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

<table>
<thead>
<tr>
<th>Issue/Risk</th>
<th>Consequences if allowed to happen</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Mitigation</th>
<th>Mitigated Likelihood</th>
<th>Mitigated Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk - associated with investing with financial institutions that do not meet the credit rating criteria.</td>
<td>Could mean loss of principal sum and interest accrued.</td>
<td>2</td>
<td>D</td>
<td>Although the economic climate is improving, counterparty risk is still a big issue. As a result the Council have adopted a stringent credit rating methodology.</td>
<td>1</td>
<td>D</td>
</tr>
<tr>
<td>Market risk - Selection of wrong type of investment for higher return.</td>
<td>The poor performance of the chosen investment.</td>
<td>2</td>
<td>B</td>
<td>The number of investment options is kept to a minimum. Investments are normally restricted to short term fixed rate deposits or instant access accounts.</td>
<td>2</td>
<td>B</td>
</tr>
<tr>
<td>Liquidity risk - Use of fixed term deposits and / or instruments / investments with low marketability may mean a lack of liquidity</td>
<td>Unable to take advantage of better investment options. Funds are unavailable to cover capital spend.</td>
<td>1</td>
<td>B</td>
<td>This Strategy specifies the type of instrument the authority is prepared to invest in and maximum term for those investments</td>
<td>1</td>
<td>B</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Score</th>
<th>Likelihood</th>
<th>Score</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very Low</td>
<td>A</td>
<td>Low</td>
</tr>
<tr>
<td>2</td>
<td>Not Likely</td>
<td>B</td>
<td>Minor</td>
</tr>
<tr>
<td>3</td>
<td>Likely</td>
<td>C</td>
<td>Medium</td>
</tr>
<tr>
<td>4</td>
<td>Very Likely</td>
<td>D</td>
<td>Major</td>
</tr>
<tr>
<td>5</td>
<td>Almost Certain</td>
<td>E</td>
<td>Disaster</td>
</tr>
</tbody>
</table>