



Ministry of Finance

Debt and Financial Assets
Management Department

Debt Portfolio Management Quarterly Report

1st - 3rd Quarter of 2018



19 October 2018

Ministry of Finance

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List of Abbreviations

APEI	Aggregate Performance Evaluation Index
bn	Billion
CCY	Currency
CDCP	Central Securities Depository Prague
CNB	Czech National Bank
CZK	Czech koruna currency code
CZSO	Czech Statistical Office
ESA 2010	European System of Accounts 2010
EUR	Euro currency code
FX	Foreign exchange
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

The Ministry of Finance (hereinafter the Ministry or MoF) presents, in accordance with the calendar of published information, the Debt Portfolio Management Quarterly Report, which contains in particular the evaluation of the announced strategic targets, the operational fulfilment of the funding programme and issuance activity plans specified in The Czech Republic Funding and Debt Management Strategy for 2018 published on 22 December 2017 and The Czech Republic Funding and Debt Management Strategy 2018 - Second Half Update published on 29 June 2018 (hereinafter the Strategy), and further includes a regular quarterly performance evaluation of primary dealers in Czech government securities for the period from the fourth quarter of 2017 to the third quarter of 2018.

During the third quarter of 2018, the Ministry continued to issue and sell medium-term and long-term government bonds on domestic market. The total gross issue carried out on primary market via twelve auctions in six auction days amounted to CZK 67.3 billion. These were re-opened, primarily fixed-interest rate issues of already issued medium-term and long-term government bonds, especially at the longer end of the yield curve, when the average residual time to maturity of these government bonds was 8.6 years. For the first three quarters of 2018, the Ministry sold medium-term and long-term government bonds on primary market in total nominal value of CZK 240.5 billion with the average yield of 1.87% p.a. and the average residual time to maturity of 8.9 years.

The issuance of medium-term and long-term government bonds on primary market during the third quarter of 2018 was supplemented by secondary market operations, when the Ministry sold medium-term and long-term government bonds in total nominal value of CZK 2.2 billion in tap sales and CZK 1.1 billion in exchange operations. For the tap sales and exchange operations of government bonds, the Ministry acceded to the management of the average time to maturity of the state debt portfolio and also on the basis of recorded demand for these bonds from primary dealers. For the first three quarters of 2018, the Ministry sold medium-term and long-term government bonds on secondary market in a total nominal value of CZK 5.6 billion with the average yield of 1.92% p.a. and the average residual time to maturity of 10.5 years.

During the third quarters of 2018, the Ministry successfully redeemed Czech Republic Treasury

Bond, 2003 - 2018, 4.60 % in total nominal value of CZK 74.4 billion and within exchange operations the Ministry bought-back medium-term and long-term government bonds in total nominal value of CZK 1.1 billion with maturity in 2019. The total nominal value of the net issue of medium-term and long-term government bonds on domestic market amounted to CZK -4.9 billion in the third quarter of 2018 and CZK 60.3 billion in the first three quarters. In the area of issuance of medium-term and long-term government bonds on foreign markets, the Ministry did not carry out any borrowing operations in the third quarter of 2018.

In the third quarter of 2018, state treasury bills in total nominal value of CZK 5.3 billion with the average yield to maturity of 0.98% p.a. were sold in three auctions. In the first three quarters, the Ministry sold state treasury bills in total nominal value of CZK 179.8 billion with the average yield to maturity of 0.39% p.a. All these state treasury bills mature in this year. The Ministry sold state treasury bills for the purpose of taking advantage of low yields at the short end of the yield curve, while the obtained financial resources are not primarily involved in covering the financing needs, but were further invested in the money market at a higher yield than they were obtained for. The Ministry is still able to achieve additional state budget revenues resulting from the issuance of state treasury bills and the efficient investment of financial resources even after the end of the use the exchange rate as a monetary policy instrument in 2017 and the gradual increase of basic interest rates by the Czech National Bank since then. In the third quarter of 2018, the total nominal value of redemptions of state treasury bills amounted to CZK 36.9 billion, the total nominal value of net issue amounted to CZK -31.6 billion in this quarter, in the first three quarters it was CZK -1.5 billion.

In the third quarter of 2018, no tranches of savings government bonds were issued, nor any planned redemptions were carried out. There was also no early redemption before maturity date due to the holder's exercise of this option. The net issue of savings government bonds amounted to CZK -6.9 billion in the first to third quarters of 2018. In the area of received credits and loans from international financial institutions, no loan tranche from European Investment Bank was drawn in the third quarter, only planned and early repayments of loans amounting to CZK 3.5 billion were carried out. In the first three quarters of 2018 repayments amounting to CZK 5.8 billion were carried out.

Revenues from Investing Liquidity of State Treasury and Savings in the State Budget

The Ministry continues to invest disponibal liquidity of state treasury on financial markets, thus achieving additional significant revenues of the state budget. When investing CZK-denominated liquidity, the Ministry achieved net revenues of CZK 1.3 billion in the first three quarters of 2018, which represents more than fourfold higher than in the year 2017. After taking into account other operations (foreign exchange swaps, government bond lending facilities, etc.) net revenues from state treasury liquidity management amounted to CZK 1.5 billion.

The Ministry continues to use favourable conditions on money market, when it is able to issue state treasury bills at a lower yield than it is able to achieve from investing financial resources received. This interest differential represents another

revenue to the state budget, the Ministry received CZK 178 million in accrual terms for the first three quarters.

The Ministry is able to achieve other state budget savings through the purchase of euro funds on spot foreign exchange market, which are intended for payments of foreign currency expenditures of the state budget chapters (e.g. chapters of Ministry of Foreign Affairs, General Treasury Management, etc.). The Ministry is able to obtain more advantageous exchange rate on spot foreign exchange market than the Czech National Bank offers to mediate the transaction on the basis of its current exchange rate list. For the first three quarters, the Ministry has already saved CZK 38.0 million by providing operations amounted to EUR 380 million.

Czech Republic Rating Improvement

The third quarter of 2018 was exceptionally successful in improving the rating of the Czech Republic government. On 3 August 2018, the international rating agency Fitch increased the rating of the Czech Republic's long-term liabilities in both domestic and foreign currencies to an excellent AA- with a stable outlook, joining the rating agencies JCR and Standard & Poor's, which have already affirmed high rating of the Czech Republic a few days earlier. Better rating of the financial liabilities of the Czech Republic enables the Ministry to finance the state debt more economically, as well as other entities

in the economy, whose credit rating depends on the rating of the Czech Republic as a whole.

All three international rating agencies are positive particularly about the excellent state of public finances in the form of surplus government spending, the strong and sustainable growth of the Czech economy and the stable banking sector. In fiscal policy further agencies appreciate the low government debt-to-GDP and the steadily low costs of servicing the government debt.

Successful Coverage of Expected Financing Needs in 2018

In the first three quarters of 2018, the Ministry almost fully covered the planned financing needs for this year by issuance activity, when it is expected to achieve a much better state budget performance than the approved amount. The financing needs were covered mainly by the sale of medium-term and long-term government bonds in total nominal value of CZK 246.1 billion, while the historically highest gross issue of these government bonds on domestic market reflects a high interest from

primary dealers. The average time to maturity of the newly issued medium-term and long-term government bonds was 9.0 years, in line with the Strategy, the Ministry approaches the medium-term target for the average time to maturity of the debt portfolio, which is set at 6.0 years. The average time to maturity of the debt portfolio at the end of the third quarter was 5.4 years, which is 0.5 years more than at the end of 2017.

1 – Borrowing Requirement and Development of State Debt

Table 1: Structure and Balance of the Debt Portfolio

CZK bn	2016	2017	30/9/2018
Gross state debt	1,613.4	1,624.7	1,671.4
T-Bills	4.2	44.0	42.5
Other money market instruments	0.0	0.0	50.7
Received collateral in cash	0.0	0.0	0.0
T-Bonds issued on domestic market	1,301.6	1,305.4	1,365.7
T-Bonds issued on foreign markets	213.5	202.6	152.5
Savings government bonds	37.8	21.5	14.6
Received credits and loans ¹	56.3	51.2	45.4
Promissory notes	0.0	0.0	0.0
Share of GDP (%)²	33.8	32.2	31.9

¹ Credits and loans received from international financial institutions.

² GDP in the ESA 2010 methodology. The source of data for Q1 2016 – Q2 2018 is CZSO, for Q3 2018 the Macroeconomic Forecast of the Czech Republic – July 2018. Source: MoF, CZSO

Table 2: Financing Needs and Sources

CZK bn	2016	2017	Q1 - Q3 2018
Primary balance of state budget	-102.4	-33.6	-49.4
Net expenditure on state debt ¹	40.7	39.8	32.6
T-Bonds redemptions ²	157.8	209.4	237.2
Redemptions and early redemptions on savings government bonds	30.2	16.9	7.0
T-Bills redemptions ³	84.4	4.2	44.0
Other money market instrument redemptions ³	2.2	0.0	0.0
Repayments on credits and loans ⁴	1.7	5.1	5.8
Total financing needs	214.5	241.7	277.2
Gross T-Bills issue ^{3, 5}	4.2	44.0	42.5
Other money market instrument ³	0.0	0.0	50.9
Received collateral in cash	0.0	0.0	0.0
Gross issue of T-Bonds on domestic market ⁵	211.6	213.1	246.1
Gross issue of T-Bonds on domestic market up to 5 years ^{5, 6}	119.6	84.2	43.6
Gross issue of T-Bonds on domestic market from 5 to 10 years ^{5, 6}	48.4	70.9	91.9
Gross issue of T-Bonds on domestic market over 10 years ^{5, 6}	43.7	58.0	110.6
Gross issue of T-Bonds on foreign markets ⁵	0.0	0.0	0.0
Gross issue of savings government bonds ⁷	1.0	0.6	0.1
Received credits and loans ⁴	0.0	0.0	0.0
Financial asset and liquidity management	-2.3	-16.1	-62.3
Total financing sources	214.5	241.7	277.2
Gross borrowing requirement	216.9	257.7	339.6

¹ Balance of the budgetary chapter 396 – State Debt.

² Incl. 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 Credits and loans received from international financial institutions.

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

⁶ Residual 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	2016	2017	Q1 - Q3 2018
Gross state debt as at 1 January	1,673.0	1,613.4	1,624.7
Primary state budget balance	-102.4	-33.6	-49.4
Net expenditure on state debt service ¹	40.7	39.8	32.6
Financial asset and liquidity management operations	2.3	16.1	62.3
Net borrowing requirement	-59.4	22.2	45.6
T-Bills net issue	-80.2	39.8	-1.5
Net change in the balance of other money market instruments	-2.2	0.0	50.9
T-Bonds net issue on domestic market	66.4	3.8	60.3
T-Bonds net issue on foreign markets	-12.6	0.0	-51.4
Savings government bonds net issue	-29.2	-16.3	-6.9
Net change in balance of received credits and loans ²	-1.7	-5.1	-5.8
Financing of net borrowing requirement	-59.4	22.2	45.6
Revaluation of state debt ³	-0.2	-10.9	1.1
Promissory notes net change	0.0	0.0	0.0
Gross state debt change	-59.6	11.3	46.7
Gross state debt as at the end of period	1,613.4	1,624.7	1,671.4

¹ Balance of budgetary chapter 396 – State debt.

² Credits and loans received from international financial institutions.

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 within the lending facilities provided from the nuclear portfolio.

Source: MoF

2 – Primary Market of Government Bonds

Table 4a: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2018

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, 2.40 %, 25	89 15	3/1	5/1	17/9/2025	CZK	2,000,000,000	2,050,000,000
ČR, 0.25 %, 27	100 8	3/1	5/1	10/2/2027	CZK	4,000,000,000	3,660,800,000
ČR, 4.20 %, 36	49 12	3/1	5/1	4/12/2036	CZK	1,000,000,000	20,000,000
ČR, 0.45 %, 23	97 16	17/1	19/1	25/10/2023	CZK	4,000,000,000	1,490,000,000
ČR, 2.50 %, 28	78 23	17/1	19/1	25/8/2028	CZK	4,000,000,000	4,000,000,000
ČR, 2.00 %, 33	103 4	17/1	19/1	13/10/2033	CZK	4,000,000,000	1,700,000,000
ČR, 4.70 %, 22	52 13	7/2	9/2	12/9/2022	CZK	2,000,000,000	2,276,450,000
ČR, 0.25 %, 27	100 9	7/2	9/2	10/2/2027	CZK	4,000,000,000	4,543,730,000
ČR, 0.95 %, 30	94 14	7/2	9/2	15/5/2030	CZK	4,000,000,000	5,827,390,000
ČR, 0.75 %, 21	104 1	21/2	23/2	23/2/2021	CZK	4,000,000,000	1,978,200,000
ČR, 1.00 %, 26	95 13	21/2	23/2	26/6/2026	CZK	4,000,000,000	4,366,310,000
ČR, 2.75 %, 29	105 1	21/2	23/2	23/7/2029	CZK	4,000,000,000	4,276,540,000
ČR, 0.45 %, 23	97 17	7/3	9/3	25/10/2023	CZK	4,000,000,000	4,035,000,000
ČR, 2.50 %, 28	78 24	7/3	9/3	25/8/2028	CZK	4,000,000,000	4,535,000,000
ČR, 2.00 %, 33	103 5	7/3	9/3	13/10/2033	CZK	4,000,000,000	4,130,000,000
ČR, 0.75 %, 21	104 2	21/3	23/3	23/2/2021	CZK	4,000,000,000	5,012,760,000
ČR, 2.40 %, 25	89 16	21/3	23/3	17/9/2025	CZK	4,000,000,000	3,357,670,000
ČR, 2.75 %, 29	105 2	21/3	23/3	23/7/2029	CZK	4,000,000,000	6,002,470,000
ČR, 4.70 %, 22	52 14	11/4	13/4	12/9/2022	CZK	4,000,000,000	4,433,830,000
ČR, 0.25 %, 27	100 10	11/4	13/4	10/2/2027	CZK	5,000,000,000	6,431,980,000
ČR, 0.95 %, 30	94 15	11/4	13/4	15/5/2030	CZK	5,000,000,000	6,981,450,000
ČR, 0.75 %, 21	104 3	25/4	27/4	23/2/2021	CZK	6,000,000,000	5,292,990,000
ČR, 2.75 %, 29	105 3	25/4	27/4	23/7/2029	CZK	6,000,000,000	8,184,850,000
ČR, 2.00 %, 33	103 6	25/4	27/4	13/10/2033	CZK	5,000,000,000	4,463,880,000
ČR, 0.45 %, 23	97 18	9/5	11/5	25/10/2023	CZK	6,000,000,000	1,835,000,000
ČR, 0.25 %, 27	100 11	9/5	11/5	10/2/2027	CZK	6,000,000,000	5,030,000,000
ČR, 4.20 %, 36	49 13	9/5	11/5	4/12/2036	CZK	3,000,000,000	1,073,000,000
ČR, 4.70 %, 22	52 15	23/5	25/5	12/9/2022	CZK	4,000,000,000	1,424,560,000
ČR, 1.00 %, 26	95 14	23/5	25/5	26/6/2026	CZK	6,000,000,000	5,776,000,000
ČR, 0.95 %, 30	94 16	23/5	25/5	15/5/2030	CZK	6,000,000,000	6,580,530,000
ČR, 0.75 %, 21	104 4	6/6	8/6	23/2/2021	CZK	5,000,000,000	5,293,000,000
ČR, 2.40 %, 25	89 17	6/6	8/6	17/9/2025	CZK	5,000,000,000	5,000,000,000
ČR, 2.75 %, 29	105 4	6/6	8/6	23/7/2029	CZK	7,000,000,000	8,217,000,000
ČR, 2.40 %, 25	89 18	13/6	15/6	17/9/2025	CZK	5,000,000,000	4,411,000,000
ČR, VAR %, 27	90 10	13/6	15/6	19/11/2027	CZK	5,000,000,000	4,859,000,000
ČR, 2.75 %, 29	105 5	13/6	15/6	23/7/2029	CZK	7,000,000,000	5,502,000,000
ČR, 0.75 %, 21	104 5	20/6	22/6	23/2/2021	CZK	5,000,000,000	5,041,160,000
ČR, 2.50 %, 28	78 25	20/6	22/6	25/8/2028	CZK	7,000,000,000	8,243,260,000
ČR, 2.75 %, 29	105 6	20/6	22/6	23/7/2029	CZK	7,000,000,000	5,884,230,000
ČR, 1.00 %, 26	95 15	11/7	13/7	26/6/2026	CZK	6,000,000,000	9,026,830,000
ČR, VAR %, 27	90 11	11/7	13/7	19/11/2027	CZK	4,000,000,000	3,156,740,000
ČR, 2.75 %, 29	105 7	25/7	27/7	23/7/2029	CZK	4,000,000,000	6,478,760,000
ČR, 2.00 %, 33	103 7	25/7	27/7	13/10/2033	CZK	4,000,000,000	3,337,380,000

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, VAR %, 23	63	21	8/8	10/8	18/4/2023	CZK	4,000,000,000	5,989,510,000
ČR, 2.40 %, 25	89	19	8/8	10/8	17/9/2025	CZK	6,000,000,000	7,211,840,000
ČR, VAR %, 27	90	12	22/8	24/8	19/11/2027	CZK	3,000,000,000	3,334,240,000
ČR, 2.75 %, 29	105	8	22/8	24/8	23/7/2029	CZK	7,000,000,000	10,265,030,000
ČR, 4.70 %, 22	52	16	5/9	7/9	12/9/2022	CZK	4,000,000,000	1,792,320,000
ČR, 4.20 %, 36	49	14	5/9	7/9	4/12/2036	CZK	2,000,000,000	2,323,000,000
ČR, 0.75 %, 21	104	6	19/9	21/9	23/2/2021	CZK	3,000,000,000	3,000,000,000
ČR, 2.40 %, 25	89	20	19/9	21/9	17/9/2025	CZK	5,000,000,000	11,395,940,000
Total								240,532,630,000

Source: MoF, CNB

Table 4b: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2018

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, 2.40 %, 25	89	15	2.40%	107.362	1.385	1.64	100.00	2.50
ČR, 0.25 %, 27	100	8	0.25%	88.545	1.614	1.20	82.50	9.02
ČR, 4.20 %, 36	49	12	4.20%	128.000	2.349	3.00	2.00	0.00
ČR, 0.45 %, 23	97	16	0.45%	95.530	1.259	1.49	37.25	0.00
ČR, 2.50 %, 28	78	23	2.50%	105.622	1.909	1.54	100.00	0.00
ČR, 2.00 %, 33	103	4	2.00%	95.106	2.376	1.15	41.25	1.25
ČR, 4.70 %, 22	52	13	4.70%	116.307	1.043	2.49	100.00	13.82
ČR, 0.25 %, 27	100	9	0.25%	87.462	1.769	1.58	100.00	13.59
ČR, 0.95 %, 30	94	14	0.95%	87.096	2.159	1.79	125.85	19.83
ČR, 0.75 %, 21	104	1	0.75%	99.546	0.904	1.18	43.25	6.21
ČR, 1.00 %, 26	95	13	1.00%	94.700	1.687	1.55	100.00	9.16
ČR, 2.75 %, 29	105	1	2.75%	107.244	2.033	1.55	100.00	6.91
ČR, 0.45 %, 23	97	17	0.45%	95.646	1.256	1.30	100.00	0.88
ČR, 2.50 %, 28	78	24	2.50%	105.443	1.920	1.95	113.38	0.00
ČR, 2.00 %, 33	103	5	2.00%	94.511	2.426	1.17	100.00	3.25
ČR, 0.75 %, 21	104	2	0.75%	99.544	0.909	1.75	115.13	10.19
ČR, 2.40 %, 25	89	16	2.40%	105.313	1.639	1.20	75.28	8.67
ČR, 2.75 %, 29	105	2	2.75%	106.346	2.113	1.62	135.13	14.94
ČR, 4.70 %, 22	52	14	4.70%	116.234	0.928	1.76	100.00	10.85
ČR, 0.25 %, 27	100	10	0.25%	89.144	1.577	1.83	110.14	18.50
ČR, 0.95 %, 30	94	15	0.95%	89.103	1.972	1.66	119.90	19.73
ČR, 0.75 %, 21	104	3	0.75%	99.679	0.865	1.23	79.00	9.22
ČR, 2.75 %, 29	105	3	2.75%	108.529	1.898	1.42	121.42	15.00
ČR, 2.00 %, 33	103	6	2.00%	97.086	2.224	1.18	79.50	9.78
ČR, 0.45 %, 23	97	18	0.45%	95.947	1.222	1.20	30.58	0.00
ČR, 0.25 %, 27	100	11	0.25%	88.468	1.677	1.14	83.83	0.00
ČR, 4.20 %, 36	49	13	4.20%	125.813	2.452	1.16	35.77	0.00
ČR, 4.70 %, 22	52	15	4.70%	114.545	1.205	1.47	33.50	2.11
ČR, 1.00 %, 26	95	14	1.00%	93.622	1.856	1.10	93.88	2.38
ČR, 0.95 %, 30	94	16	0.95%	86.515	2.247	1.34	100.00	9.68

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, 0.75 %, 21	104	4	0.75%	99.050	1.107	1.22	104.40	1.46
ČR, 2.40 %, 25	89	17	2.40%	104.406	1.749	1.14	100.00	0.00
ČR, 2.75 %, 29	105	4	2.75%	105.336	2.202	1.15	117.39	0.00
ČR, 2.40 %, 25	89	18	2.40%	103.550	1.872	1.12	88.22	0.00
ČR, VAR %, 27	90	10	VAR%	100.833	-19.167 ¹	1.80	97.18	0.00
ČR, 2.75 %, 29	105	5	2.75%	104.202	2.314	1.05	78.60	0.00
ČR, 0.75 %, 21	104	5	0.75%	98.702	1.246	1.09	95.90	4.92
ČR, 2.50 %, 28	78	25	2.50%	102.918	2.177	1.27	100.54	17.22
ČR, 2.75 %, 29	105	6	2.75%	103.870	2.347	1.14	79.46	4.60
ČR, 1.00 %, 26	95	15	1.00%	92.376	2.048	1.54	143.15	7.30
ČR, VAR %, 27	90	11	VAR%	100.070	-11.861 ¹	1.52	77.25	1.67
ČR, 2.75 %, 29	105	7	2.75%	105.046	2.225	1.37	155.70	6.27
ČR, 2.00 %, 33	103	7	2.00%	94.481	2.438	1.09	81.63	1.81
ČR, VAR %, 23	63	21	VAR%	103.985	-30.169 ¹	1.56	140.45	9.29
ČR, 2.40 %, 25	89	19	2.40%	102.742	1.982	1.30	109.98	10.21
ČR, VAR %, 27	90	12	VAR%	100.538	-17.747 ¹	4.35	100.00	11.14
ČR, 2.75 %, 29	105	8	2.75%	103.860	2.342	1.36	130.91	15.73
ČR, 4.70 %, 22	52	16	4.70%	112.060	1.576	1.50	42.82	1.99
ČR, 4.20 %, 36	49	14	4.20%	122.089	2.656	1.28	113.65	2.50
ČR, 0.75 %, 21	104	6	0.75%	97.751	1.704	1.34	100.00	0.00
ČR, 2.40 %, 25	89	20	2.40%	102.217	2.056	1.29	220.70	7.22
Average						1.49	94.83	6.29

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

Table 5: State Treasury Bills Issued in Q1 - Q3 2018

Issue no.	Maturity (weeks)	Auction date	Issue date	Maturity date	Max. offered nominal amount	Total placed nominal amount	Yield to maturity (% p.a.)
776	13	4/1	5/1	6/4/2018	5,000,000,000	12,650,000,000	0.175
777	13	11/1	12/1	13/4/2018	5,000,000,000	22,358,000,000	0.050
778	13	18/1	19/1	20/4/2018	5,000,000,000	4,928,000,000	0.050
779	13	25/1	26/1	27/4/2018	5,000,000,000	10,850,000,000	0.200
780	13	1/2	2/2	4/5/2018	5,000,000,000	1,610,000,000	0.300
781	13	8/2	9/2	11/5/2018	5,000,000,000	7,650,000,000	0.400
782	13	15/2	16/2	18/5/2018	5,000,000,000	30,843,000,000	0.400
783	13	22/2	23/2	25/5/2018	5,000,000,000	9,488,000,000	0.400
784	26	1/3	2/3	31/8/2018	5,000,000,000	16,260,000,000	0.520
785	26	8/3	9/3	7/9/2018	5,000,000,000	17,288,000,000	0.540
786	39	15/3	16/3	14/12/2018	5,000,000,000	2,078,000,000	0.500
787	39	22/3	23/3	21/12/2018	5,000,000,000	126,000,000	0.500
788	26	5/4	6/4	5/10/2018	5,000,000,000	5,927,000,000	0.500
789	13	12/4	13/4	13/7/2018	5,000,000,000	3,324,000,000	0.500
790	26	19/4	20/4	19/10/2018	5,000,000,000	1,309,000,000	0.500
791	26	26/4	27/4	26/10/2018	5,000,000,000	2,263,000,000	0.500
792	26	3/5	4/5	2/11/2018	5,000,000,000	1,955,000,000	0.500
793	26	10/5	11/5	9/11/2018	5,000,000,000	3,185,000,000	0.500
794	26	17/5	18/5	16/11/2018	5,000,000,000	2,503,000,000	0.550
795	26	24/5	25/5	23/11/2018	5,000,000,000	2,051,000,000	0.570
796	26	31/5	1/6	30/11/2018	5,000,000,000	14,990,000,000	0.590
797	26	7/6	8/6	7/12/2018	5,000,000,000	844,000,000	0.550
798	26	14/6	15/6	14/12/2018	5,000,000,000	19,000,000	0.550
799	13	9/8	10/8	9/11/2018	5,000,000,000	3,449,000,000	0.995
800	13	13/9	14/9	14/12/2018	5,000,000,000	494,000,000	1.000
801	13	20/9	21/9	21/12/2018	5,000,000,000	1,340,000,000	0.937
Total						179,782,000,000	0.391¹

¹ Average weighted yield to maturity.
Source: MoF, CNB

Table 6: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 30/9/2018

Issue name	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
ČR, 5.00 %, 19	56	CZ0001002471	11/4/2019	84,934,000,000	1,980,000,000
ČR, 0.00 %, 19	98	CZ0001004717	17/7/2019	70,000,000,000	0
ČR, 1.50 %, 19	76	CZ0001003834	29/10/2019	84,903,200,000	0
ČR, 0.00 %, 20	101	CZ0001005011	10/2/2020	42,513,880,000	7,540,000,000
ČR, 3.75 %, 20	46	CZ0001001317	12/9/2020	75,000,000,000	0
ČR, VAR %, 20	91	CZ0001004113	9/12/2020	33,923,370,000	2,050,000,000
ČR, 0.75 %, 21	104	CZ0001005367	23/2/2021	25,618,110,000	1,000,000,000
ČR, 3.85 %, 21	61	CZ0001002851	29/9/2021	76,535,000,000	1,100,000,000
ČR, 0.00 %, 22	102	CZ0001005029	24/2/2022	1,245,780,000	4,600,000,000
ČR, 4.70 %, 22	52	CZ0001001945	12/9/2022	87,324,900,000	569,000,000
ČR, VAR %, 23	63	CZ0001003123	18/4/2023	87,197,380,000	1,900,000,000
ČR, 0.45 %, 23	97	CZ0001004600	25/10/2023	47,289,100,000	2,000,000,000
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	98,431,590,000	1,500,000,000
ČR, 1.00 %, 26	95	CZ0001004469	26/6/2026	68,710,820,000	2,633,000,000
ČR, 0.25 %, 27	100	CZ0001005037	10/2/2027	44,600,460,000	2,300,000,000
ČR, VAR %, 27	90	CZ0001004105	19/11/2027	58,592,400,000	1,000,000,000
ČR, 2.50 %, 28	78	CZ0001003859	25/8/2028	98,644,410,000	1,355,590,000
ČR, 2.75 %, 29	105	CZ0001005375	23/7/2029	54,810,880,000	1,000,000,000
ČR, 0.95 %, 30	94	CZ0001004477	15/5/2030	67,977,460,000	956,000,000
ČR, 2.00 %, 33	103	CZ0001005243	13/10/2033	19,029,240,000	2,000,000,000
ČR, 4.20 %, 36	49	CZ0001001796	4/12/2036	39,394,370,000	480,000,000
ČR, 4.85 %, 57	53	CZ0001002059	26/11/2057	11,430,000,000	6,570,000,000
Total				1,365,706,350,000	44,933,590,000

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 within lending facilities.
Source: MoF

Table 7: Medium-Term and Long-Term Government Bonds Issued on Foreign Markets as at 30/9/2018

ISIN	CCY	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
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			5,750,000,000	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 within lending facilities.
Source: MoF

Table 8: Issued State Treasury Bills as at 30/9/2018

Issue no.	Maturity (weeks)	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
788	26	CZ0001005466	5/10/2018	5,927,000,000	0
790	26	CZ0001005482	19/10/2018	1,309,000,000	0
791	26	CZ0001005490	26/10/2018	2,263,000,000	0
792	26	CZ0001005508	2/11/2018	1,955,000,000	0
793	26	CZ0001005516	9/11/2018	3,185,000,000	0
799	13	CZ0001005573	9/11/2018	3,449,000,000	0
794	26	CZ0001005524	16/11/2018	2,503,000,000	0
795	26	CZ0001005532	23/11/2018	2,051,000,000	0
796	26	CZ0001005540	30/11/2018	14,990,000,000	0
797	26	CZ0001005557	7/12/2018	844,000,000	0
786	39	CZ0001005441	14/12/2018	2,078,000,000	0
798	26	CZ0001005565	14/12/2018	19,000,000	0
800	13	CZ0001005599	14/12/2018	494,000,000	0
787	39	CZ0001005458	21/12/2018	126,000,000	0
801	13	CZ0001005607	21/12/2018	1,340,000,000	0
Total				42,533,000,000	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 within lending facilities.
Source: MoF

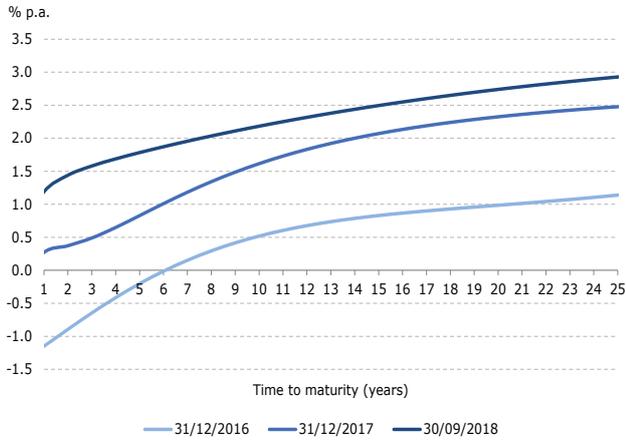
Table 9: Issued Savings Government Bonds as at 30/9/2018

Bond	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
Coupon savings government bond	85	CZ0001004188	12/12/2018	1,355,351,518	0
Reinvestment savings government bond	86	CZ0001004196	12/12/2018	8,047,669,308	0
Inflation-linked savings government bond	70	CZ0001003586	12/6/2019	1,911,735,401	0
Reinvestment savings government bond	92	CZ0001004303	12/6/2019	745,436,333	0
Inflation-linked savings government bond	83	CZ0001003990	12/6/2020	388,126,314	0
Inflation-linked savings government bond	87	CZ0001004204	12/12/2020	2,092,194,697	0
Variable-rate savings government bond	93	CZ0001004311	12/12/2020	30,581,090	0
Total				14,571,094,661	0

Source: MoF

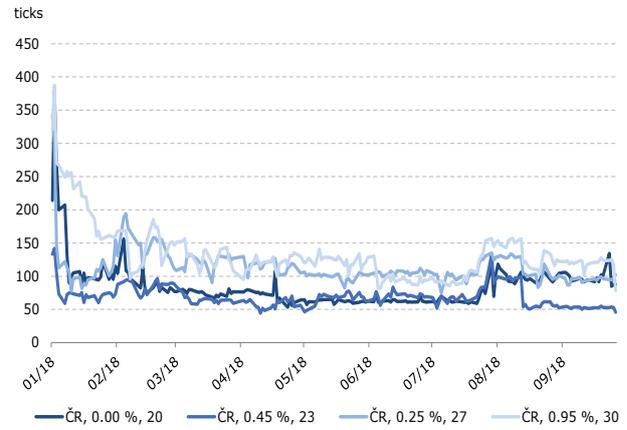
3 – Secondary Market of Government Bonds

Figure 1: Yield Curve of CZK-Denominated Government Bonds



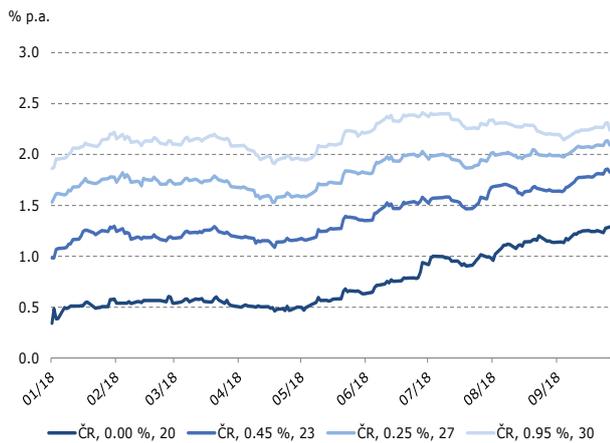
Note: "Par" yield curve of CZK-denominated fixed-rate government bonds is constructed on the basis the extended Nelson-Siegel model, called Svensson model.
Source: MoF, MTS

Figure 2: Bid-Offer Spreads of Selected Government Bonds



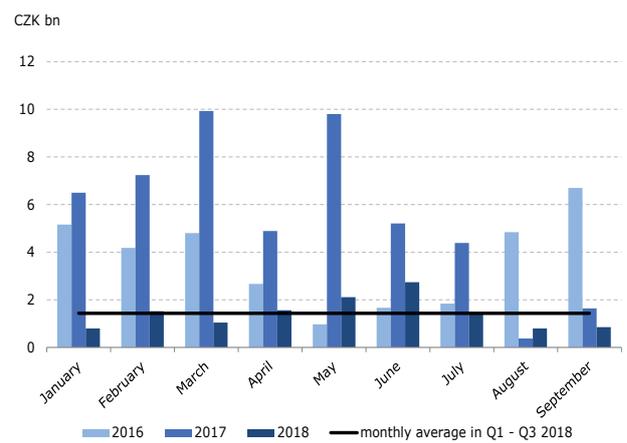
Source: MoF, MTS

Figure 3: Yields of Selected Government Bonds



Source: MoF, MTS

Figure 4: Traded Nominal Value on MTS Czech Republic



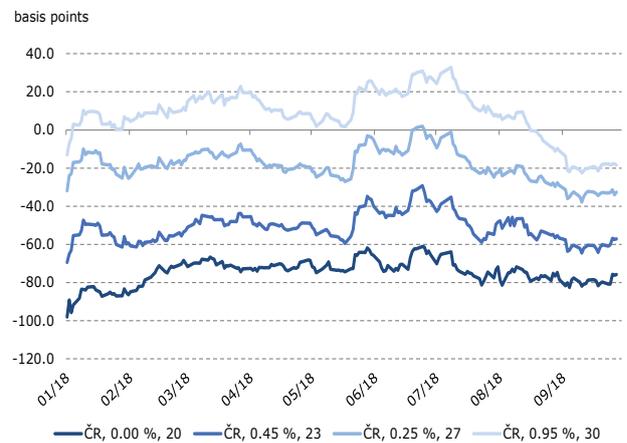
Source: MoF, MTS

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 2018

Issue name	ISIN	Collateral nominal amount	Financial resources received	Financial resources paid ¹
ČR, 0.00 %, 20	CZ0001005011	2,990,000,000	2,946,165,500.00	2,946,112,379.00
ČR, 3.85 %, 21	CZ0001002851	840,000,000	936,918,655.55	936,900,422.00
ČR, 0.00 %, 22	CZ0001005029	50,000,000	47,621,000.00	47,620,074.04
ČR, 0.45 %, 23	CZ0001004600	175,000,000	167,092,133.56	167,090,509.05
ČR, 5.70 %, 24	CZ0001002547	300,000,000	371,433,500.00	371,426,277.68
ČR, 1.00 %, 26	CZ0001004469	550,000,000	524,081,602.74	524,078,095.08
ČR, 0.25 %, 27	CZ0001005037	931,000,000	814,996,882.32	814,983,455.12
ČR, VAR %, 27	CZ0001004105	608,000,000	613,793,491.67	613,781,171.88
ČR, 2.50 %, 28	CZ0001003859	1,730,000,000	1,828,102,880.55	1,828,067,009.87
ČR, 2.75 %, 29	CZ0001005375	300,000,000	318,725,910.96	318,722,302.26
ČR, 0.95 %, 30	CZ0001004477	1,700,000,000	1,470,505,500.00	1,470,476,906.84
ČR, 2.00 %, 33	CZ0001005243	340,000,000	323,505,908.22	323,499,617.82
Total		10,514,000,000	10,362,942,965.57	10,362,758,220.64

¹ Incl. financial resources from this lending facilities realized in Q1 - Q3 2018, which has not been paid during this period.
Note: The average interest rate achieved under this lending facilities during Q1 - Q3 2018 amounted to -0.06% p.a.
Source: MoF

Table 10b: Realized Lending Facilities of Government Bonds in the Form of Collateralized Loans of Securities in Q1 - Q3 2018

Issue name	ISIN	Nominal value	Revenue ¹
ČR, 0.00 %, 20	CZ0001005011	390,000,000	42,136.59
ČR, VAR %, 20	CZ0001004113	170,000,000	28,167.83
ČR, 0.75 %, 21	CZ0001005367	350,000,000	28,474.78
ČR, 3.85 %, 21	CZ0001002851	1,221,000,000	411,382.56
ČR, 4.70 %, 22	CZ0001001945	1,247,000,000	264,112.99
ČR, 0.45 %, 23	CZ0001004600	234,000,000	31,432.63
ČR, 5.70 %, 24	CZ0001002547	2,187,000,000	689,162.50
ČR, 2.40 %, 25	CZ0001004253	1,137,000,000	178,026.66
ČR, 1.00 %, 26	CZ0001004469	466,000,000	45,561.87
ČR, 0.25 %, 27	CZ0001005037	5,578,000,000	1,187,289.51
ČR, VAR %, 27	CZ0001004105	1,673,000,000	260,278.77
ČR, 2.50 %, 28	CZ0001003859	2,688,000,000	423,014.45
ČR, 2.75 %, 29	CZ0001005375	50,000,000	4,556.74
ČR, 0.95 %, 30	CZ0001004477	1,342,000,000	312,285.73
ČR, 4.20 %, 36	CZ0001001796	180,000,000	32,207.54
ČR, 4.85 %, 57	CZ0001002059	46,000,000	23,037.48
Total		18,959,000,000	3,961,128.63

¹ Incl. financial revenue from this lending facilities realized in Q1 - Q3 2018, which has not been terminated during this period.
Source: MoF

Table 11: Realized Exchange Operations of Government Bonds in Q1 - Q3 2018

Settlement date	Issue name	Tap sale		Issue name	Buy-back	
		Nominal value	Average price		Nominal value	Average price
1/6/2018	ČR, 0.95 %, 30	150,000,000	86.500	ČR, 5.00 %, 19	150,000,000	103.632
4/6/2018	ČR, 0.95 %, 30	200,000,000	86.500	ČR, 5.00 %, 19	200,000,000	103.597
17/7/2018	ČR, 0.25 %, 27	100,000,000	86.352	ČR, 5.00 %, 19	100,000,000	102.902
20/7/2018	ČR, 0.95 %, 30	35,000,000	85.992	ČR, 5.00 %, 19	35,000,000	102.869
23/7/2018	ČR, 0.25 %, 27	50,000,000	86.900	ČR, 5.00 %, 19	50,000,000	102.836
23/7/2018	ČR, 0.95 %, 30	50,000,000	86.100	ČR, 5.00 %, 19	50,000,000	102.836
25/7/2018	ČR, 0.25 %, 27	50,000,000	87.000	ČR, 5.00 %, 19	50,000,000	102.814
9/8/2018	ČR, 0.95 %, 30	200,000,000	86.131	ČR, 5.00 %, 19	200,000,000	102.486
13/8/2018	ČR, 0.95 %, 30	140,000,000	86.200	ČR, 5.00 %, 19	140,000,000	102.445
29/8/2018	ČR, 0.95 %, 30	50,000,000	87.500	ČR, 1.50 %, 19	50,000,000	100.286
29/8/2018	ČR, 0.95 %, 30	200,000,000	87.500	ČR, 5.00 %, 19	200,000,000	102.280
19/9/2018	ČR, 0.95 %, 30	200,000,000	87.200	ČR, 1.50 %, 19	200,000,000	100.273
Total		1,425,000,000			1,425,000,000	

Source: MoF

Table 12: Realized Tap Sales of Government Bonds in Q1 - Q3 2018

Issue name	Issue no.	Settlement date	Maturity date	Average price	Nominal value
ČR, 4.85 %, 57	53	20/2/2018	26/11/2057	146.800	90,000,000
ČR, 0.95 %, 30	94	27/2/2018	15/5/2030	87.700	200,000,000
ČR, 4.20 %, 36	49	27/2/2018	4/12/2036	127.500	115,000,000
ČR, 4.85 %, 57	53	27/2/2018	26/11/2057	146.800	50,000,000
ČR, 0.95 %, 30	94	28/2/2018	15/5/2030	87.850	300,000,000
ČR, 4.20 %, 36	49	29/5/2018	4/12/2036	123.952	50,000,000
ČR, 4.85 %, 57	53	29/5/2018	26/11/2057	141.498	20,000,000
ČR, 4.70 %, 22	52	31/5/2018	12/9/2022	114.724	11,000,000
ČR, 4.20 %, 36	49	31/5/2018	4/12/2036	124.417	100,000,000
ČR, 4.20 %, 36	49	1/6/2018	4/12/2036	124.486	50,000,000
ČR, 4.70 %, 22	52	1/6/2018	12/9/2022	114.754	100,000,000
ČR, 4.20 %, 36	49	5/6/2018	4/12/2036	124.486	70,000,000
ČR, 4.70 %, 22	52	20/6/2018	12/9/2022	113.826	400,000,000
ČR, 4.70 %, 22	52	27/6/2018	12/9/2022	113.600	200,000,000
ČR, VAR %, 20	91	28/6/2018	9/12/2020	100.625	150,000,000
ČR, 4.70 %, 22	52	29/6/2018	12/9/2022	113.600	100,000,000
ČR, 4.70 %, 22	52	4/7/2018	12/9/2022	113.450	330,000,000
ČR, 4.70 %, 22	52	11/7/2018	12/9/2022	113.300	400,000,000
ČR, 4.70 %, 22	52	12/7/2018	12/9/2022	113.300	140,000,000
ČR, 4.70 %, 22	52	18/7/2018	12/9/2022	113.450	200,000,000
ČR, 4.70 %, 22	52	20/7/2018	12/9/2022	113.600	50,000,000
ČR, 2.40 %, 25	89	31/7/2018	17/9/2025	103.364	200,000,000
ČR, VAR %, 27	90	31/7/2018	19/11/2027	100.418	500,000,000
ČR, 4.85 %, 57	53	27/8/2018	26/11/2057	138.440	100,000,000
ČR, 4.20 %, 36	49	28/8/2018	4/12/2036	122.500	100,000,000
ČR, 4.20 %, 36	49	29/8/2018	4/12/2036	122.700	25,000,000
ČR, 4.20 %, 36	49	27/9/2018	4/12/2036	120.600	125,000,000
Total					4,176,000,000

Source: MoF

4 – Risk Management and Portfolio Strategy

Table 13: Targets, Limits and Risk Parameters of the Debt Portfolio

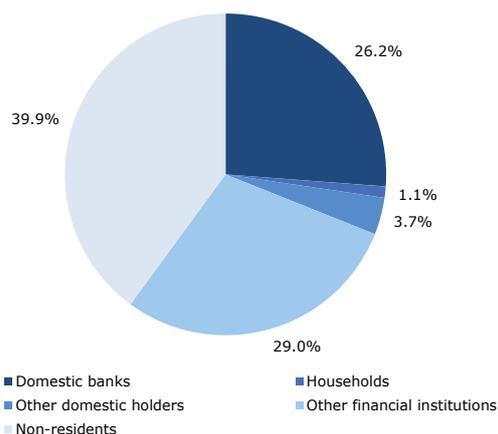
INDICATOR	Announced target for medium-term horizon	As at 30/9/2018
Short-term state debt	20.0% and less	15.8%
Medium-term state debt	70.0% and less	56.4%
Average time to maturity	6.0 years ¹	5.4 years
Interest re-fixing up to 1 year	30.0 to 40.0%	31.3%
Average time to re-fixing	4.0 years	4.7 years
Net foreign-currency exposure of state debt with the impact on state debt level	15.0% and less ²	10.7%
Net foreign-currency exposure with the impact of the level of interest expenditure on state debt service	15.0% and less ²	10.7%

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

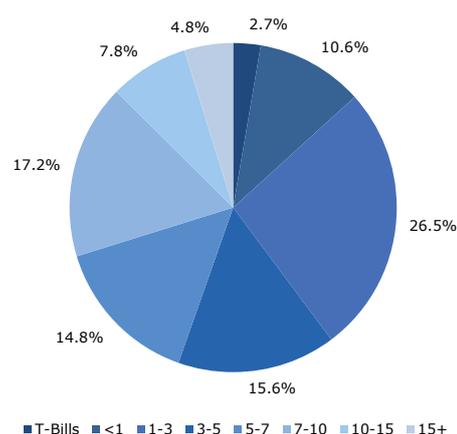
Figure 7: Structure of CZK-Denominated Government Bonds by Type of Holder



Note: Involves T-Bonds issued on domestic market, savings government bonds and T-Bills. As at 30/9/2018.

Source: MoF, CDCP, CNB

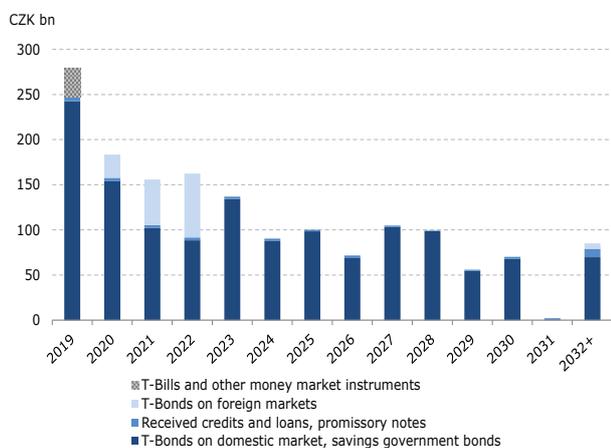
Figure 8: Structure of Government Bonds by Residual Time to Maturity



Note: Involves T-Bonds issued on domestic and foreign markets, savings government bonds and T-Bills. As at 30/9/2018.

Source: MoF

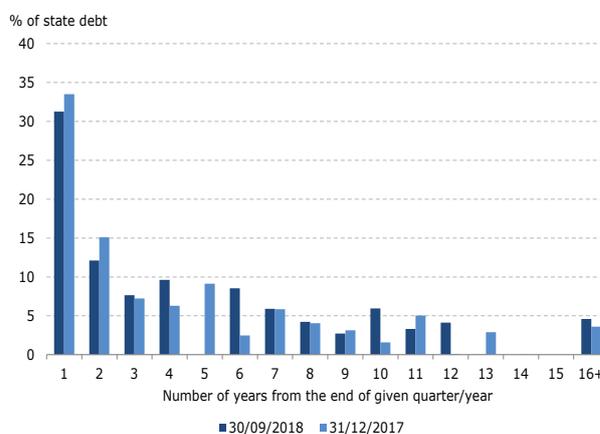
Figure 9: Maturity Profile of State Debt



Note: Received credits and loans include credits and loans received from international financial institutions. As at 30/9/2018.

Source: MoF

Figure 10: Re-fixing Profile of State Debt



Source: MoF

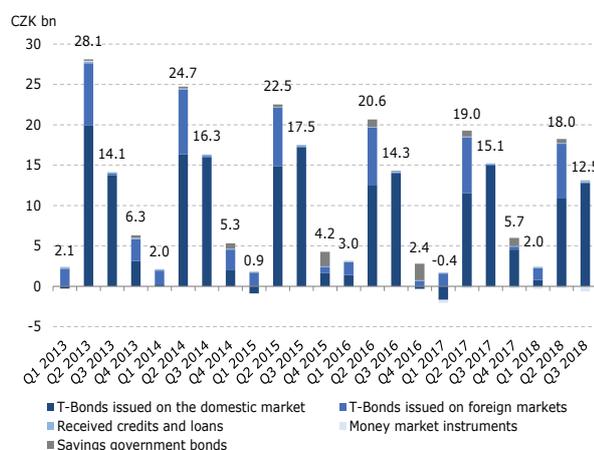
Table 14: State Debt Parameters

	30/9/2017	31/12/2017	31/3/2018	30/6/2018	30/9/2018
Total state debt (CZK bn)	1,610.1	1,624.7	1,712.1	1,713.5	1,671.4
Market value of state debt (CZK bn)	1,767.7	1,751.0	1,829.6	1,797.3	1,741.2
Short-term state debt (%)	20.4	18.5	19.0	17.5	15.8
Medium-term state debt (%)	65.5	62.3	61.1	60.7	56.4
State treasury bills (%)	0.0	2.7	10.5	4.3	2.5
Other money market instruments (%)	0.2	0.0	0.0	3.0	3.0
Average time to maturity (years)	4.9	5.0	4.8	5.2	5.4
Interest re-fixing up to 1 year (%)	35.5	33.5	33.3	32.1	31.3
Average time to re-fixing (years)	4.0	4.1	4.1	4.5	4.7
Variable-rate state debt (%)	12.8	12.7	11.9	12.2	13.1
Modified duration (years)	3.7	3.7	3.7	4.0	4.1
State debt level net foreign currency exposure (%)	11.2	10.9	10.4	10.5	10.7
Interest expenditure on state debt net foreign currency exposure (%)	11.3	11.0	10.4	10.6	10.7
Foreign currency state debt (%)	12.9	12.5	11.9	12.1	12.2
Share of € in state debt level net foreign currency exposure (%)	96.8	96.8	96.7	90.5	90.4
Share of € in interest expenditure on state debt net foreign currency exposure (%)	100.0	100.0	100.0	93.8	93.7
Non-marketable state debt (%) ¹	3.2	3.2	2.9	5.8	5.7
Share of savings government bonds on state debt (%)	1.9	1.3	1.3	0.9	0.9
Marketable state debt (CZK bn)	1,527.7	1,552.0	1,641.6	1,598.9	1,560.8
Market value of marketable state debt (CZK bn)	1,683.8	1,677.8	1,758.5	1,682.9	1,631.0
Short-term marketable state debt (%)	20.2	18.0	18.6	14.7	12.7
Medium-term marketable state debt (%)	65.7	62.6	61.3	59.7	55.0
State treasury bills (%)	0.0	2.8	11.0	4.6	2.7
Other money market instruments (%)	0.2	0.0	0.0	0.0	0.0
Average time to maturity (years)	4.9	4.9	4.8	5.3	5.6
Interest re-fixing up to 1 year (%)	33.4	31.1	31.2	27.9	27.1
Average time to re-fixing (years)	4.1	4.2	4.2	4.7	4.9
Variable-rate marketable state debt (%)	10.6	10.4	9.9	10.4	11.5
Modified duration (years)	3.8	3.8	3.8	4.2	4.3
Marketable state debt level net foreign currency exposure (%)	11.8	11.5	10.8	8.1	8.2
Interest expenditure on marketable state debt net foreign currency exposure (%)	11.9	11.5	10.8	8.1	8.2
Foreign-currency marketable state debt (%)	13.6	13.1	12.4	9.7	9.8
Share of € in marketable state debt level net foreign currency exposure (%)	96.8	96.8	96.7	95.3	95.4
Share of € in interest expenditure on marketable state debt net foreign currency exposure (%)	100.0	100.0	100.0	100.0	100.0

¹ Excl. savings government bonds.
Source: MoF

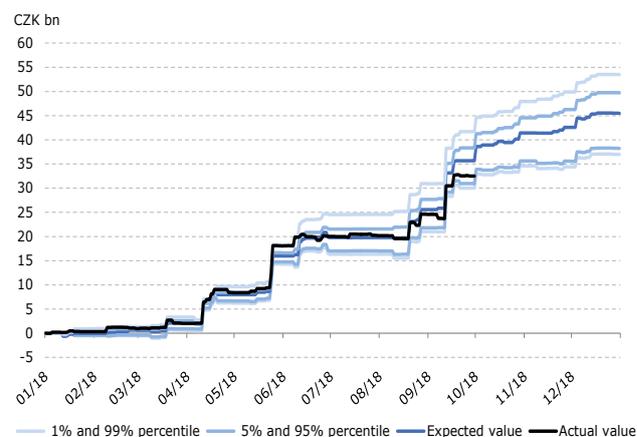
5 – State Debt Service Expenditure and Cost-at-Risk

Figure 11: Net Interest Expenditure on State Debt



Note: Received credits and loans include credits and loans received from international financial institutions.
Source: MoF

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



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

Table 15: Budget Expenditure and Revenue of the Chapter State Debt in 2018

CZK mil.	Actual Q1 - Q3 2017	Budget 2018		Actual Q1 - Q3 2018	% Execution	2018/2017 (%)
		Approved	After changes			
1. Total interest expenditure and revenue	34,078 (-) 384	44,843	44,543	32,521	73.0	95.4 0.0
Internal debt	26,832 (-) 2,051	34,611	34,311	23,784	69.3	88.6
Money market instruments	(-) 418 (-) 377	(-) 135	(-) 435	(-) 1,213	278.8	290.1
Savings government bonds	779 17	1,211	1,211	546	45.1	70.1
T-Bonds on domestic market	26,471 (-) 1,690	33,535	33,535	24,451	72.9	92.4
External debt	7,246 1,667	10,226	10,226	8,737	85.4	120.6
T-Bonds on foreign markets	7,062 1,590	9,625	9,625	8,359	86.8	118.4
Received credits and loans ¹	184 77	601	601	379	63.0	206.1
Payment accounts	0 0	5	5	0	-0.8	205.8 355.4
2. Fees	149 0	400	400	96 0	24.0	64.2 23.6
Total chapter balance	33,843	45,243	44,943	32,617	-	96.4

¹ Credits and loans received from international financial institutions.
Note: (-) means revenue (gains).
Source: MoF

Table 16: Overview of Budgetary Transfers from the Chapter State Debt Realized in Q1 - Q3 2018

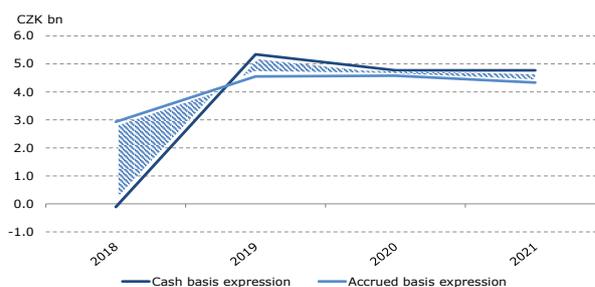
Chapter number	Chapter	Funds allocation	Amount (CZK)
329	Ministry of Agriculture	Mitigating of damage caused by drought on agricultural crops in 2017	300,000,000
Total			300,000,000

Source: MoF

Table 17: Expected vs. Actual Net Interest Expenditure

CZK bn	Q1 - Q3 2017	Q1 - Q3 2018
Actual expenditure	33.7	32.5
Expected expenditure	40.9	35.7
Cost-at-Risk 95%	43.4	38.3
Cost-at-Risk 99%	46.0	41.7
Difference between expectation and reality	7.2	3.1

Source: MoF

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


Source: MoF

Table 18: Interest Expenditure and Accrued Costs of the Newly Issued State Debt

CZK bn	Nominal value	Net interest expenditure/accrued costs			
		2018F	2019F	2020F	2021F
Cash basis expression	425.9	-0.1	5.3	4.8	4.8
Accrued basis expression	425.9	2.9	4.6	4.6	4.3
Gross issuance of T-Bonds	246.1	2.7	4.6	4.6	4.3
Gross issuance of T-Bills	179.8	0.3	-	-	-

Source: MoF

Table 19: FX Operations on Spot Market in Q1 - Q3 2018

Counterparty	Nominal value (EUR)	Nominal value (CZK)	Savings (CZK) ¹	Share of savings (%)
Credit Agricole Corporate and Investment Bank	271,564,150	6,970,522,088	25,367,088	66.8
PPF banka a.s.	63,325,056	1,611,852,999	7,470,533	19.7
Société Générale / Komerční banka, a.s.	33,666,664	859,849,099	3,784,001	10.0
J.P. Morgan Securities plc	3,772,214	96,711,541	465,473	1.2
UniCredit Bank Czech Republic and Slovakia, a.s.	3,467,957	89,438,609	378,007	1.0
Citibank Europe plc	2,625,991	66,763,195	322,997	0.9
KBC Bank NV / Československá obchodní banka, a.s.	1,253,161	31,723,773	190,480	0.5
Total	379,675,193	9,726,861,305	37,978,579	100.0

¹ State budget savings made through the intermediation of foreign currency payments from the state budget given by the exchange rate announced by the CNB and the exchange rate on spot market.

Source: MoF

6 – Evaluation of the Primary Dealers in Q4 2017 to Q3 2018

The methodology for primary dealer evaluation 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.

All 10 primary dealers were evaluated.

Table 20: Overall Evaluation of Primary Dealers in Q4 2017 to Q3 2018

Ranking	Primary Dealer	Points
1 st	PPF banka a.s.	73.9
2 nd	KBC Bank NV / Československá obchodní banka, a. s.	64.6
3 rd	Erste Group Bank AG / Česká spořitelna, a.s.	58.7
4 th	Société Générale / Komerční banka, a.s.	53.3
5 th	Citibank Europe plc	43.9
6 th	J.P. Morgan Securities plc	29.6
7 th	HSBC Bank plc	28.2

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

Table 21: Primary Market in Q4 2017 to Q3 2018

Ranking	Primary Dealer	Points
1 st	PPF banka a.s.	41.9
2 nd	Erste Group Bank AG / Česká spořitelna, a.s.	38.2
3 rd	Société Générale / Komerční banka, a.s.	35.7
4 th	KBC Bank NV / Československá obchodní banka, a. s.	30.1
5 th	Citibank Europe plc	15.7
6 th	HSBC Bank plc	13.9
7 th	J.P. Morgan Securities plc	11.7

*Note: Maximum possible number of points in this criterion is 55.
Source: MoF*

Table 22: Secondary Market in Q4 2017 to Q3 2018

Ranking	Primary Dealer	Points
1 st	KBC Bank NV / Československá obchodní banka, a. s.	34.5
2 nd	PPF banka a.s.	31.9
3 rd	Citibank Europe plc	28.2
4 th	Erste Group Bank AG / Česká spořitelna, a.s.	20.5
5 th	J.P. Morgan Securities plc	17.8
6 th	Société Générale / Komerční banka, a.s.	17.6
7 th	Goldman Sachs International	14.4

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

This publication was prepared based on the information available on 19 October 2018
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www.mfcr.cz/statedebt

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