



Ministry of Finance

Debt and Financial Assets
Management Department

Debt Portfolio Management Quarterly Report

First Half of 2015



17 July 2015

Ministry of Finance

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List of Abbreviations

APEI	Aggregate Performance Evaluation Index
bn	Billion
CCY	Currency
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

Published aggregate data in the tables and in the text may not correspond in the last decimal place to the sum of respective indicators due to rounding in some cases.

Summary and Main Events

In accordance with the calendar of published information, the Ministry of Finance (hereinafter the Ministry or MoF) presents the 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 The Czech Republic Funding and Debt Management Strategy 2015 – Second Half Update published on 26 June 2015 and further contains regular quarterly performance evaluation of primary dealers in Czech government securities for Q3 2014 to Q2 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 – have been integrated into a single publication.

During the Q2 2015, the total state debt decreased from CZK 1,663.1 billion to CZK 1,663.0 billion, i.e. by CZK 0.1 billion. The gross state debt decreased by CZK 0.6 billion during the first half of 2015. In Q2 2015, the Ministry continued to issue medium-term and long-term government bonds particularly on domestic market. The total gross issue of medium-term and long-term government bonds realized on primary market via six auctions in three auction days amounted to CZK 40.5 billion. The ministry issued two new fixed-rate benchmark issues on domestic market in May and June with maturities in 2030 and 2026. In the first half of 2015 the total gross issue of medium-term and long-term government bonds amounted to CZK 80.8 billion. The redemption of Czech Republic Treasury Bond, 2005–2015, 3.80 % in total nominal value of CZK 56.4 billion was carried out on 11 April 2015, which was the only redemption of medium-term and long-term government bond issued on domestic market during the first half of 2015. No tap sale of medium-term and long-term government bonds from Ministry's portfolio was carried out during the first half of 2015 as well as no buy-backs of these bonds were carried out in this period. The total nominal value of net issue of medium-term and long-term government bonds

issued on domestic market amounted to CZK -15.9 billion in Q2 2015, and CZK 24.4 billion in the first half of 2015.

The total nominal value of gross issue of money market instruments excluding the roll-over amounted to CZK 43.8 billion during Q2 2015, of which CZK 32.0 billion were represented by issued state treasury bills and CZK 11.8 billion by received financial resources within the lending facilities of medium-term and long-term government bonds. During the first half of 2015, the total nominal value of gross issue of money market instruments excluding the roll-over amounted to CZK 55.8 billion, of which CZK 44.0 billion were represented by issued state treasury bills and CZK 11.8 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 in Q2 2015 amounted to CZK 25.2 billion, in first half of 2015, the state treasury bills redemptions amounted to CZK 63.2 billion. The balance of state treasury bills outstanding increased by CZK 6.8 billion to CZK 88.5 billion during Q2 2015. The total nominal value of net issue of money market instruments amounted to CZK -10.0 billion during the first half of 2015.

In Q2 2015, tranches of reinvestment, premium, inflation-linked and variable-rate savings government bonds in total nominal value of CZK 0.3 billion were issued in the form of reinvestment of yields. During Q2 2015 no planned redemption of savings government bonds was carried out, but early redemptions in total nominal value of CZK 0.2 billion were carried out. The total nominal value of planned and early redemptions of savings government bonds in the first half of 2015 amounted to CZK 0.3 billion, net issue of savings government bonds in first half of 2015 amounted to CZK 0.0 billion. In the area of issuance on foreign markets no borrowing operation was carried out in first half of 2015 as well as no loan tranche from the EIB was drawn. In Q2 2015 planned repayments of EIB loans of CZK 0.2 billion were carried out. Total repayments of EIB loans amounted to CZK 0.9 billion during the first half of 2015.

Stabilized Development of the State Debt

Due to the effective available state treasury liquidity management, the stable development of the state debt has continued. The CZK-denominated value of state debt decreased slightly by CZK 0.1 billion in comparison to the end of Q1 2015, and by CZK 0.6 billion during the first half of 2015. This still 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 3.3 billion lower compared to the same period of the previous year.

High Demand for Lending Facilities

During the first half of 2015, the lending facilities of medium-term and long-term government bonds were used extensively. The primary purpose of these operations is to support the liquidity of government bonds on secondary market, especially in case of the short-term excess of demand over the supply of the particular bond. Due to the very low repo rates, the Ministry considers these operations as a preferred source in the segment of short-term financing of the borrowing requirement. The total financial resources

received under these operations amounted to CZK 76.3 billion during the first half of 2015 against supplied collateral in total nominal value of CZK 60.8 billion, which represents an increase of received financial resources amounting CZK 35.6 billion, and an increase of supplied collateral amounting CZK 27.0 billion compared to the same period of previous year. The average interest rate achieved under lending facilities carried out during the first half of 2015 reached -0.03% p.a.

Czech Republic's Rating Affirmed

On 25 June 2015, the Japan Credit Rating Agency affirmed Czech Republic's foreign currency long-term issuer rating at A+ with stable outlook and local currency long-term issuer rating at AA- with stable outlook. The developed economy among Central and Eastern Europe countries, strong external balance, stable financial system and low public indebtedness was positively assessed in agency's rationale.

The positive development of Czech economy, prudent approach to the means of state debt funding and management supporting the demand for government bonds on relatively liquid domestic market was also supported by the announcement of international rating agency Moody's published on 1 July 2015.

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	30/6/2015
Gross state debt	1,683.3	1,663.7	1,663.0
State treasury bills	120.9	107.6	88.5
Other money market instruments	0.0	2.5	11.8
Received collateral in cash	0.0	0.0	0
T-Bonds issued on the domestic market	1,079.7	1,175.7	1,189.8
T-Bonds issued on foreign markets ¹	323.7	239.6	235.7
Savings government bonds	87.6	77.8	77.8
EIB loans	71.5	60.4	59.5
Promissory notes	0.0	0.0	0.0
Share of GDP (%)²	41.3	39.0	38.1

¹ Incl. hedging operations.

² GDP in ESA2010 methodology. Thou source for the data for Q1 2013 – Q1 2015 is the CZSO, for Q2 2015 Macroeconomic Forecast of the MoF – April 2015.
Source: MoF, CZSO

Table 2: Funding Needs and Sources (CZK billion)

Financing needs	2013	2014	H1 2015
Primary balance of state budget	30.4	29.3	-46.2
Net expenditure on state debt ¹	50.9	48.5	23.6
Extra-budgetary financing needs	0.0	0.0	0.0
Redemption on T-Bonds in the respective year ²	108.6	136.4	66.0
Buy-backs and exchanges of T-Bonds from prior years	-8.1	-4.0	-7.0
Buy-backs and exchanges of T-Bonds due in coming years ³	7.5	11.3	0.0
Redemption and early redemptions on savings government bonds in given year	7.7	11.9	0.3
Redemption on state treasury bills excl. roll-over ⁴	189.1	120.9	63.2
Redemptions on other money market instruments excl. roll-over ⁴	0.0	0.0	2.5
Repayments on EIB loans	2.8	11.1	0.9
Total financing needs	388.8	365.3	103.3
Gross state treasury bill issue excl. roll-over ^{4,5}	120.9	107.6	44.0
Other money market instruments excl. roll-over ⁴	0.0	2.5	11.8
Received collateral in cash	0.0	0.0	0.0
Gross issue of T-Bonds on the domestic market ⁵	145.6	153.3	80.8
Gross issue of T-Bonds on the domestic market up to 5 years ^{5,6}	37.8	37.3	33.6
Gross issue of T-Bonds on the domestic market from 5 to 10 years ^{5,6}	79.6	50.0	13.0
Gross issue of T-Bonds on the domestic market over 10 years ^{5,6}	28.3	65.9	34.1
Gross issue of T-Bonds on foreign markets ^{2,5}	0.0	0.0	0.0
Gross issue of savings government bonds ⁷	39.1	2.1	0.3
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	-33.5
Total financing sources	388.8	365.3	103.3
Gross borrowing requirement	309.9	265.6	136.8

¹ Balance of budgetary chapter 396 – State debt.

² Incl. hedging operations.

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

⁴ Within the respective period.

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

⁶ Residual time to maturity on the auction day.

⁷ Including reinvestment of yields.

Source: MoF

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

	2013	2014	H1 2015
Gross state debt as at 1 January	1,667.6	1,683.3	1,663.7
Primary balance of state budget	30.4	29.3	-46.2
Net expenditure on state debt ¹	50.9	48.5	23.6
Extra-budgetary financing needs	0.0	0.0	0.0
Financial asset and liquidity management operations	-78.9	-99.7	33.5
Net borrowing requirement	2.3	-21.9	10.8
Net issue of state treasury bills	-68.2	-13.3	-19.2
Net change in the balance of other money market instruments	0.0	2.5	9.2
Net issue of T-Bonds on the domestic market	37.7	96.0	24.4
Net issue of T-Bonds on the foreign markets ²	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	-0.9
Financing of net borrowing requirement	2.3	-21.9	10.8
Revaluation of state debt ³	13.4	2.3	-11.5
Promissory notes net change	0.0	0.0	0.0
Gross state debt change	15.7	-19.7	-0.6
Gross state debt as at the end of period	1,683.3	1,663.7	1,663.0

¹ Balance of budgetary chapter 396 – State debt.

² Incl. hedging operations.

³ 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 H1 2015

Bond	Issue/ tranche no.	Auction date	Settlement date	Maturity date	CCY	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
ČR, 2.40 %, 25	89 6	22/4	24/4	17/9/2025	CZK	7,000,000,000	5,041,000,000
ČR, VAR %, 20	91 4	22/4	24/4	9/12/2020	CZK	7,000,000,000	7,089,980,000
ČR, 1.50 %, 19	76 14	13/5	15/5	29/10/2019	CZK	10,000,000,000	9,980,000,000
ČR, 0.95 %, 30	94 1	13/5	15/5	15/5/2030	CZK	8,000,000,000	4,469,000,000
ČR, 0.85 %, 18	88 7	24/6	26/6	17/3/2018	CZK	10,000,000,000	9,550,100,000
ČR, 1.00 %, 26	95 1	24/6	26/6	26/6/2026	CZK	8,000,000,000	4,345,320,000
Total						104,000,000,000	80,799,320,000

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 ¹	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 ¹	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
ČR, 2.40 %, 25	89 6	2.40 %	120.873	0.35	1.08	72.01	0.00
ČR, VAR %, 20	91 4	VAR %	100.308	-35.33 ¹	1.23	100.00	1.29
ČR, 1.50 %, 19	76 14	1.50 %	105.947	0.16	1.55	99.80	0.00
ČR, 0.95 %, 30	94 1	0.95 %	95.662	1.27	2.43	55.86	0.00
ČR, 0.85 %, 18	88 7	0.85 %	101.748	0.21	1.26	95.50	0.00
ČR, 1.00 %, 26	95 1	1.00 %	96.186	1.38	1.56	51.68	2.64
Average						72.13	5.56

¹ Average spread to PRIBOR in basis points
Zdroj: MoF

Table 5: State Treasury Bills Issued in H1 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
707	12	23/4	24/4	22/4/2016	8,000,000,000	8,000,000,000	0.01
708	9	14/5	15/5	12/2/2016	8,000,000,000	6,000,000,000	0.02
709	12	28/5	29/5	27/5/2016	8,000,000,000	6,000,000,000	0.03
710	12	11/6	12/6	10/6/2016	8,000,000,000	8,000,000,000	0.05
711	9	25/6	26/6	25/3/2016	8,000,000,000	4,000,000,000	0.05
Total					56,000,000,000	44,000,000,000	0.04¹

¹ Average weighted yield to maturity of state treasury bills issued in H1 2015.

Source: MoF

Table 6: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 30/6/2015

Bond	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
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	43,064,020,000	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	76,471,370,000	3,528,630,000
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	25,060,080,000	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	37,757,970,000	2,242,030,000
ČR, 1.00 %, 26	95	CZ0001004469	26/6/2026	4,345,320,000	500,000,000
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, 0.95 %, 30	94	CZ0001004477	15/5/2030	4,469,000,000	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
Total				1,189,820,010,000	41,040,410,000

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 30/6/2015

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
Total EUR			8,050,000,000	0
Total CHF			500,000,000	0
Total JPY			30,000,000,000	0

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 30/6/2015

Issue no.	Maturity (months)	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
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
708	9	CZ0001004501	12/2/2016	6,000,000,000	0
705	12	CZ0001004444	19/2/2016	8,000,000,000	0
706	12	CZ0001004485	11/3/2016	4,000,000,000	0
711	9	CZ0001004535	25/3/2016	4,000,000,000	0
707	12	CZ0001004493	22/4/2016	8,000,000,000	30,000,000,000
709	12	CZ0001004519	27/5/2016	6,000,000,000	0
710	12	CZ0001004527	10/6/2016	8,000,000,000	0
Total				88,458,000,000	30,000,000,000

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

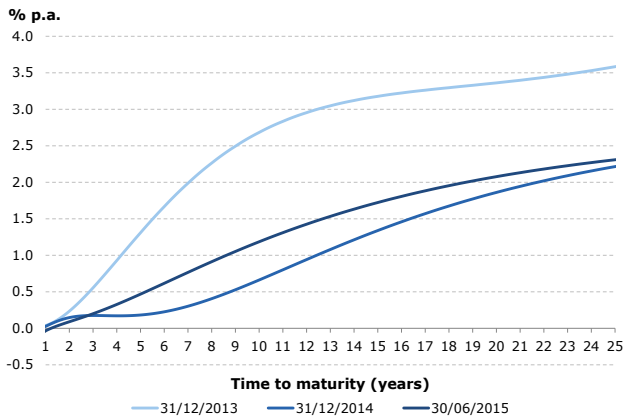
Table 9: Issued Savings Government Bonds as at 30/6/2015

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	7,383,546,416	0
Coupon savings government bond	65	CZ0001003305	11/11/2016	1,925,933,335	0
Reinvestment savings government bond	66	CZ0001003297	11/11/2016	9,269,305,569	0
Premium savings government bond	84	CZ0001004170	12/12/2016	10,997,877,958	0
Coupon savings government bond	68	CZ0001003560	12/6/2017	1,129,022,732	0
Reinvestment savings government bond	69	CZ0001003578	12/6/2017	5,621,559,740	0
Coupon savings government bond	74	CZ0001003784	12/12/2017	1,767,320,575	0
Reinvestment savings government bond	75	CZ0001003792	12/12/2017	7,534,811,553	0
Coupon savings government bond	81	CZ0001004014	12/6/2018	819,370,434	0
Reinvestment savings government bond	82	CZ0001004006	12/6/2018	5,806,873,741	0
Coupon savings government bond	85	CZ0001004188	12/12/2018	1,356,294,518	0
Reinvestment savings government bond	86	CZ0001004196	12/12/2018	7,561,390,233	0
Inflation-linked savings government bond	70	CZ0001003586	12/6/2019	1,952,241,102	0
Reinvestment savings government bond	92	CZ0001004303	12/6/2019	743,497,966	0
Inflation-linked savings government bond	83	CZ0001003990	12/6/2020	384,255,048	0
Inflation-linked savings government bond	87	CZ0001004204	12/12/2020	2,029,675,148	4,027,126
Variable-rate savings government bond	93	CZ0001004311	12/12/2020	31,760,254	0
Total				77,829,249,259	4,027,126

Source: MoF

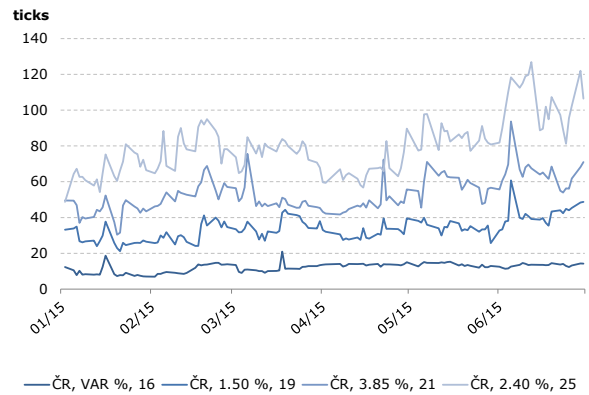
3 – Secondary Market of Government Bonds

Figure 1: Yield Curve of Government Bonds on Domestic Market



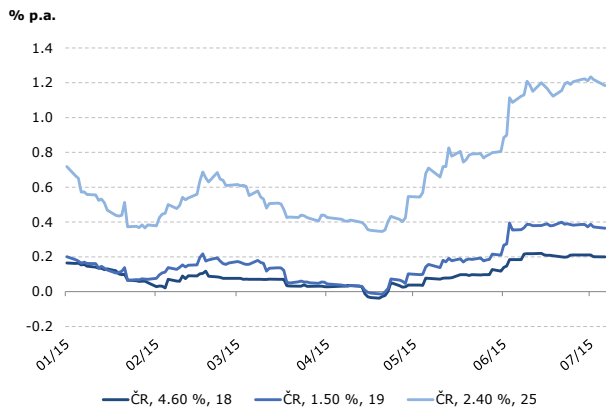
Note: "Par" yield curve of CZK-denominated fixed-rate government bonds is constructed on the basis of the extended Nelson-Siegel model, called Svensson model.
Source: MoF, MTS

Figure 2: Bid-Offer Spreads of Selected Government Bonds



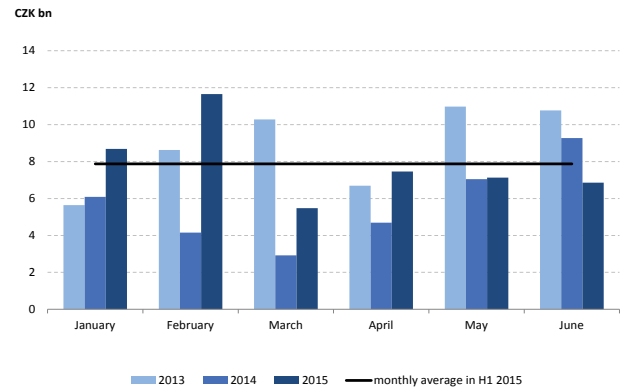
Source: MoF, MTS

Figure 3: Selected Government Bond Yields



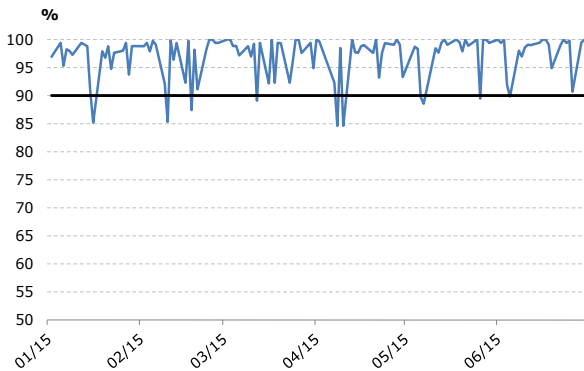
Source: MoF, MTS

Figure 4: Traded Nominal Value on MTS Czech Republic



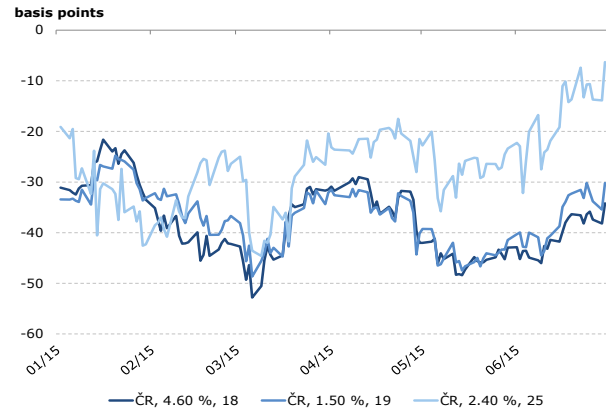
Source: MoF, MTS

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 H1 2015

Bond	ISIN	Collateral amount	Financial resources received	Financial resources paid ¹
ČR, 0.50 %, 16	CZ0001003842	1,386,000,000	1,401,732,583.33	1,401,705,522.26
ČR, 4.00 %, 17	CZ0001001903	2,454,000,000	2,652,219,146.80	2,652,199,470.04
ČR, 0.85 %, 18	CZ0001004246	970,000,000	993,419,584.70	993,402,040.11
ČR, 4.60 %, 18	CZ0001000822	2,930,000,000	3,457,965,188.90	3,457,904,130.89
ČR, 1.50 %, 19	CZ0001003834	8,360,000,000	8,922,634,249.98	8,922,497,991.67
ČR, 5.00 %, 19	CZ0001002471	724,000,000	883,905,111.11	883,886,546.27
ČR, 3.75 %, 20	CZ0001001317	701,000,000	849,995,579.17	849,984,316.24
ČR, VAR %, 20	CZ0001004113	1,209,000,000	1,211,435,674.72	1,211,415,376.60
ČR, 3.85 %, 21	CZ0001002851	8,935,000,000	11,187,469,826.36	11,187,251,631.63
ČR, 4.70 %, 22	CZ0001001945	3,487,000,000	4,680,624,636.11	4,680,542,112.67
ČR, VAR %, 23	CZ0001003123	7,407,000,000	7,999,573,017.78	7,999,115,577.41
ČR, 5.70 %, 24	CZ0001002547	15,553,000,000	23,311,972,833.35	23,311,556,770.44
ČR, 2.40 %, 25	CZ0001004253	4,032,000,000	4,880,700,197.26	4,880,621,103.71
ČR, 2.50 %, 28	CZ0001003859	100,000,000	120,408,333.33	120,406,928.57
ČR, 4.20 %, 36	CZ0001001796	2,546,620,000	3,711,723,998.68	3,711,646,067.14
Total		60,794,620,000	76,265,779,961.58	76,264,135,585.65

¹ Incl. financial resources from lending facilities realized in H1 2015, which has not been paid during this period.

Note: The average interest rate achieved under lending facilities during H1 2015 amounted to -0.03% p.a.

Source: MoF

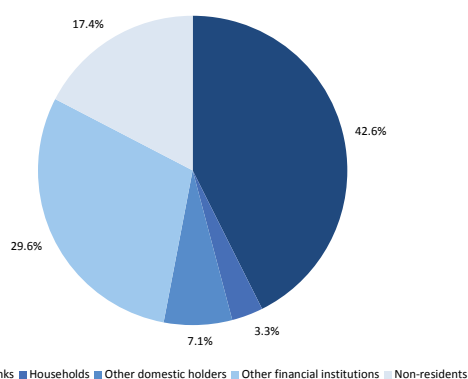
4 – Risk Management and Portfolio Strategy

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

INDICATOR	Announced limits and targets for 2015	30/6/2015
Short-term state debt	20.0% and less	13.1%
Medium-term state debt	70.0% and less	54.9%
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%	34.7%
Average time to re-fixing	4.0 to 5.0 years	4.2 years
Net foreign-currency exposure of state debt	Max. 15.0 to 17.0%	11.0%

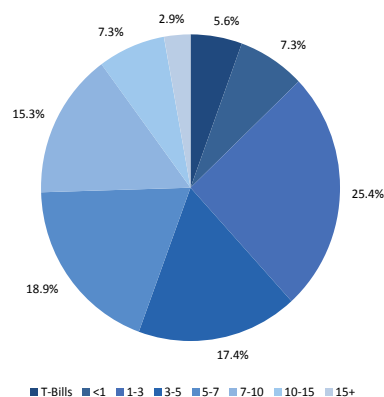
Source: MoF

Figure 7: Structure of Domestic Bonds by Holder Type as at 30/6/2015



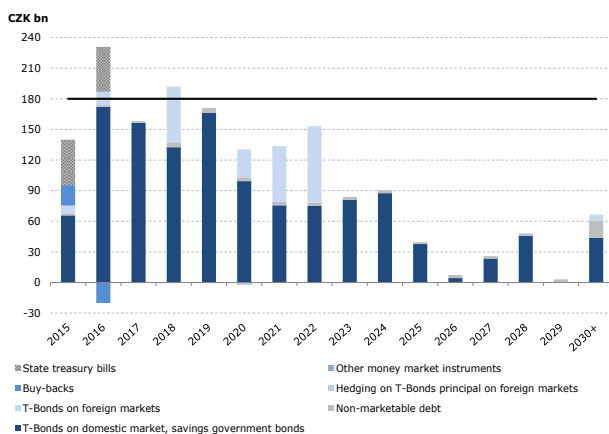
Note: Involves medium-term and long-term government bonds issued on domestic market, savings government bonds and state treasury bills.
Source: MoF, CDCP

Figure 8: Structure of Government Bonds by Residual Time to Maturity as at 30/6/2015



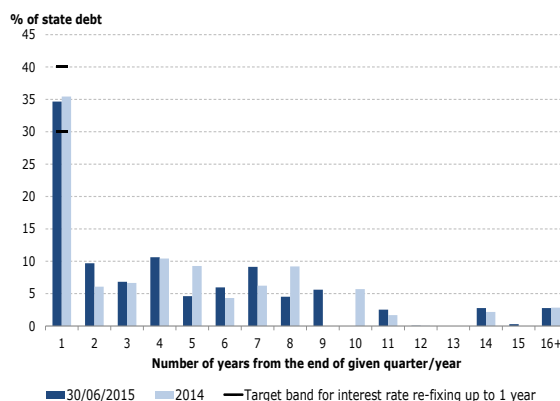
Note: Involves medium-term and long-term government bonds issued on domestic and foreign markets, savings government bonds and state treasury bills.
Source: MoF

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 Q2 2015 compared with the end of 2014. Incl. derivative transactions.
Source: MoF

Table 12: State Debt Parameters

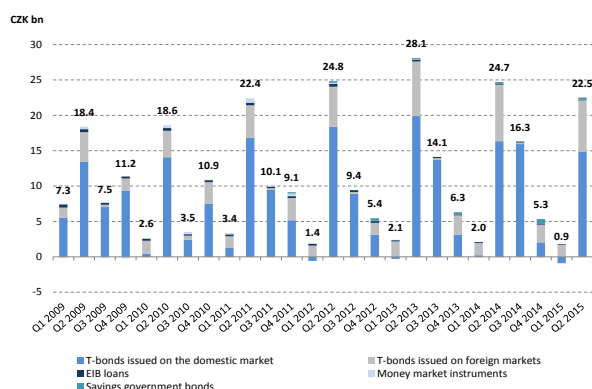
	30/6/2014	30/9/2014	31/12/2014	31/3/2015	30/6/2015
Total state debt (CZK billion)	1,683.3	1,683.0	1,663.7	1,663.1	1,663.0
Market value of state debt (CZK billion) ¹	1,903.9	1,911.1	1,925.0	1,943.1	1,884.5
Short-term state debt (%)	12.7	16.1	14.9	15.0	13.1
Medium-term state debt (%)	53.8	53.6	55.7	56.0	54.9
State treasury bills (%)	5.8	5.4	6.5	4.9	5.3
Other money market instruments (%)	0.7	0.7	0.2	0.3	0.7
Average time to maturity (years)	5.7	5.5	5.5	5.4	5.4
Interest rate re-fixing up to 1 year (%)	32.8	36.4	35.5	36.1	34.7
Average time to re-fixing (years)	4.5	4.3	4.2	4.1	4.2
Variable-rate state debt (%)	17.8	18.0	18.7	19.3	19.7
Modified duration (years)	4.2	4.1	4.1	4.1	4.0
Net foreign currency exposure (%)	10.0	10.1	10.4	10.7	11.0
Foreign currency state debt (%)	16.6	16.6	14.5	14.5	14.3
Share of € on net foreign currency exposure (%)	89.8	89.8	90.1	89.0	89.6
Non-marketable state debt (%) ²	4.0	3.8	3.6	3.6	3.6
Retail state debt (%)	4.8	4.8	4.7	4.7	4.7
Marketable state debt (CZK billion)	1,535.7	1,538.4	1,525.4	1,525.6	1,525.7
Market value of marketable state debt (CZK billion) ¹	1,747.4	1,757.7	1,778.3	1,796.9	1,739.1
Short-term marketable state debt (%)	13.6	17.2	15.3	15.4	12.9
Medium-term marketable state debt (%)	52.9	52.6	54.8	55.1	53.8
State treasury bills (%)	6.4	5.9	7.1	5.4	5.8
Other money market instruments (%)	0.8	0.8	0.2	0.3	0.8
Average time to maturity (years)	5.7	5.5	5.4	5.4	5.3
Interest rate re-fixing up to 1 year (%)	31.4	35.4	33.9	34.6	32.6
Average time to re-fixing (years)	4.8	4.5	4.5	4.4	4.4
Variable-rate marketable state debt (%)	15.1	15.5	16.4	17.1	17.6
Modified duration (years)	4.5	4.3	4.3	4.3	4.2
Net foreign currency exposure (%)	11.0	11.0	11.4	11.6	12.0
Foreign-currency marketable state debt (%)	18.2	18.2	15.8	15.8	15.6
Share of € on net foreign currency exposure (%)	89.8	89.8	90.1	89.0	89.6

¹ Incl. derivatives² Excl. retail state debt.

Source: MoF

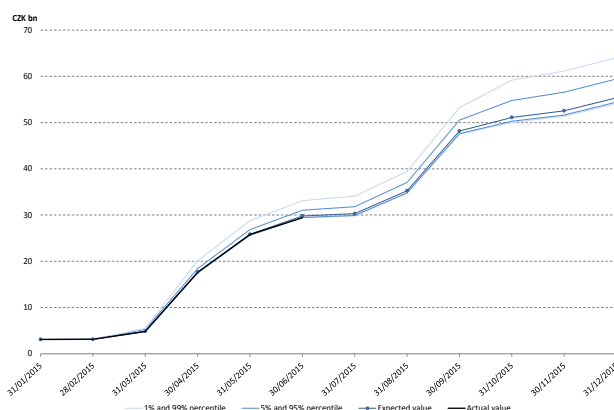
5 – State Debt Service Expenditure and Cost-at-Risk

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	Budget 2015			Actual H1 2015	% Execution	Index 2015/2014 (%)
	Actual H1 2014	Approved	After changes			
1. Total interest expenditure and revenue	32,450	64,016	64,016	29,422	46.0	90.7
	(-) 5,747	(-) 7,200	(-) 7,200	(-) 6,030	83.8	104.9
Domestic debt	22,354	53,340	53,340	20,298	38.1	90.8
	(-) 5,664	(-) 7,164	(-) 7,164	(-) 6,024	84.1	106.4
Money market instruments	36	931	931	15	1.6	41.2
	(-) 143	(-) 60	(-) 60	(-) 53	88.8	37.2
Savings government bonds	216	2,236	2,236	309	13.8	142.8
	0	-	-	-	-	-
T-Bonds issued on domestic market	22,102	50,173	50,173	19,975	39.8	90.4
	(-) 5,520	(-) 7,104	(-) 7,104	(-) 5,971	84.0	108.2
Foreign debt	10,096	10,672	10,672	9,124	85.5	90.4
	(-) 83	(-) 36	(-) 36	(-) 6	17.3	7.5
T-Bonds issued on foreign markets	9,774	10,067	10,067	8,932	88.7	91.4
	(-) 83	(-) 36	(-) 36	(-) 6	17.3	7.5
Of which: derivative operations	1,973	2,243	2,243	1,157	51.6	58.6
	(-) 83	(-) 36	(-) 36	(-) 6	17.3	7.5
EIB loans	321	604	604	192	31.8	59.8
Bank accounts	1	5	5	-	-	-
	-	-	-	0	-	-
Revenue (-) and expenditure (+) from account deposits	1	5	5	-	-	-
	-	-	-	0	-	-
2. Fees	162	450	450	160	35.5	99.0
	0	-	-	0	-	1,226.7
Total balance	32,611	64,466	64,466	29,582	45.9	90.7
	(-) 5,747	(-) 7,200	(-) 7,200	(-) 6,030	83.8	104.9

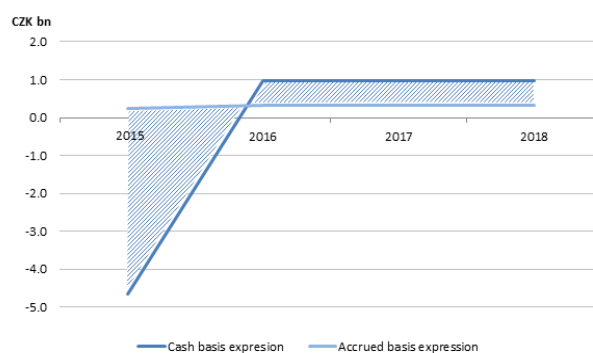
Note: (-) means revenues (gains).
Source: MoF

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

	H1 2014	H1 2015
Actual expenditure	26.7	23.4
Expected expenditure	27.1	24.1
Cost-at-Risk 95%	31.4	28.6
Cost-at-Risk 99%	32.4	31.1
Difference between expectation and reality	0.4	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
Cash basis expression	124.8	-4.7	1.0	1.0	1.0
Accrued basis expression	124.8	0.2	0.3	0.3	0.3
Gross issue of T-Bonds issued on domestic market	80.8	0.2	0.3	0.3	0.3
Gross issue of state treasury bills	44.0	0.0	0.0	-	-
Gross issue of T-Bonds issued on foreign markets	-	-	-	-	-
Gross issue of savings government bonds	-	-	-	-	-
EIB loans	-	-	-	-	-

Source: MoF

6 – Evaluation of Primary Dealers for Q3 2014 to Q2 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 Q3 2014 to Q2 2015

Ranking	Primary dealer	Points
1 st	Citibank Europe plc	81.3
2 nd	KBC Bank NV / Československá obchodní banka, a.s.	60.2
3 rd	Erste Group Bank AG / Česká spořitelna, a.s.	52.8
4 th	PPF banka a.s.	50.8
5 th	Société Générale / Komerční banka, a.s.	45.7
6 th	ING Bank N.V.	35.3
7 th	UniCredit Bank Czech Republic and Slovakia, a.s.	34.1

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

Table 17: Primary Market in Q3 2014 to Q2 2015

Ranking	Primary dealer	Points
1 st	Citibank Europe plc	39.7
2 nd	Erste Group Bank AG / Česká spořitelna, a.s.	22.9
3 rd	KBC Bank NV / Československá obchodní banka, a.s.	20.6
4 th	PPF banka a.s.	18.1
5 th	Société Générale / Komerční banka, a.s.	15.8
6 th	ING Bank N.V.	12.5
7 th	UniCredit Bank Czech Republic and Slovakia, a.s.	12.5

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

Table 18: Secondary Market in Q3 2014 to Q2 2015

Ranking	Primary dealer	Points
1 st	Citibank Europe plc	29.9
2 nd	KBC Bank NV / Československá obchodní banka, a.s.	27.8
3 rd	PPF banka a.s.	21.5
4 th	Société Générale / Komerční banka, a.s.	18.6
5 th	Erste Group Bank AG / Česká spořitelna, a.s.	16.8
6 th	J.P.Morgan Securities Ltd.	12.9
7 th	UniCredit Bank Czech Republic and Slovakia, a.s.	12.7

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

The publication was prepared based on the information available on 17 July 2015
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www.mfcr.cz/statedebt

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