Quarterly Report

Quarter 4: 2016 - 2017
Period ended: 30 June 2017

NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

Quarterly Report

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A. Quarter issuance and highlights summary

Quarter	Total	Bespoke	2017	2019	2020	2021	2023	2025	2027	2033
Bonds issued $m	**530**	N/A	-	-	100	-	20	135	60	215
Loans to councils $m	**548.2**	364.2	-	-	8	-	5	26	19	127
Loans to councils – No.	**73**	54	-	-	2	-	1	5	4	7

Year to date	Total	Bespoke	2017	2019	2020	2021	2023	2025	2027	2033
Bonds issued $m	**1285**	N/A	-	20	190	30	65	560	205	215
Loans to councils $m	**1378.2**	657.2	3	11	13	15	63	358	87	127
Loans to councils – No.	**120**	71	1	3	4	2	4	21	8	7

In addition to the above issuance, LGFA has issued $350 million of treasury stock to itself, comprising $50 million of each LGFA bond maturity (except the 2017s). The treasury stock holdings are used to facilitate stock lending to banks to assist with improving secondary market liquidity in LGFA bonds.

Key points and highlights for the June quarter:

- Bond yields continued the recent trend with yields falling along the curve and the yield curve flattening. The 2019 bond yield fell 16 bps (0.16%) while the 2027 bond yield fell 31 bps (0.31%).
- LGFA issued $530 million of bonds during the quarter in tenders held in each month. The average term of issuance of 10.39 years was significantly longer than the 8.04 years for the previous quarter, reflecting the debut issuance of the 2033s as well as the greater proportion of 2025s and 2027s issued. LGFA outstandings now total $7.855 billion (including $350 million of treasury stock).
- LGFA margins to NZGB and swap continued the trend of the past three quarters with spreads to NZGB narrowing between 2 bps and 11 bps and spreads to swap narrowing by 5 bps to 16 bps.
- On-lending to council borrowers was $548.2 million including $364.2 million of bespoke issuance (66% of total lending) during the quarter. Much of this borrowing activity related to council refinancing of the December 2017 loans. The average term of on-lending to councils during the quarter was 8.97 years which was significantly longer than the prior March quarter (7.52 years) and the average term of 7.8 years for the 2015-16 year.
- The short-term council borrowing product remains well supported by councils with loans outstanding of $232 million as at 30 June 2017. This was a decrease of $22 million over the quarter although the number of councils using this product was unchanged at nineteen.
- LGFA Net Operating Gain (unaudited) for the twelve months to June 2017 was $11.073 million or $1.073 million above budget.
  - Net Interest Income of $17.513 million was $0.935 million above budget due to council refinancing of their December 2017 loans through additional borrowing from LGFA rather than the repayment of their existing loans. This provides a short-term boost to net interest income due to a higher amount of lending than forecast.
  - Total expenses of $6.441 million were $139k below budget due to a lower than forecast usage of the DMO facility offset by higher NZX and legal fees than forecast. AIL payments were in line with forecast.

B. LGFA bond tenders during quarter

LGFA held three bond tenders over the quarter.

Tender 45: 5 April 2017 $175 million

Tender 45 Tender date: 5 April 2017	**Apr-20**	**Apr-25**	**Apr-27**	**Apr-33**
Total amount offered $m	30	20	50	75
Total amount allocated $m	30	20	50	75
Total number bids received	15	16	18	62
Total amount of bids received $m	164.2	103.4	102	291
Total number of successful bids	2	4	1	16
Highest accepted yield %	2.72	3.35	3.71	4.53
Lowest yield accepted %	2.705	3.34	3.71	4.46
Highest yield rejected %	2.80	3.415	3.82	4.69
Lowest yield rejected %	2.72	3.35	3.715	4.53
Weighted average accepted yield %	2.715	3.346	3.71	4.507
Weighted average rejected yield %	2.756	3.379	3.762	4.583
Coverage ratio	5.47	5.17	2.04	3.88
NZGB spread at issue bps	44.0	61.0	70.0	106.0
Swap spread at issue bps	20.0	35.0	50.0	81.0
Swap spread: AA council bps	**31.5**	**51.0**	**58.5**	**86.5**
Swap spread: AA- council bps	**36.5**	**61.0**	**63.5**	**91.5**
Swap spread: A+ council bps	**41.5**	**66.0**	**68.5**	**96.5**
Swap spread: unrated council bps	**46.5**	**71.0**	**73.5**	**101.5**

It was a promising start to the 2033s with strong bidding demand at the lower end of pre-tender estimates for yield and spread to NZGB and swap.

Weighted average yields were 27 bps lower on the 2020s and the 2025s compared to the previous February tender reflecting lower global yields and a tightening in LGFA spreads to NZGB and swap.

Demand was very strong for all four maturities with only a small number of successful bids for each maturity. Coverage ratio of 3.8 times was the second highest coverage ratio in the past year

Margins over NZGBs were 8.5 bps tighter on the 2020s and 9.5 bps tighter on the 2025s compared to the previous tender. Margins over swap (after DMO charges) were 11 bps tighter on the 2020s and 9 bps tighter on the 2025s compared to the previous tender.

The average maturity of the LGFA bonds issued was a record breaking 125 months (i.e. 10.38 years).

While we issued NZ$175 million of LGFA bonds we on-lent NZ$134 million to councils and undertook a further NZ$30 million of blend and extend transactions with councils refinancing their December 2017 loans.

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Tender 46: 10 May 2017 $165 million

Tender 46 Tender date: 10 May 2017	**Apr-20**	**Apr-25**	**Apr-27**	**Apr-33**
Total amount offered $m	35	35	35	60
Total amount allocated $m	35	35	35	60
Total number bids received	12	24	21	26
Total amount of bids received $m	167.25	215	119.16	141
Total number of successful bids	1	3	8	11
Highest accepted yield %	2.72	3.710	3.910	4.425
Lowest yield accepted %	2.72	3.710	3.885	4.385
Highest yield rejected %	2.79	3.760	3.955	4.540
Lowest yield rejected %	2.725	3.710	3.910	4.425
Weighted average accepted yield %	2.72	3.710	3.899	4.414
Weighted average rejected yield %	2.741	3.729	3.929	4.468
Coverage ratio	4.78	6.14	3.40	2.35
NZGB spread at issue bps	43.0	76.0	82.0	108.0
Swap spread at issue bps	15.3	41.7	46.3	67.0
Swap spread: AA council bps	**26.25**	**51.0**	**60.5**	**78.0**
Swap spread: AA- council bps	**31.25**	**61.0**	**65.5**	**83.0**
Swap spread: A+ council bps	**38.25**	**66.0**	**70.5**	**88.0**
Swap spread: unrated council bps	**43.25**	**71.0**	**75.5**	**93.0**

It was another strong tender result for the new 2033s with ongoing bidding demand and further swap spread tightening for the second consecutive tender.

The recent stability in LGFA yields was illustrated with the tender results as weighted average yields were unchanged on the 2020s and the 2025s compared to the previous April tender.

Issuance yields were 2 bps to 3 bps tighter than the prevailing secondary market levels at the time of the tender and the coverage ratio of 3.9 times was the second highest coverage ratio in the past year.

The widening in swap spreads to NZGB over the previous month impacted on LGFA spreads to NZGB. LGFA spreads to NZGB widened by 6 bps on the 2025s and by 2 bps on the 2033s compared to the April tender. More importantly for council borrowers, spreads to swap tightened between 6 bps (2020s) and 12.5 bps (2033s). These spreads are at twenty-one month lows.

The average maturity of the LGFA bonds issued in the tender at 10.21 years (123 months) was just shorter than the April tender record of 10.38 years.

While we issued $165 million of LGFA bonds we on-lent $178.3 million to twelve councils and undertook $45 million of blend and extend transactions or repurchase transactions with councils refinancing their December 2017s. Twelve borrowing councils was the equal largest number in almost two years.

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Tender 47: 14 June 2017 $190 million

Tender 47 Tender date: 14 June 2017	**Apr-20**	**Apr-25**	**Apr-27**	**Apr-33**
Total amount offered $m	35	50	25	80
Total amount allocated $m	35	50	25	80
Total number bids received	13	17	18	19
Total amount of bids received $m	115	99	73	89
Total number of successful bids	2	4	6	17
Highest accepted yield %	2.500	3.370	3.570	4.200
Lowest yield accepted %	2.480	3.360	3.560	4.115
Highest yield rejected %	2.580	3.450	3.670	4.240
Lowest yield rejected %	2.510	3.380	3.570	4.200
Weighted average accepted yield %	2.491	3.365	3.566	4.152
Weighted average rejected yield %	2.529	3.421	3.623	4.223
Coverage ratio	3.29	1.98	2.92	1.11
NZGB spread at issue bps	41.0	69.0	79.0	107.0
Swap spread at issue bps	14.2	36.5	41.9	70.4
Swap spread: AA council bps	**25.75**	**47.25**	**57.25**	**79.5**
Swap spread: AA- council bps	**30.75**	**52.25**	**62.25**	**84.5**
Swap spread: A+ council bps	**35.75**	**57.25**	**67.25**	**89.5**
Swap spread: unrated council bps	**40.75**	**62.25**	**72.25**	**94.5**

It was going to be difficult to carry on from the success of the four previous tenders. Spreads to swap and NZGB had tightened significantly and LGFA bonds were rich to the AAA rated Kauris. Yields were 30 bps lower than the May tender. This was the third consecutive monthly tender and total issuance volume of $530 million of long dated bonds over these tenders was going to make it more challenging.

Demand was very strong for the 2020s, 2025s and 2027s. There were a small number of successful bids with issuance yields 1 bps to 3 bps tighter than the prevailing secondary market levels. Demand was soft for the 2033s with the weighted average yield 3 bps above prevailing secondary market yields and a 1.11 x coverage ratio.

Compared to the previous tender, the spread to swap was 1 bps to 3 bps tighter on all maturities except the 2033s where spreads widened by 6 bps. Spreads to NZGB narrowed between 2 bps and 8 bps.

The average maturity of the LGFA bonds issued at 10.39 years (125 months) was the historic record.

Coverage ratio of 1.9 times was poor but understandable given the larger tender size and the reduced interest in the 2033s.

While we issued $190 million of LGFA bonds we on-lent $195.7 million to twelve councils and undertook $3 million of repurchase transactions.

C. Key performance indicators

Measure		Prior full year to June 2016	Q1 30 Sep 16	Q2 31 Dec 16	Q3 31 Mar 17	Q4 30 Jun 17
Average cost of funds relative to NZ Government Stock and NZ Treasury Bills for issuance in the 12-month period to 30 June 2017	Target %		0.50%	0.50%	0.50%	0.50%
	Actual % Rolling 12 month	0.676% (0.74% for bonds and 0.30% for bills)	0.72% (0.82% for bonds and 0.30% for bills)	0.705% (0.84% for bonds and 0.30% for bills)	0.701% (0.82% for bonds and 0.32% for bills)	0.709% (0.81% for bonds and 0.32% for bills)
Average base margin over cost of funds for short term and long term lending	Target %		0.10%	0.10%	0.10%	0.10%
	Average actual % Rolling 12 month	0.106%	0.10% (0.108% for long term and 0.082% for short term lending)	0.10% (0.107% for long term and 0.082% for short term lending)	0.102% (0.109% for long term and 0.081% for short term lending)	0.104% (0.108% for long term and 0.086% for short term lending)
Estimated interest cost savings %	Target %		Improvement on prior year	Improvement on prior year	Improvement on prior year	Improvement on prior year
	2019 maturity As at quarter end	17 bps	15 bps	15 bps	19 bps	22 bps
	2021 maturity As at quarter end	27 bps	22 bps	21 bps	27 bps	30 bps
	2025 maturity As at quarter end	33 bps	24 bps	20 bps	25bps	27 bps
Issuance and operating expenses (excluding AIL) YTD	Target ($ m)		$1.10 m	$2.40 m	$3.60 m	$4.80 m
	Actual ($ m) Year to date	$4.36 m	$1.11 m	$2.33 m	$3.39 m	$4.64 m
Lending (short and long term) to participating councils	Target ($ b)		$6.516 b	$6.791 b	$7.066 b	$7.341 b
	Actual ($ b) Year to date	$6.241 b	$6.605 b	$7.016 b	$7.291b	$7.736b

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D. Summary financial information (provisional and unaudited)

Financial Year ($m)	YTD as at Q1	YTD as at Q2	YTD as at Q3	YTD as at Q4
Comprehensive income	**30-Sep-16**	**31-Dec-16**	**31-Mar-17**	**30-June-17**
Interest income	76.54	155.71	236.43	320.70
Interest expense	72.35	147.20	223.34	303.19
Net interest revenue	**4.19**	**8.51**	**13.09**	**17.51**
Issuance and On-lending costs	0.45	0.90	1.33	1.82
Approved issuer levy	0.18	0.87	1.05	1.80
Operating expenses	0.66	1.43	2.06	2.82
Issuance and operating expenses	**1.29**	**3.20**	**4.44**	**6.44**
Net Profit	**2.89**	**5.31**	**8.65**	**11.27**

Financial position ($m)	30-Sep-16	31-Dec-16	31-Mar-17	30-Jun-17
Retained earnings + comprehensive income	19.22	23.143	26.486	28.905
Total assets (nominal)	6,835.90	7,228.55	7,528.69	8059.79
Total LG loans (nominal)	6,605.23	7,014.90	7,293.97	7735.56
Total LGFA bills (nominal)	225.00	225.00	350.00	350.00
Total LGFA bonds (nominal)	6,435.00	7,115.00	7,275.00	7,855.00
Total borrower notes (nominal)	102.80	108.40	112.76	120.00
Total equity	47.12	48.14	51.49	53.91

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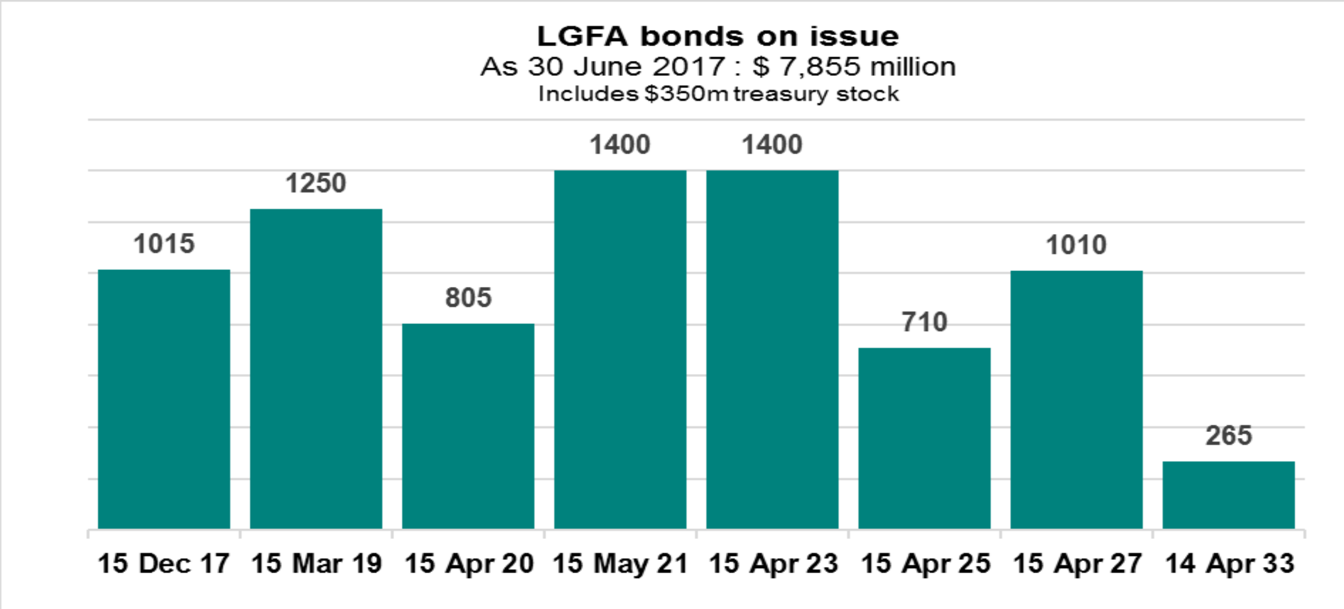


E. Quarterly compliance summary

Policy	Limit	Policy page ref	Continuous Compliance
One-month Liquidity Monitor	>120%	S1-1.1	Yes
Three Month Liquidity Monitor	>110%	S1-1.2	Yes
Twelve Month Liquidity Monitor	>110%	S1-1.3	Yes
Council Exposure (any 12-month period)	<10% of Balance Sheet	S1-1.5	Yes
Liquidity Buffer	>110%	S1-1.4	Yes
Partial Differential Hedge (PDH Interest Rate Gap Report	$40,000	S3-4.1	Yes
Value at Risk (VaR)	$250,000	S3-4.2	Yes
Council Maturity (any 12-month period)	$100m or 33% of LGFA borrowing	S1-1.6	Yes
Funding Largest Council Exposure	>100%	S1-1.7	Yes
Foreign Exchange Exposure	Nil	S7-3.1	Yes
NZDMO Facility Utilisation	Report monthly	S8-8.5	Yes
Counterparty Credit Limits	80% of Portfolio $75m Counterparty (category 3)	S4	Yes
Auckland Council Exposure (proportion of total Council exposure)	<40%	S1-1.8	Yes
Balance Sheet Maturity Mismatch	<15% of Balance Sheet	S2-2.1	Yes
Financial Covenants	Various (as set out on p13)	S9	Yes
Authorising Treasury transactions	Two approvers, one signature	S8-8.4	Yes

Details for compliance breaches over quarter.
There were no breaches over the quarter.

F. Performance against SOI objectives and performance targets

Primary objectives

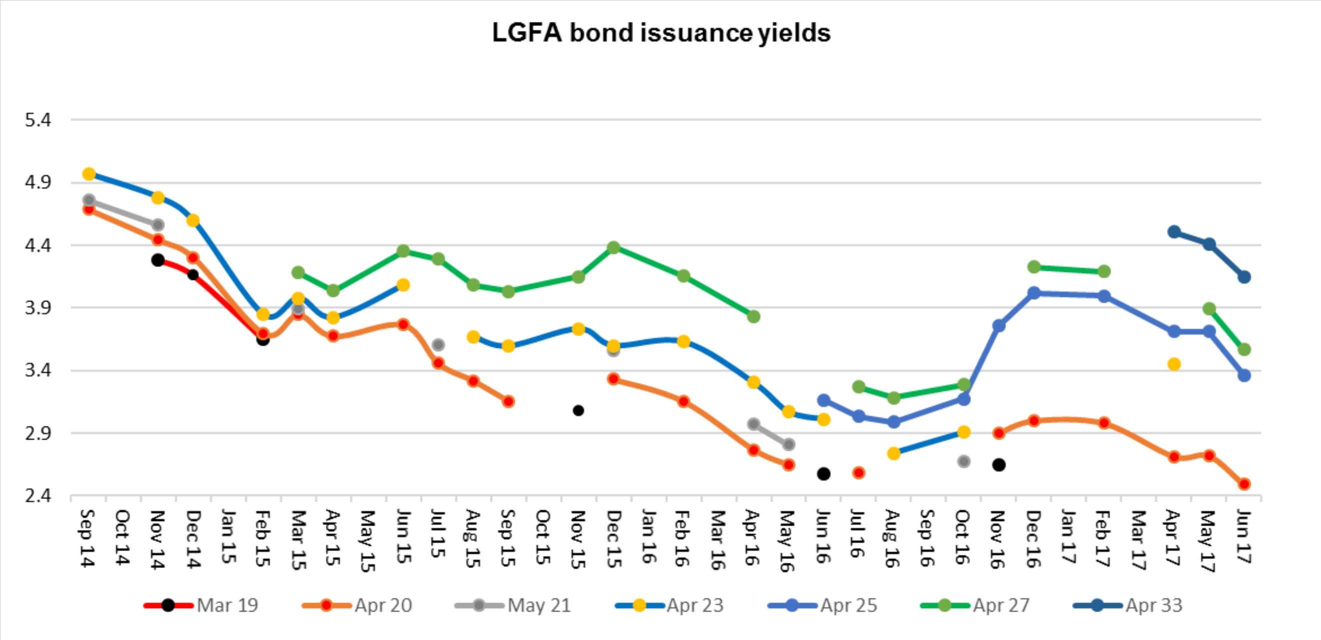
1. Providing savings in annual interest costs for all Participating Local Authorities

Our base on-lending margins have been held at a constant level since August 2015 of 9 bps (2017s and 2019s), 10 bps (2020s and 2021s) and 11 bps (2023s and longer). The actual average base lending margin paid by council borrowers will depend upon the actual term of council borrowing. The base margin charge covers our operating costs and provides for capital to grow in line with the growth in our balance sheet to maintain a capital buffer.

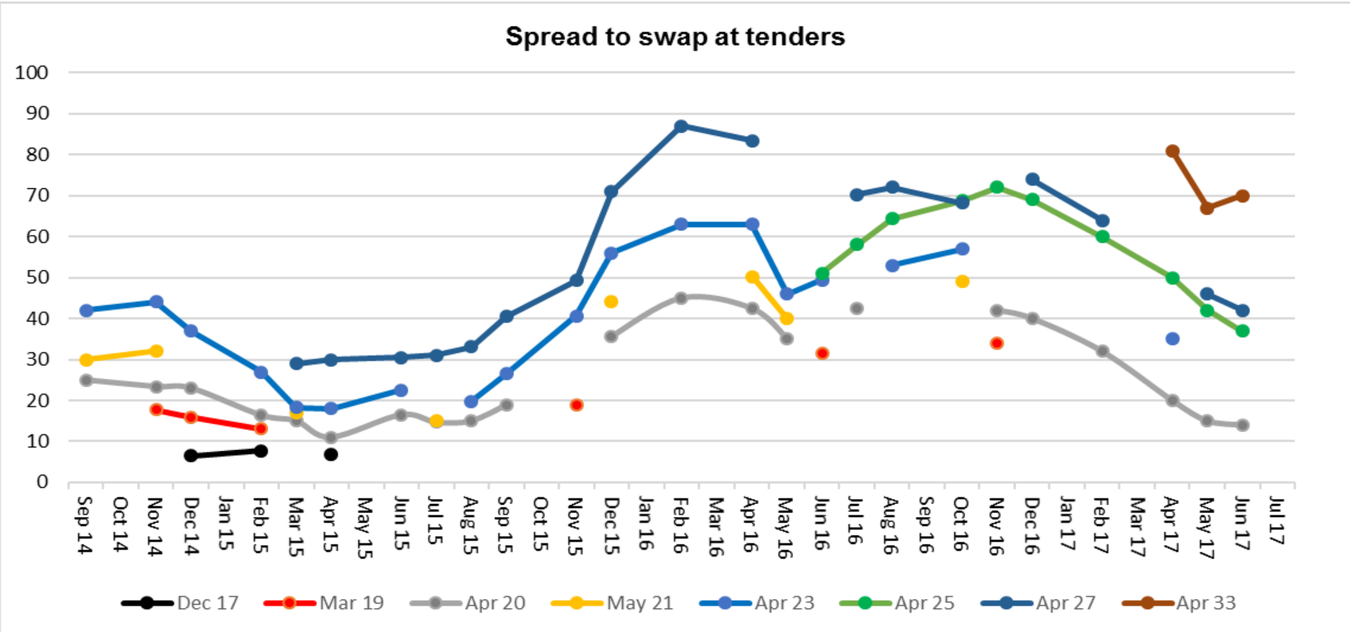
Our estimated annual savings to councils based upon the secondary market levels at 30 June 2017 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils is between 22 bps and 32 bps depending upon the term of borrowing. There has been a favourable change to these estimated savings over both the past quarter and year.

30-Jun-17	**Savings to AA rated councils (bps)**				
	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils margin to swap	33	47	50	54	66
Less LGFA margin to swap	-12	-15	-20	-24	-38
LGFA Gross Funding Advantage	21	32	30	30	28
Less LGFA Base Margin	-9	-10	-10	-10.5	-11
LGFA Net Funding Advantage	12	22	20	19.5	17
Add 'LGFA Effect'	10	10	10	10	10
Total Saving	22	32	30	29.5	27

LGFA continues to deliver funding close to the 30 bps savings target for councils as outlined in the original business case for LGFA as well as providing councils with access to long dated tenors (out to sixteen years). The popularity of the short term borrowing product also suggests councils are reducing their borrowing costs for short dated tenors.



We held three tenders during the quarter with total issuance of $530 million. This was the fourth largest quarterly tender issuance amount (out of twenty-seven quarters). Credit market conditions were strong over the quarter with little issuance by high grade borrowers (e.g. Kauri issuers) and good demand for credit from investors. Secondary market spreads to swap for LGFA bonds narrowed by between 5 bps (2017s) and 16 bps (2027s) over the quarter with the average spread to swap across all LGFA bonds (excluding the new 2033s) improving 6 bps to a two year low of 28 bps.

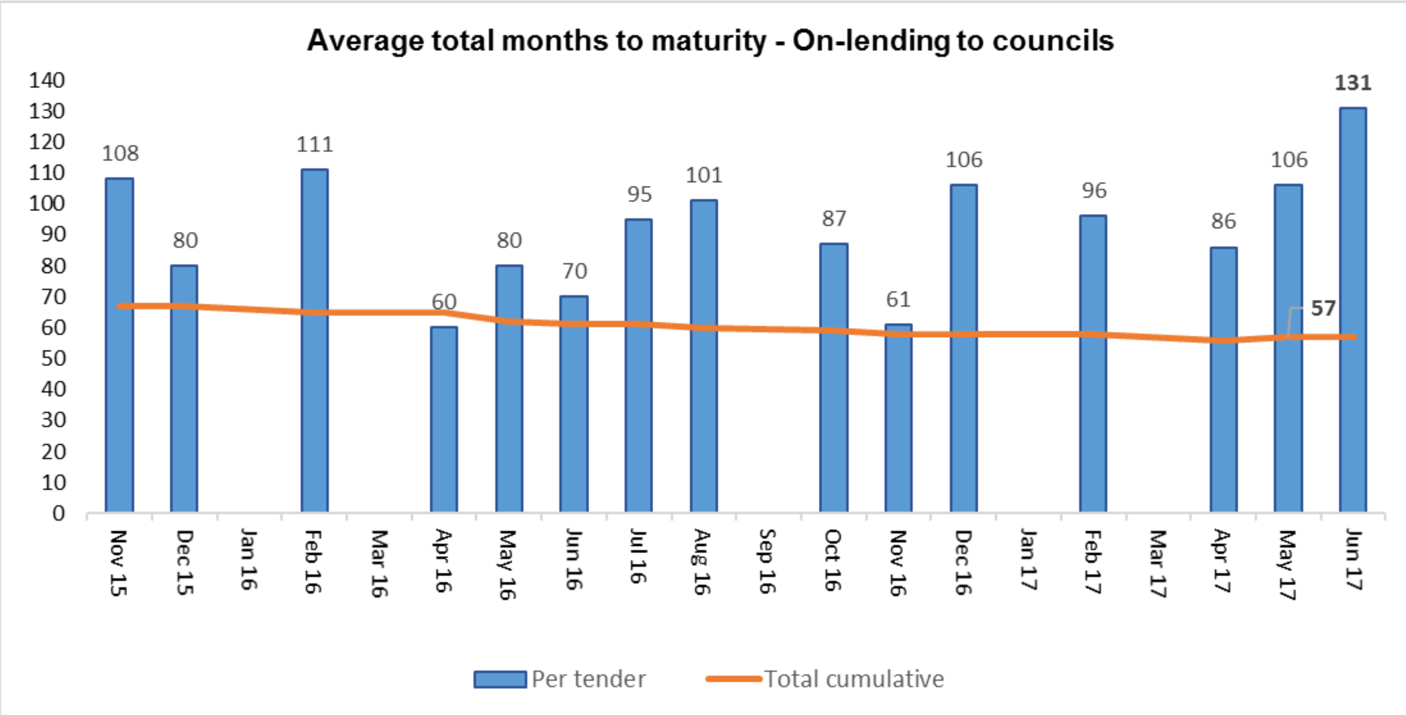


2. Making longer-term borrowings available to Participating Local Authorities

The average borrowing term (excluding short dated borrowing) for the June 2017 quarter by council members was 8.97 years and this was significantly longer than the March 2017 quarter of 7.52 years and the 7.58 years for the 2015-16 year. This was due to councils in the quarter being able to borrow for the first time into maturities between 2027 and 2033.

LGFA commenced issuance of a 2033 maturity in the quarter and by the end of the quarter had issued $215 million. Councils can now borrow from one year to sixteen years and to any in between maturity on a bespoke basis.

The impact from issuing the new 2033 bond is highlighted in comparing the average issuance term of LGFA bonds during the quarter at 10.39 years compared to 8.04 years for the prior quarter. The average term of issuance over the 2016-17 year also lengthened to 8.87 years compared to 8.10 years for the 2015-16 year. The average term of all long dated council borrowing from LGFA is 57 months.



3. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice

The listing of LGFA bonds on the NZX Debt Market in November 2015 has led to greater investor awareness of LGFA bonds. Average turnover on the NZX Debt market since listing has been $16 million per month or 11% of the total turnover of the NZX Debt Market. Turnover has reduced in recent months as retail investors are more attracted to high term deposit rates.

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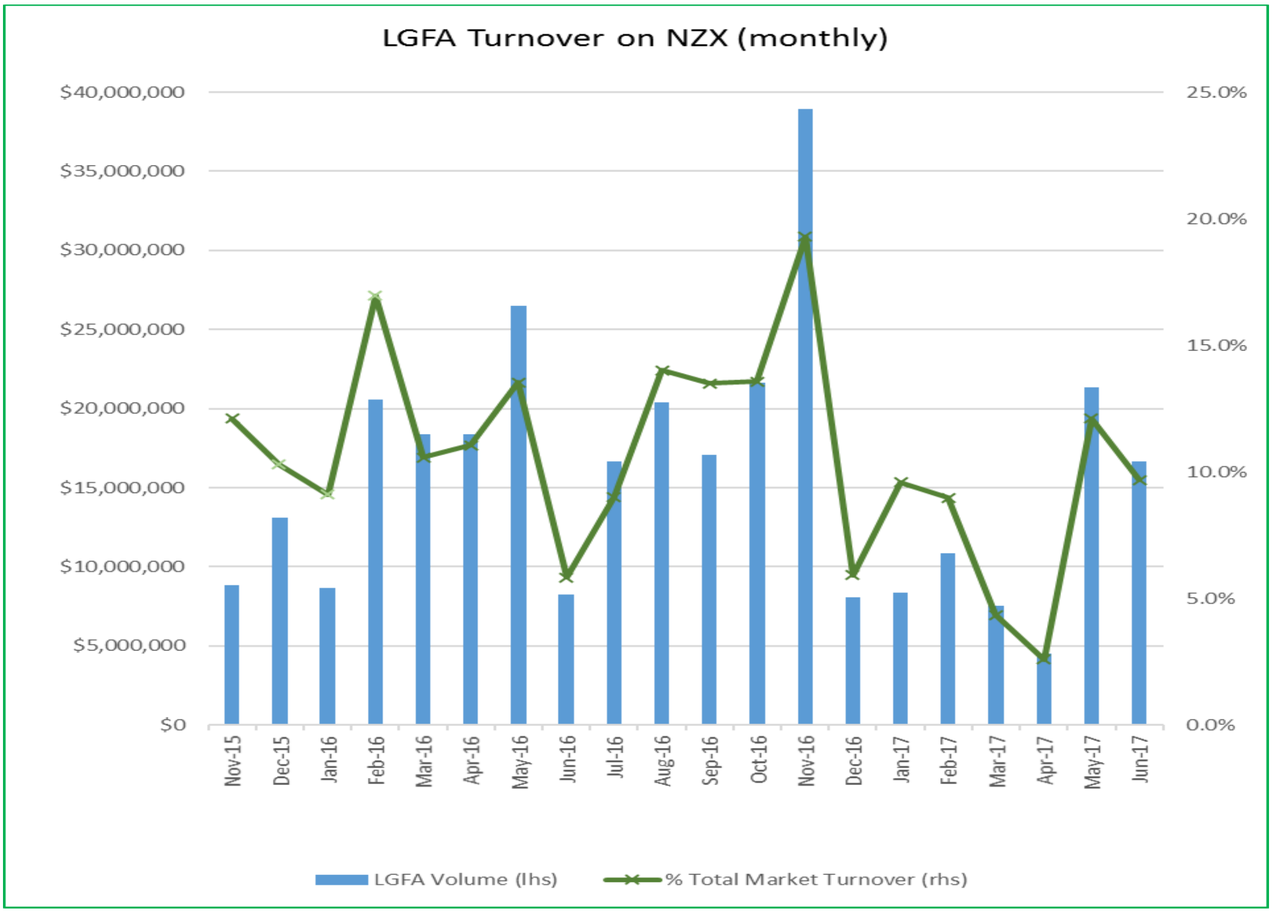

LGFA began issuing 3-month and 6-month LGFA Bills and commenced short dated (less than 1 year) lending to councils in late 2015. LGFA has short term loans to nineteen councils of $233 million outstanding as at 30 June 2017.

LGFA bond tenders continued to be supported by the market with the coverage ratios across the three tenders averaging 3.12 times. This is in line with the long-term average over the forty-four tenders held to date. Excluding the new 2033s, price tension remained strong as we issued between 1 bps and 3 bps tighter than secondary market levels at the time of each tender. We continue to offer three or four LGFA maturities at each tender and try to maintain the volume offered within the $130 million to $170 million range to ensure ongoing price tension.

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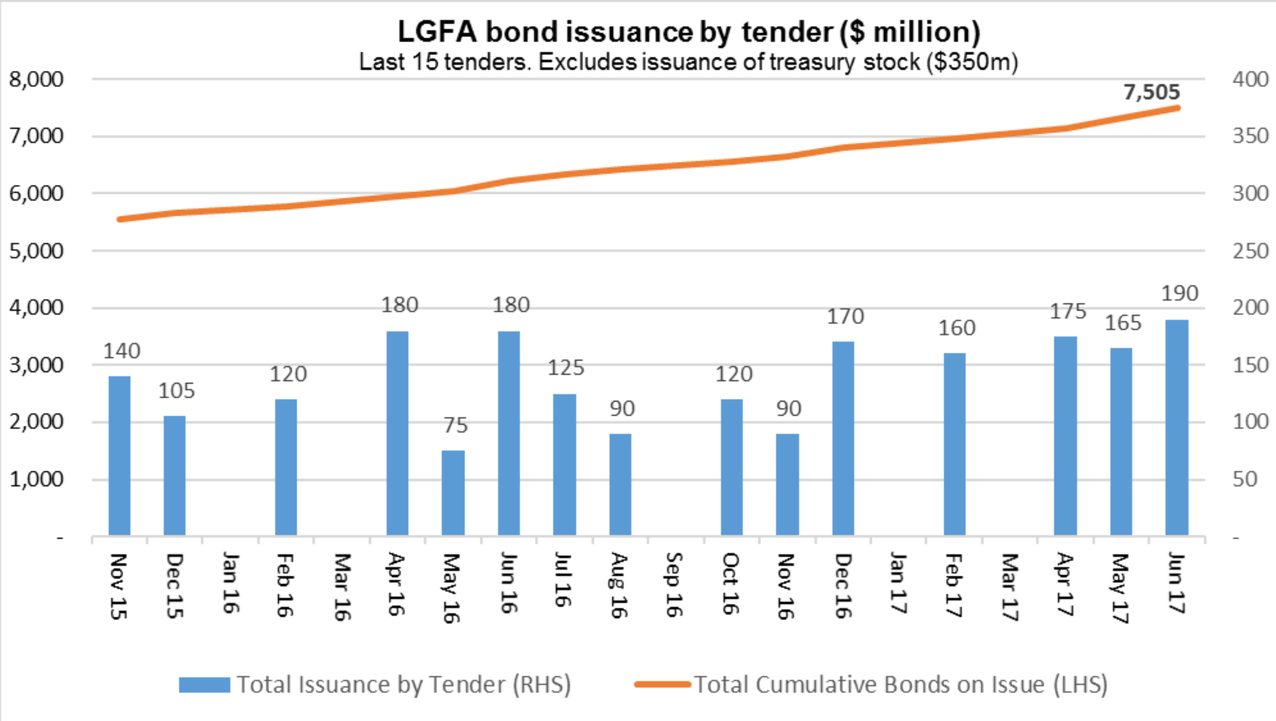
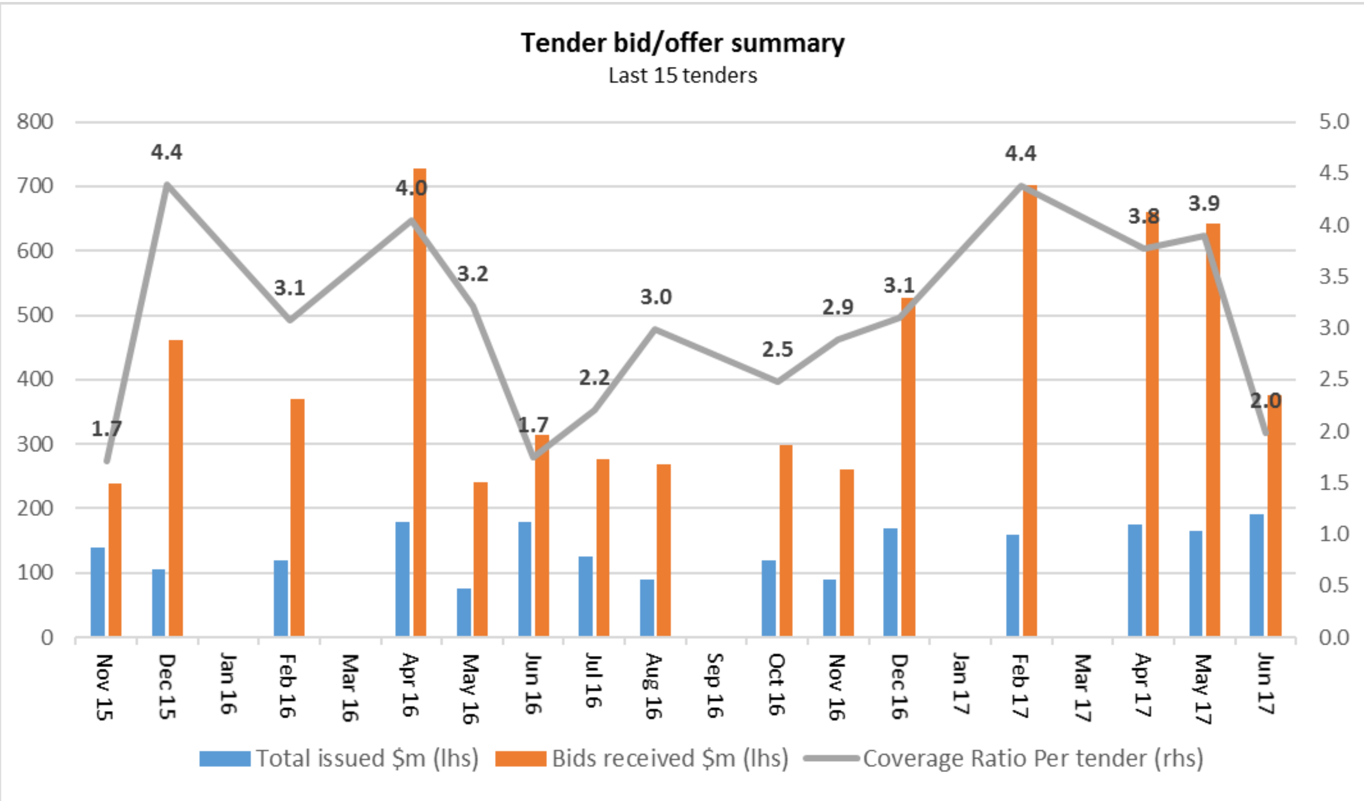




4. Offering more flexible lending terms to Participating Local Authorities

Bespoke lending continues to be a popular borrowing option for council members. Since we introduced the ability for councils to choose their preferred maturity and date of drawdown in February 2015 we have lent $1.378 billion in bespoke transactions. During the June 2017 quarter, we lent $364.2 million on a bespoke basis to twenty-one councils. This comprised 66% of total term lending by LGFA to its members during the quarter.

Short term borrowing by councils has been well received with loan terms to date of between 3 months and 12 months on $233 million of loans.

Additional objectives

5. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy

LGFA's Net Operating Gain on an unaudited management account basis was $11.073 million for the twelve-month period compared to the management forecast of $10.0 million. Our cost of funds for the 2016-17 year was 3.56% which would imply a similar projected dividend rate to last year of 5.56% for the coming year. The LGFA Board has the sole discretion to set the dividend.

6. Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities

LGFA estimates market share from the PwC Local Government Quarterly Debt Report and the most recent report is for the June 2017 quarter. LGFA market share of total sector borrowing for the June 2017 quarter was 99.1% and for the year to June 2017 was 82.9%. Adjusting both estimates for Auckland Council borrowing in its own name (as Auckland Council is restricted in the amount that it can borrow through LGFA) then LGFA market share for the June quarter was 99.1% and for the year to June 2017 was 91.3%. Our market share remains strong compared to our global peers but will be influenced by the amount of borrowing undertaken by Auckland Council in its own name.

7. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses

Expenses for the full year on an unaudited basis are $6.441 million which is $139k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at $1.827 million were $124k below budget. There were lower fees than budgeted relating to the NZDMO facility and credit rating agencies. These were offset by higher NZX and legal costs from the additional bond issuance associated with the introduction of the bond lending facility.

- Operating costs at $2.819 million were $27k below budget and reflected lower overheads and travel costs than forecast offset by higher personnel costs.

- Approved Issuer Levy payments of $1.795 million were in line with our forecast of $1.783 million.

8. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015

LGFA has a Health and Safety staff committee and reporting on Health and Safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no Health and Safety incidents during the quarter.

The Kaikoura earthquake in November impacted on Wellington CBD buildings. As result, staff are currently working from the Local Government New Zealand offices until it is safe to return to the LGFA offices.

9. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency

LGFA met with both S&P and Fitch rating agencies in September 2016 as part of their annual review process. S&P subsequently affirmed the long-term rating of LGFA at AA+ (stable outlook) on 20 October 2016 and Fitch affirmed the AA+ (stable outlook) on 15 November 2016.

LGFA is due to meet with both credit rating agencies between September and October 2017.

10. Achieve the financial forecasts

As at the end of fourth quarter, Net Interest Income was estimated by management on an unaudited basis to be $935k above budget while expenses are $139k below budget. Net Operating Gain of $11.073 million was $1.073 million above budget and is 16% above the Net Operating Gain for the prior year. Net Interest Income is higher than forecast primarily due to how Councils have refinanced their December 2017 loans. Rather than using the proceeds to repay the existing December 2017 loans to LGFA, councils have placed the funds on term deposit with banks, leading to a higher level of outstanding loans from LGFA than forecast.

G. Investor relations / outlook

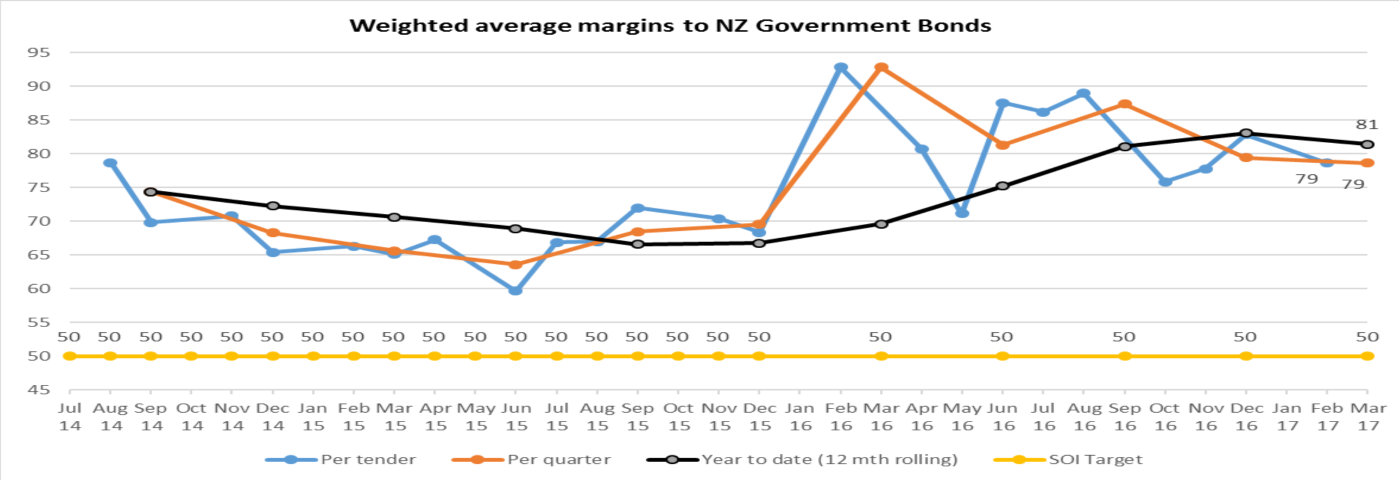
Managing relations with our investor base is very important as the amount of bonds on issue has yet to peak. Our projections for funding for each of the next three years is approximately $1.2 billion p.a. so we require both existing investors to increase their holdings and to also find new investors. Our focus is on growing the offshore investor and domestic retail investor base as these groups have the most potential given that we already received strong support from the domestic banks and institutional investors.

Over the past twelve months we have met with nearly all our forty largest holders across Japan, Hong Kong, Middle East, North America, Australia, UK, Europe and New Zealand.

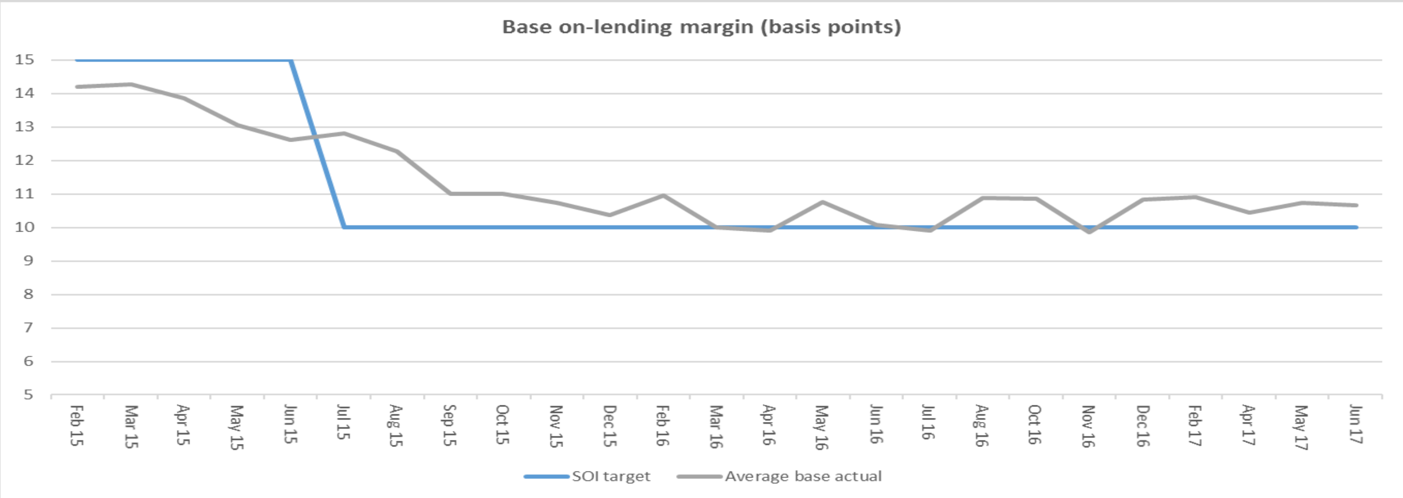
Offshore investors and domestic banks increased their holdings of LGFA bonds during the June quarter but domestic investor holdings declined

- Domestic banks increased their holdings by $459 million over the June quarter and were estimated to hold $2.586 billion (34.5% of outstandings) compared to $1.947 billion (31.3% of outstandings) as at 30 June 2016. Bank liquidity books and secondary market trading books both increased their holdings during the quarter given the absence of Kauri bond issuance and the higher than usual LGFA bond tender issuance.
- Domestic institutional and retail investors reduced their holdings by $255 million over the June quarter and were estimated to hold $2.603 billion (34.7% of outstandings) compared to $2.636 billion (42.4% of outstandings) as at 30 June 2016. A small number of larger investors reduced their holdings following the recent outperformance by LGFA bonds relative to swap, NZGBs and Kauri issues.
- Offshore investors increased their holdings by $327 million over the June quarter and were estimated to hold $2.315 billion (30.9% of outstandings) compared to $1.637 billion (26.3% of outstandings) as at 30 June 2016. The 30.9% of outstandings held by offshore investors is a record high.

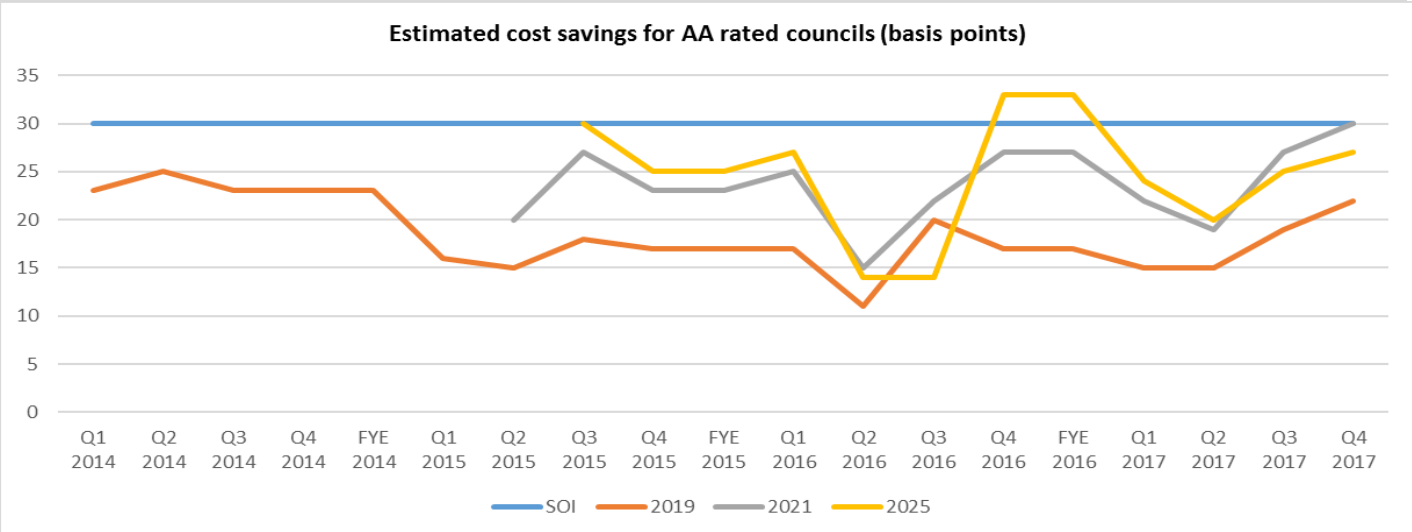
H. Key trends



Weighted average margins to NZ Government Bonds
95
90
85
80
75
70
65
60
55
50
45
81
79
79
Jul 14 Aug 14 Sep 14 Oct 14 Nov 14 Dec 14 Jan 15 Feb 15 Mar 15 Apr 15 May 15 Jun 15 Jul 15 Aug 15 Sep 15 Oct 15 Nov 15 Dec 15 Jan 16 Feb 16 Mar 16 Apr 16 May 16 Jun 16 Jul 16 Aug 16 Sep 16 Oct 16 Nov 16 Dec 16 Jan 17 Feb 17 Mar 17
Per tender
Per quarter
Year to date (12 mth rolling)
SOI Target



Base on-lending margin (basis points)
15
14
13
12
11
10
9
8
7
6
5
Feb 15 Mar 15 Apr 15 May 15 Jun 15 Jul 15 Aug 15 Sep 15 Oct 15 Nov 15 Dec 15 Feb 16 Mar 16 Apr 16 May 16 Jun 16 Jul 16 Aug 16 Oct 16 Nov 16 Dec 16 Feb 17 Apr 17 May 17 Jun 17
SOI target
Average base actual



Estimated cost savings for AA rated councils (basis points)
35
30
25
20
15
10
5
0
Q1 2014 Q2 2014 Q3 2014 Q4 2014 FYE 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 FYE 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016 FYE 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017
SOI
2019
2021
2025