Appendix A – Economic Background 2013/14

Source: Arlingclose Ltd

At the beginning of the 2013-14 financial year markets were concerned about lacklustre growth in the Eurozone, the UK and Japan. Lack of growth in the UK economy, the threat of a 'triple-dip' alongside falling real wages (i.e. after inflation) and the paucity of business investment were a concern for the Bank of England's Monetary Policy Committee. Only two major economies – the US and Germany – had growth above pre financial crisis levels, albeit these were still below trend. The Eurozone had navigated through a turbulent period for its disparate sovereigns and the likelihood of a near-term disorderly collapse had significantly diminished. The US government had just managed to avoid the fiscal cliff and a technical default in early 2013, only for the problem to re-emerge later in the year.

With new Governor Mark Carney at the helm, the Bank of England unveiled forward guidance in August pledging to not consider raising interest rates until the ILO unemployment rate fell below the 7% threshold. In the Bank's initial forecast, this level was only expected to be reached in 2016. Although the Bank stressed that this level was a ***threshold*** for consideration of rate increase rather an automatic trigger, markets began pricing in a much earlier rise than was warranted and, as a result, gilt yields rose aggressively.

The recovery in the UK surprised with strong economic activity and growth. Q4 2014 GDP showed year-on-year growth of 2.7%. Much of the improvement was down to the dominant service sector, and an increase in household consumption buoyed by the pick-up in housing transactions which were driven by higher consumer confidence, greater availability of credit and strengthening house prices which were partly boosted by government initiatives such as Help-to-Buy. However, business investment had yet to recover convincingly and the recovery was not accompanied by meaningful productivity growth. Worries of a housing bubble were tempered by evidence that net mortgage lending was up by only around 1% annually.

Consumer Prices Index (CPI) of inflation fell from 2.8% in March 2013 to 1.7% in February 2014, the lowest rate since October 2009, helped largely by the easing commodity prices and discounting by retailers, reducing the pressure on the Bank to raise rates. Although the fall in unemployment (down from 7.8% in March 2013 to 7.2% in January 2014) was faster than the Bank of England or indeed many analysts had forecast, it hid a stubbornly high level of underemployment. Importantly, average earnings growth remained muted and real wage growth (i.e. after inflation) was negative. In February the Bank stepped back from forward guidance relying on a single indicator – the unemployment rate – to more complex measures which included spare capacity within the economy. The Bank also implied that when official interest rates were raised, the increases would be gradual – this helped underpin the 'low for longer' interest rate outlook despite the momentum in the economy.

The Office of Budget Responsibility's 2.7% forecast for economic growth in 2014 forecast a quicker fall in public borrowing over the next few years. However, the Chancellor resisted the temptation to spend some of the proceeds of higher economic growth. In his 2013 Autumn Statement and the 2014 Budget, apart from the rise in the personal tax allowance and pension changes, there were no significant giveaways and the coalition's austerity measures remained on track.

The Federal Reserve's then Chairman Ben Bernanke's announcement in May 2013 that the Fed's quantitative easing (QE) programme may be 'tapered' caught markets by surprise. Investors began to factor in not just an end to QE but also rapid rises in interest rates. 'Tapering' (a slowing in the rate of QE) began in December 2013. By March 2014, asset purchases had been cut from \$75bn to \$55bn per month with expectation that QE would end by October 2014. This had particular implications for global markets which had hitherto benefited from, and got very accustomed to, the high levels of global liquidity afforded by QE. The impact went further than a rise in the dollar and higher US treasury bond yields. Gilt yields also rose as a consequence and emerging markets, which had previously benefited as investors searched for yield through riskier asset, suffered large capital outflows in December and January.

With the Eurozone struggling to show sustainable growth, the European Central Bank cut its main policy interest rates by 0.25% to 0.25% and the deposit rate to zero. Markets were disappointed by the lack of action by the ECB despite CPI inflation below 1% and a looming threat of deflation. Data pointed to an economic slowdown in China which, alongside a weakening property market and a highly leveraged shadow banking sector, could prove challenging for its authorities.

Russia's annexation of the Crimea in March heightened geopolitical tensions and risk. The response from the West began with sanctions applied against Russia, the second largest gas producer in the world supplying nearly 30% of European natural gas needs and a significant supplier of crude oil. Any major disruption to Russian oil and gas supplies could have serious ramifications for energy prices.

Gilt Yields and Money Market Rates: Gilt yields ended the year higher than the start in April. The peak in yields was during autumn 2013. The biggest increase was in 5-year gilt yields which increased by nearly 1.3% from 0.70% to 1.97%. 10-year gilt yields rose by nearly 1% ending the year at 2.73%. The increase was less pronounced for longer dated gilts; 20-year yields rose from 2.74% to 3.37% and 50-year yields rose from 3.23% to 3.44%.

3-month, 6-month and 12-month sterling money market rates (Libid rates) remained at levels below 1% through the year.

Credit Risk Summary

The debt crisis in Cyprus was resolved by its government enforcing a ‘haircut’ on unsecured investments and bank deposits over €100,000. This resolution mechanism, in stark contrast to the bail-outs during the 2008/2009 financial crisis, sent shockwaves through Europe but allowed banking regulators to progress reform which would in future force losses on investors through a ‘bail-in’ before taxpayers were asked to support failing banks.

The Financial Services (Banking Reform) Act 2013 gained Royal Assent in December, legislating for the separation of retail and investment banks and for the introduction of mandatory ‘bail-in’ in the UK to wind up or restructure failing financial institutions. EU finance ministers agreed further steps towards banking union, and the Single Resolution Mechanism (SRM) for resolving problems with troubled large banks which will shift the burden of future restructurings/rescues to the institution’s shareholders, bondholders and unsecured investors.

Proposals were also announced for EU regulatory reforms to Money Market Funds which may result in these funds moving to a VNAV (variable net asset value) basis and losing their ‘triple-A’ credit rating wrapper in the future.

The material changes to UK banks’ creditworthiness were (a) the strong progress made by the Lloyds Banking Group in strengthening its balance sheet, profitability and funding positions and the government reducing its shareholding in the Group to under 25%, (b) the announcement by Royal Bank of Scotland of the creation of an internal ‘bad bank’ to house its riskiest assets (this amounted to a material extension of RBS’ long-running restructuring, further delaying the bank’s return to profitability) and (c) substantial losses at Co-op Bank which forced the bank to undertake a liability management exercise to raise further capital and a debt restructure which entailed junior bondholders being bailed-in as part of the restructuring.

In July Moody’s placed the A3 long-term ratings of Royal Bank of Scotland and NatWest Bank and the D+ standalone financial strength rating of RBS on review for downgrade amid concerns about the impact of any potential breakup of the bank on creditors. As a precautionary measure the Council reduced its duration to overnight for new investments with the banks. In March Moody’s downgraded the long-term ratings of both banks to Baa1. NatWest is the Council’s banker and will continue to be used for operational and liquidity purposes.

The Co-op's long-term ratings were downgraded by Moody's and Fitch to Caa1 and B respectively, both sub-investment grade ratings. The Co-op Bank's capital raising plans to plug a capital shortfall include a contribution from the Co-op Group which is committed to injecting £313m in 2014. However, in order to cover future expected losses and to meet the Prudential Regulation Authority's capital targets, a further £400m is being sought from shareholders, of which Co-operative Group's share is approximately £120m. Given the Co-op Group's own financial position, payment of these sums is by no means certain, leaving the bank with a precarious capital position.

Appendix B - Borrowing and Investment Activities

The Borrowing Requirement and Debt Management

The Council's capital expenditure is financed by external funding, revenue contributions or capital receipts. The Council is allowed to borrow to fund any shortfall in financing, provided the level of borrowing is prudent and sustainable. The Council increases its borrowing requirement when incurring any capital expenditure which is not financed by grants, contributions, capital receipts or revenue contributions. In addition to paying interest on debt, local authorities are required to set cash aside annually to repay the principal General Fund debt balance by means of a Minimum Revenue Provision (MRP). The borrowing requirement is reduced by the amount of any in year MRP

Borrowing Activity in 2013/14

	Balance on 01/04/2013 £m	Debt Maturing £m	Reclassification	Balance on 31/03/2014 £m
CFR	399.4			418.2
Short Term Borrowing[1]	7.6	(7.6)	16.4	**16.4**
Long Term Borrowing	308.0	0	(16.4)	**291.6**
TOTAL BORROWING	315.6	(7.6)	0	**308.0**
Other Long Term Liabilities	17.5	(0.7)	0	**16.8**
TOTAL EXTERNAL DEBT	333.1	(8.3)	0	**324.8**

The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31/3/2014 was estimated at £418.2m.

The Council did not repay any debt prematurely in the 2013/14 financial year.

The Council did not fund any of its capital expenditure through new borrowing in 2013/14. All borrowing requirements were met by internal resources. The PWLB remains the Council's preferred source of borrowing given the transparency and

[1] Loans with maturities less than 1 year and excludes short term borrowing for cash flow purposes borrowed and repaid in year.

control that its facilities continue to provide. The Council has access to borrowing at the PWLB certainty rate which was introduced by the PWLB in November 2012, allowing the authority to borrow at a reduction of 20bps on the Standard Rate.

Internal Borrowing

Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant, between 2% - 3%. The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding capital expenditure. This has, for the time being, lowered overall treasury risk by reducing both external debt and temporary investments. Whilst this position continued in 2013/14, it will not be sustainable with reducing cash balances. It is estimated that there will be a need to borrow externally for capital purposes during 2014/15

Lender's Option Borrower's Option Loans (LOBOs)

The CIPFA Treasury Management Code requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date. This change is reflected in Appendix C, paragraph (c). LOBO loans with a principal of £13.5m are disclosed as reaching maturity in less than 12 months.

Debt Rescheduling / Restructuring

No debt rescheduling or restructuring was undertaken in 2013/14.

Investment Activity

CLG's Investment Guidance requires local authorities to focus on security and liquidity, rather than yield.

Investment Activity in 2013/14

Investments	Balance on 01/04/2013 £m	Investments Made / Capital Appreciation £m	Maturities/ Investments Sold £m	Balance on 31/03/2014 £m
Short Term Investments*	36.7	578.3	594.9	20.1
Long Term Investments	0	0	0	0
Investments in Pooled Funds	4.7	0.2	0	4.9
TOTAL INVESTMENTS	41.4	578.5	594.9	25.0

*includes liquidity account and cash equivalents.

Security of capital remained the Council’s main investment objective. This was maintained by following the Council’s counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14. Investments during the year included:

- Investments in AAA-rated Constant & Variable Net Asset Value Money Market Funds
- Call accounts and deposits with Banks and Building Societies systemically important to the UK’s banking system.

Credit Risk
Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country’s net debt as a percentage of GDP; any potential support mechanisms and share price. The minimum long-term counterparty credit rating determined for the 2013/14 treasury strategy was A-/A-/A3 across rating agencies Fitch, S&P and Moody’s.

Arlingclose Ltd’s Credit Risk Summary enclosed in Appendix A, details issues impacting the credit risk environment for Local Authorities. One of the key issues faced by Central Bedfordshire Council has been the downgrading of the Council’s banker in March 2014 to Baa1 by Moody’s, a credit rating below the Council’s minimum credit criterion of A-. As per the approved Treasury Management Strategy, the Council has continued to utilise Natwest for operational and liquidity purposes.

Liquidity
In keeping with the CLG’s Guidance on Investments, the Council has maintained a sufficient level of liquidity through the use of Money Market Funds/overnight deposits/call accounts.

Yield
The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year.

The Council considered an appropriate risk management response to uncertain and deteriorating credit conditions in Europe was to shorten maturities for new investments. Short term money market rates also remained at very low levels (as shown in table 1 in Appendix C which had a significant impact on investment income, as investments were placed overnight or for short periods .

The Council’s investment income for the year was £0.7m with the Council’s long term investment in the Lime Fund providing some cushioning against the low interest rate environment.

The average cash balances representing the Council's reserves, contributions/ grants in advance, and working balances, were £58.2m during the period.

Compliance

To support financial strategic planning and decision making the Council approves annually a series of prudential indicators which are regularly monitored. The Council did not exceed any of the various limits determined by the Treasury Management Strategy and specific Prudential Indicators. Full details of performance in respect of all of the prudential indicators for 2013/14 are set out in Appendix C.

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2013/14. The council can confirm it has taken a prudent approach in relation to investment activity with priority being given to security and liquidity over yield.

The Authority can confirm that during 2013/14 it complied with its **Treasury Management Policy Statement** and **Treasury Management Practices**.

Other Items

Training: The needs of the Authority's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

During 2013/14 staff attended training courses, seminars and conferences provided by Arlingclose Ltd.

Additionally training was provided to Overview and Scrutiny in 2013 on Treasury Management.

Appendix C - Prudential Indicators

Capital Financing Requirement (CFR)
Estimates of the Council's cumulative maximum external borrowing requirement for 2013/14 to 2015/16 are shown in the table below:

	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
General Fund CFR	269.5	254.1	308.1	341.4
HRA CFR	163.9	164.1	165.0	165.0
Gross CFR	433.4	418.2	473.1	506.4
Less: Other Long Term Liabilities	(16.8)	(16.8)	(16.3)	(15.7)
Borrowing CFR	**416.6**	**401.4**	**456.8**	**490.7**
Less: Existing Profile of Borrowing	(308.0)	(308.0)	(291.6)	(282.2)
Gross Borrowing Requirement/Internal Borrowing	**108.6**	**93.4**	**165.2**	**208.5**
Usable Reserves	**70.8**	**103**	**96.4**	**99.6**
Net Borrowing Requirement	**37.8**	**0**	**68.8**	**108.9**

* Based upon estimated 2013/14 usable reserves

In the Prudential Code Amendment (November 2012), it states that the Chief Finance Officer should make arrangements for monitoring with respect to gross debt and the capital financing requirement such that any deviation is reported to him/her, since any such deviation may be significant and should lead to further investigation and action as appropriate.

	31/03/2014 Approved £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
CFR	433.4	418.2	473.1	506.4
Gross Debt	324.8	324.8	291.6	282.2
Difference	**108.6**	**93.4**	**181.5**	**224.2**
Borrowed in excess of CFR? (Y/N)	**N**	**N**	**N**	**N**

Prudential Indicator Compliance

(a) Authorised Limit and Operational Boundary for External Debt

- The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.
- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.
- The Chief Finance Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year.

	Operational Boundary (Approved) as at 31/03/2014 £m	**Authorised Limit (Approved) as at 31/03/2014 £m**	**Actual External Debt as at 31/03/2014 £m**
Borrowing	442.4	452.4	308
Other Long-term Liabilities	19.8	22.3	16.8
Total	**462.2**	**474.7**	**324.8**

(b) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Approved Limits for 2013/14 %	**Maximum during 2013/14 %**
Upper Limit for Fixed Rate Exposure	100	74.5
Compliance with Limits:	Yes	Yes
Upper Limit for Variable Rate Exposure	40	25.5
Compliance with Limits:	Yes	Yes

(c) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31/03/2014 £m	Fixed Rate Borrowing as at 31/03/2014 %	Compliance with Set Limits?
under 12 months	20	0	13.5	5.9	Yes
12 months and within 24 months	20	0	0	0	Yes
24 months and within 5 years	60	0	0	0	Yes
5 years and within 10 years	100	0	1.6	0.7	Yes
10 years and within 20 years	100	0	133.1	57.7	Yes
20 years and within 30 years	100	0	20	8.7	Yes
30 years and within 40 years	100	0	40.3	17.5	Yes
40 years and within 50 years	100	0	22.0	9.6	Yes
50 years and above	100	0	0	0	Yes

(The 2011 revision to the CIPFA Treasury Management Code requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date)

(d) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and, in particular, to consider the impact on Council tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2013/14 Approved £m	2013/14 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
Non-HRA	**94.6**	**74.5**	**89.6**	**112.0**
HRA	**8.6**	**7.6**	**17.2**	**12.1**
Total	**103.2**	**82.1**	**106.8**	**124.1**
Compliance with Set Limits		**Yes**		

Capital expenditure has been and will be financed or funded as follows:

Capital Financing	**2013/14 Approved £m**	**2013/14 Actual £m**	**31/03/2015 Estimate £m**	**31/03/16 Estimate £m**
Capital receipts	4.2	2.9	**8.2**	**11.9**
Government Grants	49.6	44.6	**35.7**	**59.5**
Major Repairs Allowance		6.6		
Revenue contributions	8.4	2.3	**16.5**	**11.4**
Total Financing	**62.1**	**56.4**	**60.4**	**82.7**
Borrowing*	41.1	25.7	**46.5**	**41.4**
Total Funding	**103.2**	**82.1**	**106.8**	**124.1**

* Internal borrowing for 2013/14 and whilst balances permit in 2014/15

The table shows that the capital expenditure plans of the Council could not be funded entirely from sources other than external borrowing. The Council was able to meet the 2013/14 borrowing requirement from internal resources.

(e) **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.
- The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	**2013/14 Approved %**	**2013/14 Actual %**	**31/03/2015 Estimate %**	**31/03/16 Estimate %**
Non-HRA	6.6	6.3	**7.2**	**8.2**
HRA	13.9	14.0	**13.9**	**13.6**
Total	**7.6**	**7.3**	**8.1**	**9.0**

(f) **Adoption of the CIPFA Treasury Management Code**
This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at full Council meeting on 29th November 2012.

(g) **Upper Limit for Total Principal Sums Invested Over 364 Days**

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2013/14 Approved £m	2013/14 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
	25.0	0.0	25.0	25.0

(h) **HRA Limit on Indebtedness**

	2013/14 Approved £m	2013/14 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
HRA Debt Cap (as prescribed by CLG)	165.0	165.0	165.0	165.0
HRA CFR	165.0	164.1	165.0	165.0
Difference	0	0.9	0	0

Appendix D Investment and Borrowing Rates 2013/14

Source: Arlingclose Ltd

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

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
01/04/2013		0.50		0.40	0.50	0.40	0.44	0.51	0.75	0.59	0.68	0.97
30/04/2013		0.50		0.50	0.47	0.40	0.44	0.51	0.75	0.57	0.64	0.91
31/05/2013		0.50		0.38	0.42	0.40	0.44	0.51	0.75	0.68	0.82	1.15
30/06/2013		0.50		0.43	0.38	0.40	0.44	0.51	0.75	0.78	0.99	1.52
31/07/2013		0.50		0.42	0.50	0.40	0.44	0.51	0.75	0.68	0.86	1.39
31/08/2013		0.50		0.43	0.41	0.41	0.44	0.51	0.76	0.81	1.10	1.71
30/09/2013		0.50		0.38	0.38	0.41	0.44	0.51	0.76	0.83	1.12	1.73
31/10/2013		0.50		0.38	0.38	0.42	0.45	0.53	0.80	0.79	1.07	1.66
30/11/2013		0.50		0.38	0.36	0.42	0.45	0.54	0.81	0.80	1.11	1.76
31/12/2013		0.50		0.35	0.35	0.42	0.45	0.54	0.81	1.00	1.43	2.13
31/01/2014		0.50		0.36	0.41	0.42	0.45	0.55	0.82	0.94	1.34	1.95
28/02/2014		0.50		0.36	0.40	0.42	0.45	0.60	0.83	0.98	1.34	1.95
31/03/2014		0.50		0.35	0.39	0.42	0.46	0.56	0.84	1.05	1.45	2.03
Minimum		0.50		0.30	0.35	0.40	0.44	0.51	0.75	0.55	0.62	0.87
Average		**0.50**		0.40	0.41	0.41	0.45	0.53	0.78	0.81	1.08	1.63
Maximum		0.50		0.50	0.50	0.45	0.53	0.65	0.84	1.05	1.47	2.17
Spread		--		0.20	0.15	0.05	0.09	0.14	0.09	0.5	0.85	1.29

Table 2: PWLB Borrowing Rates – Fixed Rate, Maturity Loans (Standard Rate)

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2013	125/13	0.02	0.51	1.62	2.72	3.05	3.13	3.09
30/04/2013	166/13	0.04	0.49	1.52	2.59	2.94	3.01	2.96
31/05/2013	208/13	0.14	0.73	1.82	2.84	3.16	3.24	3.21
30/06/2013	248/13	0.10	1.07	2.29	3.16	3.39	3.44	3.42
31/07/2013	293/12	0.09	0.95	2.22	3.16	3.37	3.40	3.38
31/08/2013	335/12	0.16	1.25	2.53	3.30	3.42	3.42	3.41
30/09/2013	377/12	0.18	1.23	2.46	3.23	3.37	3.38	3.36
31/10/2013	423/13	0.17	1.16	2.36	3.14	3.30	3.30	3.28
30/11/2013	465/13	0.22	1.31	2.58	3.34	3.45	3.43	3.41
31/12/2013	503/13	0.26	1.67	2.89	3.47	3.52	3.49	3.47
31/01/2014	044/13	0.24	1.47	2.58	3.26	3.37	3.33	3.31
28/02/2014	084/14	0.25	1.49	2.60	3.26	3.37	3.35	3.33
31/03/2014	126/13	0.34	1.60	2.65	3.29	3.41	3.39	3.37
	Low	0.02	0.48	1.51	2.56	2.89	2.96	2.92
	Average	0.18	1.19	2.38	3.18	3.35	3.36	3.34
	High	0.34	1.70	2.92	3.50	3.59	3.60	3.59

Table 3: PWLB Variable Rates

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR			Post-CSR (Standard Rate)		
02/04/2013	0.5700	0.5600	0.5500	1.4700	1.4600	1.4500
28/06/2013	0.5600	0.5600	0.5600	1.4600	1.4600	1.4600
30/09/2013	0.5700	0.5700	0.5700	1.4700	1.4700	1.4700
31/12/2013	0.5700	0.5700	0.5700	1.4700	1.4700	1.4700
31/03/2014	0.5500	0.5600	0.5700	1.4500	1.4600	1.4700
Low	0.5500	0.5500	0.5400	1.4500	1.4500	1.4400
Average	0.5653	0.5641	0.5630	1.4653	1.4641	1.4630
High	0.5800	0.5700	0.5800	1.4700	1.4700	1.4800