EXPOSURE FEE ADVICE AZERBAIJAN PRIVATE SECTOR CREDITS

EXPOSURE FEE LEVEL

5 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-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: 1 1 1 2 1 1 1 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:** 1 D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINANCIAL INSTITUTIONS: **D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER THAN FINANCIAL INSTITUTIONS: *TRANSACTION RISK INCREMENT:** 2 E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSTITUTION: MAXIMUM TRANSACTION RISK INCREMENT: 1 F1. UNRATED BORROWERS/GUARANTORS OTHER THAN FINANCIAL INSTITUTIONS DEBT TO TANGIBLE NET WORTH <1X <2X <3X <4X <6X >6X TRANSACTION RISK INCREMENT: >25% 1 1 1 1 1 1 OPERATING >20% 1 1 1 1 1 2 CASH FLOW 2 >15% 1 1 1 1 2 (2-YEAR AVERAGE) TO >10% 1 1 1 2 2 2 DEBT >5% 1 1 2 2 2 2 2 2 2 2 2 >0% 1 2 2 <0% 2 2 2 2 F2. UNRATED FINANCIAL INSTITUTION BORROWERS/GUARANTORS: TRANSACTION RISK INCREMENT: 1 1 1 1 1 2 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

09/05/2006 Effective:

EXPOSURE FEE ADVICE AZERBAIJAN

PUBLIC SECTOR CREDITS

EXPOSURE FEE LEVEL

SOVEREIGN (e.g., Finance Ministry Guarantee): <u>A.</u> **B. POLITICAL ONLY COVER:** TRANSACTION RISK INCREMENT: C1. BORROWERS/GUARANTORS with RATED/TRADED CROSS BORDER (HARD CURRENCY) DEBTS: TRANSACTION RISK INCREMENT: 0 0 LONG-TERM (S&P, others) AA+.AA.AA-A+.A.A-BBB+.BBB LONG-TERM (Moody's) Aa1,Aa2 A1,A2,A3 Baa1,Baa2 A-1 SHORT-TERM (S&P, others) A-1+ TBW-2 SHORT-TERM (TBW) TBW-1 TBW-3 SHORT-TERM (Moody's) P-1 SPREAD (bp) over T-YIELD < 40 70 SPREAD (bp) over LIBOR < 10 40 C2. BORROWERS/GUARANTORS with INTRA-COUNTRY (LOCAL CURRENCY) RATINGS: TRANSACTION RISK INCREMENT: 0 0 LONG-TERM (S&P, TBW) AA+,AA,AA-A+,A,A-

0 0 0 0 1 BBB+,BBB BBB-BB+,BB BB-B+,B LONG-TERM (Moody's) Aa1,Aa2 A1,A2,A3 Baa1,Baa2 Baa3 Ba1,Ba2 Ba3 B1,B2 С SHORT-TERM (S&P, others) A-1 A-2 A-3 R A-1+ 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 С **INTRA-COUNTRY ISSUER (TBW)** IC A/B IC В IC B/C IC IC C/D IC D IC D/E IC INDIVIDUAL (IBCA) A/B В B/C С C/D D D/E BBB+,BBB BBB-INDIVIDUAL (Capital Intelligence) AA+,AA,AA-A+,A,A-BB+,BB BB-B+,B

D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINANCIAL INSTITUTIONS:

D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER THAN FINANCIAL INSTITUTIONS:

E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSTITUTION:

F2.

F1. UNRATED BORROWERS/GUARANTORS OTHER THAN FINANCIAL INSTITUTIONS

DEBT TO TANGIBLE NET WORTH		<1X	<2X	<3X	<4X	<6X	>6X
		TRANSACTION RISK INCREMENT:					
OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT	>25%	0	0	0	0	0	1
	>20%	0	0	0	0	1	2
	>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
. UNRATED FINANCIAL INSTITUTION BORROWERS/GUARANTORS:							
TRANSACTION RISK INCREMENT:		0	0	0	0	1	2

			•		<u> </u>	
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: 09/05/2006

***TRANSACTION RISK INCREMENT: *TRANSACTION RISK INCREMENT:**

MAXIMUM TRANSACTION RISK INCREMENT: 1

0

BBB-

Baa3

A-3

P-3

250

220

TBW-4

5

0

A-2

P-2

140

90

0	

0

R

400

370

BB+.BB

Ba1,Ba2

TRANSACTION RISK INCREMENT: 0

See Private Sector Chart

1

С

900

870

B+.B

B1,B2

2

B-

B3

1500

1470

2

B-

B3

Е

Е

Е

B-

0

1

0

BB-

Ba3

600

570