

LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES						ANNEX G	
Country		Lending Limit £m	Maturity Limit	# Watch/ Outlook Adjusted		FITCH IBCA Credit Rating Long Term	Rating Sovereign
	1 Other Local Authorities	30 each	24 Months				
	2 Debt Management Account Deposit Facility	50	6 Month				
	3 UK Banks :						
	# HSBC Group	30	365 Day				
UK	HSBC Bank Plc (RFB)	30	365 Day	365 Day	NO	AA-	AA-
	HSBC 31 Day Notice Account	30	365 Day				
	HSBC Evergreen Notice Account	30	365 Day				
	# RBS Group - Part Nationalised	50	365 Day				
UK	National Westminster Bank Plc (RFB)	50	365 Day	365 Day	NO	A+	AA-
UK	Royal Bank of Scotland Plc (RFB)	50	365 Day	365 Day	NO	A+	AA-
	# LloydsHBOS Group	25	365 Day				
	Lloyds TSB Bank Plc (RFB)	25	6 Months	6 Months	NO	A+	AA-
	Bank of Scotland PLC (RFB)	25	6 Months	6 Months	NO	A+	AA-
UK	Barclays Bank PLC (NRFB)	25	6 Months	6 Months	NO	A+	AA-
UK	Close Brothers Ltd	25	6 Months	6 Months	NO	A-	AA-
UK	Nationwide Building Society	25	6 Months	6 Months	NO	A	AA-
UK	Santander UK PLC	25	6 Months	6 Months	NO	A+	AA-
UK	Standard Chartered Bank	25	6 Months	6 Months	NO	A+	AA-
	4 Other Banks						
AUS	Australia & New Zealand Banking Group	30	365 Day	365 Day	NO	A+	AAA
AUS	Commonwealth Bank of Australia	30	365 Day	365 Day	NO	A+	AAA
AUS	National Australia Bank	30	365 Day	365 Day	NO	A+	AAA
AUS	Macquarie Bank Ltd.	25	6 Months	6 Months	NO	A	AAA
AUS	Westpac Banking Corporation	30	365 Day	365 Day	NO	A+	AAA
	# BNP Paribas Group	30	365 Day				
BEL	BNP Paribas Fortis	25	6 Months	6 Months	NO	A+	AA-
FRA	BNP Paribas	30	365 Day	365 Day	NO	A+	AA
CAN	Bank of Montreal	30	365 Day	365 Day	NO	AA-	AA+
CAN	Bank of Nova Scotia	30	365 Day	365 Day	NO	AA-	AA+
CAN	Canadian Imperial Bank Commerce	30	365 Day	365 Day	NO	AA-	AA+
CAN	National Bank of Canada	25	6 Months	6 Months	NO	A+	AA+
CAN	Royal Bank of Canada	30	365 Day	365 Day	NO	AA	AA+
CAN	Toronto Dominion Bank	30	365 Day	365 Day	NO	AA-	AA+
DEN	Danske A/S	25	6 Months	6 Months	NO	A	AAA
FRA	Credit Industriel et Commercial	25	6 Months	6 Months	NO	A+	AA
FRA	Societe Generale	25	6 Months	6 Months	SB	A-	AA
FIN	Nordea Bank Abp	30	365 Day	365 Day	NO	AA-	AA+
FIN	OP Corporate Bank	30	365 Day	365 Day	NO	AA-	AA+
GER	DZ Bank AG	30	365 Day	365 Day	NO	AA-	AAA
GER	Landesbank Hessen-Thüringen Girozentrale (Heleba)	30	365 Day	365 Day	NO	A+	AAA
NETH	Bank Nederlandse Gemeenten	30	24 Months	24 Months	SB	AAA	AAA
NETH	Cooperative Centrale Raiffeisen Boerenleenbank BA (Rabobank)	30	365 Day	365 Day	NO	A+	AAA
NETH	ING Bank NV	30	365 Day	365 Day	NO	AA-	AAA
SING	DBS Bank Ltd	30	365 Day	365 Day	NO	AA-	AAA
SING	Oversea Chinese Banking Corporation Ltd	30	365 Day	365 Day	NO	AA-	AAA
SING	United Overseas Bank	30	365 Day	365 Day	NO	AA-	AAA
SWITZ	UBS AG	30	365 Day	365 Day	NO	AA-	AAA
SWITZ	Credit Suisse AG	25	6 Months	6 Months	SB	A	AAA
SWE	Skandinaviska Enskilda Banken AB	30	365 Day	365 Day	NO	AA-	AAA
SWE	Swedbank AB	30	365 Day	365 Day	SB	A+	AAA
	# Svenska Group	30	365 Day				
SWE	Svenska Handelsbanken AB	30	365 Day	365 Day	NO	AA	AAA
UK	Handelsbanken Plc	30	365 Day	365 Day	NO	AA	AA-
	Svenska Handelsbanken - 35 Day Notice Account	30	365 Day	365 Day			
	Svenska Handelsbanken- 10 Day Notice Account	30	365 Day	365 Day			
	Svenska Handelsbanken- Call Account	30	365 Day	365 Day			
USA	Bank of New York Mellon	30	24 Months	24 Months	SB	AA	AAA
USA	Bank of America NA	30	365 Day	365 Day	SB	AA-	AAA
USA	JP Morgan Chase Bank NA	30	365 Day	365 Day	NO	AA	AAA
	5 AAA Money Market Funds						
	# MMF Group	200	24 Months				
	HSBC Global Liquidity Fund	30	24 Months			AAA	
	Morgan Stanley Sterling Liquidity Fund	30	24 Months			AAA	
	Deutsche Managed Sterling Fund	30	24 Months			AAA	
	Insight GBP Liquidity Fund	30	24 Months			AAA	
	Aberdeen Standard Liquidity Fund	30	24 Months			AAA	
	# Group Limit of applies where indicated.						
	** A maximum of 20% of total funds to be held in the Building Society Sector.						
	** No more than 20% of total funds to be held in any one institution or group, excluding Govt/MMFs.						
	Any adverse press comments concerning borrowers/potential borrowers should be referred to M Grady / S Maycock / K Tonge / N Kay.						
						Revised: 1st April 2021	

Definition of Credit Ratings and Credit Default Swap Spreads

Credit Ratings:

Long Term Rating (Fitch)

The Long Term rating assesses the borrowing characteristics of banks and the capacity for the timely repayment of debt obligations which apply to instruments of up to 5 years duration.

Long Term Ratings range from AAA, AA, A to DDD, DD, D. Only Institutions with Ratings of A+ and above are acceptable on the Council's Lending List as follows:

AAA - Highest Credit Quality - lowest expectation of credit risk. Exceptionally strong capacity for timely payment of financial commitments. Highly unlikely to be adversely affected by foreseeable events.

AA - Very High Credit Quality - Very low expectation of credit risk. Very strong capacity for timely payment of financial commitments. Not significantly vulnerable to foreseeable events.

A - High Credit Quality - Low expectation of credit risk. Strong capacity for timely payment of financial commitments. More vulnerable to adverse foreseeable events than the case for higher ratings.

“+” Or “-” may be appended to a rating to denote relative status within major rating categories.

Sovereign Ratings (Fitch)

The Sovereign (Governments of Countries) Rating measures a sovereign's capacity and willingness to honour its existing and future obligations in full or on time. It looks at factors such as:

- Macroeconomic performance and prospects;
- Structural features of the economy that render it more or less vulnerable to shocks as well as political risk and governance factors;
- Public finances, including the structure and sustainability of public debt as well as fiscal financing;
- The soundness of the financial sector and banking system, in particular with respect to macroeconomic stability and contingent liability for the sovereign; and
- External finances, with a particular focus on the sustainability of international trade balances, current account funding and capital flows, as well as the level and structure of external debt (public and private).

Sovereign Ratings range from AAA, AA, A to DDD, DD, D. Only countries with a Sovereign Rating AA- are acceptable on the Council's Lending List.

Credit Rating Watches and Outlooks issued by Credit Rating Agencies

Rating Watches -indicate that there is a heightened probability of a rating change in the short term either in a positive or negative direction. A Rating Watch is typically event-driven and, as such, it is generally resolved over a relatively short period.

Rating Outlooks -indicate the direction a rating is likely to move over a one- to two-year period reflecting a position not yet reached but if trends continue will do so hence triggering a rating move.

Money Market Fund Rating (Moody's)

Aaa/MR1+ - this rating denotes the lowest expectation of default risk. It is assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. Funds rated MR1+ are considered to have the lowest market risk.

Credit Default Swap (CDS) Spreads

A CDS is effectively a contract between two counterparties to 'insure' against default. The higher the CDS price of a counterparty, the higher the supposed risk of default. The CDS level therefore provides a perceived current market sentiment regarding the credit quality of a counterparty and generally the movement in the CDS market gives an early warning of the likely changes in credit ratings of a counterparty.

Link has employed a benchmark system which compares the CDS spread of a counterparty against a pre-determined benchmark rate (iTraxx Senior Financial Index) to produce a CDS status overlay of 'In Range', 'Monitoring' or 'Out of Range' and this status is used to further determine the creditworthiness of the counterparty.

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