## EXPOSURE FEE ADVICE BERMUDA

## PRIVATE SECTOR CREDITS

EXPOSURE FEE LEVEL 1

	EXPOSURE FEE	LEVEL	ı							
A. SOVEREIGN (e.g., Finance Ministry Guarantee):	TRANSACTION RISK INCREMENT:					IT: S	See Public Sector Chart			
B. POLITICAL ONLY COVER:		TRANSACTION RISK INCREMENT:					l			
C1. BORROWERS/GUARANTORS with RATED/TRADED (	CROSS BORDER	(HARD CUI	RRENCY) DE	BTS:						
TRANSACTION RISK INCREMENT:	0	1	2	;	3	4	5	5	5	
LONG-TERM (S&P, others)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB	- BB+	,BB	BB-	B+,B	B-	
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa	Ba1,	Ba2	Ba3	B1,B2	В3	
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-:	3	В		С		
SHORT-TERM (TBW)	TBW-1	TBW-2	TBW-3	TBW-4	1					
SHORT-TERM (Moody's)		P-1	P-2	P-:	3					
SPREAD (bp) over T-YIELD <	40	70	140	25	)	400	600	900	1500	
SPREAD (bp) over LIBOR <	10	40	90	22	)	370	570	870	1470	
C2. BORROWERS/GUARANTORS with INTRA-COUNTR	Y (LOCAL CURR	ENCY) RAT	INGS:							
TRANSACTION RISK INCREMENT:	0	1	2	;	3	4	5	5	5	
LONG-TERM (S&P, TBW)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB		 .BB	BB-	B+,B	B-	
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa		•	Ba3	B1,B2	В3	
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-:		В	240	C	20	
SHORT-TERM (Moody's)		P-1	P-2	P-:		_		-		
FINANCIAL STRENGTH (Moody's)	A/B	В	B/C	(		C/D	D	D/E	Е	
INTRA-COUNTRY ISSUER (TBW)	IC A/B		IC B/C		C IC		C DIO		IC E	
INDIVIDUAL (IBCA)	A/B	В	B/C	(		C/D	D	D/E	E	
INDIVIDUAL (Capital Intelligence)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB			BB-	B+,B	B-	
D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINAN		ONS:					SK INCREM		0	
			ITIONS.							
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHE	K IHAN FINANC	IAL INSTITU	JIIONS:		TRANSAC	JION RI	SK INCREM	IEINT:	1	
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS	STITUTION:		V	MAXIMUM	TRANSAC	TION RIS	K INCREME	ENT:	0	
F1. UNRATED BORROWERS/GUARANTORS OTHER THA	AN FINANCIAL IN	STITUTION								
S: DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X	
					TRANSA	SACTION RISK INCREMENT:				
		>	25%	2	2	3	4	5	5	
OPERATING CASH FLOW		>	20%	2	3	4	5	5	5	
(2-YEAR AVERAGE)		>	15%	3	4	5	5	5	5	
TO		>	10%	4	5	5	5	5	5	
DEBT			>5%	5	5	5	5	5	5	
			>0%	5	5	5	5	5	5	
			<0%	5	5	5	5	5	5	
F2. UNRATED FINANCIAL INSTITUTION BORROWERS/G	UARANTORS:									
TRANSACTION RISK INCREMENT:				2	3	4	5	5	5	
SHAREHOLDER'S EQUITY TO ASSETS				>8%	>7%	>6%	>5%	>4%	<4%	
NET INCOME TO ASSETS (2-YEAR AVERAGE)				>2.5%	>2.0%	>1.5%	>1.0%	>0.5%	<0.5%	
BORROWED FUNDS TO NET LOANS				<40%	<60%	<80%	<100%	<120%	>120%	
LIQUID ASSETS TO ASSETS				>25%	>20%	>15%	>10%	>5%	<5%	
RESERVES TO NON-PERFORMING ASSETS				>200%	>175%	>150%	>125	>100	<100%	

Effective: 10/01/1998

<sup>\*</sup> MAY NOT APPLY IF A TRANSACTION RISK INCREMENT HAS BEEN PRE-APPROVED

## EXPOSURE FEE ADVICE BERMUDA

## **PUBLIC SECTOR CREDITS**

EXPOSURE FEE LEVEL 1

A. SOVEREIGN (e.g., Finance Ministry Guarantee):	TRANSACTION RISK INCREMENT: 0								
B. POLITICAL ONLY COVER:	TRANSACTION RISK IN			NCREMEN	NT: Se	See Private Sector Chart			
C1. BORROWERS/GUARANTORS with RATED/TRADED CF	ROSS BORDER	(HARD CUI	RRENCY) DE	BTS:					
TRANSACTION RISK INCREMENT:	0	1	2	;	3	4	5	5	5
LONG-TERM (S&P, others)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB	- <del>-</del> BB+	 ,BB	BB-	B+,B	B-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,l	Ba2	Ba3	B1,B2	В3
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-:	3	В		С	
SHORT-TERM (TBW)	TBW-1	TBW-2	TBW-3	TBW-4	1				
SHORT-TERM (Moody's)		P-1	P-2	P-3	3				
SPREAD (bp) over T-YIELD <	40	70	140	250	)	400	600	900	1500
SPREAD (bp) over LIBOR <	10	40	90	220	)	370	570	870	1470
C2. BORROWERS/GUARANTORS with INTRA-COUNTRY	(LOCAL CURRE	ENCY) RAT	INGS:						
TRANSACTION RISK INCREMENT:	0	1	2	;	3	4	5	5	5
LONG-TERM (S&P, TBW)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB	- BB+		BB-	B+,B	В-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,l	Ba2	Ba3	B1,B2	В3
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-3	3	В		С	
SHORT-TERM (Moody's)		P-1	P-2	P-3	3				
FINANCIAL STRENGTH (Moody's)	A/B	В	B/C	(	;	C/D	D	D/E	Е
INTRA-COUNTRY ISSUER (TBW)	IC A/B	IC B	IC B/C	IC	C IC	C/D IC	D IC	D/E	IC E
INDIVIDUAL (IBCA)	A/B	В	B/C	(	;	C/D	D	D/E	Е
INDIVIDUAL (Capital Intelligence)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB	BB+	,BB	BB-	B+,B	B-
D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINANCE	CIAL INSTITUTION	ONS:			*TRANSAC	CTION RIS	K INCREM	ENT:	0
			ITIONS.				K INCREM		1
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER	THAN FINANCI	AL INSTITU	JIIONS:		IRANSAC	JION KIS	K INCREIVI	EINI.	'
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INST	<u>ITUTION:</u>		V	/AXIMUM T	TRANSAC <sup>-</sup>	TION RISK	INCREME	NT:	1
F1. UNRATED BORROWERS/GUARANTORS OTHER THAN	N FINANCIAL IN	STITUTION							
S: DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X
					TRANSA	ACTION RI	SK INCREM	ΛΕΝΤ:	
		>	25%	2	2	3	4	5	5
OPERATING		>	20%	2	3	4	5	5	5
CASH FLOW (2-YEAR AVERAGE)	>15%		15%	3	4	5	5	5	5
TO		>	10%	4	5	5	5	5	5
DEBT			>5%	5	5	5	5	5	5
			>0%	5	5	5	5	5	5
			<0%	5	5	5	5	5	5
F2. UNRATED FINANCIAL INSTITUTION BORROWERS/GU	ARANTORS:								
TRANSACTION RISK INCREMENT:				2	3	4	5	5	5
SHAREHOLDER'S EQUITY TO ASSETS				>8%	>7%	>6%	>5%	>4%	<4%
NET INCOME TO ASSETS (2-YEAR AVERAGE)				>2.5%	>2.0%	>1.5%	>1.0%	>0.5%	<0.5%
BORROWED FUNDS TO NET LOANS				<40%	<60%	<80%	<100%	<120%	>120%
LIQUID ASSETS TO ASSETS				>25%	>20%	>15%	>10%	>5%	<5%
RESERVES TO NON-PERFORMING ASSETS				>200%	>175%	>150%	>125%	>100%	<100%
		DE 4000							04/4000

Effective:

10/01/1998

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