



Australian Government

export
finance
australia

Supporting Australia's growth

Annual Report 2021-2022



Acknowledgement of Country and Traditional Custodians

Export Finance Australia acknowledges the Traditional Custodians of this country throughout Australia and their continuing connection to land, sea and community.

We pay our respects to them, their cultures, and to their Elders past, present, as well as emerging leaders.

Pictured: Gubbi Gubbi Country

The Gubbi Gubbi people are the Traditional Custodians of the land within the Moreton Bay, Sunshine Coast, Noosa and Gympie regions of South East Queensland.

Cover image supplied by our customer, Hall Contracting.

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About Export Finance Australia



“ The finance provided by Export Finance Australia was incredibly important. We basically wouldn't be doing this project without it. ”

Adam Parnell

Co-founder and Director, Easy Signs

We provide financing solutions for Australian exporters and overseas infrastructure development that delivers benefits to Australia.

As the Australian Government's export credit agency (ECA), we are an integral part of Australia's international trade and investment focus – supporting businesses, jobs and the community. We use our commercial financing capability to support viable exporters and overseas infrastructure development, when financing from the private sector is unavailable.



Our role

We work closely with banks, other financial institutions and partners, such as the Department of Foreign Affairs and Trade (DFAT), the Australian Trade and Investment Commission (Austrade) and international financiers to support exporters on their growth journey. By doing so, we encourage and catalyse private market financing.

Our mandate and capital base enable us to support a wide range of exporters, especially small and medium-sized enterprises (SMEs), and to finance overseas infrastructure development in the Pacific and broader Indo-Pacific region. We also assist other government entities.

We are a corporate Commonwealth entity with an independent Board that is responsible for managing our affairs. This includes determining our strategy, defining our risk appetite and monitoring our performance.

We are part of the DFAT portfolio of agencies. Our responsible Minister is the Minister for Trade and Tourism, Senator the Hon Don Farrell.

During the 2021–22 financial year, our responsible Minister was the Minister for Trade, Tourism and Investment, the Hon Dan Tehan MP.

Australia's ECA

Most advanced countries have a government-owned ECA that supports export trade and investment-related activities that benefit the nation. In general, these agencies provide financing solutions to help businesses grow exports. The type of support they provide depends on the mandate from the government and can include:



loans



guarantees



bonds



equity financing

Export Finance Australia has a range of objectives that reflect the broad role we play as Australia's ECA.

To assess our contribution in any year, we must include our extensive outreach and engagement with customers, partners and stakeholders as well as the results of our commercial and national interest financing activities.

Unlike traditional financial institutions, we expect some variability in our financial results year on year, given our market gap mandate and the broader role we play supporting a range of government priorities.

These priorities include helping realise the important role Australia plays in supporting our Pacific neighbours, our involvement in the Trilateral Infrastructure Partnership (TIP) and the Quadrilateral Infrastructure Coordination Group (QICG), and our support for the Government's Critical Minerals Strategy and defence export industries. In addition, we provide essential operational support to the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and other Commonwealth entities.

This work is conducted on a cost recovery basis, to limit any opportunity cost impact to our Commercial Account (CA) activities.

Where we operate

We have a presence across Australia. Our headquarters are in Sydney, with a national network of employees located in Austrade's Adelaide, Brisbane, Melbourne and Perth offices. Our New South Wales, Victorian and Queensland employees support exporters in the Australian Capital Territory, Tasmania and the Northern Territory respectively.



How we provide finance

We help customers with financing solutions including loans, bonds, guarantees and, in limited circumstances, equity. We deliver those solutions through our CA and/or the National Interest Account (NIA). However, our approach is to assess a transaction's eligibility for the CA first and only consider the NIA when CA criteria are not met.

Transactions on the NIA are typically outside the risk appetite of the CA as determined by our Board.

We may use the NIA, as appropriate, to support transactions that meet specific and targeted government policies and objectives. Equity investments are limited to the NIA and our Statement of Expectations has specific objectives and requirements for equity investments.

Commercial Account

Under the CA, we operate on a commercial basis, retaining all transaction income and bearing all risks and losses.

Decisions under the CA are the responsibility of our Board.

National Interest Account

Under the NIA, our Minister can direct us to support classes of transactions that are in the national interest.

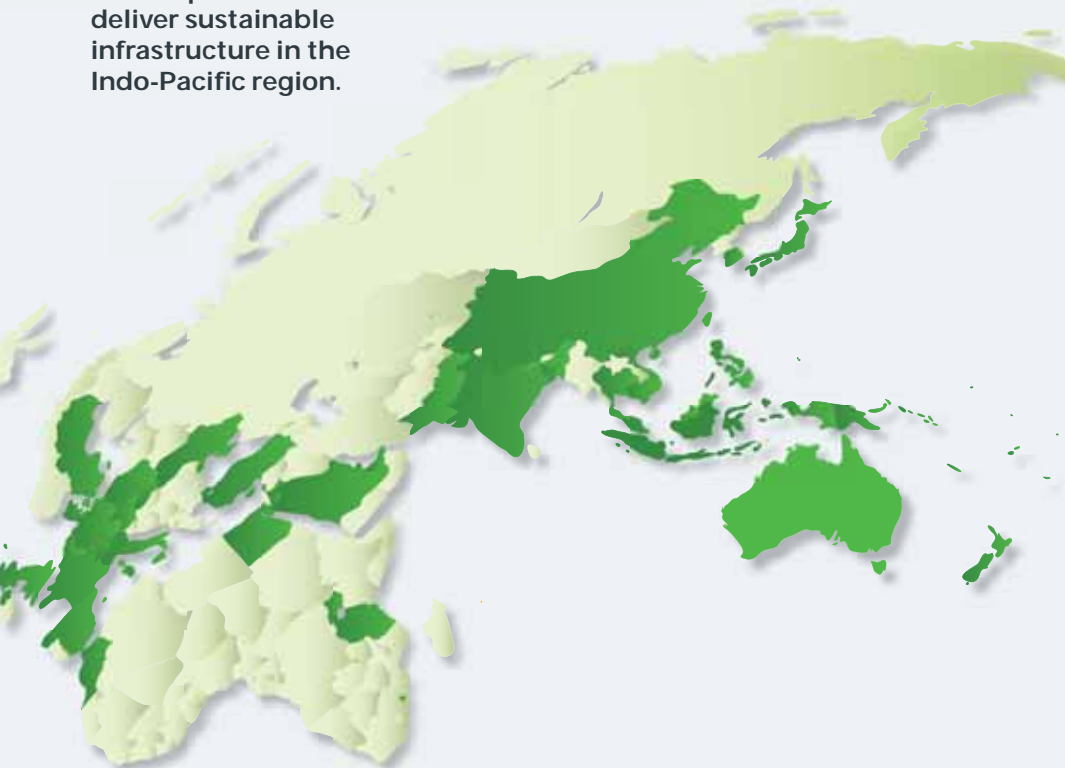
We can also refer transactions to our Minister for NIA consideration. This might be because a transaction is unsuitable for the CA due to its risk and return profile, size, tenor or significant exposure to the country of export. All equity transactions are on the NIA.

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

Our footprint

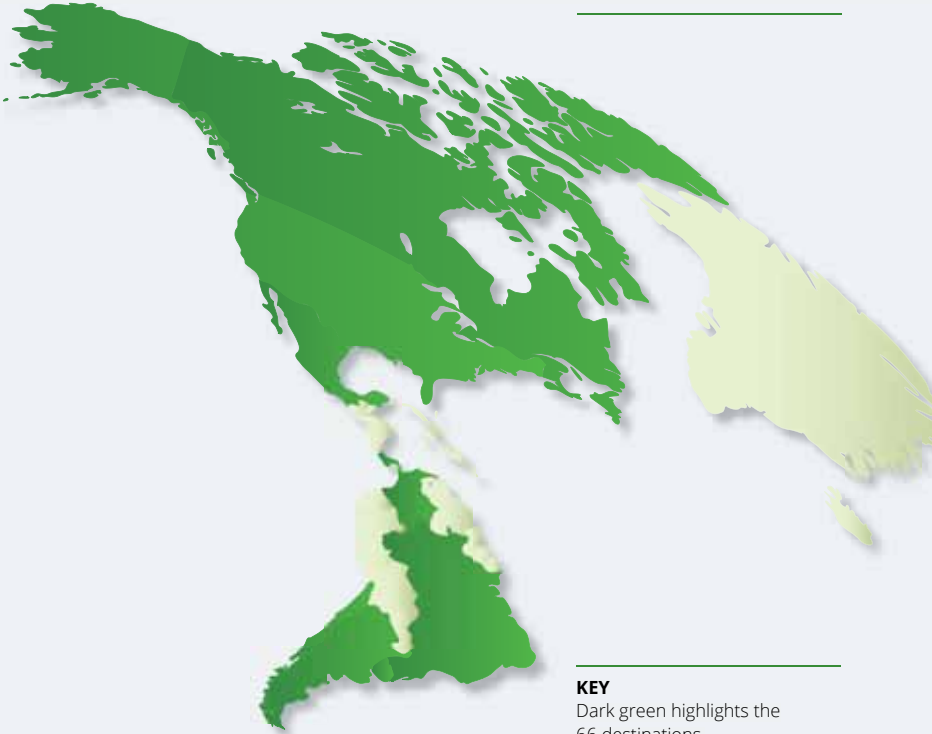
In 2021-22, we made a significant contribution to the global growth of Australian exporters and helped deliver sustainable infrastructure in the Indo-Pacific region.

We supported Australia's trade and investment agenda across our diverse mandates.



We supported **contracts**
and **projects** across

66
destinations.



KEY

Dark green highlights the
66 destinations.

Our purpose

Our purpose is to play a strategically impactful role in financing Australian exports and interests, including overseas infrastructure development that is in Australia's national interest and delivers benefits to Australia.

We achieve our purpose by fulfilling our legislated functions, which are to:

-
- › provide finance that facilitates and encourages Australian export trade and overseas infrastructure development
-
- › encourage banks and other financial institutions to finance exports and overseas infrastructure development
-
- › provide financial information and advice to help support Australian export trade
-
- › assist other Commonwealth entities and businesses in providing finance and financial services
-
- › administer payments in relation to certain overseas aid projects financed by the Commonwealth.

How we do this:

Supporting SMEs, corporates and governments to realise export opportunities

We support SMEs across a range of industries, from advanced manufacturing and defence to tourism and shipbuilding. Our specialist expertise also allows us to help with financing solutions for larger corporate and government projects, which in turn enables us to 'crowd in' Australian SMEs to project and transaction supply chains.

We have a suite of financing tools including loans, guarantees, bonds and insurance. We also have the ability to provide equity financing in certain circumstances.

Our finance can assist SMEs and larger corporates to diversify their export business and fulfil orders for goods and services in new markets. Our global financing expertise, gained over 65 years, means we have experience in diverse countries and markets.

Helping finance sustainable infrastructure in the Indo-Pacific region and beyond

To meet the challenges of an increasingly contested and competitive region, in 2017 the Government set out an agenda for shaping a regional balance that supports Australian interests, while reinforcing the rules, norms and institutions that underpin our security and prosperity.

To support this agenda, we continue to:

- › actively seek to support infrastructure financing opportunities in the Pacific and Indo-Pacific. Our mandate is broad and enables us to support a range of infrastructure, including opportunities to assist our region to make the transition to renewable energy sources
- › provide essential transaction, operational and technical support to the AIFFP
- › work with other like-minded financiers within forums such as the QICG and TIP as well as on a bilateral basis.

Providing defence export finance through the Defence Export Facility

As part of the Government's focus on building Australia's defence export capabilities, we administer the US\$3 billion Defence Export Facility.

As directed by our Minister, this facility provides a way for us to finance defence exports where we may not be able to provide assistance under our CA.

Supporting the critical minerals sector through the Critical Minerals Facility

The Government has directed us to place a greater focus on critical minerals projects and related infrastructure. Our aim is to help diversify critical minerals supply chains and support the expansion of downstream processing in Australia. In doing so, we recognise the important role these minerals play in a range of technologies, including electric batteries and clean energy technologies.

To support this objective, we administer the \$2 billion Critical Minerals Facility. At the direction of our Minister, this facility allows us to provide financing support to critical minerals projects and related infrastructure, or support businesses in the critical minerals export supply chain.

Enabling broader government objectives by supporting other Commonwealth entities

We contribute to broader government objectives by providing expertise and support to the following Commonwealth entities, as directed by our Minister:

- › AIFFP, which supports infrastructure in the Pacific and Timor-Leste



Australian
Infrastructure
Financing Facility
for the Pacific

- › National Housing Finance and Investment Corporation (NHFIC), which improves housing outcomes by making loans, investments and grants to encourage investment in social and affordable housing. NHFIC also administers the Government's First Home Loan Deposit Scheme



Australian Government



National Housing Finance
and Investment Corporation

- › Northern Australia Infrastructure Facility (NAIF), which provides loans to infrastructure projects that benefit northern Australia.



Australian Government



Northern Australia Infrastructure Facility

2021-22 highlights



\$4.9 billion

in **support** provided.

\$10.6 billion

in **contracts/projects** supported.

\$18.3 million

in pre-tax **profit**.

\$3.3 billion

in **support for seven projects** related to Indo-Pacific infrastructure (including AIFFP transactions).

We have delivered strong results for our customers and our economy in 2021-22.





132

customers supported
with 228 transactions.

34,538

Australian
jobs supported.

Our metrics showcase
outreach activities
and our customers.

3,190

engagements with
potential customers.

353

outreach activities with
our **banking partners.**



50%

of our senior **leadership**
team are women.

62.5%

of our **executives**
are women.

We have also achieved new milestones
with our people.

43%

of our **employees** are
from non-English speaking
backgrounds.

**Highlights:
Small and medium
enterprises**

Our support for SMEs in 2021–22:

\$254

million in support
to 125 SMEs.

103

customers had a turnover
of less than \$50 million.

102

customers employ
fewer than 100 people.

5,550

jobs supported with
SME financing.



Image supplied by our
customer, Platinum
Blasting Services.

Highlights: Pacific and Indo-Pacific infrastructure

Delivering quality and sustainable infrastructure for our region.

Since 2019, we have extended our commercial financing capability to sustainable infrastructure in the Pacific and Indo-Pacific. In 2021–22, we achieved a major milestone.

In October 2021, the Government approved a US\$1.33 billion package to help Telstra acquire Digicel Pacific, the leading mobile telecommunications and network services provider in the Pacific. This transaction, the largest in our 65-year history, aligns with Australia's longstanding commitment to increase investment in quality regional infrastructure.



Highlights: Defence

Helping SMEs to participate in defence supply chains.

In 2021–22, we targeted assistance to SMEs to help them enter the supply chains of major international prime contractors and participate in major defence projects.

We provided a \$3.35 million loan to Advanced Navigation (NSW), a global leader in AI-based navigation solutions

and robotics, to enter the supply chain of a major international prime contractor.

Pensar Construction Group, which designs and delivers infrastructure solutions, received \$2.7 million in financing to participate in a major defence construction project.



Highlights: Critical minerals

Supporting the growth of Australia's critical minerals industry.

In 2021–22, the Government approved \$1.49 billion in finance under the \$2 billion Critical Minerals Facility and we supported our first critical minerals supply chain SME.

A \$1.25 billion loan to Iluka Resources (WA) to develop Australia's first integrated rare earths refinery in Western Australia will take Australia further along the rare earths value chain.

Loans worth US\$40 million to EcoGraf (WA) and \$185 million to Renascor (SA) will position Australia to become a high-purity graphite producer for the first time.

Alltype Engineering (WA), which is part of a critical minerals supply chain, received \$568,000 in bonds to help it realise the opportunities in this fast-growing sector.



Chair and Managing Director & CEO report

With our purpose to support Australian businesses and the Government's broader trade and infrastructure agenda, the year ended 30 June 2022 has been remarkable for Export Finance Australia.

In 2021–22, we delivered across all our mandates, SMEs, Pacific and Indo-Pacific infrastructure, critical minerals, and the defence export sector. We completed our largest transaction ever, received new financing powers and set a new funding record. We achieved this while continuing to enhance our strong workplace culture. We reached new heights in the number of women in leadership roles and our workplace received awards and other recognition.

Among all of these highlights, our people have been central to our success. To effectively deliver on our purpose and support our customers, we recognise that we need to foster an inclusive workplace that values creativity and flexibility. We are pleased to report our people and our workplace had an exceptional year.

Significantly, we achieved a gender equality 'first' for Export Finance Australia under the leadership of former Managing Director & CEO, Swati Dave. Women now comprise more than 50 per cent of our Executive and our senior leadership team.

During her five-year term, Swati enabled the transformation of our role and the expansion of our mandates. The Board wishes to thank Swati for everything that has been achieved to make our organisation a contemporary, proactive agency with a diverse and inclusive culture, strong capability and high employee engagement.

As Chairman and Managing Director & CEO, we are delighted to present the Export Finance Australia annual report for 2021–22.

Our performance

The year ended 30 June 2022 was also an exceptional year for our financing activities, as we recorded the highest signings result for Export Finance Australia in our 65-year history. Our total signings of \$4.88 billion in 2021–22 eclipsed our previous record of \$1.1 billion set only two years earlier.

This result was due to significant financings completed under our infrastructure and critical minerals mandates, including our two largest transactions ever: the US\$1.33 billion financing package for Telstra Corporation Limited's acquisition of Digicel Pacific and the \$1.25 billion loan to Iluka Resources to develop Australia's first integrated rare earths refinery in Western Australia. Both transactions demonstrate our greater role in supporting Australia's trade and infrastructure agenda.

These financings were delivered against a backdrop of geopolitical headwinds, increases in the costs of exporting and a deteriorating economic outlook. The world continues to be buffeted by troubling geopolitical events, inflationary and interest rate pressures, as well as the ongoing impact of COVID-19.

We remain focused on delivering on our purpose and our various mandates, which includes helping SME businesses.

Our results

Pleasingly, we exceeded all our quantitative performance measures in 2021–22. We provided \$4.88 billion in finance to 132 customers (of which 60 were new customers) and supported \$10.6 billion in contracts. This is significantly higher than Export Finance Australia's previous result of \$719 million in 2020–21.

Our pre-tax profit was \$18.3 million which exceeded our 2020–21 result of \$16.2 million.

Our post-tax profit of \$12.8 million exceeded our plan of \$10.5 million and our 2020–21 result of \$11.3 million. We are proud of our contribution to Australia's economy and the positive flow-on effect our financings have on business growth and employment.

We record the number of people our customers employ here in Australia as one measure of our impact. In 2021–22, our customers employed 34,538 people in Australia, 34 per cent higher than last year. The financings we provided to our SME customers alone supported more than 5,500 Australian-based jobs. This support came during an economically challenging time for many SMEs, with increasing costs and COVID-19 impacts causing major disruptions.

Navigating disrupted markets

Nearly three years since the onset of COVID-19, the pandemic continues to disrupt markets and create obstacles for our customers. Lockdowns continue to impact businesses and even with the reopening of borders and delivery of COVID-19 vaccines in key markets, our customers continue to encounter unpredictable disruptions in global supply chains.

Local and international labour shortages and shipping delays, as well as increased freight, transport and insurance costs, have all made business conditions challenging for exporters, especially SMEs. Almost 95 per cent of our customers in 2021–22 were Australian SMEs.

During the year, we supported 125 SMEs with \$254 million in finance, which is consistent with our record SME result of \$265 million in 2020–21. This past year continued to present challenges for our SME customers. Alongside significant cost increases, businesses experienced changing consumer preferences and required adjustments to their operating rhythms. The financing needs of our SME customers are also changing. Cash flow cycles have lengthened and many of them tell us that careful stock management has become crucial to secure new markets and fulfil export-related opportunities.

In June 2022, we made it easier to qualify for our online Small Business Export Loan (SBEL). We now fund working capital for machinery, equipment and inventory management without an export purchase order.

These changes also make it easier for our customers to access finance in support of marketing expenses for future exports, complementing Austrade's Export Market Development Grant. We will promote our refreshed SBEL product to customers throughout the coming year. We expect to attract new customers and support a wider range of SME exporters and supply chain businesses.

Large Australian businesses are also grappling with supply chain issues, inflationary pressures and labour shortages. These pressures are impacting project costs and time to market. Corporate and sovereign customers continue to seek our financing support across a range of sectors with varying risk profiles. We see increasing opportunities across sectors such as energy, communications, water and sanitation and transportation.

Our strategic role

Our larger financings are often linked to our strategic role in supporting Australia's interests. We focus on providing finance for:

- › infrastructure in the Pacific (including Timor-Leste) and broader Indo-Pacific region
- › Australia's critical minerals sector
- › Australia's defence export sector.

In 2021–22, we continued to evolve our offerings in these areas to meet the needs of our partners, business and the Australian Government.

Delivering secure, reliable infrastructure

Our Indo-Pacific infrastructure mandate enables us to support infrastructure projects where there is a benefit flowing back to Australia. In 2020–21, we provided a US\$32 million loan to the Lotus Wind Power project in Vietnam, our first overseas renewable financing. We are continuing to grow a multi-billion project pipeline in the Pacific and Indo-Pacific in areas such as energy, telecommunications and transport.

In October 2021, the Australian Government approved a US\$1.33 billion package to support Telstra Corporation Limited to acquire Digicel Pacific. The Digicel Pacific mobile telecommunications network spans six markets across the South Pacific. This transaction, the largest in our history, is a major achievement for Export Finance Australia and our role as a preferred financier of regional infrastructure. We are pleased to be able to support the infrastructure needs of our Pacific neighbours and help realise Australia's vision for secure, reliable telecommunications in the Pacific.

While the Digicel Pacific transaction is a clear example of our infrastructure mandate in action, our support to the dozens of SMEs active in the infrastructure sector across our region is just as vital – particularly in the Pacific. In 2021–22, we supported SMEs working in areas such as hospital construction and housing projects.

Alongside our own activities, we also continued our support of the AIFFP to meet its expanding financing activity in the Pacific region. In 2021–22, we delivered four infrastructure financings worth \$791 million through AIFFP, which is an uplift of almost \$700 million from 2020–21.

We are also continuing to work closely with international partners such as the US and Japan, through the Trilateral Infrastructure Partnership, and the US, Japan and India as part of the Quadrilateral Security Dialogue (the Quad). We attended a financing roundtable with our US, Japanese and Indian counterparts as part of the Quad Leaders' Summit in Tokyo in May 2022. We also work with other partners, both bilaterally and through multilateral financing agencies. Together, we continue to explore ways we can collaborate on quality infrastructure that adheres to high international standards and enhances the stability and security of our region.

During the year, we participated in the DFAT-led review of our Infrastructure Mandate. We were pleased to receive a positive review on the implementation of our mandate by the Independent Reviewer, Stephen Sedgwick AO.

A critical minerals powerhouse

The global growth in technologies such as electric vehicles, and the growing momentum behind the energy transition, are producing unprecedented demand for the minerals that enable these technologies. We are excited to support the critical minerals sector to supply the rare earths and green metals needed for essential clean technologies, including solar panels, batteries and electric vehicles. We are at the forefront of Australia's world-leading efforts to establish our nation as a critical minerals powerhouse and diversify global supply chains.

In September 2021, our offering to this sector was expanded with the establishment by the Australian Government of a \$2 billion Critical Minerals Facility, which we administer. The Government has already announced support for three projects under this facility worth \$1.49 billion.

Since receiving our critical minerals mandate in November 2019, we have engaged with more than 45 critical minerals companies, covering the entire spectrum of the 26 minerals outlined in the Critical Minerals Strategy. There is a clear need for finance and global interest in Australia's burgeoning critical minerals sector. We are taking a leadership role alongside our international peers to facilitate the development of critical minerals projects.

Supporting the defence export sector

Australia's defence industry continues to grow. We continue to work to ensure our offering to the industry is relevant and helps support Australia's defence industries. SMEs are at the heart of the Australian defence sector and this year we financed five SME defence transactions for \$6.1 million. This facilitated defence-related contracts worth \$17 million.

In October 2021, we also expanded our defence offering to better support SMEs. We recognise that much of Australia's defence exports take place through SME participation in global supply chains and have made changes to better support these businesses. We are now able to consider providing support where an Australian SME is part of an Australian-based supply chain, which may lead to a future export opportunity.

We continue to play an important role in administering the Defence Export Facility. During the year we provided several Letters of Support for potential major defence exports that may be financed under the facility.

New equity powers

Over the past five years, we have seen significant expansion in our mandates and powers which have enabled us to better support exporters. In October 2021, the Australian Parliament passed legislative amendments that provided us with a new capability to make equity investments.

While our core offering will continue to be debt, an equity financing power will enable us to better support the Government's priorities for overseas infrastructure development and export-linked Australian businesses in sectors of economic significance.

A great place to work

We were delighted to be recognised in 2021 as a 'Best Place to Work' in Australia with an 86 per cent Great Workplace measure.



This recognition, based on employee feedback, is a testament to the open and inclusive culture we have developed. We were also awarded Employer of Choice in the Public Sector and Not-for-Profit category at the Australian HR awards and listed as one of the leading employers on the HRD Employer of Choice List in 2022.

While it is very encouraging to receive awards, we remain strongly committed to supporting the growth of our people, including our female leaders. During the year we continued our successful leadership programs for women and 'Lean In Circles' to foster collaboration and support. We are also pleased to have achieved a 100 per cent return rate from parental leave since 2017.

Throughout the year our Diversity and Inclusion Council enabled our employees to celebrate International Women's Day, the Sydney Gay and Lesbian Mardi Gras and Harmony Day, among many other events. A major milestone was achieved with the successful launch of InclusivALLY, our LGBTQ+ and Allies network to support awareness across our organisation.

COVID-19 disruptions continue to impact our people. Like many organisations, we have adopted a hybrid work model as we manage the ongoing impacts of COVID-19 and seek to attract new talent and capability into our organisation. We continue to place a strong emphasis on employee wellbeing, as well as learning and development programs and succession planning.

Our flexible work arrangements include alternate work hours, job sharing, part-time roles and remote working. We also offer individual arrangements to accommodate the personal circumstances of employees, while also supporting their health and wellbeing. This focus on wellbeing is reflected in our 2022 employee engagement score of 85 per cent.

Advancing reconciliation

At Export Finance Australia, we are committed to working to recognise and support Australia's Indigenous Peoples and work towards reconciliation.

During the year, we continued to partner with CareerTrackers Australia and hosted three First Nations interns throughout the year. We currently employ one person who identifies as being Aboriginal or Torres Strait Islander.

We have made significant progress on our Innovate Reconciliation Action Plan (RAP). We continue to participate in Indigenous cultural recognition events, including National Reconciliation Week, NAIDOC Week and Mabo Day. We participated in the Jawun Secondment Program this year and sought out opportunities to promote our services to Indigenous businesses.

We delivered 100 per cent of our deliverables in our first Innovate RAP and have commenced the process of registering our next RAP with Reconciliation Australia.

The year ahead

Export Finance Australia works collaboratively with local and global partners to drive outcomes that are important for Australia. Looking ahead, we see opportunities to provide greater financing for renewable energy, clean technology and emission-reducing innovations.

We also anticipate the need to provide increased financing for customers who will continue to experience disrupted trading conditions.

We are embarking on a significant technology transformation across our business to enhance the speed and flexibility of our operations. We will also continue to innovate products to meet the needs of our customers.

We look forward to the continued delivery of our significant mandates in the year ahead.



A black and white signature of James M Millar AM, featuring a large, stylized initial 'J' and 'M'.

James M Millar AM
Chair

26 September 2022



A black and white signature of John Hopkins, featuring a stylized 'J' and 'H'.

John Hopkins
Managing Director & CEO

26 September 2022

Annual performance statement





“ I was impressed that Export Finance Australia could come into our facility and learn about an industry they weren't previously exposed to. They are really helpful in supporting exporters by filling a specific finance gap. I would recommend them as a collaborative partner that supports jobs and investment for Australia. ”

Mark McCabe
Chief Commercial Officer, Senex Energy

Annual performance statement for the year ended 30 June 2022

Introductory statement

I, on behalf of the Board of Export Finance Australia, present the 2021–22 Annual Performance Statement of Export Finance Australia, as required under section 39 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In our opinion, at the date of this statement, based on the material provided to the Board, this Annual Performance Statement accurately reflects the performance of the entity and complies with subsection 39(2) of the PGPA Act.

James M Millar AM
Chair, Export Finance Australia

Approach

The criteria we report against are the quantitative and qualitative performance targets set out in tables 1 and 2 and on pages 18–19 of our 2021–22 Corporate Plan.

Given the nature of our business, performance can be highly dependent on external factors. As we operate in the market gap and do not compete with banks or other financial institutions, financing needs in any particular year may vary considerably based on the risk appetite of customers.

For this reason, our business activity relating to transactions completed and customers

supported is largely outside our control. We also consider the disruption to trade and supply chains because of COVID-19 and longer-term economic scenarios.

We use both our CA and the NIA to help exporters and support broader government objectives.

Performance targets for the CA and NIA are shown as an aggregate, however the financials only reflect the CA. This is because the Commonwealth receives all net income and bears all risk on the NIA and must reimburse us for any losses under the NIA.

Quantitative performance targets

| Performance criteria | 2021–22 | Measure |
|--|---------|-----------------------------------|
| Transactions completed on the CA and NIA | >\$1.1b | Dollar value of facilities signed |
| Customers supported on the CA and NIA | >125 | Number of customers supported |
| | >44 | Number of new customers supported |
| CA financials | >\$12m | CA profit (pre-tax) |

Source: 2021–22 Corporate Plan, p18 Table 1: Quantitative performance targets

Quantitative analysis

Our performance

We provided a financing package of US\$1.33 billion to support Telstra's acquisition of leading telecommunications provider Digicel Pacific. This was consistent with our infrastructure mandate to support the development of secure, reliable infrastructure in the region.

As part of Australia's Critical Minerals Strategy, we provided a loan of \$1.25 billion to Iluka Resources through the Critical

Minerals Facility. This will help develop an integrated rare earths refinery, giving Australia a brand-new capability to process rare earths.

We also provided a loan of \$615.69 million to Papua New Guinea (PNG) for the AIFFP's PNG Ports Infrastructure Investment Program.

We were able to extend financing solutions to Australian exporters facing supply chain

disruptions and decreased working capital due to the ongoing COVID-19 pandemic.

Our financing solutions allowed our customers to react swiftly to changing financial market conditions, maintain strong working capital and navigate difficult operating environments. Our responses included meeting our customers' liquidity needs and providing more flexible repayment options.

Results on the combined Commercial Account and National Interest Account

Table 1: Transactions completed

| Performance criteria | 2020–21 | 2021–22 targets | Result against performance criteria |
|-----------------------------------|---------|-----------------|-------------------------------------|
| Transactions completed | | | |
| Dollar value of facilities signed | \$0.7b | >\$1.1b | \$4.9b |

Explanation

Commercial Account and National Interest Account

The value of facilities signed for the CA and NIA was \$4.9 billion which exceeded our target by \$3.8 billion.

Commercial Account

On our CA, we financed 217 transactions (157 in 2020–21) with a value of \$344.4 million (\$552.9 million in 2020–21).

This supported \$1.8 billion in contracts and overseas investments (\$2.6 billion in 2020–21).

During the year, we provided \$254.4 million in SME signings, which is consistent with our record SME result of \$265 million in 2020–21. Our Project and Structured Finance business (PSF) supported transactions in industries including mining, manufacturing as well as agriculture, forestry and fishing.

National Interest Account

On the NIA, we financed 11 transactions (32 in 2020–21) with a value of \$4.5 billion (\$166.1 million in 2020–21). This supported \$8.7 billion in contracts and overseas investments (\$147.6 million in 2020–21).

Table 2: Customers supported

| Performance criteria | 2020–21 | 2021–22 targets | Result against performance criteria |
|-----------------------------------|---------|-----------------|-------------------------------------|
| Customers supported | | | |
| Number of customers supported | 139 | >125 | 132 |
| Number of new customers supported | 78 | >44 | 60 |

Explanation

Commercial Account and National Interest Account

We exceeded performance targets for both the number of customers supported and the number of new customers. In 2021–22, we supported 132 customers, of which 60 were new to our organisation, completing 228 transactions.

Often our financing supports businesses seeking to access non-traditional export markets, meaning their options for export-related finance are limited.

We continued to support customers affected by the COVID-19 pandemic through additional financing and assistance with repayment terms.

Table 3: Financial performance

| Performance criteria | 2020–21 | 2021–22 targets | Result against performance criteria |
|------------------------------|---------|-----------------|-------------------------------------|
| Financial performance | | | |
| \$ CA profit (pre-tax) | \$16.2m | >\$12.0m | \$18.3m |

Explanation

Commercial Account

The 2021–22 CA operating income of \$53.6 million was favourably affected by the lower probability of default updates from the ratings agencies taken against our SME and PSF portfolios. Our operating income was also affected by a credit provision raised on the SME and PSF portfolios due to the credit downgrade of Sri Lanka.

The credit provisioning held on the SME and PSF portfolio in the event of default may crystallise into actual losses, however, the timing is uncertain. For accounting purposes, our exposures are at fair value, based on current market data.

While credit provisions affected our profitability, we benefited from lower operating costs over this period. Our operating expenses of \$33.6 million were \$1.9 million lower than expected due to the delayed hiring of employees, rescheduled projects and ongoing travel restrictions.

Our continued efforts supporting the Government on a range of large, complex transactions also meant we allocated a higher proportion of our costs to the NIA. We also recovered costs from our support of other Commonwealth entities for shared services provided by our employees over the year.

Impacts to operating income

Our operating income was affected by movements in both US dollar interest rates and exchange rates. Given about 69 per cent of our portfolio is denominated in US dollars, movements in these rates can have a material impact on our profitability.

While we hedge our loans and borrowings, the future net interest margin is not hedged.

In 2021–22, because of market fluctuations, we realised a \$4.8 million gain in income (on a fair value basis) from movements in long-term US dollar interest

rates. When we prepare our Corporate Plan, we assume the US dollar interest rate and exchange rate will have no material impact on our underlying profitability. Therefore, when assessing CA profit for future years, we normalise profitability back to eliminate these market movements.

We continued to make allowance for payments to the Commonwealth, covering a debt neutrality charge of \$1.1 million, State equivalent taxes of \$1.7 million and income tax equivalent payments of \$5.5 million.

Qualitative analysis

Our performance

We also report on our performance against qualitative metrics set out in our 2021–22 Corporate Plan.

| Qualitative metric | 2021–22 Corporate Plan | 2021–22 outcomes |
|---|---|--|
| <p>Facilitate and encourage Australian export trade and overseas infrastructure development.</p> | <ul style="list-style-type: none"> › Leverage the CA and the NIA to support a pipeline of transactions and projects that meet the requirements of our mandate and thereby contribute to Australia's trade and investment objectives. › Achieve positive customer advocacy and engagement metrics. | <p>During the year we continued to:</p> <ul style="list-style-type: none"> › identify businesses eligible for our support in the diverse markets where we operate › grow a healthy pipeline of opportunities for our SME and PSF businesses across our four mandates › measure the value of export-related contracts supported by opportunities. <p>We enhanced our ability to analyse our pipeline through the introduction of a new pipeline staging classification process for larger transactions.</p> <p>We undertook brand health research and achieved a positive Net Promoter Score.</p> |
| <p>Encourage other financiers to support export trade and overseas infrastructure development.</p> | <ul style="list-style-type: none"> › Collaborate and partner with banks and other financiers to support more exporters and overseas infrastructure development, transactions and projects. | <p>Our Statement of Expectations requires us to play a demonstration role to other commercial financiers in the Australian market.</p> <p>During the year we continued to:</p> <ul style="list-style-type: none"> › measure the value of funding provided jointly with banks and other financiers as part of our demonstration role › measure the number of our customers that transitioned to the private market because of increased private credit appetite › record the number of engagements our SME and PSF businesses held with financiers and the number of institutions engaged › measure the value of funding provided because of a direct referral from our banking partners. |
| <p>Provide information and advice about export and infrastructure finance.</p> | <ul style="list-style-type: none"> › Leverage our wider government and alliance partner network to provide timely information on a range of issues to promote our finance offering. | <p>We continued to consult with other Commonwealth agencies including NAIF, Clean Energy Finance Corporation and Treasury to understand their activities and complement our own.</p> <p>We continued to:</p> <ul style="list-style-type: none"> › conduct regular marketing campaigns to promote our offering to Australian businesses › measure the number of businesses our Business Development and Origination teams interacted with › measure the number of exporting businesses we provided information to via email marketing › measure unique visitors to our website. |

Delivering on our functions

The key functions that guided our activities in 2021-22:

1

Facilitate and encourage Australian export trade and overseas infrastructure development.

2

Encourage other financiers to support export trade and overseas infrastructure development.

3

Provide information and advice about export and infrastructure finance.

4

Assist other Commonwealth entities.



1.

Facilitate and encourage Australian export trade and overseas infrastructure development.

Objective

Leverage the CA and the NIA to develop a pipeline of transactions that meet the requirements of our mandate and contribute to Australia's gross domestic product and job growth.

NIA facilities include the AIFFP, Defence Export Facility and the Critical Minerals Facility.

In 2021-22, we:

Helped **support**

34,538

jobs across 40 industry segments.¹

Recorded

3,190

engagements with 1,561 SMEs and large corporates. For 42% of these businesses, it was their first engagement with us.



Supported small, medium and large businesses with annual turnovers above **\$250,000**.

Streamlined processes on our online loan platform *exportonline*.

¹ Industry segments are defined as ANZSIC Subdivision that we took risk against throughout the year.

2.

Encourage other financiers to support export trade and overseas infrastructure development.

Objective

Collaborate and partner with banks and other financiers to support more exporters and overseas infrastructure development.

In 2021-22, we:

Completed

353

outreach activities with our banking partners, including 26 external presentations.

Received

61

referrals from banks, with an aggregate value of \$1.8 billion, of which \$936 million remains in our pipeline.

Co-financed

27

transactions with banks, with an aggregate value of \$55 million.

Completed

12%

of our transactions with banks.



Engaged with major banks and non-bank lenders to explore risk-sharing programs.

Initiated a pilot of the Export Guarantee Scheme with a major Australian bank.

3.

Provide information and advice about export and infrastructure finance.

Objective

Leverage our wider Government and alliance partner network to provide timely information on a range of issues and promote our finance offering.

In 2021-22, we:



Completed hundreds of engagements

internationally with our ECA peers, industry groups, like-minded government partners and the Australian Government global diplomatic network.

Published our monthly **World Risk Developments** newsletter for businesses.

Continued to partner with Austrade to support our customers.

Continued to offer:

economic commentary + country profiles + risk assessment + tips for new exporters

Working with other organisations to support Australian businesses

Building our partnership with Austrade

During 2021-22, our collaboration with Austrade focused on driving benefits for Australian export businesses and on referrals between our agencies. We continue to work together closely, building awareness of what we can do to assist businesses to grow internationally.

We took part in Austrade's Australia India Business Exchange to promote Australia's critical minerals sector and our capabilities, and co-hosted an event featuring our Chief Economist.

Our SME business held roundtables with Austrade and our employees to discuss export opportunities and challenges.

In addition, we continue to focus on priority areas such as critical minerals and regional infrastructure opportunities. Working with the Critical Minerals Office and DFAT, our role is to provide finance while Austrade sources strategic investors/ off-takers. This allows a valuable exchange of perspectives on our mutual customers.

4.

Assist other Commonwealth entities.

Objective

Provide timely and professional services consistent with the service level agreements and as directed by our Minister.

Assist the Government to evaluate alternative financing mechanisms through other government agencies.

Administer overseas aid payments for the Commonwealth

In 2021-22, we supported:

AIFFP – we provided critical transaction, operational and technical support to the \$3.5 billion infrastructure financing facility for the Pacific.

NHFIC – we supported and provided back-office functions including:

- › ICT infrastructure
- › helpdesk support
- › portfolio management
- › property and financial expertise
- › capital market expertise to ensure successful bond issues.

NAIF – we supported and provided back-office functions including:

- › ICT infrastructure
- › helpdesk support
- › portfolio management
- › property and financial expertise
- › credit assessment.

As part of our mandate, we are a trusted adviser to the Government on financial payment solutions.

In the 1980s and 1990s, Export Finance Australia made loans under the Development Import Finance Facility (DIFF), an Australian Government mixed credit financing program discontinued in 1996.

Reflecting Australian aid priorities at the time, these loans included exposures of about \$450 million to Indonesia, China and the Philippines. As at 30 June 2022, we administer one loan relating to Indonesia valued at \$0.8 million which matures in April 2024.

Digicel Pacific



Customer story

“

This transaction sends a positive signal of business confidence in the Pacific region, and we hope it will encourage further investment in the region from top tier Australian companies.”

Senator the Hon Don Farrell
Minister for Trade and Tourism

Digicel Pacific is the biggest mobile operator in the South Pacific region. Telstra is Australia's leading telecommunications and technology company, offering a full range of communications services.

As a trusted telecommunications provider, Telstra has helped support the development of critical infrastructure in Australia for over 100 years. It is also one of the biggest providers of voice and data services connecting the South Pacific to the rest of the world.

In partnership with the Australian Government, Telstra acquired Digicel Pacific, the leading mobile telecommunications and network services provider in the Pacific. Digicel Pacific plays a vital role in the economic development of the Pacific region, operating across six countries (Papua New Guinea, Fiji, Vanuatu, Samoa, Tonga and Nauru).

The Australian Government, through Export Finance Australia, provided US\$1.33 billion to support Telstra's acquisition, consistent with Australia's longstanding commitment to growing quality investment in regional infrastructure.

“The Australian Government's support for this transaction reflects our commitment to help build a stronger Pacific family through investment in high-quality infrastructure,” said Minister for Foreign Affairs, Senator the Hon Penny Wong.

“Telecommunications and digital access are critical to sustainable economic growth and development outcomes into the future.”

Supporting the development of secure and reliable infrastructure

The support for Telstra's acquisition of Digicel Pacific reflects the Australian Government's commitment to support the development of secure and reliable infrastructure in the region, which is critical to the Pacific region's economic growth and development.

As a trusted and experienced industry leader, Telstra brings strong capabilities to ensure secure, reliable and high-quality services are provided to Pacific communities, including in Papua New Guinea, Vanuatu, Fiji, Samoa, Tonga and Nauru.

Alltype Engineering



Image supplied by
Lynas Rare Earths.

Customer story

“

Being backed by a AAA-rated government agency provided the boost that enabled us to take on larger projects with an ASX-listed entity. Traditionally, our biggest contract would have been circa \$40 million; but we jumped to \$145 million. It enabled the company to take an instant step forward on our five-year strategic plan.”

”

Robert Spadanuda
CEO, WestStar Industrial

Alltype Engineering is a subsidiary of WestStar Industrial Ltd.

Alltype Engineering, a subsidiary of WestStar Industrial Ltd, provides integral engineering, procurement, fabrication and construction to exporters that need to process natural resources and critical minerals. As Alltype Engineering forms an integral part of the export supply chain, we were able to provide the finance it needed to secure two large projects.

The first was with APA Group to deliver its Ambania Compressor Station contract as part of the Northern Goldfields Interconnector (NGI) for natural gas transmission to the Midwest mines and minerals processing facilities. The second was at Lynas Rare Earths Processing Facility in Kalgoorlie for the rotary kiln and rotating equipment installation, which is the key processing component to the production of export-grade minerals.

“Export Finance Australia was a significant part of our success in winning the project,” highlighted Robert Spadanuda, Group CEO of WestStar Industrial when discussing the contract for APA Group, which was also the single largest awarded contract to Alltype Engineering in its history.

“Once we demonstrated that we had the capability to deliver a contract of that size and technical complexity – and deliver it well – we were able to solicit more work in that space.”

A straightforward process for the right finance solution

We provided performance and warranty bonds to Alltype Engineering for its contracts with APA Group and Lynas Rare Earths.

Our experience in dealing with projects at every stage of the supply chain meant we understood what finance solutions Alltype Engineering needed. “It always felt like we were being asked the right questions and never hit any of the brick walls you might expect in traditional financing,” explained Robert. “The process was refreshing. It couldn’t have been more streamlined than it was.”

After a solid experience, Robert said that WestStar Industrial isn’t done with Export Finance Australia. “There are still many funding options from Export Finance Australia that we haven’t explored yet. The critical minerals sector is a growing segment in Australia and more projects seem to be coming online.”

Archies Footwear



Customer story

“

If you're looking to go overseas, in addition to working with your bank, I'd most definitely recommend working with Export Finance Australia. It was a great option for us.”

Daniel Jones

CEO, Archies Footwear

Targeting wholesale customers, Archies Footwear was looking to expand its international footprint. We were able to offer a trade finance solution.

After recognising a need for more supportive summer footwear, physiotherapist and CEO of Archies Footwear, Daniel Jones, had a lightbulb moment for a business. He wanted to create a footwear solution that didn't lead to the foot, ankle, leg and hip issues he'd seen in people wearing traditional flat-soled thongs.

The thongs Daniel designed and produced are a one-piece construction of incredibly lightweight material providing arch support and a tighter strap to allow people to walk more naturally.

Most of Archies Footwear's wholesale customer base (around 90 per cent) is made up of physiotherapists, podiatrists, osteopaths and chiropractors. The rest are general shoe and sports stores, but that percentage is expanding. The wholesale business model is something that Daniel's team has been working to replicate internationally since 2018.

“Our export footprint includes the US, UK, Canada and more recently Europe,” Daniel shared. “While we've got a successful business in Australia, we didn't know how we were going to go

in these markets. It's been a matter of starting small, getting a proof of concept in the region and building it up from there.”

Finance to grow

To make more of a mark in these countries, Daniel recognised a need for additional funding beyond what his bank was able to offer. That's when it was suggested he reach out to Export Finance Australia.

He says the thorough application process meant that Export Finance Australia was able to see the potential of expanding internationally. “Their due diligence was fantastic,” Daniel said.

“The team really took the time to understand every element of the business. From how they get on a truck or ship, to how they arrive at the warehouse and our cash flow cycles.”

Our Export Line of Credit enabled Archies Footwear to fund its overseas stock, enabling the business to expand its wholesale business internationally.

Daniel says he'd recommend Export Finance Australia to any business looking to enter international markets.

“Export Finance Australia helped us take our business to the next level,” Daniel said.

Twisted Healthy Treats



Customer story

“

I can't recommend Export Finance Australia enough. Export Finance Australia was incredible providing the cash flow that we needed to support the business. It was a real lifeline for me.”

Cassandra Spies

Co-founder and
Managing Director,
Twisted Healthy Treats

Twisted Healthy Treats is a registered trade mark of Spreadies Pty Ltd.

Twisted Healthy Treats manufactures better-for-you frozen dessert products that are sold into the major supermarkets in Australia.

The business has a large presence in school canteens and has been scaling up through exporting large volumes of its frozen yoghurt product into the US, specifically to Costco and a small number of independent businesses.

Beginning its exporting journey in 2020, the process worked very smoothly. Cassandra Spies, Co-founder and Managing Director at Twisted Healthy Treats highlighted. However, global logistics challenges meant that the working capital cycle began to stretch.

“After the first lockdown in 2020, our school canteen business, which is a really important part of the business in terms of cash flow, went to zero overnight,” Cassandra explained. “And right at that time, we landed the Costco US deal, which meant my team could continue to work.

“Products shipped and arrived on time, so it was kind of a self-funding project. What happened in 2021 is that we were sending containers and we weren't getting paid for up to four months later than what we had expected.”

Finance to support an extended logistics timeline

The agreement with Twisted Healthy Treats' client meant that payments were structured around the delivery and arrival of products in the US warehouse.

“Because of the hugely protracted logistics issues that we had in the US in 2021, the time the containers left Sydney to the time we got paid was probably 10 weeks, in the worst case, this was about 30 or 40 weeks.”

We provided a Small Business Export Loan to Spreadies Pty Ltd, which supported the business with its cash flow while waiting for its containers to arrive in the US; this then enabled the team to continue operations and start work on domestic production.

“It was approved in like 10 days – it was so easy,” Cassandra said.

“Having the team at Export Finance Australia step in when they did was a real lifeline, and it was a very easy process. The team was incredible, very supportive and very responsive because they knew that it was a time-sensitive requirement that I had.”

Fox Farming



Customer story

“

A series of Small Business Export Loans from Export Finance Australia rapidly grew our export business – by 30 per cent in the first year.”

Patrick Fox

Co-founder, Fox Farming

Family-owned Fox Farming quickly realised the value of exporting its fresh produce and seed potatoes to Southeast Asia and this now accounts for 90 per cent of its business turnover.

Fox Farming was founded in 2014 by Patrick and Shannon Fox in the Scott River area of southwest Western Australia. A fifth-generation vegetable grower, Fox Farming produces potato, avocado, broccoli, wong bok and other premium vegetables for domestic and export markets.

Its lab-tested seed potatoes are making a particular mark in Southeast Asia. The seed potatoes must conform to rigorous biosecurity standards before export. They are used to grow disease-free crops in Indonesia, Thailand, Vietnam, Bangladesh and Mauritius.

“With Western Australia’s easy access to Asia, we can send produce by ship, rather than by air freight like our competitors on the eastern seaboard. This lowers our costs,” said Patrick. “Concentrating on exports was an obvious way for the business to expand.”

Strict biosecurity and the isolation of Western Australia mean the state is free from many potato pests and diseases. “That makes it perfect for cultivating seed potatoes, and the scheme is strictly managed by the state agriculture department,” Patrick explained.

Growing the business

Patrick noticed Export Finance Australia while browsing online and got in touch with our team. With our support, Fox Farming’s exports now account for 90 per cent of its business turnover.

“Export Finance Australia has enabled Fox Farming to enter into longer contracts with customers while eliminating the need to outsource our packaging and marketing needs.”

Patrick said applying for finance was straightforward, with the process almost entirely digital.

“Thanks to the support from Export Finance Australia, Fox Farming is well placed to continue as a trusted supplier well into the future. We now employ seven full-time staff and 24 casuals during the summer harvest season.”

Hall Contracting



Customer story

“

Export Finance Australia's mandate has great alignment with our offerings, and its commercial approach has been well received. Export Finance Australia's backing has been onboarded for a number of projects, with a long-term relationship expected to continue.”

Daniel Rowlingson
Chief Financial Officer,
Hall Contracting

Hall Contracting is a third-generation dredging, civil and marine construction business that has been in the industry for over 75 years. It operates across Australia, Southeast Asia and the Pacific Islands. Hall Contracting provides support to a diverse range of clients, including local governments, Australian Government councils, right through to developers, mining businesses and ports.

In 2005 Hall Contracting recognised the need to have a permanent presence in Fiji to provide ongoing support to its clients in the Pacific.

“The Pacific is a very diverse group of islands. You really need to be able to build relationships with the local government and its people to understand their needs,” Daniel Rowlingson, Chief Financial Officer for Hall Contracting highlighted.

“Most recently, we were mobilising for several projects of significant scale for the business, while simultaneously enacting a step change in growth to be able to support our clients while their demands also increased,” Daniel explained.

Finance to help enable ongoing support in the Pacific Islands

When operating in the Pacific and across multiple contracts of various sizes, there can be large upfront capital commitments required for mobilisation.

“There is typically a lot of lead time for these projects that require an upfront capital commitment. It can be a bit of a ‘carriage before the horse’ problem that’s common in big projects, and that’s where Export Finance Australia has been able to step in and assist.”

We provided Hall Contracting with performance and advanced payment bonds to support the preparation for and delivery of three projects.

“The application process with Export Finance Australia was very professional. Great communication and engagement,” Daniel said. “We had a dedicated and committed team, we had a tight timeline, and they came to the table. It was excellent.”

Looking forward, Daniel said that the focus for Hall Contracting is to ensure the team can continue to deliver support to its clients.

“We’ll certainly be reaching out to Export Finance Australia when there are other opportunities that come through the pipeline.”

Exposure breakdown

Commercial Account

Our total exposure under the CA at 30 June 2022 was \$1.5 billion. This included loans, guarantees and bonds.

At 30 June 2022, the weighted average maturity of facilities outstanding was 6.8 years (1.4 years unweighted). This includes an average maturity of 2.0 years (1.0 years unweighted) for SME exposures and 6.9 years (4.9 years unweighted) for larger corporate exposures.

Figure 1: Commercial Account at 30 June 2022 - exposure by region

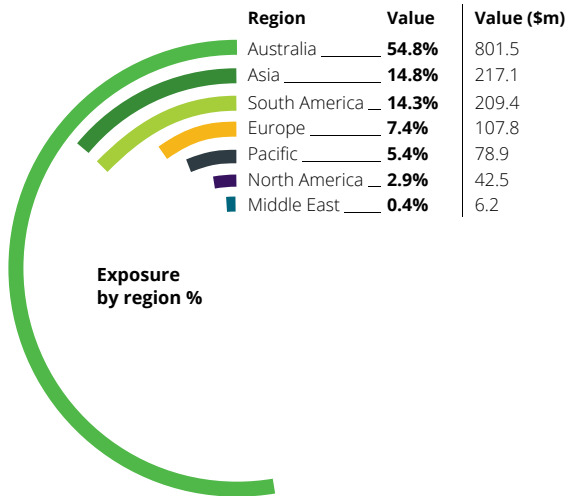
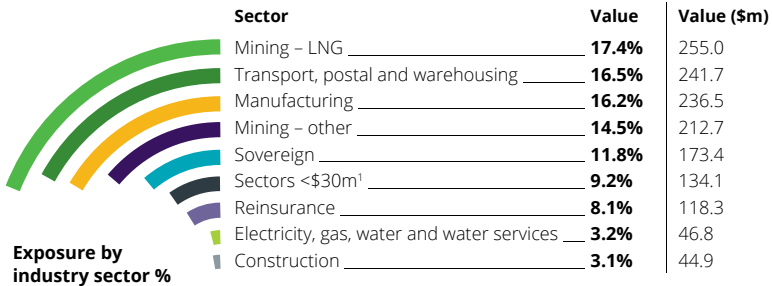


Figure 2: Commercial Account at 30 June 2022 - exposure by industry sector



¹Sectors valued at <\$30m include; Agriculture, Forestry and Fishing; Professional, Scientific and Technical Services; Rental, Hiring and Real Estate Services; Wholesale Trade; Education and Training; Financial and Insurance Services; and Other.

National Interest Account

Our total exposure under the NIA at 30 June 2022 was \$716.2 million, largely comprising loans to sovereign countries or their agencies and loans to natural resource projects in emerging markets.

Our largest exposures are to Papua New Guinea LNG with an exposure of US\$138.3 million (A\$186.6 million) at 30 June 2022; and to the Independent State of Papua New Guinea with an exposure of US\$70.0 million (A\$101.8m).

Figure 3: National Interest Account at 30 June 2022 - exposure by region

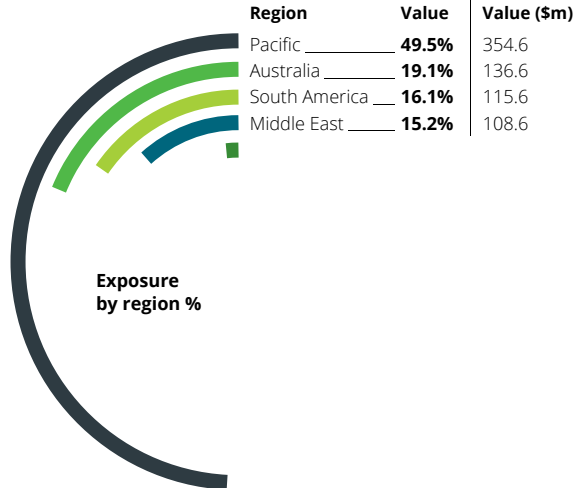
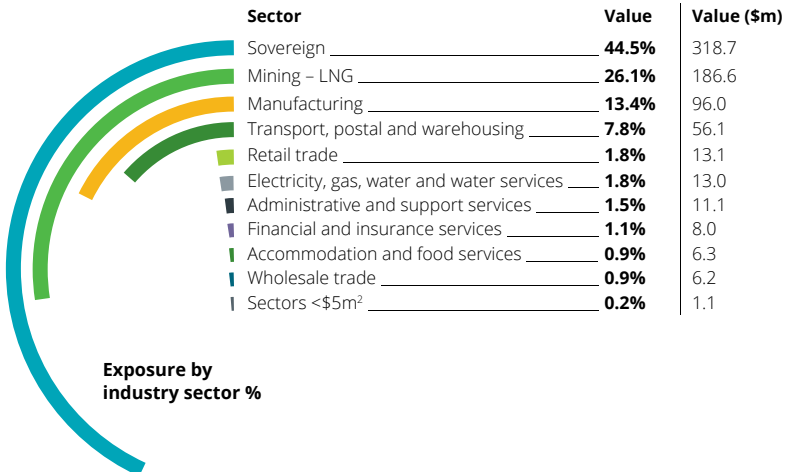


Figure 4: National Interest Account at 30 June 2022 - exposure by industry sector



²Sectors valued at <\$5m include; Education and Training; Information Media and Telecommunications; Professional, Scientific and Technical Services; and Construction.

Our governing principles

“ The support we receive from Export Finance Australia is tremendously important as it will allow us to buy stock specifically for America, have it in our warehouse in the States and really test the market with an increased advertising spend. ”

Marcin Niepostyn
Financial Controller,
KickAss Products





Our legislative authority

We were established under the *Export Finance and Insurance Corporation Act 1991* (Cth) (EFIC Act). The EFIC Act sets out our purposes, functions and powers. We are a corporate Commonwealth entity. Our Board is our accountable authority under the PGPA Act.

Our financial operations

Our organisation is self-funded and operates on a commercial basis. Our sources of income include:

- › fees and risk premiums that we receive from customers
- › interest on loans and investments that reflect the risk we take on by investing our cash and reserves.

The Australian Government guarantees that all our creditors will receive payment from us. This guarantee has never been called.

Post-tax profits

\$12.8 million post-tax profit in 2021–22, contributing to more than \$653 million accumulated profits before dividend payments since 1991.

Dividends

\$5.7 million dividends paid in 2021, contributing to more than \$331 million of normal dividends paid since 1991. At the date of publication, the dividend for the year ended 30 June 2022 had not been determined.

Debt neutrality

\$1.1 million debt neutrality charge, payable in 2022, contributing to \$7.7 million paid under competitive neutrality arrangements since 1 July 2015.

State taxes

\$1.7 million State equivalent taxes, payable in 2022, contributing to \$9.6 million paid under competitive neutrality arrangements since 1 July 2015.

Income tax

\$5.5 million income tax equivalent charge of 30 per cent, payable in 2022, contributing to \$42.6 million paid under competitive neutrality arrangements since 1 July 2015.

Our Board

Our Board is responsible for managing our affairs. This includes determining strategy, defining risk appetite and monitoring performance. We take a strong, commercially disciplined approach to governance and risk management through our Risk Management Framework. Our Board Audit and Risk Committee and external and internal audit functions also provide valuable oversight. Our Board Charter and our Board Audit and Risk Committee Charter can be found on our [website](#).

Our Board met six times in 2021–22 and held several intersessional meetings. Our Board consists of our Managing Director & CEO, seven Non-Executive Directors and a Government member. The Non-Executive Directors and Government member are

appointed by our Minister. The Government member is the Secretary of DFAT (or their alternate). For more information on our Board members, see pages 56–60.

Our Minister

Our Minister provides guidance to our Board through a Statement of Expectations. Our Board responds with a Statement of Intent confirming how we will operate to meet those expectations. Our Minister may direct us in writing to perform our functions or exercise our powers in the public interest, including approving transactions on the NIA.

Details of Ministerial directions for the financial year ended 30 June 2022 are set out on pages 88–94.

The Board must keep our Minister informed about our operations and any other information our Minister or Minister for Finance needs. Our Minister or their representative responds to questions from members of Federal Parliament about our organisation and to Parliamentary orders about us. Our senior management team attends Senate estimates hearings three times a year to answer questions on behalf of our Minister on our operations.

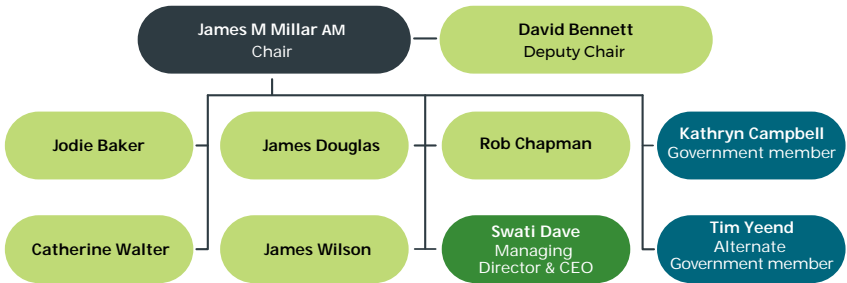
Our privacy obligations

We are partially exempt from freedom of information legislation, but are subject to confidentiality obligations under the EFIC Act. This recognises the requirement to keep confidential any commercial information that is obtained from Australian exporters and investors.

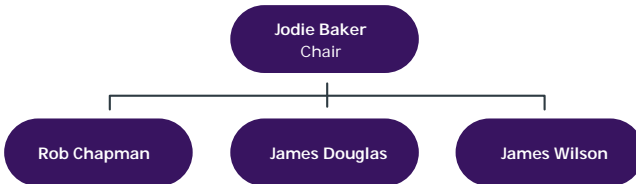
Our governance structure

As at 30 June 2022

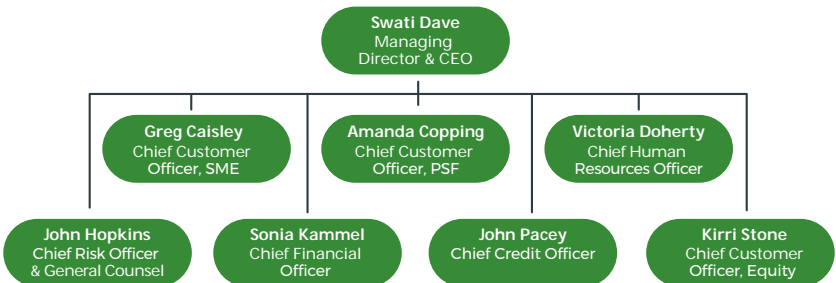
Board members



Board Audit and Risk Committee



Our Executive team



Our Board members



James M Millar AM
BCom, FCA, FAICD
Chair

Term of appointment
09/12/2014 to 08/12/2017
09/12/2017 to 08/12/2020 and
09/12/2020 to 08/12/2023
Independent,
Non-executive member

James is the former CEO and Area Managing Partner of Ernst & Young (EY) in the Oceania region and was a Director of the EY Global Board.

His career before his leadership roles at EY was as a corporate reconstruction professional for large and small businesses, both within Australia and globally.

He is a Non-executive Director of Mirvac Limited and Credit Corp Group Limited. He is the Chair of The Vincent Fairfax Family Foundation and a Governor of The Smith Family.



David Bennett
BCom, MAICD
Deputy Chair

Term of appointment
09/07/2021 to 08/07/2024
Independent,
Non-executive member

David has extensive experience in advising on, arranging and underwriting a range of financing instruments in the Australian and overseas bank debt and capital markets including corporate and acquisition debt, project finance, CPI-linked debt, mezzanine, subordinated, high-yield and private placement debt securities.

David retired from Macquarie Group Limited on 30 August 2013, where he held the position of

Executive Director, after almost 36 years in investment banking.

David was the Group Treasurer from March 2012 until his retirement. Prior to this he was Global Head of Debt Capital Markets within Macquarie Capital.

David's current roles include; Chair, Challenger Retirement Investments Services Limited; Director, AquaSure Holdings Pty Ltd; Member, Palisade Investment Partners Investment Committee.

Previous roles include; Chair, Social Enterprise Finance Australia Limited; Investment Committee, Macquarie Infrastructure Debt Investment Solutions Fund; Director, Macquarie Group Foundation; Director, Centre for Social Impact; member, Australian Advisory Board for Impact Investing; and Chair, Manjeri School Project.



Swati Dave
BCom, GAICD, GAIST

Managing Director & CEO

Term of appointment
 03/07/2017 to 29/07/2022

Executive member

Swati is an experienced senior banking executive and Non-executive Director with an established track record of successfully leading and growing complex businesses in Australia, the UK, Hong Kong and Singapore.

Swati has over 30 years of banking and finance experience across a number of sectors, including infrastructure, energy and utilities, renewable energy and property. She has held senior positions at

National Australia Bank, Deutsche Bank, AMP Henderson Global Investors, Bankers Trust and Westpac.

Swati currently serves on the Board of State Super and is Deputy Chair of the Asia Society Australia. She is a Member of the Australian Government's Advisory Board of the National Foundation for Australia-China Relations and the QIC Global Infrastructure Investment Committee.

She previously served as a Director of Australian Hearing, Great Western Bancorp, Inc. (US) and the NAB Wealth Responsible Entity Boards.

Swati holds a Bachelor of Commerce from the University of Newcastle and is a Graduate Member of the Australian Institute of Company Directors and the Australian Institute of Superannuation Trustees.



Jodie Baker
BCom, GAICD, TFASFA

Board member, Board Audit and Risk Committee Chair

Term of appointment
 01/07/2018 to 30/06/2021 and
 09/07/2021 to 08/07/2024

Independent,
 Non-executive member

Jodie is a Non-executive Director with more than 30 years of experience in investment banking and funds management. She is on the Board of Beyond Bank, where she chairs the Risk Committee.

Previous non-executive director roles include Spaceship Superannuation, Percussion Australia, Disability Sports Australia and industry association Financial Executives Institute.

She was also a member of the Board Credit Committee of Social Enterprise Finance Australia.

During her executive career, Jodie's roles included Managing Partner of Blackhall & Pearl, a board, risk and governance advisory firm, CEO and Managing Director of a fintech business, Morgij Analytics, and senior executive risk roles at ANZ, Société Générale and BT Financial Group.

Earlier in her career, Jodie worked in frontline and risk roles at Westpac, Macquarie Bank and Bankers Trust Australia.

She holds a Bachelor of Commerce from the University of Western Australia and is a Trustee Fellow of the Association of Superannuation Funds of Australia and a Graduate of the Australian Institute of Company Directors.



Rob Chapman
SFFin, FAICD

Board member, Board Audit and Risk Committee member

Term of appointment
01/03/2019 to 28/02/2022
11/03/2022 to 10/03/2025
Independent,
Non-executive member

Rob has enjoyed an extensive executive career within the financial services industry, having acted as both the Chief Executive Officer of St. George Banking Group (2010–2012) and the Managing Director of BankSA (2002–2010).

Rob is Chairman of Adelaide Airport Ltd, T-Ports, Barossa Infrastructure Ltd and ZeroCo. He is also a Director on the Board of Coopers Brewery Limited and ICAM, a South Australian institutional funds manager.

He is the past Chairman of Adelaide Football Club, BankSA and past President of Business SA and CEDA South Australia. Rob has also served on the Boards of Business SA, CEDA SA, Perks Integrated Business Services, BankSA Advisory Board, Kelly & Co. Advisory Council, Chairman of Catholic Church Diocesan Finance Council, Deputy Chairman SA Economic Development Board and Global Chairman of Investment Attraction Advisory Board.

Rob is a Fellow of the Australian Institute of Company Directors and Senior Fellow of the Financial Services Institute of Australasia and holds an Associate Diploma in Business from the South Australian Institute of Technology. Rob has been recognised for his consistent pursuit of excellence and outstanding contribution to South Australia with the 2005 SA Great Award for Business.



James Douglas
BSc, LLB, GAICD

Board member

Term of appointment
09/12/2020 to 08/12/2023
Independent,
Non-executive member

Victorian based Mr Douglas has more than 20 years of senior investment banking and SME-focused venture capital experience in Australia and the US.

James is a partner of Co:Act Capital, Co:Act is an investment partnership of experienced venture investors with a network of founders, business leaders and family offices. James is also a

consultant to Acorn Capital and established and helps to manage the Acorn Capital Expansion Platform (ACEP). ACEP is a venture capital fund focused on supporting innovative Australian companies across all industries.

He helped commercialise and scale listed Australian company Carbon Revolution and remains Chair of that company. Mr

Douglas also holds directorships with Marketplacer, Flare HR, Splend Group, Elenium Automation, mx51 and Scotch College Melbourne.

Prior to his venture capital career, he was co-head of Global Banking at Citi (Australia) and Global Head of Consumer Products Investment Banking for Merrill Lynch in New York.



Catherine Walter AM
LLB (Hons), LLM, MBA, FAICD

Board member

Term of appointment
 13/05/2022 to 12/05/2025

Independent,
 Non-executive member

Catherine was a financial services lawyer for 20 years and managing partner of the Melbourne office of Clayton Utz. Since that time, Catherine has served on many boards across the corporate, government and not-for-profit sectors.

Her current appointments include being a director of Reserve Bank of Australia's (RBA) Payments System Board and Australian Foundation Investment Company, Chair of Melbourne Genomics Health Alliance and Helen Macpherson Smith Trust.

Previous board positions include being a director of ASX, NAB, Orica, Melbourne Business School, Financial Reporting Council and Walter & Eliza Hall Institute of Medical Research, and chair of Creative Partnerships Australia, Financial Adviser Standards and Ethics Authority, Federation Square, Equisuper and Australian Synchrotron.



James "Jimmy"
Wilson BSc

Board member

Term of appointment
 09/12/2020 to 08/12/2023

Independent,
 Non-executive member

James has significant international infrastructure and supply chain experience.

Western Australian based Mr Wilson was formerly the Chief Executive Officer of CBH Group, a leader in the Australian grain

industry along the value chain from grain storage, handling, transport, marketing and processing.

He was previously President of BHP Iron Ore and Member of the Group Management Committee at BHP Billiton from 2012 to 2016.

Mr Wilson has significant international infrastructure and supply chain experience in Australia, South Africa, the US, South America and Indonesia across multiple commodities.



Kathryn Campbell
AO CSC

Term of appointment
28/09/2021 to 30/06/2022
Government member

Kathryn Campbell AO CSC joined the DFAT as Secretary in July 2021. Prior to that, she was Secretary of the Department of Social Services from September 2017 to July 2021 and before that Secretary of the Department of Human Services from 2011 to 2017.

Ms Campbell has worked at senior levels across the Australian Public Service, including Deputy Secretary positions at the Department of Finance and the Department of Education,

Employment and Workplace Relations from 2005 to 2011. She was also an Army Reserve Officer from 1989 to July 2021.

Ms Campbell was awarded the Conspicuous Service Cross in 2010 for her service as Commanding Officer of the Sydney University Regiment of the Army Reserves and was appointed as an Officer of the Order of Australia in 2019 for her services to public administration and the Australian Army Reserve.

Ms Campbell is a Fellow of Certified Practising Accountants (CPA) Australia and a Graduate Member of the Australian Institute of Company Directors. She holds a Bachelor of Applied Science (Applied Mathematics), a Master of Business Administration and a Master of Information Science. She has also completed the Royal Australian Air Force Command and Staff College course and the Advanced Management Program at the Harvard Business School.



Tim Yeend
BA

Appointed
06/01/2022
Alternate government member

Tim Yeend was appointed Associate Secretary in the Department of Foreign Affairs and Trade with responsibility for trade and investment in November 2021. He has over 30 years' experience at the highest levels of government and in the international system, providing strategic direction and vision on trade and related issues.

Before assuming his current role, Mr Yeend worked at the World Trade Organization as Principal

Adviser and Chief of Staff to former Director-General Roberto Azevêdo and current Director-General Ngozi Okonjo-Iweala. He also led the World Trade Organization's engagement with G20 Leaders as WTO Sherpa.

Prior to this, Mr Yeend was the Australian Ambassador to the WTO and other international economic organisations in Geneva. He has also worked in a number of senior positions in DFAT, including overseas

assignments in Switzerland, Indonesia and South Africa. He worked as an adviser to former Deputy Prime Minister Tim Fischer and Trade Minister Mark Vaile. He has also worked in the former Departments of Primary Industries and Energy and Transport.

Mr Yeend holds a BA (Hons) from the Australian National University as well as postgraduate qualifications from the UK. Mr Yeend is married with two adult children.

Members whose term ended in 2021-22

Swati Dave ended her term as Managing Director & CEO on 29 July 2022. Lynda Cheng ended her term as a Board member during 2021-22. Kathryn Campbell retired as Government Member. Christopher Langman retired as Alternate Government Member.

Board appointments included Catherine Walter as a member. Board Audit and Risk Committee appointments included James Douglas and James Wilson as members. John Hopkins was appointed as Managing Director & CEO on 1 August 2022.

Transactions with Board members and related entities of Board members

Directors have made appropriate disclosures in respect of transactions our organisation has undertaken where they may have, or may be perceived to have, a material personal interest.

Declared conflicts and potential conflicts of interest

Our Board always ensures that a Board member does not participate in discussions where there is, or may be, a conflict between their own interests, those of our organisation or one of our customers. We maintain a register, which is updated with the disclosed interests of all Board members.

Meeting attendance

Table 4: Board attendance

| Board member | Eligible to attend | Attended |
|----------------------------------|--------------------|----------|
| James M Millar (Chair) | 6 | 6 |
| David Bennett | 6 | 6 |
| Rob Chapman | 6 | 6 |
| Lynda Cheng | 5 | 5 |
| James Douglas | 6 | 6 |
| Catherine Walter | 1 | 1 |
| James Wilson | 6 | 6 |
| Government member (or alternate) | 6 | 6 |
| Swati Dave | 6 | 6 |

Table 5: Board Audit and Risk Committee attendance

| Board Audit and Risk Committee member | Eligible to attend | Attended |
|---------------------------------------|--------------------|----------|
| Jodie Baker (Chair) | 4 | 4 |
| Rob Chapman | 4 | 4 |
| Lynda Cheng | 4 | 4 |
| James Douglas | 2 | 2 |
| James Wilson | 2 | 2 |

In addition to Board meetings, which take place every two months, our Board met for three intersessional meetings. Our Board Audit and Risk Committee meets four times a year.

Attendance at Board Audit and Risk Committee meetings is encouraged for Board members not on the Board Audit and Risk Committee.

Key management remuneration

This report covers the remuneration of our key management personnel (KMP), including Non-executive Directors and those Executives

deemed to be KMP by our Board. This information is outlined in Table 6 below for the year ended 30 June 2022.

Table 6: Key management personnel

| Name | Title | FY22 Status | KMP Status |
|-----------------------|--|--------------------|-------------------------------|
| Executive team | | | |
| Swati Dave | Managing Director & CEO | Full year | Current (until 29/07/2022) |
| Greg Caisley | Chief Customer Officer, SME | Full year | Current |
| Amanda Copping | Chief Customer Officer, PSF | Part year | Current |
| Victoria Doherty | Chief Human Resources Officer | Full year | Current |
| John Hopkins | Chief Risk Officer and General Counsel | Full year | Current |
| Sonia Kammel | Chief Financial Officer | Full year | Current |
| John O'Neil | Chief Customer Officer, PSF | Part year | Former |
| John Pacey | Chief Credit Officer | Full year | Current |
| Kirri Stone | Chief Customer Officer, Equity | Part year | Current |
| Board members | | | |
| James M Millar | Chair | Full year | Current |
| David Bennett | Deputy Chair | Part year | Current |
| Jodie Baker | Director | Full year | Current |
| Lynda Cheng | Director | Part year | Former |
| Rob Chapman | Director | Full year | Current |
| James Douglas | Director | Full year | Current |
| Catherine Walter | Director | Part year | Current |
| James Wilson | Director | Full year | Current |
| Government member | Non-remunerated | | |
| Swati Dave | Managing Director & CEO | Full year | Current |

The following changes were made in KMP during the year:

- › David Bennett was appointed as a KMP on 9 July 2021
- › John O'Neil ceased to be a KMP on 13 October 2021
- › Kirri Stone was appointed as a KMP on 7 March 2022
- › Amanda Copping was appointed as a KMP on 11 April 2022
- › Lynda Cheng ceased to be a KMP on 12 May 2022
- › Catherine Walter was appointed as KMP on 13 May 2022

In accordance with PGPA Rule 2014 and the Public Governance, Performance and Accountability Amendment (Reporting Executive Remuneration) Rules 2019, this report also contains summary data of other highly paid employees. Other highly paid employees are employees who are neither KMP nor senior executives and whose total remuneration exceeds the \$235,000 threshold for this reporting period. We had no employees classified as senior executives, as the Executive team who report directly to our Managing Director & CEO have been classified as KMP.

Remuneration strategy

Our remuneration strategy supports our strategic aims while remaining aligned to market practice and in the interests of our key stakeholders.

Our remuneration approach is designed to attract and retain the right people, with the right expertise, to deliver the objectives and targets set out in our Corporate Plan.

In support of this approach, we:

- › conduct annual reviews of the remuneration framework, including the performance measures, to ensure alignment with our evolving mandate and corporate objectives
- › consider market remuneration practices
- › ensure performance gateways are achieved by individuals before any remuneration increases are applied.

Changes to the remuneration approach in 2021-22

Our remuneration approach is central to our ability to attract and retain talent with the financial sector knowledge and expertise we need to deliver on our mandate.

The Federal Government's public sector Performance Bonus Guidance was released on 13 August 2021, which outlined a consistent approach for performance pay across all Corporate Commonwealth entities to take effect from the 2021–2022 reporting year.

We engaged a third-party consultant, Aon, to undertake a strategic review of our remuneration approach and to provide potential remuneration approaches and strategies consistent with the guidance.

Aon also provided guidance on the transition and implementation of new remuneration approaches, with a focus on shifting from a fixed and variable remuneration scheme to a fixed remuneration scheme.

Aon reviewed our current variable remuneration scheme, salary benchmarked each role in the organisation, and determined a fair transition approach.

Aon's recommended approach was presented to the Board for its consideration and decision. This was endorsed for transition and all employees, including Executives, were transitioned to a fixed-only framework. The transition was completed in March 2022.

2021-22 remuneration structure

Board Directors' remuneration

Our Board of Directors is appointed by the Government through our Minister. Our Board is established and governed by the provisions of the EFIC Act.

Fees for Board Directors (other than the Government member) are set and paid according to the determination of the Remuneration Tribunal (Tribunal). We have no role in determining the level of Board Director fees.

Statutory superannuation is paid in addition to the fees set by the Tribunal.

Executive remuneration

For 2021–22, the Executive remuneration framework transitioned to a fixed remuneration framework only.

The Fixed Annual Remuneration (FAR) for our Managing Director & CEO is determined by the Tribunal. The Managing Director & CEO role was reclassified as a Principal Executive Officer (PEO) Band E. In previous years, the Tribunal had also consented to an 'at risk' performance pay of up to 35 per cent of total remuneration for our Managing Director & CEO, including a deferred option. In reclassifying the PEO, the Tribunal determined a new Total Remuneration Reference Rate (TRRR) without applying any 'at risk' remuneration.

Our Board has the discretion to determine total remuneration within the range from 10 per cent below to 5 per cent above the TRRR. Our Board determines any remuneration increases of our Managing Director & CEO based on performance and against agreed key performance indicators (KPIs).

For other Executives and highly paid employees, all performance-based variable remuneration components have been removed. Going forward, their expertise, relevant Government policies and industry benchmarks will influence the setting of the FAR component only.

FAR is comprised of base salary, superannuation contributions and any non-cash benefits. Factors considered when setting the appropriate FAR for any Executive include:

- › market data for comparable roles
- › complexity of the role
- › internal relativities
- › an individual's skills and experience
- › individual performance assessments.

We use the Finance Institutions Remuneration Group system to provide independent benchmarking in determining appropriate remuneration for roles across the organisation.

Remuneration benchmarking aims to position total remuneration competitively against comparable organisations. The guiding principle is to position total remuneration towards the mid-point of the benchmark for comparable roles in the Australian market. To make sure we consider Government policies, individual and company performance and market conditions, the Board reviews remuneration levels of each Executive annually.

In 2021–22, each Executive and other highly paid employees had to meet performance gateways that described the minimum behaviours required to be eligible for a fixed remuneration review at year end. These were:

- › proactive management of operational risk and compliance
- › consistent demonstration of our desired cultural behaviours.

Remuneration governance arrangements

Management

Management is accountable for ensuring it responsibly rewards employees having regard to our performance, individual performance, statutory and regulatory requirements and current business norms. In reference to Executive remuneration decisions, management achieves this by:

- › our Managing Director & CEO making recommendations to our Board for individual Executive remuneration based on a performance assessment for each Executive
- › Executives making remuneration recommendations for all individuals within their respective department, including other highly paid employees on FAR, which are endorsed by our Managing Director & CEO
- › implementing performance management and remuneration policies and practices, as agreed.

Board

Our Board is responsible for ensuring that we have coherent policies and practices that fairly and responsibly manage the performance and remuneration arrangements for our Managing Director & CEO and Executives. They achieve this by:

- ▶ monitoring management's performance against our annual Corporate Plan
- ▶ assessing the performance and setting the remuneration of our Managing Director & CEO consistent with the Government's remuneration policy framework
- ▶ reviewing and approving the Executive remuneration policy framework and outcomes
- ▶ providing guidance to our Managing Director & CEO on matters concerning the appointment and evaluation of Executives.

To inform decision making in 2021–22, our Board sought advice on performance and remuneration-related matters from our Managing Director & CEO, Executives and other management throughout the year. As noted on page 64, Aon was also engaged to provide consulting advice and services to benchmark all employees' roles and remuneration and transition from a fixed and variable remuneration scheme to only fixed remuneration.

Financial remuneration information

The following tables detail the fees paid to Board Directors and the remuneration received by KMP in 2021–22.

Table 7: Key management personnel remuneration for the reporting period 2021-22

| Name | Position title | Salary | Annual leave adjustment | Short-term benefits | | Other benefits and allowances | Post-employment benefits | | Other long-term benefits | | Termination benefits | Total remuneration |
|---|-------------------------|---------|-------------------------|---------------------|-----------------------|-------------------------------|-----------------------------------|--------------------|--------------------------|----|----------------------|--------------------|
| | | | | Base salary | Variable remuneration | | Super-annuation and contributions | Long service leave | Other long-term benefits | | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Managing Director & CEO and Executives | | | | | | | | | | | | |
| Swati Dave | Managing Director & CEO | 722,678 | 7,488 | 730,166 | - | - | 24,375 | 12,100 | - | - | - | 766,641 |
| John Hopkins | Executive | 500,777 | 363 | 501,140 | - | - | 24,018 | 9,132 | - | - | - | 534,290 |
| Sonia Kammel | Executive | 470,314 | 18,540 | 488,854 | - | - | 27,905 | 8,904 | - | - | - | 525,663 |
| John Pacey | Executive | 421,866 | 13,190 | 435,056 | - | - | 42,187 | 8,767 | - | - | - | 486,010 |
| Gregory Caisley | Executive | 408,981 | 127 | 409,108 | - | - | 40,898 | 7,991 | - | - | - | 457,997 |
| Victoria Doherty | Executive | 338,913 | 10,361 | 349,274 | - | - | 27,769 | 6,849 | - | - | - | 383,892 |
| Amanda Copping | Executive | 108,988 | 7,389 | 116,377 | - | - | 10,899 | 2,007 | - | - | - | 129,283 |
| Kirri Stone | Executive | 105,816 | 7,361 | 113,177 | - | - | 10,582 | 2,000 | - | - | - | 125,759 |
| John O'Neill | Executive | 203,310 | 1,577 | 204,887 | - | - | 21,393 | 2,465 | - | - | - | 228,746 |
| Subtotal | | | | 3,348,039 | - | - | 230,026 | 60,215 | - | - | - | 3,638,281 |

| Name | Position title | Board fee | Board Audit & Risk Committee fee | Short-term benefits | | | Post-employment benefits | Other long-term benefits | | Termination benefits | Total remuneration |
|----------------------|---------------------------|-----------|----------------------------------|---------------------|---------|-------------------------------|----------------------------------|--------------------------|--------------------------|----------------------|--------------------|
| | | | | Base salary | Bonuses | Other benefits and allowances | Super-annuation on contributions | Long service leave | Other long-term benefits | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Board Members | | | | | | | | | | | |
| James Millar | Board Chair | 119,180 | - | 119,180 | - | - | 11,918 | - | - | - | 131,098 |
| David Bennett | Board Deputy Chair | 87,442 | - | 87,442 | - | - | 8,744 | - | - | - | 96,186 |
| Jodie Baker | Board & Board Audit Chair | 59,590 | 16,320 | 75,910 | - | - | 7,591 | - | - | - | 83,501 |
| Rob Chapman | Board & Board Audit | 59,590 | 8,160 | 67,750 | - | - | 6,775 | - | - | - | 74,525 |
| Lynda Cheng | Board & Board Audit | 51,721 | 7,082 | 58,803 | - | - | 5,880 | - | - | - | 64,683 |
| James Douglas | Board & Board Audit | 59,590 | 4,760 | 64,350 | - | - | 6,435 | - | - | - | 70,785 |
| James Wilson | Board & Board Audit | 59,590 | 4,760 | 64,350 | - | - | 6,435 | - | - | - | 70,785 |
| Catherine Walter | Board Member | 7,945 | - | 7,945 | - | - | 795 | - | - | - | 8,740 |
| Subtotal | | | | 545,730 | - | - | 54,573 | - | - | - | 600,303 |
| TOTAL | | | | 3,893,769 | - | - | 284,599 | 60,215 | - | - | 4,238,584 |

Table 8: Other highly paid employees' remuneration for the reporting period 2021-22

| Remuneration band | Number of other highly paid staff | Short-term benefits | | | Post-employment benefits | Other long-term benefits | | Termination benefits | Total remuneration |
|---------------------|-----------------------------------|---------------------|-------------------------------|---------------------------------------|--------------------------------------|----------------------------|----------------------------------|------------------------------|----------------------------|
| | | Average base salary | Average variable remuneration | Average other benefits and allowances | Average superannuation contributions | Average long service leave | Average Other long-term benefits | Average termination Benefits | Average total remuneration |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| \$235000 – \$245000 | 3 | 212,575 | - | - | 22,027 | 5,149 | - | - | 239,752 |
| \$245001 – \$270000 | 12 | 223,700 | - | - | 26,587 | 5,024 | - | - | 255,312 |
| \$270001 – \$295000 | 3 | 245,273 | - | - | 30,399 | 5,227 | - | - | 280,899 |
| \$295001 – \$320000 | 1 | 280,524 | - | - | 27,732 | 5,822 | - | - | 314,078 |
| \$320001 – \$345000 | 3 | 282,278 | - | - | 34,114 | 6,695 | - | - | 323,086 |
| \$345001 – \$370000 | 2 | 312,805 | - | - | 33,799 | 6,307 | - | - | 352,911 |
| \$370001 – \$395000 | 1 | 339,340 | - | - | 27,735 | 6,963 | - | - | 374,038 |
| \$445001 – \$470000 | 1 | 322,282 | - | - | 27,672 | 7,398 | - | 95,396 | 452,748 |

Our people and culture

We strive to create an environment that attracts, develops and retains the critical talent we need to deliver on our purpose and drive benefits for our customers.

Complex transactions and wide-ranging customer needs mean our people must be commercially minded, persistent and resilient.

Our people apply their expertise and focus to achieve success, whatever their role, knowing their work is relied on by their colleagues and our customers.

We value our ability to support customers in the market gap and the contribution we make to businesses, jobs and community. We encourage our people to think differently, collaborate effectively and actively challenge the status quo.

Our culture is built on these four pillars

We excel

We value high performance and are proud of achievements that align with our purpose.

We embed our purpose, cultural aspirations and performance expectations into our KPIs, roles and responsibilities.

We listen

We adapt to changing customer and market needs, and continuously improve the customer experience.

We design our systems and processes to meet the needs of our customers.

We collaborate

We keep each other well informed and seek contributions from others to remain relevant.

We provide consistent, transparent and timely communication (up, down and sideways).

We grow

We grow our organisation and ourselves.

We promote and reward different ways of working across all roles to improve outcomes.

We provide leadership support and mentoring to help people grow.

Workforce profile

Table 9: Number of full-time equivalent employees

| | 30 June 2022 | 30 June 2021 | 30 June 2020 |
|---------------------------------|--------------|--------------|--------------|
| Permanent employees | 111.5 | 102.5 | 99.5 |
| Short-term employees <12 months | 8.6 | 12.4 | 8 |



Table 10: All ongoing employees current report period (2021-2022)

| | Male | | | Female | | | Indeterminate | | | Total |
|----------------------|-----------|-----------|------------|-----------|-----------|--------------|---------------|-----------|---------------------|------------|
| | Full time | Part time | Total Male | Full time | Part time | Total Female | Full time | Part time | Total Indeterminate | |
| NSW | 51 | - | 51 | 42 | 9 | 51 | - | - | - | 102 |
| QLD | 3 | - | 3 | 1 | - | 1 | - | - | - | 4 |
| SA | 1 | - | 1 | - | - | - | - | - | - | 1 |
| TAS | - | - | - | - | - | - | - | - | - | - |
| VIC | 3 | - | 3 | - | - | - | - | - | - | 3 |
| WA | 2 | - | 2 | 1 | - | 1 | - | - | - | 3 |
| ACT | - | - | - | - | - | - | - | - | - | - |
| NT | - | - | - | - | - | - | - | - | - | - |
| External territories | - | - | - | - | - | - | - | - | - | - |
| Overseas | - | - | - | - | - | - | - | - | - | - |
| Total | 60 | - | 60 | 44 | 9 | 53 | - | - | - | 113 |

Table 11: All non-ongoing employees current report period (2021-2022)

| | Male | | | Female | | | Indeterminate | | | Total |
|----------------------|-----------|-----------|------------|-----------|-----------|--------------|---------------|-----------|---------------------|----------|
| | Full time | Part time | Total Male | Full time | Part time | Total Female | Full time | Part time | Total Indeterminate | |
| NSW | 3 | - | 3 | 5 | 1 | 6 | - | - | - | 9 |
| QLD | - | - | - | - | - | - | - | - | - | - |
| SA | - | - | - | - | - | - | - | - | - | - |
| TAS | - | - | - | - | - | - | - | - | - | - |
| VIC | - | - | - | - | - | - | - | - | - | - |
| WA | - | - | - | - | - | - | - | - | - | - |
| ACT | - | - | - | - | - | - | - | - | - | - |
| NT | - | - | - | - | - | - | - | - | - | - |
| External territories | - | - | - | - | - | - | - | - | - | - |
| Overseas | - | - | - | - | - | - | - | - | - | - |
| Total | 3 | - | 3 | 5 | 1 | 6 | - | - | - | 9 |

Table 12: All ongoing employees previous report period (2020-2021)

| | Male | | | Female | | | Indeterminate | | | Total |
|----------------------|-----------|-----------|------------|-----------|-----------|--------------|---------------|-----------|---------------------|------------|
| | Full time | Part time | Total Male | Full time | Part time | Total Female | Full time | Part time | Total Indeterminate | |
| NSW | 52 | 1 | 53 | 38 | 8 | 46 | - | - | - | 99 |
| QLD | 1 | - | 1 | 1 | - | 1 | - | - | - | 2 |
| SA | 1 | - | 1 | - | - | - | - | - | - | 1 |
| TAS | - | - | - | - | - | - | - | - | - | - |
| VIC | 2 | - | 2 | - | - | - | - | - | - | 2 |
| WA | - | - | - | 1 | - | 1 | - | - | - | 1 |
| ACT | - | - | - | - | - | - | - | - | - | - |
| NT | - | - | - | - | - | - | - | - | - | - |
| External territories | - | - | - | - | - | - | - | - | - | - |
| Overseas | - | - | - | - | - | - | - | - | - | - |
| Total | 56 | 1 | 57 | 40 | 8 | 48 | - | - | - | 105 |

Table 13: All non-ongoing employees previous report period (2020-2021)

| | Male | | | Female | | | Indeterminate | | | Total |
|----------------------|-----------|-----------|------------|-----------|-----------|--------------|---------------|-----------|---------------------|-----------|
| | Full time | Part time | Total Male | Full time | Part time | Total Female | Full time | Part time | Total Indeterminate | |
| NSW | 5 | 1 | 6 | 6 | 1 | 7 | - | - | - | 13 |
| QLD | - | - | - | - | - | - | - | - | - | - |
| SA | - | - | - | - | - | - | - | - | - | - |
| TAS | - | - | - | - | - | - | - | - | - | - |
| VIC | - | - | - | - | - | - | - | - | - | - |
| WA | - | - | - | - | - | - | - | - | - | - |
| ACT | - | - | - | - | - | - | - | - | - | - |
| NT | - | - | - | - | - | - | - | - | - | - |
| External territories | - | - | - | - | - | - | - | - | - | - |
| Overseas | - | - | - | - | - | - | - | - | - | - |
| Total | 5 | 1 | 6 | 6 | 1 | 7 | - | - | - | 13 |

Workforce highlights

We are a purpose-led organisation underpinned by a culture of excellence.

Providing financing support for exports and regional infrastructure that delivers

benefits to Australia is at the core of everything we do. It defines our culture and day-to-day activities. We are proud of our employees' individual and collective efforts in assisting exporters to take their solutions and products around the globe.



Keeping our people connected

Our people embraced innovative and more agile ways of working as the COVID-19 pandemic continued in 2021–22. A hybrid model combining remote and office-based working has maximised our productivity during this disrupted period. Our offices remain a critical hub of connectivity for our people, and we are committed to ensuring our employees feel connected and productive, both in the office and when working remotely.

We champion greater flexibility for all and encourage effective team practices and cadences that invite active participation. We are proud to be building a truly inclusive workplace and were pleased that our 2022 employee surveys returned strong results (90 per cent and above) for our inclusion questions.

We continue to keep our people connected and to make sure their contributions are valued in all our communication channels. We keep our people informed on critical transactions, customer stories, core metrics and how we are delivering against our strategy. We take the time to listen to our people, understand where we need to improve and how we can further enhance our ways of working.

Driving an engaging workplace

We were delighted to be recognised for the third year in a row as a Great Place to Work or Great Workplace. In 2021–22 we again participated in Best Workplaces study administered by Great Place to Work®.

The study provided a benchmark against Australia's best workplaces of the same size, insights into our existing practices, as well as feedback from our people.

It involved:

- › a Trust Index employee experience survey, which was completed by all employees on their engagement and experience in the organisation
- › a Culture Brief that collated organisational data and long-form responses around our policies, practices, culture and engagement.

The study provided us with valuable information on our strengths and in areas we may need to address.

We were pleased to achieve an overall experience score of

83 per cent

(compared to 79 per cent in 2020) and a positive

Great Place to Work measure of 86 per cent.

The environment we are creating is being embraced by our people and shows we are moving in the right direction. Our people are proud of our organisation, believe in their work and feel they work with talented colleagues.

We are proud to be recognised as a Great Place to Work, **have won**

Employer of Choice

(Public Sector and NFP) at the HRD Australian HR Awards 2021 and be **listed as a**

leading employer

in the HRD Employer of Choice List in 2022.

Modernisation of our workplace instruments

During the year, we partnered with our people to modernise our employment terms and workplace arrangements. This included the termination of the EFIC Workplace Agreement (2008–2011) and our transition to new employment contracts, underpinned by the Australian Government Industry Award (2016), as our workplace instrument.

The main changes with these new employment arrangements are:

- › employment contracts no longer have a maximum term of five years. We have issued ongoing contracts for employees intended to have permanent employment
- › stronger, more inclusive and gender-neutral parental leave provisions, including 14 weeks of paid primary carer leave, superannuation contributions during unpaid primary carer leave and secondary carer leave provisions
- › redistribution of leave entitlements to reflect modern arrangements
- › transparency in our workplace arrangements by providing new policies and contract templates to employees to assist them to understand the changes to their entitlements.

We were pleased that 96 per cent of employees who voted were in favour of terminating the expired agreement. Following an application to the Fair Work Commission to endorse the termination, we moved to our new employment contracts and policies in October 2021.

Sourcing new capability

In the past year, we sourced and onboarded new employees in a timely manner. We enacted succession plans by transitioning key talent into identified business critical roles. This was supplemented by external searches to augment the Executive and senior management.

Our focus then turned to quickly integrating our new talent with immersive onboarding experiences.

Our new hiring practices reflect the international markets we serve, with more than 86 per cent of our hires in 2021–22 coming from culturally and linguistically diverse backgrounds (CALD).

We continued to put customers at the centre of how we work by ensuring customers are embedded in our people frameworks, capability solutions and recognition practices.

We complemented this cultural focus by investing in strengthening the technical capability of our customer-facing and support teams through targeted development.

Investing in leadership

Enterprise leadership means we hold the interests of the organisation and the collective above all else. The calibre of our leaders continues to grow as we build internal capability as well as bring in new leadership talent.

We invested in leadership in 2021–22 through extensive leadership development interventions, as well as providing resources and support to aid leaders in delivering team health practices.

We introduced initiatives such as the Strategic Leadership Program, Quantum Leap Women's Leadership Program and coaching opportunities, supporting our leaders to expand their thinking.

We saw significant uplift in our people's experiences of their leaders as demonstrated through year-on-year improvement in employee survey feedback. Responses to our people leader experience questions now score in the high 80s and 90s.

Promoting belonging

We continue to build an inclusive workplace by fostering a respectful culture that embraces differences and diversity of thought. Our leaders have championed team dialogues and supported our people to use their collective talents.

Our Diversity Council has introduced and led a range of initiatives that improve our workplace environment and celebrate the rich diversity of our people.

Through various employee network groups, we have worked to embrace our collective strengths and introduce employee offerings of value.

We have also brought in a new performance framework that emphasises future-oriented and strengths-based conversations.

We have focused on creating an environment of trust. We regularly seek the insights of our people through ongoing feedback mechanisms. We have taken the time to not only collect information but to listen with intent and make sure our practices allow our people to do their best work every day. We have created safe spaces so our people can bring their whole selves to work. That sense of safety and trust means we can harness the unique strengths of our people.

In 2021–22 we have proudly:



delivered on our first Innovate Reconciliation Action Plan



continued to grow our pipeline of female leaders through the Women's Quantum Leap Leadership Program and Lean In Circles



introduced a LGBTQ+ network, InclusivALLY



continued to bring in and promote CALD talent.

Equal Employment Opportunity report

Introduction

This Equal Employment Opportunity (EEO) Program report covers the period 1 July 2021 to 30 June 2022. We seek to reflect the diverse nature of the Australian community and are committed to developing and supporting positive working

relationships and a healthy and safe workplace. Our EEO Policy sets out guidelines to help ensure individuals are employed, trained and promoted fairly on merit, without discrimination and harassment.



Equal Employment Opportunity implementation

Our policies and procedures are underpinned by EEO principles that are embedded in our operational practices. We share these policies, procedures and practices with our employees through our intranet.

Relevant documents include:

- › our Code of Conduct
- › internal corporate policies and procedures, including EEO principles, anti-discrimination and workplace bullying and harassment policies
- › information on the *Public Interest Disclosure Act 2013*
- › induction training for all new employees and ongoing refresher training for all employees.

Equal Employment Opportunity monitoring and evaluation

We regularly review the effectiveness of our EEO Policy and have not identified any policies, procedures or processes that discriminate against women and designated groups, nor any practices that indicate a lack of equality.

Flexible work arrangements

We offer flexible work arrangements including alternate work hours, job sharing, part-time roles and remote working. Our work practices and resources actively support flexibility for all employees to accommodate their personal circumstances. Most of our people (94%) feel they have access to flexible working arrangements, including in their hours, patterns or locations of work.

Employees can also use flexible work arrangements on an ad hoc basis (for example, flexible start and finish times and remote working) to help them balance personal and work commitments. Our technology systems support enhanced flexibility for our employees.

As we enter the post-lockdown phase of the COVID-19 pandemic, most of our employees have embraced a hybrid way of working. Some teams have anchor days where the whole team is encouraged to be in the office. Other teams allow employees to choose the days they are in the office based on their workload and deliverables.

Employee promotions

During the reporting period, we promoted 14 employees.

Employee training and policies

New employees complete mandatory induction training and a suite of compliance modules. This training includes EEO, workplace bullying, harassment and discrimination, our Code of Conduct, whistleblowing awareness and workplace health and safety. This training is reviewed regularly to make sure it reflects current legislative requirements.

We also provide ongoing compliance training for our employees, along with cultural competence and LGBTQ+ awareness training.

We require all employees to complete refresher training annually and conduct periodic briefings to ensure they stay up to date on EEO and other emerging compliance matters.

Gender program

During the reporting period, we again ran the Quantum Leap Leadership Program for women. The program was voluntary and had a 28 per cent participation rate among our female employees. We designed the initiative to empower women to reach their potential and navigate challenges in their professional and personal lives.

Paid parental leave

Our Paid Parental Leave scheme includes 14 weeks of paid leave for employees taking parental leave. During the reporting period, nine employees used the Paid Parental Leave scheme, and six employees used the Partner Secondary Scheme of 10 days. This has been further enhanced by our Lean In Circles designed for women to come together to share insights, resources and strategies for continuing to navigate work and personal challenges.

Gender pay equity

A gender pay analysis is conducted at the time of the annual remuneration review to inform pay decisions and to monitor and mitigate any bias in decision making. The outcomes of the review are provided to our Board on an annual basis.

Particulars of directions by responsible Ministers under S12

We have not received any directions made by responsible Ministers under section 12 of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* (Cth).

Diversity profile

As at 30 June 2022, we had:

122 employees, of which 120.1 were full-time equivalents.

Our organisation has

48% **female** employees
52% **male** employees.

The Executive team was made up of

three men and **five women**
38% **62%**.

Of the 43 **new hires** in the reporting period,

19 were female and **24 were male**
44% **56%**.



Demonstrating our commitment to diversity and inclusion, 47 per cent of our people leadership positions were held by women and women comprised 50 per cent of our senior leadership team, including executive and head of department positions. We continue to align people processes (including recruitment, talent management, performance and remuneration) to ensure gender parity and we work to remove inherent gender biases.

We embrace our LGBTQ+ employees, allies and customers and are proud to be a member of Pride in Diversity. To further support our LGBTQ+ employees, this year we launched our LGBTQ+ and Ally Network, InclusivALLY.

Our workforce is culturally diverse, with 42 per cent of employees born overseas and

29 per cent from a non-English speaking country. We are proud of our cultural diversity, with 42 per cent of our employees being bilingual or multilingual. We have 39 different ancestries represented among us and 55 per cent of our employees have lived and worked in countries other than Australia.

At 30 June 2022, one employee identified as being of Aboriginal or Torres Strait Islander (ATSI) background and one employee has disclosed a disability. The average age of our workforce is 43 years.

Working to advance reconciliation

Our organisation is committed to advancing reconciliation in the communities we operate in. Our Innovate RAP continues to be embraced by our employees. We align our efforts

with the strategic focus of the Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2024.

We are strengthening our cultural integrity by developing and delivering against our RAP commitments and building networks and partnerships across agencies and industry.

We are committed to making a difference by supporting new and existing Aboriginal and Torres Strait Islander businesses, fostering a more diverse and inclusive workforce and establishing strong working relationships with Aboriginal and Torres Strait Islander organisations.

We have partnered with CareerTrackers to provide internships for Aboriginal and Torres Strait Islander undergraduates.

Table 14: Export Finance Australia employee diversity profile 30 June 2022

| Classification | Female | Male | Total employees | NESB ¹ | ATSI ² | PWD ³ |
|-------------------|-----------|-----------|-----------------|-------------------|-------------------|------------------|
| Support | 10 | 3 | 13 | 3 | 1 | |
| Technical | 27 | 26 | 53 | 37 | | |
| Middle management | 12 | 26 | 38 | 10 | | |
| Leadership | 10 | 8 | 18 | 3 | | 1 |
| Total | 59 | 63 | 122 | 53 | 1 | 1 |

Table 15: Export Finance Australia EEO comparison

| EEO designated groups | 30 June 2021 | | 30 June 2022 | |
|-----------------------|--------------|-----|--------------|-----|
| | Employees | % | Employees | % |
| Female | 55 | 47% | 59 | 48% |
| NESB ¹ | 58 | 48% | 53 | 43% |
| ATSI ² | 3 | 3% | 1 | 3% |
| PWD ³ | 1 | 1% | 1 | 1% |

¹NESB = non-English speaking background ²ATSI = Aboriginal and Torres Strait Islanders ³PWD = people with disability

Work, health and safety

We are committed to providing a positive and safe work environment for all of our people, consistent with our Board Charter and our due diligence requirements under the *Work Health and Safety Act 2011 (Cth)* (WHS Act).

Work Health and Safety Committee

Our Work Health and Safety (WHS) Committee, made up of employee and management representatives, helps our Board meet its work health and safety obligations and provides an important forum to ensure our employees' workplace is safe.

The WHS Committee meets before every Board meeting to review the findings of regular workplace inspections by our Health and Safety Representative.

It then establishes an action plan to address any material issues, monitors ongoing risks and reports all material issues to our Board.

A continuing focus in 2021–22 was promoting work health and safety awareness in a hybrid working environment. This included consideration of the health, wellbeing and safety needs of our employees as they moved in and out of remote working and prepared to return to an office working environment.



The WHS Committee also reviews our compliance requirements annually and completes an annual audit of its activities to ensure that all actions arising out of the Committee's activities have been completed.

Risk management

We take a pragmatic, risk-based approach to maintaining our WHS compliance framework and management practices. This is backed by our strong culture of incident notification and investigation, which includes reporting any hazards, accidents, incidents or 'near misses'.

To support this approach, we:

- › provide a work health and safety overview with our Health and Safety Representative to all new employees
- › provide ongoing training on safe workplace behaviour as part of our compliance program
- › provide regular training for first aid officers and fire wardens
- › ensure officers and key employees (including our WHS Committee) undertake additional training to increase awareness of legislative requirements and best practice.

International business travel

International business travel has been identified as a key risk. All employees travelling domestically and internationally are required to complete our certified traveller program.

We maintain a travel insurance policy to cover business travellers against various risks. This includes personal liability, sickness and injury,

medical expenses, and other miscellaneous losses.

Employees also have access to 24-hour medical and security assistance for emergency and non-emergency situations while travelling overseas.

Health and wellbeing

Employee physical and mental health is very important to us. We provide employees with access to:

- › An Employee Assistance Program with confidential counselling services
- › executive health checks for senior employees and frequent overseas travellers
- › annual health and wellbeing program offerings, including workshops and activities.

Health and safety initiatives and outcomes

We are committed to ensuring the health and safety of our employees and any other person in the workplace.

In 2021–22, we implemented the following measures to ensure health and safety in the workplace:

- › employees completed training modules on work health and safety as part of the annual compliance training program
- › employees completed training on travelling safely
- › we updated our Health and Safety Management Arrangements that set out our work health and safety management framework
- › we implemented corrective actions, as required, resulting from six workplace inspections, two accidents and two near misses reported by our employees.

We continue to review and update our processes and protocols to ensure health and safety risks arising from COVID-19 are effectively managed. Actions included:

- › a consultation with employees on vaccination status and managing the risks associated with COVID-19
- › a review of the COVID-19 risk assessment which considered risks associated with COVID-19 (physical, biological, psychosocial and psychological), and control measures to either minimise or eliminate risks
- › implementation of several measures to improve employee safety, including air-conditioning enhancements and re-stocking of face masks and hand sanitisers in the office.

Notifiable incidents and investigations

In 2021–22, we did not receive any notices and were not investigated for work health and safety matters. There were no 'notifiable incidents' under the WHS Act.

Other matters under the Joint Committee of Public Accounts and Audit guidelines

Under the WHS Act, we must report on other matters as required by guidelines approved on behalf of the Australian Parliament by the Joint Committee of Public Accounts and Audit (JCPAA). At the end of the reporting period, the JCPAA had not specified any additional requirements for us under this provision.

Corporate responsibility

We are committed to supporting Australian businesses to grow internationally in a way that is ethically, environmentally and socially responsible.

We achieve this through:



minimising the environmental footprint of our operations



engaging with stakeholders in ways that are relevant to their needs



striving for environmental and social responsibility through responsible lending and transactions



running an ethical business fairly, transparently and with integrity.

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires us to report on how our activities, and the administration of any legislation by us, during the reporting period accorded with the principles of ecologically sustainable development (ESD).

We also need to document the effect of our activities on the environment, identify measures taken to minimise the impact of our activities on the environment and identify any mechanisms for reviewing and increasing the effectiveness of those measures.

¹ Section 516A(6)(b) is not relevant to Export Finance Australia because it has no outcomes specified in an Appropriations Act relating to this reporting period.

Our transactions (excluding military equipment transactions)

The *Export Finance and Insurance Corporation Act 1991* required us to have regard to Australia's international obligations in performing our functions but did not expressly reference the principles of ESD or environmental matters. Our Statement of Expectations required us to ensure that there is appropriate compliance as applicable with the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (Common Approaches) and the Equator Principles. These help to ensure that projects are developed in a manner that is socially responsible and reflects sound environmental management practice. Export Finance Australia applied the principles that these frameworks embody to all of its transactions.

Our transactions accorded with the principles of ESD through our *Policy for Environmental and Social Review of Transactions* (E&S Policy) and our *Procedure for Environmental and Social Review of Transactions* (E&S Procedure). These are available on our website. We screened and, where relevant, classified all transactions to identify the appropriate type of environmental and social risk assessment. Where this identified potential for

environmental and social impacts, we assessed the project associated with the transaction, typically for compliance against the relevant International Finance Corporation Performance Standards on Environmental and Social Sustainability (IFC Performance Standards). See table 16 on page 85. Our policy required that transactions be declined where we determine that the environmental and/or social impact does not satisfy relevant benchmarks. Also, the contractual terms of our support for a transaction may also include conditions addressing environmental and social issues.

We are committed to transparency and accountability. We provided on our website details of our potential involvement in transactions associated with any project that had potential for significant adverse environmental and/or social impacts (Category A project) where the transaction has a repayment term or policy length of 2 years or more and has a value of Special Drawing Rights 10 million or more². We also maintained a register on our website of transactions that we supported with their environmental and social impact categorisation. For the reporting period you can refer to pages 104–119 (table of facilities).

We are required to regularly review our E&S Policy and E&S Procedure to ensure it is consistent with best practice

environmental and social standards, including the IFC Performance Standards, OECD Guidelines for Multinational Enterprises, Equator Principles and Common Approaches. Our E&S Policy was last reviewed in October 2021. We also periodically engage an independent expert to examine our application of the E&S Policy and E&S Procedure. This independent expert review was last done in October 2021, and a copy of the report can be found on our website.

Military equipment transactions

Military equipment export finance transactions fall within our *Policy for Export of Military Equipment and Dual-Use Goods*. This policy was last reviewed in October 2021. Our due diligence approach is set out in this policy, including in relation to specific environmental and social impacts, and incorporates heavy reliance on the approval processes and capabilities of the Australian Government's Defence Export Controls (DEC) in relation to these exports. Relevant to DEC assessments, Australia's Export Control Policy is based on five key criteria to assess the exportability of defence and strategic goods:

- ▶ international obligations
- ▶ human rights
- ▶ regional security
- ▶ national security
- ▶ foreign policy considerations.

² The monetary limit does not apply to projects in or near sensitive areas.

Our transaction process

We review each transaction to ensure it meets our principles of ecologically sustainable development. We categorise new projects as:

Category A

Transactions with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.

Category B

Transactions with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

Category C

Transactions with minimal or no adverse environmental or social impacts.

You can find out more about our transaction policies and procedures on our **website**.



Table 16: Environmental and social review summary

| | Category A | Category B | Category C | Existing project and non-project potential impact | |
|---------------------------------|---------------|---------------|---------------|---|----------------|
| | | | | Yes | No |
| 2021-22 | | | | | |
| All transactions* | 0 | 4 | 4 | 11 | 204 |
| Project finance | 0 | 2 | 0 | Not applicable | Not applicable |
| Project-related corporate loans | 0 | 2 | 0 | Not applicable | Not applicable |
| 2020-21 | | | | | |
| All transactions* | 1 | 6 | 7 | 1 | 169 |
| Project finance | 1 | 3 | 0 | Not applicable | Not applicable |
| Project-related corporate loans | 0 | 1 | 0 | Not applicable | Not applicable |

*Excludes transactions related to the export of military equipment and dual use goods.

Equator Principles

We are a signatory to the Equator Principles, a risk management framework for financial institutions to determine, assess and manage environmental and social risk in projects. The framework provides a minimum standard for due diligence and monitoring to support responsible risk decision making.

As a signatory, we are required to provide an annual report on project-related transactions that have reached financial close. We are actively involved with the Equator Principles Association (see Table 16 above).

Indemnities and insurance

We have provided certain indemnities, as permitted by law, to our officers, including our Board members and employees.

We also maintained and paid premiums for professional indemnity insurance and Directors' and Officers' liability insurance, including cover for certain legal costs. In total, we paid \$358,856 in premiums during 2021-22. This was paid over a 13-month period.

We did not pay out any amount in connection with Board member or employee indemnities during the year.

Financial statements audit

The Auditor-General provided his annual independent auditor's report on our financial statements. The report was unmodified. This is discussed in the financial statements section on pages 126-127 (auditor's report).

Our environmental footprint

One of our key priorities is to minimise our environmental footprint, including our energy and water use, solid waste generation and business travel.

Our head office occupies three floors of Export Finance House, 22 Pitt Street, Sydney. We lease the remaining floors to tenants on standard commercial terms. Our tenants include AIFFP and the government agencies NHFC and NAIF.



Table 17: Our environmental footprint

| Parameter | 2021–22 | 2020–21 | 2019–20 |
|---|---------|---------|---------|
| Energy use (megajoules/m2) | | | |
| Export Finance Australia occupancy ^a , electricity | 316 | 338 | 369 |
| Building services ^b , electricity | 328 | 347 | 371 |
| Building services ^b , gas | 74 | 38 | 61 |
| Water (sewage data not available) | | | |
| Water (kilolitres ^c) | 2,059 | 2,541 | 5,998 |
| Solid waste (tonnes) | | | |
| Co-mingle (recycled) | 0.2 | 0.3 | 0.3 |
| Cardboard (recycled) | 5.1 | 7.5 | 7.1 |
| Waste to landfill | 12.7 | 17.8 | 18.3 |
| Business travel by our employees | | | |
| Total domestic (million km) | 0.084 | 0.073 | 0.3 |
| Total international (million km) | 0.377 | 0 | 0.38 |

a This figure represents energy used on the floors we occupy, which includes other government agencies.

b Building services are common facilities for all floors of Export Finance House and include lighting to common areas, lifts, air conditioning and hot water. Energy use per square metre is the building average.

c This figure represents total usage by Export Finance House. It is not possible to separately identify water use by floor or tenancy.

Reducing energy usage

As at 30 June 2022, green energy sources accounted for 35 per cent of our electricity supply. Our building's 5-star energy rating and 4-star water rating under the National Australian Built Environment Rating System is currently under renewal.

Waste, electricity and water usage declined in Export Finance House in 2021–22, mostly due to employees working from home during the COVID-19 pandemic. We will continue to pursue methods to help minimise waste, electricity and water use, including using alternative energy sources.

Since 2014, we have sourced some of our electricity supply from green energy sources, including mini hydro, wind power, solar, biogas and biomass.

We continue to consider how to decrease waste generation and how to increase the proportion of waste we recycle.

Our employees flew 0.46 million kilometres during 2021–22. Employee travel continued to be limited by COVID-19 related travel restrictions during this period.

Directions from our Minister

During the year we had no incidences of non-compliance with Ministerial directions.

Section 9 of the EFIC Act

Section 9 of the EFIC Act permits our Minister to issue directions with respect to how we perform our functions or exercise our

powers. We complied with each of the section 9 directions referred to below during 2021–22.

| Date | Matter | Directing Export Finance Australia to: |
|-------------------|-------------------------|--|
| 9 June 2021 | Republic of Cuba (Cuba) | Exercise its powers and perform its functions in accordance with and give effect to the agreement between Cuba and the Group of Creditors to Cuba recorded in the Agreed Minutes of 10 June 2021. |
| 18 September 2020 | Republic of Cuba (Cuba) | Exercise its powers and perform its functions in accordance with and give effect to the agreement between Cuba and the Group of Creditors to Cuba. |
| 7 May 2020 | Paris Club Debt Relief | Provide debt relief in relation to the NIA loan to the Independent State of Papua New Guinea in accordance with the G20 Paris Club Agreement. |
| 21 November 2018 | AIFFP | Assist DFAT in establishing and administering the AIFFP and, upon its establishment, to assist the AIFFP in its financial arrangements and agreements. |
| 8 May 2018 | IECS | Assist the Department of the Prime Minister and Cabinet in establishing and managing the pilot Indigenous Entrepreneurs Capital Scheme (IECS). |
| 8 May 2018 | NHFIC | Assist Treasury in establishing and administering NHFIC and, upon its establishment, to assist NHFIC in its administration and operations. |
| 22 March 2016 | Republic of Cuba (Cuba) | Exercise its powers and perform its functions in accordance with and give effect to the agreement between Cuba and the Group of Creditors to Cuba recorded in the Agreed Minutes of 12 December 2015. |
| 15 February 2016 | Iran | Resume facilitating and encouraging Australian export trade to Iran. However, Export Finance Australia shall not provide services or functions in relation to a prohibited activity under the Autonomous Sanctions Regulations 2011 and the Charter of the United Nations (Sanctions-Iran) Regulations 2008. |
| 18 June 2014 | Uranium | <p>Not assist any transaction linked to uranium unless an acceptable proliferation risk assessment is obtained from DFAT and any foreign country relevant to the particular transaction:</p> <ul style="list-style-type: none"> › is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or have concluded a Nuclear Cooperation Agreement with Australia; and › has in force a safeguard agreement and an additional protocol on strengthened safeguards within the International Atomic Energy Agency. |

| Date | Matter | Directing Export Finance Australia to: |
|--------------|--|--|
| 19 July 2009 | Democratic People's Republic of Korea (DPRK) | Not accept an application from a person in respect of any transaction that relates to trade with, or investment in, the DPRK, or provide any insurance or financial services or products or in any other way assist or facilitate any trade with, or investment in, the DPRK. |
| 27 May 2009 | Zimbabwe | Not underwrite trade or investment in Zimbabwe that would be incompatible with the targeted autonomous sanctions implemented by the Australian Government. Any application must first be referred to and determined by DFAT and all decisions by Export Finance Australia must be determined by the Board. |
| 4 July 2007 | Funding | Implement certain accounting arrangements (to reflect certain income and expenses), and certain funding arrangements including in relation to benchmark rates for national interest account loans. The direction also covers arrangements for risks and losses associated with contracts and arrangements Export Finance Australia enters into in order to fund national interest account loans. |
| 4 July 2007 | Paris Club | Continuing participation as part of the Australian Government's negotiations in the Paris Club. The role includes finding payment solutions for debtor nations. |
| 4 July 2007 | Organisation for Economic Co-operation and Development (OECD) Arrangement on Officially Supported Export Credits (Arrangement) | Comply with Australia's obligations under the OECD Arrangement on Officially Supported Export Credits. |

Financial effect on our operations of each Ministerial direction issued under section 9

The recoverable costs associated with our support of other Commonwealth entities (NAIF*, AIFFP and NHFIC) are detailed on page 37.

The specific costs of compliance with our Minister's other section 9 directions are not easily quantifiable. This is because our compliance

systems, processes and people ensure we adhere to a range of legal and regulatory frameworks, not just Ministerial directions. Meaningful separation of transaction-related costs is also difficult to calculate as some costs may be recoverable from third parties.

**Support for NAIF is not provided through the mechanism of a Ministerial section 9 direction, but instead directly through section 7 of the EFIC Act.*

Section 26 of the EFIC Act

Section 26 of the EFIC Act permits our Minister to issue directions with respect to circumstances in which applications for finance

are, or are not, to be referred to our Minister. We complied with each of the section 26 directions referred to below during 2021–22.

| Matter | Directing Export Finance Australia to: |
|--|---|
| Equity Investments 11 November 2021 | Not refer to our Minister any applications for equity investment that are: <ul style="list-style-type: none"> › for a majority interest (50% or more). This includes the total Commonwealth interest if Export Finance Australia is providing financing alongside other Commonwealth entities; and/or › valued at under \$20 million, unless there is a compelling reason. |
| Defence Export Facility 28 September 2021 | Refer applications to our Minister up to a maximum amount of US\$3 billion over 10 years that relate to the provision of financial support for Australian defence exports (including dual use goods or services) intended for defence or national security-related end-user overseas, where: <ul style="list-style-type: none"> › Export Finance Australia has identified a private finance market gap; › Export Finance Australia is unable to finance all or part of the application on the CA; › any necessary Defence Export Control export permit or in-principle approval has already been obtained; › The Defence Export Office (or equivalent) has been consulted on alignment of the transaction with the Defence Export Strategy; and › due diligence for the application is conducted in the same manner as we would for a transaction on our own CA. |
| Critical Minerals Facility 28 September 2021 | Refer applications to our Minister up to a maximum amount of A\$2 billion over 10 years that relate to the provision of financial support for certain Australian critical minerals transactions (including related infrastructure), where: <ul style="list-style-type: none"> › Export Finance Australia has identified a private finance market gap; › Export Finance Australia is unable to finance all or part of the application on the CA; › The Critical Minerals Facilitation Office (or equivalent) has been consulted on alignment of the transaction with the Critical Minerals Strategy; and › Due diligence for the application is conducted in the same manner as we would for a transaction or project on our own CA. |
| COVID-19 Export Capital Facility 9 April 2020 | Refer applications to our Minister for financial accommodation of \$5 million or greater for any single eligible applicant pursuant to the direction's conditions. The 12-month COVID-19 Export Capital Facility (COVID-19 Facility) expired in April 2021. |
| AIFFP 3 April 2019 | Refer applications to our Minister – up to a maximum amount of \$1.5 billion in total – that relate to the provision of financial support: <ul style="list-style-type: none"> › for the financing of infrastructure required by Pacific island countries or Timor-Leste; › in accordance with Export Finance Australia's Statement of Expectations in force at the time; and › where Export Finance Australia is satisfied that private financiers ordinarily carrying on business in Australia are unable or unwilling to provide the financial support requested by the application. |

Section 27 of the EFIC Act

Section 27(4) of the EFIC Act permits our Minister to approve in writing loans made under section 23 of the EFIC Act if our Minister is satisfied that

it is in the national interest. In accordance with section 28(c) of the EFIC Act, each loan approval is subject to the final terms and conditions offered under the relevant loan being consistent with its summary term sheet.

We complied with each of the section 27 directions referred to below during 2021–22.

| Date | Matter | Directing Export Finance Australia to: |
|-----------------|----------------------------|--|
| 29 March 2022 | Critical Minerals Facility | Provide a loan of up to A\$1.25 billion to Iluka Rare Earths Pty Ltd that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 25 March 2022 | AIFFP | Provide a loan of up to US\$59.5 million to the Independent State of Papua New Guinea on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 25 March 2022 | AIFFP | Provide a loan of up to US\$53.12 million to the Independent State of Papua New Guinea on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 1 February 2022 | Critical Minerals Facility | Provide a loan of up to A\$185 million (or US dollar equivalent) to Ausmin Development Pty Ltd [Renascor] that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 1 February 2022 | Critical Minerals Facility | Provide a loan of up to US\$40 million to EcoGraf (Australia) Pty Ltd that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 7 December 2021 | AIFFP | Provide a loan of up to US\$430 million to the Independent State of Papua New Guinea on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 23 October 2021 | Digicel Pacific | Provide loans and other financial accommodation of up to, in aggregate, approximately US\$1.54 billion to Telstra PM Pty Ltd and Bidco (S) Pte. Ltd. Enter into contracts of insurance with any one or more of Telstra PM Pty Ltd, Telstra PM Holdings Pty Ltd, Telstra Corporation Limited (or its Australian wholly owned subsidiary) of up to US\$320 million (plus gross up). In each case, to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 25 June 2021 | AIFFP | Provide a loan of up to FJ\$10 million to Airports Fiji PTE Limited (AFL) on behalf of the AIFFP, that is to be managed in accordance with Export Finance Australia's normal commercial practices. Provide a guarantee of up to FJ\$96 million to Australia and New Zealand Banking Group Limited – Fiji Branch (ANZ Fiji) in respect of a loan provided by ANZ Fiji to AFL that is to be managed in accordance with Export Finance Australia's normal commercial practices. |

| Date | Matter | Directing Export Finance Australia to: |
|------------------|-------------------------|--|
| 13 December 2020 | AIFFP | Provide a loan of up to US\$1.75 million to the Belau Submarine Cable Corporation on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 13 December 2020 | AIFFP | Provide a loan of up to US\$7.56 million to the Belau Submarine Cable Corporation on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 13 December 2020 | AIFFP | Provide a loan of up to US\$18 million to Solar Pacific Pristine Power on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 2 November 2020 | COVID-19 Facility | Provide a loan of up to A\$30 million under the COVID-19 Facility to Intrepid Group Limited that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 18 August 2020 | COVID-19 Facility | Provide a loan of up to A\$6.5 million under the COVID-19 Facility to Imperium Tourism Holdings Pty Ltd that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 13 August 2020 | COVID-19 Facility | Provide a loan of up to A\$15 million under the COVID-19 Facility to Apollo Tourism & Leisure Ltd that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 31 July 2020 | AIFFP | Provide a loan of up to US\$10.6 million to the Solomon Islands Electricity Authority on behalf of the AIFFP that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 3 December 2018 | Defence Export Facility | Provide a loan of up to US\$80 million for the Government of Trinidad & Tobago (as borrower or as guarantor for a related entity borrower) that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 3 December 2018 | Defence Export Facility | Provide a loan of up to \$90 million to CEA Technologies Pty Ltd (and/or its wholly owned subsidiary) that is to be managed in accordance with Export Finance Australia's normal commercial practices. |
| 1 August 2011 | Defence Export Facility | Establish a facility on the NIA to provide financial support to Ferra Engineering Pty Ltd, Marand Precision Engineering Pty Ltd and Quickstep Pty Ltd in relation to the Joint Strike Fighter (JSF) program, pursuant to the direction's conditions. |

Section 29 of the EFIC Act

Section 29 of the EFIC Act permits our Minister to issue directions with specified transactions on the NIA.

We complied with each of the section 29 directions referred to below during 2021–22.

| Date | Matter | Directing Export Finance Australia to: |
|--------------|--|--|
| 9 April 2020 | COVID-19 Facility | <p>Provide financial accommodation of any amount under \$5 million to any single eligible applicant, and refer to our Minister applications for \$5 million or greater for any single eligible applicant, pursuant to the direction's conditions.</p> <p>The ability to provide financial accommodation under this direction expired in April 2021. We still manage some facilities provided under this direction in accordance with our normal processes.</p> |
| 4 July 2007 | NIA Guidelines Unsecured Advance Payment and Performance Bond Facility | Provide a proposed facility to provide indemnities or guarantees up to an aggregate of \$30 million in relation to contracts or proposed contracts. |

Section 31 of the EFIC Act

Section 31 of the EFIC Act permits our Minister to issue us directions to reduce or reschedule any of our actual or contingent liability made under Part 5 (national interest transactions) of the EFIC Act. For more information, please refer to the 'Financial matters' section on page 103.

Section 34 of the PGPA Act

Export Finance Australia has a Statement of Expectations issued by our Minister on 11 November 2021, which sets out the Australian Government's key priorities and objectives for Export Finance Australia, consistent with section 34 of the PGPA Act. This Statement of Expectations replaces the previous Statement of Expectations issued on 24 November 2020 and is available publicly on our [website](#).

Section 55 of the EFIC Act

Section 55(2) of the EFIC Act permits our Minister to issue directions regarding the payment of a dividend to the Commonwealth.

A dividend of \$5.7 million of the 2021–22 CA profit was paid based on a direction from our Minister.

At the date of publication, the dividend for the year ended 30 June 2022 had not been determined.

Section 61A of the EFIC Act

Section 61A of the EFIC Act permits our Minister to inform us in writing of the requirement to pay a debt neutrality charge.

During the year ended 30 June 2022, a direction dated 18 June 2015 required Export Finance Australia to pay a debt neutrality charge of 10 basis points on its

cost of borrowing. On 31 January 2020, our Minister advised us in writing that the debt neutrality charge is to no longer apply to new borrowings on the NIA. The charge now applies to new borrowings on the CA and all existing CA debt that is rolled over or refinanced. The amount payable is \$1.1 million.

Section 63A of the EFIC Act

Section 63A of the EFIC Act permits our Minister to issue directions regarding tax equivalent payments.

During the year ended 30 June 2022, a direction dated 18 June 2015 required Export Finance Australia to pay a tax equivalent payment comprising:

- › a payment in lieu of Commonwealth income tax at 30 per cent of accounting profits, and realised capital gains, with a capacity to carry forward any tax losses;
- › a payment in lieu of New South Wales (NSW) payroll tax levied on wages, allowances, variable remuneration, fringe benefits and superannuation, at rates and thresholds specified in the NSW Budget; and
- › a payment in lieu of NSW land tax, at rates and threshold specified in the NSW Budget.

The amount payable in lieu of Commonwealth income tax is \$5.5 million, the amount payable in lieu of NSW payroll tax is \$1.2 million and the amount payable in lieu of NSW land tax is \$0.5 million.

Sections 65(4), 65(10), 66(4), 66(10), 66A(6) and 66A(7) of the EFIC Act

The EFIC Act permits the Minister for Finance to issue directions regarding NIA and DIFF loan payments and administration fees. A direction was received from the Minister for Finance on 7 July 2022 under sections 65(4), 65(10), 66(4), 66(10), 66A(6) and 66A(7) of the EFIC Act.

A payment of \$23,875,492 of the 2021–22 CA profit was paid based on a direction from the Minister for Finance. The above payment includes a deduction of \$8,780,539 for administering NIA transactions for the 12-month period ending 30 April 2022.

Section 67(1) of the EFIC Act

The EFIC Act permits our Minister to determine the principles by which the Commonwealth will pay a subsidy to Export Finance Australia in respect of contracts entered into, guarantees given, or loans made by EFIC in relation to eligible export transactions or overseas infrastructure development.

On 23 October 2021, the Minister issued a determination to Export Finance Australia in relation to such subsidy principles to apply in certain circumstances.

Our risk management framework

We approach risk management in a way that helps us deliver on our strategy and achieve our objectives.

Risk management is a critical enabler of our overall corporate objective of being financially sustainable within our Board's agreed risk appetite.

We have developed an enterprise-wide risk management framework that identifies the key risks facing the organisation and the controls we have in place.

You can read more about our Risk Management Framework on our [website](#).

Our Risk Appetite Statement details our Board's risk appetite for each key enterprise risk we face. We have also developed a Risk Control Matrix that sets out each inherent risk we face and the controls we have in place to arrive at a residual risk rating. We regularly review the Risk Control Matrix to add new risks or identify changes to existing risks. We also assign Risk Owners responsibility for managing each risk. This approach builds a culture of risk awareness and ownership across our organisation.

Types of risks



Reputation risk

Strategic risk

Credit risk

Market risk

Operational risk



Risk management oversight

Risk related policies, tolerances and operational limits are set by our Board, with support and specific oversight by the Board Audit and Risk Committee.

All our transactions are reviewed by our Board or by management as delegated by our Board. Economic and political risks, market risks, capital management risks, compliance risks, credit risks, cyber risks and environmental and social risks are assessed by teams of experts.

Core principles

Our risk culture and risk management foundations include:

We operate a **'three lines of defence'** model for managing risk.

1

Business functions take responsibility for risks within their own operations.

2

An internal, but independent, Risk and Compliance function reviews and improves our risk management controls.

3

Audits and reviews by our internal auditors provide detailed reports on improving our risk management approach. The Australian National Audit Office (ANAO) and its appointed agent also review our financial statements independently.

- › a continual focus on uplifting risk management processes, including promoting the use of data-driven decision making
- › strategies to recruit, develop and retain employees who have the required specialist skills to support the delivery of our mandate
- › documented control processes, including management reporting, supported by Board oversight and independent review
- › detailed policies and procedures supported by systems and processes
- › clear lines of responsibility and accountability for achieving set outcomes
- › an employee performance system that requires robust risk management behaviours
- › a culture of consultation and speaking up about potential issues
- › an open and transparent risk culture that seeks to anticipate, avoid and mitigate risks and seeks to always learn and improve.

Roles and responsibilities

Our Board is responsible for setting the organisation's risk strategy, including our risk appetite and tolerances.

Our Board Audit and Risk Committee oversees all aspects of risk management and internal control. This includes reviewing our compliance activity, financial reporting and performance reporting, our audit program and the adequacy of our accounting policies and procedures.

Our Executive and senior management teams, led by our Managing Director & CEO, implement our Board's risk strategy. This involves developing policies, processes, procedures and controls to identify and manage risks across all our areas of activity.

Our Board also engages an independent internal auditor to review our risk management and internal controls. This service provider, currently EY, reports to our Board via our Board Audit and Risk Committee and the Executive team. It enjoys full access to our employees and company data when conducting these reviews.

The ANAO and its appointed agent, currently KPMG, perform an independent review of our financial statements.

Role of committees

Our internal committees support our risk management processes and demonstrate individual accountability by the relevant Executive team members:



Executive Committee

- › Examines all aspects of the business
- › Chaired by the Managing Director & CEO



Risk and Compliance Committee

- › Reviews, monitors and improves our management of risk and compliance
- › Chaired by the Chief Risk Officer



WHS Committee

- › Examines workplace risks and reports any hazards or safety problems that may cause harm or injury to employees, contractors or visitors
- › Chaired by the Chief Risk Officer



Credit Committee

- › Examines large potential transactions
- › Chaired by the Chief Credit Officer



Treasury Risk Review Committee

- › Examines Treasury activities, limits, noteworthy transactions and current issues
- › Chaired by the Treasurer



Business Continuity Planning Steering Committee

- › Coordinates business continuity planning and crisis management
- › Chaired by the Chief Risk Officer

Capital management

Our approach to capital management is based on assessing the level of and appetite for risk and ensuring that the level and quality of capital is appropriate to that risk profile.

Prudent practice requires that capital management be forward looking and to consider changes in strategy, business plans and the operating environment as well as changes in the type, amount and concentration of risk that might affect the capital resources available.

Capital also supports our operations by providing a buffer to absorb unanticipated losses from our normal business activities.

In the event that cash capital is insufficient, our Board, in consultation with the Government, may call up additional cash capital to a prescribed amount. Our organisation is also supported by a Commonwealth guarantee that protects third parties from any financial loss, in the event we cannot meet our obligations. This guarantee has never been called.

Our Board is required to ensure that our capital and reserves, at any time, are sufficient, according to sound commercial principles. We are required to maintain sufficient capital and reserves to meet our likely liabilities and provide for the possibility of loan defaults

We base our prudential approach on standards set by the Australian Prudential Regulation Authority (APRA) and the Bank for International Settlements through the Basel Committee on Banking Supervision (Basel Committee).

Our Board treats the capital as equivalent to the regulatory capital under APRA guidelines and uses this as the basis for setting risk tolerances regarding large exposures. When making this assessment, our Board is required to include as equity the \$1.2 billion of callable capital available from the Commonwealth.

Our callable capital is an amount specified in the EFIC Act that the Government will make available to us if we (for whatever reason) are unable to meet our expected losses or liabilities. It is a requirement under the EFIC Act that in calculating our total capital, amounts specified as callable capital are included in that capital calculation. Our maximum liability is set at \$6.5 billion for our activities on the CA. This cap is set by *Export Finance and Insurance Corporation Regulations 2018*.

The requirement to hold sufficient capital and reserves only relates to our CA activities. We hold no capital against our NIA exposures, as the risks are borne by the Commonwealth. For more information on our capital adequacy, see Note 20 under the 'Financial Statements' section on page 176.

Large exposures

We model our large exposure policy on APRA guidelines. We limit large exposures to 25 per cent of eligible capital for exposures graded Export Finance Australia Rating System (ERS) 1 (AAA/AA- or Aaa/Aa3) or ERS 2 (A+/A- or A1/A3). We have adopted a more conservative target of 15 per cent for risks graded ERS 3 (BBB+/BBB- or Baa1/Baa3) or worse within the general limit of 25 per cent.

As an exception to this policy, the Board has approved an increase in exposure limits from a maximum of 25 per cent to 30 per cent of capital applying to risk transfer partners that are ERS 1 Government backed ECAs. The maximum exposure limit applying to other risk transfer partners rated ERS 1 or 2 is 20 per cent of capital.

For treasury counterparties, maximum exposure to AAA to AA- Sovereigns and Financials is limited to 25 per cent of capital, except for 37.5 per cent of capital for the major Australian banks.

Under current delegations, our Board must approve all transactions that involve commitments over \$50 million.

Allowances for risk

Allowance for credit risk and expected credit loss

While it is never possible to know the losses a financial institution will suffer in a particular year in advance, we can forecast the average level of credit losses we would reasonably expect to experience. The APRA guidelines refer to such losses as expected losses.

Our approach is to take credit risk into account in the fair value calculation of all credit exposures, both on and off the balance sheet. We assess this considering the expected losses over the life of facilities. Our current model considers the magnitude and nature of the exposures, their risk grading, the type of exposure and the maturity of the risk.

To ensure consistency, we periodically review our methodology and results against independent market sources.

When it is likely that a loan or debt will not be recovered in full due to a specific event, we do not use the model and instead determine an appropriate amount to set aside for expected loss.

The allowance for credit risk also provides for possible loan defaults and potential claims in relation to off-balance-sheet facilities, such as export finance guarantees.

Allowance for derivative risk

It is standard practice within financial markets to measure the credit risk and valuation risk component of all derivative transactions. The credit risk component factors in the counterparty risk rating, the maturity date and the terms of any collateral lodged under a credit support annex arrangement. The valuation risk component recognises that different counterparties may value the same transaction differently because of the sophistication of the models they use.

Each year, we consult our external auditors to ensure our methodology is appropriate for recognising credit and valuation risk in our derivatives portfolio.

Residual margin

When we value our loans and guarantees on a fair-value basis, we use a discounted cash flow methodology to calculate a valuation on day one for that particular transaction. The difference between the cash flow on day one and the net present value of the income stream (including an allowance for credit risk adjustment on that transaction) is termed 'residual margin'. This includes other risk factors such as servicing costs and prepayment risk. When these factors are included in the valuation, the day one profit equates to zero. The residual margin is then recognised over the life of the transaction.

Loans at amortised cost

Transactions that are recorded at amortised cost are floating-rate loans and short-term loans. These transactions are match funded and therefore no derivative is required. As such the amortised value approximates their fair value.

Loans measured at amortised cost are evaluated for impairment using an expected credit loss model.

Handling currency exposure

Our loans and rescheduled debts are mostly denominated in foreign currencies. As at 30 June 2022, 69 per cent of our loans were denominated in US dollars and 6 per cent were in euros. We convert income and expenses to Australian dollars when we receive or pay them.

Any currency exposure is subject to a Board-approved limit. To protect our assets and liabilities, we borrow in the same currency as our assets. Alternatively, we borrow in another currency and use cross-currency swaps and other foreign exchange instruments to manage currency risks.

We also use interest rate swaps and forward rate agreements to substantially match the interest rate profiles of our liabilities with those of our loans.

Foreign exchange rates do affect our fair value calculations, including the allowance for credit risk on the CA. This is because we do not hedge future income and expenses that are expected to be received and paid in foreign currencies.

Our activities



“ With current projects in the Marshall Islands, Solomon Islands, Vanuatu, PNG, Kiribati and Tuvalu, the support provided by Export Finance Australia has assisted Reeves and CCB Envico to support the initiatives of the Australian Government’s Pacific Step-up and to participate in World Bank, Asian Development Bank and New Zealand Government infrastructure projects. ”

Simon Gorman
Managing Director,
CCB Envico and Reeves International



Activities

The core function of our Treasury team is to prudently raise funding at competitive rates. Treasury also manages the investment of our capital and reserves, as well as our other investment and liquidity portfolios.

These activities are conducted within a control framework approved by our Board and compliant with the EFIC Act, the PGPA Act and associated approvals required by the Government.

Our Treasury operates according to the following principles:

- › we aim to minimise the cost of funding our loan assets for the CA and the NIA
- › we seek to maximise the return on our investments, including funds that represent our equity, cash reserves and working capital
- › in transacting on wholesale markets, we manage credit risk within Board and management-approved limits and do not trade speculatively
- › we use derivative products to minimise currency and interest rate risks.

See Note 18 of the 'Financial Statements' section on pages 153–170 for further details about our financial exposure.

Borrowings

We borrow money to fund our activities on either the CA or the NIA.

We also need funding capacity to cover possible borrower defaults on our contingent liabilities, such as when banks call in our export finance guarantees.

We maintain a diversified funding capability with spare capacity. This ensures we have the strength and flexibility to accommodate financial market disruptions and allows us to pursue a range of pricing and risk management strategies.

The main borrowing instruments we currently use are medium-term notes issued in the capital markets and Euro Commercial Paper (ECP). We are authorised to raise funds from our approved commercial paper borrowing facility in advance of our loan funding needs. Our funding activity in 2021–22 comprised issuing ECP and medium-term notes.

We were generally able to borrow US dollars at margins below the benchmark London Inter-bank Offered Rate (LIBOR).

Investments and liquidity

The investment approval issued by the Finance Minister under the PGPA Act requires our Treasury investments to be in entities rated AA– or better, or authorised deposit-taking institutions (ADIs) rated BBB– or better.

As at 30 June 2022, the face value of our investment and liquidity holdings on the CA was \$1.5 billion, comprising cash, bank deposits and investment securities. Of this amount:

- › \$499 million represented cash capital and reserves
- › the remaining \$1.0 billion represented liquidity being held to fund future loan drawdowns, maintain a minimum market presence, reduce collateral posting risk or refinance borrowings.

Financial matters

Rescheduling and debt forgiveness

We have rescheduled debts owed by the Indonesian, Cuban and Iraqi governments as a result of Paris Club agreements. The Paris Club is an international group of government creditors charged with finding coordinated and sustainable solutions to debtor nations' payment difficulties.

Iraq

Between 1987 and 1992, we paid credit insurance claims, mostly from the NIA, regarding non-payment by the Iraqi Government for exports from Australia.

These credit insurance claims were expensed as paid. The prevailing situation in Iraq following the claim payments prevented us and the Australian Government from pursuing the recovery of this money. After the passage of United Nations Security Council Resolution 1546 and transfer of full sovereignty to the interim Iraqi Government, the Paris Club restructured the country's external debt.

The Paris Club agreed to provide Iraq with 80 per cent debt forgiveness in three stages. In May 2006, we signed a bilateral agreement with Iraq that triggered 60 per cent forgiveness under stages one and two of the debt relief package. The third and final 20 per cent stage of debt forgiveness was made in accordance with the last International Monetary Fund

(IMF) Board review of Iraq's three-year IMF Program, in December 2008.

The remaining principal debt is to be repaid over 17 years until January 2028.

The rescheduled debt balance at 30 June 2022 is US\$74.7 million on the NIA and US\$0.3 million on the CA. As at 30 June 2022, all rescheduled amounts have been paid on time as per the rescheduling agreements.

Cuba

As at 30 June 2022, our rescheduled loans to Cuba were valued at \$8.9 million.

In the mid-1980s, we issued four NIA loans to Banco Nacional de Cuba to support the sale of sugar cultivation and harvesting equipment. In December 2015, the Paris Club's 'Group of Creditors of Cuba', which included Australia, agreed with Havana on terms to reschedule Cuba's outstanding debt.

As a result of the COVID-19 pandemic, Cuba requested the deferral of payments under the 2015 Paris Club Agreement. In June 2021, the 'Group of Creditors of Cuba' at the Paris Club agreed to defer principal and interest payments due in 2020, 2021 and 2022, together with interest payments due in 2023 and 2024.

The loans have had a 100 per cent provision in place since the payments ceased and this is maintained at 30 June 2022.

Dividends

Section 55 of the EFIC Act requires our Board to recommend in writing to our Minister that we pay a specified dividend, or not pay a dividend, to the Commonwealth for that financial year.

Our Minister then either approves the recommendation or directs that we pay a different dividend.

We paid a dividend of \$5.7 million in the financial year, based on a recommendation from our Board.

At the date of publication, the dividend for the year ended 30 June 2022 had not been determined.

Table of facilities

Table 18: Table of facilities

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (A\$ million equivalent) | Environmental/ social impact category (a) |
|---|-----------------|--|--|--------------------------|---------|---------------------------------|---|
| Active Apparel Group Pty Ltd | Manufacturing | Synthetic Textile Manufacturing | Canada, China, Germany, Hong Kong, Italy, Japan, Mexico, New Zealand, Singapore, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC-R | \$6.95 | Low Potential - note 1 |
| ADB - Asia Commercial Joint Stock Bank | Wholesale Trade | Other Agricultural Product Wholesaling | Vietnam | | RPA | \$0.49 | Low Potential - note 2 |
| ADB - Asia Commercial Joint Stock Bank | Wholesale Trade | Other Agricultural Product Wholesaling | Vietnam | | RPA | \$0.24 | Low Potential - note 2 |
| ADB - Military Commercial Joint Stock Bank | Wholesale Trade | Other Agricultural Product Wholesaling | Vietnam | | RPA | \$2.08 | Low Potential - note 2 |
| ADB - National Bank of Pakistan | Wholesale Trade | Wool Wholesaling | Pakistan | | RPA | \$0.11 | Low Potential - note 2 |
| ADB - Vietnam International Commercial Joint Stock Bank (VIB) | Wholesale Trade | Metal and Mineral Wholesaling | Vietnam | | RPA | \$3.42 | Low Potential - note 2 |
| ADB - Vietnam International Commercial Joint Stock Bank (VIB) | Wholesale Trade | Metal and Mineral Wholesaling | Vietnam | | RPA | \$3.33 | Low Potential - note 2 |
| ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank) | Wholesale Trade | Other Agricultural Product Wholesaling | Vietnam | | RPA | \$0.76 | Low Potential - note 2 |
| ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank) | Wholesale Trade | Other Agricultural Product Wholesaling | Vietnam | | RPA | \$0.08 | Low Potential - note 2 |
| ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank) | Wholesale Trade | Other Agricultural Product Wholesaling | Vietnam | | RPA | \$0.19 | Low Potential - note 2 |
| ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank) | Wholesale Trade | Other Agricultural Product Wholesaling | Vietnam | | RPA | \$1.05 | Low Potential - note 2 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (\$ million equivalent) | Environmental/ social impact category (a) |
|--|--|---|---|--------------------------|----------|--------------------------------|---|
| ADB - Vietnam Technological and Commercial Joint Stock Bank (Techcombank) | Wholesale Trade | Metal and Mineral Wholesaling | Vietnam | | RPA | \$6.66 | Low Potential - note 2 |
| Advanced Navigation Pty Ltd | Manufacturing | Other Electronic Equipment Manufacturing | Australia | | ECL | \$3.35 | ME |
| Agricomm Trading Australia Pty Ltd | Wholesale Trade | Meat, Poultry and Smallgoods Wholesaling | Indonesia | | EWCG-R | \$8.00 | Low Potential - note 1 |
| Air Affairs (Australia) Pty Ltd | Manufacturing | Other Machinery and Equipment Manufacturing n.e.c. | Korea (Republic of) | | Bond - P | \$0.03 | ME |
| Air Affairs (Australia) Pty Ltd | Manufacturing | Other Machinery and Equipment Manufacturing n.e.c. | Korea (Republic of) | | Bond - P | \$0.30 | ME |
| Allied Metal Recyclers Pty Ltd | Wholesale Trade | Metal and Mineral Wholesaling | Australia | Y | EWCG-R | \$0.70 | Low Potential - note 1 |
| Alltype Engineering Pty Ltd | Mining | Other Fabricated Metal Product Manufacturing n.e.c. | Australia | Y | Bond - P | \$1.23 | Low Potential - note 1 |
| Alltype Engineering Pty Ltd | Mining | Other Fabricated Metal Product Manufacturing n.e.c. | Australia | Y | Bond - W | \$1.23 | Low Potential - note 1 |
| Alltype Engineering Pty Ltd | Manufacturing | Other Non-Metallic Mineral Mining and Quarrying | Australia | Y | Bond - P | \$0.28 | Low Potential - note 1 |
| Alltype Engineering Pty Ltd | Manufacturing | Other Non-Metallic Mineral Mining and Quarrying | Australia | Y | Bond - W | \$0.28 | Low Potential - note 1 |
| Altus Renewables Limited | Electricity, Gas, Water and Waste Services | Other Wood Product Manufacturing n.e.c. | Japan | | ELOC-R | \$5.00 | Low Potential - note 1 |
| APC Equipment Hire Pty Ltd in its own capacity and as trustee for the G Martino Family Trust | Mining | Non-Residential Building Construction | Australia | Y | ECL | \$5.00 | Low Potential - note 1 |
| Archies Footwear Pty Ltd | Retail Trade | Non-Store Retailing | Canada, Korea (Republic of), Netherlands, New Zealand, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC | \$1.50 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.09 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.22 | Low Potential - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (AS million equivalent) | Environmental/social impact category (a) |
|---|---|---|---|--------------------------|----------|--------------------------------|--|
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.22 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.09 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.19 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.19 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.81 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.11 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.11 | Low Potential - note 1 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.08 | Low Potential - note 3 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.08 | Low Potential - note 3 |
| Atlantic (Aust) Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.09 | Low Potential - note 3 |
| Australian Conveyor Company Pty Ltd | Manufacturing | Grain Mill Product Manufacturing | Argentina | | SBEL | \$0.35 | Low Potential - note 3 |
| Australian Mustard Oil Pty Ltd | Manufacturing | Oil and Fat Manufacturing | Fiji, Germany, India, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America | | ECL | \$0.60 | Low Potential - note 1 |
| Australian Wine Entrepreneurs (AWE) Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | United States of America | | SBEL | \$0.20 | Low Potential - note 3 |
| Bia5 Pty Ltd | Mining | Other Specialised Machinery and Equipment Manufacturing | Australia | Y | ECL | \$0.10 | Low Potential - note 1 |
| Bia5 Pty Ltd | Mining | Other Specialised Machinery and Equipment Manufacturing | Australia | Y | ELOC | \$0.25 | Low Potential - note 1 |
| Birddog Australia Pty Ltd | Manufacturing | Other Electronic Equipment Manufacturing | United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC-R | \$6.15 | Low Potential - note 1 |
| Broadsource Group Pty Ltd | Professional, Scientific and Technical Services | Computer System Design and Related Services | United States of America | | ECL | \$0.45 | Low Potential - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (\$ million equivalent) | Environmental/ social impact category (a) |
|--|---|--|--|--------------------------|-------------|--------------------------------|---|
| Bycroft Consulting Pty Ltd in its own capacity and as trustee for the Bycroft Family Trust | Administrative and Support Services | Office Administrative Services | India | | SBEL | \$0.13 | Low Potential - note 3 |
| Carbon Revolution Limited | Manufacturing | Other Motor Vehicle Parts Manufacturing | Canada, Italy, Spain, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC | \$8.00 | Low Potential - note 1 |
| CCB Envico Pty Ltd | Electricity, Gas, Water and Waste Services | Waste Treatment and Disposal Services | Kiribati, Papua New Guinea, Solomon Islands | | ELOC-R | \$4.00 | Low Potential - note 1 |
| CCB Envico Pty Ltd | Electricity, Gas, Water and Waste Services | Waste Treatment and Disposal Services | Kiribati, Marshall Islands, Papua New Guinea, Solomon Islands | | Bond Line-R | \$7.00 | Low Potential - note 1 |
| Cement & Aggregate Consulting (Aust) Pty Ltd | Professional, Scientific and Technical Services | Other Professional, Scientific and Technical Services n.e.c. | New Zealand | | SBEL | \$0.19 | Low Potential - note 3 |
| Codan Limited | Manufacturing | Communication Equipment Manufacturing | Uganda | | DCG | \$0.94 | ME |
| Continental Platter Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | New Zealand, United Kingdom of Great Britain and Northern Ireland | | SBEL | \$0.12 | Low Potential - note 3 |
| Crestnut Products Wholesale Trade Pty Ltd | | Other Grocery Wholesaling | China, Hong Kong | | ECL | \$1.50 | Low Potential - note 1 |
| Dakee Australia Pty Ltd ATF Dakee Australia Unit Trust | Manufacturing | Other Manufacturing n.e.c. | United States of America | | ECL | \$0.50 | Category C |
| Dakee Australia Pty Ltd ATF Dakee Australia Unit Trust | Manufacturing | Other Manufacturing n.e.c. | United States of America | | ELOC | \$1.00 | Low Potential - note 1 |
| DrillCube Pty Ltd | Wholesale Trade | Other Specialised Machinery and Equipment Manufacturing | Papua New Guinea | | ELOC-R | \$0.25 | Category C |
| DrillCube Pty Ltd | Wholesale Trade | Other Specialised Machinery and Equipment Manufacturing | Papua New Guinea | | ELOC-R | \$0.71 | Category C |
| Earth Systems Consulting Pty Ltd | Professional, Scientific and Technical Services | Other Professional, Scientific and Technical Services n.e.c. | Sweden | | Bond - AP | \$0.38 | Low Potential - note 1 |
| Easy Signs Pty Ltd | Manufacturing | Printing | United States of America | | ECL | \$2.50 | Low Potential - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (AS million equivalent) | Environmental/social impact category (a) |
|--|---|---|---|--------------------------|-----------|--------------------------------|--|
| EDK Enterprises Pty Ltd as trustee for Kims Property Trust Two | Retail Trade | Other Store-Based Retailing n.e.c. | Czech Republic, Germany, Italy, Poland, Spain, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC | \$0.10 | Low Potential - note 1 |
| EDK Enterprises Pty Ltd as trustee for Kims Property Trust Two | Retail Trade | Other Store-Based Retailing n.e.c. | Czech Republic, Germany, Italy, Poland, Spain, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC-R | \$0.25 | Low Potential - note 1 |
| Ennio Pty Ltd | Manufacturing | Other Food Product Manufacturing n.e.c. | United States of America | | ELOC-R | \$1.65 | Low Potential - note 1 |
| Ennio Pty Ltd | Manufacturing | Other Food Product Manufacturing n.e.c. | United States of America | | ELOC | \$0.35 | Low Potential - note 1 |
| Ennio Pty Ltd | Manufacturing | Other Food Product Manufacturing n.e.c. | Slovakia, United States of America | | ELOC-R | \$2.00 | Low Potential - note 1 |
| Ennio Pty Ltd | Manufacturing | Other Food Product Manufacturing n.e.c. | Slovakia, United States of America | | ECL | \$0.35 | Low Potential - note 1 |
| Environmental Technology Solutions Pty Ltd | Manufacturing | Other Specialised Machinery and Equipment Manufacturing | New Zealand | | ECL | \$0.50 | Low Potential - note 1 |
| ESS Weathertech Pty Ltd | Other Services | Other Specialised Machinery and Equipment Manufacturing | Hong Kong, India, Morocco, Nepal, Panama, Philippines, Tanzania, United Republic of, United States of America, Uruguay | | ELOC-R | \$12.93 | Low Potential - note 1 |
| FCT Holdings Pty Ltd | Professional, Scientific and Technical Services | Engineering Design and Engineering Consulting Services | Brazil | | Bond Line | \$4.20 | Low Potential - note 1 |
| FFF Australia Pty Ltd | Wholesale Trade | Other Machinery and Equipment Wholesaling n.e.c. | Australia | Y | ELOC-R | \$1.25 | Low Potential - note 1 |
| FFF Australia Pty Ltd | Wholesale Trade | Other Machinery and Equipment Wholesaling n.e.c. | Australia | Y | Bond - P | \$0.08 | Low Potential - note 1 |
| FFF Australia Pty Ltd | Wholesale Trade | Other Machinery and Equipment Wholesaling n.e.c. | Australia | Y | Bond - P | \$0.06 | Low Potential - note 1 |
| FFF Australia Pty Ltd | Wholesale Trade | Other Machinery and Equipment Wholesaling n.e.c. | Australia | Y | Bond - W | \$0.06 | Low Potential - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (AS million equivalent) | Environmental/ social impact category (a) |
|---|--|--|---|--------------------------|-----------|--------------------------------|---|
| Field Day Wine Co | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | Canada | | SBEL | \$0.10 | Low Potential - note 3 |
| Fliteboard Pty Limited | Manufacturing | Toy, Sporting and Recreational Product Manufacturing | Czech Republic, France, Italy, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC-R | \$0.50 | Low Potential - note 1 |
| FNE Communications Pty Ltd | Information Media and Telecommunications | Wired Telecommunications Network Operation | Fiji | | ECL | \$0.40 | Low Potential - note 1 |
| Fox Farming Pty Ltd as trustee for Fox Family Trust | Agriculture, Forestry and Fishing | Other Crop Growing n.e.c. | Indonesia | | SBEL | \$0.08 | Low Potential - note 3 |
| Fox Farming Pty Ltd as trustee for Fox Family Trust | Agriculture, Forestry and Fishing | Other Crop Growing n.e.c. | Indonesia | | SBEL | \$0.05 | Low Potential - note 3 |
| GCMarine Pty Ltd | Manufacturing | Other Fabricated Metal Product Manufacturing n.e.c. | Fiji | | ECL | \$0.80 | Low Potential - note 1 |
| GK Gluten Free Foods Pty Ltd | Manufacturing | Cereal, Pasta and Baking Mix Manufacturing | New Zealand | | SBEL | \$0.03 | Low Potential - note 3 |
| Global Hospitality Group (Aust) Pty Ltd | Accommodation and Food Services | Catering Services | United Arab Emirates | | ECL | \$3.41 | Low Potential - note 1 |
| GMH Trading Pty Ltd | Wholesale Trade | Other Grocery Wholesaling | China | | ELOC | \$1.50 | Low Potential - note 1 |
| Gold Star International Pty Ltd | Wholesale Trade | Other Agricultural Product Wholesaling | Bangladesh, India, Pakistan, Singapore, United Arab Emirates | | ELOC-R | \$0.45 | Low Potential - note 1 |
| Golden Fibre Australia Pty Ltd | Wholesale Trade | General Line Grocery Wholesaling | Bangladesh | | SBEL | \$0.13 | Low Potential - note 3 |
| Grape Expectations Vintners Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | United States of America | | EWCG | \$1.00 | Low Potential - note 1 |
| Grounded Construction Group Pty Ltd | Mining | Non-Residential Building Construction | Australia | Y | Bond Line | \$2.00 | Low Potential - note 1 |
| Haidnay Pty Ltd in its own capacity and as trustee for the Kelly Family Trust | Manufacturing | Agricultural Machinery and Equipment Manufacturing | United States of America | | ECL | \$3.00 | Low Potential - note 1 |
| Hall Contracting Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$2.90 | Low Potential - note 1 |
| Hall Contracting Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - AP | \$3.12 | Low Potential - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - AP | \$0.93 | Potential Impacts - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (AS million equivalent) | Environmental/ social impact category (a) |
|--------------------------------|---|---|---|--------------------------|-----------|--------------------------------|---|
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - P | \$1.69 | Potential Impacts - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - AP | \$0.93 | Potential Impacts - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - AP | \$0.93 | Potential Impacts - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - P | \$1.69 | Potential Impacts - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - AP | \$0.93 | Potential Impacts - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - AP | \$0.93 | Potential Impacts - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - AP | \$0.93 | Potential Impacts - note 1 |
| Hall Contracting Pty Ltd | Construction | Other Heavy and Civil Engineering Construction | Tuvalu | | Bond - AP | \$0.93 | Potential Impacts - note 1 |
| Harvest Box Pty Ltd | Manufacturing | Other Food Product Manufacturing n.e.c. | China | | ELOC | \$0.50 | Low Potential - note 1 |
| Honan Holdings Pty Ltd | Manufacturing | Grain Mill Product Manufacturing | China, Indonesia, Japan, Malaysia, Philippines, United States of America, Vietnam | | EFG | \$50.00 | Low Potential - note 1 |
| Hully Pty Ltd | Mining | Road and Bridge Construction | Australia | Y | Bond - AP | \$1.78 | Low Potential - note 1 |
| Hully Pty Ltd | Mining | Road and Bridge Construction | Australia | Y | Bond - AP | \$1.78 | Low Potential - note 1 |
| Hydi Pty Ltd | Manufacturing | Other Specialised Machinery and Equipment Manufacturing | United Kingdom of Great Britain and Northern Ireland | | SBEL | \$0.17 | Low Potential - note 3 |
| Incitias Pty Ltd | Professional, Scientific and Technical Services | Engineering Design and Engineering Consulting Services | United Arab Emirates | | Bond - AP | \$0.25 | Low Potential - note 1 |
| Incitias Pty Ltd | Professional, Scientific and Technical Services | Engineering Design and Engineering Consulting Services | United Arab Emirates | | Bond - AP | \$0.44 | Low Potential - note 1 |
| Incitias Pty Ltd | Professional, Scientific and Technical Services | Engineering Design and Engineering Consulting Services | United Arab Emirates | | Bond - AP | \$0.05 | Low Potential - note 1 |
| Incitias Pty Ltd | Professional, Scientific and Technical Services | Engineering Design and Engineering Consulting Services | United Arab Emirates | | Bond - AP | \$0.03 | Low Potential - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (\$ million equivalent) | Environmental/ social impact category (a) |
|-----------------------------------|-----------------------------------|--|---|--------------------------|---------|--------------------------------|---|
| IND Technology Pty Ltd | Manufacturing | Other Machinery and Equipment Manufacturing n.e.c. | United States of America | | ELOC | \$0.50 | Low Potential - note 1 |
| JSW Australia Pty Ltd | Mining | Other Mining Support Services | Australia | Y | ECL | \$2.50 | Low Potential - note 1 |
| Kavinci Motors Pty Ltd | Manufacturing | Boatbuilding and Repair Services | Canada, United States of America | | ELOC | \$0.50 | Low Potential - note 1 |
| KickAss Products Pty Ltd | Wholesale Trade | Other Goods Wholesaling n.e.c. | United States of America | | ELOC | \$0.56 | Low Potential - note 1 |
| Knog Pty. Ltd. | Wholesale Trade | Toy and Sporting Goods Wholesaling | Belgium, Germany, Japan, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC | \$0.33 | Low Potential - note 1 |
| Knog Pty. Ltd. | Wholesale Trade | Toy and Sporting Goods Wholesaling | Belgium, Germany, Japan, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC-R | \$0.66 | Low Potential - note 1 |
| Konpira Maru Wine Company Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | United Kingdom of Great Britain and Northern Ireland, United States of America | | SBEL | \$0.08 | Low Potential - note 3 |
| Le Bent Pty Ltd | Manufacturing | Clothing Manufacturing | United States of America | | ECL | \$0.40 | Low Potential - note 1 |
| Lee Mathews Australia Pty Limited | Wholesale Trade | Clothing and Footwear Wholesaling | China, Cyprus, Germany, Hong Kong, Indonesia, Japan, Korea (Republic of), Mexico, Saudi Arabia, Taiwan, Ukraine, United Kingdom of Great Britain and Northern Ireland | | ELOC | \$0.50 | Low Potential - note 1 |
| Lee Mathews Australia Pty Limited | Wholesale Trade | Clothing and Footwear Wholesaling | China, Cyprus, Germany, Hong Kong, Indonesia, Japan, Korea (Republic of), Mexico, Saudi Arabia, Taiwan, United Arab Emirates | | ELOC-R | \$0.50 | Low Potential - note 1 |
| Ludwig Medical Services Pty. Ltd. | Health Care and Social Assistance | Other Health Care Services n.e.c. | Austria, Czech Republic, New Zealand, United Kingdom of Great Britain and Northern Ireland, United States of America | | SBEL | \$0.35 | Low Potential - note 3 |
| Lumira Co Pty Ltd | Wholesale Trade | Pharmaceutical and Toiletry Goods Wholesaling | Hong Kong, United States of America | | SBEL | \$0.24 | Low Potential - note 3 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (AS million equivalent) | Environmental/social impact category (a) |
|-----------------------------------|-----------------|---|---|--------------------------|----------|--------------------------------|--|
| MAD Design Australia Pty Ltd | Manufacturing | Other Manufacturing n.e.c. | United States of America | | ELOC | \$1.39 | Low Potential - note 1 |
| Manukamade Pty Ltd | Retail Trade | Pharmaceutical, Cosmetic and Toiletry Goods Retailing | Japan, United Arab Emirates, United States of America | | SBEL | \$0.34 | Low Potential - note 3 |
| Marque of Brands Pty Ltd | Manufacturing | Cosmetic and Toiletry Preparation Manufacturing | United States of America | | ELOC-R | \$5.62 | Low Potential - note 1 |
| Marque of Brands Pty Ltd | Manufacturing | Cosmetic and Toiletry Preparation Manufacturing | United States of America | | ELOC | \$5.62 | Low Potential - note 1 |
| Mcloughlin Mini Loaders Pty Ltd | Manufacturing | Other Fabricated Metal Product Manufacturing n.e.c. | United States of America | | SBEL | \$0.16 | Low Potential - note 3 |
| McNally Group Contracting Pty Ltd | Mining | Non-Residential Building Construction | Australia | Y | Bond - P | \$0.55 | Low Potential - note 1 |
| McNally Group Contracting Pty Ltd | Mining | Non-Residential Building Construction | Australia | Y | Bond - W | \$0.55 | Low Potential - note 1 |
| Mexx Engineering Pty Ltd | Mining | Other Machinery and Equipment Manufacturing n.e.c. | Canada | Y | ECL | \$1.04 | Low Potential - note 1 |
| Mexx Engineering Pty Ltd | Mining | Other Specialised Machinery and Equipment Manufacturing | Canada | | Bond - P | \$0.11 | Low Potential - note 1 |
| Mexx Engineering Pty Ltd | Mining | Other Specialised Machinery and Equipment Manufacturing | Canada | | Bond - W | \$0.11 | Low Potential - note 1 |
| Minemet Australasia Pty Ltd | Wholesale Trade | Metal and Mineral Wholesaling | China, India, Malaysia | | EWCG-R | \$1.55 | Low Potential - note 1 |
| Minprovis International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - P | \$0.03 | Low Potential - note 1 |
| Minprovis International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - W | \$0.03 | Low Potential - note 1 |
| Minprovis International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - P | \$0.18 | Low Potential - note 3 |
| Minprovis International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - P | \$0.07 | Low Potential - note 3 |
| Minprovis International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - W | \$0.07 | Low Potential - note 3 |
| Minprovis International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - P | \$0.19 | Low Potential - note 3 |
| Minprovis International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - W | \$0.18 | Low Potential - note 3 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (\$ million equivalent) | Environmental/ social impact category (a) |
|--|-----------------------------------|---------------------------------------|---|--------------------------|-------------|--------------------------------|---|
| Minprovisé International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - W | \$0.19 | Low Potential - note 3 |
| Minprovisé International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - P | \$0.12 | Low Potential - note 3 |
| Minprovisé International Pty Ltd | Mining | Other Mining Support Services | Australia | Y | Bond - P | \$0.12 | Low Potential - note 3 |
| MIZCO Pty Ltd | Construction | Other Building Installation Services | China | | ECL | \$0.35 | Low Potential - note 1 |
| MIZCO Pty Ltd | Construction | Other Building Installation Services | China | | Bond - P | \$0.56 | Low Potential - note 1 |
| MIZCO Pty Ltd | Construction | Other Building Installation Services | China | | ECL | \$0.75 | Low Potential - note 1 |
| MIZCO Pty Ltd | Construction | Other Building Installation Services | China | | Bond - P | \$1.64 | Low Potential - note 1 |
| MMP Turbochargers Pty Ltd | Retail Trade | Motor Vehicle Parts Retailing | Canada, Philippines, United States of America | | SBEL | \$0.05 | Low Potential - note 3 |
| Modularis Pty Ltd | Mining | Non-Residential Building Construction | Australia | Y | Bond - W | \$0.33 | Low Potential - note 1 |
| Modularis Pty Ltd | Mining | Non-Residential Building Construction | Australia | Y | Bond - P | \$0.33 | Low Potential - note 1 |
| Modularis Pty Ltd | Mining | Non-Residential Building Construction | Australia | Y | Bond - P | \$0.27 | Low Potential - note 3 |
| Modularis Pty Ltd | Mining | Non-Residential Building Construction | Australia | Y | Bond - W | \$0.27 | Low Potential - note 3 |
| Morgan Pastoral Pty Ltd | Agriculture, Forestry and Fishing | Beef Cattle Feedlots (Specialised) | Australia | Y | Direct Loan | \$30.00 | Low Potential - note 1 |
| Morrisday Pty Ltd | Manufacturing | Clothing Manufacturing | Canada, United Kingdom of Great Britain and Northern Ireland, United States of America | | SBEL | \$0.25 | Low Potential - note 1 |
| Neowest Building Co Pty Ltd | Construction | Non-Residential Building Construction | Australia | Y | ELOC | \$1.30 | Low Potential - note 1 |
| Nicholas The Label Pty Ltd | Manufacturing | Clothing Manufacturing | Canada, China, Hong Kong, Lebanon, Turkey, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC-R | \$1.00 | Low Potential - note 1 |
| Offshore Procurement Specialists No. 2 Pty Ltd | Wholesale Trade | Timber Wholesaling | China, Korea (Republic of), Philippines, Vietnam | | ELOC | \$0.30 | Low Potential - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (AS million equivalent) | Environmental/social impact category (a) |
|---|----------------------------------|--|---------------------------------------|--------------------------|-----------|--------------------------------|--|
| OGTEC Australia Pty Ltd | Manufacturing | Other Specialised Machinery and Equipment Manufacturing | New Zealand | | Bond - AP | \$1.15 | Low Potential - note 1 |
| Orbach Family Wines Pty Ltd | Wholesale Trade | Liquor and Tobacco Product Wholesaling | United States of America | | SBEL | \$0.25 | Low Potential - note 3 |
| Overflow Industrial Pty Ltd as trustee for The Overflow Industrial Unit Trust | Mining | Other Construction Services n.e.c. | Australia | Y | Bond Line | \$1.20 | Low Potential - note 1 |
| Pataza Pty Limited | Wholesale Trade | General Line Grocery Wholesaling | China, Hong Kong, Korea (Republic of) | | ELOC-R | \$0.30 | Low Potential - note 3 |
| Pensar Construction Group Pty Ltd | Wholesale Trade | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.45 | Low Potential - note 1 |
| Pensar Construction Group Pty Ltd | Wholesale Trade | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.45 | Low Potential - note 1 |
| Pensar Construction Group Pty Ltd | Public Administration and Safety | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$0.15 | Low Potential - note 1 |
| Pensar Construction Group Pty Ltd | Public Administration and Safety | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - P | \$0.15 | Low Potential - note 1 |
| Pensar Construction Group Pty Ltd | Public Administration and Safety | Other Heavy and Civil Engineering Construction | Australia | Y | ECL | \$1.50 | Low Potential - note 1 |
| Platinum Blasting Services Pty Ltd | Mining | Other Mining Support Services | Australia | Y | ELOC-R | \$3.50 | Low Potential - note 1 |
| Platinum Blasting Services Pty Ltd | Mining | Other Mining Support Services | Australia | Y | ECL | \$1.50 | Low Potential - note 1 |
| Platinum Blasting Services Pty Ltd | Mining | Other Mining Support Services | Australia | Y | EWCG | \$5.00 | Low Potential - note 1 |
| Precise Global Pty Ltd | Manufacturing | Machine Tool and Parts Manufacturing | United States of America | | ECL | \$0.20 | Low Potential - note 1 |
| Precise Global Pty Ltd | Manufacturing | Machine Tool and Parts Manufacturing | United States of America | | ELOC-R | \$0.50 | Low Potential - note 1 |
| Precise Global Pty Ltd | Manufacturing | Machine Tool and Parts Manufacturing | Australia | Y | ELOC-R | \$0.50 | ME |
| Profluid Pty Ltd | Mining | Other Fabricated Metal Product Manufacturing n.e.c. | Australia | Y | ECL | \$0.50 | Low Potential - note 1 |
| Project Management Pty Ltd ATF Darryl Corps Family Trust | Mining | Other Construction Services n.e.c. | Australia | Y | Bond Line | \$3.00 | Low Potential - note 1 |
| Prospectors Supplies Pty Ltd | Wholesale Trade | Other Specialised Industrial Machinery and Equipment Wholesaling | Indonesia | | SBEL | \$0.12 | Low Potential - note 3 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (\$ million equivalent) | Environmental/ social impact category (a) |
|---|---|---|---|--------------------------|-----------|--------------------------------|---|
| ProviCo Australia Pty Ltd | Manufacturing | Cheese and Other Dairy Product Manufacturing | United Arab Emirates | | ELOC | \$5.00 | Low Potential - note 1 |
| Real Serious Games Pty Ltd | Mining | Software Publishing | Australia | Y | ELOC-R | \$0.40 | Low Potential - note 1 |
| Rhodes Project Services Pty Ltd | Construction | Non-Residential Building Construction | Papua New Guinea | | ECL | \$4.21 | Category C |
| Rhodes Project Services Pty Ltd | Construction | Non-Residential Building Construction | Papua New Guinea | | Bond - W | \$0.23 | Low Potential - note 1 |
| Rhodes Project Services Pty Ltd | Construction | Non-Residential Building Construction | Papua New Guinea | | Bond - AP | \$1.14 | Low Potential - note 1 |
| Rhodes Project Services Pty Ltd | Construction | Non-Residential Building Construction | Papua New Guinea | | Bond - P | \$0.23 | Low Potential - note 1 |
| Rhodes Project Services Pty Ltd | Construction | Non-Residential Building Construction | Papua New Guinea | | ELOC | \$0.30 | Low Potential - note 1 |
| Rhodes Project Services Pty Ltd | Construction | Non-Residential Building Construction | Papua New Guinea | | ELOC-R | \$2.93 | Low Potential - note 1 |
| RJE Global Pty Ltd | Manufacturing | Other Specialised Machinery and Equipment Manufacturing | Taiwan | | ECL | \$2.40 | Low Potential - note 1 |
| RTI Pty Ltd | Manufacturing | Other Specialised Machinery and Equipment Manufacturing | Bangladesh, Cambodia, Colombia, India | | Bond Line | \$2.02 | Low Potential - note 1 |
| Ryan Meat Company (No. 2) Pty Ltd ATF Ryan Meat Trust | Wholesale Trade | Meat Processing | Australia, China, Japan, Korea (Republic of), Kuwait, Qatar, Taiwan, United Arab Emirates, United States of America | Y | ELOC | \$3.00 | Low Potential - note 1 |
| S & E Engineering Pty Ltd | Manufacturing | Machine Tool and Parts Manufacturing | Chile | | ECL | \$0.49 | Low Potential - note 1 |
| Safier Pty Ltd | Manufacturing | Other Fabricated Metal Product Manufacturing n.e.c. | United States of America | | ECL | \$0.30 | Low Potential - note 1 |
| Sculpt Australia Pty Ltd as Trustee for Sculpt unit Trust | Retail Trade | Clothing Retailing | United Kingdom of Great Britain and Northern Ireland, United States of America | | SBEL | \$0.28 | Low Potential - note 1 |
| Sculpt Australia Pty Ltd as Trustee for Sculpt unit Trust | Retail Trade | Clothing Retailing | United Kingdom of Great Britain and Northern Ireland, United States of America | | SBEL | \$0.14 | Low Potential - note 1 |
| Security Infrastructure Solutions Pty Ltd | Professional, Scientific and Technical Services | Computer System Design and Related Services | United Arab Emirates | | ECL | \$0.75 | Low Potential - note 1 |
| Security Infrastructure Solutions Pty Ltd | Professional, Scientific and Technical Services | Computer System Design and Related Services | United Arab Emirates | | Bond - P | \$0.23 | Low Potential - note 1 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (AS million equivalent) | Environmental/ social impact category (a) |
|-----------------------------------|--|--|--|--------------------------|----------|--------------------------------|---|
| Seed Terminator Pty Ltd | Manufacturing | Agricultural Machinery and Equipment Manufacturing | Canada, Germany, United States of America | | SBEL | \$0.35 | Low Potential - note 3 |
| Senex Energy Limited | Mining | Oil and Gas Extraction | Australia | Y | EFG-R | \$10.00 | Potential Impacts - note 1 |
| Shapeshift Technologies Pty Ltd | Manufacturing | Concrete Product Manufacturing | Indonesia | | ECL | \$0.49 | Low Potential - note 1 |
| Shield Resources Pty Ltd | Wholesale Trade | Timber Wholesaling | China, Thailand, Vietnam | | ELOC-R | \$0.80 | Low Potential - note 1 |
| Silk Laundry Pty Ltd | Manufacturing | Clothing Manufacturing | Canada, New Zealand, Swaziland, United States of America | | ELOC-R | \$0.50 | Low Potential - note 1 |
| Silk Laundry Pty Ltd | Manufacturing | Clothing Manufacturing | United States of America | | ELOC-R | \$0.50 | Low Potential - note 1 |
| Simpec Pty Ltd | Mining | Other Construction Services n.e.c. | Australia | Y | Bond - P | \$5.00 | Low Potential - note 1 |
| Sir The Label Pty Limited | Wholesale Trade | Clothing and Footwear Wholesaling | United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC | \$0.30 | Low Potential - note 1 |
| Sir The Label Pty Limited | Wholesale Trade | Clothing and Footwear Wholesaling | United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC-R | \$0.50 | Low Potential - note 1 |
| Sisters Run Wine Company Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | Canada | | SBEL | \$0.35 | Low Potential - note 3 |
| Skyfii Limited | Information Media and Telecommunications | Data Processing and Web Hosting Services | United States of America | | ELOC | \$0.80 | Low Potential - note 1 |
| Skyfii Limited | Information Media and Telecommunications | Data Processing and Web Hosting Services | United States of America | | ELOC | \$1.00 | Low Potential - note 1 |
| Sonic Essentials Pty Ltd | Manufacturing | Fertiliser Manufacturing | Brazil | | ECL | \$0.45 | Low Potential - note 1 |
| Sonic Essentials Pty Ltd | Manufacturing | Fertiliser Manufacturing | Brazil | | ECL | \$0.35 | Low Potential - note 1 |
| Spreadies Pty Ltd | Manufacturing | Ice Cream Manufacturing | United States of America | | SBEL | \$0.35 | Low Potential - note 3 |
| Sun Engineering (Qld) Pty Ltd | Manufacturing | Other Construction Services n.e.c. | Australia | Y | Bond - W | \$0.54 | Low Potential - note 1 |
| Sun Engineering (Qld) Pty Ltd | Manufacturing | Other Construction Services n.e.c. | Australia | Y | Bond - P | \$0.54 | Low Potential - note 1 |
| Teneo Group Pty Ltd | Mining | Other Heavy and Civil Engineering Construction | Australia | Y | Bond - W | \$3.27 | Low Potential - note 1 |
| The Natural Patch Company Pty Ltd | Retail Trade | Sport and Camping Equipment Retailing | Canada, Singapore, United States of America | | SBEL | \$0.12 | Low Potential - note 3 |

Commercial Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Product | Amount (A\$ million equivalent) | Environmental/ social impact category (a) |
|---|---|--|---|--------------------------|-----------|---------------------------------|---|
| The Ripe Bunch Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | United States of America | | SBEL | \$0.10 | Low Potential - note 3 |
| The Ripe Bunch Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | United States of America | | SBEL | \$0.08 | Low Potential - note 3 |
| Theatre Safe Australia Pty Ltd ATF The Theatre Safe Australia Unit Trust | Arts and Recreation Services | Performing Arts Operation | Germany | | SBEL | \$0.20 | Low Potential - note 3 |
| TNA Australia Pty Ltd | Manufacturing | Other Machinery and Equipment Manufacturing n.e.c. | Denmark, Poland, Saudi Arabia, Turkey | | Bond Line | \$7.78 | Low Potential - note 1 |
| Trapeze Rail Pty Ltd | Professional, Scientific and Technical Services | Other Professional, Scientific and Technical Services n.e.c. | Spain | | Bond - P | \$0.06 | Low Potential - note 3 |
| United Wool Company Pty Ltd | Wholesale Trade | Wool Wholesaling | China, Czech Republic, Egypt, Germany, India, Italy, Japan, Korea (Republic of), Mauritius, New Zealand, Taiwan | | EWCG-R | \$2.00 | Low Potential - note 1 |
| Velnah Pty Ltd as trustee for the Velnah Unit Trust | Manufacturing | Other Electrical Equipment Manufacturing | New Zealand | | SBEL | \$0.15 | Low Potential - note 3 |
| Vertiscope by Inverleigh Pty Ltd | Information Media and Telecommunications | Motion Picture and Video Distribution | United States of America | | ECL | \$0.40 | Low Potential - note 1 |
| Vino Investments Pty Ltd ATF The Vino Investment Trust | Wholesale Trade | Liquor and Tobacco Product Wholesaling | United Kingdom of Great Britain and Northern Ireland | | ECL | \$0.50 | Low Potential - note 1 |
| Viottolo Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | Canada, United Kingdom of Great Britain and Northern Ireland | | SBEL | \$0.13 | Low Potential - note 3 |
| Zhik Pty Ltd | Wholesale Trade | Clothing and Footwear Wholesaling | United Kingdom of Great Britain and Northern Ireland, United States of America | | ELOC | \$1.50 | Low Potential - note 1 |
| Zonte's Footstep Pty Ltd | Manufacturing | Wine and Other Alcoholic Beverage Manufacturing | Canada | | ELOC | \$0.10 | Low Potential - note 1 |

National Account transactions for 1 July 2021 to 30 June 2022

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Products | Amount (A\$ million equivalent) | Environmental/ social impact category (a) |
|--------------------------------|--|---|--|--------------------------|-------------|---------------------------------|---|
| Bidco (S) Pte Ltd | Information Media and Telecommunications | Other Telecommunications Network Operation | Fiji, Nauru, Papua New Guinea, Samoa, Tonga, Vanuatu | | Direct Loan | \$569.40 | Low Potential - note 1 |
| Bidco (S) Pte Ltd | Information Media and Telecommunications | Other Telecommunications Network Operation | Fiji, Nauru, Papua New Guinea, Samoa, Tonga, Vanuatu | | Direct Loan | \$334.94 | Low Potential - note 1 |
| Iluka Rare Earths Pty Ltd | Mining | Other Non-Metallic Mineral Mining and Quarrying | Australia (Note 4) | | Direct Loan | \$1,250.00 | Category B |
| Telstra PM Holdings Pty Ltd | Information Media and Telecommunications | Other Telecommunications Network Operation | Fiji, Nauru, Papua New Guinea, Samoa, Tonga, Vanuatu | | Insurance | \$428.72 | Low Potential - note 1 |
| Telstra PM Pty Ltd | Information Media and Telecommunications | Other Telecommunications Network Operation | Fiji, Nauru, Papua New Guinea, Samoa, Tonga, Vanuatu | | Direct Loan | \$241.16 | Low Potential - note 1 |
| Telstra PM Pty Ltd | Information Media and Telecommunications | Other Telecommunications Network Operation | Fiji, Nauru, Papua New Guinea, Samoa, Tonga, Vanuatu | | Direct Loan | \$715.97 | Low Potential - note 1 |
| Telstra PM Pty Ltd | Information Media and Telecommunications | Other Telecommunications Network Operation | Fiji, Nauru, Papua New Guinea, Samoa, Tonga, Vanuatu | | Direct Loan | \$207.66 | Low Potential - note 1 |

AIFFP

| Exporter / Investor / Customer | Industry | Description Goods / Services | Export Country | Integral to supply chain | Products | Amount (A\$ million equivalent) | Environmental/ social impact category (a) |
|---------------------------------------|--|--|------------------|--------------------------|-------------|---------------------------------|---|
| Independent State of Papua New Guinea | Transport, Postal and Warehousing | Port and Water Transport Terminal Operations | Papua New Guinea | | Direct Loan | \$615.69 | Category B* |
| Solar Pacific Pristine Power Inc | Electricity, Gas, Water and Waste Services | Other Electricity Generation | Palau | | Direct Loan | \$25.77 | Category B |
| Independent State of Papua New Guinea | Electricity, Gas, Water and Waste Services | Electricity Distribution | Papua New Guinea | | Direct Loan | \$79.25 | Category B |
| Independent State of Papua New Guinea | Construction | Road and Bridge Construction | Papua New Guinea | | Direct Loan | \$70.76 | Potential Impacts - Note 1 |

*The facility limit covers funding of several potential projects. The Environmental and Social Impact Category of B is based on our preliminary review. The categorisation for individual projects will be finalised prior to funding of the relevant project.

As at 30 June 2022, on the CA the weighted average margin on all facilities signed during the year was around 4.05 per cent, with a weighted average tenor of 2.38 years. We confirm that each of the transactions in this table of facilities complies with our Statement of Expectations.

DCG: Documentary Credit Guarantee

ECL: Export Contract Loan

EFG: Export Finance Guarantee

EFG-R: Export Finance Guarantee Renewal

ELOC: Export Line of Credit

ELOC-R: Export Line of Credit Renewal

EWCG: Export Working Capital Guarantee

EWCG-R: Export Working Capital Guarantee Renewal

RPA: Risk Participation Agreement

SBEL: Small Business Export Loan

(a) These notes refer to our Procedure for Environmental and Social Review of Transactions that is available on our website under "Our Organisation - Our Corporate Responsibility - Transactions - Environmental and Social Review Procedure". This Procedure applies to all transactions that we assess after commencing our credit assessment and due diligence processes, other than military equipment transactions.

Note 1. Transaction associated with either a non-project or a bond. This association determines the way that we consider the potential environmental and social impacts of the transaction. Further details are available in section 2.3 of the above Procedure.

Note 2. This type of product was assessed and found to always have a low or no potential for significant environmental and social impact.

Note 3. Assessed under a screen to identify which transactions require a detailed environmental and social review.

Note 4. Export destinations yet to be determined.

ME: Denotes military equipment transaction

Ten-year summary

Commercial Account

Years ended 30 June (\$m)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Signings | 344 | 553 | 411 | 378 | 194 | 396 | 390 | 179 | 577 | 514 |
| Export contracts and overseas investments supported | 1,807 | 2,576 | 1,780 | 2,289 | 1,394 | 996 | 1,475 | 823 | 2,138 | 2,075 |
| Net interest income | 15.8 | 17.9 | 20.4 | 24.7 | 22.0 | 22.5 | 24.6 | 26.5 | 22.6 | 32.8 |
| Net premiums and fees | 36.0 | 23.3 | 20.8 | 42.8 | 29.6 | 24.1 | 26.7 | 26.4 | 27.2 | 14.4 |
| Fair value other financial instruments | 4.8 | (1.9) | 3.1 | 0.7 | (0.9) | 0.0 | 0.1 | (0.2) | (2.0) | (3.0) |
| Foreign exchange profit/(loss) | (5.5) | 4.4 | (2.2) | (2.9) | (1.4) | 1.9 | (1.6) | (5.4) | 0.2 | 0.6 |
| Debt neutrality charge | (1.1) | (1.5) | (1.0) | (1.1) | (1.0) | (1.1) | (0.9) | 0.0 | 0.0 | 0.0 |
| Other income | 3.6 | 3.1 | 3.8 | 3.8 | 3.2 | 2.9 | 2.6 | 2.5 | 4.1 | 4.7 |
| Operating income | 53.6 | 45.3 | 44.9 | 68.0 | 51.5 | 50.3 | 51.5 | 49.8 | 52.1 | 49.5 |
| Operating expenses | (33.6) | (27.6) | (28.1) | (29.3) | (29.0) | (32.4) | (34.0) | (31.5) | (27.9) | (26.9) |
| State-tax equivalent charges | (1.7) | (1.5) | (1.4) | (1.3) | (1.2) | (1.3) | (1.2) | 0.0 | 0.0 | 0.0 |
| (Charge)/credit for sundry allowances | 0.0 | 0.0 | 0.6 | (0.6) | 0.0 | 0.0 | 0.1 | (0.1) | 0.0 | 0.0 |
| Profit/ (loss) from the discontinued credit insurance business | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Profit before tax equivalent | 18.3 | 16.2 | 16.0 | 36.8 | 21.3 | 16.6 | 16.5 | 18.2 | 24.2 | 22.6 |
| Income tax-equivalent charge | (5.5) | (4.9) | (4.8) | (11.0) | (6.4) | (5.0) | (5.0) | 0.0 | 0.0 | 0.0 |
| Operating profit for Export Finance Australia | 12.8 | 11.3 | 11.2 | 25.8 | 14.91 | 11.6 | 11.5 | 18.2 | 24.2 | 22.6 |
| Dividend (paid in subsequent years) | Not Decided | (5.7) | (5.6) | (12.9) | (7.41) | (5.8) | (5.8) | (13.6) | (18.2) | (11.3) |
| Dividend payout ratio | Not Decided | 50% | 50% | 50% | 50% | 50% | 50% | 75% | 75% | 50% |
| Special dividend/Capital injection | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 200.0 | 0 | (200.0) |
| Equity | 586.9 | 542.8 | 537.1 | 539.3 | 459.3 | 451.3 | 444.8 | 436.8 | 225.9 | 216.3 |
| Return on average equity (% pa) after tax equivalent | 4% | 3% | 3% | 7% | 5% | 4% | 4% | 5% | 11% | 7% |
| Capital adequacy ratio including callable capital | 64.0% | 57.5% | 61.6% | 60.2% | 25.0% | 25.2% | 26.1% | 30.5% | 22.5% | 21.2% |
| Face value of Commercial Account client facilities outstanding (before provisions) | | | | | | | | | | |
| Loans | 1,067 | 1,178 | 1,119 | 1,069 | 910 | 813 | 868 | 878 | 594 | 535 |
| Funded EFGs | 8 | 12 | 24 | 34 | 51 | 72 | 99 | 117 | 123 | 149 |
| Guarantees and other off-balance-sheet exposures | 269 | 274 | 283 | 413 | 431 | 420 | 436 | 438 | 663 | 654 |
| Exposures reinsured | 118 | 203 | 355 | 562 | 640 | 634 | 673 | 601 | 478 | 362 |
| Rescheduled debts | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 8 | 13 | 16 |
| Total CA facilities | 1,463 | 1,668 | 1,782 | 2,079 | 2,033 | 1,940 | 2,079 | 2,042 | 1,871 | 1,716 |

National Interest Account

Years ended 30 June (\$m)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|--------|-------|-------|-------|-------|-------|--------|--------|-------|-------|
| Signings | 4,539 | 166 | 675 | 10 | 0 | 49 | 0 | 0 | 0 | 0 |
| Export contracts and overseas investments supported | 8,748 | 148 | 670 | 261 | 0 | 2,667 | 0 | 0 | 0 | 0 |
| Net interest income (including grant amortised) | (6.8) | (0.1) | 0.3 | 0.5 | 0.7 | 0.9 | 1.4 | 1.8 | 2.1 | 2.1 |
| Net premiums and fees | 15.4 | 14.7 | 13.3 | 11.8 | 12.7 | 13.9 | 14.4 | 12.2 | 9.8 | 7.7 |
| Total revenue | 4.2 | 2.6 | 13.6 | 12.3 | 13.4 | 14.8 | 15.8 | 14.0 | 11.9 | 9.8 |
| Operating expenses | (11.5) | (4.5) | (3.7) | (1.4) | (1.4) | (1.4) | (1.2) | (1.0) | (1.6) | (2.2) |
| Foreign exchange profit / (loss) | 1.0 | 0.2 | 0.4 | (0.1) | 0.0 | (0.1) | (0.1) | (0.3) | (0.2) | (0.1) |
| (Charge) / credit for provisions | (8.0) | 2.7 | 0.3 | 0.2 | 0.2 | (7.5) | (19.7) | (14.3) | (9.6) | (8.3) |
| Profit / (loss) from the discontinued credit insurance business | 18.5 | 17.5 | 21.9 | 23.1 | 20.1 | 19.9 | 19.4 | 17.6 | 15.5 | 14.8 |
| Operating profit attributable to the Commonwealth | 8.6 | 30.5 | 32.5 | 34.1 | 32.3 | 25.7 | 14.2 | 16.0 | 16.0 | 14.0 |

Face value of National Interest Account client facilities outstanding (before provisions)

| | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Loans | 561 | 398 | 842 | 366 | 431 | 527 | 596 | 665 | 624 | 670 |
| Guarantees and other off-balance-sheet exposures | 46 | 0 | 5 | 8 | 10 | 10 | 11 | 12 | 11 | 11 |
| Exposures reinsured | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Rescheduled debts | 109 | 116 | 145 | 160 | 169 | 179 | 215 | 238 | 232 | 72 |
| Total National Interest facilities | 716 | 514 | 992 | 534 | 610 | 716 | 822 | 915 | 867 | 758 |

Financial statements



“ Each time we get a new project, we reach out to Export Finance Australia and they do the bank guarantees for us. ”

Paul Natoli

Founder and Managing Director,
Grounded Construction Group



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Statement by Board Members and Chief Financial Officer

In the opinion of the members of the Board and the Chief Financial Officer of Export Finance Australia:

- (a) the accompanying financial statements are drawn up to give a true and fair view of the performance of Export Finance Australia for the year ended 30 June 2022 and the financial position of Export Finance Australia at 30 June 2022;
- (b) the financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the PGPA Act;
- (c) the financial statements have been prepared in accordance with Australian Accounting Standards;
- (d) the financial statements have been prepared based on properly maintained financial records; and
- (e) there are reasonable grounds to believe that Export Finance Australia will be able to pay its debts as and when they become due and payable.

Under section 62 of the EFIC Act, the Commonwealth guarantees the due payment by Export Finance Australia of any money payable by Export Finance Australia to third parties.

Signed in accordance with a resolution of the Board.



James M Millar AM

Chair

30 August 2022



Sonia Kammel

Chief Financial Officer

30 August 2022



John Hopkins

Managing Director & CEO

30 August 2022

Independent Auditors Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Trade and Tourism

Opinion

In my opinion, the financial statements of the Export Finance Australia (the Entity) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- Statement by Board Members and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Mark Vial
Executive Director
Delegate of the Auditor-General

Canberra
30 August 2022

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

| | Note | Commercial Account | | National Interest Account | |
|--|---------|----------------------|----------------------|---------------------------|----------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Interest income | 3(i) | 46.0 | 54.4 | - | - |
| Other interest income | 3(ii) | 8.8 | 9.4 | 3.9 | 5.6 |
| Interest expense | 3(iii) | (40.1) | (47.4) | (10.7) | (5.7) |
| Net interest income | | 14.7 | 16.4 | (6.8) | (0.1) |
| Fair value movement of third-party loans and guarantees | 3(iv) | 36.0 | 23.3 | - | - |
| Fair value movement of other financial instruments | 3(v) | 4.8 | (1.9) | - | - |
| Unrealised foreign exchange gain/(loss) | | (5.5) | 4.4 | 1.0 | 0.2 |
| Other revenue | 3(vi) | 3.6 | 3.1 | 33.9 | 32.2 |
| Operating income | | 53.6 | 45.3 | 28.1 | 32.3 |
| Operating expenses | 3(vii) | (33.6) | (27.6) | (11.5) | (4.5) |
| Expected credit loss | 3(viii) | - | - | (4.4) | (12.0) |
| State tax equivalent charges | 3(ix) | (1.7) | (1.5) | - | - |
| Net operating income | | 18.3 | 16.2 | 12.2 | 15.8 |
| Specific provision | 3(x) | - | - | (3.6) | 14.7 |
| Profit before tax equivalent | | 18.3 | 16.2 | 8.6 | 30.5 |
| Income tax equivalent charge | | (5.5) | (4.9) | - | - |
| Profit from ordinary activities | | 12.8 | 11.3 | 8.6 | 30.5 |
| National Interest Account attributable directly to the Commonwealth | | - | - | (8.6) | (30.5) |
| Net profit available to the Commonwealth | | 12.8 | 11.3 | - | - |
| Other comprehensive income | | | | | |
| <i>Items not subject to subsequent reclassification to profit or loss:</i> | | | | | |
| Gain on revaluation of land and buildings | 10 | 37.0 | - | - | - |
| Total other comprehensive (loss)/income for the period | | 37.0 | - | - | - |
| Total comprehensive income for the period available to the Commonwealth | | 49.8 | 11.3 | - | - |

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position

as at 30 June 2022

| | Note | Commercial Account | | National Interest Account | |
|--|----------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Assets | | | | | |
| Cash and liquid assets | 1(i) | 19.0 | 12.6 | - | - |
| Receivables from other financial institutions | 4, 1(j) | 641.4 | 137.5 | 2,506.5 | - |
| Investment securities at amortised cost | 6, 1(k) | 891.7 | 856.0 | - | - |
| Loans and receivables at amortised cost | 7, 1(l) | 0.1 | - | 556.9 | 398.6 |
| Loans and receivables designated at fair value through profit or loss | 8, 1(m) | 1,100.8 | 1,226.9 | - | - |
| Loans to National Interest Account designated at fair value through profit or loss | 1(n) | 550.3 | 390.2 | - | - |
| Derivative financial assets | 9, 1(o) | 23.3 | 66.5 | - | - |
| Property, plant and equipment | 10, 1(p) | 143.2 | 108.8 | - | - |
| Other financial assets | 11 | 19.8 | 18.3 | 4.3 | 6.3 |
| Total assets | | 3,389.6 | 2,816.8 | 3,067.7 | 404.9 |
| Liabilities | | | | | |
| Payables to other financial institutions | 12, 1(q) | - | - | 2,511.4 | - |
| Amounts payable to the Commonwealth | 5 | - | - | 0.2 | 15.5 |
| Borrowings from Commercial Account at amortised cost | 24, 1(r) | - | - | 552.2 | 389.2 |
| Borrowings designated at fair value through profit or loss | 13, 1(s) | 2,379.3 | 2,105.7 | - | - |
| Guarantees designated at fair value through profit or loss | 14, 1(t) | 8.5 | 4.8 | - | - |
| Derivative financial liabilities | 9, 1(o) | 340.5 | 96.6 | - | - |
| Sundry provisions and allowances | 15 | 14.5 | 15.2 | 1.5 | - |
| Other financial liabilities | 16 | 59.9 | 51.7 | 2.4 | 0.2 |
| Total liabilities | | 2,802.7 | 2,274.0 | 3,067.7 | 404.9 |
| Net assets | | 586.9 | 542.8 | - | - |
| Equity | | | | | |
| Contributed equity | | 206.0 | 206.0 | - | - |
| Reserves | | 227.5 | 190.5 | - | - |
| Retained profits | | 153.4 | 146.3 | - | - |
| Total equity | | 586.9 | 542.8 | - | - |

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 30 June 2022

| | Retained Profits | Asset Revaluation Reserves | Other Reserves | Contributed Equity | Total Equity |
|---|------------------|----------------------------|----------------|--------------------|--------------|
| | \$ m | \$ m | \$ m | \$ m | \$ m |
| Commercial Account | | | | | |
| Opening balance as at 30 June 2021 | 146.3 | 124.3 | 66.2 | 206.0 | 542.8 |
| Comprehensive income | | | | | |
| Other comprehensive income | - | 37.0 | - | - | 37.0 |
| Profit for the period | 12.8 | - | - | - | 12.8 |
| Total comprehensive income | 12.8 | 37.0 | - | - | 49.8 |
| Transactions with the Commonwealth | | | | | |
| Dividends paid | (5.7) | - | - | - | (5.7) |
| Closing balance available to the Commonwealth as at 30 June 2022 | 153.4 | 161.3 | 66.2 | 206.0 | 586.9 |
| Commercial Account | | | | | |
| Opening balance as at 30 June 2020 | 140.6 | 124.3 | 66.2 | 206.0 | 537.1 |
| Comprehensive income | | | | | |
| Profit for the period | 11.3 | - | - | - | 11.3 |
| Total comprehensive income | 11.3 | - | - | - | 11.3 |
| Transactions with the Commonwealth | | | | | |
| Dividends paid | (5.6) | - | - | - | (5.6) |
| Closing balance available to the Commonwealth as at 30 June 2021 | 146.3 | 124.3 | 66.2 | 206.0 | 542.8 |

The accompanying notes form an integral part of the financial statements.

The previous tables are for the CA only as the NIA holds no equity.

Contributed equity comprises of \$6 million of capital advanced by the Commonwealth in November 1991 and an equity injection of \$200 million paid in July 2014 that restored the capital base following a \$200 million special dividend paid in June 2013.

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

Other reserves of \$66.2 million represent other net assets transferred from the Australian Trade Commission on 1 November 1991.

As agreed with the Minister for Trade, Tourism and Investment (Minister), Export Finance Australia paid a dividend for the year ended 30 June 2021 based on the recommendation from the Board that 50% of the 2020–21 profit be paid as a dividend, and accordingly a dividend of \$5.7 million was paid in January 2022.

Statement of Cash Flows

for the year ended 30 June 2022

| | Note | Commercial Account | | National Interest Account | |
|---|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Cash flows from operating activities | | | | | |
| Inflows: | | | | | |
| Premium and fees received* | | 46.5 | 44.1 | 15.0 | 15.3 |
| Interest received | | 52.6 | 70.5 | 2.7 | 10.4 |
| Insurance claim recoveries | | 0.1 | 0.1 | 18.5 | 19.4 |
| Sundry income* | | 3.7 | 3.2 | - | - |
| Net Repayments/(disbursements) of loans | | 72.4 | 289.7 | (144.5) | 383.0 |
| Decrease in other debtors and prepayments | | 2.7 | 13.9 | - | - |
| Net Increase/(decrease) in payables to the Commonwealth | | - | - | 1.1 | (0.1) |
| Outflows: | | | | | |
| Premiums paid to reinsurers (net of commissions) | | (2.1) | (2.7) | - | - |
| Interest and other costs of finance paid | | (35.7) | (51.3) | (4.9) | (10.9) |
| Payments to creditors and employees* | | (38.3) | (30.1) | (3.8) | - |
| Net cash from/(used by) operating activities | 24 | 101.9 | 337.4 | (115.9) | 417.1 |
| Cash flows from investing activities | | | | | |
| Inflows: | | | | | |
| Proceeds from investment securities | | 1,093.5 | 713.9 | - | - |
| Outflows: | | | | | |
| Payments for investment securities | | (1,128.9) | (831.9) | - | - |
| Payments for property, plant and equipment | | (0.8) | (0.5) | - | - |
| Net cash from/(used by) investing activities | | (36.2) | (118.5) | - | - |

* Grossed up for Goods and Services Tax

| | Note | Commercial Account | | National Interest Account | |
|---|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Cash flows from financing activities | | | | | |
| Inflows: | | | | | |
| Proceeds from payables to other financial institutions | 24 | 16.1 | 124.7 | 3,750.7 | - |
| Proceeds from other borrowings | 24 | 4,264.5 | 4,325.3 | 184.7 | 105.7 |
| Proceeds from derivatives | 24 | 3,523.6 | 4,376.3 | - | - |
| Receipts from the Commonwealth | | - | - | 8.8 | 7.0 |
| Receipts from National Interest Account | | 5.0 | 5.3 | - | - |
| Receipts from other Commonwealth entities | | 1.8 | 2.3 | - | - |
| Outflows: | | | | | |
| Repayments of payables to other financial institutions | 24 | (16.1) | (129.5) | (1,370.5) | - |
| Repayments of other borrowings | 24 | (3,889.2) | (4,466.8) | (39.9) | (489.4) |
| Repayments of derivatives | 24 | (3,469.5) | (4,594.6) | - | - |
| Dividend payments to the Commonwealth | | (5.7) | (5.6) | - | - |
| Other payments to the Commonwealth | | (7.9) | (7.2) | (32.7) | (35.1) |
| Payments to Commercial Account | | - | - | (5.0) | (5.3) |
| Net cash from/(used by) financing activities | | 422.6 | (369.8) | 2,496.1 | (417.1) |
| Net increase/(decrease) in cash and cash equivalents held | | 488.3 | (150.9) | 2,380.2 | - |
| Cash equivalents at beginning of financial year | | 150.1 | 334.1 | - | - |
| Net effects of exchange rate changes on cash equivalent balances held in foreign currencies | | 22.0 | (33.1) | 126.3 | - |
| Cash and cash equivalents at end of financial year | 23 | 660.4 | 150.1 | 2,506.5 | - |

The accompanying notes form an integral part of the financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 1: Summary of Significant Accounting Policies

Export Finance Australia (formerly known as the Export Finance and Insurance Corporation or Efic) is the Australian Government's ECA. We were established under the EFIC Act and are defined as a corporate Commonwealth entity under the PGPA Act. Export Finance Australia is part of the DFAT portfolio of agencies, and reports to the Minister for Trade and Tourism (the Minister).

In recent years, the Government has enhanced Export Finance Australia's mandate to enable us to support a wider range of exporters, assist other government entities, and finance overseas infrastructure development.

These changes have complemented and enhanced Export Finance Australia's core export-focused mandate and enable us to use our specialist financing capabilities to support broader government policy initiatives.

We are a corporate Commonwealth entity with an independent Board that is responsible for managing the affairs of Export Finance Australia. This includes determining strategy, defining risk appetite and monitoring performance.

The continued existence of Export Finance Australia in its present form is dependent on Government policy.

(a) Basis of preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act.

The financial statements have been prepared in accordance with:

- › the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period; and
- › *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.

The financial statements are presented in Australian dollars and amounts are rounded to the nearest \$0.1 million unless otherwise stated.

Export Finance Australia operates two separate accounts: (i) the CA and (ii) the NIA. The results of these accounts are reported separately in the financial statements.

(i) Business undertaken on the Commercial Account

The majority of financial assets and liabilities on the CA are measured at fair value due to the way derivatives are used to hedge risk. Changes in fair value are taken through profit or loss. Some assets and liabilities, however, are measured at amortised cost. Typically, these transactions either qualify for hedge accounting, are receivables from other financial institutions, are investments in securities, or the transactions are short term and derivatives are not used to hedge the risk.

The CA operates on a for-profit basis and bears all the risks for those business activities undertaken under Part 4 of the EFIC Act.

(ii) Business undertaken on the National Interest Account

All financial assets and liabilities on the NIA are currently measured at amortised cost.

The NIA operates on an approval or direction from the Minister for Trade and Tourism (Minister) enabling Export Finance Australia to undertake business activities under Part 5 of the EFIC Act, which the Minister considers to be in the 'national interest'. Such activities may relate to a class of business which Export Finance Australia is not authorised to undertake, or involve terms and conditions Export Finance Australia would not accept in the normal course of business. Where the Minister directs Export Finance Australia to undertake a business activity under Part 5 of the EFIC Act, the credit risk is borne by the Commonwealth. The funding risk, however, is borne by the CA. The CA is compensated for this funding risk by retaining the difference between the actual borrowing rate and an agreed benchmark rate for funding loans on the NIA. Premium or other income derived from the business activity on the NIA is paid to the Commonwealth.

The CA recovers from the Commonwealth the costs of administering business undertaken under Part 5 and any losses incurred in respect of such business.

The EFIC Act also allows the CA to share part of a NIA business activity. In such cases, income and expenses are apportioned between the two accounts in accordance with the risk participation.

(b) New Australian Accounting Standards

Consistent with government policy, no accounting standard has been adopted earlier than the application date as stated in the standard. There have been no new standards that have an application date for this financial year that affect the financial statements.

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Export Finance Australia has historically used LIBOR-based prices in several customer, borrowing, investments and derivative arrangements. Export Finance Australia closely matched its LIBOR-based assets and liabilities to lock in margins. Accordingly, changes in LIBOR had minimal impact on margin. Export Finance Australia is in the process of replacing LIBOR with regulator approved alternative reference rates that will change the basis used to determine the contractual cash flows for financial assets and liabilities. The impact of this change is still being assessed.

(c) Recognition of income and expenses

For the CA, revenue and expenses are recognised and measured at the fair value of the consideration received/paid or receivable/payable, to the extent it is probable that the economic benefits will flow and the revenue or expense can be reliably measured.

NIA income and expense is at amortised cost, and recognised in the financial statements as earned or incurred from the date of attachment of risk and taken through the profit or loss using the effective interest method.

(d) Operating segments

Export Finance Australia operates its specialist financing activities through a single business segment – Export and Infrastructure Finance. Export Finance includes support for SME customers as well as larger corporate and sovereign customers by providing them with loans, bonds, guarantees and insurance products.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 1: Summary of Significant Accounting Policies (cont.)

(e) Unamortised grants income on the National Interest Account

Unamortised grants income is comprised of funds previously provided from the Commonwealth's overseas aid appropriations. The Commonwealth provided overseas aid funds under a mixed credit scheme to assist developing countries to undertake high-priority public sector projects. The mixed credit grant, which is administered by Export Finance Australia on the NIA, was blended with funding at commercial rates under Export Finance Australia's export finance facility to provide a 'soft loan' package to finance the project in the developing country and is known as the Development Import Finance Facility.

The mixed credit grant is amortised over the life of the loan to cover the difference between Export Finance Australia's commercial borrowing costs and the lower interest income earned on the loan using the effective interest method. The unamortised balance is included in the Statement of Financial Position of the NIA as an offset to loan assets.

The Commonwealth discontinued the mixed credit scheme in 1996. One loan remains under this scheme, and the balance outstanding on this loan is shown in Note 7.

(f) Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables at reporting date are translated at exchange rates prevailing at reporting date.

All exchange gains and losses are brought to account in determining profit or loss for the year.

The principal exchange rates affecting the statement of financial position are the US dollar and the euro. The relevant exchange rates used are:

| | 2022 | 2021 |
|----------------------------------|---------------|--------|
| Average rates during year | | |
| US\$ / A\$ | 0.7257 | 0.7466 |
| Euro / A\$ | 0.6437 | 0.6259 |
| Rates at 30 June | | |
| US\$ / A\$ | 0.6877 | 0.7510 |
| Euro / A\$ | 0.6587 | 0.6312 |

(g) Taxation

Under section 63 of the EFIC Act, Export Finance Australia is not subject to income tax and a number of other taxes. Under section 63A, Export Finance Australia is subject to tax-equivalent payments under competitive neutrality arrangements as outlined below.

Export Finance Australia is also subject to Goods and Services Tax (GST) and Fringe Benefits Tax (FBT). Revenues, expenses and assets are recognised net of the amount of GST, except:

- » where the amount of GST incurred is not recoverable as an input tax credit from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- » the net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of the receivables, payables or commitments.

(h) Competitive neutrality

The competitive neutrality arrangements impose a mandatory obligation on Export Finance Australia to pay amounts as determined by the Minister each financial year.

Under section 61A of the EFIC Act, a direction dated 18 June 2015 by the Minister requires Export Finance Australia to pay a debt neutrality charge to the Commonwealth that consists of:

- › a payment of 10 basis points on Export Finance Australia's cost of borrowing, which applies to all new borrowings and to existing debt that is rolled over or refinanced.
- › On 31 January 2020, the Minister advised Export Finance Australia that the debt neutrality charge would no longer apply to new borrowings on the NIA. The charge now applies to new borrowings on the CA and all existing CA debt that is rolled over or refinanced.

Under section 63A of the EFIC Act, a direction dated 18 June 2015 by the Minister requires Export Finance Australia to pay a tax-equivalent payment to the Commonwealth that consists of:

- › a payment in lieu of Commonwealth income tax at 30% of accounting profits, and realised capital gains;
- › a payment in lieu of New South Wales payroll tax calculated at 4.85% above the relevant threshold; and
- › a payment in lieu of New South Wales land tax calculated at 2% above the relevant threshold.

(i) Cash and liquid assets

Cash and liquid assets include cash on hand and bank account balances. Cash is recognised at its nominal amount as this is considered fair value.

(j) Receivables from other financial institutions

Receivables from other financial institutions include overnight deposits and short-term fixed deposits with banks and other financial institutions. These are measured at amortised cost.

(k) Investment securities at amortised cost

The reason for holding investments is to collect the contractual cash flows which are 'solely payments of principal and interest on the principal amount outstanding'. Export Finance Australia's business model is to hold these financial assets until maturity. Investments may be sold due to credit quality issues and in limited cases for cash requirements. They are short-term, medium-term and long-term government, bank and other debt securities and include bonds, bills of exchange, commercial paper and certificates of deposit. Interest income is taken up using the effective interest method. They are carried at amortised cost.

(l) Loans and receivables at amortised cost

On the CA, transactions that are recorded at amortised cost are floating rate loans and short-term loans. These transactions are physically hedged and derivatives are not used to hedge the risk. As such, the amortised value approximates their fair value. Loans measured at amortised cost are evaluated for impairment using an expected credit loss model.

On the NIA, export finance loans and rescheduled credit insurance debts are carried at amortised cost. The recoverable amount is represented by the gross value of the outstanding balances, adjusted by expected credit loss, specific provisions for impairment, deferred income, unearned premium, and unamortised grants (see Note 1(e)). Unearned premiums and deferred income received in cash at the start of the loan are brought to income on an effective yield basis over the life of the loan by reducing the carrying amount. Interest income is recognised using the effective interest method. A loan or receivable is recognised as impaired when it is likely that the debt will not be recovered in full. In this instance a specific provision will be created for the impairment.

Historically, there was no expected credit loss on the NIA as the Commonwealth fully reimburses Export Finance Australia for any losses. However, as a result of the addition of the COVID-19 Facility which changed the risk profile of the NIA, an expected credit loss is now recognised for NIA exposures.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 1: Summary of Significant Accounting Policies (cont.)

(m) Loans and receivables designated at fair value through profit or loss

Export finance loans and rescheduled credit insurance debts held on the CA are designated at fair value through profit or loss. They are designated at fair value as this designation 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. Interest income through profit or loss is recorded using the effective interest method, which forms part of the fair value calculation. Movement in fair value for premium, reinsurance, residual margin, interest income and credit risk is recorded separately through profit or loss. For more detail on the fair value calculation, refer to Note 19.

(n) Loans to National Interest Account designated at fair value through profit or loss

The CA funds most of the loans on the NIA from the pool of borrowings and this funding is recorded in the CA at fair value through profit or loss. For more details on the fair value calculation, refer to Note 19.

(o) Derivative financial instruments

Export Finance Australia uses derivative financial instruments on the CA to manage exposures to interest rate and foreign exchange risk. These include foreign exchange contracts, interest rate and cross-currency swaps, and forward rate agreements. Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are carried as assets when their fair value is positive (in the money) and as liabilities when their fair value is negative (out of the money). Any gains and losses arising from changes in the fair value of derivatives, except those that qualify for hedge accounting, are taken through profit or loss. For more details on the fair value calculation, refer to Note 19.

(p) Property, plant and equipment

Property, plant and equipment are revalued periodically to fair value to ensure that the carrying amounts of assets do not differ materially from the asset's fair value at the reporting date.

The valuation of property, comprising land and buildings, is made by an independent registered valuer based on an income approach and discounted cash flow analysis with reference to its highest and best use.

The valuation of plant and equipment is based on internal assessment by management to ensure that the carrying amounts do not differ materially from their fair value.

Revaluation increments are credited directly to the asset revaluation reserve and any subsequent decreases are written back against the asset revaluation reserve. On revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment, other than freehold land, is depreciated over their estimated useful economic lives using the straight-line method.

Depreciation rates used are as follows:

| | |
|-----------------------------|---------------|
| › building | 3.0% pa |
| › computer equipment | 33.3% pa |
| › other plant and equipment | 10.0-22.5% pa |

The profit or loss on disposal of property, plant and equipment is taken into account in determining the result for the year.

(q) Payables to other financial institutions

Payables to other financial institutions are short-term borrowings with banks and other financial institutions and are measured at amortised cost. They can be on both the CA and also the NIA if the funding is borrowed on a direct basis for a National Interest loan rather than from the pool of funds.

(r) Borrowings from the Commercial Account

The NIA loans that are funded from the CA borrowing pool are borrowed from the CA at an agreed benchmark rate and these borrowings are recorded in the NIA at an amount equal to the net proceeds received. Interest expense is recognised using the effective interest method.

(s) Borrowings designated at fair value through profit or loss

Commercial paper, medium-term notes, bonds and structured bonds (which may have embedded derivatives) are designated at fair value through profit or loss. They are designated at fair value as this designation significantly reduces the accounting mismatch that would arise from measuring the liability on a different basis from derivatives that have been entered into to hedge the transactions. Interest expense in the profit or loss is recorded using the effective interest method, which forms part of the fair value calculation. The movement in fair value is recorded separately through profit or loss. For more details on the fair value calculation, refer to Note 19.

(t) Guarantees designated at fair value through profit or loss

Guarantees, medium-term insurance, bonds and political risk insurance transactions are regarded as financial instruments under accounting standards. These are designated at fair value through profit or loss at inception. Subsequently, they are carried at their fair value with any movements transferred through profit or loss. For more details on the fair value calculation, refer to Note 19.

(u) Employee entitlements

Provisions for annual leave and long service leave have been established to provide for amounts expected to be paid to employees based on their entitlements. Where applicable, the entitlements take into account prior government service.

The provision for annual leave is based on the value of actual entitlements at reporting date. Long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date and discounted using appropriate market yields at reporting date.

Export Finance Australia makes contributions to the Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme and its obligation is limited to a required annual contribution as determined by the actuaries of the superannuation plans administered by the Commonwealth. Accordingly, the plans are accounted for as defined contribution plans. The liability for defined benefits are recognised in the financial statements of the Australian Government and are settled by the Australian Government in due course.

Export Finance Australia staff can also be members of superannuation funds held outside the Australian Government. Export Finance Australia makes employer contributions to these funds as per the superannuation guarantee contribution rate. The liability for superannuation recognised as at 30 June represents outstanding contributions.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 1: Summary of Significant Accounting Policies (cont.)

(v) Sundry creditors

Creditors and other financial liabilities are recognised when Export Finance Australia becomes obliged to make future payments resulting from the purchase of goods or services.

(w) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, and deposits with financial institutions, to maintain liquidity.

(x) Contingencies and commitments - assets and liabilities

Where, as a result of past events, there is a possible asset or liability whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Export Finance Australia, this will be disclosed as a contingent asset or contingent liability. When the inflow of economic benefits is probable, but not virtually certain, a contingent asset is recognised. When the outflow of economic benefits is probable, a contingent liability is recognised.

Commitments to provide financial facilities are contractually based. For loans and funded guarantees, Export Finance Australia has committed to lend a fixed amount and any undrawn amounts under these facilities are shown as commitments. For guarantees and bonds, Export Finance Australia has committed to cover a fixed exposure and any undrawn amounts under these facilities are shown as commitments.

(y) Events after the reporting period

The Government has committed to provide a financing package through Export Finance Australia of USD\$1.33bn to support Telstra's Digicel acquisition, consistent with Australia's longstanding commitment to growing quality investment in regional infrastructure. This package will include debt and equity like securities designed to secure the Government a long-term return on its financing. This facility had not reached financial close prior to 30 June 2022 and so is not included in the financial figures. This facility has subsequently reached financial close in July 2022.

Note 2: Significant accounting judgements, estimates and assumptions

In applying accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the financial statements.

All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of the financial statements are outlined below.

Impairment of investment securities at amortised cost

Export Finance Australia holds a number of investment securities. A review of these investments has been undertaken for the year ended 30 June 2022 and it has been determined that no investment is considered to be impaired. These investments have a maturity of less than three years and are held with Australian ADIs rated BBB- or above, or foreign financial institutions rates AA- or above.

Property, plant and equipment

The valuation of land and buildings is based on an independent assessment by a registered valuer every three (3) years. The valuation is based on an income approach and discounted cash flow analysis with reference to its highest and best use. A valuation was undertaken this year and the details are in Note 10.

The valuation of plant and equipment is based on an internal assessment by management to ensure that the carrying amounts do not differ materially from their fair value.

The depreciation rate on the building has been evaluated and 33 years (3.0%) is considered the appropriate rate.

Fair value of financial instruments

Where financial instruments have a price quoted in an active market, this is their fair value.

Where the fair value of financial instruments cannot be determined from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair values. The valuation of financial instruments is described in more detail in Note 19.

There have been no significant changes in accounting judgements and assumptions in the current financial year.

Note 3: Revenue and Expenses

| | Commercial Account | | National Interest Account | |
|--|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| (i) Interest income | | | | |
| Loans and receivables designated at fair value through profit or loss | 12.4 | 11.5 | - | - |
| Loans to National Interest Account designated at fair value through profit or loss | 2.2 | 4.5 | - | - |
| Derivative financial instruments receivable | 31.4 | 38.4 | - | - |
| Total interest income | 46.0 | 54.4 | - | - |
| (ii) Other interest income | | | | |
| Receivables from other financial institutions | 1.4 | 0.7 | 0.2 | - |
| Investment securities at amortised cost | 7.4 | 8.7 | - | - |
| Loans at amortised cost | - | - | 3.7 | 5.6 |
| Total other interest income | 8.8 | 9.4 | 3.9 | 5.6 |
| (iii) Interest expense | | | | |
| Payables to other financial institutions | (0.3) | (0.2) | (7.0) | - |
| Borrowings from Commercial Account at amortised cost | - | - | (3.7) | (5.7) |
| Borrowings designated at fair value through profit or loss | (28.6) | (34.9) | - | - |
| Derivative financial instruments payable | (10.1) | (10.8) | - | - |
| Debt neutrality charge | (1.1) | (1.5) | - | - |
| Total interest expense | (40.1) | (47.4) | (10.7) | (5.7) |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 3: Revenue and Expenses (cont.)

| | Commercial Account | | National Interest Account | |
|--|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| (iv) Fair value movement of third-party loans and guarantees | | | | |
| Net premium and fees | 33.9 | 39.6 | - | - |
| Reinsurance | 0.3 | - | - | - |
| Interest | (6.4) | (0.6) | - | - |
| Credit risk | 17.1 | (12.2) | - | - |
| Claims paid | - | (3.4) | - | - |
| Specific events | (8.9) | (0.1) | - | - |
| Total fair value movement of third-party loans and guarantees | 36.0 | 23.3 | - | - |
| (v) Fair value movement of other financial instruments | | | | |
| Loans to National Interest Account designated at fair value through profit or loss | (3.8) | (2.6) | - | - |
| Borrowings designated at fair value through profit or loss | 164.8 | 40.9 | - | - |
| Derivative financial instruments | (156.2) | (40.2) | - | - |
| Total fair value movement of other financial instruments | 4.8 | (1.9) | - | - |
| (vi) Other revenue | | | | |
| Premium and fees | - | - | 15.4 | 14.7 |
| Rental income | 3.3 | 2.8 | - | - |
| Sundry income | 0.2 | 0.2 | - | - |
| Recoveries from credit insurance | 0.1 | 0.1 | 18.5 | 17.5 |
| Total other revenue | 3.6 | 3.1 | 33.9 | 32.2 |
| (vii) Operating expenses | | | | |
| Employee costs | (22.2) | (19.9) | - | - |
| Professional fees | (4.5) | (2.6) | (5.8) | - |
| Depreciation and amortisation | (3.4) | (3.7) | - | - |
| Superannuation costs | (2.4) | (1.9) | - | - |
| Computer and communication costs | (1.7) | (1.7) | - | - |
| Provision for employee entitlements | (1.5) | (0.7) | - | - |
| Property costs | (1.3) | (1.2) | - | - |
| Advertising and promotional costs | (1.2) | (0.8) | - | - |
| Insurance | (0.9) | (0.5) | - | - |
| Credit information | (0.7) | (0.5) | - | - |
| Other expenses | (1.1) | (0.9) | - | - |
| National Interest Account recovery/(expense) | 5.7 | 4.5 | (5.7) | (4.5) |
| Recovery from other Commonwealth entities | 1.6 | 2.3 | - | - |
| Total operating expenses | (33.6) | (27.6) | (11.5) | (4.5) |

| | Commercial Account | | National Interest Account | |
|---|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| (viii) Expected credit loss | | | | |
| Expected credit loss | - | - | (4.4) | (12.0) |
| Total expected credit loss | - | - | (4.4) | (12.0) |
| (ix) State tax-equivalent charges | | | | |
| Payroll tax-equivalent charge | (1.2) | (1.0) | - | - |
| Land tax-equivalent charge | (0.5) | (0.5) | - | - |
| Total state tax-equivalent charges | (1.7) | (1.5) | - | - |
| (x) Specific provision | | | | |
| Specific provision | - | - | (3.6) | 16.4 |
| Write-offs | - | - | - | (1.7) |
| Total specific provision | - | - | (3.6) | 14.7 |

Note 4: Receivables from other financial institutions

| | Note | Commercial Account | | National Interest Account | |
|---|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| | 1(j) | | | | |
| Overnight deposits | | 376.3 | 106.4 | 2,506.5 | - |
| Short-term cash deposits | | 265.1 | 31.1 | - | - |
| Total receivables from other financial institutions | | 641.4 | 137.5 | 2,506.5 | - |
| Maturity analysis of receivables from other financial institutions | | | | | |
| At call | | 376.3 | 106.4 | 2,506.5 | - |
| Due in less than 3 months | | 236.5 | 8.7 | - | - |
| Due after 3 months to 1 year | | 28.6 | 22.4 | - | - |
| Total receivables from other financial institutions | | 641.4 | 137.5 | 2,506.5 | - |

These receivables are from various banking institutions all rated AA- or above.

Note 5: Amounts payable to the Commonwealth

| | Commercial Account | | National Interest Account | |
|--|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Commonwealth opening balance payable | - | - | 15.5 | 13.1 |
| Net payments to the Commonwealth | - | - | (23.9) | (28.1) |
| Profit for the year on National Interest Account | - | - | 8.6 | 30.5 |
| Total amounts payable to the Commonwealth | - | - | 0.2 | 15.5 |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 6: Investment securities

| | Note | Commercial Account | | National Interest Account | |
|---|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Investment securities at amortised cost | 1(k) | | | | |
| Discount securities | | 257.4 | 207.8 | - | - |
| Floating rate notes | | 256.0 | 231.0 | - | - |
| Fixed rate bonds | | 378.3 | 417.2 | - | - |
| Total investment securities at amortised cost | | 891.7 | 856.0 | - | - |
| Maturity analysis of investment securities at amortised cost | | | | | |
| Due in 3 months or less | | 53.0 | 102.5 | - | - |
| Due after 3 months to 1 year | | 264.9 | 420.8 | - | - |
| Due after 1 year to 5 years | | 573.8 | 332.7 | - | - |
| Total investment securities at amortised cost | | 891.7 | 856.0 | - | - |

Refer to Note 18 for further information regarding credit risk and market risk.

Note 7: Loans and receivables at amortised cost

| | Note | Commercial Account | | National Interest Account | |
|--|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| | 1(l) | | | | |
| Gross export finance loans | | - | - | 561.1 | 398.1 |
| Gross rescheduled credit insurance debts | | 0.4 | 0.4 | 108.6 | 116.1 |
| Loans and receivables gross | | 0.4 | 0.4 | 669.7 | 514.2 |
| Unearned premiums | | - | - | (3.5) | (3.3) |
| Expected credit loss | | - | - | (15.2) | (12.0) |
| Specific provision for impairment | | (0.3) | (0.4) | (94.1) | (100.1) |
| Unamortised grants | 1(e) | - | - | - | (0.2) |
| Total loans and receivables at amortised cost | | 0.1 | - | 556.9 | 398.6 |

| | Commercial Account | | National Interest Account | | |
|---|--------------------|-------------------------|---------------------------|-------------------------|-------------------------|
| | Note | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Maturity analysis loans and receivables gross | | | | | |
| Overdue | | - | - | 5.4 | - |
| Due in 3 months or less | | - | - | 14.2 | 11.4 |
| Due after 3 months to 1 year | | 0.1 | - | 98.1 | 77.9 |
| Due after 1 year to 5 years | | 0.3 | 0.3 | 298.3 | 311.3 |
| Due after 5 years | | - | 0.1 | 253.7 | 113.6 |
| Total loans and receivables gross | | 0.4 | 0.4 | 669.7 | 514.2 |
| Restructured exposures included above | | 0.4 | 0.4 | 117.5 | 130.4 |
| Overdue by: | | | | | |
| 61 to 90 days | | - | - | 0.9 | - |
| Over 90 days | | - | - | 4.5 | - |
| Total overdue loans and receivables gross | | - | - | 5.4 | - |
| Loans and receivables are considered restructured when the original contractual terms are modified. Restructured loans and receivables continue to accrue interest. | | | | | |
| A loan or receivable is recognised as impaired when it is likely that the debt will not be recovered in full. In this instance a specific provision will be created for the impairment. For these overdue loans, Export Finance Australia has either received the payments in July 2021 or is working with the customer to receive payment in full or the amount has been fully provided for as a specific provision. | | | | | |
| Expected credit loss | | | | | |
| Expected credit loss opening balance | | - | - | 12.0 | - |
| Expected credit loss created | | - | - | 7.8 | 12.0 |
| Expected credit loss written back | | - | - | (4.9) | - |
| Foreign exchange movement | | - | - | 0.3 | - |
| Expected credit loss closing balance | | - | - | 15.2 | 12.0 |
| Specific provision for impairment | | | | | |
| Specific provision for impairment opening balance | | 0.4 | 0.5 | 100.1 | 144.9 |
| Specific impairment created | | - | - | 8.5 | 5.9 |
| Foreign exchange movement | | - | - | 7.8 | (11.9) |
| Loans written off | | - | - | - | (1.6) |
| Specific impairment written back | | (0.1) | (0.1) | (22.3) | (37.2) |
| Specific provision closing balance | | 0.3 | 0.4 | 94.1 | 100.1 |
| Impaired loans | | | | | |
| Impaired loans | | 0.4 | 0.4 | 130.2 | 129.1 |
| Specific provision for impairment | | (0.3) | (0.4) | (94.1) | (100.1) |
| Carrying value of impaired loans | | 0.1 | - | 36.1 | 29.0 |

The carrying value of impaired loans represent amounts expected to be recovered.

Amounts shown under the NIA represent loans made by Export Finance Australia under Part 5 of the EFIC Act.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 8: Loans and receivables designated at fair value through profit or loss

| | Note | Commercial Account | | National Interest Account | |
|--|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Gross export finance loans | | 1,148.0 | 1,253.0 | - | - |
| Gross funded export finance guarantees | | 44.5 | 56.6 | - | - |
| Loans and receivables gross | 1(m) | 1,192.5 | 1,309.6 | - | - |
| Fair value net premium and fees | | 34.8 | 42.5 | - | - |
| Fair value interest income | | (4.7) | 0.9 | - | - |
| Fair value of credit risk | | (100.3) | (111.0) | - | - |
| Fair value of specific events | | (21.5) | (15.1) | - | - |
| Total loans and receivables at fair value | | 1,100.8 | 1,226.9 | - | - |
| Maturity analysis loans and receivables gross | | | | | |
| Overdue | | 15.6 | 1.7 | - | - |
| Due in 3 months or less | | 38.2 | 63.9 | - | - |
| Due after 3 months to 1 year | | 186.3 | 129.7 | - | - |
| Due after 1 year to 5 years | | 628.4 | 632.9 | - | - |
| Due after 5 years | | 324.0 | 481.4 | - | - |
| Total loans and receivables gross | | 1,192.5 | 1,309.6 | - | - |
| Restructured exposures included above | | 7.5 | 6.5 | - | - |
| Overdue by: | | | | | |
| Less than 30 days | | 3.7 | 0.6 | - | - |
| 30 to 60 days | | 9.0 | - | - | - |
| 61 to 90 days | | 2.0 | - | - | - |
| Over 90 days | | 0.9 | 1.1 | - | - |
| Total overdue loans and receivables gross | | 15.6 | 1.7 | - | - |

Loans and receivables are considered restructured when the original contractual terms are modified. Restructured loans and receivables continue to accrue interest.

A loan or receivable is recognised as impaired when it is likely that the debt will not be recovered in full. In this instance, a specific event will be created for the impairment.

For these overdue loans, Export Finance Australia has either received the payments in July 2022 or is working with the customer to receive payment in full or the amount has been fully provided for as a specific provision.

Refer to Note 18 for further information regarding credit risk including maximum exposures and market risk.

Note 9: Derivative financial instruments

| | Note | Commercial Account | | National Interest Account | |
|--|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| | 1(o) | | | | |
| Derivative financial assets | | | | | |
| Interest rate swaps | | 8.6 | 0.1 | - | - |
| Cross-currency swaps | | 8.2 | 51.3 | - | - |
| Forward foreign exchange contracts | | 6.5 | 15.1 | - | - |
| Total derivative financial assets | 24 | 23.3 | 66.5 | - | - |
| Maturity analysis of derivative financial assets | | | | | |
| Due in 3 months or less | | 5.0 | 6.3 | - | - |
| Due after 3 months to 1 year | | 5.4 | 16.0 | - | - |
| Due after 1 year to 5 years | | 8.7 | 46.5 | - | - |
| Due after 5 years | | 4.2 | (2.3) | - | - |
| Total derivative financial assets | | 23.3 | 66.5 | - | - |
| Derivative financial liabilities | | | | | |
| Interest rate swaps | | 82.8 | 2.4 | - | - |
| Cross-currency swaps | | 257.7 | 94.2 | - | - |
| Forward foreign exchange contracts | | - | - | - | - |
| Total derivative financial liabilities | 25 | 340.5 | 96.6 | - | - |
| Maturity analysis of derivative financial liabilities | | | | | |
| Due in 3 months or less | | 42.1 | (8.0) | - | - |
| Due after 3 months to 1 year | | 33.0 | (1.7) | - | - |
| Due after 1 year to 5 years | | 179.2 | 104.9 | - | - |
| Due after 5 years | | 86.2 | 1.4 | - | - |
| Total derivative financial liabilities | | 340.5 | 96.6 | - | - |

A derivative financial asset arises when the underlying value of the contract results in an overall receipt of funds by Export Finance Australia, and a derivative liability arises when the underlying value of the contract results in an overall payment of funds by Export Finance Australia. Derivatives are undertaken to hedge borrowings, loans or investments. Derivatives may create anomalies when looking at maturities in certain periods. While a contract may be an asset or a liability, cash received in certain periods may change the nature of the underlying asset or liability in that period.

Refer to Note 18 for further information regarding credit risk, liquidity risk and market risk.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 10: Property, plant and equipment

| | Note | Commercial Account | | National Interest Account | |
|---|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| | 1(p) | | | | |
| Freehold land and building, at valuation | | 140.0 | 110.0 | - | - |
| Accumulated depreciation | | - | (4.9) | - | - |
| Net book value - land and building | | 140.0 | 105.1 | - | - |
| Plant and equipment, at valuation | | 18.9 | 18.1 | - | - |
| Accumulated depreciation | | (15.7) | (14.4) | - | - |
| Net book value - plant and equipment | | 3.2 | 3.7 | - | - |
| Total property, plant and equipment | | 143.2 | 108.8 | - | - |

| | Land and buildings \$ m | Plant and equipment \$ m | Total \$ m |
|---|----------------------------|-----------------------------|---------------|
| Gross value | | | |
| Balance as at 30 June 2021 | 110.0 | 18.1 | 128.1 |
| Additions | - | 0.8 | 0.8 |
| Write-back of accumulated depreciation on revaluation | (7.0) | - | (7.0) |
| Revaluation increment | 37.0 | - | 37.0 |
| Gross value as at 30 June 2022 | 140.0 | 18.9 | 158.9 |
| Accumulated depreciation | | | |
| Balance as at 30 June 2021 | (4.9) | (14.4) | (19.3) |
| Depreciation charged for assets held at 1 July 2021 | (2.1) | (1.3) | (3.4) |
| Depreciation charged for additions | - | - | - |
| Write-back on revaluation | 7.0 | - | 7.0 |
| Depreciation as at 30 June 2022 | - | (15.7) | (15.7) |
| Net book value as at 1 July 2021 | 105.1 | 3.7 | 108.8 |
| Net book value as at 30 June 2022 | 140.0 | 3.2 | 143.2 |

| | Land and buildings \$ m | Plant and equipment \$ m | Total \$ m |
|---|----------------------------|-----------------------------|---------------|
| Gross value | | | |
| Balance as at 30 June 2020 | 110.0 | 17.5 | 127.5 |
| Additions | - | 0.6 | 0.6 |
| Disposals | - | - | - |
| Gross value as at 30 June 2021 | 110.0 | 18.1 | 128.1 |
| Accumulated depreciation | | | |
| Balance as at 30 June 2020 | (2.8) | (12.8) | (15.6) |
| Depreciation charged for assets held at 1 July 2020 | (2.1) | (1.5) | (3.6) |
| Depreciation charged for additions | - | - | - |
| Depreciation charged for disposals | - | (0.1) | (0.1) |
| Depreciation recovered on disposals | - | - | - |
| Depreciation as at 30 June 2021 | (4.9) | (14.4) | (19.3) |
| Net book value as at 1 July 2020 | 107.2 | 4.7 | 111.9 |
| Net book value as at 30 June 2021 | 105.1 | 3.7 | 108.8 |

An independent valuation of land and buildings was carried out in June 2022 by Mr Benjamin Masters AAPI, Registered Valuer No. 16930. On an income approach and discounted cash flow analysis with reference to its highest and best use, the land and buildings were valued at \$140,000,000.

Leased accommodation

Freehold land and buildings include accommodation which has been leased to third parties. The valuation, accumulated depreciation and depreciation charge attributed to the leased space has been derived based on the floor area of the leased space.

The allocated valuation, accumulated depreciation, written-down value and depreciation expense of the leased space is based on a pro rata of floor space:

| | 30 June 2022 \$ m | 30 June 2021 \$ m |
|--|-------------------------|-------------------------|
| Leased accommodation | | |
| Freehold land and building, at valuation | 107.6 | 65.2 |
| Accumulated depreciation | - | (2.9) |
| Written-down value | 107.6 | 62.3 |
| Depreciation expense | 1.6 | 1.2 |

Note 11: Other financial assets

| | Commercial Account | | National Interest Account | |
|-------------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Accrued interest receivable | 14.2 | 15.7 | 1.7 | 0.8 |
| Loan fees receivable | - | - | 1.2 | 0.7 |
| Sundry debtors and prepayments | 5.6 | 2.6 | 1.4 | 4.8 |
| Total other financial assets | 19.8 | 18.3 | 4.3 | 6.3 |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 12: Payable to other financial institutions

| | Note | Commercial Account | | National Interest Account | |
|--|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| | 1(q) | | | | |
| Short-term borrowings | | - | - | 2,511.4 | - |
| Total payables to other financial institutions | 24 | - | - | 2,511.4 | - |
| Maturity analysis of payables to other financial institutions | | | | | |
| Due in 3 months or less | | - | - | 1,542.9 | - |
| Due in 3 months to 1 Year | | - | - | 968.5 | - |
| Total payables to other financial institutions | | - | - | 2,511.4 | - |

Note 13: Borrowings designated at fair value through profit or loss

| | Note | Commercial Account | | National Interest Account | |
|---|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Borrowings | 1(s) | 2,379.3 | 2,105.7 | - | - |
| Total borrowings at fair value | 24 | 2,379.3 | 2,105.7 | - | - |
| Borrowings designated at fair value through profit or loss | | | | | |
| Non-structured borrowings | | | | | |
| Australian dollar | | 1,410.8 | 1,325.1 | - | - |
| Fijian dollar | | 7.3 | - | - | - |
| Total non-structured borrowings | | 1,418.1 | 1,325.1 | - | - |
| Euro commercial paper | | | | | |
| US dollar | | 877.7 | 645.7 | - | - |
| Euro | | 83.5 | 134.9 | - | - |
| Total euro commercial paper | | 961.2 | 780.6 | - | - |
| Total borrowings at fair value | | 2,379.3 | 2,105.7 | - | - |
| Maturity analysis of borrowings | | | | | |
| Due in 3 months or less | | 879.4 | 514.3 | - | - |
| Due after 3 months to 1 year | | 205.5 | 289.0 | - | - |
| Due after 1 year to 5 years | | 892.5 | 1,038.2 | - | - |
| Due after 5 years | | 401.9 | 264.2 | - | - |
| Total borrowings at fair value | | 2,379.3 | 2,105.7 | - | - |

Where borrowings are in a different currency from the assets being financed, cross-currency swaps or foreign exchange contracts are entered into for economic hedging purposes.

A debt neutrality charge of 10 basis points on new borrowings and on existing debt that is rolled over or refinanced is payable to the Commonwealth. This neutrality charge is not charged if the borrowing is for a National Interest Loan.

Refer to Note 18 for further information regarding credit risk, liquidity risk, market risk and contractual amounts.

Note 14: Guarantees designated at fair value through profit and loss

| | Note | Commercial Account | | National Interest Account | |
|---|------|----------------------|----------------------|---------------------------|----------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| | 1(t) | | | | |
| Fair value of credit risk | | 10.5 | 11.0 | - | - |
| Fair value of specific events | | 4.6 | 1.2 | - | - |
| Fair value of net premium receivable | | (6.6) | (7.4) | - | - |
| Total guarantees designated at fair value through profit or loss | | 8.5 | 4.8 | - | - |

When it is likely that a guarantee will be called or a claim has been submitted but not yet paid, then a specific event will be recognised for the exposure that may be called or the claim that may be paid.

Refer to Note 18 for further information regarding credit risk, market risk and maximum exposures.

Note 15: Sundry provisions and allowances

| | Note | Commercial Account | | National Interest Account | |
|---|------|----------------------|----------------------|---------------------------|----------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Employee entitlements | 1(u) | 6.3 | 7.3 | - | - |
| Provision for guarantees | | - | - | 1.5 | - |
| Provision for tax equivalent charges | | 8.2 | 7.9 | - | - |
| Total sundry provisions and allowances | | 14.5 | 15.2 | 1.5 | - |

Note 16: Other financial liabilities

| | Note | Commercial Account | | National Interest Account | |
|--|------|----------------------|----------------------|---------------------------|----------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Sundry creditors | 1(v) | 10.5 | 18.1 | 1.2 | - |
| Security bond deposits | | 49.4 | 33.6 | - | - |
| Interest payable | | - | - | 1.2 | 0.2 |
| Total other financial liabilities | | 59.9 | 51.7 | 2.4 | 0.2 |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 17: Contingencies and commitments

| | Commercial Account | | National Interest Account | |
|-------------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Contingent liabilities | | | | |
| Guarantees* | 115.5 | 124.0 | 46.5 | - |
| Bonds | 155.0 | 112.5 | - | - |
| Medium-term insurance | - | 121.0 | - | - |
| Total contingent liabilities | 270.5 | 357.5 | 46.5 | - |

* Guarantees include facilities signed under risk participation agreements.

These contingent liabilities commit Export Finance Australia to make payments should a default occur by a customer.

Commitments to provide financial facilities

| | | | | |
|--|--------------|--------------|----------------|--------------|
| Loans | 92.4 | 254.7 | 1,998.4 | 125.0 |
| Bonds | 14.3 | 8.6 | - | - |
| Guarantees* | 57.0 | 69.9 | 16.8 | 62.0 |
| Total commitments to provide financial facilities | 163.7 | 333.2 | 2,015.2 | 187.0 |

* Guarantees include facilities signed under risk participation agreements.

Commitments to provide financial facilities are contractually based.

The Government has committed to provide a financing package through Export Finance Australia of USD\$1.33bn to support Telstra's Digicel acquisition, consistent with Australia's longstanding commitment to growing quality investment in regional infrastructure. This package will include debt and equity like securities designed to secure the Government a long-term return on its financing. This facility had not reached financial close prior to 30 June 2022 and so is not included in the above figures. This facility has subsequently reached financial close in July 2022.

Commitments payable

| | | | | |
|----------------------------------|------------|------------|----------|----------|
| Capital commitments | | | | |
| Due in 1 year or less | 0.1 | 0.1 | - | - |
| Operating lease payable | | | | |
| Due in 1 year or less | 0.1 | 0.3 | - | - |
| Due after 1 year to 2 years | - | 0.1 | - | - |
| Total commitments payable | 0.2 | 0.5 | - | - |

Commitments receivable

| | | | | |
|-------------------------------------|-------------|-------------|----------|----------|
| Operating lease receivable | | | | |
| Due in 1 year or less | 4.7 | 3.8 | - | - |
| Due after 1 year to 2 years | 4.3 | 3.8 | - | - |
| Due after 2 years to 5 years | 4.6 | 4.9 | - | - |
| Due after 5 years | 0.5 | 1.0 | - | - |
| Total commitments receivable | 14.1 | 13.5 | - | - |

Operating lease receivable represents rental income to be received in respect of the property owned and partially occupied by Export Finance Australia.

Small business building tenants have again this year been provided rent relief due to the COVID-19 crisis.

Note 18: Financial risk management

(i) General

As part of its normal operations, Export Finance Australia enters into a variety of transactions, including loans, guarantees, insurance and bonds, which can be denominated in various currencies.

Export Finance Australia enters into a number of financial derivative transactions on the CA to protect against interest rate, foreign exchange and funding risks associated with normal operations, including funding the NIA. The derivative instruments are not entered into for speculative or trading purposes. Derivative transactions include:

- › interest rate swaps and forward rate agreements, which protect against interest rate movements where the interest rate basis of the borrowing is different from that of the required liability to fund assets;
- › cross-currency swaps, which protect against interest rate and foreign exchange movements where the currency and interest rate of the borrowing is different from that of the required liability to fund assets. These contracts are used primarily to convert the borrowing and interest payment into the same currency and type as the loan or investment; and
- › forward foreign exchange contracts which are used to protect against foreign exchange movements in investments, loans and borrowings.

Export Finance Australia also conducts detailed stress testing, including examining the impact on the credit portfolio of slower economic growth in emerging markets and adverse movements in foreign exchange rates and commodity prices.

(ii) Credit risk

(a) Commercial Account exposures

Credit risk arises from the possibility of defaults by counterparties on contractual obligations, resulting in financial loss.

Exposures to credit risk for the CA are as follows:

| | Note | 30 June 2022 \$ m | 30 June 2021 \$ m |
|---|---------|-------------------------|-------------------------|
| Credit risk exposures | | | |
| Receivables from other financial institutions | 4, 1(j) | 641.4 | 137.5 |
| Investment securities at amortised cost | 6, 1(k) | 891.7 | 856.0 |
| Loans and receivables at amortised cost | 7, 1(l) | 0.1 | - |
| Loans and receivables designated at fair value through profit or loss | 8, 1(m) | 1,100.8 | 1,226.9 |
| Derivative financial assets | 9, 1(o) | 23.3 | 66.5 |
| Total* | | 2,657.3 | 2,286.9 |
| Contingent liabilities | 17 | 270.5 | 357.5 |
| Commitments | 17 | 163.7 | 333.2 |
| Total | | 434.2 | 690.7 |
| Total credit risk exposure | | 3,091.5 | 2,977.6 |

* Cash and liquid assets, loans to NIA designated at fair value through profit or loss, other financial assets, and property, plant and equipment have not been included in the above table as there is no significant associated credit risk.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

> Exposures to treasury counterparties

Credit risk arising from Export Finance Australia through its investment portfolios and from interest rate and foreign exchange management is limited to Commonwealth and state or territory governments, ADIs rated BBB- or above and other entities with credit ratings the equivalent of AA- or above. However, if after purchase or a contracting counterparty subsequently falls below the minimum credit rating, management evaluates the risk and will decide on the applicable action, which may include selling the asset, novating the contract, holding the asset to maturity, or obtaining security through credit support annexures (CSAs).

The PGPA Act limits investment by Export Finance Australia of surplus monies to:

- (i) money with ADIs in Australia rated BBB- or above;
- (ii) securities issued by or guaranteed by the Commonwealth, a state or territory;
- (iii) money with other entities with credit ratings the equivalent of AA- or better;
- (iv) deposits with, or securities issued by, the above ADIs;
- (v) deposits with, or securities issued or guaranteed by, the above entities;
subject to:
 - (a) investments in ADIs with a rating lower than A- must not exceed 25% of total investments;
 - (b) investments in ADIs with a term longer than six months and a rating lower than A- must be able to be traded in the secondary market and must not exceed a term of three years;
 - (c) investments in an individual ADI with a rating lower than A- must not exceed 10% of total investments.

In addition to the PGPA Act requirements, the Board does not permit proprietary trading and has set further controls for Export Finance Australia treasury operations which consist of:

- (i) a cap on foreign exchange open positions;
- (ii) a cap on interest rate exposure to asset maturity;
- (iii) minimum levels for committed funding over the life of assets;
- (iv) a cap on the structured borrowing component of funding;
- (v) limits relating to individual counterparty exposures and terms;
- (vi) limits relating to portfolio exposures and terms;
- (vii) limits on investments in structured, multi-credit entities;
- (viii) performance benchmarks relating to specific portfolios; and
- (ix) derivative limits and a CSA collateral policy.

All individual counterparty limits and sub-limits required by treasury are approved in line with the policies and the usage against limits is monitored independently of treasury.

All limits set by the Board are monitored by management. The Board also sets triggers that require information to be notified to the Board. A treasury report addressing prudential controls, risk, limits and triggers is submitted to the Board Audit and Risk Committee meeting quarterly, which then reports to the Board. A treasury update is provided at each Board meeting.

Credit risk on treasury derivative transactions is mitigated by the fact that most of the contracts have a mutual five-year right to break clause. In addition, some contracts include a clause that allows the contract to be terminated if the counterparty rating falls below an agreed credit rating. Some contracts also have CSAs in operation where Export Finance Australia receives collateral to offset the exposure.

The tables below show treasury credit risk exposures for CA by the current counterparty rating:

| | Note | 30 June 2022 \$ m | 30 June 2021 \$ m |
|---|---------|-------------------------|-------------------------|
| Investment securities | | | |
| Australian authorised deposit-taking institutions | | | |
| AA- | | 647.7 | 655.0 |
| A+ | | - | 13.0 |
| BBB+ | | 90.0 | 70.0 |
| Other financial institutions or foreign entities | | | |
| AA- | | 154.0 | 118.0 |
| Exposure to credit risk of investment securities | 1(l), 6 | 891.7 | 856.0 |

Derivative financial assets

| | | | |
|--|---------|-------------|------|
| Australian authorised deposit-taking institutions | | | |
| AA- | | 7.8 | 56.4 |
| Other financial institutions or foreign entities | | | |
| AA- | | 15.5 | 10.1 |
| Exposure to credit risk for derivative financial assets | 1(o), 9 | 23.3 | 66.5 |

For treasury exposures there are no overdue or restructured amounts.

> Exposures to customers

Export Finance Australia's principal exposure to credit risk arises from the financing and credit facilities extended to customers. On the CA, loans written off during the year or called credit facilities that were not subsequently recovered within the year were nil (2021: \$3.4 million).

Gross exposures (before fair value adjustments) on each of the products on the CA are as follows:

| | Note | 30 June 2022 \$ m | 30 June 2021 \$ m |
|--|---------|-------------------------|-------------------------|
| Gross exposures | | | |
| Export finance loans | 8, 1(m) | 1,148.0 | 1,253.0 |
| Funded export finance guarantees | 8, 1(m) | 44.5 | 56.6 |
| Rescheduled credit insurance debts at amortised cost | 7 | 0.4 | 0.4 |
| Guarantees | 17 | 115.5 | 124.0 |
| Medium-term insurance | 17 | - | 121.0 |
| Bonds | 17 | 155.0 | 112.5 |
| Total gross exposures | | 1,463.4 | 1,667.5 |
| Reinsured exposures included above | | 118.3 | 202.7 |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

Gross exposures are also monitored by country of risk (not country of export). On the CA the country exposures are as follows:

| | 30 June 2022 \$ m | 30 June 2022 % of total | 30 June 2021 \$ m | 30 June 2021 % of total |
|---|-------------------------|-------------------------------|-------------------------|-------------------------------|
| Country exposures* | | | | |
| Australia** | 801.5 | 54.8 | 894.3 | 53.7 |
| Trinidad & Tobago | 157.4 | 10.8 | 157.8 | 9.5 |
| Mongolia | 142.5 | 9.7 | 131.8 | 7.9 |
| Norway | 83.1 | 5.7 | 89.0 | 5.3 |
| Papua New Guinea | 77.1 | 5.3 | 79.3 | 4.8 |
| Vietnam | 56.8 | 3.9 | - | - |
| Chile | 52.0 | 3.5 | 43.3 | 2.6 |
| Bermuda | 42.5 | 2.9 | 41.4 | 2.5 |
| United Kingdom | 24.7 | 1.7 | 28.7 | 1.7 |
| Sri Lanka | 15.7 | 1.1 | 19.0 | 1.1 |
| Saudi Arabia | 5.8 | 0.4 | 10.9 | 0.7 |
| Bangladesh | 2.1 | 0.1 | 2.2 | 0.1 |
| New Zealand | 1.8 | 0.1 | 2.1 | 0.1 |
| Canada | - | - | 80.7 | 4.8 |
| China | - | - | 40.4 | 2.4 |
| Peru | - | - | 40.0 | 2.4 |
| Other | 0.4 | - | 6.6 | 0.4 |
| Total country exposures | 1,463.4 | 100.0 | 1,667.5 | 100.0 |
| Reinsured exposures included above | 118.3 | | 202.7 | |

* Underlying country exposures are shown after applying reinsurance which does not change gross exposures but reallocates risk to the reinsurers' country of risk.

** Includes performance bonds and guarantees issued on behalf of Australian companies.

Allowance for credit risk on the above gross exposures on the CA is as follows:

| | 30 June 2022 \$ m | 30 June 2021 \$ m |
|--|-------------------------|-------------------------|
| Allowance for credit risk by product | | |
| Export finance loans | (100.3) | (108.6) |
| Funded export finance guarantees | - | (2.4) |
| Guarantees | (3.8) | (5.0) |
| Bonds | (6.7) | (6.0) |
| Allowance for credit risk closing balance | (110.8) | (122.0) |

The movement in the allowance for credit risk on the CA is comprised of:

| | 30 June 2022 \$ m | 30 June 2021 \$ m |
|--|-------------------------|-------------------------|
| Allowance for credit risk for gross exposures | | |
| Allowance for credit risk opening balance | (122.0) | (117.9) |
| New exposures | (37.4) | (39.7) |
| Repayments | 28.3 | 18.0 |
| Change in risk grade | 4.3 | (1.6) |
| Change in term to maturity | 17.9 | 13.7 |
| Change in probability of default rates | 4.0 | (4.1) |
| Change in loss given default rates | - | 1.6 |
| Exchange rate movements | (5.9) | 8.0 |
| Allowance for credit risk closing balance | (110.8) | (122.0) |

Export Finance Australia employs a risk grading system to rank risks according to both the counterparty risk and the level of country risk inherent in the exposure. Export Finance Australia also measures and monitors country, industry and counterparty concentration risk on the CA. Any significant concentration risk on the CA is taken into account in assessing the amount of capital which is required to conduct the CA activities.

Export Finance Australia uses nine broad categories of risk grade, with category 1 representing the lowest risk. Within categories 1 to 6, an outlook modifier of plus or minus is used if the counterparty is particularly strong or weak for that risk grade. The equivalent risk, based on Standard and Poor's risk rating, is stated in brackets. The gross exposures (before fair value adjustments) for the CA after reinsurance under each category are as follows:

| | Note | 30 June 2022 \$ m | 30 June 2021 \$ m |
|--|------------|-------------------------|-------------------------|
| Gross exposures loans and receivables | | | |
| Risk category 1 (AA- to AAA) | | 27.2 | 31.2 |
| Risk category 2 (A- to A+) | | 89.6 | 88.2 |
| Risk category 3 (BBB- to BBB+) | | - | 135.1 |
| Risk category 4 (BB- to BB+) | | 328.7 | 363.2 |
| Risk category 5 (B- to B+) | | 305.9 | 206.8 |
| Risk category 6 (CCC+) | | 331.4 | 372.4 |
| Risk category 7 (C to CCC) | | 99.8 | 111.6 |
| Risk category 8 doubtful | | 9.9 | 1.1 |
| Risk category 9 impaired | | 0.4 | 0.4 |
| Gross exposures loans and receivables | 1(n), 7, 8 | 1,192.9 | 1,310.0 |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

As part of its normal operations, Export Finance Australia enters into a variety of transactions that give rise to contingent liabilities, including guarantees, insurance and bonds. The maximum exposure to credit risk for these types of transactions is the maximum amount that Export Finance Australia would pay if called upon to do so. The exposures for the CA after reinsurance under each risk category are as follows:

| | Note | 30 June 2022 \$ m | 30 June 2021 \$ m |
|-------------------------------------|------|-------------------------|-------------------------|
| Contingent liabilities* | | | |
| Risk category 1 (AA- to AAA) | | 51.3 | 117.7 |
| Risk category 2 (A- to A+) | | - | 40.4 |
| Risk category 3 (BBB- to BBB+) | | - | 61.2 |
| Risk category 4 (BB- to BB+) | | 84.9 | 30.8 |
| Risk category 5 (B- to B+) | | 40.4 | 24.0 |
| Risk category 6 (CCC+) | | 85.7 | 73.1 |
| Risk category 7 (C to CCC) | | 1.5 | 10.3 |
| Risk category 8 doubtful | | 6.7 | - |
| Total contingent liabilities | 17 | 270.5 | 357.5 |

* There are no exposures in category 9.

As part of its normal operations, Export Finance Australia enters into a variety of transactions that give rise to commitments, including loans, guarantees, insurance and bonds. The maximum exposure to credit risk on CA is the full amount of the commitment.

| | Note | 30 June 2022 \$ m | 30 June 2021 \$ m |
|--------------------------------|------|-------------------------|-------------------------|
| Commitments* | | | |
| Risk category 1 (AA- to AAA) | | - | 7.3 |
| Risk category 3 (BBB- to BBB+) | | - | 40.0 |
| Risk category 4 (BB- to BB+) | | 46.2 | 63.3 |
| Risk category 5 (B- to B+) | | 65.4 | 149.9 |
| Risk category 6 (CCC+) | | 52.0 | 72.0 |
| Risk category 7 (C to CCC) | | 0.1 | 0.7 |
| Total commitments | 17 | 163.7 | 333.2 |

* There are no exposures in categories 2, 8 and 9.

> Retained sector exposure

The sectors that represents more than 15% of Export Finance Australia's CA retained exposure are the Mining - LNG, the Transport, Postal and Warehousing, Mining and Manufacturing sectors. At 30 June 2022, the exposure to the Mining - LNG sector was \$255 million, representing 19% of total retained exposure (2021: \$400.8 million, representing 27.4%), the exposure to the Transport, Postal and Warehousing sector was \$241.7 million, representing 18% of total retained exposure (2021: \$269.5 million, representing 18.4%), the exposure to the Mining sector was \$206.1 million, representing 15.3% of total retained exposure (2021: \$208.6 million, representing 14.2%) and the exposure to the Manufacturing sector was \$203.7 million, representing 15.1% of total retained exposure (2021: \$208.3 million, representing 14.2%).

> Reinsured exposure

To reduce Export Finance Australia's exposure to counterparties in the higher risk categories or to reduce concentration risk, contracts are entered into with reinsurers, including other ECAs. This will change the exposure from the counterparty in the higher risk categories to an exposure to the reinsurers that will be in lower risk categories, or reduce concentration risk to a counterparty with the same or lower risk. As can be seen from the table below, Export Finance Australia has reinsured exposures with counterparties in risk category 8 to reinsurers in risk categories 1 or 2.

| | 30 June 2022 \$ m | 30 June 2021 \$ m |
|------------------------------|-------------------------|-------------------------|
| Reinsurance | | |
| Reinsured to | | |
| Risk category 1 (AA- to AAA) | 28.8 | 114.5 |
| Risk category 2 (A- to A+) | 89.6 | 88.2 |
| Reinsured from | | |
| Risk category 2 (A- to A+) | - | (80.7) |
| Risk category 4 (BB- to BB+) | - | (2.0) |
| Risk category 6 (CCC+) | (71.3) | (65.9) |
| Risk category 7 (C to CCC) | - | (54.1) |
| Risk category 8 doubtful | (47.1) | - |
| Total reinsurance | - | - |

The above tables do not take into account the value of any collateral or security held which may include first-ranking mortgage over assets financed by Export Finance Australia, standby documentary credits, third-party guarantees and recourse to companies and company directors. No collateral has been called and held at year end. For the bond product in the normal course of business, we do hold cash security deposits which at 30 June 2022 were \$49.4 million (2021: \$33.6 million).

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

(b) National Interest Account exposures

Under the NIA, the Minister can direct Export Finance Australia to support transactions that are in the national interest. The Commonwealth receives all income on NIA transactions and bears all risks and losses.

Section 66 of the EFIC Act details loans made in the national interest and 66(6)(b) provides that the Commonwealth is liable to pay Export Finance Australia an amount equal to any defaulted amount under an NIA loan. Section 66(7) & 66(8) empowers the Minister to direct Export Finance Australia to access the market to borrow an amount equal to that due by the Commonwealth. Any such borrowings would then be supported by the Commonwealth Guarantee at Section 62.

Decisions under the NIA are the responsibility of the Government. The Defence Export Facility, the AIFFP and the COVID-19 Facility are examples of financing delivered through the NIA.

Under the NIA, the exposures for non-project finance loans and rescheduled credit insurance debts are all to overseas governments, or entities owned or guaranteed by overseas governments.

Project finance loans are project specific where the loan repayments are solely reliant on income from the project.

Exposures under the Export Capital Facility are loans to assist previously profitable businesses impacted by COVID-19.

The NIA principal exposure to credit risk arises from the financing and credit facilities extended to customers. Loans written off during the year were Nil (2021: \$1.7 million).

Gross exposures (before unearned premiums, expected credit loss, specific provision for impairment and unamortised grants) on each of the products offered on the NIA are as follows:

| | | 30 June 2022 \$ m | 30 June 2021 \$ m |
|------------------------------------|---------|-------------------------|-------------------------|
| Gross exposures | | | |
| Export finance loans | 1(l), 7 | 561.1 | 398.1 |
| Rescheduled credit insurance debts | 1(l), 7 | 108.6 | 116.1 |
| Guarantees | 17 | 46.5 | - |
| Total gross exposures | | 716.2 | 514.2 |

Gross exposures are also monitored by country of risk (not country of export) and on the NIA the country exposures are as follows:

| | 30 June 2022 \$ m | 30 June 2022 % of total | 30 June 2021 \$ m | 30 June 2021 % of total |
|--------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|
| Country exposures | | | | |
| Papua New Guinea | 288.4 | 40.3 | 198.3 | 38.6 |
| Australia* | 136.6 | 19.1 | 80.1 | 15.6 |
| Iraq | 108.6 | 15.2 | 116.1 | 22.6 |
| Trinidad & Tobago | 106.6 | 14.9 | 104.2 | 20.2 |
| Fiji | 53.1 | 7.4 | - | - |
| Palau | 13.1 | 1.8 | - | - |
| Cuba | 9.0 | 1.2 | 8.8 | 1.7 |
| Indonesia | 0.8 | 0.1 | 6.7 | 1.3 |
| Total country exposures | 716.2 | 100.0 | 514.2 | 100.0 |

* Includes performance bonds and guarantees issued on behalf of Australian companies.

Expected credit loss on the above gross exposures on the NIA is as follows:

| | 30 June 2022 \$ m | 30 June 2021 \$ m |
|--|-------------------------|-------------------------|
| Expected credit loss by product | | |
| Export finance loans | (16.7) | (12.0) |
| Allowance for credit risk closing balance | (16.7) | (12.0) |

(c) Rescheduled debt exposures

Iraq: The rescheduled debt balance at 30 June 2022 is US\$74.7 million (2021: US\$87.2 million) on the NIA and US\$0.3 million (2021: US\$0.3 million) on the CA. The situation was assessed as significantly impacting the likelihood of future payments from Iraq. During 2021-22, it was deemed appropriate to use a 72.8% impairment provision against the rescheduled debt and this treatment will be reviewed on an annual basis. Future payments from Iraq are recognised as income on receipt and booked as a recovery and the provision reversed, consistent with current practice. Recoveries made during the year under this agreement were \$18.5 million on the NIA. These debts arose from credit insurance claims between 1987 and 1992 in respect of non-payment by the Iraqi Government on wheat exports from Australia. These debts were subject to rescheduling, with 80% debt forgiveness in three stages at the Paris Club. The repayment schedule for the remaining rescheduled amounts call for six-monthly payments until January 2028. At 30 June 2022, all rescheduled amounts have been paid on time as per the rescheduling agreements.

Cuba: At 30 June 2022, the rescheduled debt balance on the NIA was \$8.9 million (2021: \$8.8 million). In June 2021, the 'Group of Creditors of Cuba' at the Paris Club (of which Australia is a member) agreed to defer principal and interest payments due in 2020, 2021 and 2022, together with interest in 2023 and 2024. Export Finance Australia executed a bilateral agreement with Cuba in late December 2021 to document those arrangements. The maturity date of the debt remains October 2033. The debt has a 100 per cent provision in place and this is maintained at 30 June 2022.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

(iii) Liquidity risk

Prudent liquidity risk management on the CA is achieved by maintaining sufficient cash and marketable securities to meet any sudden shortfalls in the ability to fund Export Finance Australia. Export Finance Australia also has the explicit guarantee of the Commonwealth of Australia, which is rated AAA, and therefore in normal markets there is no significant liquidity risk. Section 61 of the EFIC Act states that 'Efic must not borrow or raise money except under section 58 or 59'. Section 58 allows the Finance Minister, on behalf of the Commonwealth, to lend money to Efic and section 59 allows Efic to borrow or raise money, subject to written approval of the Finance Minister. To date, Export Finance Australia has funded its activities under section 59 and does not borrow directly from the Commonwealth of Australia. Notwithstanding the above, a liquid investment portfolio is maintained.

On the NIA, currently all the cash flows on loans are matched with funding from the CA, and accordingly there is no liquidity risk on these. There are short-term borrowings that are invested in short-term investments on the NIA which also currently do not create any liquidity risk.

The liquidity table below is based on estimated future cash flows for principal and interest and is not their fair value as is shown on the statement of financial position. For the CA, the contractual undiscounted amounts comprise principal and interest repayment obligations and are as follows:

| 30 June 2022 | Contractual undiscounted principal and interest | | | |
|--|---|-------------------------------|------------------------------|---------------------------------|
| | 3 months or less \$ m | 3 months to 1 year \$ m | 1 year to 5 years \$ m | Greater than 5 years \$ m |
| Undiscounted financial assets | | | | |
| Cash and liquid assets | 19.0 | - | - | - |
| Receivables from other financial institutions | 613.7 | 28.9 | - | - |
| Investment securities at amortised cost | 57.4 | 281.3 | 605.3 | - |
| Loans and receivables at amortised cost | - | 0.1 | 0.3 | - |
| Loans and receivables designated at fair value through profit or loss | 41.1 | 243.9 | 777.7 | 370.4 |
| Loans to National Interest Account designated at fair value through profit or loss | 37.8 | 78.5 | 273.5 | 301.3 |
| Derivative financial instruments receivable | | | | |
| - Contractual amounts receivable | 315.8 | 346.0 | 1,200.3 | 515.6 |
| Total undiscounted financial assets | 1,084.8 | 978.7 | 2,857.1 | 1,187.3 |
| Undiscounted financial liabilities | | | | |
| Borrowings designated at fair value through profit or loss | | | | |
| - Euro commercial paper | 770.7 | 192.6 | - | - |
| - Non-structured borrowings | 110.6 | 14.2 | 962.3 | 557.9 |
| Derivative financial instruments payable | | | | |
| - Contractual amounts payable | 352.8 | 374.0 | 1,377.4 | 579.6 |
| Total undiscounted financial liabilities | 1,234.1 | 580.8 | 2,339.7 | 1,137.5 |
| Net undiscounted financial assets/(liabilities) | (149.3) | 397.9 | 517.4 | 49.8 |

Export Finance Australia has legally enforceable master netting arrangements which apply on default and as such have not been taken into account. If these master netting arrangements were considered then the derivative assets would be \$12.3 million and the derivative liabilities would be \$99.5 million after taking into account the \$223.2 million collateral posted.

| 30 June 2021 | Contractual undiscounted principal and interest | | | |
|--|---|-------------------------------|------------------------------|---------------------------------|
| | 3 months or less \$ m | 3 months to 1 year \$ m | 1 year to 5 years \$ m | Greater than 5 years \$ m |
| Undiscounted financial assets | | | | |
| Cash and liquid assets | 12.6 | - | - | - |
| Receivables from other financial institutions | 115.0 | 22.4 | - | - |
| Investment securities at amortised cost | 107.1 | 428.4 | 346.4 | - |
| Loans and receivables at amortised cost | - | - | 0.3 | 0.1 |
| Loans and receivables designated at fair value through profit or loss | 68.9 | 162.2 | 753.9 | 536.6 |
| Loans to National Interest Account designated at fair value through profit or loss | 7.3 | 71.2 | 241.9 | 105.2 |
| Derivative financial instruments receivable | | | | |
| - Contractual amounts receivable | 220.1 | 400.3 | 1,156.6 | 301.6 |
| Total undiscounted financial assets | 531.0 | 1,084.5 | 2,499.1 | 943.5 |
| Net undiscounted financial assets/(liabilities) | | | | |
| Payables to other financial institutions | - | - | - | - |
| Borrowings designated at fair value through profit or loss | | | | |
| - Euro commercial paper | 505.7 | 274.8 | - | - |
| - Non-structured borrowings | 8.7 | 14.2 | 1,055.9 | 296.9 |
| - Structured borrowings | - | - | - | - |
| Derivative financial instruments payable | | | | |
| - Contractual amounts payable | 205.7 | 382.1 | 1,215.0 | 301.3 |
| Total undiscounted financial liabilities | 720.1 | 671.1 | 2,270.9 | 598.2 |
| Net undiscounted financial assets/(liabilities) | (189.1) | 413.4 | 228.2 | 345.3 |

(iv) Market risk

(a) Interest rate risk

As Export Finance Australia is involved in lending and borrowing activities, interest rate risks arise. Interest rate swaps, forward rate agreements, and cross-currency swaps are used on the CA as the primary methods of reducing exposure to interest rate movements.

Export Finance Australia's policy is to minimise interest rate risk. If loans are not at floating rates, a fixed to floating rate swap is generally entered into from the time terms and conditions are agreed.

In certain circumstances, cash flow hedges may be entered into to hedge the exposure to variability in interest rate movements that are attributable to future interest cash flows. At year end, there are no outstanding cash flow hedges.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

Fair value hedges are intended to hedge the exposure to variability in fair value movements that are attributable to future interest cash flows only. At year end, there are no outstanding fair value hedges.

NIA loans are funded from the CA at a matched rate and therefore they are not exposed to interest rate risk.

Fixed interest loans and borrowing portfolios have an opportunity cost exposure to changes in market value. The change in market value can be caused by either a general shift in the level of interest rates or by a change in the credit margin of individual assets. Exposure to the general level of interest rates is a function of 'duration', whereas exposure to credit margin is a function of 'term to maturity'. Management sets a benchmark for the 'duration' of the capital and reserves portfolio. Other fixed interest portfolios, loan and investments and borrowing portfolios are not impacted by changes in the general level of interest rates due to duration hedging.

The table below is based on actual or notional principal balances and is not their fair value as shown on the statement of financial position. The amounts shown are the undiscounted principal exposure and notional principal amounts outstanding.

| 30 June 2022 | Contractual undiscounted principal exposure | | | | | Fixed Total \$ m |
|--|---|-----------------------------------|-------------------------------|------------------------------------|----------|------------------------|
| | Floating interest rate \$ m | Fixed Less than 1 year \$ m | Fixed 1 to 5 years \$ m | Fixed More than 5 years \$ m | | |
| Undiscounted principal exposures | | | | | | |
| Financial assets | | | | | | |
| Cash and liquid assets | 19.0 | - | - | - | - | - |
| Receivables from other financial institutions | 641.4 | - | - | - | - | - |
| Investment securities at amortised cost | 515.0 | 60.5 | 317.8 | - | - | 378.3 |
| Loans and receivables designated at amortised cost | 0.4 | - | - | - | - | - |
| Loans and receivables designated at fair value through profit or loss | 1,146.6 | 2.5 | 11.0 | 32.4 | - | 45.9 |
| Loans to National Interest Account designated at fair value through profit or loss | 544.8 | 0.4 | 7.0 | - | - | 7.4 |
| Total financial assets | 2,867.2 | 63.4 | 335.8 | 32.4 | - | 431.6 |
| Financial liabilities | | | | | | |
| Derivative financial instruments | | | | | | |
| - Cross-currency swaps | 837.0 | (100.0) | (235.0) | (280.0) | - | (615.0) |
| - Foreign exchange swaps | (6.9) | - | - | - | - | - |
| - Interest rate swaps* | 849.9 | 6.3 | (638.6) | (217.6) | - | (849.9) |
| Borrowings designated at fair value through profit or loss | 963.2 | 100.0 | 891.6 | 530.0 | - | 1,521.6 |
| Other monetary liabilities | 49.4 | - | - | - | - | - |
| Total financial liabilities | 2,692.6 | 6.3 | 18.0 | 32.4 | - | 56.7 |
| Net interest exposures | 174.6 | 57.1 | 317.8 | - | - | 374.9 |
| Capital and reserves portfolio | 155.3 | 60.5 | 317.8 | - | - | 378.3 |
| Net interest exposures | 19.3 | (3.4) | - | - | - | (3.4) |

* Notional principal amounts.

The capital and reserves portfolio is the investment of the cash equity. The investment of these funds is exposed to interest rate movements and the tables below in the interest margin (duration) section show the analysis of the sensitivity of these investments to interest rate movements. The net interest exposure after these investments show that there is insignificant interest rate exposure in the rest of the assets and liabilities. Other areas are indirectly affected by the change in future anticipated interest rates due to the discounting factor when calculating the net present value of future cash flows.

| 30 June 2021 | Contractual undiscounted principal exposure | | | | | |
|--|---|-----------------------------------|-------------------------------|------------------------------------|------------------------|--|
| | Floating interest rate \$ m | Fixed Less than 1 year \$ m | Fixed 1 to 5 years \$ m | Fixed More than 5 years \$ m | Fixed Total \$ m | |
| Undiscounted principal exposures | | | | | | |
| Financial assets | | | | | | |
| Cash and liquid assets | 12.6 | - | - | - | - | |
| Receivables from other financial institutions | 137.5 | - | - | - | - | |
| Investment securities at amortised cost | 438.9 | 169.4 | 247.7 | - | 417.1 | |
| Loans and receivables designated at amortised cost | 0.4 | - | - | - | - | |
| Loans and receivables designated at fair value through profit or loss | 1,309.6 | - | - | - | - | |
| Loans to National Interest Account designated at fair value through profit or loss | 382.6 | 5.8 | 0.7 | - | 6.5 | |
| Derivative financial instruments | | | | | | |
| Total financial assets | 2,281.6 | 175.2 | 248.4 | - | 423.6 | |
| Financial liabilities | | | | | | |
| Payables to other financial institutions | - | - | - | - | - | |
| Derivative financial instruments | | | | | | |
| - Cross-currency swaps | 714.5 | - | (335.0) | (280.0) | (615.0) | |
| - Foreign exchange swaps | (15.3) | - | - | - | - | |
| - Interest rate swaps* | 643.1 | 6.2 | (649.3) | - | (643.1) | |
| Borrowings designated at fair value through profit or loss | 780.5 | - | 985.0 | 280.0 | 1,265.0 | |
| Other monetary liabilities | 44.6 | - | - | - | - | |
| Total financial liabilities | 2,167.4 | 6.2 | 0.7 | - | 6.9 | |
| Interest exposures | 114.2 | 169.0 | 247.7 | - | 416.7 | |
| Capital and reserves portfolio | 113.3 | 169.4 | 247.7 | - | 417.1 | |
| Net interest exposures | 0.9 | (0.4) | - | - | (0.4) | |

* Notional principal amounts.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

> Interest margin (duration)

To ensure consistency and a common approach to interest rate sensitivity analysis, the recommendations provided by the Commonwealth as to the sensitivity rates to use in the analysis have been adopted. The sensitivity analysis movement percentages are based on both statistical and non-statistical analysis. The statistical analysis is based on the cash rate for the past five years issued by the RBA as the underlying data set. This information is then revised and adjusted for reasonableness under the current economic circumstances. The below percentage changes are the recommendations for interest rate sensitivity provided by the Commonwealth.

Sensitivity analysis of interest rate risk (which is the risk that the fair value will fluctuate because of changes in market interest rates and not credit factors) for the CA is only performed for capital and reserve investments. The net interest exposure after these investments show that there is insignificant interest rate exposure in the rest of the assets and liabilities. Other areas are indirectly affected by the change in future anticipated interest rates due to the discounting factor when calculating the net present value of future cash flows.

| 30 June 2022 | Exposure at risk \$ m | Increase in basis points Change in market value \$ m | Decrease in basis points Change in market value \$ m | Increase in basis points Effect on equity \$ m | Decrease in basis points Effect on equity \$ m |
|---|-----------------------------|--|--|--|--|
| Capital and reserve portfolio | | | | | |
| Fixed rate investments | 378.3 | | | | |
| Change of 79 basis points interest margin | | 6.5 | (6.5) | - | - |
| Floating rate investments | 155.3 | | | | |
| Change of 79 basis points interest margin | | 1.2 | (1.2) | - | - |
| 30 June 2021 | Exposure at risk \$ m | Increase in basis points Change in market value \$ m | Decrease in basis points Change in market value \$ m | Increase in basis points Effect on equity \$ m | Decrease in basis points Effect on equity \$ m |
| Capital and reserve portfolio | | | | | |
| Fixed rate investments | 417.1 | | | | |
| Change of 74 basis points interest margin | | 5.3 | (5.3) | - | - |
| Floating rate investments | 113.3 | | | | |
| Change of 74 basis points interest margin | | 0.8 | (0.8) | - | - |

> Credit margin (term to maturity)

For Export Finance Australia's investment portfolio, there is a credit revaluation risk as the fair value of the investments will fluctuate because of changes in the credit quality of the investment counterparty.

As at 30 June 2022, Export Finance Australia's investment approval is derived from the PGPA Act. This authority requires Export Finance Australia to invest its surplus money in only Australian Commonwealth and state or territory government securities, on deposit with or in securities issued by ADIs rated at least BBB- or above, and on deposit with or in securities of other entities with credit ratings the equivalent of AA- or above. However, if after purchase a counterparty subsequently falls below the minimum credit rating, management evaluates the risk and will decide on the applicable action, which may include selling the asset, holding the asset to maturity, or obtaining security through CSAs.

Notwithstanding such a high level of credit quality in investments, the portfolio is exposed to movements in credit spreads.

Unrealised marked to market movements are minimised by having an average life to maturity of approximately two years. As investments are classified at amortised cost, mark to market movements are not reflected in the financial statements, and assuming no credit defaults, losses or gains would not be realised in the profit or loss.

Sensitivity analysis of credit risk for the CA is as follows:

| | Exposure at risk | Exposure at risk | Increase in basis points Change in market value 2022 | Decrease in basis points Change in market value 2022 | Increase in basis points Effect on equity 2021 | Decrease in basis points Effect on equity 2021 |
|--|---------------------|---------------------|--|--|--|--|
| | 2022 \$ m | 2021 \$ m | 2022 \$ m | 2022 \$ m | 2021 \$ m | 2021 \$ m |
| Investment portfolio | | | | | | |
| Fixed rate investments | 378.3 | 417.1 | | | | |
| Change of 50 basis points credit margin | | | (4.3) | 4.3 | (3.4) | 3.4 |
| Change of 120 basis points credit margin | | | (10.3) | 10.3 | (8.3) | 8.3 |
| Change of 200 basis points credit margin | | | (17.1) | 17.2 | (13.7) | 13.8 |
| Floating rate investments | 1,156.4 | 576.4 | | | | |
| Change of 50 basis points credit margin | | | (3.3) | 3.3 | (1.8) | 1.8 |
| Change of 120 basis points credit margin | | | (7.9) | 7.9 | (4.3) | 4.3 |
| Change of 200 basis points credit margin | | | (13.2) | 13.2 | (7.2) | 7.2 |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

(b) Foreign exchange risk

Export Finance Australia extends facilities in various currencies, principally in US dollars and euros. Where the borrowing currency is different from the currency of the assets being funded, cross-currency swaps or foreign exchange contracts are used to offset the exposure (before allowances and provisions).

The table below does not include any balances that are in Australian dollars as they are not exposed to foreign currency movements. Foreign currency exposures for the CA in Australian dollar equivalents are:

| 30 June 2022 | Foreign currency fair value exposures | | |
|--|---------------------------------------|---------------|----------------|
| | USD A\$ m | EUR A\$ m | Other A\$ m |
| Financial assets exposure in foreign currencies | | | |
| Cash and liquid assets | 2.6 | 9.3 | 1.8 |
| Receivables from other financial institutions | 568.3 | - | - |
| Loans and receivables at amortised cost | 0.1 | - | - |
| Loans and receivables designated at fair value through profit or loss | 834.3 | 72.1 | - |
| Loans to National Interest Account designated at fair value through profit or loss | 410.6 | - | 7.3 |
| Derivative financial instruments receivable | 693.6 | - | - |
| Other financial assets | 0.6 | - | - |
| Total financial assets exposure in foreign currencies | 2,510.1 | 81.4 | 9.1 |
| Financial liabilities exposure in foreign currencies | | | |
| Borrowings designated at fair value through profit or loss | 877.7 | 83.5 | 7.3 |
| Guarantees designated at fair value through profit or loss | 3.8 | 2.6 | (0.1) |
| Derivative financial instruments payable | 1,661.1 | 6.1 | - |
| Other financial liabilities | 37.4 | 1.1 | 0.3 |
| Total financial liabilities exposure in foreign currencies | 2,580.0 | 93.3 | 7.5 |
| Net foreign exchange exposures in foreign currencies | (69.9) | (11.9) | 1.6 |

As shown in the above table, the net foreign exchange exposure as at 30 June 2022 is minimal in value for all currencies other than USD with an exposure of \$69.9 million and EUR with an exposure of \$11.9 million. The exposure in this currency is largely due to movements in credit risk provisioning.

| 30 June 2021 | Foreign currency fair value exposures | | |
|--|---------------------------------------|---------------|----------------|
| | USD A\$ m | EUR A\$ m | Other A\$ m |
| Financial assets exposure in foreign currencies | | | |
| Cash and liquid assets | 4.1 | 5.4 | 0.9 |
| Receivables from other financial institutions | 60.3 | 12.7 | - |
| Loans and receivables designated at fair value through profit or loss | 917.4 | 118.1 | - |
| Loans to National Interest Account designated at fair value through profit or loss | 314.0 | - | - |
| Derivative financial instruments receivable | 684.2 | - | - |
| Other financial assets | 0.1 | - | - |
| Total financial assets exposure in foreign currencies | 1,980.1 | 136.2 | 0.9 |
| Financial liabilities exposure in foreign currencies | | | |
| Borrowings designated at fair value through profit or loss | 645.7 | 134.9 | - |
| Guarantees designated at fair value through profit or loss | 2.7 | 1.6 | (0.1) |
| Derivative financial instruments payable | 1,365.5 | 12.6 | - |
| Other financial liabilities | 35.3 | 1.3 | - |
| Total financial liabilities exposure in foreign currencies | 2,049.2 | 150.4 | (0.1) |
| Net foreign exchange exposures in foreign currencies | (69.1) | (14.2) | 1.0 |

Export Finance Australia's business creates foreign exchange exposures in relation to future income and expense. The current policy is only to hedge 'realised' income and expense, not to hedge 'unrealised' or future foreign currency income and expense. There is also unrealised exposure to the discounting factor applied to the future cash flows. The discount factor can be affected by the anticipated future interest rates, which then can give rise to a profit or loss movement based on the discounted rate used to net present value the future anticipated cash flows.

The exposure to foreign exchange rate movement is kept to a minimum as borrowings are converted via cross-currency swaps into the currency that is needed to lend to customers. The three main components that are exposed to foreign exchange movements relate to:

- (i) future fixed interest profit that has been taken to income in foreign currency;
- (ii) future risk premiums and other residual components taken to income in foreign currency; and
- (iii) the allowance for credit risk which is held in Australian-dollar equivalents against loans predominantly in foreign currency.

To ensure consistency and a common approach to foreign exchange sensitivity, the recommendations provided by the Commonwealth have been adopted. The sensitivity analysis movement percentages are based on both statistical and non-statistical analysis. The statistical analysis is based on main currency movements for the past five years. This information is then revised and adjusted for reasonableness under the current economic circumstances. Sensitivity has only been performed on the currencies that are material to financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 18: Financial risk management (cont.)

Sensitivity analysis for foreign exchange on the CA:

| 30 June 2022 | Change in foreign exchange (FX) rate % | Exposure at risk A\$ m | Increase in FX rate Effect on profit A\$ m | Decrease in FX rate Effect on profit A\$ m |
|-----------------|--|------------------------|--|--|
| Exposure to USD | 8.3 | (69.9) | 5.4 | (6.4) |
| Exposure to EUR | 8.3 | (11.9) | 0.9 | (1.1) |

| 30 June 2021 | Change in foreign exchange (FX) rate % | Exposure at risk A\$ m | Increase in FX rate Effect on profit A\$ m | Decrease in FX rate Effect on profit A\$ m |
|-----------------|--|------------------------|--|--|
| Exposure to USD | 7.9 | (69.1) | 5.0 | (5.9) |
| Exposure to EUR | 7.9 | (14.2) | 1.1 | (1.2) |

Foreign currency exposures for the NIA in Australian dollar equivalents are:

| | 30 June 2022 USD A\$ m | 30 June 2022 FJD A\$ m | 30 June 2021 USD A\$ m | 30 June 2021 EUR A\$ m |
|---|------------------------|------------------------|------------------------|------------------------|
| Financial assets exposure | | | | |
| Receivables from other financial institutions | 2,506.5 | - | - | - |
| Loans and receivables at amortised cost | 437.3 | 6.4 | 334.0 | - |
| Other financial assets | (0.1) | 0.2 | 1.1 | - |
| Total financial assets exposure | 2,943.7 | 6.6 | 335.1 | - |
| Financial liabilities exposure | | | | |
| Payables to other financial institutions | 2,511.4 | - | - | - |
| Borrowings from Commercial Account | 413.2 | 6.6 | 313.0 | - |
| Sundry provisions and allowances | - | 1.5 | - | - |
| Other financial liabilities | 0.9 | - | 0.2 | - |
| Total financial liabilities exposure | 2,925.5 | 8.1 | 313.2 | - |
| Net foreign exchange exposures | 18.2 | (1.5) | 21.9 | - |

The policy of the Commonwealth is not to hedge these exposures.

Sensitivity analysis for foreign exchange on the NIA:

| 30 June 2022 | Change in foreign exchange (FX) rate % | Exposure at risk A\$ m | Increase in FX rate Effect on profit A\$ m | Decrease in FX rate Effect on profit A\$ m |
|-----------------|--|------------------------|--|--|
| Exposure to USD | 8.3 | 18.2 | 1.4 | (1.7) |

| 30 June 2021 | Change in foreign exchange (FX) rate % | Exposure at risk A\$ m | Increase in FX rate Effect on profit A\$ m | Decrease in FX rate Effect on profit A\$ m |
|-----------------|--|------------------------|--|--|
| Exposure to USD | 7.9 | 21.9 | 1.6 | (1.9) |

Note 19: Fair value of financial instruments

(i) Determination of fair value hierarchy

Export Finance Australia uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- › Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- › Level 2: techniques for which all inputs significantly affecting the recorded fair value are observable, either directly or indirectly; and
- › Level 3: other techniques for which inputs significantly affecting the recorded fair value are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, it is determined whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows an analysis of financial instruments in the CA recorded at fair value by level of the fair value hierarchy:

| 30 June 2022 | Carrying amount | Fair value exposures by hierarchy | | | |
|--|------------------|-----------------------------------|------------------|-----------------|------------------|
| | Total \$ m | Level 1 \$ m | Level 2 \$ m | Level 3 \$ m | Level 4 \$ m |
| Financial assets measured at fair value | | | | | |
| Loans and receivables designated at fair value through profit or loss | 1,100.8 | - | - | 1,100.8 | 1,100.8 |
| Loans to National Interest Account designated at fair value through profit or loss | 550.3 | - | 550.3 | - | 550.3 |
| Interest rate swaps | 8.6 | - | 8.6 | - | 8.6 |
| Cross-currency swaps | 8.2 | - | 8.2 | - | 8.2 |
| Forward foreign exchange contracts | 6.5 | - | 6.5 | - | 6.5 |
| Non-financial assets | | | | | |
| Property, plant and equipment | 143.2 | - | 143.2 | - | 143.2 |
| Investment securities measured at amortised cost | | | | | |
| Discount securities | 257.4 | - | 257.5 | - | 257.5 |
| Floating rate notes | 256.0 | - | 260.1 | - | 260.1 |
| Fixed rate bonds | 378.3 | - | 376.2 | - | 376.2 |
| Total | 2,709.3 | - | 1,610.6 | 1,100.8 | 2,711.4 |
| Financial liabilities | | | | | |
| Borrowings designated at fair value through profit or loss | (2,379.3) | - | (2,379.3) | - | (2,379.3) |
| Guarantees designated at fair value through profit or loss | (8.5) | - | - | (8.5) | (8.5) |
| Interest rate swaps | (82.8) | - | (82.8) | - | (82.8) |
| Cross-currency swaps | (257.7) | - | (257.7) | - | (257.7) |
| Forward foreign exchange contracts | - | - | - | - | - |
| Total | (2,728.3) | - | (2,719.8) | (8.5) | (2,728.3) |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 19: Fair value of financial instruments (cont.)

| 30 June 2021 | Carrying amount | Fair value exposures by hierarchy | | | |
|--|------------------|-----------------------------------|------------------|-----------------|------------------|
| | Total \$ m | Level 1 \$ m | Level 2 \$ m | Level 3 \$ m | Level 4 \$ m |
| Financial assets | | | | | |
| Loans and receivables designated at fair value through profit or loss | 1,226.9 | - | - | 1,226.9 | 1,226.9 |
| Loans to National Interest Account designated at fair value through profit or loss | 390.2 | - | 390.2 | - | 390.2 |
| Interest rate swaps | 0.1 | - | 0.1 | - | 0.1 |
| Cross-currency swaps | 51.3 | - | 51.3 | - | 51.3 |
| Forward foreign exchange contracts | 15.1 | - | 15.1 | - | 15.1 |
| Investment securities measured at amortised cost | | | | | |
| Discount securities | 207.8 | - | 207.9 | - | 207.9 |
| Floating rate notes | 231.0 | - | 232.9 | - | 232.9 |
| Fixed rate bonds | 417.2 | - | 437.6 | - | 437.6 |
| Total | 2,539.6 | - | 1,335.1 | 1,226.9 | 2,562.0 |
| Financial liabilities | | | | | |
| Borrowings designated at fair value through profit or loss | (2,105.7) | - | (2,105.7) | - | (2,105.7) |
| Guarantees designated at fair value through profit or loss | (4.8) | - | - | (4.8) | (4.8) |
| Interest rate swaps | (2.4) | - | (2.4) | - | (2.4) |
| Cross-currency swaps | (94.2) | - | (94.2) | - | (94.2) |
| Forward foreign exchange contracts | (5.0) | - | - | - | - |
| Total | (2,212.1) | - | (2,202.3) | (4.8) | (2,207.1) |

The following table shows an analysis of movement in level 3 fair value hierarchy on the CA:

| Movement in level 3 fair value exposures | | | | | | | |
|---|-------------------|--------------|----------------|---------------------|-----------------------------------|------------------------------------|--------------------|
| | At 1 July 2021 | New Deals | Repayments | Foreign exchange | Profit/(loss) deals matured | Profit/(loss) deals existing | At 30 June 2022 |
| | \$ m | \$ m | \$ m | \$ m | \$ m | \$ m | \$ m |
| Level 3 financial assets | | | | | | | |
| Loans and receivables designated at fair value through profit or loss | 1,226.9 | 348.7 | (547.6) | 81.8 | - | (8.9) | 1,100.8 |
| | 1,226.9 | 348.7 | (547.6) | 81.8 | - | (8.9) | 1,100.8 |
| Level 3 financial liabilities | | | | | | | |
| Guarantees designated at fair value through profit or loss* | (4.8) | - | - | (0.3) | - | (3.4) | (8.5) |
| | (4.8) | - | - | (0.3) | - | (3.4) | (8.5) |
| Total net level 3 | 1,222.1 | 348.7 | (547.6) | 81.5 | - | (12.3) | 1,092.3 |

| Movement in level 3 fair value exposures | | | | | | | |
|---|-------------------|--------------|----------------|---------------------|-----------------------------------|------------------------------------|--------------------|
| | At 1 July 2020 | New Deals | Repayments | Foreign exchange | Profit/(loss) deals matured | Profit/(loss) deals existing | At 30 June 2021 |
| | \$ m | \$ m | \$ m | \$ m | \$ m | \$ m | \$ m |
| Level 3 financial assets | | | | | | | |
| Loans and receivables designated at fair value through profit or loss | 1,248.4 | 409.1 | (318.6) | (100.3) | - | (11.7) | 1,226.9 |
| Cross-currency swaps | 2.9 | - | (3.6) | - | 0.7 | - | - |
| | 1,251.3 | 409.1 | (322.2) | (100.3) | 0.7 | (11.7) | 1,226.9 |
| Level 3 financial liabilities | | | | | | | |
| Borrowings designated at fair value through profit or loss | (27.1) | - | 25.4 | 1.7 | - | - | - |
| Guarantees designated at fair value through profit or loss* | (5.6) | - | - | 0.2 | - | 0.6 | (4.8) |
| | (32.7) | - | 25.4 | 1.9 | - | 0.6 | (4.8) |
| Total net level 3 | 1,218.6 | 409.1 | (296.8) | (98.4) | 0.7 | (11.1) | 1,222.1 |

* Guarantees are contingent liabilities and so the face value is not held in the statement of financial position.

The profit or loss on the above level 3 financial assets and liabilities is recorded in the statement of profit or loss or other comprehensive income in either the category fair value of third party loans and guarantees or the category fair value of other financial instruments.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 19: Fair value of financial instruments (cont.)

The following table shows the quantitative information of significant unobservable inputs for level 3 fair value exposures on the CA:

| | Sensitivity of level 3 fair value exposures | | | |
|---|---|--|-----------------|--|
| | At 30 June 2022 | Effect of reasonable alternative assumptions | At 30 June 2021 | Effect of reasonable alternative assumptions |
| | \$ m | \$ m | \$ m | \$ m |
| Level 3 financial assets | | | | |
| Loans and receivables designated at fair value through profit or loss | 1,100.8 | (23.5) | 1,226.9 | (33.9) |
| Level 3 financial liabilities | | | | |
| Guarantees designated at fair value through profit or loss | (8.5) | (3.7) | (4.8) | (3.2) |

In order to determine reasonable alternative assumptions, the following model inputs were adjusted:

For both loans and receivables designated at fair value through profit or loss, and guarantees designated at fair value through profit or loss, the credit risk assumptions were adjusted. This involved adjusting the ratings modifier down by one notch (e.g. risk category 5 flat to 5 negative) across the entire portfolio, which is considered a reasonable alternative assumption.

For borrowings designated at fair value through profit or loss and cross-currency swaps, the discount rate assumption was adjusted by 10 basis points, which is considered a reasonable alternative assumption.

(ii) Determination of fair value

The process for determination of fair value is regularly reviewed, and any changes recommended to the inputs used in the valuations are documented and submitted to the Board Audit and Risk Committee and then to the Board for approval if necessary. A summary paper is submitted to the Board Audit and Risk Committee and Board every year prior to the approval of the financial statements, which documents the accounting estimates used in fair value calculations including level 3 unobservable inputs.

Export Finance Australia is closely monitoring technical and regulatory developments offshore affecting the replacement of LIBOR and expects to adopt the market consensus as it emerges.

The following is a description of the determination of fair value for financial instruments that are recorded at fair value using valuation techniques.

Commercial Account loans and receivables designated at fair value through profit or loss

The fair value on day one is the transaction price, and subsequent fair value is determined by applying market interest rates and using a discounted cash flow valuation through an external valuation system. These are classified as level 3 as the credit risk component is included in the valuation through an internal model to reflect the impact of expected loss on the fair value of each loan or receivable. A residual margin covering prepayment risks, other risks and servicing costs is also included in the fair value of each loan or receivable. When it is likely that a loan or debt will not be recovered in full, a specific event is recognised and recorded using the discounted cash flow method. All individual facilities are reviewed regularly.

Loans to National Interest Account designated at fair value through profit or loss

Fair value is determined by applying market rates and using a discounted cash flow valuation through an external valuation system. These loans are classified as level 2.

Derivative financial instruments

The fair value of derivative financial instruments is determined by applying market rates and using a discounted cash flow valuation. For derivatives that are associated with borrowings, an adjusted curve is derived from the LIBOR or risk-free curve and then adjusted to calculate a margin based on Export Finance Australia's current ability to issue debt at a margin to LIBOR. These valuations before the allowance for derivative risk are being obtained from an external valuation system. In the calculation of the allowance for derivative risk, a credit risk component is included through the use of published credit default spreads and a valuation risk component is included through an internal model. Vanilla derivatives are classified as level 2, whereas non-vanilla structured derivatives are classified as level 3. The structured derivatives are classified as level 3 as they have a complex interest rate formula that includes foreign exchange rates.

Commercial Account borrowings designated at fair value through profit or loss

The fair value of borrowings is determined by applying market interest rates and using a discounted cash flow valuation. An adjusted curve is derived from the LIBOR or risk-free curve and then adjusted to calculate a margin based on Export Finance Australia's current ability to issue debt at a margin to LIBOR. These valuations are being obtained from an external valuation system. Non-structured borrowings are classified as level 2, whereas structured borrowings are classified as level 3. The structured borrowings are classified as level 3 as they have a complex interest rate formula that includes foreign exchange rates.

Guarantees designated at fair value through profit or loss

The fair value on day one is the transaction price, and subsequent fair value is determined by applying market rates and using a discounted cash flow valuation through an external valuation system. These are classified as level 3 as the credit risk component is included in the valuation through an internal model to reflect the impact of expected loss on the fair value of each guarantee. A residual margin covering prepayment risks, other risks and servicing costs is also included in the fair value of the guarantee. When it is likely that a guarantee will be called, a specific event is recognised and recorded using the discounted cash flow method. All individual facilities are reviewed regularly.

Investment securities measured at amortised cost

The indicative fair values quoted in the above table are for information purposes only and are determined by applying market interest rates and using a discounted cash flow valuation. These valuations are being obtained from an external valuation system and are classified as level 2. The assets are held at amortised costs in the financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 20: Capital equivalent

| | Note | Commercial Account | | National Interest Account | |
|--|------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Capital available | | | | | |
| Equity at start of period | | 542.8 | 537.1 | - | - |
| Profit | | 12.8 | 11.3 | - | - |
| Asset revaluation reserve | 10 | 37.0 | - | - | - |
| Dividend payable/paid | | (5.7) | (5.6) | - | - |
| Equity at end of period | | 586.9 | 542.8 | - | - |
| Eligible allowance for credit risk in capital | | 16.8 | 18.4 | - | - |
| Export Finance Australia capital | | 603.7 | 561.2 | - | - |
| Callable capital | | 1,200.0 | 1,200.0 | - | - |
| Capital available (including callable capital) | | 1,803.7 | 1,761.2 | - | - |

Commercial Account

Capital management

Under section 56 of the EFIC Act, the Board is required 'to ensure, according to sound commercial principles, that the capital and reserves of Export Finance Australia at any time are sufficient'. This requirement relates only to our CA activities, and this provides guidance in fulfilling the obligation by setting regulatory standards drawing upon both the standards of APRA and those set by the Bank for International Settlements through the Basel Committee.

Actual capital available (cash and callable) is used by the Board as the base for setting risk tolerances for counterparty and country exposure limits.

Export Finance Australia has modelled its large exposure policy on Basel and APRA guidelines. Our large exposures limits are 25% of eligible capital for internal risk grades 1 and 2 (A- and above), and 15% for internal risk grades 3 and worse (below A-). Any exceptions above these limits are subject to Board approval. In addition, the Board allows a small tolerance above these limits for foreign exchange movements given the majority of the large exposures are in foreign currency against an AUD capital base.

Export Finance Australia's approach to capital management is based around assessing the level of and appetite for risk, and ensuring that the level and quality of capital is appropriate to that risk profile. Prudent practice also requires that capital management be forward-looking, having regard to changes in strategy, business plans and the operating environment as well as changes in the type, amount and concentration of risk that might impact on the capital resources available.

Capital also supports 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 is also 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.

The Board treats the capital as equivalent to the regulatory capital under Basel and APRA guidelines and uses this as the basis for setting risk tolerances with regard to large exposures. Changes to the EFIC Act in 2013, which gave the Minister power under section 55A(2) to 'direct Efic to pay specified dividends within a specific period', means the capital base may not meet the regulatory definition of 'capital'.

When making this assessment, the Board is required to include as equity the \$1.2 billion of callable capital that is available from the Commonwealth in accordance with the provisions of section 54(8)(a) of the EFIC Act.

National Interest Account

Export Finance Australia holds no capital against the NIA business on the basis that the risks are borne by the Commonwealth.

Note 21: Remuneration of external auditors

| | Commercial Account | | National Interest Account | |
|--|-------------------------|-------------------------|---------------------------|-------------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Auditor's remuneration | | | | |
| Amounts received or due and receivable by Export Finance Australia's auditors for: | | | | |
| Other services | - | - | - | - |
| An audit or review of the annual report | 252,000 | 252,000 | - | - |
| Total audit remuneration | 252,000 | 252,000 | - | - |

Export Finance Australia's auditor is the ANAO.

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 22: Related party disclosures

Key management remuneration expenses for the reporting period

Total remuneration received and receivable by key management personnel for the year (includes Directors). Remuneration includes all cash remuneration, superannuation and any non-cash benefits (including applicable FBT).

| | Commercial Account | | National Interest Account | |
|---|-----------------------|-----------------------|---------------------------|-----------------------|
| | 30 June 2022 \$ | 30 June 2021 \$ | 30 June 2022 \$ | 30 June 2021 \$ |
| Short-term employee benefits | 3,893,769 | 3,925,253 | - | - |
| Post-employment benefits | 281,042 | 261,013 | - | - |
| Long-term employee benefits | 60,215 | 68,719 | - | - |
| Termination benefits | - | - | - | - |
| Total remuneration | 4,235,026 | 4,254,985 | - | - |
| Total number of senior management personnel | 17 | 17 | - | - |

The table has been based on the requirements stipulated in the Resource Management Guide No. 138 *Commonwealth Entities Executive Remuneration Reporting Guide for Annual Reports*.

The number of KMP at 30 June 2022 were 15 positions comprising 7 Board Members, the Managing Director & Chief Executive Officer, and 7 Executives. There has been one position added to KMPs this year compared to the prior year. The number of positions varies depending on how many positions had departures and new starters within the year.

Transactions with key management personnel

Export Finance Australia has not entered into any direct transactions with key management personnel.

Under the EFIC Act, Export Finance Australia has a number of transactions with the Commonwealth. The principal transactions are those related to the NIA activities.

The Commonwealth guarantees the due payment by Export Finance Australia of any money that becomes payable to a third party.

Note 23: Reconciliation of operating profit to net cash flows from operating activities

| | Note | Commercial Account | | National Interest Account | |
|---|---------------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Profit from ordinary activities | | 12.8 | 11.3 | 8.6 | 30.5 |
| Changes for non-cash items | | | | | |
| Depreciation | 3(vii) | 3.4 | 3.7 | - | - |
| Employee entitlements | 3(vii) | 1.5 | 0.7 | - | - |
| Amortisation of deferred income | | (6.3) | (2.1) | 0.1 | 0.4 |
| Movement in accruals | | - | - | 7.2 | (0.6) |
| Credit risk movement | 3(iv), (viii) | (17.1) | 12.2 | 4.4 | 12.0 |
| Unrealised foreign exchange losses | | 5.5 | (4.4) | (1.0) | (0.2) |
| Unearned premium | | - | - | 0.6 | 0.1 |
| Operating expenses | | - | - | 5.0 | 4.6 |
| Fair value movement of third-party loans and guarantees | | 16.0 | 2.5 | - | - |
| Fair value movement of other financial instruments | 3(v) | (4.8) | 1.9 | - | - |
| Specific provision for credit risk | 3(iv) | 8.9 | 0.1 | 3.6 | (14.7) |
| Provision for competitive neutrality charges | 15 | 8.2 | 7.9 | - | - |
| Other | | (1.3) | - | 0.1 | 2.0 |
| Adjustment for non-cash items | | | | | |
| Net movement in receivables/payables | | 2.7 | 13.9 | - | - |
| Net repayments of loan balances | | 72.4 | 289.7 | (144.5) | 383.0 |
| Net cash inflows/(outflows) from operating activities | | 101.9 | 337.4 | (115.9) | 417.1 |
| Reconciliation of cash | | | | | |
| Cash at end of financial year is reconciled to the related items in the statement of financial position as follows: | | | | | |
| Cash | | 19.0 | 12.6 | - | - |
| Receivables from other financial institutions | 4 | 641.4 | 137.5 | 2,506.5 | - |
| Cash (including liquid funds) at end of financial year | | 660.4 | 150.1 | 2,506.5 | - |
| Financing facilities | | | | | |
| Borrowing facilities available at end of financial year | | | | | |
| Overdraft facilities | | 0.3 | 0.3 | - | - |
| Amount of facilities used | | - | - | - | - |
| Amount of facilities unused | | 0.3 | 0.3 | - | - |

Notes to and forming part of the financial statements for the year ended 30 June 2022

Note 24: Reconciliation of liabilities arising from financing activities

| | Note | At 1 July 2021 \$ m | Cash Proceeds \$ m | Cash Repayments \$ m | Net Proceeds/ (Repayments) \$ m | Fair Value/ Foreign Exchange \$ m | At 30 June 2022 \$ m |
|--|------|------------------------------|--------------------------|----------------------------|---------------------------------------|--|-------------------------------|
| Commercial Account | | | | | | | |
| Derivative assets and liabilities | | | | | | | |
| Derivative financial assets | 9 | 66.5 | 2,196.3 | (2,162.2) | 34.1 | (77.3) | 23.3 |
| Derivative financial liabilities | 9 | (96.6) | 1,327.3 | (1,307.3) | 20.0 | (263.9) | (340.5) |
| | | (30.1) | 3,523.6 | (3,469.5) | 54.1 | (341.2) | (317.2) |
| Payables to other financial institutions | | | | | | | |
| Payables to other financial institutions | 12 | | 16.1 | (16.1) | - | - | - |
| Borrowings designated at fair value through profit and loss | | | | | | | |
| Non-structured borrowings | | 1,325.1 | 256.5 | - | 256.5 | (163.5) | 1,418.1 |
| Euro commercial paper | | 780.6 | 4,008.0 | (3,889.2) | 118.8 | 61.8 | 961.2 |
| | 13 | 2,105.7 | 4,264.5 | (3,889.2) | 375.3 | (101.7) | 2,379.3 |
| National Interest Account | | | | | | | |
| Payables to other financial institutions | | | | | | | |
| Payables to other financial institutions | 12 | - | 3,750.7 | (1,370.5) | 2,380.2 | 131.2 | 2,511.4 |
| Borrowings from Commercial Account | | | | | | | |
| Borrowings from Commercial Account | | 389.2 | 184.7 | (39.9) | 144.8 | 18.2 | 552.2 |

| | Note | At 1 July 2020 \$ m | Cash Proceeds \$ m | Cash Repayments \$ m | Net Proceeds/ (Repayments) \$ m | Fair Value/ Foreign Exchange \$ m | At 30 June 2021 \$ m |
|--|------|------------------------|-----------------------|-------------------------|---------------------------------------|---|-------------------------|
| Commercial Account | | | | | | | |
| Derivative assets and liabilities | | | | | | | |
| Derivative financial assets | 9 | 48.5 | 1,456.0 | (1,448.7) | 7.3 | 10.7 | 66.5 |
| Derivative financial liabilities | 9 | (350.9) | 2,920.3 | (3,145.9) | (225.6) | 479.9 | (96.6) |
| | | (302.4) | 4,376.3 | (4,594.6) | (218.3) | 490.6 | (30.1) |
| Payables to other financial institutions | | | | | | | |
| Payables to other financial institutions | 12 | 5.3 | 124.7 | (129.5) | (4.8) | (0.5) | - |
| Borrowings designated at fair value through profit and loss | | | | | | | |
| Structured borrowings | | 27.1 | - | (25.4) | (25.4) | (1.7) | - |
| Non-structured borrowings | | 1,069.0 | 800.0 | (500.0) | 300.0 | (43.9) | 1,325.1 |
| Euro commercial paper | | 1,290.8 | 3,525.3 | (3,941.4) | (416.1) | (94.1) | 780.6 |
| | 13 | 2,386.9 | 4,325.3 | (4,466.8) | (141.5) | (139.7) | 2,105.7 |
| National Interest Account | | | | | | | |
| Borrowings from Commercial Account | | | | | | | |
| Borrowings from Commercial Account | | 832.3 | 101.7 | (489.4) | (387.7) | (55.4) | 389.2 |

Note 25: Aggregate assets and liabilities

| | Commercial Account | | National Interest Account | |
|---|----------------------|----------------------|---------------------------|----------------------|
| | 30 June 2022 \$ m | 30 June 2021 \$ m | 30 June 2022 \$ m | 30 June 2021 \$ m |
| Assets expected to be recovered in: | | | | |
| No more than 12 months | 1,364.6 | 983.8 | 2,593.2 | 77.5 |
| More than 12 months | 2,025.0 | 1,833.0 | 474.5 | 327.4 |
| Total assets | 3,389.6 | 2,816.8 | 3,067.7 | 404.9 |
| Liabilities expected to be settled in: | | | | |
| No more than 12 months | 1,230.6 | 857.2 | 2,593.2 | 77.5 |
| More than 12 months | 1,572.1 | 1,416.8 | 474.5 | 327.4 |
| Total liabilities | 2,802.7 | 2,274.0 | 3,067.7 | 404.9 |
| Net assets and liabilities | 586.9 | 542.8 | - | - |

Index of statutory requirements

We report in accordance with the requirements of the various acts and statutory instruments as set out in Table 19.

Table 19: Index of statutory reporting requirements

Part A: PGPA Act, PGPA Rule 2014 List of Requirements

| Section | Subject | Location | Page |
|---|---|--|---------|
| Public Governance, Performance and Accountability Act 2013 | | | |
| Section 39 | The Board must prepare Annual Performance Statements and include a copy in the Annual Report. | Annual performance statement | 26–51 |
| Section 42 | The Board must state in the annual financial statements whether, in the Board's opinion they comply with: (a) accounting standards and any other requirements prescribed by the rules (b) present fairly the entity's financial position, financial performance and cash flows. | Financial statements | 122–127 |
| Section 43 | A copy of the annual financial statements and the independent auditor's report must be included in an Annual Report. | Financial statements | 122–181 |
| Section 46 | The Board must prepare an Annual Report. | Report of operations Financial statements | 1–190 |
| PGPA Rule Reference | | | |
| 17BE | Contents of annual report | 2021–22 Annual Report | 1–190 |
| 17BE(a) | Details of the legislation establishing the body | Our governing principles | 54 |
| 17BE(b)(i) | A summary of the objects and functions of the entity as set out in legislation | Our purpose | 12–13 |
| 17BE(b)(ii) | The purposes of the entity as included in the entity's corporate plan for the reporting period | Our purpose | 12–13 |

| PGPA Rule Reference | Description | Location | Page |
|----------------------------|--|---|---|
| 17BE(c) | The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers | About Export Finance Australia | 7 |
| 17BE(d) | Directions given to the entity by the Minister under an Act or instrument during the reporting period | Our governing principles | 54 88–94 |
| 17BE(e) | Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act | Not applicable | Not applicable |
| 17BE(f) | Particulars of non-compliance with: <ol style="list-style-type: none"> 1. a direction given to the entity by the Minister under an Act or instrument during the reporting period; or 2. a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act | Our governing principles | 88–94 |
| 17BE(g) | Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule | Annual Performance Statement | 26–51 |
| 17BE(h), 17BE(i) | A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance | There were no significant issues to report in the current reporting period. | There were no significant issues to report in the current reporting period. |
| 17BE(j) | Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period | Our governing principles | 56–60 |
| 17BE(k) | Outline of the organisational structure of the entity (including any subsidiaries of the entity) | Our governing principles | 55 |
| 17BE(ka) | Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ol style="list-style-type: none"> 1. statistics on full-time employees; 2. statistics on part-time employees; 3. statistics on gender; 4. statistics on staff location | Our governing principles | 69–71 79 |

| PGPA Rule Reference | Description | Location | Page |
|----------------------------|---|--|--------------------|
| 17BE(l) | Outline of the location (whether or not in Australia) of major activities or facilities of the entity | About Export Finance Australia | 8 |
| 17BE(m) | Information relating to the main corporate governance practices used by the entity during the reporting period | Our governing principles | 52–99 |
| 17BE(n), 17BE(o) | For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): <ul style="list-style-type: none"> 5. the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and 6. the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions. | Not applicable | Not applicable |
| 17BE(p) | Any significant activities and changes that affected the operation or structure of the entity during the reporting period. | Chair and Managing Director & CEO Report Annual Performance Statement | 20–25 26–37 |
| 17BE(q) | Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity. | Not applicable | Not applicable |
| 17BE(r) | Particulars of any reports on the entity given by: <ul style="list-style-type: none"> 7. the Auditor-General (other than a report under section 43 of the Act); or 8. a Parliamentary Committee; or 9. the Commonwealth Ombudsman; or 10. the Office of the Australian Information Commissioner. | Not applicable | Not applicable |
| 17BE(s) | An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report. | Not applicable | Not applicable |

| PGPA Rule Reference | Description | Location | Page |
|----------------------------|--|--------------------------|-------------------------------|
| 17BE(t) | Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs). | Our governing principles | 85 |
| 17BE(taa) | The following information about the audit committee for the entity: <ol style="list-style-type: none"> 1. a direct electronic address of the charter determining the functions of the audit committee; 2. the name of each member of the audit committee; 3. the qualifications, knowledge, skills or experience of each member of the audit committee; 4. information about each member's attendance at meetings of the audit committee; 5. the remuneration of each member of the Board Audit and Risk Committee. | Our governing principles | 54 55 56–60 61 67 |
| 17BE(ta) | Information about executive remuneration. | Our governing principles | 62–67 |
| 17BF | Disclosure requirements for government business enterprises | Not applicable | Not applicable |
| 17BF(1)(a)(i) | An assessment of significant changes in the entity's overall financial structure and financial conditions. | Not applicable | Not applicable |
| 17BF(1)(a)(ii) | An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions. | Not applicable | Not applicable |
| 17BF(1)(b) | Information on dividends paid or recommended. | Not applicable | Not applicable |
| 17BF(1)(c) | Details of any community service obligations the government business enterprise has including: <ol style="list-style-type: none"> 1. an outline of actions taken to fulfil those obligations; and 2. an assessment of the cost of fulfilling those obligations. | Not applicable | Not applicable |
| 17BF(2) | A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise. | Not applicable | Not applicable |

Part B: Other legislation

| Section | Subject | Location | Page |
|--|---|--------------------------------|-------------|
| Environment Protection and Biodiversity Conservation Act 1999 | | | |
| Section 516A(6) | Ecologically sustainable development and environmental performance. | Our governing principles | 82–87 |
| Export Finance and Insurance Corporation Act 1991 | | | |
| Section 9(4), Section 85(2)(a) | Particulars of Ministerial directions issued under Section 9(4). | Our governing principles | 88–89 |
| Section 70 | Financial effect on the operations of Export Finance Australia of each Ministerial direction issued under Section 9(2). | Our governing principles | 89 |
| Section 85(2)(b) | Statement of principal objectives. | About Export Finance Australia | 6–9 |
| | | Our purpose | 12–13 |
| | | Annual Performance Statement | 26–51 |
| Section 85(2)(c) | Assessment of principal objectives achieved. | Annual Performance Statement | 26–51 |
| Work Health and Safety Act 2011 | | | |
| Schedule 2, Part 4, Clause 4(2) | Work health and safety initiatives, outcomes, statistics of any notifiable incidents and investigations or notices. | Our governing principles | 80–81 |

Abbreviations and acronyms

Table 20: abbreviations and acronyms

| | |
|-------------------|---|
| A\$ / \$ / AUD | Australian dollar |
| ACEP | Acorn Capital Expansion Platform |
| ADB | Asian Development Bank |
| ADI | Authorised deposit-taking institution |
| AFL | Airports Fiji PTE Limited |
| AIFFP | Australian Infrastructure Financing Facility for the Pacific |
| ANAO | Australian National Audit Office |
| ANZ Fiji | Australia and New Zealand Banking Group Limited – Fiji Branch |
| ANZSIC | Australia and New Zealand Standard Industrial Classification system |
| APRA | Australian Prudential Regulation Authority |
| ATSI | Aboriginal or Torres Strait Islander background |
| Austrade | Australian Trade and Investment Commission |
| Basel Committee | Basel Committee on Banking Supervision |
| CA | Commercial Account |
| CALD | Culturally and linguistically diverse backgrounds |
| CEDA | Committee for Economic Development of Australia |
| COVID-19 Facility | COVID-19 Export Capital Facility |
| CSA | Credit support annexure |
| DCG | Documentary Credit Guarantee |
| DFAT | Department of Foreign Affairs and Trade |
| DIFF | Development Import Finance Facility |
| DPRK | Democratic People's Republic of Korea |
| E&S Policy | Policy for Environmental and Social Review of Transactions |
| E&S Procedure | Procedure for Environmental and Social Review of Transactions |
| ECA | Export credit agency |
| ECL | Export Contract Loan |

| | |
|---------------------------|--|
| ECP | Euro Commercial Paper |
| EEO | Equal Employment Opportunity |
| EFG | Export Finance Guarantee |
| EFIC Act | Export Finance and Insurance Corporation Act 1991 |
| ELOC | Export Line of Credit |
| ELOC-R | Export Line of Credit Renewal |
| EPBC Act | Environment Protection and Biodiversity Conservation Act 1999 |
| ERS | Export Finance Australia Rating System |
| ESD | Ecologically sustainable development |
| EWCG | Export Working Capital Guarantee |
| EWCG-R | Export Working Capital Guarantee Renewal |
| EY | Ernst & Young |
| FAR | Fixed Annual Remuneration |
| FBT | Fringe benefits tax |
| FX | Foreign exchange |
| GST | Goods and services tax |
| IECS | Indigenous Entrepreneurs Capital Scheme |
| IFC Performance Standards | International Finance Corporation Performance Standards on Environmental and Social Sustainability |
| IMF | International Monetary Fund |
| JCPAA | Joint Committee of Public Accounts and Audit |
| JSF | Joint Strike Fighter |
| KMP | Key management personnel |
| KPI | Key performance indicators |
| LGBTQ+ | Lesbian, Gay, Bisexual, Transgender, Queer or Questioning plus |
| LIBOR | London Inter-bank Offered Rate |
| LNG | Liquefied natural gas |
| NAIF | Northern Australia Infrastructure Facility |
| NESB | Non-English speaking background |
| NHFIC | National Housing Finance and Investment Corporation |
| NIA | National Interest Account |

| | |
|------------|--|
| NSW | New South Wales |
| OECD | Organisation for Economic Co-operation and Development |
| PEO | Principal Executive Officer |
| PGPA Act | Public Governance, Performance and Accountability Act 2013 |
| PSF | Project & Structured Finance |
| PWD | People with disability |
| QICG | Quadrilateral Infrastructure Coordination Group |
| QLD | Queensland |
| RAP | Reconciliation Action Plan |
| RBA | Reserve Bank of Australia |
| SA | South Australia |
| SBEL | Small Business Export Loan |
| SME | Small and medium-sized enterprise |
| TIP | Trilateral Infrastructure Partnership |
| TRRR | Total Remuneration Reference Rate |
| US\$ / USD | United States dollar |
| WHS | Work Health and Safety |
| WHS Act | Work Health and Safety Act 2011 |

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