Financial Report 31 December 2013

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 "Financiëel verslag 2013" in the Dutch language.
In the event of any differences, the Dutch text prevails.

Contents page

1.1 Key figures (x €1,000)

	2013	2012[1]	2011	2010	2009
BALANCE SHEET					
Balance sheet total	2,919,073	3,282,731	3,560,678	3,968,256	4,693,412
Loans and advances	2,819,795	3,151,399	3,411,117	3,853,435	4,252,039
Provision for bad debts	-270,801	-265,472	-278,664	-363,432	-383,666
Provision as percentage of loans and advances	9.6%	8.4%	8.2%	9.4%	9.0%
Borrowings	381,981	489,472	588,967	455,208	1,161,118
Distribution to preferential and unsecured creditors (cumulative)	1,317,202	1,001,351	696,588	0	0
Outstanding payables to unsecured creditors (cumulative)	2,527,247	2,829,312	3,109,476	3,817,554	0
Subordinated payables (cumulative)	131,880	143,303	143,303	143,303	147,853
Balance of assets and liabilities (cumulative)	-308,370	-429,135	-451,393	-631,688	-574,906
Interest not included in balance [2]	-499,185	-400,172	-280,447	-148,593	-31,022
INCOME STATEMENT					
Revenue	199,805	187,569	210,241	239,744	342,512
Operating expenses	43,943	52,840	58,960	88,785	333,615
Exceptional income and expenses	-35,097	-112,471	17,714	-207,741	-816,496
Net result	120,765	22,258	168,995	-56,782	-807,599
OTHER KEY FIGURES					
FTEs on payroll (average)	98	153	216	271	1,211
FTEs on temporary contract (average)	56	99	71	n/b	n/b
Securitised loans	1,959,138	2,127,664	2,292,028	2,520,018	2,760,853
Compensation in respect of duty of care[3]	29,178	129,284	21,100	27,344	0
Compensation in respect of duty of care (cumulative)	206,906	177,728	48,444	27,344	0

[1] The comparative figures for 2012 contained in this report have been restated to show the effect of the change in accounting policies relating to interest rate swaps applicable as from 2013. A note on this change in accounting policies can be found on page 11.
[2] In the 2013 reporting period, the calculation of this interest on allowed unsecured and subordinated claims has a new basis, namely the statutory interest rate on consumer transactions. This method of calculation used for the presented figures is cumulative and has also been applied to the comparative figures.
[3] This concerns the costs incurred by DSB Bank in respect of settlement of duty-of-care claims. Further notes on the total costs of duty-of-care settlements are given in section 2.6.1.

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 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 and 18 February 2013, the financial reports for the years 2011 and 2012 were published on the DSB Bank N.V. 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 2013 in a manner comparable to an annual report. This 2013 financial report of DSB Bank N.V. has accordingly been prepared on a separate basis and not consolidated basis. As in the 2012 financial report, the present report does not include the external securitisations.

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 dereliction 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 2013, 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 will only be payable (in whole or in part) when all claims of the creditors, as finalised as at the date of insolvency, have been settled in full.

This report takes account of the distributions of 4% and 4% to unsecured creditors made in June and December 2013, respectively, amounting to a total of €315.9 million.

The 2013 financial report has not been audited. The administrators, however, have instructed an independent firm of accountants to perform 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 independent accountants with the creditors' committee and the supervisory judge.

The insolvency having entered its fifth year, the key figures cover the period 2009-2013 inclusive.

For the reporting by the administrators on the progress of their work in 2013, reference is made to the public reports which they have published.

Administrators of DSB Bank N.V.
Wognum, 20 March 2014

R.J. Schimmelpenninck B.F.M. Knüppe

2. Financial report

2.1 Company balance sheet as at 31 December 2013 (x €1,000)

			2013		2012
ASSETS					
Cash	1		40,573		69,067
Loans and advances	2		2,548,994		2,885,927
Interest rate swaps	3		0		0
Investments in group companies	4		13,617		10,394
Property, plant and equipment	5		3,468		4,021
Receivables					
Debtors / receivables	6	283		276	
Receivables from group companies	7	13,000		13,000	
Receivables from DSB Beheer	8	40,209		39,465	
Other	9	258,929		260,581	
			312,421		313,322
			2,919,073		3,282,731

Company balance sheet as at 31 December 2013 (x €1,000)

	Note		2013		2012
EQUITY AND LIABILITIES					
Borrowings	10		381,981		489,472
Other liabilities					
Tax and social security charges	11	269		454	
Sundry other payables	12	11,066		24,325	
			11,335		24,779
Provisions					
Investments in group companies	13	0		0	
Compensation scheme	14	25,000		75,000	
Liquidation losses	15	150,000		150,000	
			175,000		225,000
Unsecured creditors	16		2,527,247		2,829,312
Subordinated creditors	17		131,880		143,303
Balance	18		-308,370		-429,135
			2,919,073		3,282,731

2.2 Company income statement for 2013 (x €1,000)

		2013	2012
Revenue			
Finance income - interest	20	202,508	187,888
Share in results of subsidiaries, associates and joint ventures	4	-5,777	-1,106
Other income	21	3,074	787
		199,805	187,569
Operating expenses			
Finance expense – interest	22	8,505	14,722
Administrative expenses	23	35,438	38,118
		43,943	52,840
Net operating income		155,862	134,729
Exceptional income and expenses	24	-35,097	-112,471
Result before tax		120,765	22,258
Tax		0	0
Result		120,765	22,258

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 the 2013 reporting period is €99 million (whole of 2012: €119.7 million). The interest rate used is the statutory interest rate on consumer transactions (see also page 27).

2.3 Cash flow statement (x €1,000)

		2013		2012
Receipts from management and sale of assets				
Payments on loans	540,617		632,760	
Settlement of interest rate swaps	41,023		6,888	
Servicing fee	1,824		4,326	
Coupon interest on notes	2,246		4,276	
Redemption of notes	23,385		31,708	
Receipt of receivable from DSB Beheer	0		4,783	
Interest and repayments, Belgian entities	119,876		54,807	
Interest and repayments, corporate loans	375		0	
Proceeds from disposals	849		1,689	
Other income	4,840		5,085	
Total receipts		**735,035**		**746,322**
Expenditures				
Onward payments, repayments and non-operational expenditures				
SPVs sweep	237,888		271,739	
Pledgee redemptions and interest	107,840		16,362	
Settlement of interest rate swaps	44,747		0	
Interest payable on the special short-term loan facility	7,122		9,777	
Receivable in respect of DSB Beheer insolvency	744		0	
Payment of capital to DSB International	9,000		0	
Customer payments not owing after insolvency	3,879		3,855	
Interest on savings-type bank mortgage loans	272		184	
Distribution to creditors	315,834		305,468	
Other expenses	3,022		917	
		730,348		608,302
Operational and administrative expenses				
Staff costs	6,619		9,542	
Temporary staff / management services	12,054		13,477	
Administrators / Houthoff Buruma /other advisers	8,268		8,817	
Servicing fee	2,394		0	
Other expenses	3,219		7,300	
		32,554		39,136
Total expenditures		**762,902**		**647,438**
Short-term financing				
Drawings on special short-term loan facility	270,000		261,000	
Repayment of special short-term loan facility	273,000		377,000	
DSB Beheer current account facility	-5,627		28,245	
Tadas Verzekeringen current account facility	8,000		0	
Total insolvent entity financing		**-627**		**-87,755**
Total cash flow		**-28,494**		**11,129**
Cash balance:				
- as at 1 January		69,067		57,938
- as at 31 December		40,573		69,067
		-28,494		**11,129**

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 2013 and of the income and expenses for the period 1 January to 31 December 2013. 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
In the years 2003–2007, DSB Bank securitised a proportion of the receivables in respect of mortgage and consumer loans granted by the bank through the special-purpose vehicles (SPVs). By virtue of these transactions, beneficial ownership of the receivables concerned 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.

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, interest rate swaps, 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 presentation and the carrying amounts of the interest rate swaps, on which separate notes are included in the financial report as part of the general notes and accounting policies and also in the rights and obligations not shown on the face of the balance sheet.

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. The financial impact of changes in estimates is accounted for 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

Change in accounting policies

In 2013, there was a change in the method of accounting for interest rate swaps (front swaps and interest rate hedges). Front swaps are instruments used to restore the interest result and the interest rate risk on the securitised loan portfolios to DSB Bank. These front swaps were concluded between the SPVs and DSB Bank. DSB Bank's interest rate risk exposure embodied in the front swaps is hedged with interest rate hedges.

In 2012, the interest rate swaps were 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 were presented as assets if the fair value was positive and as liabilities if the fair value was negative.

With effect from 2013, interest paid and received on the interest rate swaps during the year is recognised on a cash basis in the income statement as part of finance income.

In 2013, the final settlements in respect of front swaps were made (for further details, see section 2.6.2). Closer consideration of the financial aspects relating to the interest rate swaps identified a need for a change in accounting policy because the fair value of the front swaps could not be measured with sufficient reliability, given the considerable uncertainties in the long-term assumptions relating to important parameters such as interest rate repricing spreads and expected loan repayments. With the derecognition of the front swaps themselves, the fair value of the directly related interest rate hedges ceases to be included in the balance sheet as well. However, estimates of the cash flows from the front swaps and the fair value of the interest rate hedges have been disclosed in the rights and obligations not shown on the face of the balance sheet (section 2.6.2).

Comparative figures and effects of the change in accounting policies

The comparative figures as at 31 December 2012 and for the 2012 reporting period included in this report have been restated in line with the new accounting policies. The effect of the change in accounting policies on the balance (assets less equity & liabilities) and the amount of the result as presented in the 2012 financial report and the corresponding amounts presented for 2012 in the 2013 financial report is as follows:

	Balance	Result
Balance (assets less equity & liabilities) as at year-end 2012 as presented in the 2012 financial report	-407.201	44.192
Effect of change in accounting policies	-21.934	-21.934
Balance (assets less equity & liabilities) as at year-end 2012 as presented in the 2013 financial report	-429.135	22.258

The following analysis shows which items of the balance sheet and income statement as published in the 2012 financial report have changed.

	2012 financial statements before change in accounting policies	2012 financial statements after change in accounting policies	Difference
Balance sheet items			
Interest rate swaps – assets	25,145	0	-25,145
Interest rate swaps – liabilities	3,211	0	3,211
			-21,934
Income statement items			
Finance income – interest	182,451	187,888	5,437
Value adjustments to financial instruments	2,372	0	-2,372
Exceptional income and expenses	-87,472	-112,471	-24,999
			-21,934

Notes

- Interest rate swaps, assets side: The carrying amount at fair value has been reversed.
- Interest rate swaps, liabilities side: The carrying amount at fair value has been reversed.
- Finance income – interest: Finance income has increased as a result of recognising the amount of the interest receipts /front swap expenditure /interest rate hedges directly in the income statement.
- Value adjustments to financial instruments: The income and expenses recognised as a result of measuring the carrying amount of the front swap and interest rate hedges at fair value as at balance sheet date have been reversed.
- Exceptional income and expenses: The income recognised in connection with the initial estimate of the fair value on contracting the front swap has been reversed.

The 2012 figures serve solely for comparison and no further disclosures are made relating to them.

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 (page 14, note 2).

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

Interest rate swaps
Interest rate swaps are instruments used to restore the interest result and the interest rate risk on the securitised loan portfolios to DSB Bank. These interest rate swaps were concluded between the SPVs and DSB Bank (front swap). DSB Bank's interest rate risk exposure on the securitised loans is hedged with interest rate hedges.

Interest rate swaps are not recognised in the balance sheet. The interest which is received or paid on the interest rate swaps during the year is accounted for on a cash basis in the income statement as part of finance income.

The expected cash flows generated by the front swaps in the current year are disclosed in the rights and obligations not shown on the face of the balance sheet. The face value of the front swaps as at balance sheet date is also disclosed. With respect to the interest rate hedges directly associated to the front swap (which are standard interest rate swap contracts), both the face value and the fair value as at balance sheet date are disclosed. The fair value is based on the most up-to-date yield curves published by Bloomberg.

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. A provision for bad debts is recognised on DSB Bank's receivable from these entities. 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. The liquidation value is not depreciated.

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 implementing the compensation scheme serves to cover the known liabilities under the compensation scheme as at balance sheet date. The provision is based on claims filed as at the balance sheet date and the compensation expected to be paid on those claims. To measure the amount of the provision, use is made of the average amounts of compensation awarded to date coupled with assumptions regarding the number of claims that will result in an offer of compensation for excessive lending. The recognised amount of the provision does not include claims filed after balance sheet date.

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 16.

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

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 2013. No account has therefore been taken of any payment of corporation tax in the income statement for 2013.

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 2013 (x €1,000)

ASSETS

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

2. LOANS AND ADVANCES	**2013**	**2012**
Mortgage loans with a first mortgage	2,177,163	2,322,188
Mortgage loans with a second mortgage	250,607	313,370
Consumer credit (including residual debts)	319,627	328,861
Other lending	72,398	186,980
Subtotal gross loans	2,819,795	3,151,399
Provision for bad debts	-270,801	-265,472
	2,548,994	2,885,927

Loans and advances as at 1 January	3,151,399	3,411,117
Less: receipts		
-mortgages and consumer credit	-184,152	-183,275
- other lending	-114,582	-51,161
Less: value adjustments		
-write-down on sale of portfolio	-1,206	-9,982
- write-down for credit risk	-9,378	-5,174
- write-down correction	8,282	8,824
- compensation payments	-29,430	-17,738
- restructuring connected with the duty-of-care issues	-1,138	-1,212
Balance as at 31 December	2,819,795	3,151,399

Other lending concerns:		
Corporate finance	0	375
Funding for the Belgian subsidiaries	72,398	186,605
	72,398	186,980

Write-down correction
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 €8.3 million. A provision was made for these items at the same time, increasing the provision for bad debts by €8.3 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. In 2010, the previously made 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, 2011, 2012 and 2013.

In calculating the necessary provisions for bad debts, account is taken both of customers' arrears in meeting their interest and repayment liabilities and the most recent appraisal of the forced sale value of the underlying asset (as at year-end 2012, this was still based on 70% of the forced sale value at the time of taking out the mortgage loan). Depending on the number of monthly instalments remaining, a percentage is calculated for the provision for bad debts.

The total amount of the provision for write-downs on all of the above loans and advances as at year-end 2013 amounted to €270.8 million (2012: €265.4 million).

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

	2013	**2012**
Movements in the provision for bad debts were:		
Balance as at 1 January	265,472	278,664
Write-down on sale of portfolio	-1,206	-9,982
Write-down for credit risk	-9,378	-5,174
Write-down correction	8,282	8,824
Restructuring connected with the duty-of-care issues	-1,138	-1,212
Added due to adjustment of property values securing mortgages	0	11,367
Added to/released from provision	8,769	-17,015
Balance as at 31 December	270,801	265,472

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.

3. INTEREST RATE SWAPS

The interest rate swaps are not recognised. Section 2.6.2 contains further information regarding the interest rate swaps.

4. INVESTMENTS IN GROUP COMPANIES

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

	2013	**2012**
Balance as at 1 January	10,394	12,933
Sales	0	-1,378
Payment of capital	9,000	0
Recognised impairment	-9,000	0
Loan to shareholders of SPVs (transferred to other receivables)	0	-55
Share in results	3,223	-1,106
Balance as at 31 December	13,617	10,394

This concerns the following entities:		
DSB International	0	0
Tadas Verzekeringen	13,617	10,394
	13,617	10,394

DSB International B.V.
On 1 March 2012, the Belgian mortgage portfolio was transferred to Crea-Hypo-Finance N.V. The shares of this company are held by DSB International B.V. The carrying amount of the investment in DSB International B.V. is based on provisional figures for 2013.

In December 2013, payment of capital amounting to €9 million was also made to DSB International B.V., which in turn used the funds to invest in the capital of Crea-Hypo-Finance N.V. in order to raise the shareholders' equity of Crea-Hypo-Finance N.V. to approximately zero. Since the shareholders' equity of DSB International B.V. as at 31 December 2013 was negative despite the payment of capital, the investment in DSB International N.V. was written down to zero. The payment of capital made by Crea-Hypo-Finance N.V., incidentally, was used to repay the loan from DSB Bank N.V.

Tadas Verzekeringen B.V.
The carrying amount of the investment is based on the draft financial statements of DSB Verzekeringen for 2013. 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).

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings and land	Other assets	Total 2013	Total 2012
Balance as at 1 January	3,430	591	4,021	3,938
Investments/disposals	0	-103	-103	170
Depreciation and amortisation	0	0	0	-87
Write-downs	0	-450	-450	0
Balance as at 31 December	3,430	38	3,468	4,021

Buildings and land as at year-end 2013 comprises one building in Heerhugowaard. The carrying amount is based on an appraisal made in 2010. The other items of property, plant and equipment concern the expected proceeds from the sale of office equipment in 2014.

6. TRADE RECEIVABLES

	2013	2012
Guarantees receivable	85	85
Other	198	191
	283	276

7. RECEIVABLES FROM GROUP COMPANIES

	2013	2012
Receivables from DSB Bank subsidiaries	7,400	16,634
Write-down of receivables from DSB Bank subsidiaries	-7,400	-16,634
Loan to DSB Ficoholding	13,000	13,000
Accrued interest on loan to DSB Ficoholding	1,431	950
Write-down of interest receivable from DSB Ficoholding	-1,431	-950
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	13,000

The receivables from subsidiaries of DSB Bank as at year-end 2013 concern receivables from the insolvent subsidiaries (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 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. A provision is recognised in respect of the annual amount of accrued interest on the loan.

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.

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

8. RECEIVABLES FROM DSB BEHEER AND ITS GROUP COMPANIES

	2013	2012
Receivables from DSB Beheer	101,489	101,489
Receivables from DSB Beheer subsidiaries	1,193	1,193
Receivables of group companies in the insolvency of DSB Beheer taken over	744	0
Provision for bad debts	-63,217	-63,217
	40,209	39,465

Receivables from DSB Beheer

	2013	2012
Movements:		
Balance as at 1 January	101,489	103,055
Less: provisional receivable in respect of DSB Beheer insolvency	0	-103,055
Definitive receivable in respect of DSB Beheer insolvency	0	106,272
Paid on allowed receivable in respect of DSB Beheer insolvency	0	-4,783
Balance as at 31 December	101,489	101,489

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. No distribution was made in 2013.

	2013	2012
The receivable from DSB Beheer is analysed as follows:		
Definitive receivable in respect of DSB Beheer insolvency		
- allowed claim in respect of insolvency	56,272	56,272
- provisionally contested claim in respect of insolvency	50,000	50,000
	106,272	106,272
- initial distribution on allowed claim in insolvency (8.5%)	-4,783	-4,783
Balance as at 31 December	101,489	101,489

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.

Receivables from DSB Beheer subsidiaries
This concerns current-account receivables from insolvent subsidiaries of DSB Beheer, viz. DS Sport, DS Art and DSB Stadion. A final distribution out of these insolvencies is expected to be received in 2014.

Receivables of group companies in the insolvency of DSB Beheer taken over
In 2013, two receivables in the insolvency of DSB Beheer were taken over, involving payment of an amount of 744. This relates to the receivables of DS Sport B.V. and Gema Advies Groep B.V. from DSB Beheer with a face value of 11,102.

Provision for bad debts
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.

	2013	2012
Movements in the provision for bad debts were:		
Balance as at 1 January	63,217	60,000
Addition to provision for difference between provisional and definitive receivable in respect of DSB Beheer insolvency	0	3,217
Balance as at 31 December	63,217	63,217

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

9. OTHER RECEIVABLES

	2013	2012
This concerns:		
Repurchased notes issued by the securitisation entities	233,549	257,747
Receivables from securitisation entities	0	0
Receivable from SPV shareholders	55	55
Receivable from sale of DSB Belgium	0	214
Accrued interest	8,638	730
Direct debit receivable from customer (received 2.1 2014)	16,165	0
Miscellaneous	522	1,835
	258,929	260,581

	2013	2012
Repurchased notes issued by securitisation entities concerns:		
A-Notes Chapel 2003	33,361	38,444
A-Notes Chapel 2007	0	6,718
A-Notes Monastery 2004	26,051	29,028
A-Notes Monastery 2006	130,122	138,729
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	295,349	318,734
Provision	-61,800	-60,987
	233,549	257,747

	2013	2012
The movements in the repurchased notes are as follows:		
Balance as at 1 January	257,747	289,831
Redemptions	-23,385	-31,708
Movement in provision	-813	-376
Balance as at 31 December	233,549	257,747

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

DSB Bank has recognised 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.

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

EQUITY AND LIABILITIES

10. BORROWINGS

	2013	2012
Special short-term loan facility provided by consortium of banks	351,000	354,000
DSB Beheer current account facility	22,981	28,315
Tadas Verzekeringen current-account facility	8,000	0
Secured loan facility with Société Générale Amsterdam	0	37,619
Secured loan facility with Waard Leven	0	58,337
Secured loan facility with Waard Schade	0	11,201
	381,981	489,472

As at year-end 2013, the weighted average interest rate on borrowings was 2.20 % (year-end 2012: 2.54%).

Special short-term loan facility provided by consortium of banks
DSB Bank has contracted a special short-term loan facility (maturing 23 December 2014) 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.

DSB Beheer current account facility
DSB Beheer's temporary cash surpluses 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.

Tadas Verzekeringen current-account facility
Tadas Verzekeringen's temporary cash surpluses are placed with DSB Bank under a current account facility. The cash surpluses are callable on a daily basis.

Secured loan facility with Société Générale Amsterdam
This loan was repaid early in 2013, the pledges (serving as security for the loan) on part of the loan portfolio simultaneously lapsing.

Secured loan facility with Waard Leven / Waard Schade
This loan was repaid early in 2013, the pledges (serving as security for the loan) on part of the loan portfolio simultaneously lapsing.

11. TAX AND SOCIAL SECURITY CHARGES

	2013	2012
Wage tax	224	359
Value added tax	32	61
Other	13	34
	269	454

12. SUNDRY OTHER PAYABLES

Liabilities of the insolvent entity	11,066	24,325
Amounts owed to group companies	0	0
	11,066	24,325

Liabilities of the insolvent entity concerns:
(1) an amount of €5.9 million (2012: €18.9 million) in respect of recent receipts of interest and repayments on securitised loans still to be transferred to the securitisation entities as at balance sheet date;
(2) €5.1 million (2012: €5.4 million) in respect of other insolvent entity payables.

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

13. PROVISION FOR INVESTMENTS IN GROUP COMPANIES
In the balance sheet as at year-end 2012, the investments in DSB Beveiliging 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 7).

14. PROVISION FOR COMPENSATION SCHEME / DUTY OF CARE
The balance sheet includes a provision of €25 million (year-end 2012: €75 million). The provision is based on claims filed as at the balance sheet date and the compensation expected to be paid on those claims in 2014. To measure the amount of the provision, use is made of the average amounts of compensation awarded to date coupled with assumptions regarding the number of claims that will result in an offer of compensation for excessive lending. The recognised amount of the provision does not include claims filed after balance sheet date.

By 31 December 2013, 4,604 (year-end 2012: 13,184) claims had been received in respect of which compensation proposals have been or are expected to be made in phase 1 (PPI mis-selling, unit-linked insurance plans and securities-backed lending products) totalling around €20.5 million (year-end 2012: €58.0 million). The compensation proposals made or expected to be made in respect of claims received by 31 December 2013 in phase 2 (excessive lending) are estimated at around €4.5 million (year-end 2012: €17.0 million).

	2013	**2012**
Balance as at 1 January	75,000	0
Movement in provision	- 50,000	75,000
Balance as at 31 December	25,000	75,000

The actual amount of compensation payments accounted for in 2013, totalling €77 million, is presented separately in the income statement as an exceptional expense (note 24).

15. 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, particularly on the assets side, so there is no reason to adjust the amounts of these provisions as at year-end 2013.

16. UNSECURED CREDITORS	**2013**	**2012**
Claims payable < €100	158	160
Allowed claim of preferential and unsecured creditors	2,443,999	2,703,646
Contested claims contingently allowed	3,252	47,564
Claims provisionally allowed by administrators	10,832	8,936
Other receivables	69,006	69,006
	2,527,247	2,829,312

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

The movements in the unsecured creditors were as follows:

	Claims < €100	Allowed claims	Contested claims provisionally allowed	Claims provisionally allowed by administrators	Other receivables	Total
Unsecured and preferential claims	759	3,704,397	47,564	8,936	69,006	3,830,662
Cumulative distributions to year-end 2012	-599	-1,000,751				-1,001,350
Balance as at 1 January 2013	160	2,703,646	47,564	8,936	69,006	2,829,312
Changes in 2013						
Claims allowed		-167	-44,312			-44,479
Increase in claims		13,279		44,987		58,266
From provision to allowed claims		43,091		-43,091		0
Distributions in June (4%) and December (4%)	-2	-315,850	0	0	0	-315,852
Total	-2	-259,647	-44,312	1,896	0	-302,065
Unsecured and preferential claims	759	3,760,600	3,252	10,832	69,006	3,844,449
Cumulative distributions to year-end 2013	-601	-1,316,601				-1,317,202
Balance as at 31 December 2013	158	2,443,999	3,252	10,832	69,006	2,527,247

Movements in claims (gross amounts) by creditors were as follows:

Claims by creditors as at 1 January 2013	3,830,662
Claims by creditors as at 31 December 2013	3,844,449
Increase	13,787

The increase is analysed as follows:

Less: Allowed claims subsequently withdrawn, settled against arrears and otherwise settled	-141
Less: Provisionally allowed claims subsequently withdrawn	-44,312
Add: New claims by SPVs in respect of compensation for terminated HWL (Hollands Welvaren Leven) policies	937
Add: New claims by SPVs in respect of rescheduling charged to loans from the SPVs	888
Add: New claims by former subordinated deposit holders	11,509
Add: new allowed preferential claims	1
Add: New other allowed claims by other creditors	734
Add: New claims by customers in respect of compensation awarded	10,588
Add: New claims by SPVs in respect of compensation charged to loans from the SPVs	31,687
Add: Increase in other claims allowed in 2013	1,896
	13,787

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 2010, 2011, 2012 and 2013. It is also possible for claims to be submitted and/or allowed in 2014 and beyond.

Allowed claims and provisionally allowed contested claims
Meetings of creditors were held on 10 December 2010, 19 May 2011, 24 May 2012, 29 November 2012, 30 May 2013 and 28 November 2013. The total amount of the allowed claims of preferential and unsecured creditors amounts to €3.76 billion (year-end 2012: €3.70 billion). The provisionally allowed contested claims under Section125 of the Bankruptcy Act (Fw) total €3.3 million (year-end 2012: €47.6 million).

Claims provisionally allowed by administrators
As at year-end 2013, the claims provisionally allowed by the administrators totalled €10.8 million (year-end 2012: €8.9 million). This includes compensation awarded to customers and compensation on loans from the

Notes on the company balance sheet as at 31 December 2013 (x €1,000)

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 receivables
On grounds of prudence, a sum of €69.0 million has been included for potential claims. This represents a rough estimate of the claims still to be filed.

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 €1.3 billion has meanwhile been distributed to unsecured creditors, amounting to 35% of the allowed claims. Distributions have also been made to preferential creditors.

17. SUBORDINATED PAYABLES

	2013	**2012**
Allowed subordinated claims	131,880	32,000
Subordinated deposits	0	111,303
	131,880	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).

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 was offered to VVD members and all other subordinated deposit holders. At the meetings of creditors held on 30 May and 28 November 2013, the claims of all deposit holders were allowed.

The movements in the subordinated claims were as follows:

	Allowed subordinated claims	Subordinated deposits	Total
Balance as at 1 January	32,000	111,303	143,303
Add / Less subordinated deposit settlements	111,389	-111,303	86
Less: to unsecured claims	-11,509	0	-11,509
Balance as at 31 December	131,880	0	131,880

18. BALANCE

	2013	**2012**
The movements in this item were:		
Balance as at 1 January	-429,135	-451,393
Other	0	0
Result	120,765	22,258
Balance as at 31 December	-308,370	-429,135

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

2.6 Rights and obligations not shown on the face of the balance sheet as at 31 December 2013

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, unit-linked plans or securities-backed lending products and customers with complaints relating to excessive lending (the 'Scheme'). 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 2013, the website had recorded approximately 145,000 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 27 January 2014) can be found in Annex 2 to the 20th public report on DSB Bank dated 31 January 2014.

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 2013 with respect to phase 1 (single-premium policies, investment-linked insurance and HWS) and phase 2 (excessive lending) is €84.7 million and is explained in greater detail in the note on exceptional income and expenses (note 24).

In addition to the proposals already processed, a further 4,604 claims were in process on 31 December 2013 (31 December 2012: 13,184 claims). It is estimated that these cases either have already involved or will lead to compensation proposals totalling €25 million (2012: €75 million), including an estimated €20.5 million approximately in respect of Phase 1 compensation proposals. The cases still being processed as at 31 December 2013, relating to which it is expected that Phase 2 compensation proposals either have already or will be made have been calculated at approximately €4.5 million. The expected cost of €25 million of the claims in process on 31 December 2013 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 2013. In the first two months of 2014, an average of more than 80 new claims per week was received. Because it is not possible to estimate the total number of claims after 31 December 2013 or the response to the WCAM (and associated developments – see next paragraph), no provision has been recognised in the balance sheet.

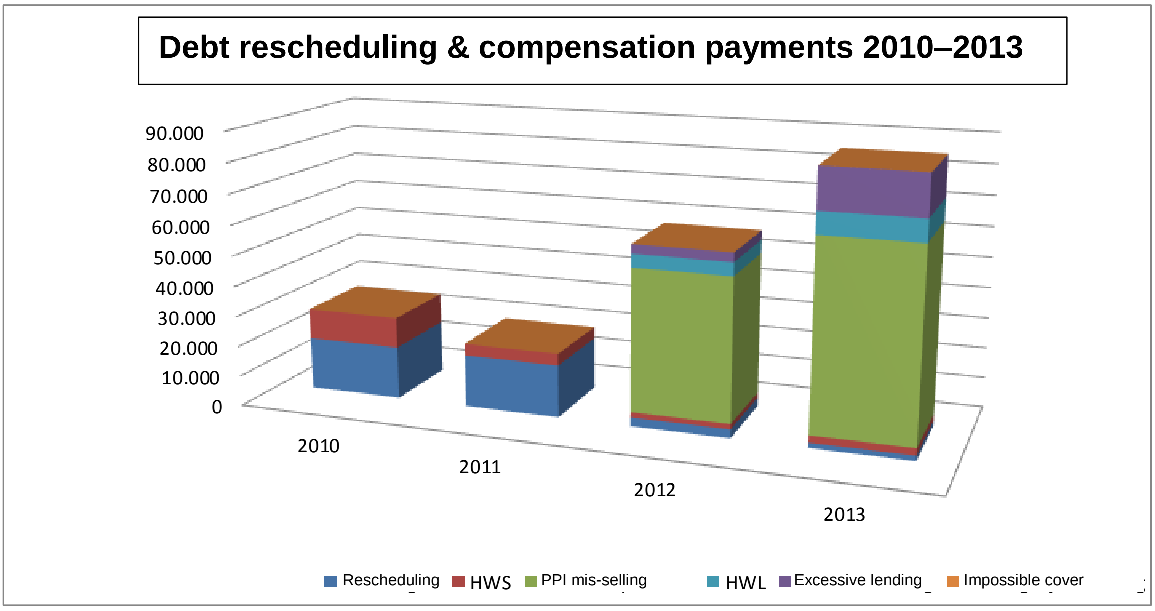
WCAM
On 27 May 2013, the Administrators, the Stakeholder Organisations and the insurance companies (Petitioners) concerned filed a formal application with the Amsterdam Court of Appeal for the mass settlement Scheme to be declared binding under the provisions of the Collective Mass Claims Settlement Act (WCAM). The court sat to admit the case on 14 June 2013. The case was subsequently heard on 15 October 2013.

Only one statement of defence – on behalf of the group of four DSB Bank customers – was submitted. A number of customers also put their case in person at the hearing or had written to the court by post or email on occasion.

The court then gave its interim decision on 12 November 2013, to which the Petitioners responded following Further Explanation given on 23 December 2013. There then followed the exchange of various procedural and other documents, the final word now being with the court. The court's final ruling is expected shortly.

When the Scheme has been declared legally binding, this will mean (for customers not opting out in time) that no new applications for the WCAM arrangement and no further duty-of-care claims relating to the insolvency of DSB Bank can be submitted after the application deadline has passed.

This application deadline will in this case be one year from the date of the Scheme being declared legally binding. Likewise, it will no longer be possible for customers to adduce duty-of-care claims beyond that date as defence in connection with debt collection proceedings on the part of DSB Bank relating to loans which have been granted.



	2010	2011	2012	2013	Total
Debt rescheduling	17,322	17,244	2,907	1,695	39,168
HWS	10,022	3,856	1,732	2,327	17,937
PPI mis-selling	0	0	46,625	61,863	108,488
Excessive lending	0	0	3,020	13,286	16,306
HWL	0	0	4,353	7,172	11,525
Impossible cover	0	0	0	7	7
Total processed	27,344	21,100	58,637	86,350	193,431
Less HWL	0	0	-4,353	-7,172	-11,525
Movement in provision	0	0	75,000	-50,000	25,000
Total expense	27,344	21,100	129,284	29,178	206,906
Cumulative	27,344	48,444	177,728	206,906	

The expenses relating to the debt rescheduling and compensation payments each year comprise the processed amounts as analysed above plus the movement in the provision for the compensation scheme / duty of care claims in respect of claims filed and leading to compensation payments as at year-end. Notes on the provision for claims relating to dereliction of the duty of care can be found on page 20. The cost of compensation awards relating to HWL (indirect) are also borne by DSB Bank not least because DSB Bank. (via the intermediate companies) provided HWL with the necessary extra capital.

2.6.2 Interest rate swaps

History
Prior to the insolvency of DSB Bank, 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 collapse of the bank, these swap contracts were cancelled in writing by the various swap banks. These letters also contained statements of account relating to outstanding amounts under the contracts. DSB Bank wrote to all the individual swap banks disputing the amounts to be settled.

In 2012 and 2013, DSB Bank reached agreement on the interest rate swaps with the swap banks. Part of the agreements reached was that claims submitted in the insolvency proceedings would be withdrawn. The agreements also provided for DSB Bank to take over the front swap positions. In certain cases there was also provision for one-off payments to be made between the parties, settling the cash collateral positions held, among other things. In the case of one front swap, it was further agreed that a limited proportion of the future income from the swap would be paid to the swap bank concerned. DSB Bank's liabilities under the assumed front swap agreement are guaranteed by Rabobank. The administrators expect the front swaps to generate substantial positive cash flow for the insolvent entity.

Interest rate risk
The interest rate risk incurred by taking over the front swaps has been largely mitigated by means of several interest rate hedges. The interest rate risk on the loan portfolio for periods up to 12 months ahead is not hedged since the unrestricted choice of interest rates which customers have over this short time horizon mean that the amount concerned is uncertain and the associated risk is limited. The interest rate risk over periods of more than five years has been included in the five-year interest rate hedging as necessary and desirable. This is considered acceptable in view of the uncertainties associated with the insolvent entity in the long term and the limited amounts involved with respect to this part of the portfolio.

The policy is to evaluate the interest rate hedges every three months, based on their existing amounts and the interest rate risk profile of the front swaps, contracting new interest rate hedges as necessary. The effectiveness of the interest rate hedges will also be evaluated at the same time, measured in terms of the sensitivity of cash flows from front swaps and interest rate hedges to changes in market interest rates. The effectiveness of the hedges was also assessed as at year-end 2013 on the basis of the usual measures and was judged to be satisfactory.

DSB Bank ceased hedging the interest rate risk on the loans on its own books after the date of insolvency in view of the uncertainties surrounding the winding-up operation and the absence of normal funding for the loan portfolio, which makes the use of normal interest rate hedging instruments to hedge the interest rate risk difficult. The cash flows arising from the front swaps and the related interest rate hedges have been included in the 2013 income statement.

Forecast cash flows
The cash flows arising from the front swaps and the related interest rate hedges generated in 2013 have been included in the 2013 income statement and amount to €43.9 million. The total cash flows received from the front swaps and the interest rate hedges, less the cost of the associated guarantees and other deductions, will be approximately €50 million in 2014 and will decline in later years with the decline in the size of the loan portfolio and the impact of interest rate movements. The uncertainties surrounding the relevant parameters (interest rates, loan losses and repayments) mean that the cash flows beyond 2014 cannot be reliably estimated.

Nominal value
The nominal value of the front swaps taken over by DSB Bank as at year-end 2013 was €1,896 million (2012: 258 million).

The nominal value of the interest rate hedges against the related interest rate risk as at year-end 2013 was €1,020 million (2012: €195 million).

	2013	2012
The remaining term to maturity of the interest rate hedges can be analysed as follows:		
Less than 3 months	25,000	30,000
More than 3 months, but not more than 1 year	55,000	35,000
More than 1 year, but not more than 5 years	910,000	115,000
More than 5 years	30,000	15,000
	1,020,000	195,000

The remaining terms of the interest rate hedges reflects the remaining interest rate time horizons of the front swap.

Fair value

The fair value of the interest rate hedges against the related interest rate risk as at year-end 2013 was €2.7 million negative (2012: €3.2 million negative).

	2013	2012
The fair value of the interest rate hedges is as follows:		
Positive fair value	1,146	0
Negative fair value	-3,863	-3,211
	-2,717	-3,211

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

Indication of interest not accounted for
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). Solely by way of indication, the interest not accounted for over the period 19 October 2009 to 31 December 2013 can be put at €499 million

In the 2013 reporting period, the calculation of this interest was made on a different basis, namely the statutory interest rate for consumer transactions. The amounts calculated below have been arrived at using the new measurement basis (with retroactive force to 19 October 2009).

Year	€ million
2009	31
2010	117
2011	132
2012	120
2013	99
Total	499

As from the date of the insolvency up to year-end 2013, the statutory interest rate for consumer transactions has fluctuated between a minimum of 3% and a maximum of 4%.

Other obligations
Claims on the insolvent entity 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 insolvent entity 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 entity 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 process the duty-of-care claims plus the compensation scheme and the mass claims settlement as well as the winding-up of the insolvent entity, including its administration, some of the existing staff will continue to be required in 2014.

The promises of employment given to 66 employees (as at 31 December 2013) are as follows:
2 employees up to the end of the first quarter of 2014;
39 employees up to the end of the second quarter of 2014;
1 employee up to the end of the third quarter of 2014;
22 employees up to the end of the fourth quarter of 2014; and
2 employees up to the end of the second quarter of 2015.

In the first quarter of 2014, the expected average payroll cost will be approximately €0.3 million per month and the estimated costs for temporary staff connected with the operations of the insolvent entity will be approximately €0.6 million per month.

Lease obligations for premises
DSB Bank will be leasing the Zuid building (Basiliek Building) in the Dick Ketlaan, Wognum, from the Municipality of Medemblik up to the end of December 2014. DSB Bank will be paying a quarterly rent of €88,000, including service charges, plus VAT.

Notes to the company income statement for 2013 (x €1,000)

2.7 Notes to the company income statement for 2013 (x €l,000)

	2013	2012
20. FINANCE INCOME - INTEREST		
Interest on mortgages and consumer credit	148,065	164,588
Interest on other loans	6,492	9,290
Interest on front swaps and interest rate hedges	43,934	5,437
Interest on notes	2,246	4,089
Servicing fee	1,771	4,457
Interest on cash and banks	0	27
	202,508	187,888

The average interest rate on first mortgages in 2013 amounted to approximately 4.8% (2012: 4.8%), on second mortgages 6.0% (2012: 6.0%) and on consumer credit 6.4% (2012: 8.0%).

Disclosed as interest on front swaps and interest rate hedges is the net amount of the interest paid and received plus guarantee fees on contracted front swaps and the related interest rate hedges.

Servicing fee relates to the payment for the management of the securitisation programme portfolios up to the date of transfer of the servicing activities to Quion in mid-June 2013.

	2013	2012
21. OTHER INCOME		
Proceeds from sale of assets	82	28
Payment from DNB relating to insolvency of Landsbanki/Hoop/Indover	121	448
Insurance settlements /other income	2,871	311
	3,074	787

	2013	2012
22. FINANCE EXPENSE – INTEREST		
Interest payable on the special short-term loan facility	7,247	9,504
Interest payable to third parties with pledges	1,354	4,552
Asset-backed loan repayment discount	- 671	0
Loans and other interest charges	575	666
	8,505	14,722

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 2013 is estimated at approximately €99 million (whole of 2012: €120 million).

	2013	2012
23. ADMINISTRATIVE EXPENSES		
Staff costs	6,396	9,187
Temporary staff	8,394	10,164
Management services	3,220	3,227
Administrators / Houthoff Buruma	4,876	5,874
Advisers	2,273	3,701
Office overheads	3,788	3,982
Crea-Hypo-Finance portfolio success fee	1,661	395
Quion servicing fee	3,230	0
Auditors’ fees relating to audit of compensation scheme	1,104	591
Motor vehicles	212	365
Premises costs	284	545
Depreciation of DSB Print equipment	0	87
	35,438	38,118

The company employed an average of 98 full-time equivalents (2012: 153 FTEs).

Notes to the company income statement for 2013 (x €1,000)

	2013	2012
24. EXCEPTIONAL INCOME AND EXPENSES		
Repayment of deposit	0	183
Movements in the provision for bad debts (note 2)	-8,769	5,648
Write-down of property, plant and equipment (note 5)	-450	0
Write-down of receivable from DSB Ficoholding	0	-200
Write-down of notes held by the bank (note 9)	-813	-376
Liability in respect of endowment mortgages (note 13)	0	-1,889
Movement in claims of unsecured creditors (see analysis below)	43,039	3,454
Settlements in connection with reinstatement of swaps	-40,039	6,750
Compensation scheme costs (see analysis below)	-27,483	-126,375
Settlement of contracts and complaints relating to HWS	0	-31
Write-down of receivables from subsidiaries, associates and joint ventures	-116	319
Other	-466	46
	-35,097	-112,471

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

Allowed claims withdrawn	179
Provisionally allowed contested claims withdrawn (note 16)	44,312
New allowed preferential claims by creditors (note 16)	-1
New allowed unsecured claims by other creditors (note 16)	-734
New allowed subordinated claim (note 17)	-86
New allowed /not yet allowed unsecured claims by SPVs related to debt rescheduling	-557
New allowed /not yet allowed unsecured claims by SPVs related to collection costs	-74
	43,039

Compensation scheme costs

	2013	2012
The compensation scheme costs can be summarised as follows:		
compensation scheme costs (see analysis below)	-77,483	-51,375
Movement in compensation scheme provision (note 14)	50,000	- 75,000
	- 27,483	-126,375

The analysis of the compensation claims by category is as follows:

	Processed	Movement in provision	Total 2013	Total 2012
Claims relating to mis-sold PPI	61,863	-37,000	24,863	104,623
Claims relating to unit-linked plans	7,172		7,172	4,353
Claims relating to impossible cover	7		7	0
Compensation payments relating to HWS	2,327		2,327	1,732
Phase 1 total	71,369	-37,000	34,369 0	110,708
Claims relating to excessive lending	13,286	-13,000	286	20,020
Phase 2 total	13,286	-13,000	286	20,020
Total duty-of-care claim costs: Phase 1 and Phase 2	84,655	-50,000	34,655	130,728
Less: Claims relating to unit-linked plans	-7,172	-50,000	-7,172	-4,353
Total	77,483		27,483	126,375

Notes to the company income statement for 2013 (x €1,000)

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. Debt rescheduling agreements were reached in 2013 totalling 1,695 (2012: 2,909). The combined cost of debt rescheduling (1,695) and compensation payments (27,483) is 29,178. Settlement of the compensation and debt rescheduling is shown in the table below.

The analysis according to method of processing is as follows:

	Debt rescheduling	PPI mis-selling	Excessive lending	Impossible cover	Total for insolvent entity	HWL	Total 2013	Total 2012
Movement in provision for duty-of-care claims (note 15)		-37,000	-13,000		-50,000		-50,000	75,000
Processed compensation payments to customers: claims on insolvent entity (note 16)		10,254		3	10,257	33	10,290	7,772
Processed compensation payments: settled against loans from SPVs (note 16)		28,134	6,014	1	34,149	911	35,060	22,270
Processed compensation payments: settled against the bank's loans (note 16)		22,156	7,272	2	29,430	496	29,926	17,738
Processed compensation payments: payment not due		3,646		1	3,647	1,702	5,349	5,080
Processed debt rescheduling arrangements	1,695				1,695		1,695	2,909
	1,695	27,190	286	7	29,178	3,142	32,320	130,769
Add: Processed compensation payments for current and matured HWL policies					0	4,030	4,030	2,868
Less: Processed compensation payments for current and matured HWL policies charged to insurers					0	-7,172	-7,172	-4,353
Less: Processed debt rescheduling charged to provision for loans (note 3)	-1,138				-1,138		-1,138	-1,212
Less: Processed debt rescheduling claimed by SPVs on insolvent entity (note 16)	-557				-557		-557	-1,697
	0	27,190	286	7	27,483	0	27,483	126,375

3. Additional information

3.1. Other information on securitisation programmes

	2013	2012
SECURITISED LOANS TRANSFERRED TO SPVs		
Monastery 2004	244,149	260,908
Monastery 2006	498,248	524,284
Dome 2006	487,578	511,403
Chapel 2003	346,952	389,458
Chapel 2007	382,211	441,611
	1,959,138	2,127,664

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 insolvency, several SPVs also stopped paying the regular remaining margin instalments (deferred purchase price). Prior to the insolvency, 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:

Monastery 2004

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	173,054	26,051
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	0
Class G	6,817	0
Total	*246,371*	*39,551*

- Receivable from Monastery 2004 in respect of deferred purchase price receivable amounting to €2.7 million accounted for in other receivables (note 9). A provision has been recognised in respect of the full amount of this receivable.
- Payable to Monastery 2004 as normal cash flow still payable (daily sweep less servicing costs) in connection with servicing activities, totalling €0.6 million, recognised in sundry other liabilities (note 12).

Monastery 2006

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	423,904	130,122
Class B	28,000	0
Class C	28,700	20,100
Class D	9,500	300
Total	*490,104*	*150,522*

- Receivable from Monastery 2006 in respect of deferred purchase price receivable amounting to €13.8 million accounted for in other receivables (note 9). A provision has been recognised in respect of the full amount of this receivable.
- Payable to Monastery 2006 as regular cash flow still payable (daily sweep less servicing costs) in connection with servicing activities, totalling €1.7 million, recognised in sundry other liabilities (note 12).

Dome 2006

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	433,400	0
Class B	22,100	0
Class C	13,800	13,800
Class D	13,800	13,800
Class E	6,215	6,215
Total	*489,315*	*33,815*

- Receivables from Dome 2006 relating to received deferred purchase price, payments into the reserve account and other receivables. These receivables total €7.0 million and are accounted for in other receivables (note 9). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Dome 2006 as regular cash flow still payable (daily sweep less servicing costs) in connection with servicing activities, totalling €1.4 million, recognised in sundry other liabilities (note 12).

Chapel 2003

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	223,246	33,361
Class B	39,000	1,000
Class C	23,500	0
Class D	47,500	9,500
Class E	8,849	0
Total	*342,095*	*43,861*

- Receivables from Chapel 2003 relating to received deferred purchase price and the reserve for exceptional expenses. These receivables total €13.3 million and are accounted for in other receivables (note 9). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Chapel 2003 as regular cash flow still payable (daily sweep less servicing costs) in connection with servicing activities, totalling €1.2 million, recognised in sundry other liabilities (note 12).

Chapel 2007

Notes as at balance sheet date	Total	Held by DSB Bank
Class A1	-	0
Class A2	282,063	0
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	0
Class G	6,900	0
Total	*371,763*	*27,600*

- Receivables from Chapel 2007 relating to received deferred purchase price 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 €20.3 million and are accounted for in other receivables (note 9). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Chapel 2007 as regular cash flow still payable (daily sweep less servicing costs) in connection with servicing activities, totalling €1.0 million, recognised in sundry other liabilities (note 12).

3.2. List of subsidiaries, associates and joint ventures

As at 31 December 2013, 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 called capital**
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 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

DSB Print B.V. (wound up 21 June 2013)