



# Quarterly Figures

Homeownership Guarantee Fund (WEW)

Fourth Quarter, 2016 | Reference date: 2 January 2017

Disclaimer: This quarterly report is based on preliminary figures from WEW which have not been checked by an accountant.

## Home buyers continue to choose responsible mortgages backed by NHG

In Q4 2016, 31,200 households in the Netherlands took out a responsible mortgage backed by the Dutch Mortgage Guarantee scheme (referred to as NHG in Dutch) to either buy or improve their home. In the same period 802 households made a claim on the NHG related to selling their home at a loss. The number of new guarantees issued in combination with a fall in the number of loss claims caused the assets under management of the Homeownership Guarantee Fund (referred to as WEW in Dutch) to rise to € 966 million.

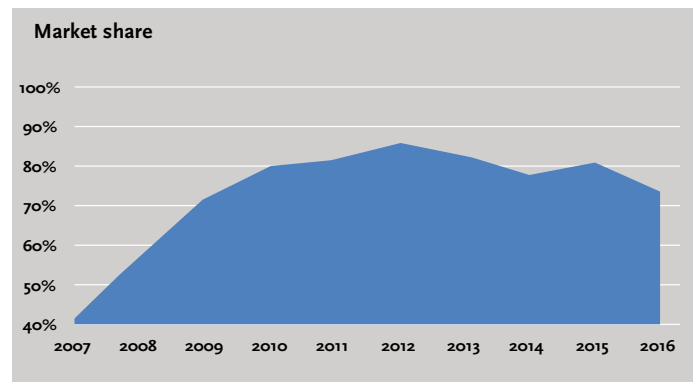
The continuing popularity of NHG-backed mortgages and the satisfactory level of new guarantees issued gives the WEW a sound basis to offer specific solutions in the housing market, for instance to self-employed persons without employees and first-time buyers. WEW also works to find solutions to societal problems such as regional economic contraction or housing stock affected by rotting foundations in some areas.

### Trends in guarantees

Guarantees	Q4		Year	
	2016	2015	2016	2015
Volume rounded up to nearest hundred				
NHG total	31,200	37,800	118,700	135,400
NHG for house purchase	27,300	31,500	102,600	113,600
NHG for home improvement	3,500	5,600	14,400	19,200
NHG other	400	700	1,700	2,600

#### Fewer mortgages eligible for NHG

In 2016 a total of 118,700 households took out an NHG-backed mortgage to buy or improve their home. This figure is 12% lower than the previous year. One reason for this is that the NHG price ceiling has remained unchanged since it was reduced in July 2015. Combined with the rise in house prices in the past year, this meant that fewer mortgages were eligible for NHG. With effect from 1 January 2017 the price ceiling will be set annually, based on average purchase prices multiplied by the LTV allowed by law. This offers consumers more scope to buy their own home responsibly.



#### NHG still popular

The Dutch housing market was on the up in the past year. Many home buyers continued to choose a responsible mortgage backed by NHG. In 2016 the price ceiling for an NHG-backed mortgage was €245,000. Approximately 74%\* of the mortgages issued in this price category were NHG-backed mortgages. This share of the market peaked in 2012 (86%) and has since been falling gradually, but is still high compared to pre-crisis levels (41% in 2007).

\* This calculation is based on data from The Netherlands' Cadastre, Land Registry and Mapping Agency (Kadaster) from 1-1-2016 to 30-11-2016.

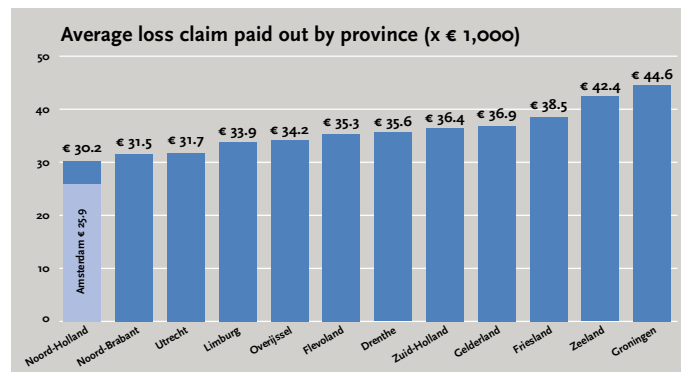
### Trends in loss claims

Claims made on the suretyship	Q4		Year	
	2016	2015	2016	2015
Number of loss claims submitted	802	1,078	3,506	4,490
% of loss claims processed	80%	100%	95%	100%
Number of loss claims honoured	576	963	2,971	4,012
Total loss amount under surety (A)*	19,0	40,7	108,7	168,4
Total loss amount paid out (B) *	18,0	38,0	101,0	157,8
Average loss amount paid out in €	31,230	39,453	33,997	39,339
Pay-out ratio (B/A)	94.8%	93.3%	93.0%	93.7%

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

#### Number of loss claims falling

In 2016 mortgage lenders submitted 22% fewer loss claims to WEW than in 2015. This reduction was driven by economic recovery, rising house prices, low mortgage interest rates, and people making extra repayments on their mortgages. In addition, mortgage lenders and WEW have substantially intensified their joint efforts in respect of control mechanisms. Consumers are contacting their mortgage lenders at an earlier stage if they anticipate or are already facing difficulties paying the mortgage. This means that more sustainable solutions can be offered to help people keep their home or avoid a forced sale at a loss.



#### Regional differences

The chart shows the average loss claim paid out by province for the entire year in 2016\*. The lowest amount was in Noord Holland, almost certainly as a result of the rise in the average house prices in the province, and particularly in Amsterdam. The highest levels of average loss claims paid out were in the provinces of Groningen and Zeeland. Possible explanations for this are the fall in house prices in these regions, contracting population levels and the damage to collateral in the NAM gas field areas in Groningen (ed. note: where earthquakes have been attributed to gas production from the Groningen gas field). WEW is working with mortgage lenders and central and local government departments to find solutions to these types of societal issues.

\* The figures are based on the average of the amounts paid out on all guarantees issued 3, 4, or 5 years prior to the date that the collateral was sold

### Fund trends

Developments in Guarantee Fund			
	Estimate at 31-12-2016	Annual accounts at 31-12-2015	Annual accounts at 31-12-2014
Number of active guarantees	1,309,000	1,254,000	1,175,000
NHG liabilities x € 1 bln. <sup>1</sup>	193	187	176
NHG assets under management x € 1 mln. <sup>2</sup>	966	889	808
Capital ratio <sup>3</sup>	0.50%	0.47%	0.46%

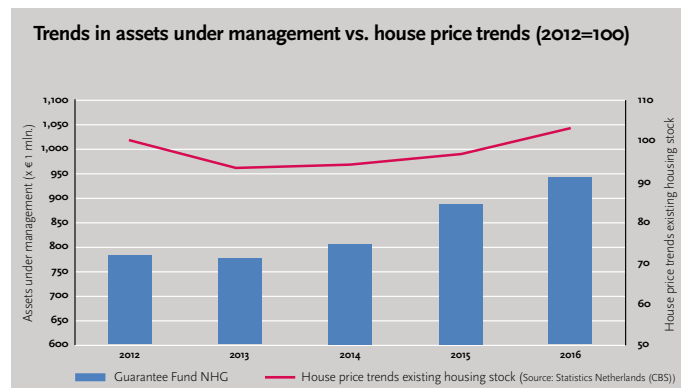
<sup>1</sup> The maximum guaranteed liability is the sum of the nominal value of all the principal NHG loans outstanding minus the maximum amount of the mortgage repayments since the NHG loan origination (assuming an annuity amortization schedule) and the capital accumulated in related life insurances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

#### Assets under management still rising

In 2016 the assets under management at the Guarantee Fund rose further, reaching a total of € 966 million. The rise is related to in the number of new guarantees issued and the continuing reduction in the number of loss claims and the average loss claim paid out. The fund's assets are deployed to support home owners in problem situations now and in future and to absorb higher losses when the economic climate becomes unfavourable. This safety net function is an important element of NHG and reduces the financial risks associated with home ownership for consumers.



#### Outlook for Guarantee Fund improving

In the past three years, the assets under management at the Guarantee Fund have increased. This growth is partially attributable to the recovery in the housing market and to rising house prices. This maintains the number of guarantees issued at the required levels and reduces losses.

#### Outlook 2017

The results for 2016 provide a sound foundation for WEW to carry on its work and contribute to the structural health of the housing market. WEW will continue to create solutions for specific groups on the housing market such as self-employed persons without employees, temporary workers, young first time-buyers and seniors. Finally, the WEW will continue to work with partners in the chain to further improve acceptance processes – in part through digitization – with a view to making them quicker and more customer-focused.