

OVERVIEW OF DEBT & ASSETS MANAGED BY THE AOFM

Face Value in Millions (a)

By Instrument (i)	28 September 2012	31 December 2012	28 March 2013	28 June 2013	30 September 2013	31 December 2013
Debt Securities						
Treasury Bonds	-217,388	-223,148	-232,798	-233,540	-252,740	-265,940
Treasury Indexed Bonds	-16,719	-17,119	-17,619	-18,319	-21,019	-21,669
Treasury Notes	-16,000	-21,500	-17,000	-5,500	-6,500	-9,000
Repurchase Agreements	-	-	-	-	-	-
Foreign loans	-5	-5	-5	-6	-6	-6
Debt portfolio	-250,112	-261,772	-267,422	-257,364	-280,264	-296,614
Assets						
Term deposits with the RBA	11,050	18,700	16,400	20,150	13,750	22,950
Negotiable certificates of deposit	-	-	-	-	-	-
Housing advances to the States (ii)	2,875	2,875	2,875	2,455	2,455	2,455
Residential mortgage backed securities	10,927	10,431	9,916	9,079	8,682	7,806
Total assets managed	24,852	32,006	29,191	31,684	24,886	33,211

(a) The values in the table are face or par value for debt and assets and, for interest rate swaps, the notional value (on which the interest coupons are calculated).

(i) Debt holdings include all Commonwealth Government Securities on issue; excluding those issued on behalf of the States and Territories or held by the Commonwealth, and overdues. This is not the same as Commonwealth general government gross debt, as published in the Budget Papers, which includes other liabilities including those not managed by the AOFM.

(ii) Loans by the Commonwealth to State and Territory Governments under various Commonwealth-State Housing Agreements.

n.a. Not applicable.

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Market Value in Millions (b)

By Instrument	28 September 2012	31 December 2012	28 March 2013	28 June 2013	30 September 2013	31 December 2013
Debt Securities						
Treasury Bonds (i)	-244,701	-247,536	-255,220	-253,114	-272,164	-281,731
Treasury Indexed Bonds (ii)	-26,868	-26,825	-27,175	-27,089	-29,666	-30,296
Treasury Notes (i)	-15,921	-21,398	-16,938	-5,483	-6,480	-8,978
Repurchase Agreements	-	-	-	-	-	-
Foreign loans (iii)	-7	-7	-7	-7	-7	-8
Debt portfolio	-287,497	-295,767	-299,340	-285,693	-308,317	-321,013
Assets						
Term deposits with the RBA (v)	11,051	18,724	16,410	20,156	13,756	22,971
Negotiable certificates of deposit (vi)	-	-	-	-	-	-
Housing advances to the States	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Residential mortgage backed securities (vii)	10,820	10,346	9,926	9,111	8,700	7,840
Total assets managed (excluding Housing advances to the States)	21,872	29,070	26,335	29,267	22,456	30,811

(b) The market value measures the value of the assets and liabilities based on current market yields. The valuations are based on market close end of day rates.

(i) Treasury Bonds, Treasury Notes and other miscellaneous domestic debt are valued using a discounted present value of cash flows methodology using a zero coupon curve based on overnight indexed swap rates and liquid Treasury Bond yields.

(ii) Treasury Indexed Bonds are valued using the RBA secondary market pricing formula and market yields to maturity.

(iii) Foreign loans are valued using a discounted present value of cash flows methodology using a zero coupon curve based on the US swap curve and expressed in AUD equivalent terms using an end of day exchange rate.

(iv) Interest rate swaps are valued using a discounted present value of cash flows methodology using a zero coupon curve based on the AUD swap curve.

(v) Holdings of term deposits with the RBA are valued using a discounted present value of cash flows methodology using a zero coupon curve based on AUD overnight indexed swap rates.

(vi) Negotiable certificates of deposit (NCDs) are valued flat to the Bank Bill Swap (BBSW) curve.

(vii) Investments in RMBS are valued using a secondary market pricing formula using BBSW and traded margins. For investments for which reliable traded margin data is not available, the margins are assumed unchanged from those at the time of issue.

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Market Value Sensitivity in Millions (c)

By Instrument	28 September 2012	31 December 2012	28 March 2013	28 June 2013	30 September 2013	31 December 2013
Debt Securities						
Treasury Bonds	107.58	111.72	112.16	118.01	123.57	132.43
Treasury Indexed Bonds (i)	22.11	21.49	21.50	20.53	24.38	24.17
Treasury Notes	0.24	0.35	0.21	0.07	0.08	0.09
Repurchase Agreements	-	-	-	-	-	-
Foreign loans	-	-	-	-	-	-
Debt portfolio	129.94	133.55	133.87	138.60	148.03	156.69
Assets						
Term deposits with the RBA	-0.01	-0.02	-0.05	-0.02	-0.01	-0.03
Negotiable certificates of deposit	-	-	-	-	-	-
Housing advances to the States	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Residential mortgage backed securities (ii)	-0.02	-0.01	-0.04	-0.04	-0.03	-0.03
Total assets managed (excluding Housing advances to the States)	-0.03	-0.03	-0.09	-0.06	-0.04	-0.06

(c) The sensitivity is measured as the change in market value that would result from a one basis point (0.01 percentage point) increase in all market yields. A positive number denotes a decrease in the market value of debt or an increase in the market value of assets, whereas a negative number denotes an increase in the market value value of debt or a decrease in the value of assets.

(i) The increase in market yields is taken to be reflected fully in real yields on TIBs with no change in inflation.

(ii) The sensitivity figure for RMBS investments measures the sensitivity to short term BBSW resetting on the investments. These investments also have a significant sensitivity to changes in the traded margin on these transactions as they have a fixed margin that applies over the life of these deals.

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Modified Duration (d)

By Instrument	28 September 2012	31 December 2012	28 March 2013	28 June 2013	30 September 2013	31 December 2013
Debt Securities						
Treasury Bonds	4.40	4.51	4.39	4.66	4.54	4.70
Treasury Indexed Bonds (i)	8.23	8.01	7.91	7.58	8.22	7.98
Treasury Notes	0.15	0.16	0.12	0.12	0.12	0.10
Repurchase Agreements	-	-	-	-	-	-
Foreign loans	-	-	-	-	-	-
Debt portfolio	4.52	4.52	4.47	4.85	4.80	4.88
Assets						
Term deposits with the RBA	0.01	0.01	0.03	0.01	0.01	0.01
Negotiable certificates of deposit	-	-	-	-	-	-
Housing advances to the States	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Residential mortgage backed securities (ii)	0.02	0.01	0.04	0.05	0.04	0.04
Total assets managed (excluding Housing advances to the States)	0.01	0.01	0.03	0.02	0.02	0.02

(d) Modified duration represents the percentage change in market value that would arise for a 100 basis point (1 percentage point) increase in market yields.

(i) The increase in market yields is taken to be reflected fully in real yields on TIBs with no change in inflation.

(ii) The duration figure for RMBS investments measures the sensitivity to short term BBSW resetting on the investments. These investments also have a significant sensitivity to changes in the traded margin on these transactions as they have a fixed margin that applies over the life of these deals.

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Average Term to Repricing in Years (e)

By Instrument	28 September 2012	31 December 2012	28 March 2013	28 June 2013	30 September 2013	31 December 2013
Debt Securities						
Treasury Bonds	5.07	5.32	5.21	5.64	5.51	5.86
Treasury Indexed Bonds (i)	10.05	9.86	9.58	9.45	10.52	10.31
Treasury Notes	0.16	0.17	0.13	0.12	0.13	0.10
Repurchase Agreements	-	-	-	-	-	-
Foreign loans	4.46	4.20	3.96	3.71	3.46	3.20
Debt portfolio	5.09	5.19	5.17	5.79	5.76	6.01
Assets						
Term deposits with the RBA	0.01	0.01	0.03	0.01	0.01	0.02
Negotiable certificates of deposit	-	-	-	-	-	-
Housing advances to the States	22.13	21.88	21.64	21.77	21.49	21.41
Residential mortgage backed securities	0.05	0.04	0.05	0.05	0.04	0.04
Total assets managed	2.59	1.99	2.17	1.71	2.14	1.60

(e) The average term to repricing measures the average period to when the interest rate on assets and liabilities is reset. For fixed interest rate securities this is the maturity date when debt is refinanced and for floating interest rate securities this is the next interest rate reset date. The weighted average period to the repricing across portfolios is based on face value / notional value weightings.

(i) The calculation for TIBs reflects when the coupon is reset. It does not take account of Kt uplifts for inflation outcomes.

OVERVIEW OF DEBT & ASSETS MANAGED BY THE AOFM

Average Term to Maturity in Years (f)

By Instrument	28 September 2012	31 December 2012	28 March 2013	28 June 2013	30 September 2013	31 December 2013
Debt Securities						
Treasury Bonds	5.07	5.32	5.20	5.64	5.51	5.85
Treasury Indexed Bonds	10.05	9.85	9.57	9.45	10.52	10.31
Treasury Notes	0.16	0.17	0.13	0.12	0.13	0.10
Repurchase Agreements	-	-	-	-	-	-
Foreign loans	4.46	4.20	3.96	3.71	3.46	3.20
Debt portfolio	5.09	5.19	5.17	5.79	5.76	6.01
Assets						
Term deposits with the RBA	0.01	0.01	0.03	0.01	0.01	0.02
Negotiable certificates of deposit	-	-	-	-	-	-
Housing advances to the States	22.13	21.88	21.64	21.77	21.49	21.41
Residential mortgage backed securities (i)	28.81	28.56	28.32	28.12	27.89	27.69
Total assets managed	15.23	11.28	11.77	9.75	11.85	8.10

(f) The average term to maturity measures the average contractual term remaining on the debt, asset or interest rate swap instrument. The weighted average period to maturity across portfolios is based on face value / notional value weightings.

(i) The calculation of term to maturity is based on the legal maturity date of the RMBS issues. Typically, however, these pay down well ahead of the legal maturity as the mortgages backing the security are repaid.