

**Van Lanschot Kempen SB  
Covered Bond Company B.V.**

**Annual Report 2023**

**Amsterdam, the Netherlands**

Van Lanschot Kempen SB Covered Bond Company B.V.  
Basisweg 10  
1043 AP Amsterdam  
The Netherlands  
Chamber of Commerce Amsterdam 85363375

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## 1. Director's report

# **Van Lanschot Kempen SB Covered Bond Company B.V.**

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### **1.1 Activities and results**

#### **General**

Van Lanschot Kempen SB Covered Bond Company B.V. (the "Company") was incorporated on February 01, 2022. The statutory address of the Company is Basisweg 10, Amsterdam, the Netherlands. The Company's Dutch Chamber of Commerce registration number is 85363375. The shares of the Company are held by Stichting Holding Van Lanschot Kempen SB Covered Bond Company, which also is established in Amsterdam, the Netherlands.

The Company is a special purpose vehicle within the framework of a SB Covered Bond Programme (the "Programme") initiated by Van Lanschot Kempen N.V. (the "Issuer" or the "Seller"). Reference is made to the prospectus dated May 6, 2021, as updated from time to time (the "Prospectus") for a complete description of the terms and conditions of the Programme. Unless indicated otherwise in this Annual Report, definitions or terms used in this report may be found in the Prospectus, though the Prospectus does not form a part of this Annual Report.

For the sake of clarity, the party referred to in this Annual Report as the Issuer or the Seller is referred to as the Issuer in the Prospectus.

On June 27, 2022, the Company issued a first series of Covered Bonds totalling EUR 500,000,000. At year-end 2023, in total three series of Covered Bonds were issued by the Issuer.

The series of Covered Bonds issued by the Issuer and totalling EUR 1,500,000,000 (with a maximum of EUR 2,000,000,000) as per December 31, 2023 are secured by a portfolio of mortgage loans, the legal ownership of which was transferred to the Company. At the year-end, the book value of the portfolio of Mortgage Loans amounted to EUR 2,095,852,663. The Covered Bonds have been rated individually by Standard & Poor's. On issuance the rating by Standard & Poor's was AAA. As per December 31, 2023 the rating remains unchanged.

The Issuer gave a notice of a meeting of covered bondholders in respect of all covered bonds issued under its EUR 5,000,000,000 conditional pass-through covered bond programme (the "Conditional Pass-Through Covered Bond Programme") for the purpose of soliciting a consent to the transfer of such covered bonds from the Conditional Pass-Through Covered Bond Programme to this Programme by replacing the guarantor with the CBC and to modify and/or replace the final terms and the conditions of all series outstanding under the Conditional Pass-Through Covered Bond Programme with the Final Terms and Terms and Conditions of this Programme to provide that, instead of being "conditional pass-through" covered bonds, the covered bonds will instead become "soft bullet" Covered Bonds as proposed by the Issuer for approval by a programme resolution.

On 6 October 2023, a meeting of covered bondholders was held at which meeting the covered bondholders were invited to consider and, if thought fit, vote in favour of the programme resolution. The programme resolution was passed at the meeting and the proposed amendments were implemented on 23 October 2023 and pursuant thereto, all covered bonds outstanding and assets under the Conditional Pass-Through Covered Bond Programme were transferred to this Programme and are now outstanding under and form part of this Programme.

Apart from an agreed upon minimum profit with the Dutch tax authorities, all income and expenses are allocated to the parties concerned in the Programme.

These financial statements give a true and fair view of the assets, liabilities, financial position and statement of income of the Company and this Annual 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.

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

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### **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 as disclosed in the list of List of counterparties.

### **Result for the year**

The net result for the year under review is EUR 2,025 (previous year EUR 2,125). This amount has been determined by the Company's tax opinion between the Issuer and Dutch tax authorities which has set the Company's income to a level to cover its expenses and a notional profit.

### **RISK MANAGEMENT**

Following the purchase of the legal ownership of the Mortgage Loans under the Programme, the Company is exposed to a variety of risks. As the Company's exposure to the Issuer and Covered Bond holders with limited recourse (i.e. a risk transfer to the bondholders), the risks for the Company itself are limited. However, the Company has taken a variety of measures to minimise the risks linked to the transaction.

All risks related to the transaction are well defined in the Prospectus. The key (financial instrument) risks comprises of financial risk, credit and concentration risk, interest rate risk and liquidity risk.

In addition to financial risks, the Company also faces operational risks. The servicing of the underlying Mortgage Loans, and the entity administration and investor reporting is performed by well-known companies. The operating risk is mitigated as the Company has contractual agreements with these companies and these companies either provide annual audit statements on the Mortgage Portfolios and/or an ISAE 3402 type II report with respect to the services provided by the Sub-Servicer, being Stater Nederland B.V. Furthermore the transaction includes measures to be taken once certain parties fail to maintain a specific credit rating. The Director believes that the operational risks are low and no further measures are deemed necessary.

The Company and the Dutch Tax Authorities have agreed, by way of a tax opinion, that the Company will be assessed on a pre-determined level of a minimum annual profit for tax purposes of 10% of the management fee with a minimum of EUR 2,500. As a result, the risks described above will not influence the profit of the Company.

The Company believes that no ongoing risk assessment is deemed necessary, as the most significant risks are adequately covered.

### **Financial risk management**

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

### **Credit and concentration risk**

The Mortgage Loans bear a mix of credit and concentration risks. As a company that invests in residential mortgage loans in the Netherlands, the Company has significant exposure to credit and concentration risks associated with the housing market in the Netherlands.

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. However, these risks are mitigated because each Mortgage Loan is collateralised by the related property, and the Mortgage Portfolio is well spread over many individual Mortgage Loans, a variety of mortgage types and collateral that is located in different geographical areas. If a borrower defaults and the Company forecloses on the property, the Company is entitled to all proceeds of the sale of the related property. If the proceeds from the sale of the property are insufficient to repay the outstanding principal and interest amount of the Mortgage Loan, the Company could record a loss in this respect though, ultimately, such losses will very likely be borne by the Company's holders of the Bonds issued, as well as creditors that are also a party to the transaction.

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Consequently, not only the creditworthiness of the borrower can be recognised as a risk but also the general economic conditions in the Dutch economy and the housing market in particular have an impact on the probability of a loss. At the same time it should be noted that, in principle, the Company itself is not exposed to credit risk due to the limited recourse nature of the issued Bonds at year-end as the Noteholder primarily bears the credit risk of the assets.

After years of significant price rises, the trends in the Dutch housing market began to reverse during the second half of 2022. This continued into the second half of 2023 with prices declining by up to 6% as compared to the levels of the previous year. The decline was fuelled by rising interest rates although the underlying house shortage remained. During the course of the second half of 2023, prices started to pick up again as wage inflation increased the borrowing capacity of potential buyers. By the end of the year, mortgage rates were steadily declining again under the prospect of future reductions in interest rates and the sentiment of prior years slowly started to return. By the end of the year, the average sales price of a dwelling had increased by 5.3% as compared to a year previous, according to the Dutch association of real estate agents ("NVM"). The NVM is involved in the vast majority, but not all, of the transactions on the Dutch housing market and, as such, this information needs to be seen as merely indicative of the housing market as a whole. The NVM also reports that, by the end of 2023, there was a sharp increase in sales activity (up 11% from the previous year) and a sharp decline of 26% of houses for sale at the end of the year. The trend of recent years of transactions being concluded at prices that were higher than the initial asking price was also increasing again after reductions during the period of declining prices of a year or so. These are indications that we are returning of a period of price rises and shortages of supply in the market, as interest rates are likely to continue to decline, unemployment levels remain relatively low, wage inflation catches up with price inflation, and market sentiment returns. Also always, regional differences and developments in different classes of dwellings continue, but the foregoing picture nevertheless applied to almost the entire sector.

The market is likely to continue the trends of the second half of 2023 in the coming years though it is not expected that the spectacular price rises of the period 2016-2022 will return. It also seems likely though that the shortage in the supply of newly built housing will continue into the coming years. De Nederlandsche Bank ("DNB") expects house prices to increase by around 0.4% and 2% respectively in the coming two years in its 'most likely scenario'. Expectations are contingent on developments elsewhere in the economy.

In light of the foregoing, the Company expects to be relatively well placed as regards to the expected loss ratios on the Mortgage Portfolio. The Loan-to-Value ("LTV") ratios in the mortgage lending (i.e. lower LTV ratios) are relatively favourable, especially where mortgages in the portfolio were concluded some years ago. Whilst this has the effect of reducing the Company's exposure to credit risk, it does not eliminate it. The Director is aware of the potential volatility in macro-economic developments and the effects that it could have on the housing market, and of the higher loss ratios that can result.

The maximum credit risk as at December 31, 2023 is EUR 5,326,694 (previous period: EUR 1,987,488).

In the unlikely situation that all risk measures as described above fail, the limited recourse clause of the Programme will take effect.

### **Interest rate risk**

The interest rate risk arises when the interest received on the Mortgage Loans is insufficient to cover the fixed interest due on the Subordinated Loan. Such risk is partially mitigated by the fact that the interest rate for each mortgage receivable must be at least 1.5%. The servicer is contractually obliged to offer a reset rate that is at least equal to 1.5%.

Moreover, historically, the weighted average interest rate on the mortgage receivables has been sufficient to cover the interest due on the Subordinated Loan.

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The interest rate risk is also mitigated through the structure of the waterfall. The Interest Available Amounts and the Principal Available Amounts are both used to meet the Priority of Payments. As the interest due on the Subordinated Loan is senior to the principal due on the Subordinated loan, this further reduces the interest rate risk. Through the subordination in the waterfall structure, funds are distributed only to the extent available and as such the interest rate risk is addressed.

The Company did not enter into an interest rate swap agreement to mitigate interest rate risk. However, if the interest received on the Mortgage Loans portfolio is insufficient to cover the interest due on the Subordinated Loan, the Programme does allow the Company to enter into an interest rate swap agreement to mitigate the interest rate risk.

The liabilities of the Company towards the Issuer are limited recourse obligations. If the funds received by the Company are insufficient to pay in full all principal and interest on the Subordinated Loan, the Issuer shall have no further claim against the Company in respect of any such unpaid amounts.

### **Liquidity risk**

Matching maturities of assets and liabilities and related cash flows is fundamental to the Director of the Company. This risk is addressed and mitigated by various credit enhancements granted by the Issuer. These enhancements entail guarantees and Cash Collateral Accounts, please refer to the Notes to the Assets for more information.

### **Limited Recourse**

Any obligations of the Company towards holders of the Covered Bonds and the Seller are limited recourse obligations and the ability of the Company to meet any eventual obligations to pay principal and interest on the Covered Bonds is dependent on the receipt of funds from the Mortgage Loans and the proceeds of the sale of any Mortgage Loans and the availability of the Reserve Account balance. If the company is not able to repay the Bondholders, they cannot seize the company's other assets beyond the pledged collateral.

If the proceeds are insufficient to repay in full all principal and interest and other amounts due under the Covered Bonds, then, as the Company has no other assets, it may be unable to satisfy claims in respect to any unpaid amounts.

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

The Company does not have any employees.

### **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.

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### **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.

### **Diversity policy in the board of directors**

The Company is set up as a Special Purpose Vehicle and management is performed by Intertrust Management B.V, which is a legal person. The Director is of the opinion that the requirement based on the Dutch Civil Code ("DCC") is not of added value for a Special Purpose Vehicle as there are no natural persons in the board of directors.

### **Conflicts in the Ukraine and Middle East**

As the Company's assets are located in the Netherlands, its direct exposure to the current conflict in the Ukraine and Middle East is very limited. However, the Company's operations and future prospects could be indirectly impacted by the effects that the conflict 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.

### **Risk appetite**

The Company by its nature exposes itself to financial risks. The investors in the Bonds issued by the Company are made aware of these risks and understand the possible adverse effects on repayment of principal and interest payments on issued Bonds in the event these risks materialize into losses.

Based on the above, the Company is of the opinion that all significant risks are adequately addressed and covered. The credit enhancements granted are all part of the risk control measures. As a result, the Company's risk appetite is considered to be low.

## **1.2 Future developments**

The macro-economic analysis in this section is largely based on data and expectations presented by 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.

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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, 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, 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. 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.

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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.

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 Covered Bondholders, and only ultimately the Company's shareholder. The Company intends to continue to act within the terms and conditions set out for it by the Transaction Documents, and to otherwise comply with all its other obligations. The Company has no employees and is dependent on third-party service providers. However, the level and quality of the service provided has remained unaffected.

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

Amsterdam, June 21, 2024

Director  
Intertrust Management B.V.

## 2. Financial statements

# Van Lanschot Kempen SB Covered Bond Company B.V.

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### 2.1 Balance sheet as at December 31, 2023

(before result appropriation)

ASSETS	Note	December 31, 2023		December 31, 2022	
		€	€	€	€
<b>Current assets</b>					
Cash and cash equivalents	[1]		5,326,694		1,987,488
<b>Total assets</b>			<u>5,326,694</u>		<u>1,987,488</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Issued share capital	[2]		1		1
Other reserves			2,125		-
Result for the period			<u>2,025</u>		<u>2,125</u>
			4,151		2,126
<b>Current liabilities</b>					
Balance with the Seller	[3]	5,283,127		1,953,273	
Taxes	[4]		-		375
Accrued expenses and other liabilities	[5]	<u>39,416</u>		<u>31,713</u>	
			5,322,543		1,985,362
<b>Total shareholders' equity and liabilities</b>			<u>5,326,694</u>		<u>1,987,488</u>

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

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

	Note	2023	February 01, 2022 - December 31, 2022
		€	€
Interest income	[6]	<u>167,525</u>	<u>124,219</u>
		<u>167,525</u>	<u>124,219</u>
General and administrative expenses	[7]	<u>165,025</u>	<u>121,719</u>
		<u>165,025</u>	<u>121,719</u>
<b>Income before taxation</b>		<u>2,500</u>	<u>2,500</u>
Income tax expense	[8]	<u>475</u>	<u>375</u>
		<u>475</u>	<u>375</u>
<b>Net result</b>		<u><u>2,025</u></u>	<u><u>2,125</u></u>

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

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

	Note	2023		February 01, 2022 - December 31, 2022	
		€	€	€	€
Net result			2,025		2,125
<i>Adjustments on the Statement of income:</i>					
Income tax expense	[8]	475		375	
			475		375
<b>Movements in working capital</b>					
Balance with the Seller	[3]	3,329,853		1,953,273	
Accrued expenses and other liabilities	[5]	7,703		31,714	
Corporate income taxes paid	[4]+[8]	-850		-	
			3,336,706		1,984,988
Cash flow from operating activities			3,339,206		1,987,488
<b>Movements in cash</b>			<u>3,339,206</u>		<u>1,987,488</u>
Opening balance			1,987,488		-
Movements in cash			3,339,206		1,987,488
Closing balance			<u>5,326,694</u>		<u>1,987,488</u>

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

# **Van Lanschot Kempen SB Covered Bond Company B.V.**

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### **2.4 General notes to the Financial statements**

#### **General**

Van Lanschot Kempen SB Covered Bond Company B.V. (the "Company") was incorporated on February 01, 2022. The statutory address of the Company is Basisweg 10, Amsterdam, the Netherlands. The Company's Dutch Chamber of Commerce registration number is 85363375. The shares of the Company are held by Stichting Holding Van Lanschot Kempen SB Covered Bond Company, which also is established in Amsterdam, the Netherlands.

The Company is a special purpose vehicle within the framework of a SB Covered Bond Programme (the "Programme") initiated by Van Lanschot N.V. (the "Issuer" or the "Seller"). Reference is made to the prospectus dated May 6, 2022, as updated from time to time (the "Prospectus"). For a complete description of the terms and conditions of the Programme. Unless indicated otherwise in this Annual Report, definitions of terms used in this report may be found in the Prospectus, though the Prospectus does not form a part of this Annual Report.

For the sake of clarity, the party referred to in this Annual Report as the Issuer or the Seller is referred to as the Issuer in the Prospectus.

#### **TRANSACTION STRUCTURE, MANAGEMENT AND RELATED PARTIES**

On June 27, 2022, the Company issued a first series of Covered Bonds totalling EUR 500,000,000. At year-end 2023, in total three series of Covered Bonds were issued by the Issuer.

The series of Covered Bonds issued by the Issuer and totalling EUR 1,500,000,000 (with a maximum of EUR 2,000,000,000) as per December 31, 2023 are secured by a portfolio of mortgage loans, the legal ownership of which was transferred to the Company. At the year-end, the book value of the portfolio of Mortgage Loans amounted to EUR 2,095,852,663. The Covered Bonds have been rated individually by Standard & Poor's. On issuance the rating by Standard & Poor's was AAA. As per December 31, 2023 the rating remains unchanged.

If a transferrer retains substantially all the risks and rewards associated with transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Company's Director has concluded that the Issuer has retained substantially all the risks and rewards of the Mortgage Loan portfolio on its Balance sheet. The acquisition of the legal ownership of the Mortgage Loans was financed by a subordinated loan from the Seller which is subject to a limited recourse clause. The Company has presented these positions as a net Balance with the Seller on its Balance sheet.

Intertrust Management B.V. and Intertrust Administrative Services B.V. belong to the same group of companies but are not related to the Issuer. The Intertrust companies and the Issuer, as well as any entities belonging to those groups, are considered related parties to the Company. Transactions with those parties are detailed in the relevant disclosure notes. All transactions with related parties are considered to be at arms' length pricing.

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.

#### **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.

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

# **Van Lanschot Kempen SB Covered Bond Company B.V.**

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### **RISK MANAGEMENT**

Following the purchase of the Mortgage Loans under the Programme, the Company is exposed to a variety of risks. As the Company's exposure to the Issuer and Covered Bond holders are with limited recourse (i.e. risk transfer to the parties), the risks for the Company itself are limited. However, the Company has taken a variety of measures to minimise the risks linked to the transaction.

In addition to financial risks, the Company also faces operational risks. The servicing of the underlying Mortgage Loans, and the entity administration and investor reporting is performed by regulated, well-known companies. The operational risks are managed as the company has contractual agreements with these companies and these companies either provide annual audit statements on the Mortgage Portfolios and/or an ISAE 3402 type II report with respect to the services provided by the Sub-Servicer, being Stater Nederland B.V. Furthermore the transaction includes measures to be taken once certain parties fail to maintain a specific credit rating. The Director believes that the operational risks are low and no further measures deemed necessary.

The Company and the Dutch Tax Authorities have agreed, by way of a tax ruling, that the Company will be assessed on a pre-determined level of a minimum annual profit for tax purposes of 10% of the management fee with a minimum of EUR 2,500. As a result, the risks described above will not influence the profit of the Company.

### **Financial risk management**

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

### **Credit and concentration risk**

The Mortgage Loans bear a mix of credit and concentration risks. As a company that invests in residential mortgage loans in the Netherlands, the Company has significant exposure to credit and concentration risks associated with the housing market in the Netherlands.

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. However, these risks are mitigated because each Mortgage Loan is collateralised by the related property, and the Mortgage Portfolio is well spread over many individual Mortgage Loans, a variety of mortgage types and collateral that is located in different geographical areas. If a borrower defaults and the Company forecloses on the property, the Company is entitled to all proceeds of the sale of the related property. If the proceeds from the sale of the property are insufficient to repay the outstanding principal and interest amount of the Mortgage Loan, the Company could record a loss in this respect though, ultimately, such losses will very likely be borne by the Company's holders of the Bonds issued, as well as creditors that are also a party to the transaction.

Consequently, not only the creditworthiness of the borrower can be recognised as a risk but also the general economic conditions in the Dutch economy and the housing market in particular have an impact on the probability of a loss. At the same time it should be noted that, in principle, the Company itself is not exposed to credit risk due to the limited recourse nature of the issued Bonds at year-end as the Noteholder primarily bears the credit risk of the assets.

# **Van Lanschot Kempen SB Covered Bond Company B.V.**

## **Annual Report 2023**

After years of significant price rises, the trends in the Dutch housing market began to reverse during the second half of 2022. This continued into the second half of 2023 with prices declining by up to 6% as compared to the levels of the previous year. The decline was fuelled by rising interest rates although the underlying house shortage remained. During the course of the second half of 2023, prices started to pick up again as wage inflation increased the borrowing capacity of potential buyers. By the end of the year, mortgage rates were steadily declining again under the prospect of future reductions in interest rates and the sentiment of prior years slowly started to return. By the end of the year, the average sales price of a dwelling had increased by 5.3% as compared to a year previous, according to the Dutch association of real estate agents ("NVM"). The NVM is involved in the vast majority, but not all, of the transactions on the Dutch housing market and, as such, this information needs to be seen as merely indicative of the housing market as a whole. The NVM also reports that, by the end of 2023, there was a sharp increase in sales activity (up 11% from the previous year) and a sharp decline of 26% of houses for sale at the end of the year. The trend of recent years of transactions being concluded at prices that were higher than the initial asking price was also increasing again after reductions during the period of declining prices of a year or so. These are indications that we are returning of a period of price rises and shortages of supply in the market, as interest rates are likely to continue to decline, unemployment levels remain relatively low, wage inflation catches up with price inflation, and market sentiment returns. Also always, regional differences and developments in different classes of dwellings continue, but the foregoing picture nevertheless applied to almost the entire sector.

The market is likely to continue the trends of the second half of 2023 in the coming years though it is not expected that the spectacular price rises of the period 2016-2022 will return. It also seems likely though that the shortage in the supply of newly built housing will continue into the coming years. De Nederlandsche Bank ("DNB") expects house prices to increase by around 0.4% and 2% respectively in the coming two years in its 'most likely scenario'. Expectations are contingent on developments elsewhere in the economy.

In light of the foregoing, the Company expects to be relatively well placed as regards to the expected loss ratios on the Mortgage Portfolio. The Loan-to-Value ("LTV") ratios in the mortgage lending (i.e. lower LTV ratios) are relatively favourable, especially where mortgages in the portfolio were concluded some years ago. Whilst this has the effect of reducing the Company's exposure to credit risk, it does not eliminate it. The Director is aware of the potential volatility in macro-economic developments and the effects that it could have on the housing market, and of the higher loss ratios that can result.

The maximum credit risk as at December 31, 2023 is EUR 5,326,694 (previous year EUR 1,987,488).

In the unlikely situation that all risk measures as described above fail, the limited recourse clause of the Programme will take effect.

### **Interest rate risk**

The interest rate risk arises when the interest received on the Mortgage Loans is insufficient to cover the fixed interest due on the Subordinated Loan. Such risk is partially mitigated by the fact that the interest rate for each mortgage receivable must be at least 1.5%. The servicer is contractually obliged to offer a reset rate that is at least equal to 1.5%.

Moreover, historically, the weighted average interest rate on the mortgage receivables has been sufficient to cover the interest due on the Subordinated Loan.

The interest rate risk is also mitigated through the structure of the waterfall. The Interest Available Amounts and the Principal Available Amounts are both used to meet the Priority of Payments. As the interest due on the Subordinated Loan is senior to the principal due on the Subordinated loan, this further reduces the interest rate risk. Through the subordination in the waterfall structure, funds are distributed only to the extent available and as such the interest rate risk is addressed.

The Company did not enter into an interest rate swap agreement to mitigate interest rate risk. However, if the interest received on the Mortgage Loans portfolio is insufficient to cover the interest due on the Subordinated Loan, the Programme does allow the Company to enter into an interest rate swap agreement to mitigate the interest rate risk.

# **Van Lanschot Kempen SB Covered Bond Company B.V.**

## **Annual Report 2023**

The liabilities of the Company towards the Issuer are limited recourse obligations. If the funds received by the Company are insufficient to pay in full all principal and interest on the Subordinated Loan, the Issuer shall have no further claim against the Company in respect of any such unpaid amounts.

### **Liquidity risk**

Matching maturities of assets and liabilities and related cash flows is fundamental to the Director of the Company. This risk is addressed and mitigated by various credit enhancements granted by the Issuer.

### **Limited Recourse**

Any obligations of the Company towards holders of the Covered Bonds and the Seller are limited recourse obligations and the ability of the Company to meet any eventual obligations to pay principal and interest on the Covered Bonds is dependent on the receipt of funds from the Mortgage Loans and the proceeds of the sale of any Mortgage Loans and the availability of the Reserve Account balance.

If the proceeds are insufficient to repay in full all principal and interest and other amounts due under the Covered Bonds, then, as the Company has no other assets, it may be unable to satisfy claims in respect to any unpaid amounts.

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

### **PRINCIPAL ACCOUNTING POLICIES**

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

#### **Basis of presentation**

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). The Financial statements are prepared under the historical cost convention and presented in the joint currency of the European Monetary Union, the euro ("EUR" or "€"), the Company's functional currency.

Unless specifically stated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred. The Balance sheet, Statement of income and Statement of cash flows 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 recorded as a component of the Company's liabilities. 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.

# **Van Lanschot Kempen SB Covered Bond Company B.V.**

## **Annual Report 2023**

The Director has prepared the financial statements on June 21, 2024.

### **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 sub 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 Company's Director has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, 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 are prepared on the going concern basis.

### **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.

### **Balance with the Seller**

The Balance with the Seller is initially recognized at fair value and subsequently carried at amortised cost. Mortgage Loans and all other related balances are deducted from the Balance with the Seller in recognition of the retention of economic ownership by the Seller.

### **Other liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

### **Offsetting**

Financial assets and liabilities are reported at the net amount in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Balances involving the Seller are presented as a single line item on the Balance sheet, reflecting the Company's function within the Programme when viewed from an economic reality perspective.

### **Revenue recognition**

Income and expenses are recognised in the Statement of Income on an accrual basis. Losses are accounted for in the year in which they are identified.

The Company does not recognise cash flows in which it has no beneficial interest, principally those flowing to the Seller being the principal bearer of the risks and rewards associated with the Mortgage Loans.

# **Van Lanschot Kempen SB Covered Bond Company B.V.**

## **Annual Report 2023**

### **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 opinion. 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.

### **Contingent Liabilities and Commitments**

The Company has granted a first ranking right of pledge on the Mortgage Loans and Beneficiary Rights to Stichting Security Trustee Van Lanschot Conditional Kempen SB Covered Bond Company. In addition the Company has granted a right of pledge over all rights of the Company under or in connection with the Guarantee Support Agreement, the Servicing Agreement, the Administration Agreement, the Asset Monitor Appointment Agreement, the GIC and in respect of the GIC-accounts to the Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company.

The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties can lead to exercising the right of pledge by Stichting Security Trustee Van Lanschot Conditional Pass-Through Covered Bond Company.

### **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 paid 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.

**Van Lanschot Kempen SB Covered Bond Company B.V.**  
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**2.5 Notes to the Balance sheet**

**CURRENT ASSETS**

**Cash and cash equivalents [1]**

	December 31, 2023 €	December 31, 2022 €
CBC Account	11,829	7,755
Reserve Account	5,314,864	1,979,733
	<u>5,326,694</u>	<u>1,987,488</u>

The rate of interest on the CBC Account is determined by Euro Overnight Index Average ("Eonia").

*CBC Account*

The CBC Account relates to a floating rate current account with BNG Bank N.V.. in Amsterdam, the Netherlands.

*Reserve Account*

The Reserve Account relates to an optional reserve deposit with BNG Bank N.V. in Amsterdam, the Netherlands. These funds are not available to finance the Company's day-to-day operations but serve as a security to enable the Company to meet its fees and other obligations. If and to the amount that excess funds are available after these obligations, these are deposited on the Reserve Account up to the Reserve Account Required Amount. If the Reserve Account Required Amount is reached, excess funds are available for payment of the Balance with the Seller.

**Van Lanschot Kempen SB Covered Bond Company B.V.**  
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**2.5 Notes to the Balance sheet**

**SHAREHOLDER'S EQUITY [2]**

The authorised capital which are issued and paid-in amounts to € 1, consisting of 1 ordinary share of € 1. The net result for the year amounts to EUR 2,025 (previous period EUR 2,125).

	December 31, 2023	December 31, 2022
	€	€
<b>Issued 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>
	December 31, 2023	December 31, 2022
	€	€
<b>Other reserves</b>		
<i>Balance as per beginning of period</i>	-	-
Profit prior year	2,125	-
<i>Balance as per end of period</i>	<u>2,125</u>	<u>-</u>
	December 31, 2023	December 31, 2022
	€	€
<b>Result for the period</b>		
<i>Balance as per beginning of period</i>	2,125	-
Undistributed profit transferred to Other reserves	-2,125	-
Net result for the period	2,025	2,125
<i>Balance as per end of period</i>	<u>2,025</u>	<u>2,125</u>

**Van Lanschot Kempen SB Covered Bond Company B.V.**  
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**CURRENT LIABILITIES**

**Balance with the Seller [3]**

The Company recognises all balances under the Programme involving the Seller as Balance with the Seller. As balances are regularly settled with the Seller and on a net basis, this balance is considered to be a current liability, notwithstanding that the individual underlying contracts under the Programme may be of a long-term nature. The Subordinated Loan is subordinated to all other liabilities. The individual balances that make up the overall Balance with the Seller are as follows:

	December 31, 2023	December 31, 2022
	€	€
Subordinated Loan	2,119,787,178	691,180,290
Deemed Loan to the Seller	-2,095,852,663	-684,179,039
Accounts receivable	-18,619,652	-5,021,518
Interest receivable	-4,223,583	-1,298,345
Accrued Deferred Purchase Price	2,873,998	868,713
Interest payable	1,138,264	344,637
Mortgage pool servicing fee	179,585	58,535
	<u>5,283,127</u>	<u>1,953,273</u>

For more information and substantiation of the recognition of the Subordinated Loan and Deemed Loan to the Seller as included in the Balance with the Seller, and the nature of these items included, please refer to the sections "TRANSACTION STRUCTURE, MANAGEMENT AND RELATED PARTIES" and "RISK MANAGEMENT".

**Taxes [4]**

	December 31, 2023	December 31, 2022
	€	€
Corporate income tax	<u>-</u>	<u>375</u>

**Accrued expenses and other liabilities [5]**

	December 31, 2023	December 31, 2022
	€	€
Audit fee	31,914	30,250
Pool audit fee	7,502	-
Management fee	-	1,463
	<u>39,416</u>	<u>31,713</u>

**Van Lanschot Kempen SB Covered Bond Company B.V.**  
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**2.6 Notes to the Statement of income**

	2023	February 01, 2022 - December 31, 2022
	€	€
<b>Interest income [6]</b>		
Income from Mortgage Loans	34,926,511	9,160,483
Interest on Subordinated Loan	-19,574,186	-5,243,015
Accrued Deferred Purchase Price	-13,725,498	-3,386,496
Mortgage pool servicing fee	-1,476,622	-412,017
Interest on bank accounts	17,320	5,265
	<u>167,525</u>	<u>124,219</u>

All income, except the interest on bank accounts, was due from the Seller.

	2023	February 01, 2022 - December 31, 2022
	€	€
<b>General and administrative expenses [7]</b>		
Administration fee	65,818	49,040
Management fee	40,490	42,666
Independent auditor fee	31,914	30,250
Pool audit fee	14,520	-
Other expenses	12,283	-236
	<u>165,025</u>	<u>121,719</u>

The administration fees were payable to Intertrust Administrative Services B.V. and management fees were payable to Intertrust Management B.V. and also relate to Stichting Security Trustee Van Lanschot Kempen SB Covered Bond Company and Stichting Holding Van Lanschot Kempen SB Covered Bond Company.

The fee to PricewaterhouseCoopers Accountants N.V., in their role as independent auditor of the Company, amounts to EUR 31,914 (previous period: EUR 30,250). No other fees were paid or are payable to the independent auditor of the Company. The pool audit fee consists of EUR 14,520, which also includes the pool audit of the previous year for the amount of EUR 7,018, for the pool audit performed by Deloitte (previous year: EY).

	2023	February 01, 2022 - December 31, 2022
	€	€
<b>Income Tax Expense [8]</b>		
Income Tax Expense	<u>475</u>	<u>375</u>

The Company and the Dutch Tax Authorities agreed by way of an opinion that the taxable amount is calculated at the higher of EUR 2,500 and 10% of the annual remuneration paid to the Director of the Company. The applicable tax rate for the year under review is 19% (previous period 15%) of the taxable amount.

**Employees**

During the period under review the Company did not employ any personnel in and outside the Netherlands.

**Remuneration of the of Director**

The management board of the Company consists of one corporate director; the remuneration of the Director is included in the management fee as disclosed under General and administrative expenses, above and amounts to EUR 18,664 (previous period EUR 22,097). The Company does not have a supervisory board.

**Proposed appropriation of result**

The net result for the year under review is EUR 2,025 (previous period EUR 2,125). The Director proposes to add the net result to the Other reserves.

***Van Lanschot Kempen SB Covered Bond Company B.V.***  
***Annual Report 2023***

**Post-balance sheet events**

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

Amsterdam, June 21, 2024

Director  
Intertrust Management B.V.

# ***Van Lanschot Kempen SB Covered Bond Company B.V.***

## ***Annual Report 2023***

### **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 Van Lanschot Kempen SB Covered Bond Company B.V.

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### *Report on the audit of the financial statements 2023*

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#### *Our opinion*

In our opinion, the financial statements of Van Lanschot Kempen 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 2023, 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 2023 of Van Lanschot Kempen SB Covered Bond Company B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2023;
- the income statement for the year then ended; 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.

*NLE00024350.1.2*

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*PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands*

*T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, [www.pwc.nl](http://www.pwc.nl)*

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### *Independence*

We are independent of Van Lanschot Kempen 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.

In preparing 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, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. 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, 21 June 2024  
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 2023 of Van Lanschot Kempen 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.