



Debt Portfolio Management Quarterly Review |March 2012|

The Ministry of Finance submits the 29th Debt Portfolio Management Quarterly Review. The purpose is to present the underlying debt portfolio risk management measures and performance with respect to the planned annual financing programme. Thus, achievements of the medium-term strategic targets of debt management policy are reported. For 2012 these targets were quantified in the *Czech*

Republic Funding and Debt Management Strategy for 2012 (the „Strategy”) released on 15 December 2011. The Strategy specifies operating space for the asset and liability management through issuance activity, financial investment and active operations of the Ministry of Finance (the “Ministry”) on secondary market of government bonds and financial derivatives.

1. Review of strategic targets for 2012

The set of quantitative targets and criteria approved by the Ministry of Finance for issuance activity and

the active management of debt portfolio for 2012 is summarized in the following table.

Table 1: Financing programme and strategic targets in 2012

Criterion	Target for 2012	31 March 2012
International issues	Max. 30.0% of the total annual gross borrowing requirement	20.6%
	CZK 0.0 to 73.0 bn	CZK 50.1 bn
Gross medium-term and long-term domestic government bonds issues ¹	CZK 64.5 to 177.5 bn	CZK 56.8 bn
Gross savings government bonds issues	CZK 20.0 to 40.0 bn	CZK 0.0 bn
Net money market issues excl. Ministry's investment operations	CZK 40.0 to 60.0 bn	CZK 17.0 bn
Loans from EIB	CZK 5.9 bn	CZK 0.0 bn
Short-term state debt	25.0% and less	18.8%
Medium-term state debt	70.0% and less	50.8%
Average time to maturity	5.0 to 6.0 years	5.7 years
Interest rate re-fixing up to 1 year	30.0 to 40.0%	34.9%
Average time to re-fixing	4.0 to 5.0 years	4.5 years
Foreign-currency state debt	At most 15.0 to 17.0%	11.4%

¹ including tap sales from own Ministry's portfolio, to the European Investment Bank and Ministry's investments
Source: MoF

As regards **international funding**, on 20 February 2012 The Czech Republic issued the sixth public syndicated benchmark euro-denominated Eurobond in the nominal amount of **EUR 2.0 bn.**, i.e. CZK 50.1 bn., which is 68.6% of maximal international issuance activity according to the initially announced financial programme for 2012. No tranches of loans from the European Investment Bank were drawn during the first quarter.

Regarding **domestic issuance activity**, the total gross issues of medium-term and long-term government bonds reached **CZK 56.8 bn.** in the first quarter. Issues include tap sales of Czech Republic 2009 – 2024, 5.70% bond in the nominal amount of CZK 1.85 bn. via MTS Czech Republic from the Ministry's own portfolio. European Investment Bank did not purchased any government bonds during the first quarter. Gross medium-term and long-

term government bonds issues have used about 32.0% of the maximal supply initially announced in the Strategy for 2012. Further, no buy-backs of government bonds were executed in the first quarter. The net issues of medium-term and long-term government bonds reached CZK 56.8 bn. in the first quarter.

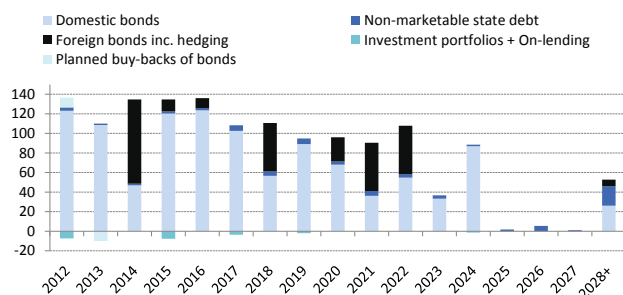
The overall net money market issues reached CZK 14.5 bn. in the first quarter, from which **net money market issues excluding Ministry's investment operations** amounted **CZK 17.0 bn.** and net Ministry's own investment operations within the nuclear and pension portfolio amounted CZK -2.5 bn.

The short-term state debt (debt payable within one year) decreased by 0.5 percentage points compared to the end of 2011 and reached the share of **18.8%** at the end of the first quarter. The figure remains, in accordance with the Strategy for 2012, below the 25.0% ceiling limit valid for 2012.

Average time to maturity decreased by 0.1 years compared to the end of 2011 and reached the value of **5.7 years** at the end of the first quarter. Average time to maturity remains within the announced target band valid for 2012, i.e. 5.0–6.0 years.

Starting from 2012 the Ministry has actively managed the **medium-term state debt** (debt payable within five years) using the share of the medium-term state debt out of the total state debt indicator. The share reached **50.8%** at the end of the first quarter and remains below 70% ceiling limit valid for 2012 and the medium-term horizon.

Figure 1: Redemption profile of state debt and state financial assets (CZK billion)
(End of Q1 2012)

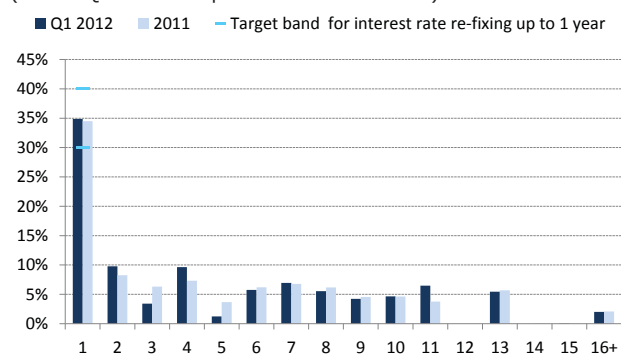


Note: Excluding money market instruments on the debt and assets side. The positive vertical scale shows liabilities, the negative vertical scale shows state financial assets and planned buy-backs for 2012
Source: MoF

Interest rate re-fixing up to one year increased by 0.4 percentage points compared to the end of 2011 and reached the share of **34.9%** at the end of the first quarter. The indicator remains within the announced medium-term target band, i.e. 30.0 to 40.0%.

The average time to state debt re-fixing decreased by 0.1 years compared to the end of 2011 and reached the level of **4.5 years** at the end of the first quarter. The indicator remains within the announced medium-term target band, i.e. 4.0 to 5.0 years.

Figure 2: Re-fixing profile of state debt (% of state debt)
(End of Q1 2012 compared with end of 2011)



Note: Including derivatives
Source: MoF

The main indicator of currency risk was set as **the share of foreign-currency state debt** with declared strategic 15.0% ceiling limit valid for the medium-term horizon (up to 17.0% in short-term). The share of foreign-currency state debt increased by 2.2 percentage points compared to the end of 2011 and reached the value of **11.4%** at the end of the first quarter. The indicator remains below the 15% ceiling limit. The share of foreign-currency exposition denominated in Euro to overall foreign-currency exposition reached 90.6% at the end of the first quarter. This indicator increased by 4.0 percentage points compared to the end of 2011 and shows the dominance of euro in the foreign-currency state debt portfolio.

2. Net borrowing requirement

The central government's net borrowing requirement is determined primarily by the state budget deficit. The final level of the net borrowing requirement is also influenced by state financial assets operations, lending, on-lending and changes in the level of the financial reserve generated by bonds issues. The net

borrowing requirement is the principal factor driving the change in the nominal value of gross state debt. Since part of the state debt is denominated in foreign currencies the state debt is also affected by changes of the particular bilateral exchange rate.

Table 2: Net borrowing requirement of the central government and change in the state debt

	2010	2011	Q1 2012
CZK billion			
Gross state debt at the beginning of the period	1 178.2	1 344.1	1 499.4
Primary balance of state budget excluding on-lending	120.6	97.6	21.2
Net expenditures on state debt ¹	35.8	45.1	1.5
Extra-budgetary borrowing requirement	0.0	0.0	0.0
Net borrowing requirement exc. net of assets operations	156.4	142.8	22.7
State financial assets operations ²	3.0	2.5	0.2
On-lending (net change) ³	1.7	0.0	0.0
Financial reserve (net change) ⁴	7.1	5.3	96.9
Net borrowing requirement	168.2	150.6	119.8
Changes in nominal state debt and financial reserve ⁵	-2.4	4.7	-6.2
Gross state debt change	165.8	155.3	113.6
Gross state debt at the end of the period	1 344.1	1 499.4	1 613.0
(% on GDP)	35.6	39.4	42.1⁶

¹ balance of budgetary chapter 396 – State debt excl. expenditures – Transfers on projects financed by loans from EIB

² balance of budgetary chapter 396 – State debt excl. expenditures – Transfers on projects financed by loans from the EIB

³ balance of budgetary chapter 397 – State Financial Assets Operations

⁴ on-lending to other states and enterprises with full state-backed guarantee on their core business

⁵ cash reserve generated by bonds issues according to the Act No. 218/2000, Coll., and from prior-financing of projects by the EIB loans

⁶ exchange rate changes due to re-evaluation of foreign currencies denominated debt and state debt amortization within budgetary chapter 396

⁶ share of gross state debt and cumulative gross domestic product for the second quarter of 2011 to the first quarter of 2012: The Czech Statistical Office is the source for the second quarter to the fourth quarter of 2011, Macroeconomic Forecast published by the Ministry is the source for the first quarter of 2012

Source: MoF

Gross borrowing requirement consists of net borrowing requirement, redemptions on state debt (excluding revolving of the money market

instruments during the budgetary year) in the given budgetary year, buy-backs and switches of government bonds before their original maturity.

Table 3: Gross borrowing requirement and instruments for funding of the central government

	2010	2011	Q1 2012
CZK billion			
Net borrowing requirement	168.2	150.6	119.8
Redemptions on state debt inc. buy-backs within a budgetary year	83.0	102.1	0.0
Redemptions on loans from EIB	1.1	1.1	0.4
Buy-backs and switches of bonds due in following years ¹	0.0	2.0	0.0
Re-evaluation of financial reserve ²	0.2	0.4	1.2
Gross borrowing requirement	252.6	256.2	121.4
% on GDP	6.7	6.7	13.3³
Net money market issuance ⁴	25.1	49.3	14.5
Gross government bonds issuance ⁵	217.1	181.2	106.9
Gross savings government bonds issuance	-	20.4	0.0
Loans from EIB	10.4	5.3	0.0
Net loans from the State Treasury	0.0	0.0	0.0
Funding of borrowing requirement	252.6	256.2	121.4

¹ excl. operations with government bonds due within a budgetary year

² re-evaluation due to exchange rate changes

³ share gross borrowing requirement for the first quarter of 2012 to the prediction of the gross domestic product for the first quarter of 2012 published in the Macroeconomic Forecast

⁴ excl. re-financing of redemption of instruments due within a budgetary year

⁵ nominal amount (premiums and discounts are included in net costs on state debt, i.e. entering into net borrowing requirement)

Source: MoF

Net debt portfolio reflects the state debt and the state financial assets. The methodology defining individual items is stated in the Strategy.

Table 4: State and structure of net debt portfolio

	2010	2011	Q1 2012
CZK billion			
Gross state debt at the beginning of the period	1 344.1	1 499.4	1 613.0
Money market instruments	113.3	162.6	177.1
Medium-term and long-term bonds ¹	1 163.2	1 245.0	1 344.4
Savings government bonds	-	20.4	20.4
Loans from EIB	67.2	71.3	71.0
Bills of exchange ²	0.3	0.1	0.1
Short-term liabilities to the Treasury	0.0	0.0	0.0
State financial assets at the end of the period	113.9	121.4	218.5
Nuclear investment portfolio	15.1	16.6	17.0
Pensions investment portfolio	21.6	22.0	22.0
Special-purpose financial assets accounts	10.2	10.5	10.3
Lending and On-lending ³	1.7	1.7	1.7
Financial reserve ⁴	65.3	70.6	167.5
Net debt portfolio at the end of the period	1 230.1	1 378.0	1 394.5

¹ including derivatives.

² Bills of exchange to cover equity holdings of the Czech Republic in international financial institutions

³ lending to other states and on-lending to enterprises with full state-backed guarantee on the core business

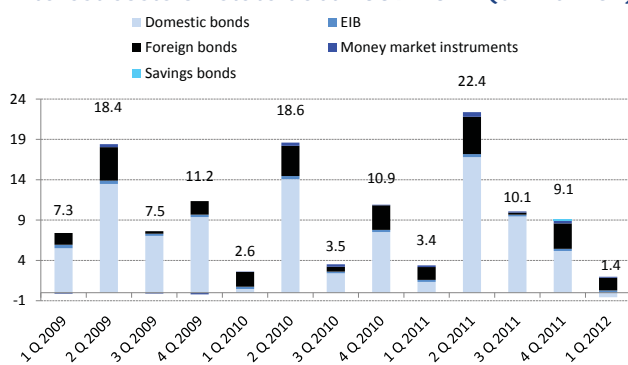
⁴ disposable cash balance build up by issuance of government debt according to the Act No. 218/2000. Section 35.

Source: MoF

3. Interest costs on state debt and Cost-at-Risk

Breakdown of interest expenditures and revenues related to the state debt in last two years is presented in the next Figure. More detailed information describing the budgetary expenditures and revenues can be found in appendix. Actual net interest costs on state debt are lower by CZK 2.0 bn. in the first quarter of 2012 compared to the same quarter of 2011.

Figure 3: Quarterly breakdown of change in net interest costs on state debt 2009-2012 (CZK billion)

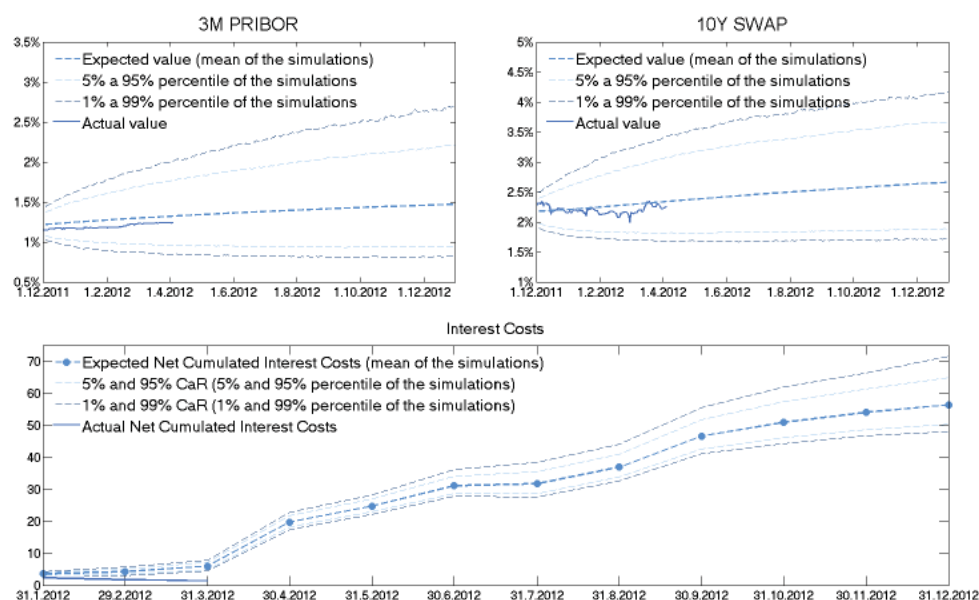


Note: Excluding fees related to the state debt management
Source: MoF

The state debt interest costs model Cost-at-Risk (CaR) for the year 2012 was published in the Strategy. Calculations of the CaR values are based on term structure of interest rates on 15 November 2011.

The actual versus simulated developments of the 3-months PRIBOR and 10-years CZK Swap from 1 December 1 2011 until 31 December 31 2012 are displayed in the upper part of the next Figure. The development of the actual versus simulated net interest costs for 2012 is shown in the lower part of the Figure 4.

Figure 4: Actual versus simulated development of the interest rates and the actual versus simulated monthly net interest costs (CZK billion)



Note: Interest costs are calculated on the cash principle relevant for the current methodology of the state budget.
Source: MoF

Table 5 refers to the comparison of the actual net interest costs on state debt, the simulated net interest costs (average of the simulations) and

interest costs CaR (95% and 99% percentile of the simulations) for the first quarter of 2012 with the same quarter of 2011.

Table 5: Expected interest costs deviation from the actual interest costs in the first quarter 2011 and 2012

CZK billion	Q1 2011	Q1 2012
Actual net interest costs	3.5	1.4
Expected net (simulated) costs	3.3	5.9
Cost-at-Risk 95%	4.6	7.1
Cost-at-Risk 99%	5.4	7.7
Expectation deviation from actuality	-0.2	4.5

Source: MoF

In the first quarter of 2012 the actual net interest costs on state debt were CZK 1.4 bn. The expected net interest costs in the same quarter were predicted by the model at the level of CZK 5.9 bn. The actual net interest costs therefore remain also in the first quarter below the level of both CaR 95% and CaR 99%, which were set at CZK 7.1 bn. and CZK 7.7 bn., respectively. The primary goal of the model was fulfilled when net interest costs did not exceed CaR levels. The model estimated the actual costs to be higher by CZK 4.5 bn. The main reason for this difference is the change in the structure of bonds (including their nominal amounts) offered and subsequently sold in government bond auctions.

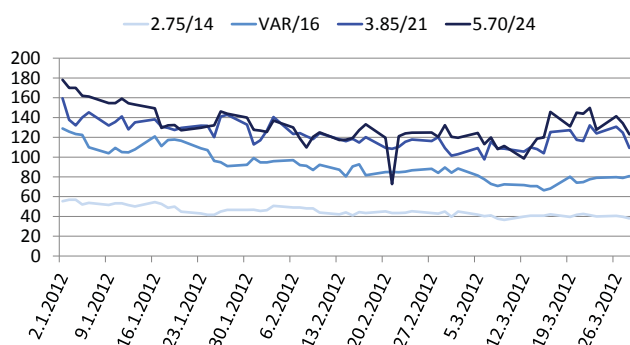
This structure timely responded to the demand for these bonds. For the purpose of higher flexibility the Ministry published the auction plans in the first quarter on a monthly basis. The change in the structure of sold government bonds in comparison to the original plans brought about unplanned incomes of the Ministry by reason of accrual interest income and premiums amounting CZK 1.9 bn. Another no less important fact causing the difference between actual and expected costs is the decline of the risk premium on government bonds, which reflects the responsible budget policy of the current Government of the Czech Republic.

4. Secondary market of government bonds

At the end of the first quarter of 2012 the first six months of full operation of electronic platform MTS Czech Republic for the Czech government bonds were completed. The platform should ensure effective and transparent domestic secondary market for government bonds.

The key parameter of efficient valuation on the secondary market is the bid-offer spread of the government bond. The closer the bid-offer spread the more liquid and effective market. During the first quarter of 2012 slightly downward trend of Bid-Offer spreads of the quoted government bonds can be observed due to the better financial mood especially in relation to the debt crisis in Eurozone.

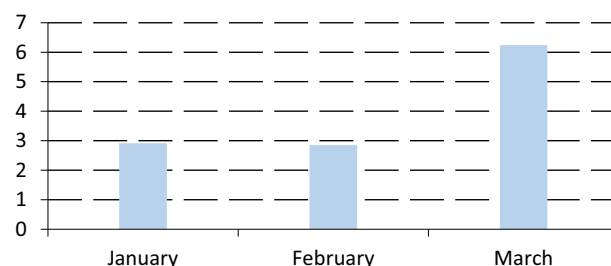
Figure 5: Average quoted bid-offer spreads on selected quoted bonds on MTS CR (ticks)



Source: EuroMTS and MoF

In January 2012 after moderate turbulences on the debt market in the fourth quarter of 2011 the traded volume returned to October numbers (about 3.0 billion CZK) where it stayed also during February. In March a record volume of bond transactions on the MTS since its launch was reached.

Figure 6: Volume of transactions executed by primary dealers on MTS CR (CZK billion)

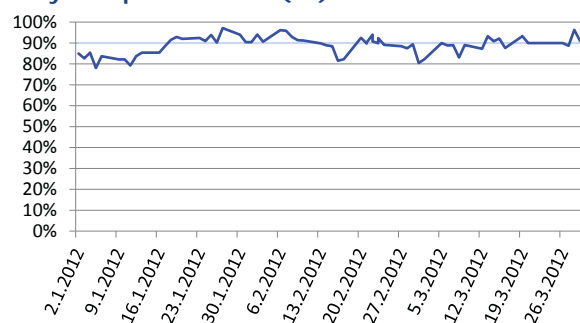


Source: EuroMTS and MoF

The obligations of primary dealers on secondary market include fulfilling of criterions of the minimum quoted volume according to bond maturity, the minimum quoted time during one trading day and the maximum quoted spread on obligated quoted bonds. On these obligations the daily fulfillment of quotation obligation („Compliance ratio”) is based every day, where on monthly basis every primary dealer is obligated to fulfill the Compliance ratio at least of 90.0%.

The daily fulfillment of quotation obligations oscillates around 90.0% and shows an improving trend. The 3/4 of primary dealers have fulfilled quotation obligations on 90.0% level without any problems during the first quarter of 2012.

Figure 7: Primary dealer's average daily Compliance ratio (%)



Source: EuroMTS and MoF

Appendix

State debt and state financial assets parameters

Table 6: State debt parameters

	31.3.2011	30.6.2011	30.9.2011	31.12.2011	31.3.2012
Total state debt (CZK billion)	1 404.4	1 412.9	1 456.8	1 499.4	1 613.0
Market value inc. derivatives (CZK billion)	1 484,0	1 495.5	1 579.1	1 604.2	1 752.5
Short-term state debt (%)	17.2	17.0	16.6	19.3	18.8
Share of money market instruments (%)	9.8	10.0	9.8	10.8	11.0
Average time to maturity (years)	6.0	6.0	5.8	5.8	5.7
Interest rate re-fixing up to one year inc. derivatives (%)	32.6	30.3	30.7	34.5	34.9
Average time to re-fixing (years)	4.9	4.9	4.6	4.6	4.5
Variable-rate market debt	12.6	13.7	14.5	14.8	14.8
Modified duration (years)	4.2	4.2	4.3	4.3	4.1
Modified duration exc. CZK IRS (years)	4.1	4.2	4.2	4.2	4.1
Foreign currency debt (%)	9.8	9.9	9.8	9.2	11.4
Foreign currency debt exc. cross-currency swaps (%)	15.6	15.5	15.3	15.5	16.9
Share of € on foreign currency debt (%)	88.6	88.3	87.7	86.6	90.6
Nonmarketable state debt (%)	4.8	4.8	4.8	4.8	4.4
Retail state debt (%)	-	-	-	1.4	1.3
Marketable state debt (CZK billion)	1 337.30	1 345.40	1 387.00	1 407.5	1 521.5
Market value (CZK billion)	1 415.30	1 426.30	1 507.0	1 509.3	1 657.8
Short-term marketable debt (%)	18.0	17.6	17.3	19.7	19.1
Share of money market instruments (%)	10.3	10.5	10.3	11.6	11.6
Average time to maturity (years)	5.7	5.7	5.5	5.5	5.5
Interest rate re-fixing up to one year inc. derivatives (%)	29.5	27.0	27.4	31.3	31.9
Average time to re-fixing (years)	5.1	5.1	4.8	4.8	4.7
Variable-rate marketable debt (%)	8.5	9.7	10.5	10.9	11.3
Modified duration (years)	4.3	4.4	4.4	4.4	4.3
Modified duration exc. CZK IRS (years)	4.3	4.3	4.3	4.4	4.2
Foreign currency marketable debt (%)	10.3	10.4	10.3	9.8	12.0
Foreign currency debt exc. cross-currency swaps (%)	16.4	16.2	16.1	16.5	17.9
Share of € on foreign currency debt (%)	88.6	88.3	87.8	86.6	90.7

Note: **Interest rate re-fixing up to one year** = Money market instruments + Fixed-rate short-term debt + Variable-rate state debt + Effect of interest rate derivatives.

Source: MoF

Table 7: State financial assets parameters

	31.3.2011	30.6.2011	30.9.2011	31.12.2011	31.3.2012
State financial assets (CZK billion)	152.4	123.2	122.2	121.4	218.5
Share of assets up to one years on total state debt (%)	9.9	7.5	7.2	7.1	12.6
Interest rate re-fixing up to one year (%)	91.3	85.7	85.6	88.0	93.3
Average time to re-fixing (years)	0.5	0.7	0.7	0.8	0.4
Investment portfolio and on-lending	38.9	39.7	40.2	40.4	40.7
Average return (%)	2.0	2.0	2.0	2.1	2.1
Average time to maturity (years)	1.9	2.1	1.9	2.2	2.0
Modified duration (years)	1.7	1.9	1.8	2.1	1.7

Source: MoF

Medium-term and long-term government bonds and T-Bills issue in the first quarter of 2012

Table 8: Issue of medium-term and long-term government bonds in the first quarter of 2012

Instrument	Issue / Tranche	Auction Date	Issue Date	Maturity Date	Currency	Max. Nominal Volume Offered in the Competitive Part of Auction	Total Nominal Volume Sold
2.75/2014	62 Issue / 6 Tranche	4. 1.	9. 1.	31. 3. 2014	CZK	8 000 000 000	8 950 410 000
VAR/2017	67 Issue / 1 Tranche	18. 1.	23. 1.	23. 7. 2017	CZK	9 000 000 000	8 181 010 000
3.40/2015	60 Issue / 8 Tranche	1. 2.	6. 2.	1. 9. 2015	CZK	8 000 000 000	9 091 510 000
VAR/2023	63 Issue / 5 Tranche	15. 2.	20. 2.	18. 4. 2023	CZK	7 000 000 000	3 730 100 000
4.60/2018	41 Issue / 9 Tranche	15. 2.	20. 2.	18. 8. 2018	CZK		5 090 050 000
3.85/2021	61 Issue / 6 Tranche	29. 2.	5. 3.	29. 9. 2021	CZK	7 000 000 000	5 853 660 000
VAR/2017	67 Issue / 2 Tranche	29. 2.	5. 3.	23. 7. 2017	CZK		2 207 810 000
4.60/2018	41 Issue / 10 Tranche	7. 3.	12. 3.	18. 8. 2018	CZK	7 000 000 000	4 490 080 000
4.20/2036	49 Issue / 3 Tranche	7. 3.	12. 3.	4. 12. 2036	CZK		1 320 210 000
VAR/2023	63 Issue / 6 Tranche	21. 3.	26. 3.	18. 4. 2023	CZK	7 000 000 000	4 395 880 000
3.40/2015	60 Issue / 9 Tranche	21. 3.	26. 3.	1. 9. 2015	CZK		1 658 220 000
Total							54 968 940 000

Instrument	Issue / Tranche	Coupon	Average Net Price	Average Yield to Maturity (% p. a.)	Bid-to-cover ratio	Sold in the Competitive Part of the Auction / Max. Nominal Volume Offered	Sold in the Non-competitive Part of the Auction / Max. Nominal Volume Offered
2,75/2014	62 Issue / 6 Tranche	2.75%	101.71	1.954	2.04	100.0%	11.9%

VAR/2017	67 Issue / 1 Tranche	VAR%	99.80	88.850*	1.21	88.3%	2.6%
3.40/2015	60 Issue / 8 Tranche	3.40%	104.68	2.025	2.42	100.0%	13.6%
VAR/2023	63 Issue / 5 Tranche	VAR%	96.78	98.493*	1.72	98.0%	0.0%
4.60/2018	41 Issue / 9 Tranche	4.60%	110.80	2.758	1.46		
3.85/2021	61 Issue / 6 Tranche	3.85%	104.75	3.262	1.77	100.0%	15.2%
VAR/2017	67 Issue / 2 Tranche	VAR%	100.38	77.440*	5.83		
4.60/2018	41 Issue / 10 Tranche	4.60%	111.00	2.711	2.45	74.8%	8.2%
4.20/2036	49 Issue / 3 Tranche	4.20%	103.74	3.959	1.00		
VAR/2023	63 Issue / 6 Tranche	VAR%	97.08	95.594*	3.06	71.4%	15.1%
3.40/2015	60 Issue / 9 Tranche	3.40%	104.33	2.077	8.08		
Average						90.4%	9.5%

² Discounted margin (in bps)
Source: MoF

Table 9: Tap sales in the first quarter of 2012

Instrument	Issue No.	Transaction Date	Settlement Date	Maturity Date	Original Maturity (Years)	Average Price	Nominal Volume
5.70/2024	58	11.1.2012	16.1.2012	25.5.2024	15	118.50	1 000 000 000
5.70/2024	58	25.1.2012	30.1.2012	25.5.2024	15	121.28	850 000 000
Total							1 850 000 000

Source: MoF

Table 10: T-Bills issue in the first quarter of 2012

Issue No.	Maturity (months)	Auction Date	Settlement Date	Maturity Date	Offered Nominal Volume	Placed Nominal Volume	Yield (% p.a.)
638	9	5. 1. 2012	6. 1. 2012	5. 10. 2012	8 000 000 000	7 945 000 000	1.02
639	6	12. 1. 2012	13. 1. 2012	13. 7. 2012	8 000 000 000	8 105 000 000	0.87
640	12	2. 2. 2012	3. 2. 2012	1. 2. 2013	9 000 000 000	9 859 000 000	1.01
641	6	9. 2. 2012	10. 2. 2012	10. 8. 2012	9 000 000 000	8 760 000 000	0.84
642	9	1. 3. 2012	2. 3. 2012	30. 11. 2012	9 000 000 000	9 000 000 000	0.95
643	6	15. 3. 2012	16. 3. 2012	14. 9. 2012	8 000 000 000	8 000 000 000	0.84
644	3	22. 3. 2012	23. 3. 2012	22. 6. 2012	9 000 000 000	9 283 000 000	0.81
Total					60 000 000 000	60 952 000 000	0.91*

* Average weighted yield to maturity of the T-Bills issues in the first quarter of 2012
Source: MoF

Table 11: Redemption and re-fixing profile of domestic government bonds issues in the first quarter of 2012

Domestic government bonds	Placed Nominal Amount	Average time to maturity at the issue date	Average time to maturity at 31. 12. 2012	Average time to re-fixing at the issue date	Average time to re-fixing at 31. 12. 2012
Floating rate	18 514 800 000	8.0	7.1	0.3	0.2
Fixed rate	36 454 140 000	5.7	4.8	5.7	4.8
Total	54 968 940 000	6.5	5.6	3.9	3.3

Note: Nominal amount in CZK; average time to maturity and re-fixing in years
Source: MoF

Budgetary revenues and expenditures on state debt in the first quarter of 2012

Table 12: Planned and actual budgetary expenditures and revenues on state debt in the first quarter of 2012

Measure (CZK mil)	Actual Q1 2011	Budget 2012		Actual Q1 2012	% Execution	Index 2012/2011 (%)
		Approved	After changes			
1	2	3	4	5	6:4	6:2
1. Total interest costs	5 019 (-) 1 639	77 656 (-) 6 244	77 656 (-) 6 244	4 902 (-) 3 503	6,3 56,1	97.7 213.7
<i>Domestic debt</i>	3 148 (-) 1 607	61 740 (-) 5 471	61 740 (-) 5 471	3 048 (-) 3 500	4.9 64.0	96.8 217.8
Money market instruments and on-lending	341 (-) 135	6 922 (-) 1 894	6 922 (-) 1 894	350 (-) 230	5.1 12.2	102.8 170.9
Of which: derivative operations	-	22	22	-	-	-
Savings government bonds	-	-	-	-	-	-
Government bonds	2 807 (-) 1 472	54 818 (-) 3 577	54 818 (-) 3 577	2 697 (-) 3 269	4.9 91.4	96.1 222.1
<i>Foreign debt</i>	1 871 (-) 30	15 916 (-) 773	15 916 (-) 773	1 854 -	11.6 -	99.1 -
International issues	1 612 (-) 30	13 125 (-) 773	13 125 (-) 773	1 573 -	12.0 -	97.6 -
Of which: derivative operations	1 010 -	5 835 (-) 773	5 835 (-) 773	1 155 -	19.8 -	114.4 -
EIB loans	260	2 792	2 792	281	10.1	108.2
<i>Bank accounts</i>	0 (-) 2	- -	- -	- (-) 4	- -	- 216.9
Bank accounts interests (+ paid. - received)	0 (-) 2	- -	- -	- (-) 4	- -	- 216.9
2. Total fees	20 (-) 0	750 -	750 -	136 -	18.1 -	675.4 -
3. FX gain/loss	- -	1 000 (-) 300	1 000 (-) 300	- -	- -	- -
Total balance	5 039 (-) 1 639	79 406 (-) 6 544	79 406 (-) 6 544	5 038 (-) 3 503	6.3 53.5	100.0 213.7

Note: (-) means revenues (gains).
Source: MoF

The **net expenditures** on the state debt in the first quarter 2012 amounted **CZK 1.5 bn.** Accrued interest income and government bonds premiums achieved CZK 3.3 bn. and

financial investments on the money market in liquidity management gained CZK 0.2 bn. The gross debt service costs reached CZK 5.0 bn.

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