## EXPOSURE FEE ADVICE LESOTHO

## **PRIVATE SECTOR CREDITS**

EXPOSURE FEE LEVEL 5

A. SOVEREIGN (e.g., Finance Ministry Guarantee):	TRANSACTION RISK INCREMENT: See Public Sector Chart						art			
B. POLITICAL ONLY COVER:		т	RANSACTI	ON RISK IN	ICREMEN	IT: -1				
C1. BORROWERS/GUARANTORS with RATED/TRADE	D CROSS BORD	ER (HARD C	URRENCY	) DEBTS:						
TRANSACTION RISK INCREMENT:	0	0	0	(	)	0	1	2	3	
LONG-TERM (S&P, others)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB-	- BB+		BB-	B+,B	В-	
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,l	Ba2	Ba3	B1,B2	В3	
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	) .	400	600	900	1500	
SPREAD (bp) over LIBOR <	10	40	90	220	) :	370	570	870	1470	
C2. BORROWERS/GUARANTORS with INTRA-COUNTR	RY (LOCAL CURI	RENCY) RA	TINGS:							
TRANSACTION RISK INCREMENT:	1	1	1	1	Ì	1	1	2	3	
LONG-TERM (S&P, TBW)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB-	- <u></u> - BB+	 ,BB	BB-	B+,B	B-	
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa3	Ba1,l	Ba2	Ba3	B1,B2	В3	
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	Е	
INTRA-COUNTRY ISSUER (TBW)	IC A/B	IC B	IC B/C	IC C	CIC	C/D IC	D IC	D/E	IC E	
INDIVIDUAL (IBCA)	A/B	В	B/C	C	;	C/D	D	D/E	Е	
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 - FINAL	NCIAL INSTITUT	ONS:		,	*TRANSA	CTION RI	SK INCRE	EMENT:	1	
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER THAN FINANCIAL INSTITUTIONS:  *TRANSACTION RISK INCREMENT:							2			
			<u> </u>							
E. UNRATED LARGEST (PROFITABLE) FINANCIAL IN	STITUTION:			MAXIMUM	TRANSA	CHON RI	SK INCRE	=MENI:	1	
F1. UNRATED BORROWERS/GUARANTORS OTHER T	HAN FINANCIAL	INSTITUTIO	NS:							
DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X	
			TRANSACT				ON RISK INCREMENT:			
OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT		>	25%	1	1	1	1	1	2	
		>	20%	1	1	1	1	2	3	
		>	·15%	1	1	1	2	3	3	
		>	10%	1	1	2	3	3	3	
			>5%	1	2	3	3	3	3	
			>0%	2	3	3	3	3	3	
			<0%	3	3	3	3	3	3	
F2. UNRATED FINANCIAL INSTITUTION BORROWERS	<u>/GUARANTORS:</u>									
TRANSACTION RISK INCREMENT:				1	1	1	1	2	3	
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 RISK INCRE	MENT HAS BEE	N PRE-APPI	ROVED				Effec	tive: 04	/25/2008	

## EXPOSURE FEE ADVICE LESOTHO

## **PUBLIC SECTOR CREDITS**

**EXPOSURE FEE LEVEL** 5

A. SOVEREIGN (e.g., Finance Ministry Guarantee):	TRANSACTION RISK INCREMENT: 0								
B. POLITICAL ONLY COVER:		Т	RANSACTI	ON RISK II	NCREME	NT: Se	e Private S	Sector Ch	art
C1. BORROWERS/GUARANTORS with RATED/TRADEI	CROSS BORDE	R (HARD C	URRENCY)	DEBTS:					
TRANSACTION RISK INCREMENT:	0	0	0	(	)	0	1	2	3
LONG-TERM (S&P, others)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB	- <u>-</u> - BB+		BB-	B+,B	B-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa			Ba3	B1,B2	В3
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	1				
SHORT-TERM (Moody's)		P-1	P-2	P-3	3				
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-COUNTR	Y (LOCAL CURR	ENCY) RAT	ΓINGS:						
TRANSACTION RISK INCREMENT:	0	0	0	(	)	0	1	2	3
LONG-TERM (S&P, TBW)	AA+,AA,AA-	A+,A,A-	BBB+,BBB	BBB	- BB+	-,BB	BB-	B+,B	В-
LONG-TERM (Moody's)	Aa1,Aa2	A1,A2,A3	Baa1,Baa2	Baa	Ba1,	Ba2	Ba3	B1,B2	В3
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	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	C	;	C/D	D	D/E	Е
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 - FINAN	NCIAL INSTITUTION	ONS:			*TRANSA	CTION R	ISK INCRE	MENT:	0
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHE	R THAN FINANC	AL INSTITU	JTIONS:		*TRANSA	CTION R	ISK INCRE	MENT:	1
E. UNRATED LARGEST (PROFITABLE) FINANCIAL IN	STITUTION:		I	MAXIMUM	TRANSA	CTION RI	SK INCRE	MENT:	1
F1. UNRATED BORROWERS/GUARANTORS OTHER TI	HAN FINANCIAL I	NSTITUTIO	NS:						
DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X
			TRANSACT				RISK INCR		
			25%	0	0	0	0	1	2
OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT		>20%		0	0	0	1	2	3
		>15%		0	0	1	2	3	3
		>10%		0	1	2	3	3	3
			>5%	1	2	3	3	3	3
			>0%	2	3	3	3	3	3
			<0%	3	3	3	3	3	3
F2. UNRATED FINANCIAL INSTITUTION BORROWERS	GUARANTORS:								
TRANSACTION RISK INCREMENT:				0	0	0	1	2	3
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 RATI	NG HAS BEEN PF	RE-APPRO\	/ED				Effective	: 04/	25/2008