EXPOSURE FEE ADVICE COOK ISLANDS PRIVATE SECTOR CREDITS

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EXPOSURE FEE LEVEL

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: 0 0 0 0 0 0 1 2 LONG-TERM (S&P. others) AA+,AA,AA-A+,A,A-BBB+,BBB BBB-BB+,BB BB-B+,B B-Ba1.Ba2 Ba3 B1.B2 В3 LONG-TERM (Moody's) Aa1 Aa2 A1 A2 A3 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 0 0 0 0 0 1 2 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-3 в С SHORT-TERM (S&P, others) A-2 A-1+ P-1 SHORT-TERM (Moody's) P-2 P-3 B/C С в C/D 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% 0 ٥ ٥ ٥ ٥ 1 OPERATING ٥ >20% 0 Λ Λ 1 2 CASH FLOW 2 >15% 0 0 0 1 2 (2-YEAR AVERAGE) TO >10% 0 0 1 2 2 2 DEBT >5% 0 1 2 2 2 2 2 2 2 2 2 >0% 1 2 <0% 2 2 2 2 2 F2. UNRATED FINANCIAL INSTITUTION BORROWERS/GUARANTORS: TRANSACTION RISK INCREMENT: 0 0 0 0 1 2 SHAREHOLDER'S EQUITY TO ASSETS >7% >5% >4% ~4% >8% >6% NET INCOME TO ASSETS (2-YEAR AVERAGE) >2.0% >1.0% >0.5% <0.5% >2.5% >1.5% 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

Effective: 01/08/2007

EXPOSURE FEE ADVICE COOK ISLANDS PUBLIC SECTOR CREDITS

EXPOSURE FEE LEVEL 5

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

TRANSACTION RISK INCREMENT: 0

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| B. POLITICAL ONLY COVER: | ILY COVER: TRANSACTION RISK INCREMENT: | | | | | | See Private Sector Chart | | | |
|--|--|-----------|-----------|--------|---------|----------|--------------------------|--------|-------|--|
| C1. BORROWERS/GUARANTORS with RATED/TRADED | CROSS BORDE | R (HARD C | URRENCY) | DEBTS: | | | | | | |
| TRANSACTION RISK INCREMENT: | 0 | 0 | 0 | 0 | | 0 | 0 | 1 | 2 | |
| LONG-TERM (S&P, others) | AA+,AA,AA- | A+,A,A- | BBB+,BBB | BBB- | BB+,B | B | BB- | B+,B | B- | |
| LONG-TERM (Moody's) | Aa1,Aa2 | A1,A2,A3 | Baa1,Baa2 | Baa3 | Ba1,Ba | a2 | Ba3 | B1,B2 | B3 | |
| 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 | 40 | 00 | 600 | 900 | 1500 | |
| SPREAD (bp) over LIBOR < | 10 | 40 | 90 | 220 | 37 | 70 | 570 | 870 | 1470 | |
| C2. BORROWERS/GUARANTORS with INTRA-COUNTR | Y (LOCAL CURR | ENCY) RA | TINGS: | | | | | | | |
| TRANSACTION RISK INCREMENT: | 0 | 0 | 0 | 0 | | 0 | 0 | 1 | 2 | |
| LONG-TERM (S&P, TBW) | AA+,AA,AA- | A+,A,A- | BBB+,BBB | BBB- | BB+,B | BB | BB- | B+,B | B- | |
| LONG-TERM (Moody's) | Aa1,Aa2 | A1,A2,A3 | Baa1,Baa2 | Baa3 | Ba1,Ba | a2 | 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 | С | 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 | С | C/ | ′D | D | D/E | E | |
| INDIVIDUAL (Capital Intelligence) | AA+,AA,AA- | A+,A,A- | BBB+,BBB | BBB- | BB+,B | BB | BB- | B+,B | B- | |
| D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINAN | ICIAL INSTITUTIO | ONS: | | * | TRANSAC | TION RIS | SK INCRE | MENT: | 0 | |
| D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER THAN FINANCIAL INSTITUTIONS: *TRANSACTION | | | | | | | SK INCRE | EMENT: | 1 | |
| E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSTITUTION: MAXIMUM TRANSACTION RI | | | | | | | K INCRE | MENT: | 1 | |
| F1. UNRATED BORROWERS/GUARANTORS OTHER TH | IAN FINANCIAL I | NSTITUTIC | NS | | | | | | | |
| DEBT TO TANGIBLE NET WORTH | | | | <1X | <2X | <3X | <4X | <6X | >6X | |
| | | | | | TRANSA | CTION R | ISK INCR | EMENT: | | |
| | | > | 25% | 0 | 0 | 0 | 0 | 0 | 1 | |
| OPERATING CASH FLOW | | > | 20% | 0 | 0 | 0 | 0 | 1 | 2 | |
| (2-YEAR AVERAGE) TO DEBT | | > | 15% | 0 | 0 | 0 | 1 | 2 | 2 | |
| | | >10% | | 0 | 0 | 1 | 2 | 2 | 2 | |
| | | >5% | | 0 | 1 | 2 | 2 | 2 | 2 | |
| | | | >0% | 1 | 2 | 2 | 2 | 2 | 2 | |
| | | | <0% | 2 | 2 | 2 | 2 | 2 | 2 | |
| F2. UNRATED FINANCIAL INSTITUTION BORROWERS/ | GUARANTORS: | | | | | | | | | |
| TRANSACTION RISK INCREMENT: | | | | 0 | 0 | 0 | 0 | 1 | 2 | |
| 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 ICRAS RATING HAS BEEN PRE-APPROVED

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