

## Annex A- Interest Rate Forecast 2013/2017

| <b>Capita Asset Services Interest Rate View</b> |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | Dec-13 | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
| <b>Bank Rate View</b>                           | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.75%  | 1.00%  | 1.00%  | 1.25%  |
| 3 Month LIBID                                   | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.60%  | 0.70%  | 0.90%  | 1.30%  |
| 6 Month LIBID                                   | 0.60%  | 0.60%  | 0.60%  | 0.60%  | 0.60%  | 0.60%  | 0.60%  | 0.60%  | 0.60%  | 0.70%  | 0.80%  | 1.00%  | 1.20%  | 1.40%  |
| 12 Month LIBID                                  | 0.80%  | 0.80%  | 0.80%  | 0.80%  | 0.80%  | 0.80%  | 0.80%  | 1.00%  | 1.20%  | 1.40%  | 1.60%  | 1.80%  | 2.00%  | 2.30%  |
| 5yr PWLB Rate                                   | 2.50%  | 2.50%  | 2.60%  | 2.70%  | 2.70%  | 2.80%  | 2.80%  | 2.90%  | 3.00%  | 3.10%  | 3.20%  | 3.30%  | 3.40%  | 3.40%  |
| 10yr PWLB Rate                                  | 3.60%  | 3.60%  | 3.70%  | 3.80%  | 3.80%  | 3.90%  | 3.90%  | 4.00%  | 4.10%  | 4.20%  | 4.30%  | 4.30%  | 4.40%  | 4.50%  |
| 25yr PWLB Rate                                  | 4.40%  | 4.40%  | 4.50%  | 4.50%  | 4.60%  | 4.60%  | 4.70%  | 4.80%  | 4.90%  | 5.00%  | 5.10%  | 5.10%  | 5.10%  | 5.10%  |
| 50yr PWLB Rate                                  | 4.40%  | 4.40%  | 4.50%  | 4.50%  | 4.60%  | 4.70%  | 4.80%  | 4.90%  | 5.00%  | 5.10%  | 5.20%  | 5.20%  | 5.20%  | 5.20%  |
| <b>Bank Rate</b>                                |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Capita Asset Services                           | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.75%  | 1.00%  | 1.00%  | 1.25%  |
| UBS   | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Capital Economics                               | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | -      | -      | -      | -      | -      |
| <b>5yr PWLB Rate</b>                            |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Capita Asset Services                           | 2.50%  | 2.50%  | 2.60%  | 2.70%  | 2.70%  | 2.80%  | 2.80%  | 2.90%  | 3.00%  | 3.10%  | 3.20%  | 3.30%  | 3.40%  | 3.40%  |
| UBS   | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Capital Economics                               | 2.10%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  | 2.50%  | 2.90%  | 3.30%  | -      | -      | -      | -      | -      |
| <b>10yr PWLB Rate</b>                           |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Capita Asset Services                           | 3.60%  | 3.60%  | 3.70%  | 3.80%  | 3.80%  | 3.90%  | 3.90%  | 4.00%  | 4.10%  | 4.20%  | 4.30%  | 4.30%  | 4.40%  | 4.50%  |
| UBS   | 3.90%  | 4.00%  | 4.00%  | 4.10%  | 4.10%  | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Capital Economics                               | 3.30%  | 3.55%  | 3.55%  | 3.55%  | 3.55%  | 3.55%  | 3.55%  | 3.55%  | 3.80%  | -      | -      | -      | -      | -      |
| <b>25yr PWLB Rate</b>                           |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Capita Asset Services                           | 4.40%  | 4.40%  | 4.50%  | 4.50%  | 4.60%  | 4.60%  | 4.70%  | 4.80%  | 4.90%  | 5.00%  | 5.10%  | 5.10%  | 5.10%  | 5.10%  |
| UBS   | 4.40%  | 4.50%  | 4.50%  | 4.60%  | 4.60%  | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Capital Economics                               | 4.10%  | 4.20%  | 4.20%  | 4.20%  | 4.20%  | 4.20%  | 4.20%  | 4.20%  | 4.30%  | -      | -      | -      | -      | -      |
| <b>50yr PWLB Rate</b>                           |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Capita Asset Services                           | 4.40%  | 4.40%  | 4.50%  | 4.50%  | 4.60%  | 4.70%  | 4.80%  | 4.90%  | 5.00%  | 5.10%  | 5.20%  | 5.20%  | 5.20%  | 5.20%  |
| UBS   | 4.50%  | 4.50%  | 4.60%  | 4.60%  | 4.70%  | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Capital Economics                               | 4.30%  | 4.40%  | 4.40%  | 4.40%  | 4.40%  | 4.40%  | 4.40%  | 4.40%  | 4.50%  | -      | -      | -      | -      | -      |