

INSOLVENCY REPORT

Insolvency Report no. 14 by the Administrators of **DSB Bank N.V.**

31 July 2012

The public insolvency reports of DSB Bank N.V. (DSB Bank) are published online on the websites www.dsbbank.nl and www.houthoff.com. 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 19 June 2012, the Administrators published a press release and the report 'Inquiry into the Causes of the Bankruptcy of DSB Bank N.V.' 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 and can also be ordered through bookshops using the following ISBN numbers:
 - o DSB Bank report: 9789080801400 - €12.90
 - o DSB Bank annexes: 9789080801431 - €4.90
 - o DSB Beheer report and annexes: 9789080801448 - €6.90.
- A translation into English of the press release and part of the insolvency report is available. See: Insolvency report no. 13.
- At the end of June 2012, having received the approval of the Creditors' Committee and as ordered by the supervisory judge, the Administrators made a third interim distribution of 4%.
- 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 implementation of 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 generally going smoothly. 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 (compensation for insurance policies and securities lending products). More than 5,000 customers have since accepted the proposal made to them. In addition, there are almost 4,700 customers who have applied for a compensation proposal for Phase 2 (compensation for excessive lending) as well.
- Additionally, since 19 September 2011, almost 11,500 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 50 and 100 new applications every week. So far, more than 3,700 of these customers have received a Phase 1 compensation proposal and over 3,200 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, i.e. compensation for excessive lending.

- In the claim validation proceedings brought by subordinated deposit holders against the Administrators, four judgements were given on 11 July 2012; see Section 8.4.
- DSB Bank currently has approximately 124,000 loans to customers outstanding, totalling approximately €5.3 billion (multiple loans to the same borrower in some cases). DSB Bank receives approximately €24 million per month in interest on these loans. Between the date of the bank's bankruptcy and the end of June 2012, DSB Bank received a total of approximately €2.3 billion in interest and loan repayments.
- 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 €390 million (position as at 30 June 2012: €425 million).

Prospects for creditors:

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

June 2011	15 %
November 2011	4 %
June 2012	4 %
Total	23 %

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.

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 : 26 April 2012 to 31 July 2012

Introductory remarks

This is the fourteenth public insolvency report by the Administrators. It covers the period from 26 April 2012 to date (31 July 2012) and contains financial information relating to the period ending 30 June 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 websites www.dsbbank.nl and www.houthoff.com.

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 fourteenth report will again be published on the above websites. 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.

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0. General information for creditors of DSB Bank:

0.1. Information for customers with savings accounts, current accounts or deposit accounts that are not subordinated

As regards the position of 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 previous public reports.

0.2. Subordinated deposit holders

On 30 June 2011, the Trade and Industry Appeals Tribunal (CBp) ruled that the subordinated deposits offered by DSB Bank were in fact covered by the Deposit Guarantee Scheme (DGS).

The CBp's decision says nothing about the status of the subordinated deposits in the liquidation. The Administrators continue to hold the view that they should be treated as subordinated claims in the liquidation. The court in Amsterdam has since passed judgement in four cases, details of which can be found in Section 8.4 of this public report.

0.3. General information for creditors who have not yet filed claims

See the twelfth public report.

0.4. Complaints or counterclaims from customers with loans

See the twelfth public report.

For as long as a claim (or the amount thereof) has not been finalised by an agreement with the Administrators or an irrevocable court decision, the amount of the claim cannot be set against the amount owed in respect of a loan. If it is subsequently found that a customer has paid too much in connection with the liquidation, the Administrators will repay the amount overpaid in the final

settlement of the insolvent entity's debts.

0.5. Payment arrangements

The Administrators have put in place various arrangements for customers with serious payment problems. These arrangements are described in Sections 5.8 et seq. of this report.

1. Introduction:

1.1. Principal activities in the recent reporting period

For the principal activities of the Administrators in the most recent reporting period, see the first few pages of this public report. The Administrators also mention the following activities.

In the period under review, the Administrators completed the usual investigations into the causes of the bankruptcy and are currently considering possible follow-up actions in liaison with both the Creditors' Committee and the supervisory judge. The Administrators refer to Section 7.1 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. Judgement in the appeal against the court's ruling given on 11 January 2012 is due to be delivered in the Court of Appeal in The Hague on 21 August 2012.

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

For further information, reference is made to the twelfth public report.

2.4. Individual cases brought before the courts since the bankruptcy

In July 2011, the Administrators, together with DSB Leven, DSB Schade and a number of insurance companies not forming part of the DSB Group, were sued on two occasions by customers of DSB Bank. A settlement has been reached in both cases.

The Administrators were also sued by a number of customers of DSB Bank in March 2012. The Administrators will be mounting a defence against the claims made.

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

2.5. Collective proceedings

When the judgement given by the court in Amsterdam on 2 November 2011 in the case brought by Stichting Hypotheekleed became no longer open to appeal, there ceased to be any further collective proceedings. For details of this case, which was won by the Administrators, see the eleventh and twelfth public reports.

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

See 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 195 employees (153 full-time equivalents) excluding the 28 employees of Tadas Verzekeringen B.V., a wholly-owned subsidiary of DSB Bank. The insolvent entity also employs the services of 71 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 2012, the number of employees is expected to have dropped to approximately 140, 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. In 2013, 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 all 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

The Administrators refer to Section 4.6 of the 11th public report. The Administrators believe that DSB Bank has a claim on DSB Ficoholding amounting to €11.3 million. DSB Ficoholding has in turn filed a claim against DSB Beheer in the liquidation of DSB Beheer in respect of interim dividend paid to DSB Beheer in 2009 (excluding approximately €0.3 million in interest) to which DSB Beheer was not entitled. The Administrators of DSB Beheer have contested this claim in order for the basis of the claim to be more closely investigated. The case is not due to come to court before 3 April 2013.

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 work for DSB Leven. 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). It is hoped that the next public report will also be the final one. In view of the insolvent entity's financial position, DSB Bank has decided to meet the claims of DSB Print's creditors.

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.

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) was completed in the period under review. This aircraft was originally owned by DSB Beheer but was sold by DSB Beheer with a loan from DSB Bank.

DSB Bank recovered amounts owed out of the sales proceeds from the aircraft and the seizure of the

aircraft was that lifted and the mortgage on it cancelled. After deducting legal costs, the recovered proceeds amounted to approximately €2.3 million. Agreement has also been reached with a personal surety that the outstanding obligation amounting to in excess of €630,000 can be paid in three instalments. The first instalment has since been received. Further opportunities for recovering amounts owed are not expected.

5.3. Landsbanki liquidation payout

In the present reporting period, a second distribution, of approximately €300,000, was received (via DNB).

5.4. The Scheme

Introduction

The negotiations between the Administrators and the Stakeholder Organisations reached agreement on a Scheme on 19 September 2011, as set forth in a comprehensive Heads of Agreement. The Scheme provides for the award of compensation in cases of actual or alleged dereliction of the duty of care and applies to existing and former customers of DSB Bank with single-premium policies, investment plans and securities lending products as well as customers with complaints regarding 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 22 July 2012, the website had recorded some 62,235 individual visitors. The Administrators and the Stakeholder Organisations are in regular contact regarding the implementation of the Scheme.

Comment [A1]: 'bijna' - with an exact number looks odd! Changed to 'some'

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 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 20 July 2012, over 9,000 of these proposals had been sent out. The remaining 1,000 proposals, approximately, generally relate to customers with payment problems or very complex cases. It has been decided that these customers should receive a combined proposal for Phase 1 and Phase 2. The customers concerned have been notified accordingly.

The response has been good. By 20 July 2012, for instance, a total of 5,005 proposals had been signed and returned to DSB Bank and almost another 3,004 customers had indicated their intention of first waiting for the compensation proposal for Phase 2 (compensation for excessive lending) before accepting. Only a few tens of customers have rejected the proposal outright.

Comment [A2]: 'bijna'!

Commencing in mid-March 2012, a start was made with sending out documentation request letters to customers in this first customer group. The letters give details of the documents which customers need to submit for the purposes of calculating the Phase 2 (compensation excessive lending). The first proposals containing an excessive lending component are due to be sent out very shortly.

Finally, commencing in May 2012, a start was also made with sending out documentation request letters to customers requesting assessment of single-premium policies with absolutely impossible cover. As at 20 July 2012, 100 letters requesting the necessary documentation had been sent out. DSB Bank has since heard from 29 customers that they will not be pursuing their request for assessment of absolutely impossible cover and would therefore not be submitting further documentation. So far, 16 customers have, however, submitted documentation. These documents have been assessed by DSB

Bank and the insurance company concerned. So far, this has not resulted in any proposals for compensation on grounds of absolutely impossible cover.

Rollout of the Scheme: Applications via www.dsbcompensatie.nl

In the period 19 September 2011 to 23 July 2012, almost 11,500 customers who had not previously made a claim against DSB Bank applied for inclusion in the Scheme. This total continues to grow by between 50 and 100 applications a week.

Out of this group, 3,808 customers have indicated that they are only seeking to qualify for Phase 1. So far, 3,725 customers have received a proposal letter, out of whom more than 3,200 have signed and returned the letter, accepting the proposal made. Only one 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. These letters give details of the documents which customers need to submit for the purposes of calculating the Phase 2 compensation excessive lending. The first proposals including the excessive lending component are due to be sent out very shortly.

Finally, commencing in May 2012, a start was also made with sending out requests for documentation to customers applying for assessment of single premium policies with absolutely impossible cover. As at 20 July 2012, 490 documentation request letters had been sent out. DSB Bank has since heard from 196 customers that they will not be pursuing their request for assessment of absolutely impossible cover relating to single premium policies and would therefore not be submitting further documentation. So far, 74 customers have, however, submitted documentation. These documents have been assessed by DSB Bank and the insurance company concerned. So far, this has not resulted in any proposals for compensation on grounds of absolutely impossible cover.

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 but are not likely to exceed approximately €550 million at face value, including the nominal amounts which some of the customers and SPVs will be able to claim as unsecured creditors, which will be paid out as normal distributions. Up to the end of June 2012, a total of 7,984 Phase 1 compensation claims had been dealt with. As can be seen in Annex 2 to the present report, this results in a total of €29.4 million in respect of compensation which has been set against amounts owed by customers to DSB Bank and in compensation totalling €9.7 million which will be settled as a claim on the insolvent entity or as an unsecured claim.

WCAM

When details of the customers applying for compensation under the Scheme have been processed, the Stakeholder Organisations and the Administrators will request the court in Amsterdam to declare the Scheme binding under the Collective Mass Claims Settlement Act (WCAM) in the course of 2012. 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.

Insurers

The cooperation with the affected insurers is proceeding smoothly. For further information, reference is made to the 11th 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 the twelfth public report.

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.

Over the next few months, all the debt restructuring arrangements agreed by the Administrators (on the basis of debt restructuring proposals) will be 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. 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. The 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 second 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 30 June 2012, borrowing under the special short-term loan facility stood at €425 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. In the tenth public report, it was mentioned that the Administrators had concerns regarding the feasibility of the timetable. It has since been agreed with Quion that the date for completing the conversion and migration process should be put back from mid-2012 to the fourth quarter of 2012. 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 Section 6.5 of the previous public report.

6.5. Lease contracts

DSB Bank is still party to 30 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

See Section 6.8 of the previous public report.

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

In the recent reporting period, the Administrators worked to complete the report 'Inquiry into the Causes of the Bankruptcy of DSB Bank N.V.', which was published as an annex to the thirteenth public report on 19 June 2012. 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.

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, lengthy meetings were held with the Committee to discuss the developments surrounding the settlement of the liquidation on 6 February and 4 April, 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 150 allowed claims of unsecured creditors to various buyers. These transactions involve an amount of almost €7.5 million at face value.

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

The supervisory judge called a second meeting of creditors pursuant to Section 178 of the Insolvency Act, which was held on 24 May 2012 commencing at 10:00 in the court building on Parnassusweg, Amsterdam. Future meetings of creditors pursuant to Section 178 of the Insolvency Act (FW) are also expected to be convened.

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.

Trade creditors

Judgement was given in the Debet Card Services Europe B.V. (DCSE) case on 25 April 2012. Following

negotiations, however, it was agreed that the contested claim for approximately €6 million would be withdrawn by DCSE and the Administrators would pay an amount of €1 million to DCSE for the return of a bank guarantee in favour of DSB Bank amounting to €3 million given prior to the bank's insolvency, bringing to an end the last remaining claim validation proceedings involving a trade creditor.

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

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 are still not actually being pursued, in anticipation of a negotiated settlement.

Employees

In the last remaining case involving an employee (now former employee), the individual concerned went to appeal. The matter has since been settled out of court, however, with the employee withdrawing his appeal after his legal costs were paid by the Administrators. The last remaining claim validation proceedings involving an employee were thus brought to a conclusion.

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 are to appeal these decisions by the court. The judgements can be found on www.rechtspraak.nl with roll numbers LJN BX1537, LJN BX1531 and LJN BX1528.

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, will also be taking this decision to appeal. This judgement has not yet been posted on www.rechtspraak.nl.

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. 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 Administrators have 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 3,200 hours in the period 1 April 2012 to 30 June 2012 on the liquidation of DSB Bank. During the same period, PwC spent about 1,455 hours on the liquidation 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 entire duration of 2012 and 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 October 2012.

Wognum, 31 July 2012

R.J. Schimmelpenninck

B.F.M. Knüppe

Administrator

Administrator

Annexes:

Annex 1: Summary of the income and expenditure of DSB Bank from the date of the bankruptcy up to the end of June 2012 and of the income and expenditure during the second quarter of 2012.

Annex 2: Summary of the costs of the Scheme in the period up to 30 June 2012.