

## TREASURY MANAGEMENT ANNUAL REPORT 2010-2011 - 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.	<b>1</b>	<b>D</b>	The Council has adopted a more stringent credit rating methodology. The adoption of the revised Code also mitigated the risk of security on lending.	<b>1</b>	<b>D</b>
Market risk – selection of wrong type of investment for higher return.	The poor performance of the chosen investment.	<b>3</b>	<b>B</b>	The number of investment options was reduced in the Investment Strategy for last year and this will continue.	<b>3</b>	<b>B</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 option. Funds are unavailable to cover capital spend.	<b>1</b>	<b>B</b>	The 2010/11 Investment Strategy reduced the period for non-specified investments.	<b>1</b>	<b>B</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