

Agenda Item:

# Pension Fund Committee

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**Dorset County Council**


Date of Meeting	4 March 2014
Officer	Pension Fund Administrator
<b>Subject of Report</b>	<b>Treasury Management Strategy</b>
Executive Summary	<p>The Pension Fund at any one time holds a level of cash balances that are generated from the positive cash-flows from member contributions, investment income less payments to members in the form of pensions.</p> <p>Periodically this surplus cash is distributed in line with the Funding Strategy Statement. In 2008 a number of public sector bodies had monies frozen when the Icelandic Banks collapsed and since then the rules and regulations have been tightened to provide better security of cash balances.</p> <p>The Dorset County Pension Fund, seeks to ensure the security and liquidity of its cash resources prior to their allocation and previously agreed a new Treasury Management Strategy in February 2013. There have been a number of minor changes to the strategy which limits the amount and length of time that cash can be invested for, to a maximum of 2 years. This is to reflect the fact that there is not a strategic allocation to cash and investing cash sums for more than this period would be contrary to the Fund's investment strategy. In relation to counterparty risks and limits, this strategy continues to be consistent with that of the County Council.</p>
Impact Assessment: <i>How have the following contributed to the development of this report?*</i>	<p>Equalities Impact Assessment: N/A</p> <p>Use of Evidence: The use of evidence and information sources to support the Treasury Management Strategy is set out in detail in</p>

	the main body of this report.
	Budget/ Risk Assessment: None
Recommendation	That the Committee agrees to continue with the current Treasury Management Strategy
Reason for Recommendation	To ensure that the Dorset County Pension Fund invests its surplus cashflows sensibly prior to allocation to fund managers.
Appendices	Appendix 1 – Treasury Management Practice 1 – Credit and Risk Counterparty Management Appendix 2 – Summary of Investment Criteria Appendix 3 – Current Counterparties
Background Papers	<ul style="list-style-type: none"> <li>Dorset County Council – Investments and Creditworthiness Policy</li> </ul>
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## **1. Dorset County Pension Fund-Treasury Management Strategy and Investment Policy**

- 1.1 The Dorset County Pension Fund's [the "Fund"] investment policy closely follows that of Dorset County Council, who administer the Fund and has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Fund's cash investment priorities will be security first, liquidity second, then return, so that cash resources are safeguarded prior to distribution in line with the Fund's Investment Strategy.
- 1.2 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Fund has clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the approved lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies. Using the ratings service, provided by Capita Asset Services, the Council's Treasury Management Advisers, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.
- 1.3 Further to this, the Fund's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Fund will engage with its advisers to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- 1.4 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 1.5 The aim of the policy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk, with the intention to provide security of investment and minimisation of risk.
- 1.6 Investment instruments identified for use in the financial year are listed in Annex A of this Policy under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices schedules.

## **2. Creditworthiness Policy**

- 2.1 The primary principle governing the Fund's cash investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Fund will ensure that:
  - It maintains this policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in Annex A -Specified and Non-specified investments; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed.
- 2.2 Risk of default by an individual borrower is minimised by placing limits on the amount to be lent. These limits use, where appropriate, credit ratings from Fitch, Standard and Poors, and Moodys Credit Rating Agencies. All banks and building societies used by the Fund will have a long-term rating of at least A and a minimum short term rating of F1. Long-term ratings vary from AAA (the highest) down to D the lowest. Short-term ratings vary from F1+ (the highest) down to D. Individual ratings vary from A (the highest) down to E, and these are now being replaced by viability ratings (aaa the highest, to c the lowest) and estimate how likely the bank is to need assistance from third parties. Support ratings vary from 1 (the highest) down to 5 and estimate the likelihood that support from a sovereign or parent would be received by the bank should it become necessary. Local authorities are not generally rated. The limits to be used are set out in paragraph 2.8.
  - 2.3 The Pension Fund Administrator will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to the Pension Fund Committee for approval at least annually. This criteria is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered to be high quality that the Fund may use rather than defining what its investments are.
  - 2.4 The rating criteria uses the Lowest Common Denominator (LCD) method of selecting counterparties and applying limits. This means that the application of the Fund's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Fund's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.
  - 2.5 Credit rating information is supplied by the Fund's treasury management advisers on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Fund criteria will be suspended from use, with all others being reviewed in light of market conditions.
  - 2.6 A development in the revised Codes and the CLG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature.
  - 2.7 Security and Liquidity benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Annual Report.

## Security

2.8 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

### i. Sovereign Ratings

2.8.1 The Fund will only lend to counterparties in countries with the highest sovereign Credit Rating of AAA. The maximum that can be deposited with banks in any one sovereign is £30m at any time. The exception to both rules is the United Kingdom.

### ii. Counterparties with Good Credit Quality

2.8.2 The Fund will lend to counterparties with the following counterparty ratings:

**Table 1 Counterparty Ratings**

Category	Minimum Credit Rating	Limit
Any Local Authority	N/a	£15 Million
Banks & Building Societies	Short F1, Long A, Viability bb-*, Support 3	£15 Million
Money Market Funds	AAA	£15 Million (individual)
Money Market Funds Notice Account	AAA	£10 Million (individual)
UK Government including gilts and the DMADF	N/a	no limit

\* Fitch introduced 'Viability Ratings' in July 2011 as a replacement for 'Individual Ratings'. Viability Ratings represent Fitch's primary assessment of the intrinsic creditworthiness of an institution on a scale from aaa-f.

2.8.3 Where a counterparty is part of a larger group, it is appropriate to limit the Fund's overall exposure to the group. Individual counterparties within the group will have their own limit, but will be subject to an overall limit for the group. The limit for any one group will be £15m, except in the case of the four major UK banking groups where the limit would be £30m.

### iii. Guaranteed Banks and Building Societies with Suitable Sovereign Support

2.8.4 The Fund will use banks and building societies whose ratings fall below the criteria specified above if all of the following conditions are met:

- (a) wholesale deposits in the organisation are covered by a government guarantee;
- (b) the government providing the guarantee is rated "AAA" by all three major rating agencies (Fitch, Moody's and Standard & Poors); and
- (c) the Fund's investments with the organisation are limited to amounts and maturities within the terms of the stipulated guarantee, up to a maximum of £15 Million each.

#### **iv. Eligible Institutions**

2.8.5 The Fund will use banks and building societies whose individual and support ratings fall below the criteria specified above if the organisation was an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008. These banks must have the necessary short and long term ratings F1 and A respectively or equivalent. These institutions have been subject to suitability checks before inclusion.

#### **v. Fund's own banker**

2.8.6 The limit for the Fund's own bank is £30 Million, however, due to occasional short term unexpected cashflows this limit may be breached. For this reason additional flexibility of an additional £1 Million is allowed to cover such movements, and to minimise the transaction costs involved with moving small sums of money. Over the long term the £30 Million should be the maximum. The breaches of the £30 Million limit will be monitored and reported to the Fund Administrator on a monthly basis.

2.8.7 It is inconceivable that the Fund would not be able to use its own banker, NatWest for transactional purposes if the bank fell below the Fund's criteria, if this occurred then NatWest would continue to be used for transactional and clearing purposes with the maximum balances deposited with them overnight being limited to £500k.

#### **vi. Major UK Banks**

2.8.8 The Fund may invest up to £30 Million with each of the four major UK banking groups, Barclays Bank PLC, HSBC Bank PLC, Lloyds Banking Group PLC, and The Royal Bank of Scotland PLC (which owns the Fund's bank, National Westminster Bank PLC), taking into account the restrictions of group limits and any other limits which apply. These four banking groups were added explicitly to the Treasury Management Strategy with the rationale that in a worst case scenario, all of the Fund's cash could be placed across these four banks.

#### **vii. Use of Additional Information other than Credit Ratings**

2.8.9 Additional requirements under the Code of Practice now require the County Council (and therefore the Fund) to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches / outlooks) will be applied to compare the relative security of differing investment counterparties.

2.9 Security is a subjective area to measure and assess. Whilst the approach above embodies the security considerations of credit ratings, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Fund's investment strategy. Table 2 shows average defaults for differing periods of investment grade products for Fitch, Moody's and Standard and Poors long term rating category over the period 1990 to 2011.

**Table 2 Long term risks of default**

Years	1	2	3	4	5
AAA	0.00%	0.01%	0.05%	0.10%	0.17%
AA	0.03%	0.06%	0.08%	0.14%	0.20%
A	0.08%	0.22%	0.37%	0.52%	0.70%
BBB	0.24%	0.68%	1.19%	1.79%	2.42%
BB	1.22%	3.24%	5.34%	7.31%	9.14%
B	4.06%	8.82%	12.72%	16.25%	19.16%
CCC	24.03%	31.91%	37.73%	41.54%	45.22%

- 2.10 The Fund's minimum long term rating criteria is "A", meaning the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.08% of the total investment (e.g. for a £1m investment the average loss would be £800). This is only an average – any specific counterparty loss is likely to be higher, but these figures do act as a proxy benchmark for risk across the portfolio.
- 2.11 The Fund's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is 0.20% historic risk of defaults when compared to the whole portfolio.
- 2.12 This means that the highest investment risk that the Fund would take would be with a 'A' rated counterparty over a one year time frame, and with a 'AA' rated counterparty over two to five years. In addition the security benchmark for each individual year is:

**Table 3 Security Benchmarks**

	Term of investment in years				
	1	2	3	4	5
Maximum	0.08%	0.06%	0.08%	0.14%	0.20%
Minimum Credit Rating	A	AA-	AA-	AA-	AA-

- 2.13 These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored. Where a counterparty is not credit rated a proxy rating will be applied.

**Liquidity**

- 2.14 Liquidity is defined as an organisation "having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice).
- 2.15 In addition it is prudent to have rules for the balance of investment between short term and longer term deposits to maintain adequate liquidity. They are:

#### **i. Fixed Term Investments**

A minimum cash balance of £10 Million must be maintained in call accounts or instant access Money market Funds. Any amount above this can be invested in fixed term deposits.

#### **ii. Notice Money**

The amount of notice money (short term) will be a minimum of £10 Million, up to a maximum of 100%.

#### **iii. Time and Monetary limits applying to Investments**

The time and monetary limits for institutions on the Fund's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

**Table 4 – Time and Monetary Limits**

	<b>Minimum Long Term and Short Term Counterparty Rating (LCD Approach)</b>	<b>Money Limit</b>	<b>Time Limit</b>
Any Local Authority	N/a	£15 Million	2 Years
Banks & Building Societies	AA- - F1+	£15 Million	2 Years
Banks & Building Societies	A - F1	£15 Million	364 Days
Major UK Banks*	N/a	£30 Million	2 Years
Money Market Funds	AAA	£15 Million (individual)	Overnight
Money Market Funds	AAA	£10 Million (individual)	7 Day Notice
UK Government including gilts and the DMADF	N/a	Unlimited	6 Months
Guaranteed Organisations	A - F	£15 Million	In Accordance with Guarantee
Eligible Institutions	A - F	£15 Million	6 Months
Fund's Own Banker	N/a	£30 Million	2 Years

\*(Barclays Bank PLC, HSBC Bank PLC, Lloyds Banking Group PLC and The Royal Bank of Scotland PLC)

#### **iv. Longer Term Instruments**

The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-Specified investment category. These instruments will only be used where the Fund's liquidity requirements are safeguarded. This will be limited to counterparties rated AA- long term, and F1+ short term. The level of overall investments should influence how long cash can be invested for. For this reason it has been necessary to introduce a sliding scale of limits that depend on the overall size of cash balances. The smaller the size of the overall cash balances the more important it is that the money is kept liquid to meet the day to day cashflows of the organisation. Likewise if cash balances are large, a greater proportion of the funds can be invested for longer time periods. Table 5 sets out the investment limits.



**Table 5 Time Limits for Investments over 365 days**

Time Limit	Money Limit invested with Counterparties rated AA- F1 + and above	
Projected Annual Balances	%	
More than 1 year, no more than 2 years	100%	£15M

- 2.16 In the normal course of the Fund's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
- 2.17 A summary of the proposed criteria for investments is shown in Appendix 2, and a list of counterparties as at 20 January 2014 in accordance with these criteria is shown as Appendix 3 to this policy for information.
- 2.18 The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio. The WAL can be calculated by multiplying the term of a loan by the weighting of that loan to the portfolio to give an average term for all loans. A shorter WAL would generally embody a lower risk to the portfolio in terms of counterparty risk and interest rate risk.

## APPENDIX 1

### Investment Policy - Treasury Management Practice 1

#### Treasury Management Practice (TMP) 1 – Credit and Counterparty Risk Management

The CLG issued Investment Guidance on April 2010, and this forms the structure of the Fund's policy below. The CLG is currently consulting over revisions to the Guidance and where applicable the Consultation recommendations have been included within this policy. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sector Guidance Notes. This Fund adopted the Code, through the Administering Authority during 2002 and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

#### Annual Investment Strategy

The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Fund is set out below.

#### Strategy Guidelines

The main strategy guidelines are contained in the body of the treasury strategy statement (the Investment Strategy).

#### Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

- i. The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity).
- ii. A local authority.
- iii. An investment scheme that has been awarded a high credit rating by a credit rating agency, this can include money market funds rated by the Standard and Poor's, Moody's or Fitch rating agencies.
- iv. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). This covers bodies with a minimum rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.
- v. A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.
- vi. Part Nationalised Banks
- vii. Supranational bonds of less than one year's duration

### **Non-Specified Investments**

Non-specified investments are any other type of investment (i.e. not defined as specified above). This would include investments greater than 1 year in duration. It is proposed that counterparties will be restricted to those in the specified category above when investing for more than a year. In total these longer term loans will be limited to £30m of the total investment portfolio and this has been determined with regard to the forecasts of future cash flow.

### **The Monitoring of Investment Counterparties**

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Financial Officer, and if required new counterparties which meet the criteria will be added to the list.

## Summary of Investment Criteria

## APPENDIX 2

Paragraph	Criteria	Minimum Rating				Maximum Investment and Exceptions
		Long	Short	Viability	Support	
<b>Sovereign Limit for All Loans</b>						
2.8.1	<b>AAA Sovereign Rating</b>	N/a	N/a	N/a	N/a	£30 Million with any one sovereign, UK no limits
<b>Notice Money</b>						
A minimum of 10% of total investments, up to a maximum of 100%						
2.8.6	<b>Council's own Banker</b>	N/a	N/a	N/a	N/a	£30 Million
2.8.2	<b>Money Market Funds</b>	AAA				£15 Million individual
2.8.2	<b>Money Market Fund Notice Account</b>	AAA	N/a	N/a	N/a	£10 Million individual
<b>Fixed Term Investments</b>						
Limited to the amount of excess balances for that term less a margin of £10 Million						
<b>Up to 6 months</b>						
2.8.2	<b>UK Government including gilts and DMADF</b>					100%
2.8.5	<b>Eligible Institutions</b> , where the organisation was an Eligible Institution for the HM Treasury Credit Guarantee Scheme announced on 13 October 2008	A	F1			£15 Million - £30 million
<b>Up to 364 Days</b>						
2.8.2	<b>Any Local Authority</b>					£15 Million
2.8.2	<b>Banks &amp; Building Societies</b>	A	F1	bb+	3	£15 Million Note that no more than £15 Million can be invested with banks in the same group where the highest rated counterparty has a minimum of these ratings See 2.8.4, 2.8.5, 2.8.6, 2.8.7 for exceptions
2.8.7	<b>Four Major UK Banking Groups:</b> Barclays Bank PLC, HSBC Bank PLC, Lloyds Banking Group PLC, The Royal Bank of Scotland PLC (including National Westminster Bank PLC)	N/a	N/a	N/a	N/a	£30 Million
<b>Up to 2 years</b>						
2.18	<b>Major Banks &amp; Building Societies</b>	AA-	F1+	bb+	3	£15 Million per bank Note that no more than £15 Million can be invested with banks in the same group where the highest rated counterparty has a minimum of these ratings See 2.8.4, 2.8.5, 2.8.6, 2.8.7 for exceptions
<b>Other periods</b>						
2.8.4	<b>Guaranteed Counterparties with Sovereign Support</b> , where: a) Wholesale deposits in the organisation are covered by a government guarantee b) The government providing the guarantee is rated AAA by all three major rating agencies c) The Council's investments with the organisation are limited to amounts and maturities within the terms of the guarantee, up to a maximum of £15 Million.					In accordance with guarantee

## APPENDIX 3

Counterparty list as at 15 January 2014

	Lowest Long Term Rating*	Lowest Short Term Rating*	Support Rating	Money Limit (£m)	Time Limit
<b>UK Banks and Building Societies</b>					
HSBC Bank PLC	AA-	F1+	1	30m (M)	2 YEARS
<i>Lloyds Banking Group:</i>					
Bank of Scotland PLC	A	F1	1	30m (M) Group	2 YEARS
Lloyds Bank PLC	A	F1	1	30m (M) Group	2 YEARS
<i>Royal Bank of Scotland Group:</i>					
National Westminster Bank	A-	F2	1	30m Own Bank (M) Group	2 YEARS
Royal Bank of Scotland	A-	F2	1	30m (M) Group	2 YEARS
Barclays Bank	A	F1	1	30m (M)	2 YEARS
Santander UK Plc	A	F1	1	15m	364 DAYS
<i>Standard Chartered Bank</i>	<i>A+</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
Nationwide Building Society	A	F1	1	15m	364 DAYS
Goldman Sachs International	A	F1	0	15m	364 DAYS
<i>Citibank International Plc</i>	<i>A</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<b>Australian Banks</b>					
<i>National Australia Bank Limited</i>	<i>AA-</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<i>Australia and New Zealand Banking Group</i>	<i>AA-</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<i>Commonwealth Bank of Australia</i>	<i>AA-</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<i>Macquarie Bank Limited</i>	<i>A</i>	<i>F1</i>	<i>3</i>	<i>15m</i>	<i>364 DAYS</i>
<i>Westpac Banking Corporation</i>	<i>AA-</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<b>Canadian Banks</b>					
<i>Canadian Imperial Bank of Commerce</i>	<i>A+</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<i>Bank of Montreal</i>	<i>A+</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<i>Bank of Nova Scotia</i>	<i>A+</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<i>Royal Bank of Canada</i>	<i>AA-</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>

	Lowest Long Term Rating*	Lowest Short Term Rating*	Support Rating	Money Limit (£m)	Time Limit
<i>Toronto-Dominion Bank</i>	<i>AA-</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<b>Finnish Banks</b>					
<i>Nordea Bank Finland</i>	<i>AA-</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<i>Pohjola Bank</i>	<i>A+</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<b>German Banks</b>					
<i>Deutsche Bank AG</i>	<i>A</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<i>Landwirtschaftliche Rentenbank</i>	<i>AAA</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<i>DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)</i>	<i>A+</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<i>KfW</i>	<i>AAA</i>	<i>F1+</i>	<i>1</i>	<i>15m</i>	<i>2 YEARS</i>
<b>Luxembourg Banks</b>					
<i>BGL BNP Paribas SA</i>	<i>A</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<b>Norwegian Banks</b>					
<i>DnB NOR Bank</i>	<i>A+</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<b>Singaporean Banks</b>					
DBS Bank Ltd.	AA-	F1+	1	15m	2 YEARS
Oversea-Chinese Banking Corp	AA-	F1+	1	15m	2 YEARS
United Overseas Bank Limited	AA-	F1+	1	15m	2 YEARS
<b>Swedish Banks</b>					
Svenska Handelsbanken	AA-	F1+	1	15m	2 YEARS
<i>Swedbank AB</i>	<i>A+</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<i>Skandinaviska Enskilda Banken</i>	<i>A+</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<b>Swiss Banks</b>					
<i>UBS AG</i>	<i>A</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>
<i>Credit Suisse AG</i>	<i>A</i>	<i>F1</i>	<i>1</i>	<i>15m</i>	<i>364 DAYS</i>

\*Fitch equivalent ratings have been used for comparative purposes  
*Banks shown italics are not currently active in the market.*