

Export Finance Australia Non-Deal Roadshow Investor Presentation

2024

Sonia Kammel Chief Financial Officer
Ben Coogan Director, Treasury



Australian Government

export
finance
australia



Biographies



Sonia Kammel
Chief Financial Officer
BBus, FCPA, GAICD

Sonia has diverse and extensive experience in both the Private and Public Sector with over 25 years' experience across the Financial Services sector.

She has held several leadership roles within Commonwealth Bank of Australia, National Australia Bank and a privately owned Wealth Management company.

Sonia also held the role of Deputy Secretary at NSW Treasury.



Ben Coogan
Director, Treasury
BBus, M.App.Fin

Ben has over 40 years' experience working in financial markets and has witnessed deregulation, product development and swings in volatility.

For the last 28 years Ben has worked in the Treasury department of Export Finance Australia specialising in debt raising, investment of capital and surplus funds and management of the firms' financial market risks.

Prior to that Ben worked for a variety of international banks in Sydney.



Export Finance Australia

Export Finance Australia is the Australian Government's **export credit agency**

We provide commercial finance for export trade and overseas infrastructure development. From small and medium-sized enterprises to large corporates, foreign governments and infrastructure projects, we help Australian businesses take on the world. In doing so, our finance supports Australia's economic security and regional resilience.

**Explicitly
Guaranteed
and 100%
owned
by the
Australian
Government**



Export Finance Australia

Ownership

Export Finance Australia is a statutory corporation of the Commonwealth of Australia. EFA as it is known today has existed since 1957.

Governing legislation is the *Export Finance Insurance Corporation Act 1991* (EFIC Act) and the *Public Governance, Performance and Accountability Act 2013*.



Ratings

Moody's: Aaa (stable)

- “Export Finance Australia's Aaa rating is underpinned by a guarantee provided by the Australian government (Aaa stable).”
- “In addition, Moody's believes that there are strong incentives for the Australian government to provide support to Export Finance Australia, if required. These include Export Finance Australia's position as a wholly owned government entity and its importance to the government's role in supporting Australian exports, a sector essential to Australia's economic health. Evidence of such support is demonstrated by the Australian government's AUD1.2 billion callable capital facility, which it has provided to Export Finance Australia to access during times of stress.”
- “The EFIC Act also requires a government representative on the board. Moody's believes this will ensure that the government will be provided with adequate information and sufficient notice to avoid any delay in repaying Export Finance Australia's debt, in the event the guarantee is triggered.”

20 March 2024

S&P: AAA (stable)

- “We equalize our ratings on Export Finance Australia with those on Australia. This incorporates our assessment of the government's legislative guarantee on Export Finance Australia's obligations as they fall due. EFA's debt issuance program has defined grace periods of 30 days on interest payments and 15 days on principal payments.”
- “We expect that government support, if needed, to be made available within the above time frames.”
- “Export Finance Australia has access to additional capital through a A\$1.2 billion callable capital facility from the Australian government.”

29 February 2024

Commercial and National Interest Accounts

Commercial Account

Under the Commercial Account, we are required by the Minister to operate commercially.

Export Finance Australia retains all margins and fees and bears all risks and losses.

Decisions under the Commercial Account are the responsibility of the Export Finance Australia Board.

National Interest Account

Under the NIA, the Minister can direct Export Finance Australia to support classes of transactions that are in the national interest.

Export Finance Australia can also refer specific transactions to the Minister for consideration. This might be due to the transaction's size, tenor or significant exposure to the country of export.

The Commonwealth receives all income on NIA transactions. It also bears all risks and losses.

Decisions under the NIA are the responsibility of the Government.

Key Financials as at 30 June 2023

Lending

- Loans at fair value* A\$1,161.0m

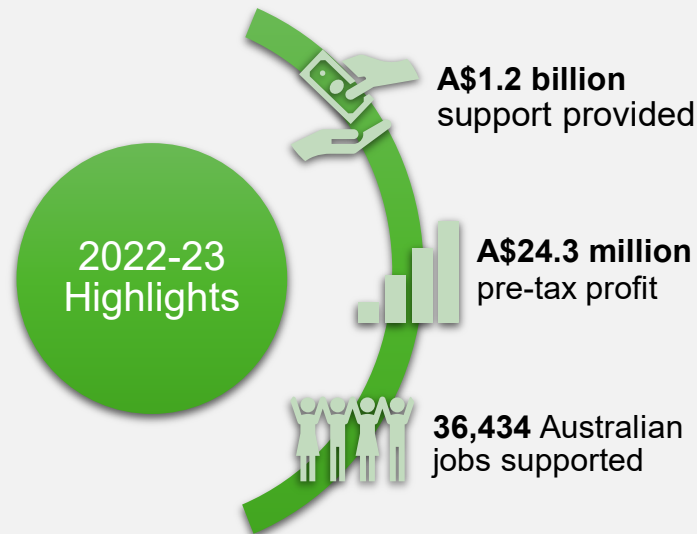
Balance Sheet

- Assets A\$3,621.6m
- Liabilities A\$3,024.1m
- Equity A\$597.5m

Equity

- Contributed equity A\$206.0m
- Reserves A\$227.5m
- Retained Profits A\$164.0m

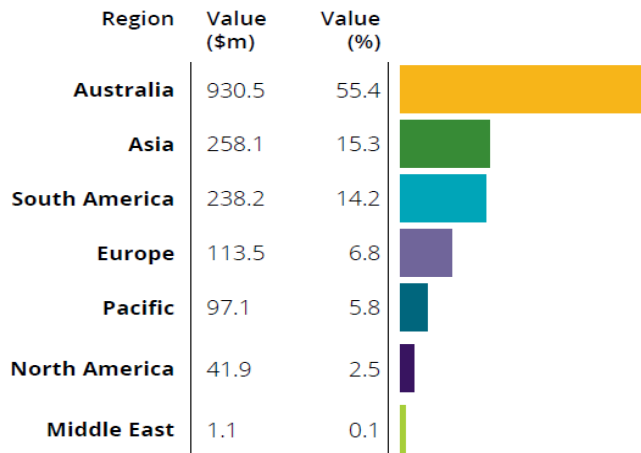
**Loans are designated at fair value as this significantly reduces the accounting mismatch that would otherwise arise from measuring the asset on a different basis from derivatives that have been entered into to hedge the transactions.*



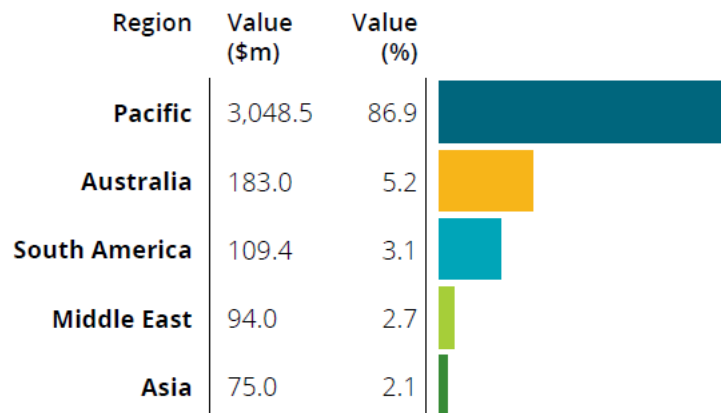
In addition to the contributed equity, **section 54 of the EFIC Act provides for A\$1.2 billion of callable capital** from the Commonwealth, which to date has never been called.

Regions that Export Finance Australia supports (A\$m)

Commercial Account



National Interest Account



Exposure by region as at 30 June 2023

Capital Management (A\$m)

- Export Finance Australia is supported by a Commonwealth guarantee that protects third parties from any financial loss in the event Export Finance Australia cannot meet its obligations. This guarantee has never been called.
- Capital is used to support the operations by providing a buffer to absorb unanticipated losses from its normal business activities. In the event cash capital is insufficient, the Board, in consultation with the Government, may call additional cash capital up to a prescribed amount.
- Export Finance Australia has modelled its large exposure policy on APRA guidelines.
- Our large exposures limits are 25% of eligible capital for internal risk grades 1 and 2 (A- and above).
- We have adopted a more conservative target of 15% for internal risk grades 3 and worse (below A-).
- Any exceptions above these limits are subject to Board approval.

	Commercial Account		National Interest Account	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$ m	\$ m	\$ m	\$ m
Capital available				
Equity at start of period	586.9	542.8	-	-
Profit	17.0	12.8	-	-
Asset revaluation reserve	-	37.0	-	-
Dividend payable/paid	(6.4)	(5.7)	-	-
Equity at end of period	597.5	586.9	-	-
Eligible allowance for credit risk in capital	19.6	16.8	-	-
Export Finance Australia capital	617.1	603.7	-	-
Callable capital	1,200.0	1,200.0	-	-
Capital available (including callable capital)	1,817.1	1,803.7	-	-

Export Finance Australia does not hold capital against the NIA business on the basis that the risks are borne by the Commonwealth.

Finance solutions



Loans

Export Finance Australia provides loans to Australian businesses and overseas buyers of Australian goods and services (including governments).



Bonds

Export Finance Australia offers bonds to help Australian businesses with their security obligations under overseas contracts.



Guarantees

Export Finance Australia works with banks to provide guarantees where they are unable to provide finance.

Equity

Powers legislated in 2021 provide us the capability to provide equity to support overseas infrastructure projects and export-linked Australian businesses in sectors of economic significance.



Export Finance Australia's **diverse mandates**



Financing **sustainable infrastructure** in the Indo-Pacific, including delivering Australian Infrastructure Financing Facility for the Pacific loans.



Supporting greater **Australian investment in Southeast Asia** including through the A\$2 billion Southeast Asia Investment Financing Facility.



Financing **defence exports**, including through the US\$3 billion Defence Export Facility.



Helping **establish Australia's critical minerals sector** through the A\$4 billion Critical Minerals Facility.



Supporting **Australian SMEs** to realise new exports and supply chain opportunities.



Enabling Commonwealth entities like Northern Australia Infrastructure Facility and Housing Australia to **deliver domestic priorities**.



Our Indo-Pacific infrastructure mandate

We provide commercial finance for the development of sustainable, quality infrastructure in the Pacific and Indo-Pacific region where there is an Australian benefit.



We partner with the US and Japan under the **Trilateral Infrastructure Partnership** and conduct a range of other **multilateral** and **bilateral engagement**.



We are **Australian Government investment deal team initiative** that aims for greater two-way private investment in Southeast Asia.



US\$1.33 billion package to help Telstra acquire Digicel Pacific.

US\$140 million equivalent guarantee for Hai Long offshore wind farm.

US\$32 million loan to the Lotus Wind Power project in Vietnam.

US\$30 million loan to Vinfast to support manufacture of electric public buses and rollout a charging network in Vietnam.

Supporting Southeast Asia engagement

A\$2 billion Southeast Asia Investment Financing Facility

Support ASEAN infrastructure development and catalyse Australian private investment.

Loans, guarantees, insurance and equity in limited circumstances.

Investment Deal Teams

First overseas Export Finance Australia presence in Jakarta, Singapore and Ho Chi Minh City.



A large military aircraft, possibly a transport plane, is silhouetted against a bright sunset sky. The sun is low on the horizon, creating a strong glow and long shadows. The aircraft is positioned in the center of the frame, with its tail and rear fuselage visible. The runway surface is visible in the foreground, and the overall scene is bathed in the warm, golden light of the setting sun.

Supporting Australia's **Defence Export industries**

We provide finance to Australian SMEs and defence primes to achieve defence export success.

We administer the US\$3 billion Defence Export Facility.

Over US\$360 million in finance provided since release of Defence Export Strategy.

In 2020, we provided a US\$91m loan (US\$80m through the Defence Export Facility) to Trinidad and Tobago to support the purchase of two Austal Cape Class Patrol boats.



Critical Minerals

Critical minerals are essential components of clean energy technologies. We are helping Australia to become a leading supplier of critical minerals globally.



Projects which **boost Australia's ability to extract and process critical minerals** are eligible for support.

We administer the **A\$4 billion Critical Minerals Facility**.



~A\$2 billion under **Critical Minerals Facility**

Over A\$370 million in **Commercial Account support (Projects and SMEs)**



A\$125 million loan to **Pilbara Minerals** to expand their lithium mine and processing operations in **Western Australia**.

A\$1.25 billion loan provided through the **Critical Minerals Facility** for the development of the **Eneabba Rare Earths Refinery**.

Environmental and social **action**

Climate Reporting



New, public annual reporting of organisational emission levels and energy levels

Moving to portfolio emissions monitoring and reporting

First Nations



Partnering with Indigenous Business Australia to support Australia's First Nations peoples

Diversity



Growing our workforce and acting on gender quality and diversity



Unique Opportunity

When Export Finance Australia issues fixed rate USD debt in 144A/Reg S format it is a unique opportunity for investors to gain long term sovereign credit exposure to the Commonwealth of Australia, by virtue of the guarantee, in a currency other than AUD.





Funding history

Issuing debt in capital markets for the last three decades under the ticker 'AUSTC'

Issuance in global debt markets: AMTN, EMTN and 144a

Historically the size of Export Finance Australia's balance sheet is small relative to SSA peers

Issuance in ECP market

Allowed Export Finance Australia to be nimble and not seek investor diversification (until now)

Highlight trade: US\$1.5bn 5yr 144a/Reg S offering, October 2022

Borrowing Programs

Require the approval of the Minister of Finance per Section 59 of the EFIC ACT.

US\$4.0 billion
Euro Commercial
Paper
Programme

A\$5.0 billion
MTN Programme

US\$2.5bn
Programme for
Issuance of Debt
Instruments (US\$
MTN Program)
which was used
for the benchmark
144A/RegS
US\$1.5bn 5-yr
bonds issued in
October 2022





Questions



Australian Government



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