



**Ministry
of Finance**

**Debt and Financial Assets
Management Department**

The Czech Republic Funding and Debt Management Strategy

2016

Second Half Update

24 June 2016

Ministry of Finance

**The Czech Republic Funding and Debt
Management Strategy for 2016
Second Half Update**

**The Czech Republic Funding and Debt
Management Strategy for 2016
Second Half Update**

24 June 2016

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

ISSN 2336-226X (Print)
ISSN 2336-2278 (On-line)

Issued semiannually, free distribution

Elektronic archive:
www.mfcz.cz/statedebt

The Minister of Finance decided on 21 June 2016 the structure and methods of covering the financing needs in the second half of 2016 and approved the basic absolute and relative limits for issuance on domestic and foreign financial markets and for active state debt portfolio management and the liquidity of the treasury single account in the individual currencies (Ref. No. MF-21538/2016/2002). This decision updates the decision of the Minister of Finance from 11 December 2015 (Ref. No. MF-55968/2015/2002) published in the form of The Czech Republic Funding and Debt Management Strategy for 2016.

This defined operational framework in the form of the submitted Czech Republic Funding and Debt Management Strategy for 2016 – Second Half Update enables the Ministry of Finance to act flexibly on the domestic and foreign financial markets while actively securing cash resources for

covering the financing needs and ensuring the daily solvent position of the state, meaning the creation of initial conditions for smooth implementation of budget and fiscal policy of the government.

The Updated Strategy is based on and is consistent with the State Budget Act of the Czech Republic for 2016, including the medium-term outlook to 2018, the Macroeconomic Forecast of the Czech Republic from April 2016.

The Updated Strategy is submitted via Debt and Financial Assets Management Department, which is responsible for operations related to the funding of the state, active management of the state debt portfolio and financial assets, management of the liquidity of the treasury single accounts, and short-term and long-term investment of available cash resources of state financial assets and the treasury single accounts on financial markets.

Table of Contents

Introduction	9
Key Events in the Second Half of 2016	9
Rating of the Czech Republic	10
Financing Needs and State Debt Development	10
Amendment to the Budgetary Rules	11
Issuance Activity and Secondary Market Operations in the First Half of 2016	12
Issuance of Medium-term and Long-term Government Bonds.....	12
Issuance of State Treasury Bills and Money Market Operations	12
Other Debt Instruments.....	12
Funding Programme and Issuance Activity in the Second Half of 2016	13
Medium-term and Long-term Government Bonds.....	13
Money Market Instruments.....	14
Programme for Buy-backs and Exchanges Operations on Secondary Market	14
Strategic Targets, Limits and Risk Parameters of the Debt Portfolio in 2016.....	15
Primary Dealers in Czech Republic Government Bonds.....	16
Calendar of Information Published in the Second Half of 2016.....	18

List of Tables

Table 1: Czech Republic's Credit Rating in 2016.	10
Table 2: Financing Needs.	10
Table 3: Framework Issuance Plan of T-Bonds on the Domestic Primary Market in 2016 and Its Fulfilment in the First Half of 2016	13
Table 4: Targets, Limits and Risk Parameters of Debt Portfolio in 2016.	15
Table 5: List of Primary Dealers in Czech Republic Government Bonds for 2016.....	16

List of Figures

Figure 1: Czech Republic's State Debt Development	11
---	----

List of Abbreviations

bn	billion
CHF	swiss franc currency code
CNB	Czech National Bank
CZK	czech koruna currency code
CZSO	Czech Statistical Office
EIB	European Investment Bank
ESA2010	European System of Accounts 2010
FIX	fixed-rate
GDP	gross domestic product
JCR	Japan Credit Rating Agency
MoF	Ministry of Finance
MTS	Mercato Telematico Secondario
p.a.	per annum
p.p.	percentage point
R&I	Rating Agency Rating and Investment Information, Inc.
T-Bill	treasury bill
T-Bond	medium-term nad long-term government bond
VAR	variable-rate

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.

Introduction

The Ministry of Finance (hereby the Ministry or MoF) presents to the public The Czech Republic Funding and Debt Management Strategy for 2016 – Second Half Update (hereby the Updated Strategy) in accordance with the calendar of published information. The Ministry reserved the possibility to update the funding programme plan and strategy targets for the second half of 2016 in order to respond flexibly to the actual development of financing needs in the course of 2016 and to the situation on domestic

and foreign financial markets in terms of minimizing the state debt service expenditure and financial risk management.

The Updated Strategy includes an updated funding programme of the Czech Republic in 2016, particularly the funding programme for the second half of the year. The limits and targets for each monitored risk indicator of the state debt portfolio defined in the Strategy remain valid for the second half of 2016.

Key Events in the Second Half of 2016

Financing needs at the level of CZK 337.4 billion

- expected financing needs in 2016 at the level of CZK 337.4 billion dependent on the actual amount of carried out buy-backs and exchange operations of medium-term and long-term government bonds and actual state budget outcome
- redemption of Czech Republic Government Bond, 2013–2016, 0.50 % in total nominal value of CZK 27.4 billion dependent on the actual extent of exchange operations with this government bond
- redemption of Czech Republic Treasury Bond, 2008–2016, VAR in total nominal value of CZK 70.3 billion dependent on the actual extent of exchange operations with this government bond
- redemption of CHF-denominated medium-term and long-term government bonds in total nominal value of CHF 500.0 million
- redemption of Coupon savings government bond of the Czech Republic, 2011–2016, VAR % in total nominal value of CZK 1.9 billion
- redemption of Reinvestment savings government bond of the Czech Republic, 2011–2016, VAR % in total nominal value of CZK 9.7 billion
- redemption of Premium savings government bond of the Czech Republic, 2013–2016 II, FIX % in total nominal value of CZK 11.0 billion

Primary market of government bonds

- gross issue of medium-term and long-term government bonds on domestic market in second half of 2016 in expected minimum range of CZK 50.0 billion
- possibility of issuance of one or more new benchmark fixed-rate CZK-denominated government bonds with a maturity along the whole yield curve

- possibility of issuance of new zero-coupon CZK-denominated government bonds with a maturity along the whole yield curve as a possible alternative to state treasury bills
- re-openings of fixed-rate and variable-rate CZK-denominated medium-term and long-term government bonds maturing in 2018 and later
- possibility of a decrease of state treasury bills outstanding and their possible substitution for zero-coupon medium-term and long-term government bonds
- gross issue of state treasury bills in second half of 2016 in expected maximum range of CZK 100.0 billion
- state treasury bills will be issued in all available maturities up to 1 year

Secondary market of government bonds

- continuation of medium-term and long-term government bonds exchanges on secondary market through standardized function of transparent electronic trading platform MTS Czech Republic as a Ministry's preferred instrument on secondary market of government bonds
- possibility of medium-term and long-term government bonds buy-backs probably in the fourth quarter of 2016
- possibility of tap sales of CZK-denominated medium-term and long-term government bonds on secondary market from own asset account
- prospective newly issued benchmark fixed-rate CZK-denominated medium-term and long-term government bonds will be included among benchmark issues subjected to quoting after three auctions

Rating of the Czech Republic

The Czech Republic belongs among the exceptionally reliable issuers and enjoys considerable interest from domestic and foreign investors, as confirmed by its high credit rating with a stable outlook from all the major credit rating agencies. During the first half of 2016, the rating from Standard &

Poor's, Fitch Ratings, and Rating and Investment Information, Inc. was affirmed. The Czech Republic has the highest total rating of all the countries in Central and Eastern Europe and has had a higher rating than the Euro area countries average for several years.

Table 1: Czech Republic's Credit Rating in 2016

Rating agency	Domestic long-term liabilities	Outlook	Foreign long-term liabilities	Outlook	Granted/affirmed
Moody's	A1	Stable	A1	Stable	19/7/2013
Standard & Poor's	AA	Stable	AA-	Stable	22/1/2016
Fitch Ratings	AA-	Stable	A+	Stable	15/4/2016
JCR	AA-	Stable	A+	Stable	25/6/2015
R&I	AA-	Stable	A+	Stable	19/1/2016

Source: Moody's, Standard & Poor's, Fitch Ratings, JCR, R&I

Financing Needs and State Debt Development

The financing needs are determined by the standard components that must be covered by cash resources in a given year, i.e. state budget cash deficit, and all redemptions, early redemptions, and buy-backs and exchanges of nominal values (principals) of state debt, including the related

derivatives. Financing operations on the side of state financial assets and within the single treasury accounts then take place on the side of cash resources that can be involved into the covering of the financing needs simultaneously with the state borrowing operations on financial markets.

Table 2: Financing Needs

CZK bn	2013	2014	2015	2016F	2017F	2018F
State budget deficit ¹	81.3	77.8	62.8	70.0	60.0	50.0
T-Bonds redemptions ²	107.9	143.7	123.9	149.0	208.6	218.0
Redemptions and early redemptions on savings government bonds	7.7	11.9	11.9	30.1	16.9	16.6
T-Bills and other money market instruments redemptions ³	189.1	120.9	110.2	86.6	50.0	50.0
Repayments on credits and loans	2.8	11.1	2.5	1.7	1.7	4.8
Total financing needs⁴	388.8	365.3	311.2	337.4	337.2	339.4
Total financing needs (% of GDP)⁵	9.5%	8.6%	7.0%	7.3%	7.0%	6.8%

¹ For 2013, 2014 and 2015 actual state budget deficit, for 2016 budgeted state budget deficit, for 2017 deficit approved by the government and for 2018 medium-term outlook approved by the government.

² Incl. hedging operations and the effect of buy-backs and exchanges.

³ Excl. T-Bills issued and redeemed within respective year, and roll-over of other money market instruments.

⁴ Excl. planned future buy-backs and exchanges of T-Bonds.

⁵ GDP in ESA 2010 methodology. Source for GDP for 2013 to 2015 is the CZSO, for 2016 to 2018 the Macroeconomic Forecast of the Czech Republic – April 2016. Source: MoF, CZSO

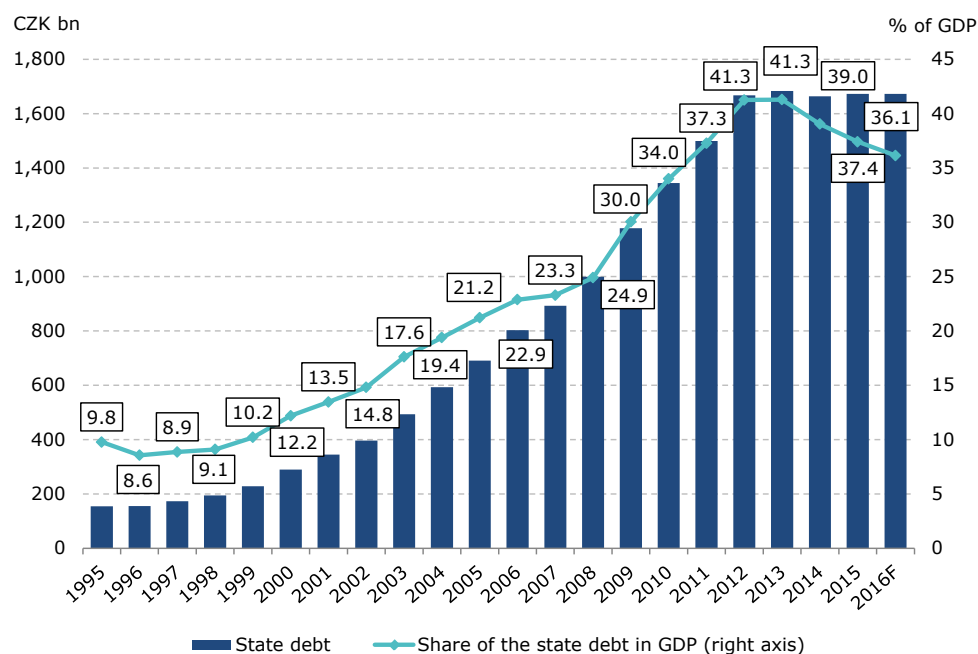
Compared to the Strategy, there has been a decrease of planned financing needs in 2016 due to execution of exchange operations of medium-term and long-term government bonds on secondary market in the course of the first half of 2016.

The financing need of the Czech Republic is relatively stable over time, as its share to GDP ranges from 7 to 10% of GDP including the actual

medium-term outlook to 2018. The resulting gross borrowing requirement is derived from the financing needs and represents that part of financing needs, whose coverage must be secured through borrowing operations on financial markets, especially government bond markets.

The year on year decrease of the share of state debt in GDP is expected during 2016.

Figure 1: Czech Republic's State Debt Development



Note: GDP in ESA2010 methodology. Source for GDP for 1995 to 2015 is the CZSO, for 2016 the Macroeconomic Forecast of the Czech Republic – April 2016
Source: MoF, CZSO

Amendment to the Budgetary Rules

Effective as from 10 May 2016 there has been a key extension of the single treasury accounts given by the Act No. 128/2016 Coll., which amends the Act No. 218/2000 Coll. on budgetary rules and on amendment to some related laws (budgetary rules), as amended. The single treasury account was extended by the accounts of General Health Insurance Company of the Czech Republic including the special account of public health insurance, accounts of departmental, professional, corporate and other health insurance companies, and the associations of health insurance companies, which thus became the mandatory clients of state treasury. Simultaneously, the Railway Infrastructure Administration state organisation transited from the non-mandatory regime to mandatory one. Together with the extension of single treasury account, the transitional period within which all

mandatory clients have to establish accounts in the Czech National Bank and transfer their funds from previous accounts in banks or other payment service providers was reduced to 9 months from the effective date of this act.

The amendment to the budgetary rules brings an additional increase in available cash resources of the state treasury which is going to be managed more effectively according to the actual state's needs and will be also better valorised by the investments within the state treasury liquidity management. Moreover, the position of the Czech Republic on financial market will strengthen enabling additional streamlining of state's borrowing operations management and decrease in the interest expenditure of the state budget.

Issuance Activity and Secondary Market Operations in the First Half of 2016

Issuance of Medium-term and Long-term Government Bonds

The nominal value of gross issue of medium-term and long-term government bonds on domestic primary market in the first half of 2016 amounted to CZK 91.6 billion. In January 2016, the Ministry issued two new zero-coupon medium-term and long-term government bonds maturing in January 2018 and July 2019 in accordance with the Strategy. Due to the sale of Government Bond of the Czech Republic, 2015–2017, 0.00 % from Ministry's asset account in total nominal value of CZK 10.3 billion, the sale of Government Bond of the Czech Republic, 2016–2018, 0.00 % in total nominal value of CZK 40.8 billion, and the sale of Government Bond of the Czech Republic, 2016–2019, 0.00 % in total nominal value of CZK 4.3 billion, the extra revenue of the state budget amounting to CZK 104.5 million at average yield to maturity of -0.10% p.a. was achieved.

On 26 January 2016 the redemption of Czech Republic Treasury Bond, 2001-2016, 6.95 % in total nominal value of CZK 34.6 billion was carried out.

During February 2016, the Ministry successfully launched exchange operations of medium-term and long-term government bonds on secondary market through the transparent electronic trading platform MTS Czech Republic, which additionally extended the portfolio of offered operations available within the secondary market of government bonds. In the first half of 2016, the exchanges of medium-term and long-term government bonds became an integral part of state's financing operations and an instrument for the state debt portfolio risks management. Within these operations, the Ministry exchanged the Czech Republic

Government Bond, 2013–2016, 0.50 % in total nominal value of CZK 0.6 billion, the Czech Republic Treasury Bond, 2008-2016, VAR in total nominal value of CZK 9.7 billion, Czech Republic Treasury Bond, 2012-2017, VAR % in total nominal value of CZK 1.8 billion and Czech Republic Treasury Bond, 2009-2019, 5.00 % in total nominal value of CZK 0.2 billion for the government bonds maturing in 2019, 2020, 2026, 2027, 2028 and 2030 in total nominal value of CZK 8.8 billion. These operations represent a partial pre-financing of planned redemptions of medium-term and long-term government bonds maturing in the second half of 2016, a prolongation of average time to maturity and re-fixing of whole debt portfolio, and an improvement in the state budget balance due to the savings on unrealized future coupon payments.

The expected total net issue of medium-term and long-term government bonds on domestic market in the first half of 2016 amounts to CZK 53.6 billion.

The average time to maturity of the gross issue of medium-term and long-term government bonds in the first half of 2016 related to the issue date amounts to 5.8 years. The share of fixed-rate medium-term and long-term government bonds in total gross issue of medium-term and long-term government bonds amounts to 90%, the share of variable-rate medium-term and long-term government bonds amounts to 10%.

In the first half of 2016, no borrowing operation on foreign markets was carried out.

Issuance of State Treasury Bills and Money Market Operations

The expected balance of money market instruments outstanding as at the end of the first half of 2016 amounts to CZK 58.0 billion and consists solely of state treasury bills outstanding. The nominal value of state treasury bills gross issue in the first half of 2016 including the state treasury bills issued and redeemed in this period amounts to CZK 29.4 billion. State treasury bills with maturities of

three weeks up to one year were issued. In the course of the first half of 2016 money market instruments decrease amounting CZK 29.3 billion was carried out. In accordance with the announced Strategy, the state treasury bills were partially substituted for the zero-coupon medium-term and long-term government bonds in the first half of 2016.

Other Debt Instruments

During the first half of 2016, the savings government bonds in total nominal value of CZK 0.4 billion were issued in the form of reinvestment of yields only. On the other hand, the planned redemption of Premium savings government bond of the Czech Republic, 2013–2016, FIX % in total nominal value of CZK 7.4 billion and early redemptions of savings government bonds before the regular redemption date in total nominal value of CZK 0.1 billion were carried out due to the holders' exercise of

this option given by the issuance terms and conditions. The total net issue of savings government bonds thus amounted to CZK -7.0 billion.

In the course of the first half of 2016, no tranches of loans provided by the EIB were drawn, and planned repayments of EIB loan tranches in total amount of CZK 0.5 billion were carried out.

Funding Programme and Issuance Activity in the Second Half of 2016

Medium-term and Long-term Government Bonds

The total planned range of medium-term and long-term government bonds gross issue nominal value on domestic and foreign markets in 2016 remains unchanged in minimum amount of CZK 150.0 billion. The planned range of medium-term and long-term government bonds gross issue nominal value in the second half of 2016 is CZK 50.0 billion.

In accordance with the Strategy for 2016 the Ministry considers issuing new fixed-rate benchmark issues on domestic market in the second half of 2016 with maturities along the whole yield curve with the aim of aligning the coupon rates of newly issued government bonds with the actual market conditions. Additionally, the Ministry considers the possibility of issuing new zero-coupon CZK-denominated medium-term and

long-term government bonds in the second half of 2016 in case of favourable market conditions with negative yields of government bonds on shorter end of the yield curve with the aim to maximally utilize this opportunity to obtain additional extra revenue of the state budget in the form of auction premiums. The issuance of these government bonds will be considered as a possible alternative to state treasury bills without any significant impact on the amount of gross issue of medium-term and long-term government bonds in medium-term and long-term segment of the yield curve. The total nominal value of state treasury bills outstanding as at the end of 2016 may be lowered by the gross issue of these government bonds with the positive impact on the state debt portfolio riskiness.

Table 3: Framework Issuance Plan of T-Bonds on the Domestic Primary Market in 2016 and Its Fulfilment in the First Half of 2016

CZK bn	Framework scope of sale	Gross issue in first half of 2016
Fixed-rate T-Bonds		
Maturity segment of up to 5 years	Max. 150	55.5
Maturity segment of 5 to 10 years	Max. 120	13.1
Maturity segment of over 10 years	Max. 70	16.1
Variable-rate T-Bonds		
	Max. 70	6.9

Source: MoF

The primary auctions of CZK-denominated medium-term and long-term government bonds in the course of the second half of 2016 will be held on the traditional auction day of Wednesday with the settlement on Friday according to the T+2 standard for settling operations on the primary market.

The issuance calendars of medium-term and long-term government bonds with a specific government bonds offered in individual auctions will be published on a monthly basis, always on the third working Monday of the month preceding the respective month, unless announced otherwise by the Ministry, with the exception of issuance calendar for January 2017, which will be published together with The Czech Republic Funding and Debt Management Strategy for 2017. The offered total nominal value will be published in the predefined range or in the form of maximum planned sold nominal value. However, the Ministry reserves the right to change the specific total nominal value according to current needs and the market situation. The indicative maximum expected nominal value in auctions for the fourth quarter will be published in issuance calendar of medium-term and long-

term government bonds for October 2016, and for the first quarter of 2017 in issuance calendar of medium-term and long-term government bonds for January 2017 together with The Czech Republic Funding and Debt Management Strategy for 2017.

The Ministry will also further consider the option of supplementing the issuance of CZK-denominated medium-term and long-term government bonds on the primary market in the course of the second half of 2016 with tap sales of medium-term and long-term government bonds from its own asset account on the secondary market, if the primary dealers' interest in using these government bonds within medium-term and long-term government bonds lending facilities drops. In case of need tap sales of medium-term and long-term government bonds from its own asset account may be used also as an alternative operation to primary auctions for covering financing needs and furthermore for management of the average time to maturity of the debt portfolio.

The execution of the issue of medium-term and long-term government bonds on foreign markets in the second half of 2016 will depend mainly on

current conditions on the domestic and foreign markets, which the Ministry will monitor and evaluate intensively throughout the year in the cooperation with the contractual primary dealers. The condition for executing foreign issues is lower costs related

to the issue on foreign markets compared to the comparable issue on the domestic market after taking into account the costs of elimination of the currency risk.

Money Market Instruments

Should the current favourable market conditions remain, there may be another substitution of state treasury bills for medium-term and long-term government bonds with negative yield on shorter end of the yield curve with a positive impact on risk indicators of the state debt portfolio. For the second half of 2016, the Ministry plans a gross issue of state treasury bills in maximum range of CZK 100.0 billion in case of sufficient demand from primary dealers. The Ministry will offer state treasury bills in all available maturities up to one year with the aim to maximally utilize the actual market situation with respect to the actual borrowing requirement and effective state treasury liquidity management with the fact that the state treasury bills with relative short time to maturity are planned to be issued if the market situation has not deteriorated during the second half of 2016.

State treasury bonds will be issued on traditional auction day of Thursday with the settlement on Friday also during the second half of 2016.

The issuance calendars of state treasury bills with a specific maturity offered in individual auctions will be published on a monthly basis, always on the third working Monday of the month preceding the respective month, unless announced otherwise by the Ministry, with the exception of issuance calendar for January 2017, which will be published together with The Czech Republic Funding and Debt Management Strategy for 2017. The offered total nominal value will be published in the predefined

range or in the form of maximum planned sold nominal value. However, the Ministry reserves the right to change the specific total nominal value according to current needs and the market situation. The maximum expected nominal value in auctions for the fourth quarter will be published in issuance calendar of state treasury bills for October 2016, and for the first quarter of 2017 in issuance calendar of state treasury bills for January 2017 together with The Czech Republic Funding and Debt Management Strategy for 2017.

The Ministry will use the medium-term and long-term government bonds lending facilities intensively also during the second half of 2016, mainly in the form of collateralized loans of medium-term and long-term government bonds, under which the Ministry provides government bonds of Czech Republic from own asset account against another government bond or CNB bill for a short period of time for a fee. This facility may be used by the primary dealers for the period up to 90 days. The aim of these operations is to increase the liquidity of government bonds on secondary market particularly in case of short-term excess of demand over supply at the particular government bond. The scope of realized medium-term and long-term government bonds lending facilities in the second half of 2016 will primarily depend of the demand for particular government bonds from the primary dealers with the fact, that the Ministry will be ready to flexibly satisfy this demand accordingly to the availability of government bonds on its asset account.

Programme for Buy-backs and Exchanges Operations on Secondary Market

The Ministry also plans to further utilize exchange operations of medium-term and long-term government bonds on secondary market through standardized function of transparent electronic trading platform MTS Czech Republic which were successfully launched during the first quarter of 2016 as a Ministry's preferred instrument on secondary market of government bonds subject to a continuing interest from primary dealers together with the respect to actual market conditions and availability of government bonds on Ministry's asset account. The prospective buy-backs of medium-term and long-term government bonds are planned to be realized by the Ministry probably in the course of the fourth quarter of 2016.

The Ministry plans to include medium-term and long-term government bonds maturing in 2016, and medium-term and long-term government bonds maturing in 2017, 2018 and 2019 with relatively high coupon rate into the exchange operations and buy-backs.

The operations on secondary market will be carried out depending on market situation in particular segment of yield curve, and actual development of state budget.

Strategic Targets, Limits and Risk Parameters of the Debt Portfolio in 2016

Medium-term targets and limits for each risk indicator of state debt portfolio defined in the Strategy remain valid for the second half of 2016. The markets risks among which belong the refinancing, interest and currency risk are managed by these targets and limits.

Within the refinancing risk, the Ministry publicly announces medium-term targets and limits for these indicators: share of short-term debt (debt due within one year) to the total state debt, share of medium-term debt (debt due within five years) to the total state debt, and average time to maturity of the state debt portfolio.

Within the interest risk, the Ministry publicly announces medium-term targets and limit for these indicators: share of interest re-fixing of the debt portfolio within one year to the total state debt and the average time to re-fixing of the state debt.

Within the currency risk, the Ministry publicly announces the medium-term limit for the share of net foreign-currency exposure of the state debt with the impact on state debt level and net foreign-currency exposure with the impact of the level of interest expenditure on state debt service.

In accordance with the Strategy, the announced medium-term targets and limits for risk indicators are evaluated against their 12-month moving averages.

In case of refinancing and interest risk indicators, the Ministry allows their short-term deviation from stipulated medium-term targets and limits with the fact, that they will be met by the end of medium-term horizon, i.e. by the end of 2018.

Table 4: Targets, Limits and Risk Parameters of Debt Portfolio in 2016

Indicator	Announced targets and limits for 2016	Expected 12-month moving average on 30/6/2016
Short-term state debt	20.0% and less	15.7%
Medium-term state debt	70.0% and less	58.5%
Average time to maturity	6.0 years ¹	5.1 years
Interest re-fixing up to 1 year	30.0 to 40.0%	34.2%
Average time to re-fixing	4.0 years	4.0 years
Net foreign-currency exposure of state debt with the impact on state debt level	15.0% ²	10.9%
Net foreign-currency exposure of state debt with the impact on the level of interest expenditure on state debt service	15.0% ²	10.0%

¹ With a possibility of deviation of 0.25 years.

² Possible short-term excess by 2 p.p. in case of an unexpected depreciation of domestic currency. The limit stipulated by the Ministry is valid for each year of medium-term horizon without the possibility to exceed it. However, its value is subjected to the condition that there will be no more pronounced depreciation of czech koruna exchange rate.

Source: MoF

Primary Dealers in Czech Republic Government Bonds

CZK-denominated medium-term and long-term government bonds and state treasury bills will be offered in auctions to the primary dealers, which concluded the Primary Dealer Agreement for Czech

Government Securities with the Ministry. The number of primary dealers for the second half of 2016 is 12 and remains thus unchanged. The following table contains the list of primary dealers.

Table 5: List of Primary Dealers in Czech Republic Government Bonds for 2016

Primary Dealers	
Citibank Europe plc	ING Bank N.V.
Erste Group Bank AG / Česká spořitelna, a.s.	J. P. Morgan Securities plc
KBC Bank NV / Československá obchodní banka, a.s.	Morgan Stanley & Co International PLC
Deutsche Bank AG	Société Générale / Komerční banka, a.s.
Goldman Sachs International	PPF banka a.s.
HSBC Bank plc	UniCredit Bank Czech Republic and Slovakia, a.s.

Source: MoF

Calendar of Information Published in the Second Half of 2016

July

Mo	Tu	We	Th	Fr	Sa	Su
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August

Mo	Tu	We	Th	Fr	Sa	Su
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September

Mo	Tu	We	Th	Fr	Sa	Su
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October

Mo	Tu	We	Th	Fr	Sa	Su
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November

Mo	Tu	We	Th	Fr	Sa	Su
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December

Mo	Tu	We	Th	Fr	Sa	Su
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

- Expected Publication of The Czech Republic Funding and Debt Management Strategy for 2017
- in the fourth week in December
- Publication of The Czech Republic Debt Management Quarterly Report
- the third or fourth Friday of the month following the end of respective quarter
- Publication of Quarterly Tables on the Level and Development of the Central Government Debt and Fiscal Data for the Czech Republic (SDDS Plus standard) – Central Government Debt
- at predefined dates in September and December
- Publication of the Statistics on Government Bonds by Type of Instrument, Statistics on Government Bonds by Type of Holder and Statistics on Government Bonds by Maturity
- regularly on the last working day of the month
- Publication of the issuance calendars of T-Bills and T-Bonds for following month
- usually the third Monday in the month prior the month of auctions except December, when issuance calendar will be published together with The Czech Republic Funding and Debt Management Strategy for 2017

The publication was prepared based on the information and data available on 24 June 2016. The Ministry reserves the right to promptly respond to the actual development of financing needs using its tools over the course of the second half of 2016. The fulfilment of the funding programme and announced strategic goals in the second half of 2016 will depend of the development of the situation on domestic and foreign financial markets in terms of the minimization of expenditure on state debt service and financial risk management.

This publication is also available on the following website:

www.mfcr.cz/statedebt

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>