR 656 750), as well as the translation cost of the EBA guidelines and work programme (EUR 318 927).

#### 3.9.4 Fixed asset related expenses

	2012	2011
Depreciation of fixed assets	153,415	286,258
Amortisation of the offices re-instatement cost	61,000	163,000
<b>Total</b>	<b>214,415</b>	<b>449,258</b>

The fall in depreciation in 2012 versus 2011 is explained by a change in the method of calculation as detailed in note 3.2.2.

### 3.10 Non-operating revenue (expenses)

<b>Non-operating revenue</b>	<b>2012</b>	<b>2011</b>
Non-operating revenue	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Non-operating expense</b>		
Bank charges	(2,470)	(2,862)
Interest expense on late payment of charges	(4,400)	-
<b>Total</b>	<b>(6,870)</b>	<b>(2,862)</b>
<b>Total non-operating activities (net)</b>	<b>(6,870)</b>	<b>(2,862)</b>

### 3.11 Contingent liabilities

Payments for operating lease commitments still to be made at 31 December 2012 for the period up to 25 December 2014, the end date of the lease contracts, amount to EUR 1 440 232.

The contractual payments are scheduled as follows:

<b>Description</b>	<b>Charges still to be paid</b>			
	<1 year	1-5 years	>5 years	Total charges to be paid
Operating lease - Tower 42	720,116	720,116	-	1,440,232

Other contingent liabilities include the part of the budgetary commitments which have not been recognised in expenses as at 31 December 2012.

<b>Budgetary commitments</b>	<b>2012</b>	<b>2011</b>
Commitments carried forward to 2013	6,547,808	1,617,813
Less expenses already recognised in 2012	(1,398,988)	(1,408,051)
<b>Net budgetary commitments as at 31.12.2012</b>	<b>5,148,820</b>	<b>209,762</b>

### 3.12 Related party disclosure

Highest grade description	Grade	Number of persons of this grade
Chairperson	AD 15	1
Executive Director	AD 14	1

The remuneration equivalent to the grades of the key management personnel in the table can be found in the Official Journal L 338/1 of 22 December 2010.

### 3.13 Events after the balance sheet date

At the publication date of the accounts, no material issue that would require separate disclosure under this section had come to the attention of the Accounting Officer of the Authority or had been reported to him. The annual accounts and related notes were prepared using the most readily available information and this is reflected in the information presented above.

## 4 BUDGET IMPLEMENTATION REPORTS

(Articles 76(b) and 81 of EBA Financial Regulation)

### 4.1 Budget outturn account

		2012	2011
<b>REVENUE</b>			
Balancing Commission subsidy	+	7,561,538	5,073,000
Contributions from National Supervisory Authorities	+	11,045,491	7,413,000
Contributions from Observers	+	296,513	199,000
Other income	+	295,651	
<b>Total revenue (a)</b>		<b>19,199,193</b>	<b>12,685,000</b>
<b>EXPENDITURE</b>			
<i>Title I: Staff</i>			
Payments	-	8,953,661	5,308,649
Appropriations carried over	-	206,048	501,809
<i>Title II: Administrative expenditure</i>			
Payments	-	2,029,498	1,400,590
Appropriations carried over	-	1,643,935	458,729
<i>Title III: Operational expenditure</i>			
Payments	-	849,375	726,978
Appropriations carried over	-	4,697,825	657,275
<b>Total expenditure (b)</b>		<b>18,380,342</b>	<b>9,054,030</b>
<b>Outturn for the financial year (a-b)</b>		<b>818,851</b>	<b>3,630,970</b>
Cancellation of unused payment appropriations carried over from previous year	+	364,529	
Adjustment for carry-over from the previous year of appropriations available at 31.12.2012 arising from assigned revenue	+		
Exchange differences for the year (gain +/- loss -)	+/-	(83,318)	(51,109)
<b>Balance of the outturn account for the financial year</b>		<b>1,100,062</b>	<b>3,579,861</b>
Balance year N-1	+/-		
Positive balance from year N-1 repaid in year N to the Commission	-		
<b>Result used for determining amounts in general accounting</b>		<b>1,100,062</b>	<b>3,579,861</b>
<b>Commission subsidy - Authority registers accrued revenue and Commission accrued expense</b>		<b>6,461,476</b>	<b>1,493,139</b>
<b>Pre-financing remaining open to be repaid by the Authority to the Commission in year N+1</b>		<b>1,100,062</b>	<b>3,579,861</b>
Not included in the budget outturn:			
Interest generated by 31.12.YYYY on the Commission balancing subsidy funds and to be repaid to the Commission (liability)	+	53,004	57,250

## 4.2 Implementation of the budget for the financial year 2012

REVENUE			EXPENDITURE									
Source of revenue	Revenue entered in the final budget for the financial year	Revenue collected	Allocation of expenditure	Final budget appropriations					Appropriations carried forward from previous financial year			
				entered	committed	paid	carried forward	cancelled	entered	committed	paid	cancelled
EU subsidy (40%)	8,298,800	7,561,738	Title I Staff	10,908,000	9,159,710	8,953,661	206,048	1,748,290	501,809	444,840	444,840	56,969
Members States' and Observers' contributions (60%)	12,448,200	11,342,004	Title II Administrative	4,272,000	3,673,434	2,029,498	1,643,935	598,566	458,729	207,287	207,287	251,442
Other revenue*	-	295,651	Title III Operational	5,567,000	5,547,199	849,375	4,697,825	19,801	657,275	601,157	601,157	56,118
<b>TOTAL</b>	<b>20,747,000</b>	<b>19,199,393</b>	<b>TOTAL</b>	<b>20,747,000</b>	<b>18,380,343</b>	<b>11,832,534</b>	<b>6,547,808</b>	<b>2,366,657</b>	<b>1,617,813</b>	<b>1,253,284</b>	<b>1,253,284</b>	<b>364,529</b>
* Reimbursement of 2011 business rates paid in excess												
** Any discrepancies in totals are due to the effects of rounding												

### **4.3 Reconciliation of the budget outturn versus the net result**

In order to reconcile the budget outturn result to the net 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 to 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 lifespan 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).

<b>Economic outturn for the year</b>	<b>+/-</b>	<b>3,901,009</b>	<b>(159,535)</b>
<b><i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i></b>			
<b>A</b> Adjustments for accrual cut-off (reversal 31.12.2011)	-	(764,123)	-
<b>B</b> Adjustments for accrual cut-off (cut- off 31.12.2012)	+	962,675	764,123
<b>C</b> Amount from liaison account with Commission booked in the economic outturn account	-		
<b>D</b> Unpaid invoices at year-end but booked in charges (class 6)	+	-	792,387
<b>E</b> Depreciation of intangible and tangible assets (1)	+	214,415	449,258
<b>F</b> Provisions (1)	+	598,839	182,903
<b>G</b> Value reductions (1)	+		
<b>H</b> Recovery orders issued in 2012 in class 7 and not yet cashed	-		
<b>la</b> Pre-financing given in previous year and cleared in the year	+		
<b>lb</b> Pre-financing received in previous year and cleared in the year	-		
<b>J</b> Payments made from carry-over of payment appropriations	+	1,253,283	-
<b>K</b> Other *)	+/-	(126,380)	(273,754)
<b>L</b> Exchange rate differences (2) (3)	+/-		
<b><i>Adjustment for budgetary items (items included in the budgetary result but not in the economic result)</i></b>			
<b>M</b> Asset acquisitions (less unpaid amounts)	-	(152,091)	(41,209)
<b>N</b> New pre-financing paid in the year 2012 and remaining open as at 31.12.2012	-		(66,360)
<b>O</b> New pre-financing received in the year 2012 and remaining open as at 31.12.2012	+	1,100,062	3,579,861
<b>P</b> Budgetary recovery orders issued before 2012 and cashed in the year	+	295,651	-
<b>Q</b> Budgetary recovery orders issued in 2012 on balance sheet accounts (not 7 or 6 accounts) and cashed	+		
<b>R</b> Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-		
<b>S</b> Payment appropriations carried over to 2013	-	(6,547,808)	(1,617,813)
<b>T</b> Cancellation of unused carried-over payment appropriations from previous year	+	364,530	-
<b>U</b> Adjustment for carry-over from the previous year of Appropriations available at 31.12. arising from assigned revenue	+		
<b>V</b> Payments for pensions ( they are budgetary payments but booked against provisions)	-		
<b>W</b> Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	-		
<b>X</b> Other **)	+/-	-	(30,000)
<b>Total</b>		1,100,062	3,579,861
<b>Budget outturn for the year</b>		<b>1,100,062</b>	<b>3,579,861</b>

\*) The amount of EUR 126 380 includes EUR 72 318 corresponding to the reimbursement by City of London of business rates for which EBA is exempted in virtue of its Privileges and Immunities.

#### 4.4 Budget implementation C1

The following table shows the detailed implementation by budget line.

Budget line.	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Carried forward (2) - (3)	Appropriations cancelled (1) - (2)
A-1100	Basic salaries	4,645,000	4,202,671	90%	4,202,671	90%	-	442,329
A-1101	Family allowances	450,000	394,174	88%	394,174	88%	-	55,826
A-1102	Expatriation and foreign residence allowances	656,000	603,926	92%	603,926	92%	-	52,074
A-1103	EBA education allowance - related expenditure	88,500	75,229	85%	75,229	85%	-	13,271
A-1110	Seconded national experts	964,000	475,735	49%	473,576	49%	2,158	488,265
A-1111	Contract agents	756,000	598,928	79%	598,928	79%	-	157,072
A-1112	Trainees	50,000	-	0%	-	-	-	50,000
A-1120	Salaries	-	-	0%	-	-	-	-
A-1125	Seconded from supervisory authorities	101,500	101,405	100%	100,739	99%	667	95
A-1130	Health insurance	145,000	143,118	99%	143,118	99%	-	1,882
A-1131	Insurance against accidents and occupational diseases	22,000	21,251	97%	21,251	97%	-	749
A-1132	Unemployment insurance	61,000	56,245	92%	56,245	92%	-	4,755
A-1140	Birth and death grants	10,000	198	2%	198	2%	-	9,802
A-1141	Travel expenses for annual leave	110,000	95,362	87%	95,362	87%	-	14,638
A-1142	Other allowances and repayments	5,000	-	0%	-	-	-	5,000
A-1150	Overtime	25,000	5,000	20%	3,657	15%	1,343	20,000
A-1160	Salary weighting	1,643,000	1,610,146	98%	1,610,146	98%	-	32,854
A-1200	Expenditure on recruitment procedure	80,000	42,721	53%	37,221	47%	5,500	37,279



Budget line.	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Carried forward (2) - (3)	Appropriations cancelled (1) - (2)
A-1210	Travel expenses of recruited staff and family	75,000	3,617	5%	3,617	5%	-	71,383
A-1220	Installation resettlement and transfer allowances	221,000	129,033	58%	129,033	58%	-	91,967
A-1230	Removal expenses	75,000	41,877	56%	30,094	40%	11,783	33,123
A-1240	Temporary daily subsistence allowances	180,000	94,015	52%	94,015	52%	-	85,985
A-1260	Provisional appropriation	-	-	0%	-	-	-	-
A-1270	Freelance proofreading	-	-	0%	-	-	-	-
A-1290	External services and consultations	217,000	216,159	100%	191,335	88%	24,823	841
A-1300	Administrative mission expenses	60,000	35,720	60%	33,731	56%	1,989	24,280
A-1400	Medical service	32,000	30,478	95%	24,132	75%	6,346	1,522
A-1410	Early childhood centres and other crèches	34,000	-	0%	-	-	-	34,000
A-1600	Training	174,000	164,312	94%	13,073	8%	151,239	9,688
A-1700	Representation expenses	4,000	1,279	32%	1,079	27%	200	2,721
A-1701	Team building events for staff	18,000	12,070	67%	12,070	67%	-	5,930
A-1702	Staff committee	6,000	5,041	84%	5,041	84%	-	959
	<b>Title I: Staff expenditure</b>	<b>10,908,000</b>	<b>9,159,710</b>	<b>84%</b>	<b>8,953,661</b>	<b>82%</b>	<b>206,048</b>	<b>1,748,290</b>
A-2000	Rental of buildings	833,452	829,590	100%	829,590	100%	-	3,862
A-2010	Insurance	34,000	33,701	99%	32,365	95%	1,335	299
A-2020	Water	324,948	306,237	94%	301,623	93%	4,615	18,711
A-2030	Maintenance and cleaning	40,000	35,675	89%	30,065	75%	5,611	4,325
A-2040	Taxes - London business rates	96,000	32,081	33%	12,038	13%	20,043	63,919
A-2050	Fitting out premises and refurbishment works	778,630	619,992	80%	24,608	3%	595,384	158,638

Budget line.	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Carried forward (2) - (3)	Appropriations cancelled (1) - (2)
A-2100	Purchase of hardware and software	280,000	272,002	97%	109,740	39%	162,262	7,998
A-2103	Maintenance of hardware and software	190,000	169,546	89%	120,858	64%	48,689	20,454
A-2105	Website	367,070	364,973	99%	32,418	9%	332,555	2,097
A-2200	Purchase of technical equipment and installations	249,600	249,298	100%	29,974	12%	219,324	302
A-2201	Hire of technical equipment and installations	5,000	2,820	56%	-		2,820	2,180
A-2202	Maintenance and repairs	50,000	29,077	58%	20,475	41%	8,602	20,923
A-2300	Stationery (cost of paper, envelopes, etc.)	58,000	51,515	89%	44,222	76%	7,293	6,485
A-2301	Subscriptions to newspapers and periodicals	56,000	53,565	96%	41,059	73%	12,506	2,435
A-2302	Library acquisitions	10,000	4,628	46%	808	8%	3,820	5,372
A-2303	Press monitoring	10,000	9,648	96%	9,648	96%	-	352
A-2304	Office supplies (water, coffee, milk, etc.)	39,000	23,930	61%	23,765	61%	165	15,070
A-2305	Copying/printing (copying supplies)	10,000	5,647	56%	4,281	43%	1,366	4,353
A-2306	Online database	11,000	5,000	45%	5,000	45%	-	6,000
A-2310	Bank and financial charges	6,000	3,020	50%	2,207	37%	813	2,980
A-2320	Legal advice and consultations	100,000	34,065	34%	4,965	5%	29,100	65,935
A-2332	Other administrative and consulting expenditure	33,300	33,300	100%	-		33,300	-
A-2400	Postal and delivery charges	7,000	2,517	36%	2,212	32%	305	4,483
A-2410	Telecommunication charges	188,000	173,845	92%	96,445	51%	77,400	14,155
A-2420	Telecommunication equipment and installations	20,000	4,793	24%	4,793	24%	-	15,207
A-2500	Information and publication costs	49,875	48,450	97%	15,275	31%	33,175	1,425

Budget line.	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Carried forward (2) - (3)	Appropriations cancelled (1) - (2)
A-2501	Translation costs	30,125	29,891	99%	29,891	99%	-	234
A-2502	Studies	-	-	0%	-	-	-	-
A-2600	General meeting expenses	154,000	146,927	95%	121,884	79%	25,043	7,073
A-2610	Reimbursement of costs for Banking Stakeholder Group (BSG) members	120,000	45,416	38%	34,592	29%	10,824	74,584
A-2612	Expenses relating to consultations	-	-	0%	-	-	-	-
A-2620	Management Board meetings	11,000	-	0%	-	-	-	11,000
A-2630	Board of Supervisors meetings and other related ex	61,000	22,460	37%	19,600	32%	2,860	38,540
A-2631	Other expenses relating to Board of Supervisors	19,000	13,446	71%	12,236	64%	1,210	5,554
A-2640	Reimbursement of members cost and per diem	30,000	16,378	55%	12,862	43%	3,515	13,622
	<b>Title II: Administrative expenditure</b>	<b>4,272,000</b>	<b>3,673,434</b>	<b>86%</b>	<b>2,029,498</b>	<b>48%</b>	<b>1,643,935</b>	<b>598,566</b>
B3-100	Training for national supervisors	77,354	77,216	100%	17,693	23%	59,523	138
B3-110	Operational missions of staff members	643,834	643,834	100%	598,578	93%	45,256	-
B3-120	Operational consulting services	230,000	228,098	99%	37,692	16%	190,406	1,902
B3-121	Other operational costs related to standing committee	46,500	42,599	92%	31,560	68%	11,039	3,901
B3-130	Operational publication and translation costs	441,230	437,474	99%	161,579	37%	275,895	3,756
B3-200	Reporting application	2,765,000	2,755,191	100%	2,273	0%	2,752,918	9,809
B3-210	Financial institutions register	-	-	0%	-	-	-	-

Budget line.	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Carried forward (2) - (3)	Appropriations cancelled (1) - (2)
B3-220	Collaboration & document management	150,000	150,000	100%	-		150,000	-
B3-240	Upgrade of EBA of IPEBA infrastructure	-	-	0%	-		-	-
B3-250	Maintenance and running costs for IPEBA	455,000	455,000	100%	-		455,000	-
B3-260	Steering for IPEBA	541,208	540,914	100%	-		540,914	294
B3-270	Ad hoc reporting and requests	42,750	42,750	100%	-		42,750	-
B3-280	Training related to IPEBA and other IT projects	-	-	0%	-		-	-
B3-290	IT consultancy – feasibility consultancy service	63,312	63,312	100%	-		63,312	-
B3-300	Support systems implementation	-	-	0%	-		-	-
B3-320	XBRL network	110,812	110,811	100%	-		110,811	1
	<b>Title III: Operational expenditure</b>	<b>5,567,000</b>	<b>5,547,199</b>	<b>100%</b>	<b>849,375</b>	<b>15%</b>	<b>4,697,825</b>	<b>19,801</b>
	<b>GRAND TOTAL</b>	<b>20,747,000</b>	<b>18,380,343</b>	<b>89%</b>	<b>11,832,534</b>	<b>57%</b>	<b>6,547,808</b>	<b>2,366,657</b>

#### 4.5 Budget implementation C8

Budget Line	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Unused appropriations (1) - (3)
A-1125	Seconded from supervisory authorities	402,198	402,198	100 %	402,198	100 %	-
A-1150	Overtime	10,000	5,726	57 %	5,726	57 %	4,274
A-1200	Expenditure on recruitment procedures	41,869	10,968	26 %	10,968	26 %	30,901
A-1290	External services and consultations	34,298	17,193	50 %	17,193	50 %	17,105
A-1300	Administrative mission expenses	644	544	85 %	544	85 %	100
A-1400	Medical service	2,627	1,032	39 %	1,032	39 %	1,595
A-1600	Training	9,673	6,943	72 %	6,943	72 %	2,731
A-1700	Representation expenses	500	236	47 %	236	47 %	264
	<b>Title I: Staff expenditure</b>	<b>501,809</b>	<b>444,840</b>	<b>89 %</b>	<b>444,840</b>	<b>89 %</b>	<b>56,969</b>
A-2000	Rental of building	174,668	-	0 %			174,668
A-2010	Insurance	815	-	0 %			815
A-2020	Water	147,988	114,632	77 %	114,632	77 %	33,356
A-2030	Maintenance and cleaning	5,770	4,616	80 %	4,616	80 %	1,155

Budget Line	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Unused appropriations (1) - (3)
A-2050	Fitting out premises and refurbishment works	9,684	8,444	87 %	8,444	87 %	1,240
A-2100	Purchase of hardware and software	29,608	29,290	99 %	29,290	99 %	318
A-2103	Maintenance of hardware and software	3,312	520	16 %	520	16 %	2,793
A-2105	Website	8,189	6,942	85 %	6,942	85 %	1,247
A-2201	Hire of technical equipment and installations	2,340	2,314	99 %	2,314	99 %	26
A-2202	Maintenance and repairs	1,651	98	6 %	98	6 %	1,552
A-2300	Stationery (cost of paper, envelopes, etc.)	13,496	7,780	58 %	7,780	58 %	5,716
A-2310	Bank and financial charges	173	-	0 %			173
A-2320	Legal advice and consultations	2,557	1,854	73 %	1,854	73 %	703
A-2332	Other administrative and consulting expenditure	463	-	0 %			463
A-2400	Postal and delivery charges	2,368	455	19 %	455	19 %	1,914
A-2410	Telecommunication charges	20,161	15,335	76 %	15,335	76 %	4,826
A-2500	Information and publication costs	1,880	1,176	63 %	1,176	63 %	704
A-2501	Translation costs	2,669	2,669	100 %	2,669	100 %	-
A-2600	General meeting expenses	2,416	2,008	83 %	2,008	83 %	408

Budget Line	Description	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Unused appropriations (1) - (3)
A-2610	Reimbursement of costs for BSG members	15,000	2,587	17 %	2,587	17 %	12,413
A-2630	Board of Supervisors meetings and other related expenditure	4,920	4,845	98 %	4,845	98 %	75
A-2631	Other expenses relating to Board of Supervisors	4,000	-	0 %			4,000
A-2640	Reimbursement of members cost and per diem	4,600	1,722	37 %	1,722	37 %	2,878
	<b>Title II: Administrative expenditure</b>	<b>458,729</b>	<b>207,287</b>	<b>45 %</b>	<b>207,287</b>	<b>45 %</b>	<b>251,442</b>
B3-100	Training for national supervisors	32,366	2,592	8 %	2,592	8 %	29,774
B3-110	Operational missions of staff members	47,856	39,881	83 %	39,881	83 %	7,976
B3-200	Reporting application and other data collection ex	237,500	237,500	100 %	237,500	100 %	-
B3-210	Financial institutions register	35,000	35,000	100 %	35,000	100 %	-
B3-220	Collaboration & document management	24,000	24,000	100 %	24,000	100 %	-
B3-250	Maintenance and running costs for IPEBA	207,000	207,000	100 %	207,000	100 %	-
B3-260	Steering for IPEBA	50,000	50,000	100 %	50,000	100 %	-
B3-280	Training related to IPEBA and other IT projects	6,350	-	0 %			6,350
B3-300	Support systems implementation	17,202	5,184	30 %	5,184	30 %	12,018
	<b>Title III: Operational expenditure</b>	<b>657,275</b>	<b>601,157</b>	<b>91 %</b>	<b>601,157</b>	<b>91 %</b>	<b>56,118</b>
	<b>GRAND TOTAL</b>	<b>1,617,813</b>	<b>1,253,284</b>	<b>77 %</b>	<b>1,253,284</b>	<b>77 %</b>	<b>364,529</b>

## **5 BUDGETARY AND FINANCIAL MANAGEMENT REPORT**

### **5.1 General accounting**

The financial statements of the EBA are presented pursuant to Articles 76 to 82 of the EBA Financial Regulation. The EBA applies the principles of budgetary accounting and accrual based accounting in line with the accounting rules of the European Communities and the International Public Sector Accounting Standards (IPSAS).

### **5.2 Financial systems and management**

The EBA started its operations on 1 January 2011 as the legal successor to the Committee of European Banking Supervisors (CEBS). The first year was spent set up the Authority, with a strong focus on the implementation of its financial circuits and financial systems, as well as validation of the Authority's opening balance.

In 2012, the EBA used the accounting systems provided by the Commission, which include ABAC Workflow for the budgetary accounting, ABAC Accounting for the financial reporting and ABAC Assets for the management of the fixed assets.

Those systems were validated by the Accounting Officer in compliance with Article 43(1)(e) of the EBA Financial Regulation. This was done using the work of an independent accounting firm, covering the systems, financial circuits and a review of the accounting schemes.

In compliance with Article 98 of the EBA Financial Regulation, financial implementing rules were prepared and received the consent of the European Commission before their adoption by the Management Board in early 2013.

The accounting, finance and procurement team was increased by three staff thus providing the necessary back up resources for key positions and to cope with the increase in workload resulting from the Authority's growth.

A full physical inventory was performed, covering all the assets received from the CEBS as well as new acquisitions made in 2011 and the first half of 2012. No significant discrepancies were identified.



### 5.3 Budget execution

Title	Appropriations (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Carried forward (2) - (3)	Appropriations cancelled (1) - (2)
<b>Title I: Staff expenditure</b>	10,908,000	9,159,710	84 %	8,953,661	82 %	206,048	1,748,290
<b>Title II: Administrative expenditure</b>	4,272,000	3,673,434	86 %	2,029,498	48 %	1,643,935	598,566
<b>Title III: Operational expenditure</b>	5,567,000	5,547,199	100 %	849,375	15 %	4,697,825	19,801
<b>TOTAL</b>	<b>20,747,000</b>	<b>18,380,343</b>	<b>89 %</b>	<b>11,832,534</b>	<b>57 %</b>	<b>6,547,808</b>	<b>2,366,657</b>

At the end of 2012, the EBA had a budget execution rate of 89% for commitments and 57% for payments.

Compared to 2011 (71%), the budget execution in terms of commitments increased by 18 percentage points.

In Title I, in spite of the fact that the recruitment plan was achieved in full, the commitment rate was negatively impacted by the non-payment of the salary adjustments proposed by the Commission and disputed by the Council, which accounted for EUR 735 912 in 2012, i.e. 6.7% of Title I or 3.5 % of the overall EBA Budget.

For Title II, one of the main projects of the Authority was to select new premises to move into at the beginning of 2013. The proposal made by the Authority did not receive the support of the European Commission, which recommended launching a new procurement procedure in 2013. Planned funds for this project were therefore not used in 2012, which was the main reason for under spending in this title.

In Title III, while the commitment execution rate reached 100%, the payment execution rate was only 15%. The EBA IT strategy, inherited from CEBS, was revisited during 2012 to align it with the objectives, goals and needs related to the EBA's mandate, mission and strategic tasks. The new IT strategy was approved by the Management Board in September 2012. Although work on the procurement procedures to implement the new strategy was started in the first half of 2012, the contracts were not signed until late in the year. The services will be provided in 2013, which explains the largest part of the carry forward in Title III.

The report on detailed implementation of the budget by budget line is shown in notes 4.4 and 4.5 of the financial statements.

## 6 BUDGET TRANSFERS

Budget line	Description	Initial budget appropriations (a)	Transfers 2012 (b)	Final budget (after transfers) (a)+(b)
A-1100	Basic salaries	4,395,000	250,000	4,645,000
A-1101	Family allowances	207,000	243,000	450,000
A-1102	Expatriation and foreign residence allowances	656,000	-	656,000
A-1103	EBA education allowance - related expenditure	150,000	(61,500)	88,500
A-1110	Seconded national experts	981,000	(17,000)	964,000
A-1111	Contract agents	274,000	482,000	756,000
A-1112	Trainees	100,000	(50,000)	50,000
A-1120	Salaries	-	-	-
A-1125	Secondees from supervisory authorities	100,000	1,500	101,500
A-1130	Health insurance	105,000	40,000	145,000
A-1131	Insurance against accidents and occupational disease	22,000	-	22,000
A-1132	Unemployment insurance	41,000	20,000	61,000
A-1140	Birth and death grants	10,000	-	10,000
A-1141	Travel expenses for annual leave	110,000	-	110,000
A-1142	Other allowances and repayments	5,000	-	5,000
A-1150	Overtime	25,000	-	25,000
A-1160	Salary weighting	2,093,000	(450,000)	1,643,000
	<b>Total Chapter 11</b>	<b>9,274,000</b>	<b>458,000</b>	<b>9,732,000</b>
A-1200	Expenditure on recruitment procedures	130,000	(50,000)	80,000
A-1210	Travel expenses of recruited staff and family	75,000	-	75,000

Budget line	Description	Initial budget appropriations (a)	Transfers 2012 (b)	Final budget (after transfers) (a)+(b)
A-1220	Installation resettlement and transfer allowances	221,000	-	221,000
A-1230	Removal expenses	150,000	(75,000)	75,000
A-1240	Temporary daily subsistence allowances	180,000	-	180,000
A-1260	Provisional appropriation	250,000	(250,000)	-
A-1270	Freelance proofreading	-	-	-
A-1290	External services and consultations	200,000	17,000	217,000
	<b>Total Chapter 12</b>	<b>1,206,000</b>	<b>(358,000)</b>	<b>848,000</b>
A-1300	Administrative mission expenses	60,000	-	60,000
	<b>Total Chapter 13</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>
A-1400	Medical service	32,000	-	32,000
A-1410	Early childhood centres and other crèches	134,000	(100,000)	34,000
	<b>Total Chapter 14</b>	<b>166,000</b>	<b>(100,000)</b>	<b>66,000</b>
A-1600	Training	174,000	-	174,000
	<b>Total Chapter 16</b>	<b>174,000</b>	<b>-</b>	<b>174,000</b>
A-1700	Representation expenses	4,000	-	4,000
A-1701	Team building events for staff	18,000	-	18,000
A-1702	Staff committee	6,000	-	6,000
	<b>Total Chapter 17</b>	<b>28,000</b>	<b>-</b>	<b>28,000</b>
	<b>Total Title I</b>	<b>10,908,000</b>	<b>-</b>	<b>10,908,000</b>
A-2000	Rental of buildings	940,000	(106,548)	833,452
A-2010	Insurance	20,000	14,000	34,000
A-2020	Water	441,000	(116,052)	324,948

Budget line	Description	Initial budget appropriations (a)	Transfers 2012 (b)	Final budget (after transfers) (a)+(b)
A-2030	Maintenance and cleaning	40,000	-	40,000
A-2040	Taxes - London business rates	409,000	(313,000)	96,000
A-2050	Fitting out premises and refurbishment works	680,000	98,630	778,630
	<b>Total Chapter 20</b>	<b>2,530,000</b>	<b>(422,970)</b>	<b>2,107,030</b>
A-2100	Purchase of hardware and software	200,000	80,000	280,000
A-2103	Maintenance of hardware and software	120,000	70,000	190,000
A-2105	Website	160,000	207,070	367,070
	<b>Total Chapter 21</b>	<b>480,000</b>	<b>357,070</b>	<b>837,070</b>
A-2200	Purchase of technical equipment and installations	150,000	99,600	249,600
A-2201	Hire of technical equipment and installations	5,000	-	5,000
A-2202	Maintenance and repairs	50,000	-	50,000
	<b>Total Chapter 22</b>	<b>205,000</b>	<b>99,600</b>	<b>304,600</b>
A-2300	Stationery (cost of paper, envelopes, etc.)	31,000	27,000	58,000
A-2301	Subscriptions to newspapers and periodicals	41,000	15,000	56,000
A-2302	Library acquisitions	10,000	-	10,000
A-2303	Press monitoring	45,000	(35,000)	10,000
A-2304	Office supplies (water, coffee, milk, etc.)	32,000	7,000	39,000
A-2305	Copying/printing (copying supplies)	10,000	-	10,000
A-2306	Online database	15,000	(4,000)	11,000
A-2310	Bank and financial charges	6,000	-	6,000
A-2320	Legal advice and consultations	40,000	60,000	100,000
A-2332	Other administrative and consulting expenditure	26,000	7,300	33,300

Budget line	Description	Initial budget appropriations (a)	Transfers 2012 (b)	Final budget (after transfers) (a)+(b)
	<b>Total Chapter 23</b>	<b>256,000</b>	<b>77,300</b>	<b>333,300</b>
A-2400	Postal and delivery charges	7,000	-	7,000
A-2410	Telecommunication charges	173,000	15,000	188,000
A-2420	Telecommunication equipment and installations	20,000	-	20,000
	<b>Total Chapter 24</b>	<b>200,000</b>	<b>15,000</b>	<b>215,000</b>
A-2500	Information and publication costs	50,000	(125)	49,875
A-2501	Translation costs	10,000	20,125	30,125
A-2502	Studies	-	-	-
	<b>Total Chapter 25</b>	<b>60,000</b>	<b>20,000</b>	<b>80,000</b>
A-2600	General meeting expenses	150,000	4,000	154,000
A-2610	Reimbursement of costs for BSG members	120,000	-	120,000
A-2612	Expenses relating to consultations	-	-	-
A-2620	Management Board meetings	26,000	(15,000)	11,000
A-2630	Board of Supervisors meetings and other related expenses	80,000	(19,000)	61,000
A-2631	Other expenses relating to Board of Supervisors	-	19,000	19,000
A-2640	Reimbursement of members cost and per diem	30,000	-	30,000
	<b>Total Chapter 26</b>	<b>406,000</b>	<b>(11,000)</b>	<b>395,000</b>
	<b>Total Title II</b>	<b>4,137,000</b>	<b>135,000</b>	<b>4,272,000</b>
B3-100	Training for national supervisors	100,000	(22,646)	77,354
B3-110	Operational missions of staff members	771,000	(127,166)	643,834
B3-120	Operational consulting services	250,000	(20,000)	230,000
B3-121	Other operational costs related to standing commit	6,000	40,500	46,500
B3-130	Operational publication and translation costs	190,000	251,230	441,230

Budget line	Description	Initial budget appropriations (a)	Transfers 2012 (b)	Final budget (after transfers) (a)+(b)
	<b>Total Chapter 31</b>	<b>1,317,000</b>	<b>121,918</b>	<b>1,438,918</b>
B3-200	Reporting application	2,700,000	65,000	2,765,000
B3-210	Financial institutions register	150,000	(150,000)	-
B3-220	Collaboration & document management	150,000	-	150,000
B3-240	Upgrade of EBA of IPEBA infrastructure	50,000	(50,000)	-
B3-250	Maintenance and running costs for IPEBA	455,000	-	455,000
B3-260	Steering for IPEBA	35,000	506,208	541,208
B3-270	Ad hoc reporting and requests	150,000	(107,250)	42,750
B3-280	Training related to IPEBA and other IT projects	75,000	(75,000)	-
B3-290	IT Consultancy - feasibility consultancy service	150,000	(86,688)	63,312
	<b>Total Chapter 32</b>	<b>3,915,000</b>	<b>102,270</b>	<b>4,017,270</b>
B3-300	Support systems implementation	120,000	(120,000)	-
B3-320	XBRL network	350,000	(239,188)	110,812
	<b>Total Chapter 33</b>	<b>470,000</b>	<b>(359,188)</b>	<b>110,812</b>
	<b>Total Title III</b>	<b>5,702,000</b>	<b>(135,000)</b>	<b>5,567,000</b>
	<b>Grand Total</b>	<b>20,747,000</b>	<b>-</b>	<b>20,747,000</b>