

NN Covered Bond Company B.V.

Annual Report 2023

Amsterdam, the Netherlands

NN Covered Bond Company B.V.
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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 soft bullet 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 ownership of the Mortgage Loans. The Company is consolidated by NN Bank.

NN Bank may issue, under the Soft Bullet Covered Bond Programme, various series of Covered Bonds with a total nominal amount of EUR 12,500,000,000 (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. At year-end 2023, in total nine soft bullet series were directly issued under the Covered Bond Programme with a total nominal amount of EUR 5,750 million. Please note that the transactions, EUR 500 million issued in May 2022 and EUR 750 million issued in February 2023, were issued in green bond format. This means that the issuance is aligned with NN Bank's Green Bond Framework, which was established in June 2021 and updated in February 2024. This new Framework supersedes the previous one and will be applied to any green instrument issued by NN Bank from the date of establishment of this version of the Green Bond Framework. The Framework will be regularly revised to adequately reflect regulatory developments as well as new requirements and findings in the ESG capital market. All Bonds in these series were still outstanding as per the year-end. Standard & Poors have rated the Bonds issued as AAA/Stable outlook.

On 15 March 2022, the Issuer gave a notice of a meeting of covered bondholders in respect of all covered bonds issued under its EUR 5,000,000,000 conditional pass-through covered bond programme (the "Conditional Pass-Through Covered Bond Programme") for the purpose of soliciting a consent to the transfer of such covered bonds from the Conditional Pass-Through Covered Bond Programme to this Programme by replacing the guarantor with the CBC and to modify and/or replace the final terms and the conditions of all series outstanding under the Conditional Pass-Through Covered Bond Programme with the Final Terms and Terms and Conditions of this Programme to provide that, instead of being "conditional pass-through" covered bonds, the covered bonds will instead become "soft bullet" Covered Bonds as proposed by the Issuer for approval by a programme resolution.

On 8 April 2022, a meeting of covered bondholders was held at which meeting the covered bondholders were invited to consider and, if thought fit, vote in favour of the programme resolution. The programme resolution was passed at the meeting and the proposed amendments were implemented on 22 April 2022 and pursuant thereto, all covered bonds outstanding and assets under the Conditional Pass-Through Covered Bond Programme were transferred to this Programme and are now outstanding under and form part of this Programme. On 18 May 2022, the Conditional Pass-Through Covered Bond Programme was terminated.

In May 2023 the Programme was amended with the option to issue retained Covered Bonds. In June 2023 NN Bank issued retained Covered Bonds for EUR 1,250 million and in September 2023 for EUR 750 million.

NN Covered Bond Company B.V.

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As per the year-end, the net outstanding nominal amount of Collateral (mortgages +/- saving deposits) was EUR 9,218.6 million (previous period: EUR 5,809.8 million). As per year-end the total amount of outstanding Covered Bonds is EUR 8,345.0 million (previous year: EUR 4,845.0 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 are more fully described in the Prospectus dated August 8, 2023 ("the Prospectus") as lastly amended on August 30, 2023 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.

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

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 average fixed interest rate on the Bonds (fixed interest rate lies between 0.01% and 3.625%) is less than the average interest rate of all transferred receivables of 2.55%. At December 31, 2023, 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 (i) be 100% of the statutory notional amount outstanding of all Bonds and (ii) 105% of the statutory CRR nominal (i.e. including a 80% LTV cut-off) of all Bonds. At the balance sheet date the notional amount outstanding of the transferred eligible Mortgage Loans and denominated cash was 109.1% (previous period: 119.6%).

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, administrators, 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 lie between February 27, 2024 and March 4, 2041. The Company has of December 31, 2023 no exposure to foreign currency risk as all assets and liabilities 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

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 Ukraine/Russia conflict. 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.

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, June 26, 2024

Director
Intertrust Management B.V.

2. Financial statements

2.1 Balance sheet as at December 31, 2023

(before result appropriation)

	Note	December 31, 2023		December 31, 2022	
		EUR	EUR	EUR	EUR
ASSETS					
Current assets					
<i>Cash and cash equivalent</i>	[1]	<u>15,949,964</u>	15,949,964	<u>7,047,211</u>	7,047,211
Total assets			<u><u>15,949,964</u></u>		<u><u>7,047,211</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	[2]	1		1	
Other reserves		6,338		4,213	
Result for the period		<u>2,025</u>		<u>2,125</u>	
			8,364		6,339
Long-term liabilities					
Reserve amount	[3]	<u>15,500,000</u>	15,500,000	<u>7,000,000</u>	7,000,000
Current liabilities					
Accrued expenses and other liabilities	[4]	<u>441,600</u>	441,600	<u>40,872</u>	40,872
Total equity and liabilities			<u><u>15,949,964</u></u>		<u><u>7,047,211</u></u>

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

2.2 Statement of income for the year ended December 31, 2023

	Note	2023	2022
		EUR	EUR
Income	[5]	78,770	71,755
		78,770	71,755
General and administrative expense	[6]	76,270	69,255
		76,270	69,255
Income before taxation		2,500	2,500
Corporate income tax	[7]	475	375
Net result		2,025	2,125

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

2.3 Statement of cash flows for the year ended December 31, 2023

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

	Note	2023		2022	
		EUR	EUR	EUR	EUR
Net result			2,025		2,125
<i>Adjustments on the Statement of income:</i>					
Income tax expense	[7]	475		375	
			475		375
Movements in working capital					
Net change in current liabilities	[4]	400,253		16,246	
Total movements in working capital			400,253		16,246
Cash flow from financing activities					
Net change in Reserve amount		8,500,000		4,000,000	
Cash flow from financing activities			8,500,000		4,000,000
Movements in cash			<u>8,902,753</u>		<u>4,018,746</u>
Opening balance			7,047,211		3,028,465
Movements in cash			<u>8,902,753</u>		<u>4,018,746</u>
Closing balance			<u>15,949,964</u>		<u>7,047,211</u>

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

2.4 General notes to the Financial statements

GENERAL INFORMATION

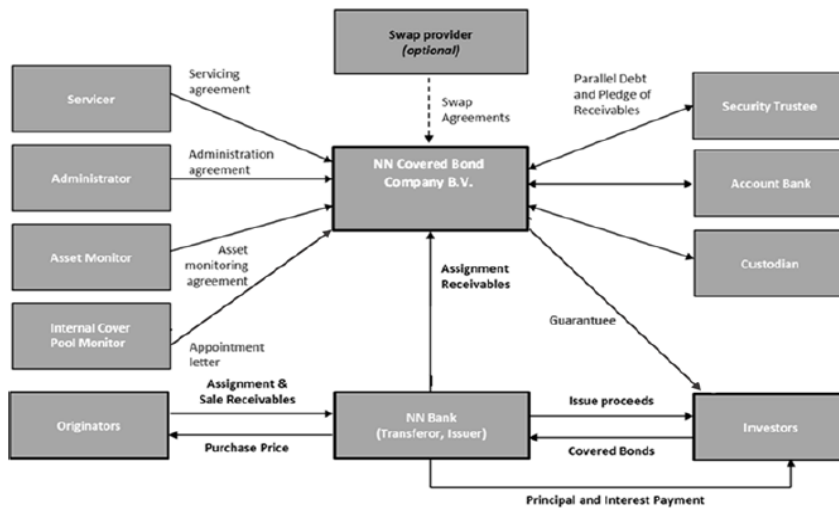
NN Covered Bond Company B.V. (the "Company" or "CBC") is a private company with limited liability incorporated under the laws of the Netherlands on May 25, 2020. The statutory seat of the Company is in Amsterdam, the Netherlands. The sole Director of the Company is Intertrust Management B.V. The Company 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 soft bullet 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 ownership of the Mortgage Loans. The Company is consolidated by NN Bank.

TRANSACTION STRUCTURE



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NN Bank may issue, under the Soft Bullet Covered Bond Programme, various series of Covered Bonds with a total nominal amount of EUR 12,500,000,000 (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. At year-end 2023, in total nine soft bullet series were directly issued under the Covered Bond Programme with a total nominal amount of EUR 5,750 million. Please note that the transactions, EUR 500 million issued in May 2022 and EUR 750 million issued in February 2023, were issued in green bond format. This means that the issuance is aligned with NN Bank's Green Bond Framework, which was established in June 2021 and updated in February 2024. This new Framework supersedes the previous one and will be applied to any green instrument issued by NN Bank from the date of establishment of this version of the Green Bond Framework. The Framework will be regularly revised to adequately reflect regulatory developments as well as new requirements and findings in the ESG capital market. All Bonds in these series were still outstanding as per the year-end. Standard & Poors have rated the Bonds issued as AAA/Stable outlook.

On 15 March 2022, the Issuer gave a notice of a meeting of covered bondholders in respect of all covered bonds issued under its EUR 5,000,000,000 conditional pass-through covered bond programme (the "Conditional Pass-Through Covered Bond Programme") for the purpose of soliciting a consent to the transfer of such covered bonds from the Conditional Pass-Through Covered Bond Programme to this Programme by replacing the guarantor with the CBC and to modify and/or replace the final terms and the conditions of all series outstanding under the Conditional Pass-Through Covered Bond Programme with the Final Terms and Terms and Conditions of this Programme to provide that, instead of being "conditional pass-through" covered bonds, the covered bonds will instead become "soft bullet" Covered Bonds as proposed by the Issuer for approval by a programme resolution.

On 8 April 2022, a meeting of covered bondholders was held at which meeting the covered bondholders were invited to consider and, if thought fit, vote in favour of the programme resolution. The programme resolution was passed at the meeting and the proposed amendments were implemented on 22 April 2022 and pursuant thereto, all covered bonds outstanding and assets under the Conditional Pass-Through Covered Bond Programme were transferred to this Programme and are now outstanding under and form part of this Programme. On 18 May 2022, the Conditional Pass-Through Covered Bond Programme was terminated.

In May 2023 the Programme was amended with the option to issue retained Covered Bonds. In June 2023 NN Bank issued retained Covered Bonds for EUR 1,250 million and in September 2023 for EUR 750 million.

Series	ISIN	Currency	Initial Principal Balance*	Outstanding Amount*	Coupon	Issuance Date	Maturity Date	IRS Counterparty	Redemption Type	LCR HQLA Category
SB CB Series 1	NL0015436072	EUR	500,000,000	500,000,000	0.0100%	08/07/20	08/07/30		Bullet	1
SB CB Series 2	NL0015614611	EUR	500,000,000	500,000,000	0.0500%	24/09/20	24/09/35		Bullet	1
SB CB Series 3	NL00150002A1	EUR	250,000,000	250,000,000	0.0500%	12/11/20	12/11/40		Bullet	
SB CB Series 4	NL00150008B6	EUR	500,000,000	500,000,000	0.3750%	04/03/21	04/03/41		Bullet	1
SB CB Series 5	NL0012650477	EUR	500,000,000	500,000,000	0.5000%	10/10/17	10/10/24		Bullet	1
SB CB Series 6	NL0013019375	EUR	500,000,000	500,000,000	0.6250%	11/06/18	11/09/25		Bullet	1
SB CB Series 7	NL0013088990	EUR	550,000,000	550,000,000	1.0000%	25/09/18	25/09/28		Bullet	1
SB CB Series 8	NL0013400401	EUR	500,000,000	500,000,000	0.2500%	27/02/19	27/02/24		Bullet	1
SB CB Series 9	NL0013423122	EUR	25,000,000	25,000,000	1.4000%	18/03/19	18/03/39		Bullet	
SB CB Series 10	NL0013423155	EUR	20,000,000	20,000,000	1.4320%	21/03/19	21/03/39		Bullet	
SB CB Series 11	NL0013995095	EUR	500,000,000	500,000,000	0.1250%	24/09/19	24/09/29		Bullet	1
SB CB Series 12 Green	NL0015000WP1	EUR	500,000,000	500,000,000	1.8750%	17/05/22	17/05/32		Bullet	1
SB CB Series 13 Green	NL0015001BV1	EUR	750,000,000	750,000,000	3.2500%	28/02/23	28/05/27		Bullet	1
SB CB Series 14 Retained	NL0015001GS6	EUR	1,250,000,000	1,250,000,000	3.1950%	09/06/23	09/06/32		Bullet	1
SB CB Series 15 Retained	NL0015001MU0	EUR	750,000,000	750,000,000	3.2950%	06/09/23	06/09/30		Bullet	1
SB CB Series 16	NL0015001R87	EUR	750,000,000	750,000,000	3.6250%	16/10/23	16/10/26		Bullet	1

* 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 9,218.6 million (previous period: EUR 5,809.8 million). As per year-end the total amount of outstanding Covered Bonds is EUR 8,345.0 million (previous year: EUR 4,845.0 million).

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 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 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 director 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 fulfilled 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

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 1.875% is less than the average interest rate of all transferred receivables of 2.5%. At December 31, 2023, 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 (i) be 100% of the statutory notional amount outstanding of all Bonds and (ii) 105% of the statutory CRR nominal (i.e. including a 80% LTV cut-off) of all Bonds. At the balance sheet date the notional amount outstanding of the transferred eligible Mortgage Loans and denominated cash was 109.1% (previous period: 119.6%).

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.

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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 as 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 Director 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 Director 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, the Director 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 15.0% 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]

Cash and cash equivalents

	December 31, 2023 EUR	December 31, 2022 EUR
CBC collection account	449,964	47,211
CBC reserve account	15,500,000	7,000,000
	<u>15,949,964</u>	<u>7,047,211</u>

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).

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.

2.5 Notes to the Balance sheet

SHAREHOLDER'S EQUITY [2]

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 2,025 (previous period: EUR 2,125).

Other reserves

	2023 EUR	2022 EUR
<i>Balance as per beginning of period</i>	4,213	2,088
Results financial year	2,125	2,125
<i>Balance as per end of period</i>	<u>6,338</u>	<u>4,213</u>

LONG-TERM LIABILITIES [3]

Reserve amount

	2023 EUR	2022 EUR
<i>Balance as per beginning of period</i>	7,000,000	3,000,000
Additions to Reserve amount	8,500,000	4,000,000
<i>Balance as per end of period</i>	<u>15,500,000</u>	<u>7,000,000</u>

The Reserve amount relates to the obligatory cash deposit made by NN Bank, because the rating of NN Bank was below the rating threshold S&P (A rating). 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. As the rating of NN Bank was upgraded from A- to A in 2023, the obligation to have a reserve amount is not applicable anymore. Therefore the required amount at year-end is nil. On January 2, 2024 the amount on the reserve account, EUR 15,500,000, was repaid to NN Bank.

CURRENT LIABILITIES [4]

All current liabilities are due within one year.

Accrued expenses and other liabilities

	December 31, 2023 EUR	December 31, 2022 EUR
Payable to NN Bank	415,677	16,696
Audit fees payable	25,923	24,176
	<u>441,600</u>	<u>40,872</u>

2.6 Notes to the Statement of income

Income [5]

	2023 EUR	2022 EUR
Reimbured expenses	73,766	71,755
Interest income collection account	5,004	-
	<u>78,770</u>	<u>71,755</u>

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

General and administrative expenses [6]

	2023 EUR	2022 EUR
Management fees	50,131	44,951
Audit fees	25,923	24,176
Other expenses	215	128
	<u>76,270</u>	<u>69,255</u>

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 25,923 including VAT is related to the audit of the 2023 annual report of the Company. Mazars Accountants N.V. is appointed as auditor of the statutory 2023 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 [7]

	2023 EUR	2022 EUR
Corporate income tax	475	375
	<u>475</u>	<u>375</u>

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 19% (previous year: 15%) 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.

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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 22,361 (previous period: EUR 22,039) including VAT. The Company does not have a board of supervisory directors.

Post balance sheet events

As the rating of NN Bank was upgraded from A- to A in 2023, the obligation to have a reserve amount is not applicable anymore. The amount on the reserve account, EUR 15,500,000, was repaid to NN Bank on January 2, 2024.

On February 27, 2024 Series 8 was redeemed in full.

No other events took place that could have a major effect on the financial position of the Company.

Amsterdam, June 26, 2024

Director
Intertrust Management B.V.

3. Other information

3.1 Statutory provisions

In accordance with Article 20 and applicable law, the Director is authorised to retain the profits or a part thereof, as appears from the most recently adopted financial statements. The General Meeting is subsequently authorised to resolve to distribute or to reserve what then remains of the profits or a part thereof. The General Meeting is also authorised to resolve to make interim distributions, which includes distributions from the reserves.

The Company may make distributions to the shareholder only to the extent that the Company's shareholder's equity exceeds the sum of the reserves which it is legally required to maintain.

The Company may only follow a resolution of the General Meeting to distribute after the Director has given its approval to do this. The Director 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

See next page.

Independent auditor's report

To: The managing director of NN Covered Bond Company B.V.

Report on the audit of the financial statements 2023

Our opinion

We have audited the financial statements 2023 of NN Covered Bond Company B.V., based in Amsterdam, The Netherlands. In our opinion the accompanying financial statements give a true and fair view of the financial position of NN Covered Bond Company B.V. as at 31 December 2023, and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2023
2. the statement of income for the year 2023; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

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 NN Covered Bond Company B.V. in accordance with 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.

Report on the other information included in the annual accounts

In addition to the annual accounts and our auditor's report thereon the annual report contains other information, including the director's report.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the annual accounts. Management is responsible for the preparation of the other information.

Description of responsibilities regarding the financial statements

Responsibilities of management 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.

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 company'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 management 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.

Amsterdam, 27 June 2024

Forvis Mazars N.V.

Original was signed by J.C. van Oldenbeek MSc RA