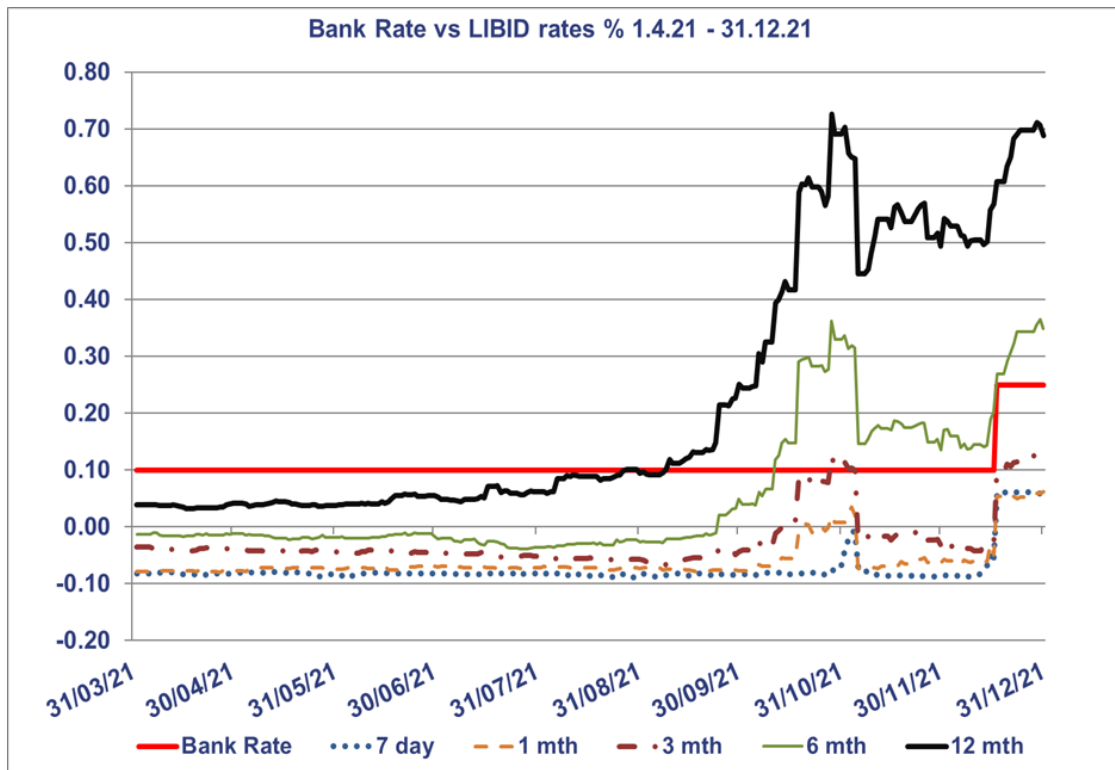


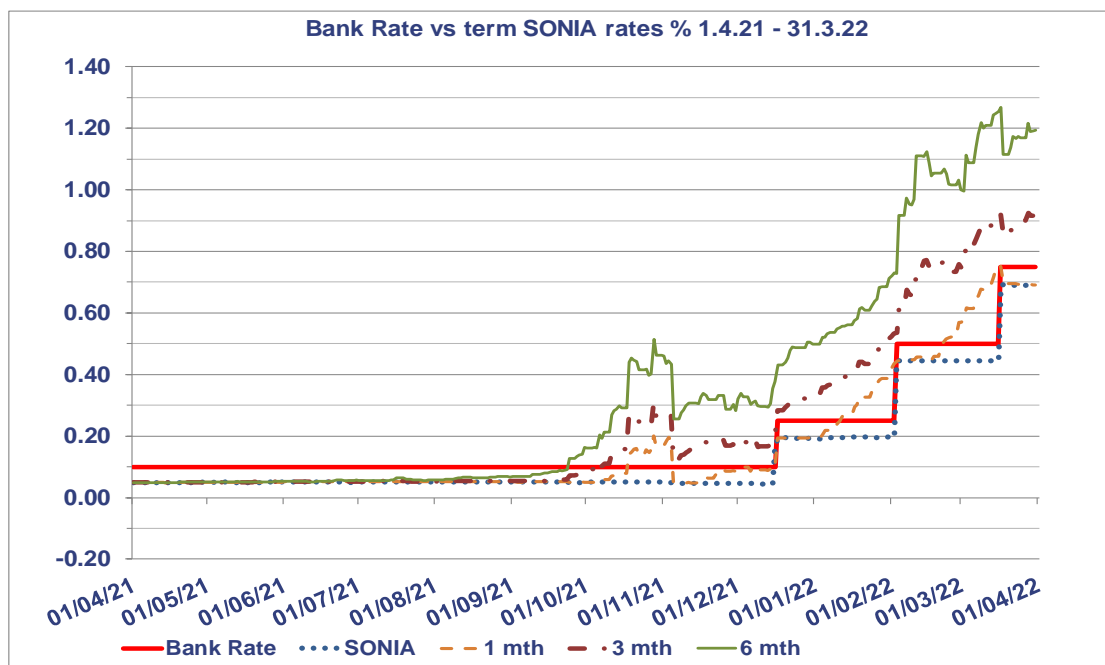
## Appendix 2

### Money Market Interest Rates, PWLB rates in 2021/22 & Forecast at 31/03/22

For the purpose of consistency, and for comparatives the LIBID data to 31st December 2021 is shown below followed by the replacement SONIA rates for 2021/22.



|                  | Bank Rate  | 7 day      | 1 mth      | 3 mth      | 6 mth      | 12 mth     |
|------------------|------------|------------|------------|------------|------------|------------|
| <b>High</b>      | 0.25       | 0.06       | 0.06       | 0.14       | 0.36       | 0.73       |
| <b>High Date</b> | 17/12/2021 | 29/12/2021 | 31/12/2021 | 31/12/2021 | 30/12/2021 | 28/10/2021 |
| <b>Low</b>       | 0.10       | -0.09      | -0.08      | -0.07      | -0.04      | 0.04       |
| <b>Low Date</b>  | 01/07/2021 | 27/08/2021 | 17/09/2021 | 08/09/2021 | 27/07/2021 | 08/07/2021 |
| <b>Average</b>   | 0.11       | -0.07      | -0.05      | -0.01      | 0.09       | 0.31       |
| <b>Spread</b>    | 0.15       | 0.15       | 0.14       | 0.20       | 0.40       | 0.68       |



|                  | Bank Rate  | SONIA      | 1 mth      | 3 mth      | 6 mth      |
|------------------|------------|------------|------------|------------|------------|
| <b>High</b>      | 0.75       | 0.69       | 0.75       | 0.93       | 1.27       |
| <b>High Date</b> | 17/03/2022 | 18/03/2022 | 16/03/2022 | 28/03/2022 | 17/03/2022 |
| <b>Low</b>       | 0.10       | 0.05       | 0.05       | 0.05       | 0.05       |
| <b>Low Date</b>  | 01/04/2021 | 15/12/2021 | 10/11/2021 | 14/04/2021 | 09/04/2021 |
| <b>Average</b>   | 0.19       | 0.14       | 0.17       | 0.24       | 0.34       |
| <b>Spread</b>    | 0.65       | 0.65       | 0.71       | 0.88       | 1.22       |

### Changes in Interest Rate Environment in 2021-22

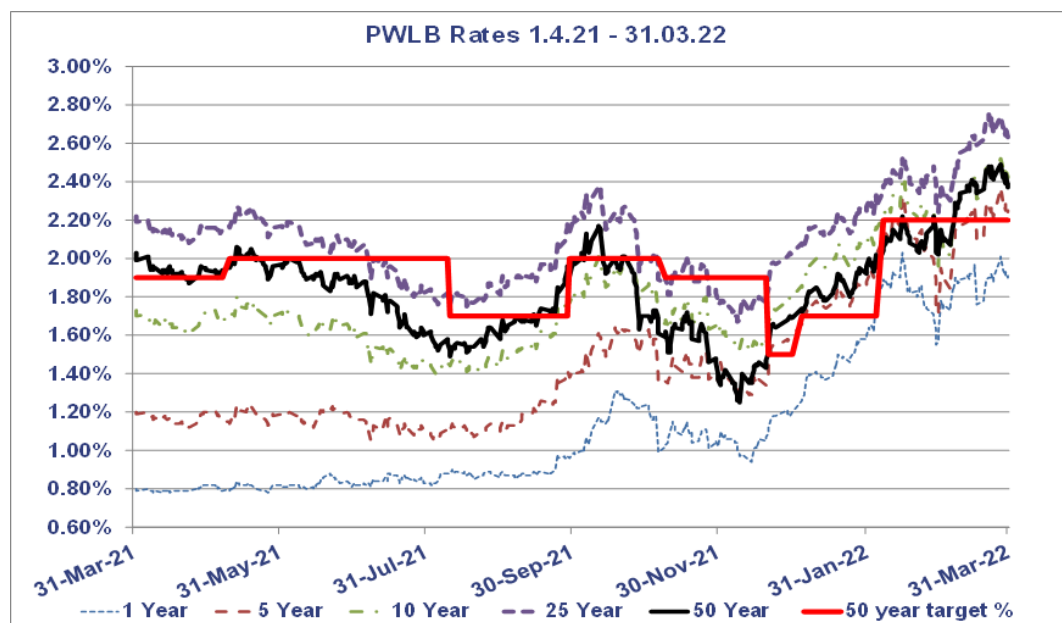
To show the change in market expectations the forecast outlook for money market interest rates and PWLB Certainty rates dated 8.02.2021 used in the Treasury Strategy for 2021-22 are shown below followed by the latest forecast dated 10.05.2022 which shows forecast rates have significantly increased – Bank rate is currently 1.00%.

| Link Group Interest Rate View |        | 8.2.21 |        |        |        |        |        |        |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
| BANK RATE                     | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   |
| 3 month ave earnings          | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   |
| 6 month ave earnings          | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   |
| 12 month ave earnings         | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   |
| 5 yr PWLB                     | 0.90   | 0.90   | 0.90   | 0.90   | 1.00   | 1.00   | 1.10   | 1.10   | 1.10   | 1.20   | 1.20   | 1.20   | 1.20   |
| 10 yr PWLB                    | 1.30   | 1.30   | 1.30   | 1.30   | 1.40   | 1.40   | 1.50   | 1.50   | 1.50   | 1.60   | 1.60   | 1.60   | 1.60   |
| 25 yr PWLB                    | 1.90   | 1.90   | 1.90   | 1.90   | 2.00   | 2.00   | 2.10   | 2.10   | 2.10   | 2.20   | 2.20   | 2.20   | 2.20   |
| 50 yr PWLB                    | 1.70   | 1.70   | 1.70   | 1.70   | 1.80   | 1.80   | 1.90   | 1.90   | 1.90   | 2.00   | 2.00   | 2.00   | 2.00   |

| Link Group Interest Rate View |        | 10.5.22 |        |        |        |        |        |        |        |        |        |        |        |  |
|-------------------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
|                               | Jun-22 | Sep-22  | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 |  |
| BANK RATE                     | 1.25   | 1.50    | 1.75   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 1.75   | 1.75   | 1.75   | 1.75   | 1.75   |  |
| 3 month ave earnings          | 1.20   | 1.50    | 1.70   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 1.70   | 1.70   | 1.70   | 1.70   | 1.70   |  |
| 6 month ave earnings          | 1.60   | 1.90    | 2.10   | 2.20   | 2.20   | 2.20   | 2.20   | 2.10   | 2.00   | 1.90   | 1.90   | 1.90   | 1.90   |  |
| 12 month ave earnings         | 2.00   | 2.20    | 2.30   | 2.40   | 2.40   | 2.30   | 2.30   | 2.20   | 2.20   | 2.10   | 2.10   | 2.10   | 2.10   |  |
| 5 yr PWLB                     | 2.50   | 2.50    | 2.60   | 2.60   | 2.60   | 2.60   | 2.60   | 2.60   | 2.50   | 2.50   | 2.50   | 2.50   | 2.50   |  |
| 10 yr PWLB                    | 2.80   | 2.80    | 2.90   | 2.90   | 2.90   | 2.90   | 2.90   | 2.90   | 2.80   | 2.80   | 2.80   | 2.80   | 2.80   |  |
| 25 yr PWLB                    | 3.00   | 3.10    | 3.10   | 3.20   | 3.20   | 3.20   | 3.10   | 3.10   | 3.00   | 3.00   | 3.00   | 3.00   | 3.00   |  |
| 50 yr PWLB                    | 2.70   | 2.80    | 2.80   | 2.90   | 2.90   | 2.90   | 2.80   | 2.80   | 2.70   | 2.70   | 2.70   | 2.70   | 2.70   |  |

## PWLB Interest Rates during 2021-22

The graph and table below show the actual 2021/22 PWLB rates.



|            | 1 Year     | 5 Year     | 10 Year    | 25 Year    | 50 Year    |
|------------|------------|------------|------------|------------|------------|
| 01/04/2021 | 0.80%      | 1.20%      | 1.73%      | 2.22%      | 2.03%      |
| 31/03/2022 | 1.91%      | 2.25%      | 2.43%      | 2.64%      | 2.39%      |
| Low        | 0.78%      | 1.05%      | 1.39%      | 1.67%      | 1.25%      |
| Low date   | 08/04/2021 | 08/07/2021 | 05/08/2021 | 08/12/2021 | 09/12/2021 |
| High       | 2.03%      | 2.37%      | 2.52%      | 2.75%      | 2.49%      |
| High date  | 15/02/2022 | 28/03/2022 | 28/03/2022 | 23/03/2022 | 28/03/2022 |
| Average    | 1.13%      | 1.45%      | 1.78%      | 2.10%      | 1.85%      |
| Spread     | 1.25%      | 1.32%      | 1.13%      | 1.08%      | 1.24%      |

PWLB rates are based on gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.

At the close of the day on 31 March 2022, all gilt yields from 1 to 5 years were between 1.11% – 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)