

# Annual Report for 2021 Deposit Guarantee 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.

Deposit Guarantee Fund  
PO Box 98, 1000 AB Amsterdam  
Westeinde 1, 1017 ZN Amsterdam

Chamber of Commerce registration: 65035321 0000

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# Foreword

4 This Annual Report describes the activities performed by the Deposit Guarantee Fund (DGF) and the developments that affected it in 2021. It also looks ahead to the coming year. It contains the management report and financial statements, which are submitted to De Nederlandsche Bank (DNB) before 15 March 2022<sup>1</sup>.

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<sup>1</sup> Pursuant to Section 29.10(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 DGF was established in late 2015 as a legal entity under public law. Together with DNB it is tasked with administering the Dutch deposit guarantee scheme (Dutch Deposit Guarantee or DGS). The Dutch Deposit Guarantee is a set of rules that guarantees the deposits which customers hold with Dutch banks. If a bank should fail, the Dutch Deposit Guarantee guarantees bank balances (guaranteed deposits) up to a maximum of EUR 100,000 per person per bank. The DGF will fund the depositor compensation amounts established by DNB. In addition, the DGF can be deployed to fund resolution instruments.

## Accumulation of own funds

Since 2016, banks established in the Netherlands have paid quarterly contributions to the DGF. DNB sets the contributions and collects them on behalf of the DGF. An individual bank's contribution depends on the balance of its deposits as guaranteed under the DGS (the deposit base) and its risk profile.<sup>2</sup> The DGF is a fund created from these contributions on an ex ante basis to fund compensation pay-outs to depositors if a bank should fail. It should have reached its target size of 0.8% of all guaranteed deposits by mid-2024.<sup>3</sup> Over 70% of its target size has now been reached, worth well over EUR 3 billion.

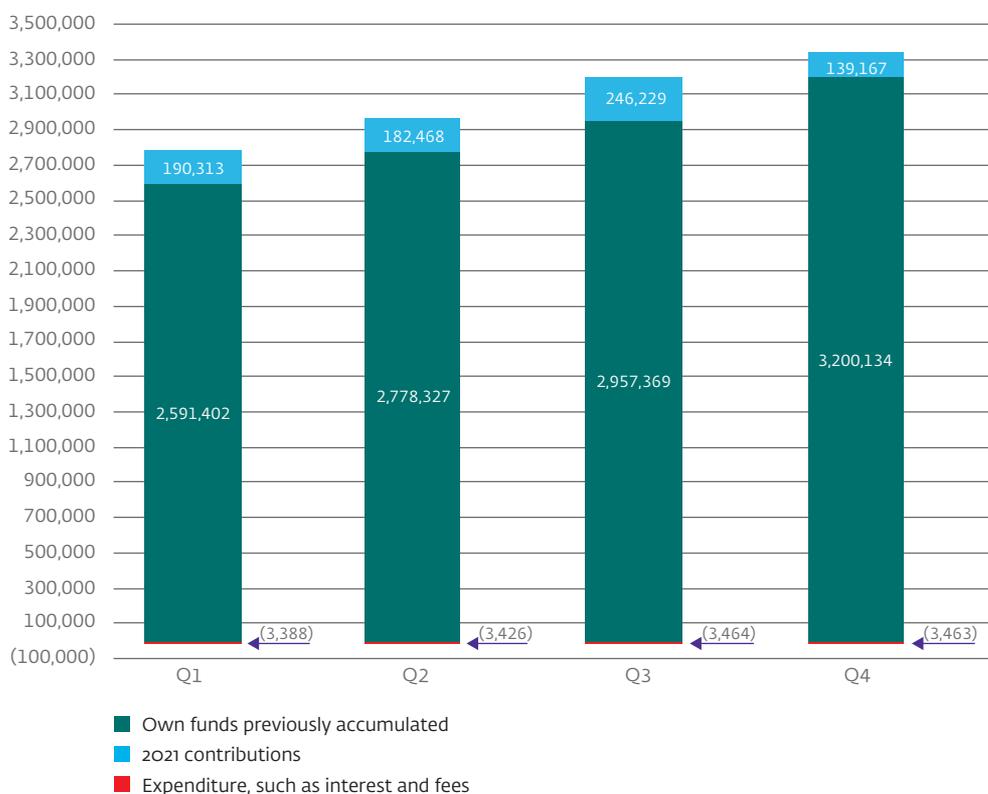
The contributions are added to own funds. At year-end 2021, own funds stood at EUR 3,336 million. Figure 1 below shows the development in own funds in 2021. In 2021, contributions set and added to own funds totalled EUR 758 million in 2020, representing an increase from the previous year (+15%). As in the previous year, the increase is accounted for by the further growth in deposits caused by the COVID-19 crisis. On 30 September 2021, which is the reference date for setting the year's final quarterly contributions, guaranteed deposits were some EUR 24 billion above the prior year's amount, at EUR 572 billion. The 4.3% growth in guaranteed deposits not only causes basic contributions (*basisbijdragen*) to be higher, they also result in higher supplementary contributions (*suppleties*), which are used to adjust for the fact that basic contributions had been set on the basis of a lower deposit volume. The DGF's own funds also changed due to transfers to and from deposit guarantee schemes in other EU Member States. Such transfers are made when deposit guarantees are taken over from one deposit guarantee scheme by another.<sup>4</sup>

<sup>2</sup> DNB sets the contributions in accordance with Annex 1 to the *Bbpm*.

<sup>3</sup> In accordance with Article 10(2) of Directive 2014/49/EU on deposit guarantee schemes (DGS Directive).

<sup>4</sup> This could for example be the case if a foreign branch is converted into a subsidiary. Article 14 of the DGS Directive provides that in such a case the contributions paid during the 12 months preceding the end of the DGS membership must be transferred to the other DGS.

6 **Figure 1 Changes in the DGF's own funds in 2021**  
 EUR thousands



If a bank should fail and depositors are unable to access their current or savings accounts, DNB, as the administrator of the Dutch Deposit Guarantee, awards compensation to depositors. The DGF will finance the compensation from its own funds, supplemented where needed by extraordinary contributions levied if its available financial means should prove insufficient. When payments are made under the Dutch Deposit Guarantee, the DGF acquires the rights of deposit holders and has a preferential claim against the failed bank's assets. If payments from the failed bank's assets are insufficient to cover the DGS pay-outs, the expected loss will be charged to the DGF's own funds. As in previous years, no amounts were withdrawn from the DGF's own funds to finance the Dutch Deposit Guarantee or deploy resolution instruments in the year under review. As long as the DGS is not activated, the DGF's principal expenditure item is the fee it pays for a credit line commitment secured in 2018 to strengthen its funding capacity.

## Available financial means and backstop funding

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Liquid assets<sup>5</sup> stood at EUR 3,195 million as at 31 December 2021 (31 December 2020: EUR 2,197 million). They are available for pay-out under the Dutch Deposit Guarantee where needed.

Following collection of the contributions for the fourth quarter of 2021, the available liquid assets will be sufficient to compensate the guaranteed deposits of 64.5% (2020: 61%) of the banks without attracting additional funding.<sup>6</sup> This has further enhanced the DGF's financial effectiveness. Alternative sources of funding are also available.

The DGF will levy extraordinary contributions if its available financial means should prove insufficient.<sup>7</sup> DNB sets the amounts and payment deadlines of such ex post contributions. The volume of the extraordinary contributions charged is limited to 0.5% of a bank's guaranteed deposit base in a calendar year, which currently provides a maximum contribution potential of around EUR 2.9 billion. The remaining amount will then be charged in subsequent calendar years.

The DGF secured a EUR 3 billion credit line commitment in 2018 from a consortium of four Dutch banks to ensure sufficient available financial means to pay out compensation to deposit holders. The facility is designed to help bridge the period until all extraordinary contributions have been collected. The DGF pays a commitment fee for this. The facility's term is until mid-2024, when the fund should be fully in place. The DGF will consider the need for any form of backstop funding after 2024 in good time.

If the available financial means should prove insufficient and the DGF must levy extraordinary contributions, DNB can also ask the banks to make advance payments for the extraordinary contributions. Based on information provided by DNB, the DGF determines, in anticipation of a potential activation of the DGS, to what extent advance payments could contribute to its funding plan. The DGF may request the Minister of Finance for a current account overdraft as a last resort to bridge a period of transient liquidity shortfall.

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<sup>5</sup> The discrepancy with own funds is mainly attributable to the fact that the contributions for the fourth quarter of 2021 will not be collected until the first quarter of 2022.

<sup>6</sup> A proportion of the remaining banks would not be wound down but put into resolution instead if they were to fail.

<sup>7</sup> Section 29.14 of the *Bbpm*.

## Management of available financial means, and financial and operational risk management

The DGF has held virtually all of its liquid assets in a current account with the National Treasury since late 2018. As a result, the DGF has not been exposed to any material interest rate risk<sup>8</sup> or credit risk. Procedural arrangements were made with the Dutch State Treasury Agency to ensure that the DGF's available financial means are readily available once the DGS is activated with respect to a failing bank or in the event that the DGS is asked for a contribution towards a bank's resolution.

Drills are held from time to time to ensure that the DGF is well-prepared for a DGS pay-out. One of these is a test to see if the DGF can make financial means available for pay-outs by withdrawing funds from the Treasury current account and prepare a funding plan where needed. Such a drill took place in 2021. It showed that the DGF is able to mobilise the financial resources for a possible DGS pay-out within the envisaged timeframe.

The Dutch Deposit Guarantee also covers deposits held with branches of Dutch banks located in other EU Member States. The DGF in the Netherlands funds compensation pay-outs, but they are made by the deposit guarantee scheme in the other Member State on behalf of and on the instruction of the Dutch DGS. This is pursuant to the DGS Directive, which obliges national DGS authorities to make mutual home-host working arrangements. Following earlier bilateral working arrangements made with the German, Belgian, Maltese and Hungarian deposit guarantee schemes, DNB and the DGF entered into a bilateral cooperation agreement with the Luxembourg deposit guarantee scheme in 2021. These agreements flesh out the terms of the multilateral agreement of the European Forum of Deposit Insurers (EFDI), to which the Dutch DGS had acceded earlier. The number of bilateral agreements will be increased over the coming years.

The DGF has outsourced its accounting processes to DNB. To that end, it has entered into a collaboration protocol with DNB, setting out the support tasks DNB performs for the DGF's benefit. 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 21.

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<sup>8</sup> The DGF does not use the possibility of taking out time deposits as part of its treasury banking. Interest is received on the balance held in the Treasury current account at the daily rate in accordance with the applicable treasury banking regime. If the daily rate is negative, it is set at 0%.

## Governance

The DGF is represented by a three-member Management Board. DNB's Executive Board decides on the appointment, remuneration, suspension and dismissal of Management Board members and appoints the Chair. They are appointed for a term of four years, with the option of reappointment. The composition of the Management Board did not change in 2021.

The DGF does not employ any staff. DNB supports the DGF in performing its task, providing the resources and services needed, including keeping its financial accounts.

## Outlook

Based on three Opinions issued by the EBA in 2019 and 2020, the European Commission is working on a draft revised European DGS Directive, which is expected to be published in 2022. The EBA recommended to leave the DGS' minimum size unchanged at 0.8% of the guaranteed deposits. It also asked the European Commission for clarification of the order in which deposit guarantee schemes may deploy their sources of funding, putting forward several arguments for not prescribing a fixed order. Once the regulations have been amended in this way and transposed in national legislation, the DGF will have more flexibility in preparing its funding plan and will be able to choose its funding mix as circumstances dictate. It is still unclear when the regulations will be transposed.

Furthermore, the EBA issued a Guideline in 2021 to further specify and clarify the available financial means that count towards achieving the target level of 0.8% of guaranteed deposits.<sup>9</sup> The use of a harmonised concept ensures a more uniform application of the Directive. For the DGF, this may become relevant when DGS pay-outs will be financed in part using external funding. Currently, the DGF's available financial means consist entirely of contributions that count towards the fund's target size.

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<sup>9</sup> Guidelines on the delineation and reporting of available financial means (AFM) of Deposit Guarantee Schemes (DGS), EBA/GL/2021/17 dated 17 December 2021.

## Signing of the Report of the Management Board

Amsterdam, 9 March 2022

The Management Board of the Deposit Guarantee Fund

Cindy van Oorschot  
*Chair*

Bert Boertje

Martin Heerma

# Financial statements

## Balance sheet as at 31 December 2021 (following appropriation of the result)

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EUR thousands

	31-12-21	31-12-20		31-12-21	31-12-20
<b>Assets</b>			<b>Liabilities</b>		
1 Receivables	143,039	396,693	1 Own funds	3,335,837	2,591,402
1.1 <i>Accounts receivable</i>	-	254,494			
1.2 <i>Accruals and prepaid expenses</i>	143,039	142,199	2 Current liabilities	2,237	2,316
2 Current account deposits	3,195,035	2,197,025	2.1 <i>Accruals and income collected in advance</i>	2,237	2,316
<b>Total assets</b>	<b>3,338,074</b>	<b>2,593,718</b>	<b>Total liabilities</b>	<b>3,338,074</b>	<b>2,593,718</b>

## Statement of income and expenditure for 2021

EUR thousands

	2021	2020
<b>Income</b>		
1 Contributions	758,177	657,475
2 Reimbursement of expenses	38	42
<b>Total income</b>	<b>758,215</b>	<b>657,517</b>
<b>Expenses</b>		
3 Credit line expenses	13,752	13,790
4 Interest expenses	0	0
5 Audit fee	18	18
6 Other expenses	10	14
<b>Total expenses</b>	<b>13,780</b>	<b>13,822</b>
<b>Result for the year</b>	<b>744,435</b>	<b>643,695</b>

## Statement of cash flows for 2021

EUR thousands

	2021	2020
1 Cash flows from operations*	998,010	373,017
1.1 Result	744,435	643,695
1.2 Movements in receivables	253,654	(269,119)
1.3 Movements in current liabilities	(79)	(1,559)
2 Cash flows from investment	-	-
3 Cash flows from financing	-	-
<b>Movements in current account deposit</b>	<b>998,010</b>	<b>373,017</b>

\* In 2021 interest payments were nil (2020: nil)

## Notes to the balance sheet as at 31 December 2021 and statement of income and expenditure for 2021

### Introduction

The Deposit Guarantee Fund (DGF) 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 65035321 0000. The DGF's task is to manage the financial means which may be needed to operate the Dutch Deposit Guarantee Scheme (DGS).

### Going concern basis of accounting

The 2021 financial statements were prepared using the going concern basis of accounting.

### Accounting policies

The 2021 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 to the extent relevant to the DGF. Executive remuneration is disclosed in accordance with the provisions of the Public and Semi-public Sector Executives Remuneration (Standards) Act (*Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector – WNT*).

The financial statements are presented in euro (EUR), which is the DGF'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 receivables, as well as amounts payable, are presented at their nominal amounts. Amounts receivable are carried net of a provision for doubtful debts.

### Income and expenses

Income and expenses are recognised in the financial year in to which they relate.

The DGF receives periodic contributions from banks established in the Netherlands, the amounts of which are set by DNB.<sup>11</sup> Once a bank or part thereof ceases to fall under the scope of the Dutch DGS and comes under the scope of a different DGS in the European Union, and vice versa, its contributions for the previous 12 months are transferred.<sup>12</sup>

<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> Pursuant to Section 29.12(2) of the *Bbpm*.

<sup>12</sup> See Article 14(3) of the DGS Directive, which was transposed to Dutch law in Section 29.20 of the *Bbpm*.

## Statement of cash flows

The statement of cash flows has been prepared using the indirect method.

## Taxes

The DGF is not liable to pay corporation tax.

## Notes to the balance sheet

### ASSETS

#### 1. Receivables

Receivables, amounting to EUR 143,039,000 as at 31 December 2021 (31 December 2020: EUR 396,693,000) can be broken down as follows:

1.1 Accounts receivable: nil (31 December 2020: EUR 254,494,000).

1.2 Accruals and prepaid expenses: EUR 143,039,000 (31 December 2020: EUR 142,199,000).

These are unbilled contributions for the fourth quarter of 2021 in the amount of 139,132,000 (31 December 2020: EUR 136.829,000), prepaid commitment fees for the credit line secured from four Dutch large banks amounting to EUR 3,849,000 (31 December 2020: EUR 5,348 thousand)<sup>13</sup>, contributions receivable from deposit guarantee funds of other European countries of EUR 35,000 (31 December 2020: nil) and other receivables of EUR 23,000 (31 December 2020: EUR 22,000).

#### 2. Current account deposits

This item, amounting to EUR 3,195,035,000 as at 31 December 2021 (31 December 2020: EUR 2,197,025,000) consists of deposits held at the Dutch State Treasury Agency of EUR 3,195,026,000 (31 December 2020: EUR 2,197,016,000) and deposits held at DNB of EUR 9,000 (31 December 2020: EUR 9,000). Of the amount held with the Treasury Agency, EUR 50,000 is withdrawable on demand. Amounts in excess of this threshold are withdrawable on an overnight basis. As at 31 December 2021, interest was 0.0% at the Treasury Agency (31 December 2020: 0.0%).

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<sup>13</sup> These are upfront fees for securing (2018) and extending (2020) the credit line, recognised over the term of the agreement.

## LIABILITIES

### 1. Own funds

The result for 2021 was added to own funds in full. Following appropriation of the result for 2021, own funds stood at EUR 3,335,837,000 as at 31 December 2021 (31 December 2020: EUR 2,591,402,000).

EUR thousands

	Total own funds	<i>Individualised component</i>	<i>Collective component</i>
<b>Balance as at 31 December 2019</b>	<b>1,947,707</b>	<b>975,288</b>	<b>972,419</b>
Result for the year 2020	643,695	326,277	317,418
<b>Balance as at 31 December 2020</b>	<b>2,591,402</b>	<b>1,301,565</b>	<b>1,289,837</b>
Result for the year 2021	744,435	372,615	371,820
<b>Balance as at 31 December 2021</b>	<b>3,335,837</b>	<b>1,674,180</b>	<b>1,661,657</b>

Own funds are held in an individualised and a collective component. The basic contribution paid by each bank accrues as its individual balance. Combined, the balances paid by the banks make up the own funds' individualised component. The own funds' collective component comprises the risk-based contributions paid by the banks.

DNB decides on the deployment of the DGF's available financial means. When the DGF makes compensation payments to depositors it first charges these to the bank that is failing or is put into resolution. It then charges them to the collective component of the DGF's own funds, and subsequently to the individualised components for the other banks. If own funds should be insufficient, the DGF will levy extraordinary contributions from the banks<sup>14</sup>.

The DGF's own funds also change on account of the credit line, in addition to contributions.

Own funds were not used to make DGS payments in 2021. The *Wft*<sup>15</sup> describes exhaustively for which purposes DNB may request the DGF to apply its own funds.

<sup>14</sup> Section 3:259(2) of the Financial Supervision Act (*Wet financieel toezicht – Wft*) and Section 29:14(1) of the *Bbpm*.

<sup>15</sup> Section 3:259a of the *Wft*.

## **2. Accruals and income collected in advance**

This item amounted to EUR 2,237,000 as at 31 December 2021 (31 December 2020: EUR 2,316,000). These are credit line expenses payable of EUR 2,219,000 (31 December 2020: EUR 2,219,000), contributions payable to deposit guarantee schemes in other EU Member States amounting to nil (31 December 2020: 79,000), and the fee of the independent auditor of EUR 18,000 (31 December 2020: EUR 18,000).

## **OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS**

In July 2018, the DGF secured a credit line commitment from four Dutch large banks, initially for five years. This was extended by one year in 2020, meaning it expires on 31 July 2024. Under the agreement concluded, the DGF can draw on a maximum EUR 3 billion credit line. The DGF did not draw on the credit line in 2021.

## Notes to the statement of income and expenditure

### 1. Contributions

Income from contributions was EUR 758,177,000 in 2021 (2020: EUR 657,475,000). This amount mainly comprises the banks' contributions paid in the four quarters of 2021.

Pursuant to the DGS rules<sup>16</sup>, if a bank ceases to be member of a DGS and joins another DGS, the contributions paid during the 12 months preceding the end of the membership must be transferred to the other DGS. In 2021, such changes totalled 35,000 in 2021 (2020: EUR -571,000).

### 2. Reimbursement of expenses

DNB reimburses the DGF for the costs incurred, which were EUR 38,000 in 2021 (2020: EUR 42,000). Pursuant to the Financial Supervision Funding Act, DNB will recover these costs from the financial sector. DNB reimbursed the DGF for the expenses detailed under "Other expenses" and "Audit fees" for 2021. In addition, it reimburses the DGF for the costs incurred in engaging the services of external parties that coordinate and execute the credit line agreement, as detailed under "Credit line expenses".

### 3. Credit line expenses

The expenses relating to the credit line were EUR 13,752,000 in 2021 (2020: EUR 13,790,000). They can be broken down into the expenses related to concluding the credit line agreement, of EUR 1,499,000 (2020: EUR 1,504,000)<sup>17</sup>, the expenses related to the availability of backstop funding, of EUR 12,243,000 (2020: EUR 12,276,000), and expenses incurred for coordination and execution of the credit line agreement, of EUR 10,000 (2020: EUR 10,000).

### 4. Interest expenses

The interest expenses were nil in 2021 (2020: nil). The interest rate on the Treasury Agency's current account was 0.0% in 2021 (2020: 0.0%).

### 5. Audit fee

The fee of the independent auditor amounts to EUR 18,000 (2020: EUR 18,000), and it relates entirely to the audit of the financial statements.

### 6. Other expenses

Other expenses amounted to EUR 10,000 in 2021 (2020: EUR 14,000).

<sup>16</sup> See Article 14(3) of the DGS Directive, part of which was transposed to Dutch law in Section 29.20 of the *Bbpm*.

<sup>17</sup> While the costs for concluding the credit agreement were incurred in 2018 and 2021, they are recognised over the term of the agreement.

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DNB supports the DGF in performing its task, providing the resources and services needed, including keeping its financial accounts. As agreed between DNB and the DGF, DNB reimburses the costs involved in these support activities directly<sup>18</sup>. They are not charged to the DGF.

### **Workforce**

The DGF does not employ any staff, as DNB enables it to perform its statutory task by providing staff and other resources.

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

The members of the Management Board were appointed for a period of four years in 2020.<sup>19</sup> During the period under review, membership of the Management Board was as follows:

- Cindy van Oorschot - *Chair*
- Bert Boertje
- Martin Heerma

The DGF 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 Executive Board, the members of the Management Board did not receive any remuneration for 2021. There were no loans outstanding to members of the Management Board as at 31 December 2021.

### **Related parties**

The DGF works closely with DNB as the administrator of the Dutch DGS. DNB decides when the DGF is deployed and supports the DGF in the adequate performance of its task.

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<sup>18</sup> Pursuant to the Financial Supervision Funding Act, DNB will recover these costs from the financial sector.

<sup>19</sup> Cindy van Oorschot was appointed on 19 April 2020. Bert Boertje and Martin Heerma were reappointed on 19 April 2020 and 27 June 2020 respectively.

## Notes to the statement of cash flows

### 1. Cash flows from operations

Cash flows from operations of EUR 998,010,000 (2020: EUR 373,017,000) can be broken down as follows:

1.1 Operational result: EUR 744,435,000 (2020: EUR 643,695,000).

This is the result as stated in the statement of income and expenditure.

1.2 Movement in receivables: EUR 253,654,000 (2020: EUR -269,119,000).

This concerns a movement in accounts receivable (EUR 254,494,000) and in accruals and prepaid expenses (EUR -840,000) as detailed in item 1 under "Assets" of the notes to the balance sheet.

1.3 Movement in current liabilities: EUR -79,000 (2020: EUR -1,559,000).

This concerns a movement in contributions payable to deposit guarantee schemes in other EU Member States as disclosed in item 2 under "Liabilities" of the notes to the balance sheet.

The current accounts held with DNB and the Ministry of Finance are considered cash equivalents.

### 2. Cash flows from investment

There were no cash flows from investment.

### 3. Cash flows from financing

There were no cash flows from financing.

## Appropriation of the result

The full result for the 2021 financial year has been added to own funds.

## Events after the balance sheet date

No events after the balance sheet date had a material impact on the 2021 financial data.

## Signing of the financial statements

Amsterdam, 9 March 2022

The Management Board of the Deposit Guarantee Fund

Cindy van Oorschot  
*Chair*

Bert Boertje

Martin Heerma

# Other information

## Independent auditor's report

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To the Management Board of the Deposit Guarantee Fund

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

### Our opinion

We have audited the financial statements for 2021 of the Deposit Guarantee Fund (or "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 2021 and the result for the financial year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code, which applies in the Netherlands, 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 2021;
2. the statement of income and expenditure for 2021;
3. the statement of cash flows for 2021; and
4. the notes, comprising a summary of the accounting policies and other disclosures.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the 2021 WNT Audit Protocol Regulation (*Regeling Controleprotocol WNT 2021*). 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 2021 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)(n) and (o) 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.

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; and
- contains the information which Part 9 of Book 2 of the Dutch Civil Code requires of the Report of the Management Board and the other information.

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 Part 9 of Book 2 of the Dutch Civil Code and 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 Report of the Management Board and the other information, as required by Part 9 of Book 2 of the Dutch Civil Code.

## **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. 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 exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with the Dutch Standards on Auditing, 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.

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- Evaluating the overall presentation, structure and content of the financial statements, including 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.

Amstelveen, 9 March 2022  
KPMG Accountants N.V.

Martijn Huiskens

DeNederlandscheBank

EUROSYSTEEM

De Nederlandsche Bank N.V.  
Postbus 98, 1000 AB Amsterdam  
020 524 91 11  
dnb.nl