

MAIDSTONE BOROUGH COUNCIL**COUNTERPARTIES LIST 2011/12****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.

Sector Colour Key.

24 months duration / £5m Limit	
12 months duration / £4m limit	
12 months duration / £4m limit - UK Gov Funded Inst.	
6 months duration / £3m limit	
3 month duration / £2m limit	
Building Societies - 6 months £2m limit	

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

Santander Group, UK	1
Lloyds Banking Group, UK	2
Royal Bank of Scotland plc, UK	3

Institution Name	Country	Group	Deposit	Suggested Term
UK INSTITUTIONS MEETING MINIMUM RATING CRITERIA				
Alliance & Leicester	GBR	1	£2,000,000	3mths
Cater Allen	GBR	1	£2,000,000	3mths
Bank of Scotland Plc	GBR	2	£4,000,000	1yr
Barclays Bank plc	GBR	2	£3,000,000	6mths
HSBC Bank plc	GBR	2	£4,000,000	1yr
Lloyds TSB	GBR	2	£4,000,000	1yr
National Westminster Bank	GBR	3	£4,000,000	1yr
Royal Bank of Scotland plc	GBR	3	£4,000,000	1yr
Clydesdale Bank	GBR	3	£2,000,000	3mths
Santander UK	GBR	1	£2,000,000	3mths
Ulster Bank Ltd	GBR	1	£3,000,000	1yr
OVERSEAS INSTITUTIONS MEETING MINIMUM RATING CRITERIA				
Commonwealth Bank of Australia	AUS		£5,000,000	2yrs
National Australia Bank	AUS		£5,000,000	2yrs
Australia & New Zealand Banking Group	AUS		£4,000,000	1yr
Westpac Banking Corporation	AUS		£5,000,000	2yrs
Royal Bank of Canada	CAN		£5,000,000	2yrs
Toronto-Dominion Bank	CAN		£5,000,000	2yrs
Bank of Montreal	CAN		£4,000,000	1yr
Bank of Nova Scotia	CAN		£4,000,000	1yr
Canadian Imperial Bank of Commerce	CAN		£3,000,000	6mths
Nordea Bank Finland plc	FIN		£4,000,000	1yr
BNP Paribas	FRA		£4,000,000	1yr
Credit Agricole	FRA		£4,000,000	1yr
Hongkong and Shanghai Banking Corporation	HKG		£5,000,000	2yrs
Sanpaolo IMI	ITA		£4,000,000	1yr
Bank Netherlandse Gemeenten	NLD		£5,000,000	2yrs
Development Bank of Singapore (DBS)	SGP		£4,000,000	1yr
Oversea-Chinese Banking Corporation	SGP		£4,000,000	1yr
United Overseas Bank	SGP		£4,000,000	1yr
Nordea Bank AB	SWE		£4,000,000	1yr
Svenska Handelsbanken	SWE		£4,000,000	1yr
Wells Fargo Bank NA	USA		£3,000,000	6mths
HSBC Bank USA NA	USA		£3,000,000	6mths
Bank of New York	USA		£5,000,000	2yrs
Northern Trust Company (The)	USA		£3,000,000	6mths

UK BUILDING SOCIETIES		RANK BY ASSET SIZE	
Nationwide Building Society	1	£2,000,000	6mths
Yorkshire	2	£2,000,000	6mths
Coventry	3	£2,000,000	6mths
Skipton	4	£2,000,000	6mths
Leeds	5	£2,000,000	6mths
West Bromwich	6	£2,000,000	6mths
Principality	7	£2,000,000	6mths
Newcastle	8	£2,000,000	6mths
Norwich & Peterborough	9	£2,000,000	6mths
Nottingham	10	£2,000,000	6mths
Kent Reliance Building Society	11	£2,000,000	6mths
OTHER PUBLIC BODIES			
UK Government		£5,000,000	2yrs
UK Local Authorities (Inc.Police & Fire Authorities)		£5,000,000	2yrs
EURO-STERLING BOND ISSUERS (AAA RATED)			
European Investment Bank		£5,000,000	2yrs
Inter-American Development Bank		£5,000,000	2yrs
International Finance Corporation		£5,000,000	2yrs
European Bank for R&D		£5,000,000	2yrs
International Bank for R&D		£5,000,000	2yrs
GTD Export Finance Corporation		£5,000,000	2yrs
MONEY MARKET FUNDS (AAA RATED)			
Goldman Sachs		£5,000,000	2yrs