

## Appendix Two

### LENDING UP TO 1 YEAR TO BANKS AND BUILDING SOCIETIES

Disclaimer : Sector's suggestions on counterparties are examples only and are not prescriptive. It must remain the client's responsibility to set credit criteria and appropriate parameters for counterparty and maturity limits based on the organisation's overall policy, the general size of investment balances and the organisation's appetite for risk.

**Based on Fitch ratings**

**Short-term rating of F1+**

**Long-term rating : AAA, AA+, AA, AA-**

Individual	Support			
	1	2	3	4
A				
A/B				
B				
B/C				
C				
C/D				
D				

**Short-term rating of F1**

**Long-term rating : A+, A**

Individual	Support			
	1	2	3	4
A				
A/B				
B				
B/C				
C				
C/D				
D				

The above are Sector's suggestions on counterparties and are not prescriptive. It is the Council's responsibility to set credit criteria and appropriate parameters for counterparty and maturity limits based on the council's overall policy, the size of investment balances and the council's appetite for risk.

**Dark grey = up to one year**

**Light grey = up to 3 months**

## **Key**

### **Long - Term Ratings**

- AAA** Highest credit quality. Exceptionally strong capacity for repayment of financial commitments
- AA** Very high credit quality. Very low credit risk
- A** High credit quality. Low credit risk

### **Short - term credit ratings**

- F1** Highest credit quality.

### **Individual Ratings**

- A** A very strong bank. Characteristics may include outstanding profitability and balance sheet integrity
- B** A strong bank. No major concerns regarding the bank.
- C** An adequate bank. May possess one or two troublesome aspects
- D** A bank which has weaknesses of internal and /or external origin.

### **Support Ratings**

- 1** A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a high propensity to support the bank in question.
- 2** A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to support the bank in question.
- 3** A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so.
- 4** A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of the potential provider of support to do so.