



Ministry of Finance

Debt and Financial Assets
Management Department

Debt Portfolio Management Quarterly Report

1st - 3rd Quarter of 2015



16 October 2015

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Ministry of Finance
Letenská 15, 118 10 Prague 1
Czech Republic
Tel.: +420 257 041 111
E-mail: pd@mfcz.cz

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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-Bills	State treasury bills
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 Q4 2014 to Q3 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 Q3 2015, the stabilization of CZK-denominated value of state debt on the level of the end of 2014, i.e. CZK 1,663.0 billion, has continued. In Q3 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 nine auctions in four auction days amounted to CZK 41.6 billion. In September, the Ministry issued new zero-coupon issue with maturity in November 2017 and new fixed-rate issue with maturity in October 2023 both on domestic market. In the Q1 – Q3 2015 the total gross issue of medium-term and long-term government bonds amounted to CZK 122.4 billion. On 1 September 2015, the redemption of the Czech Republic Treasury Bond, 2010-2015, 3.40 % in total nominal value of CZK 56.7 billion was carried out, in Q1 – Q3 2015 the total redemptions of medium-term and long-term government bonds amounted to CZK 113.0 billion. The Ministry did not execute any tap sale from its own portfolio or buy-backs on government bonds secondary market during Q1 – Q3 2015. The total nominal value of net issue of medium-term and long-term government bonds issued on domestic

market amounted to CZK -15.0 billion in Q3 2015, and CZK 9.4 billion in Q1 – Q3 2015.

The total nominal value of gross issue of money market instruments excluding the roll-over amounted to CZK 49.4 billion during Q3 2015 of which CZK 38.9 billion were represented by issued state treasury bills and CZK 10.5 billion by received financial resources within the lending facilities of medium-term and long-term government bonds. During Q1 – Q3 2015, the total nominal value of gross issue of money market instruments excluding the roll-over amounted to CZK 93.4 billion, of which CZK 82.9 billion were represented by issued state treasury bills and CZK 10.5 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 Q3 2015 amounted to CZK 22.7 billion, in Q1 – Q3 2015, the state treasury bills redemptions amounted to CZK 85.8 billion. The balance of state treasury bills outstanding increased by CZK 16.2 billion to CZK 104.7 billion during Q3 2015. The total nominal value of net issue of money market instruments amounted to CZK 5.1 billion during Q1 – Q3 2015.

In Q3 2015, no tranches of savings government bonds were issued. The total nominal value of gross issue of savings government bonds amounted to CZK 0.3 billion in Q1 – Q3 due to the reinvestment of the yields. During Q3 2015, no planned redemption of savings government bonds was carried out, but early redemptions in total nominal value of CZK 28 million were carried out. The total nominal value of planned and early redemptions of savings government bonds in Q1 – Q3 2015 amounted to CZK 0.3 billion, net issue of savings government bonds in Q1 – Q3 2015 amounted to CZK 0.0 billion. In the area of issuance on foreign markets no borrowing operation was carried out in Q1 – Q3 2015 as well as no loan tranche from the EIB was drawn. In Q3 2015, planned repayments of EIB loans of CZK 1.4 billion were carried out. Total repayments of EIB loans amounted to CZK 2.3 billion during Q1 – Q3 2015.

Stabilized Development of State Debt and Decrease of the Interest Costs

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 by CZK 0.6 billion to CZK 1,663.0 billion during Q1 – Q3 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 in Q1 - Q3 2015 were CZK 2.1 billion lower compared to the same period of the previous year.

Negative Yields in Government Bonds Auctions

In August 2015, the negative yield of -0.001% p.a. in auction of 3-year government bonds issued in total nominal value of CZK 4.2 billion was achieved for the first time in the history of the Czech Republic. This successful auction was followed by issuing of new zero-coupon government bonds issue maturing in November 2017 in total nominal value of CZK 16.6 billion with the average yield of

-0.212% p.a. by the Ministry. During September 2015, four auctions of state treasury bills with maturities of 52, 13, and 12 weeks in total nominal value of CZK 16.0 billion with average weighted yield of -0.258% p.a. were carried out. In total, the issues of governments bonds with negative yields issued during Q3 2015 brought net state budget income of CZK 93.2 million.

Large Demand for Government Bonds

The Ministry noticed a large demand for government bonds sold in primary auctions during Q3 2015 in all segments of residual time to maturity as the value of Bid-to-Cover ratio indicator reached 2.33. In auctions held on 26 August 2015, the Bid-to-Cover ratio indicator reached 3.35 for all three auctions during that day, 4.81 for Czech Republic Government Bond, 2014–2027, VAR %, and 3.75 for Czech Republic Government Bond, 2014–2018, 0.85 %. The large demand for government bonds with

shortest time to maturity was also confirmed in following auctions carried out on 9 and 10 September 2015, as the total nominal value of demand for offered zero-coupon government bonds reached CZK 30.3 billion, while no order for this newly offered zero-coupon government bond did not reach positive yield. The Ministry also noticed similarly large demand in auctions of state treasury bills, as the Bid-to-Cover ratio indicator achieved in auctions during Q3 2015 reached 2.70.

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	30/9/2015
Gross state debt	1,683.3	1,663.7	1,663.0
State treasury bills	120.9	107.6	104.7
Other money market instruments	0.0	2.5	10.5
Received collateral in cash	0.0	0.0	0.0
T-Bonds issued on the domestic market	1,079.7	1,175.7	1,177.2
T-Bonds issued on foreign markets ¹	323.7	239.6	234.7
Savings government bonds	87.6	77.8	77.8
Received credits and loans	71.5	60.4	58.1
Promissory notes	0.0	0.0	0.0
Share of GDP (%)²	41.3	39.0	37.6

¹ Incl. hedging operations.

² GDP in ESA2010 methodology. The source for the data for Q1 2013 – Q2 2015 is the CZSO, for Q3 2015 Macroeconomic Forecast of the MoF – July 2015.

Source: MoF, CZSO

Table 2: Funding Needs and Sources (CZK billion)

Financing needs	2013	2014	Q1 - Q3 2015
Primary balance of state budget	30.4	29.3	-38.3
Net expenditure on state debt ¹	50.9	48.5	41.0
Extra-budgetary financing needs	0.0	0.0	0.0
Redemption on T-Bonds in the given year ²	108.6	136.4	131.0
Buy-backs and exchanges of T-Bonds from prior years	-8.1	-4.0	-15.3
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 the given year	7.7	11.9	0.3
Redemption on state treasury bills excl. roll-over ⁴	189.1	120.9	85.8
Redemptions on other money market instruments excl. roll-over ⁴	0.0	0.0	2.5
Repayments on received credits and loans	2.8	11.1	2.3
Total financing needs	388.8	365.3	209.5
Gross state treasury bill issue excl. roll-over ^{4, 5}	120.9	107.6	82.9
Other money market instruments excl. roll-over ⁴	0.0	2.5	10.5
Received collateral in cash	0.0	0.0	0.0
Gross issue of T-Bonds on the domestic market ⁵	145.6	153.3	122.4
Gross issue of T-Bonds on the domestic market up to 5 years ^{5, 6}	37.8	37.3	54.4
Gross issue of T-Bonds on the domestic market from 5 to 10 years ^{5, 6}	79.6	50.0	19.2
Gross issue of T-Bonds on the domestic market over 10 years ^{5, 6}	28.3	65.9	48.9
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
Received credits and 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	-6.7
Total financing sources	388.8	365.3	209.5
Gross borrowing requirement	309.9	265.6	216.1

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	Q1 - Q3 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	-38.3
Net expenditure on state debt ¹	50.9	48.5	41.0
Extra-budgetary financing needs	0.0	0.0	0.0
Financial asset and liquidity management operations	-78.9	-99.7	6.7
Net borrowing requirement	2.3	-21.9	9.4
Net issue of state treasury bills	-68.2	-13.3	-2.9
Net change in the balance of other money market instruments	0.0	2.5	8.0
Net issue of T-Bonds on the domestic market	37.7	96.0	9.4
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 received credits and loans	1.5	-11.1	-2.3
Financing of net borrowing requirement	2.3	-21.9	9.4
Revaluation of state debt ³	13.4	2.3	-10.1
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 4a: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 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
ČR, VAR %, 27	90 5	15/7	17/7	19/11/2027	CZK	8,000,000,000	3,566,510,000
ČR, 0.95 %, 30	94 2	15/7	17/7	15/5/2030	CZK	3,000,000,000	1,219,180,000
ČR, VAR %, 27	90 6	26/8	28/8	19/11/2027	CZK	7,000,000,000	4,125,180,000
ČR, 0.85 %, 18	88 8	26/8	28/8	17/3/2018	CZK	6,000,000,000	4,172,200,000
ČR, 1.00 %, 26	95 2	26/8	28/8	26/6/2026	CZK	7,000,000,000	3,470,860,000
ČR, 0.00 %, 17	96 1	9/9	11/9	9/11/2017	CZK	15,000,000,000	16,587,330,000
ČR, VAR %, 20	91 5	9/9	11/9	9/12/2020	CZK	7,000,000,000	3,098,670,000
ČR, 1.00 %, 26	95 3	9/9	11/9	26/6/2026	CZK	8,000,000,000	2,377,580,000
ČR, 0.45 %, 23	97 1	23/9	25/9	25/10/2023	CZK	3,000,000,000	3,013,540,000
Total						168,000,000,000	122,430,370,000

Source: MoF

Table 4b: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2015

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	0.081	3.30	75.83	8.95
ČR, 2.50 %, 28	78	11	2.50 %	121.550	0.812	1.46	64.09	7.25
ČR, VAR %, 20	91	3	VAR %	99.479	-21.012 ¹	2.40	74.66	10.45
ČR, 2.40 %, 25	89	5	2.40 %	118.004	0.631	1.77	59.89	11.69
ČR, 1.50 %, 19	76	13	1.50 %	106.284	0.137	3.35	66.29	13.05
ČR, VAR %, 27	90	4	VAR %	100.159	-11.245 ¹	3.47	67.14	11.05
ČR, 0.85 %, 18	88	6	0.85 %	102.493	0.011	5.21	50.85	6.62
ČR, 2.50 %, 28	78	12	2.50 %	121.503	0.802	2.57	57.14	11.42
ČR, 2.40 %, 25	89	6	2.40 %	120.873	0.352	1.08	72.01	0.00
ČR, VAR %, 20	91	4	VAR %	100.308	-35.333 ¹	1.23	100.00	1.29
ČR, 1.50 %, 19	76	14	1.50 %	105.947	0.159	1.55	99.80	0.00
ČR, 0.95 %, 30	94	1	0.95 %	95.662	1.269	2.43	55.86	0.00
ČR, 0.85 %, 18	88	7	0.85 %	101.748	0.206	1.26	95.50	0.00
ČR, 1.00 %, 26	95	1	1.00 %	96.186	1.376	1.56	51.68	2.64
ČR, VAR %, 27	90	5	VAR %	99.320	-4.447 ¹	1.15	44.58	0.00
ČR, 0.95 %, 30	94	2	0.95 %	90.247	1.700	2.55	35.00	5.64
ČR, VAR %, 27	90	6	VAR %	99.546	-6.263 ¹	4.81	50.33	8.60
ČR, 0.85 %, 18	88	8	0.85 %	102.171	-0.001	3.75	62.50	7.04
ČR, 1.00 %, 26	95	2	1.00 %	100.218	0.979	1.33	46.57	3.01
ČR, 0.00 %, 17	96	1	0.00 %	100.460	-0.212	1.92	99.33	11.25
ČR, VAR %, 20	91	5	VAR %	100.467	-38.730 ¹	2.14	42.86	1.41
ČR, 1.00 %, 26	95	3	1.00 %	101.647	0.840	2.61	27.25	2.47
ČR, 0.45 %, 23	97	1	0.45 %	100.895	0.338	2.10	100.00	0.45
Total						67.41	5.47	

¹ Average spread to PRIBOR in basis points

Zdroj: MoF

Table 5: State Treasury Bills Issued in Q1 - Q3 2015

Issue no.	Maturity (weeks)	Auction date	Settlement date	Maturity date	Max. offered nominal value	Total nominal value sold	Yield to maturity (% p.a.)
705	52	19/2	20/2	19/2/2016	8,000,000,000	8,000,000,000	0.05
706	52	12/3	13/3	11/3/2016	8,000,000,000	4,000,000,000	0.04
707	52	23/4	24/4	22/4/2016	8,000,000,000	8,000,000,000	0.01
708	39	14/5	15/5	12/2/2016	8,000,000,000	6,000,000,000	0.02
709	52	28/5	29/5	27/5/2016	8,000,000,000	6,000,000,000	0.03
710	52	11/6	12/6	10/6/2016	8,000,000,000	8,000,000,000	0.05
711	39	25/6	26/6	25/3/2016	8,000,000,000	4,000,000,000	0.05
712	13	2/7	3/7	2/10/2015	8,000,000,000	2,510,000,000	0.01
713	39	16/7	17/7	15/4/2016	8,000,000,000	8,000,000,000	0.05
714	52	6/8	7/8	5/8/2016	8,000,000,000	5,707,000,000	0.01
715	52	20/8	21/8	19/8/2016	8,000,000,000	6,705,000,000	0.00
716	52	3/9	4/9	2/9/2016	8,000,000,000	8,520,000,000	-0.10
717	13	10/9	11/9	11/12/2015	4,000,000,000	3,100,000,000	-0.55
718	13	17/9	18/9	18/12/2015	4,000,000,000	2,960,000,000	-0.41
719	12	24/9	25/9	18/12/2015	4,000,000,000	1,400,000,000	-0.25
Total					108,000,000,000	82,902,000,000	-0.03¹

¹ Average weighted yield to maturity of state treasury bills issued in Q1 - Q3 2015.

Source: MoF

Table 6: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 30/9/2015

Bond	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
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, 0.00 %, 17	96	CZ0001004592	9/11/2017	16,587,330,000	10,000,000,000
ČR, 0.85 %, 18	88	CZ0001004246	17/3/2018	47,236,220,000	2,763,780,000
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	28,158,750,000	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, 0.45 %, 23	97	CZ0001004600	25/10/2023	3,013,540,000	0
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	10,193,760,000	1,000,000,000
ČR, VAR %, 27	90	CZ0001004105	19/11/2027	31,242,500,000	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	5,688,180,000	1,000,000,000
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				1,177,192,060,000	52,354,190,000

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 30/9/2015

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 30/9/2015

Issue no.	Maturity (weeks)	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
712	13	CZ0001004543	2/10/2015	2,510,000,000	0
701	52	CZ0001004402	16/10/2015	8,000,000,000	0
702	52	CZ0001004410	30/10/2015	5,785,000,000	0
704	52	CZ0001004436	4/12/2015	8,000,000,000	0
717	13	CZ0001004626	11/12/2015	3,100,000,000	0
718	13	CZ0001004634	18/12/2015	2,960,000,000	0
719	12	CZ0001004642	18/12/2015	1,400,000,000	0
708	39	CZ0001004501	12/2/2016	6,000,000,000	0
705	52	CZ0001004444	19/2/2016	8,000,000,000	0
706	52	CZ0001004485	11/3/2016	4,000,000,000	0
711	39	CZ0001004535	25/3/2016	4,000,000,000	0
713	39	CZ0001004550	15/4/2016	8,000,000,000	0
707	52	CZ0001004493	22/4/2016	8,000,000,000	30,000,000,000
709	52	CZ0001004519	27/5/2016	6,000,000,000	0
710	52	CZ0001004527	10/6/2016	8,000,000,000	0
714	52	CZ0001004576	5/8/2016	5,707,000,000	0
715	52	CZ0001004584	19/8/2016	6,705,000,000	0
716	52	CZ0001004618	2/9/2016	8,520,000,000	0
Total				104,687,000,000	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

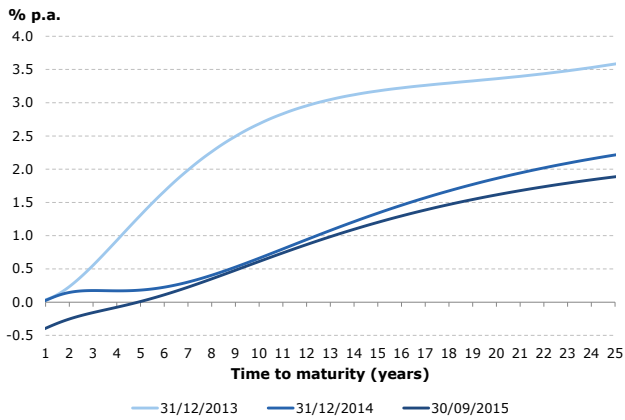
Table 9: Issued Savings Government Bonds as at 30/9/2015

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	1,925,458,335	0
Reinvestment savings government bond	66	CZ0001003297	11/11/2016	9,261,570,968	0
Premium savings government bond	84	CZ0001004170	12/12/2016	10,997,877,958	0
Coupon savings government bond	68	CZ0001003560	12/6/2017	1,128,022,732	0
Reinvestment savings government bond	69	CZ0001003578	12/6/2017	5,617,999,439	0
Coupon savings government bond	74	CZ0001003784	12/12/2017	1,766,337,241	0
Reinvestment savings government bond	75	CZ0001003792	12/12/2017	7,526,419,293	0
Coupon savings government bond	81	CZ0001004014	12/6/2018	817,670,434	0
Reinvestment savings government bond	82	CZ0001004006	12/6/2018	5,802,939,353	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	0
Variable-rate savings government bond	93	CZ0001004311	12/12/2020	31,760,254	0
Total				77,801,469,375	0

Source: MoF

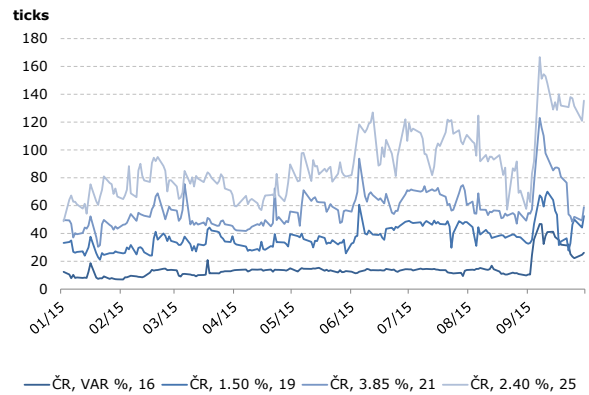
3 – Secondary Market of Government Bonds

Figure 1: Yield Curve of Government Bonds on Domestic Market



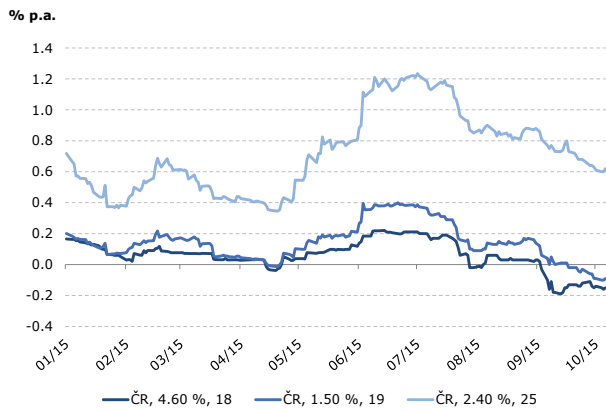
Note: "Par" yield curve of CZK-denominated fixed-rate government bonds is constructed on the basis of the extended Nelson-Siegel model, called Svensson model.
Source: MoF, MTS

Figure 2: Bid-Offer Spreads of Selected Government Bonds



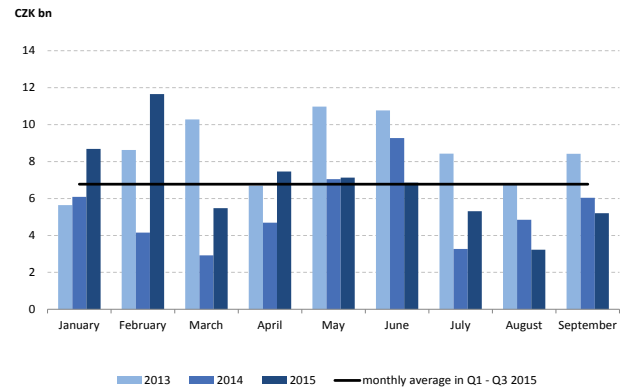
Source: MoF, MTS

Figure 3: Selected Government Bond Yields



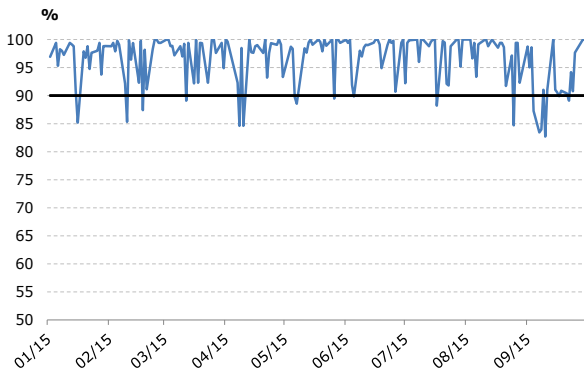
Source: MoF, MTS

Figure 4: Traded Nominal Value on MTS Czech Republic



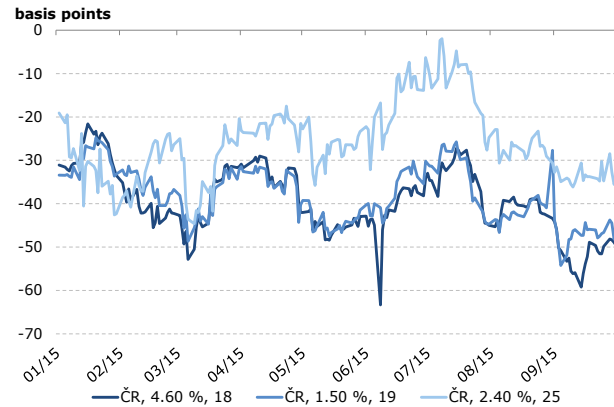
Source: MoF, MTS

Figure 5: Average Daily Compliance Ratio of Primary Dealers



Note: The figure does not include one primary dealer in September 2015 whose membership in primary dealers group is being currently negotiated.
Source: MoF, MTS

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



Source: Bloomberg

Table 10: Realized Lending Facilities in Q1 - Q3 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, VAR %, 16	CZ0001002331	4,000,000	4,036,415.56	4,036,341.56
ČR, 4.00 %, 17	CZ0001001903	4,013,000,000	4,342,420,369.02	4,342,350,207.82
ČR, VAR %, 17	CZ0001003438	978,000,000	1,006,555,467.50	1,006,553,222.97
ČR, 0.85 %, 18	CZ0001004246	3,011,000,000	3,094,181,691.80	3,094,138,882.78
ČR, 4.60 %, 18	CZ0001000822	5,304,000,000	6,195,993,644.45	6,195,876,069.94
ČR, 1.50 %, 19	CZ0001003834	16,194,030,000	17,292,730,772.84	17,292,291,619.88
ČR, 5.00 %, 19	CZ0001002471	1,694,000,000	2,045,568,500.00	2,045,520,319.38
ČR, 3.75 %, 20	CZ0001001317	701,000,000	849,995,579.17	849,984,316.24
ČR, VAR %, 20	CZ0001004113	2,625,000,000	2,631,097,077.22	2,631,030,717.66
ČR, 3.85 %, 21	CZ0001002851	14,923,000,000	18,564,192,104.12	18,563,798,273.19
ČR, 4.70 %, 22	CZ0001001945	5,922,400,000	7,889,648,213.89	7,889,484,766.35
ČR, VAR %, 23	CZ0001003123	11,507,000,000	12,431,335,906.67	12,430,783,675.81
ČR, 5.70 %, 24	CZ0001002547	21,870,000,000	32,359,613,450.02	32,358,977,293.80
ČR, 2.40 %, 25	CZ0001004253	5,886,000,000	7,029,416,816.45	7,029,295,875.46
ČR, 1.00 %, 26	CZ0001004469	927,000,000	932,786,491.80	932,767,447.40
ČR, VAR %, 27	CZ0001004105	600,000,000	599,773,805.55	599,750,221.08
ČR, 2.50 %, 28	CZ0001003859	100,000,000	120,408,333.33	120,406,928.57
ČR, 0.95 %, 30	CZ0001004477	1,460,000,000	1,346,153,825.14	1,346,119,388.09
ČR, 4.20 %, 36	CZ0001001796	6,410,240,000	9,306,718,642.35	9,306,522,651.64
Total		105,515,670,000	129,444,359,690.21	129,441,393,741.88

¹ Incl. financial resources from lending facilities realized in Q1 - Q3 2015, which has not been paid during this period.
Note: The average interest rate achieved under lending facilities during Q1 - Q3 2015 amounted to -0.03% p.a.
Source: MoF

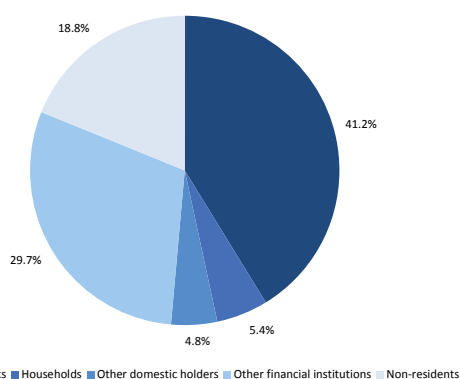
4 – Risk Management and Portfolio Strategy

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

INDICATOR	Announced limits and targets for 2015	30/9/2015
Short-term state debt	20.0% and less	12.4%
Medium-term state debt	70.0% and less	58.1%
Average time to maturity	5.0 to 6.0 years	5.3 years
Interest re-fixing up to 1 year	30.0 to 40.0%	34.5%
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%	11.0%

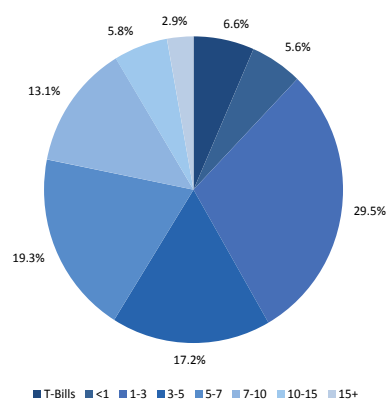
Source: MoF

Figure 7: Structure of Domestic Bonds by Holder Type as at 30/9/2015



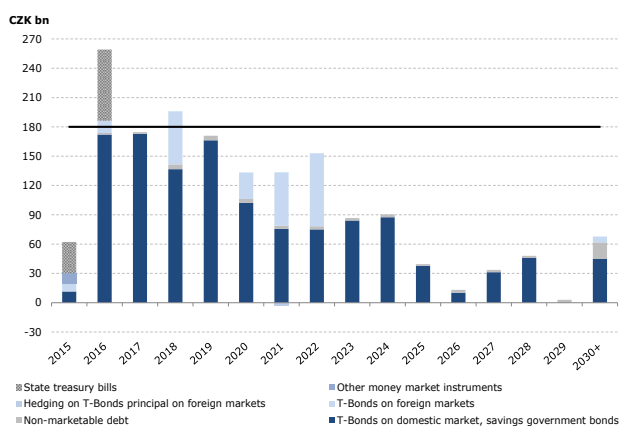
Note: Involves medium-term and long-term government bonds issued on domestic market, savings government bonds and state treasury bills.
Source: MoF, CDCP

Figure 8: Structure of Government Bonds by Residual Time to Maturity as at 30/9/2015



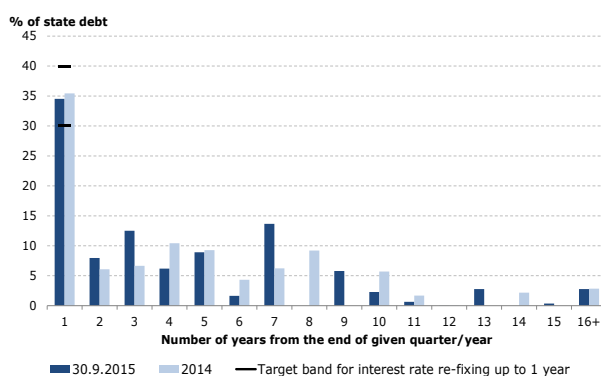
Note: Involves medium-term and long-term government bonds issued on domestic and foreign markets, savings government bonds and state treasury bills.
Source: MoF

Figure 9: Maturity Profile of State Debt



Note: Non-marketable debt excludes savings government bonds.
Source: MoF

Figure 10: Re-fixing Profile of State Debt



Note: End of Q3 2015 compared with the end of 2014. Incl. derivative transactions.
Source: MoF

Table 12: State Debt Parameters

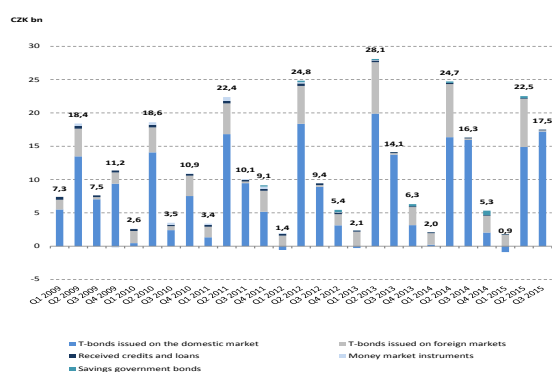
	30/9/2014	31/12/2014	31/3/2015	30/6/2015	30/9/2015
Total state debt (CZK billion)	1,683.0	1,663.7	1,663.1	1,663.0	1,663.0
Market value of state debt (CZK billion) ¹	1,911.1	1,925.0	1,943.1	1,884.5	1,901.6
Short-term state debt (%)	16.1	14.9	15.0	13.1	12.4
Medium-term state debt (%)	53.6	55.7	56.0	54.9	58.1
State treasury bills (%)	5.4	6.5	4.9	5.3	6.3
Other money market instruments (%)	0.7	0.2	0.3	0.7	0.6
Average time to maturity (years)	5.5	5.5	5.4	5.4	5.3
Interest rate re-fixing up to 1 year (%)	36.4	35.5	36.1	34.7	34.5
Average time to re-fixing (years)	4.3	4.2	4.1	4.2	4.1
Variable-rate state debt (%)	18.0	18.7	19.3	19.7	20.3
Modified duration (years)	4.1	4.1	4.1	4.0	4.0
Net foreign currency exposure (%)	10.1	10.4	10.7	11.0	11.0
Foreign currency state debt (%)	16.6	14.5	14.5	14.3	14.3
Share of € on net foreign currency exposure (%)	89.8	90.1	89.0	89.6	89.9
Non-marketable state debt (%) ²	3.8	3.6	3.6	3.6	3.5
Retail state debt (%)	4.8	4.7	4.7	4.7	4.7
Marketable state debt (CZK billion)	1,538.4	1,525.4	1,525.6	1,525.7	1,527.1
Market value of marketable state debt (CZK billion) ¹	1,757.7	1,778.3	1,796.9	1,739.1	1,757.4
Short-term marketable state debt (%)	17.2	15.3	15.4	12.9	12.2
Medium-term marketable state debt (%)	52.6	54.8	55.1	53.8	57.2
State treasury bills (%)	5.9	7.1	5.4	5.8	6.9
Other money market instruments (%)	0.8	0.2	0.3	0.8	0.7
Average time to maturity (years)	5.5	5.4	5.4	5.3	5.3
Interest rate re-fixing up to 1 year (%)	35.4	33.9	34.6	32.6	32.5
Average time to re-fixing (years)	4.5	4.5	4.4	4.4	4.3
Variable-rate marketable state debt (%)	15.5	16.4	17.1	17.6	18.3
Modified duration (years)	4.3	4.3	4.3	4.2	4.2
Net foreign currency exposure (%)	11.0	11.4	11.6	12.0	11.9
Foreign-currency marketable state debt (%)	18.2	15.8	15.8	15.6	15.5
Share of € on net foreign currency exposure (%)	89.8	90.1	89.0	89.6	89.9

¹ Incl. derivatives² Excl. retail state debt.

Source: MoF

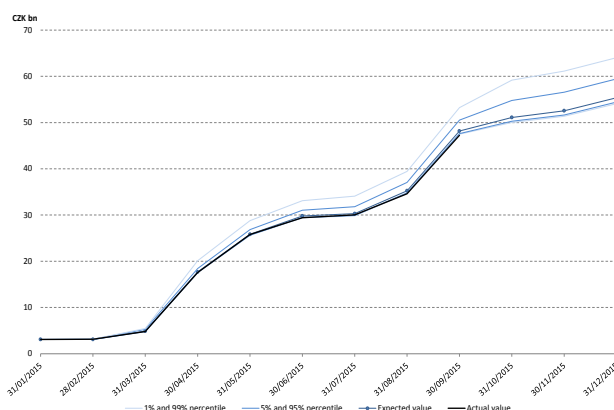
5 – State Debt Service Expenditure and Cost-at-Risk

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	Actual Q1 - Q3 2014	Budget 2015		Actual Q1 - Q3 2015	% Execution	Index 2015/2014 (%)
		Approved	After changes			
1. Total interest expenditure and revenue	48,936	64,016	63,316	47,232	74.6	96.5
	(-) 5,948	(-) 7,200	(-) 7,200	(-) 6,365	88.4	107.0
Domestic debt	38,485	53,340	52,640	37,824	71.9	98.3
	(-) 5,858	(-) 7,164	(-) 7,164	(-) 6,353	88.7	108.4
Money market instruments	55	931	931	18	2.0	33.6
	(-) 188	(-) 60	(-) 60	(-) 92	153.9	49.1
Savings government bonds	228	2,236	2,236	325	14.5	142.5
	0	-	-	-	-	-
T-Bonds issued on domestic market	38,203	50,173	49,473	37,480	75.8	98.1
	(-) 5,670	(-) 7,104	(-) 7,104	(-) 6,260	88.1	110.4
Foreign debt	10,450	10,672	10,672	9,409	88.2	90.0
	(-) 91	(-) 36	(-) 36	(-) 12	34.4	13.7
T-Bonds issued on foreign markets	9,993	10,067	10,067	9,095	90.3	91.0
	(-) 91	(-) 36	(-) 36	(-) 12	34.4	13.7
Of which: derivative operations	2,192	2,243	2,243	1,319	58.8	60.2
	(-) 91	(-) 36	(-) 36	(-) 12	34.4	13.7
Received credits and loans	457	604	604	314	51.9	68.7
Bank accounts	1	5	5	-	-	-
	0	-	-	0	-	488.9
Revenue (-) and expenditure (+) from account deposits	1	5	5	-	-	-
	0	-	-	0	-	488.9
2. Fees	181	450	450	173	38.4	95.3
	0	-	-	0	-	1,226.7
Total balance	49,117	64,466	63,766	47,405	74.3	96.5
	(-) 5,948	(-) 7,200	(-) 7,200	(-) 6,365	88.4	107.0

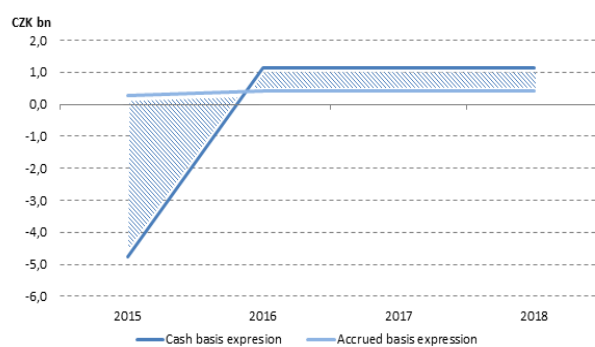
Note: (-) means revenues (gains).
Source: MoF

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

	Q1 - Q3 2014	Q1 - Q3 2015
Actual expenditure	43.0	40.9
Expected expenditure	43.7	41.1
Cost-at-Risk 95%	50.4	47.8
Cost-at-Risk 99%	52.1	51.0
Difference between expectation and reality	0.7	0.2

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	205.3	-4.8	1.1	1.1	1.1
Accrued basis expression	205.3	0.3	0.4	0.4	0.4
Gross issue of T-Bonds issued on domestic market	122.4	0.3	0.4	0.4	0.4
Gross issue of state treasury bills	82.9	0.0	0.0	-	-
Gross issue of T-Bonds issued on foreign markets	-	-	-	-	-
Gross issue of savings government bonds	-	-	-	-	-
Received credits and loans	-	-	-	-	-

Source: MoF

6 – Evaluation of Primary Dealers for Q4 2014 to Q3 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 Q4 2014 to Q3 2015

Ranking	Primary dealer	Points
1 st	Citibank Europe plc	76.0
2 nd	KBC Bank NV / Československá obchodní banka, a.s.	61.4
3 rd	Erste Group Bank AG / Česká spořitelna, a.s.	54.2
4 th	PPF banka a.s.	53.2
5 th	Société Générale / Komerční banka, a.s.	46.5
6 th	J.P.Morgan Securities Ltd.	39.3
7 th	Goldman Sachs International	37.4

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

Table 17: Primary Market in Q4 2014 to Q3 2015

Ranking	Primary dealer	Points
1 st	Citibank Europe plc	35.8
2 nd	Erste Group Bank AG / Česká spořitelna, a.s.	25.5
3 rd	KBC Bank NV / Československá obchodní banka, a.s.	22.8
4 th	PPF banka a.s.	20.5
5 th	Société Générale / Komerční banka, a.s.	16.7
6 th	J.P.Morgan Securities Ltd.	13.4
7 th	Goldman Sachs International.	13.3

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

Table 18: Secondary Market in Q4 2014 to Q3 2015

Ranking	Primary dealer	Points
1 st	Citibank Europe plc	28.6
2 nd	KBC Bank NV / Československá obchodní banka, a.s.	26.6
3 rd	PPF banka a.s.	21.6
4 th	Société Générale / Komerční banka, a.s.	18.2
5 th	Erste Group Bank AG / Česká spořitelna, a.s.	15.5
6 th	J.P.Morgan Securities Ltd.	13.9
7 th	UniCredit Bank Czech Republic and Slovakia, a.s.	13.0

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

The publication was prepared based on the information available on 16 October 2015
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www.mfcr.cz/statedebt

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Debt and Financial Assets Management Department
Ministry of Finance
Letenská 15, 118 10 Praha 1 – Malá Strana, Czech Republic
E-mail: pd@mfcrcz, Reuters <MFCR>