FitchRatings

New Zealand Local Government Funding Agency Limited (LGFA)

The New Zealand Local Government Funding Agency Limited (LGFA) is a government-related entity (GRE) under Fitch Ratings' GRE rating criteria and is credit-linked to the New Zealand government (AA+/Stable). LGFA's Issuer Default Rating (IDR) recognises the government's significant responsibility and incentives to provide financial support to LGFA, given the agency's key policy role in providing the majority of local government financing. LGFA's ratings are equalised with those of New Zealand accordingly.

Key Rating Drivers

Support Assessment 'Virtually Certain': We believe extraordinary support from the New Zealand government to LGFA would be 'Virtually Certain' if needed, as reflected in a support score of 55 out of a maximum 60 under our GRE criteria. This is based on our assessment of the government's responsibility and incentive to provide support.

Responsibility to Support: LGFA maintains a close working relationship with the central government, facilitated through regular reporting to the Department of Internal Affairs on its financial status and performance in meeting its government policy-oriented objectives. Despite the government's minority shareholding (20%), we believe it effectively controls the agency. LGFA benefits from a committed liquidity facility from the government and supportive legislation enabling other forms of liquidity support.

Incentive to Support: LGFA's dominant role in financing the local government sector and strong market presence underpin our view of the government's incentives to support the agency. Social and political implications of an LGFA default would be significant via widespread disruption to public sector projects and essential public services. We also expect a default would severely impair the ability of the central government and other state-sector borrowers to source funding in a timely and cost-efficient manner.

Public Finance
Government-Related Entities
New Zealand

Ratings

Foreign Currency

Long-Term IDR	AA+
Short-Term IDR	F1+

Local Currency

Long-Term IDR	AA+
Short-Term IDR	F1+

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Debt Ratings

Senior Unsecured Debt - Long-Term Rating	AA+
Senior Unsecured Debt - Short-Term Rating	F1+

Issuer Profile Summary

LGFA is a centralised financing entity for New Zealand's local government sector. Its primary objective is to raise debt for local authorities to optimise their debt funding terms and conditions. The agency's shareholders include 30 local councils and the central government.

Financial Data Summary

(NZDm)	FY23	FY24
Interest revenue	764	1,213
Net interest income	10.3	19.5
Net profit (loss)	2.4	9.2
Total assets	18,175	23,508
Total debt	15,943	21,306
Net interest income/ earning assets (%)	0.1	0.1
Long-term debt/total equity and reserves (%)	12,214	14,902

Source: Fitch Ratings, Fitch Solutions, LGFA

Applicable Criteria

Public Policy Revenue-Supported Entities Rating Criteria (January 2024)

Government-Related Entities Rating Criteria (July 2024)

Related Research

Fitch Affirms New Zealand at 'AA+'; Outlook Stable (August 2024)

Fitch Affirms New Zealand's LGFA at 'AA+'; Outlook Stable (October 2024)

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Rating Synopsis

New Zealand Local Government Funding Agency Limited Rating Derivation

Summary	
Government LT IDR	AA+
GRE Standalone Credit Profile (SCP)	No SCP
Support category	Virtually certain
Notching expression	Equalised
Single equalisation factor	No
GRE LT IDR	AA+
GRE Key Risk Factors and Support Score	
Responsibility to support	15
Decision making and oversight	Very Strong
Precedents of support	Strong
Incentives to support	40
Preservation of government policy role	Very Strong
Contagion risk	Very Strong
Support score	55 (max 60)
Standalone Credit Profile	
Risk profile	-
Revenue risk	-
Expenditure risk	-
Liabilities and liquidity risk	-
Financial profile	-
Qualitative factors adjustments	-
GRE SCP	No SCP

LT IDR – Long-Term Issuer Default Rating; GRE – Government-related entity
Source: Fitch Ratings

Distance \ Support score	>=45	35-42.5	30-32.5	20-25	15	12.5	<=10
-5	0	-1	-2	+2	+1	S-A	S-A
-6	0	-1	-2	+3	+2	+1	S-A
-7	0	-1	-2	+4	+2	+1	S-A
-8	0	-1	-2	+4	+3	+1	S-A
-9	0	-1	-2	+5	+3	+1	S-A
-10	0	-2	-3	+5	+3	+1	S-A
-11	-1	-2	-4	+5	+3	+1	S-A
-12	-1	-3	-4	+5	+3	+1	S-A
-13	-2	-3	-5	+5	+3	+1	S-A
-14	-2	-3	-5	+5	+3	+1	S-A
-15	-2	-3	-5	+5	+3	+1	S-A
No SCP	0	-1	-2	-3	n.a.	n.a.	n.a.

Stylized Notching Guideline Table: refer to GRE criteria for details

Analytical Outcome Guidance Table

Risk profile	Financial profile					
Stronger	aaa or aa	a	bbb	bb	b	
High Midrange	aaa	aa	a	bbb	bb	b
Midrange		aaa	aa	a	bbb	bb or below
Low Midrange			aaa	aa	a	bbb or below
Weaker				aaa	aa	a or below
Vulnerable					aaa	aa or below
Suggested analytical outcome	aaa	aa	a	bbb	bb	b

Government LT IDR	GRE SCP	GRE LT IDR
AAA	aaa	AAA
AA+	aa+	AA+
AA	aa	AA
AA-	aa-	AA-
A+	a+	A+
A	a	A
A-	a-	A-
BBB+	bbb+	BBB+
BBB	bbb	BBB
BBB-	bbb-	BBB-
BB+	bb+	BB+
BB	bb	BB
BB-	bb-	BB-
B+	b+	B+
B	b	B
B-	b-	B-
CCC+	ccc+	CCC+
CCC	ccc	CCC
CCC-	ccc-	CCC-
CC	cc	CC
C	c	C
RD	rd	RD
D	d	D

We classify LGFA as an entity linked to the New Zealand sovereign under our GRE criteria and apply a top-down rating approach based on our assessment of the responsibility and incentive to support factors. This results in a total of 55 points out of 60 under the criteria and leads to LGFA's IDRs being equalised with those of the sovereign. We do not currently assign a Standalone Credit Profile to LGFA. The ratings are driven by the assessment of government support.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Positive rating action on the New Zealand sovereign would result in the same action on LGFA's ratings.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

LGFA's ratings could be downgraded on negative rating action on the New Zealand sovereign or a weaker assessment of the government's responsibility or incentive to provide support factors that leads to a support score of less than 45 under our GRE criteria.

Issuer Profile

LGFA began operating as a centralised borrowing vehicle for New Zealand's councils in 2011 following the enactment of the Local Government Borrowing Act. Its main objective is to raise debt for local governments and associated entities – known as council-controlled organisations (CCOs) – to optimise debt funding terms and conditions. This includes facilitating access to debt capital, minimising interest costs and providing borrowing flexibility, such as long-term loans and liquidity facilities. The LGFA borrowing channel is optional for councils and CCOs.

LGFA had 18 foundation council shareholders at incorporation as well as the New Zealand government. It currently has 30 council shareholders in addition to the government. Given the council share of ownership, LGFA is itself a CCO and operates under the Local Government Act 2002. Governance includes a six-person shareholder-appointed board along with the LGFA shareholders' council, consisting of appointees from the government and council shareholders. LGFA membership has risen over the years, with 77 of New Zealand's 78 local councils and six CCOs currently eligible to borrow from the LGFA. LGFA lending accounts for around 90% of local-government sector debt.

LGFA is a limited liability company that is formally registered under the Companies Act 1993. The entity is monitored by the Department of Internal Affairs, which also oversees local councils, and must comply with securities laws. It is not regulated by the Reserve Bank of New Zealand, but the issuance of its securities to the public is compliant with the Financial Markets Conduct Act and regulated by New Zealand's Financial Markets Authority.

Support Rating Factors

Summary

Responsibility to support		Incentives to support			
Decision making and oversight	Precedents of support	Preservation of government policy role	Contagion risk	Support score	Support category
Very Strong	Strong	Very Strong	Very Strong	55 (max 60)	Virtually Certain

Source: Fitch Ratings

Decision Making and Oversight

The LGFA serves as the main lender to New Zealand's local governments, with a public policy mission to provide cost-effective and flexible financing to the sector, which is of significant strategic importance to the government. Despite the government's 20% minority shareholding, we believe it effectively controls the agency. LGFA maintains a close working relationship with the government, facilitated through regular reporting to the Department of Internal Affairs on its financial status and performance in meeting its objectives.

The government does not have a representative on LGFA's six-member board, but appoints members to the shareholders' council, which includes five to 10 members and council shareholders. This council reviews and reports on LGFA's performance, recommends board appointments and coordinates governance decisions. Currently, two central government members from the New Zealand Treasury and Department of Internal Affairs sit on the council, giving the government oversight of LGFA's operations.

Precedents of Support

The central government provides a committed liquidity facility to LGFA of up to NZD1.5 billion, which was extended till 2031 in 2021 and is typically renegotiated every three years. LGFA's enabling legislation also allows the government to lend to LGFA if this is in the public interest and provide temporary liquidity support. This provides LGFA with a special status in New Zealand's public sector.

LGFA received initial equity from the government, but operates without subsidies or transfers. It is the sole financing vehicle for New Zealand's local governments, with 72 councils being guarantors. The council guarantees can be called without a board or court order after a payment default by LGFA and are backed by each council's rates revenue. This guarantee structure and LGFA's central role imply likely government support, if needed, to prevent local government financial hardship.

During the Covid-19 pandemic, New Zealand's Reserve Bank included LGFA bonds in its Large Scale Asset Purchase Programme to enhance market liquidity, though this support has since been withdrawn. The Local Government Borrowing Act 2011 allows for a tax exemption and government loans to LGFA, leading to the provision of the liquidity facility by the New Zealand Debt Management Office, which also supports derivative transactions.

Preservation of Government Policy Role

LGFA's substantial market share of local government debt, at around 90%, means that its default would cause widespread disruption to local government projects, including essential public services, like water supply and transportation. This would significantly impact the domestic economy and living standards, leading to a political crisis.

The agency provides stable and reliable finance to local governments, which is particularly important during times of market turbulence, such as the recent pandemic. We expect the agency to remain the primary financier of the local government sector. Alternative financing options for councils, such as bank lending and direct access to capital markets, would not meaningfully lessen the impact of an LGFA default, given the agency's extensive sector coverage, favourable financing terms and the considerable size of its lending, at NZD20.5 billion in the fiscal year ending June 2024 (FY24). We believe the impact of an LGFA default on public infrastructure and services and the knock-on effects for the New Zealand economy and living standards would be significant.

Contagion Risk

LGFA has a large presence in the debt market as the country's second-largest New Zealand-dollar bond issuer, after the sovereign. We believe its default would demonstrate the government's unwillingness or inability to intervene, given legislation enabling government support. In such a scenario, it is likely that the ability of the government and other public-sector entities to source financing in a timely and cost-efficient manner would be severely impaired.

LGFA's bond maturities are designed to match government bonds where possible and LGFA issuance has deepened the offering of New Zealand-dollar debt instruments for domestic and offshore investors. The agency has expanded its issuance via offshore offerings across four Australian-dollar bond maturities and establishing a Euro-commercial paper programme. Domestic issuance is listed on the New Zealand stock exchange.

Operating Performance

As a non-profit-maximising entity, LGFA's profitability is modest, but stable, at NZD2 million-12 million annually over the five years to FY24. Higher market risks in FY23 saw profit contract to NZD2.5 million as the entity adopted a more conservative approach to debt and liquidity management. The FY23 dip was in line with LGFA's expectations at the beginning of the fiscal year. Profitability is supported by LGFA's income tax-exempt status and record of well-managed operating expenses, which consist mainly of personnel and IT as well as issuance and on-lending costs.

The majority of LGFA's operating income is related to earnings on its loan book to councils. Total interest income surged by 59% to NZD1.2 billion in FY24 on a 56% increase in lending to the local government sector and higher interest rates, while net profit reached NZD10.0 million.

Loan Book

Loans to the local government sector reached NZD20.5 billion at FYE24, up from NZD16.3 billion at FYE23, due to new long-term lending of NZD6.1 billion during the fiscal year. This represented close to 90% of total sector borrowing. The average tenor was 4.9 years, down from 5.2 years in FY23, reflecting a downward trend as councils opt for shorter tenors to optimise costs and in anticipation of upcoming water sector reform.

There is some concentration in LGFA's lending portfolio, with the top-three borrowers — Auckland Council, Christchurch City Council and Wellington City Council — comprising about 38% of LGFA's lending. This has declined from over 60% in 2012, as the number of LGFA borrowers has grown. LGFA restricts the largest borrower, Auckland Council, to 40% of its total loans to mitigate concentration risk. This explains the roughly 10% of council sector debt not borrowed through the LGFA.

Strong Risk Management

LGFA's lending and investment policies are established within its shareholder agreement and treasury policies, which address its credit, liquidity and market risks. Credit risk is managed through financial covenants, such as net debt/total revenue, net interest/total revenue, net interest/annual rates income, liquidity and concentration risk. Councils with external credit ratings benefit from higher covenant limits. The credit risk for all borrowers is reviewed annually.

Financial covenants were eased in 2020 in response to the funding pressure caused by the Covid-19 pandemic, allowing eligible councils to borrow up to 300% of total revenue, up from 250%. This limit is set to fall annually to 280% by 2026. The LGFA has also proposed increasing the debt ceiling to 350% of revenue for certain high-growth councils. These councils may be subject to stricter credit controls, but this could still elevate LGFA's credit risk.

LGFA expanded its lending to include CCOs alongside traditional council borrowers in FY20. Lending policies require CCO parent councils to join as LGFA guarantors, with bespoke financial covenants in place. Security will be taken over CCOs and reporting will occur at both the parent level and on a consolidated basis. We believe these measures mitigate changes in LGFA's lending risks. LGFA plans to extend lending to water CCOs in support of the government's water sector reform. Lending to these entities might exceed debt limits, potentially reaching up to 500% of revenue, which could weaken LGFA's credit standing. This lending will be supported by parent councils.

LGFA's internal credit rating process evaluates councils based on a number of factors, including rate revenue, size, debt profile, budgetary performance, capex, contingent liabilities and performance against LGFA financial covenants. Additional insights are gained from the Auditor General's review of budgetary data to identify any financial stresses.

All council shareholders, councils borrowing over NZD20 million and council shareholders of CCO borrowers are required to guarantee LGFA's debt obligations. All 72 current guarantors are councils. The government does not guarantee the LGFA. Lending to councils is secured by debenture security over council property rates revenue, which constitutes over 60% of operating revenue and is highly stable, linked to New Zealand's robust property market. LGFA is mandated to hold only financial instruments approved under its treasury policy, including New Zealand-dollar fixed-income securities from highly rated issuers, such as the sovereign, supranationals and top-rated banks.

Interest Income Summary: FY24

	(NZDm)	% of interest revenue
Interest on loans	1,076.3	88.7
Interest on deposits with banks	41.1	3.4
Interest on securities	62.4	5.1
Other interest revenue	33.5	2.8
Interest revenue	**1,213.3**	**100**
Interest expenditure	-1,193.8	-
Net interest income	19.5	-
Net interest margin (%)	0.1%	

Source: Fitch Ratings, Fitch Solutions, LGFA

Debt and Liquidity Analysis

The LGFA's market access includes issuing New Zealand dollar-denominated bonds and the recently added Australian dollar-bonds across four maturities. It also began issuing under a euro commercial paper programme in FY24, alongside domestic short-term issuance. This diverse market access supports LGFA's ability to meet rising borrowing needs in the local government sector and maintain liquidity.

Total debt reached NZD21.3 billion by FYE24, up from NZD15.9 billion at FYE23, to accommodate increased borrowing demand from local governments. The LGFA aims for a minimum of NZD1.0 billion per maturity for domestic issuance to support secondary market liquidity, with a preferred maximum of NZD3.0 billion. Tenders are distributed throughout the year and across maturities to ensure consistent supply.

We believe the LGFA sustains adequate liquidity to fulfil its financial obligations. Beyond the government liquidity facility, it has progressively added to its liquid asset portfolio in recent years to bolster liquidity and support its standby facilities, which totalled NZD747 million at end-October 2024.

The LGFA extends its average issuance term beyond its average lending term to mitigate funding risk, despite the negative effect on its net interest margin. It also benefits from a diverse investor base, helped by its ability to raise both domestic and foreign-currency debt in offshore markets. Domestic investors held about two-thirds of LGFA bonds in March 2024, with domestic banks and institutional investors each holding slightly less than half of this share, with the remainder held by the Reserve Bank of New Zealand and retail investors. Around a third of LGFA bonds were held offshore, mainly in Europe, Japan and the UK.

LGFA engages in derivatives contracts with New Zealand’s Debt Management Office to manage interest rate risk related to its primary issuance of fixed-rate bonds and on-lending to councils, primarily on floating rates. It typically 'match funds' its on-lending by issuing bonds of the same tenor and volume, though it has recently borrowed over longer maturities to mitigate funding risks.

Capitalisation

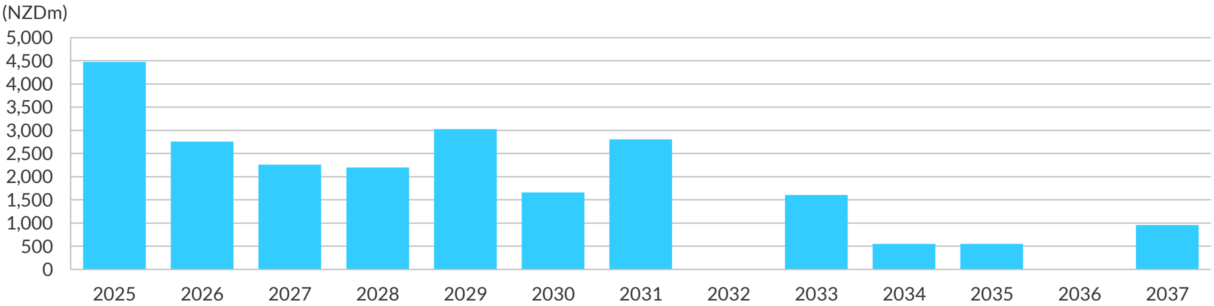
LGFA's capital structure comprised NZD25 million in paid-up shareholder capital and NZD89 million in retained earnings as of FYE24. Additional capital sources included NZD20 million in uncalled capital and NZD493 million in borrower notes. Councils are required to hold borrower notes at a fixed percentage of total long-term borrowings, which increased to 5.0% in July 2024, up from 2.5% in 2020, following a previous increase from 1.6% in 2020. These notes can be converted to equity at LGFA's discretion to prevent a liquidity event, making them equity-like and enhancing LGFA's capital. LGFA's total equity/total assets ratio was 0.5% at FYE24, or 2.7% when factoring in the additional capital sources. We consider this adequate given the credit quality of the lending book.

Sound Liquidity

LGFA's policy mandates maintaining adequate liquidity. This includes the Debt Management Office’s standby facility, cash holdings, short-term deposits, short-term marketable securities and other liquid investments to cover all operating and funding commitments over a rolling 12-month period. Liquidity holdings increased following the introduction of standby facilities for councils and to address asset-liability mismatches and manage out-of-the-money interest-rate swap positions. The liquid asset portfolio size can vary monthly, reflecting councils’ ability to borrow on a bespoke basis between bond tenders and LGFA’s strategy of smoothing bond tender sizes to create pricing tension.

On-balance-sheet liquidity reached NZD3.3 billion as of end-October 2024, up from NZD327 million at FYE17. Liquidity levels, including the committed facility, are tightly managed, and we assess the risk of LGFA facing a shortfall in meeting its financial commitments under stress scenarios as low.

Principal Debt Repayment in Nominal Value (as at FYE24)



Source: Fitch Ratings, New Zealand Local Government Funding Agency Limited (LGFA)

Debt Analysis

(NZDm)	FYE24	% of total debt
Total debt	21,306	-
Issued debt	21,306	100.0%
Short term debt	4,438	20.8%
Government-related debt	0	0.0%
Debt in foreign currency	3,735	17.5%
Debt at floating interest rate	1,727	8.1%
Apparent cost of debt (%)	5.6	-
Weighted average life of debt (years)	4.8	-

Source: Fitch Ratings, Fitch Solutions, LGFA

Short-Term Rating Derivation

We equalise LGFA's Short-Term IDRs with those of the sovereign, given the equalisation of the Long-Term IDRs.

Debt Ratings

LGFA's long-term debt obligations are rated in line with its Long-Term IDR. Its short-term programme ratings are aligned to its Short-Term IDR.

Peer Analysis

Peer Comparison

	Sponsor	Support Category	Notching Expression	Single Equalisation Factor	Long-Term IDR
New Zealand Local Government Funding Agency Limited (LGFA)	New Zealand	Virtually Certain	Equalised	No	AA+/Stable
Agence France Locale S. A.	Pool of French local governments	Very Likely	Top-down - 2	Yes	AA-/Negative
Financement-Quebec	Quebec	Virtually Certain	Equalised	Yes	AA-/Stable
Export Finance Australia	Australia	Virtually Certain	Equalised	Yes	AAA/Stable
Korea Housing Finance Corporation	Korea	Virtually Certain	Equalised	No	AA-/Stable
Agence Francaise de Developpement	France	Virtually Certain	Equalised	No	AA-/Negative
EPIC Bpifrance	France	Virtually Certain	Equalised	No	AA-/Negative

Source: Fitch Ratings

Peer analysis includes financial GREs, five of which are in the 'Virtually Certain' support category along with the LGFA, while Agence France Locale S. A. (AFL) is at the lower 'Very Likely' category. All peers are equalised with their sponsor government ratings, based either on our assessment of government support or on government guarantees on their debt obligations.

LGFA is similar in function to AFL, which is a centralised local government funding agency in France. However, AFL is credit-linked to its local government members, rather than to the sovereign like the LGFA. LGFA's higher support category assessment reflects its tight linkage with the central government, which leads to 'Very Strong' preservation of government policy role and contagion risk implications and decision-making and oversight controls, while AFL's linkage to its sponsor governments is diluted on account of the large number of sponsors.

Canada's Financement-Quebec has a lower support score than the LGFA, at 50, due to the other financing options that are available, lessening the impact of its default on its government policy role, despite a stronger support record on account of the senior unsecured pledge of repayment by the Quebec government. Its rating is nonetheless equalised with its sponsor government.

The remaining peers in Australia, Korea and France are similarly equalised with their government ratings, due to their critical roles in providing finance to support key public services.

ESG Considerations

Fitch does not provide ESG relevance scores for LGFA. Where Fitch does not provide ESG relevance scores in connection with the credit rating of a transaction, programme, instrument or issuer, Fitch will disclose any ESG factor that is a key rating driver in the key rating drivers section of the relevant rating action commentary. For more information on Fitch's ESG Relevance Scores, visit ESG Products.

Appendix A: Financial Data

New Zealand Local Government Funding Agency Limited (LGFA)

(NZDm)	FY20	FY21	FY22	FY23	FY24
Income statement					
Interest revenue	370.2	377.2	393.5	763.6	1,213.3
Interest expenditure	-351.9	-357.7	-376.0	-753.3	-1,193.8
Net interest income	18.3	19.5	17.5	10.3	19.5
Net fees and commissions	0	0	0	0	0
Other operating income	0	0.2	1.1	1.3	1.5
Personal expenses	-2.2	-2.4	-2.7	-3.1	-3.6
Other operating expenses	-5.5	-5.3	-5.2	-6.1	-8.2
Net gains and losses on securities and trading	0	0	0	0	0
Net operating income (loss)	10.6	12.0	10.7	2.4	9.2
Provisions	0	0	0	0	0
Other non-operating items	0	0	0	0	0
Transfers and grants from public sector	0	0	0	0	0
Taxation	0	0	0	0	0
Net profit (loss)-	10.6	12.0	10.7	2.4	9.2
Balance sheet					
Assets					
Cash and cash equivalents	165.8	391.8	158.0	226.2	473.6
Liquid securities	0	0	0	0	0
Deposits with banks	499.8	655.0	462.9	348.5	718.5
Loans	10,899.8	12,065.7	14,041.9	16,313.6	20,549.4
Other earning assets	1,607.9	1,371.7	1,586.4	1,285.4	1,765.1
Long term Investments	0	0	0	0	0
Fixed assets	0	0	0	0	0
Intangible assets	0	0	0	0	0
Other long-term assets	1.1	1.0	1.0	1.0	1.2
Total assets	13,174.4	14,485.2	16,250.2	18,174.7	23,507.8
Liabilities & equity					
Customer deposits	0	0	0	0	0
Deposits from banks	0	0	0	0	0
Short-term borrowing	2,127.4	2,239.5	2,569.7	3,009.0	4,437.8
Other short-term liabilities	223.0	338.8	1,283.8	1,765.4	1,596.3
Debt maturing after one year	10,558.1	11,587.9	12,008.9	12,934.1	16,867.9
Other long-term funding	182.3	224.3	283.2	360.3	492.6
Other provisions and reserves	0	0	0	0	0
Other-long term liabilities	0	0	0	0	0
Share capital-	25.0	25.0	25.0	25.0	25.0
Reserves and retained earnings	58.6	69.7	79.6	80.9	88.2
Equity and reserves	83.6	94.7	104.6	105.9	113.2
Total liabilities and equity	13,174.4	14,485.2	16,250.2	18,174.7	23,507.8

Source: Fitch Ratings, Fitch Solutions, LGFA

Appendix B: Financial Ratios

New Zealand Local Government Funding Agency Limited (LGFA)

(%)	FY20	FY21	FY22	FY23	FY24
Performance					
Interest revenue on loans/loans	1.9	1.3	1.6	4.2	5.2
Interest expense/borrowings and deposits	2.7	2.6	2.5	4.6	5.5
Net interest income/earning assets	0.1	0.1	0.1	0.1	0.1
Net operating income/net interest income and other operating revenue	57.9	60.9	57.5	20.7	43.9
Net operating income/equity and reserves	12.7	12.7	10.2	2.3	8.1
Net operating income/total assets	0.1	0.1	0.1	0.0	0.0
Credit portfolio					
Growth of total assets	26.9	10.0	12.2	11.8	29.3
Growth of loans	17.1	10.7	16.4	16.2	26.0
Impaired loans/total loans	-	-	-	-	-
Reserves for impaired loans/impaired loans	-	-	-	-	-
Loan impairment charges/loans	-	-	-	-	-
Debt and liquidity					
Long-term debt/total equity and reserves	12,629	12,236	11,481	12,214	14,902
Liquid assets/total assets	1.3	2.7	1.0	1.2	2.0
Total deposits and debt/total assets	97.7	97.0	91.5	89.7	92.7
Liquid assets/short-term deposits and borrowing	7.8	17.5	6.2	7.5	10.7
Capitalization					
Equity and reserves/total assets	0.6	0.7	0.6	0.6	0.5
Profit after tax/total equity and reserves	12.7	12.7	10.2	2.3	8.1
Loans/equity and reserves	13,038	12,741	13,424	15,405	18,155

Source: Fitch Ratings, Fitch Solutions, LGFA

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.