



HALF YEAR REPORT 31 December 2025

Benefiting communities through
delivering efficient financing
for local government.

Ka whiwhi painga ngā hāpori
mā te whakarato pūtea
tōtika ki ngā kaunihera.

LGFA



New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

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Message from the Chair and Chief Executive

He karere mai i te Toihau me te Tumuaki

For the six-month period ended 31 December 2025

The six-month period delivered another set of strong financial and non-financial outcomes for the Agency despite the significant headwinds facing the sector.

As well as delivering a record financial outcome for the six-month period, we continued to meet the needs of our stakeholders over the past six months:

- We continued to source the cheapest cost of borrowing on behalf of the sector by issuing short and long-dated debt instruments under our NZD domestic and offshore programmes.

- We signed a refreshed Crown Liquidity Facility that was both upsized and extended in tenor. This underlines Central Government support for LGFA and the wider local government sector.
- We have been working closely with Central Government, councils, and the establishment teams at the water Council-Controlled Organisations (CCOs) to ensure the successful transition to Local Water Done Well from mid 2026.
- We are on track to meet 19 out of the 21 Statement of Intent (SOI) performance targets.

Initiatives

We successfully diversified our funding base away from Australasia by introducing a European Medium Term Note (EMTN) Programme in early 2025. During the past six months we issued a 5-year USD500 million bond and a 9-year CHF 180 million bond under the programme. The debt issuance was hedged back into NZD cheaper than our NZD bond issuance levels.

Our LGFA NZD Bond Repurchase Programme was established in May 2025, and we began conducting weekly repurchase tenders. This initiative supports our liquidity management, reduces refinancing risk, and provides added support to the market for our bonds. Over the six-month period to 31 December 2025, we repurchased \$227 million of the April 2026 LGFA bond.

We continue to work with Central Government on delivery of the Local Water Done Well Programme. We assisted with the review of the Water Services Delivery Plan submitted to the Department of Internal Affairs by each council. We have been negotiating borrowing arrangements and documentation with the water CCOs currently being established.

We have made progress to deliver operational efficiency for our council borrowers. Legislation is currently passing through Parliament that will reduce administration requirements relating to the Section 118 Certificates. Council borrowers can now issue a Global Security Stock Certificate instead of having to issue an updated certificate each time they borrow.

Financial and Operational Performance

Directors are pleased to announce a strong financial performance for the six-month period with:

Total interest income for the six-month period was NZ\$528.2 million, a 23% reduction over the prior comparable period. Interest income was lower than the comparable period because interest rates were lower e.g. the 3 month BKBM rate averaged 2.80% for the six-month period to 31 December 2025 compared to 4.88% for the six-month period to 31 December 2024.

Total interest expense for the six-month period was \$503.8 million, a 25% reduction over the comparable 2024-25 period result. Interest expense was lower due to lower interest rates compared to the prior comparable period.

Total operating income of NZ\$25.8 million was \$1 million above the SOI forecast of NZ\$24.8 million primarily due to our offshore cost of borrowing being more cost effective (after hedging costs) than borrowing in the domestic debt capital markets. It was a 57% increase over the prior comparable period.

Operating expenses, excluding Approved Issuer Levy (AIL), at NZ\$5.87 million were \$0.03 million above the SOI budget. AIL expense for the six-month period totalled \$3.54 million, in line with our SOI forecast and is the highest single cost incurred by LGFA.

Net operating profit rose to NZ\$16.36 million, up 90% from the prior comparable period.

LGFA shareholders equity has risen to NZ\$138.114 million, up from NZ\$121.785 million on 30 June 2025. With the addition of the Borrower Notes the total capital base of LGFA is now NZ\$877 million supporting total assets of NZ\$28.6 billion.

It is important to strengthen the capital position of LGFA given the recent deterioration in the credit quality of the local government sector and the financial headwinds facing the sector in the coming years. A strong financial position will ensure LGFA maintains credit rating parity to that of the New Zealand Government and continues to have the support of investors. The LGFA credit rating was affirmed at AA+ by Fitch Ratings on 23 October 2025.

Lending activity

Long-dated lending totalled NZ\$1.635 billion during the six-month period with LGFA making 130 long term loans to 53 councils and CCOs with an average term of 4.3 years. Sustainable lending comprising our Green and Social (GS) and Climate Action Loans (CAL) products of \$583.1 million was 35.5% of total lending during the six-month period. Our rolling twelve month estimated market share of 79.4% of council long-dated borrowing was just below our 80% target but if Auckland Council borrowing activity is excluded, our market share is 98.7%. Short-dated lending at year end was \$1.454 billion, a 77% increase since 30 June 2025.

Our membership of 77 councils and 8 CCOs is unchanged.

Statement of Intent targets

We are on track to achieve 19 of our 21 performance targets outlined in our SOI. The two targets that we are unlikely to meet are operating expenses (excluding AIL) and market share. Our operating expenses are projected to be higher as we expect additional legal, IT and consulting costs to increase over the next six months as we undertake further offshore borrowing, onboard water CCOs, introduce new products and initiatives and implement our data and artificial intelligence (AI) strategies. Our current market share of 79.4% is just below our 80% target.

Stakeholder engagement

Over the past six months, LGFA held 52 meetings with our council and CCO members.

We expect our level of engagement and interaction with members to increase as the sector faces headwinds from climate related events, increasing debt levels while revenue could be potentially constrained under rates capping. The credit ratings of 18 councils and 3 CCOs have been downgraded over the past year that reflects these issues.

We have recently added greater resource to our engagement and monitoring activities. This is because the water CCOs will be more highly leveraged than their council predecessors and will need to have financial strategies in place to be financially sustainable in the medium to long term i.e. to achieve investment grade credit ratings.

Unfortunately, there was the first ever breach of a LGFA Foundation Covenant by a council. MacKenzie District Council breached the liquidity covenant as at 30 June 2025, but the breach was identified, and easily and quickly resolved. Any breach however is not taken lightly by the LGFA Board and can lead to an Event of Review and a request for repayment of loans.

We continue to invest in sustainability initiatives and support the sector through increasing our engagement on sustainability. We approved six new eligible projects for GS loans during the six-month period. We are developing an innovative sustainable lending product for the water sector that should be ready for launch in the coming months. We have also announced a financial subsidy for councils to adopt an independent audited Greenhouse Gas Emissions plan with suitable targets to qualify for our Climate Action Loans.

As at 31 December 2025, 19.8% of our outstanding long terms loans were either GS or CALs that receive a discounted loan margin.

Acknowledgements

The Agency's work and success cannot be achieved without the support of our staff, fellow directors, Shareholders Council, Central Government and the Minister of Local Government and Minister of Finance, all whose efforts and support are acknowledged.

We acknowledge the contribution to the success of LGFA by Linda Robertson, who has recently retired from the Board after ten years of service as a director and Chair of the Audit and Risk Committee. We also thank Kathryn Sharplin, who has recently stood down as Chair of the LGFA Shareholders Council.

We are pleased to welcome Paul Anderson as a new director and Chair the Audit and Risk Committee. We also welcome Sarah Houston-Eastergaard, who will serve as Chair of the Shareholders Council.

We believe the Agency's future remains positive and look forward to working with all stakeholders in the next six months.



Philip Cory-Wright
Chair, LGFA Board



Mark Butcher
Chief Executive

Performance against objectives

Te whakatutukinga ki ngā whāinga

The statement of service performance provides a summary of LGFA's performance against the objectives and performance targets set out in the LGFA Statement of Intent 2025-28 (SOI).

2025-26 Objectives and performance targets

LGFA objectives and performance targets for 2025-26 fall within the following five strategic priorities which encompass our shareholders' foundation objectives and guide the LGFA Board and management in determining our strategy:

- Governance, capability and business practice
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the two quarters' ended December 2025 are available on the LGFA website.

Governance, capability and business practice

LGFA is committed to best-practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Objectives	Our performance to 31 December 2025
Demonstrate best practice corporate governance.	LGFA is committed to demonstrating best practice corporate governance and we report annually on our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The 2025 Annual Report is the most recent report with commentary on our compliance with the NZX Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	Our performance against shareholder-agreed objectives and performance targets, as specified in the Statement of Intent, is reported quarterly to shareholders and annually in this section of our Annual Report.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Our performance against our financial performance targets for the six months ended 31 December 2025 is summarised under each of the targets.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff	We have met this objective and comply. The 2025 Annual Report is our most recent report outlining our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2025-2026 target	Our performance to 31 December 2025
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	Achieved.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	Achieved.
LGFA's total operating income, excluding unrealised gains / (losses) on financial instruments, for the period to 30 June 2026.	>\$44.7 million.	In line with forecast – NZ\$25.77 million as at 31 December 2025 compared to NZ\$24.78 million interim target.
LGFA's total operating expenses (excluding Approved Issuer Levy) for the period to 30 June 2026.	<\$12.1 million.	Unlikely to achieve – NZ\$5.87 million as at 31 December 2025 compared to NZ\$5.84 million interim target.

Upgrading of the seawall at The Strand. Tauranga City Council



Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to its members. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Objectives	How we measure our performance																																																																																																																																																																																																																								
Provide interest cost savings relative to alternative sources of financing.	<p>LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets.</p> <p>Comparison to other high-grade NZD issuers – secondary market spread to swap (bps)</p> <table border="1"> <thead> <tr> <th>31 Dec 25</th> <th>2026</th> <th>2027</th> <th>2028</th> <th>2029</th> <th>2030</th> <th>2031</th> <th>2032</th> <th>2033</th> <th>2034</th> <th>2035</th> <th>2037</th> </tr> </thead> <tbody> <tr> <td>LGFA (AAA)</td> <td>7</td> <td>12</td> <td>25</td> <td>28</td> <td>31</td> <td>44</td> <td>51</td> <td>57</td> <td></td> <td>67</td> <td>71</td> </tr> <tr> <td>NZ Government (AAA)</td> <td>7</td> <td>4</td> <td>11</td> <td>18</td> <td>21</td> <td>29</td> <td>31</td> <td>31</td> <td>33</td> <td>35</td> <td>45</td> </tr> <tr> <td>Kainga Ora (AAA)</td> <td>6</td> <td>19</td> <td>27</td> <td></td> <td>34</td> <td></td> <td></td> <td></td> <td></td> <td>72</td> <td></td> </tr> <tr> <td>Asian Development Bank (AAA)</td> <td>7</td> <td>11</td> <td>21</td> <td></td> <td></td> <td>36</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>IADB (AAA)</td> <td>8</td> <td>14</td> <td>27</td> <td></td> <td>34</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>International Finance Corp (AAA)</td> <td>7</td> <td>16</td> <td>24</td> <td>29</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>KBN (AAA)</td> <td>6</td> <td>16</td> <td></td> <td></td> <td>42</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Nordic Investment Bank (AAA)</td> <td></td> <td></td> <td></td> <td>25</td> <td>30</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rentenbank (AAA)</td> <td></td> <td>13</td> <td></td> <td>28</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>World Bank (AAA)</td> <td>6</td> <td>14</td> <td>21</td> <td></td> <td>32</td> <td></td> <td>39</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>ASB (AA-)</td> <td>12</td> <td>29</td> <td></td> <td></td> <td>59</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>ANZ (AA-)</td> <td></td> <td></td> <td>44</td> <td></td> <td>58</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Kiwibank (AA-)</td> <td>22</td> <td>45</td> <td>55</td> <td>61</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>BNZ (AA-)</td> <td>14</td> <td>28</td> <td>47</td> <td>58</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Westpac Bank (AA-)</td> <td>20</td> <td>25</td> <td></td> <td>54</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>SSA Average</td> <td>7</td> <td>14</td> <td>23</td> <td>27</td> <td>35</td> <td>36</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank Average</td> <td>17</td> <td>32</td> <td>49</td> <td>58</td> <td>59</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	31 Dec 25	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2037	LGFA (AAA)	7	12	25	28	31	44	51	57		67	71	NZ Government (AAA)	7	4	11	18	21	29	31	31	33	35	45	Kainga Ora (AAA)	6	19	27		34					72		Asian Development Bank (AAA)	7	11	21			36						IADB (AAA)	8	14	27		34							International Finance Corp (AAA)	7	16	24	29								KBN (AAA)	6	16			42							Nordic Investment Bank (AAA)				25	30							Rentenbank (AAA)		13		28								World Bank (AAA)	6	14	21		32		39					ASB (AA-)	12	29			59							ANZ (AA-)			44		58							Kiwibank (AA-)	22	45	55	61								BNZ (AA-)	14	28	47	58								Westpac Bank (AA-)	20	25		54								SSA Average	7	14	23	27	35	36						Bank Average	17	32	49	58	59						
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Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	<p>LGFA provides members with short term loans (less than one year), long term loans on either a floating or fixed rate basis (between one year and April 2037), Green and Social Loans, Climate Access Loans and standby facilities.</p> <ul style="list-style-type: none"> Over the six months ended 31 December 2025, our members borrowed \$1.635 billion in 130 long term loans with an average term of 4.3 years. As at 31 December 2025 there was \$1.454 billion short-term loans outstanding to 54 members. As at 31 December 2025, standby facilities totalled \$732 million across 18 members. 																																																																																																																																																																																																																								
Deliver operational best practice and efficiency for lending services.	<p>Over the six months ended 31 December 2025, LGFA operations staff successfully:</p> <ul style="list-style-type: none"> settled 1,205 new trades with a gross value of \$24 billion, processed 9,136 cash flows with a gross value of \$44 billion, and rate set 7,278 existing trades. 																																																																																																																																																																																																																								
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	<p>There was strong activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the six months ended 31 December 2025, we issued NZD 700 million of NZD retail bonds across eight maturities, USD 500 million and CHF 180 million of Medium-Term Notes and secondary market turnover in our NZD retail bonds totalled \$7.31 billion.</p>																																																																																																																																																																																																																								

Performance targets	2025-2026 target	Our performance to 31 December 2025
Share of aggregate long-term debt funding to the Local Government sector. The market share excludes entities who are ineligible for borrowing from LGFA e.g. water entities not financially supported by their parent councils.	> 80%	Not Achieved. 79.4%
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score.	Achieved. 94% satisfaction score in 2025 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	Achieved.
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	Achieved.

Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Objectives	Our performance to 31 December 2025
Assist the local government sector in achieving their sustainability and climate change objectives.	<p>On 30 September 2025, LGFA published our third 'Annual Impact Report – Green and Social Loans and Climate Action Loans (CAL) financed with Sustainable Financing Bonds'. This report provides information about the allocation of proceeds from LGFA's Sustainable Financing Bond issuance as at June 2025.</p> <p>Over the six months to December 2025, advances under existing Green and Social (GS) loans increased to \$600 million out of an approved total value of \$1,318 million. LGFA's first green loans under the Clean Transportation and Renewable Energy categories, with three additional Climate Change Adaptation, and a further Affordable Housing loans, were added during the six months to December 2025.</p> <p>A further \$437 million was advanced under the CAL lending programme. As at December 2025, there were approved CAL loans to seven councils, with CAL-qualifying loans totalling \$4.106 billion.</p>
Improve sustainability outcomes within LGFA.	<p>In 2021, LGFA directors committed to reducing our carbon emissions over time, with our target of cutting per employee emissions by 30% by 2030, compared with a 2018/19 base year. We are on track to meet our reduction target for the 2025-26 year.</p> <p>LGFA now receives emissions data from 41 members resulting in an improved PCAF score of 1.7 as at 30 June 2025.</p>

Performance targets	2025-2026 target	Our performance to 31 December 2025
Health and Safety.	No notifiable incidents.	Achieved.
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.	Achieved.
Meet reduction targets outlined in our carbon reduction management plan.	< 8.7 tCO ₂ e annual per person GHG emissions.	On Track.
Increase our GS Lending Book and Climate Action Loans.	Two new GS loans and two new borrowers enter into CALs.	On Track. 7 new GS projects approved and 6 new GS loans. No new CAL borrowers.
Develop a sustainable financing option for the water sector.	New sustainable financing option is available to water entities.	On Track.
Enhance our insight into climate-related risks through council lending.	Climate change is incorporated into LGFA's credit risk assessments.	On Track.
Assess required governance skills for LGFA's climate-related risks and opportunities.	Develop a director skills matrix.	On Track.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each member's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Objectives	Our performance to 31 December 2025
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA received compliance certificates in respect of the LGFA financial covenants from all council and CCO members with debt outstanding at June 2025.
Analyse finances at the Council group level where appropriate and report to shareholders.	All councils and CCOs were compliant, except for one council which breached the liquidity covenant. After consideration, the Board decided not to notify the breach as it had been rectified. One council had yet to adopt its 2023/24 and 2024/25 annual reports.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	LGFA conducted 56 meetings with council and CCO members in the six months ended December 2025.
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA provided guidance to councils on the range of options available to transition water debt to a water CCO.

Performance targets	2025-2026 target	Our performance to 31 December 2025
Review each Participating Borrower's financial position.	100%	Achieved.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	Achieved. 56 council visits.

Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

Objectives	Our performance to 31 December 2025
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	LGFA was a member of the Water Services Delivery Plans Review Panel which assessed all reviews. LGFA was also a member of the Taituara Long Term Plan/Audit Focus Group.
Support the local government sector with the transition to the Local Water Done Well Reforms by assisting with the development options for the Water Services Delivery Plans and communicating our requirements (lending, financial covenants, reporting), as well as loan pricing guidance, implementation considerations and views on best practice.	LGFA published guidance for Councils in April 2025. Additional updates were published in December 2025 and January 2026 as LGFA formalised its requirements for lending to water CCOs. LGFA has commenced legal negotiations with several of the five water CCOs who plan to be operating by 1 July 2026.

Performance targets	2025-2026 target	Our performance to 31 December 2025
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	On Track.
Meet annually with Infrastructure Commission, Local Government New Zealand, Taituara, Water New Zealand, Infrastructure New Zealand, Crown Infrastructure Partners, Department of Internal Affairs, Treasury and Minister's office to discuss sector issues from an LGFA perspective.	Nine meetings across stakeholders.	On Track.
Support councils with Local Water Done Well by providing timely and responsible advice for on-boarding water CCOs.	On-boarding process is underway for all water CCOs who have requested it.	Achieved.
Provide a governance opportunity for a council or CCO staff member under the LGFA Future Director Programme.	One Future Director appointed for an 18 month term.	Achieved. Bruce Allan (Hastings District Council) appointed.

Papa Rererangi i Puketapu Solar Farm, the first project financed under our GS Renewable Energy category. **New Plymouth District Council**



Financial statements

Nga tauki pūtea

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Income statement

For the six months ended 31 December 2025 in \$000s

	Note	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Interest income		528,229	683,225
Interest expense		503,841	668,958
Net interest income	4	24,388	14,267
Other operating income	5	789	753
Gains/(losses) on financial instruments		588	1,380
Total operating income		25,765	16,400
Operating expenses	6	9,405	7,782
Net operating profit		16,360	8,617

Statement of comprehensive income

For the six months ended 31 December 2025 in \$000s

	Note	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Net operating profit		16,360	8,617
Items that may be re-classified subsequently to the Income Statement			
Net change in cash flow hedge reserve	8	8,248	(7,327)
Cost of hedging	8	(6,603)	8,091
Total comprehensive income		18,005	9,381

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 26 February 2026.



Philip Cory-Wright, Director
Board Chair



Paul Anderson, Director
Chair, Audit and Risk Committee

Statement of changes in equity

For the six months ended 31 December 2025 in \$'000s

	Note	Share capital	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total equity
Equity at 30 June 2024		25,000	5,536	(6,531)	89,185	113,190
Net operating profit					18,994	18,994
Other comprehensive income/(expense)			(6,477)	(2,079)		(8,556)
Total Comprehensive Income of the Year		-	(6,477)	(2,079)	18,994	10,438
Transactions with owners						
Dividend paid on 2 September 2024					(1,843)	(1,843)
Equity as at 30 June 2025		25,000	(941)	(8,610)	106,336	121,785
Net operating profit					16,360	16,360
Other comprehensive income/(expense)			8,248	(6,603)		1,645
Total Comprehensive Income of the Year		-	8,248	(6,603)	16,360	18,005
Transactions with owners						-
Dividend paid on 1 September 2025					(1,676)	(1,676)
Equity as at 31 December 2025	20	25,000	7,307	(15,213)	121,020	138,114

Statement of financial position

As at 31 December 2025 in \$000s

	Note	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Assets			
Financial assets			
Receivables	10	240	2,973
Cash and cash equivalents		207,731	325,728
Cash pledged as collateral		-	187,836
Marketable securities		3,138,409	2,458,427
Deposits		883,763	578,878
Derivatives in gain	9	539,475	255,271
Loans to members	11	23,839,948	22,657,300
Non-financial assets			
Other assets	12	1,309	1,339
Total assets		28,610,875	26,467,752
Equity			
Share capital	20	25,000	25,000
Reserves		(7,906)	(9,551)
Current Earnings		16,360	-
Retained earnings		104,660	106,336
Total equity		138,114	121,785
Liabilities			
Financial liabilities			
Cash received as collateral		35,307	-
Payables and provisions	13	943	6,414
Bond repurchases	16	384,150	341,756
Derivatives in loss	9	932,325	1,067,121
Debt securities issued:			
At amortised cost	14	25,305,445	23,645,696
At fair value through income statement	15	1,071,791	613,077
Borrower notes	17	739,289	669,030
Non financial liabilities			
Other liabilities	18	3,511	2,873
Total liabilities		28,472,761	26,345,967
Total equity and liabilities		28,610,875	26,467,752

These statements are to be read in conjunction with the notes to the financial statements.

Statement of cash flows

For the six months ended 31 December 2025 in \$000s

	Note	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Cash flows from operating activities			
Cash applied to loans	11	(1,196,984)	(1,712,402)
Interest paid on bonds issued		(365,860)	(362,576)
Interest paid on bills issued		(27,108)	(60,011)
Interest paid on borrower notes		(2,572)	(1,359)
Interest paid on bond repurchases		(4,758)	(5,067)
Interest received from loans		463,840	595,193
Interest received from cash & cash equivalents		6,225	15,551
Interest received from marketable securities		43,956	31,048
Interest received from deposits		8,423	24,482
Net interest on derivatives		(81,998)	(235,073)
Cash proceeds from provision of standby facilities		789	753
Payments to suppliers and employees		(9,067)	(8,640)
Net cash flows from operating activities	21	(1,165,114)	(1,718,101)
Cash flows from investing activities			
Purchase of marketable securities		(670,536)	(1,004,550)
(Purchase)/maturity of deposits		(79,021)	(82,122)
Net cash flows from investing activities		(749,557)	(1,086,672)
Cash flows from financing activities			
Cash proceeds from bonds issued	14	1,683,298	2,359,930
Cash proceeds (outflows) from bills issued	14,15	(56,690)	(88,884)
Cash proceeds (outflows) from bond repurchases	14	42,331	215,420
Cash proceeds from borrower notes		61,247	95,352
Dividends paid		(1,675)	(1,843)
Cash applied to derivatives		68,163	112,589
Net cash flows from financing activities		1,796,674	2,692,564
Net increase/(decrease) in cash		(117,997)	(112,209)
Foreign exchange gains/(losses) on cash balances		2	3
Net cash flows from all activities		(117,995)	(112,206)
Cash, cash equivalents at beginning of year		325,728	473,609
Cash, cash equivalents at end of year		207,731	361,403

These statements are to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled trading organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 11, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

These financial statements were authorised for issue by the Directors on 26 February 2026.

2. Statement of compliance

The interim financial statements are for the six months ended 31 December 2025 and are to be read in conjunction with the annual report for the year ended 30 June 2025.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and in compliance with NZ IAS 34 Interim Financial Reporting.

3. Basis of preparation

MEASUREMENT BASE

The financial statements have been prepared on an historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars (NZD) rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

FOREIGN CURRENCY CONVERSIONS

Transactions denominated in foreign currency are translated into NZD using exchange rates applied on the trade date of the transaction.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies.

EARLY ADOPTION STANDARDS AND INTERPRETATIONS

LGFA has not early adopted any standards.

STANDARDS NOT YET ADOPTED

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. This includes NZ IFRS 18 Presentation and Disclosure in Financial Statements.

FINANCIAL INSTRUMENTS

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at either:

- Amortised cost and subsequently measured at amortised cost using the effective interest rate method; or
- Fair value through income statement (FVTIS).

Financial liabilities are classified as FVTIS if they are derivative financial liabilities or if LGFA chooses to classify financial liabilities as FVTIS if the use of the classification removes or significantly reduces an accounting mismatch. This classification includes debt issues that are designated at FVTIS where LGFA has economically hedged the foreign exchange and interest rate risk using derivatives, but hedge accounting is not applied. Any such classification is made on the date of initial recognition and is irrevocable.

Purchases and sales of all financial liabilities are accounted for at trade date.

OTHER ASSETS

Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

OTHER LIABILITIES

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

REVENUE

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

EXPENSES

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Approved issuer levy

Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

SEGMENT REPORTING

LGFA operates in one segment being funding of participating borrowers in New Zealand.

JUDGEMENTS AND ESTIMATIONS

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

Revenue and expenditure

4. Net interest income

For the six months ended 31 December 2025 in \$000s	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Interest income		
Cash and cash equivalents	6,311	15,624
Cash received as collateral	-	3,033
Marketable securities	53,581	47,092
Deposits	12,270	28,338
Derivatives	8,902	-
Loans	447,165	589,138
Total interest income	528,229	683,225
Interest expense		
Cash pledged as collateral	1,127	-
Bills	28,337	80,660
Treasury Stock Lending	4,822	5,303
Lease liability	-	73
Derivatives	-	147,176
Bonds	457,721	422,351
Borrower notes	11,834	13,396
Total interest expense	503,841	668,958
Net interest income	24,388	14,267

5. Other operating income

As at 31 December 2025, LGFA had provided standby facilities totalling \$732 million (2024: \$742 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

For the year ended 30 June 2025 in \$000s	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Standby facilities fee income	789	753
Total other operating income	789	753

6. Operating expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

For the year ended 30 June 2025 in \$000s	Unaudited six months ended 31 December 2025	Unaudited six months ended 31 December 2024
Issuance & onlending expenses		
Approved issuer levy ¹	3,536	2,540
Rating agency fees	449	372
NZDM facility fee	344	542
Legal fees - issuance	520	306
NZX	342	442
Trustee fees	60	59
Regulatory, registry, other fees	239	213
	5,490	4,475
Other operating expenses		
Information technology	506	485
Consultants	223	150
Directors fees	293	263
Insurance	53	53
Legal fees	78	104
Other expenses	524	354
Personnel	2,238	1,899
	3,915	3,308
Total operating expenses	9,405	7,782

1. The amount of Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

7. Derivative financial instruments

LGFA use three different types of derivatives financial instruments: interest rate swaps, cross currency interest rate swaps and foreign exchange transactions (spot and forward).

Derivative financial instruments are recognised in the statement of financial position at fair value. Derivatives are categorised as following:

- Derivatives designated into hedge accounting relationships to minimise profit or loss volatility by matching movements in underlying positions relating to hedges of the LGFA's exposures to interest rate risk and currency risk.
- Derivatives designated to manage risks that are not in a designated hedge accounting relationship.

8. Hedge accounting

LGFA uses derivatives to establish economic hedges to manage its interest rate and foreign exchange risk. LGFA's risk management strategy with respect to hedge accounting is to minimise income statement volatility.

Hedge accounting is implemented to manage the following risks:

- Interest rate risk due to a mismatch between fixed and floating interest rates on assets and liabilities; and
- Combined risk on assets or liabilities with interest rate risk that are denominated in currencies other than New Zealand dollars.

LGFA enters into cross-currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on issued foreign currency bonds. Using the cross-currency interest rate swaps, LGFA will pay New Zealand Dollar floating interest rates and receive foreign currency fixed interest with coupon payments matching the underlying notes.

LGFA designated the foreign currency bonds and cross-currency interest rate swaps into three-part hedging relationships

for each issue:

- a fair value hedge of foreign currency benchmark interest rates,
- a cash flow hedge of margin, and
- a cash flow hedge of the principal exchange.

FAIR VALUE HEDGE

Under a fair value hedge, the hedged item is revalued at fair value in respect of foreign currency interest rates. This revaluation is recognised in the Consolidated income statement to offset the mark-to-market revaluation of the hedging derivative, except for any adjustment on the hedging derivative relating to credit risk.

CASH FLOW HEDGE

Under a cash flow hedge, the effective portion of gains or losses from remeasuring the fair value of the cross-currency interest rate swap is recognised in Other comprehensive income and accumulated in the cash flow hedge reserve. This is subsequently transferred to the Consolidated income statement when the hedged item affects the Income statement.

COST OF HEDGING

The cost of hedging reserve captures changes in the fair value of the cost to convert foreign currency to NZD of LGFA's cross currency interest rate swaps on the foreign currency bonds.

EFFECT OF HEDGING ON FINANCIAL STATEMENTS

Below is a summary of the effect of foreign currency hedges on the financial statements:

\$'000	Asset/(liability) adjustment		Reserves		Gains & (losses)
	Derivative fair value adjustment	Fair value hedge adjustment	Cash flow hedge reserve	Cost of hedging reserve	
Audited Balances as at 30 June 2025	118,220	(128,631)	(941)	(8,610)	
		(10,411)		(9,551)	
			Other comprehensive income/(expense)		
YTD Movement	(136,593)	139,320	8,248	(6,603)	
		2,727		1,645	1,082
			Reserves		
Unaudited Balances as at 31 December 2025	(18,373)	10,689	7,307	(15,213)	
		(7,684)		(7,906)	222

Below are nominal amounts of hedging instruments, for both foreign currency hedges and NZD hedges:

NOMINAL AMOUNT OF HEDGING INSTRUMENT

\$'000	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Cross currency swaps	7,243,571	6,002,398
Interest Rate Swaps	16,666,258	17,472,048

9. Offsetting

NZ IAS 32: Financial Instruments Presentation allows financial assets and liabilities to be offset only when there is a current legally enforceable right to set off the amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LGFA does not offset any amounts.

The following table shows the amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the statement of financial position.

As at 31 December 2025 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	539,475	932,325
Amounts offset	-	-
Carrying amounts	539,475	(539,475)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(539,475)	(539,475)
Collateral	35,307	-
Net amount	35,307	392,850

As at 30 June 2025 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	255,271	1,067,121
Amounts offset	-	-
Carrying amounts	255,271	(255,271)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(255,271)	(255,271)
Collateral	-	(187,836)
Net amount	-	624,014

10. Receivables

As at 31 December 2025 in \$000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Trade debtors	240	2,973
Total receivables	240	2,973

11. Loans

As at 31 December 2025 in \$000s	Unaudited as at 31 December 2025		Audited as at 30 June 2025	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	22,038	129,329	20,044	124,440
Auckland Council	49,518	3,106,790	48,672	3,111,545
Bay of Plenty Regional Council	95,284	226,702	117,701	224,766
Buller District Council	7,976	25,302	9,909	10,018
Canterbury Regional Council	-	81,394	-	96,421
Carterton District Council	-	27,257	-	27,279
Central Hawkes Bay District Council	-	47,379	-	49,434
Central Otago District Council	5,029	65,683	5,038	45,618
Christchurch City Council	-	2,784,822	-	2,749,479
Clutha District Council	15,517	143,768	15,522	130,327

in \$000s	Unaudited as at 31 December 2024		Audited as at 30 June 2024	
	Short-term loans	Loans	Short-term loans	Loans
Dunedin City Treasury	-	543,701	-	443,747
Far North District Council	42,827	133,826	35,204	120,785
Far North Holdings Ltd	40,836	26,525	49,036	26,521
Gisborne District Council	34,847	195,810	9,920	185,413
Gore District Council	8,526	53,825	8,534	49,873
Greater Wellington Regional Council	-	1,043,951	-	1,021,955
Grey District Council	3,978	34,758	3,971	31,768
Hamilton City Council	103,201	981,057	101,343	922,069
Hastings District Council	-	496,164	18,974	456,568
Hauraki District Council	26,076	143,841	-	141,000
Hawkes Bay Regional Council	-	115,492	-	115,630
Horizons Regional Council	9,964	74,448	9,952	69,472
Horowhenua District Council	14,044	227,293	14,054	227,539
Hurunui District Council	10,054	83,115	14,079	73,632
Hutt City Council	60,880	536,874	-	577,424
Infrastructure Holdings Ltd	14,897	109,240	9,994	109,297
Invercargill City Council	25,671	156,525	28,187	126,432
Kaikoura District Council	-	9,360	-	7,354
Kaipara District Council	-	44,247	-	44,314
Kapiti Coast District Council	12,974	377,305	-	367,751
Kawerau District Council	-	8,071	-	6,058
Mackenzie District Council	5,016	20,239	4,016	19,255
Manawatu District Council	11,528	95,412	11,594	93,445
Marlborough District Council	14,632	314,049	14,606	230,935
Masterton District Council	5,029	68,814	-	66,918
Matamata-Piako District Council	18,554	85,594	-	85,673
Napier City Council	10,055	100,828	-	65,572
Nelson City Council	-	300,414	-	266,619
New Plymouth District Council	61,176	371,288	-	357,122
Northland Regional Council	7,003	59,835	6,883	59,605
Opotiki District Council	-	14,606	4,102	10,588
Otago Regional Council	142,879	33,655	42,767	132,638
Otorohanga District Council	13,095	2,019	10,123	2,019
Palmerston North City Council	4,041	333,623	-	305,995
Porirua City Council	24,646	352,168	-	362,827
Queenstown Lakes District Council	90,425	621,807	88,141	619,296
Rangitikei District Council	10,039	44,392	10,037	44,385

in \$000s	Unaudited as at 31 December 2024		Audited as at 30 June 2024	
	Short-term loans	Loans	Short-term loans	Loans
Rotorua District Council	-	482,511	-	472,652
Ruapehu District Council	10,032	54,194	10,039	54,191
Selwyn District Council	45,407	256,436	40,375	256,744
South Taranaki District Council	-	136,801	-	137,017
South Waikato District Council	13,684	60,339	-	50,369
Southland District Council	-	92,387	-	92,384
Southland Regional Council	-	7,057	-	7,003
South Wairarapa District Council	17,102	11,566	17,125	11,565
Stratford District Council	-	38,735	-	38,927
Taranaki Regional Council	4,884	70,951	-	57,934
Tararua District Council	-	80,516	-	80,621
Tasman District Council	27,395	355,876	31,537	317,397
Taupo District Council	4,993	200,100	-	200,203
Tauranga City Council	24,563	1,376,592	4,840	1,272,492
Thames-Coromandel District Council	-	98,640	-	91,729
Timaru District Council	19,913	227,438	39,727	212,425
Timaru District Holdings Ltd	11,517	2,008	9,316	-
Upper Hutt City Council	-	218,309	-	216,098
Waikato District Council	63,970	251,483	14,621	221,629
Waikato Regional Council	-	39,291	10,042	39,323
Waimakariri District Council	-	211,142	-	221,613
Waimate District Council	-	5,034	-	5,035
Waipa District Council	83,063	329,565	63,492	341,285
Wairoa District Council	2,002	9,622	-	9,624
Waitaki District Council	14,926	76,486	1,997	71,474
Waitomo District Council	6,019	27,133	6,024	27,165
Wellington City Council	-	1,891,579	-	1,843,472
West Coast Regional Council	2,994	30,252	2,991	21,234
Western Bay Of Plenty District Council	20,456	186,216	15,109	161,226
Westland District Council	1,530	37,446	3,928	35,051
Whakatane District Council	-	203,702	-	178,821
Whanganui District Council	7,542	202,327	7,551	196,538
Whangarei District Council	49,619	246,568	48,915	246,882
Fair value hedge adjustment	-	15,182	-	10,322
	1,453,870	22,386,078	1,040,033	21,617,267

Short-term loans are loans that have a term to maturity of less than 12 months at origination. Loans have a term to maturity of 12 months or greater at origination. As at 31 December 2025, all short term loans and \$2,572.6 million of loans will mature within 12 months.

12. Other assets

As at 31 December 2025 in \$000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Prepayments	823	980
Furniture and Fixtures	92	105
Right-of-use lease asset	394	254
Total other assets	1,309	1,339

13. Payables and provisions

As at 31 December 2025 in \$000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Trade creditors	434	5,909
Credit provision	443	301
Other provisions	66	204
Total payables	943	6,414

14. Debt securities issued at amortised cost

Unaudited as at 31 December 2025	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2026	2,375,097	(12,150)	7,634		2,370,581
15 April 2027	2,321,000	21,261	22,381		2,364,642
15 May 2028	1,793,000	(49,974)	5,238		1,748,264
20 April 2029	2,092,000	(86,131)	6,293		2,012,162
15 May 2030	2,210,000	(32,236)	12,912		2,190,676
15 May 2031	2,245,000	(195,459)	6,558		2,056,099
14 May 2032	1,000,000	(3,274)	5,967		1,002,693
14 April 2033	1,885,000	(28,947)	14,319		1,870,372
15 May 2035	740,000	(50,121)	2,882		692,761
15 April 2037	1,280,000	(164,143)	5,486		1,121,343
Fair value hedge adjustment				(344,670)	(344,670)
	17,941,097	(601,174)	89,670	(344,670)	17,084,923

Unaudited as at 31 December 2025					
	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
FCY Fixed interest bonds & EMTN					
8 September 2027	1,158,263	(1,584)	16,190		1,172,870
20 March 2028	864,827	(983)	10,150		873,995
1 August 2028	1,158,263	(1,686)	22,633		1,179,211
1 April 2030	1,015,524	(1,415)	21,997		1,036,106
30 September 2030	864,827	(5,877)	8,332		867,283
28 November 2030	752,871	(1,984)	3,606		754,494
2 April 2032	480,317	(1,301)	2,812		481,828
8 March 2034	926,611	(6,276)	14,718		935,053
6 October 2034	392,986	(1,281)	700		392,406
Fair value hedge adjustment				(10,689)	(10,689)
	7,614,490	(22,385)	101,140	(10,689)	7,682,556
Total Fixed interest bonds	25,555,587	(623,559)	190,810	(355,359)	24,767,479
NZD Bills					
14 January 2026	180,000	-	(208)		179,792
29 January 2026	50,000	-	(96)		49,904
4 February 2026	40,000	-	(108)		39,892
27 February 2026	20,000	-	(77)		19,923
4 March 2026	30,000	-	(131)		29,869
10 March 2026	50,000	-	(236)		49,764
16 March 2026	20,000	-	(119)		19,881
18 March 2026	25,000	-	(130)		24,870
20 March 2026	50,000	-	(270)		49,730
8 April 2026	25,000	-	(178)		24,822
6 May 2026	25,000	-	(216)		24,784
3 June 2026	25,000	-	(265)		24,735
Total NZD Bills	540,000	-	(2,034)	-	537,966
Total debt securities issued at amortised cost	26,095,587	(623,559)	188,776	(355,359)	25,305,445

Audited as at 30 June 2025					
	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2026	2,602,097	(33,254)	8,212		2,577,055
15 April 2027	2,321,000	29,456	21,973		2,372,429
15 May 2028	1,693,000	(57,147)	4,865		1,640,718
20 April 2029	1,992,000	(90,984)	5,878		1,906,894
15 May 2030	2,110,000	(38,228)	12,127		2,083,899
15 May 2031	2,195,000	(206,372)	6,308		1,994,936
14 May 2032	850,000	(5,841)	4,989		849,148
14 April 2033	1,835,000	(26,924)	13,687		1,821,763
15 May 2035	640,000	(38,955)	2,452		603,497
15 April 2037	1,230,000	(155,661)	5,175		1,079,514
Fair value hedge adjustment				(418,101)	(418,101)
	17,468,097	(623,910)	85,666	(418,101)	16,511,752
FCY Fixed interest bonds & EMTN					
8 September 2027	1,077,202	(1,914)	14,812		1,090,100
20 March 2028	823,927	(1,150)	9,513		832,290
1 August 2028	1,077,202	(1,874)	20,979		1,096,307
1 April 2030	965,354	(1,504)	6,919		970,769
28 November 2030	700,181	(2,034)	3,299		701,446
2 April 2032	453,667	(1,328)	873		453,212
8 March 2034	861,762	(6,197)	13,465		869,030
Fair value hedge adjustment				128,631	128,631
	5,959,295	(16,001)	69,860	128,631	6,141,785
Total Fixed interest bonds	23,427,392	(639,911)	155,526	(289,470)	22,653,537
NZD Bills					
16 July 2025	331,000	-	(459)		330,541
30 July 2025	250,000	-	(744)		249,256
6 August 2025	25,000	-	(84)		24,916
13 August 2025	30,000	-	(119)		29,881
20 August 2025	20,000	-	(91)		19,909
27 August 2025	105,000	-	(520)		104,480
3 September 2025	77,000	-	(459)		76,541
8 September 2025	25,000	-	(157)		24,843
18 September 2025	48,000	-	(349)		47,651
25 September 2025	40,000	-	(311)		39,689
5 November 2025	25,000	-	(282)		24,718
27 November 2025	15,000	-	(197)		14,803
3 December 2025	5,000	-	(69)		4,931
Total NZD Bills	996,000	-	(3,841)	-	992,159
Total debt securities issued at amortised cost	24,423,392	(639,911)	151,685	(289,470)	23,645,696

15. Debt securities issued at fair value through income statement

Unaudited as at 31 December 2025	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
	Euro Commercial Paper	1,076,097	-	(4,724)	418

As at 30 June 2025	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
	Euro Commercial Paper	614,538	-	(1,693)	232

16. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 31 December 2025, \$1,400 million of LGFA bonds had been subscribed as treasury stock.

LGFA makes treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 31 December 2025 in \$000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
15 April 2027	20,597	-
15 May 2028	43,942	5,769
15 May 2030	123,586	112,942
15 May 2031	17,309	-
14 May 2032	87,060	132,314
14 April 2033	33,041	25,928
15 May 2035	51,133	-
15 April 2037	7,482	64,803
	384,150	341,756

17. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 5% for loans issued from 1 July 2024. Prior to this date, the fixed percentage was 2.5% for loans issued from 1 July 2020, and 1.6% for loans issued prior to this date.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

18. Other liabilities

As at 31 December 2025 in \$000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Lease liability	394	255
Accruals	3,117	2,618
Total other liabilities	3,511	2,873

Capital and dividends

19. Share capital

As at 31 December 2025, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled.

All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

20. Shareholder information

Registered holders of equity securities	Unaudited as at 31 December 2025		Audited as at 30 June 2025	
Minister of Finance and Minister for Local Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames – Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

21. Reconciliation of net profit to net cash flow from operating activities

For the six months ended 31 December 2025 in \$000s	Unaudited as at 31 December 2025	Audited as at 30 June 2025
Net profit/(loss) for the period	16,360	18,994
Cash applied to loans	(1,196,984)	(2,119,168)
Non-cash adjustments		
Financial instrument amortisation	15,769	6,189
Working capital movements	(259)	(115)
Net Cash From Operating Activities	(1,165,114)	(2,094,100)

22. Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating borrowers. The lending to individual councils is disclosed in note 11, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers. Refer note 17. The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is a derivatives counterparty.

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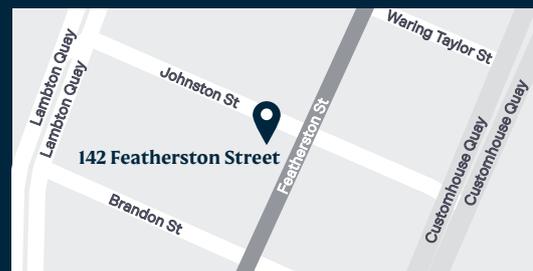
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