



# Quarterly Figures

Homeownership Guarantee Fund (WEW)

Quarter 3, 2016 | Reference date: 3 October 2016

*This quarterly report is based on preliminary figures by WEW, without checking by the accountant.*

## WEW quarterly figures reflect structural improvement in housing market

The Dutch housing market is on the up, as shown by figures from the Homeownership Guarantee Fund (WEW) in the Netherlands. In Q3 2016, 31,100 households in the Netherlands took out a responsible mortgage backed by the National Mortgage Guarantee (NHG) scheme to either buy their home or improve their home. In the same period 840 households made a claim on the NHG related to selling their home at a loss, approximately 20 percent fewer than in the same period in 2015.

The number of new guarantees issued in combination with the fall in the number of loss claims caused the WEW assets under management to rise to € 944 million. Taken together, these developments put the WEW in a healthier position from which to work on new challenges in the housing market.

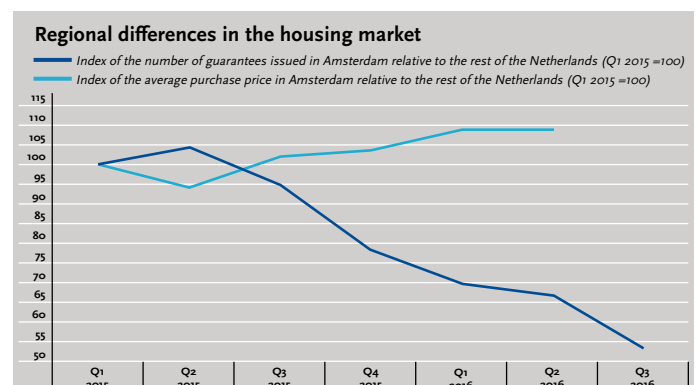
### Trends in guarantees

Guarantees	Q3		cumulative to end Q3	
	2016	2015	2016	2015
Volume rounded up to hundreds				
NHG total	31.100	37.800	87.500	100.600
NHG for house purchase	27.200	31.500	75.300	84.600
NHG for home improvement	3.500	5.600	10.900	14.000
NHG other	400	700	1.300	2.000

#### NHG still popular with house buyers

In the first nine months of 2016 the number of guarantees issued fell by 13% compared to the same period in the previous year. This decrease is in line with expectations based on the strong upward trend in house prices, and the reduction in the price ceiling introduced in July 2015, which means that fewer mortgages are eligible for NHG. Nonetheless, NHG continues to be popular with house buyers: in 2016 approximately 74% of the mortgages granted within the price ceiling of € 245,000 have been issued with NHG.\*

\* Calculation based on data from Statistics Netherlands (CBS) from 1-1-2016 to 31-8-2016



#### Regional differences in the housing market

Regional differences in house price trends are also changing the regional distribution of the guarantees issued. This can be seen particularly in and around Amsterdam, where the number of guarantees issued in Q3 2016 fell by 53% (757 guarantees) compared to Q3 2015. This stands in contrast to a fall of 16% in guarantees issued in the rest of the Netherlands. In the past year, the average cost of a residential property in Amsterdam rose by over 20%, compared to a rise of 4%\* in the rest of the country. First-time buyers in particular are finding it difficult to buy a home in Amsterdam.

\* Percentages based on data from Statistics Netherlands (CBS) from 1-1-2016 to 31-8-2016

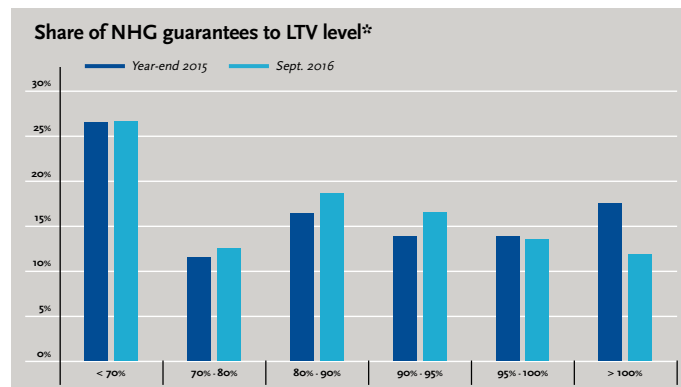
## Trends in loss claims

Claims made on the suretyship	Q3		cumulative to end Q3	
	2016	2015	2016	2015
Number of loss claims submitted	840	1.030	2.707	3.418
% of loss claims processed	87%	100%	96%	100%
Number of loss claims honoured	652	921	2.318	3.055
Total loss amount under surety (A)*	22,2	38,5	86,2	127,6
Total loss amount paid out (B)*	20,6	35,9	79,9	119,8
Average loss amount paid out in €	31.632	39.010	34.488	39.225
Pay-out ratio (B/A)	93,0%	93,4%	92,7%	93,9%

\*Based on loss claims paid out (x €1,000,000)

### Number of loss claims falling

In the first nine months of 2016 mortgage lenders submitted 21% fewer loss claims to the WEW than in the comparable period in 2015. This was driven mainly by more people making extra repayments on their mortgages, low mortgage interest rates, rising house prices and ongoing economic recovery. The average loss amount paid out was 12% lower. The payout ratio is high thanks to continued attention to the quality of the case files which mortgage lenders submit to the WEW in support of their loss claims.



### Market recovery

The number of properties with an NHG-backed mortgage for which the current market value is lower than the WEW surety amount is falling. See <100% in the figure above. In Q3 2016 the WEW surety amount was higher than the property value in 12% of cases, compared to 18% of cases at year-end 2015. This reflects recovery in the market. In practice, this means a reduced risk of consumers having to make a claim on the fund if their only option is to sell the home at a loss.

\*LTV is defined here as the amount guaranteed by NHG in relation to the value of the property. The current market values are based on data from The Netherlands' Cadastre, Land Registry and Mapping Agency (Kadaster)

## Fund trends

Guarantee Fund	Estimate at 30-09-2016	Annual accounts at 31-12-2015	Annual accounts at 31-12-2014
Number of active guarantees	1.298.000	1.254.000	1.175.000
Maximum guaranteed NHG liabilities x € 1 bln. <sup>1</sup>	192	187	176
NHG assets under management x € 1 mln. <sup>2</sup>	944	889	808
Capital ratio <sup>3</sup>	0,49%	0,47%	0,46%

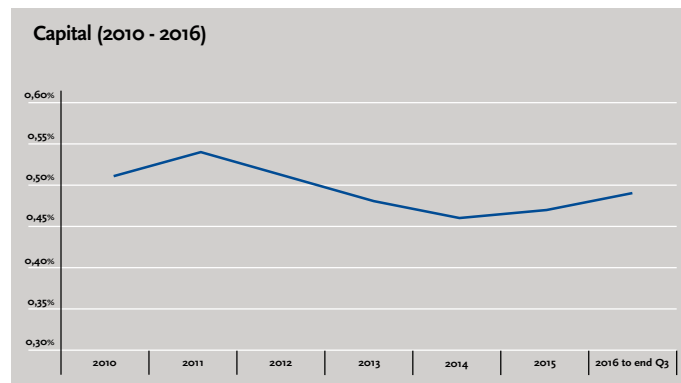
<sup>1</sup> The maximum guaranteed liability is the sum of the nominal value of all the principal NHG loans outstanding minus the maximum amount of the mortgage repayments since the NHG loan origination (assuming an annuity amortization schedule) and the capital accumulated in related life insurances and bank savings (where appropriate).

<sup>2</sup> The assets under management form the equity of the Homeownership Guarantee Fund Foundation from which future losses will be paid.

<sup>3</sup> The relationship between the maximum guaranteed liabilities and the assets under management

### Rise in assets under management

In the first nine months of 2016 the assets under management at the Guarantee Fund rose further to reach a total of € 944 million. The increase is related to the combination of the increase in the number of new guarantees issued and the continued reduction in the number of loss claims. The fund's assets are deployed to support home owners in problem situations and to absorb higher losses when the economic climate becomes unfavourable.



### Healthy financial basis

The capital ratio (the relationship between the maximum guaranteed liabilities and the assets under management) has been gradually rising again since 2014, the point at which the housing market also started to show the first signs of recovery. Improvements in the capital ratio were due, amongst other things, to the sharp fall in losses and the enduring high volume of new guarantees issued.

### Outlook 2017

In 2017 the one-off fee which home owners pay for a NHG-backed mortgage will remain unchanged at 1%. The price ceiling for NHG participation will be linked to the average property value. As a result, more people will be eligible for an NHG-backed mortgage. This will help to ensure a healthy financial basis for the fund and an attractive product for consumers and mortgage lenders alike in a constantly changing housing market.