**Agenda Item:**

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# Pension Fund Committee

**Dorset County Council**

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| Date of Meeting | 3 March 2015 |
| Officer | Pension Fund Administrator |
| **Subject of Report** | **Treasury Management Strategy** |
| Executive Summary | 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.<br><br>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.<br><br>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 2014. The strategy set limits on the amount and length of time that cash can be invested with specific counterparties, to a maximum of two 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, including the removal of support ratings as a means of assessing the financial strength of counterparties, as agreed at the November meeting of the committee. |
| Impact Assessment:<br>*How have the* | Equalities Impact Assessment: N/A |

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| *following contributed to the development of this report?** | Use of Evidence: The use of evidence and information sources to support the Treasury Management Strategy is set out in detail in 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 Counterparty Risk Management<br>Appendix 2 – Summary of Investment Criteria<br>Appendix 3 – Current Counterparties |
| Background Papers | • Dorset County Council – Investments and Creditworthiness Policy |
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**Dorset County Pension Fund- Treasury Management Strategy and Investment Policy**

## 1. Introduction

1.1 The investment policy of Dorset County Pension Fund [the "Fund"] 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.

## 2. Changes to credit rating methodology

2.1 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". This process may commence during 2014/15 and / or 2015/16. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.

2.2 It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

2.3 Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.

2.4 Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

2.5 As a result of these rating agency changes, the credit element of Capita's future methodology will focus solely on the Short and Long Term ratings of an institution, and therefore the Pension Fund Committee 27 November 2014 agreed the recommendation that support ratings be removed as a means of assessing the financial strength of counterparties. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that Capita have always taken, but a change to the use of Fitch and Moody's ratings. Furthermore, Capita continue to utilise Credit Default Swaps (CDS) prices as an overlay to ratings in the new methodology.

## 3. Investment Policy

3.1 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

3.2 As with previous practice, ratings will 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 Council will engage with its advisers to maintain a monitor on market pricing such as CDS and overlay that information on top of the credit ratings.

3.3 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.

3.4 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.

3.5 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.

## 4. Creditworthiness Policy

4.1 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.

4.2 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. Local authorities are not generally rated. The limits to be used are set out in paragraph 4.8.

4.3 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 as necessary, and at least annually. These criteria are separate to that which determines which type of investment instrument are either 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.

4.4 The minimum 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.

4.5 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.

4.6 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.

4.7 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**

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

### i. Sovereign Ratings

4.8.1 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

4.8.2 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- | £15 Million |
| Money Market Funds | AAA | £15 Million (individual) |
| Money Market Funds Notice Account | AAA | £10 Million (individual) |
| UK Government including gilts and the Debt Management Account Deposit Facility (DMADF) | n/a | no limit |

4.8.3 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. Part Nationalised Banking Groups

4.8.4 The Fund will continue to use banking groups whose ratings fall below the criteria specified above if that banking group remains part nationalised, up to a limit of £30m for the group.

### iv. Fund's own banker

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

4.8.6 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.

### v. Major UK Banks

4.8.7 The Fund may invest up to £30m 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.

**vi. Use of Additional Information other than Credit Ratings**

4.8.8 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.

4.9 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% |

4.10 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.

**Liquidity**

4.11 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).

4.12 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 £10m 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 £10m, 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 3 – Time and Monetary Limits***

| | Minimum Long Term and Short Term Counterparty Rating (LCD Approach) | Money Limit | Time Limit |
|---|---|---|---|
| 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 |
| Part Nationalised Banking Groups** | n/a | £30 Million | 2 Years |
| 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.<br>** 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 4 sets out the investment limits.

*Table 4 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 |

4.13 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.

4.14 A summary of the proposed criteria for investments is shown in Appendix 2, and a list of counterparties as at 19 January 2015 in accordance with these criteria is shown as Appendix 3 to this policy for information.

4.15 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 Chief Financial Officer has produced the Fund's 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 Fund 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:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity).

2. Supranational bonds of less than one year's duration.

3. A local authority, parish council or community council

4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.

5. A body that is considered of a high credit quality (such as a bank or building society). This covers bodies with a minimum short term 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 Fund has set additional criteria to set the time and amount of monies which will be invested in these bodies.

**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 Fund receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services 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 | |
| **Sovereign Limit for All Loans** | | | | |
| 4.8.1 | **AAA Sovereign Rating** | n/a | n/a | £30 Million with any one sovereign, UK no limits |
| **Notice Money** | | | | |
| A minimum of 10% of total investments, up to a maximum of 100% | | | | |
| 4.8.5 | **Council's own Banker** | n/a | n/a | £30 Million |
| 4.8.2 | **Money Market Funds** | AAA | | £15 Million individual |
| 4.8.2 | **Money Market Fund Notice Account** | AAA | n/a | £10 Million individual |
| **Fixed Term Investments** | | | | |
| Limited to the amount of excess balances for that term less a margin of £10 Million | | | | |
| **Up to 6 months** | | | | |
| 3.8.2 | **UK Government including gilts and DMADF** | | | Unlimited |
| **Up to 364 Days** | | | | |
| 4.8.2 | **Any Local Authority** | | | £15 Million |
| 4.8.2 | **Banks & Building Societies** | A- | F1 | £15 Million<br>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<br>See 4.8.4, 4.8.5, 4.8.6, 4.8.7 for exceptions |
| 4.8.7 | **Four Major UK Banking Groups**:<br>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 | £30 Million |
| **Up to 2 years** | | | | |
| 4.18 | **Major Banks & Building Societies** | AA- | F1+ | £15 Million per bank<br>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<br>See 4.8.4, 4.8.5, 4.8.6, 4.8.7 for exceptions |
| 4.8.4 | **Part Nationalised Banking Groups:**<br>Lloyds Banking Group PLC, The Royal Bank of Scotland PLC (including National Westminster Bank PLC) | n/a | n/a | £30 Million |

# APPENDIX 3

Counterparty list as at 19 January 2015

| | Lowest Long Term Rating* | Lowest Short Term Rating* | Money Limit (£m) | Time Limit |
|---|---|---|---|---|
| **UK Banks and Building Societies** | | | | |
| HSBC Bank PLC | AA- | F1+ | 30 | 2 YEARS |
| *Lloyds Banking Group:* | | | | |
| Bank of Scotland PLC | A | F1 | 30 (group) (M) | 2 YEARS |
| Lloyds Bank PLC | A | F1 | 30 (group) (M) | 2 YEARS |
| *Royal Bank of Scotland Group:* | | | | |
| National Westminster Bank | BBB+ | F2 | 30 (group) (M) | 2 YEARS |
| Royal Bank of Scotland | BBB+ | F2 | 30 (group) (M) | 2 YEARS |
| | | | | |
| Barclays Bank | A | F1 | 30 (M) | 2 YEARS |
| Santander UK Plc | A | F1 | 15 | 364 DAYS |
| Standard Chartered Bank | A+ | F1 | 15 | 364 DAYS |
| Nationwide Building Society | A | F1 | 15 | 364 DAYS |
| Goldman Sachs International Bank | A | F1 | 15 | 364 DAYS |
| Citibank International Plc | A | F1 | 15 | 364 DAYS |
| Sumitomo Mitsui Banking Corporation Europe Limited | A- | F1 | 15 | 364 DAYS |
| Merrill Lynch International | A | F1 | 15 | 364 DAYS |
| MBNA Europe Bank | A- | F1 | 15 | 364 DAYS |
| UBS Ltd | A | F1 | 15 | 364 DAYS |
| Abbey National Treasury Services | A | F1 | 15 | 364 DAYS |
| **Australian Banks** | | | | |
| National Australia Bank Limited | AA- | F1+ | 15 | 2 YEARS |
| Australia and New Zealand Banking Group | AA- | F1+ | 15 | 2 YEARS |
| Commonwealth Bank of Australia | AA- | F1+ | 15 | 2 YEARS |
| Macquarie Bank Limited | A | F1 | 15 | 364 DAYS |
| Westpac Banking Corporation | AA- | F1+ | 15 | 2 YEARS |

| | Lowest Long Term Rating* | Lowest Short Term Rating* | Money Limit (£m) | Time Limit |
|---|---|---|---|---|
| **Canadian Banks** | | | | |
| Canadian Imperial Bank of Commerce | A+ | F1 | 15 | 364 DAYS |
| Bank of Montreal | A+ | F1 | 15 | 364 DAYS |
| Bank of Nova Scotia | A+ | F1 | 15 | 364 DAYS |
| National Bank of Canada | A | F1 | 15 | 364 DAYS |
| Royal Bank of Canada | AA- | F1+ | 15 | 2 YEARS |
| Toronto-Dominion Bank | AA- | F1+ | 15 | 2 YEARS |
| National Bank of Canada | A | F1 | 15 | 364 DAYS |
| **German Banks** | | | | |
| Landwirtschaftliche Rentenbank | AAA | F1+ | 15 | 2 YEARS |
| DZ Bank AG (Deutsche Zentral-Genossenschaftsbank) | A+ | F1+ | 15 | 364 DAYS |
| KfW | AAA | F1+ | 15 | 2 YEARS |
| Landesbank Hessen-Thuringen Girozentrale | A | F1 | 15 | 364 DAYS |
| Landesbank Baden-Wurttemberg | A | F1+ | 15 | 364 DAYS |
| Sparkassen-Finanzgruppe | A+ | F1+ | 15 | 364 DAYS |
| **Luxembourg Banks** | | | | |
| BGL BNP Paribas SA | A | F1 | 15 | 364 DAYS |
| Banque et Caisse d'Epargne de l'Etat | AA+ | F1+ | 15 | 2 YEARS |
| Clearstream Banking | AA | F1+ | 15 | 2 YEARS |
| **Singaporean Banks** | | | | |
| DBS Bank Ltd. | AA- | F1+ | 15 | 2 YEARS |
| Oversea-Chinese Banking Corp | AA- | F1+ | 15 | 2 YEARS |
| United Overseas Bank Limited | AA- | F1+ | 15 | 2 YEARS |
| **Swedish Banks** | | | | |
| Svenska Handelsbanken | AA- | F1+ | 15 | 2 YEARS |
| Swedbank AB | A+ | F1 | 15 | 364 DAYS |
| Skandinaviska Enskilda Banken | A+ | F1 | 15 | 364 DAYS |

| | Lowest Long Term Rating* | Lowest Short Term Rating* | Money Limit (£m) | Time Limit |
|---|---|---|---|---|
| **Swiss Banks** | | | | |
| UBS AG | A | F1 | 15 | 364 DAYS |
| Credit Suisse AG | A | F1 | 15 | 364 DAYS |

**Fitch equivalent ratings have been used for comparative purposes.*