EXPOSURE FEE ADVICE ICELAND

PRIVATE SECTOR CREDITS

EXPOSURE FEE LEVEL 1

A. SOVEREIGN (e.g., Finance Ministry Guarantee):	TRANSACTION RISK INCREMEN				NT: See Public Sector Chart				
B. POLITICAL ONLY COVER:	POLITICAL ONLY COVER: TRANSACTION RISK INCREMENT: -1								
C1. BORROWERS/GUARANTORS with RATED/TRADED C	ROSS BORDER	(HARD CUE	RRENCY) DI	EBTS:					
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,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					
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 CURRI	ENCY) RAT	INGS:						
TRANSACTION RISK INCREMENT:	0	1	2	3	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,l	Ba2	Ba3	B1,B2	В3
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-3	;	В		С	
SHORT-TERM (Moody's)		P-1	P-2	P-3	;				
FINANCIAL STRENGTH (Moody's)	A/B	В	B/C	C		C/D	D	D/E	Е
INTRA-COUNTRY ISSUER (TBW)	IC A/E	IC E	IC B/C	IC	CIC	C/E IC	C IC	D/E	IC E
INDIVIDUAL (IBCA)	A/B	В	B/C	C		C/D	D	D/E	E
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 INSTITUTION	ONS:		*	TRANSAC	CTION RIS	K INCREM	ENT:	0
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER	THAN FINANCI	AL INSTITU	ITIONS:	*	TRANSAC	CTION RIS	K INCREM	ENT:	1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INST	ITUTION:			MAXIMUM ⁻	TRANSAC	TION RISH	(INCREME	ENT:	0
F1. UNRATED BORROWERS/GUARANTORS OTHER THAN	N FINANCIAL IN	STITUTIONS	<u>s</u>						
DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X
		TRANSACTION RISK INCREMENT:							
		>	25%	2	2	3	4	5	5
OPERATING		>	20%	2	3	4	5	5	5
CASH FLOW (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%	<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%
* MAY NOT APPLY IF A TRANSACTION RISK INCREI	MENT HAS BEE	N PRE-API	PROVED				Effec	tive: 09/	/01/2005

EXPOSURE FEE ADVICE ICELAND

PUBLIC SECTOR CREDITS

EXPOSURE FEE LEVEL 1

A. SOVEREIGN (e.g., Finance Ministry Guarantee): TRANSACTIO				ON RISK IN	IT: ()				
B. POLITICAL ONLY COVER: TRANSACTION				ON RISK IN	CREMEN	IT: Se	See Private Sector Chart			
C1. BORROWERS/GUARANTORS with RATED/TRADED (CROSS 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	BB-	B+,B	B-	
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		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	4	100	600	900	1500	
SPREAD (bp) over LIBOR <	10	40	90	220	:	370	570	870	1470	
C2. BORROWERS/GUARANTORS with INTRA-COUNTRY	Y (LOCAL CURRI	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,E	Ba2	Ba3	B1,B2	В3	
SHORT-TERM (S&P, others)	A-1+	A-1	A-2	A-3		В		С		
SHORT-TERM (Moody's)		P-1	P-2	P-3						
FINANCIAL STRENGTH (Moody's)	A/B	В	B/C	С	(C/D	D	D/E	Е	
INTRA-COUNTRY ISSUER (TBW)	IC A/E	IC E	IC B/C	IC C	IC	C/[10	C [[C	D/E	IC E	
INDIVIDUAL (IBCA)	A/B	В	B/C	С	(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	ICIAL INSTITUTION	ONS:		*	ΓRANSAC	TION RIS	K INCREM	IENT:	0	
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHE	R THAN FINANCI	AL INSTITU	JTIONS:	*-	ΓRANSAC	TION RIS	K INCREM	IENT:	1	
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSTITUTION:				MAXIMUM TI	AXIMUM TRANSACTION RISK INCREMENT:				1	
F1. UNRATED BORROWERS/GUARANTORS OTHER THA	N FINANCIAL IN	STITUTIONS	<u>3</u>							
DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X	
5_5, 10 1,4,0,5 1,5,1,1,1				****		_	ISK INCRE		7 071	
OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT			25%	2	2	3	4	5	5	
			20%	2	3	4	5	5	5	
			15%	3	4	5	5	5	5	
			10%	4	5	5	5	5	5	
			>5%	5	5	5	5	5	5	
			>0%	5 5	5 5	5 5	5 5	5	5	
F2. UNRATED FINANCIAL INSTITUTION BORROWERS/G	HADANTODO.		<0%	5	5	5	Э	5	5	
	OARANTORS.									
TRANSACTION RISK INCREMENT:					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 LIQUID ASSETS TO ASSETS				<40% >25%	<60% >20%	<80% >15%	<100% >10%	<120% >5%	>120% <5%	
RESERVES TO NON-PERFORMING ASSETS					>20% >175%	>15%			<5% <100%	
ALGERTALG TO TAGET ENTONING MODELLO				-20070	- 110/0	- 100/0	- 120/0	- 100 /0	~10070	

Effective:

09/01/2005

* MAY NOT APPLY IF A TRANSACTION ICRAS RATING HAS BEEN PRE-APPROVED