Financial Report 2012

DSB Bank N.V. in bankruptcy

Dick Ketlaan 1-15
1687 CD Wognum
Netherlands

PO Box 70
1687 ZH Wognum
Netherlands

Telephone: (+31) (0)88 372 7500
Internet: http://www.dsbbank.nl

This is the translation of the “Financeel verslag 2012” in Dutch language.
In care of any difference, the Dutch text prevails.

Contents page

1.1 Key figures (x €1,000)

	2012	2011	2010	2009
BALANCE SHEET				
Balance sheet total	3,307,876	3,560,678	3,968,256	4,693,412
Loans and advances	3,151,399	3,411,117	3,853,435	4,252,039
Provision for bad debts	-265,472	-278,664	-363,432	-383,666
Provision as percentage of loans and advances	8.4%	8.2%	9.4%	9.0%
Borrowings	489,472	588,967	455,208	1,161,118
Distribution to preferential and unsecured creditors (cumulative)	1,001,351	696,588	0	0
Outstanding payables to unsecured creditors (cumulative)	2,829,312	3,109,476	3,817,554	0
Subordinated payables	143,303	143,303	143,303	147,853
Balance of assets and liabilities (cumulative)	-407,201	-451,393	-631,688	-574,906
Interest not included in balance (cumulative)	-458,234	-338,554	-189,440	-31,573
INCOME STATEMENT				
Revenue	184,504	210,241	239,744	342,512
Operating expenses	52,840	58,960	88,785	333,615
Exceptional income and expenses	-87,472	17,714	-207,741	-816,496
Net result	44,192	168,995	-56,782	-807,599
OTHER KEY FIGURES				
FTEs on payroll	153	216	271	1,211
FTEs on temporary contract	99	71	n/b	n/b
Securitised loans	2,127,664	2,292,028	2,520,018	2,760,853
Compensation in respect of duty of care (compensation for insurance policies, HWS, excessive lending, restructuring)	129,284	21,100	27,344	0

1.2 Introduction

DSB Bank N.V. was declared insolvent on 19 October 2009. On 17 November 2009, the administrators published a statement of assets and liabilities of the DSB Bank (Annex 2 to the first public report) as at the date of the declaration of insolvency. On 29 October 2010, the administrators published a second statement of assets and liabilities of the insolvent entity (Annex 1 to the fifth public report) as at 30 September 2010. On 29 July 2011, the administrators published financial reports for the years 2009 and 2010 (appended to the ninth public report). On 24 February 2012, the financial report for the year 2011 was posted on DSB Bank N.V.'s website (www.dsbbank.nl).

Since the administrators are carrying on the business of DSB Bank N.V., albeit without granting loans or advising on products, they wish to provide creditors with a view of the bank's financial affairs in 2012 in a manner comparable to an annual report. This 2012 financial report of DSB Bank N.V. has accordingly been prepared on a separate and not consolidated basis. As in the 2011 financial report, the present report does not include the external securitisations. DSB Bank N.V. continued to service the securitised loans in 2012.

As a consequence of the insolvency, extra costs, losses on assets and additional liabilities, the amount of which is difficult to estimate, are incurred. Moreover, in September 2011, the administrators reached 'Heads of Agreement' with several organisations looking after the interests of DSB Bank N.V. customers in connection with possible instances of violation of the duty of care. The costs associated with this agreement are uncertain because they depend on the extent to which customers make claims and the individual financial situations of claimants. As at year-end 2012, the uncertainties connected with the liquidation proceedings and the duty-of-care claims are such that the deficit arrived at for the purposes of the balance sheet is not an indication of the ultimate liquidation deficit.

Another consequence of the insolvency is that the claims of unsecured creditors are included in the balance sheet without accrued interest since the date of insolvency. In the income statement, too, therefore, no interest is recognised in respect of the unsecured creditors' claims, which has the effect of flattering the net interest result. The accrued interest due to unsecured creditors with effect from the date of insolvency as determined as at the date of insolvency will only be verified when the claims of the creditors have been fully paid.

This report also takes account of the distributions of 4% and 4% to unsecured creditors made in June and December 2012, respectively, amounting to a total of €304.7 million.

The 2012 financial report has not been audited. The administrators and a firm of accountants have, however, performed a number of specific activities with the purpose of reconciling this financial report with the bank's underlying accounting records. The administrators have discussed this financial report and reports made by the accountants with the creditors' committee and the supervisory judge.

The insolvency having entered its fourth year, the key figures cover the period 2009–2012 inclusive.

For the reporting by the administrators on the progress of their work, reference is made to the public reports which they have published.

Administrators of DSB Bank N.V.
Wognum, 18 February 2013

R.J. Schimmelpenninck B.F.M. Knüppe

2. Financial report

2.1 Company balance sheet as at 31 December 2012 (x € 1,000)

			2012		2011
ASSETS					
Cash	1		69,067		57,938
Other deposits	2		0		1,117
Loans and advances	3		2,885,927		3,132,453
Interest rate swaps	4		25,145		0
Investments in group companies	5		10,394		12,933
Property, plant and equipment	6		4,021		3,938
Receivables					
Debtors / receivables	7	276		1,592	
Receivables from group companies	8	13,000		13,200	
Receivables from DSB Beheer	9	39,465		44,516	
Other	10	260,581		292,991	
			313,322		352,299
			3,307,876		3,560,678

Company balance sheet as at 31 December 2012 (x € 1.000)

	Note		2012		2011
EQUITY AND LIABILITIES					
Borrowings	11		489,472		588,967
Interest rate swaps	4		3,211		0
Other liabilities					
Tax and social security charges	12	454		813	
Sundry other payables	13	24,325		19,511	
			24,779		20,324
Provisions					
Investments in group companies	14	0		0	
Compensation scheme	15	75,000		0	
Liquidation losses	16	150,000		150,000	
			225,000		150,000
Unsecured creditors	17		2,829,312		3,109,477
Subordinated loans	18		143,303		143,303
Balance	19		-407,201		-451,393
			3,307,876		3,560,678

2.2 Company income statement for 2012 (x €1,000)

		2012	2011
Revenue			
Finance income - interest	20	182,451	207,076
Share in results of subsidiaries, associates and joint ventures	5	-1,106	-1,365
Other income	21	787	4,530
Value adjustments to financial instruments	22	2,372	0
		184,504	210,241
Operating expenses			
Finance expense – interest	23	14,722	15,183
Administrative expenses	24	38,118	43,777
		52,840	58,960
Net operating income		131,664	151,281
Exceptional income and expenses	25	-87,472	17,714
Result before tax		44,192	168,995
Tax	26	0	0
Result		44,192	168,995

2.3 Cash flow statement (x €1,000)

		2012		2011
Receipts from management and sale of assets				
Payments on loans	632,760		860,152	
Settlement of interest rate swaps	6,888		0	
Servicing fee	4,326		4,489	
Coupon interest on notes	4,276		5,587	
Redemption of notes	31,708		44,067	
Receipt of receivable from DSB Beheer	4,783		8,505	
Interest and repayments, Belgian entities	54,807		55,153	
Interest and repayments, corporate loans	0		7,003	
Proceeds from disposals	1,689		8,004	
Other income	5,085		3,838	
Total receipts		**746,322**		**996,798**
Expenditures				
Onward payments, repayments and non-operational expenditures				
SPVs sweep/payments the pledgees	288,101		363,804	
Interest payable on the special short-term loan facility	9,777		10,333	
Loan to DSB Ficoholding	0		13,000	
Advance made to DSB Beheer	0		7,183	
Non-entitled post-insolvency payments to customers	3,855		0	
Interest on savings-type bank mortgage loans	184		0	
Distribution to creditors	305,468		696,587	
Other expenses	917		3,907	
		608,302		1,094,814
Operational and administrative expenses				
Staff costs	9,542		12,684	
Temporary staff / management services	13,477		12,419	
Administrators / Houthoff Buruma /other advisers	8,817		11,473	
Premises costs	741		1,427	
Other expenses	6,559		9,909	
		39,136		47,912
Total expenditures		**647,438**		**1,142,726**
Short-term financing				
Drawings on special short-term loan facility	261,000		645,000	
Repayment of special short-term loan facility	377,000		500,000	
DSB Beheer current account facility	28,245		0	
Total insolvent entity financing		**-87,755**		**145,000**
Total cash flow		**11,129**		**-928**
Cash balance:				
- as at 1 January		57,938		58,866
- as at 31 December		69,067		57,938
		11,129		**-928**

2.4 General notes and accounting policies

A. GENERAL

Purpose of financial report
DSB Bank N.V. (DSB Bank) failed on 19 October 2009. The primary purpose of the financial report is to provide a view of the assets and liabilities as at 31 December 2012 and of the income and expenses for the period 1 January to 31 December 2012. It should be emphasised that the financial report is not intended to give an indication of the sales value (estimated or otherwise) of the assets or of the expected pay-out percentages to unsecured creditors.

Unaudited accounts
The figures included in the financial report have been taken from DSB Bank's accounting records. The accounting policies applied are detailed below. As an insolvent entity, DSB Bank no longer has any obligation to have financial statements prepared, audited and published within the meaning of Section 394, Book 2, of the Netherlands Civil Code. The figures in this financial report have therefore not been subjected to examination by external auditors.

Company balance sheet and income statement
DSB Bank is registered in the Netherlands and is a public limited liability company (NV) whose shares are held by DSB Ficoholding N.V. (DSB Ficoholding). The financial report contains the company balance sheet and income statement of DSB Bank.

Securitised mortgage and consumer loans
DSB Bank has receivables in respect of mortgage and consumer loans granted by the bank and securitised through the special-purpose vehicles (SPVs). In connection with the securitisation, the beneficial ownership of these receivables was transferred to the SPVs. To finance the SPVs' acquisition of the receivables, notes were issued by the SPVs. These securitised receivables, the corresponding notes for which are held predominantly by third parties, are therefore not recognised in DSB Bank's company balance sheet and income statement.

Comparative figures
The comparative figures for 2011 have been taken from the 2011 financial report. The 2011 figures serve solely for comparison and no further disclosures are made relating to them.

B. GENERAL ACCOUNTING POLICIES

Accounting policies used in preparing the financial report
The financial report has essentially been prepared in compliance with Part 9, Book 2, of the Netherlands Civil Code. Given the ongoing winding-up operation, however, different methods of valuation and determination of results may have been applied for a number of aspects. Departures from Part 9, Book 2, concern for example:

- The treatment of post-balance-sheet events.
- The carrying amounts of several balance sheet items, including loans and advances, property plant and equipment and receivables, on which separate disclosures are made in the notes to the balance sheet contained in the financial report.

The specific accounting policies applicable to the individual items in the financial statements are set forth below.

All amounts are presented in thousands of euros unless otherwise stated.

Use of estimates and judgements
The preparation of a financial report requires that the administrators form judgements, make estimates and make assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities and of income and expenses.

The estimates and underlying assumptions are regularly appraised and evaluated. The actual results can therefore differ from the estimates and assumptions made. Revised estimates are taken into account in the period in which the estimates are revised and in future periods for which such revision has implications.

C. SPECIFIC POLICIES USED FOR THE BALANCE SHEET

Cash and other deposits
Cash is considered to include all legal tender plus demand deposits with various banks.
The amount of deposits is measured at face value, less any impairment where necessary.

Loans and advances
Accounted for in this item are the receivables in respect of loans to customers that are not held for trading purposes. These receivables are carried at face value less any necessary provision for impairment.

As in 2011 and 2012, the administrators, in consultation with the creditors' committee and the supervisory judge, decided against disposing of the loan portfolio in the short term. The assumptions underlying the amount of the necessary provision are disclosed in the notes to the item.

Loans and advances found to be uncollectible are written off against the provision.

Interest rate swaps
Interest rate swaps are carried at fair value, with gains and losses recognised in the income statement as value adjustments to financial instruments. In the balance sheet, interest rate swaps are presented as assets if the fair value is positive and as liabilities if the fair value is negative. Hedge accounting is not used.

The fair value of the interest rate swaps on the balance sheet date is determined using Bloomberg valuations for standard interest rate swaps and valuations by an independent external party for interest rate swaps (front swaps) specifically tailored to the characteristics of the relevant securitisation programmes. The valuations of the front swaps are based on the value as at balance sheet date of the expected future cash flows in to and out of the underlying securitisation programmes, based on realistic long-term assumptions for important parameters such as the interest rate margin on advances and expected repayments on loans.

Investments in subsidiaries, associates and joint ventures
The amounts of these investments are measured using the equity method. If the shareholders' equity of an investee is negative, the carrying amount of the investment is nil and a provision for bad debts is recognised in respect of any amounts receivable by DSB Bank from the entities concerned. Any change in an entity's equity is recognised pro rata by DSB Bank. The results of subsidiaries, associates and joint ventures are similarly recognised on a proportionate basis in the DSB Bank income statement.

Property, plant and equipment
The property and other assets are carried at liquidation value, based on recent appraisal reports. No further depreciation relative to those liquidation values has been recognised since the date of the collapse, except that of the plant and equipment of DSB Print, which was acquired by DSB Bank in January 2012 will be fully written off in 2012 and 2013.

Receivables
Outstanding accounts receivable are carried at face value less any necessary provision for impairment.

Provision for the cost of implementation of the compensation scheme
The provision for the cost of implementation of the compensation scheme serves to cover claims under the compensation scheme against the insolvent entity arising as a consequence of or during the liquidation that were known as at the balance sheet date. The provision is based on complaints filed as at the balance sheet date and the compensation expected to be paid on those claims in 2013. The provision has been calculated using the average of past compensation payments and assumptions of the number of claims resulting in a compensation proposal.

Provision for other liquidation losses
The provision for other liquidation losses serves to cover present and future asset write-downs and claims on the insolvent entity arising as a consequence of or during the liquidation process.

Unsecured creditors
The liquidation proceedings mean that the claims against DSB Bank have to be determined by the court. Further details are given in note 17.

Subordinated loans
Until an arrangement is made with creditors with subordinated claims or a binding decision is delivered by the court, the subordinated loans will continue to be described as subordinated. For further information, see note 18.

D. SPECIFIC POLICIES USED FOR THE INCOME STATEMENT

Income and expenses
Income is recognised if it is probable that the economic benefits of transactions will flow to DSB Bank and the amount thereof can be reliably measured.
Staff costs and other administrative expenses are attributed to the year to which they relate.

Other income
Income which cannot be classified as interest income, commission income, investment results or value adjustments to financial instruments is recognised as other operating income in the period to which it relates.

Tax
DSB Bank is part of the DSB Beheer tax group for corporation tax purposes. Given the insolvency of both DSB Beheer and DSB Bank in October 2009, it is currently estimated that there will be no corporation tax liability in respect of 2012. No account has therefore been taken of any payment of corporation tax in the income statement for 2012.

Cash flow statement
The cash flow statement has been prepared using the direct method. The net cash flow is the movement in the balance of cash during the year.

2.5 Notes to the company balance sheet as at 31 December 2012 (x €1,000)

ASSETS

1. CASH
Included in cash are all demand deposits in external bank accounts.

2. OTHER DEPOSITS
This item concerns receivables in respect of cash collateral deposits collected with interest rate swaps. The outstanding amount was received in 2012.

	2012	2011
3. LOANS AND ADVANCES		
Mortgage loans with a first mortgage	2,322,188	2,414,932
Mortgage loans with a second mortgage	313,370	337,092
Consumer credit	328,861	420,952
Other lending	186,980	238,141
Subtotal: gross loans	3,151,399	3,411,117
Provision for bad debts	-265,472	-278,664
	2,885,927	3,132,453

	2012	2011
Loans and advances as at 1 January	3,411,117	3,853,434
Receipts	-234,436	-377,271
Write-down on disposal of portfolio	-9,982	-42,601
Write-down for credit risk	-5,174	-13,381
Correction to write-downs	8,824	0
Compensation payments	-17,738	0
Restructuring connected with the duty-of-care issues	-1,212	-9,064
Balance as at 31 December	3,151,399	3,411,117

	2012	2011
Other lending concerns:		
Corporate finance	375	5,541
Funding for the Belgian subsidiaries	186,605	232,600
	186,980	238,141

Corporate finance includes the remaining debt in connection with the financing of an aircraft, which is secured by guarantee.

Correction to write-downs
Before transferring the servicing activities relating to the loan portfolio, DSB Bank corrected adjustments to the outstanding balance that had been made in the past. The adjustments, which were necessary to give an accurate representation of customer positions, related to customers at various stages of debt rescheduling and insolvency.

The correction increased the outstanding balance of the relevant loans by €8.8 million. A provision was made for these items at the same time, increasing the provision for bad debts by €8.8 million.

Provision for bad debts
Immediately following the collapse of the bank, in addition to the normal provision for bad debts, a minimum necessary adjustment was made to the carrying amounts in connection with the liquidation. The earlier decision against disposing of the portfolio in the short term was reaffirmed. Based on experience since the date of insolvency, DSB Bank accordingly adopted new frameworks and rules for calculating the provision for bad debts as at year-end 2010 and 2011.

In calculating the necessary provisions for bad debts, account is taken both of customers' arrears in meeting their interest and repayment liabilities and of the value of the collateral security furnished. Depending on the number of monthly instalments remaining, a percentage is calculated for the provision for bad debts. In 2012, the percentage for a maximum of one monthly instalment in arrears was reduced from 10% to 5% for first mortgages. This allocation to the provision is calculated at the outstanding balance less 70% of the foreclosure value of the collateral (was 75%). For arrears of over seven months, the allocation to the provision is 100% (was 75%), again less 70% of the foreclosure value of the collateral. A provision of 100% (was 90%) is formed for residual debt. The residual debt is the portion of the mortgage loan that cannot be repaid from the proceeds of sale of the collateral.

The above changes to the assumptions on which the provision for bad debts is based reduced the provision by €6.3 million. The lower outstanding balance as at year-end 2012 compared with year-end 2011 was responsible for a further reduction.

The total amount of the provision for write-downs on all of the above loans and advances as at year-end 2012 amounted to €265.4 million (2011: €278.7 million).

	2012	**2011**
Movements in the provision for bad debts were:		
Balance as at 1 January	278,664	363,432
Write-down on disposal of portfolio	-9,982	-42,601
Write-down for credit risk	-5,174	-13,381
Write-down correction	8,824	0
Restructuring connected with the duty-of-care issues	-1,212	-9,064
Other movements	0	1,040
Added due to adjustment of property values securing mortgages	11,367	11,631
Released	-17,015	-32,393
Balance as at 31 December	265,472	278,664

It is the administrators’ policy that customers in severe financial difficulties who also have a probable duty- of-care claim will qualify for an ex-gratia rescheduling of their debts. Customers can apply for this if they simultaneously submit a statement of their income and expenses.

Write-downs for credit risk concern amounts written off in connection with the settlement of residual debts, debt restructuring arrangements (under the law and otherwise) and the death of customers.

4. INTEREST RATE SWAPS

Prior to the insolvency, the interest results and the interest rate risk on the securitised loan portfolios reverted to DSB Bank’s account, for example by contracting interest rate swaps between the swap banks concerned and DSB Bank. In October and November 2009, following the insolvency of the bank, these swap banks cancelled the contracts in writing, including statements for the settlement of outstanding amounts under the contracts. DSB Bank wrote to all the individual swap banks disputing the amounts to be settled.

On 20 March 2012, DSB Bank reached agreement on the interest rate swaps with one of the swap banks. Under this agreement, a non-recurring compensation payment would be made to DSB Bank and a claim submitted for verification would be withdrawn. The agreement also provided for DSB Bank to take over the front swap position. DSB Bank’s liabilities under the front swap agreement are guaranteed by Rabobank. The administrators expect the front swap to generate substantial positive cash flow for the assets and liabilities of the insolvent entity. The interest rate risk incurred by taking over the front swap has been mitigated with several interest rate hedges.

The nominal value of the front swap taken over by DSB Bank as at year-end 2012 was €258 million. The nominal value of the interest rate hedges against the related interest rate risk as at year-end 2012 was €195 million.

	2012	**2011**
The fair value of the interest rate swaps is as follows:		
Front swap	25,145	0
Interest rate hedges	-3,211	0

	2012	2011
Value adjustment and cash flow for the front swap:		
Balance as at 1 January	0	0
Value adjustment at time of acquisition	24,999	0
Interest margin received	-6,131	0
Value adjustment	6,277	0
Balance as at 31 December	25,145	0
Value adjustments and cash flows for the interest rate hedges:		
Balance as at 1 January	0	0
Payment on interest rate swaps	694	
Value adjustment	-3,905	0
Balance as at 31 December	-3,211	0
The remaining terms of the interest rate hedges as at year-end 2012:		
Less than 3 months	30,000	0
More than 3 months, but not more than 1 year	35,000	0
More than 1 year, but not more than 5 years	115,000	0
More than 5 years	15,000	0
	195,000	0

The remaining terms of the interest rate hedges reflects the remaining terms of the front swap. The interest rate swaps for the short-term interest rate risk is not hedged.

The administrators have not hedged the interest rate risk on the loans held by the bank since the insolvency.

5. INVESTMENTS IN GROUP COMPANIES

Included here are the equity investments in companies where significant influence can be exercised.

	2012	2011
Balance as at 1 January	12,933	14,298
Sales	-1,378	0
Disposals	0	-966
Loan to shareholders of SPVs (transferred to other receivables)	-55	0
Share in results	-1,106	-399
	10,394	12,933
This concerns the following entities:		
DSB Belgium	0	1,435
Tadas Verzekeringen	10,394	11,443
Loan to shareholders of SPVs (see note 10)	0	55
	10,394	12,933

DSB Belgium N.V.
On 1 March 2012, the Belgian mortgage portfolio was transferred to another company (Crea-Hypo-Finance N.V.) owned by DSB Bank and the shares of DSB Belgium N.V., including the remaining assets and the servicing organisation, were transferred to a third party. The outstanding portion of the purchase price, which is payable under the contract in February 2013, is reconised in other receivables (note 10).

Tadas Verzekeringen B.V.
With effect from 1 September 2011, the name of DSB Verzekeringen B.V. has been changed to Tadas Verzekeringen B.V. The balance sheet of Tadas Verzekeringen BV is largely made up of positions with DSB Bank, Waard Leven (formerly DSB Leven) and Waard Schade (formerly DSB Schade). The carrying amount of the investment is based on the draft financial statements of DSB Verzekeringen for 2012.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and land	Other assets	Total 2012	Total 2011
Balance as at 1 January	3,430	508	3,938	7,216
Investments/disposals	0	170	170	-3,278
Amortisation	0	-87	-87	0
Write-downs	0	0	0	0
Balance as at 31 December	3,430	591	4,021	3,938

Buildings and land as at year-end 2012 comprises one building in Heerhugowaard. Other assets concern office equipment and the equipment of DSB Print which was acquired in January 2012. The carrying amount is based on appraisals made in 2010 and/or 2011. The equipment acquired in 2012 will be fully written off in 2012 and 2013.

7. TRADE RECEIVABLES

	2012	2011
Commission receivable	0	565
Guarantees receivable	85	260
Other	191	767
	276	1,592

8. RECEIVABLES FROM GROUP COMPANIES

	2012	2011
Receivables from DSB Bank subsidiaries	16,634	22,526
Write-down of receivables from DSB Bank subsidiaries	-16,634	-22,526
Loan to DSB Ficoholding	13,000	13,000
Accrued interest on loan to DSB Ficoholding	950	200
Write-down of interest receivable from DSB Ficoholding	-950	0
Receivable from DSB Ficoholding in respect of interim dividend	11,300	11,300
Write-down of receivable from DSB Ficoholding	-11,300	-11,300
	13,000	13,200

The receivables from subsidiaries of DSB Bank as at year-end 2012 concern receivables from the insolvent subsidiaries (DSB Print, DSB Beveiliging and DSB Leeuwarden) with negative equity. For prudential reasons, all receivables from subsidiaries of DSB Bank have been written off.
The receivables from the insolvent entities DSB Print, DSB Beveiliging and DSB Leeuwarden were submitted for inclusion in the liquidation by the administrators of DSB Bank.

In connection with the compensation scheme, DSB Bank granted a loan of €13 million to DSB Ficoholding as part of a loan facility of €28 million (with a term of 10 years) and obtained a third-ranking pledge on the shares of Waard Leven (formerly DSB Leven) and Waard Schade (formerly DSB Schade) as collateral for this facility.

At the end of 2011, as part of the investigation into the cause of the insolvency being undertaken by the administrators, it was found that the distribution of an interim dividend of €11.3 million by DSB Bank in 2009 had been made unlawfully. The administrators have therefore demanded the repayment of the dividend paid out by DSB Bank on grounds of non-entitlement. DSB Ficoholding has agreed to this.

This means that the interim dividend of €11.3 million subsequently paid to DSB Beheer by DSB Ficoholding was likewise unlawful. DSB Ficoholding has accordingly submitted a claim against the insolvent DSB Beheer for the dividend it has paid. The administrators of DSB Beheer contest this claim. Collection of DSB Bank’s receivable from DSB Ficoholding depends partly on the amount to be distributed in connection with the liquidation of DSB Beheer. For prudential reasons, the amount of this receivable has provisionally been estimated as nil.

9. RECEIVABLES FROM DSB BEHEER AND ITS GROUP COMPANIES

	2012	2011
Receivables from DSB Beheer	101,489	103,055
Receivables from DSB Beheer subsidiaries	1,193	1,379
Receivable from DSB Beheer connected with costs of insolvency	0	82
Provision for bad debts	-63,217	-60,000
	39,465	44,516

Movements in receivables in respect of DSB Beheer:		
Balance as at 1 January	103,055	95,906
Purchase of Van Lanschot and Reaal receivables	0	7,149
Less: provisional receivable in respect of DSB Beheer insolvency	-103,055	
Definitive receivable in respect of DSB Beheer insolvency	106,272	0
Paid on allowed receivable in respect of DSB Beheer insolvency	-4,783	0
Balance as at 31 December	101,489	103,055

The claims submitted by DSB Bank were determined at the meeting of creditors of DSB Beheer on 5 April 2012. These included the receivable of €29.3 million from DSB Beheer under the settlement agreement with the Tax Administration.
In 2012, DSB Bank also received an initial distribution of 8.5% of the allowed claims. The receivable from DSB Beheer is analysed as follows:

Provisional receivable in respect of DSB Beheer insolvency	0	103,055
Definitive receivable in respect of DSB Beheer insolvency		
- allowed claim in respect of insolvency	56,272	0
- provisionally contested claim in respect of insolvency	50,000	0
	106,272	103,055
- initial distribution on allowed claim insolvency (8.5%)	-4,783	0
Balance as at 31 December	101,489	103,055

The provisionally contested claim in respect of the insolvency of DSB Beheer relates solely to the inability to determine the proceeds of the shares in Waard Leven and Waard Schade that were pledged to DSB Bank.

A provision for bad debts has been recognised on the receivables from DSB Beheer, allowing for the security obtained by DSB Bank for the loan. Movements in the provision for possible bad debts were:

	2012	2011
Balance as at 1 January	60,000	60,000
Addition to provision for difference between provisional and definitive receivable in respect of DSB Beheer insolvency	3,217	0
Balance as at 31 December	63,217	60,000

10. OTHER RECEIVABLES

	2012	2011
This concerns:		
Repurchased notes issued by the securitisation entities	257,747	289,831
Receivables from securitisation entities	0	0
Receivable from shareholders of SPVs (see note 5)	55	0
Receivable from sale of DSB Belgium	214	0
Accrued interest	730	689
Miscellaneous	1,835	2,471
	260,581	292,991

	2012	2011
Repurchased notes issued by securitisation entities concerns:		
A-Notes Chapel 2003	38,444	49,293
A-Notes Chapel 2007	6,718	17,893
A-Notes Monastery 2004	29,028	32,507
A-Notes Monastery 2006	138,729	151,284
Junior Notes Chapel 2003	10,500	10,500
Junior Notes Chapel 2007	27,600	27,600
Junior Notes Dome 2006	33,815	33,815
Junior Notes Monastery 2004	13,500	13,500
Junior Notes Monastery 2006	20,400	20,400
Subtotal (nominal) of notes	318,734	350,442
Provision	-60,987	-60,611
	257,747	289,831

	2012	2011
The movements in the repurchased notes are as follows:		
Balance as at 1 January	289,831	335,474
Redemptions	-31,708	-44,768
Movement in provision	-376	-875
Balance as at 31 December	257,747	289,831

The repurchased notes relate exclusively to notes forming part of the securitisation programmes in which DSB Bank has placed loans and advances.

As at year-end 2012, DSB Bank made a provision for the repurchased notes of securitisation entities, based on the estimated losses in value of the underlying loans and advances within the securitisation programmes.

	2012	2011
Receivables from securitisation entities concerns:		
Receivables from securitisation entities	58,193	61,697
Provision	-58,193	-61,697
Balance as at 31 December	0	0

The receivables from securitisation entities concern receivables relating to:

- provisions for Chapel 2003 and Chapel 2007 charged to the 'waterfall'
- deferred purchase price (DPP) retained by SPVs after the collapse
- provision for exceptional expenses of Chapel 2003
- deposit reserve balance of Chapel 2007
- contribution to various reserve accounts

Given the nature of these receivables, a provision has been formed for the full amount as a prudential measure as at year- end 2012.

EQUITY AND LIABILITIES

11. BORROWINGS

	2012	2011
Special short-term loan facility provided by consortium of banks	354,000	470,000
Secured loan facility with Société Générale Amsterdam	37,619	40,583
Secured loan facility with Waard Leven	58,337	65,041
Secured loan facility with Waard Schade	11,201	13,343
DSB Beheer current account facility	28,315	0
	489,472	588,967

As at year-end 2012, the weighted average interest rate on borrowings was 2.54 % (year-end 2011: 3.57%).

Special short-term loan facility provided by consortium of banks
DSB Bank has contracted a special short-term loan facility (maturing 23 December 2013) with a consortium of banks (ING, Rabo, ABN AMRO, SNS, Van Lanschot and NIBC). This concerns loans with maturities not exceeding one year.

A condition of the special short-term loan facility is that the cash flows from securitised and unsecuritised loans and advances and the cash flows from the AAA and junior notes issued by the securitisation programmes are used to repay the loans under the facility.

Secured loan facility with Société Générale Amsterdam
As security for the loan from Société Générale, originally amounting to €50 million, DSB Bank pledged part of its mortgage portfolio, which, as at the end of December 2012, had a face value of €49 million. The status of the loan is shown including the interest due.

Secured loan facility with Waard Leven / Waard Schade
As security for the loans granted to DSB Bank by Waard Schade (formerly DSB Schade) and Waard Leven (formerly DSB Leven), originally amounting to €60 million and €75 million, respectively, DSB Bank pledged portfolios of first mortgages which, as at the end of December 2012, had face values of €18 million and €88 million, respectively.

DSB Beheer current account facility
DSB Beheer's temporary cash supluses are placed with DSB Bank under a current account facility. The cash can be withdrawn daily up to a maximum of €5 million per month.

12. TAX AND SOCIAL SECURITY CHARGES

	2012	2011
Wage tax	359	534
Value added tax	61	158
Other	34	121
	454	813

13. SUNDRY OTHER PAYABLES

	2012	2011
Liabilities of the insolvent entity	24,325	19,473
Amounts owed to group companies	0	38
	24,325	19,511

Liabilities of the insolvent entity concerns:
(1) €18.9 million (2011: €16.3 million) in recent receipts of interest and repayments on securitised loans which were still to be transferred to the securitisation entities as at balance sheet date;
(2) a sum of €1.9 million owed to Reaal Levensverzekeringen N.V. in respect of the settlement of endowment mortgages;
(3) €3.5 million (2011: €3.2 million) of other debts of the insolvent entity.

14. PROVISION FOR INVESTMENTS IN GROUP COMPANIES

In the balance sheet as at year-end 2012, the investments in DSB International, DSB Beveiliging, DSB Print and DSB Leeuwarden were carried at nil. Instead of recognising the above provision, separate provisions have therefore been made where necessary in respect of the receivables from these companies (see note 8).

15. PROVISION FOR COMPENSATION SCHEME / DUTY OF CARE

The balance sheet includes a provision of €75 million. The provision is based on complaints filed as at the balance sheet date and the compensation expected to be paid on those claims in 2013. The provision has been calculated using the average of past compensation payments and assumptions of the number of claims resulting in a compensation proposal.

By 31 December 2012, 13,184 complaints had been received in respect of which compensation proposals have been or are expected to be made in phase 1 (single-premium policies, investment-linked insurance and securities lending products) totalling around €58.0 million. The compensation proposals made or expected to be made in respect of complaints received by 31 December 2012 in phase 2 (excessive lending) are estimated at around €17.0 million.

Further information on the progress of the compensation scheme is given in 2.6.1, concerning rights and obligations not shown on the face of the balance sheet in connection with the compensation scheme.

16. PROVISION FOR LIQUIDATION LOSSES

The balance sheet as at the date of the insolvency contains a provision of €200 million. This provision was recognised to cover write-downs of assets immediately following the collapse and further losses as well as claims against the insolvent entity arising in connection with or during the winding-up operation and the costs of the liquidation exercise. This also includes the costs of settling the bank's affairs such as staff costs, costs of outside consultants and the costs of the administrators.

In 2010, the amount of the liquidation provision was reduced to €150 million. The amount of the provision remains an estimate, however. Substantial uncertainties remain with respect to both assets and liabilities, so there is no reason to adjust the amounts of these provisions as at year-end 2012.

17. UNSECURED CREDITORS

	2012	2011
Claims payable < €100	160	164
Allowed claim of preferential and unsecured creditors	2,703,646	2,965,917
Contested claims provisionally allowed	47,564	55,636
Claims provisionally allowed by administrators	8,936	18,754
Other unsecured claims	69,006	69,006
	2,829,312	3,109,477

	Claims < €100	Allowed claims	Contested claims provisionally allowed	Claims provisionally allowed by administrators	Other contested claims	Total
Unsecured and preferential claims	759	3,661,909	55,636	18,754	69,006	3,806,064
Cumulative distribution	-595	-695,993	0	0	0	-696,588
Balance as at 1 January	164	2,965,916	55,636	18,754	69,006	3,109,476
Changes in 2012						
Withdrawn claims		-664				-664
Contested claims allowed			-8,072			-8,072
Increase in allowed claims		33,335				33,335
Provisionally allowed claims reclassified as allowed claims		9,818		-9,818		0
Distributions in June (4%) and December (4%)	-4	-304,759	0	0	0	-304,763
Total	-4	-262,270	-8,072	-9,818	0	-280,164
Unsecured and preferential claims	759	3,704,397	47,564	8,936	69,006	3,830,662
Cumulative distribution	-599	-1,000,752				-1,001,351
Balance as at 31 December	160	2,703,646	47,564	8,936	69,006	2,829,312

In insolvency proceedings, claims of creditors have to be allowed by the court before any distributions can be made on them. Claims were added to the allowed list in both 2010, 2011 and 2012. It is also possible for claims to be submitted and/or allowed in 2013 and beyond.

Allowed claims and provisionally allowed claims
Meetings of creditors were held on 10 December 2010, 19 May 2011, 24 May 2012 and 29 November 2012. The allowed claims of preferential and unsecured creditors total €3,662 million. The provisionally allowed claims under Section125 of the Bankruptcy Act (Fw) total €47.6 million.

Claims provisionally allowed by administrators
As at year-end 2012, the claims provisionally allowed by the administrators totalled €8.9 million. This includes compensation awarded to customers and compensation on loans from the securitisation entities which have not been formally recognised at a meeting pursuant to Section178 of Fw. These will be placed on the verification list for the next meeting pursuant to Section178 of Fw.

Other unsecured claims
On grounds of prudence, a sum of €69.0 million has been included for potential claims. This is a rough estimate of conditional claims for return commission still to be submitted by insurers.

Claims < €100.00
There remains an outstanding claim of €0.2 million in respect of creditors with claims of < €100.00.

Distributions
A total of €1.0 billion has meanwhile been distributed to unsecured creditors, amounting to 27% of the allowed claims. Distributions have also been made to preferential creditors.

Summary

Movements in (gross) claims by creditors were as follows:		
Claims by creditors as at 1 January 2012		3,806,064
Claims by creditors as at 31 December 2012		3,830,662
Increase		24,598
The increase is analysed as follows:		
Minus: withdrawn claims	-8,736	
Plus: New claims by SPVs in respect of compensation for terminated HWL (Hollands Welvaren Leven) policies	333	
Plus: New claims by SPVs in respect of rescheduling charged to loans from the SPVs	1,697	
Plus: New other allowed claims by other creditors	1,595	
		-5,111
Plus: New claims by customers in respect of compensation awarded	7,772	
Plus: New claims by SPVs in respect of compensation charged to loans from the SPVs	21,937	
		29,709
		24,598

18. SUBORDINATED LOANS	**2012**	**2011**
Subordinated deposits	111,303	111,303
Other subordinated loans	32,000	32,000
	143,303	143,303

Subordinated deposits
In 2010, customers with subordinated deposits with DSB Bank who fell under the deposit guarantee scheme received a payout from DNB (with interest up to the date of insolvency).

Several creditors with subordinated deposits have brought test cases against DSB Bank challenging the legitimacy of the subordination. On 11 July 2012, the court in Amsterdam passed judgement in these cases. The court takes the view that, following the bankruptcy of DSB Bank, the holders of a subordinated deposit can no longer invoke the provisions of Section 4:28 of the Financial Supervision Act concerning abuse of powers, meaning that the subordinated loan contracts cannot yet be cancelled. The court does, however, take the view that DSB Bank did fail in its duty to provide information by failing to notify customers regarding the 'enhanced supervision' put in place by DNB in September 2007. The court has nullified the subordinated loan contracts entered into subsequent to that event, allowing these customers to qualify as unsecured creditors.

The Administrators have appealed these decisions by the court. The claims have not yet been added to the list of allowed creditors or the list of allowed creditors with subordinated claims and are thus presented separately in the balance sheet as subordinated loans.

In January 2013, the administrators effected a composition with the association of subordinated DSB Bank deposit holders (VDD). The proposal was adopted by the meeting of members of that association and can be summarised as follows:

- The composition is based on the decisions of the Amsterdam court of 11 July 2012, with the following exceptions:
    - no significance is given to the date of the enhanced supervision and the same offer is made to all deposit holders;
    - the offer means that 70% of the current claim less interest on the deposit is allowed as an unsecured claim.
- The remainder of the claims will be allowed as subordinated claims at the next meeting held pursuant to Section 178 of Fw.

This arrangement will be offered to all subordinated deposit holders, not just VDD members. If all the deposit holders accept the individual compositions, about €12 million of the loans currently presented as subordinated loans will be allowed as unsecured loans and the remainder as subordinated.

Other subordinated loans
The other subordinated loans were allowed as subordinated claims at the meeting referred to above.

19. BALANCE	**2012**	**2011**
The movements in this item were:		
Balance as at 1 January	-451,393	-631,688
Recovery of interim dividend for 2009	0	11,300
Result	44,192	168,995
Balance as at 31 December	-407,201	-451,393

The balance represents the difference between the assets and liabilities of DSB Bank.

Not presented in the balance sheet is the interest of €458 million on the positions of unsecured and subordinated creditors. Under insolvency law, no interest is payable during the insolvency process. When the insolvency process is completed, interest will be paid to unsecured and subordinated creditors if there is a positive balance remaining after completion of the insolvency process. The interest paid will in no circumstances exceed the positive balance remaining after completion of the insolvency process. In the above summary, the amount of the unrecognised interest has been calculated using an interest rate of 4% from the date of insolvency to the end of 2011 and 3% from 2012 onwards.

Recovery of interim dividend for 2009
On 12 February 2009, DSB Ficoholding, as shareholders DSB Bank, decided to pay itself an interim dividend of €1.7 million per month in respect of 2009, provided DSB Bank's net profit for 2009 permitted. Over the period February to May 2009, DSB Bank paid out a total of €11.3 million, including an extra distribution of €4.5 million in March 2009. There is no shareholder resolution authorising this extra distribution. Separate dividend declarations are also missing for the monthly payouts of €1.7 million. Moreover, DSB Bank did not file any interim balance sheets, meaning that the interim distributions were made without satisfying the legal requirements. The administrators have advised DSB Ficoholding that the sum of €11.3 million was not payable because it was either not based on a dividend resolution or such resolution did not comply with the statutory requirements. This accordingly gives rise to a receivable from DSB Ficoholding amounting to €11.3 million (see also notes 8).

2.6 Rights and obligations not shown on the face of the balance sheet as at 31 December 2012

2.6.1 The Compensation Scheme

Introduction
The Heads of Agreement reached between the Administrators and a number of organisations promoting the interests of customers of DSB Bank (stakeholder organisations) on 19 September 2011 contains a Scheme for the award of compensation in cases of actual or alleged dereliction of the duty of care (mis-selling) and applies to existing and former customers of DSB Bank who were sold single-premium payment protection insurance, investment plans or securities-backed lending products and customers with complaints relating to excessive lending. The contents of the Heads of Agreement (including annexes) can be found on www.dsbcompensatie.nl.

This website operated jointly by the administrators and the stakeholder organisations is clearly meeting a need. Up to the end of 2012, the website had recorded approximately 81,000 individual visitors. The Administrators and the Stakeholder Organisations are in regular contact regarding the implementation of the scheme.

A factsheet on the progress of the scheme (status as at 31 December 2012) can be found in Annex 2 to the 16th public report on DSB Bank dated 31 January 2013.

Costs of duty-of-care claims not shown on the face of the balance sheet
The total amount of compensation involved in the compensation proposals processed in 2012 with respect to phase 1 (single-premium policies, investment-linked insurance and HWS) and phase 2 (excessive lending) is €55.7 million and is explained in greater detail in the note on exceptional income and expenses (note 25).

In addition to the proposals already processed, a further 13,184 claims were in process on 31 December 2012. It is estimated that compensation proposals totalling €75 million have been or will be made in respect of these claims, of which about €58 million will relate to compensation proposals for phase 1. The claims in process on 31 December 2012, which are expected to include compensation proposals made or to be made in respect of phase 2, are estimated at around €17 million. The expected cost of €75 million of the claims in process on 31 December 2012 is presented on the face of the balance sheet in Provision for compensation scheme/duty of care.

The costs of duty-of-care claims not shown in the balance sheet are therefore the costs of claims received after 31 December 2012. Between 60 and 140 claims are received each week. Because it is not possible to estimate the total number of claims after 31 December 2012 or the response to the WCAM (see next paragraph), no provision has been made in the balance sheet.

Act on the Collective Settlement of Mass Claims (WCAM)
While processing customers' applications for compensation under the scheme, the stakeholder organisations and the administrators are expected to petition the Amsterdam court in April 2013 to rule, on the grounds of the Act on the Collective Settlement of Mass Claims (WCAM), that a WCAM agreement based on this scheme is binding. The effect of the scheme being declared binding (on customers who do not opt out in time) is that, after expiry of the time limit for applications, no (new) applications for inclusion in this WCAM agreement or duty-of-care claims in respect of the insolvency of DSB Bank can be submitted, nor can duty-of-care claims be used as a defence in collection proceedings relating to the loans advanced.

2.6.2 Interest rate swaps

Prior to the insolvency, the interest results and the interest rate risk on the securitised loan portfolios were made to revert to DSB Bank by contracting interest rate swaps between the SPVs and rated banks (front swaps), with corresponding swaps entered into between said banks and DSB Bank (back swaps). DSB's interest rate risk on the securitised loans and on the loans carried on the balance sheet where hedged by means of interest rate swaps (interest rate hedges).

In October and November 2009, following the collapse of the bank, DSB Bank's swap contracts were cancelled by the various swap banks. This concerned back swaps with a face value of €3,301 million and macro hedges with a face value of €3,203 million. As security for the market value of the swaps, cash positions were mutually held (cash collateral). As at 31 December 2008, the estimated market value of the back swaps was €221.9 million positive and that of the macro hedges €126.3 million negative. These positive and negative fair values are estimated to have further increased in the course of 2009 up to the date of the collapse. As at that date, DSB Bank had net cash collateral deposits of €212.8 million with swap banks, mainly corresponding to the negative market value of the macro hedges.

After the collapse, all the swap banks cancelled the contracts in writing, including statements for the settlement of outstanding amounts under the contracts. These statements of account potentially relate to the settlement of market values, costs of hedging exposed positions, payments still to be made predating the insolvency and payments of collateral. Settling the accounts with the swap banks, after deducting collateral, resulted in a total net liability for DSB Bank of €39.2 million. DSB Bank wrote to all the individual swap banks disputing the amounts to be settled and has initiated a thorough financial and legal analysis of the various positions. It entered into a dialogue with the swap banks concerned with a view to arriving at a settlement. This dialogue is focused on the settlement amounts and on a possible takeover of the front swap contracts.

DSB Bank wrote off the value of the swaps in full as at 31 December 2009.

Accounts were settled with a number of banks in the 2009-2011 reporting years. Agreement was reached with Fortis on 14 September 2012 on the settlement of the interest rate hedges cancelled by Fortis and an amount of €1.3 million has been paid to DSB Bank.

Agreement was reached with one swap bank on 20 March 2012 on a settlement whereby DSB Bank has assumed the position of that swap bank in the front swap of the securitisation programme. The interest rate risk to which the DSB Bank is thereby exposed has been covered by several interest rate hedges. The valuation of and cash flows arising from the front swap and the related interest rate hedges are included in the 2012 balance sheet and income statement.

After the balance sheet date, on 8 January 2013, agreement was reached with another swap bank on the settlement of the back swap and the takeover of the front swap part of this securitisation programme. The valuation of and cash flows arising from the front swap and the related interest rate hedges will be included in the 2013 balance sheet and income statement.

The analyses of the settlement of the other swap positions and the negotiations with the swap banks concerned will continue.

2.6.3 Other rights and obligations not shown on the face of the balance sheet

Pledges
In January 2010, agreement was reached with the administrators that they would continue the accounting and collection of the mortgage-related receivables pledged in connection with the loans from Société Générale, DSB Leven and DSB Schade and that the amounts collected each month would be paid to the pledgees by way of redemption of their receivables in respect of these loans, with retroactive effect to October 2009. In 2012, a total of €16.5 million (2011: €16.5 million) was received by DSB Bank and paid to the pledgees in respect of repayments and interest.

Indication of interest not accounted for
As from the date of the collapse, with the exception of the borrowings, no interest has been calculated on the liabilities side of the balance sheet. Solely by way of indication, the interest not accounted for over the period 19 October 2009 to 31 December 2012 can be put at €458 million, calculated on the basis of an interest rate up to the end of 2011 of 4%.

Year	€ million
2009 (from date of insolvency)	32
2010	158
2011	149
2012	119
Total	458

Other obligations
Claims on the insolvent entity estate may arise in the following situation: if a customer repays a loan after the bank was already in liquidation and it is subsequently found that said customer has a claim for dereliction of the duty of care by the bank predating the insolvency, this will give rise to a claim on the bankruptcy estate in an amount not exceeding the amount paid by the customer after the bank was in liquidation. This is because the administrators have told customers (i) that they will honour such claims from customers by setting off the amount of the claim against the outstanding amount of the loan if the duty-of-care claim is either allowed by the administrators or ruled valid by the courts and (ii) that, if setting off the amount of the claim in that way is not possible for a customer because that customer has since repaid the loan, the claim will be settled as a claim against the insolvent entityestate up to an amount not exceeding the amount repaid after the bank was already in liquidation. It is not possible currently to determine the amount of such claims.

Undertakings given to staff
To settle the duty-of-care claims and deal with the compensation scheme and to wind up the insolvent entity, including keeping its accounts and servicing the loan portfolios up to the date of planned transfer to a third party in the second quarter of 2013, will continue to require a very large proportion of the existing staff in 2013. Undertakings have been given to the approximately 40 special servicing staff that apply until the date of migration to Quion, after which they will be employed by Quion. All other staff (126) have been given undertakings up to the end of the first quarter of 2013 (2), the second quarter of 2013 (18), the third quarter of 2013 (73), the end of 2013 (27) and mid-2014 (6).
In the first quarter of 2013, the expected average payroll cost will be approximately €0.6 million per month and the estimated costs for temporary staff connected with the operations of the insolvent entity will be approximately €0.8 million per month.

Lease obligations for premises
In 2013, DSB Bank will be leasing the Zuid building (Basiliek Building) in the Dick Ketlaan, Wognum, premises from the Municipality of Medemblik. DSB Bank will be paying a quarterly rent of €115,000, including service charges, plus VAT.

DSB Bank also has a lease relating to the premises at Protonweg 32, Hoorn, running up to the middle of 2013, for which the annual rent is €125,000. During 2013, DSB Bank is renting the second floor of the office building at Ecu 21a, Emmeloord, from Xantes ICT. The annual rent is €50,000. Until mid-2013, DSB Bank is renting part of the second floor of the office building at Fascinatio Boulevard 1302, Capelle aan den IJssel, from Quion at no cost.

Notes to the company income statement for 2012 (x € 1.000)

2.7 Notes to the company income statement for 2012 (x €l,000)

20. FINANCE INCOME	**2012**	**2011**
Interest on mortgages and consumer credit	164,588	187,864
Interest on other loans	9,290	8,669
Interest on notes	4,089	5,587
Servicing fee	4,457	4,304
Other interest income	0	460
Interest on cash and banks	27	192
	182,451	207,076

The average interest rate on first mortgages in 2012 amounted to approximately 4.8% (2011: 4.8%), on second mortgages 6.0% (2011: 6.1%) and on consumer credit 8.0% (2011: 8.1%).
Servicing fee is the management fee for the portfolios of the securitisation programmes.

21. OTHER INCOME

Proceeds from sale of assets	28	2.331
Payment from DNB relating to insolvency of Landsbanki/Hoop/Indover	448	664
Other income	311	1,535
	787	4,530

22. VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

The fair value adjustments to the contracted interest rate swaps are analysed below.

Value adjustment to interest rate swaps	-3,905	0
Value adjustment to Monastery 2004 front swap	6,277	0
	2,372	0

23. FINANCE EXPENSE

Interest payable on the special short-term loan facility	9,504	9,646
Interest payable to third parties with pledges	4,552	5,533
Loans and other interest charges	666	4
	14,722	15,183

As from the date of insolvency, with the exception of loans for which security has been provided in the form of pledges, no interest has been calculated on the customer accounts (funding). The interest not included in 2012 is estimated at approximately €119 million (2011: €149 million).

24. ADMINISTRATIVE EXPENSES

Staff costs	9,187	9,847
Temporary staff	10,164	8,257
Management services	3,227	2,377
Administrators / Houthoff Buruma	5,874	8,315
Advisers	3,701	3,791
UWV claim relating the insolvency in 2009	0	3,227
Office overheads	3,982	4,776
Other administrative expenses	395	1,828
Auditors’ fees relating to audit of compensation scheme	591	0
Motor vehicles	365	496
Premises costs	545	863
Depreciation of DSB Print equipment	87	0
	38,118	43,777

Notes to the company income statement for 2012 (x € 1.000)

The other administrative expenses include professional fees, collection costs and ICT costs.
The company employed an average of 153 full-time equivalents (2011: 216 FTEs).

25. EXCEPTIONAL INCOME AND EXPENSES

	2012	2011
Settlement of deposit (note 2)	183	0
Movements in the provision for bad debts (note 3)	5,648	20,762
Settlement of interest rate swaps (note 1 and note 4)	31,749	0
Write-down of receivable from DSB Ficoholding (note 8)	-200	-11,300
Write-down of notes held by the bank (note 9)	-376	-875
Write-down of securitisation positions (note 10)	0	-701
Liability in respect of endowment mortgages (note 13)	-1,889	0
Movement in claims of unsecured creditors (see analysis below)	3,454	11,338
Compensation scheme costs (see analysis below)	-126,375	0
Settlement of contracts and complaints relating to HWS	-31	-1,028
Write-down of receivables from subsidiaries, associates and joint ventures	319	-482
Other	46	0
	-87,472	17,714

Movement in claims of unsecured creditors
The movement in the claims of unsecured creditors can be analysed as follows:

Contested claims allowed (note 17)	-8.072
New claims from SPVs relating to compensation for terminated HWL policies (note 17)	333
New claims from SPVs relating to restructuring charged to loan from the SPVs (note 17)	1.697
New allowed claims by other creditors (note 17)	1.595
Composition with met creditors	993
	-3.454

Compensation scheme costs
The cost of the compensation scheme can be analysed as follows:

	Processed	Added to provision	Total
Claims relating to mis-sold PPI	46,623	58,000	104,623
Claims relating to investment plans	4,353		4,353
Compensation payments relating to HWS	1,732		1,732
Phase 1 total	52,708	58,000	110,708
			0
Claims relating to excessive lending	3,020	17,000	20,020
Phase 2 total	3,020	17,000	20,020
Total cost of duty-of-care claims	55,728	75,000	130,728
Less: Claims relating to investment plans	-4,353	0	-4,353
Total cost of duty-of-care claims charged to the bankruptcy estate	51,375	75,000	126,375

Because the cost of compensation relating to investment-linked insurance is charged to the insurers, it is not included in the cost of the compensation scheme (€126,375).

It is the administrators' policy that customers in severe financial difficulties who also have a probable duty-of-care claim will qualify for an ex-gratia rescheduling of their debts. Rescheduling amounting to €2,909 was granted in 2012. The total cost of rescheduling (€2,909) and compensation (€126,375) is €129,284. Settlement of the compensation and rescheduling is shown in the table below.

Notes to the company income statement for 2012 (x € 1.000)

	Resched-uling	Policy compensation (inc. HWS)	Excessive lending	**Total for insolvent entitystate**	HWL	Total
Appropriation to duty-of-care provision (note 15)	0	58,000	17,000	**75,000**	0	75,000
Processed compensation payments to customers: claims on insolvent entityestate (note 17)	0	7,760	0	**7,760**	12	7,772
Processed compensation payments: settled against loans from SPVs (note 17)	0	20,511	1,426	**21,937**	333	22,270
Processed compensation payments: settled against the bank's loans (note 17)	0	15,877	1,594	**17,471**	267	17,738
Processed compensation payments: payment not due	0	4,207	0	**4,207**	873	5,080
Processed rescheduling	2,909	0	0	**2,909**	0	2,909
	2,909	106,355	20,020	**129,284**	1,485	130,769
Plus: Processed compensation payments for current HWL policies	0	0	0	**0**	2,868	2,868
Minus: Processed compensation payments for HWL policies charged to insurers	0	0	0	**0**	-4,353	-4,353
Minus: Processed rescheduling charged to provision for loans (note 3)	-1,212	0	0	**-1,212**	0	-1,212
Minus: Processed rescheduling claimed by SPVs on bankruptcy estate (note 17)	-1,697	0	0	**-1,697**	0	-1,697
	0	106,355	20,020	**126,375**	0	126,375

26. TAX

DSB Bank is part of the DSB Beheer tax group for corporation tax purposes. Given the insolvency of both DSB Beheer and DSB Bank in October 2009, it is currently estimated that there will be no corporation tax liability in respect of 2012. No account has therefore been taken of any payment of corporation tax charge in the income statement for 2012.

3. Additional information

3.1. Other information on securitisation programmes

	2012	2011
SECURITISED LOANS TRANSFERRED TO SPVs		
Monastery 2004	260,908	280,157
Monastery 2006	524,284	555,162
Dome 2006	511,403	539,122
Chapel 2003	389,458	421,062
Chapel 2007	441,611	496,525
	2,127,664	2,292,028

DSB Bank, as originator, transferred loans in five securitisation programmes, viz. Monastery 2004, Monastery 2006, Dome 2006, Chapel 2003 and Chapel 2007. The separate SPVs each have their own management board and keep independent accounts.

As from the date of the collapse, several SPVs also stopped paying the regular remaining margin instalments (deferred purchase price). Prior to the collapse, DSB Bank received this remaining margin, when available, on each quarterly payment date. The SPVs have let it be known that they intend to use this remaining margin to cover possible future losses arising on the various programmes.

DSB Bank has various contractual financial positions with the separate securitisation programmes, chief among which are:

<u>*Monastery 2004*</u>

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	192,829	29,028
Class B	24,500	1,500
Class C	21,500	7,000
Class D	8,500	1,500
Class E	10,500	3,500
Class F	1,500	-
Class G	6,817	-
Total	*266,146*	*42,528*

- Receivables from Monastery 2004 relating to received deferred purchase price, payments into the reserve account and other receivables. These receivables total €0.7 million and are accounted for in other receivables (note 10);
- Payables to Monastery 2004 as regular cash flow still payable (daily sweep) in connection with servicing activities, total €2.4 million. This amount is accounted for in sundry other payables (note 13).

<u>*Monastery 2006*</u>

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	451,941	138,729
Class B	28,000	-
Class C	28,700	20,100
Class D	9,500	300
Total	*518,141*	*159,129*

- Receivables from Monastery 2006 relate to received deferred purchase price, and other receivables. These receivables total €14.4 million and are accounted for in other receivables (note 10);
- Payables to Monastery 2006 as regular cash flow still payable (daily sweep) in connection with servicing activities, total €3.6 million. This amount is accounted for in sundry other payables (note 13).

Dome 2006

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	460,050	-
Class B	22,100	-
Class C	13,800	13,800
Class D	13,800	13,800
Class E	6,215	6,215
Total	*515,965*	*33,815*

- Receivables from Dome 2006 relating to received deferred purchase price, payments into the reserve account and other receivables. These receivables total €6.6 million and are accounted for in other receivables (note 10);
- Payables to Dome 2006 as regular cash flow still payable (daily sweep) in connection with servicing activities, totalling €3.4 million. This amount is accounted for in sundry other payables (note 13).

Chapel 2003

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	257,256	38,444
Class B	39,000	1,000
Class C	23,500	-
Class D	47,500	9,500
Class E	8,849	-
Total	*376,105*	*48,944*

- Receivables from Chapel 2003 relate to provisions formed by a charge on the waterfall and a provision for exceptional costs. These receivables total €15.0 million and are accounted for in other receivables (note 10);
- Payables to Chapel 2003 as regular cash flow still payable (daily sweep) in connection with servicing activities, total €3.9 million. This amount is accounted for in sundry other payables (note 13).

Chapel 2007

Notes as at balance sheet date	Total	Held by DSB Bank
Class A1	41,634	6,718
Class A2	300,000	-
Class B	13,800	2,200
Class C	23,500	9,200
Class D	17,900	9,900
Class E	13,800	6,300
Class F	13,800	-
Class G	6,900	-
Total	*431,334*	*34,318*

- Receivables from Chapel 2007 relate to received deferred purchase price, provisions formed by a charge on the waterfall and a deposit reserve balance (amount paid by DSB Bank into the Chapel 2007 bank account equalling the amount held by Chapel 2007 customers in savings accounts with DSB Bank). These receivables total €21.4 million and are accounted for in other receivables (note 10);
- Payables to Chapel 2007 as regular cash flow still payable (daily sweep) in connection with servicing activities, total €5.6 million. This amount is accounted for in sundry other payables (note 13).

3.2. List of subsidiaries, associates and joint ventures

As at 31 December 2012, the company balance sheet includes the following investments in subsidiaries, associates and joint ventures:
(Amounts x €1,000)

Name of company	**Domicile**	**Interest**		**Authorised capital**		**Paid-up and capital called**
DSB International B.V.	Wognum	100%	€	90,000	€	18,000
- DSB Direkt GmbH	Düsseldorf	100%	€	25,000	€	25,000
- DSB Deutschland GmbH	Düsseldorf	100%	€	25,000	€	25,000
- Crea-Hypo-Finance N.V.	Lier	100%	€	61,500	€	61,500
Tadas Verzekeringen B. V.	Grootebroek	100%	€	800,000	€	169,200
DSB Print B.V. (insolvent 5 January 2010)	Wognum	100%	€	68,067	€	15,882
DSB Leeuwarden B.V. (insolvent 29 December 2009)	Leeuwarden	100%	€	90,000	€	18,000
DSB Beveiliging B.V. (insolvent 1 December 2009)	Wognum	100%	€	90,000	€	18,000
Chapel 2003-I B.V.	Amsterdam	100%	€	90,000	€	18,000
Chapel 2007 B.V.	Amsterdam	100%	€	18,000	€	18,000
Monastery 2004-I B.V.	Amsterdam	100%	€	18,000	€	18,000
Monastery 2006-I B.V.	Amsterdam	100%	€	18,000	€	18,000
Dome 2006-I B.V.	Amsterdam	100%	€	18,000	€	18,000