

Information for noteholders

Chapel 2003, Monastery 2004, Monastery 2006,
Dome 2006, Chapel 2007

provided by

Bankruptcy Trustees DSB Bank

5 September 2014

1. Information for noteholders
2. General update bankruptcy
3. Duty of Care
 - Status and progress DoC compensations
 - WCAM update
4. Arrears
5. Servicing / Portfolio management
6. Interest reset policy

1. Information for noteholders

- Usual reports by the issuers to noteholders
- Reports to creditors by Bankruptcy Trustees (see www.dsbbank.nl)
 - Quarterly public reports (last report published 31 July 2014)
 - Financial reports 2009 – 2013 (2013, published 20 March 2014)
- Information / presentations for noteholders by Bankruptcy Trustees
 - Presentations: 24 March 2011, 13 July 2011, 27 April 2012, 17 September 2012, 28 November 2012, 27 March 2013, 5 September 2013, 28 March 2014
 - Information: 4 September 2014
- Presentations to noteholders by Security Trustees
 - 29 August 2011: Servicing
 - 27 October 2011: Duty of Care

2. General update bankruptcy

- In September 2011 DoC Compensation Arrangement with representatives of borrowers has been agreed. Implementation has started in October 2011.
- Procedure for ratification of Arrangement by court (WCAM; see sheet 10)
 - Request filed in May 2013, interim ruling on 13 May 2014.
 - Amended agreement proposed by DSB on 8 July 2014; €20mln extra payments.
 - Court ruling expected 28 October 2014.
- Currently there are some 50-60 applications for compensations per week (see sheet 9).
- Seventh bankruptcy pay-out of 4% has taken place in June 2014, resulting in a total pay-out of 39%. Eighth pay-out is expected in December 2014.
- End of June 2014 DSB organisation consisted of 46 FTEs on the payroll and 26 FTEs temporary staff (end of December 2013, 63 FTEs and 37 FTEs respectively).
- Court hearing in the case of DSB against Dutch central bank (DNB) regarding among other things insufficient supervision, is on 16 December 2014.
- Sale of former DSB insurance companies is in due diligence phase. Closing is not expected before year-end.

3. Duty of Care workflow: numbers of filings at end of June 2014

Legenda: sheet 22

Phase 1

Phase 2

	Cumulative End of Q4-2013 Numbers		Cumulative End of Q2-2014 Numbers	
1 Filing & registration	33.499		35.485	
COMPENSATION FOR INSURANCE- AND SECURITY LENDING PRODUCTS				
1 Filing & registration (net number)	33.499	100%	35.485	100%
2 Proposal to clients	32.407	97%	34.929	98%
2.1 Compensation proposed	28.317		30.605	
2.2 Not qualified for compensation	4.090		4.324	
3 Client response	26.777	80%	29.487	83%
3.1 Client rejects explicitly	5		6	
3.2 Client requests re-assessment Phase 1	309		269	
3.3 Client requests combined proposal Phase 1&2	578		211	
3.4 Client accepts proposed compensation	25.885		29.001	
3.5 As above and apply for Phase 2	6.963		7.316	
4 Completed and processed	25.544	76%	28.852	81%
COMPENSATION FOR OVEREXTENSION				
5 Filing & registration for overextension including transfer from Phase 1, see 3.3 and 3.5 (net number)	21.660	100%	23.316	100%
6 No loan therefore not qualified for compensation	2.755	13%	2.937	13%
7 Client response to request for information	18.138	84%	18.637	80%
7.1 Clients who withdrew their request for compensation	1.061		1.080	
7.2 Clients that did not respond or information is incomplete	819		407	
7.3 Clientst that passed response time	6.388		6.136	
7.4 Clients where information is complete	9.870	46%	11.014	47%
8 Proposal to clients	9.704	45%	10.967	47%
8.1 Compensation proposed	2.161		2.426	
8.2 No compensation proposed	7.543		8.541	
9 Client response	2.439	11%	2.839	12%
9.1 Client rejects explicitly	5		5	
9.2 Client request re-assessment	479		550	
9.3 Client accepts proposed compensation	1.955		2.284	
10 Completed and processed	1.905	9%	2.267	10%

Total amount for completed and processed filings € 155.8 mln; breakdown next sheet

3. Duty of Care: breakdown of estimated and completed / processed amounts (at end of June 2014)

Estimate maximum reported 27 October 2011

	Estimate Maximum scenario	End of Q4-2013 (cumulative) Total	End of Q2-2014 (cumulative)			
			Total	DoC debt restructuring	DoC Compensation	
Insurance policies	320,0	127,9	139,1	19,4	119,7	
Investment policies	85,0	26,1	28,5	10,6	17,9	
Overextension	150,0	28,5	30,6	12,4	18,2	
Total	555,0	182,5	198,2	42,4	155,8	
A	No loan set-off	185,0	35,4	38,9	-	38,9
B	DSB Loan set-off	175,0	66,8	72,1	19,3	52,8
	Chapel 2003	75,0	31,7	34,9	7,7	27,2
	Chapel 2007	85,0	31,7	34,0	10,5	23,5
	Dome	10,0	4,1	4,4	1,0	3,4
	Monastery 2004	10,0	4,1	4,4	0,7	3,7
	Monastery 2006	15,0	8,7	9,5	3,2	6,3
C	SPV Loan set-off	195,0	80,3	87,2	23,1	64,1
(D=B+C)	Total Loan set-off	370,0	147,1	159,3	42,4	116,9
(=A+D)	Total	555,0	182,5	198,2	42,4	155,8



Is or will be accepted as unsecured SPV claim in bankruptcy

Legenda: sheet 23

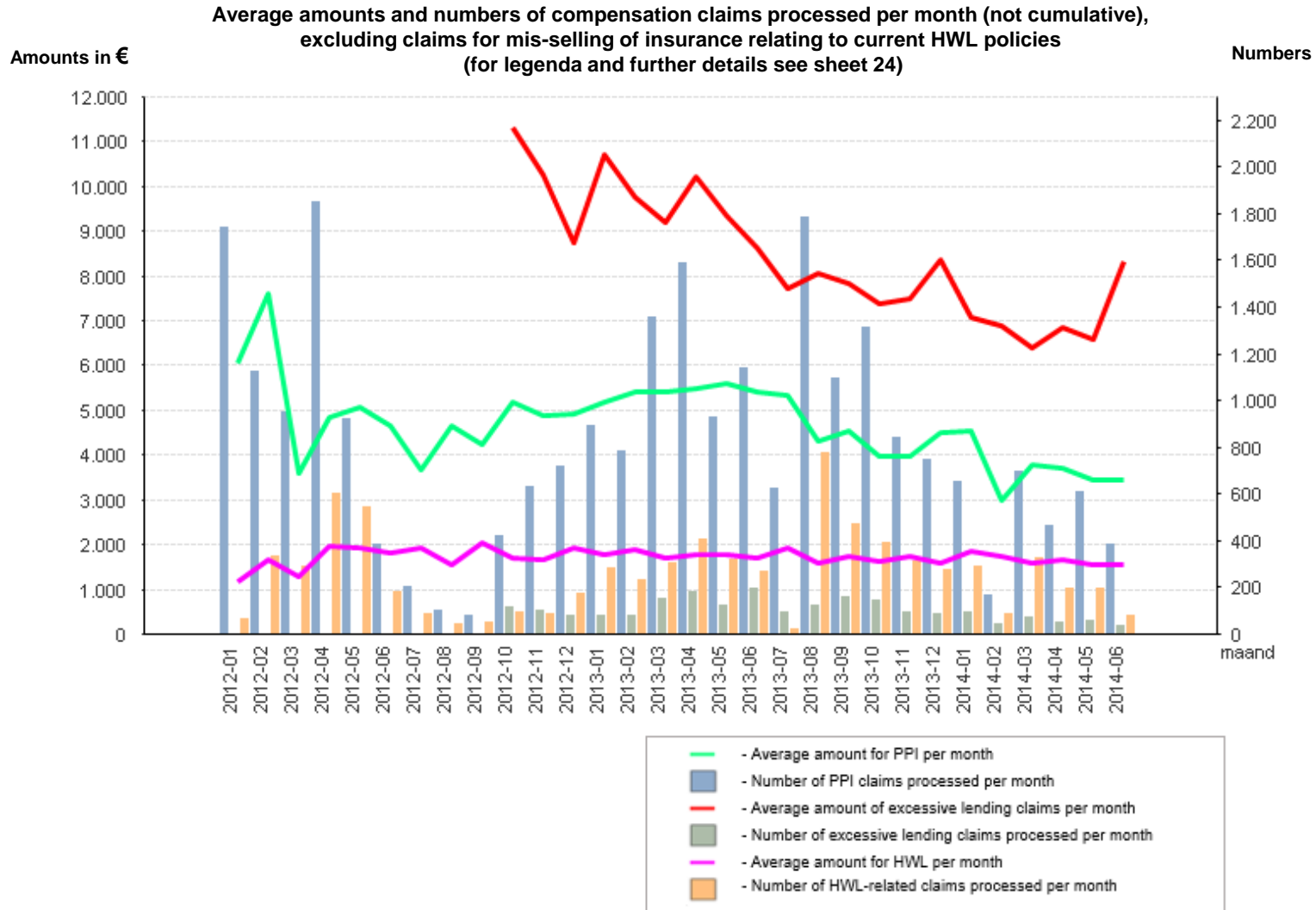
3. Duty of Care: status and progress of DoC compensations / WCAM

- The costs relating to DoC, including a reserve for existing applications still to be settled, as at 30 June 2014 amounted to €215mln (for avoidance of doubt, excluding for new applications).
- Amended agreement is proposed by DSB on 8 July 2014. €20mln is reserved for these amendments in addition to the €215mln, provided that the amended WCAM agreement is declared binding by Court.
- Average compensation amount per application has declined over time (see graph sheet 8).
- Compensation and debt restructuring with loan set-off is divided among loan categories as follows (amounts are cumulative):

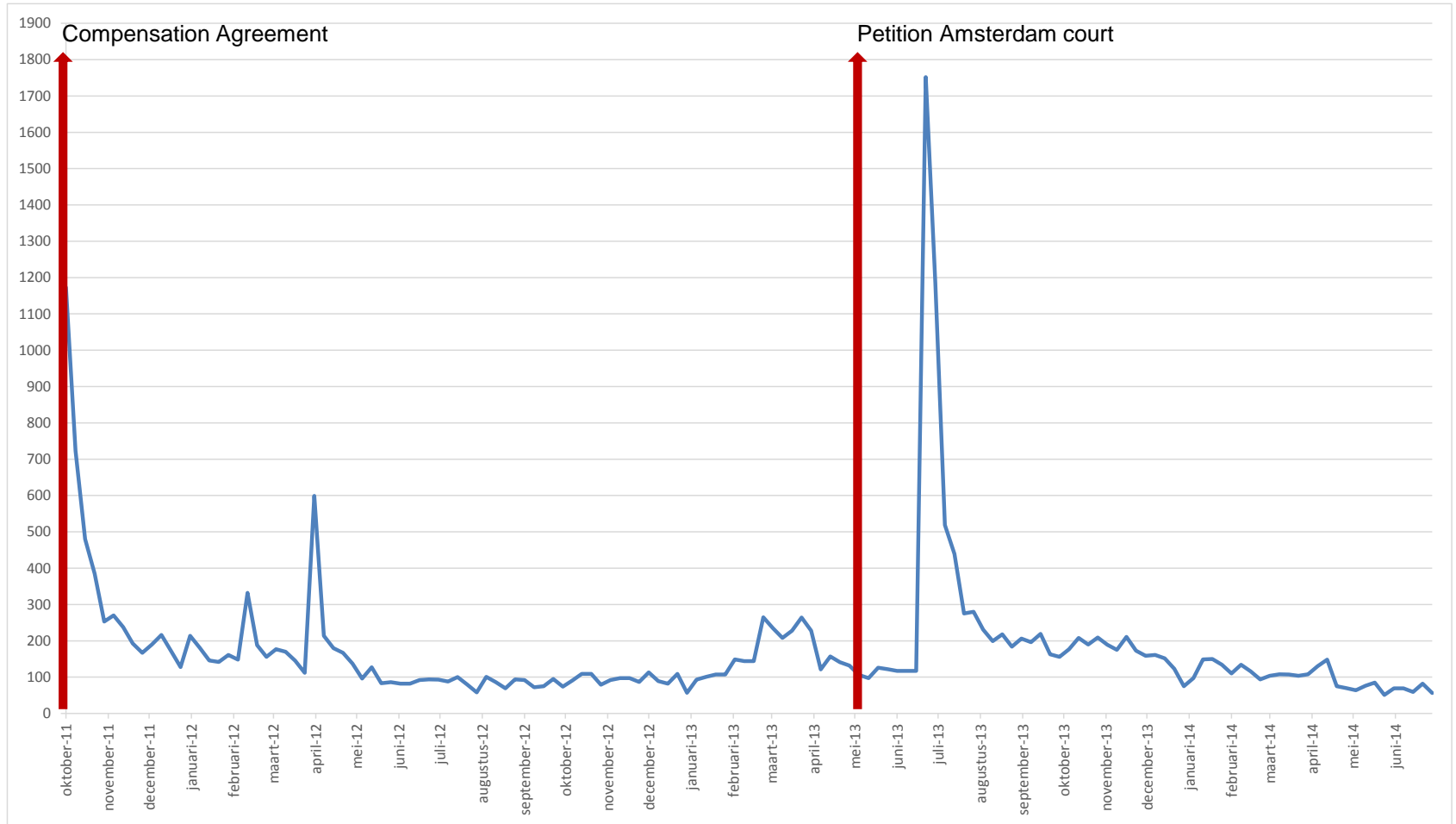
	<u>31-dec-2013</u>		<u>30-jun-2014</u>	
First Lien Mortgages	€ 43,6	30%	€ 45,5	29%
Second Lien Mortgages	€ 69,9	48%	€ 77,5	48%
Consumer Credit Loans	€ 33,6	22%	€ 36,3	23%
	<u>€ 147,1</u>	<u>100%</u>	<u>€ 159,3</u>	<u>100%</u>

- After external communication of WCAM procedure in May 2013, applications temporarily increased (see graph sheet 9).
- Currently there are on average 50-60 new applications per week.
- As at the end of July 2014, 35,700 requests for compensation were filed.
- It is not possible to estimate the number of clients -and associated amounts- that will apply for compensation after end of July 2014.
- There is no backlog in the processing of applications.

3. Duty of Care: compensation for PPI mis-selling and excessive lending

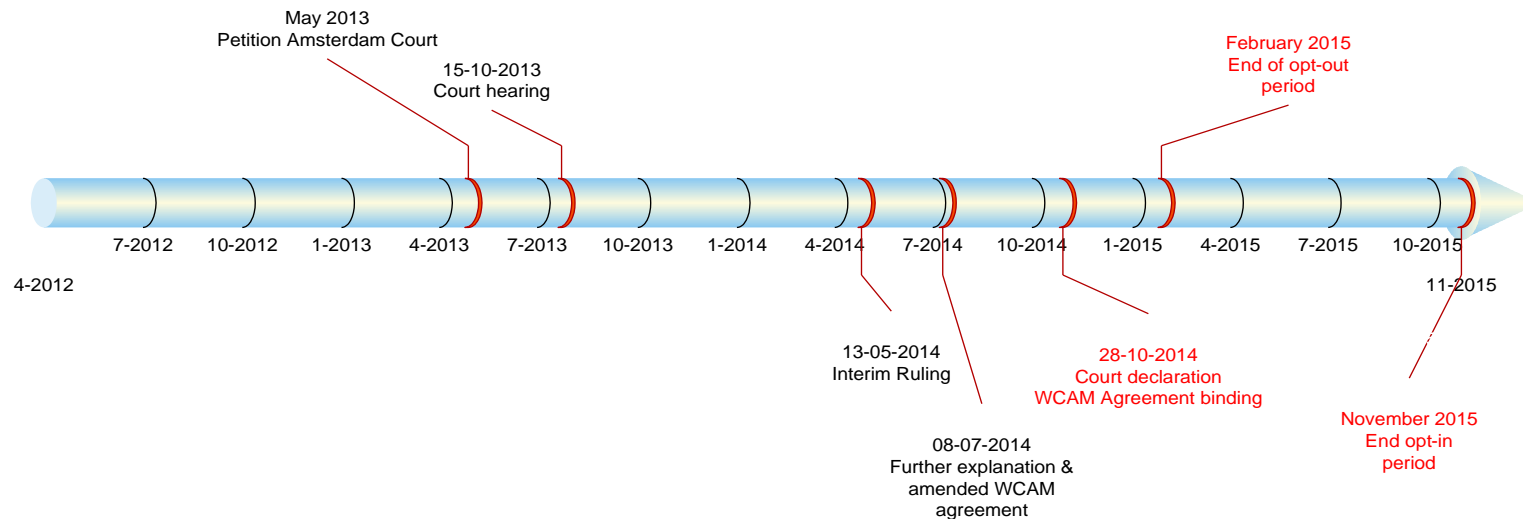


3. Applications for DoC compensation (per week since October 2011)



Note: Some borrowers filed a complaint twice. Corrected for duplications, the numbers of new applications in 2014 are about 20% lower than the gross numbers mentioned in the graph.

3. Duty of Care: phases and expected timeline of WCAM

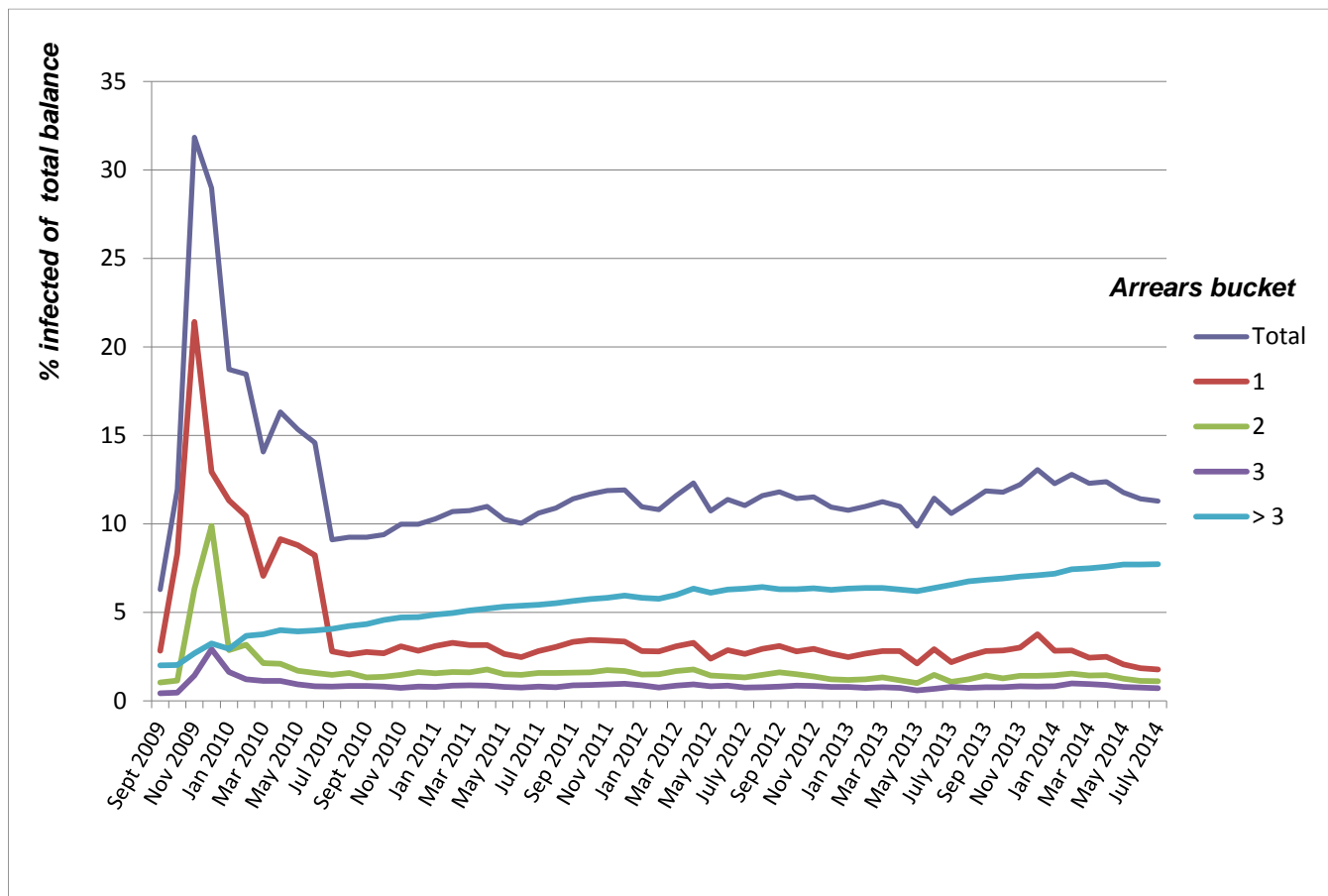


- Interim ruling on 13 May 2014: formal requirements satisfied, approach suitable, still questions and compensation not always considered reasonable.
- Further explanation to Court and offer for amendment of WCAM agreement on 8 July 2014, amendment conditional upon ratification. Amendment will cost €20mIn extra for compensations already processed.
- Court ruling is expected on 28 October 2014. For presentation purposes in the timeline presented above, further milestones that depend on the date of ruling are presented in red.
- Borrowers who do not want to be bound by the Scheme, need to express so explicitly in writing within 3 months after the scheme has been declared binding by Court (end opt-out period).
- Expiry of the time limit for submission of DoC claims is 1 year after the scheme has been declared binding by Court (end opt-in period).
- Court declaration in WCAM case will be communicated to borrowers and press and may lead to extra applications during the opt-in period of 1 year after court declaration.
- After the end of this opt-in period, borrowers cannot file applications for compensation under the Scheme anymore.

4. Arrears

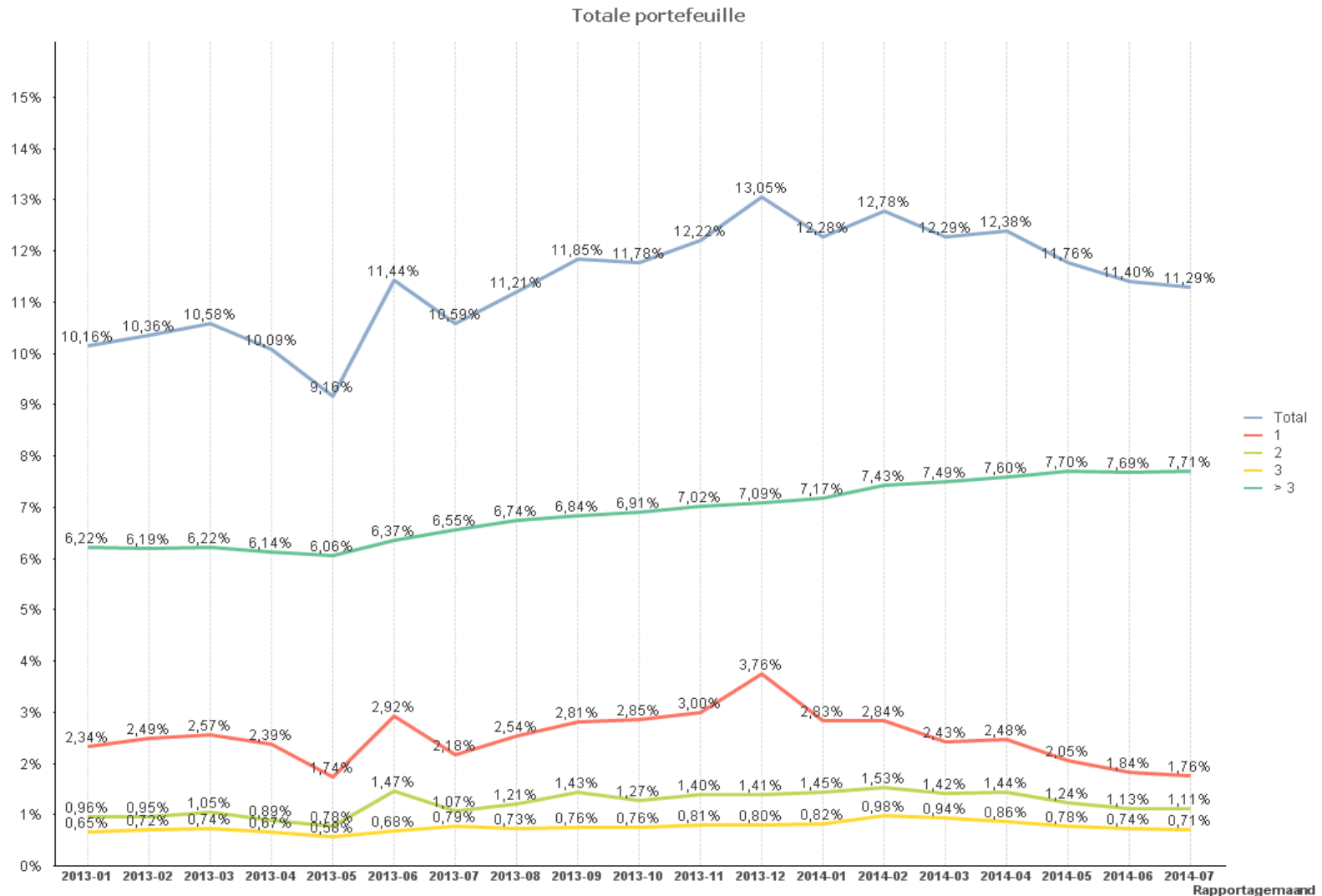
- Arrears relate to total portfolio (SPVs and DSB's own book), serviced by Quion since June 2013.
- Arrears presented in Noteholders meeting of 28 March 2014 cover the period up to February 2014.
- In the period March to July 2014 the infection ratio decreased from 12.78% to 11.29%, a decrease by 1.49%-point (sheets 13 and 17).
 - Bucket 1-3 months decreased by 1.77%-point.
 - Buckets >3 months increased by 0.28%-point.
- The increase in buckets >3 months specifically occurred in Consumer Loans (CK) and Residual Debts (RS; Sheets 15 and 16).
- While the infection ratio declined, the amount in arrears increased to €80.9mln (sheet 18), due to the increase in long term arrears and accrued interest.

Total portfolio serviced by Quion
Month-end figures September 2009 – July 2014
Legenda sheet 25

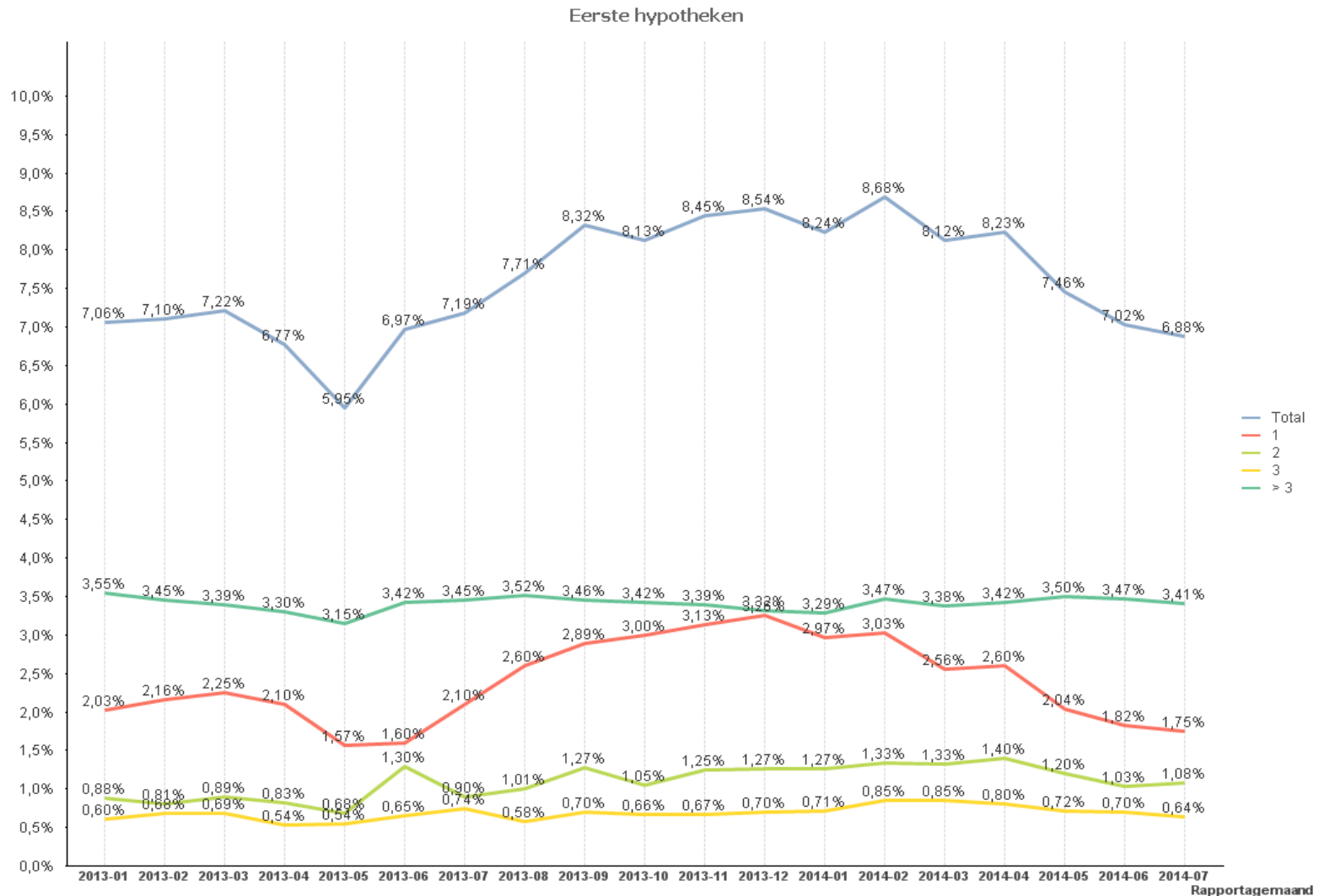


Note. Small "arrears" due manual monthly payments that are not made exactly on due date are left out of the reported figures since August 2010.

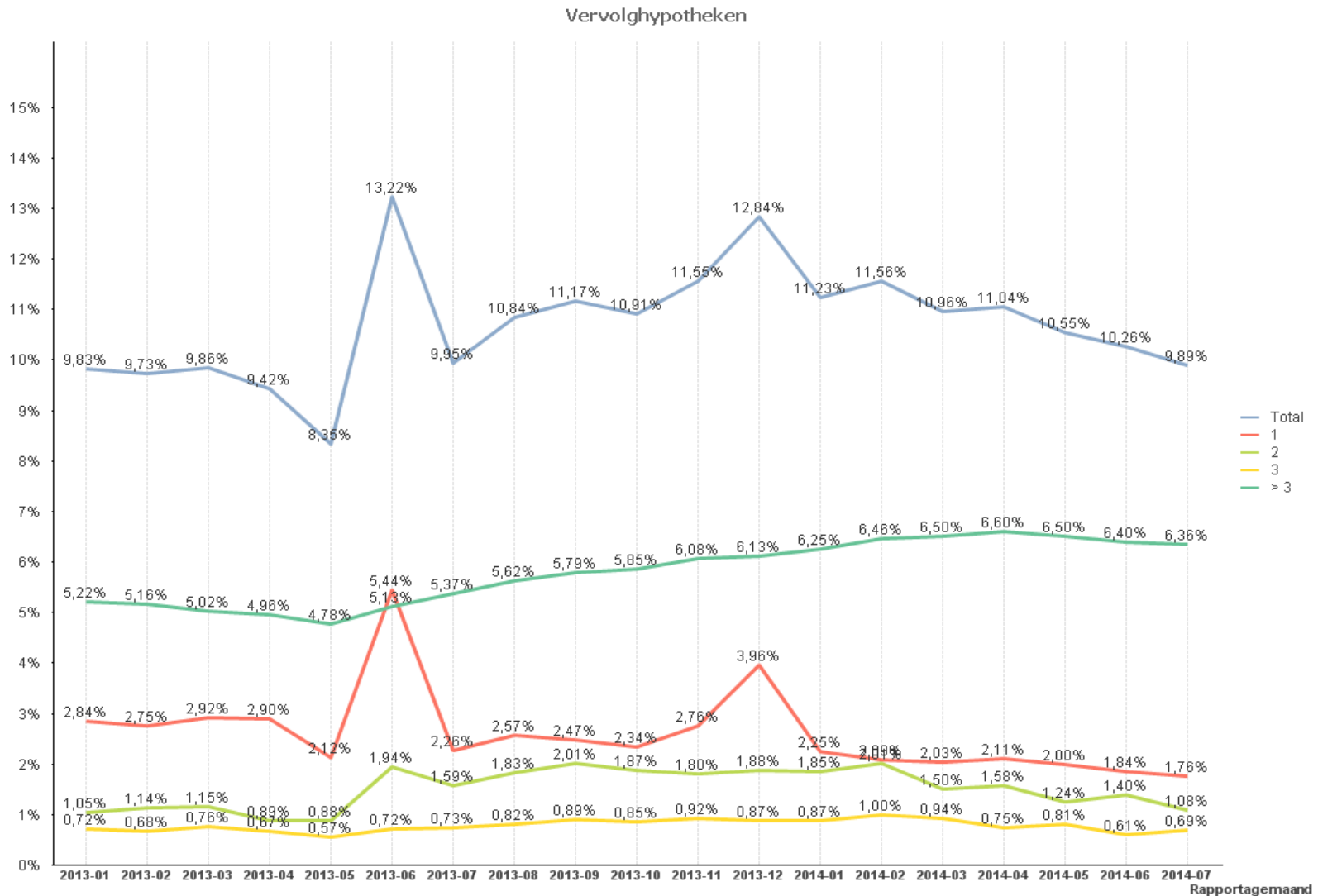
4. Arrears: total portfolio



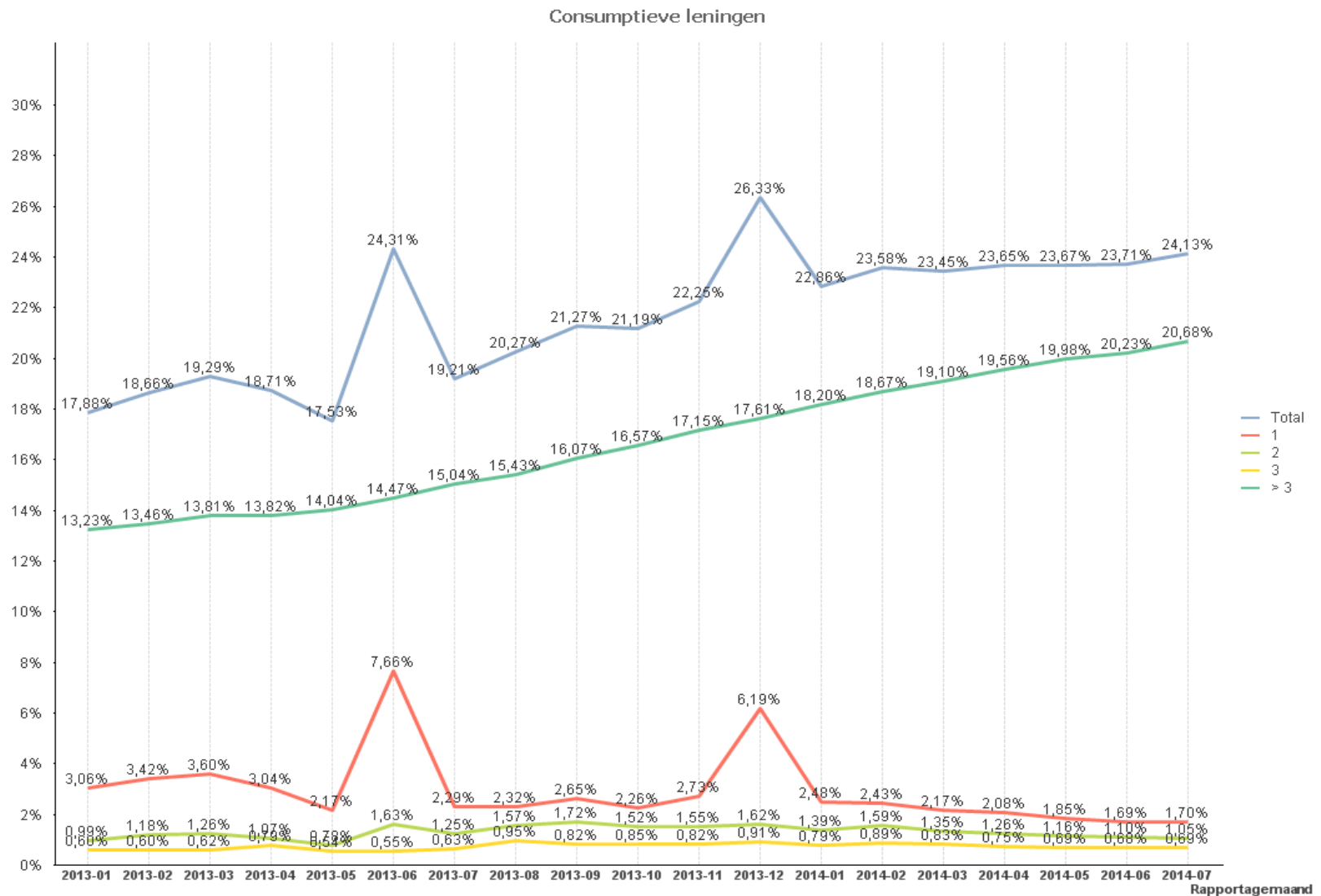
4. Arrears: 1st Lien Mortgage Loans (1H)



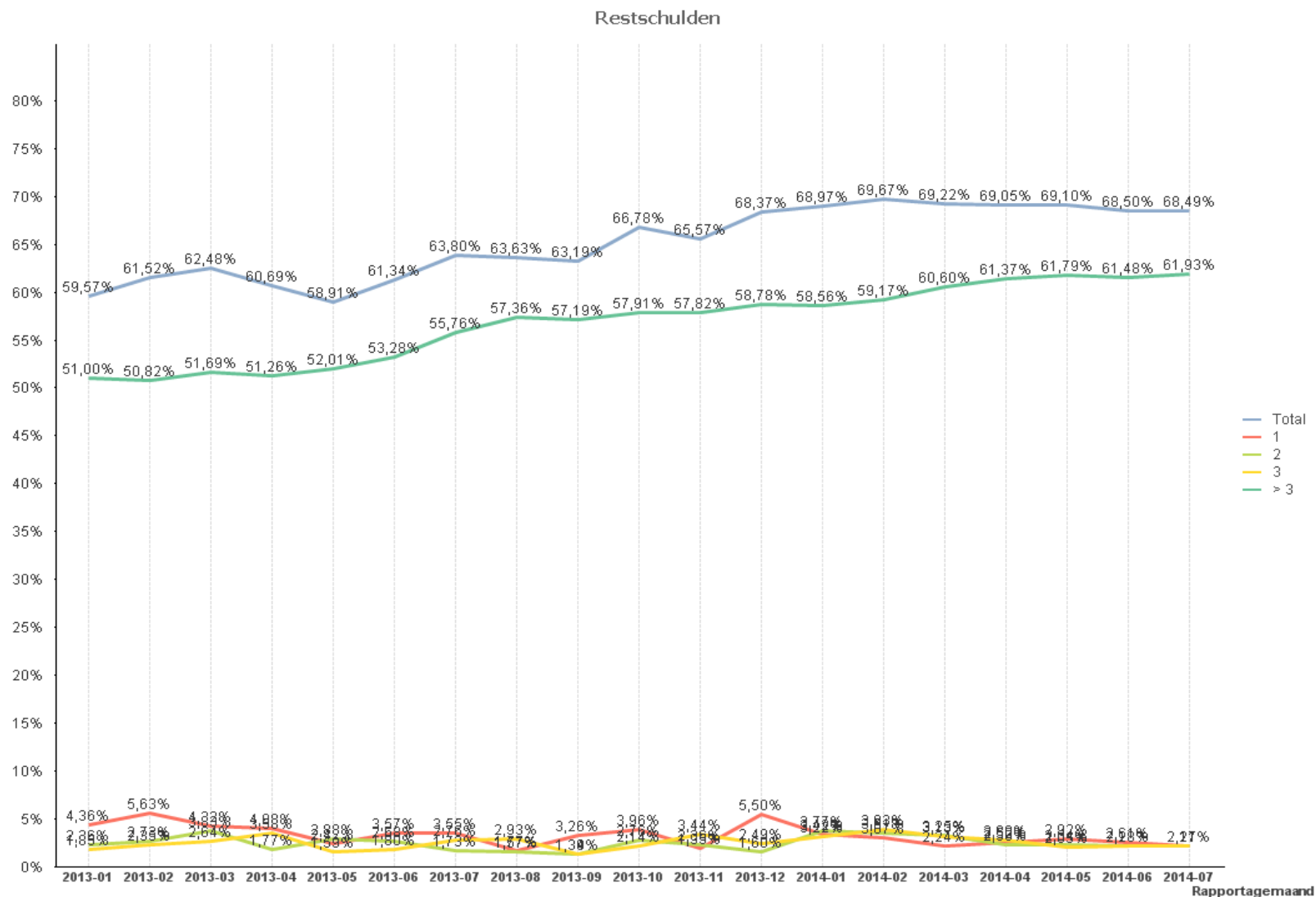
4. Arrears: 2nd Lien Mortgage Loans (2H)



4. Arrears: Consumer Loans (CK)



4. Arrears: Residual Debts (RS)



4. Arrears (month-end figures)

Total portfolio						
Month	Infection %	Δ t-1	Arrears (x €1.000)	Δ t-1	# Contracts in arrears	Δ t-1
jun-13	11.44%		63,053		15,673	
jul-13	10.59%	-1.09%	64,072	1,019	12,089	3,584
aug-13	11.21%	0.63%	65,550	1,478	12,704	615
sep-13	11.85%	0.58%	67,155	1,605	13,454	750
oct-13	11.78%	-0.17%	68,105	950	13,073	-381
nov-13	12.22%	0.43%	70,032	1,927	13,593	520
dec-13	13.05%	0.73%	71,967	1,935	16,024	2,431
jan-14	12.28%	-0.92%	72,650	683	13,484	-2,540
feb-14	12,78%	0.39%	74,469	1,819	13,788	304
mar-14	12.29%	-0.44%	75,635	1,166	13,257	-531
apr-14	12.38%	0.09%	76,981	1,346	13,121	-136
may-14	11.76%	-0.62%	78,306	1,325	12,588	-533
jun-14	11.40%	-0.36%	79,459	1,153	12,292	-296
jul-14	11,29%	<u>-0,11%</u>	80,905	<u>1,446</u>	12,169	<u>-123</u>
		-0.15%		17,852		-3,504

4. Arrears normalized

Infection rates normalized for effects of compensation and aging

Total portfolio						
	Infection % start of month A	Compensation effect (initial) B	Aging Effect C	Infection % end of month		Normalized F (= D - E)
				Expected D (= A + B + C)	Actual E	
jul-13	11,44%	-0,07%	0,12%	11,50%	10,59%	0,91%
aug-13	10,59%	-0,31%	0,07%	10,35%	11,21%	-0,85%
sep-13	11,21%	-0,34%	0,07%	10,93%	11,85%	-0,92%
okt-13	11,85%	-0,24%	0,08%	11,69%	11,78%	-0,09%
nov-13	11,78%	-0,18%	0,07%	11,66%	12,22%	-0,56%
dec-13	12,22%	-0,21%	0,08%	12,09%	13,05%	-0,96%
jan-14	13,05%	-0,18%	0,10%	12,97%	12,28%	0,69%
feb-14	12,28%	-0,02%	0,09%	12,35%	12,78%	-0,43%
mrt-14	12,78%	-0,19%	0,11%	12,70%	12,29%	0,41%
apr-14	12,29%	-0,12%	0,08%	12,25%	12,38%	-0,13%
mei-14	12,38%	-0,10%	0,08%	12,36%	11,76%	0,60%
jun-14	11,76%	-0,08%	0,08%	11,76%	11,40%	0,36%
jul-14	11,40%	-0,05%	0,09%	11,44%	11,29%	0,15%

5. Servicing / Portfolio management

- Migration of servicing to Quion took place in June 2013.
- Payments from customers and sweeps to SPVs continued without interruption. Processing of Duty of Care compensations has been resumed 2 weeks after migration.
- Quion is responsible for primary and special servicing for the total loan portfolio of SPVs and DSB.
- Role of DSB in the management of the total portfolio is to:
 - deal with discretionary matters like interest reset rates, prepayment penalty policy, property auctions and special arrangements with borrowers, that do not fit in the scope of instructions to Quion in the servicing agreement (Mandate Desk).
 - supervise the servicing activities of Quion.
- DSB is investigating options to improve management of long term arrears
- SPVs in June 2013 started investor reporting based on export of loan data directly from Quion. Quality of data export continues to be further improved.
- DSB liaises with SPVs on matters regarding Quion's servicing.

6. Interest reset policy

- No changes in policy since March 2014

Annex 1 Legenda Duty of Care Workflow (sheet 5)

- Complaints:** Registered DoC client complaints in the period prior to the DoC Framework Agreement of 19 September 2011
- Applications:** Registered applications since 19 September 2011 after the DoC Framework Agreement of 19 September 2011
1. **Filing & registration**
 1. Filing& registration (gross number)
 2. Duplications
 3. Filing& registration (net number)
 2. **Proposal to clients:**
 1. Compensation proposed: Clients with a compensation proposal
 2. Not qualified for compensation: Clients who do not qualify for compensation
 3. **Client response:**
 1. Client rejects: clients who rejected proposal for compensation.
 2. Client requests re-assessment: clients who have asked for reassessment of the compensation proposal in Phase 1
 3. Client requests combined proposal Phase 1 & 2: clients who have requested a combined compensation proposal for the Phase 1 & 2
 4. Client acceptance:
 5. Final settlement Phase 1: clients who have accepted proposal for Phase 1
 6. As above and apply for Phase 2: clients who have accepted proposal for Phase 1 and at the same time apply for Phase 2
 4. **Completed and processed:** clients where compensation is set-off against arrears and / or principal of the loans and / or compensation is admitted as claim in bankruptcy
 5. **Filing & registration for overextension including transfer from Phase 1:** See 3.3. and 3.6.
 6. **Request for information:** clients to whom a request for detailed financial information has been sent which is required to make a compensation proposal
 7. **Information submitted**
 1. Clients who withdrew their request for compensation
 2. Clients where information is incomplete
 3. Clients where information is complete.
 8. **Proposal to clients**
 1. Loan and compensation proposed
 2. Loan and no compensation proposed
 3. No loan therefore not qualified for compensation
 9. **Client response:** See 3.1, 3.2 and 3.4.
 10. **Completed and processed:** See 4.

Annex 2. Legenda estimated / processed amounts DoC (Sheet 6)

ESTIMATE

- Estimate is an indication of the maximum costs of the Compensation Arrangement as presented in October 2011 (maximum for excessive lending may be exceeded). No estimation has been made for absolutely unnecessary policies.
- It is assumed that in case of loans currently outstanding, compensation amounts for single premium insurance policies and overextension will be set-off against these loans.
- Compensation for investment policies is not expected to have material impact on loans.
- Set-off will take place firstly against arrears and subsequently against principal of the loan.
- For set-off against principal, imputation right of clients is assumed where clients are expected to select a set-off priority of first consumer credit loans than second lien mortgages followed by first lien mortgages.
- For securitised loans where DoC compensation amounts are set-off against loans, it has been assumed that owners of the loans will claim these amounts as unsecured claims in the bankruptcy. The impact as presented in the table is the impact before bankruptcy pay-out.

ACTUALS

- 'DoC Debt Restructuring' is the debt restructuring applied prior to the Scheme for clients with DoC complaints and serious payment problems.
- Allocation of average compensation amounts per policy to owners of the loans (SPV's and DSB) and comparing these allocations with the estimates in the maximum scenario is not possible:
 - Compensations are first set off against arrears
 - Clients in their imputation rights make their own choices with respect to the loans with which compensation is set-off
 - Older programs on average have loans with a higher average number of insurance policies and a higher compensation amount for interest in comparison to younger programs and DSB's own book.

Annex 3. Legenda and details DoC compensations (sheet 8)

Definitions:

Average amount per month:	arithmetic mean for the month
Processed per month:	number of files processed during the month
File:	main file comprising a group of subfiles; compensation awards are processed by subfile and aggregated in the main file

Statistics for mis-selling insurance (excluding current HWL policies)

Max amount per file (overall):	€55,351
Min amount per file (overall):	€4
Average amount per file in the month of June 2014:	€3,382
Average amount per file overall:	€4,896

Statistics for excessive lending

Max amount per file (overall):	€65,841
Min amount per file (overall):	€12
Average amount per file in the month of June 2014:	€8,347
Average amount per file overall:	€8,630

Annex 4. Legenda arrears (sheets 12 – 19)

1H	1st lien mortgage loans	
2H	2 nd liend mortgage loans	
CK	Consumer Loans	
DK	Revolving Loans	
PL	Personal Loans (non revolving)	
Infected balance	Total balance of loans in arrears	
Arrears balance	Total amount of due installments -/- actual installments paid	
Infection ratio	Arrears balance / last installment	
Arrears buckets	Infection ratio expressed as monthly installments	<u>Bucket</u>
	0	0
	0.01 – 1.00	1
	1.01 – 2.00	2
	2.01 – 3.00	3
	3.01 - ∞	>3
Report date	Month end	
Reported portfolio	Own book and securitised loans to consumers in The Netherlands	
Aging	Increase of the infected balance as a percentage of the total balance as a result of the decrease of the total balance leaving the portfolio with a higher share of lower quality loans (arrears).	