DYNAM/C CREDIT

April, 2024

Contents

Dutch Housing Market Update 2024-Q1

Contact

Jasper Koops

Head of Portfolio Management

Dynamic Credit

Frederik Roeskestraat 97D

1076 EC Amsterdam

The Netherlands

Desk: + 31 20 794 60 58

jkoops@dynamiccredit.com

www.dynamiccredit.com

Dynamic Credit originates and manages tailored portfolios of Dutch residential and consumer BTL mortgage loans for institutional investors in an easy, cost-efficient and transparent way. As always, we welcome the opportunity to discuss the housing market and investing in Dutch mortgages.

"On April 25, the Dutch House of Representatives voted in favor of the Affordable Rent Act. Should the Senate also approve it in May, this legislation could potentially affect the rental costs of up to 300,000 properties by reducing them by an average of EUR 190 per month when a new tenant moves in. However, the actual number of tenants who might benefit from this rent cap is likely to be much smaller, as landlords are likely to be motivated to sell their properties instead. In a market where high rents are driven by a scarcity of available housing, the introduction of price ceilings would further diminish the supply of rental properties. This scenario would worsen conditions for tenants who are either ineligible for social housing or are on waiting lists, and for those who cannot afford or are unwilling to buy a home and therefore unintentionally benefit homebuyers with on average a higher income."

Jasper Koops,
Head of Portfolio Management

DYNAM/C

1. Executive Summary

Housing prices: Housing prices show an increasing trend. In 2024-Q1, the Dutch House Price Index increased by 2.40% QoQ and 3.80% YoY.

Mortgage rates: Mortgage interest rates decreased in January, but remained relatively stable in February and March. In total, a decrease was observed of 19 bps QoQ and 39 bps YoY.

Mortgage spreads: During the first quarter, mortgage spreads tightened by an average of 33 bps. Uncertainty about inflation substantially drove up swap rates, with relatively unchanged mortgage rates this led to a decrease in spread levels QoQ and QtD.

Affordable Rent Act ("Wet betaalbare huur"): Affordable Rent Act is advancing as House of Representatives vote in favor. The legislation intends to regulate the middle rent market segment but is facing criticism from advocacy groups. The new maximum rents will apply for new rental contracts. Critique from the market is discussed in section 5 of this report.

Sustainability update: DNB positive on Dutch homeowners' financial capabilities to pay for sustainability upgrades. CBS reports a decrease in greenhouse gas emissions in the Netherlands and the European Commission to adopt new Energy Performance of Buildings Directive.

Expectations housing market: In the first quarter of 2024, financial institutions adjusted their predicted housing price developments to an average increase of 6.23% and 5.65% for 2024 and 2025 respectively. Primary common factors listed by financial institutions are improving affordability and the tight housing market supply.

Property transactions: Property transactions in the Netherlands totaled approximately 44,000. A 12% decrease QoQ, but an increase of 9.90% YoY. Due to seasonality the first quarter of the year usually has less property transactions historically.

Consumer consumption: Consumer confidence increased in 2024-Q1, as the economic situation over the past twelve months and the outlook of their financial situation in the coming twelve months improved. However, consumers remain cautious about timing for major purchases.

Mortgage originations: In the first quarter of 2024, total mortgage issuance was EUR 27 billion, a 16% surge compared to the same period in the previous year.

Housing shortage: The housing shortage persists as adding new constructions to the housing supply remains challenging. CBS reported an increase in the pipeline, however, Dynamic Credit cannot reconcile this with the permits issued and expects fewer new constructions in 2024 and 2025.

2. Dutch Housing Market Update

Mortgage originations

The Dutch land registry ("Kadaster") serves as a valuable resource for understanding the landscape of mortgage activity in the Netherlands. It offers insights into the total recorded amount of mortgage loans, providing a meaningful indicator of the country's mortgage origination balance. Over the period from 2013 to 2021, mortgage originations consistently demonstrated an upward trajectory. However, a decline followed as a result of a significant rise in interest rates.

Notably, in the first three months of 2024, there was a significant increase in mortgage issuance, exceeding EUR 27 billion, representing a 16% surge compared to the same period in the previous year[1]. This growth is attributed to both an increase in the volume of mortgages granted and a rise in the average mortgage size. Specifically, the number of mortgages issued during this period approached 78 thousand, marking a 7.40% increase from the same timeframe in 2023. At the same time, there was a 7.80% increase in the average mortgage size, reaching an average of EUR 348 thousand. For a comprehensive overview of the yearly mortgage origination trends in the Netherlands, please refer to Figure 1 below.

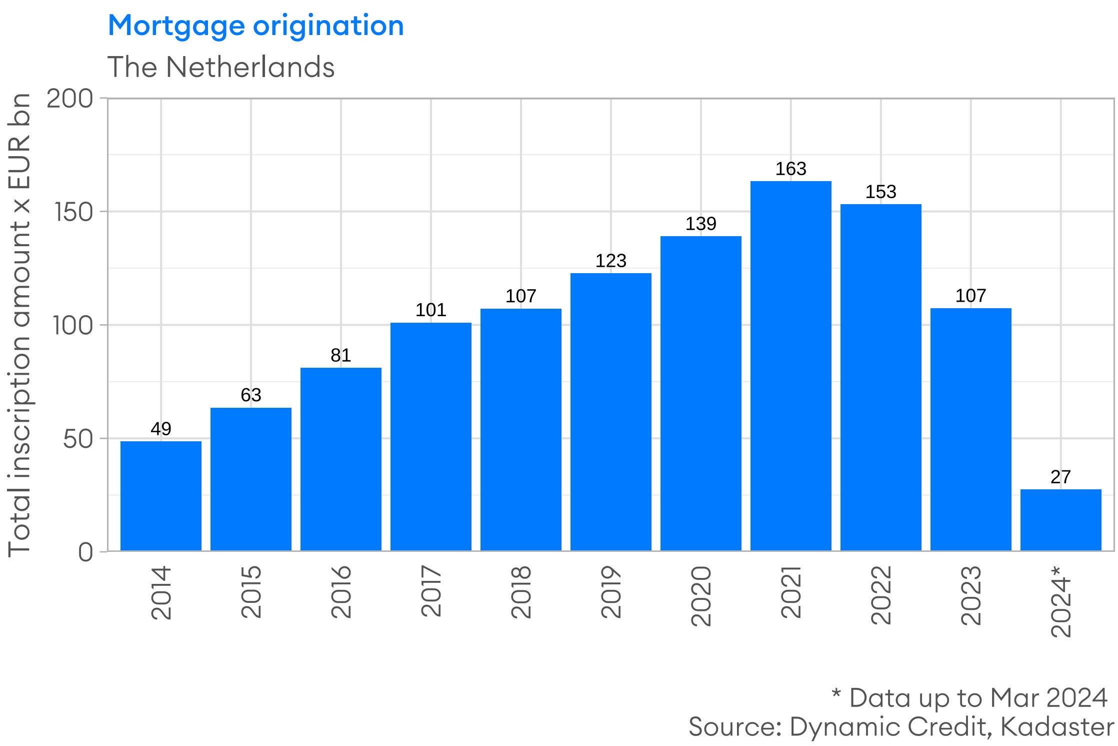


Figure 1: Displayed above shows the total mortgage inscription in the Netherlands per year sourced from the Dutch land registry ("Kadaster") up to and including 2024-03.

1 Kadaster – Vastgoeddashboard

Update Overview of the Housing Shortage

As reported previously, the Dutch housing market continues to experience a severe shortage, driven by factors such as a higher-than-anticipated net immigration and a quicker decrease in household size, alongside insufficient new construction volumes. This shortfall in housing development is due to a variety of factors, including a constrained labor market, stringent environmental regulations, supply chain issues, and rental regulations. To reduce this shortage to an acceptable level of 2%, the government has set a target to achieve 900,000 new constructions between 2022 and 2030[1].

Building Permits

A key indicator of new property construction is the number of building permits issued. The Dutch Central Bureau of Statistics (CBS) reported that 54,900 building permits were issued in 2023, marking a significant decrease from the 64,600 permits in 2022 and 75,800 in 2021[2]. In the first two months of 2024, 8,100 new permits were issued, consistent with the same period in the previous year.

Figure 2 below shows the historic quantity of issued building permits and the YoY percentual change.

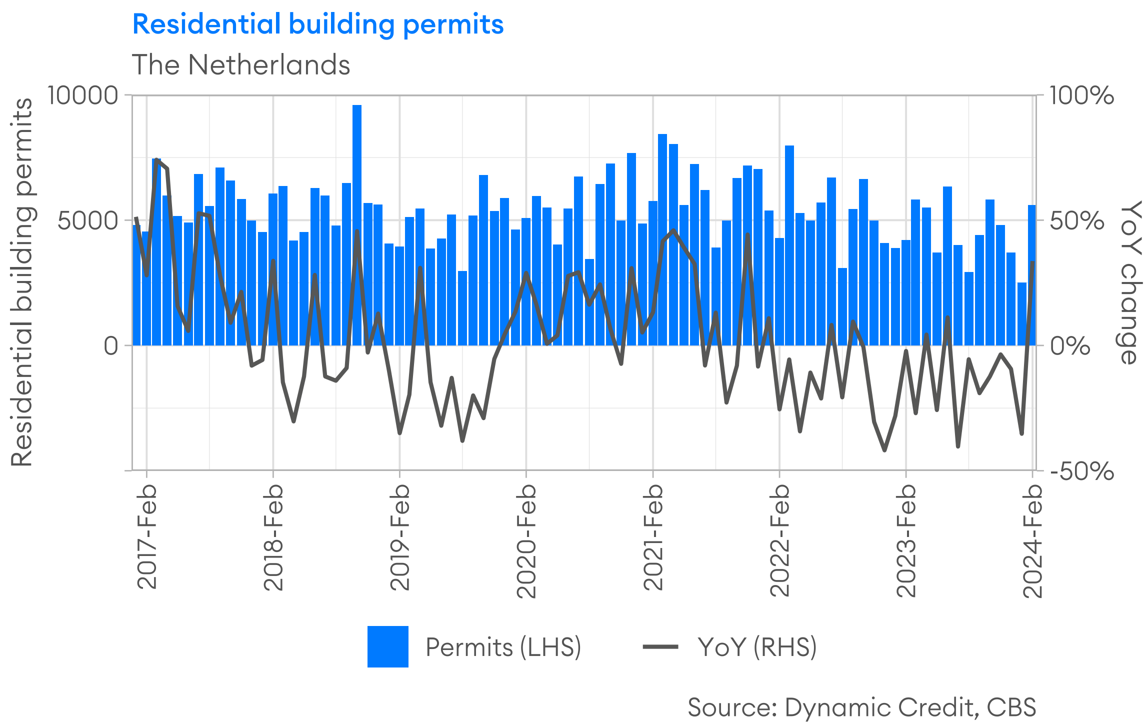


Figure 2: Number of issued building permits as of February 2024 and the percentual YoY change in the number of issued building permits excluding transformations i.e., repurposing office spaces to residential homes. Source: CBS, Dynamic Credit.

1 Rijksoverheid - 900.000 nieuwe woningen om aan groeiende vraag te voldoen
2 CBS - Minder vergunde nieuwbouwwoningen in 2023

Construction completion

In 2023, around 73,300 new constructions were completed, which is only slightly above the average of 71,800[1] for the years 2019-2022 and well below the numbers required to achieve the ambition of 900,000 new constructions during the period 2022-2030.

Pipeline

Between 2020 and 2023, the average annual number of completed constructions exceeded the number of issued building permits by approximately 6,600. Normally, this would suggest a decrease in the pipeline of building permits awaiting project initiation. Contrary to this expectation, the CBS has reported an increase in the stock of unused permits, rising from 79,700 at the end of 2020 to 101,100 by the end of 2023[2]. At this point Dynamic Credit cannot fully reconcile the numbers in the pipeline with the numbers of issued building permits and finished constructions, however we do attach more value to data provided on the number of issued building permits and finished constructions. Therefore, we expect that the downward trend in permit issuance is likely to result in fewer new constructions for 2024 and 2025.

1 CBS - Voorraad woningen en niet-woningen; mutaties, gebruiksfunctie, regio
2 CBS - Aantal woningen in de pijplijn met bijna 50 procent toegenomen

Offer volumes

In the first quarter for 2024, Hypotheken Data Netwerk ("HDN", a provider of infrastructure for mortgage loan requests) reported a total of 115,000 mortgage offers[1]. This is an increase of 26.40% compared to the same period a year earlier, when a total of 91,000 offers were recorded. Of these 115,000 mortgages offers, roughly 70,000 were meant for purchase of a home and 45,000 were recorded in a non-buyer category. In 2024-Q1, mortgage offers for purchases averaged approximately EUR 347,000, compared to EUR 324,000 a year earlier, an increase of 7%. The number of applications for refinancing increased with 16% compared to a year earlier, however, with only 7% of total applications (roughly 7,600 offers) this category remains small. The average mortgage offer for refinancing was approximately EUR 195,000. Moreover, HDN reports that buyers are borrowing relatively more in comparison to income, the average Loan-to-Income of the buyers' category increased from 3.93 to 4.02 YoY as of 2024-Q1 in the timespan of a year.

Furthermore, when examining the composition of the mortgage offers HDN reports the 'Stable first-time buyers' as the largest group in terms of share of applications for mortgage offers to buy a property. This group consists of first-time buyers, aged 35 years on average with a stable income. They requested a total of 14,000 mortgage offers for purchase in 2024-Q1, approximately 20% of the total offers for purchase. Comparing this to a share of 22% the same period a year earlier, thus roughly the same in terms of share of the total. The second largest group is the 'move-up buyer', which is the category of property buyers that buys a new property with a substantially higher value than their current property. The market share of this group decreased YoY from about 19% to 17%.

House prices and property sales

The following paragraphs elaborate on Dutch housing price developments and property transactions, for a graphical display please consider Figure 3 below.

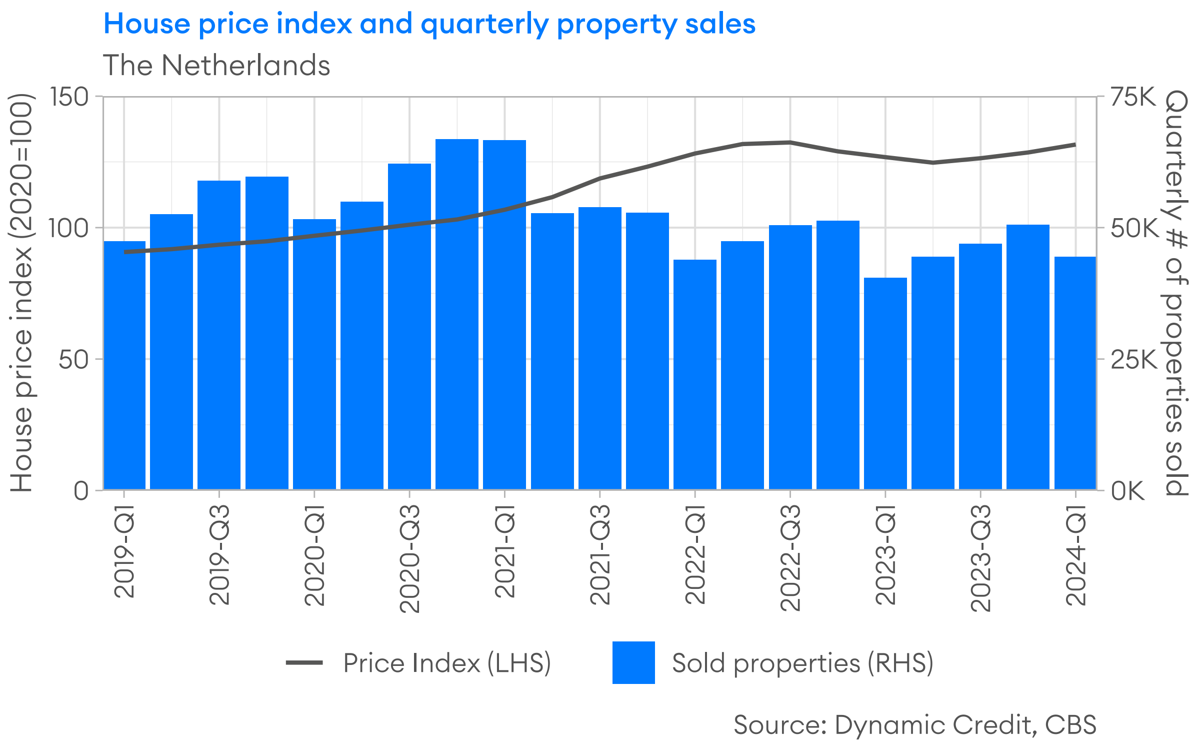


Figure 3: House Price Index of the Netherlands ("HPI") (2020-Q1 = 100) and monthly property sales. HPI until 2024-Q1. Source: CBS, Dynamic Credit.

1 HDN - Kwartaaloverzicht 2024-Q1

CBS reports on house price developments in the Netherlands through the Dutch House Price Index (“HPI”). This proxy for housing prices of existing domestic dwellings is reported on a monthly basis. As of 2024-Q1, CBS reported an HPI of 131.6, which translates into a 2.40% increase QoQ and 3.80% increase YoY. As can be seen in Figure 3 above, housing prices have been increasing again for multiple consecutive quarters after a yearlong downwards trend that roughly lasted 2022-Q2 till 2023-Q2. With regards to the property transactions, CBS reported a decrease of 12% QoQ, but an increase of 9.90% YoY. The total number of property transactions in 2024-Q1 was approximately 44,000. This is still relatively low compared to the numbers observed in previous quarters over the past five years. However, the first quarter is usually lower due to seasonality effect as can be seen in the Figure above.

Consider Table 1 displayed below as we examine housing price and property transaction developments on a more granular level. During the first quarter of 2024, housing prices increased in all Dutch provinces and municipalities. Compared to the same period a year earlier, housing price developments were all positive as well. The most substantial increase in housing prices is observed in the province of Utrecht, with an increase of approximately 3.60%. Zuid-Holland had the highest number of property transactions, a total of roughly 9,300. However, in this first quarter of 2024 property transactions decreased in all regions. Zeeland saw a notable decrease of approximately 17.10%, with around 1,200 properties changing ownership during 2024-Q1 in total.

Area	Type	HPI (2020=100)	YoY Price %	QoQ Price %	Properties Sold in Quarter	QoQ Properties Sold %	YoY Properties Sold %
Nederland	Country	131.6	3.8	2.4	44441	-12.0	9.9
Amsterdam	Municipality	122.6	5.3	2.2	2357	-14.5	13.4
's-Gravenhage	Municipality	125.6	2.5	1.7	1385	-17.2	13.2
Rotterdam	Municipality	128.0	1.9	1.9	1464	-10.7	32.6
Utrecht	Municipality	129.7	8.8	5.2	1010	-13.8	5.6
Groningen	Province	137.4	5.6	1.7	1368	-12.7	8.1
Friesland	Province	134.1	3.8	0.9	1548	-16.1	15.7
Drenthe	Province	139.0	4.6	2.8	1316	-13.1	17.7
Overijssel	Province	134.3	3.4	2.8	2815	-11.3	12.5
Flevoland	Province	139.5	5.2	2.5	1183	-14.4	1.3
Gelderland	Province	136.0	3.3	2.6	5151	-10.7	5.2
Utrecht	Province	131.9	5.7	3.6	3519	-16.2	-0.5
Noord-Holland	Province	126.8	3.4	1.9	7791	-10.8	16.2
Zuid-Holland	Province	129.9	3.0	2.4	9346	-11.1	10.1
Zeeland	Province	132.7	1.7	1.3	1193	-17.1	22.5
Noord-Brabant	Province	132.2	3.9	2.4	6622	-11.1	8.3
Limburg	Province	131.3	5.1	1.9	2589	-11.7	11.1

Table 1: House Price Index of the Netherlands (“HPI”) (2020-Q1 = 100) and number of property sales changes in Dutch provinces and major municipalities 2024-Q1 Source: CBS, Dynamic Credit.

Expected house price and property sales developments

In the first quarter of 2024, financial institutions increased their expectations for housing price developments in the Netherlands. Based on these expectations, we aim to create a market consensus by taking the average of the expectations. To briefly recapitulate, in our previous quarterly report it was discussed that a reversal occurred in market expectations for the Dutch housing prices in the coming years. Whereas in the first half of 2023 housing prices were expected to decrease, in the second half of the year housing prices were expected to increase in the coming two years. As of 2024-Q1, housing prices are predicted to increase by 6.23% and 5.65% for 2024 and 2025 respectively on average (compared to 4.13% and 4.17% predicted per 2023-Q4). For a complete picture of how expectations evolved over the past quarters, please consider Figure 4 below. The next paragraph will elaborate on the specific factors that are expected to influence housing prices in the near future.

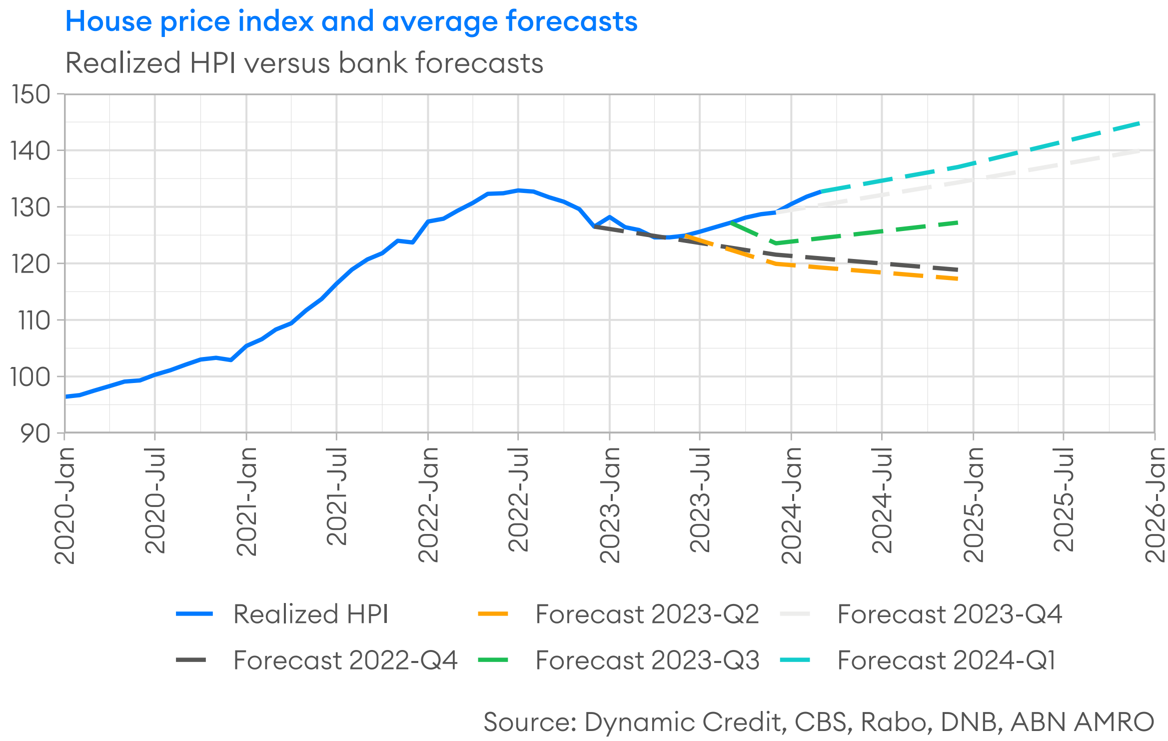


Figure 4: Realized house price index and average house price forecasts made at different points in time as of 2023-Q4. Source: Dynamic Credit, CBS, Rabobank, DNB, ABN AMRO, ING.

Firstly ABN Amro[1], which expects housing prices to increase by 6% and 5% in 2024 and 2025 consecutively (compared to increases of 4% and 3.50% over 2024 and 2025 forecasted previous quarter). This upwards adjustment is primarily attributed to stronger growth in wages and expected decreases in mortgage interest rates following ECB decisions. Moreover, the Rabobank expects a sharp increase in housing prices for 2024 and 2025. Their forecast is adjusted to 6.20% in 2024 followed by an additional 6.30% in 2025 as a result of rapidly improving affordability. Rabobank[2] does expect unemployment rate to slightly increase over the coming two years by half a percentage point. Lastly, ING[3] expects housing prices to increase by 6.50% in 2024 (compared to an earlier expected increase of 4%). To summarize, the primary common factors listed by aforementioned banks expected to drive up Dutch housing prices are; improving affordability and tight housing market supply.

1 ABN AMRO - Woningmarktmonitor April 2024
2 Rabobank - Kwartaalbericht woningmarkt
3 ING - De Nederlandse woningmarkt

VEH Consumer confidence

Vereniging Eigen Huis ("VEH")[1] measures consumer confidence in the Dutch housing market every quarter based on a questionnaire about interest rates, prices, and the general housing market. The indicator can take values ranging from 0 to 200, with 100 indicating a neutral value. Higher values indicate positive consumer sentiment and lower values indicate negative sentiments.

Displayed in Figure 5 below, the VEH indicator illustrates its historical trend. Initially, the indicator experienced a consistent decrease from its peak of 121 in 2016-Q3 to a value of 72 by June 2023. However, a change occurred thereafter, signaling a gradual rise in the index. As of March 2024, the index has rebounded to 89, although it remains below 100, which still indicates negative sentiment. The resurgence can be attributed to several factors, including the perceived improvement in house prices and interest rates by consumers. House prices have been rising again for several quarters and projections are also pointing towards further increases. Another factor is the interest rate development (decrease) and relative calmness of the market, which positively influences market sentiment. These factors notably boosted the confidence levels of consumers in the housing market.

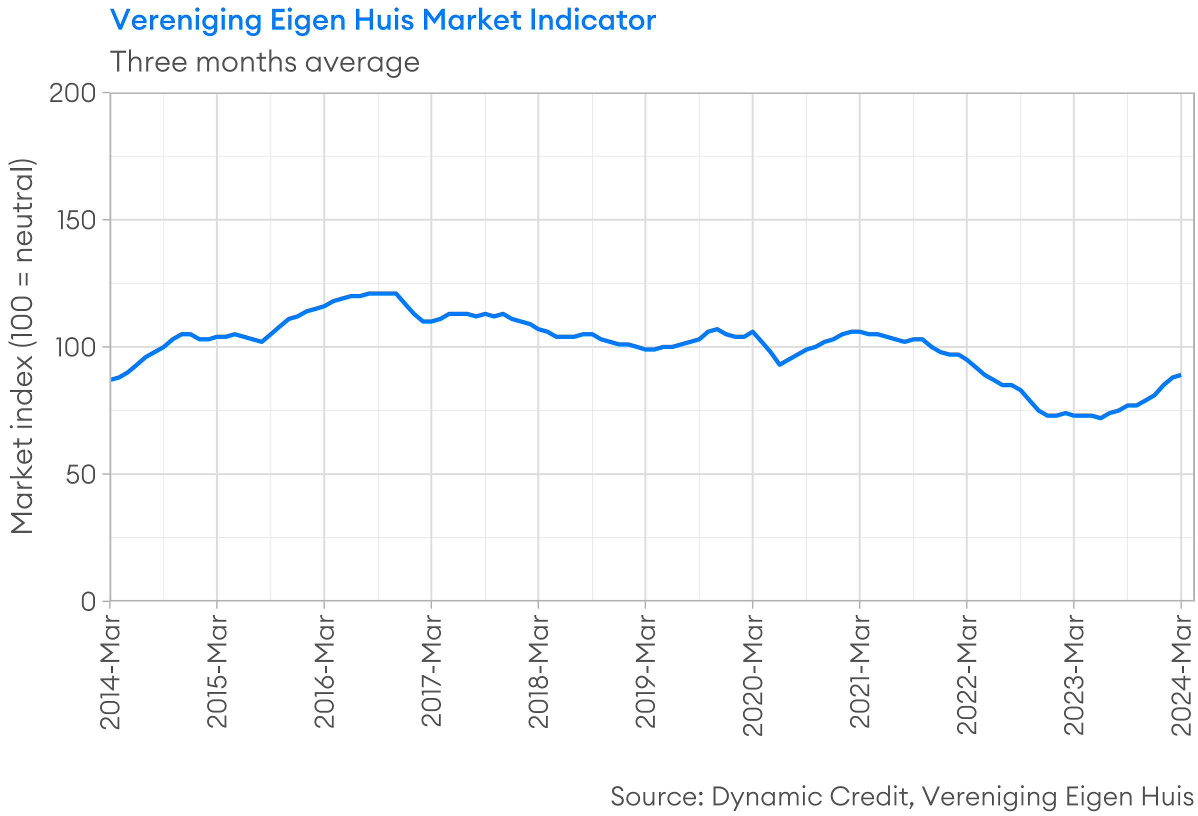


Figure 5: Vereniging Eigen Huis Market Indicator as of March 2024.

1 VEH - Eigen Huis Markt Indicator

CBS Consumer confidence

Statistics Netherlands ("CBS")1 tracks consumer confidence based on the views and expectations of consumers on topics such as the general economic environment, personal financial situation and willingness to buy in the Netherlands. The indicator is measured as percentage points of negative or positive answering options and can reach values between –100 and 100, where a value of 0 indicates an equal amount of positive and negative responses.

In April 2024[1], consumer confidence in the Netherlands saw a notable uptick, reaching -21, a significant improvement from the -29 recorded in December 2023. Since hitting a low point in October 2022, when the indicator plummeted to -59 primarily due to elevated inflation rates, there has been a consistent upward trend in recent quarters. Despite this positive momentum, the indicator still falls below the average of the past two decades, resting at -10.

While consumers' assessment of the economic situation over the past twelve months showed signs of improvement, their outlook for the next twelve months leaned towards pessimism. The evaluation of their financial situation in the coming twelve months displayed a positive trend. However, consumers remain cautious about the timing for major purchases, perceiving it to be as unfavorable as it was in March.

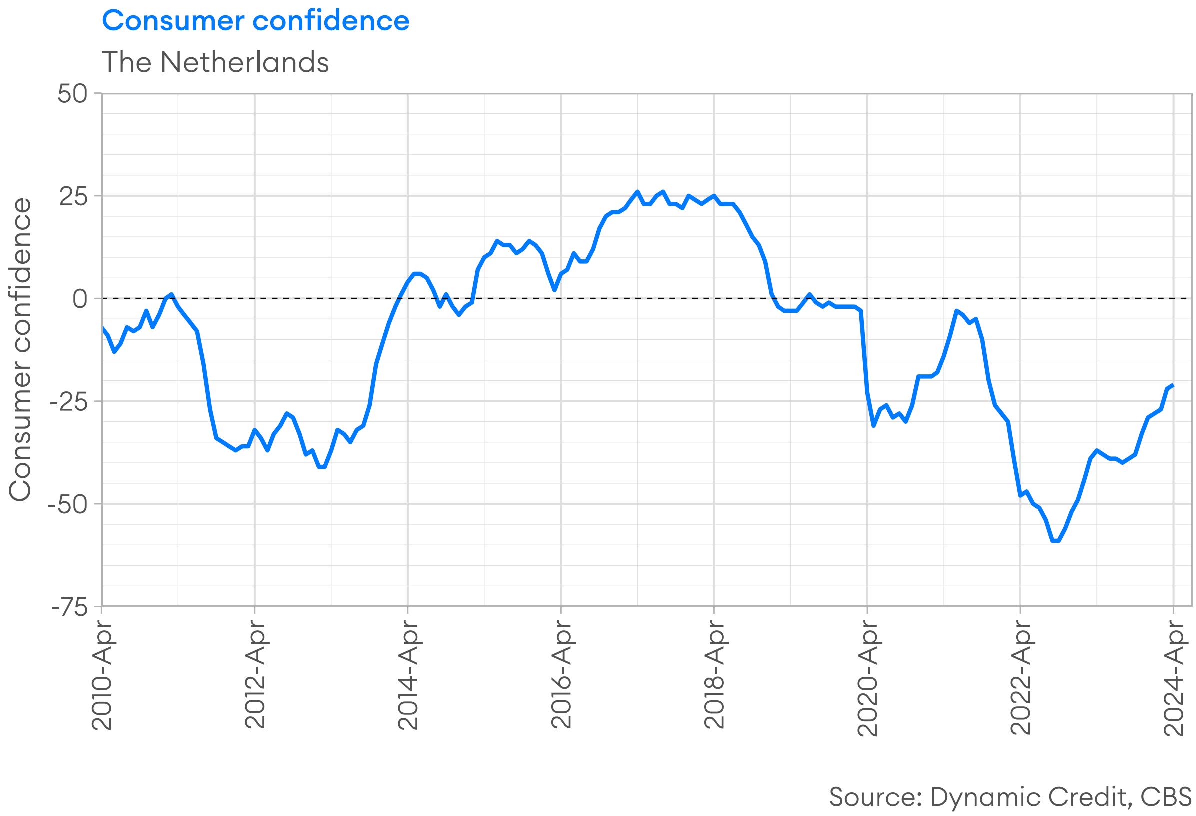


Figure 6: CBS total consumer confidence in the Netherlands as of April 2024.

1 CBS - Consumenten fractie minder negatief in april

CBS household consumption

Statistics Netherlands ("CBS")[1] reports a 0.30% decrease in household consumption for February 2024 compared to the same period in 2023, after adjusting for price changes and shifts in shopping days. The decline was primarily driven by a 4.80% drop in consumption of 'other goods', which mainly includes energy and fuel, while consumption of food also saw a negative contribution (-1.40%). Conversely, consumption of durable goods increased by 1.20%, indicating higher spending in this category, and services also showed a modest rise (+0.20%). Looking ahead, CBS suggests a slightly more positive outlook for March. According to the consumption radar, conditions for consumption in March improved compared to the previous month, largely due to a greater year-on-year increase in prices for existing owner-occupied homes.

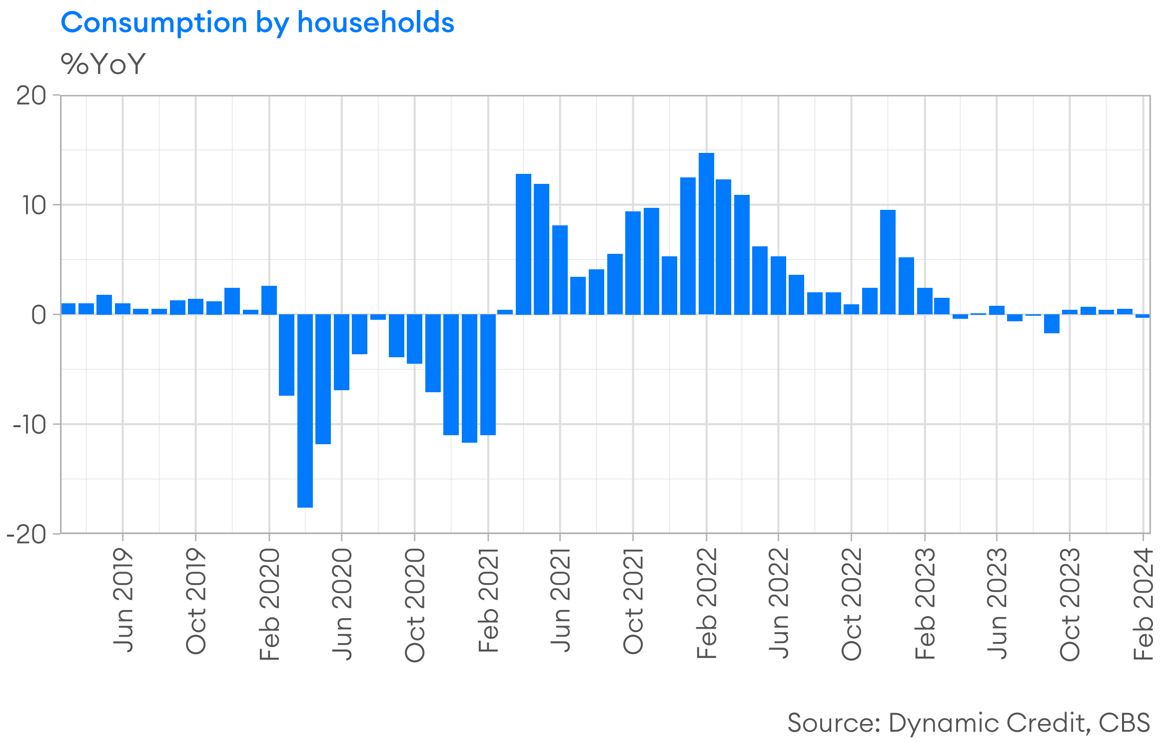


Figure 7: Percentual YoY domestic household consumption in the Netherlands adjusted for price changes up until February 2024.

1 CBS - Consumptie huishoudens krimpt iets in februari

NHG

Stichting Waarborgfonds Eigen Woningen (“WEW”), a central, privatized entity, is responsible for the administration and granting of the Nationale Hypotheek Garantie (”NHG Guarantee”). The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs of mortgage loans. Irrespective of scheduled repayments and prepayments made on a mortgage loan, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to the principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty-year annuity basis. Financial support from the Dutch government is formalized in a backstop agreement, under which the State is responsible for providing interest-free loans in case of need.

New NHG guarantees

According to HDN, 43,558 loans with an NHG guarantee were offered for a total of EUR 10.4 billion in 2024-Q1 (compared to EUR 7.8 billion in 2023-Q1). This corresponds to an NHG market share of 36.70% in terms of mortgage loan balance (compared to 36.50% in 2022-Q4).

Please refer to Figure 8 for a graphic description.

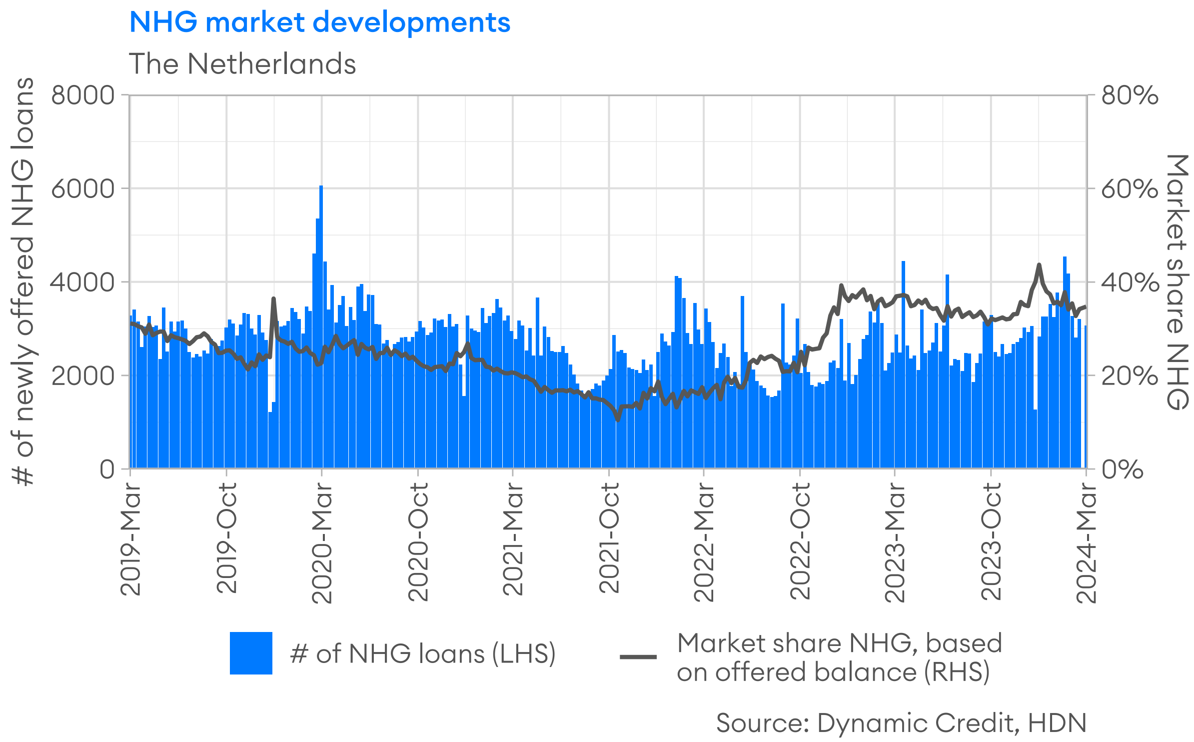


Figure 8: Number of new NHG guarantees and market share of NHG loans as a percentage of total originated balance through time. The x-axis refers to year and month.

Loss declarations[1]

In the fourth quarter of 2023 11 loss declarations were submitted under the NHG Guarantee, versus just two in the same quarter in 2022. The payout ratio was 100% and the total payout EUR 32,000. WEW observes there is generally sufficient home equity to avoid residual debt after a (forced) sale. Furthermore, WEW still focusses on borrower central solutions and home preservation, rather than selling the property.

Financial developments

The amount guaranteed by WEW (the total outstanding balance of mortgages with an NHG guarantee) is approximately EUR 199 billion. This is set against an (estimated) total collateral value of over EUR 388 billion. The capital ratio, the available capital as a percentage of the amount guaranteed by WEW equals 0.85%.

1 NHG - Kwartaalcijfers 3e kwartaal 2023

3. Owner-Occupied Mortgages

Mortgage rate developments

In January, mortgage rates continued the downward path observed in the fourth quarter of 2023, whereas mortgage rates remained relatively stable in February and March. On average, mortgage rates decreased by 19 bps QoQ and 39 bps YoY across the various fixed rate periods and risk classes as shown in Table 2 below. The decreases were relatively even distributed among fixed rate periods. After the first quarter of 2024 had ended, mortgage interest rates slightly increased by approximately 8 bps on average across all risk classes and fixed rate periods.

The table below contains an overview of the interest rate development for the respective risk classes and fixed rate periods.

Mortgage rate development for average of top 6 mortgage rates								
Fixed rate period	Risk class	2023-03-31	2023-12-31	2024-03-31	2024-04-30	QoQ	YoY	QtD
5-year	NHG	3.98%	3.56%	3.50%	3.58%	-0.06%	-0.48%	0.08%
	60% LTMV (non-NHG)	4.10%	3.72%	3.57%	3.64%	-0.16%	-0.54%	0.07%
	80% LTMV (non-NHG)	4.23%	3.81%	3.66%	3.74%	-0.15%	-0.57%	0.07%
	100% LTMV (non-NHG)	4.46%	4.02%	3.82%	3.89%	-0.20%	-0.64%	0.07%
10-year	NHG	3.94%	3.75%	3.69%	3.70%	-0.06%	-0.25%	0.01%
	60% LTMV (non-NHG)	4.05%	3.88%	3.75%	3.77%	-0.13%	-0.30%	0.02%
	80% LTMV (non-NHG)	4.21%	4.02%	3.82%	3.89%	-0.20%	-0.39%	0.06%
	100% LTMV (non-NHG)	4.42%	4.20%	4.05%	4.12%	-0.15%	-0.37%	0.07%
20-year	NHG	4.06%	4.01%	3.81%	3.95%	-0.20%	-0.25%	0.14%
	60% LTMV (non-NHG)	4.24%	4.17%	3.92%	3.99%	-0.25%	-0.33%	0.08%
	80% LTMV (non-NHG)	4.35%	4.25%	3.97%	4.07%	-0.28%	-0.38%	0.10%
	100% LTMV (non-NHG)	4.55%	4.42%	4.18%	4.29%	-0.24%	-0.37%	0.11%
30-year	NHG	4.12%	4.15%	3.92%	3.98%	-0.24%	-0.20%	0.07%
	60% LTMV (non-NHG)	4.29%	4.20%	3.94%	4.00%	-0.27%	-0.35%	0.06%
	80% LTMV (non-NHG)	4.38%	4.27%	4.01%	4.11%	-0.26%	-0.37%	0.10%
	100% LTMV (non-NHG)	4.59%	4.45%	4.16%	4.28%	-0.29%	-0.43%	0.12%

Table 2: Average top-6 mortgage rates (excluding action rates) for mortgage loans with different fixed rate periods for four risk classes. Source: Dynamic Credit, Hypotheekbond. Reference date is 2024-04-30.

Spread developments[1]

In the first quarter of 2024, mortgage spreads dropped substantially. Across all risk classes and fixed rate periods, spreads tightened by an average of 33 bps QoQ. When compared to the same period a year earlier, spread developments were diverging across different fixed rate periods and risk classes. As displayed in Table 3 below, the YoY development for NHG spreads differs substantially from non-NHG high LTV developments. During April, spreads tightened by an additional 14 bps on average due to a sharp increase in swap rates and lagging mortgage interest rates. Uncertainty about inflation may have an upwards effect on the swap rates, as swap rates incorporate market expectations. Section 6 of this quarterly update elaborates on current geopolitical developments that contribute to this uncertainty.

1 The EUSWxV3 swap is used, which uses quarterly resets and the floating leg is 3-month EURIBOR.

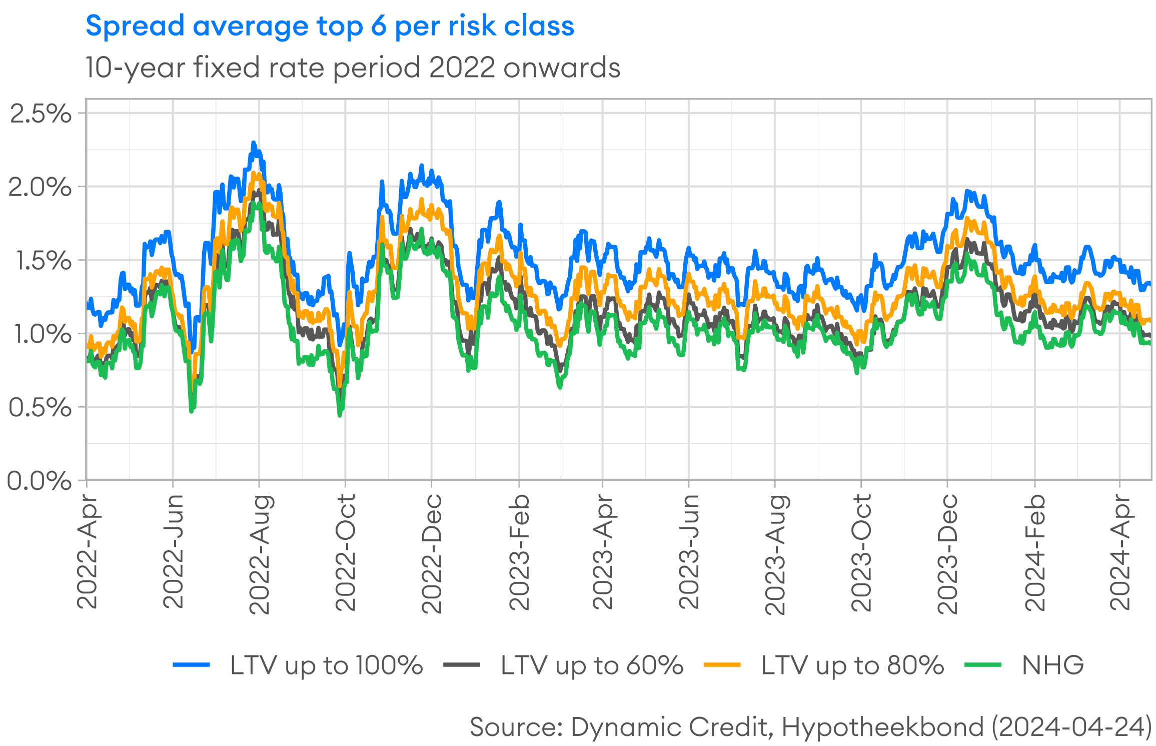


Figure 9 : Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 10-year fixed rate period for four risk classes. Starting April 2022 up to and including April 2024.

For a broader overview of the spread developments, see Table 3 displayed below. In addition, the information should be interpreted as representative gross spread for newly originated Dutch residential mortgage loans over time.

Spread development for average of top 6 mortgage rates								
Fixed rate period	Risk class	2023-03-31	2023-12-31	2024-03-31	2024-04-30	QoQ	YoY	Qtd
5-year	NHG	0.97%	1.20%	0.87%	0.73%	-0.33%	-0.10%	-0.14%
	60% LTV (non-NHG)	1.10%	1.36%	0.93%	0.78%	-0.43%	-0.16%	-0.15%
	80% LTV (non-NHG)	1.23%	1.45%	1.03%	0.88%	-0.42%	-0.20%	-0.15%
	100% LTV (non-NHG)	1.46%	1.66%	1.19%	1.04%	-0.48%	-0.27%	-0.15%
10-year	NHG	1.00%	1.35%	1.14%	0.93%	-0.21%	0.14%	-0.21%
	60% LTV (non-NHG)	1.11%	1.47%	1.20%	1.00%	-0.27%	0.09%	-0.20%
	80% LTV (non-NHG)	1.28%	1.62%	1.27%	1.11%	-0.35%	-0.01%	-0.16%
	100% LTV (non-NHG)	1.49%	1.79%	1.50%	1.35%	-0.29%	0.01%	-0.15%
20-year	NHG	1.06%	1.46%	1.19%	1.12%	-0.27%	0.13%	-0.07%
	60% LTV (non-NHG)	1.25%	1.62%	1.30%	1.16%	-0.32%	0.04%	-0.14%
	80% LTV (non-NHG)	1.37%	1.70%	1.35%	1.24%	-0.35%	-0.02%	-0.11%
	100% LTV (non-NHG)	1.57%	1.87%	1.56%	1.46%	-0.31%	-0.01%	-0.11%
30-year	NHG	1.11%	1.58%	1.28%	1.14%	-0.30%	0.17%	-0.14%
	60% LTV (non-NHG)	1.29%	1.63%	1.30%	1.16%	-0.33%	0.02%	-0.15%
	80% LTV (non-NHG)	1.37%	1.70%	1.37%	1.26%	-0.32%	0.01%	-0.11%
	100% LTV (non-NHG)	1.59%	1.88%	1.53%	1.43%	-0.35%	-0.06%	-0.10%

Table 3: Spread of the average top-6 mortgage rates (excluding action rates) over duration matched swap rates for four risk classes. Source: Dynamic Credit, Hypotheekbond. Reference date is 2024-04-30

4. Funding Update

RMBS

In the first quarter of 2024, three new RMBS deals were issued, one of which is buy-to-let, totalling EUR 1.46 billion, with EUR 1.37 billion publicly placed. Spreads on senior RMBS notes remained stable around the 36-37 level throughout the quarter. The paragraphs below provide information on these three new issues.

Saecure 22

In March the Saecure 22 RMBS was issued. The deal is collateralized by a pool of Dutch residential mortgage loans totaling EUR 526.3 million with a weighted average current loan-to-value ratio of 68.80%. The weighted average seasoning of the pool is 34 months, and 34.10% of the loans are interest-only loans. Additionally, 11% of the borrowers in the pool are self-employed. Only the class A notes have been placed publicly and priced at Euribor3m + 40bps.

Green Storm 2024-1

In March the Green Storm 2024-1 RMBS was issued. The assets are a pool of Dutch residential mortgage loans totaling at EUR 636.7 million with a weighted average current loan-to-value ratio of 69.70%. The seasoning of the pool is 78.6 months, and 41.20% of the loans in the pool are interest-only loans. Additionally, 6.20% of the borrowers are self-employed. Only the class A notes have been placed publicly and priced at Euribor3m + 36bps.

Jubilee Place 6

In April Jubilee Place 6 BTL RMBS was issued. The assets are a EUR 280 million pool of Dutch buy-to-let mortgage loans. The pool has a weighted average current loan-to-value of 67.70% and 92.90% is interest-only. The weighted average seasoning of the pool is 15 months, which is relatively long for newly originated loans, but the previous deal originated from October 2022. This indicates that there is limited activity in the buy-to-let space. The class A-D notes have been publicly placed, the class E, X-1, X2 notes have been retained. The exact numbers are not public, but considering the pricing guidance it probably priced slightly below par.

Covered bonds

Total covered bond issuance for the first quarter was EUR 5.1 billion. Most of the issuance volume can be attributed to ING and Rabobank, both with relatively chunky issues totaling to EUR 4.1 billion. Over the quarter covered bond spreads have been mostly steady around the 33-34 level, but decreased to 31 by mid-April. The delta between senior RMBS and covered bonds has been 3 bps for most of the quarter, a level we haven't observed since following the indices.

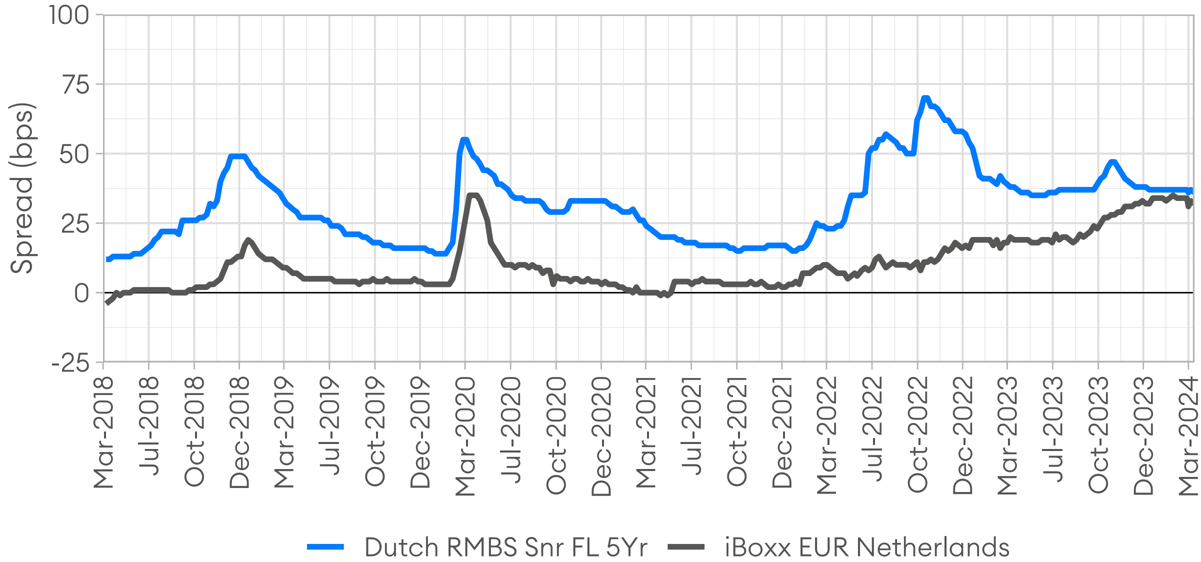
Green securitizations and covered bonds[1]

In an article published in April, DNB reports that the share of green RMBS and covered bonds has been increasing. Green bonds can be certified by several institutions such as Climate Bond Initiative and ICMA Green Bond Principles. As covered bonds and securitizations each have their own criteria, there is no clear rule set (yet), DNB highlights that in the Netherlands EUR 1.4 billion of green RMBS has been issued (the Green Lion and the Green Storm 2023-1) in 2023, which is a substantial increase compared to the EUR 500 million in 2022. Yet, the increase was mostly driven by the chunky inaugural issue from ING for almost EUR 900 million, while the bank is normally active on the covered bond market. On a European level, The Netherlands have issued EUR 4.5 billion of the total EUR 8 billion since 2016.

Green covered bonds have seen a substantial increase to EUR 2 billion compared to EUR 500 million in 2022. The total issuance was roughly EUR 14.5 billion so it is already a material portion of new issuance.

1 DNB - Sterke toename in groene securitisaties in 2023

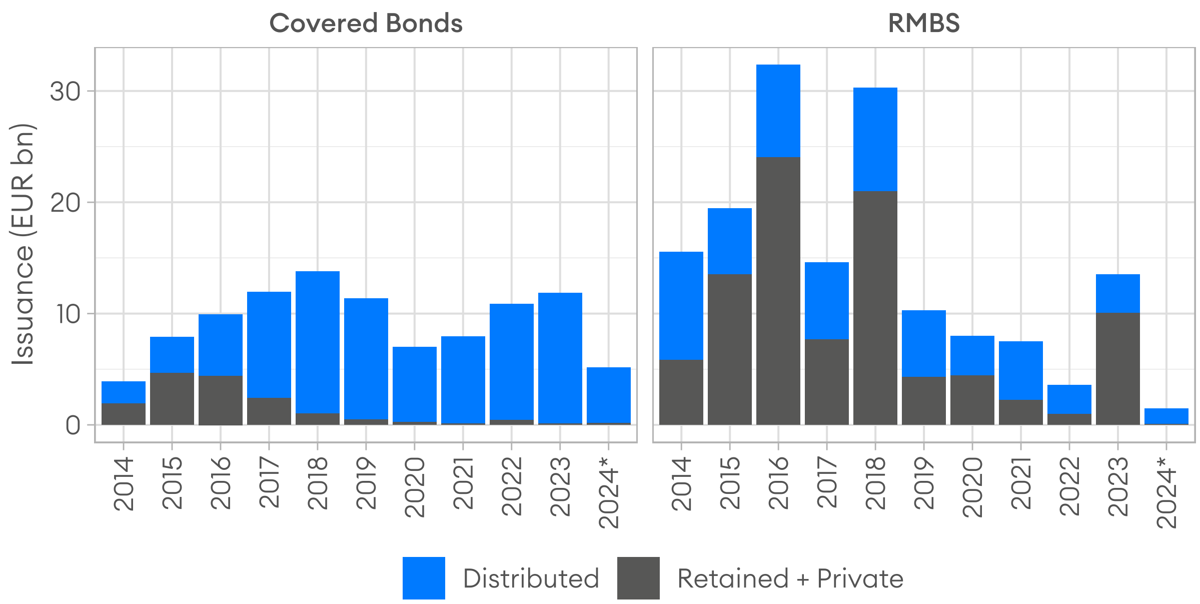
Mortgage funding spreads



Source: Dynamic Credit, JP Morgan

Figure 10: RMBS spread refers to indicative mid spread (DM) for representative generic RMBS bonds. iBoxx EUR Netherlands spread refers to spread versus mid swap rates. The data is as of 2024-Q1.

Mortgage funding issuance



* Data up to Q1
Source: Dynamic Credit, JP Morgan

Figure 11: Issuance of Dutch RMBS and covered bonds. The data is as of 2024-Q1.

Dutch RMBS market: Priced Dutch prime RMBS and BTL deals

Date	Issuer	Series	Seller	Class	Euro Amount	Life	FXFL	Sprd	DM	Benchmark	M	SP	F	DBR	Retained	Comments
2024-04-11	Jubilee Place BV	6	Multiple Dutch	A	251	3.7	FL	80		3 Mo. Euribor		AAA		AAA	N	EUR 280mm; WA CLTV
			Lenders (Tulp Group,	B	17	4.9	FL	115		3 Mo. Euribor		AA-		AAL	N	67.7%; WA Seasoning 15m; IO
			DMS and Casarion)	C	7	4.9	FL	160		3 Mo. Euribor		A		AH	N	Loans 92.9%;
				D	5	4.9	FL	260		3 Mo. Euribor		BBB+		BBBH	N	
				E	1	4.9	FX					BBB		BB	N	
				X-1	4		FL					BB-		BBB	N	
				X-2	3		FL								N	
2024-03-14	Green Storm BV	2024-1	Obvion	A	500	4.9	FL	36		3 Mo. Euribor	Aaa	AAA			N	EUR 526.3mm; WA CLTV
				B	26	4.9	FX								Y	68.8%; WA Seasoning 34m;
				C	5	1.1	FX								Y	IO Loans 34.1%; Self Employed 11%;
2024-03-07	Saecure BV	22	Aegon Insurance	A	600	4.8	FL	40		3 Mo. Euribor		AAA	AAA		N	EUR 636.7mm; WA CLTV
				B	37	6.2	FX								Y	69.7%; WA Seasoning 78.6m;
				C	8		FX								Y	IO Loans 41.2%; Sel-employed borrowers 6.2%;

Table 4: Priced Dutch RMBS and BTL Deals in 2024-Q1. Source: Dynamic Credit, JP Morgan.

DYNAMIC

5. Buy-to-let Mortgages

Rental market developments[1]

Pararius reports that, as of the first quarter of 2024, the national average rental price stood at EUR 18.30 per square metre per month, marking an 8.60% increase YoY, and reaching a new record high. The number of available properties in the unregulated sector decreased by 27.90% YoY.

In the first quarter of 2024, the average square metre price of a rental property in the free sector increased in all of the five largest cities in the Netherlands when compared to the same quarter last year. In Eindhoven, the square metre price rose by 2.40% to EUR 17.71. This is the only one of the five largest cities where the square metre price is below the national average. Meanwhile, Amsterdam saw an increase of 5.10% to EUR 27.00. The square metre price of a rental property in The Hague increased by 6.60% to EUR 19.39, while in Rotterdam it rose by 9% to EUR 19.53. Finally, Utrecht experienced a rise of 4.20% to EUR 20.67 per square metre per month.

A total of 17,594 homes became available for new renters in the Netherlands in the first quarter, which is a 27.90% decrease compared to a year earlier, and a 38.50% decrease compared to 2022- Q1. The five largest cities in the Netherlands took on 45.30% of the listings on Pararius, up from 40.60% a year earlier.

Pararius further reports that an increase has again been observed in the proportion of former rental properties being offered for sale, with 7% of homes for sale in 2024-Q1 originating from the rental market. That is up from 2.5 to 4% in the period 2020-2022, and 6.70% in the fourth quarter[2]. Leading to a reduction in the supply of rental properties in the unregulated housing sector.

In the previous quarterly update we reported on data from Housing Anywhere, a platform for mid-term rentals that specializes in rooms, studios and small apartments. We have chosen to discontinue reporting these figures, as we believe that these shorter-term rentals do not accurately represent the broader rental market.

Maximum rent increase unregulated rents[3]

The maximum rent increase in the unregulated sector is currently the minimum of the wage price development and inflation plus 1%-point, until the legislation lapses by 1 May 2024. A proposal to extend it until 1 May 2029 has been approved by the Senate.

Affordable Rent Act (“Wet betaalbare huur”)[4]

On 25 April, the House of Representatives of the Netherlands has approved the Affordable Rent Act. The legislation intends to regulate the market segment between 142 and 186 (WWS) points which reflects EUR 880 to EUR 1,100. The new maximum rents will apply for new rental contracts. Most parties have voted for the proposal, except for VVD and BBB. Amendments have been approved to reduce the points for relatively bad energy labels, and to allow 10% more rent for newly built that commences before 2028. The proposal will now be submitted to the Senate. It is estimated that this law would result in rent decreases of on average EUR 190 per month for 300,000 rental properties if the new maximum rents would apply now. Additionally, 113,000 rental properties would move to the social segment (<EUR 880). The opponents of the proposal, however, argue that the rental market will shrink because landlords will sell off their (unprofitable) rental properties, resulting in the middle rent segment to disappear and reducing incentives to add new newly built houses to the rental sector.

---

1 Pararius - Huuraanbod vrije sector verder gekrompen

3 Volkshuisvestingnederland - Jaarlijkse huurprijsstijging in vrije sector

4 Volkshuisvestingnederland - Wet betaalbare huur aangenomen door Tweede Kamer

2 Attentive readers might notice that the numbers differ from our reporting previous quarter, and that is caused by Pararius having recalibrated their numbers.

Critique

Several experts in the real estate field have expressed their concern about the proposal. In November (as covered in our 2023-Q4 quarterly), the Advisory Division of the Council of State (Raad van State) published their advice on the Act. The government, according to the Advisory Division, has not paid sufficient attention to the causes of the shortage or the relationship between social housing, the owner-occupied market, and the unregulated rent market. The Advisory Division recommends that the government further investigates these issues and the potential impact of the proposed legislation. They conclude that the effectiveness of the proposed legislation in providing affordable housing for renters remains uncertain. Additionally, they describe a scenario where it causes further supply reduction in the (currently) unregulated segment.

Vastgoed Belang, an advocacy group for the real estate sector, has indicated that they expect the Senate to make a more balanced and prudent assessment of the legislative proposal[1]. They argue that the proposal is not legitimate because it does not meet any of its goals and that it is uncompliant with European property law. They also point out the critical report from the Advisory Division of the Council of State.

In academics potential impact of the Act is not yet broadly analyzed[2], but a thesis covering this topic has been published by Duurland under supervision of professor Boelhouwer at TU Delft. The thesis suggests that the accumulation of taxation and rent regulation measures could cause private landlords to sell. Such sales could cause even less supply and put further pressure on the segment, more or less the same concern as the Advisory Division of the Council of State has.

Buy-to-Let Market

In March, Economische Statistische Berichten ("ESB"), published an article by Francke, Hans and Korevaar. The authors analyze the rental market in the various investor/landlord groups. And they conclude that since 2009 investors have sold a net (of purchases) balance of 48,000 properties to owner-occupants. Private landlords have purchased a net (of sales) balance of 25,900 between 2016 and 2020, until the turn in 2023 when net sales amounted to 6,800, mostly in the larger cities. The authors mention several possible reasons for the turn, such as the purchase protection, asset tax (box 3) changes, changes in rent regulation and mortgage rate increases.

In February, Kadaster[3] reported that in 2023 investors sold fewer properties and purchased much fewer. Overall, there were more sales (33,400) than purchases (19,100) which implies that the share of rental housing in the existing rental housing stock is decreasing (net effect of -14,300). Kadaster concludes that the overall share of rental housing increased from 9% to 9.40% by adding new housing to the housing stock by means of newly built, splitting and conversions, mostly done by large landlords. Smaller landlords are purchasing much fewer properties (11,300 in 2023 versus 20,600 in 2022). In 2023, sales by landlords were increasingly to first time buyers (from 5,500 a year earlier to 7,700), and 75% (10,000) of all homes were sold under the NHG boundary.

1 Vastgoedbelang - Persbericht wet betaalbare huur
2 TU Delft - Exploring the effects of increased rent regulation
3 Kadaster - Investeerders op de woningmarkt minder actief in 2023

Rate and spread developments

In 2024-Q1, buy-to-let mortgage interest rates decreased by approximately 14 bps compared to the previous quarter. After the quarter had ended, buy-to-let mortgage interest rates remained relatively stable. The reductions were evenly spread across fixed-rate periods and loan-to-value segments, in like manner to the developments of the previous quarter. In addition to the drop in buy-to-let mortgage rates, there was a notable tightening in spreads during 2024-Q1. Buy-to-let mortgage rates tend to be less responsive to sudden market changes compared to owner-occupied mortgage rates. On average, buy-to-let mortgage spreads decreased by 33 bps QoQ as a result of decreasing mortgage interest rates and increasing swap rates. In April, buy-to-let mortgage spreads tightened by an additional 19 bps on average across risk classes and fixed rate periods. The changes in both QoQ and QtD developments were evenly spread across segments. For a comprehensive overview, please consider the table below.

2024-Q1 saw a decrease in buy-to-let mortgage rates, spreads tightened.

It should be noted that Dynamic Credit is the only active lender in the high LTV (>85%) segment.

Market rate and spread development for consumer buy-to-let rates											
		BTL rates					Spreads				
Fixed rate period	LTV	2023-12-31	2024-03-31	2024-04-30	QoQ	QtD	2023-12-31	2024-03-31	2024-04-30	QoQ	QtD
1-year	50%	5.88%	5.75%	5.75%	-0.13%	0.00%	2.74%	2.37%	2.29%	-0.37%	-0.08%
	60%	5.97%	5.84%	5.84%	-0.13%	0.00%	2.83%	2.46%	2.37%	-0.37%	-0.09%
	70%	6.00%	5.87%	5.87%	-0.13%	0.00%	2.86%	2.49%	2.41%	-0.37%	-0.08%
	80%	6.04%	5.95%	5.95%	-0.09%	0.00%	2.90%	2.57%	2.49%	-0.33%	-0.08%
	90%	5.90%	5.80%	5.80%	-0.10%	0.00%	2.76%	2.42%	2.34%	-0.34%	-0.08%
5-year	50%	5.34%	5.19%	5.19%	-0.15%	0.00%	2.98%	2.55%	2.33%	-0.43%	-0.22%
	60%	5.46%	5.30%	5.30%	-0.16%	0.00%	3.10%	2.66%	2.44%	-0.44%	-0.22%
	70%	5.50%	5.34%	5.34%	-0.16%	0.00%	3.14%	2.69%	2.47%	-0.45%	-0.22%
	80%	5.43%	5.26%	5.26%	-0.17%	0.00%	3.07%	2.62%	2.40%	-0.45%	-0.22%
	90%	5.60%	5.50%	5.50%	-0.10%	0.00%	3.24%	2.85%	2.63%	-0.39%	-0.22%
10-year	50%	5.39%	5.21%	5.21%	-0.18%	0.00%	3.00%	2.67%	2.44%	-0.33%	-0.23%
	60%	5.53%	5.36%	5.36%	-0.17%	0.00%	3.13%	2.81%	2.59%	-0.32%	-0.22%
	70%	5.56%	5.38%	5.38%	-0.18%	0.00%	3.17%	2.83%	2.61%	-0.34%	-0.22%
	80%	5.53%	5.33%	5.33%	-0.20%	0.00%	3.14%	2.78%	2.56%	-0.36%	-0.22%
	90%	5.70%	5.60%	5.60%	-0.10%	0.00%	3.31%	3.05%	2.83%	-0.26%	-0.22%
20-year	50%	5.77%	5.58%	5.57%	-0.19%	-0.01%	3.26%	2.98%	2.75%	-0.28%	-0.23%
	60%	5.88%	5.70%	5.69%	-0.18%	-0.01%	3.37%	3.10%	2.87%	-0.27%	-0.23%
	70%	5.93%	5.75%	5.74%	-0.18%	-0.01%	3.42%	3.15%	2.92%	-0.27%	-0.23%
	80%	5.76%	5.65%	5.63%	-0.11%	-0.02%	3.25%	3.05%	2.82%	-0.20%	-0.23%
	90%	5.85%	5.85%	5.85%	0.00%	0.00%	3.34%	3.25%	3.03%	-0.09%	-0.22%

Table 5: Interest rate and spread development for buy-to-let rates in the Netherlands. Source: Dynamic Credit, Hypotheekbond. Reference date is 2024-04-30. Note that the overview shows rates for consumer buy-to-let products, it excludes products that are targeted to professionals.

6. Macro update

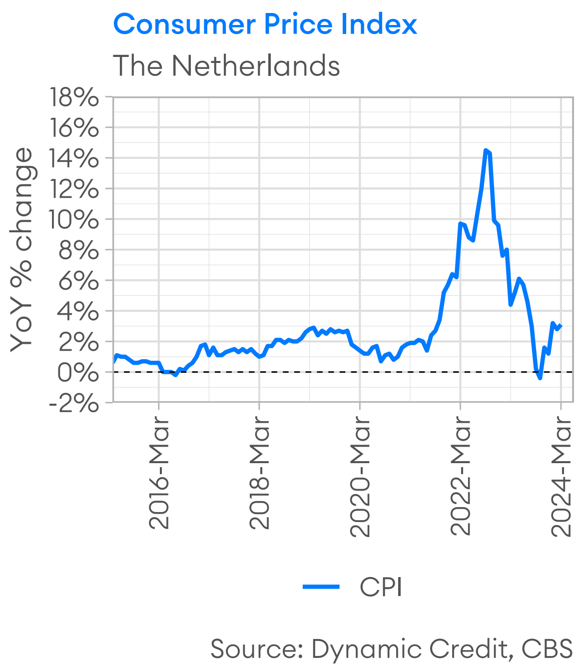
The following sections provide an update on the (macro)economic environment.

Monetary policy

For the past several monetary policy meetings, the Governing Council of the ECB has decided to keep the three central policy rates unchanged, with the latest gathering having occurred in April. This means that the current deposit facility rate remains 4.00%, the refinancing operations rate is 4.50% and the marginal lending facility rate is 4.75%. Looking forward, the market is expecting the first rate cut in June 2024 as ECB officials signal agreement with relative certainty on this timing[1]. However, agreeing on this opens the door for two additional contested points: the size of the first rate cut and the path beyond. Whether we are going to see back-to-back rate cuts this summer or not is still uncertain. Developments with regard to how quickly inflation meets the 2% target and stay there will be vital. A factor such as risk of an oil-price shock due to the situation in the Middle East driving up inflation again attribute to uncertainty about the path ahead for the ECB.

Inflation and Harmonized Index of Consumer Prices

In March 2024, the prices of consumer goods and services in the Netherlands ("CPI") were up 3.10% YoY, compared to 1.20% as of December 2023. According to CBS[2], the price development of energy primarily drove up Dutch inflation in January and March. The Harmonized Index of Consumer Prices ("HICP"), which has a uniform method of measuring inflation among European countries, was 3.10%, compared to 2.70% in February in the Netherlands. In the Eurozone, inflation decreased from 2.60% YoY in February to 2.40% YoY in March. The inflation targets for both the Netherlands and the Eurozone as a whole are 2%. For a longer time-window of CPI and HICP developments please consider Figure 12 below.



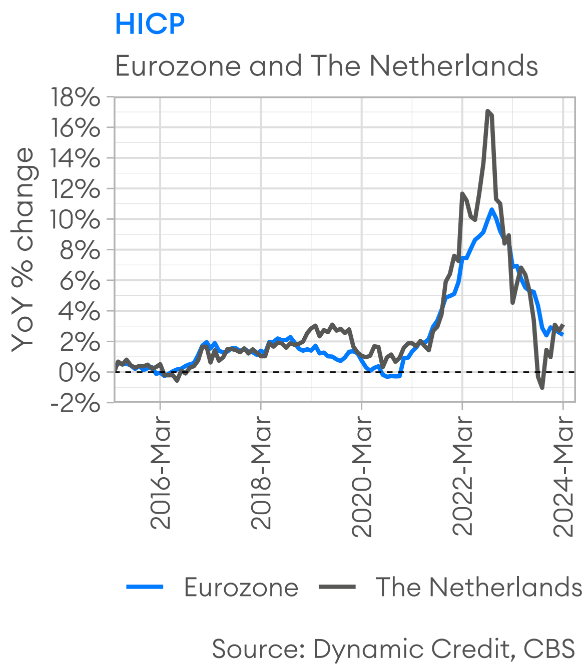


Figure 12: The consumer price Index in the Netherlands (left) and the Harmonized Index of Consumer Prices ("HICP") (right) both as of March 2023.

1 Bloomberg - ECB Rate-Setters Agree on June Cut But Not Much Else Beyond
2 CBS - Inflatie stijgt naar 3.1 procent in maart.

Economic Growth

In March 2024, CBS released its report on the economic growth in the Netherlands[1]. In 2023-Q4, the Dutch economy expanded by 0.40% according to CBS second estimate (with a first estimate expansion of 0.30% YoY per February). The upwards adjustment was primarily caused by higher public consumption due to higher expenditures of municipalities. When comparing 2023-Q4 GDP to the same period a year earlier, a contraction of 0.40% is observed. The annual GDP growth for the year 2023 totaled 0.10%. Please consider Figure 13 below for the historical YoY change in Dutch GDP.

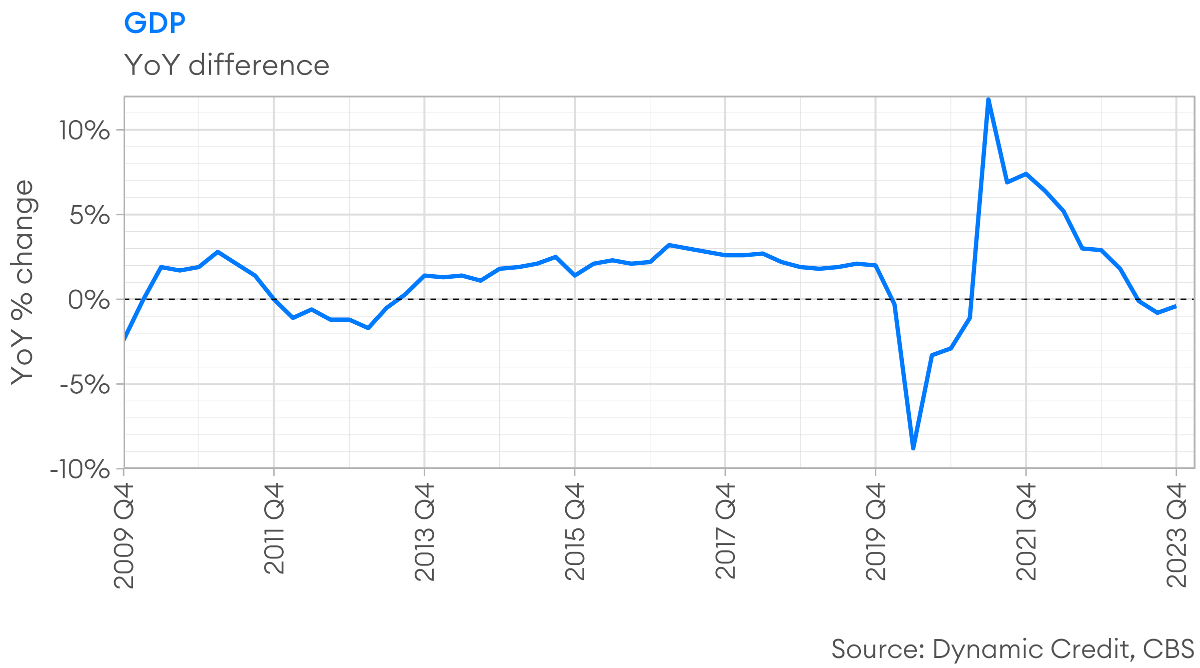


Figure 13: YoY GDP growth in The Netherlands as of 2023-Q4.

Unemployment

In their latest publication of Dutch unemployment, CBS reported[2] that the unemployment rate has remained relatively stable at around 3.60%. During the first quarter, the number of unemployed people rose by approximately 3,000 per month. In addition, CBS reports that the growth observed in the labor force participation rate during the last six months (labor force to total working-age population) has stagnated. Currently, the unemployment rate is at a historical low and the participation rate is at a historically high level.

1 CBS - Economic growth of 0.4 percent in 2023-Q4
2 CBS - No further increase in labour force participation

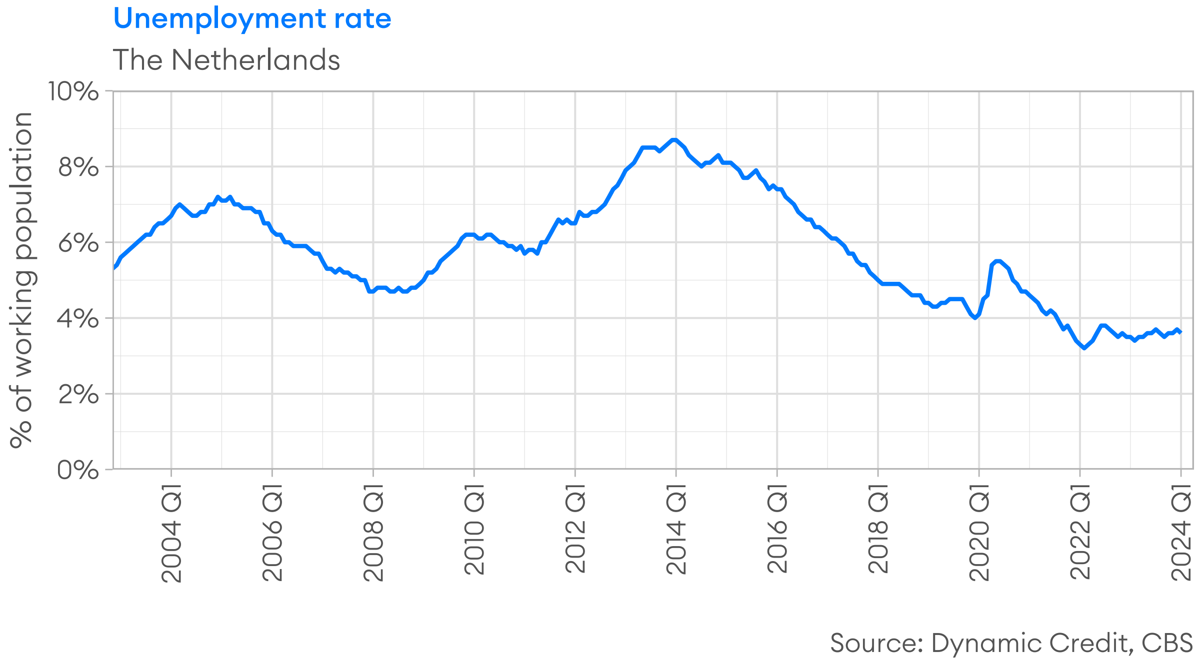


Figure 14: Unemployment rate in The Netherlands as of 2024-Q1.

Bankruptcies

As of March 2024, the number of monthly bankruptcies totaled 332 according to CBS[1]. This is a decrease of 2%, compared to February, which saw 340 bankruptcies. When considering Figure 15 displayed below, monthly bankruptcies are observed to be increasing. However, it's important to consider that the number of monthly bankruptcies in 2021 were at a relatively low point. When comparing the total number of bankruptcies in 2024-Q1 to the same period a year earlier, an increase of approximately 46% is observed.

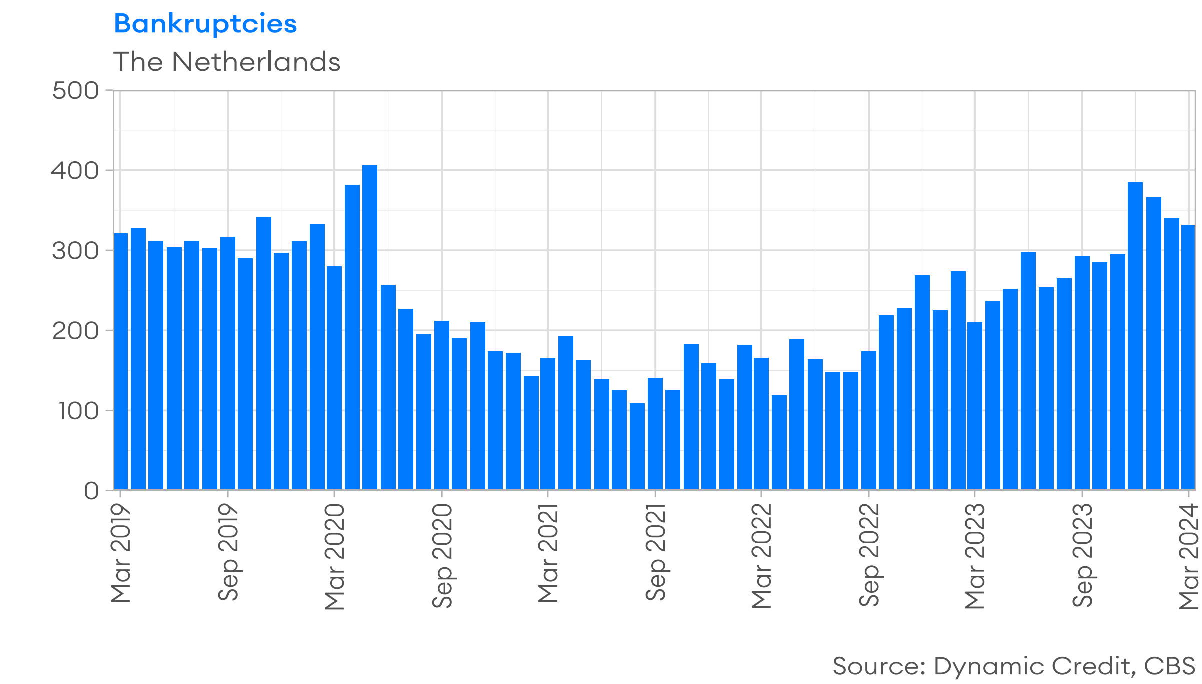


Figure 15: Monthly bankruptcies in The Netherlands as of March 2024.

1 CBS - Iets minder faillissementen in maart

7. Sustainability Update

Majority of homeowners can finance sustainability improvements[1]

DNB's latest research paints a positive picture as the vast majority of Dutch homeowners should be financially equipped to pay for significant sustainability upgrades for their residences. However, while financial barriers are not the main hurdle, concerns regarding return on investment and limited awareness of available subsidies impede widespread adoption.

DNB's analysis reveals that 95% of homeowners have the means to fund sustainability investments through savings or loans, while also maintaining a EUR 10 thousand financial buffer. A notable 66% of homeowners have sufficient savings to cover the costs outright, another part (29%) can finance the measures within the existing regulatory financing norms, while 3% needs a subsidized loan. Remarkably, even within lower income brackets, 96% have access to savings or loans to finance sustainability improvements.

Despite this financial readiness, a significant portion of homeowners remains cautious, citing concerns about lengthy payback periods and upfront installation expenses as deterrents to action. To expedite the transition towards sustainable living, the DNB suggests that policymakers could explore the implementation of mandatory improvement plans for new home purchases, aiming to enforce minimum energy performance standards post-acquisition.

European Commission adopts new Energy Performance of Buildings Directive ("EPBD")

The European Union (EU)[2] has announced the pathway to improve building energy performance, targeting full decarbonization by 2050. The urgency of action is underscored by the fact that 85% of EU buildings are made before 2000, with 75% falling below acceptable energy performance standards. Addressing the energy inefficiency of existing buildings is therefore imperative in curbing energy consumption and realizing the vision of a zero-emission future by 2050. To spearhead this transformation, the EU has revised key directives, notably the Energy Performance of Buildings Directive ("EPBD") and the Energy Efficiency Directive.

Key provisions of the revised EPBD include an effort to accelerate the pace of building renovations, particularly targeting the most energy-inefficient structures in each member state. Noteworthy aspects of the directive's provisions include the adoption of national trajectories by each member state, with a collective goal to reduce the average primary energy use of residential buildings by 16% by 2030 and a more ambitious target of 20-22% by 2035. Furthermore, the directive outlines enhanced standards for new buildings, envisioning a future where buildings achieve zero-emission status. In addition to these ambitious targets, the revised directive emphasizes the importance of elevating the reliability, quality, and digitalization of Energy Performance Certificates (EPCs). This includes the establishment of energy performance classes based on common criteria, ensuring consistency and transparency in assessing the energy efficiency of buildings. Following this update directive, EU member states can now create the national trajectory to act in line with the targets set. However, more information on the consequences for the Dutch housing market are not expected on the short-term.

---

1 DNB - Verduurzaming eigen woning financieren met spaargeld of lening
2 European Commission - Energy Performance of Buildings Directive adaptation

Downward trend emissions in Europe and Netherlands

Statistics Netherlands ("CBS")[1] reported a 6% decrease in greenhouse gas emissions in the Netherlands for 2023 compared to the previous year. The most substantial reduction came from emissions related to electricity production, which saw a notable 22% decline. This decrease was primarily attributed to reduced reliance on coal and natural gas for electricity generation. Additionally, emissions from buildings decreased by nearly 10%, indicating progress in energy efficiency initiatives. While these achievements are significant, they underscore ongoing challenges in combating climate change. Greenhouse gas emissions last year were 34% below 1990 levels. The Netherlands remains committed to its climate goals, aiming for a 55% reduction in emissions by 2030 as outlined in the climate law.

Climate risk awareness homeowners

By the end of 2023, the AFM published a report[2] on the significant and growing impact of physical climate risks on the housing market. Particularly, foundation and flood risks are the most significant climate risks for homeowners due to the financial consequences. An estimated 1 million homes are expected to experience foundation damage by 2050. Foundation damage is typically uninsurable, while flood damage is often not covered by existing insurance policies. This results in potentially substantial costs for homeowners.

In March, the AFM released the consumer monitor[3], aiming to assess homeowners' awareness of climate risks and the consequences. A considerable portion of homeowners expects insurers to cover the costs if their home sustains damage from foundation problems or flooding. However, homeowners must largely bear these costs themselves. Two-thirds of mortgage holders consider the likelihood of foundation problems too small to worry about, with a quarter expecting an insurer to cover the costs of foundation problems and almost 20% expects that the government will bear costs for reparations. With respect to flood risk, three-quarters of mortgage holders are not concerned about potential flooding of their homes. Only 31% of the respondents realize that they need to cover the costs themselves, while a significant portion relies on the government or insurance. This indicates considerable confusion among homeowners and incorrect assessments. There is a significant need for improvement in information provision to enable homeowners to anticipate upcoming risks.

1 CBS - Uitstoot broeikasgassen 6 procent lager in 2023
2 AFM - Inprijzen klimaatrisico's op de woningmarkt
3 AFM - Hypotheekbezitters vaak niet goed op de hoogte van kansen en risico's

Appendix

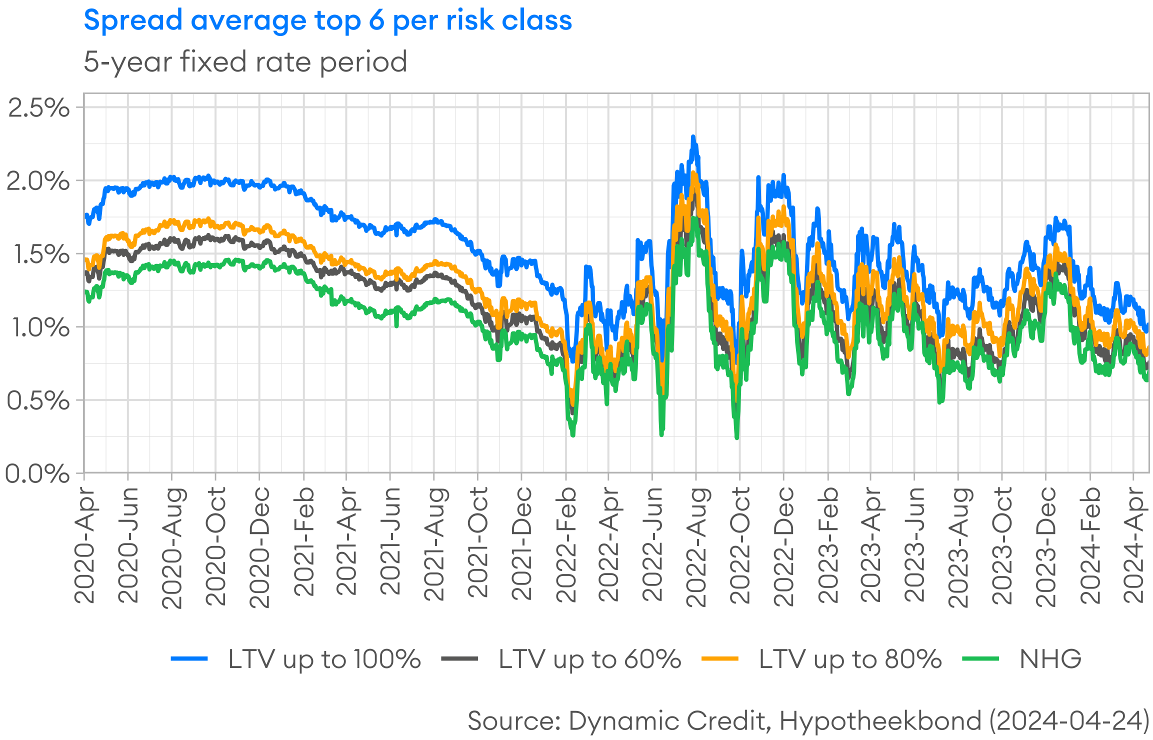


Figure A1: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 5-year fixed rate period for four risk classes. Up to and including Appendix 2024.

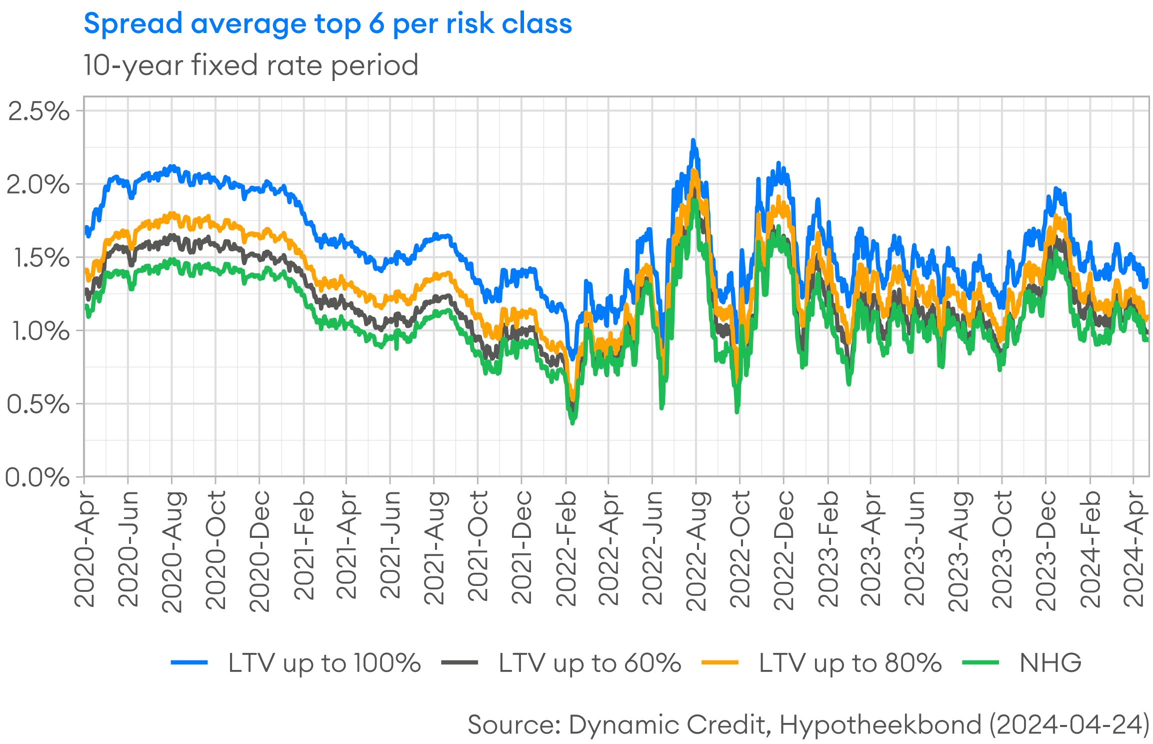


Figure A2: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 10-year fixed rate period for four risk classes. Up to and including Appendix 2024.

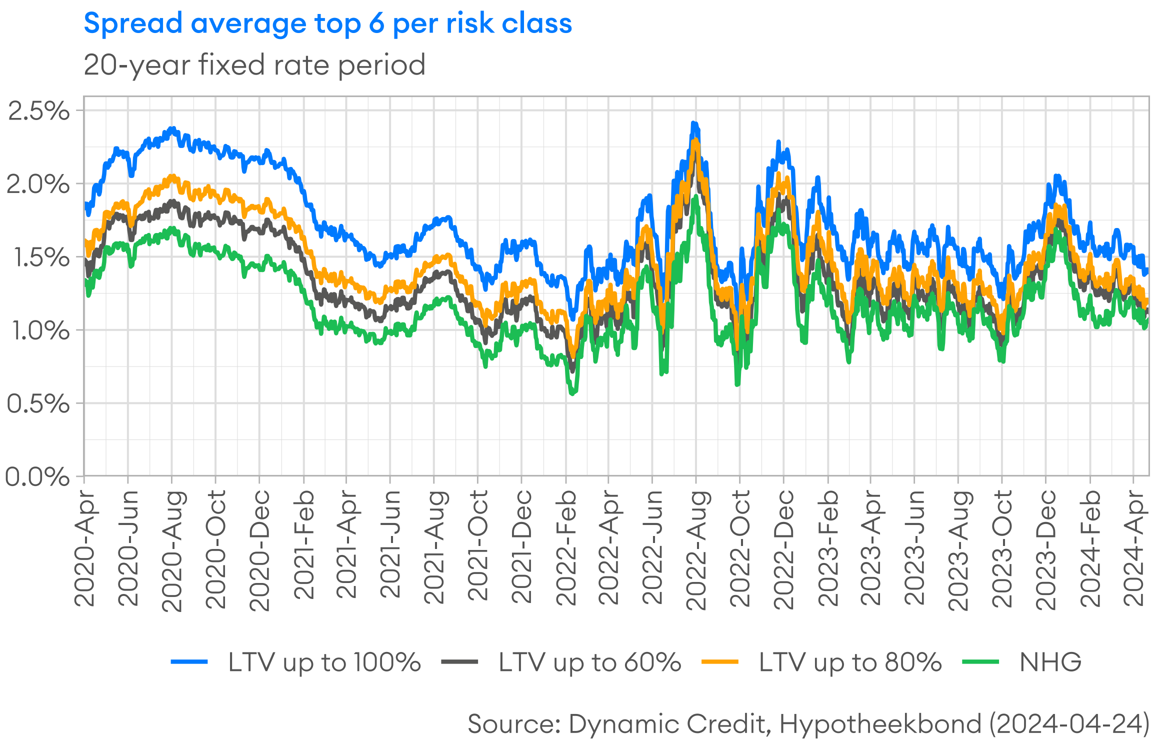


Figure A3: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 20-year fixed rate period for four risk classes. Up to and including Appendix 2024.

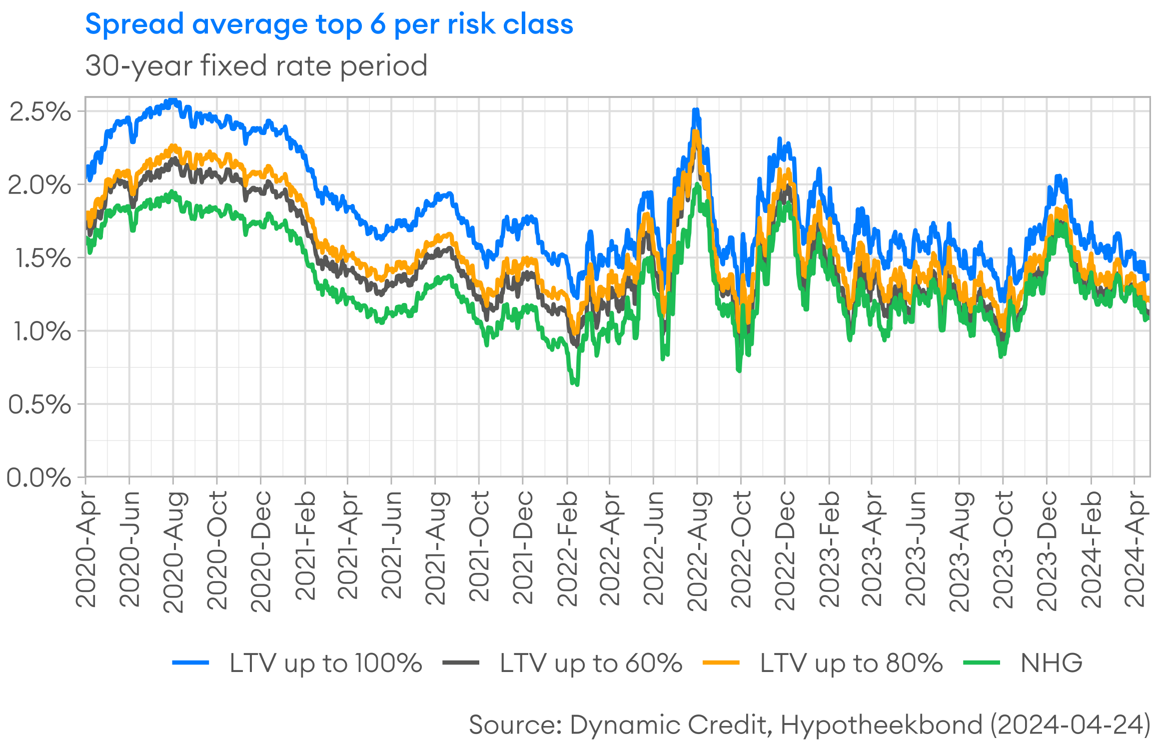


Figure A4: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 30-year fixed rate period for four risk classes. Up to and including Appendix 2024.

Contact details

Portfolio Management Team Members

Jasper Koops

Head of Portfolio Management

T: + 31 20 794 6058

jkoops@dynamiccredit.com

Allard Vollering

Portfolio Manager

T: +31 20 235 8895

avollering@dynamiccredit.com

Anne Koens

VP Legal & Regulatory Affairs

T: +31 20 280 7104

akoens@dynamiccredit.com

Pim Ligtvoet

Portfolio Manager

T: +31 20 280 7100

pligtvoet@dynamiccredit.com

Koray Sanli

Analyst

T: +31 20 280 7100

ksanli@dynamiccredit.com

DYNAM/C
CREDIT

Revealing Opportunities.

Contact
Jasper Koops
Portfolio Management Team
Dynamic Credit Partners Europe

Frederik Roeskestraat 97D
1076 EC Amsterdam
The Netherlands

Desk: + 31 20 794 60 58
jkoops@dynamiccredit.com
www.dynamiccredit.com

www.dynamiccredit.com

Amsterdam
Frederik Roeskestraat 97D
1076 EC Amsterdam
The Netherlands

Phone: +31 20 770 4876

Disclaimer

Dynamic Credit Partners Europe B.V. ('Dynamic Credit') is a registered investment company (beleggingsondernemingsvergunning) and a registered financial service provider (financieel dienstverlener) with the Dutch Financial Markets Authority (Autoriteit Financiële Markten). This presentation is intended for informational purposes only and is subject to change without any notice. The information provided is purely of an indicative nature and is not intended as an offer, investment advice, solicitation or recommendation for the purchase or sale of any security or financial instrument. Dynamic Credit may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented herein. Dynamic Credit cannot be held liable for the content of this presentation or any decision made by a third party on the basis of this presentation. Potential investors are advised to consult their independent investment and tax adviser before making an investment decision. An investment involves risks. The value of securities may fluctuate. Past returns are no guarantee for future returns.