

**TASMANIAN PUBLIC FINANCE
CORPORATION**

HALF-YEAR REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2025**

INTRODUCTION

This Half-Year Report is a progress report of the Tasmanian Public Finance Corporation (TASCORP) for the 6-month period ending 31 December 2025. It serves as the mechanism for publicly reporting performance for this period and includes an update on the operating environment, key business activities, and how the business is tracking towards meeting its objectives and its Statement of Corporate Intent performance targets at the half-year.

The Half-Year Report has been prepared pursuant to Section 57A of *the Government Business Enterprises Act 1995* and in accordance with Treasurer's Instruction for Government Business Enterprises, GBE 08-57A-01 Half-Year Reports.

All financial figures quoted throughout are based on the results reported in TASCORP's unaudited financial statements for the half year period ending 31 December 2025.

HALF-YEAR UPDATE

About Us

- TASCORP was established under the *Tasmanian Public Finance Corporation Act 1985*.
- Our core purpose is to develop, implement, and manage borrowing and investment programs that deliver long-term benefits to the people of Tasmania.

Operating Environment Update

- The half-year period to 31 December saw a mix of market-moving headlines including renewed tariff threats, escalating geopolitical risks, a weaker US dollar, higher bond yields, and the potential resumption of rate hikes in Australia.
- Global growth remained moderate but steadier than earlier feared, with the IMF revising global growth to 3.3% for 2025, reflecting better financial conditions, fiscal support, and front-loaded activity due to tariff expectations.
- Inflation eased globally, central banks pivoted or prepared to pivot, and risk assets benefitted from improving clarity.
- Domestically, it was also a complex six months, characterised by resurgent inflation, strong domestic demand, and a tight labour market, all contributing towards the RBA increasing the official cash rate by 0.25% in February 2026.
- The AUD firmed against major peers, bond yields adjusted upward again, and the broader macro environment remained firm despite tightening financial conditions.

Business Activity Update

- Significantly for TASCORP, Tasmania's credit ratings were downgraded by both major credit rating agencies during the period, with Moody's downgrading the long-term rating from Aa2 to Aa3 in late November, quickly followed by S&P with a downgrade of their rating from AA+ to AA.
- Despite this change, which was broadly expected and already priced in by the markets, investor demand for TASCORP bonds remained strong.
- \$1.74 billion of new TASCORP benchmark bonds were issued during the first half compared to our original full year 2025-26 issuance target of \$4.0 billion (this target recently being revised down to \$3.6 billion).
- This funding was used to support \$1.57 billion of new client bond loans dealt across the first half to five clients.
- No directions applied to TASCORP during the reporting period.
- No individual major projects were commenced during the period or remain in progress at the end of the reporting period.

Financial Performance Update

- As at 31 December, TASCORP is meeting or tracking ahead of all but one key performance target as set out in the 2025-26 Statement of Corporate Intent.
- The exception being the Mersey Community Hospital Fund (MCH Fund) Operating Profit after Tax (NPAT) target, which is currently tracking \$0.42 million (or 18%) behind budget due to unfavourable market value movements in the valuation of the portfolio, noting that these market value movements will reverse over time and will not affect the forecast final dividend payment in June 2027.
- Treasury activity first half operating profit before tax was \$18.92¹ million compared to the full year target of \$15.56 million.
- Total assets held on Balance Sheet increased by \$1.53 billion during the period (including market value movements) to \$17.7 billion, driven by an increase in client loan balances (linked to the new lending activity noted above), as well as an increase in liquidity investment asset balances.
- Total liabilities similarly increased by \$1.54 billion during the period (including market value movements) to \$17.6b, driven by an increase in benchmark bond balances linked to the new issuance activity also noted above.
- The first half Treasury activity Return on Effective Capital Employed (ROECE) was 53.0% (annualised) compared to the full year performance target of 21.8%. Effective capital employed remained at \$50.0 million.
- In-line with the corresponding Statement of Corporate Intent target, \$32.99m of total dividends and tax equivalents relating to the 2024-25 Treasury activity results were paid on 15 December 2025.
- The penultimate MCH Fund dividend is due in June 2026 (\$102.90m).
- No capital expenditure was incurred during the half year ending 31 December 2025.

¹ Includes \$8.6 million of unrealised market value gains.

Non-Financial Performance Update

- The weighted average term to maturity (WATM) of the Benchmark Bond program was 5.4 years as at 31 December, down from 6.1 years at 30 June 2025. The shortening is in-line with expectation and linked to the maturity profile of new issuance undertaken during the period which included a new 2029 line.
- No Effective Capital Employed (ECE) policy breaches were recorded during the period.

STATEMENT OF CORPORATE INTENT PERFORMANCE AGREEMENT

This Performance Agreement sets out the key financial and non-financial targets for the 2025-26 financial year. The tables below report TASCORP's unaudited first half results against the equivalent full year targets.

Financial Returns to Government

	Target 2025-26	1H Actual
Treasury Activity		
Dividends Paid (\$m)	23.1	23.1
Tax Equivalents Paid (\$m)	9.9	9.9
Total (\$m)	33.0	33.0
Mersey Community Hospital Fund		
Dividends Paid (\$m)^	102.9	-

Financial Targets

	Target 2025-26	1H Actual
Treasury Activity		
Operating Profit before Tax (\$m)	15.6	18.9
Operating Profit after Tax (NPAT) (\$m)	10.9	13.2
Effective Capital Employed (ECE) (\$m)	50.0	50.0
ROECE (%) – minimum 10%	21.8	53.0
Notional Capital Employed – TDP (\$m)	55.0	55.0
Mersey Community Hospital Fund		
Operating Profit after Tax (NPAT) (\$m)	4.6	1.9

Non-Financial Targets

	Target 2025-26	1H Actual
ECE Policy Breaches	NIL	NIL
WATM of Preferred Stock	>4.5 yrs	5.4 yrs

Single Service Delivery Measure

	Target 2025-26	1H Actual
Overall client satisfaction rating*	4.3	-

[^] Mersey Community Hospital Fund dividend to be paid in the second half of the financial year (June 2026)

* Client survey is conducted annually in the second half of the financial year

Definitions:

ECE: Effective Capital Employed

ROECE: Return on Effective Capital Employed

WATM: Weighted Average Term to Maturity