

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 2019, 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 statements comply with the legal provisions and present as true a depiction as possible with respect to the net assets and the financial position of the FMA as at 31 December 2019 as well as the results of the FMA's 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 principles 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 our 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 statements

The legal representatives of the Financial Market Authority (FMA) are responsible for the drawing up of the annual financial statements and for ensuring that they present 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 annual financial statements that are free of false statements, whether intentional or not.

In drawing up the annual financial statements 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 statements

Our objectives are to obtain a sufficient degree of certainty about whether the annual financial statements as a whole are 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 statements 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 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 based on these annual financial statements.

As part of an audit conducted in accordance with Austrian principles on sound auditing practices that require the application of the International Standards on Auditing (ISA), we exercise professional judgement and maintain a critical stance for the entire duration of our duties of the audit engagement.

In addition:

- We identify and assess the risks of material incorrect statements in the financial statements, 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 based on 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 statements 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 statements including details as well as whether the annual financial statements represent the underlying transactions and events in such a way to obtain as accurate an impression as possible.

- We exchange 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 based on the regulations in Austrian commercial law, about whether it is consistent with the annual financial statements 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 statements.

Declaration

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

Vienna, 3 April 2020

BBW Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH

[STAMP BBW]

[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 statements 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 (rounding differences accounted for)

1. Ratios of the FMA for 2018 and 2019 pursuant to Article 19 FMABG

Accounting group	Ratios	
	2019	2018
Banking Supervision	53.82%	52.82%
Insurance Supervision	16.13%	16.09%
Securities Supervision	28.41%	29.22%
Pension Supervision	1.65%	1.87%
Total	100.00%	100.00%

2. Share of FMA entities liable to pay costs for 2018 and 2019 pursuant to Article 19 FMABG (in per cent)

Accounting group	Share of entities liable to pay costs	
	2019	2018
Banking Supervision	57.40%	56.24%
Insurance Supervision	17.59%	17.46%
Securities Supervision	23.21%	24.28%
Pension Supervision	1.79%	2.02%
Total	100.00%	100.00%

3. Overview of FMA advance payments and costs of accounting groups for 2019 pursuant to Article 19 FMABG

Accounting group	Costs 2019	Advance payments/ Lump sum	Balance 2019
Banking Supervision	€ 35,816,412.97	€ 32,876,112.00	€ 2,940,300.97
Insurance Supervision	€ 10,978,089.11	€ 10,204,035.00	€ 774,054.11
Securities Supervision	€ 14,481,460.49	€ 14,819,465.00	-€ 338,004.51
Pension Supervision	€ 1,119,224.06	€ 1,117,639.00	€ 1,585.06
Total	€ 62,395,186.63	€ 59,017,251.00	€ 3,377,935.63

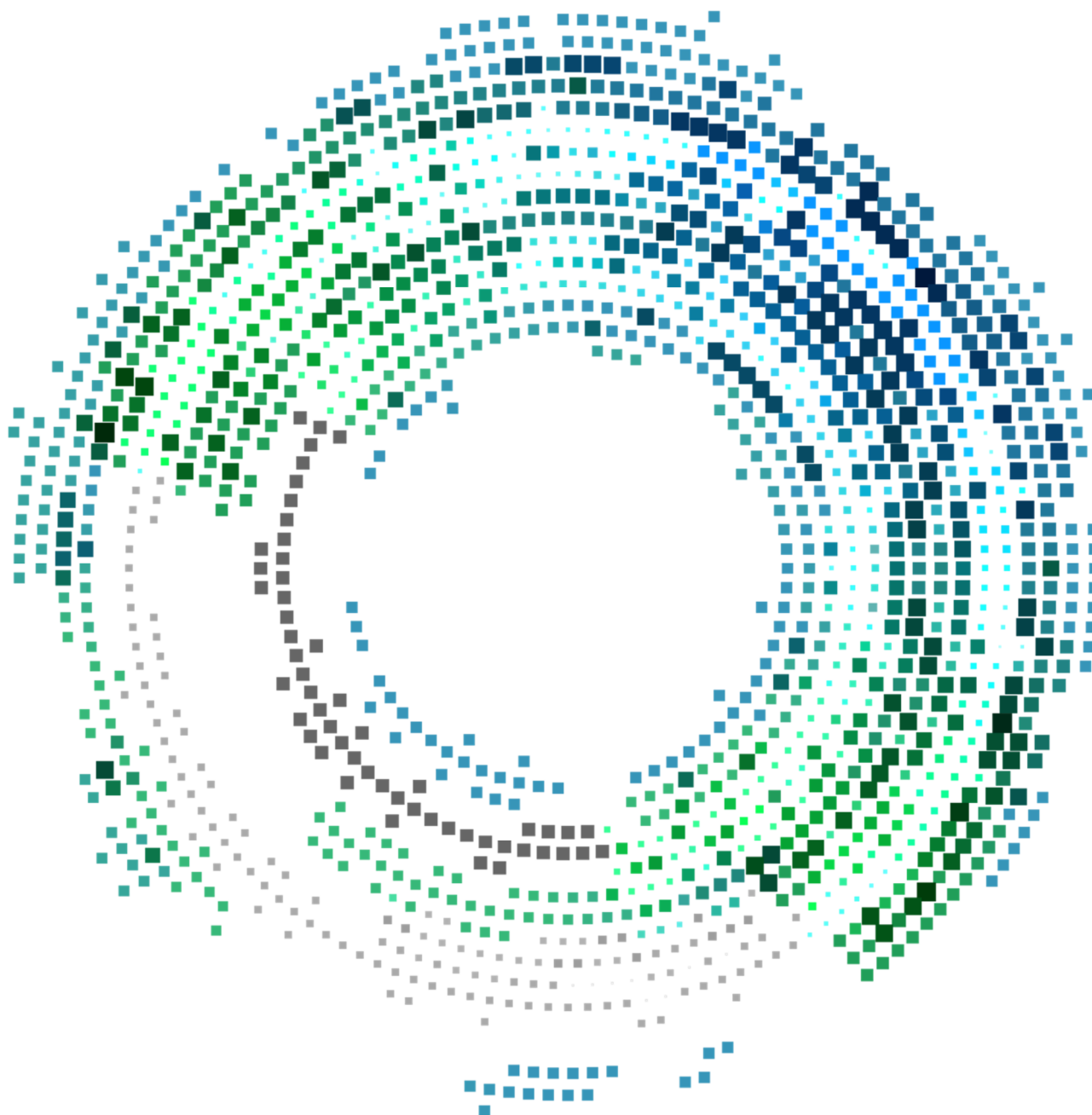
4. Overview of advance payments and costs of sub accounting groups of FMA Banking Supervision for 2019

Sub-accounting group	Costs 2019	Advance payments/ Lump sum	Balance 2019
Banking Supervision			
Pursuant to Article 69a BWG	€ 28,858,696.05	€ 26,364,793.00	€ 2,493,903.05
Pursuant to Article 160 BaSAG	€ 6,302,730.30	€ 6,427,577.00	-€ 124,846.70
Pursuant to Article 56 ESAEG	€ 654,986.61	€ 83,742.00	€ 571,244.61
Banking Supervision	€ 35,816,412.97	€ 32,876,112.00	€ 2,940,300.97

5. Overview of advance payments and costs of sub accounting groups of FMA Securities Supervision for 2019

Sub-accounting group Securities Supervision	Costs 2019	Advance payments/ Lump sum	Balance 2019
Institutions subject to reporting obligations	€ 4,908,933.82	€ 4,433,551.00	€ 475,382.82
Issuers	€ 3,951,625.41	€ 4,008,402.00	-€ 56,776.59
Investment service providers/investment firms	€ 3,826,895.32	€ 3,693,093.00	€ 133,802.32
Market infrastructure *)	€ 500,000.00	€ 500,000.00	€ 0.00
Clearing members	€ 119,833.50	€ 236,483.00	-€ 116,649.50
Managers of collective portfolios	€ 1,178,167.58	€ 1,947,936.00	-€ 769,768.42
Administrators	-€ 3,995.13	€ 0.00	-€ 3,995.13
Securities Supervision	€ 14,481,460.49	€ 14,819,465.00	-€ 338,004.51

*) 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 2019.



Financial Market Authority

Otto-Wagner-Platz 5
1090 Vienna

Annual Financial Statements as of 31.12.2019

Deloitte Tax Wirtschaftsprüfungs GmbH

Balance sheet as at 31 December 2019

(amounts in EUR)

(rounding differences in previous year not taken into consideration)

<u>Assets</u>		Previous year EUR thousands				<u>Liabilities</u>
A. <u>FIXED ASSETS</u>						
I. <u>Intangible assets</u>						
1. intellectual property rights and similar rights and benefits and licences in such rights	429,241.48	534				
II. <u>Tangible assets</u>						
1. Buildings on third-party land	870,350.18	1,055				
2. Other equipment, factory and office equipment	964,230.78	1,122				
	1,834,580.96	2,177				
	2,263,822.44	2,711				
B. <u>CURRENT ASSETS</u>						
I. <u>Services not yet invoiced to entities liable to pay costs</u>		61,895,186.63	59,558			
II. <u>Receivables and other assets</u>						
1. Trade receivables	774,921.37	301				
of which with a residual maturity of over one year	0.00	0				
2. Other receivables and assets	527,288.14	681				
of which with a residual maturity of over one year	0.00	0				
	1,302,209.51	981				
III. <u>Securities and shares</u>						
1. Securities of the Republic of Austria	26,000,000.00					
IV. <u>Cash at bank and in hand</u>		7,429,171.25	33,353			
	96,626,567.39	93,893				
C. <u>PREPAID EXPENSES</u>		1,790,353.38	1,291			
	100,680,743.21	97,894				
A. <u>PROVISIONS PURSUANT ARTICLE 20 FMABG</u>				3,466,741.80	3,337	
B. <u>PROVISIONS</u>						
1. Provisions for severance pay	2,420,094.95				2,250	
2. Other provisions	8,884,244.51				8,225	
				11,304,339.46	10,474	
C. <u>LIABILITIES</u>						
1. Advance payments received pursuant to Article 19 FMABG	59,830,364.00				59,045	
of which with a residual maturity of up to one year	59,830,364.00				59,045	
of which with a residual maturity of over one year	0.00				0	
2. Trade payables	22,648,723.55				21,655	
of which with a residual maturity of up to one year	11,967,723.55				11,155	
of which with a residual maturity of over one year	10,681,000.00				10,500	
3. Other liabilities				3,382,917.40	3,335	
of which from taxes	698,271.76				653	
of which social security	792,788.04				755	
of which from actual cost accounting for previous years	1,054,470.00				962	
of which others	837,387.60				965	
of which with a residual maturity of up to one year	3,382,917.40				3,335	
of which with a residual maturity of over one year	0.00				0	
	85,862,004.95				84,034	
of which with a residual maturity of up to one year	75,181,004.95				73,534	
of which with a residual maturity of over one year	10,681,000.00				10,500	
D. <u>DEFERRED INCOME</u>				47,657.00	49	
	100,680,743.21	97,894		100,680,743.21	97,894	

Vienna, 3 April 2020

signed by hand by Helmut Ettl

signed by hand by Eduard Müller

Income Statement for the Financial Year
from 01.01.2019 to 31.12.2019

(Amounts in EUR)

(rounding differences in previous year not taken into consideration)

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 settleable)	61,895,186.63	59,558
b)	Share of entities liable to pay costs (settled)	<u>500,000.00</u>	<u>500</u>
		62,395,186.63	60,058
3.	Income received from fees and allocation of costs	5,016,317.74	4,142
4.	Other operating income		
a)	Income from the disposal of fixed assets	0.00	48
b)	Income from the release of provisions	609,079.21	742
c)	other	<u>289,450.04</u>	<u>343</u>
		898,529.25	1,133
5.	Personnel expenses		
a)	salaries	-35,907,120.57	-34,372
b)	social security expenses	-9,668,092.70	-9,372
	<i>of which expenses for old-age pensions</i>	<i>-1,518,975.98</i>	<i>-1,393</i>
aa)	<i>Expenses for severance pay and contributions to corporate staff provision funds</i>	<i>-640,747.16</i>	<i>-719</i>
bb)	<i>Expenses of statutory social security, payroll-related taxes and mandatory contributions</i>	<i>-7,124,261.57</i>	<i>-6,898</i>
cc)	<i>Other social costs</i>	<u>-384,107.99</u>	<u>-362</u>
		-45,575,213.27	-43,744
6.	Amortisation and write-downs of intangible assets, depreciation and write-downs of tangible assets	-1,410,361.65	-1,596
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	-211,000.00	-360
c)	Costs pursuant to Article 3 para. 5 BaSAG	-2,000,000.00	-2,000
d)	Costs pursuant to Article 6 para. 6 ESAEG	-470,000.00	-500
e)	Other	<u>-14,487,883.01</u>	<u>-13,018</u>
		-25,168,883.01	-23,878
8.	<u>Subtotal of items 1 to 7</u>	155,575.69	116
9.	Other interest income	8,392.32	0
10.	Interest expenses	-33,761.73	-117
11.	<u>Subtotal of items 9 to 10</u>	-25,369.41	-117
12.	Releasing of the reserve pursuant to Article 20 FMABG	341,694.03	1
13.	Appropriation to reserve pursuant to Article 20 FMABG	-471,900.31	0
14.	<u>PROFIT OR LOSS FOR THE YEAR</u>	<u>0.00</u>	<u>0</u>

Vienna, 3 April 2020

signed by hand by Helmut Ettl

signed by hand by Eduard Müller

A N N E X

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 drawing up of the balance sheet, the valuation and reporting of the individual items of the annual financial statements were conducted in accordance with the general provisions of Articles 193 to 211 UGB, taking the special provisions for large corporations into account.
4. The annual financial statements were prepared in accordance with the going concern principle.
5. Where a valuation was defined based on an estimate, 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 the Annex to the Notes (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 derived licences in such rights | 3 years |
| 2. Buildings on third-party land | 8 to 16 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.

The 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 based on acquisition costs; with disposals of assets being captured by the carrying amounts.

Development of carrying amounts:

	Carrying amount as at 01.01.2019	Additions	Book value of written-off fixed assets	Write-downs	Carrying amount as at 31.12.2019
<u>Intangible assets</u>					
Intellectual property and similar rights and licences in such rights	533,692.62	250,213.63	0.00	354,664.77	429,241.48
Other IT software	500,928.80	250,213.63	0.00	335,754.49	415,387.94
Website	15,295.02	0.00	0.00	9,351.88	5,943.14
Electronic file (ELAK)	17,468.80	0.00	0.00	9,558.40	7,910.40
<u>Tangible assets</u>					
Buildings on third-party land	1,055,111.31	7,844.00	0.00	192,605.13	870,350.18
Fixtures and fittings in third-party buildings	977,908.53	7,844.00	0.00	156,969.32	828,783.21
Dedicated lines	77,202.78	0.00	0.00	35,635.81	41,566.97
Other equipment, operating and office equipment	1,121,824.68	656,282.96	0.00	813,876.86	964,230.78
IT systems (hardware)	882,136.91	550,452.92	0.00	720,166.86	712,422.97
Office furniture	168,152.51	8,810.14	0.00	43,271.56	133,691.09
Other office equipment	29,522.71	23,279.89	0.00	18,902.45	33,900.15
Office machinery and devices, office systems	42,012.55	73,740.01	0.00	31,535.99	84,216.57
Low-value assets	0.00	49,214.89	0.00	49,214.89	0.00
Total	2,710,628.61	963,555.48	0.00	1,410,361.65	2,263,822.44

2. Current assets

	31.12.2019	31.12.2018
I. Services not yet invoiced to entities liable to pay costs	61,895,186.63	59,558,230.44
II. Receivables and other assets	1,302,209.51	981,407.94
III. Securities and shares	26,000,000.00	0.00
IV. Cash at bank and in hand	7,429,171.25	33,353,169.97
	<u>96,626,567.39</u>	<u>93,892,808.35</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 of EUR 61,895,186.63 (previous year: EUR 59,558 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, as direct an allocation of costs occurs as is possible to the accounting groups for banking supervision, insurance supervision, securities supervision and pensions supervision. Indirect costs are assigned to the accounting groups based on the ratio of costs that can be directly allocated (Article 19 para. 2 FMABG).

The cost shares for the four accounting groups for 2019 are as follows:

	2019 EUR	2018 EUR thousands
1. Banking Supervision costs	35,816,412.97	33,777
2. Insurance Supervision costs	10,978,089.11	10,486
3. Securities Supervision costs	14,481,460.49	14,580
4. Pension Supervision costs	<u>1,119,224.06</u>	<u>1,215</u>
Total	<u>62,395,186.63</u>	<u>60,058</u>

Rounding differences are ignored.

Following the deduction of the costs for 2019 of the sub-accounting group Market Infrastructure in the accounting group Securities Supervision of EUR 500,000.00 (previous year: EUR 500 thousand) there is an amount still to be billed of EUR 61,895,186.63 (previous year: EUR 59,558 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 2019 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

Receivable and other assets comprise the following items:

	31.12.2019	31.12.2018
1. Trade receivables	774,921.37	300,518.22
2. Other receivables and assets	527,288.14	680,889.72
	<u>1,302,209.51</u>	<u>981,407.94</u>

1. Trade receivables

Receivables of EUR 774,921.37 (previous year: EUR 301 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 pursuant to Article 74 para. 5 no. 2 BaSAG of EUR 249,914.37 (previous year: EUR 30 thousand).

Receivables of EUR 529,344.00 (previous year: EUR 275 thousand) are still carried from the actual cost accounting of previous years. Itemised valuation allowances of EUR 4,337.00 (previous year: EUR 4 thousand) were recognised for receivables from actual cost accounting.

Itemised valuation allowances developed as follows:

As at 01.01.2019	EUR	4,087.00
Appropriation	EUR	1,000.00
Use	EUR	-750.00
Release	EUR	<u>0.00</u>
As at 31.12.2019	EUR	<u>4,337.00</u>

2. Other receivables and assets

Other receivables totalling EUR 527,288.14 (previous year: EUR 681 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 for other receivables, administrative penalties and coercive penalties amounts to EUR 7,168.17 (previous year: EUR 7 thousand).

III. Securities and shares

Investments in transferable securities issued by the Republic of Austria of EUR 26,000,000.00 (previous year: EUR 0 thousand) are shown under securities and shares.

IV. Cash at bank and in hand

As at 31.12.2019 the Financial Market Authority has liquid assets of EUR 7,429,171.25 (previous year: EUR 33.353 thousand). The decrease compared to the preceding year is generally attributable to the investment in transferable securities of the Republic of Austria (see explanatory remarks for Point B.III.).

3. Prepaid Expenses

The item prepaid expenses of EUR 1,790,353.38 (previous year: EUR 1,291 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 amounting to 1 % of the FMA's total costs based on the latest adopted financial statements as at 31.12.2018 (1% of the FMA's total costs in 2018 of EUR 69,334,836.01 correspond to EUR 693,348.36). 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 31.12.2018 (5% of the FMA's total costs in 2018 of EUR 69,334,836.01 correspond to EUR 3,466,741.80). As of 31.12.2018 the reserve totalled EUR 3,336,535.52.

Unexpected and exceptionally incurred costs in relation to banking supervision reform lead pursuant to Article 20 para. 1 FMABG for the 2019 financial year to EUR 341,694.03 from the reserve being used/released. Furthermore, the reserve was allocated an amount of EUR 471,900.31 so that the maximum amount was reached. As of 31.12.2019, the total reserve pursuant to Article 20 FMABG therefore stands at EUR 3,466,741.80.

5. Provisions

Established in accordance with prudent person principle pursuant to Article 211 para. 1 UGB.

	31.12.2019	31.12.2018
I. Provisions for severance pay	2,420,094.95	2,249,585.95
II Other provisions	<u>8,884,244.51</u>	<u>8,224,731.23</u>
	<u>11,304,339.46</u>	<u>10,474,317.18</u>

I. Provisions for severance pay

	2019 EUR	2018 EUR thousands
<u>Development:</u>		
As at 01.01.2019	2,249,585.95	1,978
Use	0.00	0
Appropriation/Release	170,509.00	271
As at 31.12.2019	<u>2,420,094.95</u>	<u>2,250</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 accounting bases for pension insurance (previous year: AVÖ 2018-P). The underlying basis for the computation was an interest rate of 1.97 % (previous year 2.32 %) and an upward trend in salary of 3.24 % (previous year 3.29 %). 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 pay. Due to the negligible level of this amount, it is not necessary to distribute the difference.

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

As of 31.12.2019, as in the previous year, 52 employees have severance pay 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 pay 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 statements 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 01.01.2019	Use	Release	Appropriation	As at 31.12.2019
Anniversary payments	223,326.00	0.00	23,695.00	55,537.00	255,168.00
Provisions for bonuses	2,118,042.24	2,118,042.24	0.00	2,187,528.65	2,187,528.65
Unused holiday entitlement	4,181,148.91	0.00	0.00	499,400.39	4,680,549.30
Overtime to be paid	10,430.41	10,430.41	0.00	7,493.72	7,493.72
Additional hours	253,900.34	4,334.27	0.00	0.00	249,566.07
Other provisions	940,235.42	639,367.38	87,736.30	843,862.47	1,056,994.21
Provision actual costs 2017 Bank. Sup.	497,647.91	0.00	497,647.91	0.00	0.00
Provision actual costs 2018 Bank. Sup.	0.00	0.00	0.00	446,944.56	446,944.56
	8,224,731.23	2,772,174.30	609,079.21	4,040,766.79	8,884,244.51

About the provision for anniversary payments

The calculations for provisions for anniversary payments were as per the previous year conducted in accordance with actuarial bases using the part-value method taking into consideration the AVÖ 2018-P accounting bases for pension insurance (previous year: AVÖ 2018-P). The underlying basis for the computation was an interest rate of 1.97 % (previous year 2.32 %) and an upward trend in salary of 3.24 % (previous year 3.29 %). 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 provision for bonuses

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

About the provision for unused holiday entitlement

Provisions have been established for expected obligations arising from holiday entitlement not yet consumed as of the reporting date.

About the provision for overtime not yet paid out

The provision contains overtime that has been worked, but which is only due to be paid out in 2020.

About 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.

Miscellaneous other provisions were as follows

Maintenance and other IT expenses	317,042.77
Consulting costs and external services	169,866.00
Objections to payment notices AG3/SAG1	145,740.00
IT Investments	109,717.32
Operating expenses	85,916.14
Personnel costs	63,017.09
Exemption levy for non-employment of disabled persons	61,387.00
Expenses FMA Annual Report	57,300.00
Objections to payment notices AG3/SAG3	34,619.00
Other expenses	<u>12,388.89</u>
	<u><u>1,056,994.21</u></u>

As was the case in the previous year, other provisions do not include any long-term provisions.

2017 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 2018 financial statements for the actual costs incurred in 2017 was used/released in the 2019 financial statements of the FMA; by way of derogation from Article 19 para. 4 FMABG, the resulting amount is only to be deducted from the costs of accounting group 1.

2018 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 2018 is to be allocated to a provision in the annual financial statements for 2019.

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.

	31.12.2019	31.12.2018
I. Advance payments received pursuant to Article 19 FMABG	59,830,364.00	59,044,995.25
II. Trade payables	22,648,723.55	21,654,607.47
III. Other liabilities	3,382,917.40	3,334,795.75
	<u>85,862,004.95</u>	<u>84,034,398.47</u>

I. <u>Advance payments received pursuant to Article 19 FMABG</u>	31.12.2019	31.12.2018
Payments by parties liable to pay costs of payment notices	58,517,251.00	57,828,512.00
APs received from parties liable to pay costs for following year	1,582,401.00	1,256,647.00
IVA from exposures from APs	500.00	375.00
Advances/overpayment by parties liable to pay costs from APs	-269,788.00	-40,538.75
	<u>59,830,364.00</u>	<u>59,044,995.25</u>

of which with a residual maturity of up to one year: EUR 59,830,364.00 (previous year: EUR 59,045 thousand)

For the 2019 financial year, the entities liable to pay costs had to make advance payments of EUR 58,517,251.00 (previous year: EUR 57,829 thousand) as prescribed by administrative decision. Itemised valuation allowances of EUR 500.00 (previous year: EUR 0 thousand) were recognised for the amounts not yet paid.

The 2019 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 31.12.2019, EUR 1,582,401.00 (previous year: EUR 1,257 thousand) had already been paid in advance for the 2020 financial year.

II. Trade payables

Trade payables consist of the following items:

	31.12.2019	31.12.2018
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	970,000.00	722,944.40
OeNB costs pursuant to Article 182 para. 7 VAG	550,293.39	204,774.00
Sub-account for liabilities from trade payables	860,432.13	532,904.67
Purchase invoices still to be expected	267,998.03	193,984.40
	<u>22,648,723.55</u>	<u>21,654,607.47</u>

of which with a residual maturity of up to one year: EUR 11,967,723.55 (previous year: EUR 11,155 thousand)

of which with a residual maturity of over one year: EUR 10,681,000.00 (previous year: EUR 10,500 thousand)

For the 2018 financial year (to 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 182 para. 7 VAG EUR 339,293.39
 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

For the 2019 financial year (to be reimbursed by 31.03.2021)

Reimbursable contributions pursuant to Article 79 para. 4b BWG EUR 8,000,000.00
 Reimbursable contributions pursuant to Article 182 para. 7 VAG EUR 211,000.00
 Reimbursable contributions pursuant to Article 3 para. 5 BaSAG EUR 2,000,000.00
 Reimbursable contributions pursuant to Article 6 para. 6 ESAEG EUR 470,000.00

The item "Purchase invoices still to be expected" relates to obligations from payables during the 2019 calendar year.

III. Other liabilities

	31.12.2019	31.12.2018
of which from taxes	698,271.76	653,466.05
of which from social security and similar obligations	792,788.04	754,869.44
of which from actual cost accounting for previous years	1,054,470.00	961,948.05
Other	837,387.60	964,512.21
	<u>3,382,917.40</u>	<u>3,334,795.75</u>

Breakdown of liabilities from taxes	31.12.2019	31.12.2018
FA clearing account for wage and salary charges	683,032.57	637,834.99
FA tax payable	11,035.19	11,431.06
Vienna Municipality	4,204.00	4,200.00
	<u>698,271.76</u>	<u>653,466.05</u>

The liabilities in relation to social security of EUR 792,788.04 (Previous year: EUR 755 thousand) primarily relate to contributions to the Gebietskrankenkassen (regional health insurers).

In the case of the liabilities from the actual cost accounting from previous years amounting to EUR 1,054,470.00 (previous year: EUR 962 thousand) they predominantly relate 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 by the FMA.

The remaining other liabilities of EUR 837,387.60 (previous year: EUR 965 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 amounting to EUR 542,093.65 (previous year: EUR 516 thousand), which will only become due after the balance sheet date.

7. Deferred Income

	31.12.2019	31.12.2018
Deferred Income	<u>47,657.00</u>	<u>48,837.00</u>
	<u>47,657.00</u>	<u>48,837.00</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 2019 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 3,951,920.00 (previous year: EUR 3,908 thousand) for the following year and to a total of approximately EUR 19,759,600.00 (previous year: EUR 19,539 thousand) for the following five years.

C. INFORMATION ON THE INCOME STATEMENT

1. Federal Government contribution pursuant to Article 19 FMABG

Pursuant to Article 19 para. 4 FMABG, the Federal Government paid an advanced contribution of EUR 4,000,000.00 (previous year: EUR 4,000 thousand) for the 2019 financial year, which was used to cover part of the costs incurred during the 2019 financial year.

2. Share of entities liable to pay costs

The share of entities liable to pay costs for 2019 amounting to EUR 62,395,186.63 (previous year: EUR 60,058 thousand) consists of EUR 61,895,186.63 (previous year: EUR 59,558 thousand) billed to the entities liable to pay costs at the end of the 2020 calendar year, as well as the share of the entities liable to pay costs already invoiced in 2019 for the market infrastructure sub-accounting group for the 2019 calendar year amounting to EUR 500,000.00 (previous year: EUR 500 thousand).

In this regard, please also refer to point B.2. I. "Services not yet invoiced to entities liable to pay costs".

3. Income received from fees and allocation of costs

Income received from fees and allocation of costs amount to EUR 5,016,317.74 (previous year: EUR 4,142 thousand) and consist of the following income items:

	31.12.2019	31.12.2018
Income from fees purs. InvFG 2011 and AIFMG	3,419,145.99	3,061,286.00
FMA income from approval fees	582,180.00	506,614.30
FMA income from prospectus checking	524,540.00	430,660.00
Other	490,451.75	143,638.88
	<u>5,016,317.74</u>	<u>4,142,199.18</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

Other operating income stands at EUR 898,529.25 (previous year: EUR 1,133 thousand) and consists of the following items

	31.12.2019	31.12.2018
a) Income from the disposal of fixed assets	0.00	47,500.00
b) Income from the release of provisions	609,079.21	742,461.71
c) Other	289,450.04	342,951.79
	<u>898,529.25</u>	<u>1,132,913.50</u>

a) Income from the disposal of fixed assets

There was no income from the disposal of fixed assets in 2019 (previous year: EUR 48 thousand).

b) Income from the release of provisions

	31.12.2019	31.12.2018
Income from the release of provisions	609,079.21	742,461.71
	<u>609,079.21</u>	<u>742,461.71</u>

Income from the release of provisions relate to the partial amount released of EUR 497,647.91 (previous year: EUR 554 thousand) for the actual costs for 2017 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 289,450.04 (previous year: EUR 343 thousand) and predominantly contains income from transitory items in relation to the electronic file (ELAK), training costs as well advances in relation to employees in partial retirement and rental income.

5. Personnel expenses

	31.12.2019	31.12.2018
Salaries	35,907,120.57	34,371,545.73
Social security expenses	9,668,092.70	9,372,160.94
	<u>45,575,213.27</u>	<u>43,743,706.67</u>

a) Salaries

The salaries stated under a) of the income statement amounting to EUR 35,907,120.57 (previous year: EUR 34,372 thousand) generally relate to salaries including special payments as well as the salaries of civil servants.

Detailed breakdowns about the expenses for severance pay 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

The social security expenses amounting to EUR 9,668,092.70 (previous year: EUR 9,372 thousand) by and large consist of social insurance contributions, employer contributions, occupational pension provisions and severance fund contributions.

The expenses in the item Expenses for old-age pensions of EUR 1,518,975.98 (previous year: EUR 1,393 thousand) relate to expenses for the occupational pension provisions of FMA employees.

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

	31.12.2019	31.12.2018
Contributions to employee severance fund	470,238.16	447,873.33
Provisioning of the severance reserve	170,509.00	271,187.00
	<u>640,747.16</u>	<u>719,060.33</u>

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

This item amounts to EUR 7,124,261.57 (previous year: EUR 6,898 thousand) and consists of the following taxes and contributions:

	31.12.2019	31.12.2018
Social insurance contributions	5,645,939.54	5,446,351.38
Employer contribution	1,269,839.15	1,214,009.49
Apportioning/Usage of the provision for non-wage labour costs	90,611.42	118,662.25
Exemption levy for non-employment of disabled persons	61,387.00	62,429.00
Underground tax	43,642.00	43,548.00
Contributions to the Beamtenversicherungsanstalt (BVA)	12,842.46	13,260.97
	<u>7,124,261.57</u>	<u>6,898,261.09</u>

cc) Other social costs

Other social costs amounting to EUR 384,107.99 (previous year: EUR 362 thousand) predominantly relate to the subsidy 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 1,410,361.65 (previous year: EUR 1,596 thousand) and comprise of the following:

	31.12.2019	31.12.2018
Normal write-downs	1,361,146.76	1,537,731.71
Low-value assets	49,214.89	57,789.67
	<u>1,410,361.65</u>	<u>1,595,521.38</u>

For a detailed breakdown about the write-downs please see point B.1 Fixed assets/Information on the balance sheet.

7. Other operating expenses

	31.12.2019	31.12.2018
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	211,000.00	360,000.00
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	470,000.00	500,000.00
Other	<u>14,487,883.01</u>	<u>13,018,345.66</u>
	<u>25,168,883.01</u>	<u>23,878,345.66</u>

Other operating expenses consist of the following costs for services performed during 2019 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 211,000.00 (previous year: EUR 360 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 470,000.00 (previous year: EUR 500 thousand),

The remaining other operating expenses came to EUR 14,487,883.01 (previous year: EUR 13,018 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 amounts to EUR 8,392.32 (previous year: EUR 0 thousand) and generally consists of interest for investment in transferable securities of the Republic of Austria.

9. Interest payable and similar expenses

Interest payable is stated of EUR 33,761.73 (previous year: EUR 117 thousand). The reduction in interest payment arises from investment in securities issued by the Republic of Austria.

10. Reserve pursuant to Article 20 FMABG

Regarding the using/releasing of the reserve of EUR 341,694.03 (previous year: EUR 1 thousand) as well as the allocation of the reserve amounting to EUR 471,900.31 (previous year: EUR 0 thousand), please see point B.4 Reserve pursuant to Article 20 FMABG/Information on the Balance Sheet.

D. OTHER INFORMATION**1. Events of particular significance occurring after the reporting date of the annual financial statements**

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

The change to the management of the FMA is explained in point D.3.

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

	2019	2018
Civil servants	14	14
Employees (incl. contractual employees)	<u>446</u>	<u>441</u>
Staff total	<u>460</u>	<u>455</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.

Klaus Kumpfmüller resigned his position as a member of the FMA's Executive Board on 31 January 2020.

With effect from 01 February 2020 Eduard Müller was appointed temporarily by the Federal Minister of Finance as a member of the FMA's Executive Board.

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:

	2019	2018
	EUR	EUR thousands
Executive Directors and executive employees	132,447.46	134
Other employees	<u>2,027,275.68</u>	<u>1,978</u>
Total	2,159,723.14	2,112

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 276,545.64 before taxes per director and year in 2019.

The costs of contractual old-age pension contributions for the Executive Directors are EUR 22,676.78 per person.

The remuneration for the eight members of the supervisory board with voting rights totals EUR 19,700.00 per annum. The amount can be broken down as follows:

- Chairperson: EUR 3,600.00
- Vice-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 Economic Chambers do not receive any remuneration.

The members of the supervisory board have not been 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) (Member until 31.08.2019)
Governor of the Oesterreichische Nationalbank

Robert HOLZMANN (Vice-Chairperson) (Member since 01.09.2019)
Governor of the Oesterreichische Nationalbank

Andreas ITTNER (Member until 10.07.2019)
Vice Governor of the Oesterreichische Nationalbank; Director of Financial Stability, Banking Supervision and Statistics at the OeNB

Gottfried HABER (Member since 11.07.2019)
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 until 01.08.2019)

Federal Ministry of Finance

Dietmar SCHUSTER (Member since 05.09.2019)

Federal Ministry of Finance

Elisabeth GRUBER

Federal Ministry of Finance

Beate SCHAFFER

Federal Ministry of Finance

Karin TURNER-HRDLICKA

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, 03 April 2020

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signed by hand by Helmut Ettl

Vienna, 03 April 2020

.....

signed by hand by Eduard Müller, MBA

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

	As at 01.01.2019 EUR	Acquisition Costs Additions EUR	Disposals EUR	As at 31.12.2019 EUR	As at 01.01.2019 EUR	Cumulated depreciations Additions EUR	Disposals EUR	As at 31.12.2019 EUR	Carrying amounts As at 01.01.2019 EUR	As at 31.12.2019 EUR
Fixed assets										
I. Intangible assets										
1. Intellectual property rights and similar rights and licences in such rights	4,235,625.86	250,213.63	27,378.00	4,458,461.49	3,701,933.24	354,664.77	27,378.00	4,029,220.01	533,692.62	429,241.48
II. Tangible assets										
1. Buildings on third-party land	2,355,411.08	7,844.00	0.00	2,363,255.08	1,300,299.77	192,605.13	0.00	1,492,904.50	1,055,111.31	870,350.18
2. Other equipment, operating and office equipment	6,207,947.05	656,282.96	424,997.46	6,439,232.55	5,086,122.37	813,876.86	424,997.46	5,475,001.77	1,121,824.68	964,230.78
3. Low-value assets	0.00	49,214.89	49,214.89	0.00	0.00	49,214.89	49,214.89	0.00	0.00	0.00
	8,563,358.13	713,341.85	474,212.35	8,802,487.63	6,386,422.14	1,055,696.88	474,212.35	6,967,906.27	2,176,935.99	1,834,580.96
	12,798,983.99	963,555.48	501,590.35	13,260,949.12	10,088,355.38	1,410,361.65	501,590.35	10,997,126.28	2,710,628.61	2,263,822.44