

INSOLVENCY REPORT

Insolvency Report no. **15** by the Administrators of
DSB Bank N.V.

31 October 2012

*The public insolvency reports of DSB Bank N.V. (DSB Bank) are published online on the website www.dsbbank.nl. The administrators of DSB Bank (**Administrators**) will also be using these websites in the future to publish other information concerning the case and the progress of the insolvency proceedings.*

THREE YEARS OF DSB BANK IN ADMINISTRATION

- In this public report, the Administrators look back over the past three years since the collapse of DSB Bank. Over this period they have managed the bank's loan portfolio, only selling off a small proportion of the loans (specifically the German portfolio). Apart from the management operations, the main task has been resolving the duty-of-care claims (currently numbering in excess of 23,000, of which almost 8,900 have been settled). The Administrators have also conducted a full inquiry into the causes of the bank's failure in connection with possible liability claims. The inquiry report was published in June 2012. Finally, considerable progress has been made with preparations for handing over the administration of the loans to a third party.

Key figures*:

	Amounts x € million
Total receipts	2,900
Paid to pledgees	1,353
Repayment of loans from ECB/DNB	795 (100%)
Distributions to creditors	850 (23%)
Operating expenses	130

*Taken from the cash flow statement, Annex 1

As at 30 September 2012, the size of the loan portfolio managed by DSB Bank amounted to € 5,376 million, of which € 2,164 million was securitised, € 157 million was pledged and € 3,055 million was unencumbered.

Currently still working for DSB Bank are 179 staff (139 on an FTE basis), along with 77 freelance professionals. At the time of being declared insolvent, DSB Bank employed around 1,900 people.

MAIN POINTS OF THIS REPORT

- The supervisory judge has ordered a third meeting of creditors pursuant to Section 178 of the Insolvency Act (FW) to be held for the purpose of allowing late claims. This meeting will take place at 10 o'clock in the District Court at Amsterdam on 29 November 2012.
- Subject to the agreement of the committee of creditors (**Creditors' Committee**), the Administrators intend to request the supervisory judge to order a fourth interim distribution (4%) to be made, which will take place at the end of December 2012.
- In total there still remain 11 claims that are contested by the Administrators, amounting to a total of approximately € 50 million, in respect of which claim validation proceedings are pending.
- The Scheme which the Administrators agreed with two stakeholder organisations and five legal assistance organisations - represented by a lawyer appointed by them - (**Stakeholder Organisations**) on 19 September 2011 is being implemented in two stages. The implementation of Phase 1 (compensation for insurance policies and securities-backed lending products) began in January 2012 and is progressing smoothly. Phase 2 (compensation for excessive lending) is more complex to implement since the individual financial positions of customers have to be taken into account. Implementation has been delayed. A start was made at the beginning of October 2012 with the processing of those Phase 2 proposals which have been accepted by customers. More information on the Scheme can be found on the website www.dsbcompensatie.nl, which is managed jointly by the Administrators and the Stakeholder Organisations.
- Out of the approximately 10,000 customers who had filed claims with DSB Bank by 19 September 2011, over 9,000 have now received a proposal relating to Phase 1. More than 5,200 customers have since accepted the proposal made to them. A number of these customers have also applied for compensation under Phase 2 (compensation for excessive lending) as well and there are also customers who are awaiting a combined proposal for Phase 1 and Phase 2.

- Additionally, since 19 September 2011, more than 13,000 customers who had not previously made a claim against DSB Bank have now applied for inclusion in the Scheme. This number is increasing by between 60 and 110 new applications every week. So far, more than 4,200 of these customers have received a Phase 1 compensation proposal and over 3,600 of them have accepted the proposal made.
- During the next reporting period, the emphasis with regard to the implementation of the Scheme will be on processing the applications for Phase 2 compensation.
- Since the previous report, the Administrators have taken the Amsterdam District Court's judgements given on 11 July 2012 to appeal. These judgements were given in the claim validation proceedings brought by subordinated deposit holders against the Administrators.
- DSB Bank currently has approximately 117,000 loans to customers outstanding, totalling approximately € 5,376 million (multiple loans to the same borrower in some cases).
- The Administrators raised a special short-term loan facility originally totalling € 1 billion from several Dutch banks. Borrowing under the special short-term loan facility currently stands at € 265 million (position as at 30 September 2012: € 325 million).
- The website www.dsbbank.nl has been redesigned. The Administrators believe they will be able to provide customers, creditors and other stakeholders with a better and faster service through this redesigned website.

Prospects for creditors:

To date, the Administrators have made the following distributions to unsecured creditors:

	Month	Distributed to unsecured creditors	Distributed to preferential creditors
1 st distribution	June 2011	15 %	100%
2 nd distribution	November 2011	4 %	-
3 rd distribution	June 2012	4 %	-
	Total	23 %	-

With the prior agreement of the Creditors' Committee, the Administrators will request the supervisory judge to order a fourth distribution (4%) to be made, which will take place in December 2012. This will bring the total percentage distribution to unsecured creditors up to 27%.

The Administrators expect it to be possible to make further interim distributions. The Administrators are, however, currently unable to make any predictions regarding the overall percentage that can ultimately be paid. At least once a year, the Administrators will discuss the possibility of making subsequent distributions - again having first obtained the agreement of the Creditors' Committee.

If there is still no substantial liquidation of assets in the years ahead and the loan portfolio shrinks as loans are repaid and for other reasons, resulting in a consequent decline in the cash flow generated by them, it may be expected that a somewhat lower figure than 4% will become available for the unsecured creditors each six months.

The Administrators do not envisage that any pay-out will be possible on the subordinated claims.

Details of company	: DSB Bank N.V.
Insolvency case number	: F 09 / 798
Decision dates	: Emergency ruling: 12 October 2009 Insolvency 19 October 2009
Administrators	: R.J. Schimmelpenninck and B.F.M. Knüppe
Supervisory judge	: M.L.D. Akkaya (District Court at Alkmaar, Amsterdam branch)
Reporting period	: 31 July 2012 to 31 October 2012

Introductory remarks

This is the fifteenth public insolvency report by the Administrators. It covers the period from 31 July 2012 to date (31 October 2012) and contains financial information relating to the period ending 30 September 2012. It should be read in conjunction with the previously published reports. All the reports, together with the Financial Reports for the years 2009, 2010 and 2011 can be found on the website www.dsbbank.nl.

The insolvency of DSB Bank is legally complex. In this report, the Administrators give a simplified account of the current state of affairs in accordance with the generally accepted standards for insolvency reporting in the Netherlands. The Administrators emphasise that the information in this report is subject to closer examination. It may prove necessary to amend the information given at a later stage. It is accordingly not yet possible to make any statement concerning the completeness and accuracy of the information contained in this report.

No rights may be derived from this insolvency report and/or any subsequent reports. Nothing in this report should be interpreted as acknowledging liability or waiving any rights.

An (unofficial) English translation of this fifteenth report will again be published on the above website. Reliance can only be placed on the Dutch text.

In conducting their activities, the Administrators make use of the advisory and other services of Houthoff Buruma Coöperatief U.A. (**Houthoff Buruma**), PricewaterhouseCoopers Advisory N.V. (**PwC**) and various other law firms and advisers as well as the efforts of DSB Bank staff in Wognum, Heerhugowaard, Emmeloord and Rotterdam.

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0. General information for creditors of DSB Bank

As regards the position of creditors and customers of DSB Bank with savings accounts, current accounts or deposit accounts whose claims qualified as not subordinated by virtue of the amounts owed to them, reference is made to the DSB Bank website and to previous public reports.

1. IntroductionPrincipal activities in the recent reporting period

For the principal activities of the Administrators in the most recent reporting period, see the first three pages of this public report.

2. Current situation**2.1. Management and organisation**

See the first public report. For details of the structure of DSB Group, particular reference is made to the two organisation charts appended as Annex 1 to the first public report.

2.2. Balance sheet total on the date of the bankruptcy

See the first public report, in particular Annex 2.

2.3. Legal proceedings

Having regard to the five debt recovery cases brought before the District Court in The Hague by DSB Bank, reference is made to the twelfth public report. In the appeal against the court's ruling given on 11 January 2012, the statement of appeal was put before the Court of Appeal in The Hague on 21 August 2012. The statement of defence on appeal is expected to be put before the court on 13 November 2012.

In two of the debt recovery cases brought by DSB Bank, in which counterclaims were filed by the defendant, the court gave its decision in the reporting period, rejecting the counterclaim in both cases. For further information, reference is made to the twelfth public report.

As regards the cases in which DSB Bank was claimant as at the date of insolvency and no counterclaim has been submitted, the desirability of pursuing the claims is being examined on an ad hoc basis.

Incidentally, DSB Bank also continues to mount debt recovery proceedings on a regular basis, which almost always lead to judgements *in absentia* in the bank's favour.

2.4. Individual cases brought before the courts since the bankruptcy

In the cases in which the Administrators were summoned by a number of customers of DSB Bank in March 2012, the rejoinder made on behalf of the Administrators was filed on 12 October 2012.

For an overview of the remaining claim validation proceedings see Section 8.4 of this public report.

2.5. Collective proceedings

There are no longer any collective proceedings.

2.6. Insurance

See also the second public report. Where necessary, existing insurance policies have been cancelled or amended, for example in connection with the disposal of property and other assets.

2.7. Rents

Premises rented from group entities

See the twelfth public report.

Premises rented from third parties

In connection with the cessation of activities on the part of DSB Print (see Section 4.6), the Administrators intend to terminate the lease on the business premises concerned in 2013. See for other information the twelfth public report.

Premises leased to third parties

See the twelfth public report.

3. Staff

3.1. Number of employees at the time of the bankruptcy

See the second public report.

3.2. Number of years of service prior to the bankruptcy

See the second public report.

3.3. Employees

DSB Bank currently has 179 employees (139 full-time equivalents) excluding the 26 employees of Tadas Verzekeringen B.V. (a wholly-owned subsidiary of DSB Bank). The insolvent entity also employs the services of 77 freelancers.

To the Administrators' knowledge, more than 90% of the former employees of DSB Group have now found new jobs or become self-employed.

3.4. Provisional continuation of activities

By the end of the second quarter of 2013, the number of employees is expected to have dropped to approximately 80, largely owing to the transfer of loan portfolio servicing to Quion. Although a considerable number of the staff in question will continue to find work connected with the servicing, they will be employed by Quion. As from the second quarter of 2013, DSB Bank staff will mainly be involved in implementing the Scheme, in specific activities connected with the winding-up operation and a number of support duties. It continues to be the Administrators' policy to notify the staff at the earliest possible stage concerning the expectations regarding the rundown of the activities concerned.

3.5. Works Council and unions

The Works Council is kept regularly informed and/or involved by the Administrators regarding important matters affecting employees. Representatives of the Administrators also maintain contact with the unions.

4. **Assets**

4.1. General

For a general overview of the assets of DSB Bank at the time when the bank was declared insolvent, see Annex 2 to the first public report. For the current position, see Annex 1 to the fifth public report. To supplement these statements, the Administrators have the following comments.

4.2. Mortgages

See the previous public reports. See also Section 6.3 concerning the transfer of the servicing of the loan portfolio to Quion.

4.3. Registered property

See the twelfth public report.

4.4. Other assets

The remaining business equipment etc. is being used in connection with the winding-up operations and will only be disposed of as staff are shed.

4.5. Claim on DSB Ficoholding

See the fourteenth public report.

4.6. Subsidiaries, associates and joint ventures

For a list of DSB Bank's various subsidiaries, associates and joint ventures, see Annex 1 to the first public report. For financial information relating to these entities, the Administrators make reference to Annex 2 to the first public report. The Administrators have the following specific remarks concerning the individual subsidiaries, associates and joint ventures of DSB Bank.

Tadas Verzekeringen B.V.

This company performs the function of authorised agent for the insurance policies taken out via DSB Bank. The company is functioning normally.

Tadas Verzekeringen B.V. is also the employer of individuals who are effectively working for DSB Leven, DSB Schade and HWL. These activities are subject to a service level agreement.

DSB Beveiliging B.V.

For information on the insolvency of DSB Beveiliging and the liquidation of this entity, reference is made to the public reports specifically dealing with this insolvency, which can be found on the DSB Bank website (www.dsbbank.nl).

DSB Leeuwarden B.V.

For information on the insolvency of DSB Leeuwarden and the liquidation of this entity, reference is made to the public reports specifically dealing with this insolvency, which can be found on the DSB Bank website (www.dsbbank.nl).

DSB Print B.V.

For information on the insolvency of DSB Print and the liquidation of this entity, reference is made to the public reports specifically dealing with this insolvency, which can be found on the DSB Bank website (www.dsbbank.nl). A pro forma meeting of creditors will be held on 1 November 2012. The DSB Print administrator will then be making every effort to wind up the insolvency proceedings as quickly as possible.

Paul.nl B.V.

See the first public report.

DSB Belgium N.V.

See the twelfth public report.

DSB International

This company is the company lying between DSB Bank and the entity now in charge of the Belgian loan portfolio.

4.7. Domain names

A considerable number of domain names have now been transferred to third parties, involving various transactions. The Administrators are currently making preparations for the sale of the remaining DSB Bank domain names. This sale will probably involve an Internet auction.

5. Debtors / receivables

5.1. General

For a general overview of the receivables position of DSB Bank at the time of the bankruptcy, reference is made to Annex 2 to the first public report. An update is provided by the 2011 Financial Report, which was published on 24 February 2012.

5.2. Global Corporate Jets

The sale and handover of the aircraft (PH-DRK) has been completed, with the proceeds, net of costs, added to the insolvent entity's assets. Still pending are two instalments from the personal surety, one payable by 31 December 2012 and the other by 30 June 2013.

5.3. Landsbanki liquidation payout

A third distribution, of approximately € 140,000, has been announced in the interim (via DNB).

5.4. The Scheme

Introduction

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

This website operated jointly by the Administrators and the Stakeholder Organisations is clearly meeting a need. Up to 28 October 2012, the website had recorded 73,062 individual visitors. The Administrators and the Stakeholder Organisations are in regular contact regarding the implementation of the Scheme.

A factsheet detailing the progress of the Scheme can be found in Annex 2 to this report.

Rollout of the Scheme: complaints and Stakeholder Organisations

As agreed in the Heads of Agreement, the Administrators began by drawing up and sending out compensation proposals for Phase 1 (compensation for insurance policies and securities-backed lending products) to customers having lodged a complaint either with DSB Bank or with one of the Stakeholder Organisations by 19 September 2011. As at 28 October 2012, 9,059 of these proposals had been sent out. The remaining 950 proposals, approximately, still to be sent out to this group generally relate to customers with payment problems or very complex cases. These customers will be receiving a combined proposal for Phase 1 and Phase 2 (compensation for excessive lending) in the next few months. The customers concerned have been notified accordingly.

The response has been good. As at 28 October 2012, a total of 5,292 Phase 1 proposals had been signed and returned as acceptable, with a further 2,987 customers indicating that they would first wait for the compensation proposal for Phase 2. Only a few tens of customers have rejected the proposal outright.

The majority of the documentation request letters (giving details of the documents which customers need to submit for the purposes of calculating the Phase 2 compensation) have been sent out to customers in this group. The remaining letters will be sent out before the end of the year. The first Phase 2 proposals began to be sent out at the end of September 2012.

Rollout of the Scheme: applications made via www.dsbcompensatie.nl

In the period 19 September 2011 to 28 October 2012, more than 13,000 customers who had not previously made a claim against DSB Bank applied for inclusion in the Scheme. This total continues to grow by between 60 and 110 applications a week.

Out of this group, 4,511 customers have indicated that they are only seeking to qualify for Phase 1. As at 28 October 2012, 4,299 of these customers had received a Phase 1 proposal. Of these, 3,604 customers have accepted and returned the proposal duly signed for agreement. Only the occasional customer has expressly rejected the offer.

Commencing in April 2012, documentation request letters have been sent out to those customers who have applied online for both Phase 1 and Phase 2. The first proposals also containing an excessive lending component began to be sent out at the end of September 2012.

Absolutely unnecessary payment protection insurance

In May 2012, a start was made with sending out requests for documentation to customers who had applied for a review of the single-premium payment protection insurance they were sold on grounds of the impossibility of the cover provided. It has been found, however, that this part of the Scheme involves a great deal of work for customers and for the organisation of the insolvent entity and, so far, it has been ascertained in all cases that cover was provided by the insurance. It has therefore been decided in agreement with the Stakeholder Organisations to adopt a different operational approach. The material aspects of this part of the Scheme remain unchanged, however.

Objections and appeals

The insolvent entity's organisation continues to respond promptly to customers' objections and to requests from customers for reassessment of the compensation proposals they have received. A number of customers have also

applied to the Disputes Committee or the Special Circumstances Committee set up in accordance with the Heads of Agreement. The cases concerned have not yet been decided by the committees.

Costs of the Scheme

The total costs to the DSB Bank insolvent entity depend in part on the personal financial situations of the individual customers and the number of customers applying for inclusion in the Scheme. The total amount of compensation in relation to the compensation proposals processed as at 30 September 2012 accordingly amounted to € 42.9 million (8,444 cases). In addition, as at 30 September 2012, there were still 14,255 cases in the pipeline involving Phase 1 compensation proposals totalling € 75.6 million either already made or still to be sent out. Many customers are also waiting until they have also received a compensation proposal relating to excessive lending (Phase 2) before they accept.

For further information, see Annex 3 to this report.

WCAM

When further progress has been made with processing the details of the customers applying for compensation under the Scheme, the Stakeholder Organisations and the Administrators will request the Court of Appeal in Amsterdam to declare the Scheme binding under the Collective Mass Claims Settlement Act (WCAM) early in 2013. When the Scheme has been declared legally binding, this will also mean that in due course (after the application deadline has passed) no new applications for the Scheme and no further duty-of-care complaints will be entertained in the liquidation of DSB Bank.

Insurers

The cooperation with the affected insurers is proceeding smoothly. For further information, reference is made to the eleventh public report.

5.5. Settlement of other complaints

A small proportion of the complaints concern questions not related to duty of care. These complaints are being dealt with on an individual basis.

5.6. Set-off

Under the general terms and conditions of DSB Bank, customers do not have a right to set off an amount receivable from DSB Bank against the amount they

owe to DSB Bank. The Administrators have nevertheless previously agreed that, in those cases where it can be established that a customer's losses are due to dereliction of the duty of care vis-à-vis that customer, whether as a result of a court ruling or an out-of-court settlement, the consequent loss may be set against the existing amount of that customer's indebtedness to DSB Bank.

5.7. Applications under the Compensation Scheme and new complaints

See www.dsbbank.nl and www.dsbcompensatie.nl.

5.8. Residual debt arrangements

The policy adopted by the Administrators regarding residual debt does not affect the right of customers to complain. Customers availing themselves of the residual debt arrangements agree to any compensation payable to them under the Scheme being deducted from the amount of any conditional or unconditional debt waiver.

The residual debt arrangements concern the outstanding debt which remains after a home has been sold and the proceeds have been used to pay off the mortgage. The scheme applies to customers who have recently sold their home and to customers with an existing residual debt. The basis of the scheme is that customers who are entitled to this settlement, should repay their residual debt at a rate matching their ability to pay and should be debt free after a repayment period of not more than 50 months. Customers with no ability to make repayments will be allowed a period of grace of 12 months, after which their position will be reassessed.

5.9. Debt restructuring arrangements

With the implementation of the Scheme, customers claiming to have payment problems are referred to the Scheme. Customers with serious financial problems, for whom the compensation provided is insufficient, will qualify for debt restructuring (or further alleviation), provided they were already seriously overindebted when they took out a loan and are now unable to meet their payments. The waiver of part of the principal in connection with debt restructuring does not have any basis in law but reflects sound credit management practice. The debt restructuring proposal is a one-off proposal which is not negotiable.

The debt restructuring arrangements agreed by the Administrators (on the basis of debt restructuring proposals) have been assessed under the Scheme to ascertain whether customers might be entitled to a greater amount of

compensation. If this is expected to be the case, the customer concerned will be contacted in writing with a request for the necessary information. The customer will then receive a compensation proposal, net of any debt already waived as part of debt restructuring arrangements. The customers concerned will be advised accordingly in due course.

5.10. Temporary payment arrangements

Customers facing acute financial problems can apply to the Administrators for temporary payment arrangements to be made. Customers wishing to apply for a temporary payment arrangement must submit a standard list of income and expenditure. This standard list can be found on the website www.dsbbank.nl. If justified by a customer's income situation, a temporary reduction in monthly payments will be offered.

5.11. Payment collection

Even customers expecting to receive a compensation proposal or who have recently made an application under the Scheme are required to continue paying. It is the established policy of the Administrators that even customers with a complaint are required to continue paying their monthly instalments in full. The files of customers falling into arrears will be transferred to the DSB Bank Payment Collection Department, trading under the name Inspectrum. Various arrangements are in place for customers with serious payment problems (see Sections 5.8, 5.9 and 5.10 of this public report).

6. Bank finances / collateral security held

6.1. Financial statements

Annex 1 to this public report contains (i) a summary of the income and expenditure of DSB Bank from the date of the bankruptcy up to the end of June 2012 and (ii) a financial summary of the income and expenditure of DSB Bank during the third quarter of 2012. Commencing with the present reporting period, the format of the cash flow statement has been changed. This has necessitated a certain amount of reclassification and combination of items in the cash flow statements up to the end of the previous reporting period (30 June 2012), on which notes are included in Annex 1.

6.2. Credit facilities

For a summary of the credit facilities and the associated collateral security provided, reference is made to Annex 2 to the first public report.

As at 30 September 2012, borrowing under the special short-term loan facility stood at € 325 million.

6.3. Servicing

As stated in Section 6.3 of the ninth public report, the transition agreement between the Administrators and Quion signed on 29 June 2011 includes agreements covering the technically complex conversion and migration process. It has since been agreed with Quion that the date for completing the conversion and migration process should be put back to the first quarter of 2013 at the earliest. The Administrators continue to monitor developments closely. Current debt servicing by DSB Bank itself is steady and is being achieved without any real problems.

6.4. Securitisation programmes

See the fourteenth public report.

6.5. Lease contracts

DSB Bank is still party to 25 lease contracts relating to company cars in use by DSB Bank and DSB Group staff. The related costs are passed on to the appropriate companies / insolvent entities, as applicable.

6.6. Hedges

As mentioned in the previous public reports, the Administrators have been in negotiations concerning the invoices submitted in relation to the cancelled hedging contracts. In the reporting period, agreement was reached with Fortis on the settlement of the contracts cancelled by Fortis and an amount of € 1.3 million has been paid to DSB Bank.

6.7. Interest rate policy

The policy on interest rates and penalties adopted by the Administrators can be found on the website www.dsbbank.nl.

7. Lawfulness

7.1. Investigation into the causes of the bankruptcy

The report on the 'inquiry into the causes of the bankruptcy of DSB Bank N.V.' was published on 19 June 2012 as an annex to the thirteenth public report. The

DSB Beheer B.V. inquiry report was published simultaneously. Both reports are available on www.dsbbank.nl. Having analysed the findings, the Administrators will be drawing conclusions with regard to follow up actions. The Administrators are discussing possible follow up actions with both the Creditors' Committee and the supervisory judge.

8. Creditors / payables

8.1. Creditors' Committee

The Creditors' Committee is made up of Chapel 2003-I B.V., ING Bank N.V. and Mr E. Hulshof. In the period under review, a lengthy meeting was held with the Committee to discuss the developments surrounding the settlement of the liquidation on 12 September 2012, with telephone and e-mail contacts taking place in the interim as necessary. Requests for advice on proposed decisions are made by the Administrators to the Creditors' Committee as and when required by law.

8.2. Assignment of allowed claims

The Administrators have now been advised of the assignment of more than 170 allowed claims of unsecured creditors to various buyers. These transactions involve an amount of approximately € 8.2 million at face value.

8.3. Future meetings of creditors pursuant to Section 178 of the Insolvency Act (FW)

The supervisory judge has called a third meeting of creditors pursuant to Section 178 of the Insolvency Act, which will be held on 29 November 2012 commencing at 10:00 in the court building on Parnassusweg, Amsterdam. The sole business of this meeting will be to validate late claims, including claims made by customers under the Scheme.

8.4. Remaining claim validation proceedings against the Administrators

There are now 11 claim validation proceedings outstanding (brought by 11 creditors). These proceedings relate to claims contested by the Administrators amounting to a total of approximately € 50 million.

In relation to these claim validation proceedings, the Administrators have the following comments.

Claims by De Nederlandsche Bank ("DNB")

Pending the settlement of the remaining DGS-related cases, it was requested that judgement in the sole remaining claim validation case involving DNB be deferred. The case was then struck off ex officio by the case list judge but can be re-instigated at any time if necessary.

Financial institutions

The claim validation proceedings brought by Société Générale were struck off ex officio by the court but can be re-instigated if necessary.

Duty of care

One of the two cases predating the insolvency and concerning claims from DSB Bank customers alleging dereliction of the duty of care on the part of DSB Bank is still being pursued. In the other case, a negotiated settlement is pending.

Subordinated deposit holders

Four claim validation cases relate to claims from subordinated deposit customers. Three of these creditors have associated themselves with the DSB Deposits Association (VDD). Their claims are seen by the VDD as test cases. On 11 July 2012, the court in Amsterdam passed judgement in three of these cases. The court takes the view that, following the bankruptcy of DSB Bank, the holders of a subordinated deposit can no longer invoke the provisions of Section 4:28 of the Financial Supervision Act concerning abuse of powers, meaning that the subordinated loan contracts cannot yet be cancelled.

The court does, however, take the view that DSB Bank did fail in its duty to provide information by failing to notify customers regarding the 'enhanced supervision' put in place by DNB in September 2007. The court has nullified the subordinated loan contracts entered into subsequent to that event, allowing these customers to qualify as unsecured creditors. The Administrators have appealed these decisions by the court.

In the fourth claim validation case - brought by an individual subordinated deposit holder - judgement was also given on 11 July 2012. In this case, too, the court in Amsterdam found that DSB Bank failed in its duty to provide information by entering into subordinated deposit contracts after the implementation of 'enhanced supervision' by DNB in September 2007 without advising customers

of this fact. The court in Amsterdam has nullified the subordinated loan contract concluded in 2008, allowing the deposit holder concerned to qualify as an unsecured creditor. The Administrators, have also taken this decision to appeal.

8.5. Attachment by garnishment

The administrators in the insolvency of DSB Beheer placed a garnishee order on DSB Bank on 18 July 2012 in respect of the receivables which the former director of DSB Beheer had from DSB Bank.

8.6. Liabilities of the insolvent entity

In view of the position of the insolvent entity, the Administrators continue to pay amounts agreed by them as being owed by the insolvent entity as quickly as possible.

9. Other

9.1. Tax matters

See Section 9.1 of the ninth public report.

9.2. Netherlands Authority for the Financial Markets (AFM) and DNB

The Administrators have regular meetings with the AFM and also with DNB to discuss current issues.

9.3. Provision of information

DSB Bank customers are notified in writing regarding relevant decisions by the Administrators or actions which they should take. The Administrators also provide information on the websites www.dsbbank.nl and www.dsbcompensatie.nl. The website www.dsbbank.nl has been redesigned. Customers can also e-mail questions to curatoren@dsbbank.nl or call the DSB Bank call centre on 088 372 30 00 (local call rate). The call centre is open from 08:30 to 17:30 on business days.

9.4. Activities and time spent

The activities involved in the administration of DSB Bank and the implementation of the Scheme are carried on by 179 DSB Bank employees and 77 freelance professionals (see Section 3.3). These professionals include 14 lawyers.

The Administrators have also engaged various parties to provide support with the liquidation process, including Houthoff Buruma (legal and tax consultancy) and PwC (accountancy, tax consultancy and IT- related services) as well as various other outside specialists.

The Administrators along with the legal and tax consultants of Houthoff Buruma have together devoted approximately 3,520 hours in the period 1 July 2012 to 30 September 2012 on the liquidation of DSB Bank. During the same period, PwC spent about 1,130 hours on the liquidation of DSB Bank.

The costs paid to the Administrators and advisers since the date on which DSB Bank was declared insolvent on 19 October 2009 up to the end of September 2012 total € 30.4 million, including € 10.6 million paid to external advisers. An amount of € 16.2 million (€ 19.8 million including VAT and associated costs) has been paid to the Administrators and Houthoff Buruma for the work by the Administrators and services provided by Houthoff. The cash flow statement does not include those costs which are attributable to the period up to 30 September 2012 but which have not yet been paid. As at 30 September 2012, a total of approximately 4,530 hours recorded on the project by the Administrators and Houthoff staff, relating to work in the months of June up to the end of September 2012, had not been paid.

The average hourly rate charged by Houthoff relating to the hours concerned works out at € 310. The hourly rate is fixed by the court, based on established guidelines.¹ The statement of hours worked by the Administrators and fellow staff is approved by the court. The Creditors' Committee also oversees the winding-up operations and the costs of the insolvency proceedings.

A member of Parliament has raised questions concerning the remuneration of the Administrators. The replies given by the Minister of Security and Justice were received by the Lower House on 15 October 2012 (<https://zoek.officielebekendmakingen.nl/ah-tk-20122013-285.html>).

¹ The Recofa Guidelines for insolvencies state that the rate should reflect, among other things, the amount of the assets involved in the insolvency, with assets of € 50,000 or more falling into the highest category. This translates into an hourly rate of € 316.80 for administrators with more than 12 years' experience and commensurately lower rates for fellow staff with less experience.

The Guidelines make provision for a higher rate in exceptional circumstances. The District Court in Amsterdam awarded a rate 40% higher in the case of DSB Bank.

9.5. Timetable for the settlement of the liquidation

The Administrators expect to still be engaged in intensive activity connected with the winding-up operation for the remaining months of 2012 and in 2013. Residual activities are bound to take several more years beyond then, albeit becoming less intensive.

9.6. Plan of approach

In the next reporting period, too, the Administrators and the organisation of the insolvent entity will continue to work methodically on the settlement of the insolvency. The Administrators will also be concentrating on the transfer of the servicing of the loan portfolio, follow-up actions after completion of the investigation into the causes, the ongoing recording and validation of creditors, the liquidation of the assets of DSB Bank and preparations for the WCAM (mass settlement) proceedings. In addition, the Administrators will be paying particular attention to the proper implementation of the Scheme.

9.7. Publication of the next report

The next public report is expected to be published at the end of January 2013.

Wognum, 31 October 2012

R.J. Schimmelpenninck

Administrator

B.F.M. Knüppe

Administrator

Annexes:

- Annex 1: Summary of the income and expenditure of DSB Bank from the date of the bankruptcy up to the end of September 2012 and of the income and expenditure during the third quarter of 2012.
- Annex 2: Factsheet on the Scheme
- Annex 3: Summary of the costs of the Scheme in the period up to 30 September 2012.