



Debt Portfolio Management Quarterly Review |September 2012|

The Ministry of Finance (hereinafter the “Ministry”) hereby submits the 31st 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 2012 had been quantified in the governing document *The Czech Republic Funding and Debt Management*

Strategy for 2012 (hereinafter the “Strategy”) approved by the Minister of Finance and published on 12 December 2011. 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.

1. Overview of 2012 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 2012 can be seen in the following overview.

Table 1: Financing programme and strategic targets in 2012

INDICATOR	Target announced for 2012	30 September 2012
International issuance activity	Max. 30.0% of the annual gross borrowing requirement	20.4%
	CZK 0.0 to 73.6 bn ¹	CZK 50.0 bn
Gross issuance of medium-term and long-term government bonds ²	CZK 64.5 to 177.5 bn	CZK 138.0 bn
Gross issuance of savings government bonds	CZK 20.0 to 40.0 bn	CZK 15.3 bn
Net issuance of money market instruments excl. Ministry's investment operations ³	CZK 40.0 to 60.0 bn	CZK 19.5 bn
Loans from EIB	CZK 5.9 bn	CZK 0.9 bn
Short-term state debt	25.0% and less	21.4%
Medium-term state debt	70.0% and less	54.9%
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%	40.5%
Average time to re-fixing	4.0 to 5.0 years	4.3 years
Foreign currency exposure of state debt	Max. 15.0% to 17.0%	8.8%

¹ Planned annual gross borrowing requirement was increased to CZK 245.2 bn by an unplanned redemption of loan from European Investment Bank in total nominal amount of CZK 1.8 bn in Q3

² Incl. tap sales from its own portfolio on the secondary market, direct sales to the European Investment Bank and the Ministry's investment operations

³ Net issuance of money market instruments outstanding in the first three quarters of the year amounts to CZK 9.5 bn

Source: Ministry of Finance

In the area of **international issuance activity**, the sixth syndicated public issue euro-denominated in total nominal amount of **EUR 2.0 bn** (i.e. ca. CZK 50.0 bn) was made on 24 February 2012. It comprises 68.0% of the maximum foreign issuance activity under the financing programme for 2012. In Q3 two loan tranches in total nominal amount of CZK 0.9 bn were drawn from the European Investment Bank (hereinafter the “EIB”). In Q1–Q3

total nominal amount of CZK 0.9 bn were drawn from EIB. It comprises 14.6% of the maximum limit for this type of financing under the financing programme for 2012.

Regarding **domestic issuance activity**, gross issue of medium-term and long-term government bonds in total nominal amount of **CZK 28.3 bn** was executed in Q3. In Q1–Q3, the gross issue

of government bonds amounted to CZK 138.0 bn, representing 77.7% of the annual maximum issuance limit for this type of financing under the financing programme for 2012. Tap sales of government bonds totalled CZK 2.7 bn in Q3, of which none was comprised by the direct sales to the EIB. Tap sales of government bonds totalled CZK 6.5 bn in Q1-Q3, of which CZK 2.0 bn was comprised by the direct sales to the EIB. Net issuance of government bonds for Q3 amounted to CZK 21.9 bn, as no redemption of Czech Republic Government Bond was carried out during Q3. Net issuance of government bonds in Q1-Q3 was CZK 86.1 bn. Buy-backs of Czech Republic Government Bond, 2007–2012, 3.55% in total nominal amount of CZK 5.6 bn and Czech Republic Government Bond, 2003–2013, 3.70% in total nominal amount of CZK 0.7 bn were executed during Q3. Buy-backs of government bonds in total nominal amount of CZK 6.4 bn were executed during Q3. In Q1-Q3 buy-backs of government bonds in total nominal amount of CZK 8.6 bn were executed.

The second series of **savings government bonds** issues was carried out in Q2 in total nominal amount of **CZK 15.3 bn**, covering 6.2% of the government's annual gross borrowing requirement. Early redemption of savings government bonds in total nominal amount of CZK 5.2 million took place during Q3, comprising 0.025% of the total nominal amount of the pilot series of savings government bonds issues. In Q1-Q3 early redemption of savings government bonds in total nominal amount of CZK 20.0 million took place, comprising 0.1% of the total nominal amount of the pilot series of savings government bonds issues. All early redemptions concerned the Discounted Savings Bonds of the Czech Republic, 2011-2012.

The total change in money market instruments outstanding was CZK 8.7 bn in Q3, of which **net issuance of money market instruments excl. the Ministry's investment operations** amounted to **CZK 11.9 bn** and the Ministry's net investment under the nuclear and pensions portfolios to CZK -3.2 bn. Money market instruments outstanding increased by CZK 9.5 bn in Q1-Q3. Net issuance of money market instruments excl. the Ministry's investment totalled CZK 19.5 bn, while the Ministry's net investment under the nuclear and pensions portfolios came up to CZK -10.0 bn. The decrease in the Ministry's net investment under the nuclear and pensions portfolios reflects the Ministry's decision not to invest available funds on the pensions account but to leave them in the same regime as money market funds deposited on other state financial assets accounts. In such case, these liquid funds are included into the collective account of the state treasury with a positive impact on the immediate

liquidity and the state debt. The funds within the collective account of the state treasury are invested into short-term financial market instruments with maturity in the order of days (repo operations).

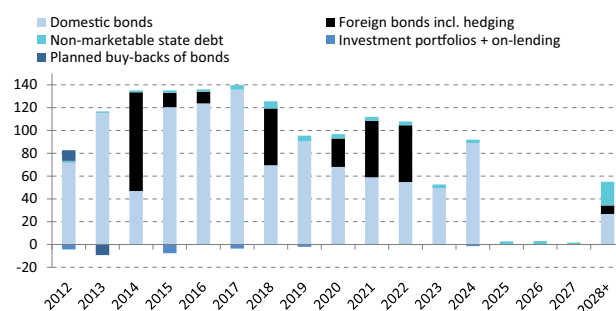
Short-term state debt (debt payable within one year) as of the end of Q3 increased in comparison to the end of Q2 by 2.1 percentage points to **21.4%** and thus reached the value according with the Strategy. At the same time, refinancing risk was kept below the target limit of 25.0% set for 2012.

The **average time to maturity of the state debt** as of the end of Q3 decreased in comparison to the end of Q2 by 0.1 years 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 2012.

Starting from 2012, the Ministry has actively managed the **medium-term state debt** (debt payable within five years) as part of the refinancing risk using the proportion of the medium-term state debt to the total state debt indicator. A limit of 70.0% out of the total state debt was established for 2012 and for the medium-term horizon. As of the end of Q3, the medium-term state debt increased in comparison to the end of Q2 by 1.5 percentage points to **54.9%** and is thus below the established limit.

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

(end of Q3 2012)



Note: Excl. money market instruments on the debt and asset sides. The positive portion of the y-axis shows liabilities while the negative portion shows state financial assets and buy-backs of bonds maturing in 2013, which were planned for 2012.
Source: Ministry of Finance

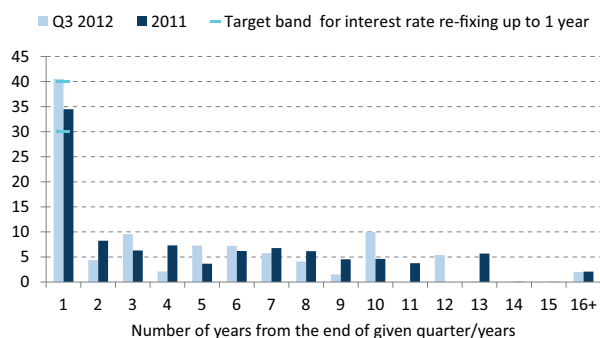
Interest re-fixing of the state debt up to one year increased by 3.4 percentage points during Q3, reaching **40.5%**. This indicator exceeded the medium-term target band of 30.0–40.0% at the end of Q3. The indicator will return within target band after redemption of Czech Republic Government Bond, 2007–2012, 3.55% in total nominal amount of CZK 62.5 bn on 18 October 2012.

Average time to the state debt re-fixing as of the end of Q3 decreased in comparison to the end of Q2 by 0.2 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 Q3 2012 compared with end of 2011)



Note: Incl. derivative transactions
Source: Ministry of Finance

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

The main indicator for currency risk management is the **proportion of foreign-currency exposure to the total state debt**. The strategic limit announced for 2012 is 15.0% (up to 17.0% in the short term). Compared to the end of Q2 the value of this indicator decreased at the end of Q3 by 0.3 percentage points to **8.8%** and is thus below its limit. The share of foreign-currency exposure of state debt denominated in euro in relation to overall foreign-currency exposure of state debt remained unchanged at 87.7% as of the end of Q3, thus indicating the euro's dominance in the foreign-currency state debt portfolio.

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.

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

CZK billion (% of GDP)	2010	2011	Q1–Q3 2012
Gross state debt at start of the period	1,178.2	1,344.1	1,499.4
Primary balance of the state budget excl. on-lending	120.6	97.6	35.6
Net expenditures on the state debt management ¹	35.8	45.1	35.9
Extra-budgetary borrowing requirement	0.0	0.0	0.0
Net borrowing requirement excl. assets operations	156.4	142.8	71.4
State financial assets operations ²	3.0	2.5	2.3
On-lending (net change) ³	1.7	0.0	0.0
Financial reserve (net change) ⁴	7.1	5.3	84.2
Net borrowing requirement	168.2	150.6	157.9
Revaluation of nominal state debt and financial reserve ⁵	-2.4	4.7	-5.0
Change in gross state debt	165.8	155.3	152.9
Gross state debt at the end of the period	1,344.1	1,499.4	1,652.3
As a proportion of GDP (%)	35.6	39.4	43.3⁶

¹ Balance of budgetary chapter 396 – State debt

² Balance of budgetary chapter 397 – State financial assets operations

³ Lending to other states and enterprises with full state guarantee on their main activities

⁴ Cash reserve generated from issuance activity pursuant to Section 35, para. (4) of Act No. 218/2000 Coll., as amended, and from pre-financing of projects by the loans from the EIB

⁵ Revaluation due to exchange rate fluctuations and amortisation of state debt under budgetary chapter 396

⁶ Proportion of gross state debt to cumulative gross domestic product for the period from Q4 2011 to Q3 2012. The Czech Statistical Office is the source for GDP for the period from Q4 2011 to Q2 2012, while the Macroeconomic Forecast published by the Ministry is the source for GDP for Q3 2012.

Source: Ministry of Finance

The gross borrowing requirement consists of the net borrowing requirement, redemptions of state debt (excl. revolving of money market instruments during the budgetary year) in the given budgetary year, buy-backs and exchanges of government

bonds before their original maturity. Annual gross borrowing requirement planned in the Strategy was increased to **CZK 245.2 bn** by an unplanned redemption of loan from EIB in total nominal amount of CZK 1.8 bn in Q3.

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

CZK billion (% of GDP)	2010	2011	Q1–Q3 2012
Net borrowing requirement	168.2	150.6	157.9
Redemptions and buy-backs of government bonds payable in the given budgetary year	83.0	102.1	51.1
Redemptions of loans from EIB	1.1	1.1	3.7
Buy-backs and exchanges of government bonds payable in following years ¹	0.0	2.0	0.7
Revaluation of financial reserve ²	0.2	0.4	0.1
Gross borrowing requirement	252.6	256.2	213.6
% on GDP	6.7	6.7	7.6³
Net issuance of money market instruments ⁴	25.1	49.3	9.5
Gross issuance of government bonds ⁵	217.1	181.2	188.0
Gross issuance of savings government bonds	-	20.4	15.3
Passive repo operations excl. treasury liquidity management	-	-	0.0
Loans from EIB	10.4	5.3	0.9
Net borrowings from the state treasury	0.0	0.0	0.0
Funding of the gross borrowing requirement	252.6	256.2	213.6

¹ Excl. operations with government bonds payable in the current budgetary year

² Revaluation due to exchange rate movement

³ Ratio of gross borrowing requirement for the first three quarters of 2012 to gross domestic product for the first three quarters of 2012. The source of GDP for Q1 and Q2 2012 is the Czech Statistical Office, while the source for Q3 2012 is the Macroeconomic Forecast published by the Ministry.

⁴ Excl. refinancing of instruments payable within the current year

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

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.

Table 4: Balances and structure of the net debt portfolio

CZK billion	2010	2011	Q3 2012
Gross state debt at the end of the period	1,344.1	1,499.4	1,652.3
Money market instruments outstanding	113.3	162.6	172.1
Passive repo operations excl. treasury liquidity management	-	-	0.0
Medium-term and long-term government bonds outstanding ¹	1,163.2	1,245.0	1,376.1
Savings government bonds	-	20.4	35.7
Loans from EIB	67.2	71.3	68.5
Bills of exchange ²	0.3	0.1	0.0
Short-term liabilities to the state treasury	0.0	0.0	0.0
State financial assets at end of the period	113.9	121.4	207.9
Nuclear investment portfolio	15.1	16.6	18.2
Pensions investment portfolio	21.6	22.0	22.2
Special-purpose financial assets accounts	10.2	10.5	10.9
Lending and on-lending ³	1.7	1.7	1.7
Financial reserve ⁴	65.3	70.6	154.8
Net debt portfolio at end of the period	1,230.1	1,378.0	1,444.4

¹ Incl. derivative transactions

² Bills of exchange to cover part of the Czech Republic's equity participation in international financial institutions

³ Lending to other states and on-lending to institutions with full state guarantee on their main activities

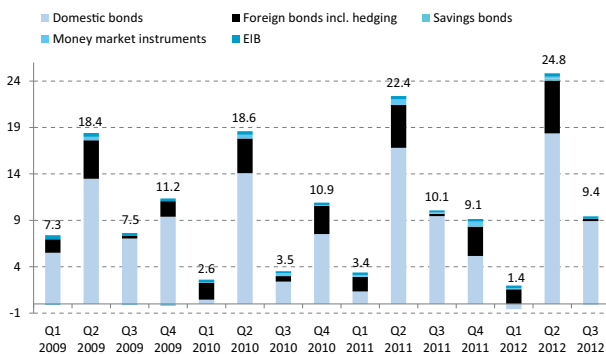
⁴ Disposable cash balance generated from issuance activities pursuant to Section 35, para. (4) of Act No. 218/2000 Coll., as amended

Source: Ministry of Finance

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 2012 is included in the Appendix. Actual net interest costs on the state debt in Q1-Q3 2012 reached CZK 35.6 bn, which is CZK 1.0 bn lower than actual net interest costs in the corresponding period of 2011.

Figure 3: Net interest costs on the state debt, 2009–2012 (CZK billion)

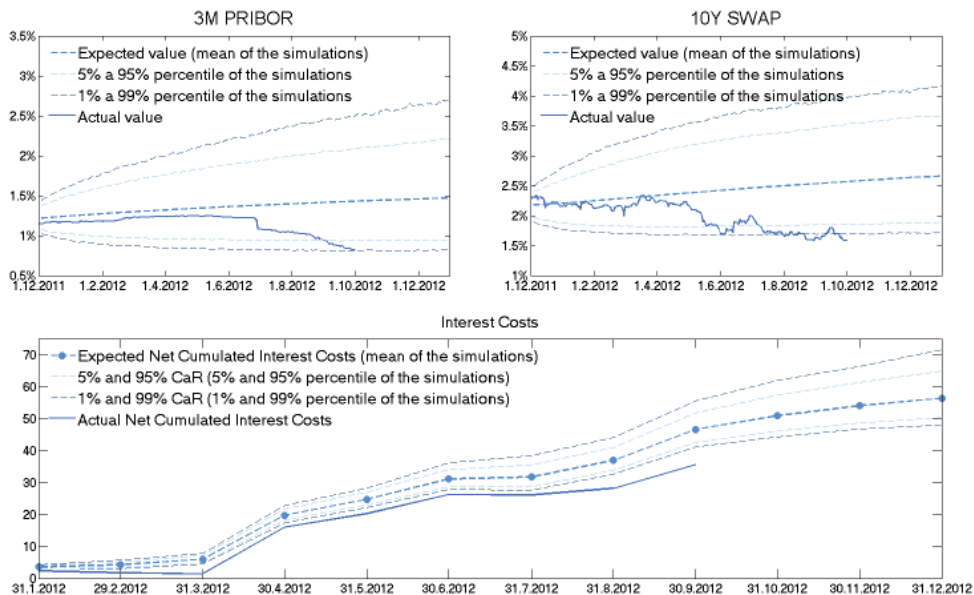


Note: Excl. fees related to the state debt management
Source: Ministry of Finance

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

A comparison of the actual development of the 3-month PRIBOR and 10-year swap rates with their simulations for the period from 1 December 2011 to 31 December 2012 is shown in the upper part of the following figure. The development of net interest costs on the state debt as compared to the simulated costs for 2012 is displayed in the lower section of the following figure.

Figure 4: Actual versus simulated development of the interest rates and the actual versus simulated monthly net cumulative interest costs on the state debt (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-Q3 2012 with the same period of 2011.

Table 5: Deviation of expected from actual costs in Q1-Q3 2011 and 2012

CZK billion	30 September 2011	30 September 2012
Actual net interest costs	36.6	35.6
Expected (simulated) net costs	38.4	46.6 (44.5 ¹)
Cost-at-Risk 95%	44.6	51.7 (49.6 ¹)
Cost-at-Risk 99%	48.9	55.5 (53.4 ¹)
Deviation of expectation from actuality	1.8	11.0 (8.9 ¹)

¹ Discrepancy between model and reality by 1 working day
Source: Ministry of Finance

In Q1-Q3 the actual net interest costs on the state debt were CZK 35.6 bn. The expected net interest costs for the same period predicted by the model were CZK 46.6 bn, or more precisely CZK 44.5 bn (see discrepancy described below). The actual net interest costs thus remained below the level of both CaR 95% and CaR 99%, which were set at CZK 51.7 bn (CZK 49.6 bn) and CZK 55.5 bn (CZK 53.4 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 11.0 bn higher (or more precisely CZK 8.9 bn after including discrepancy), as the expected costs deviated from the actual costs by CZK 4.9 bn in the first half of 2012. The actual net interest costs in Q3 were therefore approximately CZK 6.1 bn lower (or more precisely CZK 4.0 bn after including discrepancy), than the expected costs estimated by the model.

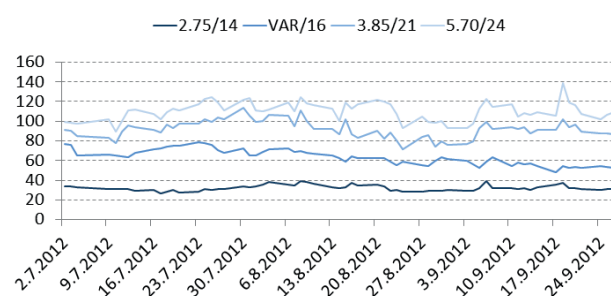
The main reason for this difference in Q3 was influence of lower interest rates and lower risk premium on Czech government bonds than model predicted. Lower risk premium on Czech government bonds reflects the responsible budget policy of the current Government of the Czech Republic. These factors caused revenues from auction premiums on Czech government bonds in total value of ca. CZK 2.7 bn instead of expected expenditures on auction discounts related to Czech government bonds in total value of CZK 0.7 bn. Same factors caused lower-than-expected expenditures on auction discount related to T-bills in total value of CZK 0.6 bn in Q3. Deviation of expectation from actuality is also caused by the fact that the coupon payment of 61st issue in total amount of CZK 2.1 bn will in reality take place on 1 October 2012 instead of model-considered value date of 29 September 2012, which was on weekend. The deviation of expectation from actuality is CZK 8.9 bn after including this discrepancy.

4. Secondary Market of Government Bonds

At the end of Q3 2012, the MTS Czech Republic platform for trading government bonds marked one year of live operation. The aim of this platform is to contribute to efficiency and transparency on the domestic secondary market.

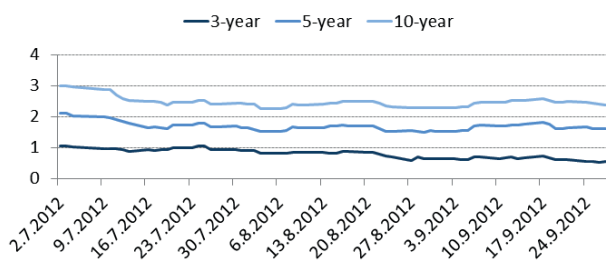
The key parameter indicating the efficiency of price discovery on the secondary market is the bid-offer spread for a given government bond. The narrower the bid-offer spread, the more liquid and efficient the market. The relatively stable situation on the bond market caused by investors' reassurance in relation to developments in the Eurozone reflected in lingering low bid-offer spreads on the bond market. The slightly downward trend of bond yields was mostly apparent in short end of the yield curve, mainly caused by executed and further expected interest rate cuts by the Czech National Bank.

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



Source: EuroMTS and Ministry of Finance

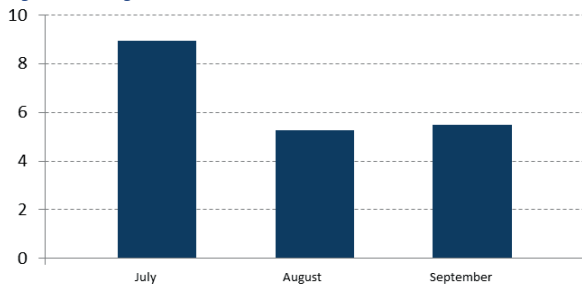
Figure 6: Yields on selected maturities interpolated from the yields of government bonds traded on MTS CR (%)



Source: EuroMTS and Ministry of Finance

In July, the total traded nominal amount on MTS reached record amount of CZK 9.0 bn, but in following months (August and September), total traded nominal amounts returned to its long-term average value of CZK 5.0-5.5 bn.

Figure 7: Nominal amount of transactions executed by Primary Dealers on MTS CR (CZK billion)

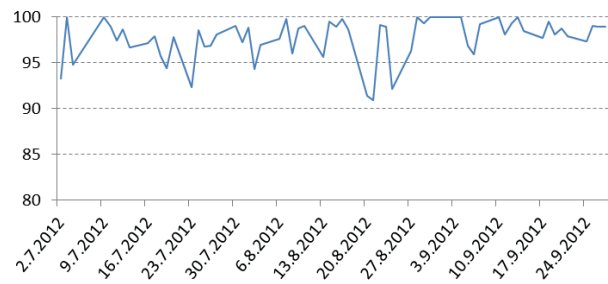


Source: EuroMTS and Ministry of Finance

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

The average DCR of Primary Dealers did not fall below 90.0% in Q3, thus all Primary Dealers fulfilled their quoting obligations without any problems during Q3 of 2012.

Figure 8: Average DCR of Primary Dealers (%)



Source: EuroMTS and Ministry of Finance

In Q3 of 2012, the Ministry carried on using a new version of its lending facility for government bonds. Primary Dealers may use this facility for lending government securities for a period up to 60 days using repo operations. This facility was launched in order to boost the liquidity of government bonds on the secondary market, and especially in case of short-term excess of demand for a given bond. As a part of repo operations against government bonds lent, the Ministry obtains crown liquidity which then invests on the money market at a higher yield in order to manage treasury liquidity. These operations thereby also contribute to savings on net interest costs on the state debt management.

These technical operations were not executed in order to obtain funds but in order to support the 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 the 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 Q3, repo operations in total nominal amount of CZK 4.0 bn were executed. In Q1-Q3, repo operations in total nominal amount of CZK 20.2 bn were executed. All concluded repo operations were settled at the end of Q3.

Appendix

State debt and state financial assets parameters

Table 6: State debt parameters

	30 Sep 2011	31 Dec 2011	31 Mar 2012	30 Jun 2012	30 Sep 2012
Total state debt (CZK billion)	1,456.8	1,499.4	1,613.0	1,635.7	1,652.3
Market value incl. derivatives (CZK billion)	1,579.1	1,604.2	1,752.5	1,795.7	1,837.4
Short-term state debt (%)	16.6	19.3	18.8	19.3	21.4
Share of money market instruments (%)	9.8	10.8	11.0	10.0	10.4
Average time to maturity (years)	5.8	5.8	5.7	5.7	5.6
Interest rate re-fixing up to one year incl. derivatives (%) ¹	30.7	34.5	34.9	37.1	40.5
Average time to re-fixing (years)	4.6	4.6	4.5	4.5	4.3
Variable-rate market debt (%)	14.5	14.8	14.8	13.7	14.3
Modified duration (years)	4.3	4.3	4.1	4.2	4.1
Modified duration excl. CZK IRS (years)	4.2	4.2	4.1	4.2	4.0
Foreign currency exposure of the state debt (%)	9.8	9.2	11.4	9.1	8.8
Foreign currency state debt (%)	15.3	15.5	16.9	17.3	16.6
Share of € on foreign currency exposure of the state debt (%)	87.7	86.6	90.6	87.7	87.7
Non-marketable state debt (%) ²	4.8	4.8	4.4	4.3	4.1
Retail state debt (%)	-	1.4	1.3	2.2	2.2
Marketable debt (CZK billion)	1,387.0	1,407.5	1,521.5	1,530.2	1,548.2
Market value (CZK billion)	1,507.0	1,509.3	1,657.8	1,686.5	1,730.1
Short-term marketable debt (%)	17.3	19.7	19.1	19.9	22.1
Share of money market instruments (%)	10.3	11.6	11.6	11.2	11.1
Average time to maturity (years)	5.5	5.5	5.5	5.5	5.4
Interest rate re-fixing up to one year incl. derivatives (%) ¹	27.4	31.3	31.9	34.6	38.4
Average time to re-fixing (years)	4.8	4.8	4.7	4.7	4.4
Variable-rate marketable debt (%)	10.5	10.9	11.3	10.3	11.0
Modified duration (years)	4.4	4.4	4.3	4.4	4.2
Modified duration excl. CZK IRS (years)	4.3	4.4	4.2	4.3	4.2
Foreign currency exposure of the state debt (%)	10.3	9.8	12.0	9.8	9.4
Foreign currency state debt (%)	16.1	16.5	17.9	18.5	17.7
Share of € on foreign currency exposure of the state debt (%)	87.8	86.6	90.7	87.7	87.7

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 7: Parameters of state financial assets

	30 Sep 2011	31 Dec 2011	31 Mar 2012	30 Jun 2012	30 Sep 2012
State financial assets (CZK billion)	122.2	121.4	218.5	186.8	207.9
Share of assets up to one year on total state debt (%)	7.2	7.1	12.6	10.5	11.7
Interest re-fixing up to one year (%)	85.6	88.0	93.3	92.2	93.0
Average time to re-fixing (years)	0.7	0.8	0.4	0.4	0.4
Investment portfolios and on-lending	40.2	40.4	40.7	41.7	42.2
Average yield (%)	2.0	2.1	2.1	2.0	1.8
Average time to maturity (years)	1.9	2.2	2.0	1.8	1.6
Modified duration (years)	1.8	2.1	1.7	1.4	1.2

Source: Ministry of Finance

Medium-term and long-term government bonds and treasury bills issues in Q3 2012

Table 8: Issues of medium-term and long-term government bonds in Q3 2012

Instrument	Issue/Tranche	Auction Date	Issue Date	Maturity Date	Currency	Max. Nominal Amount Offered in the Competitive Part of Auction	Total Nominal Amount Sold
VAR/2017	67. Issue / 6. Tranche	18.7.	23.7.	23.7.2017	CZK	3,000,000,000	3,195,180,000
3.85/2021	61. Issue / 10. Tranche	18.7.	23.7.	29.9.2021	CZK	3,000,000,000	3,142,860,000
4.60/2018	41. Issue / 13. Tranche	15.8.	20.8.	18.8.2018	CZK	3,000,000,000	2,238,000,000
VAR/2023	63. Issue / 10. Tranche	15.8.	20.8.	18.4.2023	CZK	3,000,000,000	3,021,600,000
VAR/2017	67. Issue / 7. Tranche	29.8.	3.9.	23.7.2017	CZK	3,000,000,000	2,506,080,000
3.85/2021	61. Issue / 11. Tranche	29.8.	3.9.	29.9.2021	CZK	3,000,000,000	2,300,000,000
VAR/2023	63. Issue / 11. Tranche	5.9.	10.9.	18.4.2023	CZK	3,000,000,000	2,500,000,000
4.60/2018	41 Issue / 14. Tranche	5.9.	10.9.	18.8.2018	CZK	3,000,000,000	2,000,000,000
3.85/2021	61. Issue / 12. Tranche	19.9.	24.9.	29.9.2021	CZK	3,000,000,000	2,581,030,000
VAR/2017	67. Issue/ 8. Tranche	19.9.	24.9.	23.7.2017	CZK	3,000,000,000	2,068,950,000
Total							25,553,700,000

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
VAR/2017	67. Issue / 6. Tranche	VAR %	103.40	15.300*	2.13	100.0 %	6.5 %
3.85/2021	61. Issue / 10. Tranche	3,85 %	112.55	2.316	3.45	100.0 %	4.8 %
4.60/2018	41. Issue / 13. Tranche	4.60 %	116.91	1.617	2.25	74.6 %	0.0 %
VAR/2023	63. Issue / 10. Tranche	VAR %	101.88	47.487*	1.81	100.0 %	0.7 %
VAR/2017	67. Issue / 7. Tranche	VAR %	103.98	3.085*	2.54	80.3 %	3.3 %
3.85/2021	61. Issue / 11. Tranche	3.85 %	114.00	2.136	1.93	76.7 %	0.0 %
VAR/2023	63. Issue / 11. Tranche	VAR %	101.94	47.618*	1.60	83.3 %	0.0 %
4.60/2018	41 Issue / 14. Tranche	4.60 %	117.64	1.476	1.63	66.7 %	0.0 %
3.85/2021	61. Issue / 12. Tranche	3.85 %	112.44	2.306	1.52	83.1 %	2.9 %
VAR/2017	67. Issue / 8. Tranche	VAR %	103.61	10.625*	1.22	67.7 %	1.2 %
Average						83.2 %	1.9 %

* discounted margin (in bps)
Source: Ministry of Finance

Table 9: Tap Sales in Q3 2012

Instrument	Issue No.	Transaction Date	Settlement Date	Maturity Date	Original Maturity (Years)	Average Price	Nominal Amount
4.00/2017	51.	25.7.2012	30.7.2012	11.04.2017	10	111.57	500,000,000
5.70/2024	58.	1.8.2012	6.8.2012	25.5.2024	15	130.33	400,000,000
4.85/2057	53.	8.8.2012	13.8.2012	26.11.2057	50	118.70	100,000,000
5.70/2024	58.	8.8.2012	13.8.2012	25.5.2024	15	130.60	500,000,000
4.00/2017	51.	22.8.2012	27.8.2012	11.04.2017	10	112.42	500,000,000
4.85/2057	53.	22.8.2012	27.8.2012	26.11.2057	50	117.70	150,000,000
5.70/2024	58.	12.9.2012	17.9.2012	25.5.2024	15	128.13	147,000,000
4.85/2057	53.	12.9.2012	17.9.2012	26.11.2057	50	118.20	150,000,000
4.85/2057	53.	14.9.2012	19.9.2012	26.11.2057	50	118.53	250,000,000
Total							2,697,000,000

Source: Ministry of Finance

Table 10: Buy-backs in Q3 2012

Instrument	Issue No.	Transaction Date	Settlement Date	Maturity Date	Original Maturity (Years)	Average Price	Nominal Amount
3.55/2012	50.	9.7.2012	12.7.2012	18.10.2012	5.5	100.810	321,000,000
3.55/2012	50.	11.7.2012	16.7.2012	18.10.2012	5.5	100.780	500,000,000
3.55/2012	50.	20.7.2012	25.7.2012	18.10.2012	5.5	100.700	300,000,000
3.55/2012	50.	23.7.2012	26.7.2012	18.10.2012	5.5	100.690	300,000,000
3.70/2013	40.	23.7.2012	26.7.2012	16.6.2013	10.0	102.700	700,000,000
3.55/2012	50.	24.7.2012	27.7.2012	18.10.2012	5.5	100.680	2,000,000,000
3.55/2012	50.	25.7.2012	30.7.2012	18.10.2012	5.5	100.657	2,000,000,000
3.70/2013	40.	25.7.2012	30.7.2012	16.6.2013	10.0	102.672	24,000,000
3.70/2013	40.	9.8.2012	14.8.2012	16.6.2013	10.0	102.558	24,000,000
3.55/2012	50.	21.8.2012	24.8.2012	18.10.2012	5.5	100.456	200,000,000
Total							6,369,000,000

Source: Ministry of Finance

Table 11: Treasury bills issues in Q3 2012

Issue No.	Maturity (Months)	Auction Date	Issue Date	Maturity Date	Offered Nominal Amount	Placed Nominal Amount	Yield (% p.a.)
651	6	12. 7. 2012	13. 7. 2012	11. 1. 2013	9,000,000,000	9,000,000,000	0.59
652	12	19. 7. 2012	20. 7. 2012	19. 7. 2013	9,000,000,000	8,278,000,000	0.65
653	3	16. 8. 2012	17. 8. 2012	16. 11. 2012	8,000,000,000	7,338,000,000	0.51
654	12	23. 8. 2012	24. 8. 2012	23. 8. 2012	10,000,000,000	10,735,000,000	0.50
655	6	30. 8. 2012	31. 8. 2012	1. 3. 2013	9,000,000,000	9,000,000,000	0.45
656	9	6. 9. 2012	7. 9. 2012	7. 6. 2013	9,000,000,000	8,127,000,000	0.48
657	12	13. 9. 2012	14. 9. 2012	13. 9. 2013	9,000,000,000	9,100,000,000	0.45
Total					63,000,000,000	61,578,000,000	0.52*

* average weighted yield to maturity of treasury bills issues in Q3 2012
Source: Ministry of Finance

Table 12: Redemption and re-fixing profile of domestic government bonds issues in Q3 2012

Domestic Government Bonds	Placed Nominal Amount	Average Time to Maturity at the Issue Date	Average Time to Maturity at 31 Dec 2012	Average Time to Re-fixing at the Issue Date	Average Time to Re-fixing at 31 Dec 2012
Floating rate	13,291,810,000	7.3	7.0	0.5	0.2
Fixed rate	12,261,890,000	8.0	7.7	8.0	7.7
Total	25,553,700,000	7.6	7.3	4.1	3.8

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 2012

Table 13: Planned and actual budgetary expenditures and revenues on state debt in Q1 – Q3 2012

Indicator (CZK mil)	Actual	Budget 2012		Actual	% Execution	Index 2012/2011 (%)
	Q1-Q3 2011	Approved	After Changes	Q1-Q3 2012		
1	2	3	4	5	5:4	5:2
1. Total interest expenditures and revenues	43,004 (-) 7,172	77,656 (-) 6,244	77,051 (-) 6,244	45,884 (-) 10,276	59.6 164.6	106.7 143.3
<i>Domestic debt</i>	35,374 (-) 6,841	61,740 (-) 5,471	61,173 (-) 5,471	37,187 (-) 9,987	60.8 182.5	105.1 146.0
Money market instruments and on-lending	1,439 (-) 505	6,922 (-) 1,894	6,960 (-) 1,894	1,040 (-) 781	14.9 41.3	72.3 154.6
Of which: derivative operations	28	22	60	29	49.1	105.0
Savings government bonds	- -	- -	- -	226 (-) 0	- -	- -
Government bonds	33,934 (-) 6,336	54,818 (-) 3,577	54,213 (-) 3,577	35,921 (-) 9,205	66.3 257.3	105.9 145.3
<i>Foreign debt</i>	7,630 (-) 328	15,916 (-) 773	15,879 (-) 773	8,697 (-) 278	54.8 20.4	114.0 84.8
International issues	6,774 (-) 328	13,125 (-) 773	13,087 (-) 773	7,779 (-) 278	59.4 36.0	114.8 84.8
Of which: derivative operations	2,927 (-) 298	5,835 (-) 773	5,798 (-) 773	3,087 (-) 278	53.2 36.0	105.5 93.5
Loans from EIB	856	2,792	2,792	918	32.9	107.3
<i>Bank accounts</i>	0 (-) 2	- -	- -	- (-) 11	- -	- 484.2
Bank accounts interests (+ paid, - received)	0 (-) 2	- -	- -	- (-) 11	- -	- 484.2
2. Total fees	59 (-) 0	750 -	750 -	253 -	33.7 -	431.7 -
3. FX gain/loss	-	1,000 (-) 300	1,000 (-) 300	- -	- -	- -
Total balance	43,062 (-) 7,172	79,406 (-) 6,544	78,801 (-) 6,544	46,137 (-) 10,276	58.5 157.0	107.1 143.3

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

The total **net expenditures** on the state debt management in Q1-Q3 amounted **CZK 35.9 bn**. Revenues from accrued interest yields and bond premiums contributed CZK 9.2 bn to reduction

of the gross costs, and yields from financial investments made as part of liquidity management contributed CZK 0.8 bn. Gross costs on the state debt management reached CZK 46.1 bn.

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Responsible contact person:

Martin Cícha, Ph.D., Head of the Risk Management and Portfolio Strategy Unit
Debt and Financial Assets Management Department of the Ministry of Finance
Letenská 15, 118 10 Prague 1
Phone: 257 043 032, e-mail: martin.cicha@mfcrcz.cz