MUNIS

ANNUAL REPORT

2022

Index

Introduction

MUNIS is a mutual insurance company specialising in the insurance of marine risks run by marine contractors in the practice of their business. MUNIS's members are international marine contractors operating sizeable fleets worldwide.

All four participants have an insurance contract with MUNIS. The liability of the members with regard to the obligations and liabilities of the mutual insurance company is restricted to the obligation to contribute to the guarantee capital.

MUNIS has been active as an insurance company for the marine contracting industry for more than 50 years. The statutory seat of MUNIS is located in The Hague, the Netherlands. The office address is Stationsplein 4, Voorburg, the Netherlands (Chamber of Commerce no: 27082487 The Hague). MUNIS reports to the Dutch Financial Authority (DNB) based on the Wft (Dutch financial supervision Act).

The General Assembly of all four members decided to publish this Annual Report in the English language.

MUNIS realised a loss of €337,000 in 2022.

The Board of Directors of MUNIS found the Supervisory Board to be very supportive with its input, experience and advice.

The financial accounts were audited by BDO Audit & Assurance B.V. It was a constructive and efficient cooperation.

Report of the Supervisory Board

Members of the Supervisory Board at the end of 2022 are:

- Mr J.F.Th. Boogaard — President — (2023)
- Mr R.P.M. Stuijt — Vice-President — (2023)
- Mr C.A. de Bruijn — Member — (2024)
- Mr P.R.C. Coene — Member — (2024)
- Ms M.A.R. Fordeyn — Member — (2023)

Mr De Bruijn and Ms Fordeyn represent the participants in MUNIS whilst the other three Supervisory Board members are independent.

The Supervisory Board met four times in 2022. All meetings of the Supervisory Board in 2022 focused on MUNIS strategy, risk management, the financial result and reinsurance. All four key functions – actuarial, compliance, internal audit and risk management – are in place. The work and reports of these key officials were discussed in the Supervisory Board every quarter. At least once a year all key functions are present at one or more of the Supervisory Board meetings. The Supervisory Board appreciates the professional and open relationship between the Board of Directors and key officials.

The Supervisory Board met in the presence of the Board of Directors. In 2022, there were no member-related issues that required a separate meeting of the independent members of the Supervisory Board. The Chairman of the Supervisory Board, Mr Boogaard, met regularly via live and online meetings with the directors of MUNIS, discussing the ongoing business and preparing the meetings of the Supervisory Board.

In 2022, MUNIS celebrated its 50th anniversary, which is quite an achievement for a relatively small and specialised mutual insurance company. To commemorate this special occasion, a makeover of the MUNIS logo and house style was revealed.

The independent members of the Supervisory Board received a joint remuneration in total of €54,200. Representatives of the participants of MUNIS in the Supervisory Board are remunerated by their respective participants. The remuneration policy of the Board of Directors has been delegated to the joint Presidents meeting of MUNIS and two other organisations for which staff and directors jointly work. The managing director of MUNIS reports on HR issues to the Presidents meeting whereby Mr Boogaard represents MUNIS.

The full Supervisory Board constitutes the risk committee of the Supervisory Board. Furthermore, the Insurance Technical Committee (ITC) has a formal role in the risk management process. A member of the Supervisory Board joins the ITC. He informs the Supervisory Board about risk issues discussed within the ITC. The Supervisory Board is satisfied with the ongoing support of MUNIS by the members of the ITC regarding risk and insurance issues related to the marine contracting industry.

Mr Stuijt and Mr Coene are members of the Audit Committee (AC). The Committee reviewed the Annual Accounts with the internal and external auditors on 20 March 2023. The Supervisory Board approved the draft Annual Accounts during its meeting on 28 March 2023, after which no material changes have been made. On 23 May 2023, the Annual Accounts will be submitted for approval to the General Assembly.

Considering the risk profile of MUNIS, the Supervisory Board supported the Board of Directors to execute a light version of the Own Risk and Solvency Assessment (ORSA) 2023 at the end of 2022. This proportional ORSA is consistent with the reduced reporting obligations of MUNIS to the Dutch supervisory authorities (DNB).

As the importance of sustainability grows in the marine contracting industry, it was decided to change the investment strategy to a sustainable one (i.e. ESG-proof) at the end of 2020. The investment portfolio was adjusted accordingly and is in line with the Responsible Business Conduct agreement of the Dutch Association of Insurers. The execution of the investment policy has been outsourced to Van Lanschot since 2013. Despite the loss on the investment portfolio in 2022 and also considering the bench mark results, the management of the investment portfolio during past years was satisfactory according to both the Board of Directors and the Supervisory Board.

The members of the Supervisory Board spent several days on their professional education. Self-reflection of the role and performance of the Supervisory Board is held periodically as well as the appraisal of the role of and cooperation with the Board of Directors. With regard to the Regulation of the Minister of Finance 17 December 2012, marked FM/2012/1923, it is noted that all members of the Supervisory Board and Board of Directors have been sworn in.

The Supervisory Board is grateful for the way the Board of Directors managed MUNIS in 2022. Punctuality and professionalism combined with pragmatism of both directors is much appreciated.

Voorburg, 30 March 2023

Report of the Board of Directors

The Board of Directors herewith submits its report on the activities of the Mutual Insurance Association (MUNIS) over the year 2022 to the Annual General Assembly (AGA).

2022 was a special year for MUNIS as it celebrated its 50th anniversary. At the Annual Assembly in Italy, both the chair of the Supervisory Board and the CEO of one of the member companies spoke about the rich history and hopefully prosperous future of MUNIS. During this event, a thorough analysis of the claims and premiums paid over the years 2007-2021 was presented by one of the Supervisory Board members. The valuable results are used at presentations to reinsurers and confirm the healthy insurance portfolio of MUNIS.

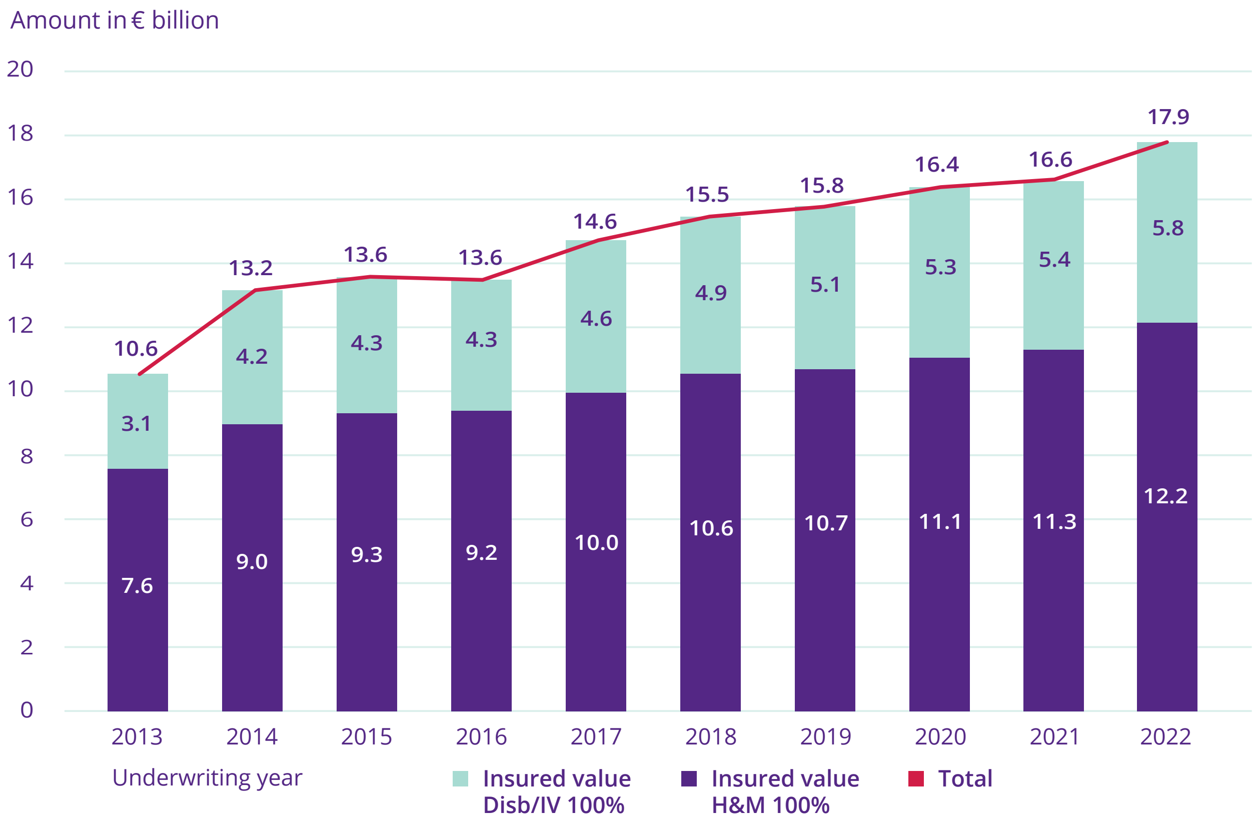
In 2022, the market in which MUNIS operated was still hardening. However, the direct premium income showed only a slight increase or remained stable due to multiple-year contracts. For the first time since 2017, MUNIS realised a negative result. The impact of the COVID-19 pandemic came to an end. MUNIS is affected indirectly by the crisis in Ukraine. The staggering increase in energy prices created an era of inflation resulting in increased repair costs and potential increase in the loss ratio. To counter the inflation, interest rates have been increased that resulted in a decrease in value of the investment portfolio.

The financial audit, executed by BDO Audit & Assurance B.V., was done efficiently.

MUNIS'S POSITION IN THE MARKET

Following the major growth of the portfolio of MUNIS in 2014, the total value of the insured vessels gradually increased to €17.9 billion. The graph below shows the increase in the exposed value over the last ten years.

DEVELOPMENT INSURED VALUE PER UNDERWRITING YEAR



Traditionally, MUNIS insures dredging vessels. Since 2013, the growth of the insured capital mainly resulted from diversification of activities by the participants and their investments in special purpose vessels for the offshore and windfarm industry. The participants contributed also to the energy transition by investments in LNG fuelled vessels.

	2022		2021	
Insured Value	**€ mln**	**%**	**€ mln**	**%**
Trailing Suction Hopper Dredger	6,063	33.8%	5,863	35.2%
Special Offshore Equipment	5,146	28.7%	4,078	24.5%
Cutter Suction Dredger	2,957	16.5%	2,994	18.0%
Subsea Rock Installation	1,302	7.3%	1,277	7.7%
Other Floating Equipment/Vessel	849	4.7%	758	4.6%
Tugs	463	2.6%	501	3.0%
Backhoe Dredger	391	2.2%	408	2.5%
Hopper Barge	400	2.2%	426	2.6%
Other equipment	353	2.0%	344	2.1%
Total Insured Value	**17,924**	**100.0%**	**16,649**	**100.0%**

Status per December 2022

SOLVENCY II

In 2022, MUNIS is fully compliant with all Solvency II regulations and all procedures and documents are in place. Implementation of all procedures contributed to the professionalism of the organisation.

Due to skills requirements and limited capacity within MUNIS, all key functions with the exception of risk management have been outsourced. Within the Board of Directors, Ms Vonk is responsible for the actuarial and internal audit functions, and risk and compliance fall under Mr Kolman's responsibility.

The costs for the compliance and internal audit functions are at an acceptable level, however, the actuarial costs remain high. Several activities of the actuary are necessary to be compliant with Solvency II regulation. From the perspective of the size and complexity of the portfolio of the organisation, there is less need for these actuarial activities.

The costs for the accountant show an increase for multiple years resulting from an increase in requirements by the financial authorities. In 2022, the increase is larger than in the previous years. The Board of Directors expresses its concern about this ever-increasing cost, which in the end will have to be paid by the members of MUNIS.

SECRETARIAT AND MANAGEMENT

At the end of 2022, the Secretariat supporting MUNIS employed nine staff members (in total with 7.0 full time equivalents), (2021:7.0 FTE). The Secretariat supports two other organisations related to the marine contracting industry. The costs are shared with these organisations and 27% (2021: 27%) of the total staff costs were allocated to MUNIS. MUNIS's share of the remuneration of the Board of Directors was €78,112 (2021: €71,164). The MUNIS staff has no variable (bonus) component in their remuneration.

With regard to permanent education, several live and online meetings organised by the Dutch Association of Insurers, Dutch Financial Authority (DNB) and the Dutch Insurance Exchange Association, were followed.

INSURANCE TECHNICAL COMMITTEE

The Insurance Technical Committee (ITC) advises the Board of Directors on insurance technical issues and shares knowledge on general insurance topics amongst the participants of MUNIS. The ITC consists of the insurance managers of all four members of MUNIS, one member of the Supervisory Board and an independent chairman. The committee has a formal position regarding risk management. The relevant risks identified in the Own Risk and Solvency Assessment are assessed in the quarterly meetings of the committee. The risk manager, Mr Kolman, integrates the results of these discussions into the overall risk assessment and management of MUNIS.

2022 marked the seventh year with Mr Meijer chairing the ITC. His enthusiasm, broad experience and knowledge, especially of the marine insurance market, is much appreciated by the participants of the ITC and Board of Directors. Not only are fleet-related insurance issues discussed but also topics with a more general character, such as the CAR-insurance and input for the Transport Commission of The Dutch Association of Insurers.

The Board of Directors is thankful for the input and support of the members of the Insurance Technical Committee:

- Mr A. Meijer, Chairman
- Ms J. Bodewes, Insurance manager, Boskalis
- Ms A. Slabinck, Insurance manager, Jan De Nul
- Mr Ph. Vereecken, Insurance manager, DEME
- Mr D. Tanis, Insurance manager, Van Oord
- Mr P. Coene, Supervisory Board of MUNIS

RESULT OVERVIEW

The financial result of 2022 shows a loss of €337,000 (2021: profit of €753,000). The insurance result increased to €970,000 in 2022 (2021: €877,000). Due to a decrease of claim costs in book year 2022, MUNIS could release the claims reserve for the underwriting year 2017 that it had taken on its own account in previous years. MUNIS experienced a total claim value in book year 2022 of €3,968,000 for underwriting year 2022, which led to a loss of the profit commission for this underwriting year.

The result of income on investments decreased from a positive contribution of €637,000 in 2021 to a loss of €770,000 in 2022. This explains the negative result

€ (x 1,000)

Profit and Loss Account	2022	2021	2020	2019	2018
Earned premium after reinsurance	799	819	1,449	598	1,060
Claims after reinsurance	171	58	-57	31	104
Insurance result	970	877	1,392	629	1,164
Income on investments	-770	637	67	585	228
Operating expenses	-652	-543	-502	-543	-535
Profit or loss before taxation	-452	971	957	671	857
Company tax	115	-218	-221	-144	-204
Profit or loss after taxation	**-337**	**753**	**736**	**527**	**653**

for 2022. Operational costs increased to €652,000 (2021: €543,000) as result of multiple factors. The costs for the financial auditor increased as did the salary costs. The latter was due to the high rate of inflation and an annual evaluation of salaries that took place in 2022. After two years of having to hold the AGM digitally, a live gathering of the Annual Convention was held in Italy. This also contributed to an increase in costs.

Despite the reinsurance market hardening (a process that already started at the end of 2018), the reinsurance contract 2022 has been renewed with slightly better conditions than 2021. The positive results of MUNIS during the last few years definitely contributed to this renewal.

RESULT PER BUSINESS LINE

MUNIS has a license for marine hull and marine liability insurance. Since July 2014, the provided cover is for hull and machinery only. MUNIS does not insure liability risk anymore.

ACTUARIAL MANAGEMENT

The Board of Directors has outsourced the first- and second-line actuarial functions to Arcturus, a professional actuarial consultant with expertise and experience in the implementation of Solvency II and actuarial analyses within relatively small insurance companies. Arcturus is working according to the guidelines of the Dutch Actuarial Society.

The Board of Directors had regular discussions with the actuary on how to contribute to MUNIS' operations and stay compliant with the demands of DNB in a proportional manner. This will be continued in 2023. The relatively small number of risks and claims limit the scope for actuarial assessment whilst the structure of the reinsurance programme reduces the relevance of it. Some first echelon work has been done by the financial director of MUNIS using specially developed actuarial tooling. It has been validated that MUNIS operates within the boundaries of the standard model and that there is no need to use a (partial) own model.

INTERNAL AUDIT

The internal audit position has been outsourced to InAudit. This organisation is specialised in auditing services to small insurance companies. In 2022, several procedures and work processes have been audited. The recommendations of former audits were implemented, except for some low-priority actions where management decided, with the support of the Supervisory Board, to take no further action and accept the residual risks. All critical processes are reviewed every three years. No-critical processes are reviewed every five years. The order of audits is determined by the risk assessment of these processes within MUNIS.

The audit on the insurance software has been postponed until the audit on processes supported by this system. The scheduled audit on claims handling will be done in 2023. Due to a change of ICT manager per 1 January 2023, the audit on information security has been postponed to Q1 2023. The outcome of the audit was satisfactory and MUNIS was compliant with all requirements set by De Nederlandsche Bank per June 2023. InAudit worked in accordance with the International Professional Practices Framework of the Institute of Internal Auditors. All of the audit reports were discussed with the Supervisory Board. The Supervisory Board monitors the implementation of the audit recommendations on a regular basis. The annual internal audit plan has been approved by the Supervisory Board. At least once a year the internal auditor attends a meeting of the Supervisory Board.

In 2023, the internal audits will be done by Marieke van Maarseveen Audit Services (MAS). In the past, she was hired by InAudit to execute the audits at MUNIS. The Board of Directors decided to work directly with MAS. Working procedures and standards will remain the same.

COMPLIANCE

The compliance function has been outsourced to Charco & Dique. The compliance officer met with the Managing Director every quarter via an online meeting. A template agenda that connected topics and frequency of discussion has been used.

Relevant issues are discussed in the Supervisory Board. The annual compliance plan has been approved by the Supervisory Board. The Board of Directors has underwritten the "ethical code", which is part of the Governance Code.

MUNIS does not have a procedure for Product Oversight and Governance (POG), as MUNIS only insures the hull and machinery, and disbursements of the four participants. These insurance policies are based on co-insurance market conditions. MUNIS does not apply own policy wordings. A potential wish to extend the exposure to other risk categories will always be discussed with participants, the Supervisory Board and the Board of Directors as stipulated in the Bylaws of MUNIS. The Systematic Integrity Risk Analysis (SIRA) was updated at the end of 2022. Regular checks on the Ultimate Beneficial Owner and presence on the Dutch and EU Sanction List are in place.

RISK MANAGEMENT

As a relatively small and specialised organisation, MUNIS has developed a simple and straightforward system of principles and policies to manage the different risks. Risks are discussed in full with the Supervisory Board every meeting based on a concise quarterly risk management report. As mentioned earlier, the Managing Director is responsible for the risk management. The Insurance Technical Committee (ITC) assists him with that responsibility. A selection of relevant risks is discussed in the ITC.

The following paragraphs refer to specific elements of risk management.

Market risks

Van Lanschot actively manages the investment portfolio of MUNIS and provides quarterly reports to the Board of Directors. The Supervisory Board, Board of Directors and representatives of Van Lanschot discuss the investment policy and results at least annually. The investments are based on a defensive and sustainable investment policy. The investment policy is in place to provide a match between assets and liabilities, more specifically, financial fixed assets and insurance liabilities. Bonds, deposits and liquid assets covered the technical provisions of the Mutual. The liquidity position has been aligned with the reinsurance programme. The applicable reinsurance programme ensures that no cash flow from the investment portfolio is needed to meet the insurance obligations.

The result on the portfolio was -15.22%. This loss was due to volatility in the financial markets caused by the geopolitical uncertainty and the high inflation, which resulted in a sharp increase in the interest rate. The loss on the investment portfolio was in line with the benchmark. The sustainable concept exceeds the ESG criteria and is compliant with the Responsible Business Conduct agreement of the Dutch Association of Insurers.

The exchange rate risks are limited for MUNIS. Most insured values are nominated in euros and so are the financial fixed assets. A few of these assets are valued in US dollars. A "look through" of the financial assets made it clear that the direct and indirect investments valued in foreign currencies amounted to 17.7% (2021: 22.7%) of the total portfolio.

To have a sufficient cash position to pay potential claims, the cash flow of premium income, reinsurance premium payments and investments are closely monitored.

Credit risks

Credit risks are related to the security of bonds, equity funds, bank balances, (re)insurance brokers and reinsurers. MUNIS invests in funds whose portfolios contain either individual government bonds, corporate bonds or shares. Bonds have a rating of at least BBB (S&P). Bank balances are retained at ABN AMRO and Van Lanschot. In the opinion of the MUNIS Board of Directors, credit risks are limited because ABN AMRO is a (partial) state-owned bank. Since the last quarter of 2022, ABN AMRO and Van Lanschot no longer charge a negative interest rate on credit accounts.

With the extensive reinsurance programme, the financial (solvency) position of reinsurers is of utmost importance. An accredited Lloyds reinsurance broker places the reinsurance programme with Lloyds' syndicates and individual reinsurance companies. Lloyds is rated A+ by S&P and has a guarantee fund for insolvent syndicates. The individual reinsurance companies have at least an S&P or AM Best rating between A- and A+ at the time of renewal of the programme. Possible changes of the ratings of the reinsurers are discussed during every Supervisory Board meeting.

The rating is assessed throughout the year in cooperation with the reinsurance broker. If such an assessment gives cause, the Board of Directors will take measures to protect MUNIS against the identified credit risks in the near future. The measures have been described in the Capital Policy, part of the ORSA. If a rating drops below A-, the Board of Directors and a delegation of the Supervisory board discuss potential measures.

Underwriting risks

MUNIS is a mutual insurance company for the marine contracting industry with a mono-line portfolio and a "to-follow" share in the marine co-assurance market. The underwriting risks are characterised by dependency on market premiums and conditions, relatively low-risk diversification and relatively high vulnerability for catastrophic events. With the present reinsurance programme, MUNIS has transferred all insurance risks to the reinsurance market. The reinsurance policy has been renewed in 2022 with the same conditions as 2021.

Business environment

The insurance market is hardening for a fourth year in a row. However, this has limited effect on MUNIS earned premium income. Qualitative and quantitative analyses of developments in the marine contracting industry related to the (re)insurance market are regularly discussed with experts from the industry, the ITC, the Board of Directors and the Supervisory Board.

Operational risks

The main operational risks are related to the quality and integrity of underwriting, claims handling, investment decisions and internal control within a relatively small organisation. This is backed up with an internal planning and control cycle, and a balanced internal control system with divided responsibilities that meet the needs of the organisation. The planning and control system is discussed regularly within the Board of Directors.

None of MUNIS' primary processes have been outsourced. The underwriting process and claims

handling are supported by the brokers and leading underwriters of the respective policies. Brokers and underwriters are bound to Dutch or London market rules. MUNIS monitors the quality of the work of brokers and leading underwriters. As mentioned earlier, a compliance officer, internal auditor, actuary and risk officer have supported and assessed the primary processes. The first three functions are performed by external, specialised companies.

Now the COVID-19 pandemic came to an end the MUNIS staff works partially from home and in the office. The ICT systems support working remotely and all employees are properly equipped to work at home. The cyber security system functioned well and prevented any illegal external entries on the system. This has been assured by continuously monitoring all traffic at the server. For IT, a service-level agreement with an external service provider is in place. MUNIS's backup procedure consists of a backup made in the cloud next to the traditional in-house backup process on a separate computer.

BDO Audit Assurance continued as financial auditor for the financial year 2022.

FRAUD RISK

The risk of fraud has been reduced by applying several measures. The four-eyes principle has been implemented in as many procedures as possible. Relevant procedures are presented and discussed in a staff meeting annually as well as an awareness training given by the Compliance Officer. Payments above a certain amount have to be signed by both members of the Board of Directors. The Supervisory Board receives an extensive management report every quarter.

SUSTAINABILITY

MUNIS is greatly aware of the importance of sustainability. As previously stated, MUNIS invests in sustainable funds. In addition, a reduction of commuting kilometres is realised by partially working from home and the managing director drives an electric car.

SOLVENCY

With regard to solvency, two requirements are of importance; the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).
The SCR is the risk-based capital that an insurer must hold, calculated in accordance with the Solvency II (SII) requirements of the standard formula. In addition to the SCR, there is a legally defined (Solvency II Directive) minimum capital requirement, the MCR. The mandatory solvency is the highest of either the SCR or the MCR. In addition, the available capital is calculated, and the ratio between the capital and the solvency requirement indicates the solvency ratio.

€ (x 1,000)

Solvency ratios	**2022**	**2021**
Total own funds annual account	8,486	9,526
Total eligible own funds to meet the MCR	8,591	9,278
Total eligible own funds to meet the SCR	9,750	10,5433
Minimum Capital Requirement (MCR)	4,000	3,700
Solvency Capital Requirement (SCR)	2,318	2,529
Solvency ratio (MCR)	**215%**	**251%**
Solvency ratio (SCR)	**421%**	**417%**

At the conclusion of 2022, the SCR ratio was 421% (2021: 417%). The Solvency Capital Requirement (SCR) decreased to €2,318,000. According to rules of the Solvency II directive the Minimum Capital Requirement (MCR) increased to €4,000,000 per 19 October 2022 and the MCR ratio is 215% (2021: 251%).

As the MCR is higher than the SCR, the MCR instead of the SCR becomes normative for MUNIS.
The Internal Capital Requirement (ICR) is at least 130% of the MCR, which is €5,200,000. This ICR allows MUNIS to continue its activities for at least one more year under the worst possible circumstances. During this time, MUNIS will be able to take specific measures regarding continuation of its activities.

In line with the capital policy, the Board of Directors aims for a solvency ratio of at least 150%. At this level, more measures are available to increase the solvency ratio. The management of capital requirements is described in the capital policy, which was approved by the General Assembly in May 2020.

OUTLOOK FOR 2023

In 2023, the hardening of the insurance market will most likely diminish. The impact on MUNIS due to expiring direct policies is uncertain. The renewal of the reinsurance programme for 2023 was finalised in time and conditions remained stable. The interest to participate on the MUNIS programme was above expectations and the number of reinsurers on the panel remained stable with ratings sometimes above the minimum level. Reinsurance commissions are still sufficient to expect a positive operational result for underwriting year 2023 can be expected.

The total exposed value of the vessels and equipment insured by MUNIS will grow again in 2023 as investments in LNG-fuelled equipment and bigger offshore and windfarm equipment continue.

As a result of the Ukraine crisis, marine contractors experienced a reticent market in 2022. The development in 2023 remains uncertain. MUNIS faced only little problems from the Ukraine crisis in 2022. It is expected that the inflation rate will result in higher costs of repairs. It will also result in an increase in personnel costs. The investment portfolio showed no Russian share in index trackers. MUNIS does not insure war risk. The Board of Directors monitors the impact of the sanctions on Russian flagged vessels. The reinsurers are not affected by sanctions against Russia, the reinsurance broker monitors the situation.

The Board of Directors remains confident about the management of the overall risk profile of the insured fleets. This is based on the continuing efforts of its participant members in respect to loss prevention, safety measures and quality assurance.

Voorburg, 30 March 2023
The Board of Directors of MUNIS

Annual Accounts

BALANCE SHEET AS AT 31 DECEMBER 2022 (BEFORE RESULT APPROPRIATION)

€ (x 1,000)

			2022		2021
ASSETS					
1.	Intangible assets		47		63
2.	Financial fixed assets				
2.1	Bonds	5,422		5,918	
2.2	Shares	1,483		2,475	
2.3	Other financial fixed assets	221		0	
	Total		7,126		8,393
3.	Receivables				
3.1	Receivables from brokers insurance	566		517	
3.2	Receivables from brokers reinsurance	0		1,003	
	Total		566		1,520
4.	Other assets				
4.1	Tangible fixed assets	65		87	
4.2	Cash and cash equivalents	2,358		802	
	Total		2,423		889
5.	Accrued income				
5.1	Interests to be received	1		0	
5.2	Corporate income tax	193		0	
	Total		194		0
	Total assets		**10,356**		**10,865**

€ (x 1,000)

		2022		2021	
EQUITY AND LIABILITIES					
6.	Equity				
6.1	Paid in Guarantee Capital	1,813		1,813	
6.2	Revaluation reserve shares	29		333	
6.3	Revaluation reserve bonds	0		64	
6.4	Legal reserve	47		63	
6.5	General reserve	6,934		6,501	
6.6	Result before appropriation	-337		753	
	Total		8,486		9,527
7.	Technical provisions				
7.1	Provision unearned premiums				
	- Gross	1,364		1,027	
	- Reinsured	-1,130		-850	
		234		177	
7.2	Claims provision				
	- Gross	7,194		4,179	
	- Reinsured	-7,108		-3,916	
		86		263	
	Total		320		440
8.	Other provisions		10		133
9.	Liabilities				
9.1	Payable to brokers	247		569	
9.2	Payable to reinsurance brokers	1,157		0	
9.3	Corporate income tax	0		83	
9.4	Other liabilities	136		113	
	Total		1,540		765
	Total equity and liabilities		**10,356**		**10,865**

PROFIT AND LOSS ACCOUNT 2022

€ (x 1,000)

		2022			2021
TECHNICAL RESULT					
	Gross premium income	5,511		4,398	
	Premium income reinsured	-4,956		-4,003	
	Total	555		395	
	Increase(-)/decrease in Provision unearned premiums				
	Gross	-337		285	
	Reinsured	280		-178	
	Total	-57		107	
10.	Net premium income		498		502
	Income investments		0		6
	Gross claims	-898		-1,368	
	Claims reinsured	892		1,367	
	Net claims paid	-6		-1	
12.	Increase(-)/decrease in Claims provision				
	Gross	-3,015		-344	
	Reinsured	3,192		403	
	Total	177		59	
11.	Net claims		171		58
	Commission	-493		-325	
13.	Operating expenses	-652		-543	
	Commission reinsurers	794		642	
	Commissions and expenses		-351		-226
Technical result insurance			**318**		**340**

€ (x 1,000)

		2022		2021
OTHER RESULT				
Technical result insurance		318		340
Income on investments				
Interest/Dividend	66		63	
Unrealised result	8		0	
Realised result	51		679	
Total	125		742	
Costs of investments				
Management costs and paid interest	-36		-41	
Unrealised result	-734		-64	
Realised result	-125		0	
	-895		-105	
14. Total Income on investments		-770		637
Income on investments allocated to technical result		0		-6
Profit/loss (-) before taxation		**-452**		**971**
15. Corporate income tax		115		-218
Profit/loss (-) after taxation		**-337**		**753**

CASH FLOW STATEMENT 2022

€ (x 1,000)

	2022		2021	
Cash flow from operational activities				
Technical result insurance	318		340	
Adjusted for income on investments allocated	-0		-6	
	318		334	
Adjusted for				
Increase/decrease(-) technical provisions	-120		-166	
Depreciation intangible assets	16		14	
Depreciation tangible fixed assets	24		24	
Increase/decrease(-) other liabilities	775		31	
Increase(-)/decrease receivables	954		-497	
Increase(-)/decrease accrued income	-79		0	
Net cash from operational activities		1,888		-260
Cash flow from investment activities				
Investments				
- financial fixed assets	-3,533		-6,353	
- intangible assets	0		-5	
- tangible fixed assets	-2		-2	
Sales and redemptions				
- financial fixed assets	3,509		6,399	
- tangible fixed assets	0		0	
Interest/Dividend	65		60	
Management costs	-35		-38	
Net cash from investment activities		4		61
Cash flow from financing activities				
Dividend	-336		-319	
Net cash from financing activities		-336		-319
Increase/decrease(-) cash and cash equivalents		**1,556**		**-518**
Cash and cash equivalents at 31st December		2,358		802
Cash and cash equivalents at 1st January		802		1,320
Increase/decrease(-) cash and cash equivalents		**1,556**		**-518**

EXPLANATORY NOTES

In 2022, the cash flow was €1,556,000 positive (2021: €518,000 negative).

ACCOUNTING POLICIES

General

Financial statements are prepared according to Part 9 of Book 2 of the Netherlands Civil Code including Standard 605 of the Dutch Accounting Standards Board. Assets and liabilities are carried at their face value, unless otherwise stated. Assets and liabilities denominated in foreign currencies are converted at the rates of exchange prevailing at the end of the year. The financial statements have been prepared in euros, which is the functional and reporting currency. All amounts are in thousands of euros, unless stated otherwise. The financial statements are prepared based on a going concern assumption.

Estimates

In applying the principles and policies for drawing up the financial statements, the Board of Directors of MUNIS makes different estimates and judgments that may be essential to the amounts disclosed in the financial statements. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimates are revised and in future periods for which the revision has consequences. According to the management's opinion, the following accounting policies are the most critical for the purpose of presenting the financial position. Where applicable, estimates and assumptions are explained. The current situation due to the COVID-19 pandemic has no implications for the balance sheet.

Foreign currency

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement.

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value. Intangible fixed assets are included in the balance sheet when it is probable that the future benefits of that asset will accrue to the company and the costs of that asset can be measured reliably. Investments in computer software are depreciated over a period of five years.

Financial fixed assets

Bonds, shares and other financial fixed assets are valued at fair value. Fair value is defined as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. For quoted financial assets for which there is an active market, the fair value is the bid price at reporting date. In the absence of an active market, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. The investment in a real estate fund, which is not marketable at the moment, is valued at market value after deduction of an impairment and based on the expected cash flows. Realised gains and losses are accounted for in the Profit and Loss Account when occurred. Unrealised gains and losses are added to the revaluation reserve. In case the market value of an individual investment turns out to be lower than the historical cost price, the unrealised result is accounted for in the Profit and Loss Account when they occur.

Receivables

Receivables from brokers insurance on premiums written in the course of collection and receivables from brokers reinsurers are included in this item. They are initially recognised at fair value and then at their presumed recoverable amounts, if lower. Other receivables include all other receivables. They are recognised initially at fair value and subsequently measured at amortised cost.

Tangible fixed assets

Small investments in office furniture and computer equipment are depreciated over a period of five years. The other investments are depreciated over a period of eight years. Any reimbursements received, with regard to investments, have been deducted from the historical cost price of the investment.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances free at disposal. They are carried at face value.

Revaluation reserve

The revaluation reserve recognises unrealised value changes in financial fixed assets in case the market value of an individual asset is higher than the historical cost price. When determining the revaluation reserve, an amount for deferred tax liabilities has been calculated at the current tax rate and deducted.

Deferred tax liability

A provision for deferred tax liabilities has been created to cover future taxation with regard to the differences in the book value and the fiscal value of assets and liabilities. The liability is valued at the nominal value of the fiscal liability as related to these differences. The nominal value of the liability is calculated according to the current Dutch corporate income tax rate.

Liabilities

Liabilities are carried at face value.

Technical provisions

A provision unearned premiums is applicable for premiums and commissions already charged for the period after 31 December 2022. A claims provision is applicable for outstanding claims. The determination of this provision is based on the costs to be paid for reported claims as estimated by leading underwriters and/or based on (preliminary) survey reports of independent surveyors. For this, the most recently received information is used.

The cost of handling outstanding claims as well as the estimate for claims incurred before 1 January 2023, but not reported (IBNR) at the time of writing of the report, is included in the claims provision. Based on historical statistics (average claim amount x average number of IBNR claims 10 years), the IBNR for the claims as at 31 December 2022 has been valued at €262,000.

Reported and expected claims are valued at net estimated claim (net of primary and annual aggregate deductibles). Despite careful estimates, there may still be run-off results and uncertainties. This is inherent to the nature and size of the insured portfolio.

Cash flow statement accounting principles

The statement of cash flows, prepared according to the indirect method, shows the structure of and changes in cash and cash equivalents of MUNIS during the financial year from the cash flows arising from operating activities, investing activities and financing activities. The cash flows from investing activities primarily comprise changes in investments (such as bonds and shares). Financing activities include all cash flows from transactions involving Paid in Guarantee Capital and dividends. Cash flows from operating activities contain all other activities that belong to the principal revenue-generating activities.

ASSETS

	€ (x 1,000) 2022	2021
1. Intangible assets		
Intangible assets at 1 January	63	72
Investments	0	5
Desinvestments	0	0
Depreciation	-16	-14
Intangible assets at 31 December	**47**	**63**

Intangible assets relate to newly developed software for the MUNIS insurance administration. The software was implemented at the beginning of 2021.

	€ (x 1,000) 2022	2021
2. Financial fixed assets		
2.1 Bonds at 1 January	5,918	5,781
Purchase	3,034	3,918
Sale	-2,630	-3,612
	6,322	6,087
Realised gains and losses	-201	-51
Unrealised gains and losses	-699	-118
Bonds at 31 December	5,422	5,918
2.2 Shares at 1 January	2,475	2,220
Purchase	228	2,355
Sale	-829	-2,707
	1,874	1,868
Realised gains and losses	-80	197
Unrealised gains and losses	-311	410
Shares at 31 December	1,483	2,475
2.3 Other financial fixed assets at 1 January	0	0
Purchase	271	80
Sale	-50	-80
	221	0
Realised gains and losses	0	0
Unrealised gains and losses	0	0
Other financial fixed asssets at 31 December	221	0
Total Financial fixed assets	**7,126**	**8,393**

Investments in bonds and shares include solely interests in investment funds.
Nearly all have a rating of at least BBB (S&P). The rating is determined by the 'look-through' principle.
The rating of the investments in bonds is as follows:

Rating	Investment funds Government Bonds	Investment funds Corporate Bonds	€ (x 1,000) Total
AAA	709	62	771
AA	977	102	1,079
A	468	679	1,147
BBB	1,087	847	1,934
<BBB or not rated	223	268	491
Total	**3,464**	**1,958**	**5,422**

The amount of investments in shares also includes an investment in a real estate fund that is not marketable at present. The Board of Directors considers the investment to be almost completely impaired and is valued at €8,000 (2020: €3,000).

Other financial fixed assets relate to an investment in a 'money market fund'.

Financial fixed assets are valued as follows:

	Investment funds Bonds	Investment funds Shares	Other financial fixed assets	€ (x 1,000) Total
Listed				
Market value	5,203	1,475	0	6,678
Not-listed				
Net Asset Value	219	0	221	440
Other method	0	8	0	8
Total	**5,422**	**1,483**	**221**	**7,126**

The historical cost price of bonds was €6,151,257.
The historical cost price of shares was €2,036,512.
The historical cost price of other financial fixed assets was € 221,252.

3. Receivables

3.1 Receivables from brokers

At the time of writing this report, receivables from brokers have been received in full or have been netted with amounts due to brokers in early 2023.

3.2 Receivables from reinsurance brokers

Receivables from reinsurance brokers relate to the balance of receivables from and liabilities to the reinsurance broker. This concerns one counterparty.

		€ (x 1,000)
	2022	**2021**
4.1 Tangible fixed assets		
Historical cost price	251	252
Accumulated depreciation	-164	-143
Tangible fixed assets at 1 January	87	109
Movements		
Investments	2	2
Desinvestments	-2	-3
Depreciation Desinvestments	2	3
Depreciation	-8	-7
Depreciation allocated	-16	-17
	-22	-22
Historical cost price	251	251
Accumulated depreciation	-186	-164
Tangible fixed assets at 31 December	**65**	**87**

Investments in 2022 and 2021 mainly relate to new computer hardware.

Part of the depreciation is allocated and invoiced to the other organisations that are supported by the Secretariat.

	2022	2021
		€ (x 1,000)
4.2 Cash and cash equivalents		
Deposits	1,013	354
Liquid assets	1,345	448
Total cash and cash equivalents	**2,358**	**802**

Deposits and liquid assets are at free disposal. As at 31 December 2022, interest rates on cash and cash equivalents varied from 0.2% to 0.4%.

5.2 Corporate income tax

Corporate income tax represents tax to claim from the fiscal authorities because of loss in book year 2022 as well as dividend taxes to be received.

EQUITY AND LIABILITIES

€ (x 1,000)	2022	2021
Equity at 1 January	9,527	9,226
Equity at 31 December	8,486	9,527
Increase/ (decrease) equity	-1,041	301
Increase(-)/decrease revaluation reserve shares	304	-80
Increase(-)/decrease revaluation reserve bonds	64	213
Dividend paid	336	319
Result	**-337**	**753**

At the end of 2022, the solvency ratio of MUNIS was 421% (2021: 417%). The Solvency Capital Requirement (SCR) was €2,318,000, whereas the actual solvency was €9,750,000. The Minimum Capital Requirement (MCR) according to Solvency II rules and regulations is €4,000,000, which is 215% (2021: 251%). The Internal Minimum Capital Requirement is 130% of the MCR, which is €5,200,000.

€ (x 1,000)	2022	2021
Total own funds annual account	8,486	9,527
Conversion to SII values	105	87
Total available own funds Solvency II	8,591	9,614
Tier 3 own funds	0	0
Foreseeable dividend	0	336
Total eligible own funds to meet the MCR	8,591	9,278
Tier 2 own funds (maximum)	1,159	1,265
Total eligible own funds to meet the SCR	9,750	10,543
Minimum Capital Requirement (MCR)	4,000	3,700
Solvency Capital Requirement (SCR)	2,318	2,529
Solvency ratio (MCR)	**215%**	**251%**
Solvency ratio (SCR)	**421%**	**417%**

6.1 Guarantee Capital

The maximum amount of the Guarantee Capital is fixed at €7,250,000 of which 25% (€1,812,500) has been paid in and 75% remains with the members. Should the actual solvency level fall below the required level, the Board of Directors will call upon the members to pay in the remaining 75%. According to article 16 of the Articles of the Association, at all times full payment of the Guarantee Capital has to be effected immediately after the Board of Directors has made a decision to that end.

€ (x 1,000)	2022	2021
6.2 Revaluation reserve shares at 1 January	333	253
Increase/decrease(-)	-304	80
Revaluation reserve shares at 31 December	**29**	**333**
6.3 Revaluation reserve bonds at 1 January	64	277
Increase/decrease(-)	-64	-213
Revaluation reserve bonds at 31 December	**0**	**64**
6.4 Legal reserve at 1 January	63	72
Increase/decrease(-)	-16	-9
Legal Reserve at 31 December	**47**	**63**
6.5 General reserve at 1 January	6,501	6,075
Result last year	753	736
Dividend paid	-336	-319
Appropriation to the Legal Reserve	16	9
General Reserve at 31 December	**6,934**	**6,501**
6.6 Result before appropriation at 1 January	753	736
Appropriation to the General Reserve	-753	-736
Not appropriated result	-337	753
Result before appropriation at 31 December	**-337**	**753**

The revaluation reserves are net after deduction of the provision for deferred tax liability. The increase or decrease of the revaluation reserves are the net result of unrealised losses or profits on bonds and shares in 2022. A Legal Reserve has been formed for the investment in newly developed software (intangible assets). The General Reserve as at 31 December 2022 is presented before result appropriation 2022. The Annual General Assembly decided to credit the result for 2021 to the General Reserves account.

Proposal for result appropriation

The Board of Directors proposes to debit the result for 2022 to the General Reserves account.

Proposal for dividend

In 2000, the Annual General Assembly established a dividend policy that allows a dividend payment to the members provided if there are enough funds available from the General Reserve, if the cumulative result over the last three book years is positive and if the solvency of MUNIS meets the legally required margins after distribution of the dividend.

If all these conditions are met and there is a positive result, MUNIS will pay a dividend of 50% of the average result of the last 3 years, provided the total dividend exceeds a minimum of €100,000. Since the result over the book year 2022 is negative, the Board of Directors proposes not to withdraw any dividend from the General Reserve.

	2022	2021
		€ (x 1,000)
7. Technical provisions		
7.1 Provision unearned premiums		
Gross at 1 January	1,027	1,312
Increase/decrease(-)	337	-285
Gross at 31 December	1,364	1,027
Reinsured at 1 January	-850	-1,028
Increase/decrease(-)	-280	178
Reinsured at 31 December	-1,130	-850
Total provision unearned premiums	234	177
7.2 Claims provision		
Gross at 1 January	3,953	3,622
Increase/decrease(-)	2,979	331
Gross at 31 December	6,932	3,953
Reinsured at 1 January	-3,690	-3,300
Increase/decrease(-)	-3,156	-390
Reinsured at 31 December	-6,846	-3,690
Total claims provision	86	263
IBNR		
Gross at 1 January	226	213
Increase/decrease(-)	36	13
Gross at 31 December	262	226
Reinsured at 1 January	-226	-213
Increase/decrease(-)	-36	-13
Reinsured at 31 December	-262	-226
Total IBNR	0	0
Total technical provisions	**320**	**440**

The average duration of claims is more than one year. As required by Dutch law, a liability adequacy test has been performed. This test is performed according to the quantitative method. Based on the survey report of outstanding claims and analysis of historical statistics, the management considers the technical provisions adequately assessed.

	€ (x 1,000) 2022	2021
8. Other provisions		
Deferred tax liability at 1 January	133	177
Increase/decrease(-)	-123	-44
Other provisions at 31 December	**10**	**133**

The deferred tax liability relates to revaluation differences of investments. The liability is calculated based on a corporate income tax rate of 25.8%.

8.1 Payable to brokers

At the time of writing this report, payable to brokers has been paid in full or has been netted with amounts due from brokers in early 2023.

8.2 Corporate income tax

Corporate income tax represents tax to pay to the fiscal authorities.

9.2 Payable to reinsurance brokers

Payable to reinsurance brokers relate to the balance of receivables from and liabilities to the reinsurance broker. This concerns one counterparty.

€ (x 1,000)

Duration	Receivables	Liabilities	Total
Less than one year	1,430	-3,034	-1,604
More than one year	447	0	447
Total	**1,877**	**-3,034**	**-1,157**

€ (x 1,000)

	2022	2021
9.4 Other liabilities		
Creditors	16	8
Accrued liabilities	120	105
Total other liabilities	**136**	**113**

The duration of all liabilities is less than one year.

Subsequent events

There have been no subsequent events.

Commitments and contingencies

In April 2018, the Secretariat's office moved to a new location at Stationsplein in Voorburg. The rental term started on 1 April 2018 and runs until 1 April 2026. The Secretariat's total financial obligation for the space is €67,488 per year (2021: €59,706) of which MUNIS is responsible for €18,222 per year (2021: €16,121). The landlord has received a bank guarantee for three months' rent. The rental obligation is indexed annually. The annual lease car obligations are €11,058 (of which MUNIS is responsible for €2,986); (2021: €10,859 of which MUNIS is responsible for €2,932).

ACCOUNTING POLICIES

General

Profits and losses are allocated to the appropriate year unless otherwise stated.

Profits and losses denominated in foreign currencies are converted at the rates of exchange prevailing at the moment of receiving or expending.

The additions to and releases from liabilities are debited or credited to the profit and loss account.

Gross premium income

Gross premiums are recognised as revenues when they become due. Information about written premiums by country of origin is not disclosed to prevent competition sensitive information from being published.

Premium income reinsured

Premium income reinsured is incorporated into the Profit and Loss Account when it becomes liable. Profit commissions are recognised as revenues when the set conditions are met and are netted with premium income reinsured.

Claims

Gross claims are incorporated into the Profit and Loss Account at net value after deductibles when they become liable. Claims reinsured are recognised as revenues when they become receivable at net value after deductibles.

Commissions

Commissions are incorporated into the Profit and Loss Account when they become liable.

Commissions reinsurers

Commissions reinsurers are recognised as revenues when they become due.

Income investments

Investment income is recognised as revenue on an accrued basis for all interest-bearing assets. Realised gains and losses are accounted for in the Profit and Loss Account when occurred. Unrealised losses are accounted for in the Profit and Loss Account provided that the market value for the individual investment is lower than the historical cost price and the relevant revaluation reserve is nil.

Allocation of investments

The income on investments is allocated to the technical accounts and the general accounts based on the following:

- Investments with a smaller risks profile (i.e. bonds and deposits) are allocated to the technical accounts;
- If a surplus exists, this is allocated to the general accounts; and
- More volatile investments (shares) are allocated to the general accounts.

Corporate income tax

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

	2022	2021
10. Net premium income		
Gross premium income	5,511	4,398
Increase(-)/decrease in Provision unearned premium	-337	285
Earned premium	5,174	4,683
Premium reinsured	-4,956	-4,003
Increase/decrease(-) in Provision unearned premium	280	-178
Earned premium reinsured	-4,676	-4,181
Net premium income	**498**	**502**

€ (x 1,000)

The gross premium income increased due to the irregular premium bookings of some brokers. The earned premium grew by 10.5% to €5,174,000. This increase is due to an increase in the insured value, a change in the conditions of the direct policies and a reduction of the premiums returned for laid-up vessels. Net premium did not follow the growth of the earned premium as a result of the loss of the profit commission in book year 2022 regarding underwriting year 2021 and 2022.

	2022	2021
11. Claims		
Gross claims	-898	-1,368
Increase(-)/decrease in claims provision	-3,015	-344
Claims	-3,913	-1,712
Claims reinsured	892	1,367
Increase/decrease(-) in claims provision	3,192	403
	4,084	1,770
Net claims	**171**	**58**

€ (x 1,000)

The total claims (€3,913,000) consisted of €3,968,000 claims from 2022 and €55,000 positive adjustments on claims from previous years. Net claims (€171,000) consisted of a positive result on claims for underwriting year 2015 and on claims taken for own account for underwriting year 2017. The increase is partially due to a higher number of claims, but can mainly be attributed to two large claims.

€ (x 1,000)

	Claims provision 31-12-2021	Claims paid 2022	Claims provision 31-12-2022	2022 Increase(-)/ decrease	2021 Increase(-)/ decrease
12. (Increase)/decrease claims provision					
Gross claims provision					
Year of claim					
Previous years	118	0	23	95	34
2017	173	57	96	20	252
2018	363	203	67	93	-99
2019	755	105	679	-29	81
2020	336	61	217	58	503
2021	2,434	439	2,177	-182	
	4,179	865	3,259	55	771
2022		33	3,935		
Total	4,179	898	7,194	55	771
Claims provision reinsured					
Year of claim					
Previous years	-7	0	-7	0	-19
2017	-169	-57	-94	-18	-250
2018	-254	-203	-62	11	160
2019	-746	-105	-673	32	-77
2020	-321	-61	-207	-53	-512
2021	-2,419	-439	-2,155	175	
	-3,916	-865	-3,198	147	-698
2022		-27	-3,910		
Total	-3,916	-892	-7,108	147	-698
Claims provision after reinsurance					
Year of claim					
Previous years	111	0	16	95	15
2017	4	0	2	2	2
2018	109	0	5	104	61
2019	9	0	6	3	4
2020	15	0	10	5	-9
2021	15	0	22	-7	
	263	0	61	202	73
2022		6	25		
Total	263	6	86	202	73
Claims paid previous years				0	1
Claims 2022				-25	-15
Increase (-)/decrease claims provision				**177**	**59**

	2022	2021
		€ (x 1,000)
Reinsurance balance		
Premium reinsurances net of commissions	-3,882	-3,539
Claims reinsured	4,084	1,770
Reinsurance balance	**202**	**-1,769**

Claims reinsured as represented above are claims paid plus claims outstanding for account of reinsurers.

	2022	2021
		€ (x 1,000)
13. Operating expenses		
13.1 Personnel costs		
Salaries	156	143
Social insurance	16	16
Pension premiums	42	36
Travel and car expenses	5	4
Educational costs	1	2
Sundry personnel costs	4	4
Benefits social insurance	-1	0
Temporary personnel costs	0	0
Total personnel costs	223	205
13.2 Office costs		
Premises (rent)	22	18
Office materials	1	0
Postage	1	1
Communication costs	1	1
Subscription and contributions	28	26
Computers and hardware	11	15
Banking costs	1	1
Depreciation costs intangible assets	15	14
Depreciation costs	8	7
Total office costs	88	83
13.3 Administration		
Board and Committees	93	84
Insurance	6	6
Costs outsourced key functions	72	79
Auditors' costs	116	76
Costs other advice	14	8
Costs legal advice	0	2
Total administration	301	255
13.4 Annual General Assembly	40	0
Total operating expenses	**652**	**543**

13.1 Personnel costs

At the end of 2022, the Secretariat supporting MUNIS employed nine staff members (in total with 7.0 FTE), (2021:7.0 FTE). The Secretariat supports two other organisations. By tracking hours worked, 27% (2021: 27%) of the Secretariat's salary costs and shared office costs were allocated to MUNIS.

For the employees of the Secretariat, a pension insurance applies based on a so-called middle salary pension scheme. Annually, the pension obligations are indexed. All decisions with regard to personnel costs are taken after consultation with the Presidents meeting.

13.2 Office costs

Office costs increased to €88,000 mainly due to the increase in service costs of the premises.

13.3 Administration

The costs for the Supervisory Board comprise the remuneration of the Supervisory Board members, the reimbursement for their expenses and the D&O insurance on behalf of the Supervisory Board and the Board of Directors. The remuneration of the Supervisory Board was €54,200 (2021: €54,758) and relates to the fees for three independent members. In addition to the regular costs for Board and Committees, incidental costs were made for activities conducted by the Chairman of the Insurance Technical Committee.
The costs for outsourced key functions consist of support from the actuary, internal auditor and compliance officer. The Auditor's costs related to the audit of the Annual Report were €114,950 (2021: €74,718).

13.4 Annual Convention

The Annual Convention in 2021 and 2020 were cancelled due to the COVID-19 pandemic. In 2022, the Annual Convention was held in Italy, which resulted in an increase in costs of €40.000.

€ (x 1,000)

	2022	2021
14. Income on investments		
14.1 Bonds		
Interest bonds	0	7
Realised result	-123	152
Unrealised result	-691	-38
Total income bonds	-814	121
14.2 Shares		
Dividend	66	56
Realised result	49	527
Unrealised result	-35	-26
Total income shares	80	557
14.3 Other financial fixed assets		
Realised result	0	0
Unrealised result	0	0
Total income other financial fixed assets	0	0
14.4 Interest cash and cash equivalents	-1	-3
14.5 Costs of investments	-35	-38
Total income on investments	**-770**	**637**

The financial fixed assets are managed by a professional fund manager at Van Lanschot based on a defensive investment policy. The income on investments decreased from a positive contribution of €637,000 in 2021 to a loss of €770,000 in 2022. This loss was mainly due to the geopolitical uncertainty and the high inflation that resulted in an increase in the interest rate.

No exchange rate differences are recognised in the Profit and Loss Account.

		€ (x 1,000)
	2022	**2021**
15. Corporate income tax		
Commercial result	-452	971
Permanent differences	0	0
Temporary differences	0	0
Fiscal result	-452	971
Corporate income tax	-115	218
Effective corporate income tax percentage	25%	22%

Voorburg, 30 March 2023

Other information

PROVISIONS IN THE ARTICLES OF ASSOCIATION REGARDING RESULT APPROPRIATION

According to Article 18 of the Articles of Association, the Annual General Assembly determines the appropriation of the Association's net result for the year.

To: the shareholders and Supervisory Board of Mutual Insurance Association "MUNIS" U.A.

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2022 of Mutual Insurance Association "MUNIS" U.A. based in 's-Gravenhage.

WE HAVE AUDITED

The financial statements comprise:

1. the balance sheet as at 31 December 2022;
2. the profit and loss account for 2022; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

OUR OPINION

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Mutual Insurance Association "MUNIS" U.A. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. 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 Mutual Insurance Association "MUNIS" U.A. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

B. INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 254.000. The materiality is based on a benchmark of the equity (representing 3,0%) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of € 12.700, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit approach going concern

As explained in the section Accounting policies, general on page 19 of the financial statements, the board has explained the going concern assumption. Our procedures to evaluate the going concern assessment of the board include the audit of the solvency ratio and the capital requirement (under Solvency II) of Mutual Insurance Association "MUNIS" U.A., as disclosed on page 25 of the financial statements.

The solvency ratio provides an important indication of the going concern assumption of an insurance company. A solvency ratio of 100% implies, according to the Solvency II-guidelines of the European Union, an assurance of 99.5% that the insurance company can cope with extreme losses for a period of 1 year. According to the internal requirements of Mutual Insurance Association "MUNIS" U.A. a solvency ratio of 215% of the reported Solvency Capital Requirement (SCR) is assessed as being sufficient. The SCR as per 31 December 2022 is equal to 421% as disclosed on page 25 of the financial statements.

Based on the level of the solvency ratio and our audit thereof, the review of the "Own Risk and Solvency Assessment" (ORSA), the reinsurance policy, the budget for 2023 and the determination of the acceptability of the used assumptions, the review of the subsequent events and the consideration of whether these events require an explanation or an adjustment of the financial statements and our meetings with the holders of the key functions within the company we conclude that there is no material uncertainty regarding the going concerns assumption of the company.

Audit approach fraud risks and non-compliance with laws and regulations

We identified and assessed the risks of material misstatements of the financial statements due to fraud and non-compliance with laws and regulations. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to section ' Fraud Risk' of the report of the Board of Directors for management's fraud risk assessment.
We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct ('Moreel ethische verklaring') and internal incident procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.
As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Risk of management override of controls

In all of our audit work efforts we have paid attention to the risk, that management can override internal controls, including an evaluation of indications of inappropriate influence by management, which can result in a material misstatement in the financial statements due to fraud.

By performing a thorough fraud risk assessment we have determined the means available to management to override internal controls. The performance of specific audit procedures - among others the procedures described under the key audit matters – on these means did not give any findings indicative for fraud or non-compliance. This is confirmed by the reports of the holders of the key functions within the company.

Risk on revenue recognition

Based on the Dutch Standards on Auditing, we always assume a fraud risk with regard to revenue recognition. We have rebutted this presumed fraud risk on revenue recognition, due to the simplicity of the process and the fact that Mutual Insurance Association "MUNIS" U.A. has a 'to-follow' share in the co-assurance market.

We have taken knowledge of all corresponding between MUNIS and the Dutch Central Bank ('DNB'), we have determined that the key functions have been implemented. We have read the reports of the holder of the key functions. This did not give an indication of MUNIS being non-compliant with law or regulation. We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives, directors and the Supervisory Board.

This did not lead to indicators for fraud potentially resulting in material misstatements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF THE TECHNICAL PROVISION GROSS CLAIMS

As stated at page 20 of the notes to the 2022 financial statements the company recognized a technical provision gross claims at the balance sheet to cover the expected cash outflows for outstanding claims. The company takes part in coassurance contracts and follows the lead insurance company in terms of the premiums set and the claims (to be) paid.
The company assesses and records their share of the expected claim on a case-bycase basis and includes an IBNR based on historical statistics.
Due to the uncertainty in making the estimation regarding the IBNR and the attention we have given to the audit of the valuation of the technical provision for outstanding claims, the provision for gross claims is a key audit matter for our audit.

OUR AUDIT APPROACH

We verified the accuracy and completeness of the provision by performing a retrospective analysis of the settlement of claims of previous years. We also verified whether management has taken into account these results in their estimation of the technical provision for this year.
For the case-by-case provision we verified documentation for a representative selection of claims as of 31 December 2022.
For these claims we checked whether the cause of the loss is covered by the policy and also verified whether these claims are in accordance with the supporting documentation like overview documents of the brokers and claim reports. Furthermore we reviewed the payment of claims subsequent to year end to determine whether they were fully recognized in the technical provision as of 31 December 2022.
The actuary of the company performed an adequacy test on the reporting date to establish whether the insurance liabilities in the balance sheet are sufficient. The actuary performed a review of the actuarial calculations made for the technical provisions and compared the outcome of these calculations with the provision as included on the balance sheet. The actuary determined whether the used assumptions were adequate. This actuary made up a report of their work performed and their conclusions.
We reviewed this report. An actuarial specialist was included in our audit team. He reviewed whether it was possible to use the work performed by the actuary in our audit.
We evaluated the expertise and objectivity of both the actuary and our actuarial specialist.

Based on the audit procedures we performed, we haven't identified material findings.

SOLVENCY II

At page 25 of the notes to the 2022 financial statements the company discloses the solvency ratio as at year end 2022 in accordance with Solvency II regulations. The determination of Solvency II ratio involves judgement in respect of the use of methodologies and setting best estimate assumptions.
Due to the uncertainties in making this estimation and assumptions Solvency II is a key audit matter for our audit.

OUR AUDIT APPROACH

The company used the standard model for calculating the Solvency II ratio. During our audit we determined whether the used model was validated and assurance was given that this model is in accordance with the Standard model for calculating the Solvency II ratio. We also determined that the input of the model was in accordance with Solvency II regulations, valuation at market value. We determined whether the market value was calculated in a correct manner. We involved our actuarial specialist to assist us in performing the audit procedures with regard to the Solvency II calculations. We evaluated the expertise and objectivity of this specialist.

Based on the audit procedures we performed, we haven't identified material findings.

C. REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

- Introduction;
- Report of the Supervisory Board;
- Report of the Board
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 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.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

D. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Supervisory Board as auditor of Mutual Insurance Association "MUNIS" U.A. on 21 November 2016, as of the audit for financial year 2016 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

E. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the Supervisory Board for the financial statements

Management 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, management is responsible for such internal control as management determines is 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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 these 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 Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 entity's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management'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 entity'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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating 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 findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 30 March 2023

For and on behalf of BDO Audit & Assurance B.V.,

w.s. A.C.M. Mens MSc RA

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