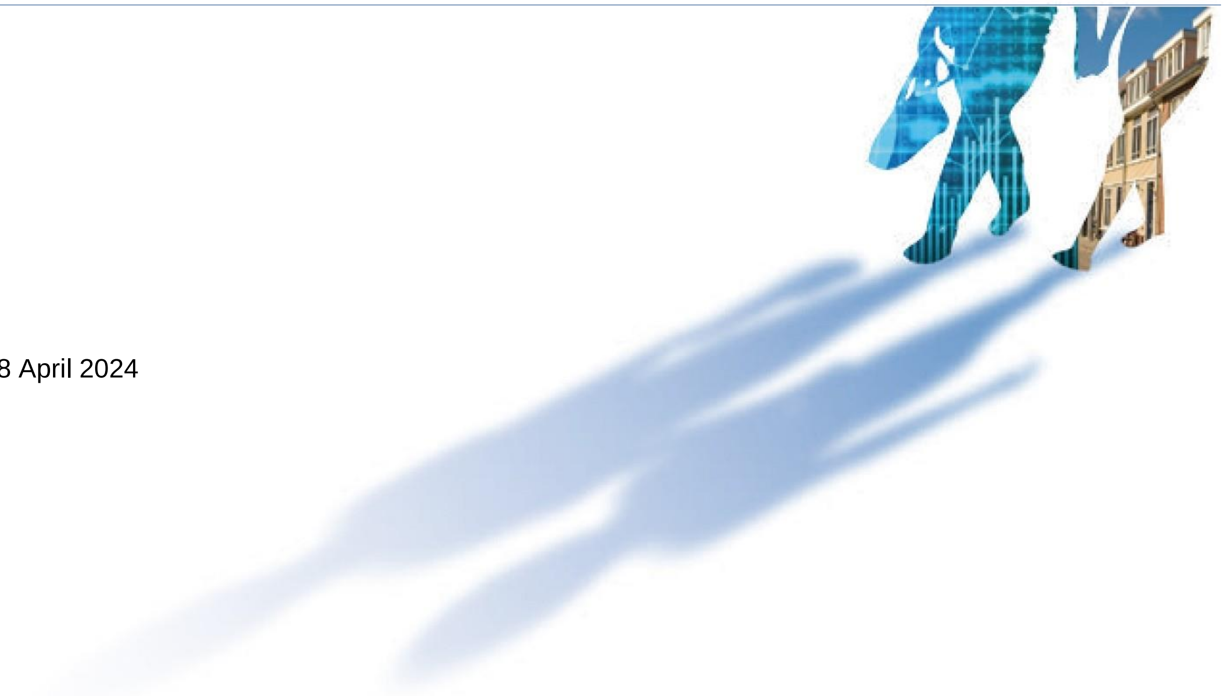

18 April 2024

WSW 2023 Annual Report and Financial Statements

Stichting Waarborgfonds Sociale Woningbouw

Contents

Key figures as at 31 December 2023

- 268 participant housing associations (98% of all associations).
- Guaranteed loans of €88 billion (2022: €85 billion).
- The market value of collateral when let was €371.4 billion, reference date 2022 (€371.5 billion, reference date 31 December 2021).
- Loan servicing payments with a nominal value of €138 billion and a market value of €96 billion (2022: €132 billion and €89 billion respectively).
- Risk capital of €583.8 million (2022: €484.5 million).
- €117 million of the committed capital was called to maintain the risk capital (2022: €40 million).
- Maximum annual committed capital call of €298 million. Total participants' committed capital of €2.3 billion.
- Moody's and Standard & Poor's rate WSW at AAA with a stable outlook.

1. Report of the Executive Board

Foreword

2023 proved to be another year full of new developments and change. At an international level, there were a growing number of conflicts that had a substantial impact on the Netherlands. At a national level, there were many issues that required swift resolution and the collapse of the Dutch government did nothing to help achieve this. For WSW and its participants, the most important issues are the housing market and related matters. In political circles, more and more positive attention is being paid to the important task of the associations when it comes to sustainability and building new affordable homes. In addition, the sharp rises previously seen in interest rates and inflation were followed by a slight decline in 2023.

The huge task in the areas of housing and sustainability remains undiminished, and with respect to sustainability we have noted that ESG, including ESG reporting, has become increasingly important at the housing associations. The first steps were taken towards fulfilling the national performance agreements ("Nationale Prestatieafspraken") on housing. This is reflected in the increase of almost €3 billion in the guaranteed loan portfolio, which is the steepest increase seen in recent years.

In order to achieve this task, further investments by housing associations are required. Our participants, like other parties, have a significant responsibility to enable homes to be built and made more sustainable. Consistent government policy, especially in relation to rents, is of fundamental importance to WSW. Predictability of income from participants is crucial for WSW so that it can act as guarantor for periods of up to 50 years and facilitate the additional investments of participants while also ensuring a future-proof guarantee system.

In 2023, in addition to our regular work, such as setting guarantee ceilings and assessing risks at association and portfolio level, WSW worked on various future-oriented projects. As part of this, we completed the 2030 foresight study with all stakeholders and made a start on translating it into renewed strategic goals. We also worked on strengthening scenario thinking at WSW. For a summary of our additional activities, please see section 1.1 of this annual report. There is more information elsewhere in this report of the Executive Board.

The report does not address the performance of the mandated resolution role.

1.1. Key developments

The key developments of 2023 are addressed below.

2030 foresight study project and strategy formation

The publication of the 2030 Environmental Scan report in the summer marked the completion of the 2030 foresight study project. The report was the outcome of many interesting conversations with people from inside and outside the organisation about possible future developments affecting WSW and matters to be taken into consideration. Knowledge was obtained by bringing different disciplines together. We continued this process in 2023.

Several scenarios were described, which were based on answers to the following key questions. What developments is Waarborgfonds Sociale Woningbouw (WSW) expected to face in the years leading up to 2030? What might the environment in which WSW operates look like in 2030? Which future scenarios, and which specific developments, do we need to take into consideration? What findings can we formulate with a view to the more detailed formulation of WSW strategy? The next issue concerns how we intend to deal with this. This future scan is an important step in the process of re-evaluating WSW's long-term strategy, which we intend to complete in 2024.

Backstop agreements
New backstop agreements with the State and with municipalities came into force on 1 August 2021. These agreements apply to guaranteed loans starting from 1 August 2021. We also intend to declare the improvements in the new backstop agreements applicable to guaranteed loans dating back to before 1 August 2021. For this reason, in the period 2022/2023 WSW worked with the Ministry of the Interior and Kingdom Relations (BZK) and the Association of Netherlands Municipalities (VNG) to develop a new backstop agreement that will replace all previous backstop agreements. The amendments were submitted to all financiers, and no objections were raised. The backstop agreement applies to all new guaranteed loans with effect from 1 May 2024 and also replaces all previous backstop agreements that date back to before 1 May 2024.

Risk capital adequacy
We assess the risks in our participating associations individually and in the guarantee structure as a whole. By analysing the various risks under a range of conditions, we aim to maintain a robust guarantee system in the interests of our participants and backstop providers and, therefore, of social housing.

As part of this risk management, each year we examine whether our risk capital is adequate to cover projected and unexpected losses in line with policy rule I, thus assessing whether the available risk capital is adequate compared with the risk capital requirement. The available risk capital is the sum of our risk capital, the capital committed by the participants and the annual committed capital. The largest portion of the available risk capital (€2.7 billion) is the committed capital (€2.3 billion).

We calculate the risk capital requirement using the capital ratio formula for banks (Basel). This method quantifies the value of projected and unexpected future losses and estimates the value of losses likely to be incurred by housing associations that have already made a claim for a guarantee.

The available risk capital is adequate if it is equal to or greater than the risk capital requirement. WSW lands in a state of ‘in recovery’ if the annual committed capital in years 2 (2024) up to and including 11 is needed for adequate risk capital. The 2023 adequacy test showed that the risk capital requirement was €0.9 billion (2022: €1.4 billion) and the available risk capital was €2.7 billion (2022: €2.6 billion). The risk capital requirement has fallen, primarily as a result of interest rate increases. WSW concluded that the risk capital is adequate to cover projected and unexpected losses.

2023 rating

Standard & Poor's and Moody's reconfirmed their AAA rating for the WSW guarantee in July 2023, and they do not expect this to change for the time being in view of the stable outlook. Both credit rating agencies consider the strong link to the Dutch government to be a key factor in their credit ratings, as it will prevent WSW from being faced with liquidity shortfalls in the event of a claim, and they also referred to the robust financial position of the participants, despite the challenging macroeconomic climate and recent rises in interest rates. WSW has the same rating as the Dutch State. Thanks to the highest creditworthiness, our participants are able to obtain financing on good terms.

Insight into collateral

In 2023 we carried out a range of activities to improve the interface between dVi uniform financial reports and government property records (*BAG (Key Register of Addresses and Buildings) and BKK (Cadastral Key Register)*) to enable us to gain a better understanding of housing association assets. As a consequence, we have greater insight when it comes to risk assessment and, where applicable, mortgage creation. These activities will be continued in 2024, in some cases in collaboration with the Netherlands' Cadastre, Land Registry and Mapping Agency (Kadaster).

Guarantee claim

The effects of the amended Housing Act on the guarantee system became clear during 2018. We received two claims on our risk capital, from Woningstichting Geertruidenberg (WSG) and Stichting Humanitas Huisvesting (SHH), following the rejection by the Minister of the Interior and Kingdom Relations of applications for resolution support from WSG (partial) and SHH (in full). WSW is meeting the normal interest and repayment obligations on WSG's and SHH's remaining loans covered by guarantees issued by WSW insofar as WSG and SHH are unable to do this themselves.

Both WSG and SHH are objecting to the decisions to reject the resolution grant. The court rejected WSG and SHH's appeals. WSG and SHH are appealing against these rulings at the Administrative Jurisdiction Division of the Council of State (ABRS). WSW is also appealing against the decisions to refuse resolution grants. In the interim ruling of 3 August 2022, the ABRS ordered the Minister of the Interior and Kingdom Relations to make substantive rulings on the objections submitted by WSW. On 21 November 2022, the Minister of the Interior and Kingdom Relations decided on WSW's objections and they were rejected in both cases.

The case will be continued at the ABRS. The ABRS has not yet issued a final ruling. A hearing at the ABRS was held on 13 February 2024. It is expected that the final ruling will be issued in 2024.

Supervision of WSW

The Authority for Housing Associations (the Authority) supervises WSW with the objective of managing the financial risk associated with the backstop provided by the State and municipalities. The Authority issues an annual supervision report. The supervision report for the year under review is expected after the annual report has been adopted. In order to provide insight into the Authority's views in the annual report, each year the annual report presents the conclusions of the most recent supervision report referring, logically, to the year preceding the year under review.

The supervision report for 2022 was issued in July 2023[1]. Supervision focuses on compliance with the three policy rules and on controlled and sound business operations. The Authority noted that WSW complied with all three policy rules in 2022, and that WSW also displays ethical business conduct and has controlled and sound business operations with improvements recommended, one of which was designated as requiring improvement. This concerned the Authority's opinion on the course of the decision-making process on the new investment policy. In 2023, WSW provided an adequate follow-up to the recommendation of evaluating and analysing the impact of the new investment policy.

WSW is also currently implementing a change to the investment policy regarding the liquidities held with the custody company.

Continuity of WSW
Thanks to the agreements with our participants and backstop providers, we have sufficient liquid assets to meet our obligations under the guarantee system even after a claim. Our work focuses primarily on preventing claims and ensuring that the risk capital and the capital committed by the participants is sufficiently robust and so there is no uncertainty about the continuity of WSW.

The events in Ukraine and the unpredictable nature of the tensions in the Middle East and the Red Sea are the external factors that have affected interest rates and therefore the interest rate risk for WSW. These movements in interest rates have direct consequences for the result and the financial position. An indirect effect of the war was high inflation, which forced the European Central Bank (ECB) to sharply increase interest rates. The ECB has since paused its interest rate increases, and market players generally expect that the ECB will lower interest rates further in the first half of 2024. This has had an impact on the capital market, where interest rates fell sharply in the final months of 2023 before rising slightly again at the start of 2024. Any turbulence in the financial markets resulting from the impact of the aforementioned events on the banking sector appears not to have adverse effects on the financiers of the housing association sector or on WSW. The financial position of the participants and the system is sufficiently robust.

1.2. Joint assessment framework

Since 1 January 2019, the Authority and WSW have been using the joint WSW/Authority framework to assess the risks at associations. The Ministry of the Interior and Kingdom Relations evaluated the market value and policy value in 2023, and following this we made changes to the calculation of the policy value, in consultation with the Ministry, the Authority, Aedes and other parties in the sector. The amended policy value will be requested for the first time for the dPi uniform report submissions for 2024. In connection with this upcoming change, WSW and the Authority are evaluating the limits for the financial ratios, since the changes also affect the level/outcome of the policy value. If this leads to the adjustment of the limits of the financial ratios, this will be published in the joint assessment framework in the first half of 2024.

[1] https://www.rijksoverheid.nl/documenten/rapporten/2023/05/16/rapport-toezicht-wsw-2022

With respect to market value, the Authority, the Ministry for the Interior and Kingdom Relations, Aedes and WSW are going through a process in which they ask market players to help them come up with an alternative process for establishing the market value when let. This concerns the way in which the market value is arrived at; the definition and therefore the outcome are not up for discussion. It is therefore expected that any alternative process would have no effect on the joint assessment framework.

1.3. The WSW organisation

Professional development / knowledge sessions
Knowledge sessions started to be held in 2023. The first session was dedicated to Project 2030. An external specialist presented an economic view of the situation moving forward to 2030. In addition, three sessions (one in 2023 and two in 2024) on uncertainty, ranging from macroeconomics to how people deal with uncertainty, were held to mark the 40th anniversary of WSW.

Evaluation of hybrid working
We launched a two-phase evaluation of hybrid working: phase 1 consists of a quantitative study (how does the rest of the Netherlands deal with hybrid working?) and a qualitative study comprising a survey of all employees followed by in-depth interviews with a dozen employees. The results will be translated into policy and subsequently implemented in 2024.

Integrity Code of Conduct and debating sessions
Debating sessions focusing on different topics taken from the Integrity Code of Conduct were held to raise awareness of those topics and also provide debating practice. See also section 2.1 Compliance.

Pulse survey of workload pressure
The 2021 employee survey revealed a slight rise in workload pressure compared to 2020. The 2022 pulse survey (participation rate of 86.6%) showed a decline in workload pressure compared to the 2019 and 2020 employee surveys. Even though employees do not feel they are under excessive work pressure, around a quarter of employee experience high levels of work pressure. The survey also revealed that, on the whole, employees are very happy at WSW.

1.4. Employees

At 31 December 2023, WSW employed 71 people (69.0 FTEs). During 2023, one person left and three people joined.

Number of employees and FTEs at year-end

Department	FTEs	FTEs	Employees	Employees
	2023	2022	2023	2022
Accounts	20.2	20.2	21	21
Operations & Control	5.9	5.0	6	5
Executive Board (including staff)	10.8	11.7	11	12
HRM/Facilities	5.2	5.0	6	6
Information management	6.9	6.9	7	7
Risk management	20.0	18.0	20	18
Total	**69.0**	**66.8**	**71**	**69**

Sick leave
The rate of absenteeism due to illness increased in 2023 (5.5%, including maternity leave) compared with 2022 (3.5%). Long-term (and very long-term) absenteeism due to illness increased by 2.7 percentage points to 4.2% in 2023. Reporting frequency increased to 1.10% compared with 2022 (0.93%).

1.5. Information management

The “loan guarantee” digitalisation programme was launched in 2023 with the aim of introducing the automated processing of new loans in 2024. Various subprojects were started in 2023 as preparation for this automation process. These subprojects included the revision of the loan documentation aimed at creating a standardised format that clearly distinguishes between variable and fixed terms and conditions. In addition, an investigation of the possibilities of electronic identification and signatures was started in the form of a pilot project that also involved financial partners. The functional design has almost been completed, and attention is also being paid to future collaboration with stakeholders, supported by a digital collaboration space.

A large number of servers were replaced in 2023 as part of life cycle management (LCM). The timely replacement of hardware and software helps to prevent incidents and avoid security risks, reduced functionality, failures and disruptions.

A new contracts register has been developed in WSW's SharePoint environment, and new guarantee fee administrative records have been created because it is important to be able to properly record and view the completeness of the guarantee fee administrative records on a structural basis. 2023 also saw the completion of the project for phasing out QlikView and introducing Qlik Sense, and as part of this various BI dashboards were updated and migrated to Qlik Sense. The functionality for performing analyses and reporting was significantly improved as a result of the inclusion of CRM data and specific data from Statistics Netherlands in the data warehouse (DWH).

As well as further improvements in authorisation management, the functionality of the workplace environment and SharePoint has been expanded. Recommendations from the internal and external General IT Control audit and other audits have been adopted and followed up.

1.6. Finances

The company profit after tax for 2023 was €96.7 (2022: €57.1 million), which was primarily attributable to a call of €117.5 million of committed capital in 2023 (2022: €39.8 million). Owing to revised estimates of possible corporation tax obligations, the settlement of a subsidy and the recognition of bank balances, an amount of €5.2 million was released from the provision for guarantee obligations and taken to profit or loss (2022: release of €71.2 million).

The company operating profit for 2023 was €129.1 million (2022: €44.0 million). Ignoring the call of committed capital, the operating profit would have been €11.6 million (2022: €4.2 million). Operating profit in 2023 was up €85.0 million compared with 2022. Committed capital called rose by €77.7 million, guarantee fees invoiced fell by €1.1 million, and the addition to the provision fell by €7.3 million. On the other hand, employee benefits rose by €0.5 million owing to an increase in collectively agreed wages and the number of employees. In addition, other operating expenses increased by €0.3 million, primarily as a result of spending related to WSW's 40th anniversary, as well as a higher contribution for SBR-wonen and the ending of a rent-free period. There were no events that required a new provision to be formed.

WSW lowered the interest rate sensitivity of the investment portfolio in 2022 by reducing the duration through the sale and reinvestment of bonds. Following this, on 4 April 2023 the investment policy was amended from a smart passive policy against a market-weighted benchmark to a fully passive policy (Buy & Hold) to avoid interim capital gains and losses. A Buy & Hold policy is the investment strategy in which bonds are bought with the intention of keeping them to maturity. Coupon interest is received during the period to maturity, and the bond is redeemed at face value on maturity. The funds released are reinvested by buying new bonds. The major difference from the investment policy that applied up to 4 April 2023 is that no interim transactions take place during the year for benchmark rebalancing purposes, with the exception of the reinvestment of coupons and redemptions.

Further to this, as from 4 April 2023 securities are valued at amortised cost. Differences between the market value and the nominal value will be amortised over the bonds' period to maturity using the effective interest rate method in the statement of income and expenditure, reflecting redemptions and other movements in the principal.

At year-end 2023, the amortised cost of the investments was €555.9 million. On balance, income from investments came to €16.3 million, comprising unrealised increases in the value of investments, income from sold investments, and interest income. Up to 4 April 2023, income from investments was €3.9 million due to an increase in the market value of bonds held and sold. Amortised interest as from 4 April 2023 was €5.4 million. Interest income amounted to €7.0 million in 2023.

The company profit after corporation tax was €96.7 million and this has been incorporated in the financial statements as a withdrawal of €0.4 million from the legal reserve (for amortisation of software) and an addition of €97.1 million to the other reserve.

It is expected that the operating profit in 2024 will be in line with that for 2023. No significant investment in systems is being expected. The number of employees at WSW is expected to remain stable. In the present circumstances, employee benefits will rise in 2024 as a result of collective wage bargaining. Other expenses in 2024 will be in line with 2023. Income from guarantee fees will be higher than in 2023 as a result of the increase in guaranteed loans.

No change in computation of call on committed capital

The change in the valuation of bonds, from their market value to amortised cost, had no impact on the calculation of the risk capital. The market value of invested capital is shown in the notes to the financial statements. As in previous years, the market value of the investments at year-end was used as a starting point for calculating the risk capital. Related to this, the method of computing the call on committed capital was unchanged. The amount of the call on committed capital in 2024 will be decided later.

6. Report of the Supervisory Board

6.1 Introduction

This report explains how the Supervisory Board fulfilled its supervisory and advisory role in the past year. In performing its duties, the Supervisory Board acts in the interests of WSW as laid down in the constitution. WSW's object is to enable institutions licensed pursuant to the Housing Act to borrow at the lowest possible cost to perform their public housing activities, taking account of the financial interests of the participants, the State and municipalities. The Supervisory Board supervises the policies pursued by the Executive Board and the general state of affairs at WSW. In addition, the Supervisory Board advises the Executive Board on request or on its own initiative and acts as the employer of the Executive Board.

6.2 Duties and procedures

The Supervisory Board has at least five members. The composition of the Supervisory Board is intended to ensure diversity in terms of knowledge, background, age, gender, personality and experience in dealing with WSW's stakeholders. The Supervisory Board wishes to achieve a balanced composition and a good spread of expertise and networks.

Membership of the Supervisory Board in 2023

Mr Mr. H.M. Meijdam, chair (1961)	Since 1 February 2018; term of office ends on 1 February 2026
Ms Drs. G. van Vollenhoven-Eikelenboom (1970)	Since 1 February 2018; term of office ends on 1 February 2026
Mr Drs. J.G. Pot (1949)	Since 25 September 2018; term of office ends on 25 September 2026
Prof. Dr. D. Brounen (1976)	Since 25 June 2019; term of office ends on 25 June 2027
Mr Ir. M.A.E. Calon (1959)	Since 9 November 2020; term of office ends on 9 November 2024

In 2023, Prof Brounen was reappointed for a further period of four years.

The powers of the Supervisory Board are laid down in the constitution. Its operating methods are described in its rules of procedure. The Supervisory Board has two committees: an audit committee and a remuneration committee, each with its own rules of procedure. The committees advise the Supervisory Board on topics within their remit and prepare the ground for its decisions. This does not affect the Board's responsibility for its own decisions.

Audit Committee

The audit committee comprises Mr Pot (chair) and Prof. Brounen (member). The audit committee met four times in 2023. Among the topics discussed were the 2022 Annual Report and financial statements, the external auditor's reports, the findings of the internal auditor and external asset management at WSW. The external auditor was present during the discussion of various relevant topics.

Remuneration Committee
Ms van Vollenhoven (chair) and Mr Meijdam (member) form the remuneration committee. The remuneration committee met on several occasions in 2023. The business discussed included the assessment of the members of the Executive Board and self-evaluation. When necessary, the committee discussed topics more broadly with the full Supervisory Board, after which the Board took a decision during a plenary meeting.

Conflicts of interest
The constitution and the Supervisory Board's rules of procedure include guidelines on how to act in the event of actual or potential conflicts of interest. These are examined as part of the Board's activities but none arose in 2023.

6.3 Activities

The Supervisory Board notes that in 2023 WSW worked further on making the guarantee system more robust and future-proof. WSW worked on the amendment of the backstop agreements as a follow up to the strategic programme, the evaluations of market value/policy value and the maximum guarantee, and the adoption of the new WSW investment statute. WSW also focused on the future, through the discussions about the future scan by De Argumentenfabriek and an employee training course on scenario thinking. WSW also shared thoughts with its stakeholders on topics such as the sustainable business model of associations, the mid-range segment of the rental market, and ESG. At the same time, WSW worked on improving its business operations and organisations, and it introduced the business control framework in which the process descriptions were evaluated, along with the associated risks and controls. The Supervisory Board has taken note of the efforts and results of the Executive Board and staff in terms of achieving objectives, refining the organisational structure and managing internal and external risks.

The Supervisory Board held six meetings in 2023. There was also an off-site meeting in the autumn. The chairmen of the Supervisory Board and the Executive Board also held regular meetings. In addition to these meetings, the Supervisory Board, or individual members, also had regular contact with the Executive Board. All meetings were attended by every member.

The Board was updated, primarily by the Executive Board, on current developments during the course of the year, to enable it to discharge its duties as well as possible. During and outside meetings there were also contacts with employees in the organisation. The Supervisory Board also liaised with the works council and WSW's regulator, the Authority for Housing Associations. In the first quarter of 2023, the chairman of the Supervisory Board attended the participants' council as an observer in order to understand the arguments underlying the opinions expressed to the Executive Board. In addition, the entire Supervisory Board attended the consultative meetings with the works council pursuant to Section 24 of the Works Councils Act. The works council was once again a reflection of WSW's employees. Individual members report to the Supervisory Board on the outcome of all meetings, so that the Supervisory Board as a whole has all relevant information.

The Supervisory Board also approved decisions of the Executive Board on the 2022 Annual Report and financial statements, the 2024 annual plan and budget, the policy rules on restructuring, and the compliance statute. In the context of ensuring the continuity of WSW's management, the Supervisory Board decided to start a procedure for finding an intended successor to the chair of the Executive Board.

Other topics discussed during meetings included the restructuring of the investment portfolio, the results of the future scan by De Argumentenfabriek, recent developments concerning the national agreements on housing performance, and the supervision of WSW.

Consideration was also given to the maximum guarantee, the evaluation of the market value and policy value, the sustainable business model of associations, the House of Representatives elections, the capital adequacy assessment, the status of housing associations subject to special management, the portfolio reports, and the progress reports compared with the annual plan.

The external auditor attended audit committee meetings and Supervisory Board meetings held to discuss the Annual Report, the financial statements and the management letter. During these meetings, the Board received a commentary on the auditor’s report and the recommendations for improvements and other points raised by the auditor.

The Supervisory Board thanks the staff and Executive Board for their commitment and contribution to helping WSW achieve its goals and ambitions in 2023. The Board looks back on a year in which WSW, by guaranteeing over €88.6 billion of loans, supported housing associations in their key duties: building and managing social housing. The Supervisory Board looks forward to continuing the co-operation with all stakeholders in the guarantee system to safeguard WSW’s contribution in the future.

6.4 Remuneration

WSW is subject to the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT). Information on remuneration is given in the financial statements.

6.5 List of main and ancillary positions held by the members of the Supervisory Board

Mr Mr. H.M. Meijdam, chair
<u>Positions</u>
Chair of Federatie Particulier Grondbezit
Chair of Waterrecreatie Nederland
Chair of VAN Kansspelen (sector organisation for providers of games of chance)
Chair of Netherlands Veterinary Medicines Institute (SDa)
Member of the Supervisory Board of SAOZ B.V.
Partner in Nieuwbeeld B.V.
Member of the Supervisory Board of Platform 31
Chair of Koninklijke NVRD
Owner-manager of Bureau Meijdam & Overmars B.V., Bureau voor Markt & Overheid
Chair of the Supervisory Board of Woningnet N.V. (up to June 2023)
Chair of Stichting KOMO/KIK
Non-executive director of Puurt wat Zuurt B.V.

Ms Drs. G. van Vollenhoven-Eikelenboom AAG, member
Positions
Chair of Supervisory Board of 100WEEKS (since March 2023)
Chair of Foundation Board of Chapter Zero Netherlands (since January 2023)
Alternate expert member of the Enterprise Division of the Amsterdam Court of Appeal
Member of the Supervisory Board of ASR Nederland N.V., ASR Basis Ziektekostenverzekering N.V., ASR Aanvullende Ziektekostenverzekeringen N.V., ASR WLZ uitvoerder BV and ASR Premiepensioeninstelling N.V.
Member of the Supervisory Board of bunq BV
Member of the Supervisory Board of MUFG Bank Europe NV and MUFG Securities Europe N.V.
Member of the Board of Supervision of Stichting Pensioenfonds voor het Beroepsvervoer over de Weg
Associate Partner of RiskQuest BV (until 1 July 2023)
Member of the Insurance and Reinsurance Stakeholdergroup EIOPA
Member of the Advisory Council for the Risk Management for Financial Institutions course at the Vrije Universiteit Amsterdam (up to March 2023)
Member of the Audit Committee of the Ministry of Foreign Affairs

Mr Drs. J.G. Pot, member
Main position
Partner & Chief Financial Officer, Grey Matter Matters

Ancillary positions
Chair of the incompatibility committee of the Whistleblowers Authority
Member of the Audit Committee of the House of Representatives of the Dutch Parliament
Member of the Audit Committee of the Ministry of Foreign Affairs
Lecturer at the National Academy for Finance and Economics

Prof. Dr. D. Brounen, member
Main position
Professor of Real Estate Economics, Tilburg University and TIAS School for Business and Society
Ancillary positions
Chair of the Central Board of Experts of VastgoedCert
Member of PGGM Advisory Board Alternative Funds
Freelance adviser to various governmental authorities and property organisations

Mr Ir. M.A.E. Calon, member
Main position
Farmer
Ancillary positions
Member of the Advisory Board of Arriva
Member of the Advisory Board of Staatsbosbeheer
Chair of the Supervisory Board of Univé Noord-Nederland
Senior advisor to Nature Energy

7. Company financial statements

Balance sheet at 31 December 2023

(after appropriation of the result)

Assets		***31 December 2023***		***31 December 2022***	
	Note	€	€	€	€
Fixed assets					
Intangible fixed assets	4.1				
Software		592,324		1,037,325	
			592,324		1,037,325
Tangible fixed assets	4.2				
Refurbishments		1,830,310		2,039,250	
Computer systems		353,869		452,431	
Office equipment		257,889		330,840	
			2,442,068		2,822,521
Financial fixed assets					
Securities	5.1	555,866,104		429,048,818	
Deferred tax	5.2	9,911,109		12,967,435	
			565,777,213		442,016,253
Current assets					
Receivables					
Debtors guarantee fees	6.1	5,381,741		5,319,421	
Corporation tax receivable	6.2	-		2,919,225	
Prepayments and accrued income	6.3	4,871,371		4,257,463	
Other receivables	6.4	67,551		120,535	
			10,320,663		12,616,644
Cash	7.		40,711,301		52,826,188
			619,843,569		511,318,931

Capital and liabilities		***31 December 2023***		***31 December 2022***	
	Note	€	€	€	€
Capital					
Legal reserve	8.1	592,324		1,037,325	
Other reserve	8.2	441,710,442		344,568,752	
			442,302,766		345,606,077
Provisions					
Provision for guarantee obligations	9.1	154,630,679		164,296,992	
			154,630,679		164,296,992
Current liabilities					
Suppliers and trade creditors	10.1	600,114		440,052	
Corporation tax payable	10.2	21,324,445		-	
Other tax and social security contributions	10.3	45,073		275,085	
Accruals and deferred income	10.4	550,243		477,763	
Other payables	10.5	390,249		222,962	
			22,910,124		1,415,862
			619,843,569		511,318,931

Statement of income and expenditure for 2023

		2023		2022	
	Note	€	€	€	€
Guarantee fees	12.1	20,962,729		19,864,885	
Income from calling committed capital	12.2	117,513,246		39,779,186	
Resolution fees	12.3	50,042		29,911	
Other income	12.4	0		3,260	
Total operating income			138,526,017		59,677,242
Salaries	13.	7,605,950		7,171,414	
Other employee benefits	14.	1,964,087		1,827,062	
Amortisation and depreciation	15.	902,211		857,958	
Other operating expenses	16.	4,173,130		3,804,948	
Total operating expenses			(14,645,378)		(13,661,382)
Movement in the provision for guarantee obligations	17.		5,229,236		(2,040,678)
Operating profit			129,109,875		43,975,182
Realised and unrealised gains and losses on investments	18.		3,888,585		(69,606,077)
Financial income and expenses	19.		182,359		78,413,804
Result before tax			133,180,819		52,782,909
Corporation tax	20.		(36,484,130)		4,365,388
Result after tax			96,696,689		57,148,297

Cash flow statement for 2023

Since 2023, the cash flow statement has been prepared using the direct method, which links all cash receipts and payments directly to the activities. Previously, the cash flow statement was prepared using the indirect method. See note 1.4 Policies for the cash flow statement for information on this change of accounting policy.

		2023	2022
Cash flow from operating activities		**€**	**€**
Cash receipts	***Note***		
Guarantee fees received from participants	*12.1*	20.900.408	19.644.111
Resolution costs received	*12.3*	50.042	29.911
Other cash receipts	*12.4*	42.000	3.260
Payments to suppliers	*16.*	(5.103.234)	(5.339.056)
Payments to employees	*13/14.*	(8.757.641)	(8.110.999)
Cash flow from direct operations		***7.131.575***	***6.227.227***
Committed capital call received from participants	*12.2*	117.513.246	39.517.942
Guarantee payments	*9.1*	(17.983.828)	(21.559.431)
Cash flow committed capital calls and guarantee payments		**99.529.418**	**17.958.511**
Cash flow from operations		***106.660.993***	***24.185.738***
Interest received	*19.*	7.967.402	7.718.354
Interest paid	*19.*	-	-
Corporation tax paid	*6.*	(9.184.134)	(8.890.007)
Cash flow from operating activities		***105.444.261***	***23.014.085***
Cash flow from investment activities			
Additions to intangible fixed assets	*4.*	(8.322)	(718)
Additions to tangible fixed assets	*4.*	(68.433)	(796.596)
Purchases/sales and redemptions of securities	*5.*	(136.897.148)	(182.950.827)
Sales and redemptions of securities	*5.*	19.414.755	175.620.078
Cash flow from investment activities		***(117.559.148)***	***(8.128.063)***
Movements in cash		**(12.114.887)**	**14.886.022**
Closing cash balance	*7.*	40.711.301	52.826.188
Opening cash balance	*7.*	52.826.188	37.940.166
Movements in cash		**(12.114.887)**	**14.886.022**

Accounting policies for measurement and determining the result in the company financial statements

1. General notes

1.1. Activities

The activities of Stichting Waarborgfonds Sociale Woningbouw (WSW), with its registered offices in Hilversum, consist primarily of guaranteeing loans to housing associations to fund projects for social housing and other properties with a social function. WSW is a not-for-profit foundation under Dutch law with an independent management structure, recorded in the Trade Register under number 41180946. WSW is subject to the supervision of the Authority for Housing Associations.

In 2018 WSW was for the first time faced with guarantee claims, from Stichting Humanitas Huisvesting (SHH) and Woningstichting Geertruidenberg (WSG). Arrangements were subsequently made on payment of interest and repayments under the guarantee and maintaining these associations. The arrangements set out in implementation agreements with WSG and SHH mean that WSW has influence over their policy and, according to the accounting standards, has had to consolidate them from the date of the separation in 2019. Tripartite agreements have also been entered into with financial institutions for selected resolved residual loans. WSG and SHH have transferred their social housing activities to other housing associations and their only remaining activity is to continue in existence to settle the residual loans. WSG and SHH have not transferred the residual loans to WSW and so the obligations under the guarantee have, as in earlier years, been recognised in the provision for guarantee obligations. Payments for interest and repayment obligations by WSG and SHH direct to the investors still have to be regarded as payments under the guarantee and not under the loan as such. See note 9.1 Provision for guarantee obligations for further information.

1.2. Address

The offices of Stichting Waarborgfonds Sociale Woningbouw are situated at Olympia 1G, 1213 NS Hilversum.

1.3. Related parties

The members of the Executive Board and other key managers of WSW, WSG and SHH and their close relatives are regarded as related parties.

Material transactions with related parties not conducted on normal market terms are disclosed, including details of the nature and size of the transaction and any other information that may be necessary to provide a fair view. There were no transactions with related parties during the reporting period that were not conducted on normal market terms.

1.4. Policies for the cash flow statement

Since 2023, the cash flow statement has been prepared using the direct method. This method provides insight into the cash flows relating to WSW's various revenue streams, in contrast to the indirect method in which the overall cash flow from operating activities is derived from the result reported in the statement of income and expenditure. Previously, the cash flow statement was prepared using the indirect method. WSW believes that this change in accounting policy provides better information to the users of the financial statements. The change in accounting policy has been applied retrospectively and does not affect the cash flows, capital or result for this year or previous years. The comparative figures in the cash flow statement have been restated accordingly. The totals remain the same under the direct and indirect methods for preparing the cash flow statement.

The cash flow statement differentiates between operating, investment and financing activities. Within the cash flow from operating activities, receipts and expenditure from direct business operations are included as a sub-count prior to the sub-count of cash flow from committed capital call and guarantee claims. Both sub-counts are part of the cash flow from business operations. Receipts from guarantee fees from participants, other receipts, received implementation costs for mandated resolution activities and payments to suppliers and employees are included in the cash flow from direct business operations. Receipts from committed capital calls from participants and payment of guarantee claims are included under the cash flow from committed capital calls and guarantee payments. Receipts and expenses in respect of interest and income taxes are also included in the cash flow from operating activities. Transactions that do not involve an inflow or outflow of cash are not included in the cash flow statement. Transactions that do not involve any inflow or outflow of cash are not included in the cash flow statement.

1.5. Estimates and assumptions

When applying the accounting policies and rules for preparing the financial statements, the Executive Board has to form an opinion on various matters and make estimates that may be essential for the amounts presented in the financial statements. The Executive Board makes these estimates and assumptions based on the prevailing circumstances and information available when the financial statements are prepared. Estimates based on events after the reporting period (or the non-occurrence of expected events) may be subject to future market movements and circumstances that are beyond WSW's control. Changes in estimates are recorded prospectively in the financial statements. Where required in order to provide the view required by Section 362(1) of Book 2 of the Dutch Civil Code, information on the nature of these opinions and estimates, including the underlying assumptions, is disclosed in the notes on the item in question. The principal estimates relate to the provision for guarantee obligations, deferred tax receivables and liabilities, and taxes. The principal elements in the estimates on the provision for guarantee obligations relate to the length of appeal proceedings and the cost of maintaining WSG and SHH.

2. Accounting policies for measuring assets and liabilities

2.1. General

WSW prepares its financial statements in accordance with the statutory provisions of Part 9 of Book 2 of the Dutch Civil Code and Dutch Accounting Standards issued by the Dutch Accounting Standards Board. The financial statements have been prepared on a going-concern basis and are stated in euros. The euro is WSW's functional and presentation currency.

References to the relevant notes are included in the balance sheet, the statement of income and expenditure and the cash flow statement.

2.2. Netting

Assets and loan capital items are only netted in the financial statements if and insofar as:
– A sound legal instrument is available for simultaneously settling the asset and loan capital item; and
– There is a definite intention to settle the balance or both items simultaneously.

2.3. Financial instruments

Financial instruments are receivables, securities and liabilities.

All financial assets bought and sold in accordance with standard market conventions are recognised at the transaction date, i.e. the date on which WSW enters into the binding agreement.

See the relevant balance sheet item for information on the policies on financial instruments.

2.3.1 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If a reliable fair value cannot be attributed directly to the financial instruments, the fair value is approximated by deriving it from the fair value of its components or a similar instrument or with the assistance of generally accepted valuation models and measurement techniques. This is done using recent similar arm's length transactions, the DCF method (present value of cash flows) and/or option valuation models, reflecting specific circumstances.

2.3.2 Hedge accounting

WSW does not use hedge accounting.

2.4. Intangible fixed assets

An intangible fixed asset is capitalised if:

– WSW is likely to profit from the future economic benefits inherent in the asset; and
– The cost of the asset can be estimated reliably.

Expenses incurred for an intangible fixed asset that do not satisfy the conditions for capitalisation (for example, expenditure on research, publishing rights and customer databases) are recognised directly in the statement of income and expenditure. Intangible fixed assets are valued at cost less accumulated amortisation and accumulated impairment, if applicable.

Intangible fixed assets are systematically amortised on the basis of their estimated useful life, with a maximum of five years. The useful life and method of amortisation are reviewed at the end of each financial year. A legal reserve is maintained for the assets' carrying amount.

2.5. Tangible fixed assets

Tangible fixed assets are recognised at cost less accumulated depreciation based on the asset's expected useful life and accumulated impairment, if applicable.

On each reporting date, WSW assesses whether there are any indications of impairment. If so, an impairment test is performed. If the carrying amount of a tangible fixed asset is permanently higher than its realisable value, the carrying amount is immediately reduced to the realisable value. Assets no longer in use are stated at the lower of carrying amount and net realisable value.

2.6. Financial fixed assets

2.6.1. Related legal entities

After the implementation agreements took effect, WSW acquired effective influence over policy at WSG and SHH. As there has been influence over policy, under the accounting regulations WSG and SHH have been consolidated since 2019 and consolidated financial statements have been prepared since the 2019 reporting period. The provision for guarantee obligations in WSW's financial statements incorporates the rights and obligations arising from the agreements, using the accounting policies for measurement set out there.

2.6.2. Securities

The securities included in financial fixed assets form part of the investment portfolio and are initially recognised at fair value. Up to 4 April 2023, they were subsequently measured at fair value without deduction of any transaction costs on disposal. Realised and unrealised gains and losses are taken directly to the statement of income and expenditure as capital gains or losses on investments. Interest income is recognised in the period to which it relates.

Transaction costs attributable to securities subsequently measured at fair value through profit or loss are recognised directly through the statement of income and expenditure.

As from 4 April 2023, securities are held until maturity and following initial recognition are measured at amortised cost.

Gains and losses on securities valued at amortised cost are recognised through the statement of income and expenditure when the investments are transferred to a third party or are impaired (or impairment is reversed), and also through the amortisation process.

2.6.3. Deferred tax
For information on the measurement and recognition of deferred tax assets, see note 3.7 Tax.

2.7. Receivables
Receivables are initially recognised at fair value plus transaction costs and subsequently at amortised cost net of any provision for doubtful debts.

Other receivables and prepayments and accrued income relate to amounts paid in advance and are recognised at nominal value.

2.8. Cash
Cash comprises cash at bank and in hand plus call deposits with maturities of less than one year. Bank overdrafts are included with amounts owed to credit institutions in current liabilities. Cash items are stated at nominal value.

2.9. Capital
Capital comprises a legal reserve and the Other reserve.

The legal reserve is formed to cover the capitalised cost of developed software.

The Other reserve is formed by appropriations from the result and is intended to cover possible future claims from third parties under the terms of loan guarantees issued by WSW.

2.10. Provisions
Provisions are formed for legal or constructive obligations on the reporting date which are the result of a past event, which will probably require an outflow of resources, and whose amount can be reliably estimated. The amount of the provision is determined from the best estimate of the expenditure required to settle the obligation and losses at the reporting date. Unless stated otherwise, provisions are measured at present value using a discount rate of the pre-tax European swap interest rate at 31 December 2023 (2022: European swap rate at 31 December 2022) that reflects current market interest rates.

Provision for guarantee obligations
WSW has recognised a provision for guarantee obligations to cover the actual claims under the guarantee, taking account of the amount, settlement date and ongoing legal proceedings.

Guarantee claims can be made in the following default situations:
- A guarantee claim based on a loan agreement;
- Bankruptcy or application for suspension of payments by the association or a third party;
- A sufficiently poor financial situation that account has to be taken of a guarantee claim.

2.11. Provision for deferred tax liabilities
For information on the measurement and recognition of deferred tax liabilities, see note 3.7 Tax.

2.12. Current liabilities
Current liabilities are recognised at fair value on initial recognition and subsequently at amortised cost using the effective interest method.

2.13. Derecognition of financial assets and liabilities
A financial instrument is derecognised if a transaction leads to the transfer to a third party of all, or virtually all, the rights to the economic benefits and all, or virtually all, the risks pertaining to the position.

2.14. Leases
WSW may have leases which do not transfer substantially all the risks and rewards incidental to ownership. These leases are recognised as operating leases and the lease payments are recognised through the statement of income and expenditure on a straight-line basis over the lease term.

3. Accounting policies for determining the result

3.1. Income
Total operating income is revenue from the provision of services net of discounts and taxes charged on turnover.

3.2. Recognition of income

3.2.1. Provision of services
If the result of a transaction for the provision of a service can be reliably estimated and receipt of revenue is probable, the revenue from the provision of that service is recognised in proportion to the degree to which the service has been provided. The degree to which the service has been provided is based on the cost of providing the service at the reporting date compared with the total estimated cost of the service to be provided.

3.2.2. Income from guarantee fees
WSW charges a quarterly guarantee fee on the current value of outstanding loans contracted after 30 June 2007. This fee, which participants pay when they raise a guaranteed loan, covers the operating expenses and includes a credit risk surcharge. These guarantee fees are calculated using a system of differentiated premiums aligned with the risk assessment model. Participants are grouped into four different fee categories according to their risk profile as determined on 31 December of the previous year and these apply for the whole of the calendar year.

In the case of guarantee contracts signed before 1 July 2007, participants were required to pay a one-off discount when they signed the contract. In the past, the entire discount revenue was recognised as income on the payment date.

3.2.3 Income from calling committed capital
Pursuant to article 18 of the Regulations for Participants (‘Regulations’), WSW may, up to and including the final day of the calendar year, invoke the obligation of its participants to pay all or part of the capital commitment. This committed capital call is based on the amended arrangements between WSW and the participants under the strategic programme. These arrangements have applied since 1 July 2021. One of them is that WSW’s risk capital must be at least 0.65% of the guaranteed outstanding loans at 31 December of the previous calendar year. The risk capital is supplemented to the minimum level from the annual capital commitment.

3.2.4 Resolution costs
The costs WSW incurs for resolution operations are recharged annually to the Ministry of the Interior and Kingdom Relations. The resolution costs are a proportion of WSW’s operating expenses, allocated in accordance with the staff resources deployed on resolution, plus the cost of legal and advisory services provided in relation to resolution.

3.3. Expenses

Expenses are determined subject to the measurement policies set out above and are recognised in the reporting period to which they apply. Foreseeable liabilities and potential losses originating before the end of the reporting period are recognised if they become known before the financial statements are prepared and if the conditions for forming provisions are satisfied.

3.4. Employee benefits

3.4.1. Periodic remuneration

Wages, salaries and social security charges, based on the employment terms and conditions, are recognised in the statement of income and expenditure insofar as they are payable.

3.4.2. Pensions

All WSW staff are members of a defined-benefit pension scheme. Each year, qualifying members of staff accrue pension entitlements on their salary for that year (an average salary scheme). WSW's pension scheme is a defined benefit scheme administered by Stichting Pensioenfonds voor de Woningcorporaties (SPW). The pension liabilities arising from this are measured using the liability to the pension administrator approach, under which the premiums payable to the pension administrator are recognised as a charge in the statement of income and expenditure. Premiums payable or prepaid at the reporting date are recognised as accruals or prepayments respectively.

A pension receivable from surpluses at the pension administrator is recognised if WSW has control of the surplus, it is probable that WSW will receive economic benefits in the future, and it can be reliably estimated.

The pension entitlements are indexed annually, if and to the extent that the pension fund's funding ratio (its assets divided by its financial liabilities) permits. WSW has no obligation to make supplementary contributions in the event of a deficit at SPW other than the effect of higher future premiums. Dutch pension schemes are subject to the provisions of the Pensions Act (*Pensioenwet*) and WSW pays mandatory, contractual or voluntary basic premiums to pension funds and insurance companies.

3.5. Amortisation and depreciation

Depreciation and amortisation of tangible and intangible fixed assets starts on the date they are first used and is based on the estimated future useful life of the asset. If there is a change in the estimated future useful life, the depreciation charge is adjusted accordingly. Book profits and losses on the sale of tangible and intangible fixed assets are recognised as other income.

3.6. Realised and unrealised gains and losses on investments

Gains and losses on investments are based on market prices and are recognised directly in the statement of income and expenditure.

3.7. Interest

Interest income is recognised on a pro rata time basis in the statement of income and expenditure, taking into account the effective interest rate for the asset concerned, if the income can be measured and is likely to be received.

Share premiums and discounts are allocated as interest to subsequent reporting periods in such a manner that the effective interest, together with the interest receivable on the investment, is recognised in the statement of income and expenditure, and the net amortised value of the investments is recognised in the balance sheet. Regular interest expenses and similar expenses are charged to the year for which they are payable.

3.8. Tax

3.8.1. Current taxes

Tax on profits is calculated on the result before tax as shown in the statement of income and expenditure based on the prevailing tax rate, taking account of tax-exempt items and deductible or restricted costs.

3.8.2. Deferred taxation

Deferred tax is recognised for temporary differences between values for commercial and tax purposes. Deferred tax assets and liabilities are stated at nominal value based on the prevailing tax rate. They are netted if there is an enforceable right to offset current tax assets against current tax liabilities.

Notes to the company balance sheet

4. Fixed assets

4.1 Intangible fixed assets

Movements in intangible fixed assets:	***Software 2023***	***Software 2022***
	€	€
Balance at 1 January		
Purchase price	3,691,567	3,690,849
Accumulated amortisation and impairment	(2,654,241)	(2,202,178)
Carrying amount	1,037,326	1,488,671
Movements during the reporting period		
Additions/assets under development	8,322	718
Retirements	-	-
Accumulated amortisation on retirements	-	-
Amortisation of intangible fixed assets	(453,324)	(452,063)
Balance	445,002	451,345
Balance at 31 December		
Purchase price	3,699,889	3,691,567
Accumulated amortisation and impairment	(3,107,565)	(2,654,241)
Carrying amount	592,324	1,037,326
Amortisation rates	20%	20%

Intangible fixed assets consist of software used on WSW's computer systems.

4.2 Tangible fixed assets

	Refurbishments	***Computer systems***	***Office equipment***	***Total***
	€	€	€	€
Balance at 1 January 2023				
Purchase price	2,238,903	895,300	436,825	3,571,028
Accumulated depreciation and impairment	(199,655)	(442,869)	(105,984)	(748,508)
Carrying amount	2,039,248	452,431	330,841	2,822,520
Movements during the reporting period				
Additions	16,573	39,560	12,786	68,919
Depreciation	(225,513)	(138,122)	(85,252)	(448,887)
Retirements	-	-	(809)	(809)
Accumulated depreciation on retirements	-	-	324	324
Balance	208,940	98,562	72,952	380,454

Balance at 31 December 2023				
Purchase price	2,255,476	934,860	448,801	3,639,137
Accumulated depreciation and impairment	(425,168)	(580,991)	(190,912)	(1,197,071)
Carrying amount	1,830,308	353,869	257,889	2,442,066
Depreciation rates	10%	20%	20%	

Refurbishments relate to the premises at Olympia 1G, Hilversum. Computer systems consist largely of hardware. Office equipment consists mainly of office furniture and other equipment.

Movements in tangible fixed assets in 2022:

	Refurbishments	***Computer systems***	***Office equipment***	***Total***
	€	€	€	€
Balance at 1 January 2022				
Purchase price	1,763,349	730,097	293,475	2,786,921
Accumulated depreciation and impairment	-	(313,929)	(41,174)	(355,103)
Carrying amount	1,763,349	416,168	252,301	2,431,818
Movements during the reporting period				
Additions	475,554	165,203	155,839	796,596
Depreciation	(199,655)	(128,940)	(77,299)	(405,894)
Retirements	-	-	(12,489)	(12,489)
Accumulated depreciation on retirements	-	-	12,489	12,489
Balance	275,899	36,263	78,540	390,702
Balance at 31 December 2022				
Purchase price	2,238,903	895,300	436,825	3,571,028
Accumulated depreciation and impairment	(199,655)	(442,869)	(105,984)	(748,508)
Carrying amount	2,039,248	452,431	330,841	2,822,520
Depreciation rates	10%	20%	20%	

On 1 January 2022, WSW moved to Olympia 1G, Hilversum. Depreciation started when the premises were taken into use on 14 February 2022.

5. Financial fixed assets

5.1. Securities

The investment portfolio is part of WSW's risk capital and can be used in the event of a guarantee claim. The investment policy is to maintain nominal value, aiming to offset inflation. Portfolio performance is assessed by the extent to which the investment objective is met.

The portfolio is managed by the asset manager InsingerGilissen. The asset manager manages the investment portfolio in accordance with a passive investment mandate. In line with its investment statute, WSW invests exclusively in euro-denominated bonds.

The custodian of the securities is Quintet Private Bank (Europe) S.A. WSW is the legal and beneficial owner of the securities. All securities are available to WSW on demand.

Buy & Hold policy
On 4 April 2023, the investment policy was amended from a smart passive policy against a market-weighted benchmark to a fully passive policy (Buy & Hold). A Buy & Hold policy is the investment strategy in which bonds are bought with the intention of keeping them to maturity. Coupon interest is received during the period to maturity, and the bond is redeemed at face value on maturity. The funds released are reinvested by buying new bonds. The major difference from the investment policy that applied up to 4 April 2023 is that no interim transactions take place during the year for the purpose of benchmark rebalancing.

Further to this, since 4 April 2023 securities have been recognised at amortised cost. Differences between the market value and the nominal value are amortised over the bonds' period to maturity using the effective interest rate method in the statement of income and expenditure, reflecting redemptions and other movements in the principal.

Movements in securities:

	2023	**2022**
	€	€
Balance at 1 January	429,048,818	491,324,145
Unrealised price gains and losses in the reporting period	6,455,842	(41,112,234)
Purchases of securities	19,325,795	182,950,827
Sales and redemptions of securities	(19,954,602)	(204,113,920)
Amortised cost at 4 April	434,875,853	-
Purchases of securities	117,571,353	-
Sales and redemptions of securities	(2,027,409)	-
Amortisation of securities	5,446,308	-
Balance at 31 December	555,866,105	429,048,818

The purchase price of listed securities at 31 December 2023 was €594,281,256 (2022: €479,314,379).

The investment result up to 4 April 2023 was €3,899,995, which was made up of the balance of the realised and unrealised gain on the investment portfolio following the increase in the market value of the investments caused by lower interest rates (€6,455,842) and the realised loss on transactions (€-2,555,847).

After 4 April 2023, a negative investment result of €11,410 was realised and interest of €5,446,308 was amortised in 2023 as a consequence of the application of the new valuation system (amortised cost). For the year as a whole, interest income including amortised interest was €12,430,991 (2022: €7,325,361).

<u>Amortisation of securities</u>

The amortisation of securities can be broken down as follows:

(amounts in €)	**At 4 April 2023**	**Purchases and sales after 4 April 2023**	**2023 total**
Market value of securities on initial recognition	434,875,853	115,543,943	550,419,796
Nominal value of securities on initial recognition	451,940,000	126,900,000	578,840,000
Recognised amortisation	4,252,101	1,194,207	5,446,308
Amortisation over the remaining term to maturity of the investments	12,812,046	10,161,850	22,973,896

Amortisation in 2023 was €5.4 million (positive), of which €4.2 million related to the investment portfolio at 4 April 2023 and €1.2 million related to securities purchased after 4 April 2023. Amortisation over the remaining term to maturity of the securities at year-end 2023 was €23.0 million.
At year-end 2023, the nominal value of the investment portfolio was €578.8 million, of which:

maturity < 1 year	€166.5 million
maturity >= 1 year and <=5 years	€268.9 million
maturity > 5 years	€143.4 million

<u>Market value of securities</u>

The market value of listed securities at 31 December 2023 was €566,010,351 (2022: €479,314,379). As a result of decline in market interest rates, from 1 January 2023 up to 4 April 2023 the investment portfolio achieved a positive investment result of 4.17% (2022: 12.60% loss). In euros, the investment result was €10,929,192 (2022: €62.280.716 loss).

As a result of transactions, during the past year a considerable portion of the unrealised (negative) investment results from interest rate rises in the previous year, were converted into realised (negative) investment results. Most of the transactions were undertaken to implement the decision to bring about a different portfolio allocation, in line with the amended investment policy.

In 2023, the result on sales (the difference between the market value at the time of sale and the acquisition price) was a loss of €2,511,333. This result included a profit of €44,514 made on sales after 4 April 2023.

The modified duration of the portfolio, as a measure of interest rate sensitivity, at 31 December 2023 was 2.86 years, which is a reduction of 0.28 years compared with 31 December 2022 (3.14 years). As an indication of interest rate sensitivity, the market value of the balance of investments at 31 December 2023 would change by €16.1 million if interest rates fluctuate by 1 percentage point (2022: €13.5 million).

The composition of the securities portfolio by rating, based on market value (excluding accrued interest) as at 31 December, is as follows:

(in €million)

Rating	**Market value 2023**	**% distribution 2023**	**Market value 2022**	**% distribution 2022**
AAA	260.1	46.31	199.0	46.14
AA	301.5	53.69	231.1	53.86
Total*	561.6	100.00	429.0	100.00

* The market value including accrued interest was €566.0 million.

5.2. Deferred tax

A provision for deferred tax is recognised for temporary differences between values for commercial and tax purposes.

	2023	2022
	€	€
Balance at 1 January	12,967,435	2,287,287
Movements in provision for deferred tax	(3,056,326)	10,680,148
Balance at 31 December	9,911,109	12,967,435

The provision for deferred tax was formed to account for differences between the value of the securities in the financial statements and the valuation principles applied by the tax authorities. At 31 December 2023, the difference between the value of the securities and their acquisition price decreased compared with the previous year, as a result of which the tax asset fell compared with 2022.

6. Receivables

All receivables have a remaining maturity of less than one year. Given their short-term nature, the fair value of receivables approximates the carrying amount.

6.1 Debtors guarantee fees

	31 Dec. 2023	31 Dec. 2022
	€	€
Guarantee fees	5,381,741	5,058,177
Committed capital call	-	261,244
	5,381,741	5,319,421

All guarantee fees receivable at 31 December 2023 were the guarantee fees for the fourth quarter of 2023, and have a maturity of less than 30 days. No provision for doubtful debts is deemed necessary.

6.2. Corporation tax receivable

Corporation tax	-	2,919,225
	-	2,919,225

In 2023, the corporation tax receivable became a tax liability. In connection with this, an item for corporation tax payable has been included in current liabilities. This item is explained in note 10.2.

6.3. Prepayments and accrued income

Accrued interest	4,419,803	4,009,254
Prepaid other costs	451,568	248,209
	4,871,371	4,257,463

Accrued interest relates to interest earned on the investment portfolio.

6.4. Other receivables

	31 Dec. 2023	31 Dec. 2022
	€	€
SBR-wonen	30,210	67,983
Other receivables	37,341	52,552
	67,551	120,535

SBR-wonen is responsible for implementing the ‘covenant on improving information disclosure among housing associations’. WSW is a party to the agreement along with Aedes (the federation of Dutch housing associations), the Ministry of the Interior and Kingdom Relations, and the Authority for Housing Associations. The amount receivable from SBR-wonen consisted of the difference between the operating expenses of SBR-wonen’s team and the advances receivable from WSW.

At year-end 2023, other receivables related to costs recharged to the Authority for a joint project.

7. Cash

Bank	40,711,301	52,826,188
	40,711,301	52,826,188

At 31 December 2023, the balance of cash was €40.7 million (2022: €52.8 million).

Surplus liquidity is invested in accordance with the investment policy. The cash is at the free disposal of WSW.

8. Capital

Capital consists of the legal reserve and the Other reserve. The company capital differs from the consolidated capital. See note 26.5.2 for information on the consolidated capital.

8.1. Legal reserve

	€
Balance at 1 January 2023	1,037,325
Supplement from the result	(445,001)
Balance at 31 December 2023	592,324

The legal reserve covers the capitalised cost of software developed and is adjusted in line with the proposed appropriation of the result. The movement in capitalised software during the reporting period reduced the legal reserve in 2023 in favour of the other reserve.

8.2. Other reserve

	€
Balance at 1 January 2023	344,568,752
Appropriation of result	97,141,690
Balance at 31 December 2023	441,710,442

The Other reserve is formed by appropriations from the balance of income and expenditure and is intended to cover future claims under the guarantee.

8.3. Proposal for appropriation of the result

It is proposed that the balance of income and expenditure be appropriated by drawing €0.4 million from the legal reserve and adding €97.1 million to the Other reserve. This proposal has been incorporated in the financial statements.

9. Provisions

	31 Dec. 2023	***31 Dec. 2022***
	€	€
Provision for guarantee obligations	154,630,679	164,296,992
	154,630,679	164,296,992

9.1 Provision for guarantee obligations

Obligations resulting from role as guarantor
The effects of the amended Housing Act on the guarantee system became clear during 2018. We received two claims on our risk capital, from Woningstichting Geertruidenberg (WSG) and Stichting Humanitas Huisvesting (SHH), following the rejection by the Minister of the Interior and Kingdom Relations of applications for resolution support from WSG (partial) and SHH (full).

The financial statements include a provision for these obligations resulting from WSW's role as a guarantor. WSW is meeting the normal interest and repayment obligations on WSG's and SHH's remaining loans covered by guarantees issued by WSW insofar as WSG and SHH are unable to do this themselves. At 31 December 2023, the total nominal value of these liabilities (redemptions and interest) was €362.8 million, being €133.7 million for SHH and €229.1 million for WSG. The provision is based on the best estimate of the amounts required to settle the guarantee obligations at the reporting date. These comprise the loan servicing payments (redemptions and interest) on the loan portfolios of WSG and SHH and legal fees and maintenance costs for the next year less the expected outcome of the administrative-law proceedings against the Ministry of the Interior and Kingdom Relations.

Valuation of the provision for guarantee obligations
The provision is valued at the present value of the expected cash flows. WSW uses the European swap rate at 31 December 2023 for this (2022: European swap rate at 31 December 2022). The movement in the provision for guarantee obligations in 2023 and compared with 2022 was:

			2023			**2022**
			€			**€**
	WSG	SHH	Total	WSG	SHH	Total
Balance at 1 Jan	81,986,600	82,310,392	164,296,992	125,939,839	129,151,776	255,091,615
Discounting	6,619,518	7,022,382	13,641,900	(33,758,980)	(37,413,133)	(71,172,112)
Addition/release	(1,259,276)	(3,969,960)	(5,229,236)	8,499,678	(6,459,000)	2,040,678
Withdrawal	(15,100,576)	(2,978,401)	(18,078,977)	(18,693,937)	(2,969,250)	(21,663,187)
Balance at 31 Dec	72,246,266	82,384,413	154,630,679	81,986,600	82,310,392	164,296,992

In 2023, €13.6 million was added to the provision for guarantee obligations as a result of discounting in view of the decrease in interest rates (2022: release of €71.2 million). The release of €5.2 million in 2023 was mainly the result of an addition of cash flows of €9.4 million, owing to an extension to the period for the legal proceedings by a year (as a consequence of which loan servicing payments in 2024 have to be calculated on the basis of the redemptions and interest payable under the current redemption timetable instead of the lower initial compensation for 2024), and, on the other hand, a release of €14.6 million caused by a subsidy settlement by WSG and revised estimates of obligations related to corporation tax.

In 2023, €18.1 million (2022: €21.7 million) was withdrawn for contractual payments of interest and redemptions and legal fees.

Appeals

The ongoing appeal proceedings against the State with respect to the level of the resolution grant are taken into account when determining the expected cash flows for loan servicing payments for the provision. Both WSG and SHH are objecting to the decisions to reject the resolution grant.

WSW believes it has received too little resolution grant as the State has applied too low a percentage (55%) for housing classified as 'vital activity in the general economic interest' compared with the actual housing classified as 'vital activity in the general economic interest' (76%). In its objection WSW argues that the mandated resolution party must pay for all damages, partly in connection with legitimate expectations. WSW is defending this position and has lodged an appeal against the State. The provision only reflects the part of the claim that refers to the percentage for housing classified as 'vital activity in the general economic interest'.

WSW expects a conclusion to the administrative-law proceedings within a year. If WSW's appeal fails, a further provision of €75.3 million (2022: €78.5 million), based on market values, will be required. See note 11.6 Appeal proceedings against the State for the status of the ongoing proceedings not recognised on the balance sheet.

Interest and redemptions

The interest and redemptions (present value) that WSW will pay under the guarantee claims in the next few years are:

	WSG	**SHH**	**Total**
< 1 year	12,034,290	2,064,136	14,098,425
1-5	11,620,378	18,330,310	29,950,689
> 5 years	48,591,598	61,989,967	110,581,565
Total	72,246,266	82,384,413	154,630,679

Interest rate sensitivity of loan servicing

The change in the duration of the interest payments and redemptions is a measure of the change in interest rate sensitivity. The duration fell in 2023 compared with 2022 and was 12.59 years at 31 December 2023 (2022: 13.01 years). As an indication of interest rate sensitivity, the market value of these future payments (€251.7 million at 31 December 2023 and €250.2 million at 31 December 2022) would rise by some €38.6 million (2022: 34.3 million) if interest rates fall by 1 percentage point and would fall by €30.9 million (2022: €27.7 million) if interest rates rise by 1 percentage point.

10.1 Current liabilities

All current liabilities have a remaining maturity of less than one year. Due to their short-term nature, the fair value approximates the carrying amount.

10.2. Corporation tax payable

	31 Dec. 2023	*31 Dec. 2022*
	€	€
Corporation tax payable	21,324,445	-
	21,324,445	-

In 2023, the corporation tax receivable became a tax liability. The corporation tax payable relates to corporation tax still payable for 2023, in particular as a result of committed capital called during 2023. The current tax charge for 2023 is €33,428,605 (2022: tax asset of €6,325,730). All corporation taxes in respect of years before 2023 have been paid. Corporation taxes up to and including 2022 have been finalised.

10.3. Other tax and social security contributions

	31 Dec. 2023	*31 Dec. 2022*
	€	€
Value added tax	45,073	41,050
Payroll taxes	-	234,035
	45,073	275,085

The current value added tax liability consists mainly of the tax due for services provided to WSW by foreign organisations during the fourth quarter of 2023.

10.4. Accruals and deferred income

Accrued paid leave entitlements	333,582	292,981
Reserve for individual career budgets	216,661	184,782
	550,243	477,763

10.5 Other payables

Commuting allowances payable	58,267	59,203
Investment portfolio management fees payable	43,000	42,848
Expenses payable	288,983	120,911
	390,250	222,962

The increase in expenses payable is attributable to invoices received in 2024 for projects that were launched in 2023.

11. Off-balance sheet assets and liabilities

11.1. Financial commitments

Operating leases:
Rent of €0.5 million per year (2022: €0.4 million) is payable in respect of the office premises, parking spaces and associated supplies and services. Of the total amount payable, €1.1 million (2022: €1.5 million) is payable after more than one year. The rental contract expires on 30 November 2026.

WSW has agreed a bank guarantee for €90,739 (2022: €90,739) with ING Bank N.V. for the term of the lease.

Operating lease liabilities relating to the vehicle fleet totalled €406,120 (2022: €480,331) at year-end as follows:

Amounts payable:	€
Within 1 year	232,105
Between 1 and 5 years	174,015
After 5 years	-

11.2. Claims under guarantees

WSW guarantees to service participants' loans covered by guarantee clauses in loan agreements thus providing assurance to those lending to participants that the obligations under a guaranteed loan agreement will be met promptly and in full. The total value of the loans guaranteed by WSW at year-end 2023 was €88.0 billion (2022: €85 billion).

WSW's security structure enables it to guarantee the servicing of these loans. It is made up of three elements: the risk capital, the participants' committed capital and the backstop agreements made with the State and local authorities.

The primary purpose of the risk capital is to meet guarantee claims. It amounted to €583.8 million at 31 December 2023 (2022: €484.5 million). The committed capital called during the calendar year is included in the risk capital. The risk capital is as follows:

(in €million)	**31 December 2023**	**31 December 2022**
Investments at the lower of purchase price and market value	566.0	433.1
Cash	40.7	52.8
Liabilities comprising payables, accruals and deferred income and debt excluding provisions for guarantee obligations	(22.9)	(1.4)
Risk capital	583.8	484.5

WSW will call on the participants' committed capital if a guarantee claim is made such that the risk capital falls below the minimum. The minimum risk capital is 0.65% of the total guaranteed volume (31 December 2023: €576 million).

If guarantee claims, whether already submitted or impending, are likely to result in the risk capital falling below minimum level of risk capital after the committed capital has been called upon, use is then made of the backstop arrangements with the State and local authorities so that WSW can at all times meet its obligations under the guarantee.

WSW verifies each year that it has sufficient risk capital and, to this end, also assesses whether the housing associations are indeed capable of supplying that proportion of the risk capital that they are obliged to supply on request. A deficit in the risk capital would be supplemented from capital committed by the participants. WSW may, up to and including the final day of the calendar year, invoke the obligation of its participants to meet all or part of the capital commitment. The committed capital called in 2023 was €117.5 million (in 2022: €39.8 million).

No change in computation of call on committed capital
The change in the valuation of bonds, from their market value to amortised cost (see note 5.1), has no impact on the calculation of the risk capital. As in previous years, the market value of the investments at year-end was used as a starting point for calculating the risk capital. Related to this, the method of computing the call on committed capital was unchanged. The amount of the call on committed capital in 2024 will be decided later.

11.3. Guarantee facilities

WSW issues guarantees for new loans and the refinancing of existing guaranteed loans.
WSW has no legal obligation to issue guarantees to participants.

11.4. Claims

In 2017, Stichting Humanitas Huisvesting (SHH) instituted legal proceedings against former board members and Supervisory Board members (former officials). On 5 September 2022, WSW received a summons from the former members of the Supervisory Board of SHH. In brief, with this indemnification procedure, the former members of the Supervisory Board of SHH tried to ensure that if the court were to rule in the main proceedings that they are liable for damages to SHH, the former members of the Supervisory Board of SHH could transfer the damages (in whole or in part) to WSW (among other parties). This matter was settled at the end of 2023. A contract recording the legal relationship of parties was concluded, to which WSW was also party. This contract stipulated that the former members of the Supervisory Board of SNN would withdraw the indemnification proceedings against WSW.
There is a negligible risk of a claim.

11.5. Related parties: WSG and SHH

Under the implementation agreements with WSG and SHH, WSW has to meet normal interest and redemption obligations under the guarantee, costs for maintaining WSG and SHH and specific listed residual liabilities. Unknown other costs and liabilities not covered by arrangements in the agreements are not for the account and risk of WSW.

WSW is not required to meet other liabilities and has not issued a declaration of joint and several liability pursuant to Section 403(1)(f), Part 9, Book 2 of the Dutch Civil Code for WSG and SHH.

11.6. Appeal proceedings against the State

The effects of the amended Housing Act on the guarantee system became clear during 2018. We received two claims on our risk capital, from Woningstichting Geertruidenberg (WSG) and Stichting Humanitas Huisvesting (SHH), following the rejection by the Minister of the Interior and Kingdom Relations of applications for resolution support from WSG (partial) and SHH (in full). WSW is meeting the normal interest and repayment obligations on WSG's and SHH's remaining loans covered by guarantees issued by WSW insofar as WSG and SHH are unable to do this themselves.

Both WSG and SHH are objecting to the decisions to reject the resolution grant. The court rejected WSG and SHH's appeals. WSG and SHH are appealing against these rulings at the Administrative Jurisdiction Division of the Council of State (ABRS). WSW is also appealing against the decisions to refuse resolution grants. In the interim ruling of 3 August 2022, the ABRS ordered the Minister of the Interior and Kingdom Relations to make substantive rulings on the objections submitted by WSW. On 21 November 2022, the Minister of the Interior and Kingdom Relations decided on WSW's objections and they were rejected in both cases.

The case will be continued at the ABRS. The ABRS has not yet issued a final ruling. A hearing at the ABRS was held on 13 February 2024. It is expected that the final ruling will be issued in 2024.
If the outcome is favourable, the amounts provided for overpaid expenses in the years up to and including 2023 will be recovered. If there is an adverse outcome to the appeals proceedings, an extra provision of

€75.3 million (2022: €78.5 million), based on market values, will need to be formed. The provision for guarantee obligations (note 9.1) reflects the expected outcome of the appeals proceedings.

11.7. Effect of external factors on financial position

Thanks to the agreements with our participants and backstop providers, we have sufficient cash to meet our obligations under the guarantee system even after a claim. Our work focuses primarily on preventing claims and ensuring that the risk capital and the capital committed by the participants is sufficiently robust and so there is no uncertainty about the continuity of WSW.

The events in Ukraine and the unpredictable nature of the tensions in the Middle East and the Red Sea are the external factors that have affected interest rates and therefore the interest rate risk for WSW. These movements in interest rates have direct consequences for the result and the financial position. An indirect effect of the war was high inflation, which forced the European Central Bank (ECB) to sharply increase interest rates. The ECB has since paused its interest rate increases, and market players generally expect that the ECB will lower interest rates further in the first half of 2024. In the capital market, this resulted in an apparent stabilisation of interest rates followed by a slight fall at the start of 2024. Any turbulence in the financial markets resulting from the impact of the aforementioned events on the banking sector appears not to have adverse effects on the financiers of the housing association sector or on WSW. The financial position of the participants and the system is sufficiently robust.

Notes to the company statement of income and expenditure

12. Income

12.1 Guarantee fees

	2023	2022
	€	€
Guarantee fees	20,962,729	19,864,885

The guarantee fees relate to the guarantee fee and are €69 per €1 million of outstanding loans.

12.2 Income from calling committed capital

Income from committed capital calls	117,513,246	39,779,186

Pursuant to article 18 of the Regulations for Participants ('Regulations'), WSW is permitted to invoke the obligation of WSW participants to pay all or part of the capital commitment each year. The maximum annual committed capital call is 0.34% of the guaranteed volume of loans at the end of the preceding calendar year. In 2023, the committed capital call was 0.138% (2022: 0.049%) of the guaranteed outstanding loans at 31 December 2022 including loans to be paid in during 2023 and for which WSW issued a guarantee in 2022. The committed capital call is explained in note 11.2 Claims under guarantees.

12.3 Resolution fees

Resolution fees	50,042	29,911

Costs incurred to carry out resolution activities are charged to the resolution fund of the Ministry of the Interior and Kingdom Relations. There were fewer resolution activities in 2023 than in the previous year.

12.4 Other income

	2023	2022
	€	€
Other income	-	3,260

13. Salaries

Gross wages and salaries	5,972,974	5,622,048
Social security charges	756,544	710,081
Pension charges	876,432	839,285
	7,605,950	7,171,414

In 2023, salaries rose by €0.43 million compared with 2022, owing to an increase in collectively agreed wages and the number of employees as well as a prior-year contribution under the Regulations governing Private Unemployment Benefit Supplements and Wage-Related WGA Benefits (PAWW).

Pension charges

WSW has a pension administration agreement with SPW, the industry-wide pension fund for housing associations. The SPW pension scheme is an average salary defined benefit scheme.

The pension scheme allows for conditional indexation. Depending on the pension fund's financial position, SPW's Board of Trustees decides on the size of any percentage increase each year. An increase was granted in 2023 as permitted by SPW's financial position.

WSW is required to form a provision if, under the administration agreement, there is a liability on the reporting date and if the adoption of a package of measures (required to restore the funding ratio on the reporting date) is likely to lead to an outflow of resources, the amount of which can be reliably estimated.

At 31 December 2023, SPW had a funding ratio of 128.8% (31 December 2022: 133.7%), compared with a requirement at the end of 2023 and later years of 127.1%. At 31 December 2023 the funding ratio was above the required levels and so there is no shortfall.

14. Other employee benefits

Temporary staff employed via third parties	979,538	860,768
Other employee benefits	984,549	966,294
	1,964,087	1,827,062

Temporary staff employed via third parties were higher than in the previous year because of various projects.

Other employee benefits were in line with the previous year and included lease payments for the vehicle fleet of €254,340 (2022: €244,492).

15. Amortisation and depreciation

	2023	**2022**
	€	€
Software	453,324	452,063
Refurbishments	225,513	199,655
Hardware	138,122	128,941
Office equipment	85,252	77,299
	902,211	857,958

16. Other operating expenses

Cost of premises	519,369	440,186
General overheads	3,477,466	3,181,337
Cost of supervisory and advisory bodies	176,295	183,425
	4,173,130	3,804,948

16.1. Cost of premises

Rent	288,465	184,295
Cleaning	61,493	51,790
Gas, water and electricity	112,266	155,566
Insurance	16,667	27,576
Other costs relating to premises	40,478	20,959
	519,369	440,186

Rent was higher in 2023 than in 2022 because a rent holiday that applied in the first four months of 2022 in connection with the relocation to the premises at Olympia 1G no longer applied in 2023.

Gas, water and electricity charges were lower in 2023 than in 2022. A final settlement for service charges for previous years was recognised in 2022.

16.2. General overheads

IT	1,734,624	1,702,130
Consultants	306,279	245,703
Auditor	310,726	302,079
Investment expenses	309,527	395,140
Information and documentation	142,065	32,941
Rating agencies	176,979	140,776
Costs of retrieving data from participants	418,319	289,631
Other general expenses	78,947	72,937
	3,477,466	3,181,337

Consultants comprised fees for legal and tax consultancy services. These fees increased compared with the previous year owing to additional work related to the amendment of the backstop agreement.

Investment expenses consisted of fees paid for the external management of WSW's investments. These expenses were lower in 2023 compared with 2022 because fewer investment transactions took place in 2023 owing to the switch to a Buy & Hold policy.

Information and documentation charges were higher in 2023 than in the previous year owing to an event to mark WSW's 40th anniversary.

Costs of retrieving data from participants comprised the contribution to the operating and development costs of SBR-wonen. The contribution was higher in 2023 than in 2022.

16.2.1 Audit fee

Audit fees relate to 'Auditor' in 19.2. The following audit fees (including VAT) paid to Ernst & Young Accountants LLP were charged to the result during the reporting period:

	2023	2022
	€	€
Audit of the financial statements	310,726	302,079
Other audit work	-	-
Tax advice	-	-
Other non-audit work	-	-
Total	310,726	302,079

No audit fees from other accountancy firms were charged to the result.
The above fees relate exclusively to the work performed for WSW by audit firms and independent external auditors as referred to in Section 1(1) of the Audit Firms Supervision Act. Costs are recognised in the reporting period to which they relate. A deferred item is formed if part of the audit and audit-related work is performed after the end of the reporting period (i.e. in the next reporting period).

17. Movement in the provision for guarantee obligations

Addition/release	(5,229,236)	2,040,678
Movement in the provision for guarantee obligations	(5,229,236)	2,040,678

In 2023 there was a release from the provision for guarantee obligations as explained in note 9.1 Provision for guarantee obligations.

18. Realised and unrealised gains and losses on investments

Realised gains and losses on investments	(2,567,257)	(28,493,843)
Unrealised gains and losses on investments	6,455,842	(41,112,234)
	3,888,585	(69,606,077)

With effect from 4 April 2023 the accounting policy for the investment portfolio changed from market value to valuation at amortised cost as a result of the amendment of the investment policy from a smart passive policy against a market-weighted benchmark to a fully passive policy (Buy & Hold). An explanation of the allocation of realised and unrealised gains and losses on investments in 2023 based on the different accounting policies applied is provided in note 5.1 Securities.

19. Financial income and expenses

	2023	***2022***
	€	€
Interest on discounting provision for guarantee obligations	(13,641,900)	71,172,112
Interest earned on the investment portfolio	6,984,683	7,325,361
Interest amortisation	5,446,308	-
Other interest income	1,393,268	-
Other interest expense	-	(83,669)
Financial income and expenses	182,359	78,413,804

Interest on the discounting provision for guarantee obligations (in other words the result of changes in value as a result of interest rate changes on the obligations to service loans) has been presented separately in financial income and expenses. For improved comparability, such interest accrual is now presented as interest expense in the statement of income and expenditure.

The accrued interest for discounting the provision for guarantee obligations is explained in note 9.1 Provision for guarantee obligations.

The other interest expense was negative interest on WSW's bank balances.

20. Corporation tax

Result from ordinary activities before tax	**133,180,819**	**52,782,909**
Differences between annual figures as calculated for filing and tax purposes		
Temporary differences		
Securities (unrealised capital gains/losses and amortisation)	(11,902,150)	41,112,234
Non-deductible legal fees	(95,151)	(103,755)

Permanent differences		
Movement in the provision for guarantee obligations	(5,229,236)	2,040,678
Discounting the provision for guarantee obligations	13,641,900	(71,172,112)
Other permanent differences	24,769	23,728
Taxable result	**129,620,951**	**24,683,682**
Corporation tax due on the above:		
19% on €200,000 (2022: 15% on €395,000)	38,000	59,250
25.8% on the remainder of the taxable result	33,390,605	6,266,480
	33,428,605	**6,325,730**
Prior-year adjustments to corporation tax	(801)	(10,970)
Movements in deferred tax	3,056,326	(10,680,148)
Corporation tax for the reporting period	**36,484,130**	**(4,365,388)**
Effective tax rate	*(27.39%)*	*(8.27%)*

The tax position is computed in accordance with current legislation and regulations. Agreement has been reached with the Tax and Customs Administration on the existing provision for guarantee obligations for tax purposes. This is being reduced by payments for claims under guarantee obligations.

The difference between the effective and nominal tax rates is mainly a result of the permanent differences relating to the provision for guarantee obligations being ignored for tax purposes.

Movements in deferred tax are the movements in temporary differences between the financial statements for commercial and tax purposes. Unrealised gains and losses on investments and interest amortisation results are not part of the result for tax purposes. When calculating the taxable result, legal and consultancy fees are not deducted from the provision for guarantee obligations for tax purposes but recognised in the taxable result for the reporting period.

21. Average number of staff

The average workforce (measured in full-time equivalents) in 2023 was 67.9 (2022: 67.4). WSW does not employ any staff outside the Netherlands.

	31 December 2023	Average 2023	Average 2022
Executive Board	2.0	2.0	2.0
Management support	14.0	14.0	14.8
Risk management	20.0	18.9	19.5
Account management	20.2	20.2	19.4
Information management	6.9	6.9	6.9
Operations & Control	5.9	5.9	4.8
Total number of employees (FTE)	69.0	67.9	67.4

21.1 Executive Board remuneration

The total remuneration of the Executive Board of WSW in 2023, comprising gross salaries including holiday allowances and pay in lieu of holiday entitlement, was €445,672 (2022: €431,764). The remuneration of these senior officials does not exceed the maximum set in the Act.

Pension costs for the Executive Board amounted to €42,701 in 2023 (2022: €38,086).

The remuneration payable to the members of the Supervisory Board, including VAT, amounted to €124,121 in 2023 (2022: €120,300). The remuneration of Supervisory Board members was raised by 3.24% in 2023 (2022: 3.35%) in line with the current limit in the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act.

The statement of remuneration components required under the Act is as follows:

Remuneration of senior officials				
x €1	**R. Rötscheid MFE**	**R. Rötscheid MFE**	**Mr. L.J. van Kalsbeek**	**Mr. L.J. van Kalsbeek**
Position	Executive Board member	Executive Board member	Executive Board member	Executive Board member
Year	**2023**	**2022**	**2023**	**2022**
Period of employment in the year	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec
Workload (in FTEs)	1.0	1.0	1.0	1.0
Employed	Yes	Yes	Yes	Yes
Remuneration				
Remuneration plus taxable expense allowances	201,478	196,838	201,493	196,840
Future payments	21,353	19,045	21,348	19,041
Total remuneration	**222,831**	**215,883**	**222,841**	**215,881**
Individual remuneration limit	223,000	216,000	223,000	216,000

No undue amounts were paid.

Supervisory Board

The maximum remuneration payable to members of the Supervisory Board in 2023 under the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act is 15% of the maximum amount for 2023 for the chair, and 10% of the maximum amount for 2023 for the other Supervisory Board members under the Act. The remuneration of these senior officials does not exceed the maximum set in the Act. There was a change in the period of employment and remuneration of the members of the Supervisory Board in 2023 as compared with 2022. The membership was unchanged.

	Mr. H.M. Meijdam	**Drs. G. van Vollenhoven AAG**	**Drs. J.G. Pot**	**Prof. Dr. D. Brounen**	**Ir. M.A.E. Calon**
Position(s)	Chair	Member	Member	Member	Member
Period of employment in **2023**	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec
Remuneration (in €)					
Remuneration	33,450	22,300	22,300	22,300	22,300
Total remuneration	**33,450**	**22,300**	**22,300**	**22,300**	**22,300**

	Mr. H.M. Meijdam	**Drs. G. van Vollenhoven AAG**	**Drs. J.G. Pot**	**Prof. Dr. D. Brounen**	**Ir. M.A.E. Calon**
Position(s)	Chair	Member	Member	Member	Member
Period of employment in **2022**	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan - 31 Dec
Remuneration (in €)					
Remuneration	32,400	21,600	21,600	21,600	21,600
Total remuneration	**32,400**	**21,600**	**21,600**	**21,600**	**21,600**

Other disclosures under the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act

No officials employed under a contract of employment received remuneration in 2023 in excess of the individual maximum.

None of the identified senior managerial officials employed by WSW under a contract of employment are employed as a senior managerial official under a contract of employment at other bodies subject to the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act.

21.2. Date of preparation of the company financial statements

These company financial statements were prepared on 18 April 2024.

8. Consolidated financial statements

22.1 Consolidated balance sheet at 31 December 2023

(after appropriation of the result)

Assets		***31 December 2023***		***31 December 2022***	
	Note	€	€	€	€
Fixed assets					
Intangible fixed assets	4.1				
Software		592,324		1,037,325	
			592,324		1,037,325
Tangible fixed assets	4.2				
Refurbishments		1,830,310		2,039,250	
Computer systems		353,869		452,431	
Office equipment		257,889		330,840	
			2,442,068		2,822,521
Financial fixed assets	26.				
Securities	26.2	555,866,104		429,048,818	
Deferred tax	5.2	9,911,109		12,967,435	
Other receivables	26.1	500,000		600,000	
			566,277,213		442,616,253
Current assets					
Receivables					
Debtors guarantee fees	6.1	5,381,741		5,319,421	
Corporation tax receivable	6.2	-		2,919,225	
Prepayments and accrued income	26.3	4,876,044		4,272,981	
Other receivables	26.4	168,728		182,190	267,817
			10,426,513		12,779,444
Cash	7.		73,044,899		85,542,561
			652,783,017		544,798,104

Capital and liabilities		***31 December 2023***		***31 December 2022***	
	Note	€	€	€	€
Consolidated capital	26.5				
Legal reserve		592,324		1,037,325	
Other reserve		314,036,365		218,776,270	
			314,628,689		219,813,595
Provisions					
Other provisions	26.6	58,919		3,186,163	
			58,919		3,186,163
Non-current liabilities					
Amounts owed to credit institutions	26.7		286,664,783		302,235,223
Current liabilities					
Redemption of long-term loans	26.7	17,691,005		18,086,184	
Suppliers and trade creditors		600,114		475,133	
Corporation tax payable	6.2	21,032,625		-	
Other tax and social security contributions	10.3.	45,073		275,085	
Accruals and deferred income	26.8	593,512		503,759	
Other payables	26.9	11,468,297		222,962	
			54,430,626		19,563,123
			652,783,017		544,798,104

22.2 Consolidated statement of income and expenditure for 2023

	Note		2023		2022
			€		€
Guarantee fees	12.1	20,962,729		19,864,885	
Income from calling committed capital	12.2	117,513,246		39,779,186	
Resolution fees	12.3	50,042		29,911	
Other income	26.12.1	2,703		175	
Total operating income			138,528,720		59,674,157
Operating expenses					
Salaries	13.	7,605,950		7,171,414	
Other employee benefits	26.12.2	2,079,056		1,938,317	
Amortisation and depreciation	15.	902,211		857,958	
Movement in provisions	26.6	(3,032,093)		(184,287)	
Other operating expenses	26.12.3	15,446,687		3,915,215	
Total operating expenses			(23,001,811)		(13,698,617)
Operating profit			115,526,909		45,975,540
Realised and unrealised gains and losses on investments	18.		3,888,585		(69,606,077)
Financial income and expenses	26.12.4		12,229,910		4,323,750
Result before tax			131,645,404		(19,306,787)
Corporation tax	27.		(36,830,310)		4,365,388
Consolidated result after tax			94,815,094		(14,941,399)

22.3 Consolidated cash flow statement for 2023

Since 2023, the cash flow statement has been prepared using the direct method, which links all cash receipts and payments directly to the activities. Previously, the cash flow statement was prepared using the indirect method. See note 1.4 Policies for the cash flow statement for information on this change of accounting policy.

	2023	***2022***
Cash flow from operating activities	**€**	**€**
Cash receipts		
Guarantee fees received from participants	20.900.408	19.644.111
Resolution costs received	50.042	29.911
Other cash receipts	44.703	6.703
Payments to suppliers	(5.167.965)	(5.726.675)
Payments to employees	(8.757.641)	(8.110.999)
Cash flow from direct operations	***7.069.547***	***5.843.051***
Committed capital call received from participants	117.513.246	39.517.942
Guarantee payments	(17.983.828)	(21.559.431)
Cash flow committed capital calls and guarantee payments	***99.529.418***	***17.958.511***
Cash flow from operations	***106.598.965***	***23.801.562***
Interest received	8.280.402	7.747.354
Interest paid	(96.000)	(41.000)
Corporation tax paid	(9.822.134)	(8.890.007)
Cash flow from operating activities	***104.961.233***	***22.617.909***
Cash flow from investment activities	(8.322)	(718)
Additions to intangible fixed assets	(68.433)	(796.596)
Additions to tangible fixed assets	(136.897.148)	(182.950.827)
Purchases/sales and redemptions of securities	19.414.755	175.620.078
Sales and redemptions of securities	100.000	100.000
Cash flow from investment activities	***(117.459.148)***	***(8.028.063)***
Movements in cash	**(12.497.915)**	**14.589.846**
Closing cash balance	73.045.055	85.542.970
Opening cash balance	85.542.970	70.953.124
Movements in cash	**(12.497.915)**	**14.589.846**

Accounting policies for measurement and determining the result in the consolidated financial statements

23. General notes

23.1. Activities

The consolidated financial statements of WSW incorporate the company financial statements of WSW and the financial information of Stichting Humanitas Huisvesting (SHH) and Woningstichting Geertruidenberg (WSG). The activities of Stichting Waarborgfonds Sociale Woningbouw (WSW) consist primarily of guaranteeing loans to housing associations to fund projects for social housing and other properties with a social function. WSW is a foundation under Dutch law with an independent management structure and is subject to the supervision of the Dutch Authority for Housing Associations.

WSG and SHH are institutions licensed pursuant to the Housing Act. The activities of WSG and SHH consist primarily of settling interest and redemption obligations on their residual loans following the separation and resolution.

See the accounting policies in the company financial statements for accounting policies for measuring assets and liabilities and determining the result and for the cash flow statement that are not stated below.

23.2. Consolidated legal entities

Guarantee claims related to the settlement of WSG and SHH have led to arrangements for the payment of interest and redemptions to financial institutions. These arrangements are set out in implementation agreements dated 3 September 2018 for WSG and 17 January 2019 for SHH and in separate tripartite agreements with WSG and SHH and the financial institutions Bank Nederlandse Gemeenten (BNG) and the Nederlandse Waterschapsbank (NWB). The implementation agreements state that the public housing duties are legally separated, that WSW will pay the normal interest and redemption obligations pursuant to guarantees already issued on those loans and that there are arrangements on certain costs for maintaining WSG and SHH.

Under the implementation agreements, WSW is entitled to approve the budgets for maintaining WSG and SHH and has control over financial obligations entered into by them that affect the guarantees it has issued. Further to these rights and the fact that WSG and SHH have no other activities, accounting standards (RJ 217.202) state that there is influence over policy that leads to a group relationship and a requirement for consolidation from the date of separation.

The tripartite agreements also include arrangements with the investors holding guarantees on the residual loans. These arrangements concern the resolution of certain loans that remained with the entities following the separation and payment of interest and redemption liabilities. Embedded derivatives have been removed from the loans and the interest rates were fixed. The implications of the resolution form part of the separation and so the restructured loans form the basis for the initial consolidation. Under the guarantees, WSW has been paying the normal interest and redemption liabilities on the residual loans since the date of separation to the extent that WSG and SHH are unable to do this themselves.

Stichting Waarborgfonds Sociale Woningbouw (WSW), Hilversum, is the parent of the group and incorporates the financial information of the following legal entities in its consolidated financial statements, copies of which are available from the trade register of the Chamber of Commerce in Woerden.

<u>Consolidated legal entities:</u>

- Woningstichting Geertruidenberg, Geertruidenberg: consolidated from 1 January 2019;
- Stichting Humanitas Huisvesting, Rotterdam: consolidated from 1 July 2019.

23.3. Opinions, estimates, assumptions and uncertainties

WSW makes estimates and assumptions based on the prevailing circumstances and information available when the financial statements are prepared. Uncertainties relating to these estimates and assumptions may result in material adjustment to the consolidated financial statements in future years. Estimates based on events after the reporting period (or the non-occurrence of expected events) may be subject to future market movements and circumstances that are beyond WSW's control. Changes in estimates are recorded prospectively in the financial statements. Where required in order to provide the view required by Section 362(1) of Book 2 of the Dutch Civil Code, information on the nature of these opinions and estimates, including the underlying assumptions, is disclosed in the notes on the item in question. The principal estimates relate to the other provisions.

24. Accounting policies for measuring assets and liabilities in the consolidated financial statements

24.1. Basis of consolidation

The consolidated financial statements at 31 December of the financial year incorporate the financial information of WSW and legal entities where it exercises influence over policy.

Legal entities are fully consolidated from the date on which influence over policy at the legal entity is obtained. On initial recognition, the assets and liabilities of legal entities to be consolidated are measured at fair value. Legal entities are no longer included in the consolidation from the date on which there is no longer influence over policy.

Items in the consolidated financial statements are measured using uniform accounting policies. Individual assets and liabilities of the consolidated legal entities are recognised and measured in accordance with WSW's accounting policies. All intragroup transactions and results with and between the consolidated entities are eliminated.

Differences between the company and consolidated capital and result are disclosed the note on capital in the consolidated financial statements.

Financial information of WSG and SHH is included in the consolidation on the basis of WSW's accounting policies.

24.2. Non-current liabilities

On initial recognition, non-current liabilities are measured at fair value. The fair value on initial recognition is reduced by directly attributable transaction costs since subsequent recognition is not at fair value through profit or loss.

Non-current liabilities are subsequently recognised at amortised cost using the effective interest method. Gains or losses are recognised through the statement of income and expenditure when the obligation is no longer recognised in the balance sheet and through the amortisation process.

The current portion of non-current liabilities (amounts payable within 12 months) is recognised in current liabilities.

24.3. Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If a reliable fair value cannot be attributed directly to the financial instruments, the fair value is approximated by deriving it from the fair value of its components or a similar instrument or with the assistance of generally accepted valuation models and measurement techniques. This is done using recent similar arm's length transactions, the DCF method (present value of cash flows) and/or option valuation models, reflecting specific circumstances.

24.4. Amortised cost
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the accumulated amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

24.5. Hedge accounting
The consolidated entities do not use hedge accounting.

25. Accounting policies for determining the result in the consolidated financial statements

See the accounting policies for determining the result in the company financial statements for the accounting policies for determining the result in the consolidated financial statements.

26. Notes to the consolidated balance sheet and statement of income and expenditure

26.1. Financial fixed assets

	31 Dec. 2023	***31 Dec. 2022***
	€	€
Securities	555,866,104	429,048,818
Deferred tax	9,911,109	12,967,435
Other receivables	500,000	600,000
	566,277,213	442,616,253

Other receivables are the long-term portion of the receivable from Stichting Humanitas Zorg. A contract recording the legal relationship of parties for €1.0 million was entered into on 14 May 2019. This amount is to be repaid in ten annual instalments of €100,000. The receivable with a term of less than one year has been recognised in other receivables. No interest is payable on the receivable. A second mortgage has been granted on premises at Achillesstraat 290, Rotterdam, recorded in the land register in the municipality of Hillegersberg, section F, number 1584, as security for payment of the debt. The present value of the receivable is €463,380 (nominal value: €500,000).

26.2. Securities

See note 5 to the company financial statements for details of the securities.

26.3. Prepayments and accrued income

	31 Dec. 2023	31 Dec. 2022
	€	€
Accrued interest	4,419,803	4,009,254
Prepaid other costs	456,241	263,727
	4,876,044	4,272,981

Accrued interest relates to interest earned on the investment portfolio.

26.4. Other receivables

Stichting Humanitas Zorg	100,000	100,000
Other receivables	68,728	167,817
	168,728	267,817

Stichting Humanitas Zorg
This is the current portion of the receivable from Stichting Humanitas Zorg.

Other receivables
See note 6.4 to the company financial statements for details of the other receivables.

26.5. Consolidated capital

Consolidated capital

Legal reserve	592,324	1,037,325
Other reserve	314,036,365	218,776,270
	314,628,689	219,813,595

Movements in consolidated capital:

	Other reserve	Legal reserve	Consolidated capital
Capital at 1 January 2023	218,776,270	1,037,325	219,813,595
Result for the reporting period	95,260,095	(445,001)	94,815,094
Capital at 31 December 2023	314,036,365	592,324	314,628,689

26.5.1. Notes on comprehensive income

Consolidated result after tax	94,815,094	(14,941,399)
Movements recognised directly through capital as part of group capital	-	-
Comprehensive income	94,815,094	(14,941,399)

26.5.2. Notes on the difference between the company and consolidated results

The difference between the company and consolidated results for 2023 was €1,881,595, as follows:

	€
Result in the company financial statements	96,696,689
Operating expenses and income at WSG and SHH	(11,308,145)
Adjustment for addition to the company provision for guarantee obligations	(11,444,757)
Adjustment for interest expenses and amortisation of market value of loans	(2,018,207)
Result in the consolidated financial statements	94,815,094

26.5.3. Notes on the difference between the company and consolidated capital

The difference between the consolidated capital in WSW's consolidated financial statements and the capital in the company financial statements is as follows:

	€
Capital in the company financial statements at 31 December 2023	**442,302,766**
Difference between the company and consolidated capital in prior years	(125,792,482)
Difference between the company and consolidated result for the reporting period	(1,881,595)
Capital in the consolidated financial statements at 31 December 2023	**314,628,689**

26.6. Provisions

	31 December 2023	**31 December 2022**
	€	**€**
Other provisions	58,919	3,186,163
	58,919	3,186,163

26.6.1. Other provisions

The movements in the other provisions were:

Balance at 1 January	3,186,163	3,474,204
Addition/release	(3,032,093)	(184,287)
Withdrawal	(95,151)	(103,754)
Balance at 31 December	58,919	3,186,163

As from 2023, the other provisions consist of a provision for legal fees for WSW for the appeal proceedings against the State of €0.1 million (2022: €0.1 million). The portion of the provision relating to corporation tax on the remaining premium on SHH's loans, amounting to €3.0 million, was released in 2023. The other provisions have a term of less than one year.

26.7. Non-current liabilities

Non-current liabilities are amounts owed to credit institutions of €286.7 million (2022: €302.2 million) relating to loans granted by credit institutions to WSG and SHH. WSW is guarantor for these loans. Movements in non-current liabilities were:

	€
Balance at 1 January	302,235,223
Movements:	
Redemptions of loans	(9,073,537)
Amortisation of loans	(6,892,083)
Outstanding loans at maturity date	286,269,603
Movement in repayment obligation in current liabilities:	
Balance at 1 January	18,086,184
Balance at 31 December	17,691,005
Movements	395,179
Balance at 31 December 2023	286,664,783

On the increase in the scope of consolidation in 2019, the loans were initially recognised as market value (fair value) including accrued interest. Differences between the market value and nominal value of the loans are being amortised. Amortisation of the loans is €139.3 million over the full term. An amount of €31.2 million has been amortised up to and including 2023. The amortisation in 2023 was €6.9 million. Amortisation over the remaining term of the loans at year-end 2023 was €108.1 million.

	€
Market value of loans in the opening balance sheets of WSG and SHH	386,086,872
Nominal value on initial consolidation	246,835,466
Recognised amortisation up to and including 2023	31,183,664
Amortisation over the remaining term of the loans	108,067,743

The criteria for setting market value of loans in the opening balance sheets were:

- General:
  Market value was computed using the 6-month Euribor swap curve at 31 December 2019.
- Basic interest rate loan:
  Market value was determined using the basic interest rate (including spread). The market value is the value from the computation date to the end of the term.
- Fixed interest loans
  The interest on the loans has been fixed for the full term from the date of consolidation.
- Redemption
  The loans are repaid at maturity or on a straight-line basis.

The market value at 31 December 2023 was €258.4 million (31 December 2022: €260.5 million), including accrued interest. A yield curve based on the 6-month swap curve was used when measuring the market value at 31 December 2023.

At 31 December 2023 the weighted average interest rate for WSG's loans was 4.78% (2022: 4.77%) and for SHH's loans it was 3.78% (2022: 3.78%).

The nominal residual amount of interest and redemptions in the loan portfolio at 31 December 2023 was €362.7 million (31 December 2022: €380.7 million).

Of which:

maturity < 1 year	17.7 million
maturity >= 1 year and <=5 years	60.5 million
maturity > 5 years	284.5 million

26.8. Accruals and deferred income

Accruals and deferred income were as follows:

	31 Dec. 2023	31 Dec. 2022
	€	€
Accrued paid leave entitlements	333,582	292,981
Reserve for individual career budgets	216,661	184,782
Other accruals and deferred income	43,269	25,996
	593,512	503,759

26.9. Other payables

Other payables were as follows:

Commuting allowances payable	58,267	59,203
Investment portfolio management fees payable	43,000	42,848
Settlement for subsidy payable by WSG	11,078,046	-
Expenses payable	288,983	120,911
	11,468,296	222,962

On 11 December 2023, the subsidy paid to WSG by the resolution fund was determined definitively by the mandated resolution party (the Minister of the Interior and Kingdom Relations) following a request from WSG in connection with the expiry of the five-year resolution period. During the agreed five-year resolution period, WSG carried out the activities for which the resolution support was granted in accordance with the decision to grant the subsidy, and it complied with the conditions and obligations set out in that decision. The Ministry of the Interior and Kingdom Relations definitively determined WSG's resolution subsidy to be €300.4 million. It transpired that the amount of subsidy determined previously for all activities taken together, following the end of the subsidy period, was too high. An amount of €11,078,046 had previously been paid to WSG in December 2018 by way of undue subsidy, and this amount will be claimed back under Article 4:57 (1) of the General Administrative Law Act (Awb) and the provisions of the decision to grant the subsidy. WSG repaid this amount to the resolution fund on 16 January 2024.

26.10. Risks in financial instruments

26.10.1 General

This note provides information to assist in assessing the risks associated with financial instruments in the balance sheet and those not recognised in the balance sheet.

The consolidated entities do not enter into transactions in derivatives, such as currency futures and interest rate swaps, to hedge interest rate risk arising from their operating and financing activities. There is no currency risk. The policy of the consolidated entities is not to undertake speculative trades in financial instruments.

The principal risks in the group's financial instruments are interest rate risk, price risk, credit risk and liquidity risk.

The policy of the consolidated entities to limit these risks is set out below.

26.10.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument fluctuate as a result of movements in market interest rates. The risk run by the consolidated entities from fluctuations in market interest rates is limited since their non-current liabilities are fixed interest. The consolidated entities are maintaining their loans at fixed interest rates agreed at the time of the separation. Future cash flows are thus fixed but the market value may change with future market interest rate changes. Given the yield curve at the end of 2023, a fall of 1 percentage point in interest rates could create an increase in market value of the loans portfolio of some €38.7 million (2022: €34.3 million) and an increase of 1 percentage point in interest rates could create a fall in market value of some €30.9 million (2022: €27.7 million). This fluctuation is greater than the fluctuation in the market value of the investments, which would increase or decrease by about €16.1 million (2022: €13.5 million) on a 1 percentage point movement.

On balance, interest sensitivity is €22.6 million positive for a fall in interest rates of 1 percentage point (2022: €20.8 million) and €14.8 million negative for an increase in interest rates of 1 percentage point (2022: €12.2 million negative).

26.10.3 Price risk

The consolidated entities run risks with respect to the value of securities recognised in financial fixed assets (see note 5). In accordance with its investment policy, WSW invests exclusively in euro-denominated bonds. The consolidated entities manage the price risk by means of a fully passive investment policy (Buy & Hold). In 2023, the investment policy was amended from a smart passive policy against a market-weighted benchmark to a fully passive policy. See note 5.1 for further information.

26.10.4 Credit risk

The consolidated entities ran a limited credit risk on €639.8 million at 31 December 2023 (2022: €528.1 million) in terms of debtors, cash and invested capital.

The investment portfolio was €555.9 million (2022: €429.0 million), comprising exclusively of listed euro-denominated bonds with at least an AAA or AA rating and the maximum holding per issuer is 10%, except for the sovereign debt of euro area countries.

WSW holds cash of €4.2 million (2022: €37.5 million) held at ING, which has an A+ credit rating, and €36.4 million (2022: €14.9 million) at BNG with a AAA rating.

With respect to receivables, the consolidated entities run a credit risk on €10.4 million (2022: €12.8 million). The consolidated entities have drawn up guidelines to limit the size of the credit risk with each financial institution and debtor. In addition the consolidated entities continuously monitor their receivables and apply strict collection procedures.

26.10.5 Liquidity risk

WSW ensures that it can meet its obligations in different ways. WSW prepares regular liquidity budgets. In the event of liquidity shortfall, WSW can obtain cash by selling part of its investment portfolio. Furthermore, WSW can call capital committed from the participants and so have cash available over the longer term.

At 31 December 2023, the non-discounted contractual payment obligations were as follows:

(in €million)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Loans	17.7	20.7	39.8	284.5
Trade creditors and other payables	0.6	-	-	-
Total	18.3	20.7	39.8	284.5

26.11. Off-balance sheet arrangements and liabilities

26.11.1. Resolution grant
WSW, WSG and SHH have all instituted appeals against the decision of the State to reject all or part of the resolution grants. See note 11.6 to the company financial statements for further information.

26.11.2. Claims and legal proceedings
Existing claims and proceedings involving WSG and SHH include a claim that SHH has lodged against its former board members and supervisory board members. The legal fees that SHH is incurring for this are being reimbursed by Woonbron. Any proceeds from this claim will benefit Woonbron. On 5 September 2022, WSW received a summons from the former members of the Supervisory Board of SHH. In brief, with this indemnification procedure the former members of the Supervisory Board of SHH are trying to ensure that if the court were to rule in the main proceedings that they are liable for damages to SHH, the former members of the Supervisory Board of SHH could transfer the damages (in whole or in part) to WSW (among other parties). This matter was settled at the end of 2023.

WSG has a guarantee liability relating to property that WSG developed long ago. There is a negligible probability of a claim.

26.11.3. Pensions
WSG and SHH no longer have any pension liabilities. All of SHH's pension liabilities were transferred to Woonbron. WSG's pension liabilities were established in 2018 on the basis of estimates per individual and the residual liabilities were transferred to the pension fund.

26.11.4 Residual liabilities after the separation of WSG and SHH
Pursuant to the implementation agreements on the separation, nominal interest and redemption liabilities are being paid under guarantees for residual loans, in accordance with servicing the loans from the date of the separation to maturity. Other than payment of the maintenance costs of WSG and SHH, WSW is not making any other payments, guarantees, indemnifications and/or other contributions to WSG and SHH or any third parties. If SHH or WSG earns unexpected financial income, it has to use such amounts as instructed by WSW.

See note 14 to the company financial statements for other off-balance sheet rights and obligations.

26.12. Notes to the consolidated statement of income and expenditure

26.12.1. Other income

	2023	2022
	€	€
Other income	2,703	175
	2,703	175

26.12.2. Other employee benefits

Temporary staff employed via third parties	1,012,208	893,438
Other employee benefits	1,066,848	1,044,879
	2,079,056	1,938,317

26.12.3. Other operating expenses

Cost of premises	530,259	454,706
General overheads	14,724,150	3,263,042
Cost of supervisory and advisory bodies	192,278	197,467
	15,446,687	3,915,215

26.12.3.1. Cost of premises

Rent	288,465	184,295
Cleaning	61,493	51,790
Gas, water and electricity	112,266	155,566
Insurance	27,557	42,096
Other costs relating to premises	40,478	20,959
	530,259	454,706

26.12.3.2. General overheads

IT	1,746,305	1,710,854
Consultants	408,308	279,417
Auditor	352,533	328,149
Investment expenses	309,527	395,140
Information and documentation	142,065	32,941
Rating agencies	176,979	140,776
Costs of retrieving data from participants	418,319	289,631
Payment of settlement for subsidy by WSG to resolution fund	11,078,046	-
Other general expenses	92,068	86,134
	14,724,150	3,263,042

26.12.4. Financial income and expenses

Interest earned on the investment portfolio	6,984,683	7,325,361
Amortisation of investments	5,446,308	-
Other interest income	1,912,981	29,512
Other interest expense	(95,856)	(214,269)
	14,248,116	7,140,604

	2023	2022
	€	€
Interest expense on non-current liabilities	(8,910,288)	(9,445,410)
Amortisation of non-current liabilities	6,892,083	6,628,556
	(2,018,205)	(2,816,854)
Total financial income and expenses	12,229,911	4,323,750

27. Taxes

27.1. Tax position

WSW and WSG have been fully liable for corporation tax since 1 January 2008 and SHH since 1 January 2012. Details have been set out in advance tax agreements. WSW's tax position has been determined since 1 January 2019 on current legislation and regulations. WSW is not in a fiscal unity with WSG and SHH.

WSG forms a fiscal unity for corporation tax purposes with WSG Holding B.V. and WSG Projectontwikkeling B.V. Its terms mean that WSG and its subsidiaries in the fiscal unity are jointly and severally liable for the tax payable by the combination.

SHH
There is still no complete certainty on SHH's tax position. SHH is in talks with the Tax and Customs Administration on this.

WSG
There is still no complete certainty on WSG's tax position. WSG is in talks with the Tax and Customs Administration on this.

See note 23 to the company financial statements for information on the corporation tax charge for 2023 in the consolidated financial statements.

28. Date of preparation of the consolidated financial statements

These consolidated financial statements were prepared on 18 April 2024.

Signed by the Executive Board and the Supervisory Board

Hilversum, 18 April 2024

Stichting Waarborgfonds Sociale Woningbouw

Executive Board	Executive Board
Mr R. Rötscheid MFE	Mr. L.J. van Kalsbeek

Supervisory Board	Supervisory Board
Mr. H.M. Meijdam, chair	Ms G. van Vollenhoven- Eikelenboom, member

Supervisory Board	Supervisory Board
Prof. Dr. D Brounen member	Mr Drs. J.G. Pot member

Supervisory Board

Mr Ir. M.A.E. Calon
member