**EXPOSURE FEE ADVICE** TAIWAN PRIVATE SECTOR CREDITS

**EXPOSURE FEE LEVEL** 

#### 1 A. SOVEREIGN (e.g., Finance Ministry Guarantee): TRANSACTION RISK INCREMENT: See Public Sector Chart **B. POLITICAL ONLY COVER:** TRANSACTION RISK INCREMENT: -1 C1. BORROWERS/GUARANTORS with RATED/TRADED CROSS BORDER (HARD CURRENCY) DEBTS: TRANSACTION RISK INCREMENT: 5 0 1 2 3 4 5 5 LONG-TERM (S&P. others) AA+,AA,AA-A+,A,A-BBB+,BBB BBB-BB+ BB BB-B+,B B-A1.A2.A3 Ba1.Ba2 Ba3 B1.B2 В3 LONG-TERM (Moody's) Aa1 Aa2 Baa1 Baa2 Baa3 A-1 в С SHORT-TERM (S&P, others) A-1+ A-2 A-3 SHORT-TERM (TBW) TBW-1 TBW-2 TBW-3 TBW-4 P-1 P-2 P-3 SHORT-TERM (Moody's) 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 CURRENCY) RATINGS: TRANSACTION RISK INCREMENT: 0 2 3 4 5 5 5 1 BB+,BB LONG-TERM (S&P, TBW) AA+,AA,AA-A+,A,A-BBB+,BBB BBB-BB-B+,B B-Aa1,Aa2 A1,A2,A3 Baa1,Baa2 Baa3 Ba1,Ba2 Ba3 B1,B2 В3 LONG-TERM (Moody's) A-1 A-2 A-3 в С SHORT-TERM (S&P, others) A-1+ P-1 SHORT-TERM (Moody's) P-2 P-3 B/C С C/D в D D/E FINANCIAL STRENGTH (Moody's) A/B Е INTRA-COUNTRY ISSUER (TBW) IC A/B IC в IC B/C IC С IC C/D IC D IC D/E IC Е Е INDIVIDUAL (IBCA) A/B В B/C С C/D D D/E INDIVIDUAL (Capital Intelligence) BBB+,BBB BBB-BB+,BB BB-B+,B B-AA+,AA,AA-A+,A,A-**\*TRANSACTION RISK INCREMENT:** 0 D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINANCIAL INSTITUTIONS: **D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER THAN FINANCIAL INSTITUTIONS: \*TRANSACTION RISK INCREMENT:** 1 E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSTITUTION: 0 MAXIMUM TRANSACTION RISK INCREMENT: F1. UNRATED BORROWERS/GUARANTORS OTHER THAN FINANCIAL INSTITUTIONS DEBT TO TANGIBLE NET WORTH <1X <2X <3X <4X <6X >6X TRANSACTION RISK INCREMENT: >25% 2 2 ٦ 5 5 4 OPERATING 2 ٦ 5 5 >20% 4 5 CASH FLOW 3 >15% 4 5 5 5 5 (2-YEAR AVERAGE) TO >10% 4 5 5 5 5 5 DEBT >5% 5 5 5 5 5 5 5 5 5 5 5 >0% 5 5 5 <0% 5 5 5 5 F2. UNRATED FINANCIAL INSTITUTION BORROWERS/GUARANTORS: TRANSACTION RISK INCREMENT: 2 3 4 5 5 5 SHAREHOLDER'S EQUITY TO ASSETS >7% >5% >4% -4% >8% >6% 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 INCREMENT HAS BEEN PRE-APPROVED

05/01/2001 Effective:

**EXPOSURE FEE ADVICE** 

# TAIWAN

## PUBLIC SECTOR CREDITS

EXPOSURE FEE LEVEL

### A. SOVEREIGN (e.g., Finance Ministry Guarantee):

#### TRANSACTION RISK INCREMENT:

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B. POLITICAL ONLY COVER:			٦	RANSACTI	ON RISK I	NCREME	NT: S	See Private Sector Chart			
C1. BORROWERS/GUARANTORS with RATED/TRADE	D CROSS BO	RDER (HAP	RD C		DEBTS:						
TRANSACTION RISK INCREMENT:		0	1	2		3	4	5	5	5	
LONG-TERM (S&P, others)	AA+,AA,AA-		4,A-	BBB+,BBB	BBE	B- BB+	⊦,BB	BB-	B+,B	B-	
LONG-TERM (Moody's)	Aa1,Aa2		2,A3	Baa1,Baa2	Baa	3 Ba1	,Ba2	Ba3	B1,B2	B3	
SHORT-TERM (S&P, others)	A-1+		A-1	A-2	A-	3	В		С		
SHORT-TERM (TBW)	TBW-1		W-2	TBW-3	TBW-	4					
SHORT-TERM (Moody's)			P-1	P-2	P-	3					
SPREAD (bp) over T-YIELD <	40		70	140	25	0	400	600	900	1500	
SPREAD (bp) over LIBOR <	10		40	90	22	0	370	570	870	1470	
C2. BORROWERS/GUARANTORS with INTRA-COUNT	RY (LOCAL CU	JRRENCY)	RA	TINGS:							
TRANSACTION RISK INCREMENT:	0		1	2	_	3	4	5	5	5	
LONG-TERM (S&P, TBW)	AA+,AA,AA-		4,A-	BBB+,BBB	BBE	B- BB-	⊦,BB	BB-	B+,B	B-	
LONG-TERM (Moody's)	Aa1,Aa2		2,A3	Baa1,Baa2	Baa	3 Ba1	,Ba2	Ba3	B1,B2	B3	
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	E	
INTRA-COUNTRY ISSUER (TBW)	IC A	/B IC	В	IC B/C	IC	C IC	C/D	IC D I	C D/E	IC E	
INDIVIDUAL (IBCA)	A	/B	В	B/C	(	0	C/D	D	D/E	E	
INDIVIDUAL (Capital Intelligence)	AA+,AA,A	A- A+,A	4,A-	BBB+,BBB	BBE	8- BB-	⊦,BB	BB-	B+,B	B-	
D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINA	NCIAL INSTIT	UTIONS:				*TRANSA	CTION I	RISK INCR	EMENT:	0	
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTH	ER THAN FINA		STIT	UTIONS:		*TRANSA		RISK INCR	EMENT:	1	
E. UNRATED LARGEST (PROFITABLE) FINANCIAL IN	NSTITUTION:			r	MAXIMUM	TRANSA	CTION F	RISK INCRE	MENT:	1	
F1. UNRATED BORROWERS/GUARANTORS OTHER T	HAN FINANCI	AL INSTITU	JTIC	<u>DNS</u>							
DEBT TO TANGIBLE NET WORTH					<1X	<2X	<32	X <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) TO DEBT	>			15%	3	4	!	55	5	5	
		>		10%	4	5	!	5 5	5	5	
				>5%	5	5	ł	55	5	5	
				>0%	5	5	!	55	5	5	
				<0%	5	5	:	5 5	5	5	
F2. UNRATED FINANCIAL INSTITUTION BORROWERS	S/GUARANTOF	<u>RS:</u>									
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)	E)				>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%			<5%	
RESERVES TO NON-PERFORMING ASSETS	3				>200%	>175%	>150%	% >125%	>100%	<100%	

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

Effective: 05/01/2001