Aegon Conditional Pass-Through Covered Bond Company B.V.

Annual Report 2021

Amsterdam, the Netherlands

Aegon Conditional Pass-Through Covered Bond Company B.V.
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce 63714779

Aegon Conditional Pass-Through Covered Bond Company B.V.
Annual Report 2021

Table of contents

1. Director's report

1.1 Activities and results

The Director of the Company herewith presents to the shareholder the Annual Report of Aegon Conditional Pass-Through 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 July 8, 2015. The statutory address of the Company is Basisweg 10, 1043 AP Amsterdam, the Netherlands. The Company's Dutch Chamber of Commerce registration number is 63714779. All shares issued by the Company are held by Stichting Holding AEGON Conditional Pass-Through 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 December 1, 2015 AEGON issued under this programme a first series of Bonds in a total value of EUR 750 million. On December 1, 2020 AEGON redeemed this first series in full on the Maturity Date. On May 25, 2016 AEGON issued a second series of Bonds for a total nominal value of EUR 500 million. All Bonds of this second series were still outstanding as per December 31, 2021. On June 27, 2017 AEGON issued a third series of Bonds for a total nominal value of EUR 500 million. All Bonds of this third series were still outstanding as per December 31, 2021. On November 21, 2017 AEGON issued a fourth series of Bonds for a total nominal value of EUR 500 million. All Bonds of this fourth series were still outstanding as per December 31, 2021. On November 16, 2020 AEGON issued a fifth series of Bonds for a total nominal value of EUR 500 million. All Bonds of this fifth 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 2,360 million (previous year: EUR 2,375 million).

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 The ratings assigned by Fitch to all outstanding series of Bonds have been withdrawn upon request of AEGON at December 1, 2020.

Since the issuance of the first series of Bonds neither an Assignment Notification Event, nor a breach of the asset cover test has occurred nor has a Notice to pay or a CBC Acceleration Notice been served.

The Trust Deed entered into by the Company, AEGON and Stichting Security Trustee AEGON Conditional Pass-Through 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.

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

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

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

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code and in accordance with Dutch Accounting Standards.

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

RISK MANAGEMENT
In the event that the Company will take over the servicing of the Bonds, the Company will run interest rate and credit risk on the Bonds and the mortgage portfolio. In order to limit these potential risks the Company mitigated these risks via 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 which will be dealt with separately 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 risk
Credit risk is mainly related to the economic conditions, as well as environmental conditions (including climate risk), and the risk that individual borrowers might be unable to fulfil their payment obligations. The Company has no exposure to credit risk, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the mortgage loans are transferred to the Company, with a maximum credit risk of EUR 2,360.1 million (previous year: EUR 2,374.8 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 10% 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 portfolio transferred to the Company no swap agreement has been entered into by the Company. This given the fact that the average fixed interest rate on the Bonds, of 0.3490% (previous year: 0.3490%), is less than the average interest rate of 2.89% on all transferred mortgage loans (previous year: 3.02%) and the obligation of AEGON to offer for a succeeding interest period, of the transferred mortgage loans a minimum mortgage interest rate of 0.88% (previous period: 1.0%).

Furthermore, the notional amount outstanding of all transferred eligible mortgage loans should at least be 105% of the notional amount outstanding of all Bonds (at least equal to 110% of the aggregate Principal Amount Outstanding of the Covered Bonds (committed minimum OC level, where regulatory minimum OC requirement is 5%)). At the balance sheet date the notional amount outstanding of thetransferred eligible mortgage loans was 118.37% (previous year: 118.97%).

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

Liquidity risk

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

Operational risk

The Company has exposure to operational risks due to 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. To the date of this report, all third-party servicers continued to deliver their services to the Company due to the ability to work remote, despite the restrictions caused by the COVID-19 pandemic. The exposure to operational risks to the Company is limited.

Limited Recourse

Although credit risk, interest rate 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.

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 behavior. In addition, the Director implemented, amongst others, a code of conduct, whistleblower policies and internal policies around reporting non-compliance. The Director applies a zero-tolerance policy in relation to fraud, bribery and anti-corruption. No instances of (internal or external) fraud or any other matters are identified in this respect that had a material effect on the financial statements.

Results

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

The result for the year 2021 amounts to EUR 2,125 (previous year: EUR 2,087)

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 Nederlandsche Bank ("DNB") and the Central Bureau of Statistics ("CBS"). The analysis that focusses particularly on the housing market also includes information derived from reports from the NVM. The NVM is involved in the vast majority, but not all, of the transactions on the Dutch housing market and, as such, the information needs to be seen as merely indicative of the housing market as a whole.

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

DNB has concluded that the Dutch economy 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 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 hit hard by global shortages as worldwide production and logistics were suffering from COVID-19 effects.

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 2.8% in 2022 and 1.5% in 2023.

DNB has pointed to a number of vulnerabilitiesunderlying the economic developments. Production facilities are under pressure as a result of logistical restrictionsand 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 1.2% 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. Rising energy prices are expected to contribute a relatively large element to inflation. The tight labour market and economic recovery are also expected to result in inflationary pressures as wage settlements creep up, increasing production unit costs. The most recent inflation estimates for the year 2022 and 2023 are respectively 8.7% and 3.9%.

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 11.6% in 2022 before stabilising to 3.7% in 2023.

Risk levels for existing homeowners and lenders alike have again generally decreased since last year. 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, whereby during 2022 it proved that the rates were increasing, impacting the aforementioned tendency.

The conflict in 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 this has impact on 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 and/or the Ukraine / Russia conflict. 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.

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

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, December 27, 2022

Director,
Intertrust Management B.V.

2. FINANCIAL STATEMENTS

2.1 Balance sheet as at December 31, 2021

(Before result appropriation)

	Note	December 31, 2021		December 31, 2020	
ASSETS		€	€	€	€
Current assets					
Other Receivables	[1]	337,118		255,885	
			337,118		255,885
Cash and cash equivalents	[2]		9,700,473		9,783,052
Total assets			10,037,591		10,038,937
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	[3]				
Share capital		1		1	
Other reserves		11,075		8,988	
Result for the period		2,125		2,087	
			13,201		11,076
Long-term liabilities	[4]				
Long-term liabilities		10,000,000		10,000,000	
			10,000,000		10,000,000
Current liabilities	[5]				
Accrued expenses and other liabilities		24,390		27,861	
			24,390		27,861
Total equity and liabilities			10,037,591		10,038,937

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

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

	Note	2021		2020	
		€	€	€	€
Operating income and expenses					
Income	[6]	3,909,410		4,488,175	
			3,909,410		4,488,175
General and administrative expenses	[7]	-3,906,910		-4,485,675	
			-3,906,910		-4,485,675
Result before tax			2,500		2,500
Corporate income tax	[8]		-375		-413
Result after tax			2,125		2,087

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.

	Note	2021		2020	
		€	€	€	€
Result after tax *			2,125		2,087
Adjustments to statement of income:					
Corporate income tax	[8]	375		413	
			375		413
Movements in working capital					
Net change in other receivables	[1]	-81,234		-70,962	
Net change in current liabilities	[5]	-3,470		3,492	
Corporate income taxes paid	[6]	-375		-414	
Net cash (used in) / from operating activities			-85,079		-67,884
Net cash flow			-82,579		-65,384
Notes to the cash resources					
Opening balance			9,783,052		9,848,436
Movements in cash			-82,579		-65,384
Closing balance			9,700,473		9,783,052

* The net result for the financial year includes the Pool Servicing fee amounting to EUR 3,655,694 (previous year: EUR 4,244,632) 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 July 8, 2015. The statutory address of the Company is Basisweg 10, 1043 AP Amsterdam, the Netherlands. The Company's Dutch Chamber of Commerce registration number is 63714779. All shares issued by the Company are held by Stichting Holding AEGON Conditional Pass-Through 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 5,000.0 million. On December 1, 2015 AEGON issued under this programme a first series of Bonds in a total value of EUR 750.0 million. On December 1, 2020 AEGON redeemed this first series in full on the Maturity Date. On May 25, 2016 AEGON issued a second series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this second series were still outstanding as per December 31, 2021. On June 27, 2017 AEGON issued a third series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this third series were still outstanding as per December 31, 2020. On November 21, 2017 AEGON issued a fourth series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this fourth series were still outstanding as per December 31, 2021. On November 16, 2020 AEGON issued a fifth series of Bonds for a total nominal value of EUR 500.0 million. All Bonds of this fifth 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 2,360.1 million (previous year: EUR 2,374.8 million).

The Stichting Holding AEGON Conditional Pass-Through Covered Bond Company ('the Foundation') holds all shares of the Company. The Foundation was incorporated under the laws of the Netherlands on July 1, 2015. 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 Conditional Pass-Through Covered Bond Company ("the Trustee") was incorporated under the laws of the Netherlands on July 1, 2015. 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
The principles of valuation and determination of result remain unchanged compared to the prior year.

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

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

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 risk
Credit risk is mainly related to the economic conditions, as well as environmental conditions (including climate risk), and the risk that individual borrowers might be unable to fulfil their payment obligations. The Company has no exposure to credit risk, unless the guarantee is invoked. When the guarantee is invoked all risks associated with the mortgage loans are transferred to the Company, with a maximum credit risk of EUR 2,360.1 million (previous year: EUR 2,374.8 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 portfolio transferred to the Company no swap agreement has been entered into by the Company. This given the fact that the average fixed interest rate on the Bonds, of 0.3490% (previous year: 0.3490%), is less than the average interest rate of 2.89% on all transferred mortgage loans (previous year: 3.02%) and the obligation of AEGON to offer for a succeeding interest period, of the transferred mortgage loans a minimum mortgage interest rate of 0.88% (previous period: 1.0%).

Furthermore, the notional amount outstanding of all transferred eligible mortgage loans should at least be 105% of the notional amount outstanding of all Bonds (at least equal to 110% of the aggregate Principal Amount Outstanding of the Covered Bonds (committed minimum OC level, where regulatory minimum OC requirement is 5%)). At the balance sheet date the notional amount outstanding of thetransferred eligible mortgage loans was 118.37% (previous year: 118.97%).

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

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 behavior. In addition, the Director implemented, amongst others, a code of conduct, whistleblower policies and internal policies around reporting non-compliance. The Director applies a zero-tolerance policy in relation to fraud, bribery and anti-corruption. No instances of (internal or external) fraud or any other matters are identified in this respect that had a material effect on the financial statements.

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 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. To the date of this report, all third-party servicers continued to deliver their services to the Company due to the ability to work remote, despite the restrictions caused by the COVID-19 pandemic. 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 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.

Significant accounting judgments and estimates
The preparation of the financial statements requires the Director to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. It also requires the Director to exercise its judgement in the process of applying the Company's accounting policies.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

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

Going concern
The Director has assessed the Company’s ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, the Director is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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

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

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

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

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

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.

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

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

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

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

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

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, long-term liabilities 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	December 31, 2020
Other receivables [1]	€	€
Receivable AEGON	337,118	255,885
	337,118	255,885

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	December 31, 2020
Cash and cash equivalents [2]	€	€
CBC collection account	1,074	1,130
CBC reserve account	9,698,463	9,781,560
CBC custody cash account	936	362
	9,700,473	9,783,052

CBC collection account
The CBC collection 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) plus a fixed spread of 8.5 bps.

CBC reserve account
The CBC reserve account relates to a reserve deposit with BNG. The reserve account required amount as per December 31, 2021 amounts to EUR 3,816,301 (previous year: EUR 3,816,301). These funds are designated as reserve fund for the bond holders. These funds are not at the free disposal of the Company, as they relate to immediately due and payable withdrawal claims against credit institutions and cash resources. The remaining balance of EUR 5,882,162 is at the free disposal of the Company. The rate of interest on the reserve account is determined by the EONIA minus a spread amounting to 15 basis points.

CBC custody cash account
The CBC 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 the EONIA minus a spread amounting to 25 basis points.

SHAREHOLDER'S EQUITY [3]

Share capital

	2021	2020
	€	€
Opening balance	1	1
Issue share	-	-
Closing balance	1	1

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

Result for the period

	2021	2020
	€	€
Opening balance	2,087	2,025
Other reserves	-2,087	-2,025
Result for the period	2,125	2,087
Closing Balance	2,125	2,087

The net result for the year amounts to EUR 2,125 (previous year: EUR 2,087).

Other reserves

	2021	2020
	€	€
Opening balance	8,988	6,963
Result for the period	2,087	2,025
Closing Balance	11,075	8,988

Proposed appropriation
The Director proposes to add the net result to the other reserves.

LONG-TERM LIABILITIES [4]

Long-term liabilities

	2021	2020
	€	€
Opening balance	10,000,000	10,000,000
Additions to reserve account	-	-
Closing balance	10,000,000	10,000,000

Long-term liabilities relate to the obligatory cash deposit made by AEGON. This cash amount is deposited in a separated account; the reserve account. The Company will need to refund the deposited amount, to AEGON, when the obligation of maintaining a reserve fund is no longer in place. This will be the case once the issued Bonds have been repaid in full. AEGON redeemed the first series at its maturity date at December 1, 2020. The maturity date of the second series is May 25, 2023. The maturity date of the third series is June 27, 2027. The maturity date of the fourth series is November 21, 2024. The maturity date of the fifth series is November 16, 2025.

The required amount that needs to be deposited is based on the scheduled interest due on the issued Bonds on the next following interest payment date. The reserve fund is maintained in order to guarantee an uninterrupted payment of the interest amounts due on the Bonds. AEGON is entitled to receive all interest receipts in relation to the deposited cash amount in the reserve account. The liability equals the amounts that have been deposited by AEGON on the reserve account. No interest is due on the liability towards AEGON.

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

CURRENT LIABILITIES [5]

Accrued expenses and other liabilities

	December 31, 2021	December 31, 2020
	€	€
Other costs	-	3,470
Audit fee	24,390	24,391
	24,390	27,861

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 [6]

	2021	2020
	€	€
Charged to AEGON	3,909,410	4,488,175
	3,909,410	4,488,175

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 [7]

	2021	2020
	€	€
Pool servicing fee	3,655,694	4,244,632
Administration fee	99,952	98,676
Management fee	43,255	52,554
Audit fees	24,390	24,390
Negative interest bank accounts	83,108	64,916
Other expenses	511	507
	3,906,910	4,485,675

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

With reference to Section 2:382a of the DCC, the following fees for the financial year have been charged by PricewaterhouseCoopers Accountants N.V. to the Company.

	Pricewaterhouse-Coopers Accountants N.V.	Other Pricewaterhouse-Coopers firms / affiliates	Total 2021
	€	€	€
Audit of the financial statements	24,390	-	24,390
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Totals	24,390	-	24,390

	Pricewaterhouse-Coopers Accountants N.V.	Other Pricewaterhouse-Coopers firms / affiliates	Total 2020
	€	€	€
Audit of the financial statements	24,390	-	24,390
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Totals	24,390	-	24,390

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.

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

Corporate income tax [8]

	2021	2020
	€	€
Corporate income tax	375	413
	375	413

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 (previous year: 16.5%).

Employees
During the period under review the Company did not employ any personnel (previous period: nil).

Remuneration of the Director and Board of Supervisory Directors
The remuneration of the Director amounts to EUR 20,001 (previous year: EUR 19,741).

The Company does not have a board of supervisory directors.

Post-balance sheet events
The conflict in 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.

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

Amsterdam, December 27, 2022

Director,
Intertrust Management B.V.

3. Other information

3.1 Statutory provisions

In accordance with Article 19 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.

3.2 Independent auditor's report

See next page for the independent auditor's report.

Independent auditor's report

To: the general meeting of AEGON Conditional Pass-Through Covered Bond Company B.V.

Report on the financial statements 2021

Our opinion

In our opinion, the financial statements of AEGON Conditional Pass-Through 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 year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of AEGON Conditional Pass-Through Covered Bond Company B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- the income statement for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

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

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 Conditional Pass-Through 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; and
- contains all the information regarding the director's report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

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, 27 December 2022
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor's report on the financial statements 2021 of AEGON Conditional Pass-Through 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.