

LINCOLNSHIRE COUNTY COUNCIL LENDING OF TEMPORARY SURPLUSES							Annex G	
Country		Lending Limit £m	Maturity Limit	# Watch/ Outlook Adjusted		FITCH IBCA Credit Rating Long Term	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-	
		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	SB	A+	
UK		Royal Bank of Scotland Plc (RFB)	50	365 Day	365 Day	SB	A+	
		# LloydsHBOS Group	25	365 Day				
		Lloyds TSB Bank Plc (RFB)	25	6 Months	6 Months	SB	A+	
		Bank of Scotland PLC (RFB)	25	6 Months	6 Months	SB	A+	
		Barclays Bank PLC (NRFB)	25	6 Months	6 Months	SB	A+	
UK		Close Brothers Ltd	25	6 Months	6 Months	SB	A-	
UK		Nationwide Building Society	25	6 Months	6 Months	SB	A	
UK		Santander UK PLC	25	6 Months	6 Months	SB	A+	
UK		Standard Chartered Bank	25	6 Months	6 Months	NO	A+	
	4	Other Banks						
AUS		Australia & New Zealand Banking Group	30	365 Day	365 Day	SB	A+	
AUS		Commonwealth Bank of Australia	30	365 Day	365 Day	SB	A+	
AUS		National Australia Bank	30	365 Day	365 Day	SB	A+	
AUS		Macquarie Bank Ltd.	25	6 Months	6 Months	SB	A	
AUS		Westpac Banking Corporation	30	365 Day	365 Day	SB	A+	
		# BNP Paribas Group	30	365 Day				
BEL		BNP Paribas Fortis	25	6 Months	6 Months	NO	A+	
FRA		BNP Paribas	30	365 Day	365 Day	SB	A+	
CAN		Bank of Montreal	30	365 Day	365 Day	NO	AA-	
CAN		Bank of Nova Scotia	30	365 Day	365 Day	NO	AA-	
CAN		Canadian Imperial Bank Commerce	30	365 Day	365 Day	SB	AA-	
CAN		National Bank of Canada	25	6 Months	6 Months	SB	A+	
CAN		Royal Bank of Canada	30	365 Day	365 Day	SB	AA	
CAN		Toronto Dominion Bank	30	365 Day	365 Day	SB	AA-	
DEN		Danske A/S	25	6 Months	6 Months	SB	A	
FRA		Credit Industriel et Commercial	30	365 Day	365 Day	SB	A+	
FRA		Societe Generale	25	6 Months	6 Months	SB	A-	
FIN		Nordea Bank Abp	30	365 Day	365 Day	SB	AA-	
FIN		OP Corporate Bank	30	365 Day	365 Day	SB	AA-	
GER		DZ Bank AG	30	365 Day	365 Day	SB	AA-	
GER		Landesbank Hessen-Thueringen Girozentrale (Heleba)	25	6 Months	6 Months	SB	A+	
NETH		Bank Nederlande Gemeenten	30	24 Months	24 Months	SB	AAA	
NETH		Cooperative Centrale Raiffeisen Boerenleenbank BA (Rabobank)	30	365 Day	365 Day	SB	A+	
NETH		ING Bank NV	30	365 Day	365 Day	SB	AA-	
SING		DBS Bank Ltd	30	365 Day	365 Day	SB	AA-	
SING		Oversea Chinese Banking Corporation Ltd	30	365 Day	365 Day	SB	AA-	
SING		United Overseas Bank	30	365 Day	365 Day	SB	AA-	
SWITZ		UBS AG	30	365 Day	365 Day	SB	AA-	
SWITZ		Credit Suisse AG	25	6 Months	6 Months	NO	A	
SWE		Skandinaviska Enskilda Banken AB	30	365 Day	365 Day	SB	AA-	
SWE		Swedbank AB	30	365 Day	365 Day	PO	A+	
		# Svenska Group	30	365 Day				
SWE		Svenska Handelsbanken AB	30	365 Day	365 Day	SB	AA	
UK		Handelsbanken Plc	30	365 Day	365 Day	SB	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	
USA		Bank of America NA	30	365 Day	365 Day	SB	AA	
USA		JP Morgan Chase Bank NA	30	365 Day	365 Day	SB	AA	
	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 / B Abioye						
						Revised: 1st April 2022		

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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