



Ministry of Finance

Debt and Financial Assets
Management Department

Debt Portfolio Management Quarterly Report

1st - 3rd Quarter of 2016



21 October 2016

Ministry of Finance

Debt Portfolio Management Quarterly Report 1st - 3rd Quarter of 2016

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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
CNB	Czech National Bank
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
mil.	Million
MTS	Mercato Telematico Secondario
p.a.	Per annum
p.p.	Percentage point
PRIBOR	Prague Interbank Offered Rate
T-Bills	State treasury bills
T-Bonds	Medium-term and long-term government bonds
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.

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, which contains in particular the evaluation of the announced strategic targets, operative fulfilment of funding programme and issuance activity plans concretized in The Czech Republic Funding and Debt Management Strategy 2016 published on 18 December 2015 and The Czech Republic Funding and Debt Management Strategy 2016 - Second Half Update published on 24 June 2016, and further contains regular quarterly performance evaluation of primary dealers in Czech government securities in the fourth quarter of 2015 to the third quarter of 2016.

In the third quarter of 2016, the Ministry continued to issue and sell primarily medium-term and long-term government bonds on domestic market. The total gross issue of medium-term and long-term government bonds carried out on primary market via eight auctions in three auction days amounted to CZK 38.6 billion comprising re-opened issues of already issued government bonds of the Czech Republic, among whose zero-coupon government bond maturing in July 2019 was also sold and whose total gross issue in the third quarter of 2016 amounted to CZK 19.8 billion, i.e. 51.3% of total gross issue in the third quarter of the year on primary market will not be burdened with interest expenditure of state budget. The total gross issue of medium-term and long-term government bonds in the first three quarters of the year amounted to CZK 130.2 billion, of which CZK 75.3 billion or 57.8% was represented by the zero-coupon government bonds.

During the third quarter of 2016, the Ministry did not realize any tap sales of medium-term and long-term government bonds on secondary market of government bonds from own asset account and also no buy-backs were carried out. The Ministry has continued to use exchange operations of medium-term and long-term government bonds on secondary market via the transparent electronic trading platform MTS Czech Republic, which had been successfully implemented in February, which additionally widened the portfolio of offered operations available within the secondary market of government bonds. Czech Republic Treasury Bond, 2008-2016, VAR in total nominal value of CZK 8.4 billion and Czech Republic Treasury Bond, 2012-2017, VAR % in total nominal value of CZK 0.4 billion were switched for medium-term and long-term government bonds from Ministry's own asset account with longer time to maturity in total

nominal value of CZK 6.8 billion within exchange operations during the third quarter of 2016. In the first three quarters of 2016, the medium-term and long-term government bonds with relatively short time to maturity in total nominal value of CZK 21.1 billion were switched for government bonds with relatively longer time to maturity and lower coupon rate in total nominal value of CZK 15.8 billion. The total nominal value of net issue of medium-term and long-term government bonds on domestic market after taking into account the impact of exchange operation amounted to CZK 9.3 billion in the third quarter of 2016 and CZK 62.9 billion in the first three quarters of 2016, which is among other thing given by the partial substitution of state treasury bills outstanding for zero-coupon medium-term and long-term government bonds with a positive impact on refinance risk.

The total nominal value of gross issue of money market instruments excluding the roll-over amounted to CZK 1.5 billion in the third quarter of 2016 and comprised only financial resources received within lending facilities of government bonds in the form of repo operations; in the first three quarters of 2016 the total nominal value of gross issue of money market instruments amounted to CZK 19.2 billion. No auction of state treasury bills was carried out during the third quarter of 2016 and the total nominal value of redemptions of state treasury bills excluding the roll-over amounted to CZK 40.2 billion in the third quarter of 2016. The balance of state treasury bills outstanding thus decreased by CZK 40.2 billion to CZK 17.7 billion in the third quarter of 2016; in the first three quarters of 2016, the decrease amounted to CZK 66.7 billion which is fully in line with the planned partial substitution of state treasury bills outstanding for zero-coupon medium-term and long-term government bonds with a positive impact on refinance risk.

No tranches of savings of government bonds were issued in the third quarter of 2016, nor were any planned redemptions carried out, only the early redemptions due to the holders' exercise of this option given by the issuance terms and conditions in the total nominal value of CZK 12 million were carried out. The net issue of savings government bonds amounted to CZK -7.0 billion in the first three quarters of 2016. In the area of issuance on foreign markets no borrowing operation was carried out in the third quarter of 2016 as well as no loan tranche from the EIB was drawn, only planned repayments of loans received from EIB amounting to CZK 1.0 billion were carried out amounting to CZK 1.5 billion in the first three quarters of 2016.

The Decrease in the State Debt in the Third Quarter by CZK 31.2 billion

During the third quarter of 2016, the absolute value of the state debt decreased by CZK 31.2 billion to CZK 1,660.1 billion representing a decrease in state debt by CZK 12.9 billion in the first three quarters of 2016. This decrease was allowed by the effective available state treasury liquidity management and the record-breaking performance of the state budget during the first three quarters of 2016 having had achieved highest surplus in the first three quarters of the year since 1993. The Ministry further utilized the favourable financial market conditions as medium-term and long-term government bonds with relatively short time to maturity achieved negative yields. The share of state debt which is not connected to any interest expenditure or generates net interest revenue amounted to 10.1%, i.e. in absolute figures it reached CZK 166.9 billion at

the end of the third quarter of the 2016. Despite the redemptions of state treasury bills sold with a negative yield amounting to CZK 40.2 billion during the third quarter of 2016 this share did not decrease below 10%; in addition, the average maturity of this debt increased by 0.3 years from 1.2 years to 1.5 years. The Ministry achieved additional net revenue of state budget amounting CZK 138.5 million from selling government bonds with a negative yield. The total net revenue from the investment activity within the state treasury liquidity management and the sale of the government bonds with a negative yield carried out in the first three quarters of 2016 amounted to CZK 371.2 million representing an increase by 120% compared to the same period in the previous year.

Record-Breaking Surplus of the State Budget

The state budget printed a surplus of CZK 82.3 billion as at the end of the third quarter of 2016, which is CZK 85.0 billion better than as at the end of the third quarter of the previous year and also the best performance of state budget for the first three quarters of the year since 1993.

This surplus enables among other things short-term refinancing of Czech Republic Treasury Bond, 2008-2016, VAR maturing on 27 October 2016, outstanding nominal value of which amounted to CZK 61.8 billion at the end of the third quarter of

2016, given by the fact that the total redemptions of medium-term and long-term government bonds in the first three quarters of 2016 were either covered by the gross issue of medium-term and long-term government bonds designated primarily for refinancing of the redemptions or were reflected in the decrease in state debt. The average time to maturity of sold government bonds designated primarily for refinancing of the redemptions amounted to 10.6 years, which unambiguously represents a positive impact on refinancing risk to which state debt portfolio is exposed.

Affirmation of Czech Republic's Liabilities Ratings and Outlook Revision

In the third quarter, namely on 30 September 2016, the Japan Credit Rating Agency affirmed the rating of Czech Republic's liabilities at 'AA-' for long-term local-currency liabilities and 'A+' for long-term foreign-currency liabilities and at the same time it revised the rating outlooks to positive. Government's prudent fiscal management, efforts to contain expenditures and improve tax collection through measures fighting tax evasion was positively assessed in the rationale.

Furthermore, on 14 October 2016 the rating of Czech Republic at 'A1' with stable outlook was affirmed by Moody's, which confirmed Czech Republic's sovereign position within the Central and Eastern

Europe region. Budgetary stability and resilience of Czech public finances to potential external shocks were assessed as strong points. Moody's notes that the reduction of government expenditure growth, prudent state debt management and declining funding costs rule out any potential liquidity risks.

The outstanding position of Czech Republic's public finances was also confirmed by the Fitch Ratings on 14 October 2014, which expects additional decrease in this year's deficit thus being well below regional and most European peers. Based on this, the rating agency affirmed Czech Republic's long-term local-currency and foreign-currency liabilities at 'A+' with stable outlook.

1 – Borrowing Requirement and Development of State Debt

Table 1: Structure and Balance of the Debt Portfolio

CZK bn	2014	2015	30/9/2016
Gross state debt	1,663.7	1,673.0	1,660.1
T-Bills	107.6	84.4	17.7
Other money market instruments	2.5	2.9	1.5
Received collateral in cash	0.0	0.0	0.0
T-Bonds issued on domestic market	1,175.7	1,235.2	1,298.1
T-Bonds issued on foreign markets ¹	239.6	225.6	226.5
Savings government bonds	77.8	66.9	59.9
Received credits and loans	60.4	58.0	56.5
Promissory notes	0.0	0.0	0.0
Share of GDP (%)²	38.6	36.7	35.5

¹ Incl. hedging operations.

² GDP in the ESA2010 methodology. The source of data for Q1 2014 – Q2 2016 is CZSO, for Q3 2016 the Macroeconomic Forecast of the Czech Republic – July 2016. Source: MoF, CZSO

Table 2: Financing Needs and Sources

CZK bn	2014	2015	Q1 - Q3 2016
Primary balance of state budget	29.3	17.5	-120.4
Net expenditure on state debt ¹	48.5	45.3	38.1
T-Bonds redemptions ²	143.7	123.9	67.3
Redemptions and early redemptions on savings government bonds	11.9	11.9	7.5
T-Bills redemptions ³	120.9	107.6	84.4
Other money market instrument redemptions ³	0.0	2.5	2.2
Repayments on credits and loans	11.1	2.5	1.5
Total financing needs	365.3	311.2	80.7
Gross T-Bills issue ^{3, 4}	107.6	84.4	17.7
Other money market instrument ³	2.5	2.2	1.5
Received collateral in cash	0.0	0.0	0.0
Gross issue of T-Bonds in the domestic market ^{4, 5}	153.3	180.4	130.2
Gross issue of T-Bonds in the domestic market up to 5 years ^{4, 6}	37.3	100.0	82.1
Gross issue of T-Bonds in the domestic market from 5 to 10 years ^{4, 6}	50.0	23.3	28.0
Gross issue of T-Bonds in the domestic market over 10 years ^{4, 6}	65.9	57.1	35.9
Effect of exchange operations ⁴	0.0	0.0	-15.8
Gross issue of T-Bonds on foreign markets ^{2, 4}	0.0	0.0	0.0
Gross issue of savings government bonds ⁷	2.1	1.0	0.4
Received credits and loans	0.0	0.0	0.0
Financial asset and liquidity management	99.7	43.2	-69.1
Total financing sources	365.3	311.2	80.7
Gross borrowing requirement	265.6	268.1	149.8

¹ Balance of the budgetary chapter 396 – State Debt.

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

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

⁴ Nominal value; premiums and discounts included in the net expenditure on state debt, i.e. they are included in the net borrowing requirement.

⁵ Incl. effect of exchange operations.

⁶ Remaining time to maturity at the transaction settlement date.

⁷ Incl. the reinvestment of yields.

Source: MoF

Table 3: Net Borrowing Requirement and Change in State Debt

CZK bn	2014	2015	Q1 - Q3 2016
Gross state debt as at 1 January	1,683.3	1,663.7	1,673.0
Primary state budget balance	29.3	17.5	-120.4
Net expenditure on state debt service ¹	48.5	45.3	38.1
Financial asset and liquidity management operations	-99.7	-43.2	69.1
Net borrowing requirement	-21.9	19.6	-13.1
T-Bills net issue	-13.3	-23.2	-66.7
Net change in the balance of other money market instruments	2.5	-0.4	-0.7
T-Bonds net issue on domestic market	96.0	67.4	62.9
T-Bonds net issue on foreign markets ²	-86.4	-10.8	0.0
Savings government bonds net issue	-9.7	-10.9	-7.0
Net change in balance of received credits and loans	-11.1	-2.5	-1.5
Financing of net borrowing requirement	-21.9	19.6	-13.1
Revaluation of state debt ³	2.3	-10.3	0.2
Promissory notes net change	0.0	0.0	0.0
Gross state debt change	-19.7	9.3	-12.9
Gross state debt as at the end of period	1,663.7	1,673.0	1,660.1

¹ Balance of budgetary chapter 396 – State debt.

² Incl. hedging operations.

³ Incl. the revaluation of the debt denominated in foreign currencies based on the exchange rate difference and the consolidation of state debt from the bonds, which were at the moment of issuance registered on the asset account maintained by the Ministry in the respective record, for the period they were registered on such account, as well as the bonds acquired by the state as the issuer before their maturity date, and the cash resources received or repaid under the investment facilities provided from the nuclear investment portfolio.

Source: MoF

2 – Primary Market of Government Bonds

Table 4a: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2016

Issue name	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, 0.00 %, 19	98 1	13/1	15/1	17/7/2019	CZK	10,000,000,000	3,433,270,000
ČR, 1.00 %, 26	95 4	13/1	15/1	26/6/2026	CZK	5,000,000,000	4,430,030,000
ČR, VAR %, 20	91 6	13/1	15/1	9/12/2020	CZK	5,000,000,000	2,840,020,000
ČR, 0.00 %, 18	99 1	20/1	22/1	22/1/2018	CZK	15,000,000,000	15,150,000,000
ČR, 0.45 %, 23	97 4	20/1	22/1	25/10/2023	CZK	4,000,000,000	4,109,250,000
ČR, 2.50 %, 28	78 14	20/1	22/1	25/8/2028	CZK	3,000,000,000	2,689,000,000
ČR, VAR %, 27	90 8	27/1	29/1	19/11/2027	CZK	5,000,000,000	4,080,000,000
ČR, 2.40 %, 25	89 7	27/1	29/1	17/9/2025	CZK	4,000,000,000	4,000,000,000
ČR, 0.00 %, 17	96 6	27/1	29/1	9/11/2017	CZK	10,000,000,000	10,329,460,000
ČR, 0.00 %, 18	99 2	10/2	12/2	22/1/2018	CZK	8,000,000,000	9,237,210,000
ČR, 0.95 %, 30	94 4	10/2	12/2	15/5/2030	CZK	4,000,000,000	4,619,060,000
ČR, 0.00 %, 18	99 3	13/4	15/4	22/1/2018	CZK	6,000,000,000	6,100,000,000
ČR, 0.45 %, 23	97 5	13/4	15/4	25/10/2023	CZK	2,000,000,000	1,061,650,000
ČR, 2.50 %, 28	78 15	13/4	15/4	25/8/2028	CZK	3,000,000,000	3,323,100,000
ČR, 0.00 %, 18	99 4	27/4	29/4	22/1/2018	CZK	6,000,000,000	6,611,840,000
ČR, 0.45 %, 23	97 6	27/4	29/4	25/10/2023	CZK	1,000,000,000	536,010,000
ČR, 2.40 %, 25	89 8	27/4	29/4	17/9/2025	CZK	3,000,000,000	3,435,420,000
ČR, 2.50 %, 28	78 16	18/5	20/5	25/8/2028	CZK	2,000,000,000	1,001,000,000
ČR, 0.00 %, 18	99 5	18/5	20/5	22/1/2018	CZK	4,000,000,000	3,700,000,000
ČR, 0.00 %, 19	98 2	18/5	20/5	17/7/2019	CZK	1,000,000,000	900,000,000
ČR, 0.00 %, 19	98 3	29/6	1/7	17/7/2019	CZK	6,000,000,000	6,542,400,000
ČR, 1.00,%, 26	95 5	29/6	1/7	26/6/2026	CZK	4,000,000,000	4,181,320,000
ČR, 0.95,%, 30	94 5	29/6	1/7	15/5/2030	CZK	3,000,000,000	3,313,580,000
ČR, 0.00,%, 19	98 4	24/8	26/8	17/7/2019	CZK	6,000,000,000	6,813,440,000
ČR, 0.45,%, 23	97 7	24/8	26/8	25/10/2023	CZK	4,000,000,000	2,017,930,000
ČR, 1.00,%, 26	95 6	24/8	26/8	26/6/2026	CZK	6,000,000,000	6,520,290,000
ČR, 0.00,%, 19	98 5	21/9	23/9	17/7/2019	CZK	6,000,000,000	6,469,670,000
ČR, 0.95,%, 30	94 6	21/9	23/9	15/5/2030	CZK	5,000,000,000	2,751,950,000
Total							130,196,900,000

Source: MoF

Table 4b: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2016

Issue name	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, 0.00%, 19	98	1	0,00%	100.130	-0.037	4.95	28.20	6.13
ČR, 1.00%, 26	95	4	1,00%	103.081	0.693	1.26	78.55	10.05
ČR, VAR,%, 20	91	6	VAR%	100.425	-38.627 ¹	2.29	45.80	11.00
ČR, 0.00%, 18	99	1	0,00%	100.290	-0.145	1.59	101.00	0.00
ČR, 0.45%, 23	97	4	0,45%	100.692	0.359	1.22	99.00	3.73
ČR, 2.50%, 28	78	14	2,50%	119.346	0.871	1.16	88.33	1.30
ČR, VAR,%, 27	90	8	VAR%	102.837	-33.737 ¹	1.17	81.60	0.00
ČR, 2.40%, 25	89	7	2,40%	116.771	0.603	1.39	100.00	0.00
ČR, 0.00%, 17	96	6	0,00%	100.108	-0.061	1.27	103.29	0.00
ČR, 0.00%, 18	99	2	0,00%	100.303	-0.156	3.79	100.00	15.47
ČR, 0.95%, 30	94	4	0,95%	100.326	0.925	2.04	100.00	15.48
ČR, 0.00%, 18	99	3	0,00%	100.140	-0.079	2.50	100.00	1.67
ČR, 0.45%, 23	97	5	0,45%	101.509	0.247	4.25	50.00	3.08
ČR, 2.50%, 28	78	15	2,50%	121.737	0.663	1.88	100.00	10.77
ČR, 0.00%, 18	99	4	0,00%	100.084	-0.048	2.74	100.00	10.20
ČR, 0.45%, 23	97	6	0,45%	101.498	0.248	4.31	50.00	3.60
ČR, 2.40%, 25	89	8	2,40%	117.831	0.455	1.74	100.00	14.51
ČR, 2.50%, 28	78	16	2,50%	121.467	0.671	3.59	50.05	0.00
ČR, 0.00%, 18	99	5	0,00%	100.065	-0.039	3.11	92.50	0.00
ČR, 0.00%, 19	98	2	0,00%	100.051	-0.016	3.82	90.00	0.00
ČR, 0.00%, 19	98	3	0,00%	100.150	-0.049	1.07	100.00	9.04
ČR, 1.00%, 26	95	5	1,00%	105.547	0.431	1.26	100.00	4.53
ČR, 0.95%, 30	94	5	0,95%	102.504	0.759	2.09	100.00	10.45
ČR, 0.00%, 19	98	4	0,00%	100.650	-0.224	3.26	100.00	13.56
ČR, 0.45%, 23	97	7	0,45%	103.039	0.025	1.28	45.50	4.95
ČR, 1.00%, 26	95	6	1,00%	107.192	0.258	1.81	100.50	8.17
ČR, 0.00%, 19	98	5	0,00%	101.052	-0.371	3.11	100.00	7.83
ČR, 0.95%, 30	94	6	0,95%	105.290	0.547	1.77	46.90	8.14
Average						2.35	83.97	6.20

¹ Average spread to PRIBOR in basis points (discount margin).
Source: MoF, CNB

Table 5: State Treasury Bills Issued in Q1 - Q3 2016

Issue no.	Maturity (weeks)	Auction date	Issue date	Maturity date	Max. offered nominal amount	Total placed nominal amount	Yield to maturity (% p.a.)
724	8	7/1	8/1	4/3/2016	10,000,000,000	600,000,000	-0.10
725	26	14/1	15/1	15/7/2016	10,000,000,000	1,750,000,000	-0.20
726	8	21/1	22/1	18/3/2016	10,000,000,000	300,000,000	-0.05
727	52	28/1	29/1	27/1/2017	8,000,000,000	3,000,000,000	-0.10
728	39	4/2	5/2	4/11/2016	10,000,000,000	2,000,000,000	-0.10
729	26	11/2	12/2	12/8/2016	10,000,000,000	1,500,000,000	-0.20
730	39	18/2	19/2	18/11/2016	10,000,000,000	4,000,000,000	-0.11
731	26	25/2	26/2	26/8/2016	10,000,000,000	1,500,000,000	-0.15
732	4	3/3	4/3	1/4/2016	10,000,000,000	2,500,000,000	-0.10
733	3	10/3	11/3	1/4/2016	10,000,000,000	505,000,000	-0.05
734	13	7/4	8/4	8/7/2016	5,000,000,000	1,510,000,000	-0.05
735	35	14/4	15/4	16/12/2016	5,000,000,000	2,600,000,000	-0.10
736	23	21/4	22/4	30/9/2016	5,000,000,000	510,000,000	-0.11
737	35	28/4	29/4	30/12/2016	5,000,000,000	2,080,000,000	-0.10
738	21	5/5	6/5	30/9/2016	5,000,000,000	1,025,000,000	-0.10
739	33	12/5	13/5	30/12/2016	5,000,000,000	2,000,000,000	-0.10
740	19	19/5	20/5	30/09/2016	3,000,000,000	20,000,000	-0.10
741	31	26/5	27/5	30/12/2016	3,000,000,000	2,010,000,000	-0.09
742	28	16/6	17/6	30/12/2016	3,000,000,000	15,000,000	-0.10
743	26	30/6	1/7	30/12/2016	5,000,000,000	0	-
Total					142,000,000,000	29,425,000,000	-0.11¹

¹ Average weighted yield to maturity of state treasury bills issued in Q1 - Q3 2016.
Source: MoF

Table 6: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 30/9/2016

Issue name	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
ČR, VAR %, 16	55	CZ0001002331	27/10/2016	61,758,040,000	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	47,870,000,000	200,000,000
ČR, 0.00 %, 17	96	CZ0001004592	9/11/2017	70,000,000,000	0
ČR, 0.00 %, 18	99	CZ0001004709	22/1/2018	40,799,050,000	19,200,950,000
ČR, 0.85 %, 18	88	CZ0001004246	17/3/2018	48,036,220,000	1,963,780,000
ČR, 4.60 %, 18	41	CZ0001000822	18/8/2018	74,600,000,000	400,000,000
ČR, 5.00 %, 19	56	CZ0001002471	11/4/2019	86,960,000,000	2,140,000,000
ČR, 0.00 % 19	98	CZ0001004717	17/7/2019	24,158,780,000	10,000,000,000
ČR, 1.50 %, 19	76	CZ0001003834	29/10/2019	76,731,370,000	3,268,630,000
ČR, 3.75 %, 20	46	CZ0001001317	12/9/2020	75,000,000,000	0
ČR, VAR %, 20	91	CZ0001004113	9/12/2020	32,698,770,000	2,300,000,000
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	14,922,290,000	1,000,000,000
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	46,243,390,000	950,000,000
ČR, 1.00 %, 26	95	CZ0001004469	26/6/2026	26,725,400,000	1,600,000,000
ČR, VAR %, 27	90	CZ0001004105	19/11/2027	41,129,550,000	1,370,000,000
ČR, 2.50 %, 28	78	CZ0001003859	25/8/2028	56,389,640,000	4,320,000,000
ČR, 0.95 %, 30	94	CZ0001004477	15/5/2030	24,644,530,000	2,931,000,000
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				1,298,075,610,000	75,834,110,000

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 30/9/2016

ISIN	CCY	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
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			7,750,000,000	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 30/9/2016

Issue no.	Maturity (weeks)	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
728	39	CZ0001004766	4/11/2016	2,000,000,000	0
730	39	CZ0001004782	18/11/2016	4,000,000,000	30,000,000,000
735	35	CZ0001004832	16/12/2016	2,600,000,000	0
737	35	CZ0001004857	30/12/2016	2,080,000,000	0
739	33	CZ0001004873	30/12/2016	2,000,000,000	0
741	31	CZ0001004899	30/12/2016	2,010,000,000	0
742	28	CZ0001004915	30/12/2016	15,000,000	0
727	52	CZ0001004758	27/1/2017	3,000,000,000	0
Total				17,705,000,000	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

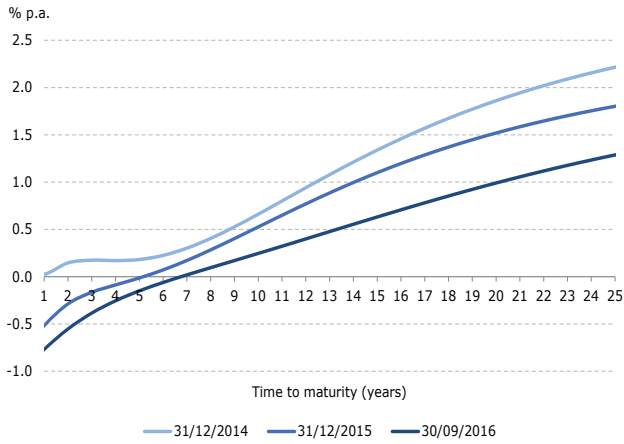
Table 9: Issued Savings Government Bonds as at 30/9/2016

Bond	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
Coupon savings government bond	65	CZ0001003305	11/11/2016	1,924,145,835	0
Reinvestment savings government bond	66	CZ0001003297	11/11/2016	9,668,729,747	0
Premium savings government bond	84	CZ0001004170	12/12/2016	11,029,236,195	0
Coupon savings government bond	68	CZ0001003560	12/6/2017	1,126,219,732	0
Reinvestment savings government bond	69	CZ0001003578	12/6/2017	5,859,553,992	0
Coupon savings government bond	74	CZ0001003784	12/12/2017	1,761,537,241	0
Reinvestment savings government bond	75	CZ0001003792	12/12/2017	7,727,235,909	0
Coupon savings government bond	81	CZ0001004014	12/6/2018	817,146,434	0
Reinvestment savings government bond	82	CZ0001004006	12/6/2018	5,938,875,968	0
Coupon savings government bond	85	CZ0001004188	12/12/2018	1,355,641,518	0
Reinvestment savings government bond	86	CZ0001004196	12/12/2018	7,610,763,848	0
Inflation-linked savings government bond	70	CZ0001003586	12/6/2019	1,878,722,932	0
Reinvestment savings government bond	92	CZ0001004303	12/6/2019	737,224,214	0
Inflation-linked savings government bond	83	CZ0001003990	12/6/2020	380,954,916	0
Inflation-linked savings government bond	87	CZ0001004204	12/12/2020	2,027,425,903	0
Variable-rate savings government bond	93	CZ0001004311	12/12/2020	31,191,539	0
Total				59,874,605,923	0

Source: MoF

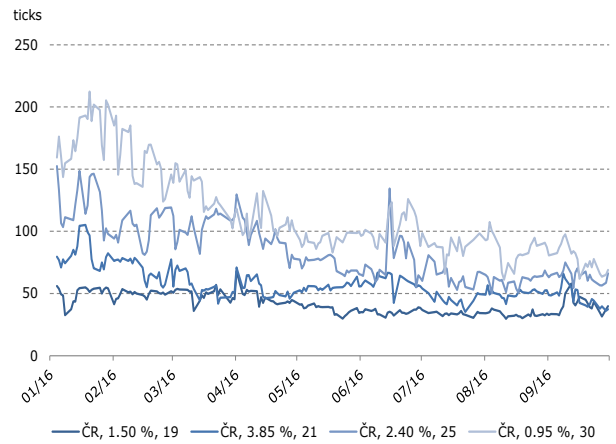
3 – Secondary Market of Government Bonds

Figure 1: Yield Curve of CZK-Denominated Government Bonds



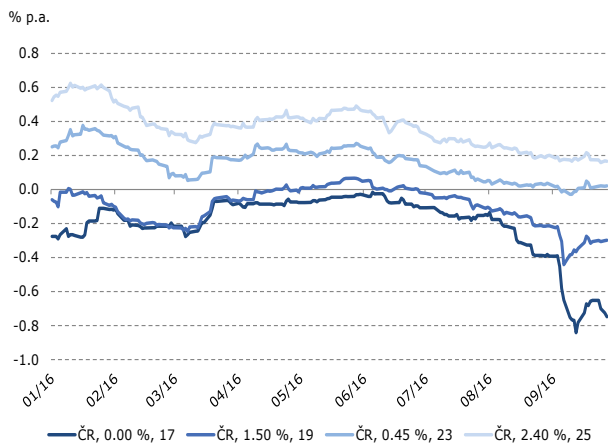
Note: "Par" yield curve of CZK-denominated fixed-rate government bonds is constructed on the basis the extended Nelson-Siegel model, called Svensson model.
Source: MoF, MTS

Figure 2: Bid-Offer Spreads of Selected Government Bonds



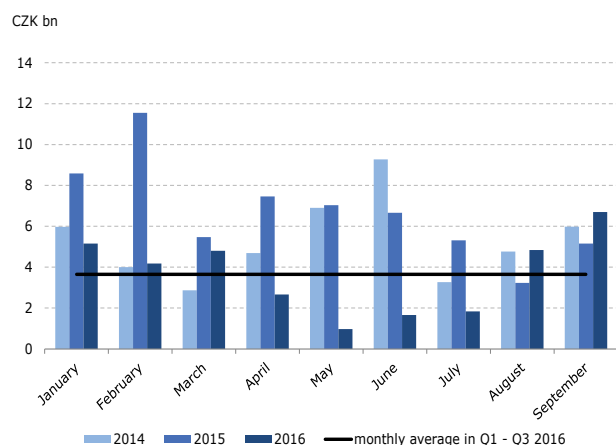
Source: MoF, MTS

Figure 3: Selected Government Bonds Yields



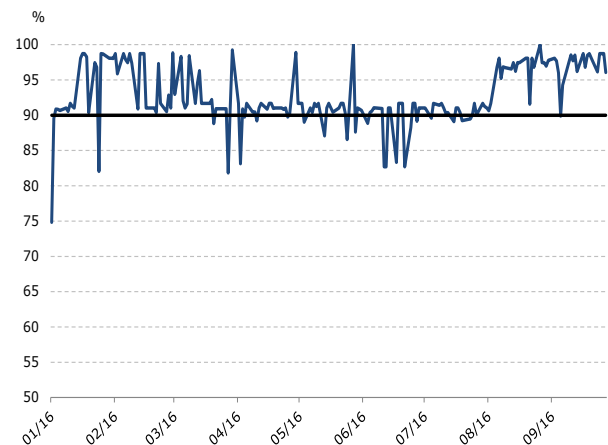
Source: MoF, MTS

Figure 4: Traded Nominal Value on MTS Czech Republic



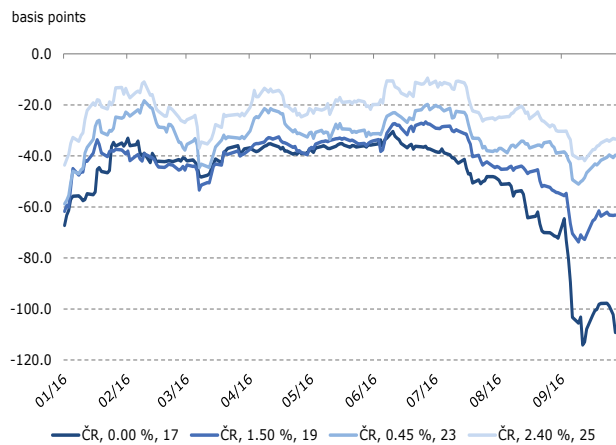
Source: MoF, MTS

Figure 5: Average Daily Compliance Ratio of Primary Dealers on MTS Czech Republic



Source MoF, MTS

Figure 6: "Asset Swap Spread" Risk Premium of Selected Government Bonds



Source: Bloomberg

Table 10a: Realized Lending Facilities of Government Bonds in the Form of Repo Operations in Q1 - Q3 2016

Issue name	ISIN	Collateral nominal amount	Financial resources received	Financial resources paid ¹
ČR, VAR %, 16	CZ0001002331	1,052,000,000	1,054,462,160.00	1,054,452,576.58
ČR, 4.00 %, 17	CZ0001001903	297,000,000	319,368,777.78	319,357,370.02
ČR, 0.00 %, 18	CZ0001004709	1,300,000,000	1,314,900,000.00	1,314,879,793.33
ČR, 0.85 %, 18	CZ0001004246	410,000,000	419,085,191.52	419,078,973.18
ČR, 4.60 %, 18	CZ0001000822	275,000,000	312,058,166.67	312,052,404.12
ČR, 1.50 %, 19	CZ0001003834	1,704,000,000	1,817,566,449.99	1,817,522,115.24
ČR, 5.00 %, 19	CZ0001002471	690,000,000	815,190,444.45	815,173,762.74
ČR, 0.00 %, 19	CZ0001004717	450,000,000	452,970,000.00	452,960,763.64
ČR, 3.75 %, 20	CZ0001001317	80,000,000	95,013,250.00	95,010,131.88
ČR, VAR %, 20	CZ0001004113	1,600,000,000	1,607,906,666.67	1,607,853,973.32
ČR, 3.85 %, 21	CZ0001002851	5,058,000,000	6,221,428,405.56	6,221,279,796.10
ČR, 4.70 %, 22	CZ0001001945	580,000,000	767,362,777.78	767,331,848.63
ČR, VAR %, 23	CZ0001003123	20,000,000	21,556,888.89	21,555,882.90
ČR, 0.45 %, 23	CZ0001004600	480,000,000	490,814,386.70	490,809,164.33
ČR, 5.70 %, 24	CZ0001002547	2,435,000,000	3,636,040,625.00	3,635,924,075.12
ČR, 2.40 %, 25	CZ0001004253	1,165,000,000	1,391,669,991.80	1,391,638,430.43
ČR, 1.00 %, 26	CZ0001004469	2,070,000,000	2,196,983,618.01	2,196,890,156.04
ČR, VAR %, 27	CZ0001004105	330,000,000	339,706,725.00	339,687,707.02
ČR, 2.50 %, 28	CZ0001003859	349,350,000	437,327,004.58	437,325,182.38
ČR, 0.95 %, 30	CZ0001004477	2,407,000,000	2,456,396,317.01	2,456,251,371.20
ČR, 4.20 %, 36	CZ0001001796	3,982,000,000	6,198,836,050.02	6,196,774,792.33
Total		26,734,350,000	32,366,643,897.43	32,363,810,270.53

¹Incl. financial resources from this lending facilities realized in Q1 - Q3 2016, which has not been paid during this period.
Note: The average interest rate achieved under this lending facilities during Q1 - Q3 2016 amounted to -0.14% p.a.
Source: MoF

Table 10b: Realized Lending Facilities of Government Bonds in the Form of Collateralized Loans of Securities in Q1 - Q3 2016

Issue name	ISIN	Nominal value	Revenue ¹
ČR, VAR %, 16	CZ0001002331	700,000,000	13,643.10
ČR, 0.00 %, 18	CZ0001004709	3,700,000,000	88,622.82
ČR, 0.85 %, 18	CZ0001004246	560,000,000	21,067.19
ČR, 1.50 %, 19	CZ0001003834	1,155,000,000	187,982.70
ČR, 0.00 %, 19	CZ0001004717	293,000,000	18,084.61
ČR, VAR %, 20	CZ0001004113	3,486,000,000	526,761.71
ČR, 3.85 %, 21	CZ0001002851	2,533,000,000	439,331.32
ČR, 4.70 %, 22	CZ0001001945	340,000,000	16,857.95
ČR, VAR %, 23	CZ0001003123	2,610,000,000	231,809.70
ČR, 0.45 %, 23	CZ0001004600	270,000,000	8,343.46
ČR, 5.70 %, 24	CZ0001002547	297,000,000	36,529.56
ČR, 1.00 %, 26	CZ0001004469	2,893,000,000	397,860.63
ČR, VAR %, 27	CZ0001004105	3,170,000,000	35,681.22
ČR, 0.95 %, 30	CZ0001004477	555,000,000	65,314.85
ČR, 4.20 %, 36	CZ0001001796	9,710,000,000	709,402.99
Total		32,272,000,000	2,797,293.81

¹Incl. financial revenue from this lending facilities realized in Q1 - Q3 2016, which has not been terminated during this period.
Source: MoF

Table 11: Realized Exchange Operations of Government Bonds in Q1 - Q3 2016

Trade date	Tap sale			Buy-back		
	Issue name	Nominal value	Average price	Issue name	Nominal value	Average price
16/2/2016	ČR, VAR %, 20	100,000,000	100.500	ČR, VAR %, 16	100,000,000	100.250
17/2/2016	ČR, VAR %, 20	100,000,000	100.330	ČR, VAR %, 16	200,000,000	100.250
25/2/2016	ČR, VAR %, 27	200,000,000	102.720	ČR, VAR %, 16	400,000,000	100.240
26/2/2016	ČR, 0.95 %, 30	200,000,000	101.635	ČR, VAR %, 16	400,000,000	100.240
29/2/2016	ČR, 0.95 %, 30	200,000,000	101.800	ČR, VAR %, 16	600,000,000	100.240
29/2/2016	ČR, 1.50 %, 19	160,000,000	105.960	ČR, 5.00 %, 19	160,000,000	115.990
3/3/2016	ČR, VAR %, 27	30,000,000	102.550	ČR, VAR %, 16	90,000,000	100.230
3/3/2016	ČR, 0.95 %, 30	200,000,000	102.200	ČR, VAR %, 16	600,000,000	100.230
4/3/2016	ČR, 0.95 %, 30	100,000,000	102.050	ČR, VAR %, 16	300,000,000	100.230
7/3/2016	ČR, 0.95 %, 30	50,000,000	102.050	ČR, VAR %, 16	150,000,000	100.230
17/3/2016	ČR, 0.95 %, 30	105,000,000	102.450	ČR, VAR %, 16	210,000,000	100.220
29/3/2016	ČR, 0.95 %, 30	230,000,000	101.722	ČR, VAR %, 16	230,000,000	100.210
30/3/2016	ČR, 0.95 %, 30	100,000,000	101.700	ČR, VAR %, 16	100,000,000	100.210
31/3/2016	ČR, 0.95 %, 30	200,000,000	101.950	ČR, VAR %, 16	200,000,000	100.200
1/4/2016	ČR, 0.95 %, 30	400,000,000	102.100	ČR, VAR %, 16	400,000,000	100.200
4/4/2016	ČR, 0.95 %, 30	200,000,000	101.950	ČR, VAR %, 16	200,000,000	100.200
5/4/2016	ČR, 0.95 %, 30	50,000,000	102.100	ČR, VAR %, 16	50,000,000	100.200
8/4/2016	ČR, 0.95 %, 30	100,000,000	102.000	ČR, VAR %, 16	100,000,000	100.200
11/4/2016	ČR, 0.95 %, 30	200,000,000	102.160	ČR, VAR %, 16	200,000,000	100.190
12/4/2016	ČR, 0.95 %, 30	200,000,000	102.150	ČR, VAR %, 16	200,000,000	100.190
20/4/2016	ČR, 0.95 %, 30	250,000,000	102.324	ČR, VAR %, 16	500,000,000	100.180
21/4/2016	ČR, VAR %, 27	200,000,000	102.400	ČR, VAR %, 17	200,000,000	101.520
28/4/2016	ČR, 1.00 %, 26	150,000,000	105.150	ČR, 0.50 %, 16	150,000,000	100.120
2/5/2016	ČR, 0.95 %, 30	200,000,000	102.060	ČR, 0.50 %, 16	200,000,000	100.110
2/5/2016	ČR, VAR %, 27	200,000,000	102.390	ČR, VAR %, 17	200,000,000	101.490
3/5/2016	ČR, 0.95 %, 30	200,000,000	102.020	ČR, VAR %, 16	400,000,000	100.170
4/5/2016	ČR, VAR %, 27	200,000,000	102.390	ČR, VAR %, 17	200,000,000	101.480
5/5/2016	ČR, VAR %, 27	200,000,000	102.400	ČR, VAR %, 16	200,000,000	100.170
6/5/2016	ČR, 0.95 %, 30	50,000,000	102.150	ČR, VAR %, 16	150,000,000	100.170
6/5/2016	ČR, VAR %, 27	200,000,000	102.400	ČR, VAR %, 16	200,000,000	100.170
9/5/2016	ČR, VAR %, 27	200,000,000	102.400	ČR, VAR %, 16	200,000,000	100.160
10/5/2016	ČR, VAR %, 27	200,000,000	102.400	ČR, VAR %, 16	200,000,000	100.160
11/5/2016	ČR, 1.00 %, 26	200,000,000	105.510	ČR, VAR %, 16	200,000,000	100.160
11/5/2016	ČR, VAR %, 27	200,000,000	102.340	ČR, VAR %, 17	200,000,000	101.460
12/5/2016	ČR, VAR %, 27	200,000,000	102.300	ČR, VAR %, 16	200,000,000	100.160
12/5/2016	ČR, 0.95 %, 30	200,000,000	102.000	ČR, VAR %, 16	200,000,000	100.160
12/5/2016	ČR, 0.95 %, 30	100,000,000	102.000	ČR, VAR %, 17	100,000,000	101.450
16/5/2016	ČR, VAR %, 27	200,000,000	102.350	ČR, VAR %, 16	200,000,000	100.160
6/6/2016	ČR, VAR %, 20	200,000,000	100.300	ČR, VAR %, 16	400,000,000	100.140
6/6/2016	ČR, 0.95 %, 30	70,000,000	101.400	ČR, 0.50 %, 16	210,000,000	100.070
15/6/2016	ČR, 2.50 %, 28	200,000,000	121.610	ČR, VAR %, 17	200,000,000	101.340
16/6/2016	ČR, 2.50 %, 28	100,000,000	122.200	ČR, VAR %, 16	100,000,000	100.130
22/6/2016	ČR, VAR %, 20	200,000,000	100.350	ČR, VAR %, 16	400,000,000	100.110
24/6/2016	ČR, VAR %, 20	200,000,000	100.330	ČR, VAR %, 16	400,000,000	100.110
24/6/2016	ČR, 2.40 %, 25	200,000,000	117.810	ČR, VAR %, 17	200,000,000	101.270
24/6/2016	ČR, 2.40 %, 25	50,000,000	117.800	ČR, 0.50 %, 16	50,000,000	100.043

Trade date	Tap sale			Buy-back		
	Issue name	Nominal value	Average price	Issue name	Nominal value	Average price
27/6/2016	ČR, VAR %, 20	200,000,000	100.325	ČR, VAR %, 16	400,000,000	100.105
27/6/2016	ČR, 2.40 %, 25	300,000,000	117.800	ČR, VAR %, 17	300,000,000	101.253
28/6/2016	ČR, VAR %, 20	200,000,000	100.325	ČR, VAR %, 16	400,000,000	100.104
28/6/2016	ČR, 2.50 %, 28	200,000,000	121.950	ČR, VAR %, 16	200,000,000	100.104
28/6/2016	ČR, 2.50 %, 28	180,000,000	121.950	ČR, VAR %, 17	180,000,000	101.250
30/6/2016	ČR, 2.40 %, 25	200,000,000	118.250	ČR, VAR %, 16	200,000,000	100.102
13/7/2016	ČR, 0.95 %, 30	200,000,000	103.550	ČR, VAR %, 16	200,000,000	100.090
21/7/2016	ČR, 0.95 %, 30	200,000,000	103.550	ČR, VAR %, 16	200,000,000	100.083
22/7/2016	ČR, 1.00 %, 26	150,000,000	106.000	ČR, VAR %, 17	150,000,000	101.166
25/7/2016	ČR, 0.95 %, 30	200,000,000	103.450	ČR, VAR %, 16	200,000,000	100.079
28/7/2016	ČR, 2.40 %, 25	100,000,000	119.050	ČR, VAR %, 16	100,000,000	100.077
1/8/2016	ČR, VAR %, 20	100,000,000	100.400	ČR, VAR %, 16	100,000,000	100.074
1/8/2016	ČR, 1.00 %, 26	100,000,000	106.350	ČR, VAR %, 16	100,000,000	100.074
2/8/2016	ČR, 0.95 %, 30	200,000,000	104.150	ČR, VAR %, 16	200,000,000	100.073
4/8/2016	ČR, 0.95 %, 30	200,000,000	104.330	ČR, VAR %, 16	200,000,000	100.071
11/8/2016	ČR, 0.95 %, 30	64,000,000	104.300	ČR, VAR %, 16	64,000,000	100.065
12/8/2016	ČR, 2.40 %, 25	200,000,000	119.110	ČR, VAR %, 16	200,000,000	100.064
22/8/2016	ČR, 0.95 %, 30	200,000,000	104.750	ČR, VAR %, 17	200,000,000	101.060
30/8/2016	ČR, VAR %, 20	400,000,000	100.860	ČR, VAR %, 16	1,200,000,000	100.049
30/8/2016	ČR, 0.95 %, 30	200,000,000	105.200	ČR, VAR %, 16	600,000,000	100.049
2/9/2016	ČR, 0.95 %, 30	200,000,000	105.060	ČR, VAR %, 16	400,000,000	100.046
2/9/2016	ČR, 0.85 %, 18	200,000,000	101.780	ČR, VAR %, 16	200,000,000	100.046
5/9/2016	ČR, 3.75 %, 20	200,000,000	115.670	ČR, VAR %, 16	200,000,000	100.043
5/9/2016	ČR, 0.85 %, 18	200,000,000	101.780	ČR, VAR %, 16	200,000,000	100.043
7/9/2016	ČR, 0.85 %, 18	400,000,000	101.780	ČR, VAR %, 16	400,000,000	100.041
8/9/2016	ČR, 3.75 %, 20	100,000,000	115.712	ČR, VAR %, 16	100,000,000	100.040
8/9/2016	ČR, 0.95 %, 30	100,000,000	105.080	ČR, VAR %, 16	200,000,000	100.040
12/9/2016	ČR, 3.75 %, 20	297,960,000	115.940	ČR, VAR %, 16	297,960,000	100.037
12/9/2016	ČR, 0.95 %, 30	300,000,000	105.520	ČR, VAR %, 16	600,000,000	100.037
13/9/2016	ČR, 0.95 %, 30	200,000,000	105.520	ČR, VAR %, 16	400,000,000	100.036
13/9/2016	ČR, 4.60 %, 18	200,000,000	109.900	ČR, VAR %, 16	200,000,000	100.036
14/9/2016	ČR, 1.50 %, 19	100,000,000	105.740	ČR, VAR %, 16	100,000,000	100.035
14/9/2016	ČR, 1.00 %, 26	200,000,000	107.070	ČR, VAR %, 16	400,000,000	100.035
15/9/2016	ČR, 0.95 %, 30	200,000,000	105.520	ČR, VAR %, 16	400,000,000	100.034
21/9/2016	ČR, 4.60 %, 18	200,000,000	109.950	ČR, VAR %, 16	200,000,000	100.029
22/9/2016	ČR, 4.60 %, 18	200,000,000	109.950	ČR, VAR %, 16	200,000,000	100.028
27/9/2016	ČR, VAR %, 27	400,000,000	103.110	ČR, VAR %, 16	200,000,000	100.024
27/9/2016	ČR, 1.00 %, 26	600,000,000	107.207	ČR, VAR %, 16	300,000,000	100.024
Total		15,786,960,000			21,141,960,000	

Source: MoF

4 – Risk Management and Portfolio Strategy

Table 12: Strategic Targets, Limits and Risk Parameters of the Debt Portfolio in 2016

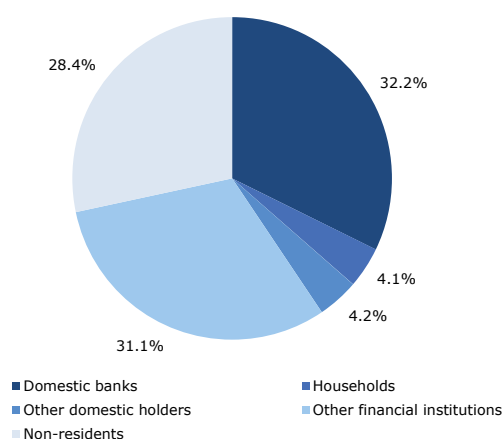
INDICATOR	Announced target for 2018 medium-term horizon	12-month moving average as at 30/9/2016
Short-term state debt	20.0% and less	16.5%
Medium-term state debt	70.0% and less	59.7%
Average time to maturity	6.0 years ¹	5.1 years
Interest re-fixing up to 1 year	30.0 to 40.0%	33.2%
Average time to re-fixing	4.0 years	3.9 years
Net foreign-currency exposure of state debt with the impact on state debt level	15.0% ²	10.9%
Net foreign-currency exposure with the impact of the level of interest expenditure on state debt service	15.0% ²	10.2%

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.

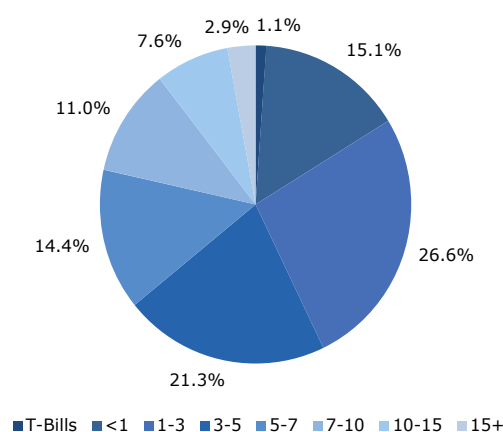
Source: MoF

Figure 7: Structure of Domestic Bonds by Holder Type as of 30/9/2016



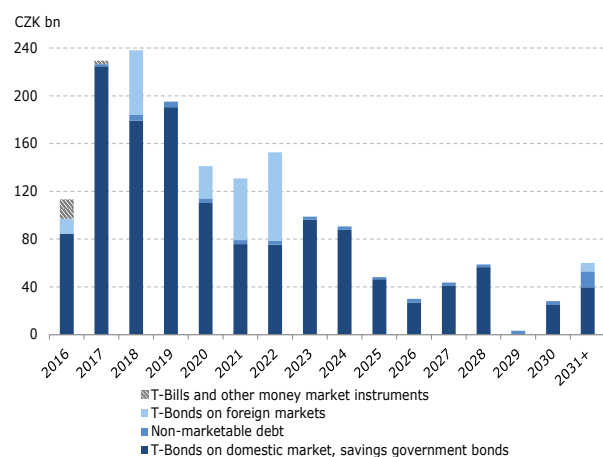
Note: Involves T-Bonds issued on domestic market, savings government bonds and T-Bills.
Source: MoF, CDCP

Figure 8: Structure of Government Bonds by Residual Time to Maturity as at 30/9/2016



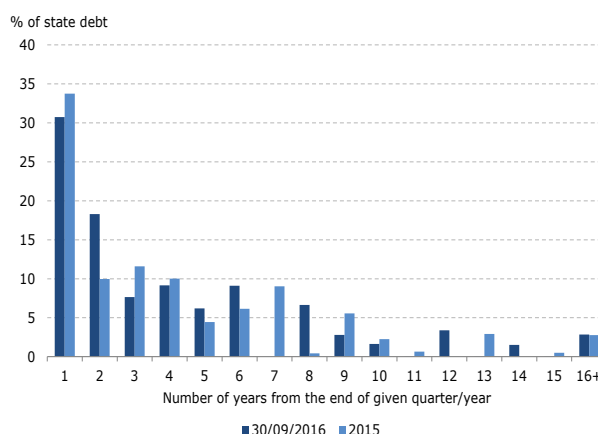
Note: Involves T-Bonds issued on domestic and foreign markets, savings government bonds and T-Bills.
Source: MoF

Figure 9: Maturity Profile of State Debt



Note: Non-marketable debt excludes savings government bonds. Foreign issues incl. hedging of the foreign-currency principal.
Source: MoF

Figure 10: Re-fixing Profile of State Debt



Note: End of Q3 2016 compared with the end of 2015. Incl. derivative transactions.
Source: MoF

Table 13: State Debt Parameters

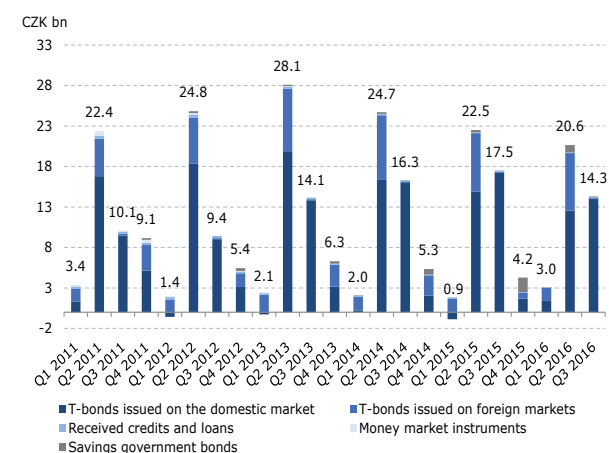
	30/9/2015	31/12/2015	31/3/2016	30/6/2016	30/9/2016
Total state debt (CZK bn)	1,663.0	1,673.0	1,694.7	1,691.3	1,660.1
Market value of state debt (CZK bn) ¹	1,901.6	1,913.5	1,940.5	1,920.4	1,888.3
Short-term state debt (%)	12.4	16.4	13.5	17.2	15.8
Medium-term state debt (%)	58.1	59.4	58.5	60.6	63.1
State treasury bills (%)	6.3	5.0	4.7	3.4	1.1
Other money market instruments (%)	0.6	0.2	0.1	0.0	0.1
Average time to maturity (years)	5.3	5.1	5.1	5.0	5.0
Interest re-fixing up to 1 year (%)	34.5	33.7	30.9	34.7	30.7
Average time to re-fixing (years)	4.1	4.0	3.9	3.9	3.9
Variable-rate state debt (%)	20.3	19.9	19.7	19.4	19.2
Modified duration (years)	4.0	3.9	3.9	3.9	3.9
State debt level net foreign currency exposure (%)	11.0	10.9	10.9	11.1	11.2
Interest expenditure on state debt net foreign currency exposure (%)	9.8	10.2	10.2	10.3	10.4
Foreign currency state debt (%)	14.3	13.6	13.5	13.6	13.8
Share of € in state debt level net foreign currency exposure (%)	89.9	89.8	89.9	89.5	89.5
Share of € in interest expenditure on state debt net foreign currency exposure (%)	100.0	100.0	100.0	100.0	100.0
Non-marketable state debt (%) ²	3.5	3.5	3.4	3.4	3.4
Share of savings government bonds on state debt (%)	4.7	4.0	3.9	3.5	3.6
Marketable state debt (CZK bn)	1,527.1	1,548.1	1,570.2	1,574.0	1,543.8
Market value of marketable state debt (CZK bn) ¹	1,757.4	1,782.2	1,809.4	1,797.3	1,766.2
Short-term marketable state debt (%)	12.2	15.7	12.6	16.4	15.0
Medium-term marketable state debt (%)	57.2	58.8	57.8	60.1	62.8
State treasury bills (%)	6.9	5.5	5.0	3.7	1.1
Other money market instruments (%)	0.7	0.2	0.1	0.0	0.1
Average time to maturity (years)	5.3	5.1	5.0	4.9	5.0
Interest re-fixing up to 1 year (%)	32.5	30.8	27.9	31.8	27.6
Average time to re-fixing (years)	4.3	4.2	4.1	4.1	4.1
Variable-rate marketable state debt (%)	18.3	17.7	17.7	17.3	17.1
Modified duration (years)	4.2	4.1	4.0	4.1	4.1
Marketable state debt level net foreign currency exposure (%)	11.9	11.8	11.8	11.9	12.0
Interest expenditure on marketable state debt net foreign currency exposure (%)	10.7	11.0	11.0	11.1	11.2
Foreign-currency marketable state debt (%)	15.5	14.7	14.5	14.6	14.8
Share of € in marketable state debt level net foreign currency exposure (%)	89.9	89.8	89.9	89.5	89.5
Share of € in interest expenditure on marketable state debt net foreign currency exposure (%)	100.0	100.0	100.0	100.0	100.0

¹ Incl. derivatives.² Excl. savings government bonds.

Source: MoF

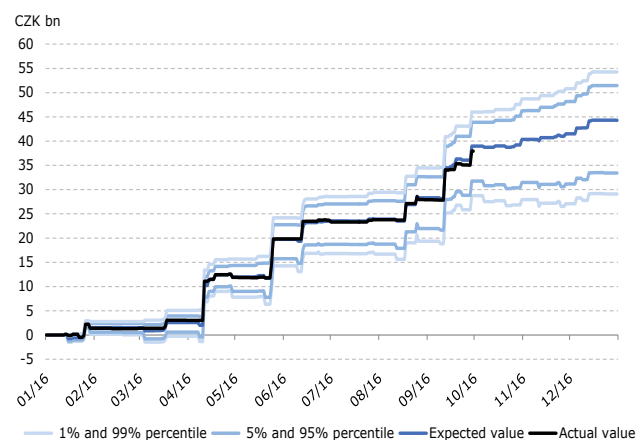
5 – State Debt Service Expenditure and Cost-at-Risk

Figure 11: Net Interest Expenditure on State Debt in 2011 to 2016



Source: MoF

Figure 12: Actual vs. Simulated Net Interest Expenditure on State Debt in 2016



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

Table 14: Budget Expenditure and Revenue of the State Debt Chapter in 2016

CZK mil.	Actual Q1 - Q3 2015	Budget 2016 Approved	Budget 2016 After changes	Actual Q1 - Q3 2016	% Execution	Index 2016/2015 (%)
1. Total interest expenditure and revenue	47,232	51,766	46,544	37,943	81.5	80.3
	(-) 6,365	-	-	-	-	-
Internal debt	37,824	40,331	35,109	28,820	82.1	76.2
	(-) 6,353	-	-	-	-	-
Money market instruments	18	(-) 44	(-) 44	(-) 127	292.2	- 690.5
	(-) 92	-	-	-	-	-
Savings government bonds	325	3,142	3,142	1,025	32.6	315.7
T-Bonds on domestic market	37,480	37,232	32,010	27,922	87.2	74.5
	(-) 6 260	-	-	-	-	-
External debt	9,409	11,430	11,430	9,123	79.8	97.0
	(-) 12	-	-	-	-	-
T-Bonds on foreign markets	9,095	10,450	10,450	8,841	84.6	97.2
	(-) 12	-	-	-	-	-
Received credits and loans	314	979	979	282	28.9	90.0
Bank accounts	-	5	5	0	-4.4	-
	0	-	-	-	-	-
Revenue (-) and expenditure (+) from account deposits	-	5	5	0	-4.4	-
	0	-	-	-	-	-
2. Fees	173	550	550	154	28.0	89.3
	0	-	-	0	-	94.2
Total chapter balance	41,040	52,316	47,094	38,097	80.9	92.8

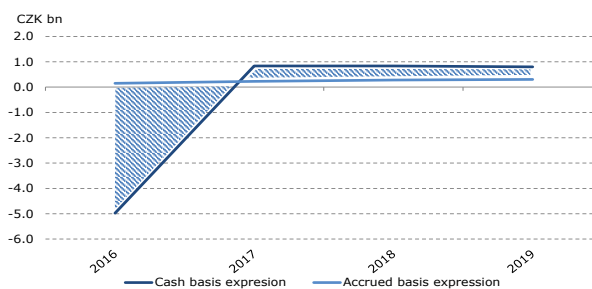
Note: (-) means revenue (gains).
Source: MoF

Table 15: Expected vs. Actual Net Interest Expenditure

CZK bn	Q1 - Q3 2015	Q1 - Q3 2016
Actual expenditure	40.9	37.9
Expected expenditure	41.1	39.0
CaR 95%	47.8	43.9
CaR 99%	51.0	46.0
Difference between expectation and reality	0.2	1.0

Source: MoF

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



Source: MoF

Table 16: Interest Expenditure and Accrued Costs of the Newly Issued State Debt

CZK bn	Nominal value	Net interest expenditure/accrued costs			
		2016F	2017F	2018F	2019F
Cash basis expression	159.6	-5.0	0.8	0.8	0.8
Accrued basis expression	159.6	0.2	0.2	0.3	0.3
Gross issuance of T-Bonds	130.2	0.2	0.2	0.3	0.3
Gross issuance of T-Bills	29.4	0.0	0.0	-	-

Source: MoF

6 – Evaluation of the Primary Dealers in Q4 2015 to Q3 2016

Starting from Q1 2016, the adjusted methodology for primary dealer evaluation has been implemented. The methodology is based only on quantitative criteria for performance on primary and secondary market of government bonds.

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 17: Overall Evaluation of Primary Dealers in Q4 2015 to Q3 2016

Ranking	Primary Dealer	Points
1 st	KBC Bank NV / Československá obchodní banka, a.s.	72.5
2 nd	Citibank Europe plc	63.1
3 rd	PPF banka a.s.	59.7
4 th	Erste Group Bank AG / Česká spořitelna, a.s.	49.8
5 th	Société Générale / Komerční banka, a.s.	45.2
6 th	J.P. Morgan Securities Ltd.	42.2
7 th	UniCredit Bank Czech Republic and Slovakia, a.s.	35.3

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

Table 18: Primary Market in Q4 2015 to Q3 2016

Ranking	Primary Dealer	Points
1 st	KBC Bank NV / Československá obchodní banka, a.s.	35.0
2 nd	PPF banka a.s.	31.2
3 rd	Citibank Europe plc	30.9
4 th	Erste Group Bank AG / Česká spořitelna, a.s.	29.8
5 th	Société Générale / Komerční banka, a.s.	26.4
6 th	J.P. Morgan Securities Ltd.	23.0
7 th	UniCredit Bank Czech Republic and Slovakia, a.s.	19.0

*Note: Maximum possible points in Q4 2015 is 45, maximum possible points in Q1, Q2 and Q3 2016 is 55. The total evaluation is given by the arithmetic mean.
Source: MoF*

Table 19: Secondary Market in Q4 2015 to Q3 2016

Ranking	Primary Dealer	Points
1 st	KBC Bank NV / Československá obchodní banka, a.s.	34.0
2 nd	Citibank Europe plc	28.9
3 rd	PPF banka a.s.	25.7
4 th	Erste Group Bank AG / Česká spořitelna, a.s.	16.8
5 th	J.P. Morgan Securities Ltd.	16.3
6 th	Société Générale / Komerční banka, a.s.	15.8
7 th	UniCredit Bank Czech Republic and Slovakia, a.s.	14.2

*Note: Maximum possible points in Q4 2015 is 40, maximum possible points in Q1, Q2 and Q3 2016 is 45. The total evaluation is given by the arithmetic mean.
Source: MoF*

This publication was prepared based on the information available on 21 October 2016
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www.mfcr.cz/statedebt

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