

# Annual Report for 2019 National Resolution Fund

Amsterdam

DeNederlandscheBank

EUROSYSTEEM

## Disclaimer

In the event of discrepancies or inconsistencies between the texts and tables set out in this document and those set out in the original financial statements prepared in Dutch and submitted to DNB, the latter will prevail.

National Resolution Fund  
PO Box 98, 1000 AB Amsterdam  
Westeinde 1, 1017 ZN Amsterdam

Chamber of Commerce registration: 65034929 0000

# Contents

|  |    |
|--|----|
| Foreword   | 4  |
| Report of the Management Board   | 5  |
| Financial statements   | 8  |
| Balance sheet as at 31 December 2019 (following appropriation of the result)                       | 8  |
| Statement of income and expenditure for 2019   | 8  |
| Notes to the balance sheet as at 31 December 2019 and statement of income and expenditure for 2019 | 9  |
| Appropriation of the result  | 14 |
| Events after the balance sheet date  | 14 |
| Signing of the financial statements  | 14 |
| Other information  | 15 |
| Independent auditor's report   | 16 |

# Foreword

4 This Annual Report describes the activities performed by the National Resolution Fund (NRF) and the developments that affected it in 2019. It also looks ahead to the coming year. It contains the management report and financial statements, which are submitted to De Nederlandsche Bank (DNB) no later than 15 March 2020<sup>1</sup>.

---

<sup>1</sup> Pursuant to Section 79(3) of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the *Wft* (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft – Bbpm*)

# Report of the Management Board

The NRF was established as a legal entity under public law in 2015 pursuant to the act that transposes the provisions of the Bank Recovery and Resolution Directive (BRRD)<sup>2</sup> into Dutch law.<sup>3</sup> DNB, acting in its capacity of national resolution authority (NRA), can deploy the NRF to fund resolution instruments. Section 3a:69 of the Financial Supervision Act (*Wet op het financieel toezicht – Wft*) and Article 101 of the BRRD list the cases in which the NRF may be used.

5

In 2016 the European single resolution fund (SRF) was established, effectively bringing the Dutch banks under its scope.<sup>4</sup> The NRF's scope has since been limited to Dutch branch offices of non-EEA banks and investment firms subject to the EUR 730,000 start-up capital requirement. The statutory name of the National Resolution Fund is "Afwikkelingsfonds", but the name commonly used – also in this report – is National Resolution Fund (NRF).

## Accumulation of the fund

Over a period of ten years (2015-2024), contributions are collected from banks and investment firms to build up the NRF<sup>5</sup>. DNB sets the contributions annually on the basis of the relevant statutory framework.<sup>6</sup> The reference date in this respect is 1 January. In 2019, decisions levying contributions were imposed totalling EUR 538,000. The contributions were added to the NRF's own funds. As at 31 December 2019, own funds stood at EUR 2,860,000.

The NRF's task is to manage the financial means which can be deployed by the NRA to effectively implement resolution measures. It makes financing available in accordance with the NRA's instructions. If the available financial means should be inadequate, DNB can charge extraordinary contributions from institutions up to three times their regular ex ante annual contributions.<sup>7</sup> The NRF can enter into financing agreements with third parties for situations in which extraordinary contributions are not instantly available or are inadequate.<sup>8</sup> No payments were made from own funds in 2019.

---

2 Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

3 Act implementing the European Framework for the Recovery and Resolution of Banks and Investment Firms, Bulletin of Acts, Orders and Decrees 2015, no. 431

4 Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a single resolution mechanism and a single resolution fund.

5 No contributions will be charged after this period if the NRF is not used in the meantime.

6 As set out in Section 7h of the Bbpm.

7 Section 3a:72 of the Wft, read in conjunction with Section 7i(1) of the Bbpm.

8 Section 3a:74 of the Wft

## 6 Management of financial means, and risk management

The NRF has participated in treasury banking since 2018, meaning it holds its financial means in a current account with the Dutch State Treasury Agency. As a result, the NRF is not exposed to any material interest rate risk<sup>9</sup> or credit risk. The Management Board charter and the collaboration protocol concluded with DNB were modified in 2019 for various reasons including the NRF's transition towards treasury banking. The collaboration protocol sets out the tasks DNB performs to support the NRF. DNB must ensure the adequate design of processes and early identification and management of risks.

The Management Board has instructed an independent auditor to audit the financial statements. See the independent auditor's report on page 16.

### Governance

The NRF has a three-member Management Board. DNB decides on the appointment, remuneration, suspension and dismissal of board members. Members are appointed for a period of four years, with the option of reappointment. At the time of the adoption of the 2019 financial statements, the members of the Management Board were:

Jan Marc Berk - *Chair*  
Bert Boertje  
Martin Heerma

The NRF does not employ any staff. DNB supports the NRF in performing its task, providing the means and services needed, including keeping its financial accounts. A collaboration protocol sets out the support which DNB provides.

---

<sup>9</sup> The NRF has not used the possibility of taking out time deposits as part of its treasury banking. Interest is received on the balances held in the Treasury current account at the daily rate. If the daily rate is negative, it is set at 0%.

## Outlook

7

No notable developments that affect the NRF are foreseen in 2020.

## Signatures of the Management Board members

Amsterdam, 11 March 2020

The Management Board of the National Resolution Fund

Jan Marc Berk

Bert Boertje

Martin Heerma

# Financial statements

8

## Balance sheet as at 31 December 2019 (following appropriation of the result)

EUR thousands

|                                   | 31-12-2019   | 31-12-2018   |                                  | 31-12-2019   | 31-12-2018   |
|-----------------------------------|--------------|--------------|----------------------------------|--------------|--------------|
| <b>Assets</b>                     |              |              | <b>Liabilities</b>               |              |              |
| 1 Receivables                     | 17           | 11           | 1 Own funds                      | 2.860        | 2.322        |
| 1.1 Accruals and prepaid expenses | 17           | 11           | 2 Current liabilities            | 17           | 11           |
| 2 Current account deposits        | 2.860        | 2.322        | 2.1 Accruals and deferred income | 17           | 11           |
| <b>Total assets</b>               | <b>2.877</b> | <b>2.333</b> | <b>Total liabilities</b>         | <b>2.877</b> | <b>2.333</b> |

## Statement of income and expenditure for 2019

EUR thousands

|                            | 2019       | 2018       |
|----------------------------|------------|------------|
| <b>Income</b>              |            |            |
| 1 Contributions            | 538        | 329        |
| 2 Reimbursement of costs   | 18         | 11         |
| <b>Total income</b>        | <b>556</b> | <b>340</b> |
| <b>Expenses</b>            |            |            |
| 3 Interest expenses        | -          | -4         |
| 4 Audit fee                | -17        | -11        |
| 5 Other expenses           | -1         | -          |
| <b>Total expenses</b>      | <b>-18</b> | <b>-15</b> |
| <b>Result for the year</b> | <b>538</b> | <b>325</b> |



## Notes to the balance sheet as at 31 December 2019 and statement of income and expenditure for 2019

### Introduction

The National Resolution Fund (NRF) is a legal entity under public law, with registered office at Westeinde 1, 1017 ZN, Amsterdam. It is listed in the trade register of the Chamber of Commerce under number 65034929 0000. The NRF's task is to manage the financial means which can be deployed by the NRA to effectively implement resolution measures. The NRF's scope is limited to Dutch branch offices of non-EEA banks and investment firms subject to the EUR 730,000 start-up capital requirement.

Its statutory name is "Afwikkelingsfonds", but the name commonly used – also in these financial statements – is National Resolution Fund (NRF).

### Continuity

The 2019 financial statements were prepared using the going concern basis of accounting.

### Accounting policies

The 2019 financial statements were prepared in accordance with the Non-Departmental Public Bodies Framework Act (*Kaderwet zelfstandige bestuursorganen – Kzbo*), and Part 9 of Book 2 of the Dutch Civil Code<sup>10</sup> was applied correspondingly. In addition, the Dutch Accounting Standards (*Richtlijnen voor de Jaarverslaggeving – RJ*) were applied.

The financial statements are presented in euro (EUR), which is the NRF's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### Amounts receivable and payable

Amounts receivable as current account balances and other amounts receivable and payable are presented at their nominal amounts.

### Income and expenses

Income and expenses are recognised in the financial year to which they relate. The NRF receives annual contributions, the amounts of which are set by DNB.<sup>11</sup>

### Taxes

The NRF is not liable to pay corporation tax.

---

<sup>10</sup> The relevant sections of the *Kzbo* are listed in the *Bbpm*, Bulletin of Acts, Orders and Decrees 2015, no. 433.

<sup>11</sup> Section 3a:71 of the *Wft*

## Notes to the balance sheet

### ASSETS

#### 1. Receivables

Receivables are prepaid expenses amounting to EUR 17,000 as at 31 December 2019 (31 December 2018: EUR 11,000), concerning a cost reimbursement to be received for audit fees payable.<sup>12</sup>

#### 2. Current account deposits

This item, amounting to EUR 2,860,000 as at 31 December 2019 (31 December 2018: EUR 2,322,000) comprises the funds held with the Dutch State Treasury Agency. The NRF changed over to treasury banking, meaning that its funds are held with the Dutch State Treasury Agency, rather than DNB. The current account deposits are available on demand. As at 31 December 2019, interest was 0.0% at the Agency (31 December 2018: 0.0%).

### LIABILITIES

#### 1. Own funds

Following appropriation of the result, own funds stood at EUR 2,860,000 as at 31 December 2019 (31 December 2017: EUR 2,322,000). The result for 2019 was added to own funds in full.

EUR thousands

|   | 2019         | 2018         |
|---|--------------|--------------|
| Own funds as at 1 January 2019          | 2.322        | 1.997        |
| Addition of result                      | 538          | 325          |
| <b>Own funds as at 31 December 2019</b> | <b>2.860</b> | <b>2.322</b> |

<sup>12</sup> DNB reimburses the NRF for the costs incurred. Pursuant to the Financial Supervision Funding Act, DNB will recover these costs from the financial sector.

The NRF's own funds are accumulated over ten years, from 2015 to 2024. When the NRF has deployed its available financial means, DNB levies annual contributions until the amount of the financial means is reached.<sup>13</sup> The BRRD<sup>14</sup> and the Financial Supervision Act (*Wet op het financieel toezicht – Wft*)<sup>15</sup> describe exhaustively for which resolution purposes the NRA may request the NRF to apply its own funds. The NRF may not apply its own funds for any other purposes. Own funds were not used to fund resolution measures in 2019.

11

## **2. Current liabilities**

Current liabilities are accruals and deferred income amounting to EUR 17,000 as at 31 December 2019 (31 December 2018: EUR 11,000) for audit fees payable.

---

<sup>13</sup> Section 7h(4) of the Bbpm

<sup>14</sup> Article 101 of the BRRD

<sup>15</sup> Section 3a:69 of the *Wft*

## 12 Notes to the statement of income and expenditure

**1. Contributions**

Contributions totalled EUR 538,000 for the 2019 financial year (2018: EUR 329,000).

DNB sets the amount of the contributions payable to the NRF.<sup>16</sup> The objection period for the decisions setting the annual contributions for 2019 has expired, and DNB did not receive any objections.

|  | 2019                   |               | 2018                   |               |
|--|------------------------|---------------|------------------------|---------------|
|  | Number of institutions | EUR thousands | Number of institutions | EUR thousands |
| Branch offices of non-EEA banks                      | 3                      | 350           | 3                      | 350           |
| Investment firms<br>(start-up capital > EUR 730,000) | 10                     | 188           | 5                      | 54            |
| <b>Total</b>   | <b>13</b>              | <b>538</b>    | <b>8</b>               | <b>404</b>    |

\* The 2018 annual contributions of EUR 329,000 have been restated for comparative purposes. The restatement relates to a refund to one institution for the 2017 contribution that had been set too high.

**2. Reimbursement of costs**

DNB reimburses the NRF for the costs incurred, which were EUR 18,000 in 2019 (2018: EUR 11,000). Pursuant to the Financial Supervision Funding Act, DNB will recover these costs from the financial sector. DNB reimburses EUR 17,000 in audit fees and EUR 1,000 in bank charges for 2019.

**3. Interest expenses**

In 2019, interest expenses were nil (2018: EUR 4,000). Since June 2018, all of the NRF's funds have been held in a current account with the Dutch State Treasury Agency. Interest was 0.0% at the Agency throughout the year (2018: 0.0%).

**4. Audit fee**

The independent auditor's fee for the audit of the 2019 financial statements amounts to EUR 17,000 (2018: EUR 11,000). This relates solely to the audit of the financial statements for the 2019 financial year.

**5. Other expenses**

Other expenses were EUR 1,000 in 2019 (2018: nil). These are bank charges.

<sup>16</sup> Section 3a:71 of the Wft

### **Workforce**

The NRF did not employ any staff in 2019. DNB supports the NRF in performing its task, providing the means and services needed, including keeping its financial accounts. As agreed between DNB and the NRF, DNB bears the costs involved in these support activities directly. They are not charged to the NRF.

### **Remuneration of the members of the Management Board**

The members of the Management Board were appointed for a period of four years in 2016.<sup>17</sup> The members are:

Jan Marc Berk - *Chair*  
Bert Boertje  
Martin Heerma

The NRF is a legal entity under public law, which means it is governed by the Public and Semi-public Sector Executives Remuneration (Standards) Act (*Wet Normering Topinkomens – WNT*). In accordance with the decision taken by DNB's Governing Board, the members of the Management Board did not receive any remuneration for 2019. There were no loans outstanding to members of the Management Board as at 31 December 2019.

### **Related parties**

The NRF works closely with DNB, which supports it in the adequate performance of its tasks. As the NRA, DNB decides when the NRF's financial means can be applied.

---

<sup>17</sup> Jan Marc Berk and Bert Boertje were appointed with effect from 19 April 2016, and Martin Heerma was appointed with effect from 27 June 2016.

## Appropriation of the result

The result for the 2019 financial year has been added to own funds.

## Events after the balance sheet date

There were no events after the balance sheet date.

## Signing of the financial statements

Amsterdam, 11 March 2020

The Management Board of the National Resolution Fund

Jan Marc Berk

Bert Boertje

Martin Heerma

# Other information

## Independent auditor's report

To the Management Board of the National Resolution Fund

### Report on the financial statements as set out in the Annual Report

#### Our opinion

We have audited the financial statements for 2019 of the National Resolution Fund ("the fund") in Amsterdam ("the financial statements").

In our opinion, the financial statements fairly present the financial position of the fund's own funds as at 31 December 2019 and the result for the financial year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the Public and Semi-public Sector Executives Remuneration (Standards) Act (*Wet normering topinkomens – WNT*).

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the statement of income and expenditure for 2019; and
3. the notes, comprising the notes to the financial statements, including a summary of the accounting policies, the notes to the balance sheet as at 31 December 2019 and the statement of income and expenditure for 2019, and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the 2019 WNT Audit Protocol Regulation (*Regeling Controleprotocol WNT 2019*). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of the fund in accordance with the Code of Ethics for Professional Accountants (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten – ViO*) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Dutch Code of Ethics (*Verordening gedrags- en beroepsregels accountants – VGBA*).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Compliance with the cumulative remuneration provision under the WNT not verified

Pursuant to the 2019 WNT Audit Protocol we did not verify compliance with the cumulative remuneration provision referred to in Section 1.6a of the WNT and Section 5(1)(j) of the WNT Implementation Regulation. Accordingly, we did not verify whether remuneration received by



any senior official exceeds the standard due to employment at other institutions that are under a duty to disclose remuneration under the *WNT* or whether the required disclosure is accurate and complete.

## Report on the other information included in the Annual Report

In addition to the financial statements and our independent auditor's report thereon, the Annual Report contains other information that consists of:

- The report of the Management Board
- The other information

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain any material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains any material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information.

## Description of responsibilities regarding the financial statements

### **The Management Board's responsibilities for the financial statements**

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the provisions of and pursuant to the *WNT*. Furthermore, the Management Board is responsible for such internal control as it determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the fund's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless it either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the fund's ability to continue as a going concern in the financial statements.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have maintained professional scepticism throughout the audit and have, where relevant, exercised professional judgement in accordance with Dutch Standards on Auditing, the 2019 WNT Audit Protocol, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our 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 override of internal control.
- Obtaining 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 fund's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board's 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 fund'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 fund to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

19

Amstelveen, 11 March 2020

KPMG Accountants N.V.  
Martijn Huiskers

DeNederlandscheBank

EUROSYSTEEM

De Nederlandsche Bank N.V.  
PO Box 98, 1000 AB Amsterdam  
+31 20 524 91 11  
dnb.nl