EXPOSURE FEE ADVICE MALAWI PRIVATE SECTOR CREDITS

EXPOSURE FEE LEVEL

7 SOVEREIGN (e.g., Finance Ministry Guarantee): TRANSACTION RISK INCREMENT: See Public Sector Chart Α. **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 0 0 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 LONG-TERM (Moody's) Aa1 Aa2 A1 A2 A3 Baa1 Baa2 Baa3 B3 В С SHORT-TERM (S&P, others) A-1+ A-1 A-2 A-3 TBW-2 SHORT-TERM (TBW) TBW-1 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 0 0 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-1+ A-2 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:** 0 D1. TRANSACTIONS OF \$10 MILLION OR LESS - FINANCIAL INSTITUTIONS: **D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER THAN FINANCIAL INSTITUTIONS: *TRANSACTION RISK INCREMENT:** 0 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 n n ٥ ٥ OPERATING ٥ n >20% 0 0 0 0 CASH FLOW >15% 0 0 0 0 Ω 0 (2-YEAR AVERAGE) TO >10% 0 0 0 0 0 0 DEBT >5% 0 0 0 0 0 0 0 0 0 0 >0% 0 0 <0% 0 0 0 0 0 0 F2. UNRATED FINANCIAL INSTITUTION BORROWERS/GUARANTORS: TRANSACTION RISK INCREMENT: 0 0 0 0 0 0 >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 >20% >15% >10% <5% >25% >5% **RESERVES TO NON-PERFORMING ASSETS** >200% >175% >150% >125 >100 <100%

* MAY NOT APPLY IF A TRANSACTION RISK INCREMENT HAS BEEN PRE-APPROVED

05/15/2007 Effective:

EXPOSURE FEE ADVICE

MALAWI

PUBLIC SECTOR CREDITS

EXPOSURE FEE LEVEL 7

SOVEREIGN (e.g., Finance Ministry Guarantee): <u>A.</u>

TRANSACTION RISK INCREMENT: 0

B. POLITICAL ONLY COVER:	TRANSACTION RISK INCREMENT:					NT: Se	: See Private Sector Chart			
C1. BORROWERS/GUARANTORS with RATED/TRADE	O CROSS BORDE	R (HARD C	URRENCY)	DEBTS:						
TRANSACTION RISK INCREMENT:	0	0	0	(D	0	0	0	0	
LONG-TERM (S&P, others)	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	B Ba1,	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	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	TINGS:							
TRANSACTION RISK INCREMENT:	0	0	0	()	0	0	0	0	
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	A1,A2,A3	Baa1,Baa2	Baa	B Ba1,	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 IC	C/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 - FINAM	NCIAL INSTITUTIO	ONS:			*TRANSA	CTION RI	SK INCRE	EMENT:	0	
D2. TRANSACTIONS OF \$10 MILLION OR LESS - OTHER THAN FINANCIAL INSTITUTIONS: *TRANSACTION RISK INCREM							EMENT:	1		
E. UNRATED LARGEST (PROFITABLE) FINANCIAL INSTITUTION: MAXIMUM TRANSACTION RISE						SK INCRE	MENT:	1		
F1. UNRATED BORROWERS/GUARANTORS OTHER TH	HAN FINANCIAL I	NSTITUTIO	<u>NS</u>							
DEBT TO TANGIBLE NET WORTH				<1X	<2X	<3X	<4X	<6X	>6X	
					TRANS	ACTION F	ON RISK INCREMENT:			
OPERATING CASH FLOW (2-YEAR AVERAGE) TO DEBT		>25%		0	0	0	0	0	0	
		>20%		0	0	0	0	0	0	
		>15%		0	0	0	0	0	0	
		>10%		0	0	0	0	0	0	
		>5%		0	0	0	0	0	0	
			>0%	0	0	0	0	0	0	
			<0%	0	0	0	0	0	0	
F2. UNRATED FINANCIAL INSTITUTION BORROWERS/	GUARANTORS:									
TRANSACTION RISK INCREMENT:				0	0	0	0	0	0	
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: 05/15/2007