



# 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:**

TRANSACTION RISK INCREMENT: See Private Sector Chart

**C1. BORROWERS/GUARANTORS with RATED/TRADED CROSS BORDER (HARD CURRENCY) DEBTS:**

| TRANSACTION RISK INCREMENT: | 0          | 0        | 0         | 0     | 0       | 1   | 2     | 3    |
|-----------------------------|------------|----------|-----------|-------|---------|-----|-------|------|
| 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  | Ba1,Ba2 | Ba3 | B1,B2 | B3   |
| SHORT-TERM (S&P, others)    | A-1+       | A-1      | A-2       | A-3   | B       |     | C     |      |
| SHORT-TERM (TBW)            | TBW-1      | TBW-2    | TBW-3     | TBW-4 |         |     |       |      |
| SHORT-TERM (Moody's)        |            | P-1      | P-2       | P-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-COUNTRY (LOCAL CURRENCY) RATINGS:**

| TRANSACTION RISK INCREMENT:       | 0          | 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   | B-   |
| LONG-TERM (Moody's)               | Aa1,Aa2    | A1,A2,A3 | Baa1,Baa2 | Baa3 | Ba1,Ba2 | Ba3  | B1,B2  | B3   |
| SHORT-TERM (S&P, others)          | A-1+       | A-1      | A-2       | A-3  | B       |      | C      |      |
| SHORT-TERM (Moody's)              |            | P-1      | P-2       | P-3  |         |      |        |      |
| FINANCIAL STRENGTH (Moody's)      | A/B        | B        | 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 | IC D/E | IC E |
| INDIVIDUAL (IBCA)                 | A/B        | B        | 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: 0

**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: 1

**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   | 1   | 2 |
|  | >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 RATING HAS BEEN PRE-APPROVED

Effective: 04/25/2008