# Appendix D - Annual Treasury Outturn Report 2015/16

## 1. Introduction

The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).

The Authority's Treasury Management Strategy for 2015/16 was approved by full Council on 19th February 2015 and can be accessed on the council's website.

The Authority has had limited borrowings but invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

## 2. External Context

**Growth, Inflation, Employment:** The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil from $67 a barrel in May 2015 to just under $28 a barrel in January 2016, the appreciation of sterling since 2013 pushing down import prices and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year/year in February, but this was still well below the Bank of England's 2% inflation target. The labour market continued to improve through 2015 and in Q1 2016, the latest figures (Jan 2016) showing the employment rate at 74.1% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.2% excluding bonuses, but after a long period of negative real wage growth (i.e. after inflation) real earnings were positive and growing at their fastest rate in eight years, boosting consumers' spending power.

**Global influences**: The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. The effect of the Chinese authorities' intervention in their currency and equity markets was temporary and led to high market volatility as a consequence. There were falls in prices of equities and risky assets and a widening in corporate credit spreads. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU. Between February and March 2016 sterling had depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.

**UK Monetary Policy:** The Bank of England's MPC (Monetary Policy Committee) made no change to policy, maintaining the Bank Rate at 0.5% (in March it entered its eighth year at 0.5%) and asset purchases (Quantitative Easing) at £375bn. In its *Inflation Reports* and monthly monetary policy meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.

Improvement in household spending, business fixed investment, a strong housing sector and solid employment gains in the US allowed the Federal Reserve to raise rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%. Despite signalling four further rate hikes in 2016, the Fed chose not to increase rates further in Q1 and markets pared back expectations to no more than two further hikes this year.

However central bankers in the Eurozone, Switzerland, Sweden and Japan were forced to take policy rates into negative territory. The European Central Bank also announced a range of measures to inject sustained economic recovery and boost domestic inflation which included an increase in asset purchases (Quantitative Easing).

**Market reaction**: From June 2015 gilt yields were driven lower by the a weakening in Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall in the price of oil and commodities and acceptance of diminishing effectiveness of central bankers' unconventional policy actions. Added to this was the heightened uncertainty surrounding the outcome of the UK referendum on its continued membership of the EU as well as the US presidential elections which culminated in a significant volatility and in equities and corporate bond yields.

10-year gilt yields moved from 1.58% on 31/03/2015 to a high of 2.19% in June before falling back and ending the financial year at 1.42%. The pattern for 20-year gilts was similar, the yield rose from 2.15% in March 2015 to a high of 2.71% in June before falling back to 2.14% in March 2016. The FTSE All Share Index fell 7.3% from 3664 to 3395 and the MSCI World Index fell 5.3% from 1741 to 1648 over the 12 months to 31 March 2016.

**Local Context**

At 31/03/2016 the Authority's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £0m, while usable reserves and working capital which are the underlying resources available for investment were £13.055m.

At 31/03/2016, the Authority had £0m of borrowing and £7.98m of investments. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to holding a minimum investment balance in line with cash flow requirements.

The Authority has an increasing CFR over the next 3 years due to the capital programme, and will therefore be required to borrow up to £6.68m over the forecast period. The Council will borrow the necessary funds from both Internal (£4.48m) and external (£1.8m) sources.

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## Borrowing Strategy 2015/16

At 31/03/2016 the Authority held £0m of loans, as was the case on 31/03/2015.

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

Temporary and short-dated loans borrowed from the markets, predominantly from other local authorities, also remained affordable and attractive. A £2m loan was borrowed at a rate of 0.4% for a period of 4 months. This was borrowed to meet with the Council's cash flow requirement, and was the only borrowing during 2015/16.

## Investment Activity 2015/16

The Authority has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2015/16 the Authority's investment balances have ranged between £7.98 and £15.52 million.

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

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| Investments | Balance on 01/04/2015 £m | Investments Made £m | Maturities/ Investments Sold £m | Balance on 31/03/2016 £m | Avg Rate/Yield (%) |
|---|---|---|---|---|---|
| Short term Investments (call accounts, deposits) - Banks and Building Societies with ratings of [A-] or higher - Local Authorities | 11.5 | 41.438 | 48.696 | 4.242 | 1.01 |
| Long term Investments - Banks and Building Societies with ratings of [A+] or higher - Local Authorities | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| UK Government: - DMADF - Treasury Bills - Gilts | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| Money Market Funds | 1.365 | 51.702 | 52.822 | 0.245 | 0.46 |
| Other Pooled Funds | 1.5 | 2.0 | 0.0 | 3.5 | 0.75 |
| Investments with Registered Providers of Social Housing | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| - Bonds issued by Multilateral Development Banks - Corporate Bonds (secured) - Corporate Bonds (unsecured) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Building societies without credit ratings | 1.0 | 2.5 | 3.5 | 0.0 | 0.53 |
| Other organisations (e.g. loans to small businesses) | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| **TOTAL INVESTMENTS** | 15.365 | 81.115 | 88.493 | 7.987 | 0.82 |
| Increase/ (Decrease) in Investments £m | | | | (7.378) | |

## Investment Activity in 2015/16

Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2015/16.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating is A- across rating agencies Fitch, S&P and Moody's); for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

The authority will also consider the use of secured investments products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.

### Credit Risk

Counterparty credit quality as measured by credit ratings is summarised below:

| Date | Value Weighted Average - Credit Risk Score | Value Weighted Average - Credit Rating | Time Weighted Average - Credit Risk Score | Time Weighted Average - Credit Rating |
|---|---|---|---|---|
| 31/03/2015 | 4.55 | No Data | 4.11 | No Data |
| 30/06/2015 | 4.32 | No Data | 3.64 | No Data |
| 30/09/2015 | 4.23 | AA- | 3.75 | AA- |
| 31/12/2015 | 4.17 | AA- | 3.69 | AA- |
| 31/03/2016 | 4.22 | AA- | 3.8 | AA- |

*Scoring:*
*-Value weighted average reflects the credit quality of investments according to the size of the deposit*
*-Time weighted average reflects the credit quality of investments according to the maturity of the deposit*
*-AAA = highest credit quality = 1*
*- D = lowest credit quality = 26*
*-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security*

### Counterparty Update

The transposition of two European Union directives into UK legislation placed the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors which include local authorities and pension funds. During the year, all three credit ratings agencies reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for loss given default as a result of new bail-in regimes in many countries. Despite reductions in government support many institutions saw upgrades due to an improvement in their underlying strength and an assessment that that the level of loss given default is low.

The first quarter of 2016 was characterised by financial market volatility and a weakening outlook for global economic growth. In March 2016, following the publication of many banks' 2015 full-year results, Arlingclose advised the suspension of Deutsche Bank and Standard Chartered Bank from the counterparty list for unsecured investments. Both banks recorded large losses and despite improving capital adequacy this will call 2016 performance into question, especially if market volatility continues. Standard Chartered had seen various rating actions taken against it by the rating agencies and a rising CDS level throughout the year. Arlingclose will continue to monitor both banks.

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The end of bank bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits continues to be elevated relative to other investment options. The Authority therefore increasingly favoured secured investment options or diversified alternatives such as pooled funds over unsecured bank and building society deposits.

### Budgeted Income and Outturn

The UK Bank Rate has been maintained at 0.5% since March 2009. Short-term money market rates have remained at relatively low levels (see Table 1 in Appendix 2). New deposits were made at an average rate of 0.61%. Investments in Money Market Funds generated an average rate of 0.46%.

The Authority's budgeted investment income for the year was £188,000. The Authority's investment outturn for the year was £116,500.

**Externally Managed Funds:**
The Authority also has investments in cash plus funds which allow the Authority to diversify into asset classes other than cash with the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short-term. All of the Authority's pooled fund investments are in the respective fund's distributing share class which pay out the income generated.

Although money can be redeemed from the pooled funds at short notice, the Authority's intention is to hold them for the medium-term. Their performance and suitability in meeting the Authority's investment objectives are monitored regularly and discussed with Arlingclose.

### Compliance with Prudential Indicators

The Authority confirms compliance with its Prudential Indicators for 2015/16, which were set in February as part of the Authority's Treasury Management Strategy.

### Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Interest Rate Exposures**: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

| | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|
| Upper limit on fixed interest rate exposure | £5m | £5m | £5m |
| Actual | £0m | | |
| Upper limit on variable interest rate exposure | £0m | £0m | £0m |
| Actual | £0m | | |

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

**Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

| | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|
| Limit on principal invested beyond year end | £4m | £2m | £2m |
| Actual | £0m | | |

## Investment Training

The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff attended training courses, seminars and conferences provided by Arlingclose and CIPFA.

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**Appendix 1**

## Prudential Indicators 2015/16

The Local Government Act 2003 requires the Authority to have regard to CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

**Estimates of Capital Expenditure:** The Authority's planned capital expenditure and financing may be summarised as follows.

| Capital Expenditure and Financing | 2015/16 Actual £m | 2016/17 Estimate £m | 2017/18 Estimate £m |
|---|---|---|---|
| General Fund | 7.864 | 7.124 | 5.697 |
| **Total Expenditure** | **7.864** | **7.124** | **5.697** |
| Capital Receipts | 6.960 | 4.941 | 0.0 |
| Government Grants | 0.788 | 0.497 | 0.697 |
| Reserves | 0.0 | 0.0 | 0.0 |
| Revenue | 0.116 | 0.0 | 0.0 |
| Borrowing | 0.0 | 1.686 | 5.0 |
| Leasing and PFI | 0.0 | 0.0 | 0.0 |
| **Total Financing** | **7.864** | **7.124** | **5.697** |

**Estimates of Capital Financing Requirement:** The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

| Capital Financing Requirement | 31.03.16 Actual £m | 31.03.17 Estimate £m | 31.03.18 Estimate £m |
|---|---|---|---|
| General Fund | **0.0** | 1.686 | 5.0 |
| **Total CFR** | **0.0** | **1.686** | **5.0** |

The CFR is forecast to rise by £6.686m over the next three years as capital expenditure financed by debt is outweighed by resources put aside for debt repayment.

**Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

| Debt | 31.03.16 Actual £m | 31.03.17 Estimate £m | 31.03.18 Estimate £m |
|---|---|---|---|
| Borrowing | 0.0 | 1.686 | 5.0 |
| Finance leases | 0.0 | 0.0 | 0.0 |
| PFI liabilities | 0.0 | 0.0 | 0.0 |
| **Total Debt** | **0.0** | **1.686** | **5.0** |

Total debt is expected to remain below the CFR during the forecast period.

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

**Operational Boundary for External Debt:** The operational boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt.

| Operational Boundary | 2015/16 £m | 2016/17 £m | 2017/18 £m |
|---|---|---|---|
| Borrowing | 2.0 | 5.0 | 5.0 |
| Other long-term liabilities | 0.0 | 0.0 | 0.0 |
| **Total Debt** | **2.0** | **5.0** | **5.0** |

**Authorised Limit for External Debt:** The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

| Authorised Limit | 2015/16 £m | 2016/17 £m | 2017/18 £m |
|---|---|---|---|
| Borrowing | 5.0 | 7.5 | 10.0 |
| Other long-term liabilities | 0.0 | 0.0 | 0.0 |
| **Total Debt** | **5.0** | **7.5** | **10.0** |

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

| Ratio of Financing Costs to Net Revenue Stream | 2015/16 Actual % | 2016/17 Estimate % | 2017/18 Estimate % |
|---|---|---|---|
| General Fund | -1.28 | -1.14 | 0.10 |

For the next two periods there is a negative ratio as investment income is higher than borrowing costs and impact of the MRP. It is not until 2017/18 that MRP impact is high enough that borrowing becomes a proportion of the revenue budget.

**Incremental Impact of Capital Investment Decisions:** This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

| Incremental Impact of Capital Investment Decisions | 2016/17 Estimate £ | 2017/18 Estimate £ | 2018/19 Estimate £ |
|---|---|---|---|
| General Fund - increase in annual band D Council Tax | 0.95 | 2.23 | 5.07 |

**Adoption of the CIPFA Treasury Management Code: The Authority adopted** the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in February 2012.

**Appendix 2**

## Money Market Data and PWLB Rates

*The average, low and high rates correspond to the rates during the financial year rather than those in the tables below.*

*Please note that the PWLB rates below are Standard Rates. Authorities eligible for the Certainty Rate can borrow at a 0.20% reduction.*

### Table 1: Bank Rate, Money Market Rates

| Date | Bank Rate | O/N LIBID | 7-day LIBID | 1-month LIBID | 3-month LIBID | 6-month LIBID | 12-month LIBID | 2-yr SWAP Bid | 3-yr SWAP Bid | 5-yr SWAP Bid |
|---|---|---|---|---|---|---|---|---|---|---|
| 01/04/2015 | 0.50 | 0.35 | 0.46 | 0.43 | 0.51 | 0.76 | 0.97 | 0.87 | 1.05 | 1.32 |
| 30/04/2015 | 0.50 | 0.35 | 0.48 | 0.43 | 0.52 | 0.74 | 0.98 | 1.00 | 1.21 | 1.51 |
| 31/05/2015 | 0.50 | 0.43 | 0.50 | 0.43 | 0.52 | 0.75 | 0.98 | 0.97 | 1.18 | 1.49 |
| 30/06/2015 | 0.50 | 0.35 | 0.45 | 0.43 | 0.52 | 0.79 | 0.99 | 1.09 | 1.35 | 1.68 |
| 31/07/2015 | 0.50 | 0.32 | 0.43 | 0.43 | 0.53 | 0.79 | 1.01 | 1.10 | 1.33 | 1.66 |
| 31/08/2015 | 0.50 | 0.42 | 0.40 | 0.43 | 0.54 | 0.82 | 1.02 | 1.03 | 1.24 | 1.61 |
| 30/09/2015 | 0.50 | 0.37 | 0.41 | 0.43 | 0.54 | 0.74 | 1.00 | 0.93 | 1.11 | 1.41 |
| 31/10/2015 | 0.50 | 0.36 | 0.41 | 0.43 | 0.54 | 0.77 | 1.00 | 0.97 | 1.16 | 1.49 |
| 30/11/2015 | 0.50 | 0.30 | 0.42 | 0.43 | 0.54 | 0.88 | 1.00 | 0.93 | 1.10 | 1.39 |
| 31/12/2015 | 0.50 | 0.43 | 0.35 | 0.43 | 0.54 | 0.76 | 1.01 | 1.09 | 1.30 | 1.58 |
| 31/01/2016 | 0.50 | 0.43 | 0.42 | 0.43 | 0.54 | 0.71 | 0.99 | 0.77 | 0.89 | 1.14 |
| 29/02/2016 | 0.50 | 0.25 | 0.43 | 0.43 | 0.54 | 0.73 | 0.99 | 0.71 | 0.74 | 0.85 |
| 31/03/2016 | 0.50 | 0.30 | 0.44 | 0.52 | 0.62 | 0.71 | 0.93 | 0.79 | 0.84 | 1.00 |
| | | | | | | | | | | |
| **Average** | **0.50** | **0.38** | **0.45** | **0.43** | **0.54** | **0.76** | **0.99** | **0.96** | **1.14** | **1.43** |
| **Maximum** | **0.50** | **0.48** | **0.58** | **0.57** | **0.66** | **0.92** | **1.02** | **1.17** | **1.44** | **1.81** |
| **Minimum** | **0.50** | **0.17** | **0.35** | **0.43** | **0.51** | **0.55** | **0.84** | **0.68** | **0.73** | **0.85** |
| **Spread** | -- | **0.31** | **0.23** | **0.14** | **0.15** | **0.37** | **0.18** | **0.49** | **0.71** | **0.96** |

### Table 2: PWLB Borrowing Rates – Fixed Rate, Maturity Loans

| Change Date | Notice No | 1 year | 4½-5 yrs | 9½-10 yrs | 19½-20 yrs | 29½-30 yrs | 39½-40 yrs | 49½-50 yrs |
|---|---|---|---|---|---|---|---|---|
| 01/04/2015 | 127/15 | 1.33 | 2.10 | 2.69 | 3.24 | 3.37 | 3.32 | 3.31 |
| 30/04/2015 | 166/15 | 1.41 | 2.27 | 2.90 | 3.44 | 3.55 | 3.50 | 3.48 |
| 31/05/2015 | 204/15 | 1.44 | 2.26 | 2.90 | 3.44 | 3.54 | 3.48 | 3.45 |
| 30/06/2015 | 248/15 | 1.48 | 2.44 | 3.13 | 3.65 | 3.72 | 3.64 | 3.60 |
| 31/07/2015 | 294/15 | 1.54 | 2.45 | 3.07 | 3.56 | 3.62 | 3.54 | 3.49 |
| 31/08/2015 | 334/15 | 1.47 | 2.30 | 2.92 | 3.47 | 3.54 | 3.44 | 3.40 |
| 30/09/2015 | 379/15 | 1.44 | 2.19 | 2.79 | 3.42 | 3.50 | 3.42 | 3.39 |
| 31/10/2015 | 423/15 | 1.44 | 2.38 | 2.93 | 3.56 | 3.65 | 3.56 | 3.53 |
| 30/11/2015 | 465/15 | 1.42 | 2.23 | 2.85 | 3.48 | 3.54 | 3.42 | 3.39 |
| 31/12/2015 | 505/15 | 1.41 | 2.38 | 3.01 | 3.61 | 3.68 | 3.56 | 3.53 |
| 31/01/2016 | 040/16 | 1.24 | 1.96 | 2.62 | 3.28 | 3.37 | 3.23 | 3.20 |
| 29/02/2016 | 082/16 | 1.27 | 1.73 | 2.43 | 3.23 | 3.36 | 3.24 | 3.19 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 31/03/2016 | 124/16 | 1.33 | 1.81 | 2.48 | 3.21 | 3.30 | 3.16 | 3.12 |
| | | | | | | | | |
| | Low | 1.21 | 1.67 | 2.30 | 3.06 | 3.17 | 3.05 | 3.01 |
| | Average | 1.41 | 2.20 | 2.85 | 3.46 | 3.54 | 3.45 | 3.42 |
| | High | 1.55 | 2.55 | 3.26 | 3.79 | 3.87 | 3.80 | 3.78 |

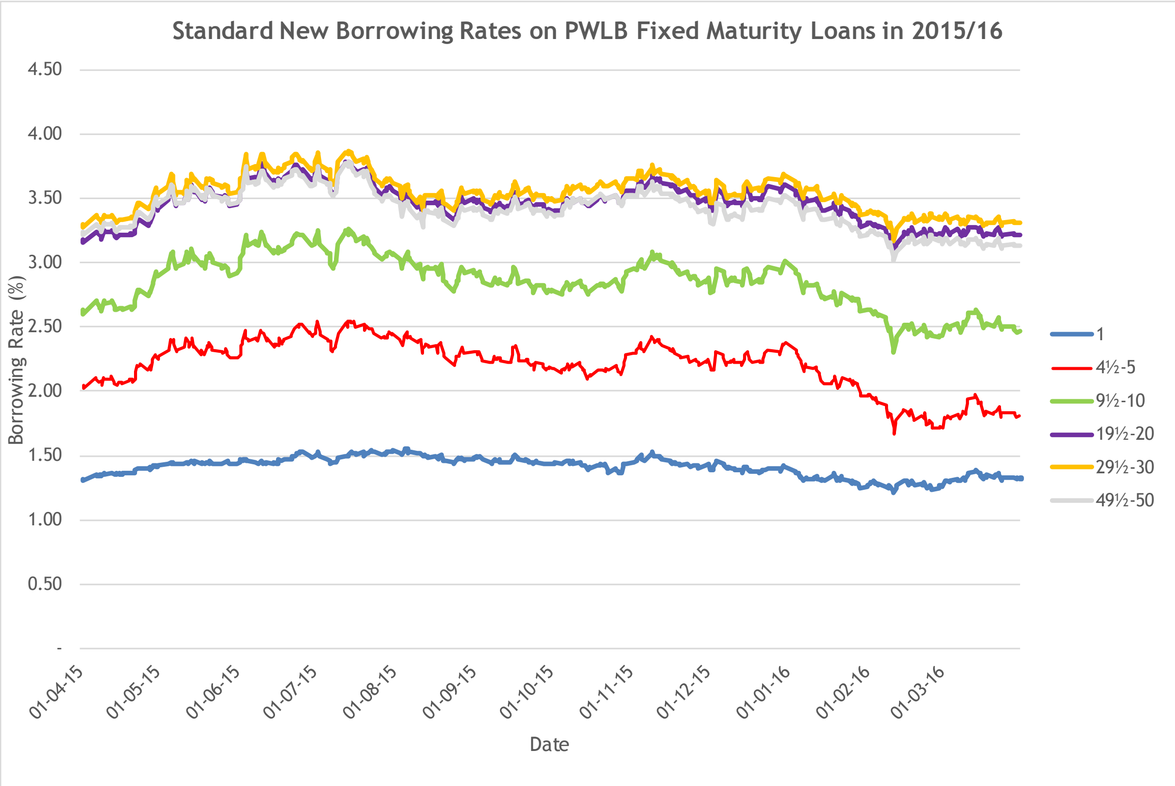


**Table 3: PWLB Borrowing Rates - Fixed Rate, Equal Instalment of Principal (EIP) Loans**

| Change Date | Notice No | 4½-5 yrs | 9½-10 yrs | 19½-20 yrs | 29½-30 yrs | 39½-40 yrs | 49½-50 yrs |
|---|---|---|---|---|---|---|---|
| 01/04/2015 | 127/15 | 1.66 | 2.14 | 2.71 | 3.03 | 3.24 | 3.35 |
| 30/04/2015 | 166/15 | 1.79 | 2.31 | 2.92 | 3.24 | 3.45 | 3.54 |
| 31/05/2015 | 204/15 | 1.78 | 2.30 | 2.93 | 3.26 | 3.45 | 3.53 |
| 30/06/2015 | 248/15 | 1.90 | 2.49 | 3.15 | 3.47 | 3.65 | 3.72 |
| 31/07/2015 | 294/15 | 1.96 | 2.50 | 3.09 | 3.39 | 3.57 | 3.63 |
| 31/08/2015 | 334/15 | 1.83 | 2.34 | 2.94 | 3.27 | 3.48 | 3.55 |
| 30/09/2015 | 379/15 | 1.76 | 2.23 | 2.82 | 3.19 | 3.43 | 3.51 |
| 31/10/2015 | 423/15 | 1.81 | 2.32 | 2.96 | 3.33 | 3.57 | 3.66 |
| 30/11/2015 | 465/15 | 1.79 | 2.27 | 2.87 | 3.25 | 3.49 | 3.56 |
| 31/12/2015 | 505/15 | 1.89 | 2.42 | 3.03 | 3.39 | 3.62 | 3.70 |
| 31/01/2016 | 040/15 | 1.54 | 2.00 | 2.65 | 3.04 | 3.29 | 3.38 |
| 29/02/2016 | 082/16 | 1.42 | 1.77 | 2.46 | 2.95 | 3.24 | 3.36 |
| 31/03/2016 | 124/16 | 1.50 | 1.85 | 2.51 | 2.96 | 3.22 | 3.31 |
| | | | | | | | |
| | Low | 1.36 | 1.70 | 2.33 | 2.78 | 3.07 | 3.18 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Average | 1.76 | 2.25 | 2.88 | 3.24 | 3.47 | 3.55 |
| | High | 1.99 | 2.60 | 3.28 | 3.61 | 3.79 | 3.87 |

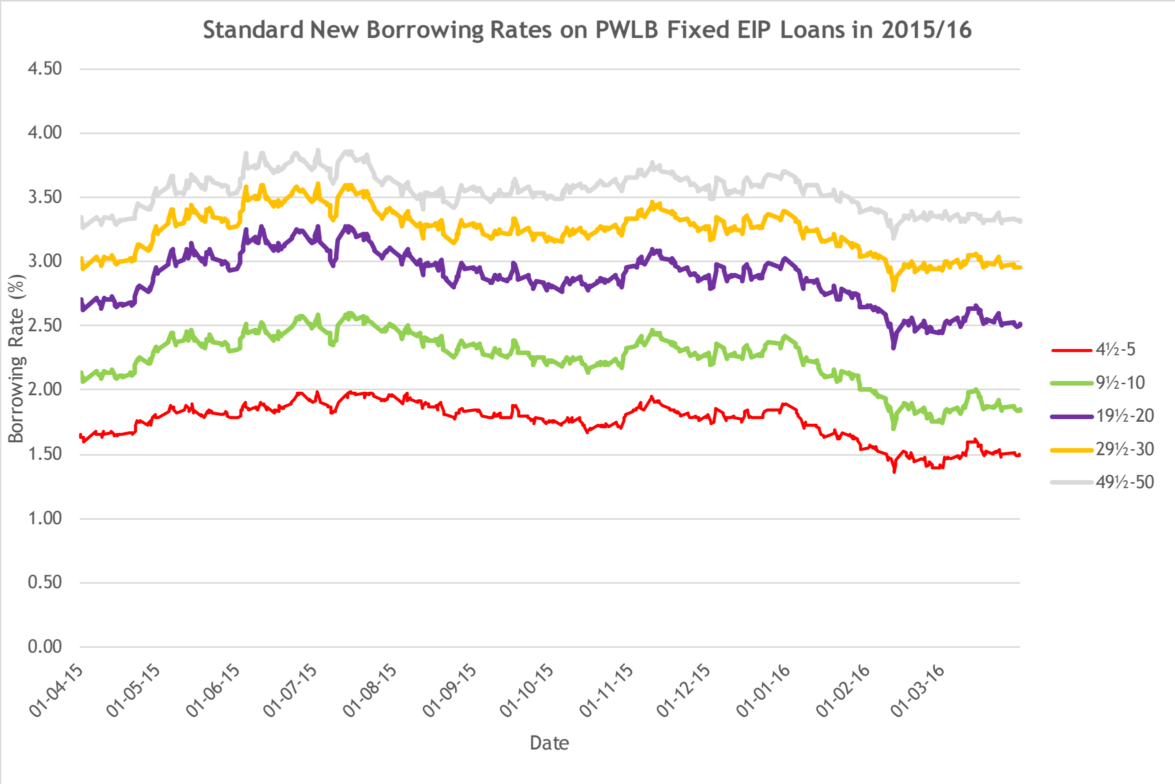


**Table 4: PWLB Variable Rates**

| | 1-M Rate | 3-M Rate | 6-M Rate | 1-M Rate | 3-M Rate | 6-M Rate |
|---|---|---|---|---|---|---|
| | Pre-CSR | Pre-CSR | Pre-CSR | Post-CSR | Post-CSR | Post-CSR |
| 01/04/2015 | 0.62 | 0.63 | 0.66 | 1.52 | 1.53 | 1.56 |
| 30/04/2015 | 0.62 | 0.64 | 0.67 | 1.52 | 1.54 | 1.57 |
| 31/05/2015 | 0.62 | 0.65 | 0.68 | 1.52 | 1.55 | 1.58 |
| 30/06/2015 | 0.62 | 0.66 | 0.70 | 1.52 | 1.56 | 1.60 |
| 31/07/2015 | 0.62 | 0.66 | 0.72 | 1.52 | 1.56 | 1.62 |
| 31/08/2015 | 0.62 | 0.66 | 0.70 | 1.52 | 1.56 | 1.60 |
| 30/09/2015 | 0.66 | 0.67 | 0.76 | 1.56 | 1.57 | 1.66 |
| 31/10/2015 | 0.66 | 0.67 | 0.76 | 1.46 | 1.56 | 1.57 |
| 30/11/2015 | 0.64 | 0.67 | 0.72 | 1.54 | 1.57 | 1.62 |
| 31/12/2015 | 0.63 | 0.65 | 0.72 | 1.53 | 1.55 | 1.62 |
| 31/01/2016 | 0.64 | 0.66 | 0.69 | 1.54 | 1.56 | 1.59 |
| 29/02/2016 | 0.63 | 0.65 | 0.68 | 1.53 | 1.55 | 1.58 |
| 31/03/2016 | 0.61 | 0.65 | 0.67 | 1.51 | 1.55 | 1.57 |
| | | | | | | |
| Low | 0.61 | 0.61 | 0.66 | 1.51 | 1.51 | 1.56 |
| Average | 0.63 | 0.66 | 0.71 | 1.53 | 1.56 | 1.61 |
| High | 0.67 | 0.69 | 0.78 | 1.57 | 1.59 | 1.68 |