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# **WSW 2020 Annual Report and Financial Statements**

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## Key figures at 31 December 2020

- 282 participant housing associations (98% of all associations).
- Guaranteed loans of €81.3 billion (2019: €80.0 billion).
- The market value of collateral when let is €295.9 billion (reference date 31 December 2019).
- Loan servicing payments with a nominal value of €128 billion and a present value of €130 billion (2019: €129 billion and €119 billion respectively).
- Value of collateral under the Valuation of Immovable Property Act of €410.5 billion (2019: €374.5 billion).
- Risk capital of €509.9 million (2019: €526.5 million).
- Participants' committed capital of €3.1 billion (2019: €3.0 billion).
- Moody's and Standard & Poor's rate WSW at AAA with a stable outlook.

## 1. Report of the Executive Board

### Foreword

2020 was an exceptional year during which, in addition to our regular work such as dealing with guarantee issues, setting guarantee ceilings and assessing risks at association and portfolio level, we worked intensively on the strategic programme as explained in detail in various sections below. The programme is designed to further strengthen the guarantee system and allow associations to continue to attract funding at the lowest cost into the future.

2020 was also exceptional since society faced an extraordinary situation in the spring brought about by coronavirus (Covid-19): a virus that has hugely disrupted the day-to-day lives of people and society.

WSW enables housing associations to attract funding at the lowest possible cost, in part by guaranteeing loans and assessing and managing risks. WSW continued to guarantee loans during 2020 so that participants had access to financing on favourable terms, helping them to continue performing their work and so serve their tenants.

We are taking steps to improve our data and information infrastructure and strengthen our risk management and we enhanced the internal organisation. There is more information elsewhere in this report. The report does not address the performance of the mandated resolution role.

Given the structure of the guarantee system, WSW has concluded that the coronavirus pandemic is not creating uncertainty with regard to its continuity. Furthermore, WSW has taken steps to continue guaranteeing loans.

### 1.1. Report of the Executive Board

The key developments of 2020 are addressed below.

#### *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 Minister of the Interior and Kingdom Relations (BZK) of applications for resolution support from WSG (partial) and SHH (in full).

Regional associations took over all WSG's assets and part of its guaranteed loans from 1 January 2019. Other guaranteed loans were repaid from the full or partial resolution grant received. Another association in Rotterdam took over SHH's assets and part of its guaranteed loans from 1 July 2019.

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. Consequently, we have formed a provision for these guarantee claims in the company financial statements.

Both WSG and SHH are contesting the decisions to refuse a full or partial resolution grant. The court rejected WSG's appeal in a ruling on 3 July 2020. The court rejected SHH's appeal in a ruling on 2 July

2020. WSG and SHH are appealing against these rulings at the Administrative Jurisdiction Division of the Council of State. No date has yet been set for hearing the two appeals.

WSW is also appealing against the decisions to refuse full or partial resolution grants. WSW's claim was declared inadmissible in both cases by a court ruling on 9 April 2020. WSW has lodged an appeal against this ruling with the Administrative Jurisdiction Division of the Council of State. No date has yet been set for the hearing.

It is not possible to estimate how possible new measures following the outbreak of coronavirus will affect the progress of the appeal.

#### *Strategic programme: strengthening the guarantee system*

We continued to work with stakeholders during 2020 to develop and establish the strategic programme: a comprehensive package of agreements supported by stakeholders to create a robust and future-proof guarantee system.

WSW discussed the structure and content of the strategic programme with all stakeholders concerned and detailed and recorded all the agreements. The package includes updated Regulations for Participants and policy rules which embed a more robust guarantee system. Among other measures, there are the updated capital structure, with committed capital secured in the bond loan, and improved criteria for determining the capital requirement and callable capital and governance. In addition the security structure has been strengthened by amended loan documentation in the interests of all parties in the guarantee system. During the first half of 2020, we consulted participants on the proposed package. We finalised the overall package for the strategic programme at the end of 2020 and submitted it for approval and/or decision-making by our stakeholders: our participants and the participants' council, the Ministry of the Interior and Kingdom Relations (BZK), the Association of Netherlands Municipalities (VNG) and Aedes (the federation of Dutch housing associations).

At the end of 2020, the participants' council issued a favourable opinion combined with an opinion from Aedes on the overall package for the strategic programme which, on the part of the participants, is now completed and ready for implementation. Also at the end of 2020 we reached agreement at departmental level with BZK and VNG on the overall package for the strategic programme. By April 2021, we expect formal agreement on the overall package from the Minister and VNG. Consequently favourable decisions are expected from all stakeholders and the strategic programme will be implemented and the new arrangements will come into force during 2021.

#### *Risk capital adequacy*

The current system incorporates various buffers and safety nets:

- The participating associations have their own capital buffers and cash flows.
- Consequently, our risk capital is the first buffer for absorbing guarantee claims. If needed we can supplement it by liquidating the deployed capital from the association in default.
- The second buffer is capital committed by the housing associations (callable capital). On request, they have to pay WSW 3.85% of the nominal value of their outstanding guaranteed loans if our forecasts show that our risk capital will fall below the minimum risk capital level.
- Finally, we have agreed with our backstop-providers that we can draw interest-free loans if our risk capital falls below the agreed critical limit.

We assess the risks in our participating associations individually and in the guarantee structure as a whole. Each year we test the adequacy of our risk capital to cover projected and unexpected losses

with the aim of maintaining a robust guarantee system in the interests of our participants and, therefore, social housing. We assess whether the available risk capital is adequate compared with the risk capital requirement.

- We define the available total risk capital as the sum of our own risk capital, the callable capital committed by the participants and the value of the resolution support provided. The callable risk capital is 'adequate' if we can cover losses from guarantee claims in the first year with 99% confidence ('in all probability').
- We calculate the required total risk capital using the capital ratio formula for banks and the Ortec scenario model. Each method quantifies the value of future losses (both projected and unexpected) and estimates the value of losses likely to be incurred by housing associations that are already in financial difficulties.

WSW has concluded from both results that despite a slight fall of our own risk capital, the available total risk capital continued to be adequate at year-end 2020.

In 2020 we finalised development of a new capital policy to strengthen the guarantee system in the context of the strategic programme. The new capital policy will be implemented in 2021.

#### *Continuity of WSW*

Thanks to the agreements with our backstop-providers and our participants, a guarantee claim does not affect the continuity of WSW. In the event of a claim, we have sufficient cash and capital to meet our obligations under the guarantee. Every effort is made to ensure that the capital base of the guarantee system (our own risk capital and the capital committed by the participants) is sufficiently robust.

#### *Rating*

In 2020, credit rating agencies Moody's and Standard & Poor's (S&P) confirmed our AAA rating with a stable outlook and so the rating and outlook are the same as for the Dutch State. This highest rating by the credit rating agencies means that participants can continue to attract funding at the lowest possible cost.

According to the credit rating agencies, WSW's credit profile reflects its very close links with the Dutch government (AAA stable). The credit rating agencies are relying in part on the backstop agreement that prevents WSW facing liquidity shortfalls. They also emphasise the significance of the strategic programme for strengthening the guarantee system.

#### *Supervision of WSW*

Since 1 July 2016, WSW has been supervised by the Authority for Housing Associations. The supervision report for 2019 was issued in June 2020. The Authority judged compliance with policy rule 1 as uncertain since it assessed WSW's risk capital adequacy to be uncertain. The uncertainty was caused mainly by Deloitte's validation findings on the current model that WSW uses to calculate the adequacy of its risk capital. According to the Authority, WSW had approached these findings diligently with the strategic programme in 2019 but these matters still had to be finalised and implemented. The Authority also examined compliance with the two other policy rules and operations. According to the Authority, the second policy rule on guaranteeing loans was adequately complied with. The Authority noted that WSW's processes for complying with the third policy rule on information provision were still not adequately managed. Consequently the Authority regarded compliance with this policy rule as still uncertain. WSW responded by taking internal operational steps to ensure compliance with the third policy rule. Finally, the Authority concluded that WSW's conduct of its operations was adequately sound

and controlled but recommended improvements in some areas. WSW acknowledged this and continued implementing the improvements in 2020.

## 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 joint assessment framework and the underlying partnership covenant mean that assessments will be more effective and efficient and will reduce the administrative burden on the associations.

The final element has been to establish the ratios and thresholds for the financial assessment. At the end of 2019, we reached policy agreement on these with BZK and the Authority, discussed them with participants and Aedes and issued a formal request for their inclusion in the agreements with the backstop-providers. We formally concluded this process and notified our participants in April 2020. The structure and implementation of the joint assessment framework were finalised by adopting the ratios and thresholds.

## 1.3. The WSW organisation

### *Modern performance management and remuneration policy*

In 2020, WSW drew up a new policy to support employees' professional development and personal growth: modern performance management. This policy replaces an earlier system in which employees were appraised on the quality and quantity of performance.

WSW wants to use modern performance management to create a culture focusing on employees' ownership, professional determination, continuous development and growth. WSW wants employees to take their development into their own hands. WSW's aim is a strong workforce where individuals continuously improve through training and where development is essential for the ambition to wanting to be a powerful and adaptable organisation.

### *Remuneration management*

It was decided at the end of 2020 to amend the remuneration system to match modern performance management and the remuneration policy.

### *Office accommodation*

WSW's lease on Marathon 6 expires on 31 December 2021. This has led to consideration of what WSW needs and wants from office accommodation. Not only for its employees but also for the stakeholders. In addition, the coronavirus pandemic is leading to new insights on accommodation. Decisions on this will be made in 2021.

### *Covid-19*

WSW has strictly obeyed the government's regulations on the pandemic from the start. Most employees and the Executive Board have worked from home since March 2020 and there are clear arrangements for visiting and working in the office. All the prescribed measures are in place at the office. Numerous online activities have been arranged to maintain personal contact.

## 1.4. Employees

### *Number of employees and FTEs at year-end*

Department	FTEs	FTEs	Employees	Employees
	2020	2019	2020	2019
Accounts	18.7	16.6	19	17
Operations & Control	6.7	5.8	7	6
Executive Board (incl. Management Support)	11.5	10.8	12	10
Facilities	2.9	2.4	4	3
Information management	5.9	6.9	7	7
HRM	2.8	2.8	3	3
Risk management	18.7	15.8	18	16
<b>Total</b>	<b>67.2</b>	<b>61.0</b>	<b>70</b>	<b>63</b>

The increase in FTEs strengthened the management support and risk management functions.

### *Absenteeism*

The rate of absenteeism due to illness fell in 2020 (3.8%) compared with 2019 (4.72%). Absenteeism was concentrated in long-term (1.6%) and very long-term (1.5%) illness, with long-term absenteeism including maternity leave. Reporting frequency was particularly low at 0.53% (2019: 1.3%).

## 1.5. Information management

We introduced the new digital workplace based on the Microsoft Office 365 platform in early 2020.

Also in 2020 we worked on the further development of our workflow system (WIM). The primary processes of financial analysis, setting guarantee ceilings and guaranteeing and amending loans came into use in during the year. We expect to deliver the final support processes within WIM during the first half of 2021.

In addition, we worked with the Authority, BZK and Aedes on improvements in information exchange relating to dPi and dVi systems for SBR-women and related data access.

## 1.6. Finance

### *Financial result (company)*

There was a loss after tax of €19.9 million in 2020 (2019: €10.5 million loss) caused mainly by a re-evaluation of the provision for guarantee obligations formed to settle the debts of WSG and SHH. We added €29.6 million (2019: €32.2 million) to the provision for guarantee obligations in 2020 in view of the downward trends in market interest rates. There were no events which require the formation of a new provision.

The operating profit for 2020 was €3.2 million (2019: €13.7 million). The decrease can be explained mainly by a gain of €11 million on discounting the provision for guarantee obligations in 2019, while a small addition of €0.3 million was required in 2020 further to a re-evaluation of legal and other costs.

There was a positive result on the investment portfolio of €9.6 million in 2020 (2019: €11.7 million positive), consisting of interest income and net realised and unrealised capital gains. The loss after



corporation tax was €19.9 million and this has been incorporated in the financial statements as an addition of €0.3 million to the legal reserve and a withdrawal of €20.2 million from the other reserve.

#### *Consolidation of WSG and SHH*

We entered into agreements with WSG and SHH for the legal separations on 1 January and 1 July 2019 respectively. Each has an independent Executive Board and an independent Supervisory Board. The agreements state that their budgets are subject to approval by WSW. WSW also has control over financial obligations entered into by the two associations that affect the guarantees. It was concluded that, according to the accounting standards, the financial statements of the associations and WSW have to be consolidated since WSW has influence over policy. This has applied since the date of the separation and consequently we have had to prepare both company and consolidated financial statements which incorporate the financial information of WSW, WSG and SHH

## 6. Report of the Supervisory Board

### 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 Articles of Association. 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.

### 2. Structure and operating procedure

The Supervisory Board has at least five members. The composition of the Supervisory Board is intended to ensure diversity in terms of gender, knowledge, background, age, 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 2020*

Mr H.M. Meijdam (chair) (1961)	Since 1 February 2018; first term of office ends on 1 February 2022
Ms J.E.M. Tijhuis (1960)	From 11 June 2014 to 11 June 2020
Ms G. van Vollenhoven-Eikelenboom (1970)	Since 1 February 2018; first term of office ends on 1 February 2022
Mr J.G. Pot (1949)	Since 25 September 2018; first term of office ends on 25 September 2022
Prof. D. Brounen (1976)	Since 25 June 2019, first term of office ends on 25 June 2023
Mr M.A.E. Calon (1959)	Since 9 November 2020, second term of office ends on 9 November 2024

The vacancy that arose at the end of Ms Tijhuis's term of office on 11 June 2020 was filled on 9 November 2020 when Mr Calon was appointed to the Supervisory Board.

The powers of the Supervisory Board are laid down in the Articles of Association. 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*

Until 11 June 2020 Ms Tjihuis (chair) and Mr Pot (member) formed the audit committee. On 23 June 2020 the Supervisory Board decided that the audit committee should comprise Mr Pot (chair) and Mr Brounen (member). The audit committee met five times in 2020. Among the topics discussed were the 2019 Report of the Executive Board and financial statements, the external auditor's reports, the findings of the internal auditor, external asset management and risk 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 2020. The business discussed included the appointment of a new supervisory director, the assessment of the members of the Executive Board, preparations for the self-assessment of the Supervisory Board and the remuneration of Executive Board and Supervisory Board members. When necessary, the committee discussed topics in a broader setting with the full Supervisory Board, after which the Board took a decision during a plenary meeting.

#### *Conflicts of interest*

The Supervisory Board's rules of procedure include guidelines on how to act in the event of actual or potential conflicts of interest. In the course of its activities, the Board assesses whether there is or may be any undue conflict of interests, or the semblance of such a conflict, in relation either to the Board as a whole or to individual members. There was no conflict of interests, whether actual or apparent, in 2020.

### **3. Activities**

In the spring of 2020, society faced an extraordinary situation brought about by coronavirus (Covid-19): a virus that has hugely disrupted day-to-day life and the economy. The Supervisory Board addressed health and safety as the work of WSW continued. The Supervisory Board notes that, despite coronavirus, WSW worked normally in 2020 on the optimum financing of the participants. WSW has continued to guarantee loans so that participants were able to access financing on favourable terms. This assisted them in continuing to carry out their duties and so to serve tenants.

WSW continued to work in 2020 on the strategic programme to make the guarantee system more robust and future-proof. WSW built on its relationships with the participants and other stakeholders while at the same time improving its operations and organisation. 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 eight meetings in 2020. 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 consultations with the Executive Board. The average attendance at Supervisory Board meetings was 100% as 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 to the best of its ability. During and outside meetings there were in addition contacts on a range of subjects with employees and managers in the organisation. The Supervisory Board also liaised with the works council and WSW's regulator, the Authority for Housing Associations. In order to understand the arguments underlying the opinions expressed to the Executive Board by the participants' council, a member of the Supervisory Board regularly attends meetings of the participants' council as an observer. The Board also liaises with Aedes. Individual Board members report to the Board on the outcome of all meetings, so that the Board as a whole has all relevant information.

During the year under review, the Supervisory Board discussed at length the strategic programme for further strengthening the guarantee system. In this context, the Supervisory Board approved the decisions of the Executive Board on loan documentation, policy rules, regulations and agreements. The Supervisory Board also resolved on an amendment to the Articles of Association. The Supervisory Board also approved decisions of the Executive Board on the 2019 Annual Report, the 2021 annual plan and the 2021 budget, the policy rules on restructuring, a decision on an appeal by a participant and the internal auditor's annual plan. Other topics discussed at Supervisory Board meetings included WSW's risk management, the WSW organisation, supervision of WSW, the derivatives directive, the criteria for the investment policy, the status of housing associations subject to special management, the examination of statements of resources, Vestia and the progress reports on the annual plan.

The external auditor attended audit committee meetings and Supervisory Board meetings held to discuss the Report of the Executive Board, 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 Board also adopted the audit plan.

The Supervisory Board used a questionnaire to discuss its own operation during a self-assessment meeting which also addressed the relationship and interaction with the Executive Board. The Supervisory Board alternates self-assessment with an external evaluation every two years.

The staff and Executive Board were called upon to work with tremendous energy and dedication in 2020. The Supervisory Board would like to express its appreciation for their commitment and assistance in helping WSW achieve its goals and ambitions. The Board looks back on a year in which WSW, by guaranteeing over €81 billion of loans, supported corporations 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.

#### **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.

#### **5. List of main and ancillary positions held by the members of the Supervisory Board**

*Mr H.M. Meijdam, chair*

Main position

Acting mayor of Lelystad

Ancillary positions

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.  
Chair of Stichting KOMO/KIK  
Member of the Supervisory Board of Schot Alkmaar Holding BV  
Non-executive director of Puurt wat Zuurt B.V.

*Ms G. van Vollenhoven-Eikelenboom, member*

Ancillary positions

Alternate expert member of the Enterprise Division of the Amsterdam Court of Appeal  
Member of the Supervisory Board of ASR Nederland N.V.  
Member of the Supervisory Board of bunq BV  
Member of the Supervisory Board of MUFG Bank Europe NV  
Member of the Board of Supervision of Stichting Pensioenfonds voor het Beroepsvervoer over de Weg  
Associate Partner of RiskQuest BV  
Member of the Insurance and Reinsurance Stakeholdergroup EIOPA  
Training partner at Swalef Academy  
Member of the Advisory Council for the master's degree programme in finance at the Vrije Universiteit Amsterdam  
Member of the Audit Committee of the Ministry of Foreign Affairs

*Mr J.G. Pot, member*

Main position

Partner & Chief Financial Officer, Grey Matter Matters

Ancillary positions

Member of the Audit Committee of the Ministry of Education, Culture and Science  
Member of the Audit Committee of the Public Prosecution Service  
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  
Member of the Advisory Board and lecturer at the National Academy for Finance and Economics

*Prof. D. Brounen, member*

Main position

Professor of Real Estate Economics, Tilburg University and TIAS School for Business and Society

Ancillary positions

Member of the Vesteda Advisory Board  
Member of the Advisory Board Alternative Funds PGGM  
Freelance adviser to various governmental authorities and property organisations

*Mr M.A.E. Calon, member*

Main position

Farmer

Ancillary positions

Member of the Advisory Board of Arriva  
Member of the Advisory Board of the National Forest Service in the Netherlands

## 7. Company financial statements

### Balance sheet at 31 December 2020

(after appropriation of the result)

<b>Assets</b>	Note	<u>31 December 2020</u>		<u>31 December 2019</u>	
		€	€	€	€
<i>Fixed assets</i>	4.				
<b>Intangible fixed assets</b>					
Software		<u>1,697,160</u>	1,697,160	<u>1,398,805</u>	1,398,805
<b>Tangible fixed assets</b>					
Refurbishments		7,405		103,998	
Computer systems		167,110		190,781	
Office equipment		<u>57,834</u>		<u>68,301</u>	
			232,349		363,080
<i>Financial fixed assets</i>	5.				
Securities		<u>515,251,021</u>	515,251,021	<u>525,724,858</u>	525,724,858
<i>Current assets</i>					
<b>Receivables</b>	6.				
Guarantee fees receivable		4,629,397		4,386,609	
Corporation tax receivable		3,871,963		3,197,324	
Prepayments and accrued income		5,491,005		5,959,967	
Other receivables		<u>5,595</u>		<u>24,472</u>	
			13,997,960		13,568,372
<b>Cash</b>	7.		1,296,282		<u>4,209,908</u>
			<u>532,474,772</u>		<u>545,265,023</u>

<b>Capital and liabilities</b>		<b>31 December 2020</b>		<b>31 December 2019</b>	
		€	€	€	€
	Note				
<b>Capital</b>	8.				
Legal reserve		1,697,160		1,398,805	
Other reserve		<u>229,902,095</u>		<u>250,089,052</u>	
			231,599,255		251,487,857
<b>Provisions</b>	9.				
Provision for deferred tax		1,269,681		276,048	
Provision for guarantee obligations		<u>298,020,310</u>		<u>291,125,402</u>	
			299,289,991		291,401,450
<b>Current liabilities</b>	10.				
Suppliers and trade creditors		677,003		715,501	
Other tax and social security contributions	11.	223,555		384,396	
Accruals and deferred income	12.	392,267		817,027	
Other payables	13.	<u>292,701</u>		<u>458,792</u>	
			<u>1,585,526</u>		<u>2,375,716</u>
			<u>532,474,772</u>		<u>545,265,023</u>

**Statement of income and expenditure for 2020**

		<b>2020</b>		<b>2019</b>	
	Note	€	€	€	€
Guarantee fees	15.1	18,169,223		17,306,440	
Resolution fees	15.2	<u>93,876</u>		<u>95,244</u>	
<b>Total operating income</b>			18,263,099		17,401,684
Salaries	16.	6,737,700		6,097,290	
Other employee benefits	17.	3,025,717		3,633,151	
Depreciation and amortisation	18.	773,495		490,520	
Other operating expenses	19.	<u>4,172,957</u>		<u>4,544,604</u>	
<b>Total operating expenses</b>			(14,709,869)		(14,765,565)
Movement in the provision for guarantee obligations	20.		<u>(337,029)</u>		<u>11,019,105</u>
<b>Operating profit</b>			3,216,201		13,655,224
Realised and unrealised gains and losses on investments	21.		(400,226)		378,048
Financial income and expenses	22.		(19,547,581)		(20,974,996)
<b>Result before tax</b>			(16,731,606)		(6,941,725)
Corporation tax	23.		<u>(3,156,996)</u>		<u>(3,536,003)</u>
<b>Result after tax</b>			<u>(19,888,602)</u>		<u>(10,477,728)</u>

**Cash flow statement for 2020****Cash flow from operating activities**

	Note	<u>2020</u> €	<u>2019</u> €
Result after tax		(19,888,602)	(10,477,728)
Adjustments for:			
Amortisation	4.	581,092	294,460
Depreciation		192,404	196,060
Realised and unrealised gains and losses on investments	21.	400,226	(378,048)
Movement in provisions	9.1	30,893,090	21,263,772
Withdrawals from provisions	9.1	(23,004,549)	(18,094,992)
Corporation tax paid	9.2	(4,165,930)	(3,976,232)
Movements in working capital:			
Movements in receivables		3,736,449	4,437,094
Movements in current liabilities		(790,191)	(555,747)
<i>Cash flow from operating activities</i>		<i>(12,046,117)</i>	<i>(7,291,360)</i>
<b>Cash flow from investment activities</b>			
Additions to tangible and intangible fixed assets	4.	(941,119)	(882,617)
Disposals of tangible fixed assets	4.	-	4,251
Purchases of securities	5.	(75,971,713)	(72,359,148)
Sales of securities and redemptions	5.	86,045,323	75,562,262
<i>Cash flow from investment activities</i>		<i>9,132,491</i>	<i>2,324,748</i>
<b>Movements in cash</b>		<b>(2,913,626)</b>	<b>(4,966,612)</b>
Closing cash balance	7.	1,296,282	4,209,908
Opening cash balance	7.	4,209,908	9,176,520
<b>Movements in cash</b>		<b>(2,913,626)</b>	<b>(4,966,612)</b>



## 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 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

WSW's offices are situated at Marathon 6, 1213 PK 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

WSW prepares the cash flow statement using the indirect method.

Income and expenditure relating to interest, dividends received and tax on profits are included in the cash flow from operating activities. 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 expected cash flows, 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 since 2019, WSG and SHH are being consolidated and consolidated financial statements are being prepared from 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. They are 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 fair value through profit or loss are recognised directly through the statement of income and expenditure.

### 2.6.3. Deferred tax assets

See note 3.7 ('Tax') for information on the measurement and recognition of deferred tax assets.

## 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 2020 (2019: European swap rate at 31 December 2019) 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

See note 3.7 ('Tax') for information on the measurement and recognition of deferred tax liabilities.

### 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 substantially 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 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 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 that they 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. SPW submitted a recovery plan to the regulator in March 2020 which showed that it could extinguish the deficit on its reserves within the set period. 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. Interest income is recognised on a proportionate basis, based on the effective interest rate.

### 3.7. Tax

#### 3.7.1. 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.

#### 3.7.2. 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:	<u>Software 2020</u>	<u>Software 2019</u>
	€	€
<b>Balance at 1 January</b>		
Purchase price	3,113,661	4,868,646
Accumulated amortisation and impairment	<u>(1,714,856)</u>	<u>(3,919,756)</u>
Carrying amount	<u>1,398,805</u>	<u>948,890</u>
<b>Movements during the reporting period</b>		
Additions/assets under development	879,447	734,090
Reclassification of computer systems to software	-	10,285
Retirements of software	-	(2,499,360)
Accumulated amortisation on retirements of software	-	2,499,360
Amortisation of intangible fixed assets	<u>(581,092)</u>	<u>(294,460)</u>
Balance	298,355	449,915
<b>Balance at 31 December</b>		
Purchase price	3,993,108	3,113,661
Accumulated amortisation and impairment	<u>(2,295,948)</u>	<u>(1,714,856)</u>
Carrying amount	<u>1,697,160</u>	<u>1,398,805</u>
Amortisation rates	<u>20%</u>	<u>20%</u>

Intangible fixed assets consist of software used on WSW's computer systems. Fully amortised software of €2,499,360 was retired in 2019.

## 4.2 Tangible fixed assets

Movements in tangible fixed assets:

	<b>Refurbishments</b>	<b>Computer systems</b>	<b>Office equipment</b>	<b>Total</b>
	€	€	€	€
<b>Balance at 1 January 2020</b>				
Purchase price	1,044,053	359,606	558,664	1,962,322
Accumulated depreciation and impairment	<u>(940,055)</u>	<u>(168,824)</u>	<u>(490,362)</u>	<u>(1,599,242)</u>
Carrying amount	<u>103,998</u>	<u>190,782</u>	<u>68,302</u>	<u>363,081</u>
<b>Movements during the reporting period</b>				
Additions	-	50,404	11,269	61,673
Depreciation	(96,593)	(74,074)	(21,737)	(192,404)
Balance	(96,593)	(23,670)	(10,468)	(130,731)
<b>Balance at 31 December 2020</b>				
Purchase price	1,044,053	410,009	569,933	2,023,995
Accumulated depreciation and impairment	<u>(1,036,648)</u>	<u>(242,899)</u>	<u>(512,099)</u>	<u>(1,791,646)</u>
Carrying amount	<u>7,405</u>	<u>167,110</u>	<u>57,834</u>	<u>232,349</u>
Depreciation rates	<u>10%</u>	<u>20%</u>	<u>20%</u>	

Refurbishments are alterations to the premises at Marathon 6 in Hilversum. Computer systems consist largely of hardware. Office equipment consists mainly of office furniture and similar items.

Movements in tangible fixed assets in 2019:

	<b>Refurbishments</b>	<b>Computer systems</b>	<b>Office equipment</b>	<b>Total</b>
	€	€	€	€
<b>Balance at 1 January 2019</b>				
Purchase price	1,044,053	253,001	532,570	1,829,624
Accumulated depreciation and impairment	<u>(835,650)</u>	<u>(108,275)</u>	<u>(460,550)</u>	<u>(1,404,475)</u>
Carrying amount	<u>208,403</u>	<u>144,726</u>	<u>72,020</u>	<u>425,149</u>
<b>Movements during the reporting period</b>				
Additions	-	122,434	26,094	148,527
Reclassification of computer systems to software	-	(10,285)	-	(10,285)
Disposals: reduction of cost	-	(5,544)	-	(5,544)
Disposals: reduction of accumulated depreciation	-	1,294	-	1,294
Depreciation	<u>(104,405)</u>	<u>(61,843)</u>	<u>(29,812)</u>	<u>(196,060)</u>
Balance	(104,405)	(46,055)	(3,718)	(62,068)
<b>Balance at 31 December 2019</b>				
Purchase price	1,044,053	359,606	558,664	1,962,322
Accumulated depreciation and impairment	<u>(940,055)</u>	<u>(168,824)</u>	<u>(490,362)</u>	<u>(1,599,242)</u>
Carrying amount	<u>103,998</u>	<u>190,781</u>	<u>68,302</u>	<u>363,081</u>
Depreciation rates	<u>10%</u>	<u>20%</u>	<u>20%</u>	



## 5. Financial fixed assets

### 5.1. Securities

Movements in securities:

	<u>2020</u>	<u>2019</u>
	€	€
<b>Balance at 1 January</b>	525,724,858	528,549,824
Unrealised price gains and losses in the reporting period	3,974,528	5,964,777
Purchases of securities	75,971,713	72,359,148
Sales and redemptions of securities	<u>(90,420,076)</u>	<u>(81,148,891)</u>
<b>Balance at 31 December</b>	<u>515,251,023</u>	<u>525,724,858</u>

The purchase price of listed securities at 31 December 2020 was €510,172,301 (2019: €524,620,664).

There was a positive result on the investment portfolio in 2020 of €9,614,621, consisting of net realised and unrealised capital gains and losses on investments and interest income (2019: €11,685,929 positive). Unrealised gains and losses (€4.0 million) and interest income (€10.0 million) exceeded the realised loss on sales (€4.4 million). Sales and redemptions of securities generated a loss of €4,374,754 (2019: €5,586,729 loss) since lower values were achieved because of current lower interest rates on securities with long maturities.

The investment objective is to maintain the nominal value, aiming as far as possible to at least offset inflation. WSW is the legal and beneficial owner of the securities, which are managed by InsingerGilissen Bankiers. The custodian of the securities is Quintet Private Bank (Europe) S.A. All securities are available to WSW on demand. The investment portfolio forms part of the risk capital and can be used in the event of a guarantee claim. WSW has a credit facility with the custodian, ensuring access to cash at very short notice if the portfolio cannot be immediately liquidated.

The external asset manager manages the investment portfolio in accordance with a passive investment mandate relative to a market-weighted benchmark. In accordance with its investment policy, WSW invests exclusively in euro-denominated bonds. The maximum holding per issuer is 10%, except for the sovereign debt of euro area countries. Fixed-income securities with an A rating may not constitute more than 10% of the portfolio. If this percentage is exceeded as the result of a downgrade, the portfolio is rebalanced so that the limit is no longer exceeded.

The securities portfolio at 31 December 2020:

*Composition by rating based on fair value of the investments (excluding accrued interest):*

(x €1000)

Rating	Fair value	% distribution	Fair value	% distribution
	2020	2020	2019	2019
AAA	297,560	57.75	302,555	57.55
AA	217,691	42.25	223,170	42.45
Total	515,251	100.00	525,725	100.00

Portfolio performance is assessed by the extent to which the investment objective is met. If the benchmark return is insufficient to meet the investment objective or where this is necessitated by global developments, the benchmark is reviewed. The investment portfolio achieved a gain (including interest income) of 1.78% in 2020 (2019: 2.14%). Consequently the investment portfolio met the investment objective of maintaining nominal; value Inflation in 2020 was 0.98% (2019: 2.72%). The return on the investment portfolio in 2020 was more than enough to offset inflation in the Netherlands. The benchmark performance during the same period was 1.82% (2019: 2.18%).



The duration of the portfolio as a measure of interest-rate sensitivity at 31 December 2020 was 5.54 years (2019: 5.36 years). As an indication of interest-rate sensitivity: the market value of the investments at 31 December 2020 would change by some €28.5 million if the interest rates fluctuate by 1 percentage point (2019: €28.2 million).

The table below shows the portfolio's composition by maturity in 2020 and 2019. There was no significant change in the composition by maturity relative to 2019.

Composition by maturity of the investments in 2020:

Maturity (years)	% distribution	% distribution	Difference between 2020 and 2019 (percentage points)
	2020	2019	
0-3 years	24.74	24.99	(0.25)
3-5 years	20.32	21.25	(0.93)
5-7 years	21.10	22.45	(1.35)
7-10 years	20.14	17.56	2.58
10 or more	13.70	13.75	(0.05)

**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 Guarantee fees receivable**

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Guarantee fees	<u>4,629,397</u>	<u>4,386,609</u>
	<u>4,629,397</u>	<u>4,386,609</u>

All guarantee fees receivable have a maturity of less than 30 days. No provision for doubtful debts is deemed necessary.

**6.2 Corporation tax receivable**

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Corporation tax	<u>3,871,963</u>	<u>3,197,324</u>
	<u>3,871,963</u>	<u>3,197,324</u>

Corporation tax receivable relates to advance payments of corporation tax for 2020 and 2019. The current tax charges for 2020 and 2019 are €2,227,441 and €2,044,784 respectively. The advance corporation tax charge was set too high as it was based on higher levels of taxable income in previous years. All corporation taxes in respect of years before 2019 have been paid. Corporation taxes up to and including 2017 have been finalised.

**6.3 Prepayments and accrued income**

Accrued interest	5,112,374	5,661,617
Prepaid other costs	<u>378,631</u>	<u>298,350</u>
	<u>5,491,005</u>	<u>5,959,967</u>

Accrued interest income relates to interest earned on the investment portfolio.

#### 6.4. Other receivables

Other receivables	<u>5,595</u>	<u>24,472</u>
	<u>5,595</u>	<u>24,472</u>

#### 7. Cash

Bank	<u>1,296,282</u>	<u>4,209,908</u>
	<u>1,296,282</u>	<u>4,209,908</u>

The cash is at the free disposal of WSW. WSW has a bank facility of up to €423.5 million under which cash amounting to 95% of the market value of the investment portfolio is made immediately available in the event of a claim. WSW has not drawn on this facility in 2020 or previous years.

#### 8. Capital

Capital consists of the legal reserve and the Other reserve. The company capital differs from the consolidated capital. See note 30.5.3 for information on the consolidated capital.

##### 8.1. Legal reserve

	€
Balance at 1 January 2020	1,398,805
Supplement from the result	<u>298,355</u>
Balance at 31 December 2020	1,697,160

The legal reserve covers the capitalised cost of software developed and is supplemented from the proposed appropriation of the result.

##### 8.2. Other reserve

	€
Balance at 1 January 2020	250,089,052
Appropriation of result	<u>(20,186,957)</u>
Balance at 31 December 2020	229,902,095

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 to appropriate the balance of income and expenditure by transferring €0.3 million to the legal reserve and €20.2 million from the Other reserve. This proposal has been incorporated in the financial statements.

#### 9 Provisions

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Provision for guarantee obligations	298,020,310	291,125,402
Provision for deferred tax	<u>1,269,681</u>	<u>276,048</u>
	<u>299,289,991</u>	<u>291,401,450</u>

## 9.1 Provision for guarantee obligations

### Obligations from the 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 Minister BZK 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. The total nominal value of these liabilities is €424.6 million, being €143.2 million for SHH and €281.4 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 for the next two years less the expected outcome of the administrative-law proceedings against BZK.

### Measurement of provision for guarantee obligations

The provision is measured at the present value of the expected cash flows. WSW uses the European swap rate at 31 December 2020 for this (2019: European swap rate at 31 December 2019). €29.6 million was added to the provision for guarantee obligations in 2020 as a result of discounting in view of downward trends in interest rates (2019: addition of €32.3 million). The other additions of €0.3 million in 2020 are a result of a rise in the forecast legal fees to €200,000 per entity for the coming two years.

In 2020, €23.0 million (2019: €18.1 million) was withdrawn for contractual payments of interest and redemptions and legal fees.

	2020			2019		
	WSG	SHH	Total	WSG	SHH	Total
	€					
Balance at 1 Jan	159,111,268	132,014,134	291,125,402	160,195,116	127,761,505	287,956,621
Discounting	13,960,534	15,601,894	29,562,428	14,655,752	17,627,125	32,282,877
Addition/release	189,151	147,878	337,029	139,150	(11,158,255)	(11,019,105)
Withdrawal	(19,976,367)	(3,028,182)	(23,004,549)	(15,878,750)	(2,216,241)	(18,094,991)
Balance at 31 Dec	153,284,586	144,735,724	298,020,310	159,111,268	132,014,134	291,125,402

The release of €11.2 million for SHH in 2019 was a consequence of fixing interest review dates and removing embedded derivatives from the loan contracts for which conservative estimates had been made in 2018 and of adjustments resulting from the implementation agreements entered into with WSG and SHH.

### 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. WSG and SHH are each objecting to the decisions to reject the resolution grant. The provision only recognises the part of the claim that addresses the percentage of 'non-vital activities in the general economic interest'.

WSW believes it has received too little resolution grant as the State has applied too low a percentage (55%) for 'non-vital activities in the general economic interest' compared with the actual 'non-vital activities in the general economic interest' (76%). WSW has objected to this and lodged an appeal against the State.

WSW expects a conclusion to the administrative-law proceedings within two years. If WSW's appeal fails, a further provision of €129.2 million based on market values (2019: €116.5 million) will be required. See note 14.6 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	16,264,836	2,340,954	18,605,790
1-5 years	34,244,773	21,992,285	56,237,058
> 5 years	102,774,977	120,402,485	223,177,462
Total	153,284,586	144,735,724	298,020,310

#### Duration of loan servicing

The duration of the interest payments and redemptions as a measure of interest-rate sensitivity at 31 December 2020 was 16.03 years (2019: 17.10 years). As an indication of interest-rate sensitivity, the market value of these future payments (€430.2 million at 31 December 2020 and €394.0 million at 31 December 2019) would rise by some €77.0 million (2019: €70.7 million) if interest rates fall by 1 percentage point and would fall by €59.3 million (2019: €55.1 million) if interest rates rise by 1 percentage point.

#### **9.2 Provision for deferred tax**

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

	<u>2020</u>	<u>2019</u>
	€	€
Balance at 1 January	276,048	(1,215,171)
Movements in provision for deferred tax	<u>993,633</u>	<u>1,491,219</u>
Balance at 31 December	1,269,681	276,048

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 2020 the market value of the securities had increased further to above the purchase price, creating a larger deferred tax liability compared with 2019. Consequently, a provision for deferred tax has been formed.

#### **10. 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.

#### **11. Other tax and social security contributions**

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Value added tax	36,412	34,881
Payroll taxes	<u>187,143</u>	<u>349,515</u>
	223,555	384,396

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 2020.

In 2019 the current payroll taxes liability consisted mainly of additional payroll tax assessments for the period 2014-2018 following an audit by the Tax and Customs Administration.

#### **12. Accruals and deferred income**

Accrued paid leave entitlements	249,757	177,285
Reserve for individual career budgets	142,510	118,123
Advance payments for SBR-wonen	<u>-</u>	<u>521,619</u>
	392,267	817,027

Advance payments for SBR-wonen

Until November 2019, WSW kept the accounts of SBR-wonen. 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, BZK and the Dutch Authority for Housing Associations. The advance payments for SBR-wonen in 2019 consisted of the difference between the operating expenses of SBR-wonen’s supply chain team and the advances received from the parties to the agreement. The Human Environment and Transport Inspectorate (ILT) of the Ministry of Infrastructure and Water Management has been keeping the accounts of SBR-wonen since November 2019.

**13. Other payables**

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Commuting allowances payable	80,115	62,393
Investment portfolio management fees payable	48,000	48,743
Expenses payable	<u>164,586</u>	<u>347,656</u>
	292,701	458,792

**14. Off-balance sheet assets and liabilities**

**14.1. Financial commitments**

Operating leases:

Rent of €0.2 million per year is payable in respect of the office premises and parking spaces. None of the total amount shown is payable after more than one year. The rental contract expires on 31 December 2021.

Operating lease liabilities relating to the vehicle fleet totalled €652,296 at year-end as follows:

Amounts payable:	<b>€</b>
Within 1 year	3,973
Between 1 and 5 years	648,323
After 5 years	-

**14.2. 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 2020 was €81.3 billion (2019: €80.0 billion).

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

The primary purpose of the risk capital is to meet guarantee claims. It amounted to €509.9 million at 31 December 2020 (2019: €526.5 million) as follows:

<i>(in € million)</i>	<u>31 December 2020</u>	<u>31 December 2019</u>
Investments at the lower of purchase price and market value	510.2	524.6
Cash	1.3	4.2
Liabilities comprising payables, accruals and deferred income and debt excluding provisions for guarantee obligations	(1.6)	(2.4)
Risk capital	509.9	526.5

WSW will call on the participants' committed capital if a guarantee claim is made such that the own risk capital falls below the guaranteed debt level. The guaranteed debt level is 0.25% of the total guaranteed volume (31 December 2020: €203 million). If guarantee claims, whether already submitted or impending, are likely to result in the risk capital falling below guaranteed residual debt after the committed capital has been called upon, use is then made of the backstop arrangements with the government 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. In 2020 committed capital supplement was nil (2019: nil).

We completed the development of the new capital policy in 2020 and it will be implemented in 2021.

#### 14.3. 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.

#### 14.4. Claims

The risk of claims as a result of the passage of time is regarded as negligible.

#### 14.5. 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.

#### 14.6. Appeal proceedings against the State

The proceedings against the resolution decisions by the State initiated by WSW, WSG and SHH in 2018 are still ongoing.

The court heard the appeals by SHH and WSG on 25 May 2020 and ruled on them on 2 and 3 July 2020, declaring both to be unfounded. SHH and WSG appealed against these rulings at the Administrative Jurisdiction Division of the Council of State. Expectations on the progress and outcome of the appeals proceedings have not changed although the effect of the coronavirus pandemic on the progress of the proceedings cannot yet be estimated.

The court ruled on 9 April 2020 that the appeal by WSW was unfounded. The court ruled that WSW was not an admissible party to either case. WSW has appealed against these rulings at the Administrative Jurisdiction Division of the Council of State.

The proceedings of SHH and WSG and of WSW are separate cases on which WSW has made contractual arrangements with WSG and SHH with respect to the way they conduct these appeals. That WSW was not an admissible party to the appeals is a scenario that had been anticipated and has no impact on the assessment of the proceedings as incorporated in the provision for guarantee obligations.

A positive outcome is expected and in that scenario the amounts provided for overpaid expenses in the years to 2022 will be recovered. If there is an adverse outcome to the appeals proceedings, an extra provision of €129.2 million (2019: €116.5 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.

#### 14.7. COVID-19

WSW has strictly obeyed the government's regulations on the pandemic from the start. Based on the structure of the guarantee system, there is assumed to be no uncertainty about WSW's continuity.

Furthermore, after examining its operations and taking measures to ensure critical processes, WSW believes that as far as can be seen at the moment there is no uncertainty about its continuity.

We have also examined the possible effects on our participants and the guarantee system. As no indications have been received that losses have been suffered, the corporations' cash flows have been maintained thanks to government income support and highlighted delays to investment. The housing associations were able to continue to meet their financial obligations without there being a risk of a claim against the guarantee. This is expected to continue into the near future.

## Notes to the company statement of income and expenditure

### 15. Income

#### 15.1 Guarantee fees

	<u>2020</u>	<u>2019</u>
	€	€
Guarantee fees	18,169,223	17,306,440

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

#### 15.2 Resolution fees

Resolution fees	93,876	95,244
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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 2020 than in the previous year.

### 16. Salaries

#### Salaries

Gross wages and salaries	5,163,792	4,699,863
Social security charges	640,032	648,432
Pension charges	<u>933,876</u>	<u>748,995</u>
	6,737,700	6,097,290

Salaries increased in 2020 compared with 2019 as a result of regular negotiated pay rises and changes in the workforce.

#### 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 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. SPW's financial position did not permit any increase to be made in 2020.

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 year-end 2020, SPW had a funding ratio of 109.3% (year-end 2019: 110.7%) compared with a requirement at the end of 2020 and later years of 126.6%, meaning that the fund still has a shortfall in its reserves. SPW is working on a new recovery plan and expects it can resolve the shortfall autonomously so



that WSW will not have to make a further contribution. Consequently, there is no need for WSW to form a provision at 31 December 2020.

**17. Other employee benefits**

	<u>2020</u>	<u>2019</u>
	€	€
Temporary staff employed via third parties	2,098,987	2,600,474
Other employee benefits	<u>926,730</u>	<u>1,032,677</u>
	<u>3,025,717</u>	<u>3,633,151</u>

Temporary staff employed via third parties was down on the previous year. Temporary staff were hired in 2020 and 2019 for information systems projects and the strategic programme.

Other employee benefits included lease payments for the vehicle fleet of €240,276 (2019: €254,944). No computer or other equipment was leased in 2020 (2019: €46,786).

**18. Depreciation and amortisation**

Software	581,091	294,460
Refurbishments	96,593	104,405
Hardware	74,075	61,843
Office equipment	<u>21,736</u>	<u>29,812</u>
	<u>773,495</u>	<u>490,520</u>

**19. Other operating expenses**

Cost of premises	456,912	343,098
General overheads	3,552,210	4,042,721
Cost of supervisory and advisory bodies	<u>163,835</u>	<u>158,784</u>
	<u>4,172,957</u>	<u>4,544,603</u>

**19.1. Cost of premises**

	<u>2020</u>	<u>2019</u>
	€	€
Rent	214,154	185,283
Cleaning	35,336	36,020
Gas, water and electricity	132,359	72,708
Insurance	32,143	14,937
Other costs relating to premises	<u>42,920</u>	<u>34,150</u>
	456,912	343,098

As a result of prior-year service charges being received late, the rent and gas, water and electricity expenses were higher as a result of indexation.

**19.2. General overheads**

IT	1,643,442	1,432,622
Consultants	774,543	788,738
Auditor	192,390	192,390
Investment expenses	437,646	429,494
Information and documentation	54,282	53,842



Rating agencies	132,313	108,960
Costs of retrieving data from participants	228,484	953,418
Other general expenses	<u>89,110</u>	<u>83,257</u>
	<u>3,552,210</u>	<u>4,042,721</u>

Consultants were legal, tax and other consultancy fees. Investment expenses consisted of fees paid for the external management of WSW's investments. Costs of retrieving data from participants comprised the contribution to the operating and development costs of SBR-women (see note 12). These costs were lower than in the preceding year since the development has been completed and management has started.

### 19.2.1 Audit fee

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

Audit of the financial statements	192,390	192,390
Other audit work	-	-
Tax advice	-	-
Other non-audit work	-	-
Total	<u>192,390</u>	<u>192,390</u>

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).

<b>20. Movement in the provision for guarantee obligations</b>	<u>2020</u>	<u>2019</u>
	€	€
Addition/release	337,029	11,019,105
Movement in provision for guarantee obligations	<u>337,029</u>	<u>11,019,105</u>

The addition to the guarantee obligations is explained in note 9.1 Provision for guarantee obligations.

### 21. Realised and unrealised gains and losses on investments

Realised gains and losses on investments	(4,374,754)	(5,586,729)
Unrealised gains and losses on investments	<u>3,974,528</u>	<u>5,964,777</u>
	(400,226)	378,048

### 22. Financial income and expenses

Interest charge for discounting provision for guarantee obligations	(29,562,428)	(32,282,877)
Interest earned on the investment portfolio	<u>10,014,847</u>	<u>11,307,881</u>
Financial income and expenses	<u>(19,547,581)</u>	<u>(20,974,996)</u>

From 2020, the interest charge for discounting the provision for guarantee obligations is presented separately in financial income and expenses. If a provision is measured at present value, Dutch Accounting Standards no longer permit an increase in the provision as a result of accruing interest to be presented as an addition to the provision in the statement of income and expenditure. For improved comparability, such interest accrual must now be presented as interest expense in the statement of income and expenditure.

The comparative figures have been restated accordingly. The accrued interest for discounting the provision for guarantee obligations is explained in note 9.1 Provision for guarantee obligations.

### 23. Corporation tax

<b>Result from ordinary activities before tax</b>	<b>(16,731,605)</b>	<b>(6,941,725)</b>
<i>Differences between annual figures as calculated for filing and tax purposes</i>		
<i>Temporary differences</i>		
Securities	(3,974,528)	(5,964,777)
Non-deductible legal fees	(237,030)	(156,481)
<i>Permanent differences</i>		
Movement in the provision for guarantee obligations	337,029	(11,019,105)
Discounting the provision for guarantee obligations	29,562,428	32,282,877
Other permanent differences	21,472	18,347
<b>Taxable result</b>	<b>8,977,766</b>	<b>8,219,137</b>
<i>Corporation tax due on the above figure:</i>		
16.5% on €200,000	33,000	40,000
25% on the remainder of the taxable result	2,194,441	2,004,784
	<b>2,227,441</b>	<b>2,044,784</b>
Prior-year adjustments to corporation tax	(64,079)	-
Movements in deferred tax	993,633	1,491,219
<b>Corporation tax for the reporting period</b>	<b>3,156,996</b>	<b>3,536,003</b>
<i>Effective tax rate</i>	<i>(18.87%)</i>	<i>(50.94%)</i>

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 unrealised gains and losses on securities and the addition 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 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.

### 24. Average number of staff

The average workforce (measured in full-time equivalents) in 2020 was 67.6 (2019: 60.3). WSW does not employ any staff outside the Netherlands.

	31 December 2020	Average 2020	Average 2019
Executive Board	2.0	2.0	2.0
Management support	15.1	14.4	14.3
Risk management	18.8	18.6	14.6
Account management including Special Accounts	18.7	17.3	17.4
Information management	5.9	6.0	6.9
Operations & Control	6.7	6.5	5.1

Total number of employees (FTE)	67.2	64.8	60.3
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### 25.1 Executive Board remuneration

The total remuneration of the Executive Board of WSW in 2020, comprising gross salaries including holiday allowances and pay in lieu of holiday entitlement, was €401,918 (2019: €387,457). Pension costs for the Executive Board amounted to €49,037 in 2020 (2019: €45,738).

The remuneration payable to the members of the Supervisory Board, including VAT, amounted to €123,356 in 2020 (2019: €117,852). The remuneration of Supervisory Board members was raised by 3.61% in 2020 (2019: 3.74%) 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

In €1	R. Röttscheid	R. Röttscheid	L.J. van Kalsbeek	L.J. van Kalsbeek
Position	Executive Board member	Executive Board member	Executive Board member	Executive Board member
Year	2020	2019	2020	2019
Period of employment in 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
<b>Remuneration</b>				
Remuneration plus taxable expense allowances	176,400	170,613	176,480	171,106
Future payments	24,538	22,872	24,499	22,866
<b>Total remuneration</b>	<b>200,938</b>	<b>193,485</b>	<b>200,979</b>	<b>193,973</b>
Individual remuneration limit	201,000	194,000	201,000	194,000

No undue amounts were paid.

#### Supervisory Board

The maximum remuneration payable to members of the Supervisory Board in 2020 under the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act is 15% of the maximum amount for 2020 for the chair, and 10% of the maximum amount for 2020 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 composition, period of employment and remuneration of the members of the Supervisory Board in 2020 as compared with 2019. Ms Tjihuis stood down on 11 June 2020 and Mr Calon joined the board on 9 November 2020.

In €1	H.M. Meijdam	G. van Vollenhoven	J.G. Pot	Prof. D. Brounen	J.E.M. Tjihuis	M.A.E. Calon
Position(s)	Chair	Member	Member	Member	Member	Member
Period of employment in 2020	1 Jan - 31 Dec	1 Jan - 31 Dec	1 Jan – 31 Dec	1 Jan - 31 Dec	1 Jan - 11 Jun	9 Nov - 31 Dec
<b>Remuneration (in €)</b>						
Remuneration	30,150	20,100	20,100	20,100	8,587	2,911
<b>Total remuneration</b>	<b>30,150</b>	<b>20,100</b>	<b>20,100</b>	<b>20,100</b>	<b>8,587</b>	<b>2,911</b>

In €1	<b>H.M. Meijdam</b>	<b>G. van Vollenhoven</b>	<b>J.G. Pot</b>	<b>Prof. D. Brounen</b>	<b>J.E.M. Tijhuis</b>
<b>Position(s)</b>	Chair	Member	Member	Member	Member
<b>Information for 2019 (in €1)</b>					
Period of employment	1 Feb - 31 Dec	1 Feb - 31 Dec	25 Sep - 31 Dec	25 Jun - 31 Dec	1 Jan - 31 Dec
Remuneration	29,100	19,400	19,400	10,099	19,400
<b>Total remuneration</b>	<b>29,100</b>	<b>19,400</b>	<b>19,400</b>	<b>10,099</b>	<b>19,400</b>

**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 2020 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.

**25.2. Date of preparation of the company financial statements**

These company financial statements were prepared on 21 April 2021.

## 8. Consolidated financial statements

### 26.1 Consolidated balance sheet at 31 December 2020

(after appropriation of the result)

<b>Assets</b>	Note	<b>31 December 2020</b>		<b>31 December 2019</b>	
		€	€	€	€
<i>Fixed assets</i>	4.				
<b>Intangible fixed assets</b>					
Software		<u>1,697,160</u>		<u>1,398,805</u>	
			1,697,160		1,398,805
<b>Tangible fixed assets</b>					
Refurbishments		7,405		103,998	
Computer systems		167,110		190,781	
Office equipment		<u>57,834</u>		<u>68,301</u>	
			232,349		363,080
<i>Financial fixed assets</i>	30.				
Securities	30.2	515,251,021		525,724,858	
Other receivables	30.1	<u>800,000</u>		<u>900,000</u>	
			516,051,021		526,624,858
<i>Current assets</i>					
<b>Receivables</b>					
Guarantee fees receivable	6.1	4,629,397		4,386,609	
Corporation tax receivable	6.2	3,871,963		3,197,324	
Receivable from investees	30.12	500,000		-	
Prepayments and accrued income	30.3	5,755,682		6,032,768	
Other receivables	30.4	<u>105,595</u>		<u>1,428,472</u>	
			14,862,637		15,045,173
<b>Cash</b>	7.		<u>10,883,806</u>		<u>13,234,271</u>
			<u>543,726,973</u>		<u>556,666,187</u>

<b>Capital and liabilities</b>		<b>31 December 2020</b>		<b>31 December 2019</b>		
		Note	€	€	€	€
<b>Consolidated capital</b>		30.5				
Legal reserve			1,697,160		1,398,805	
Other reserve			<u>180,710,524</u>		<u>176,630,484</u>	
				182,407,684		178,029,289
<b>Provisions</b>						
Provision for deferred tax	30.6		1,269,681		276,048	
Provision for guarantee obligations	30.6.1		-		-	
Other provisions	30.6.2		<u>3,677,368</u>		<u>3,676,371</u>	
				4,947,049		3,952,419
<b>Non-current liabilities</b>						
Amounts owed to credit institutions	30.7			335,617,531		352,747,552
<b>Current liabilities</b>						
Redemption of long-term loans	30.7		19,011,769		19,398,518	
Suppliers and trade creditors			683,948		715,501	
Other tax and social security contributions	11.		223,555		384,396	
Accruals and deferred income	30.8		542,737		979,720	
Other payables	30.9		<u>292,700</u>		<u>458,792</u>	
				<u>20,754,709</u>		<u>21,936,927</u>
				<u>543,726,973</u>		<u>556,666,187</u>

## 26.2 Consolidated statement of income and expenditure for 2020

		<u>2020</u>	<u>2019</u>
		€	€
	Note		
Guarantee fees		18,169,223	17,306,440
Resolution fees		93,876	95,244
Other income		<u>500,000</u>	-
<b>Total operating income</b>		18,763,099	17,401,684
<i>Operating expenses</i>			
Salaries		6,737,701	6,097,290
Other employee benefits	30.12.1	3,136,729	4,206,803
Depreciation and amortisation		773,495	490,520
Movement in provisions	30.12.2	238,027	-
Other operating expenses	30.12.3	<u>4,695,495</u>	<u>4,800,362</u>
<b>Total operating expenses</b>		(15,581,447)	(15,594,975)
<b>Operating profit</b>		3,181,652	1,806,709
Realised and unrealised gains and losses on investments		(400,226)	378,048
Financial income and expenses	30.12.4	4,753,965	(2,686,628)
<b>Result before tax</b>		7,535,391	(501,871)
Corporation tax	31.	<u>(3,156,996)</u>	<u>(3,536,003)</u>
<b>Consolidated result after tax</b>		<u>4,378,395</u>	<u>(4,037,874)</u>

**26.3 Consolidated cash flow statement for 2020**
**Cash flow from operating activities**

	<u>2020</u>	<u>2019</u>
	€	€
Result after tax	(4,378,395)	(4,037,874)
Adjustments for:		
Amortisation	581,092	294,460
Depreciation	192,404	196,060
Realised and unrealised gains and losses on investments	400,226	(378,048)
Movement in provisions	238,027	9,462,801
Withdrawals from other provisions	(237,030)	(192,748)
Amortisation of long-term loans	(6,250,110)	(4,902,586)
Corporation tax paid	(4,165,930)	(3,976,232)
Redemptions of financial fixed assets receivable	100,000	213,000
Redemptions of outstanding loans	(11,266,660)	(9,038,217)
Movements in working capital:		
Movements in receivables	4,251,099	(2,545,076)
Movements in current liabilities excl. current loans	(795,469)	2,538,409
Movements in property intended for sale	1,091,000	1,091,000
<i>Cash flow from operating activities</i>	<i>(12,573,956)</i>	<i>(11,275,051)</i>
<b>Cash flow from investment activities</b>		
Additions to tangible fixed assets	(941,119)	(882,617)
Disposals of tangible fixed assets	-	4,251
Purchases of securities	(75,971,713)	(72,359,148)
Sales of securities and redemptions	86,045,323	75,562,262
Sales of properties intended for sale	1,091,000	-
<i>Cash flow from investment activities</i>	<i>10,223,491</i>	<i>2,324,748</i>
<b>Movements in cash</b>	<b>(2,350,465)</b>	<b>(8,950,303)</b>
Closing cash balance	10,883,806	13,234,271
Opening cash balance	13,234,271	9,176,520
Increase in scope of consolidation	-	13,008,054
<b>Movements in cash</b>	<b>(2,350,465)</b>	<b>(8,950,303)</b>

Increase in scope of consolidation is the cash held by consolidated entities at the date when first consolidated in 2019.



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

### 27. General notes

#### 27.1. 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.

#### 27.2. 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 is incorporating 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.

#### Consolidated legal entities:

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

### 27.3. 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.

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

### 28.1. Basis of consolidation

The consolidated financial statements at 31 December 2020 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 inter-group transactions and results with and from 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.

### 28.2. 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.

### 28.3. 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.

**28.4. 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.

**28.5. Hedge accounting**

The consolidated entities do not use hedge accounting.

**29. 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.

**30. Notes to the consolidated balance sheet and statement of income and expenditure****30.1. Financial fixed assets**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	€	€
Securities	515,251,021	525,724,858
Other receivables	<u>800,000</u>	<u>900,000</u>
	<u>516,051,021</u>	<u>526,624,858</u>

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 €815,512 (nominal value: €800,000).

**30.2. Securities**

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

	<b>31 December 2020</b>	<b>31 December 2019</b>
	€	€
<b>30.3. Prepayments and accrued income</b>		
Accrued interest	5,112,374	5,661,617
Prepaid other costs	643,308	362,151
Interest receivable	-	<u>9,000</u>
	<u>5,755,682</u>	<u>6,032,768</u>

Accrued interest income relates to interest earned on the investment portfolio.

**30.4. Other receivables**

Stichting Humanitas Zorg	100,000	100,000
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Stichting Berberis	-	213,000
Govers Spil Notarissen	-	1,091,000
Settlement of Couveringepark	500,000	-
Other receivables	<u>5,595</u>	<u>24,472</u>
	<u>605,595</u>	<u>1,428,472</u>

#### *Stichting Humanitas Zorg*

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

#### *Settlement of Couveringepark*

This is proceeds for final settlement of Couveringepark. The alliance between WSG and the developer of Couveringepark has been terminated.

### **30.5. Consolidated capital**

#### **Consolidated capital**

Legal reserve	1,697,160	1,398,805
Other reserve	<u>180,710,524</u>	<u>176,630,484</u>
	182,407,684	178,029,289

Movements in consolidated capital:

	<b>Other reserve</b>	<b>Legal reserve</b>	<b>Consolidated capital</b>
Capital at 1 January 2020	176,630,484	1,398,805	178,029,289
Result for the reporting period	<u>4,080,040</u>	<u>298,355</u>	<u>4,378,395</u>
Capital at 31 December 2020	180,710,524	1,697,160	182,407,684

#### **30.5.1. Notes on the difference between the company and consolidated results**

The difference between the company and consolidated results for 2020 was €24,266,996 as follows:

	€
Result in the company financial statements	(19,888,602)
Operating expenses and income at WSG and SHH	(645,234)
Settlement of Couveringepark	500,000
Adjustment for addition to the company provision for guarantee obligations	29,661,430
Adjustment for interest expenses and amortisation of market value	<u>(5,249,199)</u>
Result in the consolidated financial statements	4,378,395

#### **30.5.2. 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 2020	231,599,255
Difference between the company and consolidated prior years capital	(73,458,567)
Difference between the company and consolidated result for the reporting period	<u>24,266,996</u>
Capital in the consolidated financial statements at 31 December 2020	182,407,684

### 30.6. Provisions

	<u>31 December</u> <u>2020</u> €	<u>31 December</u> <u>2019</u> €
Provision for deferred tax	1,269,681	276,048
Other provisions	<u>3,677,368</u>	<u>3,676,371</u>
	4,947,049	3,952,419

#### 30.6.1. Other provisions

The movements in the other provisions were:

Balance at 1 January	3,676,371	3,569,119
Addition on initial consolidation	-	300,000
Addition	238,027	-
Withdrawal	<u>(237,030)</u>	<u>(192,748)</u>
Balance at 31 December	3,677,368	3,676,371

The other provisions comprised €3.2 million (2019: €3.2 million) for corporation tax on the remaining premium on SHH's loans and a provision for legal fees for WSW for the appeal proceedings against the State of €0.4 million (2019: €0.4 million). The full amount of the other provisions is regarded as long term (more than one year). It is expected that €0 has a term of more than five years.

### 30.7. Non-current liabilities

Non-current liabilities are amounts owed to credit institutions of €335.6 million (2019: €352.7 million) relating to loans granted by credit institutions to WSG and SHH. WSW is guarantor for these loans. Movements in non-current liabilities were:

	€
Outstanding loans at maturity date	352,747,552
Repayment obligation in current liabilities	<u>19,398,518</u>
Balance at 1 January	372,146,070
Movements:	
Redemptions of loans	(11,266,660)
Amortisation of loans	<u>(6,250,110)</u>
Outstanding loans at maturity date	354,629,300
Repayment obligation in current liabilities	<u>19,011,769</u>
Balance at 31 December 2020	335,617,531

On the increase in 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. €11.2 million has been amortised up to 2020. The amortisation of the outstanding loans at year-end 2020 was €128.1 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 to 2020	<u>11,152,695</u>
Amortisation over the remaining term of the loans	128,098,711

The criteria for setting market value were:

- General:  
Market value was computed using the 6-month Euribor swap curve at 31 December 2020 with each maturity being given its own margin.
- 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.
- Redemptions  
The loans are repaid at maturity or on a straight-line basis.

The market value at 31 December 2020 was €429.3 million (31 December 2019: €394.0 million), including accrued interest. A yield curve based on the 6-month swap curve was used when measuring the market value at 31 December 2020.

At 31 December 2020, the weighted average interest rate for WSG's loans was 4.72%, an increase of 0.1 percentage points compared with loans outstanding at year-end 2019 (4.62%). For SHH's loans it was 3.78%, an increase of 0.03 percentage points compared with year-end 2019 (3.75%).

The nominal residual amount of interest and redemptions in the loan portfolio at 31 December 2020 was €424.6 million (31 December 2019: €444.0 million).

Of which:

maturity < 1 year	19.0 million
maturity >= 1 year and <=5 years	78.2 million
maturity > 5 years	327.4 million

### 30.8. Accruals and deferred income

Accruals and deferred income were as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Accrued paid leave entitlements	249,757	177,285
Reserve for individual career budgets	142,510	118,123
Advance payments for SBR-women	-	521,619
Other accruals and deferred income	<u>150,470</u>	<u>162,693</u>
	542,737	979,720

### 30.9. Other payables

Other payables were as follows:

Commuting allowances payable	80,115	62,393
Investment portfolio management fees payable	48,000	48,743
Expenses payable	<u>164,585</u>	<u>347,656</u>
	292,700	458,792

## 30.10. Risks in financial instruments

### 30.10.1 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.

### 30.10.2 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 2020, a fall of 1 percentage point in interest rates could create an increase in market value of the loans portfolio of some €77.0 million (2019: €70.7 million) and an increase of 1 percentage point in interest rates could create a fall in market value of some €59.3 million (2019: €55.1 million). This fluctuation is greater than the fluctuation in the market value of the investments, which would increase or decrease by about €28.5 million (2019: €28.2 million) on a 1 percentage point movement. On balance, interest sensitivity is €48.5 million for a fall in interest rates of 1 percentage point (2019: €42.5 million) and €30.8 million for an increase in interest rates of 1 percentage point (2019: €26.9 million).

### 30.10.3 Price risk

The consolidated entities run risks with respect to the value of securities recognised in financial fixed assets (see note 5). The consolidated entities manage the price risk by maintaining a passive investment policy relative to a market-weighted benchmark. In accordance with its investment policy, WSW invests exclusively in euro-denominated bonds. The maximum holding per issuer is 10%, except for the sovereign debt of euro area countries. Fixed-income securities with an A rating may not constitute more than 10% of the portfolio. If this percentage is exceeded as the result of a downgrade, the portfolio is rebalanced so that the limit is no longer exceeded.

### 30.10.4 Credit risk

WSW ran a limited credit risk on €530.6 million at 31 December 2020 (2019: €543.5 million) in terms of debtors, cash and invested capital. The investment portfolio was €515.3 million (2019: €525.7 million), comprising 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. Cash of €1.3 million (2019: €4.2 million) is held at ING which has an A+ credit rating. WSW runs a credit risk on receivables on €14.0 million (2019: €13.6 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.

### 30.10.5 Liquidity risk

WSW prepares regular liquidity budgets. In the event of liquidity shortfall, WSW can obtain cash by selling part of its investment portfolio. WSW has a bank facility of up to €423.5 million (2019: €433.5 million) under



which cash amounting to 95% of the market value of the investment portfolio is made immediately available in the event of a claim. Furthermore, WSW can call capital committed by the participants and so have cash available over the longer term.

At 31 December 2020 the non-discounted contractual payment obligations were as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Loans	19,011,769	21,659,900	56,493,484	327,399,197
Trade creditors and other payables	683,948	-	-	-
Total	19,695,717	21,659,900	56,493,484	327,399,197

### 30.11. Off-balance sheet arrangements and liabilities

#### 30.11.1. 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 14.6 to the company financial statements for further information.

#### 30.11.2. Claims and legal proceedings

Existing claims and proceedings involving WSG and SHH include a claim that SHH has lodged against former board members. The legal fees that SHH is incurring for this are being reimbursed by Woonbron. WSW is not contributing to this. Any proceeds from this claim will go to Woonbron.

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

#### 30.11.3. Pensions

WSG and SHH no longer have any pension liabilities. All 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.

#### 30.11.4 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.

### 30.12. Notes to the consolidated statement of income and expenditure

#### 30.12.1. Other income

	<u>2020</u>	<u>2019</u>
	€	€
Settlement of Couveringepark	<u>500,000</u>	-
	500,000	-

See the notes to other receivables in the consolidated financial statements (30.4) for notes on the other proceeds from the settlement from the sale of Couveringepark.



**30.12.2. Other employee benefits**

Temporary staff employed via third parties	2,141,480	3,086,888
Other employee benefits	<u>995,249</u>	<u>1,119,915</u>
	3,136,729	4,206,803

**30.12.3. Other operating expenses**

Cost of premises	469,415	361,618
General overheads	4,047,401	4,263,375
Cost of supervisory and advisory bodies	<u>178,679</u>	<u>175,549</u>
	4,695,495	4,800,362

**30.12.3.1. Cost of premises**

Rent	214,154	185,283
Cleaning	35,336	36,020
Gas, water and electricity	132,359	72,708
Insurance	44,646	29,457
Other costs relating to premises	<u>42,920</u>	<u>38,150</u>
	469,415	361,618

**30.12.3.2. General overheads**

IT	1,726,071	1,541,117
Consultants	1,107,885	820,679
Auditor	259,174	242,804
Investment expenses	437,646	429,494
Information and documentation	54,282	53,842
Rating agencies	132,313	108,960
Costs of retrieving data from participants	228,484	953,418
Other general expenses	<u>101,546</u>	<u>113,061</u>
	4,047,401	4,263,375

**30.12.4. Financial income and expenses**

	<u>2020</u>	<u>2019</u>
	€	€
Interest earned on the investment portfolio	10,014,847	11,307,881
Other interest income	1,721	9,000
Interest expense as a result of discounting the provision for guarantee obligations for SHH: first half of 2019	-	(9,462,801)
Other SHH interest expense	<u>(13,404)</u>	-
	10,003,164	1,854,080
Interest expense on non-current liabilities	(11,499,309)	(9,443,294)
Amortisation of non-current liabilities	<u>6,250,110</u>	<u>4,902,586</u>
	(5,249,199)	(4,540,708)
Total financial income and expenses	4,753,965	(2,686,628)

## **31. Taxes**

### **31.1. 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 discussing this with the Tax and Customs Administration.

#### *WSG*

There is no risk that WSG has to pay corporation tax. Loss relief was such that this cannot be offset during the period available for recovery.

See note 23 to the company financial statements for information on the corporation tax charge for 2020 in the consolidated financial statements.

## **32. Date of preparation of the consolidated financial statements**

These consolidated financial statements were prepared on 21 April 2021.

**Signed by the Executive Board and the Supervisory Board**

Hilversum, 21 April 2021

Stichting Waarborgfonds Sociale Woningbouw

Executive Board

Executive Board

Mr R. Rötscheid

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. D Brounen  
member

Mr J.G. Pot  
member

Supervisory Board

Mr M.A.E. Calon  
member

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