

## Appendix CA-7

### Supervisory Slotting Criteria for Specialised Lending

Table 1 — CBB Rating Grades for Project Finance Exposures

	Strong	Good	Satisfactory	Weak
<b>Financial strength</b>				
Market conditions	Few competing suppliers or substantial and durable advantage in location, cost, or technology. Demand is strong and growing	Few competing suppliers or better than average location, cost, or technology but this situation may not last. Demand is strong and stable	Project has no advantage in location, cost, or technology. Demand is adequate and stable	Project has worse than average location, cost, or technology. Demand is weak and declining
Financial ratios (e.g. <i>debt service coverage ratio (DSCR)</i> , <i>loan life coverage ratio (LLCR)</i> , <i>project life coverage ratio (PLCR)</i> , and <i>debt-to-equity ratio</i> )	Strong financial ratios considering the level of project risk; very robust economic assumptions	Strong to acceptable financial ratios considering the level of project risk; robust project economic assumptions	Standard financial ratios considering the level of project risk	Aggressive financial ratios considering the level of project risk
Stress analysis	The project can meet its financial obligations under sustained, severely stressed economic or sectoral conditions	The project can meet its financial obligations under normal stressed economic or sectoral conditions. The project is only likely to default under severe economic conditions	The project is vulnerable to stresses that are not uncommon through an economic cycle, and may default in a normal downturn	The project is likely to default unless conditions improve soon

	Strong	Good	Satisfactory	Weak
<i>Financial structure</i>  Duration of the credit compared to the duration of the project  Amortisation schedule	Useful life of the project significantly exceeds tenor of the loan  Amortising debt	Useful life of the project exceeds tenor of the loan  Amortising debt	Useful life of the project exceeds tenor of the loan  Amortising debt repayments with limited bullet payment	Useful life of the project may not exceed tenor of the loan  Bullet repayment or amortising debt repayments with high bullet repayment
<b>Political and legal environment</b>				
Political risk, including transfer risk, considering project type and mitigants  Force majeure risk (war, civil unrest, etc),  Government support and project's importance for the country over the long term  Stability of legal and regulatory environment (risk of change in law)  Acquisition of all necessary supports and approvals for such relief from local content laws	Very low exposure; strong mitigation instruments, if needed  Low exposure  Project of strategic importance for the country (preferably export-oriented). Strong support from Government  Favourable and stable regulatory environment over the long term  Strong	Low exposure; satisfactory mitigation instruments, if needed  Acceptable exposure  Project considered important for the country. Good level of support from Government  Favourable and stable regulatory environment over the medium term  Satisfactory	Moderate exposure; fair mitigation instruments  Standard protection  Project may not be strategic but brings unquestionable benefits for the country. Support from Government may not be explicit  Regulatory changes can be predicted with a fair level of certainty  Fair	High exposure; no or weak mitigation instruments  Significant risks, not fully mitigated  Project not key to the country. No or weak support from Government  Current or future regulatory issues may affect the project  Weak

	Strong	Good	Satisfactory	Weak
Enforceability of contracts, collateral and security	Contracts, collateral and security are enforceable	Contracts, collateral and security are enforceable	Contracts, collateral and security are considered enforceable even if certain non-key issues may exist	There are unresolved key issues in respect if actual enforcement of contracts, collateral and security
<b>Transaction characteristics</b>				
<i>Design and technology risk</i>	Fully proven technology and design	Fully proven technology and design	Proven technology and design — start-up issues are mitigated by a strong completion package	Unproven technology and design; technology issues exist and/or complex design
<i>Construction risk</i>				
Permitting and siting	All permits have been obtained	Some permits are still outstanding but their receipt is considered very likely	Some permits are still outstanding but the permitting process is well defined and they are considered routine	Key permits still need to be obtained and are not considered routine. Significant conditions may be attached
Type of construction contract	Fixed-price date-certain turnkey construction EPC (engineering and procurement contract)	Fixed-price date-certain turnkey construction EPC	Fixed-price date-certain turnkey construction contract with one or several contractors	No or partial fixed-price turnkey contract and/or interfacing issues with multiple contractors
Completion guarantees	Substantial liquidated damages supported by financial substance and/or strong completion guarantee from sponsors with excellent financial standing	Significant liquidated damages supported by financial substance and/or completion guarantee from sponsors with good financial standing	Adequate liquidated damages supported by financial substance and/or completion guarantee from sponsors with good financial standing	Inadequate liquidated damages or not supported by financial substance or weak completion guarantees

	Strong	Good	Satisfactory	Weak
Track record and financial strength of contractor in constructing similar projects.	Strong	Good	Satisfactory	Weak
<i>Operating risk</i>  Scope and nature of operations and maintenance (O & M) contracts   Operator's expertise, track record, and financial strength	Strong long-term O&M contract, preferably with contractual performance incentives, and/or O&M reserve accounts   Very strong, or committed technical assistance of the sponsors	Long-term O&M contract, and/or O&M reserve accounts   Strong	Limited O&M contract or O&M reserve account   Acceptable	No O&M contract: risk of high operational cost overruns beyond mitigants   Limited/weak, or local operator dependent on local authorities
<i>Off-take risk</i>  (a) If there is a take-or-pay or fixed-price off-take contract:	Excellent creditworthiness of off-taker; strong termination clauses; tenor of contract comfortably exceeds the maturity of the debt	Good creditworthiness of off-taker; strong termination clauses; tenor of contract exceeds the maturity of the debt	Acceptable financial standing of off-taker; normal termination clauses; tenor of contract generally matches the maturity of the debt	Weak off-taker; weak termination clauses; tenor of contract does not exceed the maturity of the debt

	Strong	Good	Satisfactory	Weak
(b) If there is no take-or-pay or fixed-price off-take contract:	Project produces essential services or a commodity sold widely on a world market; output can readily be absorbed at projected prices even at lower than historic market growth rates	Project produces essential services or a commodity sold widely on a regional market that will absorb it at projected prices at historical growth rates	Commodity is sold on a limited market that may absorb it only at lower than projected prices	Project output is demanded by only one or a few buyers or is not generally sold on an organised market
<i>Supply risk</i>  Price, volume and transportation risk of feed-stocks; supplier's track record and financial strength  Reserve risks (e.g. natural resource development)	Long-term supply contract with supplier of excellent financial standing  Independently audited, proven and developed reserves well in excess of requirements over lifetime of the project	Long-term supply contract with supplier of good financial standing  Independently audited, proven and developed reserves in excess of requirements over lifetime of the project	Long-term supply contract with supplier of good financial standing — a degree of price risk may remain  Proven reserves can supply the project adequately through the maturity of the debt	Short-term supply contract or long-term supply contract with financially weak supplier — a degree of price risk definitely remains  Project relies to some extent on potential and undeveloped reserves
<b>Strength of Sponsor</b>				
Sponsor's track record, financial strength, and country/sector experience	Strong sponsor with excellent track record and high financial standing	Good sponsor with satisfactory track record and good financial standing	Adequate sponsor with adequate track record and good financial standing	Weak sponsor with no or questionable track record and/or financial weaknesses

	Strong	Good	Satisfactory	Weak
Sponsor support, as evidenced by equity, ownership clause and incentive to inject additional cash if necessary	Strong. Project is highly strategic for the sponsor (core business — long-term strategy)	Good. Project is strategic for the sponsor (core business — long-term strategy)	Acceptable. Project is considered important for the sponsor (core business)	Limited. Project is not key to sponsor's long-term strategy or core business
<b>Security Package</b>				
<p>Assignment of contracts and accounts</p> <p>Pledge of assets, taking into account quality, value and liquidity of assets</p> <p>Lender's control over cash flow (e.g. cash sweeps, independent escrow accounts)</p> <p>Strength of the covenant package (mandatory prepayments, payment deferrals, payment cascade, dividend restrictions...)</p>	<p>Fully comprehensive</p> <p>First perfected security interest in all project assets, contracts, permits and accounts necessary to run the project</p> <p>Strong</p> <p>Covenant package is strong for this type of project</p> <p>Project may issue no additional debt</p>	<p>Comprehensive</p> <p>Perfected security interest in all project assets, contracts, permits and accounts necessary to run the project</p> <p>Satisfactory</p> <p>Covenant package is satisfactory for this type of project</p> <p>Project may issue extremely limited additional debt</p>	<p>Acceptable</p> <p>Acceptable security interest in all project assets, contracts, permits and accounts necessary to run the project</p> <p>Fair</p> <p>Covenant package is fair for this type of project</p> <p>Project may issue limited additional debt</p>	<p>Weak</p> <p>Little security or collateral for lenders; weak negative pledge clause</p> <p>Weak</p> <p>Covenant package is Insufficient for this type of project</p> <p>Project may issue unlimited additional debt</p>
Reserve funds (debt service, O&M, renewal and replacement, unforeseen events, etc)	Longer than average coverage period, all reserve funds fully funded in cash or letters of credit from highly rated bank	Average coverage period, all reserve funds fully funded	Average coverage period, all reserve funds fully funded	Shorter than average coverage period, reserve funds funded from operating cash flows

**Table 2 — CBB Rating Grades for Income-Producing Real Estate Exposures and High-Volatility Commercial Real Estate Exposures**

	Strong	Good	Satisfactory	Weak
<b>Financial strength</b>				
Market conditions	The supply and demand for the project's type and location are currently in equilibrium. The number of competitive properties coming to market is equal or lower than forecasted demand	The supply and demand for the project's type and location are currently in equilibrium. The number of competitive properties coming to market is roughly equal to forecasted demand	Market conditions are roughly in equilibrium. Competitive properties are coming on the market and others are in the planning stages. The project's design and capabilities may not be state of the art compared to new projects	Market conditions are weak. It is uncertain when conditions will improve and return to equilibrium. The project is losing tenants at lease expiration. New lease terms are less favourable compared to those expiring
Financial ratios and advance rate	The property's debt service coverage ratio (DSCR) is considered strong (DSCR is not relevant for the construction phase) and its loan to value ratio (LTV) is considered low given its property type. Where a secondary market exists, the transaction is underwritten to market standards	The DSCR (not relevant for development real estate) and LTV are satisfactory. Where a secondary market exists, the transaction is underwritten to market standards	The property's DSCR has deteriorated and its value has fallen, increasing its LTV	The property's DSCR has deteriorated significantly and its LTV is well above underwriting standards for new loans

	Strong	Good	Satisfactory	Weak
Stress analysis	The property's resources, contingencies and liability structure allow it to meet its financial obligations during a period of severe financial stress (e.g. interest rates, economic growth)	The property can meet its financial obligations under a sustained period of financial stress (e.g. interest rates, economic growth). The property is likely to default only under severe economic conditions	During an economic downturn, the property would suffer a decline in revenue that would limit its ability to fund capital expenditures and significantly increase the risk of default	The property's financial condition is strained and is likely to default unless conditions improve in the near term
Cash-flow predictability				
(a) For complete and stabilised property.	The property's leases are long-term with creditworthy tenants and their maturity dates are scattered. The property has a track record of tenant retention upon lease expiration. Its vacancy rate is low. Expenses (maintenance, insurance, security, and property taxes) are predictable	Most of the property's leases are long-term, with tenants that range in creditworthiness. The property experiences a normal level of tenant turnover upon lease expiration. Its vacancy rate is low. Expenses are predictable	Most of the property's leases are medium rather than long-term with tenants that range in creditworthiness. The property experiences a moderate level of tenant turnover upon lease expiration. Its vacancy rate is moderate. Expenses are relatively predictable but vary in relation to revenue	The property's leases are of various terms with tenants that range in creditworthiness. The property experiences a very high level of tenant turnover upon lease expiration. Its vacancy rate is high. Significant expenses are incurred preparing space for new tenants
(b) For complete but not stabilised property	Leasing activity meets or exceeds projections. The project should achieve stabilisation in the near future	Leasing activity meets or exceeds projections. The project should achieve stabilisation in the near future	Most leasing activity is within projections; however, stabilisation will not occur for some time	Market rents do not meet expectations. Despite achieving target occupancy rate, cash flow coverage is tight due to disappointing revenue



	Strong	Good	Satisfactory	Weak
(c) For construction phase	The property is entirely pre-leased through the tenor of the loan or pre-sold to an investment grade tenant or buyer, or the bank has a binding commitment for take-out financing from an investment grade lender	The property is entirely pre-leased or pre-sold to a creditworthy tenant or buyer, or the bank has a binding commitment for permanent financing from a creditworthy lender	Leasing activity is within projections but the building may not be pre-leased and there may not exist a take-out financing. The bank may be the permanent lender	The property is deteriorating due to cost overruns, market deterioration, tenant cancellations or other factors. There may be a dispute with the party <del>providing the permanent</del> financing
<b>Asset characteristics</b>				<p>The property's location, configuration, design and maintenance have contributed to the property's difficulties</p> <p>Weaknesses exist in the property's configuration, design or maintenance</p> <p>Project is over budget or unrealistic given its technical hazards. Contractors may be under qualified</p>
Location	Property is located in highly desirable location that is convenient to services that tenants desire	Property is located in desirable location that is convenient to services that tenants desire	The property location lacks a competitive advantage	
Design and condition	Property is favoured due to its design, configuration, and maintenance, and is highly competitive with new properties	Property is appropriate in terms of its design, configuration and maintenance. The property's design and capabilities are competitive with new properties	Property is adequate in terms of its configuration, design and maintenance	
Property is under construction	Construction budget is conservative and technical hazards are limited. Contractors are highly qualified	Construction budget is conservative and technical hazards are limited. Contractors are highly qualified	Construction budget is adequate and contractors are ordinarily qualified	

	Strong	Good	Satisfactory	Weak
<b>Strength of Sponsor/Developer</b>				
Financial capacity and willingness to support the property.	The sponsor/developer made a substantial cash contribution to the construction or purchase of the property. The sponsor/developer has substantial resources and limited direct and contingent liabilities. The sponsor/developer's properties are diversified geographically and by property type	The sponsor/developer made a material cash contribution to the construction or purchase of the property. The sponsor/developer's financial condition allows it to support the property in the event of a cash flow shortfall. The sponsor/developer's properties are located in several geographic regions	The sponsor/developer's contribution may be immaterial or non-cash. The sponsor/developer is average to below average in financial resources	The sponsor/developer lacks capacity or willingness to support the property
Reputation and track record with similar properties.	Experienced management and high sponsors' quality. Strong reputation and lengthy and successful record with similar properties	Appropriate management and sponsors' quality. The sponsor or management has a successful record with similar properties	Moderate management and sponsors' quality. Management or sponsor track record does not raise serious concerns	Ineffective management and substandard sponsors' quality. Management and sponsor difficulties have contributed to difficulties in managing properties in the past
Relationships with relevant real estate actors	Strong relationships with leading actors such as leasing agents	Proven relationships with leading actors such as leasing agents	Adequate relationships with leasing agents and other parties providing important real estate services	Poor relationships with leasing agents and/or other parties providing important real estate services

	Strong	Good	Satisfactory	Weak
<b>Security Package</b>				
<p>Nature of lien</p> <p>Assignment of rents (for projects leased to long-term tenants)</p> <p>Quality of the insurance coverage</p>	<p>Perfected first lien<sup>1</sup></p> <p>The lender has obtained an assignment. They maintain current tenant information that would facilitate providing notice to remit rents directly to the lender, such as a current rent roll and copies of the project's leases</p> <p>Appropriate</p>	<p>Perfected first lien<sup>12</sup></p> <p>The lender has obtained an assignment. They maintain current tenant information that would facilitate providing notice to the tenants to remit rents directly to the lender, such as current rent roll and copies of the project's leases</p> <p>Appropriate</p>	<p>Perfected first lien<sup>12</sup></p> <p>The lender has obtained an assignment. They maintain current tenant information that would facilitate providing notice to the tenants to remit rents directly to the lender, such as current rent roll and copies of the project's leases</p> <p>Appropriate</p>	<p>Ability of lender to foreclose is constrained</p> <p>The lender has not obtained an assignment of the leases or has not maintained the information necessary to readily provide notice to the building's tenants</p> <p>Substandard</p>

<sup>1</sup> Lenders in some markets extensively use loan structures that include junior liens. Junior liens may be indicative of this level of risk if the total LTV inclusive of all senior positions does not exceed a typical first loan LTV

**Table 3 — CBB Rating Grades for Object Finance Exposures**

	<b>Strong</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Weak</b>
<b>Financial strength</b>				
Market conditions	Demand is strong and growing, strong entry barriers, low sensitivity to changes in technology and economic outlook	Demand is strong and stable. Some entry barriers, some sensitivity to changes in technology and economic outlook	Demand is adequate and stable, limited entry barriers, significant sensitivity to changes in technology and economic outlook	Demand is weak and declining, vulnerable to changes in technology and economic outlook, highly uncertain environment
Financial ratios (debt service coverage ratio and loan-to-value ratio)	Strong financial ratios considering the type of asset. Very robust economic assumptions	Strong / acceptable financial ratios considering the type of asset. Robust project economic assumptions	Standard financial ratios for the asset type	Aggressive financial ratios considering the type of asset
Stress analysis	Stable long-term revenues, capable of withstanding severely stressed conditions through an economic cycle	Satisfactory short-term revenues. Loan can withstand some financial adversity. Default is only likely under severe economic conditions	Uncertain short-term revenues. Cash flows are vulnerable to stresses that are not uncommon through an economic cycle. The loan may default in a normal downturn	Revenues subject to strong uncertainties; even in normal economic conditions the asset may default, unless conditions improve
Market liquidity	Market is structured on a worldwide basis; assets are highly liquid	Market is worldwide or regional; assets are relatively liquid	Market is regional with limited prospects in the short term, implying lower liquidity	Local market and/or poor visibility. Low or no liquidity, particularly on niche markets

	Strong	Good	Satisfactory	Weak
<b>Political and legal environment</b>				
Political risk, including transfer risk	Very low; strong mitigation instruments, if needed	Low; satisfactory mitigation instruments, if needed	Moderate; fair mitigation instruments	High; no or weak mitigation instruments
Legal and regulatory risks	Jurisdiction is favourable to repossession and enforcement of contracts	Jurisdiction is favourable to repossession and enforcement of contracts	Jurisdiction is generally favourable to repossession and enforcement of contracts, even if repossession might be long and/or difficult	Poor or unstable legal and regulatory environment. Jurisdiction may make repossession and enforcement of contracts lengthy or impossible
<b>Transaction characteristics</b>				
Financing term compared to the economic life of the asset	Full payout profile/minimum balloon. No grace period	Balloon more significant, but still at satisfactory levels	Important balloon with potentially grace periods	Repayment in fine or high balloon
<b>Operating risk</b>				
Permits / licensing	All permits have been obtained; asset meets current and foreseeable safety regulations	All permits obtained or in the process of being obtained; asset meets current and foreseeable safety regulations	Most permits obtained or in process of being obtained, outstanding ones considered routine, asset meets current safety regulations	Problems in obtaining all required permits, part of the planned configuration and/or planned operations might need to be revised
Scope and nature of O & M contracts	Strong long-term O&M contract, preferably with contractual performance incentives, and/or O&M reserve accounts (if needed)	Long-term O&M contract, and/or O&M reserve accounts (if needed)	Limited O&M contract or O&M reserve account (if needed)	No O&M contract: risk of high operational cost overruns beyond mitigants

	Strong	Good	Satisfactory	Weak
Operator's financial strength, track record in managing the asset type and capability to re-market asset when it comes off- lease	Excellent track record and strong re-marketing capability	Satisfactory track record and re-marketing capability	Weak or short track record and uncertain re-marketing capability	No or unknown track record and inability to re-market the asset
<b>Asset characteristics</b>				
<p>Configuration, size, design and maintenance (i.e. age, size for a plane) compared to other assets on the same market</p> <p>Resale value</p> <p>Sensitivity of the asset value and liquidity to economic cycles</p>	<p>Strong advantage in design and maintenance. Configuration is standard such that the object meets a liquid market</p> <p>Current resale value is well above debt value</p> <p>Asset value and liquidity are relatively insensitive to economic cycles</p>	<p>Above average design and maintenance. Standard configuration, maybe with very limited exceptions — such that the object meets a liquid market</p> <p>Resale value is moderately above debt value</p> <p>Asset value and liquidity are sensitive to economic cycles</p>	<p>Average design and maintenance. Configuration is somewhat specific, and thus might cause a narrower market for the object</p> <p>Resale value is slightly above debt value</p> <p>Asset value and liquidity are quite sensitive to economic cycles</p>	<p>Below average design and maintenance. Asset is near the end of its economic life. Configuration is very specific; the market for the object is very narrow</p> <p>Resale value is below debt value</p> <p>Asset value and liquidity are highly sensitive to economic cycles</p>
<b>Strength of sponsor</b>				
Operator's financial strength, track record in managing the asset type and capability to re-market asset when it comes off- lease	Excellent track record and strong re-marketing capability	Satisfactory track record and re-marketing capability	Weak or short track record and uncertain re-marketing capability	No or unknown track record and inability to re- market the asset

	Strong	Good	Satisfactory	Weak
Sponsors' track record and financial strength	Sponsors with excellent track record and high financial standing	Sponsors with good track record and good financial standing	Sponsors with adequate track record and good financial standing	Sponsors with no or questionable track record and/or financial weaknesses
<b>Security Package</b>				
<p>Asset control</p> <p>Rights and means at the lender's disposal to monitor the location and condition of the asset</p> <p>Insurance against damages</p>	<p>Legal documentation provides the lender effective control (e.g. a first perfected security interest, or a leasing structure including such security) on the asset, or on the company owning it</p> <p>The lender is able to monitor the location and condition of the asset, at any time and place (regular reports, possibility to lead inspections)</p> <p>Strong insurance coverage including collateral damages with top quality insurance companies</p>	<p>Legal documentation provides the lender effective control (e.g. a perfected security interest, or a leasing structure including such security) on the asset, or on the company owning it</p> <p>The lender is able to monitor the location and condition of the asset, almost at any time and place</p> <p>Satisfactory insurance coverage (not including collateral damages) with good quality insurance companies</p>	<p>Legal documentation provides the lender effective control (e.g. a perfected security interest, or a leasing structure including such security) on the asset, or on the company owning it</p> <p>The lender is able to monitor the location and condition of the asset, almost at any time and place</p> <p>Fair insurance coverage (not including collateral damages) with acceptable quality insurance companies</p>	<p>The contract provides little security to the lender and leaves room to some risk of losing control on the asset</p> <p>The lender is able to monitor the location and condition of the asset are limited</p> <p>Weak insurance coverage (not including collateral damages) or with weak quality insurance companies</p>

**Table 4 – CBB Rating Grades for Commodities Finance Exposures**

	<b>Strong</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Weak</b>
<b>Financial strength</b>				
Degree of over-collateralisation of trade	Strong	Good	Satisfactory	Weak
<b>Political and legal environment</b>				
Country risk	No country risk	Limited exposure to country risk (in particular, offshore location of reserves in an emerging country)	Exposure to country risk (in particular, offshore location of reserves in an emerging country)	Strong exposure to country risk (in particular, inland reserves in an emerging country)
Mitigation of country risks	Very strong mitigation:  Strong offshore mechanisms Strategic commodity 1 <sup>st</sup> class buyer	Strong mitigation:  Offshore mechanisms  Strategic commodity Strong buyer	Acceptable mitigation:  Offshore mechanisms  Less strategic commodity Acceptable buyer	Only partial mitigation:  No offshore mechanisms  Non-strategic commodity Weak buyer
<b>Asset characteristics</b>				
Liquidity and susceptibility to damage	Commodity is quoted and can be hedged through futures or OTC instruments. Commodity is not susceptible to damage	Commodity is quoted and can be hedged through OTC instruments. Commodity is not susceptible to damage	Commodity is not quoted but is liquid. There is uncertainty about the possibility of hedging. Commodity is not susceptible to damage	Commodity is not quoted. Liquidity is limited given the size and depth of the market. No appropriate hedging instruments. Commodity is susceptible to damage



	Strong	Good	Satisfactory	Weak
<b>Strength of sponsor</b>				
Financial strength of trader	Very strong, relative to trading philosophy and risks	Strong	Adequate	Weak
Track record, including ability to manage the logistic process	Extensive experience with the type of transaction in question. Strong record of operating success and cost efficiency	Sufficient experience with the type of transaction in question. Above average record of operating success and cost efficiency	Limited experience with the type of transaction in question. Average record of operating success and cost efficiency	Limited or uncertain track record in general. Volatile costs and profits
Trading controls and hedging policies	Strong standards for counterparty selection, hedging, and monitoring	Adequate standards for counterparty selection, hedging, and monitoring	Past deals have experienced no or minor problems	Trader has experienced significant losses on past deals
Quality of financial disclosure	Excellent	Good	Satisfactory	Financial disclosure contains some uncertainties or is insufficient
<b>Security package</b>				
Asset control	First perfected security interest provides the lender legal control of the assets at any time if needed	First perfected security interest provides the lender legal control of the assets at any time if needed	At some point in the process, there is a rupture in the control of the assets by the lender. The rupture is mitigated by knowledge of the trade process or a third party undertaking as the case may be	Contract leaves room for some risk of losing control over the assets. Recovery could be jeopardised
Insurance against damages	Strong insurance coverage including collateral damages with top quality insurance companies	Satisfactory insurance coverage (not including collateral damages) with good quality insurance companies	Fair insurance coverage (not including collateral damages) with acceptable quality insurance companies	Weak insurance coverage (not including collateral damages) or with weak quality insurance companies