

Quarterly funding update

December Quarter 2022



Borrowing Programme Update

During the quarter LGFA issued NZ\$1.203 billion of bonds across seven bond maturities via two bond tenders and one syndication. For the six month period to 30 December 2022 we have issued NZ\$1.763 billion of bonds.

The weighted average term of issuance during the December quarter was 4.1 years compared to a 6.2 years weighted average term for the 2021-22 financial year.

We have left our forecast borrowing requirements unchanged for the next three financial years but will provide an update to the market with the release of our Draft Statement of Intent (SOI) by the end of February 2023. Forecast gross bond issuance is NZ\$2.9 billion (FY23), NZ\$2.93 billion (FY24) and NZ\$2.8 billion (FY25). The forecasts remain highly conditional on actual borrowing by councils and receiving greater certainty regarding the Three Waters Reform Programme.

Other news

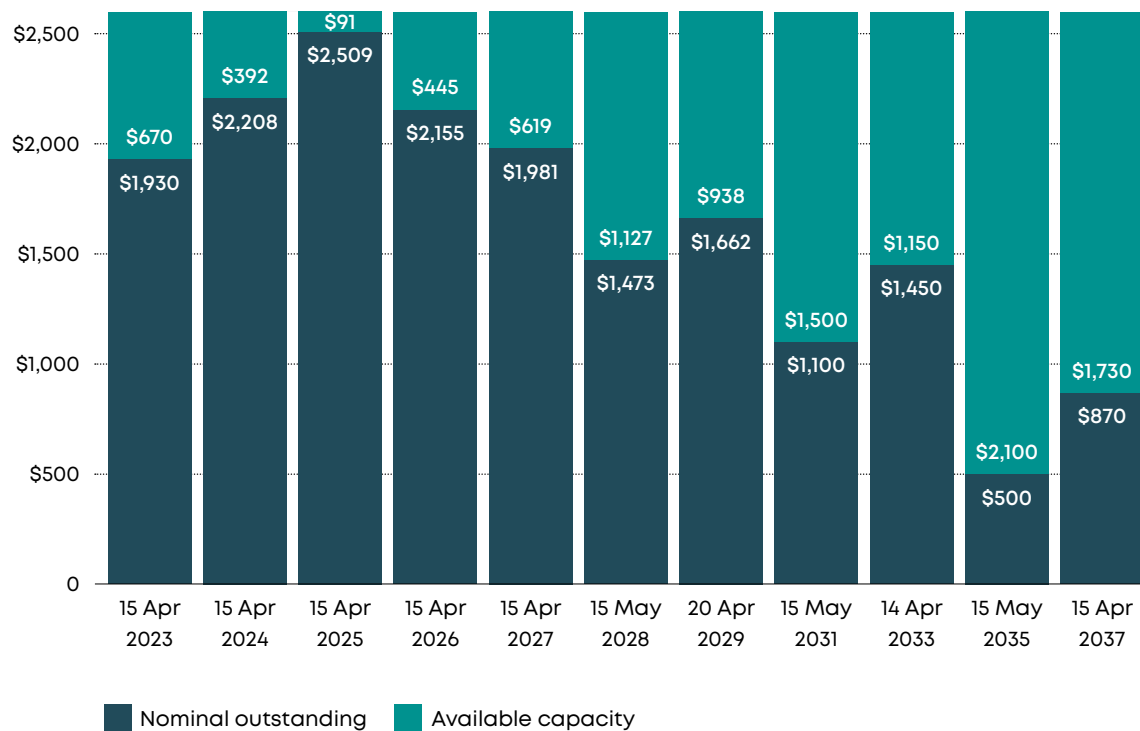
Dunedin City Council and Environment Southland joined as guarantors and Dunedin City Treasury Limited and Westland Holdings joined as CCOs during the quarter with membership at seventy seven councils and three CCOs. The number of guarantors increased by two to seventy-one councils.

Total term borrowing by councils during the quarter was NZ\$976.8 million, bringing total term loans outstanding to NZ\$15.182 billion and short term loans of NZ\$498 million.

We approved our first social housing loan request to Christchurch City Council on behalf of the Ōtautahi Community Housing Trust, bringing the number of eligible projects to five with GSS loan approvals of NZ\$543 million and drawdowns of NZ\$122 million to date.

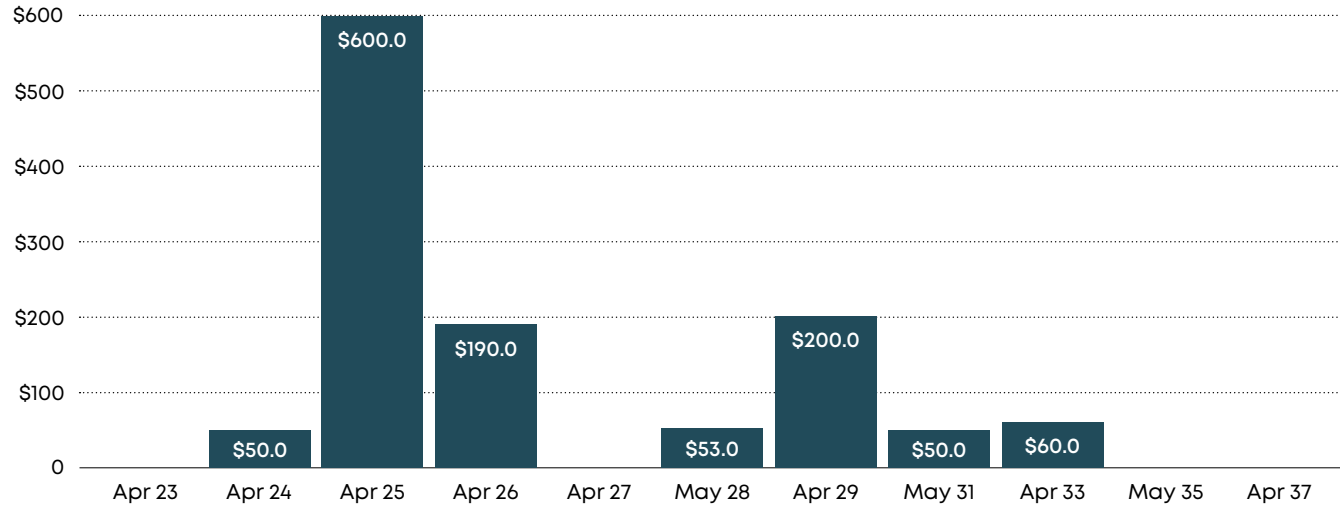
On 1 December we launched Climate Action Loans (CALs) where our council and CCO members will receive a discounted loan margin if they have in place a GHG Emission Reduction Plan and are meeting their emission reduction targets. LGFA was voted the Kanga News 2022 NZ Issuer of the year.

LGFA retail bonds on issue (NZ\$ million)
As 31 December 2022: NZ\$17,838 million

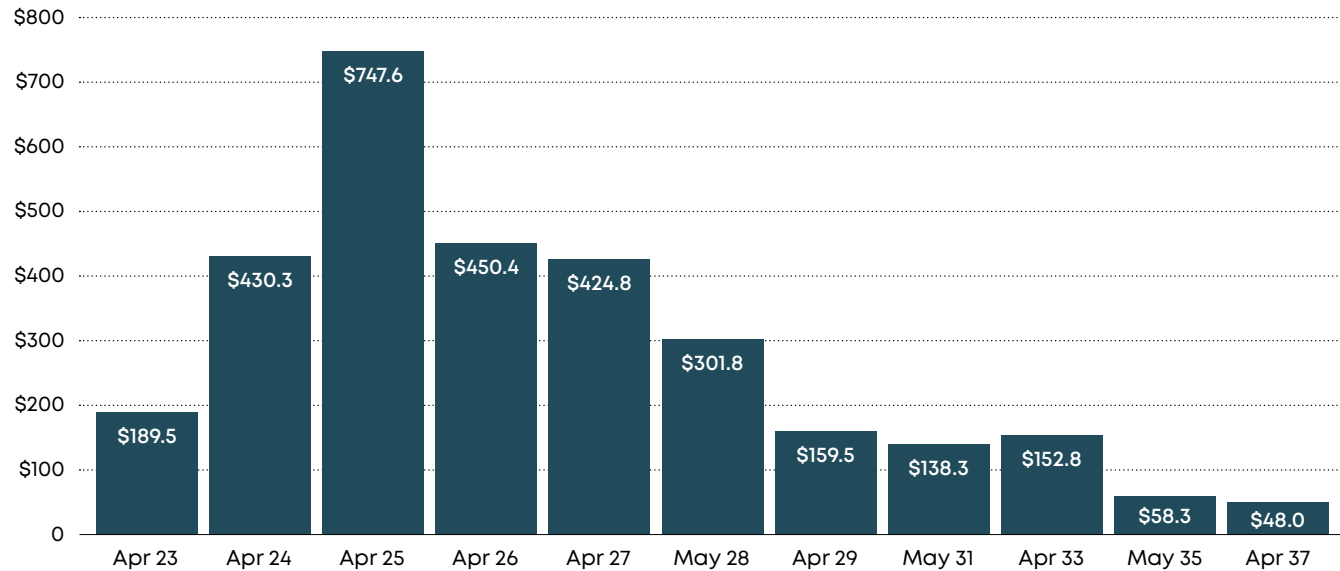


Includes NZ\$1.1 billion treasury stock

December Quarter LGFA Bond Issuance (NZ\$ million)



Secondary Market Turnover of LGFA Bonds estimated by LGFA (NZ\$ million) – December Quarter



Stead Street stopbank, Invercargill City Council



December Quarter LGFA Bond Issuance (NZ\$ million)

	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 31	Apr 33	May 35	Apr 37	Total
Tender 95 (14 Dec)				\$90		\$53			\$60			\$203.0
Tender 94 (9 Nov)		\$50		\$100				\$50				\$200.0
Syndication (12 Oct)			\$600				\$200					\$800.0
	\$0.0	\$50.0	\$600.0	\$190.0	\$0.0	\$53.0	\$200.0	\$50.0	\$60.0	\$0.0	\$0.0	\$1,203.0

Secondary Market Turnover of LGFA Bonds estimated by LGFA (NZ\$ million)

	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 31	Apr 33	May 35	Apr 37	Total
December		\$113.0	\$139.7	\$109.7	\$151.5	\$103.5	\$51.2	\$16.8	\$29.6	\$5.4	\$15.4	\$735.8
November		\$75.0	\$376.5	\$223.9	\$136.3	\$133.3	\$93.6	\$80.7	\$117.0	\$42.5	\$24.2	\$1,303.0
October	\$189.5	\$242.5	\$231.4	\$117.2	\$142.5	\$64.9	\$14.8	\$40.8	\$6.4	\$10.4	\$8.4	\$1,068.9
	\$189.5	\$430.5	\$747.6	\$450.8	\$430.3	\$301.8	\$159.6	\$138.3	\$152.9	\$58.3	\$48.0	\$3,107.7

Holdings by Investor Group (NZ\$ million)

As at month end	Banks	Offshore	Domestic Investors	RBNZ
December	\$4,753.1	\$5,085.1	\$5,600.8	\$1,429.0
November	\$4,827.9	\$5,014.5	\$5,530.2	\$1,429.0
October	\$4,983.7	\$4,805.6	\$5,340.7	\$1,429.0
Sep-2022	\$4,746.1	\$4,297.6	\$5,197.3	\$1,429.0

Holdings by Investor Group (% of outstandings)

Banks	Offshore	Domestic Investors	RBNZ
28.2%	30.1%	33.2%	8.5%
28.7%	29.8%	32.9%	8.5%
30.1%	29.0%	32.3%	8.6%
30.3%	27.4%	33.2%	9.1%

Secondary Market Yields on LGFA Bonds (month end)

	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 31	Apr 33	May 35	Apr 37
December	4.77%	5.61%	5.48%	5.33%	5.22%	5.22%	5.29%	5.29%	5.37%	5.54%	5.67%
November	4.63%	5.32%	5.16%	4.99%	4.87%	4.84%	4.86%	4.87%	4.91%	5.06%	5.20%
October	4.48%	5.22%	5.19%	5.19%	5.14%	5.15%	5.19%	5.20%	5.27%	5.41%	5.56%
Sep-2022	4.34%	4.93%	4.93%	4.98%	4.96%	4.99%	5.01%	5.07%	5.15%	5.29%	5.42%

Secondary Market Spreads to NZGB for LGFA Bonds (month end)

	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 31	Apr 33	May 35	Apr 37
December	13 bps	49 bps	57 bps	61 bps	63 bps	72 bps	78 bps	82 bps	86 bps	99 bps	101 bps
November	13 bps	64 bps	55 bps	53 bps	53 bps	59 bps	66 bps	74 bps	83 bps	93 bps	97 bps
October	38 bps	92 bps	92 bps	91 bps	90 bps	96 bps	101 bps	103 bps	110 bps	114 bps	119 bps
Sep-2022	33 bps	76 bps	75 bps	73 bps	73 bps	78 bps	78 bps	80 bps	80 bps	84 bps	87 bps

Secondary Market Spreads to Swap for LGFA Bonds (month end)

	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27	May 28	Apr 29	May 31	Apr 33	May 35	Apr 37
December	2 bps	9 bps	15 bps	23 bps	28 bps	35 bps	44 bps	48 bps	54 bps	69 bps	81 bps
November	1 bps	9 bps	11 bps	20 bps	24 bps	31 bps	39 bps	44 bps	50 bps	65 bps	78 bps
October	4 bps	18 bps	22 bps	33 bps	38 bps	45 bps	53 bps	57 bps	65 bps	77 bps	90 bps
Sep-2022	13 bps	21 bps	22 bps	32 bps	36 bps	43 bps	47 bps	54 bps	62 bps	76 bps	88 bps

2022-23 Tender and Settlement Dates

Tender #	Announcement Date	Tender Date	Settlement Date
97	Monday, 30 January 2023	Wednesday, 1 February 2023	Tuesday, 7 February 2023
98	Monday, 27 February 2023	Wednesday, 1 March 2023	Monday, 6 March 2023
99	Tuesday, 11 April 2023	Wednesday, 12 April 2023	Monday, 17 April 2023
100	Monday, 8 May 2023	Wednesday, 10 May 2023	Monday, 15 May 2023
101	Tuesday, 6 June 2023	Wednesday, 7 June 2023	Monday, 12 June 2023

LGFA Issuer Credit Ratings

	Short Term	Long Term (local currency)	Long Term (foreign currency)
S&P Global Ratings Australia Pty Limited	A-1+	AAA	AA+
Fitch Australia Pty Limited	F1+	AA+	AA+

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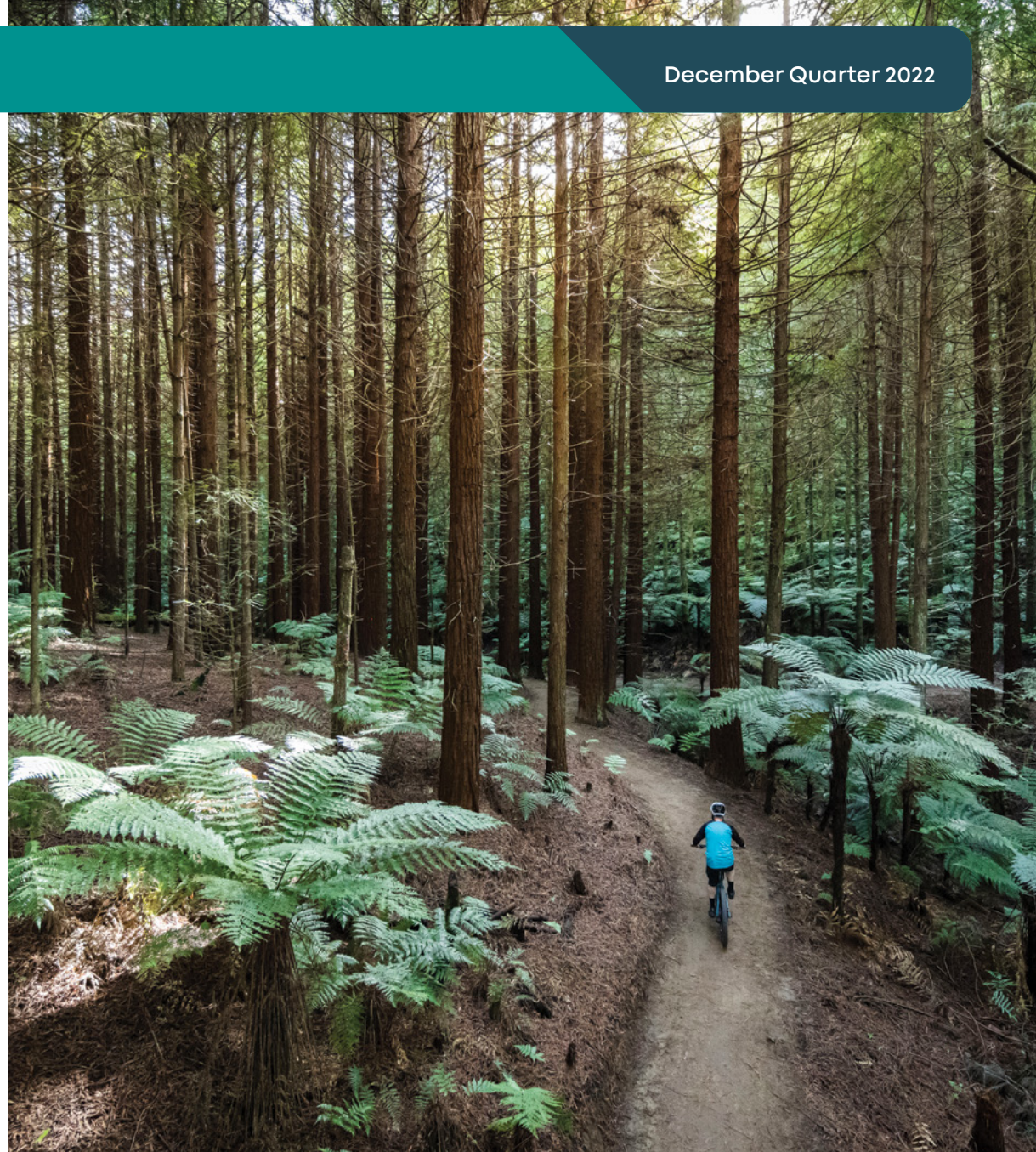
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Whakarewarewa Forest Loop (Great Ride)
Rotorua Lakes Council, Photo by Graeme Murray



New Zealand Local
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Te Pūtea Kāwanatanga ā-rohe

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