

## INSOLVENCY REPORT

Insolvency Report No **44** by the Bankruptcy Trustees of

**DSB Bank N.V.**

29 October 2021

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

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### **MAIN POINTS OF THIS REPORT**

- On 16 July 2021, The Bankruptcy Trustees sold the remaining loan portfolio to (a subsidiary of) NIBC Bank N.V. (**NIBC Bank**). At the end of June 2021, this sale involved 7,323 first mortgages, 6,341 second mortgages and 4,489 personal loans (consumer credit). The total purchase price, based on the balance of the loans on 1 February 2021, was approximately €1,650 million. The actual transfer and payment with settlement of income and portfolio costs as at 1 February 2021 is expected to take place this calendar year.
- As at 3 September 2021, the claims of unsecured and subordinated creditors still amount to a total of €752 million; there are still 255 creditors.
- Following the sale of the loan portfolios, the Bankruptcy Trustees expect that the remaining creditors will be able to receive the remaining amount of their validated claims when the purchase price has been received, provided that the purchase price does not or no longer serve as security for guarantees given in connection with the sale and only after a final distribution list has been filed and declared binding. When the final distribution list is declared binding, the insolvency will end and full payment of the remainder will be made to the verified creditors.
- Once all creditors have been paid in full, the remaining balance after the discharge of the insolvency, after deduction of costs, will be available to eligible creditors with claims with currently unverifiable claims for interest. This generally concerns the interest on creditors' claims as from the insolvency date. See further section 4 of this public report.
- An interim public report will be published when the sale proceeds have been received and the final distribution list has been filed.



## **PROSPECTS FOR CREDITORS**

To date, the Bankruptcy Trustees have made the following interim distributions to unsecured and preferential creditors:

	Month	Distributed to unsecured creditors	Distributed to preferential creditors
1st distribution	June 2011	15%	100%
2nd distribution	December 2011	4%	-
3rd distribution	June 2012	4%	-
4th distribution	December 2012	4%	-
5th distribution	June 2013	4%	-
6th distribution	December 2013	4%	-
7th distribution	June 2014	4%	-
8th distribution	December 2014	35%	-
9th distribution	December 2019	4%	-
10th distribution	September 2021	2.5%	
	<b>Total</b>	<b>80.5%</b>	<b>100%</b>

Subordinated creditors have not received any distribution from the insolvency. In the years 2015-2017, the Bankruptcy Trustees made the Offer to nearly all unsecured and subordinated creditors. The creditors who accepted the Offer have received full payment of their allowed claims, thereby waiving all rights to payment of interest and other claims against DSB Bank or third parties. They will therefore be unable to lodge a claim for payment of interest. The same applies to the 21 banks which accepted the Bankruptcy Trustees' Offer made at the end of 2017. For further details on these matters, see the 39th public report.

Based on the current prognoses, it is expected that after the sale of the loan portfolios, the claims of the remaining unsecured creditors and subordinated creditors can be paid in full. See also section 4.1 of this insolvency report.

When all creditors have been paid in full, the remaining balance after termination of the insolvency proceedings, after deduction of costs, will be made available to the eligible creditors with non-verifiable interest claims. This generally concerns the interest on the creditors' claims from the date of insolvency. See further section 4 of this public report.

Details of company           **DSB Bank N.V.**  
Insolvency case number   : F13/09/798

Decision date               : Emergency ruling: 12 October 2009

Insolvency                   : 19 October 2009

Bankruptcy Trustees       : R.J. Schimmelpenninck and B.F.M. Knüppe

Supervisory judge         : Ms A.E. de Vos (Noord-Holland District Court, Amsterdam Bench)

Reporting period           : 30 April 2021 to 29 October 2021

**Introductory remarks:**

This is the forty-fourth public insolvency report by the Bankruptcy Trustees. The report covers the period from 30 April 2021 to 29 October 2021. This report should be read in conjunction with the previously published public reports. All the reports, together with the Financial Reports for the years 2009 to 2021, are available on the website [www.dsbbank.nl](http://www.dsbbank.nl).

The insolvency of DSB Bank is legally complex. In this report, the Bankruptcy Trustees give a simplified account of the current state of affairs in accordance with the generally accepted standards for insolvency reporting in the Netherlands.

No rights may be derived from this insolvency report and/or any subsequent reports. Nothing in this report may be interpreted as an acknowledgement of liability or as a waiver of any rights.

In conducting their activities, in addition to the use of employees of Finqus and freelance professionals in Wognum, the Bankruptcy Trustees are making use of the advisory and other services of Houthoff Coöperatief U.A. (**Houthoff**) and various other law firms and advisers, including PwC.

## **1. Introduction**

### **1.1. Principal activities in the recent reporting period**

For the principal activities of the Bankruptcy Trustees in the recent reporting period, see the first pages of this public report.

## **2. Current situation**

### **2.1. Management and organisation**

For details of the corporate structure of which DSB Bank currently forms part, the Bankruptcy Trustees refer to Annex 1 to the 36th public report.

Pursuant to Section 2:237 of the Netherlands Civil Code, the Bankruptcy Trustees have approved an amendment to the articles of association by the shareholder of DSB Bank. The amendments involve a simplification of the articles of association and an update to bring them into line with the actual circumstances.

The Bankruptcy Trustees have noted the appointment by the shareholder of DSB Bank of Rudy Douma (currently a director of Finqus) as a director of DSB Bank.

### **2.2. Procedures**

Since 1 January 2018, debt collection proceedings have been the responsibility of Finqus.

## **3. Staff**

### **3.1. Continuation of activities**

DSB Bank has entered into a service agreement with Finqus for the performance of administrative activities.

## **4. Assets & outlook**

### **4.1. General**

The loan portfolio shrank in 2020 and 2021 mainly as a result of repayments, which were higher in 2020 and 2021 than in preceding years, but also grew in 2020 and 2021 as a result of the repurchase of securitised loans from special purpose vehicles (SPVs), including the DOME loan portfolio on 21 May 2021 (see also section 5.2). On balance the 'proprietary' loan portfolio has a nominal value of EUR1,369 million at the end of September 2021. The following analysis makes this clear:

<b>Loan portfolio - October 2020 to September 2021</b>			
<i>Amounts x € million</i>	<i>Proprietary</i>	<i>SPVs</i>	<i>Total</i>
<i>Balance at 1 October 2020</i>	<i>1,455</i>	<i>457</i>	<i>1,912</i>
<i>Less: bad debts</i>	<i>-10</i>	<i>-1</i>	<i>-11</i>
<i>Less: repayment instalments (cash)</i>	<i>-314</i>	<i>-28</i>	<i>-342</i>
<i>Sale of NPL</i>	<i>-183</i>	<i>-7</i>	<i>-190</i>
<i>Repurchase of MON06/DOME</i>	<i>421</i>	<i>-421</i>	<i>0</i>
<i>Balance at 30 September 2021</i>	<i>1,369</i>	<i>0</i>	<i>1,369</i>

The Bankruptcy Trustees expect that after the sale of the loan portfolios and the receipt of the purchase price, the remaining creditors will be able to receive the remainder of their validated claims, provided that the part of the purchase price required for final distribution does not (or no longer) serve as security for guarantees given in connection with the sale. This may take several months after the sale. When the final distribution list becomes binding, the insolvency is will be completed and full payment of the remainder will be made to the verified creditors. Once all creditors have been paid in full, the remaining balance after the termination of the insolvency proceedings, after deduction of costs, will be distributed to the eligible creditors with currently non-verifiable interest claims. This generally concerns the interest on the creditors' claims from the insolvency date.

#### 4.2. Sales process

In the 43<sup>rd</sup> interim public report, the Bankruptcy Trustees noted that they had sold the remaining loan portfolio to (a subsidiary of) NIBC Bank on 16 July 2021. At the end of June 2021, this sale involved 7,323 first mortgages, 6,341 second mortgages and 4,489 personal loans. The total purchase price, based on the balance of the loans on 1 February 2021, was approximately €1,650 million. The actual transfer and payment of the portfolio (after settlement of the income and costs of the portfolio as at 1 February 2021) is expected to occur this calendar year.

#### 4.3. Investments in subsidiaries, associates and joint ventures

See the previous public reports. In addition to a 100% interest in Finqus, DSB Bank has a 100% interest in DSB International B.V. This company is no longer trading and will be wound-up shortly.

### **5. Debtors/receivables and duty of care**

#### 5.1. General

For a general overview of the receivables position of DSB Bank at the time of the insolvency, reference is made to Annex 2 to the first public report.

#### 5.2. Settlement of the SPVs

Following the repurchase of the DOME loan portfolio on 21 May 2021, all the remaining loans that were securitized prior the insolvency, have been repurchased by DSB Bank.

#### 5.3. Management and size of loan portfolio

On 1 January 2018, DSB Bank transferred its proprietary portfolio, together with the management

of the securitised loan portfolio, to Finqus. The purchase price for the loan assets and related receivables amounted to €1,512 million. Regular repayments are made on the loan of €1,325 million that DSB Bank granted to Finqus in order to facilitate this transfer.

Additionally, in 2020, DSB Bank granted additional loans to Finqus to finance the sale and transfer of the Chapel 2003, Chapel 2007, Monastery 2004 and Monastery 2006 loan portfolios to Finqus. In May 2021, DSB Bank also granted a loan to Finqus to finance the sale and transfer by DSB Bank of the Dome loan portfolio from DSB Bank to Finqus. As at 30 September 2021, the balance of this loan was €1,148.5 million.

As at 30 September 2021, Finqus was managing a loan portfolio of approximately €1.4 billion. The loan portfolio as at 30 September 2021 comprises approximately 18,000 customers who together have approximately 25,000 separate loans (some borrowers have more than one loan).

Approximately 7,500 (40%) of the 18,000 customers have a first mortgage. The remaining 10,500 customers (60%) have a personal loan (consumer credit), a second mortgage or a residual debt.

#### 5.4. Submission of complaints

The complaints procedure can be found on the Finqus website ([www.finquus.nl](http://www.finquus.nl)). Customers of DSB Bank and Finqus can file complaints at the website. As at 1 January 2018, Finqus has been affiliated to KiFiD. Customers who are dissatisfied with the way Finqus operates can submit a complaint to KiFiD.

#### 5.5. Servicing

In the spring of 2018, the primary servicing contract with Quion was renewed to June 2023. Novalink was engaged for the special servicing of first and second mortgages and the primary servicing of new residual debt (to May 2021). Vesting Finance was engaged for special servicing of consumer credit and the primary servicing of claimed consumer credit and existing residual debt (to May 2021). The special servicing of the NPL portfolio by Vesting Finance and Unisolve was ended in mid-2021 when that portfolio was transferred to Intrum.

## **6. Bank finances/collateral security held**

### 6.1. Financial statements

Annex 1 to this public report contains a financial summary of (i) the income and expenditure of DSB Bank from the date of the insolvency up to the end of September 2021 and (ii) the income and expenditure of DSB Bank during the second and third quarters of 2021.

### 6.2. Credit facilities

Temporary use was made of the special long-term loan facility granted by ING Bank N.V. for the repurchase of the DOME loan portfolio in 2021.

### 6.3. Securitisation programmes

As a consequence of the transactions in February, April, September and November 2020, in turn between Chapel 2003, Chapel 2007, Monastery 2004 and Monastery 2006 and DSB Bank/Finqus

and with DOME in May 2021, there are no remaining securitisation programmes.

#### 6.4. Hedges

DSB Bank has hedged the interest rate risk on the securitised and proprietary loan portfolios by means of interest rate swaps covering the fixed-rate mortgages with repricing dates longer than three years ahead.

The total notional value of the interest rate swaps as at 30 September 2021 was €1,005 million, of which €410 million has a time to maturity of longer than five years.

#### 6.5. Interest rate policy

See the 41st public report.

### 7. **Creditors/payables**

#### 7.1. Creditors' Committee

The Creditors' Committee currently consists of ING Bank N.V. and Coöperatieve Rabobank U.A.

During the last reporting period, meetings were held with the Committee on 27 May, 16 June, 21 June, 14 July, 26 August and 7 October 2021. At the meetings of the Creditors' Committee, the developments surrounding the winding-up operation, including the sale processes are discussed. Where necessary, interim consultations are held by telephone and email. Where required by law, requests for advice on proposed decisions are made by the Bankruptcy Trustees to the Committee.

#### 7.2. Outstanding claim validation proceedings against the Bankruptcy Trustees

There are no remaining claim validation proceedings.

#### 7.3. Liabilities of the estate

Given the (financial) position of the estate, the Bankruptcy Trustees pay any amounts due by the estate if agreed by them, at a short term.

#### 7.4. Current positions and distributions

The tenth distribution, of 2.5%, to unsecured creditors and involving a total of €85.3 million was made in early September 2021. Following this distribution, the total amount of the outstanding unsecured and subordinated claims by creditors is €752 million and there still are 255 individual creditors.

### 8. **Other**

#### 8.1. Tax matters

See the 39th public report.

#### 8.2. AFM and DNB

The Bankruptcy Trustees have regular meetings with the AFM and also with DNB to discuss current issues. Finqus has been under the supervision of the AFM since 1 January 2018.

#### 8.3. Provision of information

DSB Bank customers - with effect from 1 January 2018, customers of Finqus - are notified in

writing as far as possible regarding relevant decisions. The Bankruptcy Trustees, DSB Bank and Finqus also provide information on the websites <http://finqus.nl/>, [www.dsbbank.nl](http://www.dsbbank.nl) and [www.aanbod.dsb.nl](http://www.aanbod.dsb.nl).

All questions relating to outstanding loans (such as repayment, early repayment, arrears, changes of address and interest rates) should be addressed to Finqus via Quion, the company now responsible for servicing the loan portfolio. The Quion customer contact centre acts on behalf of Finqus. The contact telephone number is +31 (0)10 2422200. Customers with personal loans that are more than 12 months in arrears should get in touch with the organisations to which the Bankruptcy Trustees have entrusted the management of the receivables concerned. For the appropriate contact details, see the website [www.finquus.nl](http://www.finquus.nl).

#### 8.4. Activities and time spent

The activities involved in the administration of DSB Bank and in portfolio management are performed by Finqus (see section 3.1 of the 36th public report).

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

The legal, notarial and tax consultants of Houthoff have together spent approximately 4,800 hours in the period 30 April to 30 September 2021 on the liquidation of DSB Bank, mostly in connection with the sale process. On 1 January 2018, the contract with Houthoff was transferred by the Bankruptcy Trustees, with the permission of the supervisory judge, to Finqus as part of the transfer and management of the loan portfolio. With effect from 1 January 2018, only the hours spent and the outlays on the part of the Bankruptcy Trustees are presented to the supervisory judge for salary calculation purposes. In the period 30 April to 30 September 2021, the Bankruptcy Trustees spent a total of approximately 660 hours on the insolvency of DSB Bank, including their activities as members of the Finqus supervisory board.

#### 8.5. Timetable for the settlement of the liquidation

See section 4 of this public report. The possible final disposal of the remaining assets is expected in the coming months.

#### 8.6. Plan of approach

In the next reporting period, too, the Bankruptcy Trustees and the Finqus will continue to work on the settlement of the liquidation. The Bankruptcy Trustees will be focusing on:

- Overseeing the management of the loan portfolio by Finqus;
- General supervision of Finqus, including the way in which it complies with its financial arrangements with DSB Bank;
- Preparation of the delivery of the loan portfolio to NIBC;
- Preparation of the final distribution and of the way in which creditors' interest claims are fairly calculated and finalised, followed by payment (in part or in full);
- Preparation of a small organisation that will be needed to carry out the necessary activities after

the sale.

8.7. Publication of the next report

An interim public report will be published when the purchase price has been received and the final distribution list has been filed.

Wognum, 29 October 2021

R.J. Schimmelpenninck

Bankruptcy Trustee

B.F.M. Knüppe

Bankruptcy Trustee

**Annex:**

Annex 1: Summary of the Income and Expenditure of DSB Bank from the Date of the Insolvency up to 30 September 2021 and of the Income and Expenditure during the second and third quarters of 2021.