

TO ALL KNOWN CREDITORS

23 October 2020

Ref: ML5W/ARB/DE/SL/OD/LO3465

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Dear Sirs

Heritable Bank Plc (In Administration) (“the Company” or “Heritable”)
Court of Session number: P1684/08
Registered office address: Ernst & Young LLP, George House, Glasgow, G2 1RR
Registered company number: SC000717

I write to provide you with our final progress report in the administration, which includes details of the outcome. This report covers the period from 12 June 2020 to 5 October 2020 and should be read in conjunction with the Administrators’ proposals dated 20 November 2008 (the “Proposals”) and the Administrators’ previous progress reports dated 17 April 2009, 13 August 2009, 14 January 2010, 30 April 2010, 11 August 2010, 10 November 2010 (the “November 2010 Report”), 10 February 2011 (the “February 2011 Report”), 11 May 2011 (the “May 2011 Report”), 10 August 2011 (the “August 2011 Report”), 4 November 2011 (the “November 2011 Report”), 10 February 2012 (the “February 2012 Report”), 2 May 2012 (the “May 2012 Report”), 27 July 2012 (the “July 2012 Report”), 11 February 2013 (the “February 2013 Report”), 9 September 2013 (the “September 2013 Report”), 25 March 2014 (the “March 2014 Report”), 29 August 2014 (the “August 2014 Report”), 16 March 2015 (the “March 2015 Report”), 6 September 2015 (the “September 2015 Report”), 10 March 2016 (the “March 2016 Report”), 16 September 2016 (the “September 2016 Report”), 20 March 2017 (the “March 2017 Report”), 30 August 2017 (the “August 2017 Report”), 19 March 2018 (the “March 2018 Report”), 31 August 2018 (the “August 2018 Report”), 22 March 2019 (the “March 2019 Report”), 10 September 2019 (the “September 2019 Report”), 17 February 2020 (the “February 2020 Report”) and 17 July 2020 (the “July 2020 Report”).

The Company entered Administration on 7 October 2008 and AR Bloom, PJ Brazzill, TM Burton and ME Mills were appointed to act as Joint Administrators (the “Administrators”). The appointment was made by the Court of Session in Scotland under the provisions of paragraph 13 of Schedule B1 to the Insolvency Act 1986 (the “Act”). Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by any of them.

On 11 September 2013, TM Burton was replaced as an Administrator of the Company by Colin Peter Dempster of Ernst & Young LLP, 10 George Street, Edinburgh, EH2 2DZ by a Court Order.

Statutory information about the Company, the administration and the office holders is given at Appendix 1.

Summary of the administrators’ proposals

The appointment was made by the Court of Session in Scotland under the provisions of paragraph 13 of Schedule B1 to the Insolvency Act 1986 on application of the Financial Services Authority

("FSA"). The Administrators stated in the Proposals that they were pursuing the objective in accordance with paragraph 3 of Schedule B1 to the Act; achieving a better result for the Company's creditors as a whole than would be likely if Heritable were wound up (without first being in administration).

Heritable, and certain of its subsidiaries, operated in the UK providing speciality finance and deposit taking. Heritable operated in a market that depended heavily on depositor and general market confidence. The financial crisis of 2008 created difficult trading conditions for the deposit taking businesses. This, together with the acute adverse market conditions and severe disruption in the world credit markets, further contributed to the liquidity issues faced by Heritable.

On 7 October 2008, the FSA concluded that Heritable was failing to meet its threshold conditions under the Financial Services and Markets Act 2000 ("FSMA"). The FSA therefore exercised its power under section 45 of FSMA to vary Heritable's permissions under Part IV of FSMA so as to prevent Heritable from accepting any deposits into any new or existing deposit accounts and found Heritable to be in default for the purposes of the Financial Services Compensation Scheme ("FSCS"). On the same day, the FSA applied to the Court of Session in Scotland for an administration order in respect of Heritable, which was granted by the Court of Session.

The Proposals set out that the Administrators' actions would include:

- Continuing and concluding the migration of services relating to transferred retail accounts to ING;
- Reviewing outstanding matters and obligations in respect of Heritable's remaining assets and continuing to seek purchasers for portfolios of assets;
- To the extent that their sale is not possible or not considered to be in the interests of creditors, conducting an orderly realisation and recovery of such assets;
- Reviewing the tax affairs of Heritable;
- Reviewing matters in relation to any potential claims that Heritable may have against any party/parties;
- Conducting the statutory investigation into the conduct of the directors and management of Heritable and reporting to the Department of Business, Enterprise and Regulatory Reform pursuant to the Company Directors' Disqualification Act 1986;
- Dealing with unsecured creditor claims as necessary;
- Collating claims for submission to Heritable's parent company, Landsbanki, under the terms of the Landsbanki Guarantee;
- Dealing with statutory reporting and compliance obligations;
- Finalising the Administration including the payment of Administration liabilities;
- Utilising the provisions available under Schedule B1 of the Act.

Creditors may review the Administrators' previous progress reports for details on the actions taken by the Administrators throughout the duration of the administration.

Summary of progress since the July 2020 Report

1. Closure

The Administrators consider that the administration of the Company is now ready to be concluded. Since the July 2020 report, the Administrators have been planning the closure of the administration to dissolution, the timetable for this in line with relevant legislation and made a final distribution at the end of July.

2. Employees

There are no remaining members of staff employed by the Company.

3. Statutory matters

The Administrators have complied with their statutory duties under the Act.

4. Receipts and payments account

I enclose an abstract of receipts and payments account for the period 7 October 2008 to 5 October 2020 at Appendix 2.

5. Administrators' remuneration and disbursements

The statutory provisions relating to remuneration are set out in Rules 3.95 to 3.101 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018.

In certain circumstances, creditors are entitled to request further information about our remuneration or outlays, or to apply to court if they consider the costs to be excessive (Rule 3.100, Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018. Further information is given in 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants of Scotland at <https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration> or is available in hard copy upon written request to the Administrators.

5.1 Basis of remuneration

The Administrators' remuneration was fixed on a time-cost basis by a resolution of the creditors' committee passed on 22 December 2008.

During the period, the sum of £82,285.30 (excluding VAT) has been drawn relating to fees incurred in the period 14 February 2020 to 11 June 2020.

During the course of the administration, the Administrators have drawn the total sum of £31.7 million (including VAT).

All remuneration drawn to date has been reviewed and approved by the Company's creditors' committee.

To date,

5.2 Time incurred during the period 12 June 2020 to 5 October 2020

The Administrators have incurred time costs of £113,378.80 during the above period. Of this sum, £107,736 (excluding VAT and disbursements) has been billed and paid.

An analysis of the time spent is included at Appendix 3 of this report. Appendix 4 includes a statement of the Administrators' policy in relation to charging time and disbursements.

A meeting of the creditors' committee was held on 9 June 2020, following which the committee provided its approval for the fees incurred during this period to be drawn. The Administrators were required to apply to Court, which fixed the Administrators' remuneration for the period 12 June 2020 to 5 October 2020 to £216,022.

5.3 Administration expenses

During the administration, the Administrators have incurred outlays totalling £107,007.45 plus VAT. There is a breakdown of outlays incurred in the period at Appendix 3 to this report.

6. Creditors

6.1 Secured creditors

The Company has no secured creditors.

6.2 Preferential creditors

As previously reported, we have adjudicated upon preferential claims and a first and final dividend of 100 pence in the pound was paid to all preferential creditors on 28 July 2009. The amount of this distribution was £34,843.21.

6.3 Non-preferential creditors

Total non-preferential claims received amount to c.£1,073.0 million. These claims were adjudicated upon and admitted in the following amounts:

Retail Deposits – FSCS	£547,062,084
Settlement with Landsbanki (non-deferred)	£70,000,000
In House and Pending Accounts – FSCS	£8,150,595
In House and Pending Accounts – not paid by FSCS	£641,097
Landsbanki Guernsey	£34,347,647
Wholesale Deposits – not paid by FSCS	£414,943,788
Wholesale Deposits – FSCS	£1,621,426



Trade Creditors	£1,407,240
Employees	£1,693,595
Redundancy Payments Office	£128,931
Settlement of Trust	<u>(£6,977,773)</u>
	<u>£1,073,018,631</u>

Claims of c.£0.2 million have been formally rejected.

6.3.1 Other creditors

The Administrators have received claims of £1.6 million from other unsecured non-preferential creditors, comprising of amounts due to wholesale brokers and trade suppliers, of which claims totalling £1.4 million have been admitted.

Further to the settlement of the Swaylands House and Drummond Hall claims, a final distribution was made, in the region of 0.95 pence in the pound.

6.4 Intercompany claims

7.4.1 Intercompany receivables

As previously reported, intercompany receivables (other than the amounts claimed by the Company from Landbanki) are made up of the following amounts owed by its subsidiaries:

Key Business Finance Corporation Plc (“KBFC”)	£48,976,122
Heritable Asset Finance Limited (in Administration) (“HAF”)	£75,147,222
Heritable Capital Partners Limited (in Administration) (“HCP”)	<u>£19,989,588</u>
	<u>£144,112,932</u>

As previously reported, the Company’s claim in the Administration of HAF had increased by £0.1 million. This was due to an assignment by KBFC to the Company of a claim KBFC had against HAF, arising from certain payments made to HMRC by KBFC in respect of group VAT liabilities incurred by HAF.

Claims had been submitted by the Company in the Administration of the respective subsidiaries as a creditor for the above amounts.

As stated previously, KBFC had paid the Company total dividends of £46.1 million and had moved to dissolution.

HAF had paid the Company total dividends of £71.6 million. The Administrators of HAF filed for dissolution on 13 September 2011 and HAF has now been dissolved.

The Administrators of HCP have confirmed that no distribution will be made from HCP.

7. Distributions to creditors

The Company declared and paid a first and final dividend of 100 pence in the pound to preferential creditors in July 2009.

The Company has declared and paid the following interim dividends to the Company's unsecured non-preferential creditors:

- (i) a first interim dividend of c. 16.1 pence in the pound in an amount of c. £162.7 million on 28 July 2009;
- (ii) a second interim dividend of c. 12.7 pence in the pound in an amount of c. £127.7 million on 16 December 2009;
- (iii) a third interim dividend of c. 6.2 pence in the pound in an amount of c. £62.5 million on 26 March 2010;
- (iv) a fourth interim dividend of c. 6.3 pence in the pound in an amount of c. £63.3 million on 15 July 2010;
- (v) a fifth interim dividend of c. 4.1 pence in the pound in an amount of c. £41.8 million on 14 October 2010;
- (vi) a sixth interim dividend of c. 4.7 pence in the pound in an amount of c. £47.6 million on 14 January 2011;
- (vii) a seventh interim dividend of c. 6.2 pence in the pound in an amount of c. £63.1 million on 15 April 2011;
- (viii) an eighth interim dividend of c. 4.1 pence in the pound in an amount of c. £41.0 million on 13 July 2011;
- (ix) a ninth interim dividend of c. 4.2 pence in the pound in an amount of £42.2 million on 18 October 2011;
- (x) a tenth interim dividend of c. 3.3 pence in the pound in an amount of £33.5 million on 18 January 2012;
- (xi) an eleventh interim dividend of c. 3.8 pence in the pound in an amount of £38.0 million on 18 April 2012;
- xii) a twelfth interim dividend of c. 2.9 pence in the pound in an amount of £31.8 million on 19 July 2012;
- xiii) a thirteenth interim dividend of c. 2.7 pence in the pound in an amount of £30.3 million on 15 January 2013;
- xiv) a fourteenth interim dividend of 16.7 pence in the pound in an amount of £185.1 million on 21 August 2013;
- xv) a fifteenth interim dividend of 3.98 pence in the pound in an amount of £50.3 million on 26 August 2015; and

xvi) a sixteenth final dividend of 0.95 pence in the pound in an amount of £10.225 million on 28 July 2020.

In total to date, unsecured creditors have received dividends in the sum of c.98.93p/£.

8. The outcome of the administration

The purpose of the administration has been sufficiently achieved.

An application was made to Court under paragraph 79 of Schedule B1 to the Insolvency Act 1986 to bring the administration to an end. An order was granted on 11 September 2020 declaring that the Joint Administrators shall be discharged from liability with effect from 28 days after filing their final progress report at Companies House and that the Administration Order made in respect of Heritable will be discharged from 4pm on 6 October 2020.

In accordance with the terms of the proposals, as there are no further assets to be realised, the Company will move from administration to dissolution.

The administration will come to an end on the date on which the notice is registered by Companies House and the Company will be deemed to be dissolved three months later.

Should you have any remaining questions about the administration, please do not hesitate to contact Olivia Dunning at this office on the direct dial stated at the top of this letter.

Yours faithfully
for Heritable Bank Plc (In Administration)



AR Bloom
Former Joint Administrator

Enc: Joint Administrators' Abstract of Receipts and Payments Account
Summary of Joint Administrators' Time-Costs and Category 2 Disbursements
Joint Administrators' Policy on Fees and Disbursements
Form AM23
Form AM25

The Insolvency Practitioners Association in the UK authorises Patrick Joseph Brazzill to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and the Institute of Chartered Accountants of Scotland in the UK authorises Colin Peter Dempster to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986. The Institute of Chartered Accountants in England and Wales in the UK authorises Alan Robert Bloom and Margaret Elizabeth Mills to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators who act as agents of the Company only and without personal liability.

The Former Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Former Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 3.94 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018

Name of court:	Court of Session
Court reference:	P1684/08
Registered name of the company:	Heritable Bank Plc (In Administration)
Registered office address of the company:	Ernst & Young LLP, George House, Glasgow, G2 1RR
Registered number:	SC000717
Country of incorporation (for a company incorporated outside the United Kingdom):	n/a
Date of appointment of the Joint Administrators:	7 October 2008
Details of any changes of administrator:	On 11 September 2013, TM Burton was replaced as a Administrator of the Company by Colin Peter Dempster
Full names of the administrators:	Alan Bloom, Patrick Brazzill, Margaret Mills and Colin Dempster
Office holder number(s):	6462, 8569, 5318 and 8908
Administrators' address(es):	Ernst & Young LLP, 1 More London Place, London SE1 2AF and Ernst & Young LLP, 10 George Street, Edinburgh, EH2 2DZ
Telephone number:	020 7951 5156
Name of alternative person to contact with enquiries about the case:	Olivia Dunning

Heritable Bank Plc (In Administration) - Joint Administrators' Abstract of Receipts and Payments from 7 October 2008 to 5 October 2020

RECEIPTS	Balance as at	Movement from	Total
	11 June 2020	11 June 2020 to 05 October 2020	
	(£)	(£)	(£)
Cash at Bank	49,688.82	125,515.48	175,204.30
Unallocated Receipts HSBC	599,624.08	0.00	599,624.08
SPF Interest	10,255,652.92	0.00	10,255,652.92
Mortgage Receipts	107,724,232.33	0.00	107,724,232.33
Sundry/Refunds/Fees	2,051,008.24	0.00	2,051,008.24
Funds from Aldermore Bank	158,061.85	0.00	158,061.85
Mortgage Redemptions	551,913,930.13	25.00	551,913,955.13
Dividend from subsidiary	1,350,873.17	0.00	1,350,873.17
Unallocated Receipts - RBOS	740,287.98	0.00	740,287.98
HCP Capital	250,000.00	0.00	250,000.00
SPF	1,999,737.44	0.00	1,999,737.44
Rest Mortgage DD	70.00	0.00	70.00
SPF Plot Sale	491,705,415.33	0.00	491,705,415.33
SPF Capital Reduction	11,994,035.37	0.00	11,994,035.37
Post Appointment VAT refund	1,877,252.91	19,701.63	1,896,954.54
Receipts from ING	935,925.84	0.00	935,925.84
Refund of Cash Ratio from BOE	597,405.58	0.00	597,405.58
Tfr from HSBC Euro A/c 68444093	4,515,050.92	0.00	4,515,050.92
RM Servicing	23,242.08	0.00	23,242.08
Bounced post appointment depositor chqs	113,994.58	0.00	113,994.58
Pre Appointment VAT	2,529.45	0.00	2,529.45
Bawag Loan	20,000,000.00	0.00	20,000,000.00
Bank Interest	9.96	0.00	9.96
Transfer from Claims Reserve a/c	15,983,868.07	0.00	15,983,868.07
Barclays Banking Loyalty Reward	9.60	0.00	9.60
HSBC Direct Debit Indemnity Return	2,000,000.00	0.00	2,000,000.00
HSBC Interest	153,455.36	1,163.85	154,619.21
Barclays Interest	185,271.15	0.00	185,271.15
Dividends received from related parties	7,550.00	0.00	7,550.00
SPF Loan Book Sale	6,313,208.03	0.00	6,313,208.03
Sundry Income	2,749.12	0.00	2,749.12
Recharge Account	5,523,461.95	0.00	5,523,461.95
Settlement from Trust Account	6,977,773.68	0.00	6,977,773.68
HBOS Interest	287,478.95	0.00	287,478.95
Dividends From Subsidiaries	104,315,156.80	0.00	104,315,156.80
Royal Bank of Scotland Interest	1,051,553.65	531.07	1,052,084.72
Santander Interest	226,820.32	-0.14	226,820.18
Transfer from DD Indemnity LO3465C	92,187.29	0.00	92,187.29
Co-Operative Interest	5,845.50	0.00	5,845.50
Recovered Court Costs	250,000.00	0.00	250,000.00
Transfer to Claims Reserve A/c	6,001,319.79	0.00	6,001,319.79
Dividend from Subs	13,477,420.34	0.00	13,477,420.34
	1,371,713,158.58	146,936.89	1,371,860,095.47

PAYMENTS			
SPF Drawdown Facility	378,305.11	0.00	378,305.11
Direct Labour	12,066.75	0.00	12,066.75
Pension	1,000,544.70	0.00	1,000,544.70
Health Insurance	40,472.55	0.00	40,472.55
Assignment of VAT Liability	128,164.82	0.00	128,164.82
Net Wages	7,992,576.57	0.00	7,992,576.57
Outsourcing Fees	364,354.34	0.00	364,354.34
Settlement	11,488,538.18	0.00	11,488,538.18
Employees NIC Reimbursement	11,454.80	0.00	11,454.80
Employee Life Insurance	11,795.37	0.00	11,795.37
Examination/Certificate Costs	117.50	0.00	117.50
Water Rates	1,391.10	0.00	1,391.10
Landsbanki Guernsey	41,974,373.90	0.00	41,974,373.90
RML Other	70,744.49	0.00	70,744.49
Professional Fees	124,474.02	0.00	124,474.02
Scottish Lodgement Fee	15.00	0.00	15.00
Refund of overpayment	144,482.49	0.00	144,482.49
Business Rates	470,031.03	0.00	470,031.03
ING Refunds	52,858.76	0.00	52,858.76
Employee Expenses	38,161.03	0.00	38,161.03
Employee Sundry	248,265.81	0.00	248,265.81
Sundry Expenses	196,876.06	0.00	196,876.06
Landsbanki Guernsey Interest	2,040,556.03	0.00	2,040,556.03
Consultancy Fees	3,178,481.29	0.00	3,178,481.29
IT Expenses	1,678,734.96	437.53	1,679,172.49
Office Supplies	618,055.18	17,304.52	635,359.70
Newcastle Building Society	670,024.89	0.00	670,024.89
Oakwood Costs	6,438,380.46	0.00	6,438,380.46
Maintenance Costs	165,201.50	0.00	165,201.50
Legal Fees	150,053.22	0.00	150,053.22
Debt Collection Expenses	40.00	0.00	40.00
Due Diligence cost cover	150,000.00	0.00	150,000.00
Administrators Fees	31,491,408.21	190,021.30	31,681,429.51
Administrators Disbursements	106,697.75	309.70	107,007.45
Legal Disbursements	121,459.69	106.00	121,565.69
Legal Fees	13,659,635.27	6,849.45	13,666,484.72
Loans to Subs	6,310.31	0.00	6,310.31
SPF - Legal	1,698,347.13	0.00	1,698,347.13
Purchase Orders/Trade Suppliers	782,361.24	0.00	782,361.24
Specific Bond	1,065.93	0.00	1,065.93
Other Professional Fees	137,391.96	0.00	137,391.96
SPF - Drawdowns	97,549,987.18	0.00	97,549,987.18
RML Drawdown	2,699,593.84	0.00	2,699,593.84
Force Majeure Payments	273,086.85	0.00	273,086.85
Legal Fees	62,425.59	1,998.33	64,423.92
RML- Legal	330,386.14	0.00	330,386.14
Bawag Loan Interest	22,657,706.25	0.00	22,657,706.25
Bawag Loan fee	1,000,000.00	0.00	1,000,000.00
HCP Drawdowns	663,742.92	0.00	663,742.92
Legal Disbursements	208.67	3,461.77	3,670.44
Redemption Fee	6,863.40	0.00	6,863.40
Petty Cash	14,000.00	0.00	14,000.00
Payments on behalf of HCP	16,285,437.16	0.00	16,285,437.16
Oakwood Management Fees	10,247,735.77	0.00	10,247,735.77
Direct Debit Indemnity Claims	69,728.90	0.00	69,728.90
Rates	171,777.16	0.00	171,777.16
Insurance	676,882.70	0.00	676,882.70
ISA Charges	541.20	0.00	541.20
VAT Payment	1,844,170.06	0.00	1,844,170.06
Bank Charges	68,449.39	139.60	68,588.99
PAYE	5,471,057.43	0.00	5,471,057.43
NIC	119,565.47	0.00	119,565.47
Preferential 100p in £	36,564.17	0.00	36,564.17
Rates	1,602,645.23	0.00	1,602,645.23
Corporation tax	124,723.58	19,615.67	144,339.25
Bank wages advanced	1,366.54	0.00	1,366.54
Transfer to HSBC DD Cash Collateral A/c	148,223.82	0.00	148,223.82
Transfer to Claims Reserve Account	3,109,213.94	0.00	3,109,213.94
SPF Sale transfer	515,509.51	0.00	515,509.51
Unsec Creditors 1st Dividend 16.13p in £	163,195,292.01	0.00	163,195,292.01
Unsec Creditors 2nd Dividend 12.65p in £	127,732,167.18	0.00	127,732,167.18
Catch Up payments for 1st distribution	57,128.65	0.00	57,128.65
Unsec Creditors 3rd Dividend @6.19p in £	62,482,198.99	0.00	62,482,198.99
Catch Up payments re 1st & 2nd distribut	11,850.13	0.00	11,850.13
HMRC tax/nic deductions re: Emp Dividen	218,722.56	0.00	218,722.56
Catch Up payments	339,495.64	0.00	339,495.64
4th Dividend	63,317,832.69	0.00	63,317,832.69
5th Dividend	41,752,899.97	0.00	41,752,899.97
6th Dividend	47,610,416.32	0.00	47,610,416.32
7 th Dividend	63,111,768.88	0.00	63,111,768.88
8 th Dividend	45,565,922.54	0.00	45,565,922.54
9th Distribution	42,203,501.70	0.00	42,203,501.70
10th Distribution	36,752,075.90	0.00	36,752,075.90
11 Distribution	37,560,273.61	0.00	37,560,273.61
12th distribution	28,679,470.07	0.00	28,679,470.07
13th Distribution	30,265,567.75	0.00	30,265,567.75
14th distribution	167,787,541.08	0.00	167,787,541.08
Catch up Dividend LBI -hf	65,812,141.83	0.00	65,812,141.83
15th Distribution	42,697,098.62	0.00	42,697,098.62
16th Distribution	0.00	10,229,000.00	10,229,000.00
Property Surrender Payment	228,000.00	0.00	228,000.00
Trade Creditors	3,085.21	378.29	3,463.50
PAYE/NIC	47,999.21	0.00	47,999.21
Input VAT	319,861.44	40,543.37	360,404.81
Accountant of Court	0.00	1,755.69	1,755.69
Net Receipts/(Payments) (Cash at Bank)	10,364,984.33	-10,364,984.33	0.00

Heritable Bank Plc (In Administration)

Administrators' time-costs and category 2 disbursements from 7 October 2008 to 5 October 2020

Classification of work function	Partner	Executive Director	Senior Manager / Director	Manager	Senior	Staff	Total Hours	Average Hourly Rate (£)	Time costs to 11 June 2020 (£)	Time costs in the period	Total time costs to 5 October 2020 (£)
										12 June 2020 to 5 October 2020 (£)	
Accounting, Administration, Bank & Statutory Reporting, Statutory Duties and Immediate Tasks	328.1	34.7	1,172.3	1,563.7	4,589.7	10,318.2	18,006.7	261.52	£4,660,755.67	£57,620.80	£4,718,376.47
Creditors and Debtors	257.5	29.8	1,271.4	1,940.1	3,695.1	2,640.0	9,833.9	298.91	£2,913,745.66	£20,338.20	£2,934,083.86
Employee Matters	42.7	0.9	177.3	87.6	742.5	47.4	1,098.4	324.22	£356,119.15	£0.00	£356,119.15
FSA/BoE Reporting	7.5	1.0	112.3	93.0	199.0	-	412.8	369.87	£152,681.18	£0.00	£152,681.18
Investigations	2.0	0.5	14.0	3.5	17.0	38.0	75.0	125.43	£9,407.50	£0.00	£9,407.50
IT	20.0	-	562.5	322.0	155.5	6.4	1,066.4	545.85	£582,093.57	£0.00	£582,093.57
Legal Issues	103.5	9.9	45.5	26.3	306.6	107.8	599.6	387.47	£228,493.79	£4,700.10	£233,193.89
Other Assets and KBFC	10.0	0.5	49.2	76.7	20.8	16.0	173.2	396.24	£68,192.17	£295.10	£68,487.27
Property	4.2	-	507.0	101.3	64.5	23.5	700.5	641.63	£434,638.46	£7,291.90	£441,930.36
Public Relations	6.1	4.0	6.0	3.0	-	-	19.1	450.79	£8,610.00	£0.00	£8,610.00
Residential Mortgage	625.1	374.4	1,746.8	1,699.8	1,760.6	435.9	6,642.6	442.57	£2,939,821.78	£0.00	£2,939,821.78
Outsourcing of Residential Mortgage Book	129.5	130.8	764.0	69.0	144.8	2.7	1,240.8	560.37	£695,312.25	£0.00	£695,312.25
Retail Book	165.1	1.5	182.5	668.5	516.0	219.3	1,752.9	361.58	£633,804.93	£0.00	£633,804.93
Retention of Title	1.5	-	1.1	-	5.5	-	8.1	356.36	£2,886.50	£0.00	£2,886.50
Sale Process	180.8	123.8	425.3	355.0	1,491.0	76.4	2,652.3	428.04	£1,135,300.08	£0.00	£1,135,300.08
Structured Property Finance	663.8	865.8	5,721.2	3,740.8	8,433.1	1,562.6	20,987.3	431.09	£9,047,465.21	£0.00	£9,047,465.21
Steps pre-appointment	12.0	4.0	15.0	-	-	-	31.0	567.42	£17,590.00	£0.00	£17,590.00
Trading	4.0	-	391.8	1,611.2	1,264.2	604.2	3,875.4	311.31	£1,206,450.41	£0.00	£1,206,450.41
VAT & Taxation	193.5	308.7	622.3	782.0	1,104.7	897.1	3,908.3	485.89	£1,862,509.05	£23,132.70	£1,885,641.75
Wholesale Depositors	-	-	-	-	25.6	40.0	65.6	103.41	£6,784.00	£0.00	£6,784.00
Grand Total	2,756.9	1,890.3	13,787.5	13,143.5	24,536.2	17,035.5	73,149.9	370.14	£26,962,661.37	£113,378.80	£27,076,040.17

Administrators' time-costs and category 2 disbursements from 12 June 2020 to 5 October 2020

Classification of work function	Grade							Total Hours	Average Hourly Rate (£)	Time costs for period (£)
	Partner	Executive Director	Director	Senior Manager	Manager	Senior	Staff			
Accounting, Administration, Bank & Statutory Reporting, Statutory Duties and Immediate Tasks	1.3	1.7	25.0	3.1	31.1	64.1	58.5	184.8	311.80	£57,620.80
Creditors		1.0			53.3		31.6	85.9	236.77	£20,338.20
Legal Issues			5.0		4.9			9.9	474.76	£4,700.10
Property					23.1			23.1	315.67	£7,291.90
Other Assets and KBFC					1.1			1.1	268.27	£295.10
VAT & Taxation			8.0	6.2	11.6	15.1	34.2	75.1	308.03	£23,132.70
Grand Total	1.3	10.7	30.0	9.3	125.1	79.2	124.3	379.9	298.44	£113,378.80

Outlays	Cost
Stationery	6.8
Print Team	100.3
Postage	202.6
Total	309.7

Heritable Bank Plc (In Administration)

Office Holders' Charging Policy for Fees

The Company's creditors have determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Company's Administration.

The Administrators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by Accounting and Treasury Executives dealing with the Company's bank accounts and statutory compliance issues. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 3, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Charge out rates for the Administration team

Grade	Rates for Restructuring 2019/20
Partner	804
Executive Director	769
Director	656
Assistant Director	547
Senior Executive	415
Executive	307
Analyst	194

The above rates represent a 3% per annum uplift as approved by the Creditors' Committee effective from 1 July 2012 to 30 June 2015.

Please note that this includes fees and other charges reclaimed in relation to services performed by ING under the Transfer orders, as referred to in the Administrators' Statement of Proposals.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 (Scotland) ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as the Committee require to support the disbursements drawn.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the Company's creditors as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.