Investor Update

4 November 2026



LGFA

New Zealand Local Government Funding Agency

Te Pūtea Kāwanatanga ā-rohe

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POLICY ANNOUNCEMENT - SIMPLIFYING LOCAL GOVERNMENT

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

- 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
  - 5 unitary authorities
  - 61 territorial authorities
  - 1 special territorial authority
- Central Government announced on 5 May 2026 the Head Start for Simplifying Local Government.
  - Allows for a streamlined, voluntary pathway for councils willing and able to reorganise quickly.
  - Proposed to legislate for councils not progressing through Head Start to enter a compulsory reorganisation process after the 2028 local authority elections.
  - Regional councillors will not be elected at the 2028 local government elections.
  - On 24 September 2026, the Minister of Local Government and the Minister of RMA Reform announced that Cabinet signing off on any “head start” council amalgamation proposals would be postponed until after the election.

Source: LGFA

POLICY ANNOUNCEMENT - SIMPLIFYING LOCAL GOVERNMENT

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

Head Start Pathway

- Two or more territorial and/or unitary authorities (except for Auckland Council) 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 must represent a majority of the directly affected territorial authorities or a majority of the population across directly affected areas.

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.
- After the 2028 local authority elections, regional councillors would be replaced with an interim body.
- The precise model will be confirmed by Central Government in 2027.

Source: LGFA

POLICY ANNOUNCEMENT - RATES CAPPING

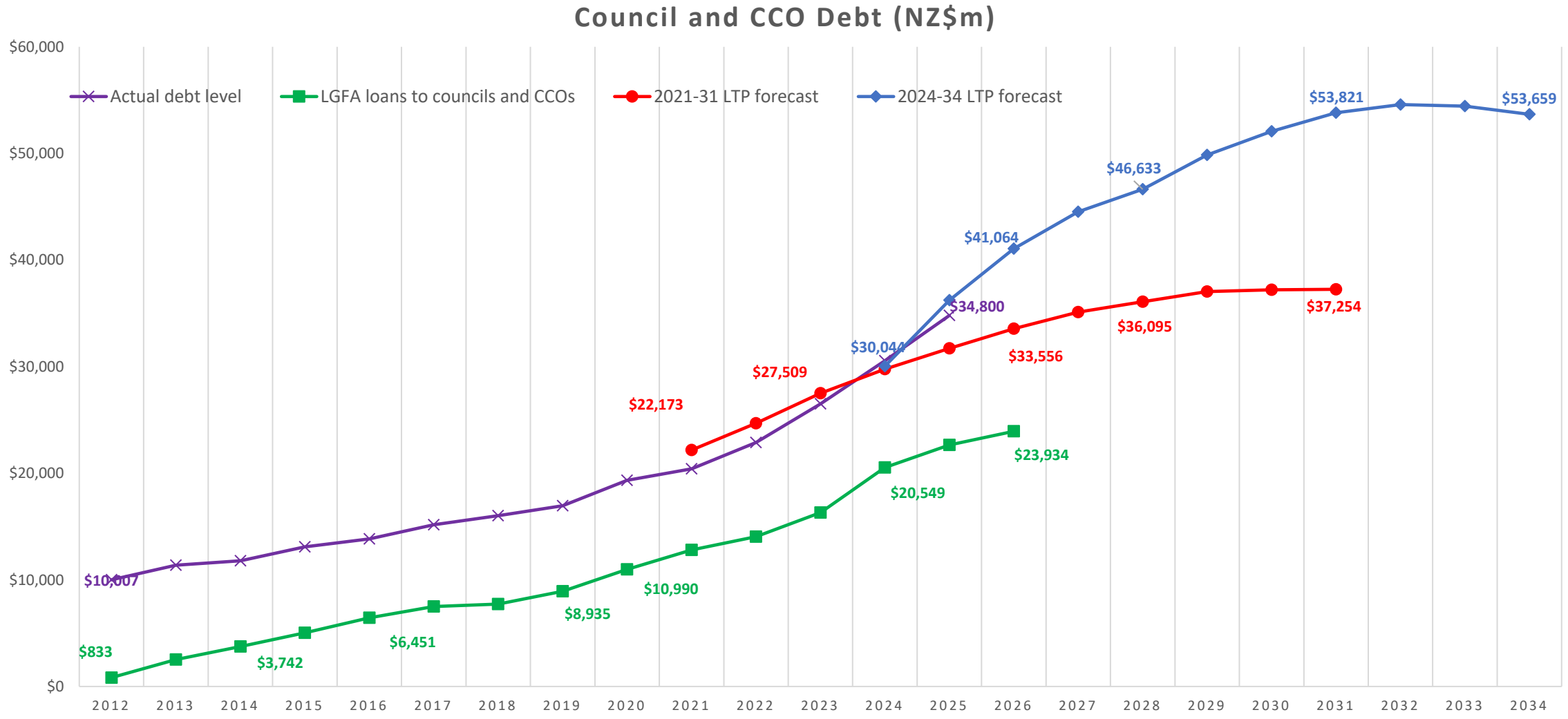
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- In December 2025, The Minister of Local Government announced that the Government was proposing to progress rates capping legislation
- The Bill passed its first reading in September 2026 and will now progress to select committee
- The Bill sets an initial target range for rate increases of 2% to 4% a year
- It is proposed that water services charges and rates set by a receiver pursuant to section 115 of the Local Government Act will be excluded
- It is proposed that councils may apply for time-bound exemptions in exceptional circumstances (such as natural disasters) or for prudent financial management
- It is proposed that a transition period will apply for the 2027/28 and 2028/29 financial years, with an ability to apply for an exemption for the 2029/30 financial year
- 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%
    - FY27 is 6.49% (forecast from 2026/27 Annual Plans)
  - 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.

Source: LGFA

LOCAL GOVERNMENT SECTOR DEBT - ACTUAL AND FORECAST

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

Source: LGFA

NEW ZEALAND COUNCILS EXTERNAL CREDIT RATINGS

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Council	S&P	Fitch	Moody's
Ashburton District Council		AA+ (neg outlook)	
Auckland Council	AA (positive)		Aa2 (neg outlook)
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	AA-		
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+		
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-		
Wellington Regional Council	AA (neg outlook)		
Whanganui District Council	AA- (neg outlook)		
Western Bay of Plenty District Council	AA-		
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 two years:

- 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.
- On 26 March 2026 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.
- Auckland Council credit rating placed on
  - negative outlook by Moodys (24 April 2026) and
  - positive outlook by S&P Global Ratings (2 October 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 and 2025/26.

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

As at 31 October 2026

LGFA INTERNAL CREDIT RATINGS OF COUNCIL MEMBERS

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

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 (including 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

Source: LGFA

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

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

LGFA Financial Covenants – councils as at 30 June 2025 with an external credit rating (41)

Foundation Policy Covenant	Net Debt / Total Revenue <285%[1]	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%

[1]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

Source: LGFA

PERFORMANCE UNDER LGFA COVENANTS

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LGFA councils with external credit rating

Financial Covenant	2025 (41 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

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WATER SECTOR REFORMS – A SUMMARY

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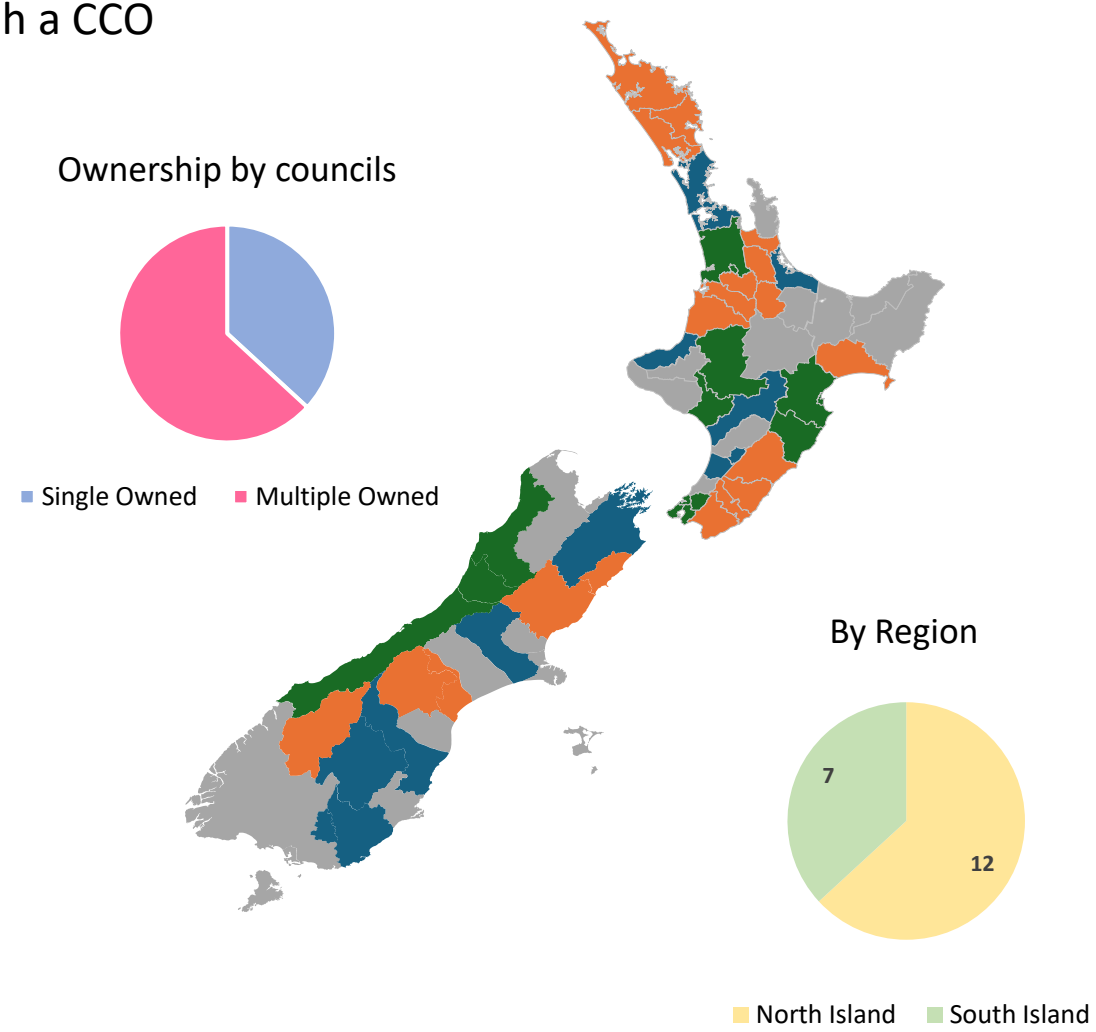
- 67 councils currently deliver water services in New Zealand
- On average, water service assets comprise 35% of a council's assets
- Councils could choose to keep water services inhouse or transfer water services to a Council Controlled Organisation (CCO)
- Water CCOs will provide services to approximately 75% of New Zealand's population
- 46 councils intend to transfer water services into a CCO by 1 July 2027
- The Water Services Authority – Taumata Arowai to remain as water quality regulator and Commerce Commission appointed as the new economic regulator.
  - Additional economic regulation currently in place for Tiaki Wai (the Wellington region water CCO)
- 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.
- Six water CCOs have joined LGFA as at 3 November 2026
- A further 12 water CCOs are forecast to join LGFA by 30 June 2027

WATER SERVICES DELIVERY MODELS

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- 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

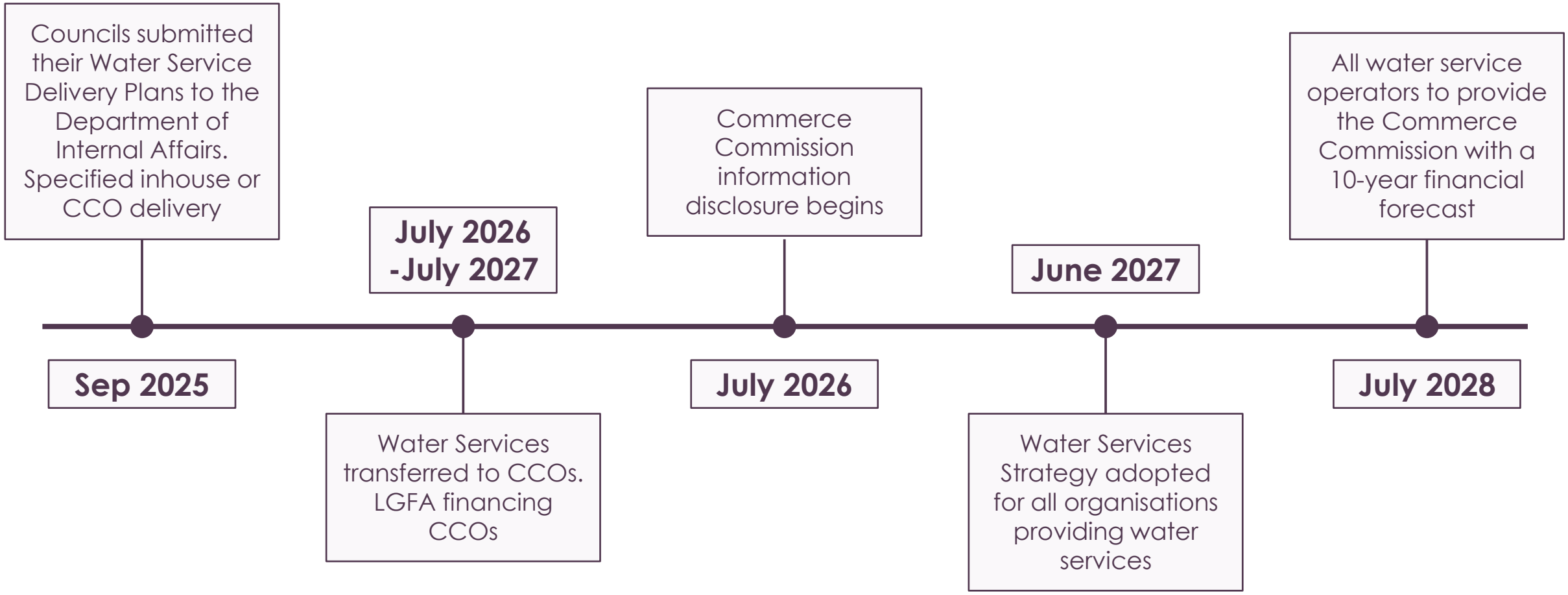
- 19 CCOs to deliver water services by 1 July 2027
  - Establishment
    - Watercare already established
    - 5 CCOs began 1 July 2026
    - 13 CCOs to begin by or on 1 July 2027
  - Activities
    - 6 CCOs providing water and wastewater services
    - 12 CCOs providing three water services



Source: LGFA analysis

WATER SERVICES TIMELINE

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WATER SECTOR REFORMS – LGFA ROLE

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- Key features of LGFA financing for local government water services
  - LGFA's existing council-controlled organisation (**CCO**) lending framework has been 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 from all councils that hold shares in the water organisation.
  - 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, standby facilities, and cash advance facility as well as a specific Sustainable Water Action Loan (SWALe) product for water CCOs.
  - 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 without support from their parent council 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 3.09 years (November 2029) at 30 October 2026.

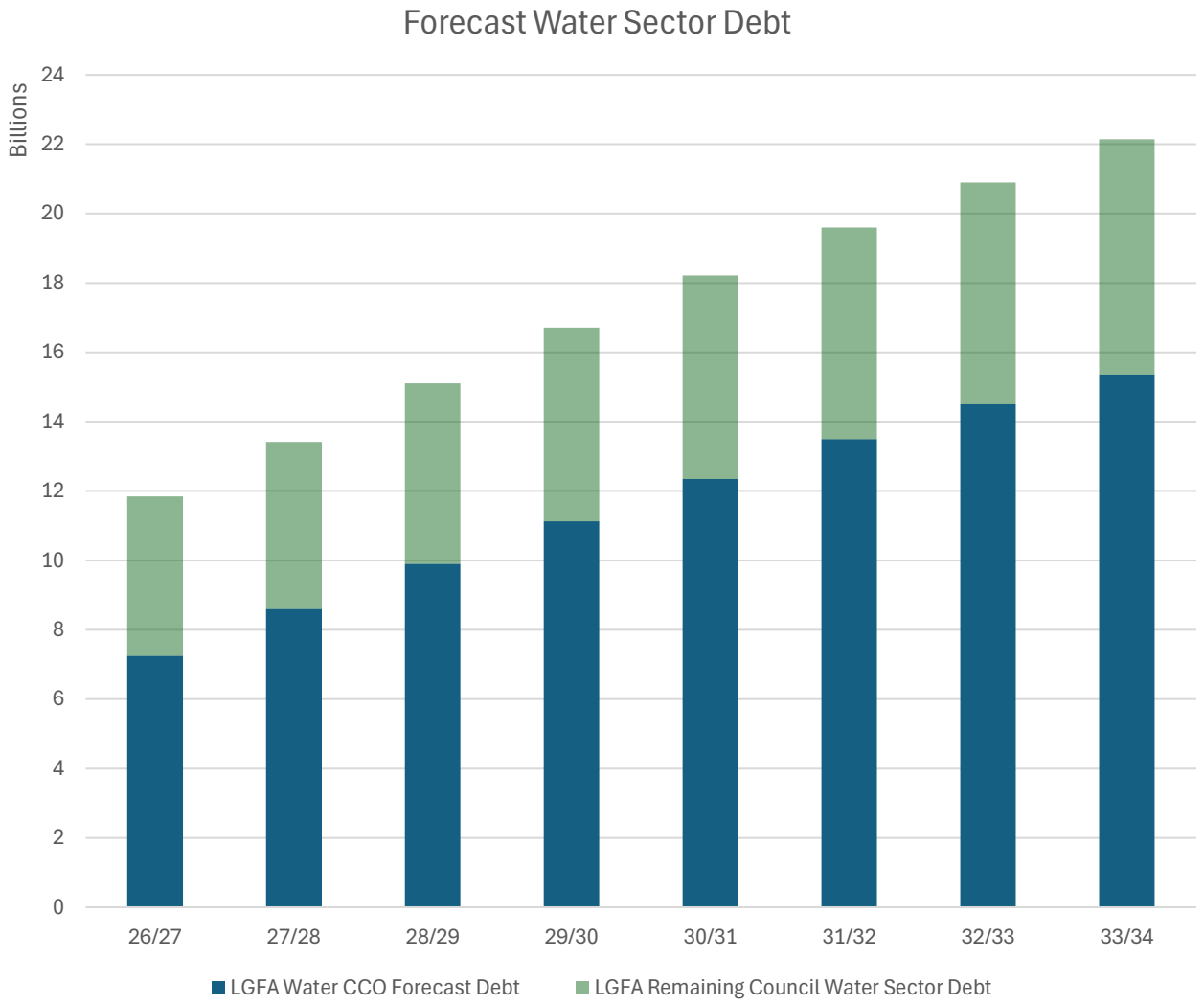
LGFA FORECAST BORROWINGS AND PRODUCTS AVAILABLE FOR WATER SERVICES

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Te Pūtea Kāwanatanga ā-rohe

- Water CCOs and inhouse business units are forecast to have approximately $22.1 billion of borrowings by 2034
  - $15.4 billion from CCOs
  - $6.7 billion from water services remaining with councils

- Water CCOs and in-house business units can access LGFA's standard lending products
  - Short term lending
  - Long term lending
  - Forward start lending
  - Committed standby facilities
  - Cash Advance Facilities
  - Sustainable lending products

- A specific sustainable lending product, SWALe, is available to waters CCOs who commit to meeting two of four sustainability metrics



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LGFA OVERVIEW

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

SHAREHOLDERS

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

GOVERNANCE

- Board comprising 5 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 the Audit Office

LIQUIDITY

- Up to NZ$3.0 billion liquidity facility from NZ Government[1]
- NZ$4.3 billion liquid assets portfolio[2]
- NZ$1.06 billion of Treasury Stock currently available for repo

GUARANTORS

- 75 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 75 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
- 6 water CCO members
- Councils' borrowing secured against rates revenue
- Must meet LGFA financial covenants
  - Net Debt / Total Revenue
  - Net Interest / Total Revenue
  - Net Interest / Rates

CAPITAL STRUCTURE

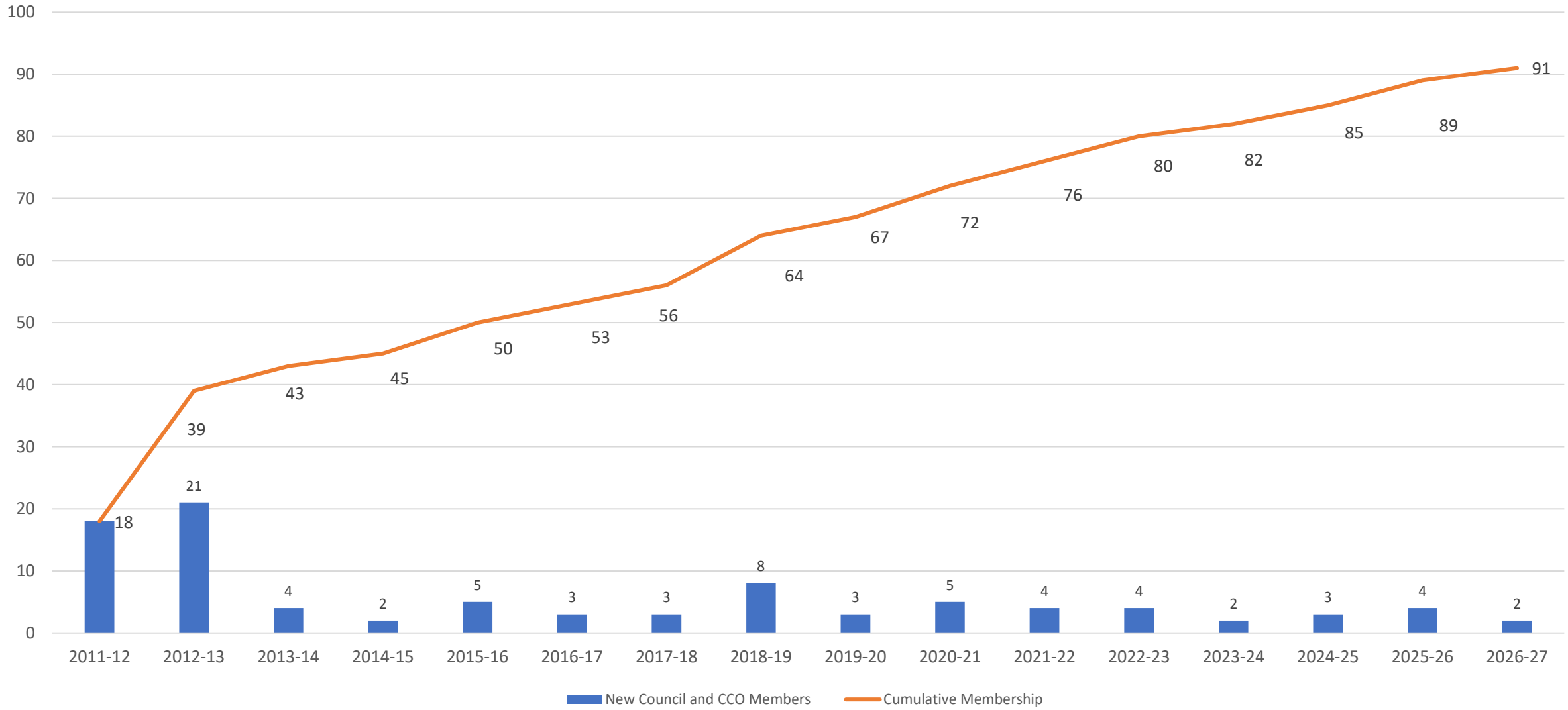
- NZ$25 million paid in capital
- NZ$20 million uncalled capital
- NZ$140 million retained earnings
- NZ$860 million Borrower Notes that can be converted to equity
- Current capital ratio of 3.4% with policy of 2% minimum.

As at 31 October 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 50% of Standby and Cash Advance Facilities provided to borrowers

Source: LGFA

COUNCIL AND CCO MEMBERSHIP



As at 31 October 2026

Source: LGFA

Source: LGFA

WHO DOES LGFA LEND TO AND WHO GUARANTEES LGFA?

New Zealand Local Government Funding Agency
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Council and CCO Borrower	Amount Borrowed (NZ$ million)	% of Total Borrowing
Auckland	$2,940	11.8%
Christchurch City	$2,623	10.5%
Tiaki Wai	$1,734	6.9%
Tauranga City	$1,489	6.0%
Wellington City	$1,276	5.1%
Hamilton City	$1,062	4.3%
Wellington Regional	$891	3.6%
Dunedin City Treasury	$730	2.9%
Queenstown-Lakes District	$684	2.7%
Hastings District	$533	2.1%
81 other member councils and CCOs	$11,011	44.1%

Council and CCO Borrowing	Volume (NZ$ million)
Short Term (loan terms less than 12 months)	$1,644
Long Term	$23,329
Total	**$24,973**

Borrower Type	Number of councils/CCOs	Amount Borrowed (NZ$ million)	% of Total Borrowing
Guarantors	75	$21,771	87.2%
Non guarantors	2	$18	0.1%
CCOs	8	$968	3.9%
Water CCOs	6	$2,216	8.9%
Total	**91**	**$24,973**	**100.0%**

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[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%
65 other council guarantors	42.7%

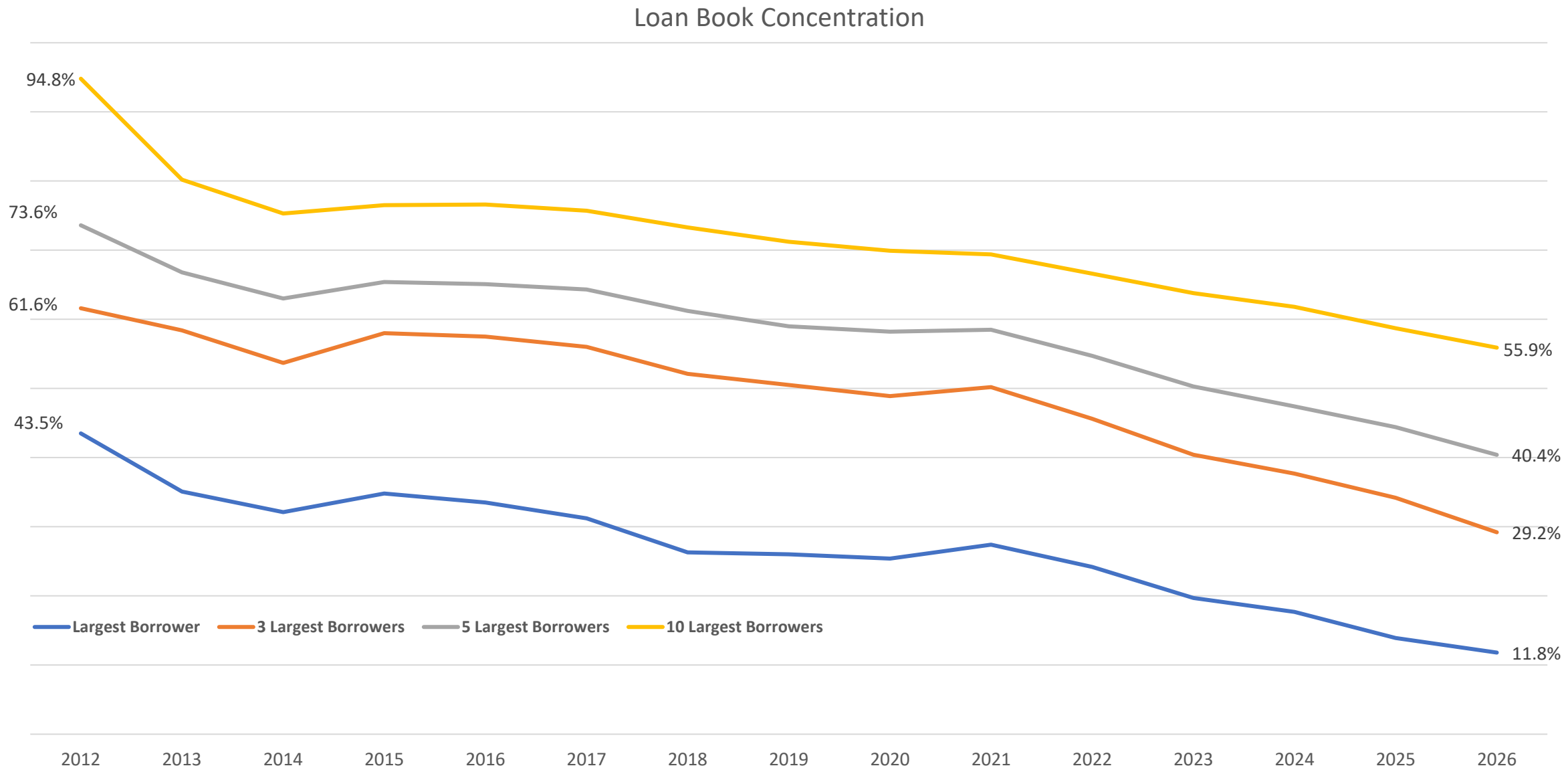
As at 31 October 2026

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

Source: LGFA

LGFA LOAN BOOK CONCENTRATION REDUCING

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



Source: LGFA

WHAT IS THE CREDIT QUALITY OF THE LENDING BOOK?

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

- 82.6% of LGFA loans to councils and CCOs with credit ratings.
- 67.4% 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$4.4 billion (17.5% 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+	$1,015	4.1%	6
AA	$5,730	22.9%	12
AA-	$10,081	40.4%	24
A+	$2,751	11.0%	5
A	$1,062	4.3%	1
Unrated	$2,117	8.5%	37
Unrated - Water CCOs	$2,216	8.9%	6
Total	$24,973	100.0%	91

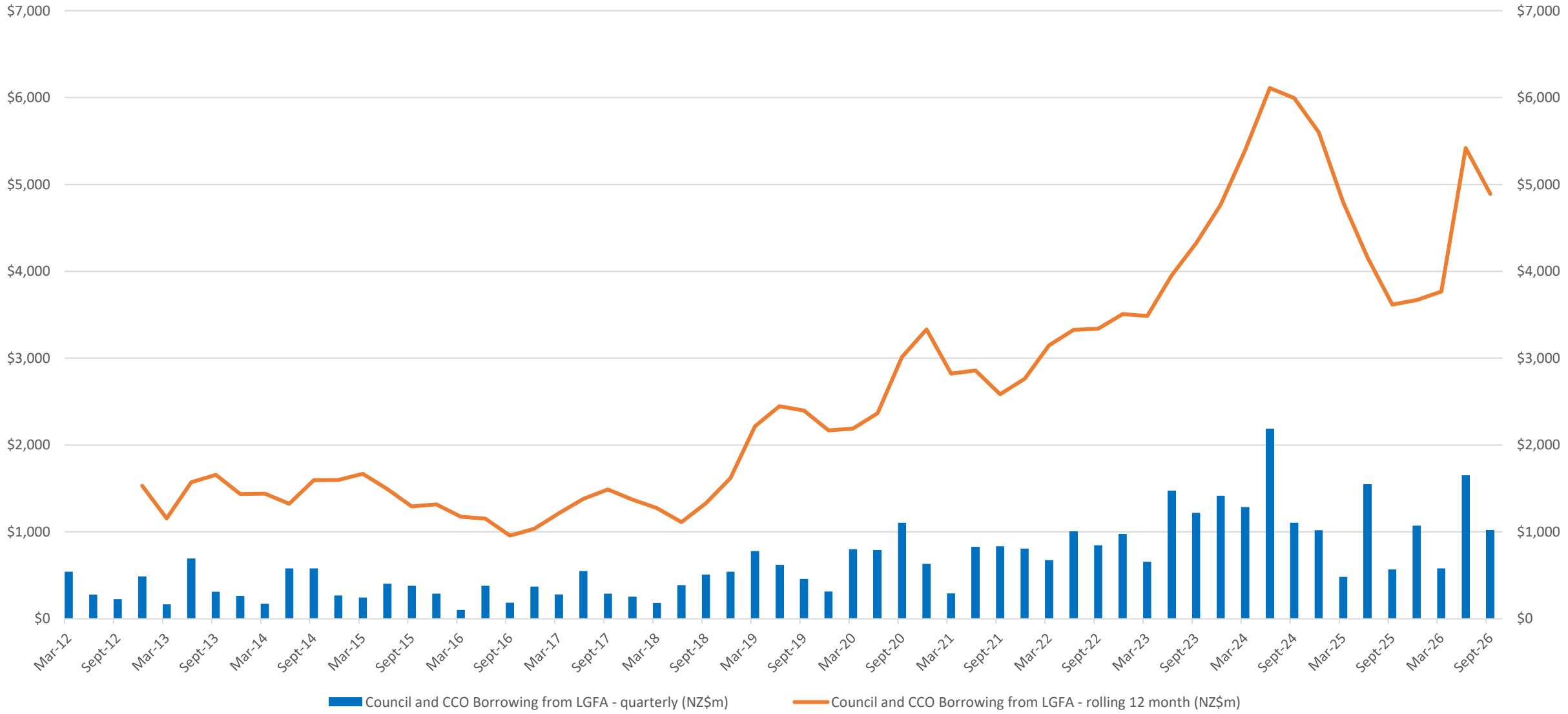
Note: One council, three CCO and three water CCO borrowers have no borrowing from LGFA. Includes long and short-term lending.

As at 31 October 2026

Source: LGFA

COUNCIL AND CCO BORROWING FROM LGFA (NZ$ million)

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



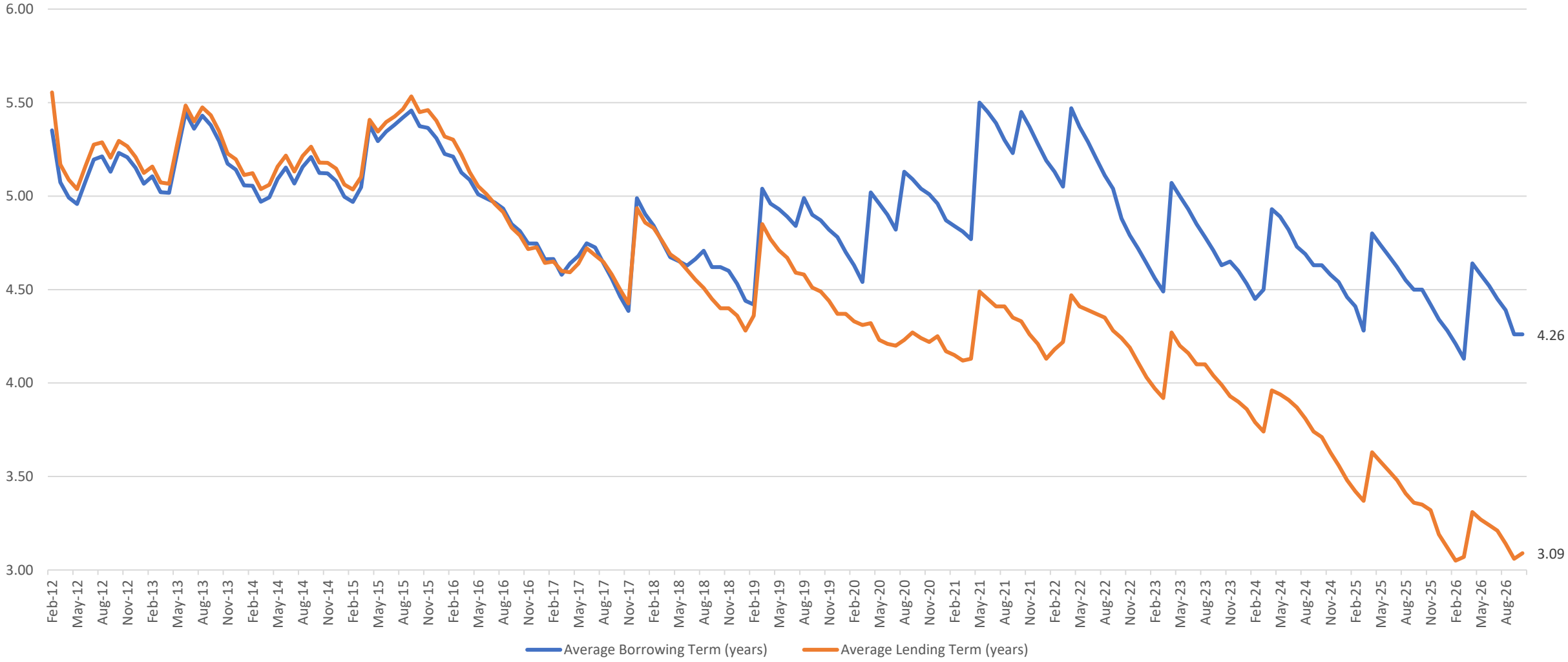
Note: Includes new borrowing and refinancing

Source: LGFA

MISMATCH BETWEEN LGFA BONDS ON ISSUE AND LOANS

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

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



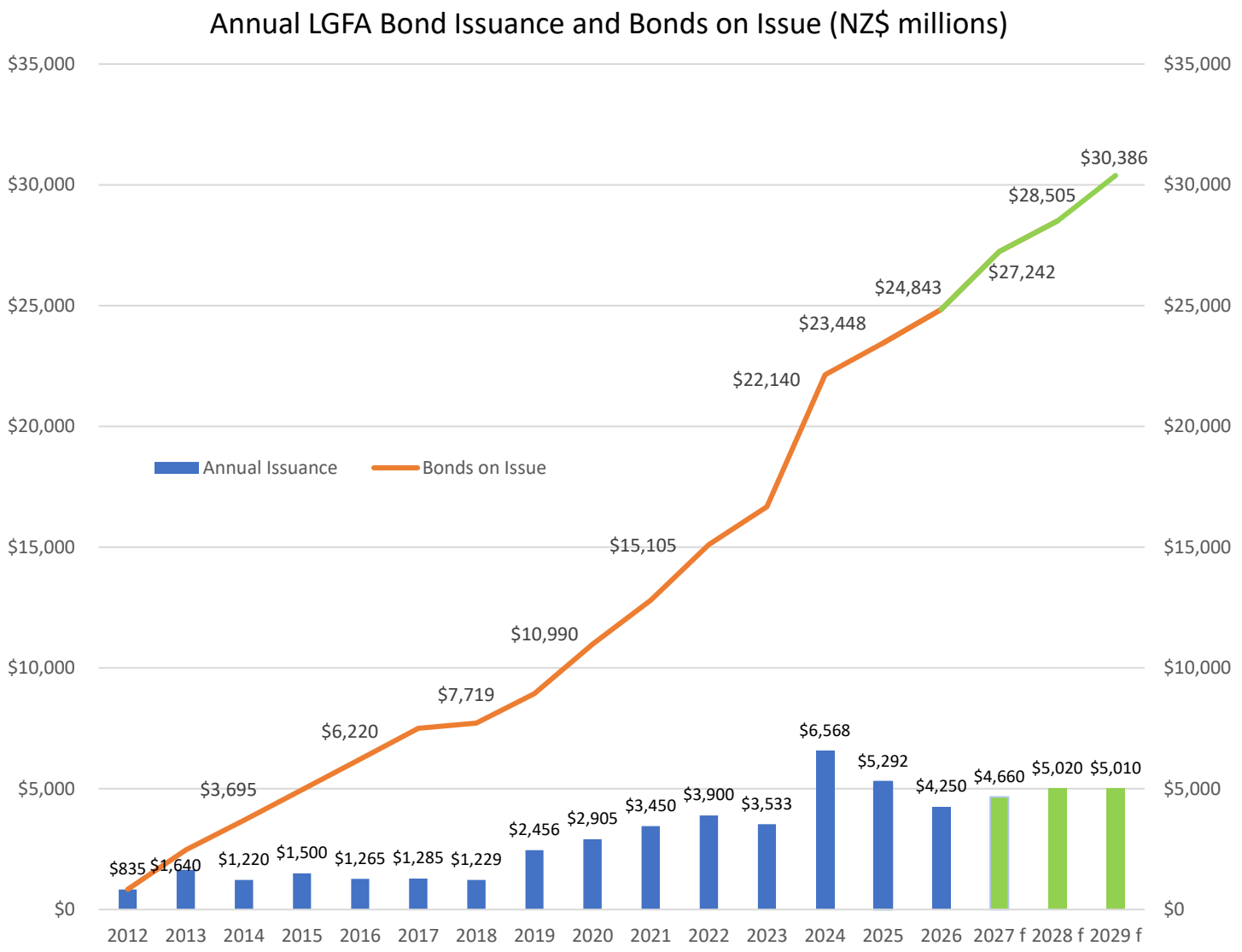
LGFA bonds include NZD and foreign currency bonds

Source: LGFA

LGFA BOND ISSUANCE – FUNDING STRATEGY

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

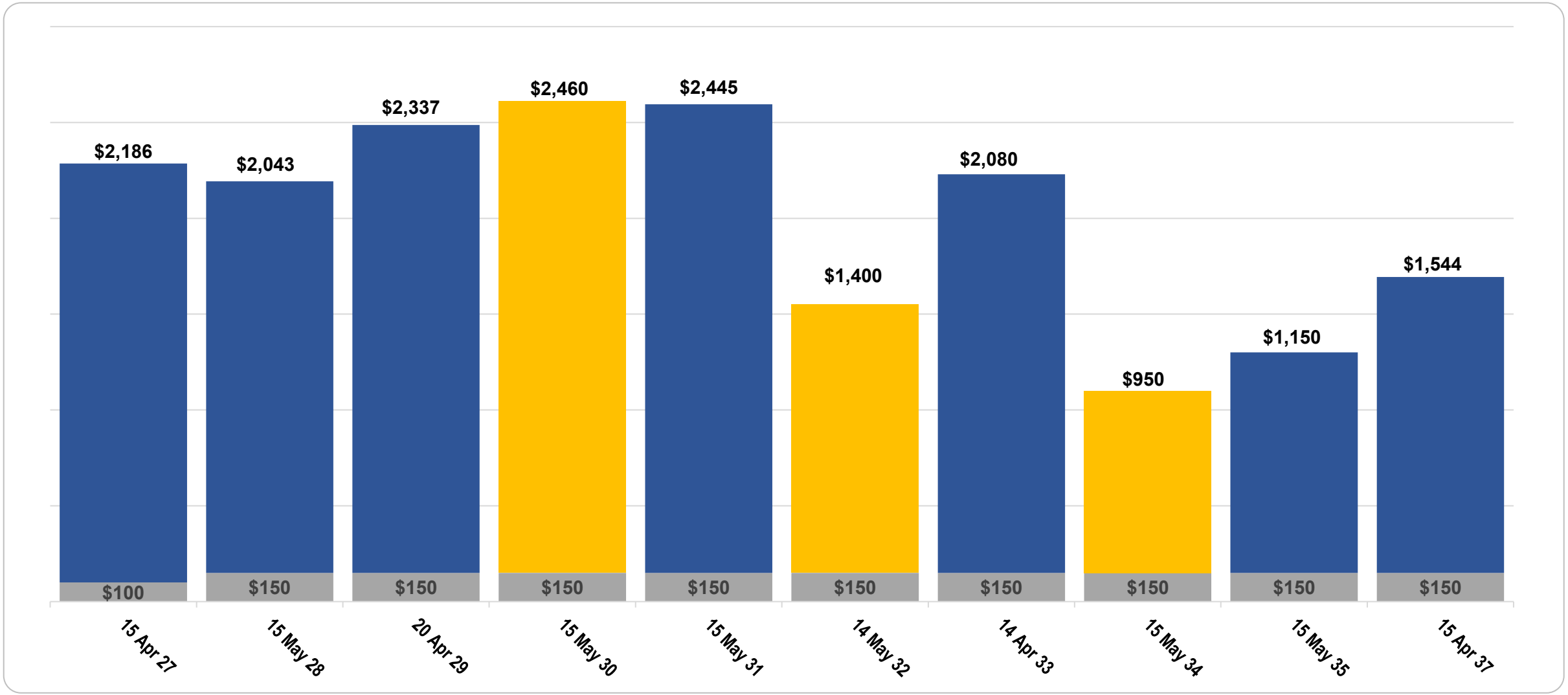
- NZD bonds
  - Match NZ Government Bond where possible.
  - Issuance of new lines by syndications and issuance of existing lines via both tenders and taps.
  - Liquidity important – objective of more than NZ$1 billion per NZD series and soft cap of NZ$3 billion per NZD series (including Treasury Stock).
  - All LGFA bonds issued in NZ$ 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
- USD, EUR and CHF bonds
  - Established a curve from 3 years to 10 years.
  - Benchmark size issuance.
  - Objective of one maturity per market calendar year
  - Money market instruments
- LGFA NZD Bills since 2015
- ECP Programme since April 2024.



Forecasts from 2026-29 SOI released 30 June 2026.
Note: Bond Issuance includes NZD and Foreign Currency Issuance.

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
NZD18.595 billion on issue (including Treasury Stock)

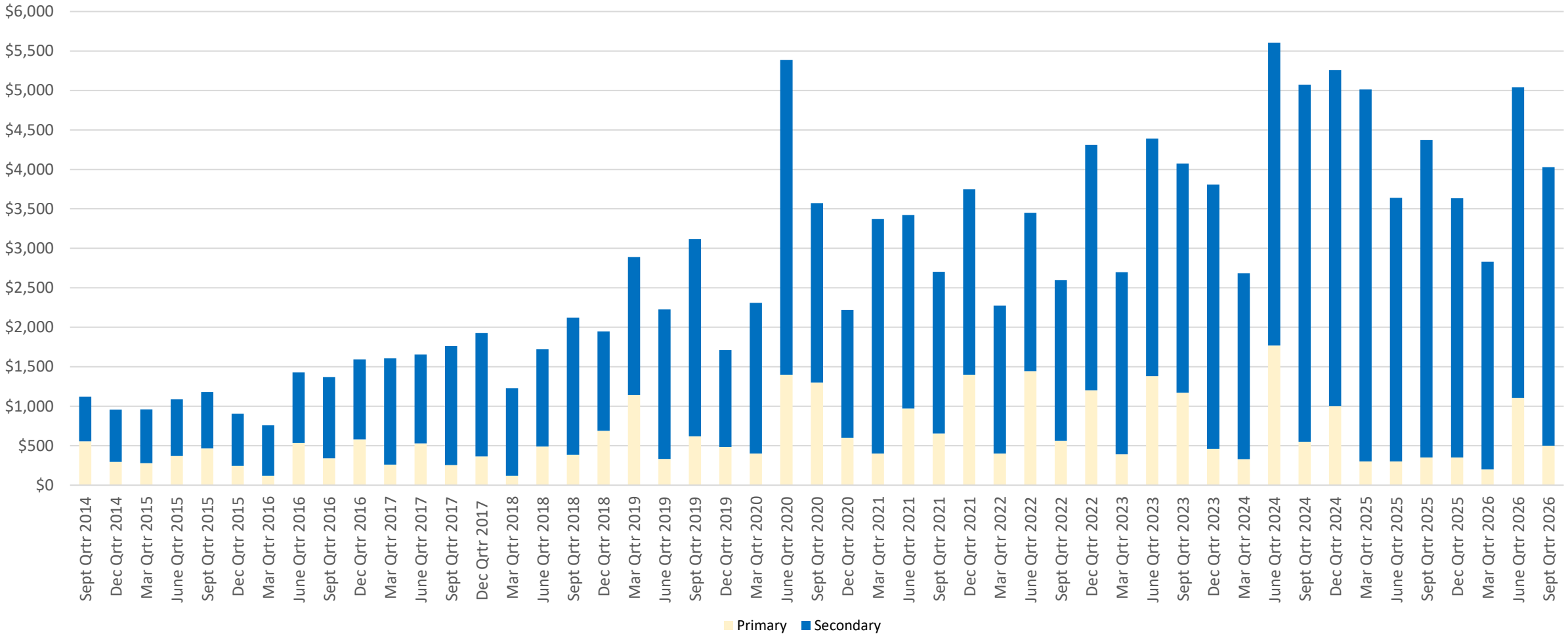
As at 31 October 2026

Source: LGFA

PRIMARY AND SECONDARY MARKET ACTIVITY – NZD BONDS

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

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

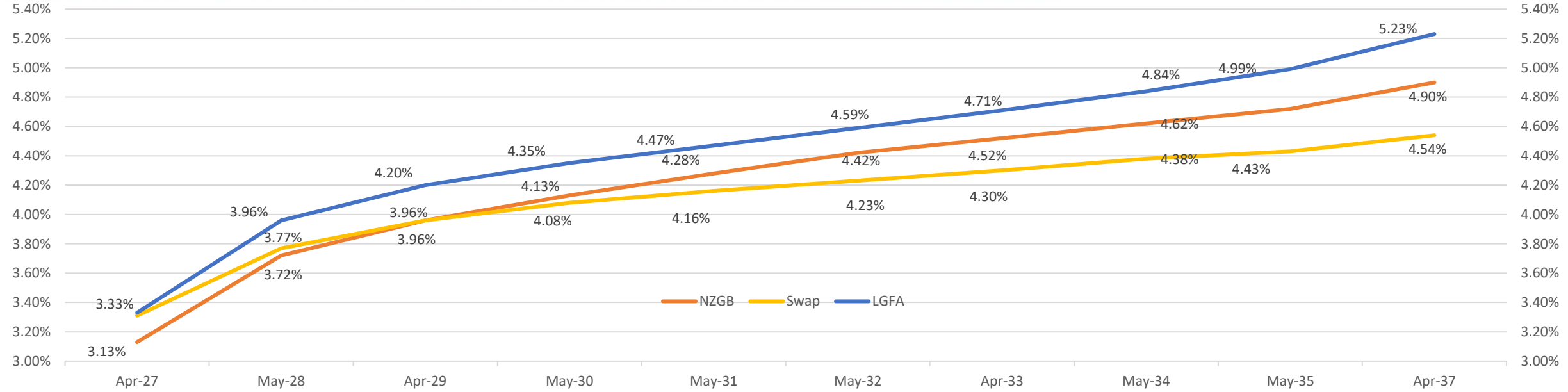


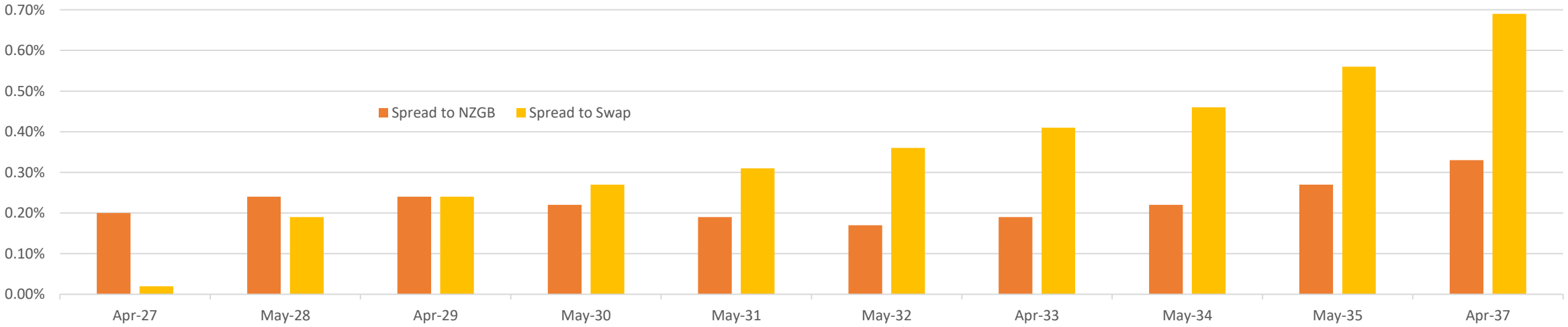
Quarterly Data as at 30 September 2026

Note: LGFA analysis of change in investor holdings at Computershare registry. Buy side only and does not capture intra day or tender or repo activity.

Source: LGFA

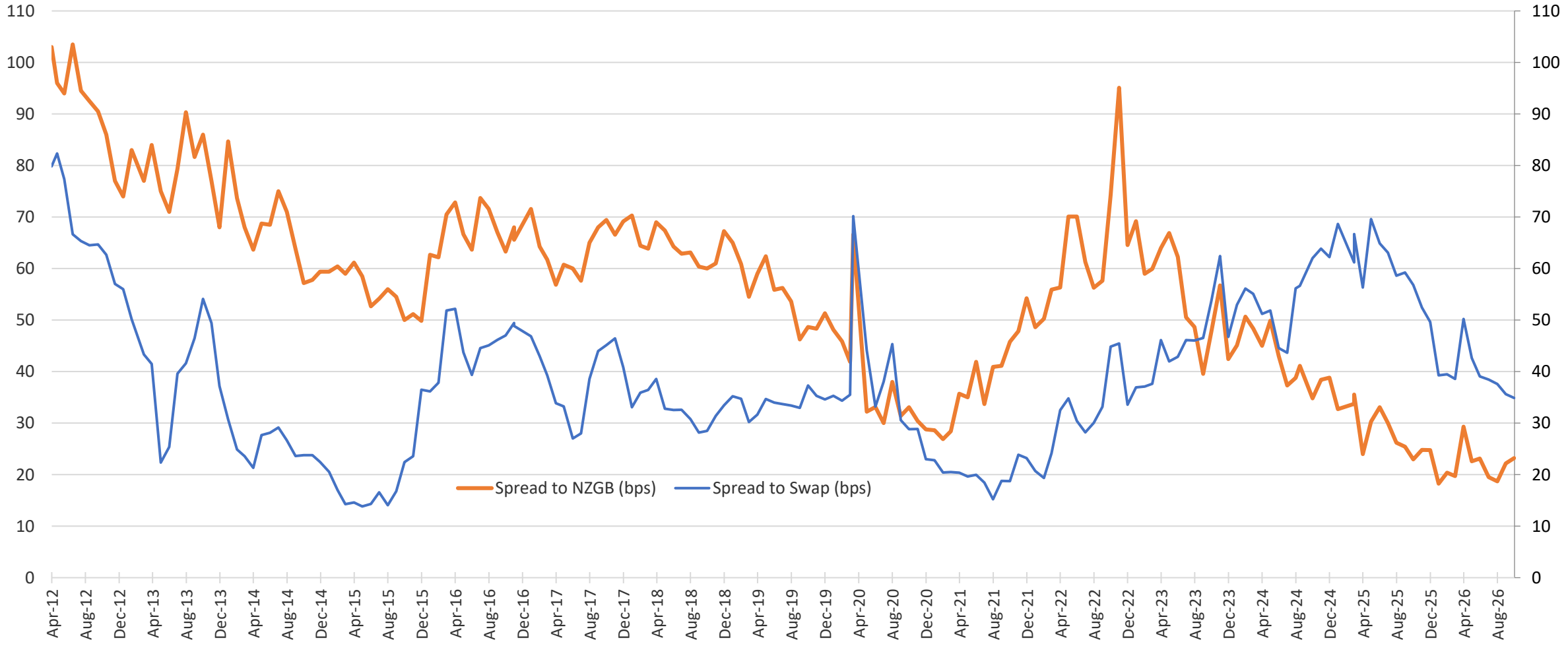
NZD YIELD CURVES AND LGFA SPREADS TO SWAP AND NZGB





As at 31 October 2026

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

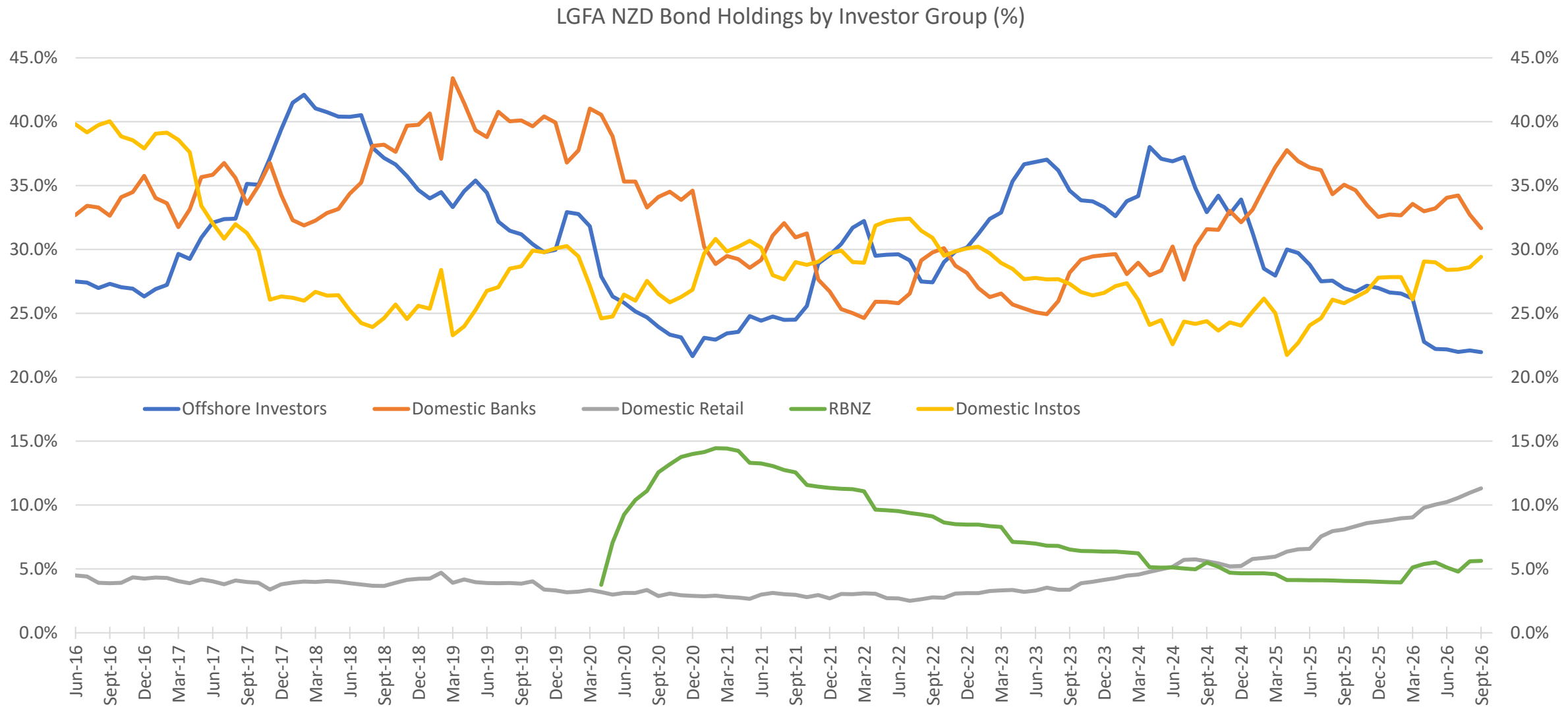


Secondary market levels as at end of each month taken from end of month closing rate sheets published by NZ banks
Simple average of existing LGFA bond maturities

Source: LGFA

LGFA INVESTOR HOLDINGS OF NZD BONDS

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

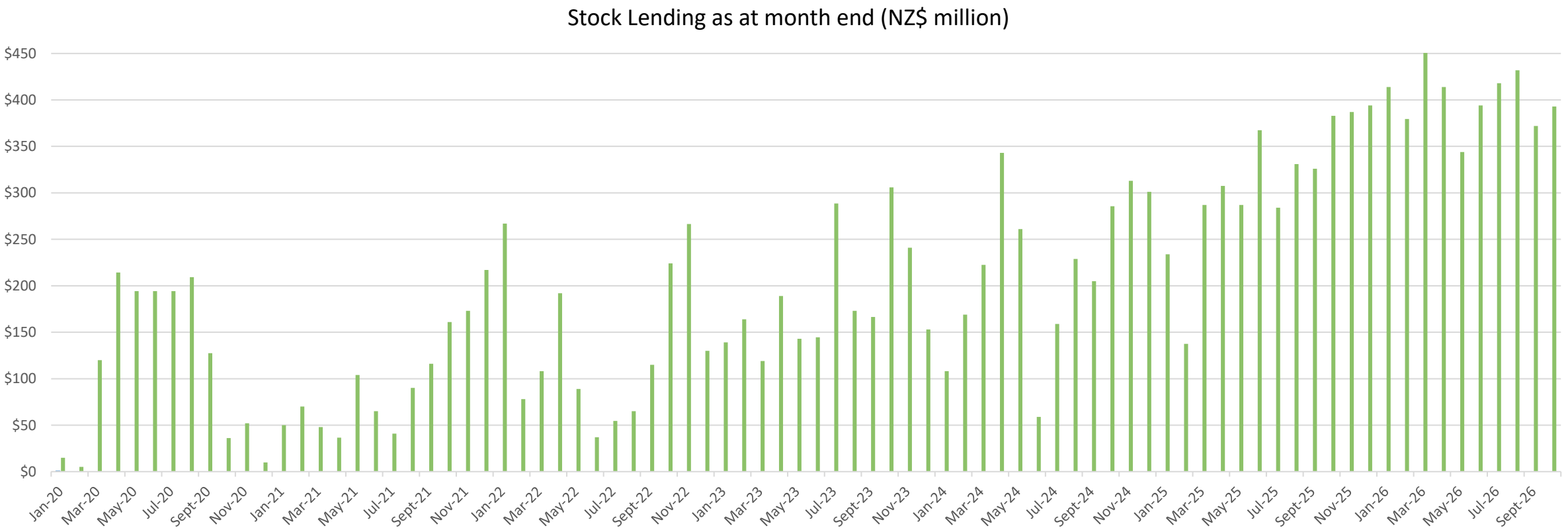


Source: LGFA

LGFA NZD TREASURY STOCK LENDING

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

- 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.

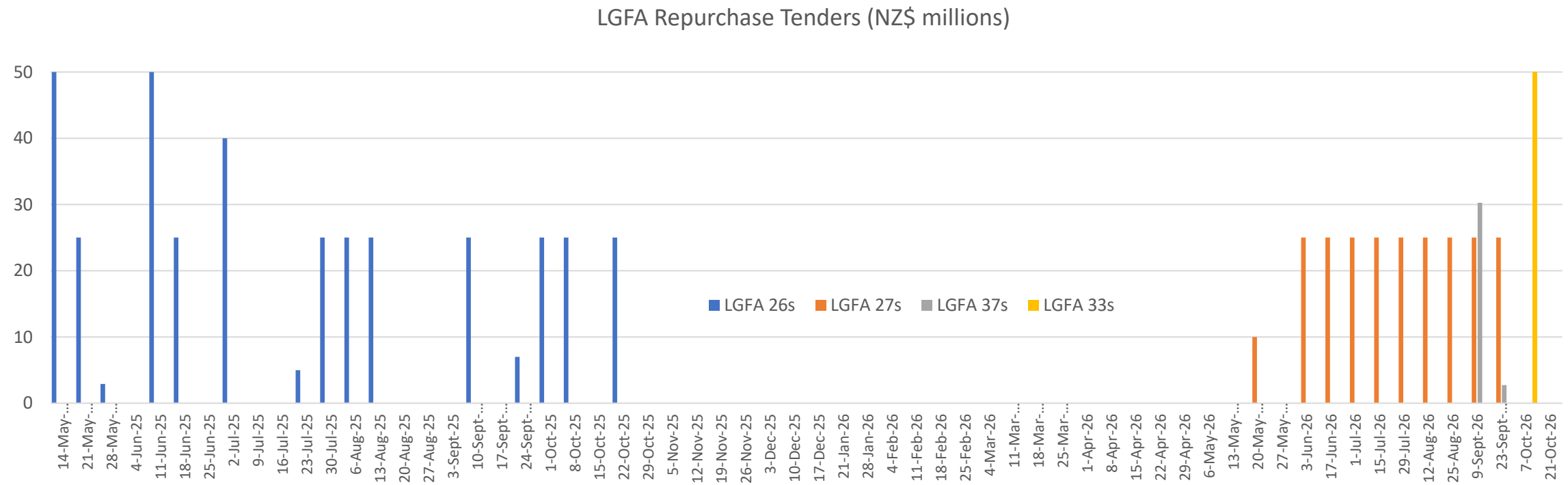


Source: LGFA

LGFA BOND REPURCHASES

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

- Established May 2025.
- Fortnightly repurchase tenders – Wednesday at midday (NZT) via Yieldbroker.
- Amount and repurchase bond announced each Tuesday.
- Objective to provide market support as required and to reduce refinancing risk to LGFA by repurchasing ahead of maturity date.
- Repurchased
  - NZ$379.9 million of April 2026
  - NZ$235 million of April 2027
  - NZ$50 million of April 2033
  - NZ$33 million of April 2037

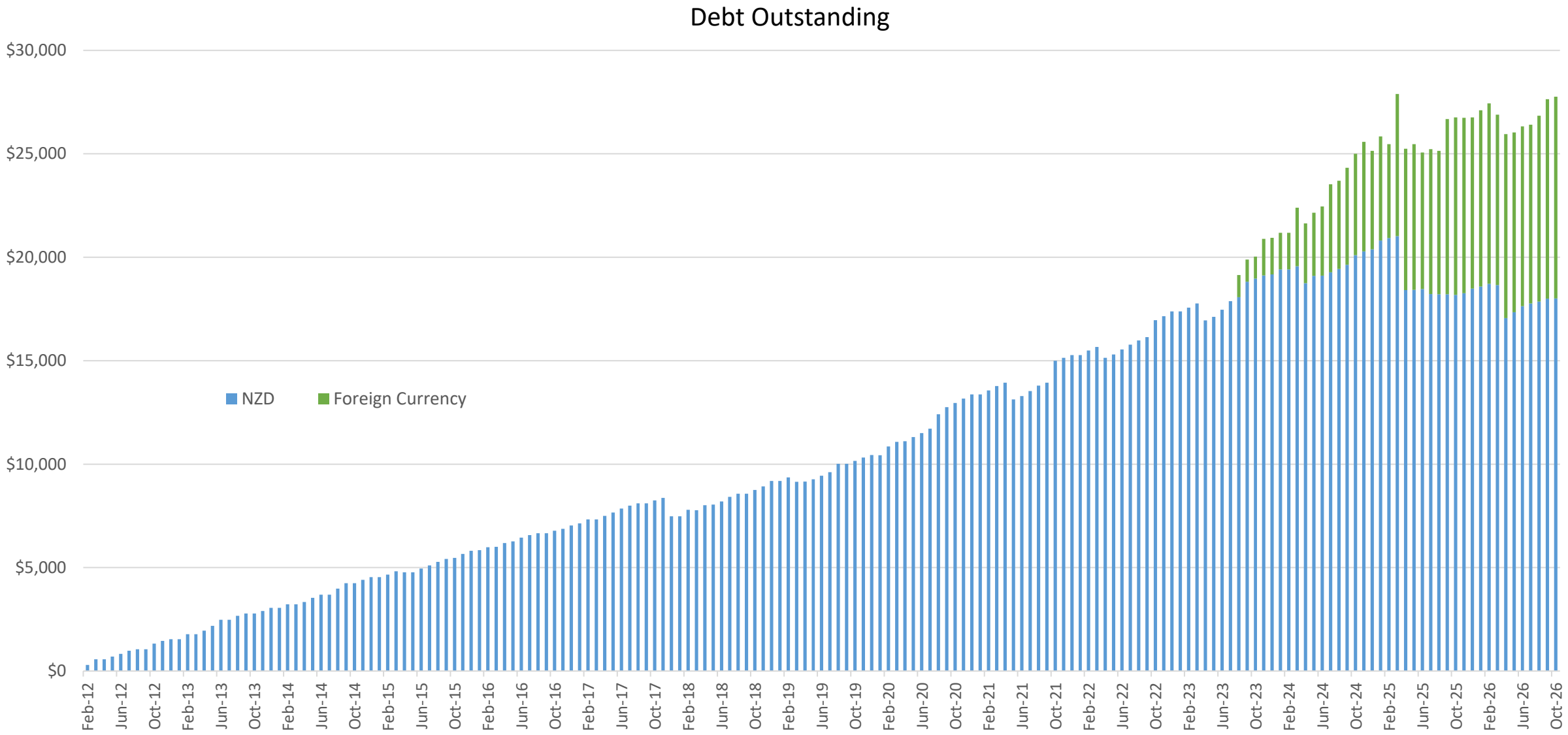


As at 31 October 2026

Source: LGFA

LGFA FUNDING SOURCES – OFFSHORE MARKET DIVERSIFICATION

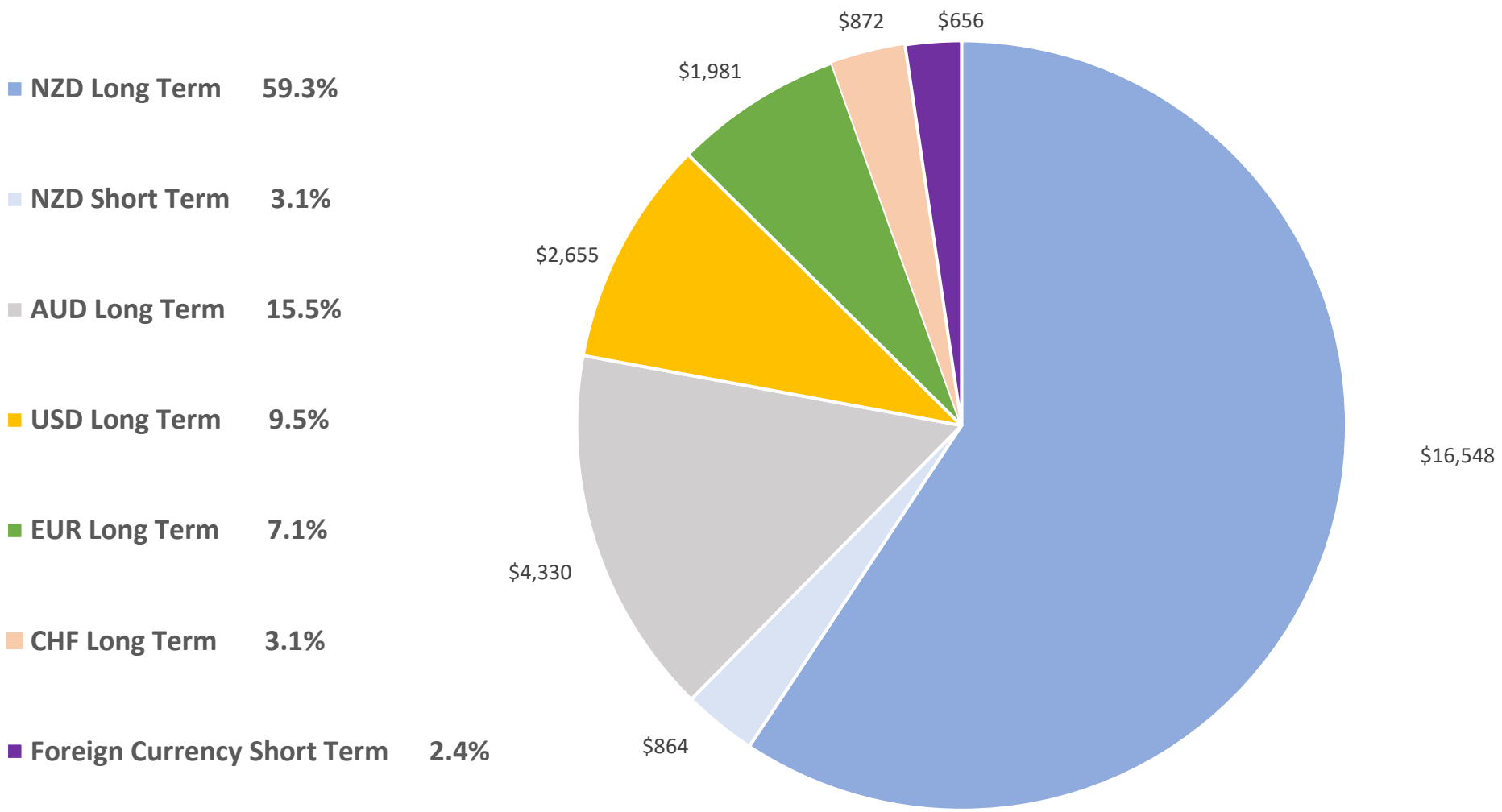
LGFA New Zealand Local Government Funding Agency Te Pūtea Kāwanatanga ā-rohe



NZD million equivalent **As at 31 October 2026** **Source: LGFA**

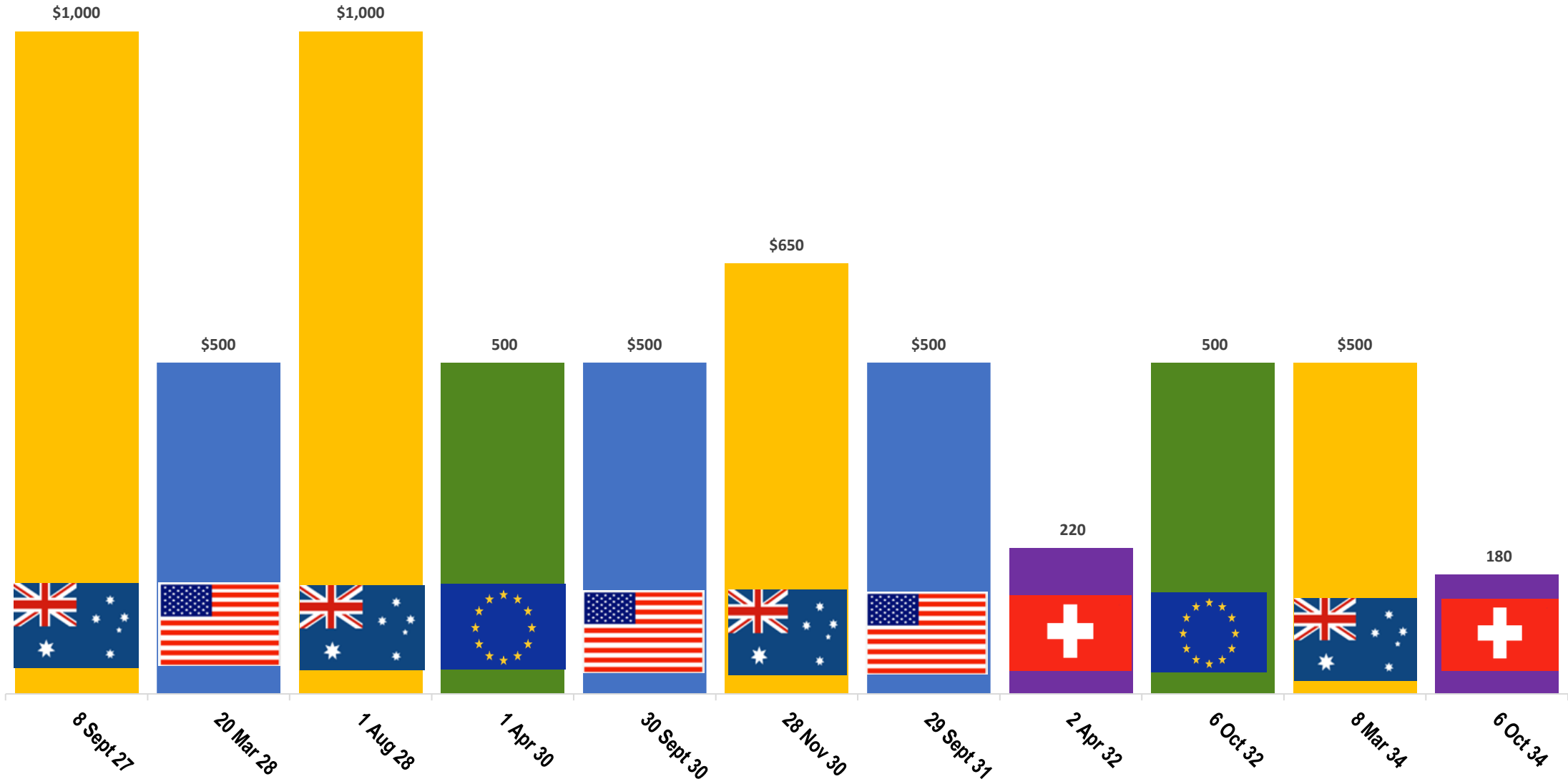
LGFA FUNDING SOURCES (NZ$ millions)

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



NZD million equivalent **As at 31 October 2026** **Source: LGFA**

LGFA FOREIGN CURRENCY BONDS ON ISSUE

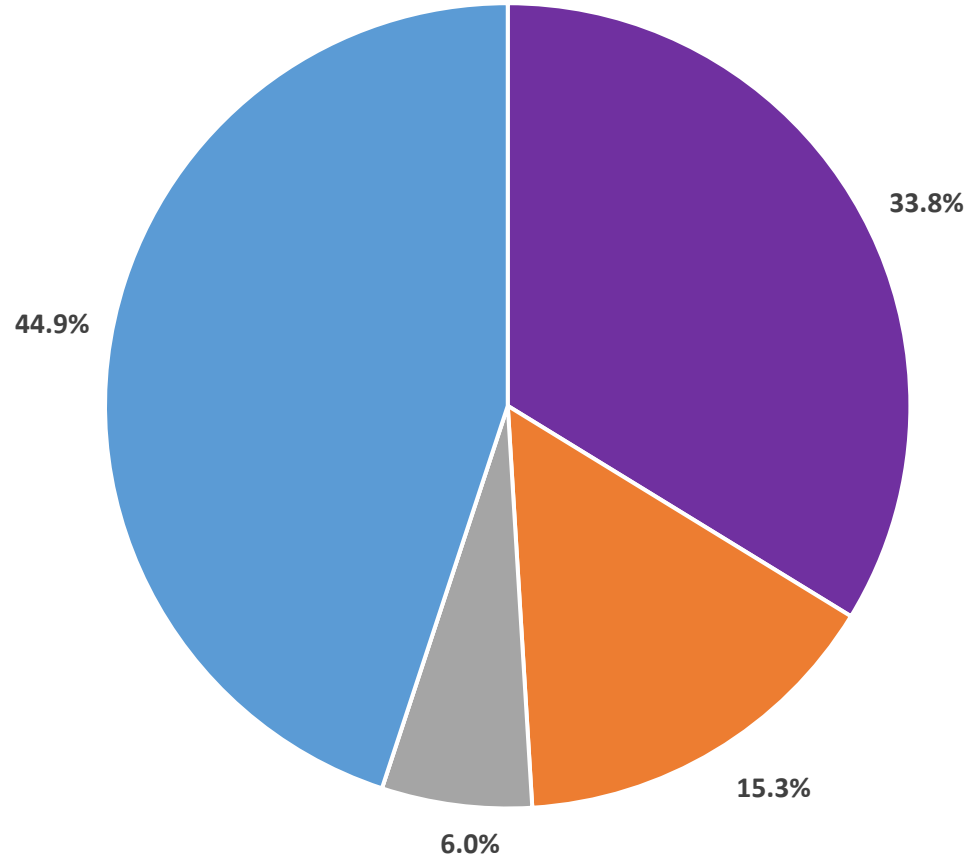


As at 31 October 2026 Note the EUR41 million of 5 November 2046 settles on 5 November 2026 Source: LGFA

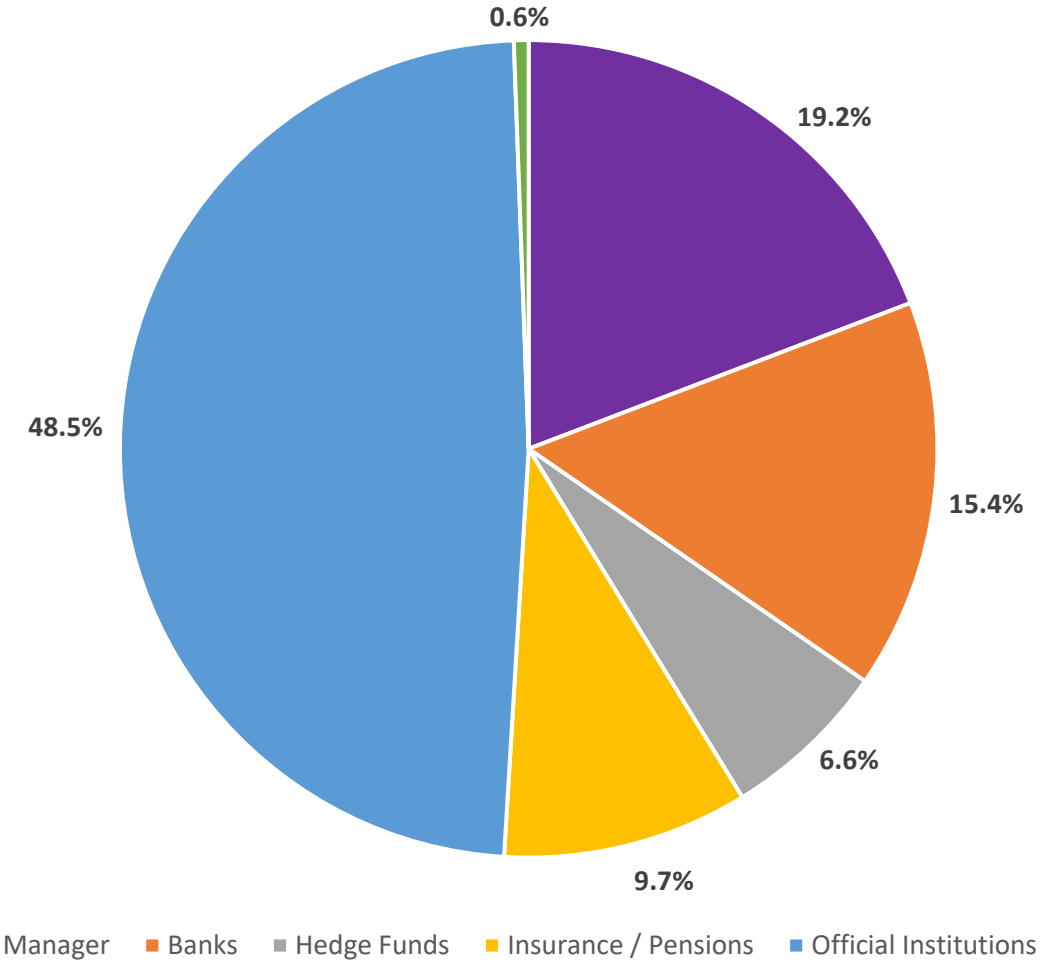
LGFA FOREIGN CURRENCY BOND ISSUANCE ALLOCATIONS

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

AUD Syndication Allocations



USD and EUR Syndication Allocations

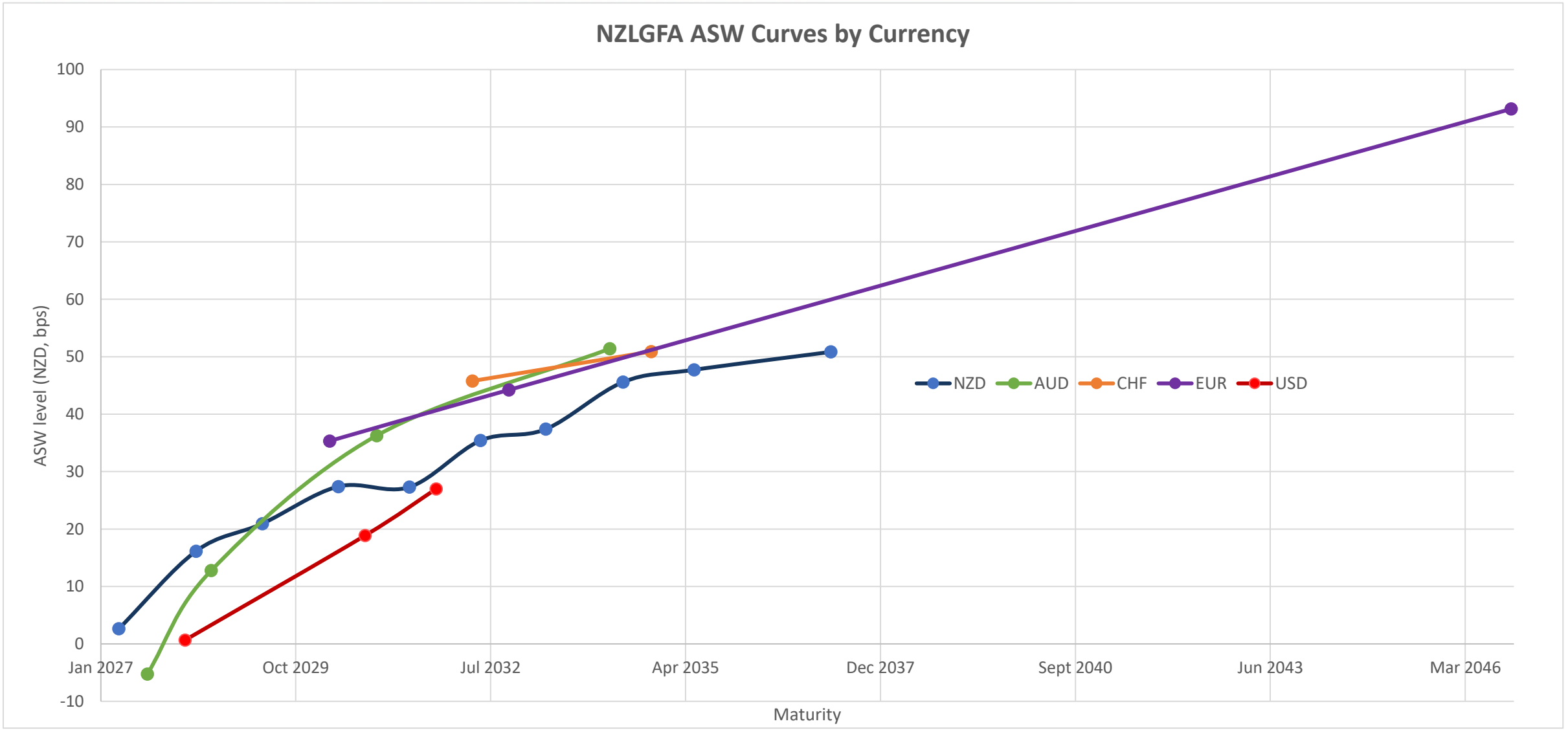


Note: Average across the four AUD bond maturities and three USD and two EUR bond maturities

Source: LGFA

LGFA CROSS MARKET SPREADS – ASW IN NZD

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



Note: EUR curve includes 5 November 2046 bond that settles 5 November 2026

Source: LGFA

LGFA SHORT TERM SECURITIES – NZD BILLS AND ECP

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

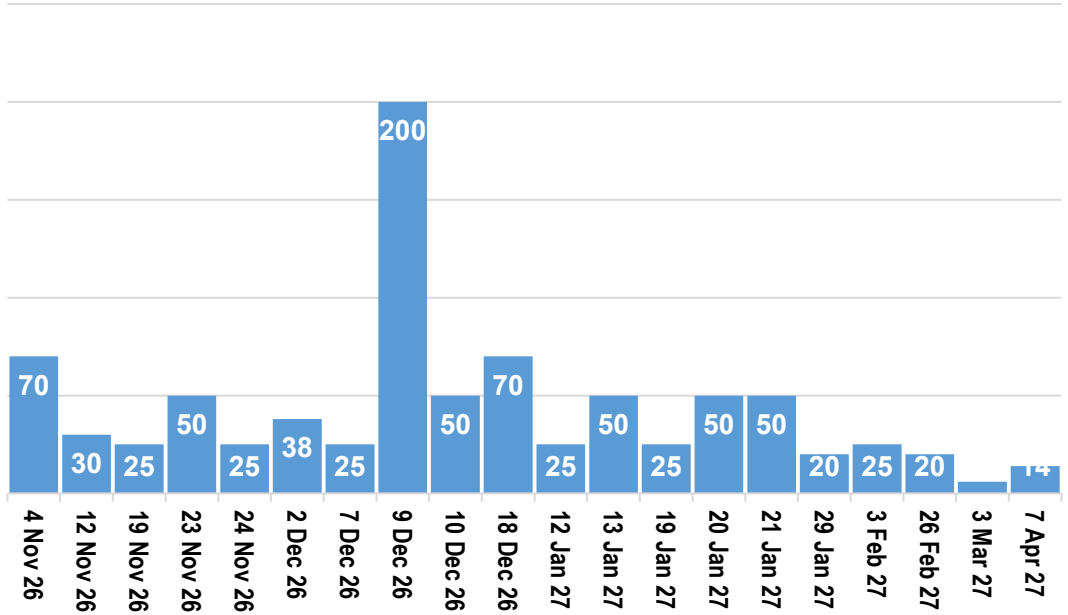
LGFA NZD BILLS

- NZD denominated
- A-1+ /F1+ ratings (S&P/Fitch)
- NZ$868 million on issue as at 31 October 2026
- Terms of 30 days to 364 days
- Spread of 3 bps to 6 bps over BKBM
- Monthly tenders and private placements

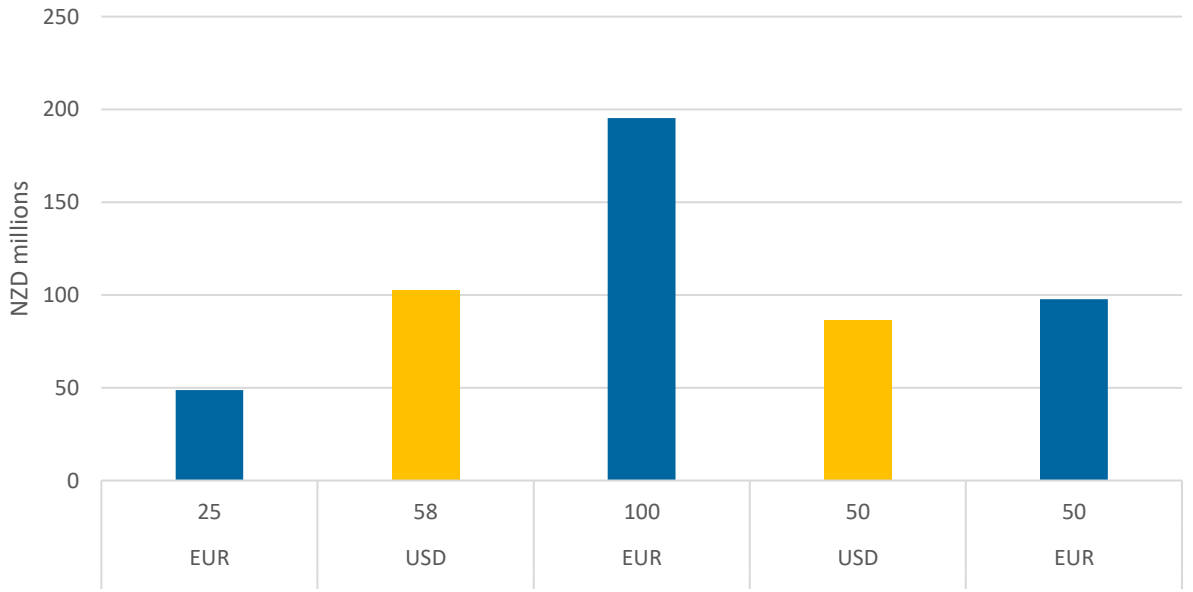
LGFA Euro Commercial Paper (ECP)

- 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$108 million and EUR175 million on issue as at 31 October 2026
- Preferred tranche size of US$50 million

LGFA NZD Bills



LGFA ECP



As at 31 October 2026

Source: LGFA

LGFA CREDIT RATINGS

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

❑ 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

❑ 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.

Rating Agency	Domestic Currency	Foreign Currency	Date of Report
STANDARD &POOR'S	AAA	AA+	16 March 2026
FitchRatings KNOW YOUR RISK	AA+ (neg)	AA+ (neg)	25 March 2026

Source: S&P Global Ratings, Fitch Ratings, LGFA

Important Notice and Disclaimer

Local Government Sector Update

Water Update

LGFA Update

Sustainability at LGFA



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

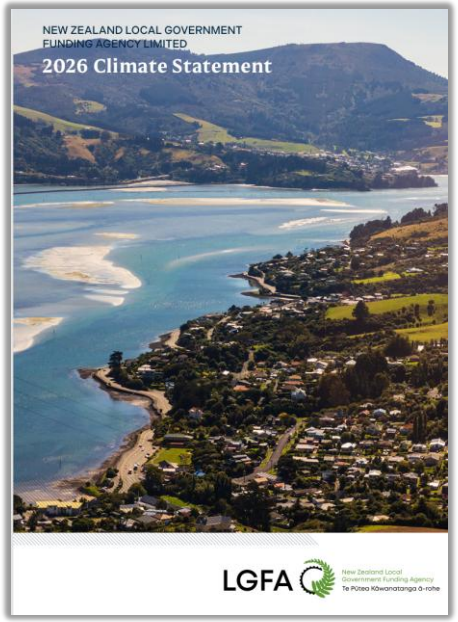
SUSTAINABILITY AT LGFA

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

Sustainability at LGFA

- Improved processes to support sustainability **governance and oversight**
- Understanding and managing our **exposure to climate-related risks** through council lending
- Working with members and sector partners on **sustainability initiatives**
- Committed to reducing operational **greenhouse gas emissions**
- **Responsible Investment Policy** applied to investments in the Liquid Asset Portfolio (LAP)
- Annual **Climate Statement** prepared in accordance with the Aotearoa Climate Standards
  - Board oversight of climate-related risks and opportunities
  - Adopted a Climate Risk Management Framework
  - Transition planning underway
  - Measuring financed emissions

TOITŪ NET CARBON ZERO ISO 14064-1 ORGANISATION





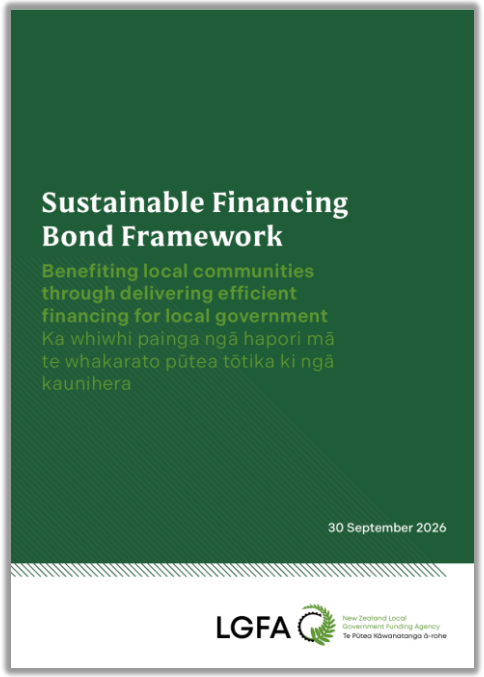
Source: LGFA

SUSTAINABLE FINANCING BOND PROGRAMME

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

LGFA's Sustainable Financing Bond Framework (Framework)

- Updated in September 2026.
- Now enables LGFA to issue Sustainable Financing Bonds that are notionally allocated to the CALs, GS Loans **and SWALes.**
- Informed by ICMA's Green and Social Bond Principles, and APLMA's Green and Social Loan and Sustainability Linked-Loan Principles.
- Sustainable Fitch have provided second-party opinion on the framework.



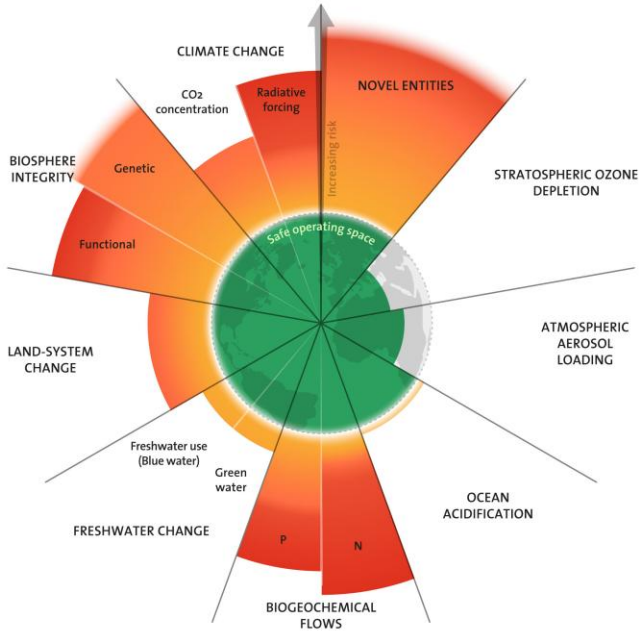
Sustainable Loans are documented as debt securities under LGFA's Multi-Issuer Deed.

Source: LGFA

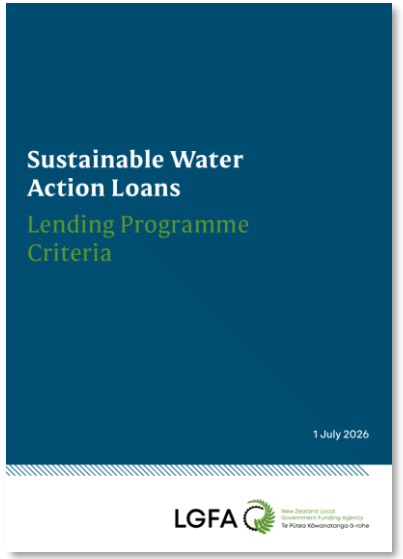
SUSTAINABLE WATER ACTION LOANS

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

Sustainable Water Action Loans (SWALes) are "general purposes" loans with a pricing incentive for Water CCO Borrowers who commit to adopting and achieving targets using a science-based approach in line with the Planetary Boundaries.



- SWALes are available to all Water CCO borrowers, including those who may not have any eligible projects to access GS Loans.
- To qualify for a SWALe, a Borrower must report against and meet two KPIs:
  - A compulsory Nitrogen & Phosphorus KPI; and
  - any one of the three optional KPIs: Biogenic GHG Emissions, Embodied Carbon, or Water Efficiency.
- Sustainable Fitch has completed an assessment of the SWALe Lending Programme.



Source: LGFA

SUSTAINABLE LENDING PROGRAMMES

As the primary lender to the local government sector, council and CCO member investments form an important element of LGFA's sustainability context.

Green and Social Loans (GS Loans)

- Proceeds-based loans for Council and CCO borrowers with assets, projects or activities that meet the GS Loan Criteria.

Climate Action Loans (CALs)

- General purpose loans with a pricing incentive for Council and CCO borrowers that measure and reduce organisational GHG emissions.

Sustainable Water Action Loans

- General purpose loans with a pricing incentive for Water CCO borrowers that adopt and achieve targets using a science-based approach in line with the Planetary Boundaries.

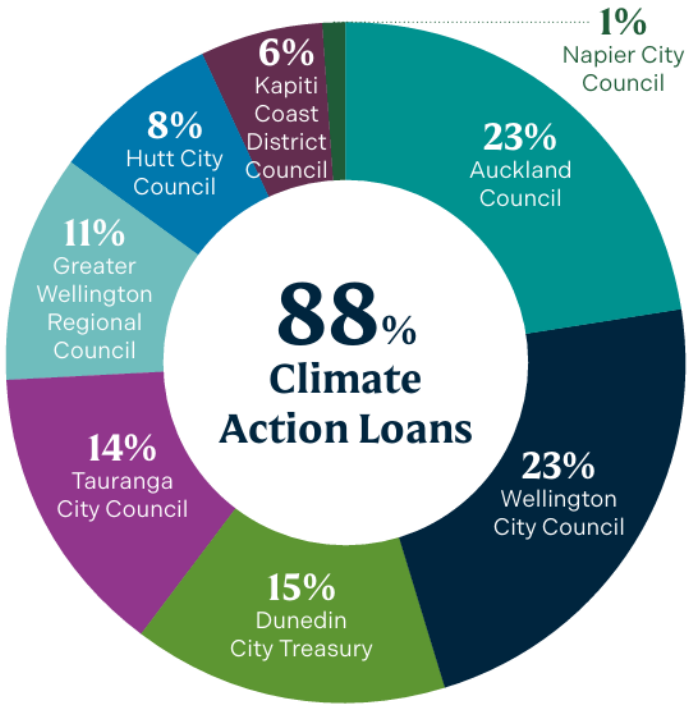


Source: LGFA

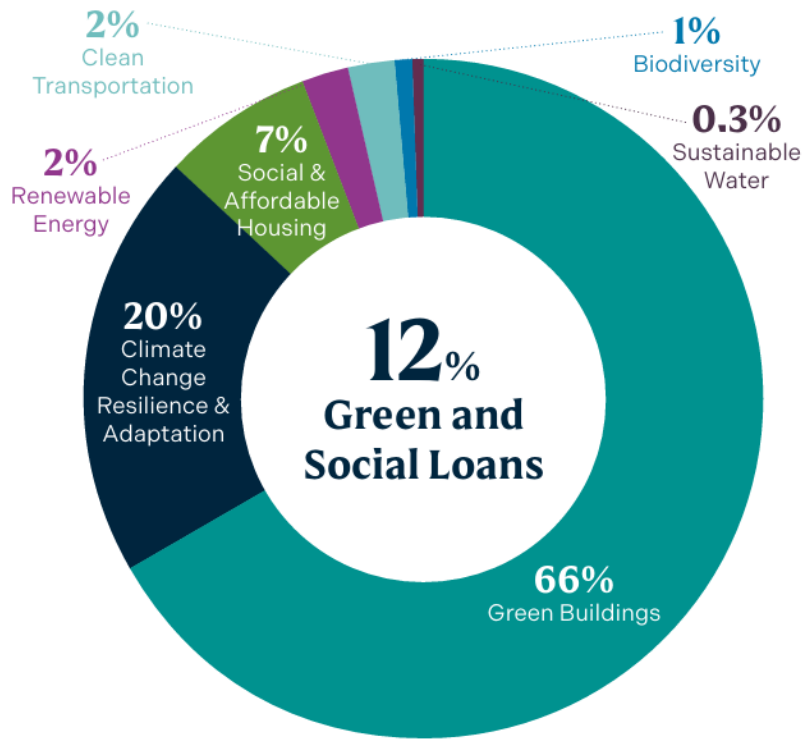
SUSTAINABLE LOAN ASSET POOL

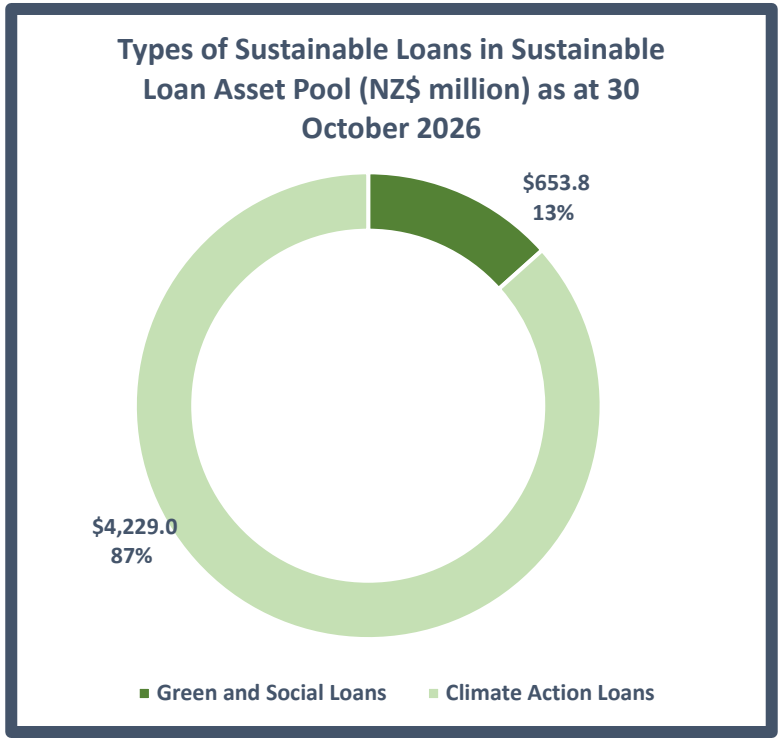
New Zealand Local Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

8 CAL Borrowers



15 GS Loans

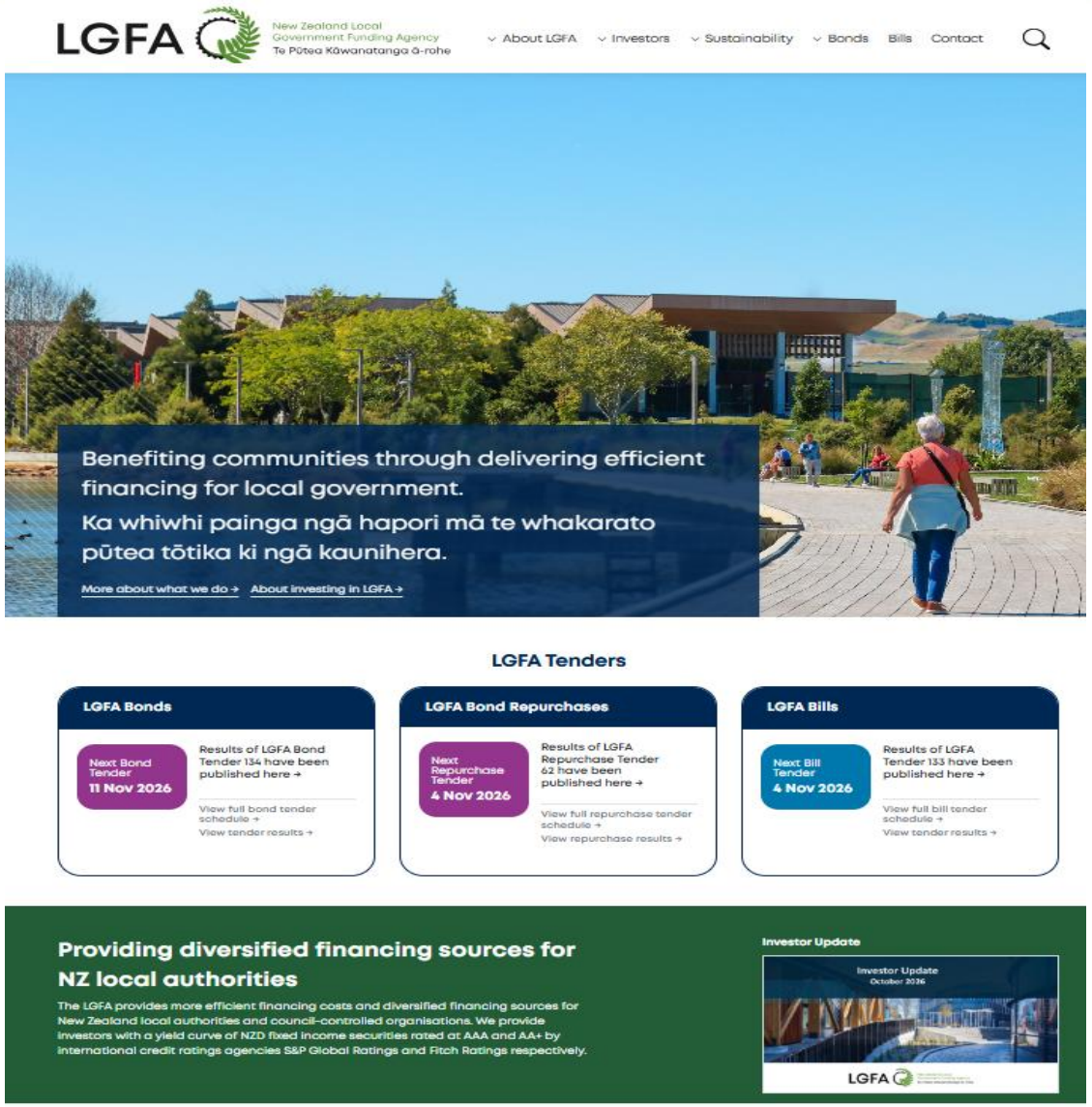




30% share of total LGFA lending during the financial year 2025/26

Source: LGFA

WEBSITE AND CONTACTS





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