

Court File No. CV-16-11290-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF MAPLE BANK GmbH

AND IN THE MATTER OF THE *WINDING-UP AND RESTRUCTURING ACT*,  
R.S.C. 1985, C.W-11, AS AMENDED

AND IN THE MATTER OF THE *BANK ACT*, S.C. 1991, C.46, AS AMENDED

BETWEEN:

ATTORNEY GENERAL OF CANADA

Applicant

and

MAPLE BANK GmbH

Respondent

NINTH REPORT OF KPMG INC. IN ITS CAPACITY AS  
COURT APPOINTED LIQUIDATOR OF THE BUSINESS IN CANADA OF MAPLE BANK  
GMBH AND ITS ASSETS AS DEFINED IN SECTION 618 OF THE *BANK ACT*

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# ***1. INTRODUCTION AND PURPOSE OF THE NINTH REPORT***

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## **BACKGROUND**

1. Maple Bank GmbH (“**Maple Bank**”) is a Canadian-owned German bank, and an authorized foreign bank in Canada under section 2 and Part XII.1 of the *Bank Act* (an “**Authorized Foreign Bank**”). In Germany, Maple Bank is subject to regulation by the Federal Financial Supervisory Authority (“**BaFin**”). As an Authorized Foreign Bank, Maple Bank was regulated with respect to its business in Canada (the “**Toronto Branch**”) by the Office of the Superintendent of Financial Institutions (“**OSFI**”).
2. As more fully described in the Liquidator’s first report to this Court dated March 2, 2016 (the “**First Report**”), in the period leading up to the commencement of the *Winding Up and Restructuring Act* (“**WURA**”) proceeding, the Toronto Branch had three major lines of business: (i) the origination and securitization of real property mortgages in Canada; (ii) structured secured lending; and (iii) security financing transactions (collectively, the “**Business**”).
3. The emergence of significant German tax claims against Maple Bank and the resulting indebtedness of Maple Bank led to:
  - i. BaFin imposing a moratorium on Maple Bank’s business activities, which caused Maple Bank to cease business and institute insolvency proceedings in Germany (the “**Moratorium**”);
  - ii. The appointment of a German insolvency administrator (the “**GIA**”) over Maple Bank GmbH (the “**German Estate**”);
  - iii. The issuance of default notices and the termination of agreements by financial institutions that were counterparties to financial contracts (primarily swaps and hedging instruments) with the Toronto Branch in respect of their dealings with Maple Bank’s business in Canada;

- iv. Canada Mortgage and Housing Corporation (“**CMHC**”), after the issuance of a default notice to Maple Bank, taking control of the Mortgage Backed Securities (“**MBS**”) business of the Toronto Branch and the corresponding mortgage pools (totaling approximately \$3.5 billion); and
  - v. OSFI issuing orders under section 619 of the *Bank Act* for the taking of control of the assets of Maple Bank in respect of the Business.
4. The events described above prompted OSFI to request that the Attorney General of Canada seek a winding-up order pursuant to section 10.1 of the WURA in respect of the Business in Canada of Maple Bank. On February 16, 2016 (the “**Liquidation Date**”), this Court granted an order (the “**Winding-Up Order**”) to, among other things, (i) wind-up the Business; and (ii) appoint KPMG Inc. (“**KPMG**”) as liquidator (the “**Liquidator**”) of the Business and of the assets of Maple Bank as defined in section 618 of the *Bank Act* (the “**Assets**”). Attached as **Appendix A** is a copy of the Winding-Up Order.
5. On March 2, 2016, the Liquidator filed its First Report to the Court which, among other things, outlined the protocol that was agreed to between the Liquidator and the GIA regarding the existing Chapter 15 filing under the *United States Bankruptcy Code* made by the GIA with regard to Maple Bank’s non-Toronto Branch assets in the U.S. and the Assets of the Toronto Branch which reside in the U.S.
6. On March 30, 2016, the Liquidator filed its Second Report to the Court which provided: (i) an update on the actions of the Liquidator since the granting of the Winding-Up Order; (ii) an update on the Assets and liabilities of the Toronto Branch; and (iii) details of a proposed marketing process to identify a successor issuer to the Toronto Branch’s MBS program and for the sale of all or a portion of certain other Assets (the “**Marketing Process**”).
7. On June 2, 2016, the Liquidator filed its Third Report to the Court which provided information in respect of: (i) an update on the actions of the Liquidator since the issuance of the Second Report; (ii) an update on the status of the Marketing Process; (iii) a proposed claims procedure (the “**Claims Procedure**”) for use in

these proceedings, including the appointment of a Claims Officer (as defined in the Claims Procedure Order); (iv) the proposed appointment of Independent Cost Counsel (as defined in the Third Report) to review and report to the Court on the fees and disbursements of the Liquidator and its counsel; and (v) the statement of receipts and disbursements of the Toronto Branch for the period February 16 to May 13, 2016.

8. On June 17, 2016, the Liquidator filed its Fourth Report to the Court which provided information regarding the sale by the Liquidator of certain un-pooled insured residential mortgages to the originators of those mortgages; myNext Mortgage Premier Trust and Xceed Mortgage Corporation.
9. On July 25, 2016, the Liquidator filed its Fifth Report to the Court which provided information regarding three sales transactions by the Liquidator involving certain structured loans associated with the Immigrant Investor Program (“**IIP**”), which included receivable backed notes (the “**Receivable Backed Notes**”) issued by PWM Financial Trust, CTI Capital Securities Inc. and KEB Hana Bank Canada (“**KEB**”) respectively and secured by, *inter alia*, notes issued by either Citizenship and Immigration Canada (“**CIC**”) or IQ Immigrants Investisseurs Inc. (“**IQII**”). Following the closing of these sales transactions certain unsold Receivable Backed Notes remained in the possession of the Toronto Branch (the “**Residual Receivable Backed Notes**”).
10. On September 19, 2016, the Liquidator filed its Sixth Report to the Court which provided information regarding the selection by CMHC of Equitable Bank (“**Equitable**”) as the Successor Issuer for the Toronto Branch’s *National Housing Act* (“**NHA**”) MBS Program and the resulting acquisition and assumption by Equitable of all of the Toronto Branch’s rights and obligations under the CMHC NHA MBS Guide and NHA MBS Program with respect to the NHA MBS originally issued by the Toronto Branch thereunder as well as the proposed sale of MBS still owned by the Toronto Branch and certain other Toronto Branch assets to Equitable (the “**Equitable Transaction**”).

11. On October 6, 2016, the Liquidator filed its Seventh Report to the Court which provided information regarding the sale to KEB of the Residual Receivable Backed Notes issued by KEB and secured by, *inter alia*, notes issued by CIC.
12. On November 15, 2016, the Liquidator filed its Eighth Report to the Court which provided information regarding the proposed settlement between the Liquidator and the Bank of Montreal of the liabilities and obligations of each of BMO and Maple Bank arising from the Repo Transaction and the early termination of the ISDA Transactions.

### **TERMS OF REFERENCE AND DISCLAIMER**

13. In preparing this report, the Liquidator has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the “**Information**”) prepared by the Toronto Branch and/or its representatives, and discussions with its former management and/or its former representatives. The Liquidator has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided and in consideration of the nature of evidence provided to the Court. However, the Liquidator has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Liquidator expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
14. The information contained in this report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Liquidator.
15. Capitalized terms not defined in this ninth report to the Court (the “**Ninth Report**”) are as defined in either the Winding-Up Order and/or the First Report through Eighth Report. Unless otherwise indicated, all references to monetary amounts herein are denominated in Canadian dollars (“**CAD**”).

16. Copies of the Liquidator's Court reports and all motion records and Orders in these proceedings are available on the Liquidator's website at <http://www.kpmg.com/ca/maplebank>.

## **PURPOSE OF THE NINTH REPORT**

17. The purpose of the Ninth Report is to provide information to the Court in respect of:
- i. An update on the status of the Claims Procedure implemented pursuant to the Claims Procedure Order dated June, 8 2016;
  - ii. An update on the realizations achieved by the Liquidator on the Assets of the Toronto Branch to date;
  - iii. The Liquidator's request for approval of a final distribution to creditors with proven Claims (the "**Distribution**") and an interim distribution to the German Estate of a portion of the expected total surplus funds realized from the liquidation and/or sale of the Assets and the Business of the Toronto Branch (the "**Partial Distribution**", and collectively with the Distribution, the "**Interim Distribution**");
  - iv. The proposed notice to be provided to creditors of the Toronto Branch prior to making the Interim Distribution (the "**Notice**");
  - v. The Liquidator's request for approval to convert certain amounts held by the Liquidator for the Toronto Branch, including certain funds to be distributed in accordance with the Interim Distribution, from CAD to Euros, or the purchase of an appropriate foreign exchange hedging instrument for the period of the Notice (the "**Notice Period**"); and,
  - vi. An update on the Liquidator's activities since the filing of the Third Report and to seek approval of those activities, including the activities as described in the Third Report, except for those activities related to the Marketing Process, which have been approved by the Court as the Liquidator completed various transactions as provided for in the Marketing Process.



18. The Liquidator is seeking certain relief from the Court, as follows:

An order (i) approving the Interim Distribution; (ii) approving the Notice, to be placed in the National Edition of *The Globe and Mail* and the International Edition of *The Wall Street Journal* by December 19, 2016 advising of the Interim Distribution; (iii) authorizing the Liquidator to convert certain amounts held by the Liquidator for the Toronto Branch, including the amount of the Interim Distribution, from CAD to Euros, or the purchase of an appropriate foreign exchange hedging instrument, for the Notice Period (all as further described herein); (iv) approving the Receipts and Disbursements for the Toronto Branch for the period from February 16, 2016 to October 31, 2016; and (v) approving the activities of the Liquidator since the filing of the Third Report, including the activities of the Liquidator as described in the Third Report.

## 2. CLAIMS PROCEDURE UPDATE

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19. The Court issued an order on June 8, 2016 (the “**Claims Procedure Order**”) approving the Claims Procedure. A copy of the Claims Procedure Order is attached hereto as **Appendix B**. The Claims Procedure was described and summarized in the Third Report, a copy of which is attached without appendices hereto as **Appendix C**.
20. The table below summarizes the activities of the Liquidator with respect to implementing the Claims Procedure and the status of those activities as of the date of this report.

Summary of Claims Procedure Activities		
Event	Date Completed	Description of Activities
Launch	June 8, 2016	<ul style="list-style-type: none"> <li>The Claims Procedure Order was approved and issued by the Court.</li> </ul>
Post the Claims Procedure Order on Liquidator’s website	June 15, 2016	<ul style="list-style-type: none"> <li>The Claims Procedure Order was posted on Liquidator’s website at: <a href="http://www.kpmg.com/ca/maplebank">http://www.kpmg.com/ca/maplebank</a></li> </ul>
Mail Claims package to all known creditors	June 14, 2016	<ul style="list-style-type: none"> <li>A Claims package was mailed to every known creditor recorded in the Toronto Branch’s records. A total of 105 Claims packages were mailed on June 14, 2016, consisting of 32 vendors, 32 contract counterparties, 21 employees and 20 German depositors.</li> </ul>
Post notice of Claims Procedure in newspapers	June 15, 2016	<ul style="list-style-type: none"> <li>The Liquidator posted a notice to creditors in the National Edition of <i>The Globe and Mail</i> and International Edition of <i>The Wall Street Journal</i>.</li> </ul>
Requested date to file Claims (not a Claims bar date)	September 19, 2016 (90 calendar days from the posting of the Claims Procedure Order in newspapers date)	<ul style="list-style-type: none"> <li>Creditors were requested to prove their Claim against Toronto Branch by delivering a completed Proof of Claim form (and supporting documentation) to the Liquidator by 4:00 p.m. EST on September 19, 2016.</li> </ul>
Review and analysis of	Ongoing	<ul style="list-style-type: none"> <li>Certain Proofs of Claim filed have</li> </ul>

Summary of Claims Procedure Activities		
Event	Date Completed	Description of Activities
Claims		been admitted by the Liquidator. Certain others are the subject of ongoing review by the Liquidator and its legal counsel (as further detailed below). The GIA and its legal counsel have been provided access to the Proofs of Claim as well.

21. Pursuant to the Claims Procedure Order, the Liquidator is required to file a report with the Court detailing the nature and quantum of all Claims filed. At this time the Liquidator is able to provide a brief summary of the Claims received to date.
22. As of November 16, 2016, 56 Proofs of Claim have been filed with the Liquidator as summarized in the table below.

Maple Bank GmbH, Toronto Branch Proofs of Claim Filed with the Liquidator As at November 16, 2016 CAD Millions			
Type <sup>(1)</sup>	Claim (#)		Claim (\$)
GIA	1	\$	791.3
German Depositors	23		686.1
Vendors and Canada Revenue Agency	7		12.1
Employees	19		20.9
Non-vendors (contract counter parties, other)	6		59.9
Related Party	1		0.4
<b>Total Claims Filed to Date</b>	<b>57</b>	<b>\$</b>	<b>1,570.7</b>

<sup>(1)</sup> All Proofs of Claim are unsecured.

23. Additional information regarding the Claims received is as follows:
- i. The GIA has submitted one Proof of Claim on behalf of Maple Bank GmbH totalling \$791.3 million (the “**GIA Claim**”). The assertion made in the GIA Claim is that certain term loans, as well as other operational funding was provided to the Toronto Branch from the German head office of Maple Bank GmbH;

- ii. 23 German Depositor Claims totalling \$686.1 million relate to deposits made in the Toronto Branch prior to the Liquidation that have been assigned to the Association of German Banks' Deposit Protection Fund and the Compensation Scheme of German Private Banks (collectively the "**GDPF**");
  - iii. Seven vendor Claims totalling \$12.1 million relate to unpaid services provided to the Toronto Branch prior to Liquidation, unpaid corporate income taxes for the fiscal years ended 2010, 2013-2015 and unremitted Harmonized Sales Taxes for the years 2015 and 2016;
  - iv. 19 employee Claims totalling \$20.9 million relate to termination notice and severance pay, unpaid bonuses, out of pocket expenses due to employees prior to Liquidation, among other things;
  - v. Six non-vendor Claims totalling \$59.9 million relate primarily to a structured loan counterparty obligation and five contingent Claims filed by certain originators and servicers of the Mortgage Business and Structured Loan Portfolio. As of the date of this report, three of these parties have indicated that their claims have been satisfied as a result of the Equitable Transaction; and
  - vi. One related party Claim totalling \$0.4 million relates to a Claim from Maple Securities U.S.A. (a related party) which is claimed to have arisen as a result of a default by the Toronto Branch under a repurchase transaction.
24. The Liquidator has reviewed and continues to analyze the Proofs of Claim in accordance with its obligations pursuant to the Claims Procedure Order. As at November 16, 2016 the Liquidator has admitted and approved \$686.2 million of Claims (the "**Proven Claims**") as summarized below:

**Maple Bank GmbH, Toronto Branch  
Claims Admitted by the Liquidator  
As at November 16, 2016**

**CAD Millions**

<b>Creditor</b>		<b>Claim (\$) <sup>(1)</sup></b>
GIA <sup>(1)</sup>	\$	-
German Depositors		686.1
Vendors		0.1
Canada Revenue Agency		-
Employee		-
Non-vendor		-
Related Party		-
<b>Total Proven Claims</b>	<b>\$</b>	<b>686.2</b>

<sup>(1)</sup> All Proofs of Claim are unsecured.

### ***3. PROPOSED INTERIM DISTRIBUTION OF PROCEEDS AND CREDITOR NOTICE***

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25. As discussed in the Third Report, one of the primary stated objectives of the GIA is to obtain a distribution of the expected total surplus realized from the Toronto Branch (the “**Surplus**”) as soon as practicable to the German Estate. Notwithstanding that the WURA does not explicitly provide for an interim distribution to the German Estate until all third party Claims are satisfied in full, the Liquidator is supportive of the Interim Distribution, including the Partial Distribution. The Liquidator believes it is now in a position to seek approval from the Court to effect the Interim Distribution, including the Partial Distribution, as the majority of the Assets of the Toronto Branch had been realized upon, the universe of potential Claims is now defined with a relative degree of certainty through the Claims Procedure which has been ongoing for 150 days, an appropriate Notice will be made of the Interim Distribution to potentially affected parties and an appropriate additional reserve for potential further Claims has been set.
26. As at October 31, 2016, and as further described in Section 6 of this report, the Liquidator has realized substantially all of the Assets of the Toronto Branch and currently maintains over \$1.5 billion in cash and cash equivalents (including liquid securities), a significant portion of which could be made available for distribution to creditors and stakeholders of the Toronto Branch.
27. As described in Section 2 above, in accordance with the Claims Procedure, creditors have filed Claims totalling approximately \$1.57 billion which includes the GIA Claim of approximately \$791.3 million.
28. The following table summarizes the current assets and filed Proofs of Claim in respect of the Toronto Branch and demonstrates that if all Proofs of Claim, as filed with the Liquidator, are proven and admitted as Claims by the Liquidator the Toronto Branch would be rendered insolvent.

**In the matter of the winding up of Maple Bank GmbH (Toronto Branch)  
Summary of Toronto Branch Assets and Proofs of Claim filed  
As at October 31, 2016<sup>(1)</sup>  
Amounts in CAD millions**

**Assets**

Cash and cash equivalents <sup>(2)</sup>	\$	1,504.6
Remaining assets, under liquidation (at estimated recoverable amounts)		62.7
Less: Anticipated net U.S. asset realizations (included above) <sup>(3)</sup>		(111.2)
Less: Estimated future total costs to administer estate <sup>(4)</sup>		(9.5)

<b>Assets available for distribution</b>	<b>\$</b>	<b>1,446.6</b>
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<b>Claims<sup>(1)</sup></b>	<b>#</b>	<b>Filed</b>
German Depositors	23	686.1
Other unsecured claimants <sup>(5)</sup>	33	93.3
GIA	1	791.3
<b>Subtotal of Claims</b>	<b>57</b>	<b>1,570.7</b>
<b>Deficit <sup>(6)</sup></b>		<b>\$ (124.1)</b>

**Notes:**

<sup>(1)</sup> Asset values as at October 31, 2016. Proofs of Claim values as at November 16, 2016.

<sup>(2)</sup> Includes cash balance of \$263.2 million and liquid securities balance of \$1.2414 billion.

<sup>(3)</sup> The U.S. Assets are subject to the Stipulation in the U.S. Chapter 15 proceedings and have been excluded for the purpose of estimating the solvency of the Toronto Branch.

<sup>(4)</sup> Estimate of professional fees, Toronto Branch staff and administrative costs to complete the administration of the Toronto Branch liquidation. Does not include estimated professional fees to litigate any Proofs of Claim if they cannot otherwise be adjudicated through the Claims Procedure.

<sup>(5)</sup> Includes trade, employee, Canada Revenue Agency, contract counter-party and contingent claims.

<sup>(6)</sup> Total potential Creditor deficiency on the basis of total Proofs of Claim as filed (does not include interest on Claims as prescribed under WURA which accrues at the rate of 5% per annum as interest is not payable if Toronto Branch is insolvent).

29. The Liquidator has been working towards making the Interim Distribution as:
- i. There are limited Assets of the Toronto Branch remaining to be realized;
  - ii. Statutory interest will accrue on Claims if the Toronto Branch is determined to be solvent;
  - iii. The GDPF has significant claims and the German Estate has a significant interest in Toronto Branch proceeds which are both

currently subject to unhedged foreign exchange risk to these parties (the “**FX Risk**”); and

- iv. The Claims Procedure has been implemented for in excess of 150 days, with Creditors having wide notice of such proceedings, to the point where the Liquidator is able to establish a significant, conservative Claims reserve (as described further herein), subject to the further distribution mechanics proposed herein, including further notice to existing and further potentially affected stakeholders for a reasonable period.
30. The Liquidator has discussed the GIA Claim and the Interim Distribution with the GIA. In this regard, the Liquidator has reached an agreement with the GIA pursuant to which the GIA Claim, to the extent that it is valid, shall, upon receipt of the Partial Distribution as approved as part of the Interim Distribution, and without prejudice to its right to receive for the German Estate the assets of the Toronto Branch that remain after payment of all proven Claims, be permanently reduced to the extent of any such distribution made to the GIA in respect of the GIA Claim. The GIA has further agreed that such corresponding portion of the GIA Claim shall be extinguished and released by such distribution. In addition, the remaining portion of the GIA Claim, to the extent that it is valid, after taking into account the Interim Distribution, shall be capped at an amount (which amount may from time to time increase or decrease) that results in the Toronto Branch having assets in excess of its liabilities. Accordingly, Creditors with existing proven Claims will receive 100% of their Claim amounts, plus interest to the date of the Interim Distribution.
31. A reasonable reserve will be established to provide for: (i) Claims that have been filed but not yet proven/accepted (“**Unproven Claims**”) and (ii) possible future Claims (“**Future Potential Claims**”) including interest thereon until distributions are made in respect of these Claims. The reserve is discussed in more detail below.



32. In contemplating the Interim Distribution and in accordance with the agreement with the GIA, the Liquidator has developed a reserve (the “**Estimated Reserve**”) which is summarized in the table below and is comprised of an appropriate reserve for all existing and potential future claims:

- i. The total of all Unproven Claims;
- ii. An amount for Future Potential Claims in the order of \$50 million (the Liquidator is not aware of any pending further Proofs of Claim to be received); and
- iii. Interest on items (i) and (ii) at 5% per annum up to and including March 31, 2018, a period where the Liquidator estimates it will have resolved all claims.

**In the matter of the winding up of Maple Bank GmbH (Toronto Branch)  
Estimated Reserve  
As at November 16, 2016  
Amounts in CAD millions**

Unproven Claims <sup>(1)</sup>	\$ 93.2
Interest on Unproven Claims <sup>(2)</sup>	9.3
Future Potential Claims <sup>(3)</sup>	50.0
Interest on Future Potential Claims <sup>(2)</sup>	5.0
<b>Total Estimated Reserve</b>	<b>\$ 157.5</b>

**Notes:**

<sup>(1)</sup> Represents unproven third party claims as filed, as at November 16, 2016 at the amounts as filed by the claimants. All or a portion of their amounts could ultimately be proven as Claims.

<sup>(2)</sup> Includes interest at 5% p.a. pursuant to the WURA from the Liquidation Date to March 2018, a conservatively assumed date upon which all unproven claims are resolved and a final distribution is made.

<sup>(3)</sup> Reserve to provide for any claims not yet identified or filed.

33. The Estimated Reserve is designed to protect any further claimants of the Toronto Branch while at the same time allow for a timely distribution to qualifying claimants. The Estimated Reserve is isolated from the U.S. Assets of \$111.2 million, insofar as the Assets available and considered for the Interim Distribution exclude the U.S. Assets as they are subject to the Stipulation arrangements in the U.S. Chapter 15 proceedings previously described.

34. Based on the estimate of Toronto Branch assets, further net asset realizations, proven claimants, unproven claimants, and the Estimated Reserve, the estimated surplus in the Toronto Branch (the “**Estimated Surplus**”) available to the German Estate is shown below.

<b>In the matter of the winding up of Maple Bank GmbH (Toronto Branch)</b>		
<b>Estimate of Estate surplus</b>		
<b>As at October 31, 2016<sup>(1)</sup></b>		
<b>Amounts in CAD millions</b>		
Assets available for distribution <sup>(2)</sup>		<b>\$ 1,446.6</b>
Proven Claims <sup>(3)</sup>	686.2	
Interest on proven claims <sup>(4)</sup>	28.6	\$ 714.8
<b>Reserve for:</b>		
Unproven Claims <sup>(5)</sup>	93.2	
Interest on Canadian Claims <sup>(6)</sup>	9.3	
Future Potential Claims <sup>(7)</sup>	50.0	
Interest Future Potential Claims <sup>(6)</sup>	5.0	\$ 157.5
Total potential distribution to third party creditors		<b>\$ 872.3</b>
<b>Current Estimated Surplus</b>		<b>\$ 574.3</b>

**Notes:**

- <sup>(1)</sup> Asset values as at October 31, 2016. Proofs of Claim values as at November 16, 2016.
- <sup>(2)</sup> Includes cash, securities and Assets to be realized less the U.S. Assets (\$111.2 million) and costs to administer the estate.
- <sup>(3)</sup> Includes the German Depositor Claims of \$686.1 million and other trade Claims of \$0.1 million.
- <sup>(4)</sup> Includes interest at 5% p.a. pursuant to the WURA from the Liquidation Date to the Interim Distribution Date.
- <sup>(5)</sup> Represents unproven third party Proofs of Claim as filed, as at November 16, 2016, at amounts as filed by the claimants.
- <sup>(6)</sup> Includes interest at 5% p.a. pursuant to the WURA from the Liquidation Date to March 2018, a conservatively assumed date upon which all unproven claims are resolved and a final distribution is made.
- <sup>(7)</sup> Reserve to provide for any Claims not yet filed.

35. The Liquidator is of the view that the Interim Distribution is appropriate under the circumstances and should be made for the following reasons:

- i. The Asset realization process is substantially complete and the Liquidator is holding cash or equivalents in excess of \$1.5 billion;

- ii. Pursuant to the Claims Procedure, creditors were provided in excess of 90 days to file their Claims with the Liquidator. It has now been in excess of five months since the Claims Procedure was commenced. The Liquidator is of the view that creditors of the Toronto Branch have had sufficient time to submit their Claims and that creditors who may have Claims against the Toronto Branch have done so. The Liquidator is not aware of any pending claims;
- iii. In addition to the notice of the Claims Procedure sent to all creditors by the Liquidator on June 14, 2016, all creditors will be receiving service of the Liquidator's Ninth Report and distribution motion, as well as, an additional 30 day Notice of the proposed Interim Distribution;
- iv. The Liquidator has also held without prejudice discussions with a significant creditor that has filed a contingent Claim and has verbally confirmed with the Liquidator the upper possible maximum value of its Claim which is included as an Unproven Claim in the analysis herein;
- v. The reserve for Future Potential Claims is considerable at \$50 million, plus interest to March 31, 2018, which is a provision over and above the amount set aside for Unproven Claims, which may or may not ultimately be resolved at the amounts filed by the claimants;
- vi. Pursuant to the WURA, interest is accruing on Claims at 5% per annum, which is significant given the value of certain of the largest Claims and the corresponding current low interest rate environment. The Estimated Surplus available for the German Estate decreases as interest continues to accrue on creditors' Claims;
- vii. The Interim Distribution meets the GIA's stated objectives of receiving a distribution of the Estimated Surplus as soon as practicable and mitigates the German Estate's FX Risk;

- viii. The GDPF as the largest creditor of the Toronto Branch will also have its FX Risk mitigated the sooner a distribution can be made; and
- ix. There is efficiency in the liquidation of the Toronto Branch in a timely distribution of proceeds to the Toronto Branch stakeholders.

#### Interim Distribution Notice

- 36. In order to provide notice of the proposed Interim Distribution, if the Interim Distribution is approved by the Court, the Liquidator also intends to post a notice to all creditors of the Toronto Branch in the National Edition of *The Globe and Mail* and International Edition of *The Wall Street Journal* and on the Liquidator's website within three business days of the Court approving the Interim Distribution providing notice that the Interim Distribution will be made on or about December 19, 2016 (the "**Interim Distribution Date**"). The Notice will advise that in order to participate in the Interim Distribution, creditors must have their Claim proven with the Liquidator prior to the Interim Distribution Date. A copy of the draft Notice that will be posted in the newspapers is attached hereto as **Appendix D**.
- 37. If further Claims are filed with the Liquidator during this notice period that materially affect the Estimated Reserve and in the Liquidator's judgement would also affect the solvency of the Toronto Branch or the quantum of the Expected Surplus that could be distributed to the German Estate, the GIA will consent to the reduction in the Partial Distribution, or the Liquidator will return to the Court for further advice and directions.
- 38. In addition to proceeding with the Interim Distribution, once approved, the Liquidator also intends to distribute any remaining funds held in the U.S. Joint Control Account with Citibank N.A. which have been realized on from the U.S. Assets (as further described in paragraph 60 of this Report) to the GIA as soon as practicable after the Interim Distribution Date, subject to paragraph 37 above.
- 39. For the reasons outlined above, the Liquidator is of the view that the Interim Distribution should be approved by the Court at this time.



#### ***4. PROPOSED CONVERSION OF CANADIAN FUNDS TO EUROS FOR THE BENEFIT OF GERMAN STAKEHOLDERS***

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40. As noted above, the Toronto Branch's two largest stakeholders reside in Germany, namely the GDPF, as the assignee of German depositors with proven Claims of \$686.1 million (plus accrued interest) and the GIA for the Estimated Surplus. The quantum of these amounts is significant and these stakeholders are exposed to FX Risk on account of the Liquidator holding primarily CAD. The GDPF and the GIA have repeatedly asked for the Liquidator's assistance in mitigating their FX Risk.
41. As the universe of Claims has become clearer, and should the Court approve the mechanics of the Interim Distribution as described herein which include the Interim Distribution Notice, the Liquidator would be supportive of assisting the above parties in reducing their FX Risk for the 30-day Notice period.
42. The Liquidator is therefore seeking the Court's approval to (a) convert the amounts payable to the GDPF in respect of their Proven Claims and the Estimated Surplus distribution to the German Estate to Euros, or (b) purchase an alternative derivative financial product that will hedge the FX Risk until the Interim Distribution Date once the Interim Distribution is approved, subject, in each case, to the approval of the GDPF and/or the GIA, as the case may be. The conversion or transaction costs will be borne by the GDPF and the GIA for their proportionate shares of the same and the Liquidator will hold their respective distribution amounts in Euros (if conversion is chosen) until the Interim Distribution Date, at which time such Euros will be delivered to the GDPF and the GIA. The Liquidator will satisfy a portion of the proposed Interim Distribution with 49 million Euros that it has on hand.
43. In the event that the Liquidator receives claims before the Interim Distribution Date which will affect the Interim Distribution, the Liquidator will consider whether such funds should be converted back to CAD and the conversion costs incurred will be deducted from these stakeholders' distributions when made.

## ***5. ACTIVITIES OF THE LIQUIDATOR***

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44. A detailed description of the Liquidator's activities up to and including March 30, 2016, is set out in the Second Report and was approved by the Court on April 5, 2016. Since the filing of the Second Report, the Liquidator has continued to manage the liquidation of the Toronto Branch as further described below.

### **Preservation and Safeguarding of Assets**

#### Physical and Remote Access

45. Upon taking control of the Toronto Branch office premises (the "**Premises**"), the Liquidator identified the Toronto Branch's information technology ("**IT**") systems and processes and established control of the IT systems in a manner that secured and maintained the integrity of the data, systems and processes, including terminating remote access to the IT systems and restricting physical access to the on-site servers.
46. The Liquidator prepared a complete backup of financial and other information as of the Winding-Up Date, and continues to prepare weekly backup updates which are stored in a secure evidence vault at the Liquidator's offices.
47. The Liquidator had arranged for attendance by security guards at the Premises during non-business hours. The Liquidator had also restricted key card access of all employees of the Toronto Branch and Maple Securities Canada Limited ("**MSCL**"), a related party that shares the Premises with the Toronto Branch, excluding select IT personnel who required access to the server room located in the Premises in the case of emergency. A daily log of authorized individuals was maintained by the security team and reviewed by Liquidator.
48. To date there have been no breaches of the security protocol implemented by the Liquidator. As the liquidation of the Toronto Branch is now substantially complete and most employees have completed their employment with the Liquidator, the Liquidator terminated this security coverage on November 4,

2016. The Premises continue to be physically secured and access is restricted to key card access holders whose access is recorded by the security system.

#### Books and Records

49. All books and records of the Toronto Branch, whether electronic or hard copy, continue to be safeguarded through the processes noted above. The Liquidator has continued to update the books and records of the Toronto Branch as transactions related to the winding-up of the Toronto Branch occurred.
50. The Liquidator continues to catalogue and maintain all of the Toronto Branch's hard copy books and records in preparation for delivery to a secure off-site storage provider which is anticipated to be completed by November 30, 2016.

#### **Cash Control, Forecasting, Monitoring and Reporting**

51. The Liquidator regularly performs the following activities to ensure the preservation of the Assets of the Toronto Branch and other resources:
  - i. The Liquidator reviews all disbursements requested by the Toronto Branch with the treasury department. The approval controls for disbursements are maintained by the Liquidator through the safeguarding of the banking access devices required to process disbursements for all bank accounts and the changing of signing authorities to only the Liquidator's senior personnel;
  - ii. A weekly bank reconciliation is prepared and reviewed by the Liquidator that compares the Liquidator's records to the Toronto Branch's bank statements to ensure no discrepancies exist;
  - iii. A cash flow forecast (the "**Cash Flow Forecast**") is prepared by the Liquidator for the purposes of estimating the cash flows of the Toronto Branch during these WURA proceedings. The Liquidator relies on the Toronto Branch's records and discussions with management to prepare the Cash Flow Forecast. The key



assumptions are reviewed regularly by the Liquidator and updated to reflect developments in the Toronto Branch's liquidation;

- iv. The Liquidator regularly reports on the Toronto Branch's cash balances to the GIA. A detailed analysis of receipts and disbursements is prepared for each report to the Court and the Liquidator comments on the movements in cash during each reporting period; and
- v. The Liquidator continues to manage the cash and securities of the Toronto Branch and engaged RBC Dominion Securities ("RBC DS") as an investment manager to manage the funds realized through asset sale transactions completed by the Liquidator and to obtain a secure rate of return on these funds.

### **Attending to Toronto Branch Operating Matters**

#### Employees

- 52. The Liquidator negotiated and granted retention arrangements and in some cases retention bonuses for certain Toronto Branch staff that were critical for the ongoing administration of the affairs of the Toronto Branch by the Liquidator. As staff needs for the Toronto Branch were reduced the affected staff were terminated in accordance with the term and task letters negotiated by the Liquidator with each applicable staff member. As of November 14, 2016, only the former CFO continues to be retained by the Liquidator in order to assist with the ongoing administration of the Toronto Branch.
- 53. The Liquidator recently held an information session for employees in order to provide direction as to how to complete their proof of claim forms in respect of amounts that may be due to them by the Toronto Branch.

### Office Lease and Other Services

54. Maple Financial Group (“**MFG**”) is a company related to Maple Bank and is the named tenant on the lease for the Premises where Toronto Branch and other entities related to Maple Bank operated. Toronto Branch funds its share of the lease costs to MFG each month. On August 4, 2016, MFG made an assignment in bankruptcy and Deloitte Inc. was appointed as Trustee in Bankruptcy (the “**Trustee**”). Both Toronto Branch and MSCL required the continued use of the Premises and negotiated an occupancy agreement with the Trustee. The Trustee exercised its statutory right of occupation pursuant to the *Bankruptcy and Insolvency Act*, and occupied the Premises until October 31, 2016. The Liquidator negotiated an agreement with the landlord for the Toronto Branch to retain the Premises on terms substantially the same as in the existing lease for a short term (i.e. until November 30, 2016) in order to permit the Liquidator to close the Equitable Transaction and wind-up the remaining business of the Toronto Branch. On November 30, 2016, the Liquidator will relinquish the Premises and has arranged temporary workspace for the sole remaining employee of the Toronto Branch.

### Tax Returns

55. The Liquidator arranged for the preparation of tax returns for the Toronto Branch for the fiscal period ended September 30, 2015 and the period October 1, 2015 to February 15, 2016. These returns were filed by the Liquidator prior to the Canada Revenue Agency (“**CRA**”) filing deadlines.
56. The Liquidator worked with the Toronto Branch’s tax advisor, Ernst & Young LLP (“**EY**”), to obtain opinions in respect of the Toronto Branch’s tax status, and tax implications resulting from (i) the asset sales completed by the Liquidator; and (ii) the Toronto Branch ceasing to carry on business as an authorized foreign bank branch as a result of its liquidation.
57. The Liquidator continues to work with EY for the preparation of the tax returns for the liquidation period and resolution of the CRA’s Claim in the Toronto Branch.

## **Development and Execution of the Marketing Process**

58. As discussed herein, the Liquidator has completed the three streams of the Marketing Process:
- i. The Structured Loans Marketing Process;
  - ii. The Maple Assets Marketing Process; and
  - iii. The Successor Issuer Marketing Process.
59. In order to execute the Marketing Process, the Liquidator engaged in on-going consultation with affected parties including CMHC, the GIA, mortgage originators and servicers, immigrant note issuers, among others.
60. The Liquidator reported to the Court on the sale of the Un-Pooled Mortgages in the Fourth Report, the sale of the Receivable Backed Notes in the Fifth Report, the sale of the Maple Assets and the appointment of a Successor Issuer in the Sixth Report and the sale of the remaining Receivable Backed Notes in the Seventh Report. The Liquidator's activities in respect of the Marketing Process as described in those reports were previously approved by the Court.

## **Monitor and Realize Upon Other Assets**

### U.S. Assets

61. As described in the Second Report, after the commencement of the German Insolvency Proceedings, the GIA filed a petition for recognition of the German Insolvency Proceedings in the U.S. Bankruptcy Court for the Southern District of New York (the "**U.S. Bankruptcy Court**") under Chapter 15 of the U.S. Bankruptcy Code (the "**Chapter 15 Proceeding**").
62. On March 2, 2016, the Liquidator and the GIA entered into the Stipulation to address the realization of Maple Bank's U.S. Assets. The Stipulation was filed with the U.S. Bankruptcy Court on March 3, 2016, as part of the GIA's revised proposed recognition order. The Stipulation is described in the Second Report.
63. Pursuant to the Stipulation, the Liquidator and the GIA opened a Joint Control Account with Citibank N.A. The Liquidator has regularly transferred funds to the

Joint Control Account as U.S. Assets are monetized. As at October 31, 2016, the Joint Control Account held a balance of approximately U.S. \$69.0 million (CAD \$111.2 million) primarily relating to realizations on various U.S. Assets, including the Global One loan, certain energy loans, the State Street stock loan, as well as, the settlement of financial derivative transactions with various U.S. based counterparties. In addition the Liquidator is holding U.S. \$14 million in its U.S. dollar denominated special trust account pending the resolution of the Claim filed by Global One. As at the date of this Report there are no other U.S. Assets relating to the Toronto Branch's Business that need to be monetized.

#### Derivative Settlements

64. As described in the Second Report, the Moratorium was an event of default under all of the derivative and financial instruments to which Toronto Branch was a party. As at the date of the Winding-Up Order, the Toronto Branch had entered into numerous derivative financial instruments with seven counterparties. To-date, the Liquidator has settled six counterparty derivative accounts, while one has yet to be settled. The Liquidator is in discussions with the respective counterparty with the goal of reaching a settlement.

#### Structured Loans Portfolio

As described in the Second Report, Toronto Branch had a structured loan portfolio consisting of Immigrant Investor Program (“IIP”) notes and various commercial loans. The book values of these assets at the date of the Winding-Up Order were approximately \$233.3 million and \$138.5 million, respectively. A significant portion of the IIP notes were sold to third parties in August, 2016 for approximately \$193.6 million. A number of the unsold IIP notes matured and have been redeemed by the Liquidator. As described in the Seventh Report, the Liquidator also sold the remaining IIP notes in October, 2016 for approximately \$14.9 million.

65. Global One has repaid the outstanding loan balance including U.S. \$14 million which is held by the Liquidator in its U.S. denominated special trust account.

66. The Liquidator has concluded a transaction that includes the sale of the Lakeview Mortgage asset which was described in the Sixth Report.
67. The Liquidator has also reached agreements with two energy loan counterparties in order to settle their respective outstanding loan balances at close to the applicable book value. These agreements also included a release of all potential future Claims against Maple Bank.

#### CED Portfolio

68. As discussed in the Third Report, the *Bank Act* requires that the Toronto Branch hold Capital Equivalency Deposits (“**CED**”) with an approved financial institution in Canada. At the date of the Winding-Up Order, the Toronto Branch had approximately \$467.5 million in CED at BMO Trust Company (“**BMO Trust**”), as custodian, which consisted primarily of municipal bonds, NHA MBS pools, Government of Canada treasury bills and Schedule 1 bankers’ acceptance notes (the “**CED Securities**”). With the terminations of the derivative instruments the CED Securities holdings were un-hedged and the Toronto Branch was vulnerable to interest rate risk.
69. To minimize the Toronto Branch’s interest rate risk exposure, the Liquidator desired to liquidate the CED portfolio. Prior to liquidating selected securities in the CED, the Liquidator performed the following activities:
  - i. Established bid spread levels from daily dealer spread runs, Bloomberg, and conversation with dealers;
  - ii. Confirmed with OSFI the Liquidator’s sale process and timing;
  - iii. Confirmed with BMO Trust the sale process and timing and discussed reinvestment execution; and
  - iv. Confirmed with BMO Capital Markets (the settlement and clearing bank) the sale processing and timing.

70. During the period May 5 to 15, 2016, the Liquidator liquidated and settled approximately \$371 million of CED account securities (e.g. municipal bonds, provincial bonds and NHA MBS pools) with maturity dates beyond December 31, 2016, and purchased Government of Canada treasury bills with one month maturities with the proceeds until the selection of an Investment Manager and subsequent investing in a portfolio of very low risk and liquid securities.

#### Selection of an Investment Manager

71. The Liquidator completed the process of selecting an investment manager for the cash portfolio of the Toronto Branch, which includes amounts realized through asset sale transactions completed by the Liquidator and amounts held by Toronto Branch on the Liquidation Date. As outlined in the Third Report, the Liquidator prepared a Request for Proposal (“RFP”) seeking a single investment manager for the Liquidator’s portfolio of the Toronto Branch’s cash and securities with the objective to earn a return on these assets while assuming very low investment risk. The RFP was sent to three Canadian Schedule 1 chartered banks. All three banks provided investment management proposals.
72. After reviewing the proposals, the Liquidator selected RBC DS as the investment manager for the Liquidator’s portfolio of Toronto Branch assets. The Liquidator transferred remaining securities and excess cash to RBC DS for investment, and continues to transfer funds as assets are realized. The balance of securities held in these managed accounts was approximately \$1.2 billion as at October 31, 2016.

#### OSFI Approval

73. In order to withdraw securities from the Toronto Branch CED account, the Liquidator was required to obtain approval from OSFI. The Liquidator engaged in numerous discussions with OSFI and prepared the necessary documentation to seek approval from OSFI to transfer CED from BMO to RBC DS. In August 2016, the Liquidator received approval from OSFI to withdraw the securities portfolio from the Toronto Branch CED account, and the securities were transferred to the Liquidator’s investment accounts at RBC DS.

### Sale of Artwork

74. The Toronto Branch owned three pieces of artwork. The Liquidator engaged a professional art advisor (the “**Art Advisor**”) to conduct an appraisal for each piece of art. Following the appraisal, the Art Advisor concluded that the combined market value of the three pieces was approximately \$27,000.
75. The Liquidator proceeded to engage the Art Advisor to sell the art on the Liquidator’s behalf. To date, two of the three pieces have been sold for a combined net realization of \$14,000, after commissions and selling costs. The Art Advisor continues to market the third piece of art.

### Intercompany Balances

76. As described in the Second Report, the Toronto Branch was in a receivable position with certain related entities primarily as a result of collateral securities provided to MSCL, and the net effect of a related party loan arrangement and interest rate swaps with Maple Holdings Canada Limited (“**MHCL**”).
77. The Liquidator has settled the majority of the MSCL receivable balance. The remaining receivable balance from MSCL as at October 31, 2016, is approximately \$103,000 and is expected to be settled in the coming weeks.
78. The remaining MHCL receivable balance as at October 31, 2016, is approximately \$4.6 million. The Liquidator has formally requested payment of this amount from MHCL and has been advised that payment will be made when the Maple Securities (U.K.) Ltd. (“**MSUK**”) estate is settled due to certain intercompany guarantee obligations.
79. The Toronto Branch also had a payable in the amount of approximately US\$ 14 million owing to MSUK relating to the back end of a repurchase transaction with Societe General in which the Toronto Branch acted as an intermediary. As at the date of this report the Liquidator and the administrator of the MSUK have reached a settlement of this payable for approximately US\$ 14 million which amount will be paid to MSUK from the Joint Control Account with the consent of the GIA.

### **Communications and Other Interactions with Stakeholders**

## The GIA

80. Since the filing of the Third Report, the Liquidator has met with the GIA to review matters related to the administration of the Toronto Branch, including, without limitation, the following:

- i. Sale transaction of the Un-Pooled Mortgages;
- ii. Sale transactions of the Receivable Backed Notes;
- iii. Approval of a Successor Issuer of the MBS Assets;
- iv. Sale transaction of the MBS Assets;
- v. Ongoing monetization of the Assets, including the U.S. Assets;
- vi. Operating cash balances and the investment thereof (including the CED portfolio and new RBC investment account);
- vii. Toronto Branch's potential liabilities;
- viii. Tax matters;
- ix. The Claims Procedure;
- x. The BMO Settlement and BMO Sale transaction
- xi. Liquidator's cash flow projections;
- xii. The proposed Interim Distribution and the proposed Euro conversion; and
- xiii. Other matters.

81. The Liquidator has prepared the following reports for the GIA:

- i. The Interim Winding-Up Plan;
- ii. The Final Winding-Up Plan;



- iii. The Toronto Branch Update Report;
  - iv. The Euro Conversion analysis; and
  - v. Various other schedules, status update reports, analysis and commentary regarding the Toronto Branch.
82. The Liquidator has responded to numerous ongoing queries and additional information requests from the GIA, in addition to providing the reports listed above.
83. Consultation with the GIA on these matters occurred both in person and through regular contact by email and phone. Face-to-face meetings were held in Toronto on April 18, 2016, May 16, 2016, August 4, 2016 and September 13, 2016 and November 2, 2016. Meetings were also held in Frankfurt, Germany on June 28, 2016.

#### Other Stakeholders

84. Since the filing of the Third Report, the Liquidator continues to work with various financial, regulatory and other stakeholders including:
- i. OSFI, to whom the Liquidator provides regular updates and reporting, including a monthly statement of assets and liabilities;
  - ii. Creditors of the Toronto Branch, fielding phone calls, emails and in-person questions relating to the Claims Procedure and other Toronto Branch matters;
  - iii. Derivative counterparties in respect of transactions that needed to be settled;
  - iv. CMHC regarding issues relating to the MBS business, including implementation and execution of the Marketing Process;
  - v. GDPF in respect of its Claims, the timing for distribution of proceeds and the related foreign exchange risk;

- vi. Mortgage loan originators and servicers relating to current obligations and contractual agreements, including considering and discussing the implications, if any, of the Marketing Process on their business;
  - vii. Structured loan counterparties as it relates to continued loan servicing obligations, repayment timing and the Marketing Process;
  - viii. Entities related to Maple Bank to understand and settle (i) intercompany account reconciliations; and (ii) various financial transactions and related settlements;
  - ix. Potential Successor Issuers and potential acquirers of the Assets pursuant to the Marketing Process;
  - x. Current and former employees with respect to their continued retention by the Liquidator and Claims that they may have resulting from the Toronto Branch's liquidation; and
  - xi. Other general stakeholders.
85. The Liquidator continues to post regular updates to the Liquidator's website in order to keep creditors and other stakeholders informed on the status of the Toronto Branch's winding-up proceedings.

#### **Discussion with Canadian, U.S. and German counsel**

86. The Liquidator continues to retain Gowling WLG as Canadian independent legal counsel and Willkie Farr LLP ("**Wilkie**") as U.S. independent legal counsel.
87. The Liquidator continues to consult with both Gowling WLG and Willkie as required.

#### **Reporting to Court as Necessary**

88. The Liquidator continues to:
- i. Prepare and submit reports to the Court;

- ii. Attend Court hearings as necessary; and
- iii. Conduct activities relating thereto with affected and interested parties and stakeholders.

## 6. RECEIPTS AND DISBURSEMENTS

### Summary of Receipts and Disbursements

89. The following table summarizes the receipts and disbursements for the Toronto Branch for the period February 16, 2016 to October 31, 2016.

**In the matter of the winding up of Maple Bank GmbH (Toronto Branch)  
Statement of Receipts and Disbursements  
For the period February 16 to October 31, 2016  
Amounts in \$CAD millions**

<b>Receipts</b>	<b>CAD Total<sup>(1)</sup></b>
CED and Securities	490.7
Structured Loan Portfolio	355.7
MBS Business	138.8
Related Party Settlements	99.5
Settlement of Brokerage Account	63.8
Derivative Instruments	45.8
Miscellaneous/Other	1.7
<b>Total Receipts</b>	<b>1,196.0</b>
<b>Disbursements</b>	
Payroll	2.4
General and Administrative	1.0
Occupancy	0.3
Transfer to CMHC	0.3
<b>Total Operating Disbursements</b>	<b>3.9</b>
Professional Fees	4.9
<b>Net Receipts in excess of Disbursements</b>	<b>1,187.2</b>
<b>Opening Cash Balance</b>	<b>317.4</b>
<b>Closing Cash and Cash Equivalents Balance</b>	<b>1,504.6</b>
<b>Total Cash<sup>(2)</sup></b>	<b>263.2</b>
Liquid Securities held with RBC	1,241.4
<b>Total Cash and Cash Equivalents</b>	<b>1,504.6</b>

<sup>(1)</sup> Assets held in USD and EUR are converted to CAD at the October 31, 2016 spot rate.

<sup>(2)</sup> Relates to cash held in various operating accounts including approximately \$92.5 million in a Citibank U.S. dollar escrow account and approximately \$72 million in a EUR denominated CIBC account.

### Analysis of Receipts

90. Receipts for the period totalled approximately \$1.2 billion and are described below.

### CED and Securities

91. Receipts from the CED Securities of approximately \$490.7 million relate primarily to the liquidation and maturation of \$469.4 million of the CED Securities which have been re-invested in the Toronto Branch's RBC DS accounts (as described herein) with expected maturities in late 2016 and early 2017 consistent with the Liquidator's proposed distribution strategy as further described in Section 3 above. In addition the Liquidator also realized on approximately \$21.2 million of additional securities held by the Toronto Branch as at the date of the Winding Up Order.

### Structured Loan

92. Receipts of approximately \$355.7 million primarily relate to the sale of the Receivable Backed Notes as part of the IIP for \$225.1 million, proceeds received from the Lakeview Loan facility of \$40.0 million, collection of the Global One loan facility for proceeds of \$80.1 million (including interest) and collections of other smaller energy and mortgage loan products.

### MBS Business

93. Receipts from the MBS Business primarily relate to the sale of the Maple Assets as part of the Marketing Process including: (i) proceeds received from the Un-Pooled Mortgage portfolio transaction which was completed in May 2016; (ii) the sale of the NHA MBS portfolio, included in the Equitable Transaction; and (iii) payments made to the originators and servicers as it relates to various reserves and holdbacks.

### Related Party Settlements

94. Receipts from related party settlements of \$99.5 million, primarily relate to the settlement of the intercompany accounts with MSCL and the partial unwinding of a repurchase transaction with MSUSA in February 2016.

### Settlement of Brokerage Account

95. Prior to the Winding-Up Order, the Toronto Branch had three accounts (one each for: (i) CAD; (ii) the U.S. dollar; and (iii) and the Euro) with Interactive Brokers.

In order to settle and close the accounts the Liquidator was required to fund \$8.1 million in order to retain Euro 49.0 million (equivalent to \$71.9 million) which was subsequently transferred to CIBC. The effect of these transactions was a net \$63.8 million receipt for the Toronto Branch.

#### Derivative Instruments

96. Represents receipts from the unwinding of various financial derivative instruments of \$45.8 million. As at the date of the Winding-Up Order, the Toronto Branch had numerous financial derivative instruments with seven counterparties. As at the date of this report, the Liquidator has settled with six of the seven counterparties and continues to negotiate settlement terms with the last remaining unsettled counterparty and anticipates that a final settlement will be completed in the coming months.

#### Other and Miscellaneous

97. Relates to interest received on cash balances totalling approximately \$1.7 million.

#### **Analysis of Disbursements**

98. Operating disbursements for the period total approximately \$3.9 million and consist of disbursements on account of payroll, office rent, and general and administrative expenses. In addition, a one-time transfer of approximately \$0.3 million was made to CMHC to return NHA MBS mortgage payments received by the Toronto Branch in error.
99. Professional fees paid during the period of \$4.9 million, consist primarily of professional fees of the Liquidator, its Canadian independent legal counsel (Gowling WLG) and U.S. independent counsel (Willkie). Professional fees paid as at October 31, 2016 relate to fees and expenses incurred through to June 30, 2016. The fees of the Liquidator and its counsel remain subject to review by the Independent Cost Counsel and approval by the Court.
100. As at October 31, 2016 the Toronto Branch had approximately \$1.5 billion of cash and cash equivalents which is comprised of approximately \$263.2 million in

various cash accounts and \$1.2 billion in liquid securities in the Liquidator's RBC DS account.

## ***7. LIQUIDATOR'S RECOMMENDATIONS***

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101. The Liquidator submits this Ninth Report to the Court in support of the Liquidator's Motion for the relief as set out in the Notice of Motion dated November 16, 2016 and recommends that the Court grant an Order to:
- i. Approve the Interim Distribution;
  - ii. Approve the Interim Distribution Notice to be placed in the National Edition of *The Globe and Mail* and the International Edition of *The Wall Street Journal* giving notice to creditors of the Toronto Branch of the Interim Distribution by December 19, 2016;
  - iii. Authorize the Liquidator to convert amounts held by the Liquidator in respect of the Interim Distribution that will be made to the GDPF and the GIA, from CAD to Euros or the purchase of an appropriate foreign exchange hedging instrument;
  - iv. Approve the Receipts and Disbursements of the Toronto Branch for the period from February 16, 2016 to October 31, 2016; and
  - v. Approve the activities of the Liquidator since the filing of the Third Report, along with the activities of the Liquidator as described in the Third Report.



All of which is respectfully submitted at Toronto, Ontario this 16<sup>th</sup> day of November, 2016.

**KPMG Inc., in its capacity as Court Appointed Liquidator of the Business in Canada of Maple Bank GmbH and its Assets as defined in Section 618 of the *Bank Act***

A handwritten signature in black ink, appearing to read "Philip Reynolds", written in a cursive style.

Per: \_\_\_\_\_  
Philip Reynolds  
Senior Vice President