

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

**Financial statements 2019**

**Amsterdam, the Netherlands**

ABN AMRO Covered Bond Company B.V.  
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## **1 Director's report**

### **1.1 Activities and results**

#### **1.1.1 General**

ABN AMRO Covered Bond Company B.V. (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. At 31 December 2019 the Issuer had issued covered bonds for an amount of EUR 30.6 billion, secured by a portfolio of mortgage loans amounting approximately EUR 37.2 billion. A complete description of the transaction is included in the Base Prospectus dated 10 July 2019 which is publically available.

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

The Company does not employ any personnel.

The managing director is not a natural person, but a corporate director. The corporate director itself meets the requirements as set out in Article 2:391 paragraph 7 of the Dutch Civil Code. The managing director is responsible for establishing and maintaining adequate internal control over financial reporting. The managing director is also responsible for the preparation and fair presentation of the financial statements.

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

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

#### **1.1.2 Financial risk management**

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

##### **Credit and concentration risk**

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

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

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

As detailed in the Future developments the Dutch economy is affected currently by the corona crisis. It is unsure whether this circumstance will have a negative effect on the housing market. Furthermore, there is a marked slowdown in most of the important economic growth rates which indicate that the boom years may be coming to an end. The foregoing also applies specifically to the housing market in the Netherlands. Price rises at the end of 2019 were down to around 6% and falling. Expectations for 2020 and 2021 are that average increases will fall to some 2.6% and 1.9%, respectively. These rises are largely a result of continued low interest rates and generally favourable macro-economic developments. This all has a continued positive impact on the expected loss ratios on the loan portfolio as the gap between loan levels and the value of collateral generally rises. The growth in the mortgage market for the coming years is expected to outstrip the above price rises for dwellings, as the banks ease some of the terms and conditions for loans. The growth will be tempered somewhat by early redemptions that continue to be at historically high levels.

Whilst this has the effect of reducing the Company's exposure to credit and concentration risk, it will not eliminate it. Management is aware of the dangers that an overheated housing market can bring with it. Moreover, the positive expectations for the macro-

economic developments in particular are contingent on a number of local and global developments which may or may not materialise, and over which the Company has no control.

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

#### **Interest rate risk**

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Currently, there is an appreciable gap between the interest attracted on the underlying Mortgage Portfolio on the one hand and the covered bonds on the other hand. This situation is not expected to change appreciably in the coming years. The interest rate risk within the covered bond structure is now mainly mitigated via an interest reserve fund. Additionally there is a minimum interest rate of 1.5% for eligible mortgages in the cover pool. As both the mortgages and the covered bonds are mainly fixed rate, there is a natural hedging within the covered bond structure.

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

## **1.2 Future developments**

### *COVID-19 Virus*

The historical information and prospective trends in this report were primarily derived from public reports issued by DNB and the NVM. Subsequent to the issue of this information, the worldwide outbreak and spread of the COVID-19 virus has meant that the prospective information contained in this report will very likely be affected in some way. However, Management feels that the situation surrounding the COVID-19 virus is still too uncertain and volatile for it to be able to present more reliable forecasts.

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 that may well be caused by the COVID-19 virus outbreak. At this stage, it seems likely that the outbreak will result in an increased level of losses of both interest and principal on the Company's assets. The limited recourse principle (see above) 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 will not be borne by the Company's itself but rather by the Company's creditors and only ultimately the Company's shareholder. In accordance with RJ 170.104 of the Guidelines for Annual Reporting in the Netherlands, the Company will remain a going concern irrespective of the consequences of the COVID-19 virus outbreak. The Company intends 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. At this stage there are no indications that the level or quality of the service provided will be affected.

### *Economic developments*

The year 2019 has seen a continuation of the positive developments for the Dutch economy for just about all economic indicators, although in most areas, the level of growth was lower than in recent years. The Gross Domestic Product ("GDP") increased by around 1.7% in 2019, as compared to 2.5% in 2018. The expectations are that the GDP growth rate will level out around the 2% in the coming years. The reduced growth rate can also be seen as a reflection of declining levels of confidence expressed by consumers and in business and commerce. The spectacular growth in domestic house prices is coming to an end and the growth levels in the rest of the world and international trading also appear to be levelling off. Domestically, public spending and tax reductions are expected to provide positive impulses in the coming years but there continue to be capacity restrictions in the domestic economy, particularly in terms of skilled labour and some raw material shortages. A new capacity restriction was imposed in 2019 in the form of judgments from the Dutch High Court and European court concerning Nitrogen output levels (the 'Greenhouse effect'). This is already having the effect of delaying construction projects. Much of the expectations for the coming years are to a large degree dependent on developments in the rest of the world. The economic consequences of the rapid spread of Covid-19 ("Corona virus") forms a serious threat to the world economic outlook right now with short-term, medium-term and even long-term consequences being very unpredictable. The threat of a trade wars has receded somewhat in recent months, but

rising tension in the Middle East, developments in the emerging economies and the timing and consequences of Brexit currently form the other dangers to the projections. All could materially impact the growth expectations.

The confidence levels in the business and commerce sectors and investment levels are also expected to level off for reasons outlined above. On the a more positive side, there appears to be ample funding available, both from the banking and private sectors, as well as from increased liquidity arising from higher profit levels. A warning signal is that banks appear to be tightening their acceptance criteria recently.

Unemployment levels continued to reduce from 3.8% to 3.4% during 2019 but this trend is expected to reverse slowly with an estimate of 3.6% by the end of 2021. Whilst the growth in labour demand is expected to keep growing, the expectation is that it will be slightly outstripped by the increased supply of labour. The growth in employment positions in recent years has attracted a great number of particularly older and more experienced entrants to the labour markets. Nevertheless, an historically high level of employers is experiencing problems through a lack of staff. The shift in labour markets seen in recent years from fixed to flexible contracts has reversed as employers seek the added security of labour that fixed contracts bring. The number of freelancers also continues to grow steadily.

Headline Inflation rose from some 1.6% in 2018 to 2.7% in 2019 as a result of one-off increases in energy prices and the imposed increase in the low rate VAT. For each of the coming years, and without those effects, inflation is expected to settle at a level of around 2.0%. The major determinant of headline inflation is wage inflation which is expected to rise to 2.6% and 2.8% in 2020 and 2021, respectively. Pressure in the labour market outlined above is seen as the main cause. Wage inflation, in combination with lower personal taxes is expected to lead to increases in real disposable income.

The Dutch residential housing market is showing some signs of stabilisation. The number of transactions in 2019 was comparable to 2018 at around 210,000 and price increases reduced significantly to around 6-8%. Indications at the end of 2019 are that a shortage of supply of dwellings in the market will ensure that it remains to be a sellers' market. In addition, the continued low level of interest rates, high employment rates and the expected rise in the level of disposable income contribute to the demand levels. These factors lead to a continuation of rising prices, albeit that they are likely to stabilize as compared to recent years at a level of around 2-3%. As always, there are significant regional differences. Such variations occur foremost between the Randstad, particularly Amsterdam and surrounding areas, and the rest of the country. Some regions are also affected by local economic and social issues and developments.

The above prognosis for future price increases is also supported by the average time that dwellings spend on the market. At the end of 2019 that statistic stood at around just 38 days. In addition, the trend of delayed completion for new developments continues. The scarcity of labour and some raw materials, has now been joined by the issue of the judgment concerning Nitrogen output levels.

Risk levels for homeowners and lenders alike have again decreased since last year and this is expected to continue in the coming years, though regional differences should not be ignored in the analysis. New homeowners have for years been subjected to stricter lending conditions and existing homeowners have seen debt ratios decrease as a result of rising prices. Borrowers continue to early repay their loans in situations where they are locked into mortgage agreements at relatively high interest rates. New loans have shown a tendency to be agreed for relatively long interest periods, at relatively low rates. The expectations for growth in the mortgage finance sector exceed those for price increases for dwellings for the first time in several years. Mortgage lenders are experiencing market pressures from alternative finance sources and have responded by easing acceptance criteria.

In the light of the risk factors facing the Company, as described above, the economic developments over the past year or so and outlook are generally considered positive for the Company, except for the potential impact of COVID-19 which we described below. Management believes that the Company's risks are adequately mitigated by the various credit enhancements, as described in the Financial statements and the Prospectus. Moreover, the Company's obligations to Noteholders are of limited recourse (see above). Consequently, no noticeable changes in the current position of the Company are expected for the next 12 months.

The historical information and prospective trends in this report were primarily derived from public reports issued by DNB and the NVM.

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All of the above mentioned expectations for the coming years are to a large degree dependent on developments of the rapid spread of Covid-19 ("Corona virus") which forms a serious threat to the world economic outlook right now with short-term, medium-term and even long-term consequences being very unpredictable.

Amsterdam, 10 June 2020

Managing director  
Intertrust Management B.V.

## 2 Financial statements

### 2.1 Balance sheet as at 31 December 2019

(after appropriation of result)

|   | <i>Notes</i> | <u>December 31, 2019</u> | <u>December 31, 2018</u> |
|---|--------------|--------------------------|--------------------------|
|   |              | EUR                      | EUR                      |
| <b>ASSETS</b>                               |              |                          |                          |
| <b>Current assets</b>                       |              |                          |                          |
| Prepaid expenses and other receivables      | 2.4.1        | 26.015                   | 29.015                   |
| <b>Cash and cash equivalents</b>            |              |                          |                          |
| Issuer Dutch Account                        | 2.4.2        | 370.020.004              | 330.020.000              |
|   |              | <u>370.046.019</u>       | <u>330.049.015</u>       |
| <b>SHAREHOLDER'S EQUITY AND LIABILITIES</b> |              |                          |                          |
| <b>Shareholder's equity</b>                 |              |                          |                          |
| Share capital                               | 2.4.3        | 20.000                   | 20.000                   |
| <b>Current liabilities</b>                  |              |                          |                          |
| Loan  | 2.4.4        | 370.000.000              | 330.000.000              |
| Accrued expenses and other liabilities      |              | <u>26.019</u>            | <u>29.015</u>            |
|   |              | 370.026.019              | 330.029.015              |
|   |              | <u>370.046.019</u>       | <u>330.049.015</u>       |

2.2 Statement of income and expenses for the period 1 January 2019 until 31 December 2019

|                                      | <u>Year 2019</u> |                      | <u>Year 2018</u> |                      |
|--------------------------------------|------------------|----------------------|------------------|----------------------|
|                                      | EUR              | EUR                  | EUR              | EUR                  |
| <b>Income</b>                        |                  |                      |                  |                      |
| Guarantee fee                        | 15.000           |                      | 15.000           |                      |
| Reimbursed expenses                  | <u>30.112</u>    |                      | <u>30.015</u>    |                      |
|                                      |                  | 45.112               |                  | 45.015               |
| <b>Operating expenses</b>            |                  |                      |                  |                      |
| Administration fee                   | 4.000            |                      | 4.000            |                      |
| Auditor fee                          | <u>26.015</u>    |                      | <u>26.015</u>    |                      |
|                                      |                  | <u>30.015</u>        |                  | <u>30.015</u>        |
|                                      |                  | 15.097               |                  | 15.000               |
| <b>Financial income and expenses</b> |                  |                      |                  |                      |
| Interest expenses                    | <u>(97)</u>      |                      | <u>-</u>         |                      |
|                                      |                  | (97)                 |                  | -                    |
| <b>Income before taxation</b>        |                  | <u>15.000</u>        |                  | <u>15.000</u>        |
| Corporate tax                        |                  | 2.850                |                  | 3.000                |
| <b>Net result</b>                    |                  | <u><u>12.150</u></u> |                  | <u><u>12.000</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 Prins Bernhardplein 200 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. 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 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. The guarantee is secured by residential mortgage loans transferred to the Company by the Originators via silent assignment (*stille cessie*). Other assets may be included subject to contractual conditions.

This means that legal title has been transferred to the Company without notification to the borrowers. ABN AMRO Bank N.V. continues to receive all cash flows until notification to the Borrowers occurs following the occurrence of a Notification Event. Borrowers may be notified of the assignment and cash flows start running through the Company following a default of the issuer on its obligations under the Covered Bonds or a significant downgrade of the issuer's ratings.

The Guarantee Support Agreement provides that the transfer of the mortgage loans will be effectuated through a silent assignment (*stille cessie*) by the Originators to the Company. This means that legal ownership of the mortgage loans will be transferred to the Company by registration of a duly executed deed of assignment with the Dutch Tax Authority (*Belastingdienst*), without notifying the debtors of such transfer. The Company has granted a first ranking right of pledge over the Company rights to Stichting Trustee ABN AMRO Covered Bond Company. The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties, including the Covered Bond holders, can lead to exercising the right of pledge by Stichting Trustee ABN AMRO Covered Bond Company. ABN AMRO BANK N.V. and subsidiaries are considered related parties.

### **Programme**

The net amount outstanding of the issued Bonds at year-end is EUR 30.6 billion (previous year: EUR 30.7 billion) against a portfolio of mortgage loans totalling EUR 37.2 billion (previous year: EUR 36,5 billion).

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

|         |      |                  |                 |
|---------|------|------------------|-----------------|
| Fitch   | "A+" | negative outlook | 17 January 2020 |
| Moody's | "A1" | stable outlook   | 02 January 2020 |

## **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**

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

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

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

As detailed in the Future developments section below, the Dutch economy continued to prosper in 2019 and most macro-economic developments are still showing positive trends. However, there is a marked slowdown in most of the important economic growth rates which indicate that the boom years may be coming to an end. The foregoing also applies specifically to the housing market in the Netherlands. Price rises at the end of 2019 were down to around 6% and falling. Expectations for 2020 and 2021 are that average increases will fall to some 2.6% and 1.9%, respectively. These rises are largely a result of continued low interest rates and generally favourable macro-economic developments. This all has a continued positive impact on the expected loss ratios on the loan portfolio as the gap between loan levels and the value of collateral generally rises. The growth in the mortgage market for the coming years is expected to outstrip the above price rises for dwellings, as the banks ease some of the terms and conditions for loans. The growth will be tempered somewhat by early redemptions that continue to be at historically high levels.

Whilst this has the effect of reducing the Company's exposure to credit and concentration risk, it will not eliminate it. Management is aware of the dangers that an overheated housing market can bring with it. Moreover, the positive expectations for the macro-economic developments in particular are contingent on a number of local and global developments which may or may not materialise, and over which the Company has no control.

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

#### **Interest rate risk**

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Currently, there is an appreciable gap between the interest attracted on the underlying Mortgage Portfolio on the one hand and the covered bonds on the other hand. This situation is not expected to change appreciably in the coming years. The interest rate risk within the covered bond structure is now mainly mitigated via an interest reserve fund. Additionally there is a minimum interest rate of 1.5% for eligible mortgages in the cover pool. As both the mortgages and the covered bonds are mainly fixed rate, there is a natural hedging within the covered bond structure.

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

### **2.3.4 Principal accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### **Basis of presentation**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in the Netherlands and comply with Section 9 Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in the joint currency of the European Monetary Union, the euro ("EUR"). In principle, unless otherwise stated, assets and liabilities are stated at nominal value and financial assets and financial liabilities are stated at amortised cost using the effective interest method. If deemed necessary, a provision is deducted from the nominal amount of accounts receivable. Initial measurement is at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

The Company is considered a small entity for Dutch statutory reporting purposes and therefore, in accordance with the provisions of Article 396, 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 recognised in the statement of income when an increase in economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be estimated with a sufficient reliability. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be estimated with sufficient reliability. The revenue and expenses are allocated to the period to which they relate.

#### **Comparison last year**

If deemed necessary, comparative amounts have been reclassified or restated to conform to the current year's presentation.

#### **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 comments**

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 Prepaid expenses and other receivables**

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

### **2.4.2 Cash and cash equivalents**

In June 2015 ABN AMRO Bank N.V. has put an amount of EUR 1,1 billion on the Company's account. This is because of the contractual obligation of ABN AMRO Bank N.V. under its Covered Bond Programme to have liquid assets in the cover pool following the downgrade of the Fitch short-term bank rating from F1+ to F1. As the required amount declined during time, the total balance was EUR 0,37 billion on 31 December 2019.

### **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 2019, no movements occurred in the shareholder's equity.

#### **Result current year**

The result out of the financial year 2019 amounts to EUR 12.150.

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

#### **Loan**

This loan is payable to ABN AMRO Bank N.V. and reflects an additional funding under the Covered Bond Programme in order to provide for short term payment obligations. The payment obligation to ABN AMRO Bank N.V. reflects the amount held in cash in order to meet the requirements of the Programme.

#### **Corporate income tax payable**

The provision for corporate income tax has been calculated in accordance with the policies as set out in paragraph 2.3.6.

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

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

### **2.4.5 Operating expenses**

#### **General and administrative expenses**

Ernst & Young Accountants LLP charged the Company EUR 26.015 (previous year: EUR 26.015) for the audit of the financial statements. Ernst & Young Accountants LLP did not deliver any other services to the Company during 2019.

### **2.4.6 Other notes to the financial statements**

#### **Employees**

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

#### **Remuneration of the Directors Board of Supervisory Directors**

The Board of Directors consists of one corporate director; the remuneration of the Director is nil.

The Company does not have a Board of Supervisory Directors.

### **2.4.7 Proposed appropriation**

The profit for the year ended 31 December 2019 is EUR 12.150.

During September 2019, the management board of the Company has resolved to distribute an Interim Dividend in the net amount of EUR 12.150.

### **2.4.8 Post-balance sheet events**

It is currently not possible to estimate the impact of COVID-19 on the business of the Company. The uncertainties associated with the COVID-19 outbreak are high and it is currently not possible to estimate future effects. We believe that based on current insights, no material uncertainty relating to going concern exists and therefore the going concern assumption used in preparing the financial statements is appropriate. The COVID-19 crisis is not expected to create uncertainty about the Company's ability to continue operating. COVID-19 will have some impact, but we do not expect any major consequences, in terms of future performance, asset valuation, or activities of the company in general. The Company is confident at this stage that it will be able to draw on the expertise of third-party suppliers and service providers to be in a position to satisfy its obligations under the

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Transaction Documentation. We believe that based on current insights, no material uncertainty relating to going concern exists and therefore the going concern assumption used in preparing the financial statements is appropriate.

Amsterdam, 10 June 2020  
Managing 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.