

INTERIM INSOLVENCY REPORT
in relation to the sale of the remaining loans
Insolvency Report No **43** by the Bankruptcy Trustees of
DSB Bank N.V.
19 July 2021

*The public insolvency reports of DSB Bank N.V. (**DSB Bank**) are published online on the website www.dsbbank.nl. The trustees in the bankruptcy of DSB Bank (**Bankruptcy Trustees**) use this website to publish other information on the case and the progress of the insolvency proceedings.*

Main points of this report

- The previous public insolvency report (“**public report**”) for DSB Bank stated that the Bankruptcy Trustees, together with the management and staff of Finqus and advisers, were making preparations for the sale of the loan portfolio.
- The Bankruptcy Trustees report that last Friday, 16 July 2021, Finqus sold the remaining loan portfolio to NIBC Bank N.V. and one of its subsidiaries (“**NIBC Bank**”). At the end of June 2021, this comprised 7,323 first mortgages, 6,341 second mortgages and 4,489 personal loans (consumer credit). The total sale price, based on the balance of the loans on 1 February 2021, will be approximately €1,650 million.
- The transfer and payment are expected during the fourth quarter of this year. The transfer is subject to the approval of DNB and the ACM.
- Customers with a loan from Finqus will be notified this week (see also www.finquus.nl).
- Loans in arrears were transferred to Intrum Nederland B.V. (“**Intrum**”) on 17 May 2021 for a sale price of €36.5 million.
- If no distribution is made to creditors, the Bankruptcy Trustees expect that there will be a considerable free cash position in the fourth quarter of 2021. Consequently, the Bankruptcy Trustees have asked the Creditors’ Committee’s opinion on a proposal to make a tenth interim distribution of 2.5% in the third quarter of 2021.
- Following receipt of the proceeds from the remaining loan portfolio, the Bankruptcy Trustees will apply to the courts to pay to the remaining creditors of DSB Bank the remainder of their validated unsecured and subordinated claims totalling €838 million in a final distribution.
- It is expected that such a final distribution will be made in the fourth quarter of this year. See section 3.
- The insolvency of DSB Bank will be completed when the final distribution list will be declared binding and full payment of the remaining claims has been made to the creditors. The surplus remaining after that distribution will be used to pay part of the

interest due to the creditors, accrued since the date on which DSB Bank was declared bankrupt. The Bankruptcy Trustees are currently exploring ways in which the remaining funds can be distributed efficiently among the creditors who are owed interest. Payment of claims for interest will not take place before the first quarter of 2022. See section 4.

- The next public report will be published as soon as the transfer to NIBC Bank has been made and the sale price has been received. If warranted by circumstances, an earlier, interim public report will be released.

Introductory remarks:

The introductory remarks on page 5 of the 42nd public report of 30 April 2021 also apply to this interim public report.

1. General

The previous DSB Bank public report stated that Dome 2006-I B.V. (“**DOME**”) would be repurchased. That repurchase took place, as planned, on 21 May 2021 meaning that all the loans securitised prior to the insolvency of DSB Bank have been repurchased by DSB Bank and have been transferred to Finqus.

Since the previous public report, the Bankruptcy Trustees, together with the management and staff of Finqus and advisers, have been working hard on preparations for the sale of the remaining assets of DSB Bank and Finqus (principally the loan portfolios). Finqus’s loan portfolio has been sold in two tranches: loans in arrears and remaining loans. The agreement for the sale of the loans in arrears was signed on 30 April 2021 and the transfer took place on 17 May 2021. The purchaser of the portfolio of loans in arrears is Intrum. An escrow account of €5 million in favour of Intrum has been agreed to cover guarantees issued to Intrum for one year. All customers in the portfolio of loans in arrears have been notified of this transaction. The remaining loans will be sold to NIBC Bank. There is further information in section 2.

2. Sale of the remaining loans

2.1. Agreement for the sale of the loan portfolio

The agreement with NIBC Bank for the sale of Finqus’s remaining loans was signed last Friday. At the end of June 2021 these comprised of 7,323 first mortgages, 6,341 second mortgages and 4,489 personal loans (consumer credit). Based on the size of the portfolio on 1 February 2021, the total proceeds for DSB Bank will be approximately €1,650 million.

The structure of the transaction entails that DSB Bank is transferring the underlying contracts in the loan portfolio to (a subsidiary of) NIBC Bank and that Finqus will transfer the receivables on those loans to (a subsidiary of) NIBC Bank. NIBC Bank is a Dutch bank with a rich history, founded by the Dutch government in 1945. NIBC Bank has developed continuously over the years. It operates several mortgage brands in the Netherlands.

See <https://www.dsbbank.nl/nl/home/nieuws> for the news page of the DSB Bank website for today’s press release announcing the transaction.

2.2. Transfer of the loan portfolio

The transaction with NIBC Bank is expected to be completed during the fourth quarter of 2021, after DNB and the ACM have given their approval. At that time, NIBC Bank will pay the sale price and the loan contracts. Related receivables will be transferred to NIBC Bank by means of a transfer of the contracts and assignment. DSB Bank will establish an escrow account of €16 million in favour of NIBC Bank with a term of one year after the date of the transfer to cover guarantees issued to NIBC Bank.

2.3 DSB Bank/Finqus customers

Customers with a loan at Finqus will receive a joint letter on this transaction from Finqus and DSB Bank this week. The advantage of this transaction for these customers is that, unlike in the current situation at DSB Bank/Finqus, they will have a loan with a bank that can, for example, grant additional credit. Customers will receive a second letter later this year, at the time of the actual transfer to NIBC Bank.

2.4 Finqus employees

The Finqus employees will remain employed by Finqus for the time being and, in addition to their normal work on the loan portfolio, will continue to support the Bankruptcy Trustees in the further settlement of the insolvency of DSB Bank. About a year after the transaction (i.e. during in the fourth quarter of 2022), or earlier if possible, the employees may join NIBC Bank, if they wish to do so.

3. Distributions and the completion of the insolvency

3.1 Interim distributions

Based on current projections, the Bankruptcy Trustees intend to make an interim distribution of, in any event, 2.5% during the third quarter of 2021. This is to limit negative interest on the cash position of DSB Bank, which would be considerable without an interim distribution. The Creditors' Committee has now issued a favourable opinion on the proposal to pay a tenth interim distribution in the third quarter and this proposal has been submitted to the supervisory judges.

3.2 Final distribution and completion of the insolvency

The Bankruptcy Trustees foresee that the proceeds from the loan portfolios will be such that, after allowing for all the costs of settlement, the remaining creditors of DSB Bank will be able to receive the remainder of their validated unsecured and subordinated claims, totalling €838 million. This means that DSB Bank will file the final distribution list shortly after receipt of the sale price. The insolvency of DSB Bank will be completed when the final distribution list will be declared binding and

full payment of the remaining funds has been made to the validated creditors of DSB Bank (expected in Q4 2021).

4. Phase after the final distribution and completion of the insolvency

As a result of the completion of the insolvency, the interest payable to the creditors by DSB Bank will become due. As stated in the 42nd public report, the Bankruptcy Trustees foresee that there will be a surplus after payment of the final distribution and the settlement of ongoing matters.

The Bankruptcy Trustees are currently making preparations for the efficient and smooth distribution of the remaining surplus to the creditors. The Bankruptcy Trustees have estimated the interest claims of these creditors at the end of 2020 at €731 million but this amount will increase with the interest from 1 January 2021. Furthermore, this amount has still to be determined. The Bankruptcy Trustees foresee that it will not be possible to pay all the accrued interest and that the surplus will not be distributed earlier than the first quarter of 2022. The Bankruptcy Trustees will provide further information on the proposed settlement method in a subsequent public report.

5. Publication of the next report

The next public report will be published as soon as the transfer to NIBC Bank has been carried out and the sale price has been received. If warranted by circumstances, an earlier, interim public report will be released.

Wognum, 19 July 2021

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