## EXPOSURE FEE ADVICE CANADA

## PRIVATE SECTOR CREDITS

EXPOSURE FEE LEVEL 1

A. SOVEREIGN (e.g., Finance Ministry Guarantee):		Т	See Public Sector Chart						
B. POLITICAL ONLY COVER:		Т	RANSACTIO	ON RISK IN	ICREMEN	IT: -1			
C1. BORROWERS/GUARANTORS with RATED/TRADED C	ROSS BORDER	(HARD CUI	RRENCY) DE	EBTS:					
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-	B+,B	В-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,	Ba2	Ba3	B1,B2	В3
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-3	3	В		С	
SHORT-TERM (TBW)	TBW-1	TBW-2	TBW-3	TBW-4	ļ				
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 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	BB-	B+,B	B-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,	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	;	C/D	D	D/E	Е
INTRA-COUNTRY ISSUER (TBW)	IC A/B	IC B	IC B/C	: IC	C IC	C/D I	C DIC	D/E	IC E
INDIVIDUAL (IBCA)	A/B	В	B/C	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 - FINANC	CIAL INSTITUTI	ONS:		,	*TRANSA	CTION RIS	K INCREM	ENT:	0
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER	THAN FINANC	IAL INSTITU	JTIONS:	,	*TRANSA(	CTION RIS	K INCREM	ENT:	1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INST	TTUTION:			MAXIMUM <sup>*</sup>	TRANSAC	TION RISH	( INCREME	ENT:	0
F1. UNRATED BORROWERS/GUARANTORS OTHER THAI		ISTITI ITION							
S:	Y FINANCIAL IN	ISTITUTION							
DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X
					TRANSA	ACTION RI	SK INCRE	MENT:	
		>	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/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%	
				72.070	- 2.070	,	- 1.070	<i>&gt;</i> 0.5 /6	<0.5%
BORROWED FUNDS TO NET LOANS				<40%	<60%	<80%	<100%	<120%	<0.5% >120%
BORROWED FUNDS TO NET LOANS LIQUID ASSETS TO ASSETS RESERVES TO NON-PERFORMING ASSETS									

Effective: 10/01/1998

\* MAY NOT APPLY IF A TRANSACTION RISK INCREMENT HAS BEEN PRE-APPROVED

## EXPOSURE FEE ADVICE CANADA

## **PUBLIC SECTOR CREDITS**

EXPOSURE FEE LEVEL 1

A. SOVEREIGN (e.g., Finance Ministry Guarantee):		7	RANSACTIO	ON RISK IN	NCREMEN	IT: 0			
B. POLITICAL ONLY COVER: TRANSACTION			ON RISK INCREMENT:			See Private Sector Ch			
C1. BORROWERS/GUARANTORS with RATED/TRADED C	ROSS BORDER	(HARD CUI	RRENCY) DE	BTS:					
TRANSACTION RISK INCREMENT:	0	1	2	3	3	4	5	5	5
LONG-TERM (S&P, others)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB-	BB+	BB -	BB-	B+,B	В-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,E	Ba2	Ba3	B1,B2	В3
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-3	3	В		С	
SHORT-TERM (TBW)	TBW-1	TBW-2	TBW-3	TBW-4					
SHORT-TERM (Moody's)		P-1	P-2	P-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	NCY) RAT	INGS:						
TRANSACTION RISK INCREMENT:	0	1	2	3	<u></u>	4	5	5	5
LONG-TERM (S&P, TBW)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB-	BB+	ВВ	BB-	B+,B	B-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,E	3a2	Ba3	B1,B2	В3
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-3	<b>;</b>	В		С	
SHORT-TERM (Moody's)		P-1	P-2	P-3	3				
FINANCIAL STRENGTH (Moody's)	A/B	В	B/C	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	: (	C/D	D	D/E	Е
INDIVIDUAL (Capital Intelligence)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB-	BB+	ВВ	BB-	B+,B	B-
D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINAN	CIAL INSTITUTIO	NS:		,	TRANSAC	TION RIS	K INCREM	ENT:	0
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER	THAN FINANCI								
	R THAN FINANCI	<u>AL INSTITU</u>	<u>JTIONS:</u>	,	TRANSAC	TION RIS	K INCREM	ENT:	1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS		<u>AL INSTITU</u>		, AXIMUM T					1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS	TITUTION:								1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:	TITUTION:			aximum t	RANSACT	TON RISK	INCREME	NT:	1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS	TITUTION:				RANSACT	TION RISK <3X	INCREME <4X	*NT: <6X	1 1 >6X
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:	TITUTION:	STITUTION	M	aximum t	RANSACT	TION RISK <3X	INCREME	*NT: <6X	1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THA S:  DEBT TO TANGIBLE NET WORTH	TITUTION:	STITUTION	M 25%	AXIMUM T <1X	RANSACT <2X TRANSA 2	ON RISK <3X CTION RI	INCREME <4X SK INCREI 4	<6X MENT: 5	1 >6X
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THAS:  DEBT TO TANGIBLE NET WORTH  OPERATING	TITUTION:	STITUTION  > >	M 25% 20%	AXIMUM T <1X 2 2	RANSACT <2X TRANSA 2 3	<3X CTION RI 3 4	<4X SK INCREI 4 5	<6X MENT: 5 5	1 >6X 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THAS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE)	TITUTION:	STITUTION  > > >	25% 20% 15%	<1X 2 2 3	<2X TRANSA  2 3 4	<3X CTION RI 3 4 5	<4X SK INCREI 4 5 5	<6X MENT: 5 5 5	5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO	TITUTION:	STITUTION  > > > >	25% 20% 15% 10%	AXIMUM T <1X 2 2	<2X TRANSA  2 3 4 5	<3X CTION RI 3 4 5 5	<4X SK INCREI 4 5	<6X MENT: 5 5	1 >6X 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THAS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE)	TITUTION:	STITUTION  > > > >	25% 20% 15% 10% >5%	<1X -<1X -<	<2X TRANSA  2 3 4 5 5	<3X CTION RI 3 4 5 5 5	<4X SK INCREI 4 5 5 5 5	*AT: <6X MENT: 5 5 5 5 5 5	5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO	TITUTION:	STITUTION  > > > >	25% 20% 15% 10% >5% >0%	<1X <1X 2 2 3 4 5 5	<2X TRANSA 2 3 4 5 5 5	<3X CTION RI 3 4 5 5 5 5	<4X SK INCREI 4 5 5 5 5 5	*ATT: <6X MENT: 5 5 5 5 5 5 5 5 5	5 5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT	TITUTION: AN FINANCIAL IN:	STITUTION  > > > >	25% 20% 15% 10% >5%	<1X -<1X -<	<2X TRANSA  2 3 4 5 5	<3X CTION RI 3 4 5 5 5	<4X SK INCREI 4 5 5 5 5	*AT: <6X MENT: 5 5 5 5 5 5	5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO	TITUTION: AN FINANCIAL IN:	STITUTION  > > > >	25% 20% 15% 10% >5% >0%	<1X <1X 2 2 3 4 5 5	<2X TRANSA 2 3 4 5 5 5	<3X CTION RI 3 4 5 5 5 5	<4X SK INCREI 4 5 5 5 5 5	*ATT: <6X MENT: 5 5 5 5 5 5 5 5 5	5 5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INS  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT	TITUTION: AN FINANCIAL IN:	STITUTION  > > > >	25% 20% 15% 10% >5% >0%	<1X <1X 2 2 3 4 5 5	<2X TRANSA 2 3 4 5 5 5	<3X CTION RI 3 4 5 5 5 5	<4X SK INCREI 4 5 5 5 5 5	*ATT: <6X MENT: 5 5 5 5 5 5 5 5 5	5 5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSECTION OF THE THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT  F2. UNRATED FINANCIAL INSTITUTION BORROWERS/G	TITUTION: AN FINANCIAL IN:	STITUTION  > > > >	25% 20% 15% 10% >5% >0%	<1X - 2 2 3 4 5 5 5	<2X TRANSA  2 3 4 5 5 5 5 5 7 3	<3X CTION RI 3 4 5 5 5 5 5	<4X SK INCREI 4 5 5 5 5 5	<pre>&lt;6X MENT: 5 5 5 5 5 5 5 5</pre>	5 5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSE  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT  F2. UNRATED FINANCIAL INSTITUTION BORROWERS/G TRANSACTION RISK INCREMENT: SHAREHOLDER'S EQUITY TO ASSETS NET INCOME TO ASSETS (2-YEAR AVERAGE)	TITUTION: AN FINANCIAL IN:	STITUTION  > > > >	25% 20% 15% 10% >5% >0%	<1X  <1X  2 2 3 4 5 5 5 2 >8% >2.5%	<2X TRANSA  2 3 4 5 5 5 5 7 3 >7% >2.0%	<3X .CTION RI  3 4 5 5 5 5 5 4 >6% >1.5%	<4X SK INCREI  4 5 5 5 5 5 5 5 7 1.0%	<pre> </pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> </pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> </pre> <pre> </pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> </pre> <pre> &lt;</pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre>	5 5 5 5 5 5 5 5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSE  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT  F2. UNRATED FINANCIAL INSTITUTION BORROWERS/G TRANSACTION RISK INCREMENT: SHAREHOLDER'S EQUITY TO ASSETS NET INCOME TO ASSETS (2-YEAR AVERAGE) BORROWED FUNDS TO NET LOANS	TITUTION: AN FINANCIAL IN:	STITUTION  > > > >	25% 20% 15% 10% >5% >0%	<1X  <1X  2 2 3 4 5 5 5  2  >8% >2.5% <40%	<pre> </pre> <pre> <a href="#">&lt;2X</a> TRANSA  2  3  4  5  5  5  5  5  5  <a href="#">&lt;5</a> <a href="#">&lt;5&lt;</a></pre>	STON RISK STON RISK 3 4 5 5 5 5 5 5 4 >1.5% <80%	SK INCREI 4 5 5 5 >1.0% <100%	SAT: 46X MENT: 5 5 5 5 5 5 5 7 24% >0.5% <120%	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSE  F1. UNRATED BORROWERS/GUARANTORS OTHER THATS:  DEBT TO TANGIBLE NET WORTH  OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT  F2. UNRATED FINANCIAL INSTITUTION BORROWERS/G TRANSACTION RISK INCREMENT: SHAREHOLDER'S EQUITY TO ASSETS NET INCOME TO ASSETS (2-YEAR AVERAGE)	TITUTION: AN FINANCIAL IN:	STITUTION  > > > >	25% 20% 15% 10% >5% >0%	<1X  <1X  2 2 3 4 5 5 5 2 >8% >2.5%	<2X TRANSA  2 3 4 5 5 5 5 7 3 >7% >2.0%	CION RISK STON RISK 3 4 5 5 5 5 5 4 >6% >1.5% <80% >15%	<pre></pre>	<pre> </pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> </pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> </pre> <pre> </pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> <pre> </pre> <pre> &lt;</pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre></pre>	5 5 5 5 5 5 5 5 5 5 5

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