

PROPOSED INCREASE IN AUTHORISED MAXIMUM SUMS THAT CAN BE INVESTED WITH SPECIFIC COUNTERPARTIES

APPENDIX 1

Name of Organisation	Fitch Credit Rating (as at 13/10/08)		Current Limit (agreed June 2008) £m	Proposed Increase to £m	Comment
	Long Term (up to 364 days) (Min. AA- & F1+)	Short Term (up to 3 mths) (Min. A & F1)			
Barclays (up to 364 days)	AA	F1+	20	30	Barclays are intending to raise £6.5bn of new capital via money from private investors & will not pay final dividend payout for 2008 (Approx £2bn)
HSBC (up to 364 days)	AA	F1+	20	30	HSBC has no plans to utilise the UK government's recapitalisation initiative funding a £750m increase to its capital base from its own resources.
HBOS (Halifax, Bank of Scotland) (up to 364 days)	AA	F1+	20	30	Lloyds and HBOS are to renegotiated their merger, reducing the number of Lloyds TSB shares that HBOS shareholders will receive. UK Government now holds a 40% share of Group. Maximum limit will now apply to Group, rather than individual organisation.
Lloyds TSB (up to 364 days)	AA+	F1+	20		
Royal Bank of Scotland (up to 364 days)	AA	F1+	20	30	UK government now holds a 60% share of RBS. Maximum limit applies to the Group, rather than to each individual organisation.
Natwest (up to 364 days)	AA	F1+			
Ulster Bank (up to 364 days)	AA-	F1+			
Abbey (up to 364 days)	AA-	F1+	20	30	Both organisations now part of Santander Group.
Alliance & Leicester (up to 364 days)	AA-	F1+	10		
Nationwide (up to 364 days)	AA-	F1+	20	30	Nationwide recently took ownership of Derbyshire & Cheshire Building Societies.
Clydesdale Bank (Trading as Yorkshire Bank) (up to 364 days)	AA-	F1+	20	30	Clydesdale is owned by National Australia Bank - The Australian Federal Government has guaranteed all bank deposits held in Australian financial institutions.
Bank of Ireland (up to 364 days)	AA-	F1+	20	30	Investments guaranteed by Irish Government.
Allied Irish (up to 364 days)	AA-	F1+	20		
Anglo Irish (up to 3 mths only)	A+	F1+	10		

Key to Fitch Credit Ratings

AAA

Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA

Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A

High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

"+" / "-"

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

F1

Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.