EUROPEAN
COMMISSION

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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS

ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION 2025

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CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2025 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by myself in my capacity as the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Commission in accordance with Article 77 of the Financial Regulation.

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

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

Niall BOHAN

Accounting Officer of the Commission

18 June 2026

EUROPEAN COMMISSION
FINANCIAL YEAR 2025

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.

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BALANCE SHEET

EUR million

	Note	31.12.2025	31.12.2024
NON-CURRENT ASSETS			
Intangible assets	*2.1*	*546*	*549*
Property, plant and equipment	*2.2*	*11 810*	*10 657*
Investments accounted for using the equity method	*2.3*	*1 524*	*1 446*
Financial assets	*2.4*	*361 547*	*307 857*
Pre-financing	*2.5*	*38 876*	*40 572*
Exchange receivables and non-exchange recoverables	*2.6*	*12 734*	*13 344*
		427 037	**374 425**
CURRENT ASSETS			
Financial assets	*2.4*	*22 838*	*18 863*
Pre-financing	*2.5*	*38 843*	*39 458*
Exchange receivables and non-exchange recoverables	*2.6*	*20 802*	*18 633*
Inventories	*2.7*	*74*	*81*
Cash and cash equivalents	*2.8*	*102 054*	*61 724*
		184 610	**138 759**
TOTAL ASSETS		**611 647**	**513 184**
NON-CURRENT LIABILITIES			
Pension and other employee benefits	*2.9*	*(90 845)*	*(92 804)*
Provisions	*2.10*	*(1 919)*	*(1 965)*
Financial liabilities	*2.11*	*(643 529)*	*(539 066)*
		(736 293)	**(633 835)**
CURRENT LIABILITIES			
Provisions	*2.10*	*(439)*	*(7 512)*
Financial liabilities	*2.11*	*(96 716)*	*(62 284)*
Payables	*2.12*	*(66 448)*	*(57 004)*
Accrued charges and deferred income	*2.13*	*(75 584)*	*(65 845)*
		(239 187)	**(192 646)**
TOTAL LIABILITIES		**(975 480)**	**(826 481)**
NET ASSETS		**(363 833)**	**(313 297)**
Reserves	*2.14*	*99*	*83*
*Amounts to be called from Member States**	*2.15*	*(363 933)*	*(313 380)*
NET ASSETS		**(363 833)**	**(313 297)**

* *The European Parliament adopted a budget on 26 November 2025 which provides for the payment of the Commission'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 (Council Regulation 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	2025	2024 (reclassified)
REVENUE			
Revenue from non-exchange transactions			
GNI resources		*106 342*	*95 037*
Traditional own resources		*23 436*	*20 587*
VAT		*25 728*	*24 547*
Plastics own resources		*7 524*	*8 227*
Fines		*5 370*	*4 039*
Recovery of expenses	*3.1*	*1 365*	*957*
Other	*3.2*	*13 310*	*5 692*
		183 077	**159 087**
Revenue from exchange transactions			
Financial revenue	*3.3*	*11 579*	*8 915*
Other	*3.4*	*1 443*	*1 752*
		13 021	**10 667**
Total Revenue		**196 098**	**169 753**
EXPENSES			
Delegated to Member States	*3.5*		
European Agricultural Guarantee Fund		*(40 914)*	*(40 267)*
European Agricultural Fund for Rural Development and other rural development instruments		*(17 017)*	*(14 779)*
European Regional Development Fund & Cohesion Fund		*(31 032)*	*(28 833)*
European Social Fund		*(17 308)*	*(18 037)*
Other		*(4 514)*	*(3 854)*
Transfers including grants and budget support	*3.6*		
Recovery & Resilience Facility		*(46 815)*	*(65 787)*
Other		*(28 289)*	*(33 012)*
Contribution agreements, including EU bodies	*3.7*	*(19 337)*	*(18 899)*
Staff and pension costs	*3.8*	*(10 694)*	*(10 065)*
Finance costs	*3.9*	*(27 100)*	*(27 172)*
UK Withdrawal Agreement		*(465)*	*(315)*
Procurement, administrative and other expenses	*3.10*	*(7 423)*	*(5 937)*
Total Expenses		**(250 907)**	**(266 957)**
ECONOMIC RESULT OF THE YEAR		**(54 810)**	**(97 204)**

CASHFLOW STATEMENT

EUR million

	2025	2024
Economic result of the year	*(54 810)*	*(97 204)*
Operating activities		
Amortisation	*93*	*70*
Depreciation	*845*	*899*
(Increase)/decrease in loans	*(49 761)*	*(36 435)*
(Increase)/decrease in pre-financing	*2 311*	*12 364*
(Increase)/decrease in exchange receivables and non-exchange recoverables	*(1 559)*	*3 230*
(Increase)/decrease in inventories	*7*	*(7)*
Increase/(decrease) in pension and other employee benefits	*(1 959)*	*2 294*
Increase/(decrease) in provisions	*(7 119)*	*6 500*
Increase/(decrease) in financial liabilities (other than borrowings under the unified funding approach)	*(11 565)*	*(1 328)*
Increase/(decrease) in payables	*9 443*	*5 225*
Increase/(decrease) in accrued charges and deferred income	*9 739*	*(9 936)*
Prior year budgetary surplus taken as non-cash revenue	*(1 348)*	*(633)*
Remeasurements in employee benefits liabilities (non-cash movements not included in statement of financial performance)	*5 605*	*1 167*
Other non-cash movements	*16*	*4*
Investing activities		
(Increase)/decrease in intangible assets and property, plant and equipment	*(2 088)*	*(1 394)*
(Increase)/decrease in investments accounted for using the equity method	*(78)*	*(80)*
(Increase)/decrease in non-derivative financial assets at fair value through surplus or deficit	*(7 427)*	*(6 227)*
(Increase)/decrease in derivative financial assets at fair value through surplus or deficit	*(475)*	*(19)*
Financing activities		
Increase/(decrease) in borrowings under the unified funding approach	*150 460*	*144 900*
NET CASHFLOW	**40 330**	**23 389**
Net increase/(decrease) in cash and cash equivalents	*40 330*	*23 389*
Cash and cash equivalents at the beginning of the year	*61 724*	*38 335*
Cash and cash equivalents at year-end	*102 054*	*61 724*

STATEMENT OF CHANGES IN NET ASSETS

EUR million

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Net Assets
BALANCE AS AT 31.12.2023	**(216 759)**	**127**	**(216 632)**
Remeasurements in employee benefits liabilities	*1 167*	*–*	*1 167*
Other	*48*	*(44)*	*4*
2023 budget result credited to Member States	*(633)*	*–*	*(633)*
Economic result of the year	*(97 204)*	*–*	*(97 204)*
BALANCE AS AT 31.12.2024	**(313 380)**	**83**	**(313 297)**
Remeasurements in employee benefits liabilities	*5 605*	*-*	*5 605*
Other	*–*	*16*	*16*
2024 budget result credited to Member States	*(1 348)*	*-*	*(1 348)*
Economic result of the year	*(54 810)*	*-*	*(54 810)*
BALANCE AS AT 31.12.2025	**(363 933)**	**99**	**(363 833)**

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2025 EU consolidated annual accounts.
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

The European Commission (hereinafter referred to as the Commission) applies the accounting policies of the European Union (hereinafter referred to as the EU). A summary of the significant EU accounting policies is given below.

1.1. LEGAL BASIS AND ACCOUNTING RULES

The accounts of the EU are kept in accordance with Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast), OJ L, 2024/2509, 26.9.2024, referred to below 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)

New EAR effective for annual periods beginning on or after 1 January 2025

EAR 1 'Financial Statements'

On 12 December 2025 the Accounting Officer of the European Commission adopted a targeted amendment of EAR 1 'Financial Statements', which is effective for reporting periods beginning on or after 1 January 2025. The amendment introduced a principle-based approach to the definition of the segments to be presented in the segment report, which is a mandatory component of the EU consolidated annual accounts and the individual annual accounts of the European Commission. Under the previous EAR 1, the definition of segments was linked to the categories of the EU's multi-annual financial framework (MFF). The targeted amendment removed this link and defines segments generically in accordance with IPSAS 18 'Segment Reporting'. Following the adoption of the targeted amendment, the structure of the Segment Report was revised to focus on fund destinations rather than fund sources (see Note **3.11**).

New EAR adopted but not yet effective at 31 December 2025

EAR 8 'Leases'

On 15 April 2025 the Accounting Officer of the European Commission adopted the revised EAR 8 'Leases', which is effective for reporting periods beginning on or after 1 January 2027. The revised EAR 8 has been updated in line with IPSAS 43 'Leases' (including the amendment 'Concessionary Leases and Other Arrangements Conveying Rights over Assets'). The main change as compared to the current EAR 8 is the introduction of a right-of-use recognition and measurement model, which requires lessees to recognise all leases, including concessionary leases, on the balance sheet, unless the short-term or low-value exemption applies. The current distinction of leases as either operating leases or finance leases, with only the latter recognised on the balance sheet, will no longer be applicable. For lessors, the revised EAR 8 largely carries forward the existing accounting requirements, with additional guidance and clarifications. Consequently, the initial application of the revised EAR 8 is expected to result in the recognition of a considerable amount of former operating leases, with corresponding increases in right-of-use assets and lease liabilities, on the balance sheet. The impact of the revised EAR 8, including on concessionary leases and other relevant arrangements, will continue to be assessed over the 2026 calendar year prior to the 1 January 2027 effective date.

EAR 1 'Financial Statements'

On 15 April 2025 the Accounting Officer of the European Commission adopted the amended EAR 1 'Financial Statements', which is effective for reporting periods beginning on or after 1 January 2027. The objective of the amendment is to ensure a consistent classification of all borrowings within financing activities. Under the current EAR 1, borrowings related to leases, the acquisition of property, plant and equipment and borrowings related to back-to-back operations are classified within operating activities. Only borrowings related to the unified funding approach (see Note **2.11.1.1**) are classified within

financing activities. Under the revised EAR 1, financing activities will include all activities that result in changes on the size and composition of borrowings, without the above exceptions. Consequently, the initial application of the revised EAR 1 is expected to result in a shift from cash flows from operating activities to cash flows from financing activities. The impact of the revised EAR 1 will continue to be assessed over the 2026 calendar year prior to the 1 January 2027 effective date.

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 (unchanged compared to 2024), can be found in Note **9**[1]. Among the controlled entities are the EU institutions (including the Commission, but not the European Central Bank) and the EU agencies (except those acting in the area 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 2025, 11 entities have been classified as minor entities (2024: 11 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.

[1] References to Note 9 relate to note 9 of the 2025 Consolidated annual accounts of the European Union.

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 whose funds are managed by the Commission

The funds of the Joint Sickness Insurance Scheme for staff of the EU, the European Development Fund and the Mutual Insurance Mechanism (MIM), previously known as the Participants Guarantee Fund (PGF), 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 249 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 euro, unless stated otherwise, the euro being the EU's functional currency.

Transactions and balances

Foreign currency transactions are translated into euro using the exchange rates prevailing on 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 euro at the rate that applied on the date that they were purchased.

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

Euro exchange rates

Currency	31.12.2025	31.12.2024	Currency	31.12.2025	31.12.2024
BGN	**1.9558**	*1.9558*	**RON**	**5.0968**	*4.9743*
CZK	**24.2370**	*25.1850*	**SEK**	**10.8215**	*11.459*
DKK	**7.4689**	*7.4578*	**CHF**	**0.9314**	*0.9412*
GBP	**0.8726**	*0.8292*	**JPY**	**184.09**	*163.06*
HUF	**385.1500**	*411.3500*	**USD**	**1.175**	*1.0389*
PLN	**4.221**	*4.275*			

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.

1.4.3. Transitioning to new Corporate Financial and IT system (SUMMA)

The 2025 consolidated annual accounts, which include the 2025 annual accounts of the European Commission, are the first set of accounts prepared on the basis of financial information reported in the new financial IT system, SUMMA. Throughout the preparation of the annual accounts, systematic and rigorous controls have been implemented to ensure that financial information used accurately reflects the underlying transactions and is fully consistent with the applicable accounting rules. During the year-end closure process, management identified issues generated by the new system which significantly affected the accounts, while additional issues were later identified by the external auditor. These required manual adjustments and reconciliation procedures. The implementation and refinement of the new financial system and the related controls will continue in future financial years. On the basis of this close monitoring and review of financial information at both input and output stage, the annual accounts provide, with reasonable assurance and in all material aspects, a fair presentation of the financial position, the results of the operations and the cashflows of the European Union.

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 (3-11 years). The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime 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 into 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 a 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 of 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 an 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 interest 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 interest, 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 (including reverse repurchase agreements);
- 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.

A reverse repurchase agreement ('reverse repo') is an agreement where one party buys securities from another party with the agreement to resell them later at an agreed upon price. The economic substance of this transaction is akin to a collateralised term deposit. The risks and rewards of the security remain with the transferor, while the transferee expects to receive back the principal and the contractual interest. Accordingly, reverse repo transactions are accounted for at amortised cost. The EU enters into these transactions exclusively for the purpose of managing liquidity, taking advantage of the opportunity to place surplus cash holidings at attractive rates over a very short period not exceeding 3 months. Consequently, they are categorised as cash and cash equivalents.

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 the end of this reporting period.

(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 interest 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 215 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, i.e. 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. If that is the 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 interest 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.

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.

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.

(a) *Staging policies*

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.

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 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 loans in Stage 1, the impairment allowance is measured at the level of the 12 month expected credit losses.

Stage 2 – Significant increase in credit risk (SICR)

In order to determine whether there has been a significant increase in the credit risk since origination, and thus whether a move 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 – C range) at the initial recognition date: 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; and
- loans originated before the transition 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 lifetime 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 credit rating of D published by an external rating agency; and
- the borrower is in default under any financial obligation towards the EU, or in the 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 lifetime expected credit losses.

Purchased or originated as credit impaired (POCI)

The EU also holds 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 the lifetime ECL. Under the relevant agreements between the EU and the implementing partners, recovery proceedings are carried out on behalf of the EU with the aim of recovering any sums due.

(b) *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.

(c) *Receivables*

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

(d) *Cash and cash equivalents*

The EU holds cash and cash equivalents in current bank accounts and term deposits of up to three months. The cash is mainly held in banks with very high credit ratings (see Note **6.4**), 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. Any difference between the book value at derecognition and the transaction price is recognised as gain or loss in the Statement of Financial Performance. 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 laid down 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 laid down 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 relevant agreement. An estimate of the accrued interest revenue, based on the most reliable information, is made at the end of the year 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 238 of the Financial Regulation) not consolidated in the European Commission (i.e. trust funds Africa and Bêkou), 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 determined by 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 the financial guarantee contract receivable leg which are classified as financial assets 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. Regarding the treatment of accrued revenue at the end of the year, see Note **1.5.14**.

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, reverse repos, and other short-term highly liquid investments with original maturities of three months or less and held for the purpose of meeting short term cash commitments and managing liquidity rather than for investment or other purposes.

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 12 months after the end of the reporting period in which employees rendered the service, such as salaries, annual leave and paid sick leave, 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, as well as health insurance coverage provided under the Joint Sickness Insurance Scheme (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:

- Pension Scheme of European Officials (PSEO): The benefits granted under this notionally funded[2] 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.
- Joint Sickness Insurance Scheme (JSIS): Under this scheme, the EU provides health insurance coverage for staff of the European Commission, EU institutions, agencies and other 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 through the JSIS.

[2] 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 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 carried out 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.

The post-employment benefits provided to EU staff are incorporated in a single plan comprising 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

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.

Borrowings are classified as non-current liabilities, except for maturities less than 12 months after the balance sheet date.

Financial liabilities at fair value through surplus or deficit

These 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**.

This category comprises guarantees given by the EU to financial institutions on 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. The EU financial asset or liability is measured based on the value of the underlying investments.

Financial guarantee contract liabilities

The EU recognises a financial guarantee contract (FGC) 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 price changes to financial instruments 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.

FGC 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 FGCs 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, which is monitored by allocating the FGC to stages. 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.

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.

The staging criteria for guaranteed debt in financial guarantee contracts covering a single debt instrument are the same as those for financial assets at amortised cost (see Note **1.5.5**).

The staging criteria for the guaranteed debt in portfolio guarantees follow the same staging criteria as for financial assets at amortised cost with the following exceptions:

- the weighted average credit rating of the guaranteed portfolio, or rating of the guarantee, is considered for the staging criteria, and not the rating of individual debt instruments separately.
- for guarantees with a credit rating between AAA (Aa1) and BB- (Ba3) at initial recognition date: the deterioration is considered significant if the difference between the rating at origination and that at the reporting date is equal or superior to 2 notches.
- for guarantees with a credit rating between B+ (B1) or lower at initial recognition date: the deterioration is considered significant if the difference between the rating at origination and that at the reporting date is equal or superior to 1 notch.

Alternatively, if the credit ratings are not available but there is an estimation of the expected annual claims at initial recognition, the actual level of claims compared to the initial estimate is also considered a reasonable risk indicator for the assessment of significant increase in credit risk (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 transition 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.

Classification to Stage 3 and POCI does not apply to FGC.

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 12 months after the reporting date.

Contributions with conditions

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. Contributions from other donors to these trust funds fulfil the criteria of revenues from non-exchange transactions under conditions. 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, if such contributions are received with the condition 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. Accrued expenses are calculated in accordance with detailed operational and practical guidelines issued by the Commission which aim to ensure 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:

- 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
- 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 three month time limit, 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.

Accounting treatment of the budgetary surplus of the previous year

Article 18 (1) of the Financial Regulation provides that the budgetary surplus of a given financial year shall be entered in the budget for the following financial year as revenue. In the Statement of Financial Performance, this revenue is recognised within 'Other revenue from non-exchange transactions' (see

Note **3.2**), with a corresponding entry in the 'Amounts to be called from Member States', a component of Net Assets (see Note **2.15**).

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 **3.3.**

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 incur. 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 the relevant 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 whose 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 whose 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 circumstance 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 other than investing or financing activities. As such, they account for the majority of the activities carried out by the EU.

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 property, 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 31.12.2024	*865*
Additions	*100*
Disposals	*(11)*
Transfer between asset categories	*–*
Other changes	*–*
Gross carrying amount at 31.12.2025	**955**
Accumulated amortisation at 31.12.2024	*(317)*
Amortisation charge for the year	*(93)*
Amortisation written back	*–*
Disposals	*2*
Transfer between asset categories	*–*
Other changes	*–*
Accumulated amortisation at 31.12.2025	**(408)**
NET CARRYING AMOUNT AT 31.12.2025	**546**
NET CARRYING AMOUNT AT 31.12.2024	*549*

2.2. 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 31.12.2024	*1 149*	*9 056*	*168*	*9*	*45*	*67*	*868*	*6 456*	*17 818*
Additions	*12*	*1*	*2*	*0*	*6*	*2*	*0*	*1 991*	*2 015*
Disposals	*(9)*	*(113)*	*(3)*	*(2)*	*(1)*	*(12)*	*–*	*(0)*	*(140)*
Transfer between asset categories	*0*	*811*	*–*	*–*	*–*	*–*	*–*	*(811)*	*–*
Other changes	*3*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*3*
Gross carrying amount at 31.12.2025	**1 155**	**9 755**	**168**	**7**	**50**	**57**	**868**	**7 636**	**19 695**
Accumulated depreciation at 31.12.2024	*(851)*	*(5 417)*	*(159)*	*(7)*	*(34)*	*(62)*	*(630)*	*–*	*(7 161)*
Depreciation charge for the year	*(26)*	*(777)*	*(4)*	*(1)*	*(5)*	*(2)*	*(31)*	*–*	*(845)*
Depreciation written back	*1*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*1*
Disposals	*7*	*96*	*3*	*2*	*1*	*12*	*–*	*–*	*120*
Transfer between asset categories	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Accumulated depreciation at 31.12.2025	**(870)**	**(6 098)**	**(161)**	**(6)**	**(38)**	**(51)**	**(661)**	**–**	**(7 885)**
NET CARRYING AMOUNT AT 31.12.2025	**285**	**3 657**	**7**	**1**	**12**	**5**	**207**	**7 636**	**11 810**
NET CARRYING AMOUNT AT 31.12.2024	*297*	*3 639*	*9*	*2*	*11*	*6*	*237*	*6 456*	*10 657*

2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. At 31 December 2025, the EU holds 29.7% of the ownership interest in EIF (2024: 29.7%).

EUR million

	European Investment Fund
Participation at 31.12.2024	**1 446**
Contributions	*–*
Dividends received	*(8)*
Share of net result	*69*
Share in the net assets	*16*
Participation at 31.12.2025	**1 524**

EIF summarised financial information:

EUR million

	31.12.2025 Total EIF	31.12.2024 Total EIF
Assets	*9 023*	*7 789*
Liabilities	*(3 896)*	*(2 923)*
Surplus/(deficit)	*233*	*280*

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

EUR million

	31.12.2025	31.12.2024
Net assets of the associate	*5 127*	*4 866*
EC ownership interests in EIF	**29.7%**	**29.7%**
Carrying amount	*1 524*	*1 446*

The Commission has paid-in 20% of its subscribed shares in the EIF capital at 31 December 2025, the uncalled amount is as follows:

EUR million

	Total EIF capital	EU subscription
Total share capital	*7 370*	*2 190*
Paid-in	*(1 474)*	*(438)*
Uncalled	**5 896**	**1 752**

2.4. FINANCIAL ASSETS

EUR million

	Note	31.12.2025	31.12.2024
Non-current			
Financial assets at amortised cost	*2.4.1*	*314 881*	*269 897*
Financial assets at fair value through surplus or deficit	*2.4.2*	*46 666*	*37 960*
		361 547	**307 857**
Current			
Financial assets at amortised cost	*2.4.1*	*18 177*	*13 400*
Financial assets at fair value through surplus or deficit	*2.4.2*	*4 661*	*5 463*
		22 838	**18 863**
Total		**384 385**	**326 720**

2.4.1. Financial assets at amortised cost

EUR million

	Note	31.12.2025	31.12.2024
Loans to Member States and third countries	*2.4.1.1*	*332 821*	*283 114*
Other loans		*237*	*183*
Total		**333 058**	**283 297**
Non-current		*314 881*	*269 897*
Current		*18 177*	*13 400*

2.4.1.1. Loans to Member States and third countries

EUR million

	31.12.2025	31.12.2024
Loans to Member States	*286 301*	*251 457*
Loans to third countries	*46 520*	*31 656*
Total at 31.12.2025	**332 821**	**283 114**
Non-current	*314 764*	*269 782*
Current	*18 056*	*13 332*

Loans to Member States

EUR million

	RRF	SURE	EFSM	BOP	Total
Total at 31.12.2024	*110 120*	*98 839*	*42 297*	*201*	*251 457*
New loans (nominal)	*47 218*	*–*	*–*	*–*	*47 218*
Repayments	*–*	*(8 000)*	*(4 900)*	*(200)*	*(13 100)*
Changes in carrying amount	*876*	*(135)*	*(15)*	*(1)*	*726*
Total at 31.12.2025	**158 215**	**90 705**	**37 382**	**–**	**286 301**
Non-current	*155 904*	*82 594*	*30 818*	*–*	*269 316*
Current	*2 310*	*8 111*	*6 564*	*–*	*16 985*

Loans to third countries

EUR million

	MFA	Ukraine Facility	EURATOM	Western Balkans Facility	Moldova Facility	Total
Total at 31.12.2024	*23 831*	*7 623*	*203*	*–*	*–*	*31 656*
New loans (nominal)	*18 366*	*10 052*	*–*	*184*	*289*	*28 891*
Repayments	*(20)*	*–*	*–*	*–*	*–*	*(20)*
Changes in carrying amount	*247*	*104*	*(0)*	*3*	*4*	*358*
Changes in impairment	*(9 164)*	*(5 206)*	*4*	*(0)*	*(0)*	*(14 366)*
Total at 31.12.2025	**33 260**	**12 573**	**207**	**187**	**293**	**46 520**
Non-current	*32 505*	*12 264*	*206*	*184*	*289*	*45 448*
Current	*754*	*310*	*0*	*3*	*4*	*1 072*

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

EUR million

	Note	31.12.2025	31.12.2024
Financial assets at FVSD non-derivatives	*2.4.2.1*	*49 741*	*42 314*
Financial assets at FVSD derivatives	*2.4.2.2*	*1 585*	*1 110*
Total		**51 327**	**43 424**
Non-current		*46 666*	*37 960*
Current		*4 661*	*5 463*

2.4.2.1. Financial assets at FVSD non-derivatives

Financial assets at FVSD non-derivatives by type

EUR million

	31.12.2025	31.12.2024
Debt securities	*39 124*	*33 130*
MMFs, ETFs and investments in pooled portfolios	*6 812*	*5 975*
Other equity investments	*3 796*	*3 201*
Loans	*9*	*8*
Total	**49 741**	**42 314**
Non-current	*45 097*	*36 850*
Current	*4 644*	*5 463*

Financial assets at FVSD non-derivatives by programme

EUR million

	31.12.2025	31.12.2024
Common Provisioning Fund	*27 018*	*23 174*
Innovation Fund	*13 265*	*10 616*
Horizon 2020 and Horizon Europe	*4 286*	*3 968*
BUFI investments	*2 662*	*2 141*
Connecting Europe Facility	*683*	*716*
EU SME Equity Facilities	*433*	*453*
EBRD	*309*	*188*
European Fund for South East Europe	*250*	*243*
Green for Growth Fund	*152*	*128*
Energy Efficiency Finance Facility	*104*	*103*
Other	*581*	*586*
Total	**49 741**	**42 314**
Non-current	*45 097*	*36 850*
Current	*4 644*	*5 463*

Fair value hierarchy of non-derivative financial assets at FVSD

EUR million

Type of financial asset	31.12.2025	31.12.2024
Level 1: Quoted prices in active markets	*43 108*	*36 225*
Level 2: Observable inputs other than quoted prices	*3 150*	*3 098*
Level 3: Valuation techniques with inputs not based on observable market data	*3 483*	*2 991*
Total	**49 741**	**42 314**

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 1.1.2025	**2 991**
Investments during the period	*699*
Capital repayments	*(97)*
Revenues settled	*(19)*
Gains or losses for the period in surplus or deficit	*(90)*
Transfers into level 3	*–*
Transfers out of level 3	*–*
Other	*–*
Closing balance at 31.12.2025	**3 483**

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	31.12.2025			31.12.2024		
	Notional amount	Fair Value Asset	Fair Value Liability	Notional amount	Fair Value Asset	Fair Value Liability
Guarantee on equity portfolio	*6 951*	*1 568*	*(52)*	*6 057*	*1 110*	*(60)*
FX derivatives	*1 910*	*17*	*(9)*	*2 417*	*–*	*(38)*
Total	**8 861**	**1 585**	**(62)**	**8 474**	**1 110**	**(98)**
Non-current		*1 569*	*(9)*		*1 110*	*(13)*
Current		*17*	*(53)*		*–*	*(84)*

Derivative contracts for which the fair value is negative at year end are classified as financial liabilities (see note **2.11**).

Fair value hierarchy of derivative financial assets and liabilities

EUR million

Type of derivative	31.12.2025		31.12.2024	
	Fair Value Asset	Fair Value Liability	Fair Value Asset	Fair Value Liability
Level 1: Quoted prices in active markets	*–*	*–*	*–*	*–*
Level 2: Observable inputs other than quoted prices	*17*	*(7)*	*–*	*(27)*
Level 3: Valuation techniques with inputs not based on observable market data	*1 568*	*(55)*	*1 110*	*(71)*
Total	**1 585**	**(62)**	**1 110**	**(98)**

During the period, there were no transfers between level 1 and level 2.

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 1.1.2025	**1 039**
Guarantee call claims paid	*164*
Guarantee calls returned	*(44)*
Revenues from guarantee settled	*(154)*
Gains or losses for the period in surplus or deficit	*507*
Transfers into level 3	*–*
Transfers out of level 3	*–*
Other	*(0)*
Closing balance at 31.12.2025	**1 513**

2.5. PRE-FINANCING

EUR million

	Note	31.12.2025	31.12.2024
Non-current			
Pre-financing	*2.5.1*	*35 905*	*38 805*
Other advances to Member States	*2.5.2*	*2 933*	*1 682*
Contribution to Trust Funds		*38*	*85*
		38 876	**40 572**
Current			
Pre-financing	*2.5.1*	*36 367*	*37 368*
Other advances to Member States	*2.5.2*	*2 477*	*2 089*
		38 843	**39 458**
Total		**77 719**	**80 030**

2.5.1. Pre-financing

EUR million

	Gross amount	Cleared via accruals	Net amount at 31.12.2025
Member States			
EAFRD & other rural development instruments	*3 605*	*(1 625)*	*1 980*
ERDF & CF	*29 858*	*(17 052)*	*12 805*
ESF	*9 997*	*(6 560)*	*3 438*
RRF	*13 626*	*(3 392)*	*10 234*
Other	*21 022*	*(10 041)*	*10 981*
EFTA and third countries	*3 772*	*(2 710)*	*1 062*
Private and public bodies	*89 347*	*(61 415)*	*27 932*
Traditional and executive agencies	*7 897*	*(5 946)*	*1 952*
Other recipients	*3 887*	*(1 997)*	*1 889*
Total	**183 011**	**(110 740)**	**72 272**
Non-current	*35 905*	*–*	*35 905*
Current	*147 106*	*(110 740)*	*36 367*

EUR million

	Gross amount	Cleared via accruals	Net amount at 31.12.2024
Shared Management			
EAFRD & other rural development instruments	*3 885*	*(840)*	*3 045*
ERDF & CF	*25 859*	*(16 476)*	*9 384*
ESF	*9 437*	*(6 258)*	*3 180*
Other	*14 220*	*(4 836)*	*9 384*
Direct Management		*I*	
Implemented by:			
Commission	*35 241*	*(14 779)*	*20 462*
of which RRF	*18 930*	*(3 541)*	*15 389*
EU executive agencies	*40 695*	*(25 586)*	*15 108*
Trust funds	*508*	*(429)*	*79*
Indirect Management			
Implemented by:			
Other EU agencies & bodies	*10 284*	*(6 749)*	*3 536*
Third countries	*1 843*	*(1 103)*	*739*
International organisations	*13 172*	*(8 839)*	*4 334*
Other entities	*19 315*	*(12 392)*	*6 923*
Total	**174 459**	**(98 286)**	**76 173**
Non-current	*38 805*	*–*	*38 805*
Current	*135 654*	*(98 286)*	*37 368*

2.5.2. Other advances to Member States

EUR million

	31.12.2025	31.12.2024
Advances to Member States for financial instruments under shared management	*3 750*	*1 889*
Aid Schemes	*1 659*	*1 883*
Total	**5 409**	**3 772**
Non-current	*2 933*	*1 682*
Current	*2 477*	*2 089*

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR million

	Note	31.12.2025	31.12.2024
Non-current			
Recoverables from non-exchange transactions	*2.6.1*	*10 986*	*11 649*
Receivables from exchange transactions	*2.6.2*	*1 748*	*1 695*
		12 734	**13 344**
Current			
Recoverables from non-exchange transactions	*2.6.1*	*18 955*	*17 025*
Receivables from exchange transactions	*2.6.2*	*1 847*	*1 608*
		20 802	**18 633**
Total		**33 536**	**31 977**

2.6.1. Recoverables from non-exchange transactions

EUR million

	Note	31.12.2025	31.12.2024
Non-current			
Member States	*2.6.1.1*	*595*	*272*
UK Withdrawal Agreement	*2.6.1.2*	*10 256*	*11 231*
Accrued income and deferred charges	*2.6.1.4*	*–*	*10*
Other recoverables		*135*	*136*
		10 986	**11 649**
Current			
Member States	*2.6.1.1*	*5 037*	*4 616*
UK Withdrawal Agreement	*2.6.1.2*	*505*	*1 530*
Fines imposed on companies	*2.6.1.3*	*10 964*	*9 152*
Accrued income and deferred charges	*2.6.1.4*	*1 827*	*803*
Other recoverables		*622*	*925*
		18 955	**17 025**
Total		**29 941**	**28 674**

2.6.1.1. Recoverables from Member States

EUR million

	31.12.2025	31.12.2024
TOR A accounts	*3 652*	*3 277*
TOR separate accounts	*868*	*849*
Own resources to be received	*–*	*139*
Impairment	*(535)*	*(553)*
Own resource recoverables	**3 985**	**3 712**
European Agricultural Guarantee Fund (EAGF)	*1 802*	*1 534*
European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments	*222*	*127*
Impairment	*(607)*	*(741)*
EAGF and rural development recoverables	**1 417**	**920**
Pre-financing recovery	**21**	**16**
VAT paid and recoverable	**12**	**11**
Other recoverables from Member States	**198**	**229**
Total	**5 632**	**4 887**
Non-current	*595*	*272*
Current	*5 037*	*4 616*

2.6.1.2. UK Withdrawal agreement

EUR million

	Article 140	Article 142	Other	31.12.2025	31.12.2024
Due from the UK	*2 327*	*9 599*	*166*	*12 092*	*14 683*
Due to the UK	*–*	*–*	*(1 331)*	*(1 331)*	*(1 922)*
Total	**2 327**	**9 599**	**(1 165)**	**10 761**	**12 762**
Non-current	*1 928*	*9 244*	*(915)*	*10 256*	*11 231*
Current	*399*	*355*	*(250)*	*505*	*1 530*

Amount to be paid within 12 months following the reporting date

EUR million

	Remainder September 2025 invoice	April 2026* invoice	Estimate September 2026 invoice (Oct.-Dec.portion)	Total
Article 136	*9*	*122*		*130*
Article 140	*406*	*(136)*	*129*	*399*
Article 141	*(95)*		*(50)*	*(146)*
Article 142	*18*	*326*	*11*	*355*
Article 143		*(198)*		*(198)*
Article 144		*(43)*		*(43)*
Article 147		*7*		*7*
Total	**338**	**78**	**89**	**505**

**Including an expected adjustment of EUR 27.9 million.*

Payments under the Withdrawal Agreement

EUR million

	Remainder of September 2024 report: (due and paid from January to May 2025)	April 2025 report: (due and paid from June to September 2025)	September 2025 report: (due and paid from October to December 2025)	Total payments in 2025
Article 140	*1 119*	*599*	*244*	*1 963*
Article 142	*18*	*305*	*11*	*334*
Article 136	*13*	*–*	*5*	*18*
Article 147	*–*	*69*	*–*	*69*
	1 150	*973*	*260*	*2 384*
Article 136	*–*	*(126)*	*–*	*(126)*
Article 141	*(31)*	*(343)*	*(57)*	*(431)*
Article 143	*–*	*(191)*	*–*	*(191)*
Article 144	*–*	*(58)*	*–*	*(58)*
Article 145	*–*	*(37)*	*–*	*(37)*
Article 146	*–*	*(7)*	*–*	*(7)*
	(31)	*(760)*	*(57)*	*(848)*
Total	**1 120**	**213**	**203**	**1 535**

Article 140 – Outstanding Commitments

EUR million

Amount owed by the UK at 31.12.2024	**4 432**
Net financial corrections related to 2014-2020 or previous programme periods	*(58)*
Own resources infringement procedures	*(0)*
Net payments received from the UK in 2025	*(1 963)*
Adjustment of estimated non-implementation	*(84)*
Amount owed by the UK at 31.12.2025	**2 327**
Non-current	*1 928*
Current	*399*

Article 142 – Outstanding 2020 liabilities

Outstanding 2020 liabilities under Article 142 (6)

EUR million

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme	31.12.2025	31.12.2024
Outstanding 2020 liabilities	*68 944*	*4 326*	*73 271*	*77 529*
UK Share	**8 571**	**538**	**9 109**	**9 638**
PSEO/JSIS contributions	**315**	**12**	**326**	**305**
Total	**8 885**	**550**	**9 435**	**9 943**
Non-current	*8 571*	*538*	*9 109*	*9 638*
Current	*315*	*12*	*326*	*305*

Other articles

EUR million

	31.12.2025	31.12.2024
Due from the UK:		
Article 136	*133*	*8*
Article 147	*33*	*107*
	166	**116**
Due to the UK:		
Article 141	*(1 090)*	*(1 630)*
Article 143	*(198)*	*(191)*
Article 144	*(43)*	*(58)*
Article 145	*–*	*(37)*
Article 146	*–*	*(7)*
	(1 331)	**(1 922)**
Total	**(1 165)**	**(1 806)**
Non-current	*(915)*	*(1 040)*
Current	*(250)*	*(766)*

Article 136 – Provisions applicable in relation to own resources

EUR million

Amount due to (-)/from (+) the UK at 31.12.2024	**8**
Adjustment of estimate for amounts invoiced in 2025	*14*
Payments made to the UK in 2025	*107*
VAT and GNI adjustments (balances exercise 2024)	*(12)*
Interest on late payment of UK traditional own resources and VAT own	*5*
Share of the pending TOR in the UK separate account by 31 December 2025	*4*
UK net traditional own resources after 28 February 2021	*3*
VAT and GNI adjustments (balances exercise 2025)	*2*
Amount due to (-)/from (+) the UK at 31.12.2025	**133**
Non-current	*2*
Current	*130*

2.6.1.3. Recoverables from fines imposed on companies

EUR million

	31.12.2025	31.12.2024
Recoverable from fines gross amount	*15 604*	*12 247*
Provisional payments	*(2 823)*	*(2 161)*
Impairment	*(1 817)*	*(934)*
Total	**10 964**	**9 152**
Non-current	*–*	*–*
Current	*10 964*	*9 152*

2.6.1.4. Accrued income and deferred charges

EUR million

	31.12.2025	31.12.2024
Accrued income	*1 671*	*751*
Deferred charges relating to non-exchange transactions	*156*	*62*
Total	**1 827**	**813**
Non-current	*–*	*10*
Current	*1 827*	*803*

2.6.2. Receivables from exchange transactions

EUR million

	31.12.2025	31.12.2024
Non-current		
Financial guarantee receivable	*1 359*	*1 324*
Late payment interest	*319*	*323*
Other receivables	*70*	*49*
	1 748	**1 695**
Current		
Financial guarantee receivable	*293*	*306*
Customers	*261*	*228*
Impairment on receivables from customers	*(149)*	*(130)*
Deferred charges relating to exchange transactions	*168*	*143*
Late payment interest	*801*	*760*
Other	*473*	*301*
	1 847	**1 608**
Total	**3 595**	**3 303**

Out of the total amount of EUR 1 651 million of the Financial Guarantee Contract receivable as at 31 December 2025 (2024: EUR 1 629 million), EUR 1 564 million are classified as financial assets measured at fair value through surplus or deficit (Fair value level 3) (2024: EUR 1 588 million).

2.7. INVENTORIES

EUR million

	31.12.2025	31.12.2024
Scientific materials	*58*	*66*
Other	*16*	*15*
Total	**74**	**81**

2.8. CASH AND CASH EQUIVALENTS

EUR million

	31.12.2025	31.12.2024
Accounts with Treasuries and Central Banks	*31 755*	*24 059*
Current accounts	*1 816*	*808*
Imprest accounts	*7*	*10*
Transfers (cash in transit)	*0*	*–*
Bank accounts for budget implementation	**33 579**	**24 877**
Accounts with Central Banks	*23 596*	*33 926*
Term deposits	*23 516*	*–*
Reverse repo transactions	*18 115*	*–*
Liquidity for unified funding	**65 227**	**33 926**
Financial instruments	**2 975**	**2 758**
Fines	**237**	**134**
Trust funds	**35**	**30**
Total	**102 054**	**61 724**

LIABILITIES

2.9. PENSION AND OTHER EMPLOYEE BENEFITS

Net employee benefit scheme liability

EUR million

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2025 Total	31.12.2024 Total
Defined Benefit Obligation	*83 998*	*1 593*	*5 721*	*91 312*	*93 241*
Plan assets	*N/A*	*N/A*	*(467)*	*(467)*	*(438)*
Net liability	**83 998**	**1 593**	**5 254**	**90 845**	**92 804**

Actuarial assumptions - employee benefits

	2025	2024
Pension Scheme of European Officials		
Nominal discount rate	*3.8%*	*3.3%*
Expected inflation rate	*2.0%*	*2.0%*
Real discount rate	*1.8%*	*1.3%*
Expected rate of salary increases	*1.4%*	*1.3%*
Retirement age	*63/64/66*	*63/64/66*
Joint Sickness Insurance Scheme		
Nominal discount rate	*3.8%*	*3.3%*
Expected inflation rate	*2.0%*	*2.0%*
Real discount rate	*1.8%*	*1.3%*
Expected rate of salary increases	*1.4%*	*1.3%*
Medical cost trend rates	*0.9%*	*1.6%*
Retirement age	*63/64/66*	*63/64/66*

Movement in present value of employee benefits defined benefit obligation

EUR million

	Pension Scheme of European Officials	Other retirement benefit Schemes	Joint Sickness Insurance Scheme	Total
Present value as at 31.12.2024	**84 765**	**1 626**	**6 850**	**93 241**
Recognised in statement of financial performance				
Current service cost	*2 874*	*76*	*241*	*3 191*
Interest expense	*2 794*	*53*	*226*	*3 074*
Recognised in net assets				
Remeasurements in employee benefits liabilities				
Actuarial (gains)/losses from experience	*(1 498)*	*5*	*(202)*	*(1 695)*
Actuarial (gains)/losses from demographic assumptions	*237*	*6*	*15*	*258*
Actuarial (gains)/losses from financial assumptions	*(2 608)*	*(122)*	*(1 270)*	*(3 999)*
Other				
Benefits paid	*(2 567)*	*(51)*	*(140)*	*(2 757)*
Present value as at 31.12.2025	**83 998**	**1 593**	**5 721**	**91 312**

Movement in present value of plan assets of the Joint Sickness Insurance Scheme

EUR million

Present value as at 31.12.2024	**438**
Net movement in plan assets	*29*
Present value as at 31.12.2025	**467**

Pension Scheme of European Officials sensitivity

A ten basis points change in the assumed discount rate would have the following effects:

EUR million

	2025		2024	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(1 436)*	*1 474*	*(1 516)*	*1 558*

A ten basis points change in the expected salary increases rate would have the following effects:

EUR million

	2025		2024	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*1 439*	*(1 404)*	*1 514*	*(1 476)*

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

EUR million

	2025		2024	
	One year increase	One year decrease	One year increase	One year decrease
Defined benefit obligation	*(751)*	*1 078*	*(799)*	*1 109*

Joint Sickness Insurance Scheme sensitivity

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

EUR million

	2025		2024	
	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	*11*	*(10)*	*11*	*(11)*
Defined benefit obligation	*131*	*(127)*	*166*	*(162)*

A ten basis points change in the assumed discount rate would have the following effects:

EUR million

	2025		2024	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(96)*	*99*	*(130)*	*133*

A ten basis points change in the expected salary increases rate would have the following effects:

EUR million

	2025		2024	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(26)*	*25*	*(27)*	*26*

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

EUR million

	2025		2024	
	One year increase	One year decrease	One year increase	One year decrease
Defined benefit obligation	*(150)*	*161*	*(185)*	*197*

2.10. PROVISIONS

EUR million

	Amount at 31.12.2024	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2025
Legal cases:							
Agriculture	*204*	*9*	*(178)*	*–*	*–*	*–*	*35*
Other	*82*	*148*	*(5)*	*(52)*	*–*	*–*	*172*
Nuclear site dismantling	*1 796*	*–*	*–*	*(53)*	*–*	*137*	*1 880*
Financial	*7 082*	*1*	*(7 081)*	*(0)*	*–*	*–*	*3*
Other	*314*	*163*	*(206)*	*(2)*	*–*	*–*	*269*
Total	**9 478**	**322**	**(7 471)**	**(107)**	**–**	**137**	**2 358**
Non-current	**1 965**	**58**	**(181)**	**(15)**	**(46)**	**137**	**1 919**
Current	**7 512**	**264**	**(7 290)**	**(92)**	**46**	**–**	**439**

2.11. FINANCIAL LIABILITIES

EUR million

	Note	31.12.2025	31.12.2024
Non-current			
Financial liabilities at amortised cost	*2.11.1*	*643 438*	*539 013*
Financial liabilities at fair value through surplus or deficit	*2.4.2.2*	*9*	*13*
Financial guarantee liabilities	*2.11.2*	*81*	*39*
		643 529	**539 066**
Current			
Financial liabilities at amortised cost	*2.11.1*	*89 016*	*55 860*
Financial liabilities at fair value through surplus or deficit	*2.4.2.2*	*53*	*84*
Financial guarantee liabilities	*2.11.2*	*7 647*	*6 340*
		96 716	**62 284**
Total		**740 245**	**601 350**

2.11.1. Financial liabilities at amortised cost

EUR million

	Note	31.12.2025	31.12.2024
Borrowings	*2.11.1.1*	*731 224*	*594 028*
Other financial liabilities	*2.11.1.2*	*1 230*	*845*
Total		**732 454**	**594 873**
Non-current		*643 438*	*539 013*
Current		*89 016*	*55 860*

2.11.1.1. Borrowings

EUR million

	Unified Funding	SURE	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2024	*437 628*	*98 839*	*42 297*	*201*	*14 762*	*301*	*594 028*
New borrowings - nominal	*221 526*	*–*	*–*	*–*	*–*	*–*	*221 526*
Repayments	*(73 266)*	*(8 000)*	*(2 400)*	*(200)*	*(20)*	*–*	*(83 886)*
Changes in carrying amount	*(300)*	*(135)*	*(15)*	*(1)*	*7*	*(0)*	*(443)*
Other movements	*2 500*	*–*	*(2 500)*	*–*	*–*	*–*	*–*
Total at 31.12.2025	**588 088**	**90 705**	**37 382**	**–**	**14 749**	**301**	**731 224**
Non-current	*514 099*	*82 594*	*30 818*	*–*	*14 495*	*300*	*642 305*
Current	*73 989*	*8 111*	*6 564*	*–*	*255*	*0*	*88 919*

2.11.1.2. Other financial liabilities

EUR million

	31.12.2025	31.12.2024
Non-current		
Finance lease liabilities	*281*	*333*
Buildings paid for in instalments	*134*	*175*
Contributions with conditions	*617*	*234*
Other	*101*	*4*
	1 133	**747**
Current		
Finance lease liabilities	*53*	*49*
Buildings paid for in instalments	*41*	*41*
Contributions with conditions	*3*	*8*
Other	*–*	*–*
	97	**98**
Total	**1 230**	**845**

Finance lease liabilities

EUR million

	Future amounts to be paid			
	< 1 year	1 - 5 years	> 5 years	Total Liability
Land and buildings	*51*	*201*	*77*	*329*
Other fixed assets	*2*	*3*	*–*	*4*
Total at 31.12.2025	**53**	**203**	**77**	**333**
Interest element	*18*	*44*	*5*	*67*
Total future minimum lease payments at 31.12.2025	**71**	**247**	**83**	**400**
Total future minimum lease payments at 31.12.2024	*69*	*255*	*144*	*469*

2.11.2. Financial guarantee liabilities

EUR million

	31.12.2025 Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability	31.12.2024 Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability
EU budgetary guarantee programmes				
EIB ELM guarantees	*11*	*1 806*	*19*	*1 862*
EFSI guarantee	*1 248*	*1 307*	*1 345*	*1 402*
EFSD guarantee	*9*	*89*	*7*	*192*
InvestEU guarantee	*276*	*1 841*	*190*	*1 606*
NDICI EU guarantee	*60*	*915*	*30*	*582*
Ukraine guarantee	*24*	*1 248*	*10*	*61*
	1 629	**7 205**	**1 600**	**5 707**
EU financial instrument programmes				
COSME	*–*	*219*	*–*	*304*
Horizon 2020	*4*	*126*	*6*	*198*
Other	*18*	*179*	*23*	*171*
	22	**523**	**29**	**673**
Total	**1 651**	**7 729**	**1 629**	**6 379**
Non-current	*1 359*	*81*	*1 324*	*39*
Current	*293*	*7 647*	*306*	*6 340*

2.12. PAYABLES

EUR million

	Gross Amount	Adjustments*	Net Amount at 31.12.2025	Gross Amount	Adjustments*	Net Amount at 31.12.2024
Cost claims and invoices received from:						
Member States						
EAFRD & other rural development instruments	*1 892*	*(0)*	*1 892*	*269*		*269*
ERDF & CF	*13 463*	*(2 250)*	*11 213*	*6 036*	*(2 258)*	*3 778*
ESF	*8 720*	*(557)*	*8 164*	*2 156*	*(447)*	*1 708*
RRF (NGEU)	*22 707*	*(1 646)*	*21 061*	*28 016*	*(724)*	*27 292*
Other	*1 469*	*(217)*	*1 253*	*1 846*	*(318)*	*1 528*
Private and public entities	*1 187*	*(15)*	*1 172*	*1 957*	*(334)*	*1 623*
Total costs claims & invoices received	**49 439**	**(4 684)**	**44 755**	**40 280**	**(4 082)**	**36 198**
EAGF	**15 344**	**N/A**	**15 344**	**15 086**	**N/A**	**15 086**
Own Resources Payables	**47**	**N/A**	**47**	**–**	**–**	**–**
Sundry Payables	**6 302**	**N/A**	**6 302**	**5 721**	**N/A**	**5 721**
Total	**71 132**	**(4 684)**	**66 448**	**61 086**	**(4 082)**	**57 004**

** Estimated non-eligible amounts and pending other advances to Member States.*

2.13. ACCRUED CHARGES AND DEFERRED INCOME

EUR million

	31.12.2025	31.12.2024
Accrued charges	*75 551*	*65 725*
Deferred income	*15*	*3*
Other	*17*	*117*
Total	**75 584**	**65 845**

The split of accrued charges is as follows:

EUR million

	31.12.2025	31.12.2024
RRF (NGEU)	*12 688*	*4 371*
EAGF	*25 337*	*25 586*
EAFRD and other rural development instruments	*15 786*	*17 374*
ERDF and CF	*3 670*	*3 101*
ESF	*2 929*	*2 318*
Other	*15 142*	*12 976*
Total	**75 551**	**65 725**

NET ASSETS

2.14. RESERVES

EUR million

	31.12.2025	31.12.2024
Reserves	*99*	*83*
Total	**99**	**83**

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

EUR million

Amounts to be called from Member States at 31.12.2024	**313 380**
2024 budget result credited to Member States	*1 348*
Remeasurements in employee benefits liabilities	*(5 605)*
Other	*–*
Economic result of the year	*54 810*
Total amounts to be called from Member States at 31.12.2025	**363 933**

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.1. RECOVERY OF EXPENSES

EUR million

	2025	2024
Expenses delegated to Member States	*1 291*	*755*
Grants	*22*	*158*
Contributions/Delegation agreements	*52*	*44*
Other	*1*	
Total	**1 365**	**957**

3.2. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

EUR million

	2025	2024
Contribution from Member States:		
Innovation Fund	*2 614*	*2 297*
RePowerEU	*6 360*	*5 869*
Social Climate Fund	*3 668*	*–*
External aid	*747*	*671*
InvestEU	*58*	*207*
Contribution from EFTA, third countries and accession countries	*4 841*	*4 426*
Contribution from other entities	*3 293*	*524*
Staff taxes and contributions	*1 437*	*1 337*
Transfer of assets	*–*	*307*
Budgetary adjustments	*(5 811)*	*(6 169)*
Adjustment of provisions	*390*	*419*
Funding of institutions	*(4 582)*	*(4 425)*
Other	*297*	*230*
Total	**13 310**	**5 692**

REVENUE FROM EXCHANGE TRANSACTIONS

3.3. FINANCIAL REVENUE

EUR million

	2025	2024
Interest on:		
Loans	*5 720*	*4 129*
Cash & cash equivalents	*1 803*	*1 694*
Late payments	*235*	*220*
Borrowings	*217*	*228*
Other	*39*	*31*
Revenue from FGCs	*1 245*	*971*
Gains on financial assets or liabilities at FVSD:		
Non-derivatives	*1 323*	*1 442*
Derivatives	*772*	*165*
Derecognition gain on loans	*24*	*–*
Dividends	*9*	*31*
Other	*192*	*4*
Total	**11 579**	**8 915**

3.4. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

EUR million

	2025	2024
Foreign exchange gains	*479*	*305*
Share of net result of EIF	*69*	*83*
Sales of goods	*7*	*13*
Fixed assets related revenue	*229*	*903*
Other	*658*	*448*
Total	**1 443**	**1 752**

EXPENSES

3.5. DELEGATED TO MEMBER STATES

EUR million

	2025	2024
European Agricultural Guarantee Fund	*40 914*	*40 267*
European Agricultural Fund for Rural Development and other rural development instruments	*17 017*	*14 779*
European Regional Development Fund and Cohesion Fund	*31 032*	*28 833*
European Social Fund	*17 308*	*18 037*
Other	*4 514*	*3 854*
Total	**110 784**	**105 770**

3.6. TRANSFERS INCLUDING GRANTS AND BUDGET SUPPORT

EUR million

	2025	2024
Recovery & Resilience Facility	*46 815*	*65 787*
Other	*28 289*	*33 012*
Total	**75 104**	**98 799**

3.7. CONTRIBUTION AGREEMENTS INCLUDING CONTRIBUTIONS TO EU BODIES

EUR million

	2025	2024
Contributions to EU bodies	*5 253*	*6 659*
Other contributions	*14 084*	*12 241*
Total	**19 337**	**18 899**

3.8. STAFF AND PENSION COSTS

EUR million

	2025	2024
Staff costs	*4 430*	*4 178*
Pension costs	*6 264*	*5 887*
Total	**10 694**	**10 065**

3.9. FINANCE COSTS

EUR million

	2025	2024
Interest expenses:		
Borrowings	*14 037*	*9 780*
Loans	*148*	*159*
Finance leases	*19*	*22*
Other	*21*	*13*
FGCs - subsidised remuneration	*1 942*	*1 156*
Net impairment losses on:		
Financial guarantee contracts	*1 199*	*474*
Loans, loan commitments and receivables	*8 066*	*14 134*
Loss on financial assets or liabilities at FVSD:		
Non-derivatives	*170*	*153*
Derivatives	*153*	*252*
Modification loss	*1 131*	*763*
Derecognition loss on loans	*94*	*–*
Funding costs guaranteed	*119*	*151*
Other	*1*	*114*
Total	**27 100**	**27 172**

3.10. PROCUREMENT, ADMINISTRATIVE AND OTHER EXPENSES

EUR million

	2025	2024
Administrative and other expenses	*3 393*	*1 438*
IT expenses	*1 234*	*659*
Fixed assets related expenses	*990*	*1 508*
Foreign exchange losses	*607*	*257*
Adjustment of provisions	*457*	*420*
Operating lease expenses	*265*	*253*
Land and buildings management expenses	*263*	*280*
Reduction of fines by Court decision	*214*	*1 123*
Total	**7 423**	**5 937**

The aggregate amount of research and development expenditure recognised as an expense during 2025 is as follows:

EUR million

	2025	2024
Research costs	*449*	*447*
Non-capitalised development costs	*46*	*79*
Total	**494**	**525**

3.11. SEGMENT REPORTING BY MAIN SPENDING AREAS

EUR million

	Agricultural Funds	Cohesion and other Structural Funds	RRF and financial activities	Research & Innovation	External action	Green Transition and Public Health	Other policies *	Total
GNI resources	–	–	–	–	–	–	*106 342*	*106 342*
Traditional own resources	–	–	–	–	–	–	*23 436*	*23 436*
VAT	–	–	–	–	–	–	*25 728*	*25 728*
Plastics own resources	–	–	–	–	–	–	*7 524*	*7 524*
Fines	–	–	–	*358*	–	*101*	*4 912*	*5 370*
Recovery of expenses	*948*	*348*	–	*21*	*12*	*0*	*37*	*1 365*
Other	*319*	*3 792*	*6 360*	*3 884*	*593*	*2 952*	*(4 590)*	*13 310*
Non-Exchange Revenue	**1 268**	**4 139**	**6 360**	**4 262**	**605**	**3 053**	**163 389**	**183 077**
Financial revenue	*0*	*1*	*16 506*	*1 844*	*(258)*	*340*	*(6 856)*	*11 579*
Other	*(5)*	*(4)*	*142*	*344*	*183*	*(40)*	*823*	*1 443*
Exchange Revenue	**(5)**	**(3)**	**16 649**	**2 188**	**(74)**	**300**	**(6 033)**	**13 021**
Total revenue	**1 263**	**4 136**	**23 009**	**6 450**	**531**	**3 353**	**157 355**	**196 098**
Delegated to Member States								
EAGF	*(40 914)*	–	–	–	–	–	–	*(40 914)*
EAFRD & other	*(17 017)*	–	–	–	–	–	–	*(17 017)*
ERDF & CF	–	*(31 032)*	–	–	–	–	–	*(31 032)*
ESF	–	*(17 308)*	–	–	–	–	–	*(17 308)*
Other	–	*(3 081)*	–	–	–	–	*(1 432)*	*(4 514)*
Transfers incl. grants and budget support								
RRF	–	–	*(46 815)*	–	–	–	–	*(46 815)*
Other	*(38)*	*(203)*	*(1 489)*	*(18 938)*	*(5 901)*	*(104)*	*(1 615)*	*(28 289)*
Contribution agreements incl. EU bodies	*(124)*	*(546)*	*197*	*(5 159)*	*(7 190)*	*(526)*	*(5 988)*	*(19 337)*
Staff and pension costs	*3*	*1*	–	*(3)*	*(0)*	*1*	*(10 695)*	*(10 694)*
Finance costs	*(7)*	*0*	*(22 718)*	*(1 658)*	*(1 943)*	*(1)*	*(773)*	*(27 100)*
UK Withdrawal Agreement	–	–	–	–	–	–	*(465)*	*(465)*
Procurement, admin.and other exp.	*(54)*	*(141)*	*(62)*	*(2 260)*	*(1 027)*	*(316)*	*(3 563)*	*(7 423)*
Total expenses	**(58 152)**	**(52 311)**	**(70 888)**	**(28 018)**	**(16 062)**	**(946)**	**(24 531)**	**(250 907)**
Economic result of the year	**(56 889)**	**(48 174)**	**(47 879)**	**(21 568)**	**(15 531)**	**2 407**	**132 825**	**(54 810)**

* *Revenue presented under 'Other policies' mainly includes revenue from the EU's own resources which falls under the universality principle and is used without distinction to finance all expenditure entered in the Union's annual budget.*

3.12. RECLASSIFICATION OF COMPARATIVE FIGURES IN THE STATEMENT OF FINANCIAL PERFORMANCE

As from the 2025 annual accounts, the main expenses in the Statement of financial performance are presented in a new structure, focusing on the type of instrument rather than the type of budget implementation (Shared Management, Direct Management, Indirect Management). As required by EU accounting rules, the 2024 comparative figures have been reclassified accordingly. The impact of the reclassification is illustrated below:

EUR million

	Implemented by									
	Shared Mgmt.	Direct Mgmt.		Indirect Management						
	Member States	Commission, executive agencies and trust funds	Other EU agencies and bodies	Third countries and international organisations	Other entities	Staff and pensions	Finance costs	UK Withdrawal Agreement	Other expenses	**Total 2024 expenses (reclassified)**
Delegated to Member States	*(105 770)*									*(105 770)*
Transfers including grants and budget support										
RRF		*(65 787)*								*(65 787)*
Other		*(33 012)*								*(33 012)*
Contribution agreements incl. EU bodies		*(194)*	*(5 789)*	*(6 639)*	*(5 602)*				*(676)*	*(18 899)*
Staff and pension costs						*(10 065)*				*(10 065)*
Finance costs							*(27 172)*			*(27 172)*
UK Withdrawal Agreement								*(315)*		*(315)*
Procurement, administrative and other expenses		*2*							*(5 939)*	*(5 937)*
Total expenses	**(105 770)**	**(98 990)**	**(5 789)**	**(6 639)**	**(5 602)**	**(10 065)**	**(27 172)**	**(315)**	**(6 615)**	**(266 957)**

4. CONTINGENT LIABILITIES AND ASSETS

4.1. GUARANTEES GIVEN BY EU BUDGET

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

EUR million

	31.12.2025			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
EIB ELM guarantees	*20 880*	*20 880*	*16 826*	*3 529*
EFSI guarantee	*25 119*	*21 449*	*19 982*	*9 234*
EFSD guarantee	*583*	*573*	*451*	*809*
InvestEU guarantee	*28 469*	*15 519*	*6 010*	*8 912*
NDICI external action guarantee	*33 965*	*16 461*	*2 949*	*3 583*
Ukraine Guarantee	*3 540*	*2 699*	*1 181*	*614*
Total	**112 556**	**77 580**	**47 399**	**26 681**

** The EUR 3.5 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).*

EUR million

	31.12.2024			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
EIB ELM guarantees	*25 772*	*25 772*	*19 184*	*3 400*
EFSI guarantee	*25 373*	*22 998*	*21 033*	*8 941*
EFSD guarantee	*759*	*667*	*521*	*785*
InvestEU guarantee	*27 042*	*11 769*	*3 468*	*6 802*
NDICI external action guarantee	*30 173*	*11 228*	*1 341*	*2 943*
Ukraine Guarantee	*790*	*172*	*132*	*202*
Total	**109 909**	**72 606**	**45 678**	**23 073**

** The EUR 3.4 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).*

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

EUR million

	31.12.2025	31.12.2024
Horizon 2020	*2 027*	*2 145*
Connecting Europe Facility	*644*	*649*
COSME	*236*	*378*
Other	*536*	*471*
Total	**3 443**	**3 642**

4.2. CONTINGENT LIABILITIES RELATING TO LEGAL CASES

EUR million

	31.12.2025	31.12.2024
Fines	*2 336*	*2 178*
Agriculture	*617*	*77*
Other	*144*	*54*
Total	**3 097**	**2 308**

4.3. CONTINGENT ASSETS

EUR million

	31.12.2025	31.12.2024
Guarantees received:		
Performance guarantees	*100*	*99*
Other guarantees	*2*	*2*
Other contingent assets	*13*	*13*
Total	**115**	**114**

5. BUDGETARY AND LEGAL COMMITMENTS

EUR million

	Note	31.12.2025	31.12.2024
Outstanding budgetary commitments not yet expensed	*5.1*	*380 298*	*428 221*
Significant legal commitments	*5.2*	*168 321*	*245 345*
Total		**548 619**	**673 566**

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

EUR million

	31.12.2025	31.12.2024
Outstanding budgetary commitments not yet expensed	*380 298*	*428 221*

5.2. SIGNIFICANT LEGAL COMMITMENTS

EUR million

	Note	31.12.2025	31.12.2024
Economic, Social and Territorial Cohesion		*113 279*	*177 459*
Natural Resources and Environment		*30 946*	*46 659*
Migration and Border Management		*4 657*	*4 153*
Security and Defence		*377*	*520*
Connecting Europe Facility		*9 043*	*7 313*
Innovation Fund		*4 779*	*521*
Space Programmes		*1 838*	*2 672*
Ukraine Facility		*837*	*2 270*
HorizonEU		*365*	*519*
Secure Connectivity Programme		*253*	*631*
Fisheries agreements		*133*	*234*
NDICI		*120*	*–*
RESCUE		*91*	*106*
Operating lease commitments	*5.2.1*	*1 223*	*1 024*
Other contractual commitments		*379*	*540*
RRF non-repayable support commitments		*–*	*558*
EURATOM		*–*	*166*
Total		**168 321**	**245 345**

5.2.1. Operating lease commitments

EUR million

	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	*179*	*494*	*542*	*1 216*
IT materials and other equipment	*2*	*5*	*0*	*7*
Total	**182**	**499**	**542**	**1 223**

6. FINANCIAL RISK MANAGEMENT

6.1. CURRENCY RISK

Exposure of the EC to currency risk at year-end – net position

EUR million

	31.12.2025						
	USD	PLN	RON	SEK	Other	EUR	Total
Financial assets							
*Financial assets at AC**	*51*	*–*	*5*	*–*	*7*	*174*	*237*
Financial assets at FVSD							
Non-derivatives	*1 558*	*–*	*–*	*18*	*124*	*48 041*	*49 741*
Derivatives	*(1 122)*	*134*	*87*	*93*	*164*	*2 229*	*1 585*
*Receivables***	*137*	*84*	*8*	*2*	*91*	*3 047*	*3 369*
Cash and cash equivalents	*198*	*1 480*	*594*	*612*	*1 477*	*97 692*	*102 054*
	823	**1 697**	**694**	**725**	**1 864**	**151 183**	**156 986**
Financial liabilities							
Financial guarantee liability	*(469)*	*(77)*	*(51)*	*(9)*	*(110)*	*(7 012)*	*(7 729)*
Financial liabilities at FVSD	*(6)*	*–*	*221*	*–*	*(3)*	*(273)*	*(62)*
	(475)	**(77)**	**170**	**(9)**	**(114)**	**(7 285)**	**(7 790)**
Total	**348**	**1 621**	**864**	**715**	**1 750**	**143 898**	**149 196**

EUR million

	31.12.2024						
	USD	PLN	RON	SEK	Other	EUR	Total
Financial assets							
*Financial assets at AC**	*40*	*–*	*5*	*–*	*7*	*130*	*183*
Financial assets at FVSD							
Non-derivatives	*2 148*	*–*	*–*	*45*	*120*	*40 002*	*42 314*
Derivatives	*–*	*–*	*–*	*–*	*–*	*1 110*	*1 110*
*Receivables***	*71*	*17*	*1*	*1*	*95*	*2 942*	*3 127*
Cash and cash equivalents	*99*	*573*	*258*	*314*	*832*	*59 650*	*61 724*
	2 357	**590**	**264**	**359**	**1 054**	**103 834**	**108 458**
Financial liabilities							
Financial guarantee liability	*(518)*	*(59)*	*(36)*	*(12)*	*(112)*	*(5 643)*	*(6 379)*
Financial liabilities at FVSD	*(1 712)*	*76*	*285*	*75*	*138*	*1 040*	*(98)*
	(2 230)	**17**	**248**	**63**	**26**	**(4 603)**	**(6 477)**
Total	**127**	**607**	**512**	**423**	**1 080**	**99 231**	**101 981**

** Excluding NGEU and financial assistance loans*
*** Excluding deferred charges.*

If the EUR had strengthened or weakened against the currency concerned by 10 % then this would have had the following impact on the economic result:

EUR million

FX Rate Increase (+)/ Decrease(-)	2025			
	USD	PLN	RON	SEK
+10%	*(32)*	*(147)*	*(79)*	*(65)*
-10%	*39*	*180*	*96*	*79*

EUR million

FX Rate Increase (+)/ Decrease(-)	2024			
	USD	PLN	RON	SEK
+10%	*(12)*	*(55)*	*(47)*	*(38)*
-10%	*14*	*67*	*57*	*47*

6.2. INTEREST RATE RISK

The following table illustrates the interest rate sensitivity of debt securities assuming a possible change in interest rates of +/- 100 basis points (1 %).

EUR million

	Increase (+) / decrease (-) in basis points	Economic result
2025: Financial assets at FVSD	*+100*	*(1 398)*
	-100	*1 484*
2024: Financial assets at FVSD	*+100*	*(1 129)*
	-100	*1 200*

6.3. OTHER PRICE RISK

Equity price risk is the risk that the fair values of equity investments change due to fluctuations in equity prices and/or the value of 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	*380*	*(380)*
MMFs, ETFs and investments in pooled portfolios	*681*	*(681)*
*Guarantees on equity**	*695*	*(695)*
Total at 31.12.2025	**1 756**	**(1 756)**
Equity investments	*320*	*(320)*
MMFs, ETFs and investments in pooled portfolios	*598*	*(598)*
*Guarantees on equity**	*606*	*(606)*
Total at 31.12.2024	**1 523**	**(1 523)**

*The risk of guarantees on equity is based on the notional amount that is covered by the guarantee.

6.4. CREDIT RISK

Maximum credit risk exposure

EUR million

	31.12.2025	31.12.2024
Financial assets		
Loans at amortised cost	*333 058*	*283 297*
Cash and cash equivalents	*102 054*	*61 724*
*Exchange receivables**	*3 369*	*3 127*
Financial assets at FVSD - debt securities	*39 124*	*33 130*
Financial assets at FVSD - derivatives	*1 585*	*1 110*
Loans at FVSD	*9*	*–*
Guarantees given and loan commitments		
FGCs	*65 474*	*60 857*
Loan commitments	*24*	*18 193*
Total	**544 697**	**461 439**

**Excluding deferred charges*

Loans: credit quality

EUR million

	31.12.2025				
	Stage 1	Stage 2	Stage 3	POCI	Total
Credit rating					
Prime and high grade	*33 157*	*–*	*–*	*–*	*33 157*
Upper medium grade	*101 888*	*–*	*–*	*–*	*101 888*
Lower medium grade	*151 363*	*–*	*–*	*–*	*151 363*
Non-investment grade (incl.	*4 340*	*72 630*	*28*	*21*	*77 019*
Gross carrying amount	**290 748**	**72 630**	**28**	**21**	**363 427**
Minus loss allowance	*(12)*	*(30 357)*	*(24)*	*24*	*(30 369)*
Net carrying amount	**290 736**	**42 273**	**4**	**45**	**333 058**

EUR million

	31.12.2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Credit rating					
Prime and high grade	*35 429*	*–*	*–*	*–*	*35 429*
Upper medium grade	*86 885*	*–*	*–*	*–*	*86 885*
Lower medium grade	*129 200*	*–*	*–*	*–*	*129 200*
Non-investment grade (incl.	*3 593*	*44 139*	*14*	*27*	*47 773*
Gross carrying amount	**255 108**	**44 139**	**14**	**27**	**299 287**
Minus loss allowance	*(31)*	*(15 969)*	*(14)*	*24*	*(15 991)*
Net carrying amount	**255 077**	**28 170**	**–**	**51**	**283 297**

Loans: Movement in impairment loss allowance

EUR million

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance at 01.01.2025	*31*	*15 969*	*14*	*(24)*	*15 991*
Transfer to Stage 1	*1*	*(1)*	*–*	*–*	*–*
Transfer to Stage 2	*(1)*	*1*	*–*	*–*	*–*
Transfer to Stage 3	*–*	*(1)*	*1*	*–*	*–*
New loans	*2*	*13 483*	*4*	*–*	*13 488*
Derecognitions - repayments	*(0)*	*(1)*	*(0)*	*–*	*(2)*
Derecognitions - write offs	*–*	*–*	*(3)*	*–*	*(3)*
Loss allowance remeasurement	*(22)*	*907*	*(0)*	*–*	*885*
Other	*2*	*2*	*8*	*–*	*11*
Loss allowance at 31.12.2025	**12**	**30 357**	**24**	**(24)**	**30 369**

Cash and cash equivalents: credit quality

EUR million

	31.12.2025	31.12.2024
Credit rating		
Prime and high grade	*100 811*	*56 025*
Upper medium grade	*708*	*3 995*
Lower medium grade	*531*	*1 699*
Non-investment grade	*5*	*5*
Gross carrying amount	**102 054**	**61 724**
Minus loss allowance	*-*	*-*
Net carrying amount	**102 054**	**61 724**

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	*1 712*	*9*	*17*	*47*	*170*	*1 956*
Minus loss allowance	*(5)*	*(3)*	*(9)*	*(24)*	*(110)*	*(151)*
Net carrying amount at 31.12.2025	**1 708**	**6**	**9**	**23**	**60**	**1 805**
Gross carrying amount	*1 417*	*4*	*31*	*23*	*195*	*1 670*
Minus loss allowance	*(5)*	*(2)*	*(3)*	*(12)*	*(110)*	*(132)*
Net carrying amount at 31.12.2024	**1 412**	**2**	**28**	**11**	**85**	**1 539**

The part of the financial guarantee contracts receivable leg, measured at FVSD, is excluded from this table (see note **2.6.2**)

Financial guarantee contracts: credit quality

EUR million

	31.12.2025			31.12.2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Long-term rating						
Prime and high grade	*19*	*1*	*20*	*1*	*–*	*1*
Upper medium grade	*69*	*12*	*81*	*5*	*–*	*5*
Lower medium grade	*108*	*2*	*109*	*137*	*–*	*137*
Non-investment grade	*39 396*	*25 813*	*65 209*	*34 912*	*25 746*	*60 658*
Managed on collective basis / not rated	*10*	*45*	*55*	*10*	*47*	*56*
Total	**39 602**	**25 872**	**65 474**	**35 064**	**25 793**	**60 857**

Financial guarantee contracts: Movement in the loss allowance

EUR million

	Stage 1	Stage 2	Total
Loss allowance at 01.01.2025	*1 930*	*2 075*	*4 005*
Transfer to Stage 2	*(48)*	*48*	*–*
Transfer to Stage 1	*28*	*(28)*	*–*
Additions	*377*	*1 257*	*1 634*
Release of guarantees	*(340)*	*(2)*	*(342)*
Remeasurement	*397*	*107*	*504*
Loss allowance at 31.12.2025	**2 345**	**3 456**	**5 800**
Financial guarantee liability carrying amount at 31.12.2025	**4 061**	**3 668**	**7 729**

6.5. LIQUIDITY RISK

Maturity analysis of non-derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				
	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Borrowings	*(98 561)*	*(240 053)*	*(578 604)*	*(917 217)*	*(731 224)*
Payables	*(66 448)*	*–*	*–*	*(66 448)*	*(66 448)*
Other	*(122)*	*(465)*	*(734)*	*(1 321)*	*(1 230)*
Total at 31.12.2025	**(165 131)**	**(240 518)**	**(579 338)**	**(984 986)**	**(798 902)**
Borrowings	*(61 589)*	*(201 152)*	*(468 669)*	*(731 410)*	*(594 028)*
Payables	*(57 004)*	*–*	*–*	*(57 004)*	*(57 004)*
Other	*(119)*	*(386)*	*(428)*	*(933)*	*(845)*
Total at 31.12.2024	**(118 712)**	**(201 538)**	**(469 097)**	**(789 347)**	**(651 877)**

Maturity analysis of derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
Derivative pay leg	*(1 184)*	*(11)*	*–*	*(1 195)*	
Derivative receive leg	*1 138*	*7*	*–*	*1 145*	
Net cash flows at 31.12.2025	**(46)**	**(4)**	**–**	**(50)**	**(48)**
Derivative pay leg	*(1 779)*	*(7)*	*(4)*	*(1 790)*	
Derivative receive leg	*1 691*	*–*	*–*	*1 691*	
Net cash flows at 31.12.2024	**(88)**	**(7)**	**(4)**	**(99)**	**(98)**

Maturity analysis of financial guarantee contracts issued by earliest period in which the guarantee could be called

EUR million

	Maximum amount of guarantee				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
FGCs at 31.12.2025	*(63 617)*	*(1 637)*	*(13 966)*	*(79 220)*	*(7 729)*
FGCs at 31.12.2024	*(64 115)*	*(2 211)*	*(10 271)*	*(76 597)*	*(6 379)*

Maturity analysis of undrawn loan commitments

EUR million

	Maximum amount of undrawn loan commitment				
	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Undrawn loan commitments at 31.12.2025	*–*	*15*	*9*	*24*	*3*
Undrawn loan commitments at 31.12.2024	*18 152*	*41*	*–*	*18 193*	*7 082*

7. RELATED PARTY DISCLOSURES

The related parties of the entity are the EU consolidated entities 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.

Details on key management entitlements are provided in note **7** of the EU consolidated annual accounts.

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.

EUROPEAN COMMISSION
FINANCIAL YEAR 2025

BUDGETARY IMPLEMENTATION REPORTS

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.

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1. EU BUDGET RESULT

EUR million

	2025	2024
Revenue for the financial year	*224 398*	250 609
Payments against current year appropriations	*(212 797)*	(244 309)
Payment appropriations carried over to year N+1	*(6 087)*	(3 848)
Cancellation of unused appropriations carried over from year N-1	*273*	334
Evolution of assigned revenue (B)-(A)	*(3 579)*	(1 486)
Unused appropriations at the end of current year (A)	*28 271*	*24 692*
Unused appropriations at the end of previous year (B)	*24 692*	*23 207*
Exchange rate differences for the year	*(130)*	44
Budget result	**2 078**	**1 345**

2. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

2.1. BUDGET REVENUE

EUR million

	Title	Initial adopted budget	Final adopted budget	Entitlements established	Revenue
1	Own Resources	151 161	154 322	155 448	155 418
2	Surpluses, Balances And Adjustments	–	1 345	1 362	1 362
3	Administrative Revenue	1 881	1 881	2 328	2 302
4	Financial Revenue, Default Interest And Fines	182	1 658	18 867	2 611
5	Budgetary Guarantees, Borrowing-And-Lending Operations	–	–	40 815	40 766
6	Revenue, Contributions And Refunds Related To Union Policies	1 440	1 412	24 016	21 008
	Total	**154 664**	**160 617**	**242 837**	**223 468**

2.2. BUDGET EXPENDITURE: COMMITMENTS BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

EUR million

	MFF Heading	Initial adopted budget	Final adopted budget	Total appropr. available	Commitments made
1	Single Market, Innovation and Digital	21 480	21 539	30 466	27 095
2	Cohesion, Resilience and Values	77 980	77 979	80 804	78 884
3	Natural Resources and Environment	56 731	56 700	58 961	57 658
4	Migration and Border Management	4 791	4 645	5 338	4 738
5	Security and Defence	2 633	2 633	2 742	2 666
6	Neighbourhood and the World	16 308	16 892	20 828	19 645
7	European Public Administration	7 580	7 518	9 346	8 381
O	Outside MFF	4 320	4 320	11 767	6 409
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 349	1 766	2 085	1 065
	Total	**194 174**	**193 991**	**222 335**	**206 542**

2.3. BUDGET EXPENDITURE: PAYMENTS BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

EUR million

	MFF Heading	Initial adopted budget	Final adopted budget	Total appropr. available	Payments made
1	Single Market, Innovation and Digital	20 461	20 255	34 035	24 483
2	Cohesion, Resilience and Values	44 445	47 141	96 601	92 306
3	Natural Resources and Environment	52 092	56 039	61 329	59 589
4	Migration and Border Management	3 204	3 564	4 386	3 819
5	Security and Defence	2 143	1 839	1 947	1 872
6	Neighbourhood and the World	14 426	15 010	18 469	17 170
7	European Public Administration	7 580	7 518	9 734	8 326
O	Outside MFF	3 274	2 805	15 994	2 319
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 320	1 744	2 063	1 048
	Total	**149 945**	**155 914**	**244 557**	**210 932**

3. IMPLEMENTATION OF EC BUDGET REVENUE

EUR million

	Title	Income appropriations		Entitlements established			Revenue				
		Initial adopted budget	Final adopted budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Revenue	**Revenue as % of budget**	**Outstanding**
1	Own Resources	151 161	154 322	155 417	32	155 448	155 414	4	155 418	101 %	30
2	Surpluses, Balances And Adjustments	–	1 345	1 362	–	1 362	1 362	–	1 362	101 %	–
3	Administrative Revenue	1 881	1 881	2 297	31	2 328	2 278	24	2 302	122 %	26
4	Financial Revenue, Default Interest And Fines	182	1 658	5 715	13 152	18 867	1 382	1 230	2 611	157 %	16 256
5	Budgetary Guarantees, Borrowing-And-Lending Operations	–	–	40 771	44	40 815	40 722	44	40 766		49
6	Revenue, Contributions And Refunds Related To Union Policies	1 440	1 412	21 024	2 992	24 016	18 960	2 048	21 008	1487 %	3 008
	TOTAL	**154 664**	**160 617**	**226 586**	**16 251**	**242 837**	**220 118**	**3 350**	**223 468**	**139 %**	**19 370**

4. IMPLEMENTATION OF EC BUDGET EXPENDITURE

4.1. MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS

EUR million

	MFF Heading	Commitment appropriations						Payment appropriations					
		Budget appropriations			Additional appropriations			Budget appropriations			Additional appropriat.		
		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	Total appropr. available	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	Total appropr. available
		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	21 480	59	21 539	116	8 810	30 466	20 461	(205)	20 255	107	13 673	34 035
2	Cohesion, Resilience and Values	77 980	(1)	77 979	0	2 825	80 804	44 445	2 696	47 141	1 897	47 563	96 601
3	Natural Resources and Environment	56 731	(32)	56 700	366	1 894	58 961	52 092	3 948	56 039	375	4 914	61 329
4	Migration and Border Management	4 791	(146)	4 645	–	693	5 338	3 204	360	3 564	28	794	4 386
5	Security and Defence	2 633	0	2 633	–	109	2 742	2 143	(304)	1 839	6	103	1 947
6	Neighbourhood and the World	16 308	584	16 892	970	2 966	20 828	14 426	584	15 010	116	3 343	18 469
7	European Public Administration	7 580	(63)	7 518	(0)	1 829	9 346	7 580	(63)	7 518	306	1 911	9 734
O	Outside MFF	4 320	(0)	4 320	31	7 415	11 767	3 274	(469)	2 805	121	13 069	15 994
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 349	(584)	1 766	310	9	2 085	2 320	(576)	1 744	310	9	2 063
	TOTAL	**194 174**	**(183)**	**193 991**	**1 795**	**26 550**	**222 335**	**149 945**	**5 969**	**155 914**	**3 266**	**85 378**	**244 557**

4.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

	MFF Heading	Total appropr. available	Commitments made					Appropriations carried over to 2026			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	30 466	21 532	116	5 446	27 095	89 %	0	3 362	3 362	7	(0)	2	9
2	Cohesion, Resilience and Values	80 804	76 865	0	2 019	78 884	98 %	(1)	776	776	1 113	1	30	1 144
3	Natural Resources and Environment	58 961	56 472	192	995	57 658	98 %	391	705	1 096	11	(0)	195	206
4	Migration and Border Management	5 338	4 644	–	94	4 738	89 %	–	599	599	0	–	0	1
5	Security and Defence	2 742	2 620	–	46	2 666	97 %	12	63	75	0	–	0	0
6	Neighbourhood and the World	20 828	16 218	929	2 498	19 645	94 %	682	468	1 151	0	32	0	32
7	European Public Administration	9 346	7 515	0	866	8 381	90 %	0	961	961	2	(0)	2	4
O	Outside MFF	11 767	4 269	31	2 110	6 409	54 %	51	5 306	5 357	0	1	–	1
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 085	755	310	–	1 065	51 %	997	1	998	14	–	7	21
	TOTAL	**222 335**	**190 891**	**1 579**	**14 073**	**206 542**	**93 %**	**2 133**	**12 241**	**14 374**	**1 149**	**33**	**236**	**1 418**

4.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

MFF Heading		Payments made						Appropriations carried over to 2026			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	34 035	20 128	96	4 258	24 483	72 %	107	9 414	9 521	20	10	0	31
2	Cohesion, Resilience and Values	96 601	45 231	1 895	45 180	92 306	96 %	1 906	2 377	4 283	4	2	6	11
3	Natural Resources and Environment	61 329	55 799	200	3 590	59 589	97 %	399	1 323	1 722	16	0	0	17
4	Migration and Border Management	4 386	3 560	19	239	3 819	87 %	3	554	557	1	9	0	10
5	Security and Defence	1 947	1 814	5	52	1 872	96 %	22	51	73	3	0	0	3
6	Neighbourhood and the World	18 469	14 444	89	2 637	17 170	93 %	584	706	1 290	7	2	0	9
7	European Public Administration	9 734	7 213	288	826	8 326	86 %	302	1 082	1 384	3	18	3	24
O	Outside MFF	15 994	1 693	113	514	2 319	15 %	1 120	12 555	13 675	0	0	–	0
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 063	729	310	9	1 048	51 %	1 015	–	1 015	0	0	–	0
	TOTAL	**244 557**	**150 611**	**3 016**	**57 305**	**210 932**	**86 %**	**5 457**	**28 062**	**33 520**	**54**	**42**	**10**	**106**

4.4. MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

	MFF Heading	Commit. carried forward from prev. year	Commit. made during the year	Variations on Commitments carried forward	Payments	Total commitm. outstanding at end of the year
		1	2	3	4	5=1+2+3+4
1	Single Market, Innovation and Digital	51 164	27 095	(583)	(24 482)	53 194
2	Cohesion, Resilience and Values	344 088	78 884	(275)	(92 361)	330 336
3	Natural Resources and Environment	50 867	57 658	(263)	(59 544)	48 718
4	Migration and Border Management	5 754	4 738	(0)	(3 809)	6 683
5	Security and Defence	4 445	2 666	(1)	(1 872)	5 239
6	Neighbourhood and the World	42 097	19 645	(443)	(17 170)	44 129
7	European Public Administration	388	8 381	(13)	(8 326)	430
O	Outside MFF	7 899	6 409	(410)	(2 319)	11 578
S	Solidarity mechanisms within and outside the Union (Special instruments)	53	1 065	–	(1 048)	71
	TOTAL	**506 755**	**206 542**	**(1 988)**	**(210 930)**	**500 379**

4.5. MFF: OUTSTANDING COMMITMENTS BY BUDGET PERIOD

EUR million

	MFF heading	<2018	2018	2019	2020	2021	2022	2023	2024	2025	Total
1	Single Market, Innovation and Digital	617	411	1 430	2 551	2 771	4 555	6 282	15 261	19 315	53 194
2	Cohesion, Resilience and Values	1 368	225	538	1 061	878	13 776	52 352	190 270	69 869	330 336
3	Natural Resources and Environment	2 507	907	896	946	275	2 859	3 882	19 889	16 558	48 718
4	Migration and Border Management	72	47	97	553	69	110	679	1 920	3 138	6 683
5	Security and Defence	27	55	78	125	364	410	725	1 367	2 089	5 239
6	Neighbourhood and the World	1 032	943	1 047	1 370	2 908	6 392	7 312	10 589	12 534	44 129
7	European Public Administration							1	51	378	430
O	Outside MFF								8 287	3 291	11 578
S	Solidarity mechanisms within and outside the Union (Special instruments)							–	0	71	71
	TOTAL	**5 623**	**2 588**	**4 086**	**6 605**	**7 265**	**28 101**	**71 232**	**247 636**	**127 243**	**500 379**

4.6. POLICY AREA: BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS

EUR million

		Commitment appropriations						Payment appropriations					
		Budget appropriations			Additional appropriations		Total appropr. available	Budget appropriations			Additional appropriat.		Total appropr. available
	Official Title	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
01	Research and Innovation	13 546	(0)	13 546	116	7 085	20 747	12 046	(4)	12 042	86	10 488	22 616
02	European Strategic Investments	4 567	2	4 569	0	1 333	5 901	5 221	(95)	5 126	9	2 448	7 582
03	Single Market	992	60	1 052	0	72	1 125	963	127	1 090	7	93	1 190
04	Space	2 372	0	2 372	–	320	2 692	2 229	(231)	1 998	4	643	2 646
05	Regional Development and Cohesion	49 216	(0)	49 216	–	665	49 880	22 744	5 010	27 754	1	2 803	30 557
06	Recovery and Resilience	6 185	(1)	6 184	0	796	6 981	6 071	(32)	6 039	1 869	40 755	48 663
07	Investing in People, Social Cohesion and Values	22 579	0	22 579	0	1 364	23 943	12 630	718	13 347	27	4 006	17 380
08	Agriculture and Maritime Policy	54 276	20	54 296	366	1 363	56 025	51 324	3 913	55 237	368	2 963	58 567
09	Environment and Climate Action	2 388	16	2 404	(0)	532	2 936	718	85	803	8	1 951	2 762
10	Migration	2 103	0	2 103	–	252	2 354	1 399	4	1 403	2	250	1 655
11	Border Management	2 612	(70)	2 542	–	442	2 983	1 728	433	2 161	26	544	2 730
12	Security	778	16	793	–	61	855	703	7	709	3	61	774
13	Defence	1 837	2	1 839	–	47	1 887	1 423	(293)	1 129	3	41	1 174
14	External Action	13 640	584	14 223	739	2 881	17 844	12 240	674	12 914	82	3 228	16 223
15	Pre-accession Assistance	2 669	(0)	2 669	231	85	2 984	2 187	(90)	2 096	34	115	2 246
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	4 370	1 702	6 072	342	7 424	13 837	3 329	1 219	4 548	432	13 077	18 057
20	Administrative expenditure of the European Commission	4 454	(43)	4 410	(0)	1 481	5 891	4 454	(43)	4 410	305	1 559	6 275
21	European Schools and Pensions	3 123	(16)	3 107	–	347	3 455	3 123	(16)	3 107	0	351	3 459
30	Reserves	2 469	(2 454)	14	–	–	14	5 415	(5 415)	0	–	–	0
	TOTAL	**194 174**	**(183)**	**193 991**	**1 795**	**26 550**	**222 335**	**149 945**	**5 969**	**155 914**	**3 266**	**85 378**	**244 557**

4.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

	Official Title	Total appropr. available	Commitments made					Appropriations carried over to 2026			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
01	Research and Innovation	20 747	13 541	116	4 199	17 856	86 %	0	2 883	2 883	6	0	3	8
02	European Strategic Investments	5 901	4 568	0	1 007	5 575	94 %	0	326	326	0	(0)	0	0
03	Single Market	1 125	1 051	1	42	1 093	97 %	–	31	31	1	(0)	(0)	1
04	Space	2 692	2 372	–	198	2 570	95 %	(0)	122	122	0	–	(0)	(0)
05	Regional Development and Cohesion	49 880	48 158	–	533	48 691	98 %	–	102	102	1 058	–	30	1 088
06	Recovery and Resilience	6 981	6 184	0	626	6 811	98 %	(1)	170	169	0	1	0	1
07	Investing in People, Social Cohesion and Values	23 943	22 523	0	859	23 383	98 %	(0)	505	505	55	0	0	56
08	Agriculture and Maritime Policy	56 025	54 079	192	927	55 198	99 %	391	241	633	0	0	194	195
09	Environment and Climate Action	2 936	2 393	–	68	2 461	84 %	–	464	464	11	(0)	0	11
10	Migration	2 354	2 103	–	10	2 113	90 %	–	241	241	0	–	0	0
11	Border Management	2 983	2 542	–	84	2 625	88 %	–	358	358	0	–	0	0
12	Security	855	781	–	8	789	92 %	12	53	65	0	–	0	0
13	Defence	1 887	1 839	–	38	1 877	100 %	–	9	9	0	–	–	0
14	External Action	17 844	13 662	702	2 463	16 827	94 %	571	418	990	0	27	0	27
15	Pre-accession Assistance	2 984	2 556	227	35	2 819	94 %	111	50	161	–	5	–	5
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	13 837	5 024	341	2 110	7 474	54 %	1 048	5 307	6 355	0	1	7	8
20	Administrative expenditure of the European Commission	5 891	4 408	0	526	4 934	84 %	0	953	953	2	(0)	2	4
21	European Schools and Pensions	3 455	3 107	–	339	3 447	100 %	–	8	8	0	–	–	0
30	Reserves	14	–	–	–	–	0 %	0	–	0	14	–	–	14
	Sum:	**222 335**	**190 891**	**1 579**	**14 073**	**206 542**	**93 %**	**2 133**	**12 241**	**14 374**	**1 149**	**33**	**236**	**1 418**

4.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

	Official Title	Total appropr. available	Payments made					Appropriations carried over to 2026			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
01	Research and Innovation	22 616	11 958	78	2 119	14 155	63 %	74	8 369	8 442	10	8	0	19
02	European Strategic Investments	7 582	5 112	8	1 995	7 115	94 %	12	453	466	1	1	0	2
03	Single Market	1 190	1 065	6	31	1 103	93 %	17	62	78	9	1	0	9
04	Space	2 646	1 994	4	113	2 111	80 %	4	530	534	0	0	–	0
05	Regional Development and Cohesion	30 557	27 750	0	2 049	29 800	98 %	1	753	754	3	0	0	4
06	Recovery and Resilience	48 663	4 159	1 869	39 867	45 895	94 %	1 880	882	2 762	0	0	6	6
07	Investing in People, Social Cohesion and Values	17 380	13 322	26	3 264	16 612	96 %	25	741	767	0	1	0	2
08	Agriculture and Maritime Policy	58 567	55 007	193	2 373	57 572	98 %	393	590	983	12	0	0	12
09	Environment and Climate Action	2 762	792	8	1 218	2 017	73 %	6	733	740	5	0	0	5
10	Migration	1 655	1 401	2	86	1 490	90 %	2	163	165	1	0	0	1
11	Border Management	2 730	2 159	17	153	2 329	85 %	1	391	392	1	9	0	9
12	Security	774	688	3	20	711	92 %	19	41	60	3	0	0	3
13	Defence	1 174	1 126	3	32	1 161	99 %	3	9	13	0	0	0	0
14	External Action	16 223	12 546	60	2 594	15 200	94 %	383	634	1 017	4	2	0	6
15	Pre-accession Assistance	2 246	1 899	29	43	1 971	88 %	201	72	272	3	(0)	–	3
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	18 057	2 422	423	522	3 367	19 %	2 134	12 555	14 689	0	0	–	1
20	Administrative expenditure of the European Commission	6 275	4 105	287	494	4 887	78 %	302	1 063	1 365	3	18	3	24
21	European Schools and Pensions	3 459	3 107	0	332	3 439	99 %	0	19	19	0	–	(0)	0
30	Reserves	0	–	–	–	–	0 %	0	–	0	–	–	–	–
	TOTAL	**244 557**	**150 611**	**3 016**	**57 305**	**210 932**	**86 %**	**5 457**	**28 062**	**33 520**	**54**	**42**	**10**	**106**

4.9. POLICY AREA: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

	Official Title	Commit. carried forward from prev. year	Commit. made during the year	Variations on Commitments carried forward	Payments	Total commitm. outstanding at end of the year
		1	2	3	4	5=1+2+3+4
01	Research and Innovation	30 642	17 856	(355)	(14 154)	33 989
02	European Strategic Investments	17 752	5 575	(212)	(7 115)	16 001
03	Single Market	1 170	1 093	(15)	(1 103)	1 146
04	Space	1 600	2 570	(0)	(2 111)	2 059
05	Regional Development and Cohesion	126 737	48 691	(81)	(29 836)	145 511
06	Recovery and Resilience	166 222	6 811	(23)	(45 895)	127 115
07	Investing in People, Social Cohesion and Values	51 128	23 383	(170)	(16 630)	57 711
08	Agriculture and Maritime Policy	39 276	55 198	(252)	(57 572)	36 649
09	Environment and Climate Action	11 591	2 461	(11)	(1 972)	12 069
10	Migration	2 875	2 113	(0)	(1 490)	3 498
11	Border Management	2 879	2 625	(0)	(2 319)	3 185
12	Security	1 291	789	(0)	(711)	1 369
13	Defence	3 154	1 877	(1)	(1 161)	3 870
14	External Action	34 264	16 827	(328)	(15 199)	35 563
15	Pre-accession Assistance	7 833	2 819	(115)	(1 971)	8 565
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	7 952	7 474	(410)	(3 367)	11 649
20	Administrative expenditure of the European Commission	384	4 934	(13)	(4 887)	419
21	European Schools and Pensions	4	3 447	–	(3 439)	11
30	Reserves	–	–	–		–
	TOTAL	**506 755**	**206 542**	**(1 988)**	**(210 930)**	**500 379**

4.10. POLICY AREA: OUTSTANDING COMMITMENTS BY BUDGET PERIOD

EUR million

	Official Title	<2018	2018	2019	2020	2021	2022	2023	2024	2025	Total
01	Research and Innovation	192	234	422	792	1 622	2 473	4 364	10 515	13 375	33 989
02	European Strategic Investments	377	168	986	1 676	1 123	2 024	1 733	3 784	4 129	16 001
03	Single Market	48	8	22	20	20	52	101	243	632	1 146
04	Space	0	0	–	63	6	6	84	719	1 180	2 059
05	Regional Development and Cohesion	1 079	215	495	921	515	8 506	37 218	48 034	48 528	145 511
06	Recovery and Resilience	1	0	2	99	112	290	423	123 489	2 699	127 115
07	Investing in People, Social Cohesion and Values	288	10	41	41	251	4 981	14 711	18 747	18 641	57 711
08	Agriculture and Maritime Policy	2 426	755	768	796	31	1 222	1 987	14 382	14 284	36 649
09	Environment and Climate Action	80	153	128	150	245	1 637	1 895	5 507	2 274	12 069
10	Migration	54	37	57	346	4	23	261	861	1 855	3 498
11	Border Management	18	9	39	207	65	86	418	1 059	1 283	3 185
12	Security	27	55	66	118	71	133	124	304	472	1 369
13	Defence		0	12	7	293	276	600	1 064	1 617	3 870
14	External Action	797	638	718	949	2 141	5 191	6 301	8 622	10 207	35 563
15	Pre-accession Assistance	235	305	330	421	767	1 201	1 011	1 967	2 328	8 565
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework							–	8 287	3 362	11 649
20	Administrative expenditure of the European Commission							1	51	367	419
21	European Schools and Pensions								0	11	11
	Total	**5 623**	**2 588**	**4 086**	**6 605**	**7 265**	**28 101**	**71 232**	**247 636**	**127 243**	**500 379**

5. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2025	2024
ECONOMIC RESULT OF THE YEAR	**(54 810)**	**(97 204)**
Revenue		
Entitlements established in current year but not yet collected	*(5 178)*	*(6 770)*
Entitlements established in previous years and collected in current year	*3 337*	*9 922*
Entitlements collected not to be treated as revenue in the economic result	*42 358*	*83 953*
Accrued revenue (net)	*(1 284)*	*(723)*
	39 233	**86 382**
Expenses		
Accrued expenses (net)	*45 745*	*10 564*
Amount from liaison account	*4 452*	*4 525*
Expenses prior year paid in current year	*(10 067)*	*(2 220)*
Net-effect pre-financing	*(11 769)*	*(11 719)*
Payment appropriations carried over to next year	*(5 457)*	*(3 266)*
Payments made from carry-overs & cancellation of unused payment	*(288)*	*950*
Movement in provisions	*(3 473)*	*9 963*
Other	*3 097*	*7 721*
	22 240	**16 518**
BUDGET RESULT OF THE YEAR	**6 662**	**5 696**
BUDGET RESULT OTHER INSTITUTIONS	**(4 584)**	**(4 351)**
BUDGET RESULT OF THE YEAR (EU)	**2 078**	**1 344**