Attachment A:
QLDC Dashboard as of
16 September 2025

QUEENSTOWN LAKES DISTRICT COUNCIL

Treasury Reporting Dashboard

Prepared on 16 September 2025

BANCORP
BANCORP TREASURY SERVICES LIMITED

Economic Commentary as at 16 September

Global

The recent US data releases have painted a bleaker picture of the US economy, putting the Federal Reserve ("Fed") in a challenging position. Most significant has been the deterioration and revisions in the employment data with non-farm payrolls printing at a disappointing 22k in August, which was well below expectations at 75k, underscoring signs of a cooling labour market. The report showed a marked slowdown from July's 79k increase, which was revised up by 6k, notably, June's figures were revised lower and showed a net loss of 13k jobs. This saw the unemployment rate edged up to 4.3%, its highest level since 2021. This comes as the Fed faces pressure on its dual mandate of maximum employment (below ~4.2%) and stable prices (PCE inflation at 2.0%). With unemployment now above its assumed target and a potential tariff-driven inflation spike looming, the Fed's stance is precarious. However, Fed Chair Jerome Powell provided clarity in his annual Jackson Hole speech. While acknowledging that "*risks to inflation are tilted to the upside, and risks to employment to the downside,*" he supported the market's expectation of a rate-cutting cycle stating, "*With policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance,*" which aligned the Fed's outlook with market projections of two 25bps rate cuts before year end.

The data out of China continues to paint a depressing picture with annual consumer inflation falling 0.4% in August, surpassing expectations of a 0.2% decline, while producer prices fell 2.9%. Factory activity, fixed asset investment, industrial production, unemployment, and retail sales also disappointed. The People's Bank of China pledged to boost financial support for sectors like technology and consumption, shifting further away from traditional lending to real estate and infrastructure. it maintained its key lending rates at record lows for the third consecutive month with the 1-year LPR at 3.00% and 5-year LPR 3.50%.

As expected, the Reserve Bank of Australia ("RBA") cut its cash rate by 25bps in August, lowering it from 3.85% to 3.60%. The statement was as expected, emphasising, "*A further easing of monetary policy was appropriate given declines in underlying inflation.*" But while financial markets have been optimistic about further rate cuts, since the RBA announcements June annual wage inflation increased by 0.8%, while the monthly July CPI update saw annual inflation surge from 1.9% to 2.8%.

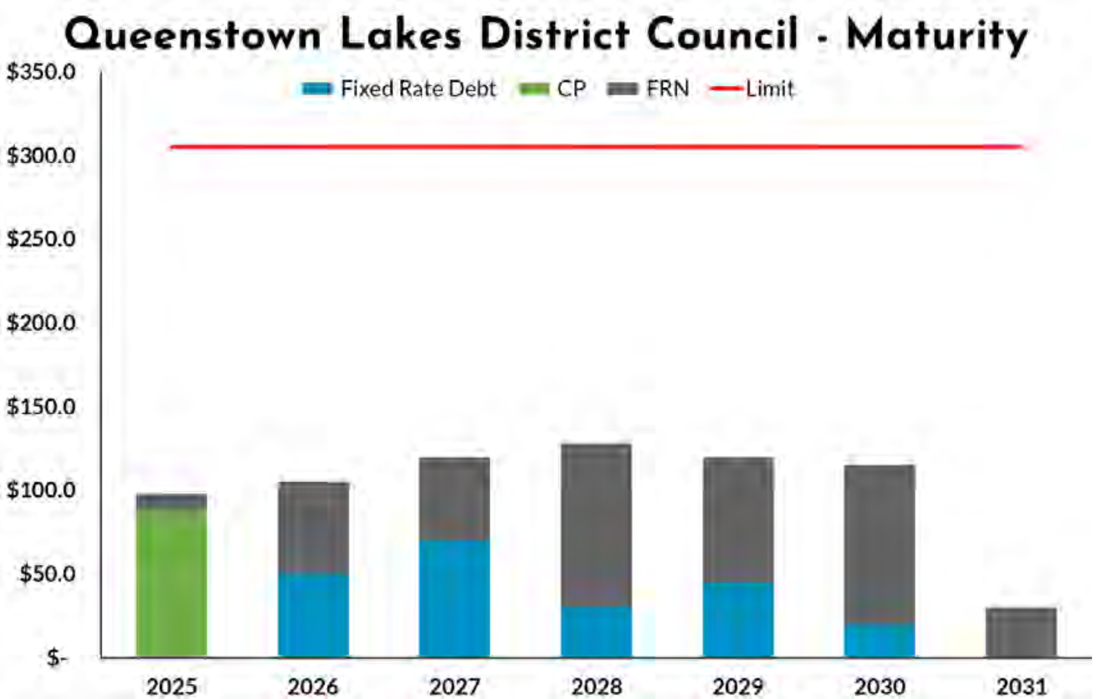
New Zealand

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
11-Jun-25	3.25%	3.31%	3.27%	3.39%	3.66%	3.91%	4.17%
16-Sep-25	3.00%	2.96%	2.83%	2.97%	3.25%	3.50%	3.79%
Change	-0.25%	-0.35%	-0.44%	-0.42%	-0.41%	-0.41%	-0.38%

As was widely anticipated, the Reserve Bank of New Zealand ("RBNZ") cut its Official Cash Rate ("OCR") to 3.00% in August, citing weak economic data in the with household and business spending constrained by global uncertainty, falling employment, high inflation for essentials, and declining house prices. The policy assessment ended on a dovish note stating, "*If medium-term inflation pressures continue to ease as expected, there is scope to lower the OCR further.*" While the statement acknowledged both "*upside and downside risks to the economic outlook*" and an expected inflation "*spike to 3.0% in the September quarter*", its tone was decidedly dovish. The vote was also a point of interest, as the committee voted by a 4 to 2 majority to cut the cash rate by 25bps, revealing that two members had advocated for an aggressive 50bps cut. During the Q&A session, Governor Hawkesby opened with a key point: the RBNZ's projection for the OCR to trough around 2.50% is "*consistent with further cuts.*" He emphasised that while all meetings are "*live*", no final decision has been made, and future actions will be determined by the incoming economic data. He also emphasised the OCR cut was a direct response to significantly weaker-than-expected economic activity in the second quarter.

The dovish signal from the RBNZ triggered an aggressive sell-off in local swap rates, aided by the decline in the benchmark US 10 year Treasury bond yield. As can be seen from the above table, rates across the yield curve are lower compared to those that prevailed at the time the last report was written in June and are now trading at lows not seen since March 2022.

Liquidity, Funding and Policy Compliance



Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control limits?	Yes
Is liquidity within policy control limits?	Yes
Are counterparty exposures within policy control limits?	Yes

Core Debt

$705.0m

External Council Drawn Debt (excludes HIF debt)

LGFA Debt

$705.0m

Funds Drawn from LGFA

Headroom = committed bank and LGFA facilities and cash in the bank

$115.9m

Liquidity Ratio (excludes HIF debt)

116.44% (must be ›110%)

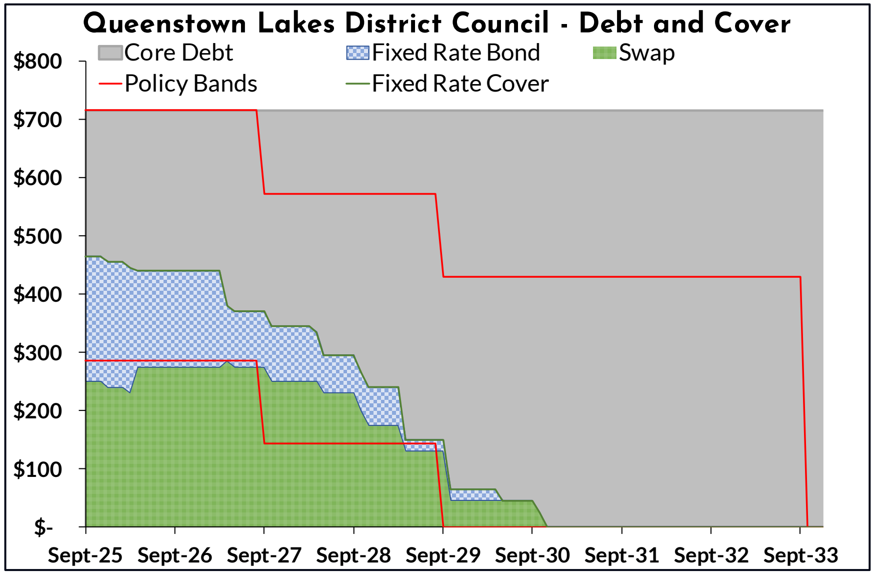
Definition: (Cash Reserves + Lines of Credit + Drawn Debt)/Drawn Debt

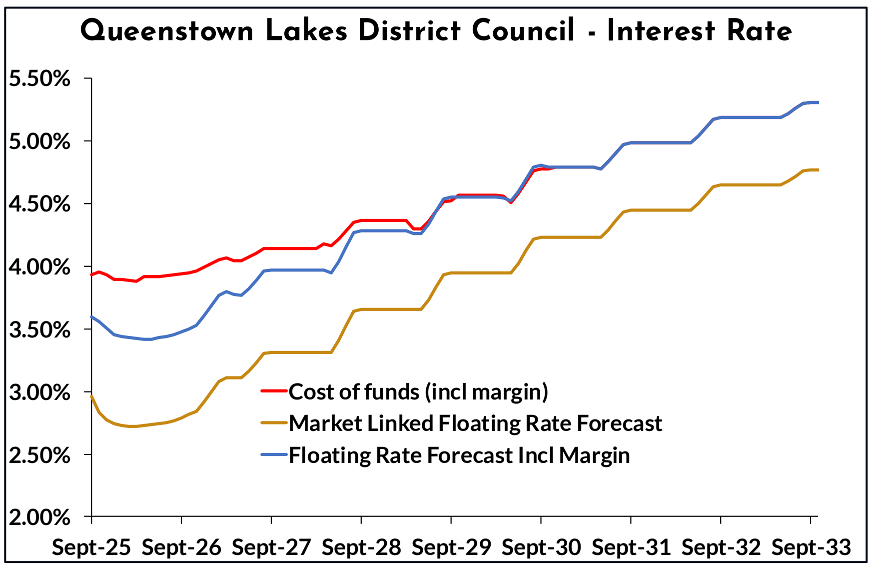
Cost of Funds as at 16 September

4.05% excl. HIF

3.96% incl. HIF

Interest Rate Risk Management and Metrics





Current % of Debt Fixed	65.9%
Current % of Debt Floating	34.1%
Value of Fixed Rate (m)	$465.0
Weighted Average Cost of Fixed Rate Instruments	3.78%
Value of Forward Starting Cover	$55.0
Weighted Average Cost of Forward Starting Cover	3.94%
Value of Floating Rate (m)	$240.8
Current Floating Rate	2.96%
All Up Weighted Average Cost of Funds Including Margin and HIF	3.96%
Total Facilities In Place	$775

Fixed Rate Hedging Bands			
	Minimum	**Maximum**	**Policy**
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

QLDC's cost of funds has fallen from 4.54% in February 2025 to the current level of 3.93%.

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QUEENSTOWN LAKES DISTRICT COUNCIL

Interest Rate Risk Management

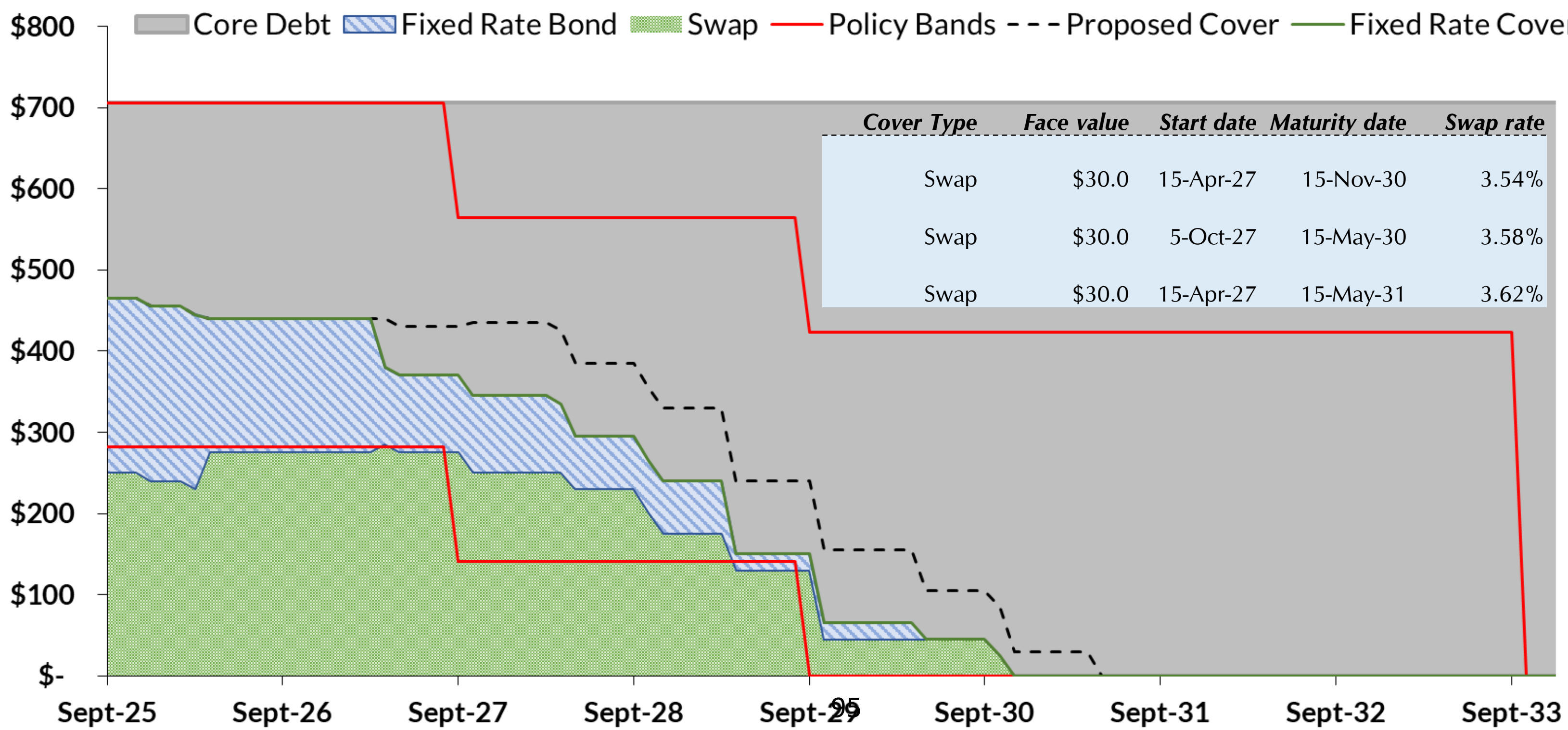
Strategy

Queenstown Lakes District Council (“QLDC”) is currently policy compliant based on the current debt level of $703 million. Since the last report in February QLDC has entered into the following interest rate swaps.

- $30million starting 15 April 2027 and maturing on 15 November 2030 at 3.54%.
- $30 million starting 15 October 2027 and maturing on 15 May 2030 at 3.58%.
- $30 million starting 15 April 2027 and maturing on 15 May 2031 at 3.62%.

Further fixed rate cover will be required by October 2025 when exposures that are currently in the 4-10 year timeframe fall within the 2-4 year timeframe due to the effects of time erosion. This cover could be transacted with the following swap strategies which are depicted in the graph below, with the dotted line indicating the effect of the new swaps.

Queenstown Lakes District Council - Debt and Proposed Cover



Cover Type	Face value	Start date	Maturity date	Swap rate
Swap	$30.0	15-Apr-27	15-Nov-30	3.54%
Swap	$30.0	5-Oct-27	15-May-30	3.58%
Swap	$30.0	15-Apr-27	15-May-31	3.62%

Interest Rate Risk Management – new profile

Strategy

The strategy depicted on the previous page involves forward starting swaps, and as such, higher rates (3.54%, 3.58% and 3.62%) compared to swaps transacted out of spot. However, swaps starting in 2027 gives a larger proportion of QLDC's debt exposure to the lower floating rate with the likelihood floating rates fall further, which will provide QLDC an immediate cash flow benefit over the near-future. This does come with the cost of higher interest costs when the swaps are 'live'.

The other consideration is market-related and involves the shape of the yield curve, which has fallen a lot recently due to the fall in US interest rates. The US 10-year Treasury yield is currently at 4.04%, down ~20bp in the last month due to weaker data out of the US pointing to a interest rate cut at the Fed's next meeting. This has shifted the local yield curve lower which accompanied with the RBNZ's dovish shift has moved multiple New Zealand swap rates to 3-year lows.

Furthermore, as shown in the graph on the previous page, the proposed cover also creates a smooth hedging profile, which gives QLDC the flexibility to transact further swaps if rates fall further. Based on the current debt forecast QLDC will remain in policy until June 2026, which gives the currently uncertain economic outlook time to clarify.

From a funding perspective the $87 million of Commercial Paper matures on 15 October. To avoid a debt maturity concentration risk, we recommend refinancing $50 million for three months and $40 million for an initial term of one month and then revert to rolling the latter on three-month terms. This will spread out the Commercial Paper maturity profile.

Bancorp Treasury will appear before the Audit Risk and Finance Committee on 2 October at which time the contents of this report can be discussed.

LGFA Borrowing Rates

Listed below in black are the credit spreads and applicable interest rates as at 15 September for Commercial Paper ("CP"), Floating Rate Notes ("FRN"), and Fixed Rate Bonds ("FRB"), at which QLDC could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.15%	3.11%	N/A
6 month CP	0.15%	3.07%	N/A
April 2026	0.39%	3.35%	3.25%
April 2027	0.55%	3.51%	3.39%
May 2028	0.67%	3.63%	3.66%
April 2029	0.75%	3.71%	3.86%
May 2030	0.80%	3.76%	4.05%
May 2031	0.93%	3.89%	4.33%
May-2032	0.98%	3.94%	4.49%
April 2033	1.08%	4.04%	4.70%
May 2035	1.16%	4.12%	4.97%
April 2037	1.28%	4.24%	5.28%

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