

The Financial Strategy contains a series of prudential borrowing ratios. The chart above shows the actual results for since 2011/12 compared to those ratios.

The net debt/revenue policy ratio limit was reduced from 180% to 175% with the adoption of the updated policy on 27 June 2012.

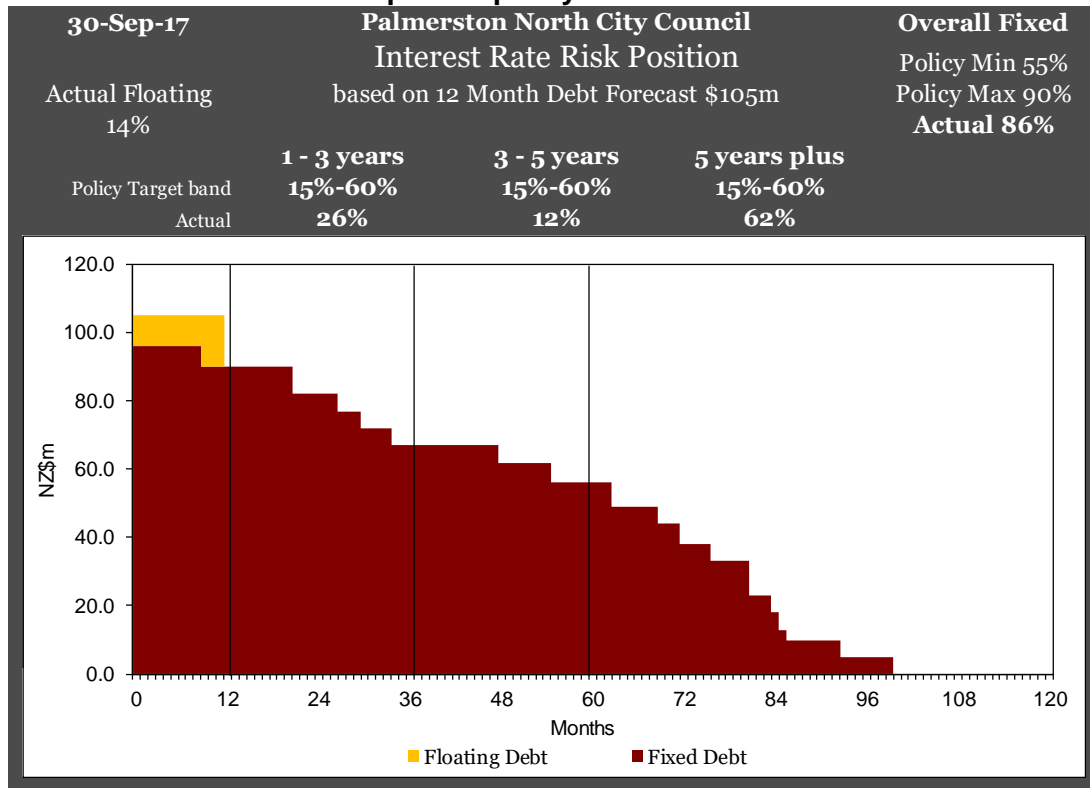
<sup>^</sup> The Net Debt/Total Assets ratio became effective from 1 July 2015. Previously the ratio used was Net Debt/Equity and the actuals for the previous ratio are shown in this report for information.

## Schedule 2 - Interest Rate Swaps

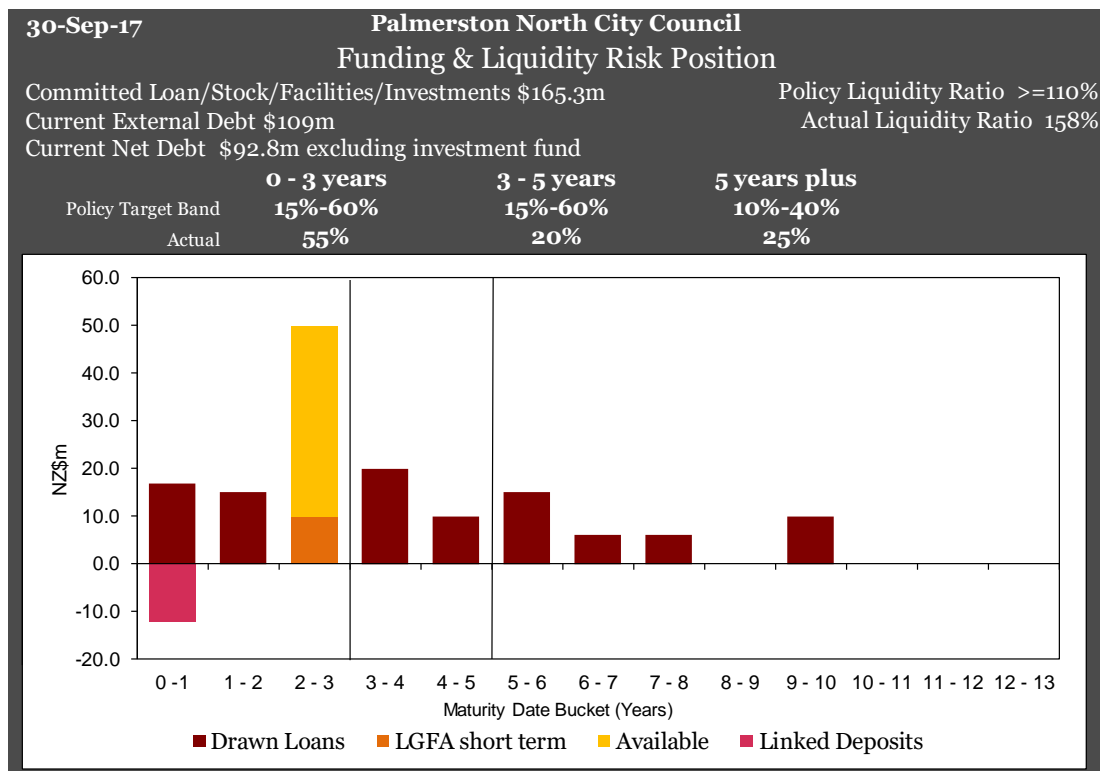
Palmerston North City Council											
Interest Rate Swaps as at 30 September 2017											
Council pays fixed & receives floating on a monthly basis										Hedgebook Value at 30-Sep-17	Value Movement Jul-Sep
Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Floating rate	Reset date	Current	Term	
Westpac	12-Feb-13	2882838	5.0	11-Mar-13	9-Dec-20	4.61%	1.825%	9-Oct-17			
Active total at 30 Sep 17										(343,731)	(1,872)
										Current	0
										Term	(343,731)
Council pays fixed & receives floating on a quarterly basis										Hedgebook Value at 30-Sep-17	Value Movement Jul-Sep
Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Floating rate	Reset date	Current	Term	
Westpac	10-Sep-09	1329748	6.0	21-Oct-09	22-Jul-19	5.8675%	1.935%	24-Oct-17		(437,831)	
Westpac	19-Aug-10	1656930	5.0	10-Oct-10	10-Jan-20	5.9375%	1.970%	10-Oct-17		(453,525)	
Westpac	19-Aug-10	1656928	5.0	10-Oct-10	10-Jul-20	5.9350%	1.970%	10-Oct-17		(526,793)	
Westpac	1-Oct-12	2668959	5.0	10-Oct-12	10-Apr-18	5.50%	1.970%	10-Oct-17		(131,563)	
Westpac	12-Feb-13	2882855	8.0	8-Mar-13	10-Jun-19	5.54%	1.940%	8-Dec-17		(466,498)	
Westpac	12-Feb-13	2882863	7.0	8-Mar-13	8-Jun-20	5.35%	1.940%	8-Dec-17		(565,462)	
ANZ	17-Dec-13	8539285	3.0	17-Feb-14	15-Nov-20	4.92%	1.955%	15-Nov-17		(237,437)	
Westpac	21-Feb-14	3540565	5.0	7-Mar-14	7-Sep-20	6.295%	1.945%	7-Dec-17		(569,176)	
Westpac	23-Mar-10	3672868	5.0	6-Jun-14	6-Dec-18	6.055%	1.955%	6-Dec-17		(246,583)	
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%	1.945%	7-Dec-17		(670,256)	
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	1.970%	10-Oct-17		(691,484)	
Westpac	8-May-14	3672895	5.0	6-Jun-14	8-Jun-21	5.820%	1.955%	6-Dec-17		(594,139)	
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%	1.940%	15-Dec-17		(543,165)	
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%	1.960%	29-Dec-17		(665,782)	
ANZ	20-Feb-15	11260367	6.0	15-Jun-16	15-Jun-18	3.705%	1.940%	15-Dec-17		(76,595)	
Westpac	20-Feb-15	4211117	5.0	8-Mar-17	6-Mar-20	3.810%	1.955%	6-Dec-17		(186,737)	
Active total at 30 Sep 17										86.0	(7,063,026)
ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	0	15-Dec-17		(453,952)	
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	0	10-Apr-18		(427,748)	
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-24	4.585%	0	10-Jan-20		(232,301)	
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%	0	8-Jun-20		(210,897)	
Westpac	20-Feb-15	4211119	5.0	6-Dec-18	6-Dec-19	3.875%	0	6-Dec-18		(68,784)	
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0	7-Sep-20		(97,565)	
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0	8-Jun-21		(64,337)	
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0	16-Nov-20		(53,753)	
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0	9-Dec-20		(85,503)	
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%	0	11-Apr-22		13,606	
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0	22-Jul-19		(52,784)	
Forward start total at 30 Sep 17										56.0	(1,734,018)
										(8,797,044)	(178,877)
										Current	(208,158)
										Term	(8,588,886)
										(9,140,775)	

**Schedule 3 - Risk Exposure Position**

**Interest Rate Risk Position – proportions of Debt subject to floating versus fixed interest rates within pre-set policy limits**



**Funding & Liquidity Risk Position – proportions of Debt within pre-set maturity bands**



## Schedule 4 – Investment Fund Report



### Investment Fund

5 October 2017

#### Investment report as at 30 September 2017

This report summarises the value of the bond portfolio of the Council. The portfolio earned actual investment income of \$20,717 during the quarter. In addition, the market movement was \$1,027, making a total return of \$21,744 on a mark-to-market basis.

#### Assets

	Value 30 June 2017	Value 31 August 2017	Value 30 September 2017
NZ bonds	2,711,473	712,500	712,500

#### Returns

The investment returns were:

	Quarter-to-date 1 Jul 2017 to 30 Sep 2017	2017/18 year 1 Jul 2017 to 30 Sep 2017	Since inception (% p.a.) 1 Jul 2001 to 30 Sep 2017
NZ bonds	3.92%	3.92%	6.89%

#### Investment movement

From 1 July 2017 to 30 September 2017 (3 months)

	Quarter		Year
Assets as at 1 July 2017	2,711,473	Assets as at 1 July 2017	2,711,473
<b>Net Investment Income</b>		<b>Net Investment Income</b>	
+ interest	20,717	+ interest	20,717
+ realised gains/(losses)	-	+ realised gains/(losses)	-
+ unrealised gains/(losses)	1,027	+ unrealised gains/(losses)	1,027
	<b>21,744</b>		<b>21,744</b>
+ Capital movements	(2,020,717)	+ Capital movements	(2,020,717)
<b>Net change in market value</b>	<b>(1,998,973)</b>	<b>Net change in market value</b>	<b>(1,998,973)</b>
Assets as at 30 September 2017	<b>712,500</b>	Assets as at 30 September 2017	<b>712,500</b>
Returns	3.92%	Returns	3.92%



**Palmerston North City Council**  
**Bond Portfolio valuation as at 30 September 2017**

Issuer	S&P rating	Purchase date	Maturity date	Face value	Coupon	Purchase price	Currency	Annual gross income	Yield to maturity		Market value	
									Yield	Value	Yield	Value
Credit AG (CASHA) - perp*	BB+	18/12/2007	19/12/2017	750,000	5.04%	750,000	NZ\$	37,800	5.04%	751,136		712,500
<b>Totals</b>	<b>BB+</b>			<b>750,000</b>	<b>5.04%</b>	<b>750,000</b>		<b>37,800</b>	<b>5.04%</b>	<b>751,136</b>		<b>712,500</b>
Number of securities/average	1			750,000						751,136		712,500

\* Credit AG perp (CASHA) is a perpetual bond and has no maturity date. The next reset date is shown instead. Following the December 2012 reset, the Coupon rate was reset to the 5 year swap plus 1.9%.

\* Y/cor (1/CI060) matured on 4 April 2017.

**total 712,500**

**Maturity and coupon forecast over the next 12 months**

Issuer	Maturity date - coupon freq	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Credit AG (CASHA) - perp				759,450									
<b>Totals</b>		-	-	759,450	-	-	-	-	-	-	-	-	-

\* The forecast for Credit AG perp (CASHA) assumes a redemption or maturity on the next reset date of 19 December 2017, but this is not guaranteed.