Achmea Soft Bullet Covered Bond Company B.V.

Annual Report 2023

Amsterdam, the Netherlands

Achmea Soft Bullet Covered Bond Company B.V.
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce 81.92.67.90

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Achmea Soft Bullet Covered Bond Company B.V.
Annual Report 2023

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1.1 Activities and results

General
Achmea Soft Bullet Covered Bond Company B.V. (“the Company”) was incorporated on 17 February 2021 and is located at Basisweg 10, 1043 AP, Amsterdam which is registered at the Dutch Chamber of Commerce (81.92.67.90).

The main objective of the Company is to guarantee, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds issued by Achmea Bank N.V. (“Achmea” or “the Issuer”) which is located at Spoorlaan 298, 5017 JZ Tilburg with its registered office in The Hague. As consideration for the Company to meet its obligation under the issued guarantee, Achmea Bank will transfer eligible assets to the Company. Achmea Bank transferred eligible mortgage loans to the Company through a so called silent assignment (stille cessie). Meaning that until the occurrence of an Assignment Notification Event, the Asset Cover test has been breached or a Notice to pay / CBC Acceleration Notice have been served (“the Events”), Achmea Bank 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 Covered Bonds.

Achmea Bank issued under the Covered Bond Programme the following series of Covered Bonds:

- On 29 September 2021 a first tranche of Covered Bonds (“the Bonds”) of a total value of EUR 0.5 billion (maturity date: 29 September 2036)
- On 24 May 2022 a second tranche of EUR 0.5 billion (maturity date: 24 May 2029)
- on 31 January 2023 a third tranche of EUR 0.5 billion (maturity date: 31 January 2030)
- on 19 October 2023 a fourth tranche of EUR 0.5 billion (maturity date: 19 October 2026)

In June 2023 the outstanding three series of Covered Bonds in the Conditional Pass-Through Covered Bond Programme (EUR 1.5 billion) were transferred to the Soft Bullet Covered Bond Programme after noteholders approval and the Conditional Pass-Through Covered Bond Programme has been terminated. These transferred series of Covered Bonds were issued by Achmea Bank on 22 November 2017 (EUR 0.5 billion) , on 20 February 2019 (EUR 0.5 billion) and on 16 June 2020 (EUR 0.5 billion). The maturity date of these bonds are 22 November 2024, 20 February 2026 and 16 June 2025, respectively. These transferred series relate to the securities program for which the Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds issued by the Issuer. Following the transfer of the securities program under the Soft Bullet Covered Bond Programme the cash at banks (reserve account) and related liability have been transferred to the Company. Reference is made to note 2.5 of the financial statements, cash at banks and other liabilities.

As per 31 December 2023 the total outstanding nominal amount of the seven bonds was EUR 3.5 billion.

As per 31 December 2023 the net outstanding nominal amount of the transferred eligible mortgage loans was EUR 5.3 billion (2022 EUR 1.9 billion).

The Bonds at issuance were rated by S&P. S&P rated the Bonds issued as AAA. The rating of the Bonds have not been amended since the 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, Achmea Bank and Stichting Security Trustee Achmea Soft Bullet Covered Bond Company (“the Trustee”) states that all costs and expenses of the Company and will be received and paid on behalf of the Company by Achmea Bank for its own account. As a result, all amounts remaining on the Company`s balance sheet will flow back periodically to Achmea Bank. The Company`s cash transactions are limited to bank interest received and bank interest charged through to Achmea Bank and the Company will not have the right to any of the proceeds.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and statement of income of the Company and the director's report includes a fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces.

RISK MANAGEMENT

In the sections below the main risks and instruments that can be used for mitigation are being discussed.

Financial risk management

The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Covered Bonds issued by Achmea Bank. As a consequence, the Company will then, amongst others, run interest rate risks on the Covered Bonds and the mortgage portfolio.

Credit and concentration risk

Credit risk is the risk that the Borrowers will be unable to pay amounts in full when due, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the mortgage portfolio will be transferred to the Company. Until that moment all risks and rewards associated with the assets are retained by Achmea Bank and the transferred Mortgage Loans are not recognized on the Company`s balance sheet. However given the minimum legally required overcollateralisation of at least 5% a buffer is available to cover losses arising.

Interest rate risk

As of 31 December 2023 the Company had no actual exposure to interest rate risk. In relation to the series issued and the portfolio transferred to the Company no swap agreement has been entered into by the Company. This given the fact that the average fixed interest rate on the Bonds, of 1.359%, is less than the average interest rate of all transferred receivables.

Furthermore, the notional amount outstanding of all transferred eligible mortgage receivables 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 receivables was 142.8%.

Liquidity risk

In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by Achmea Bank on a separate bank account held with Société Générale S.A.

Limited Recourse

Although Interest rate risk, credit risk and liquidity risk are recognized the exposure of the Company is limited. The Covered Bonds are issued at limited recourse. If a CBC Event of Default occurs and the Security is enforced, the proceeds may not be sufficient to meet the claims of all the creditors, including the Covered Bondholders. In the event following enforcement of the Security, the creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, the creditors will no longer have a claim against the Company after enforcement of the Security. The creditors may still have an unsecured claim against the Issuer for the shortfall.

Fraud

In view of fraud, bribery and anti-corruption, the Director implemented manual and automated internal controls such as segregation of duties and provides training to help employees to identify fraudulent behaviour. In addition, the Director implemented, amongst others, a code of conduct, whistleblower polices 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.

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 calculation of economic indicators and predictions will inevitably lag behind events and some of the information available may not be completely up-to-date with developments.

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

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

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

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

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

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

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

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

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

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

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

Director's representation statement
The Director declares that, to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and result of the Company and that the Director's report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

Director
During 2023 the Company was represented by Intertrust Management B.V. in the role as Director of the Company.

Amsterdam, 28 June 2024

The Director,
Intertrust Management B.V.

2. FINANCIAL STATEMENTS

2.1 Balance Sheet as at 31 December 2023 (before appropriation of result)

(Amounts are in EUR)		31 December 2023		31 December 2022	
ASSETS					
Current assets					
Receivables					
Other receivables	[1]		-		1,021
Cash at banks	[2]		18,821,402		1,587,996
			18,821,402		1,589,017
SHAREHOLDER'S EQUITY AND LIABIITIES					
Shareholder's equity	[3]				
Share capital		1		1	
Other reserves		3,971		1,846	
Net result current year		2,025		2,125	
			5,997		3,972
Long-term Liabilities					
Other liabilities	[4]		18,634,995		1,584,995
Current liabilities					
Tax liabilities	[5]		63		50
Other payables and accrued expenses	[6]		180,347		-
			18,821,402		1,589,017

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

2.2 Income statement for the year ended 31 December 2023

(Amounts are in EUR)		2023	2022
Income			
Income	[7]	7,691,080	2,621,187
Expenses			
General and administrative expenses	[8]	7,688,580	2,618,687
Result before taxation		2,500	2,500
Corporate Income Tax	[9]	475	375
Net result		2,025	2,125

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

2.3 Cash flow statement for the year ended 31 December 2023

(Amounts are in EUR)		**2023**	**2022**
Net Result		2,025	2,125
Net cash flow from operating activities			
Net change in other receivable	[1]		- 5,428
Net change in tax liabilities	[5]	13	- 275
Net change in other payables and accrued expenses	[6]	181,366	-
Net cash flow from financing activities			
Long term liabilities issued	[4]	17,050,000	1,400,000
Capital addition	[3]	-	-
Net cash flow		17,233,404	1,396,422
Opening Cash at banks		1,587,996	191,574
Closing Cash at banks	[2]	18,821,402	1,587,996
Movements in Cash at banks		17,233,404	1,396,422

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

2.4 General notes to the financial statements for the year ended 31 December 2023

General
Achmea Soft Bullet Covered Bond Company B.V. ("the Company") was incorporated on 17 February 2021 and is located at Basisweg 10, 1043 AP, Amsterdam which is registered at the Dutch Chamber of Commerce (81.92.67.90).

The main objective of the Company is to guarantee, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds issued by Achmea Bank N.V. ("Achmea" or "the Issuer") which is located at Spoorlaan 298, 5017 JZ Tilburg with its registered office in The Hague. As consideration for the Company to meet its obligation under the issued guarantee, Achmea Bank will transfer eligible assets to the Company. Achmea Bank transferred eligible mortgage loans to the Company through a so called silent assignment (stille cessie). Meaning that until the occurrence of an Assignment Notification Event, the Asset Cover test has been breached or a Notice to pay / CBC Acceleration Notice have been served ("the Events"), Achmea Bank 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 Covered Bonds.

Achmea Bank issued under the Covered Bond Programme the following series of Covered Bonds:

- On 29 September 2021 a first tranche of Covered Bonds ("the Bonds") of a total value of EUR 0.5 billion (maturity date: 29 September 2036)
- On 24 May 2022 a second tranche of EUR 0.5 billion (maturity date: 24 May 2029)
- on 31 January 2023 a third tranche of EUR 0.5 billion (maturity date: 31 January 2030)
- on 19 October 2023 a fourth tranche of EUR 0.5 billion (maturity date: 19 October 2026)

In June 2023 the outstanding three series of Covered Bonds in the Conditional Pass-Through Covered Bond Programme (EUR 1.5 billion) were transferred to the Soft Bullet Covered Bond Programme after noteholders approval and the Conditional Pass-Through Covered Bond Programme has been terminated. These transferred series of Covered Bonds were issued by Achmea Bank on 22 November 2017 (EUR 0.5 billion) , on 20 February 2019 (EUR 0.5 billion) and on 16 June 2020 (EUR 0.5 billion). The maturity date of these bonds are 22 November 2024, 20 February 2026 and 16 June 2025, respectively. These transferred series relate to the securities program for which the Company guarantees, under the Trust Deed, the payment of interest and principal payable under the Covered Bonds issued by the Issuer. Following the transfer of the securities program under the Soft Bullet Covered Bond Programme the cash at banks (reserve account) and related liability have been transferred to the Company. Reference is made to note 2.5 of the financial statements, cash at banks and other liabilities.

As per 31 December 2023 the total outstanding nominal amount of the seven bonds was EUR 3.5 billion.

As per 31 December 2023 the net outstanding nominal amount of the transferred eligible mortgage loans was EUR 5.3 billion (2022 EUR 1.9 billion).

The Bonds at issuance were rated by S&P. S&P rated the Bonds issued as AAA. The rating of the Bonds have not been amended since the 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, Achmea Bank and Stichting Security Trustee Achmea Soft Bullet Covered Bond Company ("the Trustee") states that all costs and expenses of the Company and will be received and paid on behalf of the Company by Achmea Bank for its own account. As a result, all amounts remaining on the Company`s balance sheet will flow back periodically to Achmea Bank. The Company`s cash transactions are limited to bank interest received and bank interest charged through to Achmea Bank and the Company will not have the right to any of the proceeds.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and statement of income of the Company and the director's report includes a fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces.

RISK MANAGEMENT

In the sections below the main risks and instruments that can be used for mitigation are being discussed.

Financial risk management

The Company has, under the Trust Deed, guaranteed the payment of interest and principal payable under the Covered Bonds issued by Achmea Bank. As a consequence, the Company will then, amongst others, run interest rate risks on the Covered Bonds and the mortgage portfolio.

Credit and concentration risk

Credit risk is the risk that the Borrowers will be unable to pay amounts in full when due, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the mortgage portfolio will be transferred to the Company. Until that moment all risks and rewards associated with the assets are retained by Achmea Bank and the transferred Mortgage Loans are not recognized on the Company`s balance sheet. However given the minimum legally required overcollateralisation of at least 5% a buffer is available to cover losses arising.

Interest rate risk

As of 31 December 2023 the Company had no actual exposure to interest rate risk. In relation to the series issued and the portfolio transferred to the Company no swap agreement has been entered into by the Company. This given the fact that the average fixed interest rate on the Bonds, of 1.359%, is less than the average interest rate of all transferred receivables.

Furthermore, the notional amount outstanding of all transferred eligible mortgage receivables 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 receivables was 142.8%.

Liquidity risk

In order to mitigate the liquidity risk, a temporary shortfall in cash, a reserve account is established. Cash is deposited by Achmea Bank on a separate bank account held with Société Générale S.A.

Limited Recourse

Although Interest rate risk, credit risk and liquidity risk are recognized the exposure of the Company is limited. The Covered Bonds are issued at limited recourse. If a CBC Event of Default occurs and the Security is enforced, the proceeds may not be sufficient to meet the claims of all the creditors, including the Covered Bondholders. In the event following enforcement of the Security, the creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, the creditors will no longer have a claim against the Company after enforcement of the Security. The creditors may still have an unsecured claim against the Issuer for the shortfall.

Fraud

In view of fraud, bribery and anti-corruption, the Director implemented manual and automated internal controls such as segregation of duties and provides training to help employees to identify fraudulent behaviour. In addition, the Director implemented, amongst others, a code of conduct, whistleblower polices 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.

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 Dutch Accounting Standards. 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 “€”). All amounts are in EUR, unless stated otherwise. Unless specifically stated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred. The Balance sheet, Income statement and Cash flow statement include references to the notes.

Authorization financial statements
The financial statements for the year ended 31 December 2023 were authorized for publication in accordance with a resolution of the Management Board on 28 June 2024.

Significant accounting judgments and estimates
In the process of applying the Company's accounting policies, the Company's management has exercised judgment and estimates in determining the amounts recognised in the Financial statements. The most significant uses of judgment and estimates are as follows.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern. The management 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.

Recognition
Assets are recognized in the financial statements if it is probable that any future economic benefit associated with the specific item will flow to the Company and the item can be measured with reliability. Liabilities are recognized in the financial statement if it is probable that these liabilities result in an outflow of resources embodying future economic benefits and that these liabilities can be measured with reliability.

If a transaction results in a transfer of future economic benefits and or when all risks and rewards relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet.

Financial instruments
The Financial statements contain the following financial instruments: other receivables, cash at bank, long-term liabilities and current liabilities.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. After initial recognition, financial instruments are measured 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 less impairment. Impairment losses are deducted from amortised cost and expensed in the Income statement. The impairment is based on the incurred loss model. The other receivables are current.

Cash at banks
Cash at banks are measured at nominal value and, insofar as not stated otherwise, are at the free disposal of the Company. Cash at bank relate to immediately due and payable withdrawal claims against credit institutions and cash resources.

Long-term Liabilities
The long-term liabilities are initially recognized at fair value less transaction costs which can be directly attributed to the acquisition of the debt. After initial recognition, they are carried at amortised cost.

Current 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. The current liabilities have a short-term character and are expected to be paid off within a year.

Offsetting
Financial assets and liabilities are offset at the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Recognition of income and expenses
Income and expenses are recognised in the Income statement on an accruals basis. Income is recognized to the extent that it is probable that the benefits will flow into the company and can be reliably measured. Income relates to charges to Achmea. The Trust Deed entered into by the Company, Achmea and the Trustee states that all costs and expenses of the Company will be received and paid on behalf of the Company by Achmea for its own account. Income therefore relates to expenses charged through to Achmea and are allocated to the period to which they relate. General and administrative expenses are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

Corporate income tax
The Company is liable to Dutch corporate income tax. 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 fee of EUR 2,500.

Statement of cash
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 at banks. Income taxes are included in cash from operating activities. Dividends paid if applicable are recognised as cash used in financing activities.

CONTINGENT LIABILITIES AND COMMITMENTS

Guarantee
Pursuant to the Guarantee issued under the Trust Deed, the Company guarantees the payment of interest and principal payable under the Covered Bonds. The Company has granted a first ranking right of pledge over the transferred mortgage loans and beneficiary rights to the Trustee. The exercise of the pledge is subject to certain terms and conditions. Not meeting the Company's obligations to certain secured parties, including the covered bond holders, can lead to exercising the right of pledge by the Trustee. After exercising of the pledge the Company will receive all the proceeds of the transferred assets with the aim to pay the principal and interest payable under the covered bonds.

2.5 Notes to the Balance sheet as at 31 December 2023

OTHER RECEIVABLES [1] (Amounts are in EUR)	**31 December 2023**	**31 December 2022**
Current account with Achmea	-	1,021

The other receivables consists of the net position of income and costs reimbursed to Achmea Bank by the Company, but still need to be received by the Company. All the other receivables are current.

CASH AT BANKS [2] (Amounts are in EUR)	**31 December 2023**	**31 December 2022**
Reserve Account	18,634,995	1,584,995
CBC Account	185,890	2,500
Back-up Account	517	502
	18,821,402	1,587,996

The increase of the Reserve Account is due to the transferred bonds of the Conditional Pass-Through Covered Bond Programme and the issued of the two new Covered Bonds. The amount of the Reserve Account includes the interest of the related bonds.

Reserve Account - CBC Account
The Reserve Account relates to a reserve deposit with Société Générale S.A. in Amsterdam, the Netherlands. The Reserve Account Required Amount as per 31 December 2023 amounts to EUR 18,580,000. These funds are designated as reserve fund for the bond holders. These funds are not at the free disposal of the Company. The remaining balance of EUR 54,995 is free at the disposal of the Company. The CBC Account is linked to the Reserve Account and is used to pay maintenance fees and is used to receive interest income on the balance of the CBC Account and Reserve account. The rate of interest on the Reserve Account and CBC account are determined by the €STR minus a fixed spread of 5 bps.

Back-up Account
The Back-up Account relates to a backup account with City Bank Europe plc in Amsterdam, the Netherlands. The rate of interest on the Back-up Account is determined by the €STR minus a fixed spread of 20 bps.

SHAREHOLDER'S EQUITY [3]

Share capital

The issued share capital amounts to EUR 1, consisting of 1 ordinary share of EUR 1.

Shareholder's equity

(Amounts are in EUR)	31 December 2023	31 December 2022
Share capital	1	1
Other reserves	3,971	1,846
Net result current year	2,025	2,125
Closing balance	5,997	3,972

Proposed appropriation
The net result for the current year is EUR 2,025. The Director proposes to add the net result to the other reserves.

OTHER LIABILITIES [4]

(Amounts are in EUR)	31 December 2023	31 December 2022
Opening balance	1,584,995	184,995
Additions to reserve account	17,050,000	1,400,000
Closing balance	18,634,995	1,584,995

Long term liabilities relate to the obligatory cash deposit placed with Achmea Bank. This cash amount is deposited in a separated account: the reserve account. The Company will need to refund the deposited amount, to Achmea Bank, when there is no obligation to maintain a reserve fund anymore. This will be the case once the issued notes have been repaid in full. The maturity date of the longest-running issued series of Covered Bonds is 29 September 2036.

The required amount that needs to be deposited is based on the scheduled interest due on the issued Covered Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Covered Bonds. Achmea Bank is entitled to receive all interest receipts in relation to deposited cash amount in the reserve account. The liability equals the amounts that have been deposited by Achmea Bank on the reserve account.

TAX LIABILITIES [5]

(Amounts are in EUR)	**31 December 2023**	**31 December 2022**
Corporate income tax current year	63	- 275
Corporate income tax prior years		325
	63	50

The fair value of the current liabilities approximates the book value due to their short-term character.

OTHER PAYABLE AND ACCRUED EXPENSES [6]

(Amounts are in EUR)	**31 December 2023**	**31 December 2022**
Current account with Achmea	180,347	-

The other payables and accrued expenses consists of the net position of income and costs reimbursed to Achmea Bank by the Company, but still need to be paid by the Company. The other payables and accrued expenses have a short-term character.

2.6 Notes to the Income statement for the year ended 31 December 2023

INCOME **[7]**

(Amounts are in EUR)	**2023**	**2022**
Charged to Achmea	7,691,080	2,621,187

As part of the Trust Deed all expenses are charged and settled with Achmea Bank. The income is the recharge of the expenses towards Achmea Bank and these expenses include a net annual income on the basis of a 10% mark-up on the Director's fee, with a minimum fee of EUR 2,500.

GENERAL AND ADMINISTRATIVE EXPENSES **[8]**

(Amounts are in EUR)	**2023**	**2022**
Poolservicing fee	7,614,089	2,551,091
Administration fee	1,997	1,864
Management fee	45,289	39,162
independent auditor fee	19,360	18,150
Bank expenses	7,800	8,320
Other expenses	45	99
	7,688,580	2,618,687

The expenses are determined on an accrual basis and are attributed to the reporting year to which they relate. Achmea Bank has charged EUR 7,614,089 as pool servicing fee related to providing pool services as outlined in the Servicing Agreement. The fee is calculated based on a fee of 0.21% per year of the aggregated outstanding principal of the secured portfolio of mortgage loans. The remuneration for pool services increased by EUR 5,062,998 in 2023. This increase in 2023 is caused by the fact that Achmea Bank issued two series of new Covered Bonds for a total amount of EUR 1.0 billion and Achmea Bank also transferred three series of Covered Bonds from the Conditional Pass-Through Covered Bond Programme to the Soft Bullet Covered Bond Programme for a total amount of EUR 1.5 billion.

Achmea Bank has charged EUR 1,997 as administration fee which concerns the cost related to the execution of the administrative tasks by the Company Administrator as outlined in the Administration Agreement.
The management fee of EUR 45,289 consists of annual remuneration and additional expenses regarding the Covered Bond Programme by the Company Management.
The independent auditor fee of EUR 19,360 is charged by Ernst & Young Accountants LLP to the Company for the statutory audit of the annual accounts 2023.
The bank expenses of EUR 7,800 are charged by Société Générale S.A. and by City Bank Europe plc for the interest rate on the reserve account and back-up account.

CORPORATE INCOME TAX [9]

(Amounts are in EUR)	**2023**	**2022**
Corporate income tax	475	375

The Company and the Dutch Tax Authorities agreed by way of a ruling until the Final Maturity Date of the Notes 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 year under review is 19,0% of the taxable amount.

Employees
During the year under audit the Company did not employ any personnel in the Netherlands or abroad.

Remuneration of the Director and Supervisory Board
The Board of Directors 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 19,947. The Company does not have a Supervisory Board.

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.

Post-balance sheet events
On 7 February 2024 Achmea has completed the eighth issuance of EUR 0,5 Billion bond and on 11 June 2024 Achmea has completed the ninth issuance of EUR 0,5 billion bond under its EUR 10 billion Soft Bullet Covered Bond Programme.

Amsterdam, 28 June 2024

The Director,
Intertrust Management B.V.

3. Other information

3.1 Profit appropriation according to the articles of association

In accordance with Article 20 of the Articles of Association, the result for the year is at the disposal of the General Meeting of Shareholders.

The general meeting is subsequently authorized to resolve to distribute or to reserve what then remains of the profits or a part thereof. The general meeting is also authorized 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 shareholders' equity exceeds the reserves that must be maintained by law.

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 management board 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

Independent auditor’s report

To: the management of Achmea Soft Bullet Covered Bond Company B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the year ended 2023 of Achmea Soft Bullet Covered Bond Company B.V., based in Amsterdam, the Netherlands

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

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The income statement for 2023
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

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

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

Report on other information included in the annual report

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

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

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to 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 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 management
- Concluding on the appropriateness of management’s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern.
  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

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

Amsterdam, 28 June 2024

Ernst & Young Accountants LLP

signed by R. Koekkoek