



CONSOLIDATED ANNUAL ACTIVITY REPORT OF THE EUROPEAN BANKING AUTHORITY

EBA/Rep/2022/13
YEAR 2021



EBA

EUROPEAN
BANKING
AUTHORITY

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YEAR 2021

In pursuance of FR 2018/1046, FFR No 2019/715 [1]



[1] Commission Delegated Regulation (EU) 2019/715 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 122, 10.5.2019, p. 1).

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Board of Supervisors' analysis and assessment

The EBA Board of Supervisors (BoS) takes note of the Consolidated Annual Activity Report 2021, submitted by the Authorising Officer in accordance with Article 47(1) of the Financial Regulation applicable to the EBA.

Analysing and assessing the Consolidated Annual Activity Report 2021, the BoS has made the following observations.

This report, together with the EBA Annual Report 2021, contains a comprehensive account of the activities carried out by the EBA in the implementation of its mandate and work programme during 2021. The EBA has met its obligations under Article 47(1), providing a detailed account of the results achieved in relation to the objectives set in the work programme for 2021, financial and management information.

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

The BoS notes that the Executive Director has no reservations or critical issues to report that would affect the presentation of the annual accounts for the financial year 2021 to the discharge authority.

Paris, 15 June 2022

José Manuel Campa
Chair of the Board of Supervisors



Introduction

The European Banking Authority (EBA) was established on 1 January 2011 under Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010. The Authority is part of the European System of Financial Supervision (ESFS) and took over all existing responsibilities and tasks of the Committee of European Banking Supervisors.

The EBA works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.

The main task of the EBA is to contribute to the creation of the European Single Rulebook in banking, a single set of harmonised prudential rules for financial institutions throughout the EU. This creates a level playing field and provides high protection to depositors, investors and consumers.

The Authority also plays an important role in promoting convergence of supervisory practices to ensure a harmonised application of prudential rules. Finally, the EBA assesses risks and vulnerabilities in the EU banking sector through, in particular, regular risk assessment reports and pan-European stress tests.

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

- investigating alleged incorrect or insufficient application of EU law by national authorities;
- taking decisions directed at individual competent authorities or financial institutions in emergency situations;

- mediating to resolve disagreements between competent authorities in cross-border situations;
- acting as an independent advisory body to the European Parliament, the Council or the Commission;
- taking a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market;
- leading, coordinating and monitoring the AML/CFT work across the EU;
- monitoring new and existing financial activities and contributing to the establishment of a common European approach towards technological innovation;
- integrating ESG considerations into regulation through enhanced disclosure, advanced risk management standards, and updates to the prudential framework and stress test methodologies.

To perform these tasks, the EBA issues regulatory and non-regulatory instruments, including Binding Technical Standards (BTS), guidelines, recommendations, opinions and ad hoc or regular reports.

The BTS are legal acts that specify particular aspects of an EU legislative text (directive or regulation) and aim at ensuring consistent harmonisation in specific areas. Once adopted by the European Commission, BTS, contrary to other EBA documents are legally binding and directly applicable in all Member States.

Executive summary

The Consolidated Annual Activity Report (CAAR) provides an overview of the Authority's main activities and achievements, the implementation of the work programme, budget, staff policy plan, financial management and internal control systems.

The EBA's 2021-2023 multi-annual work programme was defined by the strategic priorities that the EBA proposed for the forthcoming years, and which summarised the main objectives derived from the mandates specified in the regulation and from the relevant EU banking sector legislation. It also considered the aftermath of COVID-19 (Coronavirus) whose global spread since March 2020 has created significant immediate challenges to society as well as to the banking sector and resulted in adjustment to the Authority work plan for 2020 and 2021.

The EBA's strategy for 2021 aimed at ensuring (1) the duly and timely implementation of the Basel III framework and the new mandates stemming from the CRD/CRR, BRRD and Investment Firm Directive (IFD)/ Investment Firm Regulation (IFR) legislative packages, (2) the upgrade of the EBA's quantitative and qualitative methodology and tools for ensuring a comprehensive risk monitoring and analysis of the EU banking sector, (3) the implementation of changes in the EBA founding regulation resulting from the ESAs review, particularly in the field of AML/CFT and (4) the need to explore further the needs resulting from need to capture the fast-paced evolution of technology in the financial services system and the incorporation of ESG factors into prudential regulation.

Each strategic priority was complemented by annual work programme activities that detail the tasks to be delivered in said year and the resources needed for that purpose. This exercise provides transparency and accountability to the EBA's stakeholders, serving to internally link the day-to-day work and processes to strategic priorities. Cognisant of the shifting environment, the EBA allowed some flexibility in the programme in case other demands or priorities arose, whilst ensuring its core mandate of robust prudential rules and protection for depositors and consumers remained intact.

The EBA work programme for 2021 placed a particular focus on six specific (or "vertical") areas:

1. Supporting the deployment of the risk reduction package and the implementation of effective resolution tools
2. Reviewing and upgrading the EU-wide EBA stress testing framework
3. Becoming an integrated EU data hub, leveraging on the enhanced technical capability for performing flexible and comprehensive analyses
4. Contributing to the sound development of financial innovation and operational resilience in the financial sector
5. Building the infrastructure in the EU to lead, coordinate and monitor AML/CFT supervision
6. Providing the policies for factoring in and managing ESG risks

The EBA also identified two cross-sectoral (or "horizontal") priorities for policy work:

- a. Establishing a culture of sound and effective governance and good conduct in financial institutions
- b. Addressing the aftermath of COVID-19

2021 marked an important milestone since the EBA entered the second decade of its existence. During the first ten years, alongside its members, the EBA was busy developing an extensive rulebook for banking activities in Europe, furthering the analysis of banks' vulnerabilities, strengthening consumer protection, and enhancing transparency. Looking forward, the EBA will work to keep the pace with regulatory work needs—and sometimes steer—developments in banking regulation. The EBA will deliver on the new mandates allocated by the EU legislator in the fields of prudential, consumer and conduct areas. Moreover, the EBA will offer to its stakeholders timely and high-quality output based on the data and analytics collected from a wide range of EU institutions. Finally, the EBA will increase its efforts towards transparency and communication on financial services for the benefits of consumers and EU citizens in general.

Part I – Policy achievements of the year

The EBA defines its multi-annual priorities and annual work programme taking into account its founding mandate and the specific additional tasks conferred to it by the co-legislators, as well as the Union Strategic Priorities. It also benefits from recommendations issued by its internal Advisory Committee on Proportionality (ACP).

In 2021, key overarching themes included: the implementation of the Basel III framework and new mandates stemming from the CRD/CRR, BRRD and Investment Firm Directive (IFD)/ Investment Firm Regulation (IFR) legislative packages; changes in the founding regulation following the ESA review in 2020, particularly in the field of AML/CFT; the evolution of technology in the financial sector and the need to incorporate ESG factors into prudential regulation.

- Reviewing and upgrading the EU-wide EBA stress testing framework
- Becoming an integrated EU data hub, leveraging on the enhanced technical capability for performing flexible and comprehensive analyses
- Contributing to the sound development of financial innovation and operational resilience in the financial sector
- Building the infrastructure in the EU to lead, coordinate and monitor AML/CFT supervision
- Providing the policies for factoring in and managing ESG risks

EBA MULTI-ANNUAL OBJECTIVES 2021-2023,

“Vertical” priorities

- I. Leading the Basel III implementation in the EU
- II. Providing efficient methodologies and tools for supervisory convergence and stress testing
- III. Enhancing and streamlining the reporting framework and the collection, dissemination and analysis of financial institutions’ data to allowing the EBA to become an EU data hub
- IV. Understanding and addressing the risks and opportunities arising from financial innovation
- V. Establishing the EBA’s role in leading, coordinating and monitoring AML/CFT supervision across the EU

“Horizontal” priorities

- a) Advanced efforts in implementing the proportionality principle
- b) Enhancing consumer protection
- c) Developing the regulatory framework to ensure finance is used for climate change mitigation and adaption and providing the tools for understanding and managing ESG risks

Against that background, the EBA’s 2021 work programme focussed on:

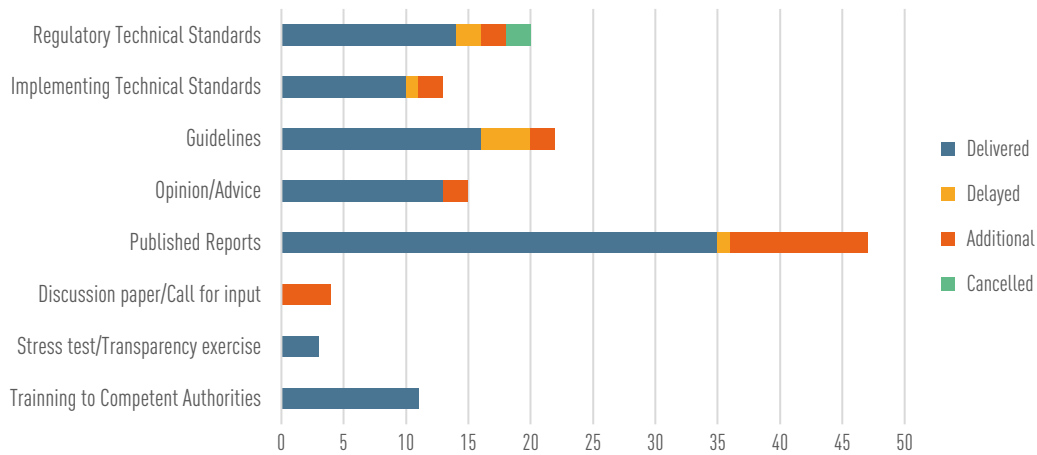
- six specific (or “vertical”) areas:
 - Supporting deployment of the risk reduction package and the implementation of effective resolution tools
- two cross-sectoral (or “horizontal”) priorities for policy work:
 - Establishing a culture of sound and effective governance and good conduct in financial institutions
 - Addressing the aftermath of COVID-19

1.1. Accomplishment of 2021 objectives

The EBA executed 91% of its work programme, which included a 21% of additional tasks not initial foreseen in the

planning. At the end of 2021, the EBA was glad to report only a small number of postponements (11%) – see also Core Business Statistics in Annex I.

Overview of delivery of 2021 main outputs



1.1.1. “Vertical priorities”

I. Supporting deployment of the risk reduction package and the implementation of effective resolution tools

The implementation of CRD5/CRR2, BRRD and IFD/IFR legislative packages, with the aim of further strengthening the resilience and resolvability of EU banks and investment firms, remained key in 2021. The EBA continued to deliver on its mandates according to the roadmaps published in 2019 and 2020: the roadmap for the new market and counterparty credit risk approaches ^[2]; the risk reduction package roadmap ^[3] focusing on governance and remuneration, large exposures, resolution as well as reporting and disclosure; and the roadmap on the implementation of the new prudential regime for investment firms ^[4]. Whilst some delays were encountered, mainly due the additional tasks emerged in the context of Covid, the vast majority of mandates were completed.

EBA continued to monitor the implementation of MREL now enhanced under BRRD2. EBA delivered its annual quantitative MREL report on the roll-out of MREL decisions and resulting shortfalls. The EBA also provided advice to the EU Commission on funding in resolution and insolvency as part of the review of the crisis management and deposit insurance (CMDI) framework. The EBA response provided a quantitative analysis on banks’ capacity to access available sources of funding under the current framework and under various creditor hierarchies,

and with regards to the minimum requirement for own funds and eligible liabilities (MREL).

EBA worked on fostering harmonized practices the field of resolution planning. In particular, the EBA finalised its resolvability guidelines. These Guidelines represent a significant step in complementing the EU legal framework in the field of resolution based on international standards and leveraging on EU best practices. At the same time, the EBA launched a consultation on guidelines on transferability aimed at improving the preparedness of institutions in the case of transfer strategies. The EBA also considered the important links between the recovery and resolution phases focusing in particular on the important aspects of recovery indicators and early intervention measures. Finally, the EBA worked with colleges to ensure preparedness in case of highly stressed situations and that they approached key topics in a fair and effective manner.

In 2021, the EBA launched the European Resolution Examination Programme (EREP). This first iteration introduced key topics for resolution authorities’ attention across the European Union for 2022. The programme mirrors the European Supervisory Examination Programme (ESEP) that has applied to prudential supervision in recent years.

II. Reviewing and upgrading the EU-wide EBA stress testing framework

Following the COVID-19 outbreak, the EBA had decided to postpone the EU-wide stress test from 2020 to 2021, to alleviate the immediate operational burden for banks at this challenging juncture. The EBA completed its EU-wide 2021 stress test, which involved 50 banks from 15 EU and EEA countries, covering 70% of the EU banking sector assets. This exercise allowed to assess, in a consistent way, the resilience of EU banks over a three-year horizon under both a baseline and an adverse scenario,

[2] <https://eba.europa.eu/eba-publishes-its-roadmap-for-the-new-market-and-counterparty-credit-risk-approaches-and-launches-consultation-on-technical-standards-on-the-ima-under>

[3] <https://eba.europa.eu/eba-publishes-its-roadmap-risk-reduction-measures-package>

[4] https://eba.europa.eu/sites/default/documents/files/document_library/Regulation%20and%20Policy/Investment%20firms/884436/EBA%20Roadmap%20on%20Investment%20Firms.pdf

which is characterised by severe shocks taking into account the impact of the pandemic. The individual bank results foster market discipline and are an input into the supervisory decision-making process. The 2021 exercise supported the EBA work on the Union Strategic Supervisory Priority on business models' sustainability by providing accurate quantitative and qualitative information on the EU banking sector's financial health.

After the finalisation of the 2021 EU-wide stress test the focus moved towards the development of the new methodology for the next EU-wide stress test. Overall, the revision of the framework was triggered by a perceived need to further increase the realism and operational efficiency of the exercise. At the same time, transparency, and comparability of the results, which are key features of the EU-wide stress test, should be guaranteed in the future framework. The revision of the methodology started with the usual first step of collecting the lessons learnt from the previous exercise via a dedicated workshop and feedback received from banks. In parallel, and in line with the feedback received on the discussion paper on the future changes to the EU-wide stress-testing framework, the EBA Board of Supervisors supported the further development of a hybrid approach, which consists in centralising some risk areas with top-down features while leaving the rest under the bottom-up approach.

III. Becoming an integrated EU data hub, leveraging on the enhanced technical capability for performing flexible and comprehensive analyses

The European Centralised Infrastructure for Supervisory Data (EUCLID) went live in December 2020, when it started collecting data from all EU and EEA supervised institutions. It was expanded in 2021 collects resolution data for the entire banking population. In 2022 it will include payment fraud, some investment firm data and Pillar 3 data.

As of 2021 EUCLID has allowed the EBA and its members and other stakeholders, to carry out more in-depth analyses of the EU-wide banking/financial sector, the risks it is facing or may create. With EUCLID, the EBA is better equipped to assess the impact of new regulations on various types of banking entities.

IV. Contributing to the sound development of financial innovation and operational resilience in the financial sector

In 2021 the EBA continued to monitor how financial innovations emerge and evolve in the financial market and, as discussed in detail below, contributed to a wide range of topics under the European Commission's digital finance strategy and beyond, including legislative proposals for the Regulation on Markets in Crypto-assets (MiCA), the Digital Operational Resilience Act (DORA), the use of digital platforms in the EU's banking and payments sector and requirements for crowdfunding service providers. In addition, the EBA drew up proposals for non-bank lending,

Crypto-assets, decentralised finance and the application of AI, as well as digital platforms and solutions to facilitate AML/CFT compliance, are just a few examples of innovations that are currently on the EBA's innovation monitoring radar. By keeping a close eye on recent developments via targeted industry and competent authorities' surveys, information exchanged by national innovation facilitators and market participants at the European Forum for Innovation Facilitators (EFIF), engagement with industry at the EBA's FinTech Knowledge Hub and close collaboration with other EU and international organisations the EBA can obtain a comprehensive overview of the main innovation trends across the EU. This helps to identify emerging risks and provide guidance on areas where further work by the EBA may be needed.

V. Building the infrastructure in the EU to lead, coordinate and monitor AML/CFT supervision

In relation to AML/CFT, the EBA continued to lead policy development and capacity-building, fostering cooperation and promoting the effective and consistent policy implementation by NCAs of the EU's AML/CFT framework. It consolidated and strengthened the EU's AML/CFT regulatory framework through, among others, updates to its core AML/CFT guidelines, work to ensure that prudential supervisors are aware of, and have the tools necessary to tackle, ML/TF risk at all stages of an institution's life cycle. This work was informed by the findings of the EBA's ongoing programme of reviews of competent authorities' approaches to AML/CFT supervision, and work to support the setting up of 120 new AML/CFT colleges and monitor their functioning, and the EBA's third Opinion on ML/TF risks in the EU's financial system, which was published in March 2021. Through 2021, the EBA also built a central EU AML/CFT database, which it launched in January 2022.

VI. Providing the policies for factoring in and managing ESG risks

The EBA worked hard in 2021 to improve disclosure, governance and risk management of ESG risk factors. The EBA produced a report on the incorporation of ESG into the risk management of institutions and supervision, setting out policy direction, indicators and methods on ESG-related governance, risk management and supervision. The EBA finalised early 2022 the ITS on ESG disclosures in Pillar 3 outlining the qualitative information on environmental, social and governance factors and the quantitative information on climate-related factors. In addition, the EBA supported and monitored market efforts to improve approaches to classification methodologies, scenario analysis and stress testing. The EBA initiated its analysis around the prudential treatment of exposures associated with environmental and/or social objectives for which it published a discussion paper in 2022. The EBA actively participated in global, European and national initiatives on ESG risks and sustainable finance on ESG risks and sustainable finance.

1.1.2. “Horizontal priorities”

a. Establishing a culture of sound and effective governance and good conduct in financial institutions

Following the amendments of the CRD V (and the new IFD) as well as the publication of the EBA’s 10-point Action plan on dividend arbitrage trading schemes, the EBA published together with ESMA, the updated Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (guidelines on fitness and propriety) and the guidelines on internal governance which dated from 2017. The main revisions of the GL on fitness and propriety were the scope of application, the explicit inclusion of money laundering or terrorist financing and the increased risk thereof in connection with the institution or investment firm that is linked to the assessment of the suitability of the members of the management body. Other changes of the GL relate to the requirements on the composition of the management body, the criteria for assessing the independence of mind of members of the management body and the suitability assessment in the context of early intervention. It was also further specified that a gender balanced composition of the management body is of particular importance. With regards to the revised GL on internal governance, following the amendments introduced by CRD V, requirements that foster diversity and ensure equal opportunities for both genders were encompassed, and specific expectations regarding loans to and other transactions with members of the management body and their related parties and provisions to tackle risks in the context of money laundering and terrorist financing.

The EBA also update the Guidelines on sound remuneration policies. All institutions are required to apply sound and gender-neutral remuneration policies to all staff and specific requirements on the variable remuneration of staff whose professional activities have a material impact on the institutions risk profile (identified staff).

Moreover, the EBA, in cooperation with ESMA, published the guidelines on internal governance and sound remuneration policies in accordance with the mandates set out under the IFD. The EBA guidelines on internal governance provide further details on how the IFD governance provisions should be applied by class 2 investment firms, specifying the tasks, responsibilities and organisation of the management body, and the organisation of investment firms, including the need to create transparent structures that allow for supervision of all their activities. The

Guidelines also specify requirements aimed at ensuring the sound management of risks across all three lines of defence. Guidelines on sound remuneration policies under IFD provided further details on how the provisions on remuneration policies and variable remuneration of identified staff should be applied by class 2 investment firms. This horizontal priority went hand in hand with the EBA of the Union Strategic Supervisory Priority on adequate governance arrangements that was adopted by the BoS in March 2020 for the 2021 work programmes.

b. Addressing the aftermath of COVID-19

The EBA actively monitored and mitigated the effects of Covid-19 on EU banks, promoting coordinated actions of competent authorities. The EBA intensified the assessment of asset quality as well as the monitor of use of moratoria and public guarantees. The objective was to ensure that risk metrics remain reliable and that banks supported the recovery and coped with potentially increasing losses. Similarly, the EBA closely followed the lifting of divided restrictions and re-building capital buffers.

In addition, COVID-19 was a catalyst for the Authority to become a fully digital agency. The objective of becoming a Digital Agency was already included in the IT Strategy, which was approved by the BoS in December 2019. In 2021, the EBA ensured business continuity during the pandemic, and also upgraded its systems and processes so that performance, data security, flow of information to CAs, public and other institutions. The ensured an improved and more resilient safety environment for its employees.

1.2. Outputs by activity against the work programme

Activity 1: Capital

Recurring activities	<ul style="list-style-type: none"> • Maintenance of standardised templates on Additional Tier 1 (AT1) instruments • Analysis of interactions with loss absorbency requirements • Assessment of post-CRR CET1 instruments and review of pre-CRR CET1 instruments • Monitoring of the AT1 issuances and related calls • Maintenance and publication of the EBA CET1 instruments list • Questions and answers (Q&A) support on capital
Outputs	<ul style="list-style-type: none"> • Report on monitoring of CET1 issuances – update, and CET1 list – update • Report on monitoring of AT1 issuances – update • RTS on own funds and eligible liabilities ^[9]

[9] From EBA WP 2020.

Activity 2: Liquidity risk and interest rate risk in the banking book

Recurring activities	<ul style="list-style-type: none"> • Delivering regulatory products and updating liquidity requirements • Monitoring national practices on liquidity and national options and discretion, in particular monitoring the concrete implementation of the liquidity coverage ratio (LCR) rules and definitions • Monitoring of notifications related to liquidity and follow-up actions • Update of the list of credit institutions waived from the 75% inflow cap under Article 33(5) of the LCR Delegated Act • Monitoring of interdependent assets and liabilities for the net stable funding ratio; • Monitoring of interdependent inflows and outflows for the LCR • Q&A support on liquidity risk and interest rate risk in the banking book • Work on GL/RTSs on IRRBB
Outputs	<ul style="list-style-type: none"> • Report on the monitoring of LCR implementation
Additional	<ul style="list-style-type: none"> • Report on the impact of the NSFR on the functioning of the precious metals market
Cancelled	<ul style="list-style-type: none"> • Amendments to RTS specifying currency with constraints on the availability of liquid assets

Activity 3: Leverage ratio

Recurring activities	<ul style="list-style-type: none"> • Monitoring and promoting the consistent application of the leverage ratio • Monitoring of notifications related to the leverage ratio and follow-up actions • Delivering regulatory products that update leverage ratio requirements where necessary
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Activity 4: Loss absorbency

Recurring activities	<ul style="list-style-type: none"> • Monitoring of TLAC/MREL issuances
Delivered	<ul style="list-style-type: none"> • Report on monitoring of MREL eligible liabilities issuances – update

Activity 5: Accounting and audit

Recurring activities	<ul style="list-style-type: none"> • Monitoring and promoting consistent application of IFRS 9, and work on the interaction with prudential requirements including monitoring the institutions' practices in the COVID-19 circumstances in order to understand better the impact of IFRS 9 on capital requirements • Monitoring the use of transitional provisions • Continuing the work on the modelling aspects of IFRS 9 and their related impact on capital, using a benchmarking exercise, as per roadmap ⁽⁶⁾ • Monitoring the ongoing quantitative impact of the application of IFRS 9 through selected indicators • Continuation of integration of the IFRS9 benchmarking in the ITS on benchmarking, and monitoring the institutions' practices in the current circumstances in order to understand better the impact of IFRS 9 on capital requirements as well as the way banks are applying judgment in the assessment of the level of and changes in credit risk of their exposures • Monitoring accounting standards and comment letters to the International Accounting Standards Board, where needed • Delivering regulatory products and technical advice to the Commission on the topics requested
Outputs	<ul style="list-style-type: none"> • Feedback on IFRS 9 benchmarking of models • Report on IFRS 9 implementation in the EU • RTS on the methods of prudential consolidation under Article 18 of CRR ⁽⁷⁾
Postponed	<ul style="list-style-type: none"> • EBA to issue GL specifying the activities that are a direct extension of banking, activities ancillary to banking, and similar activities

Activity 6: Large exposures

Outputs	<ul style="list-style-type: none"> • GL specifying the exceptional circumstances under which the large exposures limits may be breached, and corrective measures • RTS on the determination of the exposures arising from derivatives contracts and credit derivatives underlying a debit or equity instrument ⁽⁸⁾ • GL specifying the conditions for the substitution approach to exposures collateralised by the market value of recognised collateral ⁽⁹⁾
Postponed	<ul style="list-style-type: none"> • RTS on the identification of shadow banking entities

⁽⁶⁾ <https://eba.europa.eu/sites/default/documents/files/documents/10180/2551996/ccbf23ae-4b1a-4af7-bb5e-44d51ae58dfb/Roadmap%20for%20IFRS%20%20deliverables.pdf?retry=1>

⁽⁷⁾ From EBA WP2020.

⁽⁸⁾ From EBA WP2020.

⁽⁹⁾ From EBA WP2020.

Activity 7: Credit risk

Recurring activities	<ul style="list-style-type: none"> • Maintenance of credit risk-related lists, including the identification of the eligibility of public-sector enterprises for the credit risk framework • Monitoring and promoting the consistent application of the credit risk framework and requirements for credit risk modelling, including the implementation of the IRB roadmap • Q&A support on credit risk • Support of the implementation of the Basel III standards in the area of credit risk • Monitoring credit risk related issues of COVID-19 including GL on public moratoria
Outputs	<ul style="list-style-type: none"> • EBA revised decision on the use of unsolicited credit assessments • Amendments to ITS ECAI mapping under Art.136 CRR and Solvency II ⁽¹⁰⁾ • Preparation of 2022 benchmarking portfolios – update of ITS • Development of RTS on collective investment undertakings under Article 132 of CRR II • 2021 benchmarking report on IRB models
Additional	<ul style="list-style-type: none"> • RTS amending RTS on Credit Risk Adjustment • Report on external credit ratings reliance • Report on the implementation of selected covid-19 policies • Discussion paper on machine learning for IRB models

Activity 8: Market risk

Recurring activities	<ul style="list-style-type: none"> • Preparatory work on the implementation of the FRTB – Phase IV: regulatory products whose substance will be derived from the monitoring of the application of the revised frameworks. • Regular updates to the list of diversified stock indices, incorporating any additional relevant indices and applying the quantitative methodology outlined in the ITS • Monitoring and promoting consistent application of market risk requirements • Q&A support on market risk, market infrastructure and CCR
Outputs	<ul style="list-style-type: none"> • 2020 benchmarking report on market risk models ⁽¹¹⁾ • Annual update to the list of closely correlated currencies, incorporating any additional relevant currencies and applying the quantitative methodology outlined in the ITS • Preparation of 2022 benchmarking portfolios – update of ITS • RTS on instruments exposed to residual risk • RTS on gross jump-to-default amounts • RTS on PDs and LGDs for default risk model under the IMA ⁽¹²⁾ • 2021 Benchmarking report on market risk models • GL on criteria for use of data inputs in the risk measurement model under the IMA ⁽¹³⁾
Additional	<ul style="list-style-type: none"> • Discussion paper on the review of the NPL transaction data templates
Delayed	<ul style="list-style-type: none"> • RTS on initial margin model validation ⁽¹⁴⁾

⁽¹⁰⁾ ESAs JC products

⁽¹¹⁾ Delayed by 1 month from 2020 work programme.

⁽¹²⁾ Published in March 2022.

⁽¹³⁾ From EBA WP2020

⁽¹⁴⁾ From 2020 work programme.

Activity 9: Operational risk and investment firms

Recurring activities	<ul style="list-style-type: none"> • Implementation of IFR/IFD regime – preparatory work Phase IV: review all existing GL, database sanctions and notifications, and other mandates. • Monitoring and promoting consistent application of operational risk and investment firms' requirements • Q&A support on operational risk and investment firms
Outputs	<ul style="list-style-type: none"> • RTS on the conditions for the establishment of a college of supervisors • RTS and ITS on information exchange between competent authorities of home and host Member States under IFD • RTS on the information related to the thresholds for credit institutions under IFD ⁽¹⁵⁾ • RTS on the calculation of the thresholds (EUR 30 bn) to be a credit institution under IFD ⁽¹⁶⁾

Activity 10: Supervisory review

Recurring activities	<ul style="list-style-type: none"> • Supervisory risk taxonomy • Ongoing work on the single supervisory handbook • Delivering regulatory products to the Commission in relation to the CRD V/CRR II package • Consideration of ML/TF risks from a prudential perspective • Preparatory work on the RTS and ITS on the functioning of colleges of supervisors and on institution-specific prudential requirements • Work on the inclusion of the ESG risks in the SREP
Output	<ul style="list-style-type: none"> • Annual report on supervisory convergence and colleges • GL specifying the manner of cooperation and information exchange between CAs, financial intelligence units and other authorities • Second review GL on common procedures and methodologies for SREP ⁽¹⁷⁾
Additional	<ul style="list-style-type: none"> • GL on the monitoring of the threshold and other procedural aspects on the establishment of intermediate EU parent undertakings • 2022 European Supervisory Examination Programme (ESEP) for prudential supervisors • ITS on reporting templates for intra-group transactions and risk concentration under FICOD ⁽¹⁸⁾

⁽¹⁵⁾ From 2020 work programme.

⁽¹⁶⁾ From EBA WP 2020.

⁽¹⁷⁾ Published March 2022.

⁽¹⁸⁾ JC product.

Activity 11: Internal governance and remuneration

Recurring activities	<ul style="list-style-type: none"> Monitoring and promoting consistent application of internal governance and remuneration regulations Delivering regulatory products in relation to the CRD V/ CRR II and IFR/IFD package Support in the implementation of the IFD/IFR regime Q&A support on internal governance and remuneration Establishment by 3 ESAs of a system to the exchange of information on fitness and propriety assessments by the competent authorities (new Article 31a)
Outputs	<ul style="list-style-type: none"> Review of the GL on the assessment of suitability of the members of the management board and key function holders (Amendments to existing GL to take into account amendments introduced by CRD 5 and IFD) ⁽¹⁹⁾ Review of the GL on internal governance (CRD 5) GL on internal governance (IFD) Review of the GL on sound remuneration policies (CRD5) GL on sound remuneration policies (IFD) Report on High earners (data for 2019) RTS on identified staff under IFD ⁽²⁰⁾ RTS on the use of instruments for variable remuneration under IFD ⁽²¹⁾
Delayed	<ul style="list-style-type: none"> Review of the GL on data collection of high earners under CRD Review of the GL on benchmarking of remuneration practices GL to ensure consistency of information collected on remuneration

Activity 12: Recovery and resolution

Recurring activities	<ul style="list-style-type: none"> A combination of products in resolution planning, which includes: <ul style="list-style-type: none"> the relationship between recovery and resolution plans recovery indicators the operationalisation of resolution tools through crisis simulation exercises resolution reporting resolvability assessment and identification of impediments public interest assessment critical economic functions and critical services management of information systems Implementation of the BRRD II roadmap
Output	<ul style="list-style-type: none"> Resolution Colleges Annual Report 2020
Delayed	<ul style="list-style-type: none"> MREL build-up and monitoring
Additional	<ul style="list-style-type: none"> GL on recovery plan indicators Report on Early Intervention Measures Call for advice regarding funding in resolution and insolvency 2022 European Resolution Examination Programme (EREP) for resolution authorities

Activity 13: Reporting

Recurring activities	<ul style="list-style-type: none"> Maintenance of ITS on supervisory reporting (legal act, templates, instructions) Maintenance of validation rules, the data point model and XBRL taxonomies Review of proportionality in the reporting framework Project to improve data-modelling tools
Main outputs	<ul style="list-style-type: none"> Cost of compliance study Feasibility study on integrated reporting ITS on amendments to ALMM reporting (v3.2) ITS on amendments to COREP credit risk / new securitisation mandate/Asset Encumbrance/G-SIIs reporting (v3.2) ITS on IRRBB disclosure (Amendment to P3 ITS) Amending ITS on resolution planning reporting ⁽²²⁾ ITS on reporting requirements for investment firms ITS on disclosure for investment firms
Additional	<ul style="list-style-type: none"> Opinion of the European Banking Authority on the disclosure requirement on environmentally sustainable activities in accordance with Article 8 of the Taxonomy Regulation EC advice on KPIs and methodology for disclosure by credit institutions and investment firms under the NFRD on how and to what extent their activities qualify as environmentally sustainable according to the EU taxonomy regulation

Activity 14: Transparency

Recurring activities	<ul style="list-style-type: none"> Monitoring of Pillar 3 disclosures ⁽²³⁾
Outputs	<ul style="list-style-type: none"> RTS on investment policy disclosures Sustainable finance Pillar 3 - Amendment to P3 ITS ⁽²⁴⁾
Additional	<ul style="list-style-type: none"> ITS on disclosure of indicators of global systemic importance by G-SIIs

Activity 15: Loan management and valuation

Recurring activities	<ul style="list-style-type: none"> Assisting the implementation of the EBA's loan origination GL Follow-up work from the Council and EC's action plan for tackling NPLs in Europe
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⁽¹⁹⁾ JC product.

⁽²⁰⁾ From EBA WP2020.

⁽²¹⁾ From EBA WP2020.

⁽²²⁾ From WP2020.

⁽²³⁾ Own-initiative project

⁽²⁴⁾ Published Jan 2021.

Activity 16: Market access, authorisation and equivalence

Recurring activities	<ul style="list-style-type: none"> • Cooperation agreements with third country authorities on supervision, resolution, conduct and AML/CFT • Monitoring of regulatory perimeter and new financial activities across the EU
Output	<ul style="list-style-type: none"> • Report to the European Parliament, the Council and the Commission on the treatment of incoming third country branches under the national law of member States (Article 21b(10) of the CRD) • EBA opinions on the equivalence of supervisory and regulatory requirements of third countries (2) ^[25] • Reports on the assessment of the equivalence of regulatory and supervisory frameworks and ongoing monitoring of equivalence decisions, including the submission of an annual confidential report summarising the findings of its monitoring activities on equivalent third countries • EBA methodology for the assessment of regulatory and supervisory equivalence of third countries 1st and 2nd step ^[26] • GL on the equivalence of confidentiality and professional secrecy regimes of third country authorities (with respect to the relevant provisions in the CRD, PSD2, BRRD and AMLD, as applicable) ^[27] • Principles for the assessment of confidentiality and professional secrecy ^[28] • GL on a common assessment methodology for granting authorisation as a credit institution under Article 8(5) of the CRD ^[29]

Activity 17: Banking markets, securitisation, covered bonds and sustainable finance

Recurring activities	<ul style="list-style-type: none"> • Monitoring market development and promoting the consistent application of frameworks on securitisation and covered bonds • Contribution to Commission activities in this area (including Platform on sustainable Finance) • Implementation of the Covered Bonds Directive • Preparatory work on GL on computation of KIRB for dilution and credit risk • ESA Report on securitisation contribution to funding real economy and small and medium-sized enterprises, risk retention, third party certifiers, third country equivalent regimes and other topics
Outputs	<ul style="list-style-type: none"> • Joint RTS on ESG disclosure standards for financial market participants • Joint RTS on content and presentation of sustainability disclosures • Report on the incorporation of ESG into risk management and supervision • ESAs Opinion on jurisdictional scope of Securitisation regulation ^[30] • ESAs Report on functioning of STS; due diligence; risk retention; transparency requirements and market initiative on standardisation of documents
Cancelled	<ul style="list-style-type: none"> • RTS on the method for calculating the nominal amount for the undrawn part of a liquidity facility
Delayed	<ul style="list-style-type: none"> • ITS on the mapping of the external credit assessment institutions' credit assessment for securitisation positions • GL on practices on the hierarchy of approaches for calculation of risk weights

Activity 18: Innovation and Digital Finance

Recurring activities	<ul style="list-style-type: none"> • Thematic reports on the monitoring of financial innovation and targeted reports on new developments • Thematic reports on business model changes, and risks and opportunities from FinTech, innovative products and emerging trends • Activities regarding the FinTech Knowledge Hub (workshops, roundtables, seminars) • Supporting the forum of European Innovation Facilitators and related activities • Follow-up work on digital operational resilience • Monitoring and coordination on crypto assets activities • Provide technical inputs to EU and international relevant work streams
Outputs	<ul style="list-style-type: none"> • Report on the use of digital platforms in the EU banking and payments sector • Analysis of Regtech in the EU financial sector
Additional	<ul style="list-style-type: none"> • RTS on information on Individual Portfolio Management of loans (Article 6(7) under the Crowdfunding Regulation

^[25] Published Nov 2021.

^[26] Published Feb 2022.

^[27] Published May 2022, awaiting translation into the EU official languages.

^[28] Published May 2022.

^[29] Published Nov 2021.

^[30] ESAs JC product.

Activity 19: Consumer and depositor protection

Recurring activities	<p>Depositor protection</p> <ul style="list-style-type: none"> • Publication of the uses of DGS funds, including in bank failures, and data on covered deposits and the financial means available to DGSs • Monitor the liquidations that had a DGS pay-out • Assessment of notifications received under the DGSD • Having fulfilled in 2019 the EBA's mandate under Article 19(6) of the DGSD to support the Commission in its review of the DGSD, the assessment of the merits of additional own-initiative work to address urgent issues that had been identified • Answers to questions that the EBA receives on the DGSD through the EBA Q&A tool <p>Consumer protection</p> <ul style="list-style-type: none"> • Supervisory convergence work on EU requirements pertaining to consumer protection • Assessment of the need for regulatory or supervisory measures as a result of the EU Consumer Credit Directive being added to the EBA's scope of action • Input to potential reviews by the EU Commission of the EU Consumer Credit Directive and/or the EU Distant Marketing of Financial Services Directive • Answers to questions that the EBA receives on the Mortgage Credit Directive through the EBA Q&A tool
Outputs	<ul style="list-style-type: none"> • EBA Consumer Trends Report 2020/21 • Final revised GL on DGS stress test • Report on supervisory convergence of EBA GL on remuneration of sales staff
Additional	<ul style="list-style-type: none"> • Report on the review of the application of the Joint ESAs' GL on complaints-handling • GL on the delineation and reporting of available financial means (AFM) of Deposit Guarantee Schemes (DGS) • Opinion on the treatment of client funds under DGSD • Report on the mystery shopping activities of national competent authorities • EBA methodological guide to mystery shopping

Activity 20: Payment services

Recurring activities	<ul style="list-style-type: none"> • Contributing to the EBA's statutory objective of supervisory convergence across the EU, in the area of payment services • Assessing and developing answers to the questions that the EBA receives in relation to the revised Payment Services Directive (PSD2), through its Q&A tool • Monitoring the consistent application and implementation of the RTS on strong customer authentication and common and secure communication, published as Commission Delegated Regulation (EU) 2018/389) and taking action where required • Monitoring the implementation of the GL on the fall-back exemption (EBA/GL/2018/07) and continuing, in this context, to fulfil the EBA's consultative role under Article 33(6) of the RTS on strong consumer authentication and common secure communications • Operating and maintaining the EBA register under PSD2 and ensuring that CAs keep the information up to date, as required under Article 14(2) of PSD2 • Monitoring the consistent implementation by CAs and financial institutions of the EBA GL on fraud reporting (EBA/GL/2018/05) and contributing to the compliant integration of the GL into the forthcoming reporting framework of the European Central Bank (ECB) • Reviewing the GL on authorisation (EBA/GL/2017/09), as required under Article 5(5) of PSD2 • Assessing the need for regulatory or supervisory measures as a result of the EU Interchange Fee Regulation being added to the EBA's scope of action
Delivered	<ul style="list-style-type: none"> • Revised GL on major incident reporting • GL on limited network exclusion under PSD2 ⁽³¹⁾
Additional	<ul style="list-style-type: none"> • Opinion on supervisory actions to ensure the removal of obstacles to account access under PSD2 • Report on the data provided by payment service providers on their readiness to apply strong customer authentication for e-commerce card-based payment transactions • JC report on supervisory convergence of JC GL on complaints handling ⁽³²⁾

⁽³¹⁾ Delivered with short delay (Feb 2022).

⁽³²⁾ ESA JC product.

Activity 21: Anti-money laundering and combating the financing of terrorism

Recurring activities	<ul style="list-style-type: none"> • Executing the EBA's new tasks and powers, including establishing a database through which to collect information and identify vulnerabilities • Reviews of competent authorities' approaches to AML/CFT supervision: in 2021, the EBA assessed 7 NCAs from 7 EU/EEA Member States and provided detailed feedback and recommendations to each NCA. • Support to NCAs in the setting up of 120 AML/CFT colleges, training on AML/CFT colleges, active participation in 37 AML/CFT colleges. Provision of feedback to individual NCAs on the functioning of their AML/CFT college • Execution of the EBA Cum-Ex Action Plan • Training activities: four training events on AML/CFT supervision, AML/CFT colleges, Cooperation, Terrorism Financing, with more than 1500 participants overall • Contribution of AML/CFT-related content to the EBA's wider activities, including work on financial innovation and peer reviews • Monitoring of ML/TF risks and bilateral follow-up where warranted • Answers to the questions that the EBA receives in relation to Anti-Money Laundering Directive (AMLD4/AMLD5), through its Q&A tool
Outputs	<ul style="list-style-type: none"> • Publication of 11 regulatory instruments on tackling ML/TF risk across all areas of supervision and institutions' activities. Consultation on a further 3 regulatory instruments. Although not the main focus, through these instruments, the EBA delivered on its Cum-Ex Action Plan: • Incorporation of AML aspects into various prudential supervision GL, such: <ul style="list-style-type: none"> – GL on common assessment methodology for the authorisation of institutions – GL on the assessment of the suitability of the members of the Management body and key function holders – GL on internal governance – GL specifying the manner of cooperation and information exchange between CAs, financial intelligence units and other authorities – GL to specify how similar risk profile shall be assessed for the purposes of the SREP • RTS under Article 9a and 3 setting up a central database ^[33] • CP on draft GL on AML compliance officers • GL on cooperation and information exchange between prudential supervisors, AML/CFT supervisors and financial intelligence units under Directive 2013/36/EU • Revised GL on risk-based supervision • Revised GL on customer due diligence and ML/TF risk factors • Opinion on ML/TF risks in the financial sector in the EU • Report on CA' approaches to AML CFT supervision of banks ^[34] • CP on draft GL on AML compliance officers
Additional	<ul style="list-style-type: none"> • Call for input on de-risking

^[33] Initially foreseen as two RTSs, ultimately published as one product.

^[34] Published in March 2022.

Activity 22: Risk analysis

Recurring activities	<ul style="list-style-type: none"> • Quarterly EU risk dashboards • Risk assessment questionnaires – twice per year • Internal updates on liquidity and market developments for the Board of Supervisors • Opinions on macroprudential measures
Outputs	<ul style="list-style-type: none"> • JC spring risk report • RTS on the assessment of appropriate risk weights and appropriate minimum LGD values • JC autumn risk report • Funding plans report • Asset encumbrance report • Annual risk assessment report on the European banking system • Opinion measures in accordance with Article 458 – Belgium • Opinion measures in accordance with Article 458 – France • Opinion measures in accordance with Article 458 – Estonia • Opinion measures in accordance with Article 458 – Sweden
Additional	<ul style="list-style-type: none"> • Thematic note on differences in provisioning practice in the United States and the European Union • Report on the benchmark rate transition risks analysis of the EU/EEA banking sector's exposures linked to benchmark rates and transition risks relating to interbank offered rates

Activity 23: Stress testing

Recurring activities	<ul style="list-style-type: none"> • Ongoing work on the improvement of the stress test methodology • Preparatory work on the 2023 EU-wide stress test exercise • Ongoing work on the incorporation of climate risk into stress testing
Outputs	<ul style="list-style-type: none"> • EU-wide pilot exercise on climate risk • Stress Test Exercise 2021

Activity 24: Data analysis and infrastructure

Recurring activities	<ul style="list-style-type: none"> • Going live with the new data infrastructure project (EUCLID) and decommission of the old one (ESP) • Providing support to all regulatory proposals through the quantitative analysis of data • Delivering regulatory products and technical advice to the Commission on the topics requested • Delivering quantitative analysis and developing analytical tools to underpin the development of regulatory products • Providing support for the EBA's data infrastructure
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Activity 25: Statistical tools

Recurring activities	<ul style="list-style-type: none"> • Interaction with CAs to ensure a smooth data flow and effective quality checking • Training on data and analysis tools shared with the EBA's and CAs' data users • Implementation of a full list of validation rules and additional quality checks for statistical analysis • Development of interactive and visualisation tools for internal and external data dissemination
Outputs	<ul style="list-style-type: none"> • Risk dashboards and other tools for internal and external data users • Transparency exercise

Activity 26: Ad hoc data collections

Recurring activities	<ul style="list-style-type: none"> • Management of the data workflow, with templates to be pre-populated by the EBA whenever possible • Interaction with CAs to ensure a smooth data flow and effective quality checking • Development of interactive and visualisation tools for internal and external data dissemination • Statistical support for report drafting
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Activity 27: Management of the notification process

Recurring activities	<ul style="list-style-type: none"> • Managing the notifications mailbox and triaging emails, which may request clarifications and/or report notifications • Assessment of new legislation; further clarification of existing notifications (e.g. legal content); requests regarding the EBA eGate (e.g. regarding templates, functionalities and users); and representing the EBA at the subgroup on supervisory disclosure and information, which benefits from close cooperation with the EBA Legal Unit, relevant policy experts and the IT Unit • Monitoring the workflows triggered by each notification • Integrating the notifications into the EBA's data infrastructure • Maintenance of the eGate platform
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Activity 28: Economic analysis and impact assessment

Recurring activities	<ul style="list-style-type: none"> • Work on ESG factors, financial innovation and AML (in addition to the risk reduction mandate) • Contribution to enhancing the stress testing methodology • Technical background studies / research projects to support regular EBA analysis and possibly published in the EBA staff papers series • Work for the Advisory Committee on Proportionality • Impact assessment reports accompanying the EBA's regulatory proposals • Calls for advice and regulatory initiatives • Organisation of regulatory workshops (for example, "Workshop about the implementation of the mandatory Basel III monitoring exercise")
Outputs	<ul style="list-style-type: none"> • CRD V/CRR II Basel III monitoring report • Annual report on the impact and phase-in of the LCR • Policy research workshop
Additional	<ul style="list-style-type: none"> • Discussion paper on proportionality assessment methodology

Activity 30: Policy coordination and communication

Recurring activities	<ul style="list-style-type: none"> • Supporting the EBA's participation in EU and international institutions/bodies • Development of internal policies/processes to support the EBA's activities • Support for the EBA's document management • Updating and implementing the communication strategy • Implementation of the legislative package of the ESA review
Outputs	<ul style="list-style-type: none"> • Consolidated annual activity report and Annual report • Annual and multi-annual work programme • Opinion on the 2019 discharge report of the EP • EBA Report on the peer review of Joint ESAs GL on the prudential assessment of the acquisition of qualifying holdings ⁽³⁵⁾

Activity 31: Q&As

Recurring activities	<ul style="list-style-type: none"> • Regular updates of the interactive Single Rulebook • Providing answers to stakeholders' questions on the implementation of the EU Single Rulebook in banking through the Q&A tool • Monitoring the implementation of published Q&As • Adjusting the scope of the Q&A process and tools to include new pieces of EU regulation
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Activity 32: Training for competent authorities

Recurring activities	<ul style="list-style-type: none"> • Development of a comprehensive training programme for EU supervisors and resolution and deposit guarantee authorities, to promote convergence of supervisory and resolution practices • Strengthening the EBA online training platform (the EBA learning hub) by updating current modules and launching new ones
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Activity 33: Legal services

Recurring activities	<ul style="list-style-type: none"> • Legal advice to the EBA's staff and boards across the EBA's core functions • Representation of the EBA before the Board of Appeal and the Court of Justice • Identification of potential breaches of EU law, with investigations and recommendations where appropriate • Settlement of disputes between CAs through mediation and the adoption of binding decisions • Monitoring the implementation of the legislative package of the ESA review.
Main outputs	<ul style="list-style-type: none"> • Report on the supervisory independence of competent authorities

⁽³⁵⁾ From WP2020.

Activity 34: Finance, procurement and accounting

Recurring activities	<ul style="list-style-type: none"> • Execution of the 2021 annual budget • Establishment and acquisition of the 2022 budget • Establishment of the 2023 budget • Creation of the 2021 procurement plan • Implementation of the 2021 procurement plan • Production of the 2021 annual accounts
Main outputs	<ul style="list-style-type: none"> • Opinion on the EBA annual accounts

Activity 35: Human resources

Recurring activities	<ul style="list-style-type: none"> • Fulfilment of the establishment plan • Development of skills and expertise • Adoption of further HR implementing rules • Improvement of the HR processes • Update of existing and introduction of new internal policies
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Activity 36: Information technology

Recurring activities	<ul style="list-style-type: none"> • Implementation of the EBA's IT strategy for 2020-2025 • Master and reporting data collection via the EUCLID platform (including committed information rate, peak information rate, supervisory, resolution, investment firms (CRR) and fraud payments data) • Data validation engine • AML solutions • Support and enhancement of analytics solutions • Collaboration platform • Support and tools for the Single Rulebook/sing posting • Implementation and on boarding of key enablers to cloud infrastructure • Access management and security enhancements • Supporting the annual business continuity exercise
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Activity 37: Corporate support

Recurring activities	<ul style="list-style-type: none"> • Supporting the organisation of meetings, both internally and with external stakeholders • Facilities management • Internal control • Adhering to Health and safety requirements • Ensuring that the use/disposal of EBA assets and inventory is compliant, safe, economic and environmentally friendly • Annual risk assessment exercise • Annual business continuity exercise • EMAS certification • GL, Tools and Health Protocols to control building ingress and egress, and that promote ongoing safety and precautionary measures • Audit on measures applied under COVID 19
Outputs	<ul style="list-style-type: none"> • Annual business continuity exercise

Part II – Management

2.1. Management Board

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

Four new members joined the Management Board in 2021. At the end of December 2021, the Management Board was composed of four members from participating SSM Member States (Austria, France, Germany and the Netherlands) and two members from non-participating SSM Member States (Poland and Sweden).

The Management Board met five times in 2021 and, given the COVID-19 pandemic and implemented measures, all meetings were held as teleconferences. To guarantee the transparency of its decision-making, minutes of the Management Board's meetings are published on the EBA website.

2.1.1. Management Board composition as of 31 December 2021

Country	Institution	Name
Austria	Finanzmarktaufsicht	Helmut Ettl
France	Autorité de Contrôle Prudentiel et de Résolution	Dominique Laboureux
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	Raimund Röseler
Netherlands	De Nederlandsche Bank	Maarten Gelderman
Poland	Komisja Nadzoru Finansowego	Kamil Liberadzki
Sweden	Finansinspektionen	Karin Lundberg
–	European Commission	Dominique Thienpont
–	European Banking Authority	Jo Swyngedouw (Vice-Chair)

2.1.2. Board of Supervisors composition at the end of 2021

Voting members

Country	Institution	Type of membership	Name
Austria	Österreichische Finanzmarktaufsicht	Head	Helmut Ettl
		Alternate	Michael Hysek
Belgium	Nationale Bank van België/Banque Nationale de Belgique	Head	Jo Swyngedouw
		Alternate	Jurgen Janssens
Bulgaria	Bulgarian National Bank	Head	Radoslav Milenkov
		Alternate	Stoyan Manolov
Croatia	Hrvatska Narodna Banka	Head	
		Alternate	Sanja Petrinić Turković
Cyprus	Central Bank of Cyprus	Head	Constantinos Trikoupis
		Alternate	Kleanthis Ioannides
Czech Republic	Česká Národní Banka	Head	Zuzana Silberová
		Alternate	Marcela Gronychová

Country	Institution	Type of membership	Name
Denmark	Finanstilsynet	Head	Jesper Berg
		Alternate	Thomas Worm Andersen
Estonia	Finantsinspektsioon	Head	Andres Kurgpõld
		Alternate	Kilvar Kessler
Finland	Finanssivalvonta	Head	Jyri Helenius
		Alternate	Marko Myller
France	Autorité de Contrôle Prudentiel et de Résolution	Head	Dominique Laboureix
		Alternate	Emmanuelle Assouan
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	Head	Raimund Röseler
		Alternate	Peter Lutz
Greece	Bank of Greece	Head	Heather Gibson
		Alternate	Kyriaki Flesiopoulou
Hungary	Magyar Nemzeti Bank	Head	Csaba Kandrács
		Alternate	Gergely Gabler
Ireland	Central Bank of Ireland	Head	Gerry Cross
		Alternate	Mary-Elizabeth McMunn
Italy	Banca d'Italia	Head	Andrea Pilati
		Alternate	Bruna Szego
Latvia	Finanšu un kapitāla irgus omisija	Head	Santa Purgailė
		Alternate	Ludmila Vojevoda
Lithuania	Lietuvos Bankas	Head	Simonas Krėpšta
		Alternate	Renata Bagdonienė
Luxembourg	Commission de Surveillance du Secteur Financier	Head	Claude Wampach
		Alternate	Nele Mayer
Malta	Malta Financial Services Authority	Head	Joseph Gavin
		Alternate	Pierre Paul Gauci
Netherlands	De Nederlandsche Bank	Head	Maarten Gelderman
		Alternate	Sandra Wesseling
Poland	Komisja Nadzoru Finansowego	Head	Kamil Liberadzki
		Alternate	Artur Ratasiewicz
Portugal	Banco de Portugal	Head	Ana Paula Serra
		Alternate	Luís Costa Ferreira
Romania	Banca Națională a României	Head	Adrian Cosmescu
		Alternate	Cătălin Davidescu
Slovakia	Národná Banka Slovenska	Head	Tatiana Dubinová
		Alternate	Linda Šimkovičová
Slovenia	Banka Slovenije	Head	Primoz Dolenc
		Alternate	Damjana Iglič
Spain	Banco de España	Head	Ángel Estrada
		Alternate	Alberto Ríos Blanco
Sweden	Finansinspektionen	Head	Karin Lundberg
		Alternate	Magnus Eriksson

EEA EFTA members

Country	Institution	Type of membership	Name
Iceland	Fjármálaeftirlitið	Member	Unnur Gunnarsdóttir
		Alternate	Elmar Ásbjörnsson
Liechtenstein	Finanzmarktaufsicht Liechtenstein (FMA)	Member	Markus Meier
		Alternate	Elena Seiser
Norway	Finanstilsynet	Member	Morten Baltzersen
		Alternate	Ann Viljugrein
-	EFTA Surveillance Authority	Member	Frank Büchel
		Alternate	Jonina Sigrun Larusdottir

Observers

Institution	Name
SRB	Sebastiano Laviola

Other non-voting members

Institution	Name
ESMA	Natasha Cazenave
EIOPA	Fausto Parente
ECB	Fátima Pires, Carmelo Salleo
ECB Supervisory Board	Stefan Walter, Sofia Toscano Rico
European Commission	Martin Merlin, Dominique Thienpont
ESRB	Francesco Mazzaferro

2.2. Major developments

The year 2021 continued to be marked by the evolution of the COVID-19 pandemic. Besides, an internal reorganisation was implemented to better adjust the EBA's structure to its multi-annual priorities, and to create new staff opportunities. Also, to mark the EBA 10th anniversary, several external and internal events took place.

2.2.1. Response to the COVID-19 outbreak

The EBA has been dynamically responding to the evolution of the COVID-19 pandemic by ensuring the safety of staff, in line with applicable EU and local ("French Protocole for Organisations" rules, while limiting the impact on its core mission and activities. In September 2021, with the sanitary situation improving, the Authority could move from full telework to hybrid working arrangements. It first introduced weekly shifts and then moved to a two-day per week minimum presence in the office required. The fifth wave in December then forced the Authority to allow office presence on a voluntary basis only, before it could move back to its hybrid approach towards the end of the first quarter of 2022. In 2021, all recruitment processes, as well as training activities, continued to be successfully performed remotely.

The Corporate Support Unit, leading the EBA Crisis Response Team (CRT) provided constant support to EBA staff. Measures taken included:

- procurement of personal protective equipment,
- establishment of dedicated (externally audited) safety, sanitary and cleaning protocols, to ensure the safety of staff that are required to be present in the office,
- various activities to support the wellbeing of the staff, such as physical exercise sessions, cultural workshops and home office contribution,
- implementation of a workspace management software that enables simple control of every part of the EBA workplace management plan on a single platform,
- implementation of an online ergonomic platform, which provides appropriate information, training and allows the performance of risk assessments, to meet health and safety requirements,
- regular guidance and information pertaining to COVID 19 in accordance with the French protocol.

2.2.2. Internal reorganisation; changes in managerial positions; gender balance

In 2021, a series of changes to the EBA's internal organisation were introduced in order to strengthen its relevance, resilience, and (internal and external) attractiveness, better adjust it to the Authority's multi-annual priorities, to increase the focus on certain topics while also fostering synergies across the organisation, and to offer new staff opportunities (please see section 2.6 more details about the rationale of the reorganisation).

A first step was to strengthen the EBA's function as of 1 January 2021. The Legal Unit became the Legal and Compliance Unit, benefiting from more seniority and more staff to deal with compliance, institutional law, and regulatory advice. The Head of the Unit was himself appointed the EBA's Ethics Officer and Data Protection Officer, thus bringing more authority to these key roles.

A second step corresponded to the establishment of a new role of team leader on 1 March 2021, to deal with topical issues and projects cutting across the entire organisation. Temporary in nature, to allow maximum flexibility, the assignment can have a varying duration depending on the topic. This allowed to appoint 23 senior experts (of which 42% females).

Thirdly, a new organisational structure entered into force on 1 June 2021. This allowed to better adjust the Authority's organisation to its multi-annual priorities, to increase the focus on certain topics while also fostering synergies across the organisation, and to offer new staff opportunities:

- The Authority now counts five departments (instead of four previously), including two largely new ones – the Data Analytics, Reporting and Transparency Department (DART), and the Economic and Risk Analysis Department (ERA) – drawing on tasks previously carried out in three prior departments.
- A new unit was created to deal with the identification and measurement of ESG Risks, placed in the Economic and Risk Analysis Department (ERA), in line with its quantitative and facts-driven focus.
- A new AML/CFT Unit was created in the Innovation, Conducts, and Consumers (ICC) Department, spinning off a team previously incubated by the Conducts, Payments and Consumer Unit.
- A new Digital Finance Unit was created in the Innovation, Conducts, and Consumers (ICC) Department.

As a result, the EBA could recruit a number of new managers: three new Directors, two Acting Heads of Unit and two Heads of Unit took up duty. These internally and externally open competitive recruitment processes attracted a high number of applications. Thanks to careful attention paid to guaranteeing equal chances throughout the process they allowed to promote or recruit new female talents and helped the Authority to considerably improve

its gender balance at managerial level: 50% of EBA's directors and 36% of its management being female on 31 December 2021 against 25% and 27%, respectively, on 31 December 2020) (see also section 2.5.2. below). Recruitments were as follows:

- 1 June 2021 – Director of Data Analytics, Reporting and Transparency – Mrs Meri Rimmanen (previously an EBA Head of Unit).
- 1 August 2021 – Director of Economic and Risk Analysis – Mr Jacob Gyntelberg (recruited externally).
- 1 April 2022 – Director of the Innovation, Conducts, and Consumers – Mrs Marilyn Pikaro (recruited externally).
- Two acting Heads of Units were appointed on 1 June 2021 for the AML/CFT Unit (Mrs Carolin Gardner) and the Reporting and Transparency Unit (Mrs Pilar Gutierrez). Both were confirmed in their roles at the end of the recruitment process completed in early 2022.
- The Head of the ESG Risks Unit (Mrs Dorota Piwek, recruited internally) took up duty on the 16 December 2021.
- The Head of Digital Finance Unit position was appointed by 31/12/2021 (Mrs Ruta Merkevičiute, recruited externally).

Finally, internal committees chaired by the Executive Director were established to better manage a number of key issues for the Authority: including an IT Committee and a Finance Committee. Work was also engaged to revisit the Enterprise Risk Management system, with first results presented to the Management Board in January 2022.

2.2.3. 10th anniversary

To mark the EBA 10th anniversary of activities, on 26 October 2021 a high-level conference with external speakers was organised to reflect on the progress made over the last 10 years on EU banking and financial integration, as well as to look ahead at the EBA's future priorities.

The conference hosted two panel discussions with distinguished speakers from the financial sector:

The first panel discussion titled "10 years after: where are we?" was joined by: Claudia Buch, Vice-President of the Deutsche Bundesbank, Andrea Enria, Chair of the European Central Bank's Supervisory Board, Elke König, Chair of the Single Resolution Board, Wim Mijs, CEO of the European Banking Federation and moderated by Martin Arnold, Frankfurt bureau chief of the Financial Times.

The second panel discussion titled "10 years from now: where should we be?" was joined by: John Berrigan, Director General of the European Commission's DG FISMA, Agustín Carstens, General Manager of the Bank of International Settlements, Monique Goyens, Director General of the European Consumer Organisation

(BEUC), Irene Tinagli, MEP and Chair of the ECON Committee of the EP and moderated by Hanna Brenton, finance reporter at Politico.

The conference was opened with welcoming remarks from the EBA Chairperson, José Manuel Campa, and was followed by a keynote speech by Mairead McGuinness, European Commissioner for Financial Stability, Financial Services and the Capital Markets Union. The EBA Executive Director, François-Louis Michaud, closed the conference with some concluding remarks.

On the internal front, several meetings for the staff were organised with high level guests, and testimonials with staff members who have been working at the EBA since its start were featured in the EBA's staff newsletters.

2.3. Budgetary and financial management

2.3.1. Budget execution

Revenue

The initial budget was EUR 49 193 495. In December 2021, the BoS adopted an amending budget that reduced the EBA's total budget by EUR 60 885.06. The amending budget was driven primarily by the difference between the initial amount budgeted for pension costs (EUR 2 066 689) and the actual 2021 pension cost (EUR 2 005 804).

In accordance with the schedule of contributions agreed between the French government and the EBA, the French government made a payment of EUR 575 000 to the EBA in February 2021. Along with the remaining balance from the previous year, these funds were, as intended, used to pay for rent and building charges on the Europlaza building.

The outcome of the budget resulted in a surplus of EUR 996 460, taking into consideration the final exchange rate differences and other miscellaneous revenue.

Expenditure

The EBA achieved a 98.5% budget execution in 2021 on a total budget (after amendment) of EUR 49 132 610 and a 97.9% execution rate on commitments carried forward from 2020, which is well above the 95% threshold required by DG BUDG. The 98% execution on Title 1 Staff related costs resulted from a lower level of staffing than had been budgeted for, due to resignations and natural delays in recruitment.

In 2021, 27 budget transfers were carried out. This included 14 budget transfers between titles, with 2 transfers between all titles requiring the approval of the Management Board, in accordance with Article 26(2) of the EBA Financial Regulation.

The value of carry forward to the next year of 15% is higher than the carry forward from 2020 to 2021 (9%) due to several factors. While the EBA is carrying forward 124

commitments, compared to 95 last year, however just seven commitments, predominantly driven by IT contracts, account for 51% of the total carry forward amount.

2.3.2. Grant, contribution, and service level agreements

The EBA does not have funding agreements of this nature.

2.3.3. Control results

Overall budget implementation tables are shown in Annex II, including tables of financial statistics.

In 2021, EBA staff members conducted two ex-post control exercises on financial transactions, taking a risk-based sample of 6 % of payment transactions by volume and 5 % by value. All transactions controlled were found to be legal and regular. Some areas of improvement were identified, which are being worked on.

2.3.4. Cost and benefits of controls

The EBA has implemented controls, procedures/processes, and tools in order to ensure the legality and regularity of its activities, safeguard the sound financial management of its resources, and provide adequate transparency and oversight of its key activities/resources.

In 2021, the EBA allocated approximately 8.6 FTEs for control activities in the areas of audit, anti-fraud, data protection, ethics, risk management, financial verification, and self-assessment. The EBA has estimated the cost of these control activities to be EUR 1.9 million (3.8% of the Agency's 2021 total budget). This cost estimation includes salaries and allowances costs based on estimates per type of FTE, overhead costs driven by the number of FTE, and directly attributable costs such as external audit work and consultancy on the Internal Control Framework.

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

2.4. Delegation and sub-delegation

As per Article 64(1) of the EBA founding Regulation (Regulation (EU) n°1093/2010), the Executive Director of the EBA "shall act as authorising officer and shall implement the Authority's annual budget." The Executive Director delegated authorising officer powers to four staff members:

- Director of Operations: all budget lines, with no monetary or time limit;

- Head of Finance & Procurement: all budget lines, with an EUR 15 000 limit per transaction on some budget lines;
- Two other staff members: missions purchase orders only, with no monetary or time limit.

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

The authorising officer also delegates budgetary powers to staff to act as operational initiators, operational verifiers, financial initiators, and financial verifiers.

2.5. Human resources (HR) management

2.5.1. Staff figures and establishment plan

The EBA's 2021 establishment plan had 162 temporary agent (TA) posts. By 31 December 2021 the EBA filled 153 TA posts from the establishment plan.

In addition, 50 contract agents (CA) and 19 seconded national expert (SNE) positions were authorised under the EU budget. 12 administrative and 12 technical trainees were recruited in 2021.

The occupation rate in 2021 was 94% for statutory staff and 93% for the whole of the EBA, including contract agents and seconded national experts.

The overall turnover has increased slightly to 12% (9% in 2019 and 2020). This is due to a number of SNEs coming to the end of their secondments.

2.5.2. Geographical and gender balance

The EBA employs staff (TAs, CAs and SNEs) of 28 nationalities, of whom 51.6% are male and 48.4% female staff. National balance is carefully monitored at all the steps of recruiting.

In early 2021, the EBA created an internal working group to promote gender balance in the organisation. Its work focuses on the following aspects:

- Promoting gender balance through adapted recruitment and HR policies.
- Embedding gender balance in the Authority's day-to-day work and organisation.
- Fostering awareness about gender balance issues within the staff.

Various initiatives have already taken place such as revising vacancy notices to mention more flexible working arrangements, teleworking arrangements, part-time working arrangements and free access to an Accredited European School to encourage applications from women especially for positions where women are under-repre-

sented. Detailed statistics are now prepared and provided to the Executive Director as the Appointing Authority at the end of each phase of the selection procedures on the gender and nationality of the candidates. Further gender and nationality diversification is promoted by the dissemination of applications by the Permanent Representations.

How to avoid unconscious bias was introduced into the appraisal manual and the appraisal training for managers. In addition, unconscious bias is also included in the selection and interviewing training and managers are carrying out training on this matter online as well. Staff and managers also undertook training on the prevention of sexual and psychological harassment.

The EBA also organised a conference on gender balance for its staff and that of the other ESAs, where high-level keynote speakers (including the Chair of the European Parliament's FEMM Committee) from both genders and panels discussed the topic, together with the three Executive Directors. The conference took place in January 2022 and was a success.

The Authority is part of the Agency network workgroup on diversity and inclusion.

Following the ESAs Review requirement to ensure a gender-balanced Management Board, the EBA started implementing a mechanism so that, when a vacancy arises, Board of Supervisors candidates from the under-represented gender are invited to express an interest before expressions of interest are opened to all Board of Supervisors members. This helped improve gender balance on the Management Board improved in 2020 by the inclusion of two female members on the Board. With the Management Board female members taking new responsibilities, the balance deteriorated in 2021. One needs to keep in mind that the Management Board's gender composition is a subset of that of the Board of Supervisors on which members sit ex officio, representing their National Competent Authorities.

2.5.3. Implementing rules

The EBA adopted implementing rules by analogy in the course of 2021 on the transfer of pension rights.

The work on the analysis of further implementing rules with the Standing Working Party and the EBA's Staff Committee continued in 2021 for rules that will enter into force in the course of 2022.

2.5.4. COVID-19

In the course of 2021, the EBA continued to recruit remotely. Onboarding was either carried out remotely or on the EBA's premises if the sanitary situation allowed it. A large number of wellbeing sessions were organised to support staff and managers. Language training and other training was organised online.

In line with the French national protocol for organisations, EBA staff continued to work remotely for the majority of

2021. In September 2021 the EBA implemented a hybrid way of working, with regular weekly presence of staff at the office as well as teleworking.

2.6. Strategy for efficiency gains

The initiatives to achieve efficiency gains within the organisation were organised three-fold: changes in the organisation to allow a more flexible work environments; other internal adjustments and joint procurement and external synergies.

New organisation

Since the end of 2020, the EBA had embarked on reshuffling its organisation to best deliver on its mandates.

Firstly, the portfolio of activities was revisited and reorganised, resulting in a streamlining of the number of activities in the work programme for 2022 compared to that of 2021, from 37 to 25 (this was reflected in the Single Programming Document 2022-2024). This analysis continued in 2021 with further adjustments in the work programme. A systematic analysis of the approximately 300 tasks involved in the 25 activities was carried out by reviewing the mandate and the expected impact. This was to ensure that no unnecessary activity was carried out and that staffing was adequate, with 10% of the resources redeployed internally.

Secondly, this preparatory work paved the way for an adjustment to the EBA's organisation which dated from the end of 2017. The overarching objectives of this new organisation was to better align it with the Authority's main priorities, to allow for more focus and more synergies, and to create new staff opportunities.

A first change was introduced in January 2021, with the legal unit being reinforced and seeing its scope expanded to cover all Legal and Compliance matters, including ethics, data protection, anti-fraud, risk management, whistleblowing and access to documents, in addition to its traditional support to policy work and governance bodies.

A second, more widespread change was introduced on 1 June 2021, with a new grouping of tasks and activities within core units and departments, to ensure adequate staffing of key priorities and to foster adequate synergies within and between teams. Reporting and statistics were placed under a common new Data directorate dealing with all data-related issues, from acquisition to management and to internal and external dissemination. Similarly, an ESG unit was created within another department refocused on economic and risk analysis, aiming to contribute to the policy discussions in this area with all necessary evidence. The unit dealing with Digital finance was refocused on those tasks, working in close liaison with the unit dealing with consumer protection and payment services, and with a new dedicated AML/CFT unit reflecting the new tasks conferred on the EBA. Securitisation and authorisation were reallocated to the units dealing with credit risk and the supervisory review process.

At the end of 2021, the Authority initiated the reorganisation of its Policy Coordinating unit to enhance its governance and institutional affairs role. The unit role will be strengthened with the coordination of third country financial centres but would transfer its Q&A and peer review roles to business and the legal and compliance unit. Such changes would only be effective in Q1 2022.

The new structure allowed the development and enrichment of the EBA's workforce through promotions, internal mobility, and the onboarding of new talents. A Staff Engagement Survey had shown weaknesses in these regards. In particular, the EBA created a team leader role in March 2021 to empower/delegate responsibilities to staff members, thus enriching their development opportunities while preserving the flexibility and agility of the organisation: 23 such team leaders were appointed (see topics and names on the EBA's published organisation chart).

Finally, the EBA reviewed in 2021 the organisation of its Standing Committees in order to improve efficiency and align their organisation with the EBA work programme objectives and the updated internal organisation. The number of Standing Committees was slightly reduced and reorganised to focus on EBA strategic activities, such as the development and monitoring of the Single Rulebook, risks assessment and monitoring, supervisory convergence, data collection and analysis, consumer protection and financial innovation, AML/CFT and resolution.

Other internal adjustments

The EBA's strategy for efficiency gains will remain driven by the implementation of new technology in line with its IT strategy and the objective therein of becoming a digital agency. While these changes represent a substantial workload for the EBA ex-ante, it is expected that these initial investment costs will be fully recouped and allow the EBA to reap positive efficiency gains over a multi-year horizon. For instance, the implementation of a collaboration platform has reduced email exchanges by 30–50% and has created more efficient processes. Implementation of an e-recruitment tool in 2022, automation of Interactive Single Rulebook and the use of electronic workflow tools in the area of Finance and HR are other ongoing initiatives.

Moreover, the EBA is allocating its resources more dynamically. In addition to the introduction of team leaders, the EBA is working on a fully-fledged system to further promote internal mobility. Independently from the new organisation introduced in June 2021, 4% of the staff force have thus benefited from internal mobility in 2021. Some temporary secondments to other authorities (including the European Central Bank) were also organised.

The EBA also adjusted modus operandi, taking into account lessons learned from COVID-19 for the implementation of its EMAS-related greenhouse gas emissions reduction targets as per its EMAS certification programme). Compared to the 2019 situation, this 'new normal' assumes that the EBA will have 50% fewer meetings at the EBA premises (thus also benefiting its members'.

own environmental footprints) and 50% fewer staff missions to external meetings from 2022 onwards. This 50% reduction will be maintained in subsequent years.

Joint procurements and external synergies

In the area of procurement, the EBA actively seeks to include other agencies in its procurement procedures. In 2021, the EBA was lead agency on four procedures, in

which a total of eleven other agencies are participating. Given the very small procurement team, this represented a significant workload increase but will bring substantial gains to participating agencies. The EBA also participates in many inter-institutional procedures, predominantly those run by the EC: in 2021, 90% of the EBA's 143 framework contracts (resulting from 82 procurement procedures) were procured by other EU entities – see table below.

	EBA	COM	Other agencies	Other	Total
Procurement procedures	12	43	18	6	78
Framework contracts	14	87	36	6	143

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

2.7.1. Internal Audit Service (IAS)

The Internal Audit Service of the European Commission (IAS) ran an in-depth risk assessment of the EBA in 2021, which resulted in a Strategic Internal Audit Plan (SIAP) covering the period 2022-2024.

This plan is reviewed annually in order to assess the relevance and the level of priority of the audit topics that have been identified in the plan and are not yet implemented.

At the end of the year, on request of the EBA, the Internal Control Framework and strategic risk management audit has been launched. The final report is expected in September 2022.

2.7.2. Internal Audit Capability (IAC)

Not applicable

2.7.3. European Court of Auditors (ECA)

The European Court of Auditors (ECA) transmitted its draft report on the EBA's 2021 financial accounts on 25 May 2022.

As the reporting year is 2021, the official ECA report published during the year 2021 is the Audit Report on the annual accounts of the European Banking Authority (EBA) for the financial year 2020. As of reporting year 2020, ECA is no longer issuing separate reports per agency but is grouping all agency reports into a single report.

In this report, ECA gave the opinion that “the EBA's accounts for the year ended 31 December 2021 present fairly, in all material respects, the EBA's financial position at 31 December 2021, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.” The

Court also gave its opinion that the revenue and payments underlying the accounts for the year ended 31 December 2021 are “legal and regular in all material respects.”

The ECA made three preliminary observations on the EBA's management and control system (in italics below). These observations do not call into question the ECA's previously stated opinions. The EBA's draft reply to each observation is shown immediately after the observation.

- **3.5.10.** *The EBA sought to obtain access to banks' debt and capital market data and concluded that the services it required could only be provided by two specific economic operators. The EBA therefore entered into two separate negotiated procedures, for contracts worth €100 000 and €43 800, without the prior publication of a contract notice. In both cases, the EBA failed to follow all the necessary procedural steps required by Point 11.1 (b) (ii) and (iii) of Annex I of the Financial Regulation, such as publishing an invitation to tender and drawing up tender specifications.*

EBA draft response: The EBA acknowledges this observation. From the point at which this point was raised by the ECA, the EBA has ensured that all procurement procedures follow the procedural steps set out in the Financial Regulation, including those where the services being procured can only be provided by a single, unique economic operator.

- **3.5.11.** *We found internal control weaknesses affecting recruitment procedures. In one procedure, we found no evidence that the EBA had established the minimum number of points that the candidates had to gain in order to be shortlisted before it examining their applications. This undermined the principles of transparency and equal treatment. In another procedure, the selection board had been established by a series of e-mails rather than by a single nomination decision, so there was no complete audit trail for all the nominations. Following the audit, the EBA provided documentation to show that it had changed its processes.*

EBA draft response: As stated by the ECA in its observation, the EBA has amended its processes to improve its documentation of the stages of the recruitment process mentioned above.

- 3.5.12.** *Under the Rules of Procedure of the Board of Supervisors, members of the Board who have a conflict of interest may not take part in the Board’s discussions or vote on the matter in question. However, the member may remain present in the meeting if nobody objects. This creates a risk to the Board’s independence, at least in appearance.*

EBA draft response: While the EBA is inclined to propose to its BoS to implement the ECA’s non-attendance finding for conflicted BoS members, the EBA highlights that this finding is not supported by Article 42(3) of the EBA Regulation and de facto stretches its scope beyond the co-legislators’ intention to ensure non-participation of a member in the discussion of, and voting upon, an item in relation to which that member has a prejudicial interest. The EBA underlines that it has already implemented the strict rule of Article 42(3) of the EBA Regulation through the provision of Article 6(4) of the Rules of Procedure of the Board of Supervisors (BoS). In practice, where individuals are conflicted, they have left the relevant part of the meeting. For example, the Chairperson and the Executive Director leave the room when the BoS discusses their performance evaluation; they also leave the room when the MB discusses and decides on their declarations of interests, or on notifications of matters that can lead to a Col; and the alternate of a BoS member who had been shortlisted for the position of Executive Director of the EBA was invited to leave the meeting room during the interviews, discussion, and final vote.

Nevertheless, in the interest of avoiding any doubts, the EBA is willing to take the extra mile of proposing alignment of its rules to the ECA’s understanding of the EBA Regulation requirements by disallowing conflicted members from attending BoS discussions

of, and voting upon, those concerned items (in meetings or via a written procedure).

Actions taken by the EBA on the Court’s 2020 observations are shown in section 2.8.3.

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

2.8.1. Internal Audit Service (IAS)

During 2021, no critical recommendations were issued or closed and on 31 December 2021, there were no open critical recommendations.

In February 2020, the IAS performed an Audit on Supervisory Reporting and Data Quality. As a result, as of 31 December 2021, there were four important, but not delayed, open recommendations, for which the implementation dates are programmed for the upcoming years:

1. Q&A process on supervisory reporting and internal co-ordination;
2. Validation rules and EBA, website on supervisory reporting;
3. EBA procedures, backups and training;
4. EBA reporting framework development process.

2.8.2. Internal Audit Capability (IAC)

Not applicable.

2.8.3. European Court of Auditors (ECA)

In the Annex its 2021 draft report, the Court listed seven observations that it followed up from previous years. These are listed below, along with the status of corrective action taken by the EBA.

Year	ECA observation	Status of corrective action
2019	The EBA has never adjusted estimation-based pension contributions to actual figures, or made plans to do so. The National Competent Authorities (NCA)s’ contributions were never adjusted to match the actual figures.	Completed
2019	The EBA’s budget is financed by NCAs and the EU. EBA’s founding Regulation establishes a ratio of contributions of 60 % for the NCAs and of 40 % for the EU. However, the actual ratio used is slightly different because of the contributions of the EFTA NCAs. When there is a budget surplus in year N-2, the EBA redistributes according to the ratio 60-40 in year N, and not on the basis of the actual ratio of the year N-2.	Completed
2020	In 2020, the EBA concluded a short-term banking agreement with a bank using a wrong procurement procedure due to an underestimation of the contract value. The negative interest paid was €38 430 for the period from January to August 2020.	N/A
2020	For a procurement, the justification to use the negotiated procedure without prior publication of a contract notice was inadequate and lacked an adequate audit trail. The contract value was €31 000.	N/A
2020	In a procurement procedure, a staff member replacing another one in the opening committee was not formally appointed by the Authorising Officer. In addition to this, the non-appointed member signed the declaration of absence of conflict of interest only after the opening of the tenders.	N/A
2020	EBA did not apply the interest rate specified in the EU Financial Regulation to payments of 2020 contributions received late from a number of Member States’ and EFTA countries’ NCAs. The amount of accrued interest for 2020 is €25 103. As a result of our audit and after consulting the European Commission, EBA decided to apply the late payment interest as of 2021	Completed
2020	EBA has not formally updated its business continuity plan since 2017. Before the EBA moved from London to Paris in June 2019, a draft plan had been drawn up and used as a basis for addressing the COVID-19 pandemic. Yet it was not formally approved nor updated by the EBA’s senior management.	Completed

2.8.4. European Ombudsman (EO)

On 29 September 2020, the EO opened an inquiry concerning the refusal of the European Insurance and Occupational Pensions Authority (EIOPA) to grant public access to the voting results and related reasoning concerning its Board of Supervisors' decision on a draft regulatory technical standard on packaged retail and insurance-based investment products. Following the EO's preliminary assessment that EIOPA should have granted partial public access to the voting results and related reasoning, EIOPA committed to undertaking the necessary amendments to the rules of procedure of its Board of Supervisors to ensure that future minutes of the Board of Supervisors contained the appropriate information on members' votes concerning decisions on regulatory and implementing technical standards.

Given that the EBA also adopts such technical standards on the basis of the same procedures as EIOPA, the EBA's Board of Supervisors decided on 29 May 2021 to adopt amendments to its own rules of procedure to provide for the inclusion of any vote on the adoption of draft regulatory or implementing standards in the record of Board of Supervisors meetings.

On 29 April 2021 the EO opened an inquiry into the EBA's non-disclosure of the details of votes of the EBA's Board of Supervisors concerning investigations into potential breaches of Union law by national authorities with respect to the supervision of two banks. Having considered the EO's preliminary assessment, in October 2021 the EBA reassessed whether an overriding public interest could be considered to exist and, having concluded that it did, exceptionally published the voting records relating to the investigations. The EO also took the view that Board of Supervisors members should not vote on whether the EBA should issue a breach of Union law recommendation concerning their own supervisory authorities. As the EBA had adopted new internal rules for the Board of Supervisors addressing this issue, the EO considered that no further inquiries were justified. The EO therefore closed the inquiry, welcoming the significant progress made as a result of the EBA governing bodies' readiness to embrace greater transparency.

2.8.5. Evaluations

In September 2017, the EC submitted a package of proposals to strengthen the European System of Financial Supervision (ESFS). After adoption by the co-legislators, these proposals entered into force in January 2020. The main findings of the latest evaluation note that the ESAs are pivotal in ensuring that the banking and insurance sector as well as financial markets across the EU are well regulated, strong and stable. However, more needs to be done to enhance regulatory and supervisory convergence within the Single Market to help financial markets to work more effectively and to address new challenges.

The review of the ESAs covered different areas, as it provided new and/or refined tasks for the EBA, introduced new accountability and transparency requirements and

resulted in some amendments to existing structures within the organisation.

As a result, the EBA has complemented its set-up and embarked on several initiatives. It set up a new AML Standing Committee and expanded the team working on AML-related issues. The EBA oversaw the establishment of the world's first AML/CFT colleges, a central AML/CFT database whilst delivering mandates and drafting key Guidelines for AML and prudential supervisors.

In order to take into account the specific differences prevailing in the sector, the EBA established an Advisory Committee on Proportionality (ACP) in May 2020. Its main task of the ACP is to assess the EBA's work programme and provide recommendations so as to better consider such specificities pertaining to the nature, scale and complexity of risks, business models and practice as well as to the size of financial institutions and markets. The ACP submitted to the EBA Board of Supervisors in June 2021 a letter of recommendations on how to better embed proportionality its 2021 work programme focusing on the areas of SREP, internal governance, investment firms, cost of compliance and ESG disclosure. The EBA incorporated the ACP advice in its public 2021 work programme and duly followed-up on the outstanding recommendations during the execution of the programme via a regular process.

The EBA BoS identified the two Union-wide strategic supervisory priorities (USSPs) of business model sustainability and adequate governance to promote consistent, efficient and effective supervisory practices. The first three-year USSP cycle is about to conclude with the assessment of supervisory activities and actions conducted under its umbrella. This assessment will happen in the first half of 2022. Based on the preliminary feedback gathered from BoS Members, the introduction of USSPs proved to be a valuable point of entry to allow for discussions on future supervisory developments and long-term trends. Out of these Union-wide priorities, the concrete supervisory activities and actions as well as specific points of attention tended to enfold and be enacted via the EBA Supervisory Convergence Plan.

The legal unit was reinforced in January 2021 and saw its scope expanded to increase the EBA's focus on all risk and compliance-related matters, including ethics, data protection, anti-fraud, risk management, whistleblowing and access to documents. To increase accountability, the EBA has, since January 2020, been submitting the minutes of the meetings of the BoS to the EU Parliament with a personal message from the EBA's Chair. To provide more transparency with regard to its Work Programme, the EBA develops a regular publication to provide insights on the ongoing regulatory work and planned adoption of technical standards.

The EBA has updated its peer review framework with a view to increase the number and frequency of such reviews and improve their quality and independence. For that purpose, the EBA has established a two-year work plan of upcoming peer reviews in June 2020, completed

a peer review on the Joint ESAs Guidelines on the prudential assessment of the acquisition of qualifying holdings in July 2021 and started peer reviews on a package of EBA Guidelines on non-performing exposures and on the Guidelines on the information and communication (ICT) risk assessment under Supervisory Review and Evaluation Process (SREP).

2.9. Follow up of observations from the discharge authority

On 28 April 2021, the European Parliament granted the discharge to the Executive Director of the European Banking Authority (EBA) for the financial year 2019 and approved the closure of the accounts for the said financial year.

The EBA welcomes the feedback received during the discharge process, which is as an essential exercise for the evaluation of the Authority's performance. It provides an external point of view to the actions undertaken by the Authority during the year as well as current practices.

The EBA published an [opinion to the European Parliament 2019 discharge report](#) in September 2021. Out of the 40 observations, the EBA considered that 22 had been completed or addressed, 13 require no action and 5 would require follow-up. The EBA has undertaken the following actions to address the observation of the EP:

Budget and financial management

- With regards to the issue of the NCA payments error, **the EBA confirms that the issue has been addressed**. In 2021, the EBA recovered late payment interest in the case of one late payment and issued waivers for a few others, value of which was considered immaterial (the EBA having adopted a waiving decision on accrued late payment interest clarifying that, in accordance with best practices and the principle of proportionality, it will automatically be applied only when it amounts to more than EUR 200).

The matter was addressed by the EBA: i) with the agreement of the EC, the distribution of the 2020 surplus was adjusted to return the surplus on pension to the NCAs only; ii) in 2021, the EBA amended its budget to adjust the estimated pension costs to actual figures and reflected this amendment in the NCA contributions figures, to ensure that there was no surplus on pension costs. The EBA will apply the 2021 approach in all future years.

Performance

- As requested, **the EBA expanded its chapter of achievements of the year to provide further details of its non-core activities** in the Consolidated Annual Activity Report (CAAR) 2021.

Staff Policy

- **Gender balance at management level has significantly improved.**

As of 1 March 2022 (all data below available on EBA's orgcharts on its website):

- In the entire management team, women are 42% and men 58% vs. 29% women and 71% men in 2020;
- 3 of the 5 EBA's Directors are women vs. 1 out of 4 in 2020;
- At senior management level (i.e. Directors + Executive Director + Chairperson – the latter 2 being appointed by the Board), 43% are women vs 17%;
- A new role of Team leaders (o.w. 43% are women) was introduced in March 2021 which will help prepare the next generation of leaders.

These changes were possible thanks to organization adjustments and to a systematic action to promote gender equality introduced in September 2020 which focuses on: i) Promoting gender balance through adapted recruitment/HR policies; ii) Embedding gender balance in the authority's day-to-day work and organisation; iii) Fostering awareness about gender balance issues among the staff. This includes i.a. initiatives in the areas of the selection panels' compositions, prevention of sexual and psychological harassment, increasing awareness on unconscious bias and diversity and inclusion.

- **The EBA is working to upgrade its HR strategy.** In 2021, improvements were introduced via reviewed appraisal templates, appointment of team leaders, 360-degree evaluations for management and other transparency initiatives.

The EBA is allocating its resources more dynamically and working towards further promoting internal mobility. 4% of the staff force benefitted from internal mobility in 2021.

The EBA created a team leader role to empower/delagate responsibilities to staff members, thus enriching their development opportunities while preserving the flexibility and agility of the organisation. 25 team leaders were appointed in March 2021.

Moreover, in the Training plan 2021 (implementation 01/07/2021 – 31/06/2022), the EBA added a training session on Unconscious bias via EU Learn mandatory to all managers. For staff, a course on selection and interviewing skills was developed in 2021 and part of the course was dedicated to unconscious bias. The course is taking place bi-monthly starting as of November 2021. In addition, a workbook ("Test your brain: unconscious bias workbook. Self-reflection exercises, activities and best practices to fight bias")

was developed in 2021 and made available to all staff in January 2022 on the EBA's intranet. Staff and managers also undertook training on the prevention of sexual and psychological harassment.

In relation to working arrangements and telework, these have been adapted according to the COVID-19 sanitary situation in France in the past few years. Whilst the EBA's offices were closed, staff have been strongly encouraged to have a work/life balance whilst teleworking from home and not to work more than 10 hours per day. Managers also gave staff more flexibility to work around having children at home. The Authority arranged various well-being sessions for staff and managers during this period as well to give them the tools to deal with his situation. The EBA currently implements mandatory presence of 2 days in the office combined with telework. Core-hours have been eliminated to allow staff to travel to and from work outside of rush hours to respect social distancing as much as possible. The EBA will further explore telework and working arrangements once the new implementing rule on working time and hybrid working is formally communicated for adoption to the Agencies, whilst still taking into account appropriate health and safety measures in the light of the protocols issued by the French authorities.

The EBA is looking at how to develop further the recruitment and integration of people with disabilities.

Internal controls

- **Thanks to a sustained effort on internal control in 2021, the report on Self-Assessment of Internal Control Framework for year 2020 was approved by the Executive Director in December 2021.**

The EBA has assessed the presence and functioning of each principle, aggregated all the results at the component level, and ultimately at the level of the internal control framework as a whole. The main results per principle have been communicated together with list of objectives for 2021 plus the roadmap for 2022.

The EBA shared with the Court the full assessment report on 06/01/2022, whereby each principle was considered in light of the strengths and deficiencies identified in other principles within or outside the same component. The list of deficiencies identified was made available. The Excel template of EC's DG BUDG to record and report deficiencies was used to facilitate the aggregation of information and was also made available.

These improvements will also greatly facilitate work on the 2021 assessment.

2.10. Environmental management

The EBA has recognised its long-term responsibility for making a positive contribution to sustainable development and for taking account of the environmental impacts of its activities. Therefore, the EBA launched the EMAS Project in early 2020 with the aim of being EMAS registered.

The Eco-Management and Audit Scheme (EMAS) is a premium management instrument developed by the European Commission that helps companies and organisations to continually optimise their internal processes, reduce environmental impacts and make more effective and efficient use of resources. EMAS-registered organisations commit themselves to evaluating, managing and improving their environmental performance, as well as communicating their environmental achievements to stakeholders and society in general ⁽³⁶⁾.

The approved scope of EMAS at the EBA: all the EBA's activities and products. It covers operational activities in Paris as well as core business activities and products, carried out with a view to maintaining financial stability in the EU and to safeguarding the integrity, efficiency and orderly functioning of the European banking sector.

In its Environmental Policy, the EBA commits to developing knowledge, finding technical solutions, and adjusting its organisation and behaviours, focusing on the following:

- minimising its impact on greenhouse gas emissions, with a special focus on travel;
- building a strong relation with the landlord to improve its energy consumption performance;
- improving waste production, segregation and recycling as expected by the EBA staff;
- maximising the use of electronic solutions and green public procurement to limit its material impact;
- implementing environmental, social and governance considerations in its policy making, risk assessment and supervisory convergence work in line with the EBA's tasks the EBA's 2019 action plan on sustainable finance and additional mandates received from the European Commission since that time.

The EBA set up key environmental indicators with concrete objectives to demonstrate the efficiency and effectiveness of its environmental management system. In 2021, the EBA completed key milestones in its journey towards certification which is expected in 2022. Following its successful registration, the EBA will continue to pursue its efforts to continuously improve its environmental performance and to reduce the impact of its operations on the environment.

⁽³⁶⁾ <https://ec.europa.eu/environment/emas/>

2.11. Assessment by management

2.11.1. Overall budget implementation rate

Despite the on-going disruption of the COVID-19 pandemic, the EBA managed to achieve a high budget execution rate on the 2021 budget (98.7%) and on commitments carried forward from 2020 (97.9%).

2.11.2. Legality and regularity

The control activities carried out on 2021 financial transactions and on the 2021 accounts included ex-ante and ex-post controls conducted by EBA staff, and the annual audit carried out by the ECA and Baker Tilly. Overall, these showed that verified transactions were in all material aspects legal and regular.

2.11.3. Validation of the accounting system

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

In December 2021, the financial systems of the EBA were validated by the accounting officer in compliance with Article 50(e) of the EBA Financial Regulation, on the basis of work carried out by an independent accounting firm.

2.11.4. Procurement procedures

In 2021, the EBA completed three procurement procedures above the directive threshold. These resulted in the award of contracts for green electricity supply, for data protection consultancy, and for medical services. The EBA also completed four calls for tenders in the form of negotiated procedures above EUR 15 000. These resulted in the award of a supply contract, an insurance broker contract, and two framework contracts.

The EBA increased its cooperation on procurement with the other ESAs and with EU agencies located in France in 2021. The EBA signed contracts for waste management, indoor plants, electricity, data protection consultancy, and medical services on behalf of the ESAs and other EU agencies.

Under the umbrella of the Operations Handbook initiative, Procurement has improved the documentation on the way it performs its tasks and processes. It has also started the process to onboard the Public Procurement Management Tool (PPMT) deployed by the European Commission.

Part III – Assessment of the effectiveness of internal control systems

3.1. Effectiveness of internal control systems

3.1.1. Risk management

In 2021, the EBA awarded a contract to Deloitte for support and advice in enhancing the compatibility of the EBA's current risk management programme with the COSO Enterprise Risk Management (ERM) framework.

The work with Deloitte, which started on 4 November, should lead to, amongst other things: a) reviewing, aligning and documenting risk management principles, policies and processes across the EBA; b) developing an ERM framework and methodology; c) establishing a common risk language/glossary and describing the EBA's risk appetite; d) implementing a risk-ranking methodology to prioritise risks within and across functions; e) establishing a risk committee to coordinate certain activities of the risk functions; f) establishing ownership for particular risks and responses; g) developing action plans to ensure the risks are appropriately managed; h) developing consolidated reporting for various stakeholders; i) monitoring the results of actions taken to mitigate risk.

The expected delivery of the work is as follows:

- Assessment phase – concluded on 21 December 2021.
- ERM system design phase – to start on 3 January 2022 and should conclude by 28 March 2022.
- The actual implementation phase of the ERM system should conclude by 27 May 2022
- Finally, the monitoring phase should span between 15 February and 15 August 2022.

Alongside the current work to enhance the EBA's risk management system, the EBA's management reviewed in 2021 its main risks, identifying the following key risks:

- Reputational and operational risk arising from potential misconduct relating to internal ethics requirements.
- Reputational and operational risk from legislative uncertainty regarding new tasks and powers due to ongoing legislative procedures.
- Reputational and operational risk from IT disruptions due to cyber-attacks.

In early 2021, the EBA was one of thousands of organisations that were subjects of a state actor's cyber-attack exploring zero day vulnerability in Microsoft Exchange. The EBA reacted immediately, stopping the breach, re-securing and fully restoring the service within 72h. A thorough forensic investigation revealed no indication of a data breach. Since the incident, the EBA has taken measures to heighten its cybersecurity defences, including security monitoring, endpoint security, identity protection, information protection and data leakage prevention. The EBA remains vigilant and committed to having cybersecurity at the core of its work and IT capabilities.

3.1.2. Ethics guidelines and conflict of interest policy

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

EBA staff and members of the EBA's governing bodies must submit annually a declaration of interests disclosing any interests that can conflict with the EBA's legitimate interests. The declarations of members of the governing bodies are published on the EBA's website, and so are those of the EBA's Chair, Executive Director and Directors.^[37] Alongside that regular obligation, all those actors are also reminded of their obligation to declare interests anytime in between the submission of annual declarations.

In 2021, the Ethics function was reorganised and became part of the Legal and Compliance Unit, and its Head of Unit was appointed Ethics Officer; a specific team (risk and compliance) supports his work on ethics. This change of organisation, supported with more dedicated staff, has allowed an intensification of the activities in the ethics area and the start of new projects in 2021, e.g. the review of the ethics framework, which should be submitted to DG HR for approval in 2022; the design of a new ethics training framework, including online modules to allow own-pace training; the setting up of an IT tool to handle all ethics-related processes; closer scrutiny of occupational activities after leaving the EBA, as per Article 16 of the Staff Regulations; etc.

^[37] <https://www.eba.europa.eu/conflicts-interest-members-governing-bodies-and-other-committees%C2%A0>

In particular on Article 16 of the Staff Regulations, the EBA started to publish in 2021 detailed information on leavers, as recommended by the European Ombudsman in its decision in case SI/2/2017/NF.^[38]

3.1.3. Anti-fraud measures

In the context of the reorganisation of the Ethics function, the responsibility for anti-fraud at the EBA was transferred to the Legal and Compliance Unit, whose risk and compliance team supports work on this matter.

The current anti-fraud strategy was reviewed by the EBA's Management Board on 22 January 2020.^[39] The EBA is committed to taking strong measures to prevent, address and mitigate any fraud, corruption or other illegal activity affecting the financial interests of the European Union, in accordance with the anti-fraud strategy.

In 2021, a fraud risk assessment (FRA) was conducted in June-July. A total of 50 strategic activities across the organisation were assessed by different assessment teams. A total of 6 activities were assessed as carrying a material fraud risk, 16 activities as carrying a medium fraud risk, and 28 as carrying a low fraud risk. No activities were assessed as being exposed to a significant (the highest score) fraud risk.

The following activities were assessed as material risk: a) communications with institutions and associations as well as with externals; b) issuance of debit notes to call in revenue; c) conflicts of interest and other ethics-related matters; d) contacts with stakeholders/government affairs consultants and similar organisations regarding regulatory products; and e) leaking of information concerning financial institutions, including from college participation.

The Management Board discussed the results of the 2021 FRA. An implementation plan was put in place in 2021-2022 focusing on the activities carrying a material and medium fraud risk with a view to reviewing currently applicable mitigating actions and to adopting strategies to deal with the residual risk. The actions resulting from the implementation plan should feed the 2022 FRA.

3.2. Conclusions of the assessment of internal control systems

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

In January 2019, the Management Board adopted the Revised Internal Control Framework, which is in line with the model of the European Commission and the Committee of Sponsoring Organisations (COSO).^[40] The revised framework entered into force on the day following its adoption.

The framework consists of 5 internal control components and 17 principles, which are further developed in 49 characteristics.

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

Following the assessment of internal controls, several principles were noted to benefit from some adjustments and improvements that would enhance the efficiency and effectiveness of the principle and its elements.

With view to upholding and enhancing the internal controls as a whole, an enhancement in the compatibility of the EBA's current risk management programme with the COSO Enterprise Risk Management Framework and intensification of the activities in the ethics area will be taken forward in 2022.

In addition to above, following his taking of his duties in September 2020, the new Executive Director, requested Internal Audit Services to carry out in 2021 an assessment of the existing EBA internal control framework to give reasonable assurances about the internal controls in place and areas for improvement, with the objective of further strengthening these.

^[38] <https://www.eba.europa.eu/about-us/ethics-eba/occupational-activities-after-leaving-eba>

^[39] https://www.eba.europa.eu/sites/default/documents/files/document_library/Calendar/EBA%20Official%20Meetings/2020/Management%20Board%20meeting%2022/01/881224/EBA%20MB%202020%20040%20rev.%201%20%28Final%20minutes%20-%20MB%2022%20January%202020%29.pdf

^[40] <https://www.coso.org/Pagesw/aboutus.aspx>

3.3. Statement of the manager in charge of risk management and internal control

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

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

Paris, 15 June 2022

Peter Mihalik
Internal Control Coordinator

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

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

Paris, 15 June 2022

Jonathan Overett Somnier
Risk Manager

Part IV – Management assurance

4.1. Review of the elements supporting assurance

The building blocks of assurance that are normally in place and were available to the Executive Director in 2021 are outlined below:

- **Audits:** throughout 2021, the Commission's Internal Audit Service conducted an in-depth risk assessment of the EBA and the Court of Auditors conducted a regular audit on financial accounts including a new horizontal review for all agencies on the assessment of the effectiveness of the conflicts of interest (C.o.I.) policy.
- **Monitoring and reporting:** this includes, for example, regular administrative and operational reports to the Management Board, internal monthly reporting, as well as regular ex-post control exercises on selected samples of transactions.
- **Certification of the Agency's year-end accounts by the Accounting Officer:** the Accounting Officer's certification of the provisional accounts by 1 March 2021 provided reasonable assurance to the Executive Director that the accounts present a true and fair view of the financial situation of the Agency.
- **Internal controls:** the Internal Control Coordinator ensures the effectiveness of the Agency's internal

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

4.2. Reservations

Not applicable.

4.3. Overall conclusions on assurance

The Executive Director, in his capacity as Authorising Officer, has signed the Declaration of Assurance, which accompanies this Consolidated Annual Activity Report.

Part V – Declaration of assurance

I, the undersigned, François-Louis Michaud, Executive Director of the European Banking Authority, in my capacity as authorising officer:

Declare that the information contained in this report gives a true and fair view.⁽⁴¹⁾

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

This reasonable assurance is based on my own judgment and on the information at my disposal such as the results of the ex-ante verifications and ex-post controls

performed during the year, or the reports of the Internal Audit Service and of the European Court of Auditors.

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

Paris, 15 June 2022

François-Louis Michaud

Executive Director of the European Banking Authority

⁽⁴¹⁾ True and fair view in this context means a reliable, complete and correct picture of the state of affairs.

Annex I – Core business statistics

Key performance indicators

1. Supporting deployment of the risk reduction package and the implementation of effective resolution tools

Indicator	Weight	Short description	Target in 2021	Type	Outcome
Number of technical standards, guidelines, report delivered ⁽⁴²⁾	100%	Number of technical standards, guidelines and reports delivered on time stemming from the implementation of the risk reduction package	9	Output	67%

The EBA delivered the six outputs listed below. Three outputs were delayed, reason being reprioritisation or resource constraints.

- Art. 74(3) of the CRD: Guidelines on sound remuneration policies and proportionally gender-neutral pay.
- Art. 74(3) of the CRD: Guidelines on internal governance.
- Art. 91(12) of the CRD: Guidelines on the assessment of the suitability of members of the management body and key function holders.
- Art. 396(3) of the CRR: Guidelines specifying the exceptional circumstances under which the large exposure limits may be breached and corrective measures.
- Art. 97(4a) of the CRD: Guidelines to specify how similar risk profiles shall be assessed for the purposes of the SREP.
- Art. 78(8) CRD: EBA shall develop draft implementing technical standards to specify: (a) the template, the definitions and the IT-solutions to be applied in the Union for the reporting referred to in paragraph 2; (b) the benchmark portfolio or portfolios referred to in paragraph 1.

2. Reviewing and upgrading the EU-wide EBA stress testing framework

Indicator	Weight	Short description	Target in 2021	Type	Outcome
Upgrade the ST methodology	100%	EBA to decide on the new stress test framework	Yes	Output	100%

3. Becoming an integrated EU data hub, leveraging the enhanced technical capability for performing flexible and comprehensive analyses

Indicator	Weight	Short description	Target in 2021	Type	Outcome
Ratio of banks reporting supervisory data to the EBA	100%	% of banks covering the EU financial assets	100%	Impact	100%

⁽⁴²⁾ Target

1. Art. 74⁽³⁾ of the CRD: Guidelines on sound remuneration policies and proportionally gender-neutral pay
2. Art. 75⁽³⁾ of the CRD: Guidelines on data collection of high earners
3. Art. 75⁽²⁾ of the CRD: Guidelines on benchmarking of remuneration practices
4. Art. 74⁽³⁾ of the CRD: Guidelines on internal governance
5. Art. 91⁽¹²⁾ of the CRD: Guidelines on the assessment of the suitability of members of the management body and key function holders
6. Art. 396⁽³⁾ of the CRR: Guidelines specifying the exceptional circumstances under which the large exposure limits may be breached and corrective measures
7. Article 394⁽⁴⁾ on draft RTS specifying the criteria for the identification of shadow banking entities
8. Art. 97^(4a) of the CRD: Guidelines to specify how similar risk profiles shall be assessed for the purposes of the SREP
9. Art. 78⁽⁸⁾ CRD: EBA shall develop draft implementing technical standards to specify: (a) the template, the definitions and the IT-solutions to be applied in the Union for the reporting referred to in paragraph 2; (b) the benchmark portfolio or portfolios referred to in paragraph 1.

4. Contributing to the sound development of financial innovation and operational resilience in the financial sector

Indicator	Weight	Short description	Target in 2021	Type	Outcome
A Proportion of policy responses to material risk findings in the area of innovation	80%	Proportion of policy responses (recommendation, GL, warning etc.) issued by EBA in relation to material risk issues stemming from financial innovation	80%	Outcome/results	90%
B Interaction with stakeholders in the context of the EBA FinTech hub	20%	Number of events organised to facilitate the exchange of information between competent authorities, ESAs, incumbent and new entrant institutions, technology providers and other market players about FinTech.	2 events/year	Impact	100%

KPI A: Substantial additional work in response to the call for advice on digital finance.

KPI B: Concretely, event on the “Call for advice on digital finance” in the auspices of the Knowledge Hub event, supervisory training via the EBA training platform (e.g. crypto and cloud) as well as ongoing engagement via EFIF.

5. Building the infrastructure in the EU to lead, coordinate and monitor AML/CFT supervision

Indicator	Weight	Short description	Target in 2021	Type	Outcome
A Ratio of technical standards, guidelines, opinions, advice, and reports delivered by the EBA, over all such instruments conferred on the EBA ⁽⁴³⁾	60%	The EBA has to deliver a number of legal instruments in fulfilment of mandates under EU law or requests by the EU Council, EU Parliament or EU Commission.	90%	Output	90%
B Ratio of EU jurisdictions assessed through EBA staff-led AML supervision reviews, over all EU jurisdictions	20%	The EBA is carrying out staff-led reviews of competent authorities' approaches to the supervision of AML requirements across all 27 EU Member States. Each review takes 6-8 weeks to prepare, carry out and complete, involves a 3-4 day on-site visit, and is followed up with an authority-specific feedback letter. The task will take several years to complete, started in 2019Q3, and had to be suspended in 2020Q2 due to COVID-19 related travel restrictions. By end 2021, the EBA aims to have carried out a review of the authorities in at least half of the 27 EU Member States. However, the speed of progress is not entirely in the EBA's control, as the timing of the reviews needs to accommodate related reviews by the Council of Europe, FATF and Moneyval.	50%	Output	89%
C Ratio of number of AML college meetings attended by the EBA, over all such meetings known to the EBA.	10%	In fulfilment of its enhanced mandate to lead, coordinate and monitor the fight against money laundering and terrorist financing (ML/TF) in the EU, the EBA will inter alia attend meetings of AML colleges organised by national competent authorities. During college meetings, national authorities coordinate their AML supervision approach towards a particular legal entity. The EBA will be attending as an observer, ensure a consistent application of the EBA “Colleges” Guidelines that the EBA had issued in 2019 in support of such colleges, and will write feedback letters to the authority that organised the college. The EBA aims to attend 70% of the colleges meetings it has been made aware of, up to a maximum of 15 per calendar year.	70%	Output	100%

⁽⁴³⁾ Target:

- Final GL on compliance officers
- Incorporation of AML aspects into three prudential GLs
- Report on EBA staff-led reviews of NCAs' approaches to AML supervision
- Final revised GL on risk-based supervision
- Final Draft RTS under Article 9a (use of data)
- Final Draft RTS under Article 9a (data base information)

Indicator	Weight	Short description	Target in 2021	Type	Outcome
D Ratio of number of national AML authorities supplied with access credentials to the EBA's new AML database, over all national AML authorities	5%	The EBA is mandated to develop technical standards for the setting up of a central AML database for use by the EBA and national authorities. The technical standards will be developed by 2021Q2, with the IT development of the database completed by end 2021. The KPI therefore is to be applied at the very end of 2021. It will measure the ratio of authorities that have been supplied by the EBA with the access credentials to the database over all authorities that are legally entitled to access the database.	100%	Output	100%
E Availability of the EBA's central database; percentage Uptime	5%	Once developed, the EBA's central database should be accessible to NCAs and EBA staff at a high level of reliability. The availability should be calculated as 100% minus the percentage downtime, using the total number of seconds the database was down in a 24-hour period, starting and ending at midnight. Once the functionality of the database is known at the end of 2020, additional KPIs can be defined that apply from 2022 onwards.	100%	Output	100%

KPI A: In 2021, the EBA delivered four legal AML/CFT instruments and consulted on a further two:

- The RTS on a central EU AML/CFT database
- The revised Guidelines on ML/TF risk factors under Art. 17 and 18(a) of the AMLD
- The revised Guidelines on risk-based AML/CFT supervision under Art. 48 of the AMLD
- The Opinion on ML/TF risk under Art. 6(5) of the AMLD
- Consultation on ROB GL
- Consultation on AML compliance officers

The EBA further issued five legal instruments that set out how supervisors and financial institutions should tackle ML/TF risk from a prudential perspective:

- Art. 8 of the CRD: GL on common assessment methodology for the authorisation of institutions
- Art. 91(12) of the CRD: Guidelines on the assessment of the suitability of members of the management body and key function holders
- Art. 74(3) of the CRD: Guidelines on internal governance
- Art. 50a, 57a and 57b of Directive (EU) 2015/849 (The Fourth EU Anti-Money Laundering Directive): GL specifying the manner of cooperation and information exchange between CAs, financial intelligence units and other authorities

- Art. 97(4a) of the CRD: Guidelines to specify how similar risk profiles shall be assessed for the purposes of the SREP

The EBA further issued three reports on topics relating to the fight against ML/TF:

- Third country branches
- RegTech
- Peer review on the prudential assessment of qualifying holdings

KPI B: In 2021, the EBA carried out seven staff-led reviews of competent authorities' approaches to AML/CFT supervision. Six of these reviews were conducted concurrently with the Council of Europe. Overall, the EBA has carried out reviews of 14 competent authorities in 12 EU/EEA Member States so far.

KPI C: In 2021, competent authorities established 120 AML/CFT colleges with the support of EBA staff. There are now 137 AML/CFT colleges in the EU. EBA staff also provided training to more than 250 staff from competent authorities to build capacity and facilitate the consistent and effective application of the ESAs' AML/CFT colleges guidelines. EBA staff attended 37 AML/CFT colleges and shared their observations on the functioning of those colleges bilaterally with competent authorities as necessary.

KPI D: The EBA issued the RTS on the AML/CFT database in December 2021. The IT development of the database was delayed slightly, and EuReCA was launched successfully on 31 January 2022. By 31 January 2022, 93% of CAs that are direct submitters to EuReCA had been granted access.

KPI E: N/CA. The EBA's database was launched in January 2022.

6. Providing the policies for factoring in and managing ESG risks

Indicator	Weight	Short description	Target in 2021	Type	Outcome
Timely delivery of mandates in the area of ESG ⁽⁴⁴⁾	100%	Number of technical standards and guidelines delivered on time relating to environmental, social and governance factors	3	Output	100%

⁽⁴⁴⁾ Target
 1. Joint RTS on ESG disclosure standards for financial market participants
 2. Report on the incorporation of ESG into risk management and supervision
 3. Sustainable finance Pillar 3 - Amendment to P3 ITS

Annex II – Budgetary and financial management

Revenue

As stipulated by the EBA Founding Regulations, the revenues of the Authority shall consist, in particular, of:

- obligatory contributions from national public authorities competent for the supervision of financial institutions;

- a subsidy from the European Union;
- any fees paid to the Authority in the cases specified in the relevant instruments of the Union law.

The Financial Regulation also enables the Authority to collect revenue assigned to specific items of expenditure (in accordance with Article 20(7) of the FR).

Comparison of 2021 and 2020 revenues (executed budget)

REVENUES	2021	2020
1. REVENUE FROM FEES AND CHARGES		
2. EU CONTRIBUTION	18 819 344	17 813 773
of which assigned revenues deriving from previous years' surpluses	312 404	153 633
3. THIRD COUNTRIES' CONTRIBUTION	909 492	798 399
of which EFTA	909 942	798 399
of which candidate countries		
4. OTHER CONTRIBUTIONS	29 550 787	29 114 361
of which EFTA NCAs		
of which delegation agreement, ad hoc grants		
5. ADMINISTRATIVE OPERATIONS*	741 471	580 536
6. REVENUES FROM SERVICES RENDERED AGAINST PAYMENT		
7. CORRECTION OF BUDGETARY IMBALANCES		
TOTAL REVENUES	50 021 094	47 508 670

* The administrative operations revenue line includes a contribution received from the French government towards the building charges, taxes, and rental costs of the Paris offices. This contribution amounted to EUR 575 000 in 2021.

Expenditure

Budget execution on current year's budget

In the tables below, the figures in the "Adopted budget" column are the 2021 appropriations amounts after taking account of the amending budget and all transfers.

Budget execution of 2021 funds by title

2021-C1	Adopted Budget	Committed	%	Paid	%	Carried Forward	% CF
	A	B	C=B/A	D	E=D/A	F	G=F/A
I: Staff Related	30 829 108	30 167 835	97.9%	29 848 485	98.9%	319 350	1.1%
II: Administrative	10 471 743	10 430 219	99.6%	7 350 523	70.5%	3 079 696	29.5%
III: Operational	7 831 759	7 801 917	99.6%	4 068 801	52.2%	3 733 116	47.9%
TOTAL	49 132 610	48 399 971	98.5%	41 267 809	85.3%	7 132 162	14.7%

The EBA achieved a 98.5% budget execution in 2021 on a total budget (after amendment) of EUR 49 132 610. This results in a draft budgetary surplus of EUR 996 460, taking account of exchange differences and miscellaneous revenue.

The proportion of funds carried forward into 2022 (14.7%) is higher than that of the previous year (8.9% into 2021). The carry forward into 2022 is made up of 124 budgetary commitments, compared to 95 in the previous year. There

are several factors at play here. Although the EBA is carrying forward a larger number of commitments, just seven of these account for 51% of the total carry forward amount. These commitments include: ongoing IT support and maintenance costs where invoicing is quarterly after the fact; IT projects that kicked off in the second semester where there has as yet been no invoicing; and cost of large translation jobs requested in the final two months of 2021.

Budget execution of 2021 funds by chapter

Chapter	Budget	Total commitments		Total payments		Carry forward	
	A	B	C=B/A	D	E=D/A	F	G=F/B
Title 1. Staff expenditure	30 829 108	30 167 835	98%	29 848 485	97%	319 350	1%
11 Staff in active employment	26 945 194	26 757 595	99%	26 750 188	99%	7 406	0%
11.33 Employer's pension contributions	2 005 804	2 005 804	100%	2 005 804	100%	-	0%
12 Expenditure relating to staff management and recruitment	371 023	250 609	68%	250 409	67%	200	0%
13 Mission expenses, travel and incidental expenses	26	14	55%	-	0%	14	100%
14 Socio-medical infrastructure	699 738	584 622	84%	537 095	77%	47 527	8%
15 Training	513 856	355 422	69%	149 720	29%	205 701	58%
16 External services	196 106	195 034	99%	146 540	75%	48 494	25%
17 Representation expenses, receptions and events	97 361	18 735	19%	8 728	9%	10 007	53%
Title 2. Administrative expenditure	10 471 743	10 430 219	100%	7 350 523	70%	3 079 696	30%
20 Rental of building and associated costs	3 275 726	3 272 940	100%	3 202 768	98%	70 173	2%
21 Information and communication technology	5 984 326	5 955 268	100%	3 322 272	56%	2 632 996	44%
22 Movable property and associated costs	-	-	-	-	-	-	-
23 Current administrative expenditure	671 110	663 731	99%	388 769	58%	274 962	41%
24 Postage and telecommunications	64 227	62 127	97%	58 362	91%	3 765	6%
25 Information and publishing	-	-	-	-	-	-	-
26 Meeting expenses	-	-	-	-	-	-	-
27 Information and publishing	476 354	476 152	100%	378 353	79%	97 800	21%
28 Studies	-	-	-	-	-	-	-
Title 3. Operational expenditure	7 831 759	7 801 917	100%	4 068 801	52%	3 733 116	48%
31 General operational expenditure	3 147 552	3 117 779	99%	1 795 147	57%	1 322 633	42%
32 IT expenses for operational purposes	4 684 206	4 684 138	100%	2 273 655	49%	2 410 484	51%
Grand total	49 132 610	48 399 971	99%	41 267 809	84%	7 132 162	15%

Initial and amending budgets

The initial budget for the year was EUR 49 193 495. In December 2021, the BoS adopted an amending budget that reduced the EBA's total budget by EUR 60 885.06.

The amending budget was driven by the difference between the initial amount budgeted for pension costs (EUR 2 066 689.10) and the actual 2021 pension cost (EUR 2 005 804.06).

Initial and amending budgets 2021 – Revenue

Revenue source	Initial appropriations	Amending budget	Final appropriations
	<i>A</i>	<i>B</i>	<i>C = A + B</i>
EU subsidy	18 506 940		18 506 940
National Competent Authority contributions - EU Member States	29 765 036	- 59 057	29 705 979
National Competent Authority contributions - Observer States	921 518	- 1 828	919 690
TOTAL	49 193 495	- 60 885	49 132 610

Initial and amending budgets 2021 – Expenditure

Budgetary expenditure 2021	Initial appropriations	Amending budget	Transfers	Final appropriations
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D = A + B + C</i>
Title 1. Staff expenditure	32 189 044	- 60 885	- 968 163	31 159 996
Salaries & allowances	27 735 252	–	- 790 058	26 945 194
Employer's pension contributions	2 066 689	- 60 885	–	2 005 804
Expenditure relating to staff recruitment and management	673 499	–	- 44 928	628 571
Mission expenses	83 784	–	- 32 756	51 028
Socio-medical infrastructure	788 566	–	- 66 490	722 076
Training	572 769	–	- 58 913	513 856
External services	160 535	–	35 571	196 106
Receptions and events	107 950	–	- 10 589	97 361
Title 2. Administrative expenditure	8 876 243	–	1 264 613	10 140 856
Rental of building and associated costs	3 302 980	–	- 27 254	3 275 727
Information and communication technology	4 399 066	–	1 254 372	5 653 438
Current administrative expenditure	654 853	–	16 257	671 110
Postage/telecommunications	123 600	–	- 59 373	64 227
Information and publishing	–	–	–	–
Meeting expenses	–	–	–	–
Information and publishing	395 743	–	80 611	476 353
Studies	–	–	–	–
Title 3. Operational expenditure	8 128 208	–	- 296 450	7 831 758
General operational expenditure	3 548 045	–	- 400 494	3 147 551
IT expenses for operational purposes	4 580 163	–	104 043	4 684 206
TOTAL	49 193 495	- 60 885	–	49 132 610

Budgetary execution in 2021 on carry-forward from 2020

Title	Carry forward	Paid	%	Cancellation
	<i>A</i>	<i>B</i>	<i>C = B / A</i>	<i>D = B - A</i>
I: Staff related	472 365	448 758	95.00%	23 606
II: Administrative	1 925 453	1 864 951	96.86%	60 501
III: Operational	1 715 902	1 713 142	99.84%	2 760
TOTAL	4 113 719	4 026 852	97.89%	86 867

Execution of the appropriations carried forward from 2020 was 97.9% and so above the 95% threshold required by DG BUDG. The table below explains the reason for the

more significant decommitments, accounting for over 58% of the decommitments by value.

Explanation of significant decommitments

User reference	Commit. Nr	Original CF	Paid in EUR	Cancelled	%
20217 JIRA MANAGED SERVICES	EBA.4412	52,039.68	-32,524.80	-19,514.88	38%
A time and means contract was set up for the jira implementation support, however less time was required to implement the scope of the specified solution design than had initially been estimated.					
20234 CMS - PREMISES LEGAL ADVICE	EBA.4077	18,405.00	—	-18,405.00	100%
This amount was carried forward on the expectation that the external lawyers would present invoices for additional hours worked on exiting the London premises lease. In 2021, the law firm confirmed that they would not be presenting any further invoices.					
EUROPEAN SCHOOL-NURSERY, PRIMARY AND SECONDARY-SCHOOL YEAR 2019/2020 AND 2020/2021.	EBA.4238	280,679.52	-265,693.82	-14,985.70	5%
The amount carried forward was a best estimate, as this was the first year that the EBA was to be charged by the European School.					
EUROPEAN DYNAMICS ADDITIONAL SUPPORT HOURS AND CHANGES REQUIRED: 03/11/20 TO: 02/05/21	EBA.4292	19,878.75	-9,393.93	-10,484.82	53%
Some of the services initially expected to be carried out by European Dynamics were in fact carried out by DIGIT services and so not charged by European Dynamics.					
EC MEDICAL SERVICE BRUSSELS - SLA	EBA.3986	8,147.00	-1,445.00	-6,702.00	82%
HR requested the carry forward amount based on information received by staff in the lead up to year end. However, due to COVID-19 restrictions many staff members were unable to attend the already booked annual medical visits by own doctor.					
2020-PARIS-EMAS PROJECT CONSULTANCY-PREDEFINED ASSIGNMENT-FWC-ORDER 01-21 SOLUTIONS	EBA.3967	25,918.75	-20,735.00	-5,183.75	20%
Due to the delay of the EMAS Project, caused by the COVID-19 pandemic and the challenges of finding an EMAS external verifier, phase 5 of the project had to be postponed to Q1 2022. Therefore, the last payment of 10% was not possible in 2021 from C8 funds.					
WACS II ANNUAL USAGE, WEB & AUDIO CONFERENCING CISCO WEBEX, BT MEETME 01/01/20 TO:31/12/20 - S.C.55	EBA.3884	11,376.69	-8,801.15	-2,575.54	23%
Carry forward was overestimated.					
TOTAL		416,445.39	-338,593.70	-77,851.69	

Budget outturn

Budget outturn for 2021 and 2020

Movement		2021	2020
European Commission subsidy	+	18 506 940	17 660 140
Surplus year n-2	+	312 404	153 633
Contributions from National Competent Authorities	+	29 550 787	28 315 961
Contributions from Observers	+	909 492	798 399
Contribution from the French government	+	575 000	500 000
Bank interest	+	8	1 352
Other income	+	166 463	79 184
TOTAL REVENUE (a)		50 021 094	47 508 670
EXPENDITURE			
Title I: Staff			
Payments	-	29 848 485	27 652 363
Appropriations carried over	—	380 098	472 842
Title II: Administrative expenses			
Payments	—	7 955 837	14 457 546
Appropriations carried over	—	3 108 413	1 988 129
Title III: Operating expenditure			

Movement		2021	2020
Payments	—	4 068 801	2 447 967
Appropriations carried over	—	3 809 821	1 715 902
TOTAL EXPENDITURE (b)		49 171 454	48 734 748
OUTTURN FOR THE FINANCIAL YEAR (a-b)		849 641	-1 226 078
Cancellation of unused payment appropriations carried over from previous year	+	86 867	360 807
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	63 153	1 834 177
Exchange differences for the year (gain +/loss -)	+/-	-3 200	- 110 256
BUDGET RESULT FOR THE FINANCIAL YEAR		996 460	858 650

French government contribution

In accordance with the schedule of contributions agreed between the French government and the EBA, the French

government made a payment of EUR 575 000 to the EBA in February 2021. Along with the remaining balance from the previous year, these funds were used to pay for rent and building charges on the Europlaza building.

French government contribution

Budget line	FR Contribution	Committed	% commit.	Paid	% paid
Rent of building	599 703	599 703	100%	599 703	100%
Utilities	5 610	5 610	100%	5 610	100%
Taxes	—	—	—	—	—
TOTAL	605 313	605 313	100%	605 313	100.00%

Financial management

Financial statistics

Commitment transactions by fund source

	Total		Current year		Carried forward	
	Vol.	EUR	Vol.	EUR	Vol.	EUR
New	376	22 888 258	375	22 288 555	—	—
Top-up	143	27 726 897	143	27 726 897	—	—
Decomm	167	-1 713 850	136	-1 615 481	29	- 86 867
TOTAL	686	48 901 305	654	48 399 971	29	- 86 867
2020 totals	770	48 316 855	680	46 326 502	76	- 314 463
% change	-10.9%	1.2%	-3.8%	4.5%	-61.8%	-72.4%

Payment transactions by fund source

	Total		Current year		Carried forward	
	Vol.	EUR	Vol.	EUR	Vol.	EUR
Supplier invoices	734	18 797 675	613	14 182 970	119	4 009 391
Mass payment load	69	27 032 549	66	27 023 527	3	9 022
Other payments	61	69 750	54	61 311	7	8 439
TOTAL	864	45 899 974	733	41 267 809	129	4 026 852
2020 totals	1 163	49 367 094	836	42 212 782	317	4 855 563
% change	-25.7%	-7.0%	-12.3%	-2.2%	-59.3%	-17.1%

Mass payment load (MPL) is a batch processing functionality used for paying staff salaries, SNE and trainee allowances, and for reimbursement of staff mission and interview candidates' expenses. Further detail of the MPL is shown in a separate table later on in this section.

Other payments include the salary run, miscellaneous staff reimbursements, reimbursement of expenses to externals (BSG, BoS members and speakers) and a small number of regularisations.

Supplier invoice statistics

Payment deadlines	Number of payments	Payments within deadline	%	Average payment times	Late payments	%
days	volume	volume	%	days	volume	%
10	13	13	100%	8	—	0%
15	24	24	100%	8	—	0%
30	713	708	99%	15	5	0.7%
45	1	1	100%	4	—	0%
60	—	—	—	—	—	—
TOTAL	751	746	99%	9	5	0.7%

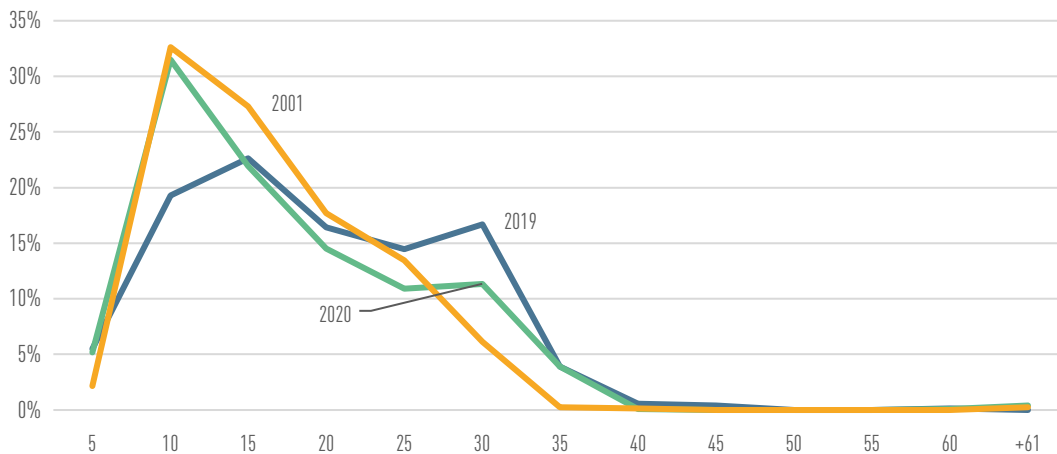
Invoice processing statistics 2021 and 2020

	2021	2020
Total number of invoices paid	751	943
Late registration (> 7 days)	9	13
Invoices paid after the deadline (nr.)	5	42

In 2021, the EBA paid only five invoices after the due date. This is an improvement compared to 2020 where 42 invoices were paid after the due date. None of the late payments in 2021 resulted in late payment interest.

The chart overleaf compares payment timing in 2021 with previous years, by blocks of five days, e.g. in 2021, 33% of payment requests were paid within 10 days and 27% of payment requests paid within 15 days of receipt, which is an improvement on the 2020 execution of payments. When comparing these percentages, please note that the figures are for supplier invoices only - they exclude all reimbursements to individuals.

The EBA is paying its suppliers more quickly



Supplier invoice suspensions

All payments (year)	Number of invoices	Suspended invoices		Average suspension
	volume	volume	%	days
2021	751	79	11%	32
2020	943	71	8%	60

The EBA is measuring suspensions with the aim of reducing the proportion of invoices suspended, so as to reduce the time consumed by these transactions. Suspended invoices have increased slightly compared to 2020, due to mostly delays in supplier response. However, the average number of suspension days has decreased, indicating a faster turnaround time than the previous year.

Mass payment load statistics 2021

Type	Number of batches	Total individual payments	Average number of payments per batch	Total value of payments	Average value of payments per batch
	volume	volume	volume	EUR	EUR
Missions' claims	1	6	6	1 179	1 179
Reimbursements	29	231	8	69 076	2 382
SNE payments	13	148	11	875 012	67 309
Salary payments	12	2 348	196	25 665 058	2 138 755
Trainee payments	14	254	18	422 224	30 159
TOTAL	69	2 987	43	27 032 549	391 776

Procurement statistics

EBA competitive procurement procedures completed in 2021

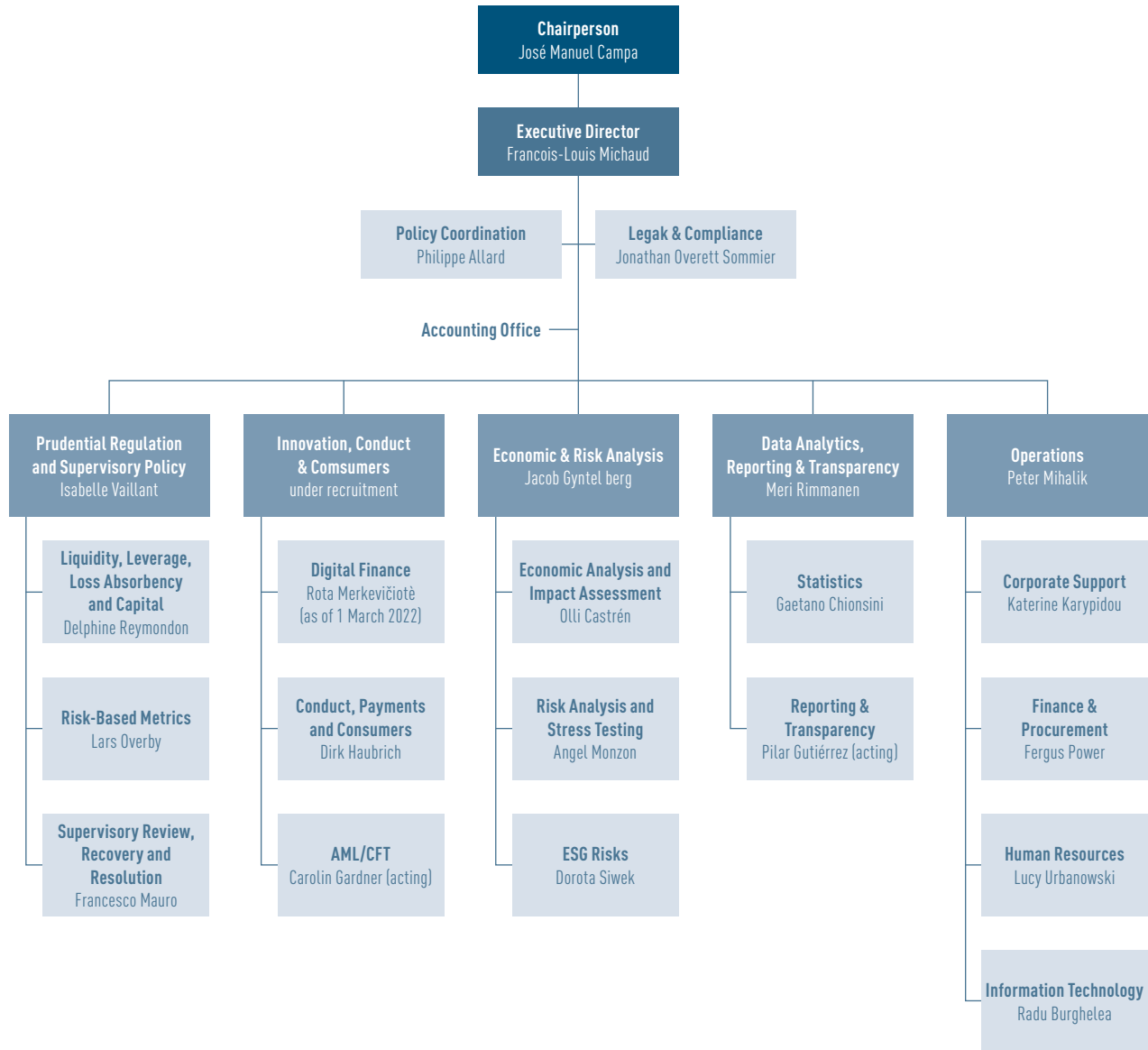
Subject	Contract signature date	Maximum value in EUR
Waste management services	01/02/2021	105 000
Insurance broker services	01/04/2021	30 000
Indoor plants and flowers	28/05/2021	100 000
Green electricity II	01/06/2021	200 336
COVID-19 auto-tests	25/07/2021	24 000
Data protection services	15/11/2021	6 149 760
Medical services	29/12/2021	1 266 300

All the above procedures were run by the EBA as inter-institutional procedures with the exception of Insurance brokerage services and COVID-19 tests. The Data protection advice, consultancy and related services procurement was run on behalf of CEDEFOP, CPVO, Eurofound, ECB, GSA, EIOPA, EMA, ESMA, Frontex and EIGE.

In 2021, the EBA participated in 31 interagency procurement procedures led by the European Commission and other agencies. The EBA also makes extensive use of service level agreements (SLAs) and memoranda of understanding (MoUs) with DG DIGIT, DG HR, DG BUDG, PMO, CdT and the Publications Office of the EU.

Annex III – Organisational chart (as of 31 December 2021)

31 December 2021



Annex IV – Establishment plan and additional information on Human Resources management

EBA Establishment plan 2021

Category and grade	Establishment plan in EU budget 2021		Filled as of 31/12/2021	
	Officials	TA	Officials	TA
AD 16		1		0
AD 15		1		1
AD 14		6		3
AD 13		2		0
AD 12		8		7
AD 11		12		5
AD 10		12		17
AD 9		22		22
AD 8		26		25
AD 7		21		29
AD 6		20		24
AD 5		20		9
Total AD		151		142 (*)
AST 11		0		0
AST 10		0		0
AST 9		0		0
AST 8		0		0
AST 7		0		0
AST 6		3		1
AST 5		4		2
AST 4		2		2
AST 3		1		3
AST 2		1		3
AST 1		0		0
Total AST		11		11
AST/SC 6		0		0
AST/SC5		0		0
AST/SC4		0		0
AST/SC3		0		0
AST/SC2		0		0
AST/SC1		0		0
Total AST/SC		0		0
TOTAL		162		153 (**)

(*) Nine AD positions have not been offered by 31 December 2021.

(**) The filled posts include four temporary agent offers that were made by 31 December 2021.

Information on the entry level for each type of post: Indicative table

Key functions	Type of contract	Function group, grade of recruitment
Head of Department, Deputy Director etc.	TA	AD 12
	L-1	
Head of Unit, Head of Business Area	TA	AD 9
	L-2	
Head of Sector	n/a	n/a
Senior Officer, Senior Specialist etc.	TA	AD 8-9
Officer, Specialist	TA/CA	AST 4/AD 6-7-8
Junior Officer	TA	AD 5
Senior Assistant	CA	FG III
Junior Assistant	n/a	
Head of Administration	TA	AD 12
Head of Human Resources	TA	AD 10
Head of Finance	TA	AD 10
Head of IT	TA	AD 10
Secretary	CA	FG III
Mail Clerk	n/a	
Webmaster – Editor	CA	FG IV
Data Protection Officer	TA	AD 6
Accounting Officer	TA	AD 6
Internal Auditor	n/a	
Secretary to the Director	CA	FG IV

Annex V – Human and financial resources by activity

	Activity	TA	CA	SNE	FTE	Cost (EUR)
1	Capital	3	–	–	3	788,618
2	Liquidity risk & interest rate risk in banking book	1	–	–	1	250,297
3	Leverage ratio	1	–	–	1	250,975
4	Loss absorbency	1	–	–	1	250,297
5	Accounting and audit	4	–	–	4	957,650
6	Large exposures	1	–	–	1	250,297
7	Credit risk	7	1	–	8	1,894,888
8	Market risk	5	–	–	5	1,191,122
9	Operational risk and investment firms	2	–	1	3	614,520
10	Supervisory review	3	–	1	4	917,635
11	Internal governance and remuneration	4	–	–	4	955,916
12	Recovery and resolution	4	–	–	4	955,916
13	Reporting	4	1	–	5	1,155,315
14	Transparency	1	–	–	1	398,249
15	Loans management and valuation	2	–	–	2	485,503
16	Market access, authorisation, and equivalence	2	–	–	2	485,503
17	Banking markets, securitisation, covered bonds and sustainable finance	4	1	3	8	1,508,412
18	Innovation and FinTech	6	–	1	7	1,776,392
19	Consumer and depositor protection	4	–	2	6	1,297,237
20	Payment services	2	–	2	4	953,438
21	Anti-money laundering and combating the financing of terrorism	7	4	–	11	3,445,063
22	Risk analysis	4	–	2	6	1,326,573
23	Stress testing	4	1	3	8	1,576,320
24	Data analysis and infrastructure	1	6	–	7	3,336,329
25	Statistical tools	2	4	–	6	1,548,701
26	Ad hoc data collections	2	2	–	4	816,393
27	Management of notification process	–	–	–	–	–
28	Economic analysis and impact assessment	7	1	1	9	2,023,905
29	Preparing for potential risks around the withdrawal of the UK from the EU	–	–	–	–	–
30	Policy coordination and communication	3	6	1	10	2,059,798
31	Q&As	5	1	1	7	1,538,402
32	Training for competent authorities	–	3	–	3	512,200
33	Legal services	10	1	1	12	2,928,595
34	Finance, procurement and accounting	8	2	–	10	2,533,839
35	Human resources	4	2	–	6	1,291,595
36	Information technology	15	2	–	17	4,909,838
37	Corporate support	3	3	–	6	1,214,240
	Management and support	26	9	–	35	–
	Total	162	50	19	231	48,399,971

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

Not applicable as the EBA did not participate in any such agreements in 2021.

Annex VII – Environmental management

2021 was the second year of setting up the Eco-Management and Audit Scheme (EMAS) at the EBA. During this period, we completed all necessary steps of the EMAS Plan-Do-Check-Act cycle.

- In May 2021, we communicated the carbon footprint calculations for 2020. Travels of our visitors to EBA meetings remained the main source of greenhouse

gas emissions (83%), followed by energy consumption in the building (8%) and staff missions (5%).

- In June 2021, we established roles and responsibilities within the Environmental Management System. We also appointed Environmental Coordinator and top management representative – Katerina Karypidou, Head of Unit Corporate Support.



- In June 2021, we finalised the EMAS communication strategy and visual identity under the theme “Sustainability and beyond” and tagline “Together we can make a difference”. Throughout the year, we regularly communicated on environmental and ESG matters through, among others, the staff newsletter and the EBA intranet. Between September and December 2021, we implemented the EMAS communication campaign with the focus on five improvement areas: travel, energy, waste, procurement, and core business.
- In July and November 2021, we held the first EMAS internal audits. The auditors underlined that *environmental matters and concerns are part of the EBA’s premises management, activities and missions; the European Banking Authority complies with most of the essential requirements for validation according to EMAS-Regulation 2017/1505; and that the Environmental Management System seems to be well embedded in top management and implemented in a target-oriented manner.*
- In September 2021, we performed the first management review, with the Executive Director concluding that *the Environmental Management System at the EBA was suitable, adequate and effective.* We also finalised the drafting of the environmental statement sub-

ject to the first external verification and validation in 2022Q1.

- In October 2021, we adopted procedures on sustainable missions and sustainable meetings, aiming at achieving the SPD’s targets of reducing on-site meetings and staff missions by 50% in 2022 in comparison to 2019.
- In November 2021, we published a [Statement in the context of COP26](#), which highlighted the EBA’s efforts to update and enhance the entire supervisory and prudential regulatory framework in the environmental, social and governance (ESG) domain.
- In December 2021, we updated the Environmental Policy, where we clarified the current scope of the Environmental Management System, applicable to all the EBA’s activities and products. Consequently, EMAS covers operational activities in Paris as well as core business activities and products, carried out with a view to maintaining financial stability in the EU and to safeguarding the integrity, efficiency and orderly functioning of the European banking sector.
- Finally, we complied with numerous local environmental regulations, such as reporting our mobility plan and carbon footprint to French authorities.

Annex VIII – Final annual accounts

Please refer to the file enclosed.

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