

*This is a translation. In case of any difference the wording of the dutch original report and annexes prevails.*

## **ANNEX I TO THE FIFTH PUBLIC REPORT IN THE INSOLVENCY OF DSB BANK N.V.**

### **Statement of assets and liabilities**

1. This statement of the assets and liabilities gives details of the assets and liabilities of DSB Bank NV ('DSB Bank' or the 'Bank') as at 30 September 2010. The basis for the report is the company balance sheet of DSB Bank as at that date.
2. The statement of assets and liabilities of the insolvent entity is not intended to serve as financial statements as required for annual reporting but, in the context of the liquidation, merely as a record of the assets and liabilities and any changes in them.
3. The statement of assets and liabilities as at 30 September 2010 has been based on the accounting records of DSB Bank. The carrying amounts of the assets and liabilities have been measured on the basis of the accounting policies as included in the report on the insolvent entity as at the date of insolvency of 19 October 2009, published on 17 November 2009. Any changes have been separately disclosed in notes to the individual items of this statement of assets and liabilities.
4. The changes in the company statement of assets and liabilities as at 30 September 2010 can be divided into two categories:
  - a. Eliminations and reclassifications: This column shows reclassifications from the liabilities recognised in the accounting records (under notes 6+18+19+21) to liabilities arising out of submitted claims (note 26). Also included here is the elimination of the externally securitised receivables from and payables to the Special Purpose Entities (SPEs).
  - b. Liquidation adjustments: Possible downward adjustments evident on the date of insolvency have been based on estimates of impairment losses on specific assets. Also taken into account are subsequently filed claims not already on record. The provision for miscellaneous liquidation losses has also been made, serving to cover existing and further write-downs on assets and claims on the insolvent entity due to the collapse of the Bank. The amount of the write-downs on several specific assets and the amount of this provision concern estimates involving considerable uncertainties (see note 24).
5. The presentation of the statement of assets and liabilities as at 30 September 2010 departs in one respect from the report on the insolvent entity as at the date of insolvency of 19 October 2009. In the attached statement as at 30 September 2010, the difference between the assets and liabilities is not presented as shareholders' equity; instead sum totals of the assets and the liabilities are all that is given.
6. The figures have not been audited. No rights may be derived from this statement of assets and liabilities of the insolvent entity.

## Statement of assets and liabilities of DSB Bank in liquidation

Ref	€ in 000s	30-9-2010 company accounts	Eliminations and reclassifications	Liquidation adjustments	30-9-2010 company statement of assets and liabilities
1	<b>Cash</b>	1			1
2	<b>Demand deposits</b>	33,292			33,292
3	<b>Other deposits</b>	-			-
4	<b>Loan receivables</b>	6,570,447	2,587,304-	334,784-	3,648,360
5	<b>Investments in subsidiaries, associates and joint ventures</b>	28,360			28,360
6	<b>Derivatives</b>	p.m.			p.m.
7	<b>Investment portfolio</b>	-			-
8	<b>Intangible assets</b>	16,043		16,043-	-
9	<b>Property, plant and equipment</b>	21,947		14,312-	7,635
10	<b>Trade receivables</b>	10,908		5,594-	5,314
11	<b>Group companies</b>	33,664		18,035-	15,629
12	<b>Receivable from DSB Beheer in respect of corporation tax</b>	42,833		42,833-	-
13	<b>Other receivables</b>	507,929		135,226-	372,703
	<b>Total assets</b>	<b>7,265,424</b>	<b>2,587,304-</b>	<b>566,827-</b>	<b>4,111,293</b>
14	<b>Bank borrowings</b>	607,562			607,562
15	<b>Customer accounts</b>	3,606,326			3,606,326
6	<b>Derivatives</b>	21,706	21,706-		p.m.,
16	<b>Debt to SPEs</b>	2,587,304	2,587,304-		-
17	<b>Tax and social security contributions</b>	1,863			1,863
18	<b>Liabilities to group companies</b>	29,432	29,432-		-
19	<b>Other liabilities</b>	41,135	5,646-	2,249-	33,239
20	<b>Accruals and deferred income</b>	-			-
21	<b>Commission refunds</b>	11,623	11,623-		-
22	<b>Other provisions</b>	-		-	-
23	<b>Provision for long-service benefits</b>	-			-
5	<b>Provision for investments</b>	20,093			20,093
24	<b>Provision for liquidation losses</b>	-		100,000	100,000
25	<b>Subordinated loans</b>	143,510			143,510
26	<b>Other claims received</b>	-	68,407	104,795	173,202
	<b>Total liabilities</b>	<b>7,070,554</b>	<b>2,587,304-</b>	<b>202,546</b>	<b>4,685,796</b>

## Notes to the statement of assets and liabilities of the insolvent entity as at 30 September 2010

### 1. Cash.

Cash and cash equivalents .

### 2. Demand deposits

The balance of the demand deposits concerns the balances on the external bank accounts (specifically accounts with Fortis, ING and Deutsche Bank).

### 3. Other deposits

As at the date of insolvency , deposits had been placed with third parties serving as collateral security for the interest rate swaps contracted by DSB Bank. In the past year, all swap contracts

and other derivatives have been cancelled by counterparties. As at the date of insolvency, the deposits were set off against the receivables under the cancelled swap contracts. These receivables were reduced by the amount of deposits placed with DSB Bank in connection with interest rate swaps not yet cancelled. The total amount receivable as at the date of insolvency was €190 million.

There are unresolved disputes concerning the manner of settlement and the final statements of account / claims based thereon. Receivables connected with the disputes have not been recognised at this stage, resulting in the provisional reversal of the recognised assets of €190 million as at the date of insolvency.

#### **4. Loan receivables**

The lending portfolio can be analysed as follows:

<b>Loans and advances</b>	<b>In €000</b>
Receivables from group companies	377,959
Business lending	12,562
Consumer credit and mortgages	3,658,292
Bad debt provision	400,453-
<b>Total</b>	<b>3,648,360</b>

##### ***Receivables from group companies***

The receivables from group companies include a credit facility in favour of DSB Beheer (€75 million) and funding for the Belgian entities (€302 million).

##### ***Business lending***

Included under business lending are the financing of a property development project and an aircraft financing package.

##### ***Consumer credit and mortgages***

In the previous insolvency report, the carrying amounts of the loans were measured using hedge accounting. On that occasion, an adjustment was simultaneously applied which in effect left a carrying amount at face value on the final balance sheet as at the date of insolvency. In the statement of assets and liabilities of the insolvent entity as 30 September 2010, the various loans are again presented at face value.

In view of the nature of the portfolio and the counterclaims, the write-down percentages have been left the same so as to present a consistent picture. The liquidation adjustment before write-downs is based on the waiver of 5% of the principal on the loans secured on a first mortgage and the waiver of 15% on consumer credit loans and second mortgages. The mortgage lending includes an amount of €174 million in respect of loans designated as pledged. All amounts in respect of principal and interest received on repayment of these loans will be used to repay the amounts owed to the pledgees (see note 14, bank borrowings). The lending portfolios of the German branch, totalling €122 million, are also included in the consumer credit and mortgage portfolios recognised in the balance sheet.

##### ***Securitised loans***

This concerns the lending portfolio transferred to the Special-Purpose Entities. DSB Bank keeps the accounts for the loans (principal and interest), issued notes (principal and interest), sweeps

(funds to be transferred by DSB Bank to the SPEs) and the deferred purchase price (DPP) still payable in its capacity as 'pool servicer'. Other items (amortisation, costs, swap interest etc.) are accounted for by the SPEs themselves. The 'waterfalls' accruing to DSB Bank (from excess spread) and DPP balances, totalling €64 million, have been included in the other receivables (note 13); the amounts still to be settled with the SPEs (sweeps), totalling €23 million, are included in the other payables (note 19).

Since it can be argued from a legal perspective that DSB Bank has transferred the title to the securitised receivables, they have been eliminated as far as the externally securitised loans are concerned. The analysis is as follows:

<b>Securitised loans</b>	<b>In €000</b>
Dome	566,974
Monastery 2004	321,828
Monastery 2006	616,871
Chapel 2003	480,204
Chapel 2007	601,427
<b>Total</b>	<b>2,587,304</b>

#### ***Provision for impairment losses***

The total provision for impairment losses on all the above loans amounts to €400 million. Taking into account the existing bad debt provision of €65 million, the liquidation adjustment of €340 million has been recognised, of which €60 million relates to the receivable from DSB Beheer. In the balance sheet as at the date of insolvency, the corresponding adjustment amounted to €334 million.

#### **5. Investments in subsidiaries / associates / joint ventures and related provisions**

Except where otherwise stated, the carrying amounts have been measured on the basis of the reported shareholders' equity as at year-end 2008. The investments with positive equity are the following:

<b>Investments with positive equity</b>	<b>In €000</b>
Investment in Finanzdesk	34
Investment in DSB Belgium	2,376
Investment in DSB Verzekeringen	25,895
Loans to SPEs	55
<b>Total</b>	<b>28,360</b>

#### ***Investment in Finanzdesk***

The 50% interest in Finanzdesk Service GmbH was acquired in 2009 for approximately €2 million, with payment of €2 million made immediately and a deferred payment of a further €1 million in respect of the purchase price contingently agreed.

#### ***Investment in DSB Belgium N.V.***

The subsidiary DSB Belgium NV is owner of 100% of the share capital of its subsidiaries Silver Finance and Creafin.

### **Investment in DSB Verzekeringen B.V.**

The DSB Verzekeringen BV (DSB Insurance) balance sheet is largely made up of positions with DSB Bank en DSB Life and DSB Non-Life.

### **Loans to SPEs**

The loans to SPEs serve to provide financing for the share capital of the SPE's.

The investments with negative equity are the following:

<b>Investments with negative equity</b>	<b>In €000</b>
Investment in DSB International	3,290-
Investment in Incassoburo Inspectrum	4,395-
Investment in DSB Beveiliging - (insolvent)	4,787-
Investment in DSB Print - (insolvent)	7,615-
Investment in Huis & Hypotheek - (insolvent)	6-
<b>Total</b>	<b>20,093-</b>

A statutory provision has been recognised (shown as a liability on the face of the balance sheet) in connection with the declarations of joint and several liability issued by DSB Bank in favour of these entities pursuant to Section 403 of Part 9, Book 2, of the Netherlands Civil Code. The carrying amount of this provision continues to be measured provisionally on the basis of the reported negative or positive equity of the entities as at year-end 2008; it does not reflect the actual risks and liabilities arising out of the declarations of joint and several liability.

### **6. Derivatives**

On the date of insolvency, the derivatives had a carrying amount of €38 million, representing the positive value of the interest rate swaps in issue at the time.

Shortly after the collapse of the Bank, all derivative contracts were cancelled by the counterparties. The counterparties have filed final statements of account / claims in connection with the cancellation. There are unresolved disputes concerning the manner of settlement and the final statements of account / claims based thereon. Receivables connected with the disputes have not been recognised at this stage.

### **7. Investment portfolio**

The portfolio of securities was sold at market prices following the collapse of the Bank.

### **8. Intangible assets**

The intangible assets mainly comprise capitalised consultancy fees and licences relating to developed software (Projects), goodwill and other intangible assets. The liquidation of the Bank is expected to mean that none of the intangible assets will have any value and a liquidation adjustment of €16 million has accordingly been included in respect of them.

### **9. Property, plant and equipment**

The property, plant and equipment mainly concerns business premises used by the Bank (€11 million) and office equipment (€11 million). Based on appraisals obtained in the interim, the

carrying amount of the assets has been written down by an average of 65%. This has accordingly resulted in a liquidation adjustment of €14 million.

### **10. Trade receivables**

The balance of these receivables is made up of current-account positions with external insurers, other receivables, management costs passed onto DSB online and intermediary businesses and the net present value of recurrent future commission income (portfolio fees) on policies taken out through DSB Bank.

Following the collapse of the Bank, the commission asset was recognised on a cash basis, resulting in a liquidation adjustment of €6 million in respect of a write-down on the net present value of the recurrent future commission income.

### **11. Group companies**

Receivables from group companies is made up of receivables from companies included in the DSB Bank and DSB Beheer consolidations. Annex 3 contains an analysis of the receivables from group companies.

The receivables from the insolvent entities DSB Print, DSB Beveiliging and DSB Leeuwarden have been written off for reasons of prudence, resulting in the inclusion of a liquidation adjustment of €18 million. The Administrators of DSB Bank will, however, be filing claims for these receivables in the liquidation of these entities.

### **12. Receivable from DSB Beheer BV in respect of corporation tax**

The asset is made up of an amount receivable by the DSB Beheer BV tax group from the Tax Administration in respect of a corporation tax refund. DSB Bank is part of the DSB Beheer BV tax group so that, technically, the amount is receivable from DSB Beheer BV rather than the Tax Administration. An adjustment has therefore been made in respect of the corporation tax receivable from the Tax Administration. The amount of the receivable from DSB Beheer, in view of the current position of DSB Beheer, has been recognised as nil (liquidation adjustment).

### **13. Other receivables**

The other receivables can be analysed as follows:

<b>Other receivables</b>	<b>In €000</b>
Other assets	1,099
Repurchased notes	406,175
Receivables from SPEs	64,474
Interest and repayments receivable	26.568
Deferred tax assets	8,902
Other	711
Liquidation adjustment	135,226-
<b>Total</b>	<b>372,703</b>

### ***Other assets***

The other assets concern costs of transferring application licences to the Bank, property and a loan to Stichting Bewaarbedrijf DSB.

### ***Repurchased notes***

The repurchased notes can be analysed as follows:

<b>Repurchased notes</b>	<b>Redemption value in € 000</b>
Dome	34,917
Monastery 2004	52,238
Monastery 2006	191,218
Chapel 2003	61,983
Chapel 2007	65,819
<b>Total</b>	<b>406,175</b>

### ***Receivables from SPEs***

The receivables from the SPEs can be analysed as follows:

<b>Receivables from SPEs</b>	<b>In €000</b>
Dome	4,267
Monastery 2004	2,508
Monastery 2006	13,640
Chapel 2003	29,700
Chapel 2007	14,360
<b>Total</b>	<b>64,474</b>

### ***Interest and repayments receivable***

This mainly concerns the interest on loans in the lending portfolio and the direct debit run totalling €24 million, which was received on 1 October 2010.

### ***Deferred tax assets***

The deferred tax assets have been recognised in respect of loss relief (tax loss carryforwards within the tax group). Owing to the collapse of the Bank, the recognised assets of €9 million will not be realisable and a liquidation adjustment has therefore been included in respect thereof.

### ***Liquidation adjustment***

A more detailed analysis has since been made of the likely effects which the possible credit risks inherent in the underlying loan portfolios of the SPEs and the claims which may be pending for dereliction of duty of care have on the value of the notes and the carrying amounts of the receivables from the SPEs. On the basis of this analysis, taking into account the variety in the risk profile of repurchased notes, the carrying amount of the notes has been written down by €62 million, with impairment losses of €64 million recognised on the receivables from the SPEs. The total liquidation adjustment concerns the above write-down on the repurchased notes amounting to €62 million, the write-down of €64 million on the receivables from the SPEs and the write-off of the deferred tax assets amounting to €9 million.

## 14. Bank borrowings

The loans raised from credit institutions can be analysed as follows:

<b>Banks (liabilities)</b>	<b>In €000</b>
Special short-term loan facility from banking consortium	475,000
Secured loan facility from SocGen Amsterdam	45,976
Secured loan facility from DSB Life / DSB Non-Life	86,586
<b>Total</b>	<b>607,562</b>

### *Special short-term loan facility from banking consortium*

DSB Bank has raised a special short-term loan facility from a consortium of banks (ING, Rabo, ABN Amro, SNS, Van Lanschot and NIBC). The loans have a maximum term of one year.

### *Secured loan facility form SocGen Amsterdam*

As collateral security for the loan from Société Générale amounting to €50 million, DSB Bank has pledged part of its mortgage portfolio, which currently has a face value of €56 million.

### *Secured loan facility from DSB Life/ DSB Non-Life*

To secure the loans granted to DSB Bank by DSB Life and DSB Non-Life, amounting to €60 million and €75 million, respectively, DSB Bank has given pledges on portfolios of first mortgages which currently have a face value of €21 million and €97 million, respectively.

## 15. Customer accounts

The customer accounts amount to €3.6 billion and concern savings accounts of both personal and business banking customers. Following the collapse of the Bank, DNB paid out €3.5 billion under the terms of the deposit guarantee scheme, becoming a creditor of the insolvent entity in the process. Customers not fully compensated by DNB themselves remain creditors in the insolvency.

## 16. Debt to SPEs

The amount owed to SPEs concerns the debt position on the accounts arising because the loans transferred to the external SPEs are presented on the face of the company balance sheet as receivables from customers. Not included are the notes issued for these SPEs since they were issued by the SPEs to third parties. See note 4 for further details.

## 17. Tax and social security contributions

The tax and social security contributions payable concern VAT and wage tax, totalling €2 million. These tax positions are currently under examination.

DSB Bank has not recognised any provision in respect of an administrative case (which has gone to appeal) in which the Bank is challenging a demand for additional payment of wage tax amounting to approximately €6.3 million (including interest charge), nor has DSB Bank recognised any provision in respect of administrative cases (currently at the objection stage) in which the Bank is challenging demands for additional payment of VAT by the DSB Beheer tax group amounting to approximately €25.2 million (including interest charges). These VAT demands relate to the arguments surrounding the Swiss assets of DSB Media B.V. (merged with DSB Bank at the end of 2005).

## 18. Liabilities to group companies

The liabilities to group companies mainly concern amounts owed to the insurance subsidiaries of DSB Bank: DSB Leven NV, DSB Schade NV and DSB Verzekeringen BV. Since these group companies have now submitted a claim to DSB Bank, the liabilities have been reclassified as other claims received.

## 19. Other liabilities

The other liabilities concern:

<b>Other liabilities</b>	<b>In €000</b>
Payables to SPEs	22,962
Interest payable on special short-term loan facility	5,492
Other payables	4,786
<b>Total</b>	<b>33,239</b>

### *Payables to SPEs*

The payables to SPEs concern repayments and interest received which still have to be transferred to the SPEs.

The payables to the SPEs can be analysed as follows:

<b>Payables to SPEs</b>	<b>In €000</b>
Dome	3,237
Monastery 2004	1,688
Monastery 2006	4,073
Chapel 2003	5,253
Chapel 2007	8,711
<b>Total</b>	<b>22,962</b>

### *Accrued interest*

This concerns interest accrued on the special short-term loan facility.

### *Other payables*

The other payables concern expenses due for payment.

## 20. Accruals and deferred income

As at the date of insolvency, the accruals and deferred income concerned interest payable on swap contracts. Shortly after the collapse of the Bank, counterparties cancelled all derivative contracts. The counterparties have submitted final statements of account or claims because of cancellation and the interest payable is part of these claims. There are currently disputes concerning the manner of settlement and the final statements of account/claims based thereon. No amounts have been recognised at this stage in respect of the final settlements of the disputes. As at balance sheet date, there are no longer any items qualifying as accruals and deferred income. The earn-out of €1 million relating to the acquisition of an interest in Finanzdesk presented under accruals and deferred income in the previous insolvency report has now been accounted for in other liabilities.

## **21. Commission refunds**

By law, insurance policies which have been contracted can be cancelled at five year intervals. On cancellation, part of the commission received by DSB Bank when the insurance was taken out becomes repayable to the insurer. A provision for commission refunds was recognised, based on experience. Insurers have now submitted specific claims and liability in respect of refundable commission has now been included in other claims received (note 26).

## **22. Other provisions**

In 2010, the provision recognised in connection with the collapse of Icesave was eliminated in a transaction involving DNB. The other provisions recognised as at the date of insolvency have now been included in the provision for liquidation losses (note 24).

## **23. Provision for long-service benefits**

The provision for long-service benefits has been released. Any related liabilities will be accounted for on a cash basis.

## **24. Provision for liquidation losses**

The balance sheet as at the date of insolvency contained a provision of €200 million relating to write-downs and write-offs on assets, claims against the insolvent entity arising out of or during the liquidation process and the costs of winding up the Bank. At the time when this balance sheet was published, with the public report of 17 November 2009, it was expected that the loan portfolio could be disposed of quickly. Circumstances and expectations have now changed with the passage of time. In the insolvent entity's statement of assets and liabilities as at 30 September 2010, more write-downs have been effected on the assets side while, on the liabilities side, all the claims submitted, which were not already accounted for, have now been recognised, including claims disputed by the Administrators. Moreover, instead of a liquidation loss there is currently a surplus, because the loan portfolio has not been sold. The net amount of interest received and paid plus the costs of settling accounts produced a surplus of €160 million during the first six months following the collapse. The complaints issue has, however, proved to be greater than was expected a year ago. The combined effect of these factors has resulted in a liquidation provision of €100 million.

The amount of this provision nevertheless remains an estimate. There are still considerable uncertainties, both on the assets side and on the liabilities side, not least in view of the forthcoming meeting of creditors.

## **25. Subordinated loans**

The subordinated loans concern the subordinated savings deposits of customers (€111 million) and a subordinated business deposit (€32 million).

## **26. Other claims received**

The other claims received concern the claims registered since the collapse as at the end of September 2010, other than claims relating to customer accounts and subordinated loans. At the time of drawing up the balance sheet, these other claims had not yet been analysed into provisionally accepted or disputed claims. The preferential ranking had also not been decided. It will not be possible to present a more precise picture until after the first meeting of creditors.

## Recapitulation of liquidation adjustments

<b>Recapitulation of liquidation adjustments</b>	<b>Note</b>	<b>In €000</b>
Write-down on receivables from customers	4	334,784-
Write-down on intangible assets	8	16,043-
Write-down on property, plant and equipment	9	14,312-
Write-down on loan receivables	10	5,594-
Write-down on group companies	11	18,035-
Write-down on receivable from DSB Beheer in respect of corporation tax	12	42,833-
Write-down on receivable from SPEs	13	125,902-
Write-down on deferred tax assets	13	8,902-
Write-down on other receivables and payables	13 and 19	1,828
Provision for liquidation losses	24	100,000-
Provision for claims	26	104,795-
<b>Total liquidation adjustments</b>		<b>769,372-</b>

### Annex 3 -Relationships with group companies

#### Receivables from group companies under receivables from customers

in €

##### **In DSB Beheer consolidation**

Credit facility for DSB Beheer BV 75,208,517

##### **In DSB Bank consolidation**

Funding for Silver Finance SA 27,750,000

Funding for Creafin NV 275,000,000

302,750,000

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**Total** **377,958,517**

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#### Intercompany loans under bank borrowings

in €

##### **In DSB Beheer consolidation**

Loan from DSB Leven NV 71,737,744

Loan from DSB Schade NV 14,848,346

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**Total** **86,586,090**

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#### Liabilities to group companies

in €

##### **In DSB Beheer consolidation**

Current account with DSB Schade NV 3,850

Current account with DSB Leven NV 2,225,217

2,229,067

##### **In DSB Bank consolidation**

Current account with DSB Verzekeringen BV 27,203,121

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**Total** **29,432,188**

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#### Intercompany loans under Receivables

in €

##### **In DSB Bank consolidation**

Loan to Stichting DSB Bewaarbedrijf 125,000

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**Total** **125,000**

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**In DSB Beheer consolidation**

DSB Beheer	86,257-
Current account with Scheringa Museum	120,310
Current account with DSB Vastgoed	90,212
Current account with AZ N.V.	14,256
Current account with Clicks 4 Sales B.V.	679,940-
Current account with DS Sport	1,032,000
Current account with Nifa Financieringen	382,845
Current account with Keurkrediet	50,786
Current account with DGAC Financial Services	2,009
Current account with KGN	151,004
Current account with Hendriks & Partner	39,270
Current account with DGA	286,671
Current account with H&P	22,360
Current account with Leencentrum Emmen	874,083
Current account with DSB Intermediairs B.V.	585,143
Current account with Leenwereld Eindhoven	897,006
Current account with Call Direct Centre Maastricht	1,048,781
Current account with Van Rijswijk Groep B.V.	<u>730-</u>
	4,829,809

**In DSB Bank consolidation**

Current account with DSB Belgium	4,427,541
Current account with DSB Leeuwarden	765,052
Current account with DSB Print	10,165,315
Current account with Ficoholding	2,119
Current account with Incassobureau Inspectrum	676,797
Current account with DSB Beveiliging	6,602,523
Current account with DSB International	3,957,427
Current account with DSB Direkt GmbH	797,407
Current account with DSB Deutschland GmbH	54,759
Current account with DS Verzekeringen Holding	88
Current account with Slovenia external	<u>1,385,457</u>
	28,834,483

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<b>Total</b>	<b>33,664,292</b>
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