

# INSOLVENCY REPORT

Insolvency Report No. 42 by the Bankruptcy Trustees of

**DSB Bank N.V.**

**30 April 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 bankruptcy of DSB Bank (**Bankruptcy Trustees**) use this website to publish other information on the case and the progress of the insolvency proceedings as well.*

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## **MAIN POINTS OF THIS REPORT**

- The DSB Bank Financial Report for 2020 of today's date has just been published on the website [www.dsbbank.nl](http://www.dsbbank.nl). In its capacity as shareholder of Finqus B.V. (**Finqus**), DSB Bank adopted the 2020 financial statements of Finqus on 26 April 2021; those financial statements have also now been published on the aforementioned website.
- DSB Bank's consolidated income statement for 2020 shows a profit of almost €95 million, including approximately €57 million in amounts released from provisions.
- As at 31 March 2021, the claims of unsecured and subordinated creditors still totalled €838 million; there are still 255 creditors.
- In addition to ordinary affairs, the Bankruptcy Trustees are making preparations together with the management and staff of Finqus and advisers for the sale of the remaining assets (principally the loan portfolio). DSB Bank has appointed PwC to advise on the sale. Depending on the route preferred by the various stakeholders and other considerations, the Bankruptcy Trustees shall be working towards either the sale of the Finqus shares or the sale by DSB Bank or Finqus of the loan portfolio. In case of the latter, Finqus will be liquidated after the sale.
- As part of the planned sale, during 2020 DSB Bank repurchased the loan portfolios sold prior to the insolvency by DSB Bank to Chapel 2003-I B.V. (**Chapel 2003**), Chapel 2007 B.V. (**Chapel 2007**), Monastery 2004-I B.V. (**Monastery 2004**), and Monastery 2006-I B.V. (**Monastery 2006**). On 21 May 2021, Dome 2006-I B.V. (**DOME**) will be repurchased, meaning that all the still current loans that were securitised prior to insolvency will have been repurchased by DSB Bank.
- Since 20 April 2021, DSB Bank has again had in place a temporary special long-term loan facility for financing the repurchase of the DOME loan portfolio.
- The Bankruptcy Trustees expect that, following the sale of the loan portfolios, the remaining creditors will be able to receive the remainder of their validated claims when the sale price has been received, provided that the proceeds do not or no

longer serve as security for guarantees given in connection with the sale and as and when a final distribution list has been filed and declared binding. This may take some months. The bankruptcy will end when the final distribution list is declared binding and full payment of the remaining funds has been made to the creditors. Any remaining surplus will be used to pay interest accruing 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.

- The next periodical public report will be published on Friday 29 October 2021. If warranted by circumstances, an earlier, interim public report will be released.

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**PROSPECTS FOR CREDITORS**

To date, the Bankruptcy Trustees have made the following interim distributions to unsecured 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%	-
	<b>Total</b>	78%	100%

In the period 2015-2017, the Bankruptcy Trustees made the Offer to almost all creditors. The creditors who accepted the Offer received payment in full of their allowed claims and so waived all rights to payment of interest or to bring any other claims against DSB Bank or third parties. They will therefore be unable ever to lodge a claim for payment of interest. This also applies to the 21 banks that have accepted the Bankruptcy Trustees' Offer made at the end of 2017. For further details of these matters, see the 39th public report.

On the basis of current projections, it is expected that, following the sale of the loan portfolios, it will be possible to pay in full the amounts owed both to remaining unsecured creditors and to subordinated creditors. See also section 4.1 of this public report.

When all creditors have been paid in full, the balance remaining on the final winding-up of DSB Bank will be made available to the various creditors with currently non-verifiable claims to payment of interest. This generally concerns the interest on the amounts owed to the creditors since the date of insolvency. See also section 4 of this public report.

Details of company	<b>DSB Bank N.V.</b>
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	: 31 October 2020 to 30 April 2021

**Introductory remarks:**

This is the forty-second public insolvency report by the Bankruptcy Trustees. The report covers the period from 31 October 2020 to 30 April 2021 and contains financial information on the period up to 31 March 2021. This report should be read in conjunction with the previously published public reports and the 2020 Financial Report published today. All the reports, together with the Financial Reports for the years 2009-2020, can be found 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 public report and/or any subsequent reports. Nothing in this report should be interpreted as acknowledging liability or waiving any rights.

In conducting their activities, in addition to the use of employees of Finqus and freelance professionals in Wognum, the Bankruptcy Trustees make use of the advisory and other services of Houthoff Coöperatief U.A. (**Houthoff**) and of 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 most 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 readers to Annex 1 to the 36<sup>th</sup> public report.

### 2.2. Legal proceedings

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

### 2.3. Individual cases brought before the courts since the insolvency

KBC Bank N.V. Nederland (**KBC**) had filed two lawsuits against DSB Bank concerning KBC's remaining claim on DSB Beheer B.V. amounting to almost €9 million plus interest and costs. For details of these proceedings, see the 40<sup>th</sup> and 41<sup>st</sup> public reports.

The Bankruptcy Trustees have since reached an amicable arrangement with KBC, to the effect of a payment of €500,000 by DSB Bank to KBC by way of full and final settlement. This payment has been made and both cases have been dropped.

## 3. Staff

### 3.1. Continuation of activities

DSB Bank has entered into a service agreement with Finqus for the performance of administrative activities and credit management activities relating to the securitised portfolio.

## 4. Assets & outlook

### 4.1. General

The loan portfolio both shrank in 2020 as a result of repayments, which were higher in 2020 than in preceding years, and also grew as a result of the repurchase of securitised loans from the special purpose vehicles (**SPVs**). The net effect was an increase in the 'proprietary' loan portfolio. This is clearly seen in the following analysis:

<b>Loan portfolio - October 2020 to March 2021</b>			
<i>Amounts x € million</i>	<i>Proprietary</i>	<i>SPV</i>	<i>Total</i>
<i>Balance at 1 October 2020</i>	1,455	457	1,912
<i>Less: bad debts</i>	14 -	1 -	14 -
<i>Less: repayment instalments (cash)</i>	146 -	25 -	171 -
<i>Repurchase of Monastery 2006</i>	231	231 -	0
<i>Balance at end of March 2021</i>	1,526	200	1,726

The Bankruptcy Trustees expect that, after the sale of the loan portfolios and receipt of the sale price, it will be possible for the remaining creditors to receive the remainder of their validated claims, provided that portion of the sale price needed for that final distribution is not or no longer required to serve as security for guarantees given in connection with the sale. This may take several months after the sale date. The bankruptcy will end when the final distribution list is declared binding and full payment of the remaining funds has been made to the creditors. Any remaining surplus will be used to pay interest accruing since the date on which DSB Bank was declared bankrupt. The Bankruptcy Trustees are currently exploring ways in which the remaining funds can be efficiently divided among those owed interest.

#### 4.2. The sale process

The Bankruptcy Trustees mentioned in the 39<sup>th</sup> public report that they envisaged the sale of the loan portfolio and final settlement of the insolvency in the course of 2020/2021. It is expected that the sale of the remaining loan portfolio – which may be a piecemeal operation – will take place in the months ahead.

In connection with preparations for the possible sale, DSB Bank appointed PwC as adviser for the sale in October 2020. Depending on the route preferred by the various stakeholders and other considerations, the Bankruptcy Trustees shall be working towards either the sale of the Finqus shares or the sale by DSB Bank or Finqus of the loan portfolio. In case of the latter Finqus will be liquidated after the sale.

The sale process has now reached its final stage. Greater clarity regarding the outcome of the sale process is expected over the next few months.

#### 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. A start was made in 2017 with the activities for winding it up. Unfortunately these activities are taking longer than expected.

### 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 and to the 2020 Financial Report.

#### 5.2. Settlement of the SPVs

As part of the planned sale of the remaining assets, during 2020 DSB Bank repurchased the loan portfolios sold prior to the insolvency by DSB Bank to Chapel 2003, Chapel 2007, Monastery 2004 and Monastery 2006. The Monastery 2006 loan portfolio was repurchased on 17 November 2020 by payment of a purchase price for the loans resulting in the full redemption of the notes issued by Monastery 2006.

On 20 April 2021, DSB Bank made an offer to repurchase the DOME loan portfolio on 21 May 2021. Prior to making the DOME offer, DSB Bank acquired the DOME class B notes on 22 March 2021, leaving only the DOME class A notes not in DSB Bank's hands. Following the repurchase of the DOME loan portfolio, the notes issued by DOME will be redeemed in full, with the settlement of the notes held by DSB Bank being set against the purchase price for the loan portfolio. As was also the case following the repurchase of the loan portfolios from the other SPVs in 2020, DSB Bank will subsequently transfer DOME to Finqus.

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

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

On 1 January 2018, DSB Bank transferred its proprietary loan 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 further loans to Finqus for financing the sale and transfer of the Chapel 2003, Chapel 2007, Monastery 2004 and Monastery 2006 loan portfolios to Finqus. A loan will also be granted to Finqus by DSB Bank in May 2021 to finance the sale and transfer of the DOME loan portfolio to Finqus. As at 31 March 2021, the remaining amount of this loan stands at €1,122.5 million.

As at 31 March 2021, Finqus is managing a loan portfolio amounting to approximately €1.7 billion. A proportion of these loans, currently amounting to €200 million, has been securitised, but – as previously mentioned – will be repurchased in May 2021. The loan portfolio as at 31 March 2021 comprises approximately 26,000 customers who together have approximately 36,000 separate loans (some borrowers have more than one loan).

Approximately 7,900 (30%) of the 26,000 customers have a first mortgage. The remaining 18,100 customers (70%) have a personal loan (consumer credit), a second mortgage or an outstanding 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 online. Finqus has been affiliated to KiFiD since 1 January 2018. Customers who are dissatisfied with their treatment by Finqus are able to complain to KiFiD.

#### 5.5. COVID-19

The implications of the COVID-19 crisis are still not entirely clear. The continuity of the business processes and operations is adequately assured at both DSB Bank and Finqus, as well as at their service providers. As far as possible, Finqus will enable its borrowers to reschedule their interest and repayment obligations in accordance with their ability to pay. At this stage, Finqus does not need to avail itself of the support that is available from the government. The crisis may affect future results because of possible accrual of payment arrears and a possible increase in credit losses. The continuity of Finqus is, however, not at risk.

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

#### 6.1. Financial statements

**Annex 1** to this public report contains a summary of (i) the income and expenditure of DSB Bank from the date of the insolvency up to the end of April 2021 and (ii) the income and expenditure of DSB Bank during the fourth quarter

of 2020 and the first quarter of 2021. The 2020 Financial Report has been posted on the website simultaneously with this public report.

#### 6.2. Credit facilities

DSB Bank contracted a special long-term loan facility with a number of banks in 2010. Following temporary use of this facility for the repurchase of the Monastery 2006 loan portfolio on 17 November 2020, the special long-term loan was repaid on 15 December 2020 and the facility was formally closed on 27 December 2020. Temporary use of the special long-term loan facility granted by ING Bank N.V. will be made for the repurchase of the DOME loan portfolio since the balance on the estate account will probably be insufficient to repurchase the DOME loan portfolio on 21 May 2021 out of own funds.

#### 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, only one securitisation programme remains. See also section 5.2 of this public report. On 20 April 2021, DSB Bank made an offer to repurchase the DOME loan portfolio, on the basis of which the notes issued by DOME will be redeemed in full in May 2021. There will then no longer be any active 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 April 2021 was €1,205 million, of which €555 million has a time to maturity of longer than five years.

#### 6.5. Interest-rate policy

See the 41<sup>st</sup> public report.

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

#### 7.1. Creditors' Committee

ABN AMRO N.V. has withdrawn from the Creditors' Committee. The Creditors' Committee is therefore currently made up of ING Bank N.V. and Coöperatieve Rabobank U.A.

Meetings with the Committee were held on 3 December 2020, 3 February 2021, 24 March 2021 and 22 April 2021 during the reporting period. Meetings of the

Creditors' Committee are held to discuss the developments surrounding the winding-up operation, including the sale processes. Where necessary, contact is maintained by telephone and email in the interim. Requests for advice on proposed decisions are made by the Bankruptcy Trustees to the Committee as and when required by law.

7.2. Outstanding claim validation proceedings against the Bankruptcy Trustees

There are no further claim validation proceedings.

7.3. Liabilities of the estate

In view of the position of the estate, the Bankruptcy Trustees will continue to pay amounts agreed by them as being owed by the estate in the short term.

7.4. Current positions and distributions

December 2019 saw the ninth distribution, of 4%, made to unsecured creditors, involving a total of €136.5 million. As at 30 April 2021, the total amount of the outstanding unsecured and subordinated claims by creditors was €838 million and there were still 255 individual creditors.

**8. Other**

8.1. Tax matters

See the 39<sup>th</sup> 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 via the websites <http://www.finqus.nl/>, [www.dsbbank.nl](http://www.dsbbank.nl) and [www.aanbod.dsb.nl](http://www.aanbod.dsb.nl).

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.finqus.nl](http://www.finqus.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 36<sup>th</sup> 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 4,500 hours in the period 31 October 2020 to 30 April 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 1 October 2020 to 31 March 2021, the Bankruptcy Trustees spent a total of approximately 500 hours on the insolvency of DSB Bank, including their activities as member of the Finqus supervisory board.

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

See section 4 of this public report. The possible final sale 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 using a project-based approach. 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 DSB Bank estate for the sale of the Finqus shares and/or all or the sale by Finqus of the loan portfolio (or parts thereof);

- Preparation of the final distribution and preparation of the way in which creditors' interest claims are efficiently calculated and finalised, followed by payment (in part or in full); and
- Preparation of a small organisation that will be needed to carry out the necessary activities on behalf of the Bankruptcy Trustees and any liquidators involved after the sale.

8.7. Publication of the next report

The next periodical public report will be published on 29 October 2021. If warranted by circumstances, an earlier, interim public report will be released.

Wognum, 30 April 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 April 2021 and of the Income and Expenditure during the fourth quarter of 2020 and the first quarter of 2021.