NN Covered Bond Company B.V.

Annual report
for the period from May 25, 2020 up to and including December 31, 2020

Amsterdam, the Netherlands

NN Covered Bond Company B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
Chamber of Commerce Amsterdam 78115752

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1. Director's report

1.1 Activities and results

General
NN Covered Bond Company B.V. (“the Company” or "CBC") was incorporated on May 25, 2020.

The Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds (”the Bonds”) issued by Nationale-Nederlanden Bank N.V. (“NN Bank” or “the Issuer”), which is located at Prinses Beatrixlaan 35-37, 2595 AK, 's Gravenhage. As consideration for the Company to meet its obligation under the issued guarantee, NN Bank will legally transfer eligible assets to the Company. NN Bank transferred eligible mortgage loans ("Mortgage Loans") to the Company through a silent assignment ('stille cessie'). Prior the occurrence of an Assignment Notification Event, or if the asset cover test has been breached or if a Notice to pay / CBC Acceleration Notice has been served, NN Bank is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occur or a notice has been issued, the Company will be entitled to all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee to pay interest and principal on the Bonds.

The objectives of the Company are, in the framework of a covered bond programme of NN Bank, (a) to issue guarantees in favour of holder of covered bonds issues by Nationale Nederlanden Bank N.V. (b) to acquire, purchase, conduct the management of, dispose of and to encumber assets including receivables under or in connection with loans granted by a third party or by third parties and to exercise any rights connected to such assets, (c) to acquire monies to finance the acquisition of the assets including the receivables mentioned under (a), by way of issuing notes or other securities or by way of entering into loan agreements, (d) to on-lend and invest any funds held by the CBC, (e) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (f) in connection with the foregoing: (i) to borrow funds and (ii) to grant security rights or to release security rights to third parties, and (g) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

Since the issuance of the first series of Bonds neither an Assignment Notification Event, nor a breach of the asset cover test has occurred nor has a Notice to pay or a CBC Acceleration Notice been served. Therefore, NN Bank has the economic ownerhip of the Mortgage Loans. The Company is consolidated by NN Bank.

NN Bank may issue, under the Covered Bond Programme, various series of Covered Bonds with a total nominal amount of EUR 7,500 million (hereafter the "Covered Bond Programme"). On July 8, 2020, NN Bank issued a first series of Bonds in a total nominal amount of EUR 500 million. The second series of Bonds was issued on September 24, 2020, with a nominal amount of EUR 500 million and on November 12, 2020, NN Bank issued a serie of Bonds in total nominal amount of EUR 250 milion. All Bonds in these series were still outstanding as per the year-end. Standard & Poors have rated the Bonds issued as AAA.

As per the year-end, the net outstanding nominal amount of Collateral (mortgages -/- saving deposits) was EUR 1,550 million.

The Trust Deed entered into by the Company, NN Bank and Stichting Security Trustee NN Covered Bond Company states that all cost and expenses of the Company and all cash flows from swaps will be received and paid on behalf of the Company by NN Bank for its own account. As a result, all amounts remaining in the Company will flow back periodically to NN Bank. Cash transactions to the Company are limited to bank interest received and bank interest charged through to NN Bank and the Company will not have the right to any of the proceeds.

The terms and conditions of the transaction are more fully described in the Prospectus dated June 18, 2020 ("the Prospectus") as lastly amended on 19 February 2021 and and the terms used in this Annual report generally match those used in the Prospectus. However, the Prospectus does not form a part of this Annual report. The Propsectus documents can be found via the following link: https://www.nn-group.com/investors/nn-bank/secured-funding/soft-bullet-covered-bond-programme.htm

Based on the set-up and structure of the company no profit or losses are foreseen, as all expenses are reimbursed to the Issuer and proceeds are payable by the Issuer.

RISK MANAGEMENT

The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Bonds issued by NN Bank. As a consequence, the Company may in case NN Bank cannot fulfil its financial obligations towards the Company or the covered bond holders, amongst others, run interest rate and credit risk on both the Bonds and the mortgage portfolio. In order to limit these potential risks the Company will mitigate these risks through various instruments.

The risk appetite of the Company is low and matches the risk-profile of the Company. Various measures have been taken to mitigate the credit, concentration, interest rate and liquidity risks for the Company. These measures are described below:

Credit and concentration risk

Besides the current account in the amount of EUR 17,095 the Company has with NN Bank, the Company has no exposure to credit risk, which is the risk that the borrowers will be unable to pay amounts in full when due, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the Mortgage Loans are transferred to the Company. Until such time all risks and rewards associated with the assets are retained by NN Bank and the transferred Mortgage Loans are not recognised on the balance sheet of the Company. However, given the minimum required over-collateralisation of at least 5% a buffer is available to cover losses arising.

Interest rate risk

In order to limit the potential interest rate risk the Company may, if deemed necessary, enter into swap agreements in order to mitigate that risk. In relation to the Bonds issued and the portfolio transferred to the Company no swap agreement has been entered into by the Company. This, given the fact that the fixed interest rate on the Bonds between 0.01 and 0.05% is less than the average interest rate of all transferred receivables of 2.6%. At December 31, 2020, the Company does not have any swap agreements.

Furthermore, the notional amount outstanding of all transferred eligible Mortgage Loans and denominated cash should at least be 105% of the notional amount outstanding of all Bonds. At the balance sheet date the notional amount outstanding of the transferred eligible Mortgage Loans and denominated cash was 123.8% .

Liquidity risk

In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by NN Bank in a separate bank account held with BNG Bank N.V. ("BNG").

Limited Recourse
Although credit, concentration, interest rate and liquidity risks are recognized, the exposure for the Company is limited. The Bonds are issued with limited recourse. If the event of a default occurs and the security is enforced, the proceeds may not be sufficient to meet the claims of all the Secured Creditors (the Covered Bond holders, directors, administrator, back-up administrator, servicers, custodian, paying agent, calculation agent, registrar, a swap counterparty (if any), asset monitor, CBC account bank, participants, transferor and such other party designated by the security trustee to become a Secured Creditor). If, following enforcement of the security, the Secured Creditors have not received the full amount due to them, the Secured Creditors will no longer have a claim against the Company. The Secured Creditors may still have an unsecured claim against the Issuer for the shortfall.

The reserve amount relates to the obligatory cash deposit made by NN Bank. The required amount is based on the scheduled interest due on the issued Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Bonds. The Company will refund the deposited amount to NN Bank when the issued Bonds have been repaid in full. The maturity dates of the issued series are July 8, 2030, September 24, 2035 and November 12, 2040. The Company has of December 31, 2020 no exposure to foreign currency risk as all assets and liablitities are denominated in EUR.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position, statement of income and statement of cash flows of the Company and the director’s report includes a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces.

1.2 Future developments

COVID-19 Virus
The historical information and prospective trends in this report were primarily derived from public reports issued by DNB and the NVM. Subsequent to the issue of this information, the worldwide outbreak and spread of the COVID-19 virus has meant that the prospective information contained in this report will very likely be affected in some way. However, the Director feels that the situation surrounding the COVID-19 virus is still too uncertain and volatile for it to be able to present more reliable forecasts.

The Company was incorporated specifically for its role in a structured finance transaction and is governed by the terms and conditions of the Prospectus and other Transaction Documents. These are drawn up, inter alia, to foresee all possible future economic conditions, including those that may well be caused by the COVID-19 virus outbreak. At this stage, it is possible that the outbreak will result in an increased level of losses of both interest and principal on the Mortgage Loans originated by the Originator. Until the moment that certain events occur, which are defined in the Transaction Documents, the Originator is entitled to all proceeds of the interest and principal on the Mortgage Loans. If the Originator cannot fulfil its financial obligations towards the Company or the Covered Bond holders, the issued guarantee will be invoked. The Company will then assume the liabilities of the issued Covered Bonds and the economic risk of the portfolio of Mortgage Loans will be transferred to the Company. In case the proceeds of the interest and principal on the transferred assets are not sufficient to meet the claims of all the Secured Creditors, such losses will not be borne by the Company itself but rather by the Company's Secured Creditors and only ultimately the Company's shareholder. The Company intends to act within the terms and conditions set out for it by the Transaction Documents, and to otherwise comply with all its other obligations.

Economic developments
The year 2020 was economically influenced in almost every aspect by the worldwide COVID-19 pandemic. Whilst the Dutch economy was very well placed at the start of 2020 for positive development in just about all economic indicators, almost all major indicators showed downturns during 2020 as a result of COVID-19. The drastic effects of lockdown and social distancing measures caused record downturns in many indicators, especially in the second quarter and, to a lesser extent, the last quarter of the year. Another factor that has contributed to the downturn is a lack of confidence shown by both consumers and businesses as investments were postponed.

Against this, public sector spending was increased significantly in terms of infrastructure project spending as well as significant financial support packages designed to support the economy against COVID-19 effects. Some encouragement can also be taken from the spectacular bounce back during the third quarter of 2020 and that the Dutch economy appeared to be somewhat more resilient than most comparable economies. The pressure on the banking sector has also clearly increased but the sector appears to be able to cope with this.

GDP decreased by around 3.8% in 2020, as compared to an increase of 1.6% in 2019. The current expectations are that GDP will bounce back somewhat by 2.9% in 2021 and 2.9% 2022. For 2021, the expectations are for increases of 4.9% in the best-case scenario and just 0.2% in the worst-case scenario. The impact of COVID-19 in 2020 was not evenly spread over the various sectors, with the tourism, recreation and entertainment sectors hardest hit, whilst some sectors experienced a positive impact. The recovery in the coming years will likely have its most positive impact on those sectors that suffered the most in 2020.

In the projections, the economy is expected to have the benefit of somewhat restored confidence by consumers and businesses alike, as well as a continuation of a high-level government spending. This is likely to be tempered by increasing levels of unemployment. The 1.7% surplus that government spending recorded in 2019 was already transformed to a deficit of 6.3% in 2020 though the deficit is projected to improve to a deficit of 4.9% in 2021. Much of these projections will depend on the extent and timing of government support for the economy.

Away from COVID-19, the threat of global trade wars has continued to recede but is certainly not eliminated. Whilst the prospect of a ‘no-deal’ Brexit has now disappeared, the exact consequences of the Brexit are still unclear and will probably impact the current projections.

Unemployment levels climbed from 3.4% to 4.0% during 2020 which appears to be a relatively modest rise under the circumstances, but this is expected to increase to 6.5% by the end of 2021 and 6.0% in 2022. For 2022, the ‘best-case scenario’ and ‘worst-case scenario’ are 4.8% and 7.4%, respectively. The relatively low impact on the 2020 unemployment figures appears to be the result of government support, a reluctance by businesses to release staff after years of under capacity in the labour markets and the possibility of reducing the number of flexible workers (freelancers and agency staff).

Headline inflation decreased from 2.7% in 2019 to some 1.2% in 2020 mainly due to reduced energy prices. Particularly oil prices tumbled under reduced worldwide demand. The level of inflation is expected to remain relatively stable at around 1.5% in the coming years on the expectation that oil prices will continue at the relatively low levels and low wage inflation as a result of rising unemployment. At the same time, per current situation, there is some, unexpected, upward pressure on inflation due to higher levels of capital market interest rates.

The domestic housing market appears to be relatively unaffected by COVID-19 thus far. The spectacular growth in domestic house prices has continued throughout 2020 and the last quarter of 2020 even showed an average increase of the price of a dwelling of more than 11% according to NVM although the CBS estimates the rise at 8.3%. Whilst the number of transactions for 2020 as a whole was up 3.7% as compared to the previous period, the market is currently under pressure from low levels of supply and the relatively short time the average dwelling spends on the market.

As always, regional variations and differences in the various price sectors continued in 2020. The overall shortage of housing, particularly for starters, is getting more severe as targets for the building of new dwellings are inadequate or not met. DNB expects house prices to increase by 1-2% in 2021-2022 in its ‘most likely scenario’. The expectations are very much contingent on developments in unemployment levels, but low interest rates and housing shortages are expected to continue for some time.

Risk levels for existing homeowners and lenders alike have again generally decreased since last year though regional differences should not be ignored in the analysis. This trend is expected to level out in the coming years, but the market seems to be relatively sheltered from the major COVID-19 impacts. New homeowners have for years been subjected to stricter lending conditions and existing homeowners have seen debt ratios decrease as a result of rising prices. However, new loans have shown a tendency to be agreed for relatively long interest periods, at relatively low rates. Furthermore, competitive pressures are increasing in the mortgage market due to new entrants to the market and continued low interest rates. Whilst these factors generally increase risks, lenders are experiencing improved debt ratios on existing portfolios as a result of rising prices.

It is important to reiterate that the Company was incorporated specifically for its role in a structured finance transaction and is governed by the terms and conditions of the Prospectus and other Transaction Documents. These are drawn up, inter alia, to foresee all possible future economic conditions, including those caused by COVID-19. At this stage, it seems likely that the outbreak will result in an increased level of losses of both interest and principal on the Mortgage Loans. The limited recourse principle (see above) embedded in the Prospectus and Transaction Documents dictates that any such losses on the Mortgage Loans are to be borne by the Issuer.

The Company intends to continue to act within the terms and conditions set out for it by the Transaction Documents, and to otherwise comply with all its other obligations. The Company has no employees and is dependent on third-party service providers. However, the level or quality of the service provided has remained unaffected.

In conclusion, the Company expects to remain a going concern. The Director believes that the Company's risks are adequately mitigated, as described in the Annual Report and the Prospectus.

Amsterdam,

Director,
Intertrust Management B.V.

2. FINANCIAL STATEMENTS

2.1 Balance sheet as at December 31, 2020

(Before result appropriation)

		December 31, 2020	
ASSETS		€	€
Current assets			
Receivables	[1]	17,097	
			17,097
Cash and cash equivalents	[2]	707,486	
			707,486
			724,583
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	[3]		
Share capital		1	
Other reserves		-	
Result financial year		2,088	
			2,089
Long-term liabilities	[4]		
Reserve amount		700,000	
			700,000
Current liabilities	[5]		
Corporate income tax payable		412	
Accrued expenses and other liabilities		22,082	
			22,494
			724,583

The accompanying notes form an integral part of these financial statements.

2.2 Statement of income for the period from May 25, 2020 until December 31, 2020

		May 5, 2020 until December 31,2020	
		€	€
Income	[6]	65,461	
			65,461
General and administrative expenses	[7]	62,961	
			62,961
Income before taxation			2,500
Corporate income tax	[8]		412
Net result for the financial year			2,088

The accompanying notes form an integral part of these financial statements.

2.3 Statement of cash flows for the period from May 25, 2020 until December 31, 2020

The Statement of cash flows has been prepared according to the indirect method.

		May 5, 2020 to December 31,2020	
		€	€
Net result for the financial year			2,088
Adjustments to statement of income:			
Corporate income tax	[8]	412	
			412
Movements in working capital			
Net change in Receivables	[1]	-17,097	
Net change in current liabilities	[5]	22,082	
Total movements in working capital			4,985
Cash flow from financing activities			
Share issue		1	
Net change in Reserve amount		700,000	
Cash flow from financing activities			700,001
Movements in cash			707,486
Opening balance			-
Movements in cash			707,486
Closing balance			707,486

The accompanying notes form an integral part of these financial statements.

2.4 General notes to the financial statements

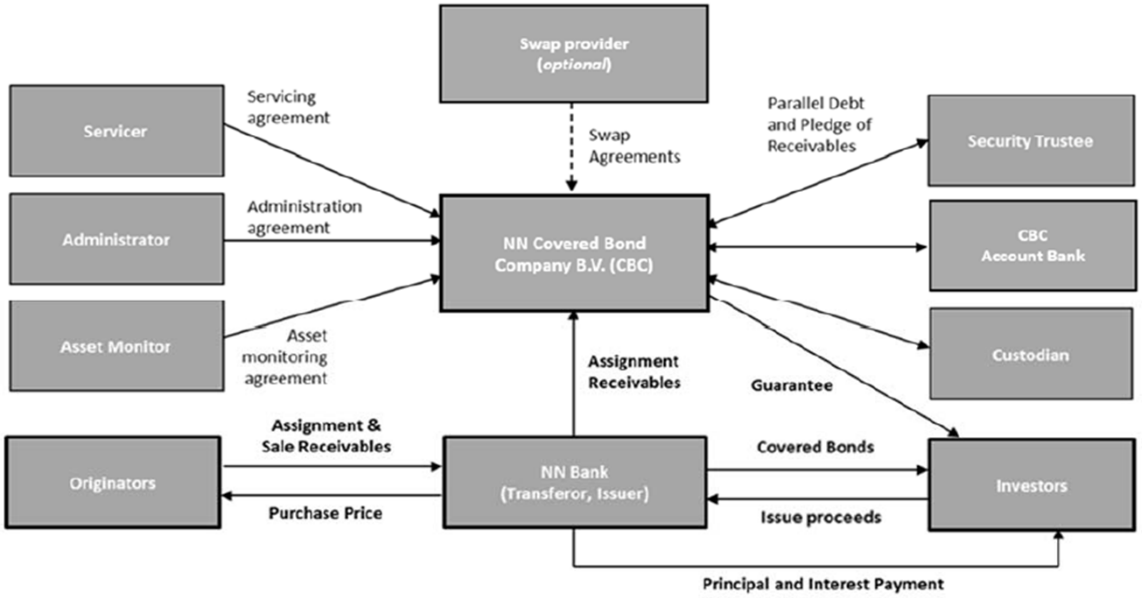
GENERAL INFORMATION
NN Covered Bond Company B.V. (the "Company" or "CBC") is a private company with limited liability incorporated under the laws of the Netherlands on May 25, 2020. The statutory seat of the Company is in Amsterdam, the Netherlands. The sole Director of the Company is Intertrust Management B.V. The Company is registered with the Chamber of Commerce under number 78115752.

The Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds (”the Bonds”) issued by Nationale-Nederlanden Bank N.V. (“NN Bank” or “the Issuer”), which is located at Prinses Beatrixlaan 35-37, 2595 AK, 's Gravenhage. As consideration for the Company to meet its obligation under the issued guarantee, NN Bank will legally transfer eligible assets to the Company. NN Bank transferred eligible mortgage loans ("Mortgage Loans") to the Company through a silent assignment ('stille cessie'). Prior the occurrence of an Assignment Notification Event, or if the asset cover test has been breached or if a Notice to pay / CBC Acceleration Notice has been served, NN Bank is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occur or a notice has been issued, the Company will be entitled to all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee to pay interest and principal on the Bonds.

The objectives of the Company are, in the framework of a covered bond programme of NN Bank, (a) to issue guarantees in favour of holder of covered bonds issues by Nationale Nederlanden Bank N.V. (b) to acquire, purchase, conduct the management of, dispose of and to encumber assets including receivables under or in connection with loans granted by a third party or by third parties and to exercise any rights connected to such assets, (c) to acquire monies to finance the acquisition of the assets including the receivables mentioned under (a), by way of issuing notes or other securities or by way of entering into loan agreements, (d) to on-lend and invest any funds held by the CBC, (e) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (f) in connection with the foregoing: (i) to borrow funds and (ii) to grant security rights or to release security rights to third parties, and (g) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

Since the issuance of the first series of Bonds neither an Assignment Notification Event, nor a breach of the asset cover test has occurred nor has a Notice to pay or a CBC Acceleration Notice been served. Therefore, NN Bank has the economic ownerhip of the Mortgage Loans. The Company is consolidated by NN Bank.

TRANSACTION STRUCTURE



NN Bank may issue, under the Covered Bond Programme, various series of Covered Bonds with a total nominal amount of EUR 7,500 million (hereafter the "Covered Bond Programme"). On July 8, 2020, NN Bank issued a first series of Bonds in a total nominal amount of EUR 500 million. The second series of Bonds was issued on September 24, 2020, with a nominal amount of EUR 500 million and on November 12, 2020, NN Bank issued a serie of Bonds in total nominal amount of EUR 250 milion. All Bonds in these series were still outstanding as per the year-end. Standard & Poors have rated the Bonds issued as AAA.

Series	ISIN	Currency	Initial Principal Balance*	Outstanding Amount*	Coupon	Issuance Date	Maturity Date
SB CB Series 1	NL0015436072	EUR	500,000,000	500,000,000	0.0100%	08/07/20	08/07/30
SB CB Series 2	NL0015614611	EUR	500,000,000	500,000,000	0.0500%	24/09/20	24/09/35
SB CB Series 3	NL00150002A1	EUR	250,000,000	250,000,000	0.0500%	12/11/20	12/11/40

* Amounts to be reported in the relevant currency, and also the euro-equivalent amounts

The structure of the Covered Bond Programme can be described as follows:

The Issuer has assigned the assets used as Collateral for the Bonds issued by NN Bank to the Company.
Interest and principal due on the Bonds is paid by NN Bank. If and when certain events occur and the Issuer cannot fulfil its financial obligations towards the Company or the Bond holders, a guarantee issued by the Company to the holders of the Bonds will be invoked and the Company has the obligation to pay amounts due and payable to the Bond holders.

As per the year-end, the net outstanding nominal amount of Collateral (mortgages -/- saving deposits) was EUR 1,549.8 million. The Collateral is monitored on a monthly basis by the management of the Company.8

Furthermore, in this Programme the Company will after the service of a Notice to Pay only be required to sell Transferred Assets if the sale proceeds are sufficient to redeem the relevant Series of Bonds with respect to which a sale is undertaken. If the Company is not able to sell the Transferred Assets for the amount required the relevant Series will not be redeemed in full on the succeeding CBC Payment Date, but will be redeemed to the extent funds are available for such purpose in accordance with the Company's Priority of Payments. The Company will undertake its best efforts to sell Transferred Assets on each Refinance Date.

Stichting Holding NN Conditional Pass-Through Covered Bond Company (‘the Foundation’) holds all shares in the Company. The Foundation was incorporated under the laws of the Netherlands on March 8, 2017. The registered office of the Foundation is in Amsterdam, the Netherlands. The objectives of the Foundation are to incorporate, acquire and to hold shares in the Company and to exercise all rights attached to such shares and to dispose and encumber such shares. The sole director of the Foundation is Intertrust Management B.V. Intertrust Management B.V., Stichting Holding NN Conditional Pass-Through Covered Bond Company and NN bank are considered related parties to the Company. All transactions with related parties are considered to be conducted at arms' length.

Stichting Security Trustee NN Covered Bond Company ("the Trustee") was incorporated under the laws of the Netherlands on May 19, 2020. The registered office of the Trustee is in Amsterdam, the Netherlands. The main objective of the Trustee is to act as security trustee for the benefit of the creditors of the Company, including the holders of Bonds issued by NN Bank and guaranteed by the Company. The sole director of the Trustee is IQ EQ Structured Finance B.V. The director is appointed as per date of incorporation. The duty of the dir全ctor shall be to provide services as set forth in the relevant agreement. The agreement will terminate if all liabilities under any of the relevant documents including, but not limited to, the Notes have been fullfilled and discharged.

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company and controlled companies or the ultimate parent company and close relatives are regarded as related parties. Intertrust Management B.V. and NN Bank are considered to be related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

RISK MANAGEMENT

The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Bonds issued by NN Bank. As a consequence, the Company may in case NN Bank cannot fulfil its financial obligations towards the Company or the covered bond holders, amongst others, run interest rate and credit risk on both the Bonds and the mortgage portfolio. In order to limit these potential risks the Company will mitigate these risks through various instruments.

The risk appetite of the Company is low and matches the risk-profile of the Company. Various measures have been taken to mitigate the credit, concentration, interest rate and liquidity risks for the Company. These measures are described below:

Credit and concentration risk
Besides the current account in the amount of EUR 17,096 the Company has with NN Bank, the Company has no exposure to credit risk, which is the risk that the borrowers will be unable to pay amounts in full when due, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the Mortgage Loans are transferred to the Company. Until such time all risks and rewards associated with the assets are retained by NN Bank and the transferred Mortgage Loans are not recognised on the balance sheet of the Company. However, given the minimum required over-collateralisation of at least 5% a buffer is available to cover losses arising.

Interest rate risk
In order to limit the potential interest rate risk the Company may, if deemed necessary, enter into swap agreements in order to mitigate that risk. In relation to the Bonds issued and the portfolio transferred to the Company no swap agreement has been entered into by the Company. This, given the fact that the fixed interest rate on the Bonds between 0.01 and 0.05% is less than the average interest rate of all transferred receivables of 2.6%. At December 31, 2020, the Company does not have any swap agreements.

Furthermore, the notional amount outstanding of all transferred eligible Mortgage Loans and denominated cash should at least be 105% of the notional amount outstanding of all Bonds. At the balance sheet date the notional amount outstanding of the transferred eligible Mortgage Loans and denominated cash was 123.8% .

Liquidity risk
In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by NN Bank in a separate bank account held with BNG Bank N.V. ("BNG").

Limited Recourse
Although credit, concentration, interest rate and liquidity risks are recognized, the exposure for the Company is limited. The Bonds are issued with limited recourse. If the event of a default occurs and the security is enforced, the proceeds may not be sufficient to meet the claims of all the Secured Creditors (the Covered Bond holders, directors, administrator, back-up administrator, servicers, custodian, paying agent, calculation agent, registrar, a swap counterparty (if any), asset monitor, CBC account bank, participants, transferor and such other party designated by the security trustee to become a Secured Creditor). If, following enforcement of the security, the Secured Creditors have not received the full amount due to them, the Secured Creditors will no longer have a claim against the Company. The Secured Creditors may still have an unsecured claim against the Issuer for the shortfall.

The reserve amount relates to the obligatory cash deposit made by NN Bank. The required amount is based on the scheduled interest due on the issued Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Bonds. The Company will refund the deposited amount to NN Bank when the issued Bonds have been repaid in full. The maturity dates of the issued series are July 8, 2030, September 24, 2035 and November 12, 2040. The Company has of December 31, 2020 no exposure to foreign currency risk as all assets and liablitities are denominated in EUR.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position, statement of income and statement of cash flows of the Company and the director’s report includes a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces.

PRINCIPAL ACCOUNTING POLICIES
The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of presentation
The financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The Company is classified is a small sized entity and can make use of various exemptions under Part 9 of Book 2 of the Dutch Civil Code.The financial statements are prepared under the historical cost convention and presented in the joint currency of the European Monetary Union, the euro (“EUR” or "€"). All amounts are in EUR, unless stated otherwise. The Company's presentation and functional currency is in EUR. Unless specifically stated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred. The balance sheet, statement of income and statement of cash flows include references to the notes.

Significant accounting judgments and estimates
In the process of applying the Company's accounting policies, the Company's management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows.

Going concern
The Company's management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

Financial instruments
These financial statements contain the following financial instruments: receivables, cash and cash equivalents, the Reserve amount and accrued expenses and other liabilities.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. After initial recognition, financial instruments are stated at amortised cost. For any specific applicable accounting policy see the specific descriptions of the financial instruments in this section.

Current assets, other than cash and cash equivalents
Current assets, other than cash and cash equivalents are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents
Cash and cash equivalents are valued at nominal value and, insofar as not stated otherwise, are at the free disposal of the Company. Cash and cash equivalents relate to immediately due and payable withdrawal claims against credit institutions and cash resources.

Reserve amount
The Reserve amount is initially recognised at fair value and subsequently carried at amortised cost.

Other liabilities
On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price. This is usually the nominal value.

Offsetting
Financial assets and liabilities are offset at the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Revenue recognition
Income and expenses are recognised in the statement of income on an accruals basis. Losses are accounted for in the year in which they are identified.

FAIR VALUE FINANCIAL INSTRUMENTS
Due to the short-term nature of the receivables, cash and cash equivalents, the Reserve amount and accrued expenses and other liabilities included in these financial statements, the estimated fair value for these financial instruments approximates the book value, as disclosed in the aforementioned accounting policies.

CORPORATE INCOME TAX
The Company and the Dutch Tax Authorities agreed that the taxable amount is calculated at the higher of EUR 2,500 and 10% of the annual remuneration paid to the Director of the Company. The applicable tax rate for the year under review is 16.5% of the taxable amount.

STATEMENT OF CASH FLOWS
The statement of cash flows has been prepared using the indirect method. The cash items disclosed in the statement of cash flows are comprised of cash and cash equivalents. Income taxes are included in cash from operating activities. Dividends paid, if any, are recognised as in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the statement of cash flows.

2.5 Notes to the balance sheet

CURRENT ASSETS **[1]**

	December 31, 2020
	€
Receivables	
Current account NN Bank	17,097
	17,097

The current account with NN Bank consists of costs to be reimbursed by NN Bank to the Company, but still need to be received by the Company. All receivables fall due within one year.

		December 31, 2020
Cash and cash equivalents	**[2]**	€
Opening balance		-
Movements CBC collection account		7,486
Movements CBC reserve account		700,000
		707,486

CBC collection account
The CBC collection account relates to a current account with BNG, these funds are at the free disposal of the Company. The rate of interest will be calculated as the Euro Short-Term Rate (€STR) plus a fixed spread of 8.5 bps (the "recalibrated methodology). These changes are being implemented to ensure the continuous publication of EONIA until it ceases to be published as of January 2022.

CBC reserve account
The CBC reserve account relates to a reserve deposit with BNG. These funds are designated as reserve fund for the Bond holders.These funds are not at the free disposal of the Company.

SHAREHOLDER'S EQUITY [3]

Share capital

The issued and paid-in share capital amounts to € 1, consisting of 1 ordinary share of € 1.

The net result for the period amounts to EUR 2,088.

LONG-TERM LIABILITIES [4]

Reserve amount

	December 31, 2020
	€
Opening balance	-
Additions to Reserve amount	700,000
Closing balance	700,000

The Reserve amount relates to the obligatory cash deposit made by NN Bank. The required amount is based on the scheduled interest due on the issued Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Bonds. The highest of the reserve account required amount and the liquidity reserve required amount should be the balance on the CBC reserve amount. The reserve account required amount was the highest and should be the minimum balance on the CBC reserve amount. The reserve amount required amount under the transaction documentation as per the year-end amounts to EUR 664,310. The Company will refund the deposited amount to NN Bank when the issued Bonds have been repaid in full. The maturity dates of the issued series are July 8, 2030, September 24, 2035 and November 11, 2040.

CURRENT LIABILITIES [5]

All current liabilities are due within one year.

Taxes

	December 31, 2020
	€
Corporate income tax payable current year	412
	412

Accrued expenses and other liabilities

	December 31, 2020
	€
Audit fees payable	22,082
	22,082

2.6 Notes to the statement of income

Income [6]

	May 25, 2020 until December 31, 2020
	€
Reimbursed expenses	65,461
	65,461

As stipulated in the Trust Deed all expenses are ultimately borne by NN Bank.

General and administrative expenses [7]

	May 25, 2020 until December 31, 2020
	€
Management fees	40,762
Audit fees	22,082
Other expenses	67
	62,911

The Management fees include VAT and consist of an annual management fee and a set-up fee. The Management fees were payable to a related party.

The audit fee in the amount of EUR 22,082 including VAT is related to the audit of the 2020 annual report of the Company. Mazars Accountants N.V. is appointed as auditor of the statutory 2020 accounts. Furthermore, based on the requirements for a covered bond programme, an asset monitor is appointed and agreed-upon-procedures regarding the mortgage pool are performed on a yearly basis. KPMG Accountants N.V. is appointed as asset monitor and has been performed the agreed-upon-procedures regarding the mortgage pool. The expenses for these procedures are directly borne by NN Bank.

Taxes [8]

	May 25, 2020 until December 31, 2020
	€
Corporate income tax	412
	412

The Company and the Dutch Tax Authorities agreed by way of a ruling that the taxable amount is calculated at the higher of EUR 2,500 and 10% of the annual remuneration paid to the Managing Director of the Company. The applicable tax rate for the year under review is 16.5% of the taxable amount. The ruling with the Dutch Tax Authorities will have effect until the redemption of the Notes.

Proposed appropriation of the result for the financial year
The Director proposes to add the net result to Other reserves.

Contingency
The Company has granted a first ranking right of pledge over the transferred Mortgage Loans and beneficiary rights to the Trustee. The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties, including the covered Bond holders, can lead to exercising the right of pledge by the Trustee.

Employees
During the period under review the Company did not employ any personnel.

Remuneration of the Director and Board of Supervisory Directors
The Board of Directors consists of one corporate director. The remuneration of the Director is included in the management fees as disclosed under general and administrative expenses, and amounts to EUR 40,762 including VAT. The Company does not have a board of supervisory directors.

Post balance sheet events
On March 4, 2021 NN Bank issued a fourth series of Bonds under the Covered Bond Programme in a total notional amount of EUR 500 million. Standard & Poors have rated the Bonds issued as AAA.

Amsterdam,

Director
Intertrust Management B.V.

3. Other information

3.1 Statutory provisions

In accordance with Article 20 of the Articles of Association, the result for the year is at the disposal of the General Meeting of Shareholders.

The general meeting is subsequently authorized to resolve to distribute or to reserve what then remains of the profits or a part thereof. The general meeting is also authorized to resolve to make interim distributions, which includes distributions from the reserves.

The Company may make distributions to the shareholders only to the extent that from the most recently adopted balance sheet it appears that the Company's shareholder's equity exceeds the reserves that must be maintained by law.

The Company may only follow a resolution of the general meeting to distribute after the management board has given its approval to do this. The management board withholds approval only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

3.2 Independent auditor's report

For the independent auditor's report see next page.