ABN AMRO Covered Bond Company 2 B.V.

Financial statements 2021

Amsterdam, the Netherlands

ABN AMRO Covered Bond Company 2 B.V.
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce: 70176841

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1 Director's report

The Director herewith presents to the shareholder the Annual Report of ABN AMRO Covered Company B.V. (the "Company") for the year 2021.

1.1 Activities and results

1.1.1 General

The Company was incorporated on 28 November 2017. The shares of the Company are held by Stichting Holding ABN AMRO Covered Bond Company 2. The main objective of the Company is to grant security for the Company's obligations and debts and for the obligations and debts of third parties, including ABN AMRO Bank N.V.; in conformity with the Covered Bonds 2 programme, which is established by ABN AMRO Bank N.V. The covered bonds issued by ABN AMRO Bank NV. (hereafter 'the Issuer') are secured by a portfolio of mortgage loans ("Mortgage Loans"). At 31 December 2021 the Issuer had issued covered bonds for an amount of EUR 40.0 billion, secured by a portfolio of mortgage loans amounting to approximately EUR 44,6 billion. A complete description of the transaction is included in the Base Prospectus dated 10 July 2019 which is publicly available.

The Company does not engage in Research & Development and thus no relating expenses are recorded.

Based on the set-up and structure of the Company, a special purpose vehicle, no information or analyses is presented on the subject matter of Environmental, Social & Governance ("ESG").

The Company does not employ any personnel.

The director is not a natural person, but a corporate director. The director is responsible for establishing and maintaining adequate internal control over financial reporting. The director is also responsible for the preparation and fair presentation of the financial statements.

During the period under review, activities and results of the Company developed in line with expectations. Each month an Asset Cover Test was performed which results were 'pass' during the period under review.

Ernst & Young Accountants LLP (EY) has been appointed as the external auditor.

1.1.2 Financial risk management

The main financial risks the Company is exposed to are credit and concentration risk, interest rate risk and liquidity risk. These risks relate to the Mortgage Loans as collateral.

Credit and concentration risk
As a company that solely invests in residential mortgage loans in the Netherlands, the Company has significant exposure to credit and concentration risks associated with the Dutch housing market.

Credit risk is mainly related to the economic conditions and the risk that individual borrowers might be unable to fulfil their payment obligations. However, these risks are mitigated because each loan is collateralised by the related property, and the loan portfolio is well spread over a large number of individual loans, a variety of mortgage types and collateral that is located in different geographical areas. If a borrower defaults and the Company forecloses on the property, the Company is entitled to all proceeds of the sale of the related property. If the proceeds from the sale of the property are insufficient to repay the outstanding principal amount of the loan, the Company could record a loss in this respect though, ultimately, such losses will very likely be borne by the Company's creditors that are also a party to the transaction.

Consequently, not only the creditworthiness of the borrower can be recognised as a risk but also the general economic conditions and the housing market in particular have an impact on the probability of a loss. At the same time, please note that, in principle, the Company itself is not exposed to credit risk due to the limited recourse nature of the issued Covered Bonds at year-end as the Covered Bondholder bears the credit risk of assets.

Notwithstanding the effects of the worldwide COVID-19 virus pandemic, the Dutch housing market continued the trend of recent years of significant growth. During the last quarter of 2021, prices for existing dwellings increased by more than 20% and prices for new housing by nearly 14%, as compared to the previous period, according to the Dutch association of real estate agents ("NVM"). The NVM is involved in the vast majority, but not all, of the transactions on the Dutch housing market and, as such, this information needs to be seen as merely indicative of the housing market as a whole. The NVM also reports that the number of transactions in the final quarter of 2021 was down 23% on the end of 2020 and that around 80% of transactions for existing housing in 2021 were concluded at prices that were higher than the initial asking price. This is a very clear indication that the market is suffering from a short supply of housing, driving prices up. Regional differences continue, as do developments in different classes of dwellings, but the foregoing picture nevertheless applied to almost the entire sector.

The market is likely to continue to be under pressure in 2022 from a shortage in the supply of dwellings, both in terms of existing and newly built housing. Whilst the consequences of COVID-19 are very unpredictable, DNB expects house prices to increase by 11% in 2022 and 5% in 2023 in its 'most likely scenario'. Expectations are contingent on developments elsewhere in the economy but there is no indication that prices will stop increasing. Relatively low interest rates are expected to stay for some time and this will also continue to fuel house price inflation.

Coupled with the recent years of significant price increases, this means that the Company still expects to be relatively well placed as regards to the expected loss ratios on the Mortgage Loans portfolio, in other words expecting low loss ratios. The significant price increases also has a positive effect on the Loan-to-Value ("LTV") ratios in the mortgage lending (in other words, lower LTV ratios), especially where mortgages in the Mortgage Loans portfolio were concluded some years ago. Whilst this has the effect of reducing the Company's exposure to credit risk, it does not eliminate it. The Director is aware of the potential volatility in macro-economic developments and the effects that it could have on the housing market, and of the higher loss ratios that can result.

The Company only has exposure to credit risk, which is the risk that the Borrowers will be unable to pay amounts in full when due, when a downgrade of ABN AMRO Bank N.V. occurs. Until that moment all risks and rewards associated with the assets are retained by ABN AMRO Bank.

The maximum credit risk as at December 31, 2021 is EUR 26,015 (previous period: EUR 26,221).

Interest rate risk
The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Currently, there is an appreciable gap between the interest attracted on the underlying Mortgage Portfolio on the one hand and the covered bonds on the other hand. This situation is not expected to change appreciably in the coming years. The interest rate risk within the covered bond structure is now mainly mitigated via an interest reserve fund. Additionally, there is a minimum interest rate of 0% for eligible mortgages in the cover pool. As both the mortgages and the covered bonds are mainly fixed rate, there is a natural hedging within the covered bond structure.

Liquidity risk
Matching maturities and assets and liaibilities and related cash flows is fundamental to the management of the Company. This risk is addressed and mitigated by various credit enhancements granted by the issuer.

In view of the above factors, the Company's risk appetite is considered to be low.

1.2 Future outlook

This macro-economic analysis in this section is largely based on data and expectations presented by De Nederlandse Bank ("DNB") and the Central Bureau of Statistics ("CBS") per December 2021. The analysis that focusses particularly on the housing market also includes information derived from reports from the NVM. The NVM is involved in the vast majority, but not all, of the transactions on the Dutch housing market and, as such, the information needs to be seen as merely indicative of the housing market as a whole.

The prediction of future trends and the quantification of developments is inherently a difficult task, full of uncertainties. The effects of COVID-19 makes this even more difficult. During 2021, variations on the initial COVID-19 virus were discovered and the indications are that this trend will continue into the future. The severity and effects of these mutations, as well as government reaction to any such outbreaks, is very dynamic and unpredictable. The prospect and level of any introduction of a lockdown, or the relaxing of any of its rules, changes almost on a daily basis. The calculation of economic indicators and predictions will inevitably lag behind events and some of the information available may not be completely up to date with developments. All economic data relevant to the Company, historic or prospective, has or will be significantly influenced by COVID-19 developments.

DNB has concluded that the Dutch economy has been relatively resilient to COVID-19 effects up to now but highlights that there are certain pressures building up within the Dutch economy, as well as the economy's vulnerability to developments elsewhere in the world-wide economy. Alongside its most likely scenario, it has also sketched an alternative scenario for the coming years which is largely based on adverse developments in the global economy. The effects of COVID-19 may well differ in the other major economies in the world and this would likely have an impact on the Dutch economy.

The developments in the Dutch economy during 2021 demonstrated its resilience to the significant adverse effects of the COVID-19 pandemic largely due its favourable position when compared to most other economies around the world. The recovery in the second and third quarters of 2021 exceeded expectations, fuelled mostly by domestic consumer spending, increased business confidence in the economy and increased levels of government spending in terms of infrastructure projects and financial support designed to protect the more vulnerable sectors of the economy. The Dutch export sector was also well placed to benefit from rising worldwide demand, particularly in the chip
production and pharmaceutical sectors. At the same time, it was relatively sheltered from sectors which were particularly hard hit by global shortages as worldwide production and logistics were suffering from COVID-19 effects. On the other hand, it is clear that there are significant variations in the various sectors of the economy with recreation and entertainment, tourism and cultural sectors particularly hard hit with the prospect of an immediate and significant recovery in 2022 looking quite remote.

GDP increased by around 4.5% in 2021, as compared to a decrease of 3.8% in 2020. The current expectations are that GDP will continue to bounce back by 3.6% in 2022 and 1.7% in 2023. To put the uncertainty surrounding the expectations for 2022 into perspective, DNB has calculated that GDP could also decrease by 1.4% in a 'worst case scenario', where the worldwide economy is particularly hard hit in 2022.

In the projections, the economy is expected to continue to benefit from somewhat restored confidence by consumers and businesses alike, as well as a continuation of a high level of government spending. However, the restored confidence appears to be quite fragile and vulnerable to COVID-19 developments. As regards government spending, the 6.3% deficit that was recorded in 2020 has improved to a deficit of around 4.4% in 2021. This improvement is expected to continue to a deficit of around 1.9% in 2022 and just 0.8% in 2023. Much of these projections will depend on the extent and timing of infrastructure projects and government support for the economy.

Whilst the projections for 2022 and beyond are relatively positive, DNB has pointed to a number of vulnerabilities underlying the economic developments. Production facilities are under pressure as a result of logistical restrictions and shortages in the supply of a number of raw materials. In some sectors, production is close to its maximum capacity. The supply of labour is also showing signs of being under significant pressure, comparable to pre COVID-19 levels, and worldwide energy prices are rising in the wake of increased demand. The export sector continues to be well placed to benefit from improvements in the global economy, with demand in the chip production and pharmaceutical sectors expected to continue to rise significantly.

Unemployment levels showed an unexpectedly sharp decrease from 4.5% at the end of 2020 to just 2.7% at the end of 2021 though this is expected to increase to averages of around 3.5% in 2022 and 2023. The relatively low unemployment figures hide appreciable differences in the sectors hit hard by COVID-19 and those that have benefitted. The overall figures are also confirmed by other indicators in the labour markets such as the number of vacancies in absolute terms and vacancies as a proportion of the unemployment numbers. Most businesses cited a lack of personnel at the end of 2021 as their major obstacle to growth in 2022.

Headline inflation increased from an average of 1.2% in 2020 to some 2.7% in 2021 and even some 6% at the end of the year. Inflationary pressures at the end of the year (around 1.5%) came from higher energy costs, especially electricity, oil, gas and automotive fuel. Higher prices for consumer goods such as cars, furniture and computer equipment arising out of the rapid recovery in global markets also contributed. As most of these effects are expected to be of a largely temporary nature, headline inflation is expected to stabilise at around 3.0% in the coming two years. Rising energy prices are expected to contribute a relatively large element to inflation however. The tight labour market and economic recovery are also expected to result in inflationary pressures as wage settlements creep up, increasing production unit costs. This is expected to be tempered somewhat by the assumption that the growth in vacancies will be at the lower end of the wage scale.

The domestic housing market appears to be relatively unaffected by COVID-19 thus far. The spectacular growth in domestic house prices has continued throughout 2021 and the last few quarters of 2021 even showed average increases in the price of existing dwellings of more than 20% according to NVM. The number of transactions for the last quarter of 2021 was down 23% as compared to the same period in the previous year, and for 2021 as a whole a decrease of 19% was recorded. The market is clearly under pressure from low levels of supply and this is confirmed by the relatively short time the average dwelling spends on the market, and that some 80% of transactions in 2021 for existing dwellings were settled at prices that exceeded the asking price.

As always, regional variations and differences in the various price sectors and types of dwelling continued in 2021 but the overall picture applied to the housing market as a whole. The overall shortage of housing, particularly for starters, is getting ever more severe as targets for the building of new dwellings are inadequate or not met. DNB expects house prices to increase by 11.3% in 2022 before stabilising somewhat to 5% in 2023. The expectations are driven by a combination of short supply, increased earnings and continuing low interest rates for the coming years.

Risk levels for existing homeowners and lenders alike have again generally decreased since last year. This trend is expected to largely continue in the coming years as the market seems to be relatively sheltered from the major adverse 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 a persistent period of major price rises. However, new loans have shown a tendency to be agreed for relatively long interest periods, at relatively low rates. Furthermore, competitive pressures continue to increase 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 for example COVID-19.

Consequently, any such losses are unlikely to be borne by the Company itself but rather by the Noteholders and only ultimately the Company's shareholder. 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 by the various credit enhancements, as described in the Financial statements and the Prospectus.

Director's representation statement

The Director declares that, to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and result of the Company and that the Director's report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

Personnel

As all operational activities are performed by external parties, the Company does not have any personnel.

Director

During 2021 the Company was represented by Intertrust Management B.V. in the role as Director of the Company.

Amsterdam, 3 June 2022

Director
Intertrust Management B.V.

2 Financial statements

2.1 Balance sheet as at 31 December 2021

(after appropriation of result)

	Notes	December 31, 2021	December 31, 2020
			EUR
ASSETS			
Current assets	*2.4.1*		
Prepaid expenses and other receivables		25.673	25.976
Cash and cash equivalents	*2.4.2*		
Issuer Dutch Account		342	245
		26.015	26.221
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	*2.4.3*	-	-
Current liabilities	*2.4.4*		
Accrued expenses and other liabilities		26.015	26.221
		26.015	26.221

2.2 Statement of income and expenses for the period 1 January 2021 until 31 December 2021

		Year 2021		Year 2020	
		EUR	**EUR**	**EUR**	**EUR**
Income	*2.4.5*				
Guarantee fee		15.000		15.000	
Reimbursed expenses		30.015		30.015	
			45.015		45.015
Operating expenses	*2.4.6*				
Administration fee		4.000		4.000	
Auditor fee		26.015		26.015	
			30.015		30.015
			15.000		15.000
Corporate tax			2.250		2.475
Net result			12.750		12.525

2.3 General notes to the financial statements

2.3.1 General information

ABN AMRO Covered Bond Company 2 B.V., ("the Company") was incorporated as a private company with limited liability under the laws of the Netherlands on 28 November 2017. The Company is registered under registration number 70176841 at the Chamber of Commerce of Amsterdam. The registered office of the Company is at Basisweg 10 in Amsterdam, the Netherlands.

The objectives of the Company are:

a. to obtain, to hold, to transfer, encumber and otherwise dispose of assets, including claims on private persons, enterprises and public authorities, whether or not embodied in securities or bonds and to exercise all accessory and ancillary rights connected thereto;
b. to raise funds through, inter alia, borrowing under loan agreements, entering into financial derivatives or otherwise and to invest and put out funds obtained by the Company in, inter alia, (interests in) loans, bonds, debt instruments and other evidences of indebtedness, shares, warrants and other similar securities and also financial derivatives;
c. to grant security for the Company's obligations and debts and for the obligations and debts of third parties, including ABN AMRO Bank N.V.;
d. to enter into agreements, including, but not limited to, financial derivatives such as interest and/or currency exchange agreements, in connection with the objects mentioned under (a), (b) and (c);
e. to enter into agreements, including, but not limited to, bank, securities and cash administration agreements, asset management agreements and agreements creating security in connection with the objects mentioned under (a), (b), (c) and (d) above, everything in conformity with Covered Bonds Programs, which by the public Company ABN AMRO Bank N.V., with statutory seat at Amsterdam, are or will be established.

2.3.2 Transaction structure, management and related parties

The covered bonds issued by ABN AMRO Bank N.V. are secured by a portfolio of mortgage loans ("Mortgage Loans"). In the event that the Issuer ("ABN AMRO Bank N.V.") cannot meet its payment obligations on the covered bonds or after a significant downgrade of the Issuer's rating, cashflows start running through the Company. The principal and interest payments of the Mortgage Loans portfolio will be used by the Company to meet its principal and interest payment obligations on the covered bonds.

The structure of the covered bond programme can be described as follows:

The Company guarantees the Covered Bonds issued by ABN AMRO Bank N.V. The guarantee is secured by residential mortgage loans transferred to the Company by the Originators via silent assignment (stille cessie). Other assets may be included subject to contractual conditions. This means that legal title has been transferred to the Company without notification to the borrowers. ABN AMRO Bank N.V. continues to receive all cash flows until notification to the Borrowers occurs following the occurrence of a Notification Event. Borrowers may be notified of the assignment and cash flows start running through the Company following a default of the Issuer on its obligations under the Covered Bonds or a significant downgrade of the Issuer's ratings.

The Guarantee Support Agreement provides that the transfer of the mortgage loans will be effectuated through a silent assignment (stille cessie) by the Originators to the Company. This means that legal ownership of the Mortgage Loans will be transferred to the Company by registration of a duly executed deed of assignment with the Dutch Tax Authority (Belastingdienst), without notifying the debtors of such transfer. The Company has granted a first ranking right of pledge over the Company rights to Stichting Trustee ABN AMRO Covered Bond Company. 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 Stichting Trustee ABN AMRO Covered Bond Company. ABN AMRO BANK N.V. and subsidiaries are considered related parties.

Programme
The net amount outstanding of the issued Bonds at year-end is EUR 40.0 billion (previous year: 40.0 billion) against a portfolio of Mortgage Loans totalling EUR 44.6 billion (previous year: 47.3 billion).

The long term rating for ABN AMRO Bank N.V. is

Fitch	"A"	stable outlook	13 December 2021
Moody's	"A1"	stable outlook	09 December 2021

Management
Intertrust Management B.V. manages the Company and ABN AMRO Hypotheken Groep B.V. handles the cash management, statutory accounting and Investment Reporting. Intertrust Management B.V. is not related to ABN AMRO Hypotheken Groep B.V. in any way.

The Company has an authorized share capital of EUR 100 of which all shares are issued and un-paid.
The Stichting Holding ABN AMRO Covered Bond Company holds all shares.

Stichting Holding ABN AMRO Covered Bond Company 2 is a foundation incorporated under the laws of the Netherlands on 28 November 2017. The objectives of Stichting Holding ABN AMRO Covered Bond Company 2 are to incorporate, acquire and to hold shares of the Company and to exercise all rights attached to such shares and to dispose and encumber such shares.
Intertrust Management B.V. is the director of Stichting Holding ABN AMRO Covered Bond Company 2.

2.3.3 Financial risk management

The main financial risks the Company is exposed to are credit and concentration risk, interest rate risk and liquidity risk. These risks relate to the Mortgage Loans as collateral.

Credit and concentration risk
As a company that solely invests in residential mortgage loans in the Netherlands, the Company has significant exposure to credit and concentration risks associated with the Dutch housing market.

Credit risk is mainly related to the economic conditions and the risk that individual borrowers might be unable to fulfil their payment obligations. However, these risks are mitigated because each loan is collateralised by the related property, and the loan portfolio is well spread over a large number of individual loans, a variety of mortgage types and collateral that is located in different geographical areas. If a borrower defaults and the Company forecloses on the property, the Company is entitled to all proceeds of the sale of the related property. If the proceeds from the sale of the property are insufficient to repay the outstanding principal amount of the loan, the Company could record a loss in this respect though, ultimately, such losses will very likely be borne by the Company's creditors that are also a party to the transaction.

Consequently, not only the creditworthiness of the borrower can be recognised as a risk but also the general economic conditions and the housing market in particular have an impact on the probability of a loss.

Notwithstanding the effects of the worldwide COVID-19 virus pandemic, the Dutch housing market continued the trend of recent years of significant growth. During the last quarter of 2021, prices for existing dwellings increased by more than 20% and prices for new housing by nearly 14%, as compared to the previous period, according to the Dutch association of real estate agents ("NVM"). The NVM is involved in the vast majority, but not all, of the transactions on the Dutch housing market and, as such, this information needs to be seen as merely indicative of the housing market as a whole. The NVM also reports that the number of transactions in the final quarter of 2021 was down 23% on the end of 2020 and that around 80% of transactions for existing housing in 2021 were concluded at prices that were higher than the initial asking price. This is a very clear indication that the market is suffering from a short supply of housing, driving prices up. Regional differences continue, as do developments in different classes of dwellings, but the foregoing picture nevertheless applied to almost the entire sector.

The market is likely to continue to be under pressure in 2022 from a shortage in the supply of dwellings, both in terms of existing and newly built housing. Whilst the consequences of COVID-19 are very unpredictable, DNB expects house prices to increase by 11% in 2022 and 5% in 2023 in its 'most likely scenario'. Expectations are contingent on developments elsewhere in the economy but there is no indication that prices will stop increasing. Relatively low interest rates are expected to stay for some time and this will also continue to fuel house price inflation.

Coupled with the recent years of significant price increases, this means that the Company still expects to be relatively well placed as regards to the expected loss ratios on the Mortgage Loans portfolio, in other words expecting low loss ratios. The significant price increases also has a positive effect on the Loan-to-Value ("LTV") ratios in the mortgage lending (in other words, lower LTV ratios), especially where mortgages in the Mortgage Loans portfolio were concluded some years ago. Whilst this has the effect of reducing the Company's exposure to credit risk, it does not eliminate it. The Director is aware of the potential volatility in macro-economic developments and the effects that it could have on the housing market, and of the higher loss ratios that can result.

The Company only has exposure to credit risk, which is the risk that the Borrowers will be unable to pay amounts in full when due, when a downgrade of ABN AMRO Bank N.V. occurs. Until that moment all risks and rewards associated with the assets are retained by ABN AMRO Bank.

The maximum credit risk as at December 31, 2021 is EUR 26,015 (previous period: EUR 26,221).

Interest rate risk
The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Currently, there is an appreciable gap between the interest attracted on the underlying Mortgage Loans portfolio on the one hand and the covered bonds on the other hand. This situation is not expected to change appreciably in the coming years. The interest rate risk within the covered bond structure is now mainly mitigated via an interest reserve fund. Additionally, there is a minimum interest rate of 0% for eligible mortgages in the cover pool. As both the mortgages and the covered bonds are mainly fixed rate, there is a natural hedging within the covered bond structure.

In view of the above factors, the Company's risk appetite is considered to be low.

Liquidity risk
Matching maturities and assets and liaibilities and related cash flows is fundamental to the management of the Company. This risk is addressed and mitigated by various credit enhancements granted by the issuer.

2.3.4 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 Generally Accepted Accounting Principles in the Netherlands and comply with Section 9 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"). In principle, unless otherwise stated, assets and liabilities are stated at nominal value and financial assets and financial liabilities are stated at amortised cost using the effective interest method. If deemed necessary, a provision is deducted from the nominal amount of accounts receivable. Initial measurement is at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The going concern assumption was applied during the preparation of the financial statements.

The Company is considered a micro entity for Dutch statutory reporting purposes and therefore, in accordance with the provisions of Article 395a, Title 9 of Book 2 of the Netherlands Civil Code, certain exemptions apply to the Company's financial statements and the Notes thereto.

Offsetting
Financial assets and liabilities are offset and 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 assets and settle the liabilities simultaneously.

Revenue recognition
Income is recognized to the extent that it is probable that the benefits will flow into the company and can be reliably measured. Interest expenses are incurred as they relate to the period under report. Interest income and interest expenses are calculated in accordance with effective interest method

Comparison last year
If deemed necessary, comparative amounts have been reclassified or restated to conform to the current year's presentation. No changes as compared to last year in principal accounting policies.

Critical accounting estimates and judgements
The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

2.3.5 Corporate income tax

Corporate income tax is calculated by applying the nominal tax rate to the profit before taxation of the financial year.
On 28 September 2017 the Company was granted a tax ruling by the Dutch Tax Authority. In this ruling it is agreed that the Company will report a yearly result before taxes of EUR 15.000.

2.3.6 Contingent liabilities and comments

The Company has granted a first ranking right of pledge over the CBC Rights to Stichting Trustee ABN AMRO Covered Bond Company 2.

2.4 Notes to the balance sheet and the statement of income

2.4.1 Prepaid expenses and other receivables

The prepaid expenses and other receivables relate to a receivable on ABN AMRO Hypotheken Groep B.V.

2.4.2 Cash and cash equivalents

The bank account is held with ABN AMRO Bank N.V.

2.4.3 Shareholder's equity

Share capital

The authorized share capital amounts to EUR 100 and consists of 100 ordinary shares of EUR 1,- each, of which all shares are issued and un-paid. During 2021, no movements occurred in the shareholder's equity.

Result current year

The result out of the financial year 2021 amounts to EUR 12.750.

2.4.4 Current liabilities (due within one year)

Accrued expenses and liabilities

The accrued expenses and liabilities relate mainly to the Ernst & Young Accountants LLP audit fee.

2.4.5 Income

Guarantee fee

The Guarantee fee relates to the minimum profit which at the same time will be the remuneration of the management.

Reimbursed expenses

According to the Administration Agreement with ABN AMRO Bank N.V. the Company will be reimbursed for its expenses and receives a guarantee fee.

2.4.6 Operating expenses

Auditor fee

Ernst & Young Accountants LLP charged the Company EUR 26.015 (previous year: EUR 26.015) for the audit of the financial statements. Ernst & Young Accountants LLP did not deliver any other services to the Company during 2021.

2.4.7 Other notes to the financial statements

Employees

During the reporting period the Company did not employ any personnel.

Remuneration of the Director

The remuneration of the Director is nil.
The Company does not have a Board of Supervisory Directors.

2.4.8 Proposed appropriation

The profit for the year ended 31 December 2021 is EUR 12.750.

During September 2021, the Director 6of the Company has resolved to distribute an Interim Dividend in the net amount of EUR 12.750.

2.4.9 Post-balance sheet events

The conflict in the Ukraine is considered a non-adjusting subsequent event for the financial statements 2021. At this point in time the Company has a close to nil exposure to Russia and Ukraine. There may be adverse and negative effects to the global economy (including housing), financial markets, global trade payment systems and capital flows as well as from the impact of sanctions. However, the extent to which the impact this has to the Company will depend on future developments that are highly uncertain and cannot be predicted. The Company will continue to closely monitor events and their potential impact.

Amsterdam, 3 June 2022

Director,
Intertrust Management B.V.

3 Other information

3.1 Statutory provisions regarding profit appropriation

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

3.2 Independent auditor's report

We refer to the next page for the independent auditor's report.