

LGFA Investor Update EUR Mandate Announcement

31 March 2026



LGFA



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

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Local Government Sector

LGFA Overview

LGFA Debt Market Activity

Appendices



LGFA IS A COLLECTIVE FUNDING VEHICLE

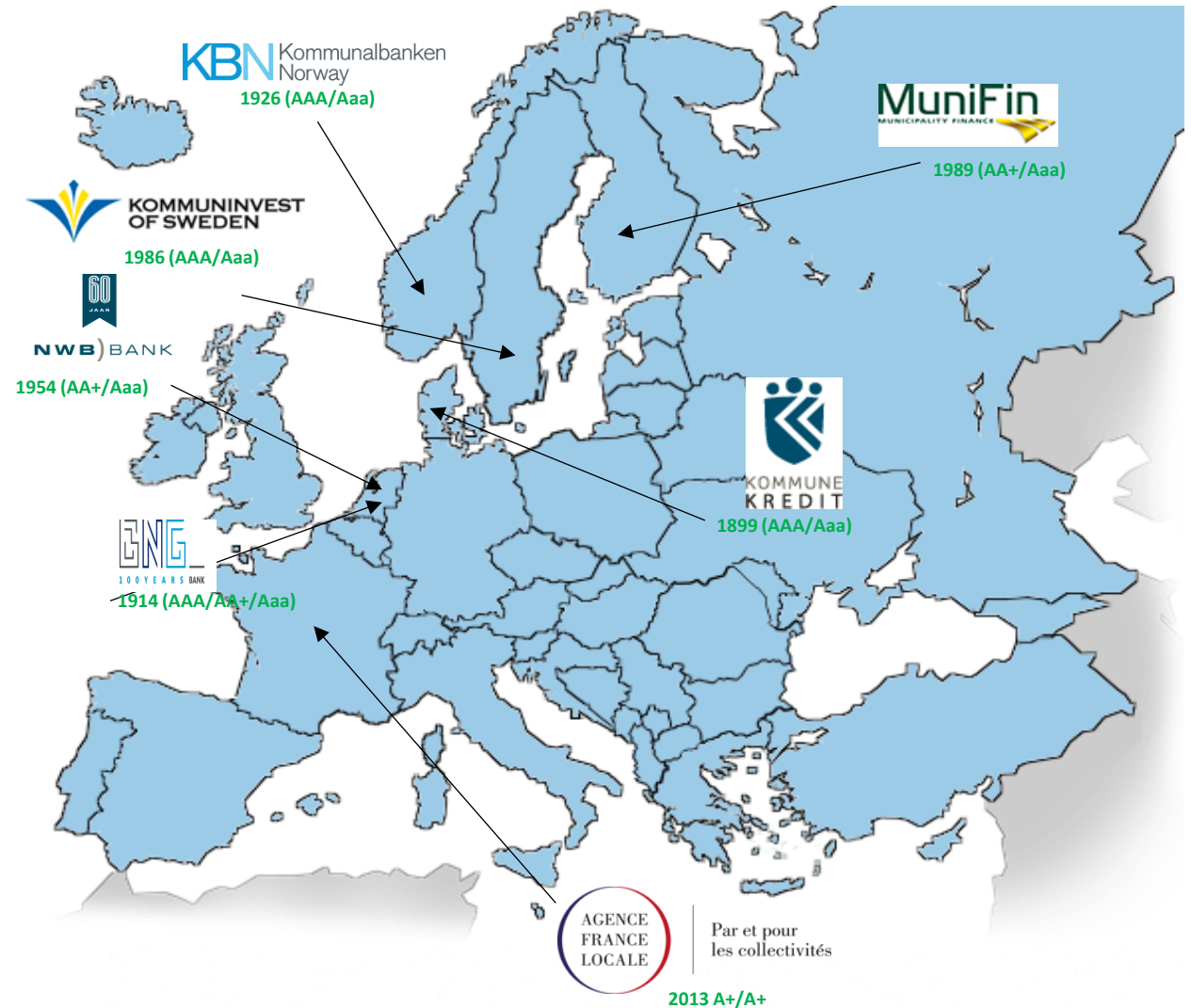
❑ Local Government funding agencies have proven track records around the world.

❑ 125 years of history in Western Europe:

- 1899 KommuneKredit
- 1914 BNG
- 1926 KBN
- 1954 NWB Bank
- 1986 Kommuninvest
- 2001 MuniFin
- 2013 Agence France Locale

❑ Other countries:

- 1957 Japan Finance Organization for Municipalities
- 1970 Municipal Finance Authority of British Columbia
- 2011 New Zealand Local Government Funding Agency
- 2014 UK Municipal Bond Agency.



- 78 Local Government (“council”) entities.
- Financial management:
 - “a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region”. *Local Government Act 2002 s14.*
- Balanced budget approach – rates reset annually to balance expenditure with operating income.
- Revenue certainty through rates (property taxes) providing 66% of revenue:
 - rates not affected by level of economic activity or property market;
 - councils have broad powers to tax (rate) properties;
 - rate collection ranks ahead of all other claimants including Inland Revenue Department and mortgagees.
- No defined benefit pension liabilities or welfare obligations.
- Debt used essentially to finance new assets.
- Robust planning with extensive public consultation.
- Strong institutional framework and relationship with Central Government.
- Security can be provided to lenders by councils:
 - charge over rates and future rates income; and
 - all LGFA bondholders indirectly have the benefit of a Debenture Trust Deed from each guarantor council which gives a charge over rates and future rates income. This security is shared with other council lenders.

RANGE OF ACTIVITIES UNDERTAKEN BY THE GOVERNMENT SECTOR

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

NEW ZEALAND COUNCILS AGGREGATED FINANCIAL POSITION

Assets (NZ\$ billion)

Current Assets	6.23	
Non-Current Assets		
Infrastructure	123.31	
Land and Buildings	37.46	
Investments	17.24	
Other	<u>11.36</u>	<u>195.60</u>

Liabilities (NZ\$ billion)

Debt	30.36	
Other Liabilities	<u>5.98</u>	<u>36.34</u>

Net Worth (NZ\$ billion)

159.26

Revenue (NZ\$ million)

Taxation revenue		
Property	8,800	
Regulatory income and petrol tax	<u>935</u>	9,735
Sales and other operating income		1,839
Interest and dividend income		779
Development contributions		514
Current grants and subsidies		<u>1,503</u>
Total Operating Income		14,370

Expenses (NZ\$ million)

Employee expenses		3,234
Depreciation		2,907
Purchases of goods and services		6,842
Interest expense		1,366
Current grants and subsidies		<u>1,396</u>
Total Operating Expenses		15,745

Net Operating Balance (NZ\$ million)

-1,375

The amounts in this slide have been extracted from the Local Authority Financial Statistics database managed by Statistics New Zealand – calculated as at June 2024 and for the June 2023-24 year. The data comprises the seventy-eight councils that make up the New Zealand Local Government sector.

- ❑ 67 councils currently deliver water services in New Zealand
- ❑ Water services assets comprise approximately 35% of a council's assets
- ❑ Previous Labour Government estimate of between \$120 billion and \$185 billion of three water capex required over next 30 to 40 years¹.
- ❑ At the 2023 general election, the National Party campaigned on replacing the Affordable Water Programme under previous Labour Government with the Local Water Done Well Programme, which sought to:
 - Repeal Labour Government legislation with passing of Water Services Acts Repeal Act in February 2024.
 - Restore council ownership and control with stronger central government oversight.
 - Implement strict rules for water quality and for investment in infrastructure.
 - Ensure water services are financially sustainable.
- ❑ The Water Services Authority – Taumata Arowai to remain as water quality regulator and Commerce Commission appointed as the new economic regulator.
- ❑ New enabling legislation:
 - Local Government (Water Services Preliminary Arrangements) Act 2024 passed in September 2024 and sets out provisions relating to council service delivery plans and transitional economic regulation. This legislation also supports Watercare becoming a financially independent entity.
 - Local Government (Water Services) Act 2025 came into force in August 2025 and provides for long-term requirements for financial sustainability, a complete economic regulation regime, and new types of structural and financing tools.
- ❑ Councils were required to deliver Water Services Delivery Plans to Department of Internal Affairs and Minister of Local Government for approval by 3 September 2025, unless an extension was granted. A number of Water Services Delivery Plans were submitted by councils and approved during 2025.

- ❑ Key features of LGFA financing for local government water services
 - LGFA’s existing council-controlled organisation (**CCO**) lending framework will be extended to new water organisations that are CCOs and financially supported by their parent council or councils.
 - Financially supported by a joint and several guarantee form all councils that hold shares in the CCO.
 - Lend to both singly owned or multiply-owned water organisations, who are supported by the parent council(s).
 - Financial covenants to apply to all CCOs aligned with meeting prudent credit criteria (subject to bespoke financial covenants applying during a phase in period).
 - Borrowing by water organisations will be treated as separate from borrowing by parent council or councils.
 - Water organisations will have access to existing suite of financial products that are currently made available to councils and CCOs. These include green and sustainable loans and climate action loans, short and long-term loans and standby facilities.
 - Councils will also retain the ability to borrow through LGFA should they choose to keep water services ‘in house’ rather than establish a water organisation.
 - Financially independent water organisations will not meet the qualifying criteria.
 - In time, LGFA will work with Central government to review whether it can lend to water organisations on an unsupported basis.

- ❑ Average term of council long term loans from LGFA is 3.05 years (February 2029) at 28 February 2026.

Local Government Sector

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SHAREHOLDERS

- NZ Government largest shareholder at 20%
- 30 councils hold 80% shareholding
- Can only sell shares to NZ Government or councils

GOVERNANCE

- Board comprising 6 Independent and 1 Non-Independent Directors
- NZD Bonds listed on NZX
- Independent Trustee for NZD Bonds
- Issue of securities under the Financial Markets Conduct Act 2013
- Audited by Audit NZ

CAPITAL STRUCTURE

- NZ\$25 million paid in capital
- NZ\$20 million uncalled capital
- NZ\$106 million retained earnings
- NZ\$762 million Borrower Notes that can be converted to equity
- Current capital ratio of 2.98% with policy of 2% minimum and target of 3%

LIQUIDITY

- Up to NZ\$3.0 billion liquidity facility from NZ Government¹
- NZ\$4.5 billion liquid assets portfolio²
- NZ\$1.02 billion of Treasury Stock currently available for repo

As at 28 February 2026

¹ Maximum amount under the facility available for liquidity purposes. The actual amount available will be the amount of commitment set by LGFA up to NZ\$3.0 billion.

² Excludes liquid assets held to support standby facilities

BORROWERS

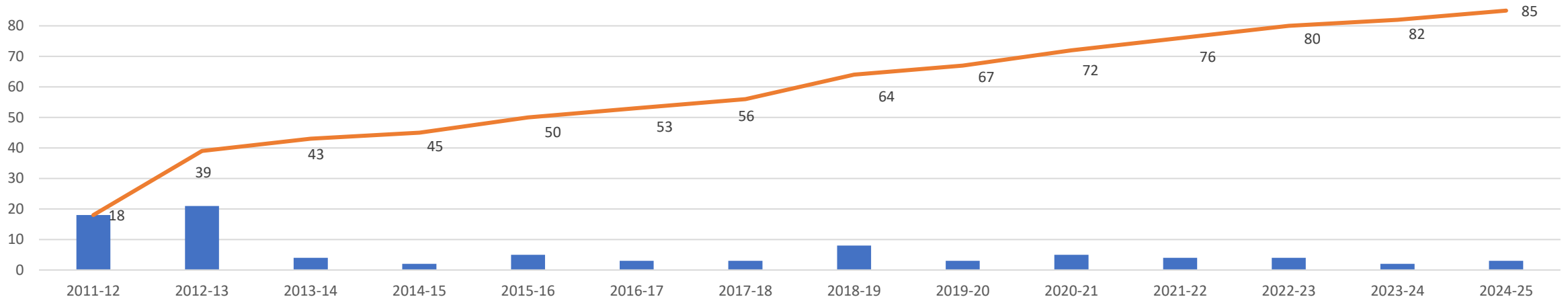
- ❑ 77 member councils
- ❑ 8 CCOs
- ❑ Approximately 80% market share
- ❑ Councils' borrowing secured against rates revenue
- ❑ Must meet LGFA financial covenants
 - Net Debt / Total Revenue
 - Net Interest / Total Revenue
 - Net Interest / Rates

GUARANTORS

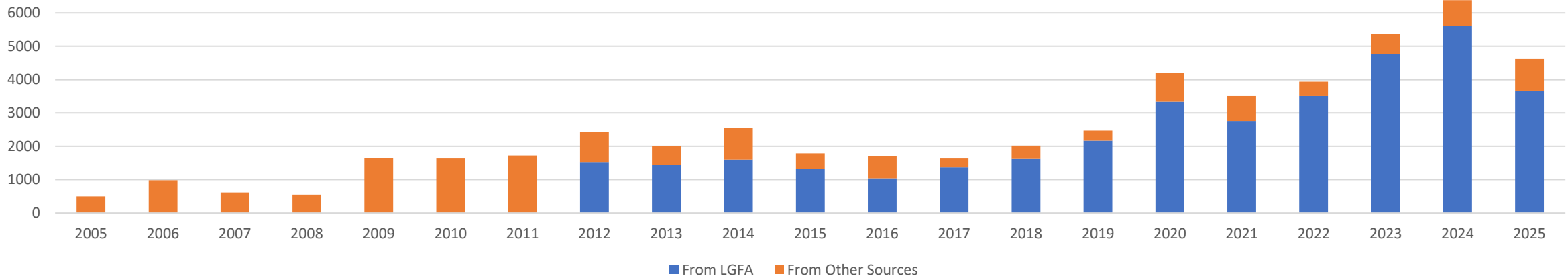
- ❑ 74 guarantors of LGFA
- ❑ Guarantors comprise:
 - All shareholders except the NZ Government
 - Any non-shareholder who may borrow more than NZ\$20 million
 - Any council shareholder of a council-controlled organisation (CCO) that is approved for borrowing by LGFA
- ❑ Security granted by each of the guarantors is over their rates revenue
- ❑ Guarantee contains provisions apportioning share to each council based upon their relative share of total rates revenue of all guarantors.
- ❑ Current rates revenue of \$10.3 billion across the 74 guarantors based upon June 2025 annual reports
- ❑ Guarantors cannot exit guarantee until
 - Repaid all their, and any of its CCO's, borrowings and
 - After the longest outstanding LGFA bond to mature (currently 2037)

As at 28 February 2026

Council and CCO Borrowers



Council and CCO Borrowing (NZ\$ million) - calendar year



WHO DOES LGFA LEND TO AND WHO GUARANTEES LGFA?

Council and CCO Borrower	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Auckland	\$3,140	13.1%
Christchurch City	\$2,770	11.5%
Wellington City	\$1,921	8.0%
Tauranga City	\$1,432	6.0%
Wellington Regional	\$1,063	4.4%
Hamilton City	\$995	4.1%
Queenstown-Lakes District	\$704	2.9%
Hutt City	\$609	2.5%
Dunedin City Treasury	\$540	2.2%
Hastings District	\$493	2.0%
75 other member councils and CCOs	\$10,393	43.2%

Council and CCO Borrowing	Volume (NZ\$ million)
Short Term (loan terms less than 12 months)	\$1,375
Long Term	\$22,685
Total	\$24,060

Borrower Type	Number of councils/CCOs	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Guarantors	74	\$23,272	96.7%
Non-guarantors	3	\$36	0.1%
CCOs	8	\$751	3.1%
Total	85	\$24,060	100.0%

Note:

Auckland Council borrowing is capped at 40% of total LGFA lending
One council and three CCO borrower have no borrowing from LGFA

Guarantee contains provisions apportioning share to each council based upon their relative share of total rates revenue of all guarantors. A council's obligation under the guarantee is secured against rates revenue. CCOs are not guarantors of LGFA but any council shareholder of a CCO must be a guarantor of LGFA.

Council Guarantor	% share of Guarantee ¹
Auckland	27.5%
Christchurch City	7.6%
Wellington City	5.6%
Tauranga City	3.3%
Hamilton City	3.0%
Wellington Regional	2.6%
Dunedin City	2.4%
Canterbury Regional	1.9%
Hutt City	1.9%
Waikato District	1.5%
64 other council guarantors	42.6%

As at 28 February 2026

Source: LGFA

¹Based on annual rates income for financial year ending 30 June 2025 as disclosed in each Guarantor council's annual report.

WHAT IS THE CREDIT QUALITY OF THE LENDING BOOK?

- ❑ 90.7% of LGFA loans to councils and CCOs with credit ratings.
- ❑ 72.6% of LGFA loans to AA- rated (or better) councils and CCOs.
- ❑ Average credit quality is approx. AA-.
- ❑ 8 councils and 1 CCO on negative outlook = NZ\$6 billion (24.8% loan book).
- ❑ Not all councils and CCOs have credit ratings due to cost of obtaining a rating vs benefits
- ❑ LGFA undertakes detailed credit analysis of all councils and CCO borrowers separate to the external credit rating process performed by S&P Global Ratings, Fitch Ratings and Moody's Investors Service.
- ❑ Unrated councils are assessed by LGFA as having, in general, better credit quality than those councils with credit ratings.

External Credit Rating (S&P, Fitch)	Lending (NZ\$ millions)	Lending (%)	Number of Councils and CCO's
AA+	\$1,023	4.3%	6
AA	\$6,205	25.8%	12
AA-	\$10,242	42.6%	22
A+	\$3,149	13.1%	5
A	\$1,213	5.0%	2
Unrated	\$2,228	9.3%	38
Total	\$24,060	100.0%	85

As at 28 February 2026

Note: One council and three CCO borrowers have no borrowing from LGFA (includes long and short-term lending)

❑ Long-term lending to councils and issuance

- Twelve-month period to 30 June 2024 lending of NZ\$6.1 billion and LGFA bond issuance of NZ\$6.6 billion (NZ\$3.7 billion domestic and NZ\$2.8 billion equiv. offshore)
- Twelve-month period to 30 June 2025 lending of NZ\$4.16 billion and LGFA bond issuance of NZ\$5.3 billion (NZ\$2.2 billion domestic and NZ\$3.1 billion equiv. offshore)
- Six-month period to 31 December 2025 lending of NZ\$1.64 billion and LGFA bond issuance of NZ\$1.9 billion (NZ\$700 million domestic and NZ\$1.2 billion equiv. offshore)

❑ Measures to strengthen capital position – from 1 July 2024

- Increase base lending margin from 20 bps to 25 bps
- Increase Borrower Notes percentage from 2.5% to 5%.

❑ Membership

- Three CCOs and one water CCO joined between 1 June 2024 and 30 March 2026.

❑ Sustainability focus across the organisation and lending activities

- ❑ Climate Action Loans and Green and Social Loans introduced (all documented in bond form)
- ❑ NZD Sustainable Financing Bonds issued – May 2030 and May 2032
- ❑ Third Impact Report published in September 2025

❑ New product initiatives

- CCO lending – five CCOs have loans outstanding of NZ\$751 million as at 28 February 2026
- Standby facilities - NZ\$732 million to eighteen councils as at 28 February 2026
- Green, Social and Sustainability Lending Programme launched 1 October 2021 – first GSS loans made to councils in December 2021 with a total of NZ\$610.3 million outstanding for fifteen projects as at 28 February 2026
- Climate Action Loans Lending Programme launched 2 December 2022 – first CALs approved in March 2023 with a total of NZ\$4.2 billion outstanding to eight councils and CCOs as 28 February 2026

❑ Shareholders approved LGFA Board discretion to approve a bespoke Net Debt/Total Revenue covenant up to 350% at November 2024 AGM.

- ❑ Issue of AUD medium term notes since August 2023:
 - A\$1 billion of September 2027;
 - A\$1 billion of August 2028;
 - A\$650 million of November 2030; and
 - A\$800 million of March 2034.
- ❑ ECP Programme established and have US\$530 million, EUR200 million and HKD900 million on issue as at 28 February 2026.
- ❑ RBNZ Liquidity Policy Review outcome - LGFA bonds qualify as HQLA2 assets alongside AAA rated SSAs.
- ❑ LGFA announced intention to provide financing support to water organisations and assist high growth councils on 8 August 2024.
- ❑ EMTN Programme established in January 2025 and issued under the Programme since March 2025
 - USD500 million of March 2028 and USD500 million of September 2030 bonds
 - EUR500 million of April 2030 bond
 - CHF220 million of April 2032 and CHF180 million of October 2034 bonds.
- ❑ S&P Global Ratings lowered ratings on 18 councils and three council-controlled organisations on 18 March 2025 but affirmed LGFA credit rating at AAA/AA+.
- ❑ Weekly NZD LGFA bond repurchase programme commenced on 14 May 2025 with NZ\$379.9 million repurchased of the 15 April 2026 bond by 28 February 2026.
- ❑ Crown Liquidity Facility for LGFA doubled in size to NZ\$3 billion¹ and term extended from December 2031 to June 2037.
- ❑ Fitch Ratings lowered the credit rating outlook of LGFA from stable to negative on 25 March 2026 following the same rating action to the New Zealand Government.

¹ Maximum amount under the facility available for liquidity purposes. The actual amount available will be the amount of commitment set by LGFA up to NZ\$3.0 billion.

❑ S&P Global Ratings – March 2026



Local Currency AAA / Stable / A-1+ Foreign Currency AA+ / Stable / A-1+

Strengths:

- dominant market position as source of financing for New Zealand local government;
- Improving capital adequacy;
- diversified investor base and broadening access to markets;
- extremely high likelihood of extraordinary support from the New Zealand Government in a stress scenario; and
- robust management and governance among LGFA’s key strengths.

Weaknesses:

- highly concentrated lending portfolio; and
- rapidly rising local government sector debt profile.

Rating Agency	Domestic Currency	Foreign Currency	Date of Report
	AAA	AA+	17 March 2026
	AA+	AA+	26 March 2026

❑ Fitch Ratings – March 2026

Local Currency AA+ / Negative/ F1+ Foreign Currency rating AA+ / Negative / F1+

Fitch Ratings notes:

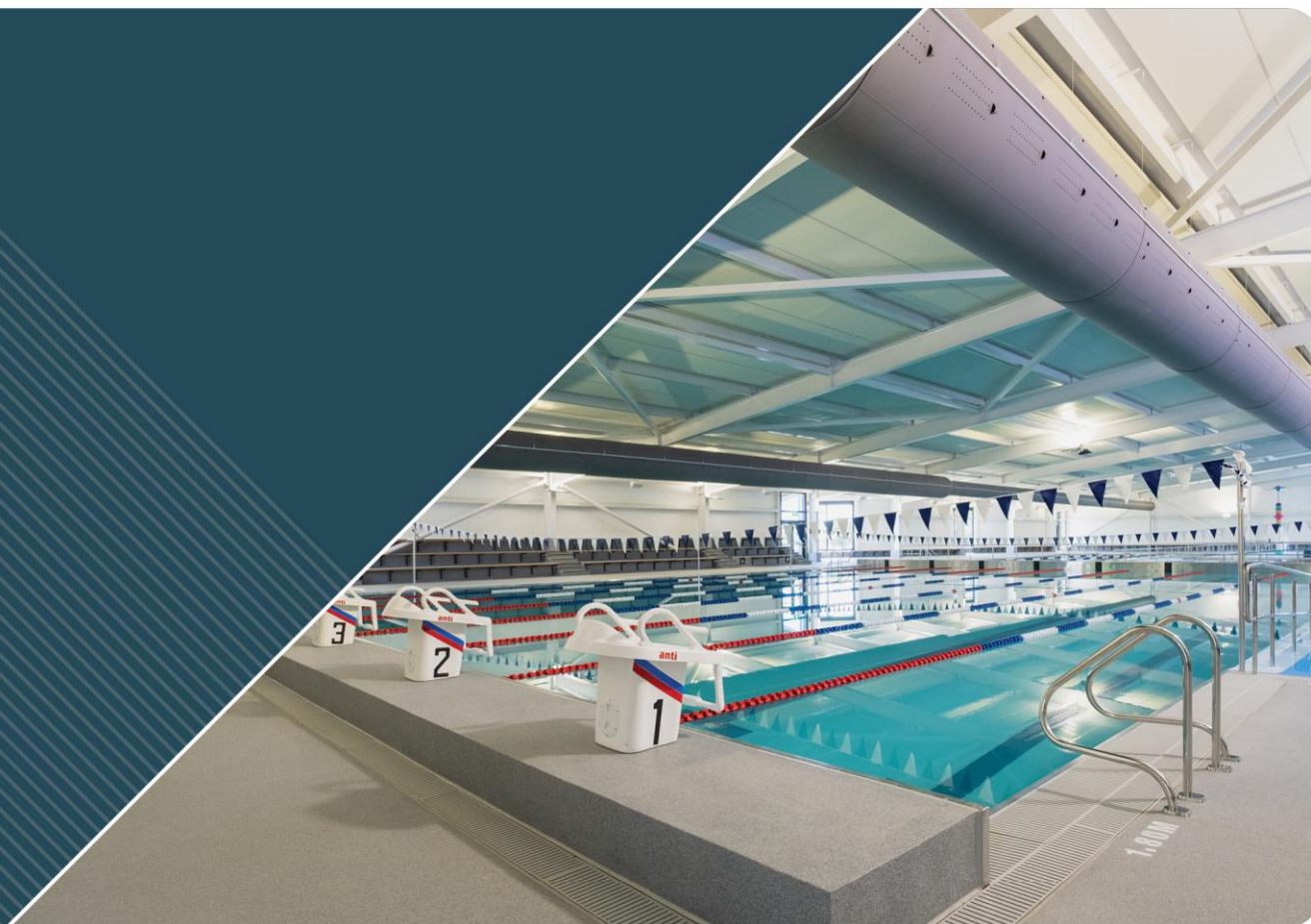
- strong links to the sovereign – a Government Related Entity and credit linked to the New Zealand sovereign;
- Government significant responsibility and incentive to provide financial support.

Local Government Sector

LGFA Overview

LGFA Debt Market Activity

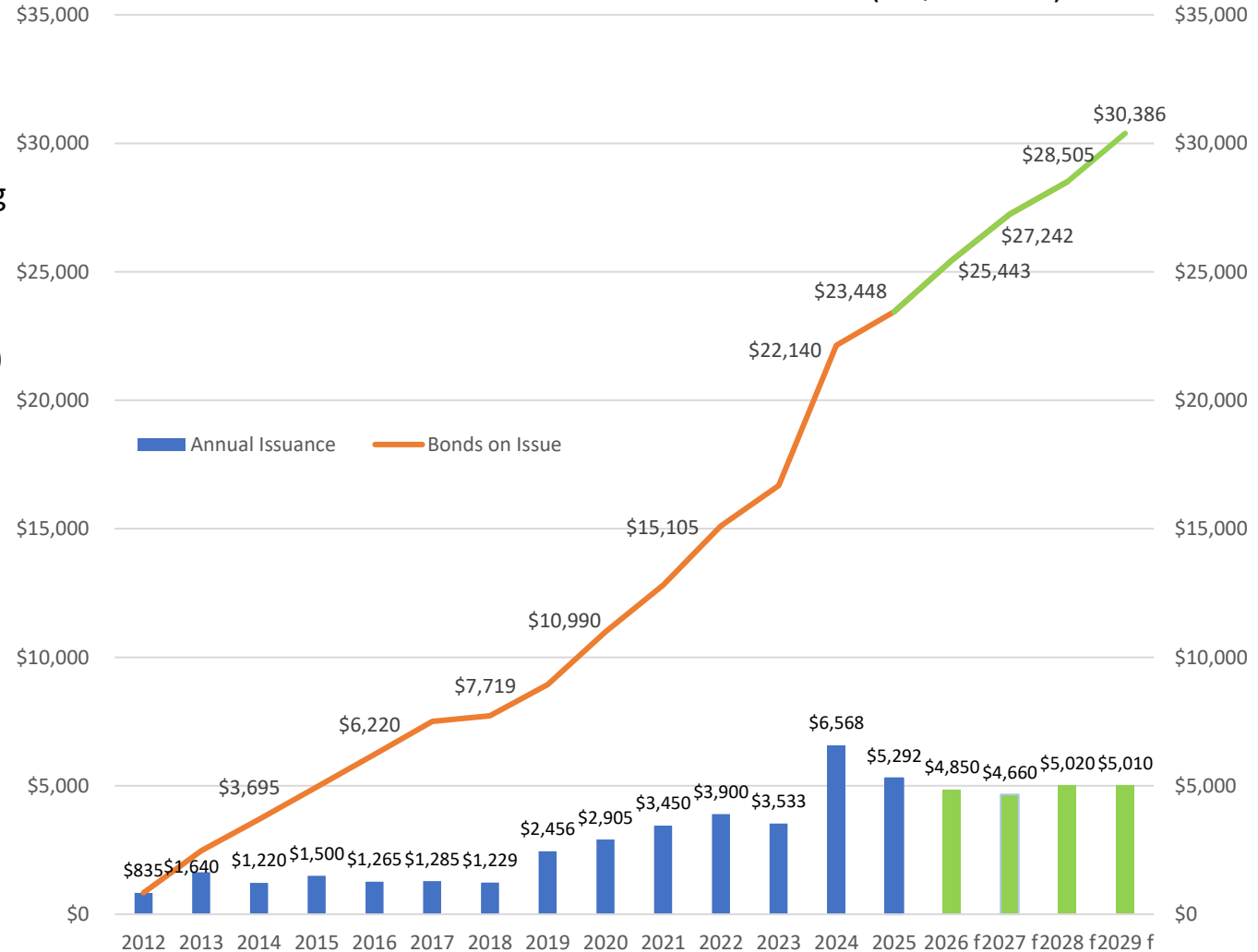
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LGFA BOND ISSUANCE – FUNDING STRATEGY

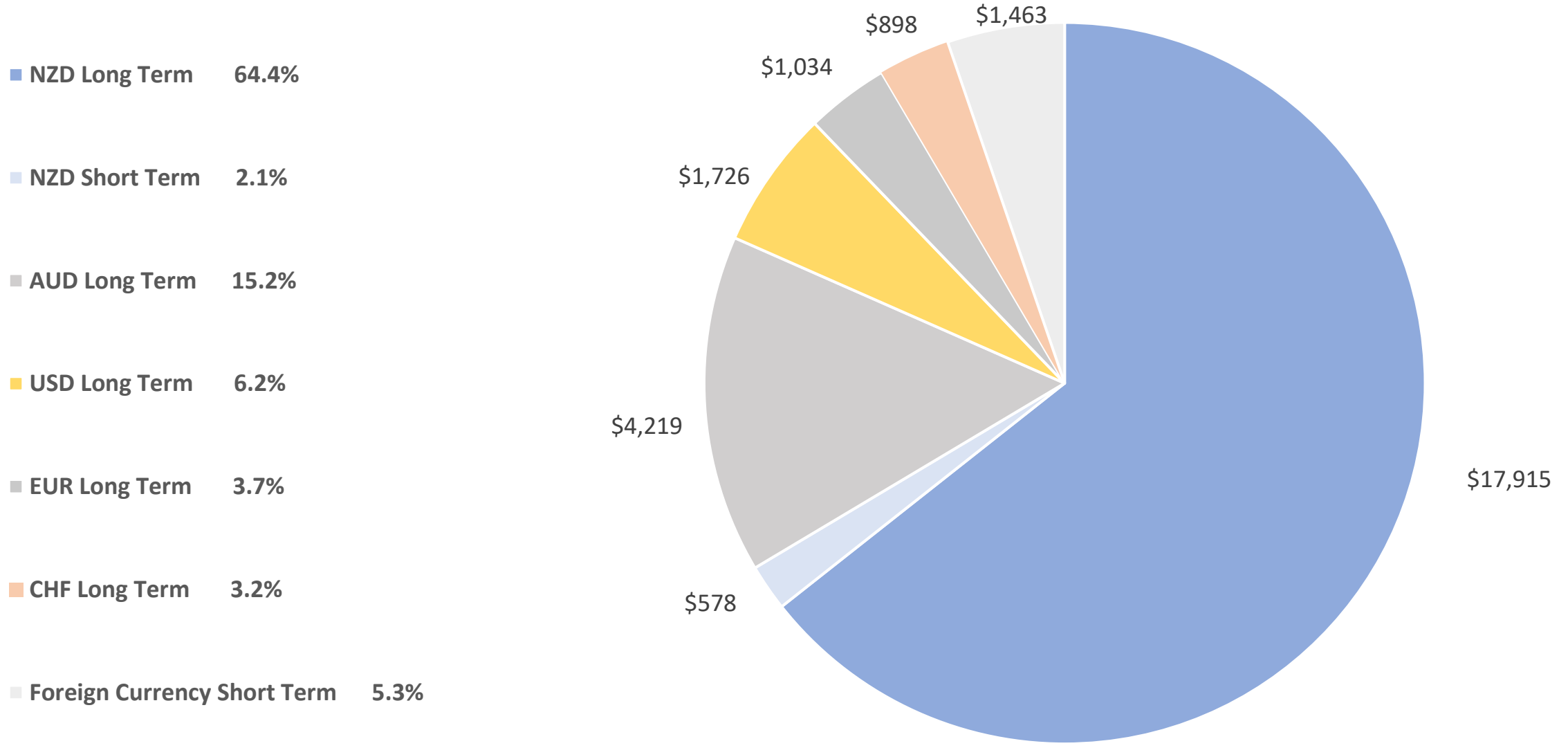
- ❑ NZD bonds
 - Match NZ Government Bond where possible.
 - Issuance of new lines by syndications and issuance of existing lines via both tenders and syndication taps.
 - Liquidity important – objective of more than NZ\$1 billion per NZD series and soft cap of NZ\$3 billion per NZD series (including Treasury Stock).
 - All LGFA bonds issued in NZ\$ are listed on NZX.
 - All existing LGFA NZD bonds and bills are repo eligible.
 - Objective to target tender issuance every four weeks of NZ\$100 million to NZ\$150 million in size.
- ❑ AUD bonds
 - Established a curve from 3 years to 10 years.
 - Objective of A\$1 billion per maturity.
 - Objective of one maturity per calendar year.
 - Issuance to establish a new maturity and then tap to increase volume if not achieved in initial issuance.
- ❑ USD, EUR and CHF bonds
 - Established a curve from 3 years to 10 years.
 - Benchmark size issuance.
 - Objective of one maturity per calendar year
- ❑ Money market instruments
 - NZD LGFA Bills
 - ECP Programme established and first issuance in April 2024.

Annual LGFA Bond Issuance and Bonds on Issue (NZ\$ millions)



Forecasts from 2026-29 Draft SOI released 2 March 2026.
 Note: Bond Issuance includes NZD and Foreign Currency Issuance.

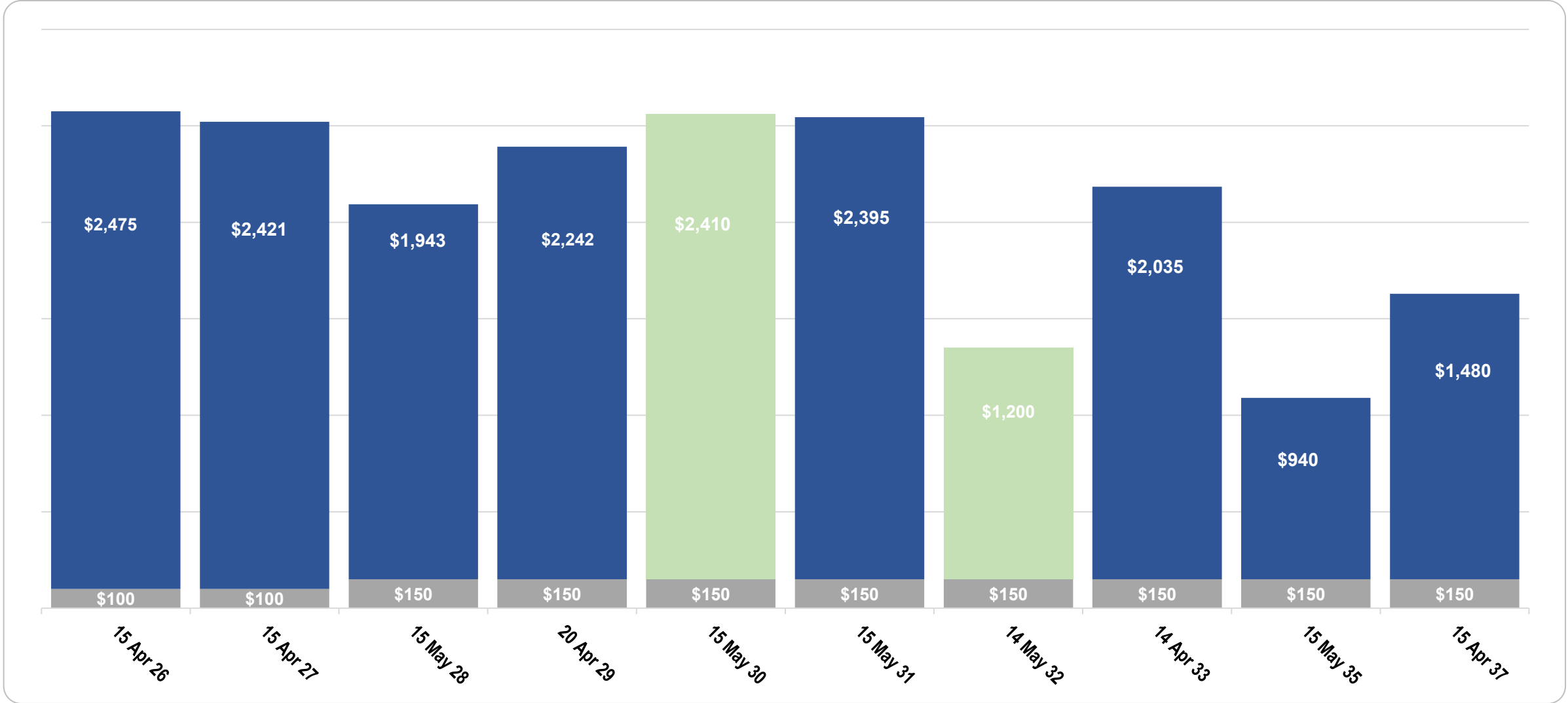
LGFA FUNDING SOURCES (As at 28 February 2026)



NZD equiv. millions

Source: LGFA

LGFA NZD BOND ON ISSUE (NZ\$19.541 billion as at 28 February 2026)



All NZD bonds are NZX listed
 The 15 May 2030 and 14 May 2032 bond are NZD Sustainable Financing Bonds
 Grey bars are NZ\$1.4 billion of Treasury Stock issued to LGFA

Largest issuers of NZD bonds – by outstandings

	Issuer	Amount Outstanding (NZ\$)
1	LGFA (AAA)	\$19,541,000,000
2	World Bank (AAA)	\$8,345,000,000
3	Asian Development Bank (AAA)	\$5,874,000,000
4	Housing New Zealand Ltd (AAA)	\$5,665,000,000
5	Westpac Bank Group (AA-)	\$5,750,000,000
6	Bank of New Zealand / NAB (AA-)	\$5,200,000,000
7	ASB Bank / CBA Group (AA-)	\$4,226,000,000
8	Kiwibank (A)	\$3,580,000,000
9	Auckland Council (AA)	\$2,905,000,000
10	International Finance Corp (AAA)	\$2,297,000,000
11	Rabobank (A+)	\$2,147,750,000
12	ANZ Bank (AA-)	\$1,895,000,000
13	Inter-American Development Bank (AAA)	\$1,791,000,000
14	Infratil (unrated)	\$1,627,757,800
15	Kommunalbanken (AAA)	\$1,491,000,000
16	Auckland International Airport (A-)	\$1,425,000,000
17	Toyota Finance Group (AA-)	\$1,396,350,000
18	Nordic Investment Bank (AAA)	\$1,320,000,000
19	Mercury NZ (BBB+)	\$1,300,000,000
20	Transpower (AA-)	\$1,075,000,000

Largest individual tranches of NZD bonds

	Issuer	Maturity	Tranche Size (NZ\$)
	LGFA	15/04/2026	\$2,475,000,000
	LGFA	15/04/2027	\$2,421,000,000
	LGFA	15/05/2030	\$2,410,000,000
	LGFA	15/05/2031	\$2,395,000,000
	LGFA	20/04/2029	\$2,242,000,000
	LGFA	14/04/2033	\$2,035,000,000
	LGFA	15/05/2028	\$1,943,000,000
	World Bank (IBRD)	30/11/2026	\$1,500,000,000
	LGFA	15/04/2037	\$1,480,000,000
	Housing New Zealand Ltd	18/10/2028	\$1,425,000,000
	Housing New Zealand Ltd	5/10/2026	\$1,240,000,000
	Asian Development Bank	28/01/2027	\$1,200,000,000
	ASB Bank	02/09/2030	\$1,200,000,000
	LGFA	15/05/2032	\$1,200,000,000
	Housing New Zealand Ltd	24/04/2030	\$1,150,000,000
	Westpac Bank	24/09/2029	\$1,100,000,000
	World Bank (IBRD)	2/02/2028	\$1,050,000,000
	World Bank (IBRD)	10/06/2026	\$1,000,000,000
	World Bank (IBRD)	10/05/2028	\$1,000,000,000
	Bank of New Zealand (BNZ)	01/09/2028	\$1,000,000,000
	Westpac Bank	6/07/2026	\$1,000,000,000



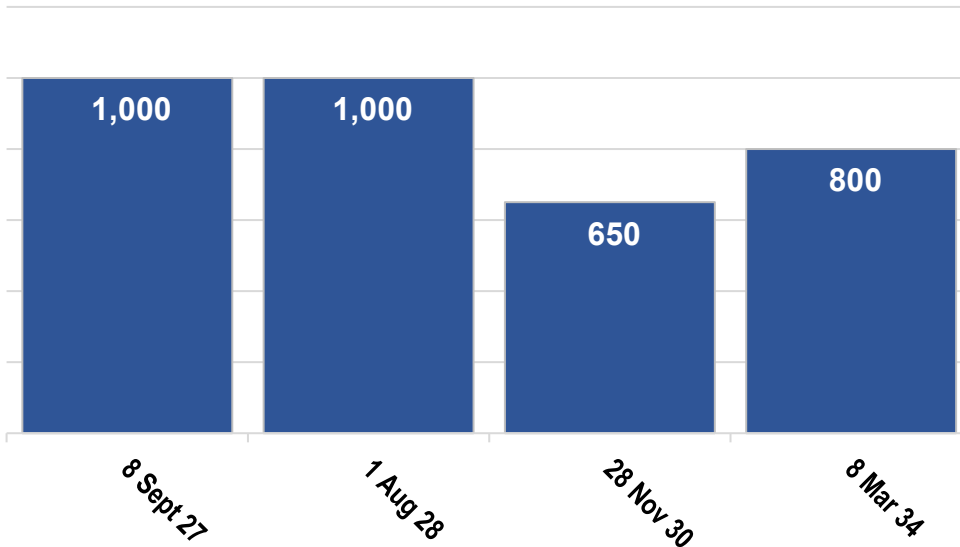
Background

- ❑ Historical preference to fund in NZD given borrowing requirement.
- ❑ Diversification of funding sources required as balance sheet and annual funding requirement increased.
- ❑ AUD Medium Term Notes programme established 2017.
- ❑ Annual funding requirement approx. NZ\$5.5 billion in each of next three years prompted shift to become Australasian issuer in 2023.
- ❑ The AUD Medium Term Note programme is a wholesale programme and notes issued under that programme are only available to specified wholesale investors.



AUD bonds on issue (A\$ millions)

As at 28 February 2026: AUD 3,450 million



Allocations	2028s	2030s	2027s	2034s	2027s	2034s
Pricing Date	25-Jul-23	21-Nov-23	1-Mar-24	1-Mar-24	25-Jul-24	25-July-24
Issue Size (A\$ millions)	\$1,000	\$650	\$500	\$500	\$500	\$350
Issue Type	New	New	New	New	Tap	Tap
Number of Investors	45	27	29	25	26	23
Investor Type						
Central Bank/Official Institution	47%	53%	43%	67%	20%	21%
Asset Manager	44%	29%	24%	31%	36%	27%
Bank	6%	10%	27%	1%	26%	44%
HF/Trading	2%	6%	6%	1%	18%	8%
Other	1%	2%	0%	0%	0%	0%
Investor by Region						
EMEA	29%	63%	60%	82%	69%	45%
Australia/NZ	36%	21%	22%	12%	11%	13%
Asia	34%	15%	17%	6%	19%	42%
North America	1%	1%	1%	0%	1%	0%

Arranger:	UBS AG London Branch.
Dealers:	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522), Barclays Bank PLC, BNP PARIBAS, HSBC Continental Europe, Merrill Lynch International, National Australia Bank Limited (ABN 12 004 044 937), UBS AG London Branch, Westpac Banking Corporation (ABN 33 007 457 141).
Paying Agent and Registrar:	Deutsche Bank AG, Hong Kong Branch.
Programme Size:	USD10 billion.
Currencies:	USD, EUR, CHF, Yen, GBP, SGD and other currencies as agreed.
Listing:	Singapore Exchange.
Likely Issuance Amounts:	Benchmark sizes.
Type of Bonds:	Vanilla.
Documentation available:	Offering Circular. Agency Agreement. Deed of Covenant.
Issuances under Programme:	7-year (2 April 2032) CHF220 million bond priced on 4 March 2025. 3-year (20 March 2028) USD500 million Reg S bond priced on 13 March 2025. 5- year (1 April 2030) EUR500 million bond priced on 25 March 2025. 5-year (30 Sept 2030) USD500 million Reg S bond priced on 23 September 2025. 9-year (6 October 2034) CHF180 million bond priced on 18 September 2025.

LGFA EUR500m BOND – 1 APRIL 2030



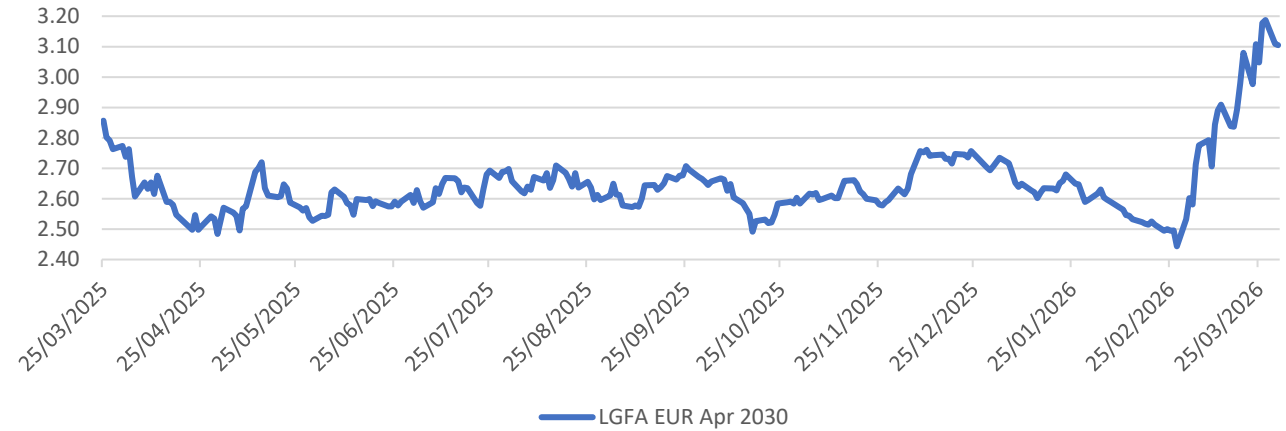
New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

Issue Size: EUR 500 million
 Maturity Date: 1 April 2030
 Coupon: 2.875% coupon
 Margin to Swap: + 38 bps
 Pricing Date: 25 March 2025
 Issuance Date: 1 April 2025
 Order Book: EUR 2.258 billion
 Number of Investors: 47

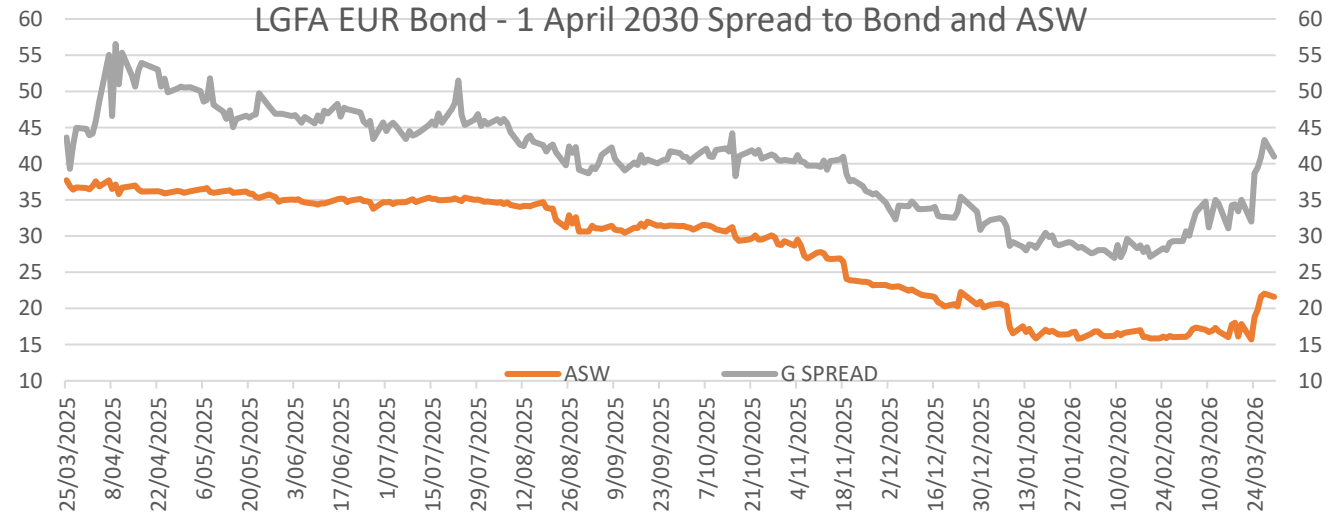
Investor Type	Allocation Amount	Allocation %
Asset Manager	€ 234,800,000	47.0%
Central Bank / Official Inst.	€ 192,000,000	38.0%
Bank & Fin. Institution	€ 47,300,000	10.0%
Other	€ 14,100,000	3.0%
Insurer / Pension Fund	€ 11,800,000	2.0%

Investor Location	Allocation Amount	Allocation %
Benelux	€ 152,800,000	31.0%
Nordic	€ 94,000,000	19.0%
UK & Ireland	€ 86,200,000	17.0%
Asia	€ 64,400,000	13.0%
Other Europe	€ 36,700,000	7.0%
France	€ 27,000,000	5.0%
Germany & Austria	€ 21,900,000	4.0%
Switzerland	€ 13,900,000	3.0%
Other	€ 3,100,000	1.0%

LGFA EUR Bond - 1 April 2030 Yield



LGFA EUR Bond - 1 April 2030 Spread to Bond and ASW



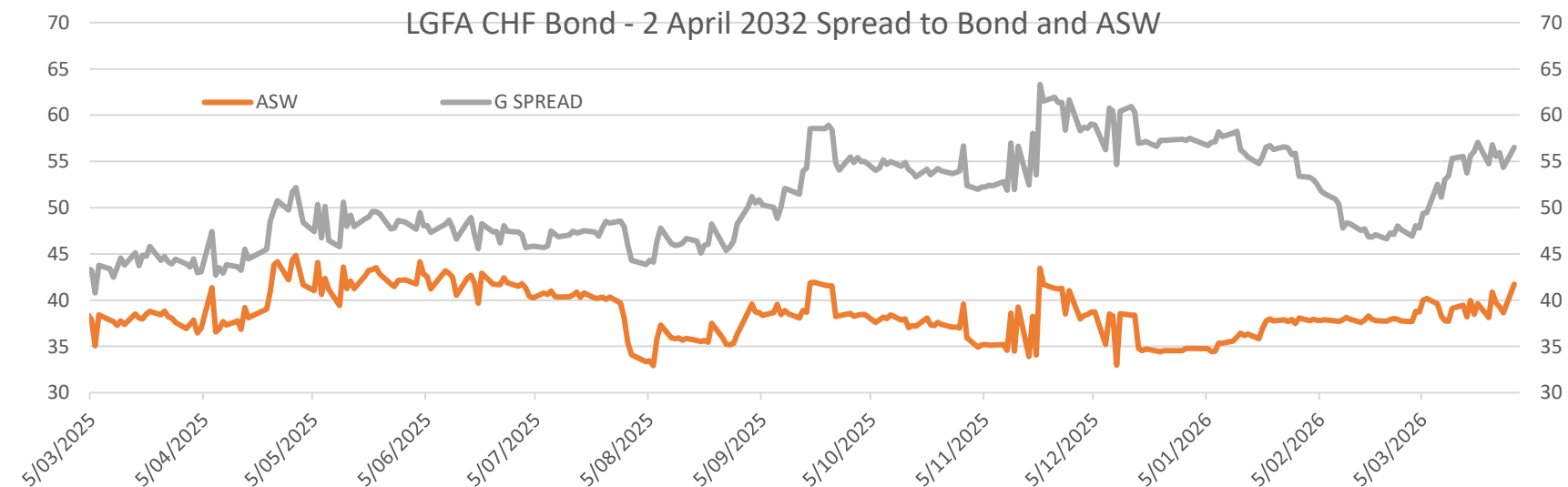
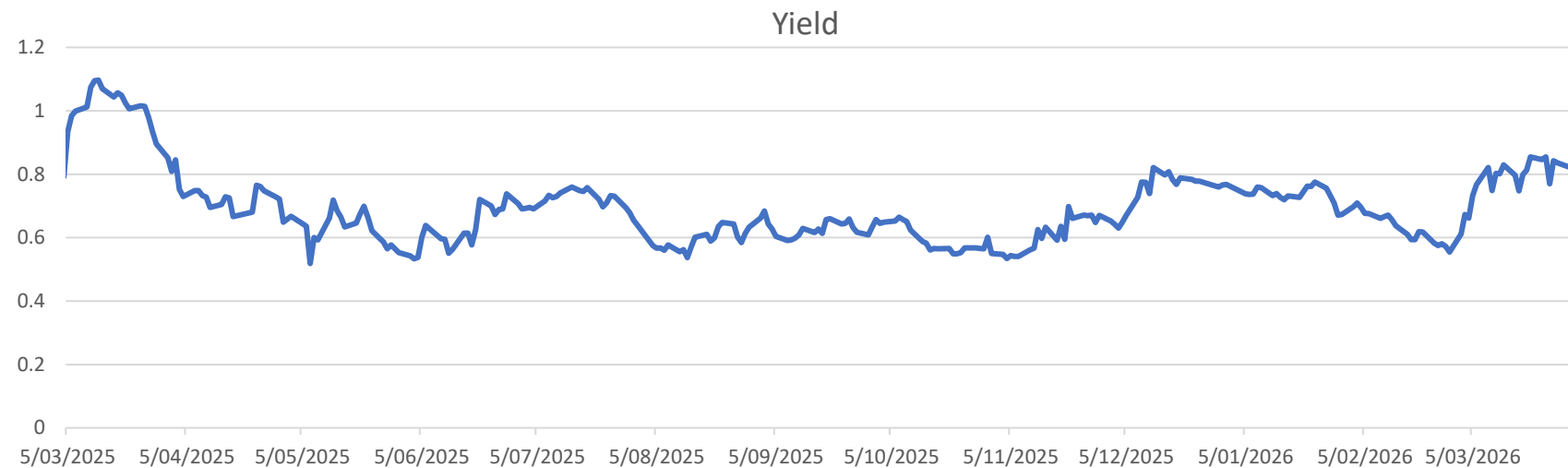
Source: LGFA, Bloomberg

LGFA CHF BOND – 2 APRIL 2032



Maturity Date	2-Apr-32
Issue Size	CHF 220 million
Coupon	0.770%
Margin to Swap	38 bps
Pricing Date	4-Mar-25
Issuance Date	2-Feb-25

Investor	Allocation (CHF)	Allocation (%)
Asset Managers	103.4	47.0%
Treasury	88	40.0%
Insurance	15.4	7.0%
Pension Funds	11	5.0%
Banks/Private Banks	2.2	1.0%

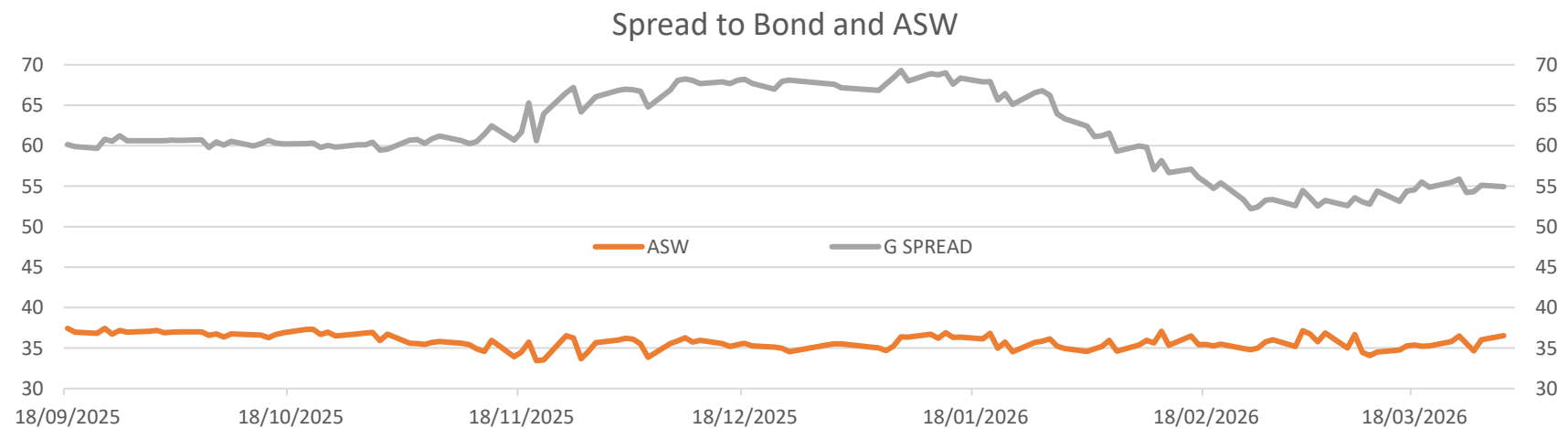
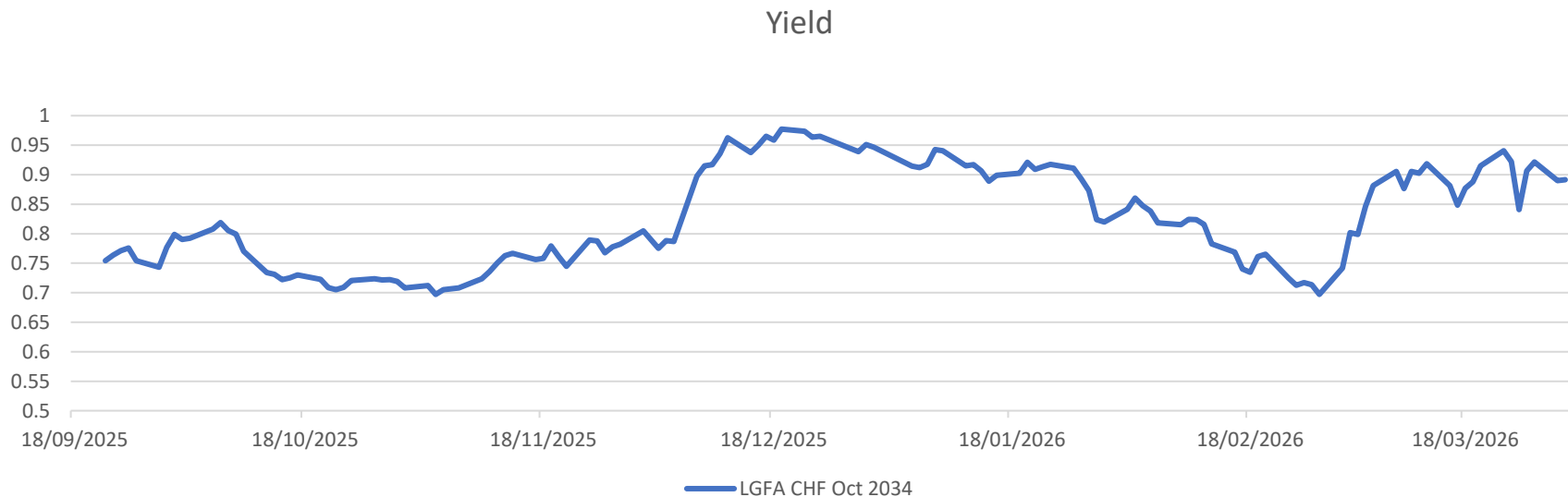


LGFA CHF BOND – 6 OCTOBER 2034



Maturity Date	6-Oct-34
Issue Size	CHF 180 million
Coupon	0.7375%
Margin to Swap	38 bps
Pricing Date	18-Sep-25
Issuance Date	6-Oct-25

Investor	Allocation (CHF)	Allocation (%)
Asset Managers	59.49	33.1%
Treasury	84.6	47.0%
Insurance	19.98	11.1%
Pension Funds	10.8	6.0%
Banks/Private Banks	5.13	2.9%



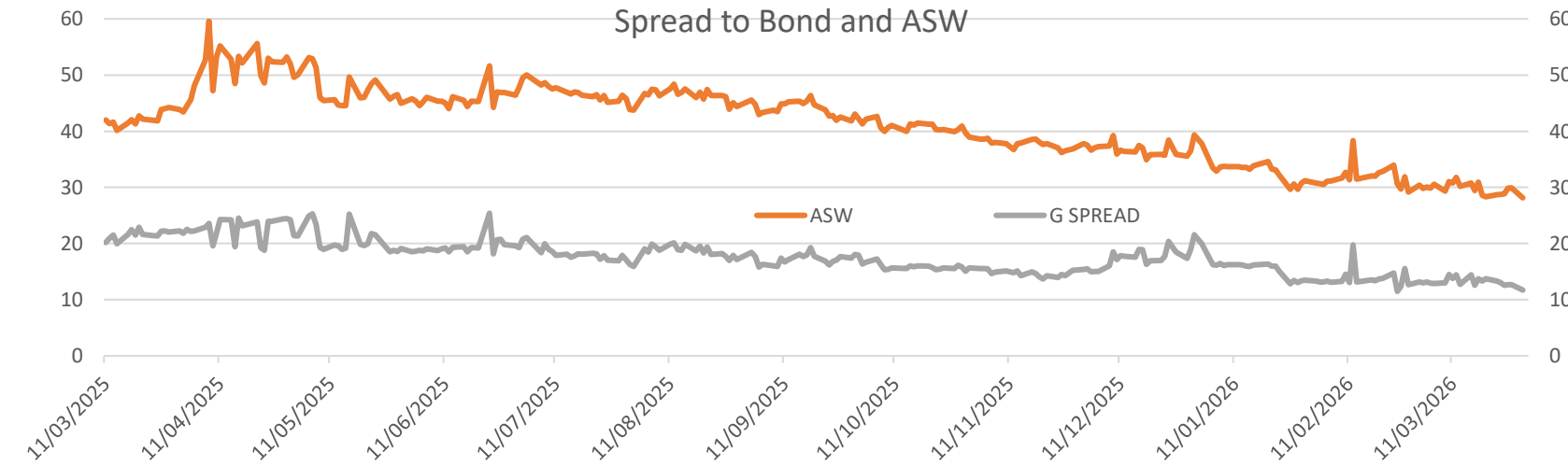
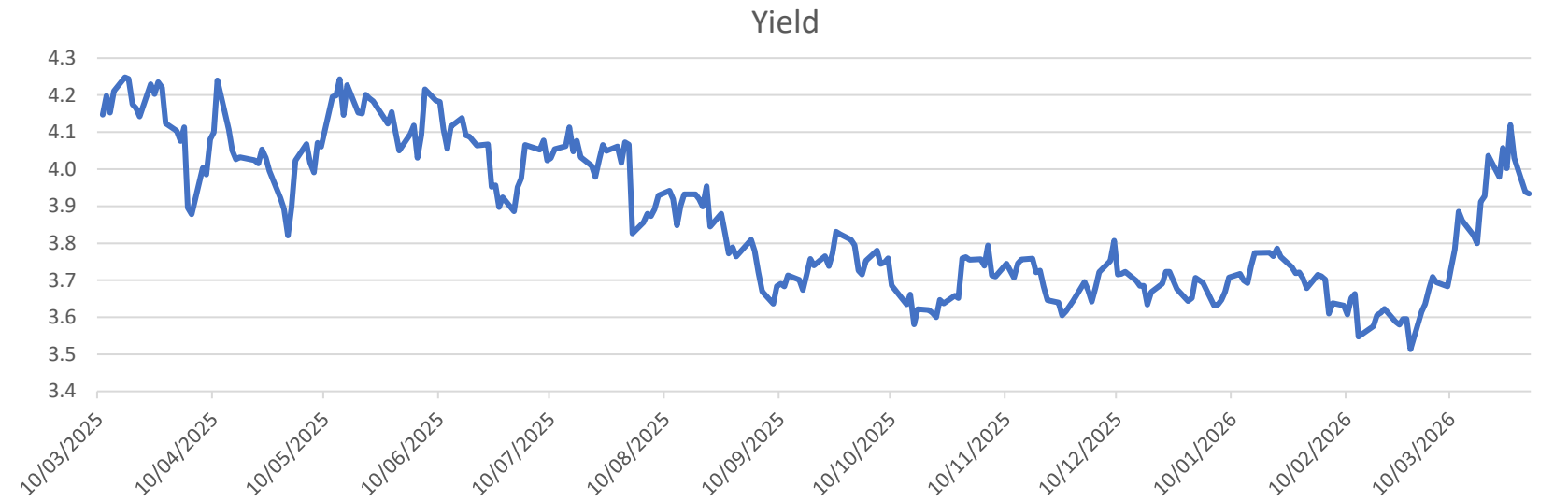
LGFA USD500m BOND – 20 MARCH 2028



Maturity Date	20-Mar-28
Issue Size	USD 500 million
Coupon	4.125%
Margin to Swap	44 bps
Margin to Bond	22.7 bps
Pricing Date	13-Mar-25
Issuance Date	20-Mar-25
Order Book	USD 2.608 billion
Number of Investors	49

Investor Type		
Asset Manager	\$120.25	24.1%
Bank	\$97.45	19.5%
Central Bank/Official		
Institution	\$197.00	39.4%
Corporate	\$37.00	7.4%
Hedge Fund	\$47.00	9.4%
Insurance/Pension	\$1.30	0.3%
	\$500.00	

Investor Location		
Americas	\$146.40	29.3%
APAC	\$40.30	8.1%
Benelux	\$48.50	9.7%
France	\$26.20	5.2%
Germany	\$10.30	2.1%
Italy	\$44.35	8.9%
Nordic	\$10.40	2.1%
other Europe	\$1.50	0.3%
Switzerland	\$20.00	4.0%
UK and Ireland	\$152.05	30.4%
	\$500.00	



LGFA USD500m BOND – 30 SEPTEMBER 2030

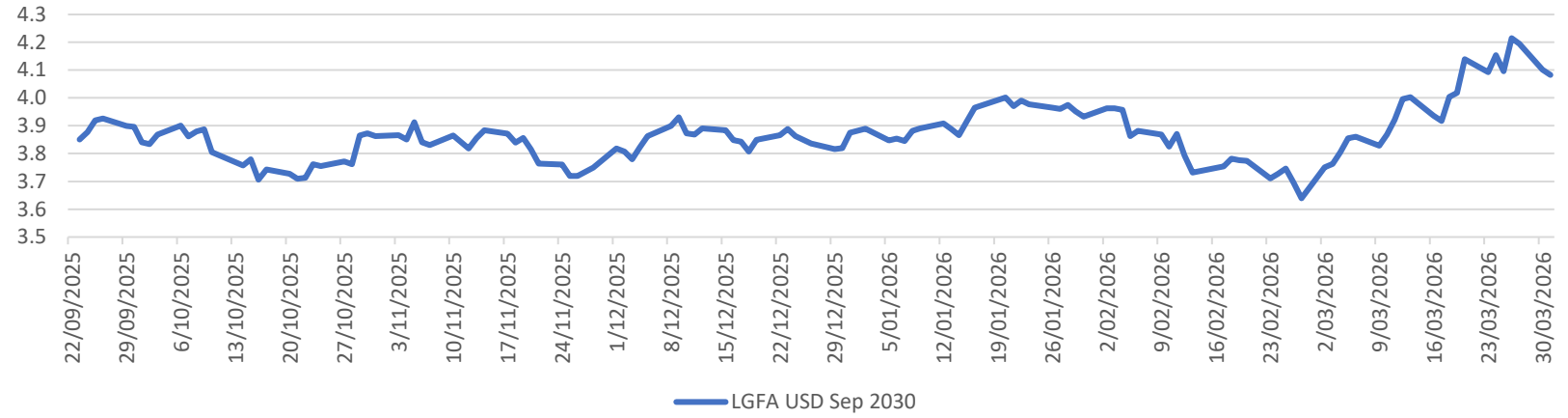


Maturity Date	30-Sep-30
Issue Size	USD 500 million
Coupon	3.750%
Margin to Swap	53 bps
Margin to Bond	18.3 bps
Pricing Date	23-Sep-25
Issuance Date	30-Sep-25
Order Book	USD 3.173 billion
Number of Investors	57

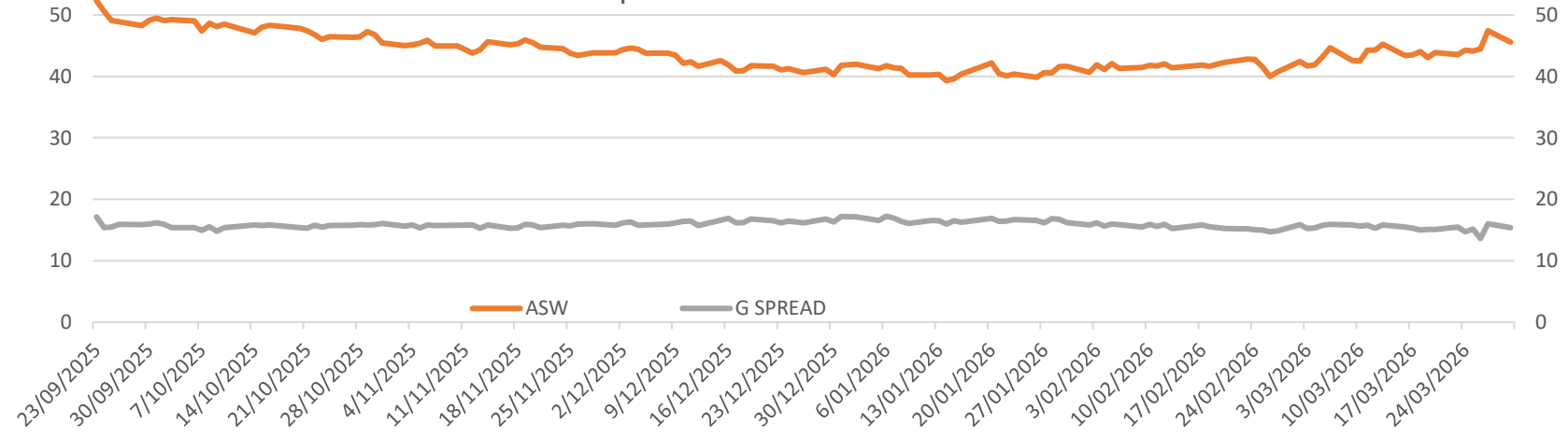
Investor Type		
Asset Manager	\$138.60	27.7%
Bank	\$89.60	17.9%
Central Bank/Official		
Institution	\$199.50	39.9%
Corporate	\$0.00	0.0%
Hedge Fund	\$32.50	6.5%
Insurance/Pension	\$39.80	8.0%
	\$500.00	

Investor Location		
Americas	\$141.75	28.4%
APAC	\$71.50	14.3%
EMEA	\$286.75	57.4%
	\$500.00	

Yield



Spread to Bond and ASW



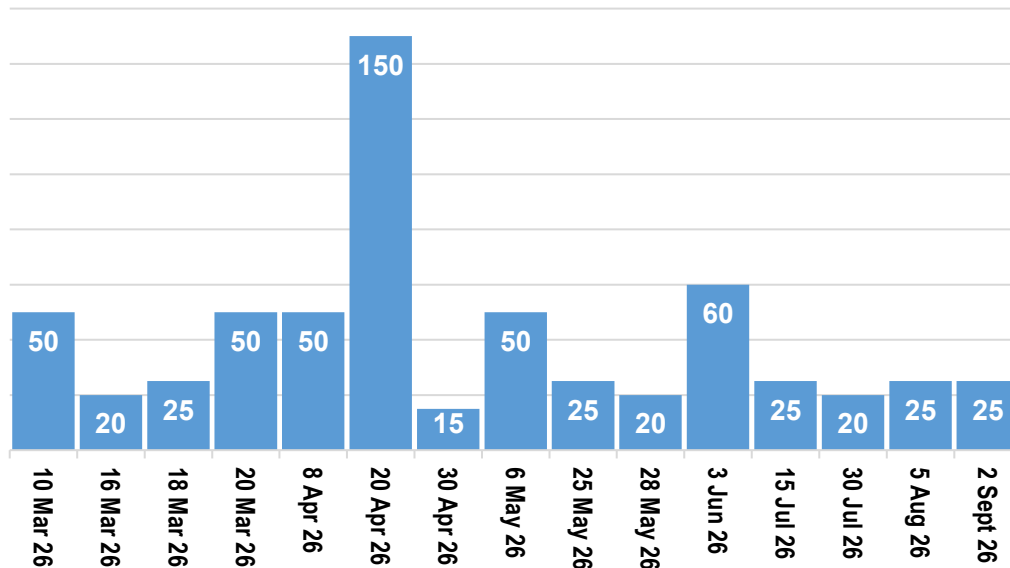
LGFA NZD BILLS

- NZD denominated
- A-1+ /F1+ ratings (S&P/Fitch)
- NZ\$610 million on issue as at 4 March 2026
- Terms of 30 days to 364 days
- Spread of 4 bps to 8 bps over BKBM
- Spread of 9 bps to 12 bps over NZ Treasury Bills
- Monthly tenders and private placements

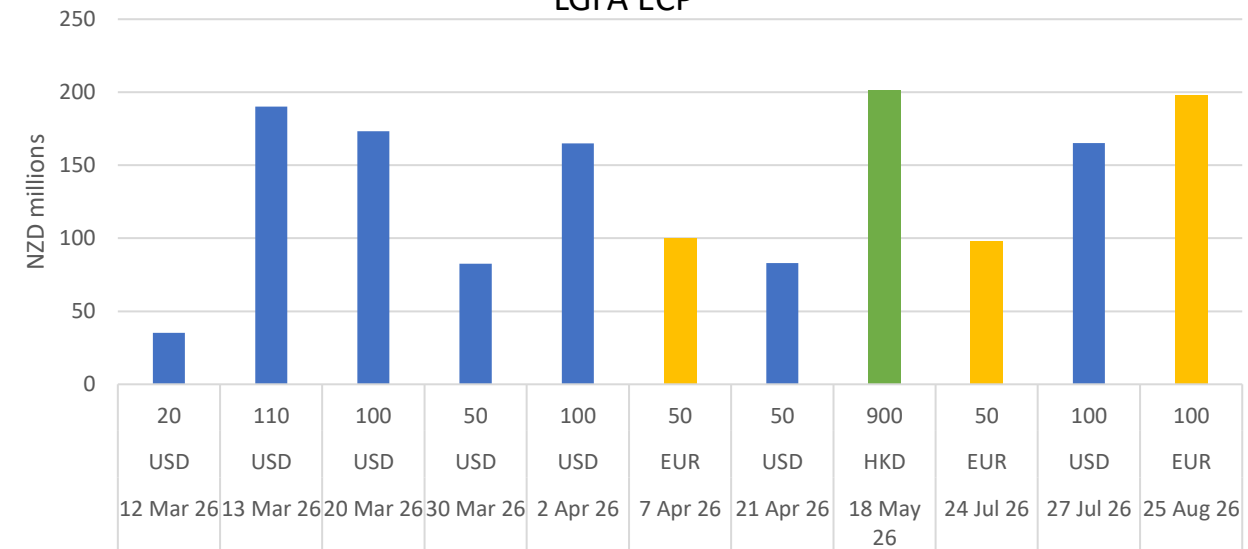
LGFA Euro Commercial Paper (ECP)

- Programme established September 2023
- Barclays, UBS, CBA and BOAML dealers
- USD, EUR, HKD and NZD preferred but open to other currencies
- Terms of 30 days to 364 days
- Issuance commenced April 2024
- US\$530 million, EUR200 million and HKD900 million on issue as at 4 March 2026
- Preferred tranche size of US\$50 million
- Priced to be one of the highest yielding non-bank A1+ issuers

LGFA NZD Bills



LGFA ECP



As at 4 March 2026

Source: LGFA

New Zealand Local Government Funding Agency Limited (TICKER: NZLGFA) (the Issuer), rated AA+ (stable) by S&P and AA+ (negative) by Fitch, has mandated Barclays, BNP PARIBAS, TD Securities and UBS Investment Bank as Joint Lead Managers for a EUR 500m 'no grow' RegS Registered transaction with an expected maturity of [6.5] years, subject to market conditions.

The Issuer will be available for calls upon request commencing 31 March 2026, and will be represented by Mark Butcher, Chief Executive.

An Investor Presentation has been published on the Issuer's website at <https://www.lgfa.co.nz/investors/investor-and-quarterly-funding-updates>

The Issuer's obligations in relation to the Notes are guaranteed by the Local Authorities that are from time to time Guarantors under the Guarantee (as further described in the Offering Circular dated 9 September 2025 relating to the Programme as supplemented by the Preliminary Pricing Supplement dated 31 March 2026).

The New Zealand Government does not guarantee any of the Issuer's obligations or liabilities in relation to the Notes.

QUESTIONS

Local Government Sector
LGFA Overview
LGFA Debt Market Activity
Appendices



LGFA MEMBERS AS AT 28 FEBRUARY 2026

Shareholders	Total Shares (NZ\$)	Shareholding (%)	Amount borrowed (NZ\$ million)	Borrowing (%)	Share Guarantee (%)
New Zealand Government	5,000,000	11.1%			
Auckland Council	3,731,960	8.3%	3,140.0	13.1	28.1
Christchurch City Council	3,731,960	8.3%	2,770.3	11.5	7.7
Wellington City Council	3,731,958	8.3%	1,920.5	8.0	5.4
Tauranga City Council	3,731,958	8.3%	1,432.2	6.0	3.3
Hamilton City Council	3,731,960	8.3%	995.0	4.1	2.8
Wellington Regional Council	3,731,958	8.3%	1,063.0	4.4	3.0
Kapiti Coast District Council	200,000	0.4%	413.0	1.7	1.0
Hutt City Council	200,000	0.4%	608.7	2.5	1.8
Bay of Plenty Regional Council	3,731,958	8.3%	322.6	1.3	0.9
Tasman District Council	3,731,958	8.3%	381.3	1.6	1.1
Waimakariri District Council	200,000	0.4%	210.0	0.9	1.0
Hastings District Council	746,392	1.7%	493.0	2.0	1.3
Whangarei District Council	1,492,784	3.3%	295.0	1.2	1.4
Palmerston North City Council	200,000	0.4%	350.4	1.5	1.4
New Plymouth District Council	200,000	0.4%	431.8	1.8	1.5
Horowhenua District Council	200,000	0.4%	240.1	1.0	0.6
Taupo District Council	200,000	0.4%	199.0	0.8	1.0
South Taranaki District Council	200,000	0.4%	156.0	0.6	0.5
Marlborough District Council	400,000	0.9%	321.5	1.3	1.0
Whanganui District Council	200,000	0.4%	228.6	1.0	0.9
Western Bay of Plenty District Council	3,731,958	8.3%	235.7	1.0	1.0
Manawatu District Council	200,000	0.4%	110.4	0.5	0.5
Whakatane District Council	200,000	0.4%	224.5	0.9	0.7
Waipa District Council	200,000	0.4%	426.3	1.8	0.9
Gisborne District Council	200,000	0.4%	227.8	0.9	0.9
Thames-Coromandel District Council	200,000	0.4%	98.0	0.4	1.1
Masterton District Council	200,000	0.4%	75.4	0.3	0.5
Hauraki District Council	200,000	0.4%	185.2	0.8	0.4
Selwyn District Council	373,196	0.8%	300.9	1.3	1.1
Otorohanga District Council	200,000	0.4%	15.3	0.1	0.2
Total	45,000,000		17,871.5	74.3	72.7

Note: Total shares includes called and uncalled shares

Source: LGFA

LGFA MEMBERS (CONTINUED) AS AT 28 FEBRUARY 2026

Borrowers and Guarantors	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	134.6	0.6	0.5
Buller District Council	38.3	0.2	0.1
Canterbury Regional Council	81.0	0.3	1.9
Carterton District Council	27.1	0.1	0.2
Central Otago District Council	85.0	0.4	0.5
Central Hawke's Bay District Council	47.0	0.2	0.3
Clutha District Council	158.4	0.7	0.3
Dunedin City Council	0.0	0.0	2.3
Far North District Council	238.9	1.0	1.2
Gore District Council	64.6	0.3	0.3
Grey District Council	42.6	0.2	0.2
Hawke's Bay Regional Council	114.8	0.5	0.5
Hurunui District Council	97.6	0.4	0.3
Invercargill City Council	186.5	0.8	0.8
Kaikoura District Council	11.3	0.0	0.1
Kaipara District Council	44.0	0.2	0.6
Mackenzie District Council	25.1	0.1	0.2
Manawatu-Wanganui Regional Council	84.0	0.3	0.7
Matamata-Piako District Council	104.0	0.4	0.6
Napier City Council	130.3	0.5	1.0
Nelson City Council	315.5	1.3	1.1
Northland Regional Council	66.3	0.3	0.5
Otago Regional Council	178.9	0.7	0.6
Porirua City Council	375.0	1.6	1.1
Queenstown-Lakes District Council	703.6	2.9	1.4
Rangitikei District Council	54.1	0.2	0.3
Rotorua District Council	489.0	2.0	1.4
Ruapehu District Council	64.0	0.3	0.3
South Wairarapa District Council	28.9	0.1	0.3
Southland District Council	100.6	0.4	0.7
Southland Regional Council	7.0	0.0	0.3
South Waikato District Council	74.0	0.3	0.5
Stratford District Council	44.5	0.2	0.2
Taranaki Regional Council	75.5	0.3	0.2
Tararua District Council	80.0	0.3	0.4
Timaru District Council	255.9	1.1	0.8
Upper Hutt City Council	218.0	0.9	0.6
Waimate District Council	5.0	0.0	0.2
Waitaki District Council	90.9	0.4	0.5
Waikato District Council	315.0	1.3	1.5
Waikato Regional Council	39.0	0.2	1.5
Waitomo District Council	33.1	0.1	0.3
West Coast Regional Council	33.2	0.1	0.1
Westland District Council	38.8	0.2	0.2
Total	5400.69	22.4	27.3

LGFA MEMBERS (CONTINUED) AS AT 28 FEBRUARY 2026

Borrowers Only	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Kawerau District Council	8.0	0.0	Nil
Opotiki District Council	16.5	0.1	Nil
Wairoa District Council	11.5	0.0	Nil
Total	36.0	44.5	Nil

Council Controlled Organisations	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Christchurch City Holdings Ltd	0.0	0.0	Nil
Infrastructure Holdings Ltd	123.0	0.5	Nil
Invercargill City Holdings Ltd	5.0	0.0	Nil
Far North Holdings Ltd	68.7	0.3	Nil
Dunedin City Treasury Ltd	540.0	2.2	Nil
Timaru District Holdings Ltd	14.6	0.1	Nil
Destination Westland Ltd	0.0	0.0	Nil
Whanganui District Council Holdings Limited	0.0	0.0	Nil
Total	751.3	3.1	
Total Borrowing from LGFA	24,059.5	144.3	100

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

❑ Market Risk

- PDH limit of NZ\$250,000 – current exposure (as at 28 February 2026) NZ\$44,094
- VAR limit of NZ\$3,000,000 – current exposure (as at 28 February 2026) NZ\$715,245

❑ Credit Risk

All councils that borrow from LGFA are obliged to:

- provide security in relation to their borrowing from LGFA and related obligations;
- issue securities to LGFA;
- comply with their own internal borrowing policies; and
- comply with the LGFA financial covenants within either the Lending Policy or Foundation Policy.

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

All CCOs that borrow from LGFA are obliged to comply with requirements set by the LGFA Board.

❑ Liquidity and Funding Risk

Cash and Investments

- LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations (including any collateral required to be posted under its swaps) when they fall due; and
- LGFA only invests in NZD senior debt securities, money market deposits and registered certificates of deposits within strict counterparty limits.

NZ Government liquidity facility

- The New Zealand Government provides a committed liquidity facility up to NZ\$3.0 billion that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall; and
- Facility size is set by LGFA at NZ\$600 million (as 28 February 2026).

Collateral posting

- Under LGFA's swaps with NZDM, there was an unrealised mark to market valuation loss of \$422 million as at 28 February 2026. However, LGFA is, in summary, only required to post collateral to NZDM under its swaps to the extent the valuation loss exceeds the facility size of the NZ Government liquidity facility.

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<280% ¹
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

¹ There is an alternative Net Debt / Total Revenue foundation policy covenant for councils with a long-term credit rating of 'A' equivalent or higher.

Liquidity position as at 28 February 2026 ²	NZ\$ million
Cash and cash equivalents	\$474.3
Deposits and Marketable Securities	\$3,992.4
Total	\$4,466.7

² Excluding assets to back 50% standby facilities provided to councils

NEW ZEALAND COUNCILS EXTERNAL CREDIT RATINGS

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

41 councils in New Zealand have credit ratings and they all are members of LGFA.

Over the past year:

- On March 18, 2025, S&P Global Ratings downgraded the credit ratings of 18 New Zealand local councils and three council-controlled organisations (CCOs) following a revision of the institutional framework assessment for the sector.
- The majority of councils were already on negative outlook.
- Far North District Council, Hawke's Bay Regional Council, Clutha District Council, Hauraki District Council, Whakatane District Council, Central Otago District Council, Gore District Council and Waimakariri District Council received inaugural credit ratings from Fitch Ratings in 2024/25.

Source: S&P Global Ratings, Fitch Ratings, Moody's Investor Services, LGFA

LGFA undertakes its own internal credit assessment and rating process for all member councils using most recent annual reports (June 2025)

Primary Criteria

- Debt levels relative to population – affordability
- Debt levels relative to asset base
- Ability to repay debt
- Ability to service debt – interest cover
- Population trend
- Assessment of climate change and resilience

Secondary Criteria

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

Councils by internal rating category

LGFA Internal Ratings	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
AA+	1	2	2	4	4	6	7	8	9	2	-	-	-	
AA	12	12	12	10	12	13	19	17	22	37	15	16	15	11
AA-	13	13	16	15	19	17	19	23	23	18	39	32	26	27
A+	8	6	3	11	10	12	13	10	12	12	19	17	24	17
A	6	10	11	6	6	3	4	4	5	3	4	10	10	18
A-	5	2	1	1	-	2	2	2	1	-	1	3	3	5

As at 30 June each year using internal models

LGFA FINANCIAL COVENANTS – OUTCOMES FOR MEMBER COUNCILS WITH BORROWINGS AS AT 30 JUNE 2025 YEAR

LGFA Financial Covenants – councils as at 30 June 2025 with an external credit rating (40) ¹

Foundation Policy Covenant	Net Debt / Total Revenue <285% ²	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of councils' compliance	-42.1% to 270.1%	0.3% to 11.5%	0.7% to 19.7%

¹See slide 39 for information about councils' external credit ratings as at 28 February 2026.

²Reflects the then current alternative Net Debt/Total Revenue covenant that applied for councils with a long-term credit rating of 'A' equivalent or higher.

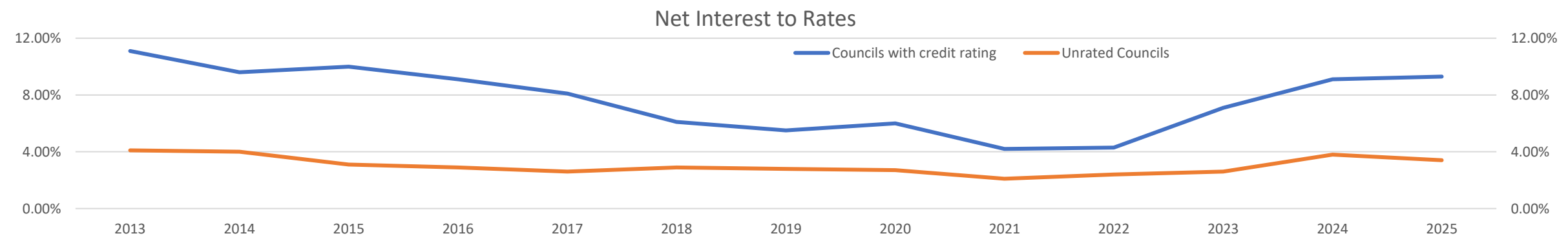
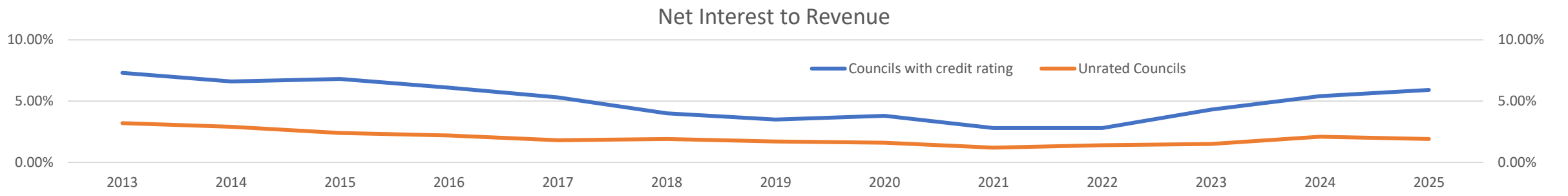
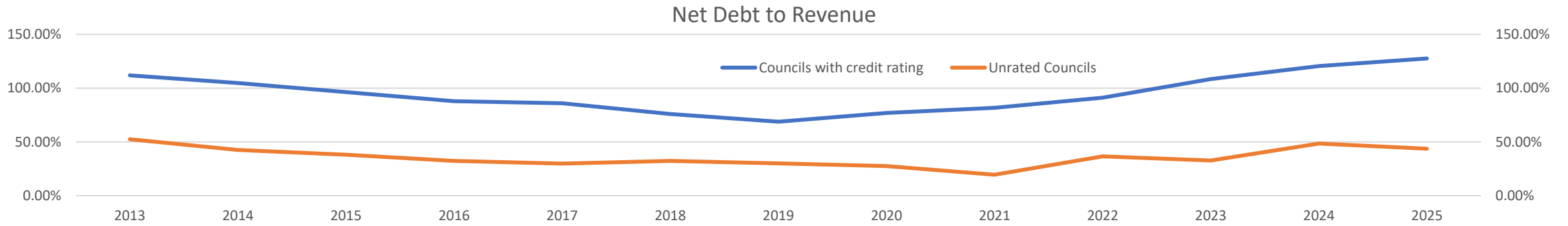
LGFA Financial Covenants – councils as at 30 June 2025 without an external credit rating (36)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of councils' compliance	-68.3% to 141.4%	-2.1% to 5.3%	-3.7% to 11.8%

Calculated by simple average of councils in each group that have borrowed from LGFA as at 30 June for that year
Data from individual council's annual reports as at 30 June for that year

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

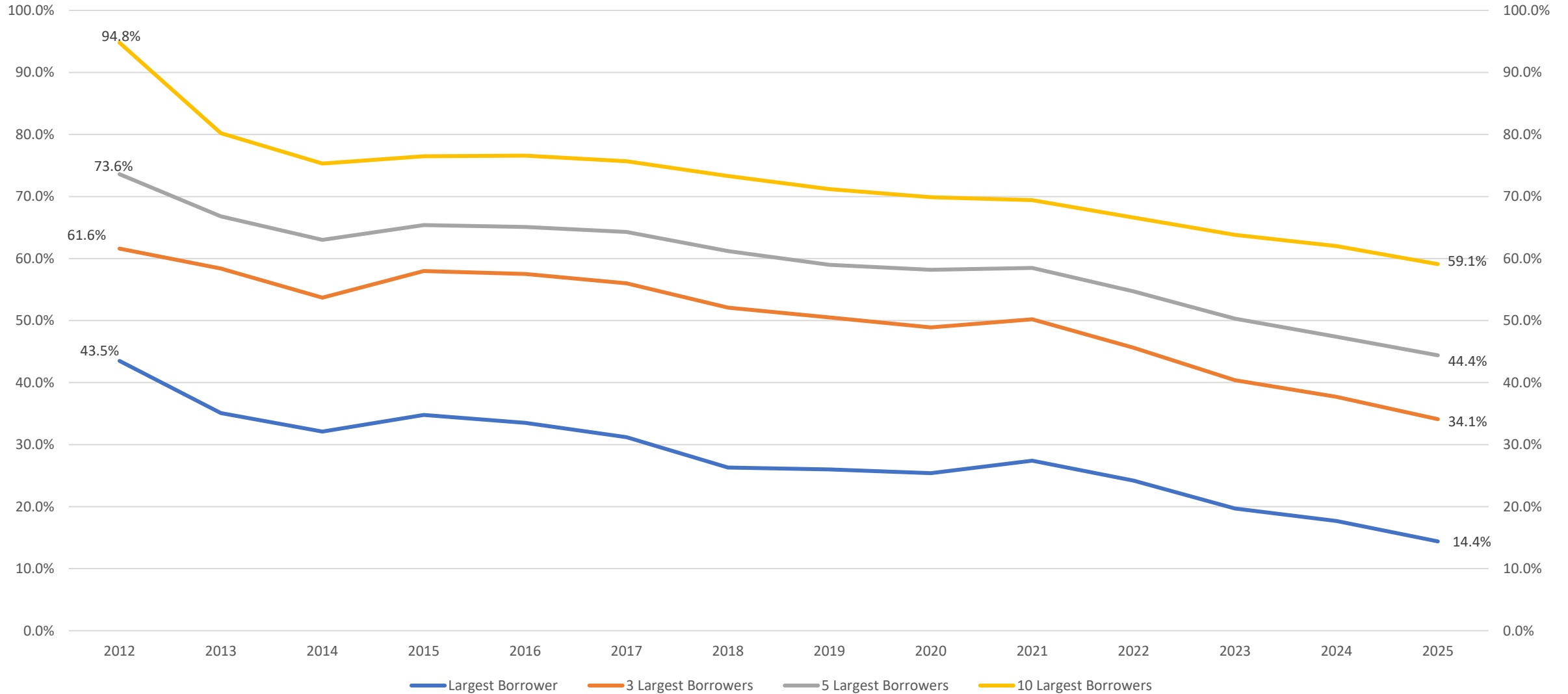
HISTORIC COUNCIL PERFORMANCE UNDER LGFA COVENANTS



Calculated by simple average of councils in each group that have borrowed from LGFA as at 30 June for each year
Data from individual council annual reports as at 30 June for each year

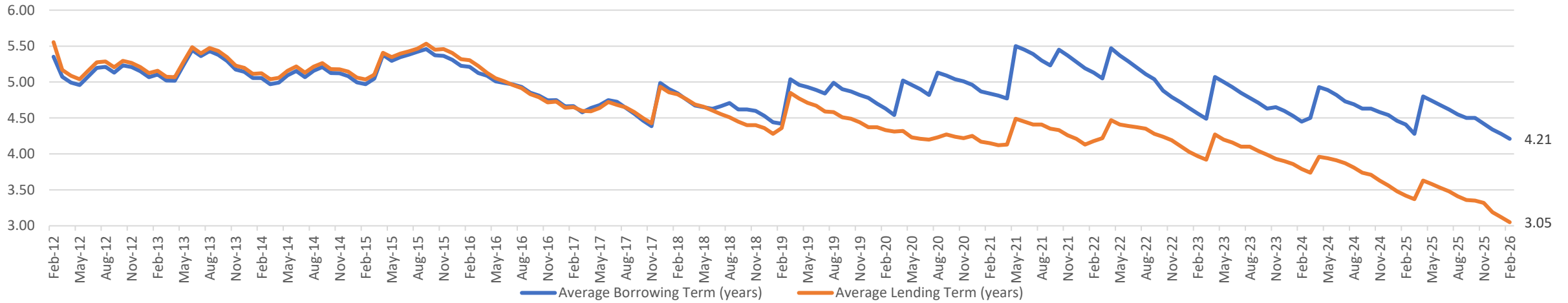
Source: LGFA

LGFA LOAN BOOK CONCENTRATION REDUCING

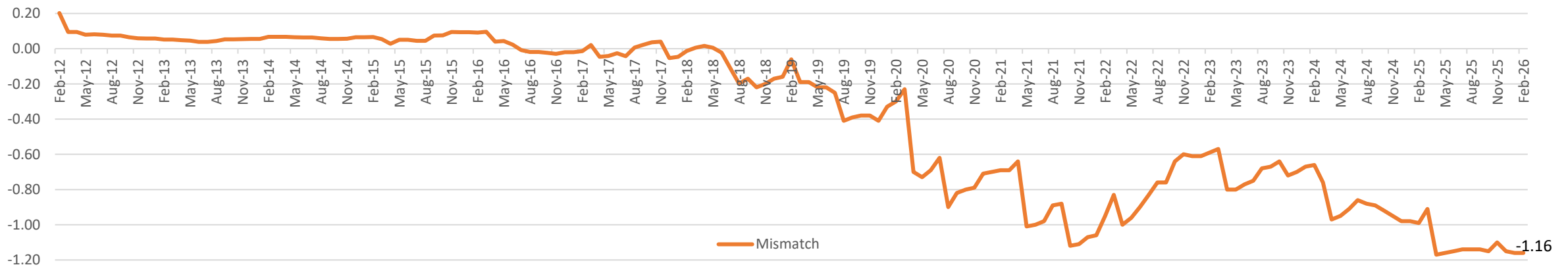


MISMATCH BETWEEN LGFA BONDS AND LOANS TO COUNCILS AND CCOs

Average term of LGFA bonds outstanding and on-lending (years)



Mismatch between average term of LGFA bonds outstanding and on-lending (years)



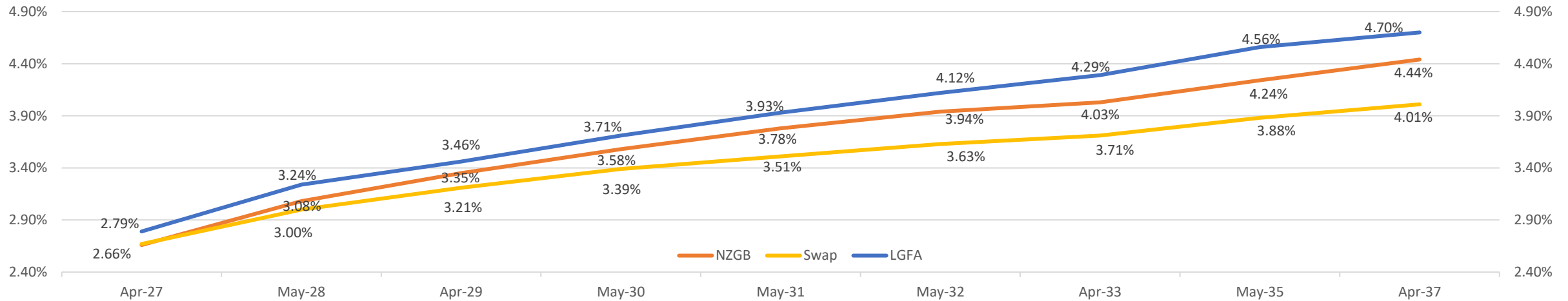
Negative = longer term of bond issuance than on-lending

LGFA bonds include NZD and foreign currency bonds

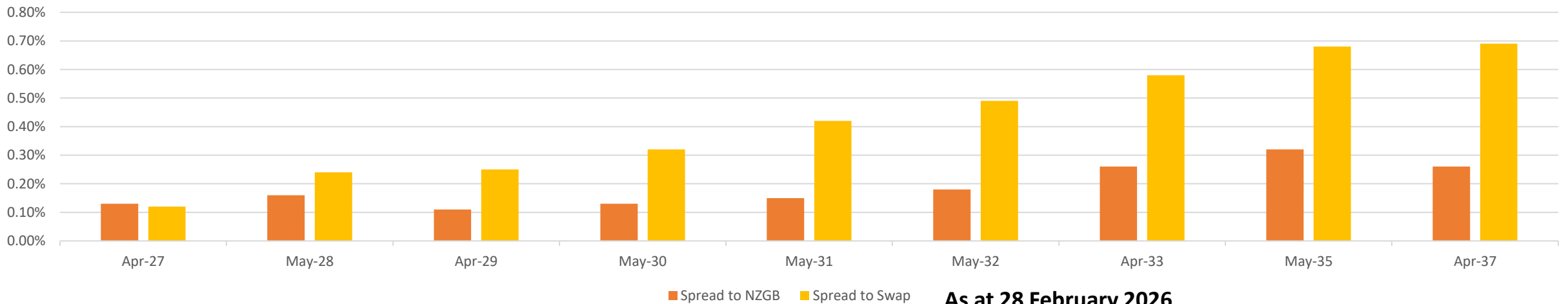
Source: LGFA

NZD YIELD CURVES AND LGFA SPREADS TO SWAP AND NZGB

LGFA NZD Bonds, NZGB and NZD Swap Curves



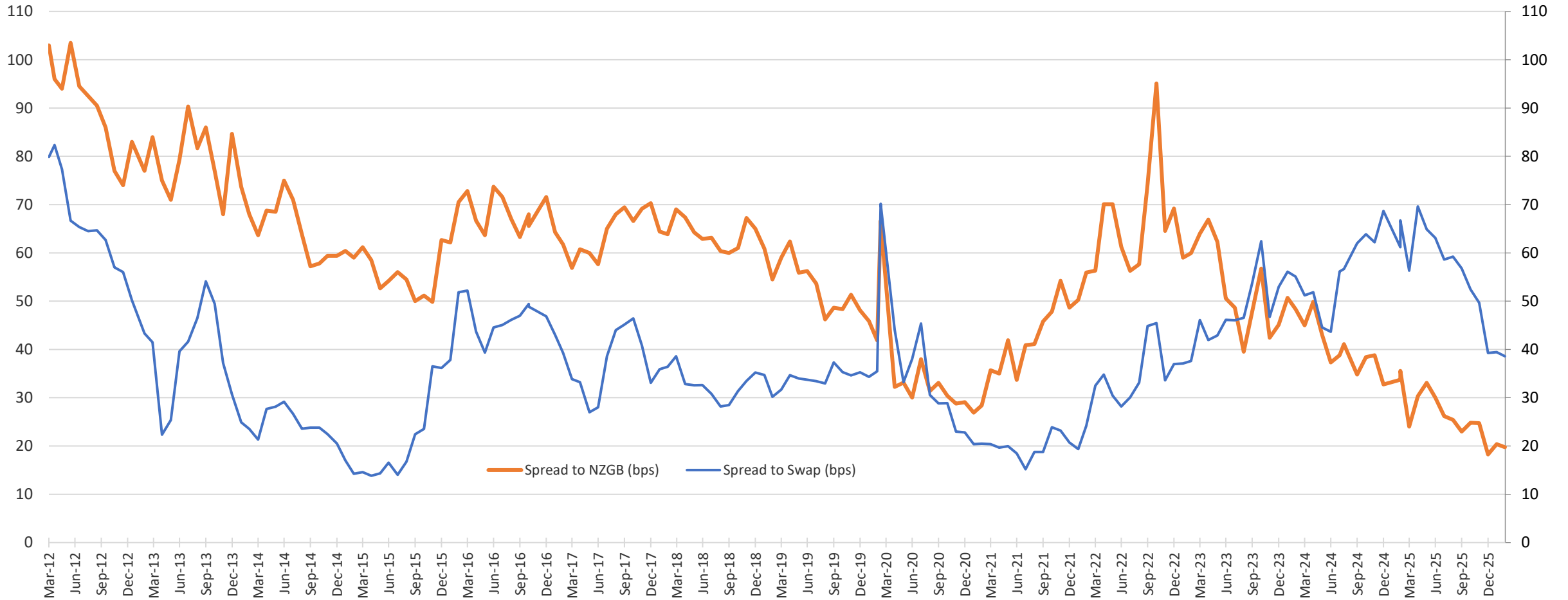
LGFA NZD Spreads to NZGB and NZD Swap



As at 28 February 2026

Source: LGFA

LGFA NZD BONDS – AVERAGE SPREAD TO NZGB AND SWAP (bps)

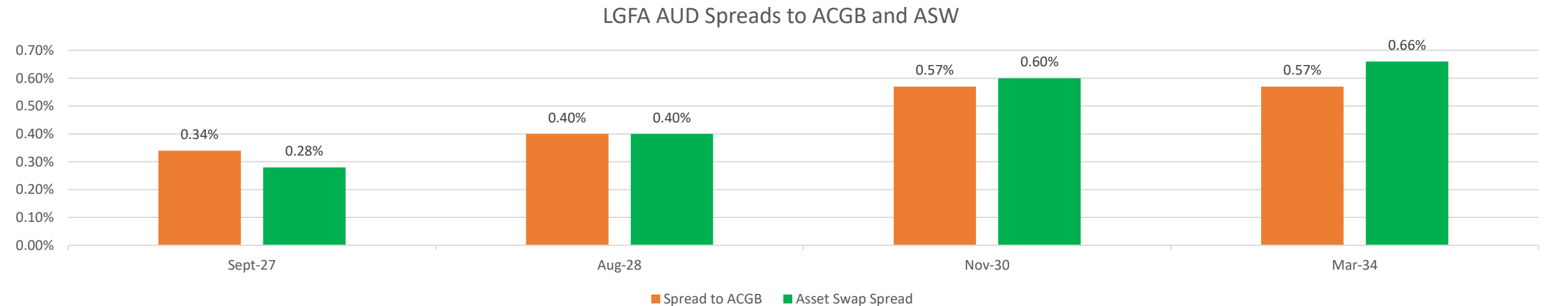
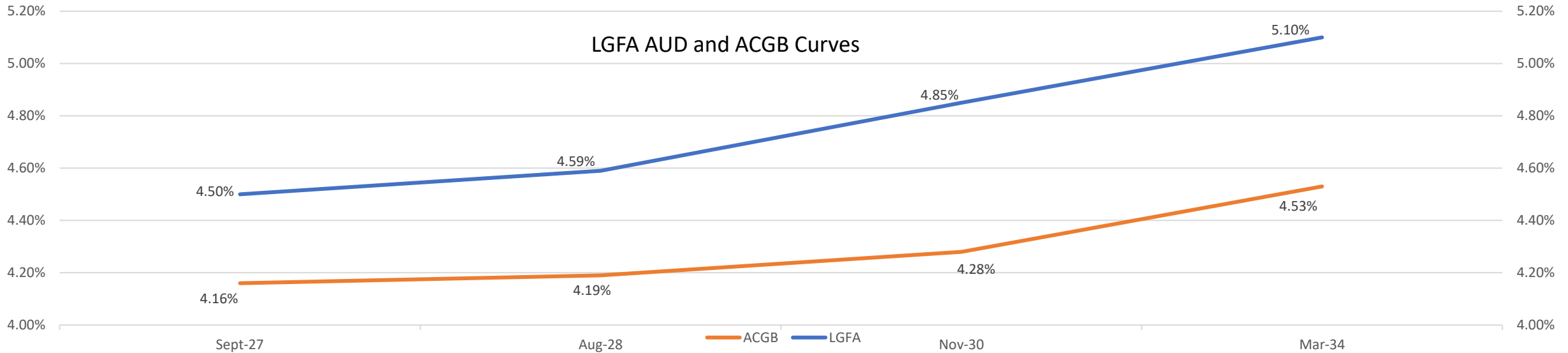


Secondary market levels as at end of each month taken from end of month closing rate sheets published by NZ banks
Simple average of existing LGFA bond maturities

LGFA AUD BONDS – YIELDS AND SPREADS



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



As at 28 February 2026

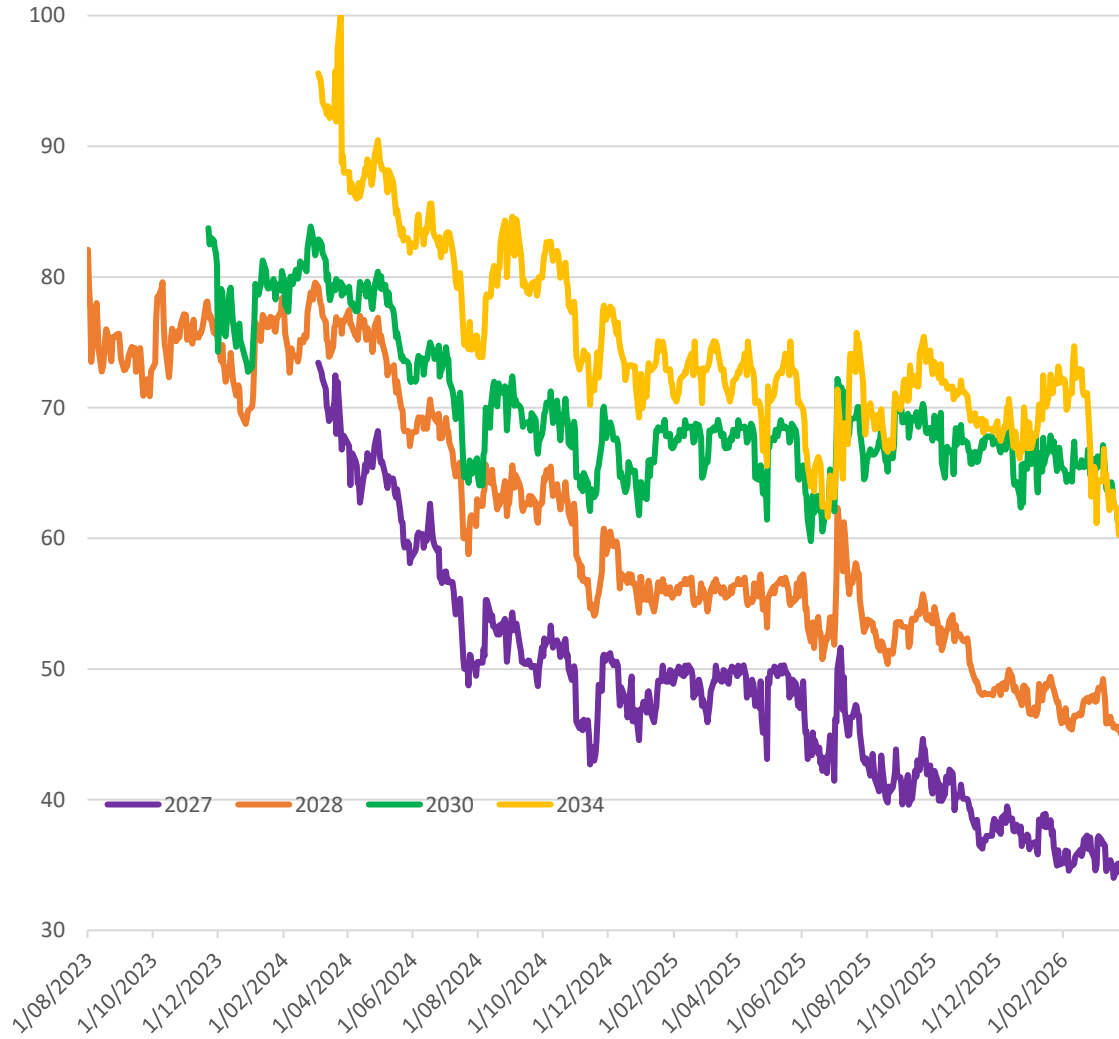
Source: LGFA, Yieldbroker, Bloomberg

LGFA AUD BONDS - SPREAD TO ACGB AND ASW (bps)

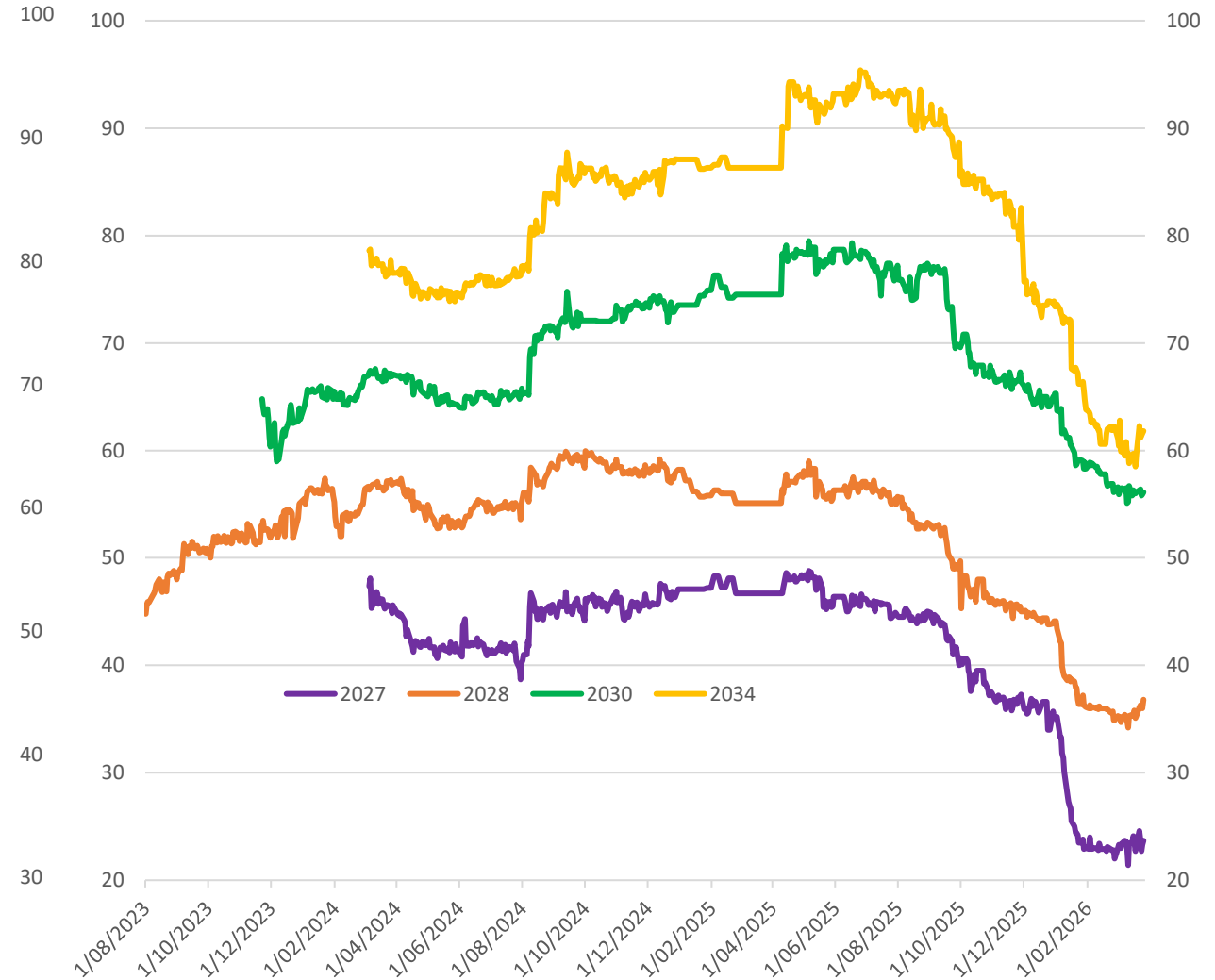


New Zealand Local Government Funding Agency
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A\$ LGFA Bond Spread (bps) to ACGB



A\$ LGFA Bond Spread (bps) to Swap



Source: LGFA, Yieldbroker, Bloomberg



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