

**ABN AMRO Covered Bond Company B.V.**

**Financial statements 2023**

**Amsterdam, the Netherlands**

ABN AMRO Covered Bond Company B.V.  
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The Netherlands  
Chamber of Commerce: 34229351

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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 2023.

### **1.1 Activities and results**

#### **1.1.1 General**

The Company was incorporated on 4 July 2005. The shares of the Company are held by Stichting Holding ABN AMRO Covered Bond Company. 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 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 2023 the Issuer had issued covered bonds for an amount of EUR 26,7 billion, secured by a portfolio of mortgage loans amounting to approximately EUR 35,2 billion.

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**

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.

After years of significant price rises, the trends in the Dutch housing market began to reverse during the second half of 2022. This continued into the second half of 2023 with prices declining by up to 6% as compared to the levels of the previous year. The decline was fuelled by rising interest rates although the underlying house shortage remained. During the course of the second half of 2023, prices started to pick up again as wage inflation increased the borrowing capacity of potential buyers. By the end of the year, mortgage rates were steadily declining again under the prospect of future reductions in interest rates and the sentiment of prior years slowly started to return. By the end of the year, the average sales price of a dwelling had increased by 5.3% as compared to a year previous, 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, by the end of 2023, there was a sharp increase in sales activity (up 11% from the previous year) and a sharp decline of 26% of houses for sale at the end of the year. The trend of recent years of transactions being concluded at prices that were higher than the initial asking price was also increasing again after reductions during the period of declining prices of a year or so. These are indications that we are returning to a period of

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price rises and shortages of supply in the market, as interest rates are likely to continue to decline, unemployment levels remain relatively low, wage inflation catches up with price inflation, and market sentiment returns. Regional differences and developments in different classes of dwellings continue, but the foregoing picture nevertheless applied to almost the entire sector.

The market is likely to continue the trends of the second half of 2023 in the coming years though it is not expected that the spectacular price rises of the period 2016-2022 will return. It also seems likely though that the shortage in the supply of newly built housing will continue into the coming years. The DNB expects house prices to increase by around 0.4% and 2% respectively in the coming two years in its 'most likely scenario'. Expectations are contingent on developments elsewhere in the economy.

In light of the foregoing, the Company expects to be relatively well placed as regards to the expected loss ratios on the Mortgage Portfolio. The Loan-to-Value ("LTV") ratios in the mortgage lending (i.e. lower LTV ratios) are relatively favourable, especially where mortgages in the 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, if 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, 2023 is EUR 47,232 (previous year: EUR 47,229).

**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.

**Liquidity risk**

The potential liquidity risk that the company runs is mitigated by the way the Covered Bond program is structured, most notably due to the limited recourse principle.

**Fraud**

In addition to the financial risks described above, the Company also faces non-financial risk in its daily operation. These risks pertain to IT, fraud, operational processes, compliance with rules and regulations as well as ethical and social norms that apply to the activities of the Company.

In view of fraud, bribery and anti-corruption, the Company implemented a manual and automated internal controls such as segregation of duties and provides training to help employees to identify fraudulent behavior. In addition, the Director implemented, amongst others, a code of conduct, whistle-blower policies and internal policies around reporting non-compliance. The Director applies a zero-tolerance policy in relation to fraud, bribery and corruption. No instances of (internal or external) fraud or any other matters are identified in this respect that had a material effect on the financial statements. Furthermore, the Director has close contact with ABN AMRO relating to outsourced activities.

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"). The analysis that focuses 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 was characterized in 2023 by a combination of continued higher inflation and interest rate levels, in combination with a stagnating economy. Following the high inflation level of 11.6% in 2022, the rate declined steadily during 2023 as a result of lower energy prices and a reduced reliance on Russian energy sources. The ECB raised interest rates through most of 2023 in its quest to conquer rising inflation levels in the Euro zone. By the end of the year, there were clear signals that the peak in interest rates had been reached. The GDP level for the year was almost unchanged as compared to 2022 though the quarterly figures showed modest declines in the first three quarters, a recession in technical terms. The main causal factors were high inflation and interest rate levels, as well as a reduction in global markets. As a country that is heavily reliant on exports, The Netherlands was significantly impacted by the decline in global markets and will likely remain vulnerable in this area. Whilst the trends being experienced at the end of 2023 are expected to continue into 2024, the DNB predicts a year of very modest growth, mostly as a result of rising public sector spending and a general downward trend in inflation and interest rate levels.

Alongside its most likely scenario, the DNB has also sketched an alternative scenario for the coming years which is largely based on escalation in the conflicts in the Ukraine and the Middle East, and increased trade barriers in the world economy. These adverse developments would very likely impact the global economy, and the Dutch economy in particular, given its dependence on global markets and exports.

Despite the technical recession during the first three quarters of the year, GDP in The Netherlands remained stable in 2023 as a whole, as compared to 2022. The current expectations are that GDP will stabilize and show a modest rise of around 0.4% in 2024 before improving by around 1% in 2025. In a 'worst case scenario' of escalating world conflicts and trade barriers, the predicted GDP level shows a modest decline and a modest increase for 2024 and 2025, respectively.

All scenarios are significantly impacted by government spending, particularly in the form of investments in medical care, defence and the infrastructure. The level of government budget deficit increased from 0.1% in 2022 to around 0.9% in 2023. This deficit is significantly lower than previously predicted as the plans were delayed due to labour shortages and environmental matters. Much of this spending is now expected to take place during 2024 and 2025 and budget deficit levels of 2.6% and 2.9% respectively are expected as a result. The 2025 level is very close to the current EU norm of 3.0%. Support given to consumers for high energy costs will decline significantly but increased spending is planned in the areas of medical care, defence and support for households with lower levels of income. The higher levels of interest rates will also impact spending significantly due to the higher cost and relatively long duration of government bonds issued in recent years. The public spending deficit, as a percentage of GDP will remain relatively stable.

In determining the projections for 2024 and beyond, DNB has pointed to a number of strengths and weaknesses of the commercial sector within the Dutch economy that underly the projected developments. The economy has generally responded well to the higher inflation and interest rate levels. Levels of investments and credit reduced sharply without significant effects on unemployment and corporate bankruptcy levels. The vulnerability lies primarily in the export and global markets sectors of the economy. Businesses are having to cope with declining international activity, in combination with higher inflation and interest rate levels. Additionally, the strength of the Euro, as compared to the other major currencies of the world, is proving to be an obstacle. Levels of investments were up by 4.5% in 2023 over 2022 but this occurred mostly during the first quarter of 2023. The business investment level for 2024 is expected to decline by 1.1% over 2023, on the back of the low investment levels at the end of 2023. The year 2025 is expected to see an increase of 1.6% as confidence is somewhat restored. The DNB expects that the Dutch export sector will not be able to match any increased level in international activity in 2024 though it is somewhat more optimistic in this area for 2025.

Unemployment levels remained relatively stable during 2023 at 3.6% and are expected to remain so during 2024, finishing at 4.2% in 2025. Labour markets stagnated in 2023 in line with reduced economic activity but there was a reluctance by employers to reduce levels of staff on the payroll. Whilst a modest increase is expected in vacancies for the coming years, this will be offset by a decrease in labour supply. In the light of recent years, labour markets are expected to remain relatively tight.

Headline inflation decreased from an average of 11.6% in 2022 to some 4.1% in 2023 as energy prices decreased by some 23%. However, inflationary pressures were experienced from higher consumer prices, for foodstuffs in particular. The expectation is that the inflation levels for the years 2024 and 2025 will be at 2.9% and 2.2%, respectively. This expectation is based on a low

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exit rate for 2023, though it is the expectation that the levels will be negatively influenced by lagging wage inflation and a hesitant economy. The expectation is that the targeted long-term inflation rate of 2% will be reached at the end of 2025.

The domestic housing market is also impacted by the foregoing macro-economic developments, especially slowly falling interest rates and wage inflation lagging behind headline inflation. Whilst the spectacular growth in domestic house prices is not expected to return in the short-term, the last two quarters of 2023 showed that the period of declining prices has come to an end. According to NVM, the average price of dwellings increased by 5.3% during the last quarter of 2023, as compared to the same period in 2022. The number of houses on the market at the end of 2023 was down by 11% in the previous quarter and 26% down on the year before. Transactions for the last quarter of 2023 were up 12% as compared to the same period in the previous year, and the trend of over-bidding was also increasing again. All this will likely result in an upward pressure on prices during 2024. The upward pressure on prices is also being fuelled by the disappointing levels of new housing being built which seems unable to keep up with new entrants onto the housing market. Clearly, the effects of decreasing mortgage interest rates and wage inflation is having a positive effect on market sentiment. This upward pressure on prices is expected to continue in the coming years with DNB expecting price increases in the region of 0.4% for 2024 and around 2% for 2025. 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.

Risk levels for existing homeowners and lenders alike have remained relatively stable as compared to the previous year. Improving economic conditions, as compared to 2023, are likely to decrease the levels of defaults. This expectation is also backed by very limited rises in unemployment levels and business failures. Existing homeowners have seen debt ratios decrease, as a result of a period of major price rises in recent years, also partly helped by the relatively modest price increases of 2023. Competitive pressures are likely to continue in the mortgage provider market due to new entrants to the market and the restricted number of transactions expected. Overall, 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 Covered Bond holders, other creditors 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 by the events of the recent years.

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, as described in the Financial statements and the Prospectus. Also, as the Company's obligations to the Covered Bondholder are of limited recourse, no significant changes in the current position of the Company are expected for the next 12 months.

**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 2023 the Company was represented by Intertrust Management B.V. in the role as Director of the Company.

Amsterdam,

Director,  
Intertrust Management B.V.

## 2 Financial statements

### 2.1 Balance sheet as at 31 December 2023

(after appropriation of result)

	<i>Notes</i>	<u>December 31, 2023</u> EUR	<u>December 31, 2022</u> EUR
<b>ASSETS</b>			
<b>Current assets</b>			
Reimbursed expenses and other receivables	<i>2.4.1</i>	27.224	27.224
<b>Cash</b>			
Issuer Dutch Account	<i>2.4.2</i>	20.008	20.005
		<u>47.232</u>	<u>47.229</u>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Share capital	<i>2.4.3</i>	20.000	20.000
<b>Current liabilities</b>			
Accrued expenses and other liabilities	<i>2.4.4</i>	27.232	27.229
		<u>47.232</u>	<u>47.229</u>

**2.2 Statement of income and expenses for the period 1 January 2023 until 31 December 2023**

	<b>Year 2023</b>		<b>Year 2022</b>	
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Income</b>				
Guarantee fee	15.000		15.000	
Reimbursed expenses	<u>33.313</u>		<u>34.859</u>	
		48.313		49.859
<b>Operating expenses</b>				
Administration fee	4.000		4.000	
Auditor fee	27.225		27.225	
General and administrative expenses	<u>1.991</u>		<u>3.247</u>	
		<u>33.216</u>		<u>34.472</u>
		15.097		15.387
<b>Financial income and expenses</b>				
Interest expenses	<u>(97)</u>		<u>(387)</u>	
		(97)		(387)
<b>Income before taxation</b>		<u>15.000</u>		<u>15.000</u>
Corporate tax		2.850		2.250
<b>Net result</b>		<u><u>12.150</u></u>		<u><u>12.750</u></u>



## **2.3 General notes to the financial statements**

### **2.3.1 General information**

ABN AMRO Covered Bond Company B.V., (the "Company" or the "CBC") was incorporated as a private company with limited liability under the laws of the Netherlands on 4 July 2005. The Company is registered under registration number 34229351 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. For non-euro covered bonds, ABN AMRO Bank N.V. has swapped the fixed rate interest obligations to floating rate interest obligations via an interest rate and cross-currency swap.

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. through a Guarantee Support Agreement. 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 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 notification to the borrowers. 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. 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.

### **Programme**

The net amount outstanding of the issued Bonds at year-end is EUR 26.7 billion (previous year: EUR 28.0 billion) against a portfolio of Mortgage Loans totalling EUR 35.2 billion (previous year: EUR 34.8 billion).

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

Fitch	"A"	stable outlook	12 April 2024
Moody's	"Aa3"	stable outlook	15 December 2023

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**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 20.000 of which all shares have been issued and fully paid-up. The Stichting Holding ABN AMRO Covered Bond Company holds all shares.

Stichting Holding ABN AMRO Covered Bond Company is a foundation incorporated under the laws of the Netherlands on 10 June 2005. The objectives of Stichting Holding ABN AMRO Covered Bond Company 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.

**2.3.3 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**

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.

After years of significant price rises, the trends in the Dutch housing market began to reverse during the second half of 2022. This continued into the second half of 2023 with prices declining by up to 6% as compared to the levels of the previous year. The decline was fuelled by rising interest rates although the underlying house shortage remained. During the course of the second half of 2023, prices started to pick up again as wage inflation increased the borrowing capacity of potential buyers. By the end of the year, mortgage rates were steadily declining again under the prospect of future reductions in interest rates and the sentiment of prior years slowly started to return. By the end of the year, the average sales price of a dwelling had increased by 5.3% as compared to a year previous, 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, by the end of 2023, there was a sharp increase in sales activity (up 11% from the previous year) and a sharp decline of 26% of houses for sale at the end of the year. The trend of recent years of transactions being concluded at prices that were higher than the initial asking price was also increasing again after reductions during the period of declining prices of a year or so. These are indications that we are returning to a period of price rises and shortages of supply in the market, as interest rates are likely to continue to decline, unemployment levels remain relatively low, wage inflation catches up with price inflation, and market sentiment returns. Regional differences and developments in different classes of dwellings continue, but the foregoing picture nevertheless applied to almost the entire sector.

The market is likely to continue the trends of the second half of 2023 in the coming years though it is not expected that the spectacular price rises of the period 2016-2022 will return. It also seems likely though that the shortage in the supply of newly built housing will continue into the coming years. The DNB expects house prices to increase by around 0.4% and 2% respectively in the coming two years in its 'most likely scenario'. Expectations are contingent on developments elsewhere in the economy.

In light of the foregoing, the Company expects to be relatively well placed as regards to the expected loss ratios on the Mortgage Portfolio. The Loan-to-Value ("LTV") ratios in the mortgage lending (i.e. lower LTV ratios) are relatively favourable, especially where mortgages in the 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, if 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, 2023 is EUR 47,232 (previous year: EUR 47,229).

### **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.

### **Liquidity risk**

The potential liquidity risk that the company runs is mitigated by the way the Covered Bond program is structured, most notably due to the limited recourse principle.

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

### **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"). Financial assets or financial liabilities are initially recognised in the balance sheet at fair value; they are subsequently measured at amortised cost using the effective interest rate method. Transaction costs directly attributable to the acquisition or issue of financial instruments are included in the initial recognition.

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 29 June 2005 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 commitments**

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

## **2.4 Notes to the balance sheet and the statement of income**

### **2.4.1 Reimbursed expenses and other receivables**

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

### **2.4.2 Cash**

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 20.000 and consists of 20 ordinary shares of EUR 1.000 each, of which all shares are issued and fully paid-in. During 2023, no movements occurred in the shareholder's equity.

#### **Result current year**

The result out of the financial year 2023 amounts to EUR 12.150 (previous year: EUR 12.750).

### **2.4.4 Current liabilities (due within one year)**

#### **Accrued expenses and liabilities**

The accrued expenses and liabilities relate 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.

### **2.4.6 Operating expenses**

#### **Auditor Fee**

Ernst & Young Accountants LLP charged the Company EUR 27.225 (previous year: EUR 27.225) for the audit of the financial statements. Ernst & Young Accountants LLP did not deliver any other services to the Company during 2023.

### **2.4.7 Financial income and expenses**

Interest expense concerns interest due to ABN AMRO Bank N.V.

### **2.4.8 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.

### **2.4.9 Proposed appropriation**

The profit for the year ended 31 December 2023 is EUR 12.150 (previous year: EUR 12.750).

During September 2023, the Director of the Company has resolved to distribute an Interim Dividend in the net amount of EUR 12.150.

**2.4.10 Post-balance sheet events**

The Director is not aware of any events that took place after balance sheet date that could have a major effect on the financial position of the Company.

Amsterdam,

Director,  
Intertrust Management B.V.

### **3 Other information**

#### **3.1 Statutory provisions regarding profit appropriation**

In accordance with Article 14 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.

## Independent auditor's report

To: the shareholder of ABN AMRO Covered Bond Company B.V.

### Report on the audit of the financial statements 2023 included in the annual report

#### Our opinion

We have audited the financial statements for the financial year ended 2023 of ABN AMRO 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 ABN AMRO 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:

- ▶ The balance sheet as at 31 December 2023
- ▶ The statement of income and expenses for 2023
- ▶ 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 ABN AMRO 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 other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The director is responsible for the preparation of the other information.

## **Description of responsibilities regarding the financial statements**

### **Responsibilities of the director for the financial statements**

The director 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, the director is responsible for such internal control as the director 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, the director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The director 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 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

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



- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director
- ▶ Concluding on the appropriateness of the director'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
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

#### **Communication**

We communicate with the director 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, 31 May 2024

Ernst & Young Accountants LLP

signed by Q. Tsar