

# Financial Report 2010

**DSB Bank N.V. in liquidation**

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## 1. Introduction

DSB Bank N.V. was declared insolvent on 19 October 2009. On 17 November 2009, the administrators published a statement of assets and liabilities of the insolvent entity (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.

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 2010 in a manner comparable to an annual report. This 2010 financial report of DSB Bank N.V. has accordingly been prepared on a separate and not consolidated basis. As in the 2009 financial report, the present report does not include the external securitisations. DSB Bank N.V. has continued to service the securitised loans following the collapse.

The failure of the bank means that assets and liabilities can no longer be measured on a going-concern basis. The implications of the insolvency for this report are explained in the notes. The main impacts in 2010 are the exceptional expenses (€212 million) mentioned in note 29 and a saving of interest expense (approximately €142 million) mentioned in note 26. The first part of the meeting of creditors was held on 10 December 2010. In this meeting, the Supervisory Judge recorded submitted claims as either allowed or rejected. As a consequence, the claims relating to customer accounts (note 14) and part of the other liabilities (note 16) are disclosed as unsecured creditors (note 21).

The 2010 financial report has not been fully audited. The administrators and a firm of accountants have, however, performed a number of specific activities with the purpose of reconciling this financial report with the bank's underlying accounting records.

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

Administrators of DSB Bank  
Wognum, 29 July 2011

R.J. Schimmelpenninck

B.F.M. Knüppe

## 2. Financial report

### 2.1 Company balance sheet as at 31 December 2010 (x € 1,000)

		2010	2009
<b>ASSETS</b>			
<b>Cash</b>	<b>1</b>	58,866	90,592
<b>Other deposits</b>	<b>2</b>	1,117	15,224
<b>Loans and advances</b>	<b>3</b>	3,490,002	3,868,373
<b>Investments in group companies</b>	<b>4</b>	14,298	14,428
<b>Derivatives</b>	<b>5</b>	0	0
<b>Financial investments</b>	<b>6</b>	0	3,572
<b>Intangible assets</b>	<b>7</b>	0	0
<b>Property, plant and equipment</b>	<b>8</b>	7,216	18,760
<b>Receivables</b>			
Trade receivables	<b>9</b>	6,463	2,827
Receivables from group companies	<b>10</b>	3,245	32,102
Receivables from DSB Beheer	<b>11</b>	46,503	45,711
Other receivables	<b>12</b>	340,546	601,823
		<u>396,757</u>	<u>682,463</u>
		<u>3,968,256</u>	<u>4,693,412</u>

Company balance sheet as at 31 December 2010 (x €1000)

		<b>2010</b>	<b>2009</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Borrowings</b>	<b>13</b>	455,208	1,161,118
<b>Customer accounts</b>	<b>14</b>	-174	3,611,614
<b>Derivatives</b>	<b>5</b>	0	0
<b>Other liabilities</b>			
Tax and social security charges	<b>15</b>	1,997	1,781
Sundry other payables	<b>16</b>	<u>32,056</u>	<u>112,770</u>
		34,053	114,551
<b>Provisions</b>			
Commission refunds	<b>17</b>	0	11,623
Investments in group companies	<b>18</b>	0	21,559
Liquidation losses	<b>19</b>	150,000	200,000
Other	<b>20</b>	<u>0</u>	<u>0</u>
		150,000	233,182
<b>Unsecured creditors</b>	<b>21</b>	3,817,554	0
<b>Subordinated loans</b>	<b>22</b>	143,303	147,853
<b>Balance</b>	<b>23</b>	-631,688	-574,906
		<u><u>3,968,256</u></u>	<u><u>4,693,412</u></u>

**2.2 Company income statement for 2010 (x €1,000)**

		<b>2010</b>	<b>2009</b>
<b>Revenue</b>			
Finance income – interest	<b>24</b>	237,382	313,741
Commission	<b>25</b>	0	19,966
Share in results of subsidiaries, associates and joint ventures		2,083	-14,998
Other income		279	23,803
		<u>239,744</u>	<u>342,512</u>
<b>Operating expenses</b>			
Finance expense – interest	<b>26</b>	35,978	212,108
Administrative expenses	<b>27</b>	52,807	121,507
		<u>88,785</u>	<u>333,615</u>
<b>Net operating income</b>		<u>150,959</u>	<u>8,897</u>
Exceptional income	<b>28</b>	4,520	1,066
Exceptional expenses	<b>29</b>	-212,261	-817,562
		<u>-207,741</u>	<u>-816,496</u>
<b>Result before tax</b>		<u>-56,782</u>	<u>-807,599</u>
Tax	<b>30</b>	0	0
<b>Result after tax</b>		<u>-56,782</u>	<u>-807,599</u>

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

	<b>2010</b>
<b>Cash flow from operating activities</b>	
<i>Receipts:</i>	
Payments on loans	922,730
Other receipts	6,756
Servicing fee	6,307
Commission	1,338
	<u>937,131</u>
<i>Expenditure:</i>	
SPVs sweep/payments the pledgees	-644,653
Staff	-17,623
Administrators and advisers	-11,858
Other expenditure	-5,828
Premises	-2,639
Contract labour and management services	-2,543
Claims	-1,918
Motor vehicles	-1,127
	<u>-688,189</u>
<b>Total cash flow from operating activities</b>	<b><u>248,942</u></b>
<b>Cash flow from investing activities</b>	
<i>Receipts:</i>	
Redemption of notes	127,903
Settlement of swaps	14,030
Sales proceeds	8,102
<b>Total cash flow from investing activities</b>	<b><u>150,035</u></b>
<b>Cash flow from financing activities</b>	
<i>Receipts:</i>	
Repayments and interest, Creafin + Silver Finance	51,668
Coupon interest on notes	19,733
Repayments and interest, Memid	1,120
	<u>72,521</u>
<i>Expenditure:</i>	
Repayment of special short-term loan facility	-483,000
Interest on special short-term loan facility	-9,664
Payments to major banks	-6,695
Advance to DSB Beheer	-3,865
	<u>-503,224</u>
<b>Total cash flow from financing activities</b>	<b><u>-430,703</u></b>
<b>Total cash flow</b>	<b><u><u>-31,726</u></u></b>
Cash balance:	
- as at 1 January	90,592
- as at 31 December	58,866
	<u>31,726</u>

The switch in presentation in 2010 from a cash flow statement prepared using the indirect method to one using the direct method means that it is not possible to give comparative figures for 2009.

## 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 2010 and of the income and expenses for the period 1 January to 31 December 2010. 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 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 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 Bank failed on 19 October 2009. The financial report contains the company balance sheet and income statement of DSB Bank.

#### Securitised mortgage and consumer loans

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

#### Comparative figures

The comparative figures for 2009 have been taken from the 2009 financial report. The 2009 figures serve solely for comparison and no further disclosures are made relating to them.

### B. GENERAL ACCOUNTING POLICIES

#### Accounting policies used in preparing the financial report

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

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

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

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

#### Use of estimates and judgements

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

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

## C. SPECIFIC POLICIES USED FOR THE BALANCE SHEET

### **Cash and other deposits**

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

### **Loans and advances**

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

In 2009, in addition to the normal provision recognised in respect of the credit risks, an additional, minimum necessary adjustment was made to the carrying amount of the loans in connection with the liquidation. In 2010, it was decided against disposing of the portfolio in the short term and new policies for calculating the provision as at year-end 2010 were subsequently formulated. The assumptions underlying the amount of the necessary provision are disclosed in the notes to the item.

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

### **Derivatives**

Prior to the bank's collapse, DSB Bank made use of interest rate derivatives as part of its interest rate risk management. Derivatives were carried at fair value, with gains and losses recognised in the income statement as value adjustments to financial instruments. In the balance sheet, derivatives were presented as assets if the fair value was positive and as liabilities if the fair value was negative. After the bank's failure, the transactions in derivatives were cancelled by the counterparties. For the amount of the derivatives after cancellation we refer to note 5 in the notes to the balance sheet.

### **Financial investments**

The investment portfolios are recognised at fair value in the balance sheet. Realised results on disposal are recognised in the income statement.

### **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. Up to year-end 2009, a special provision for investments in subsidiaries, associates and joint ventures was recognised, equal to the amount of the negative equity. 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.

### **Intangible assets**

The intangible assets have been written down to nil following the bank's collapse.

### **Property, plant and equipment**

The property and other assets are carried at liquidation value, based on recent appraisal reports. No further depreciation has been recognised since the date of the collapse.

### **Receivables**

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

### **Customer accounts**

This item is made up of the balances on clients' savings accounts, savings deposits and current accounts. Savings accounts are carried at face value.

### **Provisions**

#### ***Provision for commission refunds***

The provision for commission refunds included in the balance sheet concerns an estimate of the future repayment liabilities in respect of unearned commission. The amount of these provisions is determined on the basis of both historical data and an estimate of future developments.

***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. The amount of such write-downs on several specific assets and the amount of this provision involve estimates surrounded by considerable uncertainties. This provision does not take into account the magnitude of any amounts payable in the future in connection with dereliction of the duty of care.

**Unsecured creditors**

The first meeting of creditors took place on 10 December 2010. The meeting was adjourned until 12 May 2011. The claims of third parties, both allowed and rejected claims, recorded in the minutes of this meeting are presented as a separate liability in the financial report, with the simultaneous release of liabilities already recognised prior to the date of the first meeting of creditors for the validation of claims. The same applies to the outcome of the formal meeting of creditors pursuant to Section 178 of the Insolvency Act held on 19 May 2011, at which claims were also allowed.

**Subordinated loans**

The Trade and Industry Appeals Tribunal (CBb) ruled on 30 June 2011 that holders of subordinated deposits are protected under the deposit guarantee scheme. If DNB pays out amounts to deposit holders, the amounts concerned will be treated by DNB as subordinated claims. Several creditors with deposits of this kind have also brought test cases against DSB Bank challenging the legitimacy of the subordination. When the matter has been cleared up, the claims concerned will be added to the list of allowed creditors or the list of allowed creditors with subordinated claims, as the case may be. Until such time, the subordinated loans are presented separately in the balance sheet and carried at face value.

**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 the group and the amount thereof can be reliably measured. Commission income and expense is recognised in the period to which it relates. 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**

The income statement for 2010 does not take account of any corporation tax.

**Exceptional items**

The exceptional items include income and expenses arising out of possible write-downs, the need for which became evident after the date of the collapse or is expected.

**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 2010 (x €1,000)**

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
<b>1. CASH</b>		
Included in cash are all demand deposits in external bank accounts.		
<b>2. OTHER DEPOSITS</b>		
This item concerns receivables in respect of cash collateral deposits collected with interest rate swaps.		
Fortis	1,117	1,117
ABN Amro	0	7,007
Barclays	0	2,000
NIBC	0	7,500
Merrill Lynch	0	-2,400
	<u>1,117</u>	<u>15,224</u>

Up to the date of the collapse, deposits with third parties were used as collateral for the interest rate swap contracts concluded by DSB Bank. Following the collapse, all swap contracts were cancelled by counterparties and the deposits were netted off with the receivables under the cancelled swap contracts.

	<b>2010</b>	<b>2009</b>
<b>3. LOANS AND ADVANCES</b>		
Mortgage loans with a first mortgage	2,600,228	2,726,168
Mortgage loans with a second mortgage	366,317	399,060
Consumer credit	598,787	792,420
Other lending	288,102	334,391
Provision for bad debts	-363,432	-383,666
	<u>3,490,002</u>	<u>3,868,373</u>
Balance as at 1 January	3,868,373	5,713,153
Movement relating to legal merger of DSB Financieringen	0	1,098,600
Reclassification of securitised lending by DSB Bank to off-balance-sheet items	0	-2,215,118
Reclassification of securitised lending by DSB Financieringen to off-balance-sheet items	0	-725,822
Reclassification of lending to DSB Beheer	0	-69,464
Elimination of IFRS carrying amount amortisation as at 1.1.2009	0	26,176
Fair value hedge accounting gains and losses prior to collapse	0	49,064
Write-down connected with fair value hedge accounting	0	-188,263
Loans and advances granted	0	827,558
Less: net repayments and redemptions	-398,604	-307,988
Change in provision for bad debts	20,233	-339,523
Balance as at 31 December	<u>3,490,002</u>	<u>3,868,373</u>

Other lending concerns:

Corporate finance	12,102	13,414
Funding for the Belgian subsidiaries	276,000	320,977
	<u>288,102</u>	<u>334,391</u>

The corporate finance includes the financing of a property development project and an aircraft.

**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, it was decided against disposing of the portfolio in the short term. Based on experience since the collapse, DSB Bank N.V. accordingly adopted new frameworks and rules for calculating the provision for bad debts as at year-end 2010.

Supplementing provisions for loans on which instalments are more than three months in arrears, provisions have also been made for a part of the portfolio which at the time of drawing up the financial statements was less than three months in arrears. The latter provisions take into account specific categories of loans in the portfolio, including residual debts after foreclosure and debts qualifying for restructuring either by law or on an ex-gratia basis.

The total amount of the provision for write-downs on all of the above loans and advances as at year-end 2010 amounted to €363.4 million (2009: €383.7 million).

The effects of possible claims for dereliction of duty of care were not entirely clear as at balance sheet date and have therefore not been included in the provision for bad debts. Also, the provision for bad debts does not give any indication whatsoever of future proceeds from the disposal of the lending portfolio.

	<b>2010</b>	<b>2009</b>
Movements in the provision for bad debts were:		
Balance as at 1 January	383,666	44,143
Change connected with the legal merger of DSB Financieringen	0	14,602
Bad debts written off	-8,341	-10,232
Restructuring connected with the duty-of-care issues	-7,615	0
Other changes (elimination of IFRS effects)	589	18,673
Release from /addition to the provision	-4,867	316,480
Balance as at 31 December	<u>363,432</u>	<u>383,666</u>

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.

Bad debts written off concern write-downs on loans connected with debt restructuring (by law or otherwise) and write-offs following the death of customers.

	<b>2010</b>	<b>2009</b>
<b>4. INVESTMENTS IN GROUP COMPANIES</b>		

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

Balance as at 1 January	14,428	132,638
Change connected with a legal merger	0	-106,633
Investments	0	34
Disposals	-55	0
Share in results	-75	-13,987
Share capital payment to DSB Belgium + reclassification from the liabilities side	0	2,376
	<u>14,298</u>	<u>14,428</u>
This concerns the following entities:		
Finanzdesk	34	34
DSB Belgium	2,367	1,014
DSB Verzekeringen	11,842	13,270
SPVs	55	110
	<u>14,298</u>	<u>14,428</u>

**DSB Financieringen B.V.**

On 30 September 2009, the entity DSB Financieringen was legally merged with DSB Bank.

**Finanzdesk Service GmbH**

The 50% interest in Finanzdesk Service GmbH was acquired in 2009 for a purchase price of €2 million payable immediately, with a further deferred earn-out payment of €1 million also agreed. The earn-out component of the purchase price was related to the achievement of target revenue figures over the period 2010–2014. The carrying amount of the investment as at year-end 2009 and 2010 is based on the already paid part of the purchase price without the earn-out.

**DSB Belgium N.V.**

The subsidiary DSB Belgium NV is owner of 100% of the share capital of the subsidiaries Silver Finance and Creafin. In 2009, an increase of €3.5 million in the share capital was reported. This relates to the conversion of part of a loan into equity. The carrying amount of the investment is based on provisional figures for 2009 and 2010.

**DSB Verzekeringen B.V.**

The balance sheet of DSB Verzekeringen BV is largely made up of positions with DSB Bank and DSB Life/DSB Non-Life. The carrying amount of the investment is based on the draft financial statements of DSB Verzekeringen for 2010.

**SPVs**

Loans were granted to the special purpose vehicles (SPVs) to finance their share capital. In 2010, the loans were repaid by three SPVs (Convent 2007, Convent 2008 and Chapel 2009) in connection with the liquidation.

	2010	2009
<b>5. DERIVATIVES</b>		
<b>Assets side</b>		
Balance as at 1 January	0	223.684
Gains and losses on interest rate swaps prior to collapse	0	-1.794
Gains and losses on back-to-back swaps prior to collapse	0	52.133
Write-down of back-to-back swaps after collapse	0	-274.023
Balance as at 31 December	<u>0</u>	<u>0</u>
<b>Liabilities side</b>		
Balance as at 1 January	0	351.877
Gains and losses on interest rate swaps prior to collapse	0	60.872
Gains and losses on back-to-back swaps prior to collapse	0	51.785
Write-down of interest rate swaps after collapse	0	-188.936
Write-down of back-to-back swaps after collapse	0	-275.598
Balance as at 31 December	<u>0</u>	<u>0</u>

By means of interest rate swaps between the SPVs and banks with a rating (front swaps) mirrored by back-to-back swaps between the banks concerned and DSB Bank (back swaps), the interest result and the interest rate risk on the securitised loan portfolios were made to revert to DSB Bank. The interest rate risk on both the securitised loans and the bank's own lending portfolio was then mitigated using interest rate swaps.

In October and November 2009, following the collapse of the bank, DSB Bank's swap contracts were cancelled by the various swap banks. This affected swap contracts with a total face value of €6,503.5 million, made up of €3,300.5 million in back swaps relating to securitisation programmes and €3,203 million in interest rate swaps. As security for the market value of the swaps, cash positions were mutually held (cash collateral). The front swaps entered into by the securitisation entities with the various swap

banks, matching the back swaps, ceased to be recognised in the company balance sheet of DSB Bank with effect from the date of the collapse.

As at 31 December 2008, the estimated market value of the back swaps was €221.9 million positive and that of the interest rate swaps €126.3 million negative. These positive and negative fair values are estimated to have further increased in the course of 2009 up to the date of the collapse. As at that date, DSB Bank had net cash collateral deposits of €212.8 million with swap banks, mainly corresponding to the negative market value of the interest rate swaps.

After the collapse, all the swap banks cancelled the contracts in writing, including statements for the settlement of outstanding amounts under the contracts. These final settlements of account potentially relate to the settlement of market values, costs of hedging exposed positions, payments still to be made predating the collapse and payments of collateral. Settling the accounts with the swap banks, after deducting collateral, resulted in a total net liability of €39.2 million. The market value of the costs of hedging exposed positions as part of the settlements totalled €2579 million negative. DSB Bank wrote to all the individual swap banks disputing the amounts to be settled and has initiated a thorough financial and legal analysis of the various positions, concentrating particularly on the stated market values and the hedging of the exposed positions.

In October 2010, DSB Bank accepted the final settlement offered by one of the swap banks, amounting to €0.3 million, and acknowledged receipt of this amount. In May 2011, the claim of one of the other swap banks, amounting to more than €2.4 million, was allowed. Based on the revised statements produced by these banks at DSB Bank's request, it was found that there were no material differences between the findings of DSB Bank's own analysis and the statements of account from the various banks.

Two swap banks whose final statements of account showed an amount in favour of DSB Bank paid amounts totalling €0.8 million in November 2009. In January and February 2010, two other swap contract counterparties paid to DSB Bank the amounts shown in their final statements, together totalling in excess of €14 million.

The financial and legal analysis of the swap positions is ongoing. As at year-end 2009, the balance sheet does not include an amount in respect of derivatives.

	<b>2010</b>	<b>2009</b>
<b>6. FINANCIAL INVESTMENTS</b>		
Balance as at 1 January	3,572	8,466
Disposals	-3,572	-5,167
Value adjustments	0	273
Balance as at 31 December	<u>0</u>	<u>3,572</u>

The financial investments are listed securities and therefore readily marketable. As at year-end 2009, the portfolio was made up exclusively of equities. In 2010, the remainder of the shares was disposed of at market prices current at the time.

	<b>2010</b>	<b>2009</b>
<b>7. INTANGIBLE ASSETS</b>		
Balance as at 1 January	0	11,202
Investments	0	5,971
Disposals	0	-1,281
Write-downs	0	-15,892
Balance as at 31 December	<u>0</u>	<u>0</u>

Intangible assets mainly comprised capitalised consultancy fees and licences for developed software (projects), goodwill and other intangible assets. None of the intangible assets is expected to have any liquidation value and the entire carrying amount has been written off.

**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>Buildings and land</b>	<b>Other assets</b>	<b>Total 2010</b>	<b>Total 2009</b>
Balance as at 1 January	10,007	8,753	18,760	27,772
Investments			0	3,491
Disposals	-2,897	-278	-3,175	-530
Depreciation	-342	-1,354	-1,696	-3,933
Write-downs	-338	-6,335	-6,673	-8,040
Balance as at 31 December	<u>6,430</u>	<u>786</u>	<u>7,216</u>	<u>18,760</u>

The property, plant and equipment mainly comprises business premises used by the bank, along with office equipment. Based on appraisal reports obtained in 2010, the carrying amounts of the property, plant and equipment has been written down by an average of 65%. Total write-downs of €14 million have therefore been included in 2009 and 2010.

**RECEIVABLES**

	<b>2010</b>	<b>2009</b>
<b>9. TRADE RECEIVABLES</b>		
Commission receivable	812	1,713
Receivable in connection with the sale of the intermediary business portfolio	4,520	0
Guarantees receivable	303	34
Other	828	1,080
	<u>6,463</u>	<u>2,827</u>

	<b>2010</b>	<b>2009</b>
<b>10. RECEIVABLES FROM GROUP COMPANIES</b>		
Receivables from DSB Bank subsidiaries	25,771	32,102
Write-downs	-22,526	0
	<u>3,245</u>	<u>32,102</u>

The receivables from subsidiaries, associates and joint ventures with negative equity have been written down as a prudential measure. The receivables from the insolvent entities DSB Print, DSB Beveiliging and DSB Leeuwarden, will be submitted for inclusion in the liquidation by the administrators of DSB Bank.

	<b>2010</b>	<b>2009</b>
<b>11. RECEIVABLES FROM DSB BEHEER AND ITS GROUP COMPANIES</b>		
Current account with intermediaries of DSB Beheer B.V.	4,872	3,809
Other receivables of DSB Beheer B.V.	1,847	625
DSB Beheer savings accounts	-5,021	-5,021
Tax assets	24,598	-
Receivable from DSB Beheer B.V. connected with costs of insolvency	3,878	-
DSB Beheer B.V. credit facility	76,329	76,298
Provision for bad debts	-60,000	-30,000
	<u>46,503</u>	<u>45,711</u>

The provision for bad debts has been recognised in connection with the receivables from DSB Beheer, allowing for security held by DSB Bank (ranking second) in relation to the loan, conferring rights to the shares of DSB Leven NV (DSB Life) and DSB Schade NV (DSB Non-Life) and other assets.

The DSB Beheer savings account position was submitted as a claim in 2010 and will be taken into account in determining the net debt position between DSB Bank and DSB Beheer as at the date of the collapse.

For details of the tax assets, reference is made to note 12.

The receivable in respect of costs incurred by DSB Beheer B.V. relating to the insolvency concerns the upfront funding of DSB Beheer B.V. for the expenses concerned, which will be repaid by DSB Beheer B.V. in 2011.

	<b>2010</b>	<b>2009</b>
<b>12. OTHER RECEIVABLES</b>		
This concerns:		
Repurchased notes issued by the securitisation entities	335,474	417,855
Receivables from securitisation entities	0	56,216
Receivables from internal securitisation entities	0	73,976
Receivables in respect of current tax assets	0	46,055
Refunds from insurers	857	0
Accrued interest	2,089	1,427
Miscellaneous	2,126	6,294
	<u>340,546</u>	<u>601,823</u>

	<b>2010</b>	<b>2009</b>
<b>Repurchased notes issued by securitisation entities concerns:</b>		
A-Notes Chapel 2003	49,293	58,486
A-Notes Chapel 2007	33,937	51,800
A-Notes Monastery 2004	37,736	42,491
A-Notes Monastery 2006	167,728	178,179
Junior Notes Chapel 2003	10,500	10,500
Junior Notes Chapel 2007	27,600	27,600
Junior Notes Dome 2006	34,516	37,161
Junior Notes Monastery 2004	13,500	13,500
Junior Notes Monastery 2006	20,400	20,400
Write-downs	-59,736	-22,262
	<u>335,474</u>	<u>417,855</u>

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

As at year-end 2010, DSB Bank made a write-down on the repurchased notes of securitisation entities, based on the loss in value of the underlying loans and advances within the various securitisation programmes. The amount of the write-down, based on preliminary estimates, ranges from 5 to 15%, and is no indication of the liquidation value. In the comparative figures for 2009, the amount of the write-down was calculated at 5% of the outstanding balance of repurchased notes at the time of the collapse.

	2010	2009
<b>Movements in receivables from securitisation entities were:</b>		
Balance as at 1 January	56,216	69,213
Change	8,763	-12,997
Write-downs	-64,979	0
	<u>0</u>	<u>56,216</u>

The receivables from securitisation entities concern receivables relating to:

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

Given the nature of these receivables, they have been written down to nil as a prudential measure.

	2010	2009
<b>Movements in receivables from internal securitisation entities were:</b>		
Balance as at 1 January	73,976	9,690
Change	-73,976	64,286
	<u>0</u>	<u>73,976</u>

In 2010, the securitisation programmes Convent 2007, Convent 2008 and Chapel 2009 were liquidated, with simultaneous settlement of the outstanding receivables.

	2010	2009
<b>Movements in receivables in respect of current tax assets:</b>		
Balance as at 1 January	46,055	46,253
Change in connection with change of rules from IFRS	-	-198
Reclassification to receivable from DSB Beheer (see note 11)	-24,598	-
Write-down	-21,457	0
Balance as at 31 December	<u>0</u>	<u>46,055</u>

The tax refunds receivable in respect of corporation tax and VAT total €24.6 million and concern receivables by DSB Bank from DSB Beheer relating to (i) refund of corporation tax for 2003 connected with the DSB Beheer tax group and (ii) refund of VAT in connection with an adjustment to the pro rata deduction rate of the DSB Beheer tax group for VAT purposes.

With effect from 1 January 2003, DSB Bank has been part of the DSB Beheer BV tax group for corporation tax purposes. Tax liabilities and tax assets are internally settled within the tax group.

In March 2011, an agreement on the tax position was reached with the Dutch Tax Administration, providing an amicable settlement of the outstanding tax issues. This resulted in a refund from the Tax Administration of approximately €23.7 million in June 2011. The amount of this refund took into account the offsetting by the Tax Administration of the undisputed usual amounts of tax payable by the various DSB group entities.

The agreed tax assessment means that the corporation tax still reclaimable by DSB Bank from the Tax Administration has been set against the outstanding material amounts of VAT and wage tax payable by DSB Bank. On the basis of existing agreements and previous practice, DSB Bank has a receivable from DSB Beheer amounting to €24.6 million relating to (i) the above refund of corporation tax for 2003 to the

DSB Beheer BV tax group and (ii) the above refund of VAT to the DSB Beheer BV tax group. This receivable will be submitted for inclusion in the winding-up of DSB Beheer B.V.

In addition to the above receivable of €24.6 million, DSB Bank has a separate outstanding receivable from DSB Beheer. This receivable, in respect of two transfer agreements, is connected with a transfer of potential tax loss carryforwards relating to the period 2004–2007 from DSB Beheer (and the number of its existing or former subsidiaries) to DSB Bank. In connection with this transfer of losses, DSB Bank paid the face value of the corresponding tax assets, amounting to €7.3million (2004–2006 losses) and €1 million (2007 losses). These amounts (calculated at the standard rates) were guaranteed by DSB Beheer. As a consequence of the agreed tax assessment of March 2011 referred to above, coupled with the liquidation of DSB Beheer and DSB Bank, DSB Bank will be submitting a claim for inclusion in the winding-up of DSB Beheer in respect of the difference between the guaranteed amount of corporation tax at the standard rate and the amount of tax ultimately recovered.

**EQUITY AND LIABILITIES**

	<b>2010</b>	<b>2009</b>
<b>13. BORROWINGS</b>		
Special short-term loan facility provided by consortium of banks	325,000	0
DNB/ECB	0	1,018,225
Secured loan facility with Société Générale Amsterdam	45,063	49,835
Secured loan facility with DSB Life	70,555	76,419
Secured loan facility with DSB Non-Life	14,590	16,639
	<u>455,208</u>	<u>1,161,118</u>

As at year-end 2010, the weighted average interest rate on borrowings was 3.74%.

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

DSB Bank has contracted a special short-term loan facility 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. As at year-end 2010, loans and advances totalling €3,242.0 million and notes totalling €392 million were available as collateral.

**Secured loan facility with Société Générale Amsterdam**

As security for the loan from Société Générale, originally amounting to €50 million, DSB Bank pledged part of its mortgage portfolio, which, as at the end of December 2010, had a face value of €55 million

**Secured loan facility with DSB Life / DSB Non-Life**

As security for the loans granted to DSB Bank by DSB Non-Life and DSB Life, originally amounting to €60 million and €75 million, respectively, DSB Bank pledged portfolios of first mortgages which, as at the end of December 2010, had face values of €21 million and €96 million, respectively.

	<b>2010</b>	<b>2009</b>
<b>14. CUSTOMER ACCOUNTS</b>		
This item can be analysed into:		
- savings accounts	0	3,439,494
- current accounts and other accounts	0	14,725
- advances from DNB in connection with the deposit guarantee scheme	0	157,395
- excessive amounts paid out under the deposit guarantee scheme	-174	0
	<u>-174</u>	<u>3,611,614</u>

In 2009 and in 2010, customers of DSB Bank received payments from DNB under the deposit guarantee scheme. The claim of DNB in relation to these payments and the claims of account holders who have not received any payment under the guarantee scheme have been recorded in the list of creditors and are accounted for in unsecured creditors.

In 2011, a proportion of the excessive amounts paid out will be reclaimed by DNB. Part of the amount concerned can be recovered by being set off against future payments to unsecured creditors.

**OTHER LIABILITIES**

	<b>2010</b>	<b>2009</b>
<b>15. Tax and social security charges</b>		
Wage tax	1,900	2,211
Value added tax	20	-259
Other	77	-171
	<u>1,997</u>	<u>1,781</u>

	<b>2010</b>	<b>2009</b>
<b>16. Sundry other payables</b>		
Payables of the insolvent entity	31,705	31,689
Amounts owed to group companies	351	28,893
Société Générale	0	45,800
Liabilities predating the collapse	0	6,388
	<u>32,056</u>	<u>112,770</u>

An amount of €23.0 million (2009: €22.8 million) of the payables of the insolvent entity concern recent receipts of interest and repayments on securitised loans still to be transferred to the securitisation entities as at balance sheet date. The item also includes €8.8million (2009: €8.9 million) in respect of other insolvent entity payables.

The liabilities predating the collapse and amounts owed to group companies in 2010 for which claims have been submitted have been included in the list of creditors as unsecured creditors.

#### PROVISIONS

	<b>2010</b>	<b>2009</b>
<b>17. Provision for commission refunds</b>		
Balance as at 1 January	11,623	14,081
Change	0	-2,458
Write-down	-11,623	0
	<u>0</u>	<u>11,623</u>

The provision for commission refunds has been written down to nil. In 2010, claims submitted by insurers relating to future commission refunds were included in the list of creditors and have been accounted for in unsecured creditors.

	<b>2010</b>	<b>2009</b>
<b>18. Provision for investments in group companies</b>		
Balance as at 1 January	21,559	25,595
Share in results	-2,159	1,012
Write-down (including 2010 result)	-19,400	0
Reclassified to assets side relating to DSB Belgium	-	-1,124
Other changes	0	-3,924
	<u>0</u>	<u>21,559</u>
Inspectrum Groep	0	3,207
DSB International	0	4,005
DSB Beveiliging –insolvent with effect from 1 December 2009	0	5,685
DSB Print –insolvent with effect from 5 January 2010	0	8,197
DSB Leeuwarden –insolvent with effect from 29 December 2009	0	465
	<u>0</u>	<u>21,559</u>

A provision was previously recognised in respect of these entities in connection with the issue of a declaration of joint and several liability by DSB Bank pursuant to Section 403 of Part 9, Book 2, of the Netherlands Civil Code. In 2010, these declarations were cancelled. The major creditor of the entities concerned is DSB Bank itself. Instead of recognising the above provision, separate provisions have therefore been made where necessary in respect of the receivables from these companies (see note 10). The provisions are not a reflection of the actual risks and liabilities arising out of the declarations of joint and several liability.

**19. 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 connection with the costs already incurred in 2010, the provision for liquidation losses as at year-end 2010 was reduced to €150 million. The amount of the provision remains an estimate, however. There are still considerable uncertainties on both the assets side and the liabilities side. The provision is accordingly in no way a reflection of the amount of the amounts to be paid out in the future in connection with dereliction of the duty of care.

	<b>2010</b>	<b>2009</b>
<b>20. Other provisions</b>		
Balance as at 1 January	0	4,008
Write-downs	0	-4,008
	<u>0</u>	<u>0</u>

In 2009, there was a settlement of accounts with DNB (involving an amount of €2.2 million), reducing to nil the provision held in connection with the collapse of Icesave. The other provisions made at the time of the collapse are included in the provision for liquidation losses

	<b>2010</b>	<b>2009</b>
<b>21. UNSECURED CREDITORS</b>		
Claims payable < € 100,-	759	0
Allowed unsecured creditors	2,349,178	0
Claims of unsecured creditors rejected in the meeting of creditors held on 10 December 2010	1,398,611	0
Other contested claims of unsecured creditors	69,006	0
	<u>3,817,554</u>	<u>0</u>

The first meeting of creditors took place on 10 December 2010. The meeting was adjourned until 12 May 2011. This meeting was closed on 12 May 2011, with the supervisory judge declaring the allowed claims to amount to 2,357,024 and the rejected claims to amount to 1,385,519.

A second meeting of creditors was then held on 19 May 2011, at which the supervisory judge allowed claims totalling 34,708. These additional liabilities will be recognised in 2011 as unsecured creditors.

In 2011, therefore, the supervisory judge allowed claims totalling 2,391,732. On 30 June 2011, an initial distribution of 15% was made.

	<b>2010</b>	<b>2009</b>
<b>22. SUBORDINATED LOANS</b>		
Subordinated deposits	111,303	111,303
Other subordinated loans	32,000	32,000
Accrued interest payable on subordinated loans	0	4,550
	<u>143,303</u>	<u>147,853</u>

In 2010, customers of DSB Bank with subordinated deposits received a payment from DNB (interest up to the date of the collapse) made under the deposit guarantee scheme.

The Trade and Industry Appeals Tribunal (CBb) ruled on 30 June 2011 that holders of subordinated deposits are protected under the deposit guarantee scheme. If DNB pays out amounts to deposit holders, the amounts concerned will be treated by DNB as subordinated claims. Several creditors with deposits of this

kind have also brought test cases against DSB Bank challenging the legitimacy of the subordination. When the matter has been cleared up, the claims concerned will be added to the list of allowed creditors or the list of allowed creditors with subordinated claims, as the case may be. Until such time, the subordinated loans are presented separately in the balance sheet and carried at face value.

<b>23. BALANCE</b>	<b>2010</b>	<b>2009</b>
The movements in this item were:		
Balance as at 1 January	-574,906	242,891
Result	-56,782	-807,599
Dividend	0	-11,300
Other changes	0	1,102
	<u>-631,688</u>	<u>-574,906</u>

This item represents the difference between the assets and liabilities of DSB Bank.

The other changes concern accounting adjustments compared with IFRS rules.

## 2.6 Rights and obligations not shown on the face of the balance sheet as at 31 December 2010 (x €1,000)

	2010	2009
<b>SECURITISED LOANS TRANSFERRED TO SPVs</b>		
Monastery 2004	313,769	344,306
Monastery 2006	602,183	640,884
Dome 2006	561,809	582,039
Chapel 2003	466,237	515,111
Chapel 2007	576,020	678,513
	2,520,018	2,760,853

This concerns the total amount of the loans which have been included in the various securitisation programmes.

### Securitisations

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.

The interest rate risks on the securitised portfolios were passed back to DSB Bank at the outset by means of the back-to-back swaps between DSB Bank, the SPVs and various swap counterparties. Following the collapse, the back swaps (part of the back-to-back swap contracts) were cancelled by all the swap counterparties under the terms of the contract. As a consequence, DSB Bank ceased to receive the interest margin on the cancelled swaps with effect from the date of the collapse. The front swaps between the various SPVs and the swap counterparties, however, remained intact after the collapse of DSB Bank.

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

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

#### Monastery 2004

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	250,675	37,736
Class B	24,500	1,500
Class C	21,500	7,000
Class D	8,500	1,500
Class E	10,500	3,500
Class F	1,500	-
Class G	7,500	-
<i>Total</i>	324,675	51,236

- Receivable from Monastery 2004 in respect of unpaid deferred purchase price instalments, payment into reserve accounts and other receivables, totalling 2,589 (included in other receivables, note 12 to the balance sheet)
- Payable to Monastery 2004 in respect of regular cash flow payments (daily sweep) connected with the servicing activities, totalling 2,688 (included in sundry other payables, note 16 to the balance sheet)

Monastery 2006

Notes as at balance sheet date	Total	Held by DSB Bank
Class A2	546,415	167,729
Class B	28,000	-
Class C	28,700	20,100
Class D	9,500	300
<i>Total</i>	<i>612,615</i>	<i>188,129</i>

- Receivable from Monastery 2006 in respect of unpaid deferred purchase price instalments, payment into reserve accounts and other receivables, totalling 13,640 (included in other receivables, note 12 to the balance sheet)
- Payable to Monastery 2006 in respect of regular cash flow payments (daily sweep) connected with the servicing activities, totalling 5,381 (included in sundry other payables, note 16 to the balance sheet)

Dome 2006

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	513,650	-
Class B	22,100	-
Class C	13,800	13,800
Class D	13,800	13,800
Class E	6,904	6,904
<i>Total</i>	<i>570,254</i>	<i>34,504</i>

- Receivable from Dome 2006 in respect of unpaid deferred purchase price instalments, payment into reserve accounts and other receivables, totalling 4,466 (included in other receivables, note 12 to the balance sheet)
- Payable to Dome 2006 in respect of regular cash flow payments (daily sweep) connected with the servicing activities, totalling 3,007 (included in sundry other payables, note 16 to the balance sheet)

Chapel 2003

Notes as at balance sheet date	Total	Held by DSB Bank
Class A	329,854	49,293
Class B	39,000	1,000
Class C	23,500	-
Class D	47,500	9,500
Class E	8,849	-
<i>Total</i>	<i>448,703</i>	<i>59,793</i>

- Receivable from Chapel 2003 in respect of unpaid deferred purchase price instalments, payment into reserve accounts and other receivables, totalling 27,011 (included in other receivables, note 12 to the balance sheet)
- Payable to Chapel 2003 in respect of regular cash flow payments (daily sweep) connected with the servicing activities, totalling 4,209 (included in sundry other payables, note 16 to the balance sheet)

Chapel 2007

Notes as at balance sheet date	Total	Held by DSB Bank
Class A1	210,306	33,937
Class A2	300,000	-
Class B	13,800	2,200
Class C	23,500	9,200
Class D	17,900	9,900
Class E	13,800	6,300
Class F	13,800	-
Class G	6,900	-
<i>Total</i>	<i>600,006</i>	<i>61,537</i>

- Receivable from Chapel 2007 in respect of unpaid deferred purchase price instalments, payment into reserve accounts and other receivables, totalling 17,273 (included in other receivables, note 12 to the balance sheet)
- Payable to Chapel 2007 in respect of regular cash flow payments (daily sweep) connected with the servicing activities, totalling 6,820 (included in sundry other payables, note 16 to the balance sheet).

**Pledges**

To provide collateral security for the borrowings (€130 million), DSB Bank pledged part of its loan portfolio. The face value of the portfolio given by way of collateral to DSB Life, DSB Non-Life and Société Générale Amsterdam, as at year-end 2010, amounted to €172 million.

In January 2010, it was agreed with the administrators that they would continue with the administration and collection of the underlying mortgage receivables and that the collected amounts would be paid monthly, with retroactive force to October 2009, to the pledgees in settlement of their receivables in respect of the loans granted. In 2010, a total of €16.9 million was received by DSB Bank and paid to the pledgees in respect of repayments and interest.

**Indication of interest not accounted for**

As from the date of the collapse, with the exception of the borrowings, no interest has been calculated on the liabilities side of the balance sheet. Solely by way of indication, the interest not accounted for over the period 19 October 2009 to 31 December 2010 can be put at €170 million, calculated on the basis of an interest rate 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 collapse, 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**

In order to continue with the proper servicing of the lending portfolios, deal with the duty-of-care issues and windup the affairs of the insolvent entity, an undertaking was given to 160 of the remaining staff (260) in the second quarter of 2011 that they will be able to continue working for the insolvent entity until at least 30 June 2012. Some of the staff have also been given an undertaking of employment well into or up to the end of 2012. In the first quarter of 2011, the monthly wage bill is approximately €0.8 million.

Rights and obligations not shown on the face of the balance sheet as at 31 December 2010 (x €1,000)

**Lease obligations for premises**

DSB Bank pays a quarterly rent of €181,000, including VAT, for the use of the premises at Dick Ketlaan, Wognum. Oral agreement has since been reached that DSB Bank will be exercising its option to continue using the premises at Dick Ketlaan, Wognum, up to the end of 2012.

In addition, DSB Bank has the lease on premises at Richterslaan 2, Nieuwegein, (€85,000 per annum) and at Jan Leentvaarlaan 37-47, Rotterdam, (€290,000 per annum).

**2.7 Notes to the company income statement for 2010 (x €1,000)**

	<b>2010</b>	<b>2009</b>
<b>REVENUE</b>		
<b>24. Finance income</b>		
Interest on mortgages and consumer credit	217,050	225,941
Margin on securitised loans (up to date of collapse)	0	54,914
Interest on notes	4,723	6,845
Servicing fee	7,638	9,055
Other interest income	7,915	15,839
Interest on cash and banks	56	1,147
	<u>237,382</u>	<u>313,741</u>

The average interest rate on first mortgages in 2010 amounted to approximately 4.8% (2009: 4.8%), with an interest rate of 6.2% (2009: 6.4%) on second mortgages and the rate of 8.4% (2009: 8.6%) on consumer credit.

**25. Commission**

Insurance	0	16,132
Finance arrangements	0	3,834
	<u>0</u>	<u>19,966</u>

**OPERATING EXPENSES****26. Finance expense**

Interest payable to DNB/ECB with pledges	16,567	16,995
Interest payable on the special short-term loan facility	10,882	0
Interest payable to third parties with pledges	5,971	4,264
Interest on savings accounts	2,535	135,593
Loans and other interest charges	23	55,256
	<u>35,978</u>	<u>212,108</u>

In 2010, interest on savings accounts was ultimately recognised for the period during which the emergency measures were in place (prior to the declaration of insolvency, i.e. 12–19 October 2009).

As from the date of the collapse, 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). In 2010, this equated to approximately €142 million (2009, in the period after the collapse of the bank: €28 million).

**27. Administrative expenses**

Costs of external services	17,315	3,035
Staff costs	12,952	44,696
Other administrative expenses	4,690	10,729
Settlement of contracts and complaints relating to HWS	6,692	0
Office overheads	6,513	5,293
Depreciation and amortisation	2,758	5,183
Motor vehicles	1,016	3,321
Premises costs	943	5,178
Selling and distribution costs	-72	31,492
Value adjustments to receivables	0	12,580
	<u>52,807</u>	<u>121,507</u>

The costs of external services concern the costs of the administrators, temporary staff and consultants.

The other administrative expenses include professional fees, collection costs and ICT costs.

The company employed an average of 271 full-time equivalents (2009: 1,211).

## 28. Exceptional income

This item relates to the disposal of the future rights to commission on the portfolio of loans negotiated through DSB Bank.

	2010	2009
<b>29. Exceptional expenses</b>		
Liquidation provision (note 19)	-50,000	200,000
Write-down of loans (note 3)	-4,868	303,900
Write-downs of receivable from DSB Beheer (note 11)	30,000	30,000
Write-down connected with fair value hedge accounting (note 3)	0	188,263
Write-down of notes held by the bank (note 12)	37,474	22,262
Write-down of securitisation positions (note 12)	64,474	0
Write-down of the deferred/current tax positions (notes 11+12)	17,657	9,435
Write-down on intangible assets (note 7)	0	15,892
Write-down of property, plant and equipment (note 8)	6,673	8,040
Write-down of receivables from subsidiaries, associates and joint ventures	4,514	0
Write-down of derivatives and collateral	-22,900	38,455
Expenses relating to claims received	129,915	0
Other	-678	1,315
	<u>212,261</u>	<u>817,562</u>

The expenses relating to claims received concern the amount recognised in respect of contested and allowed unsecured creditors received since the date of the collapse and recognised as unsecured creditors on the liabilities side of the balance sheet (note 21).

## 30. Tax

No account is taken of corporation tax in the income statement for 2010.

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

The company balance sheet includes the following investments in subsidiaries, associates and joint ventures:

<b>Name of company</b>	<b>Domicile</b>	<b>Interest</b>	<b>Paid-up authorised capital</b>	<b>Capital called</b>
DSB Direkt GmbH	Düsseldorf	100%	25,000	25,000
DSB Deutschland GmbH	Düsseldorf	100%	25,000	25,000
DSB Beveiliging B.V. (insolvent 1 December 2009)	Wognum	100%	90,000	18,000
DSB International B.V.	Wognum	100%	90,000	18,000
Finanzdesk Service GmbH	Gronau	50%		
DSB Assuradeuren B.V.	Grootebroek	100%	800,000	169,200
DSB Print B.V. (insolvent 5 January 2010)	Wognum	100%	68,067	15,882
Inspectrum Groep B.V.	Heerhugowaard	100%	90,000	18,000
DSB Belgium B.V.	Zaventem	100%	5,620,000	4,705,000
Serenity Crédit S.A.	Zaventem	100%	686,341	686,341
Silver Finance S.A.	Brussels	100%	263,947	263,947
DSB Leeuwarden B.V. (insolvent 29 December 2009)	Leeuwarden	100%	90,000	18,000
Chapel 2003-I B.V.	Amsterdam	100%	90,000	18,000
Chapel 2007 B.V.	Amsterdam	100%	18,000	18,000
Monastery 2004-I B.V.	Amsterdam	100%	18,000	18,000
Monastery 2006-I B.V.	Amsterdam	100%	18,000	18,000
Dome 2006-I B.V.	Amsterdam	100%	18,000	18,000