# EXPOSURE FEE ADVICE MONTENEGRO PRIVATE SECTOR CREDITS

6

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 B1.B2 B3 LONG-TERM (Moody's) Aa1 Aa2 A1 A2 A3 Baa1 Baa2 Baa3 Ba3 В С SHORT-TERM (S&P, others) A-1+ A-1 A-2 A-3 SHORT-TERM (TBW) TBW-1 TBW-2 TBW-3 TRW-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 Baa1,Baa2 Baa3 Ba1,Ba2 Ba3 B1,B2 В3 LONG-TERM (Moody's) A1.A2.A3 A-1 A-3 в С SHORT-TERM (S&P, others) A-1+ A-2 SHORT-TERM (Moody's) P-1 P-2 P-3 B/C С C/D В D D/E Е FINANCIAL STRENGTH (Moody's) A/B **INTRA-COUNTRY ISSUER (TBW)** IC A/B IC В IC B/C IC С IC C/D IC D IC D/E IC Е INDIVIDUAL (IBCA) A/B в B/C С C/D D D/E Е BBB+,BBB BBB-BB+,BB BB-B+,B B-INDIVIDUAL (Capital Intelligence) 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: MAXIMUM TRANSACTION RISK INCREMENT: 0 F1. UNRATED BORROWERS/GUARANTORS OTHER THAN FINANCIAL INSTITUTIONS: DEBT TO TANGIBLE NET WORTH <1X <2X <3X <4X <6X >6X TRANSACTION RISK INCREMENT: n n ٥ n 0 >25% 1 **OPERATING** n 0 >20% 0 Λ 1 2 CASH FLOW 2 >15% 0 Λ 0 1 2 (2-YEAR AVERAGE) то >10% 0 0 1 2 2 2 DEBT >5% 0 1 2 2 2 2 2 2 2 2 2 >0% 1 <0% 2 2 2 2 2 2 F2. UNRATED FINANCIAL INSTITUTION BORROWERS/GUARANTORS: TRANSACTION RISK INCREMENT: 0 0 0 0 1 2 >7% SHAREHOLDER'S EQUITY TO ASSETS >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

Effective: 05/12/2008

**EXPOSURE FEE ADVICE MONTENEGRO** 

## **PUBLIC SECTOR CREDITS**

EXPOSURE FEE LEVEL 6

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

#### TRANSACTION RISK INCREMENT:

0

B. POLITICAL ONLY COVER:	TRANSACTION RISK INC				REMENT: 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	1	2
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	B Ba1,E	Ba2	Ba3	B1,B2	B3
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	) 4	400	600	900	1500
SPREAD (bp) over LIBOR <	10	40	90	220	) 3	370	570	870	1470
C2. BORROWERS/GUARANTORS with INTRA-COUNTR	Y (LOCAL CURR	ENCY) RAT	<u>FINGS:</u>						
TRANSACTION RISK INCREMENT:	0	0	0	C	)	0	0	1	2
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		Baa1,Baa2	Baa3	B Ba1,E	Ba2	Ba3	B1,B2	B3
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	E
INTRA-COUNTRY ISSUER (TBW)	IC A/B	IC B	IC B/C	IC C	C IC C	C/D IC	D 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 - FINANCIAL INSTITUTIONS: *TRANSACTION RISK INCREMENT:								EMENT:	0
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHE	R THAN FINANC	IAL INSTIT	UTIONS:		*TRANSA	CTION RI	ISK INCRE	EMENT:	1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSTITUTION: MAXIMUM TRANSACTION RISK INCREMENT:							MENT:	1	
F1. UNRATED BORROWERS/GUARANTORS OTHER TH	IAN FINANCIAL I	NSTITUTIO	NS:						
DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X
					ACTION R	RISK INCR	EMENT	-	
			25%	0	0	0	0	0	1
OPERATING			20%	0	0	0	0	1	2
CASH FLOW (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

Effective: 05/12/2008