# **Annual Treasury Management Review** 2021/22

Melton Borough Council
July 2022

# Contents

# Annual Treasury Management Review 2021/22

## Purpose

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2021/22 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24/02/2021)
- a mid-year, (minimum), treasury update report (Council 16/12/2021)
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Cabinet before they were reported to the full Council. Member training on treasury management issues was undertaken in September 2019 in order to support members' scrutiny role.

# Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

# 1. The Council's Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

| £'000 General Fund | 31.3.21 Actual | 2021/22 Latest Budget | 31.3.22 Actual |
|---|---|---|---|
| **Capital expenditure** | **462** | **1,973** | **559** |
| Financed in year | 462 | 1,973 | 559 |
| **Unfinanced capital expenditure** | **0** | **0** | **0** |

| £'000 HRA *(where relevant)* | 31.3.21 Actual | 2021/22 Latest Budget | 31.3.22 Actual |
|---|---|---|---|
| **Capital expenditure** | **2,454** | **6,542** | **1,950** |
| Financed in year | 2,454 | 6,542 | 1,950 |
| **Unfinanced capital expenditure** | **0** | **0** | **0** |

# 2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2021/22 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

**Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2021/22 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2021/22 on 24/02/2021.

The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

*Housing authorities to show separate General Fund and HRA CFR tables*

| CFR (£'000): General Fund | 31.3.21 Actual | 2021/22 Budget | 31.3.22 Actual |
|---|---|---|---|
| Opening balance | 89 | 77 | 77 |
| Less PFI & finance lease repayments | (12) | (11) | (11) |
| Closing balance | 77 | 66 | 66 |

| CFR (£'000): HRA | 31.3.21 Actual | 2021/22 Budget | 31.3.22 Actual |
|---|---|---|---|
| Opening balance | 31,484 | 31,484 | 31,484 |
| Closing balance | 31,484 | 31,484 | 31,484 |

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2021/22) plus the estimates of any additional capital financing requirement for the current (2022/23) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2021/22. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

| | 31.3.21 Actual £'000 | 2021/22 Budget £'000 | 31.3.22 Actual £'000 |
|---|---|---|---|
| Gross borrowing position | 31,490 | 31,479 | 31,479 |
| CFR | 31,561 | 31,550 | 31,550 |
| (Under) / over funding of CFR | (71) | (71) | (71) |

**The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2021/22 the Council has maintained gross borrowing within its authorised limit.

**The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream -** this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

| | 2021/22 £'000 |
|---|---|
| Authorised limit | 46,000 |
| Maximum gross borrowing position during the year | 31,479 |
| Operational boundary | 36,479 |
| Average gross borrowing position | 31,479 |
| Financing costs as a proportion of net revenue stream:<br>General Fund<br>HRA | <br>-6.41%<br>33.42% |

# 3. Treasury Position as at 31st March 2022

The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2021/22 the Council's treasury, (excluding borrowing by PFI and finance leases), position was as follows:

| **DEBT PORTFOLIO** | 31.3.21 Principal £'000 | Rate/ Return | Average Life yrs | 31.3.22 Principal £'000 | Rate/ Return | Average Life yrs |
|---|---|---|---|---|---|---|
| Fixed rate funding: | | | | | | |
| -PWLB | 31,413 | 3.72% | 28 | 31,413 | 3.72% | 27 |
| **HRA CFR (excluding finance lease)** | **31,484** | | | **31,484** | | |
| **Over / (under) borrowing** | **(71)** | | | **(71)** | | |
| Total investments | | 0.81% | £20.890m under 1yr £2m over 1yr | | 0.47% | £24.5m under 1yr £2m over 1yr |
| **Net debt** | | **1.15%** | | | **1.02%** | |

The maturity structure of the debt portfolio was as follows:

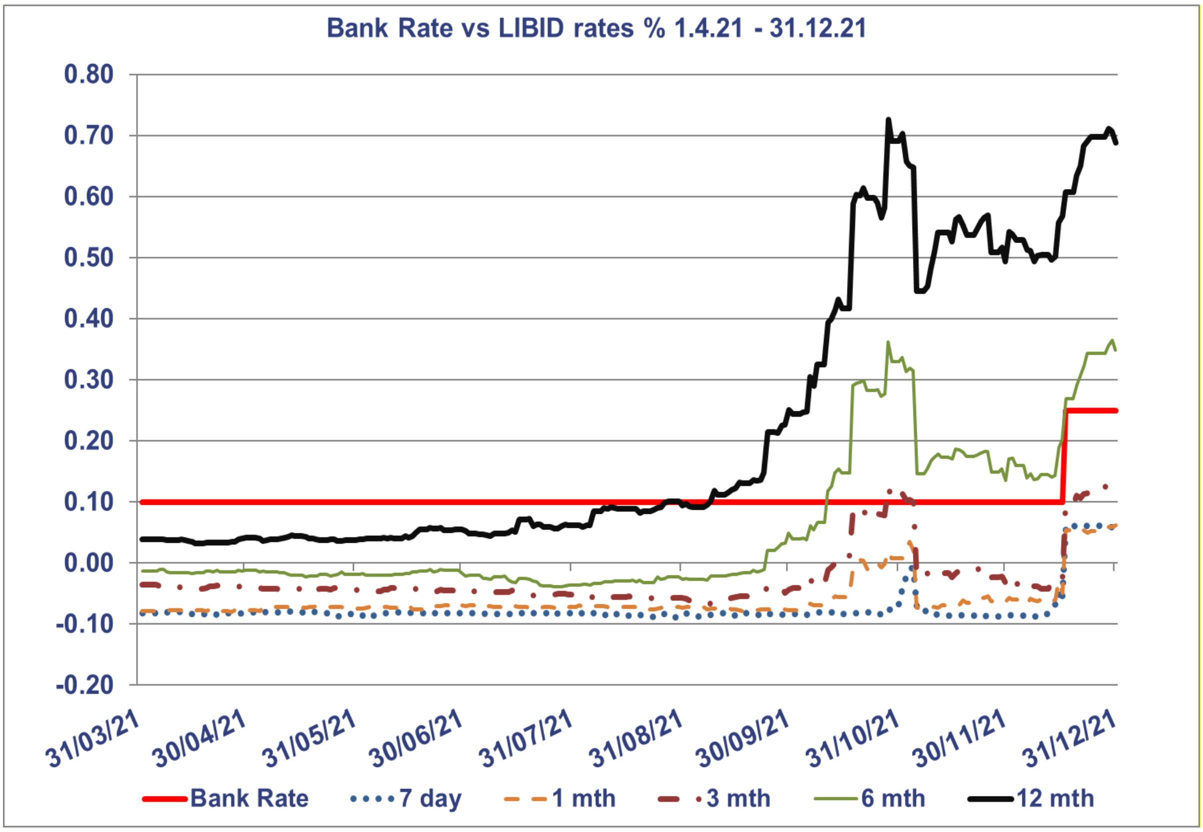
| | 31.3.21 Actual £'000 | 31.3.22 Actual £'000 |
|---|---|---|
| 24 months and within 5 years | 2,098 | 4,098 |
| 5 years and within 10 years | 2,600 | 600 |
| 10 years and within 20 years | 0 | 0 |
| 20 years and within 30 years | 10,000 | 10,000 |
| 30 years and within 40 years | 10,840 | 10,840 |
| 40 years and within 50 years | 5,875 | 5,875 |

The maturity structure of the investment portfolio was as follows:

| | 31.3.21 Actual £000 | 2021/22 Budget £000 | 31.3.22 Actual £000 |
|---|---|---|---|
| Investments | | | |
| Longer than 1 year | 2,000 | 2,000 | 2,000 |
| Up to 1 year | 20,890 | 13,521 | 24,500 |
| **Total** | **22,890** | **15,521** | **26,500** |

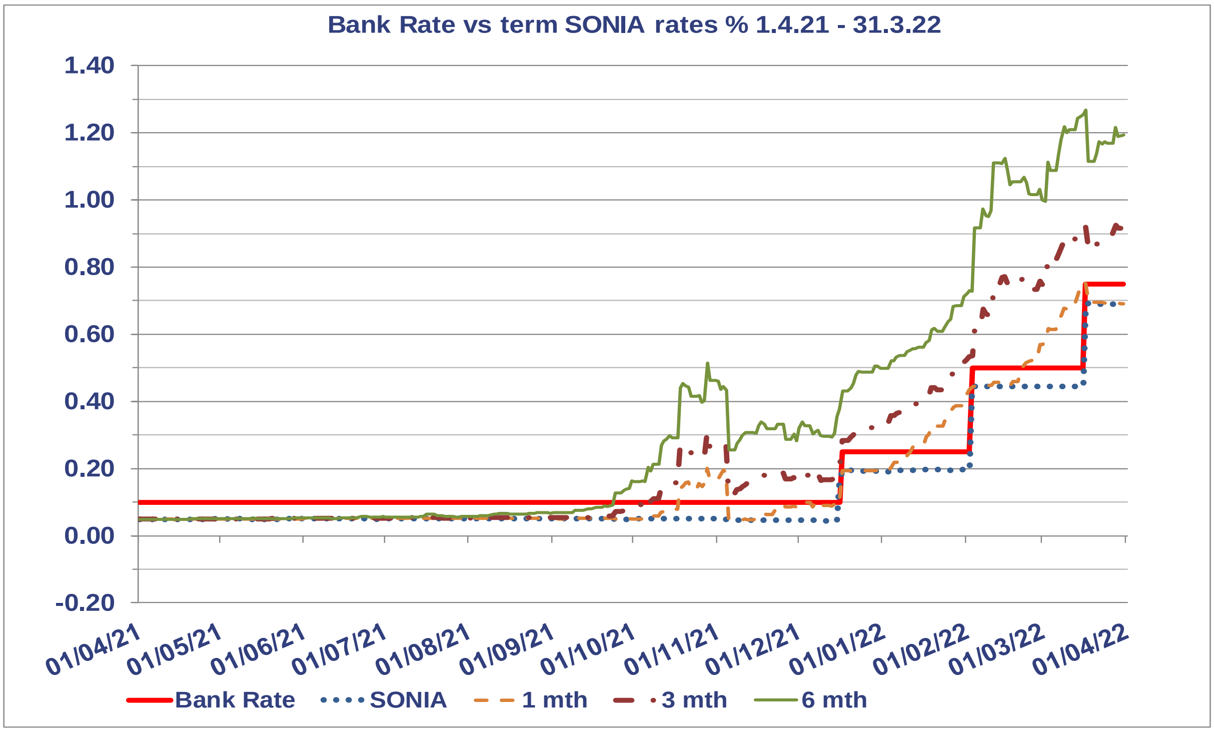
# 4. The Strategy for 2021/22

## 4.1 Investment strategy and control of interest rate risk

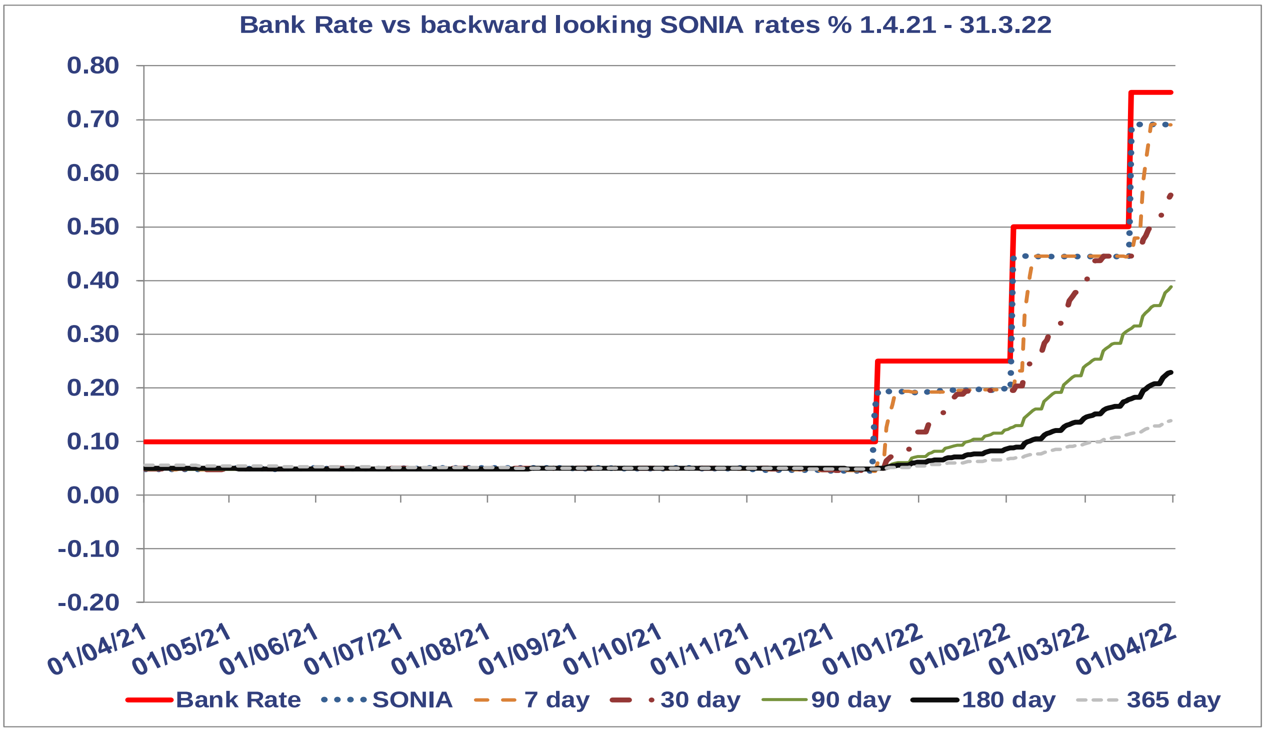



| | Bank Rate | 7 day | 1 mth | 3 mth | 6 mth | 12 mth |
|---|---|---|---|---|---|---|
| High | 0.25 | 0.06 | 0.06 | 0.14 | 0.36 | 0.73 |
| High Date | 17/12/2021 | 29/12/2021 | 31/12/2021 | 31/12/2021 | 30/12/2021 | 28/10/2021 |
| Low | 0.10 | -0.09 | -0.08 | -0.07 | -0.04 | 0.04 |
| Low Date | 01/07/2021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

**Investment Benchmarking Data – Sterling Overnight Index Average 2021/22**




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




| | Bank Rate | SONIA | 7 day | 30 day | 90 day | 180 day | 365 day |
|---|---|---|---|---|---|---|---|
| High | 0.75 | 0.69 | 0.69 | 0.56 | 0.39 | 0.23 | 0.14 |
| High Date | 17/03/2022 | 18/03/2022 | 25/03/2022 | 31/03/2022 | 31/03/2022 | 31/03/2022 | 31/03/2022 |
| Low | 0.10 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
| Low Date | 01/04/2021 | 15/12/2021 | 16/12/2021 | 16/12/2021 | 16/12/2021 | 07/06/2021 | 13/12/2021 |
| Average | 0.19 | 0.14 | 0.13 | 0.12 | 0.09 | 0.07 | 0.06 |
| Spread | 0.65 | 0.65 | 0.65 | 0.51 | 0.34 | 0.18 | 0.09 |

**The following commentary has been provided by the Council's Treasury Management advisors:**

Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.

### 4.2 Borrowing strategy and control of interest rate risk

During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

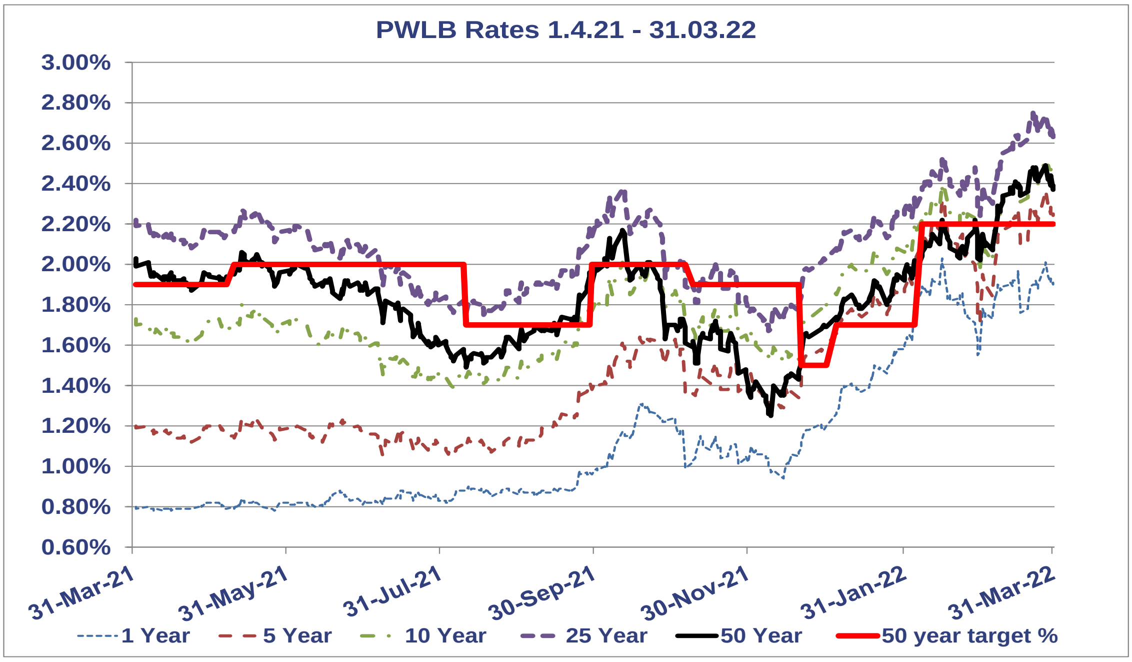
The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

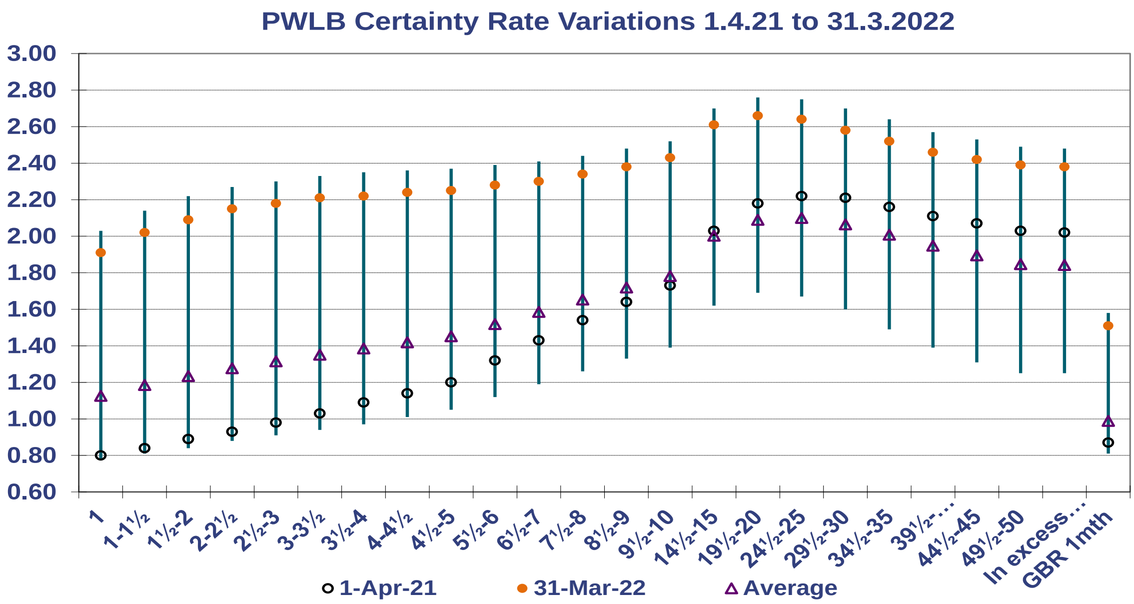
Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director for Corporate Services has monitored interest rates in financial markets and adopted a pragmatic strategy.

Forecasts at the time of approval of the treasury management strategy report for 2021/22 were as follows: -

| Link Group Interest Rate View | 9.11.20 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
| BANK RATE | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 3 month ave earnings | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 6 month ave earnings | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| 12 month ave earnings | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| 5 yr PWLB | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.90 | 1.90 | 1.90 | 1.90 | 1.90 | 2.00 | 2.00 | 2.00 | 2.00 |
| 10 yr PWLB | 2.10 | 2.10 | 2.10 | 2.10 | 2.20 | 2.20 | 2.20 | 2.30 | 2.30 | 2.30 | 2.30 | 2.30 | 2.30 | 2.30 |
| 25 yr PWLB | 2.50 | 2.50 | 2.60 | 2.60 | 2.60 | 2.60 | 2.70 | 2.70 | 2.70 | 2.70 | 2.80 | 2.80 | 2.80 | 2.80 |
| 50 yr PWLB | 2.30 | 2.30 | 2.40 | 2.40 | 2.40 | 2.40 | 2.50 | 2.50 | 2.50 | 2.50 | 2.60 | 2.60 | 2.60 | 2.60 |

**PWLB RATES 2021/22**



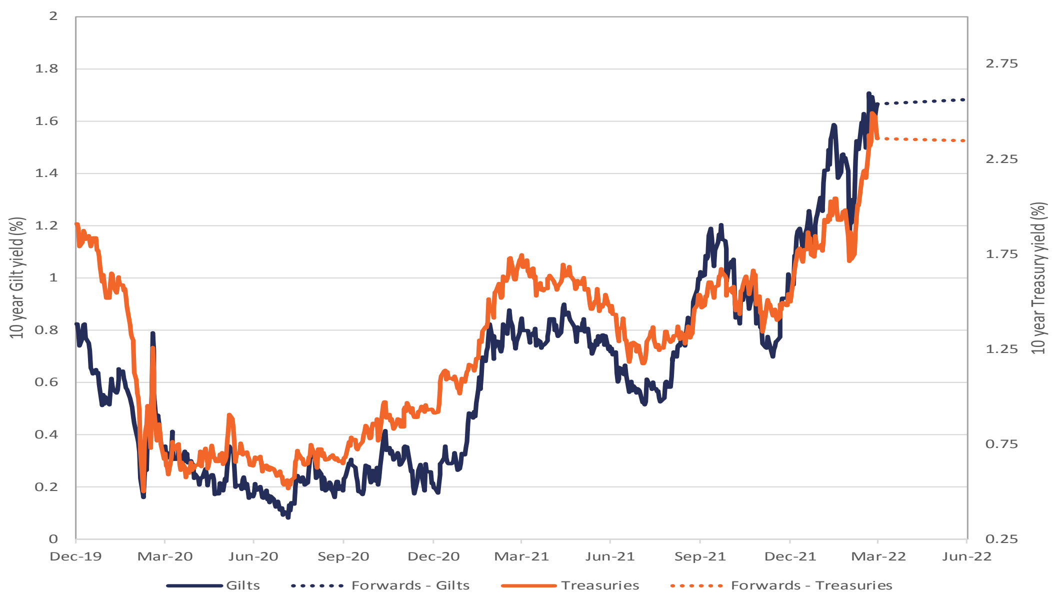




**HIGH/LOW/AVERAGE PWLB RATES FOR 2021/22**

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

PWLB rates are based on gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen, over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

**Graph of UK gilt yields v. US treasury yields**




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

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

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

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

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

There is likely to be a further rise in short dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise from 0.75% in March 2022 to 1.25% later this year, with upside risk likely if the economy proves resilient in the light of the cost-of-living squeeze. Medium to long dated yields are driven primarily by inflation concerns but the Bank of England is also embarking on a process of Quantitative Tightening when Bank Rate hits 1%, whereby the Bank's £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

# 5. Borrowing Outturn

There were no borrowing requirements during 2021/22.

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

# 6. Investment Outturn

**Investment Policy** – the Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 24/2/21. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

**Resources** – the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

| Balance Sheet Resources (£m) | 31.3.21 | 31.3.22 |
|---|---|---|
| Balances | **699** | **791** |
| Earmarked reserves | **17,070** | **14,899** |
| Provisions | **595** | **298** |
| Usable capital receipts | **5,150** | **4,751** |
| Total | **23,514** | **20,739** |

The above table excludes any funding being held on account for future payments for government schemes such as Covid business support and therefore year cash balances will be higher as a result but not on our balance sheet.

**Investments held by the Council**

- The Council maintained an average balance of £26.1m of internally managed funds.
- The internally managed funds earned an average rate of return of 0.82%.
- The comparable performance indicator is the average 7-day LIBID rate, which was 0.13%.
- This compares with a budget assumption of £15.5m investment balances earning an average rate of 1.15%.
- Total investment income was £212,816 compared to a budget of £178,000

# 7. Other Issues

**1. IFRS 9 fair value of investments**

Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG] (now renamed the Department of Levelling Up, Housing & Communities) on IFRS 9 the Government previously introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This was effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

In 2021-22 there was an increase in the valuation of the property fund of £330k resulting in an overall increase in the fund of £212k although at present this is just a notional gain. There remains a risk that future losses may offset this gain, so the Council has previously approved the establishment of a reserve in order to help offset any potential deficits that might arise in future in advance of the statutory override being removed. At the end of 2021-22 the balance in this reserve stood at £90k, which can be called on in the future if required.

**2. IFRS 16**

The implementation of IFRS16 bringing currently off balance sheet leased assets onto the balance sheet, has been delayed until 2024/25. However, as the Council has done a lot of the preparatory work already we have decided to prepare the 2021/22 accounts to include the requirements of IFRS16.

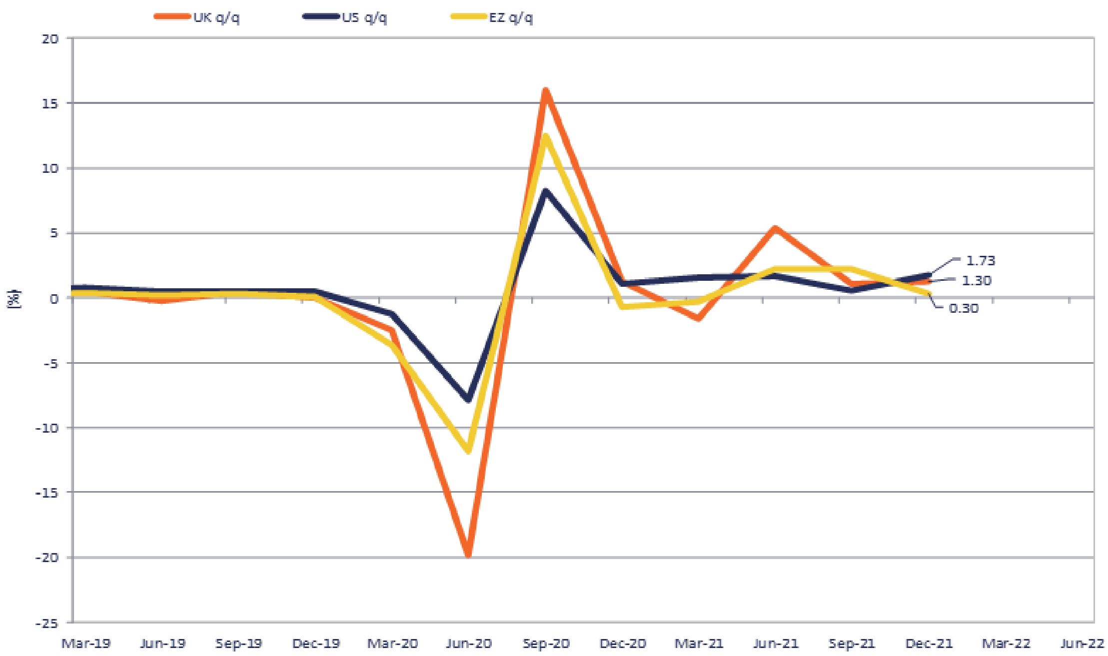
# Appendix 1: Graphs

*Please find below graphs which clients may wish to use.*

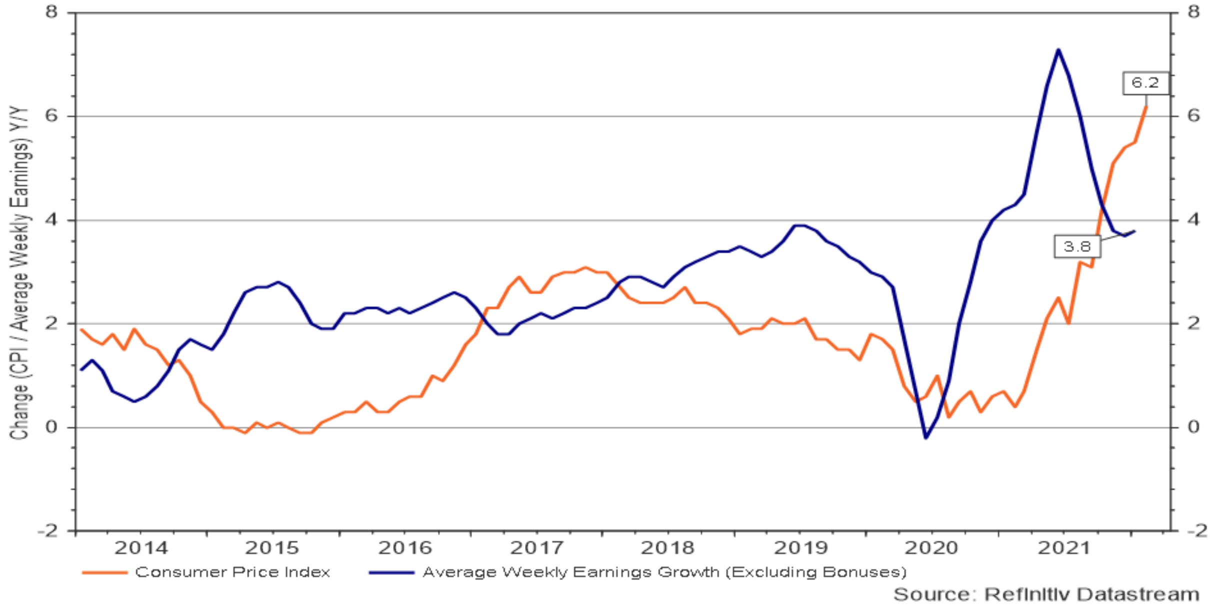
**Market Expectations for Future Increases in Bank Rate (6th April 2022)**


*MD0 = Change in Bank Rate expected at MPC meeting to be held May 2022, MD1 = Jun-22, MD2 = Aug-22, MD3 = Sep-22, MD4 = Nov-22, MD5 = Dec-22, MD6 = Feb-23

**UK, US and EZ Quarterly GDP**



**CPI v Average Weekly Earnings Growth**



# Appendix 2: Investment Portfolio

Investments held as at 31st March 2022 compared to our counterparty list:

## Melton Borough Council

Current Investment List

| Borrower | Principal (£) | Interest Rate | Start Date | Maturity Date | Lowest LT / Fund Rating | Historic Risk of Default | Expected Credit Loss (£) |
|---|---|---|---|---|---|---|---|
| MMF Deutsche | 2,000,000 | 0.36% | | MMF | AAAm | | |
| MMF Invesco | 1,500,000 | 0.34% | | MMF | AAAm | | |
| Goldman Sachs International Bank | 1,000,000 | 0.37% | 06/04/2021 | 05/04/2022 | A+ | 0.001% | 6 |
| Goldman Sachs International Bank | 1,500,000 | 0.37% | 09/04/2021 | 08/04/2022 | A+ | 0.001% | 15 |
| Qatar National Bank | 3,000,000 | 0.55% | 04/06/2021 | 03/06/2022 | A | 0.008% | 243 |
| Goldman Sachs International Bank | 1,000,000 | 0.29% | 04/06/2021 | 03/06/2022 | A+ | 0.008% | 81 |
| National Bank of Kuwait (International) PLC | 1,000,000 | 0.21% | 14/06/2021 | 13/06/2022 | A | 0.009% | 93 |
| National Bank of Kuwait (International) PLC | 1,000,000 | 0.20% | 29/06/2021 | 28/06/2022 | A | 0.011% | 112 |
| National Bank of Kuwait (International) PLC | 1,000,000 | 1.24% | 29/03/2022 | 29/06/2022 | A | 0.011% | 114 |
| Goldman Sachs International Bank | 2,000,000 | 0.36% | 03/08/2021 | 02/08/2022 | A+ | 0.016% | 313 |
| Standard Chartered Bank | 1,000,000 | 0.22% | 14/09/2021 | 13/09/2022 | A+ | 0.021% | 210 |
| Standard Chartered Bank | 1,500,000 | 0.69% | 27/10/2021 | 26/10/2022 | A+ | 0.026% | 396 |
| Qatar National Bank | 1,000,000 | 0.97% | 12/11/2021 | 11/11/2022 | A | 0.028% | 284 |
| National Bank of Kuwait (International) PLC | 1,000,000 | 0.53% | 30/11/2021 | 29/11/2022 | A | 0.031% | 307 |
| First Abu Dhabi Bank PJSC | 2,000,000 | 0.63% | 20/12/2021 | 20/12/2022 | AA- | 0.017% | 331 |
| Standard Chartered Bank | 2,000,000 | 1.01% | 26/01/2022 | 26/01/2023 | A+ | 0.038% | 761 |
| Qatar National Bank | 1,000,000 | 1.67% | 21/02/2022 | 20/02/2023 | A | 0.041% | 412 |
| **Borrower - Funds** | **Principal (£)** | **Interest Rate** | **Start Date** | **Maturity Date** | | | |
| CCLA Property Fund | 2,000,000 | 19.10% | | | | | |
| **Total Investments** | **£26,500,000** | **1.98%** | | | | **0.018%** | |
| **Total Investments - excluding Funds** | **£24,500,000** | **0.58%** | | | | **0.018%** | **£3,679** |
| **Total Investments - Funds Only** | **£2,000,000** | **19.10%** | | | | | |

Note: An historic risk of default and expected credit loss are only provided if a counterparty has a counterparty credit rating and are not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default and expected credit loss therefore measure the historic risk of default and expected credit loss attached only to those investments for which a counterparty has a counterparty credit rating and also do not include investments which are not rated.

The Historic Risk of Default column is based on the lowest long term rating. If clients are using this % for their Expected Credit Loss calculation under IFRS 9, please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil. Please note that we are currently using Historic Default Rates from 1990-2021 for Fitch, 1983-2021 for Moody's and 1981-2021 for S&P.

Where Link Group have provided a return for a property fund, that return covers the 12 months to December 2021, which are the latest returns currently available.