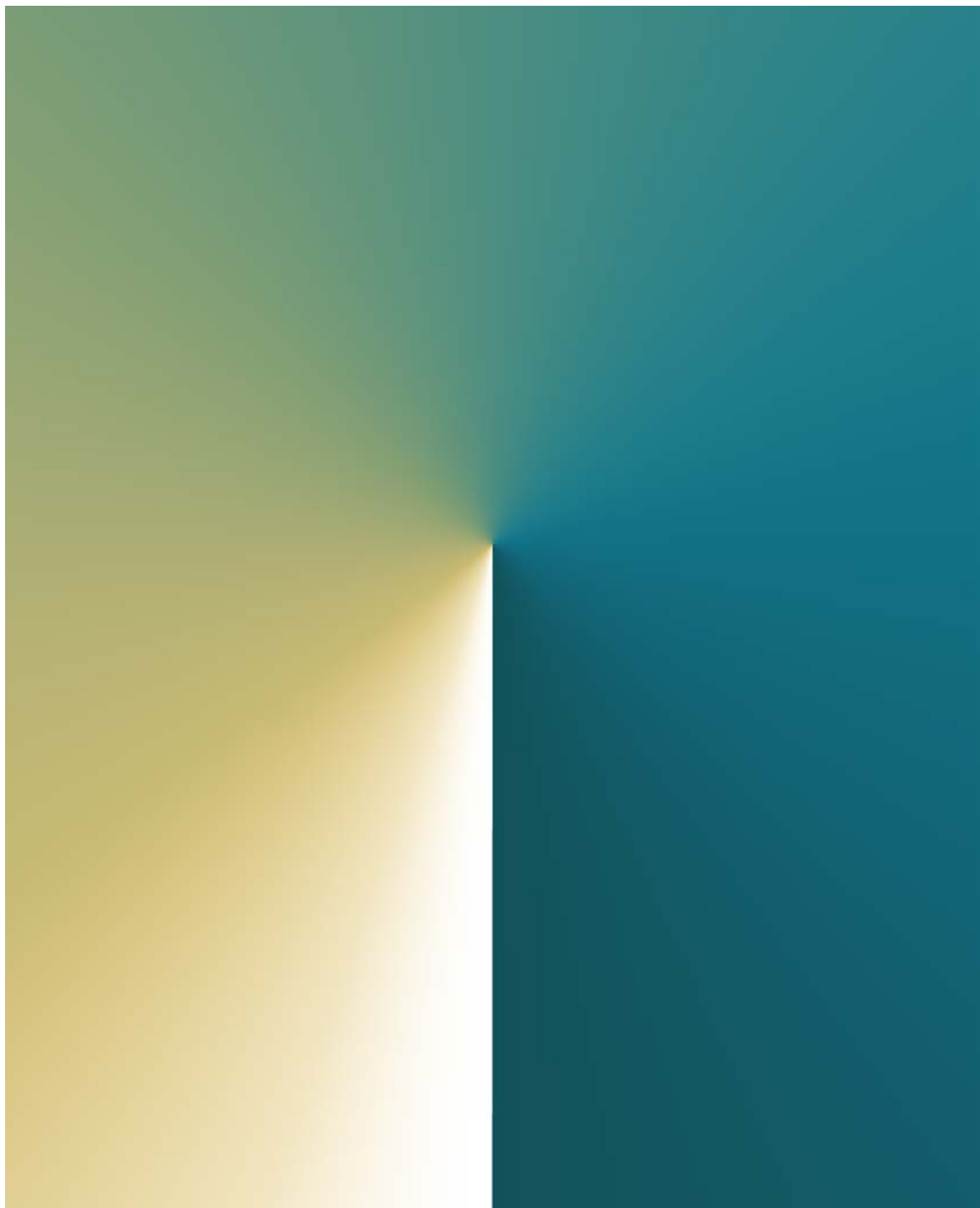




FINANSTILSYNET

THE FINANCIAL SUPERVISORY
AUTHORITY OF NORWAY

Annual report 2022



Risk Outlook 2022 and reports from the supervised sectors

Analyses of trends in the financial market were covered in the Risk Outlook report, which was published in June and December. Separate reports on activities in the supervised sectors in 2022 were published in February 2023.

Contents

I	Report by the Chair and the Director General _____	4
II	Introduction and main figures _____	7
III	The year's activities and results _____	22
IV	Management and control of Finanstilsynet's operations ___	36
V	Assessment of future prospects _____	42
VI	Annual accounts _____	46

Report by the Chair and the Director General



Report by the Chair and the Director General

In 2022, the financial markets and the real economy were strongly affected by the war in Ukraine and high inflation. Russia's warfare and cuts in gas supplies to Europe triggered a European energy crisis and contributed to new supply chain disruptions and severe shortages of a number of commodities. Nevertheless, there was a high level of activity in Norway and several other countries, with low unemployment and labour shortages in a number of sectors. The situation is very much the same at the beginning of 2023.

The energy crisis, supply chain disruptions and commodity shortages, coupled with high demand for goods and services, contributed to a strong rise in consumer price inflation globally. Central banks found it necessary to sharply tighten monetary policy by both raising policy rates considerably over a short period of time and starting to reduce large bond holdings that had been purchased to stimulate economic activity. Nevertheless, interest rates remain low in historical terms, and central banks' bond holdings have not been markedly reduced. However, this marks the end of the long period characterised by readily available and low-cost credit in the wake of the global financial crisis.

The shift in monetary policy and heightened political and economic uncertainty had an impact on global financial markets throughout the year. Long-term interest rates and credit risk premiums rose from record-low levels, coupled with a general increase in market volatility. There was a significant, but not dramatic, fall in prices on the largest stock exchanges. Owing to the large number of energy companies, share prices on Oslo Børs remained high.

A number of countries experienced a pronounced fall in property prices in 2022, albeit from a high level. After a sharp rise in prices up to autumn, Norwegian house prices declined somewhat towards the end of the year. In the commercial property market, uncertainty increased as a result of the rising interest rates and greater risk aversion among investors. Nevertheless, limited write-downs were made on property values in the owners' financial statements. The price level of residential and commercial property in Norway remains very high in a historical context.

The prices of cryptocurrencies fell sharply during the year, and the market experienced several international scandals. However, the decline in values had no serious consequences for the real economy and the financial system. This reflects that crypto assets thus far are of little importance as a means of payment and as an investment option in the traditional financial sector.

High household debt and elevated property prices represent the key vulnerabilities in the Norwegian

financial system. This makes us particularly vulnerable in a stagflation scenario characterised by a sharp rise in interest rates as a result of persistently high inflation, in combination with higher unemployment and a property market crash. This is not the most likely scenario, but there is a high level of uncertainty, as is also emphasised by the central banks. Norwegian inflation and interest rate levels will be strongly influenced by international developments. Even though the Norwegian government has considerable room for manoeuvre in fiscal policy, the authorities will have limited scope to counteract a downturn in the Norwegian economy if the global economy is hit by stagflation.

Developments in the real economy and in the financial and real estate markets contributed to low credit losses and very strong profitability for Norwegian banks in 2022. Nevertheless, Finanstilsynet needed, and still needs, to retain its strong focus on risk in the financial system, including banks' risk of losses. Finanstilsynet's stress test showed that the banks may incur substantial losses in a stagflation scenario. European supervisory authorities are also paying close attention to the risk of stagflation, and the next stress test of European banks is based on such a scenario.

Strong profitability and solvency make Norwegian banks well prepared to handle higher losses and market turbulence. At the same time, the considerable uncertainty, with heightened risk of financial instability, underlines the importance of banks' underlying capital adequacy not being weakened.

Volatile energy and commodity prices have a substantial impact on the financial markets for commodity derivatives. In autumn 2022, the European energy crisis led to a sharp rise in prices in the European power market, which in turn triggered extreme price fluctuations in the Nordic market for electricity derivatives. Collateral requirements increased considerably over a short period for electricity producers and others who had entered into futures contracts on electricity sales at a significantly lower price than the spot price on the derivatives exchange Nasdaq Oslo. There was a risk that some of these would be unable to meet the collateral requirements of the central counterparty that clears the derivative contracts, Nasdaq Clearing in Stockholm. Extensive defaults could have triggered a collapse in this derivatives market with spillover effects throughout the financial system. Neighbouring Nordic countries established government loan schemes to mitigate the risk of the respective countries' energy companies defaulting on their derivative contracts.

There were also other examples that volatility in the markets for the derivatives' underlying assets caused turbulence in the derivatives markets that in turn had an impact on financial stability. Towards the end of 2022, a sharp fall in the price of UK government bonds resulted in stricter collateral requirements and a risk of default on derivatives contracts in the market for interest rate hedging instruments. Owners of hedging instruments sold government bonds to meet margin requirements, which made the fall in prices self-reinforcing. The Bank of England thus found it necessary to intervene by purchasing government debt to promote financial stability.

The large fluctuations in the derivatives markets underline the importance of close market surveillance by the supervisory authorities. During turbulent times, there may be substantial market fluctuations that are difficult to foresee. After the financial crisis, stricter transparency and collateral requirements were introduced globally, including clearing of derivative contracts to reduce systemic risk. Past experience with large market fluctuations shows that it may be necessary to revise the international regulation of derivatives trading. Finanstilsynet must focus particularly on financial institutions' counterparty and liquidity risk arising from the use of hedging instruments and other derivatives trading.

The war in Ukraine and several attacks on infrastructure in Europe, as well as general geopolitical uncertainty, also place greater demands on emergency preparedness. The risk of major cyber incidents with serious consequences has increased. Such incidents may have a strong impact on the financial infrastructure, especially if they affect critical functions in the financial system. Finanstilsynet cooperates closely with Norges Bank and other authorities to monitor risk and the institutions' preparedness for dealing with cyber attacks and other operational crises. Finanstilsynet also plays an important role as a coordinator between various authorities and the financial industry as part of emergency preparedness in this area.

Good management and control of regulatory compliance and risk, which is a management responsibility, is crucial to make sure that institutions under supervision are robust and provide good customer service. Again in 2022, Finanstilsynet uncovered a number of fundamental failures in institutions' internal management and control functions in many supervised sectors. Among other things, serious deficiencies were revealed in a number of small and medium-sized banks, both savings banks and commercial banks established in recent years.

Finanstilsynet's supervision is risk-based. This means that a major share of Finanstilsynet's resources is spent

on large institutions. Experience from supervisory activities nevertheless shows that it is also necessary to devote considerable resources to smaller entities where serious failures in management and control functions have been identified or indicated.

Throughout 2022, Finanstilsynet largely discharged its tasks in line with the Ministry of Finance's letter of allocation and its own plans. The war and market developments required a shift in resource use to handle special incidents and changes in market conditions. This was also the case during the pandemic. The lifting of the containment measures made it easier to carry out supervisory activities in a proper manner. During 2022, Finanstilsynet also had to devote considerable resources to preparing for the implementation of and enforcing the expanding European regulatory framework, and on participating in the European supervisory cooperation.

Digitalisation and continuous improvement of work processes and supervisory methodology are crucial if Finanstilsynet is to increase the efficiency and quality of its work in the years ahead. Throughout 2022, Finanstilsynet's operations were further digitalised, which forms a sound basis for continuing this work in the years ahead. The significant increase in Finanstilsynet's tasks also requires additional staff resources in order to keep supervisory activity at an adequate level. In the central government budget for 2023, Finanstilsynet has been allocated somewhat higher funds to meet these needs.

In 2022, Finanstilsynet worked on a new strategy for the four-year period 2023–2026. In its work on the strategy, Finanstilsynet assessed key trends and potential changes in the statutory framework, risk factors, products and behavioural patterns. Assessments and plans have also been obtained from other financial supervisory authorities. The goals for Finanstilsynet's operations remain unchanged, and the main priorities in the strategy for the previous four-year period have largely been retained.

Oslo, 22 February 2023

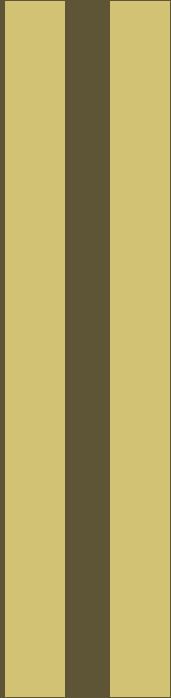


Finn Arnesen
Board Chair



Morten Baltzersen
Director General

Introduction and main figures



Introduction and main figures

Finanstilsynet's role and responsibilities

Finanstilsynet is an independent government agency that builds on laws and decisions emanating from the Storting (Norwegian parliament), the government and the Ministry of Finance. Finanstilsynet also participates in extensive international cooperation. Through the EEA Agreement, EU financial market regulation is implemented in Norwegian law.

Through its supervision of enterprises and markets, Finanstilsynet promotes financial stability and well-functioning markets and helps instil confidence that financial contracts will be honoured and services performed as intended.

Finanstilsynet supervises how the institutions operate in the financial markets, whether they are financially sound and able to cope with changing economic conditions, and whether they have an acceptable risk level.

Basis in law

Finanstilsynet's mission is set out in the Financial Supervision Act (Section 3):

'Finanstilsynet shall ensure that the institutions it supervises operate in an appropriate and proper manner in accordance with law and provisions issued pursuant to law and with the intentions underlying the establishment of the institution, its purpose and articles of association. Finanstilsynet shall ensure that the institutions it supervises attend to consumer interests and rights in their activities.'

Main goal

Finanstilsynet's main goal is to promote financial stability and well-functioning markets.

Strategy

Every four years, Finanstilsynet reviews the strategy underlying its activities. The strategy is an important basis for ongoing prioritisation and management of the authority's activities. Along with the letter of allocation from the Ministry of Finance, the strategy forms the basis for the annual plans for these activities. The strategy for the period 2019–2022 was established by the Board of Directors on 18 December 2018. In 2022, Finanstilsynet worked on a draft for a new strategy for the period 2023–2026. The new strategy was established by Finanstilsynet's Board of Directors on 31 January 2023.

Operational goals 2019–2022

In the strategy for 2019–2022 and the letter of allocation from the Ministry of Finance, six operational goals are formulated to simplify operationalisation of the main goal and an evaluation of activities. The operational goals have been used in the reporting of goal achievement in 2022, see account in Chapter III.

These are the operational goals:

1. Financially sound and well-capitalised financial institutions
2. Robust infrastructure
3. Investor protection
4. Consumer protection
5. Effective crisis management
6. The fight against crime

Management

Finanstilsynet's Board of Directors has by law the overarching responsibility for Finanstilsynet's activities. At the end of 2022, the Board had five members, two alternates and two members representing the employees. Members and alternates are appointed by the Ministry of Finance for a term of four years. The alternates attend all board meetings. The two members elected by and from among the employees supplement the Board when administrative matters are on the agenda. In addition, board meetings are attended by an observer from Norges Bank who is also appointed by the Ministry of Finance. As from 1 March 2018, Finn Arnesen has been Chair of Finanstilsynet's Board of Directors. He began his second term as Board Chair in March 2022, when the Ministry of Finance appointed a new Board.

The day-to-day management is in the hands of the Director General, who is appointed for a period of six years at a time. Morten Baltzersen has been Director General since 15 August 2011 and started his second term in August 2017. Finanstilsynet's management team consists of the Director General, the directors of the supervisory departments and the Administration Department, the General Counsel and the Communications Director.



Board of Directors

Finn Arnesen

Chair

Lives in Åsgårdstrand, Professor – Scandinavian Institute of Maritime Law, Faculty of Law, University of Oslo

Giuditta Cordero-Moss

Deputy Chair

Lives in Oslo, Professor – Department of Private Law, Faculty of Law, University of Oslo

Mette Bjørndal

Board member

Lives in Frekhaug, Professor – Department of Business Management and Science, NHH Norwegian School of Economics

Marianne Hansen

Board member

Lives in Leines, Senior Adviser, Steigen municipality

Helge Eide

Board member

Lives in Lillestrøm – Director, Society, Welfare and Democracy, KS (Norwegian Association of Local and Regional Authorities)

Kristin Gulbrandsen

First alternate

Lives in Oslo – retiree

Jens-Henrik Lien

Second alternate

Lives in Hamar – Attorney-at-law/partner in the law firm Mageli

Sindre Weme

Observer

Director, Banking Analysis – Norges Bank

Ylva Søvik

Alternate observer

Assistant Director, Banking Analysis – Norges Bank

Representatives for the employees:

Alfred Ødegaard, Senior Adviser

Astrid Rindal, Senior Adviser (from 11 March)

Their alternates were Senior Adviser **Astrid Rindal** (up to 11 March) and Senior Adviser **Linn Therese Jørgensen**.

Arne Skauge was a board member and **Thorunn Falkanger** was an alternate until the Ministry of Finance appointed a new Board with effect from 11 March 2022.

Senior Adviser **Øystein Endal** was an employee representative up to 11 March 2022.

Eleven ordinary board meetings were held in 2022. The Board decided 29 administrative matters and 40 supervisory matters. The Board received information in writing on a further 21 administrative matters and 33 supervisory matters. The Board also receives a verbal briefing on relevant matters.

From the left:

Mette Bjørndal
Giuditta Cordero-Moss
Kristin Gulbrandsen
Alfred Ødegaard
Astrid Rindal
Finn Arnesen
Jens-Henrik Lien
Marianne Hansen
Sindre Weme
Helge Eide

Photo: Jarle Nyttngnes



Management team

Morten Baltzersen

Director General

Ann Viljugrein

Deputy Director General, Banking and Insurance Supervision

Anne Merethe Bellamy

Deputy Director General, Capital Market Supervision

Per Mathis Kongsrud

Deputy Director General, Digitalisation and Analysis

Nina Moss

Deputy Director General, Administration

Cecilie Ask

General Counsel

Lisbeth Strand

Communications Director

From the left:

Anne Merethe Bellamy
Lisbeth Strand
Ann Viljugrein
Morten Baltzersen
Per Mathis Kongsrud
Cecilie Ask
Nina Moss

Photo:
Jarle Nytingnes

Licensable entities under supervision

- banks
- finance companies
- mortgage companies
- savings bank foundations and financial foundations
- debt information undertakings
- payment institutions
- e-money institutions
- account information service providers
- insurers
- insurance intermediaries
- pension undertakings
- market operators, incl. stock exchanges
- central counterparties
- central securities depositories
- investment firms
- fund management companies
- alternative investment fund managers (AIFMs)
- auditors and audit firms
- external accountants and external accounting firms
- real estate agents and real estate agencies
- debt collection agencies
- financial benchmark administrators

Other supervisory tasks

- resolution authority
- macroprudential supervision and regulation
- prospectus control
 - transferable securities
- financial reporting enforcement
 - listed companies
- supervision of securities market trading and conduct
- supervision of various aspects of the derivatives market
- supervision of loan intermediaries
- supervision of IT, payment systems and financial infrastructure
- compliance with the anti-money laundering legislation for trust or company service providers and providers of exchange and storage services for virtual currencies, as well as entities under supervision

Personnel policy and organisation

Finanstilsynet's activities require both cross-disciplinary competence and spearhead competence in the various areas of supervision. The majority of its employees have their training in economics, business economics, law or auditing. Finanstilsynet works continuously to further develop its organisation in keeping with national and international recommendations and its own needs.

In 2022, Finanstilsynet conducted a working environment survey that was followed up by various measures. 87 per cent of the employees took part in the working environment survey, compared with 84 per cent in 2020. Most of the subjects addressed in the survey showed a positive trend compared with the 2020 survey.

It proved challenging to recruit employees with various types of specialist expertise in 2022. Finanstilsynet gives priority to measures designed to recruit, retain and further develop capable employees and managers. In addition, Finanstilsynet focuses on internal mobility to increase the overall level of competence. In 2022, Finanstilsynet adopted a competence strategy that forms the basis for initiatives to attract and retain the necessary expertise to fulfil existing and future tasks.

The Director General's salary at the end of 2022 was NOK 1,827,000. The Board Chair received a fixed annual remuneration of NOK 304,100, the Deputy Chair NOK 205,400 and the board members NOK 177,900. Remuneration to the first alternate was NOK 149,700 and to the second alternate NOK 125,500.

Facts and figures

- Finanstilsynet had 314 permanent positions at the end of 2022, compared with 310 a year earlier.
- The number of employees at Finanstilsynet at the end of 2022 was 323, compared with 326 at the end of 2021. This includes short-term appointments and persons paid by the hour. The decline was partly due to the fact that it took longer to fill vacant permanent positions as a result of higher turnover.
- The number of contracted FTEs totalled 298.9 at the end of 2022, an increase from 297 a year earlier. Contracted FTEs are calculated based on the total number of employment contracts. Days of absence have not been deducted.
- The number of FTEs worked was 288.1 in 2022, compared with 294 in 2021. Days of absence (such as leave of absence and sick leave) have been deducted, while overtime is included.
- Staff turnover was 12.2 per cent in 2022, up from 10.7 per cent in 2021.
- All employees working part-time at Finanstilsynet did so at their own volition. Employees that are not permanently employed are either temporarily employed or paid by the hour (students and pensioners).

Table 1: Number of FTEs as at 31 December 2022

	Contracted FTEs	FTEs worked
Administration	30.3	27.2
Banking and Insurance Supervision	92.2	90.3
Digitalisation and Analysis	68.9	67.4
Capital Market Supervision	95.4	91.1
Communications	8.0	8.0
Director General and his staff	4.0	4.1
Total	298.9	288.1

Source: SAP

There has been an increase in the number of employees recruited to Finanstilsynet for several years, and there were 55 announcements of vacant positions in 2022, some of which included more than one position. A number of the positions were announced more than

once, and some of the processes were completed early in 2023. Finanstilsynet is marketing itself to the target groups it is recruiting from and uses alternative recruitment methods to attract the right competencies.

Table 2: Turnover

	2018	2019	2020	2021	2022
Turnover (per cent)	6.8	8.4	7.3	10.7	12.2

Main figures from the annual accounts

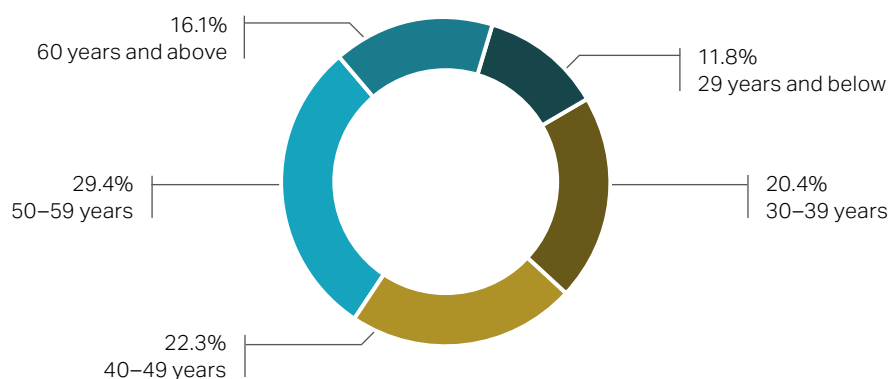
	2021	2022
No. of FTEs worked	294	288
Overall allocation (items 01-99)	NOK 467,446,000	NOK 498,735,000
Utilisation ratio, items 01-29	96.9%	96.1%
Disbursement to operations	NOK 448,068,709	NOK 465,526,515
Salaries as a share of operating expenses	75.9%	69.6%
Salary expenses per FTE	NOK 1,156,568	NOK 1,124,861

'Salary expenses per FTE' is the sum total of salary, employer's national insurance contributions, pension expenses and other payments, such as social benefits and personal insurance. Before the sum is divided by

the number of FTEs, any refunds relating to salaries are deducted. See also chapter VI Annual accounts, note 2: Disbursements to salaries, on page 53.

Age distribution

Chart 1: Age distribution at Finanstilsynet



Source: Finanstilsynet/SAP

Table 4: Age distribution by department (per cent)

Department	29 years and below	30-39 years	40-49 years	50-59 years	60 years and above
Administration	9.1	18.2	21.2	30.3	21.2
Banking and Insurance Supervision	12.2	24.5	14.3	32.7	16.3
Digitalisation and Analysis	12.2	20.3	18.9	33.8	14.9
Capital Market Supervision	13.2	19.8	32.1	22.6	12.3
Communications			37.5	37.5	25.0
Director General and his staff				25.0	75.0
Overall age distribution at Finanstilsynet	11.8	20.4	22.3	29.4	16.1

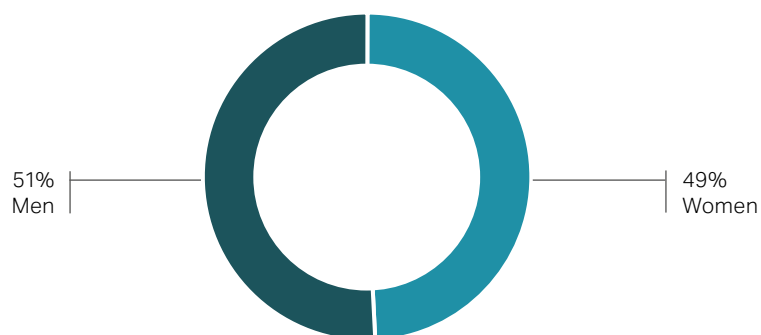
Source: SAP

The chart shows the age distribution of Finanstilsynet's employees. The figures include permanent staff, temporary staff, persons on fixed-term employment

contracts and persons paid by the hour – regardless of FTE percentage.

Gender distribution

Chart 2: Gender distribution at Finanstilsynet



Source: SAP

Table 5: Gender distribution by department (per cent)

Department	Women	Men
Administration	76	24
Banking and Insurance Supervision	50	50
Digitalisation and Analysis	36.5	63.5
Capital Market Supervision	48	52
Communications	37.5	62.5
Director General and his staff	50	50
Overall age distribution at Finanstilsynet	49	51

Source: SAP

Table 6: Gender distribution at Finanstilsynet – overall and by department

	All employees		Temporary staff		Persons paid by the hour (students and pensioners)	
	Women	Men	Women	Men	Women	Men
Administration	25	8	0	1	0	1
Banking and Insurance Supervision	49	49	0	0	5	1
Digitalisation and Analysis	27	47	0	0	3	2
Capital Market Supervision	51	55	0	1	9	2
Communications	3	5	0	0	0	0
Director General and his staff	2	2	0	0	0	0
Total for Finanstilsynet	157	166	0	2	17	6

Source: SAP as at 31 December 2022

Equality, inclusion and diversity

Overall, there is an equal gender distribution at Finanstilsynet. There is a majority of women in senior management positions (Deputy Director Generals and heads of section). Among case officers, there are more men, while there is a majority of women among administrative staff. The gender distribution at Finanstilsynet was 51 per cent men and 49 per cent women as at 31 December 2022. The management team, including the Director General, comprised five women and two men at year-end 2022. Among the heads of section, there were 45 per cent men and 55 per cent women.

The average parental leave in 2022 was 15.1 weeks for women and 11.2 weeks for men.

The average salary for women was 96.5 per cent of men's average salary. Finanstilsynet reviewed the differences in salary in 2022, and statistics of salary differences were discussed with the employee representatives in connection with the local salary settlement in autumn 2022. The salary differences within the groups of Deputy Director Generals (job code 1062) and heads of section (job code 1211) are partly due to the different work content of the management positions within each group.

Table 7: Ratio of salary of women to men in 2022

Job code		Ratio of salary of women to men	Number of women	Number of men
1602	Deputy Director General (excluding the Director General)	96.1%	5	1
1211	Head of Section	95.3%	12	10
1364	Senior Adviser	95.3%	104	127
1434	Adviser	100.6%	15	9
1408	Higher Executive Officer	102.8%	5	10

Other job codes and persons paid by the hour – including students and pensioners – are not included.

Source: SAP as at 31 December 2022

Finanstilsynet abides by the qualification principle, and discrimination shall not occur. Finanstilsynet is committed to promoting diversity, and all qualified candidates are encouraged to apply for vacant positions. In 2020, Finanstilsynet prepared an action plan to raise awareness of the inclusion campaign and efforts to fight discrimination. The action plan is followed up on an ongoing basis. Finanstilsynet's intranet pages include whistleblowing procedures explaining how the employees can notify bullying, harassment or other censurable conditions. Annual performance reviews are carried out, and everyone who leaves Finanstilsynet is invited to an exit interview.

In 2022, Finanstilsynet worked actively to meet the government's target that persons with disabilities

or gaps in their CV should represent 5 per cent of all new employees in the public sector, and focuses on this in its recruitment processes. Finanstilsynet employed 60 people during 2022 (including internships and administrative staff). The action plan has helped raise awareness of the inclusion campaign within the organisation. However, the limited number of applicants and qualified candidates with gaps in their CV or disabilities represent a challenge. No persons with gaps in their CV or disabilities were employed in 2022.

For Finanstilsynet, it is important to ensure that employees who are or who become disabled can continue to work. This is facilitated through both physical and digital measures.

Table 8: Number of job announcements, new employees and applicants with gaps in their CV or disabilities

Number of job announcements	Number of new employees (incl. internships and administrative staff)	Applicants with gaps in their CV			Applicants with disabilities		
		Applicants	Interviewed	Employed	Applicants	Interviewed	Employed
55	60	36	8	0	9	3	0

5 per cent of those hired during the year had an immigrant background.

Finanstilsynet has a standard attachment to all agreements, 'Corporate social responsibility and code of ethics', that sets but to be met by subcontractors, including a prohibition of any form of discrimination in working life.

Apprentices

Finanstilsynet has not recruited any apprentices but has a number of internships (around 20 students working in ten sections). The reason why Finanstilsynet does not have apprentices is that it has few tasks requiring vocational skills and is therefore not well suited for apprentices. Internships, on the other hand, provides highly relevant work experience, for example for business and law students. Several of the students have been employed in full-time positions in Finanstilsynet after completing their studies.

Sickness absence

There was an increase in the sickness absence rate from 2021 to 2022, from 3.1 per cent to 4.3 per cent. Sickness absence in 2022 was higher for women than for men. For several years, Finanstilsynet's sickness absence target has been maximum 3.5 per cent. This target was not reached in 2022, which reflects the reopening of society after the pandemic. With its espousal of the government-sponsored 'IA Agreement' regarding a

more inclusive working life, Finanstilsynet follows up employees on long-term and short-term sick leave. Sickness absence is regularly discussed in the Working Environment and Equality Committee.

Finanstilsynet is working actively to maintain a low sickness absence rate, which includes offering various physical activities and campaigns. Finanstilsynet has carried out several surveys of work-from-home arrangements and consequences for the individual employees. With effect from July 2022, employees may opt to work from home for up to two days per week.

Throughout the pandemic, Finanstilsynet facilitated remote working solutions by providing digital and other equipment to make it easier for employees to work from home.

Table 9: Sickness absence by gender

	Total sickness absence in 2022
Women	5.8%
Men	2.9 %
All employees	4.3%

Source: SAP as at 31 December 2022

Document processing

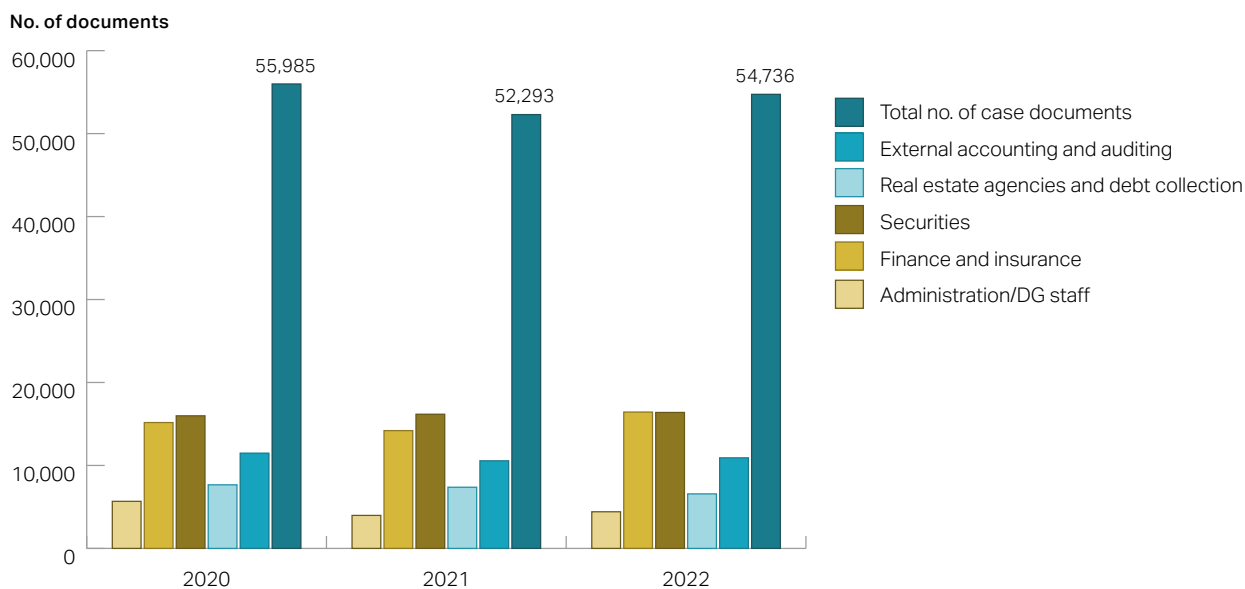
The number of incoming and outgoing documents registered rose by 2,443 from 2021 to 2022.

Chart 3 shows the number of documents per supervised sector. There was an increase in the finance and insurance sectors, while the numbers were more stable in the other sectors.

Document access at Finanstilsynet

Finanstilsynet received a total of 8,671 requests for document access in 2022, a doubling from 4,229 documents in 2021. 3,565 documents were not released since their entire content was barred from publication. Most access requests are received via the public electronic mail journal elnnsyn.no, used by all central government agencies.

Chart 3: Document processing



Communication

Finanstilsynet's communication effort is directed primarily at entities and sectors under supervision but also at various public authorities, the media and the general public. Finanstilsynet has an extensive network of contacts and good cooperation with other public authorities in Norway and the EEA countries, and with trade and professional organisations. The authority meets regularly with the largest entities under supervision. At regular intervals, Finanstilsynet conducts user surveys at supervised entities and annual reputation surveys among members of the general public.

Finanstilsynet supervises a number of sectors regulated by extensive bodies of rules and handles complex issues that require clear and consistent information provision. Norwegian regulations are largely harmonised with regulations in the EU/EEA. There is an increasing need for providing sound guidance to supervised institutions on the interpretation of and compliance with the regulations applying to the various supervised sectors. Finanstilsynet arranged several of webinars in 2022, providing guidance to institutions on regulations and reporting.

In 2021, Finanstilsynet adopted a new communication strategy. Finanstilsynet.no and consumer information were defined as prioritised development tasks, and Finanstilsynet devoted much effort to both of these through 2022.

Finanstilsynet.no is the main channel for information sharing. During 2022, Finanstilsynet published a large amount of information, including inspection reports, risk analyses and information on pending legislation. The website was significantly upgraded in 2022, which included measures to satisfy the universal design requirements. The website will be further developed in 2023.

In 2022, Finanstilsynet warned consumers against investing through enterprises that do not have a licence to provide financial advice and investment. In June 2022, Finanstilsynet presented the report 'Consumer protection and financial services'. The authority worked on several cases related to so-called finfluencers providing investment advice on social media. In cooperation with the Consumer Authority, Finanstilsynet arranged a webinar on the regulations that finfluencers are required to comply with.

Media coverage

The half-yearly macroeconomic analyses in the Risk Outlook reports and the annual residential mortgage lending survey generally receive a lot of attention. The media were particularly interested in Finanstilsynet's assessments of high inflation, rising interest rates and the war in Ukraine and the consequences for the housing and financial markets and financial stability. In autumn 2022, the evaluation of the Lending Regulations, where Finanstilsynet proposed a tightening, attracted significant interest. In 2022, the media also covered fines imposed by Finanstilsynet on a number of institutions for non-compliance with the AML legislation. The banks' efforts to follow up identity verification requirements in accordance with the AML legislation received broad coverage. New topics that received increasing attention in 2022 included private placements and equal treatment of shareholders on Oslo Børs and the thematic inspection at Euronext Growth.

Finanstilsynet receives several hundred requests from the media each year, and the media monitoring showed that Finanstilsynet was mentioned in more than 4,600 media entries in 2022. Finanstilsynet held four press conferences in 2022 that were also broadcast on web TV.

Table 10: Overview of supervised entities as at 31 December 2022	2018	2019	2020	2021	2022
Banks	126	122	118	117	110
Finance companies	28	30	28	29	28
Mortgage companies	33	32	31	31	30
Foreign branches of Norwegian banks and other credit institutions	12	16	16	15	14
Norwegian branches of foreign banks and credit institutions	35	32	34	35	35
Savings bank foundations and financial foundations	33	34	34	39	39
Payment institutions	16	15	30	33	29
E-money institutions	6	6	6	6	5
Exchange and storage services for virtual currencies ¹	-	6	10	9	9
Loan intermediaries	11	13	11	12	18
Account information service providers ²	-	0	0	1	1
Life insurers	12	11	12	11	11
Non-life insurers, incl. local fire insurance associations	56	55	52	51	51
Local marine insurance associations	5	5	5	5	5
Norwegian insurers' branches abroad	8	15	14	14	16
Foreign insurers' branches in Norway	28	29	30	32	32
Insurance intermediaries ³	101	112	107	111	2,275
Private pension funds	50	50	49	48	48
Municipal pension funds	37	37	35	34	34
Defined-contribution pension providers	1	1	1	1	1
Pension funds	1	1	1	1	1
Holding companies	15	15	11	11	12
Investment firms	96	101	97	95	100
Norwegian branches of foreign investment firms	22	23	16	18	17
Fund management companies	29	29	29	29	29
Alternative investment fund managers (AIFMs)	40	40	47	50	56
Registered alternative investment fund managers (AIFMs)	107	126	154	180	190
Central securities depositories	1	1	1	1	1
Market operators, incl. stock exchanges	4	4	4	4	4
Financial benchmark administrators	1	1	1	6	6
Auditors ⁴	7,933	8,128	8,365	1,752	2,342
Audit firms	447	458	461	458	458
External accountants	11,606	11,626	11,854	12,093	12,320
External accounting firms	2,772	2,708	2,728	2,779	2,699
Real estate agencies	506	504	527	537	525
Lawyers' practices that include estate agency	1,056	951	880	853	782
Debt collection agencies	101	93	90	81	76
Debt purchase businesses	8	4	5	5	6
Debt information undertakings ⁵	-	3	3	3	3

¹ New category of entities under supervision from 2019.

² New category of entities under supervision from 2019.

³ According to the new Insurance Intermediation Act which entered into force on 1 January 2022, all insurance agent firms and accessory insurance agent firms, i.e. firms that engage in insurance intermediation as a secondary activity, are now licensed and registered in Finanstilsynet's Registry.

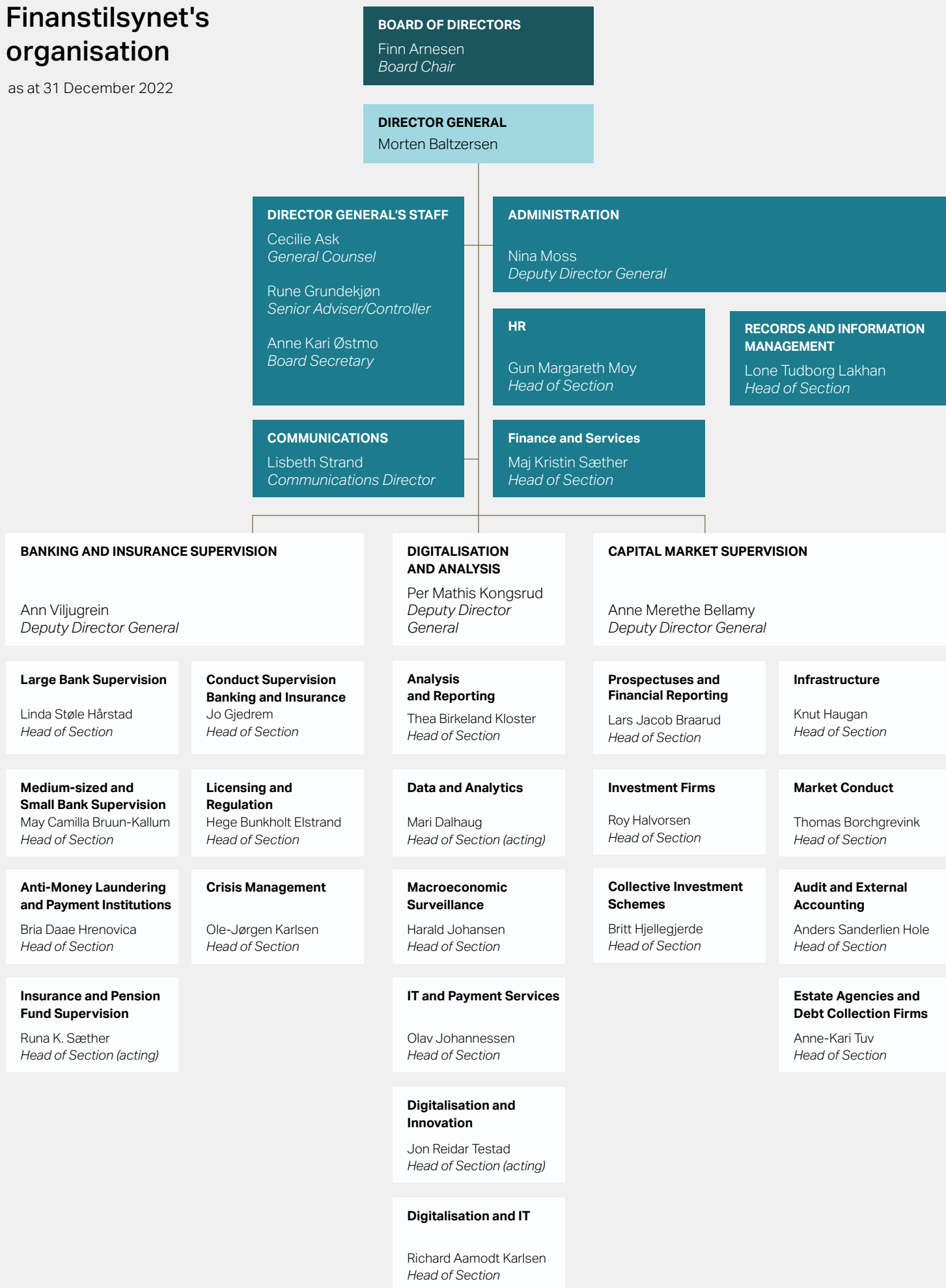
⁴ With effect from 2021, this category has been changed to 'state-authorized auditors'. Pursuant to the new Act, auditor register numbers are allotted in connection with the authorisation as a state-authorized auditor. During a transitional period, not all state-authorized auditors are allowed to carry out statutory audits. This applied to 6,665 auditors as at 31 December 2021 and 6,368 auditors as at 31 December 2022, which is the reason for the decline. Auditors who are not entitled to carry out statutory audits are excluded from the 2021 and 2022 columns.

⁵ New category of entities under supervision from 2019.

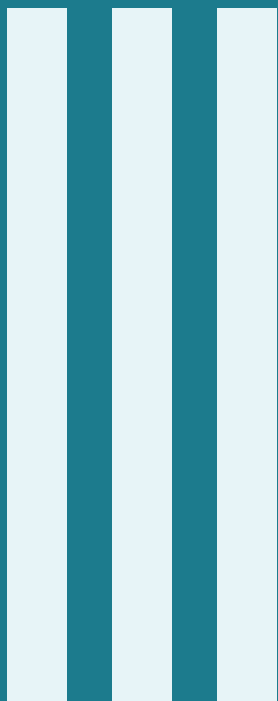
At year-end 2022, Finanstilsynet also oversaw the financial reporting of 298 listed companies and supervised 443 mutual funds.

Finanstilsynet's organisation

as at 31 December 2022



The year's activities and results



The year's activities and results

Finanstilsynet collaborates with other authorities both globally and within the EEA on the supervision of the financial markets and financial institutions. Finanstilsynet had ongoing cooperation with the European Supervisory Authorities for the banking, insurance and securities sectors (EBA, EIOPA and ESMA) in 2022 and attended several meetings of the European Systemic Risk Board (ESRB) and the supervisory colleges.

An important aim of cross-border supervisory cooperation is to identify risk factors present in the institutions and developments in the international financial market at an early stage. The supervisory cooperation also enables the implementation of coordinated measures to mitigate risk and handle crises.

Details on international initiatives in 2022 can be found in the report 'International cooperation', which is published on Finanstilsynet's website.

In addition to pursuing its supervisory tasks, Finanstilsynet spent extensive resources on analyses and regulatory work for the Ministry of Finance. The Ministry of Finance has delegated competence to Finanstilsynet for the implementation of Commission

Delegated Regulations (level 2 regulations), which are many in number.

See also detailed reports on the individual supervised sectors at finansstilsynet.no.

Reporting of goal achievement

Finanstilsynet's strategy for 2019–2022 and the letter of allocation from the Ministry of Finance set out six strategic operational goals, cf. chapter II. The operational goals are supplemented by prioritised measures and governance indicators that describe Finanstilsynet's activities in certain areas in 2022. Goal achievement is reported to the Ministry of Finance according to these operational goals.

Operational goal 1

Financially sound and well-capitalised financial institutions

Financially sound and well-capitalised financial institutions are a prerequisite for the stability of the financial system, enabling institutions to meet their obligations to their customers and maintain vital functions in society. Finanstilsynet assesses the risk of instability in the financial system and uses instruments to reduce systemic risk based on information gained from the supervision of individual institutions and from macro-economic surveillance. Through licensing requirements, capital and liquidity requirements and ongoing supervision, Finanstilsynet plays its part in ensuring that institutions are financially sound and have robust financing, fit and proper management and satisfactory risk management and corporate governance. In addition, Finanstilsynet advises the political authorities on capital adequacy and liquidity requirements and other measures that help reduce risk in the financial system.

In 2022, Finanstilsynet gave priority to overseeing that the institutions are financially robust and liquid and have sound governance and risk management procedures in order to be able to cope with negative events. On-site inspections have revealed that several institutions need to strengthen the management and control of their operations. Finanstilsynet regularly prepares analyses of the financial performance, solvency and liquidity of financial institutions (banks, mortgage companies, insurers and pension funds), investment firms and fund managers. Public versions of the analyses are available on Finanstilsynet's website.

Finanstilsynet is keeping a close watch on the financial institutions' liquidity situation, including how they meet the minimum liquidity buffer requirement and other liquidity and financing indicators. The institutions' own assessments of liquidity and funding risk are also reviewed in connection with the supervisory review and evaluation process (SREP) and at on-site inspections.

After a significant weakening of banks' profits in 2020, largely as a result of higher loan losses and lower net interest income after the outbreak of the pandemic, banks' profitability improved in 2021 and 2022. The rise in profits was mainly a result of low loan losses, reflecting sizeable reversals of impairment losses in some of the largest banks in 2021 and an increase in net interest income in 2022. At year-end 2022, all the banks met current capital requirements. Insurers and pension undertakings all had satisfactory solvency ratios.

Finanstilsynet largely carried out supervisory activities in line with the plans drawn up at the beginning of the year, and has proposed regulatory amendments to support this operational goal.

Finanstilsynet took the following actions during the year:

- monitored risk in the Norwegian and international economy and assessed the potential consequences for Norwegian banks and other financial institutions
- completed stress tests of Norwegian banks
- carried out inspections at banks, insurers and pension funds, and followed up several institutions where serious deficiencies in management and control and/or low solvency ratios were identified. The institutions were followed up closely, and orders for corrective measures, changes in the board of directors and higher capital requirements were issued.
- followed up institutions' financial position by reviewing reported figures
- published 25 regular reports on developments in institutions and markets
- published its assessments of the prospects for financial stability in the half-yearly 'Risk Outlook' report
- prepared a proposal for a risk weight floor in banks' IRB models for commercial and residential mortgages
- prepared a proposal to retain the risk weights for commercial mortgages in banks that apply the standardised approach
- considered applications from all banks using IRB models for approval of changes to the models. Conclusions are expected to be reached in 2023.
- followed up credit risk exposures and loss allowances (IFRS 9)
- carried out supervisory assessments of risk and capital needs (SREP) and set individual capital requirements for 42 institutions (Pillar 2 requirements). The Pillar 2 requirements cover risks that are not, or are only partially, covered under the Pillar 1 regulatory requirements. A further 17 banks received preliminary SREP reviews in December 2022.

- evaluated its own practices for assessing risk and capital needs and setting Pillar 2 requirements, updated the methodology and revised its SREP circular
- prepared a consultation document with draft amendments to the Lending Regulations and carried out the residential mortgage lending survey
- followed up the implementation of the banking package (CRR2) in Norwegian law
- headed the supervisory colleges for Norwegian institutions with extensive operations abroad and participated in supervisory colleges for foreign institutions with extensive operations in Norway
- followed up life insurers' and non-life insurers' calculation of technical provisions, assessed the dynamic K2013 mortality base, which is used by pension institutions, and assessed life insurers' economic scenario generators
- followed up insurers using internal models and processed applications for approval of models and model changes
- adopted additional capital requirements for three non-life insurers

- participated in the planning and implementation of a stress test for pension funds under the auspices of EIOPA
- instructed investment firms with weak capital adequacy ratios, negative financial performance or poor reporting quality to report to Finanstilsynet on a monthly basis
- identified and followed up violations of own funds requirement at one management company and two AIF managers

Supervision of sustainability and climate risk in supervised institutions entails that climate risk has been incorporated as a risk area in the various supervisory modules, and sustainability risk was on the agenda at all ordinary inspections at banks and insurers in 2022. Finanstilsynet has also reviewed the climate risk of non-life insurers and investment firms' preparations for the new Sustainability Act. A similar review at fund managers in 2021 was followed up in 2022. See account under the section Climate risk and sustainability / green finance on page 35.

Governance indicators	Performance targets 2022 (planned figures)	2022 results (completed)	2021 results
Inspections at banks, mortgage companies and finance companies			
a) ordinary on-site inspections	a) 15	a) 19	a) 16 (incl. 2 follow-up inspections oil/offshore)
b) off-site inspections	b) 5	b) 13	b) 0
c) IRB inspections	c) 5	c) 2	c) 3, of which 2 incl. in a)
Completed SREP reviews (assessments of risk and capital needs)	35	42* (plus 17 preliminary SREP reviews in December 2022)	2 completed SREP reviews 24 preliminary SREP reviews
Inspections at insurers and pension undertakings:			
a) ordinary on-site inspections	a) 13	a) 12 (2 at life insurers, 8 at non-life insurers and 2 at pension funds)	a) 12 (3 at life insurers, 2 at pension funds, 1 at a defined-contribution pension provider, 6 at non-life insurers)
b) off-site inspections	b) 1	b) Mapping of 8 institutions' use of fintech	b) 9 (6 at mutual fire insurers and 3 at non-life insurers)
c) supervision of the undertakings' models for calculating solvency capital requirements	c) 5 (4 at non-life insurers + 1 at a life insurer)	c) 1 model inspection	c) 1 incl. in a)

* In 2021, Finanstilsynet was unable to finalise all planned SREP reviews. New production solutions and processes proved to be more challenging to put into place, and were hampered by the pandemic. In addition, SREP reviews for subsidiaries of foreign institutions were delayed due to the fact that joint processes under the auspices of supervisory authorities in other countries took longer than planned. A number of SREP reviews that were close to completion in 2021, were completed in early 2022.

Operational goal 2 Robust infrastructure

A robust financial infrastructure is crucial to satisfactory systems for payments, trading, pricing and settlement in the financial market. Infrastructure failure could quickly result in an extensive collapse of critical services and thus have serious consequences for society. Low risk of systemic failure and a high degree of preparedness to enable rapid recovery in the event of failure are therefore of crucial importance. Through licensing requirements and the supervision of financial institutions, investment firms and infrastructure entities, Finanstilsynet contributes to ensuring that the institutions maintain satisfactory management and control of ICT risk and other operational risks.

Monitoring of potential threats to the institutions' IT systems has remained a priority, and there has been ongoing cooperation with various government agencies to ensure the security of the financial infrastructure. Finanstilsynet believes that vulnerabilities in the institutions' defences against cybercrime represent the principal threat relating to the institutions' use of IT, although the risk associated with IT operations and access management and the risk of information leaks are also key threats.

In 2022, Finanstilsynet kept a close watch on the potential impact of the Russian invasion of Ukraine on the financial infrastructure and the markets in general. Finanstilsynet devoted more attention to the institutions' corporate governance and cyber risk management. A lot of resources were also dedicated to following up the resulting crisis in the energy market and the impact on energy derivatives. High prices, clearing and challenges related to margin collateral requirements have had adverse effects for market participants.

In connection with the war in Ukraine, Finanstilsynet and the Financial Infrastructure Crisis Preparedness Committee (BFI) focused especially on institutions that support important functions, including critical social functions defined by the Norwegian Directorate for Civil Protection. BFI held three extraordinary meetings to follow up the key institutions in the Norwegian financial infrastructure and how they ensure secure and stable operations. These institutions generally have good contingency plans and should be able to quickly implement the necessary measures.

284 incidents were reported in 2022 – 19 security incidents and 265 operational incidents. One of the 19 security incidents concerned an institution reporting that the vulnerability in the Log4j logging utility, which became known in December 2021, had been exploited to gain access to one of its servers exposed to the internet. The institution found no indications that the access had been exploited until the server was closed down. In March, there was a denial-of-service attack (DDoS attack) against Nordea that prevented access

to its banking services for much of the day. This was monitored closely. There was also a DDoS attack against several Norwegian undertakings, including some financial institutions, in the summer of 2022. The attack had only limited consequences. The Ministry of Finance was briefed on seven incidents during 2022.

In Finanstilsynet's view, the measures and activities carried out by the authority in 2022 have promoted a robust infrastructure. Finanstilsynet took the following actions during the year:

- carried out inspections of institutions' ICT operations, which included Oslo Børs' contingency plans and ICT security in DNB
- analysed incident data and held annual follow-up meetings with the largest institutions
- finalised the processing of VPS' (Euronext Securities Oslo, ESO) application for a licence in accordance with the Central Securities Depository Regulation (CSDR) and followed up relevant actors' compliance with regulations and obligations under the CSDR
- participated in the supervisory colleges for Euronext, Nasdaq and key counterparties and prepared for its role as head of the Euronext supervisory college in the first half of 2023
- cooperated closely with other Nordic supervisory authorities and ESMA in connection with the extreme price volatility in the market for energy derivatives and the consequences for margin requirements in connection with the clearing of contracts
- considered notifications from the institutions about new or changes in existing outsourcing of critical or important ICT operations and new or changes in existing payment services
- carried out ten off-site ICT inspections at real estate agencies
- followed up ICT incidents and ensured that the institutions prepared final incident reports

- summarised the work on ICT security in the financial sector and how individual institutions and the industry comply with the regulations in Finanstilsynet's annual risk and vulnerability analysis (ROS)
- monitored trends in threats, including cybercrime, and participated in the National Cyber Security Centre (NCSC)
- continued the cooperation with Norges Bank on a framework for security testing of critical functions in the financial sector in Norway (TIBER-NO)
- fulfilled the role as sectoral response environment (SRE) in cooperation with Nordic Financial CERT (NFCERT)
- oversaw that BankID operations were stabilised after the change of operations service provider in 2021
- provided guidance on and facilitated the use of new technology in the production of financial services, including open banking, and in the financial institutions' compliance with PSD2
- was involved in the European Supervisory Authorities' initiatives to revise PSD2 and in the work related to the Digital Operational Resilience Regulation (DORA)
- prepared a risk and vulnerability analysis of the financial sector's ICT use

Governance indicators	Performance targets 2022 (planned figures)	2022 results (completed)	2021 results
Inspections of institutions' use of ICT systems and cyber security measures	28	22 inspections*: 9 at banks 2 at insurers 2 at payment institutions 1 at an infrastructure entity 3 at investment firms 2 at audit firms 1 at a fund management company 1 at a debt collection agency 1 at a real estate agency	22 inspections: 9 at banks 2 at insurers 3 at payment institutions 1 at an infrastructure entity 2 at audit firms 1 at a fund management company 3 at debt information undertakings
ICT incidents that have been followed up		284 ICT incidents: 19 security incidents 265 operational incidents	299 ICT incidents: 20 security incidents 279 operational incidents
Inspections at payment institutions	3	2	1
Inspections at infrastructure entities	1	1	1 inspection of the admission process to Euronext Growth. The inspection report was sent to the Board of Directors on 21 December 2021. The final report, which included inspections at investment firms and auditors, was published on 24 January 2022.

*There were fewer inspections than planned of institutions' use of ICT systems and cyber security measures. This is due to both fewer resources and other tasks resulting from the war in Ukraine, which occasioned a change of priorities that had consequences for supervisory capacity. Five of the planned inspections were notified in 2022, but will not be carried out until 2023.

Operational goal 3 Investor protection

Reliable and adequate information is needed to ensure that the securities markets contribute to effective allocation and pricing of capital. Finanstilsynet helps ensure that current and periodic information from listed companies is correct and timely, and that their prospectuses are designed in keeping with prevailing requirements. Finanstilsynet also helps ensure that the preparation and auditing of financial statements is of satisfactory quality. Through its supervision of investment firms and effective and swift enforcement of market conduct rules in the securities market, Finanstilsynet contributes to market discipline and the safeguarding of investors' and issuers' interests.

After brisk activity in 2020 and 2021, with a number of new listings and high issue volumes, the situation was back to normal in 2022, on a par with the years prior to 2020. Several companies on Euronext Growth applied for transfer to a regulated market. Most of the issues were private placements, where there is an increasing risk that shareholders will not be treated equally. This is followed up by Finanstilsynet.

Finanstilsynet actively promoted strong investor protection in 2022 through information measures, ongoing supervision of the securities market and financial reporting.

Finanstilsynet took the following actions during the year:

- participated in ESMA's Common Supervisory Action (CSA) on the valuation of fund assets
- reviewed approximately 18 annual financial statements from listed companies, including nine banks, focusing on the consequences of the pandemic, climate-related matters, disclosures on financial instruments and leases
- completed the survey of audit committees and published a report describing how the institutions have complied with the requirements for audit committees
- carried out thematic inspections of selected institutions' reporting of climate-related matters in their annual financial reports for 2021 and the auditor's work related to this
- carried out an inspection of PWC in cooperation with the Public Company Accounting Oversight Board (PCAOB)
- carried out a thematic inspection of the confirmations provided by 15 auditors and 15 external accountants related to the compensation schemes for businesses in consequence of the pandemic
- followed up reports on suspicious market conduct by market places and investment firms, so-called STORs ('Suspicious Transaction and Order Reports'), and carried out inspections of some of the investment firms' procedures for such reporting
- developed a tool for monitoring primary insiders and their close associates
- further developed tools for monitoring cases subject to the mandatory disclosure obligation and cases of market abuse

Governance indicators	Performance targets 2022 (planned figures)	2022 results (completed)	2021 results
Cases of non-compliance with the reporting requirement for short sales that have been followed up	No major deviations from the average figure for the last three years are expected	8	34
Cases of non-compliance with the notification requirement for securities trading that have been followed up	No major deviations from the average figure for the last three years are expected	39	52
Number of breaches of the mandatory disclosure obligation that have been followed up	No major deviations from the average figure for the last three years are expected	29	60
Financial statements reviewed	20	18	14
Vetted prospectuses	114	105	107
Inspections at audit firms	40	25	31 (22 on-site and 9 off-site inspections)
Inspections at external accountants	40	44	40 (25 on-site and 15 off-site inspections)

Operational goal 4 Consumer protection

Good consumer protection is important for the individual consumer and for maintaining confidence in financial market participants. Service providers shall safeguard customer interests, paying due heed to the customers' capacity for understanding the product characteristics. Finanstilsynet safeguards consumer protection by supervising that the provision and brokerage of loans, insurance and pension products, mutual fund products, other financial instruments and property take place in an acceptable manner. The supervision of debt collection agencies also strengthens consumer protection. Monitoring compliance with capital adequacy and prudential requirements helps create assurance that product providers meet their obligations to their customers.

The requirements of the law as regards consumer protection and conflicts of interest are of key importance in the supervision of investment firms, management companies and financial institutions. The firms shall act honestly, fairly and professionally in accordance with the best interests of their clients and ensure that the integrity of the market is attended to in the best possible manner. Legislation and supervision also aim to encourage the firms to maintain sufficient internal controls and to promote an informed attitude to risk. In the supervision of managers of alternative investment funds (AIF managers), priority is given to managers of funds targeting retail investors.

Consumers are dependent on good information, and Finanstilsynet responded to a large number of enquiries from consumers in 2022.

In order to help protect consumers and customers, Finanstilsynet took the following actions during the year:

- oversaw that the institutions comply with sound business practices in their sales and advisory activities
- carried out inspections at two banks that provide so-called restart loans to vulnerable borrowers, and prepared identical letters to banks operating in this segment
- reviewed the distribution channels and the products sold by investment firms / branches in 2021
- reviewed price developments in mutual funds and worked on cases concerning new pricing models, payments for distribution, discount agreements and revenue sharing
- initiated eight inspections at investment firms and completed 16 inspections that were started in 2021
- prepared a consultation document proposing a prohibition against inducements
- carried out an inspection at a life insurer on the topic of customer protection

- reviewed pension institutions' reports on products and premium rates, focusing on customer protection
- carried out new tasks resulting from the new Insurance Intermediation Act, and oversaw that insurance intermediaries comply with the requirements that will help ensure that customer interests are safeguarded
- followed up how the real estate broking industry complies with the new rules in the Real Property Sale Act
- carried out inspections at five debt collection agencies
- concluded the thematic inspection of procedures for 'debt collection by phone' and prepared a circular with guidelines based on this
- initiated a thematic inspection of debt collection agencies' procedures vis-à-vis clients who recover their own claims before overdue claims are sent to the debt collector
- published the report 'Consumer protection and financial services', which highlighted topics and areas where consumer protection is particularly relevant
- held a webinar for 'finfluencers' (influencers who market and discuss financial products in social media) in cooperation with the Consumer Authority, thus aiming to increase the knowledge of regulations applicable to these actors, for example on consumer protection
- intervened against several cases of illegal loan intermediation on Facebook

Governance indicators	Performance targets 2022 (planned figures)	2022 results (completed)	2021 results
Inspections at financial institutions focusing on consumer protection	a) 2 at life insurers	a) 1	1
	b) 1 at a bank	b) 1	
Inspections at investment firms	Initiate 11 inspections	8	17
Inspections at fund management companies, including AIF managers	4	5	5
Inspections at insurance intermediaries	1	0	2
Inspections at real estate agencies	10	14	15
Inspections at debt collection agencies	10	6	6
Inspections at debt information undertakings	0	0	3

Operational goal 5 Effective crisis management

Preparedness to deal with critical situations is important in ensuring confidence in the financial system. Finanstilsynet maintains preparedness to deal with crises in both individual institutions and markets in order to mitigate the risk of wide-reaching, long-lasting harmful effects for the financial sector and customers. The requirement that banks and investment firms must prepare recovery plans and that Finanstilsynet must prepare resolution plans will help ensure that critical situations are handled in a satisfactory manner. Preparedness to quickly provide relevant information to the general public is also a key element of maintaining emergency preparedness.

In order to promote strong emergency preparedness and effective crisis management, Finanstilsynet took the following actions during the year:

- prepared entity-specific resolution plans, set Minimum Requirements for Own Funds and Eligible Liabilities (MREL) and assessed the resolvability of 13 large and medium-sized banks
- developed methodologies for preparing resolution plans and MREL decisions
- headed the resolution college for DNB and participated in corresponding colleges for six foreign banks with a branch or subsidiary in Norway
- assessed DNB's recovery plan and participated in corresponding assessments in the supervisory colleges for four foreign banks with a branch or subsidiary in Norway
- assessed the recovery plans of Kommunalbanken and Sparebanken Sør
- worked to establish a cooperation agreement with the Norwegian Banks' Guarantee Fund
- worked to improve the resolvability of Norwegian banks by following up the EBA's 'resolvability guidelines'
- followed up the process to wind up Optin Bank ASA under public administration
- approved the Norwegian Banks' Guarantee Fund's model for allocating contributions to the deposit guarantee fund
- participated in relevant international cooperation within crisis management
- participated in the Cyber 2022 exercise, including preparations prior to and evaluations after the exercise
- chaired the Financial Infrastructure Crisis Preparedness Committee (BFI), where three ordinary and three extraordinary meetings were held, as well as one annual exercise

Governance indicators	Performance targets 2022 (planned figures)	2022 results (completed)	2021 results
Resolution plans established by Finanstilsynet	15	13 ¹	15 ²
Recovery plans assessed by Finanstilsynet	22	7	19
MREL requirements set	15	13	15

¹ No resolution plans or MREL decisions were adopted for Sbanken and Bank Norwegian due to ongoing merger processes. Santander Consumer Bank: The decision is part of a joint decision made by the EU's Single Resolution Board (SRB).

² 13 resolution plans were reported in 2021, while the correct figure was 15.

Operational goal 6 The fight against crime

It is up to the financial sector to prevent the exploitation of financial institutions and other market players for criminal purposes. Finanstilsynet oversees that the institutions comply with the obligations set out in the anti-money laundering and counter-terrorist financing legislation. Illegal activity contributes to weakening confidence in the financial markets and represents unfair competition for firms operating in compliance with the regulations. Supervisory efforts help prevent illegal activities, and offences uncovered in supervised institutions are followed up. Suspicion of serious financial crime is reported to the police. Finanstilsynet's work to ensure satisfactory auditing and accounting also helps prevent and uncover financial crime.

The institutions that are subject to the anti-money laundering (AML) legislation play an important role in preventing and uncovering money laundering and terrorist financing. In recent years, shortcomings have been revealed in a number of large international banks' compliance with the AML legislation. Just like the other European supervisory authorities, Finanstilsynet has intensified its efforts in this field. Supervisory experience shows that a number of institutions have intensified their efforts against money laundering and terrorist financing, but inspections have also revealed many instances of inadequate compliance with the AML legislation. Improvement areas pointed out by Finanstilsynet in a number of supervised sectors include poor understanding of risk, lack of capacity to monitor risks and inadequate AML procedures.

In 2022, administrative fines were levied on three banks, two audit firms, five external accountants and four real estate agencies due to non-compliance with the AML legislation. Two banks are paying coercive fines due to failure to fulfil an order for rectification.

In 2021 and 2022, the EBA carried out an evaluation of Finanstilsynet's AML/CFT inspections at banks. In its evaluation, the EBA pointed out how Finanstilsynet's resource situation affects its efforts against money laundering and terrorist financing. The EBA's recommendations and assessments were followed up in 2022 and will be subject to further follow-up. In 2021–2022, Finanstilsynet was also involved in an IMF project that assesses AML/CTF inspections in the Nordic and Baltic countries. A report will probably be completed in 2023.

In order to supervise compliance with the AML legislation, Finanstilsynet took the following actions during the year:

- completed five AML/CFT inspections at banks
- carried out inspections at all the banks of selected requirements related to the banks' compliance with the rules in the AML Act on customer due diligence measures, ongoing monitoring and procedures

- carried out inspections at 20 banks of compliance with the regulations in connection with sanction screening
- followed up inadequate identity verification for customers in a large bank
- refined the risk classification methods for AIF managers
- conducted a survey of all Norwegian non-bank investment firms related to their compliance with the AML legislation. The survey was followed up by thematic inspections at 17 institutions.
- published a new guide to the AML Act (Circular 4/2022)
- was involved in the review of the guidance to the asset freeze provisions
- carried out an inspection of compliance with the AML legislation at ten real estate agencies
- published a report on findings from a survey on client account transaction control targeting lawyers engaged in estate agency and real estate agencies
- carried out a thematic inspection of fund managers' compliance with the AML legislation
- followed up notifications that clients of auditors or external accountants are involved in criminal activity
- participated in national cooperation to fight money laundering and terrorist financing, including the steering group of the public-private partnership against money laundering and terrorist financing (OPS AT), which was established by Finance Norway in 2021
- participated in international cooperation on supervision of AML measures in the financial sector, including several supervisory colleges following up individual institutions
- carried out an inspection of a registered provider of virtual currency services
- decided to revoke the licences of two payment institutions offering money transfer services
- assisted in the implementation of EU sanctions packages against Russia

Illegal activity weakens confidence in the financial markets and undermines the operations of firms that comply with the regulations. Although it has limited resources to follow up illegal activities, Finanstilsynet took the following actions during the year:

- issued two orders for the termination of illegal activity at external accountants. Eight firms received a letter from Finanstilsynet, drawing their attention to the licensing requirements and emphasising that activities in breach of the requirements must stop.
- investigated nine firms that marketed investment services without the required licence. The firms have received individual warnings, and/or market warnings against them have been published on Finanstilsynet's website.

- considered a number of individual cases concerning illegal vehicles that must be regarded as alternative investment funds

Finanstilsynet has cooperated with other agencies on several cases, especially with Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime), a number of police districts, Norwegian Customs, the National Criminal Investigation Service and the Norwegian Tax Administration, as well as the agencies participating in the Contact Forum and the Payment Services Forum.

Governance indicators	Performance targets 2022 (planned figures)	2022 results (completed)	2021 results
AML/CFT inspections at banks	7	5 on-site inspections at banks 1 off-site inspection at all banks	5 on-site inspections at banks 2 off-site inspections at a total of 54 banks
AML/CTF inspections at other types of obliged entities (Several of these inspections are also included under other operational goals.)	AML/CFT inspections at 84 institutions in addition to surveys and investigations	17 at investment firms 10 at real estate agencies 2 at payment institutions 1 at an e-money institution 1 at providers of virtual currency services 9 at audit firms 25 at external accounting firms 7 at insurers	80 inspections: 10 at real estate agencies (incl. 1 thematic inspection) 2 at payment institutions 1 at a provider of virtual currency services 0 at investment firms 1 AML/CFT inspection at an insurer In addition, money laundering was on the agenda at 10 inspections. (6 at non-life insurers + 2 at life insurers + 2 at insurance intermediaries) 31 at audit firms 25 at external accounting firms
Number of notifications of illegal activities that have been followed up	Impossible to quantify	9 cases of provision of investment services 2 cases of illegal loan intermediation 1 case concerning virtual currencies 2 cases of illegal external accounting services	2 cases concerning virtual currencies 3 cases concerning payment institutions 25 cases of illegal provision of investment services 11 cases concerning estate agency 1 case concerning debt collection
Number of investigated suspicious cases related to market conduct	Impossible to quantify	324	302

Other activities

Climate risk and sustainability / green finance

It is necessary to increase knowledge of how climate change affects the financial markets and how climate-related risk may affect financial stability. In accordance with the letter of allocation, Finanstilsynet has followed up international cooperation in this area, particularly the work on regulatory development, guidance and supervisory practices in the EU, and has also participated in the Network for Greening the Financial System.

In 2022, Finanstilsynet reviewed investment firms' preparations for the new Act on sustainable finance. The review of fund managers' preparations related to sustainable finance in 2021 was followed up in 2022 by making internal assessments of certain issues. In addition, thematic inspections were carried out of selected listed companies' reporting of climate-related matters in their annual financial reports for 2021 and the auditor's work related to this. A separate report with more extensive descriptions of the results has been published.

Sustainability and so-called ESG risk were on the agenda at most of the inspections at banks in 2022. In Finanstilsynet's opinion, it is important that the banks consider how climate risk may affect their general risk situation and capital needs, and how their focus on climate risk may affect their access to funding. At a thematic inspection of commercial property at seven banks, special emphasis was placed on climate risk and energy labelling. A report from the thematic inspection will be published in 2023.

The climate risk exposure of life insurers and pension funds is mainly related to their asset management operations. Climate risk was on the agenda at all ordinary inspections at insurers.

In recent years, Finanstilsynet has held meetings on climate risk with a number of non-life insurers and met with eight of these in 2022. The purpose of the meeting was to map how climate change may affect risk at non-life insurers and how they manage this risk.

Finanstilsynet has expectations concerning institutions' climate risk management, both physical and transition risk, which is reflected in the risk module for evaluating management and control. The institutions also assess climate risk in their own risk and solvency assessment (ORSA), which is sent to Finanstilsynet.

Finanstilsynet has highlighted the risk of greenwashing for both banks and insurers. This topic is attracting increasing attention both in Norway and internationally.

Work on the regulatory sandbox

Finanstilsynet operates a regulatory sandbox for fintechs as part of a broader information and guidance initiative. Since the establishment of the regulatory sandbox in 2019, Finanstilsynet has received 19 applications for admission. Four projects have been admitted to the sandbox, three of which have been completed. Project plans and final reports are published on Finanstilsynet's website.

In 2022, the previous system whereby firms were admitted at regular intervals was replaced by a system where Finanstilsynet processes applications on an ongoing basis. There were three applications for admission to the regulatory sandbox in 2022.

One of the applicants, R8Me AS, was admitted to the regulatory sandbox on 28 February 2022, and four workshops were held with the firm during the year. The firm plans to develop a solution for automated sustainability measurement. The solution will target small and medium-sized businesses and is based on a set of defined measurement indicators. This method should, as far as possible, make use of available data from established systems and registers. The EU's taxonomy forms the basis for the project. The project will be completed in the first quarter of 2023.

Finanstilsynet and the Norwegian Data Protection Authority have collaborated on two sandbox projects related to anti-money laundering and terrorist financing. Finanstilsynet holds quarterly coordination meetings with the regulatory sandboxes of the National Archives of Norway, the Norwegian Digitalisation Agency and the Norwegian Data Protection Authority. A joint experience seminar was held on 28 April. Participants included politicians and firms that have participated in sandboxes.

In 2022, Finanstilsynet was in contact with the Norwegian technology incubator Startuplab and participated in an event for fintechs on 11 May. At various meetings, firms have presented their business ideas to Finanstilsynet. Such meetings help raise Finanstilsynet's understanding of new technological solutions in the financial market.

In 2022, Finanstilsynet participated in a meeting of the European Forum for Innovation Facilitators (EFIF), which was attended by all national financial supervisory authorities in the EEA. The purpose is to exchange experiences from the work with regulatory sandboxes and so-called innovation hubs and to contribute to joint regulatory treatment of innovative products, services and business models.

Management and control of Finanstilsynet's operations

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Management and control of Finanstilsynet's operations

Management structure

Finanstilsynet's Board of Directors, which is appointed by the Ministry of Finance for a four-year term, has overarching responsibility for operations. The Director General, who is appointed for a term of six years with a possible extension of a further six years, is in charge of the day-to-day management.

Finanstilsynet is divided into three supervisory departments and one administration department. Each department is headed by a department director (Deputy Director General). The departments are divided into sections, each headed by a head of section. The General Counsel, the Controller and the Data Protection Officer are organised in the Director General's staff. A communications unit reporting directly to the Director General is responsible for external and internal communication.

Finanstilsynet's activities are regulated by the Financial Supervision Act and special legislation governing the respective supervised sectors. Every four years, Finanstilsynet draws up a strategy for its activities. Along with the letter of allocation and other assignments from the Ministry of Finance, the strategy forms the basis for the annual plans for these activities. The Board of Directors adopted the strategy for 2019–2022 in December 2018, and a new strategy for the period 2023–2026 was adopted in January 2023. The daily management and the reporting to the Board are based on the annual activity plans.

The letter of allocation is the key governing document in the management dialogue between the Ministry of Finance and Finanstilsynet. At end-April and end-August, Finanstilsynet reports on the activities carried out and on other matters in accordance with the letter of allocation. These reports form part of the basis for the Ministry's evaluation of Finanstilsynet's performance. Finanstilsynet's reporting also includes an annual report. The annual report consists of reports from the supervised sectors, which were published on Finanstilsynet's website in February/March 2023, and a brief annual report presented in accordance with the Regulations on Financial Management in Central Government.

The Board meets each month excluding July to deal with important supervisory matters, such as proposals for new regulations, matters of principle, selected matters on the allocation and revocation of licences, the budget and the annual activity plans. The Board receives regular reports on Finanstilsynet's activities. The Board Chair participated in three meetings with the Ministry

of Finance in 2022. In addition, the Ministry of Finance was invited to hold a presentation at a seminar for the Board in the autumn. The Board Chair was also invited to a meeting with the law committee for the new Financial Supervision Act.

In May, the Minister of Finance visited Finanstilsynet. The subjects of the meeting were Finanstilsynet's role, pan-European cooperation in the financial sector and challenges in financial markets.

Finanstilsynet bases its supervisory activities in all sectors on risk assessments and undertakes annual risk assessments of its operations. These analyses are endorsed by the Board in connection with its consideration of the activity plan.

Finanstilsynet is subject to an annual audit by the Office of the Auditor General. See chapter VI, Annual accounts.

Operational efficiency and organisational development

Streamlining and digitalisation

Finanstilsynet is working continuously and systematically to identify and implement measures that may improve, streamline and digitalise supervisory practices, work processes and case processing. These efforts were continued in 2022.

Finanstilsynet emphasises that the digitalisation process must have a clear direction and be based on explicit goals in line with the digitalisation strategy adopted for 2020–2022 and the government guidelines in the Digitalisation Circular and the digital strategy for the public sector 2019–2025. Finanstilsynet uses an agile development methodology with frequent deliveries and systematic follow-up through an established portfolio management structure.

For a long time, Finanstilsynet has been refining its IT systems to ensure compliance with new and comprehensive pan-European regulations and to streamline and improve its supervisory activities. Work has been in progress to develop effective reporting and analytical solutions integrated with Finanstilsynet's professional systems.

The 2022–2026 digitalisation project was initiated on 1 January 2022. The project covers five main areas: automation of licensing matters, digitalisation of supervisory processes, more efficient reporting and

data capture, better analytical solutions and increased data sharing. The project aims to increase the scope and pace of digitalisation at Finanstilsynet, and the Ministry of Finance is updated through separate reports.

Robotic process automation (RPA) is a technology that requires relatively few resources and can provide fast deliveries and benefits. One of the processes that were automated in 2022 was the processing of licence revocations for auditors, audit firms, external accountants and external accounting firms (revocation notices). Finanstilsynet receives just under 500 such revocation notices per year, and the automated process provides gains in the form of significantly faster processing time.

In the supervision of investment firms, a large number of audio files are used, primarily conversations between representatives for the investment firm and clients. This forms part of the underlying documentation. After the implementation of a transcription tool in autumn 2022, all audio files are transcribed into text. The solution also provides significant new functionality, for example in the form of better navigation and search functionality and the opportunity to filter, comment and tag. Thus, a significant amount of time will probably be saved when carrying out inspections.

Finanstilsynet makes extensive use of the Altinn internet portal for receipt of reports and has to develop new forms and adjust existing forms on an ongoing basis to reflect changes in regulations and new needs. This has simplified and streamlined the processes for both Finanstilsynet and the supervised institutions. In 2022, Finanstilsynet started a process to convert the approximately 140 Altinn forms from the Altinn 2 platform to the Altinn 3 platform. The transition to Altinn 3 is expected to provide gains for reporting entities in the form of time savings and better solutions for detecting errors.

During the process to find better analytical solutions, it was decided in spring 2022 to test the use of cloud services. This has ensured useful competence and a better basis for choosing a future analysis platform. A higher level of competence in the use of cloud services, cost optimisation and security has also been beneficial for other digitalisation processes at Finanstilsynet, including the work on a new IT architecture.

The residential mortgage lending survey published on finansstilsynet.no in autumn 2022 was Finanstilsynet's first digital report with an interactive interface enabling users to view the underlying figures. The report provides a far better user interface than traditional PDF files.

In 2022, Finanstilsynet developed a new intranet in SharePoint, which was launched in January 2023. The new intranet facilitates interaction with other Microsoft Office applications.

Finanstilsynet.no is the principal channel for information sharing and communication, making relevant information available to all target groups. Major improvements were made to both the structure and presentation of the content on finansstilsynet.no in 2022. The new solution facilitates the provision of relevant and well-structured information to stakeholders. In 2022, Finanstilsynet signed a framework agreement on graphic design and visual profile.

Reporting based on common government guidelines for consultancy services in 2022

In accordance with the letter of allocation, Finanstilsynet shall seek to reduce the use of consultants in areas where it is possible to use internal resources and expertise.

Legal consultancy services

Finanstilsynet has team of experts working on preparing for and carrying out procurements, but occasionally needs some external support and has therefore used legal assistance in connection with the conduct of procurements.

Consultancy services for the management and development of ICT solutions

Finanstilsynet has an extensive system portfolio, and significant resources are required to ensure secure and stable operations. Errors need to be corrected, and integrations between systems must be maintained. The system portfolio requires a high degree of specialist expertise in various technology areas. It will not be prudent to have internal professional environments with specialist expertise in all relevant areas.

Finanstilsynet must have adequate internal expertise to be at the helm of the operation and development of its own IT systems. This includes the required capacity and competence to ensure necessary management and control of the development of IT systems and the overall IT architecture.

In 2022, external consultants/developers were used in the management, operation and further development of the following services:

- data warehouse
- Altinn forms
- reporting solutions – receipt, validation and forwarding to European supervisory authorities
- professional systems and registers
- robotic process automation (RPA)
- IT security
- Finanstilsynet's website (finansstilsynet.no)
- new intranet

Consultancy services for strategic IT development

The consultancy firm Gartner provides advice relating to strategy, management and follow-up, new technology, use of cloud services, security, data management, procurement, change management and work methods.

Table 11: Consultancy costs (in NOK)

	2022	2021
Legal consultancy services	295,201	115,414
Consultancy services relating to software development and ICT solutions	24,904,046	20,035,553
Consultancy services for strategic IT development and counselling (Gartner)	2,659,053	1,758,200
Consultancy services for recruitment etc.	5,290	0
Consultancy services for communication: graphic design etc.	30,450	96,315
Consultancy services for network solutions including www.finanstilsynet.no	1,806,141	992,799

Environmental responsibility

Finanstilsynet devoted increasing attention to the working environment and sustainable operations in all parts of its operations in 2022. The process to make Finanstilsynet more environmentally friendly is taking place at many levels. Guidelines, information and other measures should enable employees to assess their impact on the environment and make conscious choices in order to make a positive contribution to the organisation's environmental efforts.

Finanstilsynet aims to be an environmentally conscious and attractive employer offering employees a safe workplace and a good working environment. Steps are being taken to prevent physical strain injuries and to keep the sickness absence rate as low as possible. Finanstilsynet has adopted an overarching environmental policy and guidelines for promoting

climate and environmentally friendly procurement and travel and was certified as an Eco-Lighthouse in June 2022.

Finanstilsynet seeks to promote climate and environmentally friendly consumption through purchases of goods and equipment for use in its own operations. Emphasis is placed on efficient resource utilisation with respect to the useful life, reuse and recycling of fixtures and fittings and other goods. Finanstilsynet entered into an agreement for the return of technical equipment towards the end of 2020 – both to ease the process of wiping data-carrying media and to allow technical equipment to be reused by, for example, school children. In 2022, 238 items were reused and 269 recycled.

Internal control

Finanstilsynet has a transparent organisation based on a line management structure and a clear division of responsibilities and authority. There is a set of common procedures and guidelines for operations, including case processing and security procedures. In addition, working procedures and checklists adapted to the various supervised sectors have been prepared. All guidelines and procedures are regularly updated. A code of ethics for all employees has been established.

Based on the risk assessments carried out by Finanstilsynet for its operations and the supervised sectors, activity plans for the various sections and an overall activity plan for Finanstilsynet are prepared to specify the activities designed to meet operational goals and performance indicators. Management follows up the activity plans throughout the year to assess whether resource input and results are in keeping with plans and priorities, and ensure that any divergencies are explained and addressed. If necessary, the plans will be adapted to new needs and assumptions during the year.

The greatest risk to Finanstilsynet's supervisory activity relates to its ability to have adequate specialist expertise in the various supervised sectors. Finanstilsynet therefore places great emphasis on sound management and a good personnel policy and adopted a competence strategy in 2022 that will be followed up with measures in 2023. The HR function is actively involved in recruitment and staff development processes. Finanstilsynet's administrative functions support its licensing and supervisory activities. The document processing

system ACOS WebSak (approved according to the Noark 5 standard) was upgraded in 2021. In addition, Finanstilsynet uses the eInnsyn and eFormidling solutions. The responsibilities of the finance function include public procurement, budget and accounting. Finanstilsynet has entered into an agreement with the Government Agency for Financial Management (DFØ) on the delivery of payroll and accounting services and with the Norwegian National Collection Agency on the collection of supervision fees. The authority's default status is regularly reviewed. No significant events of default were registered in 2022.

Responsibility for the procurement of IT solutions, internal IT development and follow-up of outsourced IT development has been assigned to the Digitalisation and Analysis Department. Priorities related to IT development for the entire organisation within the given budget limits are discussed by a portfolio committee.

Finanstilsynet has an internal controller who oversees and controls compliance with the code of ethics and other guidelines and procedures. The controller reports to the Board. No significant weaknesses, faults or deficiencies were brought to light through the internal control system in 2022. The internal control system provides a sound basis for ensuring purposeful, efficient operations, reliable reporting and compliance with relevant rules and internal policies and procedures. Finanstilsynet is characterised by a high degree of stability, and significant errors or failure of procedures are rare.

Security and preparedness

Finanstilsynet attaches importance to security and to maintaining preparedness for possible crises in individual institutions, the financial infrastructure and markets, as well as potential threats to IT security both in supervised institutions and in its own operations. In addition, it is prepared to meet potential other incidents in its own organisation.

Finanstilsynet's security and emergency preparedness organisation has undertaken measures to handle the Covid-19 pandemic and monitored risks and threats resulting from the war in Ukraine on an ongoing basis, particularly risks and threats related to cyber security. The organisation has proven to be able to deal with the consequences of the Covid-19 pandemic and threats related to IT security and civil protection, both in its supervisory work and in its own operations. There has been close cooperation with the Ministry of Finance, Noregs Bank and other government agencies, partly to increase preparedness within cyber security.

Finanstilsynet has used a consultancy firm for advice and testing within IT security and conducted penetration tests, software reviews and quality assurance of the setup and configuration of various cloud services.

In order to make the employees' better versed in ICT security and ICT threats, regular phishing tests have been conducted, followed by awareness training. In addition, Finanstilsynet has arranged open meetings on relevant topics within ICT security.

Internal guidelines have been updated with regard to the use of ICT equipment abroad, including in high-risk countries.

In addition, the following major initiatives have been implemented:

- The password length requirement has become stricter for all users.
- A new central backup solution has been established.
- A new cloud-based printing solution has been established.
- Former solutions, such as Citrix and Windows 2008 servers, have been phased out.
- Both the wired and the wireless network at Finanstilsynet's offices have been upgraded.

Finanstilsynet continued its work on information security and issued reports to both the Ministry of Finance and the Norwegian National Security Authority (NSM) on the organisation's information security and information security management systems.

In 2022, Finanstilsynet applied for permission to connect to the National Limited Network (NBN).

Finanstilsynet conducted one fire and evacuation drill in cooperation with Norges Bank in 2022.

Assessment of future prospects



Assessment of future prospects

Risk of financial instability

The war in Ukraine, the energy crisis, supply chain disruptions and high inflation give rise to considerable economic and financial uncertainty. There is a heightened risk of financial instability in the period ahead.

High debt in Norwegian households and elevated residential and commercial property prices represent the key vulnerabilities in the Norwegian financial system. Only a small proportion of Norwegian households' debt carries fixed interest rates. This means that many Norwegian households are particularly vulnerable to a sharp rise in interest rates, loss of income and declining house prices. Debt problems in the household sector will have major economic and financial repercussions.

The crisis in the energy markets and supply chain disruptions, coupled with high demand for goods and services, have contributed to a sharp rise in global consumer price inflation. Central banks in several countries have raised their policy rates considerably and announced further rate hikes. In addition, central banks are tightening monetary policy by scaling back their bond holdings.

The banks have large volumes of loans to non-financial firms in general and to commercial real estate companies in particular. In the past, both Norwegian and international banks have suffered substantial losses on loans to non-financial firms. These firms have experienced an increase in their debt burden over time, and for many of them, interest rate increases cause a significant decline in earnings. A sharp rise in prices of electricity and intermediate goods has pushed up production costs in many firms. Commercial property prices have risen markedly over the past decade as a result of increasing rental prices and low required rates of return. Higher interest rates and elevated risk premiums may lead to a sharp decline in corporate earnings and a substantial fall in commercial property prices. This will heighten the risk of losses in banks, as well as for bondholders and holders of units in real estate funds. The refinancing risk associated with bank and bond debt has increased as a result of higher required rates of return on commercial property investments.

Large fluctuations in market prices of financial instruments and commodities in 2022 have had a pronounced impact on the derivatives markets. Significant changes in prices of underlying assets affect the market value of derivatives and cause higher counterparty risk and margin requirements, which may result in significant liquidity challenges for the contracting parties. In the coming period, Finanstilsynet must pay particular attention to financial institutions'

counterparty and liquidity risk associated with the use of hedging instruments and other derivatives trading.

In recent years, serious weaknesses in management and control have been identified in a number of financial institutions. In its capacity as both supervisory authority and resolution authority, Finanstilsynet must be prepared to see an increasing number of institutions face financial and/or operational challenges that result in them being wound up or subject to resolution. Experience shows that such processes are resource-demanding, even when the institution's activities are of relatively limited scope.

The banks have recorded low loan losses and healthy earnings in recent years, and they meet the regulatory minimum and buffer requirements by a margin. Their CET1 capital ratios are somewhat higher than the average for European banks. Considerable uncertainty in the global economy and international financial markets and higher interest rates on private and public debt have increased the likelihood of a decline in output and employment and an increase in loan losses. It is vital that the banks are well capitalised to be able to absorb losses and provide loans to creditworthy customers during an economic downturn.

Digital finance and vulnerabilities

The financial sector is characterised by rapid digitalisation, driven by new and advanced digital solutions, new regulations and new market entrants. Technological developments entail significant gains for users, financial institutions and society as a whole, but may also introduce new vulnerabilities.

There has been increasing focus on risk associated with cyberattacks, partly owing to the war in Ukraine. The high degree of interconnectedness within the financial system means that serious incidents at one or more market participants could quickly lead to an extensive collapse of critical services with serious consequences for society.

A number of institutions supervised by Finanstilsynet have outsourced all or part of their IT activities. Increased use of cloud services and common data centre services may entail heightened risk for the institutions, partly as a result of more complex value chains and greater dependence on a limited number of suppliers. Finanstilsynet shall contribute to ensuring robust IT systems and good contingency measures to reduce the risk of digital crises and mitigate the consequences of such incidents.

Measures against money laundering and the financing of terrorism

Money laundering and the financing of terrorism may engender extensive economic costs to society. In order to prevent this, close cooperation is required between authorities and various industries on risk management, analyses and measures. In recent years, Finanstilsynet has stepped up its efforts to monitor how institutions comply with the anti-money laundering legislation and has further refined its supervisory methodology. In the EU, a proposal for new European regulations to combat money laundering and terrorist financing, including the establishment of a new European supervisory authority in this area, is under political consideration. The proposal entails that the authorities will intensify their efforts to ensure that the financial sector plays a role in detecting money laundering and terrorist financing. The proposal is also based on an ambition to ensure further harmonisation across Europe of the work in this field.

Illegal activity

Illegal activity contributes to weakening confidence in the financial markets and represents unfair competition for firms operating in compliance with the regulations. Those who operate illegally may operate outside or on the verge of regulation and supervision and create the wrong impression that they are regulated and under supervision. This may be the case for new digital platforms that challenge traditional business models. Investors and consumers should make sure to check for themselves whether a firm is serious and reliable, which should include checking Finanstilsynet's registry and market warnings. Finanstilsynet follows up illegal activities, which in some cases includes requiring firms to wind up their operations. Several cases are reported to the police.

The follow-up of illegal activities often requires substantial resources, and Finanstilsynet must assess its efforts in relation to its supervision of institutions that are licensed, regulated and under supervision.

Climate risk and sustainability

The transition to a more sustainable society and the use of renewable resources call for a major restructuring of the economy. The transition phase may result in financial losses in industries and businesses that are adversely affected by the changes. It may also subject

banks and other financial institutions to losses. Non-life insurers are particularly exposed to physical climate risk. Finanstilsynet expects financial institutions to cover all significant risks, including climate risk, in their risk management systems.

The volume of so-called sustainable financial products is growing strongly both in Norway and internationally. Greater interest in green investment products also heightens the risk that securities and mutual funds will be marketed as sustainable without actually being so, so-called greenwashing.

Pan-European rules on environmental objectives, classification and required information from the institutions will be implemented in Norway and form the basis for Finanstilsynet's follow-up of greenwashing risk.

Consumer protection

Consumers' exposure to the stock market has increased over several years, partly through investments in equity funds, pension savings and individual shares on Oslo Børs. Since the value of shares can vary widely, households' financial wealth is more exposed to fluctuations than before. Finanstilsynet stresses the importance of institutions providing good information and advice in connection with the sale of products.

In Norway, as well as internationally, there has also been considerable interest in new investment opportunities with high and partly complex risk, such as virtual currencies and other crypto-assets. Trading in virtual currencies and crypto-assets has until now been unregulated, but a directive regulating the virtual currency market (MiCA) is expected to be adopted in the EU in 2023. The directive includes rules on market abuse, authorisation requirements and investor protection. The new rules entail new tasks for Finanstilsynet.

Greater interest in green investment products heightens the risk that mutual funds and other securities will be marketed as sustainable without actually being so, so-called greenwashing. In 2020, the EU adopted two regulations in this area, one on the disclosure of sustainability information in the financial sector and one on sustainable economic activities and investment products (the Taxonomy Regulation). The regulations have been incorporated into Norwegian law in the Sustainable Finance Act, which entered into force on 1 January 2023. Finanstilsynet will focus on greenwashing as part of its supervisory activity.

The ever increasing digitalisation of financial services makes it challenging for weak groups with low digital competence to gain access to important services. The

issue has become particularly relevant in connection with identity verification requirements and banks' AML procedures. The Financial Contracts Act contains rules intended to ensure consumers access to basic payment services, and in its guide to the AML Act (Circular 4/2022), Finanstilsynet has highlighted solutions to ensure compliance with legislation in both fields.

As a result of interest rate hikes and high inflation, the financial position of many consumers has weakened compared with previous years. In consequence of this, a rising number of consumers may experience payment problems and be unable to fulfil their obligations. This makes the requirements for good debt collection practices, advice and customer service for both debt collection agencies and financial institutions ever more important.

These developments also underline the significance of the requirements to ensure good advisory services and sound credit assessments prior to approving loan applications. This applies in particular to residential mortgages, which represent the largest debt burden for Norwegian households. Consumers with payment problems may also be tempted to take out consumer loans to get out of financial trouble.

The Insurance Intermediation Act, which entered into force in 2022, and the Loan Intermediation Act, which will become effective on 1 July 2023, impose new and comprehensive requirements concerning authorisations and the operations of loan and insurance intermediaries. This legislation will help ensure stronger protection for consumers and other insurance customers who enter into agreements through intermediaries.

The EEA financial market

The financial industry has a wide range of cross-border activities and financial services within the EEA. Pan-European financial legislation is increasingly based on full harmonisation with limited opportunities for national adaptation, which requires extensive harmonisation of supervisory practices under the auspices of the European Supervisory Authorities. The legislation is under regular review to address changes in the markets and promote European integration. It is resource intensive to implement, interpret and comply with the legislation and common supervisory standards. Regulatory enforcement and participation in the supervisory cooperation already require considerable resources on Finanstilsynet's part and must be expected to increase in scope in the years ahead. There is also a growing need for guidance from Finanstilsynet to supervised institutions.

Effective financial supervision

Finanstilsynet's supervisory activities shall be risk-based. Nevertheless, due to Finanstilsynet operating parameters, it has limited scope to make priorities based on its risk-based supervision. Finanstilsynet must, within the confines of the regulatory framework, obligations arising from the EEA cooperation, allocated resources and requirements specified in the letter of allocation and other tasks assigned by the Ministry of Finance, prioritise the activities that overall will contribute the most to financial stability and well-functioning markets.

Finanstilsynet is working continuously to identify and implement measures that may improve and streamline its operations. Streamlining and simplification are necessary to enable Finanstilsynet to carry out new, resource-intensive tasks while maintaining a satisfactory level of activity in all supervised sectors.

Finanstilsynet must seek to attract people with the right expertise and facilitate internal competence development. In order to conduct effective and risk-based supervision, Finanstilsynet needs competent employees who are well acquainted with the financial sector. Employees should be familiar with existing and new national and pan-European rules, contribute to developing supervisory methodology and to adapt this to changes in the financial market. In addition, they should be able to analyse the risk picture and market trends.

Increased risk of financial instability in the period ahead places demands on Finanstilsynet's ability, in its capacity of both supervisory authority and resolution authority, to handle crises and unexpected events in individual entities, the infrastructure and markets.

Finanstilsynet has a five-year digitalisation project for the period 2022–2026. The purpose of the project is to increase the scope and pace of the digitalisation process. The project focuses on the automation of licensing matters, digitisation of supervisory processes, more efficient reporting and data capture, better analytical solutions and more data sharing.

Annual accounts

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Annual accounts

Comments from the Director General

The annual accounts are prepared and presented in accordance with the Regulations on Financial Management in Central Government and appurtenant circulars and requirements from the Ministry of Finance. The presented accounts with notes provide a true and fair view of Finanstilsynet's disposable appropriations, revenues and expenses, assets and liabilities in 2022.

The Storting determines Finanstilsynet's expenditure budget and revenue budget as part of the central government budget. The 2022 operating expenditure budget (item 01) originally totalled NOK 440 million. The budget was later increased by NOK 6.7 million to compensate for the wage settlement. NOK 70,000 was deducted as a result of reduced travel activity. Including NOK 13.8 million carried forward from 2021, the aggregate disposable operating budget came to NOK 460.3 million.

Parts of Finanstilsynet's budget are allotted over item 45 *Major procurements and maintenance (IT)*. This appropriation is earmarked for IT development projects, and unused funds can be transferred to subsequent budget years independently of operating expenditure. In the budget for 2022, there was an appropriation of NOK 35.3 million which, together with NOK 3.1 million carried forward from 2021, brought disposable funds to NOK 38.4 million. This included a NOK 15 million increase in funds for digitalisation initiatives. These initiatives are scheduled to be implemented during the period 2022–2026 and will cover automation of licensing matters, digitalisation of supervisory processes, more efficient reporting, better analytical solutions and increased data sharing. The project aims to increase the scope and pace of digitalisation at Finanstilsynet, and the Ministry of Finance is updated through separate reports. The focus on digitalisation also resulted in a NOK 6.5 million increase in the operating budget, part of which has been used for two newly created positions.

Finanstilsynet emphasises that the digitalisation process must have a clear direction and be based on explicit goals in line with the digitalisation strategy adopted for 2020–2022 and the government guidelines in the Digitalisation Circular and the digital strategy for the public sector 2019–2025.

For a long time, Finanstilsynet has been refining its IT systems to ensure compliance with new and comprehensive pan-European regulations and to streamline and improve its supervisory activities. The process to develop effective reporting and analytical solutions integrated with Finanstilsynet's professional systems has been ongoing for several years and will continue over the coming years in order to handle the increasing number of tasks.

The appropriation report shows that aggregate expenditure in 2022 came to NOK 489.4 million, up 4.9 per cent in nominal terms from 2021. The appropriation report also includes VAT charged to the government VAT netting arrangement. The expenditure underrun for item 01 *Operating expenditure* was NOK 17.8 million, which Finanstilsynet has applied to carry forward to 2023. The expenditure underrun for item 45 was just under NOK 13 million, which Finanstilsynet has also applied to carry forward to 2023. The calculation of underruns is shown in Note B.

Overall salary expenditure came to NOK 324 million – 4.7 per cent less than in 2021. Disbursements to salaries accounted for 69.6 per cent of total disbursements to operations in 2022, compared with 75.9 per cent in 2021. The number of FTEs worked in 2022 was 288, compared with 294 in 2021. See a further account of the number of employees in Finanstilsynet on page 13. The reduction in overall salary expenditure from 2021 can be explained by fewer FTEs worked than a year earlier and a decline in pension premiums paid to the Norwegian Public Service Pension Fund. Pension premium payments totalled NOK 15.8 million in 2022, down 57.1 per cent from 2021. See a further account of pension premiums in the note on accounting principles on page 49.

Disbursements for investment and other disbursements to operations, see reporting by natural classification, show an increase of 30.3 per cent from 2021. This is partly due to Finanstilsynet's digitalisation project, which led to an increase in the purchase of consultancy services and licences, higher property management expenses, mainly as a result of rising energy prices, and a rise in payments for Norway's participation in the European Supervisory Authorities and two EU programmes. The increase can also be explained by lower consumption in several areas in 2021 as a result of the Covid-19 pandemic. The level of activity picked up in 2022, which contributed to higher expenses for travel, competence enhancement, etc.

Finanstilsynet charges fees for prospectus control under the Securities Trading Act and for processing applications for a licence to operate as a payment institution, an e-money institution or an account information service provider and applications for a licence to engage in debt collection. Total fees paid in 2022 were NOK 13.8 million, down from NOK 14.3 million in 2021. Compared with the budget, there was a revenue overrun of NOK 1 million due to the vetting of more comprehensive prospectuses than expected in 2022. Fees for the vetting of prospectuses came to NOK 13.3 million in 2022, compared with NOK 14 million in 2021.

Pursuant to section 9 of the Financial Supervision Act, Finanstilsynet's expenses are covered by the institutions under its supervision in the budget year. Under the Act,

the expenses shall be distributed among the various groups of institutions according to the extent of the supervision. The overall claim for supervisory levies came to NOK 488.4 million. The supervisory levy is apportioned on the individual institution under detailed rules set out in regulations on the levying of expenses for supervision. After prior consultation with the trade organisations concerned, Finanstilsynet's supervisory levy for 2022 was communicated to the institutions for payment in May 2022. Levies were charged to a total of 15,335 entities under supervision, including 90 foreign branches. The largest category of supervised entities is external accountants, numbering 12,080 at the start of 2022.

Relinquishment of gain and administrative fines are entered under Finanstilsynet's revenue chapter. These revenues are not part of the basis for calculating the supervisory levy. Fines totalling NOK 8.7 million were paid in 2022, compared with NOK 427.8 million in 2021. One bank was charged with an administrative fine of NOK 400 million in 2021, which explains the significant reduction from 2021 to 2022.

The Office of the Auditor General audits the activity of Finanstilsynet. The audit report for 2022 is due to be available by 1 May 2023 and will be published on Finanstilsynet's website.

Oslo, 22 February 2023



Morten Baltzersen
Director General

Accounting policies

The annual accounts are prepared in accordance with the guidelines in point 3.4 of the 'Regulations on Financial Management in Central Government' and requirements in circular R-115 dated 17 December 2019. Finanstilsynet's accounts are kept on a cash basis. Revenues and expenses are recognised when paid. The accounts follow the calendar year and contain all reported expenditures and revenues for the accounting year. Expenditures and revenues are entered in the accounts on a gross basis.

Finanstilsynet pays pension premiums to the Norwegian Public Service Pension Fund. Up until 2020, the premium was calculated based on a technical settlement and fund monitoring, where the employer's share was determined on an annual basis. From 2021, Finanstilsynet has complied with the provisions of circular R-118 'Budgeting and accounting for pension premiums for public enterprises'. During a two-year transitional period (in 2021 and 2022), Finanstilsynet must cover any insufficient pension premium payments for 2019 and 2020. Any excess premium payments for these two years will be deducted from the premium. In 2022, NOK 11.5 million was deducted from Finanstilsynet's pension premium payments of as a result of excessive premiums payments in 2020 and 2021. Including employer's national insurance contributions, there was a NOK 13.1 million deduction.

With effect from 2022, the premium scheme for public enterprises was restructured. Prior to 2022, premiums were calculated based on a fixed rate (12 per cent in 2021), but this model was replaced by an 'event-based premium model'. This means that with effect from 2022, premiums will be calculated on the basis of actual events that affect public enterprises' pension expenses and changes in the number of members of their respective pension schemes. Employers still pay 2 percentage points of pensionable salary.

The recorded pension premium for 2022 is based on a forecast from the Norwegian Public Service Pension Fund. Due to delays in the wage settlement in 2022, individual salary increases were not included in pension premium calculations. Consequently, an equal salary increase was included for all employees, and the effect of individual salary increases will thus not be included in the premium invoice until the first instalment in 2023. The recorded pension premium for 2022 therefore does not give a true and fair view of the actual pension premium in 2022. The total actual pension premium for 2022 and 2023 will be correct, though the allocation between the two accounting years will not be quite precise.

Finanstilsynet is attached to the central government's consolidated accounts scheme at Norges Bank and has drawing rights equivalent to the Storting's appropriation. At year-end, the balance on each settlement account is reset to zero.

Appropriation reporting

Appropriation reports with notes show the appropriations at Finanstilsynet's disposal, collated with accounting data reported to the central government accounts.

The Norwegian Tax Administration, represented by the Norwegian National Collection Agency, is granted a debit authorisation in chapter 4602, items 03 and 86, and in chapter 5580, item 70. The Norwegian Government Agency for Financial Management has given Finanstilsynet special authorisation to diverge from the standard appropriation reports as laid down in 'Regulations on Financial Management in Central Government', para. 3.4.3.2, by adding further columns. Hence the report from the Norwegian Tax Administration/the National Collection Agency is shown in the column 'Entered by others in accordance with authorisations'. The actual difference between the appropriation and the accounts is shown in the column 'Deviation from allocation'. The authorisation to diverge from the standard report by adding further columns applies up to and including the 2025 accounting year.

Reporting by natural classification

The reporting by natural classification with notes shows Finanstilsynet's reports to the central government accounts in 2022 based on the standard chart of accounts in the accounting year with comparatives for 2021.

In lower part of the statement shows the preliminary account with the Treasury. In order to get a true and fair view of expenses and revenues, the standard statement is supplemented by a line under assets and liabilities – 'Bank accounts with central government funds outside Norges Bank'. These funds are now included in Finanstilsynet's accounts, since they are at Finanstilsynet's disposal. NOK 1,382,953 of the total amount of NOK 1,385,671 belongs to Boligbyggelagenes Sikringsfond, while the remainder refers to accounts that are used for payment of employees' contributions for welfare measures in Finanstilsynet.

Note 6 shows the difference between the final and the preliminary account with the Treasury. The final account with the Treasury shows the sum of booked amounts of assets and liabilities in Finanstilsynet's account specification, while the preliminary account with the Treasury shows assets and liabilities reported to the central government accounts.

Table 12: Appropriation report for the accounting year 2022, itemised

Expenditure chapter	Chapter name	Item	Item text	Note	Total appropriation	Accounts 2022	Expense overrun (-) or underrun	Entered by others in accordance with authorisations	Deviation from allocation
1602	Finanstilsynet	01	Operating expenses	A, B	460,329,000	442,533,627	17,795,373		
1602	Finanstilsynet	45	Major procurements and maintenance (IT)	A, B	38,406,000	25,441,055	12,964,945		
1633	Govt. VAT netting arrangement	01	Operating expenses		0	21,458,312			
Total expended					498,735,000	489,432,994			

Revenue chapter	Chapter name	Item	Item text	Note	Total appropriation	Accounts 2022	Revenue overrun (-) or underrun	Entered by others in accordance with authorisations	Deviation from allocation
4602	Finanstilsynet	03	Administrative processing fees	A, B	12,800,000	13,542,000	742,000	253,743	995,743
4602	Finanstilsynet	86	Relinquishment of gain, administrative fines etc.	A, B	9,300,000		-9,300,000	8,709,694	-590,306
5580	Sectoral levies set by Ministry of Finance	70	Finanstilsynet, contributions from supervised entities	A, B	487,060,000	634,539	-486,425,461	486,798,621	373,160
5700	Contributions to the National Insurance Scheme	72	Employer's contribution		0	39,809,890			
Total taken to revenue					509,160,000	53,986,429			

Net amount reported to the appropriation account 435,446,566

Capital accounts

60050601	Norges Bank CA / receipts					25,649,785			
60050602	Norges Bank CA / payments					-448,494,374			
716106	Change in outstanding account with the Treasury					-12,601,977			
Total reported						0			

Holdings reported to the capital account (31 Dec.)

		2022	2021	Change
716106	Outstanding account with the Treasury	-26,930,998	-14,329,021	-12,601,977

Note A Explanation of overall allocation

Chapter and item	Brought forward from last year	Current year's allocations	Overall allocation	
1601 01	Operating expenses	13,777,000	446,552,000	460,329,000
1601 45	Major procurements and maintenance (IT)	3,106,000	35,300,000	38,406,000
4602 03	Administrative processing fees		12,800,000	12,800,000
4602 86	Relinquishment of gain, administrative fines etc.		9,300,000	9,300,000
5580 70	Contributions from supervised entities		487,060,000	487,060,000

Note B Explanation of utilised authorisations and calculation of possible amount to be brought forward to next year

Chapter and item	Headword	Expense overrun (-) / underrun	Overall basis for amount brought forward	Max. amount to be brought forward*	Possible amount to be brought forward calculated by Finanstilsynet
1602 01		17,795,373	17,795,373	22,327,600	17,795,373
1602 45	'May be brought forward'	,12,964,945,	12,964,945	55,100,000	12,964,945

*The maximum amount that may be brought forward is 5 per cent of the year's appropriation on operating items 01–29, with the exception of item 24, or the sum of the last two years' appropriations under the headword 'may be brought forward'.

Explanation of debt authorisations by revenue chapter

Chapter and item	Revenue overrun or underrun (-)	Taken to revenue by others in accordance with debt authorisations (+)	Revenue overrun/ underrun (-) in accordance with debt authorisations
4602 03 Administrative processing fees	742,000	253,743	995,743
4602 86 Relinquishment of gain, administrative fines, etc.	-9,300,000	8,709,694	-590,306
5580 70 Contributions from supervised entities	-486,425,461	486,798,621	373,160

Explanation of use of budget authorisations

Debit authorisations received

In a letter dated 21 March 2000, the Ministry of Finance authorised Finanstilsynet (then Kredittilsynet) to consider and make decisions in cases concerning the government's liability involving amounts below NOK 250,000. Other conditions are set out in the Ministry of Justice and Public Security's circular G-01/2017 'Compensation claims against the government – charges to budget chapter 471, item 71 and waiver of objections against time-barred claims'. Finanstilsynet did not make use of this authorisation in 2022.

Headword 'may be brought forward'

Finanstilsynet's appropriation in item 45 is allocated under the headword 'may be brought forward'. The appropriation on this item covers IT systems development programmes.

Debit authorisations granted (entered by others)

Finanstilsynet has granted the Norwegian Tax Administration, represented by the Norwegian National Collection Agency, a debit authorisation on chapter 4602, items 03 and 86, and chapter 5580, item 70.

Authorisation to overstep operating appropriations against corresponding revenue overruns

Finanstilsynet received no revenue overrun authorisation in 2022.

Possible amount to be brought forward

The expenditure underrun in item 01 is calculated at NOK 17,795,373. This figure is below the limit for transfer of 5 per cent of the year's appropriation in item 01, and the entire amount is deemed possible to bring forward to 2023. The amount earmarked for the digitalisation project in item 01 was fully utilised in 2022. The entire unutilised appropriation of NOK 12,964,945 in item 45 may be brought forward upon application. The unutilised appropriation in item 45 includes NOK 4,098,023 in unutilised funds earmarked for the digitalisation project.

Table 13: Statement of reporting by natural classification	Note	2022	2021
Operating revenues reported to the appropriation account			
Receipts of fees	1	13,542,000	14,060,000
Total receipts from operations		13,542,000	14,060,000
Operating expenses reported to the appropriation account			
Disbursements to salaries	2	323,960,091	340,031,000
Other disbursements to operations	3	141,566,324	108,037,709
Total disbursements to operations		465,526,415	448,068,709
Net reported operating expenses		451,984,415	434,008,709
Investment and financial revenues reported to the appropriation account			
Receipts of financial revenues		0	0
Total investment and financial revenues		0	0
Investment and financial expenses reported to the appropriation account			
Disbursement to investments	4	2,448,267	2,495,205
Total investment and financial expenses		2,448,267	2,495,205
Net reported investment and financial expenses		2,448,267	2,495,205
Collection activities and other transfers to central government			
Receipts of taxes, charges, fees etc.	5	634,539	1,617
Total collection activities and other transfers to central government		634,539	1,617
Revenues and expenses reported on central government chapter			
Employer's contribution account 1986 (ref. chap. 5700, revenues)		39,809,890	41,884,535
VAT netting arrangement account 1987 (ref. chap. 1633, expenses)		21,458,312	16,130,465
Net expenses reported on central government chapter		-18,351,577	-25,754,070
Net reported to the appropriation account		435,446,566	410,748,227
Overview of outstanding accounts with the Treasury			
Asset and liabilities		2022	2021
Receivables from employees		11,667	24,998
Bank accounts with central government funds outside Norges Bank		1,385,671	0
Tax withholdings owed and other withholdings		-14,844,134	-14,240,149
Public charges owed		-153,980	-113,870
Pension premiums allocated to the Norwegian Public Service Pension Fund		-11,944,551	0
Total outstanding account with the Treasury	6	-25,545,328	-14,329,021

Note 1 Receipts from operations	31 Dec. 2022	31 Dec. 2021
<i>Receipts from fees and charges</i>		
Prospectus control fees	13,332,000	13,970,000
Fees from payment and e-money institutions	210,000	90,000
Total receipts from fees and charges	13,542,000	14,060,000
Total receipts from operations	13,542,000	14,060,000

Note 2 Disbursements to salaries	31 Dec. 2022	31 Dec. 2021
Salaries	268,518,041	264,416,738
Employer's contribution	39,756,783	41,884,535
Pension expenses	15,790,251	36,825,035
Sickness benefit and other refunds (-)	-6,489,745	-8,267,031
Other benefits	6,384,761	5,171,723
Total disbursements to salaries	323,960,091	340,031,000
Number of FTEs worked	288	294

The number of FTEs worked has been calculated in accordance with personell notification 2019-13: Definition of FTEs worked.

Note 3 Other disbursements to operations	31 Dec. 2022	31 Dec. 2021
Rent	20,237,144	19,260,416
Maintenance and conversion of rented premises	855,639	223,966
Other expenses on operation of property and premises	11,404,957	5,812,819
Repairs and maintenance of machinery, equipment etc.	1,392,546	330,990
Minor equipment procurements	802,948	623,740
Lease of machinery, furniture etc.	17,306,435	14,007,466
Purchases of consultancy services	29,887,947	23,122,850
Purchases of other external services	28,042,775	19,109,550
Travel and per diem	2,133,553	267,250
Other operating expenses	29,502,381	25,278,662
Total other disbursements to operations	141,566,324	108,037,709

Note 4 Disbursed to investments and purchase of equities	31 Dec. 2022	31 Dec. 2021
<i>Disbursed to investments</i>		
Intangible assets etc.	0	280,000
Operating movable property, furniture, tools etc.	2,448,267	2,215,205
Total disbursed to investments	2,448,267	2,495,205

Note 5 Collection activity and other transfers to central government	31 Dec. 2022	31 Dec. 2021
Contributions from supervised entities	634,539	1,617
Total collection activity and other transfers to central government	634,539	1,617

Note 6 Final and preliminary account with the Treasury

Part A Difference between final and preliminary account with the Treasury		31 Dec. 2022 Specification of <i>booked</i> account with the Treasury	31 Dec. 2022 Specification of <i>reported</i> account with the Treasury	Difference
Current assets	Other receivables	11,667	11,667	0
	Bank deposits, cash etc.	1,385,671	1,385,671	0
	Total	1,397,338	1,397,338	0
Short-term liabilities	Accounts payable	-13,217,048	0	-13,217,048
	Tax deductions owed	-14,844,134	-14,844,134	0
	Public charges owed	-163,990	-153,980	-10,010
	Other short-term liabilities	-1,385,671	-13,330,222	11,944,551
	Total	-29,610,843	-28,328,336	-1,282,507
Total		-28,213,505	-26,930,998	-1,282,507

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