AUSTRIAN

FMA · FINANCIAL MARKET AUTHORITY

2022

# ANNUAL REPORT OF THE FINANCIAL MARKET AUTHORITY

*Key figures of the Austrian financial sector 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 (prov.) |
|---|---|---|---|---|---|
| **BANKING SECTOR** | | | | | |
| **Capital base**[1]: | | | | | |
| Common Equity Tier 1 (in € billions) | 71.7 | 75.8 | 77.5 | 82.5 | 87.3 |
| Tier 1 capital (in € billions) | 74.6 | 79.3 | 82.9 | 88.0 | 92.8 |
| Common Equity Tier 1 capital ratio (CET 1, in %) | 15.4 | 15.6 | 16.1 | 16.0 | 16.3 |
| Tier 1 capital ratio (in %) | 16.0 | 16.3 | 17.2 | 17.1 | 17.3 |
| Solvency ratio (in %) | 18.6 | 18.7 | 19.5 | 19.3 | 19.2 |
| Leverage ratio (in %) | 7.4 | 7.5 | 7.3 | 7.7 | 7.8 |
| Liquidity coverage ratio (LCR, in %)[2] | 148.5 | 146.7 | 180.6 | 175.9 | 162.9 |
| **Development of assets and liabilities** (non-consolidated, in € millions): | | | | | |
| Total assets[1] | 814 606 | 839 852 | 934 496 | 983 930 | 1 001 39 |
| Claims on credit institutions | 167 952 | 171 530 | 182 664 | 186 685 | 176 381 |
| Claims on non-banks | 445 510 | 466 757 | 482 505 | 517 027 | 542 292 |
| Debt securities and other fixed-income securities | 43 330 | 45 733 | 45 798 | 42 854 | 52 406 |
| Shares and other variable-yield securities | 10 000 | 10 540 | 10 094 | 9 976 | 9 238 |
| Other assets | 147 814 | 145 292 | 213 434 | 227 388 | 137 257 |
| Liabilities to credit institutions | 160 744 | 155 739 | 210 971 | 231 165 | 209 837 |
| Liabilities to non-banks | 414 379 | 430 436 | 463 095 | 490 050 | 497 168 |
| Securitised liabilities | 123 317 | 132 916 | 136 341 | 135 584 | 159 936 |
| Other liability items | 116 166 | 120 761 | 124 089 | 127 131 | 134 450 |
| **Sustainability of business activity** (non-consolidated): | | | | | |
| Loan-to-deposit ratio (non-banks, in %) | 93.0 | 92.2 | 96.0 | 94.5 | 92.4 |
| Foreign currency loans (as % of loans to households) | 9.5 | 8.3 | 6.8 | 5.5 | 4.7 |
| Non-performing and irrecoverable loans (as % of total loans) | 2.0 | 1.8 | 1.5 | 1.35 | 1.33 |
| **Earnings situation** (non-consolidated, in € millions)[1]: | | | | | |
| Net interest income | 8 290 | 8 280 | 8 330 | 8 565 | 10 426 |
| Operating income | 18 646 | 18 801 | 18 259 | 19 926 | 22 989 |
| Operating expenses | 12 644 | 13 652 | 12 819 | 13 323 | 13 429 |
| Operating result | 6 003 | 5 150 | 5 439 | 6 603 | 9 560 |
| Cost-income ratio (in %) | 67.81 | 72.61 | 70.21 | 66.86 | 58.42 |
| **Market shares of banks** (as % of total assets): | | | | | |
| Joint stock banks | 26.9 | 26.3 | 26.7 | 26.7 | 25.0 |
| Savings banks | 20.3 | 20.3 | 20.8 | 21.6 | 22.6 |
| Mortgage banks | 6.6 | 6.4 | 6.4 | 5.5 | 5.2 |
| Raiffeisen cooperatives | 33.6 | 34.8 | 34.5 | 35.2 | 35.7 |
| Volksbank cooperatives | 4.0 | 3.9 | 3.7 | 3.7 | 3.4 |
| Building societies | 2.7 | 2.6 | 2.3 | 2.1 | 2.3 |
| Special-purpose banks[3] | 5.9 | 5.7 | 6.1 | 5.2 | 4.5 |

[1] Excluding branches from EEA countries in Austria (Article 9 BWG), credit guarantee banks and corporate provision funds.
[2] New method of calculation.
[3] Excluding corporate provision funds and credit guarantee banks as specified in Article 5 no. 3 KStG.

*Key figures of the Austrian financial sector 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 (prov.) |
|---|---|---|---|---|---|
| **INSURANCE SECTOR** | | | | | |
| Premiums written in Austria (direct gross amount, in € millions) | 18 500 | 18 789 | 19 109 | 19 764 | 20 816 |
| *– Life insurance* | *5 574* | *5 424* | *5 360* | *5 390* | *5 338* |
| *– Health insurance* | *2 230* | *2 340* | *2 433* | *2 541* | *2 628* |
| *– Non-life and accident insurance* | *10 697* | *11 026* | *11 316* | *11 833* | *12 850* |
| Technical account balance | 506 | 618 | 554 | 766 | 584 |
| Financial result | 2 528 | 3 118 | 1 771 | 3 082 | 2 180 |
| Result from ordinary activities | 1 167 | 1 693 | 744 | 1 942 | 967 |
| ***PENSIONSKASSEN*** | | | | | |
| Assets under management (in € millions) | 21 404 | 24 295 | 24 976 | 26 969 | 24 351 |
| Investment performance (in %) | –5.14 | 11.62 | 2.49 | 7.63 | –9.68 |
| **CORPORATE PROVISION FUNDS** | | | | | |
| Assets under management (in € millions) | 11 496 | 13 304 | 14 489 | 16 524 | 16 561 |
| Performance (in %) | –1.97 | 5.74 | 1.41 | 4.05 | –7.66 |
| **INVESTMENT FUNDS** | | | | | |
| Assets under management (in € millions) | 164 561 | 184 894 | 191 894 | 218 816 | 187 769 |
| *– Money market funds* | *32* | – | – | – | – |
| *– Short-term bond funds* | *6 231* | *5 990* | *5 777* | *6 069* | *5 010* |
| *– Bond funds* | *60 047* | *62 072* | *62 282* | *62 440* | *52 705* |
| *– Equity funds* | *25 890* | *32 954* | *33 721* | *44 086* | *36 505* |
| *– Mixed funds* | *72 112* | *83 548* | *89 865* | *105 881* | *93 202* |
| *– Hedge funds of funds* | *136* | *137* | *82* | *134* | *151* |
| *– Derivative funds* | *112* | *195* | *167* | *207* | *196* |
| Annual net growth/net outflows | 4 167 | 3 587 | 5 973 | 14 219 | –582 |
| Real estate funds | 8 341 | 9 185 | 9 634 | 10 743 | 11 006 |
| Alternative investment funds by AIFMs licensed or registered pursuant to the AIFMG only | 865 | 923 | 974 | 1 100 | 1 471 |
| **CAPITAL MARKET** | | | | | |
| ATX at year-end | 2 746 | 3 187 | 2 780 | 3 861 | 3 126 |
| ATX performance (in %) | –19.7 | 16.1 | –12.8 | 43.6 | –15.95 |
| Market capitalisation (in € millions) | 100 333 | 117 085 | 106 607 | 142 177 | 114 873 |
| Market capitalisation equity segment (as % of GDP) | 26.0 | 29.5 | 28.1 | 35.3 | 25.7 |
| Sales equity segment (in € millions, double counting) | 70 409 | 61 960 | 68 783 | 73 320 | 71 973 |
| Sales bond segment (in € millions) | 635 | 659 | 665 | 522 | 390 |
| Sales structured products.at (in € millions) | 744 | 733 | 863 | 808 | 923 |
| Average government bond yields weighted by outstanding amounts (in %, year-end) | 0.25 | –0.17 | –0.46 | –0.20[4] | 2.50[4] |
| Number of issuers (regulated market) | 112 | 115 | 112 | 111 | 107 |

[4] As at 31 December 2022.

*Key figures FMA 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **INCOME** (in € thousands): | | | | | |
| Federal contribution | 4 000 | 4 000 | 4 167 | 4 500 | 5 100 |
| Income from entities liable to pay costs | 60 058 | 62 395 | 62 773 | 60 803 | 65 768 |
| Income from fees, other income | 5 246 | 5 892 | 5 729 | 9 278 | 7 467 |
| **Total** | **69 304** | **72 287** | **72 669** | **74 582** | **78 335** |
| **EXPENSES** (in € thousands): | | | | | |
| Personnel expenses | 43 719 | 45 469 | 47 214 | 48 112 | 51 088 |
| Material expenses | 23 873 | 24 910 | 23 876 | 24 409 | 25 493 |
| Depreciation and amortisation, other expenses | 1 712 | 1 908 | 1 578 | 2 061 | 1 754 |
| **Total** | **69 304** | **72 287** | **72 669** | **74 582** | **78 335** |
| **EMPLOYEES** | | | | | |
| Employees at year-end in FTEs | 379.34 | 381.01 | 384.89 | 389.99 | 407.59 |

*Supervised companies 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **CREDIT INSTITUTIONS** | | | | | |
| Joint stock banks | 42 | 41 | 37 | 35 | 35 |
| Special-purpose banks[5] | 61 | 59 | 58 | 57 | 55 |
| Savings banks | 49 | 49 | 49 | 49 | 49 |
| Raiffeisen cooperatives | 399 | 380 | 354 | 338 | 315 |
| Volksbank cooperatives | 9 | 9 | 9 | 9 | 9 |
| Mortgage banks | 8 | 8 | 8 | 6 | 6 |
| Building societies | 4 | 4 | 4 | 4 | 4 |
| EU branches | 25 | 22 | 24 | 23 | 21 |
| **Total** | **597** | **572** | **543** | **521** | **494** |
| Payment institutions | 5 | 6 | 6 | 7 | 6 |
| **INSURANCE UNDERTAKINGS** | | | | | |
| Mutual associations (excluding small mutuals) | 6 | 6 | 6 | 6 | 6 |
| Joint stock companies | 29 | 29 | 28 | 27 | 27 |
| Small mutual associations | 49 | 47 | 45 | 44 | 44 |
| **Total** | **84** | **82** | **79** | **78**[6] | **78**[6] |
| EEA insurers in Austria (operating through branches) | 30 | 29 | 28 | 28 | 27 |
| Mutual associations dealing in asset management/private foundations | 6 | 6 | 6 | 6 | 6 |
| **Business areas:** | | | | | |
| Life | 22 | 22 | 22 | 22 | 22 |
| Non-life and accident | 30 | 30 | 29 | 28 | 28 |
| Health | 9 | 9 | 10 | 10 | 10 |
| Reinsurance only | 1 | 1 | 1 | 1 | 1 |
| ***PENSIONSKASSEN*** | 9 | 8 | 8 | 8 | 8 |
| **CORPORATE PROVISION FUNDS** | 8 | 8 | 8 | 8 | 8 |
| **ASSET MANAGERS** | | | | | |
| Investment fund management companies pursuant to InvFG | 16 | 14 | 14 | 14 | 14 |
| Licensed AIFMs | 23 | 23 | 23 | 22 | 22 |
| *– Real estate investment fund management companies purs. to ImmoInvFG* | *5* | *5* | *5* | *5* | *5* |
| Registered AIFMs | 27 | 28 | 31 | 34 | 38 |
| *– EuVECA managers* | *7* | *9* | *10* | *12* | *14* |
| **INVESTMENT SERVICE PROVIDERS** | | | | | |
| Investment firms | 61 | 65 | 64 | 64 | 65 |
| Investment service providers | 45 | 43 | 48 | 47 | 45 |
| **Total** | **106** | **108** | **112** | **111** | **110** |

[5] Including special-purpose banks, investment fund management companies, corporate provision funds, and exchange offices/remittance services.
[6] Including Austrian branch of Helvetia Schweizerische Versicherungsgesellschaft AG.

# FINANCIAL MARKET AUTHORITY ANNUAL REPORT 2022

PURSUANT TO ARTICLE 16 PARA. 3 FMABG

## THE FMA

is Austria's independent, autonomous and integrated supervisory and resolution authority. As an integrated authority our overall perspective of the Austrian financial market enables us to conduct consistent and efficient supervision. We are part of the European System of Financial Supervisors (ESFS) and actively contribute with expertise and practical experience.
With competence, control and consistency, we pursue the aims of contributing towards the stability of Austria as a financial market and reinforcing confidence in the ability of the Austrian financial market to function, while acting in a preventive manner with respect to compliance with supervisory standards, and also protecting investors, creditors and consumers alike.

## COMPETENCE

We use a risk-based and solution-oriented approach to address complex issues and apply our knowledge in a target-oriented manner in the interest of integrated supervision. Furthermore, we create a positive and constructive working environment and constantly invest in training and further education. We base our actions on the principles of objectivity and independence, and excel as a result of our commitment to act both quickly and appropriately in a constantly changing environment.

## CONTROL

We monitor the Austrian financial market and ensure compliance with regulatory requirements. We fulfil our mandate responsibly, safe in the knowledge of the significance of our work for financial market stability. At the same time we act in a preventive manner and conduct constructive dialogue with market participants.

## CONSISTENCY

We demand that all market participants conduct their business in a law-abiding manner, and work towards necessary and sustainable behavioural change. In the event that breaches of legal provisions nevertheless occur, we deploy the supervisory tools and resolution actions that are at our disposal. Violations are punished consistently.

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# FINANCE MINISTER'S FOREWORD


## LADIES AND GENTLEMEN

Another year filled with challenges is behind us. It was an unforeseeable event that had the biggest impact on 2022, namely Russia's war of aggression against Ukraine, which must be condemned in the strongest terms. The reaction to this dramatic event on the financial markets was generally restrained, and there were no lasting distortions. However, as a result of the EU sanctions against Russia, a cross-border banking group under Russian ownership found itself facing liquidity problems and was subsequently resolved by the end of the year. Although this was a precedent-setting case involving the SRB and supervisors across several Member States, all of the necessary decisions were made consensually and by the required deadlines. The European Deposit Insurance Scheme was reimbursed for its expenses in the course of the resolution, which meant that no losses were incurred by the member institutions.

With interest rate increases since the summer of last year, the ECB responded to the sharp rise in inflation by reversing its monetary policy. Supervisors are thus faced with the task of closely monitoring whether higher interest rates and the uncertain macroeconomic and geopolitical environment will create significant problems for borrowers and whether or not credit institutions are well prepared.

## FINANCIAL EDUCATION

Financial education cannot eliminate the current crisis or the factors driving it, but what it can do is help citizens make considered and sustainable financial decisions. It is therefore vital that we provide the public with targeted financial education in difficult times.

In the course of the first year since the adoption of the National Financial Literacy Strategy, the FMA has been a reliable cooperation partner in its implementation. Together, we have achieved a great deal this year with regard to improving the financial education of Austria's citizens for the long term. Dedicated sub-working groups address the special needs of specific target groups and discuss and develop targeted measures. We are particularly pleased to co-chair the sub-working group on women together with the FMA, which contributes a great deal of expertise and commitment to the debate.

## PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

In July 2021 the European Commission presented a comprehensive legislative package to improve the prevention of money laundering and terrorist financing. In 2022 decisive milestones were achieved in the negotiations on greater harmonisation of the legal framework (the so-called AML Single Rulebook) and on the establishment of an EU Anti-Money Laundering Authority. The Council and the European Parliament also reached agreement on a new framework to increase the transparency of crypto asset transactions.

The international Financial Action Task Force is currently preparing the fifth round of its country reviews. In this context, the Austrian system for the prevention of money laundering and terrorist financing will also be reviewed for effectiveness. Within the framework of cooperation across different departments and authorities, work began in 2022 on a national strategy to combat money laundering and terrorist financing. This is to define overarching strategic objectives in order to make the framework in place throughout Austria for combating money laundering and terrorist financing more effective.

These various projects show that the FMA is proving to be a reliable partner even in challenging times. I look forward to continuing to work together with the goal of guaranteeing and further developing the conditions for a secure and attractive financial centre in Austria.

**MAGNUS BRUNNER**

# EXECUTIVE DIRECTORS' FOREWORD

There were major economic and social challenges in 2022: the lingering effects of the COVID-19 pandemic, Russia's war of aggression against Ukraine with its huge geopolitical and economic impact, and the persistent surge in inflation, which forced a tightening of monetary policy and a sudden shift in interest rates. Also, society must take fast and consistent action to tackle the enormous consequences of rapidly advancing climate change and the profound upheavals triggered by digitalisation.

While Austria's economic development in the first half of 2022 was still dominated by catch-up processes after the pandemic, the high level of uncertainty that followed Russia's invasion of Ukraine and the huge political and economic upheavals in the second half of the year led to a global economic slowdown from which there was no escape. Yet just as they had done during the COVID-19 pandemic when households and businesses faced severe economic repercussions, the Austria government stepped in with support measures to help cushion the impact of extensive and persistent price increases driven by energy, raw material and material shortages. Ultimately, the Austrian economy managed to record strong economic growth in 2022 despite the challenging context, with gross domestic product even exceeding its pre-pandemic level. However, the economic slowdown still in evidence towards the year-end is set to leave its mark well into 2023.

## FINANCIAL MARKET PROVES ITS STABILITY AND RESILIENCE

The Austrian financial market proved to be in good financial shape in this difficult environment, demonstrating its stability and resilience and lending strong support to the real economy. In this way it played a key role in securing, strengthening and making Austria competitive as a business location. At the same time, the many crises, external shocks and ensuing economic distortions have increased the risks to financial market stability over recent years. However, supervisory stress tests – both national and European – demonstrate that Austrian financial service providers have a solid risk-bearing capacity. In addition, the intervention tools created in response to the lessons learned from the 2008 global financial crisis have been proven in practice, specifically as a means of being able to intervene efficiently and effectively when a single provider finds itself in crisis; for example, in the cross-border resolution of a bank that was operating from Austria in euro countries, EU Member States and third countries through subsidiary banks. Likewise, the new deposit guarantee system for banking has proven its worth.

While regulation and supervision in the wake of the global financial crisis were primarily focused on shoring up the capital base, solvency and liquidity of financial service providers, the effectiveness of management and supervisory bodies, risk management, compliance and internal auditing have increasingly come under scrutiny of late. Analysis of recent problem cases has shown how important to sustained commercial success these soft facts are too, alongside an efficient and effective system of checks and balances.

The major challenges and upheavals of recent times – be it the pandemic, Russia's war of aggression against Ukraine or the abrupt turnaround in interest rates – have dramatically revealed just how important a solid capital base, strong liquidity and risk-conscious, forward-looking management are, especially for companies operating in such volatile financial markets. They are an absolute necessity in order to survive such difficult times and to ensure the stability of the financial market. As regulators and supervisors we will always continue to devote all our resources to doing everything in our power to support the financial market participants in such efforts. For the benefit of the stability of Austria's financial market and economy.

## FIT FOR FUTURE – FMA 2025

But the FMA is also taking stock and scrutinising itself. After 20 years of supervising nearly all of the Austrian financial market, we launched our broad-based "Fit for Future – FMA 2025" programme in 2022, which, with the help of an external consultant, will analyse the organisational structure, processes and corporate culture of the FMA to ensure that we are future-proof. The goal is to create an environment and a culture in the organisation that enable us to actively shape the future of the financial market, dealing with current challenges such as climate change and digitalisation, but also future challenges that we are perhaps not even aware of today.

Sustainability is already assuming an increasingly important role in the FMA's corporate strategy. For us, environmental focus and guaranteeing sustainable and economically positive development are the cornerstones of forward-looking and successful business management. We therefore support the transition to a climate-neutral economy wherever our legal mandate allows and strive to set a good example in this area. With this aim in mind, we also draw on the knowledge of external experts and regularly undergo relevant audits.

## GRATITUDE AND APPRECIATION

Today, on the occasion of the 20th anniversary of the establishment of the FMA as an integrated, independent and autonomous supervisory authority for almost all of Austria's financial market, we would like to express our gratitude and appreciation to all employees, both current and former, for their dedication and commitment to what we do. It goes without saying that we also wish to thank our supervision partners, the Federal Ministry of Finance and Oesterreichische Nationalbank, for what has always been an excellent working relationship based on mutual trust.

**EDUARD MÜLLER and HELMUT ETTL**

# 2022 AT A GLANCE

## FINANCIAL MARKET AUSTRIA

**905** supervised companies **€ 1 345 billion** assets under management

### 473 BANKS[1]

- **€ 1 001 billion** total assets
- **315** Raiffeisen cooperatives, **55** special-purpose banks, **49** savings banks, **35** joint stock banks, **9** Volksbank cooperatives, **6** mortgage banks, **4** building societies
- **21** EEA branches
- **6** payment institutions
- **82** notified EEA credit institutions

### 8 CORPORATE PROVISION FUNDS

- **€ 16.6 billion** assets under management
- **−7.7%** investment performance 2022
- **€ 830 million** disposal options 2022

### 78 INSURANCE UNDERTAKINGS

(44 of which small mutuals)

- **€ 103 billion** assets under management
- **27** EEA insurers, **1** third-country insurer
- **€ 20.8 billion** premiums written in Austria

### 61 ASSET MANAGERS

- **14** KAG, **5** Immo-KAG, **4** licensed-only AIFMs, **38** registered AIFMs
- **2 070** domestic investment funds (873 UCITS, 1 197 AIFs)
- **10 624** authorised foreign investment funds (7 992 UCITS, 2 632 AIFs)

### 8 *PENSIONSKASSEN*

- **€ 24.4 billion** assets under management
- **> 1 million** beneficiaries – every fourth employed person
- **13.1%** already drawing a *Pensionskassen* pension
- **−9.7%** investment performance 2022 (+5% on average over past ten years)

### 125 INVESTMENT SERVICE PROVIDERS

- **65** investment firms, **45** investment service providers, **3** AIFMs, **8** investment fund management companies, **4** insurers
- **19%** investment advice, **65%** portfolio management,
- **16%** transmission of orders

[1] Excluding EEA branches and payment institutions.

## CAPITAL MARKET AUSTRIA

**€ 114.9 billion** market capitalisation **– 15.95%** performance 2022 (ATX total return)

### VIENNA STOCK EXCHANGE

- **22 572** traded financial instruments
- **107** issuers
- **€ 1 385 billion** trading volume (€ 72 billion shares, € 390 billion bonds, € 923 billion structured products)
- **69 million** transaction reports (20 million Austrian, 49 million TREM)

### SUPERVISORY ACTIVITY

- **84** investigations into market abuse
- **360** ad hoc reports
- **1 202** directors' dealing reports
- **208** periodic disclosure reports
- **65** approved prospectuses

## THE FMA IN 2022

JANUARY

**1 Jan.** FMA confirmed as NCA for EU crowdfunding platforms

FEBRUARY

**3 Feb.** FMA warns of authority scams

MARCH

**1 March** FMA prohibits Sberbank Europe AG from continuing its banking operations

**17 March** ESAs and FMA warn of high risks associated with crypto assets

APRIL

**6 April** Four crowdfunding platforms accepted into sandbox

**22 April** Call for Input results on FMA Digitalisation Study 2021

MAY

**10 May** FMA publishes Annual Report 2021

JUNE

**8 June** FMA celebrates 20th anniversary

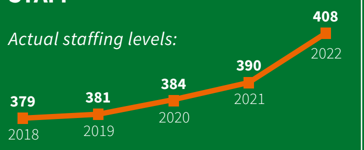
**20 June** FMA issues KIM-V

## THE FMA

2002: **660** pages of laws under its remit → 2022: more thann **7 300** pages of laws under its remit

### STAFF

*Actual staffing levels:*

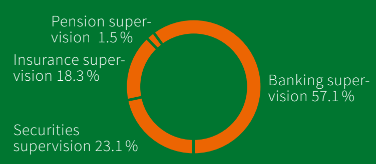



- **408** employees
- **83.8%** with degree
- **53.5%** women
- **40.7%** women in management positions
- **48.8%** with additional qualifications
- **40** languages

### BUDGET

| | |
|---|---|
| Federal contribution | € 5.1 m |
| Fees | € 7.5 m |
| Entities liable to pay costs | € 65.8 m |
| Total | € 78.4 m |
| Of which → OeNB | € 10.7 m |

*Division among entities liable to pay costs:*




### THE FMA IN DIALOGUE

- **59** press releases
- **5** press conferences
- **7** newsletters
- **12** "Let's talk about money" articles
- **550** participants in Supervision Conference (4 200 online)
- **2 900** enquiries/complaints made to the FMA
- **187** tweets
- **10 000** followers on LinkedIn
- **270** new articles on FMA website

## OPERATIONAL SUPERVISION AND PROCEDURES

**194** on-site measures **307** management talkse **79** administrative penalties

### ANALYSIS AND PROCEDURES

- **194** on-site measures
- **307** management talks
- **57** MoUs with 45 states
- **13** new licences, **11** expired/withdrawn
- **654** fit and proper tests
- **488** outsourcing procedures

### FINANCIAL REPORTING ENFORCEMENT

- **27** inspections
- **22%** error rate

### SANCTIONS AND LAW

- **79** administrative penalties
- **€ 1.5 million** total penalties
- **€ 325 000** maximum penalty
- **161** reports to public prosecutors

### MONEY LAUNDERING PREVENTION

- **165** investigations, **117** administrative penal proceedings

### FIGHTING UNAUTHORISED BUSINESS OPERATIONS

- **290** investigations
- **84** warning notices
- **52** reported offences

### WHISTLEBLOWER REPORTS

- **237** whistleblower reports, 139 of which relevant to supervision
- **95** in-depth investigations
- **37** reported offences
- **6** investor warnings

### BANK RESOLUTION

- Responsible for resolution planning at **368** banks
- **€ 1.8 billion** contributed by Austrian banks to the SRF

**JULY**

**8 July** Publication of bank climate stress test

**28 July** FMA warns of network marketing fraud

**AUGUST**

**1 Aug.** Standards for sustainable real estate lending enter into force (KIM-V)

**SEPTEMBER**

**29 Sept.** RBI joins EURIBOR panel

**OCTOBER**

**4 Oct.** 13th FMA Supervision Conference ("Financial Markets in Changing Times")

**17/18 Oct.** CESEE ISI Conference 2022

**NOVEMBER**

**8 Nov.** FMA subjects financial services providers to first blackout stress test

**10 Nov.** Webinar "Sustainable Finance" for management and supervisory bodies

**DECEMBER**

**15 Dec.** Sberbank Europe loses banking licence

**21 Dec.** FMA publishes priorities for supervision and inspections in 2023

**22 Dec.** FMA raises capital buffer requirements for banks

# PRIORITIES FOR SUPERVISION AND INSPECTIONS IN 2022

Every year the FMA reviews, evaluates and revises its medium-term risk analysis for the financial markets over the next five years and adapts its medium-term supervisory strategy accordingly. In line with its unconditional commitment to making its supervisory activity as transparent as possible, the FMA communicates both its risk analysis and the supervisory and inspection priorities derived from it for the coming year to the supervised companies and the market as a whole in advance (see Facts and figures, trends and strategies 2022).

Based on the risk analysis for 2022-2026, and its medium-term supervisory strategy as adapted in line with its analysis, the FMA set the following priorities in 2021 for supervision and inspections in 2022:

- **RESILIENCE AND STABILITY**: Strengthen the resilience of supervised financial service providers and preserve the stability of the Austrian financial market as a whole.
- **DIGITALISATION**: Exploit the opportunities of digitalisation while also consistently addressing the associated risks.
- **NEW BUSINESS MODELS**: Provide regulatory and supervisory support for innovative business models as early as possible in order to promote the innovative strength of the Austrian financial market, to ensure fair competitive conditions and to guarantee appropriate consumer protection.
- **COLLECTIVE CONSUMER PROTECTION**: Strengthen consumer protection through information and financial literacy.
- **SUSTAINABILITY**: Create transparency on sustainability risks and integrate them into the risk management and governance of supervised companies.
- **A CLEAN FINANCIAL CENTRE**: Preserve the clean financial centre as an essential asset of any business location.

In setting these supervisory and inspection priorities for 2022, the FMA has addressed current developments and trends that harbour particular risk potential for supervised companies or markets. The aim is not simply to contain risks, but also to tap into opportunities and potential. At the same time, the FMA wants to draw the attention of the supervised entities to risk areas in their area of activity while also giving them the opportunity to prepare in a targeted way for the risk-oriented priorities for supervision in 2022. This raises awareness of risk and creates transparency around the challenges that the supervisory authority has identified and wishes to focus on.

In this way, the supervised entities are also given a clear indication of which areas they should be focusing on.

In order to implement its supervisory and inspection priorities, the FMA carried out the following key projects in the reporting year.

## RESILIENCE AND STABILITY

**Learn lessons from the COVID-19 crisis – strengthen crisis governance of the supervised entities – build on early detection measures**

- Analyse business models for crisis resistance and viability, address weaknesses.
- Address the erosion of conventional international standards for sustainable lending in residential and commercial real estate finance (analysis of systemic risks, on-site inspections, enactment of legally binding standards geared towards the market and stability, and their enforcement).
- Strengthen the forward-looking supervisory approach across all areas of supervision in the post-pandemic environment.
- Advance the dashboard in insurance supervision and integrated supervision.
- Step up dialogue with the supervised entities.
- Implement new stress tests in insurance and pension supervision and in market and securities supervision.
- Issue a new ORSA guide for insurance and pension supervision, addressing new specific risks.
- Strengthen the supervisory focus on (crisis) governance, key functions within companies and fit and proper requirements.
- Further develop the resolution playbook to improve readiness for resolvability.
- Implement the resolvability assessment concept in order to boost institutions' resolution capacity.
- Implement resolution planning for the CCP.A.

## DIGITALISATION

**Analyse digital networking in the financial market – tackle cyber risks and IT security – further develop supervisory tools**

- Integrate the findings from the call for input on digitalisation in all areas into on-

***Figure 1:*** *The FMA's supervision priorities for 2022*

**A clean financial centre**
– Strengthening market integrity
– Focus on crypto assets
– Prevention of money laundering and terrorist financing

**Sustainability**
– Sustainability risks in risk management
– Structured dialogue on sustainability issues
– Sustainability in integrated supervision

**Collective consumer protection**
– Further development of consumer information
– Combating investment fraud
– Risk-oriented market monitoring


**Resilience and stability**
– Lessons learned from the COVID-19 crisis
– Crisis governance by the supervised entities
– Expansion of early detection measures

**Digitalisation**
– Digital interconnectivity in the
– financial market
– Cyber risks and IT security
– Advancement of supervisory tools

**New business models**
– FinTechs and regulatory sandbox
– Regulatory framework for virtual assets
– Digital business models from established providers

going supervisory activities, address the findings in management discussions, incorporate and apply them during on-site inspections.
- Advance the automation of fact-finding processes, especially in IFR reporting data, the consumer database and the crowdfunding information pool.
- Place supervisory focus on cyber security, especially through Cyber Maturity Level Assessments and Cyber Security Exercises etc.
- Carry out structured analysis of financial statement key figures using ESEF data.

## NEW BUSINESS MODELS

**Accompany FinTechs towards regulation – extend the regulatory framework to include virtual assets – advance the digital business models of established providers**

- Encourage suitable FinTech companies to enter the FMA's sandbox.
- Analyse, evaluate and optimise the sandbox process.
- Identify best practice measures to accelerate processes.
- Tighten up distinction between innovations and non-regulated area, quarterly reviews.
- Evaluate and legally classify new financial instruments and models, half-yearly review of results.
- Review new financial instruments to determine need for product intervention.
- Promote internal knowledge transfer on crypto assets, ad hoc and half-yearly crypto asset circle.
- Conduct regulatory monitoring of financial innovations, review and coordinate with MiCA, DLT Pilot Regime and Artificial Intelligence Act requirements.

## COLLECTIVE CONSUMER PROTECTION

**Expand consumer information – intensify the fight against investment fraud – further develop risk-oriented market monitoring**

- Expand risk-oriented market monitoring to analyse changes in investor behaviour in specific age groups, in various forms of distribution as well as in special financial instruments (such as environmentally certified funds).
- Carry out data collection and analysis in relation to current forms of investment fraud.
- Analyse complaints data and fee transparency to evaluate suitability of a common supervisory action (CSA).
- Engage in dialogue with banks on complaints data and the complaints system as well as current topics of collective consumer protection, with a focus on investment fraud prevention.
- Conduct thematic review and analysis of product oversight and governance (POG) requirements for product testing, monitoring and evaluation, focusing on value for money and exclusions.
- Conduct thematic review and evaluation of behavioural economics insights to improve compliance with rules of conduct.
- Analyse and evaluate fee transparency in investment services.
- Ensure compliance with MiFID provisions on cost transparency for credit institutions and fair treatment of borrowers in arrears.
- Ensure compliance with new distribution provisions of the Bank Recovery and Resolution Act (BaSAG) in order to eliminate obstacles to resolution.

- Coordinate and participate in the CSA of EMSA's Investor Protection and Intermediaries Standing Committee (IPISC) on the subject of ex-post cost transparency.
- Engage in CSAs on fee transparency and evaluation of results.
- Communicate the results of the survey on POG requirements in the insurance industry as well as the FMA's expectations derived from these results, presentation of best practices.

## SUSTAINABILITY

**Integrate sustainability risks into risk management systems – engage in structured dialogue on sustainability risks – make sustainability an integral part of the integrated supervisory approach**

- Provide expert input from the perspective of Austrian sustainability requirements and special features in the development of national and international regulation on sustainability at committee level.
- Take account of relevant regulatory developments in the FMA's strategic planning and make them accessible for all supervisory areas of the FMA.
- Evaluate the integration of sustainability risks at the supervised undertakings as part of the implementation check.
- Hold range of workshops with the industry (both cross-sectoral and internal) to guarantee intensive dialogue on sustainability topics.
- Work to develop the "Environmental Scenario Analysis" project in collaboration with DG REFORM at the European Commission.
- Ensure ongoing cross-departmental dialogue and coordination on current developments and activities internally via the FMA's Sustainable Finance Committee. Coordination with the Federal Ministry for Climate Action (BMK), Federal Ministry of Finance (BMF) and the Oesterreichische Nationalbank (OeNB) on sustainability aspects in regulation and supervision is guaranteed through participation in the Green Finance focus group.

## A CLEAN FINANCIAL CENTRE

**Strengthen market integrity – make crypto assets a supervisory priority – advance prevention of money laundering and terrorist financing**

- Further develop zero tolerance policy in the prevention of money laundering and terrorist financing and its extension to the newly transferred areas of supervision in the Financial Markets Anti-Money Laundering Act (FM-GwG).
- Focus on the compliance of registered VASPs with the rules of the FM-GwG, using all appropriate supervisory instruments (letters of formal notice, fit and proper tests, management talks, notices of measures) for enforcement, in keeping with the principle of proportionality. In the event of sustained breaches of the law, procedures to revoke registration must be introduced without delay.
- Engage in risk-oriented promotion of the establishment of home and host colleges for the prevention of money laundering in accordance with the EBA requirements, further developing them into an effective cross-border supervisory instrument.
- Consistently introduce Austrian positions during the development and establishment of a European AML supervisory structure.

In addition to the supervisory and inspection priorities for the supervised markets and undertakings, the FMA has also set internal goals to leverage synergies in integrated supervision, increase the efficiency and effectiveness of supervisory activities, and improve sustainability in ongoing business operations. The focus during the year under review was a whole series of projects designed to move the FMA forward on its path to fully digitalised supervision. Some of the projects are presented in the “Innovation at the FMA” box on page 83. The FMA also launched its “Fit4Future – FMA 2025” programme in 2022. This programme uses risk analysis to identify trends and developments that will determine the success factors of regulation and supervision in the future. The necessary strategic, organisational and structural course can then be mapped out on this basis. A brief outline of this programme can be found on the opposite page.

# “FIT FOR FUTURE” – THE CHANGE PROJECT EQUIPPING THE FMA FOR THE FUTURE

## WHAT HAS BEEN DONE SO FAR? WHERE ARE WE NOW?

The “Fit for Future – FMA 2025” programme was launched in spring 2022. This is an intensive process designed to chart the future course for the FMA as an authority embracing change.

The “FMA 2025” strategy – which was finalised in autumn 2022 – defines the many challenges of the future such as climate change, digitalisation and the economic crisis, and establishes the core values for our future actions, both internal and external.

Numerous organisational and planning steps were taken to implement the transformation programme over the course of the year. With the entry of an external consulting firm into the programme, the substantive work in the individual sub-projects and the development of concepts and measures launches in early 2023.

## WHAT IS THE PLAN?

The central aim of the “FMA 2025” strategy is to create an environment and culture within the organisation that will enable us to actively shape the future of the financial market – with all of its current and future challenges. The FMA strategy is designed to enable us to respond quickly to the changing environment by taking into account both current and future-oriented priorities.

The following topics are considered as being of central importance here and are addressed in individual sub-projects as part of the programme:

- **Market:** In order to further increase our supervisory effectiveness, we want to put existing communication channels to the test and rethink new approaches alongside regulatory tools.
- **Organisation:** Further development into a transformative and flexible authority that is able to adapt quickly to the challenges of a rapidly and ever-changing environment, addressing these effectively in its supervisory work.
- **Technology and infrastructure:** This sub-project deals with the modern workplace. The plan is to develop a state-of-the-art IT strategy, focusing on the harmonisation and simplification of the IT systems used as well as the deployment of state-of-the-art technologies and tools.
- **Data strategy:** Modern supervision is data-driven. In this context, the plan is to develop a data governance strategy and an implementation concept for a central body of data.
- **People:** The quality of supervisory work is rooted in the people at the FMA – critical thinking, questioning, communicating and networking are the drivers of our success. This means that we must remain an attractive and modern employer so that we not only attract the best talent in the future, but also retain it within the organisation.
- **Culture:** Further development of the organisational and leadership culture that drives creativity, innovation, courage, team spirit, decisiveness and a solution-focused approach.

# FINANCIAL MARKET DEVELOPMENT

# THE GENERAL ECONOMIC ENVIRONMENT

Despite forecasts of a strong economic upturn, with the COVID-19 pandemic expected to become less of a factor, 2022 was a year of major challenges. Russia's war of aggression against Ukraine created huge economic turmoil, triggering sanctions and counter-sanctions, energy and raw material shortages, and price turbulence across a range of markets. The war also led to a reordering of the already complex geopolitical situation and forced established economic relations to be realigned. Russia's actions severely exacerbated the spike in inflation first seen in late 2021, prompting central banks around the world to reverse their monetary policy to combat the sharp and sustained increase. This sudden turnaround, after many years of low inflation and cheap money, created major challenges for many market participants. Governments were again forced to intervene with economic rescue packages as households were hit by a sudden hike in the cost of living and businesses struggled to remain competitive internationally as energy and commodity prices rocketed. Pressure on government budgets intensified as a result.

These multiple crises and major challenges clouded the overall economic environment, and as the year went on the economic upturn was stopped in its tracks.

## GLOBAL ECONOMIC PERFORMANCE

According to the International Monetary Fund's calculations, the global economy expanded by 3.4% in 2022 as a whole.[1] Interest rate hikes to combat inflation and the consequences of Russia's war in Ukraine weighed heavily on global economic activity. In contrast, the turnaround in China's fight against COVID-19, high employment, extensive fiscal support measures, and less severe supply bottlenecks due to easing supply chain issues all generated positive momentum.

As far as the USA was concerned, the IMF reports growth of 2.0%. Private consumption helped to maintain the positive development from the previous year, albeit at a more modest pace. Investment activity lost some of its momentum, particularly in the real estate market. Labour shortages in some sectors, rising production costs and higher energy and food prices kept inflation well above the long-term average in 2022 *(> Charts 1–4)*. According to the U.S. Bureau of Labor Statistics, inflation averaged approximately 6.5% for the year as a whole.[2]

According to IMF figures, the Chinese economy grew by 3.0%. The rapid spread of the

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[1] *IMF (2023), World Economic Outlook, January Update.*

[2] *U.S. Bureau of Labor Statistics (2023), Consumer Price Index News Release.*

***Chart 1:*** *Development of oil prices 2018–2022 (in €, source: Refinitiv)*

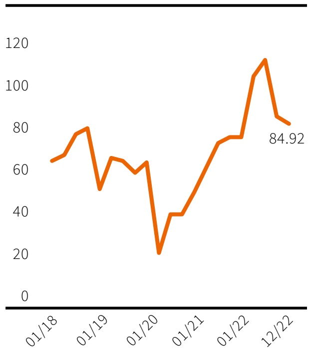



***Chart 2:*** *Development of carbon prices 2018–2022 (in €, source: Refinitiv)*

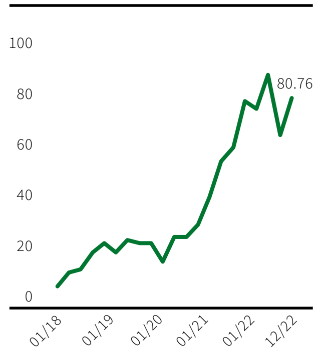



***Chart 3:*** *Development of electricity and gas prices 2018–2022 (in €, source: Refinitiv)*

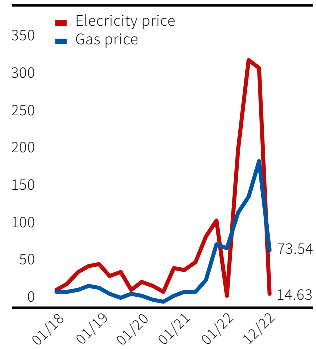
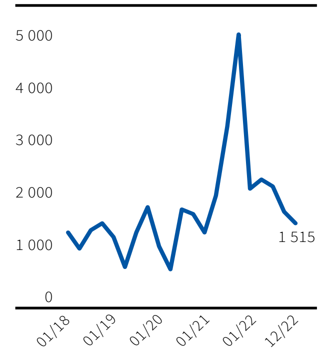



***Chart 4:*** *Development of the Baltic Dry Index 2018–2022 (source: Refinitiv)*




Omicron variant was still repeatedly causing regional lockdowns in 2022, with a corresponding impact on economic activity and private consumption. The situation in the real estate sector, which accounts for around one fifth of China's gross domestic product, deteriorated further. The risk is that any further worsening of the crisis will spill over into the domestic banking sector. This would have a severe impact on economic growth and also have repercussions beyond China itself.[3]
The economic environment was also challenging in the other developing countries and emerging markets, which is why their economic growth was lower than expected, at + 3.9% according to IMF figures. The strength of the US dollar on the back of interest rate hikes in the USA put considerable pressure on prices. For countries with high levels of foreign currency debt, the combination of tighter financing conditions, exchange rate devaluations and higher imported inflation is creating an additional burden.

## EUROPE

In Europe, Russia's war of aggression against Ukraine significantly slowed the economic upturn, but negative growth was avoided in the fourth quarter. Diversification of supply sources and a sharp drop in consumption kept gas storage levels above the seasonal average of recent years and reduced uncertainty. Wholesale gas prices fell again after the initial turbulence. Private consumption, partly financed by a reduction in savings, and a strong labour market also had a stabilising effect.
With average annual growth of 3.5% according to Eurostat[4], the European economy grew more robustly than expected despite a number of factors generating uncertainty. Unemployment rates remained low, at 6.1%. In the eurozone, economic growth according to Eurostat was also 3.5%, with an unemployment rate of 6.7%. Inflation in the EU peaked at 11.5% in October. The figure for the year as a whole was 9.2%. The equivalent figures for the euro area were 10.6% and 8.4% respectively *(> Charts 5–8)*.
The economies of Central, Eastern and South-Eastern Europe (CESEE), which are especially important for Austria's financial sector, performed better than expected, as demonstrated by the Eurostat growth figures for Romania (5.8%), Hungary (5.5%) and Poland (4.0%). According to Oesterreichische Nationalbank (OeNB), pent-up demand as a result of the pandemic, the end of COVID-related travel restrictions, substantial

[3] *IMF (2022), World Economic Outlook, October.*
[4] *European Commission (2023), Winter 2023 Economic Forecast.*

***Chart 5:** GDP growth rates 2018–2022 (in %, source: Eurostat)*

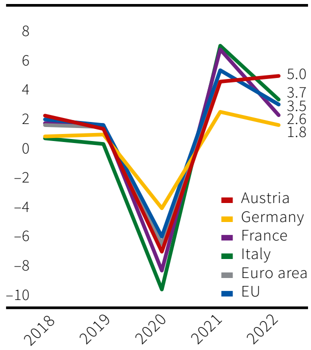



***Chart 6:** Unemployment rates 2018–2022 (in %, source: Eurostat)*

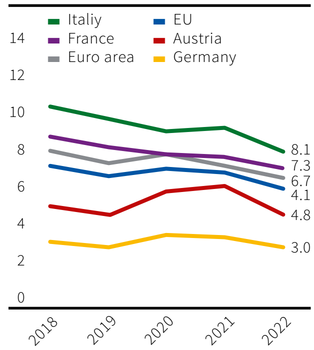



***Chart 7:** Debt-to-GDP ratio 2018–2022* (as % of GDP, source: Eurostat, BIS)*

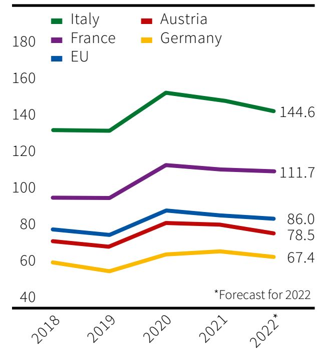
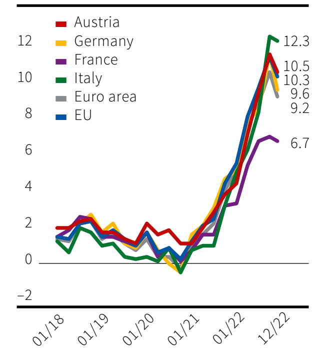



***Chart 8:** Inflation 2018–2022 (in %, source: Eurostat, USBLS)*




corporate financial surpluses and a robust labour market have helped to protect CESEE countries from negative factors that could have hit production growth, such as falling demand from abroad, deteriorating sentiment and disruptions in energy markets.[5]

## AUSTRIA

In 2022 Austria's gross domestic product grew by 4.7% or 4.8% according to the latest calculations by the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS) respectively. According to Eurostat, the economy expanded by as much as 5%. This growth was driven by a strong first six months that saw the Austrian economy expand by 7.5%. In the second half of the year Austria too was hit by the global economic downturn. According to the IHS, unprecedented energy and commodity prices, high levels of uncertainty, and waning international demand all slowed the pace of economic development in Austria. Inflation soared to record levels, peaking at 11.6% in October and averaging 8.6% for the year as a whole. The labour market developed well during the past year. At 6.3% the jobless figures were even lower than pre-crisis levels, with the labour market proving to be strong and resilient (Eurostat 4.8%). *(> Charts 9–10)*.

***Chart 9:** Development of job vacancies in Austria 2018–2022 (in thousands, source: HSV, AMS, Eurostat, BMASK)*

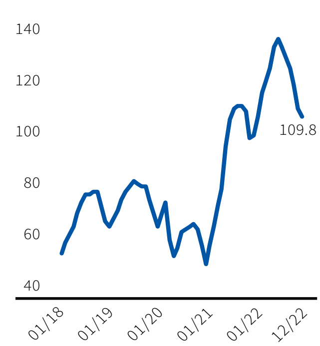
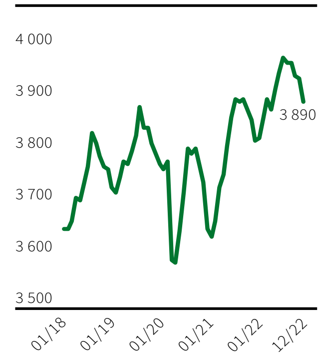



***Chart 10:** Development of employment rates in Austria 2018–2022 (in thousands, source: AMS, Eurostat, BMASK)*




[5] *OeNB (2022), Focus on European Economic Integration Q4/22.*

# THE INTERNATIONAL FINANCIAL AND CAPITAL MARKETS

The international financial and capital markets were hit by significant losses in 2022. The price corrections were not limited to individual sectors or asset classes but affected the markets across the board. Historically, it is particularly unusual for equities and bonds to fall like this at the same time. Interest in speculative crypto assets also waned due to the difficult market situation. Persistently high inflation, at significantly higher levels than the monetary policy target set by central banks, triggered a turnaround in interest rate policy and subsequently a sustained gradual increase in interest rates. This meant price corrections for certain asset classes, such as low-interest bonds. On the stock markets, political shocks in particular, such as Russia's attack on Ukraine – and the ensuing economic turmoil – caused prices to collapse.

## MONETARY POLICY AND CURRENCIES

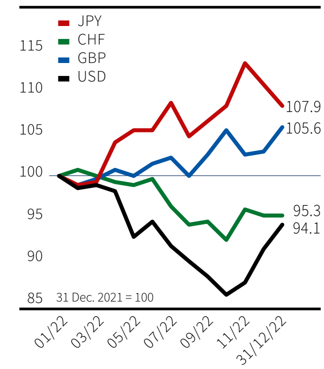
Like most other central banks across the world, the European Central Bank (ECB) changed direction on monetary policy during 2022. In order to steer inflation to its medium-term target, it is implementing a number of measures: it increased the interest rate for main refinancing operations several times from its historical low of 0% in mid-2022 to 2.50% by the end of 2022. Similarly, the interest rates for the marginal lending facility and the deposit facility have been raised and stood at 2.75% and 2.00% respectively at the year-end. Additionally, the Governing Council of the ECB decided to end its Asset Purchase Programme (APP) with effect from 1 July 2022.
It intends to fully reinvest the capital from maturing assets purchased under the APP by the end of February 2023. Net purchases made as part of the Pandemic Emergency Purchase Programme (PEPP) were also halted at the end of March 2022. The capital from maturing assets purchased in the context of the PEPP will, according to the Governing Council, be fully reinvested by no later than the end of 2024. It also approved the Transmission Protection Instrument (TPI), which adds to its range of tools with which to combat unjustified, unstructured market movements that pose a serious threat to the transfer of monetary policy to the entire eurozone.[1]
The US Federal Reserve continued down its chosen path of normalising monetary policy and raised its key interest rate to the range of 4.25–4.50% by the end of the year.[2] Yet inflation in the USA proved to be more persistent than initially assumed. With the

[1] *ECB (2023), monetary policy decisions.*
[2] *Fed (2023), open market operations.*

labour market proving to be very robust, those market participants who had hoped for a rapid end to interest rate hikes were left disappointed. In addition, the strength of the US dollar as a result of the interest rate hikes put considerable pressure on prices in other countries and placed a particularly heavy burden on economies with high levels of foreign currency debt.

In the CESEE countries, high rates of inflation forced central banks to continue with their more restrictive monetary policies. The central banks in Hungary, the Czech Republic and Poland all introduced gradual rate hikes.[3]

***Chart 11:** Development of EUR–USD/JPY/CHF/GBP FX in 2022 (Source: ECB)*




## CREDIT MARKETS

According to the ECB, growth in corporate loans in the non-financial private sector varied, although there was a general acceleration in credit growth. While credit growth for the euro area as a whole reached 5.6% at the end of the year, it was 10.4% in Germany, 7.4% in France and 0.1% in Spain; in Italy, in contrast, corporate loans declined by 1.3%[4]. In CESEE, outstanding loans to domestic non-financial corporations increased by 11.1% in Bulgaria, 6.7% in the Czech Republic, and 15.1% in Hungary.[5] Year-on-year growth in Austria was 9.1%.

Lending to households grew less dynamically than in the corporate segment. In Austria, credit growth reached 3.5% at the year-end, with a comparable figure in the eurozone of 3.7%.[6] In Germany and France (both +4.4% at the year-end), momentum in this segment was somewhat higher over the course of the year, while the rate of growth in Spain in particular (+0.4%) was more subdued. In Italy, the outstanding loan portfolio remained relatively constant at +3%. In the CESEE region, outstanding bank loans to domestic private customers rose by 16.0% year-on-year in Bulgaria, 8.0% in Hungary, and 6.6% in the Czech Republic.

The breakdown of loans to households by purpose reveals less dynamic growth for housing loans towards the end of the year. Housing loans in the eurozone grew by 4.4% with consumer loans up 3.0%.[7] By way of comparison, housing loans in Austria were up 5.0% in December, while consumer loans were down 2.4%.

## EQUITY MARKETS

The year under review was very eventful for the international stock markets[8], in some cases with significant losses over the year as a whole. The main contributory factors were Russia's war of aggression against Ukraine, fears of recession, very dynamic inflation trends, monetary policy decisions by central banks to curb inflation, in particular the reversal of interest rate policy, and high levels of uncertainty in general. Interest rate-sensitive technology stocks in particular corrected sharply in the past year, while the energy sector benefited from high commodity prices, particularly the price of oil and gas. Financial stocks also benefited from the changing market environment.

The European stock indices mainly ended the year in the red. Germany's blue-chip index, the DAX, lost around 12.35% in 2022. The STOXX Europe 50, an index comprising 50 of the most important blue chips in Europe, fell by 1.24% compared with the

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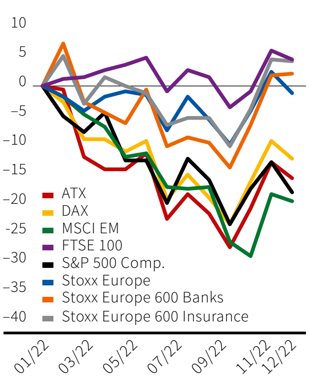
*[3] OeNB (2022), Focus on European Economic Integration Q4/22.*
*[4] ECB (2023), Statistical Data Warehouse [retrieved 27 February 2023].*
*[5] ECB (2023), Statistical Data Warehouse [retrieved 22 March 2023].*
*[6] ECB (2023), Statistical Data Warehouse [retrieved 27 February 2023].*
*[7] OeNB (2023), Development of loans to households broken down by purpose [retrieved 27 February 2023].*
*[8] Performance data for stock indices in this section is calculated on the basis of the total return indices.*

***Chart 12:** International stock indices in 2022 (change in %, source: Refinitiv)*



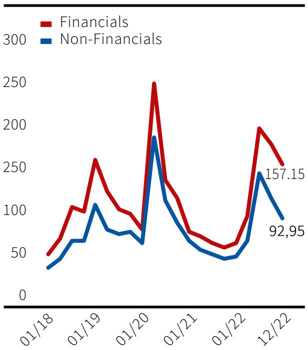

last trading day of the previous year, and the French CAC 40 also lost 6.68% *(> Chart 12).* European bank stocks, in contrast, gained 2.03%, as did European insurance stocks, which were up 4.26%. The FTSE 100 in the UK put on 4.7% during the year under review.

US stock exchanges, meanwhile, faced sharp losses. The S&P 500 Composite, which comprises the shares of the 500 largest listed US companies, fell by 18.11% in the past year, the Dow Jones Industrial also fell significantly with a drop of 6.86%, and the NASDAQ Composite suffered losses, primarily due to mounting inflation concerns, and ended the year down 32.54%.

On the Asian stock exchanges, Chinese indices like the Hang Seng fell (–12.54%), as did the Nikkei in Japan (–7.34%). The MSCI Emerging Market Index, which reflects a weighted indicator of the markets of a group of emerging markets, ended 2022 with a year-on-year loss of 19.74%.

## BOND MARKETS

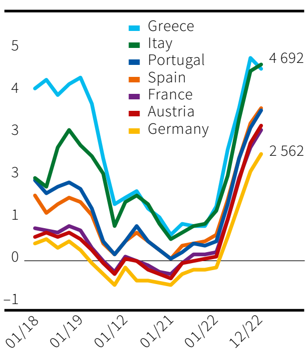
***Chart 13:** Yield spreads 2018–2022 (in bp, source: Refinitiv)*




The fixed-income markets suffered hefty falls in tandem with the equity markets, mirroring a sharp rise in yields. The 16% decline in the Bloomberg Global Aggregate Bond Index, a broad measure of government and corporate bonds, is the worst performance since 1991 and dwarfs every other annual downturn for fixed-income paper over the past thirty years. A rapid rise in inflation rates and the turnaround in central bank monetary policy were two of the factors responsible.

The average yield weighted by outstanding amounts for Austrian government bonds grew consistently over the course of the year, ending 2022 at around 2.5%.[9] The yield on Austrian government bonds with a ten-year residual term was in the region of 3.2% at the year-end, compared with 0.1% at the end of 2021. In Germany, yields on ten-year bonds rose to around 2.6% over the same period (2021 year-end: -0.2%), and in Italy the yield on ten-year government bonds had climbed to 4.7% by the end of the year (2021 year-end: 1.2%) *(> Chart 13).*

***Chart 14:** 10-year government bonds 2018–2022 (source: Refinitiv)*




The UK bond market was hit by a brief spell of major turbulence in September 2022. A package of measures including massive tax cuts that was announced in the wake of a government reshuffle caused gilt prices to collapse and yields to soar. This in turn triggered a crisis in the UK pension sector, with many pension funds having been relying on liability-driven investment strategies. Specifically, the interest rate rise resulted in collateral calls on these funds. As pension funds began selling off long-dated bonds to raise the necessary cash, the gilt market found itself in a downward spiral and the Bank of England had no option but to launch emergency bond-buying programmes. The fluctuations in 30-year gilt yields on 28 September, when the Bank of England first intervened, were greater on that single day than they had been in most previous years.

[9] *OeNB (2023), average government bond yield weighted by outstanding amounts (daily figures).*

# THE AUSTRIAN FINANCIAL MARKET

The Austrian financial market was shaped by global political and economic turmoil in 2022: Russia's war of aggression against Ukraine, sanctions and counter-sanctions, raw material and energy shortages, the resulting price and market turbulence, a huge and sustained surge in inflation and, as a consequence, the tightening of monetary policy including a reversal in interest rate movements.

The government introduced targeted measures to cushion the impact of soaring inflation, to ease the burden on the population and businesses, and to try and mitigate the effect of high energy prices.[1] Yet despite such action, the price increases and rising financing costs from the middle of the year onwards left their mark on companies' profits, with some sectors hit particularly hard. For their part, many households also had to draw on their financial reserves.

## THE CREDIT MARKET

The financing needs of Austrian companies in terms of bank loans continued the trend of the previous year. Nominal growth in Austrian banks' portfolio of outstanding loans to domestic, non-financial companies was disproportionately high. Year-on-year growth reached +9.1% and was above the eurozone average for long periods.[2] This increase was mainly attributable to strong demand for short and medium-term loans (e.g. loans with a maturity of up to five years).[3]

The portfolio of outstanding loans to households in Austria showed less dynamic growth than in the corporate segment. In Austria, lending had grown by 3.5% as at the year-end.[4] The breakdown of loans to households by purpose showed nominal growth of 5.0% for housing loans, while consumer loans were down 2.4%. The aggregated figures for new lending in euros, on the other hand, show an increase in consumer loans of around 4.1% compared with 2021, while the granting of new housing loans declined by around 9.7%.[5]

Rising interest rates impacted on households' spending power, particularly in the case of those households with variable-interest loans. Over the past five years, variable-rate products have accounted for an average of 50% of total new lending in euros in Austria.[6]

1 *BMF (2023), Measures to cushion the high energy costs.*
2 *OeNB (2023), Corporate loans Austria/Euro area [retrieved 21 March 2023].*
3 *OeNB (2022), Financial Stability Report November 2022.*
4 *ECB (2023), Statistical Data Warehouse [retrieved 27 February 2023].*
5 *OeNB (2023), New loans to domestic households and non-financial corporations [retrieved 21 March 2023].*
6 *OeNB (2022), Financial Stability Report November 2022.*

Given the ongoing real estate price boom, which became increasingly decoupled from real economic developments, the reversal in interest rate movements and the ongoing erosion of the recommended standards for sustainable lending as applied in practice, the Austrian Financial Market Stability Board (FMSB) instructed the FMA last year to introduce a regulation legally enforcing the standards that it had firmly recommended back in 2018. The FMA responded with the entry into force on 1 August 2022 of its Regulation for sustainable lending standards for residential real estate financing (KIM-V; *Kreditinstitute-Immobilienfinanzierungsmaßnahmen-Verordnung*), which aims to limit the systemic risks associated with borrowing by households to finance residential property and therefore addresses the vulnerabilities identified in the real estate sector. The cornerstones of the KIM-V include the stipulation that loans for residential property may not exceed a loan-to-value ratio of 90%, a debt service-to-income ratio of 40% and a term of 35 years other than in a limited number of exceptional cases.

# THE CAPITAL MARKET

## THE PRIMARY MARKET – ISSUING ACTIVITY

The total volume of all issues of interest-bearing securities in Austria – across all issuer categories – grew significantly once again in 2022. The issuing volume rose from € 183.6 billion in 2021 to € 240 billion, an increase of 30.7% *(> Table 1)*.

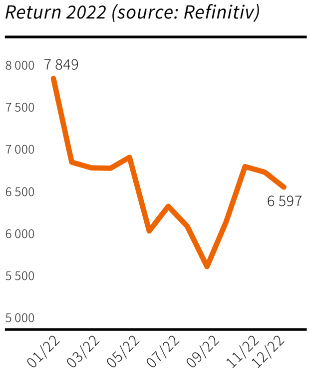
***Table 1:*** *Issuing activity in Austria 2018–2022 by issuer category (in € millions, source: OeNB, last updated 16 February 2023)*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| MFI (including the OeNB)* | 48 244 | 53 944 | 54 766 | 73 802 | 138 244 |
| Financial companies excluding MFIs** | 2 157 | 5 531 | 2 725 | 2 747 | 937 |
| Non-financial companies*** | 4 804 | 6 613 | 12 673 | 3 788 | 2 315 |
| Central government | 27 333 | 35 553 | 103 768 | 102 966 | 98 485 |
| Other government | 308 | 58 | 888 | 329 | 43 |
| **Total** | **82 845** | **101 697** | **174 850** | **183 633** | **240 026** |

* Monetary financial institutions (i.e. financial institutions that take deposits included in the money supply according to the statistical definition of the ECB and that grant loans and/or invest in securities).
** Investment funds, other non-monetary financial institutions, insurance undertakings and Pensionskassen.
*** Corporations and partnerships that primarily produce goods or provide non-financial services.

Monetary financial institutions (essentially banks) were the most significant group of issuers in Austria, accounting for a total volume of around € 138 billion. This equates to an 87.3% year-on-year increase in issuing volume.
Monetary financial institutions thus pushed the Republic of Austria, the major issuer for the last two years with € 103.8 billion (2020) and € 103 billion (2021), into second spot. In 2022, the Republic of Austria issued € 98.5 billion.
In the case of non-financial companies (corporations and partnerships that produce goods or provide non-financial services), the downward trend continues and there was a further slump in issuing activity from € 3.8 billion to € 2.3 billion, a fall of around 38%.

***Chart 15:*** *Changes in ATX Total Return 2022 (source: Refinitiv)*




## THE VIENNA STOCK EXCHANGE

The Austrian stock market recorded significant losses over the year as a whole. The Austrian Traded Index Total Return (ATX TR) ended 2022 down a hefty 15.95 % at 6 597.09 points *(> Chart 15)*, the Austrian Traded Index (ATX) lost 19.03% to end the year at 3 126.39 points, and the ATX Prime dipped by 19.08% to close at 1 565.83

points by the year-end. After a positive start to the year, the conflict in Ukraine and the resulting uncertainty had a negative impact, along with heightened inflation concerns and the change in monetary policy.
In total, four ATX shares recorded a year-on-year increase, while 16 posted losses for the year. Schoeller-Bleckmann Oilfield Equipment AG achieved the strongest growth, with Lenzing AG bringing up the rear.
In the ATX Prime, the addition of Pierer Mobility AG and RHI Magnesita N.V. increased the number of shares included in the index to a total of 40. On an annual basis, Schoeller-Bleckmann Oilfield Equipment AG was again the top performer.
The market capitalisation of the domestic companies listed in Vienna fell by 19.2% to approximately € 114.9 billion at the end of 2022; the equivalent value at the end of 2021 was around € 142.2 billion (> *Table 2)*. The trading volume[7] in equity market.at (across all market segments) was € 72.0 billion in 2022, only slightly down on the strong figure of € 73.3 billion recorded during the previous year. According to the Vienna Stock Exchange, the strongest trading day was 31 May with trading worth € 1 117 million. The average daily trading volume in 2022 was € 283 million. The most heavily traded securities were those of Erste Group Bank AG, OMV AG and Verbund AG.

***Table 2:*** *Development of the Vienna Stock Exchange 2018–2022 (source: Wiener Börse AG, Eurostat)*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Capitalisation of domestic shares as at last trading day (in € billions) | 100.33 | 117.08 | 106.61 | 142.18 | 114.87 |
| Market capitalisation equity segment (as % of nominal GDP) | 26.03 | 29.45 | 28.10 | 35.25 | 25.66 |
| Annual trading volume on equity market (in € billions) | 70.41 | 61.96 | 68.78 | 73.32 | 71.97 |
| Annual trading volume on bond market (in € millions) | 635.28 | 659.10 | 664.81 | 521.53 | 389.81 |
| Annual trading volume in structured products (in € millions) | 743.60 | 733.14 | 862.64 | 807.74 | 922.54 |

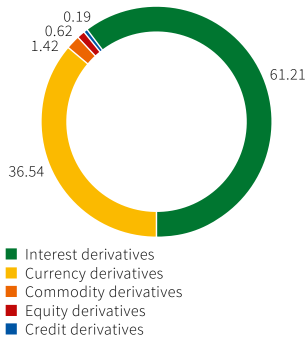
The Vienna Stock Exchange was also able to further expand its strong position in bond listings during the reporting year, with the addition of 6 000 new listings, most of them international. This means that more than 13 000 bonds are now listed on the Austrian market. With the launch of the Vienna ESG Segment, a new set of rules for green and social bonds was introduced to the stock exchange.

## THE AUSTRIAN DERIVATIVE MARKET

The volume of outstanding derivatives (excluding contracts for difference), measured in terms of gross nominal value, with at least one Austrian counterparty amounted to around € 1 517 billion at the year-end.[8] This figure includes derivatives traded both on-exchange and off-exchange.[9] Within the EU, over-the-counter (OTC) derivative trading predominates.[10] Similarly, Austrian counterparties traded 19% of the outstanding derivatives on exchange and 81% over the counter.
Measured in terms of nominal value, interest derivatives dominate, accounting for 61% of the total market value, followed by currency derivatives at 36.5%. Commodity

[7] *Trading based on standard double counting (buys and sells).*
[8] *Information based on available trade state data collected under the European Market Infrastructure Regulation. EMIR raw data is subject to continuous quality improvement, and the methods used to clean the data are also permanently being developed further. Caution should therefore be exercised when making comparisons with the data in previous FMA Annual Reports.*
[9] *"Off-exchange" in this context is to be understood as any traded contract outside a trading venue within the meaning of Article 4(1)(24) MiFID II, contrary to the definition according to Article 2(7) EMIR.*
[10] *ESMA (2021). ESMA Annual Statistical Report on EU Derivatives Markets 2021 https://www.esma.europa.eu/sites/default/files/library/esma50-165-2001_emir_asr_derivatives_2021.pdf.*

***Chart 16:*** *Outstanding derivatives by asset class based on nominal value (in %, rounded, source: EMIR reports to trade repositories)*




derivatives accounted for around 1.4% and equity derivatives approximately 0.6% of the total nominal amount.[11] Credit derivatives made up a mere 0.2% *(> Chart 16)*.

The residual maturities reported varied according to asset class and contract type. For the standard contract type of credit derivatives (credit default swaps), they averaged three and a half years and for interest rate swaps four years. In relation to currency derivatives, the residual maturity for the relevant contract types (swaps, forwards) averaged between four and seven months. Meanwhile, equity and commodity derivatives showed greater variation in terms of contract type. While options and futures dominated equity derivatives, it was swaps, futures and forwards that were the most common type of commodity derivative.

With regard to the underlyings of credit and equity derivatives, the relatively small market of credit derivatives was focused predominantly on European credit default indices, public debt instruments and international financials. Equity derivatives tended to be based on indices such as the Euro STOXX 50, S&P 500, ATX and DAX.

[11] *The percentage of equity derivatives would have been higher if contracts for difference had been included. However, from a reporting perspective with regard to trading in fractional shares, it makes sense not to include these contracts for the purpose of this market overview.*

# THE COMPANIES ON THE AUSTRIAN FINANCIAL MARKET

## BANKS AND PAYMENT SERVICE PROVIDERS

### STRUCTURAL DEVELOPMENTS

As at the 2022 year-end, 473 credit institutions were licensed in Austria, as well as 21 branches of banks that pursue activities in Austria under the EU's freedom of establishment *(> Table 3)*. Compared with the end of 2021, the total number of banks has fallen by 25, marking the continuation of a trend in evidence for the past few years. In 2018 there were still 572 credit institutions and 25 EU branches, or 103 more institutions than today. The process of consolidation continued particularly strongly in the Raiffeisen sector, with a drop in the number of individual institutions from 338 to 315.

### BUSINESS DEVELOPMENT

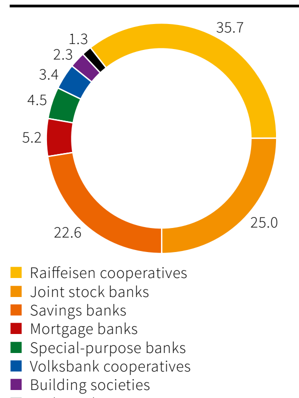
Austrian credit institutions' total assets, or business volume, amounted to € 1 001 billion at the end of 2022, having increased by 1.74% compared with the previous year *(> Table 3)*. Positive growth rates were recorded by the building society (+10.3%), savings bank (+6.3%) and Raiffeisen cooperative sectors (3.6%). In contrast, negative growth rates were recorded by Volksbank cooperatives, declining the most at –5.4%, mortgage banks (–3.1%) and joint stock banks (–2.8%). At 35.7%, Raiffeisen cooperatives continued to hold the largest market share in terms of business volume, while

***Table 3** (left): Number of credit institutions 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Joint stock banks | 42 | 41 | 37 | 35 | 35 |
| Special-purpose banks[1] | 61 | 59 | 58 | 57 | 55 |
| Savings banks | 49 | 49 | 49 | 49 | 49 |
| Raiffeisen cooperatives | 399 | 380 | 354 | 338 | 315 |
| Volksbank cooperatives | 9 | 9 | 9 | 9 | 9 |
| Mortgage banks | 8 | 8 | 8 | 6 | 6 |
| Building societies | 4 | 4 | 4 | 4 | 4 |
| **Total** | **572** | **550** | **519** | **498** | **473** |
| EEA branches | 25 | 22 | 24 | 23 | 21 |
| Number of payment institutions | 5 | 6 | 6 | 7 | 6 |
| Licensing processes pending as at 31 December | 1 | 0 | 0 | 0 | 0 |
| Passive notifications | 246 | 125[2] | 57 | 82 | 82 |

[1] Including special-purpose banks, investment fund management companies, corporate provision funds, and exchange offices/remittance services.
[2] Only relates to passive notifications of credit institutions.

***Chart 17**: Market shares of sectors in 2022 including branches from EEA countries (Article 9 BWG) and corporate provision funds (in %)*



joint stock banks occupied second place (25%) and savings banks third (22.6%) *(> Chart 17).*

In 2022 claims on non-banks rose by 4.9% to 53.5%, again accounting for the largest share of the Austrian banking sector's assets. Liabilities to non-banks continued to rise in terms of volume, albeit more moderately than in the previous year, at +1.5%, while falling by 0.8 percentage points in terms of overall share. However, at 49%, they still accounted for the largest item on the liability side. The second-largest item on the asset side, accounting for around 17.4%, was claims on credit institutions. This item was down 5.5% on a year-on-year basis. On the liability side, the second-largest item was liabilities to credit institutions, accounting for 20.7%, equating to a year-on-year decrease of 9.2%.

***Table 4:** Market development of the Austrian banking sector 2018–2022 (source: OeNB, financial statement figures 2018–2021, asset, trading and risk statements 2022)*

| | 2018 | 2019 | 2020 | 2021 | 2022 (prov.) |
|---|---|---|---|---|---|
| **Development of assets and liabilities** (non-consolidated, in € millions): | | | | | |
| Total assets non-consolidated (sum total)[1] | 814 606 | 839 852 | 934 496 | 983 930 | 1 001 390 |
| *– Joint stock banks* | *222 074* | *221 094* | *253 680* | *261 363* | *253 941* |
| *– Savings banks* | *165 970* | *170 094* | *193 897* | *214 449* | *228 810* |
| *– Mortgage banks* | *53 217* | *53 721* | *58 708* | *54 868* | *53 170* |
| *– Raiffeisen cooperatives* | *275 539* | *292 235* | *322 459* | *349 077* | *362 004* |
| *– Volksbank cooperatives* | *31 591* | *33 016* | *34 471* | *36 372* | *34 392* |
| *– Building societies* | *22 363* | *21 980* | *21 480* | *20 724* | *23 092* |
| *– Special purpose banks*[2] | *43 852* | *47 713* | *49 800* | *47 077* | *45 980* |
| Claims on credit institutions | 167 952 | 171 530 | 182 664 | 186 685 | 176 381 |
| Claims on non-banks | 445 510 | 466 757 | 482 505 | 517 027 | 542 292 |
| Debt securities and other fixed-income securities | 43 330 | 45 733 | 45 798 | 42 854 | 52 406 |
| Shares and other variable-yield securities | 10 000 | 10 540 | 10 094 | 9 976 | 9 238 |
| Other asset items | 147 814 | 145 292 | 213 434 | 227 388 | 137 257 |
| Liabilities to credit institutions | 160 744 | 155 739 | 210 971 | 231 165 | 209 837 |
| Liabilities to non-banks | 414 379 | 430 436 | 463 095 | 490 050 | 497 168 |
| Securitised liabilities | 123 317 | 132 916 | 136 341 | 135 584 | 159 936 |
| Other liability items | 116 166 | 120 761 | 124 089 | 127 131 | 134 450 |
| **Sustainability of business activity** (non-consolidated): | | | | | |
| Loan-to-deposit ratio (non-banks, in %) | 93.0 | 92.2 | 96.0 | 94.5 | 92.4 |
| Foreign currency loans (as % of loans to households) | 9.5 | 8.3 | 6.8 | 5.5 | 4.7 |
| Non-performing and irrecoverable loans (as % of total loans) | 2.0 | 1.8 | 1.5 | 1.35 | 1.33 |
| **Net income in terms of sectors** (non-consolidated, in € millions): | | | | | |
| Net income non-consolidated (sum total)[1] | 5 636 | 4 714 | 2 250 | 6 674 | 4 937 |
| *– Joint stock banks* | *1 457* | *667* | *458* | *1 234* | *1 648* |
| *– Savings banks* | *1 454* | *1 872* | *245* | *2 546* | *2 402* |
| *– Mortgage banks* | *182* | *141* | *149* | *187* | *255* |
| *– Raiffeisen cooperatives* | *2 004* | *1 575* | *1 070* | *2 142* | *238* |
| *– Volksbank cooperatives* | *81* | *110* | *32* | *52* | *141* |
| *– Building societies* | *89* | *79* | *54* | *151* | *136* |
| *– Special purpose banks*[2] | *368* | *271* | *242* | *361* | *117* |
| **Earnings situation** (non-consolidated, in € millions)[1]: | | | | | |
| Net interest income | 8 290 | 8 280 | 8 330 | 8 565 | 10 426 |
| Operating income | 18 646 | 18 801 | 18 259 | 19 926 | 22 989 |
| Operating expenses | 12 644 | 13 652 | 12 819 | 13 323 | 13 429 |
| Operating result | 6 003 | 5 150 | 5 439 | 6 603 | 9 560 |
| Cost-income ratio (in %) | 67.81 | 72.61 | 70.21 | 66.86 | 58.42 |

[1] Excluding branches from EEA countries in Austria (Article 9 BWG), credit guarantee banks and corporate provision funds.

[2] Excluding corporate provision funds and credit guarantee banks as specified in Article 5 no. 3 KStG.

## EARNINGS SITUATION

A non-consolidated operating result of € 9.6 billion is expected for Austrian banks in the reporting year (at the time of this report being prepared), representing a clear 44.8% increase on the previous year. Underlying this development is a significant rise in operating income (+15.4%) compared with the previous year, combined with operating expenses increasing less markedly (+0.8%). Following a mere 3.3% rise in 2021, net interest income grew by 21.7% in 2022. At 45.4%, net interest income continues to account for a high share of operating income.

Austrian credit institutions forecast non-consolidated net income of € 4.9 billion for 2022. This represents a 26% drop on the net income of 6.7 billion in the 2021 financial year (the final figures were not yet available at the time of this report being prepared).

The individual sectors paint a mixed picture: savings banks are expected to achieve the largest share of total net income in 2022, which is forecast at € 2.4 billion, although this is still 5.7% down on 2021. They are followed in second place by joint stock banks and mortgage banks, with both sectors having been able to increase their net income for the year by more than 30% in 2022.

Raiffeisen cooperatives showed the deepest year-on-year decline in net income, down 88.9% to € 238 million. Despite the Raiffeisen sector recording an extraordinarily successful business year, value adjustments on equity interests, necessitated by Russia's war of aggression against Ukraine, put a damper on projected net income.

The biggest relative increase was recorded by the Volksbank sector; its net income shot up by 172.8%. Provisions for risk (value adjustments) were established in the amount of € 3.6 billion in 2022 *(> Table 4)*.

**Chart 18:** *Capital base 2018–2022 (as % of RWA)*

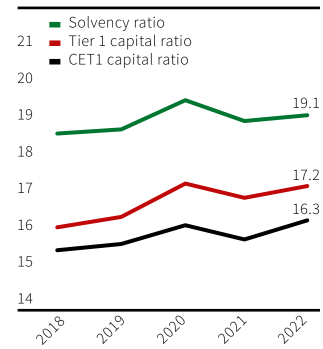
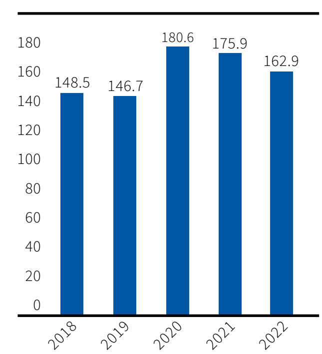



**Chart 19:** *Liquidity coverage ratio 2018–2022, weighted average at year-end (in %)*




## CAPITAL AND LIQUIDITY

At the end of 2022 the Austrian banking sector held a CET1 capital ratio of 16.1% *(> Chart 18)*, which is higher than in 2021. The reason for the increase is that own funds increased even more strongly than risk-weighted assets (RWA) over the same period (+5% and +4.3% respectively). While the liquidity ratio for 2022 continued to drop, it is still solid at 162.9% and well above the minimum requirement of 100% *(> Chart 19)*.

# INSURANCE UNDERTAKINGS

## STRUCTURAL DEVELOPMENTS

As at the 2022 year-end, 78[1] insurance undertakings and mutual associations held a licence granted by the FMA and were operating in the Austrian market, an unchanged number on the previous year. Five years ago, this number was nine higher. Additionally, 27 insurance undertakings from within the European Economic Area (EEA) were pursuing activities in Austria under the freedom of establishment or through a branch, and more than 900 companies were registered to provide services here.

The companies supervised by the FMA comprised 34 major insurance undertakings, six of which operate as mutual associations, 27 as joint stock companies and one as a foreign insurance undertaking licensed in Austria *(> Table 5)*. Additionally, 44 small mutual associations were also active in Austria; they are among Austria's oldest insur-

[1] *Including Helvetia Schweizerische Versicherungsgesellschaft AG, Directorate for Austria.*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Legal forms:** | | | | | |
| Mutual associations (excluding small mutuals) | 6 | 6 | 6 | 6 | 6 |
| Joint stock companies | 29 | 29 | 28 | 27 | 27 |
| Small mutual associations | 49 | 47 | 45 | 44 | 44 |
| **Total** | **84** | **82** | **79** | **77** | **77** |
| Mutual associations dealing in asset management/private foundations | 6 | 6 | 6 | 6 | 6 |
| **Business areas:** | | | | | |
| Life insurance | 22 | 22 | 22 | 22 | 22 |
| Non-life and accident insurance | 30 | 30 | 29 | 28 | 28 |
| Health insurance | 9 | 9 | 10 | 10 | 10 |
| Reinsurance only | 1 | 1 | 1 | 1 | 1 |
| **Business areas small mutual associations:** | | | | | |
| Fire insurance associations | 32 | 30 | 29 | 29 | 29 |
| Animal insurance associations | 16 | 16 | 15 | 14 | 14 |
| Death benefit funds | 0 | 0 | 0 | 0 | 0 |
| Reinsurance associations for small mutuals | 1 | 1 | 1 | 1 | 1 |
| **Total assets at market values** (excluding investments for unit-linked and index-linked life insurance, in € billions) | 106.91 | 110.60 | 114.41 | 116.68 | 102.66 |
| **EEA insurers in Austria** | | | | | |
| Operating through branches | 30 | 29 | 28 | 28 | 27 |
| **Premiums written in Austria** (direct gross amount, in € millions): | | | | | |
| Life insurance | 5 574 | 5 424 | 5 360 | 5 390 | 5 338 |
| *– Unit-linked and index-linked life insurance* | *1 329* | *1 259* | *1 364* | *1 445* | *1 496* |
| Health insurance | 2 230 | 2 340 | 2 433 | 2 541 | 2 628 |
| Non-life and accident insurance | 10 697 | 11 026 | 11 316 | 11 833 | 12 850 |
| **Total** | **18 500** | **18 789** | **19 109** | **19 764** | **20 816** |
| **Claims paid** (in € millions): | | | | | |
| Life insurance | 6 658 | 7 255 | 7 903 | 7 170 | 6 885 |
| Health insurance | 1 451 | 1 542 | 1 461 | 1 482 | 1 655 |
| Non-life and accident insurance | 6 436 | 6 528 | 6 573 | 7 893 | 8 089 |
| **Total** | **14 546** | **15 324** | **15 937** | **16 545** | **16 629** |
| **Earnings and profitability** (in € millions): | | | | | |
| Technical account balance | 506 | 618 | 554 | 766 | 584 |
| Financial result | 2 528 | 3 118 | 1 771 | 3 082 | 2 180 |
| Result from ordinary activities | 1 167 | 1 693 | 744 | 1 942 | 967 |
| **Return on sales** (in %): | | | | | |
| Non-life/health | 9.24 | 13.65 | 6.53 | 14.30 | 6.42 |
| Life | 1.85 | 1.71 | –0.88 | 2.02 | 1.65 |
| Health | 3.52 | 4.31 | 2.29 | 6.13 | 2.38 |
| **Total** | **6.31** | **9.03** | **3.90** | **9.87** | **4.67** |

***Table 5:*** *Key figures and market development of Austrian insurance undertakings 2018–2022*

ers and specialise in fire insurance (around two thirds) and livestock insurance in particular.

Austria is traditionally dominated by composite insurers which, besides life insurance, also pursue activities in at least one other balance sheet group, i.e. health insurance or non-life and accident insurance.

## BUSINESS DEVELOPMENT

At the end of 2022 Austrian insurance undertakings were managing assets totalling € 102.7 billion, a drop of € 14.02 billion or 12.01% compared with the 2021 year-end.

Investments for unit-linked and index-linked life insurance products are not included in these figures.

The volume of domestic premiums written (gross amount) was up by 5.32% year-on-year, totalling € 20.82 billion *(> Table 5)*.

With regard to life insurance, premium revenues were down by 0.97% year-on-year to € 5.34 billion. The proportion of premiums from unit-linked and index-linked life insurance has grown, amounting to 28.02% of all premiums written in life insurance (2021: 26.81%). Claims incurred were down 3.98% to € 6.88 billion in the reporting year; the equivalent figure for the previous year was € 7.17 billion.

Non-life and accident insurance also showed an increase of € 12.85 billion, or 8.59%. Totalling € 8.09 billion, claims incurred grew by 2.49%.

With premiums written of € 2.63 billion, health insurance achieved an increase of 3.42% on the previous year. Totalling € 1.66 billion, claims incurred were up by 11.69% in this group.

The return on sales[2] was halved in the reporting year, from 9.87% in 2021 to 4.67% in 2022. The result from ordinary activities fell year-on-year, dropping by 50.22% to € 967 million. As far as investments are concerned, these continued to be clearly focused on interest-bearing securities *(> Chart 20)*, while equity investments remained low.

***Chart 20:*** *Breakdown of investments at market values (excluding unit-linked and index-linked life insurance; in %, rounded)*

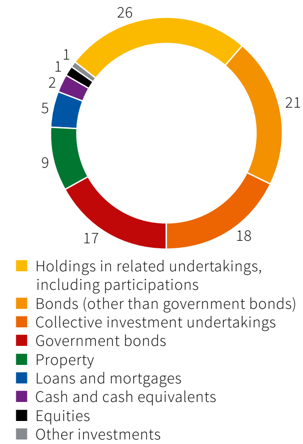
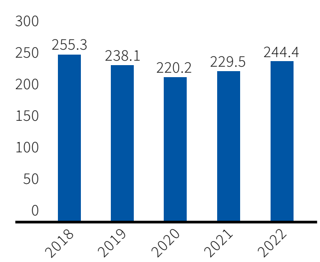



***Chart 21:*** *SCR ratio 2018–2022 (median, in %)*




### CAPITAL BASE

The SCR (solvency capital requirement) ratio, depicting insurers' capital base, was good and stable in 2022, amounting to 244.4% (median) of minimum requirements on a sector-wide basis at the end of the reporting year *(> Chart 21)*, which is above the level of 229.5% recorded in 2021.

## *PENSIONSKASSEN*

### STRUCTURAL DEVELOPMENTS

The process of consolidation in the pension company market has ground to a halt. While the number of *Pensionskassen* (PK) dropped from 13 to eight between 2015 and 2019, it has remained unchanged since 2019 *(> Table 6)*. There were five multi-employer and three single-employer *Pensionskassen*. Single-employer *Pensionskassen* are entitled to carry out pension company activities for the beneficiaries of only one employer or company group, with most of them having been founded as subsidiaries of international groups. Multi-employer *Pensionskassen* may carry out pension company activities for the beneficiaries of more than one employer. The decline in their number between 2015 and 2019 can be attributed to single-employer *Pensionskassen* discontinuing activities and subsequently transferring their investment and risk sharing groups (IRGs) to existing multi-employer *Pensionskassen*. All Austrian *Pensionskassen* together managed the assets entrusted to them in 97 IRGs, four security-oriented IRGs and 38 sub-IGs, each of which pursued different investment and risk strategies.

In 2022 the number of beneficiaries, i.e. those for whom contributions are being made into the pension company system for future benefits and those who are already receiving benefits under the system, totalled roughly 1 040 000, which is 26 000 or

[2] *Return on sales = result from ordinary activities / earned premium.*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Number of *Pensionskassen* | 9 | 8 | 8 | 8 | 8 |
| Number of investment and risk sharing groups | 101 | 101 | 100 | 99 | 97 |
| Number of security-oriented IRGs | 4 | 4 | 4 | 4 | 4 |
| Number of sub-IGs | 34 | 34 | 34 | 35 | 38 |
| Assets managed by *Pensionskassen* (total, in € millions) | 21 404 | 24 295 | 24 969 | 26 969 | 24 351 |
| *– Single-employer* | *1 920* | *2 052* | *2 167* | *2 272* | *2 105* |
| *– Multi-employer* | *19 484* | *22 243* | *22 801* | *24 697* | *22 246* |
| Number of beneficiaries (total) | 947 545 | 979 637 | 994 752 | 1 015 452 | 1 041 454 |
| *– Single-employer* | *261 562* | *263 842* | *263 259* | *262 985* | *267 024* |
| *– Multi-employer* | *685 983* | *715 795* | *731 493* | *752 467* | *774 430* |
| *– Beneficiaries (entitled)* | *843 569* | *868 229* | *875 728* | *887 953* | *904 583* |
| *– Beneficiaries (recipients)* | *103 976* | *111 408* | *119 024* | *127 499* | *136 871* |
| Beneficiaries (entitled) (as % of dependently employed persons in Austria) | 22.12 | 22.20 | 22.70 | 23.22 | 23.41 |
| Beneficiaries (recipients) (as % of total) | 10.97 | 11.37 | 11.97 | 12.56 | 13.14 |

***Table 6:** Overview of pension company market 2018–2022*

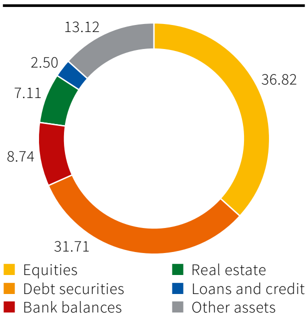
***Table 7:** Investment performance of* Pensionskassen *2018–2022 (in %)*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Investment performance (total) | –5.14 | 11.63 | 2.49 | 7.63 | –9.68 |
| *– Single-employer* | *–0.37* | *9.59* | *4.24* | *4.41* | *–8.77* |
| *– Multi-employer* | *–5.58* | *11.82* | *2.33* | *7.94* | *–9.76* |

2.56% more than in the previous year. This means that about one in four employed persons in Austria is entitled to a supplementary pension from this form of voluntary occupational pension provision, and approximately 13% of these beneficiaries are already drawing an occupational pension.

## BUSINESS DEVELOPMENT

***Chart 22**: Types of investment by* Pensionskassen *2022 (in %)*




As at 31 December 2022, the Austrian *Pensionskassen* together managed assets of € 24.35 billion, representing a decrease of around 9.7% on the previous year. This change in assets under management was for the most part due to investment performance, which averaged –9.68% in the reporting year, compared with +7.63% in 2021 *(> Table 7).* Over the past three, five and ten-year periods, *Pensionskassen* recorded performances of –0.12%, +1.08% and +3.08% respectively.

The proportion of pension company assets held indirectly via investment funds is 96.38%. Broken down by investment category, equities made up the largest portion at 36.82%, followed by debt securities at 31.71%, bank balances at 8.74% and real estate at 7.11%. The remaining categories are loans and credit (2.50%) and other assets (13.12%) *(> Chart 22).* After taking currency hedging into account, around 29.15% of the assets was invested in foreign currency.

# CORPORATE PROVISION FUNDS

## STRUCTURAL DEVELOPMENTS

Corporate provision funds are engaged in the business of corporate provision for employees and the self-employed in Austria. For employee provision, each employer must pay a regular contribution of 1.53% of the employee's monthly salary and any special payments to the health insurance institution, which then forwards that contribution to the corporate provision fund in order to fund the employee's individual

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Number of corporate provision funds | 8 | 8 | 8 | 8 | 8 |
| Number of collective investment undertakings | 10 | 10 | 10 | 10 | 10 |
| Number of membership contracts | 1 386 884 | 1 451 362 | 1 514 670 | 1 595 373 | 1 662 702 |
| *– Provision for employees pursuant to Part 1 BMSVG* | *662 349* | *689 411* | *715 092* | *742 674* | *770 106* |
| *– Provision for the self-employed pursuant to Part 4 BMSVG* | *711 278* | *748 544* | *786 609* | *838 892* | *878 602* |
| *– Provision for the self-employed pursuant to Part 5 BMSVG* | *13 257* | *13 407* | *12 969* | *13 807* | *13 994* |
| Assets of corporate provision funds (in € millions) | 11 496 | 13 304 | 14 489 | 16 524 | 16 561 |
| Current contributions (in € millions) | 1 606 | 1 722 | 1 777 | 1 853 | 2 095 |
| Performance of corporate provision funds (in %) | –1.97 | 5.74 | 1.41 | 4.05 | –7.66 |
| **Disposal options** (in € millions) | | | | | |
| Payout as capital sum | 526.44 | 586.93 | 719.03 | 668.71 | 772.85 |
| Transfer to another corporate provision fund | 65.86 | 43.50 | 50.86 | 53.36 | 53.06 |
| Remittance to supplementary pension or occupational group insurance scheme | 0.11 | 0.01 | 0.05 | 0.01 | 0.04 |
| Remittance to a *Pensionskasse* | 1.79 | 2.26 | 2.15 | 2.79 | 3.60 |
| **Total** | **594.20** | **632.70** | **772.09** | **724.87** | **829.55** |

***Table 8:*** *Key figures and market development of corporate provision funds 2018–2022 (source: Association of Austrian Occupational Pension and Provision Funds)*

severance pay entitlement. Some self-employed people are required to conclude their own contract with a corporate provision fund, while participation in the scheme is voluntary for other self-employed professions and occupations such as lawyers, notaries public, chartered engineering consultants, farmers and foresters.

The number of corporate provision funds has remained unchanged in the reporting year: as in previous years eight such funds were active in Austria. Two of these funds each manage two collective investment undertakings. The remaining funds each manage one collective investment undertaking, giving a total of ten such undertakings *(> Table 8)*.

As at the reporting date, the number of membership contracts – measured on the basis of employer account numbers – had increased by 4.22% from 1 595 373 to 1 662 702. Provision for employees rose by 3.69% (from 742 674 to 770 106 contracts), and provision for the self-employed grew by 4.68% (from 852 699 to 892 596 contracts).

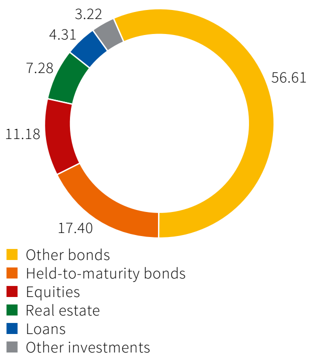
## BUSINESS DEVELOPMENT

Corporate provision funds received current contributions totalling € 2.10 billion (+13.06% on the previous year) during the year under review, of which € 1.95 billion (+13.39%) was paid into the provision for employees and € 143.63 million (+9.20%) into self-employed provision. The total assets managed therefore climbed by just € 37.47 million or 0.22% to € 16.6 billion *(> Table 8),* which was primarily attributable to their negative investment performance.

A total of € 772.85 million was paid out as a capital sum to 498 261 beneficiaries (entitled) in 2022. Over the same period, 46 879 beneficiaries (entitled) transferred their pension entitlements to another corporate provision fund, moving € 53.06 million in total. Additionally, 663 individuals paid in a total of € 3.64 million to a *Pensionskasse* or supplementary pension insurance scheme, or to an occupational group insurance scheme. Amounts drawn on the basis of an entitlement to severance pay generally took the form of capital sums, as has been the case for the past five years.

Corporate provision funds are required to guarantee their beneficiaries (entitled) a minimum claim. This encompasses the nominally accrued severance pay contributions and any transferred existing severance pay entitlement, as well as any sever-

***Chart 23:*** *Types of investment by corporate provision funds in 2022 (in %)*




ance pay entitlements transferred from another corporate provision fund, and is also referred to as capital guarantee. Every corporate provision fund is free to offer a higher interest guarantee over and above this capital guarantee. One fund offered an interest guarantee in 2022.

The capital guarantee, coupled with fluctuating payment requirements owing to labour market developments, as well as the statutory requirement to take account specifically of security, profitability and liquidity, mean that asset allocation is focused on bonds *(> Chart 23).*

Corporate provision funds' average performance for their investments was down by 7.66% in the reporting year (2021: +4.05%).

# ASSET MANAGERS

## STRUCTURAL DEVELOPMENTS

As at the end of the year, a total of 14 investment fund management companies (KAG) were operating in the Austrian market based on a licence pursuant to the Investment Fund Act 2011 (InvFG 2011; *Investmentfondsgesetz*); this number has not changed over the past two years *(> Table 9)*. Of these 14 investment fund management companies, 13 also held a licence as an alternative investment fund manager (AIFM).

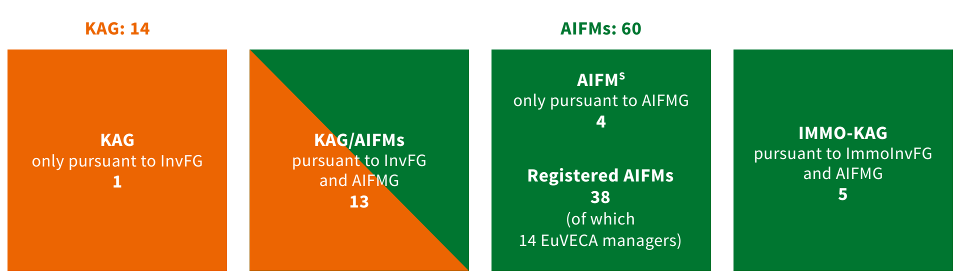
All in all, 60 AIFMs (2021 year-end: 56) had been authorised by the FMA at the end of 2022, 22 of which were licensed as AIFMs, with the remaining companies only being registered.[3] Compared with the previous year, the number of licensed AIFMs has remained unchanged. The number of registered AIFMs rose during the period under review from 34 to 38 AIFMs, with five new AIFMs being registered and one company cancelling its registration. Two registered AIFMs acquired an additional licence to manage European Venture Capital Funds (EuVECA), increasing the number of EuVECA managers from 12 to 14 *(> Figure 2).*

As at the reporting date of 31 December 2022, there were 2 070 funds being managed

***Table 9:*** *Number of Austrian asset managers 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| KAG pursuant to InvFG 2011 | 16 | 14 | 14 | 14 | 14 |
| Licensed AIFMs | 23 | 23 | 23 | 22 | 22 |
| *– Immo-KAG pursuant to ImmoInvFG* | *5* | *5* | *5* | *5* | *5* |
| Registered AIFMs | 27 | 28 | 31 | 34 | 38 |
| *– EuVECA managers* | *7* | *9* | *10* | *12* | *14* |

***Figure 2:*** *Authorisations of Austrian asset managers by law*




*[3] In order to be allowed to manage AIFs, the alternative investment fund manager must be licensed as an AIFM in accordance with the AIFMG, which transposes Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD) into Austrian law. However, if the AIFM does not exceed certain threshold values with regard to the assets they manage, they may simply register their services instead of obtaining a licence. In this context it should be noted that registered AIFMs are not permitted to market any AIFs to retail investors, or to engage in cross-border marketing or cross-border management.*

*Table 10:* *Key figures of the Austrian investment fund market 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Domestic UCITS of KAG** | | | | | |
| Article 2 paras. 1 and 2 InvFG | 977 | 907 | 905 | 903 | 873 |
| Article 75 InvFG | 2 | 1 | – | – | – |
| **Total** | **979** | **908** | **905** | **903** | **873** |
| **Domestic AIFs of (Immo-)KAG as well as of licensed and registered AIFMs** | | | | | |
| Article 166 InvFG | 143 | 131 | 116 | 113 | 113 |
| Article 168 et seq. InvFG | 7 | 6 | 4 | 4 | 4 |
| Real estate funds and special real estate funds | 13 | 13 | 13 | 14 | 13 |
| Special funds pursuant to the InvFG | 894 | 913 | 932 | 965 | 1 000 |
| AIFs of registered AIFMs | 34 | 37 | 35 | 36 | 40 |
| EuVECA | 8 | 11 | 13 | 19 | 26 |
| Other managed AIFs | – | – | – | 1 | 1 |
| **Total** | **1 099** | **1 111** | **1 113** | **1 152** | **1 197** |

by Austrian investment fund management companies and/or AIFMs, as well as two further EEA management companies operating in Austria based on the EU passport regime (2021: 2 055). This figure includes 66 alternative investment funds (26 of these AIFs are EuVECA funds) that are managed by registered AIFMs in Austria. Five Austrian real estate investment fund management companies (Immo-KAG) were managing a total of eight real estate funds and five special real estate funds, all of which were AIFs.

The number of domestic UCITS has continually fallen over the past five years, from 979 in 2018 to 873 in 2022. These undertakings for collective investment in transferable securities are investment funds that comply with the relevant EU directive[4]. At the same time, the number of AIFs has continually risen, from 1 099 to 1 197 *(> Table 10)*.

Investment funds are required, pursuant to the provisions of the InvFG 2011 and the Alternative Investment Fund Managers Act (AIFMG; *Alternatives Investmentfonds Manager-Gesetz*), to keep the assets they hold and manage for customers at custodian banks and depositaries. In 2022, 14 credit institutions were operating in this field of business, the same number as in the previous year.

## BUSINESS DEVELOPMENT

The 14 investment fund management companies licensed by the FMA pursuant to the InvFG 2011 and the two EEA management companies acting under the EU passport regime managed fund assets totalling € 187.77 billion in Austria as at 31 December 2022, excluding the fund assets managed by real estate investment fund management companies. This equates to a year-on-year decrease of € 31.05 billion, or –14.19%. After the historic high in 2021, this drop was mainly down to negative investment performance fuelled by geopolitical and economic turmoil *(> Chart 24)*.

Net outflows totalling € 580 million were recorded in the reporting year, compared with net inflows of € 14.22 billion in 2021. Broken down by fund category, it was mixed funds that recorded an increase (+€ 0.70 billion), followed by equity funds (+€ 0.62 billion) and hedge funds of funds (+€ 14.79 million). Derivative funds were down by –€ 20.24 million, as were short-term bond funds (–€ 0.78 billion) and bond funds (–€ 1.12 billion) *(> Chart 25)*.

[4] *Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).*

***Chart 24:** Fund assets of investment funds 2018–2022 (in € billions)*

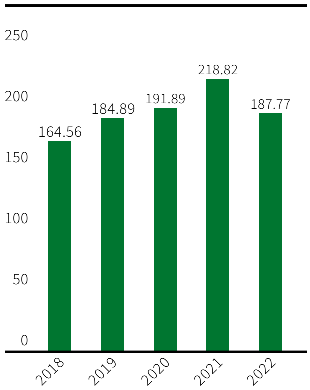



***Chart 25:** Net inflows/outflows by investment category in 2022 (in € millions)*

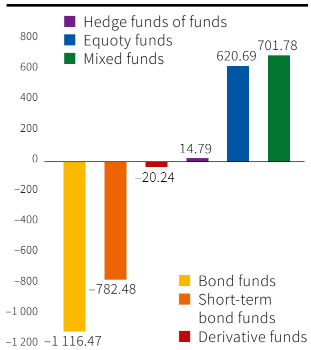



***Chart 26:** Fund assets by investment category (as at 31 Dec. 2022, in %)*

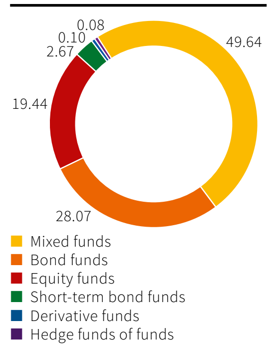
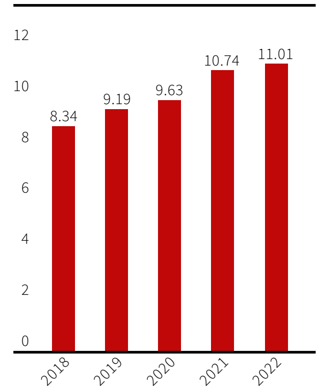



***Chart 27:** Fund assets of real estate funds 2018–2022 (in € billions)*




The dominant position of mixed funds is reflected, as in the previous five years, in the overall distribution of total fund assets. As at the end of 2022, € 93.20 billion or 49.64% of the total assets was invested in this category, with bond funds occupying second place with € 52.70 billion or 28.07%. Equity funds were in third place, at € 36.51 billion or 19.44%, followed by short-term bond funds (2.67%), derivative funds (0.10%) and hedge funds of funds (0.08%) *(> Chart 26)*.

Broken down by target group, 52.02% of shareholders were invested in retail funds and 47.98% in special funds at the 2022 year-end.

These figures also include AIFs as defined in the InvFG 2011, such as special funds and other special assets.

In addition, AIFMs who are only licensed or registered according to the AIFMG managed fund assets of Austrian AIFs amounting to € 1.47 billion as at 31 December 2022 (based on provisional figures at the time of this report being prepared).

As at the reporting date of 31 December 2022, the five Austrian real estate investment fund management companies were managing fund assets of € 11.01 billion, representing a year-on-year increase of 2.45% *(> Chart 27)*.

## INVESTMENT SERVICE PROVIDERS

### STRUCTURAL DEVELOPMENTS

As at the end of 2022, there were 125 companies licensed by the FMA, 65 of which as investment firms and 45 as investment service providers. Three AIFMs and eight investment fund management companies held an additional licence pursuant to the Securities Supervision Act 2018 (WAG 2018; *Wertpapieraufsichtsgesetz*). Four insurance undertakings were authorised to receive and transmit fund units in accordance with the applicable law. The number of providers has therefore remained relatively stable, with the breakdown by licence type also remaining unchanged *(> Table 11)*.

Of all the licensed companies, 119 were entitled to provide investment advice relating to financial instruments and 56 companies were authorised to manage client portfolios. In all, 113 companies were authorised to receive and transmit orders to the extent that such activity involves one or more financial instruments. As at the end of the reporting year, 43 Austrian investment firms held a European passport for the provision of investment services within the European Economic Area, with eight of these firms maintaining branches in the EEA.

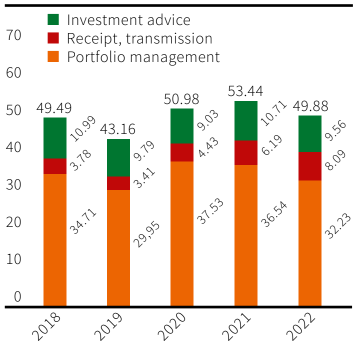
| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **All companies** | **114** | **109** | **122** | **126** | **125** |
| **Licences:** | | | | | |
| Investment firms | 61 | 65 | 64 | 64 | 65 |
| Investment service providers | 45 | 43 | 48 | 47 | 45 |
| AIFMs with additional licence | 3 | 3 | 3 | 3 | 3 |
| Investment fund management companies with additional licence | – | 7 | 7 | 8 | 8 |
| Insurance undertakings (statutory fund management) | – | 4 | 4 | 4 | 4 |
| Investment advice | 106 | 115 | 120 | 120 | 119 |
| Portfolio management | 40 | 51 | 54 | 54 | 56 |
| Receipt and transmission of orders | 103 | 111 | 114 | 114 | 113 |
| Multilateral trading facility | 0 | 0 | 0 | 0 | 0 |
| European passport for services | 43 | 44 | 45 | 44 | 43 |
| European passport for branches | 8 | 7 | 7 | 7 | 8 |
| Cooperation with financial services assistants/securities brokers | 58 | 56 | 57 | 56 | 55 |
| **Legal form:** | | | | | |
| Joint stock companies (AG) | 7 | 12 | 12 | 12 | 12 |
| Limited liability companies (GmbH) | 86 | 95 | 96 | 97 | 96 |
| Partnerships | 3 | 3 | 2 | 2 | 2 |
| Sole traders | 13 | 12 | 16 | 15 | 15 |
| **Business activity:** | | | | | |
| Investment advice | 57 | 47 | 61 | 62 | 62 |
| Portfolio management | 35 | 37 | 41 | 37 | 38 |
| Receipt and transmission of orders | 68 | 64 | 61 | 56 | 53 |
| Investment funds advisory | | | | | |
| UCITS advisory | 24 | 21 | 25 | 21 | 25 |
| AIF advisory | 6 | 8 | 12 | 9 | 12 |
| External management of investment funds | | | | | |
| UCITS management | 22 | 23 | 26 | 21 | 23 |
| AIF management | 14 | 17 | 19 | 17 | 23 |
| Appointment of tied agents | 36 | 36 | 39 | 39 | 37 |
| Cooperation with securities brokers | 26 | 24 | 21 | 20 | 21 |
| Sale of own products | 49 | 47 | 44 | 47 | 43 |
| Key account customer services | 34 | 33 | 35 | 37 | 34 |
| **Tied agents:** | | | | | |
| Tied agents registered in Austria | 1 883 | 1 810 | 1 760 | 1 876 | 1.902 |
| *– Of which legal entities* | *237* | *229* | *240* | *257* | *264* |

***Table 11:*** *Key figures of Austrian investment service providers 2018–2022*

In 2022 there were 1 034 investment firms with their head offices situated in another EEA Member State that were authorised to provide investment services in Austria under the freedom to provide services by way of a branch or notification through the passport regime. Of those companies that had provided notification of their operations in Austria, 269 (26.02%) came from Germany, followed by 227 (21.95%) from Cyprus and 85 (8.22%) from the Netherlands.

A total of 1 524 individuals were registered as tied agents with the FMA and working for 29 Austrian investment firms and investment service providers; 18 tied agents were registered at eight investment firms from the EEA based in Austria, 335 natural and legal persons were registered as tied agents at three Austrian banks and at one bank originating from the EEA, and a further 25 natural and legal persons were registered as tied agents at an Austrian insurance company. Regarding companies, there were 264 registered with the FMA as tied agents and operating in the form of a legal entity in 2022.

***Chart 28:** Customer assets under management by type of service 2018–2022 (in € billions)*




A total of 55 Austrian investment firms and investment service providers were entitled to provide services through securities brokers. Of these, only 21 actually exercised the right granted to them. As at 31 December 2022, 380 individuals acting as securities brokers for investment firms or investment service providers were registered with the FMA.

## BUSINESS DEVELOPMENT

Overall, Austrian investment service providers managed assets totalling € 49.88 billion in 2022, representing a year-on-year decline of € 3.56 billion. The number of customers fell by 1.62%, from 141 719 to 139 417, while the assets under management per customer dropped by 5.12% to € 357 767.18.

Approximately 19% of the total assets under management related to investment advice, 65% to the service of portfolio management, and around 16% to the receipt and transmission of orders.

# INTERNATIONAL COOPERATION

The Austrian financial market and its providers are very strongly linked to their international and European counterparts. For the FMA, this interdependence creates a large number of tasks that require cross-border cooperation in the further development of the regulatory framework of financial market supervision and in operational supervisory activities at an international, European and bilateral level. As the integrated supervisory authority for the Austrian financial market, the FMA is therefore involved in many different European and international institutions and associations that deal with the regulation and supervision of financial markets.

Needless to say, cooperation is particularly strong within the European Union (EU). At European level, the FMA is involved in the regulation of the European financial markets as a participant in the European System of Financial Supervision (ESFS) and is actively involved in the European supervision and resolution of credit institutions of the euro area countries within the framework of the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) in the wider context of the Banking Union. FMA employees play an active role in many committees and working groups. The Authority has also signed bilateral and multilateral Memoranda of Understanding (MoU) on cooperation with foreign and international supervisory authorities and organisations.

# EUROPEAN COOPERATION

## COOPERATION IN OPERATIONAL SUPERVISION AND RESOLUTION

### THE FMA WITHIN THE BANKING UNION

The European Banking Union is a key component of the EU's Economic and Monetary Union. It was created in response to the 2008 financial crisis and the ensuing sovereign debt crisis in the euro area. The Banking Union aims to ensure that the banking sector in the euro area and the wider EU is stable, safe and reliable, thus contributing to financial stability, while also ensuring that:

- Banks are robust and able to withstand any future financial crises
- Non-viable banks are resolved without recourse to taxpayers' money and with minimal impact on the real economy
- Market fragmentation is reduced by harmonised financial sector rules.

The Banking Union is made up of all Member States that share the euro as their common currency. Member States that do not belong to the euro area may join the Banking Union by entering into close cooperation with the European Central Bank (ECB). This form of close cooperation was established with Bulgaria and Croatia on 1 October 2020. On 1 January 2023, Croatia joined the euro area and thus became part of the Banking Union.

The Banking Union is based on a single rulebook for the EU's financial sector consisting of a set of legislative texts that apply to all financial institutions across the EU, ensuring a level playing field for all. Based on this foundation, the Banking Union has three pillars:

- The Single Supervisory Mechanism (SSM), the banking supervision of all euro area countries overseen by the ECB in Frankfurt, which relies on the network of national competent authorities
- The Single Resolution Mechanism (SRM), which is made up of the Single Resolution Board (SRB) in Brussels and the national resolution authorities
- The European Deposit Insurance Scheme (EDIS).

While the SSM and SRM are already fully operational, the EDIS is still in the development stage. Deposit guarantee schemes are currently being harmonised in Europe by being required to meet and implement common European minimum standards and requirements.

As a euro area country, Austria is a member of the Banking Union. In its capacity as national competent authority (NCA) and national resolution authority (NRA), the FMA represents the Austrian financial market as a voting member and is actively involved at all relevant levels within the SSM and the SRM.

## THE FMA WITHIN THE SSM

Seven Austrian banking groups were classed as significant institutions (SIs) within the SSM in 2022. They, and three Austrian subsidiary banks, were thus subject to direct supervision by the ECB within the SSM: Addiko Bank AG, Bawag Group AG, Erste Group Bank AG, FCA Bank AG, Raiffeisen Bank International AG, Raiffeisenlandesbank Oberösterreich AG, Santander Consumer Bank GmbH, Sberbank Europe AG[1], UniCredit Bank Austria and Volksbank Wien AG.

Joint Supervisory Teams (JSTs) are set up for the SIs, with FMA and Oesterreichische Nationalbank (OeNB) employees also included among its members. All other Austrian banks are only supervised indirectly by the ECB. Classed as less significant institutions (LSIs), they are directly supervised by the FMA, again with support from the OeNB. However, key decisions (such as the award or removal of a licence, major holdings) are made by the ECB.

As at 31 December 2022, 348 Austrian credit institutions classed as LSIs were subject to direct supervision by the FMA.

## THE FMA WITHIN THE SRM

In 2022 there were eight Austrian banking groups and three Austrian subsidiary banks, the above significant banks and another cross-border group, namely Bausparkasse Wüstenrot AG, under the direct responsibility of the SRB as the resolution authority:

[1] *An administrative decision was issued by order of the European Central Bank on 1 March 2022, fully prohibiting Sberbank Europe AG from continuing business operations with immediate effect.*

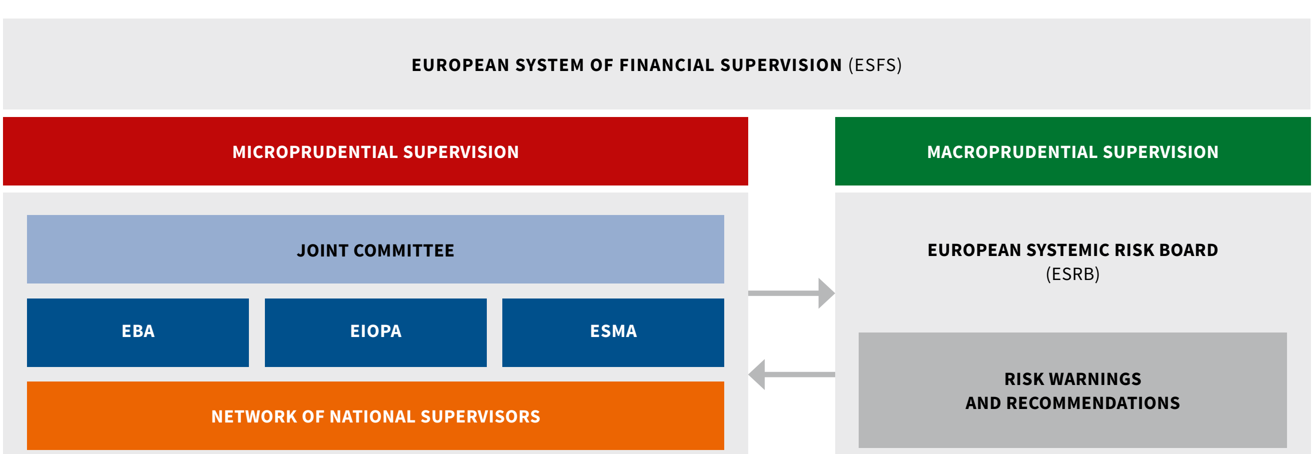
Addiko Bank AG, Bausparkasse Wüstenrot AG, Bawag Group AG, Erste Group Bank AG, FCA Bank AG, Raiffeisen Bank International AG, Raiffeisenlandesbank Oberösterreich AG, Santander Consumer Bank GmbH, Sberbank Europe AG *(see further SRB-relevant information in the Chapter on Bank Resolution on page 97)*, UniCredit Bank Austria and Volksbank Wien AG. In the same vein as the JSTs, Internal Resolution Teams (IRTs) are set up for the above banking groups, and the FMA plays a significant role within them. As in the case of the SSM, the FMA is also directly responsible for all other credit institutions within the SRM, this time in the capacity of national resolution authority.
Across both the SSM and SRM, the FMA was represented in around 70 bodies and working groups during the year under review, working on joint policies and supervisory approaches. The decision-making bodies were also involved in approximately 1 200 supervisory cases and some 100 resolution cases.
Specific operational activities of the FMA within the SSM and the SRM are included in the relevant chapters of this report.

## COOPERATION IN ADVANCING THE REGULATORY FRAMEWORK

### THE FMA WITHIN THE ESFS

The European System of Financial Supervision (ESFS) is primarily concerned with harmonising and advancing the regulatory framework of the financial market in the entire European Economic Area (EEA).
At the core of the ESFS are the three European Supervisory Authorities (ESAs): the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). The FMA has a seat and a vote in all of the three ESAs, representing Austria in its capacity as national competent authority (NCA).
The role of the ESAs is to prepare detailed regulations in the form of technical standards, guidelines and recommendations on the basis of EU regulations and directives and to ensure the convergent application of these rules by the national supervisors. Only ESMA has direct supervision tasks in some very specific areas, such as credit rating agencies. A Joint Committee is in place to deal with issues that straddle all three areas of those authorities' supervisory activities. The three ESAs, with their microprudential focus, are supported by the European Systemic Risk Board (ESRB), based at

***Figure 3:*** *European System of Financial Supervision*



the ECB in Frankfurt. Its remit is to identify systemic risks to the European financial system and take early action, where necessary.

## JOINT ESA PROJECTS

The three ESAs are coordinated by a Joint Committee and cooperate closely across markets and sectors: to ensure a level playing field, i.e. fair competition beyond market and product boundaries, and to exploit synergy potential and make regulation efficient and effective. In the year under review the three ESAs focused on the following three topics in particular:

- **Digitalisation**
  One of the most important issues straddling all sectors is the digitalisation of financial markets. The Joint Committee published a statement on digital finance, the recommendations of which include maintaining consumer protection. In this context, a report on national initiatives to improve financial education in the digitalised financial world was published in November. It focuses on cybersecurity and the detection of fraudulent offers. The Digital Operational Resilience Act (DORA) entered into force on 16 January 2023.[2] A cross-sectoral working group has already started the preparatory work for its implementation and the creation of an ambitious timetable for this stage. The ESAs have been assigned 16 mandates, which are due for completion by 17 January 2025.
- **Fit and proper**
  The recent revision of the ESA Regulations mandated the ESAs to set up a system for the exchange of information relevant to the assessment of fitness and propriety by the competent authorities (new Article 31a of the ESA Regulations). To fulfil this mandate, the ESAs are working on a two-pronged approach in the Joint Committee: firstly, the development of guidelines to facilitate the use of IT solutions and, secondly, the creation of an IT solution for exchanging information (consisting of a common cross-sectoral database and a contact list of competent authorities). The consultation paper regarding the common guidelines for the establishment of an information exchange system was finalised at the end of the year and has now been opened up for public consultation.
- **Sustainable finance**
  In 2022 the Joint Committee prepared a number of guidelines and legal acts (level 2 measures) on sustainability in the financial sector and submitted them to the European Commission. Of particular relevance are the Supervisory Statement on the application of the Sustainable Finance Disclosure Regulation, draft Regulatory Technical Standards on STS securitisations-related sustainability disclosures, and a joint report with the proposal on additional disclosures for investments in fossil gas and nuclear energy activities.

## EUROPEAN BANKING AUTHORITY – EBA

In 2022 the Guidelines for the supervisory review and evaluation process were revised and new SREP guidelines for investment firms issued. The final methodology and guidance for the 2023 EU-wide stress test was also developed. In response to the European Commission's Calls for Advice, the EBA published its advice on the review

[2] *This Regulation enters into force on the twentieth day after its publication in the Official Journal of the European Union. It will apply from 17 January 2025.*

of the macroprudential framework, a Report on non-bank lending, a Report on EU dependence on non-EU banks and foreign currency funding, as well as its opinions on the reviews of the Payment Services Directive (PSD2) and Mortgage Credit Directive (MCD). The macroeconomic risks posed by the war in Ukraine and excessive volatility in the energy derivatives markets were discussed, along with the need for action. Finally, the standing committees and subgroups were restructured.

## EUROPEAN SECURITIES AND MARKETS AUTHORITY – ESMA

In the reporting year, ESMA decided on a new strategic direction and, correspondingly, a change in the structure of its committees. The ESMA Strategy 2023–2028 was published in October, addressing in detail the Authority's long-term priorities and how it uses its powers to respond to future challenges. In order to implement this strategy efficiently, a reorganisation of ESMA's groups was introduced, including reducing the number of groups that report directly to the Board of Supervisors (BoS) from 25 to 15. The Sustainable Finance Roadmap 2022 2024 was published in the key area of sustainability. One of the priorities is to tackle greenwashing and promote transparency. Peer reviews are one of the most important convergence tools. In 2022, ESMA was able to complete three, covering cross-border services, the scrutiny and approval procedures of prospectuses and the supervision of UK firms that relocated to the EU as a consequence of Brexit.

## EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY – EIOPA

EIOPA focused on the regulatory and supervisory challenges on the path to more sustainability in the reporting year. One key area was the supervision of climate-related risks within the framework of the Solvency II Directive. EIOPA also published a Discussion paper on the prudential treatment of sustainability risks.

In insurance supervision, a plan was adopted for the development of a stress testing methodology with a focus on cyber risk, and a cyber underwriting strategy was also considered. Ongoing projects to improve supervisory convergence included the completion of a tool for cooperation between supervisors in cross-border insurance, a progress report on implementation of the union-wide strategic supervisory priorities (USSPs), and the continuation of projects to ensure consistency in internal models (such as an Internal Models Dashboard and an Internal Models Roadmap 2023–2025 to plan activities).

In the supervision of pension products and occupational pensions, the results of the 2022 Climate stress test for institutions for occupational retirement provision (IORPs) were published, demonstrating that climate change could create essential risks for IORPs.

## EUROPEAN SYSTEMIC RISK BOARD – ESRB

The ESRB discussed the risks posed by current inflationary developments, decentralised financing activities and crypto assets, climate change and cyber crime on the real estate market. It intensified its work on the systemic importance of trade credit insurance and evaluated the effectiveness and revision of the macroprudential framework. On this basis, it then issued a recommendation on vulnerabilities in the commercial real estate sector.

## SINGLE SUPERVISORY MECHANISM – SSM

Within the SSM, a climate risk stress test was launched to gain insights into the extent to which banks are prepared for climate risks and how they can deal with the associated financial and economic consequences. The data published in July 2022 showed some progress since 2020, but banks' stress tests and internal models still do not take adequate account of climate risks. The ECB also conducted a thematic review on climate and environmental risks, which revealed an urgent need for banks to improve their detection and management of climate risks, which is also in line with the FMA's findings from the revision of its Guide for Managing Sustainability Risks. Based on these conclusions, the ECB set successive deadlines for banks to achieve all of the supervisory expectations regarding climate risks by the end of 2024.
Another key issue remained cyber resilience and the digitalisation of the banking sector. In addition, a more stringent code of conduct for senior level ECB staff was adopted. This was drafted by the ECB's independent Ethics Committee and provides for additional restrictions on private financial transactions by ECB staff; including in particular the members of the Governing Council, the Executive Board and the Supervisory Board.

## SINGLE RESOLUTION MECHANISM – SRM

The SRB published its assessment of bank resolvability for 2021 for the first time in the reporting year. This showed that these banks have made significant progress, particularly in terms of minimum requirement for own funds and eligible liabilities (MREL), governance and bail-in implementation. Given the dynamic nature of the resolvability assessment process, the SRB intends to publish annual updates.
The SRB also published operational guidance on the identification and mobilisation of collateral in resolution, its updated 2022 MREL policy and guidance for bail-in operationalisation.
As part of the review of the Capital Requirements Regulation, known as "CRR quick-fix", it was confirmed that, when setting the MREL, the resolution authority may take into account surpluses in third countries for banks with a multiple point of entry (MPE) resolution strategy if these surpluses are located in third countries with a legally enforceable resolution regime. The SRB resolved to apply this regime to all MPE banks, including non-GSIIs[3].
In addition, the SRB signed cooperation arrangements with the Central Bank of Montenegro, the Korea Deposit Insurance Corporation (KDIC) and two authorities in Bosnia and Herzegovina.
Sberbank Europe AG, which was headquartered in Austria and had subsidiaries within the euro area, in other EU Member States and in third countries, experienced severe liquidity difficulties as a result of the Russian war of aggression on Ukraine, and was ultimately subject to an orderly resolution. As a significant institution (SI) by European standards, it was under the direct supervision of the SRB within the SSM. The description of the processes and regulatory measures at Sberbank Europe AG, including information on the relevant ECB and SRB decisions as well as the ultimate relinquishment of the bank's licence, are presented in the Chapter on Bank Resolution on page 97.

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[3] *Global systemically important institutions*

## BILATERAL AND MULTILATERAL COOPERATION

As well as working in multilateral bodies, the FMA also cooperates directly with foreign supervisory authorities. For this purpose it enters into bilateral and multilateral Memoranda of Understanding (MoU), which simplify and speed up practical supervisory action in cross-border cases. MoU also help to build trust, particularly in the case of non-EEA Member States, and support the FMA in its efforts to consistently strengthen its operational working relationship with partner authorities.

### MEMORANDA OF UNDERSTANDING

In 2022 the FMA and the Insurance Supervision Agency of Montenegro revised and re-signed the MoU concluded in 2009 on cooperation and the exchange of information in the context of insurance supervision *(> Table 12).*

| | Banking | Insurance | Securities | AIFMD MoU |
|---|---|---|---|---|
| Abu Dhabi | | | | 2018 |
| Albania | | 2009 | | |
| Australia | | | | 2013 |
| Bahamas | | | | 2015 |
| Bermuda | | | | 2013 |
| Bosnia and Herzegovina | 2015 | | | |
| Brazil | 2017 | | | |
| British Virgin Islands | | | | 2013 |
| Bulgaria | 2005 | | | |
| Canada | | | | 2013 |
| Cayman Islands | | | | 2013 |
| China | | | 2008 | |
| Croatia | 2005 | 2008 | 2000 | |
| Cyprus | 2007 | | 2002 | |
| Czechia | 2001 | 2004 | 1999 | |
| Dubai | | | | 2013 |
| France | 1995 | | | |
| Germany | 2000 | | | |
| Guernsey | | | | 2013 |
| Hong Kong | | | | 2013 |
| Hungary | 2001 | 2002 | 1998 | |
| Isle of Man | | | | 2013 |
| Italy | 1998 | | | |
| Japan | | | | 2013 |
| Jersey | | | | 2013 |
| Kazakhstan | | | | 2021 |
| Kosovo | | 2016 | | |
| Liechtenstein | 2009 | | | |
| Macedonia | | 2010 | | |
| Malaysia | | | | 2013 |
| Malta | 2007 | | | |
| **Montenegro** | | **2009/2022** | | |
| Netherlands | 1997 | | | |
| Poland | | | 1999 | |
| Qatar | | | | 2018 |
| Romania | 2006 | 2005 | | |
| Russian Federation | 2010 | | | |
| Serbia | | 2009 | | |
| Singapore | | | | 2013 |
| Slovakia | 2003 | 2002 | | |
| Slovenia | 2001 | | 2001 | |
| Switzerland | 2012 | 2006 | | 2013 |
| Thailand | | | | 2014 |
| United Kingdom | 1994/1998/2019 | | | |
| USA | | | | 2013 |

***Table 12:*** *Bilateral Memoranda of Understanding concluded (incl. year of conclusion)*

## MULTILATERAL COOPERATION

### INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS – IOSCO

IOSCO, in the capacity of worldwide association of securities supervisory authorities, plays a hugely important role in the international exchange of information. As cross-border services grow and grow, the FMA's cooperation with third-country authorities is particularly important, especially with regard to fraudulent activities. Every year, more than 5 500 requests for information are made worldwide on the basis of the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU).

### INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS – IAIS

In 2022 the IAIS focused its agenda on the changing interest rate environment and climate change. The Global Insurance Market Report (GIMAR) 2022 reflects current macroeconomic challenges as well as structural changes in the life insurance industry and the challenge of addressing climate-related risks. The Holistic Framework agreed in 2019 for tackling systemic risk in the insurance sector was recognised by the Financial Stability Board (FSB) as an appropriate framework to replace the FSB's identification of global systemically important insurers (G-SIIs).

## INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS – IOPS

The IOPS focused its activities on the role of employers in occupational pension provision, mortality modelling, non-guaranteed lifetime pension incomes, the role of digitalisation in improving pension supervision and the implementation of ESG guidelines.

The FMA's membership of the IOPS Executive Committee was extended for a further two years.

## FSB REGIONAL CONSULTATIVE GROUP FOR EUROPE – RCG EUROPE

As a non-member of the Financial Stability Board (FSB), the FMA is represented in its Regional Consultative Group (RCG) for Europe. The group meets every six months to discuss current FSB topics and obtain regional input from non-members. In the year under review, the RCG focused in particular on cyber incident reporting, with the FSB issuing recommendations on common terminology for cyber incidents to support the development of a common format for the exchange of cyber incident reports. Other key topics included the global LIBOR conversion process, the regulation and supervision of climate-related risks, the further development of global cross-border payments, and a review of the FSB's October 2020 recommendations for the regulation and supervision of global stablecoins.

## BASEL CONSULTATIVE GROUP – BCG

The Basel Consultative Group (BCG) provides a forum for the Basel Committee on Banking Supervision's (BCBS) engagement with supervisors, central banks and international institutions from 28 countries, also strengthening supervisory dialogue with non-member countries. The key topics for 2022 were the impact of COVID-19 on credit risk, inflation-related risks and crypto assets. The BCG staged a SupTech workshop in mid-March and the International Conference of Banking Supervisors in late November. Priorities for the coming year will continue to be the impact of inflation on financial stability, climate-related risks, crypto assets and digitalisation in the financial sector.

## NETWORK FOR GREENING THE FINANCIAL SYSTEM – NGFS

The FMA has been a member of the Central Banks and Supervisors Network for Greening the Financial System since 2020. The NGFS provides a platform for supervisory authorities and central banks to exchange knowledge and experience and to develop environmental and climate risk management methods for the financial sector. In autumn 2022 the NGFS had 121 members and 19 observers worldwide.

It currently has four workstreams and two task forces. The FMA is particularly heavily involved in the Workstream on Supervision and in the Experts' Network on Legal Issues.

In 2022 the NGFS published its Final report on bridging data gaps and a joint report with the Financial Stability Board (FSB) entitled Climate Scenario Analysis by Jurisdictions: Initial findings and lessons. The FMA contributes to the ongoing work of the NGFS by attending meetings and participating in surveys.

## EUROPEAN AND INTERNATIONAL AML/CFT COOPERATION ON THE FINANCIAL MARKET

In 2019 the European Commission tasked the Council of Europe with reviewing implementation of the effective application of the Fourth Anti-Money Laundering Directive. In Austria's case, this review was scheduled for 2022. The main focuses of the implementation review were due diligence, internal procedures and strategies, beneficial owners, international cooperation, supervision of the financial and non-financial sector, as well as the functioning of the Financial Intelligence Units. Comprehensive questionnaires on legal and practical implementation as well as on data, statistics and case studies were sent to the competent authorities. Due to the pandemic, the Council of Europe's on-site visit had to take place entirely virtually in January 2022. As well as supervisors, supervised entities were also interviewed. The final report was submitted to the competent authorities in November 2022. The FMA recorded a positive result overall, but also received some constructive findings and recommendations for the further development and improvement of its supervisory regime, for instance in relation to data collection and evaluation.

# OPERATIONAL SUPERVISION

# SUPERVISION OF COMPANIES' STABILITY

## ANALYSIS WORK

### ONGOING ANALYSES

Companies licensed by the FMA are required to submit current data and figures on their ongoing business and risk development (reporting) to the supervisory authority at prescribed intervals, as well as further regulatory reports by certain deadlines; these include audited annual financial statements, management reports, consolidated financial statements and consolidated management reports, as well as other regulatory reports (banks, for example, are required to present the annex to the audit report, in which the auditor responds to specific banking supervision issues). Certain facts and developments, which are clearly defined by law, must be reported by the supervised entities of their own accord.

External supervisory institutions such as the statutory auditor or, at banks, the state commissioner are also subject to reporting and notification obligations. Furthermore, the supervisory authority will request additional information on specific topics, both from individual institutions and from the sector as a whole (such as details of their exposure to specific regional markets or products). The supervisor thoroughly analyses this broad and deep pool of information, identifying trends and risks at both sector and individual institution level.

Based on this regular analysis work, the FMA then delves deeper into the relevant topics during management talks or on-site measures in a risk-oriented manner, investigating the risk situation and risk potential in special surveys and forms of analysis such as stress tests.

The depth and frequency of the reporting system and special analysis work are based on the principle of proportionality, with supervisory activities having to be risk-based. Data collection and analysis, as well as on-site inspections, are carried out by the Oesterreichische Nationalbank (OeNB) and the European Central Bank (ECB) in the area of banking supervision. In the case of less significant institutions (LSIs), the FMA is generally responsible for conducting official proceedings, up until legal enforcement, with the ECB simply overseeing such proceedings. Significant institutions (SIs) are supervised by the ECB directly.

## SELECTED ANALYSES BY SUPERVISORY AREA

### BANKS

The supervisory review and evaluation process (SREP) is a central tool within banking supervision. As part of the SREP, an institution's business model, internal governance and risk management, as well as its capital and liquidity risks, are all individually analysed. Over the past few years the FMA and OeNB have developed the SREP in Austria into an integrated supervisory tool by also incorporating findings from efforts to prevent money laundering and terrorist financing and from conduct and sales supervision. The SREP is thus a tool for in-depth analysis of a bank's overall risk situation. For optimal results, the FMA and OeNB regularly update and adapt the SREP in line with the latest regulatory developments. The full SREP procedure is carried out every year, every two years or every three years based on the principle of proportionality, i.e. depending on the size, structure, nature, scope and complexity of a bank's business model. During the years without a full procedure, the SREP is only updated.

While it is the OeNB that carries out the quantitative analysis required for the SREP, the FMA focuses on the internal governance and risk management aspect, which involves an in-depth review and assessment of an institution's internal governance, organisational structure, risk management structures, and risk culture and infrastructure. The FMA is also in charge of issuing the SREP administrative decision, adding a legally binding aspect to the analysis results. In addition, the previously established practice of conducting governance workshops with selected supervised companies was continued in 2022.

Within the SSM, it is the ECB that is responsible for the SREP of banking groups under its direct supervision, the so-called significant institutions (SIs), but the national supervisory authorities are closely involved in the process.

### INSURANCE UNDERTAKINGS

The analysis work in relation to insurance undertakings and insurance groups covered, as part of the SREP, ongoing financial and risk analysis (primarily using quantitative reporting data) as well as numerous management talks on companies' strategies in order to be able to improve their classifications based on this background information. In some cases, talks were conducted at a technical level focusing on specific areas, such as ad hoc enquiries on the impact of external factors such as Russia's war of aggression against Ukraine or the surge in inflation, with the latter two topics obviously accounting for the bulk of the analysis work. Other focus areas in relation to the analysis of insurance undertakings and insurance groups were financial statement and budgeting data, risk-based topics surrounding solvency, governance, asset allocation, natural disasters and developments in the reinsurance market, risk management and ESG (environmental, social and governance) factors. Special emphasis was also placed in 2022 on the current analysis of companies using internal models.

### *PENSIONSKASSEN*

Financial and risk analysis work in the pension company sector focused on quantitative reporting data, as well as on extensive reports on activities and reports by the auditing actuary on each investment and risk-sharing group. Management talks are used as a supervisory tool, carried out nationwide in a timely and efficient manner. Further analysis work in 2022 focused on the status of digitalisation, cybersecurity and the composition and activities of supervisory boards. Another focus was on auditor rotation and remuneration, even though no specific statutory regulations on mandatory audit firm rotation exist. The *Pensionskassen* also continued to expand their ESG processes with implementation being closely monitored by the FMA and progressing well. In addition, the FMA communicated its expectations in relation to own risk assessments (ORA), the results of which will be incorporated into next year's analysis process.

In terms of capital investment, the volatile financial and capital markets proved particularly challenging in the reporting year. However, unemployment rates did not rise as feared and current contribution levels did not drop either.

## ASSET MANAGERS AND CORPORATE PROVISION FUNDS

In 2022 the FMA analysed 31 annual financial statements prepared by licensed asset managers and corporate provision funds, along with nine audit reports from branches of foreign asset management companies. Additionally, it processed and analysed 2 150 randomly selected annual and half-yearly reports produced by funds. As part of the supervisory priority of digitalisation, the FMA looked into the IT systems and cloud services used, as well as considering new technologies, and cyber and cloud maturity, and surveyed the networks between market participants and resulting concentration risks, ultimately discussing all these issues with the respective companies in management talks.

In addition to ongoing analysis of reporting data, the evaluation of the annual analysis questionnaire, which all licensed asset managers and corporate provision funds are required to complete, was also incorporated into the analysis.

## INVESTMENT SERVICE PROVIDERS

With regard to the supervision of investment service providers, the supervisory tool most commonly used is the annual (electronic) analysis questionnaire for investment firms and investment service providers. The questionnaire was completed by 112 Austrian investment firms and investment service providers as well as 24 EEA investment firms during the reporting year, yielding crucial figures, data and facts for the FMA's analysis work. Evaluating and analysing this data provides the FMA with important information on the activities of the supervised companies, as well as on the investment service provider market, and also provides every evaluated company with information and suggestions that can be used to review and optimise its internal processes.

## BENCHMARKS

In 2022 the FMA carried out a risk-based analysis of benchmark rules for benchmark users. This included monitoring compliance with legal requirements regarding contingency plans, customer communication and index providers used by a randomly selected group of credit institutions and asset managers, as well as in relation to a number of UCITS and KMG prospectuses.

# STRESS TESTING

## BANKS

The ECB subjected 104 significant banks, which are under its direct supervision within the Single Supervisory Mechanism (SSM), to a climate risk stress test; among them five Austrian banks. The stress test exercise consisted of three distinct modules:

- Banks' climate stress-testing capabilities
- Banks' reliance on carbon-intensive sectors
- The impact of various hypothetical stress scenarios on banks.

The stress scenarios simulated extreme weather events over the next year, a sharp increase in the price of carbon emissions over the next three years as well as transition scenarios for the economy over the next 30 years. To ensure proportionality towards smaller banks, participation in the projections within the third module was limited to 41 significant institutions, two of which from Austria.

The results of the first two modules show that the majority of banks do not yet have an appropriate climate risk stress-testing framework, in particular none that includes several climate risk transmission channels and portfolios. Banks frequently do not have sufficient data enabling them to gauge and manage their exposure to climate risks. Banks' projections in the third module show that an orderly green transition translates into lower losses than delayed climate policy action. The results of this supervisory stress test will support banks in preparing for the transition to a more sustainable economy.

## INSURANCE UNDERTAKINGS AND *PENSIONSKASSEN*

The European Insurance and Occupational Pensions Authority (EIOPA) carried out a climate stress test for the European occupational pension sector, meaning multi-employer *Pensionskassen* in Austria, together with national competition authorities. The FMA expanded the stress test exercise to include single-employer *Pensionskassen* and all 33 Austrian insurance undertakings that fall under Solvency II.

The stress test scenario assumed a sharp rise in carbon prices by 31 December 2021, leading to yield shocks for sovereign and corporate bonds, as well as changes in the value of equities and real estate.

The results were communicated in great detail to each individual company, comparisons with the market explained and appropriate conclusions discussed.

## INVESTMENT FUNDS

To analyse the liquidity situation of Austrian investment funds, risk-based stress tests were carried out on randomly selected bond funds (particularly emerging markets, high-yield) and mixed funds. Based on the current liquidity situation, both asset and liability-side stress test scenarios were simulated.

## CORPORATE PROVISION FUNDS

To monitor corporate provision funds' risk situation, the FMA carried out risk-based stress testing. It used future developments under stress scenarios to identify vulnerabilities, particularly in relation to the provision for the capital guarantee, but also in relation to own funds and liquid funds. The aim of these stress tests is to better recognise sensitivities and vulnerabilities, and to identify potential problem areas at individual corporate provision funds or in the sector as a whole early on. This included

# WHISTLEBLOWING

Whistleblowers are people who do not keep silent upon encountering misconduct or irregularities that could damage a company or that are not in the public interest. In some cases, they will have failed to find anyone to listen to their concerns in the company itself or are worried about serious personal consequences should they inform their managers or any supervisory body. Information from whistleblowers is an important source of information for authorities as a means of eliminating bad practice and often being able to limit or even entirely prevent resulting damage.

Consequently, back in 2014, the FMA set up its own web-based whistleblowing system as a secure channel for the reporting of any irregularities. This system guarantees whistleblowers absolute technological anonymity, thereby affording them as much protection as possible from any retaliatory action. Whistleblowers also have the option of setting up a personal, secure mailbox in the tool, via which they and the FMA can subsequently communicate with one another anonymously. Individuals who are brave enough to report illegal actions should not have to risk damage to their own reputation or the loss of their job as a result.

## REPORTS AND OUTCOMES

In 2022 the FMA received 237 reports from whistleblowers, 59% (139 cases) of which actually fell within the FMA's supervisory remit, with 14 of those being dealt with as complaints *(> Chart 29)*. Broken down by area of supervision, 53 related to banking supervision, seven to insurance and pension supervision, 19 to securities supervision, eight to markets and exchanges supervision and 15 to anti-money laundering (AML) and countering the financing of terrorism (CFT) *(> Chart 30)*.

A total of 28 reports related to investment fraud, with 43% concerning financial scams that promised huge profits with crypto assets. After a massive price slump on the crypto markets, as well as a general feeling of uncertainty in the markets following Russia's war of aggression against Ukraine, investment fraudsters noticeably adapted their tactics in the second half of the year. Focusing on the aspect of security, they increasingly posed as employees of reputable authorities and used such "authority scams" to instil a feeling of trust in their victims, only to subsequently con them out of their money.

In 95 cases the FMA took further supervisory measures, such as on-site inspections, management talks, fit and proper tests and reviews of key functions, and issued penal decisions. The FMA also reported 37 cases to the criminal authorities, primarily public prosecutors, and published six investor warnings.

Whistleblower reports are not just an important source of information in tackling poor practice in supervised companies but also frequently mark the start of criminal prosecutions. They often mean that investors can be warned as early as possible of fraudulent or other potentially criminal offers on the financial markets. In this way, they help inexperienced consumers in particular to recognise dubious offers more easily and raise their awareness of the risks inherent in the financial markets in general, specifically in unregulated and unsupervised markets.

***Chart 29:** Number of whistleblower reports 2018–2022*

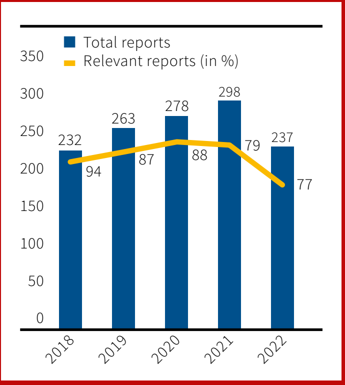
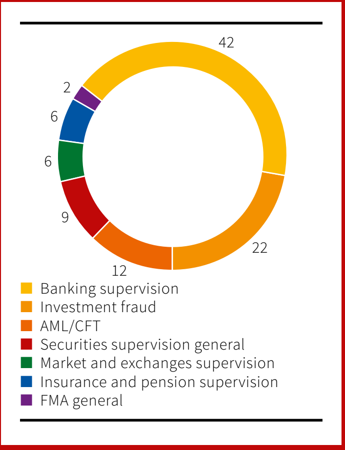



***Chart 30:** Whistleblower reports by area of supervision (in %)*



both asset-side (performance losses) and liability-side (worsening of the labour market situation) stress scenarios for the next five years.

### FINANCIAL MARKET INFRASTRUCTURES

In July 2022, the European Securities and Markets Authority (ESMA) published the results of its fourth Europe-wide stress test exercise of central counterparties (CCPs), which it had conducted in 2021 and in which Central Counterparty Austria (CCP.A) took part. The results confirm the overall resilience of the CCPs to credit, concentration and operational risks under the tested scenarios and implemented framework. The next European CCP stress test is scheduled for 2023.

## ON-SITE MEASURES

On-site measures are an important tool for supervision – and used both to glean information and to check whether supervisory measures imposed by the FMA have been implemented by the companies concerned and whether the relevant legal requirements are being met. They include both more comprehensive on-site inspections and less thorough, more flexible inspections, complementing the FMA's ongoing analysis work, which mainly draws on reporting data, annual reports and other regularly available data or information requested on an ad hoc basis.

The FMA approaches on-site measures in a risk-oriented manner: larger, more complex and therefore riskier companies are inspected more often than smaller companies that only pose a limited risk to financial market stability. To this end, the FMA (in the area of banking supervision with the involvement of the OeNB) prepares an inspection plan for the coming year. In addition to these annual inspection plans, on-site measures are also carried out as required during the year to follow up on incidents or information relevant to supervision straight away and quickly gain a clear picture of any company that finds itself in a difficult situation.

On-site measures are performed across all areas of supervision. In the area of banking supervision and with regard to two market infrastructure companies, the FMA commissions its long-established supervision partner, the OeNB, to carry out

***Table 13:*** *On-site measures 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Banks | | | | | |
| – Small and regional banks | 30 | 39 | 14 | 15 | 12 |
| – Significant banks | 11 | 13 | 10 | 10 | 10 |
| – Conduct and sales | 32* | 36 | 24 | 31 | 31 |
| Insurance undertakings | 28 | 28 | 22 | 27 | 28 |
| Asset managers | | | | | |
| – (Real-estate) investment fund management companies and AIFMs | 12 | 8 | 6 | 10 | 7 |
| – Custodian banks, depositaries | 5 | 5 | 0 | 2 | 3 |
| – Portfolio management at investment firms and banks | 4 | 11 | 11 | 8 | 6 |
| Investment service providers (incl. firms and tied agents) | 48 | 41 | 35 | 34 | 36 |
| *Pensionskassen* | 2 | 2 | 2 | 2 | 2 |
| Corporate provision funds | 6 | 2 | 2 | 2 | 5 |
| Market infrastructures | 3 | 3 | 2 | 3 | 4 |
| Prevention of money laundering and terrorist financing | 62 | 67 | 48 | 48 | 49 |
| Benchmark administrators | – | – | 1 | 2 | 1 |

* The figure from 2018 onwards only accounts for measures taken at banks the figures for earlier periods also include measures at other supervised companies.

the inspections. With regard to significant banking groups for which the European Central Bank bears direct supervisory responsibility in the context of the SSM, inspections are carried out directly by the ECB with the involvement of national supervisors.

Owing to the many COVID-19 challenges and burdens facing the supervised companies, which still had a bearing on the first half of 2022, the on-site inspection programme as originally planned had to be selectively scaled back *(> Table 13)*. Physical presence was replaced or supplemented by off-site inspections and analysis work, where sensible and possible, for example by logging into supervised companies' IT systems remotely or using Skype conferences.

In line with the priorities for supervision and inspections for 2022, the FMA focused in particular on resilience and stability (economic consequences of the pandemic), sustainability, digitalisation and new business models. Further priorities were preserving Austria's position as a clean financial centre and advancing collective consumer protection.

## IT SECURITY

The IT checks carried out during the reporting year focused on cyber and IT security risks, IT outsourcing risks, as well as on ICT risk management and data quality, with adherence to the EBA Guidelines on ICT and security risk management being checked in particular. In terms of outsourcing to IT providers, the requirements of Article 25 of the Austrian Banking Act (BWG; *Bankwesengesetz*) were examined with a particular focus on the EBA Guidelines on outsourcing arrangements.

## BANKS

The 20 inspection mandates that the FMA gave to the OeNB in 2022 prioritised the issues of credit risk management, lending, monitoring and early detection of credit risk, as well as interest rate risk, organisation and internal control systems. The FMA itself carried out on-site inspections to check compliance with the statutory conduct rules in relation to the provision of banking and securities services, the distribution of financial instruments and the arrangement of insurance. A total of 11 on-site inspections were carried out during the year under review.

## INSURANCE UNDERTAKINGS

In the insurance sector, 28 on-site activities were carried out in the reporting year. The inspections centred around two areas, continued from the previous year: IT security (cyber risks) and small mutual associations. Additionally, eight supervisory authorities from different countries joined forces to simultaneously carry out on-site inspections at several subsidiaries of a group. The inspection priorities were agreed upon beforehand and group supervisors coordinated the course of action.

## *PENSIONSKASSEN*

Two *Pensionskassen* were inspected on site in 2022. One inspection focused on outsourcing in the area of investments, including the related controlling. The inspection at the other *Pensionskasse* focused on IT security.

## ASSET MANAGERS

With regard to the supervision of asset managers (investment fund management com-

panies, alternative investment fund managers, custodian banks, portfolio management at investment firms and banks), the supervision priority of digitalisation continued to dominate on-site inspections, specifically IT security and cybersecurity.
Naturally, most of the processes involved in asset management are IT-based. The main focus during inspections of the systems and processes was therefore increasing the operational security of all processes within the organisation through a higher degree of automation while at the same time reducing the need for manual maintenance work. With the increasing number of different IT systems and programs used, the demands being made of authorisation management systems are also rising. Since such systems are designed to prevent the misuse and unauthorised manipulation of data and IT systems, on-site inspections focused particularly strongly on their suitability.
Sustainable finance was another aspect prioritised during on-site inspections. In this context, the FMA reviewed the integration of sustainability risks into risk management processes, looking into how these processes are actually put into practice in terms of a managed portfolio's investment strategy, and also examining whether the applied processes are appropriate.

### INVESTMENT SERVICE PROVIDERS

The priority areas during on-site inspections at investment service providers were IT and cyber risks, and the examination of internal auditing processes. Further priorities were newly licensed companies and ESMA's common supervisory action (CSA) on MiFID II costs and charges disclosures for retail investors receiving investment advice, acceptance and execution services. Additionally, the FMA also directly inspected tied agents and securities brokers, doing so on 15 occasions.

### FINANCIAL MARKET INFRASTRUCTURES

In accordance with its statutory remit as defined in the European Market Infrastructure Regulation (EMIR)[1], the FMA conducted the annual inspections at CCP.A. Supervisory activities also comprised two examinations at OeKB CSD GmbH and one on-site inspection at Wiener Börse AG.

### PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

In 2022 the FMA carried out a total of 22 on-site inspections in order to monitor compliance with due diligence procedures for the prevention of money laundering and terrorist financing. Of these, eleven were conducted at banks, five at virtual asset service providers, one at an alternative investment fund manager and five at agents of payment institutions. The FMA also carried out 19 examinations, of which ten at banks, two at insurance undertakings, one at an investment firm, four at VASPs and two at central contact points of payment institutions. In total, the FMA therefore carried out 49 on-site measures. Eight management talks were also held in the reporting year.

## MANAGEMENT TALKS

Regular structured talks with the management of supervised companies are another

[1] *Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Banks | 95 | 111 | 150 | 116 | 108 |
| *– Conduct and sales supervision* | *19** | *19* | *17* | *23* | *12* |
| Insurance undertakings | 89 | 103 | 150 | 108 | 104 |
| Asset managers (AIFMs and [real-estate] investment fund management companies) | 27 | 24 | 37 | 17 | 17 |
| Investment service providers (incl. firms) | 61 | 67 | 41 | 51 | 41 |
| Pensionskassen | 13 | 13 | 24 | 11 | 12 |
| Corporate provision funds | 8 | 8 | 12 | 3 | 4 |
| Market infrastructures | – | 1 | 2 | 3 | 1 |
| Prevention of money laundering and terrorist financing | 10 | 10 | 8 | 10 | 8 |
| Benchmark administrators | – | – | 1 | 1 | 0 |

* The figure from 2018 onwards only accounts for management talks at banks; the figures for earlier periods also include talks at other supervised companies.

***Table 14:** Management talks 2018–2022*

important source of information for continued supervision. Management talks are usually conducted annually. Their aims include maintaining contact with the management and examining in greater detail the business model, strategy and risk assessment of the companies concerned. Management talks are also held to discuss current topics and supervisory priorities with the companies.

# OFFICIAL PROCESSES

## LICENCES AND REGISTRATIONS

The number of companies licensed, registered and supervised by the FMA fell slightly in 2022, dropping from 938 to 908. This stability is also reflected in the number of licensing processes: 13 new licences were granted (2021: 9) alongside 11 (2021: 10) relinquished, expired or withdrawn (1) licences in 2022 *(> Table 15)*. However, these global figures are not always a good reflection of the varying individual market developments.

### BANKS

In the reporting year the FMA granted one new licence, and extended the scope of another one. At the same time, the licences of two institutions expired as a result of being relinquished (Global Blue Austria GmbH and Sberbank Europe AG).

| | New | Change | Extension | Revocation/ Expiry | Withdrawal |
|---|---|---|---|---|---|
| Banks | 1 | 0 | 1 | 1 | 1 |
| Payment service providers | 1 | 1 | 0 | 1 | 0 |
| Insurance undertakings | 0 | 0 | 0 | 0 | 0 |
| Asset managers: | | | | | |
| – Investment fund management companies | 0 | 0 | 0 | 0 | 0 |
| – Licensed AIFMs (incl. real estate investment fund management companies) | 0 | 0 | 0 | 0 | 0 |
| – Registered AIFMs | 5 | 0 | 0 | 1 | 0 |
| Investment service providers (incl. firms) | 5 | 1 | 1 | 6 | 0 |
| *Pensionskassen* | 0 | 0 | 0 | 0 | 0 |
| Corporate provision funds | 0 | 0 | 0 | 0 | 0 |
| Market infrastructures | 0 | 0 | 0 | 0 | 0 |
| Benchmark administrators | 0 | 0 | 0 | 1 | 0 |
| Financial holding companies | 1 | 0 | 0 | 0 | 0 |
| **Total** | **13** | **2** | **2** | **10** | **1** |

***Table 15:** Authorisation and registration procedures concluded in 2022*

## PAYMENT SERVICE PROVIDERS

In the case of payment service providers, two licensed payment institutions merged with each other, resulting in the expiry of one licence. One new licence was granted (Riecken Webservice & Application GmbH) and one licence changed: Bitpanda Payments GmbH was licensed as Austria's first electronic money institution.

## INSURANCE UNDERTAKINGS AND *PENSIONSKASSEN*

There were no changes regarding the licences granted in the Austrian insurance and pension company market.

## ASSET MANAGERS

With regard to asset managers, the number of licensed alternative investment fund managers (AFIMs) and investment fund management companies remained stable. The number of registered AIFMs rose by four.

## INVESTMENT FIRMS

Changes in the regulatory environment and the opportunities offered by digitalisation for the development of new and differentiated business models resulted in a number of licensing processes during 2022. The FMA granted five licences to investment firms, while six expired or were revoked.

## CROWDFUNDING SERVICE PROVIDERS

The FMA has been the competent authority for the authorisation and supervision of crowdfunding service providers since 31 December 2021. In this context, all supervision processes (authorisation, master data management and reporting) had to be revised and newly established since crowdfunding service providers had not been subject to supervision by the FMA until that date.

Out of the six companies that were interested in being authorised as crowdfunding service providers and that have been testing their services within the FMA's sandbox in the reporting year, three have already applied for a licence pursuant to the European Crowdfunding Service Providers Regulation[2].

## VIRTUAL ASSET SERVICE PROVIDERS

Virtual asset service providers (VASPs) have been subject to the Financial Markets Anti-Money Laundering Act (FM-GwG; *Finanzmarkt-Geldwäschegesetz*) and required to register with the FMA since 10 January 2020. VASPs issue and sell virtual currencies, and transfer them, they provide exchange and trading platforms (irrespective of whether virtual currencies are exchanged between each other or with fiat currencies or vice versa) and act as custodian wallet providers.

In 2022, 17 VASPs submitted registration applications to the FMA. Of these, six were registered and one was rejected, eight withdrew their applications again and two relinquished registrations that had already been granted.

## BENCHMARK ADMINISTRATORS

In accordance with the provisions of the Benchmarks Regulation (BMR)[3], all index pro-

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[2] *Regulation (EU) 2020/1503 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937.*

[3] *Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.*

viders within the EU that provide indices by reference to which the value of financial instruments, investment funds and consumer loans is determined must register as administrators. Administrators located in Austria must register with the FMA.
There was one change in relation to registered benchmark administrators in Austria in the reporting year: Raiffeisen Centrobank AG relinquished its registration as administrator as from 24 November 2022, leaving Wiener Börse AG as the sole Austrian benchmark administrator.
Wiener Börse AG notified the FMA of the discontinuation of 18 benchmarks in 2022, primarily as a consequence of the Russian war in Ukraine and the resulting trading restrictions imposed on Russian shares. As at 31 December 2022, Wiener Börse AG provided 132 benchmarks, grouped into 23 families of benchmarks.

### FINANCIAL HOLDING COMPANIES

Following an amendment to the Capital Requirements Regulation[4], certain financial holding companies have been required to obtain a licence since June 2021. Because of the particular features of special-purpose credit institutions, financial holding companies may also be part of groups of credit institutions with, for example, a corporate provision fund as superordinate credit institution. In accordance with the BWG, this licence must be granted by the FMA, provided that it is the consolidating supervisor. One financial holding company, the first one, was licensed in the reporting year.

## FIT AND PROPER ASSESSMENTS

The FMA conducted a total of 654 fit and proper assessments in 2022 in order to evaluate the professional and personal suitability of members of the management and supervisory boards, and of specific function holders in the supervised companies *(> Table 16)*. The vast majority of these assessments related to members of executive bodies, i.e. managing directors or supervisory board members, with a particular focus continuing to be placed on supervisory board members' independence.
As an integrated supervisory authority, the FMA aims to apply all fit and proper

***Table 16:*** *Fit and proper tests concluded in 2022*

| | Management | Supervisory board | Function holders |
|---|---|---|---|
| Small and regional banks (LSIs) | 46 | 294 | 5 |
| Significant banks (SIs) | 25 | 58 | 13 |
| – *Conduct and sales supervision* | 7 | – | – |
| Payment service providers | – | – | – |
| Insurance undertakings | 32 | 49 | 44 |
| Asset managers: | | | |
| – Investment fund management companies | 2 | 20 | 2 |
| – AIFMs (incl. real estate investment fund management companies) | 4 | 4 | 2 |
| – Custodian banks | 1 | – | – |
| Investment service providers (incl. firms) | 15 | 0 | 5 |
| *Pensionskassen* | 3 | 0 | 8 |
| Corporate provision funds | 1 | 12 | 1 |
| Market infrastructures | 0 | 0 | 1 |
| **Total** | **136** | **437** | **81** |

[4] *Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.*

requirements, assessments and procedures in an equivalent manner across all sectors, inasmuch as regulatory provisions allow. In relation to the supervision of significant institutions (SIs), the ECB is responsible for formal decision-making based on fit and proper assessments.

Following the implementation of European provisions, the FMA has been entitled since 2021 to directly remove members of the management or supervisory board of banks who fail to comply with fit and proper requirements. Such removal is only possible after a very detailed fit and proper assessment.

## OUTSOURCING

Supervised companies notified the FMA of 488 instances of material operational tasks being outsourced in the reporting year *(> Table 17)*. Outsourcing may be advantageous for companies in all areas of the financial market, and in many respects too. It can improve cost efficiency and allow for greater flexibility. In the case of decentralised sectors, outsourcing to sector-wide institutions can help pool knowledge and implement uniform standards. Asset managers and corporate provision funds may delegate tasks to third parties. Most outsourcing in the asset management sector involves asset managers delegating specific tasks for individual funds, such as all asset management, to third parties.

Outsourcing is increasing in importance with the advance of digitalisation. Specific corporate processes are increasingly being taken over by specialised IT service providers, for example online and video identification services in connection with Know Your Customer, or providers in the field of data science that process and analyse customer data. Nowadays, entire IT systems are also increasingly being outsourced to the cloud.

***Table 17:** Outsourcing approved and/or notified in 2022*

| | 2022 |
|---|---|
| Banks | 274 |
| Payment service providers | 5 |
| Insurance undertakings | 18 |
| Asset managers | |
| – Investment fund management companies | 63 |
| – AIFMs (incl. real estate investment fund management companies) | 122 |
| – Custodian banks | 0 |
| *Pensionskassen* | 3 |
| Corporate provision funds | 2 |
| Market infrastructures | 1 |
| **Total** | **488** |

## FURTHER SELECTED SUPERVISION CASES

### SREP MEASURES

The capital resources of Austrian credit institutions are monitored by the FMA and ECB on an ongoing basis. Credit institutions are required to comply with minimum capital requirements (Pillar 1) in order to guarantee uniform and standardised coverage of credit, market, operational and settlement risk.

Additionally, they are also required to have sufficient capital to secure all of the essential risks associated with its banking business and operations (Pillar 2). This additional capital requirement is determined in the supervisory review and evaluation process (SREP). It is the FMA that sets the additional capital requirement for the banks that are under its direct supervision, the less significant institutions (LSIs), while the ECB performs this task for the significant institutions (SIs) that it supervises directly. Smaller credit institutions in decentralised sectors are analysed by the FMA using a proportional, simplified approach that takes account of their business model.

The FMA made 346 SREP decisions in relation to LSIs (2021: 331) in 2022, with the ECB making six decisions in relation to SIs (2021: 7) *(> Table 18)*.

### INTERNAL MODELS IN INSURANCE

In the area of insurance supervision, the FMA endorsed one application for the

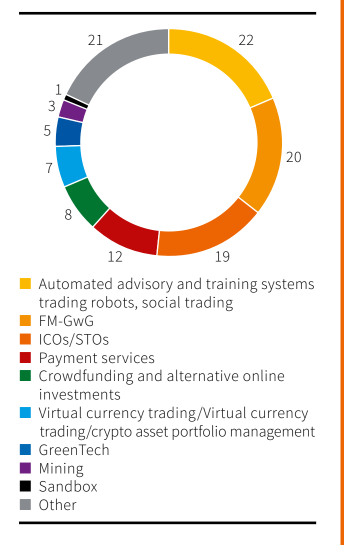
# PROMOTING AUSTRIA AS A BASE FOR BUSINESS

The digitalisation of the financial world and the associated structural change will play a huge role in shaping Austria's future. In order to embrace these changes and to support the innovative strength of the Austrian economy, the FMA pursues a technology-neutral supervisory approach while proactively addressing the challenges of digitalisation. It offers advice and support to FinTechs, but also to established companies that want to move into new business areas, be it innovative payment technology, trading robots, initial coin offerings, security tokens or other blockchain-based business models, and answers any questions about the regulatory framework and supervisory requirements.

## FINTECH POINT OF CONTACT – ONE OF EUROPE'S FIRST REGULATORY INNOVATION HUBS

The FinTech Point of Contact was established at the FMA in 2016 as an integrated single point of contact for all regulatory issues relating to innovative digital business models. Since then, it has clarified 708 of these diverse regulatory questions with its integrated approach, providing the FinTech initiators with the information they need in a service-oriented manner. In the 2022 reporting year, the FinTech Point of Contact answered 118 enquiries, compared with 155 during the previous year *(> Chart 32)*.

***Chart 31:*** *FinTech enquiries in 2022 by business model (overlaps between business models possible)*




## REGULATORY SANDBOX – A SUPERVISORY INCUBATOR FOR FINTECHS

As soon as the Austrian legislator had created the legal basis, the FMA immediately established its regulatory sandbox with effect from 1 September 2020. This sandbox can be used to test financial innovations of any kind for which a licence or other authorisation from the FMA is required, checking compliance with the regulatory requirements and putting the concept to the test in a supervisory context. The goal is to take these business models as far as regulatory maturity so that they can enrich the financial market.

Nine FinTechs have applied for admission to the regulatory sandbox since its inception. By the end of 2022, eight of these had been accepted, with one application ultimately having been withdrawn.

The sandbox year was dominated by the European Crowdfunding Service Providers (ECSP) Regulation[1]. After one provider had sought to obtain a licence pursuant to the ECSP Regulation within the framework of the sandbox at the end of 2021, four further companies applied for admission to the FMA's sandbox at the beginning of 2022. These applications were approved, following the Advisory Board's positive statement, and the FinTechs duly accepted in the sandbox. At the end of the reporting year, one administrative decision granting a licence pursuant to the ECSP Regulation to a sandbox participant was in the final stages of preparation. After the decision is issued, the sandbox participant may operate in the market and provide crowdfunding services. Financial services may not be provided without the requisite licence, not even from the sandbox.

One participant had its activity in the sandbox ended by the FMA by administrative decision following a two-year period and with effect from 18 January 2023, in line with the provisions in Article 23a para. 4 FMABG. A further sandbox participant intends to provide services related to virtual currencies, and another plans to provide investment services in an innovative way.

The FMA has set up a portal on its website containing clear and concise information on how the process works and covering the relevant legislation (particularly Article 23a of the Financial Market Authority Act – FMABG; *Finanzmarktaufsichtsbehördengesetz*).

[1] *Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937.*

***Table 18:** SREP decisions 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| SREP decisions LSIs | 410 | 397 | 349 | 331 | 346 |
| SREP decisions SIs | 7 | 6 | 7 | 7 | 6 |

***Table 19:** Approval of internal models in the insurance sector 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Approval of (partial) internal models of individual companies | 4 | 5 | 5 | 2 | 0 |
| Approval of (partial) internal models of insurance groups | 1 | 2 | 2 | 1 | 2 |

approval of a changed model submitted by an Austrian insurance group, and contributed to another model change in the capacity of responsible supervisory authority in 2022 *(> Table 19)*. The FMA was the responsible supervisory authority as it supervises subsidiaries of groups that are authorised in another Member State and that use the internal group model also for calculating their individual own funds requirements. Internal group models are approved by way of common decisions adopted by all responsible supervisory authorities in supervisory colleges.

## SUPERVISION OF FOREIGN INVESTMENT FUNDS

The number of foreign funds notified for sale in Austria continued to grow in the reporting year, namely by +9% to 10 624. Specifically, the number of foreign alternative investment funds (AIFs) has risen markedly, by +29.7% to 2 632, while the number of foreign undertakings for collective investment in transferable securities (UCITS) has grown only marginally, by +3.6% to 7 992 *(> Chart 33)*. The funds still originate mostly from Germany, France, Ireland, Luxembourg and the Netherlands.

Continued supervision of foreign investment funds deals in particular with procedures for notification of the sale of UCITS and AIFs from the European Economic Area in Austria; the competent authority of the home country submits the requisite documents to the FMA. The number of notification procedures grew by 99, or 6.2%, to 1 697 in 2022.

There is also a wealth of ongoing fund-specific notification procedures relating, for example, to the submission of reports on activities and half-yearly reports, key investor information documents and prospectuses. The FMA must also be notified of mergers, any change of name, and the dissolution of funds.

At 26 289, the number of cases relating to the continued supervision of foreign investment funds rose slightly year-on-year *(> Table 20)*.

***Chart 32:** Number of foreign funds notified for sale in Austria 2018–2022*

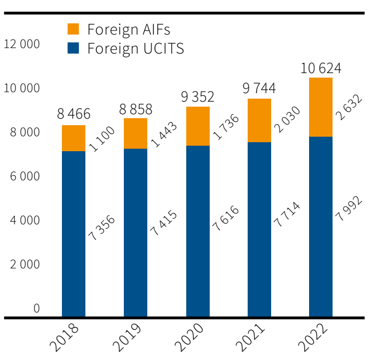



***Table 20:** Continued supervision of foreign investment funds 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Procedures with foreign UCITS | 19 026 | 17 055 | 17 860 | 19 301 | 19 018 |
| *– Notifications* | *902* | *816* | *742* | *807* | *759* |
| Transactions with foreign AIFs | 4 344 | 5 819 | 5 125 | 6 825 | 7 271 |
| *– Notifications* | *493* | *681* | *607* | *791* | *938* |
| **Total** | **23 370** | **22 874** | **22 985** | **26 126** | **26 289** |

## COLLEGES: CROSS-BORDER COOPERATION ON SUPERVISION

The companies supervised by the FMA are not just active on the Austrian market. Some of them also offer their services internationally, either through branches under the freedom to provide services in the EEA, or through subsidiaries elsewhere in the EU and in other foreign countries. What this means for the FMA is that a close working relationship with the host authorities responsible for such subsidiaries is essential. In its capacity as the home authority of the parent company in the case of Austrian groups with international operations, the FMA is responsible for coordinating overall group supervision through supervisory colleges. These colleges, at which key group-wide supervisory issues are discussed and decisions on group supervision made, meet at least once per year and are chaired by the FMA.

### BANKING SUPERVISION

A supervisory college was set up for five banking groups based in Austria in 2022. In accordance with the European rules, these colleges decide annually on group-wide capital and liquidity adequacy and on group-wide recovery plans.

Three of the banking groups – Addiko Bank AG, Erste Group Bank AG and Raiffeisen Bank International AG – are classed as significant institutions within the SSM and are therefore supervised directly by the European Central Bank. The ECB is also responsible for group supervision and for chairing the respective colleges. However, the FMA and OeNB play a key role in the work of the colleges through the joint supervisory teams.

With regard to the two other banking groups – Bausparkasse Wüstenrot AG and Porsche Bank AG – the FMA is the competent supervisor and also chairs the respective colleges.

### INSURANCE SUPERVISION

The FMA is the responsible group supervisor for the following five insurance groups with international operations and ultimate parent company based in Austria: Vienna Insurance Group, Uniqa Insurance Group, Grawe Group, Wüstenrot Group and Merkur Group.

As part of this responsibility, the FMA cooperates with numerous regional European supervisory authorities of these groups' subsidiaries, regularly exchanges information on their risk situation, and works on joint analysis priorities in relation to current supervisory topics in the colleges.

Apart from the standardised exchange of information, there are also regular meetings and telephone conferences on risk-based topics focusing on core markets at bilateral and multilateral level.

In the course of ongoing financial and risk analysis of insurance groups, the results of this international cooperation are used directly and have a direct impact on the risk-based design of supervision for the respective group.

### FINANCIAL MARKET INFRASTRUCTURES

Central Counterparty Austria (CCP.A) is responsible for the clearing of all CCP-eligible securities on Wiener Börse AG pursuant to EMIR. Since 2021, CCP.A has also been responsible for clearing energy spot contracts that are traded on Energy Exchange Austria (EXAA).

In accordance with EMIR, a supervisory college must be held for CCPs at least once per year and chaired by the authority responsible for that central counterparty, which is the FMA in Austria. Only one thing has changed in this context compared with the previous year: the OeNB, which is responsible for monitoring CCPs as the competent ESCB member, also took over the ECB tasks in the CCP.A college in 2022.
In addition, the FMA continued to participate as a voting member in the supervisory college for Cboe Clear Europe (formerly EuroCCP), a central counterparty based in the Netherlands and linked to the Austrian OeKB CSD GmbH.

## BENCHMARKS

The Benchmarks Regulation (BMR) provides for the establishment of supervisory colleges for significant European benchmarks ("critical benchmarks"). The national authorities responsible for the administrator and for contributors (banks that provide input data for benchmarks), as well as ESMA, are represented in these colleges. Also represented are those authorities in which the critical benchmark in question plays a key role in terms of financial stability, market integrity and the financing of households and businesses.
The supervisory colleges ensure that information is exchanged between the competent authorities and that their activities and supervision measures are conducted in a coordinated manner, in the interests of harmonised application of the BMR and convergence in supervisory practice.
The FMA is represented as a voting member in the EURIBOR college, which is chaired by ESMA. In terms of the FMA's membership of the EURIBOR college, there was one change in 2022: Raiffeisen Bank International AG has contributed input data to EURIBOR since 2 November 2022, joining the EURIBOR panel in its first enlargement since the EURIBOR reform and the BMR entering into force. The FMA is therefore no longer just a member of the college due to EURIBOR's systemic relevance to the Austrian financial market but also as the competent authority for a contributor.

# SUPERVISION OF CONDUCT, SALES AND FINANCIAL PRODUCTS

## CONDUCT AND SALES SUPERVISION

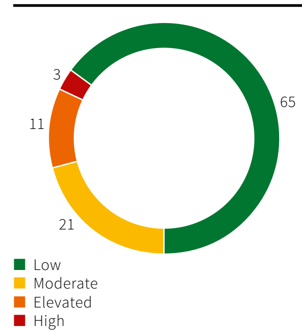
Rules of conduct that must be observed by supervised companies when selling financial products and services are key to guaranteeing an appropriate level of consumer protection. Through its regulation and supervisory activity, the FMA ensures that customers are properly advised and informed.

### BANKING

The FMA pursues a risk-oriented approach to its supervision of conduct and sales activity. To this end, the Authority carries out a risk classification of banks, grouping them into four risk categories (low, moderate, elevated, high) according to data and figures on the distribution of insurance products and investment services, as well as banks' sales figures with regard to their lending business. Based on the risk classification carried out for 2022, 3% of banks have a high risk profile, with this 3% accounting for 37% of banking customers. 11% were found to have an elevated risk profile, 21% a moderate profile and 65% were classed in the lowest risk category *(> Chart 33)*.

During the reporting year, the FMA focused on the following areas in this field of supervision: proper information – especially with regard to actual costs – in the distribution of securities, banks' handling of consumers experiencing payment difficulties, and the implementation of the new requirements for the distribution of ESG securities products by credit institutions. ESG stands for Environmental, Social, Governance and refers to sustainable investments that take into account the environmental, social and/or responsible corporate governance factors in their portfolio based on verifiable criteria defined within their strategy.

***Chart 33:** Conduct risk at banks in 2022 (in %)*




#### COMMON SUPERVISORY ACTION: A CONCERTED EUROPEAN REVIEW OF COSTS AND CHARGES

In 2022 the FMA also participated in a common supervisory action launched by the European Securities and Markets Authority (ESMA) on the topic of MiFID II costs and charges. The CSA 2022 involved the supervisory authorities of the EU Member States reviewing compliance with the rules on ex-post cost disclosure in the EU Markets in Financial Instruments Directive (MiFID II) based on standardised questions prepared at ESMA level.

The FMA carried out its review using on-site measures at four credit institutions, taking care to ensure appropriate coverage of the different sectors and regions concerned. The review focused in particular on how ex-post costs are presented to clients, the calculation methods used and the presentation of individual items. ESMA is due to publish the results of the CSA 2022 on its website in aggregated form in 2023.

### BANKS' HANDLING OF CONSUMERS EXPERIENCING PAYMENT DIFFICULTIES

The uncertain economic environment is expected to push up the number of customers experiencing payment difficulties. Consequently, the FMA has also been focusing on how banks deal with customers that cannot make their payments. An FMA market survey showed that the banks surveyed have generally established procedures and strategies for identifying payment difficulties, for communicating with the consumers concerned and for the resolution process. However, the survey also revealed room for improvement in relation to providing consumers with information. Consumers should be given detailed, easy-to-understand information about the potential consequences of payment arrears. The importance of talking to the lender as early as possible in order to find a solution should also be emphasised in this information.

### CONSIDERATION OF SUSTAINABILITY ASPECTS IN THE DISTRIBUTION OF SECURITIES

With the amendments to MiFID II[5] as well as the Securities Supervision Act (WAG 2018; *Wertpapieraufsichtsgesetz*), the essential sales regulations for the offering of sustainable financial instruments entered into force in 2022. In addition to the revision of some organisational regulations (e.g. with regard to risk and conflict of interest management), new regulations have been introduced in the areas of product selection and monitoring (product governance), the information obligations towards customers and the suitability and appropriateness of the investment services offered. The aim is to ensure that clients can communicate their sustainability preferences on an informed basis and be offered appropriate products accordingly. ESMA has also adapted its guidelines on some aspects of the MiFID II suitability requirements[6] in line with the changes.

The new selling rules meant that banks' sales, advisory and product selection processes and systems also had to be adapted during the year under review. The FMA communicated the new requirements in dialogue with the undertakings and accompanied the implementation process, including by carrying out supervisory measures (management talks and inspections). Attention was focused on a corresponding sectoral spread in order to gain the broadest possible initial impression of the banks' processes and systems and how these had been adapted.

## INSURANCE

In insurance supervision, the FMA has set two priorities as a means of strengthening

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[5] *Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.*

[6] *Final Report – Guidelines on certain aspects of the MiFID II suitability requirements of 23 September 2022 (ESMA35-43-3172).*

# MARKET MONITORING ON THE MARKET FOR FINANCIAL INSTRUMENTS

The European Markets in Financial Instruments Regulation (MiFIR)[1] established the legal framework for supervisors to monitor market developments within the European Union. In a bid to create greater transparency and further strengthen consumer protection in the financial markets, the FMA monitors the markets for financial instruments, structured deposits and insurance-based investment products that are marketed, distributed or sold in Austria, and also conducts structured market monitoring. To this end, it consults and analyses various different sources of information and data. Enquiries, complaints and whistleblower reports are evaluated in order to identify potentially harmful products and abusive practices. Reporting data from institutions as well as publicly available market data are also constantly being analysed to detect trends at an early stage. Additionally, the FMA regularly exchanges information with interest groups, associations and consumer protection organisations, as well as other national supervisory authorities, to obtain as comprehensive a picture of the financial market as possible, to uncover bad practice through targeted analysis and, if necessary, to remedy it together.

The FMA focused during the year under review on analysing investor behaviour and on new business models and financial products. Its aims were to detect any breaches of product intervention measures at an early stage and also to identify new trends on the financial markets. This also involved intensive exchange with European supervisory institutions and the FMA's counterparts in the other EU Member States.

## CHANGED INVESTOR BEHAVIOUR

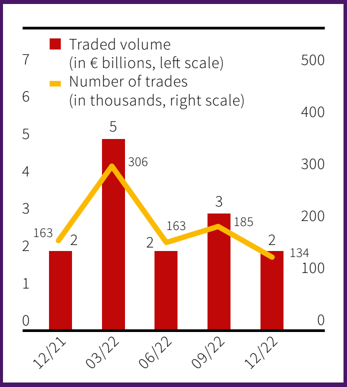
The turbulence on the financial markets affected the influx of investment into the securities markets, with a downward trend in evidence among young investors in particular compared with the previous year. The markets' poor performance meant that investments in securities by retail investors declined overall, but the net transaction volume remained positive throughout the year. Retail investors continued to buy more securities than they sold.

From the perspective of product selection, exchange traded funds (ETFs) grew further while there was a marked fall in equity trading among retail investors. Bonds were also the subject of greater interest from retail investors in 2022.

In terms of distribution channels, the trend towards online brokers, trading apps and neo-brokers continued, although here too the overall lower inflow to the capital market took the pace out of this development compared with 2021. However, these digital financial service providers tend to exclusively – or at least predominantly – offer execution-only business without any advice. At the same time, many trading apps are designed to encourage their users to make as many trades as possible and to speculate rather than invest. In other words, they rely on "gamification".

Trading in contracts for difference (CFDs), the distribution of which is restricted throughout Europe by a product intervention, tended slightly upwards in Austria again compared with the previous year. The leveraged volume traded at the two Austrian branches offering CFDs rose from € 30 billion to € 36 billion, a rise that was mainly attributable to increased trading activity around the outbreak of the Russian war of aggression in February 2022 *(> Chart 34)*. At the same time, these products are becoming increasingly accessible thanks to trading apps and platforms dedicated to retail investments. Particularly in the case of execution-only transactions, it was noticeable that retail customers often lacked any detailed knowledge of leverage products such as CFDs and mistakenly believed that they were investing in the underlying.

***Chart 34:*** *CFD trading by retail investors in Austria 2022*




*[1] Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.*

collective consumer protection and containing the operational risks of the supervised undertakings: one on advice given when insurance investment products are being sold, and the other – also within the framework of the strategic supervisory priority defined by the European Insurance and Occupational Pensions Authority pursuant to Article 29a of the EIOPA Regulation – on compliance with the product oversight and governance (POG) requirements.

The focus on POG relates to the responsible and sustainable production process for financial products, which is not (only) oriented towards the goal of maximising profit but is geared in the first instance around the client's best interests. For this purpose, the FMA analysed the insurance terms and conditions of selected insurance companies with regard to exclusions in their travel and accident insurance cover. In terms of unit-linked life insurance, the focus was on the price-performance ratio, in other words value for money.

The issue of the advice given when selling insurance investment products was tackled in consultation with the trade authorities responsible for selling by insurance intermediaries. Shortcomings and potential for improvement were identified and are now being followed up. Any anomalies and examples of good practice were also shared with the industry.

The incorporation of the findings of behavioural economics by insurance companies to ensure compliance with the rules of conduct was also evaluated in 2022.

## ASSET MANAGEMENT

Only properly informed investors can make a sound investment decision based on their yield, risk and also sustainability preferences. This is why compliance with transparency rules is crucial.

During the reporting year the FMA's analysis work in the field of collective consumer protection included the following: the annual FMA Market Study on Fees charged by Austrian Retail Funds, an analysis of transparency in investment strategy focusing on sustainability, a survey of the status of Austrian asset managers with regard to sustainable finance and the integration of sustainability risks, and a benchmark analysis.

The findings of the annual FMA Market Study on Fees charged by Austrian Retail Funds has been communicated to consumers in an easy-to-understand form. This market study helps investors to assess and make comparisons between fund fees within an investment strategy and also between different strategies. For the first time, the FMA also included a statistical appendix presenting the results of regression analyses with regard to factors influencing the fees charged by retail funds.

The transparent presentation of investment strategies (sustainability strategies and greenwashing), the information in the prospectus and key investor information document (UCITS KIID), and compliance with the transparency requirements in the fund reports (with particular focus on sustainability disclosures) were all examined for investment funds selected on a random basis. More than one third of all assets invested in funds in Austria are held in sustainability funds as defined in the Sustainable Finance Disclosure Regulation (SFDR)[7], the majority of which are held in light green funds (Article 8 of SFDR).

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[7] *Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.*

As part of a cross-sectoral check on the implementation of sustainability risks, the status of the Austrian asset management sector in terms of the integration of such risks was also surveyed. The integration of these risks into strategy, governance and risk management was examined.
The benchmark analysis focused on contingency plans of management companies, the updating of the contractual documents for those investment funds that use benchmarks and on monitoring whether the index providers used were included in the benchmarks register maintained by ESMA.

## INVESTMENT SERVICES

In addition to companies licensed by the FMA, tied agents and securities brokers are also subject to the rules of conduct set out in WAG 2018. Both tied agents and securities brokers are an important sales channel for investment services. They are unlicensed, independent professionals who, after registering with the FMA, may act as vicarious agents of the legal entity. The FMA holds certain supervisory powers, such as the right to obtain information and carry out inspections in the case of tied agents and securities brokers. For the supervisor, this means that it no longer has to approach a case via the licensed legal entity for which the agent or broker acts. This direct supervisory power enables the FMA to fulfil its responsibility for conduct and sales supervision even more effectively.

# CONSUMER PROTECTION, CONSUMER INFORMATION AND THE COMPLAINTS SYSTEM

The FMA is committed to the principle of collective consumer protection and protects the interests of consumers as a whole. In its capacity as the supervisory authority, the FMA must always remain impartial and never side with either a supervised company or a customer. The FMA is required to be strictly objective and must maintain equidistance between all market participants. This means that it may not assist with the enforcement of individual claims. The latter falls within the remit of traditional consumer protection organisations, advisory professions such as lawyers, and the civil courts.

### CONSUMER INFORMATION

Collective consumer protection revolves around comprehensible, fair and comparable information that does not mislead customers and that is provided to them prior to entering into any contract, during the term of that contract and upon its termination. This is the only way in which consumers can make a sound decision on the financial services being offered on the market in line with their personal requirements. The lawmakers and the regulators therefore oblige the supervised companies to always provide honest, clear and non-misleading information. Ongoing monitoring of compliance with these information obligations is one of the FMA’s supervision priorities.
Moreover, the FMA itself offers a broad range of information aimed directly at consumers in order to familiarise them with particular risks or to explain certain financial services and products to them clearly and in a way that is easy to understand. The FMA’s website (www.fma.gv.at) is also becoming an increasingly important source of consumer information.

The “A-Z of Finance” section on the FMA website is a dedicated area for consumers, providing clear and easily comprehensible information on the relevant topics that feature most frequently in customers’ questions. These include Accounts, Enquiries and complaints, Insurance, Investments, Loans, Old-age provision, and Spotting financial fraudsters.

The FMA has also continued its very effective consumer information initiative “Let’s talk about money”. This publication series is issued monthly and aims to answer current, everyday finance questions in simple, clear and comprehensive language on just two pages. In addition, consumer-relevant content is made available in an appropriate way for the target group, drawing on FMA reports, studies and analysis. Topics covered in 2022 included *Safe Online Payments, Warning! Authority Scam, Fixed or Variable Interest Rates on Borrowing?, Trading on Platforms, Investment Advice, What is an ETF?, Structured Sales or Network Marketing, Housing Loans – what’s new?, Complaints about Financial Service Providers, Sustainability When Investing,* and *Household Insurance.*

## CENTRAL COMPLAINTS SYSTEM

The FMA has its own central complaints system that consumers and customers of supervised companies can use to highlight problems that they themselves have experienced with a company in relation to the provision of a financial service.

As a general rule, nearly all licensed companies are required by law to have their own complaints system, to offer and adhere to a defined complaints process, and to find appropriate solutions to any complaints received from their customers. The FMA monitors whether such systems have been properly set up and whether they are functioning effectively and efficiently. In the event that a solution offered is not satisfactory, the customer concerned may also make use of the FMA’s complaints system.

In 2022 the FMA received approximately 2 900 enquiries and complaints from consumers, roughly the same as in 2021.

Most of the enquiries related to banks, followed by investment firms and investment fraud. They covered a wide variety of issues:

- One Austrian bank found itself in crisis as a result of Russia’s war of aggression in Ukraine. The FMA consequently received many enquiries during the first and second quarters of the year in relation to the deposit guarantee scheme in Austria in the context of the problems facing that bank and its subsidiaries in a neighbouring country. Customers were particularly keen to know how and to what extent their savings deposits were covered, whether the protection included interest and under what circumstances there would be a pay-out and what they had to do to access it.
- With regard to payment transfers, the complaints raised mainly related to the time taken for transfers to be carried out and to the cancellation and reversal of online payments.
- With regard to financing, most enquiries related to the new requirements applicable to real estate loans for households.
- With regard to insurance companies, enquires mostly related to the actual amount of the capital guarantee under certain life insurance products, doubts as to the accuracy of calculations, and the lack of clarity in policy summary reports, termination of the contract, and the waiver or reduction of premiums.
- In the area of securities supervision, consumers primarily complained about non-compliance with the rules of conduct governing the sale of securities: lack of

# FIGHTING UNAUTHORISED BUSINESS OPERATIONS

One of the tasks included in the FMA's remit is the granting of licences for business activities within its area of supervision, thereby guaranteeing that companies entering the financial market meet all the necessary legal and economic conditions. The FMA is also responsible for monitoring ongoing compliance from a risk-based perspective.
However, there are also providers on the Austrian market that avoid licensing and continued supervision by the FMA, and that offer services that require a licence without being authorised to do so. By making improper or dubious offers they can damage investor confidence, causing investors to doubt that the market is functioning as it should, and they can also undermine fair competition given that licensed and registered providers have to comply with strict (and sometimes cost-intensive) regulations. The performance of services that require a licence without the necessary authorisation is referred to as unauthorised business.

## PROCEDURES

In 2022 the FMA initiated a total of 290 investigations on suspicion of unauthorised business operations, 277 of which could be brought to a close *(> Table 21)*. The FMA also issued procedural orders calling upon 79 individuals to restore compliance with the statutory provisions. Finally, there were ten cases of administrative penal proceedings being initiated, as well as seven penal decisions issued in connection with unauthorised business operations.

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Investigations initiated | 208 | 202 | 238 | 358 | 290 |
| Investigations completed | 182 | 210 | 243 | 343 | 277 |
| Warning notices | 61 | 97 | 84 | 112 | 84 |
| Reported offences | 90 | 90 | 72 | 73 | 52 |
| Administrative penal proceedings concluded | 6 | 2 | 0 | 4 | 7 |

***Table 21:*** *Procedures against unauthorised business operations 2018–2022*

## PUBLICATION OF WARNING NOTICES

In addition, the FMA published 84 warning notices. Many of these related to dubious providers in the area of crypto assets, with frequent cases of such providers aggressively targeting retail investors with questionable and even fraudulent business models. Experience shows that quickly publishing this type of warning about these providers is a very efficient way of combating unauthorised activity. Their actions are thus countered with strong and broad publicity, which is particularly effective where unauthorised offers appear online.

## ENFORCEMENT

In accordance with Article 22 para. 1 of the Financial Market Authority Act (FMABG; *Finanzmarktaufsichtsbehördengesetz*), the FMA is responsible for enforcing its own administrative decisions, with the exception of administrative penal decisions. For this purpose – particularly in the case of coercive penalties – an application is made with the relevant court to initiate enforcement proceedings. The penal decisions are then enforced by the district administration authority responsible.

## REPORTED OFFENCES AND REPORTS FORWARDED TO OTHER ADMINISTRATIVE AUTHORITIES

In 2022 the FMA submitted a total of 52 statements of the facts to public prosecutors relating to suspected breaches of penal provisions, having encountered these in the course of its market monitoring activities and work to combat unauthorised business operations.

proper advice, failure to protect investors' interests, investment of funds with an inappropriate level of risk, information that was difficult to understand, and costs and fees.

- In terms of payment transactions, all companies are obliged under European law to accept, facilitate and implement transfers and direct debits from accounts throughout the European Economic Area (EEA). However, some companies only permit Austrian accounts. This is a breach of the freedom to choose a bank account, with the result that the FMA has the power to impose sanctions under administrative criminal law.
- The FMA also continued to receive a large number of enquiries about investment fraud. In the first quarter of the year, financial scams with crypto assets were still the main issue. However, investment fraudsters were quick to react to the general feeling of insecurity following Russia's war of aggression and rising commodity prices, turning their hand to authority scams instead. These involve scammers getting in touch with consumers and pretending to be from an official body, making those consumers more likely to believe that what they are being offered is above board and can be trusted. As well as publishing many investor warnings, the FMA also regularly provides up-to-date information on the most common scams on its website.

## PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

Since taking over the remit for the supervision of the prevention of money laundering and terrorist financing, the FMA has pursued a zero tolerance policy. In line with its statutory remit, the FMA monitors compliance with due diligence and reporting obligations using a risk-based approach. This approach is based on a risk classification of the supervised institutions. The FMA's resources are focused on supervising those companies that are exposed to a higher risk on account of their business model and that therefore require particularly rigorous prevention efforts.

The Financial Markets Anti-Money Laundering Act (FM-GwG; *Finanzmarkt-Geldwäschegesetz*) is the central national legislation in this context and applies to the FMA and its anti-money laundering (AML) and countering the financing of terrorism (CFT) efforts and the institutions it supervises. In the reporting year the FMA published four circulars on the interpretation, practical application and further clarification of the FM-GwG, specifically on due diligence obligations, risk assessment, reporting obligations and internal organisation. These circulars take account of recent legal developments, particularly also the inclusion of virtual asset service providers (VASPs) in the FM-GwG.

### ON-SITE MEASURES

In 2022 the FMA carried out a total of 22 on-site inspections in order to monitor compliance with due diligence procedures for the prevention of money laundering and terrorist financing. Of these, eleven were conducted at banks, five at virtual asset service providers, one at an alternative investment fund manager and five at agents of payment institutions. The FMA also carried out 19 examinations, of which ten at banks, two at insurance undertakings, one at an investment fund management company, four at VASPs and two at central contact points of payment institutions.

In total, the FMA therefore carried out 49 on-site measures. Eight management talks were also held in the reporting year.

## OFFICIAL PROCESSES

The FMA initiated 286 cases of supervisory AML/CTF procedures in 2022: 165 investigations, four procedural orders requesting that compliance with statutory provisions be restored and 117 administrative penal proceedings *(> Table 22)*.

***Table 22:*** *Procedures 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Investigations | 141 | 170 | 194 | 197 | 165 |
| Procedures to restore compliance with statutory provisions | 15 | 12 | 25 | 13 | 4 |
| Administrative penal proceedings | 8 | 11 | 31 | 50 | 117 |

## REGULATORY DEVELOPMENTS

Following the amendment of the FMA's Online Identification Regulation (Online-IDV; *Online-Identifikationsverordnung*) to allow the use of biometric identification methods, purely biometric processes have been allowed for the remote identification of new customers in accordance with AML rules since 3 November 2021.

Compared with the other identification methods, the identification of a customer using the biometric procedure is carried out solely using algorithms without the need for any personal contact with an employee of the company. With effect from 1 January 2023, this check has had to be carried out by reading the electronic security chip (NFC chip) on a recognised identity document.

The option, introduced in response to the pandemic, of having employees who are working from home carry out the online identification, was extended until 31 December 2023 by means of another amendment to the Online-IDV.

# SUPERVISION OF THE CAPITAL MARKET

## PROSPECTUS SUPERVISION

### PROSPECTUS APPROVALS

The number of prospectuses approved by the FMA in 2022 was slightly up on the previous year, with 65 approved prospectuses/prospectus components (2021: 63). One application for approval was withdrawn, five applications were dropped at the issuer's request and one application was transferred to another supervisory authority.

Broken down by prospectus type, the number of prospectuses for dividend-bearing shares, at six, remained more or less on a par with the previous year (2021: 5), while the number of base prospectuses rose fairly steeply to a five-year high, up by 26.83% to 52. The number of prospectuses for corporate bonds was down from ten to seven prospectuses in 2022. The upwards trend in multi-part prospectuses continued in 2022, with eight registration forms being approved (2021: 7). At 70, the number of approved prospectuses remained more or less unchanged on the previous year.

The number of final terms filed was down 5.9% from 8 329 in 2021 to 7 838 in 2022.

The number of prospectuses notified to other EEA Member States was up by approximately 23.7% from 38 in 2021 to 47 in 2022. The number of notified supplements also increased from 57 to 59.

The number of prospectuses notified in Austria by other EEA Member States rose slightly, from 308 in 2021 to 312 in 2022; the number of notified supplements grew marginally from 682 in the previous year to 689 in the reporting year *(> Table 23)*.

***Table 23:** Approved prospectuses 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Approved prospectuses/prospectus components | 62 | 68 | 63 | 63 | 65 |
| *– Dividend-bearing shares* | *7* | *10* | *6* | *5* | *6* |
| *– Non-dividend-bearing shares (one-off issue)* | *9* | *6* | *11* | *10* | *7* |
| *– Non-dividend-bearing shares (base prospectus)* | *46* | *48* | *40* | *41* | *52* |
| *– Registration forms (as part of a prospectus)* | *–* | *4* | *6* | *7* | *8* |
| Approved supplements | 92 | 82 | 77 | 70 | 70 |
| Final terms | 6 832 | 7 390 | 10 918 | 8 329 | 7 838 |
| Outgoing notifications: | | | | | |
| – Prospectuses | 29 | 34 | 29 | 38 | 47 |
| – Supplements | 39 | 57 | 52 | 57 | 59 |
| Incoming notifications: | | | | | |
| – Prospectuses | 289 | 318 | 304 | 308 | 312 |
| – Supplements | 834 | 825 | 571 | 682 | 689 |

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Administrative penalties KMG | 6 | 13 | 4 | 2 | 0 |
| Publication of sanctions | 4 | 4 | 1 | 1 | 0 |
| Publication of investor warnings pursuant to KMG 2019 | 0 | 2 | 3 | 1 | 4 |

***Table 24:** Administrative penalties KMG 2018–2022*

### BREACHES OF ADVERTISING AND PROSPECTUS RULES

The FMA is responsible, in accordance with the Capital Market Act (KMG; *Kapitalmarktgesetz*) and Prospectus Regulation, for sanctioning any breaches in relation to the issuing and advertising of securities and investments on the Austrian financial market. During the year under review the FMA conducted 18 cases (2021: 35), none of which resulted in administrative penal proceedings (2021: 2). However, the FMA published four investor warnings (2021: 1) in accordance with the KMG *(> Table 24)*.

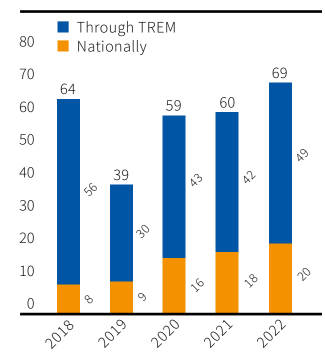
## SUPERVISION OF THE STOCK EXCHANGE AND SECURITIES TRADING

As at 31 December 2022, the Vienna Stock Exchange had 22 572 securities listed on both of its markets, i.e. on its official, regulated market and on the Vienna MTF (multilateral trading facility).

In accordance with the Markets in Financial Instruments Regulation (MiFIR), 508 companies were obliged to report their securities transactions to the FMA as at the same date, irrespective of whether these were executed at a trading venue or over the counter.

In total, these institutions subject to reporting obligations submitted some 19.7 million securities transaction reports to the FMA during the year under review. Of this total number, around 17 million were forwarded to the competent EU partner authority via the Transaction Reporting Exchange Mechanism (TREM). In its capacity as competent authority for Austria, the FMA in turn received around 49.7 million transaction reports from other European supervisory authorities. The FMA therefore received approximately 69.4 million transaction reports in total, which equates to an increase of 16.30% *(> Chart 35)*.

***Chart 35:** Transaction reports submitted to the FMA 2018–2022 (in millions)*




## MARKET SUPERVISION

On the basis of alerts received via its Market Manipulation Insider Tracer (MMIT) and incoming suspicious transaction reports, the FMA initiated a total of 84 investigations after conducting in-depth analysis that substantiated the initial suspicions. This significant decrease compared with previous years (2021: 147, 2020: 123) is due to the

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Investigations into misuse of inside information, market manipulation and violation of trading rules:** | | | | | |
| Investigations initiated | 105 | 101 | 123 | 147 | 84 |
| Investigations forwarded for internal legal processing | 14 | 12 | 12 | 24 | 5 |
| Investigations dropped/completed | 88 | 132 | 98 | 142 | 117 |
| Reports forwarded to Central Public Prosecutor for Economic Crime and Corruption (WKStA) | 0 | 1 | 0 | 4 | 0 |

***Table 25:** Market supervision 2018–2022*

***Table 26:** Official assistance market supervision 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Enquiries addressed to foreign supervisory authorities:** | | | | | |
| BaFin | 10 | 5 | 8 | 13 | 5 |
| Other | 18 | 7 | 14 | 22 | 10 |

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Enquiries received from foreign supervisory authorities:** | | | | | |
| BaFin | 8 | 5 | 3 | 6 | 2 |
| Other | 7 | 10 | 5 | 6 | 7 |

falling number of suspicious transaction reports as a direct consequence of the awareness initiatives run by the FMA *(> Table 25)*. In 19 cases, an investigation was opened on suspicion of misuse of inside information (2021: 33). In 65 cases, an investigation was opened on suspicion of market manipulation or breach of trading rules (2021: 114).

The FMA's close working relationship with European and international partner authorities is crucially important in relation to the supervision of the stock exchange and securities trading. In the year under review, some 15 requests for official assistance were directed to authorities abroad, five of which to the German Federal Financial Supervisory Authority (BaFin), after 35 enquiries in 2021 *(> Table 26)*. The number of requests received from foreign authorities fell to nine compared with the previous year (2021: 12), declining only marginally.

## SUPERVISION OF ISSUERS

### AD HOC DISCLOSURE

The disclosure of inside information should ensure that investors are made aware of crucial information relevant to prices, while also promoting efficient pricing with any significant information being considered as quickly as possible. The shorter the interval between an inside information emerging and its disclosure, the lower the risk of that inside information being misused.

In 2022 the FMA received 360 ad hoc reports (2021: 421) *(> Tables 27 and 28)*.

### PERIODIC DISCLOSURE

The obligation to publish financial reports (periodic disclosure) is intended to ensure the ongoing information needs of the capital market, and thus promotes both investor protection and the proper functioning of the capital market. The periodic disclosure requirements under the Stock Exchange Act (BörseG; *Börsegesetz*) include annual financial reports and half-yearly financial reports. In addition, the exchange operating company may require issuers in the market segment subject to the strictest requirements to publish quarterly reports. In 2019 the Vienna Stock Exchange granted companies in the prime market the freedom to decide for themselves on whether to prepare quarterly reports for the first and third quarters and what format to use.

During the period under review, the FMA received 208 annual and half-yearly reports (2021: 314) *(> Table 27)*.

### DISCLOSURE OF MAJOR HOLDINGS

Requiring issuers to disclose changes in major holdings allows investors to buy or sell shares in full awareness of the modified voting rights, providing for enhanced transparency within the market.

In 2022 the FMA received 698 reports of major holdings (2021: 546) *(> Table 27)*.

*Table 27:* Supervision of issuers 2018–2022

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Ad hoc reports received | 360 | 373 | 447 | 421 | 360 |
| Annual, half-yearly and quarterly reports received* | 452 | 466 | 328 | 314 | 208 |
| Directors’ dealings | 469 | 461 | 1 465 | 910 | 1 202 |
| Reports of voting rights received | 472 | 565 | 488 | 546 | 698 |
| Investigations: | | | | | |
| – Initiated | 37 | 33 | 33 | 22 | 23 |
| – Forwarded | 24 | 19 | 25 | 17 | 11 |
| – Dropped/completed | 24 | 30 | 33 | 21 | 27 |

* According to the prime market rules of Wiener Börse AG, quarterly reporting is no longer mandatory; it has been voluntary since February 2019.

*Table 28:* Ad hoc reports by subject matter 2018–2022

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Share buyback/resale | 9 | 13 | 18 | 10 | 6 |
| Peculiarities/other items of ongoing business operations | 120 | 115 | 153 | 202 | 116 |
| Participations (acquisition, sale), partnerships | 48 | 42 | 35 | 41 | 34 |
| Financial reports/business figures | 78 | 74 | 107 | 42 | 83 |
| Large-scale order | 8 | 3 | 1 | 1 | 5 |
| Capital measures | 38 | 49 | 54 | 47 | 30 |
| Staff details | 36 | 35 | 35 | 43 | 39 |
| Forecasts, profit warning | 0 | 6 | 23 | 6 | 11 |
| Restructuring, recovery, insolvency | 9 | 20 | 3 | 12 | 5 |
| Strategic corporate decisions, investments | 9 | 11 | 12 | 7 | 21 |
| Management board meetings, resolutions | 5 | 5 | 6 | 10 | 10 |
| **Total** | **360** | **373** | **447** | **421** | **360** |

### DIRECTORS’ DEALINGS

Whether decision-makers of an issuer own financial instruments and whether they choose to buy or sell at a specific point in time is information that can influence investors’ own decisions. The management and supervisory boards of listed companies and individuals closely associated with them must therefore report any buying or selling on their part to the supervisory authority and also publish them via a regulatory procedure.

In 2022 a total of 1 202 such director’s dealings were reported to the FMA (2021: 910) *(> Table 27)*.

## FINANCIAL REPORTING ENFORCEMENT

As the authority responsible for carrying out financial reporting enforcement, the FMA enforces proper financial reporting by listed companies. In carrying out reviews in accordance with the Financial Reporting Enforcement Act (RL-KG; *Rechnungslegungs-Kontrollgesetz*), it generally uses the services of the Austrian Financial Reporting Enforcement Panel (AFREP).

### REVIEWS AND PUBLICATION OF ERRORS IN ENFORCEMENT

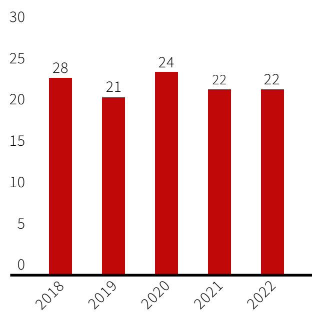
In total, 27 such reviews were carried out during the reporting year, all of which were implemented at companies selected at random *(> Table 29).* The error rate, i.e. the number of reviews finding errors, was stable compared with the previous year, at 22%, and remains much lower than in the years immediately following the introduction of enforcement in Austria *(> Chart 36)*.

A total of 17 individual errors were identified at six companies. These errors related to presentation of financial statements (IAS 1), consolidation procedures (IFRS 10,

***Table 29:*** *Enforcement reviews 2018–2022*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Reviews finding no errors | 20 | 15 | 19 | 21 | 21 |
| Reviews finding errors | 6 | 4 | 6 | 6 | 6 |
| Publication ordered | 6 | 4 | 6 | 6 | 6 |

***Chart 36:*** *: Error rate with enforcement reviews 2018–2022 (in %)*




IFRS 5), measurement of non-financial assets (IAS 36, impairment testing), accounting for financial instruments (IFRS 9, IAS 32), determination of fair values (IAS 40, IFRS 13), statement of cash flows (IAS 7), accounting for leases (IFRS 16), earnings per share (IAS 33), reporting of operating segments (IFRS 8), related party disclosures and non-financial reporting (IAS 24, non-financial performance indicators, EU Taxonomy KPIs).

## PREVENTION

As the authority responsible for financial reporting enforcement, the FMA's strategy is geared towards the prevention of reporting errors.

To avoid errors from the outset, the FMA not only takes measures in accordance with the RL-KG but also carries out special analysis in relation to particularly relevant topics (thematic reviews), post-implementation reviews and analysis, generally based on the Authority's close working relationship with the European Securities and Markets Authority (ESMA).

The following analysis carried out during the reporting year is particularly significant:

- The FMA worked on ESMA's Public Statement on Implications of Russia's invasion of Ukraine on half-yearly financial reports and carried out a risk-based cross-sectional analysis of the financial reports prepared by Austrian issuers.
- The FMA contributed to ESMA's Public Statement on Transparency on Implementation of IFRS 17 Insurance Contracts and informed the issuers in question in dedicated meetings.
- The FMA supported ESMA in drafting Comment Letters to the International Accounting Standards Board (IASB), specifically in relation to IFRS 9 and IFRS 17, as well as in conducting related special analysis in the context of the post-implementation review of IFRS 9.
- The FMA carried out a risk-based cross-sectional analysis of the financial reports prepared by Austrian issuers on the occasion of ESMA's Public Statement promoting transparency regarding accounting for the third series of the ECB's Targeted Longer-Term Refinancing Operations (TLTRO III) and the IBOR reform. The companies were informed individually of any anomalies, thus helping to improve the quality of reporting.
- During several workshops attended by representatives of the insurance industry, the impact of implementing the new rules on the accounting of insurance contracts (IFRS 17) was discussed and the foundation laid for an early clarification of complex accounting issues.

The FMA engaged in intensive dialogue with issuers and stakeholders on the publication of annual financial reports in the European Single Electronic Format (ESEF). It technically validated the annual financial reports published in the ESEF format, notified the companies of any anomalies and supported them with any necessary corrections. In addition, issues that the companies were unable to resolve were submitted to the competent ESMA bodies in anonymous form.

# INNOVATION AT THE FMA

Modern and future-oriented supervision is a hallmark of quality for any financial centre. This is why the FMA constantly strives to improve the efficiency and effectiveness of regulation and supervision and to further develop its organisational structure, human resources and technical infrastructure. In response to the digital revolution, the FMA is focusing in this regard on SupTech and RegTech tools, i.e. innovative digital solutions for regulatory and supervisory challenges.

### FMA TOOL FOR VALIDATION OF LIFE INSURANCE BEST ESTIMATES

A software solution developed in-house can be used to precisely calculate, analyse and evaluate significant key figures from the Solvency II balance sheet. This type of tool is otherwise only available in proprietary form, and the FMA has been able to develop a flexible audit tool tailored to supervisory requirements. Specific expertise was also built up during the in-house development process.

### FMA “MAGNIFYING GLASS” APP FOR CERTIFICATES

Certificates are a type of security, the price of which depends on the development of another underlying asset. This underlying can take many forms, such as individual shares, baskets of shares, commodities, currencies or indices. As certificates are growing in popularity among retail investors too, the FMA has developed its own interactive information tool for this specific target group, the FMA “Magnifying Glass” app for certificates. The tool provides aggregated and investor-focused data that is automatically retrieved from the key investor information documents of Austrian banks for ongoing supervision purposes. This improves transparency around the costs, risks and performance of certificates. Retail investors are helped to gain a better understanding of this product category and it is easier for them to compare different products against one another. Innovative text mining methods are used for the automated retrieval of the data from the key investor information documents. Retail investors can use the tool to upload a key investor information document and directly compare the key figures against the market.

### SERPEND – SUPERVISION OF ENVIRONMENTAL RISKS AND PROJECTION OF ENVIRONMENTAL DEVELOPMENTS

The SERPEND project expands the FMA’s institutional methodological capability to incorporate environmental and climate risks into its approach to financial market regulation and supervision. The first step involved collecting international best practice on addressing environmental and climate risks in the supervisory context. We are also analysing what data on climate and environmental risks that can be used for supervisory purposes is already being collected, how these sources can be used, and which data gaps still need to be filled. This provides a foundation for the development of supervisory tools that assess the impact of climate and environmental risks on supervised entities. It also supports the data-driven and risk-based approach to supervision. The SERPEND project is being implemented with funding from the European Commission (DG REFORM) together with the National Bank of Romania, serving the capacity building of both institutions.

### AML APP

In order to further develop risk-based supervision in anti-money laundering (AML) and countering the financing of terrorism (CFT), the FMA has developed an AML app based on R/Shiny technology that presents aggregated figures, data, facts and risk calculations on supervised entities, along with trends and evaluations. The app’s data pool can also be used to generate a semi-automated AML/CFT report.

## INTERNATIONAL COOPERATION

The FMA supports the goal of uniform interpretation of accounting rules in Europe and is involved in the technical work carried out by the ESMA bodies. In this context, it responded to just under 140 technical enquiries and data requests on international accounting and non-financial reporting in 2022. European enforcement cases were discussed on an anonymous basis, with the FMA itself referring three accounting cases to the relevant ESMA working group. The FMA also supported the technical accounting-related work of the EMSA, EBA and ESRB working groups. This work mainly covered the topics of financial instruments (IFRS 9), insurance contracts (IFRS 17) and increasingly also non-financial reporting, in the context of the European Sustainability Reporting Standards (ESRS) in particular.

# ENFORCEMENT, SANCTIONS AND LAW

## ADMINISTRATIVE PENAL PROCEEDINGS

In 2022 the FMA continued to follow its strategic approach of only taking action against the legal person (i.e. the company that is responsible for the breach) in its administrative penal proceedings, where possible. Following the entry into force of the supervisory reform on 3 January 2018, the FMA may now decide to refrain from also punishing responsible natural persons – such as managing directors or other special responsible representatives pursuant to Article 9 of the Administrative Penal Act (VStG; *Verwaltungsstrafgesetz*) – if an administrative penalty is already being imposed on the legal person for the very same breach and no particular circumstances preclude the option of refraining from punishing the natural persons. However, based on recent rulings by the Supreme Administrative Court (VwGH), refraining from punishing natural persons is in fact only possible after the legal person has been punished with final effect, and the number of pending and discontinued proceedings in the reporting year must be viewed against this background. After all, these proceedings also include those that were initiated against persons held liable for the breach during the prosecution of the legal person and that have mostly been discontinued after the legal person was punished.

At the beginning of 2022, 191 administrative penal proceedings were pending at the FMA. A further 265 proceedings were initiated later in the year, and 113 were discontinued. At the end of 2022, 242 administrative penal proceedings were still pending. The FMA refrained from initiating proceedings after preliminary investigations in 314 cases, and advised rather than punished in one case. In 232 of those cases, the FMA made use of its discretionary power to refrain from prosecuting altogether, including action against the legal person, since the breach had not been significant (principle of opportunity). These extended discretionary powers allow the FMA to concentrate its resources on significant and complex proceedings that will require more work.

In the reporting year the FMA issued 64 penal decisions (2021: 50) and seven penal orders (2021: 3). However, since it is important to the FMA to send out the correct preventive signals and to show that it will not tolerate even minor offences, the Authority also issued eight admonitions or admonition orders (2021: 28) *(> Chart 37)*. In addition, it sent out 118 information letters to supervised companies and private individuals. The penal decisions and penal orders related to 69 facts or cases in total *(> Chart 38)*.

There is not always an exact correlation between the number of penal decisions and

***Chart 37:** Penal decisions and admonitions 2018–2022*

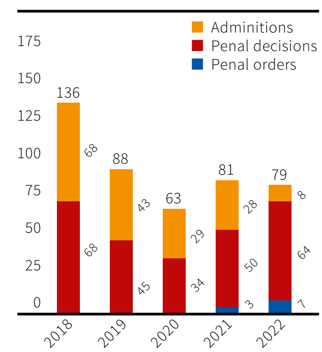
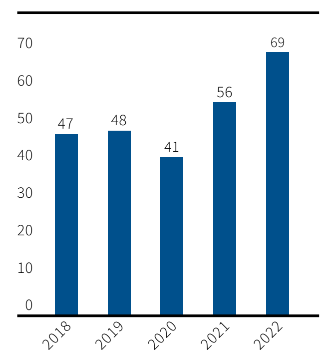


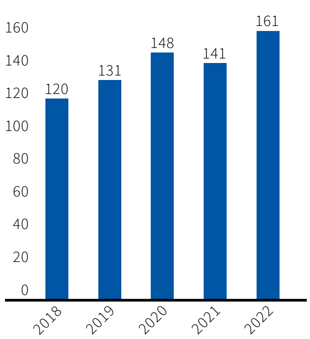

***Chart 38:** Sanctioned cases 2018–2022*



the number of cases. Firstly, in individual cases the FMA may impose more than one sanction, for instance when cases relate to several natural persons or when both legal and natural persons are being punished. Secondly, for reasons of efficiency, several cases are often dealt with by one penal decision, resulting in only one overall penalty. With the 64 penal decisions and seven penal orders it issued in 2022, the FMA imposed fines totalling € 1 536 320; the highest fine was € 325 500.
In the interests of transparency and prevention, the FMA publishes notices of sanctions on its website. In line with European requirements, these sanctions are increasingly being publicised alongside additional information on the individuals concerned.

## STATEMENTS OF FACTS AND REPORTS TO CRIMINAL PROSECUTION AUTHORITIES

***Chart 39:** Facts reported to public prosecutors 2018–2022*




Some of the laws included in the FMA's supervisory remit also cover criminal offences. Where the FMA has reasonable grounds to suspect that one of these laws has been breached, it must file a report with the public prosecutor's office or the criminal investigation department, which is required to investigate the facts of the case. The courts of law are then responsible for imposing sanctions. Examples of such offences include insider dealing and market manipulation as prohibited by the Stock Exchange Act (BörseG; *Börsegesetz*) where amounts exceeding defined limits are involved, or infringements of banking secrecy rules.
As part of its supervisory activity the FMA also repeatedly becomes aware of other circumstances that cause it to suspect that a criminal offence has been committed in an area of the law monitored by another authority. The FMA is obliged to report such cases. Most frequently, this concerns suspected fraud or embezzlement.
In 2022 the FMA forwarded 161 statements of facts to the public prosecutor's office (2021: 141) *(> Chart 39)*. All of these statements related to suspected breaches of the Criminal Code (StGB; *Strafgesetzbuch*).

## SELECTED PROCEEDINGS

### ADMINISTRATIVE (PENAL) PROCEEDINGS

#### DISCLOSURE OF MAJOR HOLDINGS

The FMA issued penal decisions to three companies from the same insurance group for breaching the BörseG 2018, imposing fines totalling € 226 667.
The companies held nearly 10% in voting rights, and had failed to report the exact amount of these holdings.
Since the voting rights in the issuer were held via special funds, which were managed by an investment fund management company, these companies regarded themselves as being exempt from the reporting obligation. Consequently, neither the FMA nor the general public had been informed whether and to what extent they had holdings in the issuer during the period in question.
The Federal Administrative Court (BVwG) dismissed the companies' complaints and confirmed the FMA's penal decisions.
In terms of the subject matter itself, the BVwG looked in detail into the legal issue of whether voting rights were also subject to reporting obligations if held via special funds with the owners having no entitlement to exercise these voting rights.

The BVwG agreed with the FMA's legal opinion and confirmed the companies' reporting obligation pursuant to Article 130 BörseG 2018.
The Constitutional Court (VfGH) dismissed consideration of the complaint. The VwGH has not yet ruled on the case.

## MARKET MANIPULATION

The FMA issued a penal decision to a German joint stock company (AG) on account of 19 cross trades, imposing a fine of € 325 500. The BVwG confirmed 18 points with regard to the question of guilt in favour of the FMA, and set the amount of the sanction at € 154 184.
The complainant held the view that the FMA's competence would have to be interpreted more narrowly in those cases in which the offence was committed abroad and only the manipulation itself carried out in Austria (on the Vienna Stock Exchange), since the extensive provisions on competence as defined in Article 22 of the Market Abuse Regulation (MAR) entitled several Member States to prosecute market manipulation at the same time. The BVwG followed the FMA's argumentation, stating that the possibility of prosecuting market manipulation on the local trading venue was essential for effective supervision, and the mere possibility of prosecution by several supervisory authorities was not by itself inconsistent with the right not to be tried or punished twice (Article 50 of the Charter of Fundamental Rights); the *ne bis in idem* principle was in any case satisfied in the MAR by the required exchange of information with partner authorities.
The BVwG also did not uphold the complainant's view, according to which the further indicators for market manipulation in relation to cross trades laid down in Commission Delegated Regulation supplementing the MAR always had to occur in conjunction with the other factors set forth therein in order for these trades to be classed as market manipulation. In terms of the legal issue raised here, the VwGH's rulings on the previous provision also applied to the MAR, with the Delegated Regulation not necessitating a narrower interpretation, in the BVwG's view.
The BVwG additionally confirmed the FMA's opinion that sanctions would have to be imposed on the respective AG in the case of an AG & Co KG.
The company lodged a petition for review with the VwGH. The VwGH has not yet ruled on the case.

## BREACHES OF AML/CFT OBLIGATIONS AND LEGAL PERSONS' RESPONSIBILITY

The FMA imposed a fine of € 56 000 on a credit institution. The institution had implemented procedures to ascertain whether certain customers were politically exposed persons (PEPs) but had not carried these out with sufficient regularity during the business relationship.
The credit institution and persons held liable for the breach (i.e. the natural persons who committed the offence of which the legal person is accused, or who made it possible for the offence to be committed) complained against the penal decision. The FMA rejected the complaints by the persons held liable for the breach, arguing that they were not entitled to take action.
The BVwG dismissed the credit institution's complaint in relation to the question of guilt as unfounded with stipulations (liability may only be attributed via the person held liable for the breach who was responsible for adherence to the breached pro-

vision; determination of one out of two cumulative attribution methods), and upheld the complaint in relation to the question of sanction to the extent that it reduced the imposed fine to € 22 000. Furthermore, the BVwG allowed the appeal by the persons held liable for the breach, reversing the penal decision and discontinuing criminal proceedings.

Both the credit institution and persons held liable for the breach and the FMA filed a petition for review with the VwGH against the BVwG decision.

The VwGH rejected the petitions brought by the credit institution and persons held liable for the breach as inadmissible, and expressed its opinion to the effect that it considered the procedure in this specific case of evaluating customers' PEP status only every six months or at even more extended intervals as unlawful.

At the same time, the VwGH allowed the FMA's petition, underlining some fundamental points in its reasons:

- Party status of persons held liable for the breach in proceedings against the legal person: The persons held liable for the breach have party status in the entire proceedings against the legal person. Consequently, they enjoy all rights granted to parties, particularly the right to lodge a complaint with the BVwG.
- Closure of proceedings against persons held liable for the breach: In contrast to the situation with regard to the legal person, no administrative penalty was imposed on the persons held liable for the breach. The BVwG was therefore unable to discontinue the administrative proceedings against the persons held liable for the breach, since the imposition of an administrative penalty on the persons held liable for the breach was not the object of the administrative penal proceedings (pending before the BVwG). The BVwG had as a result exceeded the matter of the proceedings in which it was required to reach a decision.
- BVwG assessment of the fine: Correcting an inadmissible alternative accusation does not in itself justify a reduction of the fine.

In its replacement decision the BVwG set the fine at € 43 120, thereby raising it again. The credit institution filed another petition against this BVwG decision. The reviews are currently at the preliminary proceedings stage.

## PROCEEDINGS BEFORE THE SUPREME COURTS

### OFFICIAL LIABILITY PROCEEDINGS AND RELATED POINTS OF LAW

The Constitutional Court (VfGH) confirmed the constitutionality of the second sentence of Article 3 para. 1 of the Financial Market Authority Act (FMABG; *Finanzmarktaufsichtsbehördengesetz*) in its judgment (16 December 2021, G 224/2021 and others), arguing that the regime of banking supervision serves to protect the functioning of the banking sector and the goal of creditor protection at an abstract level but is not intended to protect individual bank customers. In the official liability proceedings against the Republic of Austria in the case of Commerzialbank Mattersburg im Burgenland AG, the Supreme Court (OGH) upheld the VfGH's argumentation and confirmed that the dismissal of the bank customers' official liability action was lawful (14 July 2022, 1 Ob 91/22x). The Vienna Higher Regional Court progressed these legal precedents in relation to another official liability case in the reporting year by denying investors in GOLDprofessionell (a fraudulent investment scheme involving gold savings plans) the right to assert official liability claims for damages. After the end of the reporting period, the OGH confirmed this interpretation (27 January 2023, 1 Ob 261/22x), clearly stating that the Republic of Austria (Federal Government) was not liable for creditors' financial losses on the grounds of alleged misconduct by the FMA in its supervision work as such losses were not included in the protection purpose under supervisory law.

In the case of Commerzialbank Mattersburg im Burgenland AG, the VwGH was also required to reach a decision on the party status of bank customers who had suffered losses (19 April 2022, Ra 2021/02/0251). With reference to the above VfGH judgment, the VwGH stated that the purpose of protecting creditors collectively applied and encompassed bank customers in their entirety even in the context of supervisory measures being implemented in accordance with Article 70 para. 2 of the Austrian Banking Act (BWG; *Bankwesengesetz*). No subjective rights for individual bank customers as bank creditors can be deduced from this provision, which is why they are not entitled to party status or to inspect the files in the supervisory procedure defined in Article 70 para. 2 BWG.

In connection with Commerzialbank Mattersburg, the BVwG also issued a decision on the interpretation of the Duty to Provide Information Act (*Auskunftspflichtgesetz*). The BVwG decided in the second legal procedure (6 September 2022, W158 2237228-1) on a law firm's request for information on behalf of several unnamed bank customers who had suffered losses in relation to the bank being prohibited from business operations. By referring to previous VfGH and OGH judgments, the BVwG stated that answering questions about whether the FMA has received information about malversations in relation to specific associations or individuals was not compatible with its official secrecy obligation. FMA investigations into such information were generally not intended for the public domain. Unless investigations became public knowledge by other means, the public interest in undisturbed investigations took precedence. Keeping such information secret was also in the overriding interest of the associations or individuals concerned, ensuring that they were not publicly prejudged. The right of personality and the right to data protection also conflicted with the provision of information. Citing further arguments, the BVwG ultimately asserted that the FMA was right to refuse to provide information.

## EX-ANTE CONTRIBUTIONS TO THE SRF

In the context of the Single Resolution Mechanism (SRM), banks have been required to make a financial contribution to the Single Resolution Fund (SRF) since 2015. The first contributions in 2015 were calculated by the FMA, with all further contributions being set by the Single Resolution Board (SRB) and the FMA (only) calculating the contribution for the companies liable to pay costs.

Appeals have been lodged against some of these ex-ante contributions (nationally and across the EU), with all of the corresponding proceedings still pending.

In this context, the following developments in the reporting year are worthy of note:

In the third legal procedure, the BVwG confirmed the FMA's calculation of the contributions for 2015.

On the basis of EU case law since then, the SRB issued a new decision for each of the contribution cycles of 2016 to 2019 – also in line with the recent VwGH judgment – which (seamlessly) replaces each basis for the ex-ante contributions. Consequently, on the basis of the new decision in each case, the BVwG dismissed the complaints against the FMA's calculation of the contributions shortly after the end of the reporting period for the 2016 and 2017 cycles as unfounded.

For the 2018 and 2019 contribution cycles, the national complaint proceedings pending before the BVwG have been suspended until the Court of Justice of the European Union decides on the actions for annulment brought against the replaced SRB decisions.

For the 2020 to 2022 contribution cycles, the FMA has suspended the appeal proceedings until the Court of Justice of the European Union decides on the actions for annulment brought against the SRB decisions.

# BANK RESOLUTION

## RESOLUTION PLANNING

During the year under review the FMA was responsible for the resolution planning of 368 banks (total as at 1 January 2022). The Single Resolution Board (SRB) is responsible for eleven Austrian banking groups, working in cooperation with the FMA. No further active resolution planning was carried out for Sberbank Europe AG as of the second quarter of the reporting year, however.

According to current estimates, 18 of the banks for which the FMA holds direct responsibility are so significant for the Austrian market and its stability that they are likely to need to be resolved by the FMA in accordance with the Bank Recovery and Resolution Act (BaSAG; *Bankensanierungs- und Abwicklungsgesetz*) in at least one of the tested scenarios. In the event of a default, it is likely that the other 350 smaller banks could be liquidated in insolvency proceedings under the Austrian Insolvency Act (IO; *Insolvenzordnung*).

During the reporting year, the FMA provided a briefing about the key points of the resolution plans drawn up in 2021 to those banks for which resolution cannot be ruled out in the event of a crisis situation. In addition, 17 of these banks were required to hold a minimum requirement for own funds and eligible liabilities (MREL) over and above the capital requirements that otherwise apply. This is to ensure that, in the event of resolution, sufficient liabilities are available for loss absorption through write-down and for the recapitalisation of the bank by means of conversion into Common Equity Tier 1 capital.

As part of the revision and further development of the resolution plans for these banks in the 2022 planning cycle, work focused on the gradual implementation of the resolvability requirements in proportionate application of the relevant EBA guidelines on resolvability and the relevant SRB policies.

To this end, a workshop was arranged in April 2022 for 18 banks, which were then tasked with implementing the resolvability requirements selected for the 2022 resolution planning cycle (in the areas of MREL, bail-in[1] and communication). An assessment of the reports submitted by the banks and a resolvability evaluation were included in the 2022 resolution plans. Additionally, the bail-in playbooks submitted by the banks were analysed, interconnections in different banking sectors and the

[1] *"Bail-in" refers to the resolution tool of creditor participation, in which own funds and eligible liabilities are written down to absorb losses and converted into Common Equity Tier 1 capital to recapitalise the bank.*

feasibility of transfer strategies[2] were assessed, and in-depth analysis of the impact of bail-in in a banking sector continued. Those banks whose resolution plan includes a transfer strategy were assigned the task of completing a separability analysis report and preparing a transfer playbook. Following evaluation of the opinions of the European Single Resolution Board (SRB) and the banking supervisory authorities on the concepts developed, the 2022 resolution plan including the MREL proposal will be finalised in the first half of 2023.

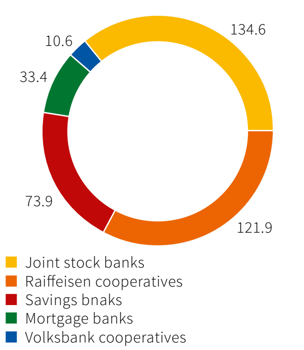
For the smaller banks, checks were carried out to determine whether there were any changes to the previous assessment that, in the event of these banks failing, it would be credible and feasible to liquidate them through insolvency proceedings. In application of the proportionality principle, a fully updated resolution plan 2022 was prepared in the reporting year for only two of those banks for which a resolution college has been established.

For cross-border banks with resolution colleges, the joint decisions of the relevant resolution authorities on resolution plans and MREL targets have also been prepared.

At the request of 16 banks for which resolution cannot be ruled out, the existing general prior permissions for the reduction of MREL-eligible liabilities have been renewed for one year with effect from 1 January 2023.

Other priorities included work on implementation of the FMA Minimum Standards on the provision of data in the event of resolution and on the creation of a process for ongoing MREL monitoring.

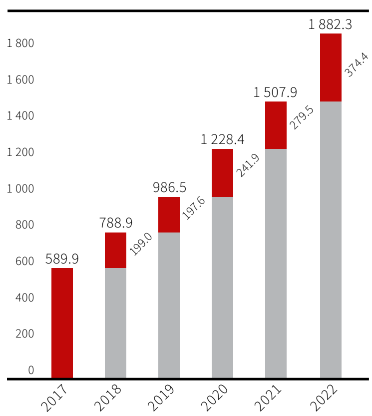
***Chart 40:*** *Banking sectors' shares in the resolution fund in 2022 (in € millions)*




## RESOLUTION FUND

Where the funds of a bank's shareholders, creditors and large depositors are insufficient to recapitalise an ailing institution under resolution, the SRB may force the Single Resolution Fund (SRF) to intervene. The SRF is based at the SRB and is funded by all CRR credit institutions[3]. The target level is 1% of the total covered deposits of these banks and is to be built up by the end of 2023.

***Chart 41:*** *Austrian contributions to the SRF 2017–2022 (in € millions)*




The SRB calculates and sets the individual amount to be contributed by each bank. As the national resolution authority, the FMA is required to implement and enforce the SRB's decision for the banks for which it bears responsibility. During the year under review, the FMA was duly instructed by the SRB to request, in the form of emergency administrative decisions, that 436 banks pay a total of € 374.4 million in contributions to the SRF and to transfer the collected funds accordingly *(> Chart 40)*. Austrian institutions have paid approximately € 1.9 billion to the SRF since its inception in 2016 *(> Chart 41)*. Over the same period, the number of institutions required to pay contributions has fallen from 605 in 2015 to 436 in 2022.

In the scope of the European Single Resolution Mechanism (SRM), the contribution of the participating Member States for 2022 was € 13.7 billion, which means that the SRF currently holds around € 66 billion.

[2] *In the case of a transfer strategy, essential functions and business areas are basically transferred to a buyer or bridging institution.*

[3] *A CRR credit institution is a bank that takes receipt of deposits and other repayable funds from the general public and grants loans for its own account. Only these institutions are covered by the terms of the EU Capital Requirements Regulation (CRR).*

# RESOLUTION PROCESSES

## SBERBANK EUROPE AG

During the reporting year the FMA, in its capacity as resolution authority, was also involved in the orderly resolution of Sberbank Europe AG, a bank that was classed as a significant institution and thus subject to direct supervision by the ECB and the SRB. Sberbank Europe AG, a subsidiary of Sberbank Russia licensed by the FMA, has faced huge liquidity problems as a result of Russia's war of aggression against Ukraine. After the use of various recovery options failed to avert the crisis, the ECB, after consulting the SRB, determined that Sberbank Europe AG was considered as failing or likely to fail (FOLF[4]), thereby triggering the European resolution regime. For the first time, the FMA, acting as the Austrian resolution authority, implemented an SRB decision and imposed a 48-hour moratorium on Sberbank Europe AG. This temporarily suspended all payments as well as all enforcement and termination rights. As it was established during the moratorium that there was no public interest in Sberbank Europe AG, which is domiciled in Austria, being resolved in accordance with the European resolution regime, no further official resolution measures were ordered. Then, in its capacity as the Austrian Financial Market Authority, the FMA prohibited Sberbank Europe AG from further business operations in implementation of a relevant ECB decision and appointed a government commissioner. Sberbank Europe subsequently decided to wind itself down in an orderly manner and, after this had been taken as far as possible, gave up its banking licence before the end of 2022.

## KA FINANZ AG

Following the FMA's approval, KA Finanz AG (KF) has been operating as a wind-down entity as defined in the BaSAG since 6 September 2017. Since then, it has therefore been required to wind down its portfolio in accordance with the wind-down strategy approved by the resolution authority and the specified risk profile.

Under the supervision of the FMA as the resolution authority, KF's total assets have meanwhile been reduced to € 3.3 billion as at 31 December 2022, compared with € 9.8 billion as at 31 December 2017. As at 30 June 2022, its total assets still amounted to € 3.4 billion. The decrease is attributable to the active portfolio wind-down measures as well as scheduled and unscheduled repayments. With the conversion to a wind-down entity in accordance with BaSAG in 2017, the refinancing of KF was also changed, and funding has since been provided by the federal divestment company ABBAG. KF plans to complete the portfolio wind-down in 2023, thereby ending its operation as a wind-down unit. This milestone will then be confirmed and published by the resolution authority.

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[4] *FOLF applies when the conditions for withdrawal of a licence are met, in the event of insolvency, over-indebtedness or when extraordinary financial support from the state is required.*

# THE FMA IN DIALOGUE

Maximum transparency strengthens democratic legitimacy and improves understanding and acceptance of official actions. The FMA has therefore always endeavoured to engage in transparent and open communication. It is committed to the principles of preventive information, and views itself as an information hub for all participants in the Austrian financial market.

In its active communication, the FMA focused on five topics during the reporting year:

- Handling the lasting challenges facing all financial market participants as a result of the pandemic
- Countering the impact of the massive geopolitical and economic turmoil on the financial market in Austria as a consequence of Russia's war of aggression against neighbouring Ukraine
- Tackling the challenges faced by financial service providers and their customers as a consequence of the sudden turnaround in interest rate policy prompted by the surge in inflation (with a focus on sustainable real estate financing)
- Supporting financial market participants in terms of regulation and supervision in their transition to sustainable business models and financial products, as well as identifying, limiting and managing sustainability risks
- Addressing the opportunities and risks arising from the digitalisation of financial markets, specifically in relation to crypto assets, which are still mostly under the regulatory radar.

With a focus on target groups, the FMA continued to place a special emphasis on consumer information, in line with its collective consumer protection approach, focusing in particular on explaining retail financial services in clear and simple language, while also issuing warning notices regarding scams, which are currently rampant on the Austrian market (more details can be found in the Chapter on Consumer Protection on page 73).

## PUBLIC RELATIONS CHANNELS

The FMA's key media channels are:

- The Annual Report, which reviews developments on the financial markets, the FMA's supervisory activity and regulatory developments during the past year.
- The Facts and figures, trends and strategies publication, also produced annually, which looks ahead to the expected medium-term development of risk, sets out future challenges, and provides transparent information on the FMA's priorities for supervision and inspections for the coming year.
- The FMA website (www.fma.gv.at), containing up-to-date information and explanations on all matters relevant to regulation and supervision, as well as any breaking news.

## CLASSIC PRESS RELATIONS

The FMA published 59 press releases (2021: 58) and 90 investor warnings (2021: 112) in 2022. The latter warn of dubious providers in the Austrian financial market and are also published in the official gazette "Amtsblatt zur Wiener Zeitung", via Twitter, LinkedIn and the FMA app.

In addition to dealing with current issues, the FMA's press releases covered 16 quarterly reports and two other reports dedicated to developments in the past year, providing explanations of the most significant results. These reports and studies dealt with the insurance, pension company and asset management markets, as well as developments in foreign currency lending and state-sponsored retirement provision.

Financial journalists were invited to five press events to hear the Executive Directors report on current issues. At its Financial Statement Press Conference on 10 May, the FMA presented its 2021 Annual Report, which had already been duly submitted to the Austrian National Council on time. On 8 June, the FMA hosted a ceremony to mark its 20th anniversary, in which it presented the tremendous regulatory and supervisory progress it has made since being established as an independent, autonomous and integrated supervisory authority to a broad audience. On 6 September, at the Economic Writers' Club, the FMA Executive Directors presented the latest regulatory developments and future supervisory requirements, and discussed the regulatory and supervisory challenges presented by crypto assets. At a press luncheon during the FMA Supervision Conference on 4 October, the FMA Executive Directors and Andrea Enria, Chair of the Supervisory Board of the ECB, discussed the major impact that Russia's war in Ukraine and the sudden interest rate turnaround have had on European and Austrian banks. At a press dinner on the eve of the Supervision Conference, the FMA Executive Directors and Verena Ross, Chair of ESMA, discussed current regulatory developments on the capital markets.

## DIGITAL COMMUNICATON

- **WEBSITE & NEWSLETTER**

  The FMA website provides a wide range of information aimed at supervised companies and consumers. More than 270 articles were added to "The FMA informs" section alone during the reporting year. For the target group of consumers, the "A-Z of Finance", first published on the website in 2021, was further expanded. Additionally, the consumer information format "Let's talk about money" regularly delved into interesting aspects of basic financial literacy topics in 2022. These topics included interest rates, safe online payments, investment advice, sustainable investments and household insurance and are explained in plain language on two pages. All issues are available in printed form and online at https://redenwiruebergeld.fma.gv.at/en/.

  Subscribers to the FMA newsletter are regularly informed about current regulatory and supervisory developments, receiving seven such issues in 2022.

- **TWITTER & LINKEDIN**

  The FMA uses two social media channels, Twitter and LinkedIn. In 2022 the Authority tweeted 187 times and had more than 2 000 followers. On LinkedIn, it increased its number of followers by nearly 50% to more than 10 000, and posted 98 times during the reporting year.

- **FMA APP**

  The FMA has its own app, which can be downloaded free of charge. It enables users to check, via their mobile phone, whether a company or person is authorised to provide financial services that require a licence. If an investor warning is published in relation to a company or person, this information will also be available in the app or will be displayed in the form of a push notification.

## DIALOGUE WITH STAKEHOLDERS

The FMA embodies its role as an information hub by engaging with the supervised entities and stakeholders in a range of institutionalised formats and forums, discussing and informing them about the latest regulatory and supervisory developments. These information events include formats such as the annual Supervision Conference, the Compliance and Prevention of Money Laundering practice workshop and the Dialogue on practice with insurance undertakings and *Pensionskassen*. The FMA organised eight such events during the year under review. The FMA Executive Directors and employees also regularly attend conferences, conventions and seminars as presenters and delegates.

## 13TH FMA SUPERVISION CONFERENCE

The FMA Supervision Conference took place for the thirteenth time on 4 October 2022 and was dedicated to the general topic "Financial Markets in Changing Times". Around 550 participants attended the conference in person and a further 4 200 took part online. The conference's talks and debates centred around the deep-rooted changes and challenges facing the Austrian and European financial market as a result of the Russian war in Ukraine, persistently high rates of inflation and the surge in interest rates. Further discussions were dedicated to the topics of sustainability, digitalisation and innovation.

# INTERNAL MATTERS

# BODIES

The executive bodies of the FMA are the Executive Board and the Supervisory Board. The Executive Board is responsible for managing the entire operation as well as the FMA's business transactions in accordance with the law and the Rules of Procedure. The Supervisory Board is responsible for monitoring the management and business operations of the FMA.

## EXECUTIVE BOARD

In accordance with the Financial Market Authority Act (FMABG; *Finanzmarktaufsichtsbehördengesetz*), the Executive Board consists of two members with equal rights, one of whom is nominated by the Federal Minister of Finance and the other by the Oesterreichische Nationalbank. Both are proposed by the Federal Government and appointed by the Federal President for a five-year term of office, and may be reappointed for a second term. During the year under review, Helmut Ettl and Eduard Müller made up the Executive Board of the FMA. Helmut Ettl was reappointed on 28 November 2017 for another term of office starting in February 2018. Eduard Müller was appointed to serve as an interim member of the Executive Board on 1 February 2020 and for his first term of office as a regular member on 6 July 2020.

## SUPERVISORY BOARD

The Supervisory Board of the FMA is composed of ten members *(> Figure 4)*: Of these, the Federal Minister of Finance (BMF) as well as the Oesterreichische Nationalbank (OeNB) appoint four members each, who are eligible to vote, while the Austrian Federal Economic Chamber (WKO) nominates two co-opted members without voting rights to represent the supervised institutions. The latter have clearly delineated

***Figure 4:*** *Supervisory Board of the FMA (as at 31 Dec. 2022)*

CHAIR:
**Alfred Lejsek** (BMF)

DEPUTY CHAIR:
**Robert Holzmann** (OeNB)

| MEMBERS: | | CO-OPTED MEMBERS: |
|---|---|---|
| **Gottfried Haber** (OeNB) | **Elisabeth Gruber** (BMF) | **Walter Knirsch** (WKO) |
| **Gabriela De Raaij** (OeNB) | **Beate Schaffer** (BMF) | **Franz Rudorfer** (WKO) |
| **Karin Turner-Hrdlicka** (OeNB) | **Dietmar Schuster** (BMF) | |

rights to obtain information. The ordinary members of the Supervisory Board are appointed by the BMF, whilst the members nominated by the WKO are co-opted by the Supervisory Board itself.

Pursuant to Article 10 para. 2 FMABG, the following measures require the approval of the Supervisory Board:

- The financial plan to be drawn up by the Executive Board including the investment and staff plan
- Investments, to the extent that they are not authorised in the investment plan, and the taking out of loans that exceed € 75 000 each
- The acquisition, disposal and encumbrance of real estate
- The financial statements to be drawn up by the Executive Board
- The Rules of Procedure pursuant to Article 6 para. 2 FMABG and changes thereto
- The Compliance Code pursuant to Article 6 para. 4 FMABG and changes thereto
- The appointment of employees of the FMA to leading functions directly subordinate to the Executive Board (second management level), as well as their dismissal and termination of employment
- The Annual Report to be drawn up pursuant to Article 16 para. 3 FMABG
- The conclusion of collective bargaining and works agreements.

In accordance with Article 9 para. 1 FMABG, the Supervisory Board is required to hold meetings at least once every calendar quarter. In 2022 the Supervisory Board convened on 14 March, 26 April, 7 June, 26 September and 25 November.

At its meeting on 26 April 2022, the Supervisory Board unanimously discharged the Executive Board for the 2021 financial year pursuant to Article 18 para. 4 FMABG.

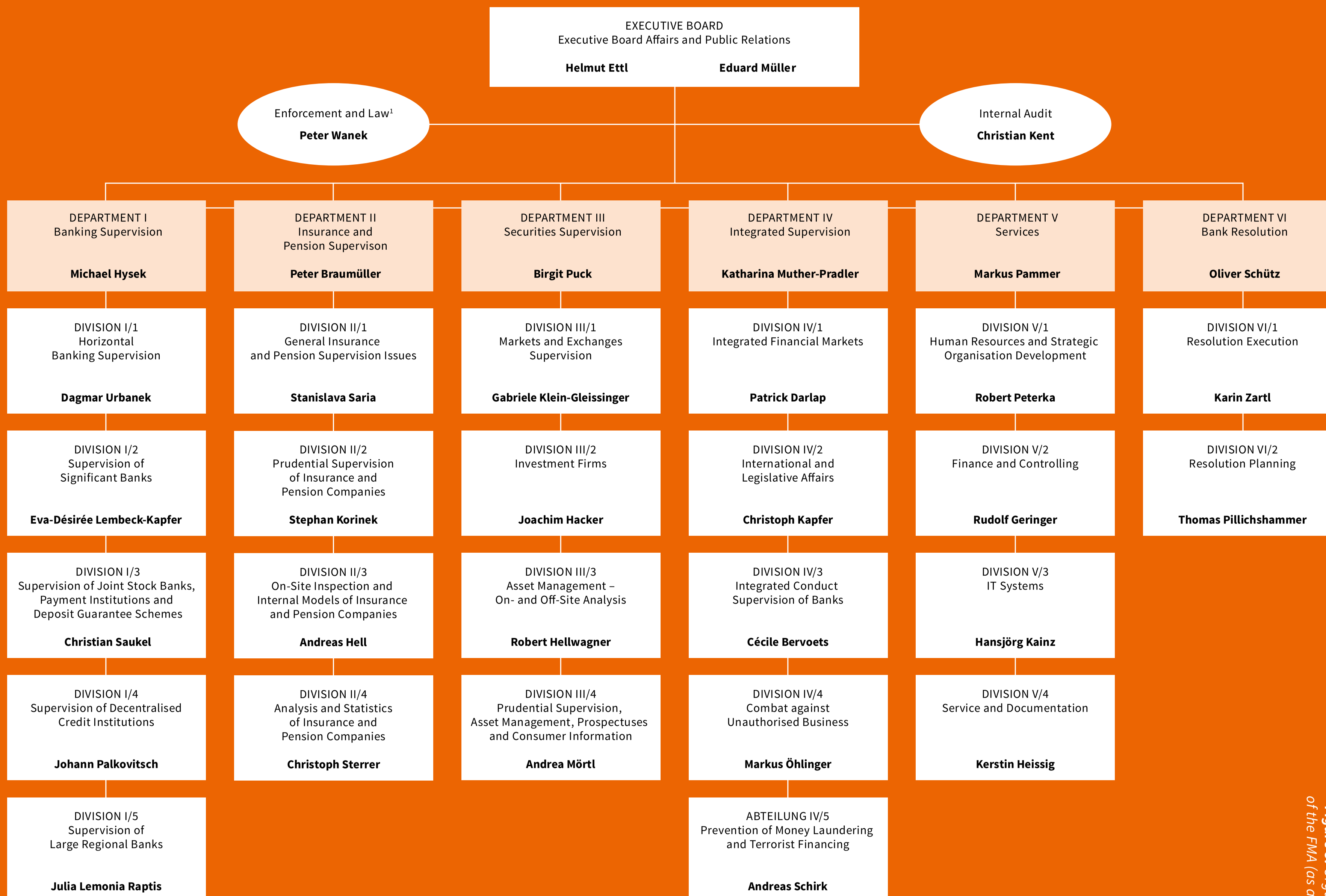



***Figure 5:*** *Organisation chart of the FMA (as at 31 Dec. 2022)*

*[1] Corporate Compliance Officer reports directly to Executive Board.*

# STAFF

## NUMBER OF STAFF

The Supervisory Board had approved a staffing target of 415 full-time equivalents (FTEs) for 2022. The actual number of staff employed by the FMA as at 31 December 2022 was 407.59 FTEs, which corresponds to 445 employees (excluding those on leave). A breakdown of the planned distribution of staff among the individual departments compared with the actual figures is shown in *Table 30*.

The staff turnover rate dropped to 4.95% in 2022 (2021: 6.01%), which does not include those employees whose fixed-term contracts expired during the year. The low rate is due to employee loyalty measures having been continually extended over recent years, as well as the FMA being an attractive employer during times of crisis. The FMA provides staff members working in highly specialised sectors of the financial market with excellent opportunities to assume positions of responsibility, to contribute to the advancement of supervisory tasks, and to gather international experience within its transnational network of supervisory institutions.

The number of civil servants assigned to duty at the FMA by the Federal Ministry of Finance remained almost unchanged year-on-year, at 9.88 FTEs. Their percentage in proportion to all employees fell slightly from 2.51% in 2021 to 2.42% by the end of 2022. The equivalent figure in 2007 was a high as 10%. The number of contractual employees from the BMF also remained nearly unchanged, at 4.1 FTEs or 1.01% of all FMA staff.

The average age of FMA employees in 2022 was 42. The share of part-time employees was 26.07%, with parents on part-time leave accounting for the majority of part-

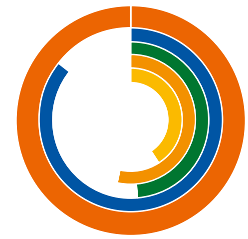
***Table 30:** Planned and actual staffing levels in FTEs in 2022*

| | Planned staffing levels as at 31 Dec. | Actual staffing levels as at 31 Dec. | Difference in % |
|---|---|---|---|
| Executive Board Affairs, Enforcement and Law, Internal Audit | 28 | 29.81 | 6.46 |
| Banking Supervision | 84.5 | 81.97 | −2.99 |
| Insurance and Pension Supervision | 58 | 57.42 | −1.00 |
| Securities Supervision | 88.15 | 86.07 | −2.36 |
| Integrated Supervision | 77.25 | 76.46 | −1.02 |
| Services | 55.1 | 53.58 | −2.76 |
| Bank Resolution | 24 | 22.28 | −7.17 |
| **Total** | **415** | **407.59** | **−1.79** |

Differences arising from rounding to two decimal places are ignored.

timers. The percentage of women in relation to total staff decreased slightly, from 56.67% to 53.48%. Among management positions, the proportion of women remained at 40.74%, while the share of university graduates remained high and practically unchanged at 83.82%, compared with 83.37% in the previous year. The proportion of employees with additional qualifications was 48.76%; examples of such qualifications include a second degree, postgraduate training, or certification as a lawyer or tax consultant. This share amounts to 55.51% when the 71 active employees are taken into account who successfully completed the two-year postgraduate university programme in Financial Market Supervision. This course of study for working students was developed jointly by the FMA, OeNB and the Vienna University of Economics and Business (WU).

***Chart 42:** Expert organisation FMA*




## HR DEVELOPMENT

The continuing professional development of its employees is a top priority for the FMA in its capacity as an organisation of experts. Its human resources development programme encompasses a broad but tailored range of measures for different target groups and requirements.

- Executive development programme
- Master in Financial Supervision programme (Professional Master – PM), offered jointly with the OeNB at the WU Executive Academy
- FMA Academy
- International seminars organised within the European partner network (EIOPA, ESMA, EBA etc.) or by other international organisers
- Seminars organised by external providers based on executives' individual requirements.

### FMA ACADEMY

The FMA Academy offers seminars tailored to specific target groups (new employees, assistants, officers, specialists and experts, executives etc.) as well as training designed to impart skills in various subject areas and topics (basic, social, methodological, professional, leadership, language, specialist and expert skills). The offer comprises internal and external seminars, national and international courses, e-learning opportunities, study visits and staff exchanges.

In 2022 the FMA Academy organised a total of 179 seminars, workshops and lectures that were attended by 2 546 participants. Executives also had the opportunity to take part in 17 further seminars. In addition to these internally organised seminars, FMA staff attended 592 specialised training courses at third-party educational institutions targeted at individual career development in their specific fields.

FMA staff members also attended 281 international seminars at our European partner institutions, which included the European Central Bank (ECB), the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Banking Authority (EBA), the Single Resolution Board (SRB), the European Supervisor Education Initiative (ESE), as well as partner authorities and other international organisers.

### EXECUTIVE DEVELOPMENT

Development opportunities for our executives were also further expanded in the reporting year, with the focus on equity, diversity and inclusion (EDI). To ensure that all executives are on the same level, definitions and the relevance of these terms and concepts were explained to them in dedicated workshops. Change management seminars were also offered to the FMA executive team alongside our “Fit4Future – FMA 2025” programme. Additionally, as a consequence of the new FMA Working from Home Policy being implemented, executives again had the choice of specific training in, for example, hybrid leadership, hybrid meetings and online leadership in 2022.

## INTERNATIONAL NETWORKING

As COVID-related restrictions came to an end, our staff was again able to attend physical meetings. Face-to-face meetings with our partners at European institutions, such as the ECB, SRB and the ESAs, are key to building good working relationships.
A total of nine FMA employees were seconded to other organisations in the reporting year: six to the ECB, and three to the European Commission. The ECB secondments took place under host-based contracts where the receiving institution pays the expenses for the seconded FMA staff members. These ECB secondments took the form of Seconded National Experts (SNEs), which means employees remain in the service of the FMA.
In addition, three employees made study visits to international organisations in 2022, with two working at ESMA and one at the European Commission during this time.

## WORK-LIFE BALANCE

The FMA has taken part in the “workandfamily” audit since 2013, which aims to establish family-friendly corporate cultures and to develop the measures needed in this regard. Initial certification took place in November 2013 and, following a re-audit, the FMA was awarded the full certificate “workandfamily” by the Austrian Federal Ministry for Labour, Family and Youth in 2017. In the course of the second re-audit in 2020, additional measures were determined, which have been implemented over the past two years. The biggest milestone was the revision of the FMA’s Teleworking and Working from Home Policy, which has been modified in light of the lessons learned from the COVID-19 pandemic and lockdowns. This Policy has been in force since 1 July 2021.
In 2022 efforts focused on the communication road map drawn up by the Executive Board Affairs division (storytelling, reports on key figures, addressing work-life balance on social media).
The current certificate expires in November 2023. Nonetheless, the FMA will continue to promote the reconciliation of work and family life, driving the issue of work-life balance forward with its new programmes (Fit4Future and EDI strategy).

## INTERNAL COMMUNICATION

Due to COVID-19 and the aftermath of the pandemic still having a bearing on personal interactions in the office, internal communication and information sharing continued to take on a special significance in 2022.
Communication mainly took place through the FMA intranet and other online communication software, enabling multimedia content on various topics to be shared

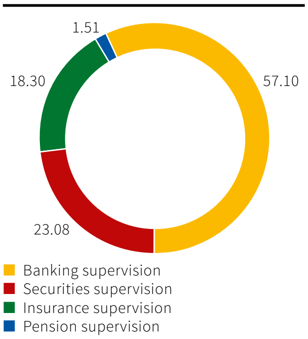
with employees. Particularly important in this regard is also the annual conference for FMA executive employees, as well as information events for new staff.
Information events were held entirely virtually in the first half of the year, with one of the online talks being dedicated to the topic of “Going beyond your limits”.
For the first time since the beginning of the pandemic, a live employee event was held to mark the Authority’s 20th anniversary in June 2022. Cappuccino Talks are another new format. These give employees the opportunity to meet up with the Executive Directors.

# FINANCE AND CONTROLLING

## FINANCING

The FMA's finances are based on three pillars, as stipulated in the Financial Market Authority Act (FMABG; *Finanzmarktaufsichtsbehördengesetz*): Firstly, the FMA receives an annual lump sum of € 4.6 million from the federal budget as prescribed by law. In addition, the FMA is entitled to a federal contribution for expenses incurred in connection with its regulatory sandbox, which it established in 2020, amounting to around € 500 000. Secondly, in its capacity as an authority, the FMA may levy fees for particular services as defined by law. Thirdly, the remaining amount is contributed by the supervised entities according to the share of costs incurred in each case.

***Chart 43:** Supervisory costs in 2022, breakdown by accounting group (in %)*




Pursuant to Article 19 FMABG, four accounting groups are to be set up for the apportionment of costs to the supervised entities according to the share incurred in each case: banking, insurance, securities and pension supervision, each of which is then further divided into subgroups. The FMA uses the data recorded in its time and performance tracking system (ZLES) as the basis for allocating personnel expenses to the accounting groups, as stipulated in the FMABG, according to the share incurred.

After deducting the federal contribution, the collected fees and other income from the overall costs, the share of remaining costs accounted for by each accounting group can be determined. This share is then allocated and charged to each individual supervised entity in line with the statutory provisions.

### PAYMENT NOTICES

In accordance with Article 19 FMABG, the supervised companies are required to reimburse the FMA for all costs not covered by other means. The financial statements and statement of costs are used as the calculation basis for these costs. The respective amount to be paid by each company is determined on the basis of the data reported by the supervised companies themselves or, for example, by the Vienna Stock Exchange.

The FMA Cost Regulation (FMA-KVO; *FMA-Kostenverordnung*) specifies the reimbursement of costs (calculation of actual costs), the implementation of advance payments per accounting group and the apportionment among the entities liable to pay costs, including deadlines for the payment notices and for payments.

The FMA issued the payment notices for the actual costs incurred in 2021 in November 2022, together with those for the advance payments for 2023. Compared with one

# THE FMA ON THE PATH TO GREATER SUSTAINABILITY

In its capacity as a modern and future-oriented supervisory authority, the FMA supports the transition to a climate-neutral economy and strives to set an example from a sustainability perspective. Sustainability concerns us as financial market supervisors in two respects:

Firstly, financial markets have a crucial role to play in combating climate change. The aim is for them to realign financial and capital flows towards a sustainable economy, embed sustainability in the risk management of all market participants and promote transparency around sustainability risks. As supervisors, we have an important role to play in supporting this transformation process and limiting the associated risks. This Annual Report documents and provides an insight into the many initiatives that we have taken in our supervisory role.

Secondly, we also acknowledge our own position as a role model for financial market participants and therefore enshrined the topic of sustainability internally at the FMA many years ago. A dedicated sustainability team develops and drives initiatives to make the way we work as resource-efficient as possible. Some of our in-house initiatives are briefly outlined here:

- Fully electronic file management has massively reduced paper consumption.
- We have been able to slash our $CO_2$ emissions in recent years, not least thanks to our environmentally conscious mobility strategy and our efforts to attend transnational meetings virtually in the form of video conferences whenever possible. This has massively reduced the number of flights taken by FMA staff, and travel restrictions imposed as a result of the pandemic have also helped reduce the need to fly. With regard to individual mobility, we have made the switch to electric vehicles. In addition, the $CO_2$ emissions in the FMA building have been markedly cut through consistent sustainable facility management. Higher levels of working from home have also reduced consumption of water, electricity and heating energy, as well as the amount of waste. To save energy, fluorescent tubes with motion detectors are used to light the entire building. Thanks to the design of the FMA building with lots of windows, we benefit from daylight in the offices, which saves a lot of electricity. We have switched our energy supply to green electricity.
- Sorting our waste for recycling is a priority.
- When purchasing office furniture, we focus on sustainable production. We only use certified sustainable paper that is recycled and produced in an environmentally friendly way. We use biodegradable soaps. The cleaning agents that we use at the FMA are environmentally friendly.
- Our company restaurant has sustainability certification: this applies to the ingredients we buy and how they are prepared.

As a contribution to the promotion of biodiversity, five bee colonies – looked after by professional beekeepers – have been living on the FMA's flat roof since spring 2022. The hives produced 85 kilos of mostly pesticide-free and very pollen-rich honey during the reporting year.

Detailed information as well as current and detailed figures on the FMA's in-house sustainability strategy can be found on our website (www.fma.gv.at). You can also download our latest environmental brochure, which has been certified by an external auditor.

year earlier, when some 2 500 payment notices were issued, the number of notices has remained stable. Based on the actual costs of 2021 minus the advance payments made that year, the entities liable to pay costs were charged an additional € 5.0 million for 2021.

## FINANCIAL STATEMENTS 2022

According to Article 18 FMABG, the Executive Board is required to submit the audited financial statements including the statement of costs to the Supervisory Board for approval within five months of the previous financial year-end. CONTAX WirtschaftstreuhandgmbH carried out the statutory audit of the FMA's financial statements and statement of costs for 2022 as well as of the resolution financing arrangement's balance sheet and income statement for 2022. It issued unqualified opinions in each case, confirming compliance with the statutory provisions. The Supervisory Board approved the 2022 financial statements of the FMA and of the resolution financing arrangement on 21 April 2023 in accordance with Article 10 para. 2 no. 4 FMABG.
The share contributed by entities liable to pay costs increased by € 5.1 million to € 65.9 million year-on-year. This increase was due to a drop in income by € 1.7 million while expenses rose by € 3.6 million over the same period.
Following the entry into force of an amendment in April 2022, federal contributions grew by € 0.6 million to € 5.1 million.
With lower authorisation fees being recorded in the banking area in particular, income from fees and the allocation of costs fell by € 2.2 million to € 6.1 million.
Personnel expenses were up by about € 2.9 million to € 51.1 million, which is mainly attributable to adjustments of salary levels for inflation and annual salary progressions. Furthermore, an average of six additional FTEs worked at the FMA in 2022 compared with 2021.
Other operating expenses were up year-on-year by € 1.0 million to € 25.6 million for the following reasons:

- In 2022 COVID-related restrictions were eased, which is why expenses for business trips (+ € 270 000), conventions (+ € 170 000) and communication and publications (+ € 150 000) increased on the previous year.
- The item "General office operations, maintenance and equipment leasing" was up by € 160 000, mainly because of higher energy costs.
- The increase in Other operating expenses (+ € 190 000) is mainly attributable to external consulting services in connection with the "Fit For Future" project.

## CHARTS



## TABLES

## FIGURES

| | |
|---|---|
| ABBAG | Federal divestment company |
| AFREP | Austrian Financial Reporting Enforcement Panel |
| AG | Aktiengesellschaft (joint stock company) |
| AIF | Alternative Investment Fund |
| AIFM | Alternative Investment Fund Manager |
| AIFMG | Alternatives Investmentfonds Manager-Gesetz (Alternative Investment Fund Managers Act) |
| AML/CFT | Anti-Money Laundering and Countering the Financing of Terrorism |
| APP | Asset Purchase Programme |
| ATX | Austrian Traded Index |
| BaFin | Federal Financial Supervisory Authority (Germany) |
| BaSAG | Bankensanierungs- und Abwicklungsgesetz (Bank Recovery and Resolution Act) |
| BCG | Basel Consultative Group |
| BIS | Bank for International Settlements |
| BMASK | Federal Ministry of Social Affairs, Health, Care and Consumer Protection BMF Federal Ministry of Finance |
| BMK | Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology |
| BMR | Benchmarks Regulation |
| BMSVG | Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz (Company Employee and Self-Employment Provisions Act) |
| BörseG | Börsegesetz (Stock Exchange Act) |
| BoS | Board of Supervisors |
| BVwG | Federal Administrative Court |
| BWG | Bankwesengesetz (Austrian Banking Act) |
| CAC | Cotation Assistée en Continu (French blue-chip index) |
| CCP | Central Counterparty |
| CCP.A | Central Counterparty Austria GmbH |
| CESEE | Central, Eastern and South-Eastern Europe |
| CFD | Contract for Difference |
| CRR | Capital Requirements Regulation |
| CSA | Common Supervisory Action |
| CSD | Central Securities Depository |
| DAX | Deutscher Aktienindex (German stock index) |
| DG | Directorate-General |
| DLT | Distributed Ledger Technology |
| DLT Pilot Regime | A regulatory approach for market infrastructure based on a distributed ledger technology |
| DORA | Digital Operational Resilience Act |
| EBA | European Banking Authority |
| ECB | European Central Bank |
| ECSP | European Crowdfunding Service Provider |
| EDI | Equity, Diversity and Inclusion |
| EDIS | European Deposit Insurance Scheme |
| EEA | European Economic Area |
| EIOPA | European Insurance and Occupational Pensions Authority |
| ELAK | Elektronischer Akt (electronic file) |
| EMIR | European Market Infrastructure Regulation |
| ESAEG | Einlagensicherungs- und Anlegerentschädigungsgesetz (Deposit Guarantee Schemes and Investor Compensation Act) |
| ESAs | European Supervisory Authorities |
| ESCB | European System of Central Banks |
| ESE | European Supervisor Education Initiative |
| ESEF | European Single Electronic Format |
| ESFS | European System of Financial Supervision |
| ESG | Environmental, Social and Governance |
| ESMA | European Securities and Markets Authority |
| ESRB | European Systemic Risk Board |
| ETF | Exchange Traded Fund |
| EU | European Union |
| EURIBOR | Euro Interbank Offered Rate (three-month interbank rate) |
| EuroCCP | European Central Counterparty N.V. (Netherlands) |
| EuVECA | European Venture Capital Fund |
| EXAA | Energy Exchange Austria |
| FCA | Financial Conduct Authority (UK) |
| Fed | Federal Reserve (USA) |
| FinTech | Financial Technology |
| FMA | Financial Market Authority (Austria) |
| FMABG | Finanzmarktaufsichtsbehördengesetz (Financial Market Authority Act) |
| FM-GwG | Finanzmarkt-Geldwäschegesetz (Financial Markets Anti-Money Laundering Act) |
| FMSB | Financial Market Stability Board |
| FOLF | Failing Or Likely to Fail |
| FSB | Financial Stability Board |
| FTE | Full-Time Equivalent |
| FTSE | Financial Times Stock Exchange Index |
| GDP | Gross Domestic Product |
| GIMAR | Global Insurance Market Report |
| GmbH | Gesellschaft mit beschränkter Haftung (limited liability company) |
| GSIIs | Global Systemically Important Institutions |
| HSV | Main Association of Austrian Social Security Institutions |
| IAIS | International Association of Insurance Supervisors |
| IAS | International Accounting Standards |
| ICO/STO | Initial Coin Offering/Security Token Offering |
| ICT | Information and Communications Technology |
| IDV | Identifikationsverordnung (Identification Regulation) |
| IFR | Investment Firms Regulation |
| IFRS | International Financial Reporting Standards |
| IHS | Institute for Advanced Studies |
| IMF | International Monetary Fund |
| ImmoInvFG | Immobilien-Investmentfondsgesetz (Real Estate Investment Fund Act) |
| Immo-KAG | Real estate investment fund management company |
| InvFG | Investmentfondsgesetz (Investment Fund Act) |
| IOPS | International Organisation of Pension Supervisors |
| IORP | Institution for Occupational Retirement Provision |
| IOSCO | International Organization of Securities Commissions |
| IPISC | Investor Protection and Intermediaries Standing Committee |
| IRG | Investment and Risk-sharing Group |
| IRT | Internal Resolution Team |
| ISA | International Standards on Auditing |
| ISI | International Statistical Institute |
| JST | Joint Supervisory Team |
| KAG | Investment fund management company |
| KF | KA Finanz AG |
| KIID | Key Investor Information Document |
| KIM-V | Kreditinstitute-Immobilienfinanzierungsmaßnahmen-Verordnung (Regulation for sustainable lending standards for residential real estate financing) |
| KMG | Kapitalmarktgesetz (Capital Market Act) |
| KPI | Key Performance Indicators |
| KVO | Kostenverordnung (Cost Regulation) |
| KStG | Körperschaftsteuergesetz (Corporate Tax Act) |
| LIBOR | London Interbank Offered Rate |
| LSI | Less Significant Institution |
| MAR | Market Abuse Regulation |
| MBA | Master of Business Administration |
| MFI | Monetary Financial Institution |

| | |
|---|---|
| MiFID | Markets in Financial Instruments Directive |
| MiFIR | Markets in Financial Instruments Regulation |
| MMIT | Market Manipulation Insider Tracer |
| MoU | Memorandum of Understanding |
| MREL | Minimum Requirement for Own Funds and Eligible Liabilities |
| MSCI | Emerging Markets Index |
| MTF | Multilateral Trading Facility |
| NASDAQ | National Association of Securities Dealers Automated Quotations (stock exchange in New York) |
| NCA | National Competent Authority |
| NFC | Near Field Communication |
| NGFS | Network for Greening the Financial System |
| NRA | National Resolution Authority |
| OeKB | Oesterreichische Kontrollbank AG |
| OeNB | Oesterreichische Nationalbank |
| ORSA | Own Risk and Solvency Assessment |
| PEP | Politically Exposed Person |
| PEPP | Pandemic Emergency Purchase Programme |
| PK | Pensionskasse (pension company) |
| PM | Professional Master |
| POG | Product Oversight and Governance |
| RCG | Regional Consultative Group |
| RegTech | Regulatory Technology |
| RL-KG | Rechnungslegungs-Kontrollgesetz (Financial Reporting Enforcement Act) |
| RWA | Risk-Weighted Assets |
| S&P | Standard & Poor's |
| SCR | Solvency Capital Requirement |
| Security-oriented IRG | Security-oriented investment and risk sharing group |
| SFDR | Sustainable Finance Disclosure Regulation |
| SI | Significant Institution |
| SRB | Single Resolution Board |
| SREP | Supervisory Review and Evaluation Process |
| SRF | Single Resolution Fund |
| SRM | Single Resolution Mechanism |
| SSM | Single Supervisory Mechanism |
| Sub-IG | Sub-Investment Group |
| SupTech | Supervisory Technology |
| TLTRO III | Targeted Longer-Term Refinancing Operation (third series) |
| TPI | Transmission Protection Instrument |
| TREM | Transaction Reporting Exchange Mechanism |
| UCITS | Undertakings for Collective Investment in Transferable Securities |
| UCITS KIID | UCITS Key Investor Information Document |
| UGB | Unternehmensgesetzbuch (Corporate Code) |
| USBLS | U.S. Bureau of Labor Statistics |
| USSPs | Union-Wide Strategic Supervisory Priorities |
| VAG | Versicherungsaufsichtsgesetz (Insurance Supervision Act) |
| VASP | Virtual Asset Service Provider |
| VfGH | Constitutional Court |
| VStG | Verwaltungsstrafgesetz (Administrative Penal Act) |
| VwGH | Supreme Administrative Court |
| WIFO | Austrian Institute of Economic Research |
| WKO | Austrian Federal Economic Chamber |
| WKStA | Central Public Prosecutor for Economic Crime and Corruption |
| WU | Vienna University of Economics and Business |
| ZLES | Time and performance tracking system |

# FINANCIAL MARKET AUTHORITY
# FINANCIAL STATEMENTS 2022

# FINANCIAL STATEMENTS 2022

## AUDITOR'S REPORT
## REPORT ON THE FINANCIAL STATEMENTS

### AUDIT OPINION

We have audited the financial statements of the Financial Market Authority (FMA), Vienna, consisting of the balance sheet as at 31 December 2022, the income statement for the financial year then ended, and the notes. The statement of costs pursuant to Article 19 FMABG was also part of our audit.

In our opinion, the attached financial statements comply with the legal provisions and give a true and fair view of the net assets and the financial position as at 31 December 2022 as well as the results of operations of the Financial Market Authority for the financial year then ended, in accordance with Austrian company law and the special legal provisions in Article 18 FMABG. The statement of costs pursuant to Article 19 FMABG complies with the statutory provisions.

### BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the Austrian standards of proper auditing. These standards require us to apply the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards are further described in the section "Auditor's responsibilities for the audit of the financial statements" of our auditor's report. We are independent from the Financial Market Authority, as required in accordance with Austrian company law and professional regulations, and we have fulfilled our other professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion up to that date.

### LEGAL REPRESENTATIVES' AND SUPERVISORY BOARD'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The legal representatives are responsible for the preparation of the financial statements and for ensuring that they give a true and fair view of the net assets, financial position and results of operations of the Financial Market Authority in accordance with Austrian company law and the special legal provisions in Article 18 FMABG. The legal representatives are also responsible for any internal control procedures that they deem necessary to enable preparation of financial statements that are free from material misstatement, whether caused by fraud or other irregularity or error.

In preparing the financial statements, the legal representatives are responsible for assessing the Financial Market Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the legal representatives either intend to liquidate the Financial Market Authority or to cease operations, or have no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Financial Market Authority's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and to issue an auditor's report including our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Austrian standards of proper auditing, which require us to apply the ISA, will always detect a material misstatement when it exists. These can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian standards of proper auditing, which require us to apply the ISA, we exercise professional judgment and maintain professional scepticism throughout the entire audit.

Additionally:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financial Market Authority's internal control procedures.
- We evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives.
- We conclude on the appropriateness of legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Financial Market Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Financial Market Authority to cease operating as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## REPORT ON MANAGEMENT REPORT

Austrian company law requires us to perform audit procedures to determine whether the management report is consistent with the financial statements and whether it has been prepared in accordance with the applicable statutory requirements.

The legal representatives are responsible for the preparation of the management report in

accordance with Austrian company law and the special legal provisions in Article 18 FMABG.
We conducted our audit in accordance with the standards of actuarial practice applicable to the audit of the management report.

## OPINION

In our opinion, the management report has been prepared in accordance with the applic-able statutory requirements and is consistent with the financial statements.

## DECLARATION

Considering the findings obtained during our audit of the financial statements and the appreciation we gained of the Financial Market Authority and its environment, we did not identify any material deficiencies in the management report.

Vienna, 27 March 2023

**CONTAX WIRTSCHAFTSTREUHANDGESELLSCHAFT MBH**
**AUDITING AND CONSULTING FIRM**

OTHMAR EBERHART
*Auditor*

WERNER PRENNER
*Auditor*

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

Balance sheet as at 31 December 2022 (amounts in €; rounding differences from previous year disregarded)

**ASSETS**

| | | | Prev. year in € thousands |
|---|---|---|---|
| **A. Fixed assets** | | | |
| I. Intangible assets | | | |
| 1. Industrial property and similar rights and licences in such rights | | 237 367.41 | 349 |
| II. Tangible assets | | | |
| 1. Buildings on third-party land | 1 156 917.30 | | 1 183 |
| 2. Other equipment, operating and office equipment | 2 042 701.97 | | 1 005 |
| | | 3 199 619.27 | 2 188 |
| | | 3 436 986.68 | 2 537 |
| **B. Current assets** | | | |
| I. Services not yet invoiced to entities liable to pay costs | | 65 267 862.83 | 60 303 |
| II. Receivables and other assets | | | |
| 1. Trade receivables | 2 244 080.20 | | 1 119 |
| *Amounts becoming due and payable after more than one year* | *0.00* | | *0* |
| 2. Other receivables and assets | 424 871.86 | | 846. |
| *Amounts becoming due and payable after more than one year* | *0.00* | | *0* |
| | | 2 668 952.06 | 1 966 |
| III. Securities and shares | | | |
| 1. Austrian government securities | | 0.00 | 12 000 |
| IV. Cash at bank and in hand | | 40 203 399.59 | 33 498 |
| | | 108 140 214.48 | 107 767 |
| **C. Prepaid expenses** | | 1 461 386.34 | 1 450 |
| | | **113 038 587.50** | **111 754** |

Statements of changes in fixed assets pursuant to Article 226 para. 1 UGB (amounts in €)

| | Cost of acquisition | | | |
|---|---|---|---|---|
| | As at 1 Jan. 2022 | Additions | Disposals | As at 31 Dec. 2022 |
| I. Intangible assets | | | | |
| 1. Industrial property and similar rights and licences in such rights | 4 422 388.88 | 133 837.82 | 156 079.71 | 4 400 146.99 |
| II. Tangible assets | | | | |
| 1. Buildings on third-party land | 2 952 079.00 | 156 006.57 | 0.00 | 3 108 085.57 |
| 2. Other equipment, operating and office equipment | 6 308 165.55 | 1 837 369.01 | 211 455.38 | 7 934 079.18 |
| 3. Low-value assets | 0.00 | 115 667.20 | 115 667.20 | 0.00 |
| | 9 260 244.55 | 2 109 042.78 | 327 122.58 | 11 042 164.75 |
| | **13 682 633.43** | **2 242 880.60** | **483 202.29** | **15 442 311.74** |

## NOTES PURSUANT TO ARTICLE 236 UGB (amounts in €))

### A. GENERAL INFORMATION

1. The FINANCIAL MARKET AUTHORITY (FMA) is an institution under public law and was established by the Financial Market Authority Act (FMABG; *Finanzmarktaufsichtsbehördengesetz*) (Federal Law Gazette I

| | | | EQUITY AND LIABILITIES<br>*Prev. year in € thousands* |
|---|---|---|---|
| **A. Reserves pursuant to FMABG** | | | |
| 1. Reserve pursuant to Article 20 FMABG | 3 714 317.49 | | 3 634 |
| 2. Reserve pursuant to Article 23a FMABG | 869 603.28 | | 554 |
| | | 4 583 920.77 | 4 188 |
| **B. Provisions** | | | |
| 1. Provisions for severance pay | 2 651 539.48 | | 2 541 |
| 2. Other provisions | 10 159 832.80 | | 9 482 |
| | | 12 811 372.28 | 12 024 |
| **C. Liabilities** | | | |
| 1. Advance payments received pursuant to Article 19 FMABG | | 69 307 719.75 | 69 530 |
| *Amounts becoming due and payable within one year* | | *69 307 719.75* | *69 530* |
| *Amounts becoming due and payable after more than one year* | | *0.00* | *0* |
| 2. Trade payables | | 22 649 679.17 | 22 377 |
| *Amounts becoming due and payable within one year* | | *12 174 679.17* | *11 717* |
| *Amounts becoming due and payable after more than one year* | | *10 475 000.00* | *10 660* |
| 3. Other liabilities | | 3 668 295.53 | 3 610 |
| *Taxes* | *815 906.62* | | *740* |
| *Social security and similar obligations* | *893 345.11* | | *835* |
| *Actual cost accounting for previous years* | *1 342 234.52* | | *1 001* |
| *Other* | *616 809.28* | | *1 035* |
| *Amounts becoming due and payable within one year* | *3 668 295.53* | | *3 610* |
| *Amounts becoming due and payable after more than one year* | *0.00* | | *0* |
| | | 95 625 694.45 | 95 518 |
| *Amounts becoming due and payable within one year* | | *85 150 694.45* | *84 858* |
| *Amounts becoming due and payable after more than one year* | | *10 475 000.00* | *10 660* |
| **D. Deferred income** | | 17 600.00 | 25 |
| | | **113 038 587.50** | **111 754** |

***Table 31:*** *Balance sheet 2022*

| Cumulative depreciation, amortisation and write-downs | | | | Carrying amounts | |
|---|---|---|---|---|---|
| As at 1 Jan. 2021 | Additions | Disposals | As at 31 Dec. 2021 | As at 1 Jan. 2021 | As at 31 Dec. 2021 |
| 4 073 138.42 | 245 082.35 | 155 441.19 | 4 162 779.58 | 349 250.46 | 237 367.41 |
| 1 768 932.81 | 182 235.46 | 0.00 | 1 951 168.27 | 1 183 146.19 | 1 156 917.30 |
| 5 303 102.36 | 798 861.84 | 210 586.99 | 5 891 377.21 | 1 005 063.19 | 2 042 701.97 |
| 0.00 | 115 667.20 | 115 667.20 | 0.00 | 0.00 | 0.00 |
| 7 072 035.17 | 1 096 764.50 | 326 254.19 | 7 842 545.48 | 2 188 209.38 | 3 199 619.27 |
| **11 145 173.59** | **1 341 846.85** | **481 695.38** | **12 005 325.06** | **2 537 459.84** | **3 436 986.68** |

***Table 32:*** *Fixed assets 2022*

No. 97/2001) on 22 October 2001. The official competence of the FMA commenced on 1 April 2002. The FMA is in charge of banking supervision, insurance supervision, securities supervision and pension supervision.

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

| Income statement for the financial year from 1 January to 31 December 2022 (amounts in €; rounding differences from previous year disregarded) | | | Prev. year in € thousands |
|---|---|---|---|
| 1. Federal Government contribution pursuant to FMABG | | 5 100 000.00 | 4 500 |
| 2. Share of entities liable to pay costs | | | |
| a) Share of entities liable to pay costs (not yet chargeable) | 65 267 862.83 | | 60 303 |
| b) Share of entities liable to pay costs (charged) | 500 000.00 | | 500 |
| | | 65 767 862.83 | 60 803 |
| 3. Income from fees and the allocation of costs | | 6 108 685.94 | 8 302 |
| 4. Other operating income | | | |
| a) Income from the disposal of fixed assets | 0.00 | | 9 |
| b) Income from the reversal of provisions | 649 477.33 | | 544 |
| c) Other | 708 822.48 | | 269 |
| | | 1 358 299.81 | 822 |
| 5. Personnel expenses | | | |
| a) Salaries | –40 236 769.23 | | –37 987 |
| b) Social security costs | –10 851 604.99 | | –10 159 |
| *Expenses for old-age provision* | *–1 768 328.15* | | *–1 683* |
| *aa) Expenses for severance pay and contributions to corporate staff provision funds* | *–862 389.17* | | *–647* |
| *bb) Cost of statutory social security, payroll-related taxes and mandatory contributions* | *–7 887 826.94* | | *–7 591* |
| *cc) Other social security costs* | *–333 060.73* | | *–237* |
| | | –51 088 374.22 | –48 146 |
| 6. Amortisation and write-downs of intangible assets, depreciation and write-downs of tangible assets | | –1 341 846.85 | –1 165 |
| 7. Other operating expenses | | | |
| a) Costs pursuant to Article 79 para. 4b BWG – Banking Supervision | –8 000 000.00 | | –8 000 |
| b) Costs pursuant to Article 182 para. 7 VAG – Insurance Supervision | –75 000.00 | | –180 |
| c) Costs pursuant to Article 3 para. 5 BaSAG – Bank Recovery/Resolution | –2 000 000.00 | | –2 000 |
| d) Costs pursuant to Article 6 para. 6 ESAEG – Deposit Guarantees | –400 000.00 | | –480 |
| e) Other | –15 017 563.65 | | –13 919 |
| | | –25 492 563.65 | –24 579 |
| **8. Subtotal of items 1 to 7** | | **412 063.86** | **537** |
| 9. Other interest income | | 132 728.17 | 0 |
| 10. Interest expenses | | –148 598.05 | –140 |
| **11. Subtotal of items 9 to 10** | | **–15 869.88** | **–140** |
| 12. Release of reserves pursuant to FMABG | | 0.00 | 359 |
| 13. Appropriation to reserves pursuant to FMABG | | –396 193.98 | –756 |
| **14. Profit or loss for the year** | | **0.00** | **0** |

***Table 33:*** *Income statement 2022*

2. The financial statements have been prepared in conformity with the generally accepted accounting principles and the general principle of giving a true and fair view of the net assets, financial position and results of operations. In accordance with Article 18 FMABG, the provisions of the Corporate Code (UGB; *Unternehmensgesetzbuch*) were applied accordingly to the present financial statements.
3. The accounting policies applied to the individual items of the financial statements were based on the general provisions of Articles 193 to 211 UGB, taking the special provisions for large corporations into account.
4. The financial statements were prepared in accordance with the going concern principle.
5. Where a value was determined on the basis of an estimate, those estimates were based on prudent assessment. Where empirical values were available, the assessment was based on those values.

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

1. Fixed assets

The changes in fixed assets and the breakdown of the annual depreciation according to individual items can be seen in Table 32 (Fixed assets).

Depreciation is calculated on a straight-line basis.

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

1. Industrial property and similar rights and licences in such rights: 3 years
2. Buildings on third-party land: 8 to 16 years
3. Other equipment, operating and office equipment: 3 to 10 years

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

The low-value assets pursuant to Article 13 of the Income Tax Law (EStG; *Einkommensteuergesetz*) with individual acquisition values of less than € 800.00 each (previous year: € 800.00) were reported as disposals in their year of acquisition.

The Improvements to leased buildings include a landlord subsidy, taking account of the pro rata reduction in depreciation, for the renovation of the conference room in the amount of € 17 759.18 (previous year: € 20k), and for the renewal of the ventilation system in the staff canteen in the amount of € 90 000.00 (previous year: € 64k) as at 31 December 2022.

Additions to the assets were valued at cost; disposals of assets were recognised at carrying amounts.

Development of carrying amounts:

| | Carrying amount as at 1 Jan. 2022 | Additions | Carrying amount of asset disposals | Depreciation | Carrying amount as at 31 Dec. 2022 |
|---|---|---|---|---|---|
| **Intangible assets** | | | | | |
| Industrial property and similar rights and licences in such rights | 349 250.46 | 133 837.82 | 638.52 | 245 082.35 | 237 367.41 |
| *Other IT software* | *336 890.46* | *112 999.64* | *638.52* | *236 015.72* | *213 235.86* |
| *Electronic filing system* | *12 360.00* | *16 038.18* | *0.00* | *7 946.63* | *20 451.55* |
| *Website* | *0.00* | *4 800.00* | *0.00* | *1 120.00* | *3 680.00* |
| **Tangible assets** | | | | | |
| Buildings on third-party land | 1 183 146.19 | 156 006.57 | 0.00 | 182 235.46 | 1 156 917.30 |
| *Improvements to leased buildings (Otto-Wagner-Platz)* | *1 154 389.15* | *156 006.57* | *0.00* | *172 854.54* | *1 137 541.18* |
| *Dedicated lines* | *28 757.04* | *0.00* | *0.00* | *9 380.92* | *19 376.12* |
| Other equipment. operating and office equipment | 1 005 063.19 | 1 837 369.01 | 868.39 | 798 861.84 | 2 042 701.97 |
| *IT equipment (hardware)* | *744 576.34* | *1 683 517.85* | *0.00* | *692 295.62* | *1 735 798.57* |
| *Office furniture* | *91 609.48* | *46 896.36* | *0.00* | *28 069.99* | *110 435.85* |
| *Other office equipment* | *54 849.59* | *106 006.80* | *868.39* | *50 565.17* | *109 422.83* |
| *Office machines. devices and systems* | *114 027.78* | *948.00* | *0.00* | *27 931.06* | *87 044.72* |
| Low-value assets | 0.00 | 115 667.20 | 0.00 | 115 667.20 | 0.00 |
| **Total** | **2 537 459.84** | **2 242 880.60** | **1 506.91** | **1 341 846.85** | **3 436 986.68** |

2. Current assets

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| I. Services not yet invoiced to entities liable to pay costs | 65 267 862.83 | 60 303v415.71 |
| II. Receivables and other assets | 2 668 952.06 | 1 965 572.26 |
| III. Securities and shares | 0.00 | 12 000 000.00 |
| IV. Cash at bank and in hand | 40 203 399.59 | 33 497 800.01 |
| Total | 108 140 214.48 | 107 766 787.98 |

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

This item comprises the expenses still to be borne by the entities liable to pay costs pursuant to Article 19 FMABG in the amount of € 65 267 862.83 (previous year: € 60 303k); specifically overall costs minus the federal grant pursuant to Article 19 para. 4 FMABG, authorisation fees pursuant to Article 19 para. 10 FMABG, as well as other income. The statement of costs is prepared according to the procedures stipulated under Article 19 FMABG.

In accordance with Article 19 FMABG, the FMA apportions cost shares as directly as possible to the accounting groups of banking supervision, insurance supervision, securities supervision and pension supervision. Costs that cannot be directly allocated are apportioned to the accounting groups based on the ratio of directly allocable costs (Article 19 para. 2 FMABG).

The 2022 cost shares for the four accounting groups are as follows:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| 1. Banking Supervision costs | 37 556 023.02 | 33 782 286.61 |
| 2. Insurance Supervision costs | 12 038 584.88 | 11 460 615.15 |
| 3. Securities Supervision costs | 15 177 551.14 | 14 603 578.47 |
| 4. Pension Supervision costs | 995 703.78 | 956 935.48 |
| Total | 65 767 862.83 | 60 803 415.71 |

(Rounding differences are ignored.)

After deduction of the costs of € 500 000.00 (previous year: € 500k), for the sub-accounting group Market Infrastructure in the Securities Supervision accounting group that were already charged in 2022, an amount of € 65 267 862.83 (previous year: € 60 303k) remains to be charged.

The allocation of costs to the individual entities liable to pay costs, and the offsetting against the advance payments made by these entities in the 2022 financial year, are based on the reference data as listed in the relevant supervisory laws and reported to the FMA; this data only becomes available once the financial statements have been prepared.

II. Receivables and other assets

This item comprises the following sub-items:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| 1. Trade receivables | 2 244 080.20 | 1 119 113.32 |
| 2. Other receivables and assets | 424 871.86 | 846 458.94 |
| Total | 2 668 952.06 | 1 965 572.26 |

1. Trade receivables

The receivables amounting to € 2 244 080.20 (previous year: € 1 119k) are carried at nominal values and show a residual maturity of less than a year. Specific allowances were recognised for identifiable risks in the measurement of receivables.

No trade receivables pursuant to Article 74 para. 5 no. 2 of the Bank Recovery and Resolution Act (BaSAG; *Bankensanierungs- und Abwicklungsgesetz*) were posted in 2022 (previous year: € 204k).

Receivables of € 2 504 817.09 (previous year: € 1 073k) are still being carried from the actual cost accounting of previous years. Specific allowances of € 161 832.09 (previous year: € 80k) as well as a general allowance of € 98 904.80 (previous year: € 78k) were recognised for receivables from actual cost accounting. The general allowance of € 78 331.00 established in 2021 constitutes a specific allowance due to it being based on a detailed statement of the individual entities liable to pay costs as at 31 December 2022, and was adjusted accordingly to its actual value of € 89 000.00.

Valuation allowances developed as follows:

| | |
|---|---|
| As at 1 Jan. 2022 | 158 050.09 |
| Allocation | 110 323.80 |
| Use | –4 137.00 |
| Release | –3 500.00 |
| As at 31 Dec. 2022 | 260 736.89 |

2. Other receivables and assets

Other receivables totalling € 424 871.86 (previous year: € 846k) mainly include receivables from orders imposing fees, administrative penalties, penalty interest, trustee fees, credit interest, as well as transitory items in relation to the ELAK electronic filing system.

The specific allowance for Other receivables, administrative penalties and coercive penalties amounts to € 3 800.00 (previous year: € 3k).

III. Securities and shares

The investment in Austrian government securities ended on 13 January 2022; they were last recorded in 2021 in the amount of € 12 000 000.00.

IV. Cash at bank and in hand

As at 31 December 2022 the Financial Market Authority held liquid assets in the amount of € 40 203 399.59 (previous year: € 33 498k). The year-on-year increase is primarily attributable to the investment in Austrian government securities expiring (see Point B.III. above).

3. Prepaid expenses
   The item Prepaid expenses amounting to € 1 461 386.34 (previous year: € 1 450k) comprises in particular prepaid expenses for rent, insurance expenses, royalties and maintenance fees, membership fees, as well as subscriptions.
4. Reserve pursuant to FMABG
   1. Reserve pursuant to Article 20 FMABG
      Article 20 FMABG specifies the option of establishing a reserve in the amount of 1% of the FMA's total costs based on the latest adopted financial statements as at 31 December 2021. The maximum amount of the reserve may not, however, exceed 5% of the FMA's total costs based on the latest adopted financial statements as at 31 December 2021.
      The allocation to the reserve pursuant to Article 20 FMABG amounts to € 80 188.48 (previous year: € 360k) for 2022; the reserve pursuant to Article 20 FMABG therefore totalled € 3 714 317.49 (previous year: € 3 634k) as at 31 December 2022.
   2. Reserve pursuant to Article 23a para. 8 FMABG (regulatory sandbox)
      In accordance with Article 23a para. 8 FMABG, the Government makes a ring-fenced contribution of € 500 000.00 (previous year: € 500k), which is to be used by the FMA to cover the costs of the regulatory sandbox. Any surplus will have to be allocated to a reserve. The costs for 2022 amounted to € 183 994.50 (previous year: € 103k), which is why an amount of € 316 005.50 (previous year: € 397k) was allocated to the reserve. The total reserve amounted to € 869 603.28 (previous year: € 554k) as at 31 December 2022.
      Please refer to Point 1. Federal Government contribution pursuant to FMABG/Information on the income statement for more information on the Federal Government's contribution of € 500 000.00 (previous year: 500k).
5. Provisions
   Provisions are established taking the prudent person principle pursuant to Article 211 para. 1 UGB into account.

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| I. Provisions for severance pay | 2 651 539.48 | 2 541 120.95 |
| II. Other provisions | 10 159 832.80 | 9 482 444.99 |
| Total | 12 811 372.28 | 12 023 565.94 |

I. Provisions for severance pay
   Change:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| As at 1 Jan. 2022 | 2 541 120.95 | 2 550 968.95 |
| Use | –112 989.60 | –94 399.12 |
| Allocation/Reversal | 223 408.13 | 84 551.12 |
| As at 31 Dec. 2022 | 2 651 539.48 | 2 541 120.95 |

The provisions for severance pay were calculated as in the previous year in accordance with actuarial principles using the entry age normal method and taking account of the current actuarial assumptions for pension insurance "AVOe 2018-P" (previous year: AVOe 2018-P). These assumptions are based on an interest rate of 1.44% (previous year: 1.35%) and a salary increase of 4.00% (previous year: 3.00%). The assumed interest rate corresponds to a 7-year average rate for a residual maturity of 15 years. The retirement age was assumed to be the pension age as set forth in the General Social Insurance Act (ASVG; *Allgemeines Sozialversicherungsgesetz*), also applying the transitional provisions of the Budget Accompanying Act 2003 (BBG 2003; *Budgetbegleitgesetz*). The raised retirement age for women as of 2024 was taken into account.

The provision for severance pay relates to employees and contractual employees of the FMA. Any allocations to or reversals of the provision are posted under Personnel expenses.

As at 31 December 2022, 43 (previous year: 47) employees were entitled to severance pay claims, with a provision having to be established for those claims. Of these employees, 15 (previous year: 16) have already transferred to the new severance pay scheme. Severance pay claims have been "frozen" for those employees as per the date of their transfer.

II. Other provisions
   Other provisions were determined in accordance with the prudent person principle and include all risks identifiable as at the balance sheet date and all liabilities as yet uncertain in terms of their

amount or reason, all contingent losses from pending business, as well as expenses that are essential in accordance with sound business judgement. These provisions were recognised with their respective settlement amounts.

| | As at 1 Jan 2022 | Use | Reversal | Allocation | As at 31 Dec 2022 |
|---|---|---|---|---|---|
| Anniversary bonuses | 118 639.00 | 0.00 | 0.00 | 103 796.00 | 222 435.00 |
| Annual bonuses | 2 321 880.03 | 2 314 182.06 | 0.00 | 2 400 383.88 | 2 408 081.85 |
| Unused holiday entitlement | 4 838 338.41 | 1 310 337.46 | 0.00 | 1 406 079.04 | 4 934 079.99 |
| Overtime to be paid | 45 523.65 | 45 523.65 | 0.00 | 34 835.14 | 34 835.14 |
| Additional hours | 283 541.27 | 23 750.60 | 0.00 | 9 849.42 | 269 640.09 |
| Remaining other provisions | 1 545 221.67 | 833 286.26 | 230 158.50 | 1 511 351.53 | 1 993 128.44 |
| Provisional actual costs Banking Supervision 2020 | 329 300.96 | 0.00 | 329 300.96 | 0.00 | 0.00 |
| Provisional actual costs Banking Supervision 2021 | 0.00 | 0.00 | 0.00 | 297 632.29 | 297 632.29 |
| Total | 9 482 444.99 | 4 527 080.03 | 559 459.46 | 5 763 927.30 | 10 159 832.80 |

Provision for anniversary bonuses

The provision for anniversary bonuses was calculated as in the previous year in accordance with actuarial principles using the entry age normal method and taking account of the current actuarial assumptions for pension insurance “AVOe 2018-P” (previous year: AVOe 2018-P). These assumptions are based on an interest rate of 1.44% (previous year: 1.35%) and a salary increase of 4.00% (previous year: 3.00%). The assumed interest rate corresponds to a 7-year average rate for a residual maturity of 15 years. The retirement age was assumed to be the pension age as set forth in the ASVG, also applying the transitional provisions of the BBG 2003. The raised retirement age for women as of 2024 was taken into account. For contractual employees non-wage labour costs were recognised at a rate of 3.7% (previous year: 3.9%) and social security contributions on a pro rata basis.

Provision for annual bonuses

Provisions were made for annual bonuses, based on the percentage of employees’ gross monthly salary to be paid if agreed targets are reached or exceeded.

Provision for unused holiday entitlement

This provision was set aside for obligations relating to holiday entitlement that had not been used up by the reporting date.

Provision for overtime to be paid

This provision covers overtime hours that have been worked but will only be paid in 2023.

Provision for additional hours

This item is for employees’ additional working time that will not be paid but transferred to the following year, subject to a maximum limit of 16 hours.

The remaining other provisions comprise the following items:

| | |
|---|---|
| Maintenance and other IT expenses | 742 866.12 |
| IT investments | 608 920.94 |
| Operating expenses | 244 479.87 |
| Consulting costs and external services | 185 537.83 |
| Exemption levy for non-employment of disabled persons | 73 569.00 |
| Expenses FMA Annual Report | 66 680.00 |
| Personnel expenses | 55 000.00 |
| Other expenses | 16 074.68 |
| Total | 1 993 128.44 |

As in the previous year, these other provisions do not include any provisions established for the long term.

Provision for actual costs of Banking Supervision in 2020:

The provision established pursuant to Article 69a BWG in one financial year must be reversed in the following financial statements of the FMA, i.e. the provision established in the 2021 financial statements for the actual costs incurred in 2020 was reversed/used in the 2022 financial statements of the FMA; by way of derogation to Article 19 para. 4 FMABG, the resulting income is only to be deducted from the costs of accounting group 1.

Provision for actual costs of Banking Supervision in 2021:

Pursuant to Article 69a BWG the difference between the calculated cost shares and the minimum amounts to be paid by the credit institutions for 2021 is to be allocated to a provision in the 2022 financial statements.

6. Liabilities

The liabilities are computed with the settlement amount taking the prudent person principle into account. All liabilities, with the exception of some amounts to be repaid to the OeNB (see Point 6.II.), have a residual maturity of up to one year.

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| I. Advance payments received (Article 19 FMABG) | 69 307 719.75 | 69 530 382.75 |
| II. Trade payables | 22 649 679.17 | 22 377 012.31 |
| III. Other liabilities | 3 668 295.53 | 3 610 301.77 |
| Total | 95 625 694.45 | 95 517 696.83 |

I. Advance payments received pursuant to Article 19 FMABG

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Prepayments by entities payment notices | 64 934 203.00 | 65 259 850.00 |
| Advance payments from entities following year | 4 505 911.50 | 4 466 919.50 |
| Specific allowance for receivables advance payments | 1 500.00 | 1 250.00 |
| Receivables/excess payments by entities advance payments | –133 894.75 | –197 636.75 |
| Total | 69 307 719.75 | 69 530 382.75 |

Amounts becoming due and payable within one year: € 69 307 719.75 (previous year: € 69 530k).
For the 2022 financial year, the entities liable to pay costs had to make advance payments in the amount of € 64 934 203.00 (previous year: € 65 260k) as prescribed by administrative decision. Specific allowances of € 1 500.00 (previous year: € 1k) were recognised for the amounts not yet paid.
The 2022 advance payments are compared with the cost share to be borne by the entities liable to pay costs within the scope of preparing the statement of costs. The resulting difference is either charged or repaid to the entities.
As at 31 December 2022, € 4 505 911.50 (previous year: € 4 467k) had already been paid in advance for the 2023 financial year.

II. Trade payables

Trade payables comprise the following items:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Mandatory OeNB costs pursuant to Article 79 para. 4b BWG | 16 000 000.00 | 16 000 000.00 |
| Mandatory OeNB costs pursuant to Article 3 para. 5 BaSAG | 4 000 000.00 | 4 000 000.00 |
| Mandatory OeNB costs pursuant to Article 6 para. 6 ESAEG | 878 154.19 | 975 749.13 |
| Mandatory OeNB costs pursuant to Article 182 para. 7 VAG | 246 762.04 | 349 208.20 |
| Summary account trade payables | 1 099 008.77 | 977 302.47 |
| Incoming invoices not yet received | 425 754.17 | 74 752.51 |
| Total | 22 649 679.17 | 22 377 012.31 |

Amounts becoming due and payable within one year: € 12 174 679.17 (previous year: € 11 717k).
Amounts becoming due and payable after more than one year: € 10 475 000.00 (previous year: € 10 660k).
For 2021 (to be reimbursed by 31 March 2023 each)
Reimbursement amounts pursuant to Article 79 para. 4b BWG – € 8 000 000.00
Reimbursement amounts pursuant to Article 182 para. 7 VAG – € 171 762.04
Reimbursement amounts pursuant to Article 3 para. 5 BaSAG – € 2 000 000.00
Reimbursement amounts pursuant to Article 6 para. 6 ESAEG – € 478 154.19
For 2022 (to be reimbursed by 31 March 2024 each)
Reimbursement amounts pursuant to Article 79 para. 4b BWG – € 8 000 000.00
Reimbursement amounts pursuant to Article 182 para. 7 VAG – € 75 000.00
Reimbursement amounts pursuant to Article 3 para. 5 BaSAG – € 2 000 000.00
Reimbursement amounts pursuant to Article 6 para. 6 ESAEG – € 400 000.00
The incoming invoices not yet received are for trade payables of 2022.

III. Other liabilities

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Taxes | 815 906.62 | 739 540.41 |
| Social security and similar obligations | 893 345.11 | 835 470.57 |
| Actual cost accounting for previous years | 1 342 234.52 | 1 000 626.00 |
| Other | 616 809.28 | 1 034 664.79 |
| Total | 3 668 295.53 | 3 610 301.77 |

Composition of liabilities relating to taxes:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Offset account tax office non-wage costs | 781 863.41 | 721 198.81 |
| Amount payable to tax office | 30 571.21 | 14 931.60 |
| Municipality of Vienna | 3 472.00 | 3 410.00 |
| Total | 815 906.62 | 739 540.41 |

The liabilities relating to social security amount to € 893 345.11 (previous year: € 835k) and are primarily comprised of contributions to the district health insurance funds.

Liabilities carried from the actual cost accounting of previous years and amounting to € 1 342 234.52 (previous year: € 1 001k) essentially cover balances from the allocation of costs that are due to the entities liable to pay costs. The FMA repays such balances to the entities liable to pay costs upon being requested to do so by the entities.

The remaining Other liabilities totalling € 616 809.28 (previous year: € 1 035k) are mainly composed of fees and self-balancing items that the FMA collects and then passes on to the competent authority.

Expenses in the amount of € 605 996.46 (previous year: € 567k) that will only become due after the balance sheet date are also included here.

7. Deferred income

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Deferred income | 17 600.00 | 25 020.00 |
| | 17 600.00 | 25 020.00 |

The item of Deferred income shows the prepayments on authorisation fees for investment funds pursuant to the Investment Fund Act 2011 (InvFG 2011; *Investmentfondsgesetz*) and the Alternative Investment Fund Managers Act (AIFMG; *Alternatives Investmentfonds Manager-Gesetz*).

8. Contingent liabilities

As at 31 December 2022 there were no contingent liabilities or guarantees.

9. The liabilities from the use of tangible assets not shown in the balance sheet amount to approximately € 4 727 100.00 (previous year: € 4 225k) for the following year and a total of approximately € 23 560 900.00 (previous year: € 20 932k) for the following five years.

## C. INFORMATION ON THE INCOME STATEMENT

1. Federal Government contribution pursuant to FMABG

The Federal Government made a contribution pursuant to FMABG for the 2022 financial year amounting to € 5 100 000.00 (previous year: € 4 500k), which is used to cover part of the costs incurred during the 2022 financial year. This amount is composed of the contribution pursuant to Article 19 para. 4 FMABG of € 4 600 000.00 (previous year: € 4 000k), which has been increased by € 600 000.00 compared with previous years from 2022 following a law amendment, and the Federal Government's contribution pursuant to Article 23a para. 8 FMABG of € 500 000.00 (previous year: € 500k), which is used to cover the costs of the regulatory sandbox.

2. Share of entities liable to pay costs

The share of entities liable to pay costs for 2022 amounting to € 65 767 862.83 (previous year: € 60 803k) is made up of the not yet chargeable share amounting to € 65 267 862.83 (previous year: € 60 303k), which will be settled with them at the 2023 year-end, as well as the share already charged in 2022 for the sub-accounting group Market infrastructure for 2022 amounting to € 500 000.00 (previous year: € 500k).

Please refer to Point B.2. I. Services not yet invoiced to entities liable to pay costs for further information.

3. Income from fees and the allocation of costs

Income from fees and the allocation of costs amount to € 6 108 685.94 (previous year: € 8 302k) and include the following income:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Income from fees pursuant to InvFG 2011 and AIFMG | 4 281 635.42 | 3.790 141.65 |
| Income FMA from authorisation fees | 517 380.00 | 2.810 770.00 |
| Cost contribution VASPs | 573 784.00 | 772 947.00 |
| Income FMA from prospectus audits | 483 750.00 | 414 750.00 |
| Other | 252 136.52 | 513 438.51 |
| Total | 6 108 685.94 | 8 302 047.16 |

Other fees and allocations of costs essentially comprise income from contributions to criminal proceedings and from fee income.

4. Other operating income

Other operating income totals € 1 358 299.81 (previous year: € 822k) and comprises the following income:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| a) Income from the disposal of fixed assets | 0.00 | 9 015.00 |
| b) Income from the reversal of provisions | 649 477.33 | 543 652.98 |
| c) Other | 708 822.48 | 269 171.98 |
| Total | 1 358 299.81 | 821 839.96 |

a) Income from the disposal of fixed assets

Income from the disposal of fixed assets amounting to € 9 015.00 and posted in 2021 related to proceeds from the sale of the FMA's tangible assets. No assets were disposed of in 2022.

b) Income from the reversal of provisions

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Income from the reversal of provisions | 649 477.33 | 543 652.98 |
| | 649 477.33 | 543 652.98 |

Income from the reversal of provisions concerns the provision for the actual costs of Banking Supervision in 2020, at € 329 300.96 (previous year: € 380k), with the remaining amount essentially being due to reversals of provisions for personnel, insurance and IT expenses.

c) Other income

Other income amounts to € 708 822.48 (previous year: € 269k) and includes income from transitory items in relation to the ELAK electronic filing system, training costs, allowances for semi-retired employees, rental income and the expense allowance for a government commissioner pursuant to Article 70 paras. 2 and 2a BWG.

5. Personnel expenses

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| a) Salaries | 40 236 769.23 | 37 986 923.60 |
| b) Social security costs | 10 851 604.99 | 10 158 825.49 |
| Total | 51 088 374.22 | 48 145 749.09 |

a) Salaries

The amount of € 40 236 769.23 (previous year: € 37 987k) posted under 5. a) in the income statement mainly covers salaries including special payments and civil servants' salaries.

Expenses for severance pay and pensions, the average number of employees and the remuneration for the Executive Directors are presented in detail under Point D/Other information.

b) Social security costsn

Social security costs amount to € 10 851 604.99 (previous year: € 10 159k) and essentially comprise social security contributions, employer's contribution, occupational retirement provision and contributions for staff provision.

Expenses for old-age provision amounting to € 1 768 328.15 (previous year: € 1 683k) concern expenses for occupational retirement provision for FMA employees.

aa) Expenses for severance pay and contributions to corporate staff provision funds

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Contributions to staff provision funds | 544 754.83 | 513 439.64 |
| Allocation to provision for severance pay | 313 426.00 | 132 231.00 |
| Severance pay expenses | 4 208.34 | 1 618.04 |
| Total | 862 389.17 | 647 288.68 |

bb) Cost of statutory social security, payroll-related taxes and mandatory contributions
This item amounts to € 7 887 826.94 (previous year: € 7 591k) and includes the following taxes and contributions:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Social security contributions | 6 308 201.48 | 6 112 338.22 |
| Employer's contribution | 1 437 171.75 | 1 383 839.11 |
| Exemption levy for non-employment of disabled persons | 73 569.00 | 77 164.00 |
| Underground tax | 44 650.00 | 44 410.00 |
| Contributions to civil servants' insurance institution | 13 890.86 | 13 500.74 |
| Allocation/Use of provision for non-wage labour costs | 10 343.85 | –40 311.52 |
| Total | 7 887 826.94 | 7 590 940.55 |

cc) Other social security costs
Other social security costs of € 333 060.73 (previous year: € 237k) are mainly attributable to subsidised meals in the staff canteen, other voluntary social security costs, as well as costs for public transport tickets for employees.

6. Amortisation and write-downs of intangible assets, depreciation and write-downs of tangible assets
The depreciation, amortisation and write-downs amount to € 1 341 846.85 (previous year: € 1 165k) and cover the following items:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Ordinary depreciation | 1 226 179.65 | 1 132 873.52 |
| Low-value assets | 115 667.20 | 32 163.37 |
| Total | 1 341 846.85 | 1 165 036.89 |

These items are presented in detail under Point B.1 Fixed assets/Information on the balance sheet.

7. Other operating expenses

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Costs pursuant to Article 79 para. 4b BWG – Banking Supervision | 8 000 000.00 | 8 000 000.00 |
| Costs pursuant to Article 182 para. 7 VAG – Insurance Supervision | 75 000.00 | 180 000.00 |
| Costs pursuant to Article 3 para. 5 BaSAG – Bank Recovery/Resolution | 2 000 000.00 | 2 000 000.00 |
| Costs pursuant to Article 6 para. 6 ESAEG – Deposit Guarantees | 400 000.00 | 480 000.00 |
| Other | 15 017 563.65 | 13 919 304.90 |
| Total | 25 492 563.65 | 24 579 304.90 |

Other operating expenses include the following costs for services rendered by the OeNB in 2022 pursuant to:
– Article 79 para. 4b BWG: € 8 000 000.00 for Banking Supervision (previous year: € 8 000k)
– Article 182 para. 7 VAG: € 75 000.00 for Insurance Supervision (previous year: € 180k)
– Article 3 para. 5 BaSAG: € 2 000 000.00 for Bank Recovery/Resolution (previous year: € 2 000k)
– Article 6 para. 6 ESAEG: € 400 000.00 for Deposit Guarantees (previous year: € 480k).
The remaining Other operating expenses amount to € 15 017 563.65 (previous year: € 13 919k) and essentially include facility and IT expenses, membership fees for international supervision organisations, travel expenses and expenses for continuing professional development.
Audit expenses
Other operating expenses include the following expenses related to the statutory audit carried out by the auditing firm CONTAX WirtschaftstreuhandgmbH in accordance with Article 18 para. 2 FMABG:

| | € |
|---|---|
| Audit of the financial statements of the Financial Market Authority | 36 000.00 |
| Audit of the resolution financing arrangement pursuant to Article 123d para. 2 BaSAG | 3 000.00 |
| Total | 39 000.00 |

8. Other interest and similar income
   Credit interest is shown with an amount of € 132 728.17 (previous year: € 0k).
9. Interest and similar expenses
   Interest expenses of € 148 598.05 (previous year: € 140k) exclusively comprise negative interest on bank balances.
10. Reserve pursuant to Article 20 FMABG
    The reserve was not used or released in 2022 (previous year: 359k). Please refer to Point B.4 Reserve pursuant to Article 20 FMABG/Information on the balance sheet for details about the allocation to the reserve amounting to € 80 188.48 (previous year: 360k).
11. Reserve pursuant to Article 23a para. 8 FMABG
    Please refer to Point B.4 2. Reserve pursuant to Article 23a para. 8 FMABG/Information on the balance sheet for details about the allocation to the reserve in the amount of € 316 005.50 (previous year: € 397k), which is composed of the Federal Government's contribution less the expenses incurred for running the regulatory sandbox in the financial year of 2022.

## D. OTHER INFORMATION

1. Significant events after the balance sheet date
   No significant events took place after the balance sheet date. Any necessary reporting (quarterly reports, annual report) was carried out in good time.
2. Average number of staff pursuant to Article 239 UGB

| | 2022 | 2021 |
|---|---|---|
| Civil servants | 10 | 11 |
| Employees (incl. contractual employees) | 467 | 460 |
| Staff total | 477 | 471 |

3. Management of the FMA pursuant to Article 6 FMABG
   Eduard Müller was appointed by the Federal President on 6 July 2020 to serve as a member of the FMA's Executive Board for a term of office from 6 July 2020 to 5 July 2025.
   Helmut Ettl was appointed by the Federal President on 14 February 2018 to serve as a member of the FMA's Executive Board from 14 February 2018 to 13 February 2023, and reappointed with effect from 14 February 2023 for another five-year term of office until 13 February 2028.
4. Expenses for severance pay and pensions
   The expenses for severance pay and pensions, broken down by members of the Executive Board including executive employees and by other employees, are as follows for the respective financial years:

| | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|
| Executive Directors and executive employees | 149 991.46 | 130 131.98 |
| Other employees | 2 480 725.86 | 2 200 485.10 |
| Total | 2 630 717.32 | 2 330 617.08 |

5. Remuneration of the members of the Executive and Supervisory Boards
   The remuneration of the two Executive Directors of the FMA consists solely of fixed components (no variable components) and amounted to € 295 134.00 gross in 2022 per director and year.
   The costs of any contractual old-age pension provision for the Executive Directors amounted to € 24 200.96 per individual in 2022.
   The remuneration paid to the eight voting members of the Supervisory Board totals € 19 700.00 per year. This amount can be broken down as follows:
   – Chairperson: € 3 600.00
   – Vice-Chairperson: € 2 900.00
   – Member: € 2 200.00

The remuneration of the members appointed by the Oesterreichische Nationalbank is not paid to the members themselves but to the OeNB, in accordance with the terms of their employment contracts. The members co-opted by the Austrian Federal Economic Chamber do not receive any remuneration.
The members of the Supervisory Board did not receive any advance payments or loans.
<u>Members of the Supervisory Board appointed by the Federal Ministry of Finance:</u>

- Alfred LEJSEK (Chairperson), Federal Ministry of Finance
- Robert HOLZMANN (Vice-Chairperson), Governor of the Oesterreichische Nationalbank
- Gottfried HABER, Vice Governor of the Oesterreichische Nationalbank; Director of Financial Stability, Banking Supervision and Statistics at the OeNB
- Gabriela DE RAAIJ, Head of the Off-Site Supervision Division – Significant Institutions at the OeNB
- Dietmar SCHUSTER, Federal Ministry of Finance
- Elisabeth GRUBER, Federal Ministry of Finance
- Beate SCHAFFER, Federal Ministry of Finance
- Karin TURNER-HRDLICKA, Director of the Department for the Supervision of Significant Institutions at the OeNB

The <u>co-opted members</u> were nominated by the Austrian Federal Economic Chamber:

- Walter KNIRSCH (co-opted member – until 18 March 2023), sworn auditor and tax consultant
- Louis NORMAN-AUDENHOVE (co-opted member – from 19 March 2023), Managing Director of the Austrian Insurance Association, Federal Economic Chamber
- Franz RUDORFER (co-opted member), Managing Director of the Bank and Insurance Division, Federal Economic Chamber

Vienna, 27 March 2023

| HELMUT ETTL | EDUARD MÜLLER |
|---|---|
| *signed in person* | *signed in person* |

# AUDITOR'S REPORT
# REPORT ON THE FINANCIAL STATEMENTS OF THE RESOLUTION FINANCING ARRANGEMENT 2022

## AUDIT OPINION

We have audited the financial statements of the resolution financing arrangement, Financial Market Authority, Vienna, consisting of the balance sheet as at 31 December 2022 and the income statement for the financial year then ended.

In our opinion, the attached financial statements comply with the legal provisions and give a true and fair view of the net assets and the financial position as at 31 December 2022 as well as the results of operations of the resolution financing arrangement for the financial year then ended, in accordance with Austrian company law and the special legal provisions in Article 123d para. 2 BaSAG and Article 18 FMABG.

## BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the Austrian standards of proper auditing. These standards require us to apply the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards are further described in the section "Auditor's responsibilities for the audit of the financial statements" of our auditor's report. We are independent from the Financial Market Authority acting in the capacity of resolution authority, as required in accordance with Austrian company law and professional regulations, and we have fulfilled our other professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion up to that date.

## LEGAL REPRESENTATIVES' AND SUPERVISORY BOARD'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The legal representatives of the Financial Market Authority acting in the capacity of resolution authority are responsible for the preparation of the financial statements and for ensuring that they give a true and fair view of the net assets, financial position and results of operations of the resolution financing arrangement in accordance with Austrian company law and the special legal provisions in Article 123d para. 2 BaSAG and Article 18 FMABG. The legal representatives are also responsible for any internal control procedures that they deem necessary to enable preparation of financial statements that are free from material misstatement, whether caused by fraud or other irregularity or error.

In preparing the financial statements, the legal representatives are responsible for assessing the resolution financing arrangement's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the legal representatives either intend to liquidate the resolution financing arrangement or to cease operations, or have no realistic alternative but to do so.

The Supervisory Board of the Financial Market Authority is responsible for overseeing the resolution financing arrangement's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and to issue an auditor's report including our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Austrian standards of proper auditing, which require us to apply the ISA, will always detect a material misstatement when it exists. These can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian standards of proper auditing, which require us to apply the ISA, we exercise professional judgment and maintain professional scepticism throughout the entire audit.

Additionally:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control procedures of the resolution financing arrangement.
- We evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives.
- We conclude on the appropriateness of legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

| Balance sheet as at 31 December 2022 (amounts in €) | | | Prev. year in € thousands | | | | Prev. year in € thousands |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | **EQUITY AND LIABILITIES** | | | |
| **A. Current Assets** | | | | **A. Liabilities** | | | |
| Other receivables and assets | 300.00 | | *0* | Other liabilities | 300.00 | | 0 |
| *Amounts becoming due and payable after more than one year* | *0.00* | | *0* | *Amounts becoming due and payable within one year* | *300.00* | | *0* |
| | | 300.00 | | *Amounts becoming due and payable after more than one year* | *0.00* | | *0* |
| | | | | | | 300.00 | |
| | | **300.00** | **0** | | | **300.00** | **0** |

***Table 34:*** *Balance sheet of resolution financing arrangement 2022*

| Income statement for the financial year from 1 January to 31 December 2022 (amounts in €) | | Prev. year in € thousands |
|---|---|---|
| 1. Other operating income | 260 226.54 | 162 |
| 2. Other operating expenses | –4 127.00 | –4 |
| **3. Subtotal of items 1 to 2** | **256 099.54** | **157** |
| 4. Interest and similar expenses | –256 099.54 | –157 |
| **3. Subtotal of item 4** | **–256 099.54** | **–157** |
| **Net income for the year** | **0.00** | **0** |

***Table 35:*** *Income statement of resolution financing arrangement 2022*

the resolution financing arrangement's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the resolution financing arrangement to cease operating as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Supervisory Board of the Financial Market Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vienna, 27 March 2023

**CONTAX WIRTSCHAFTSTREUHANDGESELLSCHAFT MBH**
**AUDITING AND CONSULTING FIRM**

OTHMAR EBERHART
*Auditor*

WERNER PRENNER
*Auditor*

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