

22 June 2016

Dear Shareholder

Statement of Intent 2016/17

Please find attached the Statement of Intent (SOI) for the 2016/17 year.

LGFA is focused on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

The following points regarding the 2016/17 SOI are worth noting

- The SOI performance targets are similar to the previous year's targets except that we now include short dated lending in the volume and pricing measures.
- There is some timing uncertainty within the SOI forecast relating to both Local Government loans and LGFA bonds outstanding as we have to project both the repayment amount and repayment timing of the Local Government loans that are due to mature in December 2017. While the loans and bonds do not mature for another eighteen months, decisions made by our council members regarding early refinancing will have a phasing impact across the 2016/17 and 2017/18 years.

Please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely



Mark Butcher
Chief Executive