

# Investor Update

## July 2026



**LGFA**



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

# Important Notice and Disclaimer

Local Government Sector Update

LGFA Update

LGFA Debt Market Activity

Appendices



THIS PRESENTATION AND ITS CONTENTS ARE CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OF AMERICA TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED) OR IN ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE PROHIBITED BY APPLICABLE LAW.

This presentation has been prepared by New Zealand Local Government Funding Agency Limited (“**LGFA**”) for general information purposes only and is not a prospectus or other offering document under any law and does not constitute an offer, recommendation or invitation to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. By listening to the presentation, or reading the presentation materials, you acknowledge and agree to the contents of this disclaimer.

To the maximum extent permitted by law, neither LGFA nor any of its affiliates, directors, officers, partners, employees or agents make any representation, recommendation or warranty, express or implied as to the accuracy, completeness or currency of any of the information in this presentation and accept no responsibility or liability therefore. Data is indicative and approximate only, and all information is subject to change. Some information may be taken from publicly available sources and has not been verified by LGFA. This presentation is intended as a snapshot view of LGFA only, and LGFA has no obligation, and does not undertake or accept any responsibility or obligation, to update, expand or correct anything in this presentation or inform you of any matter arising or coming to its notice, after the date of this presentation, which may affect any matter referred to in this presentation.

This presentation contains forward-looking statements including information regarding LGFA’s future bond issuances and forecast financial performance based on current information, estimates and forecasts. Those statements are subject to risks, uncertainties, and assumptions which are hard to predict or anticipate, and therefore actual outcomes and performance may differ materially from the statements. Any opinions expressed in this presentation reflect the judgement of LGFA as the date hereof, and do not bind LGFA.

This presentation has not been lodged with Australian Securities and Investments Commission or any other authority.

This presentation is intended for distribution only to financial institutions and professional investors in Australia whose ordinary business includes the buying or selling of securities in circumstances where disclosure is not required under Chapter 6D.2 or Chapter 7 of the Corporations Act 2001 (Cth) (the “**Corporations Act**”) and only in such other circumstances as may be permitted by applicable law. This presentation must not be given, and is not intended to be given, to any “retail client” within the meaning of section 761G of the Corporations Act. Any securities that may be offered by LGFA in, or into, Australia are offered only as an offer that would not require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act. LGFA does not hold an Australian Financial Services Licence under the Corporations Act and is not licensed to provide any advice, including in relation to securities or derivatives. If any financial product advice is, in fact, held to have been given by LGFA in relation to any securities of LGFA, it is general advice only. No cooling-off regime applies under Australian law to investors in any securities of LGFA.

This presentation may contain references to credit ratings. A credit rating is not a recommendation to buy, sell or hold securities, and may be subject to revision, suspension or withdrawal at any time by the relevant assigning organisation. Each credit rating should be evaluated independently of any other credit rating. Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this presentation and anyone who receives this presentation must not distribute it to any person who is not entitled to receive it. In particular, this presentation should not be distributed to any person or entity in any jurisdiction or country where such distribution would be contrary to applicable law and no action has been taken to permit the public distribution of this presentation in any jurisdiction.

Important Notice and Disclaimer

# Local Government Sector Update

LGFA Update

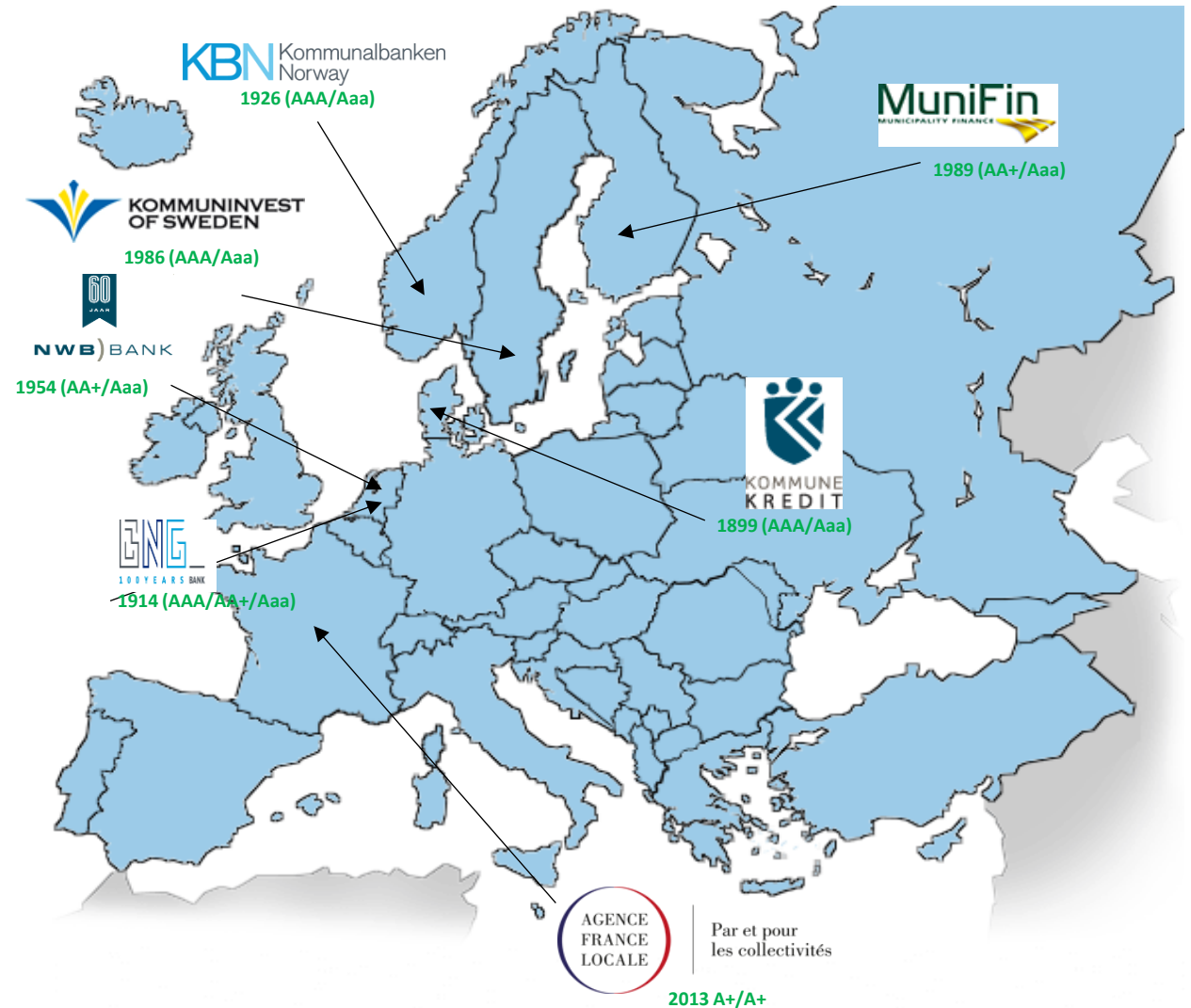
LGFA Debt Market Activity

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)	<b>Water, wastewater and storm water</b>
Public healthcare and hospitals	Rail infrastructure (negotiated)	<b>Rubbish and recycling collection and disposal</b>
Fire services	Local roads (construction, maintenance, cleaning)	<b>Street cleaning</b>
State highways	Public housing	<b>Health / Sanitation Inspections</b>
Police and corrective facilities		<b>Building inspections</b>
Pensions and welfare		<b>Public facilities (parks, recreation facilities, swimming pools, sports fields)</b>

# NEW ZEALAND COUNCILS AGGREGATED FINANCIAL POSITION

## Assets (NZ\$ billion)

Current Assets	7.40	
Non-Current Assets		
Infrastructure	159.53	
Land and Buildings	40.81	
Investments	18.92	
Other	<u>13.39</u>	<u>240.05</u>

## Liabilities (NZ\$ billion)

Debt	35.12	
Other Liabilities	<u>6.22</u>	<u>41.34</u>

## Net Worth (NZ\$ billion)

198.71

## Revenue (NZ\$ million)

Taxation revenue		
Property	10,004	
Regulatory income and petrol tax	<u>969</u>	10,973
Sales and other operating income		2,347
Interest and dividend income		886
Development contributions		447
Current grants and subsidies		<u>2,383</u>
<b>Total Operating Income</b>		<b>17,036</b>

## Expenses (NZ\$ million)

Employee expenses		3,861
Depreciation		3,802
Purchases of goods and services		6,614
Interest expense		1,566
Current grants and subsidies		<u>2,209</u>
<b>Total Operating Expenses</b>		<b>18,052</b>

## Net Operating Balance (NZ\$ million)

-1,016

The amounts in this slide have been extracted from the Local Authority Financial Statistics database managed by Statistics New Zealand – calculated as at June 2025 and for the June 2024-25 year. The data comprises the seventy-eight councils that make up the New Zealand Local Government sector.

- ❑ 1989 850 local authorities consolidated into 86 councils.
- ❑ 2010 8 councils in Auckland region consolidated into Auckland Council.
- ❑ November 2025 Central Government proposed to replace regional councils with combined territorial boards.
- ❑ June 2026 Currently
  - 11 regional councils
  - 6 unitary authorities
  - 60 councils
- ❑ Central Government announced on 5 May 2026 - “Head Start for Simplifying Local Government”.
- ❑ Allows for a streamlined, voluntary pathway for councils willing and able to reorganize quickly.
- ❑ Proposed to legislate for councils not progressing through Head Start to enter a compulsory reorganization process after the 2028 local authority elections.
- ❑ Regional councillors will now be replaced at the 2028 local government elections.

## Head Start Pathway

- Two or more territorial and/or unitary authorities can submit a proposal to establish a new unitary authority.
- Central Government has provided some guidance – only one unitary authority in a region is likely to be approved unless the region is large with complex issues.
- Councils and Central Government will work with iwi to ensure existing Treaty settlement arrangements can be transferred.
- An application within a region that has the majority of councils supportive will be considered (more than 50% of population).

## Backstop Legislation (for councils not part of Head Start Pathway)

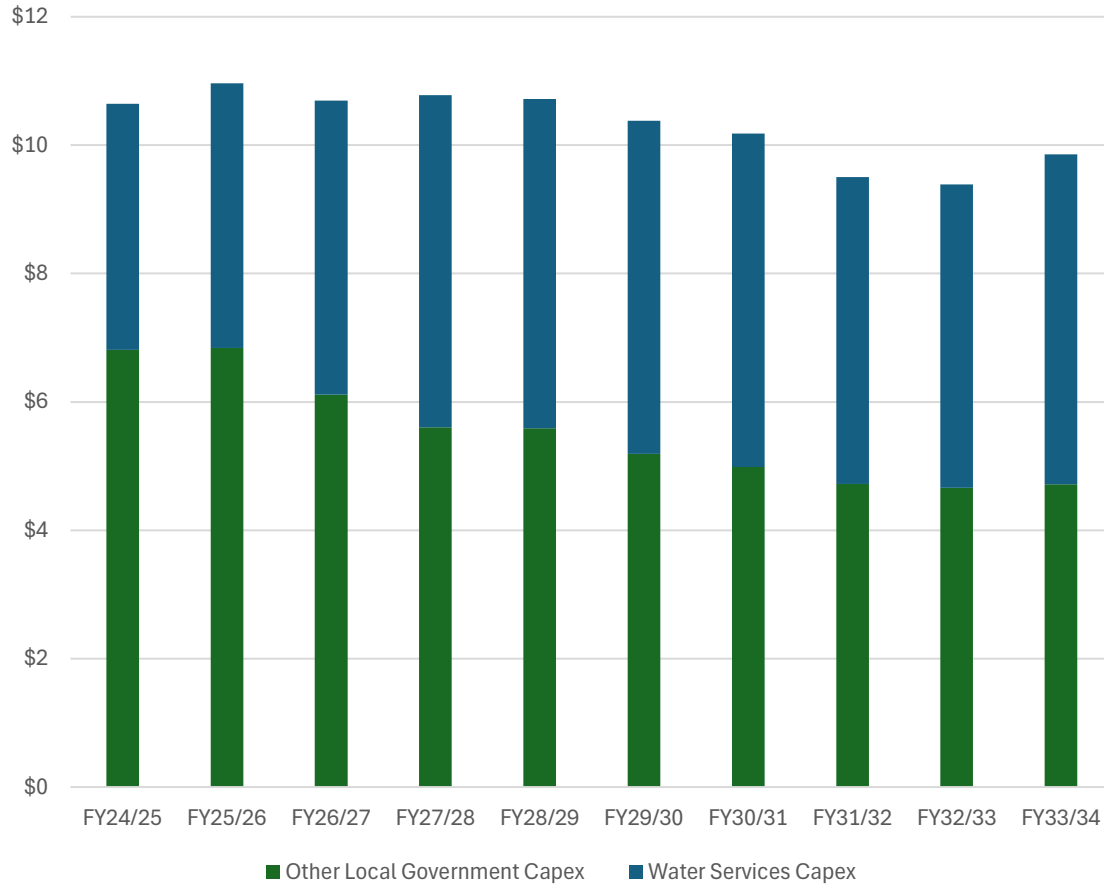
- Councils who don't opt into Head Start Pathway will face compulsory reorganisation.
- Reforms will not occur until after the 2028 local authority elections.
- During the transition, regional council governance would be exercised by an interim body.
- The precise model will be confirmed by Central Government in 2027.



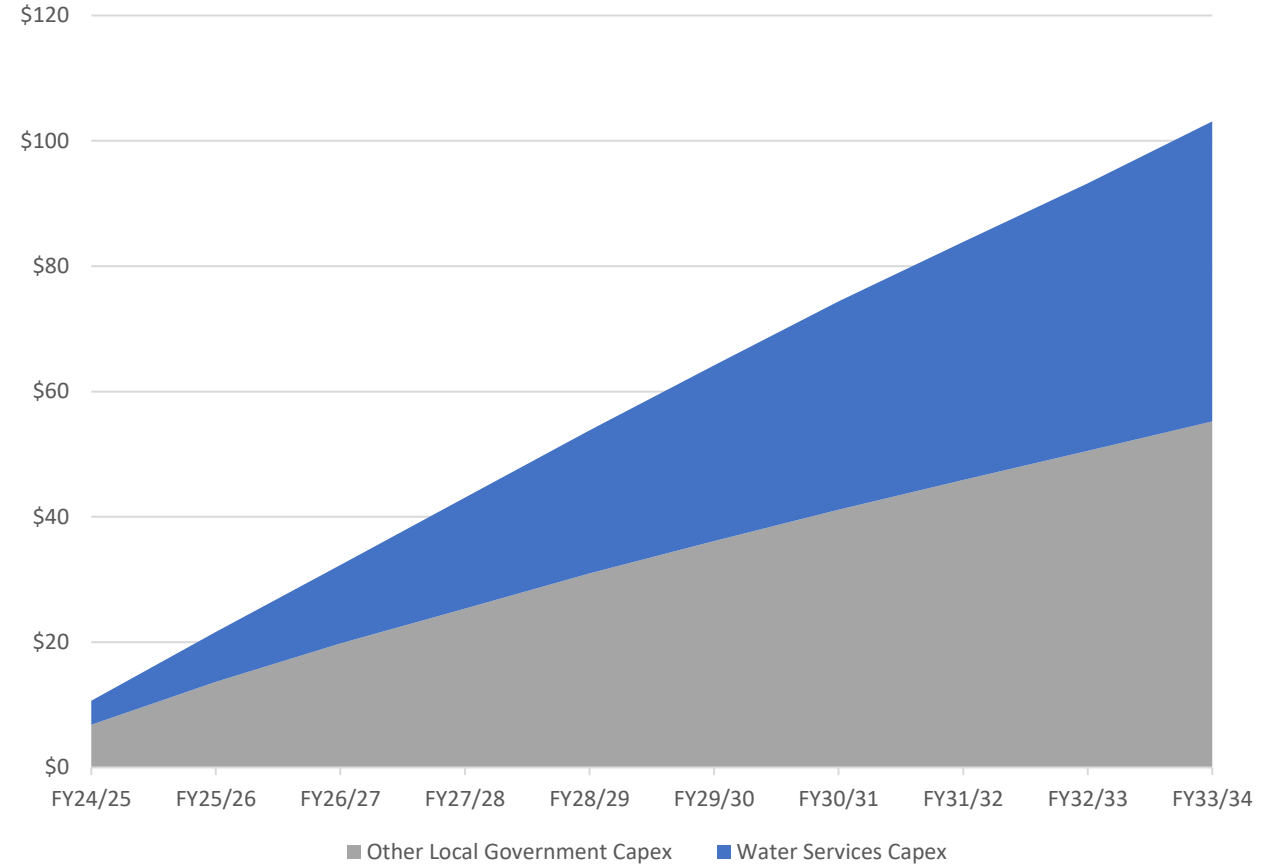
- ❑ In December 2025, The Minister announced that the Government was proposing to progress rates capping legislation
- ❑ The model sets a target range for rate increases of 2% to 4% a year
- ❑ Water charges and non-rates revenue like fees and charges will be excluded
- ❑ A rate increase above the targeted range will be allowed in exceptional circumstances e.g. a natural disaster
- ❑ A transition period will start on 1 January 2027 with rates capping to apply from July 2029
- ❑ Scope for exemptions important
  
- ❑ Implications for the Sector
  - Rates capping will create challenges for some councils
  - The average council rate increase for
    - FY25 was 13.9%
    - FY26 was 8.71%
  - LGFA looks for councils to have a sustainable long term financial strategy
  - Some relief is likely as water debt and revenue transfers to new water CCOs
  - Water reforms will add to the overall debt burden of the sector;
  - Operating expenses for water entities look high by international comparisons
  - Average Three Water charges forecast to increase from around \$2,000 in FY25 to around \$4,000 by FY34.

- ❑ 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 years<sup>1</sup>.
- ❑ 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.
- ❑ Waikato Waters Limited the first water CCO to join LGFA on 30 March 2026.
- ❑ Selwyn Waters Limited the first water CCO to borrow from LGFA in May 2026.

**Annual Local Government Capex (NZ\$ billions)**



**Cumulative Local Government Capex (NZ\$ billions)**



☐ Total local government capital expenditure from 2025 to 2034 is forecast at NZ\$103 billion

- NZ\$47.9 billion for three waters
- NZ\$55.1 billion for other local government activities

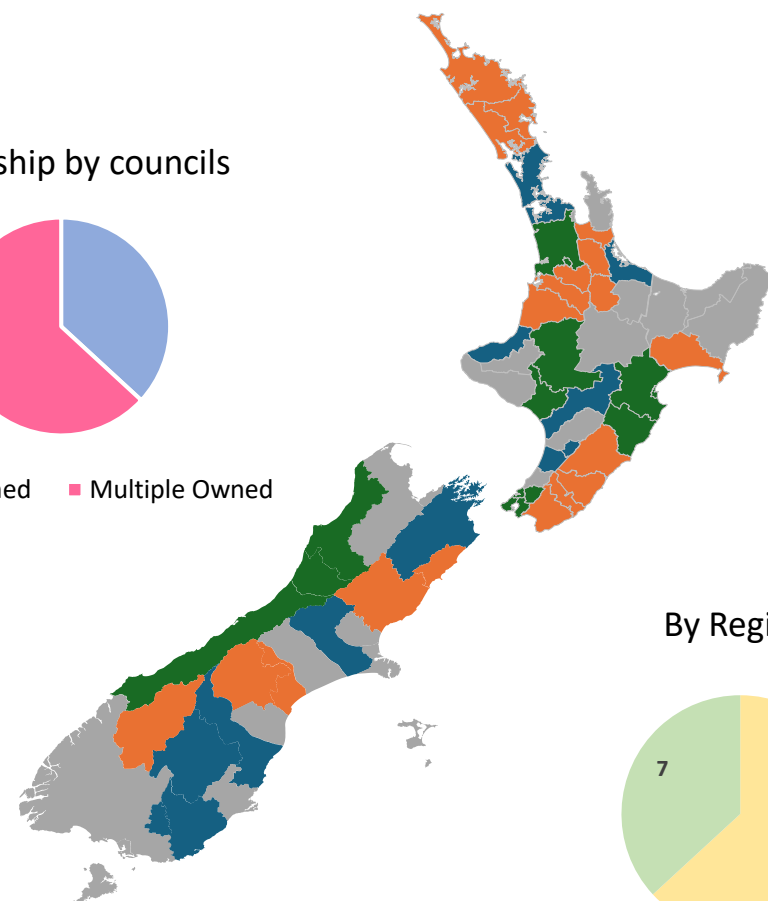
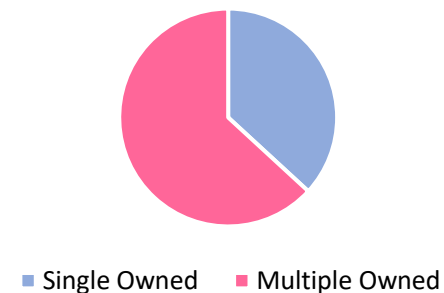
## ❑ Delivery Model - CCO vs in house

- 46 councils will deliver some or all water services through a CCO
- 21 councils are retaining water services in house

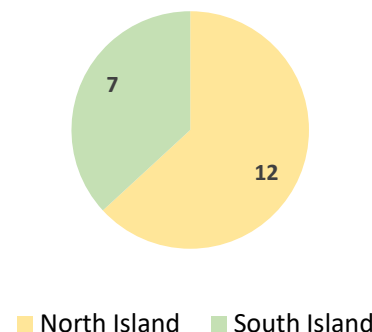
## ❑ 19 CCOs to deliver water services by 1 July 2027

- Establishment
  - Watercare already established
  - 5 CCOs to begin by or on 1 July 2026
  - 13 CCOs to begin by or on 1 July 2027
- Activities
  - 6 CCOs providing water and wastewater services
  - 11 CCOs providing three water services
  - 1 CCO has not yet determined

Ownership by councils



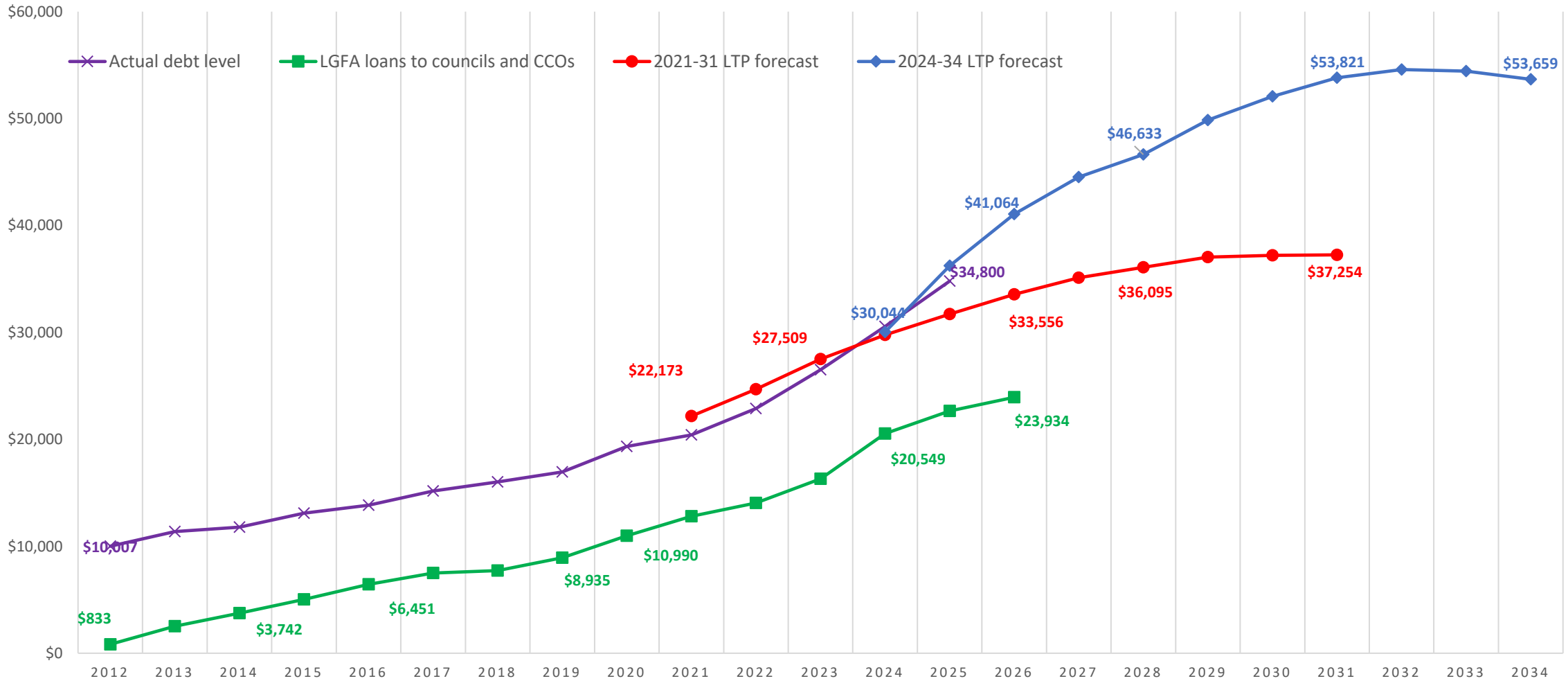
By Region



- ❑ 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 and CCO long term loans from LGFA is 3.24 years (September 2029) at 30 June 2026.

# LOCAL GOVERNMENT SECTOR DEBT - ACTUAL AND FORECAST

## Council and CCO Debt (NZ\$m)



Data sourced from each council Long-Term Plan (LTP) and LGFA Loans from Annual Reports  
 Actuals until 2025 and forecast from 2026 onwards.

Important Notice and Disclaimer

Local Government Sector Update

## **LGFA Update**

LGFA Debt Market Activity

Appendices



## 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

## LIQUIDITY

- ❑ Up to NZ\$3.0 billion liquidity facility from NZ Government<sup>1</sup>
- ❑ NZ\$3.6 billion liquid assets portfolio<sup>2</sup>
- ❑ NZ\$1.05 billion of Treasury Stock currently available for repo

## 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 \$10.1 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)

## BORROWERS

- ❑ 77 council members
- ❑ 8 CCO members
- ❑ 4 water CCO members
- ❑ 100% market share
- ❑ Councils' borrowing secured against rates revenue
- ❑ Must meet LGFA financial covenants
  - Net Debt / Total Revenue
  - Net Interest / Total Revenue
  - Net Interest / Rates

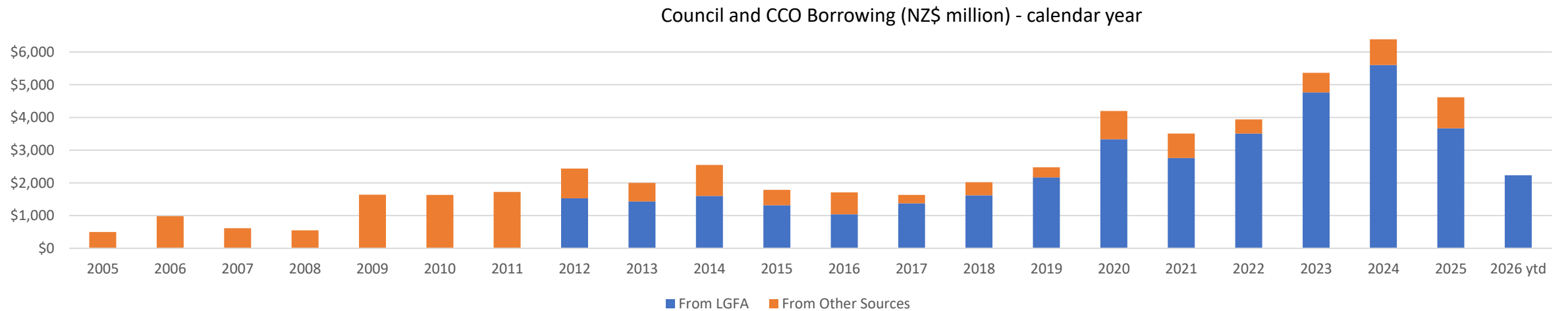
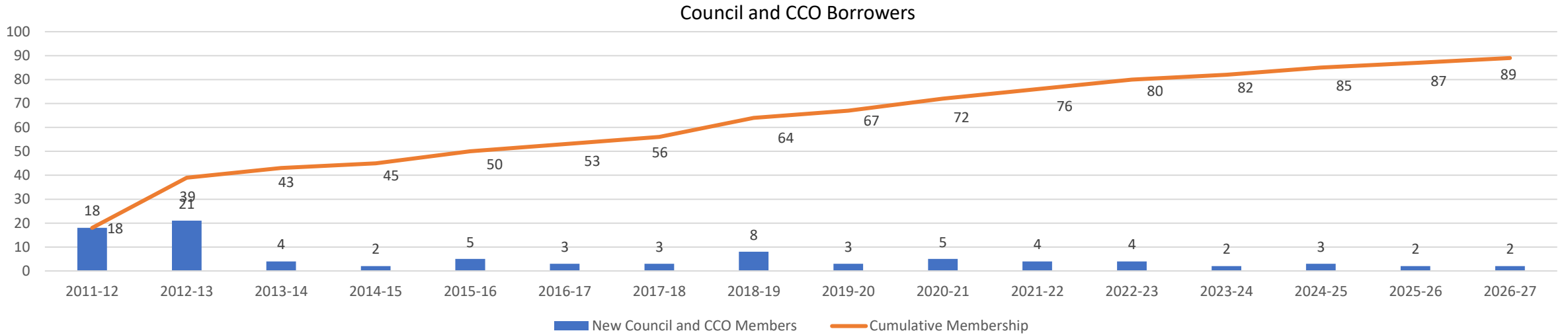
## CAPITAL STRUCTURE

- ❑ NZ\$25 million paid in capital
- ❑ NZ\$20 million uncalled capital
- ❑ NZ\$106 million retained earnings
- ❑ NZ\$802 million Borrower Notes that can be converted to equity
- ❑ Current capital ratio of 3.4% with policy of 2% minimum.

As at 30 June 2026

<sup>1</sup> 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.

<sup>2</sup> Excludes liquid assets held to support 50% of Standby and Cash Advance Facilities provided to borrowers



## ❑ 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)
- Twelve-month period to 30 June 2026      lending of NZ\$3.87 billion and LGFA bond issuance of NZ\$4.2 billion (NZ\$2.0 billion domestic and NZ\$2.2 billion equiv. offshore)

## ❑ Measures to strengthen capital position (1 July 2024)

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

## ❑ Membership

- Four CCOs and four water CCOs joined between 1 June 2024 and 30 June 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, May 2032 and May 2034
- ❑ Third Impact Report published in September 2025

## ❑ New product initiatives

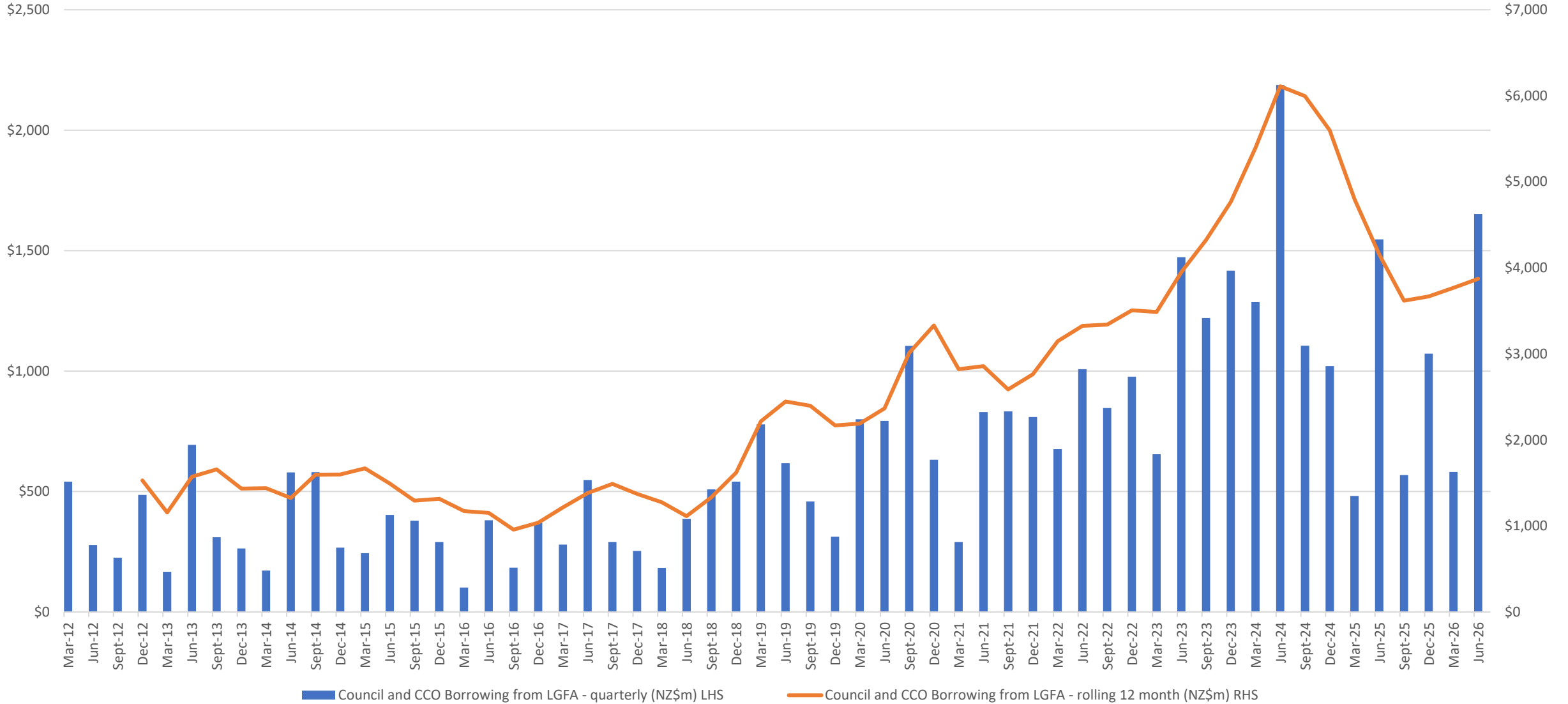
- CCO lending – Eight CCOs have loans outstanding of NZ\$896 million as at 30 June 2026
- Water CCO lending – one water CCO has loans outstanding of NZ\$87 million as at 30 June 2026
- Standby facilities - NZ\$782 million to nineteen councils as at 30 June 2026
- Green and Social Lending Programme launched 1 October 2021 – first GS loans made to councils in December 2021 with a total of NZ\$614.9 million outstanding for fifteen approved projects as at 30 June 2026
- Climate Action Loans Lending Programme launched 2 December 2022 – first CALs approved in March 2023 with a total of NZ\$4.68 billion outstanding to eight councils and CCOs as 30 June 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\$100 million and EUR150 million on issue as at 30 June 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 and EUR500 million of October 2032 bonds
  - 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 subsequent repurchases of the 15 April 2026 and 15 April 2027 bonds.
- ❑ Crown Liquidity Facility for LGFA doubled in size to NZ\$3 billion<sup>1</sup> 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.

<sup>1</sup> 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.

# COUNCIL AND CCO BORROWING FROM LGFA (NZ\$ million)



**Note: Includes new borrowing and refinancing**

**Source: LGFA**

# WHO DOES LGFA LEND TO AND WHO GUARANTEES LGFA?

Council and CCO Borrower	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Auckland	\$2,940	12.3%
Christchurch City	\$2,578	10.8%
Wellington City	\$2,005	8.4%
Tauranga City	\$1,369	5.7%
Wellington Regional	\$1,117	4.7%
Hamilton City	\$1,012	4.2%
Queenstown-Lakes District	\$709	3.0%
Dunedin City Treasury	\$680	2.8%
Hutt City	\$604	2.5%
Rotorua District	\$526	2.2%
79 other member councils and CCOs	\$10,394	43.4%

Council and CCO Borrowing	Volume (NZ\$ million)
Short Term (loan terms less than 12 months)	\$1,536
Long Term	\$22,398
<b>Total</b>	<b>\$23,934</b>

Borrower Type	Number of councils/CCOs	Amount Borrowed (NZ\$ million)	% of Total Borrowing
Guarantors	74	\$22,918	95.8%
Non-guarantors	3	\$33	0.1%
CCOs	8	\$896	3.7%
Water CCOs	4	\$87	0.4%
<b>Total</b>	<b>89</b>	<b>\$23,934</b>	<b>100.0%</b>

**Note:**

Auckland Council borrowing is capped at 40% of total LGFA lending  
One council, three CCO and three water CCO borrowers 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 <sup>1</sup>
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 30 June 2026

Source: LGFA

<sup>1</sup>Based 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?

- ❑ 91.1% of LGFA loans to councils and CCOs with credit ratings.
- ❑ 73.3% of LGFA loans to AA- rated (or better) councils and CCOs.
- ❑ Average credit quality is approx. AA-.
- ❑ 12 councils and 1 CCO on negative outlook = NZ\$6.8 billion (28.3% 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+	\$1,007	4.2%	7
AA	\$6,178	25.8%	13
AA-	\$10,365	43.3%	23
A+	\$3,025	12.6%	5
A	\$1,228	5.1%	2
Unrated	\$2,130	8.9%	39
Total	\$23,934	100.0%	89

As at 30 June 2026

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

# 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 (41) <sup>1</sup>

Foundation Policy Covenant	Net Debt / Total Revenue <285% <sup>2</sup>	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%

<sup>1</sup>See slide 67 for information about councils' external credit ratings as at 30 June 2026.

<sup>2</sup>Reflects 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 operate 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

# PERFORMANCE UNDER LGFA COVENANTS

## LGFA councils with external credit rating

Financial Covenant	2025 (40 councils)	2024 (36 councils)	2023 (33 councils)	2022 (33 councils)	2021 (31 councils)	2020 (30 councils)	2019 (29 councils)	2018 (26 councils)	2017 (23 councils)	2016 (22 councils)	2015 (20 councils)	2014 (17 councils)	2013 (17 councils)
Net Debt to Revenue	127.6%	120.6%	108.4%	91.2%	81.7%	77.0%	68.8%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Net Interest to Revenue	5.9%	5.4%	4.3%	2.8%	2.8%	3.8%	3.5%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Rates	9.3%	9.1%	7.1%	4.3%	4.2%	6.0%	5.5%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%

## LGFA unrated councils

Financial Covenant	2025 (36 councils)	2024 (39 councils)	2023 (42 councils)	2022 (42 councils)	2021 (36 councils)	2020 (35 councils)	2019 (34 councils)	2018 (29 councils)	2017 (29 councils)	2016 (28 councils)	2015 (25 councils)	2014 (26 councils)	2013 (21 councils)
Net Debt to Revenue	43.6%	48.4%	32.7%	36.5%	19.5%	27.5%	30.0%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Revenue	1.9%	2.1%	1.5%	1.4%	1.2%	1.6%	1.7%	1.9%	1.8%	2.2%	2.4%	2.9%	3.2%
Net Interest to Rates	3.4%	3.8%	2.6%	2.4%	2.1%	2.7%	2.8%	2.9%	2.6%	2.9%	3.1%	4.0%	4.1%

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

## ❑ 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+ (neg)	AA+ (neg)	26 March 2026

## ❑ Fitch Ratings – March 2026

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

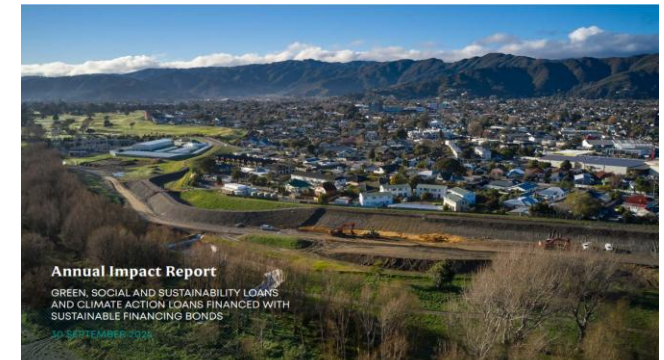
### Fitch Ratings notes:

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

**LGFA recognises it has a critical role in supporting its members to take action to achieve the greenhouse gas (GHG) emissions reduction and broader sustainability goals of New Zealand.**

Our sustainability approach is driven by the risks and opportunities we face as a lender, issuer and investor over a long-term horizon.

- **Our approach to Sustainability enables us to achieve the following:**
  - be financially resilient;
  - manage our exposure to sustainability-related risks;
  - allow us to benefit from sustainability-related opportunities;
  - improve behaviour and decision-making in relation to sustainability across all areas of our operations;
  - show leadership, support and enable the local government sector to improve their sustainable practices;
  - help us prepare for any changes in national sustainability programmes.
- **Sustainability at LGFA**
  - Committed to reducing operational greenhouse gas emissions
  - Improving sustainability governance and oversight
  - Applying Responsible Investment Policy to investments in the Liquid Asset Portfolio (LAP)
  - Preparing an annual Climate Statement against the Aotearoa Climate Standards
  - Sustainability Strategy and Sustainability Policy available on the LGFA website
  - Understanding our exposure to climate-related risks through council lending



## LGFA has developed sustainable lending products for Council and CCO borrowers

- Established a Green and Social (**GS**) Lending Programme for borrower Councils and CCOs and issued GS loans to Councils and CCOs (**GS Loans**) under this Programme.

GS Loans are “proceeds-based” loans to Council and CCO borrowers for assets, projects or activities that meet the GS Loan Criteria published by LGFA (**GS Loan Criteria**). Projects can qualify under 9 Green Loan categories and/or 3 Social Loan categories.

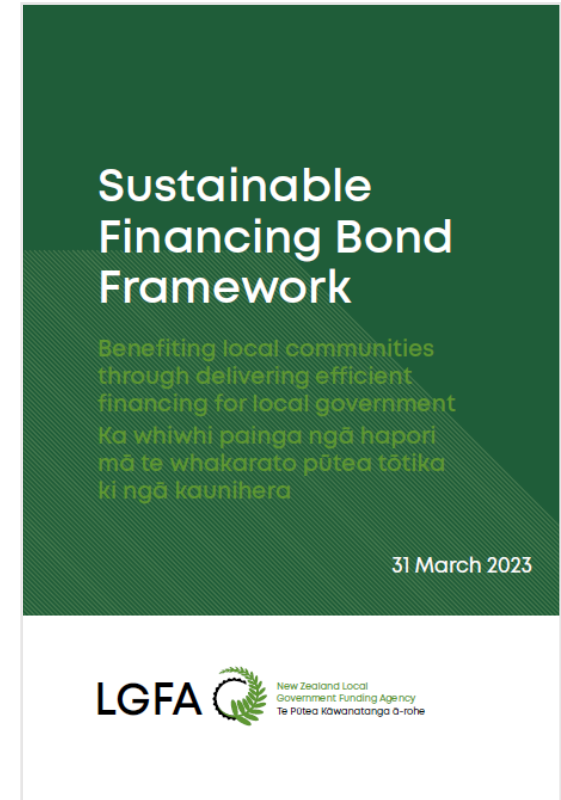
- Established a Climate Action Loan (**CAL**) Lending Programme for borrower Councils and CCOs and issued CALs to Councils and CCOs under this Programme.

CALs are “general purposes” loans with a pricing incentive for Council and CCO borrowers to act on climate change and reduce GHG emissions in accordance with the requirements of the CAL Criteria published by LGFA (**CAL Criteria**).

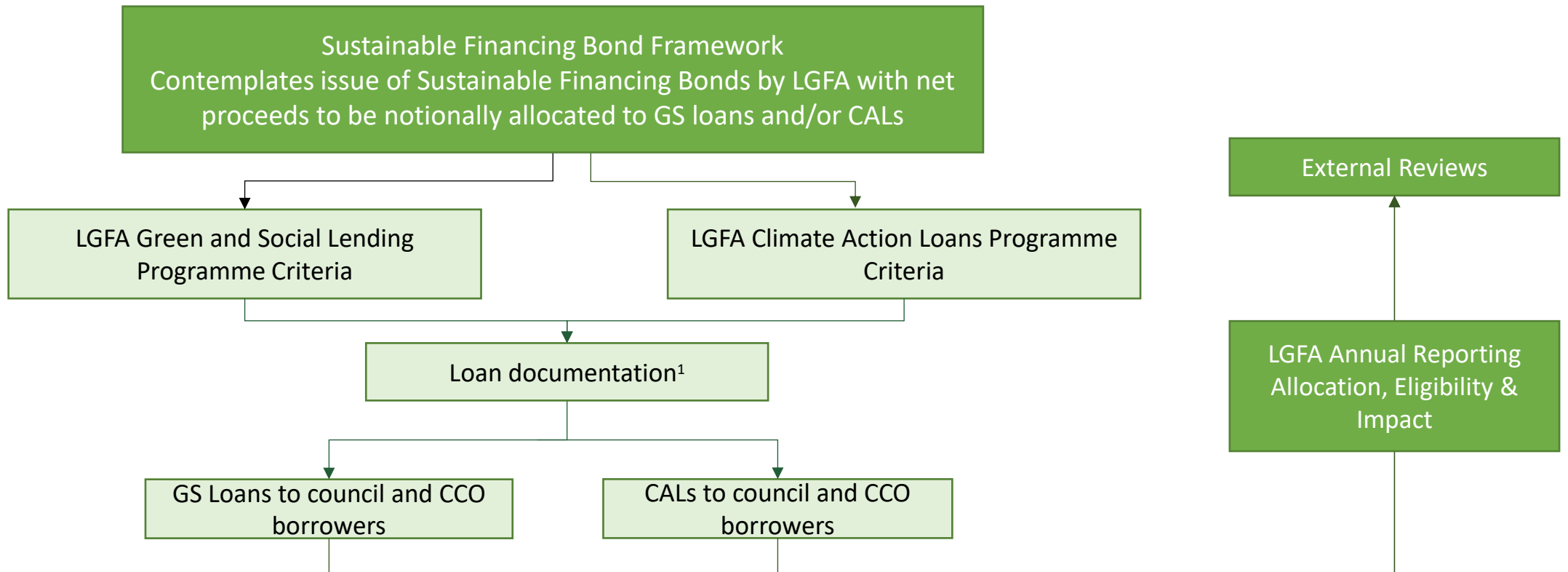
## LGFA has developed an innovative Sustainable Financing Bond Framework

LGFA has developed the Sustainable Financing Bond Framework (**Framework**):

- To enable LGFA to issue bonds that are notionally allocated to the Sustainable Loans on LGFA’s balance sheet; and advance the market for sustainable finance by providing an innovative opportunity for investors to support council and CCO borrowers to achieve their sustainability aspirations.
- The framework is informed by market standards.
- Sustainalytics have provided second-party opinion on the framework.



LGFA has set up a transparent and integrated documentation hierarchy for the Sustainable Financing Bond Programme

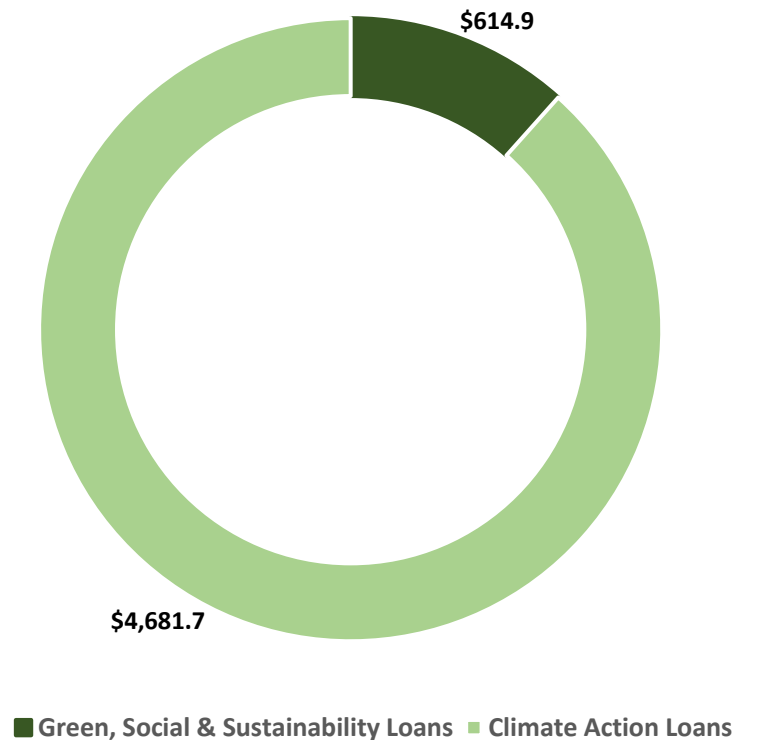


<sup>1</sup>Sustainable Loans are documented as debt securities under LGFA’s Multi-Issuer Deed.

## Sustainable financing bond proceeds are notionally allocated to a pool of Sustainable Loans

- ❑ LGFA intends to notionally allocate an amount equal to the net proceeds of sustainable financing bonds to a pool of Sustainable Loans (consisting of either GS Loans, CALs, or both) that meet the eligibility criteria set out in the Framework (**Sustainable Loan Asset Pool**).
- ❑ As at 30 June 2026, the Sustainable Loan Asset Pool is NZ\$5.3 billion (comprising NZ\$614.9 million GS Loans and NZ\$4.68 billion CALs).
- ❑ LGFA intends to fully allocate a sustainable financing bond (i.e. notionally allocate an amount equal to the net proceeds) to Sustainable Loans within two years of the issue date of the relevant sustainable financing bond.
- ❑ LGFA will maintain a register (**Sustainable Loan Register**) of the Sustainable Loan Asset Pool.
- ❑ LGFA published its Sustainable Financing Allocation Report on 31 October 2025.

Types of Sustainable Loans in Sustainable Asset Pool  
(NZ\$ million)



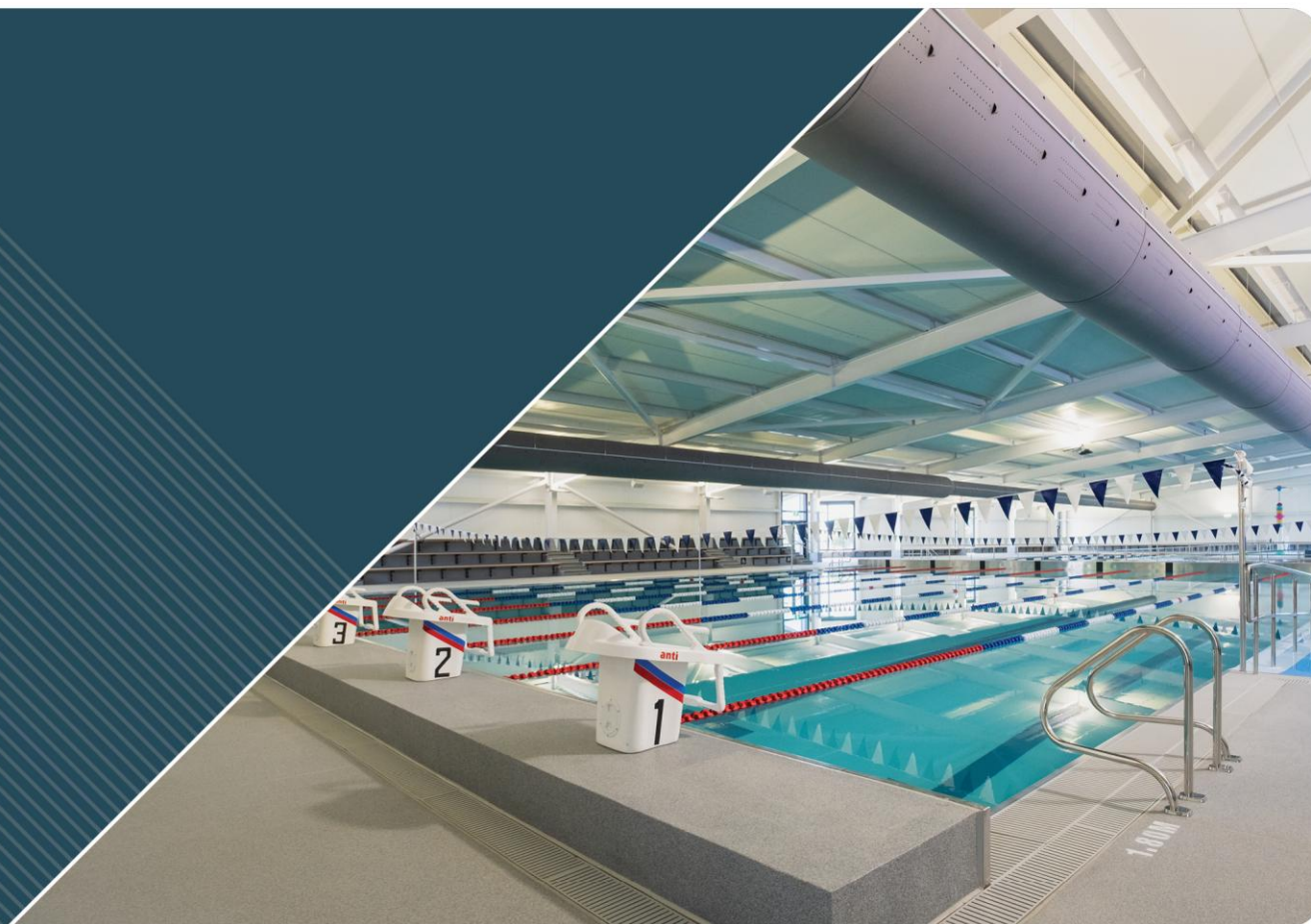
Important Notice and Disclaimer

Local Government Sector Update

LGFA Update

# LGFA Debt Market Activity

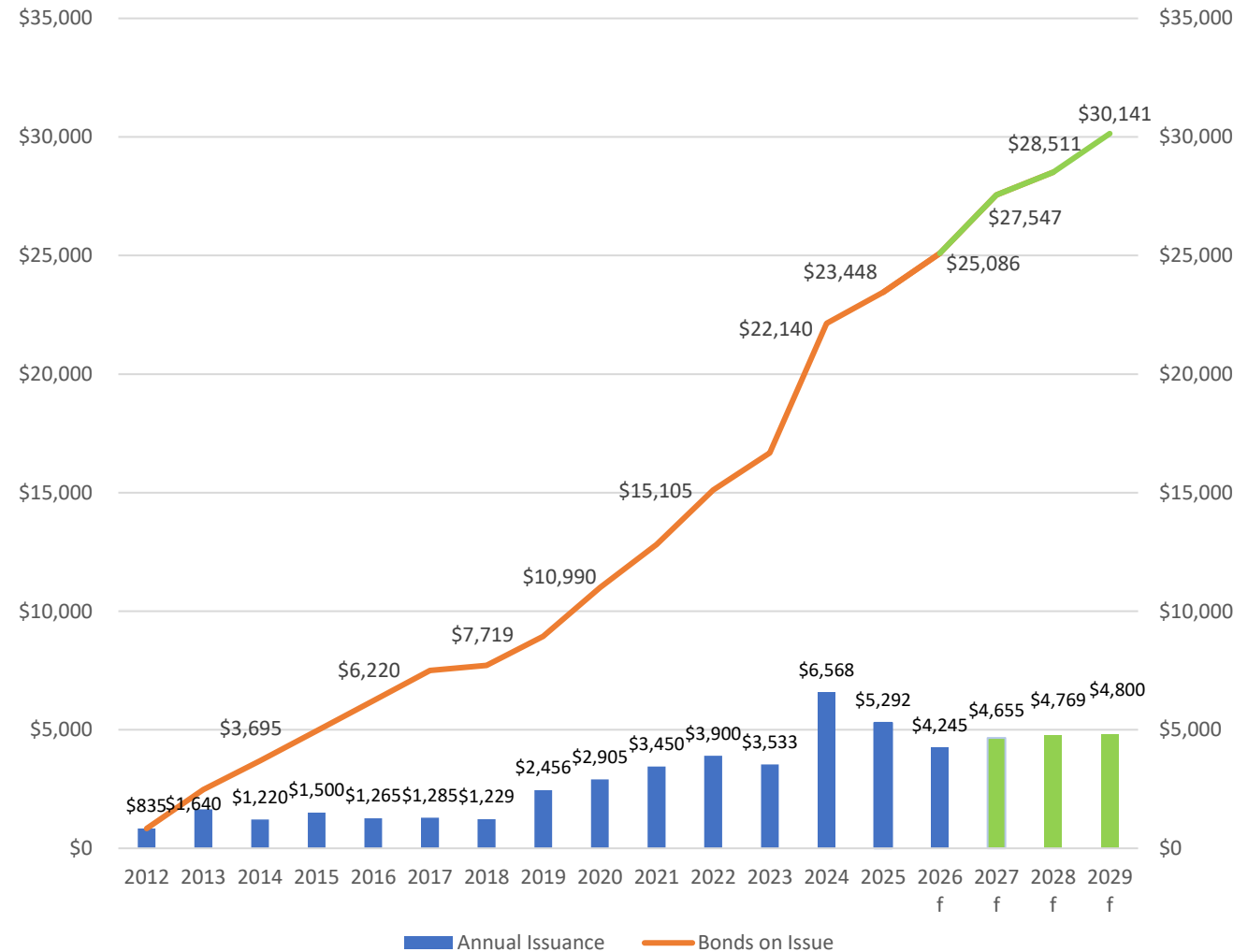
Appendices



# 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)

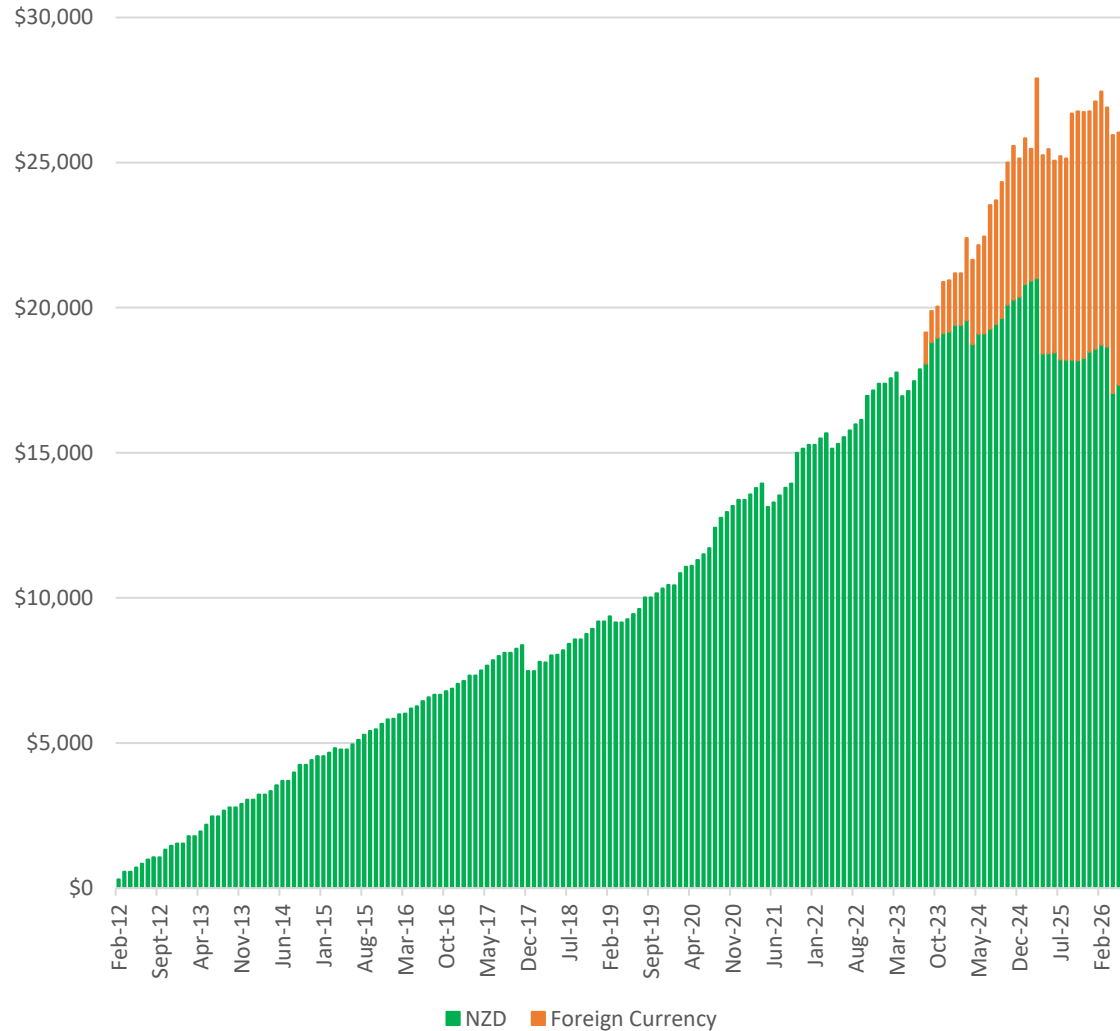


Forecasts from 2026-29 SOI released 30 June 2026.

Note: Bond Issuance includes NZD and Foreign Currency Issuance.

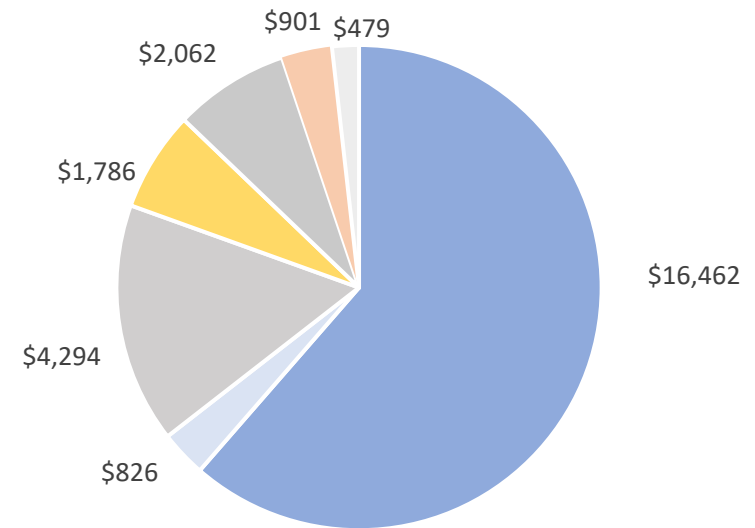
# LGFA FUNDING SOURCES – OFFSHORE MARKET DIVERSIFICATION

Debt Outstanding



NZD million equiv.

LGFA Sources of Funding (NZD millions)

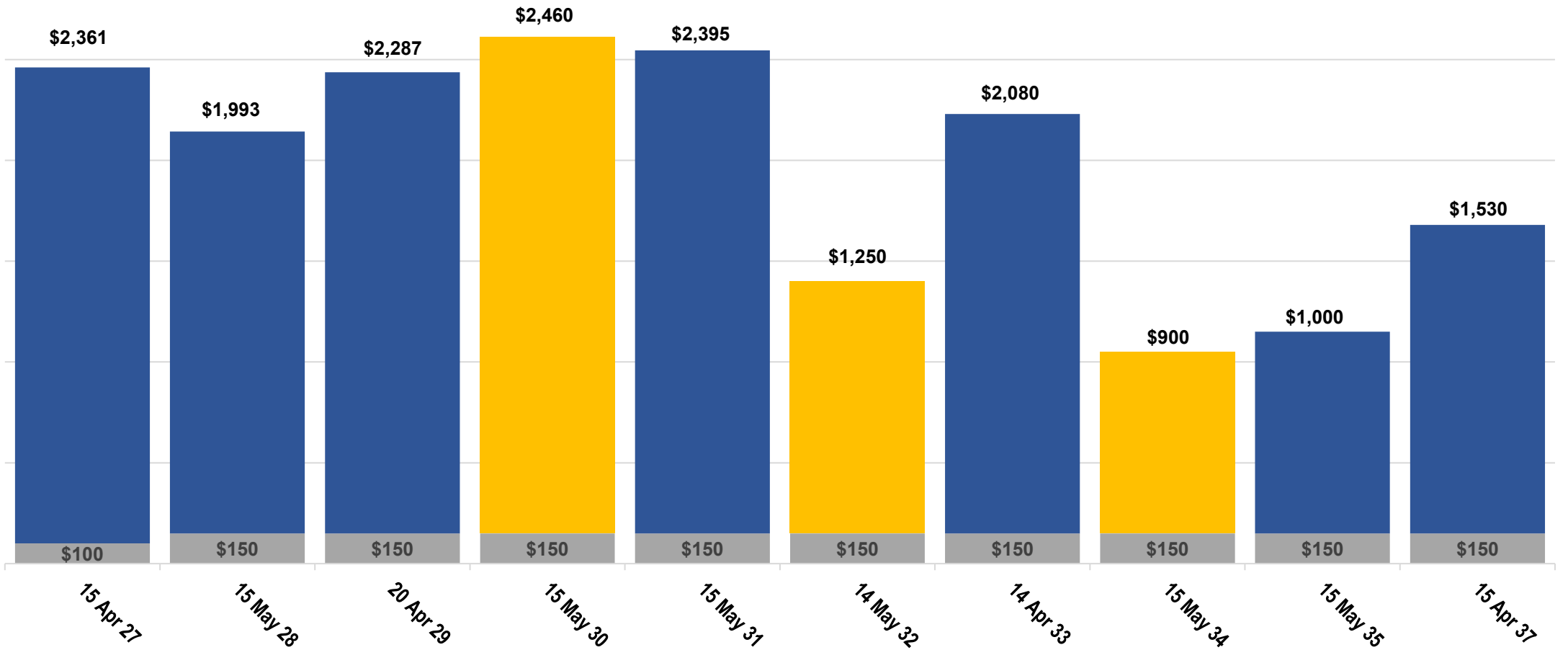


NZD Long Term	61.9%	NZD Short Term	2.4%
AUD Long Term	16.3%	USD Long Term	6.6%
EUR Long Term	7.7%	CHF Long Term	3.4%
Foreign Currency Short Term	1.8%		

As at 30 June 2026

Source: LGFA

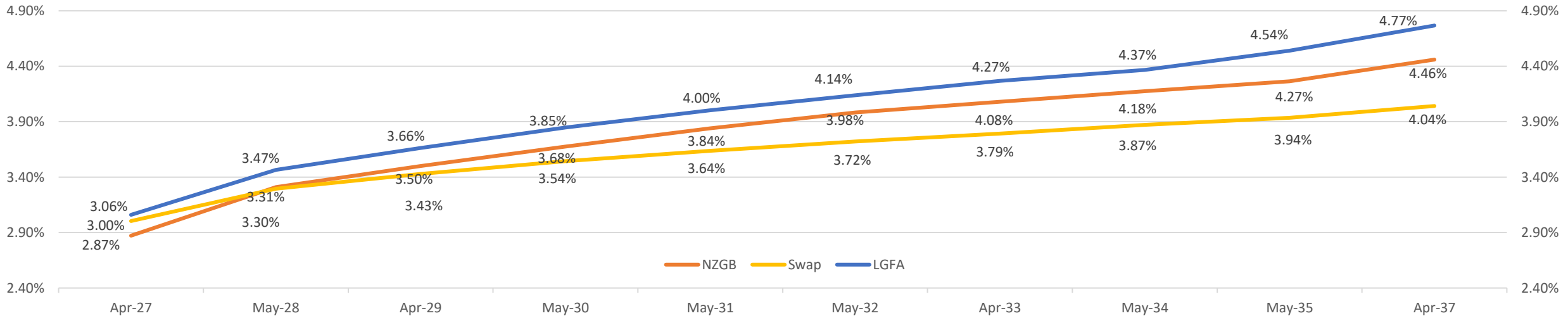
# LGFA NZD BOND ON ISSUE (NZ\$ millions)



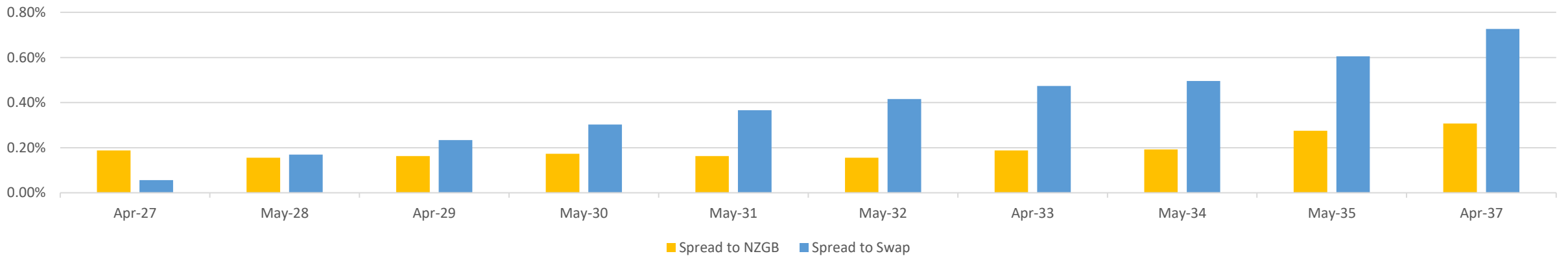
All NZD bonds are NZX listed  
 The 15 May 2030, 14 May 2032, and 15 May 2034 bonds are NZD Sustainable Financing Bonds  
 Grey bars are NZ\$1.45 billion of Treasury Stock issued to LGFA  
 NZD18.256 billion on issue (including Treasury Stock)

# NZD YIELD CURVES AND LGFA SPREADS TO SWAP AND NZGB

LGFA NZD Bonds, NZGB and NZD Swap Curves as at 30 June



LGFA NZD Spreads to NZGB and NZD Swap



# LGFA BOND ISSUANCE – HISTORY BY JUNE FINANCIAL YEAR (\$ million)

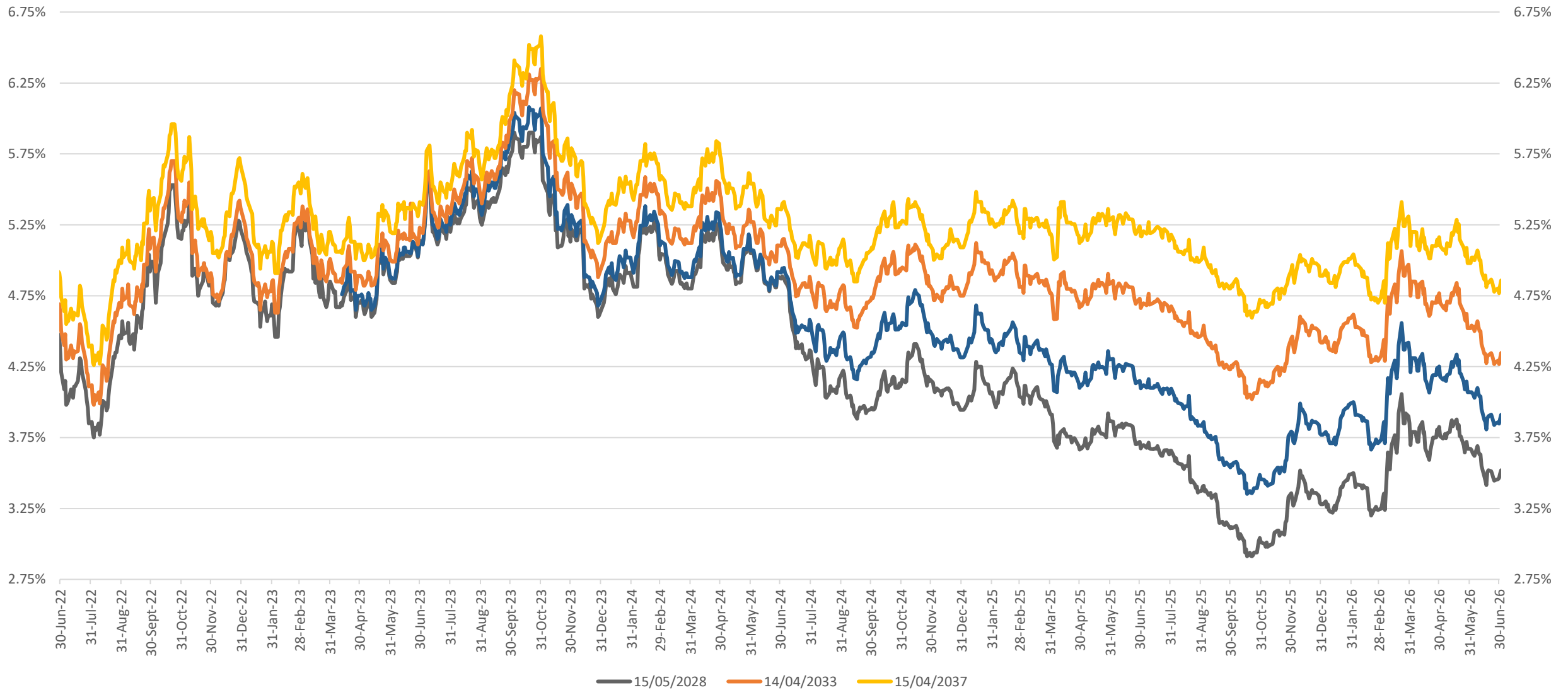
Maturity	Currency	2023-24	2024-25	2025-26
15-Apr-25	NZD	310		
15-Apr-26	NZD	600		
15-Apr-27	NZD	250	60	
8-Sep-27	AUD	500 <sup>1</sup>	500 <sup>1</sup>	
20-Mar-28	USD		500 <sup>1</sup>	
15-May-28	NZD	230	40	150
1-Aug-28	AUD	1,000 <sup>1</sup>		
20-Apr-29	NZD	210	60	145
1-Apr-30	EUR		500 <sup>1</sup>	
15-May-30	NZD	660	450	200
30-Sep-30	USD			500 <sup>1</sup>
28-Nov-30	AUD	650 <sup>1</sup>		
15-May-31	NZD	975	100	50
02-Apr-32	CHF		220 <sup>1</sup>	
14-May-32	NZD		850	250
1-Apr-30	EUR			500 <sup>1</sup>
14-Apr-33	NZD	255	230	95
8-Mar-34	AUD	500 <sup>1</sup>	300 <sup>1</sup>	
15-May-34	NZD			750
06-Oct-34	CHF			180 <sup>1</sup>
15-May-35	NZD	100	40	210
15-Apr-37	NZD	140	270	150
Total Volume (NZ\$ million)		6568	5292	4246
Average NZD Bond Tender Size (NZ\$ million)		176	133	118
Average Issuance Term (years)		5.93	5.99	6.69

<sup>1</sup> Foreign Currency amount not NZD

Excludes any issuance of Treasury Stock

As at 30 June 2026

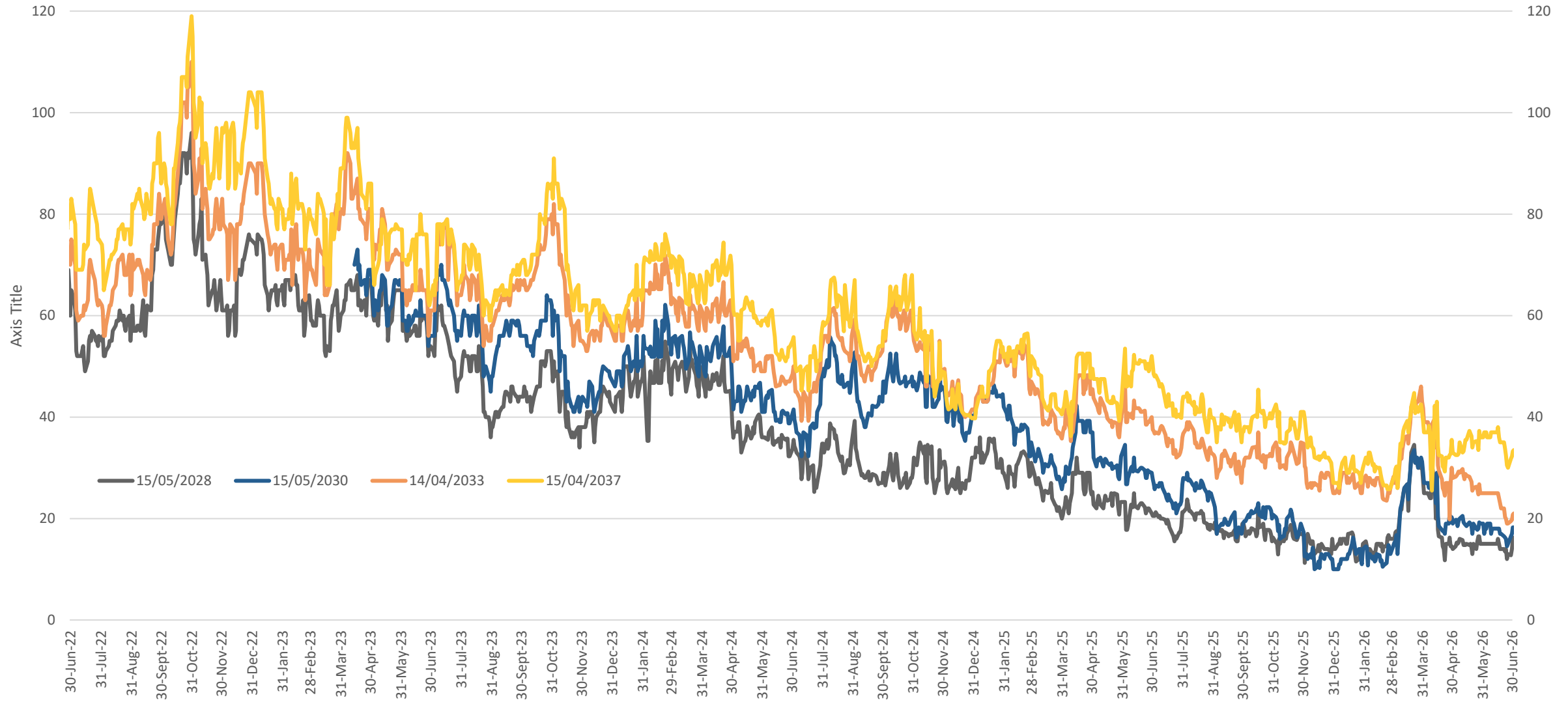
# LGFA NZD BOND YIELDS IN SECONDARY MARKET



Secondary market end of day up to 30 June 2026 with yields sourced from NZFMA

Source: LGFA

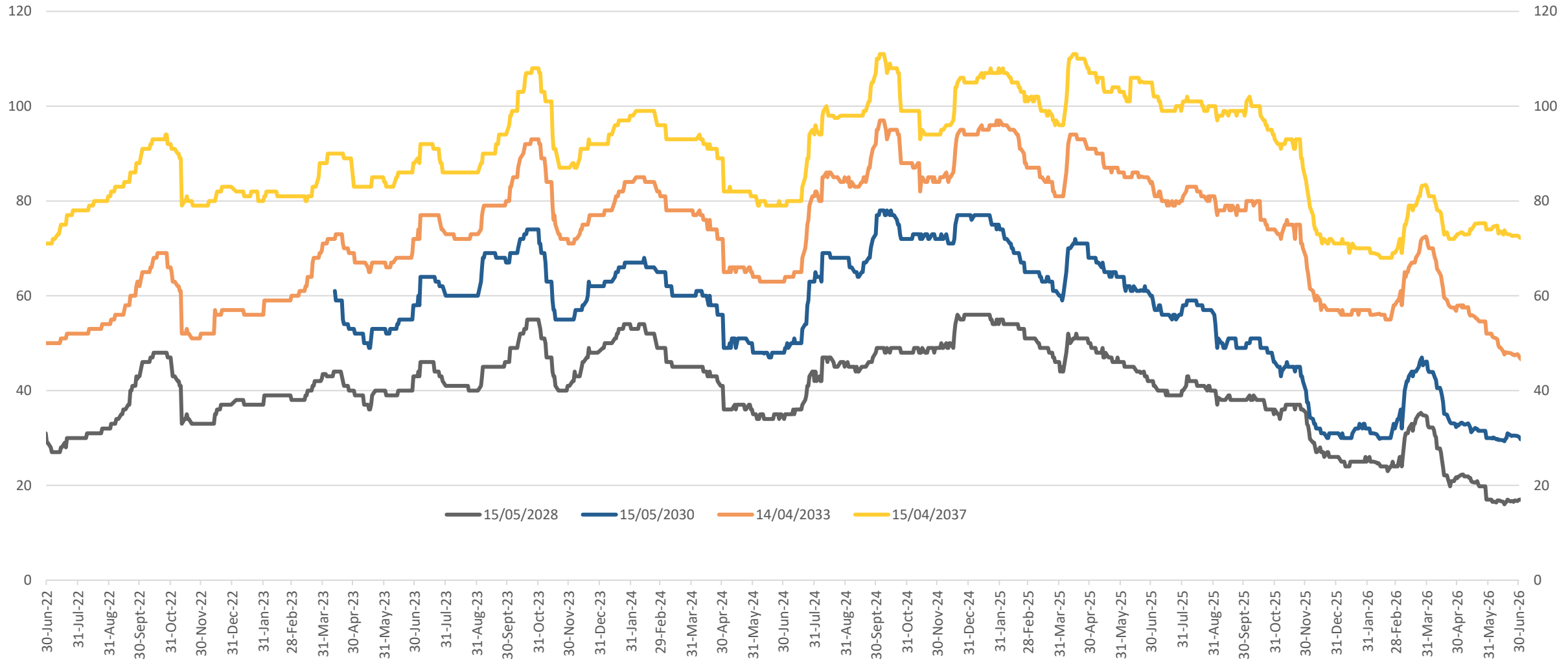
# LGFA NZD BOND SPREAD TO NZGB (bps)



Secondary market end of day up to 30 June 2026 with spreads sourced from NZFMA data

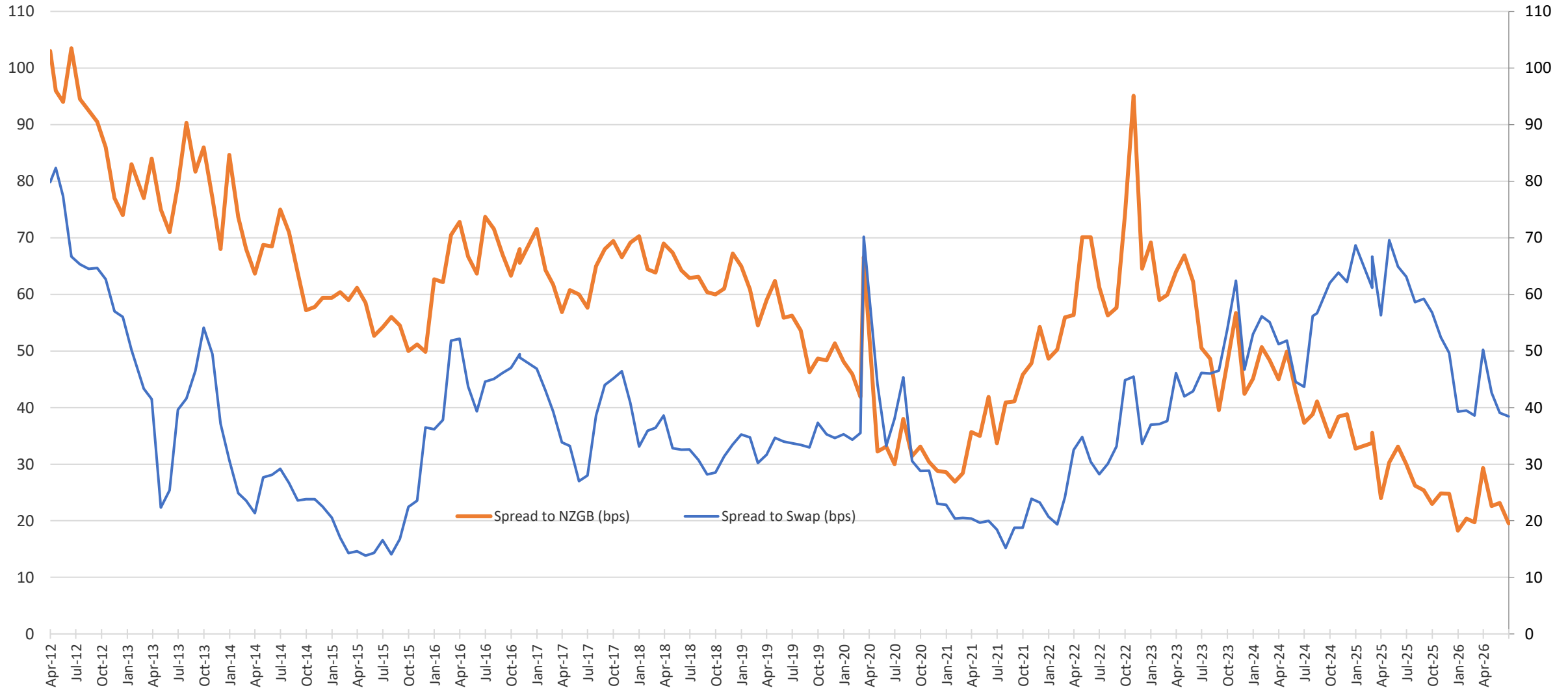
Source: LGFA

# LGFA NZD BOND SPREAD TO SWAP (bps)



Secondary market end of day up to 30 June 2026 with spreads sourced from NZFMA data

# LGFA NZD BONDS - SPREADS TO NZGB AND SWAP (bps)

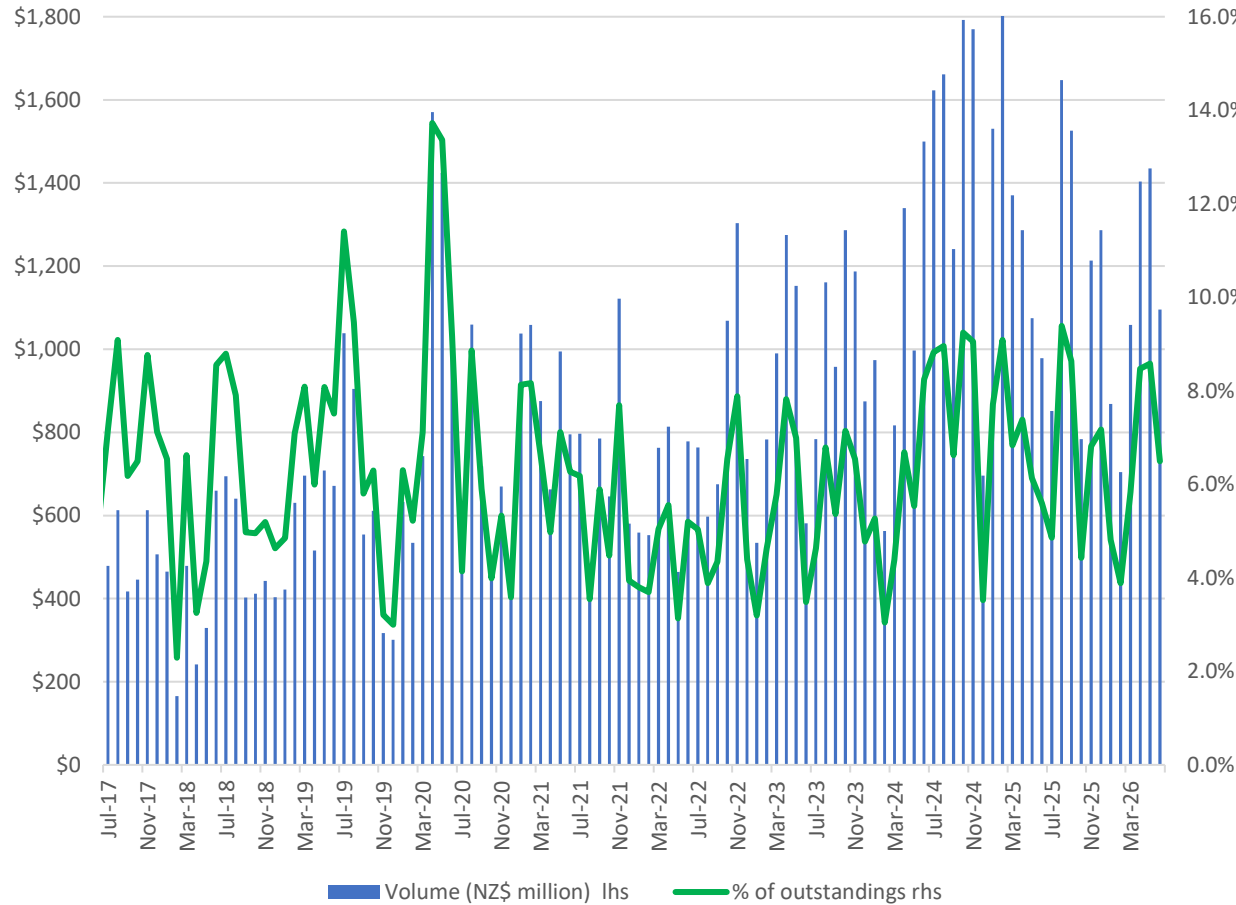


Secondary market levels as at end of each month taken from end of month closing rate sheets published by NZ banks  
Simple average of existing LGFA bond maturities

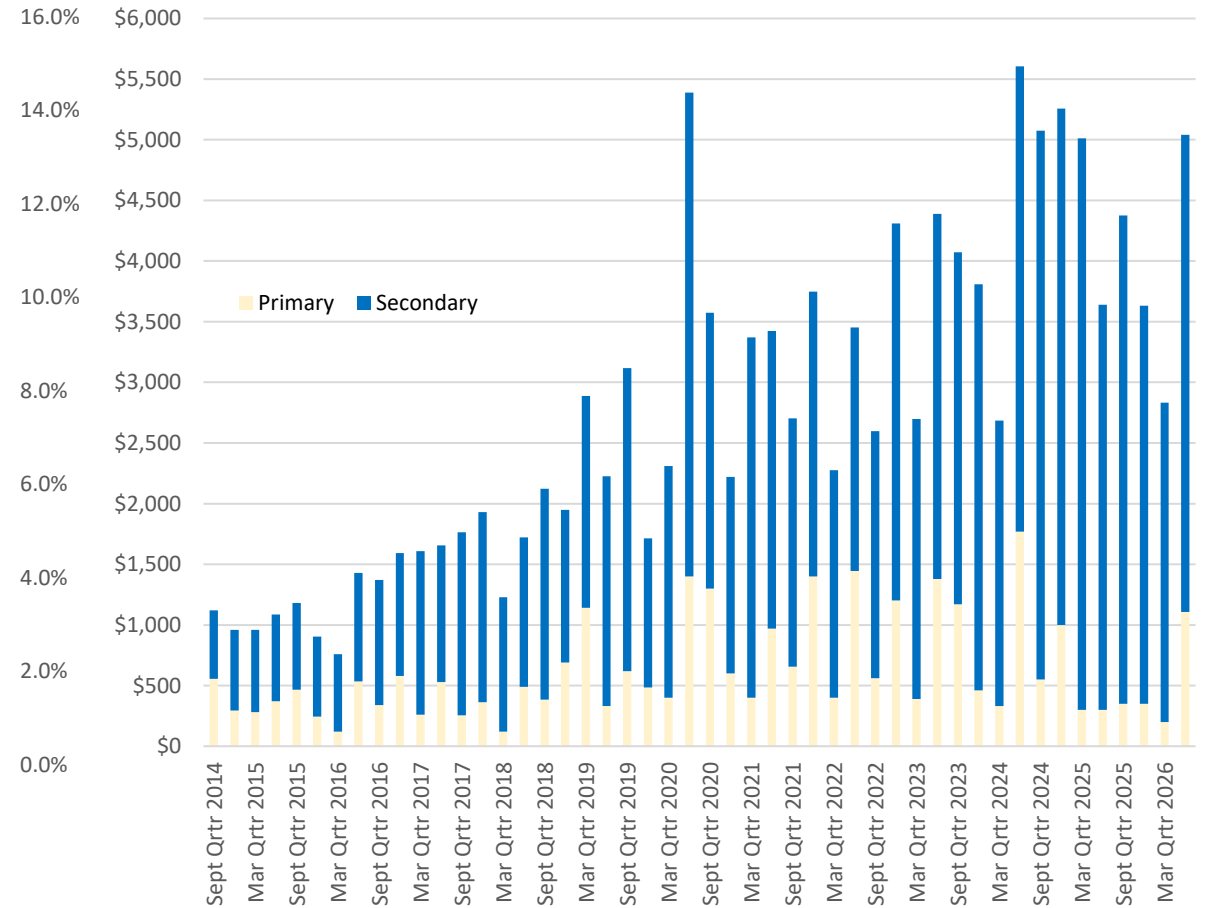
Source: LGFA

# PRIMARY AND SECONDARY MARKET ACTIVITY – NZD BONDS

Secondary Market Turnover NZD Bonds - Monthly (NZ\$ million)



LGFA Primary and Secondary Market Activity - NZD Bonds Quarterly (NZ\$ million)



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

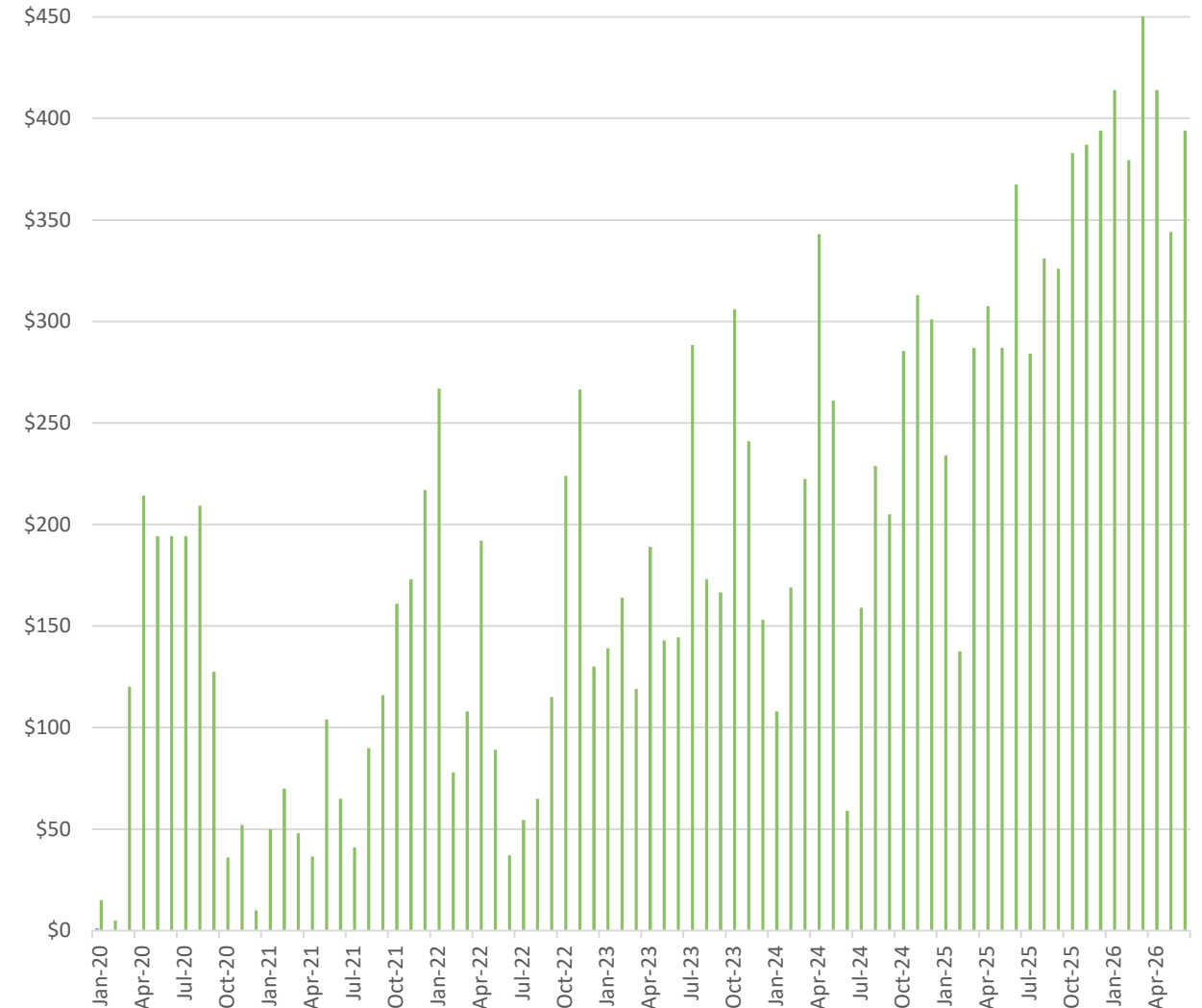
## ❑ NZD Bond Lending

- Established December 2016.
- Treasury Stock held by LGFA up to NZ\$150 million per maturity.
- Lent to LGFA bond price makers secured against cash collateral at the RBNZ OCR.
- Unlimited term of repo but typically 1 week.
- Objective is not to encourage/facilitate speculative positioning taking but to facilitate offer side liquidity.

## ❑ NZD Bond Repurchases

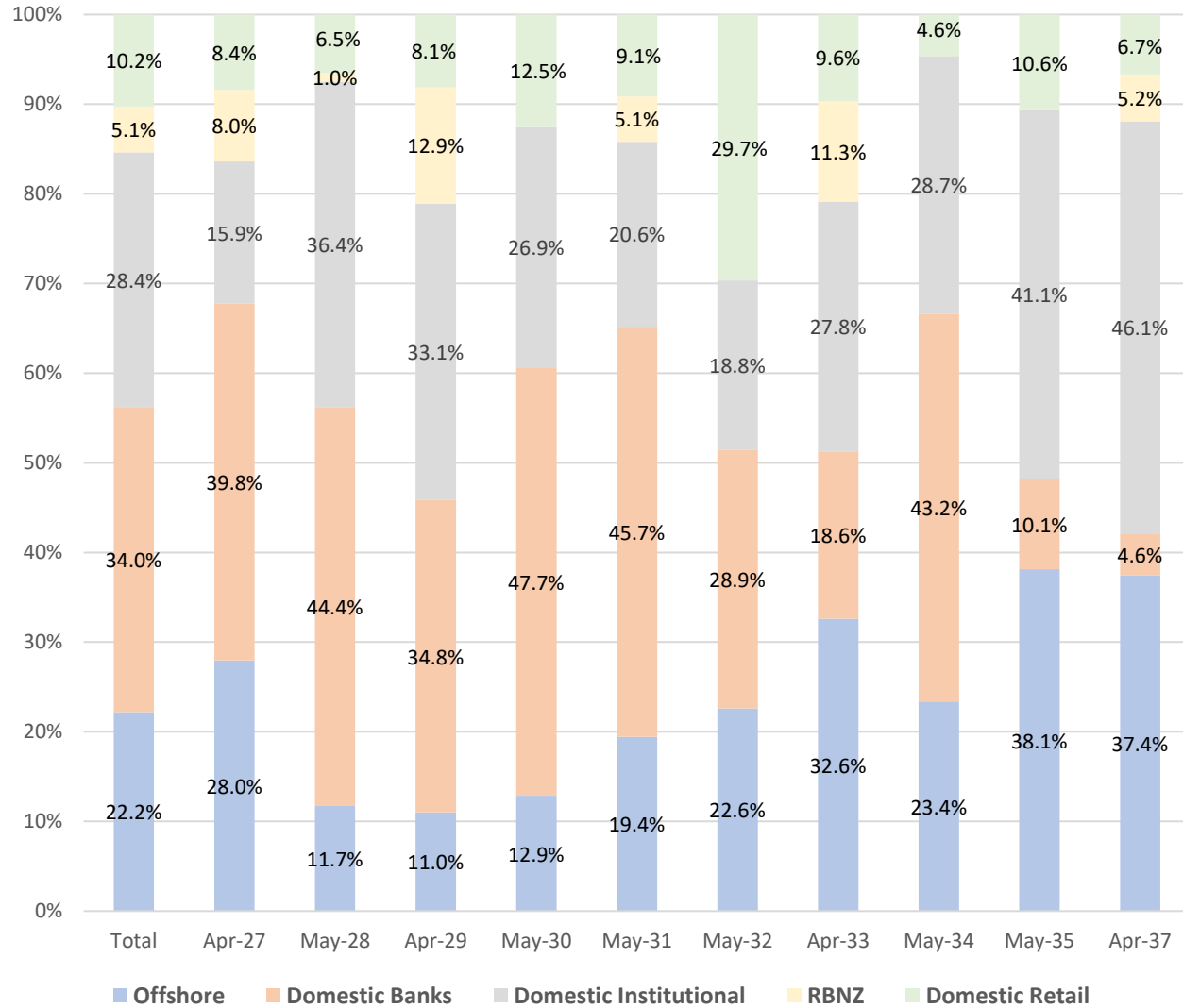
- Established May 2025.
- Weekly repurchase tenders – Wednesday at midday (NZT).
- Amount and repurchase bond announced each Tuesday.
- Focus to date has been on the short dated (April 2026 or 2027) LGFA Bond but could consider longer tenors.
- To date the offer to buy back is up to NZ\$25 million each week.
- Objective to provide market support as required and to reduce refinancing risk to LGFA by repurchasing ahead of maturity date.
- All LGFA NZD bonds on issued are retail bonds listed on NZX and therefore any repurchase must be an offer to all bond holders to buy back.
- Repurchased NZ\$379.9 million of the April 2026 and NZ\$85 million of April 2027 bonds at spreads between 1.5 bps over and 0.5 bps below prevailing mid-market spread as at 30 June 2026.

Stock Lending as at month end (NZ\$ million)

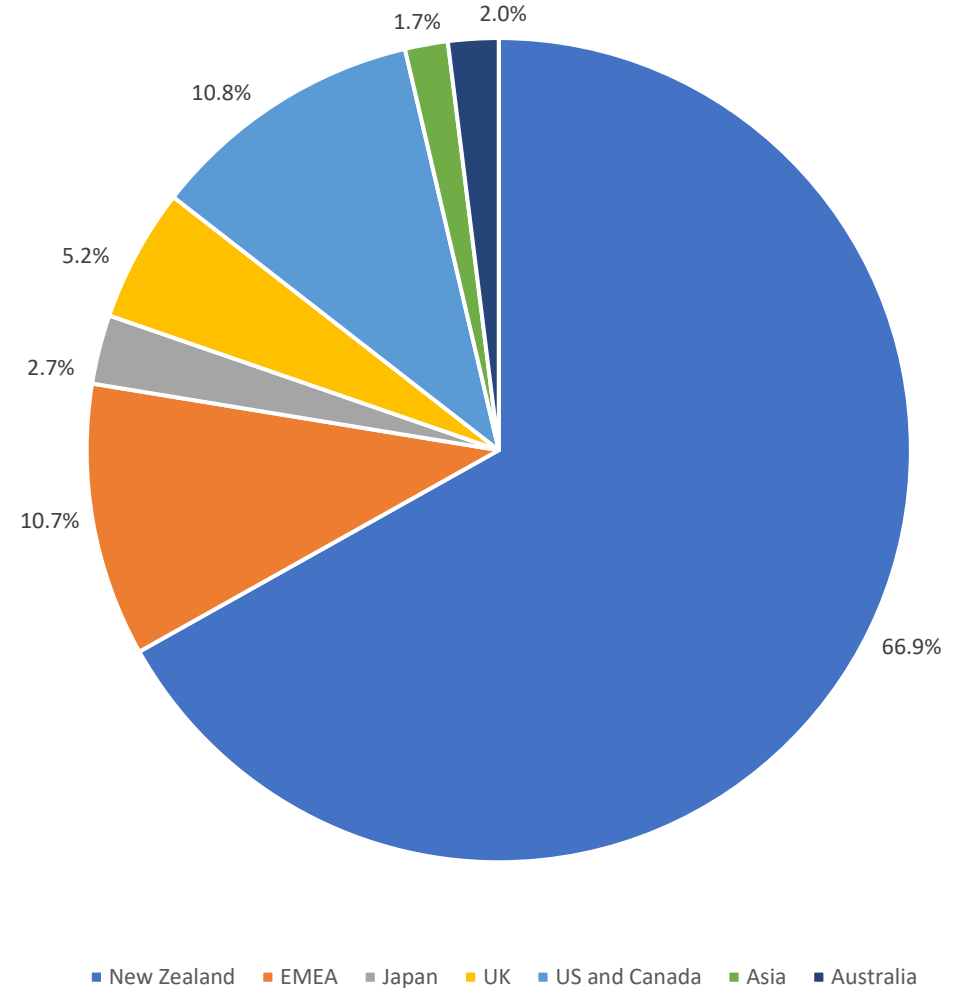


# WHO HOLDS LGFA NZD BONDS?

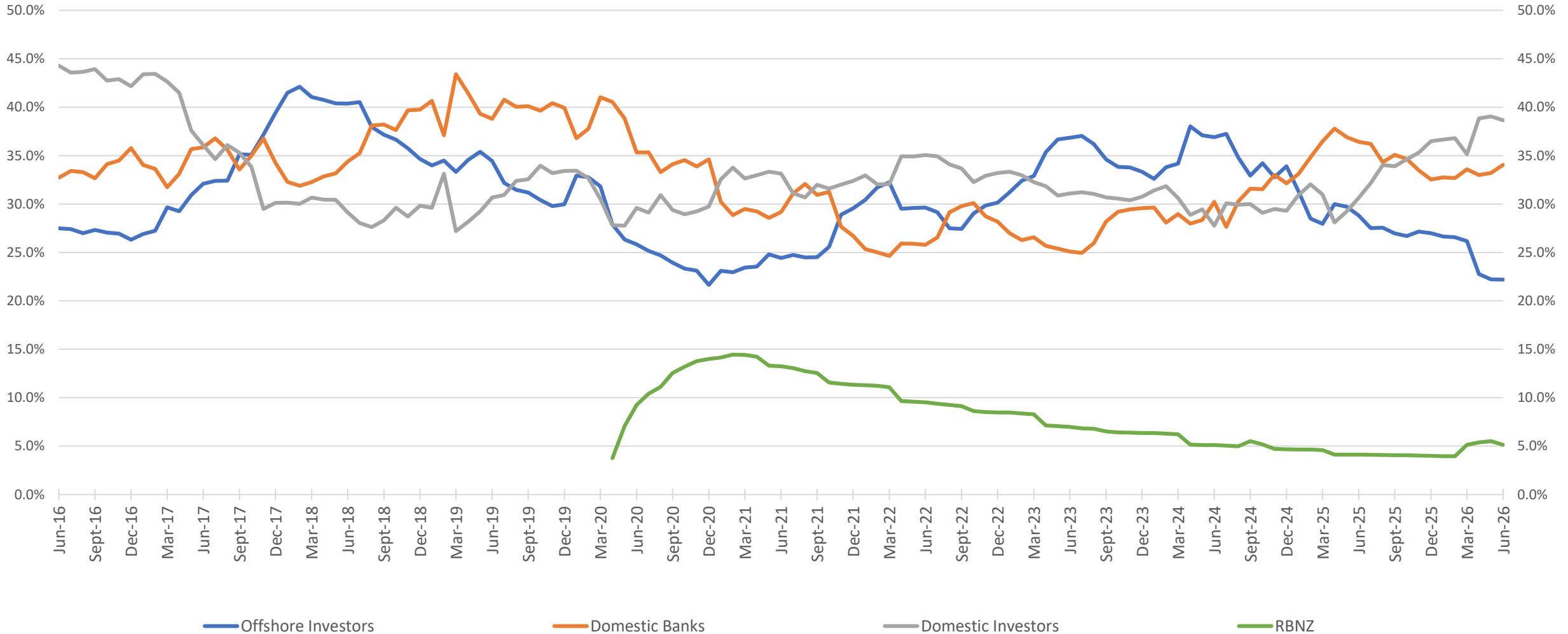
Holdings of LGFA NZD Bonds by Investor Group as at 30 June 2026



LGFA NZD Bond holders by country of residence as at 31 March 2025



## LGFA NZD Bond Holdings by Investor Group



# LGFA WITHIN NZ DOMESTIC CAPITAL MARKETS

## Largest issuers of NZD bonds – by outstandings

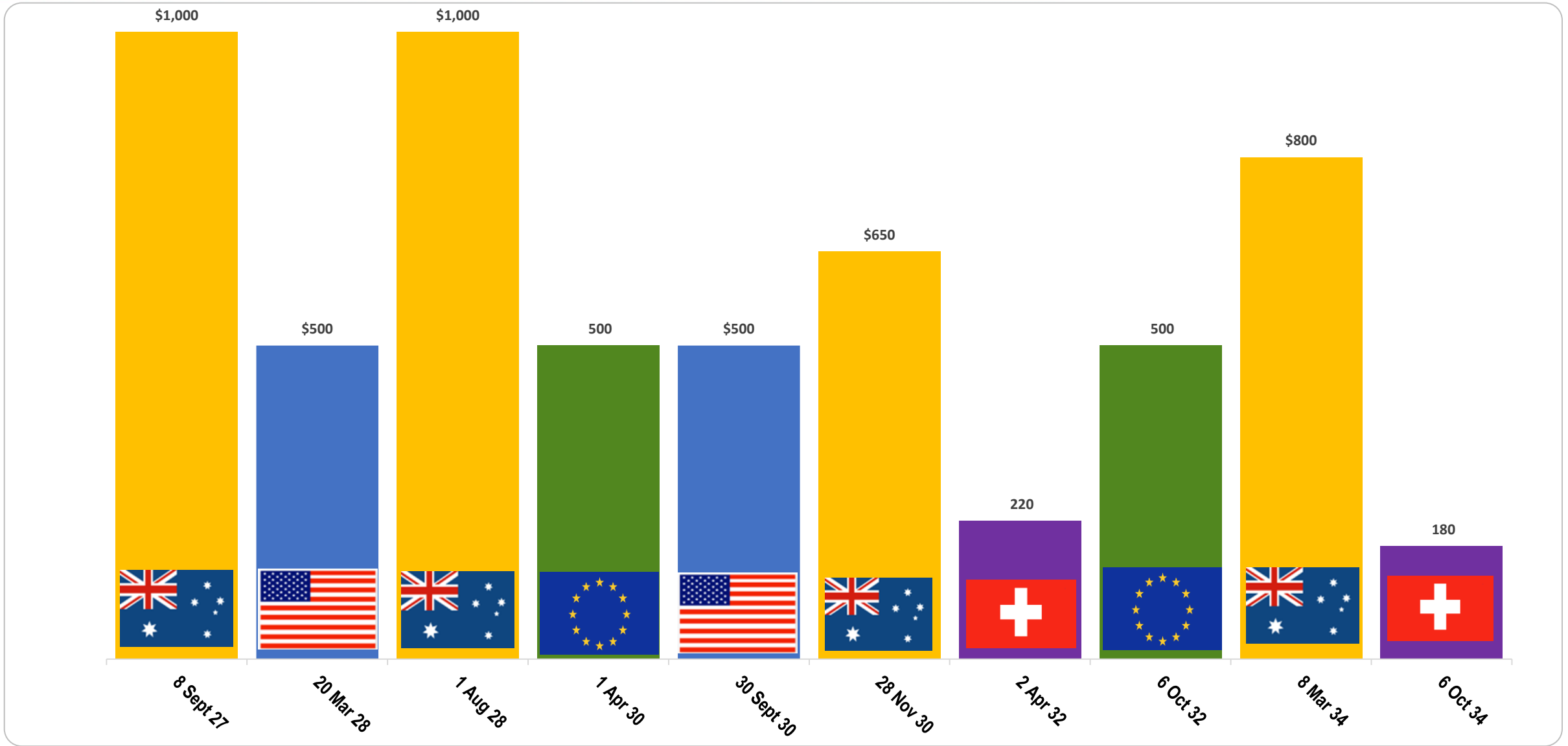
	Issuer	Amount Outstanding (NZ\$)
1	LGFA (AAA)	\$18,156,000,000
2	World Bank (AAA)	\$7,691,000,000
3	Asian Development Bank (AAA)	\$6,974,000,000
4	Bank of New Zealand / NAB (AA-)	\$5,850,000,000
5	Housing New Zealand Ltd (AAA)	\$5,665,000,000
6	Westpac Bank Group (AA-)	\$5,100,000,000
7	ASB Bank / CBA Group (AA-)	\$4,476,000,000
8	Kiwibank (A)	\$3,580,000,000
9	Rabobank (A+)	\$2,722,750,000
10	Auckland Council (AA)	\$2,555,000,000
11	International Finance Corp (AAA)	\$2,297,000,000
12	ANZ Bank (AA-)	\$1,895,000,000
13	Inter-American Development Bank (AAA)	\$1,791,000,000
14	Infratil (unrated)	\$1,790,782,433
15	Rentenbank (AAA)	\$1,655,000,000
17	Mercury NZ (BBB+)	\$1,550,000,000
18	EDC (AAA)	\$1,475,000,000
19	Toyota Finance Group (AA-)	\$1,357,032,000
20	Auckland International Airport (A-)	\$1,325,000,000

## Largest individual tranches of NZD bonds

	Issuer	Maturity	Tranche Size (NZ\$)
	LGFA	15/05/2030	\$2,460,000,000
	LGFA	15/05/2031	\$2,395,000,000
	LGFA	15/04/2027	\$2,361,000,000
	LGFA	20/04/2029	\$2,287,000,000
	LGFA	14/04/2033	\$2,080,000,000
	LGFA	15/05/2028	\$1,993,000,000
	World Bank (IBRD)	30/11/2026	\$1,500,000,000
	LGFA	15/04/2037	\$1,530,000,000
	Housing New Zealand Ltd	18/10/2028	\$1,425,000,000
	World Bank (IBRD)	22/04/2033	\$1,300,000,000
	Asian Development Bank	18/05/2033	\$1,300,000,000
	LGFA	15/05/2032	\$1,250,000,000
	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
	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
	LGFA	15/05/2035	\$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

Source: LGFA, Bloomberg

# LGFA FOREIGN CURRENCY BONDS ON ISSUE



As at 30 June 2026

Source: LGFA



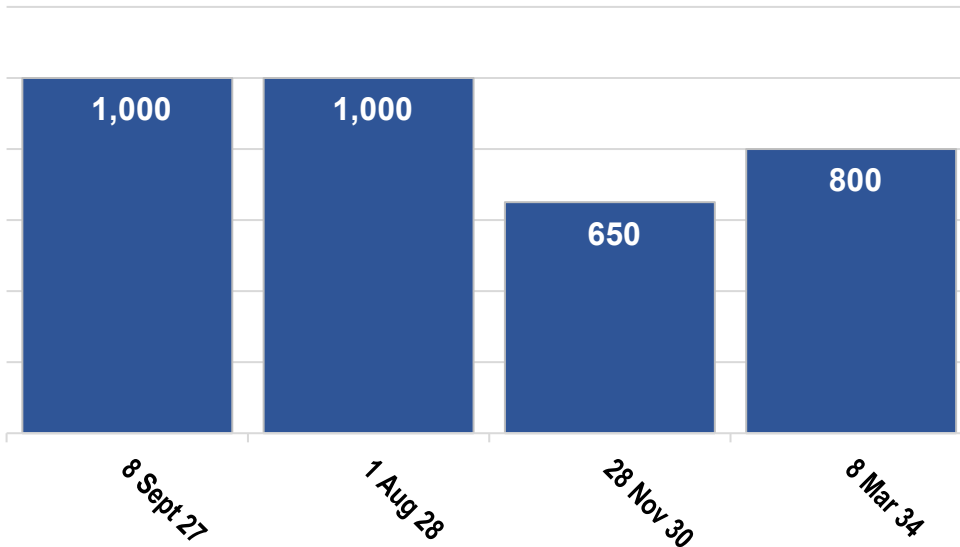
## Background

- ❑ 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 30 June 2026: AUD 3,450 million

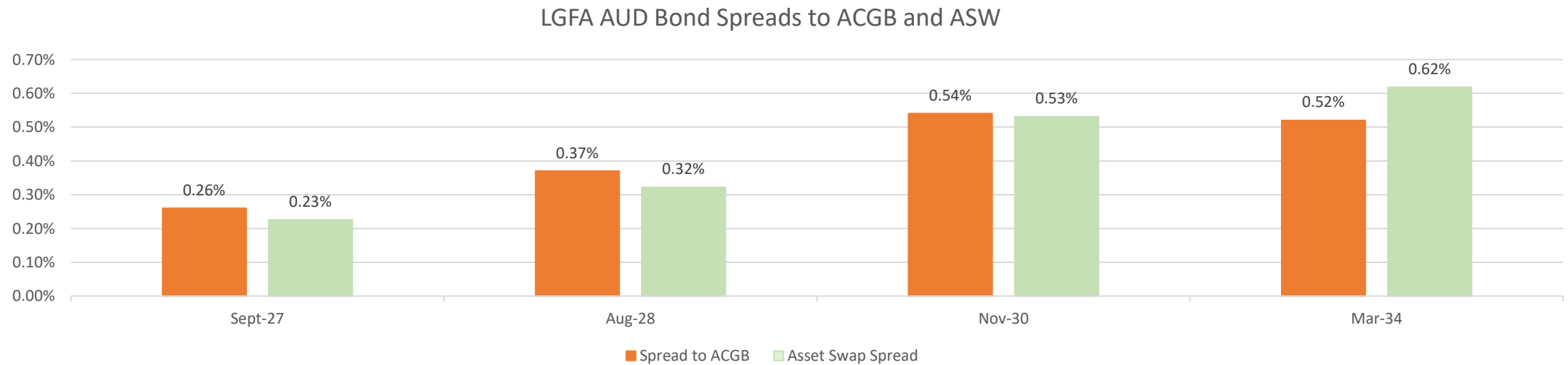
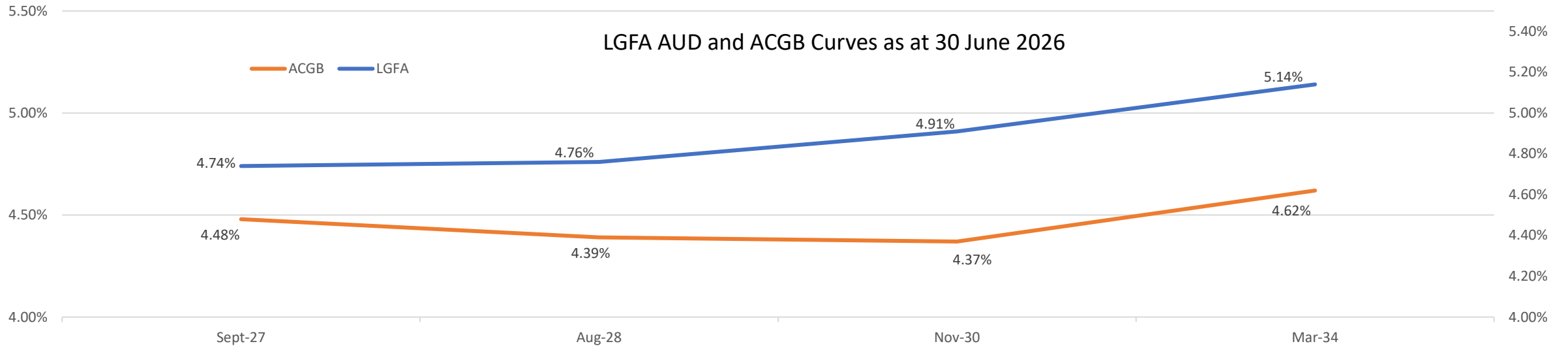


Allocations	2028s	2030s	2027s	2034s	2027s	2034s
<b>Pricing Date</b>	25-Jul-23	21-Nov-23	1-Mar-24	1-Mar-24	25-Jul-24	25-July-24
Issue Size (A\$ millions)	\$1,000	\$650	\$500	\$500	\$500	\$350
Issue Type	New	New	New	New	Tap	Tap
Number of Investors	45	27	29	25	26	23
<b>Investor Type</b>						
Central Bank/Official 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%
<b>Investor by Region</b>						
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%

# LGFA AUD BONDS – YIELDS AND SPREADS



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



As at 30 June 2026

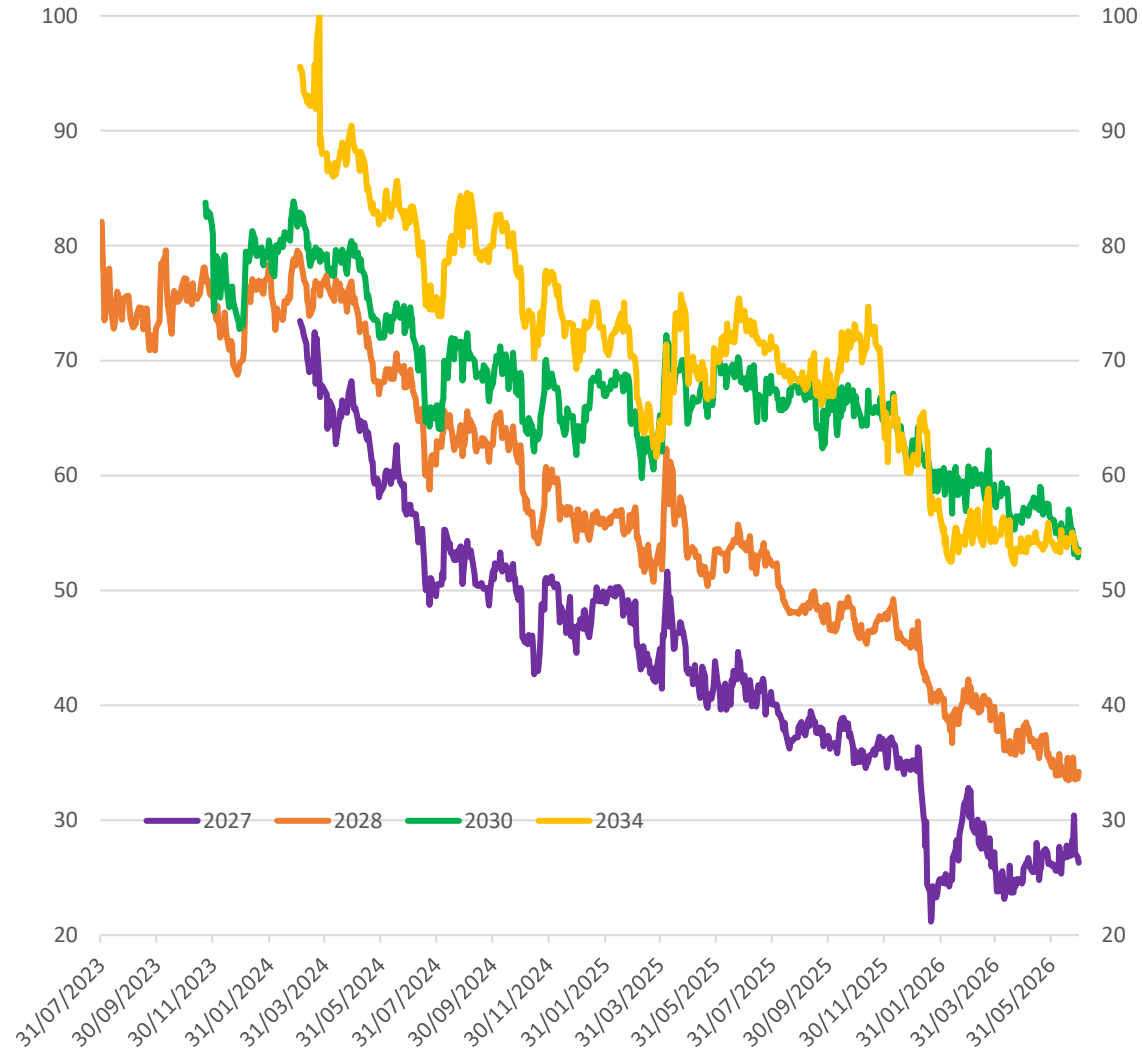
Source: LGFA, Yieldbroker, Bloomberg

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

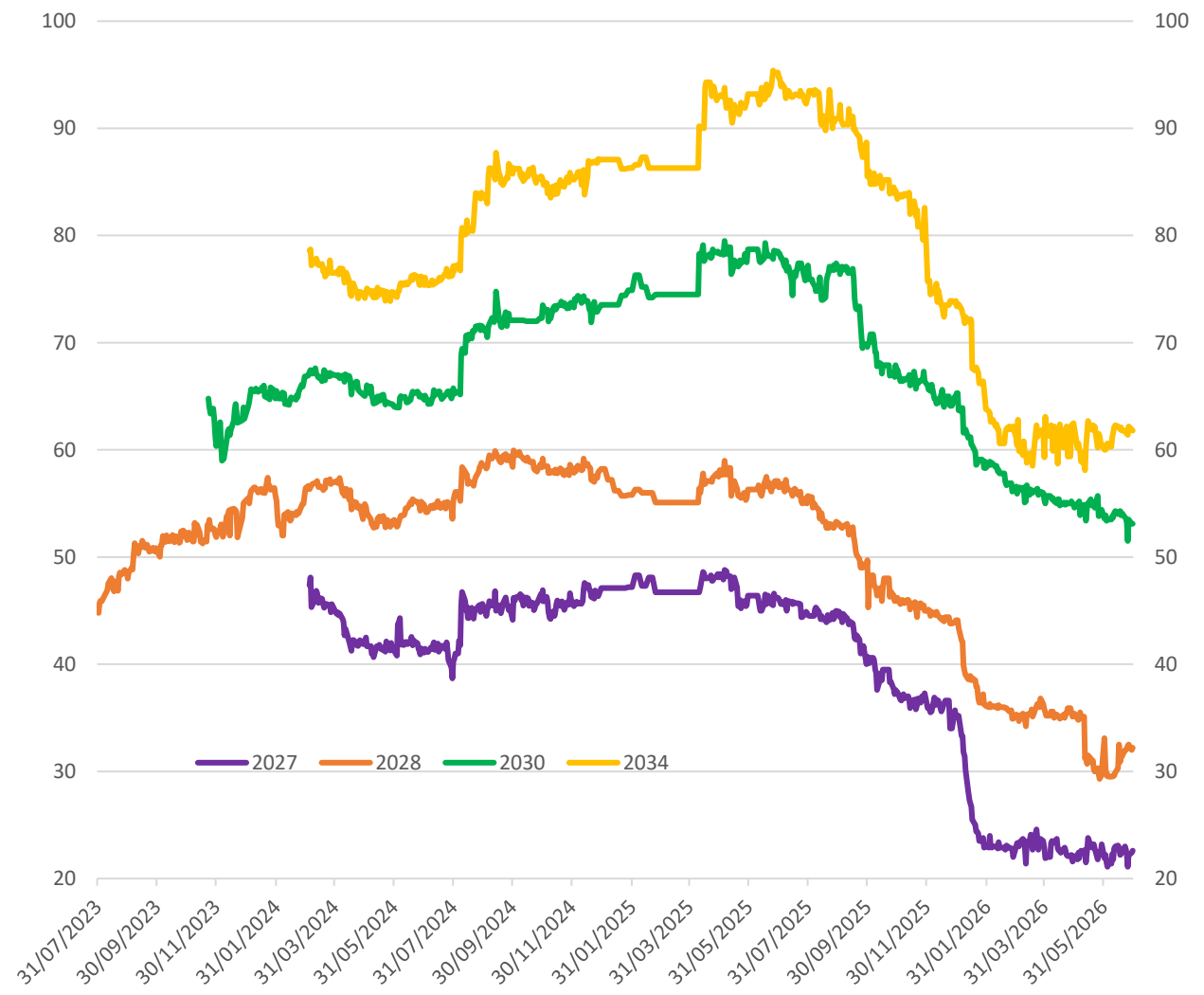


New Zealand Local Government Funding Agency  
Te Pūtea Kāwanatanga ā-rohe

### A\$ LGFA Bond Spread (bps) to ACGB

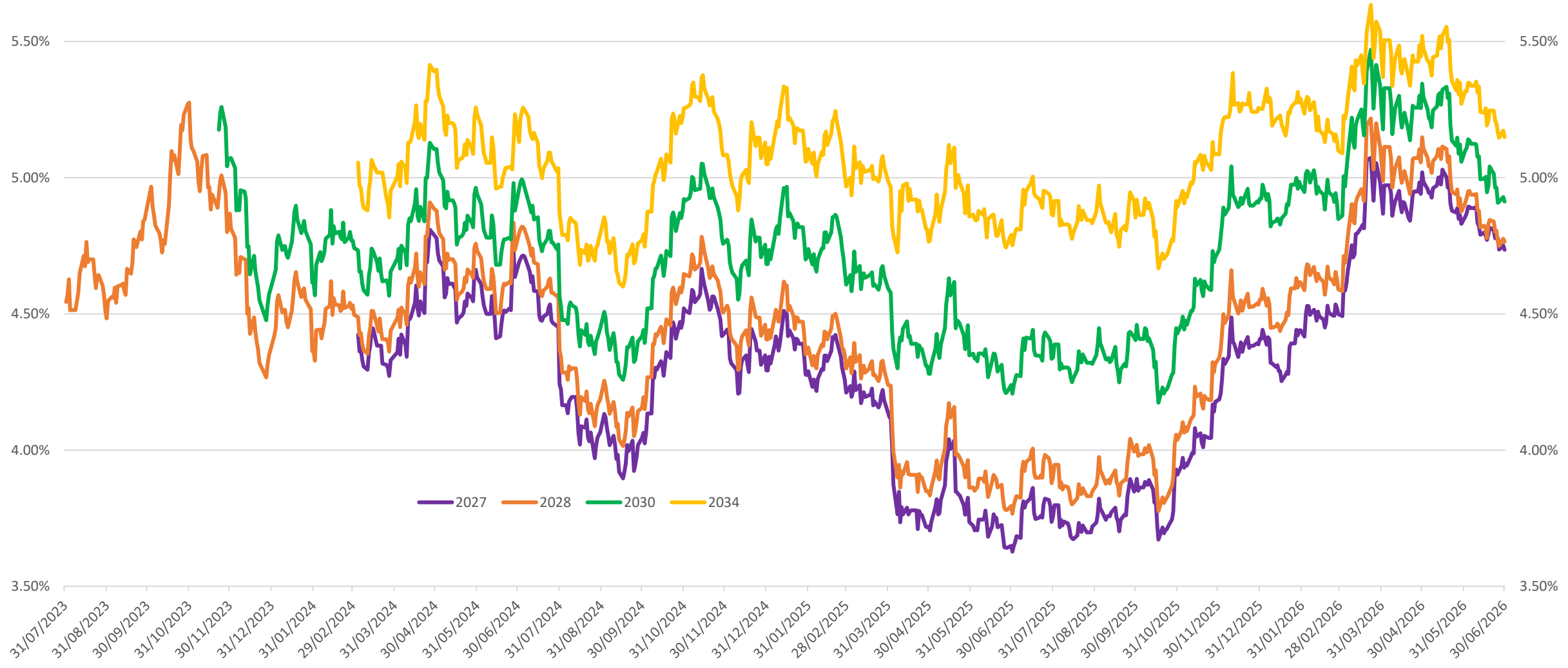


### A\$ LGFA Bond Spread (bps) to Swap



Source: LGFA, Yieldbroker, Bloomberg

# LGFA AUD BOND YIELDS



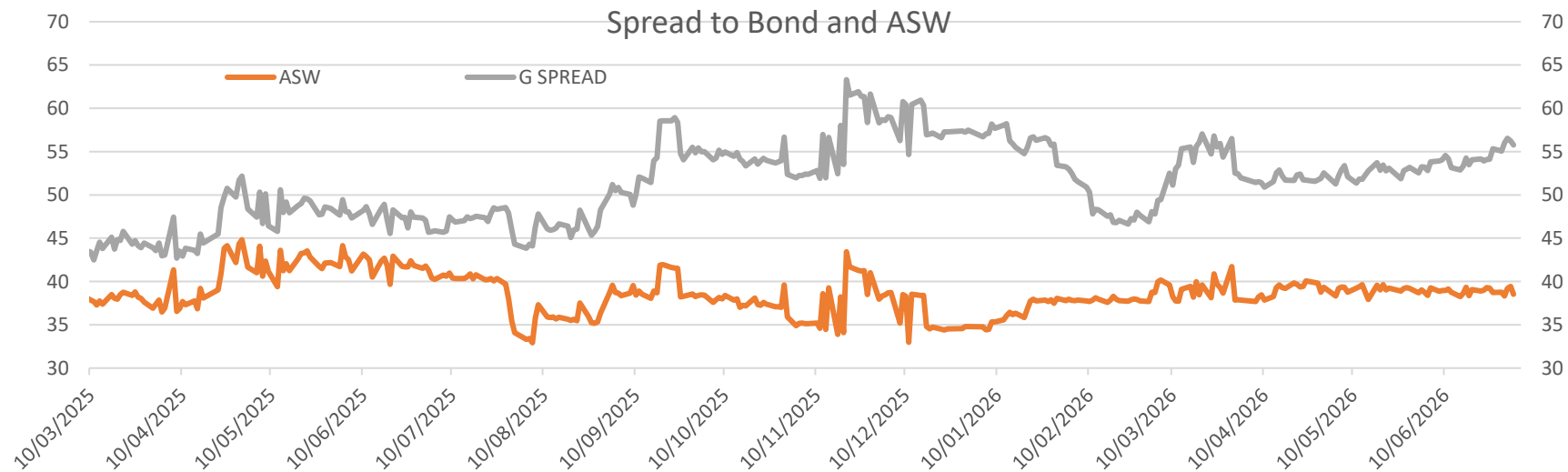
Arranger:	UBS AG London Branch.
Dealers:	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522), Barclays Bank PLC, BNP PARIBAS, HSBC Continental Europe, Merrill Lynch International, National Australia Bank Limited (ABN 12 004 044 937), UBS AG London Branch, Westpac Banking Corporation (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. 6.5-year (6 October 2032) EUR500 million bond priced on 1 April 2026.

# LGFA CHF BOND – 2 APRIL 2032



<b>Maturity Date</b>	<b>2-Apr-32</b>
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%

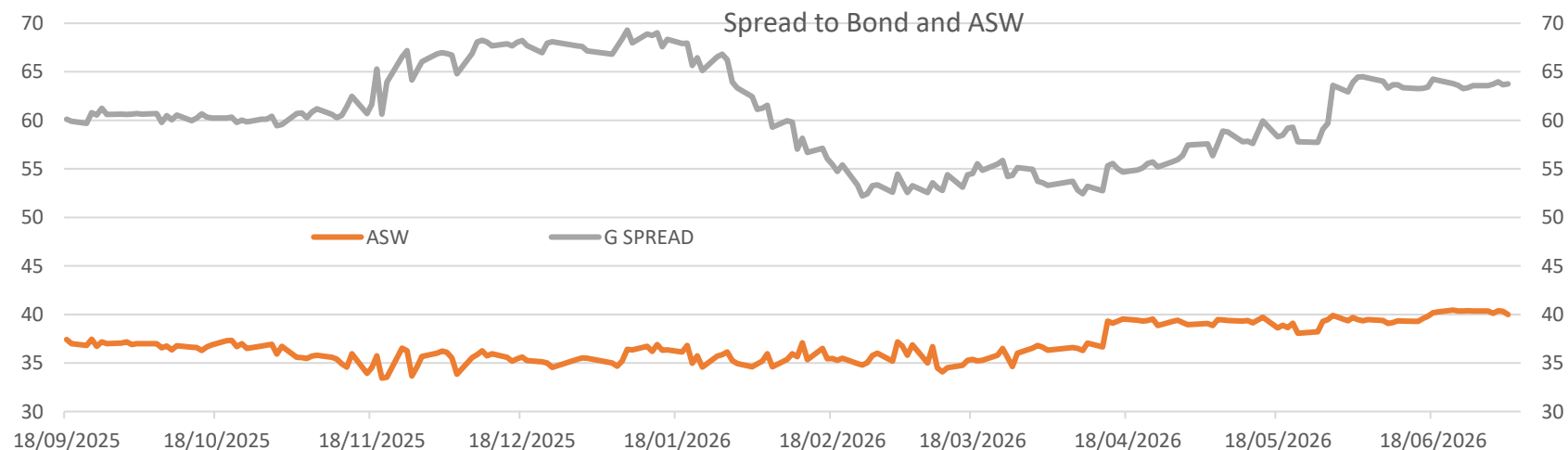
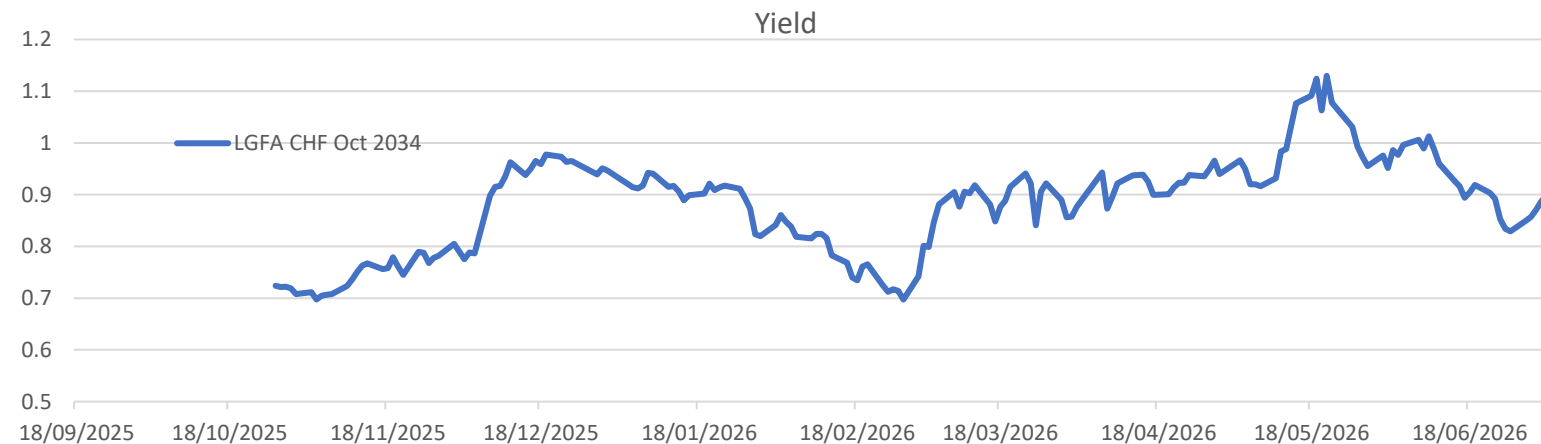


# LGFA CHF BOND – 6 OCTOBER 2034



<b>Maturity Date</b>	<b>6-Oct-34</b>
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%



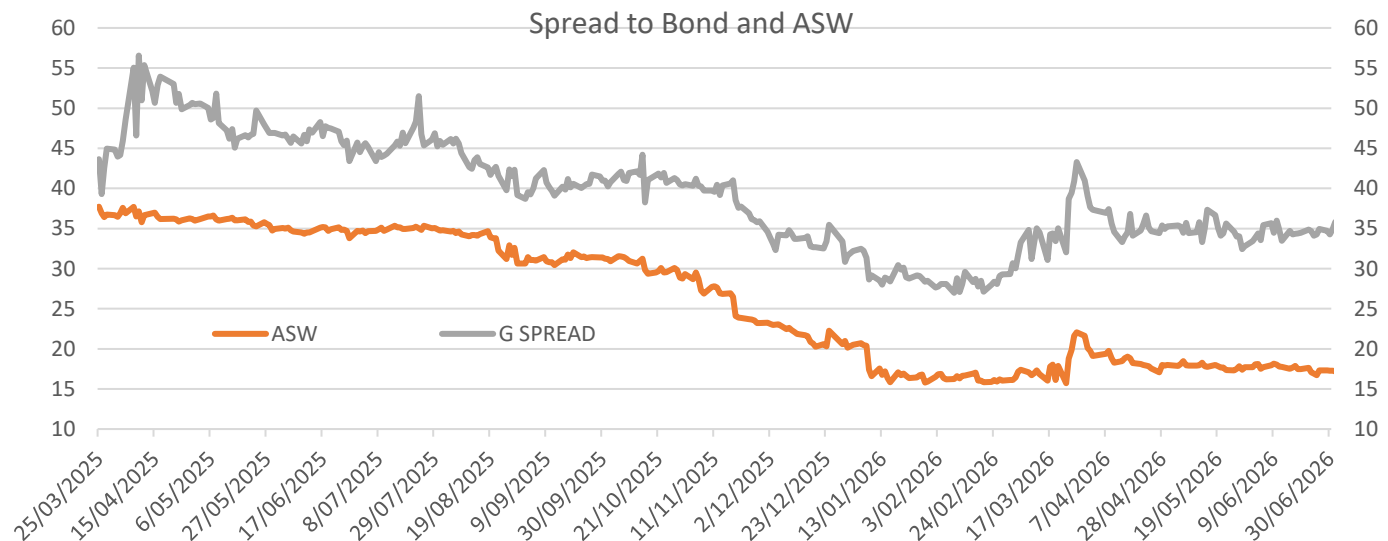
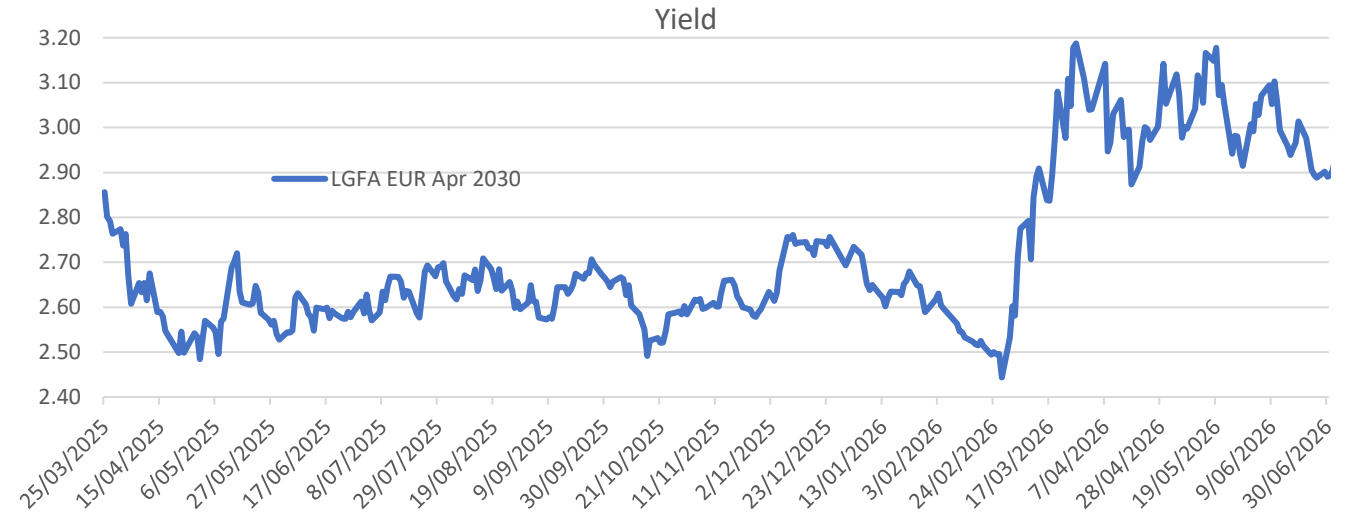
# LGFA EUR500m BOND – 1 APRIL 2030



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 EUR500m BOND – 6 OCTOBER 2032



**LGFA**

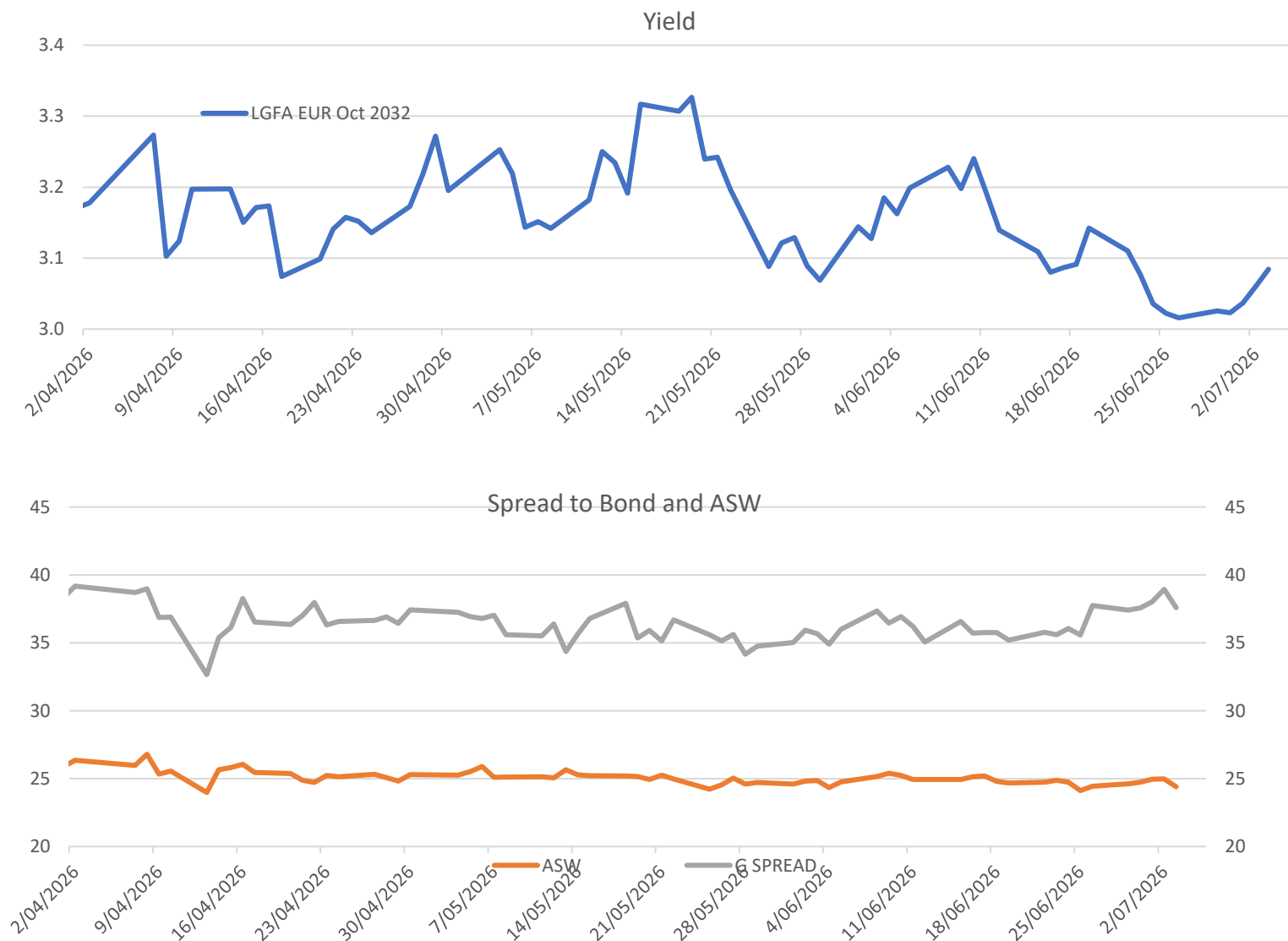


New Zealand Local  
Government Funding Agency  
Te Pūtea Kāwanatanga ā-rohe

Issue Size: EUR 500 million  
 Maturity Date: 6 October 2032  
 Coupon: 3.125% coupon  
 Margin to Swap: + 28 bps  
 Pricing Date: 1 April 2026  
 Issuance Date: 9 April 2026  
 Order Book: EUR 1.816 billion  
 Number of Investors: 37

Investor Type	Allocation Amount	Allocation %
Asset Manager	€ 112,105,000	22.4%
Central Bank / Official Inst.	€ 290,000,000	58.0%
Bank & Fin. Institution	€ 45,245,000	9.1%
Hedge Fund	€ 41,000,000	8.2%
Insurer / Pension Fund	€ 11,650,000	2.3%

Investor Location	Allocation Amount	Allocation %
Benelux	€ 121,000,000	24.2%
Nordic	€ 60,000,000	12.0%
UK & Ireland	€ 88,705,000	17.7%
Asia Pacific	€ 2,000,000	0.4%
Other Europe	€ 184,450,000	36.9%
Germany & Austria & Switzerland	€ 43,845,000	8.8%



Source: LGFA

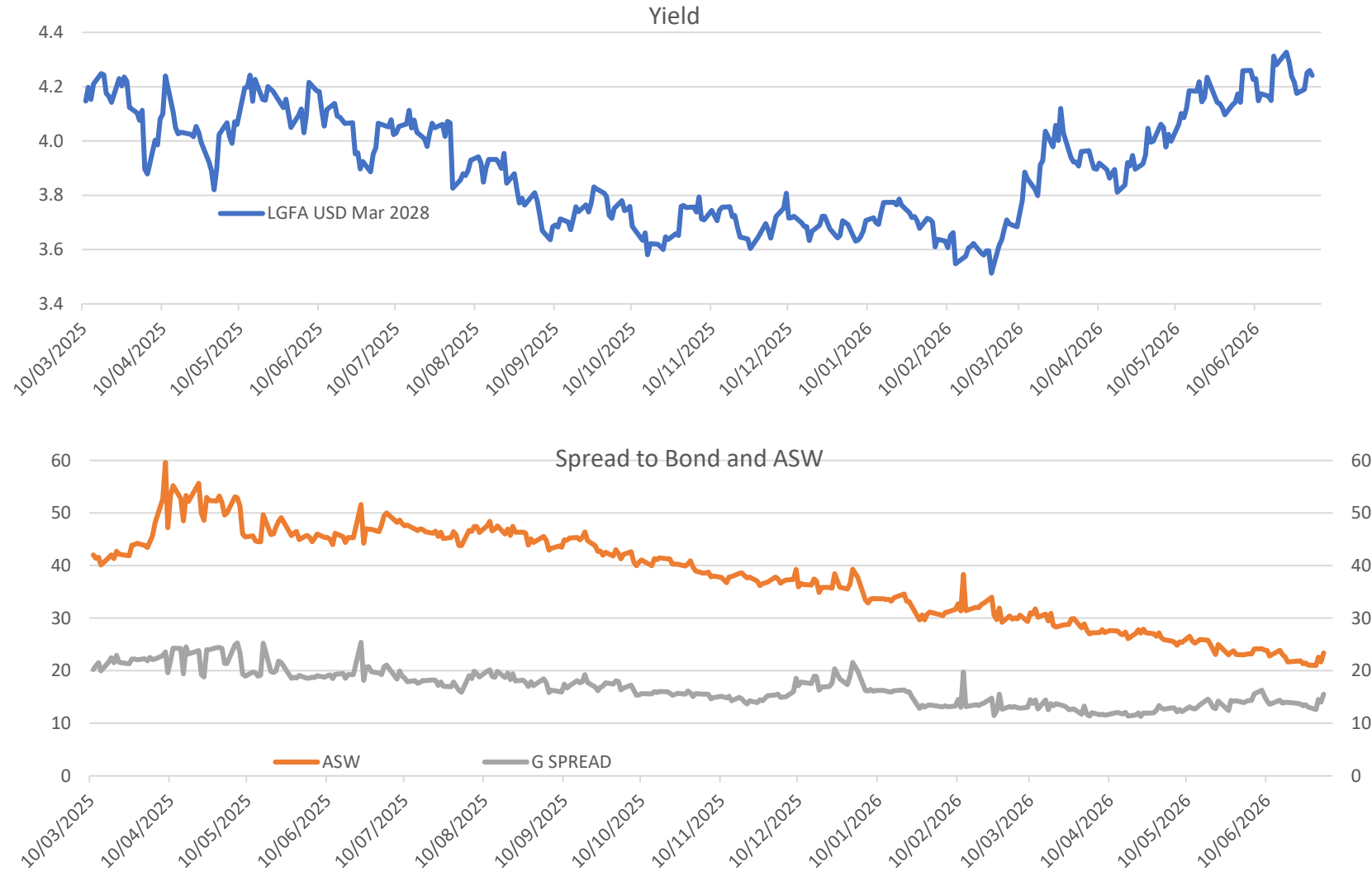
# LGFA USD500m BOND – 20 MARCH 2028



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	



Source: LGFA, Bloomberg

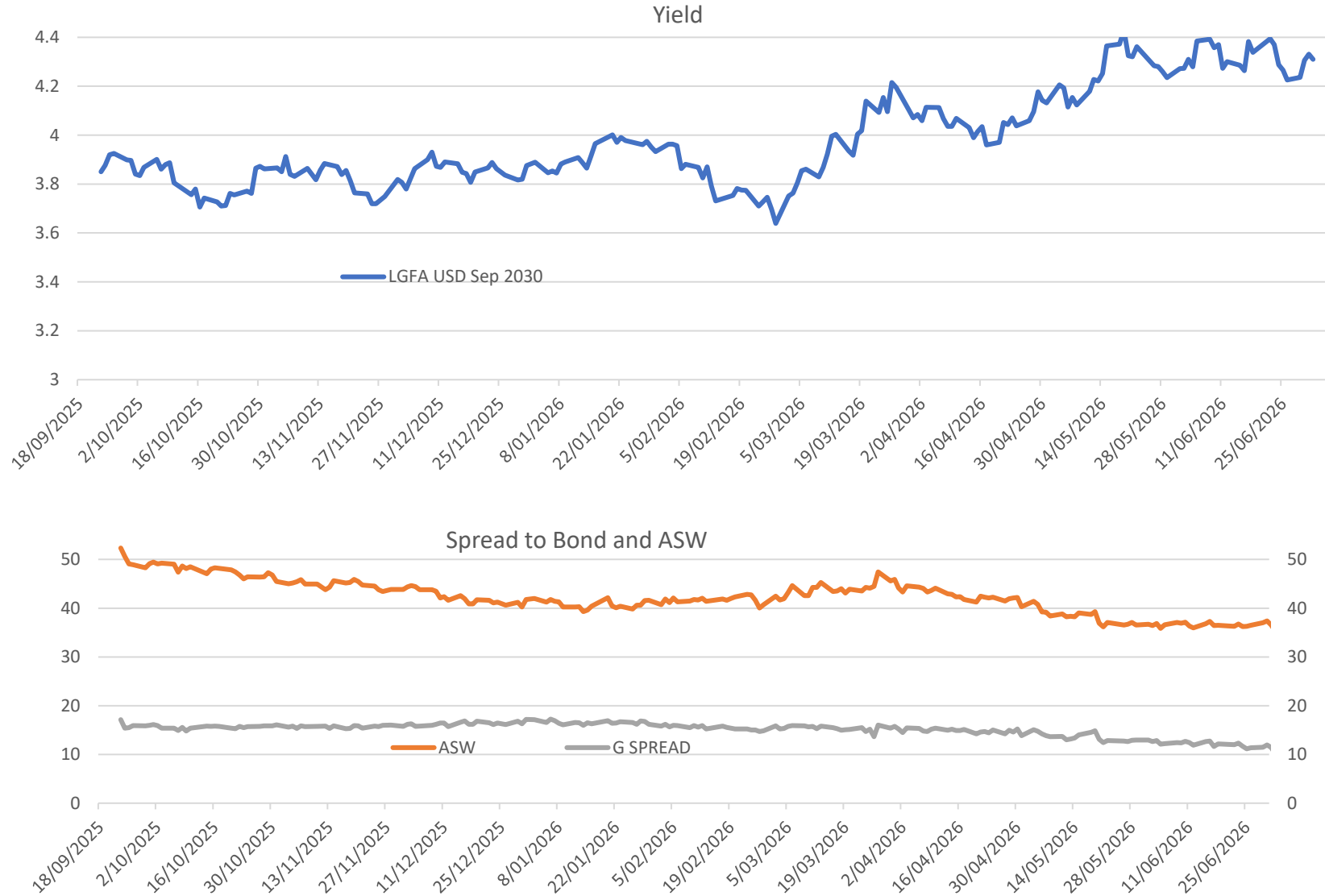
# LGFA USD500m BOND – 30 SEPTEMBER 2030



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	



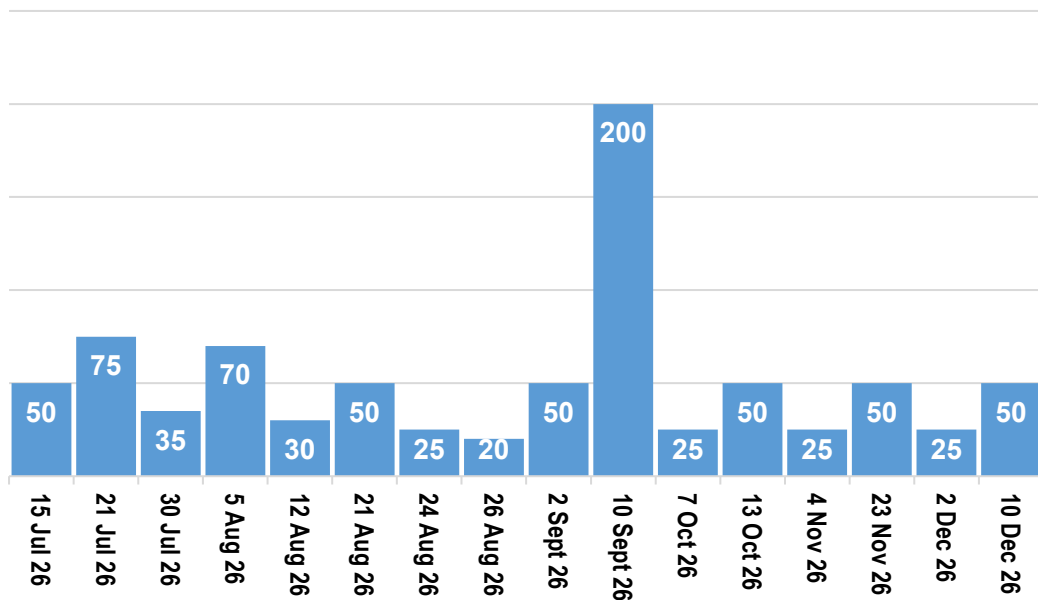
## LGFA NZD BILLS

- NZD denominated
- A-1+ /F1+ ratings (S&P/Fitch)
- NZ\$830 million on issue as at 30 June 2026
- Terms of 30 days to 364 days
- Spread of 3 bps to 6 bps over BKBM
- Spread of 9 bps to 12 bps over NZ Treasury Bills
- Monthly tenders and private placements

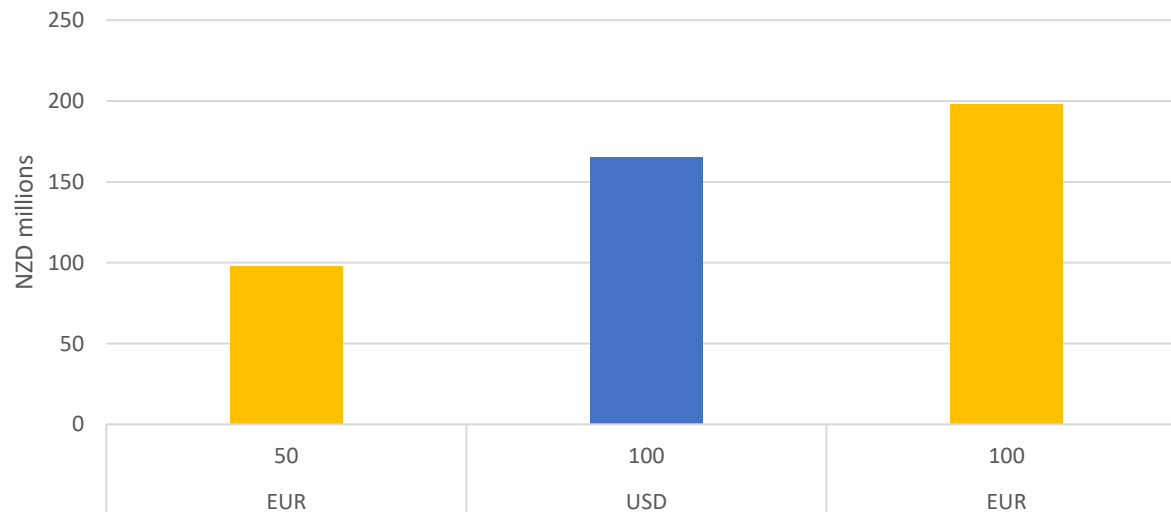
## LGFA Euro Commercial Paper (ECP)

- 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\$100 million and EUR150 million on issue as at 30 June 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



Important Notice and Disclaimer

Local Government Sector Update

LGFA Update

LGFA Debt Market Activity

**Appendices**



# LGFA MEMBERS AS AT 30 JUNE 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%	2,940.0	12.3	27.5
Christchurch City Council	3,731,960	8.3%	2,578.3	10.8	7.6
Wellington City Council	3,731,958	8.3%	2,004.5	8.4	5.6
Tauranga City Council	3,731,958	8.3%	1,368.7	5.7	3.3
Hamilton City Council	3,731,960	8.3%	1,012.3	4.2	3.0
Wellington Regional Council	3,731,958	8.3%	1,117.0	4.7	2.6
Kapiti Coast District Council	200,000	0.4%	403.0	1.7	1.1
Hutt City Council	200,000	0.4%	603.9	2.5	1.9
Bay of Plenty Regional Council	3,731,958	8.3%	307.6	1.3	0.9
Tasman District Council	3,731,958	8.3%	392.3	1.6	1.1
Waimakariri District Council	200,000	0.4%	225.1	0.9	1.0
Hastings District Council	746,392	1.7%	493.0	2.1	1.3
Whangarei District Council	1,492,784	3.3%	312.0	1.3	1.4
Palmerston North City Council	200,000	0.4%	373.4	1.6	1.4
New Plymouth District Council	200,000	0.4%	400.8	1.7	1.5
Horowhenua District Council	200,000	0.4%	202.1	0.8	0.6
Taupo District Council	200,000	0.4%	199.0	0.8	1.1
South Taranaki District Council	200,000	0.4%	166.0	0.7	0.5
Marlborough District Council	400,000	0.9%	311.5	1.3	1.0
Whanganui District Council	200,000	0.4%	241.6	1.0	0.8
Western Bay of Plenty District Council	3,731,958	8.3%	250.3	1.0	1.0
Manawatu District Council	200,000	0.4%	113.4	0.5	0.5
Whakatane District Council	200,000	0.4%	207.5	0.9	0.7
Waipa District Council	200,000	0.4%	445.7	1.9	1.0
Gisborne District Council	200,000	0.4%	237.8	1.0	0.9
Thames-Coromandel District Council	200,000	0.4%	99.0	0.4	1.1
Masterton District Council	200,000	0.4%	72.6	0.3	0.5
Hauraki District Council	200,000	0.4%	172.2	0.7	0.5
Selwyn District Council	373,196	0.8%	225.0	0.9	1.1
Otorohanga District Council	200,000	0.4%	15.3	0.1	0.2
<b>Total</b>	<b>45,000,000</b>		<b>17,490.8</b>	<b>73.1</b>	<b>72.7</b>

Note: Total shares includes called and uncalled shares

Source: LGFA

# LGFA MEMBERS (CONTINUED) AS AT 30 JUNE 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	96.1	0.4	0.5
Central Hawke's Bay District Council	48.0	0.2	0.3
Clutha District Council	166.9	0.7	0.3
Dunedin City Council	0.0	0.0	2.4
Far North District Council	192.7	0.8	1.2
Gore District Council	64.6	0.3	0.3
Grey District Council	45.6	0.2	0.3
Hawke's Bay Regional Council	141.9	0.6	0.4
Hurunui District Council	101.6	0.4	0.3
Invercargill City Council	199.9	0.8	0.8
Kaikoura District Council	9.3	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	83.0	0.3	0.6
Matamata-Piako District Council	99.2	0.4	0.6
Napier City Council	145.4	0.6	1.0
Nelson City Council	343.5	1.4	1.1
Northland Regional Council	61.7	0.3	0.5
Otago Regional Council	179.7	0.8	0.6
Porirua City Council	357.0	1.5	1.2
Queenstown-Lakes District Council	708.6	3.0	1.2
Rangitikei District Council	59.1	0.2	0.3
Rotorua District Council	526.2	2.2	1.4
Ruapehu District Council	64.0	0.3	0.3
South Wairarapa District Council	35.0	0.1	0.3
Southland District Council	91.6	0.4	0.7
Southland Regional Council	7.0	0.0	0.3
South Waikato District Council	65.0	0.3	0.4
Stratford District Council	41.6	0.2	0.2
Taranaki Regional Council	72.5	0.3	0.2
Tararua District Council	72.5	0.3	0.4
Timaru District Council	255.9	1.1	0.8
Upper Hutt City Council	216.0	0.9	0.7
Waimate District Council	7.5	0.0	0.2
Waitaki District Council	90.9	0.4	0.5
Waikato District Council	270.0	1.1	1.5
Waikato Regional Council	66.4	0.3	1.4
Waitomo District Council	17.1	0.1	0.2
West Coast Regional Council	33.2	0.1	0.1
Westland District Council	41.1	0.2	0.2
<b>Total</b>	<b>5427.43</b>	<b>22.7</b>	<b>27.3</b>

# LGFA MEMBERS (CONTINUED) AS AT 30 JUNE 2026

Borrowers Only	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Kawerau District Council	8.0	0.0	Nil
Opotiki District Council	15.5	0.1	Nil
Wairoa District Council	9.5	0.0	Nil
<b>Total</b>	<b>33.0</b>	<b>0.1</b>	<b>Nil</b>

Council Controlled Organisations	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Christchurch City Holdings Limited	0.0	0.0	Nil
Infrastructure Holdings Limited	120.0	0.5	Nil
Invercargill City Holdings Limited	10.0	0.0	Nil
Far North Holdings Limited	70.3	0.3	Nil
Dunedin City Treasury Limited	680.0	2.8	Nil
Timaru District Holdings Limited	15.6	0.1	Nil
Destination Westland Limited	0.0	0.0	Nil
Whanganui District Council Holdings Limited	0.0	0.0	Nil
<b>Total</b>	<b>895.9</b>	<b>3.7</b>	

Water Council Controlled Organisations	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Selwyn Water Limited	86.7	0.4	Nil
Waikato Waters Limited	0.0	0.0	Nil
Tiaki Wai Limited	0.0	0.0	Nil
Iawai – Flowing Waters Limited	0.0	0.0	Nil
<b>Total</b>	<b>86.7</b>	<b>0.4</b>	
<b>Total Borrowing from LGFA</b>	<b>23,933.8</b>	<b>100.0</b>	<b>100</b>

# NEW ZEALAND COUNCILS EXTERNAL CREDIT RATINGS

Council	S&P	Fitch	Moody's
Ashburton District Council		AA+ (neg outlook)	
Auckland Council	AA		Aa2
Bay of Plenty Regional Council	AA-		
Canterbury Regional Council		AA+ (neg outlook)	
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+ (neg outlook)	
Kapiti Coast District Council	AA-		
Marlborough District Council	AA-		
Manawatu District Council		AA	
Nelson City Council	AA-		
New Plymouth District Council	AA		
Palmerston North City Council	AA-		
Porirua City Council	A+ (pos outlook)		
Queenstown-Lakes District Council		AA-	
Rotorua District Council		AA-	
Selwyn District Council		AA+ (neg outlook)	
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 (pos outlook)		
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		

42 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.
- Fitch ratings revised the outlook of Ashburton District, Canterbury Regional Council, Invercargill City and Selwyn Districts Councils to Negative on back of the Sovereign rating action on 26 March 2026.
- 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 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

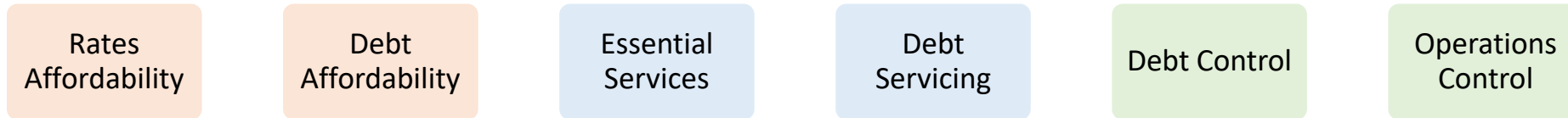
- 30 Year Infrastructure Strategy
  - Quality of Assets
  - Capital Expenditure Plan
- Risk Management
  - Insurance
- Governance
- Financial flexibility
- Cashflow
- Budget performance (balanced budget)
- Affordability of rates / Deprivation Index
- Natural hazards
- Group activities (CCOs)

## Councils by LGFA 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

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



- ❑ Six step intervention process possible by Central Government



- ❑ Councils required to comply with LGFA lending covenants

Annual attestation by council

LGFA credit analysis and monitoring performed through the year

LGFA credit watch-list in place

LGFA not obligated to lend to council members (except under council standby facilities provided by LGFA)

- ❑ Covenant breach in respect of securities (Bonds/FRN/CP) issued by a council is an Event of Review – after 30 days LGFA can seek repayment of loans.

- ❑ As at 30 June 2026, 41 LGFA member councils and 1 CCO have external credit ratings (A to AA+ range).
- ❑ LGFA undertakes detailed credit analysis of each council when they apply to join LGFA (and ongoing) - not every council has been accepted as a member.
- ❑ A council default becomes a timing issue for LGFA:
  - LGFA lending secured against rates revenue under Debenture Trust Deed;
  - unlikely to be other material claimants on rates revenue given LGFA is the dominant lender to councils;
  - Council’s Debenture Trustee appoints receiver and a special rate (property tax) levied on all properties in the council region to meet secured obligations when due; and
  - rates (property taxes) unavoidable and first ranking claim over property.
- ❑ Sources of LGFA liquidity and additional capital
  - NZ\$3.0 billion liquidity facility from NZ Government
  - Liquid Assets Portfolio
  - Issuance of additional LGFA Bills and Bonds
  - Conversion of Borrower Notes into equity
  - Uncalled capital of NZ\$20 million
- ❑ Beneficiaries of the council guarantee (including LGFA bondholders) can also call upon the guarantee from councils in prescribed circumstances.
- ❑ **Central Government does not guarantee obligations of either LGFA or council members.**

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 30 June 2026) NZ\$3,906
- VAR limit of NZ\$3,000,000 – current exposure (as at 30 June 2026) NZ\$598,330

## ❑ Credit Risk

All councils that borrow from LGFA are obliged to:

- provide security in relation to their borrowing from LGFA and related obligations;
- issue securities (bonds/FRNs/CP) to LGFA;
- comply with their own internal borrowing policies; 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 at 30 June 2026).

Collateral posting

- Under LGFA's swaps with NZDM, there was an unrealised mark to market valuation loss of \$489 million as at 30 June 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.

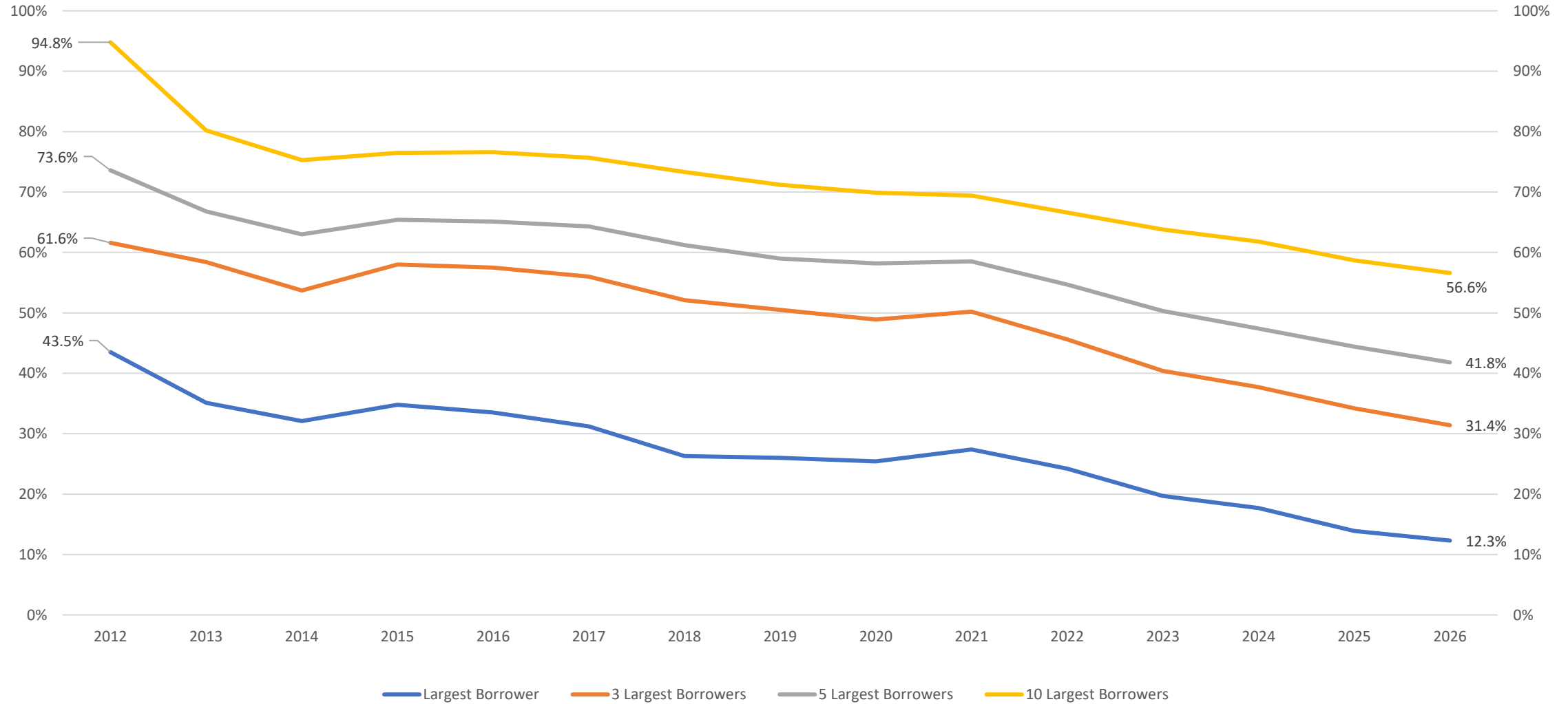
Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<280% <sup>1</sup>
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

<sup>1</sup> 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 30 June 2026 <sup>2</sup>	NZ\$ million
Cash and cash equivalents	\$457.07
Deposits and Marketable Securities	\$3,111.04
<b>Total</b>	<b>\$3,568.11</b>

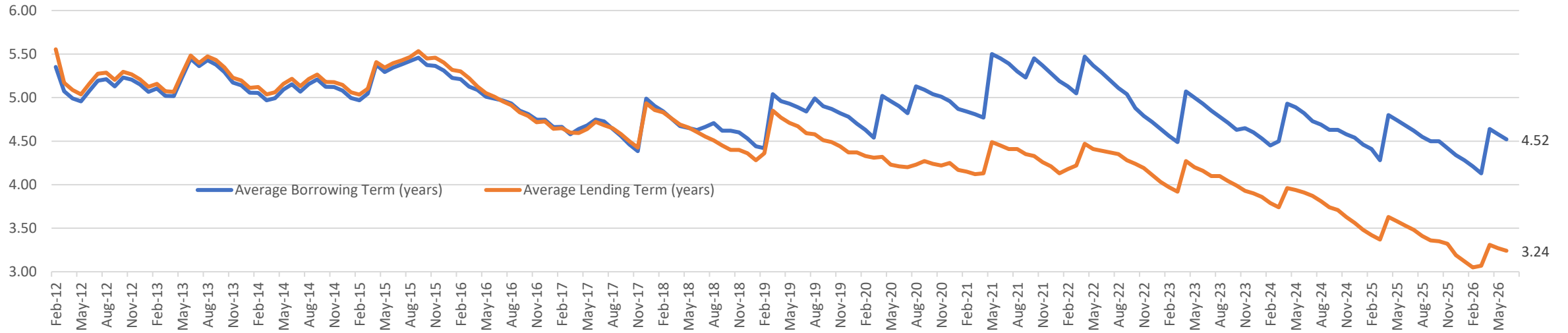
<sup>2</sup> Excluding assets to back 50% standby and credit advance facilities provided to councils and CCOs.

# LGFA LOAN BOOK CONCENTRATION REDUCING

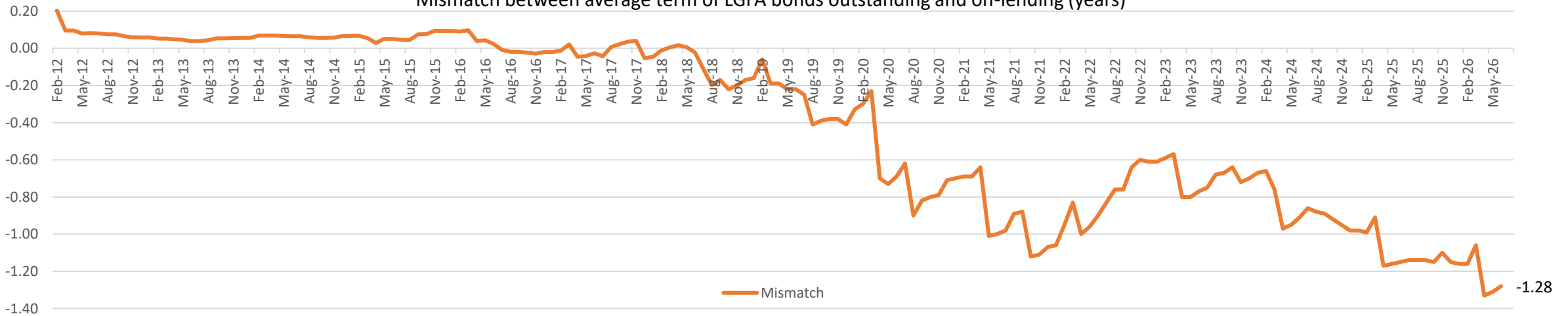


# MISMATCH BETWEEN LGFA BONDS AND LOANS TO COUNCILS AND CCOs

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



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



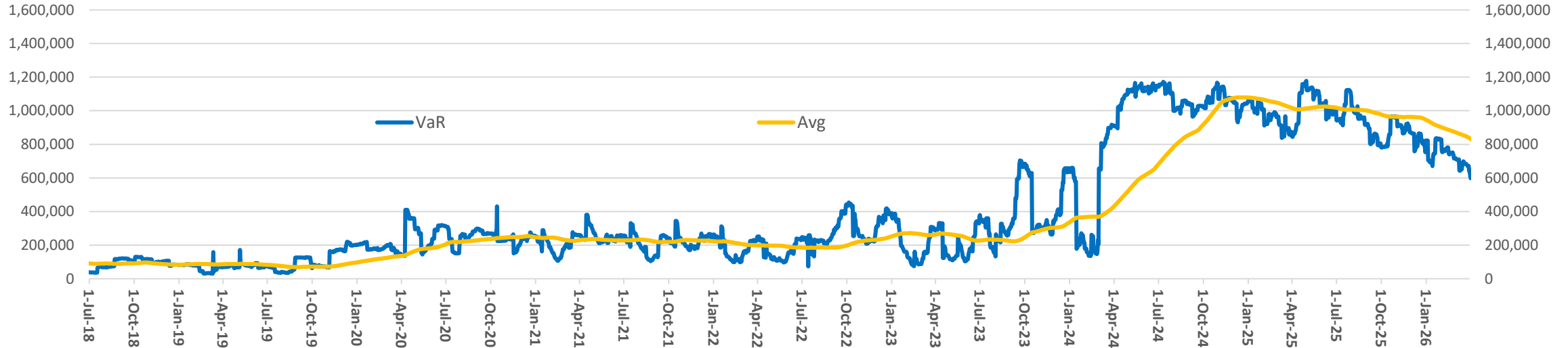
Negative = longer term of bond issuance than on-lending

LGFA bonds include NZD and foreign currency bonds

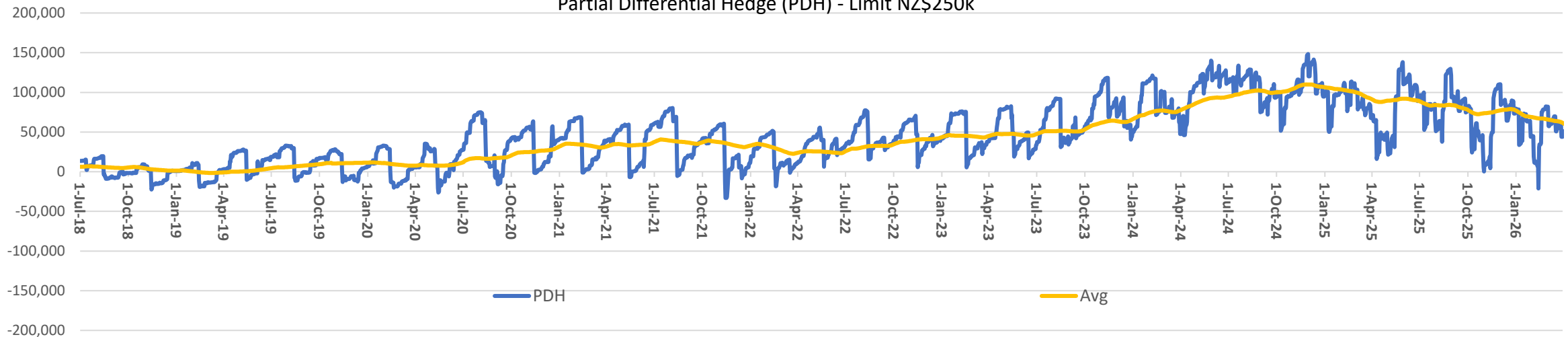
Source: LGFA

# MINIMAL VaR AND PDH EXPOSURES RELATIVE TO BALANCE SHEET SIZE

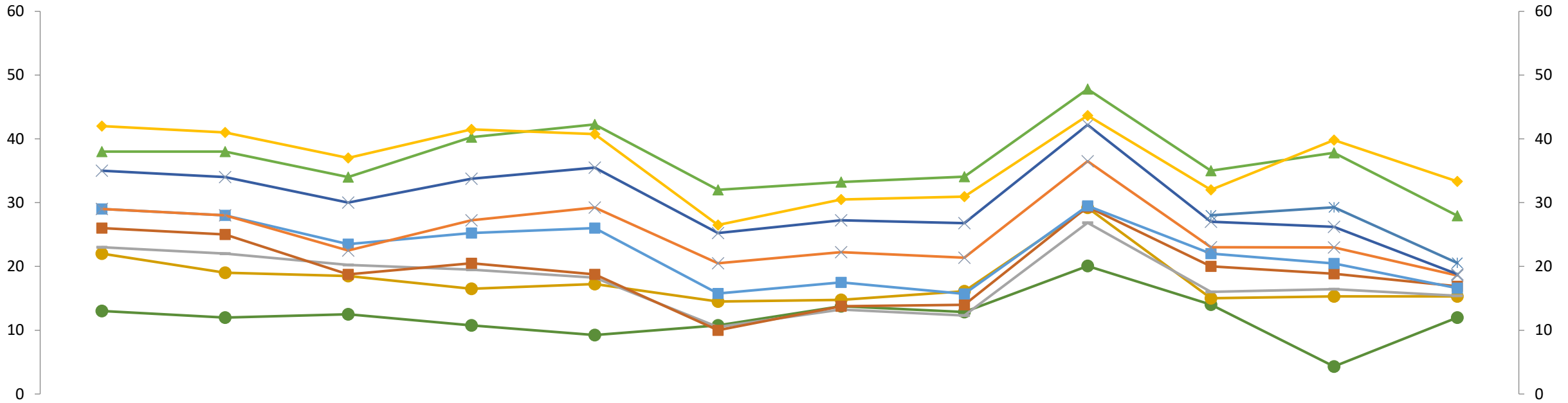
Value at Risk (VaR) - Limit NZ\$3 million



Partial Differential Hedge (PDH) - Limit NZ\$250k



# LGFA NZD BONDS - SPREADS TO NZGB (bps)

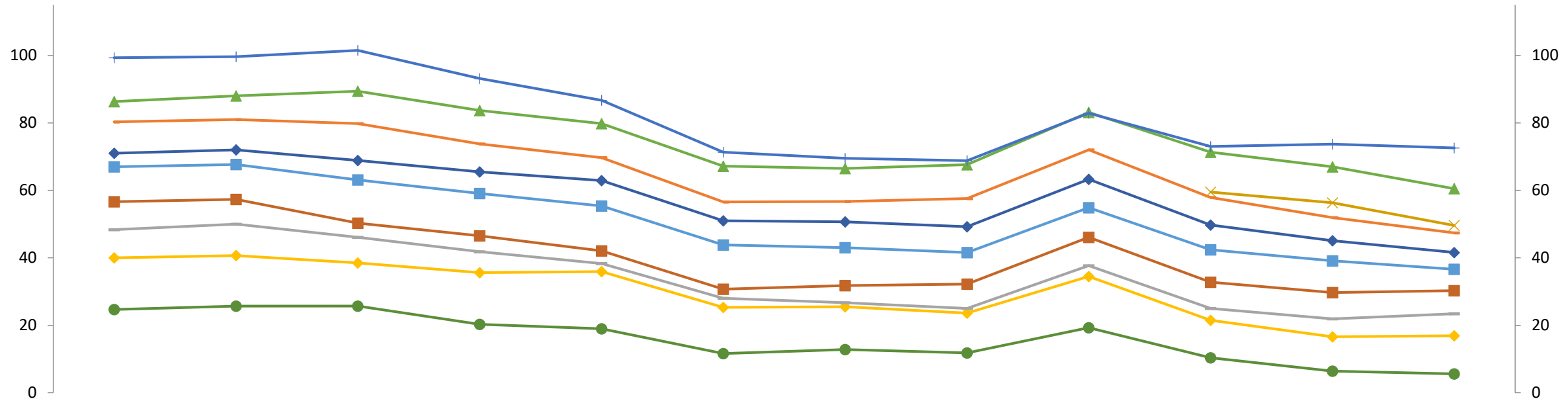


	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
2027	13	12	13	11	9	11	14	13	20	14	4	12
2028	22	19	19	17	17	15	15	16	29	15	15	15
2029	23	22	20	20	18	11	13	12	27	16	16	15
2030	26	25	19	21	19	10	14	14	29	20	19	17
2031	29	28	24	25	26	16	18	16	29	22	20	17
2032	29	28	23	27	29	21	22	21	36	23	23	19
2033	35	34	30	34	35	25	27	27	42	27	26	19
2034										28	29	21
2035	38	38	34	40	42	32	33	34	48	35	38	28
2037	42	41	37	42	41	27	30	31	44	32	40	33

Secondary market levels as at end of each month from NZFMA

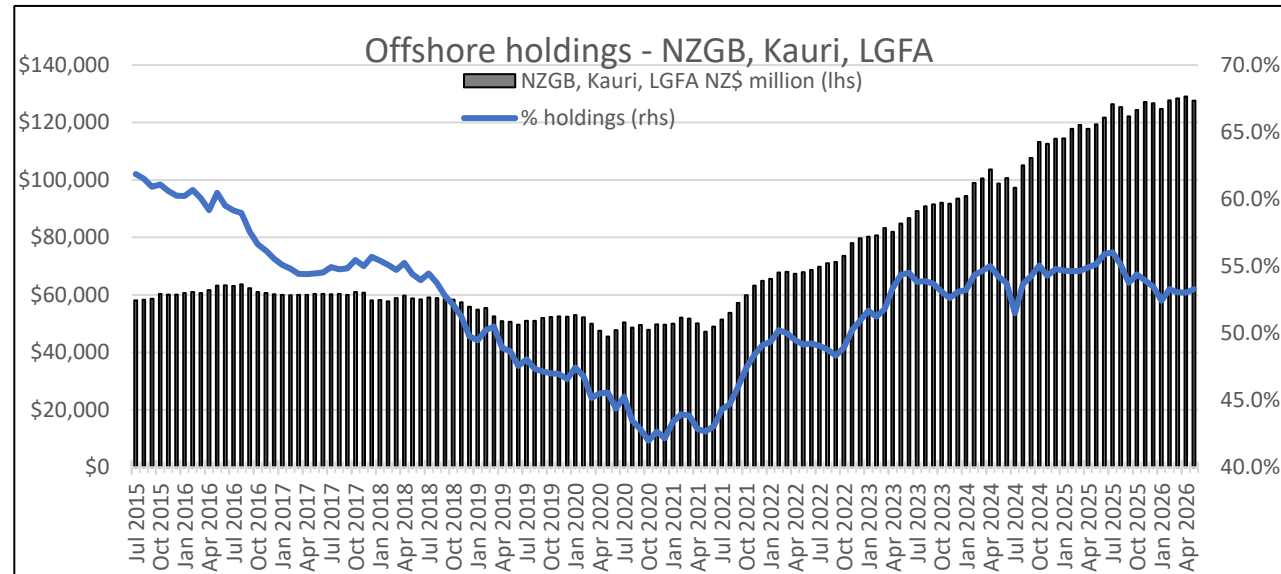
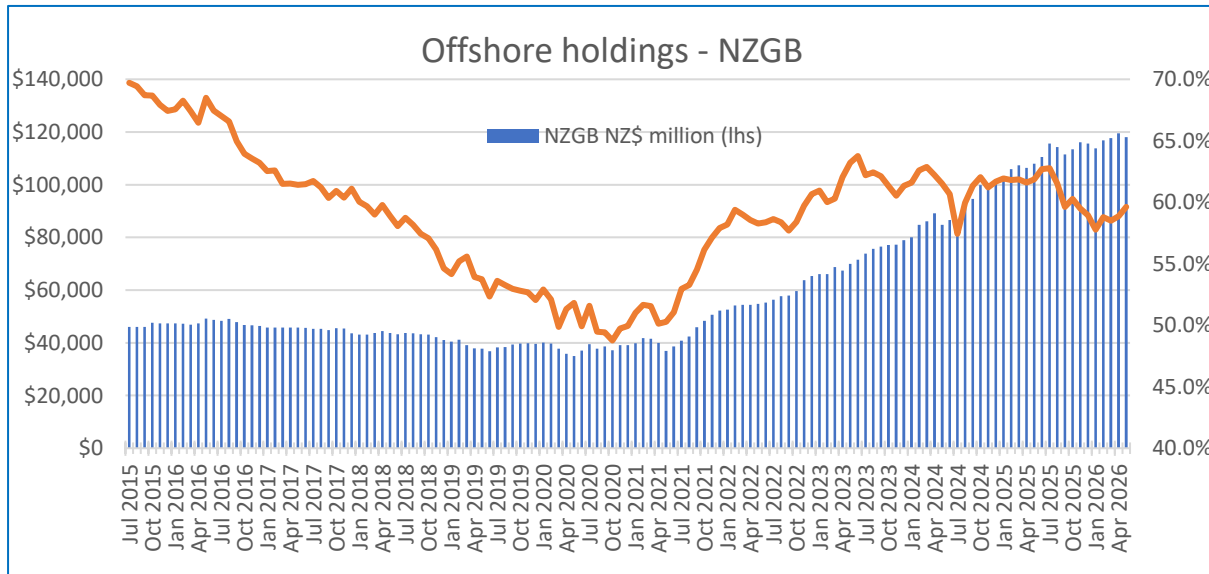
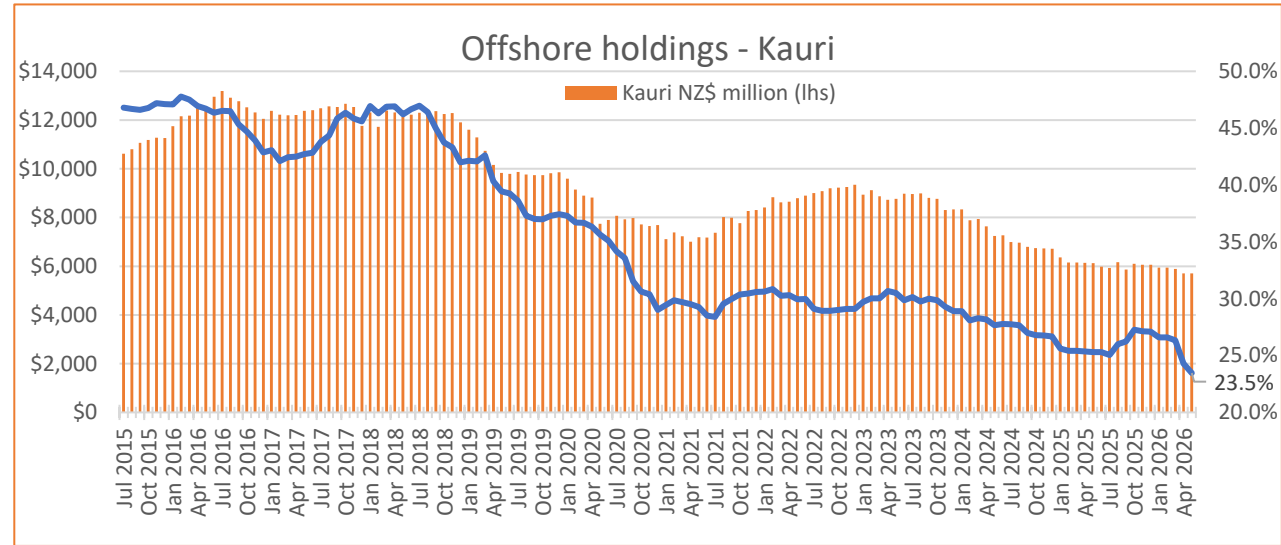
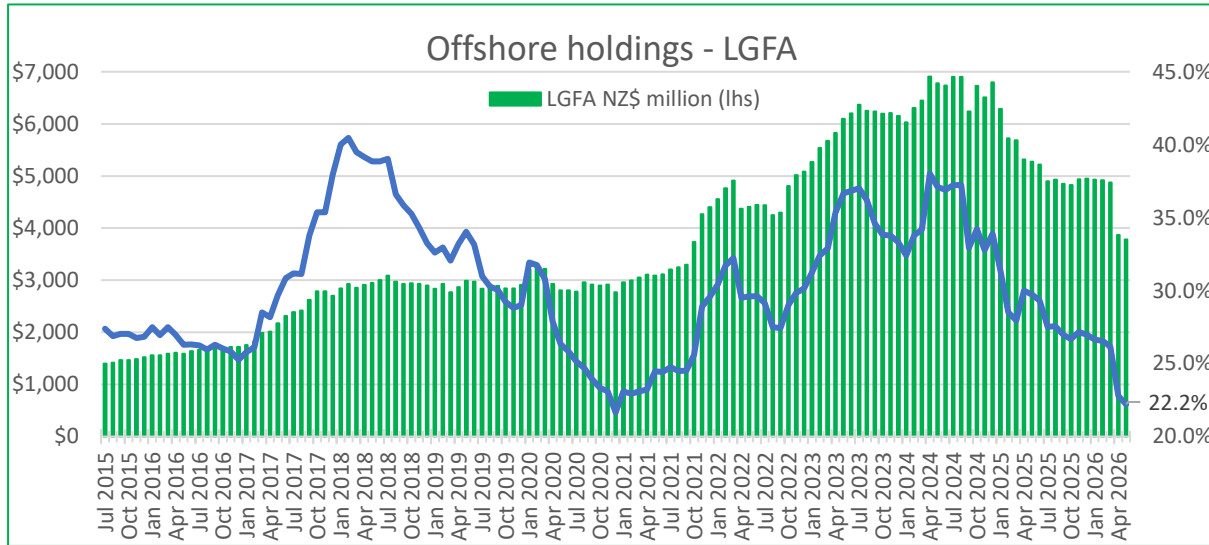
Source: LGFA

# LGFA NZD BONDS - SPREADS TO SWAP (bps)

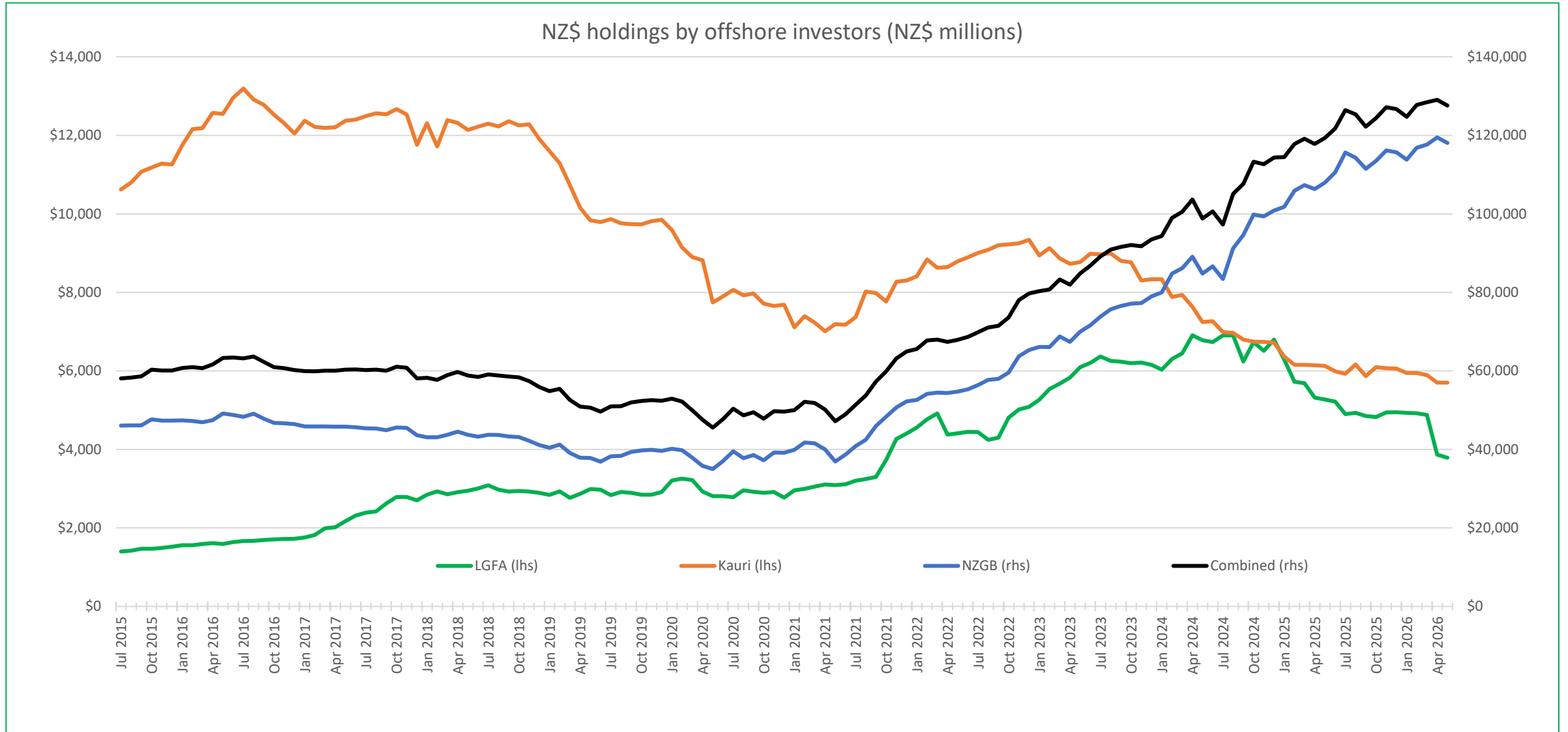


	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
2027s	25	26	26	20	19	12	13	12	19	10	6	6
2028s	40	41	39	36	36	25	26	24	35	22	17	17
2029s	48	50	46	42	38	28	27	25	38	25	22	23
2030s	57	57	50	47	42	31	32	32	46	33	30	30
2031s	67	68	63	59	55	44	43	42	55	42	39	37
2032s	71	72	69	66	63	51	51	49	63	50	45	42
2033s	80	81	80	74	70	57	57	58	72	58	52	47
2034s										60	56	50
2035s	86	88	89	84	80	67	67	68	83	71	67	61
2037s	99	100	102	93	87	71	70	69	83	73	74	73

# OFFSHORE HOLDINGS – NZGB, KAURI AND LGFA NZD BONDS

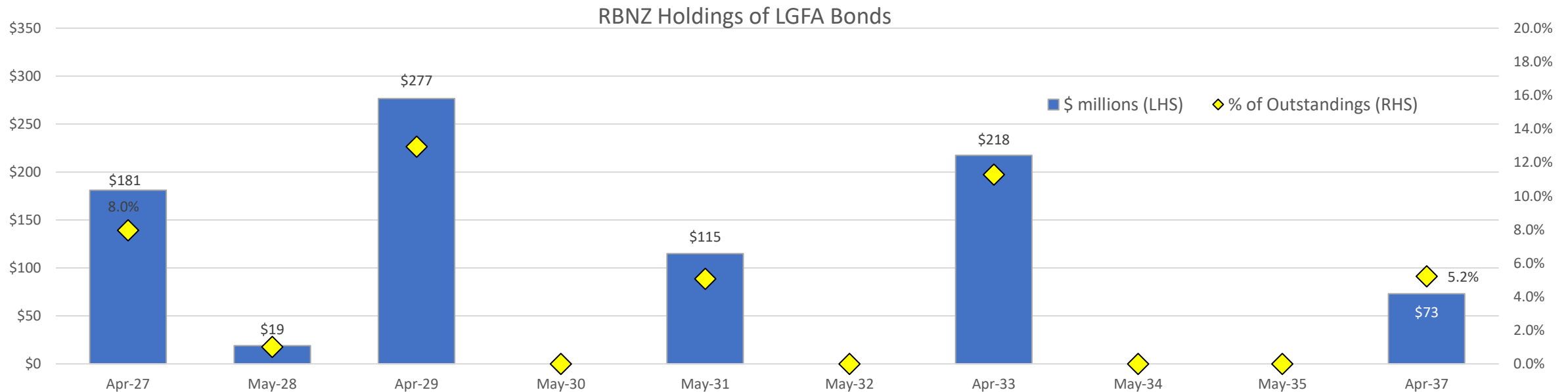


# OFFSHORE HOLDINGS – NZGB, KAURI AND LGFA NZD BONDS



# RBNZ HOLDINGS OF LGFA NZD BONDS

- ❑ RBNZ first purchased LGFA NZD bonds on market during week of 6 April 2020.
- ❑ Announced adding LGFA NZD bonds to Large Scale Asset Purchase (“LSAP”) programme on 7 April 2020.
- ❑ Commenced buying under LSAP programme on 16 April 2020.
- ❑ Total purchases of LGFA NZD bonds amounted to NZ\$1.904 billion.
- ❑ RBNZ ceased purchases in late February 2021.
- ❑ RBNZ holds NZ\$882 million or 5.1% of LGFA NZD bonds on issue (excluding LGFA treasury stock) as at 30 June 2026.



**Note: the RBNZ holdings include some securities held as security for repo transactions in daily OMOs.**

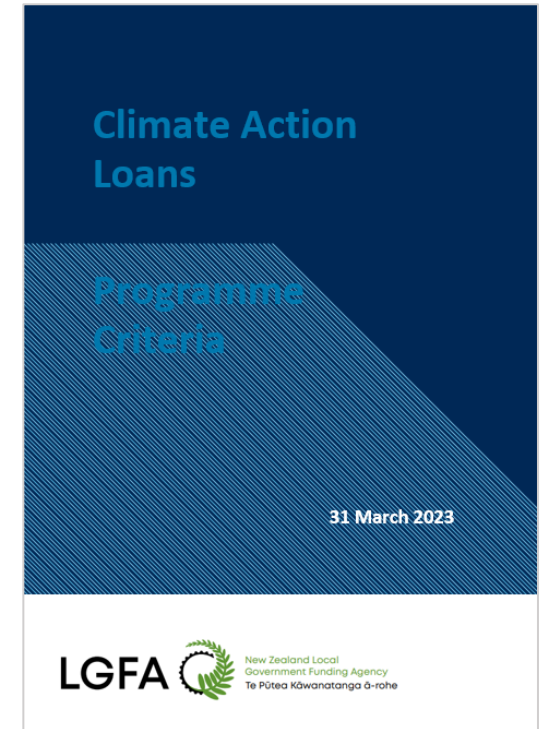
## LGFA lends funds to Borrowers at a discounted margin to enable them to undertake green and social (GS) projects

- ❑ GS Loans are “proceeds-based” loans to Borrowers for assets, projects or activities that meet the GS Loan Criteria published by LGFA (**GS Loan Criteria**). Projects can qualify under 9 Green Loan categories and/or 3 Social Loan categories.
- ❑ All Borrowers are eligible for GS Loans. LGFA may provide GS Loans for projects that:
  - provide a demonstrable reduction in energy consumption and/or GHG emissions;
  - strengthen the level of local adaptation to challenges posed by climate change; or
  - have an identified social objective.
- ❑ To be eligible for GS Loans, projects must:
  - target requirements higher than or at least the minimum requirements in the relevant New Zealand legislation, policies or principles; and
  - have explicit climate, environmental, social, or sustainable ambitions.
- ❑ The GS Loan Criteria is aligned to the Green Loan Principles and the Social Loan Principles.
- ❑ Morningstar Sustainalytics, a global independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world (**Sustainalytics**) has verified that the GS Loan Criteria is aligned to the Green Loan Principles 2023 and the Social Loan Principles 2023.



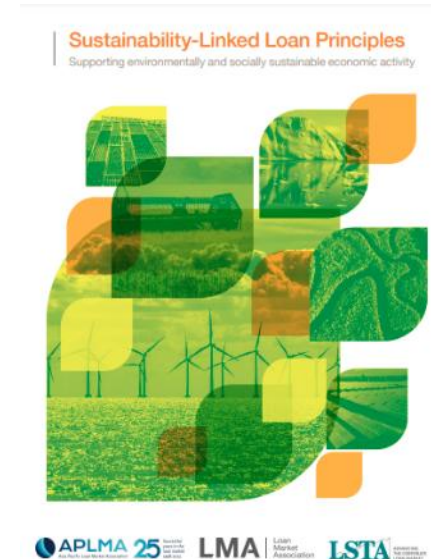
## LGFA lends funds to Borrowers at a discounted loan margin when they commit to address GHG emissions aligned to science-based trajectory

- ❑ CALs are “general purposes” loans with a pricing incentive for Borrowers to act on climate change and reduce GHG emissions in accordance with the requirements of the CAL Criteria published by LGFA (**CAL Criteria**).
- ❑ All Borrowers are eligible for CALs, including those who may not have any eligible projects to access GS Loans.
- ❑ To qualify for a CAL, a Borrower must have the following in place:
  - An Emission Reduction Plan (**ERP**) which includes:
    - a Borrower’s intended pathway to reduce its Scope 1 and Scope 2 GHG emissions in line with the science-based trajectory (i.e. to support limiting global warming to no greater than 1.5 degrees Celsius above pre-industrial levels) and net zero by 2050; and
    - annual GHG targets (for Scope 1 and Scope 2 GHG emissions) covering short-term periods and medium-term targets that ultimately support the Borrower to achieve its long-term goal of alignment to the science-based trajectory and net zero by 2050 (or sooner).
  - Borrowers must obtain annual external verification (by a credible provider) of their GHG emissions inventory.
- ❑ There is no penalty if a Borrower misses its emissions reduction target or fails to report as required under the CAL Criteria. However, LGFA will “declassify” the CAL which means (a) LGFA will remove the Borrower’s name from the list of CAL borrowers on LGFA’s website, and (b) LGFA will name the Borrower on LGFA’s website as a Borrower which has had its CAL declassified as a result of non-compliance with the CAL Criteria. The CAL will remain declassified until the CAL Criteria is met.

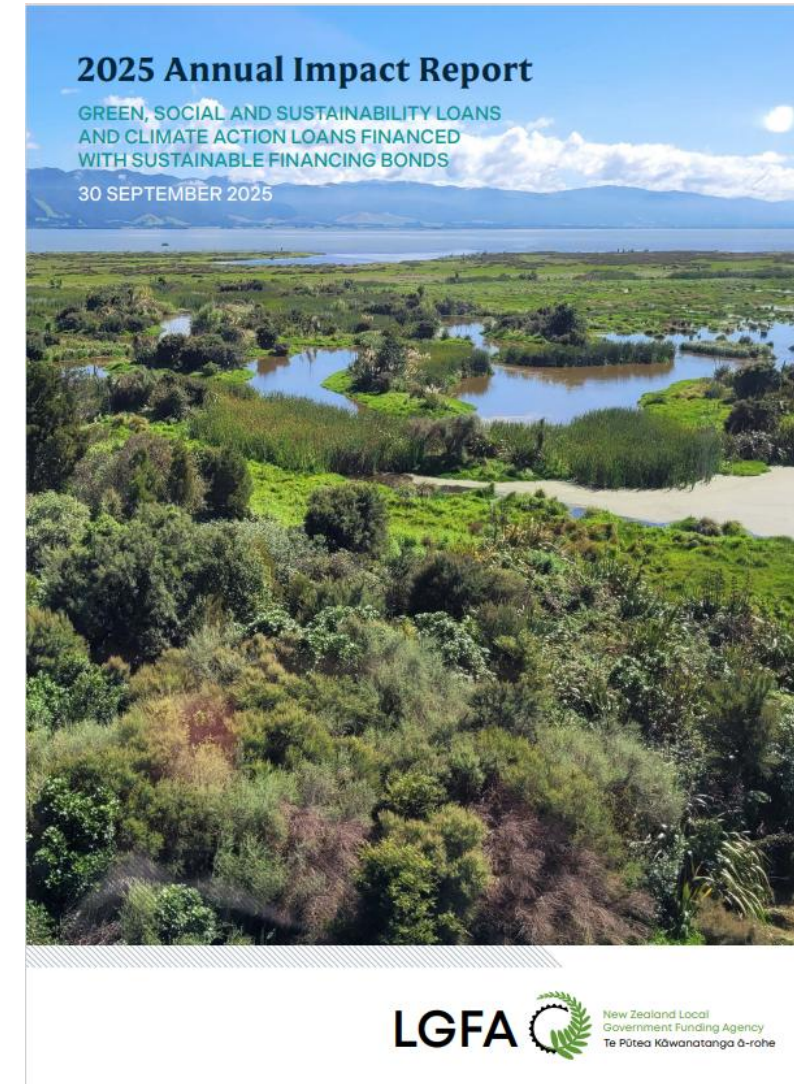


## The CAL Criteria partially aligns to the Sustainability-Linked Loan Principles

- ❑ Sustainalytics has reviewed the CAL Criteria and reached the following conclusions.
- ❑ The sustainability Key Performance Indicator (**KPI**) and Sustainability Performance Target (**SPT**) that both form the basis of CALs are both in line with the Sustainability-Linked Loan Principles 2023 (**SLLP**):
  - The KPI that forms the basis of the CAL Criteria is *absolute gross Scope 1 and Scope 2 GHG emissions* (measured in tCO<sub>2</sub>e).
    - The CAL Criteria is programmatic in that it covers a range of Borrowers.
    - Despite this programmatic approach, the KPI is considered material for all Borrowers.
  - The SPT in the CAL Criteria is the *reduction in absolute gross Scope 1 and Scope 2 GHG emissions in line with a 1.5°C science-based scenario*.
    - The target aligns with New Zealand’s sustainability strategy.
    - The target is considered highly ambitious given that it is expected to align with the science-based targets to reduce GHG emissions, to help limit global warming to 1.5°C and support the achievement of net zero emissions by 2050 in New Zealand.
- ❑ The CAL Criteria is in line with four of the five core components of the SLLP:
  - The one component in the CAL Criteria that does not align with the SLLP is the pricing and margin adjustment (Component 3 of the SLLP).
  - This is because a penalty for failure to meet the CAL requirements is declassification of the CAL, not a pricing penalty. A pricing penalty cannot be linked within the same term of the CAL due to the potential impact on LGFA’s financial statements under current accounting standards. Accordingly, the CAL Criteria does not fully align with the SLLP for this reason.



- ❑ LGFA published its second Annual Impact Report on 30 September 2025.<sup>1</sup>
- ❑ In September 2025, LGFA engaged Sustainalytics to review the Sustainable Financing Framework.
- ❑ In the Annual Review Sustainalytics assessed that the:
  - Framework, based on the proceeds-based pillars of general market standards for sustainable finance, as overall aligned with the impact and transparency principles that underpin the sustainable finance market
  - Components of the Framework as credible and that LGFA’s criteria for assessing the eligibility of loans under the Framework will direct funds to Sustainable Loans that are expected to provide overall positive environmental and social benefits.
  - Principles of impact and transparency that underlie the sustainable finance industry and many of its norms and standards as applicable to the sustainable financing bonds that LGFA intends to issue, and that LGFA’s internal processes and the use of funds overall aligns with said impact and transparency principles



# GREEN AND SOCIAL LOANS WITH COUNCILS AND CCOs

Category	Borrower	Date Sustainable Loan Approved <sup>1</sup>	GS Loan Criteria Version <sup>2</sup>	Project Description	Sustainable Loan Type	Approved Amount for Project <sup>1</sup> (NZ\$ million)	Principal Amount Outstanding (NZ\$ million)
Green Buildings	Wellington City Council	14 October 2021	2023	Tākina, Wellington Convention and Exhibition Centre	Green Loan	180	180
Green Buildings	Hutt City Council	28 June 2022	2023	Te Ngaengae Pool + Fitness Centre	Green Loan	41	41
Green Buildings	Whangarei District Council	19 August 2022	2023	Te Iwitahi - Whangārei Civic Centre	Green Loan	59	59
Green Buildings	Tauranga City Council	15 March 2025	2023	Te Manawataki o Te Papa – Building 1 - Library and Community Hub Building 2 - Civic Whare, Exhibition & Museum	Green Loan	103	103
Green Buildings	Napier City Council	17 September 2025	2025	Managa (Council offices) and Te Aka (Library and Civic Precinct) Project	Green Loan	100	25
Climate Change Adaptation	Greater Wellington Regional Council	2 December 2021	2023	Te Wai Takamori o Te Awa Kairangi - RiverLink Project	Green Loan	227	103
Climate Change Adaptation	Tauranga City Council	31 August 2025	2023	Strand Seawall “Living Seawall”	Green Loan	7	3.2
Climate Change Adaptation	Hurunui District Council	28 August 2025	2023	Amberley Beach Proactive Relocation	Green Loan	23.6	5.5

<sup>1</sup> Where a GS Loan is “approved”, LGFA is not committed to provide those funds. Rather, LGFA has indicated to the relevant Borrower that, subject to satisfaction of conditions precedent, LGFA intends to advance the relevant amount as GS Loan(s) when the Borrower makes a request under LGFA’s Multi-Issuer Deed.

<sup>2</sup> GS Loan Lending Programme Criteria that the GS project was approved against.

**As at 30 June 2026**

**Source: LGFA**

# GREEN AND SOCIAL LOANS WITH COUNCILS AND CCOs (continued)

Category	Borrower	Date Sustainable Loan Approved <sup>1</sup>	GS Loan Criteria Version <sup>2</sup>	Project Description	Sustainable Loan Type	Approved Amount for Project <sup>1</sup> (NZ\$ million)	Principal Amount Outstanding (NZ\$ million)
Climate Change Adaptation	Hawke's Bay Regional Council	3 November 2025	2025	Infrastructure Resilience Programme (NIWE)	Green Loan	49.8	11
Biodiversity Conservation	Tauranga City Council	10 October 2023	2023	Kopurererua Valley Stream Realignment	Green Loan	10.3	8.7
Clean Transportation	Infrastructure Holdings Ltd	23 September 2025	2025	Container Crane Procurement	Green Loan	15	15
Renewable Energy	New Plymouth District Council	23 September 2025	2025	Papa Rererangi i Puketapu (PRIP) Solar Farm	Green Loan	14.6	14.6
Sustainable Water & Wastewater Management	Stratford District Council	23 March 2026	2025	Universal Smart Metering Project	Green Loan	1.6	1.6
<b>Total Green Loans</b>						<b>831.9</b>	<b>570.7</b>
Affordable Housing	Christchurch City Council	17 November 2022	2023	ŌCHT Social Housing	Social Loan	55	34.2
Affordable Housing	Wellington City Council	28 August 2025	2023	Housing Upgrade Programme Phase 2 (HUP2)	Social Loan	432.5	10.0
<b>Total Social Loans</b>						<b>487.5</b>	<b>44.2</b>
<b>Total Loans</b>				<b>15 Projects</b>		<b>1,319.4</b>	<b>614.9</b>

<sup>1</sup> Where a GS Loan is "approved", LGFA is not committed to provide those funds. Rather, LGFA has indicated to the relevant Borrower that, subject to satisfaction of conditions precedent, LGFA intends to advance the relevant amount as GS Loan(s) when the Borrower makes a request under LGFA's Multi-Issuer Deed.

<sup>2</sup> GS Loan Lending Programme Criteria that the GS project was approved against.

Borrowers	Maturity Date Range of CALs	Principal Amount Outstanding (NZ\$ million)
Auckland Council	May 2028 to April 2033	1,100.0
Dunedin City Treasury Limited	October 2029 to May 2035	680.0
Greater Wellington Regional Council	August 2026 to November 2034	495.0
Hutt City Council	October 2026 to May 2032	380.7
Kapiti Coast District Council	October 2026 to October 2030	285.0
Tauranga City Council	April 2027 to April 2033	634.0
Wellington City Council	July 2027 to November 2033	1072.0
Napier City Council	April 2029 to May 2034	35.0
<b>Total</b>		<b>4,861.7</b>



As at 30 June 2026

Source: LGFA

# LGFA HISTORIC FINANCIAL PERFORMANCE

Financials (NZ\$ million)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Interest Income	\$222.8	\$278.2	\$320.7	\$342.8	\$361.1	\$370.2	\$377.2	\$393.5	\$763.6	\$1,213.3	\$1,267.1
Interest Expense	\$208.9	\$262.6	\$303.2	\$323.9	\$342.3	\$351.9	\$357.7	\$376.0	\$753.3	\$1,193.8	\$1,232.3
Net Interest Income	\$13.9	\$15.5	\$17.5	\$18.9	\$18.8	\$18.3	\$19.5	\$17.5	\$10.3	\$19.5	\$34.8
<b>Total Income</b>	<b>\$13.9</b>	<b>\$15.5</b>	<b>\$17.5</b>	<b>\$18.9</b>	<b>\$18.8</b>	<b>\$18.3</b>	<b>\$19.7</b>	<b>\$18.6</b>	<b>\$11.6</b>	<b>\$21.8</b>	<b>\$35.6</b>
Operating Expenses	(\$4.7)	(\$6.0)	(\$6.5)	(\$7.1)	(\$7.6)	(\$7.7)	(\$7.7)	(\$7.9)	(\$9.1)	(\$11.8)	(\$16.7)
<b>Net Profit</b>	<b>\$9.2</b>	<b>\$9.5</b>	<b>\$11.0</b>	<b>\$11.8</b>	<b>\$11.2</b>	<b>\$10.6</b>	<b>\$12.0</b>	<b>\$10.7</b>	<b>\$2.5</b>	<b>\$10.1</b>	<b>\$18.9</b>
Liquid Assets Portfolio	\$107.9	\$266.3	\$327.5	\$482.8	\$448.1	\$1,254.8	\$1,815.2	\$2,112.0	\$1,703.0	\$2,841.7	\$3,363.0
Loans to Local Government	\$5,031.9	\$6,451.3	\$7,783.9	\$7,975.7	\$9,310.6	\$10,899.8	\$12,029.0	\$14,041.0	\$16,314.0	\$20,549.4	\$22,657.3
Other Assets	\$271.9	\$539.7	\$380.0	\$321.1	\$623.6	\$1,019.8	\$605.0	\$97.0	\$158.4	\$116.5	\$447.5
<b>Total Assets</b>	<b>\$5,411.8</b>	<b>\$7,257.3</b>	<b>\$8,491.4</b>	<b>\$8,779.6</b>	<b>\$10,382.3</b>	<b>\$13,174.4</b>	<b>\$14,485.0</b>	<b>\$16,250.0</b>	<b>\$18,175.0</b>	<b>\$23,507.6</b>	<b>\$26,467.8</b>
Debt Securities on Issue	\$5,247.3	\$7,043.6	\$8,213.6	\$8,574.4	\$10,115.6	\$12,685.0	\$13,828.0	\$14,578.0	\$15,943.0	\$21,305.7	\$24,258.8
Borrower Notes	\$85.1	\$108.4	\$131.6	\$135.1	\$154.2	\$182.3	\$223.3	\$283.0	\$360.3	\$492.6	\$669.0
Other Liabilities	\$16.1	\$61.0	\$92.3	\$5.8	\$38.5	\$38.5	\$338.2	\$1,285.5	\$1,765.5	\$1,596.3	\$1,418.2
<b>Total Liabilities</b>	<b>\$5,375.6</b>	<b>\$7,213.0</b>	<b>\$8,437.5</b>	<b>\$8,715.3</b>	<b>\$10,308.2</b>	<b>\$13,090.1</b>	<b>\$14,389.9</b>	<b>\$16,145.6</b>	<b>\$18,068.8</b>	<b>\$23,507.8</b>	<b>\$26,346</b>
<b>Shareholder Equity</b>	<b>\$36.3</b>	<b>\$44.2</b>	<b>\$53.9</b>	<b>\$64.3</b>	<b>\$74.1</b>	<b>\$83.6</b>	<b>\$94.8</b>	<b>\$104.6</b>	<b>\$105.8</b>	<b>\$113.2</b>	<b>\$121.8</b>

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

# LGFA HISTORIC FINANCIAL RATIOS

Ratios as at 30 June each year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Liquid Assets / Funding Liabilities	2.0%	3.8%	4.1%	5.6%	4.4%	9.9%	13.5%	14.8%	11.0%	12.9%	13.5%
Liquid Assets / Total Assets	2.0%	3.7%	3.9%	5.5%	4.3%	9.5%	13.1%	13.0%	9.4%	11.0%	12.7%
Net Interest Margin	0.28%	0.24%	0.23%	0.22%	0.18%	0.15%	0.16%	0.13%	0.07%	0.11%	0.16%
Cost to Income Ratio	33.8%	38.7%	37.1%	37.6%	40.4%	42.0%	39.1%	42.5%	78.1%	54.0%	46.7%
Return on Average Assets	0.17%	0.13%	0.13%	0.13%	0.11%	0.09%	0.09%	0.07%	0.01%	0.04%	0.07%
Shareholder Equity / Total Assets	0.7%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.5%	0.5%
Shareholder Equity + Borrower Notes / Total Assets	2.2%	2.1%	2.2%	2.3%	2.2%	2.0%	2.3%	2.4%	2.6%	2.6%	3.0%
Asset Growth	38.1%	34.1%	17.0%	13.4%	18.3%	26.9%	9.9%	12.2%	11.8%	29.3%	12.6%
Loan Growth	34.5%	28.2%	20.7%	2.4%	16.7%	17.1%	10.7%	16.4%	16.2%	26.0%	10.3%
Return on Equity	31.9%	26.3%	25.0%	21.9%	15.1%	12.7%	14.3%	11.3%	2.4%	9.5%	16.8%
Capital Ratio	11.2%	10.5%	10.9%	11.4%	11.0%	10.1%	11.0%	11.9%	12.8%	12.9%	14.9%

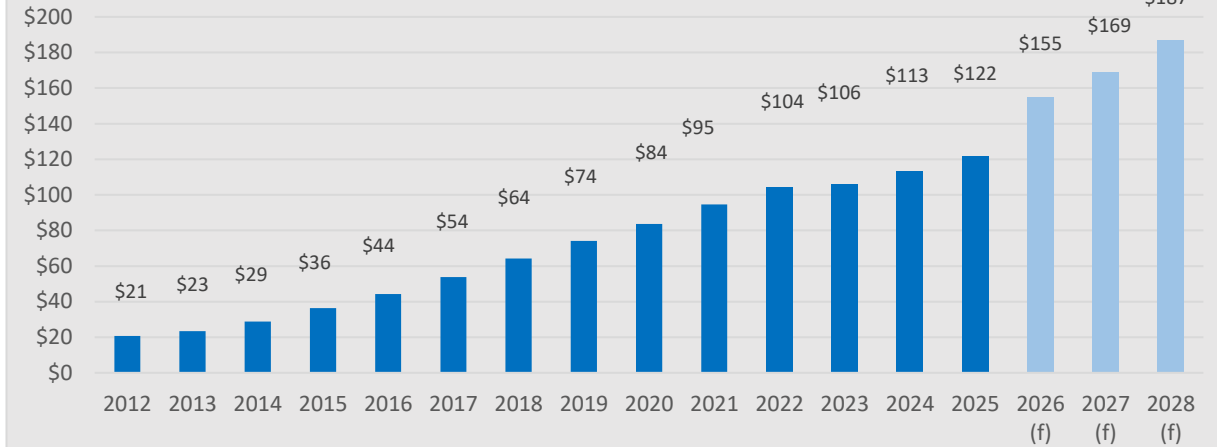
**Note: As at 30 June each year or for the twelve-month period ending 30 June each year from LGFA Annual Reports**

# LGFA HISTORIC AND FORECAST FINANCIALS

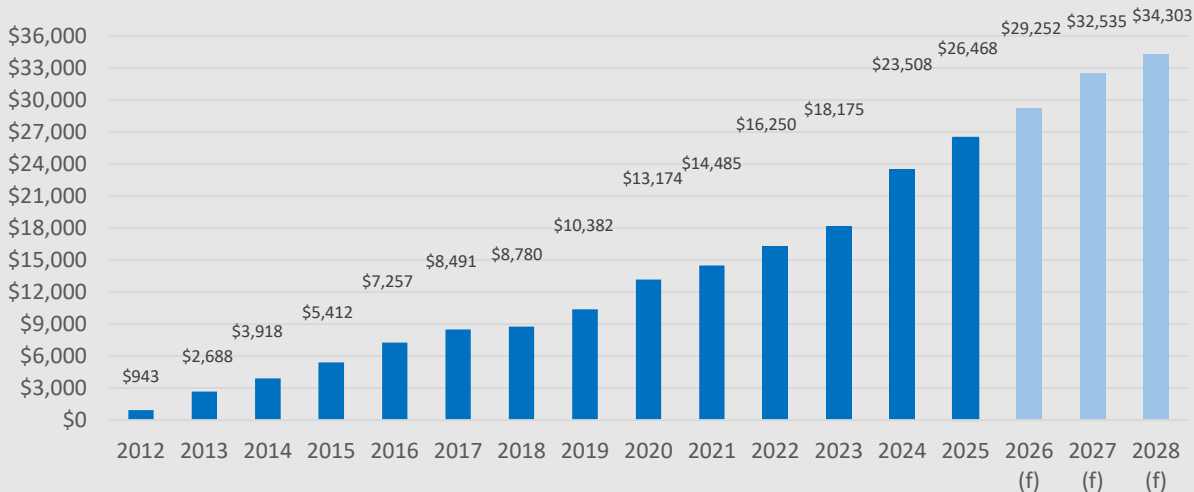
### Net Operating Gain (NZ\$ million)



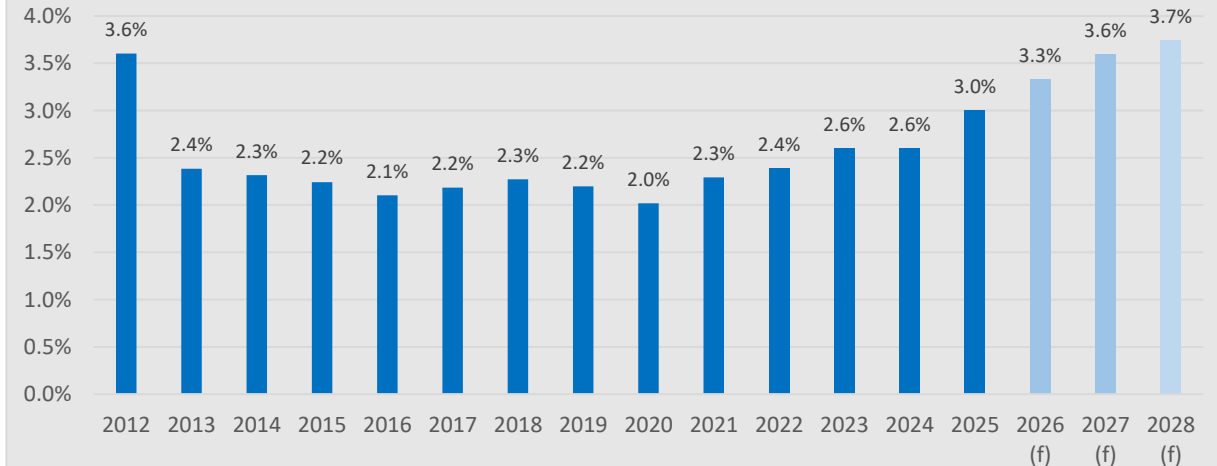
### Shareholder Equity (NZ\$ million)



### Total Assets (NZ\$ million)



### Shareholder Funds + Borrower Notes / Total Assets



**Note: Based upon nominal values**

**Forecast performance based upon assumptions outlined in LGFA SOI 2025-28 available at [www.lgfa.co.nz/investors/annual-reports-and-statement-intent](http://www.lgfa.co.nz/investors/annual-reports-and-statement-intent)**

**Source: LGFA Annual Reports and SOI**



**Mark Butcher – Chief Executive**  
Tel: +64 (04) 974 6744  
Email: [mark.butcher@lgfa.co.nz](mailto:mark.butcher@lgfa.co.nz)



**Andrew Michl – Senior Manager, Credit and Client Relations**  
Tel: +64 (04) 974 6743  
Email: [andrew.michl@lgfa.co.nz](mailto:andrew.michl@lgfa.co.nz)



**Matthew Appleby – Senior Manager, Funding and Projects**  
Tel: +64 (04) 974 6744  
Email: [matthew.appleby@lgfa.co.nz](mailto:matthew.appleby@lgfa.co.nz)



**Nick Howell – Head of Sustainability**  
Tel: +64 (27) 228 3116  
Email: [nick.howell@lgfa.co.nz](mailto:nick.howell@lgfa.co.nz)

**Postal Address**  
P.O. Box 5704  
Lambton Quay  
Wellington 6145

**Street Address Wellington**  
Level 8  
215 Lambton Quay  
Wellington

**Street Address Auckland**  
Level 7  
55 Shortland Street  
Auckland