

INSOLVENCY REPORT

Insolvency Report no. **16** by the Administrators of
DSB Bank N.V.

31 January 2013

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.

MAIN POINTS OF THIS REPORT

- On 29 November 2012, the third meeting of creditors pursuant to Section 178 of the Insolvency Act (FW) took place, for the purpose of allowing late claims, chaired by the supervisory judge.
- Following approval by the committee of creditors (**Creditors' Committee**) and with the consent of the supervisory judge, a fourth interim distribution (4%) was made to the unsecured creditors at the end of December 2012. A total of 27% has now been paid out.
- In total there still remain 10 claims that are contested by the Administrators, amounting to a total of approximately €59 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 of Phase 2 was delayed but 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 9,150 customers had received a response relating to Phase 1 by the end of 2012. Of these customers, 7,820 have received proposals. More than 5,600 customers have accepted the proposal made to them. A number of the customers who have received proposals 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 13,700 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, almost 7,000 of these customers have received a Phase 1 compensation proposal and around 4,800 of them have accepted the proposal.
- 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.
- Concerning the claims against DSB Bank relating to subordinated loans, it can be reported that, after the Administrators had taken the judgements reached by the court in Amsterdam on 11 July 2012 to appeal, talks were entered into with the committee of the DSB Bank Deposits Association (**VDD**) in an attempt to arrive at an amicable arrangement. These negotiations have resulted in a settlement agreed between the Administrators and the VDD. This settlement will be put to the deposit holders concerned, regardless of whether they are VDD members.
- On 31 December 2012, the articles of Association of DSB Leven B.V. were amended, changing the company's name to Waard Leven B.V. (**Waard Leven**), and those of DSB Schade B.V. were amended, changing the name to Waard Schade B.V. (**Waard Schade**).
- The transfer of the loan portfolio servicing to Quion will take place in June 2013.
- DSB Bank currently has approximately 112,000 loans to customers outstanding, totalling approximately €5,280 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 €354 million (position as at 31 December 2012: €354 million).
- The Administrators plan to publish the 2012 Financial Report on the website www.dsbbank.nl in the course of February 2013.

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%	-
4 th distribution	December 2012	4%	-
	Total	27%	-

If the loan portfolio shrinks in the years ahead, not as a consequence of disposal but 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. If, however, the loan portfolio or a substantial part thereof is sold, a larger distribution may be possible. However, the Administrators are unable at this stage to say anything about the total percentage that it might ultimately be possible to pay out to unsecured creditors.

The Administrators do not envisage that it will be possible to make any distribution at all on the subordinated claims unless they are considered to be unsecured, or at least partially so.

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 October 2012 to 31 January 2013

Introductory remarks

This is the sixteenth public insolvency report by the Administrators. It covers the period from 31 October 2012 to date (31 January 2012) and contains financial information relating to the period ending 31 December 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 sixteenth 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 two 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 was submitted on 8 January 2013, appeal proceedings before a higher court being brought in the case on the same occasion. The case is currently on the case list for 19 February 2013 for the statement of defence on the part of the Administrators to be heard in appeal.

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

Judgement is expected in the case brought against the Administrators in March 2012 by a number of DSB Bank customers.

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 will be terminating the lease on the business premises concerned in mid-2013. See for other information the twelfth public report. The Administrators are currently in talks with the Municipal Authority of Medemblik concerning the possible continuation of the lease on part of the premises situated at Dick Ketlaan in Wognum in 2014.

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 165 employees (127 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 86 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

A considerable number of the existing staff (approx. 40) will be joining Quion. By the end of the second quarter of 2013, the number of employees of DSB Bank will have fallen by approximately 60, partly as a consequence of the number entering service with Quion. As from the third 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 Waard Leven, Waard 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 was held on 1 November 2012. De administrators of DSB Print are currently preparing a final distribution and are making every effort to conclude the insolvency proceedings definitively in the short term.

Paul.nl B.V.

See the first public report.

DSB Belgium N.V.
See the twelfth public report.

DSB International B.V.

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 large number of the domain names held in the domain portfolio of DSB Bank N.V. are to be sold off on the online auction platform Sedo. Sedo is organising three separate auctions for these domain names between the end of January and the end of March 2013.

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. The loan portfolio will also be discussed in the 2012 Financial Report, which is due to be published in the course of February 2013.

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 (with slight changes made in the recent reporting period), one payable by 31 March 2013 and the other by 30 June 2013.

5.3. Landsbanki liquidation payout

A third distribution, of approximately €140,000, has been received 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 year-end 2012, the website had recorded around 81,000 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 (position as at 31 December 2012) 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. By far the majority of these proposals have now been sent out. For further details, see Annex 2 to this report.

The response in the case of the insurance mis-selling compensation proposals has been good. As at 31 December 2012, a total of 5,634 Phase 1 proposals had been signed and returned as accepted, with a further 2,961 customers indicating that they are waiting for the compensation proposal for Phase 2. 22 customers have expressly stated that they do not accept the proposal.

Nearly all 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 first Phase 2 proposals began to be sent out at the end of September 2012. As at year-end 2012, 202 customers had accepted the proposals made to them.

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

In the period 19 September 2011 to year-end 2012, more than 13,700 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.

As at 31 December 2012, 4,855 of these customers had signed and returned the Phase 1 proposal, accepting the offer. Only one customer has rejected the offer.

Commencing in April 2012, documentation request letters were 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. As at year-end 2012, the first 120 customers from this group had accepted.

Hollands Welvaren Select (HWS)

The HWS arrangement agreed in December 2010 provided for compensation of customers with existing HWS contracts. Customers with expired HWS contracts who had submitted a complaint prior to 1 September 2010 also qualified for compensation under this arrangement. More than 95% of the customers able to claim compensation under the HWS arrangement have accepted the offers made.

In addition to the HWS arrangement, compensation is also possible for customers with HWS contracts that have expired but who failed to submit a complaint prior to 1 September 2010 under the current Scheme.

Essential to the Scheme is that customers must apply for compensation in order to qualify. A special exception was made for a particular group of HWS customers, namely those customers with an original HWS contract that had expired. This concerns a total of 557 applications (made automatically), resulting in 470 proposals, of which 121 have been accepted (position as at 31 December 2012). 12 applications have been rejected and 75 applications are still awaiting proposals.

Absolutely unnecessary payment protection insurance

Only a few applications for this part of the Scheme have been found to qualify. It has therefore been decided in agreement with the Stakeholder Organisations to adopt a different operational approach. In material respects, the Scheme remains unchanged.

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 total of 17 customers have also applied to the Disputes Committee or the Special Circumstances Committee set up in accordance with the Heads of Agreement. The Disputes Committee has since decided its first case, rejecting the customer's appeal. Details of the decision can be found on www.dsbcompensatie.nl.

Costs of the Scheme

The total costs of the Scheme to the DSB Bank depend in part on the number of customers applying for inclusion in the Scheme. Based on the applications received, a reasonably exact calculation can be made of the amount of compensation involved in respect of mis-selling of insurance. In the case of excessive lending compensation, the amount of compensation depends on various factors, such as the personal incomes of the customers on at least two means-testing dates and the extent to which customers have submitted the documentation on which the calculations are based.

The total amount of compensation relating to the Phase 1 proposals (single-premium PPI mis-selling, unit-linked investment plan products and HWS products) amounts to €52.7 million (10,242 cases), of which €1.7 million relates to HWS. (The HWS compensation was largely settled in 2011. The costs of the HWS arrangement, including prior years, amount to €15.6 million.) The total amount of compensation connected with the compensation proposals processed in 2012 relating to Phase 2 (excessive lending) amounts to €3.0 million and involves 291 cases. In addition, as at 31 December 2012, there were still 13,184 cases in the pipeline. It is estimated that these cases either have already involved or will lead to compensation proposals totalling €75 million, including an estimated €58 million approximately in respect of Phase 1 compensation proposals. The cases still being processed as at 31 December 2012, relating to which it is expected that Phase 2 compensation proposals either have already or will be made have been calculated at approximately €17 million.

WCAM

As further progress is 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 a WCAM arrangement based on this Scheme binding under the Collective Mass Claims Settlement Act (WCAM), which is expected to be in April 2013. When the

Scheme has been declared legally binding, this will mean (for customers not opting out in time) that no new applications for the WCAM arrangement and no further duty-of-care claims relating to the insolvency of DSB Bank can be submitted after the application deadline has passed. Likewise, it will then no longer be possible to adduce duty-of-care claims as defence in connection with debt collection proceedings relating to loans which have been granted.

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. Compensation Scheme applications and submission of other complaints

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

5.8. Debt restructuring arrangements

In the course of 2010, the Administrators actively pursued a policy of granting a debt waiver to customers with serious overindebtedness with the object of making their debt burden affordable. These arrangements were necessary in order to offer customers a way out in extreme cases. Although debt restructuring proposals were connected with duty of care, such proposals stemmed from active credit management and did not represent any legal settlement of a particular case. Since the Scheme came into operation, debt restructuring has only been resorted to after acceptance of the compensation under the Scheme. The governing criteria (serious overindebtedness and unaffordable monthly payments based on objective assessment) remain unchanged.

The majority of the debt restructuring cases were examined in the period 2010–2011. A total of 1,461 customers were either approached by the bank or themselves applied for the debt restructuring arrangements. Out of this total number of debt restructuring cases, proposals were made in 1,047 cases, and 997 were accepted. The total of debts waved under the debt restructuring arrangements up to year-end 2012 amounts to €37.5 million.

5.9. Residual debt arrangements

The residual debt arrangements are offered to customers who still have a mortgage debt after their home has been sold since the proceeds from the sale are less than the outstanding amount of the mortgage. These customers are offered an arrangement involving a 0% interest rate on an affordable residual amount based on objective assessment. In principle, repayment of the amount thus arrived at will be made over a period of 50 months. In specific cases, a longer repayment period is allowed in order to reduce the monthly instalments. These arrangements are applicable to all customers with residual debts, i.e. including residual debts predating the bankruptcy.

Since the autumn of 2010, a total of 1,242 customers have been registered for residual debt arrangements. In 95 cases, the information is incomplete, meaning that no proposal can be made. 1,103 residual debt proposals have been made, of which 954 have been accepted. The costs of the residual debt arrangements up to year-end 2012 have amounted to €10.9 million.

5.10. Arrangements for seniors

The Heads of Agreement include a provision that the Administrators should make arrangements for customers with unit-linked investment plans which have performed disappointingly and who, as a consequence have a residual debt. We are working on a scheme that will enable this debt to be reduced under certain conditions if customers are unable to repay the debt, given their age and repayment capacity.

6. Bank finances / collateral security held

6.1. Financial statements

Annex 1 to this public report contains (ii) a summary of the income and expenditure of DSB Bank from the date of the bankruptcy up to the end of December 2012 and (i) a financial summary of the income and expenditure of DSB Bank during the fourth quarter of 2012.

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 31 December 2012, borrowing under the special short-term loan facility stood at €354 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 conversion and migration process will have been completed in June 2013.

6.4. Securitisation programmes

See the fourteenth public report.

On behalf of the SPVs, periodical reports are prepared on the individual securitisation programmes, containing the key figures relating to the underlying loan portfolios. This information forms part of the periodical reports sent by the SPVs to the holders of the notes issued by them (**noteholders**). The Administrators also hold regular meetings with the SPVs and provide information to the rating agencies and noteholders in conference calls organised by the SPVs. The most recent of these conference calls was held on 28 November 2012. Concerning earlier conference calls, reference is made to previous public reports.

On 19 January 2012, the Administrators wrote to the SPVs to say that they were prepared to make distributions relating to the claims of the SPVs connected with debt restructuring measures affecting securitised loans. Since then, this has been extended to claims of the SPVs connected with duty-of-care compensation payments that have been set against securitised loans. Four SPVs are taking advantage of this offer.

6.5. Lease contracts

DSB Bank is still party to 22 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

Previous public reports have disclosed that the Administrators have been negotiating with the counterparties to the interest rate swap contracts cancelled by them at the time of the bankruptcy regarding the invoices which they submitted.

In January 2013, the Administrators reached agreement with Société Générale, one of these counterparties, resulting in – among other things – Société Générale withdrawing its claim against the insolvent entity which it had filed for validation. The agreement reached also provides for the Administrators to assume the position of Société Générale in the interest rate swap contract (front swap) concluded between Société Générale and DOME 2006, one of the securitisation SPVs. S&P, the rating agency concerned, has been able to keep the rating of the notes issued by DOME 2006 unchanged, partly because the liabilities of the insolvent entity are guaranteed by Rabobank. The Administrators expect the front swap to produce a considerable positive cash flow for the insolvent entity. The interest rate risk assumed by the insolvent entity by taking over the front swap has been hedged by DSB Bank by contracting several interest rate swaps.

The Administrators are still talking to the other counterparties concerning the invoices submitted by them when they cancelled their interest rate swaps.

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 recent reporting period, a lengthy meeting with the Committee was held on 1 November 2012. Meetings are held to discuss the developments surrounding the winding-up operation. Where necessary, contact is maintained by telephone and email in the interim. Requests for advice on proposed decisions are made by the Administrators to the Creditors' Committee as and when required by law. The Creditors Committee has appointed lawyers to look into the legal aspects on behalf of the Committee. These lawyers met with the Administrators on two occasions in the recent reporting period.

8.2. Assignment of allowed claims

The Administrators have now been advised of the assignment of more than 174 allowed claims of unsecured creditors to various buyers. These transactions involve an amount of approximately €8.8 million at face value.

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

The third meeting pursuant to Section 178 of the Insolvency Act (FW) took place on 29 November 2012 in the court building on Parnassusweg in Amsterdam. It is expected that further meetings of creditors pursuant to Section 178 FW will also be convened in the future.

8.4. Remaining claim validation proceedings against the Administrators

In the meeting of 29 November 2012 referred to in §8.3, two claims were contested. This will result in two new claim validation proceedings. There are now 10 claim validation proceedings outstanding (brought by 10 creditors). These proceedings relate to claims contested by the Administrators amounting to a total of approximately €59 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 case brought by Société Générale was previously struck off ex officio by the court. In the recent reporting period, the Administrators reached agreement regarding this claim and the court will therefore be requested to close this case definitively.

Duty of care

In both of these proceedings, predating the bankruptcy, which relate to claims by DSB Bank customers alleging dereliction of the duty of care on the part of DSB Bank, a settlement has been arrived at with the claimant. Both cases have therefore been brought to a close.

Subordinated deposit holders

On 11 July 2012, the court in Amsterdam passed judgement in four separate claim validation proceedings brought by holders of subordinated deposits against the Administrators. Three of these claim validation proceedings were treated as test cases by the VDD.

In its judgements, the court in Amsterdam found that DSB Bank had failed in the duty incumbent upon it to inform customers concerning the state of 'enhanced supervision' imposed by DNB in September 2007 and declared the subordinated loan contracts, which had been concluded after 27 September 2007, null and void, admitting the customers who had been party to the cancelled contracts as unsecured creditors in the insolvency

The Administrators commenced appeal proceedings against the rulings of the court in Amsterdam and subsequently entered into negotiations with the committee of the VDD in an attempt to arrive at an amicable arrangement. These negotiations have resulted in a settlement agreed between the Administrators and the VDD (which has received the approval of the general meeting of members).

This settlement means that the Administrators will be submitting the following proposal to all the deposit holders concerned, regardless of whether they are VDD members:

- recognition of part of the principal of the subordinated deposit as an unsecured claim in the insolvency: deducted from the principal of a subordinated deposit will be any previously received payments of interest and payments received under the deposit guarantee scheme (**DGS**), with 70% of the remaining principal being allowed as an unsecured claim in the insolvency; and
- a remaining subordinated claim for the deposit holder equal to the original principal less the amount of the above unsecured claim and repayment of principal under the DGS.

If all the deposit holders give their agreement, this will mean that more than 53% of the total amount of €22 million in respect of claims relating to the principals of the remaining subordinated deposits will be allowed as unsecured claims (€11.7 million), with the remainder (€10.3 million) being treated as a subordinated claim.

Pensions (new claim validation proceedings)

Also discussed at the meeting pursuant to Section 178 FW held on 29 November 2012 were the pension-related claims submitted by Mr and Mrs Scheringa, which are contested by the Administrators.

No agreement having been reached on these claims, the cases have been put on the case list of the court in Amsterdam for 6 February 2013. The claim submitted by Mr Scheringa amounts to more than €8.8 million and the amount claimed by Mrs Scheringa is €1 million.

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. A summons has now also been issued following this garnishment.

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 165 DSB Bank employees and 86 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 spent approximately 3,730 hours in the period 1 October 2012 to 31 December 2012 on the liquidation of DSB Bank. During the same period, PwC spent about 1,170 hours on the liquidation of DSB Bank.

9.5. Timetable for the settlement of the liquidation

In any event, the liquidation process will continue to require intensive activities during 2013. The final winding-up operations will then undoubtedly take several more years, albeit involving work of decreasing intensity.

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 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 periodical public report is expected to be published at the end of April 2013.

In the course of February 2013, the 2012 Financial Report will also be published on the website.

Wognum, 31 January 2013

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 December 2012 and of the income and expenditure during the fourth quarter of 2012.

Annex 2: Factsheet on the Scheme

Annex 3: Summary of the costs of the Scheme in the period up to 31 December 2012.