



Ministry of Finance

Debt and Financial Assets  
Management Department

# Debt Portfolio Management Quarterly Report

## 1<sup>st</sup> Half of 2020



17 July 2020



# **Ministry of Finance**

## **Debt Portfolio Management Quarterly Report**

**1<sup>st</sup> Half of 2020**

**Debt Portfolio Management Quarterly Report**

**1<sup>st</sup> Half of 2020**

17 July 2020

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](http://www.mfcz.cz/statedebt)**

# Table of Contents

<b>Summary and Main Events .....</b>	<b>7</b>
<b>1 – Borrowing Requirement and Development of State Debt.....</b>	<b>9</b>
<b>2 – Primary Market of Government Bonds .....</b>	<b>11</b>
<b>3 – Secondary Market of Government Bonds .....</b>	<b>16</b>
<b>4 – Risk Management and Portfolio Strategy.....</b>	<b>20</b>
<b>5 – State Debt Service Expenditure and Cost-at-Risk .....</b>	<b>22</b>
<b>6 – Evaluation of the Primary Dealers in Q3 2019 to Q2 2020 .....</b>	<b>24</b>

## 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 H1 2020 .....	11
Table 4b: Medium-Term and Long-Term Government Bonds Issued in H1 2020 .....	12
Table 5: State Treasury Bills Issued in H1 2020 .....	13
Table 6: Savings Government Bonds Issued in H1 2020 .....	13
Table 7: Medium-Term and Long-Term Government Bonds Issued on Domestic Market as at 30/6/2020 .....	14
Table 8: Medium-Term and Long-Term Government Bonds Issued on Foreign Markets as at 30/6/2020 .....	14
Table 9: Issued State Treasury Bills as at 30/6/2020 .....	15
Table 10: Issued Savings Government Bonds as at 30/6/2020 .....	15
Table 11a: Realized Lending Facilities of Government Bonds in the Form of Repo Operations in H1 2020 .....	17
Table 11b: Realized Lending Facilities of Government Bonds in the Form of Collateralized Loans of Securities in H1 2020 .....	17
Table 12: Realized Tap Sales of Government Bonds in H1 2020 .....	18
Table 13: Realized Exchange Operations of Government Bonds in H1 2020 .....	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 H1 2020 .....	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 H1 2020 .....	23
Table 21: Overall Evaluation in Q3 2019 to Q2 2020 .....	24
Table 22: Evaluation on Primary Market in Q3 2019 to Q2 2020 .....	24
Table 23: Evaluation on Secondary Market in Q3 2019 to Q2 2020 .....	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

bn	Billion
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
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 2020 published on 20 December 2019 and its update published in the Debt Portfolio Management Quarterly Report - 1<sup>st</sup> Quarter published on 17 April 2020, which was adopted on the basis of events related to the pandemic spread of SARS-CoV-2 coronavirus. It also includes regular quarterly evaluations of primary dealers for the period from the third quarter of 2019 to the second quarter of 2020.

During the first half of 2020, the Ministry proceeded to a significant increase in its issuance activity in order to cover the increased financing needs and sufficiently strengthen the liquidity reserves of the state treasury. It responded to the negative effects of the pandemic spread of the coronavirus SARS-CoV-2 in the form of an increased crisis deficit of the state budget, which was gradually increased to CZK 500 billion as part of amendments to the Act on the State Budget of the Czech Republic for 2020. During this period, it successfully sold CZK-denominated government bonds on the domestic market maturing after 31 December 2020, including the seventh subscription period of the "Dluhopis Republiky" bond in a record total nominal value of CZK 533 billion.

In the second quarter of 2020, CZK-denominated medium-term and long-term government bonds in a total nominal value of CZK 318.5 billion were placed on the primary market through 27 auctions in nine auction days. In addition to re-opened fixed-rate and variable-rate issues, the Ministry issued two new fixed-rate issues maturing in 2022 and 2040. In the first half of the year, CZK-denominated medium-term and long-term government bonds in a total nominal value of CZK 411.0 billion were sold on the primary market. During the second quarter of 2020, issuance activity on the primary market was supplemented by operations on the secondary market, where the Ministry sold government bonds in a total nominal value of CZK 11.5 billion as part of tap sales and exchanged government bonds in a total nominal value of CZK 17.2 billion. In the first half of the year, CZK-denominated medium-

term and long-term government bonds in a total nominal value of CZK 47.4 billion were placed on the secondary market.

During the second quarter of 2020, no regular redemption of medium-term and long-term government bonds took place, but government bonds in a total nominal value of CZK 17.2 billion maturing in 2020 and 2021 were exchanged as part of exchange operations. The net issue of medium-term and long-term government bonds thus amounted to CZK 330.0 billion in the second quarter, and CZK 386.8 billion in the first half of the year.

During the second quarter of 2020, the Ministry sold state treasury bills in a total nominal value of CZK 64.3 billion in six auctions, these being issues for the purpose of short-term strengthening of the state treasury's liquidity position, as they are all due this year. There was no regular redemption of these bonds in the second quarter, so the net issue was CZK 64.3 billion, and CZK 128.3 billion in the first half of the year.

The project of direct sale of government bonds intended for citizens continued in the second quarter, as on 1 April government bonds in a total nominal value of CZK 2.1 billion were issued. At the same time, the seventh subscription period with the issue date of 1 July took place, when government bonds in a total nominal value of CZK 2.3 billion were subscribed. There was also a regular redemption of the Inflation-linked Savings Government Bond of the Czech Republic, 2013–2020, CPI% in the total nominal value of CZK 0.4 billion and redemptions before the maturity date based on the exercise of the right of holders in the total nominal value of CZK 94 million. The net issue of government bonds for citizens including the reinvestment of yields thus reached CZK 1.7 billion in the second quarter and CZK 3.4 billion in the first half of the year.

In the area of loans and credits received from international financial institutions, regular repayments of loans from the European Investment Bank totaling CZK 1.4 billion were carried out in the second quarter of 2020, while no new tranche was received. Furthermore, the variable-rate tranche of the loan due in 2028 was converted from CZK 0.7 billion to the euro in the total amount of EUR 25.8 million at a fixed interest rate of 0.0% p.a. with its further revision in 2025.

## Successful Coverage of the Crisis Financing Needs

During the first half of the year, the Ministry had to react flexibly to the situation caused by the pandemic spread of coronavirus and provide additional funds to cover the crisis deficit of the state budget, regular redemptions of the state debt and strengthening the liquidity reserves of the state treasury. The updated CZK-denominated financing needs in 2020, including the approved state budget deficit of CZK 500 billion, amount to CZK 690.2 billion, while the Ministry has already been able to cover CZK 533 billion, i.e. more than 77% by an issuance and sale of government bonds maturing after 31 December 2020 with an average yield of 1.15% p.a. and an average time to maturity of 5.5 years.

The Ministry thus successfully placed government bonds at record nominal value on the domestic bond market through primary dealers and dealers

under still very favourable conditions, despite high uncertainty and volatility in the financial markets, especially in the early weeks of the economic and health crisis. The outstanding starting position of public finances, reflected in the high credit rating of the Czech Republic, affirmed by major international rating agencies during the current crisis, together with sound fundamentals of the financial sector, enabled smooth coverage of a significant part of the crisis financing needs so far. Those factors reflected in high demand for government bonds and thus helped to absorb the exceptionally high issue of government bonds. The high interest in government bonds of the Czech Republic, which investors continue to perceive as a safe financial asset, even enabled the sale of government bonds maturing in September 2021 for a negative yield at auction on 26 June.

## New Issue of a Government EUR-Bond

During the second quarter, it was decided to issue a second issue of a government bond denominated in euro on the domestic market under domestic law. The Ministry thus decided to build on the successful pilot issue of a government EUR-bond from 2019 with maturity in August 2021, whose total nominal value outstanding gradually reached EUR 1.0 billion. The first tranche of second issue of the government EUR-bond was auctioned on Wednesday 15 July, when bonds with a total nominal value of EUR 300 million were successfully placed on the primary market with a demand exceeding EUR 1.0 billion. The average yield to maturity reached the value of -0.015% p.a., having a positive impact on the state budget in the form of additional income of EUR 311 thousand.

The decision to issue a 7-year EUR-bond maturing in July 2027 was made on the basis of indications from primary dealers in order to utilize favourable conditions on the euro bond market. The Ministry verified that the issuance of this type of bond under Czech law is not an obstacle for domestic and foreign investors that would significantly limit its tradability on the financial market already during the pilot issue. It is thus a flexible, transparent and less administratively demanding alternative to government bonds issued on foreign markets under foreign law. Further sales of the government EUR-bond on the primary or secondary market will take place according to the current euro financing needs.

## High Interest in “Dluhopis Republiky” Government Bonds even in Times of Crisis

During the second quarter of 2020, the seventh subscription period took place, when citizens could purchase so-called “Dluhopis Republiky” government bonds through electronic access to asset account management or selected branches of contractual distributors. The subscription period ran from 16 March to 12 June with a date of issue of 1 July 2020. Despite the expected economic downturn this year and higher uncertainty about future developments, the Ministry did not observe a decrease in interest from citizens in this type of government bonds, but rather the total the nominal value sold reached CZK 2.3 billion, which is the highest since July last year. The Ministry thus manages to stabilize or rather slightly expand the investor base formed by households, when this issue exceeded the June redemption of the Inflation-

linked Savings Government Bond of the Czech Republic, 2013–2020, CPI% in a total nominal value of CZK 0.4 billion.

The Ministry offered three types of government bonds for subscription, namely the Reinvestment Government Bond of the Czech Republic, 2020–2026 III, FIX%, the Inflation-linked Government Bond of the Czech Republic, 2020–2026 III, CPI% and the Fixed Government Bond of the Czech Republic, 2020–2026 III, 1.30%. The highest demand has traditionally been for inflation-linked government bonds, of which CZK 2.0 billion was issued. The share of government bonds for citizens in total state debt remained stable in recent months, when reaching the level of 0.9% as of 1 July 2020.



# 1 – Borrowing Requirement and Development of State Debt

**Table 1: Structure and Balance of the Debt Portfolio**

CZK bn	2018	2019	30/6/2020
<b>Gross state debt</b>	<b>1,622.0</b>	<b>1,640.2</b>	<b>2,156.9</b>
T-Bills and other money market instruments	43.6	18.0	165.5
Received collateral in cash	0.0	0.0	0.0
T-Bonds issued on domestic market	1,377.1	1,419.2	1,807.3
T-Bonds issued on foreign markets	152.9	151.5	131.5
Savings government bonds	5.2	13.0	16.4
Received credits and loans <sup>1</sup>	43.2	38.5	36.2
Promissory notes	0.0	0.0	0.0
<b>Share of GDP (%)<sup>2</sup></b>	<b>30.0</b>	<b>28.5</b>	<b>37.9</b>

<sup>1</sup> Credits and loans received from international financial institutions.

<sup>2</sup> GDP in the ESA 2010 methodology. The source of data for Q1 2018 – Q1 2020 is CZSO, for Q2 2020 the Macroeconomic Forecast of the Czech Republic – April 2020. Source: MoF, CZSO

**Table 2: Financing Needs and Sources**

CZK bn	2018	2019	H1 2020
Primary balance of state budget	-43.7	-11.0	182.7
Net expenditure on state debt <sup>1</sup>	40.7	39.6	12.5
T-Bonds redemptions <sup>2</sup>	238.9	238.5	98.7
Redemptions and early redemptions on savings government bonds	16.4	2.7	0.4
T-Bills and other money market instruments redemptions <sup>3</sup>	44.0	43.5	18.4
Repayments on credits and loans <sup>4</sup>	8.0	4.7	2.4
<b>Total financing needs</b>	<b>304.4</b>	<b>317.9</b>	<b>315.2</b>
Gross T-Bills issue and other money market instruments <sup>3,5</sup>	43.7	18.0	165.9
Received collateral in cash	0.0	0.0	0.0
Gross issue of T-Bonds on domestic market <sup>5</sup>	259.2	280.9	458.4
Gross issue of T-Bonds on domestic market up to 5 years <sup>5,6</sup>	45.0	48.1	261.3
Gross issue of T-Bonds on domestic market from 5 to 10 years <sup>5,6</sup>	94.9	71.7	96.7
Gross issue of T-Bonds on domestic market over 10 years <sup>5,6</sup>	119.3	161.1	100.4
Gross issue of T-Bonds on foreign markets <sup>5</sup>	0.0	0.0	0.0
Gross issue of savings government bonds <sup>7</sup>	0.1	10.5	3.8
Received credits and loans <sup>4</sup>	0.0	0.0	0.0
Financial asset and liquidity management	1.3	8.5	-312.9
<b>Total financing sources</b>	<b>304.4</b>	<b>317.9</b>	<b>315.2</b>
<b>Gross borrowing requirement</b>	<b>303.1</b>	<b>309.4</b>	<b>628.1</b>

<sup>1</sup> Balance of the budgetary chapter 396 – State Debt.

<sup>2</sup> Incl. the effect of buy-backs and exchange operations.

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

<sup>4</sup> Credits and loans received from international financial institutions.

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

<sup>6</sup> Residual time to maturity at the transaction settlement date.

<sup>7</sup> Incl. the reinvestment of yields.

Source: MoF

**Table 3: Net Borrowing Requirement and Change in State Debt**

CZK bn	2018	2019	H1 2020
<b>Gross state debt as at 1 January</b>	<b>1,624.7</b>	<b>1,622.0</b>	<b>1,640.2</b>
Primary state budget balance	-43.7	-11.0	182.7
Net expenditure on state debt service <sup>1</sup>	40.7	39.6	12.5
Financial asset and liquidity management operations	-1.3	-8.5	312.9
<b>Net borrowing requirement</b>	<b>-4.2</b>	<b>20.0</b>	<b>508.2</b>
T-Bills net issue and net change in the balance of other money market instruments	-0.3	-25.5	147.5
T-Bonds net issue on domestic market	71.7	42.4	386.8
T-Bonds net issue on foreign markets	-51.4	0.0	-27.2
Savings government bonds net issue	-16.3	7.8	3.4
Net change in balance of received credits and loans <sup>2</sup>	-8.0	-4.7	-2.4
<b>Financing of net borrowing requirement</b>	<b>-4.2</b>	<b>20.0</b>	<b>508.2</b>
Revaluation of state debt <sup>3</sup>	1.5	-1.8	8.6
Promissory notes net change	0.0	0.0	0.0
<b>Gross state debt change</b>	<b>-2.7</b>	<b>18.2</b>	<b>516.7</b>
<b>Gross state debt as at the end of period</b>	<b>1,622.0</b>	<b>1,640.2</b>	<b>2,156.9</b>

<sup>1</sup> Balance of budgetary chapter 396 – State debt.

<sup>2</sup> Credits and loans received from international financial institutions.

<sup>3</sup> 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

The absolute amount of state debt at the end of the first half of the year reached CZK 2,156.9 billion, which represents an increase of CZK 516.7 billion since the end of 2019. This increase is mainly due to the historically record issue of government bonds in the first half of 2020 for the purpose of pre-financing in order to cover the crisis deficit of the state budget, currently approved at the amount of CZK 500 billion compared to the originally approved CZK 40 billion, this year's state debt redemptions and strengthening the state treasury liquidity reserves. The increase in state debt is also negatively affected by the fact that most of this year's government bond redemptions will take place in the second half of the year, while

the Ministry issues government bonds throughout the year. In the case of covering the state budget deficit and redemptions of the state debt from the current available funds of the state treasury and without further issuance activity in the second half of the year, the state debt would amount to approximately CZK 2.0 trillion at the end of 2020. However, the actual state debt at the end of this year will reflect the Ministry's issuing activity, which will respond flexibly to the actual development of the state budget performance in the second half of the year, the state of available funds in the state treasury, the situation on the government bond market and demand from primary dealers and dealers.

## 2 – Primary Market of Government Bonds

**Table 4a: Medium-Term and Long-Term Government Bonds Issued in H1 2020**

Issue name	Issue/ tranche no.	Auction date	Settlement date	Maturity date	Currency	Max. nominal value offered in the competitive part of auction	Total nominal value sold
ČR, 0.45 %, 23	97 -	15/1	17/1	25/10/2023	CZK	3,000,000,000	0
ČR, 0.25 %, 27	100 22	15/1	17/1	10/2/2027	CZK	4,000,000,000	4,842,930,000
ČR, 0.45 %, 23	97 23	29/1	31/1	25/10/2023	CZK	4,000,000,000	4,629,650,000
ČR, 4.85 %, 57	53 9	29/1	31/1	26/11/2057	CZK	1,000,000,000	446,890,000
ČR, 1.25 %, 25	120 1	12/2	14/2	14/2/2025	CZK	5,000,000,000	5,533,930,000
ČR, 4.85 %, 57	53 10	12/2	14/2	26/11/2057	CZK	500,000,000	566,130,000
ČR, 1.25 %, 25	120 2	26/2	28/2	14/2/2025	CZK	5,000,000,000	5,457,230,000
ČR, 0.25 %, 27	100 23	26/2	28/2	10/2/2027	CZK	3,000,000,000	3,058,110,000
ČR, 0.25 %, 27	100 24	11/3	13/3	10/2/2027	CZK	2,000,000,000	2,500,000,000
ČR, 1.20 %, 31	121 1	11/3	13/3	13/3/2031	CZK	7,000,000,000	9,650,000,000
ČR, 4.85 %, 57	53 11	11/3	13/3	26/11/2057	CZK	500,000,000	500,000,000
ČR, 0.45 %, 23	97 24	25/3	27/3	25/10/2023	CZK	5,000,000,000	37,510,540,000
ČR, VAR %, 27	90 13	25/3	27/3	19/11/2027	CZK	4,000,000,000	3,032,300,000
ČR, 1.20 %, 31	121 2	25/3	27/3	13/3/2031	CZK	3,000,000,000	14,762,410,000
ČR, 3.85 %, 21	61 17	1/4	3/4	29/9/2021	CZK	5,000,000,000	41,091,530,000
ČR, VAR %, 23	63 22	1/4	3/4	18/4/2023	CZK	3,000,000,000	10,179,750,000
ČR, 1.25 %, 25	120 3	1/4	3/4	14/2/2025	CZK	4,000,000,000	38,204,680,000
ČR, 1.00 %, 26	95 23	8/4	14/4	26/6/2026	CZK	5,000,000,000	15,410,490,000
ČR, 2.50 %, 28	78 26	8/4	14/4	25/8/2028	CZK	5,000,000,000	9,983,000,000
ČR, 2.00 %, 33	103 27	8/4	14/4	13/10/2033	CZK	3,000,000,000	4,416,200,000
ČR, 0.10 %, 22	126 1	15/4	17/4	17/4/2022	CZK	5,000,000,000	32,973,730,000
ČR, 0.25 %, 27	100 25	15/4	17/4	10/2/2027	CZK	5,000,000,000	12,667,950,000
ČR, 1.20 %, 31	121 3	15/4	17/4	13/3/2031	CZK	4,000,000,000	11,785,160,000
ČR, 1.25 %, 25	120 4	22/4	24/4	14/2/2025	CZK	5,000,000,000	58,933,780,000
ČR, 1.20 %, 31	121 4	22/4	24/4	13/3/2031	CZK	5,000,000,000	14,044,420,000
ČR, 1.50 %, 40	125 1	22/4	24/4	24/4/2040	CZK	2,000,000,000	2,794,160,000
ČR, 2.50 %, 28	78 27	6/5	11/5	25/8/2028	CZK	4,000,000,000	4,591,990,000
ČR, 0.95 %, 30	94 21	6/5	11/5	15/5/2030	CZK	4,000,000,000	5,201,450,000
ČR, 2.00 %, 33	103 28	6/5	11/5	13/10/2033	CZK	4,000,000,000	5,230,030,000
ČR, 4.70 %, 22	52 17	13/5	15/5	12/9/2022	CZK	7,406,100,000	7,406,100,000
ČR, 1.00 %, 26	95 24	13/5	15/5	26/6/2026	CZK	6,000,000,000	7,008,100,000
ČR, 1.20 %, 31	121 5	13/5	15/5	13/3/2031	CZK	5,000,000,000	5,912,990,000
ČR, 2.40 %, 25	89 21	20/5	22/5	17/9/2025	CZK	4,000,000,000	4,523,930,000
ČR, VAR %, 27	90 14	20/5	22/5	19/11/2027	CZK	4,000,000,000	4,687,990,000
ČR, 1.50 %, 40	125 2	20/5	22/5	24/4/2040	CZK	2,000,000,000	1,992,210,000
ČR, 0.25 %, 27	100 26	10/6	12/6	10/2/2027	CZK	4,000,000,000	5,635,980,000
ČR, 1.20 %, 31	121 6	10/6	12/6	13/3/2031	CZK	3,000,000,000	3,438,560,000
ČR, 1.50 %, 40	125 3	10/6	12/6	24/4/2040	CZK	2,000,000,000	1,600,000,000
ČR, 3.85 %, 21	61 18	24/6	26/6	29/9/2021	CZK	1,273,470,000	1,273,470,000
ČR, 0.25 %, 27	100 27	24/6	26/6	10/2/2027	CZK	5,000,000,000	5,416,570,000
ČR, 1.50 %, 40	125 4	24/6	26/6	24/4/2040	CZK	2,000,000,000	2,114,000,000
<b>Total</b>							<b>411,008,340,000</b>

Source: MoF, CNB

**Table 4b: Medium-Term and Long-Term Government Bonds Issued in H1 2020**

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, 0.45 %, 23	97	-	0.45%	-	-	0.00	0.00	
ČR, 0.25 %, 27	100	22	0.25%	90.754	1.647	1.96	121.07	0.00
ČR, 0.45 %, 23	97	23	0.45%	96.085	1.537	3.07	100.00	15.74
ČR, 4.85 %, 57	53	9	4.85%	166.575	2.227	5.05	43.17	1.52
ČR, 1.25 %, 25	120	1	1.25%	98.730	1.517	2.55	100.00	10.68
ČR, 4.85 %, 57	53	10	4.85%	168.994	2.160	5.39	100.00	13.23
ČR, 1.25 %, 25	120	2	1.25%	98.846	1.493	1.41	100.00	9.14
ČR, 0.25 %, 27	100	23	0.25%	92.939	1.320	3.54	100.00	1.94
ČR, 0.25 %, 27	100	24	0.25%	95.371	0.945	2.02	125.00	0.00
ČR, 1.20 %, 31	121	1	1.20%	101.646	1.041	1.22	137.86	0.00
ČR, 4.85 %, 57	53	11	4.85%	180.759	1.854	1.86	100.00	0.00
ČR, 0.45 %, 23	97	24	0.45%	97.636	1.127	1.04	721.12	29.09
ČR, VAR %, 27	90	13	VAR%	97.957	19.491 <sup>1</sup>	1.57	75.00	0.81
ČR, 1.20 %, 31	121	2	1.20%	96.218	1.578	1.30	478.20	13.88
ČR, 3.85 %, 21	61	17	3.85%	104.346	0.896	2.14	800.00	21.83
ČR, VAR %, 23	63	22	VAR%	101.268	24.574 <sup>1</sup>	3.11	333.33	5.99
ČR, 1.25 %, 25	120	3	1.25%	99.957	1.259	1.20	936.15	18.96
ČR, 1.00 %, 26	95	23	1.00%	98.552	1.244	2.51	292.90	15.31
ČR, 2.50 %, 28	78	26	2.50%	109.356	1.311	1.95	190.52	9.14
ČR, 2.00 %, 33	103	27	2.00%	106.504	1.465	2.11	145.54	1.67
ČR, 0.10 %, 22	126	1	0.10%	98.635	0.791	3.27	627.40	32.07
ČR, 0.25 %, 27	100	25	0.25%	93.413	1.265	2.48	241.87	11.49
ČR, 1.20 %, 31	121	3	1.20%	98.028	1.396	2.11	281.96	12.67
ČR, 1.25 %, 25	120	4	1.25%	100.720	1.095	1.77	1147.13	31.55
ČR, 1.20 %, 31	121	4	1.20%	98.548	1.344	1.44	276.68	4.20
ČR, 1.50 %, 40	125	1	1.50%	95.929	1.743	1.76	137.00	2.71
ČR, 2.50 %, 28	78	27	2.50%	111.507	1.043	5.92	100.00	14.80
ČR, 0.95 %, 30	94	21	0.95%	98.302	1.130	4.98	115.38	14.66
ČR, 2.00 %, 33	103	28	2.00%	107.977	1.346	2.76	113.81	16.94
ČR, 4.70 %, 22	52	17	4.70%	110.568	0.143	3.71	100.00	0.00
ČR, 1.00 %, 26	95	24	1.00%	102.350	0.607	4.89	100.75	16.05
ČR, 1.20 %, 31	121	5	1.20%	102.434	0.962	6.93	100.00	18.26
ČR, 2.40 %, 25	89	21	2.40%	109.755	0.536	4.80	99.00	14.10
ČR, VAR %, 27	90	14	VAR%	99.100	2.018 <sup>1</sup>	8.95	100.00	17.20
ČR, 1.50 %, 40	125	2	1.50%	101.220	1.429	3.50	87.56	12.05
ČR, 0.25 %, 27	100	26	0.25%	96.351	0.815	2.60	124.88	16.02
ČR, 1.20 %, 31	121	6	1.20%	101.760	1.026	4.00	101.70	12.92
ČR, 1.50 %, 40	125	3	1.50%	99.998	1.500	2.90	77.50	2.50
ČR, 3.85 %, 21	61	18	3.85%	104.850	-0.004	12.02	100.00	0.00
ČR, 0.25 %, 27	100	27	0.25%	97.333	0.663	2.83	93.90	14.43
ČR, 1.50 %, 40	125	4	1.50%	100.787	1.454	2.46	100.00	5.70
<b>Average</b>					<b>3.28</b>	<b>225.03</b>	<b>10.71</b>	

Source: MoF, CNB

**Table 5: State Treasury Bills Issued in H1 2020**

Issue no.	Maturity (weeks)	Auction date	Issue date	Maturity date	Max. nominal value offered	Total nominal value sold	Yield to maturity (% p.a.)
812	11	2/1	3/1	20/3/2020	5,000,000,000	40,000,000	1.000
813	52	26/3	27/3	26/3/2021	10,000,000,000	68,560,000,000	1.250
814	12	9/4	14/4	10/7/2020	20,000,000,000	12,595,000,000	0.850
815	26	16/4	17/4	16/10/2020	20,000,000,000	20,792,000,000	0.600
816	13	14/5	15/5	14/8/2020	20,000,000,000	12,414,000,000	0.190
817	26	28/5	29/5	27/11/2020	20,000,000,000	2,412,000,000	0.190
818	13	4/6	5/6	4/9/2020	10,000,000,000	10,468,000,000	0.190
819	26	18/6	19/6	18/12/2020	10,000,000,000	5,605,000,000	0.190
<b>Total</b>						<b>132,886,000,000</b>	<b>0.864<sup>1</sup></b>

<sup>1</sup> Average weighted yield to maturity.  
Source: MoF, CNB

**Table 6: Savings Government Bonds Issued in H1 2020**

Issue name	Issue no.	Settlement date	Maturity date	Original maturity (years)	Total nominal value sold
SD-R ČR, FIX %, 26	114	2/1	2/1/2026	6.0	51,894,075
SD-I ČR, CPI %, 26	115	2/1	2/1/2026	6.0	1,604,924,634
SD-F ČR, 1.25 %, 26	116	2/1	2/1/2026	6.0	16,416,515
SD-R ČR, FIX %, 25 <sup>1</sup>	106	1/2	1/2/2025	6.0	12,331,472
SD-R ČR, FIX %, 26 II	117	1/4	1/4/2026	6.0	51,713,779
SD-I ČR, CPI %, 26 II	118	1/4	1/4/2026	6.0	2,027,379,368
SD-F ČR, 1.50 %, 26 II	119	1/4	1/4/2026	6.0	26,180,501
SD-R ČR, FIX %, 25 II <sup>1</sup>	107	1/4	1/4/2025	6.0	3,803,816
SSD-I ČR, CPI %, 20 II <sup>1</sup>	87	12/6	12/12/2020	7.0	40,843,748
SSD-V ČR, VAR %, 20 <sup>1</sup>	93	12/6	12/12/2020	6.5	330,371
<b>Total</b>					<b>3,835,818,279</b>

<sup>1</sup> 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 30/6/2020**

Issue name	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
ČR, 3.75 %, 20	46	CZ0001001317	12/9/2020	65,629,050,000	0
ČR, VAR %, 20	91	CZ0001004113	9/12/2020	24,850,370,000	0
ČR, 0.75 %, 21	104	CZ0001005367	23/2/2021	23,168,240,000	0
ČR, 3.85 %, 21	61	CZ0001002851	29/9/2021	120,000,000,000	0
ČR, 0.00 %, 22	102	CZ0001005029	24/2/2022	5,845,780,000	0
ČR, 0.10 %, 22	126	CZ0001005946	17/4/2022	34,983,730,000	65,016,270,000
ČR, 4.70 %, 22	52	CZ0001001945	12/9/2022	95,000,000,000	0
ČR, VAR %, 23	63	CZ0001003123	18/4/2023	99,000,000,000	1,000,000,000
ČR, 0.45 %, 23	97	CZ0001004600	25/10/2023	103,680,540,000	16,319,460,000
ČR, 5.70 %, 24	58	CZ0001002547	25/5/2024	88,600,000,000	1,400,000,000
ČR, 1.25 %, 25	120	CZ0001005870	14/2/2025	116,707,620,000	3,292,380,000
ČR, 2.40 %, 25	89	CZ0001004253	17/9/2025	104,455,520,000	5,544,480,000
ČR, 1.00 %, 26	95	CZ0001004469	26/6/2026	125,266,590,000	24,733,410,000
ČR, 0.25 %, 27	100	CZ0001005037	10/2/2027	123,720,500,000	1,279,500,000
ČR, VAR %, 27	90	CZ0001004105	19/11/2027	67,962,690,000	2,037,310,000
ČR, 2.50 %, 28	78	CZ0001003859	25/8/2028	118,074,990,000	16,925,010,000
ČR, 2.75 %, 29	105	CZ0001005375	23/7/2029	99,000,000,000	1,000,000,000
ČR, 0.95 %, 30	94	CZ0001004477	15/5/2030	104,851,450,000	15,148,550,000
ČR, 1.20 %, 31	121	CZ0001005888	13/3/2031	68,533,540,000	31,466,460,000
ČR, 2.00 %, 33	103	CZ0001005243	13/10/2033	113,340,230,000	6,659,770,000
ČR, 4.20 %, 36	49	CZ0001001796	4/12/2036	49,700,000,000	300,000,000
ČR, 1.50 %, 40	125	CZ0001005920	24/4/2040	9,060,370,000	10,939,630,000
ČR, 4.85 %, 57	53	CZ0001002059	26/11/2057	19,178,120,000	821,880,000
<b>Total CZK</b>				<b>1,780,609,330,000</b>	<b>203,884,110,000</b>
ČR, 0.00 %, 21	109	CZ0001005706	20/8/2021	1,000,000,000	0
<b>Total EUR</b>				<b>1,000,000,000</b>	<b>0</b>

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 30/6/2020**

ISIN	Currency	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
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
<b>Total EUR</b>			<b>4,750,000,000</b>	<b>0</b>
<b>Total JPY</b>			<b>30,000,000,000</b>	<b>0</b>

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 30/6/2020**

Issue no.	Maturity (weeks)	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
813	52	CZ0001005938	26/3/2021	68,560,000,000	100,000,000,000
814	12	CZ0001005953	10/7/2020	12,595,000,000	0
815	26	CZ0001005961	16/10/2020	20,792,000,000	0
816	13	CZ0001005979	14/8/2020	12,414,000,000	0
817	26	CZ0001005987	27/11/2020	2,412,000,000	0
818	13	CZ0001005995	4/9/2020	10,468,000,000	0
819	26	CZ0001006027	18/12/2020	5,605,000,000	0
<b>Total</b>				<b>132,846,000,000</b>	<b>100,000,000,000</b>

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

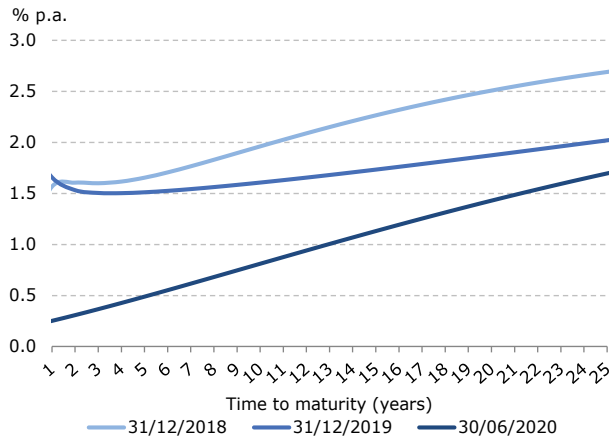
**Table 10: Issued Savings Government Bonds as at 30/6/2020**

Issue name	Issue no.	ISIN	Maturity date	Nominal value outstanding	Nominal value booked on MoF's asset accounts
SSD-I ČR, CPI %, 20 II	87	CZ0001004204	12/12/2020	2,207,776,211	0
SSD-V ČR, VAR %, 20	93	CZ0001004311	12/12/2020	30,912,736	0
SD-R ČR, FIX %, 25	106	CZ0001005623	1/2/2025	2,913,786,412	0
SD-R ČR, FIX %, 25 II	107	CZ0001005631	1/4/2025	898,774,124	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
SD-R ČR, FIX %, 25 IV	111	CZ0001005730	1/10/2025	56,389,169	0
SD-I ČR, CPI %, 25 II	112	CZ0001005722	1/10/2025	1,119,582,173	0
SD-F ČR, 1.50 %, 25	113	CZ0001005748	1/10/2025	23,201,524	0
SD-R ČR, FIX %, 26	114	CZ0001005763	2/1/2026	51,894,075	0
SD-I ČR, CPI %, 26	115	CZ0001005771	2/1/2026	1,604,924,634	0
SD-F ČR, 1.25 %, 26	116	CZ0001005789	2/1/2026	16,416,515	0
SD-R ČR, FIX %, 26 II	117	CZ0001005813	1/4/2026	51,713,779	0
SD-I ČR, CPI %, 26 II	118	CZ0001005821	1/4/2026	2,027,379,368	0
SD-F ČR, 1.50 %, 26 II	119	CZ0001005805	1/4/2026	26,180,501	0
<b>Total</b>				<b>16,405,867,529</b>	<b>0</b>

Source: MoF

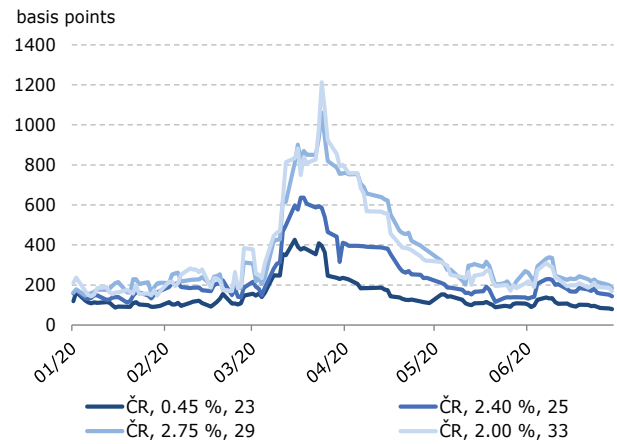
### 3 – Secondary Market of Government Bonds

**Figure 1: Yield Curve of Government Bonds**



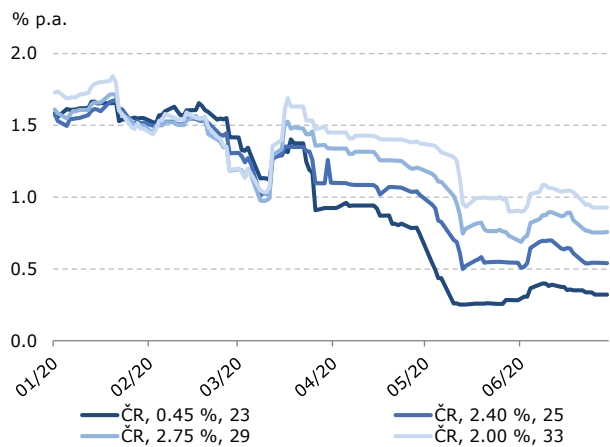
Note: "Par" yield curve of CZK-denominated fixed-rate government bonds is constructed on the basis the extended Nelson-Siegel model, called Svensson model.  
Source: MoF, MTS

**Figure 2: Bid-Offer Spreads of Selected Government Bonds**



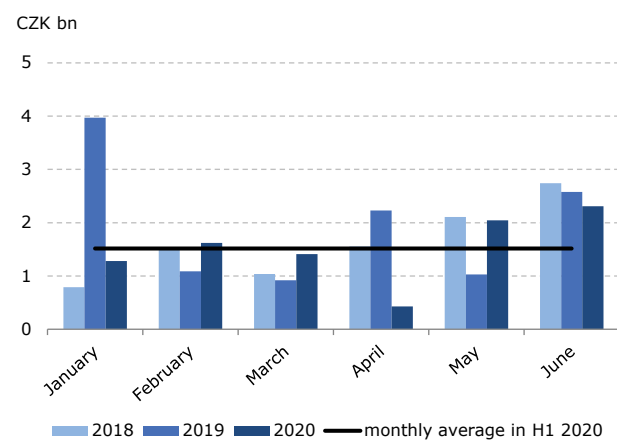
Source: MoF, MTS

**Figure 3: Yields of Selected Government Bonds**



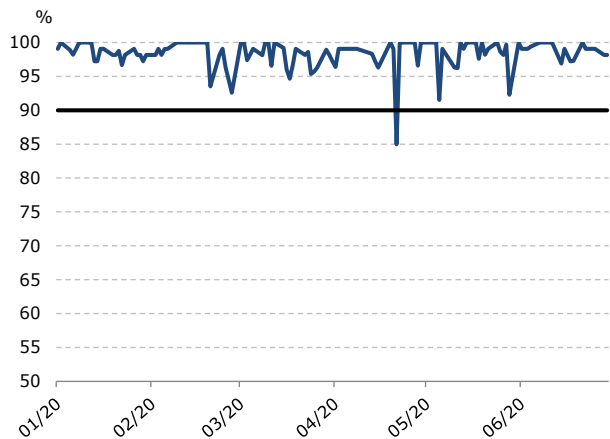
Source: MoF, MTS

**Figure 4: Traded Nominal Value on MTS Czech Republic**



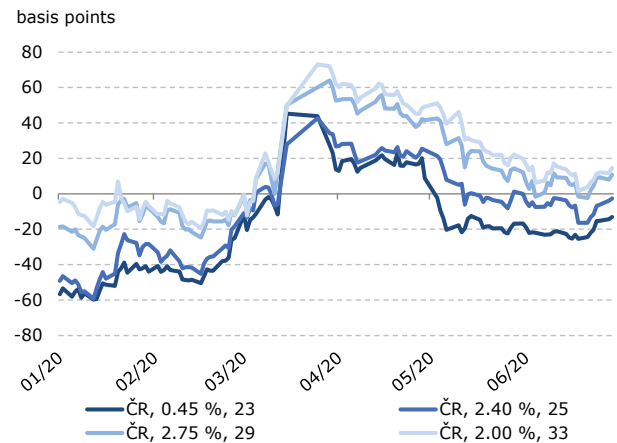
Source: MoF, MTS

**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 H1 2020**

Issue name	ISIN	Collateral nominal value	Financial resources received	Financial resources paid <sup>1</sup>
ČR, 0.75 %, 21	CZ0001005367	300,000,000	296,469,863	296,440,216
ČR, 4.20 %, 36	CZ0001001796	260,000,000	376,588,333	376,529,169
<b>Total CZK</b>		<b>560,000,000</b>	<b>673,058,196</b>	<b>672,969,385</b>
ČR, 0.45 %, 23	CZ0001004600	4,665,000,000 <sup>2</sup>	150,000,000	149,895,000
ČR, 5.70 %, 24	CZ0001002547	977,000,000 <sup>2</sup>	45,000,000	44,986,744
ČR, 1.00 %, 26	CZ0001004469	1,480,000,000 <sup>2</sup>	55,000,000	54,983,798
ČR, 2.75 %, 29	CZ0001005375	705,000,000 <sup>2</sup>	30,000,000	29,991,250
ČR, 2.00 %, 33	CZ0001005243	1,486,000,000 <sup>2</sup>	60,000,000	59,982,500
<b>Total EUR</b>		<b>9,313,000,000<sup>2</sup></b>	<b>340,000,000</b>	<b>339,839,292</b>

<sup>1</sup> Incl. financial resources from this lending facilities realized in H1 2020, which has not been paid during this period.

<sup>2</sup> Collateral nominal value is stated in local currency.

Note: The average interest rate achieved under this lending facilities during H1 2020 amounted to -0.44% p.a.

Source: MoF

**Table 11b: Realized Lending Facilities of Government Bonds in the Form of Collateralized Loans of Securities in H1 2020**

Issue name	ISIN	Nominal value	Revenue <sup>1</sup>
ČR, 0.75 %, 21	CZ0001005367	110,000,000	8,455
ČR, 4.70 %, 22	CZ0001001945	980,000,000	189,350
ČR, VAR %, 23	CZ0001003123	410,000,000	34,090
ČR, 0.45 %, 23	CZ0001004600	340,000,000	29,379
ČR, 1.25 %, 25	CZ0001005870	100,000,000	11,566
ČR, VAR %, 27	CZ0001004105	605,000,000	191,763
ČR, 2.75 %, 29	CZ0001005375	166,000,000	26,516
ČR, 0.95 %, 30	CZ0001004477	150,000,000	11,961
ČR, 2.00 %, 33	CZ0001005243	673,000,000	152,421
ČR, 4.20 %, 36	CZ0001001796	120,000,000	84,310
ČR, 1.50 %, 40	CZ0001005920	400,000,000	65,834
ČR, 4.85 %, 57	CZ0001002059	25,000,000	3,284
<b>Total</b>		<b>4,079,000,000</b>	<b>808,930</b>

<sup>1</sup> Incl. financial revenue from this lending facilities realized in H1 2020, which has not been terminated during this period.

Source: MoF

**Table 12: Realized Tap Sales of Government Bonds in H1 2020**

Issue name	Issue no.	Settlement date	Maturity date	Average price	Currency	Nominal value
ČR, 0.95 %, 30	94	8/1/2020	15/5/2030	93.625	CZK	369,760,000
ČR, 1.00 %, 26	95	10/1/2020	26/6/2026	96.950	CZK	200,000,000
ČR, 0.45 %, 23	97	22/1/2020	25/10/2023	95.850	CZK	150,000,000
ČR, 0.45 %, 23	97	24/1/2020	25/10/2023	95.900	CZK	200,000,000
ČR, 2.00 %, 33	103	27/1/2020	13/10/2033	105.275	CZK	400,000,000
ČR, 0.25 %, 27	100	5/2/2020	10/2/2027	91.900	CZK	200,000,000
ČR, 2.00 %, 33	103	4/3/2020	13/10/2033	110.500	CZK	290,000,000
ČR, 4.20 %, 36	49	4/3/2020	4/12/2036	145.500	CZK	174,380,000
ČR, 0.45 %, 23	97	6/3/2020	25/10/2023	97.100	CZK	209,960,000
ČR, 0.25 %, 27	100	10/3/2020	10/2/2027	93.975	CZK	500,000,000
ČR, 0.00 %, 22	102	12/3/2020	24/2/2022	97.650	CZK	280,000,000
ČR, 0.75 %, 21	104	20/3/2020	23/2/2021	99.450	CZK	550,000,000
ČR, 0.45 %, 23	97	20/3/2020	25/10/2023	96.800	CZK	1,000,000,000
ČR, 3.85 %, 21	61	23/3/2020	29/9/2021	103.450	CZK	1,100,000,000
ČR, 1.25 %, 25	120	23/3/2020	14/2/2025	99.340	CZK	2,200,000,000
ČR, 1.00 %, 26	95	23/3/2020	26/6/2026	96.500	CZK	1,614,400,000
ČR, 4.70 %, 22	52	24/3/2020	12/9/2022	108.010	CZK	269,000,000
ČR, 1.25 %, 25	120	24/3/2020	14/2/2025	99.340	CZK	3,500,000,000
ČR, 0.25 %, 27	100	24/3/2020	10/2/2027	92.500	CZK	1,158,410,000
ČR, 2.50 %, 28	78	1/4/2020	25/8/2028	109.800	CZK	1,000,000,000
ČR, 1.20 %, 31	121	1/4/2020	13/3/2031	97.800	CZK	3,450,000,000
ČR, 2.00 %, 33	103	1/4/2020	13/10/2033	106.250	CZK	1,000,000,000
ČR, 0.45 %, 23	97	8/4/2020	25/10/2023	98.400	CZK	270,000,000
ČR, 1.20 %, 31	121	8/4/2020	13/3/2031	98.140	CZK	2,750,000,000
ČR, 2.00 %, 33	103	29/4/2020	13/10/2033	107.300	CZK	1,500,000,000
ČR, 1.50 %, 40	125	29/4/2020	24/4/2040	95.500	CZK	510,000,000
ČR, 2.00 %, 33	103	4/5/2020	13/10/2033	107.300	CZK	950,000,000
ČR, 1.50 %, 40	125	4/5/2020	24/4/2040	95.500	CZK	50,000,000
<b>Total</b>						<b>25,845,910,000</b>

Source: MoF

**Table 13: Realized Exchange Operations of Government Bonds in H1 2020**

Settlement date	Issue name	Tap sale		Buy-back		
		Nominal value	Average price	Issue name	Nominal value	Average price
25/3/2020	ČR, 1.25 %, 25	500,000,000	98.300	ČR, 3.75 %, 20	500,000,000	100.920
25/3/2020	ČR, 1.20 %, 31	400,000,000	94.500	ČR, 3.75 %, 20	400,000,000	100.920
25/3/2020	ČR, 2.00 %, 33	275,950,000	102.300	ČR, 3.75 %, 20	275,950,000	100.920
26/3/2020	ČR, 5.70 %, 24	1,000,000,000	117.850	ČR, 3.75 %, 20	1,000,000,000	101.065
26/3/2020	ČR, 1.25 %, 25	1,278,000,000	99.200	ČR, 3.75 %, 20	1,278,000,000	101.065
31/3/2020	ČR, 1.25 %, 25	400,000,000	99.500	ČR, 3.75 %, 20	400,000,000	101.250
31/3/2020	ČR, VAR %, 27	200,000,000	97.000	ČR, VAR %, 20	200,000,000	99.850
31/3/2020	ČR, 1.20 %, 31	250,000,000	96.890	ČR, 3.75 %, 20	250,000,000	101.250
1/4/2020	ČR, 1.25 %, 25	500,000,000	100.000	ČR, 3.75 %, 20	500,000,000	101.250
1/4/2020	ČR, 4.20 %, 36	200,000,000	137.750	ČR, 3.75 %, 20	200,000,000	101.250
2/4/2020	ČR, 0.45 %, 23	300,000,000	97.600	ČR, 3.75 %, 20	300,000,000	101.250
7/4/2020	ČR, VAR %, 23	271,000,000	101.150	ČR, VAR %, 20	271,000,000	99.820
7/4/2020	ČR, 1.20 %, 31	500,000,000	97.500	ČR, 3.75 %, 20	500,000,000	101.300
16/4/2020	ČR, VAR %, 23	152,000,000	101.150	ČR, VAR %, 20	152,000,000	99.850
16/4/2020	ČR, VAR %, 27	50,000,000	97.000	ČR, VAR %, 20	50,000,000	99.850
16/4/2020	ČR, 2.00 %, 33	480,000,000	105.800	ČR, 3.75 %, 20	480,000,000	101.300
21/4/2020	ČR, 2.50 %, 28	1,200,000,000	109.000	ČR, VAR %, 20	1,200,000,000	99.950
21/4/2020	ČR, 2.50 %, 28	400,000,000	109.000	ČR, 3.75 %, 20	400,000,000	101.300
21/4/2020	ČR, VAR %, 27	300,000,000	97.000	ČR, VAR %, 20	300,000,000	99.950
21/4/2020	ČR, 2.00 %, 33	764,000,000	106.020	ČR, 3.75 %, 20	764,000,000	101.300
22/4/2020	ČR, 0.10 %, 22	210,000,000	98.650	ČR, 3.75 %, 20	210,000,000	101.300
22/4/2020	ČR, 0.10 %, 22	1,000,000,000	98.650	ČR, VAR %, 20	1,000,000,000	99.800
22/4/2020	ČR, 0.45 %, 23	300,000,000	98.600	ČR, 3.75 %, 20	300,000,000	101.300
22/4/2020	ČR, 1.00 %, 26	700,000,000	98.700	ČR, 3.75 %, 20	700,000,000	101.300
22/4/2020	ČR, 1.00 %, 26	1,000,000,000	98.700	ČR, VAR %, 20	1,000,000,000	99.800
23/4/2020	ČR, 0.10 %, 22	100,000,000	98.700	ČR, 3.75 %, 20	100,000,000	101.210
23/4/2020	ČR, 0.10 %, 22	700,000,000	98.700	ČR, VAR %, 20	700,000,000	100.000
23/4/2020	ČR, 1.00 %, 26	148,000,000	98.700	ČR, 3.75 %, 20	148,000,000	101.210
23/4/2020	ČR, 1.00 %, 26	1,000,000,000	98.700	ČR, VAR %, 20	1,000,000,000	100.000
29/4/2020	ČR, 2.50 %, 28	900,000,000	109.800	ČR, VAR %, 20	900,000,000	100.000
29/4/2020	ČR, 1.20 %, 31	200,000,000	98.150	ČR, VAR %, 20	200,000,000	100.000
29/4/2020	ČR, 1.20 %, 31	40,000,000	98.150	ČR, 3.75 %, 20	40,000,000	101.210
4/5/2020	ČR, 1.20 %, 31	350,000,000	98.200	ČR, VAR %, 20	350,000,000	100.000
6/5/2020	ČR, 2.50 %, 28	1,000,000,000	110.750	ČR, VAR %, 20	1,000,000,000	100.000
6/5/2020	ČR, 1.20 %, 31	750,000,000	98.533	ČR, VAR %, 20	750,000,000	100.000
6/5/2020	ČR, 1.20 %, 31	250,000,000	98.200	ČR, 3.75 %, 20	250,000,000	101.262
9/6/2020	ČR, VAR %, 27	100,000,000	99.200	ČR, 0.75 %, 21	100,000,000	100.460
16/6/2020	ČR, VAR %, 23	750,000,000	102.550	ČR, 0.75 %, 21	750,000,000	100.450
16/6/2020	ČR, VAR %, 27	500,000,000	99.200	ČR, 0.75 %, 21	500,000,000	100.450
17/6/2020	ČR, VAR %, 27	200,000,000	99.340	ČR, 0.75 %, 21	200,000,000	100.470
18/6/2020	ČR, VAR %, 27	100,000,000	99.350	ČR, 0.75 %, 21	100,000,000	100.460
19/6/2020	ČR, VAR %, 23	449,870,000	102.610	ČR, 0.75 %, 21	449,870,000	100.460
22/6/2020	ČR, VAR %, 27	200,000,000	99.350	ČR, 0.75 %, 21	200,000,000	100.460
22/6/2020	ČR, 1.25 %, 25	200,000,000	102.800	ČR, 0.75 %, 21	200,000,000	100.460
22/6/2020	ČR, 0.45 %, 23	300,000,000	100.200	ČR, 0.75 %, 21	300,000,000	100.460
23/6/2020	ČR, 0.95 %, 30	650,000,000	100.400	ČR, 0.75 %, 21	650,000,000	100.460
<b>Total</b>		<b>21,518,820,000</b>			<b>21,518,820,000</b>	

Source: MoF

## 4 – Risk Management and Portfolio Strategy

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

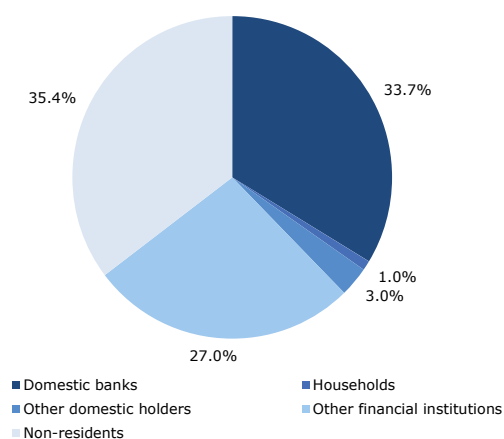
INDICATOR	Announced target for medium-term horizon	As at 30/6/2020
Short-term state debt	20.0% and less	15.6%
Medium-term state debt	70.0% and less	51.7%
Average time to maturity	6.0 years <sup>1</sup>	5.6 years
Interest re-fixing up to 1 year	40.0% and less	24.5%
Average time to re-fixing	5.0 years <sup>1</sup>	5.2 years
Net foreign-currency exposure with the impact on the state debt level	15.0% and less <sup>2</sup>	7.9%
Net foreign-currency exposure with the impact on the level of interest expenditure on state debt service	15.0% and less <sup>2</sup>	7.9%

<sup>1</sup> With a possibility of deviation of 0.25 years.

<sup>2</sup> 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

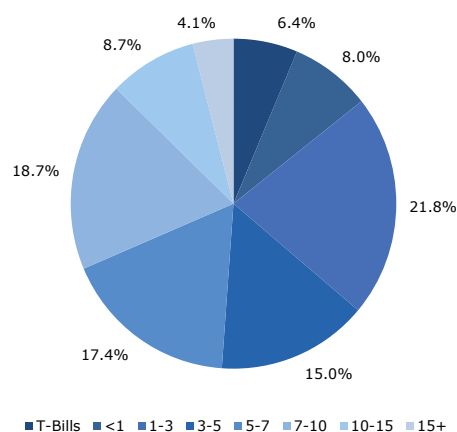
**Figure 7: Structure of Government Bonds by Type of Holder**



Note: Involves T-Bonds issued on domestic market, savings government bonds and T-Bills. As at 30/6/2020.

Source: MoF, CDCP, CNB

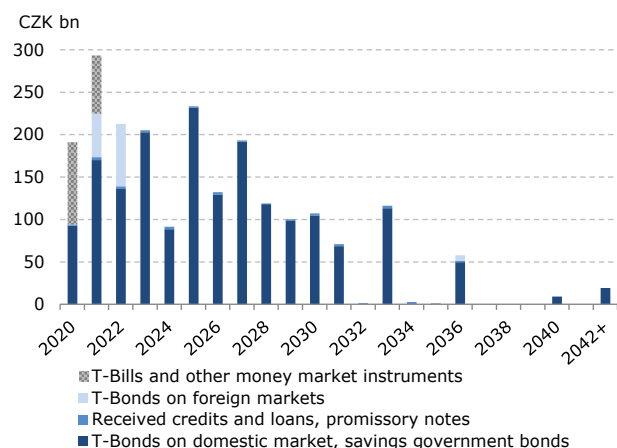
**Figure 8: Structure of Government Bonds by Residual Time to Maturity**



Note: Involves T-Bonds issued on domestic and foreign markets, savings government bonds and T-Bills. As at 30/6/2020.

Source: MoF

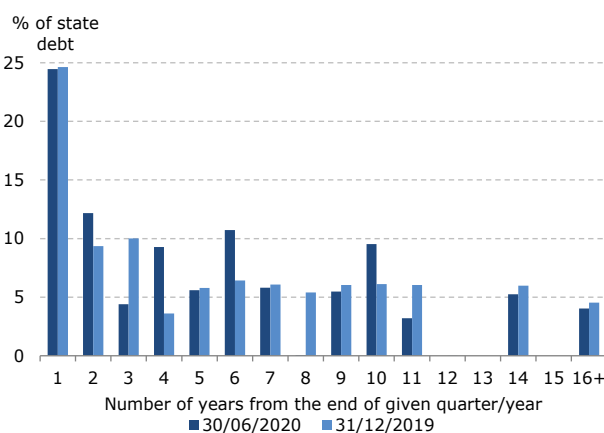
**Figure 9: Maturity Profile of State Debt**



Note: Received credits and loans include credits and loans received from international financial institutions. As at 30/6/2020.

Source: MoF

**Figure 10: Re-fixing Profile of State Debt**



Source: MoF

**Table 15: State Debt Parameters**

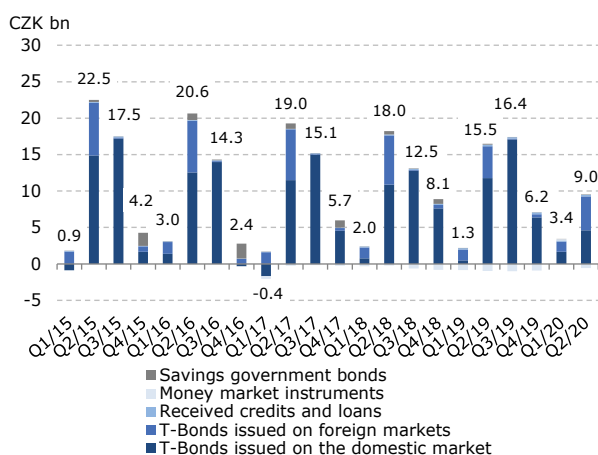
	30/6/ 2019	30/9/ 2019	31/12/ 2019	31/3/ 2020	30/6/ 2020
<b>Total state debt (CZK bn)</b>	<b>1,712.6</b>	<b>1,685.2</b>	<b>1,640.2</b>	<b>1,772.8</b>	<b>2,156.9</b>
Market value of state debt (CZK bn)	1,821.0	1,804.2	1,731.4	1,897.3	2,332.7
Short-term state debt (%)	14.9	15.1	12.7	13.8	15.6
Medium-term state debt (%)	54.5	51.8	48.5	49.8	51.7
T-Bills and other money market instruments (%)	1.4	1.0	1.1	6.1	7.7
Average time to maturity (years)	5.9	6.0	6.2	5.9	5.6
Interest re-fixing up to 1 year (%)	28.1	28.7	24.6	25.0	24.5
Average time to re-fixing (years)	5.3	5.4	5.6	5.4	5.2
Variable-rate state debt (%)	12.5	13.0	13.2	12.3	10.5
Modified duration (years)	4.9	5.0	5.1	5.2	5.1
Net foreign-currency exposure with the impact on the state debt level (%)	9.7	10.0	10.1	10.1	7.9
Net foreign-currency exposure with the impact on the level of interest expenditure on state debt service (%)	9.7	10.0	10.1	10.1	7.9
Foreign currency state debt (%)	11.2	11.6	11.6	11.6	9.1
Share of EUR in state debt level net foreign currency exposure (%)	96.2	96.1	96.2	96.1	96.1
Share of EUR in interest expenditure on state debt net foreign currency exposure (%)	100.0	100.0	100.0	100.0	100.0
Non-marketable state debt (%) <sup>1</sup>	3.7	3.3	3.1	4.4	3.2
Share of savings government bonds on state debt (%)	0.4	0.7	0.8	0.8	0.8
<b>Marketable state debt (CZK bn)</b>	<b>1,643.2</b>	<b>1,617.3</b>	<b>1,575.9</b>	<b>1,680.6</b>	<b>2,071.7</b>
Market value of marketable state debt (CZK bn)	1,751.8	1,736.4	1,667.5	1,804.5	2,246.7
Short-term marketable state debt (%)	13.8	14.3	12.0	11.9	14.4
Medium-term marketable state debt (%)	54.2	51.8	48.4	48.9	51.3
T-Bills and other money market instruments (%)	0.2	0.1	0.3	4.1	6.4
Average time to maturity (years)	5.9	6.0	6.2	6.1	5.7
Interest re-fixing up to 1 year (%)	26.0	26.7	22.5	21.9	22.2
Average time to re-fixing (years)	5.5	5.5	5.7	5.6	5.4
Variable-rate marketable state debt (%)	10.9	11.1	11.4	10.9	9.3
Modified duration (years)	5.0	5.2	5.2	5.4	5.2
Net foreign-currency exposure with the impact on the marketable state debt level (%)	8.9	9.6	9.7	8.2	6.5
Net foreign-currency exposure with the impact on the level of interest expenditure on marketable state debt service (%)	8.9	9.6	9.7	8.1	6.5
Foreign-currency marketable state debt (%)	10.4	11.2	11.3	9.8	7.7
Share of EUR in marketable state debt level net foreign currency exposure (%)	95.7	95.7	95.9	95.0	95.1
Share of EUR in interest expenditure on marketable state debt net foreign currency exposure (%)	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Excl. savings government bonds.

Source: MoF

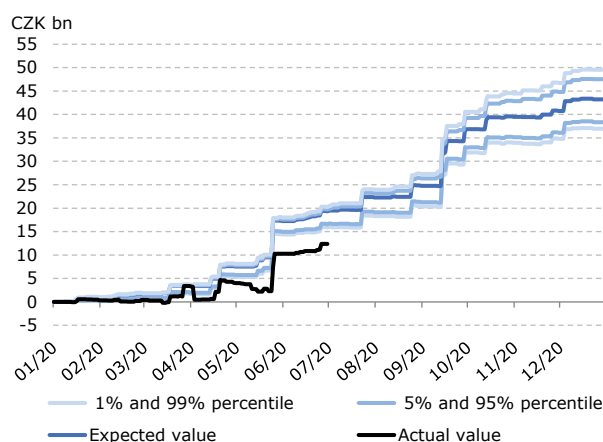
## 5 – State Debt Service Expenditure and Cost-at-Risk

**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	Budget 2020				% Execution	2020/2019 (%)
	Actual H1 2019	Approved	After changes	Actual H1 2020		
<b>1. Total interest expenditure and revenue</b>	<b>16,813</b>	<b>51,461</b>	<b>51,461</b>	<b>12,372</b>	<b>24.0</b>	<b>73.6</b>
<b>Internal debt</b>	10,539	43,912	43,912	5,929	13.5	56.3
Money market instruments	(-) 1,830	3,415	3,415	(-) 398	-11.7	21.8
Savings government bonds	110	349	349	68	19.6	61.9
T-Bonds on domestic market	12,259	40,148	40,148	6,258	15.6	51.1
<b>External debt</b>	6,274	7,544	7,544	6,446	85.4	102.7
T-Bonds on foreign markets	5,877	6,713	6,713	6,076	90.5	103.4
Received credits and loans <sup>1</sup>	397	832	832	370	44.4	93.0
<b>Payment accounts</b>	0	5	5	(-) 3	-56.5	2,336.1
<b>2. Fees</b>	<b>106</b>	<b>350</b>	<b>296</b>	<b>147</b>	<b>49.6</b>	<b>137.9</b>
<b>Total chapter balance</b>	<b>16,920</b>	<b>51,811</b>	<b>51,757</b>	<b>12,519</b>	<b>24.2</b>	<b>74.0</b>

<sup>1</sup> 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 H1 2020**

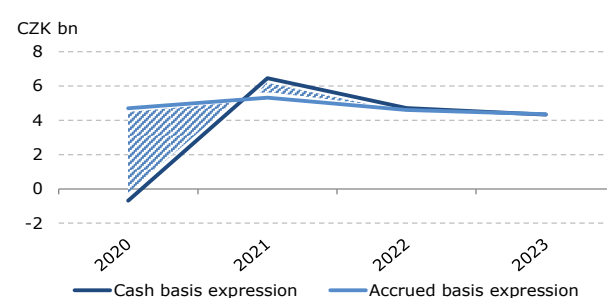
Chapter number	Chapter	Funds allocation	Amount (CZK)
312	Ministry of Finance	IT system State Debt Management	54,000,000
<b>Total</b>			<b>54,000,000</b>

Source: MoF

**Table 18: Expected vs. Actual Net Interest Expenditure**

CZK bn	H1 2019	H1 2020
<b>Actual expenditure</b>	16.8	12.4
<b>Expected expenditure</b>	21.6	19.3
<b>Cost-at-Risk 95%</b>	23.4	19.7
<b>Cost-at-Risk 99%</b>	25.2	20.2
<b>Difference between expectation and reality</b>	4.8	6.9

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			
		2020F	2021F	2022F	2023F
<b>Cash basis expression</b>	595.0	-0.7	6.5	4.7	4.3
<b>Accrued basis expression</b>	595.0	4.7	5.3	4.6	4.4
<b>Gross issuance of T-Bonds</b>	458.4	3.9	5.0	4.5	4.3
<b>Gross issuance of T-Bills</b>	132.9	0.8	0.2	-	-
<b>Gross issuance of savings government bonds</b>	3.8 <sup>1</sup>	0.1	0.1	0.1	0.1

<sup>1</sup> Excl. reinvestment of yields of already issued savings government bonds.  
Source: MoF

**Table 20: FX Market Operations in H1 2020**

Counterparty	Nominal value (EUR)	Nominal value (USD)	Nominal value (CHF)	Nominal value (CZK)	Savings <sup>1</sup> (CZK)	Share of savings (%)
PPF banka a.s.	48,285,680	676,875	0	1,245,895,687	6,069,129	21.0
KBC Bank NV / Československá obchodní banka, a. s.	84,029,675	156,706	0	2,266,623,824	5,512,955	19.0
Société Générale / Komerční banka, a.s.	32,192,108	10,488,267	940,283	1,116,731,231	5,393,761	18.6
Erste Group Bank AG / Česká spořitelna, a.s.	36,250,000	0	0	986,362,500	4,567,500	15.8
J.P. Morgan Securities plc	92,024,700	0	760,349	2,527,009,027	4,511,025	15.6
UniCredit Bank Czech Republic and Slovakia, a.s. / UniCredit Bank AG, München	1,389,040	644,731	11,525,250	321,356,093	1,574,172	5.4
Citibank Europe plc	1,595,792	10,589,359	0	285,364,433	1,332,316	4.6
<b>Total</b>	<b>295,766,996</b>	<b>22,555,938</b>	<b>13,225,882</b>	<b>8,749,342,796</b>	<b>28,960,858</b>	<b>100.0</b>

<sup>1</sup> State budget savings made through the intermediation of foreign currency payments from and to 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 Q3 2019 to Q2 2020

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 9 primary dealers were evaluated.

**Table 21: Overall Evaluation in Q3 2019 to Q2 2020**

Ranking	Primary Dealer	Points
1 <sup>st</sup>	KBC Bank NV / Československá obchodní banka, a. s.	79.5
2 <sup>nd</sup>	PPF banka a.s.	60.6
3 <sup>rd</sup>	Erste Group Bank AG / Česká spořitelna, a.s.	50.5
4 <sup>th</sup>	Société Générale / Komerční banka, a.s.	48.7
5 <sup>th</sup>	J.P. Morgan Securities plc	39.6

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

**Table 22: Evaluation on Primary Market in Q3 2019 to Q2 2020**

Ranking	Primary Dealer	Points
1 <sup>st</sup>	KBC Bank NV / Československá obchodní banka, a. s.	44.7
2 <sup>nd</sup>	Société Générale / Komerční banka, a.s.	31.0
3 <sup>rd</sup>	Erste Group Bank AG / Česká spořitelna, a.s.	30.4
4 <sup>th</sup>	PPF banka a.s.	30.3
5 <sup>th</sup>	J.P. Morgan Securities plc	21.1

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

**Table 23: Evaluation on Secondary Market in Q3 2019 to Q2 2020**

Ranking	Primary Dealer	Points
1 <sup>st</sup>	KBC Bank NV / Československá obchodní banka, a. s.	34.8
2 <sup>nd</sup>	PPF banka a.s.	30.3
3 <sup>rd</sup>	Erste Group Bank AG / Česká spořitelna, a.s.	20.0
4 <sup>th</sup>	Citibank Europe plc	19.6
5 <sup>th</sup>	J.P. Morgan Securities plc	18.5

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









\*\*\*

This publication was prepared based on the information available on 17 July 2020  
and is also available online at:

[www.mfcr.cz/statedebt](http://www.mfcr.cz/statedebt)

The next issue of Debt Portfolio Management Quarterly Report  
is expected on 16 October 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](mailto:pd@mfcr.cz), Refinitiv <MFCR>