

RatingsDirect®

Export Finance Australia

Primary Credit Analyst:

Mark P Symes, Melbourne (61) 3-9631-2051; mark.symes@spglobal.com

Secondary Contact:

Nico N DeLange, Sydney + 61 2 9255 9887; nico.delange@spglobal.com

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Export Finance Australia

Issuer Credit Rating

AAA/Negative/A-1+

Outlook

The negative outlook on Export Finance and Insurance Corp., also known as Export Finance Australia (EFA), reflects our outlook on the sovereign credit rating on Australia (AAA/Negative/A-1+). We expect our ratings on EFA to remain equalized with those on Australia. This reflects the government's legislative guarantee on EFA's obligations as and when they come due.

Downside scenario

We see a one-in-three chance that we will lower our ratings on EFA in the next two years. We would expect to do so if we lower our long-term local currency sovereign credit rating on Australia to 'AA+' from 'AAA'. We would also lower the ratings on EFA if we see a weakening in the legislative guarantee from the Australian government or in the framework for timely payment under the guarantee, if needed.

Upside scenario

We would expect to revise the outlook on EFA to stable in the next two years if we were to revise the outlook on our 'AAA' local currency sovereign credit ratings on Australia to stable.

Rationale

We equalize our ratings on EFA with those on Australia. This incorporates our assessment of the government's legislative guarantee on EFA's obligations as they fall due. We note that EFA's debt issuance program has defined grace periods of 30 days on interest payments and 15 days on principal payments.

We expect government support, if needed, will be made available within the above time frames, because:

- The Australian government guarantees the payment of the money that is--or may at any time become--payable by EFA to anybody other than the government.
- We believe a parliamentary vote is not required for the timely release of funding support, if needed; and
- We believe the government would receive timely information on any potential impediments in EFA's ability to meet its debt obligations in a timely manner because of regular reporting and oversight.

EFA has access to additional capital through a A\$1.2 billion callable capital facility from the Australian government. As at June 30, 2020, the government's total contingent liability in relation to EFA was A\$3.3 billion, accounting for about 0.7% of Australia's estimate of general government revenue over fiscal 2020 (year ended Dec. 31, 2020). Of these

exposures, A\$2.4 billion relates to EFA's commercial account and the rest relates to the national interest account.

Related Criteria

- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

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Ratings Detail (As Of March 10, 2021)*

Export Finance Australia

Issuer Credit Rating	AAA/Negative/A-1+
Senior Unsecured	AAA

Issuer Credit Ratings History

08-Apr-2020	AAA/Negative/A-1+
20-Sep-2018	AAA/Stable/A-1+
06-Jul-2016	AAA/Negative/A-1+

Sovereign Rating

Australia	AAA/Negative/A-1+
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Related Entities

Australia

Issuer Credit Rating	AAA/Negative/A-1+
Transfer & Convertibility Assessment	AAA

Australian National University (The)

Issuer Credit Rating	AA+/Stable/A-1+
Senior Unsecured	AA+

Australian Postal Corp.

Issuer Credit Rating	A+/Negative/A-1
Senior Unsecured	A+
Short-Term Debt	A-1

National Housing Finance and Investment Corp.

Issuer Credit Rating	AAA/Negative/A-1+
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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