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TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS

CONSOLIDATED ANNUAL ACCOUNTS OF THE EUROPEAN UNION FOR THE FINANCIAL YEAR 2022

CONTENTS

FOREWORD

In 2022, the European Union proved once again its power of unity to respond to unprecedented challenges. European solidarity was our response to Russia's brutal war. On one hand, we have stood by our Ukrainian partners and sought to mitigate the impact of this unlawful and arbitrary war, which affected the daily lives of millions of Ukrainians. On the other hand, we have addressed the direct and indirect consequences for our citizens, businesses, and Member States. That is why we have mobilised all available means in the EU budget and under the European Peace Facility to complement support directly provided by the Member States.

The current geopolitical situation has emphasised the importance of a sustainable and diversified source of energy supply. In this context, our dedicated recovery instrument NextGenerationEU proved to be an important tool to further accelerate the green and the digital transition. At the same time, NextGenerationEU has been instrumental for the growth of the EU into the large scale-sovereign style issuer. By implementing unified EU borrowing strategy, the Commission sent a very important signal to financial markets: it showed EU solidarity and has generated confidence in the resilience of the euro area.

In addition, the SURE programme (Support to Mitigate Unemployment Risks in an Emergency) continued to support Member States to maintain people in work and help jobs affected by the pandemic. At the end of 2022, its final year, Member States had signed loan facility agreements of 98.4 billion Euro, all of which were disbursed supporting more than 30 million people and 2.5 million companies across 19 different Member States.

On top of tackling the crisis with rapid responses and ongoing adjustments to the political and financial situation, the European Union kept its promise and delivered on its overall policy objectives. In 2022, the second year of the MFF 2021-2027, it made the best use of the 2022 budget, with commitment implementation amounting to 357.1 billion Euro.

Thanks to the EU budget, the European Union could stand up to its challenges. Therefore, it is my pleasure to present the 2022 annual accounts of the European Union, which will illustrate this in detail. They provide a complete overview of EU finances, including information on contingent liabilities, financial commitments and other obligations of the Union, as well as on the implementation of the EU budget for the past year. The consolidated annual accounts of the European Union are part of the Commission’s integrated financial and accountability reporting package and form an essential part of our highly developed system of fiscal transparency and accountability.

Johannes Hahn

Commissioner for Budget and Human Resources

FINANCIAL HIGHLIGHTS OF THE YEAR

The objective of this Financial Highlights section, which has been prepared on the basis of the principles outlined in the IPSASB Recommended Practice Guideline (RPG) 2 'Financial Statement Discussion and Analysis' is to assist readers to understand how the operational, financial and investment activities of the EU are reflected in the different elements of the consolidated financial statements of the EU. The information presented in this section has not been audited.

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables below may appear not to add up.

CONTENTS

1. KEY FIGURES AND HIGHLIGHTS OF THE YEAR

Consolidated financial statements

The consolidated financial statements of the EU comprise more than 50 entities (including the European Parliament, the Council, the Commission and EU agencies). They are prepared on the basis of accrual-based accounting rules adopted by the Accounting Officer of the Commission, these rules being based on International Public Sector Accounting Standards (IPSAS).

As can be seen on the balance sheet below and further detailed in the Financial Statements Analysis (section **5**), the 2022 EU consolidated financial statements were particularly marked by an increase of borrowings due to the continued implementation of NextGenerationEU and the Support to mitigate Unemployment Risks in an Emergency (SURE) instrument, as well as the additional financial support provided to Ukraine:

EUR billion

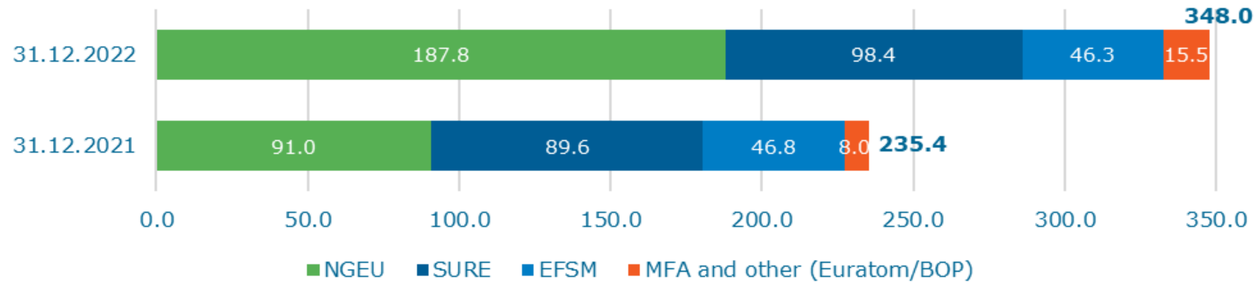
	2022	2021
ASSETS		
Financial Assets	235.4	188.6
Pre-financing	100.5	93.4
Receivables	48.2	72.4
Cash and cash equivalents	46.5	44.9
Property, Plant and Equipment and other assets	15.2	14.7
Total	**445.9**	**414.1**
LIABILITIES		
Post-employment benefits	80.6	122.5
Financial liabilities	352.3	246.1
Payables	55.3	46.4
Accruals	86.2	78.1
Other liabilities	2.8	3.3
Total	**577.2**	**496.4**
NET ASSETS		
Reserves	1.3	1.3
Amounts to be called from Member States	(132.6)	(83.6)
Total	**(131.3)**	**(82.3)**

➡ see Financial Statement Analysis, section **5**

Key developments in 2022

Continuing the successful track record of bond issuances

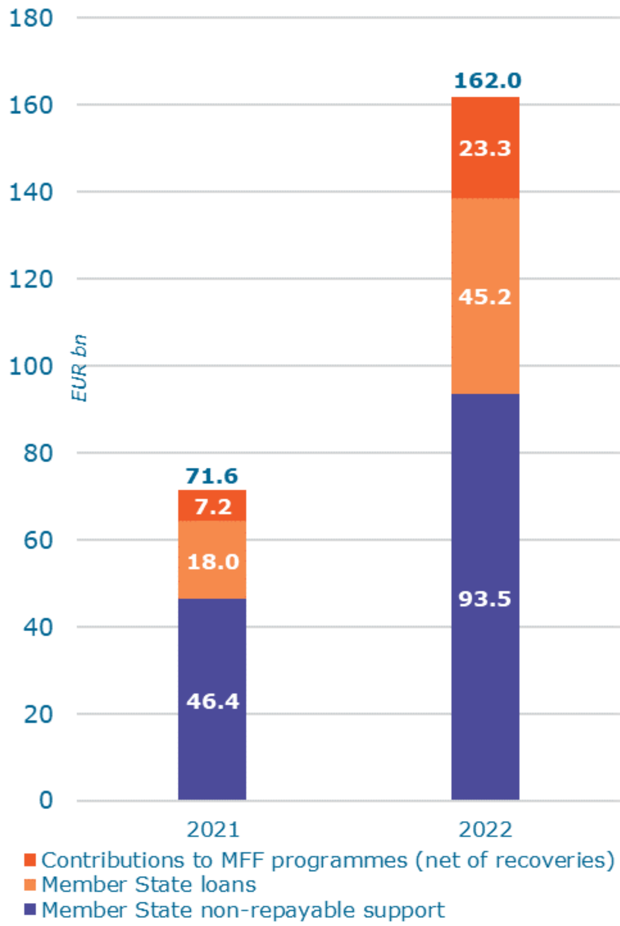
EUR 112.6 billion of additional funding for EU policy programmes and financial assistance:



see section **4**

Delivering on the NGEU obectives

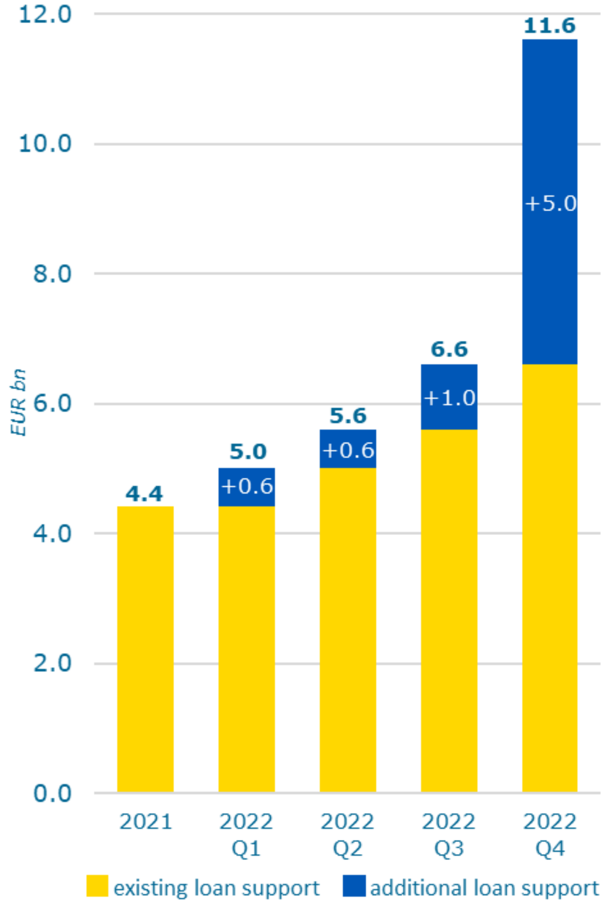
Total NGEU disbursements increased to EUR 162.0 bn



see section **2**

Providing financial assistance to Ukraine

MFA loan support to Ukraine increased to EUR 11.6 bn



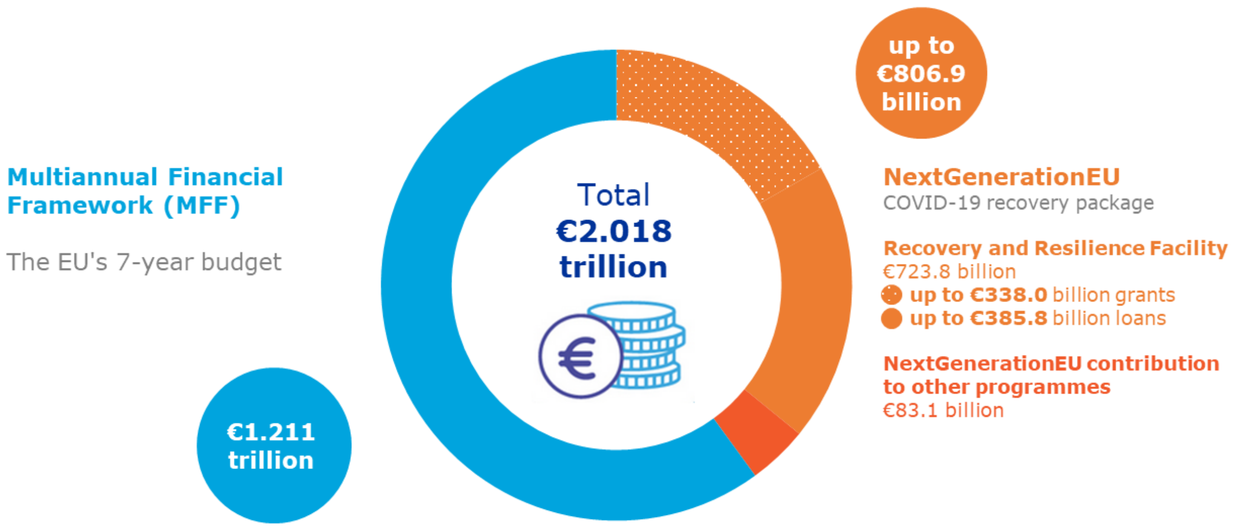
see section **4**

2. THE 2021-2027 MULTIANNUAL FINANCIAL FRAMEWORK AND NextGenerationEU

2.1. MFF 2021-27 & NextGenerationEU – Key Figures

The EU's 2021-2027 long-term budget, together with the NextGenerationEU (NGEU) recovery instrument, amounts to EUR 2.018 trillion in current prices (EUR 1.8 trillion in 2018 prices).

The package consists of the long-term budget, the 2021-2027 multiannual financial framework (MFF), made up of EUR 1.211 trillion in current prices (EUR 1.074 trillion in 2018 prices), combined with the temporary recovery instrument, NGEU of up to EUR 806.9 billion in current prices (EUR 750 billion in 2018 prices).



Note: All amounts are in current prices.

The budget has been designed as a response to Europe's priorities and most urgent needs:

- More than 50% of the total amount of the next long-term budget and NGEU will support the modernisation of the European Union through research and innovation, fair climate and digital transitions, preparedness, and recovery and resilience actions;
- 30% of the EU budget will be spent to fight climate change – the highest share of the largest EU budget ever;
- 20% of the Recovery and Resilience Facility (RRF) – which accounts for 90% of NGEU – will be invested in digital transformation;
- In 2026 and 2027, 10% of the annual spending under the long-term budget will contribute to halting and reversing the decline of biodiversity; and
- For the first time ever, new and reinforced priorities have the highest share within the long-term budget, 32%.

Following Russia's war of agression against Ukraine, the EU budget turned into a key instrument to support the EU's crisis response and strategic autonomy building. More concretely, in a 'Team Europe' approach, the EU, its Member States and financial institutions, had by the end of 2022 together mobilised close to EUR 50 billion in overall support for Ukraine, in a clear expression of the EU's continued solidarity with the people of Ukraine.

This included:

- EUR 18.9 billion in financial assistance, budget support and humanitarian assistance, enabled by the EU budget and directly from EU Member States in grants, loans and guarantees;
- An EUR 18 billion package to support Ukraine's economy, to be paid out in 2023; and
- EUR 3.2 billion in military assistance under the European Peace Facility and EUR 7 billion directly by the EU Member States (both the European Peace Facility and the direct support by Member States are not part of the EU budget).

2.2. NextGenerationEU – overview

With a budget of EUR 806.9 billion, NGEU is designed to help repair the immediate economic and social damage brought about by the coronavirus pandemic, thus building a post-COVID-19 Europe that is greener, more digital, more resilient and better fit for the current and forthcoming challenges.

A majority of the funds is channeled through the Recovery and Resilience Facility (RRF). Part of the funds, up to EUR 338.0 billion, are provided in the form of non-repayable support, or grants. The other part, up to EUR 385.8 billion, is used to provide loans from the Union to individual Member States. These loans will be repaid by those Member States starting only after the current MFF period and extending over a long time period, with the final maturity of the loans outstanding at 31 December 2022 ending only as from 2052 (see section **2.3.3**).

In addition, NGEU reinforces several existing EU programmes and policies, as follows:

- The Cohesion policy under the recovery assistance for cohesion and the territories of Europe (REACT-EU), to help address the economic consequences of COVID-19 in the first years of the recovery;
- The Just Transition Fund, to guarantee that the transition to climate neutrality works for all;
- The European Agricultural Fund for Rural Development, to further support farmers;
- InvestEU, to support the investment efforts of our businesses;
- Horizon Europe, to make sure the EU has the capacity to fund more excellence in research; and
- RescEU, safeguards that the EU Civil Protection Mechanism has the capacity to respond to largescale emergencies.

Recovery and Resilience Facility
EUR 723.8 billion
up to 338.0 in grants
up to 385.8 in loans

POWER UP
Clean technologies and renewables

RENOVATE
Energy efficiency of buildings

RECHARGE AND REFUEL
Sustainable transport and charging stations

CONNECT
Roll-out of rapid broadband services

MODERNISE
Digitalisation of public administration

SCALE UP
Data cloud and sustainable processors

RESKILL AND UPSKILL
Education and training to support digital skills

NextGenerationEU contribution to other programmes
EUR 83.1 billion

REACT-EU (ERDF/ESF)
50.6

JUST TRANSITION FUND
10.9

RURAL DEVELOPMENT (EAFRD)
8.1

INVESTEU
6.1

HORIZON EUROPE
5.4

RESCEU
2.0

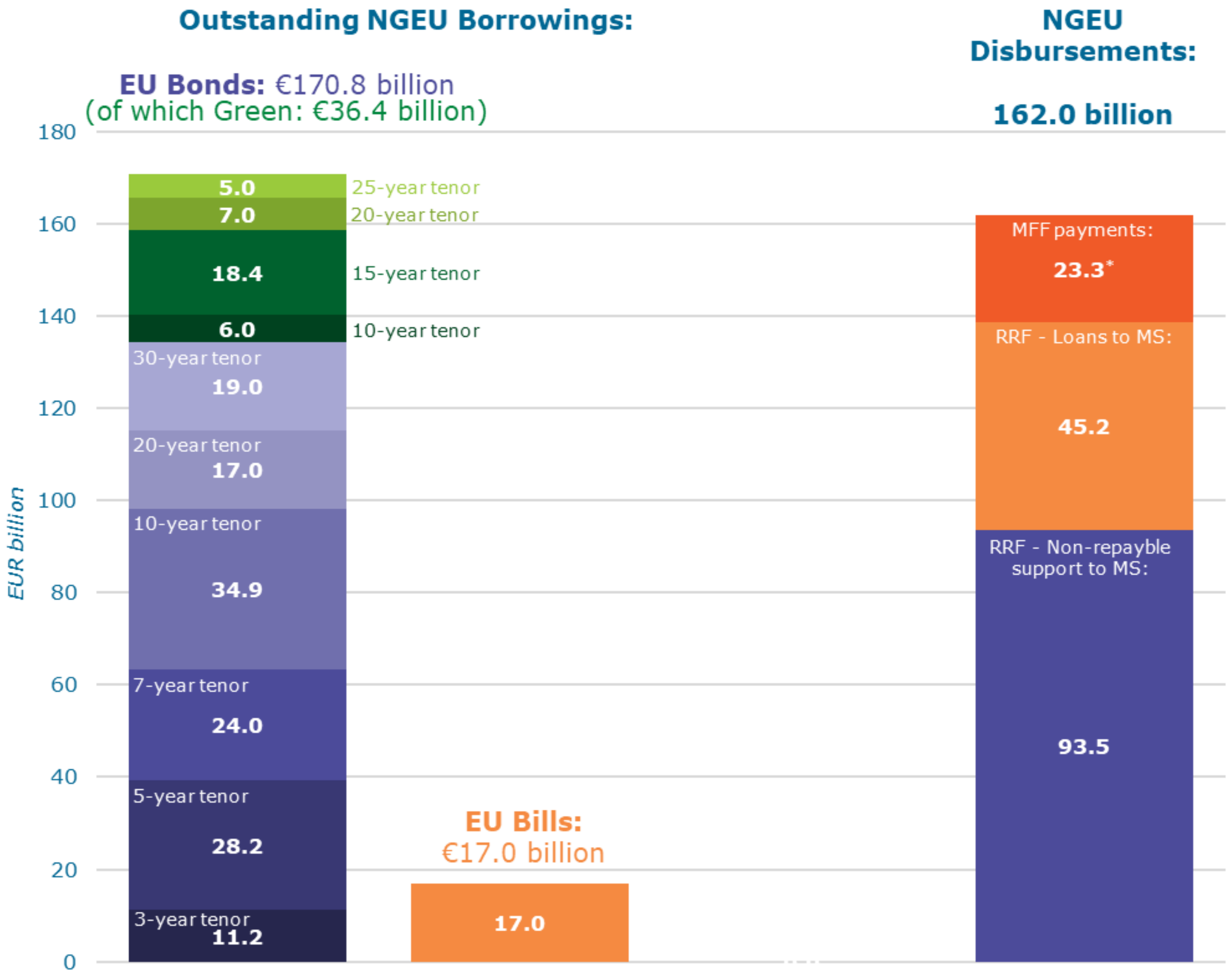
In addition, following Russia's war of aggression against Ukraine and the resulting energy crisis, the Commission put forward REPowerEU, the European Commission's plan to make Europe independent from Russian fossil fuels well before 2030. Under REPowerEU, Member States add a REPowerEU chapter to their national Recovery and Resilience Plans (RRPs) – the roadmaps to funding under the Recovery and Resilience Facility – to finance key investments and reforms in diversifying energy supplies and reducing dependence on Russian fossil fuels. REPowerEU does not increase the overall envelope for the RRF, but will accelerate the deployment of the current borrowing capacity by offering Member States the possibility to request additional loans under NGEU for REPowerEU objectives. REPowerEU is complemented by grants financed by the auctioning of ETS allowances and transfers from the Brexit Adjustment Reserve.

2.3. Financial situation of NGEU at 31 December 2022

2.3.1. Overview

From the launch of the NGEU funding operations on 15 June 2021 to the end of 2022, the Commission has raised EUR 170.8 billion of long-term funding (nominal amount), mainly by issuing bonds in syndicated transactions (2021: EUR 71.0 billion). In addition, as of December 2022, the Commission has EUR 17.0 billion of short-term EU-Bills outstanding. Up to year-end 2022, the Commission had disbursed a total of EUR 162.0 billion of financial support (2021: EUR 71.6 billion). The majority of this amount, EUR 138.7 billion, was disbursed under the RRF, with EUR 93.5 billion disbursed as non-repayable support and EUR 45.2 billion disbursed as financial loan support. A further EUR 23.3 billion (net of recoveries of EUR 0.2 billion) was disbursed as MFF payments under existing programmes. Furthermore, liquidity of EUR 20.5 billion is held in the NGEU bank account with the ECB and in the Commission's central treasury account, pending disbursement to the budget for MFF programmes.

NGEU – Outstanding Borrowings and Disbursements at 31 December 2022



A further EUR 0.6 billion of funds were held in the Commission's central treasury account pending disbursement to the budget for MFF programmes (including EUR 0.2 billion of recovered NGEU funds previously paid).

2.3.2. Borrowings

To meet the NGEU funding needs, the Commission issues securities on the international capital markets. Based on a unified funding approach, the Commission combines the use of different funding instruments and funding techniques with an open and transparent communication to market participants.

In 2022, the annual Borrowing Decision allowed the Commission to issue up to a maximum amount of EUR 140 billion in long-term funding and to have up to a maximum outstanding amount of EUR 60 billion in short-term funding.[1]

Long-term funding – Syndicated transactions and auctioning of EU bonds

As of 31 December 2022, the outstanding (nominal) amount of long-term funding was EUR 170.8 billion (2021: EUR 71.0 billion). Out of this amount, EUR 36.4 billion related to green bonds (2021: EUR 12 billion). The borrowings will mature between 2025 and 2052 as follows:

[1] Commission Implementing Decision C(2021) 9336 final.

EUR billion

Maturity	Issued/Raised	Total repaid at year-end	Outstanding at year-end
2025	11.2	0.0	11.2
2026	18.9	0.0	18.9
2027	9.3	0.0	9.3
2028	14.0	0.0	14.0
2029	10.0	0.0	10.0
2031	20.0	0.0	20.0
2032	14.9	0.0	14.9
2033	6.0	0.0	6.0
2037	18.4	0.0	18.4
2041	13.0	0.0	13.0
2042	4.0	0.0	4.0
2043	7.0	0.0	7.0
2048	5.0	0.0	5.0
2051	14.0	0.0	14.0
2052	5.0	0.0	5.0
	170.8	**0.0**	**170.8**

Short-term funding – Auctioning of EU-Bills

The auctioning of EU-Bills gives extra flexibility to the Commission as an issuer, and is supporting the liquidity of its securities. As of 31 December 2022, the outstanding (nominal) amount of short-term funding, raised via the auctioning of EU-bills with a maturity of three or six months, amounted to EUR 17.0 billion (2021: EUR 20.0 billion).

2.3.3. Disbursements

During 2022 the Commission positively assessed the five remaining Member States' recovery and resilience plans (Bulgaria, Hungary, Netherlands, Poland and Sweden), which were subsequently approved by the Council. As a consequence, all 27 Member States' recovery and resilience plans were endorsed by year-end 2022. The total non-repayable support approved under the 27 Member States' plans amounted to EUR 335.1 billion (2021: EUR 291.2 billion), corresponding to almost the whole financial envelope of NGEU non-repayable support of EUR 338.0 billion[2]. Out of this amount, EUR 234.4 billion were covered by financing agreements signed with Member States (2021: EUR 195.4 billion). The total financial loan support approved under the plans amounted to EUR 165.3 billion (2021: EUR 153.9 billion), of which the loan agreements signed by year-end covered EUR 153.9 billion (2021: EUR 153.2 billion).

Non-repayable support

By year-end 2022, the Commission had disbursed a total of EUR 93.5 billion of non-repayable support to 22 Member States (2021: EUR 46.4 billion to 20 Member States). Out of this amount, EUR 36.6 billion related to pre-financing (2021: EUR 36.4 billion) and EUR 56.9 billion related to payments made following the fulfilment of milestones and targets by Member States (2021: EUR 10.0 billion):

[2] *Maximum financial contribution calculated for each Member State following the update of 30 June 2022 in line with Article 11(2) of Regulation (EU) 2021/241 (before deduction of support expenditure), see https://commission.europa.eu/document/c22c182c-f53e-453f-b45a-dacdcf2d69dd_en.*

EUR billion

Member State	Maximum non-repayable support*	Signed commitments and budgetary commitments 31.12.2022†	Disbursed as pre-financing 31.12.2022	Milestone payments 31.12.2022	Total disbursed at 31.12.2022
Austria	3.8	2.2	0.4	-	0.4
Belgium	4.5	3.6	0.8	-	0.8
Bulgaria	5.7	4.6	-	1.4	1.4
Croatia	5.5	4.6	0.8	1.4	2.2
Cyprus	0.9	0.8	0.1	0.1	0.2
Czechia	7.7	3.5	0.9	-	0.9
Denmark	1.4	1.3	0.2	-	0.2
Estonia	0.9	0.8	0.1	-	0.1
Finland	1.8	1.7	0.3	-	0.3
France	37.5	24.3	5.1	7.4	12.5
Germany	28.0	16.3	2.3	-	2.3
Greece	17.4	13.5	2.3	1.7	4.0
Hungary	5.8	4.6	-	-	-
Ireland	0.9	0.9	-	-	-
Italy	69.0	47.9	9.0	20.0	29.0
Latvia	1.8	1.6	0.2	0.2	0.4
Lithuania	2.1	2.1	0.3	-	0.3
Luxembourg	0.1	0.1	0.0	-	0.0
Malta	0.3	0.2	0.0	-	0.0
Netherlands	4.7	3.9	-	-	-
Poland	22.5	20.3	-	-	-
Portugal	15.5	9.8	1.8	0.6	2.4
Romania	12.1	10.2	1.9	1.8	3.6
Slovakia	6.0	4.6	0.8	0.4	1.2
Slovenia	1.5	1.3	0.2	-	0.2
Spain	77.2	46.6	9.0	22.0	31.0
Sweden	3.2	2.9	-	-	-
Total	**338.0**	**234.4**	**36.6**	**56.9**	**93.5**

* *Maximum financial contribution calculated for each Member State following the update of 30 June 2022 in line with Article 11(2) of Regulation (EU) 2021/241 (before deduction of support expenditure), see https://commission.europa.eu/document/c22c182c-f53e-453f-b45a-dacdcf2d69dd_en.*

† *Budgetary commitments take into account all decommitments including those related to commitments made before 2022. Out of the total budgetary commitments EUR 136.4 billion was committed in 2022.*

During 2022 the Commission disbursed non-repayable support totalling EUR 47.2 billion. This amount mainly comprised the first milestone payment to France (EUR 7.4 billion), the first and second milestone payments to Italy (EUR 10.0 billion each), and the second milestone payment to Spain (EUR 12.0 billion).

Loans

By year-end 2022, the Commission had disbursed EUR 45.2 billion of financial loan support to five Member States (2021: EUR 18.0 billion to four Member States). Out of this amount, EUR 19.9 billion related to pre-financing (2021: EUR 18.0 billion) and EUR 25.2 billion related to loan instalments made following the fulfilment of milestones and targets by Member States (2021: nil):

EUR billion

Member State	Maximum financial loan support	Total signed at 31.12.2022	Disbursed as pre-financing 31.12.2022	Milestone payments 31.12.2022	Total outstanding at 31.12.2022
Cyprus	0.2	0.2	0.0	-	0.0
Greece	12.7	12.7	1.7	1.8	3.5
Italy	122.6	122.6	15.9	22.0	37.9
Portugal	2.7	2.7	0.4	0.6	1.0
Romania	14.9	14.9	1.9	0.8	2.7
Poland	11.5	0.0	-	-	-
Slovenia	0.7	0.7	-	-	-
Approved	**165.3**	**153.9**	**19.9**	**25.2**	**45.2**
Reserve	**220.5**	**-**	**-**	**-**	**-**
	385.8	**153.9**	**19.9**	**25.2**	**45.2**

During 2022 the Commission provided financial loan support totalling EUR 27.2 billion. This amount comprised the loan pre-financing of EUR 1.9 billion to Romania, the payment of the first loan instalments to Greece (EUR 1.8 billion), Italy (EUR 11.0 billion), Portugal (EUR 0.6 billion) and Romania (EUR 0.8 billion), as well as the payment of the second loan instalment to Italy (EUR 11.0 billion).

According to the loan agreements, Member States will make annual repayments of 5% of the disbursed amounts starting ten years after the disbursement date. Thus Cyprus, Greece, Italy and Portugal will start repaying the loans as from 2032 and Romania as from 2033. The repayment schedule for the nominal amounts outstanding at year-end is as follows:

EUR million

Member State	Repayment period	Annual repayment	Total repayment
Cyprus	2032-2051	1	26
Greece	2032-2052	175	3 500
Italy	2032-2052	1 897	37 938
Portugal	2032-2052	48	960
Romania	2033-2052	137	2 732
		2 258	**45 156**

NGEU contribution to other programmes under the EU budget

By year-end 2022, the total net payments disbursed to other programmes under the MFF amounted to EUR 23.3 billion (2021: EUR 7.2 billion). This contribution, which is net of recoveries of EUR 0.2 billion, mainly related to REACT-EU which finances the European Regional Development Fund (ERDF) and the European Social Fund (ESF, including FEAD):

EUR billion

MFF-Programme	Total allocation	Total net commitments 31.12.2022†	Total net payments 31.12.2022
REACT-EU	50.6	50.5	18.2
- of which ERDF	30.0	29.9	13.6
- of which ESF (incl. FEAD)	20.6	20.6	4.6
Just Transition Fund	10.9	5.0	0.2
Rural Development (EAFRD)	8.1	8.1	1.3
InvestEU	6.1	3.6	1.4
Horizon Europe	5.4	3.5	1.9
RescEU	2.0	0.9	0.3
Total	**83.1**	**71.6**	**23.3**

During 2022, the Commission disbursed payments to other MFF programmes totalling EUR 16.1 billion. This amount comprised mainly the payments relating to REACT-EU (EUR 11.2 billion, of which EUR 8.7 billion under the ERDF and EUR 2.5 billion under the ESF, including FEAD), Horizon Europe (EUR 1.9 billion), InvestEU (EUR 1.2 billion) as well as Rural Development (EUR 1.2 billion).

2.3.4. Liquidity

Loans provided under NGEU do not follow the strict back-to-back principle used in the past. Instead, a diversified and pooled funding strategy has been developed for the NGEU that has required the implementation of an efficient liquidity management. The objective of the NGEU liquidity management is to ensure that the amounts held on the NGEU bank account are sufficient to meet all upcoming disbursement needs and to maintain a defined safety buffer, while avoiding any excess balances. For the liquidity management, the Commission has developed an IT tool that allows for the monitoring of the NGEU account on a daily basis. At year-end 2022 the funds held in the NGEU off-budget account amounted to EUR 19.9 billion. In addition, EUR 0.6 billion of funds were held in the Commission's central treasury account pending disbursement to the budget for MFF-programmes (including EUR 0.2 billion of recovered NGEU funds previously paid).

Following the success of the diversified funding strategy for NGEU and the growing recurrence to borrowing to secure funding for EU policy priorities, the Commission decided in 2022 to start using the unified funding approach as a main funding method as of 2023. Under this approach, the Commission – on behalf of the EU – will henceforth issue only 'EU-Bonds' rather than separately denominated bonds for individual programmes. The NGEU recovery programme and the new Macro-Financial Assistance + programme for Ukraine of EUR 18 billion for 2023 are the first programmes to benefit from the new funding approach.

3. SUMMARY OF BUDGET IMPLEMENTATION

3.1. Revenue

In the initial adopted EU budget, total payment appropriations amounted to EUR 170 603 million and the amount to be financed by own resources totalled EUR 157 701 million. The revenue and expenditure estimates in the initial budget are typically adjusted during the budgetary year by way of amending budgets. Adjustments in the GNI-based own resources ensure that budgeted revenue matches exactly budgeted expenditure. In accordance with the principle of equilibrium, budget revenue and expenditure (payment appropriations) must be in balance.

During 2022, five amending budgets were adopted. Taking them into account, the final adopted revenue for 2022 amounted to EUR 170 038 million and the total amount financed by own resources amounted to EUR 153 928 million. Member States' contributions in 2022 were mainly reduced by the surplus of the previous year (EUR 3 227 million). The level of payment appropiations remained more or less in line with the initial voted budget.

Revenue comes from six sources (titles):

Title 1 : Own resources

The collection of traditional own resources was above the amounts forecasted in the budget. This was due mainly to a higher than expected collection in the last months of the year.

Member States' final VAT, GNI and Plastics payments corresponded closely to the final budgetary estimate. The differences between the forecasted amounts and the amounts actually paid are due to the differences between the euro rates used for drawing up the budget and the rates in force at the time when the Member States outside the euro area actually made their payments.

Title 2 : Surpluses, balances and adjustments

The surplus of the previous financial year amounted to EUR 3 227 million. This amount was inscribed in the budget 2022 through an amending budget and the own resources contributions from the Member States were reduced accordingly.

For the VAT and GNI balances, the rules are set out in Article 10b of the Making Available Regulation (Council Regulation (EU, Euratom) No 609/2014). According to these rules the total sum of the balances are calculated in order for the impact on the EU budget to be zero (‘netting system’) and the procedure does not entail a budgetary amendment. The Commission therefore directly requests the Member States to pay the net amounts in accordance with the rules of the Making Available Regulation.

Title 3 : Administrative revenue

This title comprises mainly revenue from taxes and levies on the remuneration of staff.

Title 4 : Financial revenue, default interest and fines

The main part of this title relates to the fines in connection with the implementation of competition rules.

Title 5 : Budgetary guarantees, borrowing and lending operations

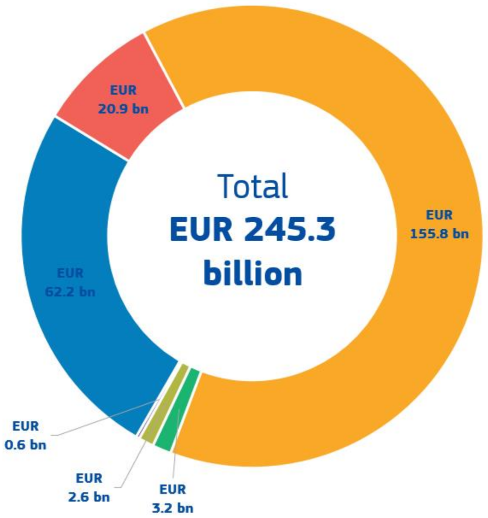
This title has increased significantly with the advent of the NextGenerationEU (NGEU). NGEU funds within this title are assigned revenue. Title 5 covers revenue related to guarantees, interest and repayments of loans granted. It also channels funds (for the NGEU non-repayable support under the Recovery and Resilience Facility and for reinforcement of MFF programmes) from earmarked revenue that Member States receive under the European Union Recovery Instrument (EURI).

Title 6 : Revenue, contributions and refunds related to Union policies

This title concerns mainly revenue from financial corrections related to structural and agricultural funds (ESIF, EAGF and EAFRD). It also includes the participation of third countries in research programmes, the clearance of accounts in agricultural funds and other contributions and refunds to EU programmes/

activities. A substantial part of this total is made up of earmarked revenue, which gives rise to the entering of additional appropriations on the expenditure side.

Total 2022 budget revenue amounted to EUR 245 265 million:



	1. Own resources	**EUR 155.8 bn**
	2. Surpluses, balances and adjustments	**EUR 3.2 bn**
	3. Administrative revenue	**EUR 2.6 bn**
	4. Financial revenue, default interest and fines	**EUR 0.6 bn**
	5. Budgetary guarantees, borrowing-and-lending operations	**EUR 62.2 bn**
	6. Revenue, contributions and refunds related to union policies	**EUR 20.9 bn**
	of which NextGenerationEU (on Titles 5 and 6)	***EUR 62.4 bn***

3.2. Expenditure

3.2.1. Budget implementation

In 2022, the second year of the MFF 2021-2027, the final adopted budget amounted to EUR 182.2 billion of commitment appropriations and EUR 170.0 billion of payment appropriations. In addition, EUR 295.0 billion of commitment appropriations were available as assigned revenue, out of which EUR 277.8 billion related to the NGEU[3], and EUR 4.5 billion of commitment appropriations were carried over from 2021. The payment appropriations related to 2022 assigned revenue amounted to EUR 87.0 billion, out of which EUR 64.3 billion related to the NGEU and EUR 4.3 billion of payment appropriations were carried over from 2021.

The implementation of the 2022 budget was still partly impacted by the late adoption of the MFF Regulation (December 2020), which led to the adoption of the legal acts of the new generation of programmes only in the course of 2021. Moreover, the implementation of the 2022 budget was heavily affected by the invasion of Ukraine by Russia and the need to take resolute actions to provide complex humanitarian and financial support to Ukraine, help refugees as well as countries hosting them, and to respond to a crisis that had consequences beyond Ukrainian borders.

The implementation of the total commitment appropriations in 2022 amounted to EUR 357.1 billion:

- EUR 179.4 billion from the final adopted budget;
- EUR 4.5 billion from appropriations carried-over or made available again from 2021;
- EUR 173.2 billion from appropriations stemming from assigned revenue;
    - of which EUR 162.7 billion from NGEU.

The implementation of the total payment appropriations in 2022 amounted to EUR 243.3 billion:

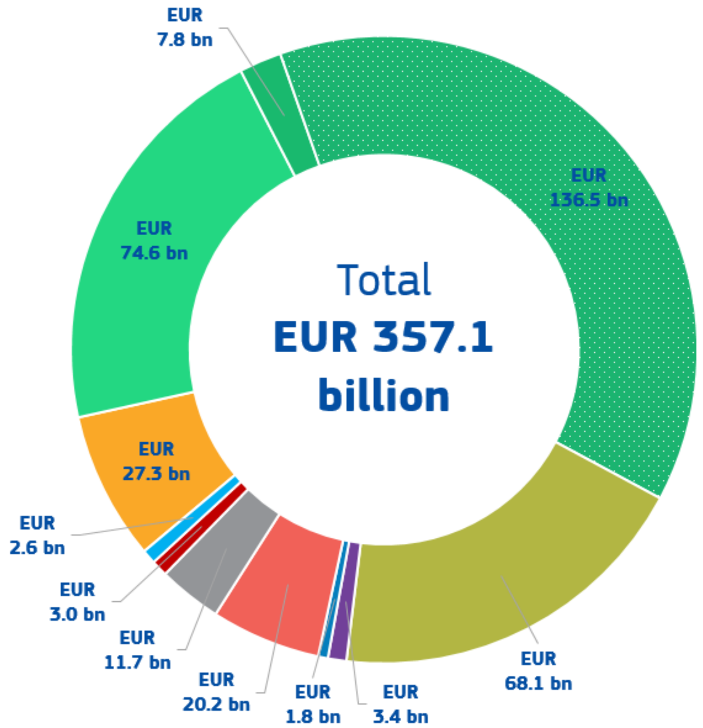
- EUR 167.3 billion from the final adopted budget;
- EUR 4.2 billion from appropriations carried-over or made available again from 2021;
- EUR 71.8 billion from appropriations stemming from assigned revenue;
    - of which EUR 63.5 billion from NGEU.

[3] For a comprehensive overview of the NextGenerationEU (NGEU), please see also sections 2.2 and 2.3 above.

In cases allowed by the Financial Regulation and/or legal bases, the appropriations of the voted budget that were not implemented in 2022 were carried over to 2023: EUR 1.5 billion of commitment appropriations and EUR 2.5 billion of payment appropriations.

Likewise, EUR 121.5 billion of commitment appropriations of assigned revenue, of which EUR 115.1 billion related to the NGEU, and EUR 15.2 billion of payment appropriations of assigned revenue, of which EUR 0.8 billion related to the NGEU, were carried over to 2023 in accordance with the Financial Regulation.

Total 2022 commitment appropriations implementation per EU policy objectives were as shown below:



1. Single Market, Innovation and Digital	EUR 27.3 bn
2a. Economic, social and territorial cohesion	EUR 74.6 bn
2b. Resilience and values (non-RRF)	EUR 7.8 bn
2b. Resilience and values (RRF)	EUR 136.5 bn
3. Natural Resources and Environment	EUR 68.1 bn
4. Migration and Border Management	EUR 3.4 bn
5. Security and Defence	EUR 1.8 bn
6. Neighbourhood and the World	EUR 20.2 bn
7. European Public Administration	EUR 11.7 bn
0. Outside MFF	EUR 3.0 bn
S. Solidarity mechanisms within and outside the Union (Special instruments)	EUR 2.6 bn
of which NextGenerationEU	*EUR 162.7 bn*

The 2022 implementation for all types of appropriations (budget, carry-overs from previous year and assigned revenue) was 74% for commitments and 93% for payments. Implementation rates including the appropriations carried over to 2023 (in accordance with the Financial Regulation and/or legal bases) reached 99% for commitment appropriations and 100% for payment appropriations of the voted budget for 2022.

In 2022, the annual tranche of commitments under NGEU[4] was EUR 144.6 billion. In addition, EUR 21.1 billion of commitments were carried over from 2021. In total, EUR 165.7 billion was available for commitments in 2022, out of which 162.7 billion, or 98%, were consumed. The remaining EUR 114 billion of the NGEU total envelope are planned for implementation in 2023 (and in later years for administrative appropriations which can be implemented until 2027). In line with art. 3(4) of EURI Regulation[5] 2020/2094, over 60% of legal commitments for the relevant programmes under NGEU (with the exception of InvestEU and Recovery and Resilience Facility (RRF) loans) were entered into by 31 December 2022. The implementation of the NGEU payment appropriations reached 99%.

[4] The authorised amount for NGEU in 2022 concerned the 2022 support in the form of non-repayable support to Member States under the Recovery and Resilience Facility (RRF), the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) and the additional funding for other European programmes or funds (i.e. Rural Development, InvestEU Fund, Just Transition Fund, Horizon Europe and RescEU). The EURI Regulation sets legal deadlines with respect to the legal commitments while the programming distribution is established based on the planned schedule of annual commitments which are specifically mentioned in the legal bases of the programmes concerned.

[5] Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument (EURI) to support the recovery in the aftermath of the COVID-19 crisis.

3.2.2. Outstanding commitments

Outstanding commitments (commonly referred to as RAL – reste à liquider), which correspond to amounts committed but not yet paid for, stood at EUR 452.8 billion at the end of 2022. The outstanding commitments increased as compared to 2021 (by EUR 111.2 billion).

The main driver of the 2022 increase of the RAL was the NGEU (non-repayable part) implementation, contributing EUR 189.1 billion (42%) to the total RAL at the end of 2022. As the NGEU appropriations will be committed until 31 December 2023 and paid by 31 December 2026, in accordance with the Articles 3(4) and 3(9) of the EURI Regulation, the trend of nominally growing RAL linked to NGEU will continue in 2023.

3.2.3. Budget result

The budget result (surplus) decreased from EUR 3.2 billion in 2021 to EUR 2.5 billion in 2022. A major contributor to the budget result (surplus) 2022 was higher than expected revenue from the customs duties.

4. FINANCIAL INSTRUMENTS AND BUDGETARY GUARANTEES

4.1. Financial instruments financed by the EU budget

Financial instruments financed by the EU budget exist in the form of guarantee instruments, equity instruments and loan instruments. Under the 2021-2027 MFF the use of budgetary guarantees is expected to increase in comparison to the use of financial instruments fully financed or provisioned from the EU budget. In particular, under the InvestEU Programme, EUR 26.2 billion of EU guarantees will be provided to the EIB group and other financial institutions to support various policy objectives of the Union by means of financing investment operations. The basic concept behind this approach, in contrast to the traditional method of budget implementation of giving grants and subsidies, is that for each euro spent from the budget via financial instruments, the final beneficiary receives more than EUR 1 as financial support due to the leverage effect.

Under this type of budget implementation, funds are either already disbursed to the fiduciary accounts managed by the entrusted entities and stay available (as cash and cash equivalents, debt securities or investments in money market funds or pooled portfolios of assets) to cover future guarantee calls or have been invested in equity. The significance and volume of financial instruments financed by the EU budget under direct and indirect management has been increasing in recent years.

4.2. Budgetary guarantees: Financial assets held in guarantee funds

Under this type of budget implementation the EU provides guarantees to counterparts for which the funding is only partially provisioned via guarantee funds set up by the Commission. This creates contingent liabilities for the EU budget, in case the provisioning is not sufficient to cover the calls. The EU has given guarantees to the EIB Group for loans granted outside of the EU (the so-called External Lending Mandate, or ELM) and on debt and equity operations covered by the EFSI guarantee. The EU has also given guarantees to the EIB Group and other financial institutions for operations covered by the EFSD, the NDICI-External Action Guarantee and InvestEU.

As of 2021, the provisioning is held in the Common Provisioning Fund (CPF). The CPF is established by the Financial Regulation[6] to hold the provisioning made (i.e. funds held) to cover financial liabilities arising from financial instruments, budgetary guarantees and financial assistance loans as of the 2021-2027 MFF. It also includes some assets of provisioning for financial liabilities from previous MFFs.

The CPF is created and functions as a single portfolio, currently combining provisioning for all the EU budgetary guarantees and some financial assistance programmes. The resources of the CPF are allocated into compartments for the purpose of tracing the amounts relating to the contributing budgetary guarantees and financial assistance programmes.

At 31 December 2022, the Commission holds financial assets in the CPF for the following compartments:

- Guarantee Fund for external actions – EUR 2.5 billion
- EFSI – EUR 8.5 billion
- EFSD – EUR 0.7 billion
- NDICI EFSD+ – EUR 1.1 billion
- InvestEU EU compartment – EUR 1.7 billion
- InvestEU MS compartment Czech Republic – 14 million
- InvestEU MS compartment Finland – 18 million
- InvestEU Blending Operations – 18 million.

[6] Article 212 of the Financial Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018.

In addition, EUR 342 million is held in the Commission central treasury as a liquidity buffer to cover for immediate guarantee calls.

4.3. Loans and related borrowings for financial assistance programmes

The EU borrowing and lending activities for financial assistance programmes are non-budget operations. Except for the NGEU, funds raised are on-lent to the beneficiary country, back-to-back i.e. with the same coupon, maturity and amount. As a result, the EU services the borrowings with the money it receives from the loans. Nevertheless, the service of the borrowings is a legal obligation of the EU, which will ensure that all payments are made fully and in a timely manner. The Commission has put procedures in place to ensure the repayment of borrowings even in case of a loan default.

The financial support for Member States and third countries, in the form of bilateral loans financed from the capital markets with the guarantee of the EU budget, is provided by the Commission under decisions of the European Parliament and of the Council. In 2022 the Commission, acting on behalf of the EU, operates six main programmes under which it may grant loans:

- SURE assistance;
- European Financial Stabilisation Mechanism (EFSM) assistance;
- Macro-Financial Assistance (MFA);
- Balance of Payments (BOP) assistance;
- Euratom; and
- NGEU – for further information see section **2** above.

At 31 December 2022, the nominal amount of the loans granted for financial assistance, excluding NGEU (see section **2**), were:

EUR billion

	Total granted	Total disbursed at year-end	Total repaid at year-end	Outstanding at year-end
SURE				
Belgium	8.2	8.2	-	8.2
Bulgaria	1.0	1.0	-	1.0
Croatia	1.6	1.6	-	1.6
Cyprus	0.6	0.6	-	0.6
Czechia	4.5	4.5	-	4.5
Estonia	0.2	0.2	-	0.2
Greece	6.2	6.2	-	6.2
Hungary	0.7	0.7	-	0.7
Ireland	2.5	2.5	-	2.5
Italy	27.4	27.4	-	27.4
Latvia	0.5	0.5	-	0.5
Lithuania	1.1	1.1	-	1.1
Malta	0.4	0.4	-	0.4
Poland	11.2	11.2	-	11.2
Portugal	6.2	6.2	-	6.2
Romania	3.0	3.0	-	3.0
Slovakia	0.6	0.6	-	0.6
Slovenia	1.1	1.1	-	1.1
Spain	21.3	21.3	-	21.3
	98.4	**98.4**	**-**	**98.4**
EFSM				
Ireland	22.5	22.5	-	22.5
Portugal	24.3	24.3	(0.5)	23.8
	46.8	**46.8**	**(0.5)**	**46.3**
MFA				
Ukraine	12.2	12.2	(0.6)	11.6
Tunisia	1.4	1.4	-	1.4
Jordan	1.1	0.9	-	0.9
Other	1.4	1.3	(0.2)	1.1
	16.1	**15.8**	**(0.8)**	**15.0**
BOP				
Latvia	2.9	2.9	(2.7)	0.2
	2.9	**2.9**	**(2.7)**	**0.2**
EURATOM				
Energoatom and K2R4 – Ukraine	0.4	0.4	(0.1)	0.3
Other	0.4	0.4	(0.4)	-
	0.8	**0.8**	**(0.5)**	**0.3**
Total	**165.0**	**164.7**	**(4.5)**	**160.2**

The repayment schedule for the amounts outstanding at year-end is as follows:

EUR billion

	SURE	EFSM	MFA	BOP	EURATOM	TOTAL
2023	-	3.5	0.1	-	-	3.6
2024	-	2.6	0.6	-	-	3.2
2025	8.0	2.4	-	0.2	-	10.6
2026	8.0	6.2	0.1	-	-	14.3
2027	-	3.0	0.2	-	0.1	3.3
2028	10.0	2.3	0.2	-	0.1	12.6
2029	8.2	1.4	0.9	-	-	10.4
2030	10.0	-	0.1	-	0.1	10.2
2031	-	7.3	1.2	-	0.1	8.6
2032	-	3.0	0.7	-	-	3.7
2033	-	2.1	0.5	-	-	2.6
2034	-	-	0.7	-	-	0.7
2035	8.5	2.0	2.0	-	-	12.5
2036	9.0	5.7	1.3	-	-	16.0
2037	8.7	-	0.9	-	-	9.6
2038	-	1.8	-	-	-	1.8
2039	-	-	-	-	-	
2040	7.0	-	0.5	-	-	7.5
2041		-	-	-	-	
2042	-	3.0	2.0	-	-	5.0
2043	-	-	-	-	-	
2044	-	-	-	-	-	
2045	-	-	-	-	-	
2046	5.0	-	-	-	-	5.0
2047	6.0	-	-	-	-	6.0
2048	-	-	-	-	-	
2049	-	-	-	-	-	
2050	10.0	-	-	-	-	10.0
2051	-	-	-	-	-	
2052	-	-	0.5	-	-	0.5
2053	-	-	2.5	-	-	2.5
Total	**98.4**	**46.3**	**15.0**	**0.2**	**0.3**	**160.2**

SURE

SURE was established in 2020 to provide financial assistance to Member States who are experiencing, or are seriously threatened with, a severe economic disturbance caused by the COVID-19 pandemic in their territory. The instrument complements the national measures taken by affected Member States. The maximum amount of financial assistance shall not exceed EUR 100 billion for all Member States.

At the end of 2022, Member States had signed loan facility agreements of EUR 98.4 billion, all disbursed by year-end 2022. In 2022, the Commission disbursed new loans of EUR 8.7 billion. The maturity of loans varies between 5 and 30 years.

EFSM

EFSM was created to provide financial assistance to all Member States experiencing or seriously threatened by a severe economic financial disturbance caused by exceptional occurrences beyond their control. The EFSM was used to provide financial assistance, conditional on the implementation of reforms, to Ireland and Portugal between 2011 and 2014. This programme has expired and no additional loans can be drawn, though it remains in place for specific tasks such as the lengthening of maturities of existing loans and providing bridging loans. In 2022, loans of EUR 2.2 billion to Portugal, maturing in April 2022, were extended by 4.5 years, whilst EUR 0.5 billion were repaid.

MFA

The MFA programme is a form of financial assistance extended by the EU to partner countries outside the EU experiencing a balance of payments crisis. It takes the form of medium/long-term loans or grants, or a combination of these, and is only available to countries benefiting from a disbursing International Monetary Fund (IMF) programme.

Ukraine

In 2022 the European Parliament and the Council agreed three packages of financial assistance for Ukraine[7], totalling EUR 7.2 billion, to strengthen the immediate resilience of the country subsequent to Russia's unprovoked and unjustified war of aggression. All the loans have been disbursed to Ukraine by the end of 2022. The maturity of these new loans to Ukraine varies between 10 to 30 years.

At the end of 2022 the total MFA loans outstanding to Ukraine amounted to EUR 11.6 billion (nominal amount).

To continue the EU support for Ukraine in 2023, a new package of financial assistance of EUR 18 billion was adopted by the European Parliament and the Council on 14 December 2022 (Regulation (EU) 2022/2463). The Commission and Ukraine signed a Memorandum of Understanding and a Loan Facility Agreement in early 2023 and EUR 7.5 billion of loans has been disbursed by 31 May 2023. The Commission plans to disburse the remaining amount by the end of 2023 in monthly tranches of EUR 1.5 billion.

BOP

The BOP is an assistance programme designed for Member States outside the euro area that are experiencing or are threatened by difficulties regarding their balance of payments. BOP assistance takes the form of medium-term loans that are conditional on the implementation of policies designed to address underlying economic problems. Typically, BOP assistance from the EU is offered in cooperation with the IMF and other international institutions or countries. No new operations or loan repayments occurred in 2022.

Euratom

The European Atomic Energy Community (Euratom, represented by the Commission) lends money to both Member States and non-Member States, and to entities of both, to finance projects relating to energy installations.

4.4. Budgetary contingent liabilities for financial assistance programmes

Borrowings of the EU constitute direct and unconditional obligations of the EU and are guaranteed by the EU Member States (budgetary contingent liabilities). Borrowings undertaken to fund loans to countries outside the EU are covered by the CPF. Should a beneficiary Member State default, the debt service will be drawn from the available treasury balance of the Commission, if possible. If that is not possible at that time, the Commission would draw the necessary funds from the Member States. EU Member States are legally obliged, according to the EU own resources legislation (Article 14 of Council Regulation (EU, Euratom) No 609/2014), to make available sufficient funds to meet the EU's obligations. Thus investors are only exposed to the credit risk of the EU, not to that of the beneficiary of loans funded. 'Back-to-back' lending ensures that the EU budget does not assume any interest rate or foreign exchange risk.

Loans provided to Member States under the SURE instrument are underpinned by a system of voluntary guarantees from Member States amounting to 25% of the maximum amount of financial assistance. Each Member State's contribution to the overall amount of the guarantee corresponds to its relative share in the total gross national income (GNI) of the European Union based on the 2020 EU budget.

[7] Decision (EU) 2022/313 of the European Parliament and the Council for EUR 1.2 billion providing emergency assistance to Ukraine, Decision (EU) 2022/1201 of the European Parliament and the Council for EUR 1.0 billion providing exceptional assistance to Ukraine, Decision (EU) 2022/1628 of the European Parliament and the Council for EUR 5.0 billion providing exceptional assistance to Ukraine.

EUR 6 billion of loans provided to Ukraine in 2022 under the exceptional MFA financial assistance, are covered by a system of guarantees from Member States for 61% of the exposure, with the first 9% of any losses to be covered by the EU budget (CPF). See note **2.4.1.1** in the consolidated EU annual accounts.

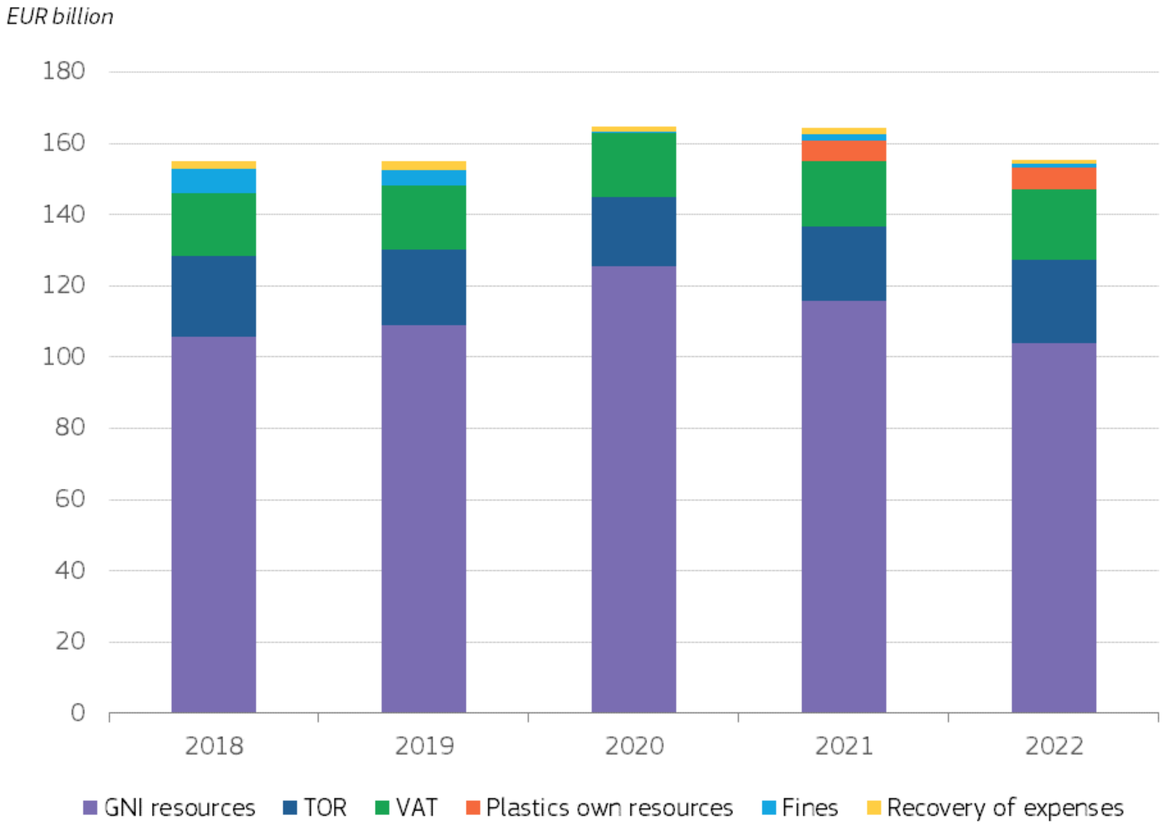
For each country programme, the European Parliament, the Council and the Commission decisions determine the overall granted amount, the number of instalments to be disbursed, and the maximum (average) maturity of the loan package. Subsequently, the Commission and the country concerned agree the loan/funding parameters, in particular the maturity of instalments. In addition, except for the first one, all instalments of the loan depend on compliance with policy conditions in the context of an EU financial assistance, which is another factor influencing the timing of funding operations. This implies that the timing and maturities of issuances are dependent on the related EU lending activity. Funding is exclusively denominated in euro and the maturity spectrum is from 3 to 30 years.

5. FINANCIAL STATEMENTS ANALYSIS

5.1. REVENUE

The consolidated revenue of the EU incorporates amounts related to exchange transactions and non-exchange transactions, the latter being the most significant. The five-year trend of the main non-exchange revenue categories (comprising GNI resources, Traditional own resources, VAT resources, the new Plastics own resources, Fines and Recovery of expenses) is as follows:

Five-year trend of revenue from main non-exchange transactions*



**2020 to 2022 figures: excluding revenue relating to the UK's withdrawal from the EU*

As budget revenue should equal (or exceed) budget expenditure, the main driver in the revenue trend shown above is the payments made each year.

Consolidated revenue – main developments in 2022

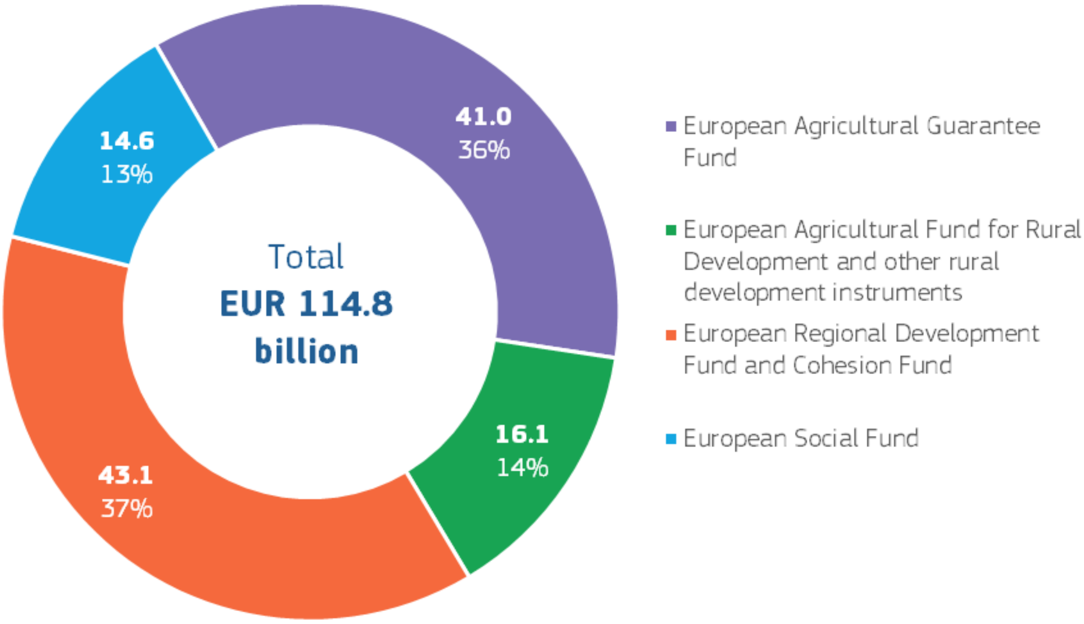
In 2022, the consolidated revenue, comprising all revenue categories, amounted to EUR 171.2 billion, compared to EUR 178.9 billion the previous year. The main developments explaining the decrease of EUR 7.7 billion or 4.3% were:

- Traditional own resources increased from EUR 20.6 billion in 2021 to EUR 23.5 billion in 2022. The increase of 2.9 billion or 14.1% is mainly explained by the recent economic recovery;
- VAT contributions have increased from EUR 18.3 billion in 2021 to EUR 19.7 billion in 2022;
- Revenue from GNI (gross national income), the primary element of the EU's operating revenue, decreased from EUR 116.0 billion in 2021 to EUR 103.9 billion in 2022. The decrease of EUR 12.1 billion or 10.4% is linked to the increase of the other revenue categories, as the revenue from GNI funds the part of the budget which is not covered by other sources of income; and
- Financial revenue decreased by EUR 2.5 billion mainly due to a decrease in accrued late payment interest for custom cases.

5.2. EXPENSES

The main component of expenses recognised in the consolidated financial statements are expenses under the shared management mode, which includes the following funds: (i) European Agricultural Guarantee Fund (EAGF), (ii) European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments, (iii) European Regional Development Fund (ERDF) & Cohesion Fund (CF), and (iv) European Social Fund (ESF). These funds made up EUR 114.8 billion or 43.6% of the total expenses of EUR 263.1 billion incurred in 2022 (2021: EUR 119.9 billion, 54.3% of the total expenses). The split of expenses under the shared management mode and their relative weights are presented below:

Main expenses under the shared management mode for the financial year 2022



The decrease of expenses under the shared management mode is mainly due to decreased expenses relating to the ERDF and Cohesion Fund (by EUR 3.8 billion) and the ESF (by EUR 2.1 billion). This reflects the transition from the former programming period of the 2014-2020 MFF to the current MFF 2021-2027: the costs declared for the previous programming period are decreasing while the costs related to the current period are low due to the slow start of its implementation. Expenses relating to the EAFRD and other rural development instruments and the EAGF increased by EUR 0.6 billion and EUR 0.2 billion respectively.

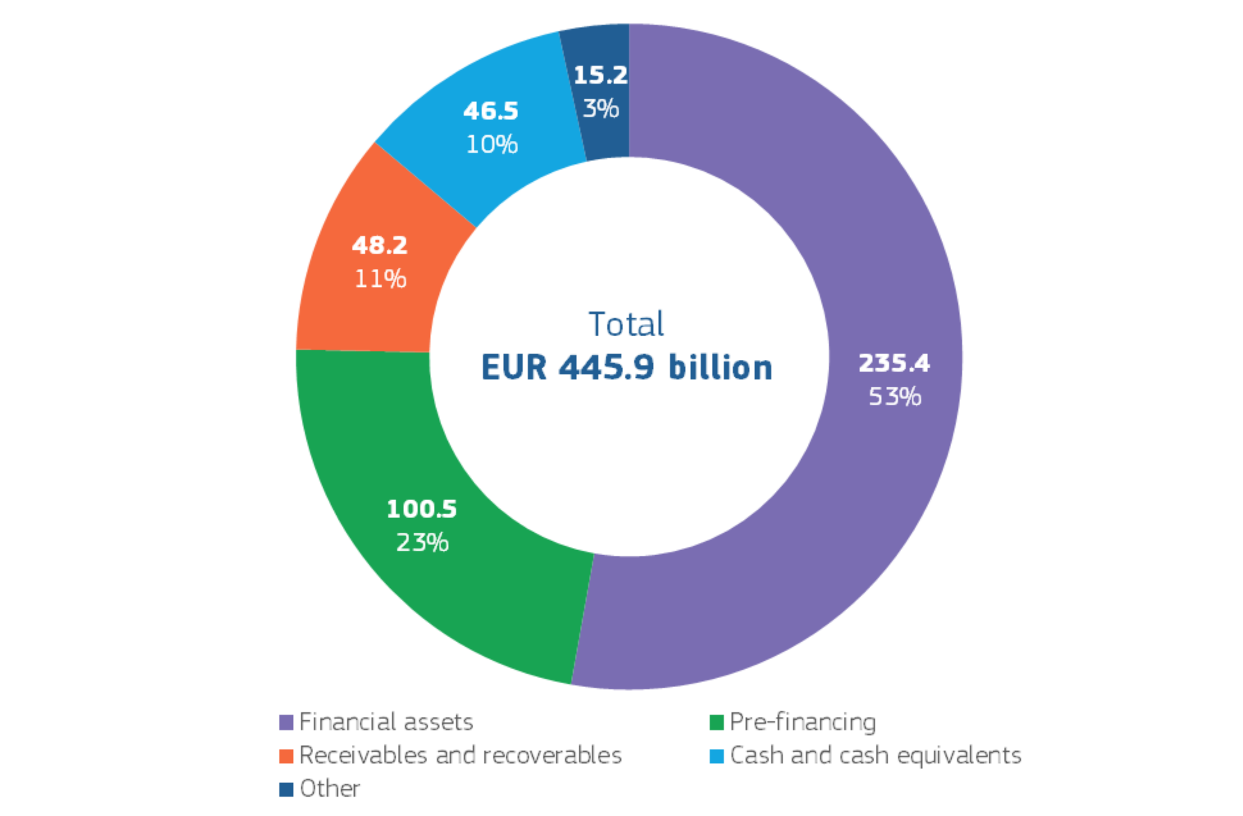
Following the successful launch of NGEU (see section **2**) in 2021, expenses under the direct management mode, which represents budget implementation by the Commission, executive agencies and trust funds, continued to increase from EUR 63.0 billion in 2021 to EUR 94.0 billion in 2022. The increase of EUR 31.0 billion is mainly due to the non-repayable support granted under the NGEU's RRF, which amounted to EUR 69.5 billion (2021: EUR 42.9 billion).

Expenses under the indirect management mode represent the budget implementation by EU agencies, EU bodies, third countries, international organisations and other entities. In 2022 the expenses under the indirect management mode amounted to EUR 13.6 billion (2021: EUR 10.9 billion). The increase is mainly due to the increased expenses in the External Action area.

5.3. ASSETS

As at 31 December 2022 total assets amounted to EUR 445.9 billion (2021: EUR 414.1 billion) – the increase is due to further lending from the SURE instrument and the lending and advances paid under the NGEU instrument. The most significant items were financial assets other than cash and cash equivalents (EUR 235.4 billion), pre-financing (EUR 100.5 billion), receivables and recoverables (EUR 48.2 billon) and cash and cash equivalents (EUR 46.5 billion). Other assets, amounting to EUR 15.2 billion, mainly included property, plant and equipment and intangible assets.

Composition of assets at 31 December 2022



The increase in total assets of EUR 31.8 billion or 7.7% from the previous year was mainly due to the following effects:

- Loans outstanding increased from EUR 163.6 billion in 2021 to EUR 204.4 billion in 2022. The increase of EUR 40.8 billion or 24.9% mainly reflects the issuance of further loans for financial assistance programmes to Member States under the RRF (EUR 27.2 billion), SURE (EUR 8.7 billion) programmes, and new loans under the MFA inancial assistance programme (EUR 7.5 billion), of which EUR 7.2 billion was disbursed to Ukraine;
- Total pre-financing increased from EUR 93.4 billion in 2021 to EUR 100.5 billion in 2022. The decrease of EUR 7.9 billion in the non-repayable financial support granted under the RRF was more than counterbalanced by the increased pre-financing payments in the cohesion area (ERDF, ESF, CF) where, as well as the first pre-financing paid out for the 2021-2027 programming period (EUR 5.4 billion), there were new pre-financing payments made for the 2014-2020 period that relate mainly to the REACT EU initial pre-financing (EUR 3.5 billion);
- Cash and cash equivalents increased from EUR 44.9 billion in 2021 to EUR 46.5 billion in 2022. The increase of EUR 1.6 billion or 3.6% is mainly due to the liquidity relating to NGEU (EUR 19.9 billion held in the NGEU account, as well as EUR 0.6 billion of funds held in the Commission's central treasury account pending disbursement to the budget for MFF programmes); and
- Receivables and recoverables decreased from EUR 72.4 billion to EUR 48.2 billion. The decrease of EUR 24.2 billion or 33.4% is mainly due to the decrease in the recoverable related to the UK Withdrawal agreement.

UK Withdrawal from the EU

On 31 January 2020, the United Kingdom (UK) withdrew from the European Union. The terms of its departure are defined in an Agreement on the withdrawal of the UK from the EU and the European Atomic Energy Community, also known as the 'Withdrawal Agreement' or 'WA'. As part of this deal, the UK agreed to honour all financial obligations undertaken while it was a member of the EU. The agreement entered into force on 31 January 2020. The UK will continue to contribute to the EU budget and to benefit from pre-2021 EU programmes and expenditure as if it was a Member State. The UK will also receive back certain defined monies it paid into the EU budget or monies received by the EU budget linked to its period of membership. The EU reports twice a year to the UK on the amounts due and the UK pays these on a monthly basis. The reporting is updated each year based on actual figures.

The obligations under the Withdrawal Agreement create liabilities and receivables for the EU which have to be calculated and reflected in the EU's annual accounts and cover in particular the following areas:

- Own resources (Article 136)
- Outstanding commitments (Article 140)
- Competition fines (Article 141)
- Union Liabilities (Article 142)
- Contingent financial liabilities and financial instruments (Articles 143 & 144)
- Net assets of the European Coal & Steel Community (Article 145)
- EU investment in the European Investment Fund, EIF (Article 146)
- Contingent liabilities concerning legal cases (Article 147).

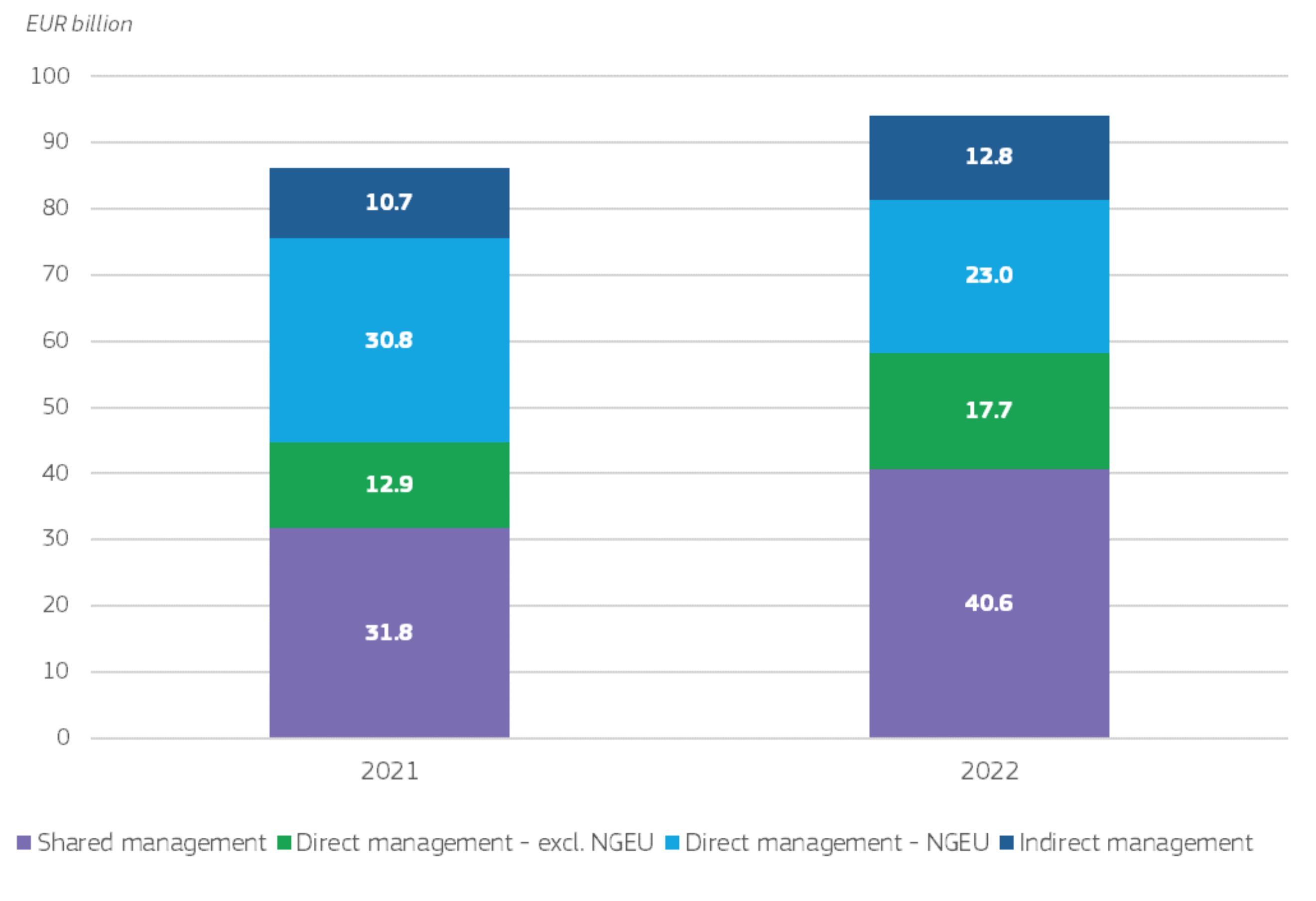
EUR million

	Article 140	Article 142	Other	31.12.2022	31.12.2021
Due from the UK	*17 029*	*9 587*	*68*	*26 683*	*43 982*
Due to the UK	*–*	*–*	*(2 812)*	*(2 812)*	*(2 229)*
Total	**17 029**	**9 587**	**(2 744)**	**23 871**	**41 753**
Non-current	*8 465*	*9 298*	*(2 953)*	*14 810*	*30 839*
Current	*8 563*	*288*	*209*	*9 061*	*10 913*

Pre-financing

In 2022, pre-financing, excluding other advances to Member States and contributions to the trust funds Bêkou and Africa, amounted to EUR 94.1 billion (2021: EUR 86.2 billion), almost all of which related to Commission activities. The increase of EUR 7.9 billion or 9.2% is related to the increase of pre-financing related to shared management from EUR 31.8 billion in 2021 to EUR 40.6 billion in 2022:

Commission pre-financing by management mode

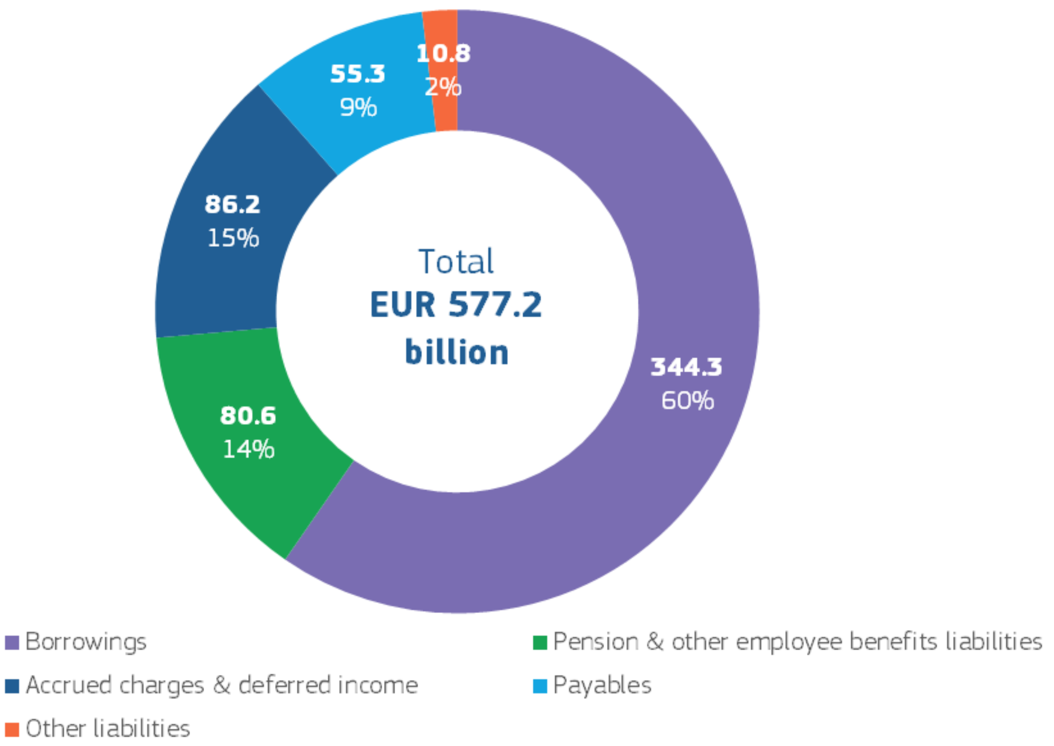


The level of pre-financing granted under MFF programmes is significantly influenced by the respective MFF cycle – for example at the beginning of an MFF period large advances are expected to be paid to Member States under cohesion policy and these amounts remain available to Member States until the closure of the programmes. An annual pre-financing is also paid out, which must be used within the year or be recovered the following year as part of the annual closure of the accounts cycle. The Commission makes every effort to ensure that pre-financing is maintained at an appropriate level. A balance has to be struck between ensuring sufficient funding for projects and the timely recognition of expenditure.

5.4. LIABILITIES

As at 31 December 2022 the total liabilities were EUR 577.2 billion (2021: EUR 496.4 billion) – the increase is driven mainly by the borrowings taken out in 2022 under the SURE and NGEU instruments. The most significant liabilities were borrowings for NGEU and financial assistance (EUR 344.3 billion), accrued charges and deferred income (EUR 86.2 billion), pension obligations and other post-employment benefits liabilities (EUR 80.6 billion) and payables to third parties (EUR 55.3 billion).

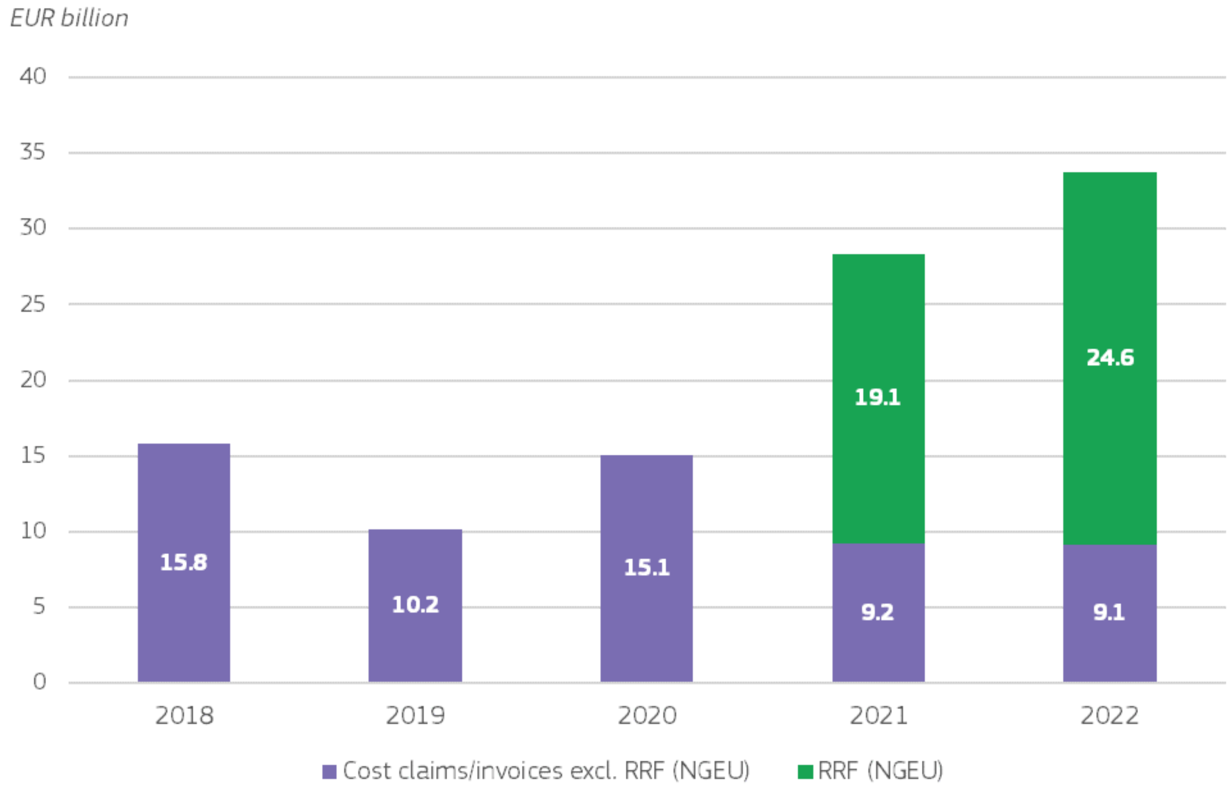
Composition of liabilities at 31 December 2022



The increase of EUR 80.8 billion or 16.3% over the previous year was mainly due to the following effects:

- Borrowings increased from EUR 236.7 billion in 2021 to EUR 344.3 billion in 2022. The increase of EUR 107.6 billion or 45.5% mainly relates to the new issuances, net of repayments, under NGEU (EUR 96.9 billion) and to additional borrowings under SURE (EUR 8.7 billion) and MFA (EUR 7.5 billion);
- Accrued charges and deferred income increased from EUR 78.1 billion in 2021 to EUR 86.2 billion in 2022. The increase of EUR 8.1 billion or 10.4% mainly relates to the RRF as the Member States advance with the implementation of reforms, and investments and milestones are estimated to have been completed;
- Payables increased from EUR 46.4 billion in 2021 to EUR 55.3 billion in 2022. The increase of EUR 8.9 billion or 19.2% is also primarily related to RRF (increase of EUR 5.5 billion), and own resources payables (increase of EUR 3.7 billion); and
- The increase of the above liabilities was partially counterbalanced by a decrease of EUR 41.9 billion or 34.2% in the pension obligations and other post-employment benefits liabilities, which fell from EUR 122.5 billion in 2021 to EUR 80.6 billion in 2022. This decrease was mainly driven by the actuarial gains from changes in the underlying financial assumptions resulting from a sharp increase in the real discount rates in the year.

Total cost claims and invoices received and recognised in the Balance Sheet under the heading 'Payables'



Net assets

The excess of liabilities over assets at 31 December 2022 amounted to EUR 131.3 billion (2021: EUR 82.3 billion). The considerable increase of EUR 49.0 billion is mainly due to the borrowings in relation to non-repayable support taken out under NGEU in 2022 (resulting in direct management expenses of EUR 69.5 billion, an increase of EUR 26.6 billion against the previous year). It is noted that the excess of liabilities over assets does not mean that the EU institutions and bodies are in financial difficulties, rather it means that certain liabilities will be funded by future annual budgets. Many expenses are recognised under accrual accounting rules in the current year although they may be actually paid in following years and funded using future budgets; the related revenues will only be accounted for in future periods. Apart from the borrowings for NGEU, which are to be repaid between 2028 and 2052, and the employee benefits liability, which is to be paid over several decades, the most significant amounts to be highlighted are the activities relating to the EAGF, the bulk of which is usually paid in the first quarter of the following year.

6. EU POLITICAL AND FINANCIAL FRAMEWORK, GOVERNANCE AND ACCOUNTABILITY

The European Union (EU) is a Union on which the Member States confer competences to attain objectives they have in common. The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

6.1. POLITICAL AND FINANCIAL FRAMEWORK

EU Treaties

The overarching objectives and principles that guide the Union and the European institutions are defined in the Treaties. The Union and the EU institutions may only act within the limits of the competences conferred by the Treaties so as to attain the objectives set out therein and must do this in accordance with the principles[8] of subsidiarity and proportionality. In order to attain its objectives and carry out its policies, the Union provides itself with the necessary financial means. The Commission is responsible for promoting the general interest of the Union which includes executing the budget and managing programmes in cooperation with the Member States and in accordance with the principle of sound financial management.

The EU pursues the objectives established by the Treaty with various instruments, one of which is the EU budget. Others are, for example, a common legislative framework or joint policy strategies.

Multiannual financial framework and spending programmes

The policies supported by the EU budget are implemented in accordance with the multiannual financial framework (MFF) and corresponding sectoral legislation defining spending programmes and instruments. These translate the EU's political priorities into financial terms over a period long enough to be effective and to provide a coherent long-term perspective for beneficiaries of EU funds and co-financing national authorities. Maximum annual amounts (ceilings) are set for EU expenditure as a whole and for the main categories of expenditure (headings). The sum of the ceilings of all headings gives the total ceiling for commitment appropriations. The MFF is adopted by the Council by unanimity of all Member States, with the consent of the European Parliament. The current 2021-2027 multiannual financial framework was adopted on 17 December 2020. The 2021-2027 multiannual financial framework is complemented by the temporary recovery instrument NextGenerationEU (see section **2**).

Annual budget

The annual budget is prepared by the Commission. The European Parliament and the Council agree (usually by mid December) on the budget for the following year, based on the procedure of Article 314 TFEU. According to the principle of budgetary equilibrium, total revenue must equal total expenditure (payment appropriations) for a given financial year.

The main sources of funding of the EU budget are own resources revenues which are complemented by other revenues. There are four types of own resources: Traditional own resources (mainly custom duties), the own resource based on value added tax (VAT), the own resource based on non-recycled plastic packaging waste (introduced in 2021) and the own resource based on gross national income (GNI). Other revenues arising from the activities of the EU (e.g. competition fines) normally represent less than 10% of total revenue.

[8] Under the principle of subsidiarity, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States but can rather, by reason of the scale or effects, be better achieved at Union level. Under the principle of proportionality, the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties (see Article 5 TEU).

Management modes

The EU budget is implemented in three management modes which determine how the money is paid out and managed:

- Shared management: the vast proportion of the budget (around 3/4 of the budget) is managed under a system of shared management by the Commission in cooperation with the Member States, notably in the areas of structural funds and agriculture.

- Direct management: the Commission also manages programmes itself and can delegate the implementation of specific programmes to executive agencies.

- Indirect management: Expenditure decisions can also be indirectly managed via other bodies within or outside the EU. The Financial Regulation and/or contribution agreements define the necessary control and reporting mechanisms by these entities and the supervision by the Commission where budget implementation tasks are entrusted to national agencies, the European Investment Bank Group, third countries, international organisations (e.g. the World Bank or the United Nations) and other entities (e.g. EU decentralised agencies, Joint Undertakings).

Financial instruments and budgetary guarantees

The traditional method of budget implementation of giving grants and subsidies is complemented by issuing financial instruments in the form of guarantees as well as equity and loans. Furthermore, the EU engages in borrowing and lending activities for specific financial assistance programmes in order to support Member States and third countries in the form of bilateral loans financed from debt issued on the capital markets with the guarantee of the EU Budget. In December 2022, Parliament and the Council established the unified funding approach to EU borrowing, under which the Commission will be issuing single branded 'EU-Bonds', rather than separately denominated bonds for individual programmes.

Financial Regulation

The Financial Regulation (FR)[9] applicable to the general budget is a central act in the regulatory architecture of the EU´s finances. It defines in detail the financial rules applicable to the execution of the EU budget and the roles of the different actors involved in ensuring that the money is used soundly and achieves the objectives set. It also includes the specific provisions applicable to financial instruments, budgetary guarantees and financial assistance

6.2. GOVERNANCE AND ACCOUNTABILITY

6.2.1. Institutional structure

The EU has an institutional framework through which it aims to promote its values, advance its objectives, serve its interests, those of its citizens and those of the Member States, and ensure the consistency, effectiveness and continuity of its policies and actions. The organisational structure consists of institutions, agencies and other EU bodies. The Financial Regulation, together with the applicable accounting rules, defines which of these entities are included in the EU consolidated accounts (please see note **9** of the EU consolidated annual accounts for the list of entities included in the scope of consolidation).

The European Parliament, jointly with the Council, exercises legislative and budgetary functions. The Commission is politically accountable to the European Parliament. The Council also carries out policy-making and coordinating functions within the general political direction and priorities of the Union set by the European Council.

The European Commission is the executive arm of the European Union. It promotes the Union's general interest and takes appropriate initiatives to that end. It ensures the application of the Treaties and oversees the application of Union law by Member States under the control of the Court of Justice of the

[9] Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EU, Euratom) No 966/2012 – OJ L 193 of 30 July 2018, p. 1.

European Union. It exercises coordinating, executive and management functions, executes the budget and manages programmes.

The Commission implements the budget, in large part in cooperation with the Member States.[10] Together, they ensure that the appropriations are used in accordance with the principles of sound financial management. Regulations lay down the control and audit obligations of the Member States when they share the implementation of the budget and the resulting responsibilities. They also lay down the responsibilities and detailed rules for each of the EU's institutions as concerns their own expenditure.

6.2.2. The Commission's governance structure

The Commission's governance arrangements and how these ensure that the Commission functions as a modern, accountable and performance-oriented institution are described in the Communication[11] on Governance in the European Commission.

The Commission performs its functions under the leadership of the College of Commissioners, which sets priorities and takes overall political responsibility for the work of the Commission. As a College, the Commission works under the political guidance of its President, who presents, as part of his or her nomination to the European Parliament the objectives he or she intends to pursue in the form of political guidelines. The President decides on the internal organisation of the Commission, ensuring that it acts consistently, efficiently and as a collegiate body.

The College delegates the operational implementation of the budget and financial management to the Directors-General and Heads of Service who lead the administrative structure of the Commission. This decentralised approach creates an administrative culture that encourages civil servants to take responsibility for activities over which they have control and requires them to provide assurance as concerns the activities for which they are accountable.

Under the authority of the President and in close cooperation with the Member of the Commission in charge of budget, human resources and administration, and with the involvement of the Presidential and central services, the Corporate Management Board provides coordination, oversight, advice and strategic orientations.

The internal arrangements define a coherent set of robust controls and management tools which allow the College of Commissioners to assume political responsibility for the work of the Commission.[12]

6.2.3. The Commission's financial management

In the Commission, the roles and responsibilities in financial management are clearly defined (e.g. in the Financial Regulation and the Internal Rules[13]) and applied accordingly. As authorising officers by delegation, the Commission's Directors-General and Heads of Service are responsible for the sound financial management of EU resources, compliance with the provisions of the Financial Regulation, risk management and establishing an appropriate internal control framework.

The responsibility of the Authorising Officers covers the entire management process, from determining what needs to be done to achieve the policy objectives set by the institution to managing the activities from both an operational and a sound financial management standpoint. Tasks can further be sub-delegated to Directors, Heads of Unit and others, who thereby become Authorising Officers by Sub-Delegation. Each authorising officer by delegation may rely on one or two directors in charge of risk management and internal control to oversee and monitor the implementation of internal control systems.

The Commission's central services provide guidance and advice and promote best practices, including through the work of the Corporate Management Board.

[10] See Article 317 TFEU.
[11] C(2020) 4240 of 24.6.2020.
[12] As a result, the term 'European Commission' is used to denote both the institution – the College – formed by the Members of the Commission, and its administration managed by the Directors-General of its departments (and heads of other administrative structures such as services, offices and executive agencies).
[13] Since mid-2019 (further to the revised Article 12 of the Internal Rules) the management of the European Development Fund (EDF) is co-delegated among five departments (INTPA (DEVCO), ECHO, EAC, EACEA and JRC).

The Financial Regulation requires each authorising officer to prepare an annual activity report (AAR) detailing achievements, internal control and financial management activities during the year. The AAR includes a declaration that resources have been used based on the principles of sound financial management and that control procedures are in place which provide the necessary guarantees concerning the legality and regularity of the underlying transactions. The Annual Management and Performance Report for the EU budget[14] is the main instrument through **which the College of Commissioners assumes political responsibility for the financial management of the EU budget**.

The Accounting Officer of the Commission is centrally responsible for treasury management, recovery procedures, laying down accounting rules based on International Public Sector Accounting Standards (IPSAS), validating accounting systems and the preparation of the Commission's and consolidated annual accounts of the EU. Furthermore, the Accounting Officer is required to sign the annual accounts declaring that they present fairly, in all material aspects, the financial position, the results of the operations and the cash flows of the Union. The annual accounts are adopted by the College of Commissioners. The Accounting Officer is an independent function and bears a major responsibility as regards financial reporting in the Commission.

The Internal Auditor of the Commission is likewise a centralised and independent function and provides independent advice, opinions and recommendations on the quality and functioning of internal control systems inside the Commission, EU agencies and other autonomous bodies.

The Audit Progress Committee ensures the independence of the Internal Auditor and monitors the quality of internal audit work and the follow-up given by the Commission services to internal and external audit recommendations, as well as to the European Court of Auditors' discharge related findings and recommendations on the reliability of the annual consolidated EU accounts. The advisory role of the committee contributes to the overall further improvement of the Commission's effectiveness and efficiency in achieving its goals and facilitates the College's oversight of the Commission's governance, risk management, and internal control practices.

6.2.4. External audit and discharge procedure

In line with the principles of sound financial management, funds must be managed in an effective, efficient and economic manner. An accountability framework based on comprehensive reporting, external audit and political control exists to provide reasonable assurance that EU funds are spent in a proper manner.

The **European Parliament** decides, after a recommendation by the **Council**, on whether or not to provide its final approval, known as 'granting discharge', on the way the Commission implemented the EU budget in a given year. The annual discharge procedure ensures that the Commission is held politically accountable for the implementation of the EU budget.

Every year the **European Court of Auditors** examines the reliability of the accounts, whether all revenue has been received and all expenditure incurred in a lawful and regular manner and whether the financial management and the qualitative aspects of budgeting, including the performance dimension, have been sound. As from 2021, given the considerable importance of NextGenerationEU, the European Court of Auditor's opinion on the legality and regularity of expenditure under the traditional EU budget is complemented by a separate opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility. The publication of the annual report of the European Court of Auditors is the starting point for the discharge procedure. The auditors also prepare special reports on specific spending or policy areas, or on budgetary or management issues.

The decision on the discharge is also based on the Commission's integrated financial and accountability reporting, on hearings of Commissioners in the European Parliament and on the replies provided to written questions addressed to the Commission.

[14] https://ec.europa.eu/info/publications/integrated-financial-and-accountability-reporting_en.

NOTE ACCOMPANYING THE CONSOLIDATED ACCOUNTS

The consolidated annual accounts of the European Union for the year 2022 have been prepared on the basis of the information presented by the institutions and bodies under Article 246(2) of the Financial Regulation applicable to the general budget of the European Union. I hereby declare that they were prepared in accordance with Title XIII of this Financial Regulation and with the accounting principles, rules and methods set out in the notes to the financial statements.

I have obtained from the accounting officers of these institutions and bodies, who certified its reliability, all the information necessary for the production of the accounts that show the European Union's assets and liabilities and budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts of the European Commission, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cashflows of the European Union.

Rosa ALDEA BUSQUETS

Accounting Officer of the Commission

19 June 2023

EUROPEAN UNION
FINANCIAL YEAR 2022

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables below may appear not to add-up.

CONTENTS

BALANCE SHEET

EUR million

	Note	31.12.2022	31.12.2021
NON-CURRENT ASSETS			
Intangible assets	2.1	900	769
Property, plant and equipment	2.2	12 922	12 669
Investments accounted for using the equity method	2.3	1 313	1 192
Financial assets	2.4	226 431	181 874
Pre-financing	2.5	47 482	60 792
Exchange receivables and non-exchange recoverables	2.6	18 870	40 642
		307 917	**297 938**
CURRENT ASSETS			
Financial assets	2.4	8 981	6 744
Pre-financing	2.5	53 014	32 656
Exchange receivables and non-exchange recoverables	2.6	29 329	31 796
Inventories	2.7	82	84
Cash and cash equivalents	2.8	46 544	44 860
		137 950	**116 141**
TOTAL ASSETS		**445 867**	**414 078**
NON-CURRENT LIABILITIES			
Pension and other employee benefits	2.9	(80 617)	(122 466)
Provisions	2.10	(2 199)	(2 950)
Financial liabilities	2.11	(323 985)	(214 974)
		(406 801)	**(340 391)**
CURRENT LIABILITIES			
Provisions	2.10	(571)	(398)
Financial liabilities	2.11	(28 316)	(31 149)
Payables	2.12	(55 341)	(46 372)
Accrued charges and deferred income	2.13	(86 164)	(78 068)
		(170 392)	**(155 987)**
TOTAL LIABILITIES		**(577 193)**	**(496 377)**
NET ASSETS		**(131 325)**	**(82 299)**
Reserves	2.14	1 312	1 325
*Amounts to be called from Member States**	2.15	(132 637)	(83 624)
NET ASSETS		**(131 325)**	**(82 299)**

** The European Parliament adopted a budget on 23 November 2022 which provides for the payment of the Union's short-term liabilities from own resources to be collected by, or called up from, the Member States in the following year. Additionally, under Article 83 of the Staff Regulations (Regulation (EEC, Euratom, ECSC) No 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.*

STATEMENT OF FINANCIAL PERFORMANCE

EUR million

	Note	2022	2021
REVENUE			
Revenue from non-exchange transactions			
GNI resources	*3.1*	*103 880*	*115 955*
Traditional own resources	*3.2*	*23 495*	*20 590*
VAT resources	*3.3*	*19 666*	*18 340*
Plastics own resources	*3.4*	*6 337*	*5 831*
Fines	*3.5*	*915*	*1 990*
Recovery of expenses	*3.6*	*1 219*	*1 794*
UK Withdrawal Agreement	*3.7*	*–*	*1 122*
Other	*3.8*	*11 395*	*6 737*
		166 908	**172 357**
Revenue from exchange transactions			
Financial revenue	*3.9*	*2 602*	*5 092*
Other	*3.10*	*1 669*	*1 497*
		4 271	**6 589**
Total Revenue		**171 179**	**178 946**
EXPENSES			
Implemented by Member States	*3.11*		
European Agricultural Guarantee Fund		*(41 031)*	*(40 829)*
European Agricultural Fund for Rural Development and		*(16 073)*	*(15 451)*
European Regional Development Fund and Cohesion Fund		*(43 083)*	*(46 932)*
European Social Fund		*(14 649)*	*(16 727)*
Other		*(3 482)*	*(4 835)*
Implemented by the Commission, executive agencies and	*3.12*	*(94 027)*	*(63 000)*
Implemented by other EU agencies and bodies	*3.13*	*(3 615)*	*(3 154)*
Implemented by third countries and international	*3.13*	*(5 281)*	*(4 512)*
Implemented by other entities	*3.13*	*(4 738)*	*(3 225)*
Staff and pension costs	*3.14*	*(14 209)*	*(12 417)*
Finance costs	*3.15*	*(7 637)*	*(4 201)*
UK Withdrawal Agreement	*3.7*	*(6 961)*	*-*
Other expenses	*3.16*	*(8 342)*	*(5 762)*
Total Expenses		**(263 128)**	**(221 046)**
ECONOMIC RESULT OF THE YEAR		**(91 949)**	**(42 100)**

CASHFLOW STATEMENT

EUR million

	2022	2021
Economic result of the year	*(91 949)*	*(42 100)*
Operating activities		
Amortisation	*135*	*116*
Depreciation	*1 284*	*1 054*
(Reversal of) impairment losses on investments	*–*	*–*
(Increase)/decrease in loans	*(40 787)*	*(70 259)*
(Increase)/decrease in pre-financing	*(7 049)*	*(30 699)*
(Increase)/decrease in exchange receivables and non-exchange recoverables	*24 239*	*2 055*
(Increase)/decrease in inventories	*2*	*(4)*
Increase/(decrease) in pension and other employee benefits	*(41 850)*	*6 447*
Increase/(decrease) in provisions	*(578)*	*(2 057)*
Increase/(decrease) in financial liabilities (other than NGEU borrowings)	*14 050*	*60 075*
Increase/(decrease) in payables	*8 969*	*13 964*
Increase/(decrease) in accrued charges and deferred income	*8 096*	*13 484*
Prior year budgetary surplus taken as non-cash revenue	*(3 227)*	*(1 769)*
Remeasurements in employee benefits liabilities (non-cash movement not included in statement of financial performance)	*46 048*	*(3 257)*
Other non-cash movements	*102*	*(1 757)*
Investing activities		
(Increase)/decrease in intangible assets and property, plant and equipment	*(1 803)*	*(2 307)*
(Increase)/decrease in investments accounted for using the equity method	*(121)*	*(604)*
*(Increase)/decrease in non-derivative financial assets at fair value through surplus or deficit**	*(5 850)*	*(4 636)*
(Increase)/decrease in derivative financial assets at fair value through surplus or deficit	*(156)*	*(629)*
Financing activities		
Increase/(decrease) in borrowings related to NGEU	*92 128*	*91 000*
NET CASHFLOW	**1 684**	**28 118**
Net increase/(decrease) in cash and cash equivalents	*1 684*	*28 118*
Cash and cash equivalents at the beginning of the year	*44 860*	*16 742*
Cash and cash equivalents at year-end	*46 544*	*44 860*

STATEMENT OF CHANGES IN NET ASSETS

EUR million

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Fair value reserve	Net Assets
BALANCE AS AT 31.12.2020	**(38 480)**	**4 566**	**496**	**(33 418)**
Impact of revised EAR 11 (see Note 1)	*1 719*	*(3 043)*	*(496)*	*(1 820)*
BALANCE AS AT 01.01.2021	**(36 761)**	**1 523**	**–**	**(35 238)**
Remeasurements in employee benefits liabilities	*(3 257)*	*–*	*–*	*(3 257)*
Other	*262*	*(198)*	*–*	*63*
2020 budget result credited to Member States	*(1 769)*	*–*	*–*	*(1 769)*
Economic result of the year	*(42 100)*	*–*	*–*	*(42 100)*
BALANCE AS AT 31.12.2021	**(83 624)**	**1 325**	**–**	**(82 299)**
Remeasurements in employee benefits liabilities	*46 048*	*–*	*–*	*46 048*
Other	*115*	*(13)*	*–*	*102*
2021 budget result credited to Member States	*(3 227)*	*–*	*–*	*(3 227)*
Economic result of the year	*(91 949)*	*–*	*–*	*(91 949)*
BALANCE AS AT 31.12.2022	**(132 637)**	**1 312**	**–**	**(131 325)**

NOTES TO THE FINANCIAL STATEMENTS

Note that in the following tables amounts concerning the UK in relation to MFFs up to end 2020 are still shown under the heading Member States as although the UK withdrew from the Union on 1 February 2020, in accordance with the Withdrawal Agreement, it continues to have a financial relationship with the Union equivalent to that of a Member State for these periods.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. LEGAL BASIS AND ACCOUNTING RULES

The accounts of the EU are kept in accordance with Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30 July 2018, p. 1) hereinafter referred to as the 'Financial Regulation' (FR).

In accordance with Article 80 of the Financial Regulation, the EU prepares its financial statements on the basis of accrual-based accounting rules that are based on International Public Sector Accounting Standards (IPSAS). These accounting rules, adopted by the Accounting Officer of the Commission, have to be applied by all the institutions and EU bodies falling within the scope of consolidation in order to ensure the internal consistency of the EU consolidated accounts.

Application of new and amended European Union Accounting Rules (EAR)

Revised EAR effective for annual periods beginning on or after 1 January 2022

There are no new EAR which became effective for annual periods beginning on or after 1 January 2022.

New EAR adopted but not yet effective at 31 December 2022

There are no new EAR adopted but not yet effective at 31 December 2022.

1.2. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users. For the EU as a public sector entity, the objectives are more specifically to provide information useful for decision-making, and to demonstrate the accountability of the entity for the resources entrusted to it. It is with these goals in mind that the present document has been drawn up.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU accounting rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information.

The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.3. CONSOLIDATION

Scope of consolidation

The consolidated financial statements of the EU comprise all significant controlled entities, joint arrangements and associates. The complete list of entities falling under the scope of consolidation, which now comprises 54 controlled entities and 1 associate (2021: 55 controlled entities and 1 associate), can be found in note **9**. Among the controlled entities are the EU institutions (including the Commission, but not the European Central Bank) and the EU agencies (except those of the Common and Foreign Security Policy). The European Coal and Steel Community in Liquidation (ECSC i.L.) is also considered as a controlled entity. The EU's only associate is the European Investment Fund (EIF).

Entities falling under the scope of consolidation but immaterial to the EU consolidated financial statements as a whole need not be consolidated or accounted for using the equity method where to do so would result in excessive time or cost to the EU. These entities are referred to as 'Minor entities' and are separately listed in note **9**. In 2022, 8 entities have been classified as such minor entities (2021: 8 entities).

Controlled entities

In order to determine the scope of consolidation, the control concept is applied. Controlled entities are entities for which the EU is exposed, or has right, to variable benefits from its involvement and has the ability to affect the nature and amount of those benefits through its power over the other entity. This power must be presently exercisable and must relate to the relevant activities of the entity. Controlled entities are fully consolidated. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

The most common indicators of control within the EU are: creation of the entity through founding treaties or secondary legislation, financing of the entity from the EU budget, the existence of voting rights in the governing bodies, audit by the European Court of Auditors and discharge by the European Parliament. An individual assessment for each entity is made in order to decide whether one or all of the criteria listed above are sufficient to result in control.

All material inter-entity transactions and balances between EU controlled entities are eliminated, while unrealised gains and losses on such transactions are not material and so have not been eliminated.

Joint Arrangements

A joint arrangement is an agreement of which the EU and one or more parties have joint control. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of parties sharing control. Joint agreements can be either joint ventures or joint operations. A joint venture is a joint arrangement that is structured through a separate vehicle and whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Participations in joint ventures are accounted for using the equity method (see note **1.5.4**). A joint operation is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, related to the arrangement. Participations in joint operations are accounted for by recognising in the EU's financial statements its assets and liabilities, revenues and expenses, as well as its share of assets, liabilities, revenues and expenses jointly held or incurred.

Associates

Associates are entities over which the EU has, directly or indirectly, significant influence but not exclusive or joint control. It is presumed that significant influence exists if the EU holds directly or indirectly 20% or more of the voting rights. Participations in associates are accounted for using the equity method (see note **1.5.4**).

Non-consolidated entities the funds of which are managed by the Commission

The funds of the Joint Sickness Insurance Scheme for staff of the EU, the European Development Fund and the Participants Guarantee Fund are managed by the Commission on behalf of these entities. However, since these entities are not controlled by the EU, they are not consolidated in its financial statements.

1.4. BASIS OF PREPARATION

Financial statements are presented annually in accordance with Article 243 of the Financial Regulation. The accounting year begins on 1 January and ends on 31 December.

1.4.1. Currency and basis for conversion

Functional and reporting currency

The financial statements are presented in millions of euros, unless stated otherwise, the euro being the EU's functional currency.

Transactions and balances

Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the rate that applied at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December:

Euro exchange rates

Currency	31.12.2022	31.12.2021	Currency	31.12.2022	31.12.2021
BGN	**1.9558**	*1.9558*	**PLN**	**4.6808**	*4.5969*
CZK	**24.1160**	*24.8580*	**RON**	**4.9495**	*4.949*
DKK	**7.4365**	*7.4364*	**SEK**	**11.1218**	*10.2503*
GBP	**0.8869**	*0.8403*	**CHF**	**0.9847**	*1.0331*
HRK	**7.5345**	*7.5156*	**JPY**	**140.6600**	*130.3800*
HUF	**400.8700**	*369.1900*	**USD**	**1.0666**	*1.1326*

1.4.2. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known, if the change affects that period only, or that period and future periods, if the change affects both.

1.5. BALANCE SHEET

1.5.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable (i.e. it is capable of being separated or divided from the entity, e.g. by being sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so), or arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations).

Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU Accounting Rules are met and the expenses relate solely to the development phase of the asset. The capitalisable costs include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred.

Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years). The estimated useful lives of intangible assets depend on their specific economic life time or legal life time determined by an agreement.

1.5.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the EU and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite useful life. Assets under construction are not depreciated, as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
Buildings	*4% to 10%*
Space assets	*8% to 25%*
Plant and equipment	*10% to 25%*
Furniture and vehicles	*10% to 25%*
Computer hardware	*25% to 33%*
Other	*10% to 33%*

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. When entering a finance lease as a lessee, the assets acquired under the finance lease are recognised as assets and the associated lease obligations as liabilities as from the commencement of the lease term. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Over the period of the lease term, the assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The minimum lease payments are apportioned between the finance charge (the interest element) and the reduction of the outstanding liability (the capital element). The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, which is presented as current/non-current, as applicable. Contingent rents are charged as expenses in the period in which they are incurred.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither a leased asset nor a leasing liability presented in the balance sheet.

1.5.3. Impairment of non-financial assets

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through amortisation or depreciation (as applicable). Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.5.4. Investments accounted for using the equity method

Participations in associates and joint ventures

Investments accounted for using the equity method are initially recognised at cost, with the initial carrying amount subsequently being increased or decreased to recognise further contributions, the EU's share of the surplus or deficit of the investee, any impairments and dividends. The initial cost together with all movements give the carrying amount of the investment in the financial statements at the balance sheet date. The EU's share of the investee's surplus or deficit is recognised in the statement of financial performance, and its share of investee's movements in equity is recognised in the reserves within net assets. Distributions received from the investment reduce the carrying amount of the asset.

If the EU's share of deficits of an investment accounted for using the equity method equals or exceeds its interest in the investment, the EU discontinues recognising its share of further losses ('unrecognised losses'). After the EU's interest is reduced to zero, additional losses are provided for and a liability is recognised only to the extent that the EU has incurred legal or constructive obligation or made payments on behalf of the entity.

If there are indications of impairment, a write-down to the lower recoverable amount is necessary. The recoverable amount is determined as described under note **1.5.3**. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognised.

In cases where the EU holds 20% or more of an investment capital fund, it does not seek to exert significant influence. Such funds are therefore treated as financial instruments and categorised as financial assets at fair value through surplus or deficit ('FVSD').

Associates and joint ventures classified as minor entities (see note **1.3**) are not accounted for under the equity method. EU contributions to those entities are accounted for as an expense of the period.

1.5.5. Financial assets

Classification at initial recognition

The classification depends on two criteria:

- The financial assets management model. This requires an assessment of how the EU manages the financial assets to generate cash flows and to achieve its objectives and how it evaluates the performance on financial assets.

- The asset contractual cash-flow characteristics. This requires an assessment of whether the contractual cash flows are solely payments of principal and interest on the principal outstanding. The interest is the consideration for the time value of money, credit risk and other basic lending risks and costs.

Following assessment based on these criteria, the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD').

Financial assets with contractual cash flows that represent solely principal and interests are classified depending on the entity's management model. If the management model is to hold the financial assets in order to collect contractual cash flows, the financial assets are classified at AC. If the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets, the classification is FVNA. If the management model is different to these two models (e.g. the financial assets are held for trading or held in a portfolio managed and evaluated on a fair value basis), the financial assets are classified as FVSD.

Financial assets with contractual cash flows that do not represent only principal and interests, but introduce exposure to risks and volatility other than those present in a basic lending arrangement (e.g. changes in equity prices), are classified as FVSD regardless of the management model.

At initial recognition, the EU classifies the financial assets as follows:

(i) Financial assets at amortised cost

The EU classifies in this category:

- Cash and cash equivalents;
- Loans (including term deposits with original maturity of more than three months);
- Exchange receivables, except for the financial guarantee contract receivable leg classified as financial asset at fair value through surplus or deficit.

These non-derivative financial assets meet two conditions: The EU's management model is to hold them in order to collect the contractual cash flows. Furthermore, on specified days, there are contractual cash flows that represent only principal and interest on the outstanding principal.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the reporting date.

(ii) Financial assets at fair value through net assets/equity

These non-derivatives financial assets have contractual cash flows that represent only principal and interest on the outstanding principal. In addition, the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets.

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

The EU does not hold such assets at 31 December 2022.

(iii) Financial assets at fair value through surplus or deficit

The EU classifies the following financial assets as FVSD because the contractual cash flows do not represent only principal and interests on the principal:

- Derivatives;
- Equity investments and investments in money market funds or in pooled portfolio funds;
- Other equity-type investments (e.g. Risk Capital Operations).

In addition, the EU classifies the debt securities it holds as FVSD because the portfolios of debt securities are managed and evaluated on a portfolio fair value basis (e.g. Common Provisioning Fund under Article 212 of the Financial Regulation).

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

Initial recognition and measurement

Purchases of financial assets at fair value through net assets/equity and at fair value through surplus or deficit are recognised on their trade-date – the date on which the EU commits to purchase the asset. Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers.

Financial assets are initially measured at fair value. For all financial assets not carried at fair value through surplus or deficit, the transactions costs are added to the fair value at initial recognition. For financial assets carried at fair value through surplus or deficit the transaction costs are expensed in the statement of financial performance.

The fair value of a financial asset on initial recognition is normally the transaction price unless the transaction is not at arm's length i.e. at no or at nominal consideration for public policy purposes. In this case, the difference between the fair value of the financial instrument and the transaction price is a non-exchange component which is recognised as an expense in the statement of financial performance. In this case, the fair value of a financial asset is derived from current market transactions for a directly equivalent instrument. If there is no active market for the instrument, the fair value is derived from a valuation technique that uses available data from observable markets.

When a long-term loan that carries no interest or an interest below market conditions is granted, its fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

Loans granted under the Recovery and Resilience Facility and loans for financial assistance are initially measured at their nominal amount, with the transaction price considered the fair value of the loan. This is because:

- The 'market environment' for EU lending is very specific and different from the capital market used to issue commercial or government debt. As lenders in these markets have the opportunity to choose alternative investments, the opportunity of doing so is factored into market prices. However, this opportunity for alternative investments does not exist for the EU, which is not allowed to invest money in the capital markets; it only borrows funds for the purpose of lending. This means that there is no alternative lending or investment option available to the EU for the sums borrowed. Thus, there is no opportunity cost and therefore no basis of comparison with market rates. In fact, the EU lending operation itself represents the market. Essentially, since the opportunity cost 'option' is not applicable, the market price does not fairly reflect the substance of the EU lending transactions. Therefore, it is not appropriate to determine the fair value of EU lending with reference to commercial or government bonds.

- Furthermore, as there is no active market or similar transactions to compare with, the interest rate to be used by the EU for fair valuing its lending operations should be the interest rate charged.

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value through net assets/equity are subsequently measured at fair value. Gains and losses from changes in the fair value are recognised in the fair value reserve, except for foreign exchange translation differences on monetary assets, which are recognised in the statement of financial performance.

Financial assets at fair value through surplus or deficit are subsequently measured at fair value. Gains and losses from changes in the fair value (including those stemming from foreign currency translation and any interests earned) are included in the statement of financial performance in the period in which they arise.

Fair value at subsequent measurement

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities and over-the–counter derivatives), the EU establishes a fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cashflow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in venture capital funds which do not have a quoted market price in an active market are valued at the attributable net asset value, which is considered as an equivalent of their fair value.

Impairment of financial assets

The EU recognises and measures an impairment loss for expected credit losses on financial assets that are measured at amortised cost and at fair value through net assets/equity.

The expected credit loss (ECL) is the present value of the difference between the contractual cash flows and the cash flows that the EU expects to receive. The ECL incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date.

The ECL is measured with a three stage model that takes into account probability weighted default events during the lifetime of the financial asset and the evolution of credit risk since the origination of the financial asset. For loans, origination is the date of the irrevocable loan commitment.

If there is no significant increase in credit risk since origination ('stage 1'), the impairment loss is the ECL from possible default events in the next 12 months from the reporting date ('12 months ECL'). If there is a significant increase in credit risk since origination ('stage 2'), or if there is objective evidence of a credit impairment ('stage 3'), the impairment loss equals the ECL from possible default events over the whole lifetime of the financial asset ('lifetime ECL') (see note **6.5**).

For assets at amortised cost, the asset's carrying amount is reduced by the amount of the impairment loss which is recognised in the statement of financial performance. For assets at fair value through net assets/equity the loss allowance is recognised in net assets/equity and does not reduce the carrying amount of the financial asset in the balance sheet. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the statement of financial performance.

(a) *Loans to sovereigns*

The EU bases its assessment of loans' impairment, in the context of the nature of the EU's financing and its unique institutional status.

For the impairment of loans to non-Member States, the EU calculates the expected credit losses using external credit quality data, however taking into account its preferred creditor status, which reduces the credit risk. For the calculation of the present value, the discount rate is the loan's original effective interest rate. If a loan has a variable interest rate, the discount rate is the current effective interest rate determined under the contract.

For loans to Member States, the EU has never incurred any impairment losses, nor faced any defaults on payments. For these loans, in addition to the preferred creditor status, the EU takes into account the relationships with its Member States. These two elements, in principle, guarantee the full recovery of the loans to Member States, on maturity. Therefore, the EU considers the expected credit losses from loans to Member States to be negligible, and a statistical approach to calculate expected credit losses as inappropriate for these loans. Thus no expected credit losses are recognised in the statement of financial performance for the loans to Member States.

(b) *Receivables*

The EU measures the impairment loss at the amount of lifetime ECL, using practical expedients (e.g. provision matrix).

(c) *Cash and cash equivalents*

The EU holds cash and cash equivalents in current bank accounts and term deposits of up to 3 months. The cash is held in banks with very high credit ratings (see note 6.5), thus having very low default probabilities. Given the short duration and low default probabilities, the expected credit losses from cash and cash equivalents are negligible. As a result, no impairment allowance is recognised for cash equivalents.

Derecognition

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the EU has transferred substantially all risks and rewards of ownership to another party. Sales of financial assets at fair value through net assets/equity and through surplus or deficit are recognised on their trade-date.

1.5.6. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other directly attributable costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost the EU would incur to acquire the asset on the reporting date.

1.5.7. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments in accordance with the principle of sound financial management over a period defined in the particular contract, decision, agreement or basic act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, they have the obligation to return the pre-financing to the EU. As the EU retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

Pre-financing is initially recognised on the balance sheet when cash is transferred to the recipient. It is measured at the amount of the consideration given. In subsequent periods pre-financing is measured at the amount initially recognised on the balance sheet less the eligible expenses (including estimated amounts where necessary) incurred during the period.

Interest on pre-financing is recognised as it is earned in accordance with the provisions of the relevant agreement. An estimate of the accrued interest revenue, based on the most reliable information, is made at the year-end and included in the balance sheet.

Other advances to Member States, which originate from reimbursement by the EU of amounts paid as advances by the Member States to their beneficiaries (including 'financial instruments under shared management'), are recognised as assets and presented under the heading 'Pre-financing'. Other advances to Member States are subsequently measured at the amount initially recognised on the balance sheet less a best estimate of the eligible expenses incurred by final beneficiaries, calculated on the basis of reasonable and supportable assumptions.

The contributions to EU trust funds (as established under Article 234 of the Financial Regulation) not consolidated in the European Commission, or to other unconsolidated entities, are classified as pre-financing since their purpose is to give a float to the trust fund to allow it to finance specific actions defined under the trust fund's objectives. The EU contributions to trust funds are measured at the initial amount of the EU contribution less eligible expenses, including estimated amounts where necessary, incurred by the trust fund during the reporting period and allocated to the EU contribution in accordance with the underlying agreement.

1.5.8. Exchange receivables and non-exchange recoverables

The EU Accounting Rules require a separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivables' is reserved for exchange transactions, whereas for 'non-exchange transactions', i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions are financial assets measured at amortised cost, except for certain amounts of financial guarantee contract receivable leg which are classified as financial asset at fair value through surplus or deficit (see note **1.5.5**).

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment of recoverables from non-exchange transactions is established when there is objective evidence that the EU will not be able to collect all amounts due according to the original terms of recoverables from non-exchange transactions. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance. A general write-down, based on past experience, is also made for outstanding recovery orders not already subject to a specific write-down. See note **1.5.14** concerning the treatment of accrued revenue at year-end. Amounts displayed and disclosed as recoverables from non-exchange transactions are not financial instruments, as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate.

1.5.9. Cash and cash equivalents

Cash and cash equivalents are financial assets at amortised cost and include cash at hand, deposits held at call or at short notice with banks and other short-term highly liquid investments with original maturities of three months or less.

1.5.10. Employee benefits

The EU provides a set of benefits (emoluments and social security) to employees. For accounting purposes these have to be classified into short-term and post-employment benefits.

Short-term employee benefits

Short-term employee benefits are those benefits due to be settled before twelve months after the end of the reporting period in which employees rendered the service, such as salaries, annual and paid sick leaves, and other short-term allowances. Short-term employee benefits are recognised as an expense when the related service is provided. A liability is recognised for the amount expected to be paid if the EU has a present legal or constructive obligation to pay as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The EU grants a set of post-employment benefits to employees, which include retirement, invalidity and survival pensions provided under the Pension Scheme of the European Officials (PSEO), as well as health insurance coverage provided under the Joint Sickness Insurance Scheme (JSIS) (see note **2.9**). These benefits are provided under a single plan – although split in two schemes – and they must be treated similarly so as to give a fair presentation of the situation and reflect the economic reality:

i. Pension Scheme of European Officials (PSEO): The benefits granted under this notionally funded[15] scheme relate to seniority, invalidity and survival, as well as, family allowances, death before retirement to those employees that work or worked in the EU Institutions, Agencies and other EU bodies or are survivors of deceased officials or pensioners. Staff contribute one third of the expected cost of these benefits from their salaries.

ii. Joint Sickness Insurance Scheme (JSIS): Under this scheme, the EU provides health insurance coverage for staff of the European Commission, Institutions, Agencies and other EU bodies through the reimbursement of medical expenses. The benefits granted to the 'inactives' of this scheme (i.e. pensioners, orphans, etc.) are classified as post-employment benefits.

The EU also provides post-employment benefits to Members and former Members of the EU institutions via separate pension schemes. These are shown under the heading 'Other retirement benefit schemes'. Under these schemes the EU provides pension benefits to members of the Commission, European Court of Justice, Court of Auditors, Council, European Parliament, European Ombudsman, and the European Data Protection Supervisor. The EU provides health coverage to the members of the EU Institutions via the JSIS.

The above post-employment benefits qualify as defined benefit obligations of the EU and are calculated at each reporting date by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

[15] The PSEO is a notional (virtual) fund with defined benefits in which staff's contributions serve to finance their future pensions. Although there is no actual investment fund, the amount that would have been collected by such a fund is considered to have been invested in the Member States' long-term bonds and is reflected in the pension liability that is registered in the annual accounts of the European Union. Member States jointly guarantee the payment of the benefits pursuant to Article 83 of the Staff Regulations and Article 4(3) of the Treaty on European Union (see COM(2018)829 for a detailed description of the scheme).

The post-employment benefits provided to EU staff are incorporated in a single plan comprising both a pension scheme (PSEO) and a sickness insurance scheme (JSIS), with the right to coverage under the JSIS scheme being dependent on having acquired the right to coverage under the PSEO scheme. Under the terms of this single plan, as set out in the Staff Regulation, certain entitlements, such as the right to a deferred and reduced pension under the PSEO scheme, are acquired after 10 years of service. However, the entitlements acquired under the single plan by the employee's subsequent service are materially higher than those initial entitlements as reflected by subsequent annually accrued pension rights.

Therefore, in order to depict the economic substance of the underlying transaction required by the faithful representation qualitative characteristic of financial reporting as outlined in both EAR 1 and the IPSAS Conceptual Framework, the service cost incurred is accrued on a straight-line basis over staff's estimated active service period, i.e. the period from the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases. This approach is applied consistently to the benefits provided for under the single plan.

Remeasurements in the net defined benefit liabilities comprise actuarial gains and losses and the return on plan assets, and are recognised immediately in net assets.

The EU recognises the net interest expense (income) and other expenses related to the defined benefit plans in the statement of financial performance within the heading 'Staff and pension costs'.

When benefits provided are changed or curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of financial performance. Gains and losses on settlement are recognised when the settlement occurs. Past service cost is recognised immediately in the statement of financial performance, unless the changes are conditional on the employees remaining in service for a specified period of time.

1.5.11. Provisions

Provisions are recognised when the EU has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenses expected to be required to settle the present obligation at the reporting date. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ('expected value' method).

Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

1.5.12. Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit, financial liabilities carried at amortised cost, or as financial guarantee contract liabilities.

Borrowings are composed of borrowings from credit institutions and debts evidenced by certificates (EU bonds, EU deposits and EU bills). They are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred, then subsequently carried at amortised cost using the effective interest method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are immaterial and are directly recognised in the statement of financial performance.

Financial liabilities at fair value through surplus or deficit include derivatives where the fair value is negative. They follow the same accounting treatment as financial assets at fair value through surplus or deficit, see note **1.5.5**.

The EU recognises a financial guarantee contract liability when it enters into a contract that requires the EU to make specified payments to reimburse the guarantee holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Where the guarantee contract requires the EU to make payments in response to financial instruments price changes or changes to other underlyings, the guarantee contract is a derivative i.e. a financial liability at fair value through surplus or deficit. All other guarantee contracts are accounted for as financial provisions.

Financial guarantee contract liabilities are initially recognised at fair value. This equals the net present value of the premium receivable, if it is at market terms. When no guarantee premium is charged or where the consideration is not fair value, the fair value is determined based on the quoted prices in an active market for financial guarantee contracts directly equivalent to that entered into the financial guarantee liability, if available, or using a valuation technique. If no reliable measure of fair value can be determined either by direct observation of an active market or through another valuation technique, the financial guarantee contract liability is initially measured at the amount of the lifetime expected credit losses.

The subsequent measurement depends on the evolution of the credit risk exposure from the financial guarantee. If there is no significant increase in credit risk (‘stage 1’), financial guarantee liabilities are measured at the higher of the 12 months expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation. If there is a significant increase in credit risk (‘stage 2’), financial guarantee liabilities are measured at the higher of the lifetime expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation (see note **6.5**).

Financial liabilities are classified as non-current liabilities, except for maturities less than 12 months after the balance sheet date. Financial guarantee contracts are classified as current liabilities except if the EU has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

EU trust funds that are considered as part of the Commission’s operational activities (i.e. trust funds Madad and Colombia) are accounted for in the Commission accounts and further consolidated in the EU annual accounts. Therefore, contributions from other donors to the EU trust funds fulfil the criteria of revenues from non-exchange transactions under conditions and they are presented as financial liabilities until the conditions attached to the contributions transferred are met, i.e. eligible costs are incurred by the trust fund. The trust fund is required to finance specific projects and return remaining funds at the time of winding-up. At the balance sheet date the outstanding contribution liabilities are measured at contributions received less the expenses incurred by the trust fund, including estimated amounts when necessary. For reporting purposes the net expenses are allocated to the contributions of other donors in proportion to net contributions paid as at 31 December. This allocation of contributions is only indicative. When the trust fund is wound up the actual distribution of the remaining resources will be decided by the trust fund board.

The same measurement principles apply to the external contributions to the EU programmes, in case such contributions are received with conditions to use the resources as stipulated in the contribution agreements or otherwise to return them to the contributor.

1.5.13. Payables

A significant amount of the payables of the EU are unpaid cost claims from beneficiaries of grants or other EU funding (non-exchange transactions). They are recorded as payables for the requested amount when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and the corresponding eligible expenses are entered in the accounts when the supplies or services are delivered and accepted by the EU.

1.5.14. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the EU or a contractual agreement exists (e.g. by reference to a treaty), an accrued revenue will be recognised in the financial statements. In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue will be deferred and recognised in the subsequent accounting period.

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Commission which aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.6. STATEMENT OF FINANCIAL PERFORMANCE

1.6.1. Revenue

REVENUE FROM NON-EXCHANGE TRANSACTIONS

The vast majority of the EU's revenue relates to non-exchange transactions as follows:

GNI based resources, VAT and Plastics own resources

Revenue is recognised for the period for which the Commission sends out a call for funds to the Member States claiming their contribution. The revenue is measured at its 'called amount'. As VAT, GNI and Plastics own resources are based on estimates of the data for the budgetary year concerned, they may be revised since changes occur until the final data are issued by the Member States. The effect of a change in estimate is included when determining the net surplus or deficit for the period in which the change occurred.

Traditional own resources

Recoverables from non-exchange transactions and related revenues are recognised when the relevant monthly 'A' statements (including duties collected and amounts due that are guaranteed and not contested) are received from the Member States. At the reporting date, revenue collected by the Member States for the period but not yet paid to the Commission is estimated and recognised as accrued revenue. The quarterly 'B' statements (including duties neither collected nor guaranteed, as well as guaranteed amounts that have been contested by the debtor) received from the Member States are recognised as revenue less the collection costs to which they are entitled. In addition, a value reduction is recognised for the amount of the estimated recovery gap.

Fines

Revenue from fines is recognised when the EU's decision imposing a fine has been adopted and it is officially notified to the addressee. After the decision to impose a fine, the fined entities have two months from the date of notification:

a) either to accept the decision, in which case they must pay the fine within the time limit laid down and the amount is definitively collected by the EU; or

b) not to accept the decision, in which case they challenge it in accordance with EU law.

Even if appealed, the fine must be paid within the time limit of three months laid down, as the appeal does not have suspensory effect (Article 278 TFEU). The cash received is used to clear the recoverable. However, subject to the agreement of the Commission's Accounting Officer, the undertaking may present a bank guarantee for the amount instead. In that case the fine remains as a recoverable. If neither cash nor a guarantee is received and there are doubts about the undertaking's solvency, a value reduction on the entitlement is recognised.

If the undertaking appeals against the decision, and has already provisionally paid the fine, the amount is disclosed as a contingent liability, or, if it appears probable that the General Court may not rule in favour of the EU, a provision is recognised to cover this risk. If a guarantee is given instead, the outstanding recoverable is written down.

The accumulated interest received by the Commission on the bank accounts where received payments are deposited is recognised as revenue, and any contingent liability is increased accordingly.

Since 2010, all provisionally cashed fines are managed by the Commission in a specifically created fund (BUFI) and invested in financial instruments.

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest revenue and expense

Interest revenue and expense are recognised in the statement of financial performance using the effective interest method. This is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest revenue or interest expense over the relevant period. When calculating the effective interest rate, the EU estimates cashflows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees and interest rate points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets is considered credit impaired ('stage 3'), the interest revenue is recognised using the rate of interest to discount the future cashflows for the purpose of measuring the impairment loss.

Revenue from dividends

Revenue from dividends and similar distributions is recognised when the right to receive payment is established.

Revenue and expense from financial assets through surplus or deficit

This refers to the fair value gains (revenue) and fair value losses (expense) from these financial assets, including those stemming from foreign exchange translation. For interest-bearing financial assets, this also includes interest. See also note **3.9**.

Revenue from financial guarantee contracts

The revenue from financial guarantee contracts (guarantee premium) is recognised over the time the EU stands ready to compensate the holder of the financial guarantee contract for the credit loss it may incure. The amortisation schedule applied takes into account the passage of time and the volume of the guaranteed exposure. Revenue from financial guarantee contracts include also amortisation of financial guarantee contracts liability in cases when the guarantee was provided at no or nominal consideration.

1.6.2. Expenses

Expenses from non-exchange transactions account for the majority of the EU's expenses. They relate to transfers to beneficiaries and can be of three types: (i) entitlements, (ii) transfers under agreement and discretionary grants, as well as (iii) contributions and donations.

Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation (Financial Regulation, Staff Regulations, or other regulation) or an agreement has been signed authorising the transfer, any eligibility criteria have been met by the beneficiary, and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the EU. They are valued at their original invoice amount. Furthermore, at the balance sheet date, expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are estimated and recognised in the statement of financial performance.

1.7. CONTINGENT ASSETS AND LIABILITIES

1.7.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the EU. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.7.2. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the EU, or a present obligation that arises from past events but is not recognised, either because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.8. CASHFLOW STATEMENT

Cashflow information is used to provide a basis for assessing the ability of the EU to generate cash and cash equivalents, and its needs to utilise those cashflows.

The cashflow statement is prepared using the indirect method. This means that the economic result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cashflows.

Cashflows arising from transactions in a foreign currency are recorded in the EU’s reporting currency (Euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cashflow.

The cashflow statement reports cashflows during the period classified by operating, investing and financing activities.

Operating activities are the activities of the EU that are not investing or financing activities. These are the majority of the activities performed.

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. Investing activities do not include loans granted to beneficiaries as they are part of the general objectives and thus daily operations of the EU. The objective is to show the real investments made by the EU.

Financing activities are activities that result in changes in the size and composition of borrowings other than those granted to beneficiaries on a back-to-back basis or for the acquisition of properaty, plant and equipment (which are included under operating activities).

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

	EUR million
Gross carrying amount at 31.12.2021	*1 636*
Additions	*280*
Disposals	*(54)*
Transfer between asset categories	*0*
Other changes	*(12)*
Gross carrying amount at 31.12.2022	**1 849**
Accumulated amortisation at 31.12.2021	*(867)*
Amortisation charge for the year	*(135)*
Amortisation written back	*-*
Disposals	*49*
Transfer between asset categories	*0*
Other changes	*3*
Accumulated amortisation at 31.12.2022	**(949)**
Net carrying amount at 31.12.2022	**900**
Net carrying amount at 31.12.2021	*769*

The above amounts relate primarily to computer software.

2.2. PROPERTY, PLANT AND EQUIPMENT

The space assets category covers operational fixed assets related to the two EU space programmes: the Global Navigation Satellite Systems (GNSS), i.e. Galileo and European Geostationary Navigation Overlay System (EGNOS), and the Copernicus European Earth observation programme. Assets of the space systems which are not yet operational are included under the heading 'Assets under construction'. The assets related to the EU space programmes are being built with the assistance of the European Space Agency (ESA).

For Galileo, two satellites launched in December 2021 have been declared operational in March 2022. The constellation currently includes 28 satellites. When completed, the Galileo constellation will comprise 30 satellites (including 6 spare satellites). The Galileo operational fixed assets, covering both satellites and ground installations, amounted to EUR 3 056 million at 31 December 2022, net of accumulated depreciation (2021: EUR 3 413 million). The remaining assets under construction total EUR 1 812 million (2021: EUR 1 344 million).

Regarding Copernicus, following a technical incident involving the SAR instrument (providing the radar data) on board of Sentinel-1B, and despite all efforts to reactivate the satellite, it has been concluded in July 2022 that Sentinel-1B could no longer support the Sentinel-1 mission. Sentinel 1B has thus been fully written off (EUR 86 million, net of accumulated depreciation). The total value of Copernicus operational fixed assets is EUR 634 million (2021: EUR 937 million), net of accumulated depreciation. A further EUR 2 583 million related to Copernicus satellites is recognised as assets under construction (2021: EUR 2 115 million).

Fixed assets related to the EGNOS ground infrastructure of EUR 106 million (2021: EUR 130 million) are also included under the heading 'Space assets'. In addition, EGNOS assets under construction amount to EUR 292 million (2021: EUR 189 million).

Property, plant and equipment

EUR million

	Land and Buildings	Space assets	Plant and Equipment	Furniture and Vehicles	Computer Hardware	Other	Finance leases	Assets under construction	Total
Gross carrying amount at 31.12.2021	*6 547*	*7 730*	*568*	*281*	*781*	*347*	*2 651*	*3 890*	*22 793*
Additions	*34*	*7*	*36*	*13*	*107*	*24*	*139*	*1 349*	*1 710*
Disposals	*(6)*	*(340)*	*(32)*	*(14)*	*(49)*	*(10)*	*(109)*	*–*	*(561)*
Transfer between asset categories	*32*	*206*	*0*	*1*	*0*	*6*	*–*	*(245)*	*0*
Other changes	*(0)*	*–*	*–*	*–*	*(0)*	*0*	*(6)*	*–*	*(6)*
Gross carrying amount at 31.12.2022	**6 608**	**7 603**	**572**	**280**	**838**	**367**	**2 675**	**4 995**	**23 937**
Accumulated depreciation at 31.12.2021	*(3 846)*	*(3 250)*	*(479)*	*(208)*	*(581)*	*(276)*	*(1 487)*		*(10 126)*
Depreciation charge for the year	*(172)*	*(811)*	*(42)*	*(15)*	*(96)*	*(21)*	*(133)*		*(1 290)*
Depreciation written back	*0*	*–*	*–*	*0*	*(0)*	*–*	*5*		*6*
Disposals	*2*	*255*	*27*	*14*	*47*	*9*	*62*		*417*
Transfer between asset categories	*0*	*–*	*0*	*(0)*	*(0)*	*(0)*	*–*		*(0)*
Other changes	*–*	*–*	*(0)*	*(0)*	*–*	*0*	*(22)*		*(22)*
Accumulated depreciation at 31.12.2022	**(4 016)**	**(3 807)**	**(494)**	**(209)**	**(630)**	**(288)**	**(1 574)**		**(11 015)**
NET CARRYING AMOUNT AT 31.12.2022	**2 592**	**3 796**	**78**	**71**	**208**	**79**	**1 101**	**4 995**	**12 922**
NET CARRYING AMOUNT AT 31.12.2021	*2 701*	*4 480*	*89*	*73*	*199*	*72*	*1 164*	*3 890*	*12 669*

2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU, represented by the Commission, in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. The EIF is the EU's financial institution specialising in providing risk capital and guarantees to Small and Medium-sized Entities (SMEs). The EIF operates as a private-public partnership, whose members are the European Investment Bank (EIB), the EU and a group of financial institutions.

At 31 December 2022, the EU holds 30% of ownership interests in the EIF (2021: 30%) and 30% of the voting rights (2021: 30%). The table below shows the current year's movement of the EU's participation in the EIF.

EUR million

	European Investment Fund
Participation at 31.12.2021	**1 192**
Contributions	-
Dividends received	*(4)*
Share of net result	*24*
Share in the net assets	*102*
Participation at 31.12.2022	**1 313**

EIF summarised financial information:

EUR million

	31.12.2022 Total EIF	31.12.2021 Total EIF
Assets	*5 504*	*5 187*
Liabilities	*(1 127)*	*(1 213)*
Revenue	*340*	*781*
Expenses	*(261)*	*(217)*
Surplus/(deficit)	*79*	*564*

The reconciliation of the above summarised financial information to the carrying amount of the interest held in the EIF is as follows:

EUR million

	31.12.2022	31.12.2021
Net assets of the associate	*4 377*	*3 974*
EC ownership interests in EIF	**30.0%**	**30.0%**
Carrying amount	*1 313*	*1 192*

The EU, represented by the Commission, has paid in 20% of its subscribed shares in the EIF capital at 31 December 2022, the uncalled amount is as follows:

EUR million

	Total EIF capital	EU subscription
Total share capital	*7 300*	*2 190*
Paid-in	*(1 460)*	*(438)*
Uncalled	**5 840**	**1 752**

2.4. FINANCIAL ASSETS

EUR million

	Note	31.12.2022	31.12.2021
Non-current			
Financial assets at amortised cost	*2.4.1*	*199 918*	*160 214*
Financial assets at fair value through surplus or deficit	*2.4.2*	*26 513*	*21 660*
		226 431	**181 874**
Current			
Financial assets at amortised cost	*2.4.1*	*4 437*	*3 353*
Financial assets at fair value through surplus or deficit	*2.4.2*	*4 544*	*3 391*
		8 981	**6 744**
Total		**235 412**	**188 618**

2.4.1. Financial assets at amortized cost

EUR million

	Note	31.12.2022	31.12.2021
Loans for RRF (NGEU) and financial assistance	*2.4.1.1*	*204 103*	*163 392*
Other loans	*2.4.1.2*	*251*	*176*
Total		**204 354**	**163 568**
Non-current		*199 918*	*160 214*
Current		*4 437*	*3 353*

2.4.1.1. Loans for RRF (NGEU) and financial assistance

EUR million

	RRF (NGEU)	SURE	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2021	*17 978*	*90 567*	*47 138*	*201*	*7 170*	*338*	*163 392*
New loans (nominal)	*27 187*	*8 718*	*2 200*	*–*	*7 535*	*–*	*45 639*
Repayments	*–*	*–*	*(2 700)*	*–*	*(10)*	*(23)*	*(2 733)*
Changes in carrying amount	*176*	*(155)*	*(51)*	*0*	*(60)*	*0*	*(90)*
Changes in impairment	*–*	*–*	*–*	*–*	*(2 023)*	*(82)*	*(2 105)*
Total at 31.12.2022	**45 340**	**99 130**	**46 587**	**201**	**12 613**	**232**	**204 103**
Non-current	*45 156*	*99 026*	*42 666*	*200*	*12 482*	*218*	*199 749*
Current	*184*	*104*	*3 921*	*1*	*130*	*14*	*4 354*

The nominal value of loans at 31 December 2022 is EUR 205 301 million (2021: EUR 162 394 million), out of which EUR 160 145 million refers to loans for financial assistance and EUR 45 156 million to the RRF.

The line 'changes in impairment' corresponds to the remeasurement of the expected credit losses as at 31 December 2022. The line 'changes in carrying amount' corresponds to the change in accrued interests and the change in premiums/discounts (new premiums/discounts and amortisation).

The financial assistance programmes operate on a 'back-to-back' basis. This means that the loans are financed by equivalent borrowings, with the same terms. The maturities are the same, the issue premiums/discounts and the costs are recharged to the loan beneficiary. At maturity, the loan beneficiary reimburses the Commission and the Commission repays the borrowing. For the RRF loans there is no back-to-back relationship between the terms of the loans and the NGEU borrowings (for the funding of these loans see note **2.11.1.1**).

Recovery and Resilience Facility (RRF)

The RRF is a temporary instrument to help the Member States' economies recover from the coronavirus pandemic and become resilient to green and digital transitions. Under the EU Recovery Instrument (NGEU), the Commission borrows funds which the RRF uses to finance Member States' reforms and investments. These have to be in line with EU priorities and have to address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination. The financing can be either a loan (repayable support) or a grant (non-repayable support, see note **2.5**). The Member States can receive financing up to a previously agreed allocation for loans and grants. To benefit from the support, the Member States have to submit their national recovery and resilience plans to the European Commission. Each plan sets out the reforms and investments to be implemented by the end of 2026, defining clear milestones and targets to be analysed by the European Commission and approved by the European Council. The RRF loans can be disbursed until 31 December 2026, but only after the achievement of the agreed milestones and targets.

At 31 December 2022, the signed loan agreements were EUR 153.9 billion out of which EUR 45.2 billion are already disbursed.

Support to mitigate Unemployment Risks in an Emergency (SURE)

SURE is a European instrument whose aim is to maintain people in work and support jobs affected by the coronavirus pandemic. The instrument enables Member States to request EU financial assistance to help finance sudden and severe increases of national public expenditure related to national short-time work schemes and similar measures, including for self-employed persons, or to some health-related measures, in particular in the work place in response to the crisis. It can provide financial assistance of up to EUR 100 billion in the form of loans to affected Member States.

At 31 December 2022 the Council had approved and the Commission had signed loan agreements for EUR 98.4 billion of financial assistance. The availabillity of the instrument ended at 31 December 2022 and there are no pending disbursements.

European Financial Stabilisation Mechanism (EFSM)

The EFSM enabled the granting of financial assistance to a Member State in difficulties, or seriously threatened by severe difficulties caused by exceptional circumstances beyond its control. The assistance could take the form of a loan or credit line. The programme has expired but remains in place for specific tasks like the maturity extension of the loans. In December 2021, Portugal requested the extension for EUR 2.2 billion of the total EUR 2.7 billion loan due in 2022. The Commission has borrowed EUR 2.2 billion to roll-over the loan, which has been extended by 4.5 years. The remaining EUR 0.5 billion was repaid.

Balance of Payments (BOP)

This is a policy-based financial instrument that provides medium-term financial assistance to Member States that have not adopted the Euro. It enables the granting of loans to Member States who are experiencing, or are seriously threatened by, difficulties in their balance of payments or capital movements. The maximum outstanding amount of loans granted under the instrument is limited to EUR 50 billion. There are no undrawn amounts from signed loan agreements.

Macro-Financial Assistance (MFA)

The MFA is a form of financial assistance from the EU to partner countries experiencing a balance of payment crisis. It takes the form of medium or long term loans or grants or an appropriate combination of both and generally complements financing provided in the context of an IMF-supported adjustment and reform programme.

During 2022, additional loans of EUR 7.5 billion were disbursed, including EUR 7.2 billion of new loans to Ukraine, granted with a view to supporting Ukraine’s economic stabilisation and to strengthen the immediate resilience of the country subsequent to Russia’s unprovoked and unjustified war of aggression. Total nominal exposure of MFA loans outstanding at year end amounted to EUR 15 billion, out of which EUR 11.6 billion was granted to Ukraine.

MFA loans and related borrowings are guaranteed by the CPF and then, if needed, by the EU budget. In addition, loans provided to Ukraine under the MFA exceptional financial assistance programme in 2022, totalling EUR 6 billion, are also covered by a system of guarantees from Member States for 61% of the exposure on top of the 9% first losses covered by the CPF. EUR 1.6 billion of these guarantees have been signed by the end of 2022, while another EUR 1.6 billion were signed by 31 May 2023. The remaining guarantees are still subject to the administrative procedures of the Member States, which are expected to be finalised in the course of 2023.

As at 31 December 2022, the impairment allowance for MFA loans is EUR 2.3 billion (2021: EUR 293 million), out of which EUR 2.2 billion refer to the loans to Ukraine. While all amounts due in 2022 from Ukraine were paid on time and at the moment of preparation of the annual accounts there is no overdue interests on loans to Ukraine, the impairment reflects the life-time expected credit losses from the EU loans to Ukraine estimated with a particular prudence due to significant uncertainties involved.

Guarantees provided by the Member States for the exceptional MFA constitute a credit enhancement for the EU budget and thus they reduce the expected credit losses on those loans to EUR 0.3 billion (out of the entire impairment allowance of EUR 2.2 billion covering the total MFA loans to Ukraine). See also note **6.5**.

As at 31 December 2022, there are EUR 285 million conditional undrawn amounts from signed MFA loan agreements (2021: EUR 625 million).

European Atomic Energy Community loans (Euratom)

The European Atomic Energy Community (Euratom, represented by the Commission) lends money to both Member States and non-Member States, and to entities of both, to finance projects relating to energy installations. Out of the total Euratom loans outstanding at 31 December 2022, EUR 300 million (nominal value) relates to loans to Energoatom, guaranteed by Ukraine. For these loans an impairment allowance of EUR 95 million has been recognised.

At 31 December 2022, the Commission had received guarantees from third parties of EUR 327 million (2021: EUR 350 million) to cover Euratom loans. There are no undrawn amounts from signed loan agreements.

Loans effective interest rates (expressed as a range of interest rates)

	31.12.2022	31.12.2021
RRF (NGEU)	*0.14% - 2.54%*	*0.11% - 0.12%*
SURE	*(0.48)% - 2.78%*	*(0.48)% - 0.77%*
EFSM	*(0.03)% - 3.79%*	*(0.03)% - 3.79%*
BOP	*2.95%*	*2.95%*
MFA	*(0.14)% - 3.70%*	*(0.14)% - 3.70%*
Euratom	*(0.08)% - 1.53%*	*(0.08)% - 1.66%*

EU budget guarantee

The EU budget guarantees the Commission borrowings which finance the loans under the RRF and financial assistance programmes. If there would be unpaid loan amounts in the future, the EU budget may have to repay the related borrowing amounts.

- NGEU borrowings and borrowings related to EFSM and BOP loans to Member States, are guaranteed solely by the EU budget;
- Borrowings related to SURE are guaranteed by the EU budget and underpinned by Member States guarantees of EUR 25 billion; and
- MFA borrowings for loans to third countries are firstly covered by the CPF (see note **2.4.2**) and then by the EU budget, with exception of the MFA exceptional financial assistance loans to Ukraine of EUR 6 billion that are covered by guarantees provided by the Member States after the first 9% of losses to be covered by CPF;
- Euratom borrowings are firstly covered by the by 3rd party guarantees, then by CPF (see note **2.4.2**), and then by the EU budget.

For more details, see note **6.6**.

UK obligations arising from its departure from the EU

In accordance with Article 143 of the Withdrawal Agreement, the UK shall be liable to the Union for its share of contingent financial liabilities related to the loans for financial assistance (EFSM, MFA, BOP and Euratom) approved/decided by the withdrawal date, 31 January 2020. Article 143 requires that in case of a default under a loan for financial assistance that has been approved before the withdrawal date, the UK would be liable to the Union for its share of payments made by the Union under the defaulted operation, unless this could be covered by the UK share of provisioning held in the Guarantee Fund for external actions compartment of the CPF where this is relevant (i.e. MFA and Euratom loans in third countries) – see note **4.1.1**.

The EU's outstanding contingent liability relating to the above loans for financial assistance amounted to EUR 53.9 billion as at the withdrawal date. Following repayments since that date, the value of these loans covered by the EU guarantee at 31 December 2022 is EUR 52.4 billion – the UK's share of this is EUR 6.5 billion.

2.4.1.2. Other loans

These include 3 types of loans:

a) Loans granted from EU budget programmes (e.g. the MEDA programme Euro-Mediterranean Partnership and the EU Employment and Social Innovation programme). These loans total EUR 79 million as at 31 December 2022 (2021: EUR 74 million).

b) Subrogated loans: These are loans disbursed by the EIB and guaranteed by the EFSI and ELM programmes. The loans defaulted, the Commission paid the guarantee calls and therefore holds the recovery rights. As a result the loans are now recognised on the EU balance sheet. At 31 December 2022, the Commission holds the recovery rights for EUR 1.0 billion of such loans, including accrued interests (2021: EUR 855 million). However, after taking into account the expected credit losses, the amount recognised on the balance sheet is EUR 126 million (2021: EUR 48 million).

c) Term deposits of EUR 46 million (2021: EUR 54 million) with maturity of over 3 months that do not meet the definition of cash equivalents.

2.4.2. Financial assets at fair value through surplus or deficit (FVSD)

EUR million

	Note	31.12.2022	31.12.2021
Financial assets at FVSD non-derivatives	*2.4.2.1*	*30 073*	*24 223*
Financial assets at FVSD derivatives	*2.4.2.2*	*984*	*828*
Total		**31 057**	**25 051**
Non-current		*26 513*	*21 660*
Current		*4 544*	*3 391*

2.4.2.1. Financial assets at FVSD non-derivatives

Financial assets at FVSD non-derivatives by type

EUR million

	31.12.2022	31.12.2021
Debt securities	*24 647*	*19 326*
MMFs, ETFs and investments in pooled portfolios	*2 895*	*2 513*
Other equity investments	*2 532*	*2 384*
Total	**30 073**	**24 223**
Non-current	*25 534*	*20 834*
Current	*4 539*	*3 390*

Debt securities are mainly sovereign and corporate bonds. They are held in the funds (portfolios) managed by the Commssion (mainly CPF, BUFI) or by the EIB on behalf of the EU (mainly H2020, Innovation Fund). The portfolios' performance is evaluated on a fair value basis (market value).

Money market funds (MMFs) are mutual funds that invest in short-term debt securities (e.g. the EIB unitary fund). The exchange-traded funds (ETFs) are investment funds that are traded on stock exchanges. They track indices and hold assets such as stocks, bonds, currencies, futures contracts. The investments in pooled portfolios are the EU funds of CEF and H2020 programmes pooled together with Member States' funds from the NER 300 programme. They are used to provide guarantees to the EIB's financing and investment operations.

The 'other equity investments' mainly refer to investing EU budget money – via implementing partners – in venture capital or other types of investment funds for pursuing EU policy objectives: for example, enhancing access to finance for start up SMEs, research and innovation as well as infrastructure both inside and outside the EU.

Financial assets at FVSD non-derivatives by programme

EUR million

	31.12.2022	31.12.2021
Innovation Fund	*6 476*	*4 195*
BUFI investments	*2 015*	*1 257*
ECSC in Liquidation	*1 222*	*1 382*
European Bank for Reconstruction and Development	*188*	*188*
EEAS local staff pension plan	*84*	*69*
	9 985	**7 091**
Budgetary Guarantee Funds:		
Common Provisioning Fund	*14 057*	*11 272*
	14 057	**11 272**
Financial Instruments financed by the EU budget:		
Horizon 2020 and Horizon Europe	*3 766*	*3 342*
Connecting Europe Facility	*697*	*762*
EU SME Equity Facilities	*512*	*684*
European Fund for South East Europe	*214*	*213*
Green for Growth Fund	*107*	*146*
Energy Efficiency Finance Facility	*109*	*107*
Other	*628*	*606*
	6 031	**5 861**
Total	**30 073**	**24 223**
Non-current	*25 534*	*20 834*
Current	*4 539*	*3 390*

Innovation Fund (IF)

The Innovation Fund was set up by Directive (EU) 2018/410 and establishes a system for the trading of greenhouse gas emission allowances within the Union. The purpose is to use the revenue to support innovation in low-carbon technologies and processes in certain economic sectors. The Innovation Fund receives the revenue from the progressive monetisation of 450 million allowances and also any unspent funds from the 300 million allowances available for NER300 programme (see note **3.8**). The EIB manages the monies, until they are used for the intended purpose, and invests them in debt securities.

BUFI investments

The Commission has established the Budget Fines fund ('BUFI') for managing the money it provisionally receives for competition fines under appeal. Until the final court decision, the Commission invests the money in debt instruments. During 2022, a fine recipient provisionally paid EUR 0.9 billion, which was invested in this fund – this is the main reason for the increase here.

ECSC in Liquidation

The ECSC Treaty expired on 23 July 2002 and all the ECSC assets were transferred to the European Union and were earmarked for research in the sectors associated with the coal and steel industries, for example breakthrough technologies that lead to near-zero-carbon steelmaking. The Commission invests the monies in debt securities, until they are granted for research.

European Bank for Reconstruction and Development

The EU holds a financial investment in the capital of the European Bank for Reconstruction and Development (EBRD), in which the number of shares held at 31 December 2022 were 90 044 (2021: 90 044 shares), representing 3% of the total subscribed share capital. The EU subscribed for a total amount of EUR 900 million of share capital, out of which EUR 713 million is currently uncalled. According to the agreement establishing the EBRD, the shareholders have some contractual restrictions such as the fact that the shares are not transferable and that their redemption is capped at the maximum of the original purchase cost. The EU measures its investment in the EBRD at fair value. The original purchase cost is considered the best estimate of the fair value, in particular due to the contractual restrictions referred to above. Although the EBRD's shares are not quoted on any stock exchange market, there were recent transactions in the investee's equity (issuance of capital at par value), indicating that cost is the best estimate of the fair value in this situation.

Common Provisioning Fund (CPF)

The EU guarantees the equity investments and loans of implementing partners to sovereigns and companies. In order to pay the claims from defaults or other losses, the EU Budget, in accordance with the legal acts, is gradually setting money aside to build a capital buffer i.e. the CPF. The CPF also covers borrowings the Commission issues to finance MFA and Euratom loans to non Member States.

In compliance with the Financial Regulation, the Commission has set up the CPF to manage the capital buffer ('provisioning') for all budgetary guarantees and financial assistance loans to third countries, in one common portfolio. In addition to the EU budget provisioning, the CPF receives recoveries from defaulted operations, the returns on its investments and the receipts from the EU budgetary guarantees remuneration. The CPF may also receive voluntary contributions from Member States and other contributors that are – in this way – increasing the available EU budget guarantees.

The CPF allocates the incoming contributions into compartments depending on the contributing programme. The legal acts of the programmes set out the necessary provisioning for the guarantees provided. The EU budget pools these individually provisioned funds in the CPF so as to optimise the asset management.

As at 31 December 2022 the assets of the CPF were EUR 14.4 billion, out of which EUR 14.1 billion were invested in financial assets at FVSD non-derivatives (debt securities).

Horizon 2020 and Horizon Europe

Under the EU Regulation establishing Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020), new financial instruments have been established in order to enhance access to finance to entities engaged in research and innovation (R&I). These instruments are:

- *The InnovFin Loan and Guarantee Service for R&I* under which the Commission shares the financial risk related to a portfolio of new financing operations entered into by the EIB;

- *The InnovFin SME Guarantee and the SME Initiative Uncapped Guarantee Instrument (SIUGI)* – guarantees facilities managed by the EIF, providing guarantees and counter-guarantees to financial intermediaries for new portfolios of loans (under SIUGI the Commission shares the financial risk related to the guarantee given with Member States, EIF and EIB);

- *The InnovFin Equity Facility for R&I* providing for investments in venture capital funds which are managed by the EIF; and

- *The EIC Fund (European Innovation Council Fund)* which provides equity financing to accelerate innovation and market deployment actions. The EIC fund is funded from the Horizon Europe and H2020 programmes. To date, the investments mainly refer to the H2020 programme.

Connecting Europe Facility

Pursuant to Regulation (EU) No 1316/2013, the Connecting Europe Facility (CEF) debt instrument has been established with the objective to facilitate infrastructure projects' access to financing in the sectors of transport, telecommunications and energy. It is managed by the EIB under an agreement with the EU. It offers risk sharing for debt financing in the form of senior and subordinated debt or guarantee as well as support for project bonds guaranteed by the EU.

EU SME Equity Facilities

These are equity instruments financed by the COSME, CIP and MAP programmes and the Growth and Employment Initiative, under the trusteeship of the EIF, supporting the creation and financing of EU SMEs in their early (start-up) and growth stages by investing in suitable specialised venture capital funds.

Fair value hierarchy of non-derivative financial assets at FVSD

EUR million

Type of financial asset	31.12.2022	31.12.2021
Level 1: Quoted prices in active markets	*24 677*	*19 336*
Level 2: Observable inputs other than quoted prices	*3 061*	*2 698*
Level 3: Valuation techniques with inputs not based on observable market data	*2 335*	*2 190*
Total	**30 073**	**24 223**

During the period, there were no transfers between level 1 and level 2 of the fair value hierarchy.

Reconciliation of non-derivative financial assets measured using valuation techniques with inputs not based on observable market data (level 3)

EUR million

Fair value movements	
Opening balance at 1.1.2022	***2 190***
Investments during the period	*383*
Capital repayments	*(143)*
Revenues settled	*(115)*
Gains or losses for the period in surplus or deficit	*19*
Transfers into level 3	*–*
Transfers out of level 3	*–*
Other	*–*
Closing balance at 31.12.2022	**2 335**

The net losses for level 3 non-derivative assets held at end of 2022 were EUR 87 million (2021: net gains of EUR 295 million). They are included as financial revenue under 'Gains on financial assets or liabilities at FVSD non-derivatives' (see note **3.9)** and as finance costs under 'Losses from on financial assets or liabilities at FVSD non- derivatives' (see note **3.15**).

2.4.2.2. Financial assets and liabilities at FVSD derivatives

Financial assets and liabilities at FVSD derivatives by type

EUR million

Type of derivative	31.12.2022			31.12.2021		
	Notional amount	Fair Value Asset	Fair Value Liability	Notional amount	Fair Value Asset	Fair Value Liability
Foreign currency forward contract	*488*	*5*	*–*	*646*	*2*	*–*
Guarantee on equity portfolio	*4 694*	*979*	*(17)*	*4 148*	*826*	*(1)*
Guarantees on FX risk	*87*	*–*	*(8)*	*28*	*–*	*(4)*
Total	**5 269**	**984**	**(25)**	**4 822**	**828**	**(5)**
Non-current		*979*	*(9)*		*826*	*(5)*
Current		*5*	*(15)*		*2*	*–*

Foreign currency forward contract

The EU enters into foreign currency forward contracts in order to hedge the foreign currency risk related to USD denominated debt securities held in the EFSI Guarantee Fund. Under the foreign currency forward contracts, the EU delivers the contractually agreed notional amount in foreign currency ('pay leg'), as presented in the table above, and will receive the notional amount in EUR ('receive leg') at the maturity date. Such derivative contracts are measured at fair value at the balance sheet date and classified as either financial assets or financial liabilities at fair value through surplus or deficit depending on whether their fair value is positive or negative.

Guarantees on equity portfolios

The heading 'Guarantee on equity portfolio' comprises guarantees given by the EU to financial institutions on portfolios of equity investments. These guarantees are classified as derivative financial instruments and accounted for as a financial asset or financial liability at fair value through surplus or deficit since they do not meet the definition of a financial guarantee liability – see note **1.5.12**. The EU financial liability is measured based on the value of the underlying investments.

The total amount represents mainly the EFSI guarantee given by the EU to the EIB Group with underlying equity investments disbursed by the EIB and EIF amounting to EUR 3.5 billion (2021: EUR 3.1 billion). The fair value of the EU guarantee on the EFSI equity portfolios totalled EUR 967 million (2021: EUR 763 million).

Guarantee on foreign currency risk

The EU guarantees foreign currency ('FX') risk under the EFSD Guarantee, where it guarantees swap and forward contracts that aim at hedging against foreign currency risks for investing operations in emerging markets. The EU also covers the devaluation of the foreign exchange currency (UAH) related to loans given by financial institutions to SMEs in Ukraine under the Eastern Partnership SME Finance Facility.

Fair value hierarchy of derivative financial assets and liabilities

EUR million

Type of derivative	31.12.2022 Fair Value Asset	31.12.2022 Fair Value Liability	31.12.2021 Fair Value Asset	31.12.2021 Fair Value Liability
Level 1: Quoted prices in active markets	–	–	–	–
Level 2: Observable inputs other than quoted prices	*5*	*(3)*	*2*	*(2)*
Level 3: Valuation techniques with inputs not based on observable market data	*979*	*(21)*	*826*	*(2)*
Total	**984**	**(25)**	**828**	**(5)**

During the period, there were no transfers between level 1 and level 2. Derivatives in Fair Value Level 3 include mainly guarantees on equity portfolios.

Reconciliation of derivative financial assets and liabilities measured using valuation techniques with inputs not based on observable market data (Level 3)

EUR million

Fair value movements	
Opening balance asset/(liability) as at 1.1.2022	***824***
Guarantee call claims paid	*51*
Guarantee calls returned	–
Revenues from guarantee settled	*(98)*
Gains or losses for the period in surplus or deficit	*181*
Transfers into level 3	–
Transfers out of level 3	–
Other	–
Closing balance at 31.12.2022	**958**

The net gains for level 3 derivative assets held at end of 2022 were EUR 181 million (2021: net gains of EUR 777 million). This amount is included under 'Gains on financial assets or liabilities at FVSD derivatives' in financial revenue (see note **3.9**).

2.5. PRE-FINANCING

EUR million

	Note	31.12.2022	31.12.2021
Non-current			
Pre-financing	*2.5.1*	*47 179*	*57 764*
Other advances to Member States	*2.5.2*	*216*	*2 901*
Contribution to Trust Funds		*86*	*126*
		47 482	**60 792**
Current			
Pre-financing	*2.5.1*	*46 927*	*28 427*
Other advances to Member States	*2.5.2*	*6 087*	*4 229*
		53 014	**32 656**
Total		**100 496**	**93 447**

The level of pre-financing in the various programmes must be sufficient to ensure the necessary funding for the beneficiary to initiate and advance the project, while also safeguarding the financial interests of the EU and taking into consideration legal, operational and cost-effectiveness constraints.

2.5.1. Pre-financing

EUR million

	Gross amount	Cleared via accruals	Net amount at 31.12.2022	Gross amount	Cleared via accruals	Net amount at 31.12.2021
Shared management						
EAFRD & other rural development instruments	*3 051*	*(527)*	*2 525*	*3 172*	*(208)*	*2 965*
ERDF & CF	*29 812*	*(4 932)*	*24 880*	*23 531*	*(4 571)*	*18 960*
ESF	*11 621*	*(1 974)*	*9 647*	*9 085*	*(1 823)*	*7 263*
Other	*8 063*	*(4 498)*	*3 565*	*4 836*	*(2 263)*	*2 572*
	52 548	**(11 931)**	**40 617**	**40 624**	**(8 865)**	**31 760**
Direct Management						
Implemented by:						
Commission	*41 722*	*(13 695)*	*28 027*	*46 494*	*(11 970)*	*34 525*
of which RRF (NGEU)	*28 347*	*(5 389)*	*22 958*	*34 879*	*(4 065)*	*30 814*
EU executive agencies	*29 566*	*(17 104)*	*12 462*	*23 931*	*(15 030)*	*8 901*
Trust funds	*738*	*(582)*	*156*	*1 140*	*(847)*	*293*
	72 026	**(31 381)**	**40 645**	**71 565**	**(27 847)**	**43 718**
Indirect Management						
Implemented by:						
Other EU agencies & bodies	*2 892*	*(1 262)*	*1 631*	*1 657*	*(687)*	*971*
Third countries	*1 797*	*(1 275)*	*522*	*1 874*	*(1 261)*	*614*
International organisations	*12 488*	*(7 491)*	*4 997*	*9 545*	*(5 955)*	*3 590*
Other entities	*15 208*	*(9 513)*	*5 695*	*12 992*	*(7 453)*	*5 539*
	32 385	**(19 540)**	**12 845**	**26 069**	**(15 356)**	**10 713**
Total	**156 958**	**(62 852)**	**94 106**	**138 258**	**(52 068)**	**86 191**
Non-current	*47 179*	*–*	*47 179*	*57 764*	*–*	*57 764*
Current	*109 778*	*(62 852)*	*46 927*	*80 494*	*(52 068)*	*28 427*

Pre-financing represents money paid out, and thus the implementation of payment appropriations. As explained in note **1.5.7**, these are advances and so not yet expensed. Thus while pre-financing reduces outstanding RAL (see note **5.1**) it represents expenses still to be accepted and recognised in the statement of financial performance.

For shared management, the largest part of pre-financing relates to the programming period 2014-2020. New pre-financing payments have been made in the cohesion area, mainly related to REACT EU (EUR 3.5 billion) and the 2021-2027 programming period (EUR 5.4 billion).

For 2014-2020 period there is an initial pre-financing which can only be cleared (i.e. recognised in the statement of financial performance) towards the closure part of the programming period and is shown as a non-current pre-financing. As we are approaching the end of the implementation period of this previous MFF and more amounts become due within 12 months, this initial prefinancing is gradually reclassified to current pre-financing and its clearing has also started. This situation is the main reason for the decrease in non-current pre-financing and a big factor in the increase in the current amount.

For direct management, the biggest amounts of pre-financing are those related to the non-reimbursable support concerning the RRF instrument which began in 2021, EUR 23 billion net at year-end (2021: EUR 30.8 billion). These have decreased as amounts have been cleared as milestones have been achieved by Member States during 2022. The other significant amounts, in total EUR 13 billion (2021: EUR 8.5 billion), refer to the Research area (mainly Horizon 2020 and Horizon Europe, implemented by the EU executive agencies and the Commission); as the new MFF is gaining speed, more grants have been awarded and consequently more pre-financing has been paid.

For indirect management, the pre-financing covers mainly internal policies programmes like Galileo and EGNOS (Space Programmes), but also instruments related to Global Europe (including neighbourhood, development and international cooperation instruments). The most notable increase in pre-financing under this heading, EUR 1.1 billion, is related to Neighbourhood, Development and Cooperation instrument and its precursors. Similar to the direct management pre-financing, the increase here relates mainly to the new payments made under the 2021-2027 programming period as it gathers pace.

Guarantees received in respect of pre-financing

These are guarantees that the Commission requests in certain cases from beneficiaries that are not Member States when making advance payments (pre-financing). There are two values to disclose for this type of guarantee, the ‘nominal’ and the ‘on-going’ values. For the nominal value, the generating event is linked to the existence of the guarantee. For the on-going value, the guarantee’s generating event is the pre-financing payment made against the guarantee, then reduced by subsequent clearings. At 31 December 2022 the nominal value of guarantees received in respect of pre-financing amounted to EUR 518 million while the on-going value of those guarantees was EUR 464 million (2021: EUR 433 million and EUR 383 million respectively).

Certain pre-financing amounts paid out under the 7th Research Framework Programme for research and technological development (FP7) and under the Horizon 2020 and Horizon Europe Programmes are effectively covered by the Mutual Insurance Mechanism (MIM), previously known as the Participants Guarantee Fund (PGF). The MIM is a mutual benefit instrument set up to cover the risks relating to non-payment of amounts by the beneficiaries during the implementation of the indirect actions under those programmes. All participants of indirect actions receiving a grant from the EU contribute 5% of the maximum EU contribution to the MIM's capital, which is invested in the financial markets by the Commission in order to generate interest. The interest may be used to cover debts not honoured by a defaulting participant towards the Union. At the end of the indirect action the contributions are paid back to the participants. The EU (represented by the Commission) acts as an executive agent of the participants of the MIM, but the fund is owned by the participants. The MIM is thus a separate entity that is not consolidated in these EU annual accounts.

At 31 December 2022, pre-financing amounts covered by the MIM totalled EUR 2.7 billion (2021: EUR 2.4 billion). The MIM total assets, including financial assets managed by the Commission, amounted to EUR 2.6 billion (2021: EUR 2.5 billion).

2.5.2. Other advances to Member States

EUR million

	31.12.2022	31.12.2021
Advances to Member States for financial instruments under shared management	*3 390*	*3 647*
Aid Schemes	*2 914*	*3 483*
Total	**6 303**	**7 130**
Non-current	*216*	*2 901*
Current	*6 087*	*4 229*

Advances to Member States for financial instruments under shared management

Under the framework of the European Structural and Investment Funds (ESIF) programmes, it is possible to make advance payments from the EU budget to Member States so as to allow them to contribute to financial instruments (i.e. loans, equity investments or guarantees). These financial instruments are set up and managed under the responsibility of the Member States, not the Commission. Nevertheless, monies that are unused by these instruments at year-end are the property of the EU (as with all pre-financing) and are thus treated as an asset on the EU's balance sheet.

Under cohesion policy 2014-2020, out of EUR 17 181 million paid, it is estimated that EUR 3 303 million was unused at 31 December 2022. This includes the contribution of the Member States to the SME Initiative, an instrument aimed at stimulating additional lending by the banking sector to SMEs (EUR 1 449 million paid excluding amounts still in pre-financing, out of which EUR 292 million is estimated as unused).

For rural development, EUR 86 million remained unused at year-end.

Aid Schemes

Similar to the above, reimbursed amounts corresponding to advances paid by the Member States for various aid schemes (state aid, market measures of EAGF or investment measures of EAFRD) that were not used at year-end are recorded as assets (advances) on the EU's balance sheet. The Commission has estimated the value of these advances based on information provided by the Member States; the resulting amounts are included under the Aid Schemes sub-heading above.

For the MFF 2014-2020, the unused amounts at year-end were estimated at EUR 1 198 million for cohesion policy and EUR 1 670 million for agriculture and rural development.

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR million

	Note	31.12.2022	31.12.2021
Non-current			
Recoverables from non-exchange transactions	*2.6.1*	*16 339*	*34 892*
Receivables from exchange transactions	*2.6.2*	*2 532*	*5 750*
		18 870	**40 642**
Current			
Recoverables from non-exchange transactions	*2.6.1*	*25 832*	*29 473*
Receivables from exchange transactions	*2.6.2*	*3 497*	*2 323*
		29 329	**31 796**
Total		**48 199**	**72 438**

2.6.1. Recoverables from non-exchange transactions

EUR million

	Note	31.12.2022	31.12.2021
Non-current			
Member States	*2.6.1.1*	*503*	*2 497*
UK Withdrawal Agreement	*2.6.1.2*	*14 810*	*30 839*
Accrued income and deferred charges	*2.6.1.4*	*1 011*	*1 556*
Other recoverables		*15*	*–*
		16 339	**34 892**
Current			
Member States	*2.6.1.1*	*6 036*	*5 682*
UK Withdrawal Agreement	*2.6.1.2*	*9 061*	*10 913*
Competition fines	*2.6.1.3*	*9 420*	*11 698*
Accrued income and deferred charges	*2.6.1.4*	*1 239*	*1 097*
Other recoverables		*75*	*83*
		25 832	**29 473**
Total		**42 170**	**64 365**

2.6.1.1. Recoverables from Member States

EUR million

	31.12.2022	31.12.2021
TOR A accounts	*4 397*	*6 137*
TOR separate accounts	*1 356*	*1 405*
Own resources to be received	*7*	*15*
Impairment	*(686)*	*(875)*
Other	*–*	*–*
Own resources recoverables	**5 073**	**6 683**
European Agricultural Guarantee Fund (EAGF)	*1 621*	*1 525*
European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments	*189*	*668*
Impairment	*(591)*	*(843)*
EAGF and rural development recoverables	**1 219**	**1 350**
Pre-financing recovery	**13**	**26**
VAT paid and recoverable	**54**	**45**
Other recoverables from Member States	**180**	**73**
Total	**6 539**	**8 178**
Non-current	*503*	*2 497*
Current	*6 036*	*5 682*

The non-current amounts due from Member States relate mainly to non-executed conformity clearance decisions for the European Agricultural Guarantee Fund (EAGF) as well as for the European Agricultural Fund for Rural Development (EAFRD). The amounts related to these decisions are being recovered in annual instalments.

Own resources recoverables

The 'A accounts' refer to the monthly statements in which the Member States communicate the established traditional own resources (TOR) entitlements. The table lists the 'A accounts' amounts that have not yet been paid to the Commission. TOR are mainly customs duties collected by Member States on behalf of the Commission.

The 'A accounts' have tended to have a level in the range of EUR 3 to 4 billion at year-end. However, in 2021 the amounts were significantly higher as they included TOR amounts related to undervaluation cases. The evolution in 2022 is mainly explained by the payments received in relation to these cases as well as the adjustments of the debts following a Court judgement.

In the UK infringement case (Infringement No 2018/2008), on 8 March 2022, the Court issued the related judgement and confirmed that the UK had infringed its obligations to protect the Union budget. The case originated in a 2017 OLAF report, that found that importers in the UK had evaded a large amount of customs duties by using fictitious and false invoices and incorrect customs value declarations at the time of importation. Based on a methodology developed by OLAF and the JRC, and on the information available, the Commission estimated that the infringement by the UK resulted, during the period November 2011 to October 2017, in losses to the EU budget amounting to EUR 2.1 billion (net, i.e. after deducting the collection costs of 20% to be retained by the UK from the gross amount of EUR 2.7 billion). The Court broadly supported the Commission's claim in its judgment, but requested the Commission to re-calculate the amount due by taking into account additional elements for the quantification of the customs duties losses. In June 2022 UK paid a provisional amount to the Commission.

The Commission has assessed the judgment and in particular the comments of the Court with respect to the determination of the amounts due. Following a detailed analysis, the final principal amount was established at EUR 1.6 billion (net amount after deduction of 20% collection costs). The UK paid the oustanding amount in January 2023. Consequently, late payment interest was also recalculated amounting to EUR 1.4 billion, which was paid by the UK in February 2023. Both payments were made after the deduction of the UK share under the provisions of the Withdrawal Agreement (see note **2.6.1.2**).

Following these payments, the Commission closed the infringement case on 15 February 2023.

Applying the same parameters for the recalculation of the estimated TOR losses due by the 27 Member States for textiles and footwear imported from China at significantly understated value, a negative adjustment of EUR 0.6 billion has been applied to the recoverables at 31 December 2022. Further clarifications with Member States are ongoing to establish the final amounts due. The late payment interest due in relation to these cases is currently estimated at EUR 0.6 billion.

'Separate accounts' refers to established entitlements that have not been included in the 'A accounts', because they have not been recovered by Member States and no security (i.e. guarantee) has been provided (or security has been provided but the amounts are contested). These entitlements are subject to impairment based on information provided every year by the Member States. The impairment amounts represent generally a similar percentage of the principal amount at each year-end.

EAGF and Rural Development recoverables

This item primarily covers the amounts owed by Member States at 31 December 2022, as declared and certified by the Member States as at 15 October 2022. An estimation is made for the recoverables arising after this declaration and up to 31 December 2022. The Commission also estimates a write-down for the amounts owed by beneficiaries that are unlikely to be recovered. The fact that such an adjustment is made does not mean that the Commission is waiving future recovery of these amounts. A deduction of 20% is also included in the adjustment and corresponds to what Member States are allowed to retain to cover administrative costs.

2.6.1.2. UK Withdrawal Agreement

The 'Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community' (ref. 2019/C 384 I/01) (the 'Withdrawal Agreement' or 'WA') signed between the EU and the UK establishes various financial obligations on both parties. As at 31 December 2022, the net receivable from the UK based on these obligations amounted to EUR 23 871 million (2021: EUR 41 753 million), of which EUR 9 061 million is to be paid within the 12 months following the reporting date (2021: EUR 10 913 million):

EUR million

	Article 140	Article 142	Other	31.12.2022	31.12.2021
Due from the UK	*17 029*	*9 587*	*68*	*26 683*	*43 982*
Due to the UK	*–*	*–*	*(2 812)*	*(2 812)*	*(2 229)*
Total	**17 029**	**9 587**	**(2 744)**	**23 871**	**41 753**
Non-current	*8 465*	*9 298*	*(2 953)*	*14 810*	*30 839*
Current	*8 563*	*288*	*209*	*9 061*	*10 913*

UK share (Article 139)

According to Article 139, the United Kingdom's share of the financial obligations arising out of the WA shall be a percentage calculated as the ratio between the own resources made available by the United Kingdom in the years 2014 to 2020 and the own resources made available during that period by all Member States and the United Kingdom as adjusted by the amount communicated to the Member States before 1 February 2022. The final United Kingdom share has been calculated as being 12.431681219587700%.

Payments under the Withdrawal Agreement

The payment mechanism to be applied to the obligations provided for between the two parties is laid out in Article 148. In summary, the EU invoices the net amounts due from the UK in April and September of each year and the UK pays these on a monthly basis. The amounts reported in April of a given year are to be paid in four equal monthly instalments from June to September of that year. The amounts reported in September are to be paid in eight equal monthly instalments from October of that year to May of the following year. Since some amounts reported are necessarily based on forecasts and estimates, the reporting is updated each year based on actual figures.

In 2022 the total amount reported to the UK under Article 136, and Articles 140 to 147, was EUR 9 815 million (2021: EUR 11 930 million), of which EUR 3 418 million was reported in April 2022 and EUR 6 397 million was reported in September 2022 (2021: EUR 3 763 million and EUR 8 166 million, respectively).

The total payments received in 2022 amounted to EUR 10 921 million (2021: EUR 6 826 million). Out of this amount, EUR 5 104 million related to the remainder of the September 2021 report and was paid in five equal instalments in the period January to May 2022 (2021: nil), EUR 3 418 million related to the 2022 April report and was paid in four equal monthly instalments in the period June to September 2022 (2021: EUR 3 763 million), and EUR 2 399 million related to the 2022 September report and was paid in three equal instalments in the period October to December (2021: EUR 3 062 million).

EUR million

	Remainder of September 2021 report: (due and paid from January to May 2022)	April 2022 report (due and paid from June to September 2022)	September 2022 report: (due and paid from October to December 2022)	Total payments in 2022
Article 140	*5 090*	*4 029*	*2 437*	*11 556*
Article 142	*18*	*236*	*11*	*265*
Article 136	*29*	*–*	*7*	*37*
Article 147	*–*	*6*	*–*	*6*
	5 138	*4 271*	*2 455*	*11 864*
Article 136	*–*	*(573)*	*–*	*(573)*
Article 141	*(34)*	*(0)*	*(56)*	*(90)*
Article 143	*–*	*(163)*	*–*	*(163)*
Article 144	*–*	*(73)*	*–*	*(73)*
Article 145	*–*	*(37)*	*–*	*(37)*
Article 146	*–*	*(7)*	*–*	*(7)*
	(34)	*(853)*	*(56)*	*(943)*
Total	**5 104**	**3 418**	**2 399**	**10 921**

The remaining balance of the September 2022 invoice at the end of the year, amounting to EUR 3 998 million, was paid in five equal monthly instalments in the period January to May 2023 (2022: EUR 5 104 million).

Article 140 – Outstanding Commitments

The UK has committed to pay to the EU its share of the outstanding budgetary commitments at 31 December 2020 (the so called 'Brexit RAL'), as adjusted by the requirements of Article 140. At 31 December 2022, the total amount recognised as a receivable amounted to EUR 17 029 million (2021: EUR 28 620 million), of which EUR 8 563 million is payable within the 12 months following the year-end. The following table presents the main movements between the total amount recognised as a receivable at 31 December 2021 and the total amount recognised as a receivable at 31 December 2022:

EUR million

Amount owed by the UK at 31.12.2021	**28 620**
Net financial corrections related to 2014-2020 or previous programme periods (including adjustment of 2021 deductions)	*(123)*
TOR relating to 2020 and made available to the Union in 2022 (including adjustment of 2021 deductions)	*–*
Net payments received from the UK in 2022	**(11 556)**
Adjustment of estimated non-implementation	**88**
Total	**17 029**
Non-current	*8 465*
Current	*8 563*

The year-on-year decrease of the total amount recognised as a receivable amounted to EUR 11 591 million and was mainly due to the payments received from the UK in 2022 (EUR 11 556 million).

The total deduction for net financial corrections related to 2014-2020 or previous programme periods, amounting to EUR 123.5 million, comprises the amounts invoiced in September 2022 which were not yet included in the 2021 annual accounts (EUR 39.1 million, payable from January to May 2023) and the amounts to be invoiced in September 2023 and payable from October 2023 to May 2024 (EUR 84.4 million).

The total deduction for TOR relating to 2020 and made available to the Union in 2022 amounted to zero, as there were no adjustments to the amounts already invoiced and no known amounts to be included in the April 2023 or September 2023 invoice.

The amount to be paid within 12 months from the reporting date (EUR 8 563 million), comprises the remaining balance of the September 2022 invoice (EUR 4 061 million), the amount to be invoiced in April 2023 (EUR 2 647 million) and the amount to be invoiced in September 2023 and payable in the period October to December 2023 (EUR 1 855 million). The amount invoiced in April 2023 is composed of EUR 2 515 million relating to the UK's share of the estimated RAL implementation in 2023 and EUR 132 million relating to the adjustment of the UK share of the RAL due to implementation in 2022. The amount to be invoiced in September 2023 and payable in the period October to December 2023 is made up of EUR 1 887 million relating to the UK's share of the estimated RAL implementation in 2023 and EUR 32 million relating to the deductions for net financial corrections.

The estimated non-implementation has been adjusted by EUR 88 million to reflect the actual decommitments in 2021 and 2022 as well as the estimated decommitments of the remaining stock of Brexit-RAL at year-end 2022.

Article 142 – Union liabilities at end 2020

The UK has committed to pay the EU its share of Union liabilities at end 2020 with the exception of liabilities: (a) with corresponding assets and (b) relating to the operation of the budget and the management of own resources (including amounts already covered by the outstanding commitments, see Article 140 above). The main amount here concerns the EU post-employment benefit liabilities (pensions and sickness insurance) existing at 31 December 2020.

Outstanding 2020 liabilities under Article 142 (6)

EUR million

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme	31.12.2022	31.12.2021
Outstanding 2020 liabilities	*67 840*	*5 168*	*73 008*	*114 507*
UK Share	**8 434**	**642**	**9 076**	**14 235**
PSEO/JSIS contributions	**250**	**9**	**259**	**236**
Total	**8 684**	**651**	**9 335**	**14 471**
Non-current	*8 434*	*642*	*9 076*	*14 235*
Current	*250*	*9*	*259*	*236*

According to the default payment mode laid out in Article 142 (6), the UK contributes annually to the net payments made from the Union budget in the preceding year to each beneficiary of the Pension Scheme of European Officials (PSEO) and to the related contribution of the Union budget to the Joint Sickness Insurance Scheme (JSIS) for each beneficiary or person who benefits through a beneficiary. The contributions are payable in four monthly instalments from June to September of the respective year.

The UK share of the net payments made from the Union budget in 2022 to the beneficiaries of the PSEO and to JSIS amounted to EUR 250 million and EUR 9 million, respectively. These amounts were communicated to the UK as part of the April 2023 invoice (and thus be payable in four equal monthly instalments in the period June to September 2023).

In addition, at 31 December 2022 the outstanding 2020 UK liabilities under Article 142 (6), relating to the Pension Scheme of the European Officials (PSEO) and the Joint Sickness Insurance Scheme (JSIS) amounted to EUR 8 434 million and EUR 642 million, respectively (2021: EUR 13 032 million and EUR 1 203 million). The decrease for the PSEO and JSIS scheme was driven by the actuarial gain from changes in financial assumptions – see note **2.9** for more details. It is noted that while actuarial gains (or losses) from changes in financial assumptions impact the present value of the outstanding 2020 liabilities calculated on the basis of IPSAS 39/EAR 12, they do not change either the amount of benefits that will have to be actually paid by the EU, or, by implication, the UK contributions to these payments as due under the default settlement mechanism of Article 142 (6).

As at 31 December 2022, the UK has not made use of the early settlement option providing for the payment of the outstanding 2020 PSEO and JSIS liabilities, calculated using actuarial valuations made in accordance with IPSAS 39/EAR 12, in five equal instalments following the procedure laid out in the last subparagraph of Article 142 (6).

Outstanding 2020 liabilities under Article 142 (5)

According to Article 142 (5), the UK contributes to the liabilities relating to the Other retirement (pension) schemes as they were recorded in the consolidated accounts of the Union for the financial year 2020 in 10 instalments starting on 31 October 2021 (with each annual instalment payable in eight monthly instalments from October to May the following year). These liabilities in the consolidated annual accounts of the Union for the financial year 2020 amounted to EUR 2 344 billion, resulting in a UK share at 31 December 2020 of EUR 291 million. Taking into account the amounts received from the UK up until year-end 2022, totalling EUR 40 million, the outstanding UK share of the Other retirement (pension) schemes decreased to EUR 251 million at 31 December 2022, of which EUR 29 million is to be paid within the 12 months following the year-end.

For more information regarding the employee benefit schemes, please see note **1.5.10** and note **2.9**.

Other articles

EUR million

	31.12.2022	31.12.2021
Due from the UK:		
Article 136	–	*557*
Article 147	*68*	*53*
	68	**610**
Due to the UK:		
Article 136	*(678)*	–
Article 141	*(1 637)*	*(1 818)*
Article 143	*(313)*	*(163)*
Article 144	*(54)*	*(73)*
Article 145	*(111)*	*(148)*
Article 146	*(20)*	*(27)*
	(2 812)	**(2 229)**
Total	**(2 744)**	**(1 618)**
Non-current	*(2 953)*	*(711)*
Current	*209*	*(908)*

Article 136 – Provisions applicable in relation to own resources

Article 136 establishes the provisions applicable after 31 December 2020 in relation to own resources. The UK is entitled to receive or obliged to pay, as the case may be, its share where the own resources related to the financial years up to and including 2020 are to be made available, corrected or subject to adjustments after 31 December 2020. Thus, the UK is subject to any adjustments of VAT and GNI own resources that relate to the financial years up to and including 2020. These VAT and GNI adjustments will however only be made if decided upon no later than 31 December 2028. The updates of the UK corrections of 2018-2019 are also to be taken into account.

Moreover, the UK is required to pay the traditional own resources collected by them after 28 February 2021, but related to the years 2020 and earlier. Their share of the total made available is to be deducted from this amount. The separate account for traditional own resources shall be fully liquidated at 31 December 2025.

Between January and February 2023 the United Kingdom paid an outstanding debt originating in a case where importers in the UK had evaded a large amount of customs duties by using fictitious and false invoices and incorrect customs value declarations at importation. The principal and the related late interest totalled EUR 1.6 billion and EUR 1.4 billion respectively (see note **2.6.1.1**). The UK share defined in Article 139 of the Withdrawal Agreement amounted to EUR 370 million and was offset with the payments received from the UK in 2023.

The net outstanding amount due from the EU to the UK at 31 December 2022 is EUR 678 million, of which EUR 699 million will have to be paid by the UK within the 12 months following the year-end and EUR 1 377 million will have to be paid by the EU to the UK afterwards:

	EUR million
Amount due from the UK at 31.12.2021	**557**
Amount invoiced to the UK in September 2022	*20*
UK Share for undervaluation case	*(370)*
Payments made to the UK in 2022	*536*
UK correction including the rectified amount of 2018-2019 UK corrections update done in 2022 (EUR 3.7 million)	*11*
Update of VAT and GNI adjustments (balances exercise 2021)	*(64)*
VAT and GNI adjustments (balances exercise 2022)	*(1 377)*
UK net traditional own resources after 28 February 2021	*8*
Amount due to the UK at 31.12.2022	**(678)**
Non-current	*(1 377)*
Current	*699*

It is noted that the amount of EUR 699 million to be paid by the UK within the next 12 months following the year-end includes the deduction of the EUR 370 million relating to the customs case mentioned above. As this amount was settled separately from the invoice mechnanism, it was not included in the April 2023 invoice.

Article 141 – Fines

The UK is entitled to its share of fines decided before 31 December 2020 and also those decided upon by the Union after 31 December 2020 in a procedure referred to in Article 92 (1) when these become definitive. The amount of UK relevant fines which were outstanding at 31 December 2022 is EUR 12.4 billion (2020: EUR 13.8 billion). The decrease of EUR 1.4 billion is mainly due to the net decrease in fines of EUR 1.3 billion (EUR 0.2 billion of fines issued in 2022 less EUR 1.5 billion of fines confirmed and paid, reduced or cancelled by court decisions during 2022) and the increase in the impairment of fines of EUR 0.1 billion. The UK share of the UK relevant fines outstanding at 31 December 2022 is EUR 1.5 billion (2021: EUR 1.7 billion), out of which an amount of EUR 5.4 million will be included in the September 2023 invoice and paid to the UK in the period October 2023 to May 2024. In addition, the UK is entitled to its share of definitive fines which were no longer outstanding at 31 December 2022 (EUR 7.5 million, also to be included in the September 2023 invoice and paid to the UK in the period October 2023 to May 2024) and its share of definitive fines that were invoiced in September 2022 but not yet paid at year-end (EUR 93.7 million, paid to the UK in the period January to May 2023). The total UK share of fines thus amounts to EUR 1.6 billion (2021: 1.8 billion), of which EUR 98.6 million is to be paid within the 12 months following the reporting date (2021: EUR 90.2 million).

Articles 143 – Contingent financial liabilities: loans for financial assistance, EFSI, EFSD & ELM

Under this article the UK shall be liable to fund its share of the contingent liabilities of the EU in relation to its borrowing, lending and guarantee activities should these crystallise and should they not be covered by existing guarantee funds – see note **4.1** for the related contingent liabilities. The EU will refund to the UK amounts which the UK has already contributed to guarantee funds and which are no longer needed. The UK also has a right to the reflows from operations for which it shares the liability. At 31 December 2022 the amount to be paid to the UK, all within the next 12 months, is EUR 313 million (2021: EUR 163 million). This amount comprises the UK share of the recoveries and net revenues collected in 2022 (EUR 79.5 million), the excess in provisioning (EUR 216.2 million), the impact of the adjustment due to the changed treatment of losses from asset management (EUR 16.9 million), as well as another adjustment for amounts recovered in 2021 for ELM, which were identified during the agreed-upon review procedures (EUR 7 011).

Articles 144 – Financial instruments

Under this article, the EU has committed to refund to the UK its share of the reflows stemming from financial operations approved by the withdrawal date, as well as its share of the disbursements made to financial operations approved after the withdrawal date. At 31 December 2022 the amount to be paid to the UK, all within the next 12 months, is EUR 54 million (2021: EUR 73 million). This amount includes a deduction of EUR 215 resulting from a foreign exchange rate correction related to 2021.

Article 145 – European Coal and Steel Community in Liquidation (ECSC i.L.)

The UK is entitled to its share of the net assets of ECSC in Liquidation at 31 December 2020, to be paid back in five instalments on 30 June each year, starting in 2021. The net assets of the ECSC in Liquidation at 31 December 2020 amounted to EUR 1.5 billion of which the UK share is EUR 184 million. Following the payment of the second instalment of EUR 37 million in 2022, the outstanding amount at 31 December 2022 is EUR 111 million (2021: EUR 148 million), of which EUR 37 million is to be paid within 12 months following the reporting date.

Article 146 – Investment in the European Investment Fund (EIF)

The UK is entitled to its share of the EU's investment in the paid-in share capital of the EIF at 31 December 2020, to be paid back in five instalments on 30 June each year, starting in 2021. The EU's investment in the EIF paid-in share capital at 31 December 2020 was EUR 267 million of which the UK share is EUR 33 million. Following the payment of the second instalment of EUR 7 million, the outstanding amount at 31 December 2022 is EUR 20 million (2021: EUR 27 million), of which EUR 7 million is to be paid within 12 months following the reporting date.

Article 147 – Legal cases

The UK has committed to contribute its share of EU payments arising from legal cases concerning the financial interests of the Union that become due, provided that the facts forming the subject matter of those cases occurred no later than 31 December 2020. Taking into account the provisions and accruals at year-end, as well as actual payments made by the EU for legal cases in 2022 the estimated amount that the UK will have to pay is EUR 68 million (2021: EUR 53 million), of which EUR 18 million is to be paid within 12 months following the reporting date.

2.6.1.3. Recoverables from competition fines

EUR million

	31.12.2022	31.12.2021
Recoverable from fines gross amount	*13 635*	*14 922*
Provisional payments	*(2 980)*	*(2 100)*
Impairment	*(1 235)*	*(1 125)*
Total	**9 420**	**11 698**
Non-current	*–*	*–*
Current	*9 420*	*11 698*

Fined companies who have launched or are planning to launch an appeal have an option to either make provisional payments or to provide bank guarantees to the Commission. For the total outstanding fines at year-end, EUR 2 980 million (2021: EUR 2 100 million) has been received as provisional payments while EUR 9 066 million (2021: EUR 11 067 million) of guarantees have been received.

The amounts written down due to impairment reflect the Commission's case-by-case assessment of fines amounts not cashed or not covered by a guarantee, which the Commission expects not to recover.

A contingent liability is disclosed for the possibility of having to pay back provisionally paid amounts to the fined companies – see note **4.2.1**.

2.6.1.4. Accrued income and deferred charges

EUR million

	31.12.2022	31.12.2021
Accrued income	*1 936*	*2 313*
Deferred charges relating to non-exchange transactions	*315*	*340*
Total	**2 250**	**2 653**
Non-current	*1 011*	*1 556*
Current	*1 239*	*1 097*

Accrued income includes EUR 1.8 billion (2021: EUR 2 billion) that the Commission expects to recover in the area of cohesion as a result of the examination and acceptance of the annual accounts submitted by the Member States. The biggest part of this amount (EUR 1 billion) is expected to be recovered at the closure of the underlying programmes only (as a consequence of the Coronavirus Response Investment Initiative measures) and therefore is classified as non-current.

2.6.2. Receivables from exchange transactions

EUR million

	31.12.2022	31.12.2021
Non-current		
Financial guarantee receivable	*1 832*	*2 630*
Late payment interest	*597*	*3 052*
Other receivables	*103*	*68*
	2 532	**5 750**
Current		
Financial guarantee receivable	*369*	*485*
Customers	*288*	*302*
Impairment on receivables from customers	*(171)*	*(172)*
Deferred charges relating to exchange transactions	*291*	*236*
Late payment interest	*2 554*	*1 127*
Other	*167*	*345*
	3 497	**2 323**
Total	**6 029**	**8 073**

The late payment interest concerns mainly own resources cases and accrued interest on guarantees provided by fined companies. The decrease in the late payment interest is linked mainly to the recalculations that took place following the Court judgement on the undervaluation case mentioned under note **2.6.1.1**. The amount related to the UK on this undervaluation case is shown as a current receivable (EUR 1.4 billion), while the non-current amount of the late payment interest (EUR 0.6 billion) relates exclusively to Member States.

The financial guarantee contract (FGC) receivable represents the future remuneration the EU expects to receive for guarantees given. The majority of the EU guarantees are non-remunerated or priced below the market rate. Therefore the FGC receivable is significantly smaller than the FGC liability (see note **2.11.2**). Out of the total amount of EUR 2 201 million of the FGC receivable as at 31 December 2022, EUR 2 198 million is classified as financial assets at FVSD (Fair value level 3). Compared to the opening balance as at 1 January 2022 of EUR 3 115 million, in total the FGC receivable has decreased by EUR 914 million, of which EUR 344 was due to guarantee premiums received in 2022 and EUR 571 million to lower guarantee premiums expected to be received in the future.

2.7. INVENTORIES

EUR million

	31.12.2022	31.12.2021
Scientific materials	*54*	*58*
Other	*28*	*26*
Total	**82**	**84**

2.8. CASH AND CASH EQUIVALENTS

EUR million

	Note	31.12.2022	31.12.2021
Accounts with Treasuries and Central Banks		*21 413*	*20 121*
Current accounts		*178*	*453*
Imprest accounts		*8*	*8*
Transfers (cash in transit)		*–*	*–*
Bank accounts for budget implementation	*2.8.1*	**21 598**	**20 582**
NGEU	*2.8.2*	**19 929**	**18 027**
Financial instruments	*2.8.3*	**2 713**	**2 838**
Fines	*2.8.4*	**914**	**1 953**
Other institutions, agencies and bodies		**1 344**	**1 396**
Trust funds		**47**	**65**
Total		**46 544**	**44 860**

2.8.1. Bank accounts for budget implementation

This heading covers the funds which the Commission keeps in its bank accounts in each Member State and EFTA country (treasury or central bank), as well as in commercial bank current accounts, imprest accounts and petty cash accounts. The treasury balance at the end of 2022 is driven by the following main elements:

- An amount of EUR 10.9 billion non-implemented budget appropriations at year-end, of which EUR 8 billion relates to assigned revenues, EUR 0.6 billion relates to NGEU credits and EUR 2.3 billion relates to payment appropriations (including EUR 0.6 billion of EAGF);
- An amount of EUR 3.2 billion belonging to agencies' treasuries managed by the Commission that has not been spent at year end;
- An amount of EUR 5.2 billion additional traditional own resources cashed not budgeted; and
- An amount of EUR 0.5 billion of definitive fines not yet budgeted.

2.8.2. NGEU

NGEU holds cash on a bank account at the European Central Bank (ECB). With the implementation of the diversified funding strategy in the NGEU instrument – see note **2.11** – the cash balance in the NGEU instrument is substantial and reached EUR 19.9 billion as at 31 December 2022 (EUR 18 billion in 2021). The high cash balance is kept with the objective of ensuring that amounts held on the NGEU bank account are sufficient to meet all upcoming disbursement needs and to maintain a defined safety buffer, while avoiding any excess balances.

2.8.3. Financial instruments

Amounts shown under this heading primarily concern cash equivalents managed by fiduciaries on behalf of the Commission for the purpose of implementing particular financial instrument programmes funded by the EU budget: EUR 1.9 billion as at 31 December 2022, of which EUR 0.6 billion relates to COSME Loan Guarantee Facility (COSME LGF) – see note **4.1.2**. It also includes EUR 0.3 billion cash and cash equivalents held in the CPF and not yet invested in securities at year-end and EUR 0.4 billion cash equivalents (short term commercial papers) belonging to the Innovation Fund managed by the EIB – see note **2.4.2.1.** This heading does not cover the CPF related liquidity buffer (EUR 0.3 billion as at 31 December 2022), which is held in the Commission's central treasury. Cash belonging to financial instruments can only be used by the programmes concerned.

2.8.4. Fines

This is mainly cash received in connection with fines issued by the Commission for which the case is still open. These amounts are kept in specific deposit accounts that are not used for any other activities. Where an appeal has been lodged or when it is unknown if an appeal will be made by the fined company, the underlying amount is shown as contingent liability in note **4.2.1**. Since 2010, all subsequent provisionally cashed fines are managed by the Commission in the BUFI fund and invested in financial instruments categorised as financial assets at FVSD non-derivatives (see note **2.4.2**). The decrease of cash relating to fines at 2022 year-end is due to the reimbursement to Intel of its provisionally paid fine of EUR 1 060 million in February 2022 following the judgement of the General Court of the EU in the Intel Corporation vs Commission case.

LIABILITIES

2.9. PENSION AND OTHER EMPLOYEE BENEFITS

2.9.1. Net employee benefit scheme liability

EUR million

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2022 Total	31.12.2021 Total
Defined Benefit Obligation	*73 126*	*1 880*	*6 064*	*81 070*	*122 926*
Plan assets	*N/A*	*(63)*	*(390)*	*(453)*	*(460)*
Net liability	**73 126**	**1 817**	**5 674**	**80 617**	**122 466**

The large decrease in the total employee benefits liability is primarily driven by the decrease in the net liability of the Pension Scheme of European Officials (PSEO), the largest scheme in place. This PSEO liability has decreased mainly because of the actuarial gains from changes in the underlying financial assumptions (see note **2.9.4**). This has been driven by a sharp increase in the real discount rate in the year, which turned positive again after having been negative for three consecutive years. It must be noted, however, that while an increase or a decrease in the real discount rate impacts the size of the liability at year-end, it does not change the amount of benefits that will have to be actually paid from the EU budget to the beneficiaries in future years.

The resulting decrease in the liability was partially offset by an increase caused by the fact that the rights accrued during the year due to service are higher than the benefits paid out during the year. There is also an increase due to the annual interest cost (unwinding of the liability discounting).

Pension Scheme of European Officials

This defined benefit obligation represents the present value of expected future payments that the EU is required to make, so as to settle the pension obligations resulting from employee service in the current and prior periods. The scheme is ongoing, and as such, all payments required to be made from the scheme on an annual basis are included in the EU budget each year.

In accordance with Article 83 of the Staff Regulations, the payment of the benefits provided for in the staff pension scheme constitutes a charge to the EU budget. The scheme is notionally funded, and the Member States guarantee the payment of these benefits collectively. A compulsory pension contribution is deducted from the basic salaries of active members, currently 10.1%. These contributions are treated as budget revenue of the year and contribute to the funding of EU expenditure in general, see also note **3.8**.

The liabilities of the pension scheme were assessed on the basis of the number of PSEO staff (active staff, retirees, former active staff now on invalidity and dependants of deceased staff) at 31 December 2022 and on the rules of the Staff Regulations applicable at this date. This valuation was carried out in accordance with the accounting provisions of IPSAS 39 (and therefore also EU accounting rule 12).

Other retirement benefit schemes

This refers to the liability relating to the pension obligations towards Members and former Members of the Commission, the European Court of Justice and the Court of Auditors, the Council, the European Ombudsman, and the European Data Protection Supervisor. Also included under this heading are liabilities relating to the pensions of Members of the European Parliament.

Joint Sickness Insurance Scheme

In addition to the above retirement benefit schemes, a valuation is made for the estimated liability that the EU has regarding the Joint Sickness Insurance Scheme (JSIS) in relation to healthcare costs, which must be paid during post-activity periods (net of their contributions). As stated in note **1.5.10**, the calculation of this liability takes account of the full active service period, ensuring that both the pension and the sickness insurance schemes of the staff's post-employment plan are accounted for consistently. Taking into account the obligation to faithfully present the economic substance of the underlying situation as required by both EAR and IPSAS, IPSAS 39 has not been interpreted in a stricter sense when attributing the benefits to the periods of service. If the service cost were to be accrued for the JSIS scheme fully over 10 years for all officials, as opposed to the period of active service of the employee, the impact of such an approach on the defined benefit obligation at year-end would be an increase of EUR 1.2 billion. However, as already indicated, this stricter approach would not be compatible with the qualitative characteristic of faithful representation, and thus would not be deemed to provide reliable information in accordance with EAR 1 and the IPSAS Conceptual Framework. This estimate is highly sensitive to the evolution of current staff administrative status (in particular, the number of fixed-term contract members assumed to become officials in the future).

2.9.2. Movement in present value of employee benefits defined benefit obligation

The present value of the defined benefit obligation is the discounted expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

An analysis of the current year movement in the defined benefit obligation is presented below:

EUR million

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	Total
Present value as at 31.12.2021	**109 679**	**2 600**	**10 647**	**122 926**
Recognised in statement of financial performance				
Current Service Cost	*4 575*	*118*	*310*	*5 003*
Interest cost	*1 096*	*18*	*106*	*1 220*
Past Service Cost	*–*	*28*	*–*	*28*
Recognised in net assets				
Remeasurements in employee benefits liabilities				
Actuarial (gains)/losses from experience	*1 226*	*54*	*(267)*	*1 014*
Actuarial (gains)/losses from demographic assumptions	*78*	*1*	*11*	*91*
Actuarial (gains)/losses from financial assumptions	*(41 533)*	*(862)*	*(4 642)*	*(47 036)*
Other				
Benefits paid	*(1 996)*	*(78)*	*(102)*	*(2 176)*
Present value as at 31.12.2022	**73 126**	**1 880**	**6 064**	**81 070**

Current service cost is the increase in the present value of the defined benefit obligation arising from current members' service in the current year.

Interest cost refers to the increase during the period in the present value of the defined benefit obligation because the benefits are one period closer to settlement.

Actuarial gains and losses from experience refer to the effects of differences between what was expected according to the assumptions made last year for 2022 and what really occurred in 2022.

Actuarial gains and losses from changes in the values of the actuarial assumptions (demographic variables such as employee turnover and mortality and financial variables such as discount rates and expected salary increases) arise where these assumptions are updated in order to reflect changes in underlying conditions.

Benefits (for example, pensions or medical cost reimbursements) are paid during the year according to the rules of the scheme. These benefits paid lead to a decrease in the defined benefit obligation.

2.9.3. Plan assets

EUR million

	Other retirement benefit schemes	Joint Sickness Insurance Scheme	Total
Present value as at 31.12.2021	**74**	**386**	**460**
Net movement in plan assets	*(11)*	*5*	*(7)*
Present value as at 31.12.2022	**63**	**390**	**453**

2.9.4. Actuarial assumptions – employee benefits

The principal actuarial assumptions used in the valuation of the two main employee benefit schemes of the EU are shown below:

	2022	2021
Pension Scheme of European Officials		
Nominal discount rate	*3.6%*	*1.0%*
Expected inflation rate	*2.4%*	*2.0%*
Real discount rate	*1.1%*	*(1.0)%*
Expected rate of future salary increases	*1.5%*	*1.8%*
Retirement age	*63/64/66*	*63/64/66*
Joint Sickness Insurance Scheme		
Nominal discount rate	*3.6%*	*1.0%*
Expected inflation rate	*2.4%*	*2.0%*
Real discount rate	*1.1%*	*(1.0)%*
Expected rate of future salary increases	*1.6%*	*1.9%*
Medical cost trend rates	*2.3%*	*2.5%*
Retirement age	*63/64/66*	*63/64/66*

Mortality rates for 2022 are based on the EU Civil Servants Life Table – EULT 2018, incorporating a dynamic trend over a 20 year horizon.

The nominal discount rate is determined as the value of the Euro zero-coupon yield (with a maturity of 18 years as of December 2022 for the PSEO, and 20 years for the Joint Sickness Insurance Scheme). The inflation rate used is the expected inflation rate over the equivalent period. It must be determined empirically, based on prospective values as expressed by index-linked bonds on the European financial markets. The real discount rate is calculated from the nominal discount rate and the expected long-term inflation rate.

In 2022 the sharp increase in the nominal rates resulted in an overall increase in the real discount rate, thus changing the previously observed negative trend and contributing to the significant actuarial gains from financial assumptions in the year.

2.9.5. Sensitivity analysis

The sensitivity analysis is based on simulations, which change, everything else being equal, the value of the concerned assumptions.

Pension Scheme of European Officials sensitivity

A ten basis point (0.1%) change in the assumed discount rate would have the following effects:

EUR million

	2022		2021	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(1 316)*	*1 352*	*(2 464)*	*2 544*

A ten basis point (0.1%) change in expected salary increases would have the following effects:

EUR million

	2022		2021	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*1 312*	*(1 280)*	*2 414*	*(2 345)*

A one-year change in assumed retirement age would have the following effects:

EUR million

	2022		2021	
	One year increase	One year decrease	One year increase	One year decrease
Defined benefit obligation	*(727)*	*988*	*(1 155)*	*1 527*

Joint Sickness Insurance Scheme sensitivity

A ten basis point change in assumed medical cost trend rates would have the following effects:

EUR million

	2022		2021	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs	*10*	*(10)*	*13*	*(12)*
Defined benefit obligation	*148*	*(144)*	*317*	*(307)*

A ten basis point (0.1%) change in the assumed discount rate would have the following effects:

EUR million

	2022		2021	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(118)*	*121*	*(265)*	*274*

A ten basis point (0.1%) change in expected salary increases would have the following effects:

EUR million

	2022		2021	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(23)*	*22*	*(42)*	*41*

A one-year change in assumed retirement age would have the following effects:

EUR million

	2022		2021	
	One year increase	One year decrease	One year increase	One year decrease
Defined benefit obligation	*(173)*	*184*	*(317)*	*334*

2.10. PROVISIONS

EUR million

	Amount at 31.12.2021	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2022
Legal cases:							
Agriculture	*354*	*222*	*(83)*	*(216)*	*–*	*–*	*277*
Other	*22*	*54*	*(3)*	*(2)*	*(0)*	*0*	*71*
Nuclear site dismantlement	*2 440*	*–*	*–*	*(38)*	*–*	*(657)*	*1 745*
Financial	*1*	*–*	*–*	*–*	*–*	*0*	*1*
Other	*530*	*494*	*(249)*	*(100)*	*0*	*2*	*677*
Total	**3 348**	**770**	**(336)**	**(356)**	**0**	**(654)**	**2 771**
Non-current	**2 950**	**242**	**(85)**	**(218)**	**(36)**	**(654)**	**2 199**
Current	**398**	**527**	**(251)**	**(138)**	**36**	**(0)**	**571**

Provisions are reliably estimated amounts, arising from past events, that will probably have to be paid by the EU budget in the future.

Legal cases

This is the estimate of amounts that will probably have to be paid out after the year-end in relation to a number of on-going legal cases. The Agriculture amounts relate to legal actions of Member States against conformity clearance decisions for the EAGF and the EAFRD.

Nuclear site dismantlement

As of 2017 the basis for the provision was updated as per the 'JRC Decommissioning & Waste Management Programme Strategy (D&WMP) – Updated in 2017'. The review of the strategy, along with budget and staff needs, was conducted together with the independent D&WMP Expert Group. It represents the best available estimate of the budget and staff needed to complete the decommissioning of the JRC sites of Ispra, Geel, Karlsruhe and Petten.

In accordance with the EU accounting rules, this provision is indexed for inflation and then discounted to its net present value (using the Euro swap curve). At 31 December 2022, this resulted in a provision of EUR 1 745 million, split between amounts expected to be used in 2023 (EUR 35 million) and afterwards (EUR 1 710 million). The decrease compared to 2021 is mainly the result of the sharp increase in the discount rates applied to the estimated future costs.

It must be noted that major uncertainties, inherent to the long term planning of nuclear decommissioning, could affect this estimate, which could significantly increase in the future. The main sources of uncertainty are related to the end state of the decommissioned site, nuclear materials, waste management and disposal aspects, incomplete or lacking definition of national regulatory frames, complicated and time-consuming licensing processes and future developments of the decommissioning industrial market.

2.11. FINANCIAL LIABILITIES

EUR million

	Note	31.12.2022	31.12.2021
Non-current			
Financial liabilities at AC	*2.11.1*	*323 798*	*214 824*
Financial liabilities at FVSD	*2.4.2.2*	*9*	*5*
Financial guarantee liabilities	*2.11.2*	*177*	*146*
		323 985	**214 974**
Current			
Financial liabilities at AC	*2.11.1*	*22 022*	*23 501*
Financial liabilities at FVSD	*2.4.2.2*	*15*	*–*
Financial guarantee liabilities	*2.11.2*	*6 279*	*7 648*
		28 316	**31 149**
Total		**352 301**	**246 123**

2.11.1. Financial liabilities at amortised cost

EUR million

	Note	31.12.2022	31.12.2021
Borrowings for NGEU and financial assistance	*2.11.1.1*	*344 303*	*236 720*
Other financial liabilities	*2.11.1.2*	*1 517*	*1 605*
Total		**345 820**	**238 325**
Non-Current		*323 798*	*214 824*
Current		*22 022*	*23 501*

2.11.1.1. Borrowings for NGEU and financial assistance

EUR million

	NGEU	SURE	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2021	*91 000*	*90 567*	*47 138*	*201*	*7 464*	*351*	*236 720*
New borrowings – nominal	*150 267*	*8 718*	*2 200*	*–*	*7 535*	*–*	*168 720*
Repayments	*(53 381)*	*–*	*(2 700)*	*–*	*(10)*	*(23)*	*(56 114)*
Changes in carrying amount	*(4 758)*	*(155)*	*(51)*	*0*	*(60)*	*0*	*(5 023)*
Total at 31.12.2022	**183 129**	**99 130**	**46 587**	**201**	**14 929**	**327**	**344 303**
Non-current	*165 546*	*99 026*	*42 666*	*200*	*14 798*	*314*	*322 549*
Current	*17 583*	*104*	*3 921*	*1*	*131*	*14*	*21 754*

The borrowings mainly refer to long-term bonds, except for NGEU where there are short term EU-bills of EUR 17 billion (2021: EUR 20 billion). Aside from NGEU borrowings, see below, all borrowings are back-to-back, meaning that there are corresponding equivalent loans (same terms, interest rates, maturities, etc.) – see note **2.4.1.1**.

NGEU borrowings finance RRF loans, RRF non-repayable support and other MFF programmes. There is a bi-annual borrowing plan based on the forecasted outflows for loans and non-repayable support. The Commission follows a diversified funding strategy and uses different long term and short term funding instruments, which allows it to offer long-term loans on attractive terms to beneficiary Member States. The borrowing costs are then allocated – following a single unified approach – to beneficiaries of the loans and to the EU budget (for the non-repayable support).

In the context of the NGEU diversified funding strategy, the Commission issues short-term notes (3 or 6 months), which may be repaid during the same or next year. The EUR 53.4 billion in the line 'repayments' under RRF refers to such short term borrowings. The net additional borrowing for NGEU in 2022 was EUR 96.9 billion.

The line 'changes in carrying amount' corresponds to the change in accrued interests and to the changes in premiums/discounts (new premiums/discounts and amortisation).

For NGEU the line 'change in carrying amount' mainly refers to discounts on the 2022 bond issuances. When the coupon rates are lower than the market rates, the borrower receives less than the nominal value of the borrowings. The difference is the discount amount. This is gradually amortised, as a finance cost and is part of the calculation for the effective interest rate of the borrowing.

The repayment of the above borrowings are ultimately guaranteed by the EU budget – see note **2.4.1.1**, and by extension by each Member State.

Borrowings effective interest rates (expressed as a range of interest rates)

	31.12.2022	31.12.2021
NGEU	*(0.49)% - 3.41%*	*(0.95)% - 0.74%*
SURE	*(0.48)% - 2.78%*	*(0.48)% - 0.77%*
EFSM	*(0.03)% - 3.79%*	*(0.03)% - 3.79%*
BOP	*2.95%*	*2.95%*
MFA	*(0.14)% - 3.70%*	*(0.14)% - 3.70%*
Euratom	*(0.08)% - 1.53%*	*(0.08)% - 1.58%*

2.11.1.2. Other financial liabilities

EUR million

	31.12.2022	31.12.2021
Non-current		
Finance lease liabilities	*847*	*1 017*
Buildings paid for in instalments	*296*	*291*
Other	*106*	*133*
	1 249	**1 441**
Current		
Finance lease liabilities	*103*	*103*
Buildings paid for in instalments	*48*	*54*
Fines to be reimbursed	*–*	*–*
Other	*117*	*6*
	268	**164**
Total	**1 517**	**1 605**

Finance lease liabilities

EUR million

	Future amounts to be paid			
	< 1 year	1-5 years	> 5 years	Total Liability
Land and buildings	*97*	*393*	*447*	*938*
Other fixed assets	*6*	*7*	*–*	*13*
Total at 31.12.2022	**103**	**400**	**447**	**951**
Interest element	*39*	*124*	*74*	*237*
Total future minimum lease payments at 31.12.2022	**143**	**524**	**521**	**1 188**
Total future minimum lease payments at 31.12.2021	*145*	*619*	*631*	*1 395*

The lease and building related amounts above will have to be funded by future budgets.

2.11.2. Financial guarantee liabilities

EUR million

	31.12.2022 Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability	31.12.2021 Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability
EU budgetary guarantee programmes				
EFSI guarantee	*2 039*	*2 178*	*2 917*	*3 618*
EIB ELM guarantees	*47*	*2 358*	*106*	*2 569*
EFSD guarantee	*3*	*180*	*2*	*139*
InvestEU guarantee	*46*	*332*	*–*	*–*
NDICI EU guarantee	*0*	*203*	*–*	*4*
	2 134	**5 252**	**3 024**	**6 330**
EU financial instrument programmes				
COSME	*0*	*617*	*0*	*780*
Horizon 2020	*37*	*422*	*59*	*410*
CCS	*–*	*60*	*–*	*110*
Other	*29*	*106*	*32*	*165*
	66	**1 204**	**90**	**1 464**
Total	**2 201**	**6 456**	**3 115**	**7 794**
Non-current	*1 832*	*177*	*2 630*	*146*
Current	*369*	*6 279*	*485*	*7 648*

The EU applies the gross presentation of the financial guarantee contracts, where the revenues still to be received under the guarantee are recognised as a finacial guarantee receivable leg (presented under the exchange receivables heading – see note **2.6.2**) and a finacial guarantee liability is recognised representing the EU liabililty for coverage of the future guarantee claims.

The EFSI guarantee and ELM guarantee remain the financially most significant of the financial guarantee programmes, with a financial guarantee liability of EUR 2 178 million and 2 358 million respectively. While in return for the EFSI guarantee, the EU is entitled to an expected remuneration of EUR 2 039 million – recognised as a finacial guarantee receivable – covering to a large extent the liability, for the ELM guarantee the expected revenues are EUR 47 million, thus covering only a small fraction of the guarantee. This is due to a high share of EU subsidisation of the ELM. In 2022, new guarantee agreements were signed under InvestEU and NDICI programmes, leading to recognition of new financial guarantee liabilities (see also note **4.1.1**).

Most of the remaining EU guarantee programmes, in particular those provided for higher-risk financing to SMEs or to the innovation sector, are non-remunerated. Please see note **2.4.2.1** for further information on guarantees under the H2020 programme and note **4.1.2** in relation to COSME.

2.12. PAYABLES

EUR million

	Gross Amount	Adjustments	Net Amount at 31.12.2022	Gross Amount	Adjustments	Net Amount at 31.12.2021
Cost claims and invoices received from:						
Member States						
EAFRD & other rural development instruments	*80*	*(0)*	*80*	*30*	*(0)*	*30*
ERDF & CF	*6 258*	*(1 614)*	*4 644*	*6 484*	*(1 878)*	*4 606*
ESF	*2 796*	*(368)*	*2 428*	*3 311*	*(596)*	*2 715*
RRF (NGEU)	*24 629*		*24 629*	*19 118*		*19 118*
Other	*1 075*	*(170)*	*904*	*663*	*(58)*	*605*
Private and public entities	*1 527*	*(467)*	*1 060*	*1 563*	*(320)*	*1 244*
Total cost claims and invoices received	**36 366**	**(2 620)**	**33 745**	**31 169**	**(2 851)**	**28 318**
EAGF	**15 795**	**N/A**	**15 795**	**15 650**	**N/A**	**15 650**
Own resources payables	**3 764**	**N/A**	**3 764**	**38**	**N/A**	**38**
Sundry payables	**1 679**	**N/A**	**1 679**	**2 030**	**N/A**	**2 030**
Other	**357**	**N/A**	**357**	**335**	**N/A**	**335**
Total	**57 961**	**(2 620)**	**55 341**	**49 223**	**(2 851)**	**46 372**

Payables include invoices and cost claims received but not yet paid at year-end. They are initially recognised at the time of the reception of the invoices / cost claims for the requested amounts. The payables are subsequently adjusted to reflect only the amounts accepted following review of costs, and the amounts estimated to be eligible. The amounts estimated to be non-eligible are included in the column 'Adjustments'; the largest amounts concern the structural actions.

The significant increase compared to the previous year-end is caused primarily by the RRF (NGEU) instrument which began in 2021 and where payables outstanding at 31 December 2022 totalled EUR 24.6 billion. These amounts represent the payment requests received towards the end of the year for which the assessment of milestones and targets was still pending.

In the 2014-2020 programming period, the Common Provisions Regulation 2013/1303 (CPR) applicable to the Structural Funds (ERDF and ESF), the Cohesion Fund and to the European Maritime and Fisheries Fund (EMFF) foresees that the EU budget is protected by means of a systematic retention of 10% of the interim payments made. By February following the end of the CPR accounting year (1 July – 30 June), the control cycle is complete, both through management verifications by the managing authorities and audits by the audit authorities. The Commission examines the assurance documents and the accounts provided by the relevant authorities in the Member States. The payment / recovery of the final balance is made only after this assessment is finalised and the accounts are accepted. The amount retained according to this provision at end 2022 totalled EUR 8.8 billion. A part of this amount (EUR 1.3 billion) is estimated as being non-eligible on the basis of the information provided by the Member States in their accounts and is also included in the column 'Adjustments'.

Requests for pre-financing

In addition to the above amounts, at the end of 2022, EUR 3 billion of requests for pre-financing have been received and were not yet paid at year-end. According to the EU accounting rules, these amounts are not booked as payables.

Own Resources Payables

Own resources payables refer to Member States EU budget contributions to be reimbursed at year-end. Amending budgets are implemented according to Article 10a(3) of Regulation no 609/2014. The large balance at 31 December 2022 was due to the adoption of the amending budget No 5/2022 on 23 November 2022. According to this legal provision, the resulting amounts were returned to the Member States on the first working day of January 2023.

2.13. ACCRUED CHARGES AND DEFERRED INCOME

EUR million

	31.12.2022	31.12.2021
Accrued charges	*85 870*	*77 819*
Deferred income	*127*	*126*
Other	*167*	*123*
Total	**86 164**	**78 068**

The split of accrued charges is as follows:

EUR million

	31.12.2022	31.12.2021
RRF (NGEU)	*17 188*	*8 263*
EAGF	*25 316*	*25 241*
EAFRD and other rural development instruments	*19 625*	*19 245*
ERDF and CF	*8 741*	*10 710*
ESF	*3 366*	*3 499*
Other	*11 633*	*10 859*
Total	**85 870**	**77 819**

Accrued charges refer to recognised expenses for which the Union has still to receive cost claims. For cohesion policy, the decrease relates mainly to the fact that the 2014-2020 period is in its closing phase. Additionally the implementation for the current programming period is rather slow and as a result there was no recognition of accrued charges for the 2021-2027 period. On the other hand, there is an increase of accrued charges for the RRF instrument as the Member States advance with the implementation of reforms and investments and milestones are fulfiled.

NET ASSETS

2.14. RESERVES

EUR million

	Note	31.12.2022	31.12.2021
Other reserves		*1 312*	*1 325*
Total		**1 312**	**1 325**

The amount relates primarily to the reserves of the ECSC in Liquidation (EUR 865 million) for the assets of the Research Fund for Coal and Steel, which were created in the context of the winding-up of the ECSC in Liquidation, as well as to the reserve fund of the European Union Intellectual Property Office (EUR 293 million).

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

EUR million

Amounts to be called from Member States at 31.12.2021	**83 624**
2021 budget result credited to Member States	*3 227*
Remeasurements in employee benefits liabilities	*(46 048)*
Other	*(115)*
Economic result of the year	*91 949*
Total amounts to be called from Member States at 31.12.2022	**132 637**

This amount represents that part of the expenses incurred by the EU up to 31 December that must be funded by future budgets. Many expenses are recognised under accrual accounting rules in the year N although they may be actually paid in year N+1 (or later) and therefore funded using the budget of year N+1 (or later). The inclusion in the accounts of these liabilities coupled with the fact that the corresponding amounts are financed from future budgets, results in liabilities greatly exceeding assets at the year-end. The most significant amounts to be highlighted concern the borrowings in relation to non-repayable support taken out under NGEU, EAGF activities and employee benefit liabilities.

It should also be noted that the above has no effect on the budget result – budget revenue should always equal or exceed budget expenditure and any excess of revenue is returned to Member States.

The remeasurements in employee benefits liabilities relate to actuarial gains and losses arising from the actuarial valuation of these liabilities.

The considerable increase of the amounts to be called from Member States in the past two years is primarily due to the borrowings in relation to non-repayable support taken out under NGEU in this period.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: OWN RESOURCES

3.1. GNI RESOURCES

Own resources revenue is the primary element of the EU's operational revenue. GNI (gross national income) revenue amounts to EUR 103 880 million for 2022 (2021: EUR 115 955 million) and is the most significant of the four categories of own resources. A uniform percentage is levied on the GNI of each Member State. The GNI revenue balances revenue and expenditure, i.e. it funds the part of the budget that is not covered by other sources of income. The decrease of GNI revenue in 2022 comapred to 2021 is explained by multiple factors: the budgeting of a higher surplus by EUR 1.5 billion, the increase of the customs duties forecast by EUR 6.4 billion, a higher VAT contribution by EUR 1.8 billion and a bigger contribution by the United Kingdom linked to the Withdrawal Agreement (EUR 3.9 billion).

3.2. TRADITIONAL OWN RESOURCES

Traditional own resources relate mainly to customs duties where Member States retain, by way of collection costs, 25% of the amounts, so the above figures are net of this deduction. The collection of customs duties has increased significantly due to the economic recovery.

3.3. VAT RESOURCES

The VAT own resource is calculated based on Member States' VAT bases, which are harmonised for this purpose in accordance with EU rules. A uniform call rate of 0.30 % applies to each Member State's total amount of VAT receipts collected for all taxable supplies divided by the weighted average VAT rate. The VAT base is capped at 50 % of each Member State's GNI.

3.4. PLASTICS OWN RESOURCES

A uniform call rate of EUR 0.80 per kilogram applies to the weight of plastic packaging waste generated in each Member State that is not recycled. The plastic packaging waste that is not recycled in a given year is calculated as the difference between the plastic packaging waste generated and the plastic packaging waste recycled in that year in a Member State. Bulgaria, Czechia, Estonia, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia are entitled to specific annual lump sum reductions in their respective plastics own resource contributions. This relatively new own resource was introduced in 2021 with the entry into force of the new Own Resources Decision 2020/2053.

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.5. FINES

Revenue of EUR 915 million (2021: EUR 1 990 million) relates mainly to fines the Commission has imposed on Member States for infringements of EU law (EUR 640 million) and fines imposed on companies for breaches of EU competition rules (EUR 272 million).

3.6. RECOVERY OF EXPENSES

EUR million

	2022	2021
Shared management	*1 110*	*1 682*
Direct management	*90*	*61*
Indirect management	*19*	*51*
Total	**1 219**	**1 794**

This heading mainly represents the recovery orders issued by the Commission that are cashed or offset against (i.e. deducted from) subsequent payments recorded in the Commission's accounting system. The recovery orders are issued so as to recover expenditure previously paid out from the EU budget. Recoveries are based on controls, audits or eligibility analysis and therefore, these operations protect the EU budget from expenditure incurred in breach of law.

Recovery orders issued by Member States to beneficiaries of EAGF expenditure, as well as the variation of accrued income estimations from the previous year-end to the current year-end, are also included.

The amounts included in the above table represent revenue earned through the issuance of recovery orders. For this reason, these figures cannot and do not show the full extent of the measures taken to protect the EU budget, particularly for cohesion policy where specific mechanisms are in place to ensure the correction of ineligible expenditure, most of which do not involve the issuance of a recovery order. The EU budget is also protected by withdrawals of expenditure and recoveries of pre-financing.

Shared management recoveries make up the bulk of the total:

Agriculture: EAGF and rural development

In the framework of the EAGF and the EAFRD, amounts accounted for as revenue of the year under this heading are financial corrections of the year and reimbursements declared by Member States and recovered during the year, as well as the net increase in the outstanding amounts declared by Member States to be recovered at year-end concerning fraud and irregularities.

Cohesion policy

The main amounts related to cohesion policy are amounts that the Commission expects to recover from the Member States. The recovery will be made following the examination and acceptance of the annual accounts submitted by the Member States in early 2023. The amounts to be recovered represent essentially the difference between amounts initially declared as eligible during the accounting year and the amounts confirmed as eligible in the annual accounts of the Member States. A low amount means that the controls in place at Member State level enabled the detection of ineligible amounts early in the process.

3.7. UK WITHDRAWAL AGREEMENT

This relates to the net amounts owed by the UK under the WA signed following its departure from the Union in 2020 (see note **2.6.1.2**), adjusted each year in accordance with the requirements of the WA. The revenue is zero for 2022 and instead an expense is recognised – this arises primarily due to the large decrease in the outstanding receivable from the UK relating to pensions and other employee benefits (Article 142) as well as additional amounts payable to the UK relating to own resources (Article 136).

3.8. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

EUR million

	2022	2021
Contributions from Member States for the Innovation Fund	*3 192*	*2 187*
Staff taxes and contributions	*1 439*	*1 367*
Contributions from third countries	*1 307*	*1 056*
Contributions from Member States for ESI and external aid	*204*	*199*
Transfer of assets	*321*	*356*
Budgetary adjustments	*3 246*	*1 245*
Adjustment of provisions	*991*	*65*
Other	*695*	*261*
Total	**11 395**	**6 737**

Contributions from Member States to the Innovation Fund are revenues relating mainly to the sale of emission allowances that are to be used to support innovation in low-carbon technologies.

Staff taxes and contributions revenue relate primarily to the deductions from staff salaries. Retirement contributions and income tax represent the substantial amounts within the category.

Contributions from third countries are mainly contributions from EFTA countries (EUR 646 million) as well as financial contributions of third states to Horizon Europe (EUR 427 million) and to ERASMUS+ (EUR 145 million).

Contributions from Member States concern mainly EUR 165 million to finance the Facility for Refugees in Turkey.

The budgetary adjustments mainly represent the budget surplus from the previous year, which amounted to EUR 3 227 million (2021: EUR 1 769 million).

The increase in revenue related to provisions is mainly due to the decrease of the nuclear site dismantlement provision (see note **2.10**).

Other revenue from non-exchange transactions includes the ITER Host State and Membership contributions to Fusion for Energy, the European Joint Undertaking for ITER and the Development of Fusion Energy (EUR 155.5 million) and an adjustment on TOR recoverables' write down (EUR 189 million).

REVENUE FROM EXCHANGE TRANSACTIONS

3.9. FINANCIAL REVENUE

EUR million

	2022	2021
Interest on:		
Late payments	*(927)*	*1 529*
Loans	*1 238*	*1 160*
Borrowings	*325*	*220*
Other	*127*	*10*
Revenue from FGCs	*1 282*	*987*
Gains on financial assets or liabilities at FVSD:		
Non-derivatives	*128*	*324*
Derivatives	*294*	*815*
Dividends	*114*	*30*
Other	*20*	*16*
Total	**2 602**	**5 092**

Interest revenue on late payments stems mainly from fines and own resources contributions due and not paid on time. The negative amount is explained by the significant reduction of the accrued late payment interest revenue for the undervaluation case referred to in note **2.6.1.1**, from EUR 1.4 billion recognised in 2021 to EUR 0.4 billion in 2022. This reduction of EUR 1 billion is a consequence of the Court judgement issued in March 2022 and so is recognised in the 2022 financial year.

The interest on loans relates mainly to EFSM (EUR 0.8 billion) where the outstanding amounts mainly bear high effective interest rate. Another EUR 0.2 billion relates to the RRF loans where the new disbursements in 2022 had higher effective interest rates than last year. The interest on SURE loans is low (EUR 0.2 billion) compared to the outstanding loans amount. This is because a significant part of past transactions had lower or negative interest rates. See also note **2.4.1.**

Interest revenue from borrowings mainly refers to NGEU and SURE and is due to the negative effective interest rates for certain past transactions.

Revenue from financial guarantee contracts relates primarily to the amortization of the financial guarantee liabilities. It can be interpreted as a release of the EU from guarantee liabilities for the period the EU was standing ready to compensate the holders of the guarantees for their credit losses. Thus, the revenue recognition for financial guarantees reflects the passage of time and the guaranteed volume. The amortizations apply to both types of guarantees, those which are remunerated and those for which the EU charges no or nominal remuneration (see note **2.11.2**). Out of the remunerated guarantees, the most significant is the EFSI guarantee provided to the EIB for the Infrastructure and Innovation Window ('IIW') debt portfolio, as combined with InvestEU debt portfolios as of 2022 (see note **4.1.1**). In 2022, the revenue earned by the EFSI guarantee in relation to those combined debt portfolios amounted to EUR 313 million.

The revenue related to financial guarantee contracts of EUR 1 282 million is off-set by impairment losses for financial guarantee liabilities amounting to EUR 362 million relating to guarantee calls net of recoveries of EUR 360 million and unrealized impairment losses EUR 1 million (see notes **3.15** and **6.5**). In addition, the EC has subsidised financial guarantee programmes (EUR 514 million) by charging no or below market rate guarantee premiums (note **3.15**). In total, the net result from financial guarantee programmes is a surplus of EUR 406 million.

3.10. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

EUR million

	2022	2021
Fee revenue for rendering of services (agencies)	*694*	*689*
Foreign exchange gains	*330*	*299*
Sales of goods	*121*	*53*
Share of net result of EIF	*24*	*169*
Fixed assets related revenue	*26*	*2*
Other	*475*	*285*
Total	**1 669**	**1 497**

Fee revenue for rendering of services mainly includes marketing authorisation fees charged by the European Medicines Agency and trademark fees collected by the European Union Intellectual Property Office.

EXPENSES

3.11. SHARED MANAGEMENT

EUR million

Implemented by Member States	2022	2021
European Agricultural Guarantee Fund	*41 031*	*40 829*
European Agricultural Fund for Rural Development and other rural development instruments	*16 073*	*15 451*
European Regional Development Fund and Cohesion Fund	*43 083*	*46 932*
European Social Fund	*14 649*	*16 727*
Other	*3 482*	*4 835*
Total	**118 318**	**124 774**

The transition from the former MFF period 2014-2020 to the current MFF 2021-2027 explains the decrease in expenses in the cohesion area (ERDF,CF, ESF): the costs declared for the previous period are decreasing while the costs related to the current period are low, mainly due to the slow start of its implementation.

Other expenses mainly include European Maritime and Fisheries Fund (EUR 0.8 billion), European Union Solidarity Fund (EUR 0.9 billion), Brexit Adjustment Reserve (EUR 0.4 billion), Asylum and Migration (EUR 0.6 billion), Internal Security (EUR 0.4 billion) and the Fund for European Aid to the Most Deprived (EUR 0.4 billion).

3.12. DIRECT MANAGEMENT

EUR million

	2022	2021
Implemented by the Commission	*78 497*	*48 265*
of which RRF (NGEU)	*69 461*	*42 940*
Implemented by EU Executive Agencies	*14 962*	*14 232*
Implemented by Trust funds	*568*	*503*
Total	**94 027**	**63 000**

The increase in direct management expenses implemented by the Commission relates mainly to the implementation of RRF, Research Policy and External Action. The main expenditure concerns RRF (EUR 69.5 billion), which has greatly increased from the previous year as Member States use the funds provided and milestones are achieved. The rest of the amounts under direct management primarily concern the implementation of Research Policy (EUR 7.4 billion) and External Actions, which include the Neighbourhood Development and International Cooperation Instrument and its precursors (EUR 3.7 billion), as well as the Humanitarian aid operations (EUR 1 billion).

A further EUR 3.1 billion relates to the Connecting Europe Facility, the common infrastructure fund to deploy smart networks in the area of transport, energy and telecommunications.

3.13. INDIRECT MANAGEMENT

EUR million

	2022	2021
Implemented by other EU agencies & bodies	*3 615*	*3 154*
Implemented by third countries	*630*	*890*
Implemented by international organisations	*4 650*	*3 622*
Implemented by other entities	*4 738*	*3 225*
Total	**13 634**	**10 891**

Under indirect management expenses, EUR 6 billion relates to external actions (mainly in the areas of pre-accession, humanitarian aid, international co-operation and neighbourhood). A further EUR 3.5 billion is related to increasing Europe's competitiveness (in areas such as research, space programmes and education).

3.14. STAFF AND PENSION COSTS

EUR million

	2022	2021
Staff costs	*7 957*	*7 377*
Pension costs	*6 251*	*5 040*
Total	**14 209**	**12 417**

Pension costs represent elements of the movements that have arisen following the actuarial valuation of the employee benefits liabilities other than those recognised in Net Assets. They do not therefore represent actual pension payments of the year, which are significantly lower at EUR 2.2 billion.

3.15. FINANCE COSTS

EUR million

	2022	2021
Interest expenses:		
Borrowings	*1 912*	*1 209*
Loans	*161*	*146*
Finance leases	*50*	*56*
Other	*31*	*103*
FGCs – subsidised remuneration	*514*	*233*
Net impairment losses on:		
FGCs	*362*	*947*
Loans and receivables	*2 108*	*1 244*
Loss on financial assets or liabilities at FVSD:		
Non-derivatives	*2 344*	*210*
Derivatives	*126*	*40*
Other	*29*	*13*
Total	**7 637**	**4 201**

The interest expenses from borrowings are mainly from EFSM (EUR 0.8 billion), NGEU (EUR 0.9 billion) and SURE (EUR 0.2 billion). The interest on SURE borrowings are significantly lower than for the other programmes because a significant part of them have lower or negative interest rates. The negative effective interest rates for certain past SURE transactions also explains the interest expense on loans (‘back-to-back’ lending with negative interest rates).

For more details on expenses related to financial guarantees, see note **3.9**.

Net impairment losses on loans and receivables mostly relate to the additional impairment of EUR 2.1 billion recognised in 2022 on MFA and Euratom loans to Ukraine (see notes **2.4.1.1** and **6.5**).

The main loss on finacial assets or liabilities at FVSD non-derivatives is from the debt securities of the CPF (EUR 1.1 billion) and the Innovation Fund (0.5 billion). In 2022 the bond market prices fell because of the increase in the interest rates. This has negatively impacted the fair value of the bonds held in the EU portfolios leading to the recognition of a mostly unrealised fair value loss.

3.16. OTHER EXPENSES

EUR million

	2022	2021
Administrative and IT expenses	*2 321*	*2 105*
Adjustment of provisions	*769*	*583*
Fixed assets related expenses	*1 518*	*1 205*
Land and buildings management expenses	*686*	*591*
Foreign exchange losses	*427*	*171*
Operating lease expenses	*411*	*447*
Reduction of fines by Court decision	*1 378*	*15*
Other	*832*	*645*
Total	**8 342**	**5 762**

The amount disclosed in line 'Reduction of fines by Court decision' above includes EUR 997 million related to the annulment of a fine imposed in January 2018 on Qualcomm for abusing its market dominance. In June 2022, the EU General Court annulled the fine and the Commission did not appeal the Court's judgement, resulting in a write-off of the fine receivable in the 2022 annual accounts.

The aggregate amount of research and development expenditure recognised as an expense during 2022 is as follows:

EUR million

	2022	2021
Research costs	*430*	*401*
Non-capitalised development costs	*133*	*122*
Total	**563**	**523**

3.17. SEGMENT REPORTING BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

EUR million

	Single Market, Innovation and Digital	Cohesion and Values	Natural Resources and Environment	Migration and Border Management	Resilience, Security and Defence	Neighbourhood and the World	European Public Administration	Not assigned to MFF heading*	Total
GNI resources	–	–	–	–	–	–	–	*103 880*	*103 880*
Traditional own resources	–	–	–	–	–	–	–	*23 495*	*23 495*
VAT	–	–	–	–	–	–	–	*19 666*	*19 666*
New Own Resources	–	–	–	–	–	–	–	*6 337*	*6 337*
Fines	–	–	–	–	–	–	–	*915*	*915*
Recovery of expenses	*62*	*620*	*468*	*4*	*0*	*63*	*0*	*2*	*1 219*
UK Withdrawal Agreement	–	–	–	–	–	–	–	–	–
Other	*1 173*	*140*	*345*	*0*	*657*	*206*	*1 896*	*6 977*	*11 395*
Revenue from non-exchange transactions	**1 236**	**761**	**813**	**4**	**657**	**269**	**1 896**	**161 271**	**166 908**
Financial revenue	*1 471*	*18*	*1*	–	*0*	*362*	*6*	*743*	*2 602*
Other	*111*	*(25)*	*(12)*	*(0)*	*(3)*	*67*	*480*	*1 052*	*1 669*
Revenue from exchange transactions	**1 582**	**(7)**	**(11)**	**(0)**	**(3)**	**429**	**486**	**1 795**	**4 271**
Total revenue	**2 817**	**754**	**802**	**4**	**654**	**699**	**2 382**	**163 067**	**171 179**
Expenses implemented by Member States:									
EAGF	–	–	*(41 031)*	–	–	–	–	–	*(41 031)*
EAFRD & other rural development instruments	–	–	*(16 073)*	–	–	–	–	–	*(16 073)*
ERDF & CF	–	*(43 083)*	–	–	–	–	–	–	*(43 083)*
ESF	–	*(14 649)*	–	–	–	–	–	–	*(14 649)*
Other	–	*(764)*	*(755)*	*(862)*	*(72)*	*(132)*	–	*(898)*	*(3 482)*
Implemented by the EC, executive agencies and trust funds	*(12 765)*	*(73 573)*	*(906)*	*(459)*	*(303)*	*(5 802)*	*(12)*	*(208)*	*(94 027)*
Implemented by other EU agencies and bodies	*(2 848)*	*(494)*	*(90)*	*(1 018)*	*(210)*	*(25)*	*(111)*	*1 180*	*(3 615)*
Implemented by third countries and int. org.	*(418)*	*(114)*	*(5)*	*(241)*	*(163)*	*(4 334)*	*(1)*	*(5)*	*(5 281)*
Implemented by other entities	*(225)*	*(2 799)*	*(1)*	*(6)*	*(57)*	*(1 653)*	*(0)*	*2*	*(4 738)*
Staff and Pension costs	*(493)*	*(15)*	*(2)*	*(0)*	*(3)*	*(157)*	*(12 006)*	*(1 531)*	*(14 209)*
Finance costs	*(882)*	*(11)*	*(6)*	*(0)*	*(0)*	*(574)*	*(210)*	*(5 953)*	*(7 637)*
UK Withdrawal Agreement								*(6 961)*	*(6 961)*
Other expenses	*(2 195)*	*(168)*	*(305)*	*(19)*	*(8)*	*(281)*	*(3 421)*	*(1 946)*	*(8 342)*
Total expenses	**(19 825)**	**(135 670)**	**(59 174)**	**(2 604)**	**(816)**	**(12 957)**	**(15 761)**	**(16 321)**	**(263 128)**
Economic result of the year	**(17 008)**	**(134 916)**	**(58 372)**	**(2 600)**	**(163)**	**(12 258)**	**(13 379)**	**146 746**	**(91 949)**

** 'Not-assigned to MFF heading' includes consolidated entities' budget execution and consolidation eliminations, off-budget operations and unallocated programmes with individually immaterial amounts.*

The display of revenue and expenses by MFF heading is based on estimation as not all commitments are linked to an MFF heading.

4. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are possible future payment obligations for the EU that may arise due to past events or legally binding commitments taken but which will depend on future events not wholly under the control of the EU. They relate mainly to guarantees given and to legal risks. **All contingent liabilities, except those relating to fines, guarantees and financial instruments up to the level they are covered by funds (see note 2.4.2.1), would be financed, should they fall due, by the EU budget (and thus the EU Member States) in the years to come.**

For information on the EU budget guarantees given to cover NGEU and financial assistance borrowings, please see note **2.4.1.1**, as well as note **2.11.1.1**. This information had been previously disclosed under this section but since any call on these guarantees would depend on a default of loans granted, which are presented in more detail in note 2.4.1.1, it is considered more relevant to present this information there.

4.1. Guarantees given by the EU budget

4.1.1. Guarantees given under the EU budgetary guarantee programmes (nominal)

EUR million

	31.12.2022			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
EIB ELM guarantees	*30 599*	*30 599*	*20 909*	*2 710*
EFSI guarantee	*25 793*	*24 615*	*21 084*	*8 571*
EFSD guarantee	*1 176*	*522*	*446*	*728*
InvestEU guarantee	*21 280*	*2 108*	*324*	*1 722*
NDICI external action guarantee	*27 020*	*4 515*	*156*	*1 067*
Total	**105 869**	**62 359**	**42 919**	**14 798**

** The EUR 2.7 billion of assets provisioned for the EIB ELM guarantees also cover borrowings under legacy MFA and Euratom (see note 4.1.2).*

	31.12.2021			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
EIB ELM guarantees	*33 026*	*33 026*	*20 835*	*2 700*
EFSI guarantee	*25 826*	*24 730*	*20 358*	*8 602*
EFSD guarantee	*1 391*	*611*	*535*	*796*
NDICI external action guarantee	*200*	*200*	*200*	*–*
Total	**60 442**	**58 566**	**41 928**	**12 098**

** The EUR 2.7 billion of assets provisioned for the EIB ELM guarantees also cover borrowings under legacy MFA and Euratom (see note 4.1.2)*

The above tables show the extent of the exposure of the EU budget to possible future payments linked to guarantees given to the EIB group or other financial institutions. Disbursed amounts represent the amounts already given to final beneficiaries, while signed amounts include these disbursed monies plus agreements already signed with beneficiaries or financial intermediaries but not yet disbursed at year-end (EUR 19 440 million). The ceiling represents the total guarantee that the EU budget, and thus its Member States, have committed to cover, since in order to disclose the maximum exposure faced by the EU at 31 December 2022, operations authorised to be signed but not yet signed (EUR 43 510 million) must be included.

Budgetary guarantee programmes are backed by provisions gradually built up from the budget and kept in the Common Provisioning Fund ('CPF') as a liquidity cushion to cover future guarantee calls (see note **2.4.2.1**). The amounts provisioned amounted to EUR 14 798 million at 31 December 2022 (2021: EUR 12 098 million). Please see note **6.2** for the measures put in place to ensure that the provisioning is sufficent to cover the guarantee calls in the medium term. Any losses incurred under the budgetary guarantee programmes, above the provisioning set aside, would need in any case to be covered by future budgets.

EIB ELM guarantees

The EU budget guarantees loans signed and granted by the EIB from the EIB's own resources to third countries. At 31 December 2022 the amount of loans outstanding and covered by the EU guarantee totalled EUR 20 909 million. The EU budget guarantees:

- EUR 20 482 million via the Guarantee Fund for external actions compartment of the CPF; and
- EUR 427 million directly for loans granted to Member States before accession.

Included in the guarantees given as at 31 December 2022 are EUR 2.1 billion of signed but undisbursed loans for which future disbursements are conditional on approval by the EU.

The EU ELM guarantee relating to loans granted by the EIB is limited to 65% of the outstanding balances for agreements signed after 2007 (mandates 2007-2013 and 2014-2021). For agreements made before 2007, the EU guarantee is limited to a percentage of the ceiling of the credit lines authorised, in most cases 65% but also 70%, 75% or 100%. Where the ceiling is not reached, the EU guarantee covers the full amount.

With Decision (EU) 2018/412, a private sector lending mandate for projects directed to the long term economic resilience of refugees, migrants, host and transit communities under the EIB Resilience Initiative ('ERI') was set-up. The Union budget is remunerated for the risk taken in relation to guarantees granted for EIB financing operations under the ERI Private Mandate, which explains the premium receivable for the ELM guarantee, which is otherwise a non-remunerated guarantee (see note **2.11.2**).

The ELM 2014-2020 mandate, which expired in 2021, was the last mandate under the Guarantee Fund for external actions. The new EIB mandate is covered by the External Action Guarantee set up by the NDICI Regulation.

EU guarantee payments are made from the Guarantee Fund for external actions compartment of the CPF. During 2022, EUR 190 million of guarantee calls net of recoveries have been paid out (2021: EUR 93 million).

European Fund for Strategic Investments (EFSI) guarantee

EFSI is an initiative that aims to increase the risk bearing capacity of the EIB Group by enabling the EIB to extend its investments in the EU. The objective of EFSI is to support additional investments in the EU and access to finance for small companies. The EU budget provides a guarantee of up to EUR 26 billion ('EFSI EU guarantee') under an agreement between the EU and the EIB, hereinafter referred to as the 'EFSI Agreement', in order to protect the EIB from potential losses it may suffer from its financing and investment operations.

The EFSI operations are conducted within two windows: the Infrastructure and Innovation Window (IIW) implemented by the EIB (EFSI EU guarantee of EUR 19 250 million) and the SME Window (SMEW) implemented by the EIF (EFSI EU guarantee of EUR 6 750 million), both of which have a debt portfolio and an equity portfolio. The EIF acts under an agreement with the EIB on the basis of an EIB guarantee, which itself is counter-guaranteed by the EFSI EU Guarantee under the EFSI Agreement. In order to enhance the efficiency of EU Guarantee and to increase its risk bearing capacity, a combination of two EFSI debt portfolios with InvestEU became effective in 2022. Any guarantee calls, recoveries and are distributed between the EFSI and the InvestEU Guarantee based on effective guaranteed allocations.

The EU and the EIB have distinct roles within EFSI. EFSI is established within the EIB, who finance the operations (debt and equity investments) and, to do this, borrow the necessary funds on the capital markets. The EIB Group takes the investment decisions independently and manages the operations in accordance with its rules and procedures. The EU provides the guarantee for those operations, and covers losses incurred by the EIB up to the ceiling of this guarantee.

In order to ensure that investments made under EFSI remain focused on the specific objective of addressing market failures and that they are eligible for the protection of the EU guarantee, a dedicated governance structure has been put in place, including an Investment Committee of independent experts which examines each project proposed by the EIB under the IIW regarding its eligibility for the EU guarantee coverage and an EFSI Steering Board ensuring an oversight over the programme.

As the control criteria and accounting requirements for consolidation under the EU accounting rules (and IPSAS) are not met, the related guaranteed assets are not accounted for in the consolidated annual accounts of the EU.

The EU guarantee granted to the EIB Group under EFSI is accounted for as a financial guarantee liability in respect of the IIW debt portfolio and the SMEW debt portfolio (see note **2.11.2**) and as a derivative (financial asset or liability at fair value through surplus or deficit) for both equity portfolios (see note **2.4.2.2**). The EFSI guarantee given includes operations of the COSME, H2020, CCS LGF and EaSI programmes for the part covered by the EFSI EU guarantee under the SMEW debt portfolio.

During 2022, EUR 21 million of net guarantee calls have been paid out from the EFSI Guarantee Fund compartment of the CPF (2021: nil).

European Fund for Sustainable Development (EFSD)

The European Fund for Sustainable Development, established by the EFSD Regulation, is an initiative aiming to support investments in Africa and the European Neighbourhood as a means to contribute to the achievement of sustainable development and to address specific socio-economic root causes of migration. Under the EFSD Regulation, the EU was authorised to make available guarantees of EUR 1.5 billion (further increased by external contributions) to implementing partners for their investment and financing operations, in order to reduce their investment risks. The EFSD Guarantee is backed by the CPF – see note **2.4.2.1**. As at 31 December 2022, seventeen EFSD guarantee agreements were effective with the total guarantee ceiling amounting to EUR 1 176 million, while the outstaning operations signed by the counterparties and guaranteed by the EU under those agreements totalled EUR 522 million. For one of the EFSD guarantee agreements (with a EUR 145 million guarantee ceiling), where the EU guarantees the capital adequacy of a currency hedging fund, in case of a guarantee call the EU holds a reimbursement right to receive shares of the fund worth the amount paid.

NDICI external action guarantee

Regulation (EU) 2021/947 of the European Parliament and of the Council 9 June 2021, established the Neighbourhood, Development and International Cooperation Instrument – Global Europe (the 'Instrument'), including the European Fund for Sustainable Development Plus (the 'EFSD+') and the External Action Guarantee, for the period of the 2021-2027 MFF. The NDICI Regulation aims to increase the coherence and effectiveness of the EU's external actions, thus improving the implementation of the different external action policies.

The External Action Guarantee supports the EFSD+ operations covered by budgetary guarantees, macro-financial assistance and loans to third countries. It is backed by the CPF – see note **2.4.2.1**.

As at 31 December 2022 six budgetary guarantee agreements were signed and outstanding, for a total ceiling of EUR 27.0 billion, including a guarantee agreement (the successor of the ELM programme) signed with EIB in April 2022 for a total ceiling of up to EUR 26.7 billion. By 31 December 2022 under this agreement operations of EUR 4.5 billion were signed, of which EUR 156 million was disbursed.

InvestEU guarantee

The InvestEU Regulation, (EU) 2021/523, allows the Commission to provide up to EUR 26.2 billion in guarantees to support financing and investments of financial institutions. The aim is to help achieve the Union's objectives in four internal policies: Sustainable infrastructure, Research innovation and digitalisation, Small and medium-sized companies, and Social investment and skills. The Commission is gradually setting money aside ('provisioning') from the InvestEU budget into the CPF in order to create a capital buffer for guarantee calls. The InvestEU Regulation has set the provisioning rate at 40% of the EU guarantee at 31 December 2022.

In March 2022, the Commission signed a first InvestEU guarantee agreement with the EIB Group for a total ceiling of EUR 19.6 billion, which was further increased by EUR 0.3 billion stemming from several EU programmes combined with the InvestEU guarantee (blending operations). As at 31 December 2022, the EU guarantee covered signed operations for a total amount of EUR 2.1 billion, of which EUR 324 million were disbursed. Futhermore, five guarantee agreements with other implementing partners have been concluded for a total amount of EUR 1.4 billion, for which there were no guaranteed operations yet.

In addition to the EU budget, the Member States and EEA countries can contribute to the InvestEU programme from their Cohesion Policy, RRF or national funds. This is an additional amount of EU guarantee with a provisioning rate which is set on a case by case basis. The Commission first signs a contribution agreement with the Member State or EEA country and then a guarantee agreement with an implementing partner. At 31 December 2022, the Commission has signed contribution agreements with five Member States for EUR 1.7 billion (out of which EUR 0.3 billion are back-to-back guarantees) but it has not yet signed guarantee agreements with implementing partners.

UK obligations arising from its departure from the EU

In accordance with Article 143 of the Withdrawal Agreement, the UK shall be liable to the Union for its share of contingent financial liabilities related to EFSI, EFSD and the EIB external lending mandate operations approved by the withdrawal date, 31 January 2020. Article 143 requires that in case of a guarantee call for a financial operation that has been approved before the withdrawal date, the UK would be liable to the Union for its share of payments made by the Union under those operations, unless this could be covered by the UK share of provisioning held in the guarantee fund where this is relevant.

For EIB external lending mandate loans (ELM), the value of the EU budgetary guarantee at the withdrawal date, for the operations approved by the withdrawal date, was EUR 33.7 billion. At 31 December 2022 this had changed to EUR 24.6 billion (2021: EUR 27.6 billion). The UK share of this contingent liability at 31 December 2022 is thus EUR 3.1 billion (31 December 2021: EUR 3.4 billion). As stated above however, any default on these loans is first covered by the Guarantee Fund for external actions compartment of the CPF and amounts would only be called from the UK if the UK provisioning for this fund, of EUR 305 million at 31 December 2022, was not sufficient.

With respect to EFSI operations, the value of the EU budgetary guarantee at the withdrawal date, for the operations approved by the withdrawal date, was EUR 23.5 billion. At 31 December 2022 this had changed to EUR 18.6 billion (2021: EUR 18.8 billion). The UK share of this contingent liability at 31 December 2022 is thus EUR 2.3 billion. Any guarantee calls under EFSI are first covered by the EFSI guarantee fund compartment of the CPF and amounts would only be called from the UK if the UK provisioning for this fund, of EUR 1.0 billion at 31 December 2022, was not sufficient.

As no operations had been approved by the implementing partners in relation to the EFSD Guarantee before the withdrawal date, the UK has no obligations here.

The UK share of the payments made in 2022 for the operations approved on or after the withdrawal date and up to 31 December 2022 amounted to EUR 51 million (EUR 34 million for EFSI and EUR 17 million for ELM), reducing correspondingly the UK provisioning. The amount due to the UK in 2023 is EUR 313 million (see note **2.6.1.2**).

4.1.2. Guarantees given under EU financial instrument programmes (nominal)

EUR million

	31.12.2022	31.12.2021
Horizon 2020	*2 649*	*2 590*
Connecting Europe Facility	*648*	*568*
COSME	*674*	*782*
Other	*604*	*653*
Total	**4 576**	**4 593**

The amounts in the above table present the outstanding nominal amounts of the guarantees given under the EU financial instruments programmes.

As outlined in Article 210(1) FR, the budgetary expenditure linked to a financial instrument and the financial liability of the EU shall **in no case exceed the amount of the relevant budgetary commitment made for it,** thus excluding contingent liabilities for the budget. In practice, it means that these liabilities have a counter-part on the asset side of the balance sheet or are covered by the outstanding budgetary commitments not yet expensed.

The COSME Loan Guarantee Facility (LGF) consists primarily of capped guarantees for portfolios of higher risk debt financing (mainly loans) offered by financial intermediaries to SMEs. The COSME LGF is implemented by the EIF on behalf of the EU.

For more details on Horizon 2020 and the Connecting Europe Facility see also note **2.4.2.1**.

UK obligations arising from its departure from the EU

With regard to the EU's contingent liabilities for amounts approved by the withdrawal date in relation to EU financial instruments, including those above, should any of these contingencies crystalise, they would be covered by the EU budget using monies held on fiduciary accounts. Thus in principle no amounts would be called from the UK other than its share in the budgetary RAL as outlined under Article 140 of the WA – see note **2.6.1.2**.

4.2. Contingent liabilities relating to legal cases

4.2.1. Legal cases in the area of fines

At 31 December 2022 the contingent liabilities relating to fines amounted to EUR 2 990 million (2021: EUR 2 111 million). These amounts mainly concern fines imposed by the Commission for infringement of competition rules that have been provisionally paid by fined companies and where either an appeal has been lodged or where it is unknown whether an appeal will be made. The contingent liability will be maintained until a decision by the Court of Justice on the case is final or until the expiry of the period for appeal. Interest earned on provisional payments is included in the economic result of the year and also as a contingent liability to reflect the uncertainty of the Commission's title to these amounts.

Should the EU lose any of the cases relating to fines imposed, the amounts that have been provisionally received will be returned to the companies without budgetary impact. The amount of fines is only recognised as budgetary revenue when the fines are definitive (Article 107 FR).

The increase of EUR 1.2 billion is mainly due to receiving a provisional payment from a fined company (EUR 0.9 billion) who withdrew their guarantee in 2022 to replace it with a cash payment.

4.2.2. Other legal cases

EUR million

	31.12.2022	31.12.2021
Agriculture	*194*	*79*
Cohesion	*–*	*210*
Other	*2 909*	*1 153*
Total	**3 103**	**1 443**

Agriculture

These are contingent liabilities towards the Member States connected with EAGF and rural development conformity decisions pending judgement of the Court of Justice. The determination of the final amount of the liability and the year in which the effect of successful appeals will be charged to the budget will depend on the length of the procedure before the Court.

Cohesion

These are contingent liabilities towards the Member States in connection with actions under cohesion policy awaiting the oral hearing date or pending judgement of the Court of Justice.

Other legal cases

This heading relates to actions for damages currently being brought against the EU, other legal disputes and the estimated legal costs. It should be noted that in an action for damages under Article 340 TFEU, the applicant must demonstrate a sufficiently serious breach by the institution of a rule of law intended to confer rights on individuals, real harm suffered by the applicant, and a direct causal link between the unlawful act and the harm. The considerable increase from the previous year-end mainly concerns the appeal on a dismissed damages claim against the Commission for a merger prohibition decision, where, in the absence of a reliable estimate, the amount disclosed relates to the claimed amount.

UK obligations arising from its departure from the EU

Under Article 147 of the WA, the United Kingdom shall be liable for its share of the payments required to discharge the contingent liabilities of the Union that become due in relation to legal cases concerning the financial interests of the Union, provided that the facts forming the subject matter of those cases occurred no later than 31 December 2020. The estimated maximum UK exposure here is EUR 384 million (2021: EUR 179 million). For legal cases where it is considered probable that amounts will be paid from the EU budget (see note **2.10**), the UK share is included as part of the overall amount due from the UK – see details under note **2.6.1.2**.

4.3. CONTINGENT ASSETS

EUR million

	31.12.2022	31.12.2021
Guarantees received:		
Performance guarantees	*282*	*287*
Other guarantees	*6*	*8*
Other contingent assets	*19*	*98*
Total	**307**	**393**

Performance guarantees are requested to ensure that beneficiaries of EU funding meet the obligations of their contracts with the EU.

5. BUDGETARY AND LEGAL COMMITMENTS

This note provides information on the budgetary process and future funding needs and not on liabilities existing as at 31 December 2022.

The Multiannual Financial Framework (MFF) agreed by the Member States defines the programmes and sets out the heading ceilings for commitment appropriations and the total for payment appropriations within which the EU may enter into budgetary and legal commitments, and ultimately make payments for a period of 7 years – see table 1.1 in the notes to the budgetary implementation reports.

Legal commitments correspond to programmes, projects, agreements or contracts signed, thus legally binding the EU. A legal commitment is the act whereby the authorising officer enters or establishes an obligation (for the EU) which results in a charge (Article 2(37) FR).

A budgetary commitment is in principle made before the legal commitment, but for some multiannual programmes/projects it is the reverse, the relevant budgetary commitments being made in annual instalments, over several years, when the basic act so provides for. For example, for cohesion, Article 86 of the Common Provisions Regulation (CPR) (Regulation (EU) 2021/1060) provides that the decision of the Commission adopting a programme shall constitute a legal commitment within the meaning of the Financial Regulation but that the budgetary commitments of the Union in respect of each programme shall be made in annual instalments for each fund during the period between 1 January 2021 and 31 December 2027. Other legal bases may contain similar provisions. For this reason, there may be amounts that the EU has legally committed to pay, but where the budgetary commitment has not yet been made – see note **5.2** below.

If the budgetary commitment has been made but the subsequent payments are not yet made, the amount of outstanding commitments is called 'Reste à Liquider' (RAL). This can represent programmes or projects, often multiannual, which are signed and for which payments will only be made in later years. They represent payment obligations for future years. As the financial statements are prepared on an accrual basis, whereas the budgetary implementation reports are prepared on a cash basis, part of the overall amount unpaid (RAL) has already been expensed and is recognised as a liability on the balance sheet (see notes **2.12** and **2.13**). The calculation of these expenses is made based either on cost claims/invoices received or on the estimated implementation of a programme or project where no claims have been notified yet to the EU by the reporting date. Once the payments relating to the RAL are made, the liability on the balance sheet is derecognised. The part of the RAL not expensed yet is not included under liabilities but is instead disclosed below, see note **5.1**.

The disclosures below thus represent amounts at 31 December 2022 that the EU has committed to pay based on the fulfilment of the contractual agreements and which are therefore intended to be funded by future EU budgets.

EUR million

	Note	31.12.2022	31.12.2021
Outstanding budgetary commitments not yet expensed	*5.1*	*364 503*	*266 526*
Significant legal commitments	*5.2*	*406 284*	*135 181*
Total		**770 787**	**401 707**

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

EUR million

	31.12.2022	31.12.2021
Outstanding budgetary commitments not yet expensed	*364 503*	*266 526*

The amount disclosed above is the budgetary RAL ('Reste à Liquider') of EUR 452 821 million (see table 6.4 in the budgetary implementation reports), less related amounts that have been included as liabilities on the balance sheet and as expenses in the statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or decommitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes. The significant increase compared to 2021 is related to the inscription of the last RRF budgetary commitments (see also **5.2** below).

It should be noted that outstanding pre-financing advances at 31 December 2022 totalled EUR 100.5 billion – see note **2.5**. This represents budgetary commitments that have been paid, decreasing the RAL, but where the amounts paid are still considered as belonging to the EU and not to the beneficiary, until the relevant contractual obligations are fulfilled. They are thus, like the RAL disclosed above, not yet expensed.

5.2. SIGNIFICANT LEGAL COMMITMENTS

EUR million

	31.12.2022	31.12.2021
Economic, Social and Territorial Cohesion	*298 948*	*–*
Natural Resources and Environment	*82 372*	*17 662*
Migration and Border Management	*8 368*	*–*
RRF (NGEU) non-repayable support commitments	*–*	*99 530*
ITER	*5 855*	*6 121*
Space Programmes	*3 548*	*4 189*
Fisheries agreements	*265*	*412*
HorizonEU	*322*	*382*
EURATOM	*362*	*445*
Brexit Adjustment Reserve	*296*	*3 072*
Connecting Europe Facility	*1 811*	*–*
EU Solidarity Fund	*700*	*–*
Operating lease commitments	*2 539*	*2 492*
Other contractual commitments	*896*	*876*
Total	**406 284**	**135 181**

These amounts reflect the long-term legal commitments that were not covered by commitment appropriations in the budget at year-end. These binding obligations will be budgeted and paid in future years.

Certain important programmes (see below) may be implemented by annual instalments according to Article 112(2) FR. This allows the EU to make legal commitments (sign grant agreements, delegation agreements and procurement contracts) in excess of the available commitment appropriations of a given year. Therefore a substantial amount of the overall allocation for the current MFF may be already committed. This applies in particular for the programmes described below:

Funds under shared management

These are legal obligations that the EU has committed to pay when adopting the operational programmes related to shared management. The decision of the Commission adopting an operational programme constitutes a financing decision within the meaning of Article 110 FR and once notified to the Member State concerned, it represents a legal commitment within the meaning of that Regulation.

Article 86(2) of the Common Provisions Regulation (CPR) for shared management funds states:

'The budgetary commitments of the Union in respect of each programme shall be made by the Commission in annual instalments for each Fund during the period between 1 January 2021 and 31 December 2027'.

The amounts disclosed on the first three lines of the table above relate to the Heading 2A (Economic, Social and Territorial Cohesion), Heading 3 (Natural Resources and Environment) and Heading 4 (Migration and Border Management) of the MFF 2021-2027. They represent the outstanding amounts that the EU will commit budgetarily and then pay after 31 December 2022.

NGEU (RRF) non-repayable support commitments

The RRF is a key programme of NGEU, the EU Recovery Instrument. It was established by Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021. It finances reforms and investments in Member States from the start of the coronavirus pandemic in February 2020 until 2026. Article 23 of Regulation (EU) 2021/241 authorises the use of annual instalments. The legal commitments signed up to 31/12/2022 in the framework of this programme represent approximately 70% of the overall amount for the non-repayable support of the RRF, as per article 11 of the Regulation. They have been entirely covered by budgetary commitments at 31 December 2022.

ITER – International Thermonuclear Experimental Reactor

These commitments are intended to cover future funding needs of the ITER facilities up to 2027. The EU (Euratom) contribution to ITER International is given through the Fusion for Energy Agency, including also the contributions from Member States and from Switzerland. The amount reflects the prospective financing under the MFF 2021-2027 established by Council Decision (Euratom) 2021/281 of 22 February 2021 amending Decision 2007/198/Euratom establishing the European Joint Undertaking for ITER and the Development of Fusion Energy, which authorises the use of annual instalments. ITER was created to manage and to encourage the exploitation of the ITER facilities, to promote public understanding and acceptance of fusion energy, and to undertake any other activities that are necessary to achieve its purpose. ITER involves the EU together with various other countries.

Space Programmes

The space programme includes the following components : Galileo, EGNOS, Copernicus, Govsatcom and SSA. The most significant are Galileo, which is developing the European Global Navigation Satellite System, and Copernicus, which is related to the European Earth observation. These commitments are made for the period until 2027. Based on Regulation (EU) 2021/696 of the EP and Council of 28 April 2021 (OJ L 170/69 of 12 May 2021), the Commission signed contribution agreements with the European Space Agency (ESA), EUMETSAT, Mercator and the European Centre for Medium Range weather forecasts. Article 11.6 of Regulation (EU) 2021/696 authorises the use of annual instalments.

Fisheries agreements

These represent commitments entered into with third countries for operations under international fisheries agreements up to 2026. The commitments made are based on Council decisions for each third country (e.g. agreement between the EU and the Republic of Seychelles and the Implementation Protocol thereto; OJ L60, 28.2.2020) and are considered specific international treaties with multi-annual rights and obligations.

Horizon Europe

These are amounts committed to the Horizon Europe programme for upstream and downstream activities for the various space components. These commitments are made for the period until 2027. Based on Regulation (EU) 2021/695 of the EP and of the Council of 28 April 2021 (OJ L 170/1 of 12 May 2021), the Commission signed a contribution agreement with ESA. Article 12.8 of Regulation (EU) 2021/695 authorises the use of annual instalments.

EURATOM

EURATOM is a programme based on Council Regulation (Euratom) 2021/765 of 10 May 2021 establishing the Research and Training Programme of the European Atomic Energy Community for the period 2021-2025 complementing Horizon Europe – the Framework Programme for Research and Innovation and repealing Regulation (Euratom) 2018/1563 (OJ L 167I, 12.05.2021, p. 81). Article 4 of the regulation foresees the use of the annual instalments.

The general objective of the Programme is to pursue nuclear research and training activities, with an emphasis on the continuous improvement of nuclear safety, security and radiation protection, as well as to complement the achievement of Horizon Europe's objectives inter alia in the context of the energy transition. The Euratom Programme provides research grants through competitive calls for proposals and to named beneficiaries.

Brexit Adjustment Reserve (BAR)

The Brexit Adjustment Reserve (BAR) aims to counter the economic and social consequences of the United Kingdom's withdrawal from the European Union (EU) in February 2020. It was established by Regulation (EU) 2021/1755 of the European Parliament and of the Council on 6 October 2021. The amount disclosed represents the legal commitments still to be implemented as part of the measures supported by the BAR. Only the part of the legal commitments not yet covered by budgetary commitments is disclosed here.

European Union Solidarity Fund (EUSF)

The European Union Solidarity Fund (EUSF) was set up to respond to major natural disasters and express European solidarity to disaster-stricken regions within Europe. The EUSF has been established by Regulation (EC) n° 2012/2002 of the Council of 11 November 2002 and amended by Regulation (EU) No 661/2014 of the European Parliament and of the Council of 15 May 2014 and Regulation (EU) No 461/2020 of the European Parliament and of the Council of 30/03/2020. The amount disclosed represents the legal commitments not yet covered by budgetary commitments.

Connecting Europe Facility (CEF2)

The CEF2 provides financial assistance to trans-European networks in order to support projects of common interest in the sectors of transport, telecommunications and energy infrastructures. The legal commitments for the CEF programme cover an implementation period running from 2021 until 2027 for CEF Energy (with a possibility to be extended). The legal basis of these commitments is the 'Regulation (EU) 2021/1153 of the European Parliament and of the Council of 7 July 2021 establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014 (Text with EEA relevance)' with the article 4.5 stating that 'Budgetary commitments for actions extending over more than one financial year may be broken down into annual instalments, over two or more years'.

Operating lease commitments

Minimum amounts committed to be paid according to the underlying contracts during the remaining term of these lease contracts are as follows:

EUR million

	Minimum lease payments			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	*449*	*1 040*	*1 005*	*2 493*
IT materials and other equipment	*12*	*27*	*7*	*46*
Total	**461**	**1 067**	**1 012**	**2 539**

In March 2019, in the context of the United Kingdom's notification of its intention to withdraw from the EU, and as a result of Regulation (EU) 2018/1718 of the European Parliament and of the Council of 14 November 2018 amending Regulation (EC) No 726/2004, the seat of the European Medicines Agency (EMA) was relocated from London to Amsterdam. On 2 July 2019, the Agency reached an agreement with its landlord and since then has sublet its premises to a subtenant under conditions that are consistent with the ones of the headlease, including the sublease term that extends until the expiry of EMA's headlease in June 2039.

The amounts disclosed in the table above include EUR 366 million still due under the headlease contract. An equal amount of payments is expected to be received by the subtenant under the non-cancellable sublease.

Other contractual commitments

The amounts included under this disclosure correspond to amounts committed to be paid during the term of the contracts. The most significant amount included here relates to a building contract (JMO2) of the Commission in Luxembourg (EUR 505 million).

6. FINANCIAL RISK MANAGEMENT

The following disclosures with regard to the financial risk management of the EU relate to:

- Borrowing and lending activities for financial assistance carried out by the Commission through NGEU, EFSM, BOP, MFA, SURE and Euratom actions;
- The treasury operations carried out by the Commission in order to implement the EU budget, including the receipt of fines;
- Assets held in the Common Provisioning Fund for budgetary guarantees, the ECSC in liquidation and the BUFI portfolio;
- Financial instruments financed by the EU budget; and
- EU budgetary guarantee programmes.

6.1. TYPES OF FINANCIAL RISK

The EU is exposed to and manages the following main financial risks stemming from its financial instruments:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises *currency risk, interest rate risk* and *other price risk* (such as equity risk):

- *Currency risk* is the risk that the EU's operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another;
- *Interest rate risk* is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa; and
- *Other price risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Credit risk is the risk of loss due to a debtor's / borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Liquidity risk is the risk that an EU entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

6.2. RISK MANAGEMENT POLICIES

Measurement of financial instruments

The following classes of financial assets and liabilities are not measured at fair value: cash and cash equivalents, loans, exchange receivables other than financial guarantee contract receivables when classified to financial assets at FVSD, borrowings, financial guarantee contracts and other financial liabilities measured at amortized cost. The carrying amount of those financial assets and liabilities is considered as a reasonable approximation of their fair value.

Borrowing and lending activities for financial assistance and NGEU

The borrowing and lending transactions are carried out by the EU according to the respective Council Regulations, Council and European Parliament Decisions, and, if applicable, internal guidelines. Written procedure manuals covering specific areas such as borrowings and loans have been developed and are used by the relevant operational units. Financial and operational risks are identified and evaluated and compliance to internal guidelines and procedures is checked regularly.

Lending operations other than NGEU are financed by 'back-to-back' borrowings, which thus do not generate open interest rate or currency positions. Loans provided under NGEU do not follow a back-to-back approach as is done for the other financial assistance instruments. Instead, a diversified funding strategy has been developed for the NGEU which combines a wide range of funding instruments. The diversified funding strategy has required the development and implementation of efficient risk management guidelines and procedures for the NGEU instrument that actively address the related risks on a daily basis.

NGEU Risk Governance

With the start of NGEU in 2021, the Commission appointed a Chief Risk Officer, established an appropriate governance structure and adopted a High Level Risk and Compliance Policy ('HLRCP') covering NGEU borrowing, debt management and lending operations ('NGEU operations'). The HLRCP comprises an appropriate risk management and compliance framework for the oversight of the risks and compliance matters arising from the implementation of NGEU borrowing, debt management and lending operations.[16] It provides an overarching framework for the risk management guidelines applicable to the NGEU operations by identifying all material risks arising from the implementation of the NGEU operations. The scope of the HLRCP is limited to the oversight of the risks and compliance matters arising solely from the implementation of NGEU operations.

DecisionC(2021) 2502 established the role of the Chief Risk Officer and the Risk and Compliance Committee ('RCC'). Both the role of the CRO and the RCC were further elaborated by the HLRCP. The latter supplements the NGEU governance framework as set out in the Decision C(2021)2502,[17] and further elaborates the main roles and responsibilities related to the risk management and compliance framework of the NGEU operations.

The role of the CRO is to ensure that the systems and processes used to implement the NGEU operations are designed to ensure protection of the financial interests of the Union and the sound financial management of the operations. The CRO prepares the HLRCP to ensure that risks related to NGEU operations are appropriately identified, managed and controlled, and checks that the HLRCP is implemented in a comprehensive and consistent manner.

The CRO, supported by the RCC, deploys the risk management framework through internal risk policies and procedures. The RCC is an internal committee of the Commission whose role is to support the CRO in the conduct of its responsibilities. The RCC adopts positions on matters related to the risk management framework for NGEU operations.

Finally, the CRO reports to the Member of the College responsible for the Budget with respect to the responsibilities set out in Chapter 4 of Decision C(2022) 9700. The CRO exercises its role independently and enjoys autonomy in carrying out the assigned tasks and responsibilities.

In relation to the NGEU operations, the 'three lines of defence' model for risk management was deployed to: (i) ensure the appropriate segregation of powers and duties; (ii) clearly define lines of authority; and (iii) ensure distinct roles and responsibilities for the management and control of risk.

Treasury

The rules and principles for the management of the Commission's treasury operations are laid down in the Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation (EU, Euratom) 2016/804) and in the Financial Regulation.

[16] https://commission.europa.eu/system/files/2022-01/high_level_risk_and_compliance_policy_hlrcp_formatted.pdf.
[17] Decision C(2021) 2502 was repealed and replaced with Decision C(2022) 9700.

As a result of the above regulations, the following main principles apply:

- Own resources are paid by the Member States into accounts opened for this purpose in the name of the Commission with the treasury or national central bank. The Commission may draw on the above accounts solely to cover its cash requirements;

- Own resources are paid by Member States in their own national currencies, while the Commission's payments are mostly denominated in EUR;

- Bank accounts opened in the name of the Commission may not be overdrawn. This restriction does not apply to the Commission's own resource accounts in case of a default on loans contracted or guaranteed pursuant to EU Council regulations and decisions, and under certain conditions in case the cash resource requirements are in excess of the cash held in those accounts; and

- Funds held in bank accounts denominated in currencies other than EUR are either used for payments in the same currencies or periodically converted into EUR.

In addition to the own resources accounts, other bank accounts are opened by the Commission with central banks and commercial banks for the purpose of executing payments and receiving receipts other than the Member State contributions to the budget.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the Commission's internal control standards and audit principles.

A written set of guidelines and procedures regulate the management of the Commission's treasury and payment operations with the objective of limiting operational and financial risk and ensuring an adequate level of control. They cover different areas of operation (for example: payment execution and cash management, cashflow forecasting, business continuity, etc.), and compliance with the guidelines and procedures is checked regularly.

Asset management

The control of the various risks related to the asset management activities is based on dedicated governance and working procedures adopted following benchmarking with the highest standards adopted by peer international institutions. These procedures, which were subject to various internal and external audits, ensure the achievement of a sound asset management.

The Commission has put in place the appropriate governance to review and approve technical and strategic decisions in relation to asset management operations. The asset management operations are supervised by two committees, the Risk Committee composed of representatives of DG BUDG, and the Asset Management Board composed of representatives of DG BUDG, DG ECFIN and DG FISMA. Technical decisions are discussed and approved in the Risk Committee, while strategic decisions are endorsed by the Risk Committee and Asset Management Board before final approval of the Director General of DG BUDG, in agreement with the Accounting Officer.

The asset management governance guarantees clear delegation of decision-making and lines of accountability, adequate segregation of duties between Front Office, Risk Management and Back Office, clearly defined roles and well-framed and documented procedures and processes and checks and balances at all levels. The compliance procedures provide the framework for adequate rules for codes of conduct to manage potential personal conflicts of interest as well as rules to manage risks of insider trading.

The Asset Management Guidelines and internal investment restrictions provide a solid internal control framework to ensure the safeguarding of assets. In particular, assets under the form of securities are kept with our custodian in accordance with market best practices, while cash and deposits are placed with highly rated financial institutions. The safeguarding of financial assets is also assured by segregation of duties between the team responsible for initiation of securities deals and back-office team responsible for their settlement and bank reconciliation. An additional layer of control is assured by accounting team during monthly closure reconciliation process when the portfolio of securities is reconciled with the security custodian's statement. Any settlement discrepancies and late payments caused by counterparties are followed by bank reconciliation and back-office team on daily basis. For the monitoring of the respect of the control framework, an exhaustive set of performance and risk metrics for the assets under management is reported periodically to the relevant stakeholders.

The asset management guidelines, risk and investment strategies define certain limits and restrictions in order to limit the exposure to credit risk of the portfolio which is limited to investment grade, except for EU Member States exposure.

Common Provisioning Fund

By Commission Decision C(2020)1896 of 25 March 2020 on the asset management guidelines of the CPF (AMG), the responsibilities and tasks of the CPF financial manager were delegated to the Director General of the Directorate-General for Budget (DG BUDG). The CPF is kept separate from the other portfolios managed by DG BUDG. The Fund does not exist as a separate legal entity.

The CPF is managed according to the asset management guidelines. The objective is to ensure the necessary liquidity to meet all required outflows, such as guarantee calls, fully and promptly, and to provide capital preservation over the investment horizon of the fund, with a high confidence level.

To attain the general objective described above, the financial manager of the CPF manages the assets in accordance with prudential rules and the principles of sound financial management and in accordance with the rules and procedures set out by the accounting officer of the Commission. Written procedures manuals covering specific areas, such as treasury management, have been developed and are used by the relevant operating units. Financial and operational risks are identified and evaluated and compliance with internal guidelines and procedures are checked regularly.

The CPF portfolio is constituted so as to ensure a high degree of diversification across eligible asset classes, geographical areas, issuers and maturities in order to manage fluctuations in portfolio value.

As the sole counterparty for all outstanding currency forwards as of 31 December 2022 is the Banque de France, no credit enhancements, such as collateral, netting agreements or guarantees are put in place as of this date. The maximum exposure to credit risk for foreign exchange derivatives having a positive fair value at the end of the reporting period is equal to the carrying amount on the balance sheet.

Fines

Provisionally cashed fines: deposits

Amounts received before 2010 remain in bank accounts with banks specifically selected for the deposit of provisionally cashed fines. The selection of banks is conducted in compliance with tender procedures defined by the Financial Regulation. Placement of funds with specific banks is determined by the internal risk management policy defining the credit rating requirements and the amount of funds which could be placed in proportion to the counterparty equity. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly.

Provisionally cashed fines: BUFI portfolio

Fines imposed and provisionally cashed from 2010 onwards are invested in a specifically created portfolio, BUFI. The main objectives of the portfolio are the reduction of risks associated with financial markets and the equal treatment of all entities by applying a guaranteed return calculated on the same basis to the nominal amount of fines. However, the guaranteed return applied to entities fined before the entry into force of the new Financial Regulation in August 2018 is floored at zero. The asset management for provisionally cashed fines is carried out by the Commission in accordance with internal asset management guidelines. Procedural manuals covering specific areas such as treasury management have been developed and are used by the relevant operational units. Financial and operational risks are identified and evaluated and compliance with internal guidelines and procedures is checked regularly.

The objectives of the asset management activities are to invest the fines provisionally paid to the Commission in such a way as to:

- ensuring that the funds are easily available when needed, while
- aiming at delivering, under normal circumstances, a return which on average is in line with the return of the BUFI Benchmark minus costs incurred, while preserving the nominal amount for the fines.

Investments are restricted essentially to the following categories: term deposits with Member States' central banks, sovereign debt agencies, fully state-owned or state-guaranteed banks or supranational institutions, and bonds, bills and certificates of deposit issued by either sovereign or supranational institutions.

Financial guarantees received

Significant amounts of guarantees issued by financial institutions are held by the Commission in relation to the fines it imposes on companies breaching EU competition rules – see note **2.6.1.3**. These guarantees are provided by fined companies as an alternative to making provisional payments. The guarantees are managed in compliance with the internal risk management policy. Financial and operational risks are identified and evaluated and compliance with internal policies and procedures is checked regularly.

EU budgetary guarantee programmes

The Financial Regulation has enshrined, in its Title X, several safeguards to protect the EU budget against the financial risks created through the use of budgetary guarantees. They can be grouped in four main categories:

1. Measures to limit the amount of the contingent liabilities

First, the size of the EU guarantee is as a rule capped in a clearly defined manner. The Financial Regulation sets out that the financial liability and the aggregate net payments from the budget cannot exceed the amount of the budgetary guarantee, authorised by its basic act. The contingent liability generated by a budgetary guarantee can only exceed the financial assets provided to cover the EU financial liability if this is provided for in the underlying basic act and under the specific conditions it sets.

Secondly, the desired risk profile of the operations/financial products guaranteed by the EU is determined, as far as possible, ex-ante, i.e. before the signature of the guarantee agreements.

2. Measures concerning the selection of implementing partners

Budgetary guarantee programmes are implemented with reliable, pillar-assessed partners. This ensures the reliability of, inter alia, the accounting, financial and risk management systems of these implementing partners (IPs). Furthermore, these IPs commit own resources ensuring appropriate alignment of interest with the Union.

3. Measures to ensure adequate ex-ante budgetary capacity to absorb guarantee calls

Budgetary guarantee programmes are backed by provisioned assets that are kept in the CPF. The provisioning rate is set, in the basic act of each programme, at such a level as to allow the programming of budgetary appropriations to constitute a provision that would allow the absorption of losses without budgetary disruption. The provisioning is hence sufficient to cope with the expected and, to a certain level, also the unexpected losses of these budgetary guarantees.

Subsequently, the Commission will ensure (annually) the adequacy of the provisioning rate as defined in the basic act and its alignment with the Financial Regulation principles and with the financial programming.

4. Measures to deal with realised losses exceeding the ex-ante estimation

The Financial Regulation introduces two early warning thresholds (i.e. when 50% and 30% of the provisioning rate remain available). Those warning thresholds allow the Commission to anticipate a potential exhaustion of the provisioning before the termination of the budgetary guarantee and allow the Commission to evaluate whether it should propose additional provisioning.

In case additional liquidity is temporarily needed there are procedures in place such as transfers between CPF compartments and the use of central treasury liquidity, as well as the use of available budgetary space (commitment and payment appropriations).

Furthermore, a Steering Committee on Contingent Liabilities arising from Budgetary Guarantees was established under the authority of the Commissioner for Budget in 2020. It intervenes in matters covering budgetary guarantees and financial assistance creating contingent liabilities to the budget generated from the implementation of Title X of the Financial Regulation, including those provisions laid down in the Internal Rules on the implementation of the general budget of the Union. This includes the risk management framework, relevant common horizontal provisions of the standard agreements and integrated reporting to establish corporate requirements for the sustainable management of contingent liabilities.

Financial instruments programmes

The implementation of the EU budget has relied for many years on the use of financial instrument programmes. For more information on the amounts concerned – see note **2.4.2**.

Common to most financial instruments is the fact that the implementation is delegated either to the EIB group (including the EIF) or to other financial institutions based on an agreement between the Commission and the financial institution. Agreements signed with these financial institutions include strict conditions and obligations on the intermediaries so as to ensure that EU monies are properly managed and reported on. Once a financial contribution to one of the instruments has been committed, the funds are transferred to a specifically created bank account opened by the financial institution in its name but on behalf of the Commission (i.e. a fiduciary account). The financial institution may, depending on the instrument in question, use the funds on this fiduciary account to provide loans, issue debt instruments, invest in equity instruments or cover guarantee calls. Proceeds from financial instruments have, as a general rule, to be reimbursed to the EU budget.

The risk as regards these financial instruments is limited to the ceiling as indicated in the underlying agreements, which is the budgeted amount foreseen for the instrument. As the Commission often bears the 'first loss piece' and since instruments are intended to finance riskier beneficiaries (who have difficulties in obtaining funding from commercial lenders), it is therefore likely that some losses to the EU budget will occur.

6.3. CURRENCY RISK

Financial instruments exposure of the EU to currency risk at year-end – net position

EUR million

	31.12.2022						
	USD	GBP	PLN	SEK	Other	EUR	Total
Financial assets							
*Financial assets at AC**	*83*	*6*	*–*	*–*	*12*	*151*	*251*
Financial assets at FVSD							
Non-derivatives	*843*	*25*	*–*	*20*	*98*	*29 088*	*30 073*
Derivatives	*(483)*	*–*	*–*	*–*	*–*	*1 467*	*984*
*Receivables***	*89*	*111*	*14*	*0*	*17*	*5 453*	*5 684*
Cash and cash equivalents	*84*	*13*	*1 031*	*473*	*1 421*	*43 522*	*46 544*
	616	**155**	**1 045**	**493**	**1 548**	**79 681**	**83 537**
Financial liabilities							
Financial guarantee liability	*(793)*	*(0)*	*(37)*	*(12)*	*(164)*	*(5 450)*	*(6 456)*
Financial liabilities at FVSD	*(1)*	*–*	*–*	*8*	*19*	*(50)*	*(25)*
	(795)	**(0)**	**(37)**	**(4)**	**(146)**	**(5 500)**	**(6 481)**
Total	**(179)**	**154**	**1 008**	**489**	**1 403**	**74 181**	**77 056**

EUR million

	31.12.2021						
	USD	GBP	PLN	SEK	Other	EUR	Total
Financial assets							
*Financial assets at AC**	*63*	*18*	–	–	*7*	*88*	*176*
Financial assets at FVSD							
Non-derivatives	*934*	*51*	–	*23*	*75*	*23 141*	*24 223*
Derivatives	*(646)*	–	–	–	–	*1 474*	*828*
*Receivables***	*109*	*98*	*108*	*4*	*88*	*7 372*	*7 780*
Cash and cash equivalents	*85*	*24*	*1 014*	*591*	*1 692*	*41 455*	*44 860*
	545	**192**	**1 121**	**618**	**1 862**	**73 529**	**77 866**
Financial liabilities							
Financial guarantee liability	*(1 047)*	*(0)*	*(62)*	*(19)*	*(248)*	*(6 418)*	*(7 794)*
Financial liabilities at FVSD	*(1)*	–	–	–	*(4)*	–	*(5)*
	(1 048)	**(0)**	**(62)**	**(19)**	**(251)**	**(6 418)**	**(7 798)**
Total	**(503)**	**192**	**1 059**	**599**	**1 611**	**67 111**	**70 068**

**Excluding loans for RRF (NGEU) and for financial assistance.*
***Excluding deferred charges.*

If the EUR had strengthened or weakened against other currencies by 10%, then it would have had the following impact on the economic result:

EUR million

FX Rate Increase (+)/ Decrease (-)	2022			
	USD	GBP	PLN	SEK
+10%	*16*	*(14)*	*(92)*	*(44)*
-10%	*(20)*	*17*	*112*	*54*

EUR million

FX Rate Increase (+)/ Decrease (-)	2021			
	USD	GBP	PLN	SEK
+10%	*46*	*(17)*	*(96)*	*(54)*
-10%	*(56)*	*21*	*118*	*67*

Borrowing and lending activities for NGEU and financial assistance

Financial assets and liabilities are currently only in EUR, so the EU has no foreign currency risk.

Treasury

Own resources paid by Member States in currencies other than EUR are kept on the own resources accounts in accordance with Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation (EU, Euratom) 2016/804). They are converted into EUR when they are needed for the execution of payments. The procedures applied for the management of these funds are laid down by the above mentioned regulation. In a limited number of cases, these funds are directly used for payments to be executed in the same currencies.

A number of accounts in EU currencies other than EUR, including USD, GBP and CHF, are held by the Commission with commercial banks, for the purpose of executing payments denominated in these same currencies. These accounts are replenished depending on the amount of payments to be executed, and as a consequence their balances do not represent exposure to currency risk.

When miscellaneous receipts (receipts other than own resources) are received in currencies other than EUR, they are either transferred to Commission's accounts held in the same currencies, if they are needed to cover the execution of payments, or converted into EUR and transferred to accounts held in EUR. Imprest accounts held in currencies other than EUR are replenished depending on the estimated short-term local payment needs in the same currencies. Balances on these accounts are kept within their respective ceilings.

Fines

All fines are imposed, paid or provisionally covered in EUR and therefore do not pose any foreign currency risk when they are held in the BUFI Fund.

Budgetary guarantees

Budgetary guarantees as a rule are extended with a maximum cap defined in EUR. However, some underlying operations may be denominated in other currencies (USD or other local currencies).

Currency risk is part of the considerations taken into account when determining the provisioning needs.

Common Provisioning Fund

The CPF currently operates in both EUR and USD. Currency risk is managed through entering into derivative contracts (foreign exchange forward contracts), hedging the market value of the USD investments portfolio. The limit for maximum unhedged foreign exchange exposure is set at 1% of the total portfolio value within the benchmark and annual strategy allocations. Thus, upward or downward movements in the USD investments' market value above or below the 1% limit would trigger a rebalancing trade (a new forward contract with the same or opposite direction), adjusting or reversing the hedged position accordingly.

The loans subrogated to the EU as result of calls on the fund following payment defaults by a loan beneficiary – see note **2.4.1.2** – are carried out in their original currency and therefore expose the EU to currency risk. For the subrogated loans, there are no activities to compensate foreign currency variations ('hedging' activities) due to uncertainty relating to the loans' repayment timing.

6.4. INTEREST RATE RISK

The following table illustrates the interest rate sensitivity of debt securities and ETFs by disclosing the impact that a change in interest rates of +/- 100 basis points (1%) would have on the EU economic result.

EUR million

	Increase (+) / decrease (-) in basis points	Economic result
2022: Financial assets at FVSD	*+100*	*(741)*
	-100	*784*
2021: Financial assets at FVSD	*+100*	*(622)*
	-100	*660*

Sensitivity to interest rate changes of a given portfolio of bonds increases with its duration. The duration of the main asset portfolios managed by the Commission is described below.

Borrowing and lending activities for NGEU and financial assistance

Due to the nature of its borrowing and lending activities, the EU has significant interest-bearing assets and liabilities. However, for the financial assistance instruments, excluding NGEU, there is no interest rate risk since the borrowings are offset by equivalent loans at the same terms and conditions (back-to-back).

The NGEU instrument does not apply a back-to-back approach and, therefore, interest rate risk has to be covered by implementation of procedures and mechanisms that mitigate the interest rate risk. The underlying principle behind the NGEU diversified funding strategy is to allocate the cost of funding and all other NGEU related costs to beneficiaries (for loans) and to the EU budget (for non-repayable support) in a transparent way. The NGEU programme is guided by the principles of full cost recovery and not-for-profit operation. Therefore, the EU passes on the funding it obtains in the market in the most cost-effective and equitable way based on daily interest calculations. That ensures that Member States bear all costs related to the loans and borrowings incurred by the Union.

The NGEU holds cash in order to maintain a defined safety buffer as part of a diversified funding strategy while avoiding any excess balances. The NGEU cash is kept at the European Central Bank. Since 4 April 2022 the Euro money market short term interest rate applies to any outstanding cash balance. Previously, the outstanding cash balance was subject of ECB deposit facility rate that was -0.5%. Based on a mutual agreement, only outstanding cash balances over EUR 20 billion were subject to negative interest at the ECB. Based on NGEU cost allocation methodology, interest not allocated to loans or non-repayable support are subject of invoicing to loans beneficiaries and EU budget in form of Liquidity management costs that can be positive or negative depending on the evoluition of interest rates applied on cash balances.

Treasury

Except for the borrowing related to the NGEU programme, the Commission does not borrow money to fund its operational expenditure. Beyond the interest rate exposure on NGEU, interest is calculated on balances held on the different bank accounts. The Commission has therefore put in place measures to ensure that interest earned (positive or negative) on its bank accounts regularly reflect market interest rates, as well as their possible fluctuation.

Accounts opened with Member States treasuries for own resources receipts are non-interest bearing and free of charge. Accounts held with national central banks (own resources and other) may be remunerated at the official rates applied by each institution. During the period of negative interest environment (until September 2022), some of the remunerations applied to these accounts were negative. Cash management procedures are adapted according to the market interest conditions in order to minimise balances kept on these accounts when negative interests applied and appropriate ceilings are respected according to the banks conditions. Own resources accounts are protected from any impact of negative interest in accordance with Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation (EU, Euratom) 2016/804).

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied. The rates applied by commercial banks are in general floored at zero for operational balances up to a specified ceiling.

Fines

The provisionally cashed fines are invested in a portfolio of long-term bonds with an average portfolio duration of 1.33 years.

Common Provisioning Fund

The funds in the CPF are invested in a portfolio of long-term bonds and corporate ETFs with a total average portfolio duration of 3.17 years.

ECSC in liquidation

The ECSC in liquidation amounts are invested in a portfolio of long-term bonds with an average portfolio duration of 3.17 years.

6.5. CREDIT RISK

Maximum credit risk exposure

	EUR million 31.12.2022	*EUR million* 31.12.2021
Financial assets		
Loans	*204 354*	*163 568*
Cash and cash equivalents	*46 544*	*44 860*
*Exchange receivables**	*5 684*	*7 780*
Financial assets at FVSD – debt securities	*24 647*	*19 326*
Financial assets at FVSD – derivatives	*984*	*828*
Guarantees given and loan commitments		
FGCs	*55 502*	*55 267*
Loan commitments	*8*	*–*
Total at 31.12.2022	**337 723**	**291 628**

**excluding deferred charges*

In addition, the EU is indirectly exposed to the credit risk through its investments in MMFs, corporate ETFs and pooled portfolios of debt securities (see note **2.4.2.1**), which may impact their prices (see note **6.7**).

Loans: credit quality

EUR million

31.12.2022	Stage 1	Stage 2	Stage 3	POCI	Total
Credit rating					
Premium and high grade	*12 849*	–	–	–	*12 849*
Upper medium grade	*62 240*	–	–	–	*62 240*
Lower medium grade	*106 537*	–	–	–	*106 537*
Non-investment grade (incl. default)	*11 923*	*13 094*	*29*	*114*	*25 160*
Gross carrying amount	**193 549**	**13 094**	**29**	**114**	**206 786**
Minus loss allowance	(55)	(2 361)	(27)	13	*(2 431)*
Net carrying amount	**193 494**	**10 732**	**2**	**126**	**204 354**

EUR million

31.12.2021	Stage 1	Stage 2	Stage 3	POCI	Total
Credit rating					
Premium and high grade	*10 379*	–	–	–	*10 379*
Upper medium grade	*58 991*	–	–	–	*58 991*
Lower medium grade	*79 672*	–	–	–	*79 672*
Non-investment grade (incl. default)	*8 819*	*5 965*	*29*	*48*	*14 860*
Gross carrying amount	**157 861**	**5 965**	**29**	**48**	**163 903**
Minus loss allowance	(10)	(299)	(26)	–	*(336)*
Net carrying amount	**157 851**	**5 665**	**3**	**48**	**163 568**

The four risk categories mentioned above are in principle based on the rating categories of external rating agencies and correspond to:

- Prime and high grade: Moody's P-1, Aaa – Aa3; S&P A-1+, A-1, AAA – AA -; Fitch F1+, F1, AAA – AA- and equivalent
- Upper medium grade: Moody's P-2, A1 – A3; S&P A-2, A+ - A-; Fitch F2, A+ - A- and equivalent
- Lower medium grade: Moody's P-3, Baa1 – Baa3, S&P A-3, BBB+ - BBB-; Fitch F3, BBB+ - BBB- and equivalent
- Non-investment grade: Moody's not prime, Ba1 – C; S&P B, C, D, BB+ – D; Fitch B, C, D, BB+ – D and equivalent
- The EU uses these external rating agencies' categories as a reference point notably for financial instruments and commercial banks, but may, after making its own analysis of individual cases, keep amounts in one of the above risk categories even though one or more of the above mentioned rating agencies may have downgraded the corresponding counterparty.

The loans in the non-investment grade are mainly financial assistance loans to partner countries in financial difficulties, also to some Member States which are rated in the upper limit of this grade. All loans to Member States are in Stage 1. Stage 2 includes EUR 11.9 billion of MFA and Euratom loans to Ukraine. The POCI loans are the subrogated loans from the EFSI and ELM programmes.

Borrowing and lending activities for NGEU and financial assistance

Exposure to credit risk is managed by obtaining state guarantees in the case of Euratom (see note **2.4.1.1**).

Loans provided to Ukraine under the exceptional MFA programme (EUR 6 billion disbursed in 2022) are firstly covered by their compartment in CPF, and then also by additional Member States guarantees.

Loans provided to Member States under the SURE instrument are underpinned by a system of voluntary guarantees from Member States, amounting to 25% of the maximum ceiling available for the related financial assistance.

In case of default of the debtors, and in order to service any related debt due, the Commssion may draw on the assets held in the CPF (for MFA and Euratom loans to third countries) and call upon Member States, while respecting the own resources ceilings (see note **6.6**).

Loans: Movement in impairment loss allowance

EUR million

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance at 01.01.2022	*10*	*299*	*26*	–	*336*
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	*(0)*	*1*	*(1)*	–	*0*
Transfer to Stage 3	*(1)*	*(0)*	*1*	–	–
New loans	*9*	*763*	–	–	*772*
Derecognitions – repayments	*(0)*	–	–	–	*(0)*
Derecognitions – write offs	–	–	*(2)*	–	*(2)*
Loss allowance remeasurement	*37*	*1 298*	*3*	*(13)*	*1 326*
Other	–	–	–	–	–
Loss allowance at 31.12.2022	**55**	**2 361**	**27**	**(13)**	**2 431**

The additional impairment loss allowance on Stage 2 loans refers mainly to MFA and Euratom loans to Ukraine (see note **2.4.1.1**).

Loans: Staging assessment

As referred to in the significant accounting policies, the impairment allowance for the financial assets at amortized cost other than receivables depends on the stage to which a financial asset is classified.

The allocation to stages mainly depends on the counterparty's credit rating. The staging model relies on a relative assessment of credit risk, that is, the EU may have different loans with the same counterparty in different stages, depending on the counterparty's credit risk at origination. The EU, having a unique institutional status, lends money to its Member States or to sovereigns in difficulty. As a result, the EU also applies also a qualitative assessment of the credit risk based on monitoring the economic situation of borrowers in difficulty.

Stage 1 – No significant increase in credit risk

Loans to counterparties with credit ratings in the investment grade (i.e. between AAA (Aaa) and BBB- (Baa3) on the S&P/Fitch (Moody's) rating scale or an equivalent external or internal rating) at the reporting date, are considered low credit risk loans, and thus held in Stage 1, except if they are overdue for more than 30 days (see Stage 2). In addition, any loans for which a significant increase in credit risk did not occur, as defined below, are classified to Stage 1. For the financial assets in Stage 1, the impairment allowance is measured at the level of the 12 month expected credit losses ('ECL').

Stage 2 – Significant increase in credit risk

In order to determine whether there has been a significant increase in the credit risk since origination, and a thus whether moved to Stage 2 applies, the EU applies a combination of quantitative and qualitative assessments.

All loans for which contractual payments are overdue by between 31 and 90 days, are moved to Stage 2.

For counterparties with credit ratings between AAA (Aaa) and BB- (Ba3) at the initial recognition date: Unless the low risk case (above in Stage 1) applies, the deterioration is considered significant if the difference between the rating at origination and that at the reporting date is equal or superior to 3 notches.

For counterparties with credit ratings of B+ (B1) or B (B2) at initial recognition date: The deterioration is considered significant if the difference between the initial rating and the current rating is equal or superior to 2 notches.

For counterparties with credit ratings of B- (B3) or lower (in CCC/Caa range): The deterioration is considered significant if the difference between the initial rating and the current rating at the reporting date is equal or superior to 1 notch.

Loans originated before the transtion to the revised EAR 11 (i.e. 1 January 2021), for which no information on the credit risk at initial recognition is available without undue cost and effort are classified to Stage 2.

For loans in Stage 2, the impairment allowance is measured at the level of life-time expected credit losses.

Stage 3 – Credit impaired loans

Loans are classified in Stage 3 when they are 90 days past due or when one or more events occur after the loan origination that have a detrimental impact on the estimated future cash flows of that financial asset. For example, a loan is classified to Stage 3, if:

- It is becoming probable that a borrower will enter bankruptcy or other financial reorganisation;
- The borrower has a rating class of D published by an external rating agency; and
- The borrower is in default under any financial obligation towards the EU, or in case of loans for financial assistance, if the borrower is in default to any other international organisation financing the programme.

For loans in Stage 3, the impairment allowance is measured at the level of life-time expected credit losses.

Purchased or originated as credit impaired ('POCI')

The EU also holds 'purchased or originated as credit impaired' ('POCI') loans. These are defaulted loans where the EU paid a guarantee call to the implementing partner. For these loans, all rights have been subrogated to the EU. The EU recognises them on its balance sheet at fair value at initial recognition. The EU classifies them as POCI loans and calculates an impairment allowance based on a lifetime ECL. Under the relevant agreements between the EU and the implementing partners, recovery proceedings are undertaken on behalf of the EU with the aim of recovering any sums due.

Loans: ECL measurement

The ECL measurement is a probability-weighted estimation of the difference between the contractual cash flows and the expected cash flows. The EU uses the following credit risk parameters for this estimation:

- Probability of default ('PD');
- Loss given default ('LGD'); and
- Exposure at default ('EAD').

The PD is a percentage and represents the likelihood of a counterparty defaulting on its financial obligation, either over the next 12 months (used for the '12 months ECL'), or over the remaining lifetime of the obligation (used for the 'Lifetime ECL').

The LGD is a percentage showing the expected cash shortfall i.e. the part of the exposure expected to be lost after a default, taking into account recoveries and collaterals. In order to estimate the LGD on sovereign exposures, the EU takes into account its de-facto preferred creditor status.

The EAD is the outstanding exposure (amount) at the time of a default.

The estimated cash flows over the expected life of the financial asset are discounted at the effective interest rate.

The EU considers reasonable and justified forward looking information, available without undue cost and effort, and adjusts the model parameters when necessary.

Cash and cash equivalents: credit quality

EUR million

	31.12.2022	31.12.2021
Credit rating		
Premium and high grade	*40 769*	*40 716*
Upper medium grade	*3 675*	*3 650*
Lower medium grade	*1 343*	*306*
Non-investment grade	*757*	*189*
Gross carrying amount	**46 544**	**44 860**
Minus loss allowance	-	–
Net carrying amount	**46 544**	**44 860**

Treasury

The amounts of cash and cash equivalents in the table above relate mainly to the cash managed by the Commission treasury. Most of the Commission's treasury resources are kept, in accordance with Council Regulation (EU, Euratom) No 609/2014 (as amended by Council Regulation 804/2016) on own resource accounts opened by Member States for the payment of their own resources contributions (mainly GNI, VAT and TOR). All such accounts are held with Member States' treasuries or national central banks. These institutions carry the lowest credit (or counterparty) risk for the Commission as the exposure is with its Member States. For the part of the Commission's treasury resources kept with commercial banks in order to cover the execution of payments, replenishment of these accounts is made on a just-in-time basis and is automatically managed by the treasury cash management system. Minimum cash levels, which take into account the average amount of daily payments executed from it, are kept on each account. As a consequence the total amount kept overnight on these accounts remains constantly at low levels (overall less than EUR 54 million on average, spread over around 25 accounts) and so it is ensured that the Commission's risk exposure is limited. These amounts should be viewed with regard to the daily overall treasury balances which fluctuated in 2022 between EUR 7 billion and EUR 38 billion, and with an overall amount of payments made from Commission bank accounts in 2022 that exceeded EUR 175 billion.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the Commission is exposed:

- All commercial banks are selected by calls for tender. The minimum long-term credit rating required for admission to the tendering procedures is S&P A- or equivalent. A lower level may be accepted in specific and duly justified circumstances;

- Beyond the minimum credit rating requirements specified in the calls for tender, the counterparty risk management policy applied monitors the ratings and defines a maximum exposure on each financial institution. This ceiling, the maximum overall exposure in cash, deposits and financial guarantees per counterparty, is calculated taking into account the creditworthiness (long term credit rating) and the capitalisation of the financial sector entity. The EC counterparty risks are monitored and reported on regularly; and

- In delegations outside the EU, imprest accounts are held with local banks selected by a simplified tendering procedure. Rating requirements depend on the local situation and may significantly differ from one country to another. In order to limit risk exposure, balances on these accounts are kept at the lowest possible levels (taking into account operational needs), they are regularly replenished and the applied ceilings are reviewed on a yearly basis.

NGEU

Lending and borrowing instruments for financial assistance do not, in general, keep any outstanding cash balances due to underlying back-to-back principle of the financial assistance loans. However, with implementation of diversified funding strategy for the NGEU instrument, NGEU holds cash with the objective of ensuring that amounts held on the NGEU bank account are sufficient to meet all upcoming disbursement needs and maintaining a defined safety buffer while avoiding any excess balances. The cash is placed on a bank account at the ECB, thus, the credit risk is very low.

Provisionally cashed fines: deposits

Deposits held in commercial banks for fines provisionally cashed before 2010 have been largely decreased in 2022. These deposits are selected by tender procedure and the above described counterparty risk policy is applied.

Receivables: credit quality

EUR million

	Not due	Past due 0-30 days	Past due 31-90 days	Past due 91 days - 1 year	Past due > 1 year	Total
Gross carrying amount	1 613	18	14	21	1 992	*3 658*
Minus loss allowance	(2)	(2)	(5)	(13)	(150)	*(172)*
Net carrying amount at 31.12.2022	**1 611**	**16**	**9**	**8**	**1 842**	***3 486***
Gross carrying amount	2 785	15	9	578	1 453	*4 840*
Minus loss allowance	(2)	(1)	(4)	(18)	(147)	*(173)*
Net carrying amount at 31.12.2021	**2 783**	**14**	**5**	**560**	**1 305**	***4 667***

The amounts in this table do not include deferred charges and FGC receivable leg measured at FVSD (see note 2.6.2), as they are not subject to the impairment requirements.

Financial assets at FVSD – debt securities: credit quality

Common Provisioning Fund

The weighted average credit rating of the CPF portfolio is A (S&P or equivalent).

Provisionally cashed fines: BUFI portfolio

For sovereign debt investments from provisionally cashed fines imposed as from 2010, the Commission takes on the exposure to credit risk. The weighted average credit rating of the portfolio is AA- (S&P or equivalent).

Financial guarantees received

The risk management policy applied for the acceptance of such guarantees ensures a high credit quality for the Commission. The policy includes defining a maximum credit exposure towards a particular financial sector entity based on its credit rating and the level of an entity's capital as accounted for in its IFRS financial statements. The compliance of the outstanding guarantees with the applicable policy requirements is reviewed regularly.

ECSC in liquidation

The weighted average credit rating of the portfolio is A- (S&P or equivalent).

Financial assets at FVSD – derivatives: credit quality

The derivative assets mainly relate to the guarantees on equity portfolios and to currency forward contracts. Therefore, the credit risk is limited to the counterparty risk. The guarantee on equity will be settled with the EU implementing partner, the EIB Group, which is rated AAA. The sole counterparty for all outstanding currency forwards as of 31 December 2022 is the Banque de France, hence no credit enhancements, such as collateral, netting agreements or guarantees are put in place as of this date.

Financial guarantee contracts: credit quality

EUR million

	31.12.2022			31.12.2021		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Long-term rating						
Prime and high grade	*0*	*4*	**4**	*0*	*1*	*1*
Upper medium grade	*3*	*–*	**3**	*2*	*–*	*2*
Lower medium grade	*23*	*–*	**23**	*219*	*–*	*219*
Non-investment grade	*24 124*	*31 339*	**55 463**	*3 964*	*51 079*	*55 043*
Managed on collective basis / not rated	*7*	*2*	**9**	*2*	*–*	*2*
Total	**24 157**	**31 345**	**55 502**	**4 187**	**51 080**	**55 267**

Financial guarantee contracts: Movement in the loss allowance

EUR million

	Stage 1	Stage 2	Total
Loss allowance at 01.01.2022	*485*	*7 048*	*7 533*
Transfer to Stage 2	*(3)*	*3*	*–*
Transfer to Stage 1	*2 855*	*(2 855)*	*–*
Additions	*170*	*45*	*215*
Release of guarantees	*(9)*	*(1)*	*(10)*
Remeasurement	*(2 298)*	*(1 110)*	*(3 409)*
Loss allowance at 31.12.2022	***1 199***	***3 130***	*4 330*
Financial guarantee liability carrying amount at 31.12.2022	**3 194**	**3 263**	**6 456**

* *Transfers from and to stage 1 / stage 2 are measured at the opening balance impairment allowance, whereas the changes of the amount arising from the change of the stage (i.e. measuremet at 12-months or lifetime ECL) are part of re-measurement.*

Financial guarantee contracts: staging policies

The key risk indicator for the allocation of FGC to stages is the credit rating of the guaranteed debt. The staging model compares the credit rating at origination to the credit rating at the reporting date. For portfolio guarantees, the weighted average credit rating of the guaranteed portfolio is considered.

Stage 1 – No significant increase in credit risk

FGC with credit ratings in the investment grade (i.e. between AAA (Aaa) and BBB- (Baa3) on the S&P/Fitch (Moody's) rating scale or an equivalent external or internal rating) at the reporting date are considered low credit risk, independent of the initial credit rating, and held in Stage 1. In addition, any FGC for which a significant increase in credit risk did not occur, as defined below, are classified to Stage 1. For the FGC in Stage 1, the impairment allowance is measured at the level of the 12 month ECL.

Stage 2 – Significant increase in credit risk

The following deterioration of credit rating is considered significant and leads to a reclassification of a FGC to Stage 2:

- For guarantees with a credit rating between AAA (Aa1) and BB- (Ba3) on the S&P/Fitch (Moody's) rating scale or an equivalent external or internal rating at initial recognition, a rating deterioration is considered significant if the difference between the initial rating and the one at the reporting date is equal or superior to 3 notches for guarantees relating to a single debt instrument and 2 notches for guarantees relating to a portfolio of debt;

- For guarantees with a credit rating between B+ (B1) or B (B2) at initial recognition, a rating deterioration is considered significant if the difference between the initial rating and the one at the reporting date is equal or superior to 2 notches for guarantees relating to a single debt instrument and 1 notch for guarantees relating to a portfolio of debt; and

- For guarantees with a credit rating between B- (B3) or lower at initial recognition, a rating deterioration is considered significant if the difference between the initial rating and the one at the reporting date is equal or superior to 1 notch (single debt and portfolio).

If information on the credit rating is not available but an estimation of the expected annual claims has been made at initial recogniton, the actual level of claims compared to the initial planning is also considered a reasonable risk indicator for the assessment of SICR.

In addition to the above criteria, the EU may apply a qualitative assessment of the SICR, based on additional, reasonable and justified, information available.

FGC originated before the transtion to the revised EAR 11 (i.e. before 1 January 2021) for which no information on the credit risk at initial recognition is available without undue cost and effort are classified to Stage 2.

For FGC in Stage 2, the impairment allowance is measured at the level of life-time expected credit losses.

Classification to Stage 3 and POCI does not apply to FGC.

In 2022, EUR 2.8 billion of EFSI guarantees were moved from Stage 2 to Stage 1 as the average credit risk of the guaranteed portfolio (also considering the impact of the merge with the InvestEU debt portfolios – see note **4.1.1**) has decreased. This led to a remeasurement effect and a reduction of ECL for EFSI guarantee, as the impairment allowance is measured at 12-month ECL at the end of 2022 compared to life-time ECL at the end of 2021. Out of the EUR 1.1 billion remeasurement leading to a reduced ECL on guarantees in Stage 2, EUR 0.6 billion relates to the EFSI SME window. Out of the outstanding ECL for guarantees in Stage 2 of EUR 3.1 billion as at 31 December 2022, EUR 2.4 billion relates to the ELM guarantees (see note **4.1.1**) . This includes EUR 1.1 billion life-time ECL for the EIB exposure in Ukraine (EUR 4.1 billion, of which EUR 0.5 billion loans are not yet disbursed) guaranteed by the EU.

Budgetary guarantees

The Union is mainly exposed to credit risk through the operations which it guarantees. When the credit quality of the underlying operations deteriorates, default events become more likely and hence also calls on EU guarantees.

In order to monitor and manage this risk, the Commission relies on a Credit Risk Model to assess potential losses, using, inter alia, the inputs provided by the Implementing Partners. The output of these models is interpreted and combined with expert judgment to derive a risk assessment that is coherent with the substance of the transaction and the relevant economic circumstances.

6.6. LIQUIDITY RISK

Maturity analysis of non-derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				Carrying
	< 1 year	1-5 years	> 5 years	Total	
Borrowings	*(23 204)*	*(80 495)*	*(280 075)*	*(383 774)*	*(344 303)*
Payables	*(55 341)*	–	–	*(55 341)*	*(55 341)*
Other	*(318)*	*(711)*	*(771)*	*(1 800)*	*(1 517)*
Total at 31.12.2022	**(78 862)**	**(81 206)**	**(280 846)**	**(440 914)**	**(401 161)**
Borrowings	*(23 769)*	*(45 030)*	*(180 660)*	*(249 459)*	*(236 720)*
Payables	*(46 372)*	–	–	*(46 372)*	*(46 372)*
Other	*(218)*	*(830)*	*(890)*	*(1 938)*	*(1 605)*
Total at 31.12.2021	**(70 358)**	**(45 860)**	**(181 550)**	**(297 769)**	**(284 697)**

Maturity analysis of derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				Carrying
	< 1 year	1-5 years	> 5 years	Total	amount
Derivative pay leg	*(504)*	*(8)*	*–*	*(512)*	
Derivative receive leg	*487*	*–*	*–*	*487*	
Net cash flows at 31.12.2022	**(17)**	**(8)**	**–**	**(25)**	**(20)**
Derivative pay leg	*(646)*	*(5)*	*–*	*(651)*	
Derivative receive leg	*648*	*–*	*–*	*648*	
Net cash flows at 31.12.2021	**2**	**(5)**	**–**	**(3)**	**(3)**

Maturity analysis of financial guarantee contracts issued by earliest period in which the guarantee could be called

EUR million

	Maximum amount of guarantee				Carrying
	< 1 year	1-5 years	> 5 years	Total	amount
FGCs at 31.12.2022	*(65 109)*	*(13 332)*	*(4 902)*	*(83 343)*	*(6 456)*
FGCs at 31.12.2021	*(55 381)*	*(878)*	*(1)*	*(56 259)*	*(7 794)*

Borrowing activities for NGEU and financial assistance

The first recourse for the repayment of borrowings for financial assistance is the timely collection of the related financial assistance and NGEU loan repayments. However, there are additional safeguards that could be applied in case of payment defaults or payment delays of borrowers.

For MFA and Euratom loans to third countries, the Guarantee Fund for external actions compartment of the CPF provides for a liquidity reserve. Therefore, the available assets of this fund would be used first in order to repay the related borrowings (but only after a first recourse to third party guarantors for Euratom – see note **6.4**). If at any moment the available assets should prove insufficient to cover the actual losses, the Commission will activate measures to provide for additional resources (e.g. recourse to temporary use of Commission's treasury liquidity, recourse to temporary transfers and/or additional expenditure from the EU budget). Loans provided to Ukraine under the exceptional MFA programme (EUR 6 billion disbursed in 2022) are covered not only by their compartment in CPF, but also by additional Member States guarantees, in case the amount in the CPF would not be sufficient (see note **2.4.1.1**).

For NGEU, the Commission may also apply active cash management and short-term borrowing in order to service EU debts.

For all financial assistance borrowings as well as for the NGEU borrowings, the Commission may call resources up to the available own resources margin in order to service the EU debts. The own resources legislation fixes the ceiling for own resources to cover annual appropriations for payment at 1.40% of Member States' GNI, plus an additional temporary increase of 0.6 percentage points for NGEU. The 2022 budget included a total of own resources to finance the expenditure of 1.01% of GNI. This means that at 31 December 2022 there existed an available margin of 0.99% to cover its liabilities. To this end, the EU is entitled to call upon Member States to ensure compliance with the EU's legal obligation towards its lenders.

Finally, loans provided to Member States under the SURE instrument are underpinned by a system of voluntary guarantees from Member States, amounting to 25% of the maximum ceiling available for the related financial assistance. Before calling on guarantees provided by the Member States, the Commission is expected to examine the scope for drawing on the margin available under the own resources ceiling for payments appropriation to the extent that it is deemed sustainable by the Commission, having regard, inter alia, to the total contingent liabilities of the Union and the sustainability of the general budget of the Union. Such examination shall not affect the irrevocable, unconditional and on-demand nature of the guarantees provided.

Treasury

EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments. In fact, the total Member States contributions together with the miscellaneous revenue equal the amount of payment appropriations for the budgetary year. Member States' contributions, however, are received in twelve monthly instalments throughout the year and based on the adopted budget, while payments are subject to operational needs. Moreover, in accordance with the Council Regulation (EU, Euratom) No 609/2014 (on the methods and procedure for making available own resources, amended by Council Regulation (EU, Euratom) 2016/804), Member States' contributions relating to amending budgets approved in a given month (N) only become available either on the first working day of the month N+1 (if approved before the 16th of the given month) or on the first working day of month N+2 (if approved on the 16th or later of that given month), while the related payment appropriations are immediately available.

In order to ensure that available treasury resources are always sufficient to cover the payments to be executed in any given month, procedures regarding regular cash forecasting are in place. Own resources or additional funding can be called up in advance from Member States if needed, up to certain limits and under certain conditions provisioned under Council Regulation (EU, Euratom) No 609/2014 amended by Council Regulation (EU, Euratom) 2016/804. Operational needs and overall budgetary restrictions in recent years have resulted in the need for increased monitoring of the rhythm of payments during the year. In addition to the above, in the context of the Commission's daily treasury operations, automated cash management tools ensure that sufficient liquidity is available on each of the Commission's bank accounts, on a daily basis.

Fines

The BUFI fund, where provisionally paid fines are invested, is managed according to the principle that the assets shall have a sufficient degree of liquidity and mobilisation in relation to the relevant commitments. The portfolio is composed of mostly highly liquid securities that can be sold to meet short-term cash outflows. In addition, the share of cash, cash equivalents and securities maturing within 1 year is 56%.

Budgetary guarantees

The maturity analysis for financial guarantees is presented using the prudent approach, under which the maximum amount of the guarantee given is allocated to the earliest period in which the guarantee could be called. Given that most of the EU guarantees are on first demand, a significant amount is allocated to the first time band. However, the probability that the EU will be called under all guarantees for the entire amount in the first period is remote. Moreover, the amount that the EU expects to lose is often much lower then the guarantee ceilling, therefore the amount of the liquidity risk needs to be seen in the conjunction with the carrying amount of the guarantee liabilities.

A key objective of the risk management framework of contingent liabilities is to ensure that the EU budget can, at any time, honour its obligations without disrupting the normal implementation of the budget. This also entails the mitigation of the liquidity risk related to budgetary guarantees, i.e. the risk that the Union would have insufficient funds to fulfil in a timely manner all its guarantee-related payment obligations (which might then lead to for example the crowding out of other expenses and the postponement of payments to the following budgetary years).

In this respect, each budgetary guarantee is backed by sufficient provisioning paid into the CPF so as to ensure there is always enough liquidity to pay guarantee calls in a timely manner.

The EU monitors on a regular basis the adequacy of the provisioning rate of each budgetary guarantee programme and reports[18] every year on its estimate as to whether those amounts are sufficient to cover the risk for next 5 years with a defined level of certainty.

Furthermore, there are additional safeguard procedures in place (temporary transfers between CPF compartments and the use of central treasury liquidity) to ensure sufficient liquidity is available.

Common Provisioning Fund

The CPF is managed according to the principle that the assets shall have a sufficient degree of liquidity and mobilisation in relation to the relevant commitments. The portfolio is composed of liquid assets that can be sold to meet short-term cash outflows if necessary. In addition the share of cash, cash equivalents and securities maturing within 1 year is 18%.

[18] For example in the Working Document XI attached to the Draft Budget that presents the implementation of Budgetary Guarantees, the Common Provisioning Fund and the assessment of the sustainability of the contingent liabilities arising from budgetary guarantees and financial assistance pursuant to Article 41(5) of the Financial Regulation.

The settlement of derivative contracts is gross and is based on their contractual maturity. Obligations are honoured via sales of USD-denominated assets and/or a swap transaction, whereby it is possible that a cash outflow arises due to foreign exchange differences. No liquidity management is necessary with regard to collateral or margin requirements, as the current hedging counterparty accepts to operate with the Commission without any requirements for collateral or margin calls.

6.7. OTHER PRICE RISK

As at 31 December 2022, the EU is exposed to other price risks (equity risk) arising from non-quoted equity investments (such as venture capital and other investment funds), money market funds (such as the EIB Unitary Fund) and investments in pooled portfolios (see note **2.4.2.1**), as well as through guarantees covering non-quoted equity and quasi equity investments, treated as derivatives at fair value through surplus or deficit (see note **2.4.2.2**).

Equity price risk refers to the risk that the fair values of equity investments change as the result of fluctuations in the levels of equity prices and/or the value of the guaranteed equity investments. The effect on surplus or deficit of a 10% value increase or decrease of the above-mentioned instruments would be as follows:

EUR million

	10%	(10)%
Equity investments	*253*	*(253)*
MMFs, ETFs and investments in pooled portfolios	*290*	*(290)*
*Guarantees on equity**	*469*	*(469)*
Total at 31.12.2022	**1,012**	**(1,012)**
Equity investments	*238*	*(238)*
MMFs, ETFs and investments in pooled portfolios	*251*	*(251)*
*Guarantees on equity**	*415*	*(415)*
Total at 31.12.2021	**905**	**(905)**

* The risk of guarantees on equity is based on the notional amount that is covered by the guarantee.

The EU invests in, or guarantees, unquoted assets whose values are not publicly available. Most of these financial instruments are implemented by the entrusted entities, who are experts in the industry and they assess and monitor those assets on a regular basis.

7. RELATED PARTY DISCLOSURES

7.1. RELATED PARTIES

The related parties of the EU are the EU consolidated entities, associates and the key management personnel of these entities. Transactions between these entities take place as part of the normal operations of the EU and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU accounting rules.

7.2. KEY MANAGEMENT ENTITLEMENTS

For the purposes of presenting information on related party transactions concerning the key management personnel of the EU, such persons are shown here under five categories:

Category 1: the Presidents of the European Council, the Commission and the Court of Justice of the European Union

Category 2: the Vice-president of the Commission and High Representative of the EU for Foreign Affairs and Security Policy and the other Vice-presidents of the Commission

Category 3: the Secretary-General of the Council, the Members of the Commission, the Judges and Advocates General of the Court of Justice of the European Union, the President and Members of the General Court, the Ombudsman and the European Data Protection Supervisor

Category 4: the President and Members of the European Court of Auditors

Category 5: the highest-ranking civil servants of the Institutions and Agencies

A summary of their entitlements is given below – further information can be found in the Staff Regulations published on the Europa website which is the official document describing the rights and obligations of all officials of the EU. Key management personnel have not received any preferential loans from the EU.

KEY MANAGEMENT FINANCIAL ENTITLEMENTS

EUR

Entitlement (per employee)	Category 1	Category 2	Category 3	Category 4	Category 5
Basic salary (per month)	31 251.88	28 307.86 - 29 440.18	22 646.29 - 25 477.07	24 458.00 - 26 043.24	14 399.72 - 22 646.29
Residential/Expatriation allowance	15%	15%	15%	15%	0-4%-16%
Family allowances:					
Household (% salary)	2% + 210.21	2% + 210.21	2% + 210.21	2% + 210.21	2% + 210.21
Dependent child	459.32	459.32	459.32	459.32	459.32
Pre-school	112.21	112.21	112.21	112.21	112.21
Education, or	311.65	311.65	311.65	311.65	311.65
Education outside place of work	623.30	623.30	623.30	623.30	623.30
Presiding judges allowance	N/A	N/A	715.05	N/A	N/A
Representation allowance	1 693.58	1 088.45	715.05	N/A	N/A
Annual travel costs	N/A	N/A	N/A	N/A	Reimbursed
Transfers to Member State:					
Education allowance*	Yes	Yes	Yes	Yes	Yes
% of salary*	5%	5%	5%	5%	5%
% of salary with no cc	max 25%	max 25%	max 25%	max 25%	max 25%
Representation expenses	Reimbursed	Reimbursed	Reimbursed	N/A	N/A
Taking up duty:					
Installation expenses (Cat. 1-4: two months of basic salary)	62 503.76	56 615.72 - 58 880.36	45 292.58 - 50 954.15	48 915.99 - 52 086.47	Reimbursed
Family travel expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
Moving expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
Leaving office:					
Resettlement expenses (Cat. 1-4: one month of basic salary)	31 251.88	28 307.86 - 29 440.18	22 646.29 - 25 477.07	24 458.00 - 26 043.24	Reimbursed
Family travel expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
Moving expenses	Reimbursed	Reimbursed	Reimbursed	Reimbursed	Reimbursed
Transition (% salary)**	40% - 65%	40% - 65%	40% - 65%	40% - 65%	N/A
Sickness insurance	Covered	Covered	Covered	Covered	Covered
Pension (% salary, before tax)	Max 70%	Max 70%	Max 70%	Max 70%	Max 70%
Deductions:					
Community tax	8% - 45%	8% - 45%	8% - 45%	8% - 45%	8% - 45%
Sickness insurance (% salary)	1.7%	1.7%	1.7%	1.7%	1.7%
Special levy on salary	7%	7%	7%	7%	6-7%
Pension deduction	N/A	N/A	N/A	N/A	10.1%
Number of persons at year-end	**3**	**8**	**93**	**27**	**112**

** with correction coefficient ('CC') applied*

*** paid for the first 3 years following departure*

8. EVENTS AFTER THE BALANCE SHEET DATE

At the date of signature of these accounts no material issues had come to the attention of, or were reported to, the Accounting Officer of the Commission that would require separate disclosure under this section. The accounts and related notes were prepared using the most recently available information and this is reflected in the information presented.

9. SCOPE OF CONSOLIDATION

A. CONTROLLED ENTITIES (54)	
1. Institutions and consultative bodies (11)	
European Parliament	*European Data Protection Supervisor*
European Council	*European Economic and Social Committee*
European Commission	*European Ombudsman*
European Court of Auditors	*European Committee of the Regions*
Court of Justice of the European Union	*Council of the European Union*
European External Action Service	
2. EU Agencies (41)	
2.1. Executive Agencies (6)	
European Education and Culture Executive Agency (EACEA)	*European Innovation Council and SMEs Executive Agency (EISMEA)*
European Health and Digital Executive Agency (HaDEA)	*European Research Council Executive Agency (ERCEA)*
European Research Executive Agency (REA)	*European Climate, Infrastructure and Environment Executive Agency (CINEA)*
2.2. Decentralised Agencies (35)	
European Maritime Safety Agency (EMSA)	*European Food Safety Authority (EFSA)*
European Medicines Agency (EMA)	*European Union Agency for Railways (ERA)*
European Chemicals Agency (ECHA)	*Community Plant Variety Office (CPVO)*
European Institute for Gender Equality (EIGE)	*European Fisheries Control Agency (EFCA)*
European Environment Agency (EEA)	*European Union Intellectual Property Office (EUIPO)*
European Banking Authority (EBA)	*European Union Aviation Safety Agency (EASA)*
European Union Agency for Asylum (EUAA)	*European Securities and Markets Authority (ESMA)*
European Union Agency for Cybersecurity (ENISA)	*European Training Foundation (ETF)*
European Union Agency for Law Enforcement Training (CEPOL)	*European Foundation for the Improvement of Living and Working Conditions (Eurofound)*
European Union Agency for the Space Programme (EUSPA)	*European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)*
European Union Agency for Criminal Justice Cooperation (Eurojust)	*European Union Agency for Law Enforcement Cooperation (EUROPOL)*
European Agency for Safety and Health at Work (EU-OSHA)	*European Union Agency for Fundamental Rights (FRA)*
European Centre for Disease Prevention and Control (ECDC)	*European Insurance and Occupational Pensions Authority (EIOPA)*
European Centre for the Development of Vocational Training (CEDEFOP)	*Translation Centre for the Bodies of the European Union (CdT)*
European Union Agency for the Cooperation of Energy Regulators (ACER)	*European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)*
Agency for Support for the Body of European Regulators for Electronic Communications (BEREC Office)	*European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)*
European Border and Coast Guard Agency (FRONTEX)	*European Public Prosecutor's Office (EPPO)*
European Labour Authority (ELA)	
3. Other controlled entities (2)	
European Coal and Steel Community in Liquidation (ECSC i.L.)	*European Institute of Innovation and Technology (EIT)*
B. ASSOCIATES (1)	
European Investment Fund (EIF)	

MINOR ENTITIES

The entities listed below have not been consolidated using the equity method in the 2022 EU consolidated financial statements on the basis of immateriality:

MINOR ENTITES (8)
Circular Bio-based Europe Joint Undertaking (CBE JU)
Clean Aviation Joint Undertaking (CAJU)
Clean Hydrogen Joint Undertaking (Clean H2 JU)
Europe's Rail Joint Undertaking (EU-RAIL JU)
Innovative Health Initiative Joint Undertaking (IHI JU)
Key Digital Technologies Joint Undertaking (KDT JU)
Single European Sky ATM Research 3 Joint Undertaking (SESAR 3 JU)
European High Performance Computing Joint Undertaking (EuroHPC)

The annual accounts of the above entities are publicly available on their respective websites.

EUROPEAN UNION
FINANCIAL YEAR 2022

BUDGETARY IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables below may appear not to add-up.

CONTENTS

1. EU BUDGET RESULT

EUR million

Note		2022	2021
a	Revenue for the financial year	245 265	239 596
b	Payments against current year appropriations	(239 157)	(226 175)
c	Payment appropriations carried over to year N+1	(2 452)	(4 244)
d	Cancellation of unused appropriations carried over from year N-1	80	265
e	Evolution of assigned revenue (B)-(A)	(1 121)	(6 338)
	Unused appropriations at the end of current year (A)	*15 152*	*14 032*
	Unused appropriations at the end of previous year (B)	*14 032*	*7 694*
f	Exchange rate differences for the year	(97)	126
	Budget result	**2 519**	**3 230**

The budget result of the EU is returned to the Member States in 2023 through deduction of their amounts due. It is calculated in accordance with Article 1(1) of Council Regulation (EU, Euratom) No 608/2014 laying down implementing measures for the system of own resources. More information can be found under section 3.7 Calculation of the budget result.

a. Revenue for the financial year: table 5.1 “Summary of the implementation of EU Budget Revenue”, column 8 “Total Revenue”.

b. Payments against current year appropriations: table 6.3 “MFF – Implementation of Payment appropriations”, column 2 “Payments made from adopted budget and column 4 “Payments made from assigned revenue”.

c. Payment appropriations carried over to year N+1: table 6.3 “MFF – Implementation of Payment appropriations”, column 7 automatic carry-overs plus column 8 carry-over by decision.

d. Cancellation of unused payment appropriations carried over from year N-1: takes into account the amount of payment appropriations carried over (automatically and on decision) at the end of previous year and the current year’s “Payments made from carryovers” as in column 3 of table 6.3 “MFF – Implementation of Payment appropriations”.

e. Evolution of the total assigned revenue appropriations at year-end: calculates the difference of the amount of assigned revenue appropriations at the end of previous year (plus) and the amount of assigned revenue appropriations at the end of the current year (as in column 9 of table 6.3 “MFF – Implementation of Payment appropriations” - minus) to obtain the net variation of assigned revenue in the current year.

f. Exchange rate differences include realised and non-realised exchange rate differences.

2. STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget revenue

EUR million

		Initial budget adopted	Final adopted budget	Entitlements established	Revenue
1	Own resources	157 701	153 928	157 320	155 758
	11 - Sugar levies	*0*	*0*	*(1)*	*(1)*
	12 - Customs duties	*17 913*	*23 765*	*27 419*	*25 857*
	13 - VAT	*19 071*	*19 714*	*19 666*	*19 666*
	14 - GNI	*114 719*	*104 088*	*103 880*	*103 880*
	16 - Reduction of GNI-based contribution granted to certain Member States	*–*	*–*	*19*	*19*
	17 - Plastic packaging waste	*5 997*	*6 361*	*6 337*	*6 337*
2	Surpluses, balances and adjustments	0	2 980	3 233	3 227
3	Administrative revenue	1 791	1 791	2 656	2 607
4	Financial revenue, default interest and fines	115	454	16 635	596
5	Budgetary guarantees, borrowing-and-lending operations	0	0	62 203	62 203
6	Revenue, contributions and refunds related to union policies	10 997	10 884	26 689	20 874
	Total	**170 603**	**170 038**	**268 736**	**245 265**
	of which Next Generation EU (NGEU)	*–*	*–*	*62 409*	*62 409*

Budget expenditure: commitments by multiannual financial framework (MFF) heading

EUR million

	MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Commitments made
1	Single Market, Innovation and Digital	21 775	21 845	33 071	27 330
2	Cohesion, Resilience and Values	56 039	67 805	325 372	218 907
	2a. Economic, social and territorial cohesion	*49 709*	*61 314*	*76 068*	*74 632*
	2b. Resilience and values	*6 330*	*6 491*	*249 303*	*144 275*
3	Natural Resources and Environment	56 235	56 681	75 200	68 142
	of which: Market related expenditure and direct payments	*40 369*	*40 369*	*41 687*	*41 182*
4	Migration and Border Management	3 091	3 410	3 520	3 446
5	Security and Defence	1 785	1 813	1 851	1 840
6	Neighbourhood and the World	17 170	17 670	20 364	20 153
7	European Public Administration	10 620	10 783	12 075	11 664
	of which: Administrative expenditure of the institutions	*4 421*	*4 485*	*5 041*	*4 850*
O	Outside MFF	–	–	6 692	3 006
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 799	2 219	3 531	2 602
	Total	**169 516**	**182 227**	**481 676**	**357 091**
	of which Next Generation EU (NGEU)	*–*	*–*	*277 772*	*162 702*

Budget expenditure: payments by multiannual financial framework (MFF) heading

EUR million

	MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Payments made
1	*Single Market, Innovation and Digital*	*21 474*	*20 606*	*29 379*	*25 174*
2	Cohesion, Resilience and Values	62 053	63 140	129 654	126 570
	2a. Economic, social and territorial cohesion	*56 351*	*57 610*	*75 546*	*73 015*
	2b. Resilience and values	*5 702*	*5 531*	*54 108*	*53 555*
3	Natural Resources and Environment	56 602	55 782	59 271	58 276
	of which: Market related expenditure and direct payments	*40 393*	*40 356*	*41 674*	*41 152*
4	Migration and Border Management	3 078	3 373	3 642	3 368
5	Security and Defence	1 238	1 159	1 192	1 154
6	Neighbourhood and the World	12 916	13 156	14 902	14 521
7	European Public Administration	10 620	10 783	13 149	11 583
	of which: Administrative expenditure of the institutions	*4 421*	*4 485*	*5 724*	*4 801*
O	Outside MFF	–	–	6 830	72
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 623	2 040	3 351	2 602
	Total	**170 603**	**170 038**	**261 370**	**243 321**
	of which Next Generation EU (NGEU)	*–*	*–*	*64 292*	*63 456*

Budget expenditure: outstanding commitments by multiannual financial (MFF) heading

EUR million

	MFF Heading	Outstanding commitments carried-over from 2021	Liquidation of outstanding commitm. carried from 2021	New outstanding commitments from 2022	Total outstanding commit-ments
		1	2	3	4=1+2+3
1	Single Market, Innovation and Digital	48 717	(19 897)	21 309	50 130
2	Cohesion, Resilience and Values	209 033	(89 435)	181 482	301 081
	2a. Economic, social and territorial cohesion	*152 840*	*(66 138)*	*67 599*	*154 302*
	2b. Resilience and values	*56 193*	*(23 297)*	*113 883*	*146 779*
3	Natural Resources and Environment	43 691	(16 188)	25 957	53 459
	of which: Market related expenditure and direct payments	*334*	*(124)*	*147*	*357*
4	Migration and Border Management	3 980	(1 515)	1 543	4 008
5	Security and Defence	2 397	(790)	1 455	3 061
6	Neighbourhood and the World	32 535	(9 906)	14 333	36 962
7	European Public Administration	1 076	(1 076)	1 048	1 048
	of which: Administrative expenditure of the institutions	*684*	*(684)*	*654*	*654*
O	Outside MFF	147	(20)	2 944	3 071
S	Solidarity mechanisms within and outside the Union (Special instruments)	–	–	0	0
	Total	**341 575**	**(138 826)**	**250 071**	**452 821**
	of which Next Generation EU (NGEU)	*89 907*	*(34 847)*	*134 072*	*189 132*
	of which excluding Next Generation EU (NGEU)	*251 668*	*(103 979)*	*116 000*	*263 689*

3. NOTES TO THE BUDGETARY IMPLEMENTATION REPORTS

3.1. THE EU BUDGET FRAMEWORK

The budgetary accounts are kept in accordance with the Financial Regulation (FR). The general budget is the instrument which provides for and authorises the Union's revenue and expenditure every year, within the ceilings and other provisions laid down in the MFF in line with the legislative acts concerning multiannual programmes adopted under that framework.

3.2. MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027

EUR million in current prices

	2021	2022	2023	2024	2025	2026	2027	Total
1. Single Market, Innovation and Digital	20 919	21 278	21 727	20 984	21 272	21 847	22 077	150 704
2. Cohesion, Resilience and Values	6 364	67 806	70 137	72 367	74 993	66 536	70 283	428 486
2a. Economic, social and territorial cohesion	*1 769*	*61 345*	*62 939*	*64 683*	*66 479*	*56 725*	*58 639*	*372 579*
2b. Resilience and Values	*4 595*	*6 461*	*7 198*	*7 684*	*8 514*	*9 811*	*11 644*	*55 907*
3. Natural Resources and Environment	56 841	56 965	57 295	57 449	57 558	57 332	57 557	400 997
of which: Market related expenditure and direct payments	*40 368*	*40 639*	*40 693*	*41 649*	*41 782*	*41 913*	*42 047*	*289 091*
4. Migration and Border Management	1 791	3 360	3 814	3 866	4 387	4 315	4 465	25 998
5. Security and Defence	1 696	1 896	1 946	2 004	2 243	2 435	2 705	14 925
6. Neighbourhood and the World	16 247	16 802	16 329	15 830	15 304	14 754	15 331	110 597
7. European Public Administration	10 635	11 058	11 419	11 773	12 124	12 506	12 959	82 474
of which: Administrative expenditure of the institutions	*8 216*	*8 528*	*8 772*	*9 006*	*9 219*	*9 464*	*9 786*	*62 991*
Commitment appropriations	**114 493**	**179 765**	**182 667**	**184 273**	**187 881**	**179 725**	**185 377**	**1 214 181**
Total payment appropriations	**163 496**	**170 558**	**168 575**	**168 853**	**172 230**	**175 674**	**179 187**	**1 198 573**

Council Regulation (EU, Euratom) 2020/2093 laying down the 2021-2027 MFF was adopted on 17 December 2020[19]. The above table shows the MFF ceilings at current prices[20], in accordance with the fixed annual deflator of 2% set out in Article 4(2) of the MFF Regulation. As stipulated in the Council Regulation (EU, Euratom) 2020/2093 laying down the 2021-2027 MFF, for commitment appropriations the amounts are split per Heading; for payment appropriations the ceilings only apply at total level. 2022 was the second financial year covered by the MFF 2021-2027.

[19] Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027, OJ L 433I, 22.12.2020, p. 11.

[20] Technical adjustment of the financial framework for 2023 in accordance with Article 4 of Council Regulation (EU, Euratom) 2021/365 laying down the multiannual financial framework for the years 2021 to 2027, COM(2022) 266 final, 7.6.2022.

2022 events

On 7 June 2021, the Commission adopted a Communication on the technical adjustment of the MFF for the year 2022[21]. The programme specific adjustment (according to MFF regulation Art. 5(2)) was implemented with the additional allocations for specific programmes referred to in Annex II of the MFF Regulation and the resulting upwards adjustments of the ceilings for commitment and payment appropriations. The revenue from fines imposed under Council Regulations (EC) No 1/2003[22] and (EC) No 139/2004[23] entered in the budget of 2020 were below the minimum threshold of EUR 1.5 billion in 2018 prices set in the article. Therefore, the minimum threshold provided the total volume of the adjustment for 2022 in 2018 prices. The adjustment in current prices amounted to EUR 1.624 billion. The main impacts in 2022 were under Heading 1 (EUR 0.59 billion), Heading 2(b) (EUR 0.89 billion) and Heading 4 (EUR 0.15 billion).

The reprogramming of unused 2021 commitment appropriations for programmes in shared management in accordance with Article 7 of the MFF Regulation was implemented by a specific adjustment of the MFF provided in the Commission Communication of 28 January 2022[24] with an adjustment of the MFF ceilings and a related amending budget for 2022. The allocations not used in 2021 and not carried over were transfered in equal proportions to each of the years 2022 to 2025. The total transfer from 2021 amounted EUR 49 billion coming from main impacts in 2022 were under Heading 2(a) (EUR 46.4 billion), Heading 3 (EUR 1.8 billion), Heading 4 (EUR 0.7 billion) and Heading 5 (EUR 0.1 billion). The main impacts in 2022 were under Heading 2(a) (EUR 11.6 billion), Heading 3 (EUR 0.4 billion), Heading 4 (EUR 0.2 billion) and Heading 5 (EUR 0.02 billion).

The overall ceiling for commitment appropriations for 2022 was EUR 179 765 million, whilst the corresponding ceiling for payment appropriations was EUR 170 558 million.

Pursuant to Article 312(3) TFEU, the MFF determines the amounts of the annual ceilings for commitment appropriations by category of expenditure ('headings') and of the annual ceilings for payment appropriations. MFF headings correspond to the Union's major sectors of activity. An explanation of the various headings of the 2021-2027 MFF is given below.

The MFF 2021-2027 amounts to EUR 1 211 billion (EUR 1 074 billion in 2018 prices), including the European Development Fund (EDF). In addition, NextGenerationEU provides an additional amount of EUR 806.9 billion (EUR 750 billion in 2018 prices) up to 2023 in commitments and 2026 in payments.

For the annual budget procedure, the budget nomenclature is further structured by policy 'clusters', providing further clarity on how individual spending programmes contribute to the Union's policy goals.

Heading 1 – Single Market, Innovation and Digital

This heading includes key EU programmes supporting the areas of research and innovation, digital transformation, strategic infrastructure, strengthening the single market and strategic space projects. Programmes under this heading include Horizon Europe, the InvestEU Fund, Connecting Europe Facility, the Single market programme and the European space programme.

Programmes receiving contributions from NGEU (external assigned revenue) in this heading: Horizon Europe and InvestEU Fund.

Heading 2 – Sustainable growth: natural resources

This heading is divided in two sub-headings: Economic, social and territorial cohesion (2a), and Resilience and values (2b).

Spending under this heading aims at strengthening the resilience and cohesion between the EU Member States. The funding helps reduce disparities in and between EU regions, and within and across Member

[21] Technical adjustment of the financial framework for 2022 in accordance with Article 4 of Council Regulation (EU, Euratom) 2021/365 laying down the multiannual financial framework for the years 2021 to 2027, COM(2021) 365 final, 7.6.2021.

[22] Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty, OJ L 1, 4.1.2003, p. 1.

[23] Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation), OJ L 24, 29.1.2004, p. 1.

[24] Adjustment of the multiannual financial framework in accordance with Article 7 of Council Regulation (EU, Euratom) 2020/2093 lying down the multiannual financial framework for the years 2021 to 2027, COM(2022)80 final, 28.2.2022.

States, and promotes sustainable territorial development (European Regional Development Fund, Cohesion Fund, European Social Fund Plus). It also supports the Union's solidarity and cooperation in preparedness and response to disasters (Union Civil Protection Mechanism and rescEU). In addition, programmes under this heading seek to make the EU more resilient to present and future challenges by investing in the green and digital transition, young people (Erasmus), health (EU4Health) and action to protect EU values (Justice, Rights and Values) and promote cultural diversity (Creative Europe).

This heading includes the RRF, powered by the vast majority of the funding provided by NGEU over the period 2021-2023. Other programmes receiving contributions from NGEU (external assigned revenue) in this heading: REACT-EU, Union Civil Protection Mechanism (rescEU). For a more detailed overview of the RRF activities, consult sections on the NGEU **2.2** and **2.3** of the Financial Highlights of the Year.

Heading 3 – Natural Resources and Environment

Expenditure under this heading invests in sustainable agriculture (common agricultural policy) and fisheries and maritime policy (European Maritime, Fisheries and Aquaculture Fund), as well programmes dedicated to environmental protection and climate action (LIFE programme, Just Transition Fund).

Programmes receiving contributions from NGEU (external assigned revenue) in this heading: rural development, Just Transition Fund.

Heading 4 – Migration and Border Management

The programmes (Asylum, Migration and Integration Fund, Integrated Border Management Fund) and the decentralised agencies (such as the European Border and Coast Guard Agency (Frontex) and the European Union Agency for Asylum) financed under this heading seek to tackle the challenges linked to migration and the management of the EU's external borders and to the safeguarding of the asylum system within the EU.

Heading 5 – Security and Defence

This heading reflects the increased need for cooperation at Union level to address security threats and increase its strategic autonomy. It includes programmes whose role is to improve the security and safety of Europe's citizens (Internal Security Fund), to strengthen Europe's defence capacities (European Defence Fund), and to provide the tools needed to respond to internal and external security challenges.

Heading 6 – Neighbourhood and the World

Programmes under this heading reinforce the EU socio-economic impact in its neighbourhood, in developing countries and the rest of the world. The new NDICI- Global Europe instrument merges several former EU external financing instruments, including cooperation with African, Caribbean and Pacific (ACP) countries previously financed by the European Development Fund. The heading also includes assistance for countries preparing for accession to the EU (Pre-accession assistance) and the Union's Humanitarian Aid programme.

Heading 7 - European Public Administration

This heading covers administrative expenditure for all institutions, pensions and the European Schools.

S - Special instruments

Flexibility mechanisms in the EU budget enable the EU to mobilise the necessary funds to react to unforeseen events such as crisis, natural disasters and emergency situations. Their scope, financial allocation and operating modalities are provided for in the MFF Regulation and the Inter institutional Agreement. They ensure that budgetary resources can respond to evolving priorities, so that every euro is used where it is most needed.

In the annual budgetary nomenclature and implementation, they are identified as special instruments ('S'), as they can be mobilised over and above the MFF expenditure ceilings, both for commitment and payment appropriations.

3.3. MFF DETAILED HEADINGS (PROGRAMMES)

The headings of the MFF are further broken down into detailed headings, corresponding to the main spending programmes (e.g. Horizon 2020, Erasmus+ etc.). Underlying legal bases for budget implementation are adopted at this programme level. Programmes are the commonly used structure for reporting on implementation and results. Tables by programme are available in the budgetary implementation reports (see tables **6.7 - 6.12** below).

3.4. NextGenerationEU

With a budget of EUR 421.1 billion for the non-repayable support (grants), NGEU has a major impact on the total EU annual budgets 2021 through to 2026 and on their implementation. In 2021, this amount has been fully inscribed as assigned revenue appropriations. All commitments for the non-repayable support will be entered by the 31 December 2023 and will be honoured by payments by 31 December 2026, in accordance with the Articles 3(4) and 3(9) of the EURI Regulation[25].

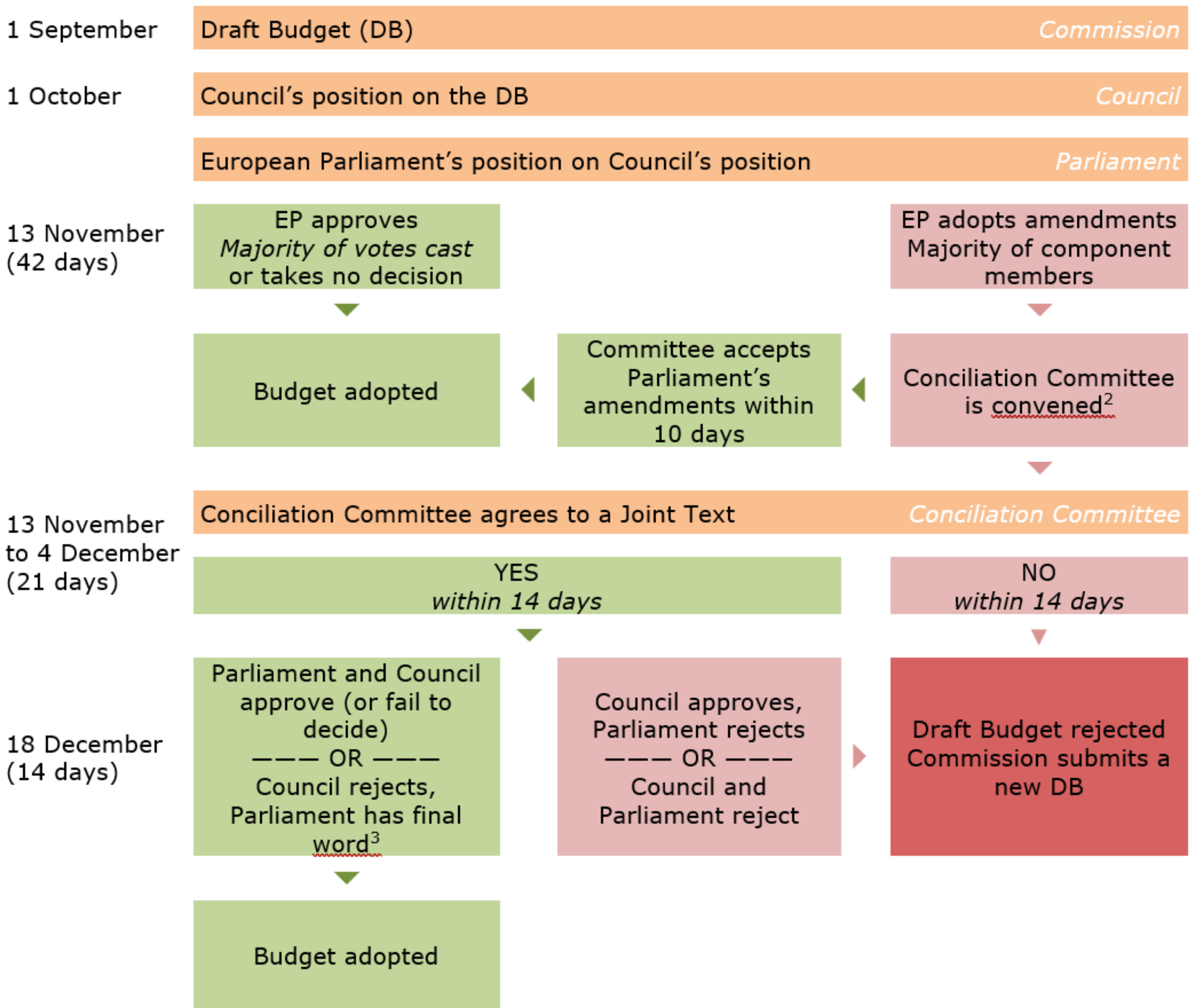
For a comprehensive overview of the NGEU activities, consult sections **2.2** and **2.3** of the Financial Highlights of the Year.

[25] Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis.

3.5. ANNUAL BUDGET

The budget adoption procedure is laid down in Article 314 of the Treaty on the Functioning of the EU. The following diagram presents the deadlines as well as the steps of the budget adoption.

Treaty timetable[1]



1) In practice, the three institutions endeavour to present their respective documents earlier in the year in order to smooth the process.

2) The Conciliation Committee is composed of the members of the Council or their representatives and an equal number of members representing the European Parliament. The Commission takes part in the Conciliation Committee's proceedings and takes all the necessary initiatives to reconcile the positions of the European Parliament and the Council.

3) The European Parliament approves the joint text and then, within 14 days of the Council's rejection, decides (by a majority of its component members and 3/5 of the votes cast) to confirm all or some of its amendments.

The budget structure for the Commission consists of administrative and operational appropriations. The other Institutions have only administrative appropriations. Furthermore, the budget distinguishes between two types of appropriations: non-differentiated and differentiated. Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality). Differentiated appropriations are used in order to reconcile the principle of annuality with the need to manage multiannual operations. Differentiated appropriations are split into commitment and payment appropriations:

- commitment appropriations: cover the total cost of the legal obligations, entered into for the current financial year, for operations extending over a number of years. However, budgetary commitments for actions extending over more than one financial year may be broken down over several years, into annual instalments, where the basic act so provides.

- payment appropriations: cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years.

In the accounts, the types of funding are grouped into two main items:

- Final adopted budget appropriations; and
- Additional appropriations containing:
  - Carry-overs from previous year (the financial regulation allows, for a limited number of cases, to carry unspent amounts from the previous year into the current year); and
  - Assigned revenue arising from reimbursements, contributions from third parties/countries to EU programmes and work performed for third parties; these are assigned directly to the corresponding expenditure budget lines and constitute the third pillar of funding.

All funding types together form the available appropriations.

3.6. REVENUE

3.6.1. Own resources revenue

The vast majority of revenue comes from own resources, which consist of the following categories:

(1) Traditional own resources (TOR): accounted for around 16% of own resources revenue in 2022.

(2) Value added tax (VAT) based resource: accounted for around 13% of own resources revenue in 2022.

(3) Resource based on plastic packaging waste that is not recycled: accounted for around 4% of own resources revenue in 2022.

(4) Gross national income (GNI) based resource: accounted for around 67% of own resources revenue in 2022.

Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the EU (Own Resources Decision 2020) specifies the categories of own resources and lays down the methods for their calculation. This decision entered into force on 1 June 2021 and was applied retroactively from 1 January 2021.

The Own Resources Decision 2020 stipulates that the total amount of own resources allocated to the Union to cover annual appropriations for payments shall not exceed 1.40% of the sum of all the Member States' GNIs. In addition, the decision empowers the Commission on an exceptional basis to borrow temporarily up to EUR 750 billion in 2018 prices on the capital markets on behalf of the Union to address the consequences of the COVID-19 pandemic through the recovery instrument NextGenerationEU. The own resources ceiling for appropriations for payments will be increased temporarily by 0.6 percentage points to cover all liabilities resulting from this borrowing.

As from 2021, 'other revenue' of the EU budget includes the financial contributions from the United Kingdom resulting from the financial settlement under the UK Withdrawal agreement.

3.6.2. Traditional own resources (TOR)

TOR consist of customs duties levied on imports from third countries, which are collected by Member States on behalf of the EU. However, Member States retain 25% to cover their collection costs. All established TOR amounts must be entered in one of the following accounts kept by the competent authorities:

- In the ordinary accounts provided for in Article 6(3) of Council Regulation (EU, Euratom) No 609/2014: all amounts recovered or guaranteed.

- In the separate accounts provided for in the same Article: all amounts not yet recovered and/or not guaranteed; amounts guaranteed but challenged may also be entered in this account.

Member States must book TOR to the Commission's account via their treasury or national central bank no later than the first working day after the 19th day of the second month following the month in which the entitlement was established (or recovered in the case of the separate account).

3.6.3. Value added tax (VAT)

The VAT own resource is calculated based on Member States' VAT bases, which are harmonised for this purpose in accordance with EU rules. A uniform call rate of 0.30% applies to each Member State's total amount of VAT receipts collected for all taxable supplies divided by the weighted average VAT rate. The VAT base is capped at 50% of each Member State's GNI.

3.6.4. Non-recycled plastic packaging waste

A uniform call rate of EUR 0.80 per kilogram applies to the weight of plastic packaging waste generated in each Member State that is not recycled. The plastic packaging waste that is not recycled in a given year is calculated as the difference between the plastic packaging waste generated and the plastic packaging waste recycled in that year in a Member State. Bulgaria, the Czechia, Estonia, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia are entitled to specific annual lump sum reductions in their respective plastics own resource contributions.

3.6.5. Gross national income (GNI)

The resource based on gross national income (GNI) is used to finance that part of the budget that is not covered by other revenue sources. A uniform call rate is levied on each Member State's GNI, which is established in accordance with EU rules.

3.6.6. Gross reduction

For the period 2021-2027, the following Member States benefit from a gross reduction in their annual GNI-based contributions; EUR 565 million for Austria, EUR 377 million for Denmark, EUR 3 671 million for Germany, EUR 1 921 million for the Netherlands and EUR 1 069 million for Sweden. These gross reductions are measured in 2020 prices and financed by all Member States.

3.6.7. Adjustments to own resources of previous financial years

VAT and GNI-based resources are determined on the basis of forecasts of the relevant bases made when the draft budget is prepared. These forecasts are subsequently revised and updated during the budget year concerned, by means of an amending budget. Differences between the amounts due by the Member States with reference to the actual bases, and the amounts actually paid on the basis of the (revised) forecasts, either positive or negative, are called by the Commission from the Member States for the first working day of March of the third year following the budget year concerned. Corrections may still be made to the actual VAT and GNI bases during the subsequent four years, unless a reservation is issued. These reservations represent potential claims on the Member States for uncertain amounts, as their financial impact cannot be accurately estimated. When the exact amount can be determined, the corresponding VAT and GNI-based resources are called either in connection with the VAT and GNI balances exercise or by individual calls for funds.The forecast of the plastics-based own resource is adjusted in a similar way. However, the differences between the amounts due by the Member States according to their annual statements with the outturn data, and the amounts actually paid on the basis of the (revised) forecasts, either positive or negative, are called by the Commission from the Member States for the first working day of June of the third year following the budget year concerned. Corrections may still be made to the actual bases during the subsequent five years, unless a reservation is issued.

3.7. CALCULATION OF THE BUDGET RESULT

The budget result of the EU is returned to the Member States during the following year through deduction of their amounts due for that year.

The amounts of own resources entered in the accounts are those credited during the course of the year to the accounts opened in the Commission's name by the governments of the Member States. Revenue comprises also, in the case of a surplus, the budget result for the previous financial year. The other revenue entered in the accounts is the amount actually received during the course of the year.

For the purposes of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations means payments that are made by the Accounting Officer by 31 December of the financial year. For the EAGF, payments are those effected by the Member States between 16 October N-1 and 15 October N, provided that the Accounting Officer was notified of the commitment and authorisation by 31 January N+1. EAGF expenditure may be subject to a conformity decision following controls in the Member States.

The budget result comprises two elements: the result of the EU and the result of the participation of the EFTA countries belonging to the European Economic Area (EEA). In accordance with Article 1(1) of Regulation No 608/2014 laying down implementing measures for the system of own resources, this result represents the difference between:

- total revenue received for the financial year; and
- total payments made against current year's appropriations plus the total amount of that year's appropriations carried over to the following year.

The following are added to or deducted from the resulting figure:

- the net balance of cancellations of payment appropriations carried over from previous years and any payments which, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year;
- the evolution of assigned revenue; and
- the net exchange rate gains or losses recorded during the year.

Appropriations carried over from the previous financial year in respect of contributions by and work for third parties, which by definition never lapse, are included as additional appropriations for the financial year. This explains the difference between carryovers from the previous year in the year N budget implementation reports and those carried over to the following year in the year N-1 budget implementation reports. Commitment appropriations made available again following the repayment of payments on account are disregarded when calculating the budget result.

Payment appropriations carried over include automatic carry-overs and carry-overs by decision. The cancellation of unused payment appropriations carried over from the previous year comprises the cancellations of appropriations carried over automatically and by decision.

3.8. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2022	2021
ECONOMIC RESULT OF THE YEAR	**(91 949)**	**(42 100)**
Revenue		
Entitlements established in current year but not yet collected	*(5 978)*	*(7 068)*
Entitlements established in previous years and collected in current year	*74 088*	*64 356*
Accrued revenue (net)	*2 072*	*(5 434)*
	70 182	**51 854**
Expenses		
Accrued expenses (net)	*45 648*	*53 108*
Expenses prior year paid in current year	*(2 053)*	*(1 046)*
Net-effect pre-financing	*(21 659)*	*(47 608)*
Payment appropriations carried over to next year	*(2 660)*	*(4 449)*
Payments made from carry-overs & cancellation of unused payment	*3 331*	*(4 047)*
Movement in provisions	*3 650*	*1 032*
Other	*(2 139)*	*(3 577)*
	24 118	**(6 587)**
Economic result Agencies and ECSC i.L.	**168**	**61**
BUDGET RESULT OF THE YEAR	**2 519**	**3 230**

In accordance with the Financial Regulation, the economic result of the year is calculated on the basis of accrual accounting principles and the EU Accounting Rules, while the budget result is based on modified cash accounting rules. As the economic result and the budget result cover the same underlying transactions – the exception being the other (non-budgetary) sources of revenue and expenditure of the agencies and the ECSC in Liquidation which are included in the economic result only – the reconciliation of the economic result of the year with the budget result of the year serves as a useful consistency check.

Reconciling items – Revenue

The actual budgetary revenue for a financial year corresponds to the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years. Therefore the entitlements established in the current year but not yet collected are to be deducted from the economic result for reconciliation purposes as they do not form part of budgetary revenue. On the contrary the entitlements established in previous years and collected in current year must be added to the economic result for reconciliation purposes.

The accrued revenue mainly consists of amounts related to financial corrections, own resources, interests and dividends. Only the net effect, i.e. accrued revenue for current year minus reversal accrued revenue from previous year, is taken into consideration.

Reconciling items – Expenditure

The accrued expenses mainly consists of accruals made for year-end cut-off purposes, i.e. eligible expenses incurred by beneficiaries of EU funds but not yet reported to the Commission. Only the net-effect, i.e. accrued expenses for current year minus the reversal of accrued expenses from the previous year, is taken into consideration. Payments made in the current year relating to invoices registered in prior years are part of current year's budgetary expenditure and therefore must be added to the economic result for reconciliation purposes.

The net effect of pre-financing is the combination of (1) the new pre-financing amounts paid in the current year and recognised as budgetary expenditure of the year and (2) the clearing of the pre-financing through eligible costs accepted during the current year. The latter represent an expense in accrual terms but not in the budgetary accounts since the payment of the initial pre-financing had already been considered as a budgetary expenditure at the time of its payment.

As well as the payments made against the year's appropriations, the appropriations for that year that are carried forward to the next year also need to be taken into account in calculating the budget result for the year (in accordance with Article 1(1) of Regulation (EU, Euratom) No 608/2014). The same applies for the budgetary payments made in the current year from carry-overs from previous years, and the cancellation of unused payment appropriations.

The movement in provisions relates to year-end estimates made in the financial statements (employee benefits mainly) that do not impact the budgetary accounts. Other reconciling amounts comprise different elements such as asset amortisation/depreciation, asset acquisitions, capital lease payments and financial participations for which the budgetary and accrual accounting treatments differ.

Reconciling item – Economic result Agencies and ECSC in Liquidation

The budget result of the year is a non-consolidated figure and does not include the other (non-budgetary) sources of revenue and expenditure of the consolidated agencies and the ECSC i.L. (see note **6**). To reconcile the economic result of the year – a consolidated figure which includes these amounts – with the budgetary result of the year, the whole consolidated economic result of the year of the agencies and the ECSC i.L. is presented as a reconciling item.

4. IMPLEMENTATION OF THE 2022 EU BUDGET

Please see section 3, "Summary of budget implementation" in the Financial Highlights of the Year for explanatory notes on the 2022 budget implementation for revenue and expenditure, outstanding commitments and budget result.

5. IMPLEMENTATION OF EU BUDGET REVENUE

5.1. SUMMARY OF THE IMPLEMENTATION OF EU BUDGET REVENUE

EUR million

Title	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Out-standing
	Initial adopted budget	Final adopted budget	Current year	Carried over	Total	On entitle-ments of current year	On entitle-ments carried over	Total		
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
1 Own resources	157 701	153 928	155 083	2 237	157 320	155 073	686	155 758	101 %	1 562
11 - Sugar levies	*0*	*0*	*(1)*	*(0)*	*(1)*	*(1)*	–	*(1)*	-	*(0)*
12 - Customs duties	*17 913*	*23 765*	*25 181*	*2 237*	*27 419*	*25 171*	686	*25 857*	*109 %*	*1 562*
13 - VAT	*19 071*	*19 714*	*19 666*	–	*19 666*	*19 666*	–	*19 666*	*100 %*	–
14 - GNI	*114 719*	*104 088*	*103 880*	–	*103 880*	*103 880*	–	*103 880*	*100 %*	–
16 - Reduction of GNI-based contribution granted to certain Member States	–	–	*19*	–	*19*	*19*	–	*19*	-	–
17 - Plastic packaging waste	*5 997*	*6 361*	*6 337*	–	*6 337*	*6 337*	–	*6 337*	*100 %*	–
2 Surpluses, balances and adjustments	0	2 980	3 227	7	3 233	3 227	–	3 227	108 %	7
3 Administrative revenue	1 791	1 791	2 581	75	2 656	2 554	53	2 607	146 %	49
4 Financial revenue, default interest and fines	115	454	(226)	16 861	16 635	(949)	1 544	596	131 %	16 039
5 Budgetary guarantees, borrowing-and-lending operations	0	0	62 203	–	62 203	62 203	–	62 203	-	–
6 Revenue, contributions and refunds related to union policies	10 997	10 884	20 402	6 287	26 689	14 952	5 922	20 874	192 %	5 815
Total	**170 603**	**170 038**	**243 269**	**25 467**	**268 736**	**237 059**	**8 205**	**245 265**	**144 %**	**23 471**

6. IMPLEMENTATION OF EU BUDGET EXPENDITURE

6.1. MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS

EUR million

	MFF Heading	**Commitment appropriations**						**Payment appropriations**					
		Budget appropriations			Additional appropriations		**Total approp. available**	Budget appropriations			Additional appropriations		**Total approp. available**
		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
		1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
1	Single Market, Innovation and Digital	21 775	70	21 845	230	10 995	33 071	21 474	(868)	20 606	147	8 625	29 379
2	Cohesion, Resilience and Values	56 039	11 766	67 805	0	257 566	325 372	62 053	1 088	63 140	27	66 487	129 654
	2a. Economic, social and territorial cohesion	*49 709*	*11 605*	*61 314*	*–*	*14 754*	*76 068*	*56 351*	*1 259*	*57 610*	*3*	*17 934*	*75 546*
	2b. Resilience and values	*6 330*	*161*	*6 491*	*0*	*242 812*	*249 303*	*5 702*	*(171)*	*5 531*	*25*	*48 553*	*54 108*
3	Natural Resources and Environment	56 235	446	56 681	686	17 832	75 200	56 602	(820)	55 782	693	2 797	59 271
	of which: Market-related expenditure and direct payments	*40 369*	*(0)*	*40 369*	*686*	*632*	*41 687*	*40 393*	*(37)*	*40 356*	*687*	*632*	*41 674*
4	Migration and Border Management	3 091	319	3 410	2	108	3 520	3 078	294	3 373	27	242	3 642
5	Security and Defence	1 785	28	1 813	–	38	1 851	1 238	(79)	1 159	5	28	1 192
6	Neighbourhood and the World	17 170	500	17 670	2 237	456	20 364	12 916	240	13 156	1 048	698	14 902
7	European Public Administration	10 620	163	10 783	22	1 269	12 075	10 620	163	10 783	1 085	1 281	13 149
	of which: Administrative expenditure of the institutions	*4 421*	*64*	*4 485*	*22*	*534*	*5 041*	*4 421*	*64*	*4 485*	*695*	*544*	*5 724*
O	Outside MFF	–	–	–	–	6 692	6 692	–	–	–	–	6 830	6 830
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 799	(580)	2 219	1 303	10	3 531	2 623	(583)	2 040	1 303	8	3 351
	Total	**169 516**	**12 711**	**182 227**	**4 481**	**294 968**	**481 676**	**170 603**	**(565)**	**170 038**	**4 335**	**86 996**	**261 370**

6.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

	MFF Heading	Total appropr. available	Commitments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1	Single Market, Innovation and Digital	33 071	21 843	230	5 257	27 330	83 %	–	5 738	5 738	2	–	1	3
2	Cohesion, Resilience and Values	325 372	66 644	0	152 263	218 907	67 %	159	105 221	105 381	1 002	–	82	1 084
	2a. Economic, social and territorial cohesion	*76 068*	*60 159*	*–*	*14 473*	*74 632*	*98 %*	*159*	*199*	*359*	*996*	*–*	*82*	*1 078*
	2b. Resilience and values	*249 303*	*6 485*	*0*	*137 790*	*144 275*	*58 %*	*0*	*105 022*	*105 022*	*5*	*–*	*1*	*6*
3	Natural Resources and Environment	75 200	56 070	676	11 396	68 142	91 %	488	6 275	6 763	123	10	161	295
	of which: Market-related expenditure and direct payments	*41 687*	*39 876*	*676*	*629*	*41 182*	*99 %*	*485*	*2*	*488*	*7*	*10*	*0*	*18*
4	Migration and Border Management	3 520	3 395	2	50	3 446	98 %	16	58	74	0	–	0	0
5	Security and Defence	1 851	1 809	–	30	1 840	99 %	3	7	11	0	–	0	1
6	Neighbourhood and the World	20 364	17 633	2 237	283	20 153	99 %	38	173	211	0	0	0	0
7	European Public Administration	12 075	10 733	21	911	11 664	97 %	1	358	359	50	1	1	52
	of which: Administrative expenditure of the institutions	*5 041*	*4 445*	*21*	*384*	*4 850*	*96 %*	*1*	*149*	*150*	*40*	*1*	*0*	*41*
O	Outside MFF	6 692	–	–	3 006	3 006	45 %	–	3 686	3 686	–	–	–	–
S	Solidarity mechanisms within and outside the Union (Special instruments)	3 531	1 299	1 303	–	2 602	74 %	746	3	749	173	–	7	180
	Total	**481 676**	**179 425**	**4 469**	**173 196**	**357 091**	**74 %**	**1 451**	**121 520**	**122 971**	**1 351**	**12**	**252**	**1 614**

6.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

	MFF Heading	Total appropr. available	Payments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1	Single Market, Innovation and Digital	29 379	20 471	132	4 570	25 174	86 %	112	4 052	4 164	23	15	3	41
2	Cohesion, Resilience and Values	129 654	63 055	24	63 491	126 570	98 %	76	2 995	3 071	10	3	1	14
	2a. Economic, social and territorial cohesion	*75 546*	*57 600*	*1*	*15 414*	*73 015*	*97 %*	*3*	*2 520*	*2 523*	*7*	*2*	*0*	*8*
	2b. Resilience and values	*54 108*	*5 455*	*23*	*48 077*	*53 555*	*99 %*	*73*	*475*	*548*	*3*	*2*	*0*	*5*
3	Natural Resources and Environment	59 271	55 198	682	2 396	58 276	98 %	493	401	894	91	11	0	102
	of which: Market-related expenditure and direct payments	*41 674*	*39 846*	*677*	*629*	*41 152*	*99 %*	*486*	*2*	*488*	*24*	*10*	*0*	*34*
4	Migration and Border Management	3 642	3 292	26	49	3 368	92 %	3	193	196	78	0	0	78
5	Security and Defence	1 192	1 130	5	19	1 154	97 %	6	9	15	23	0	0	23
6	Neighbourhood and the World	14 902	13 049	1 032	440	14 521	97 %	93	258	352	13	16	0	30
7	European Public Administration	13 149	9 832	959	792	11 583	88 %	923	485	1 407	50	105	4	158
	of which: Administrative expenditure of the institutions	*5 724*	*3 870*	*598*	*333*	*4 801*	*84 %*	*596*	*208*	*805*	*40*	*76*	*3*	*119*
O	Outside MFF	6 830	–	–	72	72	1 %	–	6 757	6 757	–	–	–	–
S	Solidarity mechanisms within and outside the Union (Special instruments)	3 351	1 294	1 303	5	2 602	78 %	746	3	749	0	–	–	0
	Total	**261 370**	**167 321**	**4 163**	**71 837**	**243 321**	**93 %**	**2 452**	**15 152**	**17 604**	**287**	**151**	**7**	**445**

6.4. MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

MFF Heading	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
	Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1 Single Market, Innovation and Digital	48 717	(733)	(19 163)	28 820	27 330	(6 011)	(10)	21 309	50 130
2 Cohesion, Resilience and Values	209 033	(288)	(89 146)	119 599	218 907	(37 423)	(1)	181 482	301 081
2a. Economic, social and territorial cohesion	*152 840*	*(155)*	*(65 983)*	*86 703*	*74 632*	*(7 032)*	*(1)*	*67 599*	*154 302*
2b. Resilience and values	*56 193*	*(133)*	*(23 163)*	*32 896*	*144 275*	*(30 392)*	*(0)*	*113 883*	*146 779*
3 Natural Resources and Environment	43 691	(98)	(16 091)	27 502	68 142	(42 185)	(0)	25 957	53 459
of which: Market-related expenditure and direct payments	*334*	*(6)*	*(118)*	*210*	*41 182*	*(41 034)*	–	*147*	*357*
4 Migration and Border Management	3 980	(50)	(1 464)	2 465	3 446	(1 903)	–	1 543	4 008
5 Security and Defence	2 397	(21)	(769)	1 607	1 840	(385)	(0)	1 455	3 061
6 Neighbourhood and the World	32 535	(1 205)	(8 701)	22 629	20 153	(5 820)	(0)	14 333	36 962
7 European Public Administration	1 076	(116)	(960)	0	11 664	(10 623)	7	1 048	1 048
of which: Administrative expenditure of the institutions	*684*	*(86)*	*(598)*	–	*4 850*	*(4 203)*	*7*	*654*	*654*
O Outside MFF	147	(9)	(11)	127	3 006	(62)	–	2 944	3 071
S Solidarity mechanisms within and outside the Union (Special instruments)	–	–	–	–	2 602	(2 602)	–	0	0
Total	**341 575**	**(2 520)**	**(136 306)**	**202 749**	**357 091**	**(107 015)**	**(4)**	**250 071**	**452 821**

6.5. MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

		<2016	2016	2017	2018	2019	2020	2021	2022	Total
1	Single Market, Innovation and Digital	634	612	1 364	2 072	5 400	8 895	9 823	21 329	50 130
2	Cohesion, Resilience and Values	2 129	528	6 063	8 997	15 494	25 268	61 090	181 512	301 081
3	Natural Resources and Environment	1 484	1 100	1 017	1 275	2 349	6 638	13 640	25 957	53 459
4	Migration and Border Management	17	26	105	170	559	1 025	562	1 543	4 008
5	Security and Defence	28	9	111	134	204	320	801	1 455	3 061
6	Neighbourhood and the World	1 152	814	1 365	2 492	3 943	4 452	8 411	14 333	36 962
7	European Public Administration	–	–	–	–	0	–	0	1 048	1 048
O	Outside MFF	–	–	–	–	–	0	127	2 944	3 071
S	Solidarity mechanisms within and outside the Union (Special instruments)	–	–	–	–	–	–	–	0	0
	Total	**5 445**	**3 090**	**10 025**	**15 140**	**27 949**	**46 599**	**94 453**	**250 120**	**452 821**

The set-up of the new Commission involved an internal re-organisation of services. Re-allocating the related transactions resulted in a shift of outstanding amount between years. The overall amount of outstanding commitments remains unchanged.

6.6. MFF: OUTSTANDING COMMITMENTS BY APPROPRIATIONS TYPE

EUR million

		From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2022
		Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	
		1	2	3	4	5=1+2+3-4	6	7	8	9	10=6+7+8-9	11=5+10
1	Single Market, Innovation and Digital	41 340	(643)	22 073	20 229	42 541	7 377	(100)	5 257	4 945	7 588	50 130
2	Cohesion, Resilience and Values	95 569	(263)	66 644	63 014	98 937	113 465	(27)	152 263	63 556	202 144	301 081
	2a. Economic, social and territorial cohesion	*91 481*	*(143)*	*60 159*	*57 554*	*93 943*	*61 360*	*(13)*	*14 473*	*15 461*	*60 358*	*154 302*
	2b. Resilience and values	*4 088*	*(120)*	*6 485*	*5 460*	*4 993*	*52 105*	*(14)*	*137 790*	*48 095*	*141 786*	*146 779*
3	Natural Resources and Environment	40 854	(93)	56 746	56 225	41 281	2 837	(5)	11 396	2 051	12 178	53 459
	of which: Market related expenditure and direct payments	*334*	*(6)*	*40 552*	*40 523*	*357*	*–*	*–*	*629*	*629*	*0*	*357*
4	Migration and Border Management	3 760	(49)	3 397	3 297	3 811	219	(2)	50	71	197	4 008
5	Security and Defence	2 364	(21)	1 809	1 128	3 025	33	(0)	30	27	36	3 061
6	Neighbourhood and the World	31 666	(1 181)	19 870	14 079	36 275	869	(24)	283	442	687	36 962
7	European Public Administration	968	(48)	10 754	10 741	932	107	(60)	911	842	116	1 048
	of which: Administrative expenditure of the institutions	*630*	*(22)*	*4 465*	*4 468*	*606*	*53*	*(56)*	*384*	*333*	*48*	*654*
O	Outside MFF			–	–	–	147	(9)	3 006	72	3 071	3 071
S	Solidarity mechanisms within and outside the Union (Special instruments)	–	–	2 602	2 602	0						0
	Total	**216 522**	**(2 298)**	**183 894**	**171 315**	**226 803**	**125 053**	**(227)**	**173 196**	**72 005**	**226 018**	**452 821**

6.7. DETAILED MFF: BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS

EUR million

	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations		Total approp. available
Programme	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
	1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
1 Horizon Europe	12 239	1	12 240	230	5 244	17 714	12 559	(439)	12 120	96	5 961	18 178
Euratom	271	(1)	270	–	80	350	314	(44)	270	25	123	417
Thermonuclear Experimental Reactor (ITER)	710	–	710	–	23	733	668	(107)	561	1	51	613
Other actions	–	–	–	–	690	690	–	–	–	–	371	371
Pilot projects and prep. actions	17	–	17	–	–	17	16	(8)	9	–	–	9
InvestEU Fund	1 197	–	1 197	–	4 677	5 874	1 032	25	1 057	1	1 717	2 775
CEF - Transport	1 758	40	1 799	–	17	1 816	1 886	79	1 966	1	19	1 986
CEF - Energy	800	(3)	797	–	14	811	589	43	632	1	12	646
CEF - Digital	283	(34)	249	–	2	251	257	(124)	133	1	4	138
Digital Europe	1 248	(15)	1 233	–	31	1 264	849	(83)	766	7	21	794
Decentralised agencies	192	14	206	–	13	219	192	(1)	191	–	13	204
Other actions	0	0	0	0	0	0	0	0	0	0	0	0
Pilot projects and prep. actions	7	–	7	–	0	7	26	(5)	21	–	0	21
Actions under prerogatives of Commission	24	(1)	22	–	4	26	23	2	25	–	1	26
Single Market	614	74	688	–	45	733	580	(39)	541	8	57	605
EU Anti-Fraud	24	–	24	–	1	26	31	(3)	28	–	1	29
Taxation	37	–	37	–	4	41	36	(8)	28	0	4	32
Customs	130	–	130	–	8	139	115	(5)	109	0	8	118
Decentralised agencies	120	(4)	116	–	12	128	120	(4)	116	–	12	128
Other actions	10	(0)	10	–	0	10	9	0	9	–	0	9
Pilot projects and prep. actions	17	–	17	–	–	17	13	(6)	8	–	–	8
European Space Programme	2 008	–	2 008	–	127	2 135	2 088	(135)	1 953	5	248	2 206

EUR million

	Programme	Commitment appropriations						Payment appropriations					
		Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations		Total approp. available
		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
		1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
	Decentralised agencies	68	–	68	–	2	70	68	(5)	64	–	2	65
	Pilot projects & preparatory actions	0	0	0	0	0	0	0	0	0	0	0	0
	Total Heading 1: Single Market, Innovation and Digital	21 775	70	21 845	230	10 995	33 071	21 474	(868)	20 606	147	8 625	29 379
2	Regional Development (ERDF) *	30 174	7 255	37 429	–	7 983	45 412	29 597	2 583	32 181	1	11 625	43 807
	Cohesion Fund	4 865	1 581	6 446	–	657	7 102	11 162	(1 675)	9 488	0	745	10 233
	Cohesion Fund contrib. to CEF-Transport	1 494	–	1 494	–	12	1 507	1 851	–	1 851	–	4	1 855
	Pilot projects and prep. actions	3	–	3	–	0	3	3	(0)	3	–	0	3
	European Social Fund Plus (ESF+) *	13 174	2 769	15 943	–	6 102	22 045	13 736	350	14 087	2	5 559	19 647
	Support to Turkish-Cypriot Community	34	–	34	–	1	35	37	6	42	0	0	43
	European Recovery and Resilience	119	–	119	–	239 943	240 062	112	(14)	98	2	47 196	47 296
	Pericles IV	1	–	1	–	0	1	1	(0)	1	–	0	1
	EU Recovery	145	(71)	74	–	1	75	145	(71)	74	2	1	76
	RescEU	101	253	354	0	1 959	2 313	187	62	249	–	329	578
	EU4Health	840	(0)	839	–	22	861	353	(163)	190	4	10	204
	Emergency support within the Union (ESI)	–	–	–	–	377	377	8	126	134	–	377	512
	Decentralised agencies	291	(6)	284	–	42	327	276	(6)	270	–	42	311
	Pilot projects and prep. actions	–	–	–	–	–	–	–	1	1	–	–	1
	Actions under prerogatives of Commission	12	2	14	–	–	14	11	2	12	–	–	12
	Employment and Social Innovation	106	(19)	88	–	11	99	87	(0)	87	2	11	100
	Erasmus+	3 402	4	3 406	–	394	3 800	3 301	(20)	3 281	8	519	3 807
	European Solidarity Corps (ESC)	141	–	141	–	20	161	116	16	132	4	22	158
	Creative Europe	407	–	407	–	19	426	400	(88)	313	2	22	337
	Justice	44	–	44	–	9	53	38	1	39	1	10	49
	Rights and Values	215	–	215	–	2	217	170	(17)	154	1	2	157
	Decentralised agencies	246	(2)	245	–	4	249	238	(3)	235	–	4	239

EUR million

	Programme	Commitment appropriations						Payment appropriations					
		Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations		Total approp. available
		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
		1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
	Other actions	9	–	9	–	3	11	7	(1)	6	–	3	9
	Pilot projects and prep. actions	35	–	35	–	0	36	52	(4)	48	–	0	48
	Actions under prerogatives of Commission	183	–	183	–	5	187	164	1	165	–	4	169
	Total Heading 2: Cohesion, Resilience and Values	56 039	11 766	67 805	0	257 566	325 372	62 053	1 088	63 140	27	66 487	129 654
3	Agricultural Guarantees	40 369	0	40 369	686	632	41 687	40 393	(37)	40 356	687	632	41 674
	Other progr. of Natural Resources and Environment	0	0	0	0	0	0	0	0	0	0	0	0
	Agricultural Fund for Rural Development	12 728	–	12 728	–	6 072	18 800	14 680	(775)	13 905	0	1 623	15 528
	Maritime and Fisheries	972	162	1 134	–	76	1 210	732	3	736	1	183	919
	Fisheries (SFPA and RFMO)	159	0	159	–	–	159	166	(7)	159	–	–	159
	Decentralised agencies	29	–	29	–	1	30	29	–	29	–	1	30
	Pilot projects and prep. actions	1	–	1	–	–	1	6	(1)	5	–	–	5
	Environment and Climate (LIFE)	756	–	756	–	10	765	529	(1)	528	5	8	542
	Just Transition Fund	1 160	283	1 443	–	10 867	12 310	1	0	1	–	175	177
	Loan facility under Just Transition Mechanism	–	–	–	–	167	167	–	–	–	–	167	167
	Decentralised agencies	54	–	54	–	7	61	54	–	54	–	7	61
	Pilot projects and prep. actions	8	–	8	–	0	8	11	(2)	9	–	0	9
	Total Heading 3: Natural Resources and Environment	56 235	446	56 681	686	17 832	75 200	56 602	(820)	55 782	693	2 797	59 271
4	Asylum, Migration and Integration	1 119	279	1 399	2	10	1 411	1 292	194	1 486	26	9	1 521
	Decentralised agencies	154	12	166	–	26	192	154	6	160	–	26	186
	Pilot projects and prep. actions	–	–	–	–	0	0	–	–	–	–	0	0
	Border Mngmt. (IBMF) - Border mngmt and visa	671	85	756	–	8	764	511	135	646	1	143	790
	Border Mngmt. (IBMF) - Customs equipment	138	–	138	–	–	138	136	1	137	0	–	137
	Decentralised agencies	1 009	(57)	952	–	64	1 016	986	(42)	944	–	64	1 008

EUR million

	Programme	Commitment appropriations: Budget appropriations: Initial adopted budget	Commitment appropriations: Budget appropriations: Amending budgets & transfers	Commitment appropriations: Budget appropriations: Final adopted budget	Commitment appropriations: Additional appropriations: Carry-overs	Commitment appropriations: Additional appropriations: Assigned revenue	Commitment appropriations: Total approp. available	Payment appropriations: Budget appropriations: Initial adopted budget	Payment appropriations: Budget appropriations: Amending budgets & transfers	Payment appropriations: Budget appropriations: Final adopted budget	Payment appropriations: Additional appropriations: Carry-overs	Payment appropriations: Additional appropriations: Assigned revenue	Payment appropriations: Total approp. available
		1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
	Total Heading 4: Migration and Border Management	3 091	319	3 410	2	108	3 520	3 078	294	3 373	27	242	3 642
5	Internal Security Fund (ISF)	227	27	254	–	5	259	241	(28)	213	1	5	219
	Nuclear decommissioning	99	–	99	–	–	99	40	(3)	37	–	–	37
	Nuclear Safety and decommissioning	44	–	44	–	1	45	65	(24)	41	2	1	44
	Decentralised agencies	216	1	217	–	10	226	216	1	217	–	10	226
	Pilot projects and prep. actions	–	–	–	–	–	–	0	–	0	–	–	0
	Actions under prerogatives of Commission	22	–	22	–	0	22	21	–	21	–	0	21
	European Defence (Research)	318	–	318	–	7	326	178	(18)	160	1	4	165
	European Defence (Non Research)	627	–	627	–	15	642	379	(23)	356	1	8	364
	Military Mobility	232	–	232	–	–	232	98	16	114	1	–	115
	Pilot projects and prep. actions	–	–	–	–	–	–	–	–	–	–	–	–
	Total Heading 5: Security and Defence	1 785	28	1 813	–	38	1 851	1 238	(79)	1 159	5	28	1 192
6	Neighbourhood, Developm. and Intl. Cooperation	12 717	(94)	12 622	1 864	258	14 744	7 892	451	8 343	990	307	9 640
	Instrument for Nuclear Safety (EINS)	39	–	39	0	3	42	33	(16)	16	1	3	20
	Humanitarian Aid (HUMA)	1 806	636	2 442	39	24	2 505	2 092	306	2 398	45	24	2 467
	Common Foreign and Security Policy (CFSP)	362	–	362	–	25	387	334	50	384	0	25	409
	Overseas Countries and Territories (OCT)	69	–	69	4	–	73	52	(22)	30	1	–	31
	Other actions	72	(22)	50	–	1	51	47	(7)	40	–	1	41
	Pilot projects and prep. actions	–	–	–	–	–	–	–	0	0	–	–	0
	Actions under prerogatives of Commission	95	–	95	–	1	95	95	(1)	94	–	0	95
	Pre-Accession Assistance (IPA III)	2 012	(19)	1 992	331	145	2 468	2 372	(521)	1 851	11	338	2 200
	Pilot projects and prep. actions	0	0	0	0	0	0	0	0	0	0	0	0
	Total Heading 6: Neighbourhood and the World	17 170	500	17 670	2 237	456	20 364	12 916	240	13 156	1 048	698	14 902

EUR million

Programme	Commitment appropriations: Budget appropriations: Initial adopted budget	Commitment appropriations: Budget appropriations: Amending budgets & transfers	Commitment appropriations: Budget appropriations: Final adopted budget	Commitment appropriations: Additional appropriations: Carry-overs	Commitment appropriations: Additional appropriations: Assigned revenue	Commitment appropriations: Total approp. available	Payment appropriations: Budget appropriations: Initial adopted budget	Payment appropriations: Budget appropriations: Amending budgets & transfers	Payment appropriations: Budget appropriations: Final adopted budget	Payment appropriations: Additional appropriations: Carry-overs	Payment appropriations: Additional appropriations: Assigned revenue	Payment appropriations: Total approp. available
	1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
7 Staff Pensions	2 086	77	2 162	–	236	2 398	2 086	77	2 162	–	236	2 398
(Pensions former Members) EP	11	1	12	–	–	12	11	1	12	–	–	12
(Pensions former Members) ECC	1	–	1	–	–	1	1	–	1	–	–	1
(Pensions former Members) Commission	8	–	8	–	–	8	8	–	8	–	–	8
(Pensions former Members) CJEU	13	0	13	–	–	13	13	0	13	–	–	13
(Pensions former Members) ECA	6	–	6	–	–	6	6	–	6	–	–	6
(Pensions former Members) Ombudsman	0	0	0	–	–	0	0	0	0	–	–	0
(Pensions former Members) EDPS	0	0	0	–	–	0	0	0	0	–	–	0
European schools	207	9	215	–	25	240	207	9	215	2	25	242
Remuneration statutory staff	2 625	3	2 629	–	91	2 719	2 625	3	2 629	0	91	2 719
Remuneration external staff	253	8	261	–	71	332	253	8	261	39	71	371
Members - Salaries and allowances	14	1	15	–	0	15	14	1	15	2	0	17
Members - Temporary allowances	3	(0)	2	–	–	2	3	(0)	2	–	–	2
Recruitment costs	30	1	31	–	1	33	30	1	31	2	1	35
Termination of service	8	0	9	–	–	9	8	0	9	–	–	9
Training costs	18	(0)	17	–	6	23	18	(0)	17	12	6	36
Social and Mobility	22	(1)	22	–	28	50	22	(1)	22	14	29	64
Information and comm. technology	252	3	255	–	106	362	252	3	255	163	106	525
Rents and purchases	310	(21)	289	–	49	337	310	(21)	289	18	49	356
Linked to buildings	106	25	131	–	32	164	106	25	131	51	32	215
Security	66	(2)	64	–	15	79	66	(2)	64	32	15	111
Mission and representation	51	(1)	50	–	4	53	51	(1)	50	12	4	65
Meetings, committees, conference	26	(13)	13	–	2	15	26	(13)	13	4	2	20
Official journal	3	(1)	2	–	–	2	3	(1)	2	1	–	3
Publications	10	3	13	–	3	17	10	3	13	7	3	24
Acquisition of information	4	(0)	4	–	0	4	4	(0)	4	2	0	6

EUR million

	Programme	Commitment appropriations: Budget appropriations: Initial adopted budget	Commitment appropriations: Budget appropriations: Amending budgets & transfers	Commitment appropriations: Budget appropriations: Final adopted budget	Commitment appropriations: Additional appropriations: Carry-overs	Commitment appropriations: Additional appropriations: Assigned revenue	Commitment appropriations: Total approp. available	Payment appropriations: Budget appropriations: Initial adopted budget	Payment appropriations: Budget appropriations: Amending budgets & transfers	Payment appropriations: Budget appropriations: Final adopted budget	Payment appropriations: Additional appropriations: Carry-overs	Payment appropriations: Additional appropriations: Assigned revenue	Payment appropriations: Total approp. available
		1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
	Studies and investigations	4	(1)	3	–	0	3	4	(1)	3	4	0	8
	General equipment, vehicle, furniture	17	4	20	–	12	32	17	4	20	13	12	44
	Linguistic external services	27	4	31	–	41	72	27	4	31	4	41	76
	Other administrative expenditure	18	(1)	17	–	14	31	18	(1)	17	8	14	38
	Pilot projects and prep. actions	–	–	–	–	–	–	0	(0)	0	–	–	0
	Administrative expenditure of Other Institutions	4 421	64	4 485	22	534	5 041	4 421	64	4 485	695	544	5 724
	Total Heading 7: European Public Administration	10 620	163	10 783	22	1 269	12 075	10 620	163	10 783	1 085	1 281	13 149
O	Innovation Fund (IF)	–	–	–	–	6 570	6 570	–	–	–	–	6 705	6 705
	Other actions	–	–	–	–	122	122	–	–	–	–	124	124
	Total Heading O: Outside MFF	–	–	–	–	6 692	6 692	–	–	–	–	6 830	6 830
S	Solidarity and Emergency Aid (SEAR)	1 299	(580)	718	12	1	732	1 299	(580)	718	12	1	732
	European Globalisation Adjustment (EGF)	201	–	201	–	8	210	25	(2)	23	–	7	30
	Brexit Adjustment Reserve	1 299	–	1 299	1 291	–	2 590	1 299	–	1 299	1 291	–	2 590
	Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)	2 799	(580)	2 219	1 303	10	3 531	2 623	(583)	2 040	1 303	8	3 351
	Total	**169 516**	**12 711**	**182 227**	**4 481**	**294 968**	**481 676**	**170 603**	**(565)**	**170 038**	**4 335**	**86 996**	**261 370**

* This MFF programme includes the complementary financial envelope from the NextGenerationEU for the REACT-EU package. Please consult the chapter 1.1 Multiannual Financial Framework 2021-2027 of the Notes to the Budgetary Implementation Reports. The paragraph on Heading 2 details the contribution of this MFF programme to the REACT-EU package.

6.8. DETAILED MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

	Programme	Total appropr. available	Commitments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1	Horizon Europe	17 714	12 239	230	2 840	15 309	86 %	–	2 404	2 404	1	–	0	1
	Euratom	350	270	–	26	296	85 %	–	54	54	–	–	0	0
	Thermonuclear Experimental Reactor (ITER)	733	710	–	16	726	99 %	–	7	7	0	–	–	0
	Other actions	690	–	–	61	61	9 %	–	629	629	–	–	–	–
	Pilot projects and prep. actions	17	17	–	–	17	100 %	–	–	–	–	–	–	–
	InvestEU Fund	5 874	1 197	–	2 151	3 348	57 %	–	2 526	2 526	0	–	–	0
	CEF - Transport	1 816	1 799	–	2	1 801	99 %	–	15	15	0	–	–	0
	CEF - Energy	811	797	–	4	801	99 %	–	10	10	0	–	–	0
	CEF - Digital	251	249	–	–	249	99 %	–	2	2	0	–	–	0
	Digital Europe	1 264	1 233	–	31	1 264	100 %	–	–	–	0	–	0	0
	Decentralised agencies	219	206	–	10	216	98 %	–	4	4	–	–	–	–
	Other actions	0	0	0	0	0	-	0	0	0	0	0	0	0
	Pilot projects and prep. actions	7	7	–	–	7	97 %	–	0	0	0	–	–	0
	Actions under prerogatives of Commission	26	22	–	3	25	96 %	–	1	1	0	–	–	0
	Single Market	733	688	–	21	709	97 %	–	24	24	0	–	0	0
	EU Anti-Fraud	26	24	–	0	25	96 %	–	1	1	0	–	1	1
	Taxation	41	37	–	1	38	93 %	–	3	3	0	–	–	0
	Customs	139	130	–	4	134	97 %	–	4	4	0	–	–	0
	Decentralised agencies	128	116	–	7	123	96 %	–	5	5	0	–	–	0
	Other actions	10	10	–	0	10	100 %	–	0	0	–	–	–	–
	Pilot projects and prep. actions	17	17	–	–	17	100 %	–	–	–	0	–	–	0
	European Space Programme	2 135	2 008	–	77	2 086	98 %	–	50	50	–	–	–	–
	Decentralised agencies	70	68	–	2	70	100 %	–	–	–	–	–	–	–
	Pilot projects & preparatory actions	0	0	0	0	0	-	0	0	0	0	0	0	0

EUR million

Programme	Total appropr. available	Commitments made					Appropriations carried over to 2023			Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
Total Heading 1: Single Market, Innovation and Digital	33 071	21 843	230	5 257	27 330	83 %	–	5 738	5 738	2	–	1	3
2 Regional Development (ERDF) *	45 412	36 556	–	7 799	44 355	98 %	151	155	306	722	–	29	751
Cohesion Fund	7 102	6 220	–	601	6 822	96 %	–	11	11	225	–	44	270
Cohesion Fund contrib. to CEF-Transport	1 507	1 494	–	12	1 507	100 %	–	0	0	–	–	0	0
Pilot projects and prep. actions	3	3	–	–	3	99 %	–	–	–	–	–	0	0
European Social Fund Plus (ESF+) *	22 045	15 886	–	6 060	21 946	100 %	8	33	41	49	–	9	58
Support to Turkish-Cypriot Community	35	34	–	1	35	100 %	–	0	0	0	–	(0)	0
European Recovery and Resilience	240 062	119	–	136 396	136 515	57 %	–	103 547	103 547	0	–	0	0
Pericles IV	1	1	–	0	1	97 %	–	0	0	0	–	–	0
EU Recovery	75	74	–	0	74	99 %	–	1	1	–	–	–	–
RescEU	2 313	354	0	760	1 114	48 %	0	1 198	1 199	0	–	–	0
EU4Health	861	839	–	21	860	100 %	–	1	1	0	–	(0)	0
Emergency support within the Union (ESI)	377	–	–	343	343	91 %	–	35	35	–	–	0	0
Decentralised agencies	327	284	–	15	299	92 %	–	27	27	–	–	–	–
Pilot projects and prep. actions	–	–	–	–	–	-	–	–	–	–	–	–	–
Actions under prerogatives of Commission	14	13	–	–	13	96 %	–	–	–	1	–	–	1
Employment and Social Innovation	99	86	–	3	90	90 %	–	7	7	2	–	1	2
Erasmus+	3 800	3 406	–	211	3 617	95 %	–	183	183	–	–	0	0
European Solidarity Corps (ESC)	161	141	–	13	155	96 %	–	6	6	–	–	–	–
Creative Europe	426	407	–	13	419	98 %	–	6	6	–	–	–	–
Justice	53	44	–	6	49	94 %	–	3	3	–	–	–	–
Rights and Values	217	215	–	1	216	99 %	–	1	1	0	–	–	0
Decentralised agencies	249	245	–	3	247	99 %	–	2	2	–	–	–	–
Other actions	11	8	–	1	9	78 %	–	2	2	1	–	–	1

EUR million

	Programme	Total appropr. available	Commitments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
	Pilot projects and prep. actions	36	35	–	–	35	98 %	–	0	0	0	–	–	0
	Actions under prerogatives of Commission	187	181	–	3	184	98 %	–	2	2	2	–	–	2
	Total Heading 2: Cohesion, Resilience and Values	325 372	66 644	0	152 263	218 907	67 %	159	105 221	105 381	1 002	–	82	1 084
3	Agricultural Guarantees	41 687	39 876	676	629	41 182	99 %	485	2	488	7	10	0	18
	Other progr. of Natural Resources and Environment	0	0	0	0	0	-	0	0	0	0	0	0	0
	Agricultural Fund for Rural Development	18 800	12 728	–	5 689	18 416	98 %	–	222	222	0	–	161	161
	Maritime and Fisheries	1 210	1 131	–	75	1 206	100 %	3	1	4	0	–	0	0
	Fisheries (SFPA and RFMO)	159	159	–	–	159	100 %	–	–	–	0	–	–	0
	Decentralised agencies	30	29	–	1	29	98 %	–	1	1	–	–	–	–
	Pilot projects and prep. actions	1	1	–	–	1	100 %	–	–	–	–	–	–	–
	Environment and Climate (LIFE)	765	755	–	3	758	99 %	–	7	7	0	–	0	0
	Just Transition Fund	12 310	1 327	–	4 982	6 309	51 %	–	5 885	5 885	116	–	–	116
	Loan facility under Just Transition Mechanism	167	–	–	11	11	7 %	–	156	156	–	–	–	–
	Decentralised agencies	61	54	–	7	61	100 %	–	0	0	–	–	0	0
	Pilot projects and prep. actions	8	8	–	–	8	99 %	–	0	0	0	–	–	0
	Total Heading 3: Natural Resources and Environment	75 200	56 070	676	11 396	68 142	91 %	488	6 275	6 763	123	10	161	295
4	Asylum, Migration and Integration	1 411	1 391	2	9	1 401	99 %	8	2	10	0	–	–	0
	Decentralised agencies	192	166	–	18	184	96 %	–	8	8	–	–	0	0
	Pilot projects and prep. actions	0	–	–	–	–	–	–	0	0	–	–	0	0
	Border Mngmt. (IBMF) - Border mngmt and visa	764	748	–	8	756	99 %	8	0	8	0	–	0	0
	Border Mngmt. (IBMF) - Customs equipment	138	138	–	–	138	100 %	–	–	–	–	–	–	–
	Decentralised agencies	1 016	952	–	16	967	95 %	–	48	48	–	–	0	0
	Total Heading 4: Migration and Border Management	3 520	3 395	2	50	3 446	98 %	16	58	74	0	–	0	0

EUR million

	Programme	Total appropr. available	Commitments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
5	Internal Security Fund (ISF)	259	251	–	4	255	98 %	3	1	5	0	–	(0)	0
	Nuclear decommissioning	99	99	–	–	99	100 %	–	–	–	–	–	–	–
	Nuclear Safety and decommissioning	45	44	–	0	44	99 %	–	0	0	0	–	0	0
	Decentralised agencies	226	217	–	4	221	98 %	–	6	6	–	–	0	0
	Pilot projects and prep. actions	–	–	–	–	–	-	–	–	–	–	–	–	–
	Actions under prerogatives of Commission	22	22	–	0	22	99 %	–	0	0	0	–	0	0
	European Defence (Research)	326	318	–	7	326	100 %	–	–	–	–	–	–	–
	European Defence (Non Research)	642	627	–	15	642	100 %	–	–	–	–	–	–	–
	Military Mobility	232	232	–	–	232	100 %	–	–	–	–	–	–	–
	Pilot projects and prep. actions	–	–	–	–	–	-	–	–	–	–	–	–	–
	Total Heading 5: Security and Defence	1 851	1 809	–	30	1 840	99 %	3	7	11	0	–	0	1
6	Neighbourhood, Developm. and Intl. Cooperation	14 744	12 589	1 864	146	14 598	99 %	34	113	146	(0)	0	0	0
	Instrument for Nuclear Safety (EINS)	42	39	0	2	41	98 %	0	1	1	(0)	0	–	0
	Humanitarian Aid (HUMA)	2 505	2 442	39	16	2 497	100 %	–	7	7	–	–	–	–
	Common Foreign and Security Policy (CFSP)	387	362	–	25	387	100 %	–	0	0	0	–	(0)	0
	Overseas Countries and Territories (OCT)	73	68	4	–	72	99 %	1	–	1	(0)	0	–	0
	Other actions	51	50	–	–	50	99 %	–	1	1	0	–	–	0
	Pilot projects and prep. actions	–	–	–	–	–	-	–	–	–	–	–	–	–
	Actions under prerogatives of Commission	95	95	–	0	95	100 %	–	0	0	0	–	–	0
	Pre-Accession Assistance (IPA III)	2 468	1 989	331	94	2 413	98 %	4	51	55	(0)	0	–	0
	Pilot projects and prep. actions	0	0	0	0	0	-	0	0	0	0	0	0	0
	Total Heading 6: Neighbourhood and the World	20 364	17 633	2 237	283	20 153	99 %	38	173	211	0	0	0	0
7	Staff Pensions	2 398	2 162	–	236	2 398	100 %	–	–	–	–	–	–	–

EUR million

Programme	Total appropr. available	Commitments made					Appropriations carried over to 2023			Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
(Pensions former Members) EP	12	12	–	–	12	100 %	–	–	–	–	–	–	–
(Pensions former Members) ECC	1	1	–	–	1	100 %	–	–	–	–	–	–	–
(Pensions former Members) Commission	8	8	–	–	8	100 %	–	–	–	–	–	–	–
(Pensions former Members) CJEU	13	13	–	–	13	100 %	–	–	–	–	–	–	–
(Pensions former Members) ECA	6	6	–	–	6	100 %	–	–	–	–	–	–	–
(Pensions former Members) Ombudsman	0	0	–	–	0	100 %	–	–	–	–	–	–	–
(Pensions former Members) EDPS	0	0	–	–	0	100 %	–	–	–	–	–	–	–
European schools	240	215	–	19	235	98 %	–	6	6	0	–	–	0
Remuneration statutory staff	2 719	2 629	–	36	2 665	98 %	–	55	55	0	–	–	0
Remuneration external staff	332	253	–	33	286	86 %	–	38	38	8	–	0	8
Members - Salaries and allowances	15	15	–	0	15	100 %	–	0	0	0	–	(0)	0
Members - Temporary allowances	2	2	–	–	2	100 %	–	–	–	0	–	–	0
Recruitment costs	33	31	–	0	32	97 %	–	1	1	0	–	–	0
Termination of service	9	9	–	–	9	100 %	–	–	–	0	–	–	0
Training costs	23	17	–	3	21	89 %	–	2	2	0	–	0	0
Social and Mobility	50	22	–	17	39	78 %	–	11	11	0	–	0	0
Information and comm. technology	362	255	–	59	314	87 %	–	47	47	0	–	0	0
Rents and purchases	337	289	–	34	323	96 %	–	14	14	0	–	–	0
Linked to buildings	164	131	–	21	152	93 %	–	12	12	0	–	–	0
Security	79	64	–	12	76	96 %	–	3	3	0	–	0	0
Mission and representation	53	50	–	2	51	96 %	–	2	2	0	–	0	0
Meetings, committees, conference	15	12	–	1	13	86 %	–	1	1	1	–	0	1
Official journal	2	2	–	–	2	100 %	–	–	–	–	–	–	–
Publications	17	13	–	3	16	95 %	–	1	1	0	–	0	0

EUR million

	Programme	**Total appropr. available**	**Commitments made** from final adopted budget	from carry-overs	from assigned revenue	Total	%	**Appropriations carried over to 2023** from final adopted budget	from assigned revenue	Total	**Appropriations lapsing** from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
	Acquisition of information	4	4	–	0	4	99 %	–	0	0	0	–	–	0
	Studies and investigations	3	3	–	0	3	96 %	–	0	0	0	–	0	0
	General equipment, vehicle, furniture	32	20	–	5	25	79 %	–	7	7	0	–	–	0
	Linguistic external services	72	31	–	33	64	89 %	–	8	8	0	–	0	0
	Other administrative expenditure	31	17	–	11	28	93 %	–	2	2	0	–	0	0
	Pilot projects and prep. actions	–	–	–	–	–	-	–	–	–	–	–	–	–
	Administrative expenditure of Other Institutions	5 041	4 445	21	384	4 850	96 %	1	149	150	40	1	0	41
	Total Heading 7: European Public Administration	12 075	10 733	21	911	11 664	97 %	1	358	359	50	1	1	52
O	Innovation Fund (IF)	6 570	–	–	2 953	2 953	45 %	–	3 617	3 617	–	–	–	–
	Other actions	122	–	–	53	53	43 %	–	69	69	–	–	–	–
	Total Heading O: Outside MFF	6 692	–	–	3 006	3 006	45 %	–	3 686	3 686	–	–	–	–
S	Solidarity and Emergency Aid (SEAR)	732	18	12	–	30	4 %	700	1	702	–	–	–	–
	European Globalisation Adjustment (EGF)	210	28	–	–	28	13 %	–	1	1	173	–	7	180
	Brexit Adjustment Reserve	2 590	1 253	1 291	–	2 544	98 %	46	–	46	–	–	–	–
	Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)	3 531	1 299	1 303	–	2 602	74 %	746	3	749	173	–	7	180
	Total	**481 676**	**179 425**	**4 469**	**173 196**	**357 091**	**74 %**	**1 451**	**121 520**	**122 971**	**1 351**	**12**	**252**	**1 614**

* This MFF programme includes the complementary financial envelope from the NextGenerationEU for the REACT-EU package. Please consult the chapter 1.1 Multiannual Financial Framework 2021-2027 of the Notes to the Budgetary Implementation Reports. The paragraph on Heading 2 details the contribution of this MFF programme to the REACT-EU package.

6.9. DETAILED MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

	Programme	Total appropr. available	Payments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budge	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1	Horizon Europe	18 178	12 048	87	2 698	14 834	82 %	71	3 260	3 331	1	9	2	12
	Euratom	417	253	21	12	286	68 %	16	111	127	1	4	0	4
	Thermonuclear Experimental Reactor (ITER)	613	560	1	44	605	99 %	1	7	8	0	0	–	0
	Other actions	371	–	–	64	64	17 %	–	306	306	–	–	–	–
	Pilot projects and prep. actions	9	8	–	–	8	90 %	–	–	–	1	–	–	1
	InvestEU Fund	2 775	1 057	1	1 605	2 663	96 %	0	112	112	0	–	0	0
	CEF - Transport	1 986	1 965	1	8	1 974	99 %	0	11	11	0	0	–	0
	CEF - Energy	646	630	1	12	643	100 %	2	0	2	0	0	(0)	0
	CEF - Digital	138	132	1	4	137	99 %	0	1	1	0	0	–	0
	Digital Europe	794	754	7	21	782	98 %	9	–	9	3	0	0	3
	Decentralised agencies	204	191	–	10	201	98 %	–	4	4	–	–	–	–
	Other actions	0	0	0	0	0	-	0	0	0	0	0	0	0
	Pilot projects and prep. actions	21	14	–	–	14	67 %	–	0	0	7	–	–	7
	Actions under prerogatives of Commission	26	24	–	0	25	95 %	–	1	1	0	–	–	0
	Single Market	605	533	7	19	560	92 %	6	37	43	1	1	0	3
	EU Anti-Fraud	29	22	–	1	23	78 %	–	1	1	6	–	–	6
	Taxation	32	27	0	1	28	87 %	0	3	3	1	0	–	1
	Customs	118	109	0	4	113	96 %	0	4	4	0	–	–	0
	Decentralised agencies	128	116	–	7	123	96 %	–	5	5	0	–	–	0
	Other actions	9	9	–	0	9	96 %	–	0	0	0	–	–	0

EUR million

	Programme	Total appropr. available	Payments made: from final adopted budget	Payments made: from carry-overs	Payments made: from assigned revenue	Payments made: Total	Payments made: %	Appropriations carried over to 2023: from final adopted budget	Appropriations carried over to 2023: from assigned revenue	Appropriations carried over to 2023: Total	Appropriations lapsing: from final adopted budge	Appropriations lapsing: from carry-overs	Appropriations lapsing: from assigned revenue	Appropriations lapsing: Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
	Pilot projects and prep. actions	8	7	–	–	7	91 %	–	–	–	1	–	–	1
	European Space Programme	2 206	1 948	5	59	2 012	91 %	5	189	193	0	1	0	1
	Decentralised agencies	65	64	–	2	65	100 %	–	–	–	–	–	–	–
	Pilot projects & preparatory actions	0	0	0	0	0	-	0	0	0	0	0	0	0
	Total Heading 1: Single Market, Innovation and Digital	29 379	20 471	132	4 570	25 174	86 %	112	4 052	4 164	23	15	3	41
2	Regional Development (ERDF) *	43 807	32 175	1	10 283	42 459	97 %	1	1 342	1 343	5	0	(0)	5
	Cohesion Fund	10 233	9 487	0	521	10 009	98 %	0	224	224	0	0	–	0
	Cohesion Fund contrib. to CEF-Transport	1 855	1 851	–	4	1 855	100 %	–	0	0	0	–	0	0
	Pilot projects and prep. actions	3	2	–	0	2	69 %	–	–	–	1	–	–	1
	European Social Fund Plus (ESF+) *	19 647	14 084	0	4 606	18 690	95 %	2	953	956	0	1	0	1
	Support to Turkish-Cypriot Community	43	42	0	0	42	98 %	1	0	1	0	0	0	0
	European Recovery and Resilience	47 296	96	1	47 178	47 275	100 %	2	18	20	0	0	0	0
	Pericles IV	1	1	–	0	1	81 %	–	0	0	0	–	–	0
	EU Recovery	76	45	2	0	47	61 %	29	1	30	–	0	–	0
	RescEU	578	233	–	320	553	96 %	16	8	25	(0)	–	0	0
	EU4Health	204	186	3	9	198	97 %	4	1	4	0	1	0	1
	Emergency support within the Union (ESI)	512	134	–	324	458	90 %	–	53	53	0	–	0	0
	Decentralised agencies	311	270	–	15	284	91 %	–	27	27	0	–	–	0
	Pilot projects and prep. actions	1	1	–	–	1	100 %	–	–	–	–	–	–	–
	Actions under prerogatives of Commission	12	11	–	–	11	95 %	–	–	–	1	–	–	1

EUR million

	Programme	**Total appropr. available**	**Payments made**					**Appropriations carried over to 2023**			**Appropriations lapsing**			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budge	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
	Employment and Social Innovation	100	85	2	4	91	91 %	1	7	9	0	0	0	1
	Erasmus+	3 807	3 269	8	198	3 474	91 %	13	321	333	0	0	0	0
	European Solidarity Corps (ESC)	158	128	4	2	134	84 %	4	21	25	0	0	0	0
	Creative Europe	337	310	2	13	325	96 %	2	9	11	(0)	0	0	0
	Justice	49	38	1	9	48	97 %	1	1	1	0	0	(0)	0
	Rights and Values	157	153	1	1	154	98 %	1	1	2	0	0	–	0
	Decentralised agencies	239	235	–	3	237	99 %	–	2	2	0	–	0	0
	Other actions	9	6	–	1	7	82 %	–	2	2	0	–	–	0
	Pilot projects and prep. actions	48	48	–	–	48	99 %	–	0	0	0	–	–	0
	Actions under prerogatives of Commission	169	164	–	2	166	98 %	–	3	3	1	–	–	1
	Total Heading 2: Cohesion, Resilience and Values	129 654	63 055	24	63 491	126 570	98 %	76	2 995	3 071	10	3	1	14
3	Agricultural Guarantees	41 674	39 846	677	629	41 152	99 %	486	2	488	24	10	0	34
	Other progr. of Natural Resources and Environment	0	0	0	0	0	-	0	0	0	0	0	0	0
	Agricultural Fund for Rural Development	15 528	13 839	0	1 406	15 244	98 %	0	217	217	67	0	–	67
	Maritime and Fisheries	919	734	1	183	918	100 %	1	0	1	0	0	(0)	0
	Fisheries (SFPA and RFMO)	159	159	–	–	159	100 %	–	–	–	–	–	–	–
	Decentralised agencies	30	29	–	1	29	98 %	–	1	1	–	–	–	–
	Pilot projects and prep. actions	5	5	–	–	5	100 %	–	–	–	–	–	–	–
	Environment and Climate (LIFE)	542	522	5	3	530	98 %	6	6	12	0	0	0	0
	Just Transition Fund	177	1	–	167	169	95 %	–	8	8	–	–	(0)	(0)

EUR million

	Programme	Total appropr. available	Payments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budge	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
	Loan facility under Just Transition Mechanism	167	–	–	1	1	1 %	–	166	166	–	–	–	–
	Decentralised agencies	61	54	–	7	61	100 %	–	0	0	–	–	0	0
	Pilot projects and prep. actions	9	9	–	–	9	99 %	–	0	0	0	–	–	0
	Total Heading 3: Natural Resources and Environment	59 271	55 198	682	2 396	58 276	98 %	493	401	894	91	11	0	102
4	Asylum, Migration and Integration	1 521	1 449	25	5	1 480	97 %	2	4	6	35	0	–	36
	Decentralised agencies	186	148	–	18	166	89 %	–	8	8	12	–	0	12
	Pilot projects and prep. actions	0	–	–	–	–	–	–	0	0	–	–	0	0
	Border Mngmt. (IBMF) - Border mngmt and visa	790	630	1	10	641	81 %	1	133	134	15	0	–	15
	Border Mngmt. (IBMF) - Customs equipment	137	137	0	–	137	100 %	0	–	0	0	–	–	0
	Decentralised agencies	1 008	928	–	16	944	94 %	–	48	48	16	–	0	16
	Total Heading 4: Migration and Border Management	3 642	3 292	26	49	3 368	92 %	3	193	196	78	0	0	78
5	Internal Security Fund (ISF)	219	192	1	2	196	89 %	1	3	4	19	0	–	19
	Nuclear decommissioning	37	37	–	–	37	100 %	–	–	–	0	–	–	0
	Nuclear Safety and decommissioning	44	39	2	1	41	94 %	2	0	2	0	0	–	1
	Decentralised agencies	226	217	–	4	221	98 %	–	6	6	–	–	0	0
	Pilot projects and prep. actions	0	–	–	–	–	–	–	–	–	0	–	–	0
	Actions under prerogatives of Commission	21	18	–	0	18	87 %	–	0	0	3	–	–	3
	European Defence (Research)	165	158	1	4	163	99 %	1	–	1	(0)	0	0	0
	European Defence (Non Research)	364	355	1	8	364	100 %	1	–	1	(0)	0	–	0

EUR million

	Programme	Total appropr. available	Payments made					Appropriations carried over to 2023			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budge	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
	Military Mobility	115	114	1	–	114	100 %	0	–	0	0	–	–	0
	Pilot projects and prep. actions	–	–	–	–	–	-	–	–	–	–	–	–	–
	Total Heading 5: Security and Defence	1 192	1 130	5	19	1 154	97 %	6	9	15	23	0	0	23
6	Neighbourhood, Developm. and Intl. Cooperation	9 640	8 275	977	149	9 400	98 %	68	159	226	0	13	0	13
	Instrument for Nuclear Safety (EINS)	20	16	1	3	19	97 %	1	–	1	0	0	–	0
	Humanitarian Aid (HUMA)	2 467	2 391	45	10	2 446	99 %	7	14	21	(0)	0	–	0
	Common Foreign and Security Policy (CFSP)	409	383	0	25	408	100 %	0	0	1	0	0	0	0
	Overseas Countries and Territories (OCT)	31	29	1	–	30	96 %	1	–	1	0	0	–	0
	Other actions	41	35	–	–	35	84 %	–	1	1	6	–	–	6
	Pilot projects and prep. actions	0	0	–	–	0	66 %	–	–	–	0	–	–	0
	Actions under prerogatives of Commission	95	93	–	0	93	98 %	–	0	0	2	–	–	2
	Pre-Accession Assistance (IPA III)	2 200	1 829	8	253	2 090	95 %	17	85	101	6	2	–	8
	Pilot projects and prep. actions	0	0	0	0	0	-	0	0	0	0	0	0	0
	Total Heading 6: Neighbourhood and the World	14 902	13 049	1 032	440	14 521	97 %	93	258	352	13	16	0	30
7	Staff Pensions	2 398	2 162	–	236	2 398	100 %	–	0	0	–	–	(0)	(0)
	(Pensions former Members) EP	12	12	–	–	12	100 %	–	–	–	–	–	–	–
	(Pensions former Members) ECC	1	1	–	–	1	100 %	–	–	–	–	–	–	–
	(Pensions former Members) Commission	8	8	–	–	8	100 %	–	–	–	–	–	–	–
	(Pensions former	13	13	–	–	13	100 %	–	–	–	–	–	–	–

EUR million

Programme	Total appropr. available	Payments made					Appropriations carried over to 2023			Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budge	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
Members) CJEU													
(Pensions former Members) ECA	6	6	–	–	6	100 %	–	–	–	–	–	–	–
(Pensions former Members) Ombudsman	0	0	–	–	0	100 %	–	–	–	–	–	–	–
(Pensions former Members) EDPS	0	0	–	–	0	100 %	–	–	–	–	–	–	–
European schools	242	215	2	18	236	97 %	0	6	6	0	–	(0)	0
Remuneration statutory staff	2 719	2 629	–	36	2 665	98 %	0	55	55	0	0	–	0
Remuneration external staff	371	210	35	32	277	75 %	42	39	81	8	4	0	13
Members - Salaries and allowances	17	15	1	0	16	90 %	0	0	0	0	1	(0)	1
Members - Temporary allowances	2	2	–	–	2	100 %	–	–	–	0	–	–	0
Recruitment costs	35	28	2	0	30	87 %	3	1	4	0	0	–	0
Termination of service	9	9	–	–	9	100 %	–	–	–	0	–	–	0
Training costs	36	8	11	2	20	57 %	9	4	13	0	2	0	2
Social and Mobility	64	13	12	10	35	55 %	9	19	27	0	2	0	2
Information and comm. technology	525	129	160	30	319	61 %	126	76	202	0	4	0	4
Rents and purchases	356	289	18	33	340	95 %	0	16	16	0	0	–	0
Linked to buildings	215	71	49	12	132	62 %	60	21	81	0	2	–	2
Security	111	38	30	5	73	66 %	26	11	36	0	1	–	1
Mission and representation	65	38	4	1	44	67 %	11	2	13	0	8	0	8
Meetings, committees, conference	20	5	1	1	7	36 %	7	2	9	1	3	0	4
Official journal	3	2	1	–	2	84 %	0	–	0	–	0	–	0
Publications	24	8	7	2	17	68 %	6	2	8	0	0	0	0
Acquisition of information	6	3	2	0	4	71 %	2	0	2	0	0	–	0

EUR million

	Programme	Total appropr. available	Payments made: from final adopted budget	Payments made: from carry-overs	Payments made: from assigned revenue	Payments made: Total	Payments made: %	Appropriations carried over to 2023: from final adopted budget	Appropriations carried over to 2023: from assigned revenue	Appropriations carried over to 2023: Total	Appropriations lapsing: from final adopted budge	Appropriations lapsing: from carry-overs	Appropriations lapsing: from assigned revenue	Appropriations lapsing: Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
	Studies and investigations	8	1	4	–	5	63 %	3	0	3	0	0	0	0
	General equipment, vehicle, furniture	44	6	12	3	22	49 %	14	8	22	0	1	–	1
	Linguistic external services	76	27	4	31	63	82 %	4	9	13	0	0	0	1
	Other administrative expenditure	38	12	7	8	27	71 %	5	6	11	0	1	0	1
	Pilot projects and prep. actions	0	0	–	–	0	91 %	–	–	–	0	–	–	0
	Administrative expenditure of Other Institutions	5 724	3 870	598	333	4 801	84 %	596	208	805	40	76	3	119
	Total Heading 7: European Public Administration	13 149	9 832	959	792	11 583	88 %	923	485	1 407	50	105	4	158
O	Innovation Fund (IF)	6 705	–	–	21	21	0 %	–	6 685	6 685	–	–	–	–
	Other actions	124	–	–	52	52	42 %	–	72	72	–	–	–	–
	Total Heading O: Outside MFF	6 830	–	–	72	72	1 %	–	6 757	6 757	–	–	–	–
S	Solidarity and Emergency Aid (SEAR)	732	18	12	–	30	4 %	700	1	702	–	–	–	–
	European Globalisation Adjustment (EGF)	30	22	–	5	28	94 %	0	1	2	0	–	–	0
	Brexit Adjustment Reserve	2 590	1 253	1 291	–	2 544	98 %	46	–	46	–	–	–	–
	Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)	3 351	1 294	1 303	5	2 602	78 %	746	3	749	0	–	–	0
	Total	**261 370**	**167 321**	**4 163**	**71 837**	**243 321**	**93 %**	**2 452**	**15 152**	**17 604**	**287**	**151**	**7**	**445**

* This MFF programme includes the complementary financial envelope from the NextGenerationEU for the REACT-EU package. Please consult the chapter 1.1 Multiannual Financial Framework 2021-2027 of the Notes to the Budgetary Implementation Reports. The paragraph on Heading 2 details the contribution of this MFF programme to the REACT-EU package.

6.10. DETAILED MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

	Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
		Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1	Horizon Europe	27 571	(385)	(11 472)	15 714	15 309	(3 362)	(9)	11 939	27 653
	Euratom	317	(24)	(103)	191	296	(183)	(0)	112	303
	Thermonuclear Experimental Reactor (ITER)	1 313	(0)	(518)	795	726	(86)	(1)	639	1 433
	Other actions	106	(8)	(44)	54	61	(20)	–	41	95
	Pilot projects and prep. actions	22	(1)	(8)	13	17	(0)	–	17	30
	InvestEU Fund	4 053	(30)	(2 368)	1 655	3 348	(295)	–	3 053	4 708
	CEF - Transport	7 183	(147)	(1 956)	5 079	1 801	(18)	–	1 783	6 862
	CEF - Energy	3 904	(68)	(640)	3 197	801	(3)	–	798	3 994
	CEF - Digital	436	(5)	(133)	298	249	(4)	–	245	543
	Digital Europe	1 140	(0)	(523)	616	1 264	(258)	–	1 006	1 622
	Decentralised agencies	36	–	(36)	–	216	(165)	–	51	51
	Other actions	0	0	0	0	0	0	0	0	0
	Pilot projects and prep. actions	52	(1)	(13)	38	7	(2)	–	5	43
	Actions under prerogatives of Commission	41	(2)	(21)	17	25	(3)	–	22	39
	Single Market	950	(54)	(418)	478	709	(141)	(0)	567	1 045
	EU Anti-Fraud	33	(0)	(18)	15	25	(5)	–	19	34
	Taxation	33	(1)	(20)	12	38	(8)	–	30	42
	Customs	122	(3)	(89)	31	134	(24)	–	110	141
	Decentralised agencies	–	–	–	–	123	(123)	–	0	0
	Other actions	6	(0)	(4)	2	10	(5)	–	5	7
	Pilot projects and prep. actions	16	(1)	(7)	8	17	(0)	–	17	25
	European Space Programme	1 369	(4)	(757)	608	2 086	(1 254)	–	831	1 439

EUR million

	Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
		Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
	Decentralised agencies	15	–	(15)	–	70	(50)	–	20	20
	Pilot projects & preparatory actions	0	0	0	0	0	0	0	0	0
	Total Heading 1: Single Market, Innovation and Digital	48 717	(733)	(19 163)	28 820	27 330	(6 011)	(10)	21 309	50 130
2	Regional Development (ERDF) *	84 149	(86)	(37 813)	46 250	44 355	(4 645)	(0)	39 710	85 960
	Cohesion Fund	18 402	(16)	(9 327)	9 059	6 822	(682)	(0)	6 140	15 198
	Cohesion Fund contrib. to CEF-Transport	7 026	(29)	(1 844)	5 152	1 507	(11)	–	1 496	6 648
	Pilot projects and prep. actions	7	(1)	(2)	4	3	–	–	3	6
	European Social Fund Plus (ESF+) *	43 257	(23)	(16 996)	26 238	21 946	(1 694)	(0)	20 252	46 489
	Support to Turkish-Cypriot Community	117	(2)	(40)	75	35	(3)	(0)	32	107
	European Recovery and Resilience	51 801	(4)	(21 231)	30 566	136 515	(26 045)	–	110 470	141 037
	Pericles IV	1	(0)	(0)	1	1	(0)	–	0	1
	EU Recovery	2	(0)	(2)	–	74	(45)	–	29	29
	RescEU	596	(8)	(164)	425	1 114	(389)	(0)	725	1 150
	EU4Health	412	(11)	(108)	293	860	(90)	–	770	1 063
	Emergency support within the Union (ESI)	191	(14)	(135)	43	343	(324)	–	19	62
	Decentralised agencies	20	–	–	20	299	(284)	–	15	35
	Pilot projects and prep. actions	1	(0)	(1)	0	–	–	–	–	0
	Actions under prerogatives of Commission	9	(0)	(7)	1	13	(4)	–	9	10
	Employment and Social Innovation	187	(12)	(73)	102	90	(18)	–	72	174
	Erasmus+	1 765	(37)	(887)	840	3 617	(2 587)	–	1 030	1 870
	European Solidarity Corps (ESC)	148	(3)	(36)	109	155	(98)	–	57	166
	Creative Europe	400	(12)	(216)	173	419	(109)	–	310	483
	Justice	75	(13)	(20)	41	49	(27)	–	22	63

EUR million

	Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
		Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
	Rights and Values	156	(5)	(73)	78	216	(82)	–	134	213
	Decentralised agencies	33	(2)	(3)	28	247	(235)	–	13	41
	Other actions	10	(0)	(6)	4	9	(1)	–	8	12
	Pilot projects and prep. actions	83	(2)	(47)	34	35	(1)	–	34	68
	Actions under prerogatives of Commission	187	(8)	(115)	63	184	(50)	–	134	197
	Total Heading 2: Cohesion, Resilience and Values	209 033	(288)	(89 146)	119 599	218 907	(37 423)	(1)	181 482	301 081
3	Agricultural Guarantees	334	(6)	(118)	210	41 182	(41 034)	–	147	357
	Other progr. of Natural Resources and Environment	0	0	0	0	0	0	0	0	0
	Agricultural Fund for Rural Development	38 215	(17)	(14 599)	23 598	18 416	(645)	(0)	17 771	41 369
	Maritime and Fisheries	2 922	(38)	(849)	2 035	1 206	(68)	(0)	1 138	3 173
	Fisheries (SFPA and RFMO)	23	–	(14)	10	159	(145)	–	14	24
	Decentralised agencies	–	–	–	–	29	(29)	–	–	–
	Pilot projects and prep. actions	9	(0)	(5)	4	1	–	–	1	5
	Environment and Climate (LIFE)	2 154	(29)	(495)	1 629	758	(34)	–	724	2 353
	Just Transition Fund	8	(5)	(1)	1	6 309	(168)	–	6 142	6 143
	Loan facility under Just Transition Mechanism	–	–	–	–	11	(1)	–	10	10
	Decentralised agencies	3	–	(3)	1	61	(58)	–	3	3
	Pilot projects and prep. actions	24	(2)	(8)	14	8	(1)	–	7	21
	Total Heading 3: Natural Resources and Environment	43 691	(98)	(16 091)	27 502	68 142	(42 185)	(0)	25 957	53 459
4	Asylum, Migration and Integration	2 363	(19)	(861)	1 482	1 401	(618)	–	783	2 265
	Decentralised agencies	20	(20)	–	–	184	(166)	–	18	18
	Pilot projects and prep. actions	0	(0)	–	–	–	–	–	–	–
	Border Mngmt. (IBMF) - Border mngmt and visa	1 141	(11)	(313)	817	756	(329)	–	427	1 244

EUR million

	Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
		Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
	Border Mngmt. (IBMF) - Customs equipment	135	–	(63)	72	138	(73)	–	65	137
	Decentralised agencies	321	(0)	(227)	94	967	(717)	–	250	344
	Total Heading 4: Migration and Border Management	3 980	(50)	(1 464)	2 465	3 446	(1 903)	–	1 543	4 008
5	Internal Security Fund (ISF)	360	(16)	(124)	221	255	(72)	–	183	403
	Nuclear decommissioning	377	–	(37)	340	99	–	–	99	439
	Nuclear Safety and decommissioning	315	(2)	(35)	278	44	(6)	–	38	316
	Decentralised agencies	0	(0)	–	–	221	(221)	–	–	–
	Pilot projects and prep. actions	1	–	–	1	–	–	–	–	1
	Actions under prerogatives of Commission	24	(2)	(12)	10	22	(7)	–	15	25
	European Defence (Research)	329	(0)	(159)	170	326	(4)	(0)	321	492
	European Defence (Non Research)	762	(1)	(290)	472	642	(74)	–	568	1 040
	Military Mobility	226	–	(113)	113	232	(1)	–	230	343
	Pilot projects and prep. actions	2	–	–	2	–	–	–	–	2
	Total Heading 5: Security and Defence	2 397	(21)	(769)	1 607	1 840	(385)	(0)	1 455	3 061
6	Neighbourhood, Developm. and Intl. Cooperation	23 453	(1 023)	(6 082)	16 349	14 598	(3 319)	(0)	11 279	27 629
	Instrument for Nuclear Safety (EINS)	128	(8)	(17)	103	41	(2)	–	39	142
	Humanitarian Aid (HUMA)	1 084	(7)	(655)	422	2 497	(1 791)	(0)	706	1 128
	Common Foreign and Security Policy (CFSP)	178	(20)	(79)	79	387	(329)	–	58	136
	Overseas Countries and Territories (OCT)	65	(0)	(29)	36	72	(1)	–	71	107
	Other actions	0	(0)	–	0	50	(35)	–	15	16
	Pilot projects and prep. actions	2	(0)	(0)	1	–	–	–	–	1
	Actions under prerogatives of Commission	154	(8)	(67)	79	95	(26)	–	69	148
	Pre-Accession Assistance (IPA III)	7 471	(139)	(1 773)	5 559	2 413	(318)	–	2 096	7 655

EUR million

	Programme	Commitments outstanding at the end of previous year				Commitments of the current year				
		Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	Total commitm. outstanding at the end of the year
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
	Pilot projects and prep. actions	0	0	0	0	0	0	0	0	0
	Total Heading 6: Neighbourhood and the World	32 535	(1 205)	(8 701)	22 629	20 153	(5 820)	(0)	14 333	36 962
7	Staff Pensions	–	–	–	–	2 398	(2 398)	–	0	0
	(Pensions former Members) EP	–	–	–	–	12	(12)	–	–	–
	(Pensions former Members) ECC	–	–	–	–	1	(1)	–	–	–
	(Pensions former Members) Commission	–	–	–	–	8	(8)	–	–	–
	(Pensions former Members) CJEU	–	–	–	–	13	(13)	–	–	–
	(Pensions former Members) ECA	–	–	–	–	6	(6)	–	–	–
	(Pensions former Members) Ombudsman	–	–	–	–	0	(0)	–	–	–
	(Pensions former Members) EDPS	–	–	–	–	0	(0)	–	–	–
	European schools	2	–	(2)	–	235	(234)	–	1	1
	Remuneration statutory staff	0	(0)	–	–	2 665	(2 665)	(0)	0	0
	Remuneration external staff	39	(4)	(35)	–	286	(242)	(0)	43	43
	Members - Salaries and allowances	2	(1)	(1)	–	15	(15)	–	0	0
	Members - Temporary allowances	–	–	–	–	2	(2)	–	–	–
	Recruitment costs	2	(0)	(2)	–	32	(28)	–	4	4
	Termination of service	–	–	–	–	9	(9)	–	–	–
	Training costs	12	(2)	(11)	–	21	(10)	–	11	11
	Social and Mobility	15	(3)	(13)	0	39	(23)	–	16	16
	Information and comm. technology	163	(4)	(160)	–	314	(159)	–	155	155
	Rents and purchases	18	(0)	(18)	–	323	(321)	–	2	2
	Linked to buildings	51	(2)	(49)	–	152	(83)	–	69	69
	Security	32	(1)	(30)	–	76	(43)	–	33	33
	Mission and representation	12	(8)	(4)	–	51	(40)	–	11	11

EUR million

	Programme	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at the end of the year
		Commitm. carried forward from previous year	Decommitm./ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried over	Commitm. outstanding at year-end	
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
	Meetings, committees, conference	4	(3)	(1)	–	13	(6)	–	7	7
	Official journal	1	(0)	(1)	–	2	(2)	–	0	0
	Publications	7	(0)	(7)	–	16	(9)	–	7	7
	Acquisition of information	2	(0)	(2)	–	4	(3)	–	2	2
	Studies and investigations	4	(0)	(4)	–	3	(1)	–	3	3
	General equipment, vehicle, furniture	13	(1)	(12)	–	25	(10)	–	15	15
	Linguistic external services	4	(0)	(4)	–	64	(59)	–	5	5
	Other administrative expenditure	8	(1)	(7)	–	28	(20)	–	8	8
	Pilot projects and prep. actions	0	(0)	(0)	0	–	–	–	–	0
	Administrative expenditure of Other Institutions	684	(86)	(598)	–	4 850	(4 203)	7	654	654
	Total Heading 7: European Public Administration	1 076	(116)	(960)	0	11 664	(10 623)	7	1 048	1 048
O	Innovation Fund (IF)	138	(3)	(10)	125	2 953	(10)	–	2 943	3 068
	Other actions	8	(7)	(0)	2	53	(52)	–	1	3
	Total Heading O: Outside MFF	147	(9)	(11)	127	3 006	(62)	–	2 944	3 071
S	Solidarity and Emergency Aid (SEAR)	–	–	–	–	30	(30)	–	–	–
	European Globalisation Adjustment (EGF)	–	–	–	–	28	(28)	–	0	0
	Brexit Adjustment Reserve	–	–	–	–	2 544	(2 544)	–	–	–
	Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)	–	–	–	–	2 602	(2 602)	–	0	0
	Total	**341 575**	**(2 520)**	**(136 306)**	**202 749**	**357 091**	**(107 015)**	**(4)**	**250 071**	**452 821**

* This MFF programme includes the complementary financial envelope from the NextGenerationEU for the REACT-EU package. Please consult the chapter 1.1 Multiannual Financial Framework 2021-2027 of the Notes to the Budgetary Implementation Reports. The paragraph on Heading 2 details the contribution of this MFF programme to the REACT-EU package.

6.11. DETAILED MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

	Programme	<2016	2016	2017	2018	2019	2020	2021	2022	Total
1	Horizon Europe	384	388	716	1 267	2 475	4 668	5 814	11 941	27 653
	Euratom	24	3	2	22	32	74	34	112	303
	Thermonuclear Experimental Reactor (ITER)	–	–	–	–	–	296	498	639	1 433
	Other actions	0	–	1	6	10	13	24	41	95
	Pilot projects and prep. actions	–	–	0	1	3	2	8	17	30
	InvestEU Fund	155	98	131	111	157	241	762	3 053	4 708
	CEF - Transport	6	109	99	308	1 664	1 975	918	1 783	6 862
	CEF - Energy	35	3	390	270	890	1 057	552	798	3 994
	CEF - Digital	2	2	5	24	23	34	208	245	543
	Digital Europe	–	–	0	0	0	0	615	1 006	1 622
	Decentralised agencies	–	–	–	–	–	–	–	51	51
	Other actions	0	0	0	0	0	0	0	0	0
	Pilot projects and prep. actions	–	–	–	0	2	22	14	5	43
	Actions under prerogatives of Commission	–	–	–	0	1	2	14	22	39
	Single Market	28	10	20	25	65	96	217	585	1 045
	EU Anti-Fraud	0	–	0	1	1	5	8	19	34
	Taxation	–	–	–	0	0	2	10	30	42
	Customs	–	–	0	0	0	2	28	110	141
	Decentralised agencies	–	–	–	–	–	–	–	0	0
	Other actions	–	–	–	–	–	–	2	5	7
	Pilot projects and prep. actions	–	–	0	0	1	4	3	17	25
	European Space Programme	–	–	1	37	74	402	94	831	1 439
	Decentralised agencies	–	–	–	–	–	–	–	20	20
	Pilot projects & preparatory actions	0	0	0	0	0	0	0	0	0
	Total Heading 1: Single Market, Innovation and Digital	634	612	1 364	2 072	5 400	8 895	9 823	21 329	50 130
2	Regional Development (ERDF)	1 204	17	3 059	4 663	8 258	14 118	14 931	39 710	85 960
	Cohesion Fund	167	–	1 046	1 594	2 598	2 451	1 203	6 140	15 198
	Cohesion Fund contrib. to CEF-Transport	293	355	577	598	1 234	1 600	495	1 496	6 648
	Pilot projects and prep. actions	–	–	0	1	–	2	1	3	6
	European Social Fund Plus (ESF+)	458	135	1 356	2 060	3 147	6 355	12 725	20 252	46 489
	Support to Turkish-Cypriot Community	3	14	2	3	11	16	24	32	107
	European Recovery and Resilience	–	–	0	0	3	9	30 554	110 470	141 037

EUR million

	Programme	<2016	2016	2017	2018	2019	2020	2021	2022	Total
	Pericles IV	–	–	–	–	0	0	0	0	1
	EU Recovery	–	–	–	–	–	–	–	29	29
	RescEU	–	0	1	2	16	191	215	725	1 150
	EU4Health	0	0	2	6	15	22	218	799	1 063
	Emergency support within the Union (ESI)	–	–	–	–	–	20	22	19	62
	Decentralised agencies	–	–	1	4	1	4	9	15	35
	Pilot projects and prep. actions	–	0	–	–	–	–	–	–	0
	Actions under prerogatives of Commission	–	–	–	–	0	0	1	9	10
	Employment and Social Innovation	1	1	2	3	19	26	50	72	174
	Erasmus+	0	1	1	34	121	312	372	1 030	1 870
	European Solidarity Corps (ESC)	2	–	0	8	31	36	31	57	166
	Creative Europe	–	–	0	5	13	43	111	310	483
	Justice	0	–	7	5	6	8	15	22	63
	Rights and Values	–	4	5	5	9	21	33	134	213
	Decentralised agencies	–	–	–	–	–	1	27	13	41
	Other actions	0	–	–	0	0	1	3	8	12
	Pilot projects and prep. actions	–	0	–	1	5	13	15	34	68
	Actions under prerogatives of Commission	1	0	1	3	7	18	34	134	197
	Total Heading 2: Cohesion, Resilience and Values	2 129	528	6 063	8 997	15 494	25 268	61 090	181 512	301 081
3	Agricultural Guarantees	–	–	–	16	39	59	96	147	357
	Other progr. of Natural Resources and Environment	0	0	0	0	0	0	0	0	0
	Agricultural Fund for Rural Development	1 332	1 042	783	784	1 388	5 383	12 887	17 771	41 369
	Maritime and Fisheries	56	1	137	174	650	856	163	1 138	3 173
	Fisheries (SFPA and RFMO)	–	–	1	–	–	2	7	14	24
	Decentralised agencies	–	–	–	–	–	–	–	–	–
	Pilot projects and prep. actions	–	–	–	1	2	1	–	1	5
	Environment and Climate (LIFE)	96	58	96	300	270	326	484	724	2 353
	Just Transition Fund	–	–	–	–	–	–	1	6 142	6 143
	Loan facility under Just Transition Mechanism	–	–	–	–	–	–	–	10	10
	Decentralised agencies	–	–	–	–	–	–	1	3	3
	Pilot projects and prep. actions	–	0	0	1	0	11	2	7	21
	Total Heading 3: Natural Resources and Environment	1 484	1 100	1 017	1 275	2 349	6 638	13 640	25 957	53 459
4	Asylum, Migration and Integration	–	17	98	135	316	645	272	783	2 265
	Decentralised agencies	–	–	–	–	–	–	–	18	18
	Pilot projects and prep. actions	–	–	–	–	–	–	–	–	–

EUR million

	Programme	<2016	2016	2017	2018	2019	2020	2021	2022	Total
	Border Mngmt. (IBMF) - Border mngmt and visa	17	9	8	36	243	381	124	427	1 244
	Border Mngmt. (IBMF) - Customs equipment	–	–	–	–	–	–	72	65	137
	Decentralised agencies	–	–	–	–	–	–	94	250	344
	Total Heading 4: Migration and Border Management	17	26	105	170	559	1 025	562	1 543	4 008
5	Internal Security Fund (ISF)	1	1	20	25	47	95	32	183	403
	Nuclear decommissioning	2	8	63	64	64	66	73	99	439
	Nuclear Safety and decommissioning	25	1	27	44	49	85	48	38	316
	Decentralised agencies	–	–	–	–	–	–	–	–	–
	Pilot projects and prep. actions	–	–	–	–	–	1	–	–	1
	Actions under prerogatives of Commission	0	0	0	0	0	2	6	15	25
	European Defence (Research)	–	–	–	–	–	–	170	321	492
	European Defence (Non Research)	–	–	–	–	42	71	359	568	1 040
	Military Mobility	–	–	–	–	–	–	113	230	343
	Pilot projects and prep. actions	–	–	–	0	1	–	–	–	2
	Total Heading 5: Security and Defence	28	9	111	134	204	320	801	1 455	3 061
6	Neighbourhood, Developm. and Intl. Cooperation	803	589	1 010	1 757	2 325	3 356	6 509	11 279	27 629
	Instrument for Nuclear Safety (EINS)	2	3	8	19	16	25	30	39	142
	Humanitarian Aid (HUMA)	0	0	0	1	26	55	341	706	1 128
	Common Foreign and Security Policy (CFSP)	–	0	2	2	18	24	33	58	136
	Overseas Countries and Territories (OCT)	–	–	–	–	3	–	33	71	107
	Other actions	–	–	–	–	–	–	0	15	16
	Pilot projects and prep. actions	1	0	0	0	0	–	–	–	1
	Actions under prerogatives of Commission	0	–	1	1	7	25	44	69	148
	Pre-Accession Assistance (IPA III)	346	222	343	712	1 549	968	1 421	2 096	7 655
	Pilot projects and prep. actions	0	0	0	0	0	0	0	0	0
	Total Heading 6: Neighbourhood and the World	1 152	814	1 365	2 492	3 943	4 452	8 411	14 333	36 962
7	Staff Pensions	–	–	–	–	–	–	–	0	0
	(Pensions former Members) EP	–	–	–	–	–	–	–	–	–
	(Pensions former Members) ECC	–	–	–	–	–	–	–	–	–
	(Pensions former Members) Commission	–	–	–	–	–	–	–	–	–
	(Pensions former Members) CJEU	–	–	–	–	–	–	–	–	–
	(Pensions former Members) ECA	–	–	–	–	–	–	–	–	–
	(Pensions former Members) Ombudsman	–	–	–	–	–	–	–	–	–
	(Pensions former Members) EDPS	–	–	–	–	–	–	–	–	–
	European schools	–	–	–	–	–	–	–	1	1

EUR million

	Programme	<2016	2016	2017	2018	2019	2020	2021	2022	Total
	Remuneration statutory staff	–	–	–	–	–	–	–	0	0
	Remuneration external staff	–	–	–	–	–	–	–	43	43
	Members - Salaries and allowances	–	–	–	–	–	–	–	0	0
	Members - Temporary allowances	–	–	–	–	–	–	–	–	–
	Recruitment costs	–	–	–	–	–	–	–	4	4
	Termination of service	–	–	–	–	–	–	–	–	–
	Training costs	–	–	–	–	–	–	–	11	11
	Social and Mobility	–	–	–	–	–	–	0	16	16
	Information and comm. technology	–	–	–	–	–	–	–	155	155
	Rents and purchases	–	–	–	–	–	–	–	2	2
	Linked to buildings	–	–	–	–	–	–	–	69	69
	Security	–	–	–	–	–	–	–	33	33
	Mission and representation	–	–	–	–	–	–	–	11	11
	Meetings, committees, conference	–	–	–	–	–	–	–	7	7
	Official journal	–	–	–	–	–	–	–	0	0
	Publications	–	–	–	–	–	–	–	7	7
	Acquisition of information	–	–	–	–	–	–	–	2	2
	Studies and investigations	–	–	–	–	–	–	–	3	3
	General equipment, vehicle, furniture	–	–	–	–	–	–	–	15	15
	Linguistic external services	–	–	–	–	–	–	–	5	5
	Other administrative expenditure	–	–	–	–	–	–	–	8	8
	Pilot projects and prep. actions	–	–	–	–	0	–	–	–	0
	Administrative expenditure of Other Institutions	0	0	0	0	0	0	0	654	654
	Total Heading 7: European Public Administration	–	–	–	–	0	–	0	1 048	1 048
O	Innovation Fund (IF)	–	–	–	–	–	–	125	2 943	3 068
	Other actions	–	–	–	–	–	0	2	1	3
	Total Heading O: Outside MFF	–	–	–	–	–	0	127	2 944	3 071
S	Solidarity and Emergency Aid (SEAR)	–	–	–	–	–	–	–	–	–
	European Globalisation Adjustment (EGF)	–	–	–	–	–	–	–	0	0
	Brexit Adjustment Reserve	–	–	–	–	–	–	–	–	–
	Total Heading S: Solidarity mechanisms within and outside the	–	–	–	–	–	–	–	0	0
	Total	**5 445**	**3 090**	**10 025**	**15 140**	**27 949**	**46 599**	**94 453**	**250 120**	**452 821**

The set-up of the new Commission involved an internal re-organisation of services. Re-allocating the related transactions resulted in a shift of outstanding amount between years. The overall amount of outstanding commitments remains unchanged.

6.12. DETAILED MFF: OUTSTANDING COMMITMENTS BY APPROPRIATIONS TYPE

EUR million

	Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2022
		Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	
		1	2	3	4	5=1+2+3-4	6	7	8	9	10=6+7+8-9	11=5+10
1	Horizon Europe	22 848	(325)	12 469	12 020	22 971	4 723	(68)	2 840	2 814	4 681	27 653
	Euratom	261	(12)	270	273	245	57	(11)	26	12	59	303
	Thermonuclear Experimental Reactor (ITER)	1 268	(1)	710	544	1 433	45	–	16	60	0	1 433
	Other actions	0	0	–	–	–	106	(8)	61	64	95	95
	Pilot projects and prep. actions	22	(1)	17	8	30	0	0	0	0	0	30
	InvestEU Fund	2 006	(28)	1 197	850	2 325	2 048	(2)	2 151	1 813	2 383	4 708
	CEF - Transport	7 050	(142)	1 799	1 920	6 787	132	(5)	2	54	75	6 862
	CEF - Energy	3 852	(66)	797	639	3 944	52	(1)	4	5	50	3 994
	CEF - Digital	433	(5)	249	136	541	3	(0)	–	1	2	543
	Digital Europe	1 109	(0)	1 233	750	1 592	30	(0)	31	32	30	1 622
	Decentralised agencies	36	–	206	192	49	–	–	10	8	1	51
	Pilot projects and prep. actions	52	(1)	7	14	43	0	0	0	0	0	43
	Actions under prerogatives of Commission	36	(2)	22	22	34	5	(0)	3	3	5	39
	Single Market	924	(53)	688	542	1 017	26	(1)	21	18	28	1 045
	EU Anti-Fraud	33	(0)	24	23	34	0	–	0	0	0	34
	Taxation	31	(1)	37	27	40	2	(0)	1	1	2	42
	Customs	121	(3)	130	111	137	1	(0)	4	2	3	141
	Decentralised agencies	–	–	116	116	–	–	–	7	7	0	0
	Other actions	6	(0)	10	9	7	0	(0)	0	0	–	7
	Pilot projects and prep. actions	16	(1)	17	7	25	0	0	0	0	0	25
	European Space Programme	1 222	(1)	2 008	1 961	1 268	147	(2)	77	50	172	1 439
	Decentralised agencies	15	–	68	65	18	–	–	2	0	2	20
	Total Heading 1: Single Market, Innovation and Digital	41 340	(643)	22 073	20 229	42 541	7 377	(100)	5 257	4 945	7 588	50 130
2	Regional Development (ERDF)	49 100	(74)	36 556	31 267	54 315	35 049	(13)	7 799	11 192	31 644	85 960

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2022
	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3-4	6	7	8	9	10=6+7+8-9	11=5+10
Cohesion Fund	13 421	(16)	6 220	9 495	10 130	4 981	(0)	601	514	5 068	15 198
Cohesion Fund contrib. to CEF-Transport	7 023	(29)	1 494	1 854	6 634	3	(0)	12	1	14	6 648
Pilot projects and prep. actions	7	(1)	3	2	6	0	0	0	0	0	6
European Social Fund Plus (ESF+)	21 930	(23)	15 886	14 936	22 858	21 326	(0)	6 060	3 755	23 631	46 489
Support to Turkish-Cypriot Community	113	(2)	34	40	104	4	(0)	1	2	3	107
European Recovery and Resilience	141	(3)	119	97	160	51 660	(1)	136 396	47 178	140 877	141 037
Pericles IV	1	(0)	1	1	1	0	–	0	0	0	1
EU Recovery	2	(0)	74	47	29	–	–	0	0	0	29
RescEU	432	(5)	354	225	557	164	(3)	760	328	593	1 150
EU4Health	402	(10)	839	192	1 039	10	(1)	21	6	24	1 063
Emergency support within the Union (ESI)	191	(14)	–	135	43	0	–	343	324	19	62
Decentralised agencies	19	–	284	269	34	0	–	15	15	0	35
Pilot projects and prep. actions	1	(0)	–	1	0	0	0	0	0	0	0
Actions under prerogatives of Commission	9	(0)	13	11	10	0	(0)	–	0	–	10
Employment and Social Innovation	180	(12)	86	87	167	7	(0)	3	4	6	174
Erasmus+	1 526	(29)	3 406	3 257	1 646	239	(8)	211	217	225	1 870
European Solidarity Corps (ESC)	144	(3)	141	133	149	4	(0)	13	1	16	166
Creative Europe	386	(11)	407	313	469	14	(1)	13	12	14	483
Justice	74	(13)	44	44	60	0	(0)	6	3	3	63
Rights and Values	156	(5)	215	154	212	1	(0)	1	1	1	213
Decentralised agencies	31	(1)	245	235	40	1	(1)	3	3	0	41
Other actions	10	(0)	8	7	11	0	(0)	1	0	1	12
Pilot projects and prep. actions	83	(2)	35	48	68	0	–	–	–	0	68
Actions under prerogatives of Commission	186	(8)	181	165	194	1	(0)	3	0	3	197
Total Heading 2: Cohesion, Resilience and Values	95 569	(263)	66 644	63 014	98 937	113 465	(27)	152 263	63 556	202 144	301 081

EUR million

	Heading	From budget appropriations: Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	From assigned revenue appropriations: Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	Total commitm. outstanding at the end of 2022
		1	2	3	4	5=1+2+3-4	6	7	8	9	10=6+7+8-9	11=5+10
3	Agricultural Guarantees	334	(6)	40 552	40 523	357	–	–	629	629	0	357
	Agricultural Fund for Rural Development	35 914	(17)	12 728	14 000	34 625	2 300	–	5 689	1 244	6 745	41 369
	Maritime and Fisheries	2 397	(38)	1 131	917	2 573	525	(0)	75	0	600	3 173
	Fisheries (SFPA and RFMO)	23	–	159	159	24	0	0	0	0	0	24
	Decentralised agencies	–	–	29	29	–	–	–	1	1	–	–
	Pilot projects and prep. actions	9	(0)	1	5	5	0	0	0	0	0	5
	Environment and Climate (LIFE)	2 148	(29)	755	528	2 347	6	(0)	3	2	7	2 353
	Just Transition Fund	3	(1)	1 327	1	1 327	5	(4)	4 982	167	4 816	6 143
	Loan facility under Just Transition Mechanism	0	0	–	–	–	–	–	11	1	10	10
	Decentralised agencies	3	–	54	54	3	0	–	7	6	0	3
	Pilot projects and prep. actions	24	(2)	8	9	21	0	0	0	0	0	21
	Total Heading 3: Natural Resources and Environment	40 854	(93)	56 746	56 225	41 281	2 837	(5)	11 396	2 051	12 178	53 459
4	Asylum, Migration and Integration	2 335	(18)	1 393	1 460	2 250	28	(1)	9	19	16	2 265
	Decentralised agencies	20	(20)	166	148	18	–	–	18	18	–	18
	Pilot projects and prep. actions	0	(0)	–	–	–	0	0	0	0	0	–
	Border Mngmt. (IBMF) - Border mngmt and visa	949	(11)	748	624	1 063	192	(0)	8	18	181	1 244
	Border Mngmt. (IBMF) - Customs equipment	135	–	138	137	137	0	0	0	0	0	137
	Decentralised agencies	321	(0)	952	928	344	0	–	16	16	–	344
	Total Heading 4: Migration and Border Management	3 760	(49)	3 397	3 297	3 811	219	(2)	50	71	197	4 008
5	Internal Security Fund (ISF)	352	(16)	251	191	396	9	(0)	4	5	8	403
	Nuclear decommissioning	377	–	99	37	439	0	0	0	0	0	439
	Nuclear Safety and decommissioning	315	(2)	44	41	316	0	–	0	0	0	316
	Decentralised agencies	0	(0)	217	217	–	–	–	4	4	–	–
	Pilot projects and prep. actions	1	–	–	–	1	0	0	0	0	0	1

EUR million

	Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2022
		Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	
		1	2	3	4	5=1+2+3-4	6	7	8	9	10=6+7+8-9	11=5+10
	Actions under prerogatives of Commission	24	(2)	22	18	25	0	–	0	0	0	25
	European Defence (Research)	322	(0)	318	161	479	7	(0)	7	2	12	492
	European Defence (Non Research)	746	(1)	627	348	1 024	17	–	15	15	16	1 040
	Military Mobility	226	–	232	114	343	0	0	0	0	0	343
	Pilot projects and prep. actions	2	–	–	–	2	0	0	0	0	0	2
	Total Heading 5: Security and Defence	2 364	(21)	1 809	1 128	3 025	33	(0)	30	27	36	3 061
6	Neighbourhood, Developm. and Intl. Cooperation	23 259	(1 004)	14 452	9 285	27 423	194	(18)	146	115	206	27 629
	Instrument for Nuclear Safety (EINS)	127	(8)	39	19	139	1	–	2	–	3	142
	Humanitarian Aid (HUMA)	1 052	(3)	2 481	2 418	1 113	31	(4)	16	28	15	1 128
	Common Foreign and Security Policy (CFSP)	146	(20)	362	372	116	32	(0)	25	37	20	136
	Overseas Countries and Territories (OCT)	65	(0)	72	30	107	0	0	0	0	0	107
	Other actions	0	(0)	50	35	16	0	0	0	0	0	16
	Pilot projects and prep. actions	2	(0)	–	0	1	0	0	0	0	0	1
	Actions under prerogatives of Commission	154	(8)	95	92	148	0	–	0	0	0	148
	Pre-Accession Assistance (IPA III)	6 860	(138)	2 320	1 829	7 213	610	(1)	94	261	442	7 655
	Total Heading 6: Neighbourhood and the World	31 666	(1 181)	19 870	14 079	36 275	869	(24)	283	442	687	36 962
7	Staff Pensions	–	–	2 162	2 162	–	–	–	236	236	0	0
	(Pensions former Members) EP	–	–	12	12	–	0	0	0	0	0	–
	(Pensions former Members) ECC	–	–	1	1	–	0	0	0	0	0	–
	(Pensions former Members) Commission	–	–	8	8	–	0	0	0	0	0	–
	(Pensions former Members) CJEU	–	–	13	13	–	0	0	0	0	0	–
	(Pensions former Members) ECA	–	–	6	6	–	0	0	0	0	0	–
	(Pensions former Members) Ombudsman	–	–	0	0	–	0	0	0	0	0	–
	(Pensions former Members) EDPS	–	–	0	0	–	0	0	0	0	0	–

EUR million

Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2022
	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	
	1	2	3	4	5=1+2+3-4	6	7	8	9	10=6+7+8-9	11=5+10
European schools	0	–	215	216	0	2	–	19	20	1	1
Remuneration statutory staff	0	(0)	2 629	2 629	0	–	–	36	36	–	0
Remuneration external staff	38	(4)	253	244	42	2	(1)	33	33	1	43
Members - Salaries and allowances	2	(1)	15	15	0	–	–	0	0	–	0
Members - Temporary allowances	–	–	2	2	–	0	0	0	0	0	–
Recruitment costs	2	(0)	31	30	3	0	–	0	1	0	4
Termination of service	–	–	9	9	–	0	0	0	0	0	–
Training costs	11	(2)	17	18	9	1	(0)	3	3	2	11
Social and Mobility	8	(1)	22	20	9	7	(1)	17	15	8	16
Information and comm. technology	143	(3)	255	269	126	20	(0)	59	50	29	155
Rents and purchases	18	(0)	289	306	0	0	–	34	33	2	2
Linked to buildings	39	(2)	131	109	60	12	(0)	21	23	9	69
Security	28	(1)	64	65	26	4	(0)	12	8	7	33
Mission and representation	11	(8)	50	42	11	0	(0)	2	2	0	11
Meetings, committees, conference	3	(3)	12	6	7	1	(0)	1	1	0	7
Official journal	1	(0)	2	2	0	0	0	0	0	0	0
Publications	6	(0)	13	14	6	1	(0)	3	3	1	7
Acquisition of information	2	(0)	4	4	2	0	(0)	0	0	0	2
Studies and investigations	4	(0)	3	5	3	0	–	0	0	0	3
General equipment, vehicle, furniture	11	(1)	20	17	14	2	(0)	5	5	2	15
Linguistic external services	4	(0)	31	31	4	1	(0)	33	32	2	5
Other administrative expenditure	6	(1)	17	18	5	2	(0)	11	9	4	8
Pilot projects and prep. actions	0	(0)	–	0	0	0	0	0	0	0	0
Administrative expenditure of Other Institutions	630	(22)	4 465	4 468	606	53	(56)	384	333	48	654
Total Heading 7: European Public Administration	968	(48)	10 754	10 741	932	107	(60)	911	842	116	1 048
O Innovation Fund (IF)	0	0	–	–	–	138	(3)	2 953	21	3 068	3 068

EUR million

	Heading	From budget appropriations					From assigned revenue appropriations					Total commitm. outstanding at the end of 2022
		Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	Commitm. carried forward from 2021	Adjust-ments	Commitm. made	Payments made	Amount remaining to be settled	
		1	2	3	4	5=1+2+3-4	6	7	8	9	10=6+7+8-9	11=5+10
	Other actions	0	0	–	–	–	8	(7)	53	52	3	3
	Total Heading O: Outside MFF	0	0	–	–	–	147	(9)	3 006	72	3 071	3 071
S	Solidarity and Emergency Aid (SEAR)	–	–	30	30	–	0	0	0	0	0	–
	European Globalisation Adjustment (EGF)	–	–	28	28	0	0	0	0	0	0	0
	Brexit Adjustment Reserve	–	–	2 544	2 544	–	0	0	0	0	0	–
	Total Heading S: Solidarity mechanisms within and outside the Union (Special instruments)	–	–	2 602	2 602	0	0	0	0	0	0	0
	Total	**216 522**	**(2 298)**	**183 894**	**171 315**	**226 803**	**125 053**	**(227)**	**173 196**	**72 005**	**226 018**	**452 821**

7. IMPLEMENTATION OF THE BUDGET BY INSTITUTION

7.1. IMPLEMENTATION OF BUDGET REVENUE

EUR million

Institution	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Out-standing
	Initial adopted budget	Final adopted budget	Current year	Carried over	Total	On entitle-ments of current year	On entitle-ments carried over	Total		
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
European Parliament	181	181	236	27	263	234	16	250	138 %	13
European Council and Council	61	61	95	2	97	93	1	94	154 %	3
Commission	170 195	169 630	242 422	25 437	267 859	236 217	8 187	244 404	144 %	23 455
Court of Justice	63	63	63	0	63	63	0	63	99 %	0
Court of Auditors	25	25	25	0	25	25	0	25	102 %	0
Economic and Social Committee	13	13	19	0	19	19	0	19	141 %	0
Committee of the Regions	11	11	14	0	14	14	0	14	124 %	–
Ombudsman	1	1	1	0	1	1	0	1	104 %	–
European Data Protection Supervisor	2	2	2	0	2	2	0	2	100 %	–
European External Action Service	50	50	393	0	393	392	0	392	782 %	1
Total	**170 603**	**170 038**	**243 269**	**25 467**	**268 736**	**237 059**	**8 205**	**245 265**	**144 %**	**23 471**

The consolidated reports on the implementation of the general budget of the EU include, as in previous years, the budget implementation of all Institutions since within the EU budget a separate budget for each Institution is established.

The budget and implementation of Agencies are not consolidated within the EU budget and are not included in the EU budget reports. The Commission subsidy paid to the agencies however is part of the EU budget. In this budgetary part of the annual accounts, only the subsidy paid from the Commission budget to the Agencies is taken into consideration.

Concerning the EEAS, it should be noted that, in addition to its own budget, it also receives contributions from the Commission of EUR 221.7 million (2021: EUR 193.6 million) and the EDF legacy and the Trust Funds of EUR 19.6 million (2021: EUR 18.7 million). These contributions cover the costs of the Commission's staff in the delegations financed under the EDF and the Trust Funds, including assigned revenue generated during the year from these contributions.

7.2. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Institution	**Total appropriat. available**	**Commitments made**					**Appropriations carried over to 2023**			**Appropriations lapsing**			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
European Parliament	2 275	2 151	21	45	2 218	97 %	–	46	46	10	1	0	11
European Council and Council	683	599	0	43	641	94 %	0	29	29	13	0	0	13
Commission	476 635	174 981	4 448	172 812	352 241	74 %	1 451	121 371	122 821	1 311	11	252	1 573
Court of Justice	469	461	0	1	462	98 %	0	0	0	7	0	0	7
Court of Auditors	162	160	0	0	160	98 %	1	0	1	2	0	0	2
Economic and Social Committee	162	147	0	9	155	96 %	0	1	1	6	0	0	6
Committee of Regions	113	109	0	2	111	98 %	0	1	1	1	0	0	1
Ombudsman	12	12	0	–	12	97 %	0	–	–	0	0	–	0
European Data-protection Supervisor	20	20	0	0	20	98 %	0	0	0	0	0	–	0
European External Action Service	1 144	787	–	285	1 072	94 %	0	72	72	0	–	0	0
Total	**481 676**	**179 425**	**4 469**	**173 196**	**357 091**	**74 %**	**1 451**	**121 520**	**122 971**	**1 351**	**12**	**252**	**1 614**

7.3. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Institution	Total approp. available	Payments made					Appropriations carried over to 2023			Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13
European Parliament	2 665	1 801	344	42	2 187	82 %	372	57	429	10	37	2	49
European Council and Council	745	521	54	41	616	83 %	77	30	107	13	8	1	22
Commission	255 646	163 451	3 565	71 504	238 520	93 %	1 855	14 944	16 799	247	75	4	326
Court of Justice	499	423	26	1	450	90 %	37	0	38	7	4	0	12
Court of Auditors	171	152	8	0	160	94 %	9	0	9	2	0	0	2
Economic and Social Committee	183	134	16	5	155	85 %	12	5	17	6	5	0	11
Committee of Regions	128	97	12	1	110	86 %	12	1	14	1	3	0	4
Ombudsman	14	11	2	–	13	93 %	0	–	0	0	0	–	0
European Data-protection Supervisor	21	18	1	0	19	88 %	2	0	2	0	0	–	1
European External Action Service	1 299	713	136	242	1 091	84 %	74	115	189	0	18	0	19
Total	**261 370**	**167 321**	**4 163**	**71 837**	**243 321**	**93 %**	**2 452**	**15 152**	**17 604**	**287**	**151**	**7**	**445**

8. IMPLEMENTATION OF THE AGENCIES' BUDGETS

The agencies’ revenue and expenditure, as shown in the reports 8.1 and 8.2 below, are not consolidated as such within the EU budget. In this budgetary part of the annual accounts, only the subsidy paid from the Commission budget to the Agencies is taken into consideration.

The EU budget implementation reports include the subsidy paid from the EU budget to the agencies as commitment and payment appropriations, when applicable.

The agencies’ reports below show an overview of the Agencies, both decentralised (also known as traditional agencies) and executive agencies, and of their revenue (8.1) and expenditure (8.2).

Other sources of revenue and their related expenditure are not added into the EU budget accounts. Each agency presents its own set of annual accounts.

8.1. BUDGET REVENUE

EUR million

Agency	Funding MFF heading	Final adopted budget	Revenue received
Agency for the Cooperation of Energy Regulators	1	25	25
Agency for the Operational Management of Large-Scale IT Systems	4	297	339
Body of European Regulators for Electronic Communications	1	7	8
Community Plant Variety Office	N/A	21	18
European Agency for Safety and Health at Work	2b	16	16
European Asylum Support Office	4	172	175
European Aviation Safety Agency	1	224	174
European Banking Authority	1	50	51
European Border and Coast Guard Agency	4	693	705
European Centre for Disease Prevention and Control	2b	96	103
European Centre for the Development of Vocational Training	2b	19	18
European Chemicals Agency	1	115	123
European Climate, Infrastructure and Environment Executive Agency	1, 2a, 3, 5	56	56
European Education and Culture Executive Agency	2b, 6	61	59
European Environment Agency	3	85	81
European Fisheries Control Agency	3	29	35
European Food Safety Authority	2b	135	135
European Foundation for the Improvement of Living and Working Conditions	2b	22	22
European Health and Digital Executive Agency	1, 2b	42	42
European Innovation Council and SMEs Executive Agency	1, 2a	45	46
European Institute for Gender Equality	2b	8	8
European Institute of Innovation and Technology	1	436	449
European Insurance and Occupational Pensions Authority	1	35	35
European Labour Authority	2b	35	26
European Maritime Safety Agency	1	87	116
European Medicines Agency	2b	422	436
European Monitoring Centre for Drugs and Drug Addiction	5	18	19
European Public Prosecutor's Office	2b	108	51
European Research Council Executive Agency	1	59	59
European Research Executive Agency	1, 3	99	99
European Securities and Markets Authority	1	68	68
European Training Foundation	2b	22	24
European Union Agency for Criminal Justice Cooperation	2b	95	56
European Union Agency for Cybersecurity	1	24	24
European Union Agency for Law Enforcement Cooperation	5	193	201
European Union Agency for Law Enforcement Training	5	11	14
European Union Agency for Railways	1	35	35
European Union Agency for the Space Programme	1	65	1 157
European Union Fundamental Rights Agency	2b	26	26
European Union Intellectual Property Office	N/A	287	304
Fusion for Energy Joint Undertaking	1	605	831
Translation Centre for the Bodies of the European Union	7	50	44
Total		**4 997**	**6 316**

EUR million

Type of agencies revenue	Amounts received
Commission subsidy	3 133
Fee income	867
Other income	2 316
Total	**6 316**

8.2. COMMITMENT AND PAYMENT APPROPRIATIONS BY AGENCY

EUR million

Agency	**Commitment appropriations**		**Payment appropriations**	
	Total appropr. available	Commit. made	Total appropr. available	Payments made
Agency for the Cooperation of Energy Regulators	25	25	31	24
Agency for the Operational Management of Large-Scale IT Systems	378	291	367	268
Body of European Regulators for Electronic Communications	8	8	10	8
Community Plant Variety Office	22	19	21	19
European Agency for Safety and Health at Work	17	16	22	17
European Asylum Support Office	219	182	207	154
European Aviation Safety Agency	297	218	310	170
European Banking Authority	51	50	58	51
European Border and Coast Guard Agency	707	694	956	559
European Centre for Disease Prevention and Control	113	103	172	121
European Centre for the Development of Vocational Training	19	19	19	18
European Chemicals Agency	123	118	137	115
European Climate, Infrastructure and Environment Executive Agency	56	54	59	52
European Education and Culture Executive Agency	59	59	66	59
European Environment Agency	89	72	109	72
European Fisheries Control Agency	36	31	41	23
European Food Safety Authority	151	151	149	134
European Foundation for the Improvement of Living and Working Conditions	23	23	27	22
European Health and Digital Executive Agency	42	41	47	43
European Innovation Council and SMEs Executive Agency	46	46	49	43
European Institute for Gender Equality	9	8	11	9
European Institute of Innovation and Technology	410	384	454	440
European Insurance and Occupational Pensions Authority	35	35	42	39
European Labour Authority	35	33	39	22
European Maritime Safety Agency	123	109	137	110
European Medicines Agency	452	431	539	410
European Monitoring Centre for Drugs and Drug Addiction	20	19	21	20
European Public Prosecutor's Office	51	50	58	45
European Research Council Executive Agency	59	59	62	59
European Research Executive Agency	99	98	107	100
European Securities and Markets Authority	69	67	75	67
European Training Foundation	25	23	26	23
European Union Agency for Criminal Justice Cooperation	62	55	67	54

EUR million

Agency	Commitment appropriations		Payment appropriations	
	Total appropr. available	Commit. made	Total appropr. available	Payments made
European Union Agency for Cybersecurity	39	39	44	25
European Union Agency for Law Enforcement Cooperation	210	198	238	188
European Union Agency for Law Enforcement Training	28	19	31	17
European Union Agency for Railways	39	37	39	35
European Union Agency for the Space Programme	3 801	645	2 209	1 321
European Union Fundamental Rights Agency	26	25	34	26
European Union Intellectual Property Office	564	346	585	324
Fusion for Energy Joint Undertaking	981	704	844	766
Translation Centre for the Bodies of the European Union	50	44	54	45
Total	**9 667**	**5 649**	**8 577**	**6 119**

EUR million

Type of expenditure	Commitment appropriations		Payment appropriations	
	Total appropr. available	Commit. made	Total appropr. available	Payments made
Administrative	512	486	636	458
Operational	7 410	3 452	6 161	3 958
Staff	1 745	1 711	1 780	1 702
Total	**9 667**	**5 649**	**8 577**	**6 119**

GLOSSARY

Actuarial assumptions

Assumptions used to calculate the costs of future events that affect the pension liability.

Actuarial gains and losses

For a defined benefit scheme, the changes in actuarial deficits or surpluses. They arise as a result of differences between the previous actuarial assumptions and what has actually occurred and due to effects of changes in actuarial assumptions.

Administrative appropriations

Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).

Adopted budget

Draft budget becomes the adopted budget as soon as it is approved by the Budgetary Authority and declared definitely adopted by the President of the European Parliament.

Amending budget

Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.

Amounts to be called from Member States

These represent expenses incurred during the reporting period that will need to be funded by future budgets, i.e. by the EU Member States. This is a consequence of the co-existence of accruals based financial statements and a cash based budget.

Annual Activity Report (AAR)

Annual Activity Reports indicate the results of operations by reference to objectives set, associated risks and the internal control structure, inter alia. Since the 2001 budget exercise for the Commission and since 2003 for all European Union institutions, the 'authorising officer by delegation' must submit an AAR to his/her institution on the performance of his/her duties, together with financial and management information.

Appropriations

Budget funding. The budget forecasts both commitments and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ (differentiated appropriations) because multi annual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments and commitment appropriations equal payment appropriations.

Assigned revenue

Dedicated revenue received to finance specific items of expenditure. The main source of external assigned revenue is financial contributions from third countries to programmes financed by the Union. The main source of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request; revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films.

Available for sale financial assets

All financial assets (except derivatives) that are according to International Public Sector Accounting Standards measured at fair value and for which the changes in fair value are to be recognised in a reserve in net assets until derecognition (or impairment).

Budget line

As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or line) provide a formal description of the nomenclature.

Cancellation of appropriations

Unused appropriations that may no longer be used.

Carryover of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.

Commitment

Legal pledge to provide finance subject to certain conditions. The EU commits itself to reimbursing its share of the costs of an EU funded project. Today's commitments are tomorrow's payments. Today's payments are yesterday's commitments.

Commitment appropriation

Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/ decisions) that could be signed in the current financial year.

Current service cost

The increase in scheme liabilities arising from service in the current financial year.

Decommitment

An act whereby a previous commitment (or part of it) is cancelled.

Defined benefit scheme

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Derivatives

Financial instruments whose value is linked to changes in the value of another financial instrument, an indicator or a commodity. In contrast to the holder of a primary financial instrument (e.g. a government bond), who has an unqualified right to receive cash (or some other economic benefit) in the future, the holder of a derivative has only a qualified right to receive such a benefit. An example of a derivative is currency forward contract.

Direct management

Mode of budget implementation. Under direct management the budget is implemented directly by Commission services, Executive Agencies or Trust Funds.

Discount rate

The rate used to adjust for the time value of money. Discounting is a technique used to compare costs and benefits that occur in different time periods.

Effective interest rate

The rate that discounts estimated future cash receipts or payments over the expected life of the financial asset or financial liability to the net carrying amount of the asset or liability.

Financial assets and liabilities at amortized cost

All financial assets and liabilities that are according to International Public Sector Accounting Standards measured at armotized cost.

Financial assets or liabilities at fair value through surplus or deficit

All financial assets or liabilities that are according to International Public Sector Accounting Standards measured at fair value and for which the changes in fair value are to be recognised in surplus or deficit of the period (i.e. derivatives).

Financial correction

The purpose of financial corrections is to protect the EU budget from the burden of irregular expenditure. For expenditure under shared management, the task of recovering irregular payments is primarily the responsibility of the Member State.

A 'confirmed' financial correction has been accepted by the Member State concerned. A 'decided' financial correction has been adopted by a Commission decision and is always a net correction, where the Member State is required to reimburse irregular funds to the EU budget, thus leading to a definitive reduction of the allocated envelope to the Member State concerned. Confirmed and decided financial corrections are reported in this publication as one category.

An 'implemented' financial correction has corrected the observed irregularity.

Indirect management

Mode of budget implementation. Under indirect management the Commission confers tasks of budget implementation to bodies of EU law or national law.

Interruptions and suspensions

If the Commission finds, based on its own work or the information reported by audit authorities, that a Member State has failed to remedy serious shortcomings in the management and control systems and/or to correct irregular expenditure which had been declared and certified, it may interrupt or suspend payments.

Irregularity

An irregularity is an act which does not comply with the applicable EU or national rules and which has a potentially negative impact on the EU financial interests. Irregularities, which may be the result of the conduct of beneficiaries claiming funds or of the authorities responsible for making payments. The notion of irregularity is wider than that of fraud, which refers to conduct that may qualify as a criminal offence.

Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. Lapsing means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities which is represented by an appropriation. Only for Joint Undertakings, as specified in their Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called "N+3" rule). Hence, lapsing appropriations for JUs could be reactivated until financial year "N+3".

Outstanding commitments

As the *Reste à Liquider (RAL)*, they represent the amount where a budgetary commitment has been made but the subsequent payment is not yet done. They represent payment obligations for the EU for future years and stem directly from the existence of multi annual programmes and the dissociation between commitment and payment appropriations.

Own resources

The main source of revenues for the EU budget. The different own resources are listed in the applicable Own Resource Decision (Council Decision (EU, Euratom) 2020/2053) and are traditional own resources, VAT-based own resource, GNI-based resource and non-recycled plastic packaging waste-based own resource.

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

Pre-financing

A payment intended to provide the beneficiary with a float. It may be split into a number of instalments in accordance with the provisions of the underlying contract, decision, agreement or the basic legal act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid.

Preventive measure

Preventive measures, which are at the Commission's disposal to protect the EU budget when it is aware of potential deficiencies, include suspensions and interruptions of payments from the EU budget to the operational programme.

Reste à Liquider (RAL)

As the *Outstanding commitments*, it represents the amount where a budgetary commitment has been made but the subsequent payment is not yet done. They represent payment obligations for the EU for future years and stem directly from the existence of multi annual programmes and the dissociation between commitment and payment appropriations.

Shared management

Mode of budget implementation. Under shared management budget implementation tasks are delegated to Member States. About three quarters of the EU expenditure falls under this implementation mode.

Traditional own resources

Traditional own resources are defined in the applicable Own Resources Decision (Council Decision (EU, Euratom) 2020/2053) and comprise namely customs duties and sugar levies.

Transfers (between budget lines)

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation (FR). The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.

LIST OF ABBREVIATIONS

AAR	Annual Activity Report
AC	Amortised Cost
AFS	Available For Sale
AMIF	Asylum, Migration and Integration Fund
AOD	Authorising Officers by Delegation
ATM	Air Traffic Management
BOP	Balance of Payments
BUFI Fund	Budget Fines Fund
CAP	Common Agricultural Policy
CCS LGF	Cultural and Creative Sector Guarantee Facility
CEF2	Connecting Europe Facility
CEF DI	Connecting Europe Facility Debt Instrument
CF	Cohesion Fund
CIP	Competitiveness and Innovation Framework Programme
COM	European Commission
COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPF	Common Provisioning Fund
CPR	Common Provisions Regulation
CRII+	Coronavirus Response Investment Initiative Plus
D&WM	Decommissioning and Waste Management
EAD	Exposure At Default
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAR	European Union Accounting Rule
EaSI	Employment and Social Innovation
EBRD	European Bank for Reconstruction and Development
ECA	European Court of Auditors
ECB	European Central Bank

ECL	Expected Credit Losses
ECOFIN	Economic and Financial Affairs Council
ECSC i.L.	European Coal and Steel Community in Liquidation
EDF	European Development Fund
EDIF	Guarantee Facility under the Western Balkan
EEA	European Economic Area
EEAS	European External Action Service
EFSD	European Fund for Sustainable Development
EFSE	European Fund for Southeast Europe
EFSF	European Financial Stability Facility
EFSI	European Fund for Strategic Investments
EFSM	European Financial Stabilisation Mechanism
EFTA	European Free Trade Association
EGNOS	European Geostationary Navigation Overlay System
EIB	European Investment Bank
EIF	European Investment Fund
ElectriFI	Electrification Financing Initiative
ELM	External Lending Mandate
EMFF	European Maritime and Fisheries Fund
EMU	Economic and Monetary Union
ENEF	Enterprise Expansion Fund
ENIF	Enterprise Innovation Fund
ENPI	European Neighbourhood and Partnership Instrument
EP	European Parliament
ERDF	European Regional Development Fund
ERI	EIB Resilience Initiative
ESA	European Space Agency
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ESM	European Stability Mechanism
ETF	Exchange-Traded Fund

EU	European Union
EUMETSAT	European Organisation for the Exploitation of Meteorological Satellites
Euratom	European Atomic Energy Community
FGC	Financial Guarantee Contract
FIFO	First-in, First-out
FP7	7th Research Framework Programme for Research and Technological Development
FR	EU Financial Regulation
FSDA	Financial Statement Discussion and Analysis
FVNA	Fair Value through Net Assets/Equity
FVSD	Fair Value through Surplus or Deficit
GDP	Gross Domestic Product
GNI	Gross National Income
GNSS	Global Navigation Satellite Systems
H2020	Horizon 2020
HLRCP	High Level Risk and Compliance Policy
IIW	Infrastructure and Innovation Window
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IF	Innovation Fund
IT	Information Technology
ITER	International Thermonuclear Experimental Reactor
JRC	Joint Research Centre
JU	Joint Undertaking
LGD	Loss given Default Rate
LGF	Loan Guarantee Facility
LGTT	Loan Guarantee Instrument for TEN-T projects
MAP	Multi Annual Program - Medium Enterprise Financial Inclusion Programme
MEP	Member of the European Parliament
MFA	Macro Financial Assistance
MFF	Multiannual Financial Framework
MMF	Money Market Fund

MSME	Micro, Small and Medium Enterprise
NDICI	Neighbourhood, Development and International Cooperation Instrument
NGEU	NextGenerationEU
ORD	Own Resources Decision
PBI	Project Bond Initiative
PD	Probability of Default
PF4EE	Private Finance for Energy Efficiency Instrument
PGF	Participants Guarantee Fund
PPP	Public-Private Partnership
PSEO	Pension Scheme of European Officials
RAL	"Reste à Liquider" (Outstanding Commitments)
RSFF	Risk Sharing Finance Facility
RRF	Recovery and Resilience Facility
RTD	Research, Technological Development and Demonstration
S&P	Standard & Poor's Financial Services LLC
SANAD	MENA Fund for Micro-, Small and Medium Enterprises
SAPARD	Special Accession Programme for Agriculture and Rural Development
SEMED	Southern and Eastern Mediterranean Micro, Small and Middle sized Entreprises Financial Inclusion Programme
SICR	Significant Increase of Credit Risk
SIUGI	SME Initiative Uncapped Guarantee Instrument
SME	Small and Medium-sized Enterprise(s)
SMEW	SME Window (Small and Medium-sized Enterprises Window)
SURE	Support to mitigate Unemployment Risks in an Emergency
TFEU	Treaty on the Functioning of the European Union
TOR	Traditional own resources
TRDI	Temporary Rural Development Instrument
VAT	Value Added Tax