

## Access to Public Information Response

**November 28<sup>th</sup> 2016**

### **REQUEST UNDER THE CODE OF PRACTICE FOR ACCESS TO PUBLIC INFORMATION**

Request sent on November 28<sup>th</sup> 2016:

In accordance with 'Code of Practice for Access to Public Information' I hereby request a copy of the model put in place by Bond Management Sub-Committee designed to ensure that the Bond issue can be serviced fully (i.e. the annual coupon payments made, the costs of issuance recovered and the capital sum repaid in full at the end of the term) without recourse to General Revenue.

States of Guernsey response sent on January 17<sup>th</sup> 2017:

The principal amount of the bond is £330 million which is repayable in December 2046.

The actual proceeds reviewed were £315.4 million after allowing for:

- Interest rate locks entered into to protect the coupon payable against market rises between the time the bond issuance was agreed and the actual date of issue of £9.3 million;
- All-in yield 3.435% less coupon of 3.375% (standard practice is that coupons are stated to the nearest 1/8% and an appropriate adjustment made to the proceeds received) – 3.8million;
- Bank fees - £0.65million; and
- All other costs (including Standard & Poors rating) – £0.85million.

Therefore, in order to pay the annual coupon of 3.375%, cover the minor costs associated with the ongoing administration of the bond and increase the £315.4million to £330million by 2046, the average return over the 32 year life of the bond that has to be generated from the bond proceeds is 3.625% (by combination of lending on and investment return of the element not lent on).