

MAIDSTONE BOROUGH COUNCIL
COUNTERPARTIES LIST 2013/14

Sector's Suggested Credit Rating Methodology

Sector has recently implemented a new credit rating system that incorporates credit ratings from all three major rating agencies; Fitch, Moody's, and Standard & Poor's. The system uses all the available ratings and, as such, uses a four-way approach to produce a mathematically calculated, risk-weighted score that is then compared to pre-determined credit scoring bands. The system uses the Long term, Short term, Individual, and Support ratings to produce the credit score. Depending on which band the credit score falls between, determines the duration that Sector suggests lending to for that institution.

Colour Key.

£8m Limit	
£5m limit	
£8m limit - Part Nationalised	
£3m limit	
£2m limit	
Lower Rated Building Societies - £2m limit	

Note: All institutions with the exception of UK part nationalised and Public Bodies are subject to a 3 month capping

As well as limits on the amount of funds that can be placed with individual counterparties, Sector would suggest imposing group limits. The group limit should be equal to the individual limit of one counterparty within the same group.

Bank Grouping Key

Lloyds Banking Group, UK	1
Royal Bank of Scotland plc, UK	2

Institution Name	Country	Group	Deposit	Suggested Term
UK INSTITUTIONS MEETING MINIMUM RATING CRITERIA				
Bank of Scotland Plc	UK	1	£8,000,000	2yrs
Barclays Bank plc	UK		£2,000,000	3 Months
HSBC Bank plc	UK		£5,000,000	3 Months
Lloyds TSB	UK	1	£8,000,000	2yrs
National Westminster Bank	UK	2	£8,000,000	2yrs
Royal Bank of Scotland plc	UK	2	£8,000,000	2yrs
Standard Chartered	UK		£3,000,000	3 Months
Ulster Bank Ltd	UK	2	£8,000,000	2yrs
OVERSEAS INSTITUTIONS MEETING MINIMUM RATING CRITERIA				
Svenska Handelsbanken	SWE		£5,000,000	3 Months
UK BUILDING SOCIETIES				
	RANK BY ASSET SIZE	RANK BY MAN EX	TOTAL	
Coventry	3	1	4	£2,000,000 3 Months
Yorkshire	2	4	6	£2,000,000 3 Months
Nationwide Building Society	1	6	7	£2,000,000 3 Months
Leeds	5	2	7	£2,000,000 3 Months
West Bromwich	6	5	11	£2,000,000 3 Months
OTHER PUBLIC BODIES				
UK Government			£8,000,000	2yrs
UK Local Authorities (Inc. Police & Fire Authorities)			£8,000,000	2yrs
MONEY MARKET FUNDS (AAA RATED)				
Goldman Sachs			£8,000,000	3 Months
Prime Rate Capital Management			£8,000,000	3 Months