

# Financial Report 2018

**DSB Bank N.V. in bankruptcy**

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## 1.1 Key figures (x €1,000)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>BALANCE SHEET</b>										
Balance sheet total	1,540,539	1,728,568	1,983,463	2,297,142	2,630,342	2,919,073	3,282,731	3,560,678	3,968,256	4,693,412
Loans and advances	1,503,602	1,703,920	1,942,582	2,258,681	2,532,888	2,819,795	3,151,399	3,411,117	3,853,435	4,252,039
Provision for bad debts	-162,771	-190,445	-209,744	-231,068	-252,298	-270,801	-265,472	-278,664	-363,432	-383,666
Provision as percentage of loans and advances	10.8%	11.2%	10.8%	10.2%	10.0%	9.6%	8.4%	8.2%	9.4%	9.0%
Borrowings	55,450	330,000	629,949	1,028,158	1,377,900	381,981	489,472	588,967	455,208	1,161,118
Paid out to preferential and unsecured creditors (cumulative)	2,916,956	2,916,887	2,889,964	2,828,058	2,757,020	1,317,202	1,001,351	696,588	-	-
Outstanding payables to unsecured creditors (cumulative)	887,115	887,184	914,107	972,803	1,030,318	2,527,247	2,829,312	3,109,476	3,817,554	-
Paid out to subordinated creditors (cumulative)	43,559	43,559	10,224	3,384	-	-	-	-	-	-
Outstanding payables to subordinated creditors (cumulative)	86,935	86,935	121,656	128,399	131,880	131,880	143,303	143,303	143,303	147,853
Balance of assets and liabilities (cumulative)	366,774	263,179	158,579	-1,987	-176,384	-308,370	-429,135	-451,393	-631,688	-574,906
Interest not included in balance (cumulative)	-669,265	-637,118	-652,335	-613,060	-582,129	-499,185	-400,172	-280,447	-148,593	-31,022
<b>INCOME STATEMENT</b>										
Revenue	68,910	103,393	132,199	160,987	190,922	199,805	187,569	210,241	239,744	342,512
Operating expenses	11,663	19,110	23,730	37,234	27,523	43,943	52,840	58,960	88,785	333,615
Operating result	57,247	84,283	108,469	123,753	163,399	155,862	134,729	151,281	150,959	8,897
Exceptional income (+) and expenses (-)	46,348	20,317	52,097	50,644	-31,413	-35,097	-112,471	17,714	-207,741	-816,496
Net result	103,595	104,600	160,566	174,397	131,986	120,765	22,258	168,995	-56,782	-807,599
<b>OTHER KEY FIGURES</b>										
FTEs on payroll (average)	15	15	18	31	47	98	153	216	271	1,211
FTEs on temporary contract (average)	9	8	14	30	27	56	99	71	n/a	n/a
Securitised loans	1,076,629	1,238,645	1,427,245	1,606,568	1,800,463	1,959,138	2,127,664	2,292,028	2,520,018	2,760,853
Compensation in respect of duty of care (cumulative)	323,987	323,987	323,987	324,386	314,506	206,906	177,728	48,444	27,344	

## 1.2 Introduction

### General

DSB Bank N.V. was declared insolvent on 19 October 2009. The financial reports for the years 2009-2017 have been published on the website of DSB Bank N.V. ([www.dsbbank.nl](http://www.dsbbank.nl)).

As DSB Bank N.V. in bankruptcy has carried on its business, albeit without granting new loans, a view is being provided of the bank's financial affairs in 2018 in a manner comparable to an annual report. On 1 January 2018, a large part of the assets of DSB Bank N.V. were sold to the wholly-owned subsidiary Finqus B.V. Finqus B.V. has prepared the 2018 annual report in accordance with the statutory requirements and is publishing this report. DSB Bank has prepared the published company report for 2018. Additionally, this consolidated report has been prepared for internal purposes.

As a consequence of the insolvency, the claims of unsecured and subordinated creditors are included in the balance sheet of DSB Bank N.V. without accrued interest since the date of insolvency. In the income statement, too, therefore, no interest is recognised in respect of these claims, which has the effect of enhancing the net interest result. The accrued interest owed to creditors with effect from the date of insolvency will only be payable (in whole or in part), to the extent that there is a sufficient remaining balance when all claims of the creditors, as allowed as at the date of insolvency, have been settled in full.

### The 2018 reporting period

In 2018, the ninth year of the insolvency, further progress was made in the winding-up operation. DSB Bank N.V. has transferred the management of the loan portfolio to Finqus BV, a subsidiary of DSB Bank N.V. compliant with Financial Supervision Act regulations. The transfer took place on 1 January 2018.

The loan portfolio continued to shrink as repayments were made in 2018. These repayments, which were on average higher than in earlier years, were assisted by favourable economic developments in the Netherlands.

The good progress also had a positive effect on the value of the 'notes' owned by DSB Bank N.V., which are receivables from securitisation companies which purchased parts of DSB Bank N.V.'s lending portfolio. It was possible to reduce the provision for the notes, generating exceptional income.

As expected, revenue went down as a result of the decline in the lending portfolio. The average rate of interest received on the loans was also lower. Part of the fall in income was partially offset by lower expenses. The operating result - the amount of revenue less expenses - fell by 32% in 2018. The final result before tax in 2018 was boosted considerably by exceptional income.

The decline in the loan portfolio resulting from repayments by customers is also the effect of programmes under which customers opted to make regular repayments and/or to use the proceeds from a savings/investment plan to repay part of the loan.

The 2018 financial report of DSB Bank N.V. has not been audited. The financial statements of Finqus B.V. have been subjected to external audit and an unqualified auditors' report has been issued on them. With regard to the financial statements of DSB Bank N.V., a number of specific audit procedures have been performed for the purpose of reconciling this financial report with the bank's underlying accounting records. This financial report and the reports on the reconciliations have been discussed with the creditors' committee and the supervisory judge.

### Outlook

With effect from 2019, consolidated revenue is expected to fall as the loan portfolio shrinks. Operating expenses will also come down, the consolidated operating result is expected to turn out appreciably lower than in 2018 from 2019 onwards.

Bankruptcy Trustees of DSB Bank N.V.  
Wognum, 8 May 2019  
R.J. Schimmelpenninck

B.F.M.Knüppe

## 2. Financial report

### 2.1 Consolidated balance sheet as at 31 December 2018 (x €1,000)

		2018	2017
<b>ASSETS</b>			
<b>Cash</b>	<b>1</b>	13,512	18,282
<b>Loans and advances</b>	<b>2</b>	1,340,831	1,513,475
<b>Interest rate swaps</b>	<b>3</b>	0	0
<b>Investments in group companies</b>	<b>4</b>	0	0
<b>Receivables</b>			
Receivables from DSB			
Ficoholding	<b>5</b>	0	0
Receivables from DSB Beheer	<b>6</b>	0	0
Other	<b>7</b>	186,196	196,811
		186,196	196,811
		<u>1,540,539</u>	<u>1,728,568</u>

Consolidated balance sheet as at 31 December 2018 (x €1,000)

		2018	2017
<b>EQUITY AND LIABILITIES</b>			
<b>Borrowings</b>	<b>8</b>	55,450	330,000
<b>Other liabilities</b>			
Tax and social security charges	<b>9</b>	38	6
Sundry other payables	<b>10</b>	<u>9,227</u>	<u>11,264</u>
		9,265	11,270
<b>Provision for liquidation losses</b>	<b>11</b>	135,000	150,000
<b>Unsecured liabilities</b>	<b>12</b>	887,115	887,184
<b>Subordinated liabilities</b>	<b>13</b>	86,935	86,935
<b>Balance<sup>1</sup></b>	<b>14</b>	366,774	263,179
		<u>1,540,539</u>	<u>1,728,568</u>

<sup>1</sup> Since the date of insolvency, there has been no recognition of interest on the claims of the unsecured and subordinated creditors in the balance sheet. Only when all the claims of the creditors have been settled and the insolvency has been brought to a formal close by the court will the creditors be able to claim payment of interest. In the whole period up to year-end 2018, the accumulated amount in respect of ‘unrecognised accrued interest’ was €669 million (year-end 2017: €637 million). If the term of the contractual interest rate has lapsed, the statutory rate of interest on consumer transactions has been used as the interest rate. See also page 23.

**2.2 Consolidated income statement for 2018 (x €1,000)**

		2018	2017
<b>Revenue</b>			
Finance income – interest	<b>15</b>	68,727	102,986
Other income	<b>16</b>	183	407
		<u>68,910</u>	<u>103,393</u>
<b>Operating expenses</b>			
Finance expense – interest	<b>17</b>	2,192	5,967
Administrative expenses	<b>18</b>	9,471	13,143
		<u>11,663</u>	<u>19,110</u>
<b>Net operating income</b>		<u>57,247</u>	<u>84,283</u>
Exceptional income and expenses	<b>19</b>	46,348	20,317
<b>Result before tax</b>		<u>103,595</u>	<u>104,600</u>
Tax		0	0
<b>Result</b>		<u>103,595</u>	<u>104,600</u>

Since the date of insolvency, there has been no recognition of interest on the claims of the unsecured and subordinated creditors in the income statement. Only when all the claims of the creditors have been settled and the insolvency has been brought to a formal close by the court will the creditors be able to claim interest. See also page 23.

**2.3 Cash flow statement (x €1,000)**

	<b>2018</b>	<b>2017</b>
<b>Receipts from management and sale of assets</b>		
Payments on loans	450,849	545,754
Settlement of interest rate swaps	25,916	36,341
Coupon interest on notes	777	815
Redemption of notes & ddp	21,266	21,877
Receipt of receivable from DSB Beheer	0	9,008
Receipt of receivable from DSB Ficoholding	0	5,486
Proceeds from disposals	0	219
Other income	378	3,416
<b>Total receipts</b>	<b>499,186</b>	<b>622,916</b>
<b>Expenditures</b>		
<b>Onward payments, repayments and non-operating expenditures</b>		
SPVs sweep	201,573	240,122
Settlement of interest rate swaps	12,234	9,958
Interest payable on the special long-term loan facility	2,104	5,918
Interest on savings-type bank mortgage loans	84	90
Paid out to creditors	1,133	58,644
Other expenses	1,708	499
	218,836	315,231
<b>Operating and administrative expenses</b>		
Staff costs	1,345	1,338
Temporary staff / management services	2,369	2,931
Bankruptcy Trustees / Houthoff / other advisers	1,840	1,790
Servicing fee	3,265	3,467
Other expenses	1,751	1,235
	10,570	10,761
<b>Total expenditures</b>	<b>229,406</b>	<b>325,992</b>
<b>Bankrupt estate financing</b>		
Drawings on special long-term loan facility	0	20,000
Repayment of special long-term loan facility	-274,550	-300,000
DSB Beheer current-account facility	0	-20,035
<b>Total bankrupt estate financing</b>	<b>-274,550</b>	<b>-300,035</b>
<b>Total cash flow</b>	<b>-4,770</b>	<b>-3,111</b>
Cash balance:		
- as at 1 January	18,282	21,393
- as at 31 December	13,512	18,282
	<b>-4,770</b>	<b>-3,111</b>

## 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 2018 and of the income and expenses for the period 1 January to 31 December 2018. 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.

#### **Unaudited accounts**

The figures included in the consolidated and the company balance sheet and income statement of this financial report have been taken from DSB Bank's accounting records. The accounting policies applied are detailed below. As a bankrupt estate, 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 Dutch Civil Code. The figures in this financial report have therefore not been subjected to examination by external auditors.

The financial statements of the wholly-owned subsidiary Finqus B.V. have been subjected to external audit and an unqualified auditors' report has been issued on them.

#### **Consolidated and 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 both the consolidated and 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 still current mortgage and consumer loans through the special purpose vehicles (SPVs), the beneficial ownership of these receivables being transferred to the SPVs by virtue of the transaction. Notes were issued by the SPVs to finance the acquisition of the receivables. 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 assumes that the present policy of running down the lending portfolio will continue to be pursued. The financial report as at 31 December 2018 has been prepared in many respects in compliance with Part 9, Book 2, of the Dutch 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 other aspects. Departures from Part 9, Book 2, of the Dutch Civil Code, concern for example:

- The carrying amounts of several balance sheet items, including loans and advances and receivables, on which separate disclosures are made in the notes to the balance sheet contained in the financial report.
- The presentation and recognition of the interest rate swaps, details of which are disclosed separately in the financial report under the general notes and accounting policies and under the rights and obligations not shown on the face of the balance sheet.
- The provision for other liquidation losses serves to cover present and future asset write-downs and claims on the bankrupt estate arising as a consequence of or during the liquidation process.
- Recognition of interest income and expense in the income statement at face value.
- The separate presentation of exceptional income and expenses in the income statement.
- Non-adherence to the provisions of Netherlands GAAP 170 Discontinuity and serious uncertainty concerning discontinuity.

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 Bankruptcy Trustees 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.

Listed below are the main items in the financial statements where estimates affect the reported amounts:

- Provision for bad debts: estimate of lending losses.
- Receivables from DSB Ficoholding: estimate of recoverable amount.
- Provision for notes issued by the securitisation entities: estimate of redeemable amount.
- Provision for liquidation losses: estimate of future write-downs of assets, future claims and liquidation costs arising on final settlement of the bankruptcy.

## **C. SPECIFIC POLICIES USED FOR THE BALANCE SHEET**

The 2017 figures serve solely for comparison and no further disclosures are made relating to them.

### **Cash**

Cash is considered to include all legal tender plus demand deposits with banks. Cash is carried at face value. In respect of funds that are not freely available, the carrying amount is adjusted accordingly.

### **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 amortised cost less any necessary provision for impairment calculated each year.

Having consulted the creditors' committee and the supervisory judge, the Bankruptcy Trustees have decided in principle not to dispose of the lending portfolio any earlier than in 2020.

### **Interest rate swaps**

DSB Bank's interest rate swaps are divided into front swaps and interest rate hedging instruments.

Front swaps are contracted between SPVs and DSB Bank, with the interest income and the interest rate risk on the securitised loans passed on to DSB Bank by the SPVs.

Interest rate hedges are contracted between banking counterparties and DSB Bank in transactions which largely convert the interest rate on fixed rate loans to floating rates for DSB Bank. Prior to 2017, DSB Bank only entered into interest rate hedges to reduce the interest rate risk on the securitised loans. Since mid-2017, however, a large part of the interest rate risk on the loans on DSB Bank's own books has been hedged by means of interest rate swaps.

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 (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 yield curves as at balance sheet date, as published by Bloomberg.

### **Investments in subsidiaries, associates and joint ventures**

In principle, 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. Where investments are due to be disposed of in the short term, the carrying amount is equal to the expected proceeds from sale.

In the case of investments where the carrying amount is zero, a provision for bad debts is recognised in respect of DSB Bank's other receivables 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.

### **Receivables**

Outstanding accounts receivable are carried at amortised cost less any necessary provision for impairment.

### **Provision for other liquidation losses**

The provision for other liquidation losses also serves to cover any further write-downs on assets.

### **Unsecured creditors**

The liquidation proceedings mean that the claims against DSB Bank have to be allowed by the court. The validation of the claims of unsecured creditors is described in note 12.

### **Subordinated loans**

The liquidation proceedings mean that the subordinated claims against DSB Bank have to be allowed by the court as well. The validation of the claims of subordinated creditors is described in note 13.

## **D. SPECIFIC POLICIES USED FOR THE INCOME STATEMENT**

### **Interest income and expense**

The amounts of interest income and expense are recognised at face value in the year to which they relate.

### **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. Expenses are attributed to the year to which they relate.

### **Other income**

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

### **Tax**

Prior to 1 January 2016, DSB Bank formed part of the tax group including DSB Beheer B.V. (among other entities) for corporation tax purposes. On 1 January 2016, DSB Bank was removed from this tax group and became independently liable for corporation tax. Finqus B.V. has been included in a newly-formed tax group with effect from its date of incorporation (24 July 2017) with DSB Bank as parent. Based on the separate opening tax-base balance sheet of DSB Bank N.V drawn up as a consequence of this and the result for 2018, there is no corporation tax liability with respect to the reporting period 1 January 2018 to 31 December 2018.

## **E. SPECIFIC POLICIES USED FOR THE CASH FLOW STATEMENT**

### **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 consolidated balance sheet as at 31 December 2018 (x €1,000)****ASSETS**

	<b>2018</b>	<b>2017</b>
<b>2. LOANS AND ADVANCES</b>		
Mortgage loans with a first mortgage	1,230,442	1,382,563
Mortgage loans with a second mortgage	106,856	131,692
Consumer credit	32,960	59,107
Residual debts and loans called in	133,344	130,558
Subtotal: gross loans	<u>1,503,602</u>	<u>1,703,920</u>
Provision for bad debts	-162,771	-190,445
	<u>1,340,831</u>	<u>1,513,475</u>

Residual debts and loans called in and receivables are accounted for separately. The management of these loans is transferred to specialist service providers.

	<b>2018</b>	<b>2017</b>
Balance as at 1 January	1,703,920	1,942,582
Receipts	-194,508	-227,390
Write-downs	-5,810	-11,272
Balance as at 31 December	<u>1,503,602</u>	<u>1,703,920</u>

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.

**Provision for bad debts**

With respect to loans and advances carried at amortised cost, an impairment provision is recognised if there is objective evidence that the company will be unable to collect the full amount that should be received according to the original contractual terms and conditions of the loan. Objective evidence may take the form of payment arrears or some other indication of a loss event making it unlikely that the customer will be able to make the contractual payments.

The loans and advances carried at amortised cost are tested for impairment each year on a collective basis (per type of product). The amount of the provision based on the collective approach is calculated using models. The loss factors developed using such models are based on historical loss data and are adjusted on the basis of the latest figures which, in the management's opinion, affect the collectability of the portfolio as at the date of appraisal. The main drivers of the provision are therefore the historical losses per product type, the extent to which customers are in arrears in meeting their interest and repayment liabilities and the value of the asset serving as security in the event of repossession.

The impairment provision also covers losses in cases where there are objective indications of the existence of probable losses in parts of the loan portfolio in that the cause of the loss already exists at the cut-off date (year-end) but has not yet been identified (IBNR losses – incurred but not reported). The loss identification period of 12 months is applied in this case.

If the amount of the impairment subsequently becomes less as a result of an event after the write-down has been made, the amount released from the provision is recognised as income. If a loan or advance is uncollectible, the amount is withdrawn from the associated provision for impairment. Any amounts that are in fact collected after that date are deducted from the amount of the addition to the impairment provision that is recognised in the income statement.

The total amount of the provision for write-downs on all of the above loans and advances as at year-end 2018 amounted to €162.8 million (2017: €190.4 million).

	<b>2018</b>	<b>2017</b>
Movements in the provision for bad debts were:		
Balance as at 1 January	190,445	209,744
Write-down for credit risk	-5,568	-10,869
Released from provision for residual debts and loans called in	-7,462	-3,666
Released following reappraisal of collateral value	-5,894	0
Released from / added to provision	-8,750	-4,764
Balance as at 31 December	<u>162,771</u>	<u>190,445</u>

### 3. INTEREST RATE SWAPS

The interest rate swaps are not recognised. Section 2.6.1 contains further information regarding the interest rate swaps.

### 4. INVESTMENTS IN GROUP COMPANIES

#### Finqus BV

The subsidiary Finqus BV was established on 24 July 2017 with issued and paid-up share capital of one euro. Finqus obtained a licence from the Netherlands Authority for the Financial Markets to act as a Financial Services Provider on 29 December 2017. Finqus BV did not carry on any activities in 2017. For a description of the activities of Finqus BV as from 1 January 2018, reference is made to section 2.6.2.

#### DSB International B.V.

The remaining parts of DSB International will be liquidated in 2019. The shareholders' equity of DSB International as at year-end 2018 was nil (year-end 2017: nil).

### 5. RECEIVABLES FROM DSB FICOHOLDING

#### Receivable from DSB Ficoholding in respect of interim dividend

	<b>2018</b>	<b>2017</b>
The movements were as follows:		
Balance as at 1 January	0	5,300
Less: Repayment received	0	-5,479
Add/Less: Released from/added to provision for bad debts	0	179
Balance as at 31 December	<u>0</u>	<u>0</u>
Receivable in respect of interim dividend	1,851	1,763
Provision for bad debts	-1,851	-1,763
Balance as at 31 December	<u>0</u>	<u>0</u>

On 4 June 2014, the Amsterdam District Court ratified the terms of the settlement arrived at between DSB Ficoholding and DSB Beheer relating to interim dividend paid (rightfully or wrongfully) in 2009. Following the court ruling, DSB Ficoholding was allowed as unsecured creditor in the insolvency of DSB Beheer up to an amount of €7.9 million. The amount of DSB Bank's receivable from DSB Ficoholding, which is only partially recoverable, remains unchanged and is recognised at the original amount of €11.3 million.

In connection with a payment schedule agreed back in 2012, DSB Ficoholding made an initial repayment of €0.7 million in 2014. DSB Ficoholding subsequently repaid €3.4 million in 2015 and €5.5 million in 2017, leaving an outstanding receivable of €1.8 million as at year-end 2017. It has been estimated that this receivable is not going to be settled and a provision has been recognised for the possible uncollectability of €1.8 million (year-end 2017: €1.8 million).

**6. RECEIVABLES FROM DSB BEHEER**

The insolvency DSB Beheer was concluded in 2017 with a final payout to its creditors. DSB Bank received its share of this final distribution, which was set against the amount receivable.

	2018	2017
The movements in the receivable from DSB Beheer were as follows:		
Balance as at 1 January	0	7,400
Final distribution received in the insolvency of DSB Beheer	0	-7,718
Reversal of recognised impairment	0	318
Balance as at 31 December	<u>0</u>	<u>0</u>

**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 and paid, involving an amount of €0.7 million. They were receivables of DS Sport B.V. and Gema Advies Groep B.V. from DSB Beheer, together having a face value of €11.1 million. In the period up to year-end 2014, a provision of 100% was recognised for the possible uncollectability of the amount receivable. In August 2017, €1.3 million was received as final distribution from DSB Beheer.

	2018	2017
The movements in the receivable taken over were as follows:		
Balance as at 1 January	0	1,300
Final distribution received in the insolvency of DSB Beheer	0	-1,290
Impairment/reversal of recognised impairment	0	-10
Balance as at 31 December	<u>0</u>	<u>0</u>

**7. OTHER RECEIVABLES**

	2018	2017
Notes issued by securitisation companies	177,751	186,190
Receivable from SPV shareholders	55	55
Accrued interest	2,047	2,892
Customer direct debit receivables	5,676	7,514
Debtors / receivables	492	0
Miscellaneous	175	160
	<u>186,196</u>	<u>196,811</u>

	2018	2017
<b>Notes issued by securitisation companies</b>		
A-Notes Chapel 2003	1,491	7,018
A-Notes Monastery 2004	12,291	14,968
A-Notes Monastery 2006	77,283	87,404
Junior Notes Chapel 2003	10,500	10,500
Junior Notes Chapel 2007	27,600	27,600
Junior Notes Dome 2006	27,600	27,600
Junior Notes Monastery 2004	13,500	13,500
Junior Notes Monastery 2006	19,846	20,400
Subtotal: Nominal value of notes	<u>190,111</u>	<u>208,990</u>
Provision	-12,360	-22,800
	<u>177,751</u>	<u>186,190</u>

The notes relate exclusively to notes issued through SPVs involving DSB Bank loans.

Notes to the consolidated balance sheet as at 31 December 2018 (x €1,000)

	<b>2018</b>	<b>2017</b>
The movements in the notes issued by securitisation companies were as follows:		
Balance as at 1 January	186,190	198,444
Redemptions	-18,879	-21,554
Movement in provision	<u>10,440</u>	<u>9,300</u>
Balance as at 31 December	<u><u>177,751</u></u>	<u><u>186,190</u></u>

Each year, DSB Bank has recognised a provision in respect of the notes issued by securitisation companies based on the estimated losses on the underlying loans contained in the SPVs concerned and possible uncertainties in settling this balance sheet position.

The release of 10,440 from the provision in 2018 reflects the improved performance of the SPVs (economic growth, reduced arrears and rising values of property/assets serving as security). In 2018, Standard & Poor's upgraded its rating of certain notes issued by Chapel 2003 and Chapel 2007.

**EQUITY AND LIABILITIES**

	<b>2018</b>	<b>2017</b>
<b>8. BORROWINGS</b>		
Special long-term loan facility provided by a consortium of banks	55,450	330,000
Current-account facility	<u>0</u>	<u>0</u>
	<u>55,450</u>	<u>330,000</u>

As at 31 December 2018, the weighted average interest rate on borrowings was 1.05 % (year-end 2017: 1.25%).

	<b>2018</b>	<b>2017</b>
The remaining term to maturity of the borrowings can be analysed as follows:		
Less than 3 months	35,000	300,000
Indefinite	<u>20,450</u>	<u>30,000</u>
	<u>55,450</u>	<u>330,000</u>

**Special long-term loan facility provided by consortium of banks**

DSB Bank had contracted a special long-term loan facility maturing on 23 December 2014 with a consortium of banks (ING, Rabobank, ABN AMRO, Van Lanschot and NIBC). On 4 December 2014, the facility was extended up to 27 December 2017 by three of the banks in the consortium (ING, Rabobank and ABN AMRO), and further extended to 26 January 2018 by means of an addendum. On 26 January 2018, the facility was extended up to 27 December 2019 by three of the banks. Under the facility, it is possible to draw down loans with maturities of up to one year.

It is a condition of the special long-term loan facility that available cash flows from lending activities (nonsecuritised loans), front swaps and notes issued through SVPs, after payment of costs, are used to repay the special long-term loan.

	<b>2018</b>	<b>2017</b>
<b>9. TAX AND SOCIAL SECURITY CHARGES</b>		
Payroll deductions and VAT	38	4
Other	<u>0</u>	<u>2</u>
	<u>38</u>	<u>6</u>

	<b>2018</b>	<b>2017</b>
<b>10. SUNDRY OTHER PAYABLES</b>		
Amounts owed to securitisation companies	4,517	5,162
Current liabilities to DGS banks	0	999
Other amounts owed by the bankrupt estate	<u>4,710</u>	<u>5,103</u>
	<u>9,227</u>	<u>11,264</u>

**11. 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 bankrupt estate arising in connection with or during the winding-up operation and the costs of the liquidation exercise. In 2010, the amount of the liquidation provision was reduced to €150 million.

In 2018, the amount of the liquidation provision was further reduced to €135 million. The uncertainties surrounding the further liquidation of DSB Bank are mainly to do with the market circumstances affecting the value of the loan portfolio. It is difficult to make accurate provision for the circumstances concerned. However, as the loan portfolio shrinks, the amount of the provision can be reduced.

	2018	2017
The movements were as follows:		
Balance as at 1 January	150,000	150,000
Reversal of recognised impairment	-15,000	0
Balance as at 31 December	<u>135,000</u>	<u>150,000</u>

	2018	2017
<b>12. UNSECURED LIABILITIES</b>		
Allowed unsecured claims relating to the DGS	885,375	885,375
Other allowed unsecured claims	1,493	1,562
Claims provisionally allowed by the Bankruptcy Trustees	247	247
	<u>887,115</u>	<u>887,184</u>

The movements in the unsecured liabilities were as follows:	allowed claims	Claims provisionally allowed by Bankruptcy Trustees	total
Unsecured claims	3,411,151	951	3,412,102
Cumulative amount of distributions	-2,524,214	-704	-2,524,918
Balance as at 1 January 2018	886,937	247	887,184
Movements in 2018			
Increase in amount of claims	65	0	65
Decrease in amount of claims due to acceptance of the Offer to customers	-332	0	-332
Total movement in unsecured claims	-267	0	-267
Distributions	-134	0	-134
Decrease in amounts payable on claims due to acceptance of the Offer to customers	332	0	332
Total movement in amount of distributions	198	0	198
Unsecured claims	3,410,884	951	3,411,835
Cumulative amount of distributions	-2,524,016	-704	-2,524,720
Balance as at 31 December 2018	<u>886,868</u>	<u>247</u>	<u>887,115</u>

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 the period 2010 to 2017. It is also possible for claims to be submitted and/or allowed in 2018 and beyond.

#### *Allowed claims*

Meetings of creditors were held on 10 December 2010, 19 May 2011, 24 May 2012, 29 November 2012, 30 May 2013, 28 November 2013, 15 May 2014 and 13 November 2014. The total of the allowed preferential and unsecured claims less the amount in respect of creditors that have accepted the Offer is €3.41 billion (year-end 2017: €3.41 billion). In 2018, €0.1 million was paid out to other creditors.

#### *Claims provisionally allowed by the Bankruptcy Trustees*

As at 31 December 2018, the claims provisionally allowed by the Bankruptcy Trustees amounted to €951 (year-end 2017: €951). This includes compensation awarded to customers and on loans from the securitisation entities which have not been formally recognised at a meeting pursuant to Section 178 of the Dutch Insolvency Act. These will be placed on the verification list for the next meeting pursuant to Section 178 of the Insolvency Act, to the extent that these creditors have not accepted the Offer.

#### *Claims provisionally contested by Bankruptcy Trustees*

As at 31 December 2018, a claim for €10 million which had been submitted was in dispute.

**The Offer**

On 4 December 2015, the Bankruptcy Trustees made an offer to all unsecured creditors of DSB Bank with allowed claims (with the exception of De Nederlandsche Bank N.V. ('DNB') in its capacity as administrator of the Deposit Guarantee Scheme (DGS)) and, as at year-end 2018, a total of 254 creditors had not taken advantage of the offer. 103 creditors have expressly rejected the offer and 151 *creditors have not responded*.

On 9 November 2017, with the agreement of DNB in its capacity as DGS administrator, the Bankruptcy Trustees made a similar offer to all the banks that had contributed towards the DGS except for the three banks that made the largest contributions. As at year-end 2017, 16 banks had accepted this offer and received the payout. In the period 1 January-16 January 2018, six banks took advantage of the Offer and this has been accounted for in the statement of movements in unsecured creditors for 2017, the amount paid out being included in the current liabilities.

	2018	2017
<b>13. SUBORDINATED LIABILITIES</b>		
Allowed subordinated claims relating to the DGS	86,891	86,891
Allowed other subordinated claims of financiers	0	0
Allowed other subordinated claims of deposit holders	44	44
	<u>86,935</u>	<u>86,935</u>

***Allowed subordinated claims relating to the DGS***

The movements in the allowed subordinated claims relating to the DGS were as follows:

	2018	2017
Balance as at 1 January	86,891	89,526
Payments made in connection with the Offer	0	-2,635
Balance as at 31 December	<u>86,891</u>	<u>86,891</u>

***Allowed other subordinated claims of deposit holders***

The movements in the allowed other subordinated claims of deposit holders were as follows:

	2018	2017
Balance as at 1 January	44	45
Payments made in connection with the Offer	0	-1
Balance as at 31 December	<u>44</u>	<u>44</u>

**The Offer**

On 4 December 2015, the Bankruptcy Trustees made an offer to all 311 allowed subordinated deposit holders in addition to all unsecured creditors of DSB Bank with allowed claims (with the exception of DNB in its capacity as administrator of the DGS), and just three creditors had not taken advantage of this as at year-end 2018.

On 9 November 2017, with the agreement of DNB in its capacity as DGS administrator, the Bankruptcy Trustees made a similar offer to all the banks that had contributed towards the DGS except for the three banks that made the largest contributions. As at year-end 2017, 16 banks had accepted this offer and received the payout. In the period 1 January-16 January 2018, six banks took advantage of the Offer and this has been accounted for in the statement of movements in allowed subordinated claims relating to DGS for 2017, the amount paid out being included in current liabilities.

***Allowed other subordinated claims of financiers***

The movements in the allowed other subordinated claims of financiers were as follows:

	<b>2018</b>	<b>2017</b>
Balance as at 1 January	0	32,085
Released following waiver of further claims by creditors	0	-2,006
Payment	0	-30,079
Balance as at 31 December	<u>0</u>	<u>0</u>

Under an arrangement, payment of 94% of the principal was made to the allowed other subordinated financiers in mid-2017 after they had waived rights to interest and to make any further claims. The amount of €2,006 released has been accounted for under exceptional income and expenses.

	<b>2018</b>	<b>2017</b>
<b>14. BALANCE</b>		

The movements in the balance were as follows:

Balance as at 1 January	263,179	158,579
Result	<u>103,595</u>	<u>104,600</u>
Balance as at 31 December	<u>366,774</u>	<u>263,179</u>

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

Since the date of insolvency, there has been no calculation of interest on the claims of the unsecured and subordinated creditors. Only when all the claims of the creditors have been settled and the insolvency has been brought to a formal close by the court will the creditors be able to claim payment of interest. In the whole period up to year-end 2018, the accumulated amount in respect of 'unrecognised accrued interest' was €669 million. This figure has been arrived at using the interest rates and terms stated in the contract or, if the term of the contractual interest rate has lapsed, the statutory interest rate for consumer transactions.

## 2.6 Rights and obligations not shown on the face of the balance sheet as at 31 December 2018

### 2.6.1 Interest rate swaps

#### *Interest rate risk on the loan portfolio on DSB Bank's own books*

##### *Interest rate risk*

For the first time since the insolvency, DSB Bank contracted interest rate hedges commencing mid-2017 in respect of the loans on its own books. This was because of sharply increasing average remaining fixed-rate periods resulting from relatively large numbers of long-term fixed-rate repricing dates occurring in the 2017 and 2018.

The policy is to evaluate the interest rate hedges every three months, based on the existing amounts and the interest rate risk profile of the loans on the Bank's own books, contracting new interest rate hedges as necessary. The interest rate risk on loans with repricing dates in 2020 and beyond is hedged by interest rates hedging instruments, taking due account of premature redemptions and an upward forward yield curve.

##### *Nominal value*

The nominal value of the interest rate hedges against the interest rate risk on loans as at year-end 2018 was €740 million (December 2017: €500 million).

	2018	2017
The remaining term to maturity of the interest rate hedges can be analysed as follows:		
Less than 3 months	0	0
More than 3 months, but not more than 1 year	0	0
More than 1 year, but not more than 5 years	200,000	130,000
More than 5 years	540,000	370,000
	<u>740,000</u>	<u>500,000</u>

##### *Fair value*

The net fair value of the interest rate hedges against the interest rate risk on loans as at year-end 2018 was €13.9 million negative (December 2017: €3.0 million negative).

	2018	2017
The fair value of the interest rate hedges is as follows:		
Positive fair value	0	5
Negative fair value	-13,857	-3,025
	<u>-13,857</u>	<u>-3,020</u>

#### *Interest rate risk on the securitised loan portfolio*

##### *Interest rate risk*

DSB Bank has assumed the interest rate risk on the securitised loans from the SPVs by means of front swaps. DSB Bank's liabilities under the front swaps have been guaranteed by Rabobank. The interest rate risk on the securitised loans is largely hedged by interest rate instruments.

The policy is to evaluate the interest rate hedges every three months, based on the existing amounts and the interest rate risk profile of the securitised loans, contracting new interest rate hedges as necessary. The interest rate risk on loans with interest rates fixed for longer than one year is covered by interest rate hedges, taking account of assumptions for premature redemptions and fixed-period repricings.

**Nominal value**

The nominal value of the front swaps taken over by DSB Bank as at year-end 2018 was €978 million (December 2017: €1,127 million).

The nominal value of the interest rate hedges against the related interest rate risk as at year-end 2018 was €720 million (December 2017: €860 million).

	<b>2018</b>	<b>2017</b>
The remaining term to maturity of the interest rate hedges can be analysed as follows:		
Less than 3 months	25,000	35,000
More than 3 months, but not more than 1 year	105,000	145,000
More than 1 year, but not more than 5 years	360,000	460,000
More than 5 years	230,000	220,000
	<u>720,000</u>	<u>860,000</u>

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

**Fair value**

The net fair value of the interest rate hedges against the related interest rate risk as at year-end 2018 was €6.6 million negative (December 2017: €4.2 million negative).

	<b>2018</b>	<b>2017</b>
The fair value of the interest rate hedges is as follows:		
Positive fair value	366	1,551
Negative fair value	-6,998	-5,761
	<u>-6,632</u>	<u>-4,210</u>

**Forecast cash flows**

The cash flows from the front swaps and the related interest rate hedges, less the costs of the guarantee fee, generated in 2018 have been included in the 2018 income statement and amount to €17.9 million. In 2019, these inward cash flows are expected to amount to around €13 million.

In the ensuing years, the cash flows will continue to decline. Based on estimates of the relevant parameters (trend in interest rates, loan losses and repayments), the cash flows in the period 2020-2021 are expected to be approximately €18 million.

## 2.6.2 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). Purely by way of indication, a calculation has been made of the total amount of accrued interest on the allowed claims of unsecured and subordinated creditors for the period 19 October 2009-31 December 2018.

### Interest calculation method

The applicable interest rates stated in the contract are used for individual creditors for the terms stated in the contract. Thereafter, the statutory interest rate for consumer transactions applies. Account is also taken of interim redemptions.

As from the date of the insolvency up to 2014, the statutory interest rate for consumer transactions fluctuated between a minimum of 3% and a maximum of 4%. The statutory interest rate as at 1 January 2015 was set at 2% and remains at this rate.

The obligation for accrued interest as at 31 December 2018 amounts to €669 million.

The movements were as follows:

	2018
Balance as at 1 January	637
Add: increase in interest for interest on claims in 2018 (including accrued interest) from then remaining creditors	32
Balance as at 31 December	<u>669</u>

The accrued interest figure of €669 million as at 31 December 2018 is, incidentally, no indication of the actual amount of interest payable to creditors at any given date. This will depend on the available funds, as explained below. In principle, the Bankruptcy Trustees are prohibited under the Insolvency Act from making distributions in respect of interest claims arising after the date of insolvency as part of insolvency proceedings (first insolvency).

Pursuant to the Insolvency Act, the DSB insolvency will be brought to a close when the allowed claims of all Creditors in the insolvency of DSB have been paid in full. The payment of interest in respect of allowed claims that has been accrued since the declaration of insolvency can only commence after termination of the first insolvency.

At the end of the insolvency, DSB will not have sufficient funds to pay all interest claims accrued since the declaration of insolvency. That is why there will be a subsequent insolvency. The creditors must submit their interest claims - accrued during the current insolvency up to the date of the second insolvency order - to the Bankruptcy Trustees in the second insolvency.

The interest claims will subsequently be established in the second insolvency in the manner described in the Insolvency Act. This means, inter alia, that the Bankruptcy Trustees and each creditor in the second insolvency have the possibility of disputing submitted interest claims and taking their dispute to court.

In the event that interest claims are allowed and sufficient funds are available for distribution, distributions can then be made in respect of the allowed interest claims.

### Other obligations

It is possible for obligations incumbent on the bankrupt estate to arise as a result of acts or omissions on the part of the Bankruptcy Trustees.

It should be noted that, until such time as the final distribution list in the insolvency is declared binding, it is still possible for late unsecured creditors to file claims. There is, after all, no statute of limitations with respect to such claims. However, it is not possible currently to determine the amount of such obligations and claims.

### Current legal proceedings

The outcomes of the current legal proceedings will not have any material impact on the balance sheet items.

### **Transfer to Finqus BV**

Finqus BV was set up by DSB Bank as shareholder on 24 July 2017 with issued and paid-up share capital of one euro. Finqus BV is licensed to offer mortgages and consumer credit and also to act as an intermediary for arranging mortgages and consumer credit, income protection insurance and investments. The licences were issued by the AFM on 29 December 2017.

Finqus BV has taken over DSB Bank's own portfolio with effect from 1 January 2018, together with the management of the securitised loan portfolio. The purchase price for the loan assets and related receivables amounted to €1,512 million. In connection with the transaction, DSB Bank has granted a loan to Finqus BV amounting to €1,325 million and – as sole shareholder of Finqus BV – has paid in share premium of €187 million.

In order for these activities to be carried on, all the staff of DSB Bank became employees of Finqus BV with effect from 1 January 2018. All the contracts with service providers related to the loan management activities and with other suppliers were also transferred to Finqus BV at the beginning of 2018.

### **Lease obligations for premises**

As from 15 December 2014, DSB Bank has been leasing the second floor in the building situated at Geert Scholtenslaan 10, Wognum. A five-year lease has been signed. DSB Bank is paying a monthly rent of €10, including service costs and utilities. With effect from 1 January 2018, this obligation has been transferred to Finqus BV

### **Corporation tax**

Prior to 1 January 2016, DSB Bank formed part of the tax group including DSB Beheer B.V. (among other entities) for corporation tax purposes. On 1 January 2016, DSB Bank was removed from this tax group and became independently liable for corporation tax. With effect from 24 July 2017, DSB Bank has been part of a new tax group with Finqus BV. DSB Bank has a considerable amount in tax loss carryforwards.

**2.7 Notes to the consolidated income statement for 2018 (x €1,000)**

	<b>2018</b>	<b>2017</b>
<b>15. FINANCE INCOME - INTEREST</b>		
Interest on mortgages and consumer credit	53,184	77,373
Interest on front swaps and interest rate hedges	14,766	24,798
Interest on notes	777	815
	<u>68,727</u>	<u>102,986</u>

The average interest rate on first mortgages in 2018 amounted to approximately 3.4% (2017: 4.0%), on second mortgages 4.8% (2017: 5.0%) and on consumer credit 6.8% (2017: 6.9%).

**16. OTHER INCOME**

This concerns other income not classified as interest.

	<b>2018</b>	<b>2017</b>
<b>17. FINANCE EXPENSE - INTEREST</b>		
Interest payable on the special long-term loan facility	2,109	5,792
Loans and other interest charges	83	175
	<u>2,192</u>	<u>5,967</u>

As from the date of insolvency, with the exception of the special long-term loan facility and loans for which security has been provided in the form of pledges, *no* interest has been calculated on the customer accounts (funding). In 2018, the 'unaccounted for interest' amounted to an estimated €32 million (2017: €33 million interest expense).

	<b>2018</b>	<b>2017</b>
<b>18. ADMINISTRATIVE EXPENSES</b>		
Staff costs	1,304	1,389
Temporary staff/ management services	2,256	3,055
Bankruptcy Trustees	163	-
Advisers	564	-
Bankruptcy Trustees / Houthoff / advisers	-	1,972
Office overheads	1,274	1,742
Servicing fee + loan portfolio management costs	3,755	4,845
Motor vehicles costs	21	21
Premises costs	134	119
	<u>9,471</u>	<u>13,143</u>

The company had an average of 15 full-time equivalent employees in 2018, all active in the Netherlands (2017: 15 FTEs).

	<b>2018</b>	<b>2017</b>
<b>19. EXCEPTIONAL INCOME AND EXPENSES</b>		
Movements in the provision for bad debts (note 2)	9,450	4,764
Income from loans > 12 instalments in arrears (note 2)	12,154	3,666
Gain on the receivable from DSB Ficoholding (note 5)	0	179
Gain on receivable from DSB Beheer (note 6)	0	308
Movement in the provision for notes issued by the securitisation entities (note 7)	10,440	9,300
Movement in provision for liquidation losses	15,000	0
Income from sale of Tadas Verzekeringen and exercise of pledge	0	219
Movement in claims of unsecured creditors	-65	0
Movement in claims of subordinated creditors (note 13)	0	2,006
Other	-631	-125
	<u>46,348</u>	<u>20,317</u>

## 2.8 Company balance sheet as at 31 December 2018 (x €1,000)

		<b>2018</b>	<b>2017</b>
<b>ASSETS</b>			
<b>Cash</b>		12,451	18,282
<b>Loans and advances</b>		0	1,513,475
<b>Lending</b>			
Loan to Finqus B.V.	<b>20</b>	1,110,000	0
<b>Investments in subsidiaries, associates and joint ventures</b>			
Group companies	<b>21</b>	187,000	0
<b>Receivables</b>			
Group companies	<b>22</b>	16,302	0
Dividend receivable		38,661	
Other		179,996	
		<u>234,959</u>	<u>196,811</u>
		<u>1,544,410</u>	<u>1,728,568</u>
		<b>2018</b>	<b>2017</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Borrowings</b>		55,450	330,000
<b>Other liabilities</b>			
Group companies	<b>23</b>	4,899	0
Sundry other payables		8,237	11,270
		<u>13,136</u>	<u>11,270</u>
<b>Provision for liquidation losses</b>		135,000	150,000
<b>Unsecured liabilities</b>		887,115	887,184
<b>Subordinated liabilities</b>		86,935	86,935
<b>Balance</b>	<b>24</b>	366,774	263,179
		<u>1,544,410</u>	<u>1,728,568</u>

## 2.9 Company income statement for 2018 (x €1,000)

	2018	2017
Company result	64,934	104,600
Result from subsidiaries, associates and joint ventures	38,661	0
<b>Result</b>	<u>103,595</u>	<u>104,600</u>

**2.10 Notes to the company balance sheet as at 31 December 2018 (x €1,000)****A. GENERAL****General**

Finqus BV was established in July 2017. On 1 January 2018, Finqus took over the loan assets from DSB Bank. All staff also became employees of Finqus and Finqus has been entirely responsible for the loan portfolio management activities with effect from 1 January 2018. Commencing with 2018, the financial report will also contain a company balance sheet and income statement in addition to the consolidated balance sheet and income statement.

The accounting policies used for the company balance sheet and income statement are the same as the policies stated in the notes to the consolidated balance sheet and income statement. Investments in consolidated companies are carried at net asset value. The result from subsidiaries, associates and joint ventures corresponds to the share of the profit for the year of the companies concerned. For the notes to the company balance sheet, reference is also made to the notes to the consolidated balance sheet.

**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 a bankrupt estate, 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 Dutch Civil Code. The figures in this financial report have therefore not been subjected to examination by external auditors.

**20. LOAN TO FINQUS B.V.**

DSB Bank has granted a loan to Finqus, originally amounting to €1,325.6 million, made up of a fixed-interest loan of €800 million and a floating-rate loan of €525.6 million. The loan is repayable by no later than 31 December 2021.

Repayment of the loan is based on the actual amounts of interest and repayments received on the loan portfolio less the Finqus overheads and operating expenses. Repayment of the floating-rate loan will be made first, followed by the fixed-interest loan when the former has been fully redeemed.

The interest rate on the fixed-interest loan is 1.5%. The floating rate is the 3mEB quarterly average plus a markup of 1.5 percentage points (with a minimum of 0% and a maximum of 3%).

The collateral provided by Finqus concerns the entirety of the Finqus assets, as at year-end 2018 amounting to €1,353,598.

The movements in this item were as follows:	2018	2017
Balance as at 1 January	0	0
Add: Drawn	1,325,641	0
Less: Repaid	-215,641	0
Balance as at 31 December	<u>1,110,000</u>	<u>0</u>

As at 31 December 2018, the weighted average interest rate on borrowings was 1.41%

The remaining term to maturity of the loan can be analysed as follows:	2018	2017
Less than 3 months	35,000	0
More than 3 months, but not more than 1 year	115,000	0
More than 1 year, but not more than 5 years	960,000	0
Indefinite	0	0
	<u>1,110,000</u>	<u>0</u>

**21. INVESTMENTS IN GROUP COMPANIES**

	<b>2018</b>	<b>2017</b>
The movements in the investments in group companies were as follows:		
Balance as at 1 January	0	0
Investment	187,000	0
Add: Share of profits	38,661	0
Less: Dividend from group companies	-38,661	0
Balance as at 31 December	<u>187,000</u>	<u>0</u>

**22. RECEIVABLES FROM GROUP COMPANIES**

	<b>2018</b>	<b>2017</b>
The receivables from group companies comprise:		
Interest receivable on the Finqus loan	3,312	0
Current account relating to Finqus tax position	12,874	0
Current account relating to Finqus expenses	116	0
Balance as at 31 December	<u>16,302</u>	<u>0</u>

**23. OTHER LIABILITIES: GROUP COMPANIES**

Owed to Finqus as regular cash flow still payable in connection with servicing activities.

**24. BALANCE**

	<b>2018</b>	<b>2017</b>
The movements in the balance were as follows:		
Balance as at 1 January	263,179	158,579
Result	103,595	104,600
Balance as at 31 December	<u>366,774</u>	<u>263,179</u>

### 3. Additional information

#### 3.1. Other information on the SPVs

DSB Bank, as originator, transferred loans to five SPVs, 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.

The balance of the securitised loans transferred to SPVs, without allowing for the provisions for bad debts made by the SPVs, was made up as follows:

	2018	2017
Monastery 2004	152,317	171,321
Monastery 2006	322,854	359,455
Dome 2006	299,385	326,131
Chapel 2003	142,945	184,299
Chapel 2007	159,128	197,439
	1,076,629	1,238,645

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

##### Monastery 2004

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	81,651	12,291
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
<i>Total</i>	<i>154,968</i>	<i>25,791</i>

- Receivable from Monastery 2004 in respect of deferred purchase price receivable amounting to €4.3 million accounted for in other receivables (note 7). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Monastery 2004 as regular cash flow still payable in connection with servicing activities, totalling €0.4 million, recognised in sundry other liabilities (note 10).

##### Monastery 2006

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	251,766	77,282
Class B	27,239	0
Class C	27,920	19,554
Class D	9,242	292
<i>Total</i>	<i>316,167</i>	<i>97,128</i>

- Receivable from Monastery 2006 in respect of deferred purchase price receivable amounting to €24.9 million accounted for in other receivables (note 7). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Monastery 2006 as regular cash flow still payable in connection with servicing activities, totalling €1.6 million, recognised in sundry other liabilities (note 10).

## Additional information

### Dome 2006

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	242,400	0
Class B	22,100	0
Class C	13,800	13,800
Class D	13,800	13,800
Class E	0	0
<i>Total</i>	<i>292,100</i>	<i>27,600</i>

- Receivables from Dome 2006 relating to received deferred purchase price and other receivables. These receivables total €6.3 million and are accounted for in other receivables (note 7). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Dome 2006 as regular cash flow still payable in connection with servicing activities, totalling €0.5 million, recognised in sundry other liabilities (note 10).

### Chapel 2003

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	9,980	1,491
Class B	39,000	1,000
Class C	23,500	0
Class D	47,500	9,500
Class E	8,849	0
<i>Total</i>	<i>128,829</i>	<i>11,991</i>

- Receivable from Chapel 2003 in respect of deferred purchase price receivable amounting to €10.7 million accounted for in other receivables (note 7). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Chapel 2003 as regular cash flow still payable in connection with servicing activities, totalling €0.8 million, recognised in sundry other liabilities (note 10).

### Chapel 2007

Notes as at balance sheet date	Total	Held by DSB Bank
Class A1	0	0
Class A2	51,927	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
<i>Total</i>	<i>141,627</i>	<i>27,600</i>

- Receivable from Chapel 2007 in respect of deferred purchase price receivable amounting to €29.1 million accounted for in other receivables (note 7). A provision has been recognised in respect of the full amount of these receivables.
- Payable to Chapel 2007 as regular cash flow still payable in connection with servicing activities, totalling €1.0 million, recognised in sundry other liabilities (note 10).

### 3.2. List of subsidiaries, associates and joint ventures

As at 31 December 2018, the company balance sheet includes the following investments in subsidiaries, associates and joint ventures (amounts in euros):

<b>Name of company</b>	<b>Domicile</b>	<b>Interest</b>	<b>Authorised share capital</b>	<b>Paid-up and called capital</b>
DSB International B.V.	Wognum	100%	€90,000	€18,000
- DSB Direkt GmbH	Dusseldorf	100%	€25,000	€25,000
- DSB Deutschland GmbH	Dusseldorf	100%	€25,000	€25,000
Finqus BV (established 24 July 2017)	Wognum	100%	€1	€1