SOVEREIGN ASSET AND LIABILITY MANAGEMENT: THE NEW ZEALAND EXPERIENCE
KEY BUSINESS FUNCTIONS

Multiple elements of NZDMO activity have SALM implications…

Core Debt Management
- Treasury bill, Government Bond and Inflation Indexed Bond Issuance
- Investor relations
- Core-Crown cash management and liquidity management

Treasury Services
- Risk intermediation for departments and Crown Entities e.g. foreign currency, interest rate swaps
- Crown lending
- IMF transactions
- Capital markets advisory

Traditional NZDMO Functions
CORE DEBT MANAGEMENT

Efficient and effective debt management in a total Crown balance sheet context…
TREASURY SERVICES
Intra Crown transactions for efficiency and effectiveness...

Total Lending Portfolio
7.50bn

DHB Lending
2.48bn

Other Lending By Institution

- Reserve Bank of New Zealand...
- Housing New Zealand Ltd
- Auckland Council
- Housing New Zealand Corpor...
- New Zealand Transport Agency
- International Monetary Fund
- KiwiRail Holdings Ltd
- Otakaro Limited
- Wellington Regional Council
- Taitokerau Forests
- Tamaki Redevelopment Com...

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A NEW APPROACH: DEDICATED BALANCE SHEET RISK MANAGEMENT

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Balance Sheet Risk Management
- Total Crown interest rate and currency risk management
- Concentration risk management
- Balance sheet overlay
- Fiscal strategy input

Traditional NZDMO Functions

New Roles and Responsibilities

SALM Evolution
BALANCE SHEET RISK MANAGEMENT FUNCTION

A dedicated transactional function with the express role of managing total Crown risk and return...

Our operating model

NZDMO
Debt Management
Funding
Investment
Cash

Treasury Services
Crown Lending
Short Term Cash
IMF
Risk Management

Balance Sheet
Balance Sheet Risk Management
Illiquid Risk
Interest Rate Risk Mgmt.
Overlay

New Roles and Responsibilities

SALM Evolution

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**OUR AMBITION**

A holistic approach to total Crown financial risk management...

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**Initial focus**
BALANCE SHEET RISK MANAGEMENT – ANALYTICS

Total Crown risk information and analysis…

**Indicative values only**

The Comprehensive Balance Sheet

- **Comprehensive Net Worth (RUB)**
  - Total Assets: 30,000,000
  - Total Liabilities: 20,000,000

- **Social Balance Sheet**
  - Assets: 10,000,000
  - Liabilities: 5,000,000

- **Financial Balance Sheet**
  - Assets: 15,000,000
  - Liabilities: 10,000,000

- **Commercial Balance Sheet**
  - Assets: 2,000,000
  - Liabilities: 1,500,000

- **Contingent Balance Sheet**
  - Assets: 500,000
  - Liabilities: 200,000

- **Fiscal Balance Sheet**
  - Assets: 1,000,000
  - Liabilities: 800,000

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