



Debt Portfolio Management Quarterly Review |March 2013|

The Ministry of Finance (hereinafter the “Ministry”) hereby submits the 33rd Debt Portfolio Management Quarterly Review, presenting basic data on parameters of the portfolio of state liabilities and on parameters of the portfolio of state financial assets. The basic monitored strategic targets for 2013 had been quantified in the governing document The Czech Republic Funding and Debt Management Strategy for 2013 (hereinafter the “Strategy”) approved by the Minister of Finance and published on 12 December 2012. The Strategy specifies the operating scope for tactical management of the state debt and financial assets through issuance activity, financial investment and active operations by the Ministry on the secondary market. As of 1 January 2013 an amendment to the Act no. 218/2000 Coll., Budgetary Rules Act, as amended came into force, which, besides other things, brought significant expansion of financial funds of state treasury under central liquidity management,

which contributes to strengthening of liquidity position of the state and enables more effective cash flows planning under the central government and subsequent realization of the borrowing operations on financial markets. In co-operation with Czech National Bank, there was technical implementation of new legislative framework during Q1. At the same time it was a transitional period during which the relevant subjects, in particular the organizational units of the state and the state funds, were obliged to transfer financial funds to accounts opened in the Czech National Bank under the state treasury single account. The new system of state liquidity management went through pilot operation and its possible impacts on Strategy and funding programme for 2013 are currently subject of analysis. In Q1, no measures were put in place and issuance activity went on in accordance with originally announced plans.

1. Overview of 2013 Strategic Debt Management Targets

An evaluation of the debt portfolio structure in relation to the announced strategic targets and fulfilment of the annual financing programme during 2013 can be seen in the following overview.

Table 1: Financing programme and strategic targets in 2013

INDICATOR	Target announced for 2013	31 March 2013
International issuance activity	Max. 40.0% of the annual gross borrowing requirement CZK 0.0 to 92.3 bn	0.0% CZK 0.0 bn
Gross issuance of medium-term and long-term government bonds ¹	CZK 87.1 to 219.1 bn	CZK 48.1 bn
Gross issuance of savings government bonds	CZK 20.0 to 40.0 bn	CZK 0.0 bn
Net issuance of money market instruments excl. Ministry's investment operations ²	CZK -10.0 to 10.0 bn	CZK -2.7 bn
Loans from EIB	CZK 1.6 bn	CZK 0.0 bn
Short-term state debt	25.0% and less	19.9%
Medium-term state debt	70.0% and less	52.1%
Average time to maturity	5.0 to 6.0 years	5.6 years
Interest re-fixing up to 1 year	30.0 to 40.0%	39.4%
Average time to re-fixing	4.0 to 5.0 years	4.3 years
Foreign-currency exposure in state debt	Max. 15.0 to 17.0%	9.9%

¹ Incl. tap sales from its own portfolio on the secondary market and the Ministry's investment operations.

² Net issuance of money market instruments outstanding amounts to CZK -3.3 bn in Q1 2013.

Source: Ministry of Finance

In the area of **international issuance activity**, the Ministry did not realize any operations in Q1.

Regarding **domestic issuance activity**, gross issue of medium-term and long-term government bonds in total nominal amount of **CZK 48.1 bn** was executed in Q1, representing 20.9% of the gross borrowing requirement and 22.0% of the annual maximum issuance limit for this type of financing under the 2013 financing programme. Tap sales of government bonds totalled CZK 2.3 bn in Q1, of which CZK 0.4 bn was comprised by the tap sale of Czech Republic Government Bond, 2008–2016, VAR, CZK 0.7 bn was comprised by the tap sale of Czech Republic Government Bond, 2003–2018, 4.60%, CZK 0.3 bn was comprised by the tap sale of Czech Republic Government Bond, 2011–2023, VAR% and CZK 0.9 bn was comprised by the tap sale of Czech Republic Government Bond, 2007–2057, 4.85%. Net issuance of medium-term and long-term government bonds for Q1 amounted to CZK 48.1 bn, as no redemption of medium-term and long-term government bonds was realized. In Q1, no buy-backs of medium-term and long-term government bonds were executed.

Regarding the **savings government bonds**, neither issues nor redemptions of these bonds were carried out in Q1.

The total change in money market instruments outstanding was CZK -3.3 bn in Q1, of which **net issuance of money market instruments excl. the Ministry's investment operations amounted to CZK -2.7 bn** and the Ministry's net investment under the nuclear and pensions portfolios amounted to CZK -0.6 bn. This decrease relates to the decrease in the Ministry's net investment under the nuclear portfolio. The nuclear portfolio funds are invested under state treasury single account into short-term financial market instruments with maturity in the order of days (repo operations).

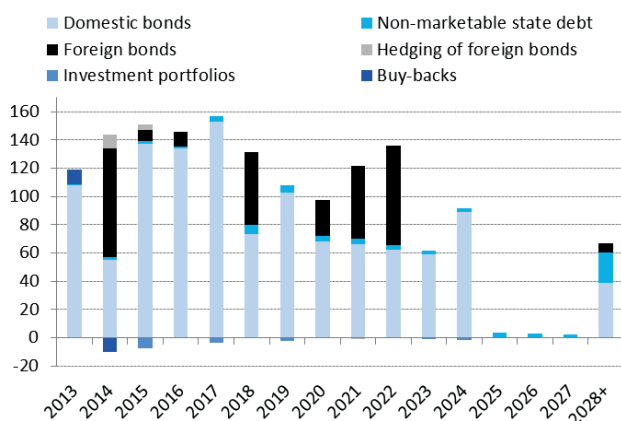
Short-term state debt (debt payable within one year) as of the end of Q1 increased in comparison to the end of 2012 by 2.0 percentage points to **19.9%** and thus reached the value according with the Strategy. At the same time, refinancing risk was kept below the target limit of 25.0% set for 2013.

The **average time to maturity of the state debt** as of the end of Q1 decreased by 0.1 years in comparison to the end of 2012 to **5.6 years**. The average time to maturity of the state debt is thus within the announced target band of 5.0 to 6.0 years set for 2013.

The **medium-term state debt** (debt payable within five years) as of the end of Q1 decreased by 0.6 percentage points in comparison to the end of 2012 to **52.1%**. The value thus remained below the limit of 70.0% out of the total state debt established for 2013 and for the medium-term horizon.

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

(end of Q1 2013)



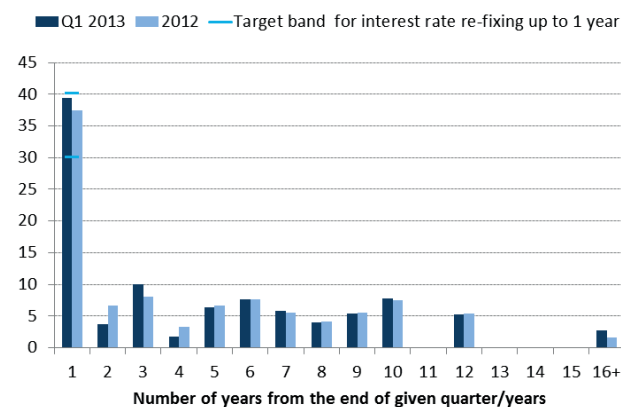
Note: Not including money market instruments outstanding on the side of liabilities and assets. The positive vertical axis shows liabilities, the negative vertical axis shows state financial assets and buy-backs of bonds due in 2014 and carried out in 2013. Domestic bonds include savings government bonds. Source: Ministry of Finance

Interest re-fixing of the state debt up to one year as of the end of Q1 increased by 1.9 percentage points in comparison to the end of 2012 reaching **39.4%**. This indicator was thus within the medium-term target band of 30.0-40.0% established for 2013.

Average time to the state debt re-fixing as of the end of Q1 decreased in comparison to the end of 2012 by 0.1 years to **4.3 years**. Thus, this indicator is within the medium-term target band of 4.0–5.0 years.

Figure 2: Re-fixing profile of state debt (% of state debt)

(end of Q1 2013 compared with end of 2012)



Note: Incl. derivative transactions. Source: Ministry of Finance

The main indicator for currency risk management is the **proportion of foreign-currency exposure of the state debt to the total state debt**. The strategic limit announced for 2013 is 15.0% (up to 17.0% in the short term). Compared to the end of 2012, the value of this indicator decreased at the end of Q1 by 0.1 percentage points to **9.9%** and is

thus below its limit. The share of foreign-currency exposure of the state debt denominated in euro in relation to overall foreign-currency exposure of the state debt increased by 0.3 percentage points and amounted to 90.0% as of the end of Q1, thus indicating the euro's dominance in the foreign-currency state debt portfolio.

2. Net Borrowing Requirement

The net borrowing requirement of the central government is determined primarily by state budget deficits. It is also influenced by state financial assets operations, lending and on-lending, and changes in the level of the financial reserve generated from issuance activity. The net borrowing requirement is the principal factor driving change in the nominal amount of gross state debt. As part of the state debt is denominated

in foreign currencies the aforementioned change is also influenced by movement of the respective bilateral exchange rate. In Q1, the positive primary balance of the state budget of CZK 16.2 bn was achieved. The net expenditures on the state debt management in Q1 amounted to CZK 2.3 bn resulting in the achievement of the positive balance of the state budget of CZK 14.0 bn.

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

CZK billion (% GDP)	2011	2012	Q1 2013
Gross state debt as at the start of the period	1,344.1	1,499.4	1,667.6
Primary balance of the state budget	97.6	59.6	-16.2
Net expenditures on the state debt management ¹	45.1	41.4	2.3
Extra-budgetary borrowing requirement	0.0	0.0	0.0
Net borrowing requirement excl. assets operations	142.8	101.0	-14.0
State financial assets operations ²	2.5	2.4	0.4
On-lending (net change) ³	0.0	0.0	0.0
Cash reserve (net change) ⁴	5.7	69.4	44.5
State budget surplus excl. state financial assets operations	0.0	0.0	13.6
Net borrowing requirement	151.0	172.8	44.5
Changes in nominal state debt ⁵	4.5	-4.4	3.4
Promissory notes repayments ⁶	-0.2	-0.1	0.0
Change in gross state debt	155.3	168.3	47.9
Gross state debt as at the end of the period	1,499.4	1,667.6	1,715.6
(% GDP)	39.0	43.4	44.8⁷

¹ Balance of budgetary chapter 396 – State debt.

² Balance of budgetary chapter 397 – State financial assets operations.

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

⁴ Cash reserve generated by bonds issues according to Section 35(4) of Act No. 218/2000 Coll, excl. revaluation of the part denominated in foreign currencies due to the exchange rate changes.

⁵ Revaluation of debt denominated in foreign currencies due to exchange rate changes.

⁶ Promissory notes covering the Czech Republic ownership interests in international financial institutions.

⁷ Proportion of gross state debt to cumulative gross domestic product for the period from Q2 2012 to Q1 2013. The Czech Statistical Office is the source for GDP for the period from Q2 2012 to Q4 2012, while the Macroeconomic Forecast published by the Ministry is the source for GDP for Q1 2013.

Source: Ministry of Finance

The gross borrowing requirement consists of the net borrowing requirement, redemptions of state debt (excl. roll-over of 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 of the central government financing

CZK billion (% GDP)	2011	2012	Q1 2013
Net borrowing requirement	151.0	172.8	44.5
Redemptions on government bonds due in the respective year	102.1	115.6	0.0
Buy-backs and switches of government bonds from previous years	0.0	-2.0	0.0
Buy-backs and switches of government bonds due in following years ¹	2.0	8.1	0.0
Redemptions on savings government bonds in the respective year ²	0.0	9.6	0.0
Redemptions on loans from the EIB	1.1	5.3	0.4
Miscellaneous state liabilities	0.0	0.0	0.0
Gross borrowing requirement	256.2	309.4	44.9
% GDP	6.7	8.1	5.0³
Net money market instruments issuance ⁴	49.3	26.5	-3.3
Domestic gross government bond issuance ⁵	181.2	164.6	48.1
Foreign gross government bond issuance ⁵	0.0	69.0	0.0
Gross savings government bonds issuance	20.4	45.4	0.0
Lending facility ⁶	0.0	0.0	0.0
Loans from the EIB	5.3	4.0	0.0
Net loans from the State Treasury	0.0	0.0	0.0
Funding of the gross borrowing requirement	256.2	309.4	44.9

¹ Excl. government bonds due in the respective year.

² Incl. early redemptions requested by bond holders.

³ Ratio of gross borrowing requirement for Q1 2013 to gross domestic product for Q1 2013. The source of GDP for Q1 2013 is the Macroeconomic Forecast published by the Ministry.

⁴ Excl. refinancing of due instruments in the respective year.

⁵ Nominal amount, i.e. premiums and discounts are included in net expenditure on state debt service, i.e. entering the net borrowing requirement.

⁶ Received financial funds under repo operations carried out in order to lend medium-term and long-term bonds.

Source: Ministry of Finance

Table 4: Balances and structure of the net debt portfolio

CZK billion	2011	2012	Q1 2013
Gross state debt as at the end of the period	1,499.4	1,667.6	1,715.6
Money market instruments	162.6	189.1	185.9
Lending facility ¹	0.0	0.0	0.0
Medium-term and long-term bonds (domestic market)	999.1	1,042.0	1,090.1
Medium-term and long-term bonds (foreign markets) ²	245.9	310.3	313.7
Savings government bonds	20.4	56.2	56.2
Loans from the EIB	71.3	70.0	69.6
Promissory notes ³	0.1	0.0	0.0
Short-term liabilities to the State Treasury	0.0	0.0	0.0
State financial as at the end of the period	121.4	193.2	252.4
Nuclear investment portfolio	16.6	18.5	18.9
Pension investment portfolio	22.0	22.4	22.4
Special-purpose financial assets account	10.5	10.6	10.6
Lending and on-lending ⁴	1.7	1.7	1.7
Cash reserve ⁵	70.6	139.9	185.1
State budget surplus excl. state financial assets operations	0.0	0.0	13.6
Net debt portfolio as at the end of the period	1,378.0	1,474.4	1,463.1

¹ Received financial funds under repo operations carried out in order to lend medium-term and long-term bonds.

² Incl. derivative transactions

³ Promissory notes covering the Czech Republic ownership interests in international financial institutions.

⁴ Extra-budgetary lending to other states and on-lending to institutions with state-backed guarantees for their core business with maturity longer than 1 year

⁵ Disposable cash balance created from issuance activities according to Section 35(4) of Act No. 218/2000 Coll., incl. impact of exchange rate changes on the cash reserve parts denominated in foreign currencies.

Source: Ministry of Finance

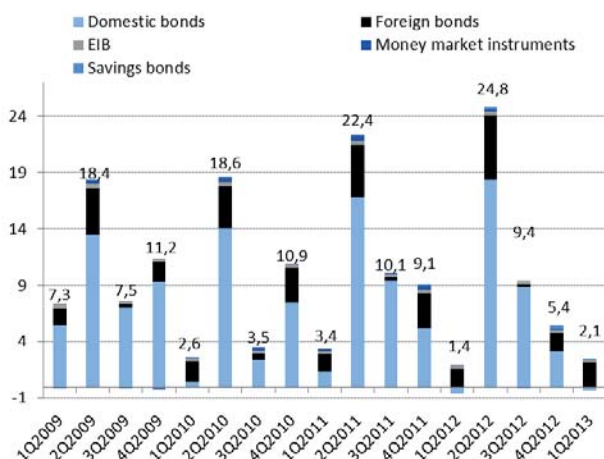
The **net debt portfolio** reflects the state debt and state financial assets. The methodology for determining individual items in the net debt portfolio is set out in the Strategy. Due to the achievement

of the positive balance of the state budget of CZK 14.0 bn in Q1, the value of the net debt portfolio in Q1 decreased by CZK 11.3 bn in comparison to the end of 2012.

3. Interest Costs on State Debt and Cost-at-Risk

The following figure presents an overview of interest expenditures and revenues realised under budgetary chapter 396 – State Debt. More detailed information on the budgeted and actual expenditures and revenues in 2013 is included in the Appendix. Actual net interest costs on the state debt in Q1 reached CZK 2.1 bn, which is CZK 0.7 bn higher than actual net interest costs in the corresponding period in 2012.

Figure 3: Net interest costs on the state debt, 2009–2013 (CZK billion)

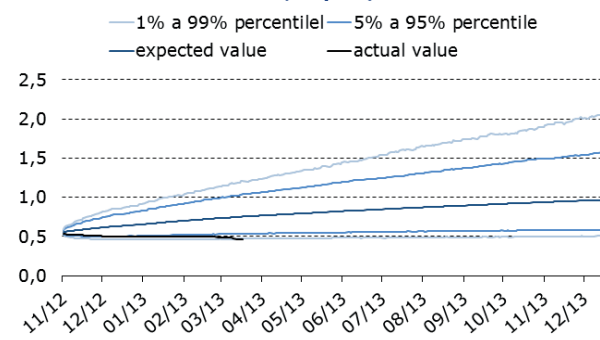


Note: Excl. fees related to the state debt management.
Source: Ministry of Finance

The state debt interest costs model Cost-at-Risk (CaR) for the year 2013 was published in the Strategy. Calculations of the CaR values are based on term structure of interest rates on 13 November 2012.

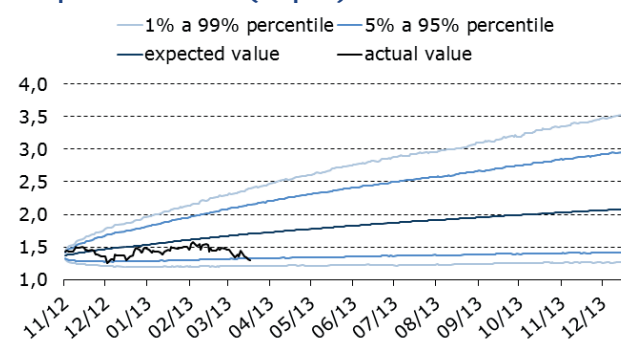
A comparison of the actual development of the 3-month PRIBOR and 10-year swap rates with their simulations for the period from 13 November 2012 to 31 December 2013 are shown in the following figures.

Figure 4: Daily simulated v. actual 3-month PRIBOR interest rates in 2013 (% p.a.)



Source: Ministry of Finance

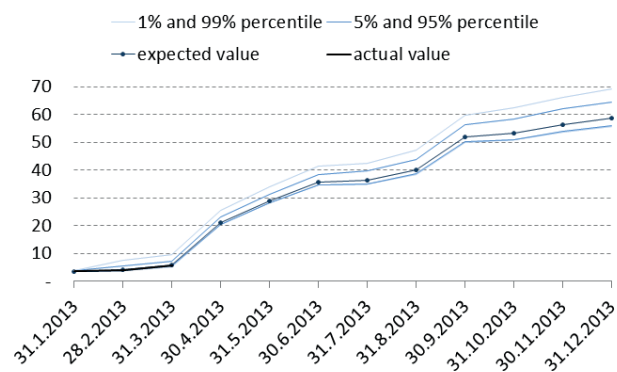
Figure 5: Daily simulated v. actual 10-year CZK swap rates in 2013 (% p.a.)



Source: Ministry of Finance

The development of gross interest costs of the state debt in comparison with simulated costs for 2013 is shown in the following figure. The actual realized gross interest costs amounted to CZK 5.6 bn in Q1 and were CZK 0.3 bn lower than expected costs of CZK 5.9 bn. The difference is mainly caused due to the operative changes in issuance plan of medium-term and long-term government bonds during Q1 based on agreements with Primary Dealers.

Figure 6: Simulated v. actual gross cumulated interest costs of the state debt in 2013 (CZK billion)



Note: Interest costs are calculated on a cash basis in accordance with the current state budget methodology.
Source: Ministry of Finance

The following table presents a comparison of the actual net interest costs on the state debt, the simulated values of expected costs (average of simulations) and interest costs CaR (95% and 99% percentile of simulations) for Q1 2013 in comparison to the corresponding period in 2012.

Table 5: Deviation of expected from actual net costs in Q1 2012 and Q1 2013

CZK billion	31 March 2012	31 March 2013
Actual net interest costs	1.4	2.1
Expected (simulated) net costs	5.9	3.6
Cost-at-Risk 95%	7.1	6.8
Cost-at-Risk 99%	7.7	9.1
Deviation of expectation from actuality	4.5	1.5

Source: Ministry of Finance

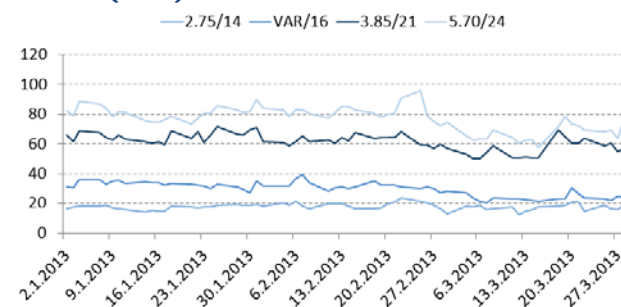
In Q1, the actual net interest costs on the state debt were CZK 2.1 bn. The expected net interest costs for the same period predicted by the model were CZK 3.6 bn. The actual net interest costs thus remained below the level of both CaR 95% and CaR 99%, which were set at CZK 6.8 bn and CZK 9.1 bn, respectively. The primary goal of the model was fulfilled when net interest costs did not exceed CaR levels. The model estimated the actual net

interest costs to be CZK 1.5 bn higher. Due to the changes in the issuance plan, the net interest costs decreased by CZK 1.0 bn. Due to the lower-than-expected revenues from domestic medium-term and long-term government bonds, the savings of CZK 0.3 bn were achieved. The savings of CZK 0.2 bn were achieved due to the lower-than-expected treasury bills discounts.

4. Secondary Market of Government Bonds

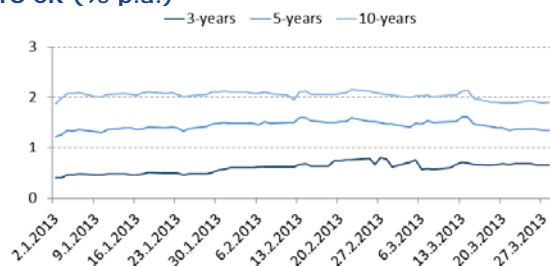
The MTS Czech Republic platform for trading government bonds, which was implemented on July 2011, considerably contributes to efficiency and transparency on the domestic secondary market. The key parameter indicating the efficiency of price discovery on the secondary market is the bid-offer spread for a given government bond. The narrower the bid-offer spread, the more liquid and efficient the market is. The relatively stable situation on the bond market reflected in practically constant bid-offer spreads and steady bond yields on the secondary market.

Figure 7: Average quoted bid-offer spreads on MTS CR (ticks)



Source: EuroMTS and Ministry of Finance

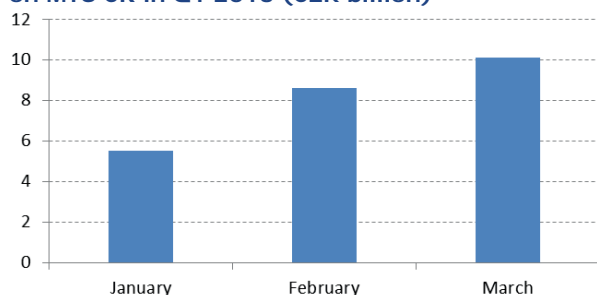
Figure 8: Yields of government bonds traded on MTS CR (% p.a.)



Source: EuroMTS and Ministry of Finance

While the total traded nominal amount on MTS on January reached average value, in following months, total nominal amount of transactions concluded by Primary Dealers gradually increased to ca. CZK 10.0 bn.

Figure 9: Nominal amount of transactions on MTS CR in Q1 2013 (CZK billion)



Source: EuroMTS and Ministry of Finance

The obligations of Primary Dealers on the secondary market include fulfilling of criterions of the minimum quoted total nominal value according to bond maturity, the minimum quoted time during one trading day and the maximum quoted spread on bonds subject to quoting obligations. The Daily Compliance Ratio ("DCR") is established each day on the basis of these obligations. On these obligations the daily fulfilment of quoting obligation is based every day, where on monthly basis every Primary Dealer is obliged to fulfil the DCR at least at 90.0%.

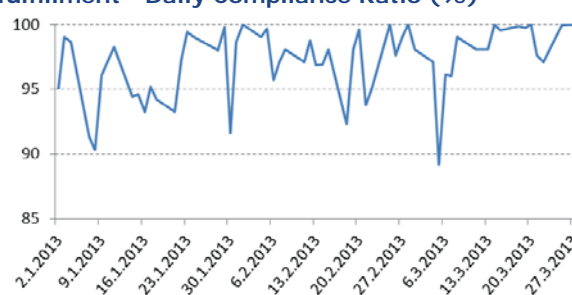
The average DCR of Primary Dealers only exceptionally fell below 90.0% in Q1. One Primary Dealer only failed to fulfil monthly quoting obligations in January.

Table 6: Realized lending facilities in Q1 2013

Instrument	ISIN	Collateral Amount	Financial Funds Received	Financial Funds Paid
CZGB 4,70 12/09/22	CZ0001001945	1,140,000,000.0	1,428,436,333.3	1,428,412,950.8
CZGB VAR 18/04/23	CZ0001003123	2,860,000,000.0	3,039,732,100.0	3,039,646,067.2
CZGB 5,70 25/05/24	CZ0001002547	1,000,000,000.0	1,388,268,333.3	1,388,245,891.1
Total		5,000,000,000.0	5,856,436,766.7	5,856,304,909.1

Source: Ministry of Finance

Figure 10: Average daily quoting obligation fulfillment - Daily Compliance Ratio (%)



Source: EuroMTS and Ministry of Finance

Also in Q1, the Ministry allowed using a lending facility for providing lending of government bonds. Primary Dealers may use this facility for borrowing government bonds for a period up to 60 days under repo operations. This facility was launched in order to boost the liquidity of government bonds on the secondary market especially in case of excess of demand over supply of particular bond. As a part of repo operations against government bonds lent, the Ministry obtains financial funds which it then invests on the money market at a higher yield as under state treasury liquidity management. These operations thereby also contribute to savings on net interest costs on the state debt.

These technical operations were not executed in order to obtain financial funds but in order to support liquidity of government bonds market. These operations affect the nominal amount of state debt as well as debt portfolio risk parameters. In case of more frequent use of this lending facility by Primary Dealers, the Ministry would have to take these technical operations into account when calculating the short-term state debt and state debt risk parameters.

In Q1, medium-term and long-term government bonds in total nominal amount of CZK 5.0 bn were lent using this lending facility and financial funds of CZK 5.9 bn were received. In Q1, the average repo rate achieved under the lending facility was -0.03% p.a. All concluded repo operations were settled at the end of the quarter of the year.

Appendix

State debt and state financial assets parameters

Table 7: State debt parameters

	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012	31 Mar 2013
Total state debt (CZK billion)	1,613.0	1,635.7	1,652.3	1,667.6	1,715.6
Market value incl. derivatives (CZK billion)	1,752.5	1,795.7	1,837.4	1,887.3	1,937.0
Short-term state debt (%)	18.8	19.3	21.4	17.9	19.9
Share of money market instruments (%)	11.0	10.0	10.4	11.3	10.8
Average time to maturity (years)	5.7	5.7	5.6	5.7	5.6
Interest rate re-fixing up to one year incl. derivatives (%) ¹	34.9	37.1	40.5	37.5	39.4
Average time to re-fixing (years)	4.5	4.5	4.3	4.4	4.3
Variable-rate market debt (%)	14.8	13.7	14.3	14.9	14.9
Modified duration (years)	4.1	4.2	4.1	4.2	4.1
Modified duration excl. CZK IRS (years)	4.1	4.2	4.0	4.2	4.1
Foreign currency exposure of the state debt (%)	11.4	9.1	8.8	10.0	9.9
Foreign currency state debt (%)	16.9	17.3	16.6	17.7	17.6
Share of € on foreign currency exposure of the state debt (%)	90.6	87.7	87.7	89.7	90.0
Non-marketable state debt (%) ²	4.4	4.3	4.1	4.2	4.1
Retail state debt (%)	1.3	2.2	2.2	3.4	3.3
Marketable debt (CZK billion)	1,521.5	1,530.2	1,548.2	1,541.4	1,589.7
Market value (CZK billion)	1,657.8	1,686.5	1,730.1	1,754.6	1,804.6
Short-term marketable debt (%)	19.1	19.9	22.1	18.8	21.0
Share of money market instruments (%)	11.6	11.2	11.1	12.3	11.7
Average time to maturity (years)	5.5	5.5	5.4	5.5	5.4
Interest rate re-fixing up to one year incl. derivatives (%) ¹	31.9	34.6	38.4	35.7	37.8
Average time to re-fixing (years)	4.7	4.7	4.4	4.6	4.5
Variable-rate marketable debt (%)	11.3	10.3	11.0	11.7	11.8
Modified duration (years)	4.3	4.4	4.2	4.3	4.3
Modified duration excl. CZK IRS (years)	4.2	4.3	4.2	4.3	4.3
Foreign currency exposure of the state debt (%)	12.0	9.8	9.4	10.8	10.7
Foreign currency state debt (%)	17.9	18.5	17.7	19.1	19.0
Share of € on foreign currency exposure of the state debt (%)	90.7	87.7	87.7	89.7	90.0

¹ 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.

² Excl. retail state debt.

Source: Ministry of Finance

Table 8: Parameters of state financial assets

	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012	31 Mar 2013
State financial assets (CZK billion)	218.5	186.8	207.9	193.2	252.4
Share of assets up to one year on total state debt (%)	12.6	10.5	11.7	10.2	13.4
Interest re-fixing up to one year (%)	93.3	92.2	93.0	92.4	94.2
Average time to re-fixing (years)	0.4	0.4	0.4	0.4	0.3
Investment portfolios and on-lending	40.7	41.7	42.2	42.7	43.1
Average yield (%)	2.1	2.0	1.8	1.5	1.4
Average time to maturity (years)	2.0	1.8	1.6	1.7	1.6
Modified duration (years)	1.7	1.4	1.2	1.0	0.9

Source: Ministry of Finance

Medium-term and long-term government bonds and treasury bills issues in Q1 2013

Table 9: Issues of medium-term and long-term government bonds in Q1 2013

Instrument	Issue/Tranche	Auction Date	Issue Date	Maturity Date	Currency	Max. Nominal Amount Offered in the Competitive Part of Auction	Total Nominal Amount Sold
1.50/2019	76/1	9.1.	14.1.	29.10.2019	CZK	5,000,000,000	5,681,940,000
VAR/2017	67/11	9.1.	14.1.	23.7.2017	CZK	4,000,000,000	3,530,670,000
4.70/2022	52/8	23.1.	28.1.	12.9.2022	CZK	4,000,000,000	4,425,990,000
0.50/2016	77/1	23.1.	28.1.	28.7.2016	CZK	5,000,000,000	3,415,050,000
3.40/2015	60/11	6.2.	11.2.	1.9.2015	CZK	4,000,000,000	3,536,000,000
4.20/2036	49/4	6.2.	11.2.	4.12.2036	CZK	4,000,000,000	2,394,420,000
2.50/2028	78/1	20.2	25.2.	25.8.2028	CZK	5,000,000,000	4,635,260,000
0.50/2016	77/2	20.2.	25.2.	28.7.2016	CZK	5,000,000,000	3,221,320,000
VAR/2023	63/14	6.3.	11.3.	18.4.2023	CZK	5,000,000,000	3,187,350,000
1.50/2019	76/2	6.3.	11.3.	29.10.2019	CZK	5,000,000,000	5,735,910,000
4.70/2022	52/9	20.3.	25.3.	12.9.2022	CZK	4,000,000,000	3,020,000,000
0.50/2016	77/3	20.3.	25.3.	28.7.2016	CZK	4,000,000,000	3,066,250,000
Total							45,850,160,000

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 Amount Offered	Sold in the Non- competitive Part of the Auction/ Max. Nominal Amount Offered
1.50/2019	76/1	1.50%	100.05	1.492	2.20	100.0	13.6
VAR/2017	67/11	VAR%	104.83	-21.081 ¹	2.19	80.0	8.3
4.70/2022	52/8	4.70%	123.78	1.963	2.10	95.4	15.3
0.50/2016	77/1	0.50%	99.56	0.628	1.52	60.0	8.3
3.40/2015	60/11	3.40%	107.34	0.501	2.62	87.5	0.9
4.20/2036	49/4	4.20%	118.95	3.066	2.07	53.3	6.6
2.50/2028	78/1	2.50%	95.88	2.833	1.56	77.1	15.6
0.50/2016	77/2	0.50%	98.88	0.833	1.44	60.0	4.4
VAR/2023	63/14	VAR%	103.92	25.530 ¹	1.85	60.0	3.7
1.50/2019	76/2	1.50%	99.05	1.652	2.38	100.0	14.7
4.70/2022	52/9	4.70%	125.04	1.792	2.25	75.5	0.0
0.50/2016	77/3	0.50%	99.26	0.725	2.18	75.4	1.2
Average						76.9	8.0

¹ Spread to the benchmark rate in bps (discounted margin).
Source: Ministry of Finance

Table 10: Tap sales of government bonds in Q1 2013

Instrument	Issue No.	Transaction Date	Settlement Date	Maturity Date	Original Maturity (Years)	Average Price	Nominal Amount
CZGB VAR 18/04/23	63	16. 01. 2013	21. 01. 2013	18. 04. 2023	12	104.575	200,000,000
CZGB 4.85 26/11/57	53	16. 01. 2013	21. 01. 2013	26. 11. 2057	50	120.201	200,000,000
CZGB 4.60 18/08/18	41	30. 01. 2013	04. 02. 2013	18. 08. 2018	15	117.470	300,000,000
CZGB VAR 18/04/23	63	30. 01. 2013	04. 02. 2013	18. 04. 2023	12	104.300	100,000,000
CZGB VAR 27/10/16	55	13. 02. 2013	18. 02. 2013	27. 10. 2016	8	100.165	200,000,000
CZGB 4.85 26/11/57	53	13. 02. 2013	18. 02. 2013	26. 11. 2057	50	118.708	250,000,000
CZGB 4.60 18/08/18	41	27. 02. 2013	04. 03. 2013	18. 08. 2018	15	117.185	400,000,000
CZGB 4.85 26/11/57	53	27. 02. 2013	04. 03. 2013	26. 11. 2057	50	118.195	200,000,000
CZGB VAR 27/10/16	55	13. 03. 2013	18. 03. 2013	27. 10. 2016	8	100.230	200,000,000
CZGB 4.85 26/11/57	53	13. 03. 2013	18. 03. 2013	26. 11. 2057	50	118.141	220,000,000
Total							2,270,000,000

Note: Tap sales include only operations carried out through MTS Czech Republic.
Source: Ministry of Finance

Table 11: Treasury bills issues in Q1 2013

Issue No.	Maturity (Months)	Auction Date	Issue Date	Maturity Date	Offered Nominal Amount	Placed Nominal Amount	Yield (% p.a.)
666	9	10. 1. 2013	11. 1. 2013	11. 10. 2013	8,000,000,000	8,000,000,000	0.13
667	3	17. 1. 2013	18. 1. 2013	19. 4. 2013	10,000,000,000	9,534,000,000	0.10
668	6	24. 1. 2013	25. 1. 2013	26. 7. 2013	8,000,000,000	8,000,000,000	0.11
669	12	31. 1. 2013	1. 2. 2013	31. 1. 2013	9,000,000,000	9,000,000,000	0.15
670	9	21. 2. 2013	22. 2. 2013	22. 11. 2013	8,000,000,000	8,000,000,000	0.13
671	12	28. 2. 2013	1. 3. 2013	28. 2. 2013	10,000,000,000	7,831,000,000	0.17
672	6	7. 3. 2013	8. 3. 2013	6. 9. 2013	9,000,000,000	9,000,000,000	0.13
673	3	28. 3. 2013	29. 3. 2013	28. 6. 2013	9,000,000,000	8,780,000,000	0.10
Total					71,000,000,000	68,145,000,000	0.13¹

¹ Average weighted yield to maturity of treasury bills issues in Q1.
Source: Ministry of Finance

Table 12: Redemption and re-fixing profile of domestic government bonds issues in Q1 2013

Domestic Government Bonds	Placed Nominal Amount	Average Time to Maturity at the Issue Date	Average Time to Maturity at 31 Dec 2013	Average Time to Re-fixing at the Issue Date	Average Time to Re-fixing at 31 Dec 2013
Floating rate	6,718,020,000	7.2	6.3	0.1	0.2
Fixed rate	39,132,140,000	8.2	7.3	8.2	7.3
Total	45,850,160,000	8.0	7.1	7.0	6.2

Note: Nominal amount in CZK; average time to maturity and re-fixing in years.
Source: Ministry of Finance

Budgetary revenues and expenditures on the state debt in 2013

Table 13: Budgetary expenditures and revenues on state debt in 2013

Indicator (CZK million)	Actual Q1 2012	Budget 2013		Actual Q1 2013	% Execution	Index 2013/2012 (%)
		Approved	After Changes			
1	2	3	4	5	5:4	5:2
1. Total interest expenditure and revenue	4,902 (-) 3,503	67,350 (-) 3,800	67,350 (-) 3,800	5,589 (-) 3,495	8.3 92.0	114.0 99.8
Domestic debt	3,048 (-) 3,500	51,409 (-) 3,307	51,408 (-) 3,307	3,241 (-) 3,487	6.3 105.5	106.4 99.7
Money market instruments and on-lending	350 (-) 230	4,772 (-) 1,121	4,772 (-) 1,121	58 (-) 23	1.2 2.0	16.5 9.8
Of which: derivative operations	-	36	36	-	-	-
Savings government bonds	-	781	781	0	0.0	-
Government bonds	2,697 (-) 3,269	45,856 (-) 2,186	45,855 (-) 2,186	3,183 (-) 3,465	6.9 158.5	118.0 106.0
Foreign debt	1,854 -	15,941 (-) 493	15,941 (-) 493	2,347 -	14.7 -	126.6 -
International issues	1,573 -	14,246 (-) 493	14,246 (-) 493	2,173 -	15.3 -	138.1 -
Of which: derivative operations	1,155 -	5,152 (-) 493	5,152 (-) 493	1,116 -	21.7 -	96.6 -
Loans from EIB	281	1,696	1,696	174	10.3	61.9
Bank accounts	- (-) 4	-	1	0 (-) 8	3.4 -	- 209.4
Bank accounts interests (+ paid, - received)	- (-) 4	-	1	0 (-) 8	3.4 -	- 209.4
2. Total fees	136	500	500	174	34.8	127.9
Total balance	5,038 (-) 3,503	67,850 (-) 3,800	67,850 (-) 3,800	5,763 (-) 3,495	8.5 92.0	114.4 99.8

Note: (-) means revenues (gains).
Source: Ministry of Finance

The total **net expenditures** on the state debt management in Q1 amounted to **CZK 2.3 bn**. Revenues from accrued interest yields and bond

premiums contributed CZK 3.5 bn to reduction of the gross costs. Gross costs on the state debt management reached CZK 5.8 bn.

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www.mfcr.cz/statedebt

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