

# INTENDED OFFER OF BONDS



This presentation contains the key terms of proposed offer of bonds ("**Bonds**") by New Zealand Local Government Funding Agency Limited ("**LGFA**"). If offered, the Bonds would be offered under LGFA's master trust deed dated 7 December 2011 (as amended from time to time) ("**Master Trust Deed**") as is supplemented by a supplemental trust deed dated 15 February 2012 (as amended from time to time) (together, the "**Trust Documents**") entered into between LGFA and Trustees Executors Limited ("**Supervisor**"). The Bonds would be "Retail Notes" for the purposes of the Trust Documents.

No money is currently being sought and applications for the Bonds cannot currently be made. If LGFA offers the Bonds, the offer will be made in accordance with the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities. The Bonds are expected to be quoted on the NZX Debt Market.

The proposed offer of Bonds by LGFA, if made, will be made in reliance on the exclusion in clause 19 of schedule 1 to the Financial Markets Conduct Act 2013 ("**FMCA**"), and will be an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and/or maturity date) as LGFA's:

- a) fixed rate bonds maturing on 15 April 2020, which are quoted on the NZX Debt Market under the ticker code LGF030;
- b) fixed rate bonds maturing on 15 May 2021, which are quoted on the NZX Debt Market under the ticker code LGF040;
- c) fixed rate bonds maturing on 15 April 2023, which are quoted on the NZX Debt Market under the ticker code LGF050;
- d) fixed rate bonds maturing on 15 April 2027, which are quoted on the NZX Debt Market under the ticker code LGF060;
- e) fixed rate bonds maturing on 15 April 2025, which are quoted on the NZX Debt Market under the ticker code LGF070;
- f) fixed rate bonds maturing on 14 April 2033, which are quoted on the NZX Debt Market under the ticker code LGF080;
- g) fixed rate bonds maturing on 14 April 2022, which are quoted on the NZX Debt Market under the ticker code LGF090;
- h) fixed rate bonds maturing on 15 April 2024, which are quoted on the NZX Debt Market under the ticker code LGF100; and
- i) fixed rate bonds maturing on 20 April 2029, which are quoted on the NZX Debt Market under the ticker code LGF110,

(together, the "**Quoted Bonds**").

Accordingly, the proposed Bonds will, if offered, be of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

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The Quoted Bonds are the only debt securities of LGFA that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Quoted Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds. The Quoted Bonds with ticker code LGF030 (referred to at paragraph (a) above) have been suspended from trading since the close of business on 1 April 2020 and will be redeemed at maturity on 15 April 2020.

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- ❑ Important Notice and Disclaimer
- ❑ COVID-19 Update
- ❑ LGFA Structure
- ❑ LGFA Debt Market Activity
- ❑ Appendices



- 78 Local Government (“Council”) entities.
- Financial Management.
  - “A local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interest of its district or region”. *Local Government Act 2002 S14.*
- Balanced budget approach – rates reset annually to balance expenditure with operating income.
- Revenue certainty through rates (property taxes) providing 66% of revenue.
  - Rates not affected by level of economic activity or property market;
  - Councils have broad powers to tax (rate) properties;
    - No upper limit on rates income;
    - Rate collection ranks ahead of all other claimants including Inland Revenue Department and mortgagees.
- No defined benefit pension liabilities or welfare obligations.
- Debt used essentially to finance new assets.
- Robust planning with extensive public consultation.
- Strong institutional framework and relationship with Central Government.
- Security can be provided to lenders by Councils.
  - Charge over rates and future rates income;
  - All LGFA bondholders indirectly have the benefit of a Debenture Trust Deed from each council which gives a charge over rates and future rates income. This security is shared with other council lenders.

## RANGE OF ACTIVITIES

Central Government	Mixture of Central and Local Government Funding	Local Government
Education (primary, secondary and tertiary provision)	Public transport operation (typically 53% from Central Government)	<b>Water, wastewater and storm water</b>
Public healthcare and hospitals	Rail infrastructure (negotiated)	<b>Rubbish and recycling collection and disposal</b>
Fire services	Local roads (construction, maintenance, cleaning)	<b>Street cleaning</b>
State highways	Public housing	<b>Health / Sanitation Inspections</b>
Police and corrective facilities		<b>Building inspections</b>
Pensions and welfare		<b>Public facilities (parks, recreation facilities, swimming pools, sports fields)</b>

Table Source: Auckland Council

## Assets (NZ\$ billions)

Current Assets		4.84	
Non Current Assets			
Infrastructure	93.23		
Land and Buildings	26.18		
Investments	12.81		
Other	<u>7.03</u>	<u>139.25</u>	
		<b>144.09</b>	

## Liabilities (NZ\$ billions)

Debt	16.15		
Non-Equity Liabilities	<u>4.37</u>	<u>20.52</u>	

## Net Worth (NZ\$ billions) **123.57**

## Revenue (NZ\$ millions)

Taxation revenue			
Property	5,815		
Regulatory income and petrol tax	<u>647</u>	6,462	
Sales and other operating income		1,603	
Interest and dividend income		650	
Current grants and subsidies		<u>1,164</u>	
<b>Total Operating Income</b>			<b>9,879</b>

## Expenses (NZ\$ millions)

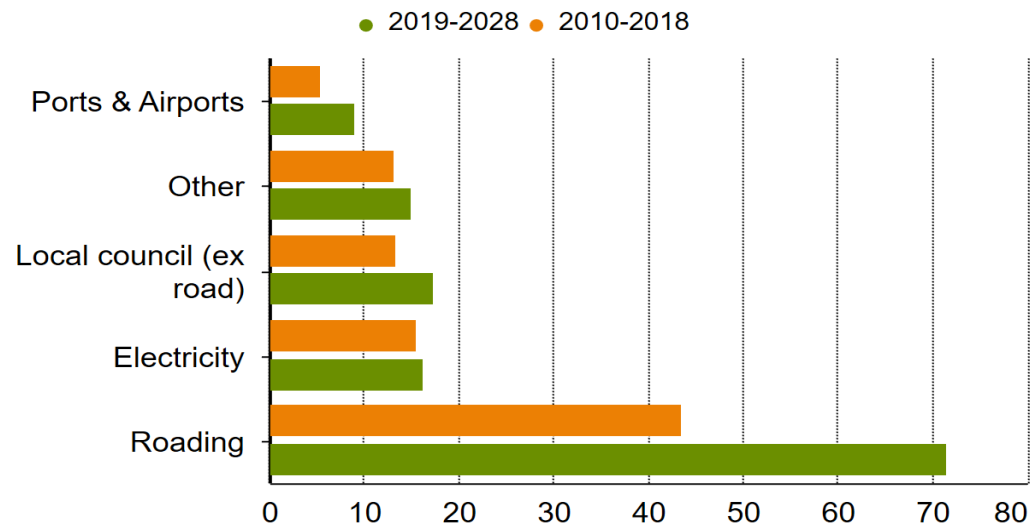
Employee expenses		2,273	
Depreciation		2,101	
Purchases of goods and services		3,990	
Interest expense		769	
Current grants and subsidies		<u>1,160</u>	
<b>Total Operating Expenses</b>			<b>10,293</b>

## Net Operating Balance (NZ\$ millions) **(414)**

Source: LGFA

- Central Government is committed to investing in infrastructure.  
“When it comes to an economic recovery over both the medium and long-term, a nation-building type programme would be a significant element of future policy”  
Grant Robertson (Minister of Finance) in Stuff Article 28 March 2020
- Creation of Infrastructure Industry Reference Group – tasked with identifying projects that are ready to start as soon as construction industry returns to normal.
- Councils are a significant part of the delivery of infrastructure. Around 90% of the roading network is owned by councils.

**Roading scoops over half of infrastructure investment**  
Capital expenditure by asset type, \$b, June years



**Source: Infometrics article titled "New Zealand to invest \$129b in infrastructure over next decade" posted by Brad Olsen on 25 September 2018**

- Council rates revenue was \$6.3 billion in year ended June 2019
- Rates revenue makes up around 55% of the sectors income (excluding revaluation gains)
- Rates revenue makes up between 50% and 70% of individual councils income – some councils are more dependent upon rates than others
- Initial response by councils has been:
  - Offer rates postponement to commercial tenants on a case by case basis
  - Waive penalty fees for ratepayers offered rates postponement
  - Some councils already have residential rates postponement schemes although use has been low
- Deferred rates will still be recognised as income
- Rates income is secured over the rating unit (this means even if it is deferred, the income would still be collected when the property is sold)



- **Development Contributions are likely to fall**
  - Initial sector feedback is that in the near term this could fall by 50% to 70%
  - Development contributions are not included by LGFA in revenue calculation
  - Development contributions are viewed as non-reoccurring income and therefore cannot be relied upon to support debt
- **Fees and Charges are likely to fall in short term**
  - Some public facilities such as libraries and swimming pools are closed
  - Will be partially offset by lower operational costs
- **Capital Expenditure will be lower in the short term**
  - Initial feedback is that this will fall by 50% over the remainder of this financial year (to 30 June 2020)
  - Some infrastructure development is deemed to be non-essential
  - Lower capital expenditure will assist council cashflows

- **New Zealand Transport Agency**
  - Public transport is now free (to assist essential workers)
  - Reimbursement to Councils of lost public transport revenue
  - Reimbursement amounts are based on revenue estimates from previous financial year
- **New Zealand Provincial Growth Fund**
  - \$1 billion per year invested in regional economic development
  - A large amount of this is being invested into local infrastructure
- **Local Government and Central Government have teamed together to create a local government response unit**
  - Help people access essential services, especially those that are vulnerable
  - Local Government to be fully reimbursed for costs incurred
- **Department of Internal Affairs Revenue Workstream**
  - Understand the likely impact COVID-19 will have on Council revenues and expenditure over time
  - Response required, having regard to the government's economic response and recovery objectives

- Ability to service debt has improved significantly
  - Net interest to revenue has fallen from 7.3% in 2013 to 3.5% in 2019 (rated councils)
  - Net interest to revenue has fallen from 3.2% in 2013 to 1.7% in 2019 (unrated councils)
- Will benefit further from interest rate reductions as interest rate hedges mature over the next few years
- The Council sector is better positioned than it was six years ago
  - Net debt to revenue has fallen from 111.8% in 2013 to 68.8% in 2019 (rated councils)
  - Net debt to revenue has fallen from 52.5% in 2013 to 30.0% in 2019 (unrated councils)
- This view is reinforced by the number of credit rating upgrades that have occurred in the sector over recent years
- The highest net debt to revenue outcome was 180.3% as at June 2019 versus maximum cap at 250%. Historically a number of Councils have had a net debt to revenue ratio over 200%.

- **Rates Affordability**
  - Measures whether Council's actual rate increases are in line with forecast rate increases
  - Forces Councils to have good planning

Councils will continue to meet this benchmark as Councils will seek to minimise rate increases
- **Debt Affordability**
  - Measures Council's debt against Council internal limits. All Councils have met this test.
  - Balanced Budget Test – in 2019 year the average Council's operating revenue was 103.7% of operating expenditure
  - The average Council's forecast balanced budget outcome for the 2018 to 2028 period was 105.4%

Balanced budget outcomes likely to fall but starting position is very good
- **Essential Services**
  - Measures whether Councils are investing sufficiently in network services
  - In 2018 and 2019 Councils invested around 180% of their depreciation cost in infrastructure

In the near term lower capital expenditure will see this outcome fall

**Source: LGFA**

- Debt Servicing

- Measures Council's borrowing cost as a percentage of revenue
- Not surprisingly Council's debt servicing costs have been falling

Lower interest rates will benefit Councils

- Debt Control

- Measures whether Council's actual borrowing is in line with planned borrowing
- Generally Council's meet this test as actual capital expenditure is around 80% of budgeted capital expenditure. However, there can be exceptions to this.

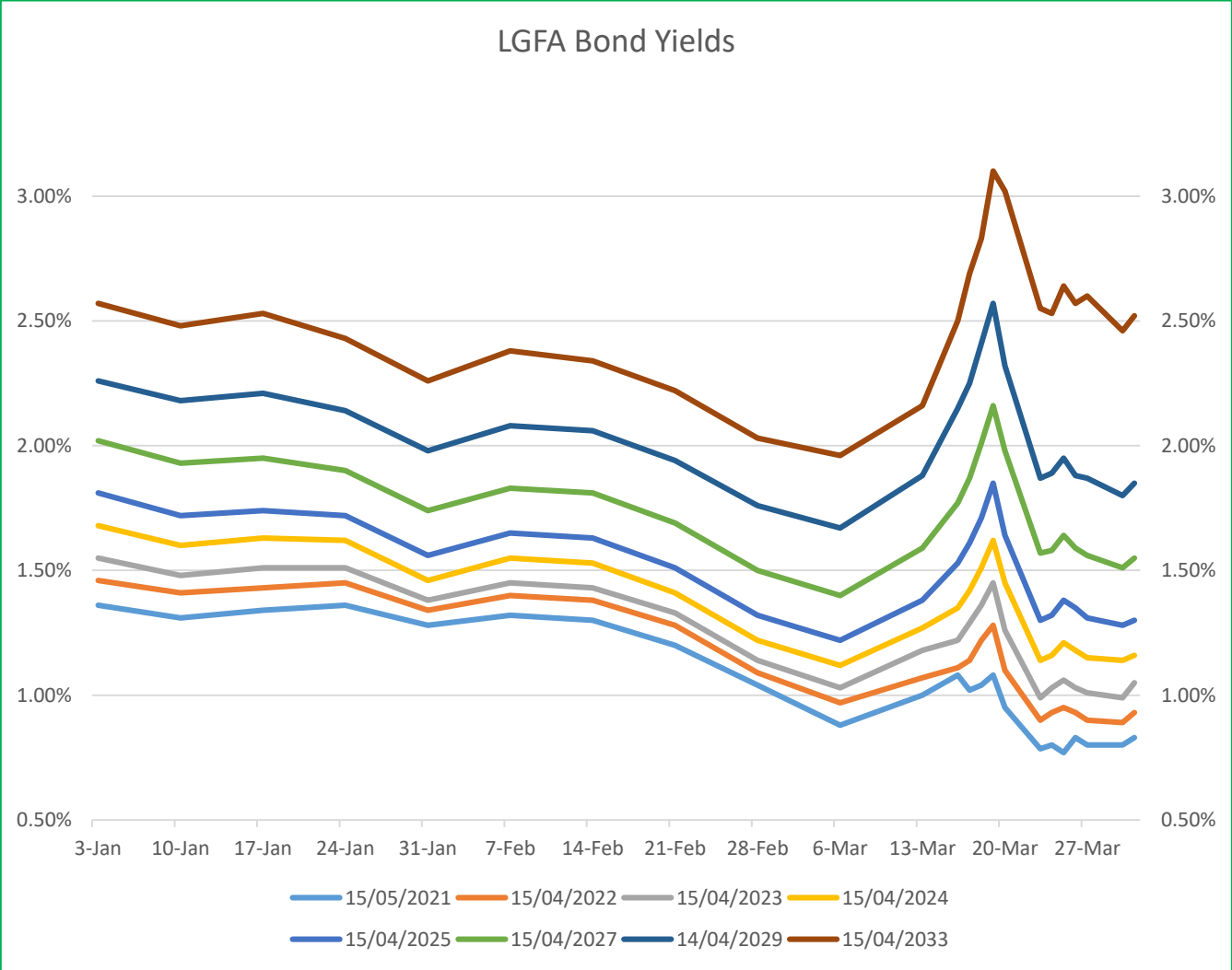
Outcomes will vary by Council. Some Councils may need to increase short term borrowing to assist with cashflow management

- Operations Control

- This measures whether actual cashflow from operations are in line with budgeted cashflows from operations
- Generally Councils meet this test but there can be exceptions due to unforeseen events

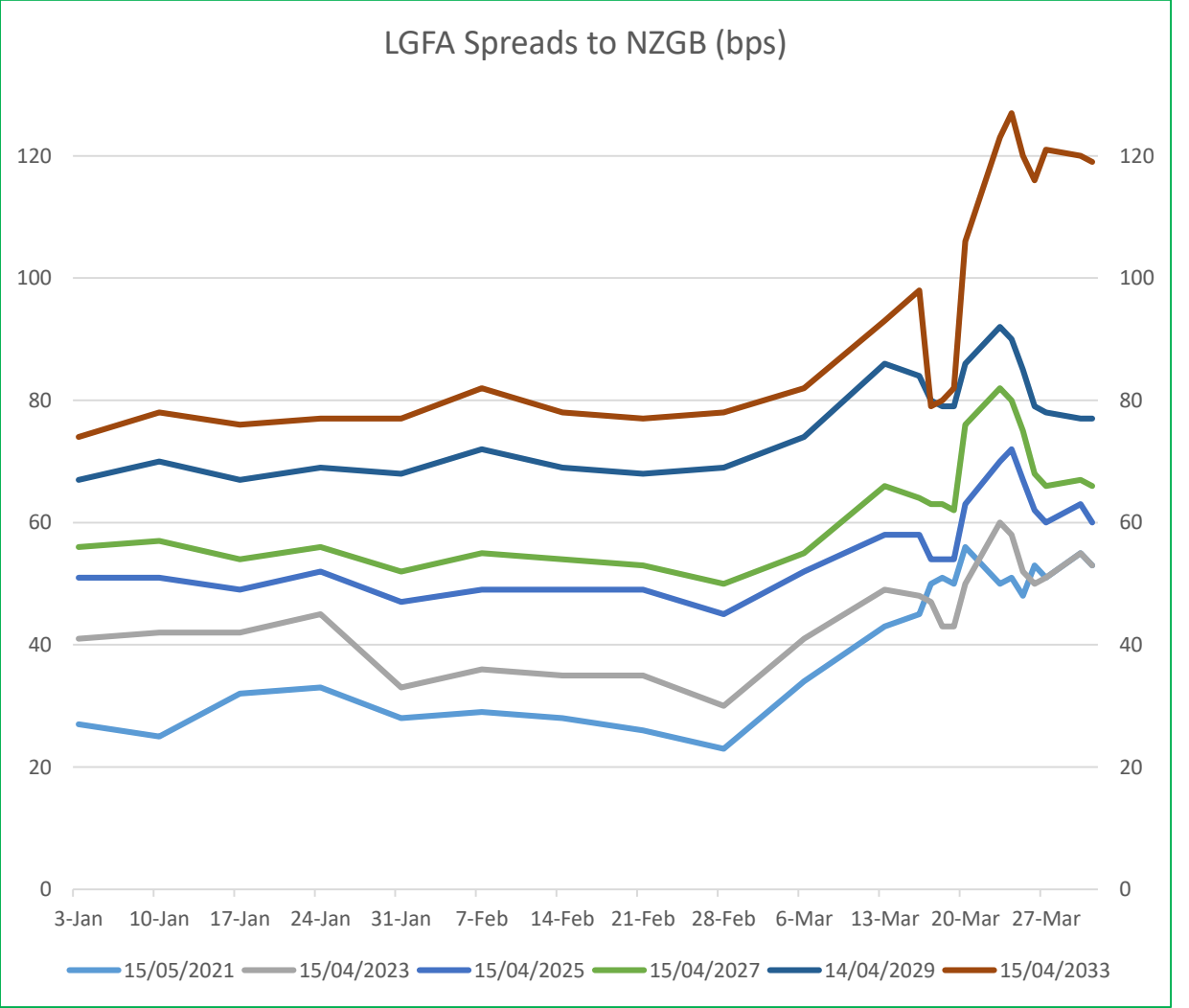
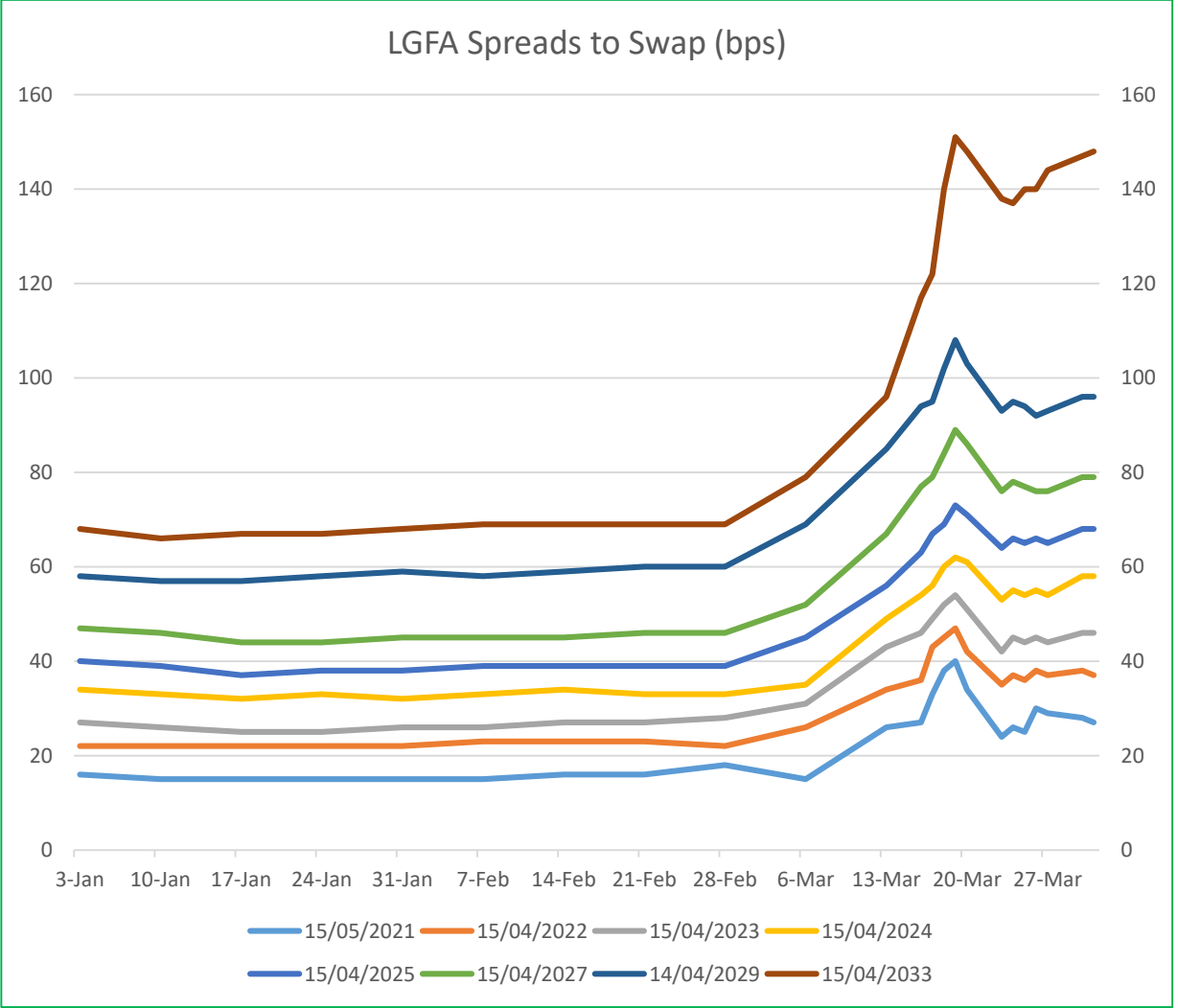
Outcomes will vary by Council. Some Councils may need to increase short term borrowing to assist with weaker short term cash flows

- Higher outright yields, steeper curve and wider spreads to NZGB and Swap.
- Wider bid ask spreads in secondary market.
- Secondary market turnover in line with 12 month average.
- Spread and yield movements similar to Australian semi government and other high grade bonds.



Source: LGFA secondary market end of day yields sourced from BNZ and Bloomberg

# COVID-19 IMPACT ON LGFA BONDS IN SECONDARY MARKET

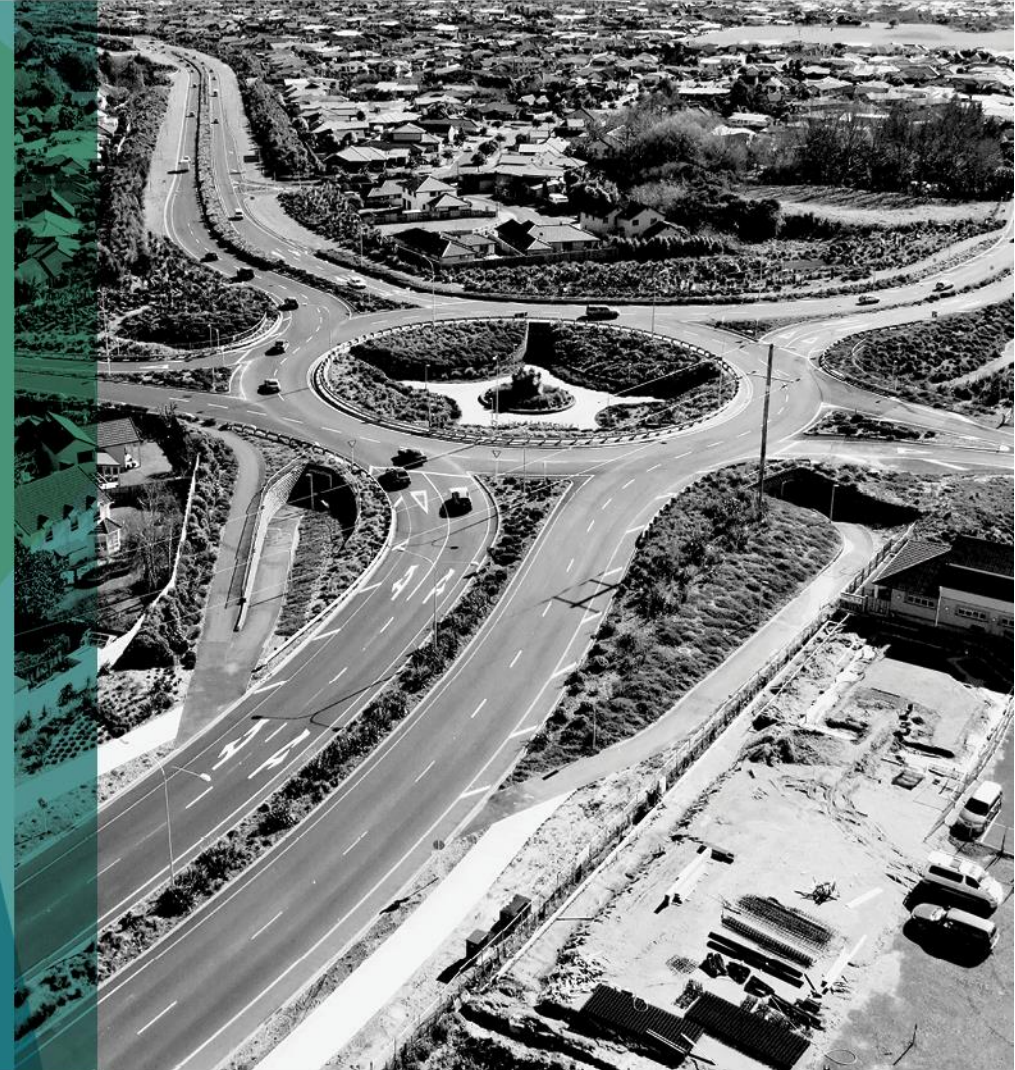


Source: LGFA calculated secondary market end of day spreads sourced from BNZ and Bloomberg

- Seamless transition to remote working environment
- Placed rollout of standby facility product to Councils on hold pending increase in Liquid Assets Portfolio
- Increased soft cap on LGFA bond maturities from NZ\$1.5 billion to NZ\$1.75 billion
- Issued 2.5 year Floating Rate Note by private placement
- Increased on-lending margin to councils by 10 bps
- Increase Treasury Stock holding per LGFA bond maturity by NZ\$50 million (to NZ\$100 million per series) at next issuance opportunity
- Seeking Council approval to increase Borrower Notes percentage from 1.6% to 2.5%
- Councils providing best estimate of future borrowing requirement on monthly basis for next six months
- Currently working with Department of Internal Affairs, Treasury and Office of Auditor General on implications for Councils including stress testing the financial impact



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- LGFA Debt Market Activity
- Appendices



## SHAREHOLDERS

- ❑ Central Government largest shareholder at 20%
- ❑ 30 councils hold 80% shareholding
- ❑ Can only sell shares to Central Government or local authorities

## GOVERNANCE

- ❑ Board of six directors with 5 Independent and 1 Non Independent
- ❑ Bonds listed on NZX so under listing rules
- ❑ Independent Trustee
- ❑ Issue of securities under the Financial Markets Conduct Act
- ❑ Audited by Audit NZ

## GUARANTORS

- ❑ 54 guarantors of LGFA
- ❑ Guarantors comprise:
  - All shareholders except the NZ Government
  - Any non shareholder who may borrow more than NZ\$20 million
- ❑ Security granted by each of the guarantors is over their rates income (property taxes)
- ❑ Guarantors cannot exit guarantee until
  - Repaid all their borrowings
  - Wait for longest outstanding LGFA bond to mature (currently 2033)
- ❑ Changes will be made requiring other Councils to join guarantee when LGFA implements lending to CCOs

## LIQUIDITY

- ❑ NZ\$1 billion liquidity facility from NZ Government
- ❑ NZ\$857 million liquid assets portfolio
- ❑ NZ\$250 million of Treasury Stock currently available for repo

## BORROWERS

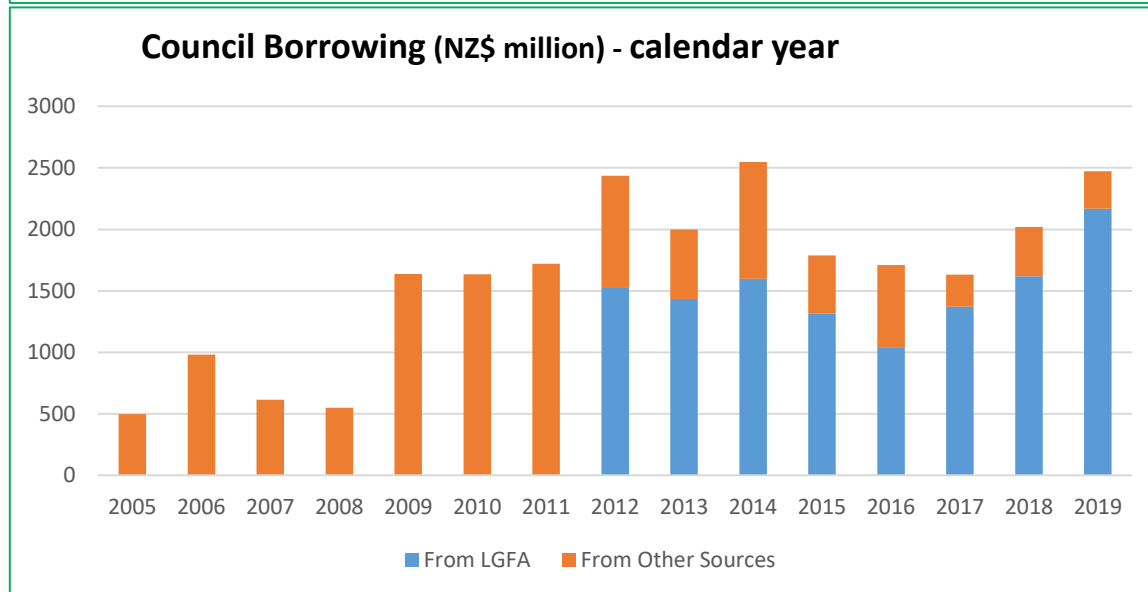
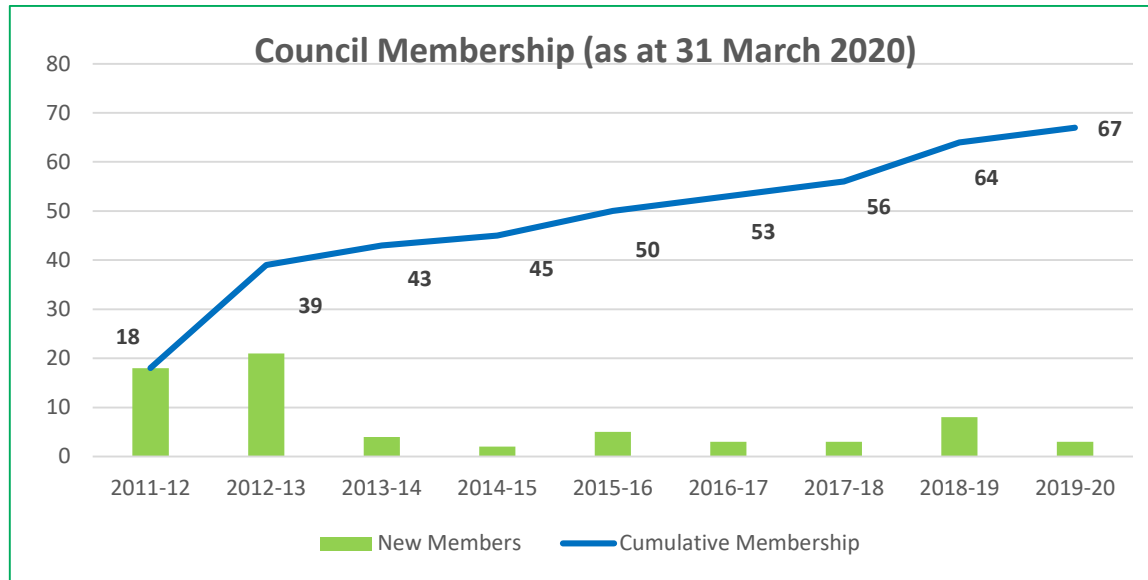
- ❑ 67 member councils
- ❑ Approx. 90% market share
- ❑ Under Local Government Act 2002 councils must manage finances prudently – implies must run balanced operating surplus and only borrow for capital expenditure
- ❑ Councils borrow secured against rates
- ❑ Must meet LGFA financial covenants

## CAPITAL STRUCTURE

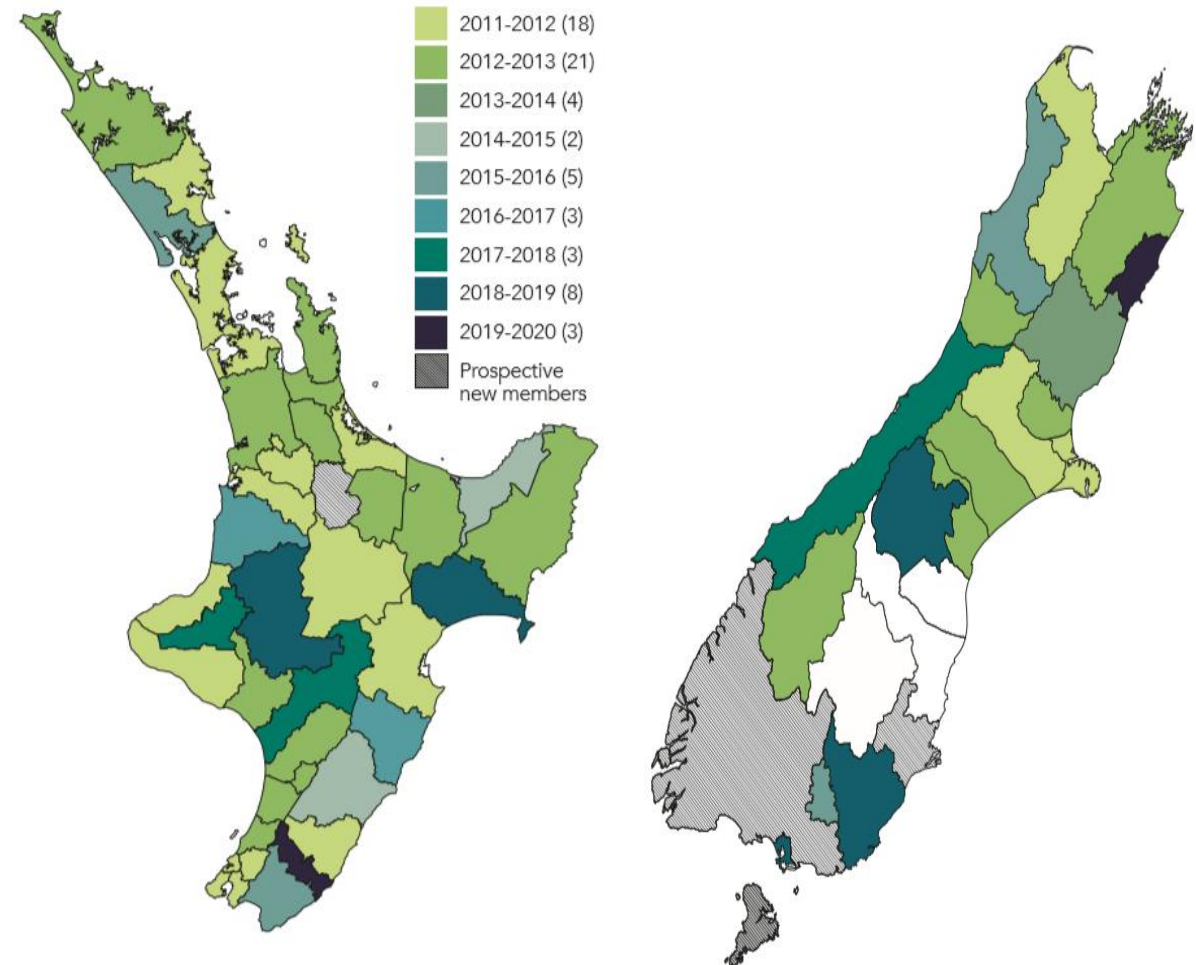
- ❑ NZ\$25 million paid in capital
- ❑ NZ\$20 million uncalled capital
- ❑ NZ\$54 million retained earnings
- ❑ NZ\$163 million Borrower Notes that can be converted to equity
- ❑ Current capital ratio of 2.20% with policy of 2% minimum and target of 3%

As at 31 March 2020

Source: LGFA



## LGFA member councils highlighted with year of joining



Note there are 11 councils not currently members of LGFA. Some of these (notably Regional Councils) may overlap on this map.

- Credit ratings
  - S&P Global Ratings
    - placed long term local (AA+) and foreign currency (AA) credit ratings of LGFA on positive outlook (February 2019) due to the New Zealand Government credit rating being placed on positive outlook
    - placed long term credit ratings of seven councils with AA credit rating on positive outlook (February 2019)
    - methodology change for rating local and regional governments outside of the U.S. (July 2019) – one council upgraded 2 notches
  - Fitch
    - LGFA foreign currency IDR of AA placed on positive outlook (January 2020) – no change to domestic currency IDR of AA+
    - introduced new ratings methodology for international local and regional governments (April 2019)
- Increase in short term lending to councils
  - June 2018 (NZ\$280 million) to June 2019 (NZ\$451 million) to December 2019 (\$525 million) to 31<sup>st</sup> March 2020 (\$461 million)
- Record amount of long term lending to councils
  - Twelve month period to 30 June 2019                      lending of NZ\$2.446 billion and LGFA bond issuance of NZ\$2.455 billion
  - Six month period to 31 December 2019                      lending of NZ\$732.1 million and LGFA bond issuance of NZ\$1.105 billion
  - Three month period to 31 March 2020                      lending of NZ\$800.3 million and LGFA bond issuance of NZ\$530 million
- Ten new member councils between July 2018 and 31<sup>st</sup> March 2020
- Productivity Commission final report into Local Government funding and financing on 30<sup>th</sup> November 2019.
- Department of Internal Affairs currently reviewing regulation and supply of the 3 waters.
- LGFA issued a new April 2024 bond maturity by syndication on 15 March 2019 and April 2029 bond maturity on 23 August 2019.
- New product initiatives

# WHO DOES LGFA LEND TO AND WHO GUARANTEES LGFA?

Council Borrower	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Auckland	\$2,657	24.9%
Christchurch City	\$2,019	18.9%
Wellington City	\$600	5.6%
Tauranga City	\$540	5.1%
Hamilton City	\$455	4.3%
Wellington Regional	\$400	3.7%
Kapiti Coast District	\$225	2.1%
Hutt City	\$209	2.0%
Rotorua District	\$207	1.9%
Bay of Plenty Regional	\$192	1.8%
57 other member councils	\$3,149	29.6%

Council Borrowing	Volume (NZ\$ million)
Short Term (loan terms less than 12 months)	\$461
Long Term	\$10,192
<b>Total</b>	<b>\$10,653</b>

Borrower Type	Number of councils	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Guarantors	54	\$10,538	98.9%
Non guarantors	13	\$115	1.1%
<b>Total</b>	<b>67</b>	<b>\$10,653</b>	<b>100%</b>

**Note:**

**Auckland Council borrowing is capped at 40% of total LGFA lending**

**Three member councils have yet to borrow from LGFA**

**Guarantee contains provisions apportioning share to each council based upon their relative share of total rates revenue of all guarantors. A council's obligation under the guarantee is secured against rates revenue.**

Council Guarantor	% share of Guarantee
Auckland	31.9%
Christchurch City	8.6%
Wellington City	5.5%
Hamilton City	3.0%
Tauranga City	2.9%
Wellington Regional	2.9%
Hutt City	2.0%
Canterbury Regional	1.8%
Whangarei District	1.7%
Palmerston North City	1.7%
44 other council guarantors	38.0%

**As at 31 March 2020**

**Source: LGFA**

# WHAT IS THE CREDIT QUALITY OF THE LENDING BOOK ?

- 90.1% of LGFA loans to councils with credit ratings
- 89.1% of LGFA loans to AA- rated councils or better
- Average credit quality is above AA-
- Improving trend in underlying credit quality of local government sector over the past seven years
  - 9 councils on positive outlook = NZ\$1.77 billion (17.5% loan book)
  - no councils on negative outlook
- Not all councils have credit ratings due to cost of obtaining a rating vs benefits
  - Average total lending to unrated councils is NZ\$29 million per council
  - NZ\$45 million of debt is approximate breakeven for a borrower to obtain a credit rating
- LGFA undertakes detailed credit analysis of all member councils separate to the external credit rating process performed by S&P, Fitch and Moody's
- Unrated councils are assessed by LGFA as having in general, better credit quality than those councils with credit rating

External Credit Rating (S&P, Fitch)	Lending (NZ\$ millions)	Lending (%)	Number of Councils
AA+	\$145	1.4%	3
AA	\$5,751	54.0%	18
AA-	\$3,586	33.7%	8
A+	\$115	1.1%	1
Unrated	\$1,056	9.9%	37
<b>Total</b>	<b>\$10,653</b>	<b>100%</b>	<b>67</b>

As at 31 March 2020

Source: LGFA

Note: Three member councils have yet to borrow from LGFA (includes long and short term lending)

Council	S&P	Fitch	Moody's
Ashburton District Council		AA+	
Auckland Council	AA		Aa2
Bay of Plenty Regional Council	AA		
Christchurch City Council	AA-		
Dunedin City Council	AA		
Wellington Regional Council	AA (pos outlook)		
Hamilton City Council		AA-	
Hastings District Council	AA		
Horowhenua District Council	A+		
Hutt City Council	AA		
Invercargill City Council		AA+	
Kapiti Coast District Council	AA		
Marlborough District Council	AA (pos outlook)		
Nelson City Council	AA		
New Plymouth District Council	AA (pos outlook)		
Palmerston North City Council	AA (pos outlook)		
Porirua City Council	AA		
Queenstown-Lakes District Council		AA-	
Rotorua District Council		AA-	
South Taranaki District Council	AA- (pos outlook)		
Selwyn District Council		AA+	
Tasman District Council	AA		
Taupo District Council	AA (pos outlook)		
Tauranga City Council	AA-		
Timaru District Council		AA-	
Waimakariri District Council	AA		
Waipa District Council		AA-	
Whanganui District Council	AA		
Wellington City Council	AA (pos outlook)		
Western Bay of Plenty District Council	AA (pos outlook)		
Whangarei District Council	AA (pos outlook)		

31 councils in New Zealand have credit ratings  
– 30 are members of LGFA

Over the past five years

- Christchurch, Nelson and Tauranga City Councils and Kapiti Coast, South Taranaki, Tasman, Taupo, Western Bay of Plenty (twice), Whanganui and Whangarei District Councils were upgraded
- No council ratings were downgraded

Eight councils with “AA” credit rating placed on positive outlook in 2019 (S&P)

Three councils have “AA+” credit rating (Fitch)

As at 31 March 2020

Source: S&P, Fitch, Moody's, LGFA

LGFA’s policy to minimise financial risks and carefully identify, manage and control all risk.

## ❑ Market Risk

- PDH limit of NZ\$100,000 – current exposure (as at 31 March 2020) \$25,500
- VAR limit of NZ\$1,000,000 – current exposure (as at 31 March 2020) \$140,000

## ❑ Credit Risk

All Councils that borrow from LGFA are obliged to:

- Provide security in relation to their borrowing from LGFA and related obligations.
- Issue securities (bonds/FRNs/CP) to LGFA.
- Comply with their own internal borrowing policies.
- Comply with the LGFA financial covenants within either the Lending Policy or Foundation Policy

Auckland Council is limited to a maximum of 40% of LGFA’s total Local Authority assets.

No more than the greater of NZ\$100 million or 33% of a Council’s borrowings from LGFA will mature in any 12 month period.

## ❑ Liquidity and Funding Risk

Cash and Investments

- LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due.
- Only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within strict counterparty limits.

NZ Government liquidity facility

- The New Zealand Government provides a committed liquidity facility up to NZ\$1 billion in size that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall.
- Facility size is set by LGFA at NZ\$700 million (as at 31 March 2020)

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<250%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

Liquidity position as at 31 March 2020	NZ\$ million
Cash and cash equivalents	\$75.7
Deposits and Marketable Securities	\$781.3
NZ Government Liquidity Facility (amount available)	\$700.0
<b>Total</b>	<b>\$1,557.0</b>

Source: LGFA



## ❑ Fitch Ratings - November 2019 / January 2020

Local Currency AA+ / Stable/ F1+      Foreign currency rating AA / Positive / F1+

### Fitch notes:

- strong links to the sovereign – classified as a credit linked Public Sector Entity;
- deemed to be of strategic importance;
- sound underlying asset quality of its shareholders, local councils;
- long-term rating is capped by the ratings of the sovereign;
- support of a joint and several liability guarantee.

Long-term foreign-currency Issuer Default Rating placed on positive outlook on 27<sup>th</sup> January 2020

## S&P Global Rating’s – February 2020

Local Currency AA+ / Positive / A-1+      Foreign Currency AA / Positive / A-1+



Both long-term ratings placed on “positive outlook” on 4<sup>th</sup> February 2019

### Strengths:

- dominant market position as source of funding for New Zealand local government;
- high credit quality of underlying lending;
- extremely strong likelihood of support from the New Zealand Government in a stress scenario;
- robust and experienced management and governance.

### Weaknesses:

- highly concentrated loan portfolio;
- modest risk adjusted capital ratio;
- reliance upon domestic market funding.

Rating Agency	Domestic Currency	Foreign Currency	Date of Report
	AA+ (positive outlook)	AA (positive outlook)	27 February 2020
	AA+ (stable outlook)	AA (positive outlook)	27 January 2020

Source: S&P, Fitch, LGFA

- ❑ Important Notice and Disclaimer
- ❑ COVID-19 Update
- ❑ LGFA Structure
- ❑ LGFA Debt Market Activity
- ❑ Appendices



## Issuance Strategy

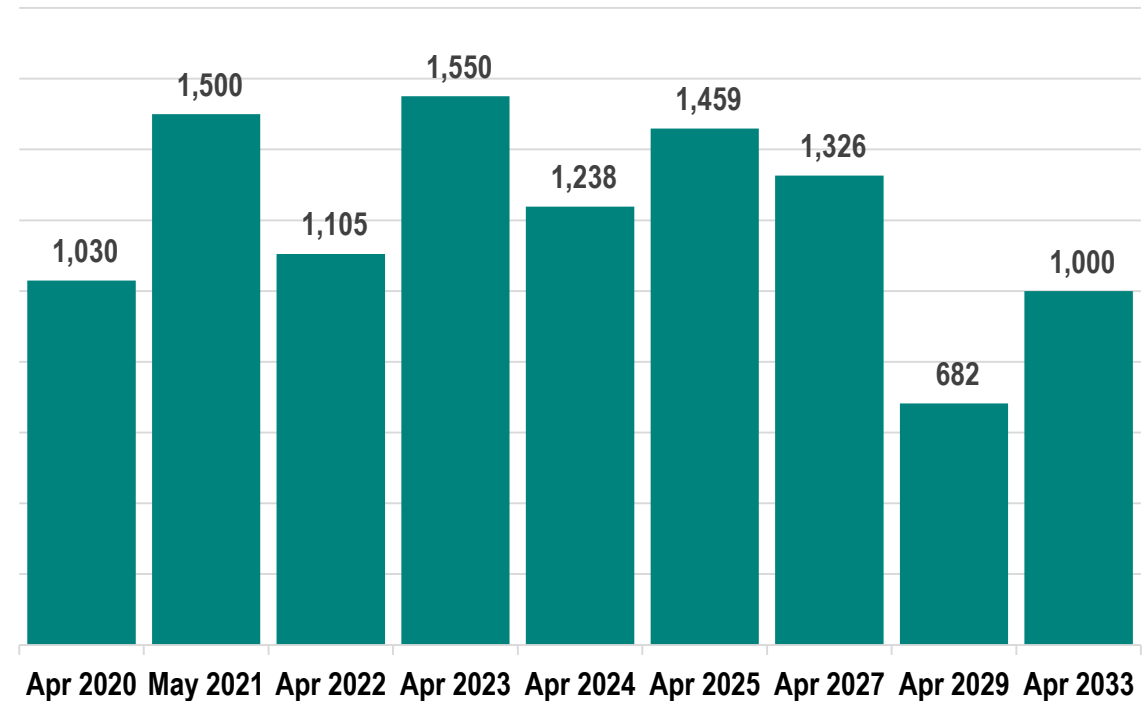
- Match NZ Government Bond where possible
  - Maturities, Tenders, AIL paid on behalf of offshore holders
- Recent issuance of non NZGB maturity (April 2022)
- Recent move to syndication of April 2024 and April 2029
- Liquidity important – objective of NZ\$1 billion plus series and soft cap of \$1.75 billion per series
- NZD issuance only to date
- All LGFA bonds listed on NZX
- Objective to target tender issuance every five weeks of NZ\$125 million to NZ\$200 million in size and at least three maturities tendered
- Recent private placement not a substantial change to strategy

SOI Forecast	Projected Gross Issuance	Projected Net Issuance
2019-20	NZ\$1.64 billion	NZ\$660 million
2020-21	NZ\$2.28 billion	NZ\$831 million
2021-22	NZ\$1.85 billion	NZ\$775 million
2022-23	NZ\$1.90 billion	NZ\$450 million

Based on assumed council long-term borrowing of NZ\$1.08 billion in 2019-20 year, \$2.15 billion in 2020-21 year, \$1.77 billion in 2021-22 year and \$1.80 billion in 2022-23.

## LGFA retail bonds on issue (NZ\$ million)

As at 31 March 2020: NZ\$10,890 million  
Includes NZ\$450 million treasury stock



In addition to the retail bonds listed on the NZDX, LGFA has NZ\$130 million of Wholesale Floating Rate Notes on issue

## LGFA Retail Bonds Issued by June Financial Year (NZ\$ million)

Maturity	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
15-Apr-15	155	10	75						
15-Dec-17	605	245	110	55					
15-Mar-19	75	900	95	40	70	20	40		
15-Apr-20				365	200	190	225		
15-May-21		445	625	100	150	30	70	30	
14-Apr-22							270	440	345
15-Apr-23			355	655	275	65	79	21	50
15-Apr-24								950	238
15-Apr-25					100	560	309	410	30
15-Apr-27				285	470	205	96	220	
20-Apr-29									632
14-Apr-33						215	140	385	210
<b>Total Volume (NZ\$ million)</b>	<b>835</b>	<b>1600</b>	<b>1260</b>	<b>1500</b>	<b>1265</b>	<b>1285</b>	<b>1229</b>	<b>2456</b>	<b>1505</b>
<b>Average Bond Tender Size (NZ\$ million)</b>	<b>209</b>	<b>182</b>	<b>153</b>	<b>188</b>	<b>141</b>	<b>143</b>	<b>137</b>	<b>188</b>	<b>176</b>
<b>Average Issuance Term (years)</b>	<b>5.34 years</b>	<b>6.57 years</b>	<b>7.04 years</b>	<b>7.92 years</b>	<b>8.10 years</b>	<b>8.28 years</b>	<b>6.07 years</b>	<b>6.62 years</b>	<b>7.35 years</b>

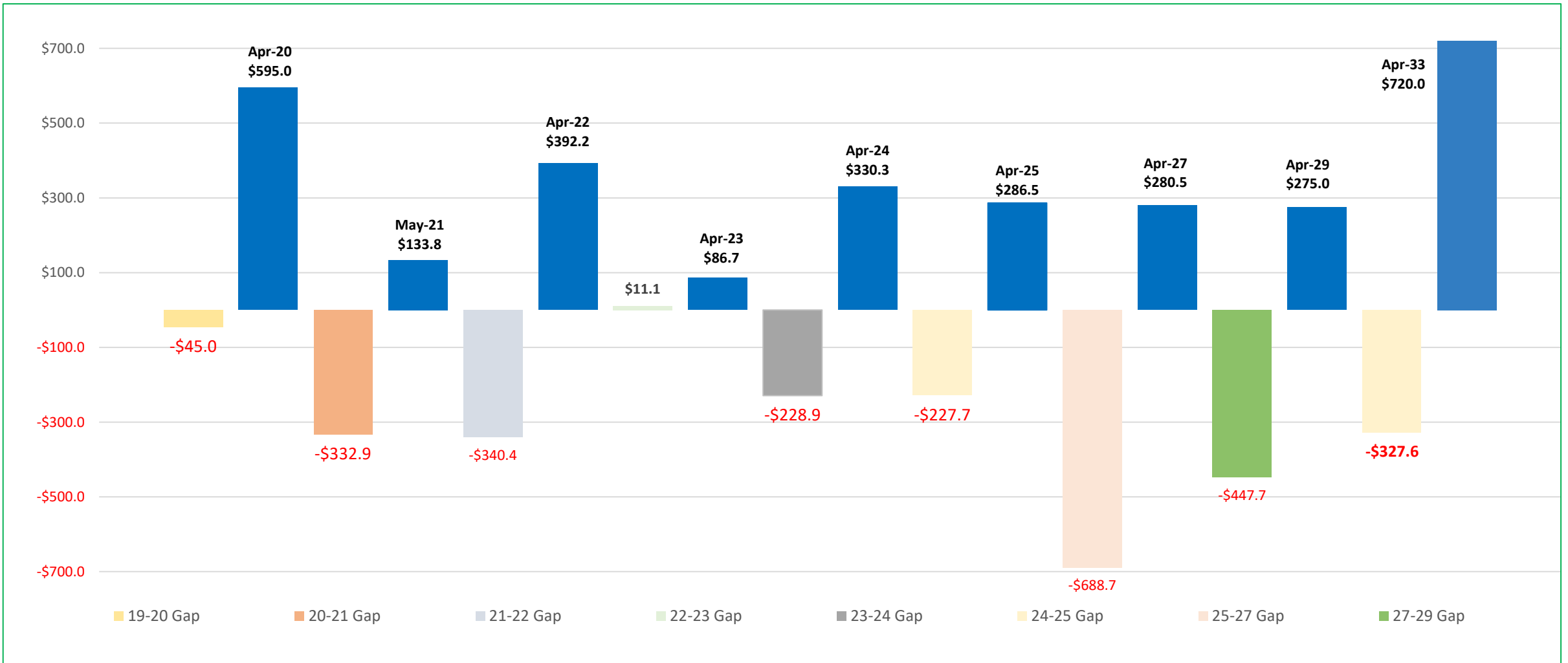
- Typically a new bond maturity each year
- Historically annual issuance volume NZ\$1.2 billion to NZ\$1.6 billion except 2018-19
- Longer duration of issuance except 2017-18 year
- Average tender size increasing

Note in addition to the retail bonds listed on the NZDX, LGFA has NZ\$130 million of Wholesale Floating Rate Notes on issue not included in this table

Source: LGFA

As at 31 March 2020

# ASSET LIABILITY MISMATCHES

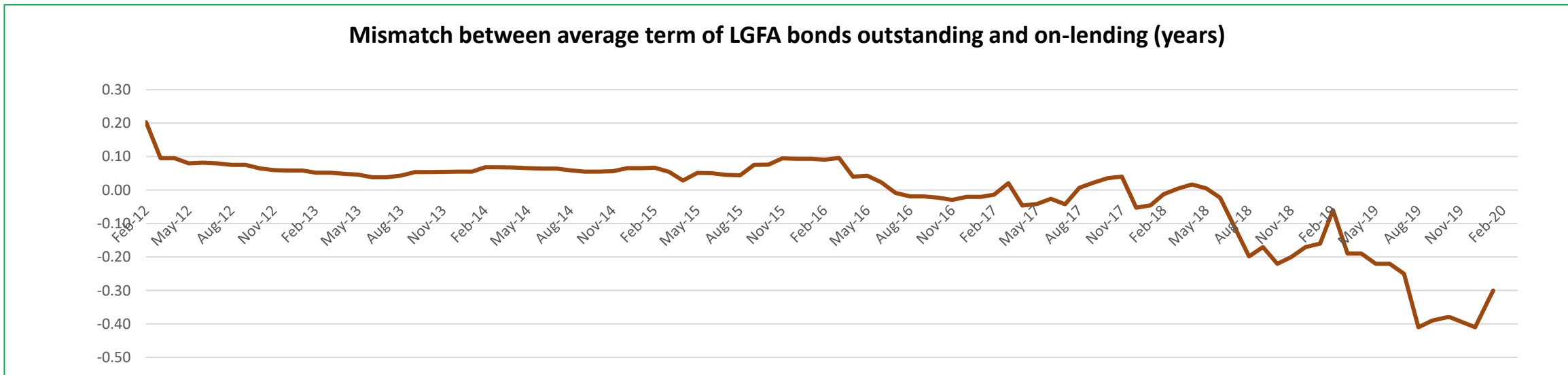
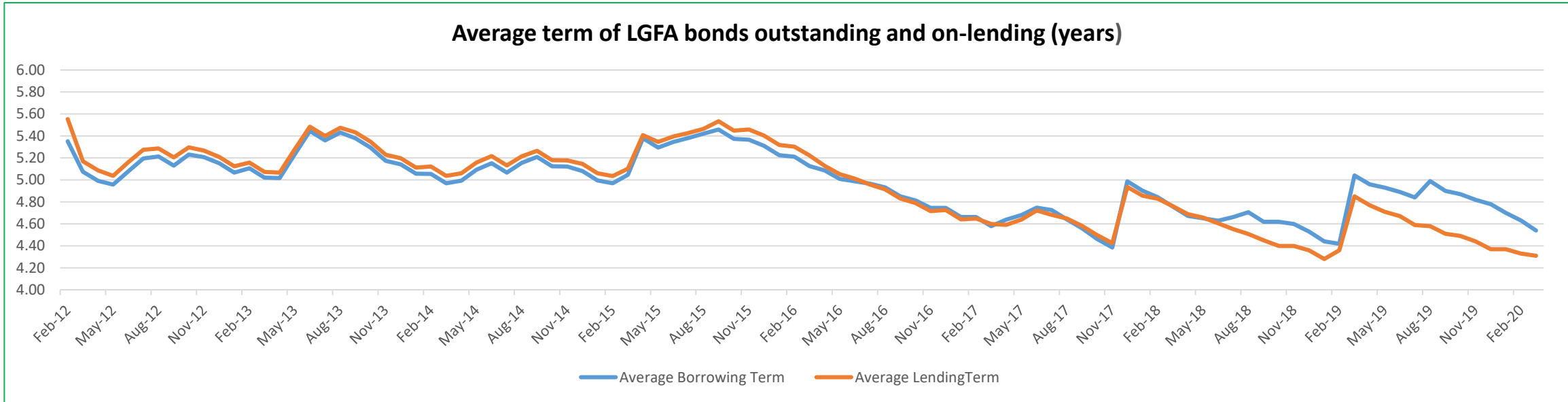


The asset liability mismatch is the difference between LGFA bonds issued and loans to Councils for each date or period. The positive outcomes show more LGFA bonds have been issued than loans made to Councils for that date or period. The negative outcomes show loans made to Councils with maturity dates between LGFA bond maturities.

**As at 31 March 2020**

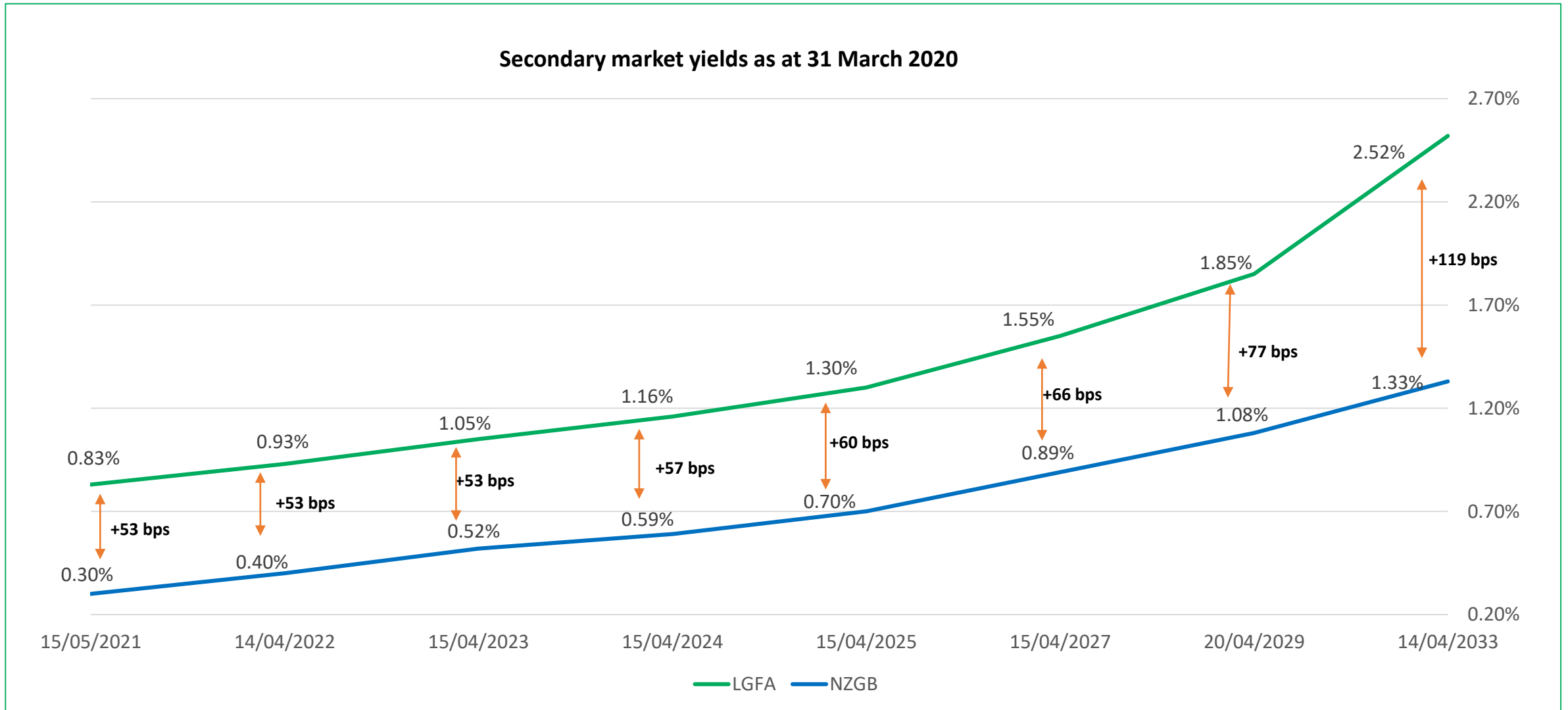
**Source: LGFA**

# MINIMAL MISMATCH BETWEEN LGFA BONDS AND LOANS



Negative = longer term of bond issuance than on-lending

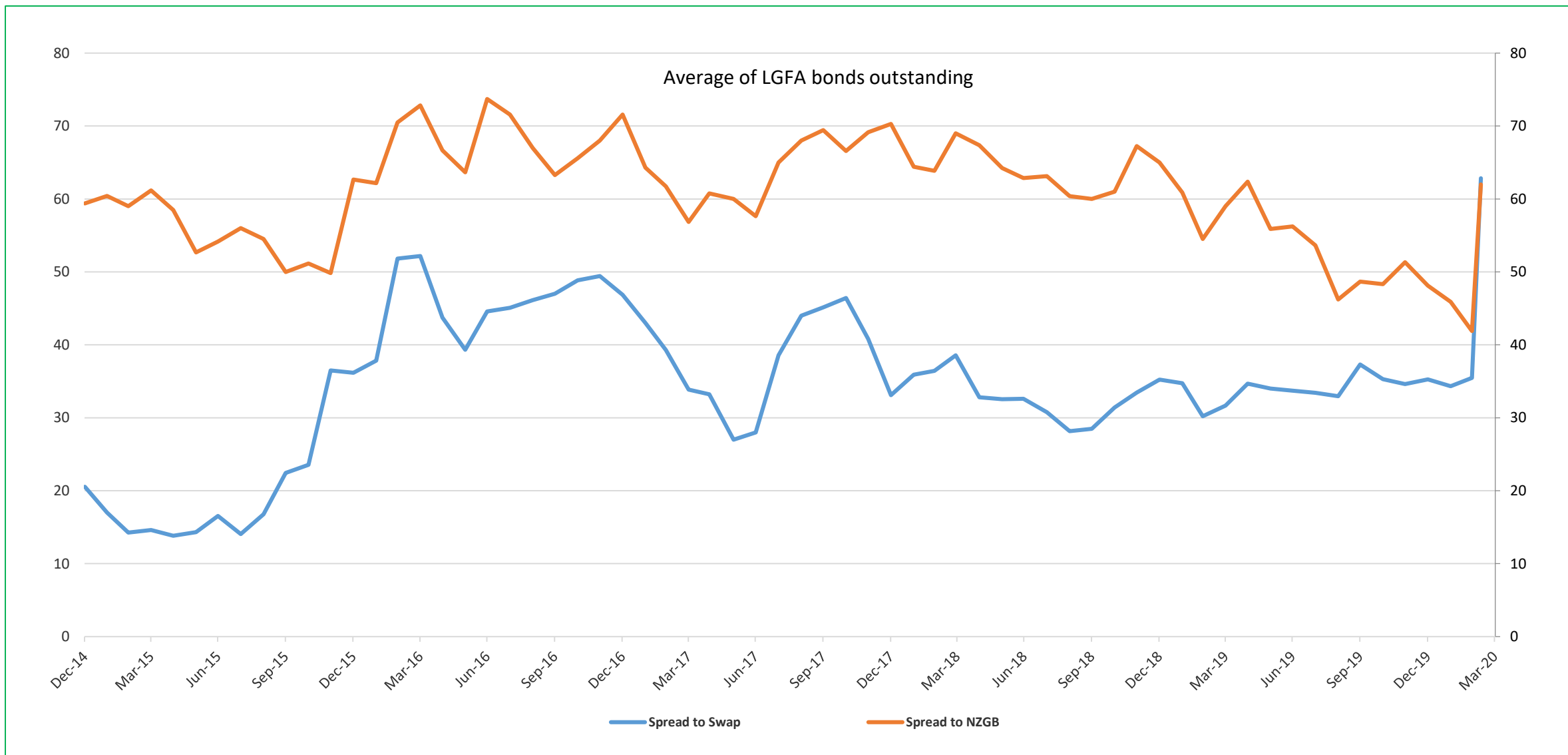
Source: LGFA



**NZLGFA Curve on Bloomberg: GC I737**

Source: LGFA

# LGFA SPREADS TO NZGB AND SWAP (bps)

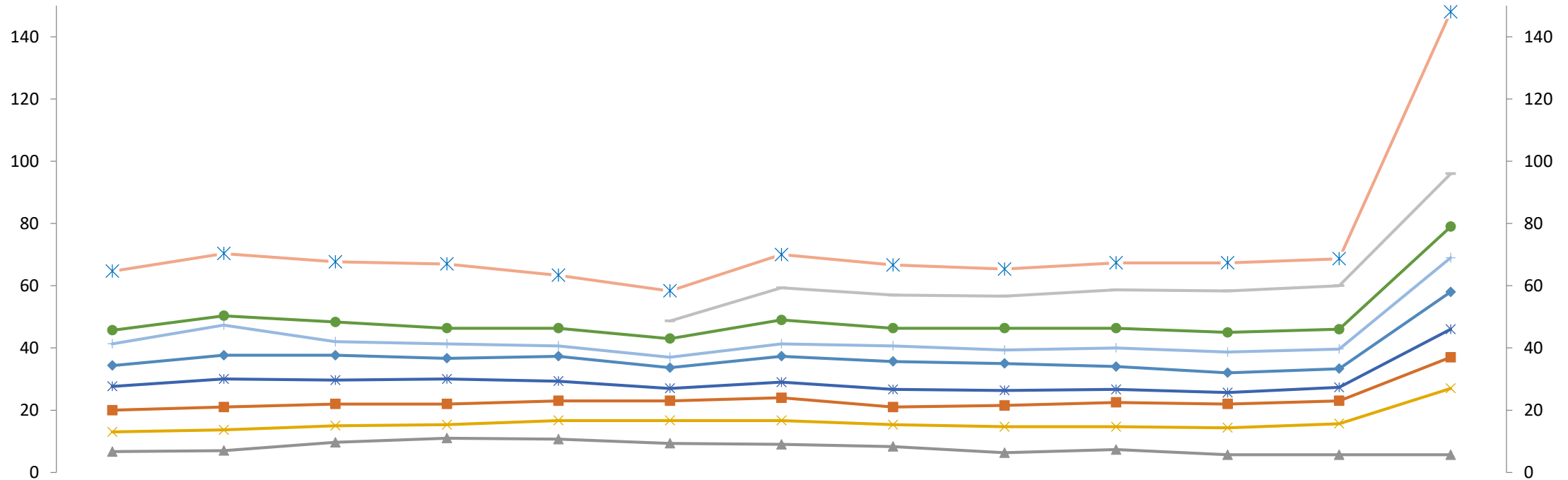


Secondary market levels as at end of each month taken from end of month closing rate sheets published by NZ banks (except March 2020 where LGFA estimate is used)

Source: LGFA

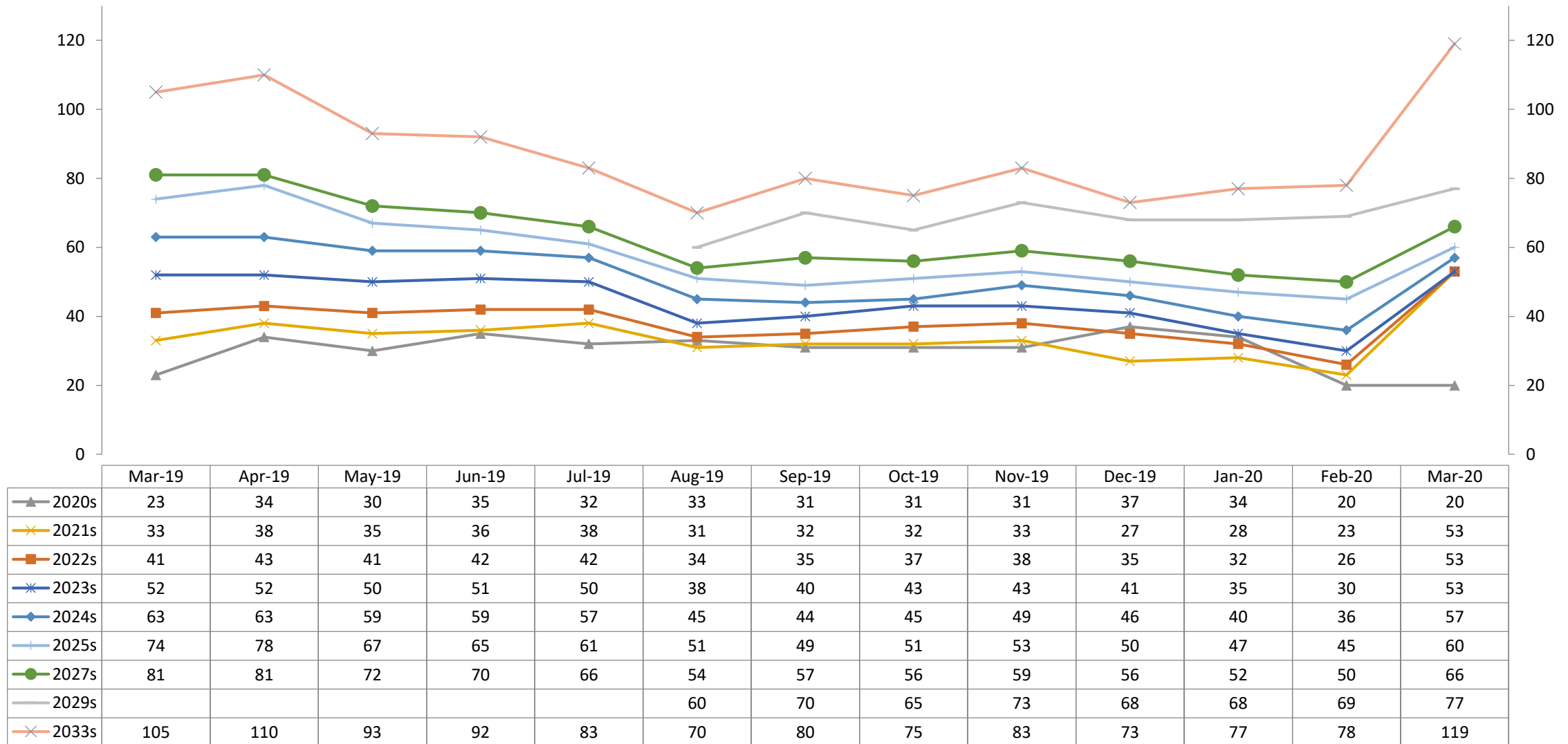


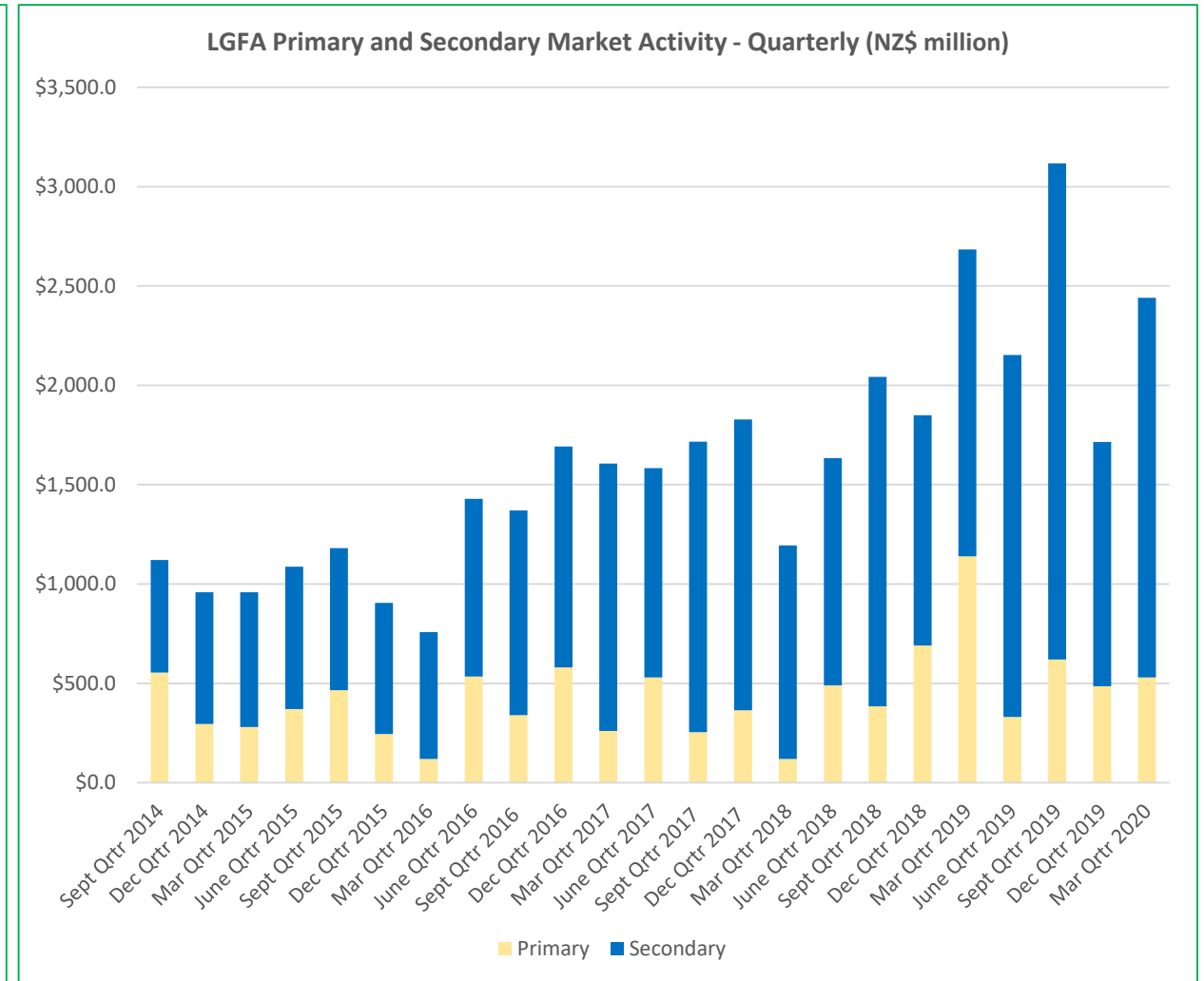
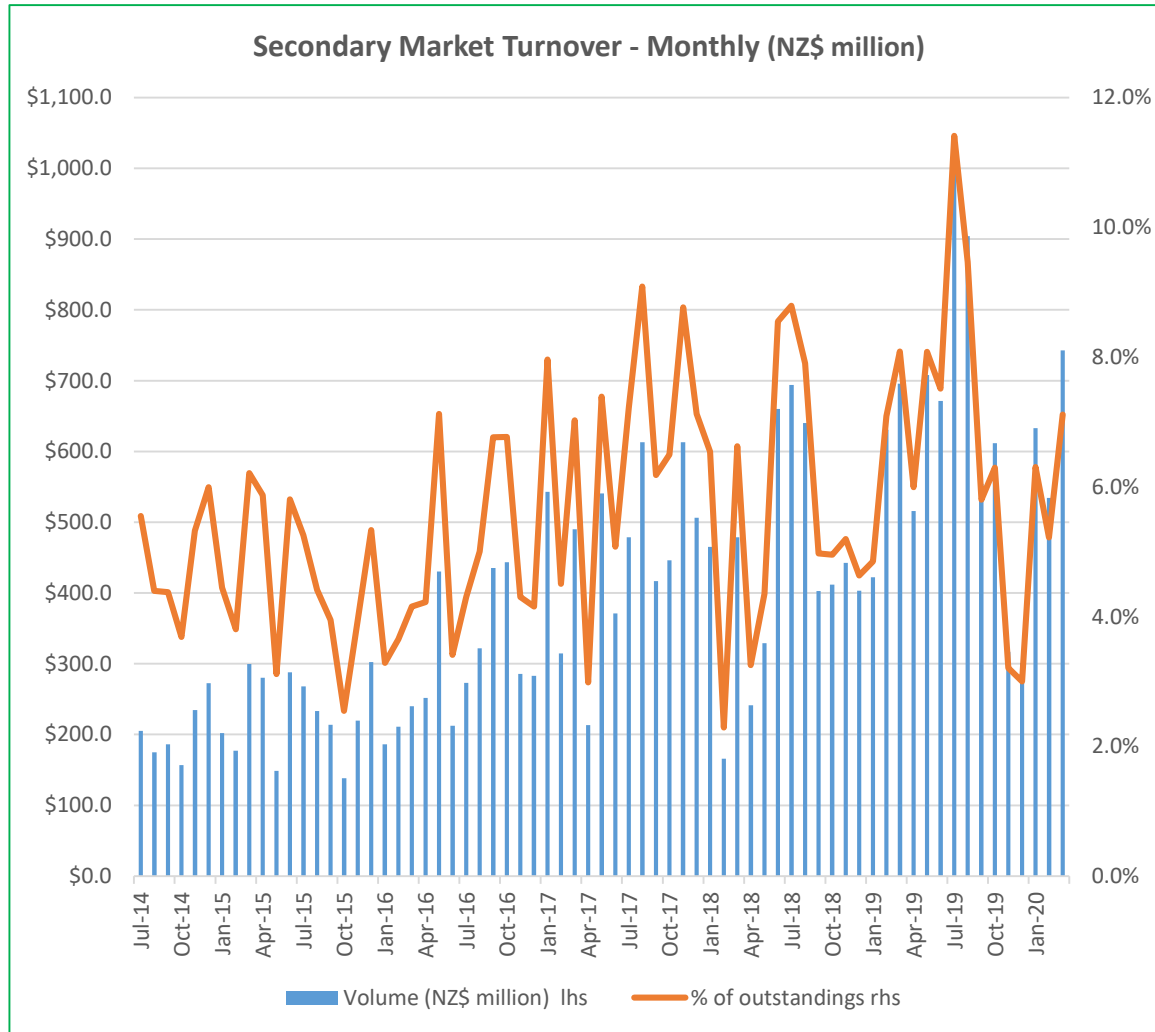
# LGFA SPREADS TO SWAP (bps)



	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
2020s	7	7	10	11	11	9	9	8	6	7	6	6	6
2021s	13	14	15	15	17	17	17	15	15	15	14	16	27
2022s	20	21	22	22	23	23	24	21	22	23	22	23	37
2023s	28	30	30	30	29	27	29	27	26	27	26	27	46
2024s	34	38	38	37	37	34	37	36	35	34	32	33	58
2025s	41	47	42	41	41	37	41	41	39	40	39	40	69
2027s	46	50	48	46	46	43	49	46	46	46	45	46	79
2029s						49	59	57	57	59	58	60	96
2033s	65	70	68	67	63	58	70	67	65	67	67	69	148

# LGFA SPREADS TO NZGB (bps)





**Note: LGFA analysis of change in investor holdings at Computershare registry. Buy side only, does not capture intra day activity or tender activity. Activity in LGFA bonds excluded six months prior to maturity.**

- On 1 April 2020 LGFA announced that it is considering, April 2026 bondssubject to market conditions, an offer of unsecured, unsubordinated fixed rates bonds maturing on 15
- If LGFA decides to proceed with the offer, full details of the offer will be released closer to the time the offer is expected to open
- If LGFA offers the Bonds, any offer will be made in accordance with the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities.
- The Bonds are expected to be quoted on the NZX Debt Market
- Appointment of four banks as JLMs
  - ANZ, BNZ, CBA and Westpac
- While LGFA is considering the offer, it may decide not to proceed with the tender currently scheduled on 8 April 2020.
- Considerations
  - Market conditions
  - Investor demand
  - Council borrowing appetite for volume and tenor

2020 Indicative Bond Tender and Settlement Date Schedule			
Tender #	Announcement Date	Tender Date	Settlement Date
71	Monday, 6 April 2020	Wednesday, 8 April 2020	Wednesday, 15 April 2020
72	Friday, 29 May 2020	Wednesday, 3 June 2020	Monday, 8 June 2020
73	Monday, 6 July 2020	Wednesday, 8 July 2020	Monday, 13 July 2020
74	Tuesday, 11 August 2020	Thursday, 13 August 2020	Monday, 17 August 2020
75	Monday, 5 October 2020	Wednesday, 7 October 2020	Monday, 12 October 2020
76	Tuesday, 10 November 2020	Thursday, 12 November 2020	Monday, 16 November 2020
77	Monday, 14 December 2020	Wednesday, 16 December 2020	Monday, 21 December 2020

**No money is currently being sought and applications for the Bonds cannot currently be made.**

- ❑ Important Notice and Disclaimer
- ❑ COVID-19 Update
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- ❑ Appendices



Shareholders	Total Shares (NZ\$)	Shareholding (%)	Amount borrowed (NZ\$ million)	Borrowing (%)	Share Guarantee (%)
New Zealand Government	5,000,000	11.1%			
Auckland Council	3,731,960	8.3%	2,657.0	24.9	31.6
Christchurch City Council	3,731,960	8.3%	2,018.8	19.0	8.7
Wellington City Council	3,731,958	8.3%	599.5	5.6	5.4
Tauranga City Council	3,731,958	8.3%	540.0	5.1	2.9
Hamilton City Council	3,731,960	8.3%	455.0	4.3	3.2
Wellington Regional Council	3,731,958	8.3%	400.0	3.8	2.9
Kapiti Coast District Council	200,000	0.4%	225.0	2.1	1.1
Hutt City Council	200,000	0.4%	209.0	2.0	1.9
Bay of Plenty Regional Council	3,731,958	8.3%	191.7	1.8	0.9
Tasman District Council	3,731,958	8.3%	167.8	1.6	1.3
Waimakariri District Council	200,000	0.4%	160.1	1.5	1.0
Hastings District Council	746,392	1.7%	160.0	1.5	1.4
Whangarei District Council	1,492,784	3.3%	152.0	1.4	1.7
Palmerston North City Council	200,000	0.4%	127.0	1.2	1.7
New Plymouth District Council	200,000	0.4%	119.5	1.1	1.5
Horowhenua District Council	200,000	0.4%	115.1	1.1	0.7
Taupo District Council	200,000	0.4%	115.0	1.1	1.2
South Taranaki District Council	200,000	0.4%	111.0	1.0	0.7
Marlborough District Council	400,000	0.9%	100.3	0.9	1.2
Whanganui District Council	200,000	0.4%	91.0	0.9	1.1
Western Bay of Plenty District Council	3,731,958	8.3%	90.0	0.8	1.2
Manawatu District Council	200,000	0.4%	72.0	0.7	0.6
Whakatane District Council	200,000	0.4%	67.0	0.6	0.8
Waipa District Council	200,000	0.4%	60.1	0.6	1.0
Gisborne District Council	200,000	0.4%	58.6	0.6	1.1
Thames-Coromandel District Council	200,000	0.4%	56.0	0.5	1.1
Masterton District Council	200,000	0.4%	55.0	0.5	0.5
Hauraki District Council	200,000	0.4%	43.0	0.4	0.5
Selwyn District Council	373,196	0.8%	35.0	0.3	1.0
Otorohanga District Council	200,000	0.4%	3.0	0.0	0.2
<b>Total</b>	<b>45,000,000</b>		<b>9,254.6</b>	<b>86.9</b>	<b>80.2</b>

Note: Total shares includes called and uncalled shares

Source: LGFA

Borrowers and Guarantors	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	42.0	0.4	0.6
Canterbury Regional Council	54.0	0.5	1.8
Far North District Council	76.7	0.7	1.6
Gore District Council	22.5	0.2	0.3
Hawkes' Bay Regional Council	2.5	0.0	0.4
Hurunui District Council	37.0	0.3	0.3
Manawatu-Whanganui Regional Council	37.0	0.3	0.8
Invercargill City Council	67.7	0.6	0.9
Kaipara District Council	44.0	0.4	0.6
Matamata-Piako District Council	21.5	0.2	0.6
Nelson City Council	65.0	0.6	1.3
Porirua City Council	121.5	1.1	1.1
Queenstown-Lakes District Council	115.1	1.1	1.3
Rotorua District Council	206.6	1.9	1.6
Ruapehu District Council	23.0	0.2	0.4
Tararua District Council	33.0	0.3	0.4
Taranaki Regional Council	4.0	0.0	0.2
Timaru District Council	79.6	0.7	0.9
South Wairarapa District Council	19.9	0.2	0.2
Stratford District Council	14.5	0.1	0.2
Upper Hutt City Council	51.0	0.5	0.7
Waikato District Council	85.0	0.8	1.5
Waikato Regional Council	22.0	0.2	1.6
Waitomo District Council	38.1	0.4	0.4
<b>Total</b>	<b>1283.4</b>	<b>12.0</b>	<b>19.8</b>

Source: LGFA

Borrowers Only	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Buller District Council	15.0	0.1	Nil
Central Hawkes Bay District Council	20.0	0.2	Nil
Carterton District Council	0.0	0.0	Nil
Clutha District Council	5.0	0.0	Nil
Grey District Council	19.0	0.2	Nil
Kaikoura District Council	0.0	0.0	Nil
Northland Regional Council	9.6	0.1	Nil
Mackenzie District Council	0.0	0.0	Nil
Opotiki District Council	8.5	0.1	Nil
Rangitikei District Council	3.0	0.0	Nil
Wairoa District Council	9.0	0.1	Nil
Westland District Council	18.6	0.2	Nil
West Coast Regional Council	7.6	0.1	Nil
<b>Total</b>	<b>115.3</b>	<b>1.1</b>	<b>Nil</b>
<b>Total Borrowing from LGFA</b>	<b>10,653.3</b>	<b>100.0</b>	<b>100.0</b>



LGFA undertakes its own internal credit assessment and rating process for all member councils using most recent annual reports (June 2019)

## Primary Criteria

- Debt levels relative to population – affordability
- Debt levels relative to asset base
- Ability to repay debt
- Ability to service debt – interest cover
- Population trend

## Secondary Criteria

- 30 Year Infrastructure Strategy
  - Quality of Assets
  - Capital Expenditure Plan
- Risk Management
  - Insurance
- Governance
- Financial flexibility
- Cashflow
- Budget performance (balanced budget)
- Affordability of rates / Deprivation Index
- Natural hazards
- Group activities (CCO's)

**LGFA member councils by internal rating category**

LGFA Internal Ratings	2012	2013	2014	2015	2016	2017	2018	2019
AA+	1	2	2	4	4	6	7	8
AA	12	12	12	10	12	13	19	17
AA-	13	13	16	15	19	17	19	23
A+	8	6	3	11	10	12	13	10
A	6	10	11	6	6	3	4	4
A-	5	2	1	1	0	2	2	2

As at 30 June each year

Source: LGFA internal models

## LGFA Financial Covenants – Councils as at 30 June 2019 with an external credit rating (29)

Foundation Policy Covenant	Net Debt / Total Revenue <250%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of Councils' compliance	-149.8% to 180.3%	-5.9% to 9.4%	-9.6% to 19.4%

## LGFA Financial Covenants – Councils as at 30 June 2019 without an external credit rating (35)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of Councils' compliance	-92.6% to 121.0%	-1.0% to 5.0%	-1.9% to 8.3%

- Note some negative outcomes due to some councils having negative Net Debt i.e. financial assets and investments > borrowings
- LGFA Councils operating within financial covenants
- Ranges highlight the differences between Councils
- Sufficient financial headroom for most Councils
- Improvement from 2013 for most Councils
  - Revenue increased
  - Interest rates lower
  - Capex and debt constrained

Source: LGFA using data from individual council annual reports

LGFA Councils with an external credit rating (29 in 2019, 26 in 2018, 23 in 2017, 22 in 2016, 20 in 2015 and 17 in both 2014 and 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Revenue	68.8%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Net Interest to Revenue	3.5%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Rates	5.5%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%

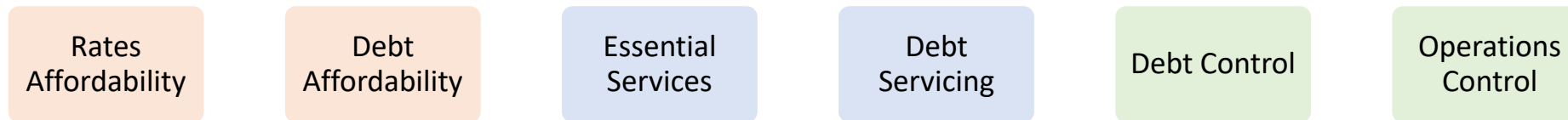
LGFA unrated Councils (35 in 2019, 29 in 2018, 29 in 2017, 28 in 2016, 25 in 2015, 26 in 2014 and 21 in 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Revenue <175%	30.0%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Revenue <20%	1.7%	1.9%	1.8%	2.2%	2.4%	2.9%	3.2%
Net Interest to Rates <25%	2.8%	2.9%	2.6%	2.9%	3.1%	4.0%	4.1%

Calculated by simple average of Councils in each group

Source: LGFA using data from individual Council annual reports

- Local Government Framework reduces risk of financial distress – no historical default by a council
- Council have own Treasury Management and borrowing policies – most have independent advice
- Council financial oversight by Office of Auditor General (OAG), Audit NZ and Department of Internal Affairs
- Councils under Local Government (Financial Reporting and Prudence) Regulations 2014 required to report annually on performance against benchmarks including



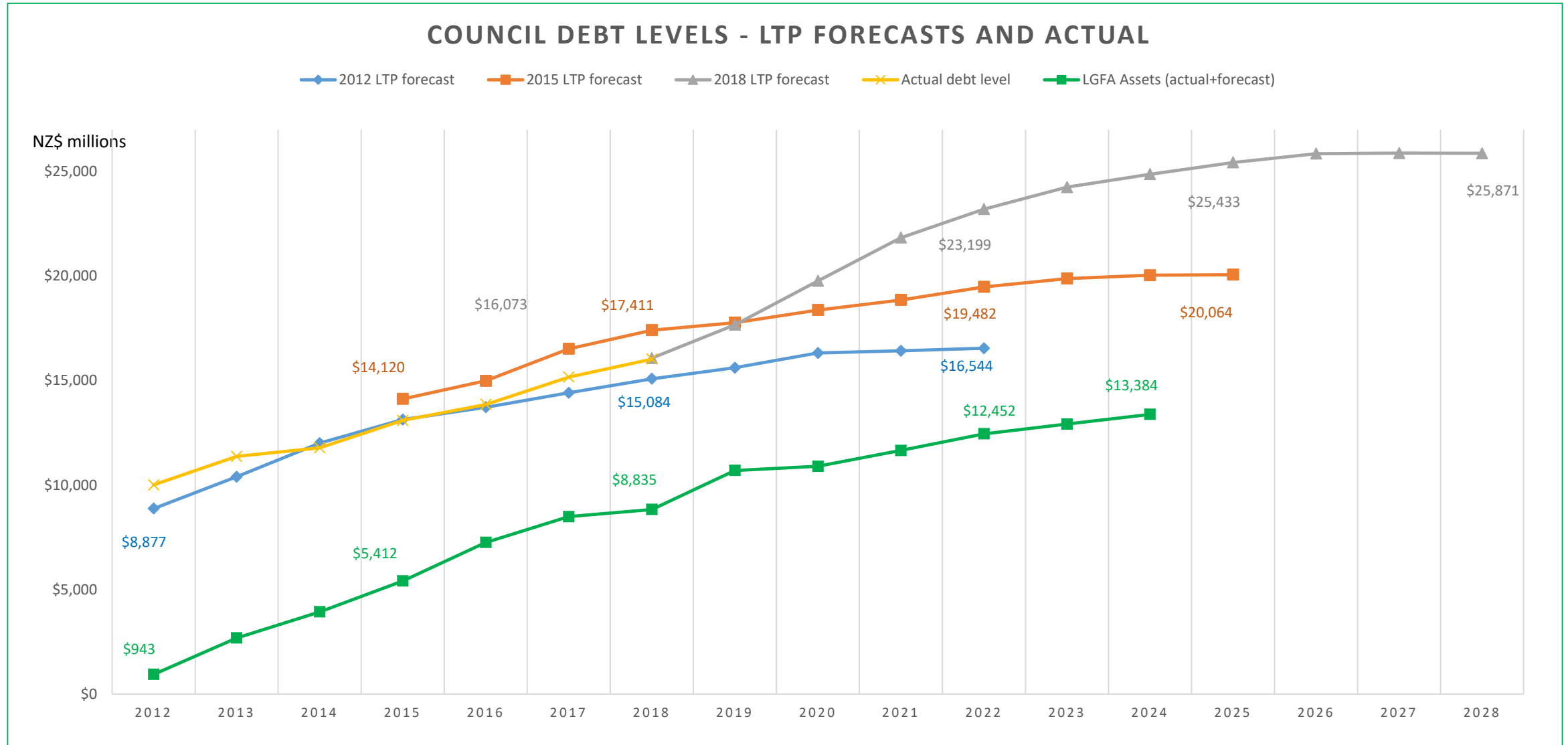
## Six step intervention process possible by Central Government



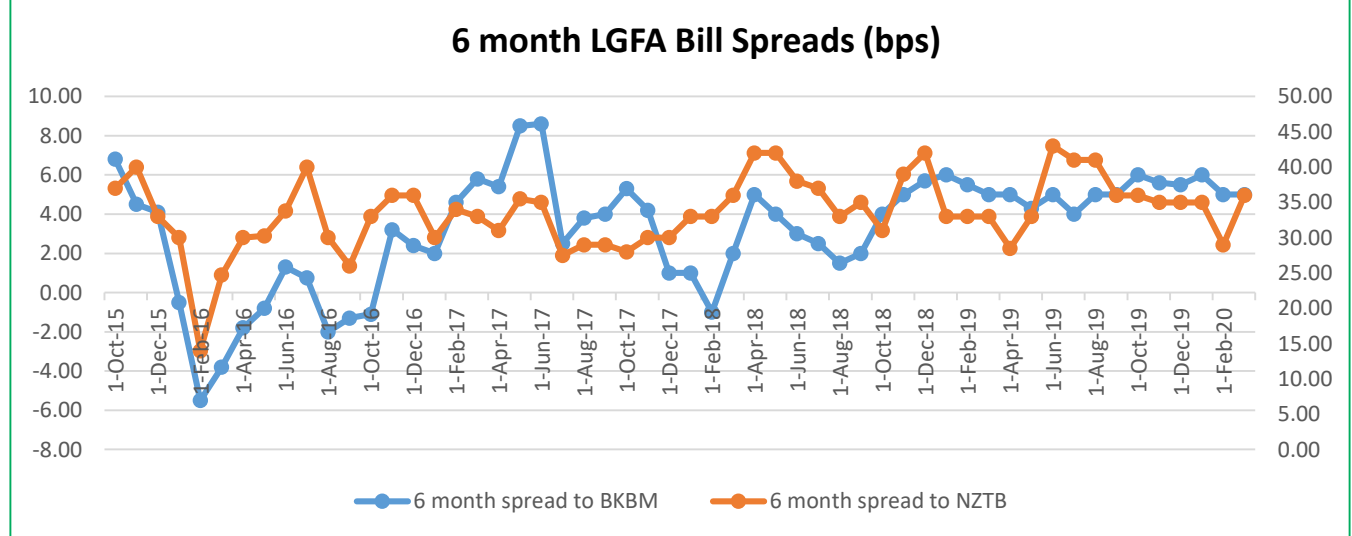
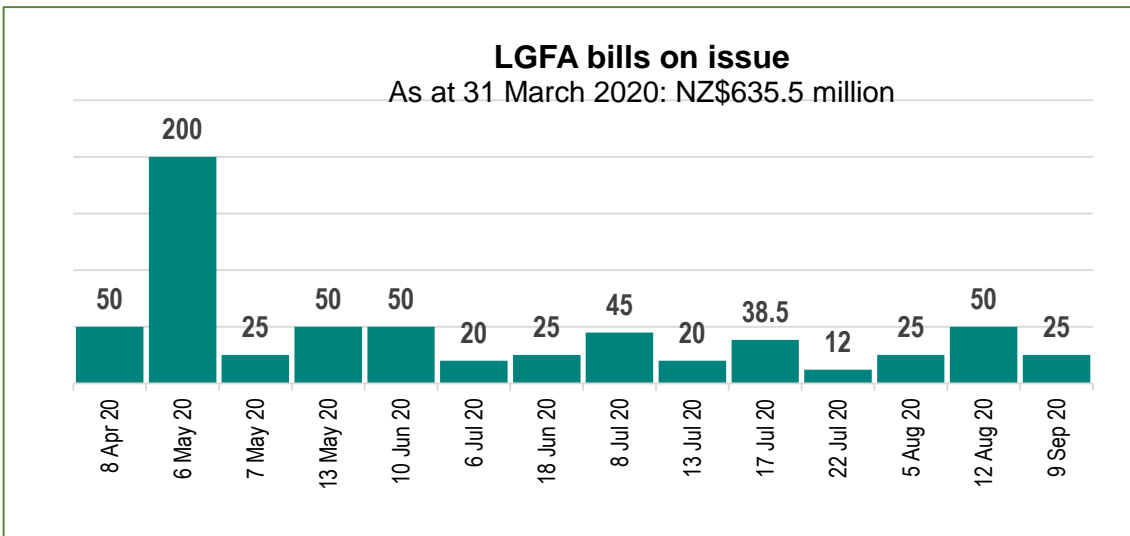
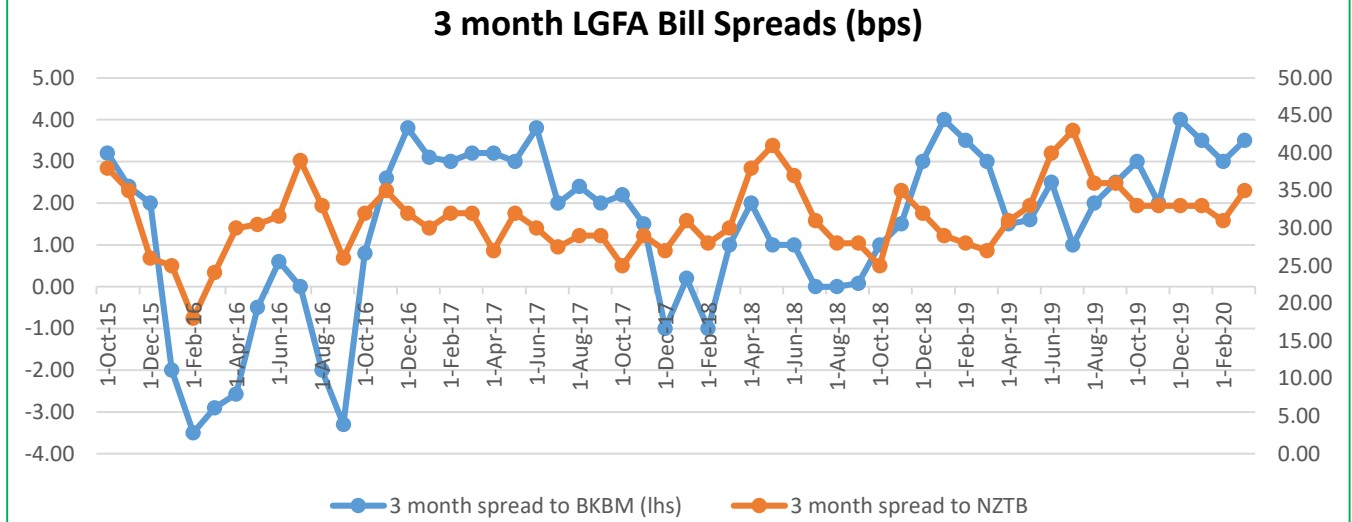
- Council required to comply with LGFA lending covenants
  - Annual attestation by council
  - LGFA credit watch-list in place
  - LGFA credit analysis and monitoring performed through the year
  - LGFA not obligated to lend to council members
- Covenant breach is an Event of Review – after 30 days LGFA can seek repayment of loans

- 30 LGFA member councils have credit ratings (A+ to AA+ range)
- LGFA undertakes detailed credit analysis of each Council if they apply to join LGFA (and ongoing) - not every Council has been accepted as a member
- A Council default becomes a timing issue for LGFA
  - LGFA lending secured against rates revenue under Debenture Trust Deed
  - Unlikely to be other material claimants on rates revenue given LGFA is the dominant lender to Councils
  - Council's Debenture Trustee appoints receiver and a special rate (property tax) levied on all properties in the Council region to meet secured obligations when due
  - Property taxes unavoidable and first ranking security over property
- Sources of LGFA liquidity and additional capital
  - \$1 billion liquidity facility from NZ Government
  - Liquid Assets Portfolio
  - Issuance of additional LGFA Bills and Bonds
  - Conversion of Borrower Notes into equity
  - Uncalled capital of \$20 million
- Beneficiaries of the Council guarantee (including LGFA bondholders) can also call upon the guarantee in prescribed circumstances
- **Central Government does not guarantee obligations of either LGFA or council members**

# 2018-28 LTP FORECAST DEBT LEVELS OF SECTOR HIGHER THAN PREVIOUS LTPs

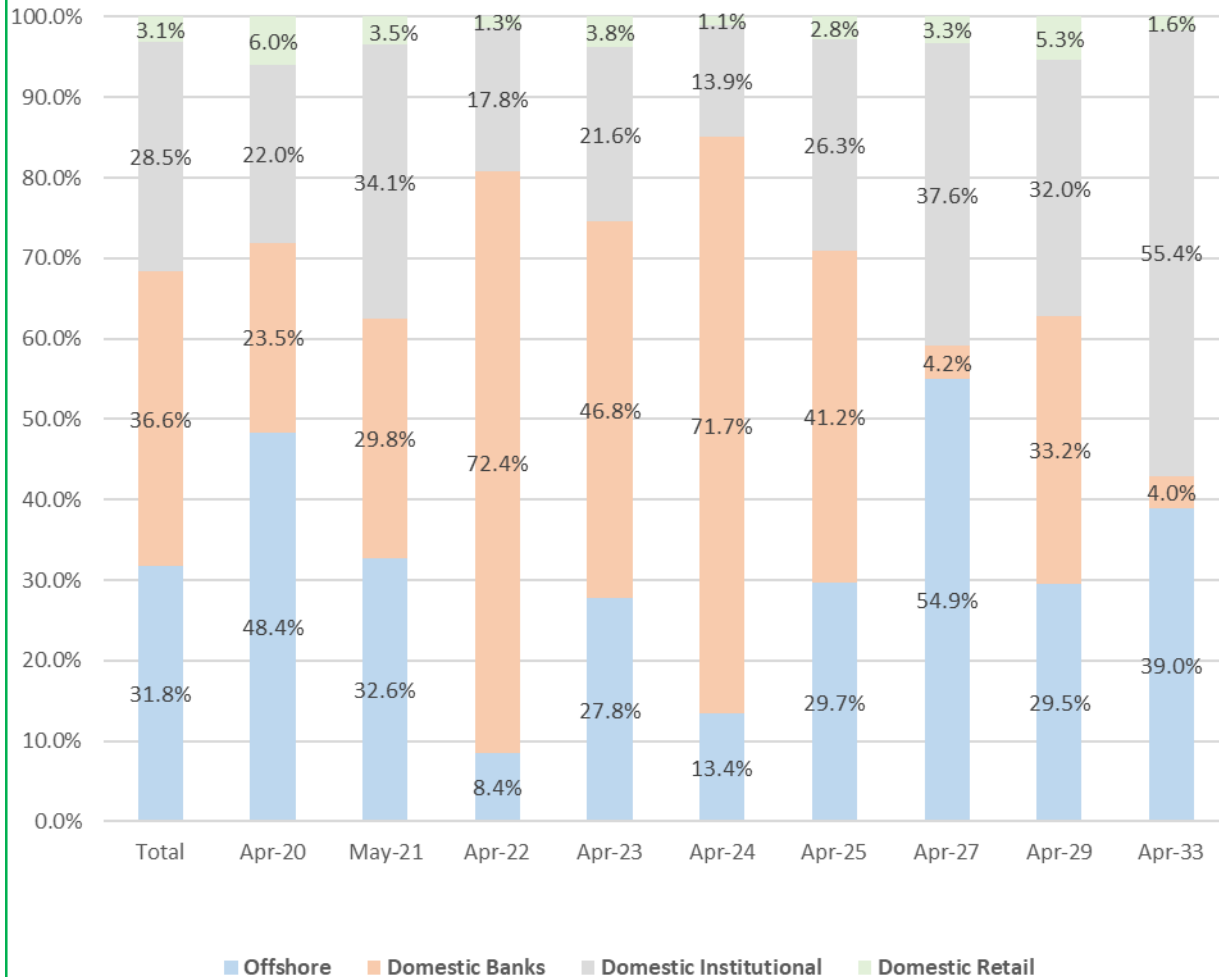


- ☐ Commenced Issuance in October 2015
- ☐ Monthly tenders via YieldBroker
  - ☐ NZ\$25 million 3 month Bills
  - ☐ NZ\$25 million 6 month Bills
- ☐ NZ\$635.5 million on issue as at 31 March 2020
  - ☐ NZ\$225 million of tender issuance and
  - ☐ NZ\$410.5 million of reverse enquiry private placements
- ☐ Weighted average issuance yield between 0.94% and 1.36%
- ☐ Rated A-1+ by S&P
- ☐ Same security as LGFA Bonds
- ☐ LGFA pays Approved Issuer Levy (AIL) on behalf of investor as per LGFA bonds

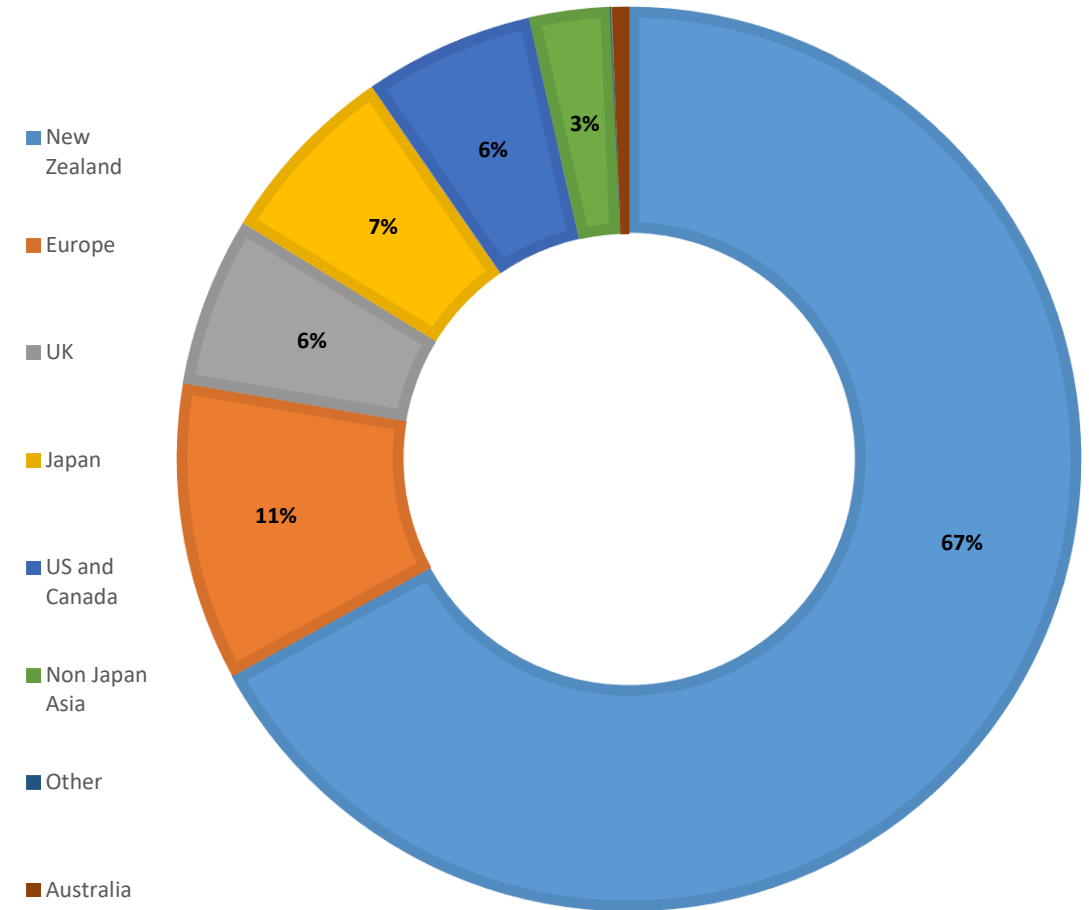


# WHO HOLDS LGFA BONDS?

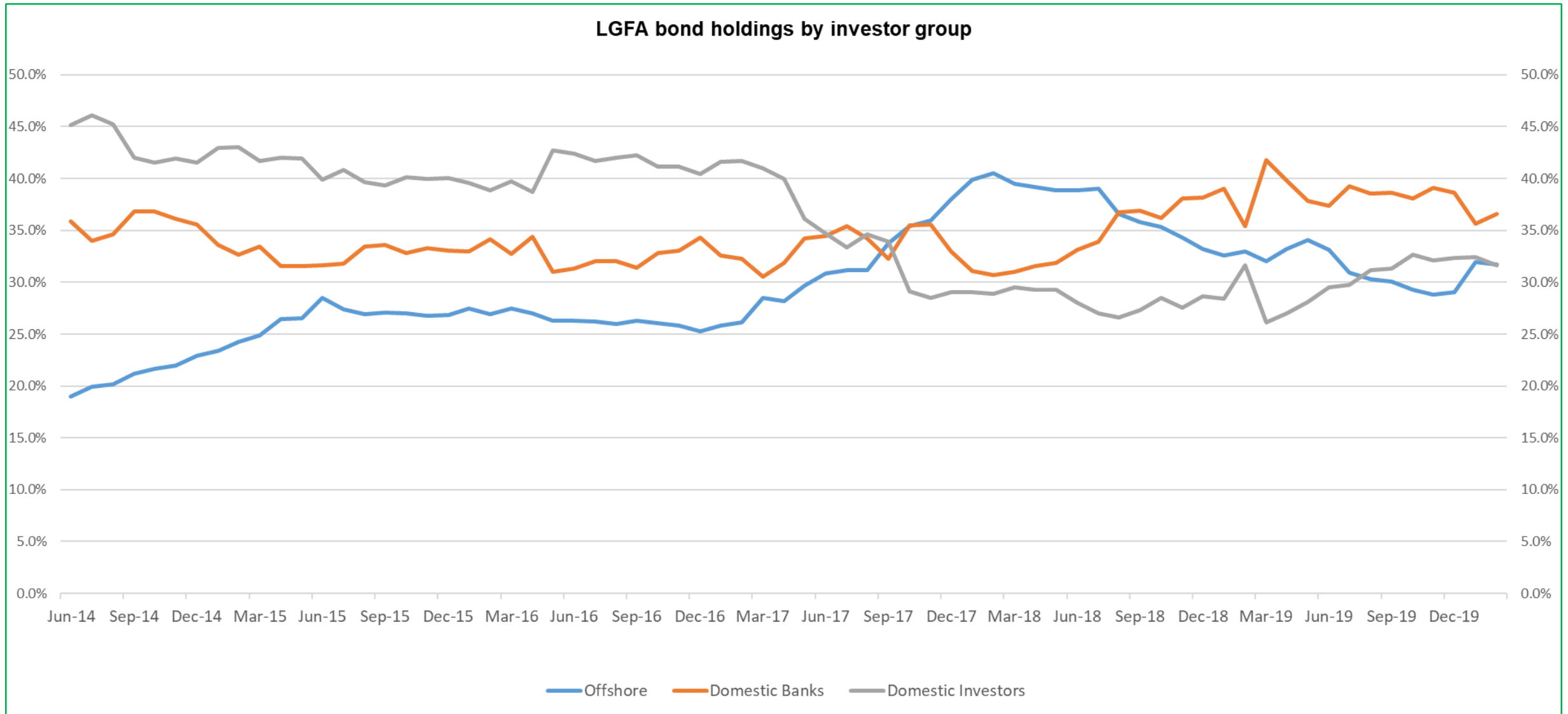
Holdings of LGFA Bonds by Investor Group as at 29 February 2020



LGFA bond holders by country of residence as at 31 March 2019

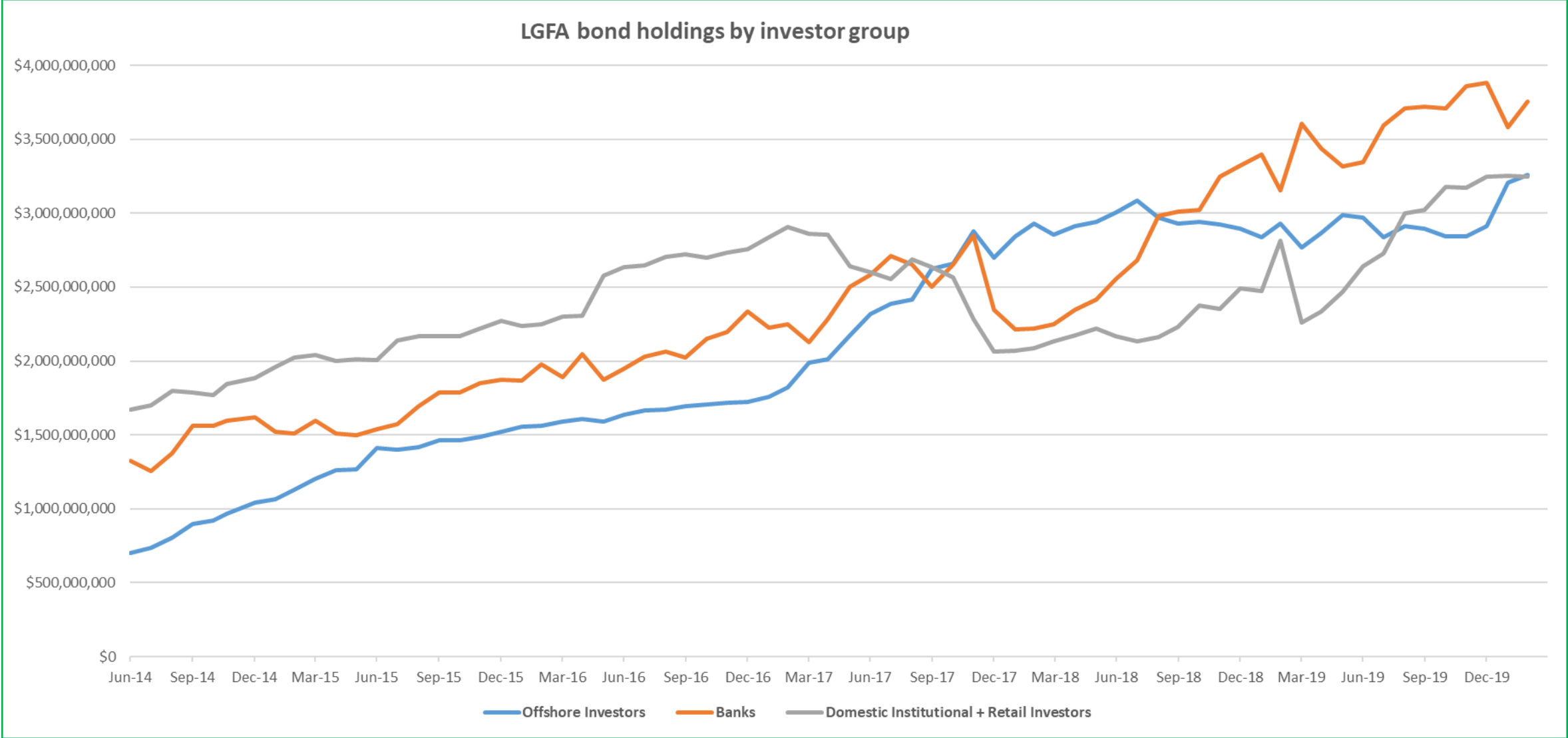






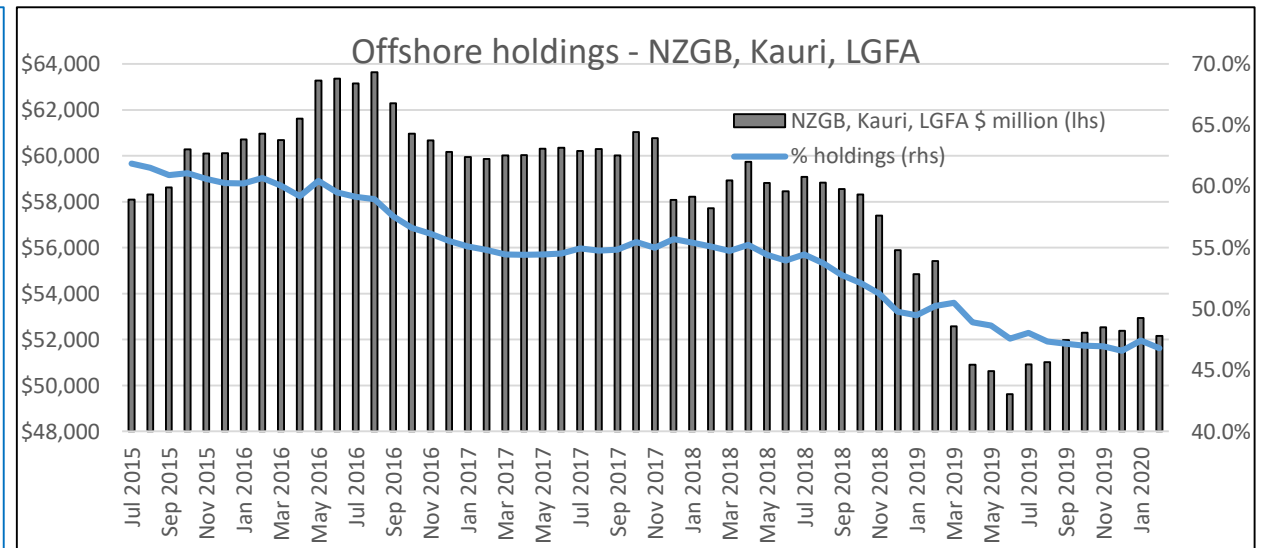
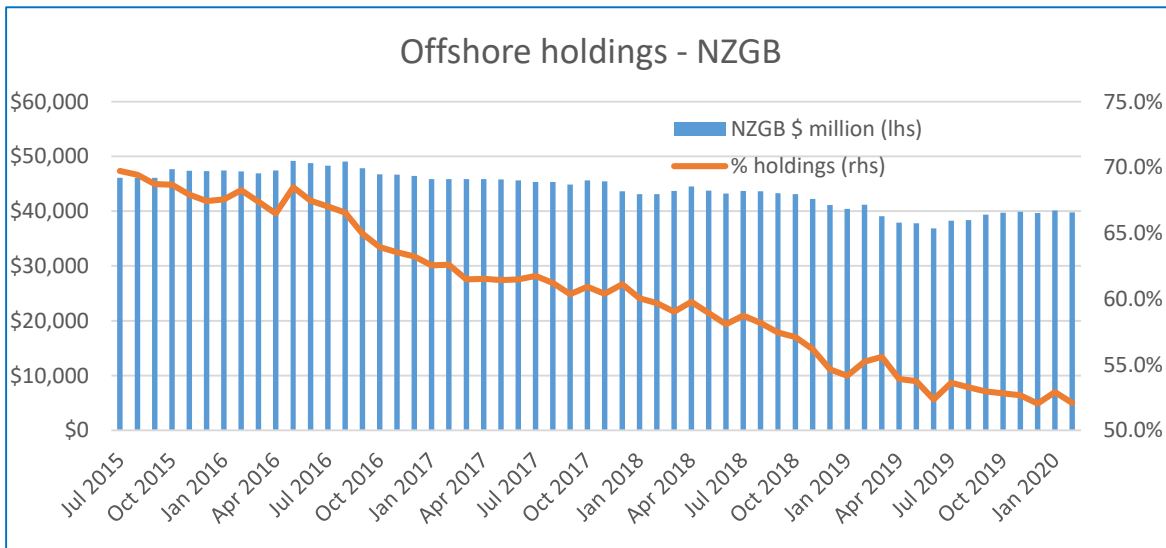
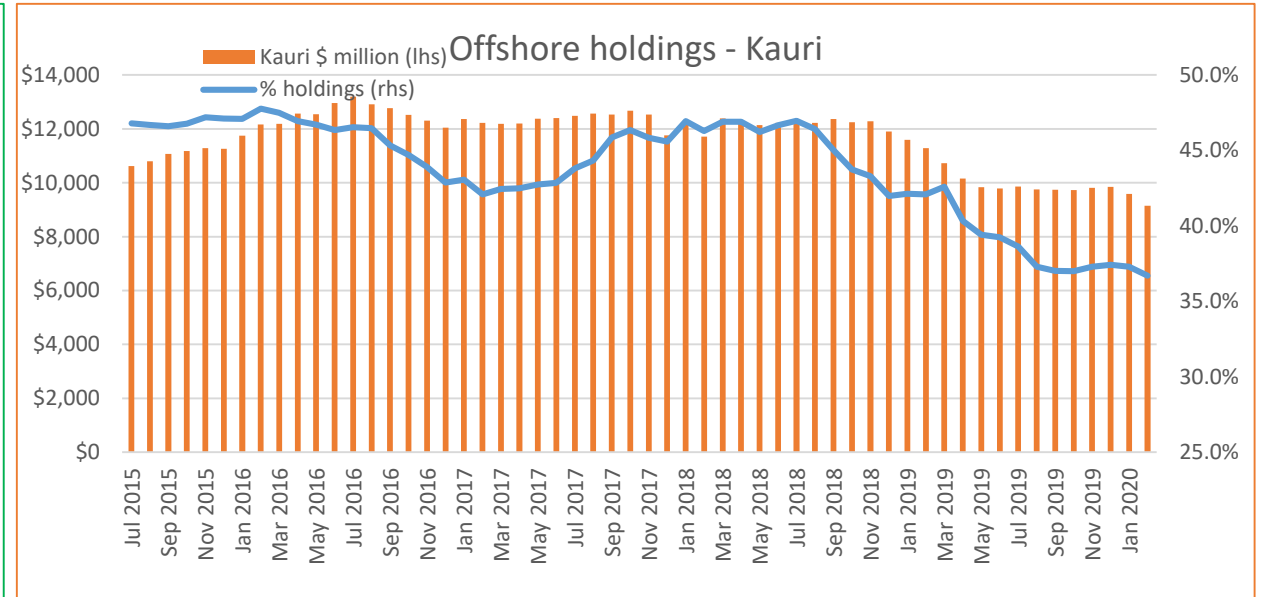
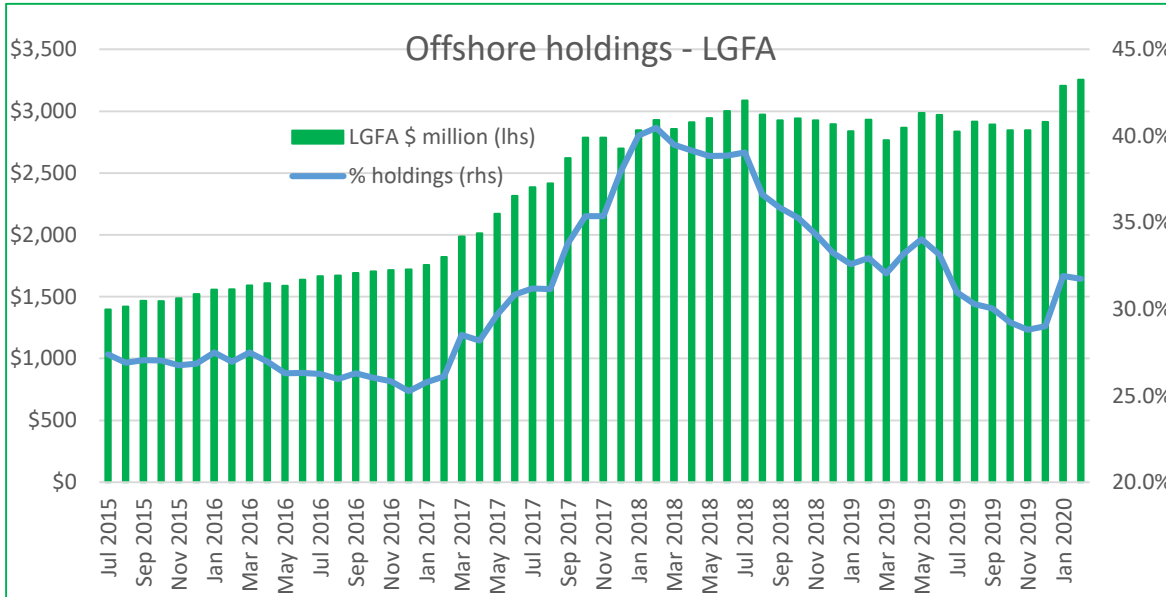
Source: LGFA

# LGFA INVESTOR HOLDINGS OVER TIME (NZ\$ AMOUNTS)



Source: LGFA

# OFFSHORE HOLDINGS – NZGB, KAURI AND LGFA



## Largest issuers of NZD bonds – by outstandings

	Issuer	Amount Outstanding (NZ\$ millions)
1	LGFA (AA+)	\$11,020
2	World Bank (AAA)	\$6,262
3	Bank of New Zealand / NAB (AA-)	\$4,700
4	Westpac Bank Group (AA-)	\$4,327
5	ASB Bank / CBA Group (AA-)	\$4,004
6	Asian Development Bank (AAA)	\$3,642
7	ANZ Bank Group (AA-)	\$3,392
8	International Finance Corp (AAA)	\$3,107
9	KFW (AAA)	\$2,440
10	Housing New Zealand Ltd (AA+)	\$2,300
11	Toyota Finance Group (AA-)	\$2,044
12	Auckland Council (AA)	\$1,975
13	Rentenbank (AAA)	\$1,680
14	Kommunalbanken (AAA)	\$1,541
15	Nordic Investment Bank (AAA)	\$1,525
16	Inter-American Development Bank (AAA)	\$1,500
17	EDC (AAA)	\$1,425
18	Infratil (Unrated)	\$1,306
19	Kiwibank (A)	\$1,120
20	Transpower (AA-)	\$1,075

## Largest individual tranches of NZD

Issuer	Maturity	Amount Outstanding (NZ\$)
World Bank (IBRD)	22/01/2021	\$2,025,000,000
KFW	29/05/2020	\$1,650,000,000
LGFA	15/04/2023	\$1,550,000,000
LGFA	15/05/2021	\$1,500,000,000
LGFA	15/04/2025	\$1,459,000,000
LGFA	15/04/2027	\$1,326,000,000
LGFA	15/04/2024	\$1,238,000,000
International Finance Corp (IFC)	20/05/2020	\$1,125,000,000
LGFA	14/04/2022	\$1,105,000,000
World Bank (IBRD)	6/10/2021	\$1,050,000,000
LGFA	15/04/2020	\$1,030,000,000
Export Development Canada	30/11/2023	\$1,000,000,000
Rentenbank	23/04/2024	\$1,000,000,000
LGFA	14/04/2033	\$1,000,000,000
Asian Development Bank	17/01/2023	\$925,000,000
Housing New Zealand Ltd	5/10/2026	\$900,000,000
World Bank (IBRD)	25/01/2022	\$900,000,000
International Finance Corp (IFC)	7/09/2023	\$900,000,000
Westpac New Zealand Ltd	29/07/2024	\$900,000,000

# LGFA HISTORIC FINANCIAL PERFORMANCE

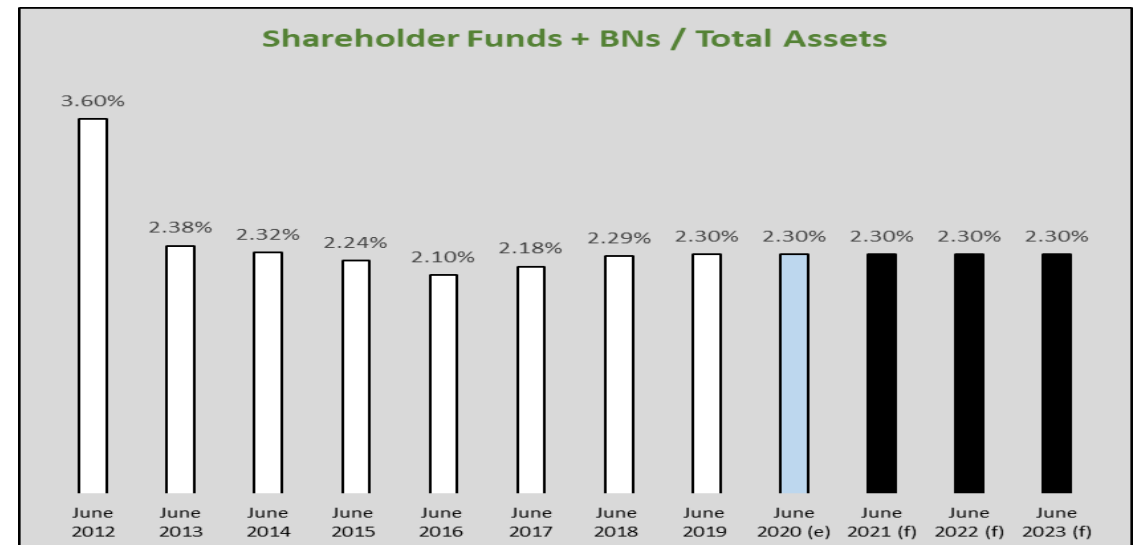
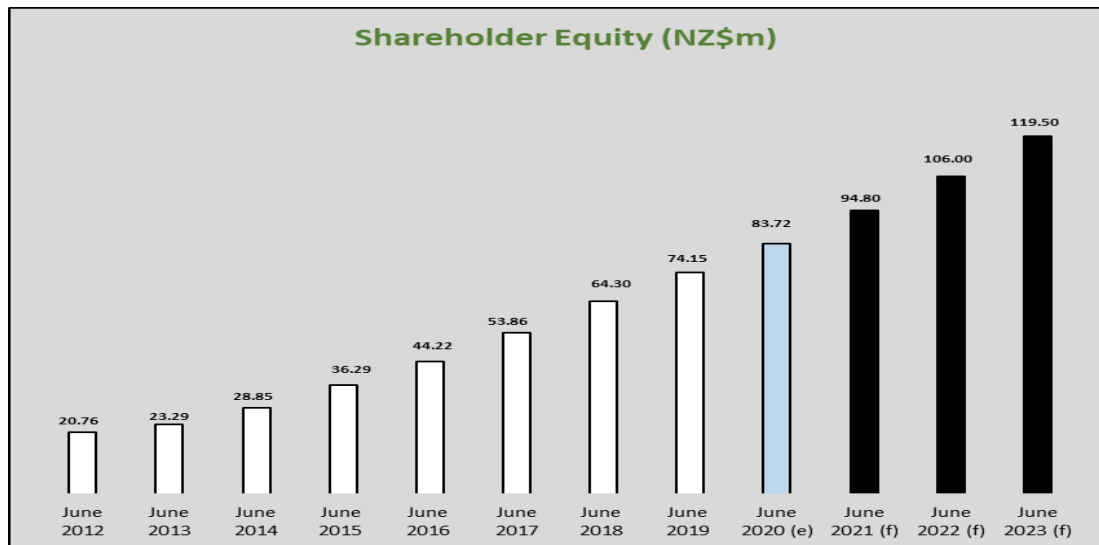
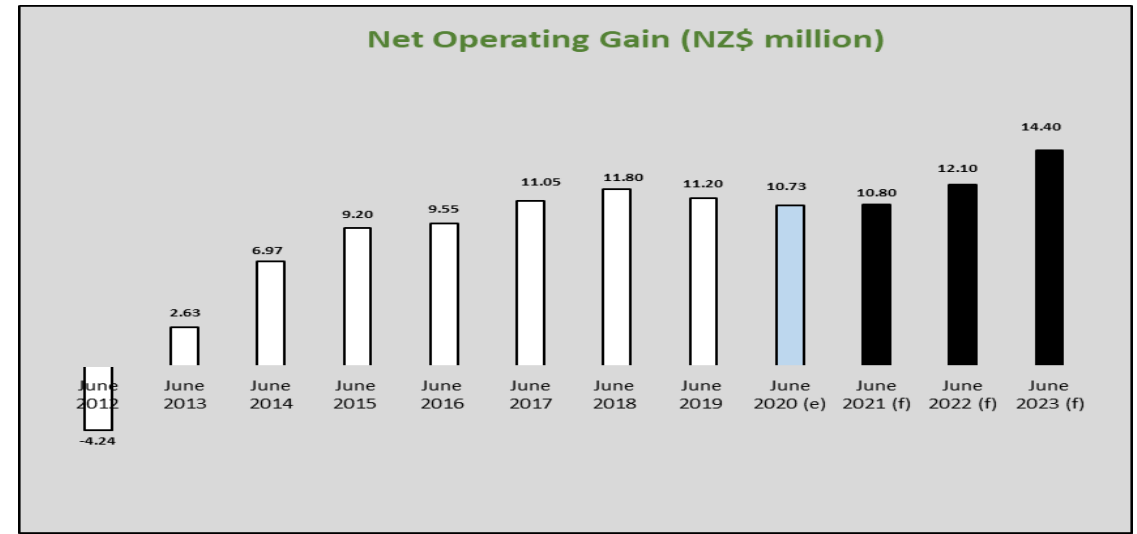
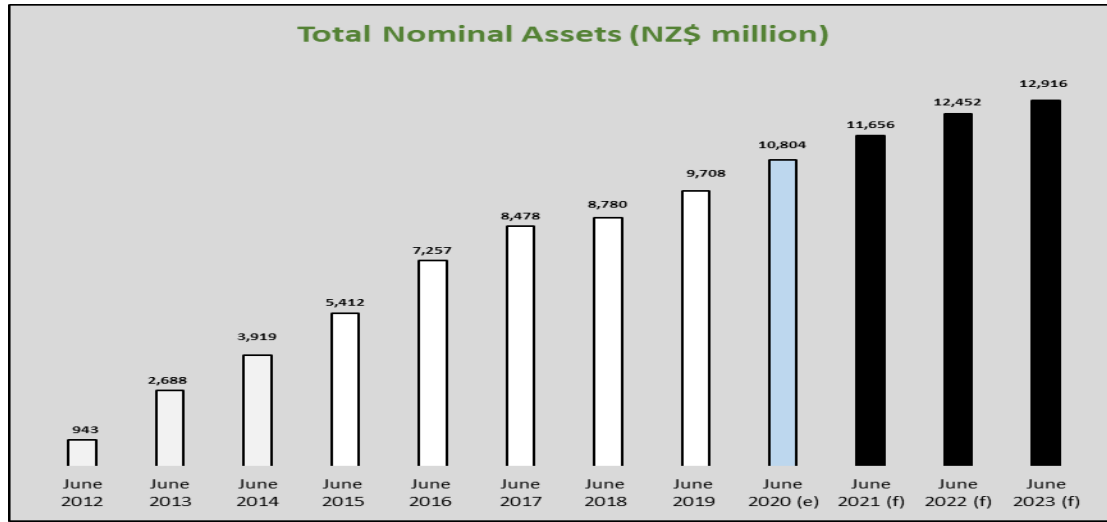
Financials (NZ\$ million)	2012	2013	2014	2015	2016	2017	2018	2019
Interest Income	\$10.9	\$73.7	\$149.1	\$222.8	\$278.2	\$320.7	\$342.8	\$361.1
Interest Expense	\$9.9	\$68.1	\$138.9	\$208.9	\$262.6	\$303.2	\$323.9	\$342.3
Net Interest Income	\$1.0	\$5.7	\$10.2	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8
<b>Total Income</b>	<b>\$1.0</b>	<b>\$5.7</b>	<b>\$10.2</b>	<b>\$13.9</b>	<b>\$15.5</b>	<b>\$17.5</b>	<b>\$18.9</b>	<b>\$18.8</b>
Operating Expenses	(\$5.2)	(\$3.0)	(\$3.2)	(\$4.7)	(\$6.0)	(\$6.5)	(\$7.1)	(\$7.6)
<b>Net Profit</b>	<b>(\$4.2)</b>	<b>\$2.6</b>	<b>\$7.0</b>	<b>\$9.2</b>	<b>\$9.5</b>	<b>\$11.0</b>	<b>\$11.8</b>	<b>\$11.2</b>
Liquid Assets Portfolio	\$52.8	\$66.3	\$101.7	\$107.9	\$266.3	\$327.5	\$482.8	\$448.1
Loans to Local Government	\$832.7	\$2,514.9	\$3,742.5	\$5,031.9	\$6,451.3	\$7,783.9	\$7,975.7	\$9,310.6
Other Assets	\$57.5	\$107.0	\$74.0	\$271.9	\$539.7	\$380.0	\$321.1	\$610.1
<b>Total Assets</b>	<b>\$943.0</b>	<b>\$2,688.2</b>	<b>\$3,918.2</b>	<b>\$5,411.8</b>	<b>\$7,257.3</b>	<b>\$8,491.4</b>	<b>\$8,779.6</b>	<b>\$10,382.3</b>
Bonds on Issue	\$908.9	\$2,623.6	\$3,825.3	\$5,247.3	\$6,819.7	\$7,865.4	\$8,101.0	\$9,612.4
Bills on Issue	\$ nil	\$ nil	\$ nil	\$ nil	\$223.9	\$348.2	\$473.4	\$503.2
Borrower Notes	\$13.2	\$40.7	\$61.9	\$85.1	\$108.4	\$131.6	\$135.1	\$154.2
Other Liabilities	\$0.2	\$0.6	\$2.1	\$16.1	\$61.0	\$92.3	\$5.8	\$38.5
<b>Total Liabilities</b>	<b>\$922.3</b>	<b>\$2,664.8</b>	<b>\$3,889.3</b>	<b>\$5,375.6</b>	<b>\$7,213.0</b>	<b>\$8,437.5</b>	<b>\$8,715.3</b>	<b>\$10,382.3</b>
<b>Shareholder Equity</b>	<b>\$20.8</b>	<b>\$23.4</b>	<b>\$28.8</b>	<b>\$36.3</b>	<b>\$44.2</b>	<b>\$53.9</b>	<b>\$64.3</b>	<b>\$74.1</b>

Note: As at 30 June each year or for the twelve month period ending 30 June each year. Source: LGFA Annual Reports

Ratios as at 30 June each year	2012	2013	2014	2015	2016	2017	2018	2019
Liquid Assets / Funding Liabilities	5.7%	2.5%	2.6%	2.0%	3.8%	4.1%	5.6%	4.4%
Liquid Assets / Total Assets	5.6%	2.5%	2.6%	2.0%	3.7%	3.9%	5.5%	4.3%
Net Interest Margin	0.12%	0.23%	0.27%	0.28%	0.24%	0.23%	0.22%	0.18%
Cost to Income Ratio	531.2%	53.6%	31.8%	33.8%	38.7%	37.1%	37.6%	40.4%
Return on Average Assets	-0.45%	0.10%	0.18%	0.17%	0.13%	0.13%	0.13%	0.11%
Shareholder Equity / Total Assets	2.2%	0.9%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%
Shareholder Equity + Borrower Notes / Total Assets	3.6%	2.4%	2.3%	2.2%	2.1%	2.2%	2.3%	2.2%
Asset Growth	n/a	185.1%	45.8%	38.1%	34.1%	17.0%	13.4%	18.3%
Loan Growth	n/a	202%	48.8%	34.5%	28.2%	20.7%	2.4%	16.7%
Return on Equity	n/a	12.7%	29.8%	31.9%	26.3%	25.0%	21.9%	15.1%
Capital Ratio	18.0%	11.9%	11.6%	11.2%	10.5%	10.9%	10.9%	10.9%

**Note: As at 30 June each year or for the twelve month period ending 30 June each year. Source: LGFA Annual Reports**

# HISTORIC & FORECAST FINANCIAL PERFORMANCE



Forecast performance based upon assumptions outlined in LGFA Draft SOI 2020-21 available at [www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent](http://www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent)

Note: Based upon nominal values and Draft SOI published 27 February 2020

Source: LGFA Annual Reports and Draft SOI

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