

INSOLVENCY REPORT

Insolvency Report no. 5 by the Administrators of

DSB Bank N.V.

29 October 2010

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 to publish other information concerning the case and the progress of the insolvency proceedings in the future.

Main points of this report

Principal activities/events to date:

- The Administrators have prepared a statement of assets and liabilities as at 30 September 2010, which has been appended to this public report as **Annex 1**.
- On 16 September 2010, the Administrators announced (in a press release) that they were in discussion with three large special interest groups as well as the representatives of four legal assistance insurers ('Special Interest Groups') with a view to deciding jointly what the basic approaches should be to finding solutions for the problems of the complaints concerning duty of care. Progress reports on these discussions will not be published.
- The supervisory judge in the liquidation of DSB Bank ruled on 11 October 2010 that the first meeting of creditors in the liquidation of DSB Bank should be held on Friday, 10 December 2010, commencing at 10 a.m. in the RAI Centre in Amsterdam and that the creditors of DSB Bank must have submitted their claims to the Administrators by 10 November 2010 at the latest.
- All account holders (with claims in excess of €100) will be receiving a letter from the Administrators in the next few days stating the amount for which they will be included in the list of provisionally allowed creditors.
- It has been suggested to customers with duty-of-care claims by the Administrators and the Special Interest Groups that they should consider not making submissions for their claims to be allowed at this stage. They will not be losing any rights by not submitting their claims and will avoid immediately having to pay the costs of a lawyer and court registry fees (see **Annex 4** to this report).
- The DSB Deposits Association (Vereniging DSB Deposito's ('VDD')) has brought an appeal before the Trade and Industry Appeals Tribunal against the judge's decision

in the Rotterdam District Court on 29 July 2010 when it was ruled in a number of test cases that subordinated deposits did not qualify for compensation by the Nederlandsche Bank ('DNB') under the Deposit Guarantee Scheme. In its appeal, VDD will advance a new argument, viz. that the procedures followed by DSB Bank in accepting the deposits were not in accordance with the provisions of Section 4:28 of the Financial Supervision Act ('WFT'). VDD has also let it be known that it is preparing test cases against the Administrators now that the Administrators are proposing not to recognise the subordinated deposit holders as ordinary creditors in the liquidation.

- The Administrators and VDD suggest that deposit holders should consider not making submissions for their claims to be allowed at this stage. They will not be losing any rights by not submitting their claims and will avoid immediately having to pay the costs of a lawyer and court registry fees (see **Annex 4** to this report).
- The Administrators point out that further developments surrounding the creditors' meeting can be followed by visiting the website '<http://verificatievergadering.dsbbank.nl>'.
- DSB Bank currently has approximately 150,000 loans to customers outstanding, totalling an amount of approximately €6.2 billion (more than one loan has been granted to the same borrower in several cases). Each month DSB Bank receives approximately €30.8 million interest on these loans. Between the date of the bank's collapse and the end of September 2010, DSB Bank received a total of approximately €866.8 million in interest and loan repayments.
- The Administrators have raised a special short-term loan facility totalling €1 billion from several Dutch banks. A large part of the funds available under this facility has been used to repay in its entirety the monetary facility made available by the ECB. Borrowing under the special short-term loan facility currently stands at €450 million.
- The Complaints Management Department currently has 7,825 complaints on record and 2,672 of these complaints concern notice of an intention to set off a possible duty-of-care claim against an existing loan.
- Under the debt restructuring arrangements which have been in place since May 2010, 459 restructuring requests have been acknowledged by the bank and, of these, some 400 customers have received a debt restructuring proposal. By far the majority of the responses so far received have been positive; 280 debt restructuring proposals have been signed and returned.

Prospects for creditors:

Based on their initial impressions, the Administrators do not envisage that any pay-out will be possible on the subordinated claims. The amount of any pay-out to unsecured creditors depends on so many uncertainties that the Administrators are currently unable to make any predictions concerning the expected distribution percentage. An initial (small) distribution to the allowed unsecured creditors cannot be expected before the

second quarter of 2011.

Details of company	: DSB Bank N.V.
Insolvency case number	: F 09 / 798
Decision dates	: Emergency ruling: 12 October 2009 Declaration of 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	: 3 August 2010 to 29 October 2010

Introductory remarks

This is the fifth public insolvency report by the Administrators. It covers the period from 3 August 2010 to date (29 October 2010) and contains the financial information relating to the period ending 30 September 2010. It should be read in conjunction with the previously published reports. All the reports 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 possible to make any statement yet 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 English translation of this fifth report will be made available (but will not have any official status). 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 Kempen & Co N.V. ('**Kempen &**

Co') 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**

On 22 March 2010, the Deposit Guarantee Scheme ('DGS') relating to DSB Bank was closed by De Nederlandsche Bank N.V. ('DNB'). As at 29 April 2010, under the DGS, DNB had made over 283,000 payments totalling approximately €3.5 billion to 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 ('Account Holders').

In October 2010, the Administrators wrote to the Account Holders with details of the balances on their accounts after processing of the account movements referred to below. In their letter, the Administrators also gave details of the way in which the remaining credit balances would be settled in the liquidation.

To calculate the total credit balances, the Administrators took the credit balances on the accounts at the time of the emergency court ruling. The following amounts were then deducted from these balances, as applicable in the case of each Account Holder:

- Any cash withdrawals / debit card transactions made by the Account Holder after the collapse of the bank up to the maximum permitted amount of €750;
- Compensation of up to €3,000 that may have been paid to the Account Holder under the 'arrangement for advances' under the DGS, which was in force between 21 October and 4 November 2009; and
- Any ordinary compensation paid to the Account Holder in connection with the DGS.

The Administrators then added the accrued interest for the period 12-19 October 2009 to the balances remaining after the above account movements.

Account Holders with claims of less than €100

Account Holders' claims of less than €100 per creditor after the above movements will be paid in full by the Administrators for reasons of efficiency. Account Holders agreeing with the amount of the balance stated in the letter should not submit a separate liquidation claim. The amount concerned will be paid to them *automatically* – if possible before the end of the year – by crediting their corresponding account with DSB Bank. However, if Account Holders do not

agree with the amount of the claim, they should make this known to the Administrators by using a special form, which can be downloaded from the website '<http://verificatievergadering.dsbbank.nl>'.

Account Holders with claims of more than €100

After processing the above movements and payments, it is expected that about 7,000 Account Holders with unsubordinated claims (totalling in excess of €100 million) and about 4,700 Account Holders with subordinated claims (subordinated deposits) (totalling approximately €111.3 million) will remain.

Account Holders' claims amounting to more than €100 per creditor after the above movements will not be paid in full by the Administrators. Account Holders agreeing with the amount of their claim stated in the letter from the Administrators should not submit any further claim. Their claim will be automatically included at the amount stated in the list of provisionally allowed creditors. However, if Account Holders do not agree with the amount of the claim, they should make this known to the Administrators by using a special form, which can be downloaded from the website '<http://verificatievergadering.dsbbank.nl>'.

For privacy reasons, the Administrators will not include Account Holders' names and addresses in the lists of creditors but only their account numbers.

0.2. Subordinated deposit holders

VDD has brought an appeal before the Trade and Industry Appeals Tribunal against the judge's decision in the Rotterdam District Court on 29 July 2010 when it was ruled in a number of test cases that subordinated deposits did not qualify for compensation by the Nederlandsche Bank ('DNB') under the DGS. In its appeal, VDD will advance a new argument, viz. that the procedures followed by DSB Bank in accepting the deposits were not in accordance with the provisions of Section 4:28 of the Financial Supervision Act ('WFT'). VDD also argues that it was not made clear to new depositors (at least, not adequately clear) that they had a two-week cooling off period after signing up. It is also alleged that, in violation of the legal requirements, other information was not made available to new depositors (or not in a timely manner). VDD has also let it be known that it is preparing test cases against the Administrators now that the Administrators are proposing not to recognise the subordinated deposit holders as ordinary creditors in the liquidation.

The Administrators and VDD suggest that holders of subordinated deposits should consider not making submissions for their claims to be allowed at this

stage. They will not be losing any rights by not submitting their claims and will avoid immediately having to pay the costs of a lawyer and court registry fees (see Section 9.1 and **Annex 4** to this report).

0.3. Payment in full of claims of less than €100

For the sake of efficiency and with the approval of the supervisory judge and the creditors' committee (as provisionally constituted), the Administrators will be paying the full amount of unsubordinated creditors' claims of less than €100 per creditor. The creditors concerned, which include trade creditors/suppliers as well as Account Holders, were notified accordingly in writing in October 2010.

0.4. General information for creditors

Anyone believing they have a claim against DSB Bank should submit their claim in writing to the Administrators, stating the nature of the claim and the amount concerned and supporting it with relevant documentary evidence. Creditors believing they have a claim to a privilege, pledge, mortgage or possessory lien should also make this known. The supervisory judge in the liquidation of DSB Bank has ruled that all creditors of DSB Bank must have submitted their claims to the Administrators by 10 November 2010 at the latest.

Claims may be submitted by e-mail to crediteuren@dsbbank.nl or by writing to:

DSB Bank N.V.
t.a.v. afdeling Crediteurenadministratie
Postbus 70
1687 ZH Wognum
Netherlands

0.5. Creditors' meeting

The supervisory judge in the liquidation of DSB Bank has ruled that the first meeting of creditors in the liquidation of DSB Bank shall be held on Friday, 10 December 2010, commencing at 10 a.m. in the RAI Centre in Amsterdam, address:

Amsterdam RAI
Europaplein 22
Entree E
1078 GZ Amsterdam
Netherlands

Pursuant to the provisions of Section 114 of the Insolvency Act, the Administrators will deposit the lists of provisionally allowed claims and provisionally rejected claims with the court registry of the District Court in Amsterdam free of charge at least seven days prior to the creditors' meeting. For privacy reasons, the Administrators will not include Account Holders' names and addresses in these lists but only their account numbers. A summary of the lists has also been posted on the website '<http://verificatievergadering.dsbbank.nl>'.

The supervisory judge has since advised the Administrators that, as provided by Section 178 of the Insolvency Act ('FW'), he intends to call creditors' meetings if that is desirable in view of the need at a later stage to proceed to allow the claims of existing and former customers with complaints and holders of deposits (see Section 9.1 and Annex 4 of this report). The Administrators also draw attention to the fact that creditors submitting late claims can seek to have their claims allowed by filing an objection to a distribution list pursuant to the provisions of Section 186 of the FW.

0.6. Complaints or counterclaims from customers with loans

With the agreement of the Special Interest Groups, it is suggested to existing and former customers of DSB Bank that they consider not submitting claims at this stage. See also Section 5.4 and **Annex 4** of this report.

Customers of DSB Bank who have been granted a loan can submit claims and possible counterclaims against DSB Bank by e-mail to klachtenmanagement@dsbbank.nl or by writing to:

DSB Bank N.V.
t.a.v. afdeling Klachtenmanagement
Postbus 70
1687 ZH Wognum
Netherlands

Only when agreement has been reached between the Administrators and a DSB Bank customer concerning the amount of a claim (submitted as a complaint) or a claim has been allowed by a judge in an irrevocable court decision can the amount of a claim be set against the amount owed in respect of a loan.

For as long as a claim (or the amount thereof) has not been finalised by a composition 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.

0.7. Payment arrangements

The Administrators have in place various arrangements for customers with serious payment problems. See Sections 5.6 to 5.8 of this report.

1. Introduction

Principal activities in the recent reporting period

- 1.1. The insolvent entity's organisation has been working hard in the reporting period on the preparations for the first meeting of creditors. In close liaison with the Court, a script is currently being prepared for the creditors' meeting itself, covering such matters as the business of the meeting, attendance control, security and media facilities.
- 1.2. In view of the considerable extent of mutual involvement, there is close liaison, where necessary, with the directors and/or administrators of DSB Beheer B.V. and its subsidiary group companies ('**DSB Group**'). This includes, for example, regular meetings with DSB Leven N.V. ('**DSB Leven**') and DSB Schade N.V. ('**DSB Schade**'), in which an important topic is the settlement of duty-of-care complaints which may well affect these insurers as well.
- 1.3. There are also regular contacts between the Administrators and holders of pledges and/or other rights to the DSB Bank Loan Portfolio. This dialogue has resulted in the convening of meetings of persons/entities holding notes in the SPVs. This is explained by the Administrators in greater detail in Section 6.3 of this public report.
- 1.4. The Administrators have been re-examining a decision to delay selling the Loan Portfolios but have come to the conclusion that it is still in the interests of DSB Bank's creditors to delay selling the Dutch portion of the portfolio. The Administrators will continue to evaluate the situation at regular intervals, revisiting it again in April 2011. The Administrators have, however, come to the conclusion that, in view of the improved market conditions, it is desirable to explore the possibility of selling the much smaller German portfolio on the open market.
- 1.5. In the period under review, the Administrators commenced the usual investigations into the causes of the collapse and the first informal discussions have been held with a number of former executive and supervisory directors of

DSB Bank. Together with them and with DNB, AFM and Ernst & Young (DSB Bank's auditors at the time), an investigation protocol is currently being agreed, setting out the framework for the formal discussions and exchange of information among other matters. The Administrators aim to have the investigation into the causes completed by June 2011.

- 1.6. Every two weeks, a plenary meeting is held with the Special Interest Groups with a view to deciding what the basic approaches should be to finding solutions for all existing and former customers with complaints concerning duty of care. It has been agreed with the Special Interest Groups that no announcements will be made on the progress of these discussions.

2. Current situation

2.1. Management and organisation

See the first public report. For details of the structure of DSB Group, 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 collapse

See the first public report, in particular Annex 2.

2.3. Statement of assets and liabilities as at 30 September 2010

A statement of assets and liabilities as at 30 September 2010 has been appended as Annex 1 to this public report.

2.4. Legal proceedings

Those legal proceedings in which DSB Bank is the defendant have been suspended *ipso jure* as from the date of the collapse. Proceedings in which DSB Leven and/or DSB Schade are also defendants alongside DSB Bank have been suspended with respect to DSB Bank but continue with respect to DSB Leven and/or DSB Schade. A number of proceedings have also been struck off *ex officio*. These proceedings can be re-instigated at the request of either of the two parties involved.

Cases on which judgement was about to be pronounced when the bank was declared insolvent have not been suspended. The judgement has been given in one of these cases since the publication of the previous public report, bringing the total number of cases adjudicated since the date of the collapse to four. The Administrators are still considering whether they should take the most recently decided case to appeal.

In addition to the proceedings in which DSB Bank is defendant, there are currently around another 160 cases before various courts in the Netherlands brought by DSB Bank for the recovery of debts. In three of these cases, judgement has been passed against the defendants *in absentia*. Four similar cases are pending in Aruba and Curaçao.

As far as the other cases are concerned in which DSB Bank is claimant, the desirability of pursuing the claims is being examined on an *ad hoc* basis. Pending a definitive decision, application has been made and granted for the cases concerned to be halted or suspended. Three cases in which DSB Bank is claimant have now been struck off *ex officio*. The cases concerned can be re-instigated at the request of either party.

2.5. Proceedings brought before the courts since the collapse

Since the publication of the previous public report, no new cases have been brought against the Administrators/insolvent entity.

2.6. Insurance

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

2.7. Rents

Premises rented from group entities

DSB Bank currently still rents seven premises from group entities, itemised in §2.7 under (ii) in the second public report.

Compared with the situation at the time of the second public report, the lease on the premises at Kerkstraat 79 in Wognum has since been cancelled. Contrary to the announcement made in the third and fourth public reports, the lease on the premises at Richterslaan 2 in Nieuwegein is to be continued for a limited period since the premises are still in use by DSB Bank.

As stated in the fourth public report, the agreements reached on the cancellation of the leases for the premises at Dick Ketlaan 1-5, 6-10 and 11-15 in Wognum have been revised. DSB Bank now has a lease on a small part of the aforementioned premises from the Medemblik Municipal Authority (to which the premises concerned were transferred on 16 August 2010), at a market rent, running up to 31 December 2011 (with the option of renewal for a further 12 months).

Premises rented from third parties

See the third public report for details (all leases have been cancelled). In the case of one of these premises, the Administrators are still waiting for the formal transfer document to be signed by the lessor.

Premises let by DSB Bank

As announced in the fourth public report, DSB Bank has signed a lease with the group's insurance arm DSB Verzekeringen B.V. ('DSB Insurance') as lessee of the premises at J. Duikerweg 15-17 in Heerhugowaard, with a clause allowing DSB Bank to cancel the lease if the premises are sold by the Administrators.

3. Staff**3.1. Number of employees at the time of the collapse**

See the second public report.

3.2. Number of years of service prior to the collapse

See the second public report.

3.3. Dismissal of employees

DSB Bank currently has approximately 289 employees (226.71 full-time equivalents) and 24 staff (19.75 FTEs) employed by DSB Insurance, a wholly-owned subsidiary of DSB Bank. The insolvent entity also uses the services of more than 20 self-employed persons.

To the Administrators' knowledge, almost 1,200 former employees of DSB Group have now found new jobs or become self-employed.

3.4. Provisional continuation of activities

The Administrators have announced that in principle by far the majority of those staff currently still employed by DSB Bank will be able to remain in service until at least the end of 2011. Small groups of employees will be leaving at the end of 2010 or mid-2011. The existing staff retention scheme will be continued on the same basis.

3.5. Works Council and unions

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

3.6. Pensions

The Administrators and the administrator of the DSB Bank group pension scheme, SNS Reaal, have not yet reached any final agreement on the continuation of the relationship between DSB Bank and SNS Reaal. The Administrators are in negotiations with SNS Reaal on this matter.

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 this report. To supplement these statements, the Administrators have the following comments.

4.2. Mortgages

DSB Bank's mortgage and other loans are managed by the Banking Processes Department of DSB Bank.

Previous reports mentioned customers with loans which include 'construction deposits'. Of the 800 or so 'construction deposit loans', approximately 200 have now been repaid.

4.3. Registered property

See also the preceding public reports. The Administrators are still expecting the sale of the properties to be largely completed before the end of 2010. They have, however, temporarily suspended efforts to sell two premises as they are being used to provide temporary accommodation for the organisation.

4.4. Other assets

See the second public report. Auction sales are regularly held by Troostwijk Veilingen B.V. to dispose of surplus office furniture and related equipment.

4.5. 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.

DSB Verzekeringen B.V.

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

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).

Inspectrum Groep B.V.

This company (which is not insolvent) was originally established as a vehicle for the demerger of DSB Bank's Collections Department. However, the Administrators know that the transfer of said department to Inspectrum Groep B.V. was never completed. The staff remained employees of DSB Bank, for instance, and there were no separate accounting systems. The Administrators are considering what to do about the situation. See also Section 5.12 below.

Paul.nl B.V.

See the first public report.

DSB Belgium N.V.

DSB Bank holds almost the entire share capital of the Belgian company DSB Belgium N.V. ('**DSB Belgium**'). DSB Belgium in turn has a controlling interest in Silver Finance N.V. ('**Silver Finance**') and Creafin N.V. ('**Creafin**').

In connection with the possible sale of DSB Belgium and its subsidiaries, it has been decided that DSB Belgium should operate strictly as a holding company. The limited market activities carried on by DSB Belgium itself have been transferred to its subsidiaries.

The previous report mentioned the intention to tidy up the current account relationships of the Belgian companies. As far as DSB Belgium is concerned, this process is expected to have been completed by 31 December 2010. By the same date, it is also expected that the entire amount owed by DSB Belgium to

the Dutch DSB companies on a current account basis, totalling approximately €5.8 million, will have been repaid.

Creafin / Silver Finance

The process of selling off these companies which had been started has been suspended for the time being as none of the interested parties proved to be in a position to make a firm offer backed up by sufficient committed financing for the transaction. Added to which, the non-binding offers which had been made were significantly lower than the valuation of the companies produced at the request of the Administrators and the loan portfolios of the two companies. The decision to halt the sale process has been taken in the interests of the creditors and has been agreed with the creditors' committee (as provisionally constituted) and the supervisory judge.

Both Creafin and Silver Finance are currently continuing to operate and Creafin is still granting new mortgage and other loans on a limited scale so as to prevent further erosion of the most important asset, i.e. the loan portfolio. Silver Finance is not itself granting any more loans but is acting as intermediary. These activities will also be continued.

Both Creafin and Silver Finance are paying the interest due on the loan granted to these companies by DSB Bank. Repayments are also being made on this loan by the two companies. In the period 1 January to 31 December 2010, it is expected that a combined amount of approximately €47.5 million will be paid to the insolvent entity by DSB Belgium, Silver Finance and Creafin in settlement of open accounts with these companies.

DSB Bank N.V. branch in Ljubljana / DSB Posojila d.o.o.

In Slovenia, DSB Bank has a branch in Ljubljana and a subsidiary DSB Posojila d.o.o ('**DSB Posojila**'). The branch employed six people and had locally obtained office equipment. The premises in Ljubljana were rented by the branch. DSB Posojila had a total of 129 consumer credit agreements on the books, totalling approximately €300,000, of which a total of approximately €200,000 had been drawn down. This lending was funded entirely by DSB Bank.

The Administrators have sold the shares of DSB Posojila to the company's former managing director, with the consent of the supervisory judge. Agreement has been reached with the managing director concerning the repayment of the loan granted to DSB Posojila by DSB Bank, which has been made dependent on the rate at which DSB Posojila's consumer credit lending is repaid. Otherwise, settlement of the situation in Slovenia is almost complete.

DSB Zweigstelle / DSB Deutschland GmbH / DSB Direct

DSB Bank has a branch in Germany, DSB Zweigstelle. There are also two subsidiaries in Germany, DSB Deutschland GmbH and DSB Direkt GmbH, which are in fact not carrying on any business at present. DSB Bank also has a 50% stake in the company Finanzdesk Service GmbH in Germany, which was primarily responsible for consumer communications in connection with the loans granted.

As mentioned in the previous report, the Administrators have been investigating possibilities for the separate disposal of the German loan portfolios. They have now come to the conclusion that, in view of the improved market conditions, it is indeed desirable to explore the possibility of selling the much smaller German portfolio on the open market. For the time being, the portfolio – which administratively is closely tied up with the Dutch portfolio – will continue to be managed locally, in line with the policy regarding the Dutch activities.

4.6. Domain names

In the current reporting period, the Administrators will be exploring possibilities for selling the remaining DSB Bank domain names and ways in which this might be accomplished.

5. Debtors / receivables

5.1. General

For a general overview of the receivables position of DSB Bank, reference is made to Annex 2 to the first public report. An update is provided by the statement of assets and liabilities (**Annex 1**) appended to this report.

5.2. Settlement of complaints

A total of 7,825 complaints have now been registered with the Complaints Management Department (previous public report: 7,209). Of these complaints, 2,672 concern advance notice of the intention to set off the amount of a possible duty-of-care claim against an outstanding loan (previous public report: 2,624).

The majority of the complaints relate to the alleged dereliction of the duty of care on the part of DSB Bank. A small proportion of the complaints relates to matters not concerned with the duty of care.

Since the commencement of the insolvency proceedings, a total of 201 complaints have been settled. This number excludes the 280 customers that have accepted a debt restructuring proposal.

5.3. Analysis of duty-of-care issues

At the instigation of the Administrators, an analysis was made of the alleged duty-of-care issues involving DSB Bank. The results of this analysis were summarised in the previous public report. The analysis is currently being updated at the behest of the Administrators.

5.4. Response to complaints / liaison with Special Interest Groups

The Administrators are busy formulating a set of principles for the settlement of complaints relating to duty of care. This involves close contact on the part of the Administrators with the individual customers, with their legal representatives and with a number of Special Interest Groups.

Every two weeks, the Administrators hold a joint meeting with the Special Interest Groups, involving intensive and confidential discussions of the issues surrounding duty of care. The aim is to decide what the basic approaches should be to finding efficient solutions for existing and former DSB Bank customers with complaints concerning duty of care. The following Special Interest Groups are involved in these talks:

- Stichting Hypotheekleed;
- Stichting Steunfonds Probleemhypotheken;
- Stichting Platform Aandelen Lease; and
- four individual legal assistance insurers, viz. Stichting Achmea Rechtsbijstand, Stichting Univé Rechtshulp, Stichting Schaderegelingskantoor voor Rechtsbijstandverzekering and DAS Nederlandse Rechtsbijstand Verzekerings-maatschappij N.V.

The discussions with the Special Interest Groups focus on the general approaches to the solutions applicable to certain categories of customers who have filed complaints. Once these general approaches have been decided, they will apply not only to the customers represented by one or more of the above organisations but to all customers who have filed similar complaints. It has been agreed with the Special Interest Groups that no announcements will be made on the progress of these discussions.

The discussions regarding the general approaches to be adopted do not mean that the Administrators will not also continue to liaise with the individual organisations on the resolution of complaints from individual customers who have mandated that particular organisation to act on their behalf.

5.5. Customers with serious payment problems

Pending decisions on the more general approaches to be adopted, attempts will be made to find ways of making monthly instalments affordable for customers with complaints relating to serious payment problems.

5.6. Negative equity arrangements

Based on an analysis of the portfolio of debts remaining after a home has been sold ('negative equity debt'), there has been a change of policy with regard to the outstanding debt. The new arrangements are based on a maximum period of 50 months and affordable monthly payments. They will apply to all customers selling their homes from now on and being left with a negative equity debt. In addition, the cases of all customers who have incurred a negative equity debt on selling their homes in the period since the declaration of insolvency will be reappraised under the terms of the new arrangements. When these categories of customers with negative equity debts have been reviewed, all current negative equity debt arrangements dating from before the collapse of the bank will be re-examined on the basis of the latest scheme.

5.7. Temporary payment arrangements

Customers facing acute financial problems can apply to the Administrators for temporary payment arrangements to be made. Customers wishing to qualify for temporary payment arrangements must be able to show on the basis of a declaration of their income and expenditure that they are clearly not in a position to make their monthly payments. The list of income and expenditure items to be declared, which is based on a list partly based on the standards applied by NIBUD (National Institute for Family Finance Information), can be found on www.dsbbank.nl. If warranted by a particular customer's income situation, the customer will be offered a temporary reduction in the monthly payments.

5.8. Debt restructuring arrangements

Since May 2010, the Administrators have been actively restructuring the debts of customers who were already seriously overindebted when they took out a loan and are now unable to meet their payments. Under the arrangements, an offer is made to customers of writing off part of the principal so that the monthly payments become affordable after restructuring. In accepting such a proposal, a customer waives any further right to a claim against DSB Bank. The waiver of part of the principal does not have any basis in law but reflects sound credit management practice. The Administrators' reason for adopting the restructuring arrangements was, after all, to improve the affordability of the outstanding loans and to offer a way forward to customers with a debt position from which they otherwise have no prospect of escape. Experience has shown that, for

customers in this category, a scheme with a strictly legal basis would not adequately address the payment problems they face. The debt restructuring proposal is a one-off proposal which is not negotiable. In the case of customers who reject this proposal but nevertheless have a valid complaint, the Administrators may in due course propose a solution to the complaint which has a legal framework.

So far, more than 1,150 customers have submitted their income and expenditure details in connection with the debt restructuring scheme. More than 900 cases have already been assessed, out of which over 530 applications fall outside the scope of the debt restructuring arrangements. In due course, these customers will receive a proposal (as applicable) based on the legal frameworks which will apply for the settlement of complaints. Customers not covered by the scheme but nevertheless facing payment problems will be offered a solution making their monthly payments affordable. A total of 390 customers have already received a debt restructuring proposal or will be doing so in the next few days. The majority of the debt restructuring proposals are accepted, signed and returned.

5.9. Securities lending portfolio (Hollands Welvaren Select)

More than 400 complaints relate to securities lending products sold by DSB Bank under the name Hollands Welvaren Select I & II. Over 200 of these complaints have been filed by Stichting Beursklacht (Stock Exchange Complaints Association). Discussions are taking place with Stichting Beursklacht regarding the way in which these claims should be settled. This issue is also being addressed in talks with the Special Interest Groups.

In addition, more than 90 customers had signed an agreement with DSB Bank prior to the collapse of the bank regarding the manner in which their HWS claims should be settled. The Administrators will honour these agreements to the extent that they do not contain any elements rendered unimplementable as a consequence of the collapse.

5.10. Set-off

As in the preceding reporting period, a number of customers have invoked the right of 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 DSB Bank has been guilty of dereliction of its duty of care vis-à-vis a customer, the consequent loss may be set against the amount of that customer's indebtedness to DSB Bank.

5.11. New complaints

Customers wishing to file a complaint should address their complaints to the Administrators by e-mailing curatoren@dsbbank.nl or writing to Curatoren DSB Bank, t.a.v. afdeling Klachtenmanagement, Postbus 70, 1687 ZH Wognum, Netherlands.

Attention is also drawn to the recommendation made by the Administrators and the Special Interest Groups not to make submissions for claims to be allowed at this stage. See also Section 0.6 of this report.

5.12. Payment collection

The Administrators are upholding their policy that even customers who have filed complaints must continue to make payments until their case has been decided. Customers who are in a position of being unable to pay may apply for a temporary reduction in their payments.

The policy with regard to repossessions (as explained in the third public report) has been put into operation. In the period up to 30 September 2010 seven properties were auctioned off. The number of properties repossessed and sold by the end of the year is expected to rise to about 20. In all cases where a property has been sold, it has been empty. The Administrators emphasise that properties will not be sold without first considering duty-of-care aspects and the scope for debt restructuring. Where these considerations apply, an assessment will be made as to whether a solution to the issues of duty of care or restructuring of the debts will offer a sufficient remedy. In cases of fraud or illegal use, the property will be instantly disposed of.

A revised policy on direct payroll deductions came into force on 1 October 2010 and will be implemented in stages over the next few months. The main change compared with the existing policy is that, when arrears have been cleared, the amount deducted from the person's pay at source will be reduced to the amount of the contractual monthly payments. Customers subject to direct payroll deductions will also be allowed a higher disposable income.

6. Bank finances / collateral security held**6.1. Financial statements**

Annex 1 to this public report contains a summary of the assets and liabilities as at 30 September 2010.

Annex 2 to this public report contains a financial summary of the income and expenditure of the insolvent DSB Bank from the date of the collapse up to the end of September 2010.

Annex 3 to this public report contains a financial summary of the income and expenditure of the insolvent DSB Bank in the third quarter of 2010.

6.2. Credit facilities

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

As announced in the third public report, the Administrators have obtained a special short-term loan facility up to €1 billion from several Dutch banks. A large part of the funds available under this facility has been used to repay the monetary facility made available by the ECB in its entirety. The outstanding amount under the special short-term loan facility currently is €450 million (previous report: €575 million). The special short-term loan facility can also be used to make interim distributions to the allowed unsecured creditors.

6.3. Securitisation programmes

As in the preceding reporting periods, in the period under review, DSB Bank again looked after the day-to-day management of the loan portfolios transferred (or pledged) pursuant to the bank's securitisation programmes. These servicing activities are performed for a fee by DSB Bank.

The Administrators continue to explore the possibilities for a strategic alliance of the servicing organisation of DSB Bank with a reputable third-party. In doing so, the Administrators aim to bring about further stabilisation of the loan portfolios and to offer the servicing organisation a long-term future. These efforts are making steady progress but have not yet reached a conclusion.

In the fourth public report, the premature cancellation of the internal securitisation programmes Chapel 2009, Convent 2008 and Convent 2007 was discussed. The premature cancellation of Convent 2007 has resulted in the cancellation of the front swap with Royal Bank of Scotland ('**RBS**'). Also in the period under review, further communications with RBS still failed to achieve agreement on the consequences of the cancellation of both the front swap and the back swap. With regard to the cancellation of the back swaps in the programmes Chapel 2003, Chapel 2007, Dome 2006, Monastery 2004 and

Monastery 2006, too, the Administrators are looking into the correctness of the cancellation payments demanded by the swap counterparties.

6.4. Lease contracts

Further to the fourth public report, the Administrators note that DSB Bank is still party to approximately 65 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.

6.5. Description of collateral security furnished

With respect to collateral security furnished by DSB Bank, reference is made to Sections 6.2 and 6.3 of this public report. The Administrators emphasise that the validity of all collateral security furnished is still subject to investigation and that they reserve all rights in that regard.

6.6. Retention of title, rights of recovery and possessory liens

To date there are still no parties that have come forward claiming retention of title, rights of recovery or possessory liens.

6.7. Hedges

In the second public report, it was mentioned that all counterparties to interest rate swaps in which DSB Bank was a party (including the back swaps in the securitisation programmes) invoked the right to terminate the swap agreements prematurely following the emergency court ruling / declaration of insolvency, as a consequence of which all swaps to which DSB Bank was party were terminated. All counterparties have submitted calculations of the payments to be made in connection with the early termination of the swaps. The Administrators are currently looking into verifying of the early termination amounts demanded by the swap counterparties.

6.8. Interest rate risk

See the second public report.

7. Continuation of the business

7.1. See the first public report.

8. Lawfulness

8.1. Duty to keep proper accounts

The Administrators' initial impression was that the accounting records of DSB Bank provided the view of the assets and liabilities of DSB Bank required by law.

In the period under review, it came to the notice of the Administrators that, in a number of cases, the loan documentation was not available, at least not in a readily accessible manner. The Administrators are accordingly investigating the quality of the accounting and record-keeping systems.

8.2. Filing of financial statements

See the first public report.

8.3. Unqualified auditors' report

See the first public report.

8.4. Commitment to make payments on shares

See the first public report.

8.5. Improper management

In the period under review, the Administrators commenced the usual investigations into the causes of the collapse and the first informal discussions have been held with a number of former executive and supervisory directors of DSB Bank. Together with them and with DNB, AFM and Ernst & Young (DSB Bank's auditors at the time), an investigation protocol is currently being agreed, setting out the framework for the formal discussions and exchange of information among other matters. The Administrators aim to have the investigation into the causes completed by June 2011.

8.6. Fraudulent action in respect of creditors

This is the subject of further investigation.

8.7. Activities

In the period under review, internal investigations were made into the accounting systems and the loan documentation and the Administrators commenced the usual investigations into the causes of the collapse.

9. Creditors / payables

9.1. General

For a general overview of the creditors of DSB Bank, reference is made to Annex 2 to the first public report. All creditors that have filed claims will receive an acknowledgement. If a claim is allowed or rejected (provisionally or definitively), creditors will also be advised accordingly. The supervisory judge in the liquidation of DSB Bank has ruled that the first meeting of creditors in the liquidation of DSB Bank should be held on Friday, 10 December 2010, commencing at 10 a.m. in the RAI Centre in Amsterdam, address:

Amsterdam RAI
Europaplein 22
Entree E
1078 GZ Amsterdam
Netherlands

The supervisory judge in the liquidation of DSB Bank has also ruled that the creditors of DSB Bank must have submitted their claims to the Administrators by 10 November 2010 at the latest.

With regard to the group of creditors comprising existing and former DSB Bank borrowers with claims relating to duty of care and the group of creditors with a subordinated claim arguing that they have ordinary claims, the following applies. The supervisory judge has advised the Administrators that, if the above creditors decide not to submit their claims at this stage, he will at a later stage, when negotiations or proceedings have made further progress, call one or more separate creditors' meetings as provided by Section 178 of the Insolvency Act ('FW') in order to give the creditors concerned the opportunity to have their claims allowed.

9.2. Creditors' Committee

In view of the announcement by DNB that it wished to withdraw from the provisionally constituted creditors' committee, the Alkmaar District Court, Amsterdam Branch, in the decision given on 9 June 2010, appointed ING Bank N.V. as successor to DNB. The other two members of this committee continue to be Chapel 2003 B.V. and Société Générale S.A.

The creditors' committee (as provisionally constituted) (members: ING Bank N.V., Chapel 2003 B.V. and Société Générale S.A.) has met on seven occasions, including one occasion in the period under review. At these meetings, the developments surrounding the settlement of the liquidation were discussed and formal requests for advice were made and answered relating to various decisions.

The first meeting of creditors will provide the opportunity for the appointment of a definitively constituted creditors' committee by the supervisory judge.

9.3. Preferential claim from the UWV

The UWV (the body implementing employee insurance schemes) has submitted a claim for €689,303. This claim is being examined by the Administrators.

9.4. Other preferential creditors

See the second public report.

9.5. Number of unsecured creditors and amount

As of today's date, the records of the insolvent entity list approximately 8,000 claims from creditors, together representing an amount of approximately €364 million in respect of unsecured claims. The increase in the number of creditors' claims is explained by the fact that all Account Holders with a claim in excess of €100 have now been included in the list of creditors; creditors whose claims have been settled in full following payment under the DGS and/or payment in full (of claims of less than €100) have been removed from the list.

This does not include the amount paid out by DNB under the DGS. DNB is expected to submit a claim (unsecured) in respect of the deposit guarantee scheme payments totalling approximately €3.5 billion.

9.6. Number of subordinated creditors and amount

See the third public report.

9.7. Payables of the insolvent entity

Taking into account the position of the insolvent entity, the Administrators will shortly be paying the entity's payables which have been signed off.

9.8. Expected manner of settlement

The supervisory judge in the liquidation of DSB Bank has ruled that the first meeting of creditors in the liquidation of DSB Bank should be held on Friday, 10 December 2010, commencing at 10 a.m. in the RAI Centre in Amsterdam and that the creditors of DSB Bank must have submitted their claims to the Administrators by 10 November 2010 at the latest. An initial (small) distribution to the allowed unsecured creditors cannot be expected before the second quarter of 2011.

10. Miscellaneous

10.1. Tax

See the third public report. The Administrators will attempt to report in greater detail on this matter in their next report.

10.2. Netherlands Authority for the Financial Markets (AFM)

See the third public report.

10.3. 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 website www.dsbbank.nl and customers can request information by e-mailing curatoren@dsbbank.nl. Customers can also telephone the DSB call centre on +31 (0)88 372 30 00. Lines are open on business days from 09:00 to 17:00.

10.4. Activities and time spent

The Administrators have engaged various parties to provide support with the liquidation process, including Houthoff Buruma (legal and tax consultancy), PwC (accountancy, tax consultancy and IT related services) and Kempen & Co (professional services in connection with the sale of the Loan Portfolio). The services of various other outside specialists have also been used.

The Administrators along with the legal and tax consultants of Houthoff Buruma have together devoted 3,418.3 hours in the period 1 July 2010 to 30 September 2010 on the liquidation of DSB Bank. During the same period, PwC spent 1,508 hours on the liquidation of DSB Bank.

10.5. Timetable for the settlement of the liquidation

See the second public report.

10.6. Plan of approach

See the third public report.

10.7. Filing of the next report

A brief interim report which will also serve as the report required pursuant to Section 137 of the Insolvency Act at the first meeting of creditors will be filed a few days prior to the creditors' meeting scheduled for 10 December 2010. The next periodical public report is expected to be filed at the end of January 2011.

Wognum, 29 October 2010

R.J. Schimmelpenninck

Administrator

B.F.M. Knüppe

Administrator

Annexes:

Annex 1: **Statement of assets and liabilities** as at 30 September 2010.

Annex 2: Summary of the income and expenditure of the insolvent DSB Bank from the date of the collapse up to the end of September 2010.

Annex 3: Summary of the income and expenditure of the insolvent DSB Bank in the third quarter of 2010.

Annex 4: The letter from the supervisory judge to the Administrators dated 26 October 2010 advising them that, as provided by Section 178 of the Insolvency Act ('FW'), he intends to call creditors' meetings if that is desirable in view of the need at a later stage to proceed to allow the claims of existing and former customers with complaints and holders of deposits.