



Ministry of Finance

Debt and Financial Assets
Management Department

Debt Portfolio Management Quarterly Report

1st - 3rd Quarter of 2019



18 October 2019

Ministry of Finance

Debt Portfolio Management Quarterly Report

1st - 3rd Quarter of 2019

Debt Portfolio Management Quarterly Report

1st - 3rd Quarter of 2019

18 October 2019

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

ISSN 2336-2669 (On-line)

Issued three times a year

Electronic archive:
www.mfcz.cz/statedebt

Table of Contents

Summary and Main Events	7
1 – Borrowing Requirement and Development of State Debt.....	9
2 – Primary Market of Government Bonds	11
3 – Secondary Market of Government Bonds	16
4 – Risk Management and Portfolio Strategy.....	20
5 – State Debt Service Expenditure and Cost-at-Risk	22
6 – Evaluation of the Primary Dealers in Q4 2018 to Q3 2019	24

List of Tables

Table 1: Structure and Balance of the Debt Portfolio	9
Table 2: Financing Needs and Sources	9
Table 3: Net Borrowing Requirement and Change in State Debt	10
Table 4a: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2019.....	11
Table 4b: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2019	12
Table 5: State Treasury Bills Issued in Q1 - Q3 2019	13
Table 6: Savings Government Bonds Issued in Q1 - Q3 2019.....	13
Table 7: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 30/9/2019.....	14
Table 8: Medium-Term and Long-Term Government Bonds Issued on Foreign Markets as at 30/9/2019.....	14
Table 9: Issued State Treasury Bills as at 30/9/2019	15
Table 10: Issued Savings Government Bonds as at 30/9/2019	15
Table 11a: Realized Lending Facilities of Government Bonds in the Form of Repo Operations in Q1 - Q3 2019.....	17
Table 11b: Realized Lending Facilities of Government Bonds in the Form of Collateralized Loans of Securities in Q1 - Q3 2019 ...	17
Table 12: Realized Tap Sales of Government Bonds in Q1 - Q3 2019.....	18
Table 13: Realized Exchange Operations of Government Bonds in Q1 - Q3 2019.....	19
Table 14: Targets, Limits and Risk Parameters of the Debt Portfolio	20
Table 15: State Debt Parameters	21
Table 16: Budget Expenditure and Revenue of the Chapter State Debt.....	22
Table 17: Overview of Budgetary Transfers from the Chapter State Debt Realized in Q1 - Q3 2019	23
Table 18: Expected vs. Actual Net Interest Expenditure	23
Table 19: Interest Expenditure and Accrued Costs of the Newly Issued State Debt.....	23
Table 20: FX Market Operations in Q1 - Q3 2019.....	23
Table 21: Overall Evaluation of Primary Dealers in Q4 2018 to Q3 2019	24
Table 22: Primary Market in Q4 2018 to Q3 2019.....	24
Table 23: Secondary Market in Q4 2018 to Q3 2019	24

List of Figures

Figure 1: Yield Curve of Government Bonds	16
Figure 2: Bid-Offer Spreads of Selected Government Bonds.....	16
Figure 3: Yields of Selected Government Bonds	16
Figure 4: Traded Nominal Value on MTS Czech Republic	16
Figure 5: Average Daily Compliance Ratio of Primary Dealers on MTS Czech Republic.....	16
Figure 6: "Asset Swap Spread" Risk Premium of Selected Government Bonds	16
Figure 7: Structure of Government Bonds by Type of Holder.....	20
Figure 8: Structure of Government Bonds by Residual Time to Maturity	20
Figure 9: Maturity Profile of State Debt.....	20
Figure 10: Re-fixing Profile of State Debt	20
Figure 11: Net Interest Expenditure on State Debt.....	22
Figure 12: Actual vs. Simulated Net Interest Expenditure on State Debt	22
Figure 13: Net Cash Interest Expenditure and Accrued Interest Costs of Newly Issued Debt	23

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
CPI	Consumer price index
CZK	Czech koruna currency code
CZSO	Czech Statistical Office
ESA 2010	European System of Accounts 2010
EUR	Euro currency code
FIX	Fixed-rate
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
T-Bills	State treasury bills
T-Bonds	Medium-term and long-term government bonds
USD	United States dollar currency code
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 and limits, the operational fulfilment of the funding programme and issuance activity plans specified in The Czech Republic Funding and Debt Management Strategy for 2019 published on 20 December 2018 and The Czech Republic Funding and Debt Management Strategy 2019 - Second Half Update published on 28 June 2019, and further includes a regular quarterly performance evaluation of primary dealers in Czech government securities for the period from the fourth quarter of 2018 to the third quarter of 2019.

The Ministry continued to issue and sell medium-term and long-term government bonds, but to a lesser extent than in the previous two quarters, when the redemptions of state debt were significantly pre-financed for this year. In the third quarter, the Ministry sold medium-term and long-term government bonds denominated in local currency in total nominal value of CZK 35.5 billion, of which CZK 33.7 billion via ten auctions in five auction days on primary market. These were re-opened fixed-rate issues with longer time to maturity.

The issuance activity on primary market during the third quarter of 2019 was supplemented by secondary market operations. In tap sales, the Ministry sold government bonds in total nominal value of CZK 1.8 billion. No exchange operations were carried out. The lower activity of the Ministry on domestic market is the result of increased issuance activity in previous quarters, seasonality with respect to the summer months and also by shifting the demand for government bonds to the longer end of the yield curve, which the Ministry offered mainly in auctions on primary market.

In the first three quarters, the Ministry sold medium-term and long-term government bonds denominated in local currency in total nominal value of CZK 217.3 billion with the average residual time to maturity of 11.2 years and the average yield to maturity of 1.89% p.a. With this issuance activity, almost 87% of CZK-denominated redemptions of state debt in 2019 were covered.

In the third quarter of 2019, the Ministry completed the pilot issue of government bond issued on domestic market under Czech law denominated in euro, when it successfully sold government bonds in total nominal value of EUR 265 million via two auctions, thus the benchmark level of EUR 1.0 billion outstanding was achieved. In the area of issue of medium-term and long-term government bonds on foreign markets, the Ministry did not carry out any borrowing operations during this period. The total nominal value of gross issue of medium-term and long-term government bonds denominated in local and foreign currencies amounted to CZK 42.3 billion in the third quarter and CZK 242.9 billion in the first three quarters.

In the third quarter of 2019, the regular redemption of Government Bond of the Czech Republic, 2016–2019, 0.00% in total nominal value of CZK 70.0 billion was carried out. The total nominal value of net issue of medium-term and long-term government bonds denominated in local currency amounted to CZK -34.5 billion and CZK 58.3 billion in the first three quarters.

During the third quarter of 2019, no auction of state treasury bills was carried out due to lower interest from investors in this type of instrument compared to demand for medium-term and long-term government bonds, as well as due to relatively higher yields at the short end of the yield curve reflecting the monetary policy situation in the Czech Republic. The total nominal value of net issue of state treasury bills amounted to CZK -1.1 billion in the third quarter and CZK -3.0 billion in the first three quarters.

Within the project of direct sale of government bonds intended for citizens, the Ministry issued government bonds in total nominal value of CZK 5.4 billion in the third quarter of 2019 and also opened another subscription period with the issue date of 1 October 2019. The total nominal value of net issue of government bonds intended for citizens amounted to CZK 5.4 billion in the third quarter and CZK 6.6 billion in the first three quarters.

In the area of received credits and loans from international financial institutions, planned repayments of loans from European Investment Bank amounting to CZK 0.4 billion were carried out in the third quarter, and CZK 0.9 billion in the first three quarters. No new loan tranche was drawn.

Upgrade of the Czech Republic's Rating

Moody's rating agency upgraded its rating from A1 with a positive outlook to Aa3 with a stable outlook for long-term liabilities on 4 October 2019. The key factor for rating upgrade is the positive development of fiscal indicators, supported by a growing economy, sound public finances and a strong institutional framework. The agency expects that government debt relative to GDP will continue to decline in the coming years, reaching 30.8% by the end of 2020 and falling below 30% by 2023.

In the summer months, the current rating was also affirmed by other major credit rating agencies with international reach, namely by S&P Global Ratings, Fitch Ratings, Japan Credit Rating Agency (JCR) and European Rating Agency (ERA) at AA- level for foreign-currency long-term liabilities with stable outlook. A high rating will thus allow the Ministry to finance a state debt under more favourable conditions due to a lower risk premium by investors, but will also improve the position of other domestic entities on the financial markets, whose credit rating is also based on the Czech Republic's rating.

Widening of the "Dluhopis Republiky" Bonds Portfolio

On 1 July 2019, the Ministry issued a new issues of the "Dluhopis Republiky" bonds in a total nominal value of CZK 5.4 billion, offering the Reinvestment Government Bond of the Czech Republic, 2019–2025 III, FIX% and newly also the Inflation-linked Government Bond of the Czech Republic, 2019–2025, CPI%. In the following fourth subscription period from 1 July 2019 to 13 September 2019, citizens had the option to subscribe the Reinvestment Government Bond of the Czech Republic, 2019–2025 IV, FIX%, Inflation-linked Government Bond of the Czech Republic, 2019–2025 II, CPI% and further the Ministry widened the portfolio of offered bonds with Fixed Government Bond of the Czech Republic, 2019–2025, 1.50%, for which the coupon rate in each interest period is fixed at the level of 1.50% p.a.

In the fourth subscription period, government bonds in a total nominal value of CZK 1.2 billion were sold, with the highest demand for inflation-linked government bonds, despite the possibility to order this type of government bond only through an electronic access to asset account management.

Reducing the costs of government bonds distribution is a long-term goal of the Ministry, therefore it strives for the maximum use of the possibility of electronic access when selling new issues. The yields of all existing issues of the "Dluhopis Republiky" bonds are set at the level of market conditions and thus do not burden the state budget more than government bonds intended primarily for institutional investors.

The Sales of the Government EUR-Bond Reached Target Value

The Ministry successfully tested another channel of foreign currency debt financing during 2019, when in February it issued the first tranche of the government EUR-bond on the domestic market under domestic law. By sales on both primary and secondary markets the total nominal value outstanding increased to EUR 1.0 billion in the third quarter of 2019. All sales were carried out fore a negative yield with the total average value of -0.21% p.a., resulting in additional state budget revenue of EUR 4.4 million. Through this issuance activity, the Ministry refinanced short-term loans on the EUR deposit market covering the redemption of government bonds issued on foreign markets, which took place in June 2018. The total additional revenue of the state budget

from euro operations for negative yield amounted to CZK 180.9 million.

Based on this successful test, high demand from investors, which was almost three times higher than the nominal value sold at auction, and positive feedback from the financial market, the Ministry is currently taking steps to further develop this form of financing and make it more attractive to international investors. These would mean a significant advancement in the development of the domestic capital market and its closer connection with the euro area bond market infrastructure. This new format of financing thus offers a flexible, transparent and administratively less demanding alternative to government bonds issued on foreign markets.

1 – Borrowing Requirement and Development of State Debt

Table 1: Structure and Balance of the Debt Portfolio

CZK bn	2017	2018	30/9/2019
Gross state debt	1,624.7	1,622.0	1,685.2
T-Bills and other money market instruments	44.0	43.6	16.1
Received collateral in cash	0.0	0.0	0.0
T-Bonds issued on domestic market	1,305.4	1,377.1	1,461.2
T-Bonds issued on foreign markets	202.6	152.9	153.8
Savings government bonds	21.5	5.2	11.8
Received credits and loans ¹	51.2	43.2	42.3
Promissory notes	0.0	0.0	0.0
Share of GDP (%)²	32.2	30.4	30.2

¹ Credits and loans received from international financial institutions.

² GDP in the ESA 2010 methodology. The source of data for Q1 2017 – Q2 2019 is CZSO, for Q3 2019 the Macroeconomic Forecast of the Czech Republic – July 2019. Source: MoF, CZSO

Table 2: Financing Needs and Sources

CZK bn	2017	2018	Q1 - Q3 2019
Primary balance of state budget	-33.6	-43.7	-12.4
Net expenditure on state debt ¹	39.8	40.7	33.4
T-Bonds redemptions ²	209.4	238.9	158.9
Redemptions and early redemptions on savings government bonds	16.9	16.4	2.7
T-Bills and other money market instruments redemptions ³	4.2	44.0	43.5
Repayments on credits and loans ⁴	5.1	8.0	0.9
Total financing needs	241.7	304.4	227.0
Gross T-Bills issue and other money market instruments ^{3,5}	44.0	43.7	16.0
Received collateral in cash	0.0	0.0	0.0
Gross issue of T-Bonds on domestic market ⁵	213.1	259.2	242.9
Gross issue of T-Bonds on domestic market up to 5 years ^{5,6}	84.2	45.0	43.2
Gross issue of T-Bonds on domestic market from 5 to 10 years ^{5,6}	70.9	94.9	59.5
Gross issue of T-Bonds on domestic market over 10 years ^{5,6}	58.0	119.3	140.2
Gross issue of T-Bonds on foreign markets ⁵	0.0	0.0	0.0
Gross issue of savings government bonds ⁷	0.6	0.1	9.2
Received credits and loans ⁴	0.0	0.0	0.0
Financial asset and liquidity management	-16.1	1.3	-41.1
Total financing sources	241.7	304.4	227.0
Gross borrowing requirement	257.7	303.1	268.2

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	2017	2018	Q1 - Q3 2019
Gross state debt as at 1 January	1,613.4	1,624.7	1,622.0
Primary state budget balance	-33.6	-43.7	-12.4
Net expenditure on state debt service ¹	39.8	40.7	33.4
Financial asset and liquidity management operations	16.1	-1.3	41.1
Net borrowing requirement	22.2	-4.2	62.1
T-Bills net issue and net change in the balance of other money market instruments	39.8	-0.3	-27.5
T-Bonds net issue on domestic market	3.8	71.7	84.0
T-Bonds net issue on foreign markets	0.0	-51.4	0.0
Savings government bonds net issue	-16.3	-16.3	6.6
Net change in balance of received credits and loans ²	-5.1	-8.0	-0.9
Financing of net borrowing requirement	22.2	-4.2	62.1
Revaluation of state debt ³	-10.9	1.5	1.0
Promissory notes net change	0.0	0.0	0.0
Gross state debt change	11.3	-2.7	63.2
Gross state debt as at the end of period	1,624.7	1,622.0	1,685.2

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 2019

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, 0.25 %, 27	100 13	9/1	11/1	10/2/2027	CZK	8,000,000,000	8,456,820,000
ČR, 4.20 %, 36	49 15	9/1	11/1	4/12/2036	CZK	3,000,000,000	1,247,000,000
ČR, 2.75 %, 29	105 10	23/1	25/1	23/7/2029	CZK	7,000,000,000	10,051,040,000
ČR, 2.00 %, 33	103 10	23/1	25/1	13/10/2033	CZK	5,000,000,000	5,163,810,000
ČR, 0.25 %, 27	100 14	6/2	8/2	10/2/2027	CZK	5,000,000,000	5,573,320,000
ČR, 2.75 %, 29	105 11	6/2	8/2	23/7/2029	CZK	5,000,000,000	10,478,470,000
ČR, 0.95 %, 30	94 17	6/2	8/2	15/5/2030	CZK	3,000,000,000	7,944,700,000
ČR, 2.75 %, 29	105 12	27/2	1/3	23/7/2029	CZK	5,000,000,000	5,332,270,000
ČR, 0.95 %, 30	94 18	27/2	1/3	15/5/2030	CZK	5,000,000,000	10,171,750,000
ČR, 4.20 %, 36	49 16	27/2	1/3	4/12/2036	CZK	2,000,000,000	2,344,670,000
ČR, 1.00 %, 26	95 16	6/3	8/3	26/6/2026	CZK	5,000,000,000	5,369,320,000
ČR, 2.00 %, 33	103 11	6/3	8/3	13/10/2033	CZK	5,000,000,000	6,880,900,000
ČR, 4.85 %, 57	53 3	6/3	8/3	26/11/2057	CZK	500,000,000	200,000,000
ČR, 0.25 %, 27	100 15	20/3	22/3	10/2/2027	CZK	5,000,000,000	3,927,370,000
ČR, 2.75 %, 29	105 13	20/3	22/3	23/7/2029	CZK	8,000,000,000	4,183,060,000
ČR, 0.95 %, 30	94 19	20/3	22/3	15/5/2030	CZK	3,000,000,000	4,061,340,000
ČR, 1.00 %, 26	95 17	3/4	5/4	26/6/2026	CZK	5,000,000,000	6,337,020,000
ČR, 2.00 %, 33	103 12	3/4	5/4	13/10/2033	CZK	5,000,000,000	5,872,250,000
ČR, 0.95 %, 30	94 20	10/4	12/4	15/5/2030	CZK	5,000,000,000	5,998,990,000
ČR, 4.85 %, 57	53 4	10/4	12/4	26/11/2057	CZK	500,000,000	562,080,000
ČR, 1.00 %, 26	95 18	24/4	26/4	26/6/2026	CZK	3,000,000,000	3,270,190,000
ČR, 2.00 %, 33	103 13	24/4	26/4	13/10/2033	CZK	3,000,000,000	3,741,210,000
ČR, 4.20 %, 36	49 17	24/4	26/4	4/12/2036	CZK	2,000,000,000	2,399,580,000
ČR, 0.25 %, 27	100 16	15/5	17/5	10/2/2027	CZK	3,000,000,000	3,708,030,000
ČR, 2.00 %, 33	103 14	15/5	17/5	13/10/2033	CZK	3,000,000,000	5,840,110,000
ČR, 4.85 %, 57	53 5	15/5	17/5	26/11/2057	CZK	500,000,000	644,590,000
ČR, 1.00 %, 26	95 19	29/5	31/5	26/6/2026	CZK	3,000,000,000	5,541,090,000
ČR, 2.75 %, 29	105 14	29/5	31/5	23/7/2029	CZK	3,000,000,000	3,438,110,000
ČR, 4.85 %, 57	53 6	29/5	31/5	26/11/2057	CZK	500,000,000	1,157,710,000
ČR, 1.00 %, 26	95 20	12/6	14/6	26/6/2026	CZK	3,000,000,000	3,875,970,000
ČR, 2.00 %, 33	103 15	12/6	14/6	13/10/2033	CZK	4,000,000,000	4,628,190,000
ČR, 2.00 %, 33	103 16	26/6	28/6	13/10/2033	CZK	4,000,000,000	4,238,000,000
ČR, 4.85 %, 57	53 7	26/6	28/6	26/11/2057	CZK	500,000,000	1,459,670,000
ČR, 0.25 %, 27	100 17	10/7	12/7	10/2/2027	CZK	3,000,000,000	3,392,770,000
ČR, 2.00 %, 33	103 17	10/7	12/7	13/10/2033	CZK	4,000,000,000	4,149,890,000
ČR, 2.00 %, 33	103 18	24/7	26/7	13/10/2033	CZK	4,000,000,000	4,876,160,000
ČR, 4.85 %, 57	53 8	24/7	26/7	26/11/2057	CZK	1,000,000,000	1,231,050,000
ČR, 0.45 %, 23	97 19	28/8	30/8	25/10/2023	CZK	2,000,000,000	4,820,170,000
ČR, 2.00 %, 33	103 19	28/8	30/8	13/10/2033	CZK	4,000,000,000	2,240,000,000
ČR, 1.00 %, 26	95 21	11/9	13/9	26/6/2026	CZK	4,000,000,000	2,204,750,000
ČR, 0.45 %, 23	97 20	25/9	27/9	25/10/2023	CZK	4,000,000,000	1,940,580,000

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, 0.25 %, 27	100	18	25/9	27/9	10/2/2027	CZK	2,000,000,000	4,367,730,000
ČR, 2.00 %, 33	103	20	25/9	27/9	13/10/2033	CZK	2,000,000,000	4,432,170,000
Total CZK								187,753,900,000
ČR, 0.00 %, 21	109	1	20/2	22/2	20/8/2021	EUR	100,000,000	100,000,000
ČR, 0.00 %, 21	109	2	10/4	12/4	20/8/2021	EUR	100,000,000	100,000,000
ČR, 0.00 %, 21	109	3	19/6	21/6	20/8/2021	EUR	200,000,000	200,000,000
ČR, 0.00 %, 21	109	4	17/7	19/7	20/8/2021	EUR	165,000,000	165,000,000
ČR, 0.00 %, 21	109	5	11/9	13/9	20/8/2021	EUR	100,000,000	100,000,000
Total EUR								665,000,000

Source: MoF, CNB

Table 4b: Medium-Term and Long-Term Government Bonds Issued in Q1 - Q3 2019

Issue name	Issue/ tranche no.		Coupon	Average 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, 0.25 %, 27	100	13	0.25%	88.399	1.806	1.45	100.00	5.71
ČR, 4.20 %, 36	49	15	4.20%	126.286	2.379	1.21	40.33	1.23
ČR, 2.75 %, 29	105	10	2.75%	107.211	1.980	1.49	131.63	11.96
ČR, 2.00 %, 33	103	10	2.00%	96.031	2.321	1.13	100.00	3.28
ČR, 0.25 %, 27	100	14	0.25%	88.952	1.740	1.75	100.00	11.47
ČR, 2.75 %, 29	105	11	2.75%	108.310	1.866	1.28	182.98	26.59
ČR, 0.95 %, 30	94	17	0.95%	89.428	2.008	1.60	247.70	17.12
ČR, 2.75 %, 29	105	12	2.75%	107.743	1.920	1.71	100.00	6.65
ČR, 0.95 %, 30	94	18	0.95%	88.898	2.070	1.37	175.60	27.83
ČR, 4.20 %, 36	49	16	4.20%	122.646	2.592	1.85	107.00	10.23
ČR, 1.00 %, 26	95	16	1.00%	93.988	1.889	1.75	100.00	7.39
ČR, 2.00 %, 33	103	11	2.00%	94.778	2.429	1.99	119.46	18.16
ČR, 4.85 %, 57	53	3	4.85%	145.108	2.896	1.10	40.00	0.00
ČR, 0.25 %, 27	100	15	0.25%	87.633	1.957	3.95	56.98	21.57
ČR, 2.75 %, 29	105	13	2.75%	107.248	1.967	1.07	40.13	12.16
ČR, 0.95 %, 30	94	19	0.95%	89.005	2.064	1.87	100.00	35.38
ČR, 1.00 %, 26	95	17	1.00%	94.656	1.795	2.79	107.87	18.87
ČR, 2.00 %, 33	103	12	2.00%	96.322	2.300	1.93	100.00	17.45
ČR, 0.95 %, 30	94	20	0.95%	89.454	2.021	3.81	100.00	19.98
ČR, 4.85 %, 57	53	4	4.85%	146.189	2.859	1.16	100.00	12.42
ČR, 1.00 %, 26	95	18	1.00%	94.878	1.767	2.21	100.00	9.01
ČR, 2.00 %, 33	103	13	2.00%	97.077	2.238	2.46	107.50	17.21
ČR, 4.20 %, 36	49	17	4.20%	124.376	2.474	2.08	105.61	14.37
ČR, 0.25 %, 27	100	16	0.25%	89.198	1.755	3.86	111.27	12.33
ČR, 2.00 %, 33	103	14	2.00%	97.615	2.194	4.08	170.23	24.44
ČR, 4.85 %, 57	53	5	4.85%	147.096	2.827	2.67	117.00	11.92
ČR, 1.00 %, 26	95	19	1.00%	95.416	1.693	2.85	161.13	23.57
ČR, 2.75 %, 29	105	14	2.75%	109.458	1.725	4.09	100.00	14.60
ČR, 4.85 %, 57	53	6	4.85%	148.913	2.768	1.88	218.97	12.57
ČR, 1.00 %, 26	95	20	1.00%	96.390	1.546	1.92	111.67	17.53
ČR, 2.00 %, 33	103	15	2.00%	101.435	1.884	2.72	100.00	15.70

Issue name	Issue/ tranche no.	Coupon	Average 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, 2.00 %, 33	103	16	2.00%	103.072	1.755	1.49	104.53	1.43
ČR, 4.85 %, 57	53	7	4.85%	155.093	2.574	2.21	275.60	16.33
ČR, 0.25 %, 27	100	17	0.25%	91.713	1.410	1.79	100.00	13.09
ČR, 2.00 %, 33	103	17	2.00%	103.741	1.702	1.74	98.01	5.73
ČR, 2.00 %, 33	103	18	2.00%	104.789	1.620	2.60	101.00	20.90
ČR, 4.85 %, 57	53	8	4.85%	158.087	2.483	2.90	107.10	16.01
ČR, 0.45 %, 23	97	19	0.45%	98.072	0.925	1.59	235.50	5.51
ČR, 2.00 %, 33	103	19	2.00%	111.131	1.142	1.11	56.00	0.00
ČR, 1.00 %, 26	95	21	1.00%	98.292	1.264	1.16	55.12	0.00
ČR, 0.45 %, 23	97	20	0.45%	96.893	1.236	4.30	45.75	2.76
ČR, 0.25 %, 27	100	18	0.25%	92.843	1.273	3.87	200.00	18.39
ČR, 2.00 %, 33	103	20	2.00%	107.708	1.392	2.82	213.50	8.11
Average CZK						2.20	119.66	13.18
ČR, 0.00 %, 21	109	1	0.00%	100.070	-0.030	1.92	100.00	-
ČR, 0.00 %, 21	109	2	0.00%	100.278	-0.118	5.23	100.00	-
ČR, 0.00 %, 21	109	3	0.00%	100.671	-0.309	2.21	100.00	-
ČR, 0.00 %, 21	109	4	0.00%	100.749	-0.357	2.80	100.00	-
ČR, 0.00 %, 21	109	5	0.00%	100.870	-0.447	1.49	100.00	-
Average EUR						2.73	100.00	-

Source: MoF, CNB

Table 5: State Treasury Bills Issued in Q1 - Q3 2019

Issue no.	Maturity (weeks)	Auction date	Issue date	Maturity date	Max. nominal value offered	Total nominal value sold	Yield to maturity (% p.a.)
805	39	3/1	4/1	4/10/2019	5,000,000,000	1,150,000,000	1.545
806	26	17/1	18/1	19/7/2019	5,000,000,000	1,120,000,000	1.565
807	39	31/1	1/2	1/11/2019	5,000,000,000	0	-
Total						2,270,000,000	1.555¹

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

Table 6: Savings Government Bonds Issued in Q1 - Q3 2019

Issue name	Issue no.	Settlement date	Maturity date	Original maturity (years)	Total nominal value sold
SD-R ČR, FIX %, 25	106	1/2	1/2/2025	6.0	2,923,245,940
SD-R ČR, FIX %, 25 II	107	1/4	1/4/2025	6.0	900,551,308
SSD-I ČR, CPI %, 20 ¹	83	12/6	12/6/2020	7.0	5,925,849
SSD-I ČR, CPI %, 20 II ¹	87	12/6	12/12/2020	7.0	32,192,664
SSD-V ČR, VAR %, 20 ¹	93	12/6	12/12/2020	6.5	296,591
SD-R ČR, FIX %, 25 III	108	1/7	1/7/2025	6.0	381,042,200
SD-I ČR, CPI %, 25	110	1/7	1/7/2025	6.0	4,995,894,108
Total					9,239,148,660

¹ Incl. tranches issued in the form of reinvestment of yields.
Source: MoF

Table 7: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 30/9/2019

Issue name	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
ČR, 1.50 %, 19	76	CZ0001003834	29/10/2019	79,583,200,000	0
ČR, 0.00 %, 20	101	CZ0001005011	10/2/2020	49,753,880,000	300,000,000
ČR, 3.75 %, 20	46	CZ0001001317	12/9/2020	74,625,000,000	250,000,000
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	25,818,110,000	800,000,000
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	5,565,780,000	280,000,000
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	54,449,850,000	3,659,420,000
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	99,931,590,000	0
ČR, 1.00 %, 26	95	CZ0001004469	26/6/2026	95,309,160,000	4,690,840,000
ČR, 0.25 %, 27	100	CZ0001005037	10/2/2027	78,695,570,000	1,632,270,000
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	99,000,000,000	1,000,000,000
ČR, 2.75 %, 29	105	CZ0001005375	23/7/2029	98,714,470,000	1,285,530,000
ČR, 0.95 %, 30	94	CZ0001004477	15/5/2030	98,630,240,000	1,369,760,000
ČR, 2.00 %, 33	103	CZ0001005243	13/10/2033	77,309,050,000	5,833,480,000
ČR, 4.20 %, 36	49	CZ0001001796	4/12/2036	49,295,620,000	704,380,000
ČR, 4.85 %, 57	53	CZ0001002059	26/11/2057	17,565,100,000	434,900,000
Total CZK				1,435,419,670,000	31,259,580,000
ČR, 0.00 %, 21	109	CZ0001005706	20/8/2021	1,000,000,000	0
Total EUR				1,000,000,000	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: Medium-Term and Long-Term Government Bonds Issued on Foreign Markets as at 30/9/2019

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 9: Issued State Treasury Bills as at 30/9/2019

Issue no.	Maturity (weeks)	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
805	39	CZ0001005672	4/10/2019	1,150,000,000	0
Total				1,150,000,000	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

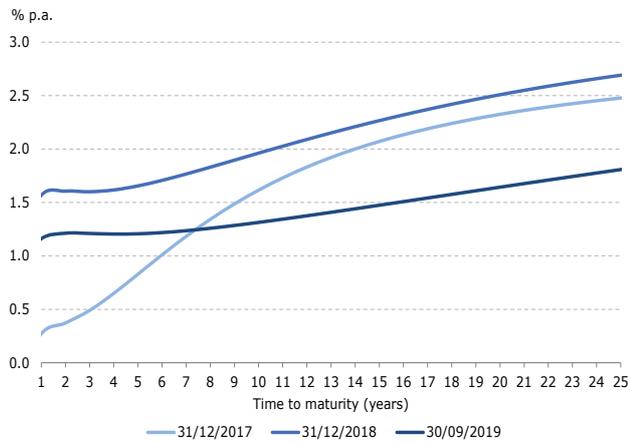
Table 10: Issued Savings Government Bonds as at 30/9/2019

Issue name	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
SSD-I ČR, CPI %, 20	83	CZ0001003990	12/6/2020	398,387,832	0
SSD-I ČR, CPI %, 20 II	87	CZ0001004204	12/12/2020	2,147,221,612	0
SSD-V ČR, VAR %, 20	93	CZ0001004311	12/12/2020	31,023,463	0
SD-R ČR, FIX %, 25	106	CZ0001005623	1/2/2025	2,923,245,940	0
SD-R ČR, FIX %, 25 II	107	CZ0001005631	1/4/2025	900,551,308	0
SD-R ČR, FIX %, 25 III	108	CZ0001005649	1/7/2025	381,042,200	0
SD-I ČR, CPI %, 25	110	CZ0001005714	1/7/2025	4,995,894,108	0
Total				11,777,366,463	0

Source: MoF

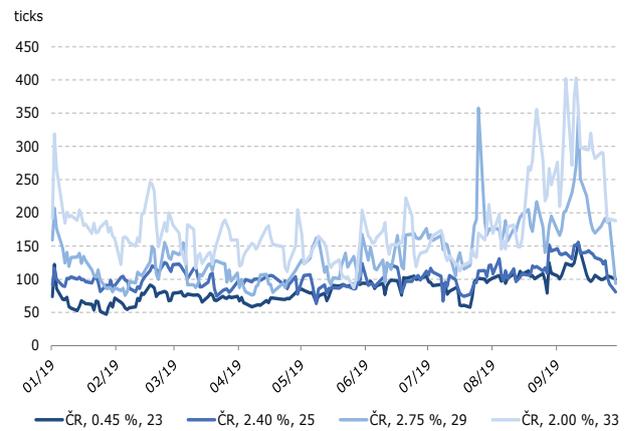
3 – Secondary Market of Government Bonds

Figure 1: Yield Curve of Government Bonds



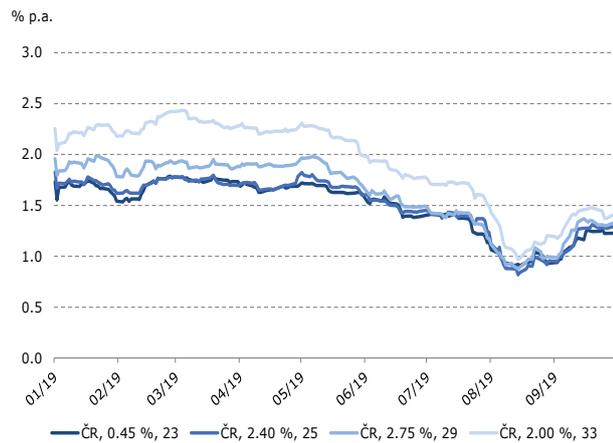
Note: "Par" yield curve of CZK-denominated fixed-rate government bonds is constructed on the basis the extended Nelson-Siegel model, called Svensson model.
Source: MoF, MTS

Figure 2: Bid-Offer Spreads of Selected Government Bonds



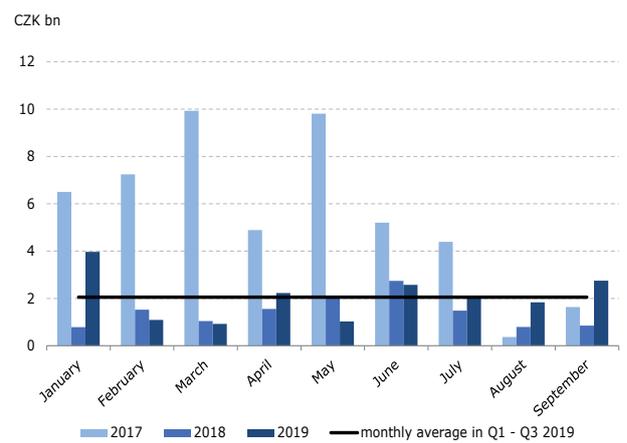
Source: MoF, MTS

Figure 3: Yields of Selected Government Bonds



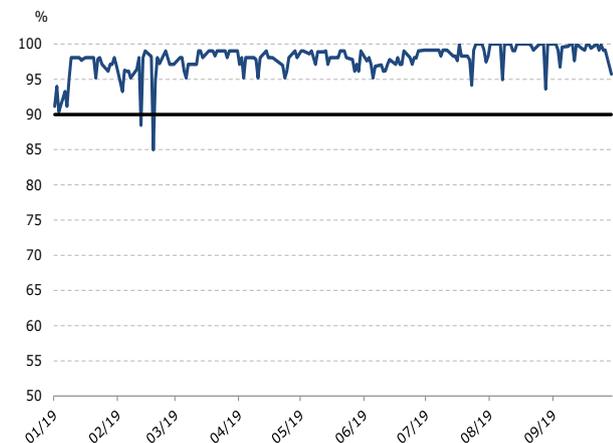
Source: MoF, MTS

Figure 4: Traded Nominal Value on MTS Czech Republic



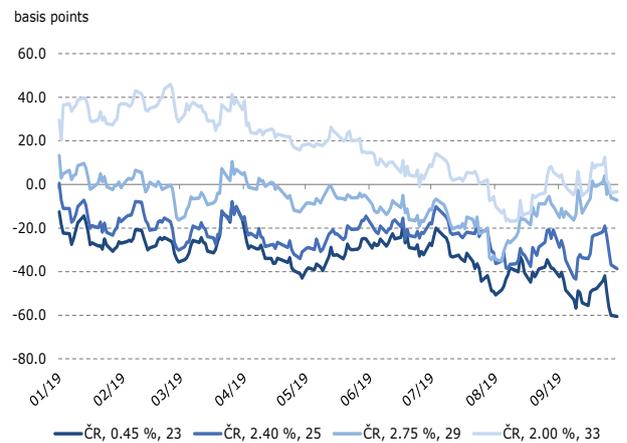
Source: MoF, MTS

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 11a: Realized Lending Facilities of Government Bonds in the Form of Repo Operations in Q1 - Q3 2019

Issue name	ISIN	Collateral nominal value	Financial resources received	Financial resources paid ¹
ČR, 0.00 %, 22	CZ0001005029	50,000,000	47,910,000	47,908,137
ČR, 0.45 %, 23	CZ0001004600	2,693,000,000	2,586,446,469	2,586,157,396
ČR, 5.70 %, 24	CZ0001002547	358,000,000	444,951,250	444,929,221
ČR, 1.00 %, 26	CZ0001004469	316,000,000	304,845,063	304,833,208
ČR, 0.25 %, 27	CZ0001005037	1,135,000,000	1,003,322,822	1,003,275,703
ČR, 2.50 %, 28	CZ0001003859	518,000,000	554,396,961	554,375,401
ČR, 2.75 %, 29	CZ0001005375	485,000,000	541,515,450	541,489,109
ČR, 2.00 %, 33	CZ0001005243	30,000,000	29,199,452	29,197,181
ČR, 4.20 %, 36	CZ0001001796	30,000,000	38,014,000	38,011,043
Total		5,615,000,000	5,550,601,468	5,550,176,400

¹ Incl. financial resources from this lending facilities realized in Q1 - Q3 2019, which has not been paid during this period.

Note: The average interest rate achieved under this lending facilities during Q1 - Q3 2019 amounted to -0.18% p.a.

Source: MoF

Table 11b: Realized Lending Facilities of Government Bonds in the Form of Collateralized Loans of Securities in Q1 - Q3 2019

Issue name	ISIN	Nominal value	Revenue ¹
ČR, 5.00 %, 19	CZ0001002471	200,000,000	2,671
ČR, 1.50 %, 19	CZ0001003834	550,000,000	17,611
ČR, 0.00 %, 20	CZ0001005011	4,749,000,000	404,493
ČR, 3.75 %, 20	CZ0001001317	50,000,000	4,123
ČR, 0.75 %, 21	CZ0001005367	2,640,000,000	423,169
ČR, 3.85 %, 21	CZ0001002851	4,914,000,000	360,751
ČR, 0.00 %, 22	CZ0001005029	1,680,000,000	164,883
ČR, VAR %, 23	CZ0001003123	750,000,000	61,169
ČR, 0.45 %, 23	CZ0001004600	4,480,000,000	453,821
ČR, 5.70 %, 24	CZ0001002547	1,121,000,000	210,056
ČR, 2.40 %, 25	CZ0001004253	1,000,000,000	32,709
ČR, 1.00 %, 26	CZ0001004469	5,801,000,000	411,788
ČR, 0.25 %, 27	CZ0001005037	6,576,000,000	522,141
ČR, VAR %, 27	CZ0001004105	3,091,000,000	181,086
ČR, 2.50 %, 28	CZ0001003859	735,000,000	35,130
ČR, 2.75 %, 29	CZ0001005375	671,000,000	54,591
ČR, 0.95 %, 30	CZ0001004477	1,750,000,000	126,372
ČR, 2.00 %, 33	CZ0001005243	400,000,000	25,650
ČR, 4.20 %, 36	CZ0001001796	205,000,000	20,694
ČR, 4.85 %, 57	CZ0001002059	520,000,000	50,964
Total		41,883,000,000	3,563,873

¹ Incl. financial revenue from this lending facilities realized in Q1 - Q3 2019, which has not been terminated during this period.

Source: MoF

Table 12: Realized Tap Sales of Government Bonds in Q1 - Q3 2019

Issue name	Issue no.	Settlement date	Maturity date	Average price	CCY	Nominal value
ČR, 4.85 %, 57	53	4/1/2019	26/11/2057	144.090	CZK	50,000,000
ČR, 0.00 %, 20	101	7/1/2019	10/2/2020	98.350	CZK	5,000,000
ČR, 0.00 %, 20	101	16/1/2019	10/2/2020	98.239	CZK	20,000,000
ČR, 0.00 %, 20	101	17/1/2019	10/2/2020	98.239	CZK	50,000,000
ČR, 0.00 %, 22	102	18/1/2019	24/2/2022	94.980	CZK	500,000,000
ČR, 0.00 %, 22	102	21/1/2019	24/2/2022	94.980	CZK	500,000,000
ČR, 4.20 %, 36	49	21/1/2019	4/12/2036	126.600	CZK	200,000,000
ČR, 0.00 %, 20	101	22/1/2019	10/2/2020	98.231	CZK	500,000,000
ČR, 0.00 %, 20	101	23/1/2019	10/2/2020	98.250	CZK	1,000,000,000
ČR, 4.20 %, 36	49	23/1/2019	4/12/2036	126.300	CZK	200,000,000
ČR, 0.00 %, 20	101	24/1/2019	10/2/2020	98.250	CZK	2,000,000,000
ČR, 0.00 %, 22	102	28/1/2019	24/2/2022	95.070	CZK	500,000,000
ČR, 0.95 %, 30	94	28/1/2019	15/5/2030	88.360	CZK	506,000,000
ČR, 0.00 %, 22	102	31/1/2019	24/2/2022	95.130	CZK	500,000,000
ČR, 4.20 %, 36	49	31/1/2019	4/12/2036	125.690	CZK	100,000,000
ČR, 4.20 %, 36	49	1/2/2019	4/12/2036	126.022	CZK	200,000,000
ČR, 0.00 %, 20	101	4/2/2019	10/2/2020	98.300	CZK	1,708,000,000
ČR, 4.20 %, 36	49	4/2/2019	4/12/2036	126.100	CZK	270,000,000
ČR, 0.00 %, 22	102	5/2/2019	24/2/2022	95.330	CZK	500,000,000
ČR, 4.85 %, 57	53	5/2/2019	26/11/2057	148.320	CZK	50,000,000
ČR, 0.00 %, 22	102	7/2/2019	24/2/2022	95.330	CZK	500,000,000
ČR, 0.00 %, 22	102	11/2/2019	24/2/2022	95.400	CZK	500,000,000
ČR, 4.85 %, 57	53	13/2/2019	26/11/2057	148.300	CZK	75,000,000
ČR, 4.20 %, 36	49	6/3/2019	4/12/2036	122.700	CZK	500,000,000
ČR, 2.75 %, 29	105	13/3/2019	23/7/2029	108.150	CZK	100,000,000
ČR, 4.85 %, 57	53	21/3/2019	26/11/2057	145.750	CZK	200,000,000
ČR, 2.00 %, 33	103	26/3/2019	13/10/2033	96.250	CZK	550,000,000
ČR, 4.20 %, 36	49	26/3/2019	4/12/2036	124.250	CZK	400,000,000
ČR, 2.75 %, 29	105	27/3/2019	23/7/2029	108.150	CZK	200,000,000
ČR, 0.95 %, 30	94	27/3/2019	15/5/2030	90.250	CZK	500,000,000
ČR, 2.75 %, 29	105	28/3/2019	23/7/2029	108.150	CZK	1,000,000,000
ČR, 0.95 %, 30	94	28/3/2019	15/5/2030	90.250	CZK	600,000,000
ČR, 2.75 %, 29	105	29/3/2019	23/7/2029	108.250	CZK	2,075,000,000
ČR, 2.75 %, 29	105	1/4/2019	23/7/2029	108.400	CZK	1,000,000,000
ČR, 4.20 %, 36	49	1/4/2019	4/12/2036	125.050	CZK	120,000,000
ČR, 2.00 %, 33	103	2/4/2019	13/10/2033	96.800	CZK	300,000,000
ČR, 4.85 %, 57	53	2/4/2019	26/11/2057	146.750	CZK	200,000,000
ČR, 0.95 %, 30	94	4/4/2019	15/5/2030	90.060	CZK	100,000,000
ČR, 4.85 %, 57	53	9/4/2019	26/11/2057	146.250	CZK	5,000,000
ČR, 0.25 %, 27	100	18/4/2019	10/2/2027	89.060	CZK	200,000,000
ČR, 0.00 %, 20	101	5/6/2019	10/2/2020	98.939	CZK	150,000,000
ČR, 2.50 %, 28	78	11/6/2019	25/8/2028	107.900	CZK	200,000,000
ČR, 2.50 %, 28	78	12/6/2019	25/8/2028	107.900	CZK	155,590,000
ČR, 0.75 %, 21	104	19/6/2019	23/2/2021	98.660	CZK	200,000,000
ČR, 0.95 %, 30	94	19/6/2019	15/5/2030	93.080	CZK	200,000,000
ČR, 4.20 %, 36	49	19/6/2019	4/12/2036	132.660	CZK	200,000,000
ČR, 0.00 %, 22	102	27/6/2019	24/2/2022	96.113	CZK	100,000,000

Issue name	Issue no.	Settlement date	Maturity date	Average price	CCY	Nominal value
ČR, 0.00 %, 20	101	8/7/2019	10/2/2020	99.160	CZK	200,000,000
ČR, 0.00 %, 22	102	8/7/2019	24/2/2022	96.180	CZK	400,000,000
ČR, 0.45 %, 23	97	9/7/2019	25/10/2023	96.362	CZK	400,000,000
ČR, 4.20 %, 36	49	9/7/2019	4/12/2036	134.830	CZK	260,000,000
ČR, 0.00 %, 20	101	10/7/2019	10/2/2020	99.168	CZK	250,000,000
ČR, 0.00 %, 22	102	10/7/2019	24/2/2022	96.189	CZK	200,000,000
ČR, 0.00 %, 22	102	23/7/2019	24/2/2022	96.710	CZK	120,000,000
Total CZK						21,519,590,000
ČR, 0.00 %, 21	109	12/3/2019	20/8/2021	100.122	EUR	250,000,000
ČR, 0.00 %, 21	109	17/5/2019	20/8/2021	100.363	EUR	85,000,000
Total EUR						335,000,000

Source: MoF

Table 13: Realized Exchange Operations of Government Bonds in Q1 - Q3 2019

Settlement date	Tap sale			Buy-back		
	Issue name	Nominal value	Average price	Issue name	Nominal value	Average price
4/1/2019	ČR, 2.40 %, 25	500,000,000	103.770	ČR, 5.00 %, 19	500,000,000	100.854
4/1/2019	ČR, 2.40 %, 25	475,000,000	103.770	ČR, 1.50 %, 19	475,000,000	99.794
7/1/2019	ČR, 2.75 %, 29	700,000,000	108.850	ČR, 1.50 %, 19	700,000,000	99.796
7/1/2019	ČR, 2.00 %, 33	215,000,000	99.150	ČR, 5.00 %, 19	215,000,000	100.828
7/1/2019	ČR, 2.00 %, 33	25,000,000	99.150	ČR, 1.50 %, 19	25,000,000	99.796
16/1/2019	ČR, 0.25 %, 27	200,000,000	88.500	ČR, 5.00 %, 19	200,000,000	100.748
16/1/2019	ČR, 0.25 %, 27	100,000,000	88.500	ČR, 1.50 %, 19	100,000,000	99.802
16/1/2019	ČR, 2.75 %, 29	80,000,000	107.881	ČR, 1.50 %, 19	80,000,000	99.802
17/1/2019	ČR, 0.25 %, 27	800,000,000	88.610	ČR, 5.00 %, 19	800,000,000	100.739
17/1/2019	ČR, 0.25 %, 27	450,000,000	88.610	ČR, 1.50 %, 19	450,000,000	99.802
17/1/2019	ČR, 2.75 %, 29	120,000,000	108.100	ČR, 5.00 %, 19	120,000,000	100.739
1/2/2019	ČR, 0.25 %, 27	200,000,000	88.781	ČR, 5.00 %, 19	200,000,000	100.616
1/2/2019	ČR, 0.25 %, 27	190,000,000	88.781	ČR, 1.50 %, 19	190,000,000	99.811
5/2/2019	ČR, 2.75 %, 29	800,000,000	109.256	ČR, 5.00 %, 19	800,000,000	100.580
5/2/2019	ČR, 2.75 %, 29	300,000,000	109.125	ČR, 1.50 %, 19	300,000,000	99.814
5/2/2019	ČR, 2.75 %, 29	125,000,000	109.125	ČR, 3.75 %, 20	125,000,000	103.126
6/2/2019	ČR, 2.00 %, 33	450,000,000	97.720	ČR, 5.00 %, 19	450,000,000	100.572
12/2/2019	ČR, 2.00 %, 33	200,000,000	97.380	ČR, 5.00 %, 19	200,000,000	100.519
11/3/2019	ČR, 4.20 %, 36	350,000,000	122.900	ČR, 5.00 %, 19	350,000,000	100.263
13/3/2019	ČR, 0.95 %, 30	100,000,000	89.525	ČR, 1.50 %, 19	100,000,000	99.839
13/3/2019	ČR, 4.20 %, 36	75,000,000	124.000	ČR, 1.50 %, 19	75,000,000	99.839
15/3/2019	ČR, 4.20 %, 36	195,000,000	124.050	ČR, 1.50 %, 19	195,000,000	99.840
19/3/2019	ČR, 2.00 %, 33	100,000,000	96.125	ČR, 1.50 %, 19	100,000,000	99.842
19/3/2019	ČR, 4.20 %, 36	100,000,000	124.210	ČR, 1.50 %, 19	100,000,000	99.842
26/3/2019	ČR, 2.00 %, 33	105,000,000	96.250	ČR, 1.50 %, 19	105,000,000	99.847
26/3/2019	ČR, 2.00 %, 33	150,000,000	96.250	ČR, 3.75 %, 20	150,000,000	102.852
26/3/2019	ČR, 4.20 %, 36	260,000,000	124.250	ČR, 1.50 %, 19	260,000,000	99.847
26/3/2019	ČR, 4.85 %, 57	200,000,000	145.750	ČR, 1.50 %, 19	200,000,000	99.847
28/3/2019	ČR, 2.75 %, 29	150,000,000	108.150	ČR, 1.50 %, 19	150,000,000	99.848
28/3/2019	ČR, 2.75 %, 29	50,000,000	108.150	ČR, 3.75 %, 20	50,000,000	102.842
29/3/2019	ČR, 2.75 %, 29	50,000,000	108.250	ČR, 3.75 %, 20	50,000,000	102.836
4/4/2019	ČR, 0.95 %, 30	170,000,000	90.060	ČR, 1.50 %, 19	170,000,000	99.852
Total		7,985,000,000		7,985,000,000		

Source: MoF

4 – Risk Management and Portfolio Strategy

Table 14: Targets, Limits and Risk Parameters of the Debt Portfolio

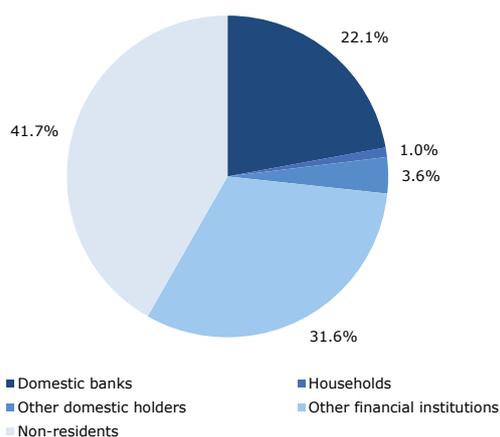
INDICATOR	Announced target for medium-term horizon	As at 30/9/2019
Short-term state debt	20.0% and less	15.1%
Medium-term state debt	70.0% and less	51.8%
Average time to maturity	6.0 years ¹	6.0 years
Interest re-fixing up to 1 year	30.0 to 40.0%	28.7%
Average time to re-fixing	5.0 years ¹	5.4 years
Net foreign-currency exposure with the impact on the state debt level	15.0% and less ²	10.0%
Net foreign-currency exposure with the impact on the level of interest expenditure on state debt service	15.0% and less ²	10.0%

¹ With a possibility of deviation of 0.25 years.

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

Source: MoF

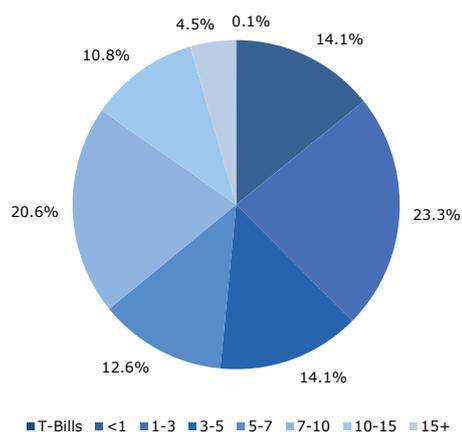
Figure 7: Structure of Government Bonds by Type of Holder



Note: Involves T-Bonds issued on domestic market, savings government bonds and T-Bills. As at 30/9/2019.

Source: MoF, CDCP, CNB

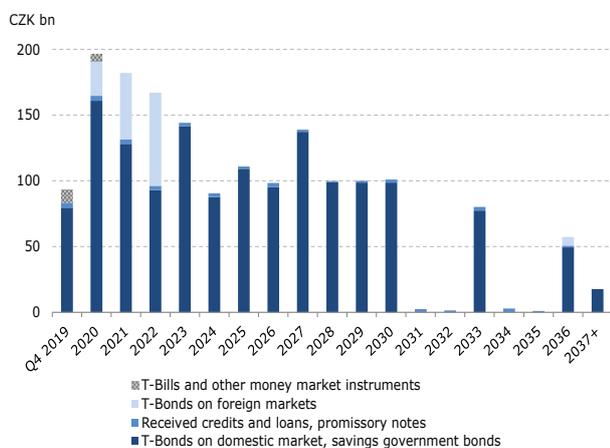
Figure 8: Structure of Government Bonds by Residual Time to Maturity



Note: Involves T-Bonds issued on domestic and foreign markets, savings government bonds and T-Bills. As at 30/9/2019.

Source: MoF

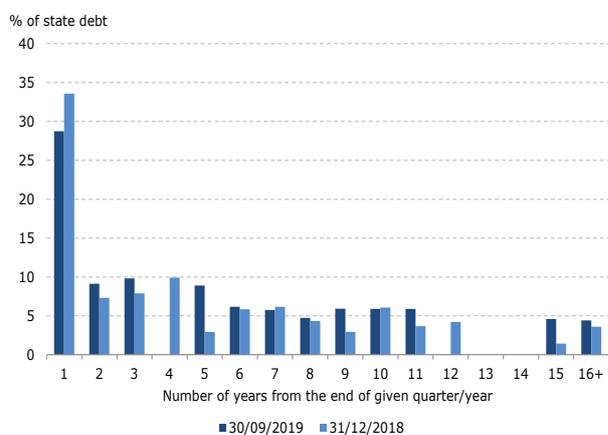
Figure 9: Maturity Profile of State Debt



Note: Received credits and loans include credits and loans received from international financial institutions. As at 30/9/2019.

Source: MoF

Figure 10: Re-fixing Profile of State Debt



Source: MoF

Table 15: State Debt Parameters

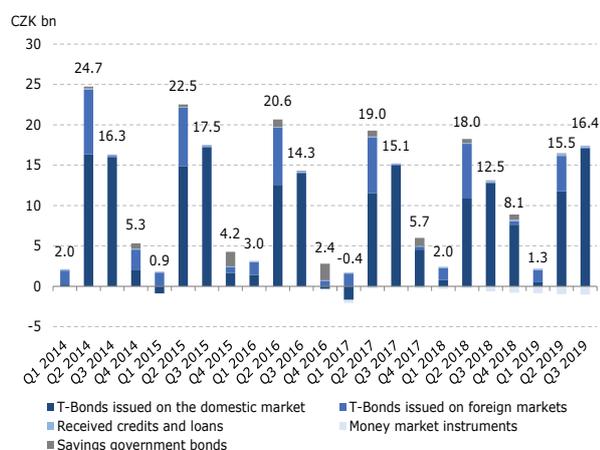
	30/9/ 2018	31/12/ 2018	31/3/ 2019	30/6/ 2019	30/9/ 2019
Total state debt (CZK bn)	1,671.4	1,622.0	1,731.6	1,712.6	1,685.2
Market value of state debt (CZK bn)	1,741.2	1,700.7	1,820.4	1,821.0	1,804.2
Short-term state debt (%)	15.8	17.8	20.0	14.9	15.1
Medium-term state debt (%)	56.4	57.3	53.8	54.5	51.8
T-Bills and other money market instruments (%)	5.6	2.7	1.9	1.4	1.0
Average time to maturity (years)	5.4	5.4	5.6	5.9	6.0
Interest re-fixing up to 1 year (%)	31.3	33.6	33.2	28.1	28.7
Average time to re-fixing (years)	4.7	4.7	4.9	5.3	5.4
Variable-rate state debt (%)	13.1	13.4	12.5	12.5	13.0
Modified duration (years)	4.1	4.3	4.4	4.9	5.0
Net foreign-currency exposure with the impact on the state debt level (%)	10.7	10.3	9.7	9.7	10.0
Net foreign-currency exposure with the impact on the level of interest expenditure on state debt service (%)	10.7	10.3	9.7	9.7	10.0
Foreign currency state debt (%)	12.2	11.9	11.2	11.2	11.6
Share of € in state debt level net foreign currency exposure (%)	90.4	96.3	96.3	96.2	96.1
Share of € in interest expenditure on state debt net foreign currency exposure (%)	93.7	100.0	100.0	100.0	100.0
Non-marketable state debt (%) ¹	5.7	5.1	4.2	3.7	3.3
Share of savings government bonds on state debt (%)	0.9	0.3	0.5	0.4	0.7
Marketable state debt (CZK bn)	1,560.8	1,534.1	1,650.1	1,643.2	1,617.3
Market value of marketable state debt (CZK bn)	1,631.0	1,613.2	1,739.2	1,751.8	1,736.4
Short-term marketable state debt (%)	12.7	15.8	18.7	13.8	14.3
Medium-term marketable state debt (%)	55.0	56.5	53.1	54.2	51.8
T-Bills and other money market instruments (%)	2.7	0.3	0.2	0.2	0.1
Average time to maturity (years)	5.6	5.5	5.6	5.9	6.0
Interest re-fixing up to 1 year (%)	27.1	30.4	30.8	26.0	26.7
Average time to re-fixing (years)	4.9	4.9	5.1	5.5	5.5
Variable-rate marketable state debt (%)	11.5	11.7	10.9	10.9	11.1
Modified duration (years)	4.3	4.5	4.6	5.0	5.2
Net foreign-currency exposure with the impact on the marketable state debt level (%)	8.2	8.4	8.3	8.9	9.6
Net foreign-currency exposure with the impact on the level of interest expenditure on marketable state debt service (%)	8.2	8.4	8.3	8.9	9.6
Foreign-currency marketable state debt (%)	9.8	10.0	9.9	10.4	11.2
Share of € in marketable state debt level net foreign currency exposure (%)	95.4	95.2	95.5	95.7	95.7
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

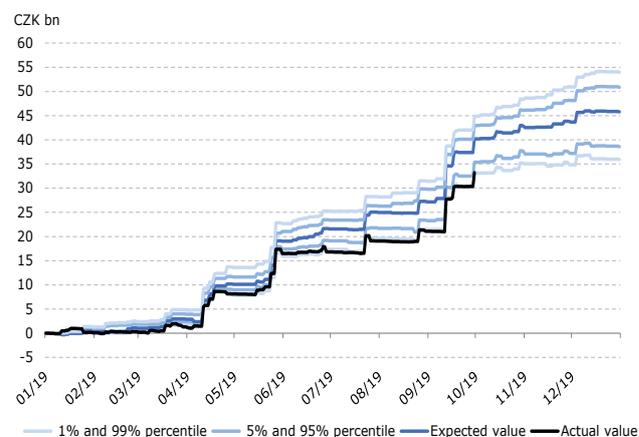
5 – State Debt Service Expenditure and Cost-at-Risk

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 16: Budget Expenditure and Revenue of the Chapter State Debt

CZK mil.	Actual Q1 - Q3 2018	Budget 2019 Approved	Budget 2019 After changes	Actual Q1 - Q3 2019	% Execution	2019/2018 (%)
1. Total interest expenditure and revenue	32,521	46,149	44,749	33,214	74.2	102.1
	0	-	-	-	-	-
Internal debt	23,784	37,413	36,013	26,627	73.9	112.0
	-	-	-	-	-	-
Money market instruments	(-) 1,213	(-) 1,820	(-) 3,020	(-) 2,842	94.1	234.3
	-	-	-	-	-	-
Savings government bonds	546	147	147	127	86.4	23.3
	-	-	-	-	-	-
T-Bonds on domestic market	24,451	39,086	38,886	29,342	75.5	120.0
	-	-	-	-	-	-
External debt	8,737	8,731	8,731	6,587	75.4	75.4
	-	-	-	-	-	-
T-Bonds on foreign markets	8,359	7,907	7,907	5,989	75.7	71.6
	-	-	-	-	-	-
Received credits and loans ¹	379	824	824	598	72.7	158.1
	-	-	-	-	-	-
Payment accounts	0	5	5	0	-9.2	1 209.1
	0	-	-	-	-	-
2. Fees	96	350	350	137	39.2	143.3
	0	-	-	-	-	-
Total chapter balance	32,617	46,499	45,099	33,351	-	102.3

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

Table 17: Overview of Budgetary Transfers from the Chapter State Debt Realized in Q1 - Q3 2019

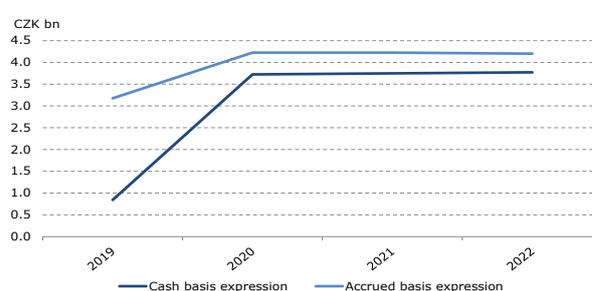
Chapter number	Chapter	Funds allocation	Amount (CZK)
329	Ministry of Agriculture	Reducing the negative impacts of climate change - supporting water management projects	300,000,000
307	Ministry of Defence	Purchase of a small transport jet aircraft	350,000,000
314	Ministry of Interior	Purchase of service vehicles for the service of the Police of the Czech Republic and the Fire Rescue Service of the Czech Republic	550,000,000
335	Ministry of Health	Transformation of psychiatric hospitals and specialized education of medical and non-medical workers	200,000,000
Total			1,400,000,000

Source: MoF

Table 18: Expected vs. Actual Net Interest Expenditure

CZK bn	Q1 - Q3 2018	Q1 - Q3 2019
Actual expenditure	32.5	33.2
Expected expenditure	35.7	40.2
Cost-at-Risk 95%	38.3	43.0
Cost-at-Risk 99%	41.7	44.9
Difference between expectation and reality	3.1	7.0

Source: MoF

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

Source: MoF

Table 19: Interest Expenditure and Accrued Costs of the Newly Issued State Debt

CZK bn	Nominal value	Net interest expenditure/accrued costs			
		2019F	2020F	2021F	2022F
Cash basis expression	254.4	0.8	3.7	3.7	3.8
Accrued basis expression	254.4	3.2	4.2	4.2	4.2
Gross issuance of T-Bonds	242.9	3.0	4.0	4.0	4.0
Gross issuance of T-Bills	2.3	0.0	0.0	-	-
Gross issuance of savings government bonds	9.2 ¹	0.1	0.2	0.2	0.2

¹ Excl. reinvestment of yields of already issued savings government bonds.
Source: MoF

Table 20: FX Market Operations in Q1 - Q3 2019

Counterparty	Nominal value (EUR)	Nominal value (USD)	Nominal value (CHF)	Nominal value (CZK)	Savings ¹ (CZK)	Share of savings (%)
UniCredit Bank Czech Republic and Slovakia, a.s.	187,482,573	0	0	4,824,386,906	21,075,538	52.2
Citibank Europe plc	30,650,257	4,131,070	0	879,994,774	4,360,488	10.8
KBC Bank NV / Československá obchodní banka, a. s.	36,644,167	0	0	938,633,873	4,325,439	10.7
J.P. Morgan Securities plc	16,549,621	14,411,410	0	754,260,176	3,498,725	8.7
Société Générale / Komerční banka, a.s.	21,001,432	4,438,429	0	642,974,745	3,085,948	7.6
Credit Agricole Corporate and Investment Bank	19,266,433	0	2,401,117	550,524,113	2,606,698	6.5
PPF banka a.s.	0	9,800,434	0	222,175,839	1,293,657	3.2
Goldman Sachs International	332,527	0	805,136	26,971,169	135,216	0.3
Total	311,927,009	32,781,343	3,206,253	8,839,921,594	40,381,709	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 FX market.
Source: MoF

6 – Evaluation of the Primary Dealers in Q4 2018 to Q3 2019

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 8 primary dealers were evaluated.

Table 21: Overall Evaluation of Primary Dealers in Q4 2018 to Q3 2019

Ranking	Primary Dealer	Points
1 st	KBC Bank NV / Československá obchodní banka, a. s.	75.2
2 nd	Erste Group Bank AG / Česká spořitelna, a.s.	61.4
3 rd	PPF banka a.s.	59.1
4 th	Société Générale / Komerční banka, a.s.	50.7
5 th	Citibank Europe plc	46.0

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

Table 22: Primary Market in Q4 2018 to Q3 2019

Ranking	Primary Dealer	Points
1 st	KBC Bank NV / Československá obchodní banka, a. s.	42.3
2 nd	Erste Group Bank AG / Česká spořitelna, a.s.	41.7
3 rd	Société Générale / Komerční banka, a.s.	32.8
4 th	PPF banka a.s.	31.1
5 th	J.P. Morgan Securities plc	20.0

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

Table 23: Secondary Market in Q4 2018 to Q3 2019

Ranking	Primary Dealer	Points
1 st	KBC Bank NV / Československá obchodní banka, a. s.	32.9
2 nd	PPF banka a.s.	28.0
3 rd	Citibank Europe plc	27.2
4 th	Erste Group Bank AG / Česká spořitelna, a.s.	19.7
5 th	UniCredit Bank Czech Republic and Slovakia, a.s.	18.4

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

This publication was prepared based on the information available on 18 October 2019
and is also available online at:

www.mfcr.cz/statedebt

The issue of The Czech Republic Government Debt Management Annual Report for 2019
is expected on 14 February 2020.

Debt and Financial Assets Management Department

Ministry of Finance
Letenská 15, 118 10 Prague 1 – Malá Strana
Czech Republic
E-mail: pd@mfcr.cz, Reuters <MFCR>