

## NS&I 2009-10 QUARTER 3 FINANCIAL REPORT

NS&I today published its latest quarterly figures for the third quarter of the financial year 2009-10 (covering October – December 2009).

### Highlights

- Gross inflows (unaudited) for the quarter were £7.7 billion, bringing the year-to-date total to £14.3 billion.
- Net Financing for the quarter was £3.2 billion, bringing the year-to-date total to £1.2 billion.
- As reported in the Pre-Budget Report, NS&I's Net Financing target for 2009-10 is to maintain broadly existing levels of stock and deliver Net Financing of zero within a range of +/- £2.0 billion.
- In all decisions on how its products are priced, NS&I continues to focus on balancing the interests of savers, taxpayers (raising cost-effective funding for government) and supporting the stability of the wider financial services marketplace.

### Quarterly figures

| Qtr/year   | Gross inflows | C&AIP* | Gross outflows | Net Financing** | Total stock | Value Add  |
|------------|---------------|--------|----------------|-----------------|-------------|--|
| Q3 2009-10 | 7.7           | 0.6    | 5.1            | 3.2             | 98.4        | Target suspended                                 |
| Q2 2009-10 | 3.4           | 0.4    | 4.8            | -1.0            | 95.2        | Target suspended                                 |
| Q1 2009-10 | 3.2           | 0.3    | 4.5            | -1.0            | 96.2        | Target suspended                                 |
| 2008-09    | 26.0          | 2.6    | 16.1           | 12.5            | 97.2        | 0.2 (to end of Q3 when the target was suspended) |
| 2007-08    | 15.5          | 3.3    | 13.0           | 5.9             | 84.8        | 0.4  |
| 2006-07    | 14.2          | 2.9    | 11.5           | 5.6             | 78.9        | 0.3  |

All figures are in £ billion (rounded up to the nearest whole number), 2009-10 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 and HM Treasury agreed to temporarily suspend NS&I's 2008-09 Value Add target from the end of Q3 2008-09, and to set no target for 2009-10 due to the exceptionally low Bank of England base rate and unusually volatile financial markets which have distorted the metrics used to calculate Value Add.
2. While Value Add is temporarily suspended, we have developed an alternative called the Value Indicator that we can use – in the short term – to give an indication of how much value NS&I delivers [i.e. the cost-effectiveness of raising money via NS&I against the alternative of raising funding through the gilt markets]. The alternative Value Indicator is still calculated in the same way as Value Add contribution from the fixed book products. However, the variable contribution is based on an average length of holding variable book products compared with current gilt yields with equivalent maturity dates [i.e. the cost to the Debt Management Office (DMO) of raising these funds now]. As at the end of December 2009, the Value Indicator stood at some £984 million.
3. NS&I is one of the UK's largest savings and investments providers, with nearly 27 million customers, offering retail savings and investments that are 100% secure, backed by HM Treasury. 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 Paul Myners CBE, Financial Services Secretary and Minister for the City.
5. Glossary:  
Net Financing – the measure of the net change of NS&I funds, meaning total inflows from deposits, retention of maturing monies and capitalised and accrued interest, less the total outflows from withdrawals and interest or Premium Bond prize draw payments. A positive Net Financing figure represents a positive contribution to government financing.

### NS&I media team

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