

# WEW

ANNUAL REPORT SUMMARY  
**2017**

**HOMEOWNERSHIP  
GUARANTEE  
FUND**

**NATIONAL MORTGAGE GUARANTEE**



“OUR AIM IS TO OFFER AS MANY PEOPLE AS POSSIBLE ACCESS TO RESPONSIBLE FINANCE TO BUY, IMPROVE AND KEEP THEIR OWN HOMES.”

We present the 2017 annual report of the Home Ownership Guarantee Fund (Waarborgfonds Eigen Woningen or 'WEW'). 2017 was an eventful year for the WEW. We look back on a year in which the housing market developed rapidly due to increasing demand, shrinking supply, higher prices, low interest rates and favourable financing terms.

## CONTINUING RENEWAL

---

Now that the crisis is fortunately behind us and consumer confidence is increasing again, the WEW needs to maintain its forward-looking perspective to stay ahead of the fast-changing housing market. The fund accordingly continued the direction of renewal and looking ahead initiated in 2016. Focus, standardization and digitalization are trends in the mortgage market that do not always offer sufficient flexibility for customers who do not fit in the standard categories. There is thus a threat that an increasingly large group of people will be excluded from the housing market. Based on our mission - promoting the accessibility of finance, affordability for customers and stability in the market - we are working on new solutions for specific groups such as the self-employed, senior citizens and people wishing to make their homes more sustainable.

We also expect to launch innovations in the market to offer more people access to the ever-tightening housing market in the coming years.

This abridged version of the annual report shows the key figures for 2017.

### **ARJEN GIELEN,**

Managing Director, Homeownership Guarantee Fund

*This document is a simplified and translated reproduction of some highlights from the 2017 Annual Report of the Homeownership Guarantee Fund.*

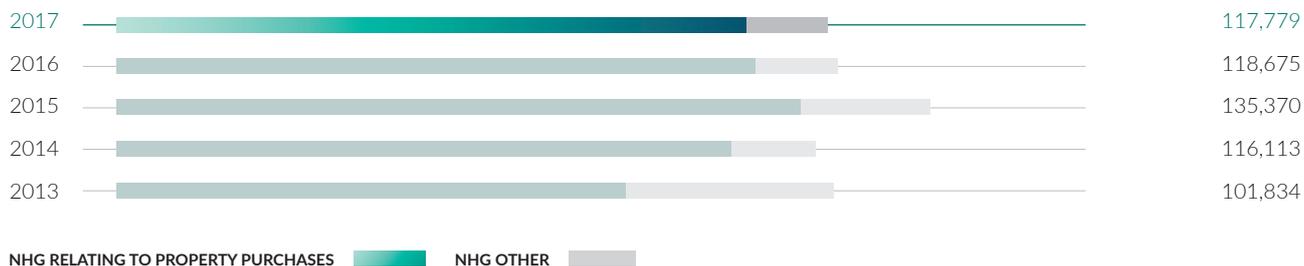
*In the event of inconsistencies, the Dutch annual report shall prevail.*

## NEW GUARANTEES ISSUED

The number of new guarantees issued in 2017 declined by 1 per cent to 117,779 (2016: 118,675). The number of new guarantees issued was higher than estimated in the liquidity forecast for 2017-2022, which assumed 115,400 mortgage guarantees in 2017. The difference between the forecast and the actual number of new guarantees was mainly due to the acceleration in house purchases in the spring and summer of 2017. Despite the slight fall in NHG's market share, the net effect was positive: around 2 per cent more guarantees were issued in the reporting year than were expected on the basis of the liquidity forecast.

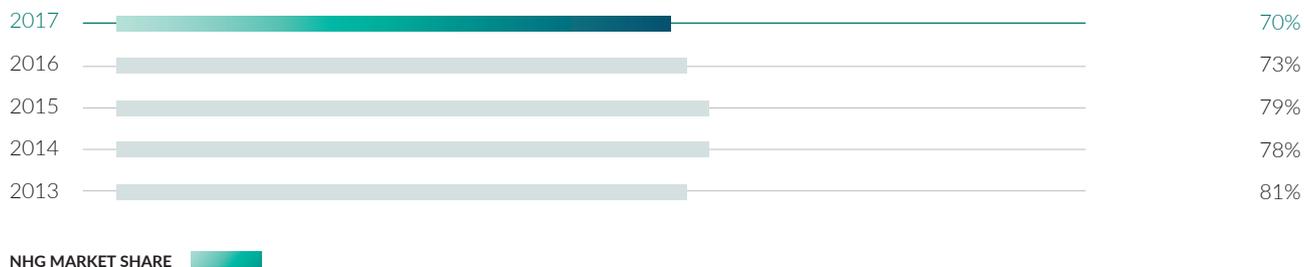
### DEVELOPMENT IN NUMBER OF GUARANTEES 2013 - 2017

# 2017 - 117,779

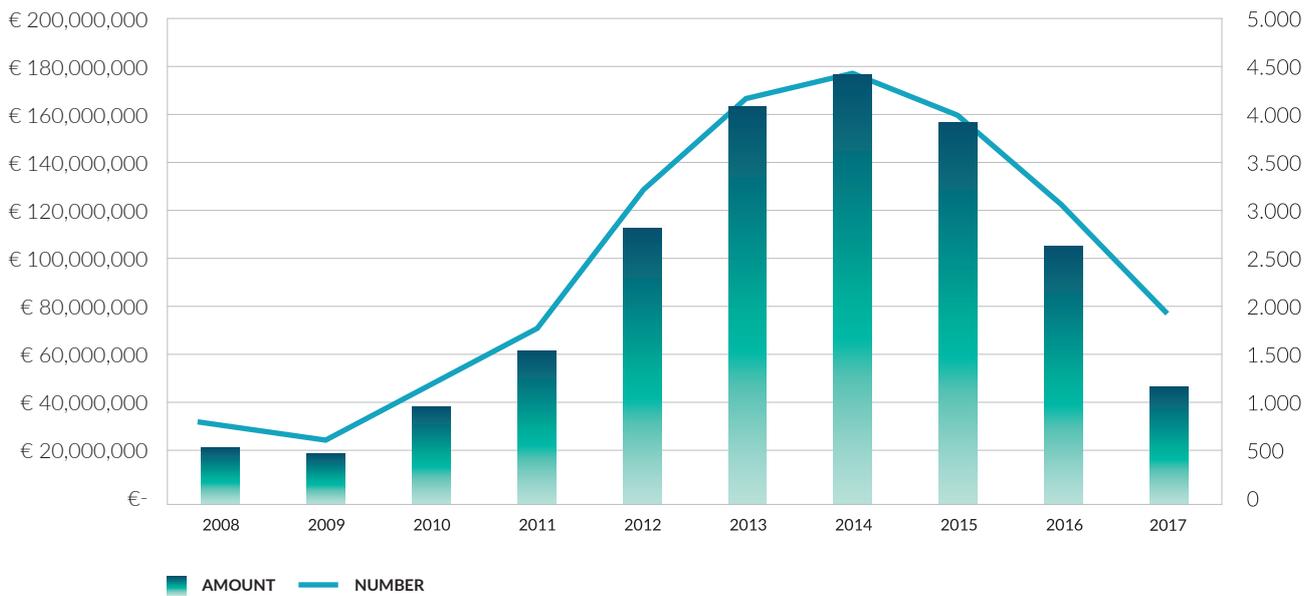


### NHG MARKET SHARE WITHIN COST LIMIT 2013 - 2017

# 2017 - 70%



## LOSS CLAIMS HONoured PER YEAR



### FURTHER DECLINE IN THE NUMBER OF LOSS CLAIMS DUE TO CONTINUED RISE IN HOUSE PRICES

The number of loss claims was down 39.2 per cent in 2017 compared to 2016. The WEW received a total of 2,169 loss claims in the reporting period (2016: 3,568). A sum of € 44,141,321 is recognized in the 2017 financial statements in relation to loss claims (2016: € 97,938,092). This is lower than the figure in the liquidity forecast 2017-2022 (€ 84,535,613), mainly because the development of the housing market outperformed expectations. As a result, the number of loss claims received and the average loss paid out were much lower than expected.

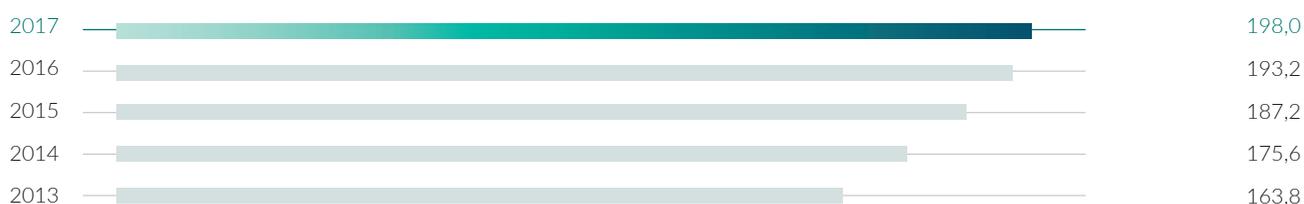


## INCREASE IN GUARANTEE CAPITAL A SOLID BASE FOR THE FUTURE

The total guarantee capital of the WEW increased to € 1,113,520,084 (2016: € 979,736,786), mainly due to the fact that the suretyship fees received were higher than the losses paid out. Suretyship fees received in 2017 amounted to € 173.5 million (2016: € 166.7 million). Losses paid out amounted to € 44.1 million (2016: € 97.9 million). The fund proved to be sufficiently resilient during the financial crisis. The level of the guarantee capital began to recover in 2015. The positive development of the fund provides a sound base for the WEW to continue to contribute to a healthy housing market in the future.

### GUARANTEED CAPITAL 2013 - 2017 (X € 1 BILLION)

# 2017 - 198,0

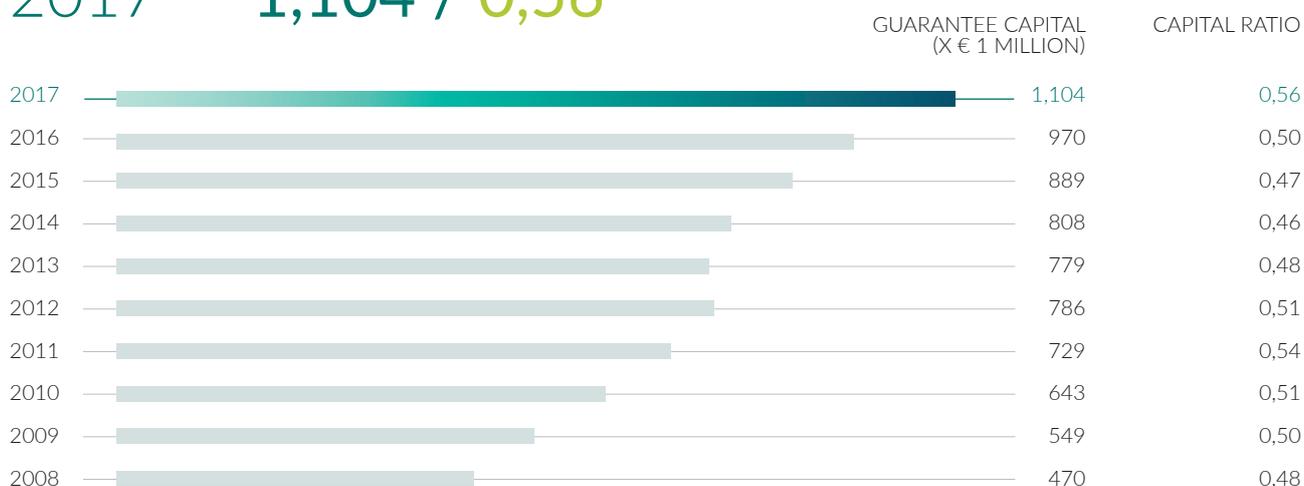


## CAPITAL RATIO IMPROVES

The total capital guaranteed with NHG loans rose to € 198.0 billion (2016: € 193.2 billion). This is an increase of € 4.8 billion compared to the previous reporting period. The capital ratio increased to 0.56% in 2017 (2016: 0.50%). The capital ratio shows the ratio between the NHG guarantee capital excluding the guarantee capital for home purchases and sales (2017: € 1,104,180,439) and the guaranteed capital of loans with NHG. In recent years, the capital ratio has followed the development of the guarantee capital with a slight time lag, as is shown in the figure below.

### NHG GUARANTEE CAPITAL AND CAPITAL RATIO

# 2017 - 1,104 / 0,56





**“BASED ON OUR MISSION - ACCESSIBILITY OF FINANCE FOR CUSTOMERS AND STABILITY IN THE MARKET - WE ARE WORKING ON NEW SOLUTIONS FOR SPECIFIC GROUPS, RANGING FROM THE ISSUES FACED BY SENIORS WISHING TO MOVE HOUSE AND INCREASING THE SUSTAINABILITY OF THE EXISTING HOUSING STOCK TO CREATING FINANCE SOLUTIONS IN A LABOUR MARKET THAT IS BECOMING INCREASINGLY FLEXIBLE.”**



# WHAT DID WE DO?

---

In 2017, we continued to fulfil our ambition on the basis of the strategic direction initiated in 2016, which has resulted in the development of standardized solutions that can be simply implemented by market parties, can be tested by supervisory authorities and are responsible for consumers. The ultimate result is realized when initiatives are fully accepted by the market and are continued independently for non-NHG mortgages.

This was already achieved in 2016 for self-employed persons without personnel and flexible employees. In addition, we were able to contribute to solutions for foundation issues and we launched initiatives to help making the housing stock in the Netherlands more sustainable. Briefly, we have laid the foundation for further successes in the future in 2017!

## SELF-EMPLOYED PERSONS WITHOUT PERSONNEL

More than 1.15 million Dutch people earn their main income from self-employment and have no employees. Many of them need finance to purchase their own home, but they are faced with sizeable barriers. The market is increasingly realizing that this social development requires a new attitude to financing home ownership for self-employed persons without personnel. The WEW played a clear leading role in this development in 2017. The previously developed proposition for this group was completed and launched in the market last year. This can be seen in the key figures.

## KEY FIGURES FOR NHG FOR SELF-EMPLOYED PERSONS WITHOUT PERSONNEL

A total of 1,042 income statements were issued for self-employed persons without personnel in 2017. This led to 318 mortgage guarantees actually issued. These initial figures enable the WEW to analyse progress, and provide a basis for focused work on refining the proposition.

- 1,042 income statements issued
- 318 mortgage guarantees issued
- Average guaranteed sum: € 192,165
- Average Loan-to-Income: 3.9
- Average Loan-to-Value: 93.2

## 2 SUSTAINABILITY AND ENERGY-SAVING

In addition to increasing access to the mortgage market for vulnerable groups, the WEW also contributed to making the housing stock more sustainable in 2017. In July 2017, the WEW introduced the Save Energy Budget, which has made it easier for consumers to fund energy-saving measures with an NHG mortgage. This encourages the desirable move towards making the housing stock sustainable.

Since July 2017, house buyers and homeowners simply have to submit a specification of the costs of their proposed energy-saving measures. This gives them access to an additional budget of five per cent (increased to 106%) of the property's value for energy-saving measures.

The WEW is thus making the financing of energy-saving measures more accessible for around 4.4 million owner-occupied households, 1.3 million of which are with NHG. 2,560 mortgages backed by NHG were provided for energy-saving measures (ESM) in 2017.

# RESULTS

---

Our ambition is to provide as many people as possible with continuing access to responsible funding to buy, improve and keep their own homes.

Based on current insights in economic and housing market trends, and subject to government policy remaining unchanged, it is not expected that we will need to invoke the government backup agreement.



