

































# **Aegon SB Covered Bond Company B.V.**

## **Annual Report 2022**

### **Interest rate risk**

In order to limit the potential interest rate risks the Company may, if deemed necessary, enter into a swap agreement in order to mitigate the interest rate risk. In relation to the series issued and the portfolio transferred to the Company no swap agreement has been entered into by the Company. This given the fact that the average fixed interest rate on the Bonds, of 0.3490% (previous year: 0.3490%), is less than the average interest rate of 2,89% on all transferred mortgage loans (previous year: 2,94%) and the obligation of AEGON to offer for a succeeding interest period, of the transferred mortgage loans a minimum mortgage interest rate of 0.88% (previous period: 1.0%).

Furthermore, the notional amount outstanding of all transferred eligible mortgage loans should at least be 105% of the notional amount outstanding of all Bonds. At the balance sheet date the notional amount outstanding of the transferred eligible mortgage loans was 118.37% (previous year: 107.19%).

Please note that the Interbank Offered Rates ("IBORs") are phased out with most likely of some of tenors of USD Libor to be extended until the end of June 2023. The IBORs will be replaced by Risk Free Rates ("RFRs"), which prove to be more liquid and anchored in active markets rates. Based on the aforementioned timelines, we conclude that there is no material impact on the Company as far as the financial statements of 2022 are concerned. In the meantime the process in place with regards to the transition from the current benchmark rates to the reformed benchmarks will be monitored going forward and make adjustments in the figures where deemed necessary.

### **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations towards the holders of the Bonds and other creditors, as they become due. In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by AEGON on a separate bank account held by the Company with BNG Bank N.V. ("BNG").

### **Limited Recourse**

Although interest rate risk, credit risk and liquidity risk are recognized, the exposure to the Company is limited. The Bonds are issued with limited recourse. If an event of default occurs and the security is enforced, the proceeds may not be sufficient to meet the claims of all the "Secured Creditors" (the Covered Bondholders, directors, administrator, back-up administrator, servicers, custodian, paying agent, calculation agent, registrar, each 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 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.



# **Aegon SB Covered Bond Company B.V.**

## **Annual Report 2022**

### **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 have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code and in accordance with Dutch Accounting Standards ("RJ"). This is normal course of business for this kind of special purpose vehicles due to the uniqueness of the structure and accompanying financial statement line items. The applied accounting policies for all assets and liabilities are based on the historic cost convention, which effectively comprises the cost of the transaction. The Balance Sheet, Statement of Income and the Statement of cash flows statement include references to the notes.

An asset is recognised 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 of which the amount can be measured reliably. Assets that are not recognised in the Balance Sheet are considered as off-Balance Sheet assets. A liability is recognised in the Balance Sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Allowances are included in the liabilities of the Company. Liabilities that are not recognised in the Balance Sheet are considered as off-Balance Sheet liabilities.

An asset or liability that is recognised in the Balance Sheet, remains recognised on the Balance Sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are considered. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the Balance Sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the Statement of Income.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed taking into account any allowances related to the transaction.

These financial statements are presented in EUR. All amounts are in EUR, unless stated otherwise.

# **Aegon SB Covered Bond Company B.V.**

## **Annual Report 2022**

### **Significant accounting judgments and estimates**

The preparation of the financial statements requires the Director 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. It also requires the Director to exercise its judgement in the process of applying the Company's accounting policies.

The actual results may differ from these estimates. 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.

If necessary, for the purposes of providing the view required under article 2.362.1 Dutch Civil Code (DCC), the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the applicable financial statement items.

### *Going Concern*

The Director has assessed 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, the Director 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 continue to be prepared on the going concern basis.

### *Impairment losses on mortgage loans*

The Company reviews the underlying mortgage loans individually to determine whether provision should be made due to incurred loss events for which there is objective evidence, but of which effects are not yet evident. The assessment takes into account the data from the loan portfolio (such as credit quality, levels of arrears, loan to collateral ratios, historical loss patterns, etc.).

Ultimately, the Company's obligations towards the Issuer and holders of the Bonds in issue have limited recourse to the payments received on the mortgage loans and other income of the Company. If the incurred credit losses on the mortgage loans impair the Company's ability to repay either of those parties in full then the liabilities will be deemed to have been discharged in full once the available funds are paid out. This limited recourse arrangement acts as a hedge against the credit

### **Financial instruments**

These financial statements contain the following financial instruments: other receivables, cash and cash equivalents, long-term liabilities and current liabilities.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. After initial recognition, financial instruments are valued at amortised cost. For any specific applicable accounting policy see the specific descriptions of the financial instruments in this section.

### **Other receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost. All receivables included under current assets are due in less than one year. The fair value of the current assets approximates the book value due to its short-term character. If a receivable is uncollectable, it is written off against the Statement of income.

# **Aegon SB Covered Bond Company B.V.**

## **Annual Report 2022**

### **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. The fair value of the cash and cash equivalents approximates the book value due to its short-term character.

### **Current liabilities**

After initial measurement at fair value, current liabilities are carried at amortised cost. All liabilities included under current liabilities are due in less than one year. Gains or losses are recognised in the Statement of income when the liabilities are derecognised, as well as through the amortisation process when applicable. The fair value of the current liabilities approximates the book value due to its short-term character.

### **Result**

The result is the difference between the income and the general and administrative expenses during the year. The results on transactions are recognised in the year in which they are realised.

### **Revenue recognition**

Income is recognised in the Statement of income when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability.

Income and expenses, including taxation, are allocated to the period to which they relate.

### **General and administrative expenses**

General and administrative expenses are accounted for in the period in which these are incurred.

### **FAIR VALUE FINANCIAL INSTRUMENTS**

Due to the short-term nature of the cash and cash equivalents, the Balance with the Seller and other liabilities included in these Financial statements, the estimated fair value for these financial instruments approximates the book value.

### **CORPORATE INCOME TAX**

The Company is liable to Dutch corporate income tax under a tax ruling. This stipulates that the Company should report annual income on the basis of a 10% mark-up on the Director's fee, with a minimum of EUR 2,500.

### **STATEMENT OF CASH FLOW**

The statement of cash flows has been prepared using the indirect method. The cash items disclosed in the statement of cash flows are comprised of cash and cash equivalents. Income taxes are included in cash from operating activities. Dividends, when applicable, are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the statement of cash flows.

# Aegon SB Covered Bond Company B.V.

## Annual Report 2022

### 2.5 Notes to the Balance sheet

#### CURRENT ASSETS

	December 31, 2022	December 31, 2021
	€	€
<b>Other Receivables [1]</b>		
Receivable AEGON	30.909	30.989
	<u>30.909</u>	<u>30.989</u>

The other receivables consists of costs reimbursed to the Company by AEGON, but still need to be received by the Company. All receivables fall due within one year.

	December 31, 2022	December 31, 2021
	€	€
<b>Cash and cash equivalents [2]</b>		
Custody Account	280	771
CBC Account	880	991
	<u>1.160</u>	<u>1.762</u>

#### *Custody Account*

The Custody Cash Account relates to a floating rate current account with ABN AMRO Bank N.V. The rate of interest on the custody cash account is determined by Euro Short-Term Rate (€STR) minus a spread amounting to 16.5 basis points.

#### *CBC Account*

The CBC account relates to a floating rate current account with BNG. The rate of interest on the collection account is determined by the Euro Short-Term Rate (€STR) minus a spread amounting to 17.5 basis points.

#### *Reserve account*

The CBC shall maintain a Reserve Account with the CBC Account Bank, where the Reserve Account required amount will be credited in the event of an Issuer default. Typically, the Reserve Account balance will be zero due to limited recourse. A margin of 17.5 basis points per annum may be applied to the CBC Account balance.

# Aegon SB Covered Bond Company B.V.

## Annual Report 2022

### 2.5 Notes to the Balance sheet

#### SHAREHOLDERS' EQUITY [3]

The authorised capital which are issued and paid-in amounts to € 1, consisting of 1 ordinary share of € 1.

	2022 €	2021 €
<b>Share Capital</b>		
<i>Balance as per beginning of period</i>	1	-
Issue share	-	1
<i>Balance as per end of period</i>	<u>1</u>	<u>1</u>

#### Result for the period

	2022 €	2021 €
<i>Opening balance</i>	2.125	-
Undistributed profit transferred to Other reserves	-2.125	-
Result for the period	2.125	2.125
<i>Closing balance</i>	<u>2.125</u>	<u>2.125</u>

The net result for the year amounts to EUR 2,125.

#### Proposed appropriation

The net result for the year under review is EUR 2,125. The Director proposes to add the net result to the other reserves.

#### CURRENT LIABILITIES [4]

	December 31, 2022 €	December 31, 2021 €
<b>Taxes</b>		
Corporate income tax	<u>375</u>	<u>375</u>

#### Accrued expenses and other liabilities

	December 31, 2022 EUR	December 31, 2021 EUR
Audit fee	<u>27.443</u>	<u>30.250</u>
	<u>27.443</u>	<u>30.250</u>

Accrued expenses and other liabilities are due within a year. As part of the Trust Deed all income and expenses are settled with AEGON. All current liabilities have a maturity of less than one year.

# Aegon SB Covered Bond Company B.V.

## Annual Report 2022

### 2.6 Notes to the Statement of income

	2022	2021
	€	€
<b>Income [5]</b>		
Charged to AEGON	1.236.507	769.081
	<u>1.236.507</u>	<u>769.081</u>

As part of the Trust Deed all expenses are charged and settled with AEGON. The expenses recharged to AEGON is the recharge of the expenses towards AEGON.

	2022	2021
	€	€
<b>General and administrative expenses [6]</b>		
Pool servicing fee	1.074.841	627.851
Administration fee	91.336	65.930
Management fee	39.676	42.130
Audit fees	27.443	30.250
Negative interest on bank accounts	5	5
Other expenses	706	415
	<u>1.234.007</u>	<u>766.581</u>

The Administration fee and Management fee were payable to a related party.

The costs are determined on a historical basis and are attributed to the reporting year to which they relate.

With reference to Section 2:382a of the DCC, the following fees for the financial year have been charged by PricewaterhouseCoopers Accountants N.V. to the Company (previous year: PricewaterhouseCoopers Accountants N.V.), see below for more details.

Current year	Pricewaterhouse- Coopers Accountants N.V.	Other Pricewaterhouse- Coopers Accountants N.V. firms / affiliates	Totals
	EUR	EUR	EUR
Audit of the financial statements	27.443	-	27.443
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<u>27.443</u>	<u>-</u>	<u>27.443</u>

Previous year	Pricewaterhouse- Coopers Accountants N.V.	Other Pricewaterhouse- Coopers Accountants N.V. firms / affiliates	Totals
	EUR	EUR	EUR
Audit of the financial statements	30.250	-	30.250
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<u>30.250</u>	<u>-</u>	<u>30.250</u>

The fees listed above relate to the procedures applied to the Company by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties- Wta") as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

# **Aegon SB Covered Bond Company B.V.**

## **Annual Report 2022**

	2022	2021
<b>Corporate income tax [7]</b>	€	€
Corporate income tax	375	375

Based on the set-up of the transaction, the Company agreed to distribute the operating result, after the general and administrative expenses and taking the predetermined result after tax into account, to the Originator. On the other hand, possible remaining losses are deducted from certain classes of creditors and/or Noteholders. The Company realizes a (fixed) minimum profit, which is in line with the best practice. As a result, the Financial statements of the Company include a tax charge.

Taxation is calculated on the reported pre-tax result, at the prevailing tax rates.

### **Employees**

During the period under review the Company did not employ any personnel in and outside the Netherlands (previous period: nil).

### **Remuneration of the of Director**

The remuneration of the Director amounts to EUR 16,053.

The Company does not have a board of supervisory directors.

### **Proposed appropriation of result**

The net result for the year under review is EUR 2,125 (previous period EUR 2,125). The Director proposes to add the net result to the Other reserves.

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

During 2022 Aegon reached an agreement with a.s.r. to combine its Dutch pension. Life and non-life insurance, banking, and mortgage origination activities with a.s.r. As a result of this merger, the rating of the Issuer changed from A/Stable to A/Watch Neg.

Amsterdam, May 9, 2023

Director  
Intertrust Management B.V.

# ***Aegon SB Covered Bond Company B.V.***

## ***Annual Report 2022***

### **3. Other information**

#### **3.1 Statutory provisions**

In accordance with article 19 of the Company's articles of association and applicable law, the Director is authorised to retain the profits or a part thereof, as appears from the most recently adopted financial statements. The general meeting is subsequently authorised to resolve to distribute or to reserve what then remains of the profits or a part thereof. The general meeting is also authorised to resolve to make interim distributions, which includes

The Company may make distributions to the shareholder only to the extent that the Company's shareholder's equity exceeds the sum of the reserves which it is legally required to maintain.

The Company may only follow a resolution of the General Meeting to distribute after the management board has given its approval to do this. The Director withholds approval only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

#### **3.2 Independent auditor's report**

See next page.





## *Independent auditor's report*

To: the general meeting of Aegon SB Covered Bond Company B.V.

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### *Report on the financial statements 2022*

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#### *Our opinion*

In our opinion, the financial statements of Aegon SB Covered Bond Company B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2022 of Aegon SB Covered Bond Company B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2022;
- the statement of income for the year then ended 31 December 2022;
- Statement of cash flows for the year ended 31 December 2022 and;
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

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#### *The basis for our opinion*

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### *Independence*

We are independent of Aegon SB Covered Bond Company B.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (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).

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## ***Report on the other information included in the annual report***

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The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor’s report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the director’s report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

The director is responsible for the preparation of the other information, including the director’s report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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## ***Responsibilities for the financial statements and the audit***

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### ***Responsibilities of the director***

The director is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the director is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going-concern basis of accounting unless the director either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The director should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern.



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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 9 May 2023  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by C.C.J. Segers RA



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## ***Appendix to our auditor's report on the financial statements 2022 of Aegon SB Covered Bond Company B.V.***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

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 consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Concluding on the appropriateness of the director's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease 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 the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.