

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

Annual Report 2023

Amsterdam, the Netherlands

ING Covered Bond Company B.V.
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce Amsterdam 34283089

Table of contents

Page

1.	Director's report	
1.1	Activities and results	4
1.2	Future developments	6
2.	Financial statements	
2.1	Balance sheet as at December 31, 2023	9
2.2	Statement of income for the year ended December 31, 2023	10
2.3	General notes to the Financial statements	11
2.4	Notes to the Balance sheet	15
2.5	Notes to the Statement of income	18
3.	Other information	
3.1	Statutory provisions	20
3.2	Independent auditor's report	21

1. Director's report

ING Covered Bond Company B.V.

Annual Report 2023

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 March 22, 2024) 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 July 5, 2023 is A+, the rating by Moody's as from September 13, 2023 is A1 and the rating by Fitch Ratings as from October 31, 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 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, 2023 amounts to EUR 28.3 billion (2022: EUR 21.3 billion) and the outstanding covered bonds amount to EUR 20.0 billion (2022: EUR 17.8 billion). In 2023 two Covered Bonds have been issued with the Series 188 (EUR 2.0 billion) and 189 (EUR 2.0 billion).

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.

ING Covered Bond Company B.V.

Annual Report 2023

Result for the year

The net result for the year under review is EUR 12,150 (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 (2022: nil).

ING Covered Bond Company B.V.

Annual Report 2023

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 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 restored somewhat. 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.

ING Covered Bond Company B.V. Annual Report 2023

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 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% on the previous quarter and 26% down on the year. 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. 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.

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 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, July 19, 2024

Director
Intertrust Management B.V.

2. Financial statements

ING Covered Bond Company B.V.
Annual Report 2023

2.1 Balance sheet as at December 31, 2023

(before result appropriation)

	Note	December 31, 2023		December 31, 2022	
		€	€	€	€
ASSETS					
Current assets					
<i>Receivables</i>					
Receivables from Shareholder's	[1]	20,000		20,000	
Current account Issuer	[5]	33,663		-	
Accounts receivable	[2]	<u>2,494,047</u>		<u>3,104,947</u>	
			2,547,710		3,124,947
Cash and cash equivalents					
Transaction account	[3]	13,000		146,159	
AIC account		<u>207,099,194</u>		<u>167,528,080</u>	
			207,112,194		167,674,239
Total assets			<u><u>209,659,904</u></u>		<u><u>170,799,186</u></u>
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity					
Share capital	[4]	20,000		20,000	
Other reserves		-		12,750	
Result for the period		<u>12,150</u>		<u>12,750</u>	
			32,150		45,500
Current liabilities					
Current account Issuer	[5]	-		99,724	
Loan given AIC account payable		202,500,000		166,000,000	
Accrued expenses and other liabilities		7,127,746		4,653,954	
Corporate income tax payable		<u>7</u>		<u>8</u>	
			209,627,754		170,753,686
Total equity and liabilities			<u><u>209,659,904</u></u>		<u><u>170,799,186</u></u>

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

ING Covered Bond Company B.V.
Annual Report 2023

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

	Note	2023	2022
		€	€
Income			
Guarantee fee	[6]	15,000	15,000
Reimbursed operating expenses	[7]	118,387	112,706
Reimbursed interest expense/income	[7]	800,296	-2,145,985
		<u>933,683</u>	<u>-2,018,279</u>
Operating expenses			
Audit fee	[8]	-45,887	-21,628
Sundry expenses	[9]	-72,499	-91,078
		<u>-118,387</u>	<u>-112,706</u>
Financial result			
<i>Interest (expense) / income</i>			
Interest on transaction account		3,396	315
Interest on collateral account		7,846,378	1,983,011
Interest on funding ING		-8,650,070	162,659
		<u>-800,296</u>	<u>2,145,985</u>
Income before taxation			
		15,000	15,000
Income tax expense	[10]	2,850	2,250
		<u>2,850</u>	<u>2,250</u>
Net result			
		<u><u>12,150</u></u>	<u><u>12,750</u></u>

ING Covered Bond Company B.V.

Annual Report 2023

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 2023, which ended at the balance sheet date of December 31, 2023.

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 cessie) 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.

ING Covered Bond Company B.V.

Annual Report 2023

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.

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 July 5, 2023 is A+, the rating by Moody's as from September 13, 2023 is A1 and the rating by Fitch Ratings as from October 31, 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 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, 2023 amounts to EUR 28.3 billion (2022: EUR 21.3 billion) and the outstanding covered bonds amount to EUR 20.0 billion (2022: EUR 17.8 billion). In 2023 two Covered Bonds have been issued with the Series 188 (EUR 2.0 billion) and 189 (EUR 2.0 billion).

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).

ING Covered Bond Company B.V.

Annual Report 2023

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 (2022: nil).

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.

ING Covered Bond Company B.V.

Annual Report 2023

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.

Current liabilities

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

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 2023 there were no foreign currency transactions (2022: nil).

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 19% (2022: 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 2023 amounted to EUR 12,150 (2022: 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.

ING Covered Bond Company B.V.

Annual Report 2023

2.4 Notes to the Balance sheet

CURRENT ASSETS [3]

Receivables from shareholder [1]

Stichting Holding ING Covered Bond Compay

December 31, 2023	December 31, 2022
€	€
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, 2023	December 31, 2022
€	€
601	618
2,493,446	3,104,329
<u>2,494,047</u>	<u>3,104,947</u>

Cash and cash equivalents [3]

Transaction Account
AIC Account

December 31, 2023	December 31, 2022
€	€
13,000	146,159
207,099,194	167,528,080
<u>207,112,194</u>	<u>167,674,239</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 2023 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.

ING Covered Bond Company B.V.

Annual Report 2023

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	Other reserves	Result for the period	Total
	€	€	€	€
Opening balance	20,000	12,750	12,750	45,500
Appropriation of result	-	12,750	(12,750)	-
Dividend	-	(25,500)	-	(25,500)
Result for the period	-	-	12,150	12,150
Ending balance	20,000	-	12,150	32,150

Proposed appropriation of the result

The net result for the year 2023 amounted to EUR 12,150 (2022: EUR 12,750). On December 7, 2023 a dividend of EUR 25,500 was issued and paid (2022: nil).

Current liabilities [5]

The movement in the current account Issuer during the year can be explained as follows:

	2023	2022
	€	€
Current account Issuer opening balance	99,724	76,830
Received from Issuer	-	150,000
Reimbursed operating expenses	-118,387	-112,106
Guarantee fee	-15,000	-15,000
Current account Issuer ending balance	-33,663	99,724

Loan given AIC account payable

	2023	2022
	€	€
Opening balance	166,000,000	10,000,000
Collateral amounts funded	502,500,000	1,752,285,880
Collateral amounts drawn	-466,000,000	-1,596,285,880
Closing balance	202,500,000	166,000,000

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

ING Covered Bond Company B.V.
Annual Report 2023

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

	December 31, 2023 EUR	December 31, 2022 EUR
Accrued expenses and other liabilities		
Payable to ING Bank	3,300,124	4,101,039
Interest Loan given AIC account payable	3,795,835	531,287
Audit fee payable	28,762	21,628
Management fee payable	3,025	-
	<u>7,127,746</u>	<u>4,653,954</u>

Payable to ING Bank

Corporate income tax payable

	December 31, 2023 €	December 31, 2022 €
Corporate income tax	<u>7</u>	<u>8</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 2023 there are no cash flows under the derivatives, as such the fair value of these instruments is measured at nil.

ING Covered Bond Company B.V.

Annual Report 2023

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.

	2023	2022
	€	€
Reimbursed expenses [7]		
Reimbursed expenses	118,387	112,706
Reimbursed interest expense/income	800,296	-2,145,985
	<u>918,683</u>	<u>-2,033,279</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.

	2023	2022
	€	€
Operating expenses [8 & 9]		
Audit fee	45,887	21,628
Management fee	5,633	7,899
Management fee Foundation	2,487	-
Management fee Trustee	13,292	11,362
Audit related fee	50,186	71,105
Other general costs	902	713
	<u>118,387</u>	<u>112,706</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.

In accordance with the transaction documentation the management fee for the Foundation and the Trustee are borne by the Company.

The audit related fee consists of EUR 28,762 (2022: 24.200) for services as agreed in the engagement letter from KPMG. The audit fee of the year under review also consists an amount of EUR 17,126 with regard to the audit of the previous year's financial statements. The audit related fee consists of EUR 50,186 (2022: EUR 46.905) for the pool procedures and asset cover test performed by EY.

	2023	2022
	€	€
Corporate income tax [10]		
Corporate income tax	2,850	2,250

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.

ING Covered Bond Company B.V.

Annual Report 2023

Subsequent events

The Programme was updated on March 22, 2024.

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

Amsterdam, July 19, 2024

Director
Intertrust Management B.V.

ING Covered Bond Company B.V.
Annual Report 2023

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 2023 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 2023, and of its result for the year 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

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

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of 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, 19 July 2024

KPMG Accountants N.V.

R. Huizingh RA