

RESERVES RISK ASSESSMENT - SCORING MATRIX

| IMPACT | | LIKELIHOOD | | | | |
|--------|--|--|--|--|--|-----------|
| | | 4 | 4 (20%) | 8 (40%) | 12 (70%) | 16 (100%) |
| | | 3 | 3 (10%) | 6 (30%) | 9 (50%) | 12 (70%) |
| | | 2 | 2 (5%) | 4 (20%) | 6 (30%) | 8 (40%) |
| | | 1 | 1 (0%) | 2 (5%) | 3 (10%) | 4 (20%) |
| | | 1 | 2 | 3 | 4 | |
| | | Unlikely | Could Happen | Likely to Happen | Almost Certain | |
| | | <ul style="list-style-type: none">• 0 – 20% chance of occurrence• 1 in 20-year event• May occur only in exceptional circumstances• Has never or very rarely happened before | <ul style="list-style-type: none">• 20% to 60% chance of occurrence• 1 in 10-year event• Is unlikely to occur but could occur at some time / in some circumstances | <ul style="list-style-type: none">• 60% to 90% chance of occurrence• 1 in 5-year event• Will probably occur at some time / in most circumstances | <ul style="list-style-type: none">• Over 90% chance of occurrence• Occurs on an annual basis• Is expected to occur in most circumstances | |

- % relates to the weighting which will be given to the potential impact to determine the reserve provision required.
- Impact based on governance thresholds – Extreme £2.6m representing 10% Operational (Unearmarked) Reserves