Aegon SB Covered Bond Company B.V.

Annual Report for the period March 9, 2021 to December 31, 2021

Amsterdam, the Netherlands

Aegon SB Covered Bond Company B.V.
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1043 AP Amsterdam
The Netherlands
Chamber of Commerce 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 Aegon SB Covered Bond Company B.V. (the “Company") for the year 2021.

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 Aegon 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 AEGON Bank N.V. (“AEGON” 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, AEGON will assign eligible assets to the Company. AEGON 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, AEGON 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.

AEGON 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 AEGON 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, 2021.

As per December 31, 2021 the net outstanding nominal amount of the transferred mortgage loans was EUR 557.4 million.

The Bonds were rated by Standard & Poor's at issuance, which 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.

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

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
As this is a new structure no comparison with 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 AEGON. 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 557.4 million. Until that moment all risks and rewards associated with the assets are retained by AEGON 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 order to mitigate the interest rate risk. 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 0.375%, is less than the average interest rate of 2.94% on all transferred mortgage loans and the obligation of AEGON to offer, for a succeeding interest period of the transferred mortgage loans, a minimum mortgage interest rate of 1.0%.

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

Please note that the Interbank Offered Rates ("IBORs") are phased out with most likely some of tenors of USD Libor to be extended until the end of June 2023. The IBORs will be replaced by Risk Free Rates ("RFRs"), which prove to be more liquid and anchored in active markets rates. Based on the aforementioned timeline, we conclude that there is no material impact on the Company as far as the financial statements of 2021 are concerned. In the meantime the process in place with regards to the transition from the current benchmark rates to the reformed benchmarks will be monitored going forward and adjustments in the figures will be made where deemed necessary.

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

Operational risk
The Company has exposure to operational risks due to the fact that most of the services are provided by third parties. The third-party servicers to the Company are Intertrust Management B.V., Intertrust Administrative Services B.V., IQ EQ Structured Finance B.V., AEGON Hypotheken B.V., BNG BANK N.V., PricewaterhouseCoopers Accountants N.V.,Citibank N.A., London Branch and ABN AMRO BANK N.V. The exposure to operational risks to the Company is limited.

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 for the period March 9, 2021 to December 31, 2021 amounts to 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)
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 ESG.

1.2 Future developments

This macro-economic analysis in this section is largely based on data and expectations presented by De Nederlandse 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 effects of COVID-19 makes this even more difficult. During 2021, variations on the initial COVID-19 virus were discovered and the indications are that this trend will continue into the future. The severity and effects of these mutations, as well as government reaction to any such outbreaks, is very dynamic and unpredictable. The prospect and level of any introduction of a lockdown, or the relaxing of any of its rules, changes almost on a daily basis. 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. All economic data relevant to the Company, historic or prospective, could still be influenced by COVID-19 developments.

DNB has concluded that the Dutch economy has been relatively resilient to COVID-19 effects up to now but highlights that there are certain pressures building up within the Dutch economy, as well as the economy's vulnerability to developments elsewhere in the world-wide economy. Alongside its most likely scenario, it has also sketched an alternative scenario for the coming years which is largely based on adverse developments in the global economy. The effects of COVID-19 may well differ in the other major economies in the world and this would likely have an impact on the Dutch economy.

The developments in the Dutch economy during 2021 demonstrated its resilience to the significant adverse effects of the COVID-19 pandemic largely due its favourable position when compared to most other economies around the world. The recovery in the second and third quarters of 2021 exceeded expectations, fuelled mostly by domestic consumer spending, increased business confidence in the economy and increased levels of government spending in terms of infrastructure projects and financial support designed to protect the more vulnerable sectors of the economy. The Dutch export sector was also well placed to benefit from rising worldwide demand, particularly in the chip production and pharmaceutical sectors. At the same time, it was relatively sheltered from sectors which were particularly hard hit by global shortages as worldwide production and logistics were suffering from COVID-19 effects. On the other hand, it is clear that there are significant variations in the various sectors of the economy with recreation and entertainment, tourism and cultural sectors particularly hard hit with the prospect of an immediate and significant recovery in 2022 looking quite remote.

GDP increased by around 4.5% in 2021, as compared to a decrease of 3.8% in 2020. The current expectations are that GDP will continue to bounce back by 3.6% in 2022 and 1.7% in 2023. To put the uncertainty surrounding the expectations for 2022 into perspective, DNB has calculated that GDP could also decrease by 1.4% in a 'worst case scenario', where the worldwide economy is particularly hard hit in 2022.

In the projections, the economy is expected to continue to benefit from somewhat restored confidence by consumers and businesses alike, as well as a continuation of a high level of government spending. However, the restored confidence appears to be quite fragile and vulnerable to COVID-19 developments. As regards government spending, the 6.3% deficit that was recorded in 2020 has improved to a deficit of around 4.4% in 2021. This improvement is expected to continue to a deficit of around 1.9% in 2022 and just 0.8% in 2023. Much of these projections will depend on the extent and timing of infrastructure projects and government support for the economy.

Whilst the projections for 2022 and beyond are relatively positive, DNB has pointed to a number of vulnerabilities underlying the economic developments. Production facilities are under pressure as a result of logistical restrictions and shortages in the supply of a number of raw materials. In some sectors, production is close to its maximum capacity. The supply of labour is also showing signs of being under significant pressure, comparable to pre COVID-19 levels, and worldwide energy prices are rising in the wake of increased demand. The export sector continues to be well placed to benefit from improvements in the global economy, with demand in the chip production and pharmaceutical sectors expected to continue to rise significantly.

Unemployment levels showed an unexpectedly sharp decrease from 4.6% at the end of 2020 to just 2.7% at the end of 2021 though this is expected to increase to averages of around 3.5% in 2022 and 2023. The relatively low unemployment figures hide appreciable differences in the sectors hit hard by COVID-19 and those that have benefitted. The overall figures are also confirmed by other indicators in the labour markets such as the number of vacancies in absolute terms and vacancies as a proportion of the unemployment numbers. Most businesses cited a lack of personnel at the end of 2021 as their major obstacle to growth in 2022.

Headline inflation increased from an average of 1.1% in 2020 to some 2.7% in 2021 and even some 6% at the end of the year. Inflationary pressures at the end of the year (around 1.5%) came from higher energy costs, especially electricity, oil, gas and automotive fuel. Higher prices for consumer goods such as cars, furniture and computer equipment arising out of the rapid recovery in global markets also contributed. As most of these effects are expected to be of a largely temporary nature, headline inflation is expected to stabilise at around 3.0% in the coming two years. Rising energy prices are expected to contribute a relatively large element to inflation however. The tight labour market and economic recovery are also expected to result in inflationary pressures as wage settlements creep up, increasing production unit costs. This is expected to be tempered somewhat by the assumption that the growth in vacancies will be at the lower end of the wage scale.

The domestic housing market appears to be relatively unaffected by COVID-19 thus far. The spectacular growth in domestic house prices has continued throughout 2021 and the last few quarters of 2021 even showed average increases in the price of existing dwellings of more than 20% according to NVM. The number of transactions for the last quarter of 2021 was down 23% as compared to the same period in the previous year, and for 2021 as a whole a decrease of 19% was recorded. The market is clearly under pressure from low levels of supply and this is confirmed by the relatively short time the average dwelling spends on the market, and that some 80% of transactions in 2021 for existing dwellings were settled at prices that exceeded the asking price.

As always, regional variations and differences in the various price sectors and types of dwelling continued in 2021 but the overall picture applied to the housing market as a whole. The overall shortage of housing, particularly for starters, is getting ever more severe as targets for the building of new dwellings are inadequate or not met. DNB expects house prices to increase by 11.3% in 2022 before stabilising somewhat to 5% in 2023. The expectations are driven by a combination of short supply, increased earnings and continuing low interest rates for the coming years.

Risk levels for existing homeowners and lenders alike have again generally decreased since last year. This trend is expected to largely continue in the coming years as the market seems to be relatively sheltered from the major adverse COVID-19 impacts. New homeowners have for years been subjected to stricter lending conditions and existing homeowners have seen debt ratios decrease as a result of a persistent period of major price rises. However, new loans have shown a tendency to be agreed for relatively long interest periods, at relatively low rates. Furthermore, competitive pressures continue to increase in the mortgage market due to new entrants to the market and continued low interest rates. Whilst these factors generally increase risks, lenders are experiencing improved debt ratios on existing portfolios as a result of rising prices.

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 for example caused by COVID-19. The limited recourse principle embedded in the Prospectus and Transaction Documents dictates that any such losses on the mortgage loans are to be borne by AEGON.

Ukraine / Russia conflict
The conflict in the Ukraine is considered a non-adjusting subsequent event for the financial statements 2021. At this point in time the Company has a close to nil exposure to Russia and Ukraine. There may be adverse and negative effects to the global economy (including housing), financial markets, global trade payment systems and capital flows as well as from the impact of sanctions. However, the extent to which the impact this has to the Company will depend on future developments that are highly uncertain and cannot be predicted. The Company will continue to closely monitor events and their potential impact.

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 for example caused by COVID-19. The limited recourse principle embedded in the Prospectus and Transaction Documents dictates that any such losses on the mortgage loans are to be borne by AEGON.

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 or 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, as described in the Annual Report and the Prospectus.

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.

Amsterdam, [date]

Director,

Intertrust Management B.V.

2. FINANCIAL STATEMENTS

2.1 Balance sheet as at December 31, 2021

(Before result appropriation)

		December 31, 2021	
ASSETS		€	€
Current assets			
Other Receivables	[1]	30,989	
			30,989
Cash and cash equivalents	[2]		1,762
			32,751
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	[3]		
Share capital		1	
Other reserves		-	
Result for the period		2,125	
			2,126
Current liabilities	[4]		
Tax liabilities		375	
Accrued expenses and other liabilities		30,250	
			30,625
			32,751

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

2.2 Statement of income for the year ended December 31, 2021

		March 9, 2021 - December 31, 2021	
		€	€
Operating income and expenses			
Income	[5]	769,081	
			769,081
General and administrative expenses	[6]	-766,581	
			-766,581
Result before tax			2,500
Corporate income tax	[7]		-375
Result after tax			2,125

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

2.3 Statement of cash flows for the year ended December 31, 2021

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

		March 9, 2021 - December 31, 2021	
		€	€
Result after tax *			2,125
Adjustments to statement of income:			
Corporate income tax	[7]	375	
			375
Movements in working capital			
Net change in other receivables	[1]	-30,988	
Net change in current liabilities	[4]	30,250	
Corporate income taxes paid	[7]	-	
Net cash (used in) / from operating activities			-738
Net cash flow			1,762
Notes to the cash resources			
Opening balance			-
Movements in cash			1,762
Closing balance			1,762

* The net result for the financial year includes the Pool Servicing fee amounting to EUR 627,851 charged by the Servicer, which is AEGON Hypotheken B.V., to the Company. The Pool Servicing fee is fully charged by the Company to AEGON. These amounts are settled through the current account and have been treated as non-cash items.

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

2.4 General notes to the financial statements

GENERAL INFORMATION

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 Aegon 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 AEGON Bank N.V. ("AEGON" 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, AEGON will assign eligible assets to the Company. AEGON 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, AEGON 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

AEGON 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 AEGON 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, 2021.

As per December 31, 2021 the net outstanding nominal amount of the transferred mortgage loans was EUR 557.4 million.

The Stichting Holding Aegon 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 Aegon 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 AEGON 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 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
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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 AEGON. 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 557.4 million. Until that moment all risks and rewards associated with the assets are retained by AEGON 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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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 107.19%.

Please note that the Interbank Offered Rates ("IBORs") are phased out with most likely some of tenors of USD Libor to be extended until the end of June 2023. The IBORs will be replaced by Risk Free Rates ("RFRs"), which prove to be more liquid and anchored in active markets rates. Based on the aforementioned timeline, we conclude that there is no material impact on the Company as far as the financial statements of 2021 are concerned. In the meantime the process in place with regards to the transition from the current benchmark rates to the reformed benchmarks will be monitored going forward and adjustments in the figures will be made where deemed necessary.

Liquidity risk

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

Operational risk

The Company has exposure to operational risks due to the fact that most of the services are provided by third parties. The third-party servicers to the Company are Intertrust Management B.V., Intertrust Administrative Services B.V., IQ EQ Structured Finance B.V., AEGON Hypotheken B.V., BNG BANK N.V., PricewaterhouseCoopers Accountants N.V.,Citibank N.A., London Branch and ABN AMRO BANK N.V. The exposure to operational risks to the Company is limited.

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.

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”). 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.

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

Opening balance

For the opening balance financial statement line items and the first entry in the accounts we conclude that as per the beginning of the period, March 9, 2021 an accrual was booked for Chamber of commerce costs for EUR 50. No separate opening financial statements therefore included.

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.

The Issuer 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, and accrued expenses and other 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.

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

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

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

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

General and administrative expenses
The 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 other receivables, cash and cash equivalents and accrued expenses and other liabilities included in these financial statements, the estimated fair value for these financial instruments approximates the book value, as disclosed in the aforementioned accounting policies.

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

STATEMENT OF CASH FLOWS
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.

2.5 Notes to the Balance sheet

CURRENT ASSETS

		December 31, 2021
Other receivables	**[1]**	€
Receivable AEGON		30,989
		30,989

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

		December 31, 2021
Cash and cash equivalents	**[2]**	€
CBC Account		991
Custody Account		771
		1,762

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 25 basis points.

Custody cash 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.

Reserve account
The CBC shall maintain with the CBC Account Bank the Reserve Account to which the Reserve Account required amount will be credited. In respect of the balance standing to the credit of the CBC Account the margin will be 17.5 basis points per annum.

Swap Cash Collateral Account
This is the bank account of the CBC designated as such in the CBC Account Agreement. The CBC shall maintain the Swap Replacement Ledger to which it shall credit the Swap Replacement amounts. In respect of the balance standing to the credit of the Swap Cash Collateral Account the margin will be 25 basis points per annum.

SHAREHOLDER'S EQUITY [3]

Share capital

	March 9, 2021 - December 31, 2021
	€
Opening balance	-
Issue share	1
Closing balance	1

The issued and paid-in share capital amounts to EUR 1, consisting of 1 ordinary share of EUR 1.

Result for the period

	March 9, 2021 - December 31, 2021
	€
Opening balance	-
Other reserves	-
Result for the period	2,125
Closing Balance	2,125

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

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

CURRENT LIABILITIES [4]

Tax liabilities

	December 31, 2021
	€
Corporate income tax current year	375
	375

Accrued expenses and other liabilities

	December 31, 2021
	€
Audit fee	30,250
	30,250

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

2.6 Notes to the Statement of income

Income [5]

	March 9, 2021 - December 31, 2021
	€
Charged to AEGON	769,081
	769,081

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

General and administrative expenses [6]

	March 9, 2021 - December 31, 2021
	€
Pool servicing fee	627,851
Administration fee	65,930
Management fee	42,130
Audit fee	30,250
Negative interest bank accounts	5
Other fees	415
	766,581

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

	Pricewaterhouse-Coopers Accountants N.V.	Other Pricewaterhouse-Coopers Accountants N.V.	Total 2021
	€	€	€
Audit of the financial statements	25,000	-	25,000
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Totals	25,000	-	25,000

The audit of the financial statements comprises a fee payable to PricewaterhouseCoopers Accountants N.V. for services rendered. The amount is excluding VAT and accounted for on an accrual basis.

Corporate income tax [7]

	March 9, 2021 - December 31, 2021
	€
Corporate income tax	375
	375

The Company and the Dutch Tax Authorities agreed by way of a ruling until the final maturity date of the Bonds that the taxable amount is calculated as the higher of a) 10% of the annual remuneration paid to the Director of the Company and b) EUR 2,500. The applicable tax rate for the period under review is 15% of the taxable amount.

Employees
During the period under review the Company did not employ any personnel.

Remuneration of the Director and Board of Supervisory Directors
The remuneration of the Director amounts to EUR 16,053.

The Company does not have a board of supervisory directors.

Subsequent events
The conflict in the Ukraine is considered a non-adjusting subsequent event for the financial statements 2021. At this point in time the Company has a close to nil exposure to Russia and Ukraine. There may be adverse and negative effects to the global economy (including housing), financial markets, global trade payment systems and capital flows as well as from the impact of sanctions. However, the extent to which the impact this has to the Company will depend on future developments that are highly uncertain and cannot be predicted. The Company will continue to closely monitor events and their potential impact.

Amsterdam, [date]

Director
Intertrust Management B.V.

3. Other information

3.1 Statutory provisions

In accordance with Article 20 of the Articles of Association, and applicable law, the Director is authorized 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 shareholders only to the extent that from the most recently adopted balance sheet it appears 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.

Independent auditor's report

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

Report on the financial statements for the period 9 March 2021 to 31 December 2021

Our opinion

In our opinion, the financial statements of Aegon SB Covered Bond Company B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021, and of its result for the period from 9 March 2021 to 31 December 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period 9 March 2021 to 31 December 2021 of Aegon SB Covered Bond Company B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- the statement of income for the period from 9 March 2021 to 31 December 2021;
- Statement of cash flows for the period 9 March 2021 to 31 December 2021 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.

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.

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

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

Report on the other information included in the annual report

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;
- 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.

Responsibilities for the financial statements and the audit

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

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

Our responsibilities for the audit of the financial statements

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

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

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

Amsterdam, 29 April 2022
PricewaterhouseCoopers Accountants N.V.

C.C.J. Segers RA

Appendix to our auditor's report on the financial statements for the period 9 March 2021 to 31 December 2021 of Aegon SB Covered Bond Company B.V.

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.