

Definition of Fitch Ratings for short term Investments

1. The main criteria for investing short term for a time less than 365 days is the Short Term Rating. 364 days is the maximum length of time that Scottish authorities are permitted to invest sums for.

The minimum rating for 2009/10 is F1 which is the Highest credit Quality and indicates the strongest capacity for timely payment of financial commitments. Some banks may have “+” added which denotes any exceptionally strong credit features

We also use two other ratings in assessing security for investments.

2. Individual Rating – which is used to assess how a bank is viewed if it were entirely independent and could not rely on external support from a parent bank or government. This rating is designed to assess a bank’s exposure and management of risk.

The minimum rating for 2009/10 is C which is defined as adequate as the bank may be likely in future to require external support.

3. Support Rating – which reflects the potential for the bank to obtain support (either from a sovereign state or the institution’s owner) when and if required.

The minimum rating for 2009/10 is 1 which is defined as extremely high probability of obtaining external support if required.