

TREASURY MANAGEMENT STATEMENT AND INVESTMENT STRATEGY REPORT- RISK MATRIX – ANNEX A

| Issue/Risk | Consequences if allowed to happen | Likelihood | Impact | Mitigation | Mitigated Likelihood | Mitigated Impact |
|--|--|------------|----------|---|----------------------|------------------|
| Credit risk - associated with investing with financial institutions that do not meet the credit rating criteria. | Could mean loss of principal sum and interest accrued. | 2 | D | In response to the economic climate the Council have adopted a more stringent credit rating methodology. The adoption of the revised Code has also mitigated the risk of security on lending. | 1 | D |
| Market risk - Selection of wrong type of investment for higher return. | The poor performance of the chosen investment. | 3 | B | The number of investment options was reduced in the Investment Strategy for this year and it is proposed that this will continue. | 3 | B |
| Liquidity risk - Use of fixed term deposits and / or instruments / investments with low marketability may mean a lack of liquidity | Unable to take advantage of better investment options. Funds are unavailable to cover capital spend. | 2 | B | The maturity profile has shortened for investments. The 2010/11 Investment Strategy reduced the period for non- specified investments and it is proposed to continue with this policy. | 1 | B |

| Score | Likelihood | Score | Impact |
|-------|----------------|-------|----------|
| 1 | Very Low | A | Low |
| 2 | Not Likely | B | Minor |
| 3 | Likely | C | Medium |
| 4 | Very Likely | D | Major |
| 5 | Almost Certain | E | Disaster |