

NS&I 2008/09 QUARTER 2 FINANCIAL REPORT

NS&I today published its latest quarterly figures, for the second quarter of the financial year 2008/09.

Highlights

- Gross inflows (unaudited) for the quarter were just over £5.7 billion, bringing the half-year total to £9.7 billion
- Net financing (NS&I's contribution to government funding) for the quarter was £3.0 billion, bringing the half-year total to £4.1 billion
- Value Add (cost savings to the UK taxpayer) for the quarter was £90.7 million, bringing the half-year total to £177.8 million
- As reported in the recent Pre-Budget report, NS&I has revised its net financing estimate for 2008/09 from £4 billion to £11 billion. This reflects the difficulty of forecasting following the unsolicited additional inflows (i.e. sales) following the turbulence in the financial markets, which we estimate as £9.5 billion. The high level of sales has now abated.

Quarterly figures

Qtr/year	Gross inflows	C&AIP*	Gross outflows	Net financing**	Total stock	Value Add
Q2 2008/09	5.7	0.6	3.3	3.0	88.9	0.1
Q1 2008/09	4.0	0.8	3.7	1.1	85.9	0.1
2007/08	15.5	3.3	12.9	5.9	84.8	0.4
2006/07	14.2	2.9	11.5	5.6	78.9	0.3
2005/06	12.0	2.5	9.6	4.9	73.3	0.3

All figures are in £ billion (rounded up to the nearest whole number), 2008/09 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 and prizes earned

** 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 issues these unaudited figures and publishes its annual report and audited accounts 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 13% of the national debt (as at August 2008) and 7.48% of the savings market (as at August 2008). NS&I does not have a specific limit set on its net financing or market share but aims to maintain a relatively stable level of market share.
4. NS&I was formed in 1861 and is a government department and an executive agency of the Chancellor of the Exchequer, reporting to Ian Pearson MP, Economic Secretary to the Treasury.

NS&I media team

Gill Stephens	020 7348 9433	gill.stephens@nsandi.com
Iman Asante	020 7348 9301	iman.asante@nsandi.com
Laura Llewelyn	020 7348 9437	laura.llewelyn@nsandi.com
Monica Del-Villar	020 7348 9654	monica.del-villar@nsandi.com
Out of hours	All numbers above diverted to staffed mobile phone	
ISDN line for interviews	020 7602 4522	