

Committee: Audit Committee	Date: 30 th June 2014	Classification: Unrestricted	Report No:
Report of: Acting Corporate Director Resources Originating officer(s) Bola Tobun, Investment & Treasury Manager		Title: Treasury Management Activity Update Report For Period Ending 30 April 2014 Wards Affected: All	

1. SUMMARY

- 1.1 This report advises the Committee of treasury management activity for the previous financial year up to 30 April 2014 as required by the Local Government Act 2003.
- 1.2 The report details the current credit criteria adopted by the Corporate Director - Resources, the investment strategy for the current financial year and the projected investment returns.
- 1.3 The current average return on investment stands at 0.71%, and is on target to achieve budgeted cash return on assets of £1.6m for 2014/15.
- 1.4 The overall monetary limits applied to institutions within our counterparty list was reviewed, as the current investment levels (cash balances) are far above what had been assumed earlier in the year.

2. DECISIONS REQUIRED

- 2.1 Members are recommended to note the contents of the treasury management activity report for period ending 30 April 2014.
- 2.2 To note the gradual planned changes to Lloyds Banking Group in order for us to be timely in reflecting its appropriate monetary and time limits once its non part-nationalised status is established and confirmed.
- 2.3 And to approve the revised monetary limits to our counterparty list; which is to increase each counterparty and money market fund limit by £5m.

3. REASONS FOR DECISIONS

- 3.1 The Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 require that regular reports be submitted to Council/Committee detailing the council's treasury management activities.
- 3.2 The regular reporting of treasury management activities should assist in ensuring that Members are able to scrutinise officer decisions and monitor progress on implementation of investment strategy as approved by Full Council.

4. ALTERNATIVE OPTIONS

- 4.1 The Council is bound by legislation to have regard to the Treasury Management (TM) Code. The Code requires that the Council or a sub-committee of the Council (Audit Committee) should receive regular monitoring reports on treasury management activities.
- 4.2 If the Council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that Members are kept informed about treasury management activities and to ensure that these activities are in line with the investment strategy approved by the Council.

5. BACKGROUND

- 5.1 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require local authorities to have regard to the Treasury Management Code. The Treasury Management code requires that the Council or a sub-committee of the Council (Audit Committee) should receive regular monitoring reports on treasury management activities and risks.
- 5.1 These reports are in addition to the mid-year and annual treasury management activity reports that should be presented to Council midway through the financial year and at year end respectively.
- 5.2 This report details the current credit criteria/risk level adopted by the Service Head, Financial Services, Risk and Accountability, the investment strategy for the current financial year and the projected investment returns.

6. TREASURY MANAGEMENT STRATEGY 2013/14

- 6.1 The Treasury Management Strategy was approved on 27 February 2013 by Full Council. The Strategy comprehensively outlines how the treasury function is to operate over the financial year 2013-14 and it covered the following:
- Treasury limits in force which will limit the treasury risk and activities of the Council;
 - Prudential and Treasury Indicator;
 - The current treasury position;
 - Prospects for interest rates;
 - The borrowing strategy (including policy on borrowing in advance of need);
 - Debt Rescheduling;
 - The Investment Strategy;
 - Credit Worthiness Policy;
 - Policy on use of external service providers;
 - The Minimum Revenue Provision (MRP) Strategy

7. TREASURY ACTIVITY FOR PERIOD 1 April 2014 to 30 April 2014

- 7.1 The Treasury Management Strategy for 2014/15 was approved on 26 February 2014 by Full Council and outlines how the treasury function is to operate over this financial year.
- 7.2 This section of the report gives an update on the market and sets out:
- The current credit criteria being operated by the Council.
 - The treasury investment strategy for the current financial year and the progress in implementing this.

- The transactions undertaken in the period and the investment portfolio outstanding as at 30 April 2014.

8. MARKET UPDATE

- 8.1 Central bank activity has dominated sentiment in recent months and will likely remain at the forefront in driving market confidence for some time to come. The US Federal Reserve has now commenced policy tapering, with expectations that its QE3 programme will be extinguished by the end of Q3 this year. What happens after this will have a major bearing on markets in the second half of 2014.
- 8.2 Closer to home, the new Bank of England forward guidance policy does not change the underlying view that rates will remain low for a considerable time yet. 2015 is pencilled in for when the first policy changes will materialise, but there is still a wide range of views as to when in the year this may commence. The views will converge as economic data is released and taking account of Bank communication, including forward guidance.
- 8.3 Through the start of 2014, emerging markets and more recently, geopolitical concerns, have had a major bearing on market sentiment. While the global recovery may continue, the outlook is by no means certain and markets are likely to be hit with further bouts of volatility through the year ahead.
- 8.4 Unlike in the US and UK, consensus expectation on Eurozone central bank policy is still to the downside. Although the currency bloc did manage to produce better than expected growth for the final quarter of 2013, the outlook remains tepid at best. Events in the Ukraine are far from helping matters. Although economic ties are not necessarily significant in many cases, the potential threat to energy supplies, as well as the impact of more widespread sanctions on Russia, may push the ECB to act in the near term.
- 8.5 In Asia the focus will be on two areas. First is how well the Bank of Japan's policy measures stand up to the sales tax increase in April. Economic activity is expected to stall once the hike occurs, but from what level, and for how long? Perhaps of greater importance could be whether China requires further policy support in addition to the recent tax cuts for small firms and speeding up rail projects, to maintain growth above the government's 7.5% growth expectations.
- 8.7 It is likely, therefore, that policy announcements by the major central banks around the world will continue to dominate sentiment through much of 2014.
- 8.8 On the 12 June 2014 at his debut speech at Mansion House in London Mark Carney, the Governor of the Bank of England (BoE) said interest rates could rise earlier than markets were expecting as mounting housing market debt threatens the stability in the financial sector. Whilst the UK economic recovery is raising the prospects of an interest hike, the Governor stressed that higher borrowing costs might stretch over-leveraged homeowners and wreck the economic recovery. Considering that house prices in the UK have risen by almost 10% last year, the comments made by Mark Carney make a good case for BoE intervention. However, raising interest rates is not the only tool at the BoE's disposal as the Bank's new powers will allow it to cap the size of mortgages as a proportion of income or property value.

9. CREDIT CRITERIA

9.1 The following credit criteria for investment counterparties were agreed by the Council in February 2014. The Council will continue to invest within the UK and its Government regardless of the country's sovereign rating.

Table 1 – Specified Investments

Institution	Minimum High Credit Criteria	Use	Monetary Limit	Time Limit
Debt Management Office (DMO) Deposit Facility	Not applicable	In-house	£100m*	N/A
Term deposits – Other Local Authorities	Not applicable	In-house	£30m**	1 year
Term deposits – banks and building societies	Short-term F1, Long-term AA-	In-house	£30m	1 year
Term deposits – banks and building societies	Short-term F1, Long-term A+	In-house	£15m to be revised to £20m	1 year
Term deposits – banks and building societies	Short-term F1, Long-term A	In-house	£10m to be revised to £15m	6 months
Institutions that are owned/part owned by the UK Government	Sovereign rating	In-house	Lesser of £70m or 40% of portfolio	1 year
Council's Own Banker	Sovereign rating	In-house	£10m	7 days
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)				
Money Market Funds	AAA rated	In-house	£100m to be revised to £160m	£20m

*Although limit has been set at £100m for the DMO, in reality there is no restriction on placement with the UK Government

** The group limit for local authorities has been set at £100m.

Table 2 - Non Specified Investments

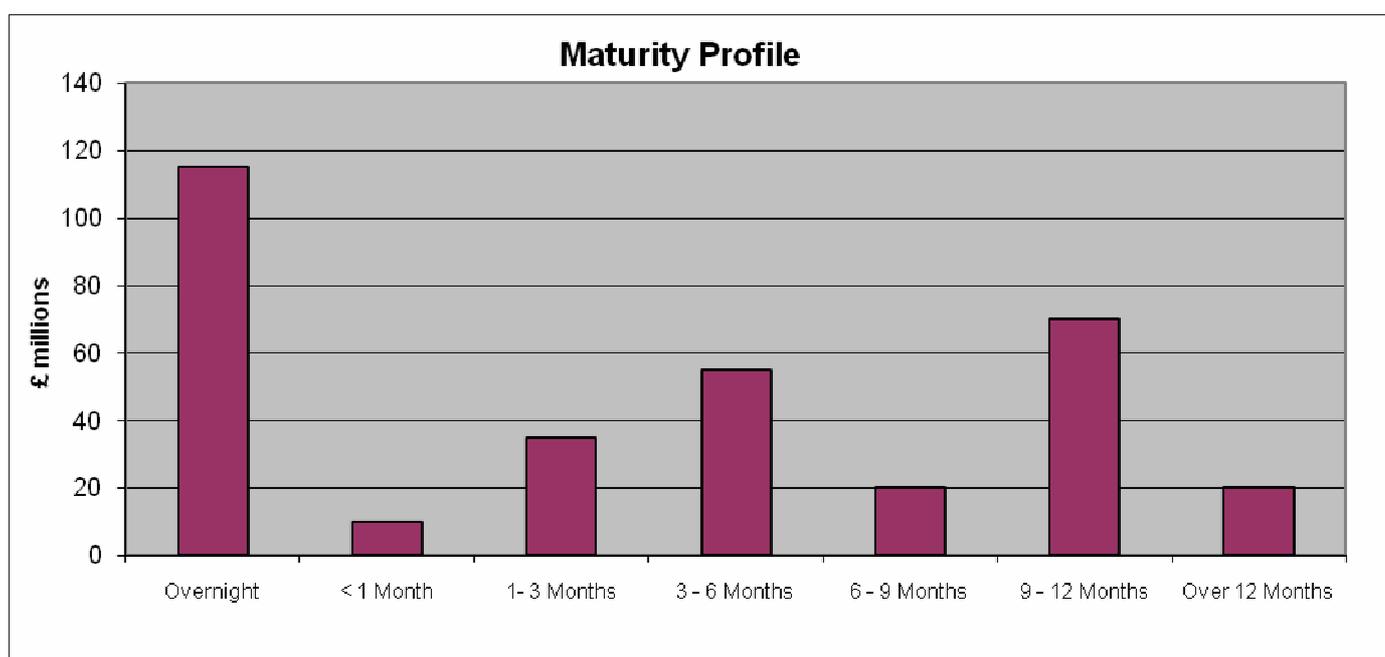
Institution	Minimum High Credit Criteria	Use	Monetary Limit	Time Limit
Banks and building societies	Short-term F1+, Long-term AA- Sovereign rating AAA	In-house	£25m	3 years
Institutions that are owned/part owned by the UK Government	Not applicable	In-house	£25m	3 years
Structured Deposits: Fixed term deposits with variable rate and variable maturities	Short-term F1+, Long-term AA- Sovereign rating AAA	In-house	£35m	3 years
UK Government Gilts	Long Term AAA	In-house	£20m	5 years

10. INVESTMENT STRATEGY

- 10.1 Capita provides cash management services to the Council, but the Council retains control of the credit criteria and the investments, so Capita's role is purely advisory.
- 10.2 In addition to providing cash management services, Capita also provides treasury advisory service to the Council.
- 10.3 Capita's current interest rate projections are that base rate will remain static at 0.50% with limited changes in Bank Base Rate before 2015. Although the outlook for interest rate is below expectation, budgeted return on investment is expected to be achieved this financial year due to higher than expected levels of cash balances.
- 10.4 The Council's bankers, the Co-operative Bank Plc. are used as depositors of last resort for investment of additional funds received after treasury transactions have been completed and the money markets have closed.
- 10.5 The table below shows the amount of investments outstanding at the end of April 2014, split according to the financial sector.

FINANCIAL SECTOR	£m
Banks in the UK	190.00
Building Societies in the UK	10.00
Banks in the Rest of the World	50.00
Money Market Funds	75.00
TOTAL	325.00

- 10.6 The current investment portfolio, within the constraints of the Councils credit criteria and liquidity requirement, together with the maturity profile of the portfolio is as set out below.



10.7 The amount in overnight instruments is money market fund deposits which, though technically classed as overnight investments, are in reality used as longer term investment vehicles. This allows the Council to maintain liquidity whilst still being able to secure reasonable returns on its assets.

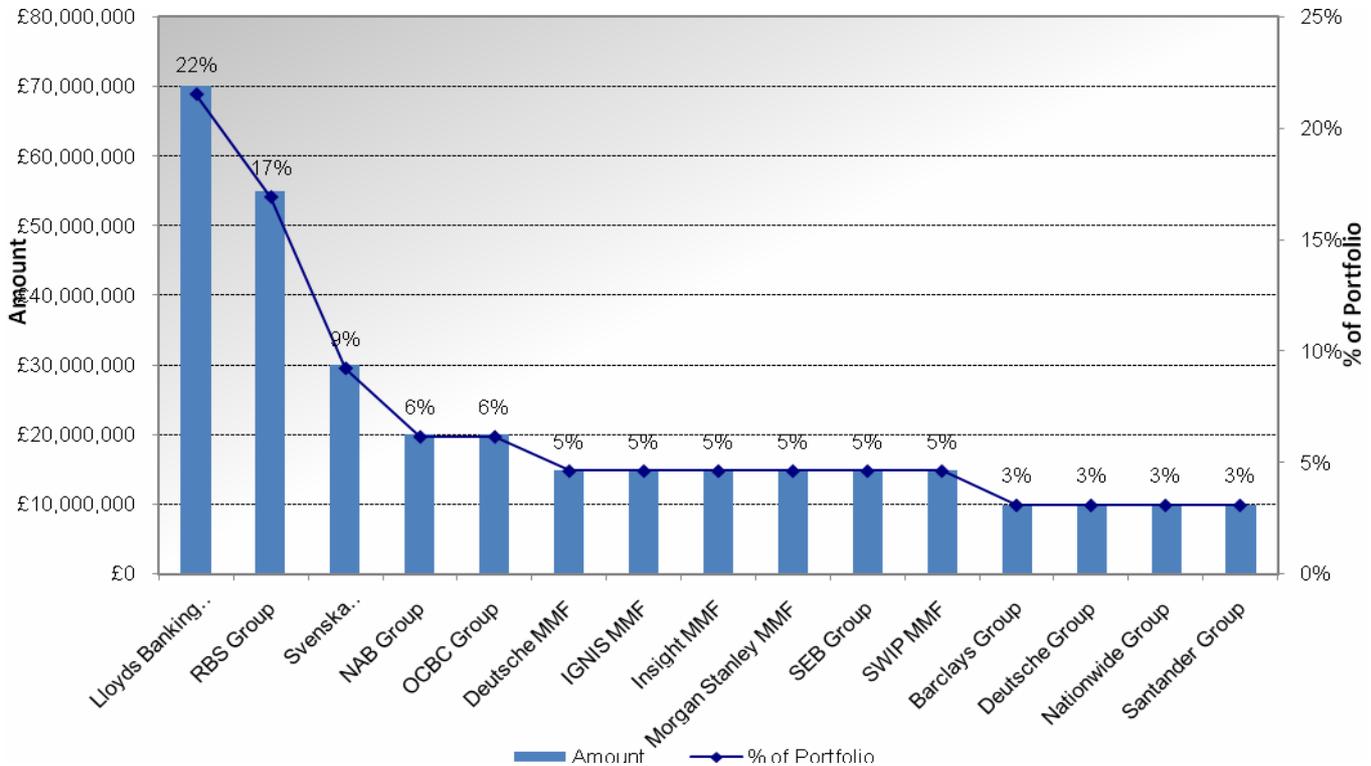
Investment Portfolio as at 30April 2014

Time to Maturity	Counterparty	From	Maturity	Amount £m	Rate
Overnight	Santander		Call	10.00	1.10%
	Svenska Handelsbanken		Call	30.00	0.50%
	SWIP		MMF	15.00	0.36%
	IGNIS		MMF	15.00	0.43%
	Insight		MMF	15.00	0.39%
	Deutsche		MMF	15.00	0.36%
	Morgan Stanley		MMF	15.00	0.37%
	SUB TOTAL			115.00	
< 1 Month	OCBC	19/02/2014	19/05/2014	10.00	0.45%
>1 - 3 Months	Lloyds Banking Group	04/06/2013	04/06/2014	5.00	1.05%
	Royal Bank of Scotland	12/06/2013	12/06/2014	5.00	0.65%
	Lloyds Banking Group	04/04/2013	04/07/2014	10.00	1.01%
	Lloyds Banking Group	11/10/2013	11/07/2014	5.00	0.83%
	Lloyds Banking Group	17/04/2014	17/07/2014	10.00	0.45%
>3 - 6 Months	Skandinaviska Enskilda Banken	29/04/2014	29/08/2014	5.00	0.46%
	Barclays	05/03/2014	05/09/2014	10.00	0.53%
	Deutsche Bank	24/03/2014	24/09/2014	5.00	0.55%
	Lloyds Banking Group	07/10/2013	07/10/2014	5.00	0.98%
	Royal Bank of Scotland	09/10/2013	09/10/2014	10.00	0.59%
	Nationwide	11/04/2014	13/10/2014	5.00	0.56%
	Nationwide	16/04/2014	16/10/2014	5.00	0.56%
	Lloyds Banking Group	29/10/2013	29/10/2014	5.00	0.98%
	Deutsche Bank	29/04/2014	29/10/2014	5.00	0.60%
>6 - 9 Months	Lloyds Banking Group	13/11/2013	13/11/2014	5.00	0.98%
	Skandinaviska Enskilda Banken	29/04/2014	14/11/2014	5.00	0.56%
	Lloyds Banking Group	04/12/2013	04/12/2014	5.00	0.98%
	Royal Bank of Scotland	09/07/2013	09/01/2015	5.00	0.95%
>9 -12Months	Royal Bank of Scotland	27/01/2012	27/01/2015	5.00	3.35%
	Lloyds Banking Group	04/02/2014	04/02/2015	5.00	0.95%
	Lloyds Banking Group	13/02/2014	13/02/2015	5.00	0.95%
	Lloyds Banking Group	05/03/2014	05/03/2015	10.00	0.95%
	National Australia Bank	18/03/2014	18/03/2015	10.00	0.57%
	National Australia Bank	03/04/2014	02/04/2015	10.00	0.60%
	Lloyds Banking Group	11/04/2014	10/04/2015	5.00	0.95%
	Lloyds Banking Group	15/04/2014	15/04/2015	5.00	0.95%
	Royal Bank of Scotland	16/04/2013	16/04/2015	5.00	0.88%
	Royal Bank of Scotland	16/04/2014	16/04/2015	5.00	0.67%
	Skandinaviska Enskilda Banken	29/04/2014	29/04/2015	5.00	0.71%
> 12 Months	Royal Bank of Scotland	27/02/2013	26/02/2016	10.00	1.15%
	Royal Bank of Scotland	20/03/2014	20/03/2016	5.00	1.25%
	Royal Bank of Scotland	10/01/2014	09/01/2017	5.00	1.74% *
	SUB TOTAL			210.00	
	TOTAL			325.00	

* This is a structured deal, the terms of which could change during its tenor.

10.8 The Council’s exposure to any one counterparty/Group is represented by the chart below including exposure as a percentage of total assets invested as at 30 April 2014. The chart below shows the deposits outstanding with authorised counterparties as at 30 April 2014, of which 39% were with part-nationalised banks (Lloyds and RBS Groups).

COUNTERPARTY EXPOSURE



10.9 At the close of April, the Office for National Statistics (ONS) released a classification document with regards Lloyds Banking Group and its subsidiaries. Within this, they have reclassified the entities from their Public Sector Corporations sector to Private Sector Corporations. In light of this, we are reviewing our time and money limits with the group structure as without the part-nationalised “status” the bank would have a suggested duration of 100 days, in accordance with the Capita Asset Services methodology, which is in line with a number of its peers. The suggested durations cut back are as follows; to 9 months in July 2014, 6 months in October and then back to its base duration and monetary limits criteria status once they are considered a non part-nationalised operation.

10.10 In light of the above and the trend of our current cash balances, we are proposing a revision of the monetary limits of all institutions currently on our counterparty list and also our money market funds (MMF) as our current cash balance is £100m more than what we envisaged it would be earlier this year. This balance has added additional strain in placing deposits on a daily basis due to the stringent nature of our credit criteria. We have been using the Debt Management Office (DMO) with investment rate of return of 0.25% and also threaten to reduce rate of return on investment to 0.15% at a point.

10.11 We are therefore proposing not to lower our sovereign rating from AAA in order to accommodate more institutions on the counterparty list but we rather increase the monetary level of each institution currently on our list and also each one of our MMF by £5m.

10.12 The current massive cash balance is due to front loaded inflow of funds such as Revenue Support Grant (RSG) and Business Rate Retention Scheme (BRRS), but in the next six months we would be making massive payments to Greater London Authority (GLA) and BRRS, hence the cash balance will average out to around £200m for year 2014/15.

INVESTMENT RETURNS

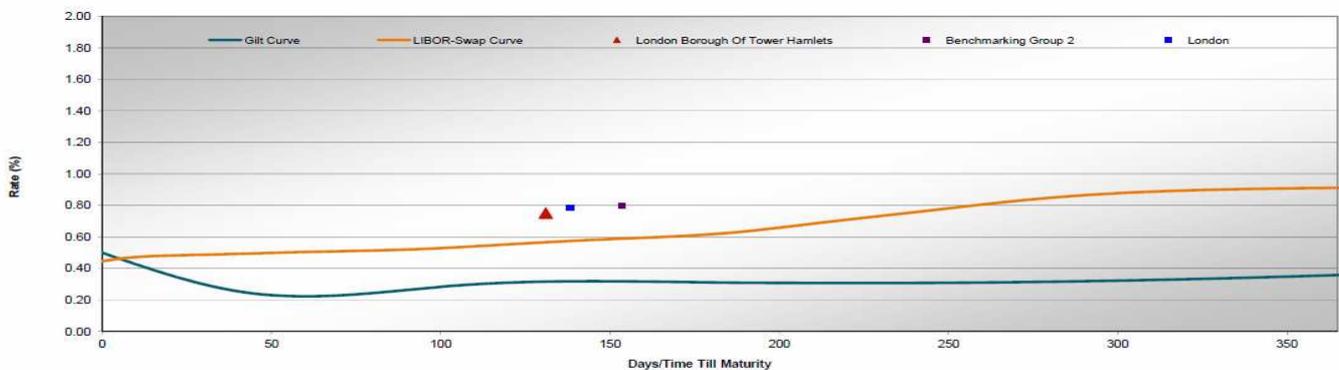
- 11.1 Investment returns since inception of the cash management arrangement with Capita has been consistently above the portfolio benchmark and the 7 day London Interbank Bid Rate (LIBID).
- 11.2 Low rates of return on the Money Market Funds (MMFs) and longer term investments (which have now matured and are being replaced with lower rate investments), have resulted in a decline in the rate of return of the fund. Our latest counterparty credit rating list is attached at Appendix 2.
- 11.3 Notwithstanding these constraints, the portfolio has outperformed the 7 day LIBID, which currently stands at an average of 0.34%, by 0.36%.
- 11.4 The budgeted investment return for 2013/14 was £2.545m, but £2.394m was achieved. We were £151k below target as the invested rates were slightly lower than the anticipated rates. The table below details performance of investments.

Period	LBTH Performance	Benchmark(7 Day LIBID+0.25%)	(Under)/Out Performance
Full Year 2013/14	0.83%	0.60%	0.23%
April 2014/15	0.71%	0.59%	0.12%

12. INVESTMENT BENCHMARKING CLUB

- 12.1 LBTH participates in a benchmarking club to enable officers to compare the Council's treasury management /investment returns against those of similar authorities. The model below shows the performance of benchmark club members given the various levels of risks taken as at 31 March 2014. The model takes into account a combination of credit, duration and returns achieved over the duration, and it includes data from 201 local authorities. Tower Hamlets lies close to the expected return given the council's portfolio risk profile, which is placing deposits with institutions with the sovereign rate of AAA.

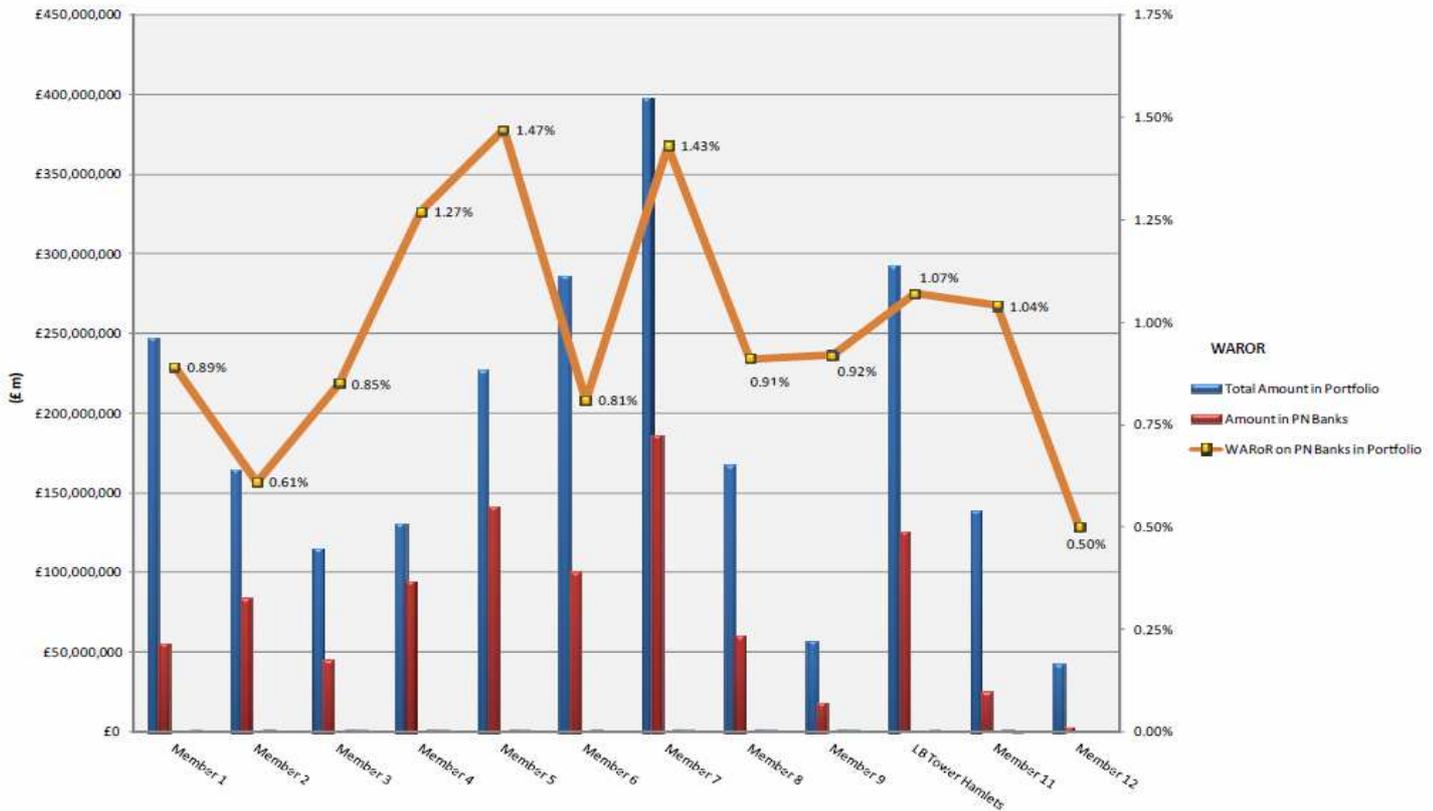
Returns Comparable Against the Risk-Free Rate and LIBOR Curve



	WARoR	WAM	WATT	WARisk	Gilt	LIBOR-Swap	Difference		Model Bands	Performance
							Gilt	LIBOR-Swap		
London Borough Of Tower Hamlets	0.75%	131	229	3.2	0.32%	0.57%	0.43%	0.19%	0.66% - 0.81%	Inline
Benchmarking Group 2	0.80%	153	275	3.0	0.32%	0.59%	0.48%	0.21%	0.68% - 0.84%	Inline
London	0.79%	138	260	2.9	0.32%	0.57%	0.47%	0.21%	0.67% - 0.83%	Inline

- 12.2 The weighted average rate of return (WARoR) for Tower Hamlets is 0.75% compared to 0.80% for the group. The return on LBTH investment is commensurate with the Council's risk appetite as set out in the Investment Strategy.
- 12.4 A further chart is provided that compares exposure to Part-Nationalised Banks(PNB) between club members as the Council currently has a significant amount of investment with PNBs. The chart shows that the Council's allocation to and returns from investment with PNBs is in line with other London boroughs as at 31 March 2014.

Members exposure to Part-Nationalised Banks (March 2014)



13. DEBT PORTFOLIO

13.1 There has been no new borrowing this financial year to date. Current debt portfolio stands at £89.6m.

14. COMMENTS OF THE CHIEF FINANCIAL OFFICER

14.1. The comments of the Chief Financial Officer have been incorporated into the report.

15. LEGAL COMMENTS

15.1 Treasury management activities cover the management of the Council's investments and cash flows, its banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks. The Local Government Act 2003 provides a framework for the capital finance of local authorities. It provides a power to borrow and imposes a duty on local authorities to determine an affordable borrowing limit. It provides a power to invest. Fundamental to the operation of the scheme is an understanding that authorities will have regard to proper accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in carrying out capital finance functions.

- 15.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require the Council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" ("the Treasury Management Code") in carrying out capital finance functions under the Local Government Act 2003. If after having regard to the Treasury Management Code the Council wished not to follow it, there would need to be some good reason for such deviation.
- 15.3 The Treasury Management Code requires as a minimum that there be a practice of regular reporting on treasury management activities and risks to the responsible committee and that these should be scrutinised by that committee. Under the Council's Constitution, the audit committee has the functions of monitoring the Council's risk management arrangements and making arrangements for the proper administration of the Council's affairs.

16. ONE TOWER HAMLETS CONSIDERATIONS

- 16.1 Interest on the Council's cash flow has historically contributed significantly towards the budget.

17. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 17.1 There are no Sustainable Actions for A Greener Environment implications.

18. RISK MANAGEMENT IMPLICATIONS

- 18.1 Any form of investment inevitably involves a degree of risk. To minimise risk the investment strategy has restricted exposure of council cash balances to UK backed banks or institutions with the highest short term rating or strong long term rating.

19. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 19.1 There are no crime and disorder reduction implications arising from this report.

20. EFFICIENCY STATEMENT

- 20.1 Monitoring and reporting of treasury management activities ensures the Council optimises the use of its monetary resources within the constraints placed on the Council by statute, appropriate management of risk and operational requirements.

LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"

*April 2014 Capita -LBTH Investment Portfolio Analysis Report
Capita - Benchmarking Report March 2014*

***Name and telephone number of holder
And address where open to inspection***

*Bola Tobun Ext. 7635
Mulberry Place, 3rd Floor.*

Definition of Credit Ratings

Support Ratings

Rating	
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-term rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-term rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-term rating floor no higher than 'B-' and in many cases no floor at all.

Short-term Ratings

Rating	
F1	Highest short-term credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good short-term credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair short-term credit quality. The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

Long-term Rating Scales

Rating	Current Definition
AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category

Individual Ratings

Rating	
A	A very strong bank. Characteristics may include outstanding profitability and balance sheet integrity, franchise, management, operating environment or prospects.
B	A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects
C	An adequate bank, which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.
D	A bank, which has weaknesses of internal and/or external origin. There are concerns regarding its profitability, substance and resilience, balance sheet integrity, franchise, management, operating environment or prospects. Banks in emerging markets are necessarily faced with a greater number of potential deficiencies of external origin.
E	A bank with very serious problems, which either requires or is likely to require external support.

APPENDIX 2

London Borough of Tower Hamlets Counterparty List

Country/Financial Institution	Fitch Rating				Moody's Ratings			S&P Ratings		Duration	Monetary Limit (£m)
	Long Term	Short Term	Viability	Support	Long Term	Short Term	FSR	Long Term	Short Term		
Australia	AAA	-	-	-	Aaa	-	-	AAA	-		
Australia and New Zealand Banking Group Ltd	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	12 months	30
Commonwealth Bank of Australia	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	12 months	30
National Australia Bank Ltd	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	12 months	30
Westpac Banking Corporation	AA-	F1+	aa-	1	Aa2	P-1	B-	AA-	A-1+	12 months	30
Canada	AAA	-	-	-	Aaa	-	-	AAA	-		
Bank of Montreal	AA-	F1+	aa-	1	Aa3	P-1	C+	A+	A-1	12 months	30
Bank of Nova Scotia	AA-	F1+	aa-	1	Aa2	P-1	B-	A+	A-1	12 months	30
Canadian Imperial Bank of Commerce	AA-	F1+	aa-	1	Aa3	P-1	C+	A+	A-1	12 months	30
National Bank of Canada	A+	F1	a+	1	Aa3	P-1	C	A	A-1	12 months	20
Royal Bank of Canada	AA	F1+	aa	1	Aa3	P-1	C+	AA-	A-1+	12 months	30
Toronto Dominion Bank	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	12 months	30
Denmark	AAA	-	-	-	Aaa	-	-	AAA	-		
Danske Bank	A	F1	a	1	Baa1	P-2	C-	A	A-1	6 months	15
Finland	AAA	-	-	-	Aaa	-	-	AAA	-		
Nordea Bank Finland plc ~	AA-	F1+	aa-	1	Aa3	P-1	C	AA-	A-1+	12 months	30
Germany	AAA	-	-	-	Aaa	-	-	AAA	-		
Deutsche Bank AG	A+	F1+	a	1	A2	P-1	C-	A	A-1	12 months	20
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	A+	F1+	-	1	A1	P-1	C-	AA-	A-1+	12 months	20
Landesbank Baden Wuerttemberg	A+	F1+	bbb	1	A2	P-1	D+	-	-	12 months	20
Landesbank Hessen-Thueringen Girozentrale (Helaba)	A+	F1+	-	1	A2	P-1	D+	A	A-1	12 months	20
Landwirtschaftliche Rentenbank	AAA	F1+	-	1	Aaa	P-1	-	AAA	A-1+	12 months	30
Luxembourg	AAA	-	-	-	Aaa	-	-	AAA	-		
Clearstream Banking	AA	F1+	aa	1	-	-	-	AA	A-1+	12 months	30
Netherlands	AAA	-	-	-	Aaa	-	-	AA+	-		
Bank Nederlandse Gemeenten	AAA	F1+	-	1	Aaa	P-1	B-	AA+	A-1+	12 months	30
Cooperatieve Centrale Raiffeisen Boerenleenbank BA	AA-	F1+	-	1	Aa2	P-1	B-	AA-	A-1+	12 months	20
ING Bank NV	A+	F1+	a	1	A2	P-1	C-	A	A-1	12 months	20
Singapore	AAA	-	-	-	Aaa	-	-	AAA	-		
DBS Bank Ltd	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	12 months	30
Oversea Chinese Banking Corporation Ltd	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	12 months	30
United Overseas Bank Ltd	AA-	F1+	aa-	1	Aa1	P-1	B	AA-	A-1+	12 months	30
Sweden	AAA	-	-	-	Aaa	-	-	AAA	-		
Nordea Bank AB	AA-	F1+	aa-	1	Aa3	P-1	C	AA-	A-1+	12 months	30
Skandinaviska Enskilda Banken AB	A+	F1	a+	1	A1	P-1	C-	A+	A-1	12 months	20
Swedbank AB	A+	F1	a+	1	A1	P-1	C-	A+	A-1	12 months	20
Svenska Handelsbanken AB	AA-	F1+	aa-	1	Aa3	P-1	C	AA-	A-1+	12 months	30
Switzerland	AAA	-	-	-	Aaa	-	-	AAA	-		
Credit Suisse AG	A	F1	a	1	A1	P-1	C-	A	A-1	6 months	15
UBS AG	A	F1	a	1	A2	P-1	C-	A	A-1	6 months	15
U.K	AA+	-	-	-	Aa1	-	-	AAA	-		
Bank of New York Mellon (International) Ltd	AA-	F1+	-	1	-	-	-	-	-	12 months	30
Barclays Bank plc	A	F1	a	1	A2	P-1	C-	A	A-1	6 months	15
Co-operative Bank Plc	B	B	b	5	Caa2	NP	E	-	-	7 days	10
Credit Suisse International ~	A	F1	-	1	A1	P-1	-	A	A-1	6 months	15
Goldman Sachs International Bank ~	A	F1	-	-	-	-	-	A	A-1	6 months	15
HSBC Bank plc	AA-	F1+	a+	1	Aa3	P-1	C	AA-	A-1+	12 months	30
Lloyds Banking Group plc	A	F1	a-	1	A2	-	-	A-	A-2	12 months	£70m or 40%*
Bank of Scotland Plc	A	F1	a-	1	A1	P-1	C-	A	A-1		
Lloyds Bank Plc	A	F1	a-	1	A1	P-1	C-	A	A-1		
Royal Bank of Scotland Group plc	A	F1	bbb	1	Baa2	P-2	-	BBB+	A-2	12 months	£70m or 40%*
National Westminster Bank Plc	A	F1	-	1	Baa1	P-2	D+	A-	A-2		
The Royal Bank of Scotland Plc	A	F1	bbb	1	Baa1	P-2	D+	A-	A-2		
Santander UK plc	A	F1	a	1	A2	P-1	C-	A	A-1	6 months	15
Standard Chartered Bank	AA-	F1+	aa-	1	A1	P-1	B-	AA-	A-1+	12 months	30
UBS Ltd ~	A	F1	-	1	A2	P-1	-	A	A-1	6 months	15
Money Markets Funds (MMF)	AAA	-	-	-	Aaa	-	-	AAA	-	Liquid	20***
Local Authorities Deposit										12 months	30*
Debt Management Office										No Limit	No Limit
UK Gilts	AA+	-	-	-	Aa1	-	-	AAA	-	60 months	20

* £100m in total for overall deposits with Local Authorities

** 40% of Investment Portfolio

*** for each MMF