

**ING Covered Bond Company
B.V.**

Annual Report 2022

Amsterdam, the Netherlands

ING Covered Bond Company B.V.
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The Netherlands
Chamber of Commerce Amsterdam 34283089

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1. Director's report

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1.1 Activities and results

General

ING Covered Bond Company B.V. ("the Company") was incorporated on September 19, 2007 as a private company with limited liability under the laws of the Netherlands. The Company's registered address is at Basisweg 10, 1043 AP Amsterdam, the Netherlands.

The main objects of the Company are:

(a) to obtain, to hold in possession, to dispose of, to encumber and to otherwise manage goods, including claims on private persons, enterprises and authorities, whether or not embodied in value papers, as well as to exercise the rights attached to such claims;

(b) to raise funds through, inter alia, borrowing under loan agreements, the use of 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 guarantees and security for the obligations and debts of the company and of third parties, including the public company with limited liability: ING Bank N.V. ("the Issuer"), with corporate seat in Amsterdam;

(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) of this article;

(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 programmes (whether or not as a separate programme or as part of other issue programmes), which by the Issuer, with corporate seat in Amsterdam, are or will be raised.

The covered bonds ("the Covered Bonds") issued by the Issuer are secured by a portfolio of mortgage loans and other eligible assets. In the event that the Issuer cannot meet its payment obligations towards the Covered Bonds, the interest and principal payments of the cover pool will be used by the Company to service the Covered Bonds.

For a complete description of the transaction please refer to the Base Prospectus dated September 15, 2008 issued by the Issuer as amended and updated from time to time. The updates concerned annual updates of the Base Prospectus and relevant transaction documents, which mostly consists of changes further to new legislation to the EUR 30,000,000,000 covered bonds programme ("the Programme") established on March 10, 2008 (as amended and/or updated from time to time, last update per November 21st, 2022) under which the Issuer may from time to time issue the Covered Bonds through syndicated issues, private placements or otherwise, and the Company guarantees the obligations of the Issuer under the Covered Bonds.

As described in the Base Prospectus the Issuer has to maintain certain ratings with regards to their involvement in the Programme. The long-term debt rating by Standard & Poors as from March 10, 2023 is A+, the rating by Moody's as from March 10, 2023 is A1 and the rating by Fitch Ratings as from March 10, 2023 is AA-. The short-term debt rating of the Issuer by Standard and Poors is A-1 the rating by Moody's is P-1 and the Fitch rating as on March 10, 2023 is F1+. The minimum required rating is set on A (long-term) and A-1 (short-term) by S&P, A (long-term) and F1+ (short-term) by Fitch, A3 (long-term) and P-1 (short-term) by Moody's. The actual ratings meet or exceeds the minimum required rating.

Since the start of the Programme no notifications events, acceleration notice, notice to pay and breach of the Asset Cover Test ("the ACT") have occurred.

The aggregate outstanding notional amount under the Programme of the Mortgage Loans on December 31, 2022 amounts to EUR 21.3 billion (2021: EUR 18.5 billion) and the outstanding covered bonds amount to EUR 17.8 billion (2021: EUR 16.1 billion). In 2022 four Covered Bonds have been issued with the Series 184, 185, 186 and 187.

Environmental, Social & Governance (ESG)

The Company is setup as a Special Purpose Vehicle and due to that reason has set no ESG goals. The Director is of the opinion that the Company itself has no direct influence into the ESG related aspects, as the Company has no activities that directly impact the environment or social aspects. For ESG reporting in which the Company has an indirect role, we refer to the ESG reporting of foremost the Originator and secondly to the ESG reporting provided by the other involved parties as disclosed in the list of List of counterparties.

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Result for the year

The net result for the year under review is EUR 12,750 (previous year EUR 12,750). This amount has been determined by the Company's tax ruling between the Issuer and Dutch Tax Authorities which has set the Company's income to a level to cover its expenses and a notional profit.

RISK MANAGEMENT

In the event the Company will take over the servicing of the Covered Bonds, the Company will run the interest rate, credit and concentration risk, liquidity risk and foreign currency risk on the Covered Bonds and the mortgage portfolio. In order to limit these potential risks, the Company mitigated these risks via various instruments which are described in further detail below.

The risk appetite of the Company is low and matches the risk-profile of the Company. As said, various measurements have been taken to mitigate the risks of the Company. The main risks are various financial risks, which will be dealt with separately.

Credit and concentration risk

The Company has no exposure to credit risk, which is the risk that 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 portfolio are transferred to the Company. Until that moment, all risks and rewards associated with the assets are retained by the Issuer and the transferred mortgage loans are not recognised at the balance sheet of the Company. However, given the minimum required collateralisation of at least 5%, a buffer is available to cover losses which may arise.

Interest rate risk

The Company solely has exposure to interest rate risk, if a downgrade of the Issuer occurs that is below the minimum required rating, being A- (long-term) by S&P, A (long-term) and F1+ (short-term) by Fitch and A3 (long-term) by Moody's. From the moment a rating event occurs, the Company's exposure to interest rate risk is mitigated through a TRS with the Issuer.

Liquidity risk

The company's exposure to liquidity risk is mitigated through the mechanics of the ACT, the issuer facility advance and the AIC account. The ACT, issuer facility advance and the AIC account ensure that the Company has sufficient funds to meet its obligations. The ACT makes sure the Company will, at any period in time, have sufficient collateral in relation to the outstanding guarantee. Furthermore the issuer will be required to ensure that, amongst other things, at all times sufficient liquidity is maintained or generated by the CBC to cover for the following 6 month-period interest.

Foreign currency risk

In case of an issue of Covered Bonds in a currency other than euros, the Company's exposure to foreign currency risk is mitigated through a structured swap.

In the unlikely situation that all risk measures as described above (Interest rate risk and Liquidity risk) fail, the limited recourse clause of the transaction will take effect (see Limited recourse paragraph).

Limited recourse

Although interest rate risk, credit and concentration risk, liquidity risk and foreign currency risk are recognised, the exposure of the Company to these risks is limited. The Covered Bonds are issued at limited recourse. If an Issuer Event of Default occurs and the security is enforced, the proceeds may not be sufficient to meet the claims of all the secured creditors, including the covered bondholders. If following enforcement of the security, the secured creditors have not received the full amount due to them pursuant to the terms of the transaction documents, the secured creditors will no longer have a claim against the Company after enforcement of the security. The secured creditors may still have an unsecured claim against the Issuer for the shortfall.

Personnel related information

The Company employed no personnel during the year under review (2021: nil).

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1.2 Future developments

This macro-economic analysis in this section is largely based on data and expectations presented by De Nederlandsche Bank (“DNB”) and the Central Bureau of Statistics (“CBS”). 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 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.

DNB has concluded that the Dutch economy has been subjected to distinct phases during 2022. The first two quarters showed strong growth in GDP as compared to the previous year as COVID-19 restrictions were relaxed, but during the third quarter of the year this transformed to a modest decrease largely, as a result of the conflict in the Russia/Ukraine. However, in the fourth quarter it recovered again and more than eradicated to decline of the third quarter. Nevertheless, by the end of 2022, the effects of the increased inflation rates (caused primarily by high fuel and raw material prices) and a decline in the growth rates in the worldwide economy were being felt though the Dutch economy appears to be more resilient than most economies surrounding it. Whilst those effects are expected to continue into 2023, the DNB predicts a year of stabilization as a result of public sector support to reduce the effects of high fuel prices on households and businesses, along with a general downward trend on fuel and raw material prices as the worldwide economy slows down.

Alongside its most likely scenario, the DNB has also sketched an alternative scenario for the coming years which is largely based on continued high fuel prices without imposed price ceilings and increasing raw material prices and, consequently, higher inflation levels. These adverse developments would very likely impact the global economy, as well as the Dutch economy.

Despite the modest decrease during the third quarter of the year, GDP in the Netherlands increased by around 4.5% in 2022, slightly less than the increase of 4.9% in 2021. The current expectations are that GDP will stabilize at an increase of around 0.8% in 2023 before improving somewhat to a level of 1.6% in 2024. In a ‘worst case scenario’ of continued high energy prices and increased political tension, a flat level GDP for 2023 and a very modest increase for 2024 are predicted.

All scenarios are significantly impacted by government spending, particularly in the form of supporting price ceilings for energy prices. This will all significantly impact inflation and interest rate levels. The level of government spending deficit decreased from 2.4% in 2021 to a more healthy level of around 1.0% in 2022. However, the effects of the various measures introduced to support households and businesses in the impact of higher energy prices is predicted to lead to a deficit in government spending of around 3.0% in 2023 and a deficit of 1.4% in 2024. Much of these projections will depend on the level and duration of this government support for the economy.

In determining the projections for 2023 and beyond, DNB has pointed to a number of strengths and weaknesses of the commercial sector within the Dutch economy underlying the projected developments. Businesses have generally responded well to the high energy prices and inflationary pressure. Cost and energy reduction programmes have absorbed a large part of the adverse effects. Many businesses continue to suffer under acute shortages of staff and raw materials, however. Levels of investments rose sharply during 2022 but will likely be curtailed again in 2023 to a modest decline before recovering in 2024. The restricted availability of credit from the banking sector plays a negative role in the 2023 projections. The export sector continues to perform well, outperforming the Dutch economy as a whole but at the same time unable to match growth levels in the worldwide economy, indicating a loss of global market share.

Unemployment levels continued to decrease during most of 2022 from a level of just above 4% to a level just below it. The continued shortages in the labour markets will ensure that the rise in unemployment in 2023 and 2024 will be restricted to around the 4.2% and 4.0% levels, respectively. A continued modest rise in the number of vacancies will be countered by the relatively high level of new entrants onto the labour markets. New entrants are encouraged by the rising number of vacancies but some entrants arrive out of economic necessity as household finances are hit by the effects of rising inflation.

Headline inflation increased from an average of 2.7% in 2021 to some 10.0% in 2022. Inflationary pressures came initially from higher energy costs, especially electricity, oil, gas and automotive fuel but spread later in the year to raw material prices, wage inflation and, ultimately, consumer prices in most areas. The effects of rising energy prices are expected to continue to contribute a relatively large element to overall inflation levels in the coming years. The tight labour market and consumer inflation are also expected to result in continued inflationary pressures on wage settlements, expected to average around 5% in 2023. These will, in turn, put pressure on production unit costs.

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The domestic housing market also appears to be impacted by the macro-economic developments, especially rising interest rates and a general loss of confidence. The spectacular growth in domestic house prices slowed somewhat during the first half of 2022 and the last two quarters of 2022 showed decreases in the average price of existing dwellings. According to NVM, the average price of dwellings decreased by 6.4% during 2022. This should be seen against a background of a number of years of spectacular increases in prices. The number of houses on the market at the end of 2022 more than doubled as compared to the end of 2021. Transactions for the last quarter of 2022 were down 8% as compared to the same period in the previous year, which all resulted in downward pressure on price levels. Clearly, the effects of higher mortgage interest rates is being felt as well as the adverse developments in the economy as a whole. This downward pressure on prices is expected to continue in the coming years with DNB expecting price decreases in the region of 3% for both 2023 and 2024. As always, regional variations and differences in the various price sectors and types of dwelling continue to exist but the overall picture can be applied to the housing market as a whole. The downward pressure on prices is tempered somewhat by the levels of new housing being built which seems unable to keep up with new entrants onto the housing market.

Risk levels for existing homeowners and lenders alike have increased somewhat as compared to the previous year. Adverse economic conditions are likely to increase the levels of defaults though the indications are that this will be restricted in light of the expected limited rises in unemployment levels, as outlined above. New home owners have for years been subjected to stricter lending conditions and these will continue into the coming years. Existing homeowners have seen debt ratios decrease, notwithstanding the relatively modest price decreases of 2022 and those expected for the coming years, as a result of a persistent period of major price rises. Competitive pressures are likely to continue in the mortgage provider market due to new entrants to the market. Whilst these factors generally increase risks, lenders still have relatively favourable debt ratios on existing portfolios as a result of the rising prices in recent years.

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 instance, political conflicts and pandemics. At this stage, it is quite possible that the consequences of adverse economic conditions will result in an increased level of losses of both interest and principal on the Company's assets. The limited recourse principle embedded in the Prospectus and Transaction Documents dictates that any such losses from the Company's assets are to be borne by the Company's creditors, in accordance with a pre-determined priority of payments waterfall.

Consequently, any such losses are unlikely to be borne by the Company itself but rather by the Company's creditors, including the beneficiary of the Deferred Purchase Price, 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 and 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 measures such as financial instruments and credit enhancements entered into, as described in the Financial statements and the Prospectus. Also, as the Company's obligations to the Noteholders are of limited recourse, no significant changes in the current position of the Company are expected for the next 12 months.

Amsterdam, June 28, 2023

Director
Intertrust Management B.V.

2. Financial statements

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2.1 Balance sheet as at December 31, 2022

(before result appropriation)

	Note	December 31, 2022		December 31, 2021	
		€	€	€	€
ASSETS					
Current assets					
<i>Receivables</i>					
Receivables from Shareholder's	[1]	20,000		20,000	
Accounts receivable	[2]	4,092,214		20,865	
			4,112,214		40,865
Cash and cash equivalents					
Transaction account	[3]	146,159		131,578	
AIC account		167,528,080		11,805,221	
			167,674,239		11,936,799
Total assets			<u>171,786,453</u>		<u>11,977,664</u>
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity					
Share capital	[4]	20,000		20,000	
Retained earnings		12,750		-	
Result for the period		12,750		12,750	
			45,500		32,750
Current liabilities					
Issuer facility advance	[5]	99,724		76,830	
Loan given AIC account payable		168,515,996		11,805,245	
Accrued expenses and other liabilities		3,125,225		62,836	
Corporate income tax payable		8		3	
			171,740,953		11,944,914
Total equity and liabilities			<u>171,786,453</u>		<u>11,977,664</u>

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

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2.2 Statement of income for the year ended December 31, 2022

	Note	2022	2021
		€	€
Income			
Guarantee fee	[6]	15,000	15,000
Reimbursed expenses	[7]	112,106	106,700
Interest on bank accounts	[7]	133,415	-
Reimbursed negative interest	[7]	<u>3,958,781</u>	<u>965,958</u>
		<u>4,219,302</u>	<u>1,087,658</u>
Operating expenses			
Audit fee	[8]	21,628	24,689
Sundry expenses	[9]	91,078	82,011
Negative interest bank accounts	[10]	<u>4,091,596</u>	<u>965,958</u>
		<u>4,204,302</u>	<u>1,072,658</u>
Income before taxation			
		15,000	15,000
Income tax expense	[11]	<u>2,250</u>	<u>2,250</u>
		<u>2,250</u>	<u>2,250</u>
Net result			
		<u><u>12,750</u></u>	<u><u>12,750</u></u>

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2.3 General notes to the Financial statements

General

ING Covered Bond Company B.V. ("the Company") was incorporated as a private company with limited liability under the laws of the Netherlands on September 19, 2007. The statutory seat of the Company is Amsterdam, the Netherlands and the sole managing director of the Company is Intertrust Management B.V. The Company is registered under number 34283089 with the trade register of the Dutch Chamber of Commerce. The financial statements covers the year 2022, which ended at the balance sheet date of December 31, 2022.

The main objects of the Company are:

(a) to obtain, to hold in possession, to dispose of, to encumber and to otherwise manage goods, including claims on private persons, enterprises and authorities, whether or not embodied in value papers, as well as to exercise the rights attached to such claims;

(b) to raise funds through, inter alia, borrowing under loan agreements, the use of 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 guarantees and security for the obligations and debts of the company and of third parties, including the public company with limited liability: ING Bank N.V. (the Issuer), with corporate seat in Amsterdam;

(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) of this article;

(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 programme (whether or not as a separate program or as part of other issue programmes), which by the Issuer, with corporate seat in Amsterdam, are or will be raised.

The Company has an authorized share capital of EUR 20,000 consisting of 20 shares with a par value of EUR 1,000 each, of which all shares have been issued and fully paid-up. All shares are held by the Stichting Holding ING Covered Bond Company ("the Foundation"). The Foundation was incorporated under the laws of the Netherlands on August 28, 2007. The registered address of the Foundation is in Amsterdam, the Netherlands. The objectives of the Foundation are to incorporate, acquire and to hold shares in the share capital of 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.

TRANSACTION STRUCTURE, MANAGEMENT AND RELATED PARTIES

The objective of the transaction structure is to have a new funding source attracting funding at an AAA-level rate. The Covered Bonds issued by the Issuer. are secured by a portfolio of mortgage loans and other eligible assets. In the event that the Issuer cannot meet its obligations on the Covered Bonds, the interest and principal payments of the portfolio will be exercised by the Company.

The structure of the Programme can be described as follows:

- The Company guarantees the Covered Bonds issued by the Issuer. The Issuer will swap the fixed rate liabilities (if any) to floating through an interest rate swap ("IRS"), on behalf of the Company.
- The Company will swap fixed interest rate coupon payments (if any) on the portfolio assets to floating rate payments through a total return swap ("TRS") with the Issuer. This TRS is an interest rate swap (not transferring any credit risk, etc.). It swaps the cash flows of the fixed coupons (minus a margin) for floating. Through the waterfall, all amounts remaining in the Company will flow back periodically to the Issuer. As a consequence, the overall interest rate position of the Issuer remains unchanged. Unless the Issuer loses the minimum required ratings as described below, there will be no cash flows (also not under the TRS) and the Company will not have the right to any of the proceeds.
- The Guarantee Support Agreement provides that the transfer of the eligible receivables will be effected through a silent assignment (stille cession) by the Issuer to the Company. This means that legal ownership of the eligible receivables 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 receivables and related beneficiary rights to Stichting Trustee ING Covered Bond Company ("the Trustee"). The latter acts as Agent and Trustee for the Covered Bonds issued by the Issuer in view of the Programme.

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 bondholders, can lead to exercising the right of pledge by the Trustee.

If the Issuer loses its minimum required rating, the economic risk of the cover pool and the related funding will be transferred to the Company.

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As described in the Base Prospectus the Issuer has to maintain certain ratings with regards to their involvement in the Programme. The long-term debt rating by Standard & Poors as from March 10, 2023 is A+, the rating by Moody's as from March 10, 2023 is A1 and the rating by Fitch Ratings as from March 10, 2023 is AA-. The short-term debt rating of the Issuer by Standard and Poors is A-1 the rating by Moody's is P-1 and the Fitch rating as on March 10, 2023 is F1+. The minimum required rating is set on A (long-term) and A-1 (short-term) by S&P, A (long-term) and F1+ (short-term) by Fitch, A3 (long-term) and P-1 (short-term) by Moody's. The actual ratings meet or exceeds the minimum required rating.

Since the start of the Programme no notifications events, acceleration notice, notice to pay and breach of the Asset Cover Test ("the ACT") have occurred.

The aggregate outstanding notional amount under the Programme of the Mortgage Loans on December 31, 2022 amounts to EUR 21.2 billion (2021: EUR 18.5 billion) and the outstanding covered bonds amount to EUR 17.8 billion (2021: EUR 16.1 billion). In 2022 four Covered Bonds have been issued with the Series 184, 185, 186 and 187.

RISK MANAGEMENT

In the event the Company will take over the servicing of the Covered Bonds, the Company will run the interest rate, credit and concentration risk, liquidity risk and foreign currency risk on the Covered Bonds and the mortgage portfolio. In order to limit these potential risks, the Company mitigated these risks via various instruments which are described in further detail below.

The risk appetite of the Company is low and matches the risk-profile of the Company. As said, various measurements have been taken to mitigate the risks of the Company. The main risks are various financial risks, which will be dealt with separately.

Credit and concentration risk

The Company has no exposure to credit risk, which is the risk that 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 portfolio are transferred to the Company. Until that moment, all risks and rewards associated with the assets are retained by the Issuer and the transferred mortgage loans are not recognised at the balance sheet of the Company. However, given the minimum required collateralisation of at least 5%, a buffer is available to cover losses which may arise.

Interest rate risk

The Company solely has exposure to interest rate risk, if a downgrade of the Issuer occurs that is below the minimum required rating, being A- (long-term) by S&P, A (long-term) and F1+ (short-term) by Fitch and A3 (long-term) by Moody's. From the moment a rating event occurs, the Company's exposure to interest rate risk is mitigated through a TRS with the Issuer.

Liquidity risk

The Company's exposure to liquidity risk is mitigated through the mechanics of the ACT, the issuer facility advance and the AIC account. The ACT, issuer facility advance and the AIC account ensure that the Company has sufficient funds to meet its obligations. The ACT makes sure that the Company will, at any period in time, have sufficient collateral in relation to the outstanding guarantee. Furthermore the Issuer will be required to ensure that, amongst other things, at all times sufficient liquidity is maintained or generated by the CBC to cover for the following 6 month-period interest.

Foreign currency risk

In case of an issue of Covered Bonds in a currency other than euros, the Company's exposure to foreign currency risk is mitigated through a structured swap.

In the unlikely situation that all risk measures as described above (Interest rate risk and Liquidity risk) fail, the limited recourse clause of the transaction will take effect (see Limited recourse paragraph).

Limited Recourse

Although interest rate risk, credit and concentration risk, liquidity risk and foreign currency risk are recognised, the exposure of the Company to these risks is limited. The Covered Bonds are issued at limited recourse. If an Issuer Event of Default occurs and the security is enforced, the proceeds may not be sufficient to meet the claims of all the secured creditors, including the covered bondholders. If following enforcement of the security, the secured creditors have not received the full amount due to them pursuant to the terms of the transaction documents, the secured creditors will no longer have a claim against the Company after enforcement of the security. The secured creditors may still have an unsecured claim against the Issuer for the shortfall.

Personnel related information

The Company employed no personnel during the year under review (2021: nil).

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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 requirements of Part 9, Book 2 of the Dutch Civil Code. The Financial Statements are prepared under the historical cost convention and presented in euro ("EUR"). Assets and liabilities are stated at nominal value, unless otherwise stated. If deemed necessary, a provision is deducted from the nominal amount of accounts receivable.

The Company is considered a micro entity for Dutch statutory reporting purposes and therefore, in accordance with the provisions of Article 396, Title 9 of Book 2 of the Dutch Civil Code, certain exemptions apply to the Company's financial statements and the notes thereto.

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 of the Company have been prepared on the basis of the going concern assumption.

Recognition of assets and liabilities

Assets and liabilities are initially measured at historical cost, unless stated otherwise in the further principles. An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value that can be measured reliably at the initial recognition. Assets that meet these criteria are recorded at their initial measurement in the balance sheet. Assets that do not meet these criteria are considered off-balance sheet assets and are not recognized in the balance sheet. A liability is recognized in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources, and the amount of the liability can be measured reliably. Liabilities that do not meet these criteria are not recognized in the balance sheet and are considered off-balance sheet liabilities.

Derivatives

As part of its asset and liability risk management the Company uses derivatives to hedge exposure to interest rate risk. This is achieved by hedging specific transactions using financial derivatives, mostly interest rate swaps, when applicable. Derivatives are initially recognised at fair value and subsequently measured at cost.

Current assets

Current assets, which are assets expected to be converted into cash or consumed within one year, are recognized initially at fair value and subsequently measured at costs less any provision for impairment if deemed necessary.

Receivables

Receivables are measured at initial recognition at fair value, plus transaction costs (if material). After initial recognition, receivables are measured at amortised cost. If no premium or discount and transaction costs are applicable, the amortised cost is equal to the nominal value of the receivables, less a provision for uncollectible debts.

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.

Foreign currencies

Foreign currency transactions, if any, are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Such balances are translated at year-end exchange rates. During the year 2022 there were no foreign currency transactions (2021: nil).

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Offsetting

In the balance sheet, financial assets and liabilities are presented at the net amount when there is a legally enforceable right to set-off the recognized amounts and an intention to settle on a net basis or simultaneously realize the asset and settle the liability. The balances of financial assets and liabilities can be offset, and the resulting net amount is reported in the balance sheet.

Income and expenses

In the Statement of Income, income is recognized when there is an increase in future economic potential associated with an increase in an asset or a decrease in a liability, and the amount can be measured reliably. Expenses are recognized when there is a decrease in economic potential linked to a decrease in an asset or an increase in a liability, and the amount can be measured with sufficient reliability. Both revenues and expenses are allocated to the respective period in which they occur.

Fair value

The fair value of cash and cash equivalents, as well as the balance with the Issuer and other liabilities included in these financial statements, approximates their book value due to their short-term nature, as stated in the disclosed accounting policies.

Corporate income tax

The Company and the Dutch Tax Authorities agreed by way of a ruling dated August 28, 2007 that the taxable amount is EUR 15,000. The applicable tax rate for the period under review is 15% (2021: 15%) of the taxable amount. The ruling with the Dutch Tax Authorities will have effect until the final maturity date of the Covered Bonds. The net result for the year 2022 amounted to EUR 12,750 (2021: EUR 12,750).

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the Statement of Income, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Contingent liabilities and commitments

The Company has granted a first ranking right of pledge over the receivables and related 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 bondholders, can lead to exercising the right of pledge by the Trustee.

All liabilities included under current liabilities are due in less than one year. All liabilities included under long-term liabilities are due in more than one year.

Equity

Financial instruments that are designated as equity instruments by virtue of the legal reality are presented under shareholder's equity. Payments to holders of these instruments are deducted from the shareholder's equity as part of the profit distribution.

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2.4 Notes to the Balance sheet

CURRENT ASSETS [3]

Receivables from shareholder [1]

Stichting Holding ING Covered Bond Company

	December 31, 2022	December 31, 2021
	€	€
	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

The receivables from shareholder, which relate to the share capital prepayment to the Foundation, are categorized as current assets due to their short-term nature, representing amounts owed by shareholders that are expected to be collected within the normal operating cycle of the business, which is typically within one year. It is important to note that these receivables, although potentially extending over multiple years, are classified as current assets since they are readily collectible at any time.

Receivables [2]

Accounts receivables
Interest receivable AIC Account

	December 31, 2022	December 31, 2021
	€	€
	618	20,865
	4,091,596	-
	<u>4,092,214</u>	<u>20,865</u>

Cash and cash equivalents [3]

Transaction Account
AIC Account

	December 31, 2022	December 31, 2021
	€	€
	146,159	131,578
	167,528,080	11,805,221
	<u>167,674,239</u>	<u>11,936,799</u>

Transaction account

The bank accounts are held with the Issuer. The cash balance of the transaction account is freely available to the Company.

AIC Account

Part of the Programme includes a "pre maturity test", which amongst others includes the pre maturity minimum ratings by the rating agencies of the Issuer. Furthermore, there is an requirement to transfer sufficient liquidity in the Company to cover for the following 6 month-period interest and, solely in relation to the Covered Bonds, principal payments on the Covered Bonds and certain higher and pari passu ranking payments. For further details of the test described above reference is made to the "Amended Asset Monitor Agreement".

Under the Guarantee Support Agreement ("GSA") with the Issuer, the Company has issued a guarantee in relation to the Covered Bonds to pay the guaranteed amounts constituting scheduled interest on Covered Bonds payable. In order to enable the Company to meet this guarantee, sufficient eligible assets must be transferred to the Company. In order to comply with the "pre maturity test" the Issuer is required to transfer amounts into the AIC account of the Company if the minimum required ratings are not met. The amount is placed on the Company's AIC account and is not freely available to the Company other than to meet the obligations referred to above.

During 2022 there were withdrawals as well as deposits made on the AIC account. Please refer to note 5 for a breakdown of the movements "Loan given AIC account payable". The cash flows during the year depend on the maturity dates of the outstanding Covered Bonds. When a Covered Bond matures within this 12 month period, the total outstanding balance of the bond should be placed on the AIC account. Note that this is only mandatory when the pre maturity test described above has failed. The recorded amount on the AIC account relates to a prepayment of the Issuer for bank charges on the AIC account.

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2.4 Notes to the Balance sheet

LIABILITIES

Shareholder's equity [4]

Share capital

The authorized share capital amounts to EUR 20,000, consisting of 20 ordinary shares of EUR 1,000 each, of which all shares are issued and fully paid-up. All shares are held by the Foundation.

The movements in shareholder's equity can be detailed as follows:

	Share capital	Retained earnings	Result for the period	Total
	€	€	€	€
Opening balance	20,000	-	12,750	32,750
Appropriation of result	-	12,750	(12,750)	-
Dividend	-	-	-	-
Result for the period	-	-	12,750	12,750
Ending balance	<u>20,000</u>	<u>12,750</u>	<u>12,750</u>	<u>45,500</u>

Proposed appropriation of the result

The net result for the year 2022 amounted to EUR 12,750 (2021: EUR 12,750). No dividend was issued in 2022 (2021: nil).

Current liabilities [5]

The movement in the Issuer facility advance during the year can be explained as follows:

	31/12/2022	31/12/2022
	€	€
Issuer facility advances opening balance	76,830	-1,470
Received from Issuer	150,000	200,000
Reimbursed operating expenses	-112,106	-106,700
Guarantee fee	-15,000	-15,000
Issuer facility advance ending balance	<u>99,724</u>	<u>76,830</u>

	31/12/2022	31/12/2021
	€	€
Loan given AIC account payable		
Opening balance	11,805,245	475,862,745
Collateral amounts funded	1,782,303,888	1,831,000,000
Collateral amounts drawn	-1,625,593,137	-2,295,057,500
Withdrawn amount as per closing	-	-
Collateral amount as per closing	-	-
Closing balance	<u>168,515,996</u>	<u>11,805,245</u>

The loan given AIC account payable relates to the obligatory cash deposit made by the Issuer on the AIC Account.

The accrued expenses and other liabilities can be detailed as follows:

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	31/12/2022	31/12/2021
	EUR	EUR
Accrued expenses and other liabilities		
Negative interest and bank charges payable	3,103,597	20,832
Audit fee payable	21,628	24,689
Audit related fee payable	-	17,315
	<u>3,125,225</u>	<u>62,836</u>

Corporate income tax payable

	31/12/2022	31/12/2021
	€	€
Corporate income tax	<u>8</u>	<u>3</u>

Off-Balance sheet liabilities

The Company entered into derivative contracts to mitigate cash flow and interest rate risks. Only when the Issuer is downgraded below the contractual minimum and the assets are transferred to the Company, the derivatives are in effect. In 2022 there are no cash flows under the derivatives, as such the fair value of these instruments is measured at nil.

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2.5 Notes to the Statement of income

Guarantee fee [6]

The Guarantee fee amounting to EUR 15,000 relates to the minimum taxable profit which at the same time will be the remuneration for management.

	2022	2021
	€	€
Reimbursed expenses [7]		
Reimbursed expenses	112,106	106,700
Interest on bank accounts	133,415	-
Reimbursed negative interest	3,958,781	965,958
	<u>4,204,302</u>	<u>1,072,658</u>

According to the Administration Agreement with the Issuer, the Company will be reimbursed for its expenses and receives a guarantee fee. The negative interest is reimbursed by the Issuer directly. To clarify, the reimbursed expenses are charged to the Issuer via the issuer facility advance.

Interest expenses and similar expenses are recognised in the period to which they belong.

	2022	2021
	€	€
Operating expenses		
Audit fee [8]	21,628	24,689
Management fee [9]	7,899	12,015
Audit related fee [9]	82,467	69,283
Other general costs [9]	713	713
Negative interest on bank accounts [10]	4,091,596	965,958
	<u>4,204,302</u>	<u>1,072,658</u>

In accordance with the Administration Agreement between the Company and the Issuer, the Company is entitled to reimbursement for its operating expenses and receives a guarantee fee. Additionally, any negative interest is directly reimbursed by the Issuer. It is important to note that the reimbursed expenses are accounted for by charging them to the Issuer through the issuer facility advance.

The audit related fee consists of EUR 24.200 (2021: 24.200) for services as agreed in the Consent letter from KPMG and EUR 46.905 (2021: 45.083) fee related to the pool procedures and asset cover test performed by EY. The remaining amount of EUR 11.362 (2021: nil) concerns management fee to Vistra.

	2022	2021
	€	€
Corporate income tax [11]		
Corporate income tax	<u>2,250</u>	<u>2,250</u>

Subsequent events

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

Amsterdam, June 28, 2023

Director
Intertrust Management B.V.

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3. Other information

3.1 Statutory provisions

In accordance with Article 14 of the Articles of Association, the result for the year is at the disposal of the General Meeting.

3.2 Independent auditor's report

The Independent auditor's report is included on the following pages.



Independent auditor's report

To: the General Meeting of ING Covered Bond Company B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2022 of ING Covered Bond Company B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ING Covered Bond Company B.V. as at 31 December 2022, and of its result for the year 2022 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 2022;
- 2 the statement of income for the year 2022; 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 ING 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 report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information; including the director's report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720 and Part 9 of Book 2 of the Dutch Civil Code. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The directors are responsible for the preparation of the other information.

Description of the responsibilities for the financial statements

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the directors are responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the directors should prepare the financial statements using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The directors 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 engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

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

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, 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 errors, 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 the directors;
- 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 the company ceasing 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 28 June 2023

KPMG Accountants N.V.

R. Huizingh RA