

NS&I 2007-08 QUARTER 2 FINANCIAL REPORT

Below are NS&I's latest quarterly figures, for the second quarter of the financial year 2007-08.

Highlights

- Gross inflows (unaudited) for the quarter were just over £3.7 billion, bringing the half-year total to £8.3 billion
- Net financing (contribution to the government²) for the quarter was £874 million, bringing the half-year total to £3.19 billion
- Value Add (savings to the taxpayer¹) for the quarter was £94 million, bringing the half-year total to £193 million
- As reported in the recent Pre-Budget report NS&I have revised their net financing forecast for 2007-08 from £2.8 billion to £4.2 billion.
- This increase in forecast has been as a result of market conditions including higher than expected interest rates and RPI inflation
- Gross inflows in Quarter 2 2007-08 were lower than in Quarter 1 2007-08 as a result of sales attributed to Premium Bonds 50th anniversary in June 2007

Quarterly figures

| Qtr/year | Gross inflows | C&AI* | Gross outflows | Net financing** | Total stock | Value Add |
|------------|---------------|-------|----------------|-----------------|-------------|-----------|
| Q2 2007-08 | 3,757 | 241 | 3,124 | 874 | 82,093 | 94 |
| Q1 2007-08 | 4,531 | 521 | 2,734 | 2,318 | 81,219 | 99 |
| 2006-07 | 14,165 | 1,337 | 9,942 | 5,560 | 78,901 | 337 |
| 2005-06 | 11,976 | 1,198 | 8,317 | 4,857 | 73,341 | 260 |

All figures are in £ million (rounded up to the nearest whole number), 2007-08 Q2 figures only are unaudited and subject to change due to late transaction processing (evidence of identity), cancellation and any accounting adjustments

* Capitalised and accrued interest

** Net financing is NS&I's contribution to government funding

NS&I reports quarterly on gross inflows and outflows, net financing and total stock. Each quarter, NS&I will issue these unaudited figures and will also continue to publish its annual report and audited accounts for each financial year.

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Notes to editors

1. NS&I's performance is measured by Value Add. The government raises money in two main ways: through the sale of gilts and Treasury bills and through NS&I. Value Add is an assessment of how cost-effective NS&I is at raising finance for the government and the difference between the cost of running NS&I and the cost of raising finance through the sale of gilts and Treasury bills. The Value Add figure is important because it represents cost savings to the UK taxpayer.

2. NS&I's performance is also measured by net financing, which is the balance of sales, repayments and interest costs and is the amount of money it gives to the government to help it manage the national debt once interest, Premium Bonds prizes, matured investments and other repayments are made to customers.

3. NS&I is one of the UK's largest savings and investments providers, with 27 million customers, offering retail savings and investments that are 100% secure, backed by HM Treasury. Its total balance of funds represents 16.2% of the national debt (as at July 2007).

4. NS&I was formed in 1861 and is a government department and an executive agency of the Chancellor of the Exchequer, reporting to Kitty Ussher MP, Economic Secretary to the Treasury.

NS&I media team

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