

EXECUTIVE BOARD - 22 NOVEMBER 2016

Subject:	Treasury Management 2016/17 Half Yearly Update
Corporate Director(s)/Director(s):	Geoff Walker, Director of Strategic Finance
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration
Report author and contact details:	Theresa Channell, Head of Strategic Finance and Deputy S151 Officer 0115 8764157 theresa.channell@nottinghamcity.gov.uk
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Total value of the decision:	Nil
Wards affected:	All
Date of consultation with Portfolio Holder(s):	Throughout the financial year to date
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input checked="" type="checkbox"/>
Schools	<input checked="" type="checkbox"/>
Planning and Housing	<input checked="" type="checkbox"/>
Community Services	<input checked="" type="checkbox"/>
Energy, Sustainability and Customer	<input checked="" type="checkbox"/>
Jobs, Growth and Transport	<input checked="" type="checkbox"/>
Adults, Health and Community Sector	<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years	<input checked="" type="checkbox"/>
Leisure and Culture	<input checked="" type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
This report sets out details of treasury management actions and performance from 1 April 2016 to 30 September 2016. In summary:	
<ul style="list-style-type: none"> • £20m of new long-term borrowing has been undertaken in the period to 30 September 2016; • no debt rescheduling had been undertaken to 30 September 2016; • the average return on investments to 30 September 2016 was 0.720% against a benchmark rate of 0.370% (7-day LIBID); • there has been compliance with Prudential Indicators for 1 April to 30 September 2016; 	
Exempt information:	None
Recommendation(s):	
1	To note the treasury management actions taken in 2016/17 to date.

1 REASONS FOR RECOMMENDATIONS

- 1.1 To ensure that Councillors are kept informed of the actions taken by the Chief Finance Officer (CFO) under delegated council. The currently adopted Treasury Management Code of Practice requires the CFO to submit at least three reports on treasury management each year; a policy and strategy statement for the ensuing financial year, a 6-monthly progress report and an outturn report after the end of the financial year. The Code also requires that the reports be considered by relevant scrutiny or executive committees, and that the City Council approves any treasury management strategy decisions.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Treasury management is defined as the management of an organisation's cash flows, borrowings and investments, together with the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks. Since 1 April 2004, local authorities have been required to have regard to the Prudential Code. This Code requires treasury management to be carried out in accordance with good professional practice. The Council retains external advisors to support this activity.
- 2.2 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
- 2.3 In respect of external investments, the Council is also required to ensure that the Department for Communities and Local Government (DCLG) guidance is followed, with the priorities being, in order:
- security of the invested capital;
 - liquidity of the invested capital; and
 - commensurate with security and liquidity, an optimum return on those investments.
- 2.4 The successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of the Council's treasury management activities is measured. Treasury management risks are identified in the Treasury Management Practices document. The main risks to the Council's treasury activities are:
- liquidity risk (inadequate cash resources);
 - market or interest rate risk (fluctuations in interest rate levels and, thereby, in the revenue impacts of loans and investments);
 - inflation risks (exposure to inflation);
 - credit and counterparty risk (security of investments);
 - refinancing risks (impact of debt maturing in future years);
 - legal and regulatory risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options were considered as the report is required by the Treasury Management Code of Practice.

4 TREASURY MANAGEMENT ACTIVITY TO 30 SEPTEMBER 2016

4.1 The Economy and Interest rates during 2016/17

- Growth and Inflation:

The UK economy has showed reasonably strong growth with year on year growth running at a healthy pace of 2.2%. Inflation (CPI) is forecast to rise to 0.9% by the end of calendar 2016 and thereafter a rise closer to the Bank's 2% target over the coming year due to a rise in import prices since the devaluation of the Pound.

- EU referendum:

The UK economic outlook changed significantly on 23rd June 2016. The surprise result of the referendum on EU membership prompted forecasters to rip up previous projections and dust off worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, the referendum and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

Whilst the economic growth consequences of BREXIT remain speculative, there is uniformity in expectations that uncertainty over the UK's future trade relations with the EU and the rest of the world will weigh on economic activity and business investment, dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017.

- UK Monetary Policy:

The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the Monetary Policy Committee to act cutting the Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks (Term Funding Scheme) to maintain the supply of credit to the economy.

- Market reaction:

In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Since the onset of the financial crisis over eight years ago, Arlingclose's rate outlook has progressed from 'lower for longer' to 'even lower for even longer' to, now, 'even lower for the indeterminable future'.

Appendix B shows the money market interest rates and the PWLB borrowing rates for the half-year to 30 September 2016.

4.2 Local Context

At 31/03/2016 the Authority's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £1,195.9m.

At 30/09/2016, the Authority had £921.8m of borrowing including £229.1m of Private Finance Initiative (PFI) Debt and £62.7m of investments. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to holding a minimum investment balance of £30m.

The Council has an increasing CFR over the next 3 years due to the capital programme, and expects to hold minimal investments and so anticipates further borrowing of c.£200m over the forecast period.

4.3 Borrowing strategy

At 30/9/2016 the Council held £692.732m of loans, an increase of £2.337m on the 31/3/2016 balance, as part of its strategy for funding previous years' capital programmes.

The Council expects to borrow up to a further £50.000m in 2016/17. The chief objective when borrowing continues to be striking an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the long-term plans change being a secondary objective.

Affordability and the "cost of carry" remained important influences on the Authority's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained, and are likely to remain for a significant period, lower than long-term rates, the Authority determined it was more cost effective in the short-term to use internal resources / borrow short-term loans for the majority of its borrowing requirement this year.

The fall in gilt yields and PWLB loan rates in the period leading up to the EU referendum vote provided an opportunity to borrow at below the council's target borrowing rate. The Council borrowed £20m on a fixed rate of 2.25% on a 20 year annuity basis to fund capital expenditure and maturing loans. The Public Works Loans Board (PWLB) was the Authority's preferred source of long term borrowing given the transparency and control that its facilities continue to provide.

Temporary and short-dated loans borrowed from the markets, predominantly from other local authorities, has also remained affordable and attractive. In the 6 months to 30 September £38.6m of such loans were borrowed at an average rate of 0.364% and an average life of 2 months which includes the replacement of maturing loans.

Changes in the debt portfolio over 2016/17 have achieved a reduction in the overall debt cost % whilst reducing the credit risk by repaying loans from investment balances.

Table 2 summarises the Council's outstanding external debt at 30 September 2016 showing the value of debt and the average interest rate payable on the debt:

TABLE 2: DEBT PORTFOLIO				
	1 APR 2016		30 SEPT 2016	
DEBT	£m	%	£m	%
PWLB borrowing	619.9	3.860	632.2	3.800
Market loans inc LOBO	49.0	4.348	49.0	4.348
Local bonds & Stock	0.6	3.001	0.6	3.001
Temporary borrowing	20.9	0.486	10.9	0.273
TOTAL DEBT	690.4	3.791	692.7	3.785

4.4 Debt rescheduling

The penalties (premia) for the early repayment of Public Works Loan Board (PWL B) debt, which constitutes over 90% of the Council's existing long-term borrowing, have remained prohibitively high. Therefore, no opportunities for debt rescheduling arose in the first half of 2016/17

4.5 PWL B Certainty Rate and Project Rate Update

The Council qualifies for borrowing at the 'Certainty Rate' (0.20% below the PWL B standard rate) for a 12 month period from 01/11/2015. In April the Council submitted its application to the DCLG along with the 2016/17 Capital Estimates Return to access this reduced rate for a further 12 month period from 01/11/2016.

4.6 Lender's Option Borrower's Options (LOBO) Loans

The Council holds £34.000m of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £14.000m of these LOBO loans have options during the year, none have been exercised by the lender. The Council acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

In June Barclays Bank informed the Authority of its decision to cancel all the embedded options within standard LOBO loans. This effectively converts £15m of the Authority's Barclays LOBO loans to fixed rate loans removing the uncertainty on both interest cost and maturity date. This waiver has been done by 'deed poll'; it is irreversible and transferable by Barclays to any new lender.

4.7 Housing Revenue Account (HRA) Treasury Management Strategy

From 1 April 2002, the Council's HRA was allocated a separate debt portfolio based on the appropriate proportion of the Councils existing debt at that time. As a result of existing debt maturing, and not being replaced, the HRA accumulates an internal borrowing position. The interest payable in 2016/17 is expected to be £12.232m at an average rate of 4.33%. This includes £37.161m of fixed rate internal borrowing on a maturity loan basis for 30 years.

4.8 Investments

The Council has held significant investment balances over the last few years, representing income received in advance of expenditure plus balances and reserves held. Cash flow forecasts indicated that during 2016/17 the Council's investment balances would range between £40m and £110m.

The average cash balances were £84.5m during the half year. The overall average rate of interest generated on investments in the 6 months to 30 September was 0.74% against a benchmark of 0.37% (Average 7-day LIBID).

The UK Bank Rate had been maintained at 0.5% since March 2009 until August 2016, when it was cut to 0.25%. It is possible this may fall further towards zero but is not likely to go negative. Short-term money market rates have remained at relatively low levels (see Table 1 in Appendix B). Following the reduction in Bank Rate, rates for very short-dated periods (overnight – 1 month) fell to between 0.1% and 0.2%.

As the majority of the Authority's surplus cash continues to be invested in short-dated money market instruments, it will most likely result in a fall in investment income over the year. Table 3 below summarises investment activity in 2016/17.

TABLE 3 - Investment Activity in 2016/17

Investments	Balance on 01/04/2016 £m	Balance on 30/09/2015 £m	Avg Rate/Yield (%) Avg days to maturity
Short term Investments (call accounts, deposits)			
- Banks and Building Societies with ratings of A- or higher	25.0	15.0	0.67% / 94
- Local Authorities	10.0	10.0	1.40% / 171
Long term Investments	0.0	0.0	N/A
UK Government:			
- Treasury Bills	0.0	15.0	0.47% / 36
Money Market Funds	47.2	20.4	0.36% / 1
Other Pooled Funds			
- Cash Plus funds (<i>VNAV fund</i>)	10.0	0.0	N/A
TOTAL INVESTMENTS *	80.4	60.4	0.64% / 61
- Increase/ (Decrease) in Investments £m		(20.0)	

Note:

* excludes remaining balance held in Icelandic ISK Escrow account

The £20.0m decrease in balances is a reflection of the overall strategy to reduce credit risk exposure by reducing investment balances to fund the capital programme and the repaying of maturing debt.

Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17.

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Appendix A provides details of the Council's external investments at 30 September 2016, analysed between investment type and individual counterparties showing the current Fitch long-term credit rating.

4.9 Credit Risk

Counterparty credit quality as measured by credit ratings is summarised below:

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
31/12/2015	3.48	AA	3.55	AA-
31/03/2016	4.26	AA-	3.48	AA
30/06/2016	3.83	AA-	3.52	AA-
30/09/2016	4.05	AA-	3.90	AA-

Scoring:

-Value weighted average reflects the credit quality of investments according to the size of the deposit

-Time weighted average reflects the credit quality of investments according to the maturity of the deposit

-AAA = highest credit quality = 1

- D = lowest credit quality = 26

-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

4.10 Counterparty Update

Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune although the fall in their share prices was less pronounced.

Fitch downgraded the UK's sovereign rating by one notch to AA from AA+, and Standard & Poor's downgraded its corresponding rating by two notches to AA from AAA. Fitch, S&P and Moody's have a negative outlook on the UK.

Moody's affirmed the ratings of nine UK banks and building societies but revised the outlook to negative for those that it perceived to be exposed to a more challenging operating environment arising from the 'leave' outcome.

There was no immediate change to Arlingclose's credit advice on UK banks and building societies as a result of the referendum result. Our advisor believes there is a risk that the uncertainty over the UK's future trading prospects will bring forward the timing of the next UK recession.

The European Banking Authority released the results of its 2016 round of stress tests on the single market's 51 largest banks after markets closed on Friday 29th July. The stress tests gave a rather limited insight into how large banks might fare under a particular economic scenario. No bank was said to have failed the tests. The Royal Bank of Scotland made headline news as one of the worst performers as its ratios fell by some of the largest amounts, but from a relatively high base. Barclays Bank and Deutsche Bank ended the test with Common Equity Tier 1 (CET1) ratios below the 8% threshold, and would be required to raise more capital should the stressed scenario be realised. The tests support our cautious approach on these banks.

4.11 Icelandic Bank deposits – update

The administrators for the recovery of Glitnir Bank deposits (£11m) have made repayment to all priority creditors, including the City Council, in full settlement of the accepted claims. However, approximately 21% (£2.3m) of this sum has been paid in ISK. Because of ongoing currency restrictions in Iceland, this sum is currently retained in an interest-bearing account with the Central Bank of Iceland, pending resolution of the currency release issues.

No other payments have been received up to 30 September 2016.

4.12 Compliance with Prudential Indicators

The Council confirms compliance with its Prudential Indicators for 2016/17 set on 7 March 2016 as part of the Council's Treasury Management Strategy Statement.

The Council measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The limits on net fixed and variable rate interest rate exposures are:

	2016/17 £m	2017/18 £m	2018/19 £m
Upper limit on fixed interest rate exposure	800	800	800
Actual	627		
Upper limit on variable interest rate exposure	250	250	250
Actual	3		

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower	Upper	Actual
Under 12 months	0%	25%	5%
12 months and within 24 months	0%	25%	2%
24 months and within 5 years	0%	25%	16%
5 years and within 10 years	0%	50%	17%
10 years and within 25 years	0%	50%	29%
25 years and within 40 years	0%	25%	23%
40 years and above	0%	75%	8%

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2016/17 £m	2017/18 £m	2018/19 £m
Limit on principal invested beyond year end	50	50	50
Actual	0		

Operational Boundary and Authorised Limit for External Debt: The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

	2015/16 (max in year £m)	2016/17 (max to date £m)
Total Debt including PFI	926.7	929.7
Operational Boundary	1,030.5	1,041.2
Authorised Limit	1,050.5	1,081.2

4.13 Adoption of the CIPFA Treasury Management Code

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in March 2012.

4.14 Outlook for Q3 and Q4 2016/17

The economic outlook for the UK has immeasurably altered following the vote to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to Single Market access.

The short to medium-term outlook has been more downbeat due to the uncertainty generated by the result and the forthcoming negotiations. Economic and political uncertainty will likely dampen or delay investment intentions, prompting lower activity levels and potentially a rise in unemployment. The downward trend in growth apparent on the run up to the referendum may continue through the second half of 2016, although some economic data has held up better than was initially expected, perhaps suggesting a less severe slowdown than feared.

Arlingclose's central case is for Bank Rate to remain at 0.25%, but there is a 40% possibility of a drop to close to zero, with a small chance of a reduction below zero. Gilt yields are forecast to be broadly flat from current levels, albeit experiencing short-term volatility.

In addition, Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Authority's counterparty list have sufficient equity buffers to deal with any localised problems in the short term.

5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 5.1 Treasury management payments comprise interest charges and receipts and provision for repayment of debt. A proportion of the City Council's debt relates to capital expenditure on council housing and this is charged to the HRA. The remaining costs are included within the treasury management section of the General Fund budget. The General Fund Treasury Management budget is £45.206m for 2016/17.
- 5.2 An estimated outturn for 2016/17 is included in the quarter 2 revenue monitoring report on the 22 November 2016 Executive Board agenda. The budget for 2017/18 will be submitted with the 2017/18 treasury management strategy, in February 2017.

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 6.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is prepared for the treasury function.
- 6.2 The key Strategic Risk relating to treasury management is SR17 'Failure to protect the Council's investments'. The rating for this risk at 30 September 2016 was Likelihood = unlikely, Impact = moderate which represents the same risk assessment as at 31 March 2016. The Treasury Management working group continue to manage this risk and take appropriate actions as required.

7 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

- 7.1 Not applicable.

8 SOCIAL VALUE CONSIDERATIONS

- 8.1 Not applicable.

9 REGARD TO THE NHS CONSTITUTION

- 9.1 Not applicable.

10 EQUALITY IMPACT ASSESSMENT (EIA)

- 10.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

It is deemed outside the scope for the equality impact assessment.

11 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

11.1 None.

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Treasury Management in the Public Services Code of Practice 2011–CIPFA

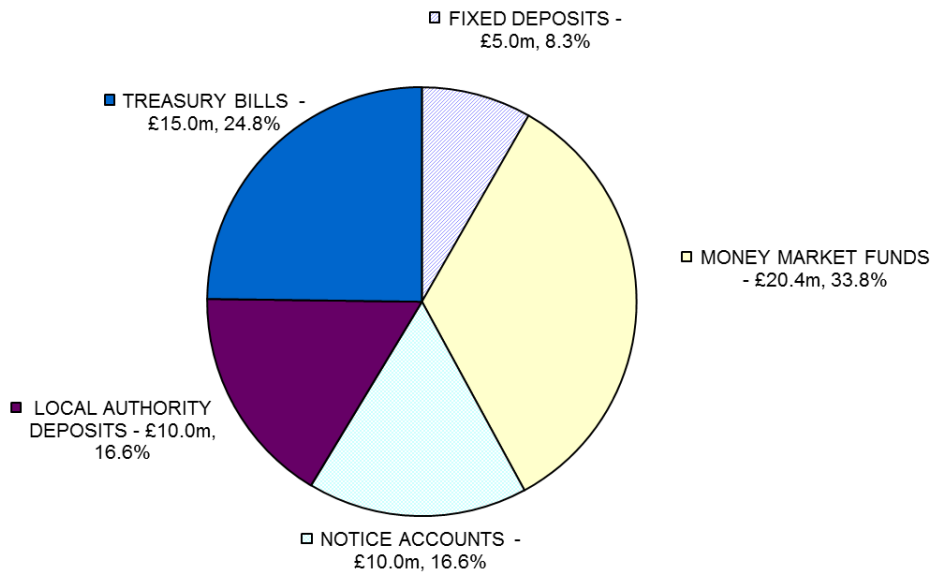
11.2 Money Market and PWLB loan rates

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

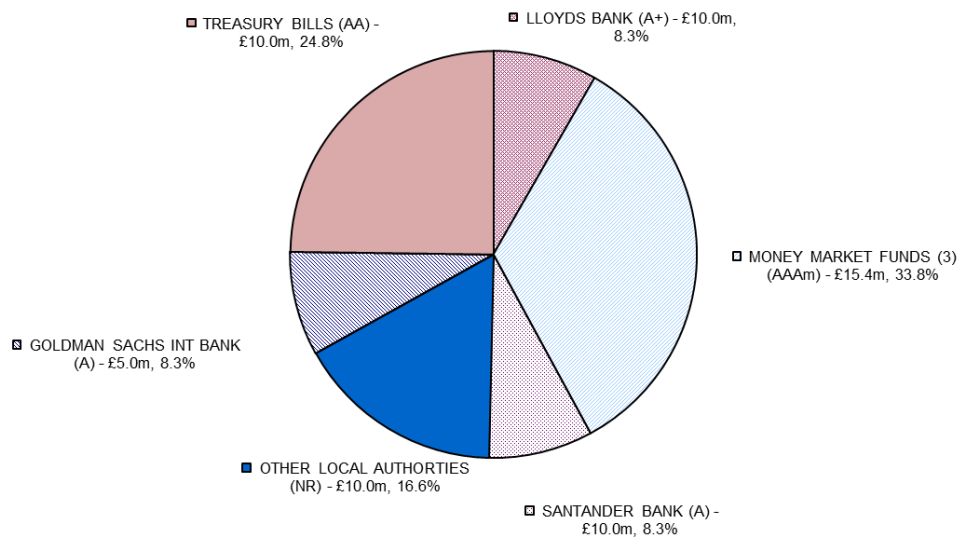
12.1 Glyn Daykin, Senior Accountant - Treasury Management

Tel: 0115 8763724, E-mail: glyn.daykin@nottinghamcity.gov.uk

Type of Investments as at 30 September 2016



Investment and Fitch credit long-term rating as at 30 September 2016





Investment Benchmarking

30 September 2016

Nottingham
21 English Unitaries Average
138 LAs Average

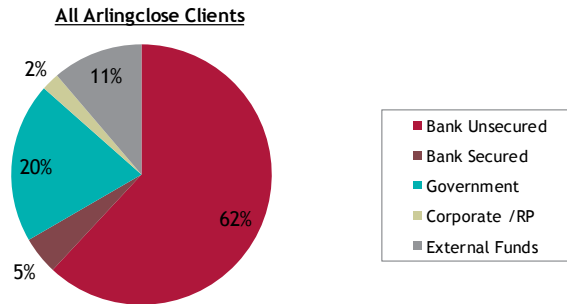
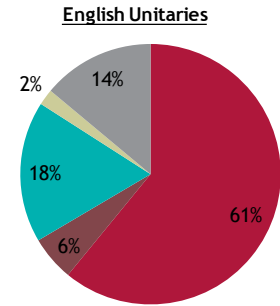
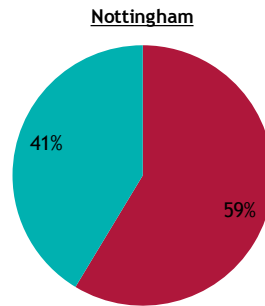
Internal Investments	£60.4m	£62.9m	£64.4m
External Funds	£0.0m	£9.1m	£7.4m
TOTAL INVESTMENTS	£60.4m	£72.2m	£71.8m

Security			
Average Credit Score	4.05	4.16	4.29
Average Credit Rating	AA-	AA-	AA-
Average Credit Score (time-weighted)	3.90	3.77	4.03
Average Credit Rating (time-weighted)	AA-	AA-	AA-
Number of Counterparties / Funds	8	16	16
Proportion Exposed to Bail-in	59%	67%	66%

Liquidity			
Proportion Available within 7 days	34%	44%	42%
Proportion Available within 100 days	83%	67%	68%
Average Days to Maturity	61	103	54

Market Risks			
Average Days to Next Rate Reset	77	106	76
External Fund Volatility	0.1%	1.8%	3.1%

Yield			
Internal Investment Return	0.64%	0.56%	0.60%
External Funds - Total Return		1.32%	1.98%
Total Investments - Total Return	0.64%	0.77%	0.86%



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.

Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year rather than those in the tables below.

Please note that the PWLB rates below are Standard Rates. Authorities eligible for the Certainty Rate can borrow at a 0.20% reduction.

Table 1: Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2016	0.5	0.36	0.36	0.39	0.46	0.61	0.88	0.78	0.83	0.98
30/04/2016	0.5	0.36	0.36	0.38	0.47	0.62	0.9	0.86	0.95	1.13
31/05/2016	0.5	0.35	0.37	0.39	0.46	0.61	0.89	0.82	0.92	1.09
30/06/2016	0.5	0.35	0.36	0.39	0.43	0.55	0.8	0.49	0.49	0.6
31/07/2016	0.5	0.15	0.45	0.42	0.52	0.64	0.77	0.47	0.47	0.54
31/08/2016	0.25	0.11	0.18	0.18	0.38	0.54	0.69	0.42	0.42	0.48
30/09/2016	0.25	0.1	0.25	0.45	0.51	0.61	0.74	0.43	0.42	0.47
Minimum	0.25	0.02	0.15	0.18	0.3	0.5	0.66	0.38	0.37	0.42
Average	0.43	0.26	0.37	0.42	0.52	0.66	0.83	0.61	0.64	0.75
Maximum	0.5	0.43	0.55	0.61	0.72	0.83	1.04	0.88	0.99	1.2
Spread	0.25	0.41	0.4	0.43	0.42	0.33	0.38	0.51	0.62	0.78

Table 2: PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2016	125/16	1.33	1.82	2.51	3.24	3.33	3.19	3.15
30/04/2016	165/16	1.37	1.95	2.65	3.34	3.4	3.25	3.21
31/05/2016	205/16	1.36	1.93	2.56	3.22	3.27	3.11	3.07
30/06/2016	249/16	1.17	1.48	2.09	2.79	2.82	2.61	2.57
31/07/2016	292/16	1.07	1.31	1.84	2.57	2.65	2.48	2.44
31/08/2016	336/16	1.09	1.23	1.65	2.22	2.29	2.12	2.08
30/09/2016	380/16	1.02	1.2	1.7	2.34	2.43	2.29	2.27
	Low	1.01	1.15	1.62	2.2	2.27	2.1	2.07
	Average	1.2	1.54	2.12	2.81	2.87	2.7	2.67
	High	1.4	2	2.71	3.4	3.46	3.31	3.28

Table 3: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2016	125/16	1.5	1.86	2.54	2.99	3.25	3.34
30/04/2016	165/16	1.59	1.99	2.68	3.11	3.34	3.42
31/05/2016	205/16	1.58	1.97	2.58	2.99	3.23	3.3
30/06/2016	249/16	1.24	1.51	2.11	2.55	2.79	2.86
31/07/2016	292/16	1.13	1.34	1.87	2.31	2.58	2.67
31/08/2016	336/16	1.12	1.25	1.67	2.02	2.23	2.31
30/09/2016	380/16	1.05	1.22	1.72	2.13	2.36	2.44
	Low	1.03	1.17	1.64	2	2.2	2.28
	Average	1.3	1.57	2.15	2.58	2.82	2.89
	High	1.63	2.04	2.73	3.17	3.41	3.48

Table 4: PWLB Variable Rates

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR	Pre-CSR	Pre-CSR	Post-CSR	Post-CSR	Post-CSR
01/04/2016	0.61	0.65	0.67	1.51	1.55	1.57
30/04/2016	0.61	0.65	0.67	1.51	1.55	1.57
31/05/2016	0.65	0.66	0.7	1.55	1.56	1.6
30/06/2016	0.64	0.62	0.62	1.54	1.52	1.52
31/07/2016	0.55	0.48	0.45	1.45	1.38	1.35
31/08/2016	0.38	0.41	0.48	2.18	1.31	1.38
30/09/2016	0.38	0.4	0.48	1.28	1.3	1.38