



Ministry of Finance

Debt and Financial Assets  
Management Department

# Debt Portfolio Management Quarterly Report

## 1<sup>st</sup> Quarter 2015



17 April 2015



# **Ministry of Finance**

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Ministry of Finance  
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## List of Abbreviations

APEI	Aggregate Performance Evaluation Index
bn	Billion
CDCP	Central Securities Depository Prague
CHF	Swiss franc currency code
CZK	Czech koruna currency code
CZSO	Czech Statistical Office
EIB	European Investment Bank
ESA2010	European System of Accounts 2010
EUR	Euro currency code
GDP	Gross domestic product
ISIN	International Securities Identification Number
JPY	Japanese yen currency code
MoF	Ministry of Finance
MTS	Mercato Telematico Secondario
p.a.	Per annum
PRIBOR	Prague Interbank Offered Rate
T-Bonds	Medium-term and long-term government bonds
VAR	Variable-rate government bond

## Summary and Main Events

In accordance with the calendar of published information, the Ministry of Finance (hereinafter the Ministry or MoF) presents Debt Portfolio Management Quarterly Report (hereinafter the Quarterly Report), which contains in particular the evaluation of the announced strategic targets, funding programme and issuance activity plans concretized in The Czech Republic Funding and Debt Management Strategy 2015 (hereinafter the Strategy) published on 17 December 2014 and further contains regular quarterly performance evaluation of primary dealers in Czech government securities for Q2 2014 to Q1 2015. In accordance with the Strategy, the two previously published publications – Debt Portfolio Management Quarterly Review and Performance Evaluation of Primary Dealers in Czech Government Securities for March – have been integrated into a single publication.

During Q1 2015, the total state debt has decreased from CZK 1,663.7 billion to CZK 1,663.1 billion, i.e. by CZK 0.6 billion. The total nominal value of gross issue of money market instruments excl. the roll-over amounted to CZK 17.0 billion in Q1 2015, of which CZK 12.0 billion were represented by issued state treasury bills and CZK 5.0 billion by received financial resources within the lending facilities of medium-term and long-term government bonds. The total nominal

value of state treasury bills redemptions amounted to CZK 38.0 billion and the amount of state treasury bills outstanding decreased by CZK 26.0 billion to CZK 81.7 billion during Q1 2015.

In Q1 2015, the Ministry issued medium-term and long-term government bonds particularly on domestic market, as the total nominal value of the gross issue realized on primary market through 8 auctions in 4 auction days amounted to CZK 40.3 billion. No tap sales of medium-term and long-term government bonds from Ministry's portfolio as well as no buy-backs of these government bonds were carried out in Q1 2015. No redemption of medium-term and long-term government bonds took place in Q1 2015. In the area of savings government bonds, no planned redemption took place in Q1 2015; the early redemptions in total nominal value of CZK 35.6 million were carried out.

In the area of issuance activity on foreign markets, the Ministry did not carry out any borrowing operations during Q1 2015 and also no loan tranche from the EIB was drawn. The planned repayments of EIB loans amounted to CZK 0.4 billion and the unplanned repayments amounted to CZK 0.4 billion in Q1 2015. The total repayments of EIB loans amounted to CZK 0.8 billion in Q1 2015.

### Stabilized Development of the State Debt

Due to the effective available state treasury liquidity management, the stabilized development of CZK-denominated value of the state debt has continued, as it has decreased slightly by CZK 550 million compared to the end of 2014. This brings positive impacts in the

form of savings in interest expenditure of the state budget related to the issuance activity of the state during the year. The net interest expenditure on state debt service were CZK 1.1 billion lower compared to the same period of the previous year.

### Large Demand for Government Bonds of the Czech Republic

The Ministry noticed a large demand for government bonds in the auctions during Q1 2015, especially in the segment of residual time to maturity of 5 years and less, as the average value of Bid-to-Cover ratio indicator related to the auctions of these bonds reached 3.38, and 2.86 overall. The large demand for government bonds with relatively short residual time to maturity

was confirmed by the result of Czech Republic Government Bond, 2014–2018, 0.85 % auction carried out on 25 March 2015, whose Bid-to-Cover ratio indicator reached the value of 5.21, despite the average achieved yield to maturity of 0.01 % p.a. The yields of government bonds of the Czech Republic have recorded a significant trend decrease, which has started in January 2014.

### Czech Republic's Rating Affirmed

On 23 January 2015, the rating agency Standard&Poor's affirmed long-term AA local currency and AA- foreign currency sovereign credit ratings on the Czech Republic, both maintaining stable outlook. The Czech

Republic's moderate public debt, and fiscal buffers which should enable the government to support economic recovery while facing a difficult external environment in 2015, were positively assessed.

# 1 – Structure of the Debt Portfolio and Borrowing Requirement of the Central Government

**Table 1: Structure and Balance of the Debt Portfolio (CZK billion, % GDP)**

	2013	2014	31/3/2015
<b>Gross state debt</b>	<b>1,683.3</b>	<b>1,663.7</b>	<b>1,663.1</b>
State treasury bills	120.9	107.6	81.7
Other money market instruments	0.0	2.5	5.0
Received collateral in cash	0.0	0.0	0.0
T-Bonds issued on the domestic market	1,079.7	1,175.7	1,200.8
T-Bonds issued on foreign markets <sup>1</sup>	323.7	239.6	238.2
Savings government bonds	87.6	77.8	77.8
EIB loans	71.5	60.4	59.7
Promissory notes	0.0	0.0	0.0
<b>Share of GDP (%)<sup>2</sup></b>	<b>41.2</b>	<b>39.0</b>	<b>38.7</b>

<sup>1</sup> Incl. hedging operations.

<sup>2</sup> GDP in ESA2010 methodology. Thou source for the data for 2013 – 2014 is the CZSO, for Q1 2015 Macroeconomic Forecast of the MoF – April 2015.

Source: MoF, CZSO

**Table 2: Funding Needs and Sources (CZK billion)**

Financing needs	2013	2014	Q1 2015
Primary balance of state budget	30.4	29.3	-20.9
Net expenditure on state debt <sup>1</sup>	50.9	48.5	1.0
Extra-budgetary financing needs	0.0	0.0	0.0
Redemption on T-Bonds in the respective year <sup>2</sup>	108.6	136.4	2.7
Buy-backs and exchanges of T-Bonds from prior years	-8.1	-4.0	0.0
Buy-backs and exchanges of T-Bonds due in coming years <sup>3</sup>	7.5	11.3	0.0
Redemption and early redemptions on savings government bonds in given year	7.7	11.9	0.0
Redemption on state treasury bills excl. roll-over <sup>4</sup>	189.1	120.9	38.0
Redemptions on other money market instruments excl. roll-over <sup>4</sup>	0.0	0.0	2.5
Repayments on EIB loans	2.8	11.1	0.8
<b>Total financing needs</b>	<b>388.8</b>	<b>365.3</b>	<b>24.1</b>
Gross state treasury bill issue excl. roll-over <sup>4,5</sup>	120.9	107.6	12.0
Other money market instruments excl. roll-over <sup>4</sup>	0.0	2.5	5.0
Received collateral in cash	0.0	0.0	0.0
Gross issue of T-Bonds on the domestic market <sup>5</sup>	145.6	153.3	40.3
Gross issue of T-Bonds on the domestic market up to 5 years <sup>5,6</sup>	37.8	37.3	14.1
Gross issue of T-Bonds on the domestic market from 5 to 10 years <sup>5,6</sup>	79.6	50.0	6.0
Gross issue of T-Bonds on the domestic market over 10 years <sup>5,6</sup>	28.3	65.9	20.3
Gross issue of T-Bonds on foreign markets <sup>2,5</sup>	0.0	0.0	0.0
Gross issue of savings government bonds <sup>7</sup>	39.1	2.1	0.0
EIB loans	4.3	0.0	0.0
Other financing sources	0.0	0.0	0.0
Financial asset and liquidity management operations	78.9	99.7	-33.2
<b>Total financing sources</b>	<b>388.8</b>	<b>365.3</b>	<b>24.1</b>
<b>Gross borrowing requirement</b>	<b>309.9</b>	<b>265.6</b>	<b>57.3</b>

<sup>1</sup> Balance of budgetary chapter 396 – State debt.

<sup>2</sup> Incl. hedging operations.

<sup>3</sup> Excl. operations with medium-term and long-term government bonds during the current budgetary year.

<sup>4</sup> Within the respective period.

<sup>5</sup> Nominal value; premiums and discounts are included in net expenditure on state debt service, i.e. they are included in the net borrowing requirement.

<sup>6</sup> Residual time to maturity on the auction day.

<sup>7</sup> Including reinvestment of yields.

Source: MoF

**Table 3: Net Borrowing Requirement of the Central Government and Change in State Debt (CZK billion)**

	2013	2014	Q1 2015
<b>Gross state debt as at 1 January</b>	<b>1,667.6</b>	<b>1,683.3</b>	<b>1,663.7</b>
Primary balance of state budget	30.4	29.3	-20.9
Net expenditure on state debt <sup>1</sup>	50.9	48.5	1.0
Extra-budgetary financing needs	0.0	0.0	0.0
Financial asset and liquidity management operations	-78.9	-99.7	33.2
<b>Net borrowing requirement</b>	<b>2.3</b>	<b>-21.9</b>	<b>13.3</b>
Net issue of state treasury bills	-68.2	-13.3	-26.0
Net change in the balance of other money market instruments	0.0	2.5	2.4
Net issue of T-Bonds on the domestic market	37.7	96.0	40.3
Net issue of T-Bonds on the foreign markets <sup>2</sup>	0.0	-86.4	-2.7
Net issue of savings government bonds	31.4	-9.7	0.0
Net change in balance of provided loans and credits	1.5	-11.1	-0.8
<b>Financing of net borrowing requirement</b>	<b>2.3</b>	<b>-21.9</b>	<b>13.3</b>
Revaluation of state debt <sup>3</sup>	13.4	2.3	-13.9
Promissory notes net change	0.0	0.0	0.0
<b>Gross state debt change</b>	<b>15.7</b>	<b>-19.7</b>	<b>-0.6</b>
<b>Gross state debt as at the end of period</b>	<b>1,683.3</b>	<b>1,663.7</b>	<b>1,663.1</b>

<sup>1</sup> Balance of budgetary chapter 396 – State debt.

<sup>2</sup> Incl. hedging operations.

<sup>3</sup> Includes revaluation of the debt denominated in foreign currencies arising from the foreign exchange rates differences, and the consolidation of state debt from government bonds, which were firstly booked on asset account maintained by the Ministry in the appropriate register at the issue for the period of time when they are booked on this account, as well as own government bonds acquired by the state as their issuer prior to the date of their maturity.

Source: MoF

## 2 – Primary Market of Government Bonds

**Table 4: Medium-Term and Long-Term Government Bonds Issued in Q1 2015**

Bond	Issue/ tranche no.	Auction date	Settlement date	Maturity date	Currency	Max. nominal value offered in the competitive part of auction	Total nominal value sold
ČR, 0.85 %, 18	88 5	11/2	13/2	17/3/2018	CZK	6,000,000,000	5,087,090,000
ČR, 2.50 %, 28	78 11	11/2	13/2	25/8/2028	CZK	7,000,000,000	4,993,570,000
ČR, VAR %, 20	91 3	25/2	27/2	9/12/2020	CZK	7,000,000,000	5,957,540,000
ČR, 2.40 %, 25	89 5	25/2	27/2	17/9/2025	CZK	7,000,000,000	5,010,570,000
ČR, 1.50 %, 19	76 13	11/3	13/3	29/10/2019	CZK	7,000,000,000	5,553,760,000
ČR, VAR %, 27	90 4	11/3	13/3	19/11/2027	CZK	7,000,000,000	5,473,800,000
ČR, 0.85 %, 18	88 6	25/3	27/3	17/3/2018	CZK	6,000,000,000	3,447,940,000
ČR, 2.50 %, 28	78 12	25/3	27/3	25/8/2028	CZK	7,000,000,000	4,799,650,000
<b>Total</b>						<b>54,000,000,000</b>	<b>40,323,920,000</b>

Bond	Issue/ tranche no.	Coupon	Average net price	Average yield to maturity (% p.a.)	Bid- to- cover ratio	Sold in the competitive part of the auction/ max. nominal value offered (%)	Sold in the non- competitive part of the auction/ max. nominal value offered (%)
ČR, 0.85 %, 18	88 5	0.85 %	102.367	0.08	3.30	75.83	8.95
ČR, 2.50 %, 28	78 11	2.50 %	121.550	0.81	1.46	64.09	7.25
ČR, VAR %, 20	91 3	VAR %	99.479	-21.01 <sup>1</sup>	2.40	74.66	10.45
ČR, 2.40 %, 25	89 5	2.40 %	118.004	0.63	1.77	59.89	11.69
ČR, 1.50 %, 19	76 13	1.50 %	106.284	0.14	3.35	66.29	13.05
ČR, VAR %, 27	90 4	VAR %	100.159	-11.25 <sup>1</sup>	3.47	67.14	11.05
ČR, 0.85 %, 18	88 6	0.85 %	102.493	0.01	5.21	50.85	6.62
ČR, 2.50 %, 28	78 12	2.50 %	121.503	0.80	2.57	57.14	11.42
<b>Average</b>						<b>64.53</b>	<b>10.15</b>

<sup>1</sup> Average spread to PRIBOR in basis points  
Zdroj: MoF

**Table 5: State Treasury Bills Issued in Q1 2015**

Issue no.	Maturity (months)	Auction date	Settlement date	Maturity date	Max. offered nominal value	Total nominal value sold	Yield to maturity (% p.a.)
705	12	19/2	20/2	19/2/2016	8,000,000,000	8,000,000,000	0.05
706	12	12/3	13/3	11/3/2016	8,000,000,000	4,000,000,000	0.04
<b>Celkem</b>					<b>16,000,000,000</b>	<b>12,000,000,000</b>	<b>0.05<sup>1</sup></b>

<sup>1</sup> Average weighted yield to maturity of state treasury bills issued in Q1 2015.  
Source: MoF

**Table 6: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 31/3/2015**

Bond	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
ČR, 3.80 %, 15	44	CZ0001001143	11/4/2015	51,454,000,000	4,900,000,000
ČR, 3.40 %, 15	60	CZ0001002737	1/9/2015	54,259,000,000	2,400,000,000
ČR, 6.95 %, 16	34	CZ0001000749	26/1/2016	34,573,000,000	0
ČR, 0.50 %, 16	77	CZ0001003842	28/7/2016	28,000,000,000	0
ČR, VAR %, 16	55	CZ0001002331	27/10/2016	80,000,000,000	0
ČR, 4.00 %, 17	51	CZ0001001903	11/4/2017	90,400,000,000	3,600,000,000
ČR, VAR %, 17	67	CZ0001003438	23/7/2017	50,000,000,000	0
ČR, 0.85 %, 18	88	CZ0001004246	17/3/2018	33,513,920,000	550,000,000
ČR, 4.60 %, 18	41	CZ0001000822	18/8/2018	74,000,000,000	1,000,000,000
ČR, 5.00 %, 19	56	CZ0001002471	11/4/2019	87,120,000,000	1,980,000,000
ČR, 1.50 %, 19	76	CZ0001003834	29/10/2019	66,491,370,000	2,000,000,000
ČR, 3.75 %, 20	46	CZ0001001317	12/9/2020	71,850,000,000	3,150,000,000
ČR, VAR %, 20	91	CZ0001004113	9/12/2020	17,970,100,000	1,000,000,000
ČR, 3.85 %, 21	61	CZ0001002851	29/9/2021	75,635,000,000	2,000,000,000
ČR, 4.70 %, 22	52	CZ0001001945	12/9/2022	75,116,740,000	2,000,000,000
ČR, VAR %, 23	63	CZ0001003123	18/4/2023	81,207,870,000	5,792,130,000
ČR, 5.70 %, 24	58	CZ0001002547	25/5/2024	87,600,000,000	2,400,000,000
ČR, 2.40 %, 25	89	CZ0001004253	17/9/2025	32,716,970,000	1,000,000,000
ČR, VAR %, 27	90	CZ0001004105	19/11/2027	23,550,810,000	500,000,000
ČR, 2.50 %, 28	78	CZ0001003859	25/8/2028	45,890,860,000	0
ČR, 4.20 %, 36	49	CZ0001001796	4/12/2036	28,428,970,000	1,417,620,000
ČR, 4.85 %, 57	53	CZ0001002059	26/11/2057	11,020,000,000	6,980,000,000
<b>Total</b>				<b>1,200,798,610,000</b>	<b>42,669,750,000</b>

Note: Excl. nominal values of government bonds provided and/or received by the Ministry as collateral when realizing repo operations under treasury single accounts liquidity management and/or under lending facilities.  
Source: MoF

**Table 7: Medium-Term and Long-Term Government Bonds Issued on Foreign Markets as at 31/3/2015**

ISIN	Currency	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
XS0453511577	EUR	5/10/2015	300,000,000	0
CH0106812362	CHF	23/11/2016	500,000,000	0
XS0368800073	EUR	11/6/2018	2,000,000,000	0
XS0215153296	EUR	18/3/2020	1,000,000,000	0
XS0541140793	EUR	14/4/2021	2,000,000,000	0
XS0750894577	EUR	24/5/2022	2,750,000,000	0
XS0240954361	JPY	16/1/2036	30,000,000,000	0
<b>Total EUR</b>			<b>8,050,000,000</b>	<b>0</b>
<b>Total CHF</b>			<b>500,000,000</b>	<b>0</b>
<b>Total JPY</b>			<b>30,000,000,000</b>	<b>0</b>

Note: Excl. nominal values of government bonds provided and/or received by the Ministry as collateral when realizing repo operations under treasury single accounts liquidity management and/or under lending facilities.  
Source: MoF

**Table 8: Issued State Treasury Bills as at 31/3/2015**

Issue no.	Maturity (months)	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
697	9	CZ0001004352	24/4/2015	5,583,000,000	0
692	12	CZ0001004287	15/5/2015	8,285,000,000	0
694	12	CZ0001004329	12/6/2015	7,335,000,000	0
699	9	CZ0001004386	26/6/2015	4,000,000,000	0
700	9	CZ0001004394	3/7/2015	6,460,000,000	0
696	12	CZ0001004345	10/7/2015	6,413,000,000	0
703	9	CZ0001004428	14/8/2015	3,800,000,000	0
698	12	CZ0001004360	4/9/2015	6,000,000,000	0
701	12	CZ0001004402	16/10/2015	8,000,000,000	0
702	12	CZ0001004410	30/10/2015	5,785,000,000	0
704	12	CZ0001004436	4/12/2015	8,000,000,000	0
705	12	CZ0001004444	19/2/2016	8,000,000,000	0
706	12	CZ0001004485	11/3/2016	4,000,000,000	0
<b>Total</b>				<b>81,661,000,000</b>	<b>0</b>

Note: Excl. nominal values of government bonds provided and/or received by the Ministry as collateral when realizing repo operations under treasury single accounts liquidity management and/or under lending facilities.  
Source: MoF

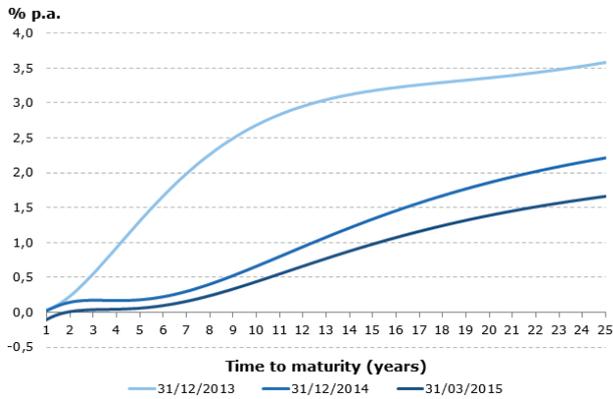
**Table 9: Issued Savings Government Bonds as at 31/3/2015**

Issue name	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
Premium savings government bond	73	CZ0001003776	12/12/2015	11,514,512,937	0
Premium savings government bond	80	CZ0001003982	12/6/2016	7,371,610,512	0
Coupon savings government bond	65	CZ0001003305	11/11/2016	1,927,110,085	0
Reinvestment savings government bond	66	CZ0001003297	11/11/2016	9,282,632,983	0
Premium savings government bond	84	CZ0001004170	12/12/2016	10,997,877,958	0
Coupon savings government bond	68	CZ0001003560	12/6/2017	1,129,772,732	0
Reinvestment savings government bond	69	CZ0001003578	12/6/2017	5,463,179,517	0
Coupon savings government bond	74	CZ0001003784	12/12/2017	1,774,245,575	0
Reinvestment savings government bond	75	CZ0001003792	12/12/2017	7,540,220,569	0
Coupon savings government bond	81	CZ0001004014	12/6/2018	820,435,434	0
Reinvestment savings government bond	82	CZ0001004006	12/6/2018	5,764,398,320	0
Coupon savings government bond	85	CZ0001004188	12/12/2018	1,359,084,518	0
Reinvestment savings government bond	86	CZ0001004196	12/12/2018	7,585,804,604	0
Inflation-linked savings government bond	70	CZ0001003586	12/6/2019	2,053,646,736	0
Reinvestment savings government bond	92	CZ0001004303	12/6/2019	745,834,604	0
Inflation-linked savings government bond	83	CZ0001003990	12/6/2020	391,481,365	0
Inflation-linked savings government bond	87	CZ0001004204	12/12/2020	2,038,898,449	4,004,125
Variable-rate savings government bond	93	CZ0001004311	12/12/2020	32,488,149	0
<b>Total</b>				<b>77,793,235,047</b>	<b>4,004,125</b>

Source: MoF

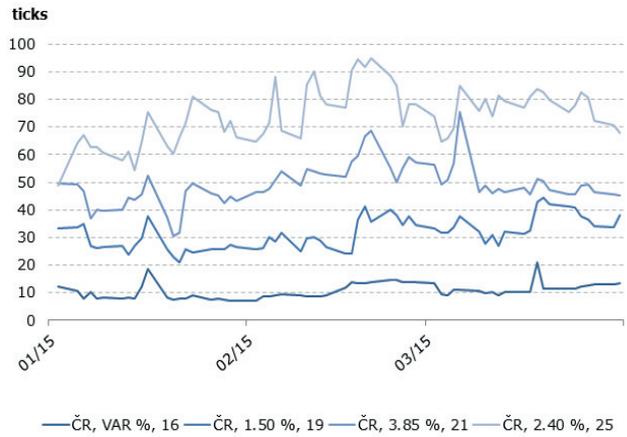
### 3 – Secondary Market of Government Bonds

**Figure 1: Yield Curve of Government Bonds on Domestic Market**



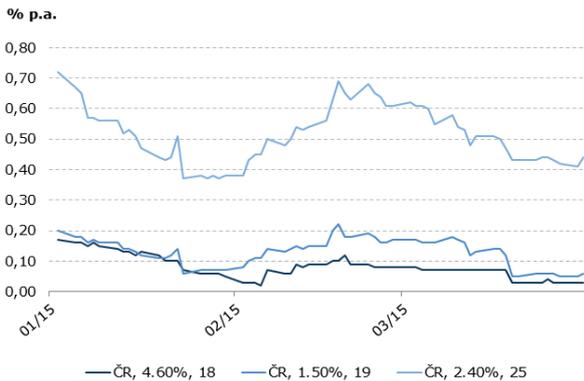
Note: "Par" yield curve of CZK-denominated fixed-rate government bonds is constructed on the basis of the extended Nelson-Siegel model, called Svensson model.  
Source: MoF, MTS

**Figure 2: Bid-Offer Spreads of Selected Government Bonds**



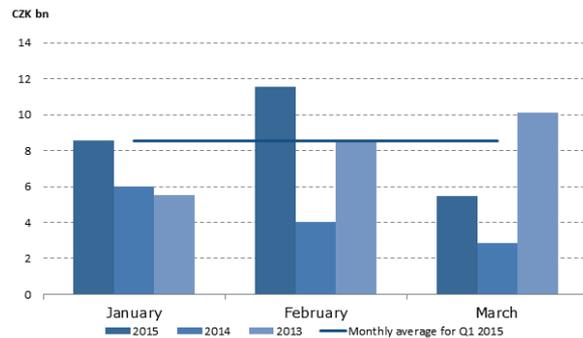
Source: MoF, MTS

**Figure 3: Selected Government Bond Yields**



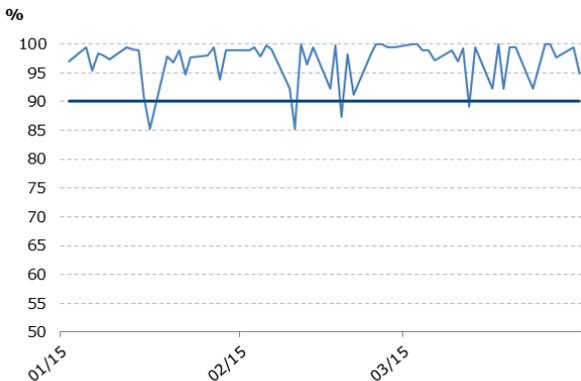
Source: MoF, MTS

**Figure 4: Traded Nominal Value on MTS Czech Republic**



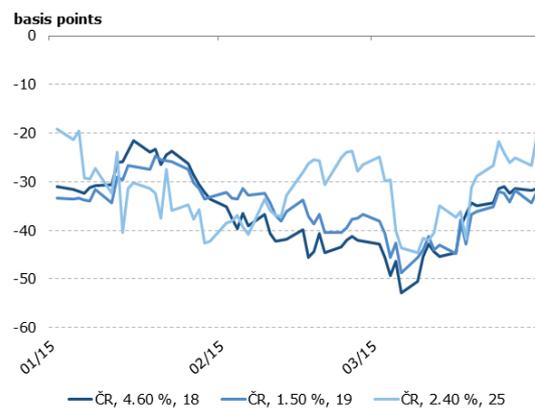
Source: MoF, MTS

**Figure 5: Average Daily Compliance Ratio of Primary Dealers**



Source: MoF, MTS

**Figure 6: „Asset Swap Spread” Risk Premium on Czech Government Bonds**



Source: Bloomberg

**Table 10: Realized Lending Facilities in Q1 2015**

Bond	ISIN	Collateral amount	Financial resources received	Financial resources paid <sup>1</sup>
ČR, 4,60 %, 18	CZ0001000822	485,000,000	572,580,222.23	572,573,884.16
ČR, 1,50 %, 19	CZ0001003834	4,198,000,000	4,486,853,499.99	4,486,787,892.25
ČR, 5,00 %, 19	CZ0001002471	404,000,000	502,598,444.44	502,589,889.20
ČR, 3,75 %, 20	CZ0001001317	651,000,000	788,999,120.84	788,988,569.54
ČR, 3,85 %, 21	CZ0001002851	4,561,000,000	5,731,708,398.59	5,731,591,197.19
ČR, 4,70 %, 22	CZ0001001945	1,371,000,000	1,851,277,319.44	1,851,249,127.25
ČR, VAR %, 23	CZ0001003123	4,358,000,000	4,712,803,000.01	4,712,511,115.95
ČR, 5,70 %, 24	CZ0001002547	6,792,000,000	10,362,633,875.01	10,362,421,780.72
ČR, 2,40 %, 25	CZ0001004253	2,378,000,000	2,882,995,430.13	2,882,938,763.00
ČR, 2,50 %, 28	CZ0001003859	100,000,000	120,408,333.33	120,406,928.57
ČR, 4,20 %, 36	CZ0001001796	35,000,000	53,834,666.67	53,834,038.60
<b>Celkem</b>		<b>25,333,000,000</b>	<b>32,066,692,310.68</b>	<b>32,065,893,186.43</b>

<sup>1</sup> Incl. financial resources from lending facilities realized in Q1 2015, which has not been paid during this period.

Note: The average interest rate achieved under lending facilities during Q1 2015 amounted to -0.03% p.a.

Source: MoF

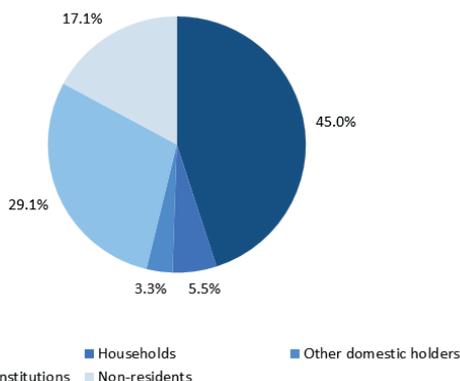
## 4 – Risk Management and Portfolio Strategy

**Table 11: Strategic Targets, Limits and Risk Parameters of Debt Portfolio in 2015**

INDICATOR	Announced limits and targets for 2015	31/3/2015
Short-term state debt	20.0% and less	15.0%
Medium-term state debt	70.0% and less	56.0%
Average time to maturity	5.0 to 6.0 years	5.4 years
Interest re-fixing up to 1 year	30.0 to 40.0%	36.1%
Average time to re-fixing	4.0 to 5.0 years	4.1 years
Net foreign-currency exposure of state debt	Max. 15.0 to 17.0%	10.7%

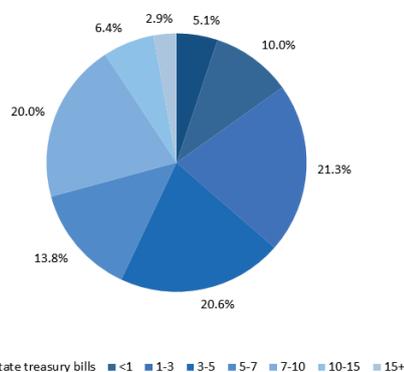
Source: MoF

**Figure 7: Structure of Domestic Bonds by Holder Type as at 31/3/2015**



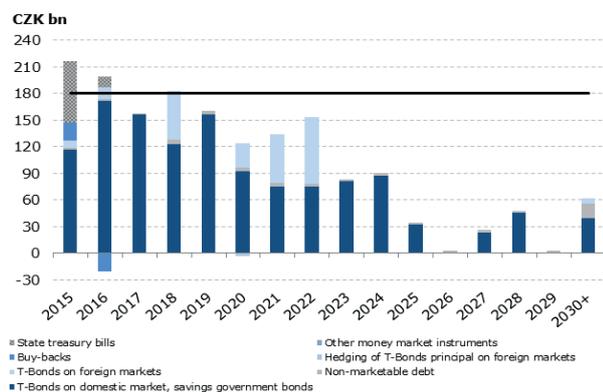
Note: Involves medium-term and long-term government bonds issued on domestic market, savings government bonds and state treasury bills.  
Source: MoF, CDCP

**Figure 8: Structure of Government Bonds by Residual Time to Maturity as at 31/3/2015**



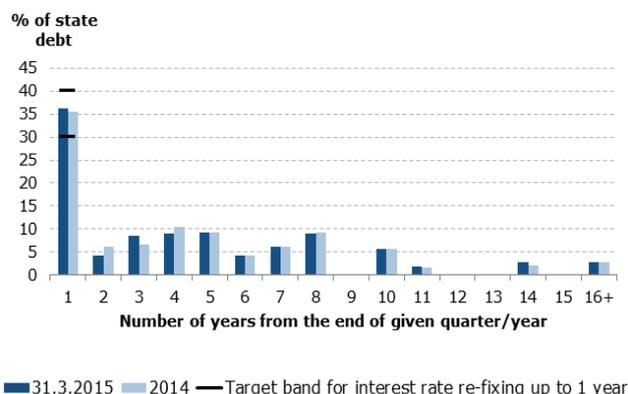
Note: Involves medium-term and long-term government bonds issued on domestic and foreign markets, savings government bonds and state treasury bills.  
Source: MoF

**Figure 9: Maturity Profile of State Debt**



Note: The positive axis shows liabilities and planned buy-backs on bonds due in 2016 and following years, the negative vertical axis shows planned buy-backs of bonds carried out in 2015. Non-marketable debt excludes savings government bonds. Money market instruments do not include roll-over within the year.  
Source: MoF

**Figure 10: Re-fixing Profile of State Debt**



Note: End of Q1 2015 compared with the end of 2014. Incl. derivative transactions.  
Source: MoF

**Table 12: State Debt Parameters**

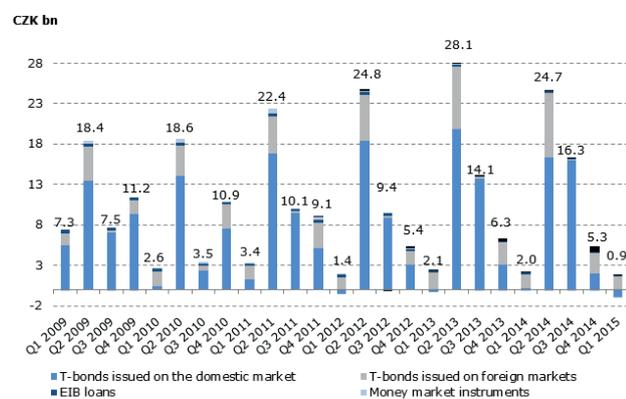
	31/3/2014	30/6/2014	30/9/2014	31/12/2014	31/3/2015
<b>Total state debt (CZK billion)</b>	<b>1,683.4</b>	<b>1,683.3</b>	<b>1,683.0</b>	<b>1,663.7</b>	<b>1,663.1</b>
Market value of state debt (CZK billion) <sup>1</sup>	1,886.1	1,903.9	1,911.1	1,925.0	1,943.1
Short-term state debt (%)	12.1	12.7	16.1	14.9	15.0
Medium-term state debt (%)	50.5	53.8	53.6	55.7	56.0
State treasury bills (%)	5.8	5.8	5.4	6.5	4.9
Other money market instruments (%)	0.2	0.7	0.7	0.2	0.3
Average time to maturity (years)	5.7	5.7	5.5	5.5	5.4
Interest rate re-fixing up to 1 year (%)	31.8	32.8	36.4	35.5	36.1
Average time to re-fixing (years)	4.5	4.5	4.3	4.2	4.1
Variable-rate state debt (%)	17.1	17.8	18.0	18.7	19.3
Modified duration (years)	4.1	4.2	4.1	4.1	4.1
Net foreign currency exposure (%)	9.6	10.0	10.1	10.4	10.7
Foreign currency state debt (%)	19.0	16.6	16.6	14.5	14.5
Share of € on net foreign currency exposure (%)	89.4	89.8	89.8	90.1	89.0
Non-marketable state debt (%) <sup>2</sup>	4.2	4.0	3.8	3.6	3.6
Retail state debt (%)	5.2	4.8	4.8	4.7	4.7
<b>Marketable state debt (CZK billion)</b>	<b>1,525.6</b>	<b>1,535.7</b>	<b>1,538.4</b>	<b>1,525.4</b>	<b>1,525.6</b>
Market value of marketable state debt (CZK billion) <sup>1</sup>	1,720.0	1,747.4	1,757.7	1,778.3	1,796.9
Short-term marketable state debt (%)	12.4	13.6	17.2	15.3	15.4
Medium-term marketable state debt (%)	49.3	52.9	52.6	54.8	55.1
State treasury bills (%)	6.4	6.4	5.9	7.1	5.4
Other money market instruments (%)	0.2	0.8	0.8	0.2	0.3
Average time to maturity (years)	5.6	5.7	5.5	5.4	5.4
Interest rate re-fixing up to 1 year (%)	29.7	31.4	35.4	33.9	34.6
Average time to re-fixing (years)	4.7	4.8	4.5	4.5	4.4
Variable-rate marketable state debt (%)	14.2	15.1	15.5	16.4	17.1
Modified duration (years)	4.3	4.5	4.3	4.3	4.3
Net foreign currency exposure (%)	10.6	11.0	11.0	11.4	11.6
Foreign-currency marketable state debt (%)	21.0	18.2	18.2	15.8	15.8
Share of € on net foreign currency exposure (%)	89.4	89.8	89.8	90.1	89.0

<sup>1</sup> Incl. derivatives<sup>2</sup> Excl. retail state debt.

Source: MoF

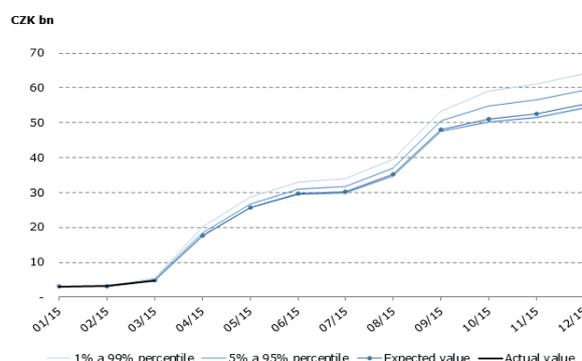
## 5 – State Debt Service Expenditure and Cost-at-Risk

**Figure 11: Net Interest Expenditure on State Debt in 2009 to 2015**



Note: Excl. fees connected with the state debt service.  
Source: MoF

**Figure 12: Actual vs. Simulated Gross Interest Expenditure on State Debt in 2015**



Note: Interest expenditure are calculated using the cash principle according to the current state budget methodology.  
Source: MoF

**Table 13: Budget Revenue and Expenditure of the State Debt Chapter in 2015 (CZK million)**

Indicator	Actual Q1 2014	Budget 2015		Actual Q1 2015	% Execution	Index 2015/2014 (%)
		Approved	After changes			
<b>1. Total interest expenditure and revenue</b>	<b>6,609</b>	<b>64,016</b>	<b>64,016</b>	<b>4,812</b>	<b>7.5</b>	<b>72.8</b>
	(-) 4,580	(-) 7,200	(-) 7,200	(-) 3,924	54.5	85.7
<b>Domestic debt</b>	4,745	53,340	53,340	3,021	5.7	63.7
	(-) 4,580	(-) 7,164	(-) 7,164	(-) 3,924	54.8	85.7
Money market instruments	16	931	931	6	0.6	34.6
	(-) 74	(-) 60	(-) 60	(-) 28	46.8	37.8
Savings government bonds	0	2,236	2,236	1	0.0	222.2
	0	-	-	-	-	-
T-Bonds issued on domestic market	4,728	50,173	50,173	3,015	6.0	63.8
	(-) 4,505	(-) 7,104	(-) 7,104	(-) 3,896	54.8	86.5
<b>Foreign debt</b>	1,864	10,672	10,672	1,791	16.8	96.1
	-	(-) 36	(-) 36	-	-	-
T-Bonds issued on foreign markets	1,717	10,067	10,067	1,694	16.8	98.6
	-	(-) 36	(-) 36	-	-	-
Of which: derivative operations	586	2,243	2,243	567	25.3	96.7
	-	(-) 36	(-) 36	-	-	-
EIB loans	147	604	604	97	16.1	66.4
	1	5	5	-	-	-
<b>Bank accounts</b>	-	-	-	0	-	-
Revenue (-) and expenditure (+) from account deposits	1	5	5	-	-	-
	-	-	-	0	-	-
<b>2. Fees</b>	<b>99</b>	<b>450</b>	<b>450</b>	<b>83</b>	<b>18.3</b>	<b>82.9</b>
	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>1 226.7</b>
<b>Total balance</b>	<b>6,709</b>	<b>64,466</b>	<b>64,466</b>	<b>4,895</b>	<b>7.6</b>	<b>73.0</b>
	(-) 4,580	(-) 7,200	(-) 7,200	(-) 3,924	54.5	85.7

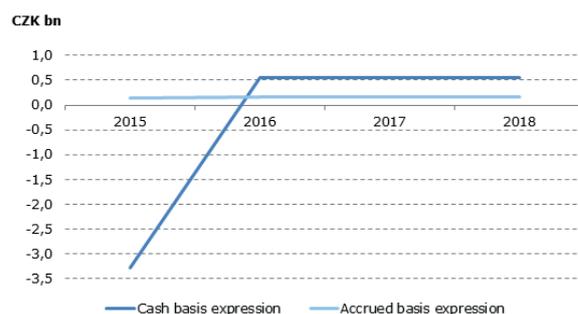
Note: (-) means revenues (gains).  
Source: MoF

**Table 14: Expected vs. Actual Net Interest Expenditure (CZK billion)**

	Q1 2014	Q1 2015
<b>Actual expenditure</b>	2.0	0.9
<b>Expected expenditure</b>	1.8	1.6
<b>Cost-at-Risk 95%</b>	4.2	3.6
<b>Cost-at-Risk 99%</b>	4.8	4.1
<b>Difference between expectation and reality</b>	-0.2	0.7

Source: MoF

**Figure 13: Net Cash Interest Expenditure and Accrued Interest Costs of Newly Issued Debt**



Source: MoF

**Table 15: Interest Costs on the Newly Issued State Debt (CZK billion)**

	Nominal value	Net interest costs			
		2015	2016	2017	2018
<b>Cash basis expression</b>	52.3	-3.3	0.5	0.5	0.5
<b>Accrued basis expression</b>	52.3	0.1	0.2	0.2	0.2
<b>Gross issue of T-Bonds issued on domestic market</b>	40.3	0.1	0.2	0.2	0.2
<b>Gross issue of state treasury bills</b>	12.0	0.0	0.0	-	-
<b>Gross issue of T-Bonds issued on foreign markets</b>	-	-	-	-	-
<b>Gross issue of savings government bonds</b>	-	-	-	-	-
<b>EIB loans</b>	-	-	-	-	-

Source: MoF

## 6 – Evaluation of Primary Dealers for Q2 2014 to Q1 2015

The maximum evaluation that can be achieved by any primary dealer is 100 points, whereas this score is counted on a relative basis. The activity of primary dealers is thus evaluated every quarter based on the Aggregate Performance Evaluation

Index (APEI) defined in Annex I to the Primary Dealer Agreement for Czech Government Securities, always for four consecutive evaluation periods. According to Article 1, every calendar quarter is the evaluation period.

**Table 16: Overall Evaluation in Q2 2014 to Q1 2015**

Ranking	Primary dealer	Points
1 <sup>st</sup>	<b>Citibank Europe plc</b>	<b>81.8</b>
2 <sup>nd</sup>	KBC Bank NV / Československá obchodní banka, a.s.	63.0
3 <sup>rd</sup>	PPF banka a.s.	54.7
4 <sup>th</sup>	Erste Group Bank AG / Česká spořitelna, a.s.	51.5
5 <sup>th</sup>	Société Générale / Komerční banka, a.s.	47.6
6 <sup>th</sup>	UniCredit Bank Czech Republic and Slovakia, a.s.	36.1
7 <sup>th</sup>	ING Bank N.V.	35.9

*Note: Maximum possible number of points in overall evaluation is 100.  
Source: MoF*

**Table 17: Primary Market in Q2 2014 to Q1 2015**

Ranking	Primary dealer	Points
1 <sup>st</sup>	<b>Citibank Europe plc</b>	<b>38.9</b>
2 <sup>nd</sup>	KBC Bank NV / Československá obchodní banka, a.s.	22.5
3 <sup>rd</sup>	PPF banka a.s.	21.4
4 <sup>th</sup>	Erste Group Bank AG / Česká spořitelna, a.s.	20.8
5 <sup>th</sup>	Société Générale / Komerční banka, a.s.	17.4
6 <sup>th</sup>	UniCredit Bank Czech Republic and Slovakia, a.s.	13.8
7 <sup>th</sup>	ING Bank N.V.	12.0

*Note: Maximum possible number of points in this criterion is 45.  
Source: MoF*

**Table 18: Secondary Market in Q2 2014 to Q1 2015**

Ranking	Primary dealer	Points
1 <sup>st</sup>	<b>Citibank Europe plc</b>	<b>30.9</b>
2 <sup>nd</sup>	KBC Bank NV / Československá obchodní banka, a.s.	28.1
3 <sup>rd</sup>	PPF banka a.s.	21.6
4 <sup>th</sup>	Société Générale / Komerční banka, a.s.	19.1
5 <sup>th</sup>	Erste Group Bank AG / Česká spořitelna, a.s.	17.2
6 <sup>th</sup>	J.P.Morgan Securities Ltd.	13.0
7 <sup>th</sup>	UniCredit Bank Czech Republic and Slovakia, a.s.	12.9

*Note: Maximum possible number of points in this criterion is 40.  
Source: MoF*

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