

5. Auditor's Report

Report on the financial statements

Audit opinion

We have audited the attached financial statements of the

Financial Market Authority (FMA), Vienna,

consisting of the balance sheet as at 31 December 2018, the income statement for the financial year ending on the reporting date as well as the notes. The statement of costs pursuant to Article 19 FMABG was part of the audit.

Based on our evaluation the enclosed annual financial statement complies with the legal provisions and present as true a depiction as possible with respect to the net assets and the financial position of the resolution financing arrangement as at 31 December 2018 as well as the results of the operations for the financial year ending on this reporting date in accordance with the regulations set out in Austrian commercial law. The statement of costs pursuant to Article 19 FMABG complies with the statutory provisions.

Basis for the audit opinion

We have carried out our audit in accordance with the Austrian principals on sound auditing practices. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities in accordance with these rules and standards are covered in the section "responsibilities of the auditor for the auditing of the annual financial statements" are described in greater detail in the audit opinion. We are independent of the FMA in accordance with regulations under Austrian corporate and professional law and have fulfilled all other professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is both adequate and suitable to serve as a basis for our audit opinion.

Responsibilities of the legal representatives and the supervisory board for the annual financial statement

The legal representatives of the Financial Market Authority (FMA) are responsible for the drawing up of the annual financial statement and for ensuring that it presents as true as possible a picture of the net assets, financial position and results of operations of the FMA in accordance with the regulations under Austrian commercial law. Moreover, the legal representatives are responsible for the internal checks, which they deem necessary, in order to enable the drawing up of an annual financial statement that is free of false statements, whether intentional or not.

In drawing up the annual financial statement the legal representatives are responsible for assessing the ability of the FMA to continue operating, stating where relevant circumstances in relation with continuing of operations, as well as for applying the accounting framework for the continuation of operations.

The supervisory board is responsible for the monitoring of the FMA's accounting process.

Responsibilities of the auditor for the auditing of the annual financial statement

Our objectives are to obtain a sufficient degree of certainty about whether the annual financial statement as a whole is free from material incorrect statements, whether intentional or not, and to issue an audit opinion containing our audit assessment. A sufficient degree of certainty means a high level of certainty, but does not constitute a guarantee that the auditing of the financial statement conducted in accordance with Austrian principles on sound auditing practices always identifies a material incorrect statement, in the case that such a statement exists. Incorrect statements may arise from fraudulent acts or errors, and shall be considered to be material, where it could be reasonably expected either on an individual basis or as a whole, that they influence the financial decisions of beneficiaries taken on the basis of this annual financial statement.

As part of an audit conducted in accordance with the Austrian principles on sound auditing practices, that require the application of the International Standards on Auditing (ISA), we exercise profession judgement and scepticism for the entire duration of our duties of the auditing of the financial statement.

In addition:

- We identify and assess the risks of material incorrect statements in the financial statement, whether intentional or not, plan and conduct audit activities as a reaction to such risks, and obtain audit evidence, that are both adequate and suitable to serve as a basis for our audit opinion. The risk that material incorrect statements resulting from fraudulent acts are not identified is greater than the risk resulting from errors, since such fraudulent acts may consist of fraudulent collaboration, forgery, intentional deficiencies, misleading statements, or the bypassing of internal control measures.
- We gain an understanding about the internal control system that is relevant for the audit, in order to plan audit activities that are appropriate in light of the existing circumstances, but which do not have the objective of delivering an audit opinion on the effectiveness of the FMA's internal control system.
- We assess the appropriateness of the accounting methodology applied by the legal representatives as well as the viability of the estimated values presented by the legal representatives in the accounting framework and the related details.
- We draw conclusions about the appropriateness of the application by the legal representatives of the accounting principle of the continuation of business operations, as well as on the basis of the audit evidence, whether material uncertainty exists in conjunction with events or circumstances that may place considerable doubt on the ability of the FMA to continue to operate. In the event that we reach the conclusion that material uncertainty exists, we are obliged to mention the relevant details in the annual financial statement in our audit opinion, and in the case that these details are inappropriate to modify our audit opinion. We base our conclusions on the audit evidence obtained up until the date of our audit opinion. Future events or circumstance may however have the consequence of the FMA having to decide not to continue business operations.
- We assess the overall presentation, structure and content of the annual financial statement including details as well as whether the annual financial statement represents the underlying transactions and events in such a way to obtain as accurate an impression as possible.

- We exchanged views with the supervisory board of the FMA on the proposed scope and proposed timing of the audit engagement as well as about significant audit findings, including any significant deficiencies in the internal control system that we become aware of during our audit engagement.

Report on the Management Report

The management report must be audited on the basis of the regulations in Austrian commercial law, about whether it is consistent with the annual financial statement and whether it was drawn up in accordance with the applicable legal requirements.

The legal representatives are responsible for the drawing up of the management report in accordance with the regulations under Austrian commercial law.

We conducted our audit in accordance with the professional principles on the auditing of the management report.

Opinion

We assess that the management report has been drawn up in accordance with the applicable legal requirements and is consistent with the annual financial statement.

Declaration

In light of the insights gained in the auditing of the annual financial statement and the understanding about the FMA and its environment, no material incorrect details were identified in the management report.

Vienna, 8 April 2019

BBW Wirtschaftsprüfungs-
und Steuerberatungsgesellschaft mbH

stamp

signature

Bernhard Winter
Auditor

Publication or dissemination of the financial statements with our auditor's report is only permitted in the version we have audited. This auditor's report refers exclusively to the complete German version of the annual financial statement including the management report. With regard to other versions, the provisions contained in Article 281 para. 2 UGB are to be observed.

II. Results of cost allocation

1. Ratios of the FMA for 2017 and 2018 pursuant to Article 19 FMABG

Accounting group	Ratios	
	2018	2017
Banking Supervision	52.82%	52.84%
Insurance Supervision	16.09%	16.35%
Securities Supervision	29.22%	29.04%
Pension Supervision	1.87%	1.77%
Total	100.00%	100.00%

2. Share of FMA entities liable to pay costs for 2017 and 2018 pursuant to Article 19 FMABG (in per cent)

Accounting group	Share of entities liable to pay costs	
	2018	2017
Banking Supervision	56.24%	55.49%
Insurance Supervision	17.46%	17.47%
Securities Supervision	24.28%	25.15%
Pension Supervision	2.02%	1.89%
Total	100.00%	100.00%

3. Overview of FMA advance payments and costs of accounting groups for 2018 pursuant to Article 19 FMABG

Accounting group	Costs 2018	Advance payments/ Lump sum	Balance 2018
Banking Supervision	€ 33,776,800.47	€ 32,849,789.00	€ 927,011.47
Insurance Supervision	€ 10,486,471.75	€ 10,092,907.00	€ 393,564.75
Securities Supervision	€ 14,579,819.99	€ 14,227,942.00	€ 351,877.99
Pension Supervision	€ 1,215,138.23	€ 1,157,874.00	€ 57,264.23
Total	€ 60,058,230.44	€ 58,328,512.00	€ 1,729,718.44

4. Overview of advance payments and costs of accounting subgroups of FMA Banking Supervision for 2018

Accounting subgroup	Costs 2018	Advance payments/ Lump sum	Balance 2018
Banking Supervision			
Pursuant to Article 69a BWG	€ 27,187,965.57	€ 25,797,476.00	€ 1,390,489.57
Pursuant to Article 160 BaSAG	€ 5,926,806.81	€ 6,309,419.00	-€ 382,612.19
Pursuant to Article 56 ESAEG	€ 662,028.09	€ 742,894.00	-€ 80,865.91
Banking Supervision	€ 33,776,800.47	€ 32,849,789.00	€ 927,011.47

5. Overview of advance payments and costs of accounting subgroups of FMA Securities Supervision for 2018

Accounting subgroup Securities Supervision	Costs 2018	Advance payments/ Lump sum	Balance 2018
Institutions subject to reporting obligations	€ 4,572,200.86	€ 4,086,385.00	€ 485,815.86
Issuers	€ 4,013,220.67	€ 3,947,128.00	€ 66,092.67
Investment service providers/investment firms	€ 3,668,762.75	€ 3,559,734.00	€ 109,028.75
Market infrastructure *)	€ 500,000.00	€ 500,000.00	€ 0.00
Clearing members	€ 97,756.28	€ 227,197.00	-€ 129,440.72
Managers of collective portfolios	€ 1,727,879.43	€ 1,907,498.00	-€ 179,618.57
Securities Supervision	€ 14,579,819.99	€ 14,227,942.00	€ 351,877.99

*) No pre-payment pursuant to Article 19 para. 5 FMABG has been prescribed. The parties liable to pay costs paid a lump sum amount in 2018.

Financial Market Authority

Annual financial statement as of 31.12.2018

Deloitte Tax Wirtschaftsprüfungs GmbH

Income Statement for the Financial Year
from 01.01. to 31.12.2018
(Amounts in EUR)

		Previous year EUR thousands
1.	Federal Government contribution pursuant to Article 19 FMABG	4,000,000.00 4,000
2.	Share of entities liable to pay costs	
	a) Share of entities liable to pay costs (not yet settable)	59,558,230.44 57,647
	b) Share of entities liable to pay costs (settled)	500,000.00 0
		<hr/> 60,058,230.44 <hr/> 57,647
3.	Income received from fees and allocation of costs	4,142,199.18 4,413
4.	Other operating income	
	a) Income from the disposal of fixed assets	47,500.00 6
	b) Income from the release of provisions	742,461.71 414
	c) other	342,951.79 250
		<hr/> 1,132,913.50 <hr/> 671
5.	Personnel expenses	
	a) salaries	-34,371,545.73 -32,623
	b) social security expenses	-9,372,160.94 -8,799
	<i>of which expenses for old-age pensions</i>	-1,392,897.23 -1,289
	<i>aa) Expenses for severance pay and contributions to corporate staff provision funds</i>	-719,060.33 -592
	<i>bb) Expenses of statutory social security, payroll-related taxes and mandatory contributions</i>	-6,898,261.09 -6,558
	<i>cc) Other social costs</i>	-361,942.29 -361
		<hr/> -43,743,706.67 <hr/> -41,422
6.	Amortisation and write-downs of intangible assets, depreciation and write-downs of tangible assets	-1,595,521.38 -1,667
7.	other operating expenses	
	a) Costs pursuant to Article 79 para. 4b BWG - Banking Supervision	-8,000,000.00 -8,000
	b) Costs pursuant to Article 182 para. 7 VAG - Insurance Supervision	-360,000.00 -205
	c) Costs pursuant to Article 3 para. 5 BaSAG	-2,000,000.00 -2,000
	d) Costs pursuant to Article 6 para. 6 ESAEG	-500,000.00 -223
	e) Other	-13,018,345.66 -12,943
		<hr/> -23,878,345.66 <hr/> -23,371
8.	<u>Subtotal of items 1 to 7</u>	115,769.41 270
9.	Other interest income	469.95 0
10.	Interest expenses	-117,262.30 -84
11.	<u>Subtotal of items 9 to 10</u>	-116,792.35 -84
12.	Releasing of the reserve pursuant to Article 20 FMABG	1,022.94 0
13.	Appropriation to reserve pursuant to Article 20 FMABG	0.00 -186
14.	<u>PROFIT OR LOSS FOR THE YEAR</u>	0.00 0

Vienna, 8 April 2019

signed by hand by Helmut Ettl

signed by hand by Klaus Kumpfmüller

ANNEX
Pursuant to Article 236 UGB

(amounts in EUR)

A. GENERAL INFORMATION

1. The FINANCIAL MARKET AUTHORITY (FMA) is an institution under public law and was established by the Financial Market Authority Act - FMABG (Federal Law Gazette I No. 97/2001) on 22 October 2001. The official competence of the FMA commenced on 1 April 2002. The FMA is in charge of banking supervision, insurance supervision, securities supervision and pension supervision.

As at 31 March 2002, the Austrian Securities Authority (ASA) was incorporated into the FMA by way of universal legal succession pursuant to Article 1 of the Securities Supervision Act (WAG - Wertpapieraufsichtsgesetz).

2. The financial statements were prepared in conformity with the generally accepted accounting principles and the general principle of presenting a picture that is as true and fair as possible with respect to net assets, financial position and the results of operations. In accordance with Article 18 FMABG, the provisions of the Corporate Code (UGB; Unternehmensgesetzbuch) were applied accordingly to the present financial statements.
3. The accounting policies, valuations and disclosures applied to the individual items of the financial statements were based on the general provisions of Articles 193 to 211 UGB, taking the special provisions for large corporations into account.
4. The annual financial statement was prepared in accordance with the going concern principle.
5. Where a valuation was defined on the basis of an estimate, then it was done based on a prudent assessment. Where statistical empirical values existed these were applied to the valuation.

B. INFORMATION ON THE BALANCE SHEET INCLUDING THE DESCRIPTION OF THE ACCOUNTING AND VALUATION POLICIES

1. Fixed assets

The changes in fixed assets and the breakdown of the annual depreciation according to individual items can be seen in Section V (changes in fixed assets).

1.1. Tangible assets

Depreciation is calculated on a linear basis.

The useful life of the individual asset groups is as follows:

- | | |
|--------------------------------------------------------------------------|---------------|
| 1. Intellectual property and similar rights and licences in such rights: | 3 years |
| 2. Buildings on third-party land: | 8 to 20 years |
| 3. Other equipment, operating and office equipment: | 3 to 10 years |

There was no need for depreciation pursuant to Article 204 para. 2 UGB as there was no impairment loss.

Low-value assets pursuant to Article 13 of the Income Tax Act (EStG; Einkommensteuergesetz) with individual acquisition values of less than EUR 400.00 each were reported as disposals in their year of acquisition.

The valuation of asset additions is made on the basis of acquisition costs; with disposals of assets being captured by the carrying amounts.

Development of carrying amounts:

	Carrying amount as at 01.01.2018	Additions	Book value of written-off fixed assets	Write-downs	Carrying amount as at 31.12.2018
Intangible assets					
industrial property and similar rights and licences in such rights	505,653.40	406,914.98	0.00	378,875.76	533,692.62
Other IT software	437,194.51	387,292.59	0.00	323,558.30	500,928.80
Website	49,011.70	3,801.60	0.00	37,518.28	15,295.02
Electronic file (ELAK)	19,447.19	15,820.79	0.00	17,799.18	17,468.80
Tangible assets					
Buildings on third-party land	1,094,030.85	153,281.68	0.00	192,201.22	1,055,111.31
Fixtures and fittings in third-party buildings	981,192.20	153,281.68	0.00	156,565.35	977,908.53
Dedicated lines	112,838.65	0.00	0.00	35,635.87	77,202.78
Other equipment, operating and office equipment	1,651,696.42	436,782.99	0.00	966,654.73	1,121,824.68
IT systems (hardware)	1,389,726.64	375,590.15	0.00	883,179.88	882,136.91
Office furniture	199,028.03	12,397.85	0.00	43,273.37	168,152.51
Other office equipment	26,275.62	33,565.51	0.00	17,828.58	42,012.55
Office machinery and devices, office systems	36,666.13	15,229.48	0.00	22,372.90	29,522.71
Vehicle fleet	0.00	0.00	0.00	0.00	0.00
Low-value assets	0.00	57,789.67	0.00	57,789.67	0.00
Total	3,251,380.67	1,054,769.32	0.00	1,595,521.38	2,710,628.61

2. Current assets

	31.12.2018	31.12.2017
I. Services not yet invoiced to entities liable to pay costs	59,558,230.44	57,646,969.09
II. Receivables and other assets	981,407.94	1,300,800.07
III. Cash at bank and in hand	<u>33,353,169.97</u>	<u>31,430,064.58</u>
	<u>93,892,808.35</u>	<u>90,377,833.74</u>

I. Services not yet invoiced to entities liable to pay costs

This item covers the expenses to be borne by parties liable to pay costs pursuant to Article 19 FMABG in the amount of EUR 59,558,230.44 (previous year EUR 57,647 thousand), consisting of the total costs less the federal grant pursuant to Article 19 para. 4 FMABG, approval fees pursuant to Article 19 para. 10 FMABG as well as other income. The statement of costs is prepared according to the procedures stipulated under Article 19 FMABG.

Pursuant to Article 19 FMABG a direct an allocation of costs occurs as is possible to the accounting groups banking supervision, insurance supervision, securities supervision and pensions supervision. Indirect costs are assigned to the accounting groups on the basis of the ratio of costs that can be directly allocated (Article 19 para. 2 FMABG).

The cost shares for the four accounting groups for 2018 are as follows:

	2018	2017
	EUR	EUR thousands
1. Banking Supervision costs	33,776,800.47	31,992
2. Insurance Supervision costs	10,486,471.75	10,071
3. Securities Supervision costs	14,579,819.99	14,497
4. Pension Supervision costs	<u>1,215,138.23</u>	<u>1,087</u>
<u>Total</u>	<u>60,058,230.44</u>	<u>57,647</u>

Rounding differences are ignored.

Following the deduction of the costs for 2018 of the sub-accounting group Market Infrastructure in the accounting group Securities Supervision in the amount of EUR 500,000.00 (previous year EUR 0 thousand) there is a still to be billed amount of EUR 59,558,230.44 (previous year EUR 57,647 thousand).

The costs are apportioned to the individual entities liable to pay costs, and the advance payments made by the entities liable to pay costs in the 2018 financial year are offset based on the reference data, listed in the relevant supervisory laws and reported to the FMA, which is only available after the financial statements have been prepared.

II. Receivables and other assets

The exposures other provisions comprise the following items:

	31.12.2018	31.12.2017
1. Trade receivables	300,518.22	504,542.10
2. Other receivables and assets	<u>680,889.72</u>	<u>796,257.97</u>
	<u>981,407.94</u>	<u>1,300,800.07</u>

1. Trade receivables

The receivables of EUR 300,518.22 (previous year EUR 505 thousand) are carried at nominal values and show a residual maturity of less than a year. Individual valuation allowances were recognised for identifiable risks in the measurement of receivables.

The trade receivables also included receivables from receivables pursuant to Article 74 para. 5 no. 2 BaSAG of EUR 30,105.22 (previous year: EUR 147 thousand).

Liabilities of EUR 274,500.00 (previous year: EUR 377 thousand) are still carried from the actual cost accounting of previous years. Itemised valuation allowances of EUR 4,087.00 (previous year: EUR 19 thousand) were recognised for receivables from actual cost accounting.

Itemised valuation allowances developed as follows:

As at 01.01.2018	EUR	19,334.00
Appropriation	EUR	3,337.00
Use	EUR	- 17,470.41
Release	EUR	<u>- 1,113.59</u>
As at 31.12.2018	EUR	<u>4,087.00</u>

2. Other receivables and assets

Other receivables in the total amount of EUR 680,889.72 (previous year EUR 796 thousand) mostly include receivables from orders imposing fees, administrative penalties, penalty interest, periodic penalties, trustee fees, as well as transitory items concerning the electronic file (ELAK). The itemised valuation allowance amounts to EUR 0.00 (previous year: EUR 0 thousand).

III. Cash at bank and in hand

As at 31.12.2018 the Financial Market Authority has liquid assets of EUR 33,353,169.97 (previous year EUR 31,430 thousand).

3. Prepaid expenses

The item prepaid expenses in the amount of EUR 1,290,651.21 (previous year EUR 1,441 thousand) comprises in particular rental fees, insurance expenses, usage and maintenance fees, membership fees, as well as subscriptions.

4. Reserve pursuant to Article 20 FMABG

The option exists in Article 20 FMABG to establish a reserve in the amount of 1 % of the FMA's total costs based on the latest adopted financial statements as at 31.12.2017 (1% of the FMA's total costs in 2017 of EUR 66,730,710.43 amount to EUR 667,307.10). The maximum total amount held in the reserve may not however exceed 5 % of the FMA's total costs based on the latest adopted financial statements as at 31.12.2017 (5% of the FMA's total costs in 2017 of EUR 66,730,710.43 amount to EUR 3,336,535.52). As of 31.12.2017 the reserve stood at EUR 3,337,558.46. The reduction of total costs in 2017 compared against 2016 led to EUR 1,022.94 being released from the reserve. As at 31.12.2018 the total reserve pursuant to Article 20 FMABG stands at EUR 3,336,535.52.

5. Provisions

Provisions are established taking the prudent person principle pursuant to Article 211 para. 1 UGB into account.

	31.12.2018	31.12.2017
I. Provisions for severance pay	2,249,585.95	1,978,398.95
II. Other provisions	8,224,731.23	7,442,488.52
	<u>10,474,317.18</u>	<u>9,420,887.47</u>

I. Provisions for severance pay

	2018	2017
<u>Development:</u>	EUR	EUR thousands
As at 01.01.2018	1,978,398.95	1,811
Use	0.00	0
Appropriation/Release	<u>271,187.00</u>	<u>168</u>
As at 31.12.2018	<u>2,249,585.95</u>	<u>1,978</u>

Rounding differences are ignored.

The calculations for provisions for severance pay were as per the previous year conducted in accordance with actuarial bases using the part-value method taking into consideration the AVÖ 2018-P (previous year: AVÖ 2008-P) accounting bases for pension insurance. The underlying basis for the computation was an interest rate of 2.32% (previous year 2.8 %) and an upward trend in salary of 3.29 % (previous year 3.17 %). The assumed interest rate corresponds to a 7-year average interest rate with a residual maturity of 15 years. The ASVG retirement age together with the transitional provisions of the Supplementary Budget Act of 2003 (Budgetbegleitgesetz 2003) are applied with regard to retirement age. The increasing of the age limit for female insured persons from 2024 for old age pensions is taken into account.

According to the actuarial opinion due to the change in the biometric calculation bases (amended life expectancy tables in AVÖ 2018-P) there is a difference of EUR 50.00 for the provisioning for severance. Due to the immaterial level of this amount it is not necessary to distribute the difference.

The provisioning for severance applies to both the employees of the FMA and the FMA's contracted staff. The releasing and appropriation of the provisioning for severance are shown in the staff expenditure.

As of 31.12.2018, as in the previous year, 52 employees have severance claims that are to be provided for via this provision. Of these, as in the previous year, 18 employees have already changed over to the "new severance system" ("Abfertigung NEU"). For the employees who have changed over, the severance claims were "frozen" as the point of their changing over to the new system.

II. Other provisions

Other provisions are established in accordance with the principle of prudence for all other discernible risks as of the reporting date of the financial statement and the amount of or the reason for uncertain liabilities, impending losses from pending transactions as well as expenses, which are necessary in accordance with reasonable commercial judgement. The approach is based on the settlement value.

	As at 01.01.2018	Use	Release	Appropriation	As at 31.12.2018
Anniversary payments	195,094.76	9,775.76	0.00	38,007.00	223,326.00
Provision for bonuses	2,035,298.02	2,035,298.02	0.00	2,118,042.24	2,118,042.24
Unused holiday entitlement	3,604,001.95	0.00	0.00	577,146.96	4,181,148.91
Overtime to be paid	7,945.60	7,945.60	0.00	10,430.41	10,430.41
Additional hours	239,650.60	0.00	0.00	14,249.74	253,900.34
Other provisions	806,433.02	479,042.38	188,397.14	801,241.92	940,235.42
Provision actual costs 2016 Bank. Sup.	554,064.57	0.00	554,064.57	0.00	0.00
Provision actual costs 2017 Bank. Sup.	0.00	0.00	0.00	497,647.91	497,647.91
	<u>7,442,488.52</u>	<u>2,532,061.76</u>	<u>742,461.71</u>	<u>4,056,766.18</u>	<u>8,224,731.23</u>

About the provisions for anniversary payments

The calculations for provisions for severance pay were as per the previous year conducted in accordance with actuarial bases using the part-value method taking into consideration the AVÖ 2018-P (previous year: AVÖ 2008-P) accounting bases for pension insurance. The underlying basis for the computation was an interest rate of 2.32% (previous year 2.8 %) and an upward trend in salary of 3.29 % (previous year 3.17 %). The assumed interest rate corresponds to a 7-year average interest rate with a residual maturity of 15 years. The ASVG retirement age together with the transitional provisions of the Supplementary Budget Act of 2003 (Budgetbegleitgesetz 2003) are applied with regard to retirement age. The increasing of the age limit for female insured persons from 2024 for old age pensions is taken into account. For contractual employees a rate of non-wage labour costs of 3.9 % (previous year: 3.9 %) and pro rata social insurance contributions are applied.

According to the actuarial opinion due to the change in the biometric calculation bases (amended life expectancy tables in AVÖ 2018-P) there is a difference of EUR 28,031.00 for the provisioning for anniversary payments. Due to the immaterial level of this amount it is not necessary to distribute the difference.

About the provisioning for bonuses

Provisions were established for annual bonuses on the basis of agreements on targets that were made and duly achieved on the basis of applicable gross monthly salaries.

About the provisioning for unused holiday entitlement

Provisions have been established for expected obligations arising from holiday entitlement that had not been used as of the reporting date.

For the provision for overtime that has not yet been paid out

The provision contains overtime that has been worked, but which is only due to be paid out in 2019.

For the provision for time credits

A provision was established for the time credits of employees that was not be paid out, but which was to be carried over up to a maximum amount of 16 hours to the following year.

The other remaining provisions comprise of the following items:

OeNB costs pursuant to Article 182 para. 7 VAG	360,000.00
Maintenance and other IT expenses	240,835.79
Operating expenses	82,332.19
Consulting costs and external services	67,359.12
Exemption levy for non-employment of disabled persons	62,429.00
Personnel costs	50,000.00
Expenses FMA Annual Report	39,175.37
Contested payment notices AG3/ASG3	34,619.00
Other expenses	3,484.95
	<hr/>
	940,235.42

The other provisions do not contain any long-term provisions, whereas in the preceding year such long-term provisions were discounted by 1.33 %.

2016 provision for actual costs of Banking Supervision:

The provision established pursuant to Article 69a BWG in one financial year must be released in the following financial statements of the FMA, i.e. the provision established in the 2017 financial statements for the actual costs incurred in 2016 was released in the 2018 financial statements of the FMA; by way of derogation to Article 19 para. 4 FMABG, the resulting income is only to be deducted from the costs of accounting group (AG) 1.

2017 provision for actual costs of Banking Supervision:

Pursuant to Article 69a BWG the difference between the calculated cost shares and the minimum amounts to be paid by the credit institutions for 2017 is to be allocated to a provision in the annual financial statement for 2018.

6. Liabilities

Liabilities are computed with the settlement amount taking into account the prudent person principle. All liabilities, except for the parts of the amounts to be reimbursed to the OeNB (see point 6.II.), have a residual maturity of up to one year.

	31.12.2018	31.12.2017
I. Advance payments received pursuant to Article 19 FMABG	59,044,995.25	56,260,723.50
II. Trade payables	21,654,607.47	22,310,080.42
III. Other liabilities	<u>3,334,795.75</u>	<u>2,941,223.08</u>
	<u>84,034,398.47</u>	<u>81,512,027.00</u>

I. Advance payments received pursuant to Article 19 FMABG

	31.12.2018	31.12.2017
Payments by parties liable to pay costs of payment notices	57,828,512.00	55,685,043.00
APs received from parties liable to pay costs for following year	1,256,647.00	625,262.50
IVA from exposures from APs	375.00	375.00
Advances/overpayment by parties liable to pay costs from APs	<u>-40,538.75</u>	<u>-49,957.00</u>
	<u>59,044,995.25</u>	<u>56,260,723.50</u>

of which with a residual maturity of up to one year: EUR 59,044,995.25 (previous year EUR 56,261 thousand)

For the 2018 financial year, the entities liable to pay costs had to make advance payments in the amount of EUR 57,828,512.00 (previous year: EUR 55,685 thousand) as prescribed by administrative decision. Itemised valuation allowances of EUR 375.00 (previous year: EUR 0 thousand) were formed for the amounts not yet paid.

The 2018 advance payments are compared with the cost share to be borne by the entities liable to pay costs within the scope of preparing the statement of costs. The resulting balance is either charged or repaid to the entities liable to pay costs.

As at 31.12.2018, € 1,256,647.00 (previous year: EUR 625 thousand) had already been paid in advance for the 2019 financial year.

II. Trade payables

The liability owed to the OeNB consists of the following items:

	31.12.2018	31.12.2017
OeNB costs pursuant to Article 79 para. 4b BWG	16,000,000.00	16,000,000.00
OeNB costs pursuant to Article 3 para. 5 BaSAG	4,000,000.00	4,000,000.00
OeNB costs pursuant to Article 6 para. 6 ESAEG	722,944.40	722,945.00
OeNB costs pursuant to Article 182 para. 7 VAG	204,774.00	313,670.40
Sub-account for liabilities from trade payables	532,904.67	871,095.10
Purchase invoices still to be expected	193,984.40	402,369.92
	<u>21,654,607.47</u>	<u>22,310,080.42</u>

Of which with residual maturity of up to 1 year: EUR 11,154,607.47 (previous year EUR 11,882 thousand)

Of which with residual maturity of over 1 year: EUR 10,500,000.00 (previous year EUR 10,428 thousand)

For 2017 (to respectively be reimbursed by 31.03.2019)

Reimbursable contributions pursuant to Article 79 para. 4b BWG	EUR	8,000,000.00
Reimbursable contributions pursuant to Article 182 para. 7 VAG	EUR	204,774.00
Reimbursable contributions pursuant to Article 3 para. 5 BaSAG	EUR	2,000,000.00
Reimbursable contributions pursuant to Article 6 para. 6 ESAEG	EUR	222,944.40

For 2018 (to respectively be reimbursed by 31.03.2020)

Reimbursable contributions pursuant to Article 79 para. 4b BWG	EUR	8,000,000.00
Reimbursable contributions pursuant to Article 3 para. 5 BaSAG	EUR	2,000,000.00
Reimbursable contributions pursuant to Article 6 para. 6 ESAEG	EUR	500,000.00

The reimbursable contribution for 2018 pursuant to Article 182 para. 7 VAG is shown in other provisions.

The item "Purchase invoices still to be expected" relates to obligations from payables during the 2018 calendar year.

III. Other liabilities

	31.12.2018	31.12.2017
of which from taxes	653,466.05	670,443.85
of which from social security and similar obligations	754,869.44	716,274.29
of which from actual cost accounting for previous years	961,948.05	650,424.00
Other	964,512.21	904,080.94
	<u>3,334,795.75</u>	<u>2,941,223.08</u>

Breakdown of liabilities from taxes	31.12.2018	31.12.2017
FA clearing account for wage and salary charges	637,834.99	656,679.58
FA tax payable	11,431.06	9,648.27
Vienna Municipality	4,200.00	4,116.00
	<u>653,466.05</u>	<u>670,443.85</u>

The liabilities from social security in the amount of EUR 754,869.44 (previous year: EUR 716 thousand) primarily relate to contributions to the Gebietskrankenkassen.

In the case of the liabilities from the actual cost accounting from previous years in the amount of EUR 961,948.05 (previous year: EUR 650 thousand) it predominantly relates to cost accounting credit balances of the parties subject to paying costs. Once the credit balance amount has been requested by the party subject to paying costs, then this credit balance is transferred back to them by the FMA.

The remaining other liabilities in the amount of EUR 964,512.21 (previous year: EUR 904 thousand) are mainly composed of the fees that are to be passed on to the competent authority following receipt of the payment.

Other liabilities include expenses in the amount of EUR 516,022.83 (previous year: EUR 494 thousand), which will only become due after the balance sheet date.

7. Prepaid Expenses

	31.12.2018	31.12.2017
Deferred income	<u>48,837.00</u>	<u>799,777.50</u>
	<u>48,837.00</u>	<u>799,777.50</u>

The advance payments for authorisation fees for investment funds pursuant to the Investment Fund Act 2011 (InvFG 2011) and the Alternative Investment Fund Managers Act (AIFMG) are stated under the deferred income.

8. Contingent liabilities

As at 31 December 2018 there were no contingent liabilities or guarantees.

9. The liabilities from the use of tangible assets not shown in the balance sheet amount to approximately EUR 3,907,820.00 (previous year: EUR 3,750 thousand) for the following year and to a total of approximately EUR 19,539,100.00 (previous year: EUR 18,774 thousand) for the following five years.

C. **INFORMATION ON THE INCOME STATEMENT**

Amendments (reallocation) of amounts from the previous year:

During the process of adapting the format of the income statement to the reporting to the Federal Ministry of Finance (Participation and Financial Controlling Regulation), the following items from the previous year were reallocated in the income statement:

- **Share of entities liable to pay costs**

The reallocation was from Item 13 to Item 2 of the breakdown of the income statement. The reallocated amount is EUR 57,646,969.09.

1. Federal Government contribution pursuant to Article 19 FMABG

Pursuant to Article 19 para. 4 FMABG, the Federal Government paid a total of EUR 4,000,000.00 (previous year: EUR 4,000 thousand) in advance for the 2018 financial year, which was used to cover part of the costs incurred during the 2018 financial year.

2. Share of entities liable to pay costs

The advance payments for authorisation fees for investment funds pursuant to the Investment Fund Act 2011 (InvFG 2011) and the Alternative Investment Fund Managers Act (AIFMG) are stated under the deferred income.

The share of entities liable to pay costs for 2018, in the amount of EUR 60,058,230.44 (previous year EUR 57,647 thousand) consists of the amount of EUR 59,558,230.44 (previous year EUR 57,647 thousand) that is billed to the entities liable to pay costs at the end of the 2019 calendar year, as well as the share of the entities liable to pay costs that was already invoiced in 2018 for the market infrastructure sub-accounting group for the 2018 calendar year in the amount of EUR 500,000.00 (previous year: EUR 0 thousand).

In this regard, please also refer to point B.2. I. "Services not yet invoiced to entities liable to pay costs" as well as point C Amendments of amounts from the previous year.

3. Income from fees and allocation of costs

The income received from fees and allocation of costs come to EUR 4,142,199.18 (previous year: EUR 4,413 thousand) and contain the following income items:

	31.12.2018	31.12.2017
Income from fees purs. InvFG 2011 and AIFMG	3,061,286.00	2,788,064.34
FMA income from approval fees	506,614.30	818,599.00
FMA income from prospectus checking	430,660.00	413,540.00
Other	143,638.88	392,653.30
	<u>4,142,199.18</u>	<u>4,412,856.64</u>

The remaining fees and billing of costs generally relate to income received pursuant to Article 74 para. 5 no. 2 BaSAG as well as contributions to costs in relation to penal proceedings.

4. Other operating income

The other operating income stands at EUR 1,132,913.50 (previous year EUR 671 thousand) and consists of the following items

	31.12.2018	31.12.2017
a) Income from the disposal of fixed assets	47,500.00	5,909.00
b) Income from the release of provisions	742,461.71	414,218.48
c) Other	342,951.79	250,422.99
	<u>1,132,913.50</u>	<u>670,550.47</u>

a) Income from the disposal of fixed assets

The income from the disposal of fixed assets in the amount of EUR 47,500.00 (previous year: EUR 6 thousand) is from the proceeds from sale of the FMA's tangible assets.

b) Income from the release of provisions

	31.12.2018	31.12.2017
Income from the release of provisions	<u>742,461.71</u>	<u>414,218.48</u>
	<u>742,461.71</u>	<u>414,218.48</u>

Income from the release of provisions relate to the partial amount released of EUR 554,064.57 (previous year: EUR 309 thousand) for the actual costs for 2016 of Banking Supervision as well as by and large from the releasing of provisions for staffing obligations, supplementary insurance payments and for IT expenses.

c) Other

Other income stands at EUR 342,951.79 (previous year EUR 250 thousand) and predominantly contains income from transitory items in relation to the electronic file (ELAK).

5. Personnel expenses

	31.12.2018	31.12.2017
Salaries	34,371,545.73	32,622,678.59
Social security expenses	<u>9,372,160.94</u>	<u>8,799,055.33</u>
	<u>43,743,706.67</u>	<u>41,421,733.92</u>

a) Salaries

The salaries shown in the income statement under point a) in the amount of EUR 34,371,545.73 (previous year EUR 32,623 thousand) generally consist of the salaries including special payments and the salaries of civil servants.

Detailed breakdowns about the expenses for severance and pensions, the average number of employees employed as well as the remuneration of the members of the Executive Board are contained in Chapter D / Other Information.

b) Social security expenses

Social security expenses in the amount of EUR 9,372,160.94 (previous year EUR 8,799 thousand) consist predominantly of social insurance contributions, the employer contribution, occupational pension provisions and severance fund contributions.

The expenses in the item Expenses for old-age pensions in the amount of EUR 1,392,897.23 (previous year EUR 1,289 thousand) relate to expenses for the occupational pension provisions of the employees of the FMA with the exception of the civil servants seconded to the FMA.

aa) Expenses for severance pay and contributions to occupation severance and retirement funds

	31.12.2018	31.12.2017
Contributions to employee severance fund	447,873.33	423,999.81
Provisioning of the severance reserve	<u>271,187.00</u>	<u>167,821.00</u>
	<u>719,060.33</u>	<u>591,820.81</u>

bb) Expenses of statutory social security, payroll-related taxes and mandatory contributions

This item amounts to EUR 6,898,261.09 (previous year EUR 6,558 thousand) and consists of the following taxes and contributions:

	31.12.2018	31.12.2017
Social insurance contributions	5,446,351.38	5,182,974.10
Employer contribution	1,214,009.49	1,206,751.98
Apportioning/Usage of the Provision for non-wage labour costs	118,662.25	48,662.10
Exemption levy for non-employment of disabled persons	62,429.00	62,868.00
Underground Tax	43,548.00	43,920.00
Contributions to the Beamtenversicherungsanstalt (BVA)	13,260.97	12,441.24
	<u>6,898,261.09</u>	<u>6,557,617.42</u>

cc) Other social costs

The other social costs in the amount of EUR 361,942.29 (previous year: EUR 361 thousand) predominantly relate to the advance for the employees for the canteen.

6. Amortisation and write-downs of intangible assets, depreciation and write-downs of tangible assets

Write-downs amount to EUR 1,595,521.38 (previous year: EUR 1,667 thousand) and are comprise of the following:

	31.12.2018	31.12.2017
Normal write-downs	1,537,731.71	1,601,160.97
Low-value assets	<u>57,789.67</u>	<u>66,315.64</u>
	<u>1,595,521.38</u>	<u>1,667,476.61</u>

For a detailed breakdown of the write-downs please see point B.1

7. Other operating expenses

	31.12.2018	31.12.2017
Costs pursuant to Article 79 para. 4b BWG - Banking Supervision	8,000,000.00	8,000,000.00
Costs pursuant to Article 182 para. 7 VAG - Insurance Supervision	360,000.00	204,774.00
Costs pursuant to Article 3 para. 5 BaSAG - Bank Recovery/Resolution	2,000,000.00	2,000,000.00
Costs pursuant to Article 6 para. 6 ESAEG - Deposit guarantee	500,000.00	222,945.00
Other	<u>13,018,345.66</u>	<u>12,943,499.48</u>
	<u>23,878,345.66</u>	<u>23,371,218.48</u>

Other operating expenses consist of the following costs for services performed during 2018 by the OeNB pursuant to

- Article 79 para. 4b BWG– Banking Supervision of EUR 8,000,000.00 (previous year EUR 8,000 thousand),
- Article 182 para. 7 VAG - Insurance Supervision of EUR 360,000.00 (previous year EUR 205 thousand),
- Article 3 para. 5 BaSAG – Bank Recovery/Resolution of EUR 2,000,000.00 (previous year EUR 2,000 thousand) and
- Article 6 para. 6 ESAEG– Deposit guarantee of EUR 500,000.00 (previous year EUR 223 thousand),

The remaining other operating expenses came to EUR 13,018,345.66 (previous year EUR 12,943 thousand) and predominantly consist of facilities and IT expenses, membership contributions to international supervisory organisations, travel expenses and expenses for education and training.

Expenses for auditing the financial statements

The following expenses are contained under “Other operating expenses” with respect to the statutory audit pursuant to Article 18 para. 2 FMABG for the auditing firm BBW Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH:

	EUR
Audit of the financial statements of the Financial Market Authority	30,000.00
Audit of the resolution financing arrangement pursuant to Article 123d para. 2 BaSAG	<u>3,000.00</u>
Total	33,000.00

8. Other interest and similar income

Credit interest comes to an amount of EUR 469.95 (previous year EUR 334.23).

9. Interest payable and similar expenses

Interest paid amounts to EUR 117,262.30 (previous year EUR 84 thousand).

10. Reserve pursuant to Article 20 FMABG

No provision was apportioned in 2018 (previous year EUR 186 thousand). Regarding the releasing of the reserve in the amount of EUR 1,022.94 (previous year EUR 0 thousand) see point B.4 Reserve pursuant to Article 20 FMABG.

D. OTHER INFORMATION1. Events of particular significance occurring after the reporting date of the annual financial statement

No significant events occurred after the reporting date of the annual financial statement. The necessary reporting (quarterly reports, annual report) was submitted in a timely manner.

2. The average number of staff pursuant to Article 239 UGB is as follows:

	2018	2017
Civil servants	14	16
Employees (incl. contractual employees)	<u>441</u>	<u>431</u>
Total staff	<u>455</u>	<u>447</u>

3. Management of the FMA pursuant to Article 6 FMABG

Klaus Kumpfmüller was reappointed by the Federal President on 14 February 2018 to serve as member of the FMA's Executive Board from 14 February 2018 to 13 February 2023.

Helmut Ettl was reappointed by the Federal President on 14 February 2018 to serve as member of the FMA's Executive Board from 14 February 2018 to 13 February 2023.

4. Expenses for severance pay and pensions

The expenses for severance pay and pensions, broken down by members of the Executive Board including executive employees and by other employees, amount to the following sums in the respective financial years:

	2018	2017
	EUR	EUR thousands
Executive Directors and executive employees	133,630.18	126
Other employees	<u>1,978,327.38</u>	<u>1,755</u>
Total	2,111,957.56	1,880

Rounding differences are ignored.

5. Remuneration of the Executive Board and Supervisory Board Members

The remuneration of the two Executive Directors of the FMA consists solely of fixed components (no variable components are budgeted) and amounted to EUR 269,731.98 before taxes per director and year in 2018.

The costs of contractual old-age pension contributions for the Executive Directors are EUR 22,118.04 per person.

The remuneration of the eight voting members of the supervisory board is EUR 19,700.00 per annum in total. The amount can be broken down as follows:

- Chairperson: EUR 3,600.00
- Deputy Chairperson: EUR 2,900.00
- Member: EUR 2,200.00

The remuneration of the members appointed by the Oesterreichische Nationalbank is not paid to the members themselves but to the Oesterreichische Nationalbank, in accordance with the terms of their employment contracts. The members co-opted by the Austrian Federal Economic Chamber do not receive any remuneration.

The members of the supervisory board were not granted any advances or loans.

Members of the Supervisory Board appointed by the Federal Ministry of Finance:

Alfred LEJSEK (Chairperson)

Federal Ministry of Finance

Ewald NOWOTNY (Vice-Chairperson)

Governor of the Oesterreichische Nationalbank

Andreas ITTNER

Vice Governor of the Oesterreichische Nationalbank; Director of Financial Stability, Banking Supervision and Statistics at the OeNB

Gabriela DE RAAIJ

Head of the Off-Site Supervision Division – Significant Institutions at the Oesterreichische Nationalbank

Bernhard PERNER (member from 03.01.2018)

Federal Ministry of Finance

Elisabeth GRUBER

Federal Ministry of Finance

Beate SCHAFFER

Federal Ministry of Finance

Karin TURNER-HRDLIČKA (member from 03.01.2018)

Director of Department for the Supervision of Significant Institutions, Oesterreichische Nationalbank

The co-opted members were nominated by the Austrian Economic Chambers.

Walter KNIRSCH (co-opted member)
Sworn auditor and tax adviser

Franz RUDORFER (co-opted member)
Bank and Insurance Division, Austrian Economic Chambers

Vienna, 8 April 2019

.....
signed by hand by Helmut Ettl

Vienna, 8 April 2019

.....
signed by hand by Klaus Kumpfmüller

**Statement of changes in fixed assets pursuant to
Article 226 para. 1 UGB**

	Acquisition costs			Cumulated depreciations			Carrying amounts			
	Reference date	Additions	Disposals	As at	As at	Addition	Disposals	As at	As at	As at
	01.01.2018 EUR	EUR	EUR	31.12.2018 EUR	01.01.2018 EUR	EUR	EUR	31.12.2018 EUR	01.01.2018 EUR	31.12.2018 EUR
Fixed assets										
I. Intangible assets										
1. industrial property and similar rights and licences in such rights	3,881,440.58	406,914.98	52,729.70	4,235,625.86	3,375,787.18	378,875.76	52,729.70	3,701,933.24	505,653.40	533,692.62
II. Tangible assets										
1. Buildings on third-party land	2,223,357.40	153,281.68	21,228.00	2,355,411.08	1,129,326.55	192,201.22	21,228.00	1,300,299.77	1,094,030.85	1,055,111.31
2. Other equipment, operating and office equipment	6,361,447.02	436,782.99	590,282.96	6,207,947.05	4,709,750.60	966,654.73	590,282.96	5,086,122.37	1,651,696.42	1,121,824.68
3. Low-value assets	0.00	57,789.67	57,789.67	0.00	0.00	57,789.67	57,789.67	0.00	0.00	0.00
	8,584,804.42	647,854.34	669,300.63	8,563,358.13	5,839,077.15	1,216,645.62	669,300.63	6,386,422.14	2,745,727.27	2,176,935.99
	12,466,245.00	1,054,769.32	722,030.33	12,798,983.99	9,214,864.33	1,595,521.38	722,030.33	10,088,355.38	3,251,380.67	2,710,628.61