

United Arab Emirates
Full Rating Report

Bank of Sharjah

Ratings

Foreign-Currency Long-Term IDR	BBB+
Foreign-Currency Short-Term IDR	F2
Individual Rating	C/D
Support Rating	2
Support Rating Floor	BBB+
Sovereign Risk (Abu Dhabi)	
Foreign-Currency Long-Term IDR	AA
Local-Currency Long-Term IDR	AA

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency	Stable
Sovereign Local-Currency	Stable

Financial Data

	31 Dec 10	31 Dec 09
Bank of Sharjah		
Total assets (USDm)	5,614.1	4,918.1
Total assets (AEDm)	20,617.7	18,061.9
Total equity (AEDm)	4,394.9	4,096.7
Operating profit (AEDm)	419.6	482.9
Published net income (AEDm)	403.9	475.5
Comprehensive income (AEDm)	392.7	514.4
Operating ROAA (%)	2.2	2.8
Operating ROAE (%)	10.0	12.2
Tier 1 ratio (%)	23.2	22.7
Fitch core capital/weighted risks (%)	21.8	22.9

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Related Research

- Applicable Criteria
- *Global Financial Institutions Rating Criteria (August 2010)*
 - *Short-Term Ratings Criteria for Corporate Finance (November 2010)*

Rating Rationale

- Bank of Sharjah's (BOS) IDRs and Support Rating reflect the high probability of support from the UAE authorities. The Individual Rating reflects the bank's small but resilient franchise, high capital ratios, good liquidity, as well as high single name concentration and its exposure to the stressed real estate sector in the UAE.
- BOS's profitability declined but core earnings remained healthy in 2010. Net income decreased by 15% year on year, primarily due to higher funding costs and revaluation losses on investment securities and properties. Fees and commissions remained flat year on year. The cost/income ratio worsened to 29% at end-2010 but remains satisfactory, considering BOS's size and branch network.
- Asset quality remains good with a non-performing loans (NPLs)/gross loans ratio of 2.5% at end-2010. NPLs were fully reserved. BOS was not exposed to the major troubled corporates in the region and therefore did not witness large increases in NPLs like some major banks in the UAE. Nonetheless, the loan book remains highly concentrated, reflecting BOS's niche focus on certain SMEs and large corporates and high net worth individuals (HNWIs) in the UAE. Equity price risk and revaluation risk on property investments are manageable.
- BOS is predominantly funded by customer deposits, which consist mainly from large corporate, SMEs and HNWIs. Despite the limitations of a small network and the lack of a retail franchise, customer deposits grew by 19% in 2010. The bank does not rely on market funding.
- Liquidity improved further in 2010 with the loans/deposits ratio declining to a healthy 88% at end-2010 (end-2009: 97%). The bank is also a net placer of funds on the interbank market. In addition, given the nature of its business which is primarily short-term lending (working capital and project financing), BOS is efficiently managing contractual maturities between assets and liabilities.
- BOS is highly capitalised with a Fitch core capital ratio of 21.8%. However, this should be viewed in the context of its highly concentrated loan book.

Support

- There is a high probability that BOS would receive support from the UAE authorities, given the Central Bank of the UAE's explicit statements of support for the system and the government of Sharjah's 15% stake in the bank.

Key Rating Drivers

- BOS's Long-Term IDR has a Stable Outlook and is at the Support Rating Floor. Fitch Ratings believes the operating environment in the UAE will remain challenging in the short to medium term. Given high concentration risk, upside potential on the individual rating is limited in the current operating environment.

Profile

Established in 1973, BOS was the first commercial bank incorporated in Sharjah. At end-2010, it had a modest 1% of UAE banking system assets. The bank is primarily a niche corporate bank, operating four UAE branches and a banking subsidiary in Lebanon.

Profile

Figure 1
Major Shareholders at
End-2010

	(%)
Government of Sharjah	15.0
Al Saqr United Group	10.9
Abdul Aziz Mubarak Al Hassawi	5.7
Ahmed Abdalla Ali Al Noman Shamsi	5.1
Others	63.3
Total	100.0

Source: BOS

BOS was established in 1973 as the first bank in Sharjah (and the fifth in the UAE), with the government of Sharjah and Banque Paribas (now BNP Paribas) and the Hassawi Group as founding shareholders. BNP Paribas sold its stake in 2002. BOS is now listed on the Abu Dhabi Stock Exchange and is 15% owned by the government of Sharjah. Members of the ruling families of Sharjah and Abu Dhabi own a further 20%. Regulated by the Central Bank of the UAE (CBUAE), the bank operates a head office/banking branch in Sharjah and three other branches in Dubai, Abu Dhabi and Al Ain. BOS is small by UAE standards, accounting for around 1% of UAE banking assets.

The bank is primarily a corporate bank, although it also offers retail and investment banking, project finance and trade finance. In a major thrust abroad, BOS in 2008 acquired the Lebanese operations of BNP Paribas – Banque Nationale de Paris Intercontinentale (BNPI, a wholly owned subsidiary of BNP Paribas) – through its subsidiary Emirates Lebanon Bank (ELBank). Simultaneously, BOS sold a 19% stake in ELBank to BNPI, whilst retaining 81%. During the last quarter of 2010, the bank finalized the sale of its 30% equity stake of ELBank to EL Capital FZC, which was initiated back in 2008. The bank still maintains a controlling 51% interest in its Lebanese subsidiary.

Strategy and Prospects

BOS is expected to grow at a moderate pace in 2011. The bank aims at growing its corporate lending and trade-related activities by focusing on top-tier industry clients. It also plans to develop its private banking and wealth management activities through potential collaborations with international partners. The bank will also focus on increasing synergies with ELbank. BOS is planning to open one additional branch in the first half of 2011. Fitch expects core earnings to remain healthy. Fitch is concerned about BOS's exposure to the local real estate sector, similar to other banks in the UAE.

Operating Environment

The UAE operating environment is likely to remain subdued in 2011, although it is gradually improving. The Abu Dhabi government should benefit from higher oil prices, although growth in public sector spending may still be limited, following last year's constraints. The Abu Dhabi government's support for Dubai has had a positive impact on the wider UAE economy and the UAE banking sector. Dubai had a better year in 2010 than 2009, with the finalising of the Dubai World debt restructuring and with good progress on resolving some of the debt problems at other government-related entities (GREs). Despite some signs of stabilisation, the Dubai real estate market is likely to remain under pressure for some time, reflecting low demand, oversupply and a lack of investor confidence. The Abu Dhabi property market has also experienced significant falls. This could lead to further stresses on developers and contractors in the real estate sector.

In Lebanon, the economy and the health of the banking system are influenced by the political situation. With the recent dissolution of the coalition government, Lebanon may again be entering a period of instability, which may affect growth prospects and investment. Nevertheless, Fitch expects banks' profitability to remain strong in 2011. Fitch does not expect the political instability to have any material impact on deposit flows, so liquidity should remain very comfortable.

Corporate Governance

Related party lending to the board members, key management and related companies was a high 15% of end-2010 gross loans, which Fitch views as a concern. According to BOS, most of these exposures are to companies where board members have ownership, and are on commercial terms. BOS is within the CBUAE guidelines. The CBUAE limits related party exposure on an individual and aggregate basis to 5% and 25% of the regulatory capital base respectively.

Presentation of Accounts

Fitch's analysis is based on the 2010 financial statements, prepared under IFRS and the requirements of the UAE Central Bank. The unqualified opinion for the annual financial statements was provided by Deloitte & Touche (M.E).

Performance

Net income decreased by 15% yoy in 2010, primarily due to higher funding costs and revaluation losses on investment securities and properties. Customer deposits increased with an increasing share of time deposits in 2010. Time deposits tend to be more expensive than demand deposits, which led to the increase in the cost of funds. Fees and commissions income remained flat year on year.

The cost/income ratio remained healthy at 29% at end-2010 (2009: 24%). It worsened due to lower revenues and a modest increase in costs. Loan impairment charges (LICs) decreased by 16% year on year and constituted a modest 15% of pre-impairment operating profit at end-2010 (2009: 16%).

Risk Management

Figure 2
Peer Comparison

	BOS			CBD			RAK			NBQ		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Total assets (AEDm)	20,618	18,062	15,821	38,511	36,783	35,757	21,380	17,118	13,922	13,235	13,885	13,543
Operating profit (AEDm)	420	483	411	821	803	771	1,003	726	636	351	341	284
Net interest margin (%)	3.4	3.9	3.6	4.4	4.2	3.9	9.4	9.0	8.1	4.4	4.9	4.2
Operating ROAA (%)	2.2	2.8	3.1	2.2	2.2	2.3	5.1	4.7	5.0	2.6	2.5	2.5
Cost/income (%)	28.9	23.8	18.3	28.7	30.3	29.1	42.5	43.3	47.9	28.7	21.5	34.4
Regulatory tier 1 ratio (%)	23.2	22.7	21.7	15.6	14.1	12.4	18.7	18.3	16.2	24.4	22.8	18.1
Equity/total assets	21.3	22.7	24.3	15.3	14.5	13.2	17.4	16.3	14.9	24.1	21.7	20.5
Impaired loans/gross loans (%)	2.5	2.2	2.5	5.0	2.6	1.2	2.5	2.6	1.5	5.1	4.0	1.0
Growth of gross loans (%)	7.3	11.4	96.9	-2.4	0.7	37.2	21.3	23.3	33.2	-5.9	-15.0	97.5

Source: BOS's financials; CBD – Commercial Bank of Dubai (rated 'A-/Stable/'F2/'C'); RAK – National Bank of Ras Al Khaimah (rated 'BBB+/'Stable/'F2/'C'); NBQ – National Bank of Umm Al Qaiwain (rated 'BBB+/'Stable/'F2/'C/D')

Risk management is considered adequate for the size and complexity of the bank. Senior management closely control risk functions at head office level. Overall, the bank has a moderate risk appetite.

Credit Risk

The bank primarily extends short-term financing to large corporates and SMEs. BOS has a selective lending policy and maintains long-term relationships with its main borrowers. The loan book grew by a modest 7.3% in 2010, due to the subdued operating environment in the UAE. At end-2010, net loans constituted 59% of total assets and collateral coverage was 84% of the total loan book.

Exposure by economic sector remained broadly stable and concentrated by sector (see Figure 3). Trading companies are mainly wholesale and retail companies trading in consumer goods. Personal loans for commercial purposes are mainly to HNWI to finance their investment needs (real estate, shares and other investments). Real estate lending formed 15% of total loans at end-2010 and consisted of developers (64%), commercial (29%) and residential (3%) properties. The remaining balance is used for investment purposes. Developers are property companies owned by local business groups with multiple sources of income. Broken down by geography, the real estate book was mainly split between Sharjah (36%) and Dubai (60%). Since the peak of 2008, real estate prices are estimated to have dropped by an average of 50% in Dubai. Personal loans for individual purposes are essentially retail loans, which is not a core activity. Fitch understands that government lending is mainly to the emirate of Sharjah. Construction mostly consists of short-term

project finance to contractors.

At end-2010, the loan book was highly concentrated by name, with the 20 largest borrowers constituting 39% of total loans, none of which were non-performing or restructured at the time. Broken down by geography, the loan book was dominated by Sharjah (44%), followed by Dubai (34%), other emirates (5%) and Lebanon (17%).

Contingent liabilities decreased by 11% to AED6.1bn at end-2010, equivalent to 30% of assets; these mainly stemmed from guarantees to the construction sector and trade finance activities.

Figure 3

Loan Portfolio

(%)	2010	2009	2008
Trading	33.3	31.2	36.7
Personal loans for commercial purposes	20.3	19.1	15.5
Services	11.0	11.7	11.6
Manufacturing	11.7	11.4	10.2
Construction	9.1	7.7	7.7
Government	2.0	3.9	5.1
Public utilities	4.5	4.6	3.8
Mining and quarrying	4.1	4.3	3.7
Transport and communication	1.9	1.8	1.6
Personal loans for individual purposes	0.9	1.0	0.9
Agriculture	0.6	0.4	0.4
Financial institutions	0.4	0.3	0.1
Others	0.2	2.6	2.7
Total	100	100	100

Source: BOS

Impaired Loans and Impairment Reserves

Asset quality has slightly weakened, with NPLs increasing by 20% year on year in 2010. The NPLs/gross loans ratio remained low at 2.5% (2009: 2.2%) and around 70% of NPLs were classified more than three years ago. On the other hand, problem loans, including NPLs and past due loans (60 to 90 days), accounted for 4.6% of gross loans at end-2010. BOS was not exposed to the major troubled corporates in the region and therefore did not witness large increases in NPLs like some major banks in the UAE. Nonetheless, the bank was still mildly affected by the slowdown in the domestic economy.

Impairment reserves covered a high 181% of NPLs at end-2010. This ratio benefitted from a credit extension premium. Excluding this premium, the impairment reserves/NPL ratio would have declined to 113% at end-2010 from 138% at end-2009, which is still comfortable.

Figure 4

Asset Quality

(AEDm)	2010	2009	2008	2007
NPLs	311	260	264	71
Impairment reserves (IR)	561	357	264	74
Gross loans (GL)	12,668	11,808	10,605	5,386
NPLs/GL (%)	2.5	2.2	2.5	1.3
IR/NPLs (%)	180.6	137.6	100.1	104.2

Source: BOS

Other Earning Assets

Other earning assets constituted around 25% of total assets and consisted of bank placements (63%), investment securities (34%) and investment properties (3%). Bank placements were mostly with investment grade GCC and European banks. Investments were mainly in Middle East and North Africa (76%, excluding the GCC) and the UAE (23%) and consisted of government bonds (50%), quoted (13%) and

unquoted (37%) equities. Investment properties comprised land and properties under construction in Dubai and Sharjah.

Market and Operational Risk

Interest rate risk is the main market risk for BOS, although the overall risk is limited. At end-2010, the bank estimated that a 200 basis point (bp) upward parallel shift in the yield curve would increase net interest income by AED52m and have no impact on equity if no action was taken. BOS is sensitive to equity price risk from principal equity investments. Valuation risk arises from its property investment portfolio, given the stressed real estate market in the UAE. Currency risk is limited.

BOS’s executive committee sets operational risk policy and procedures. Internal audit evaluates the effectiveness of the controls in place. The bank is following the standardised approach under Basel II.

Funding and Capital

Funding and Liquidity

BOS is predominantly funded by customer deposits (94% of total non-equity funding) which consist mainly of large corporate, SME and HNWI. Despite the limitations of a small network and the lack of a retail franchise, customer deposits grew by 19% in 2010 with an increasing share of time deposits. Although time deposits tend to be more expensive than demand deposits, BOS benefits from a cash flow perspective, as the Central Bank of the UAE sets cash reserve requirements on overall deposits ranging between 1% for time deposits and 14% for demand deposits, according to the tenor of the deposits.

Customer deposits remain concentrated with the twenty largest depositors, accounting for 24% of total deposits at end-2010. More positively, Government and public sector deposits formed around half of the twenty largest depositors.

The bank repaid its USD200m (AED735m) syndicated term loan, maturing in June 2010. Subsequently, the bank signed a one year USD150m (AED551m) syndicated term loan in July 2010. Fitch is comfortable that the bank has sufficient internal resources (liquid assets) to repay this facility at maturity in July 2011. In 2009, like other banks in the UAE, on a pro-rata basis BOS received AED531m of deposits from the Ministry of Finance. However, the bank has opted not to convert these deposits into Tier 2 capital (subordinated debt) given its healthy capital position.

Liquidity improved further in 2010 with the loans/deposits ratio declining to a healthy 88% at end-2010 (end-2009: 97%). Fitch estimates that unencumbered liquid assets covered around 25% of customer deposits at end-2010. The bank is also a net placer of funds on the interbank market. In addition, given the nature of its business which is primarily short-term financing (working capital and project financing), BOS is efficiently managing its contractual maturity mismatch between assets and liabilities (see Figure 6 below).

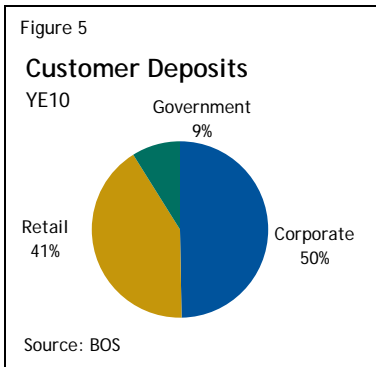


Figure 6
Contractual Maturity Profile of Assets and Liabilities at 31 December 2010

(AEDm)	Within 3 months	Over 3 months to 1 year	Over 1 year	Undated	Total
Total assets	12.3	2.5	4.5	1.3	20.6
Total liabilities and equity	11.3	2.8	0.3	6.2	20.6
Net liquidity gap	1.0	-0.3	4.2	-4.9	0.0
Cumulative liquidity gap	1.0	0.7	4.9	0.0	

Source: BOS

Capital

The bank is highly capitalised with a Fitch core capital ratio of 21.8%. BOS has in the recent past kept a high level of capital, however, this should be viewed in the context of its high single name concentration. Capital adequacy ratios are

comfortably above regulatory requirements. The dividend payout ratio was a high 52% of net income in 2010 (2009: 50%, 2008: 64%).

Bank of Sharjah Income Statement

	31 Dec 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	AEDm		AEDm	Earning	AEDm	Earning	AEDm	Earning
	Unqualified	Unqualified	Assets	Unqualified	Assets	Unqualified	Assets	Unqualified	Assets
1. Interest Income on Loans	268.0	984.3	5.68	916.6	5.88	553.0	4.17	393.2	4.14
2. Other Interest Income	22.8	83.8	0.48	66.7	0.43	57.0	0.43	74.9	0.79
3. Dividend Income	1.6	5.8	0.03	6.1	0.04	35.3	0.27	28.5	0.30
4. Gross Interest and Dividend Income	292.4	1,073.9	6.20	989.4	6.35	645.3	4.86	496.6	5.23
5. Interest Expense on Customer Deposits	135.7	498.4	2.88	395.3	2.54	192.5	1.45	183.4	1.93
6. Other Interest Expense	5.3	19.6	0.11	22.7	0.15	41.4	0.31	51.6	0.54
7. Total Interest Expense	141.0	518.0	2.99	418.0	2.68	233.9	1.76	235.0	2.47
8. Net Interest Income	151.4	555.9	3.21	571.4	3.67	411.4	3.10	261.6	2.75
9. Net Gains (Losses) on Trading and Derivatives	5.5	20.3	0.12	23.1	0.15	34.0	0.26	18.5	0.19
10. Net Gains (Losses) on Other Securities	3.4	12.5	0.07	1.1	0.01	215.2	1.62	22.7	0.24
11. Net Gains (Losses) on Assets at FV through Income Statement	-3.3	-12.0	-0.07	29.8	0.19	-135.2	-1.02	83.4	0.88
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	33.0	121.2	0.70	121.8	0.78	116.8	0.88	90.7	0.95
14. Other Operating Income	-7.9	-28.9	-0.17	4.0	0.03	51.9	0.39	21.7	0.23
15. Total Non-Interest Operating Income	30.8	113.1	0.65	179.8	1.15	282.7	2.13	237.0	2.49
16. Personnel Expenses	35.8	131.3	0.76	119.6	0.77	85.7	0.65	62.1	0.65
17. Other Operating Expenses	16.9	62.1	0.36	58.8	0.38	41.0	0.31	24.2	0.25
18. Total Non-Interest Expenses	52.7	193.4	1.12	178.4	1.14	126.7	0.95	86.3	0.91
19. Equity-accounted Profit/ Loss - Operating	5.3	19.5	0.11	0.0	0.00	0.0	0.00	0.0	0.00
20. Pre-Impairment Operating Profit	134.8	495.1	2.86	572.8	3.67	567.4	4.28	412.3	4.34
21. Loan Impairment Charge	20.6	75.5	0.44	89.9	0.58	58.4	0.44	8.3	0.09
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	0.0	0.00	98.4	0.74	0.0	0.00
23. Operating Profit	114.3	419.6	2.42	482.9	3.10	410.6	3.09	404.0	4.25
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	-2.1	-7.8	-0.05	0.0	0.00	0.0	0.00	n.a.	-
29. Pre-tax Profit	112.1	411.8	2.38	482.9	3.10	410.6	3.09	404.0	4.25
30. Tax expense	2.2	7.9	0.05	7.4	0.05	0.6	0.00	0.0	0.00
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	110.0	403.9	2.33	475.5	3.05	410.0	3.09	404.0	4.25
33. Change in Value of AFS Investments	0.0	0.0	0.00	47.4	0.30	-60.8	-0.46	56.3	0.59
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(Losses)	-3.0	-11.2	-0.06	-8.5	-0.05	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	106.9	392.7	2.27	514.4	3.30	349.2	2.63	460.3	4.85
38. Memo: Profit Allocation to Non-controlling Interests	1.8	6.5	0.04	7.5	0.05	0.0	0.00	0.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	108.2	397.4	2.29	468.0	3.00	410.0	3.09	404.0	4.25
40. Memo: Common Dividends Relating to the Period	57.2	210.0	1.21	240.0	1.54	260.6	1.96	312.5	3.29
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = AED3.67250

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Bank of Sharjah Balance Sheet

	31 Dec 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	Year End USDm	Year End AEDm	As % of Assets	Year End AEDm	As % of Assets	Year End AEDm	As % of Assets	Year End AEDm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	3,449.4	12,668.1	61.44	11,807.8	65.37	10,604.5	67.03	5,385.7	49.92
5. Other Loans	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
6. Less: Reserves for Impaired Loans/ NPLs	152.8	561.3	2.72	357.3	1.98	264.1	1.67	73.6	0.68
7. Net Loans	3,296.6	12,106.8	58.72	11,450.5	63.40	10,340.4	65.36	5,312.1	49.24
8. Gross Loans	3,449.4	12,668.1	61.44	11,807.8	65.37	10,604.5	67.03	5,385.7	49.92
9. Memo: Impaired Loans included above	84.6	310.8	1.51	259.7	1.44	263.9	1.67	70.6	0.65
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	891.1	3,272.4	15.87	2,232.7	12.36	1,566.3	9.90	3,075.0	28.50
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	19.0	69.6	0.34	247.9	1.37	228.6	1.44	0.0	0.00
4. Derivatives	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.7	0.01
5. Available for Sale Securities	222.9	818.5	3.97	1,381.1	7.65	917.8	5.80	1,111.4	10.30
6. Held to Maturity Securities	245.7	902.5	4.38	10.1	0.06	42.3	0.27	0.0	0.00
7. At-equity Investments in Associates	n.a.	n.a.	-	80.1	0.44	80.1	0.51	0.0	0.00
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	487.6	1,790.6	8.68	1,719.2	9.52	1,268.8	8.02	1,112.1	10.31
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	40.8	149.7	0.73	184.8	1.02	91.7	0.58	0.0	0.00
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
15. Total Earning Assets	4,716.0	17,319.5	84.00	15,587.2	86.30	13,267.2	83.86	9,499.2	88.04
C. Non-Earning Assets									
1. Cash and Due From Banks	499.3	1,833.6	8.89	1,182.8	6.55	1,019.9	6.45	530.4	4.92
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	61.9	227.3	1.10	208.1	1.15	193.2	1.22	73.0	0.68
5. Goodwill	74.4	273.2	1.33	280.9	1.56	279.8	1.77	54.0	0.50
6. Other Intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	262.5	964.1	4.68	802.9	4.45	1,060.4	6.70	632.6	5.86
11. Total Assets	5,614.1	20,617.7	100.00	18,061.9	100.00	15,820.5	100.00	10,789.2	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	919.3	3,376.2	16.38	3,079.4	17.05	3,446.2	21.78	2,021.6	18.74
2. Customer Deposits - Savings	392.3	1,440.8	6.99	1,411.6	7.82	1,269.7	8.03	78.6	0.73
3. Customer Deposits - Term	2,603.2	9,560.3	46.37	7,622.3	42.20	5,402.4	34.15	4,237.2	39.27
4. Total Customer Deposits	3,914.9	14,377.3	69.73	12,113.3	67.07	10,118.3	63.96	6,337.4	58.74
5. Deposits from Banks	115.5	424.0	2.06	503.5	2.79	409.6	2.59	333.5	3.09
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Deposits, Money Market and Short-term Funding	4,030.3	14,801.3	71.79	12,616.8	69.85	10,527.9	66.55	6,670.9	61.83
9. Senior Debt Maturing after 1 Year	150.0	551.0	2.67	734.6	4.07	n.a.	-	499.7	4.63
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Other Funding	n.a.	n.a.	-	n.a.	-	734.6	4.64	734.6	6.81
12. Total Long Term Funding	150.0	551.0	2.67	734.6	4.07	734.6	4.64	1,234.3	11.44
13. Derivatives	n.a.	n.a.	-	n.a.	-	0.4	0.00	0.3	0.00
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	4,180.3	15,352.3	74.46	13,351.4	73.92	11,262.9	71.19	7,905.5	73.27
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Current Tax Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Deferred Tax Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	237.0	870.5	4.22	613.8	3.40	714.7	4.52	584.4	5.42
10. Total Liabilities	4,417.4	16,222.8	78.68	13,965.2	77.32	11,977.6	75.71	8,489.9	78.69
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
G. Equity									
1. Common Equity	1,139.0	4,182.8	20.29	3,942.8	21.83	3,744.0	23.67	2,185.0	20.25
2. Non-controlling Interest	60.9	223.6	1.08	55.5	0.31	45.4	0.29	0.0	0.00
3. Securities Revaluation Reserves	-3.1	-11.5	-0.06	98.4	0.54	53.5	0.34	114.3	1.06
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Total Equity	1,196.7	4,394.9	21.32	4,096.7	22.68	3,842.9	24.29	2,299.3	21.31
7. Total Liabilities and Equity	5,614.1	20,617.7	100.00	18,061.9	100.00	15,820.5	100.00	10,789.2	100.00
8. Memo: Fitch Core Capital	1,061.4	3,898.1	18.91	3,760.3	20.82	3,518.1	22.24	2,245.3	20.81
9. Memo: Fitch Eligible Capital	1,061.4	3,898.1	18.91	3,760.3	20.82	3,518.1	22.24	2,245.3	20.81

Exchange rate

USD1 = AED3.67250

USD1 = AED3.67250

USD1 = AED3.67250

USD1 = AED3.67250

Bank of Sharjah Summary Analytics

	31 Dec 2010 Year End	31 Dec 2009 Year End	31 Dec 2008 Year End	31 Dec 2007 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	8.02	8.14	7.05	8.20
2. Interest Expense on Customer Deposits/ Average Customer Deposits	3.74	3.49	2.39	3.59
3. Interest Income/ Average Earning Assets	6.59	6.70	5.61	6.57
4. Interest Expense/ Average Interest-bearing Liabilities	3.64	3.33	2.54	3.83
5. Net Interest Income/ Average Earning Assets	3.41	3.87	3.58	3.46
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.95	3.26	3.07	3.35
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	3.41	3.87	3.58	3.46
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	16.91	23.94	40.73	47.53
2. Non-Interest Expense/ Gross Revenues	28.91	23.75	18.25	17.31
3. Non-Interest Expense/ Average Assets	1.01	1.04	0.95	0.99
4. Pre-impairment Op. Profit/ Average Equity	11.81	14.46	16.41	19.45
5. Pre-impairment Op. Profit/ Average Total Assets	2.58	3.34	4.24	4.72
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	15.25	15.69	27.63	2.01
7. Operating Profit/ Average Equity	10.01	12.19	11.87	19.06
8. Operating Profit/ Average Total Assets	2.19	2.82	3.07	4.62
9. Taxes/ Pre-tax Profit	1.92	1.53	0.15	0.00
10. Pre-Impairment Operating Profit / Risk Weighted Assets	2.77	3.49	3.51	5.24
11. Operating Profit / Risk Weighted Assets	2.35	2.94	2.54	5.14
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	9.63	12.00	11.86	19.06
2. Net Income/ Average Total Assets	2.11	2.78	3.06	4.62
3. Fitch Comprehensive Income/ Average Total Equity	9.37	12.99	10.10	21.72
4. Fitch Comprehensive Income/ Average Total Assets	2.05	3.00	2.61	5.27
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	2.26	2.90	2.54	5.14
7. Fitch Comprehensive Income/ Risk Weighted Assets	2.20	3.14	2.16	5.85
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	21.84	22.93	21.79	28.55
2. Fitch Eligible Capital/ Weighted Risks	21.84	22.93	21.79	28.55
3. Tangible Common Equity/ Tangible Assets	20.26	21.46	22.93	20.92
4. Tier 1 Regulatory Capital Ratio	23.16	22.67	21.74	27.09
5. Total Regulatory Capital Ratio	24.98	23.29	21.81	27.74
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	21.32	22.68	24.29	21.31
8. Cash Dividends Paid & Declared/ Net Income	51.99	50.47	63.56	77.35
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	53.48	46.66	74.63	67.89
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	4.41	5.75	3.89	3.98
E. Loan Quality				
1. Growth of Total Assets	14.15	14.17	46.63	41.47
2. Growth of Gross Loans	7.29	11.35	96.90	41.57
3. Impaired Loans(NPLs)/ Gross Loans	2.45	2.20	2.49	1.31
4. Reserves for Impaired Loans/ Gross loans	4.43	3.03	2.49	1.37
5. Reserves for Impaired Loans/ Impaired Loans	180.60	137.58	100.08	104.25
6. Impaired Loans less Reserves for Imp Loans/ Equity	-5.70	-2.38	-0.01	-0.13
7. Loan Impairment Charges/ Average Gross Loans	0.62	0.80	0.74	0.17
8. Net Charge-offs/ Average Gross Loans	-0.08	-0.08	0.06	0.17
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.45	2.20	2.49	1.31
F. Funding				
1. Loans/ Customer Deposits	88.11	97.48	104.81	84.98
2. Interbank Assets/ Interbank Liabilities	771.79	443.44	382.40	922.04
3. Customer Deposits/ Total Funding excl Derivatives	93.65	90.73	89.84	80.17

Bank of Sharjah Reference Data

	31 Dec 2010			31 Dec 2009			31 Dec 2008		31 Dec 2007	
	Year End USDm	Year End AEDm	As % of Assets	Year End AEDm	As % of Assets	Year End AEDm	As % of Assets	Year End AEDm	As % of Assets	
A. Off-Balance Sheet Items										
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	-
3. Guarantees	861.2	3,162.6	15.34	4,290.0	23.75	5,160.0	32.62	2,989.2	27.71	
4. Acceptances and documentary credits reported off-balance sheet	241.3	886.0	4.30	974.9	5.40	1,167.2	7.38	n.a.	-	
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	1,456.8	9.21	1,300.9	12.06	
6. Other Contingent Liabilities	28.4	104.3	0.51	104.3	0.58	120.2	0.76	1,357.1	12.58	
7. Total Business Volume	6,744.9	24,770.6	120.14	23,431.1	129.73	23,724.7	149.96	16,436.4	152.34	
8. Memo: Total Weighted Risks	4,860.4	17,849.9	86.58	16,398.8	90.79	16,144.6	102.05	7,863.1	72.88	
9. Fitch Adjustments to Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
10. Fitch Adjusted Weighted Risks	4,860.4	17,849.9	86.58	16,398.8	90.79	16,144.6	102.05	7,863.1	72.88	
B. Average Balance Sheet										
Average Loans	3,340.9	12,269.4	59.51	11,263.9	62.36	7,843.6	49.58	4,792.7	44.42	
Average Earning Assets	4,439.3	16,303.5	79.08	14,776.0	81.81	11,499.6	72.69	7,559.3	70.06	
Average Assets	5,216.0	19,155.7	92.91	17,133.0	94.86	13,382.2	84.59	8,737.2	80.98	
Average Managed Securitised Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Average Interest-Bearing Liabilities	3,878.6	14,244.0	69.09	12,562.6	69.55	9,199.4	58.15	6,140.0	56.91	
Average Common equity	1,097.2	4,029.6	19.54	3,818.8	21.14	3,311.0	20.93	2,050.2	19.00	
Average Equity	1,141.6	4,192.6	20.33	3,961.0	21.93	3,458.4	21.86	2,119.4	19.64	
Average Customer Deposits	3,626.5	13,318.5	64.60	11,333.3	62.75	8,063.5	50.97	5,107.1	47.34	
C. Maturities										
Asset Maturities:										
Loans & Advances < 3 months	1,928.4	7,081.9	34.35	7,110.1	39.37	7,645.1	48.32	3,074.6	28.50	
Loans & Advances 3 - 12 Months	416.6	1,530.1	7.42	1,586.7	8.78	940.9	5.95	869.2	8.06	
Loans and Advances 1 - 5 Years	951.6	3,494.8	16.95	2,753.7	15.25	1,754.4	11.09	1,368.3	12.68	
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Liability Maturities:										
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits < 3 Months	2,756.8	10,124.5	49.11	8,774.7	48.58	8,562.1	54.12	5,488.4	50.87	
Other Deposits 3 - 12 Months	601.0	2,207.1	10.70	1,450.4	8.03	887.0	5.61	849.0	7.87	
Other Deposits 1 - 5 Years	557.0	2,045.7	9.92	1,888.1	10.45	669.2	4.23	0.0	0.00	
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior Debt Maturing < 3 months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
Senior Debt Maturing 3-12 Months	150.0	551.0	2.67	734.6	4.07	734.6	4.64	499.7	4.63	
Senior Debt Maturing 1- 5 Years	0.0	0.0	0.00	0.0	0.00	734.6	4.64	734.6	6.81	
Senior Debt Maturing > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
Total Senior Debt on Balance Sheet	150.0	551.0	2.67	734.6	4.07	734.6	4.64	1,234.3	11.44	
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing 1 - 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
D. Equity Reconciliation										
1. Equity	1,196.7	4,394.9	21.32	4,096.7	22.68	3,842.9	24.29	2,299.3	21.31	
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Published Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
E. Fitch Eligible Capital Reconciliation										
1. Total Equity as reported (including non-controlling interests)	1,196.7	4,394.9	21.32	4,096.7	22.68	3,842.9	24.29	2,299.3	21.31	
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
3. Non-loss-absorbing non-controlling interests	60.9	223.6	1.08	55.5	0.31	45.0	0.28	0.0	0.00	
4. Goodwill	74.4	273.2	1.33	280.9	1.56	279.8	1.77	54.0	0.50	
5. Other intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
9. Fitch Core Capital	1,061.4	3,898.1	18.91	3,760.3	20.82	3,518.1	22.24	2,245.3	20.81	
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	
12. Fitch Eligible Capital	1,061.4	3,898.1	18.91	3,760.3	20.82	3,518.1	22.24	2,245.3	20.81	
13. Eligible Hybrid Capital Limit	454.9	1,670.6	8.10	1,611.6	8.92	1,507.8	9.53	962.3	8.92	

Exchange Rate

USD1 = AED3.67250

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