# Knab SB Covered Bond Company B.V.

## Annual Report 2023

## Amsterdam, the Netherlands

Knab SB Covered Bond Company B.V.
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce Amsterdam 82140421

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# 1. Director's report

## 1.1 Activities and results

The Director of the Company herewith presents to the shareholder the Annual Report of Knab SB Bond Company B.V. (the “Company") for the year 2023. On April 5, 2024 the Company changed its name from Aegon SB Covered Bond Company B.V. into Knab SB Covered Bond Company B.V.

**General**
The Company is a private company with limited liability incorporated under the laws of the Netherlands on March 9, 2021. The statutory address of the Company is Basisweg 10, 1043 AP Amsterdam, the Netherlands. The Company’s Dutch Chamber of Commerce registration number is 82140421. All shares issued by the Company are held by Stichting Holding Knab SB Covered Bond Company, which also is established in 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 Knab N.V. (“KNAB” or “the Issuer”) which is located at Thomas R. Malthusstraat 1-3, 1066 JR Amsterdam. As consideration for the Company to meet its obligation under the issued guarantee, KNAB will assign eligible assets to the Company. KNAB assigned eligible mortgage loans to the Company through a silent assignment (in Dutch "stille cessie"). Meaning that until the occurrence of an Assignment Notification Event (reference is made to the Base Prospectus), the asset cover test has been breached or a Notice to pay / CBC Acceleration Notice have been served, KNAB is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occurs or notice(s) have been issued, the Company will be entitled to receive all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee; payment of interest and principal on the Bonds.

KNAB may issue, under the Covered Bond Programme, various series of Covered Bonds with a total notional amount of EUR 5,000 million. On June 9, 2021 KNAB issued under this programme a first series of Bonds in a total value of EUR 500 million. All Bonds of this first series were still outstanding as per December 31, 2023. On June 28, 2023 KNAB issued a second series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this second series were still outstanding as per December 31, 2023. On November 14, 2023 KNAB issued a third series of Bonds for a total nominal value of EUR 500 million. All Bonds of this third series were still outstanding as per December 31, 2023. On November 14, 2023 KNAB issued a fourth series of Bonds for a total nominal value of EUR 500 million. All Bonds of this fourth series were still outstanding as per December 31, 2023.

As per December 31, 2023 the net outstanding nominal amount of the transferred mortgage loans was EUR 2,313 million (previous year: EUR 578 million).

The Bonds were rated by both Standard & Poor's and Fitch at issuance. Both rating agencies rated the Bonds issued at AAA. The ratings assigned by Standard & Poor's to all outstanding series of Bonds have not been amended since their issuance. The ratings assigned by Fitch to all outstanding series of Bonds have been withdrawn upon request of KNAB at December 1, 2020.

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.

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

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and statement of income of the Company and the director’s report includes a 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.

**Personnel**
As all operational activities are performed by external parties, the Company does not have any personnel.

**Financial reporting**
The Director is responsible for establishing and maintaining adequate internal control over financial reporting. The Director is also responsible for the preparation and fair presentation of the financial statements. The Company's internal control over financial reporting is included in the ISAE 3402 framework of the Director.

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.

**Comparison with prior year**
The principles of valuation and determination of result remain unchanged compared to the prior year.

**RISK MANAGEMENT**
In the event that the Company will take over the servicing of the Bonds, the Company will run interest rate and credit risk on the Bonds and the mortgage portfolio. In order to limit these potential risks the Company mitigated these risks via other financial instruments.

The risk appetite of the Company is low and matches the risk-profile of the Company. As said, various measurements have been taken to mitigate the risks for the Company. The main risks are various financial risks dealt with below.

**Financial risk management**
The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Bonds issued by KNAB. As a consequence, the Company will then, amongst others, run interest rate risks on both the Bonds and the mortgage portfolio.

**Credit and concentration risk**
Credit risk is mainly related to the economic conditions, as well as environmental conditions (including climate risk), and the risk that individual borrowers might be unable to fulfil their payment obligations. The Company has no exposure to credit risk, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the mortgage loans are transferred to the Company, with a maximum credit risk of EUR 2,312 million (previous year: EUR 578 million). Until that moment all risks and rewards associated with the assets are retained by KNAB 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 risks the Company may, if deemed necessary, enter into a swap agreement. In relation to the series issued and the mortgage 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 2.69% (previous year: 0.38%, is less than the average interest rate of 3.29% (previous year: 2.89%) on all transferred mortgage loans and the obligation of KNAB to offer, for a succeeding interest period of the transferred mortgage loans, a minimum mortgage interest rate of 1.01%.

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 113.46% (previous year: 114.59%).

**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 KNAB 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.

**Risk appetite**

Based on the above, the Company is of the opinion that all significant risks are adequately addressed and that no ongoing risk assessment is deemed necessary. The credit enhancements granted are all part of the risk control measures. As a result, the Company's risk appetite is low.

**Results**

Apart from a minimum profit amount which is equal to the lowest of 10% of the management fee and EUR 2.500, in accordance with the Prospectus, representing taxable income for corporate income tax purposes in the Netherlands, in accordance with common practice for securitizations, all income and expenses are allocated to the parties concerned in the funding arrangement. Reference is made to the general notes to the financial statements for further details.

The result for the year 2023 amounts to EUR 2.025 (previous year: EUR 2.125)

Based on the set-up and structure of the Company, a special purpose vehicle with a fixed/predetermined amount of profit each year, no information or analyses are presented on the solvency, liquidity or any other performance ratios.

**Research and development**

Based on the set-up and structure of the Company, a special purpose vehicle, no information or analyses is presented on the subject matter of research and development.

**Environmental, Social & Governance (ESG)**

The Company is setup as a Special Purpose Vehicle and due to that reason has set no ESG goals. The Director is of the opinion that the Company itself has no direct influence into the ESG related aspects, as the Company has no activities that directly impact the environment or social aspects. For ESG reporting in which the Company has an indirect role, we refer to the ESG reporting of foremost the Originator and secondly to the ESG reporting provided by the other involved parties.

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

**Audit committee**
The Company is an entity for securitization purposes according to Article 1 ministerial decree prudence rules Financial Supervision Act (Article 1, Decree on Prudential Rules for Financial Undertakings). As such the Company makes use of the exemption for securitization vehicles, concerning the obligation to establish an audit committee as defined in article 3d of the implementing regulation enforcing Article 41 of the European Directive no. 2006/43/EG. The implementing regulation came into effect in the Netherlands on August 8, 2008. The duties of the audit committee rest with the Director.

**Conflict in the Ukraine and Middle East**
As the Company's assets are located in the Netherlands, its direct exposure to the current conflicts in the Ukraine and the Middle East is very limited. However, the Company's operations and future prospects could be indirectly impacted by the effects that the conflicts may have on the economy as a whole. The limited recourse principle embedded in the transaction means that any such negative consequences are transferred from the Company to the Originator and/or Noteholders and/or Subordinated Loan holder.

## 1.2 Future developments
This macro-economic analysis in this section is largely based on data and expectations presented by De Nederlandsche Bank ("DNB") and the Central Bureau of Statistics ("CBS"). The analysis that focusses particularly on the housing market also includes information derived from reports from the NVM. The NVM is involved in the vast majority, but not all, of the transactions on the Dutch housing market and, as such, the information needs to be seen as merely indicative of the housing market as a whole.

The prediction of future trends and the quantification of developments is inherently a difficult task, full of uncertainties. The calculation of economic indicators and predictions will inevitably lag behind events and some of the information available may not be completely up-to-date with developments.

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

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

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

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

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

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

Headline inflation decreased from an average of 11.6% in 2022 to some 4.1% in 2023 as energy prices decreased by some 23%. However, inflationary pressures were experienced from higher consumer prices, for foodstuffs in particular. The expectation is that the inflation levels for the years 2024 and 2025 will be at 2.9% and 2.2%, respectively. This expectation is based on a low exit rate for 2023, though it is the expectation that the levels will be negatively influenced by lagging wage inflation and a hesitant economy. The expectation is that the targeted long-term inflation rate of 2% will be reached at the end of 2025.

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

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

It is important to reiterate that the Company was incorporated specifically for its role in a structured finance transaction and is governed by the terms and conditions of the Prospectus and other Transaction Documents. These are drawn up, inter alia, to foresee all possible future economic conditions, including those caused by, for instance, political conflicts and pandemics. At this stage, it is quite possible that the consequences of adverse economic conditions will result in an increased level of losses of both interest and principal on the Company's assets. The limited recourse principle embedded in the Prospectus and Transaction Documents dictates that any such losses from the Company's assets are to be borne by the Company's creditors, in accordance with a pre-determined priority of payments waterfall.

Consequently, any such losses are unlikely to be borne by the Company itself but rather by the Company's creditors, including the beneficiary of the Deferred Purchase Price, the Noteholders, and only ultimately the Company's shareholder. The Company intends to continue to act within the terms and conditions set out for it by the Transaction Documents, and to otherwise comply with all its other obligations. The Company has no employees and is dependent on third-party service providers. However, the level and quality of the service provided has remained unaffected by the events of the recent years.

In conclusion, the Company expects to remain a going concern. The Director believes that the Company's risks are adequately mitigated by the various measures such as financial instruments and credit enhancements entered into, as described in the Financial statements and the Prospectus. Also, as the Company's obligations to the Noteholders are of limited recourse, no significant changes in the current position of the Company are expected for the next 12 months.

**Post-balance sheet events**

On February 1, 2024 ASR Nederland B.V. announced that it reached an agreement to sell KNAB to BAWAG Group AG. The closing of this transaction is expected in the second half of 2024. The Director expects that this transaction has no impact on the Company, but will monitor this closely.

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

Amsterdam, September 26, 2024

Director
Intertrust Management B.V.

## 2. Financial statements

## 2.1 Balance sheet as at December 31, 2023

(before result appropriation)

| | Note | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| **ASSETS** | | € | € | € | € |
| **Current assets** | | | | | |
| Taxes | [5] | 28 | | - | |
| Other receivables | [1] | - | | 30,909 | |
| | | | 28 | | 30,909 |
| **Cash and cash equivalents** | [2] | | 2,178,083 | | 1,160 |
| **Total assets** | | | 2,178,111 | | 32,069 |
| **SHAREHOLDER'S EQUITY AND LIABILITIES** | | | | | |
| **Shareholder's equity** | [3] | | | | |
| Issued share capital | | 1 | | 1 | |
| Other reserves | | 4,250 | | 2,125 | |
| Result for the period | | 2,025 | | 2,125 | |
| | | | 6,276 | | 4,251 |
| **Non-current liabilities** | [4] | | | | |
| Non-current liabilities | | 2,131,000 | | - | |
| | | | 2,131,000 | | - |
| **Current liabilities** | [5] | | | | |
| Taxes | | - | | 375 | |
| Liability KNAB | [1] | 6,531 | | - | |
| Accrued expenses and other liabilities | | 34,304 | | 27,443 | |
| | | | 40,835 | | 27,818 |
| **Total Shareholder's equity and liabilities** | | | 2,178,111 | | 32,069 |

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

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

| | Note | 2023 | 2023 | 2022 | 2022 |
|---|---|---|---|---|---|
| | | € | | € | |
| Income | [6] | 2,294,564 | | 1,236,507 | |
| | | | 2,294,564 | | 1,236,507 |
| General and administrative expenses | [7] | -2,292,396 | | -1,234,002 * | |
| | | | -2,292,396 | | -1,234,002 |
| Interest income and similar income | | 332 | | - * | |
| Interest expense and similar charges | | - | | -5 * | |
| | | | 332 | | -5 |
| **Result before taxation** | | | 2,500 | | 2,500 |
| Corporate income tax | [8] | -475 | | -375 | |
| | | | -475 | | -375 |
| **Net result** | | | 2,025 | | 2,125 |

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

* Change in comparative figures
In 2023, the presentation of the general and administrative expenses, interest income and interest expenses are adjusted in order to provide relevant information and better align with current period presentation. The adjustments relate to incorrect accounting interest income and expenses. These updates have no impact on 'Shareholder's equity' or ‘Net result’ over any year and are therefore assessed as a non-material omission of the 2022 annual report. The impact of these updates on the statement of income line items are stated below:

Effect as per 31 December 2022

| | 2022 before | Restatement | 2022 after |
|---|---|---|---|
| General and administrative expenses | -1,234,007 | 5 | -1,234,002 |
| Interest expense and similar charges | - | -5 | -5 |


Document to which the KPMG report 3142377/24X00194768AVN dated 26 September 2024 also refers.

## 2.3 Statement of cash flows for the year ended December 31, 2023

The Statement of cash flows has been prepared according to the indirect method.

| | Note | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | € | € | € | € |
| Net result | | | 2,025 | | 2,125 |
| *Adjustments on the Statement of income:* | | | | | |
| Corporate income tax | [8] | 475 | | 375 | |
| | | | 475 | | 375 |
| **Movements in working capital** | | | | | |
| Net change in other receivables | [1] | 30,909 | | 81 | |
| Net change in current liabilities | [4] | 13,392 | | -2,807 | |
| Corporate income taxes paid | [8] | -878 | | -375 | |
| | | | 43,423 | | -3,101 |
| Cash flow used in operating activities | | | 45,923 | | -601 |
| **Cash flow from financing activities** | | | | | |
| *Non-current liabilities* | | | | | |
| Additions to long-term loans | | 2,131,000 | | - | |
| Cash flow generated from financing activities | | | 2,131,000 | | - |
| **Movement in cash** | | | 2,176,923 | | -601 |
| Opening balance | | | 1,160 | | 1,761 |
| Movements in cash | | | 2,176,923 | | -601 |
| Closing balance | | | 2,178,083 | | 1,160 |

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


Document to which the KPMG report 3142377/24X00194768AVN dated 26 September 2024 also refers.

## 2.4 General notes to the Financial statements

The Director of the Company herewith presents to the shareholder the Annual Report of Knab SB Bond Company B.V. (the “Company") for the year 2023.

**General**

The Company is a private company with limited liability incorporated under the laws of the Netherlands on March 9, 2021. The statutory address of the Company is Basisweg 10, 1043 AP Amsterdam, the Netherlands. The Company’s Dutch Chamber of Commerce registration number is 82140421. All shares issued by the Company are held by Stichting Holding Knab SB Covered Bond Company, which also is established in 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 KNAB Bank N.V. (“KNAB” or “the Issuer”) which is located at Thomas R. Malthusstraat 1-3, 1066 JR Amsterdam. As consideration for the Company to meet its obligation under the issued guarantee, KNAB will assign eligible assets to the Company. KNAB assigned eligible mortgage loans to the Company through a silent assignment (in Dutch "stille cessie"). Meaning that until the occurrence of an Assignment Notification Event (reference is made to the Base Prospectus), the asset cover test has been breached or a Notice to pay / CBC Acceleration Notice have been served, KNAB is entitled to all proceeds in relation to the transferred eligible assets. If one or more of the previously mentioned events occurs or notice(s) have been issued, the Company will be entitled to receive all proceeds in relation to the transferred assets, in order to fulfil its obligation under the issued guarantee; payment of interest and principal on the Bonds.

**TRANSACTION STRUCTURE, MANAGEMENT AND RELATED PARTIES**

KNAB may issue, under the Covered Bond Programme, various series of Covered Bonds with a total notional amount of EUR 5,000 million. On June 9, 2021 KNAB issued under this programme a first series of Bonds in a total value of EUR 500 million. All Bonds of this first series were still outstanding as per December 31, 2023. On June 28, 2023 KNAB issued a second series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this second series were still outstanding as per December 31, 2023. On November 14, 2023 KNAB issued a third series of Bonds for a total nominal value of EUR 500 million. All Bonds of this third series were still outstanding as per December 31, 2023. On November 14, 2023 KNAB issued a fourth series of Bonds for a total nominal value of EUR 500 million. All Bonds of this fourth series were still outstanding as per December 31, 2023.

As per December 31, 2023 the net outstanding nominal amount of the transferred mortgage loans was EUR 2,313 million (previous year: EUR 578 million).

The Stichting Holding Knab SB Covered Bond Company (‘the Foundation’) holds all shares of the Company. The Foundation was incorporated under the laws of the Netherlands on March 8, 2021. 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 share capital of the Company and to exercise all rights attached to such shares and to dispose and encumber such shares. The sole director of the Foundation is Intertrust Management B.V.

The Stichting Security Trustee Knab SB Covered Bond Company ("the Trustee") was incorporated under the laws of the Netherlands on March 8, 2021. The registered address 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 the Bonds issued by KNAB and guaranteed by the Company. The sole director of the Trustee is IQ EQ Structured Finance B.V.

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 or the ultimate parent company and close relatives are regarded as 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.

**Personnel**
As all operational activities are performed by external parties, the Company does not have any personnel.

**Financial reporting**
The Director is responsible for establishing and maintaining adequate internal control over financial reporting. The Director is also responsible for the preparation and fair presentation of the financial statements. The Company's internal control over financial reporting is included in the ISAE 3402 framework of the Director. The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

The financial statements have been prepared for a reporting period of one year, January 1, 2023 to December 31, 2023.

**Comparison with prior year**
The principles of valuation and determination of result remain unchanged compared to the prior year.

**RISK MANAGEMENT**
In the event that the Company will take over the servicing of the Bonds, the Company will run interest rate and credit risk on the Bonds and the mortgage portfolio. In order to limit these potential risks the Company mitigated these risks via various instruments.

The risk appetite of the Company is low and matches the risk-profile of the Company. As said, various measurements have been taken to mitigate the risks for the Company. The main risks are various financial risks dealt with below.

**Financial risk management**
The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Bonds issued by KNAB. As a consequence, the Company will then, amongst others, run interest rate risks on both the Bonds and the mortgage portfolio.

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Credit risk is mainly related to the economic conditions, as well as environmental conditions (including climate risk), and the risk that individual borrowers might be unable to fulfil their payment obligations. The Company has no exposure to credit risk, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the mortgage loans are transferred to the Company, with a maximum credit risk of EUR 2,312 million (previous year: EUR 578 million). Until that moment all risks and rewards associated with the assets are retained by KNAB 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.

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In order to limit the potential interest rate risks the Company may, if deemed necessary, enter into a swap agreement. In relation to the series issued and the mortgage 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 2.69% (previous year: 0.38%, is less than the average interest rate of 3.29% (previous year: 2.89%) on all transferred mortgage loans and the obligation of KNAB to offer, for a succeeding interest period of the transferred mortgage loans, a minimum mortgage interest rate of 1.00%.

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 113.46% (previous year: 114.59%).

**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 KNAB 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.

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

**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 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.

The Director has prepared the financial statements on September 26, 2024.

**Functional and presentation currency**
These financial statements are presented in EUR. All amounts are in EUR, unless stated otherwise.

**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 risk arising on mortgage loans.

**Financial instruments**
These financial statements contain the following financial instruments: other receivables, cash and cash equivalents, non-current 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.

**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.

**Non-current liabilities**
The balance with the Issuer is initially recognised at fair value and subsequently carried at amortised cost. Mortgage loans and all other related balances are deducted from the balance with the Issuer in recognition of the retention of economic ownership by the Issuer.

**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. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

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

**Subsequent events**
Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.
Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

**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 and the Dutch Tax Authority agreed that the taxable amount is based on 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.

**CONTINGENT LIABILITIES AND COMMITMENTS**
The Company has granted a first ranking right of pledge over the transferred mortgage loans and beneficiary rights to the Trustee. The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties, including the covered bond holders, can lead to exercising the right of pledge by the Trustee.

## 2.5 Notes to the Balance sheet

**CURRENT ASSETS**

| **Other Receivables [1]** | December 31, 2023 € | December 31, 2022 € |
|---|---|---|
| Receivable KNAB | - | 30,909 |
| | - | 30,909 |

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

| **Cash and cash equivalents [2]** | December 31, 2023 € | December 31, 2022 € |
|---|---|---|
| Custody Account | 708 | 280 |
| CBC reserve account | 2,131,000 | 0 |
| CBC Account | 46,375 | 880 |
| | 2,178,083 | 1,160 |

*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 reserve account relates to a reserve deposit with BNG. The reserve account required amount as per December 31, 2023 amounts to EUR 930,000 (previous year: EUR nil). These funds are designated as reserve fund for the bond holders. These funds are not at the free disposal of the Company, as they relate to immediately due and payable withdrawal claims against credit institutions and cash resources. The remaining balance of EUR 1,201,000 is at the free disposal of the Company. The rate of interest on the reserve account is determined by the EONIA minus a spread amounting to 15 basis points.

## 2.5 Notes to the Balance sheet

**SHAREHOLDER'S EQUITY [3]**

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

| | 2023 | 2022 |
|---|---|---|
| **Issued share capital** | € | € |
| *Balance as per beginning of period* | 1 | - |
| Issue share | - | 1 |
| *Balance as per end of period* | 1 | 1 |

| | 2023 | 2022 |
|---|---|---|
| **Other reserves** | € | € |
| *Balance as per beginning of period* | 2,125 | - |
| Profit prior year | 2,125 | 2,125 |
| *Balance as per end of period* | 4,250 | 2,125 |

| | 2023 | 2022 |
|---|---|---|
| **Result for the period** | € | € |
| *Opening balance* | 2,125 | 2,125 |
| Undistributed profit transferred to Other reserves | -2,125 | -2,125 |
| Result for the period | 2,025 | 2,125 |
| *Closing balance* | 2,025 | 2,125 |

The net result for the year amounts to EUR 2,025.

**Proposed appropriation of result**
The net result for the year 2023 is EUR 2,025 (previous period: EUR 2,125). The Director proposes to add the net result to the other reserves.

**NON-CURRENT LIABILITIES [4]**

**Non-current liabilities**

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Opening balance | - | - |
| Additions to reserve account | 2,131,000 | - |
| Closing balance | 2,131,000 | - |

Non-current liabilities relate to the obligatory cash deposit made by KNAB. This cash amount is deposited in a separated account; the reserve account. The Company will need to refund the deposited amount, to KNAB, when the obligation of maintaining a reserve fund is no longer in place. This will be the case once the issued Bonds have been repaid in full. The maturity date of the first series is June 9, 2036. The maturity date of the second series is June 30, 2030. The maturity date of the third series is November 14, 2028. The maturity date of the fourth series is November 14, 2029.

The required amount that needs to be deposited 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. KNAB is entitled to receive all interest receipts in relation to the deposited cash amount in the reserve account. The liability equals the amounts that have been deposited by KNAB on the reserve account. No interest is due on the liability towards KNAB.

The Company has granted a first ranking right of pledge over the transferred mortgage loans and beneficiary rights to the Trustee. The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties, including the covered bond holders, can lead to exercising the right of pledge by the Trustee.

**CURRENT LIABILITIES [5]**

| **Taxes** | December 31, 2023 € | December 31, 2022 € |
|---|---|---|
| Corporate income tax | -28 | 375 |

| **Liability KNAB** | December 31, 2023 € | December 31, 2022 |
|---|---|---|
| Liability KNAB | 6,531 | - |

The liability KNAB consists of the interest received on the reserve account minus the costs reimbursed to KNAB by the Company. This liability will be repaid within one year.

**Accrued expenses and other liabilities**

| | December 31, 2023 EUR | December 31, 2022 EUR |
|---|---|---|
| Audit fee | 34,304 | 27,443 |
| | 34,304 | 27,443 |

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

## 2.6 Notes to the Statement of income

| | 2023 | 2022 |
|---|---|---|
| **Income [6]** | € | € |
| Charged to KNAB | 2,294,564 | 1,236,507 |
| | 2,294,564 | 1,236,507 |

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

| | 2023 | 2022 |
|---|---|---|
| **General and administrative expenses [7]** | € | € |
| Pool servicing fee | 2,112,267 | 1,074,841 |
| Administration fee | 97,853 | 91,336 |
| Management fee | 47,216 | 39,676 |
| Audit fees | 34,304 | 27,443 |
| Other expenses | 757 | 706 |
| | 2,292,396 | 1,234,002 |

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

The pool servicing fee is payable to KNAB and is paid as remuneration for the servicing of the pool.

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 KPMG Accountants N.V. to the Company (previous year: PricewaterhouseCoopers Accountants N.V.), see below for more details.

| Current year | KPMG Accountants N.V. | KPMG Accountants N.V. firms / affiliates | Totals |
|---|---|---|---|
| | EUR | EUR | EUR |
| Audit of the financial statements | 34,304 | - | 34,304 |
| Other audit engagements | - | - | - |
| Tax advisory services | - | - | - |
| Other non-audit services | - | - | - |
| | 34,304 | - | 34,304 |

| Previous year | PricewaterhouseCoopers Accountants N.V. | Other PricewaterhouseCoopers 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 | - | - | - |
| | 27,443 | - | 27,443 |

The fees listed above relate to the procedures applied to the Company by accounting firms and external independent auditor as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act (˜Wet toezicht accountantsorganisaties - Wta") as well as by Dutch andforeign-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.

The audit of the financial statements comprises a fee payable to KPMG Accountants N.V. (previous year: PricewaterhouseCoopers Accountants N.V.) for services rendered. The amount is including VAT.

| | 2023 | 2022 |
|---|---|---|
| **Corporate income tax [8]** | € | € |
| Corporate income tax | 475 | 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 year 2023 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 23,124 (previous year: EUR 16,053).

The Company does not have a board of supervisory directors.

**Contingent liabities and commitments**
The Company has granted a first ranking right of pledge over the transferred mortgage loans and beneficiary rights to the Trustee. The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company’s obligations to certain secured parties, including the covered bond holders, can lead to exercising the right of pledge by the Trustee.

**Post-balance sheet events**
On February 1, 2024 ASR Nederland B.V. announced that it reached an agreement to sell KNAB to BAWAG Group AG. The closing of this transaction is expected in the second half of 2024. The Director expects that this transaction has no impact on the Company, but will monitor this closely.

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

Amsterdam, September 26, 2024

Director
Intertrust Management B.V.

## 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 distributions from the reserves.

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 Knab SB Covered Bond Company B.V.

## Report on the audit of the accompanying financial statements

### *Our opinion*

We have audited the financial statements 2023 of Knab SB Covered Bond Company B.V., based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Knab SB Covered Bond Company B.V. as at 31 December 2023, and of its result for the year ended on 31 December 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1 the balance sheet as at 31 December 2023;

2 the statement of income for the year ended on 31 December 2023;

3 the statement of cash flows for the year ended on 31 December 2023; and

4 the notes comprising a summary of the accounting policies and other explanatory information.

### *Basis for our opinion*

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

We are independent of Knab SB Covered Bond Company B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

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

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

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

## Description of the responsibilities for the financial statements

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

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

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

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

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

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

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director;
- concluding on the appropriateness of director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 26 September 2024

KPMG Accountants N.V.

J.A. van den Hengel RA