

Uitleg back-up faciliteit

Ministerie van Financiën

29 januari 2009



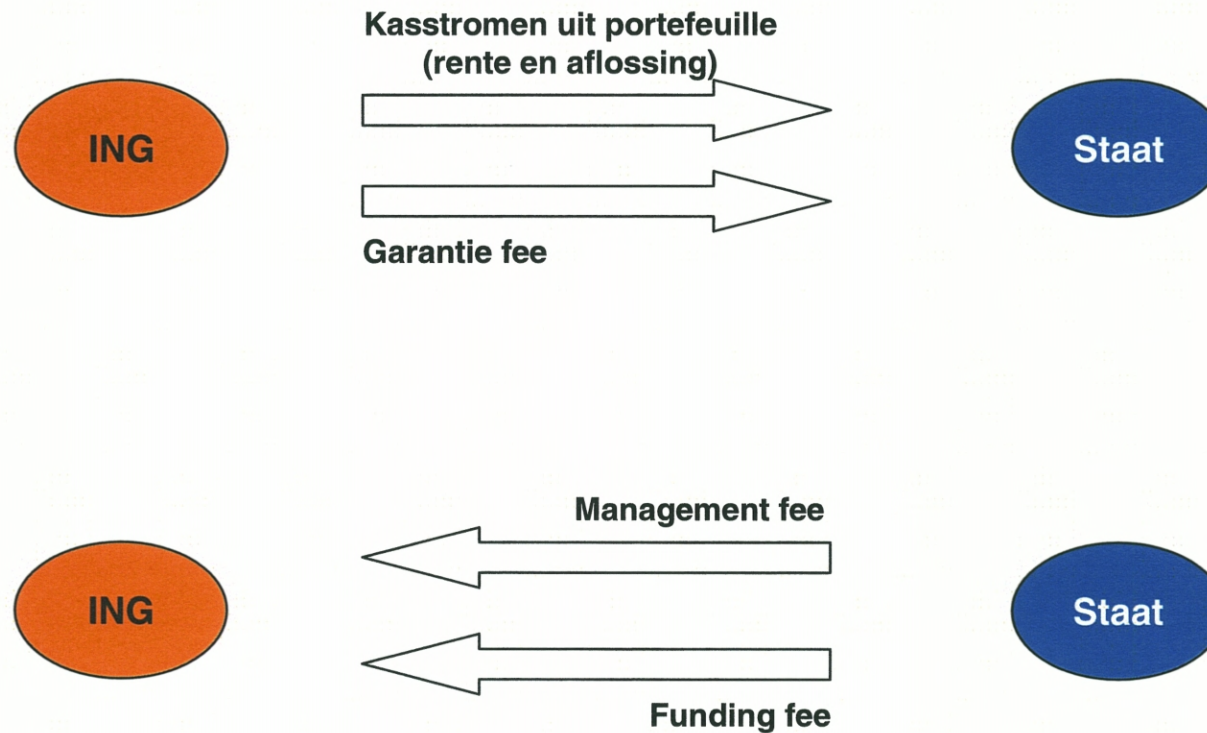
Tweede Kamer der Staten-Generaal

Hoofdlijn

- **Back-up faciliteit is een kasstromen constructie die een kooptransactie simuleert.**
- **In juridische termen is het géén koop, en blijft de portefeuille op de balans van ING.**
- **In economische termen is het voor de Staat een kasstromentransactie.**
- **In economische zin is het voor ING een verkoop van een deel (80%) van de portefeuille.**

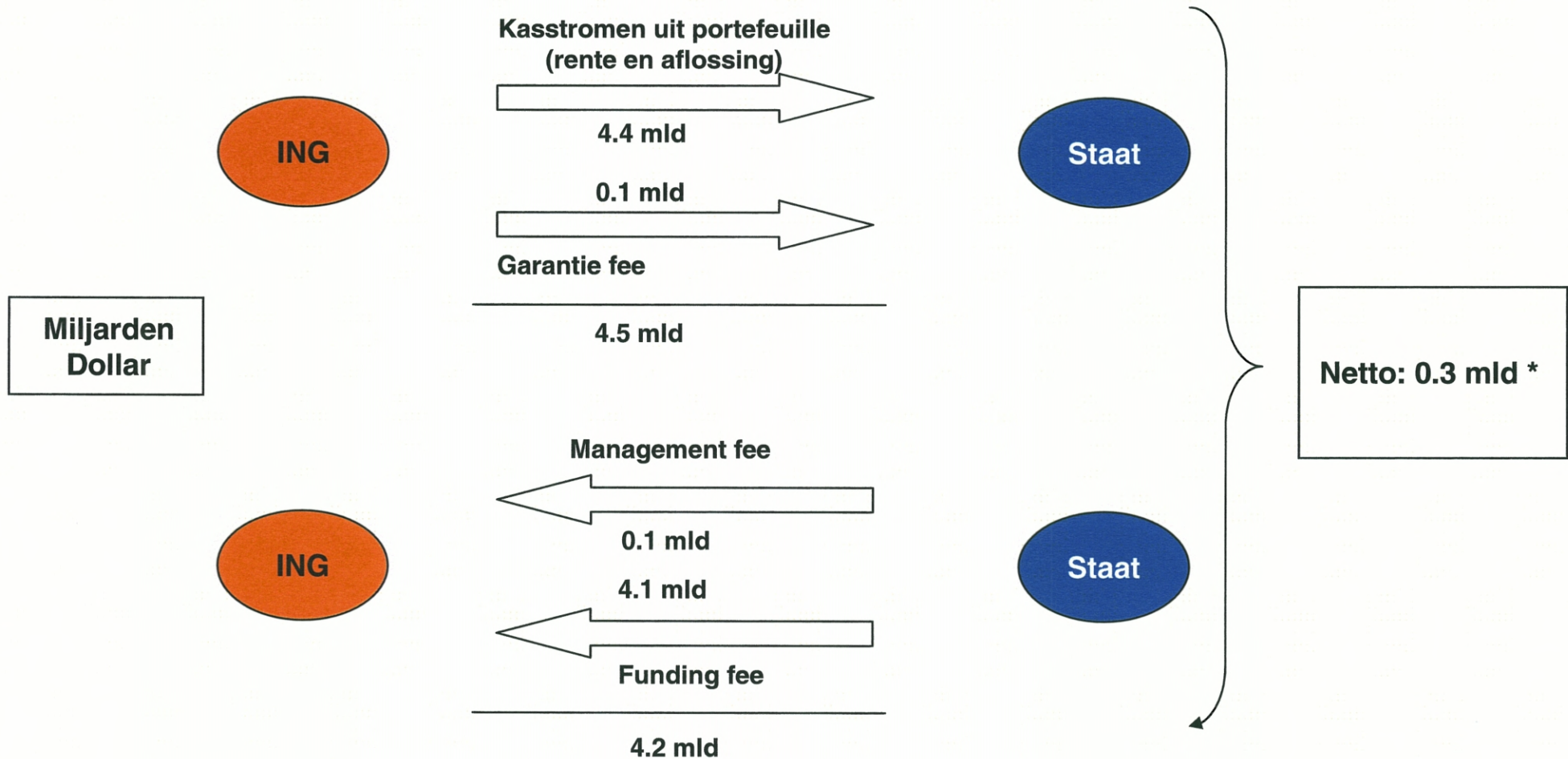
ING betaalt de staat haar deel van de kasstromen uit de portefeuille en betaalt een garantiefee. De Staat betaalt ING een management fee en een funding fee

Kasstromen overzicht

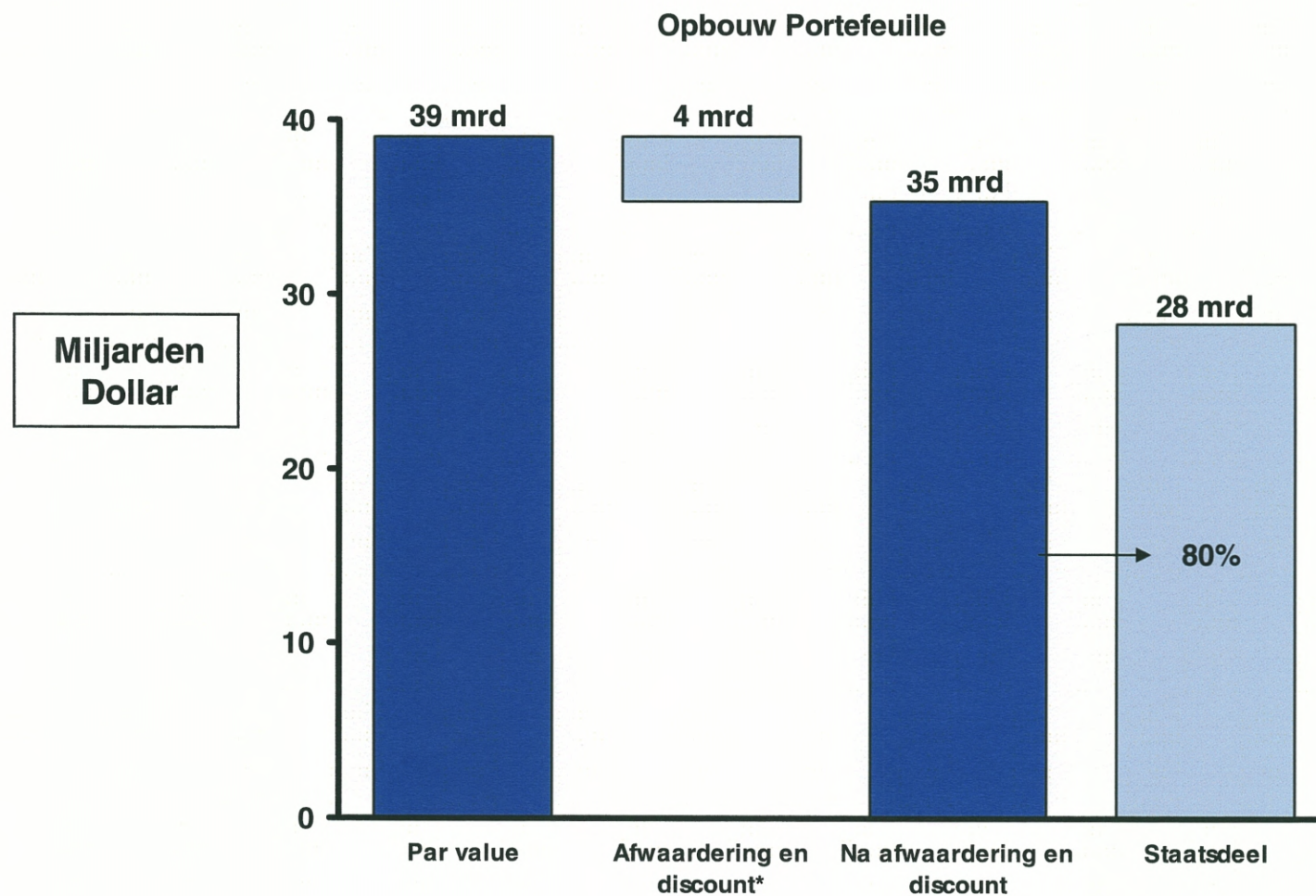


Voorbeeld: 2010 (prognose)

Kasstroom overzicht 2010 (prognose)

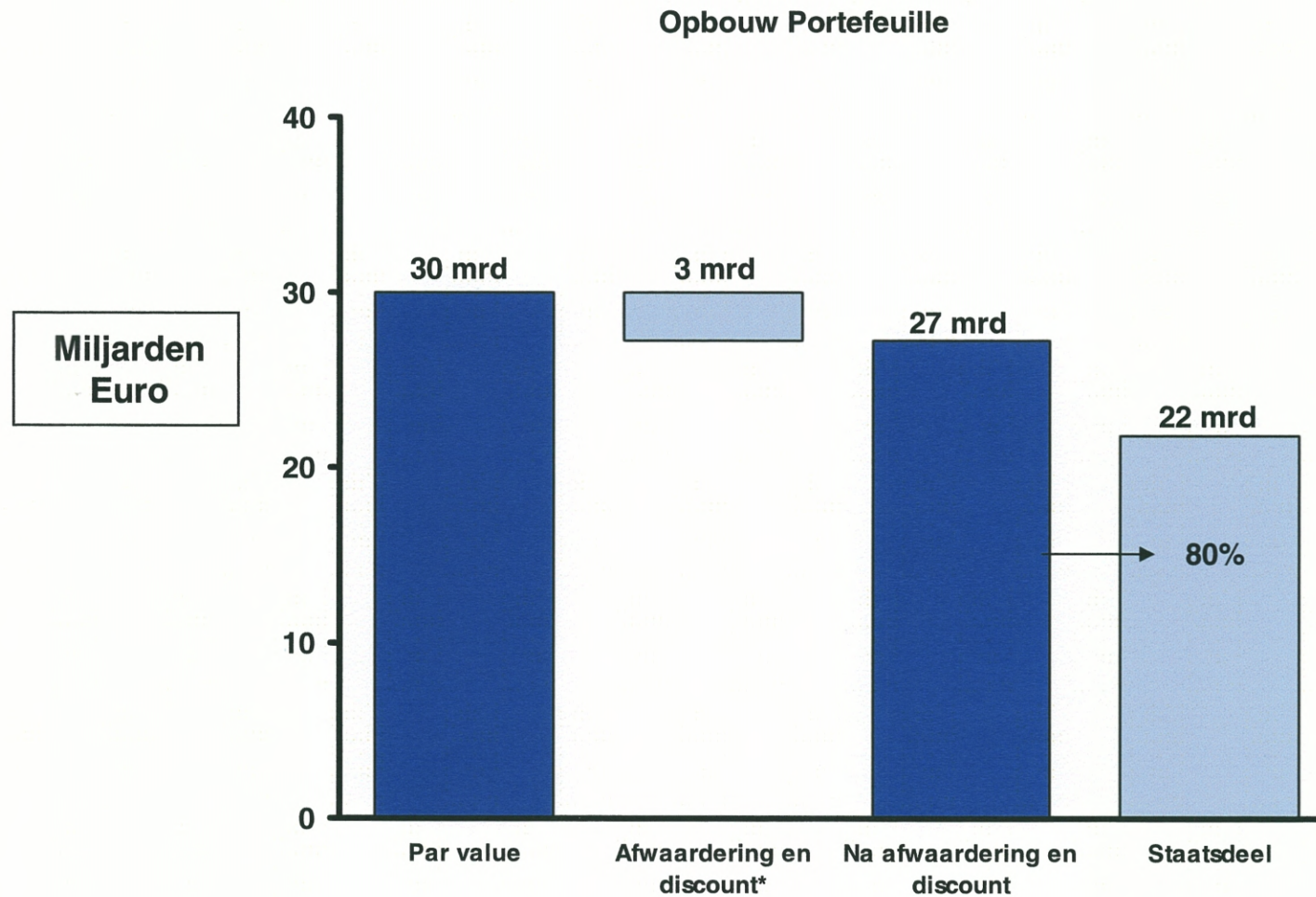


De portefeuille is voorafgaand aan de transactie afgewaardeerd. De Staat participeert in 80% van de portefeuille tegen c. 90% van par value



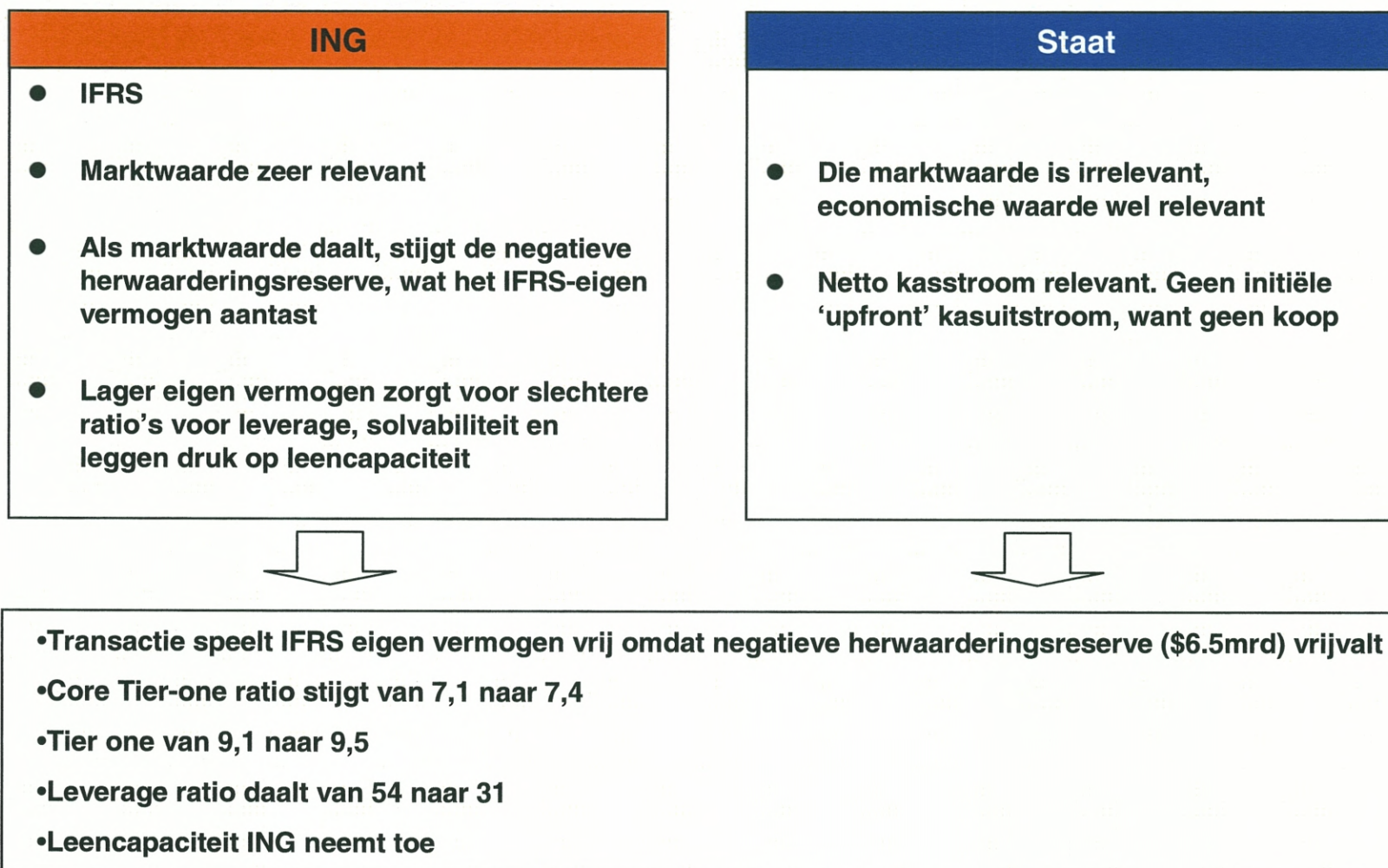
Note: *Afwaardering impliceert niet dat voor deze omvang reeds verliezen zijn gerealiseerd

De portefeuille is voorafgaand aan de transactie afgewaardeerd. De Staat participeert in 80% van de portefeuille tegen c. 90% van par value



Note: *Afwaardering impliceert niet dat voor deze omvang reeds verliezen zijn gerealiseerd

Verschillen in boekhoudmethode tussen ING en de Staat



Per saldo resulteren de kasstromen in:

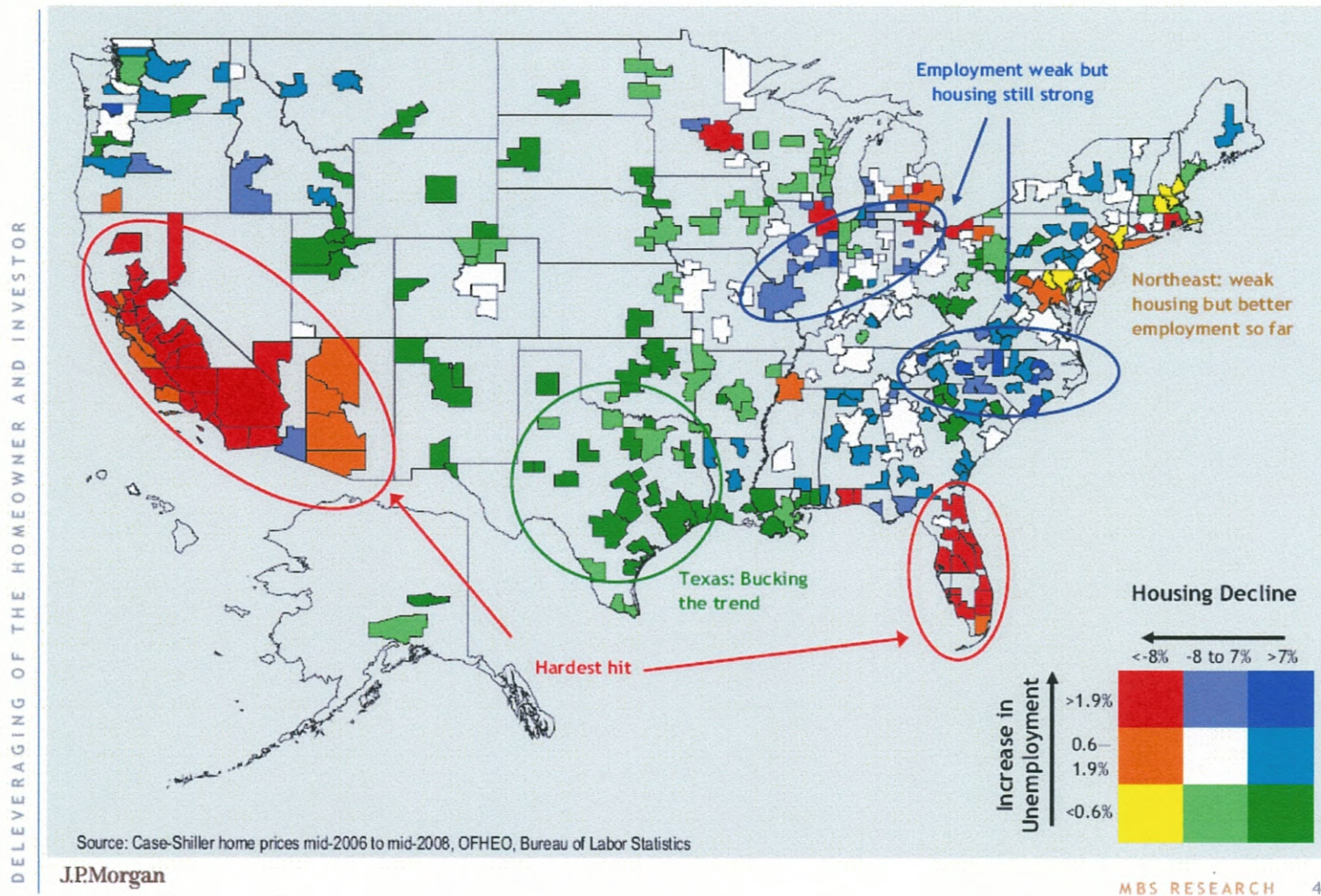
- **Base case: jaarlijkse positieve netto kasstroom voor de Staat**
- **Stress case: sommige jaren een negatieve netto kasstroom voor de Staat**
- **Kans op winst: 75%**
- **Opbrengst in base case: 2 miljard dollar**
- **Verlies in stress case: 600 miljoen dollar**

Summary of ING RMBS Analysis for Dutch Parliament

Dynamic Credit Partners

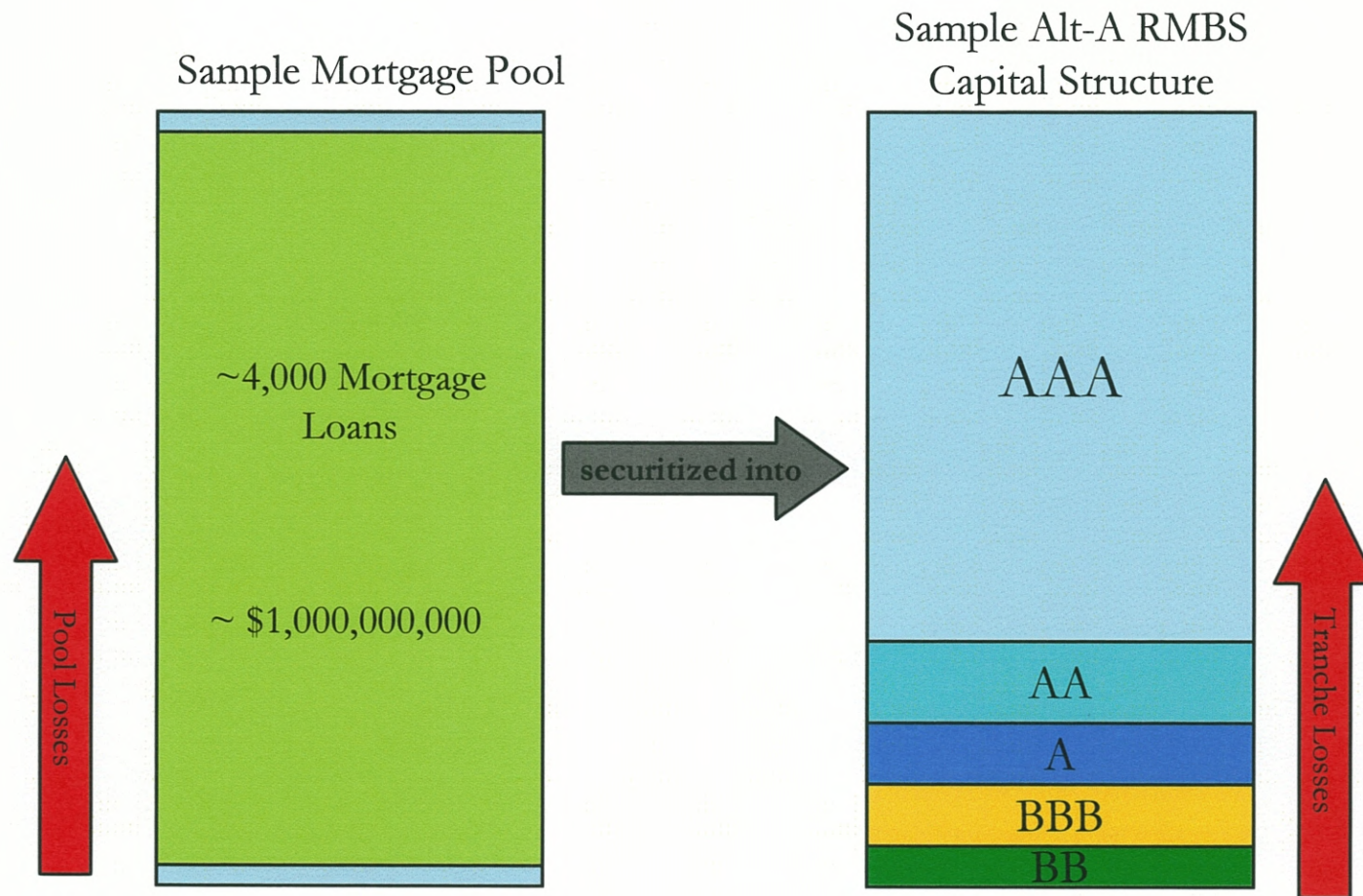
January 29, 2009

Correlation Between Increases in Unemployment and Home Price Depreciation



Source: JPMorgan

Sample ALT-A RMBS



Losses hit Excess Spread → Overcollateralization → Sub Bonds → AAAs

Macroeconomic Assumptions

Base Case

- Home Prices decline by 10-15% by mid-2010, with 20-25% decreases in key areas (e.g., Florida and California)
- This translates to a nationwide 35% peak to trough decline, and a 60-65% peak to trough decline in key areas
- Unemployment increases to 8% in 2009
- US GDP declines 6.0% in Q4 2008 and 3.0% in Q1 2009

Stress Case

- Home Prices decline by 20-25% by mid-2010, with 30-35% decreases in key areas (e.g., Florida and California)
- This translates to a nationwide 45% peak to trough decline, and a 70-75% peak to trough decline in key areas
- Unemployment increases to 9.5% in 2009

3rd Party Loss Expectations

RMBS Cumulative Loss Expectations

3rd Party sources

1/21/2009

Product	Expected Cumulative Loss % (as of Orig Bal)														
	JPM	UBS	CSFB	Merrill	Bear Stearns	Lehman	Citigroup	Barclays	RBS	DBRS	S&P	Moodys	Fitch	DCP Base	DCP Stress
2007 Alt-A-ARM	29.2%	26.3%			9.5%	15.8%			32%		15.0%	1.5%-14.7%	10.4%	27.0%	37.0%
2006 Alt-A-ARM	27.4%	18.8%			8.3%	12.3%			29.0%		12.2%	1.3%-11.2%	7.4%	20.0%	28.0%
2005 Alt-A-ARM	14.4%	7.1%			6.3%	5.9%			17.0%				4.0%	15.0%	21.0%
2007 Alt-A-FIXED	14.2%	18.6%			4.9%	12.1%		12.3%	24.0%		12.3%	1.5%-14.7%	8.4%	22.0%	31.0%
2006 Alt-A-FIXED	14.0%	13.4%			3.7%	8.2%		12.5%	19.0%		10.5%	1.3%-11.2%	6.4%	17.0%	24.0%
2005 Alt-A-FIXED	7.1%	5.3%			2.1%	3.8%		4.9%	10.0%				2.1%	11.0%	16.0%
2007 POA	32.8%	32.2%			10.6%	35.6%	21.8%				14.8%			33.0%	44.0%
2006 POA	32.0%	28.4%			9.0%	28.1%	19.5%		32.0%		11.0%			31.0%	39.0%
2005 POA	18.9%	15.1%			3.5%	12.9%	9.5%		16.0%		1.5%			14.0%	18.0%
2007 Prime-ARM	5.1%	9.0%		6.4%		6.2%			10.0%	5.2%	1.2%	2.6%-3.1%		7.0%	9.6%
2006 Prime-ARM	4.8%	6.1%		7.0%		4.6%			9.0%		0.8%	1.6%-2.1%		5.5%	7.6%
2005 Prime-ARM	3.3%	3.1%		4.1%		1.9%			5.0%		0.3%			4.1%	6.1%
2007 Prime-FIXED	2.5%	5.6%		4.4%		3.7%		5.7%	8.0%	2.6%	1.2%			3.0%	4.0%
2006 Prime-FIXED	2.5%	3.9%		3.8%		2.5%		4.2%	6.0%		0.8%			2.0%	3.0%
2005 Prime-FIXED	1.4%	2.1%		1.9%		1.1%		2.2%	3.0%		0.3%			1.0%	2.0%

*if losses was not broken out by fixed vs arms, losses reflect general product

Summary of Base and Stress Case Loss by Collateral Type

ING Portfolio											
Collateral Type	Total Current Tranche Balance(\$)	# of loans	Loan Size*	Base Case Default (# of Loans)	Stress Case Default (# of Loans)	Base Case Default* (% of Balance of Collateral Pool)	Stress Case Default* (% of Balance of Collateral Pool)	Severity*% (Base)	Severity* % (Stress)	Base Case Loss* (% of Collateral Pool)	Stress Case Loss* (% of Collateral Pool)
ALT-A	14,315,774.125	274,847	391,819	164,118	198,010	54%	65%	47%	57%	26%	37%
PRIME	12,779,121.077	142,493	551,741	19,978	23,130	15%	18%	39%	49%	6%	9%
OA	11,697,783.248	173,190	488,891	111,705	127,211	64%	73%	59%	69%	38%	51%
	38,792,678.451	590,531	473,772	295,802	348,351	44,5%	51,8%	47,7%	57,7%	22,9%	31,7%

* Weighted Average

Sensitivity Analysis

ILLIQUID ASSETS BACK-UP FACILITY

Guaranteed Value Sensitivity Analysis

Guaranteed Value (%)	95%	94%	93%	92%	91%	90%	89%	88%	87%
Guaranteed Value (USD, millions)	29,648	29,336	29,023	28,711	28,399	28,087	27,775	27,463	27,151
Base Case (1)									
Probability of Gain (2)	58.3%	62.2%	65.9%	69.4%	72.8%	76.0%	79.0%	81.7%	84.2%
Projected P&I to Dutch State	30,376	30,376	30,376	30,376	30,376	30,376	30,376	30,376	30,376
Projected Guarantee Fee to Dutch State	717	717	717	717	717	717	717	717	717
Scheduled IOU Payments to ING	(29,794)	(29,481)	(29,167)	(28,854)	(28,540)	(28,226)	(27,913)	(27,599)	(27,285)
Scheduled Management Fee to ING	(784)	(784)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
Expected Gain (Loss) to Dutch State	515	829	1,142	1,456	1,770	2,083	2,397	2,711	3,024
Stress Case (2)									
Projected P&I to Dutch State	27,728	27,728	27,728	27,728	27,728	27,728	27,728	27,728	27,728
Projected Guarantee Fee to Dutch State	717	717	717	717	717	717	717	717	717
Scheduled IOU Payments to ING	(29,794)	(29,481)	(29,167)	(28,854)	(28,540)	(28,226)	(27,913)	(27,599)	(27,285)
Scheduled Management Fee to ING	(784)	(784)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
Expected Gain (Loss) to Dutch State	(2,133)	(1,819)	(1,505)	(1,192)	(878)	(564)	(251)	63	376

Notes:

All figures represent present values of cash flows discounted at **3%**

All cash flows based on principal balance of: USD 39 billion

(1) Assumed to have a 50% probability

(2) Defined as probability of NPV of P&I plus fees exceeding purchase price

(3) Assumed to have a 20% probability

Cash Flow Analysis

ILLIQUID ASSETS BACK-UP FACILITY

Annual Cash Flow Summary - Base Case (USD millions)

Year	Interest Received by State	Principal Received by State	Guarantee Fee Received by State	Interest Paid to ING	Principal Paid to ING	Management Fee to ING	Net Cash Flow to State
2009	1,194	4,188	56	785	4,214	130	310
2010	1,008	3,362	90	668	3,382	111	299
2011	865	2,812	94	575	2,829	95	272
2012	747	2,264	78	497	2,278	82	231
2013	647	1,909	66	434	1,921	72	195
2014	562	1,664	58	380	1,674	63	167
2015	490	1,478	52	333	1,487	55	145
2016	421	1,332	46	290	1,340	48	121
2017	358	1,172	41	252	1,179	42	98
2018	311	1,017	36	219	1,023	36	86
2019	271	900	32	190	905	32	76
2020	235	798	28	164	803	27	67
2021	203	709	25	142	713	23	59
2022	174	637	23	121	641	20	52
2023	148	555	20	103	558	17	45
2024	126	479	18	87	482	14	39
2025	107	422	16	74	425	12	34
2026	90	371	14	62	373	10	30
2027	75	326	13	51	328	8	26
2028	62	291	11	42	293	7	23
2029	50	255	10	34	256	6	19
2030	40	219	9	26	221	4	17
2031	31	190	8	20	191	3	14
2032	23	168	7	15	169	2	12
2033	16	143	6	10	144	2	10
2034	10	115	6	6	116	1	8
2035	6	81	5	3	81	1	6
2036	2	44	4	1	44	0	4
2037	1	9	3	0	9	0	3
2038	0	2	3	0	2	0	3
2039	0	2	3	0	2	0	3

Cash Flow Analysis

ILLIQUID ASSETS BACK-UP FACILITY

Annual Cash Flow Summary - Stress Case (USD millions)

Year	Interest Received by State	Principal Received by State	Guarantee Fee Received by State	Interest Paid to ING	Principal Paid to ING	Management Fee to ING	Net Cash Flow to State
2009	1,189	4,146	56	785	4,214	115	278
2010	988	3,211	86	668	3,382	96	139
2011	828	2,596	88	575	2,829	82	28
2012	705	1,952	69	497	2,278	70	120-
2013	608	1,619	58	434	1,921	61	132-
2014	527	1,402	51	380	1,674	54	128-
2015	460	1,241	45	333	1,487	47	121-
2016	395	1,097	40	290	1,340	41	140-
2017	337	980	35	252	1,179	36	115-
2018	292	870	32	219	1,023	32	80-
2019	254	771	28	190	905	27	70-
2020	220	696	25	164	803	24	50-
2021	189	620	23	142	713	20	43-
2022	163	548	20	121	641	17	48-
2023	139	477	18	103	558	15	42-
2024	119	405	16	87	482	13	42-
2025	102	350	14	74	425	11	43-
2026	87	311	12	62	373	9	33-
2027	74	276	11	51	328	8	25-
2028	62	242	10	42	293	6	27-
2029	51	216	9	34	256	5	19-
2030	41	195	8	26	221	4	7-
2031	32	175	8	20	191	3	1
2032	25	157	7	15	169	2	3
2033	18	137	6	10	144	2	5
2034	12	113	6	6	116	1	8
2035	7	85	5	3	81	1	12
2036	2	50	4	1	44	0	11
2037	0	10	3	0	9	0	4
2038	0	1	3	0	2	0	2
2039	0	1	3	0	2	0	2