

29 August 2024

Dear Shareholder,

LGFA 2024 Annual Report

The LGFA Annual Report for the 12-month period to 30 June 2024 is now available from the LGFA website: [LGFA 2024 Annual Report](#)

We are pleased to highlight another positive year for LGFA that included several achievements.

1. Financial and operational performance.

Financial performance was strong with Net Operating Profit of \$10.05 million compared to \$2.5 million for the prior year. The prior year profit was abnormally low (due to the sharp rise in interest rates) and it is pleasing that we are back to where we have been on a historical basis.

Both our total operating income and operating expenses were higher than the Statement of Intent (SOI) forecast due to the larger than expected council and Council Controlled Organisation (CCO) borrowing and LGFA bond issuance activity. Both lending and bond issuance were record amounts.

We met 15 out of 18 performance objectives and our achievements were recognised through numerous awards from KangaNews, INFINZ, Treasury Management International, and Environmental Finance.

2. We made longer dated borrowing options available to an increased number of council and CCO borrowers.

As at 30 June 2024, LGFA had loans outstanding of \$20.55 billion, an increase of \$4.24 billion over the financial year, with the longest dated loans available out to 13 years (2037). Over the financial year, we approved two new CCO members, lifting total members to 77 councils and 5 CCOs. Over the financial year, LGFA lent a record \$6.1 billion to the sector (up 56% on the prior year) and provided 90% of the sector borrowing. We are appreciative of the ongoing support from our borrowing members.



3. New products and increasing focus on sustainability.

We issued a record NZ\$6.5 billion equivalent of bonds over the financial year. A highlight was our inaugural foreign currency issuance under our AUD Medium Term Note (MTN) and Euro Commercial Paper (ECP) Programmes. Issuing foreign currency securities assists our issuance strategy by diversifying our funding sources beyond the NZD market. All foreign currency borrowing is hedged back into NZD to remove any foreign exchange rate risk.

An increased number of councils and CCOs utilised our sustainable lending products. We grew our sustainable loans to councils and CCOs by \$2.3 billion and were 15.3% of total outstanding loans as at 30 June 2024.

We have also published our inaugural Climate Related Disclosures (CRD) Report that sets out our progress to date with incorporating climate related risks and opportunities across our governance, strategy, and risk management functions. The report is available on our website: [LGFA Climate Related Disclosures 2024](#)

4. A dividend payment of 6.85% for shareholders.

The financial strength of LGFA has been affirmed with total assets of \$23.5 billion and shareholder equity of \$113.2 million as at 30 June 2024. A \$1,842,500 dividend has been declared by the LGFA Board for the year ended 30 June 2024 and a dividend notice will be sent to you shortly. The dividend rate is \$0.0737 per paid up share and will be paid to you on Monday 2nd September 2024.

Our Annual General Meeting (AGM) will be held on Tuesday 19 November 2024 in Wellington (with a virtual attendance option). We will send out a Notice of AGM by Friday 20 September 2024.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards



Mark Butcher
Chief Executive

