

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

| Issue/Risk | Consequences if allowed to happen | Likeli-hood | 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 | The economic climate has seen uncertainty as a consequence of the COVID-19 Pandemic, meaning counterparty risk is still a big issue. As a result the Council have adopted and maintained a stringent credit rating methodology. | 1 | D |
| Market risk - Selection of wrong type of investment for higher return. | The poor performance of the chosen investment. | 2 | B | The number of investment options is kept to a minimum. Investments are normally restricted to short term fixed rate deposits or instant access accounts. | 2 | 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. | 1 | B | This Strategy specifies the type of instrument the authority is prepared to invest in and maximum term for those investments. A cash balance is kept in a call account for access when needed, and all deposits are restricted to a maturity profile of 12 months or less | 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 |