

Annual Report 2022

NIBC SB Covered Bond Company B.V.

Amsterdam, The Netherlands

NIBC SB Covered Bond Company B.V.
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce: 86021869

mazars

Mazars N.V.
Initialed for
identification purposes only
CVO | 29-06-2023

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FINANCIAL REPORT

1 DIRECTOR'S REPORT

1.1 Activities

NIBC SB Covered Bond Company B.V. (hereinafter "the Company" or "CBC") was incorporated as a private company with limited liability under the laws of the Netherlands on 4 April 2022. The registered office of the Company is Basisweg 10, 1043 AP Amsterdam, The Netherlands. The managing director of the Company is Intertrust Management B.V., Basisweg 10, 1043 AP Amsterdam, the Netherlands.

The Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds ("the Bonds") issued by NIBC Bank N.V. ("the Issuer"), which is located at Carnegieplein 4, 2517 KJ, Den Haag. As consideration for the Company to meet its obligation under the issued guarantee, the Issuer will legally transfer eligible assets to the Company. The Issuer transferred eligible mortgage loans ("Mortgage Loans") to the Company through a silent assignment ('stille cessie'). Prior the occurrence of an Assignment Notification Event, or if the asset cover test has been breached or if a Notice to pay/CBC Acceleration Notice has been served, the Issuer is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occur or a notice has been issued, the Company will be entitled to all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee to pay interest and principal on the Bonds.

The objectives of the Company are, in the framework of a soft bullet covered bond programme of the Issuer, (a) to issue guarantees in favour of holder of covered bonds issues by NIBC Bank N.V. (b) to acquire, purchase, conduct the management of, dispose of and to encumber assets including receivables under or in connection with loans granted by a third party or by third parties and to exercise any rights connected to such assets, (c) to acquire monies to finance the acquisition of the assets including the receivables mentioned under (a), by way of issuing notes or other securities or by way of entering into loan agreements, (d) to on-lend and invest any funds held by the CBC, (e) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (f) in connection with the foregoing: (i) to borrow funds and (ii) to grant security rights or to release security rights to third parties, and (g) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

Since the issuance of the first series of Bonds neither an Assignment Notification Event, nor a breach of the asset cover test has occurred nor has a Notice to pay or a CBC Acceleration Notice been served. Therefore, the Issuer has the economic ownership of the Mortgage Loans. The Company is consolidated by the Issuer.

The Issuer may issue, under the Soft Bullet Covered Bond Programme, various series of Covered Bonds with a total nominal amount of EUR 10 billion (hereafter the "Covered Bond Programme"). On 16 June 2022, the Issuer issued a first series of Bonds in a total nominal amount of EUR 500 million. All Bonds in these series were still outstanding as per the year-end. Standard & Poors have rated the Bonds issued as AAA.

As per the year-end, the net outstanding nominal amount of Collateral (mortgages +/- saving deposits) was EUR 1,450.7 million.

The Trust Deed entered into by the Company, the Issuer and Stichting Security Trustee NIBC Covered Bond Company states that all cost and expenses of the Company and all cash flows from swaps will be received and paid on behalf of the Company by the Issuer for its own account. As a result, all amounts remaining in the Company will flow back periodically to the Issuer. Cash transactions to the Company are limited to bank interest received and bank interest charged through to the Issuer and the Company will not have the right to any of the proceeds.

The terms and conditions of the transaction are more fully described in the Prospectus dated 30 May 2022 ("the Prospectus") and the terms used in this Annual report generally match those used in the Prospectus. However, the Prospectus does not form a part of this Annual report.

Based on the set-up and structure of the company no profit or losses are foreseen, as all expenses are reimbursed to the Issuer and proceeds are payable by the Issuer.

1.2 Risk management

The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Bonds issued by the Issuer. As a consequence, the Company may in case the Issuer cannot fulfil its financial obligations towards the Company or the covered bond holders, amongst others, run interest rate and credit risk on both the Bonds and the mortgage portfolio. In order to limit these potential risks the Company will mitigate these risks through various instruments.

The risk appetite of the Company is low and matches the risk-profile of the Company. Various measures have been taken to mitigate the credit, concentration, interest rate and liquidity risks for the Company. These measures are described below:

Credit and concentration risk

The Company has no exposure to credit risk, which is the risk that the borrowers will be unable to pay amounts in full when due, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the Mortgage Loans are transferred to the Company. Until such time all risks and rewards associated with the assets are retained by the Issuer and the transferred Mortgage Loans are not recognised on the balance sheet of the Company. However, given the minimum required over-collateralisation of at least 5% a buffer is available to cover losses arising.

Interest rate risk

In order to limit the potential interest rate risk the Company may, if deemed necessary, enter into swap agreements in order to mitigate that risk. In relation to the Bonds issued and the portfolio transferred to the Company no swap agreement has been entered into by the Company. This, given the fact that the fixed interest rate on the Bonds is 1.875% is less than the average interest rate of all transferred receivables of 2.2%. At 31 December 2022, the Company does not have any swap agreements.

Furthermore, the notional amount outstanding of all transferred eligible Mortgage Loans and denominated cash should at least be 105% of the notional amount outstanding of all Bonds. At the balance sheet date the available statutory nominal over-collateralisation of the transferred eligible Mortgage Loans and denominated cash was 290.1%.

Liquidity risk

In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by the Issuer in a separate bank account held with Société Générale S.A .

Limited Recourse

Although credit, concentration, interest rate and liquidity risks are recognized, the exposure for the Company is limited. The Bonds are issued with limited recourse. If the event of a default occurs and the security is enforced, the proceeds may not be sufficient to meet the claims of all the Secured Creditors (the Covered Bond holders, directors, administrator, back-up administrator, servicers, custodian, paying agent, calculation agent, registrar, a swap counterparty (if any), asset monitor, CBC account bank, participants, transferor and such other party designated by the security trustee to become a Secured Creditor). If, following enforcement of the security, the Secured Creditors have not received the full amount due to them, the Secured Creditors will no longer have a claim against the Company. The Secured Creditors may still have an unsecured claim against the Issuer for the shortfall.

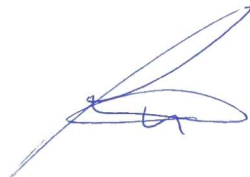
The reserve amount relates to the obligatory cash deposit made by the Issuer. The required amount is based on the scheduled interest due on the issued Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Bonds. The Company will refund the deposited amount to the Issuer when the issued Bonds have been repaid in full. The maturity dates of the issued series is 16 June 2027. The Company has per 31 December 2022 no exposure to foreign currency risk as all assets and liabilities are denominated in EUR.

1.3 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 (Dutch GAAP for the Company) 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.

Amsterdam, 29 June 2023

Intertrust Management B.V.
Director



Peter van der Linden
Proxyholder



Sytse van Ulsen
Proxyholder

FINANCIAL STATEMENTS

1 BALANCE SHEET AS AT 31 DECEMBER 2022
(before appropriation of result)

| | 31 December 2022 | |
|-------------------------------|------------------|-----------|
| | € | € |
| ASSETS | | |
| Current assets | | |
| Cash | (1) | 9,824,000 |
| | | 9,824,000 |
| EQUITY AND LIABILITIES | | |
| Equity | (2) | |
| Issued and paid-up capital | | 1 |
| Long-term liabilities | (3) | 9,823,896 |
| Current liabilities | (4) | 103 |
| | | 9,824,000 |

2 INCOME STATEMENT FOR THE PERIOD 4 APRIL 2022 - 31 DECEMBER 2022

| | 4 April 2022 - 31 December 2022 |
|---|---------------------------------------|
| | € |
| Income | - |
| Expenses | - |
| Result on ordinary activities before tax | - |
| Corporate income tax | - |
| Profit on ordinary activities after taxation | - |

4 NOTES TO THE FINANCIAL STATEMENTS

General

NIBC SB Covered Bond Company B.V. (hereinafter "the Company" or "CBC") was incorporated as a private company with limited liability under the laws of the Netherlands on 4 April 2022. The registered office of the Company is Basisweg 10, 1043 AP Amsterdam, The Netherlands with Chamber of Commerce number 86021869. The managing director of the Company is Intertrust Management B.V., Basisweg 10, 1043 AP Amsterdam, the Netherlands.

The Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds ("the Bonds") issued by NIBC Bank N.V. ("the Issuer"), which is located at Carnegieplein 4, 2517 KJ, Den Haag. As consideration for the Company to meet its obligation under the issued guarantee, the Issuer will legally transfer eligible assets to the Company. The Issuer transferred eligible mortgage loans ("Mortgage Loans") to the Company through a silent assignment ('stille cessie'). Prior the occurrence of an Assignment Notification Event, or if the asset cover test has been breached or if a Notice to pay/CBC Acceleration Notice has been served, the Issuer is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occur or a notice has been issued, the Company will be entitled to all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee to pay interest and principal on the Bonds.

The objectives of the Company are, in the framework of a soft bullet covered bond programme of the Issuer, (a) to issue guarantees in favour of holder of covered bonds issues by NIBC Bank N.V. (b) to acquire, purchase, conduct the management of, dispose of and to encumber assets including receivables under or in connection with loans granted by a third party or by third parties and to exercise any rights connected to such assets, (c) to acquire monies to finance the acquisition of the assets including the receivables mentioned under (a), by way of issuing notes or other securities or by way of entering into loan agreements, (d) to on-lend and invest any funds held by the CBC, (e) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (f) in connection with the foregoing: (i) to borrow funds and (ii) to grant security rights or to release security rights to third parties, and (g) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

Since the issuance of the first series of Bonds neither an Assignment Notification Event, nor a breach of the asset cover test has occurred nor has a Notice to pay or a CBC Acceleration Notice been served. Therefore, the Issuer has the economic ownership of the Mortgage Loans. The Company is consolidated by the Issuer.

The Issuer may issue, under the Soft Bullet Covered Bond Programme, various series of Covered Bonds with a total nominal amount of EUR 10 billion (hereafter the "Covered Bond Programme"). On 16 June 2022, the Issuer issued a first series of Bonds in a total nominal amount of EUR 500 million. All Bonds in these series were still outstanding as per the year-end. Standard & Poors have rated the Bonds issued as AAA.

NIBC SB Covered Bond Company B.V., Amsterdam

Transaction structure, management and related parties

The Issuer has assigned the assets used as Collateral for the Bonds issued by the Issuer to the Company. Interest and principal due on the Bonds is paid by the Issuer. If and when certain events occur and the Issuer cannot fulfil its financial obligations towards the Company or the Bond holders, a guarantee issued by the Company to the holders of the Bonds will be invoked and the Company has the obligation to pay amounts due and payable to the Bond holders.

As per the year-end, the net outstanding nominal amount of Collateral (mortgages +/- saving deposits) was EUR 1,450.7 million.

The Trust Deed entered into by the Company, the Issuer and Stichting Security Trustee NIBC Covered Bond Company states that all cost and expenses of the Company and all cash flows from swaps will be received and paid on behalf of the Company by the Issuer for its own account. As a result, all amounts remaining in the Company will flow back periodically to the Issuer. Cash transactions to the Company are limited to bank interest received and bank interest charged through to the Issuer and the Company will not have the right to any of the proceeds.

The terms and conditions of the transaction are more fully described in the Prospectus dated 30 May 2022 ("the Prospectus") and the terms used in this Annual report generally match those used in the Prospectus. However, the Prospectus does not form a part of this Annual report.

Based on the set-up and structure of the company no profit or losses are foreseen, as all expenses are reimbursed to the Issuer and proceeds are payable by the Issuer.

Furthermore, in this Programme the Company will after the service of a Notice to Pay only be required to sell Transferred Assets if the sale proceeds are sufficient to redeem the relevant Series of Bonds with respect to which a sale is undertaken. If the Company is not able to sell the Transferred Assets for the amount required the relevant Series will not be redeemed in full on the succeeding CBC Payment Date, but will be redeemed to the extent funds are available for such purpose in accordance with the Company's Priority of Payments. The Company will undertake its best efforts to sell Transferred Assets on each Refinance Date.

Stichting Holding NIBC SB Covered Bond Company ('the Foundation') holds all shares in the Company. The Foundation was incorporated under the laws of the Netherlands on 4 April 2022. The registered office of the Foundation is in Amsterdam, the Netherlands. The objectives of the Foundation are to incorporate, acquire and to hold shares in the Company and to exercise all rights attached to such shares and to dispose and encumber such shares. The sole director of the Foundation is Intertrust Management B.V. The Foundation and the Issuer are considered related parties to the Company. All transactions with related parties are considered to be conducted at arms' length.

Stichting Security Trustee NIBC SB Covered Bond Company ("the Trustee") was incorporated under the laws of the Netherlands on 16 March 2022. The registered office of the Trustee is in Amsterdam, the Netherlands. The main objective of the Trustee is to act as security trustee for the benefit of the creditors of the Company, including the holders of Bonds issued by the Issuer and guaranteed by the Company. The sole director of the Trustee is IQ EQ Structured Finance B.V. The director is appointed as per date of incorporation. The duty of the director shall be to provide services as set forth in the relevant agreement.

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company and controlled companies or the ultimate parent company and close relatives are regarded as related parties. Intertrust Management B.V. and the Issuer are considered to be related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Risk management

The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Bonds issued by the Issuer. As a consequence, the Company may in case the Issuer cannot fulfil its financial obligations towards the Company or the covered bond holders, amongst others, run interest rate and credit risk on both the Bonds and the mortgage portfolio. In order to limit these potential risks the Company will mitigate these risks through various instruments.

The risk appetite of the Company is low and matches the risk-profile of the Company. Various measures have been taken to mitigate the credit, concentration, interest rate and liquidity risks for the Company. These measures are described below:

Credit and concentration risk

The Company has no exposure to credit risk, which is the risk that the borrowers will be unable to pay amounts in full when due, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the Mortgage Loans are transferred to the Company. Until such time all risks and rewards associated with the assets are retained by the Issuer and the transferred Mortgage Loans are not recognised on the balance sheet of the Company. However, given the minimum required over-collateralisation of at least 5% a buffer is available to cover losses arising.

Interest rate risk

In order to limit the potential interest rate risk the Company may, if deemed necessary, enter into swap agreements in order to mitigate that risk. In relation to the Bonds issued and the portfolio transferred to the Company no swap agreement has been entered into by the Company. This, given the fact that the fixed interest rate on the Bonds is 1.875% is less than the average interest rate of all transferred receivables of 2.2%. At 31 December 2022, the Company does not have any swap agreements.

Furthermore, the notional amount outstanding of all transferred eligible Mortgage Loans and denominated cash should at least be 105% of the notional amount outstanding of all Bonds. At the balance sheet date the available statutory nominal over-collateralisation of the transferred eligible Mortgage Loans and denominated cash was 290.1%.

Liquidity risk

In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by the Issuer in a separate bank account held with Société Générale S.A.

Limited Recourse

Although credit, concentration, interest rate and liquidity risks are recognized, the exposure for the Company is limited. The Bonds are issued with limited recourse. If the event of a default occurs and the security is enforced, the proceeds may not be sufficient to meet the claims of all the Secured Creditors (the Covered Bond holders, directors, administrator, back-up administrator, servicers, custodian, paying agent, calculation agent, registrar, a swap counterparty (if any), asset monitor, CBC account bank, participants, transferor and such other party designated by the security trustee to become a Secured Creditor). If, following enforcement of the security, the Secured Creditors have not received the full amount due to them, the Secured Creditors will no longer have a claim against the Company. The Secured Creditors may still have an unsecured claim against the Issuer for the shortfall.

The reserve amount relates to the obligatory cash deposit made by the Issuer. The required amount is based on the scheduled interest due on the issued Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Bonds. The Company will refund the deposited amount to the Issuer when the issued Bonds have been repaid in full. The maturity dates of the issued series is 16 June 2027. The Company has per 31 December 2022 no exposure to foreign currency risk as all assets and liabilities are denominated in EUR.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position, statement of income and statement of cash flows of the Company and the director's report includes a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces.

Accounting Policies

Basis of preparation

The annual accounts were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The presentation of the income statement deviates somewhat from the models prescribed by Dutch law. The format presented is considered to provide a better insight into the Company's results.

The annual accounts are denominated in Euros, the functional and presentation currency.

Assets and liabilities are stated at the amounts at which they were acquired or incurred, unless indicated otherwise.

The accounting policies have been consistently applied to all the years presented, unless stated otherwise.

In the balance sheet, the income statement and the cash flow statement references are included. These references refer to the notes.

The Company's ultimate parent company is NIBC Holding N.V., The Hague, a public limited liability company incorporated under the laws of the Netherlands.

First book year

These are the Company's first Financial statements. The Statement of income and the Statement of cashflows reflect the period from 4 April 2022 to 31 December 2022.

Cash

Cash at bank is valued at nominal value and, insofar as not stated otherwise, is at the free disposal of the Company. Cash at bank relates to immediately due and payable withdrawal claims against credit institutions and cash resources.

Long-term liabilities

On initial recognition long-term liabilities are recognised at fair value. After initial recognition long-term liabilities are recognised at amortised cost price. All have a remaining maturity of more than one year.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at amortised cost price. All have a remaining maturity of less than one year.

Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. For the purposes of the cash flow statement, cash and cash equivalents comprise of balances with less than 90 days maturity or on demand.

Interest paid and received, receivables received, Deferred Purchase Price due to group companies paid, expenses paid and Liquidity Reserve Account reduction are included in cash from operations activities. Dividends paid and redemption of notes are recognised as cash used in financing activities. The movements in mortgages have been recognised as cash used in investing activities where it was settled in cash. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

| | <u>31-12-2022</u> |
|---|-------------------------|
| | € |
| 1. Cash | |
| Société Générale S.A. - CBC Account | -240 |
| Société Générale S.A. - Reserve Account | <u>9,824,240</u> |
| | <u><u>9,824,000</u></u> |

NIBC SB Covered Bond Company B.V., Amsterdam

Reserve Account

The Company has opened a reserve account (the "Reserve Account") to which amounts will be transferred by the Issuer and the Issuer undertakes to transfer to the Reserve Account on the Programme Date and on each date thereafter until the service of a Notice to Pay the amounts required, if any, in order to effect that amounts standing to the credit of the Reserve Account are equal to the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount and, until the service of a Notice to Pay, the Company (or the Administrator on its behalf) shall transfer to the CBC Account the excess, if any, of the amounts standing to the credit of the Reserve Account over the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount and after a Notice to Pay the Reserve Account will be credited with any amounts available after payment of all items ranking above item (f) of the CBC Priority of Payments have been paid or provided for up to the higher of (i) the Reserve Account Required Amount and (ii) the Mandatory Liquidity Required Amount.

These funds are not at the free disposal of the Company.

| | 31-12-2022 |
|--|------------|
| | € |
| 2. Equity | |
| Issued and paid-up capital | 1 |
| | <u>1</u> |
| Issued and paid-up capital | |
| Subscribed and paid up 1 ordinary shares at par value € 1.00 | 1 |
| | <u>1</u> |

The Company's issued and paid-up capital amounts to EUR 1 (1 share of EUR 1 par value). The shares are registered and are owned entirely by Stichting Holding NIBC SB Covered Bond Company, Amsterdam.

| | 4 April 2022 - 31 December 2022 |
|-----------------------------------|---------------------------------------|
| | € |
| <i>Issued and paid-up capital</i> | |
| Balance at 4 April 2022 | - |
| Issue of shares | 1 |
| Change | - |
| Balance at 31 December 2022 | 1 |
| | <u>1</u> |

| | 31-12-2022 |
|---------------------------------|------------------|
| | € |
| 3. Long-term liabilities | |
| Loans | 9,823,896 |
| | <u>9,823,896</u> |

The loan from NIBC Bank N.V. is used for funding the Reserve Account. No interest is calculated as agreed upon in the Trust Deed.

| | <u>31-12-2022</u> |
|-------------------------------|-------------------|
| | € |
| 4. Current liabilities | |
| Other liabilities | <u><u>103</u></u> |

OTHER DISCLOSURE

Subsequent events

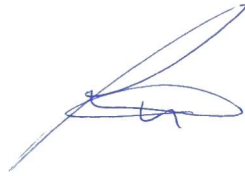
Management is not aware of any subsequent events which may substantially effect the financial position of the company.

Proposed appropriation of result

Management proposes to make no changes to the Company's General reserve as the profit for 2022 is nil.

Amsterdam, 29 June 2023

Intertrust Management B.V.
Director



Peter van der Linden
Proxyholder



Sytse van Ulsen
Proxyholder

OTHER INFORMATION

OTHER INFORMATION

1 Statutory appropriation of profit

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

2 Independent auditor's report

Refer to the next page for the independent auditor's report.