



Ministry of Finance

Debt and Financial Assets
Management Department

The Czech Republic Funding and Debt Management Strategy

2020

Second Half Update

26 June 2020

Ministry of Finance

The Czech Republic Funding and Debt Management Strategy for 2020 Second Half Update

**The Czech Republic Funding and Debt
Management Strategy for 2020
Second Half Update**

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On 25 June 2020 the structure and method of covering the financing needs in the second half of 2020 were decided and the basic absolute and relative limits for issuance activity on the domestic and foreign markets and for active management of the state debt portfolio, financial assets and liquidity of the treasury single account in the individual currencies were approved (Ref. No. MF-18347/2020/2002-1). This decision updates the decision of the Minister of Finance from 6 December 2019 (Ref. No. MF-31435/2019/2002-1) published in the form of The Czech Republic Funding and Debt Management Strategy for 2020.

This defined operational framework in the form of the submitted The Czech Republic Funding and Debt Management Strategy for 2020 - Second Half Update enables the Ministry of Finance to act flexibly on the domestic and foreign financial markets while actively securing cash resources for covering the financing needs and ensuring the daily solvent position of the state, meaning the creation of initial conditions for smooth implementation of budget and fiscal policy.

The Czech Republic Funding and Debt Management Strategy for 2020 - Second Half Update is consistent with the government approved draft of state budget act of the Czech Republic for 2020 and the

Macroeconomic Forecast of the Czech Republic from April 2020.

The Ministry hereby follows up on the extraordinary update published within the Debt Portfolio Management Quarterly Report for 1st Quarter of 2020 published on 17 April 2020, which was adopted on the basis of unexpected events in connection with the pandemic spread of SARS-CoV-2 coronavirus. Due to the unprecedented situation in the form of unclear effects of the pandemic on this year's state budget performance, and the relative uncertainty that currently prevails on the financial markets, the Ministry reserves the possibility to publish another update within the Debt Portfolio Management Quarterly Report for 1st – 3rd Quarter of 2020, which will be published during October.

The Czech Republic Funding and Debt Management Strategy for 2020 - Second Half Update is submitted via Debt and Financial Assets Management Department, which is responsible for operations related to the funding of the state, active management of the debt portfolio, management of the liquidity of the treasury single accounts, and short-term and long-term investment of available cash resources of state financial assets and the treasury single accounts on financial markets.

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List of Abbreviations

bn	billion
CPI	consumer price index
CZK	currency code of Czech Koruna
CZSO	Czech Statistical Office
ESA 2010	European System of Accounts 2010
FIX	fixed-rate
GDP	gross domestic product
MoF	Ministry of Finance
MTS	Mercato Telematico Secondario
p.p.	percentage point
T-Bills	state treasury bills
T-Bonds	medium-term and long-term government bonds

Published aggregate data in the tables and in the text may not correspond in the last decimal place to the sum of respective indicators due to rounding in some cases.

Introduction

The Ministry of Finance (hereinafter the Ministry or MoF) presents to the public The Czech Republic Funding and Debt Management Strategy for 2020 – Second Half Update (hereinafter the Updated Strategy) in accordance with the calendar of published information. The Ministry reserved the possibility to update the funding programme plan and strategy targets in the second half of 2020 in order to respond flexibly to the actual development of financing needs and state treasury liquidity in the course of 2020 and to the situation on domestic and foreign financial markets in terms of minimizing the state debt service expenditure and financial risk management.

The Updated Strategy includes the updated funding programme of the Czech Republic in 2020 and the plan for its implementation in the second half of the year. The limits and targets for each monitored risk indicator of the state debt portfolio defined in The Czech Republic Funding and Debt Management Strategy for 2020 (hereinafter the Strategy) remain valid till the end of 2020. Updated Strategy was presented to the representatives of primary dealers in Czech Republic government securities and the Czech National Bank at the 22nd Primary Dealer Committee meeting held on 26 June 2020.

Key Events in the Second Half of 2020

Financing Needs

- covering of the remaining expected CZK-denominated financing needs in 2020 at the level of CZK 140.7 billion depending on the actual state budget performance
- redemption of the Czech Republic Treasury Bond, 2005–2020, 3.75% in total nominal value of CZK 65.6 billion and redemption of the Czech Republic Government Bond, 2014–2020, VAR % in total nominal value of CZK 24.9 billion
- possible use of foreign exchange swaps to cover foreign currency financing needs
- possible use of loans from the European Investment Bank and the Council of Europe Development Bank up to EUR 1.0 billion or CZK equivalent to cover financing needs

Primary Market of Government Bonds

- gross issue of CZK-denominated medium-term and long-term government bonds on domestic market in a minimum total nominal value of CZK 480.0 billion
- possible issuance of a new CZK-denominated fixed-rate government bonds maturing in 2028, 2029 or 2035 with the aim of approximating the average coupon rate of bonds sold closer to their declining yields
- issuance of zero-coupon government EUR-bond with a maturity of 5 to 10 years
- re-opening of already issued government bonds with maturity from 2022
- state treasury bills may be issued in all available maturities up to 1 year

Secondary Market of Government Bonds

- continuation of tap sales and exchange operations of government bonds on secondary market in dependence on market conditions, demand from primary dealers and recognized dealers, and availability of government bonds on Ministry's asset account
- possible launch of government bonds buy-backs programme in dependence on the demand from the primary dealers and recognized dealers, and in case of cost-favourable conditions mainly for the purpose of the state debt maturity profile management
- continuation of active support of lending facilities of medium-term and long-term government bonds in the form of repo operations and also in the form of collateralized loans

Direct Sale of Government Bonds to Citizens

- continuation of direct sales of government bonds to citizens at quarterly intervals while maintaining daily subscription options at the branches of contractual distributors or via electronic access to asset account
- subscription period from 15 June 2020 to 18 September 2020 with issue date of 1 October 2020 and from 21 September 2020
- launch of the first phase of extending the functionalities of the electronic access to asset account from 15 June 2020 and other subsequent phases during the second half of 2020
- gradual electronization of the government bond sale system to reduce distribution costs

Rating of the Czech Republic

The Czech Republic belongs among the exceptionally reliable issuers and enjoys considerable interest from domestic and foreign investors, as confirmed by its high credit rating with a stable outlook from all the major credit rating agencies with international scope of activity. The Czech Republic has the highest total rating of all the countries in Central and Eastern Europe and has had a higher rating than the Euro Area member countries average for several years.

In the first half of 2020, the rating by Fitch Ratings at AA-, Moody's at Aa3 and S&P Global Ratings at AA, for local and AA- for foreign currency long-term liabilities was affirmed. The rating was also affirmed by ACRA and R&I. All ratings have a stable outlook despite the negative effects of the current SARS-CoV-2 coronavirus pandemic on the domestic economy and uncertainty about future developments. ACRA Europe even raised its rating from AA- to AA with a stable outlook. Agencies regularly appreciate prudent fiscal policy, low debt and a sound banking sector.

Table 1: The Czech Republic's Credit Rating

Rating agency	Local currency long-term liabilities	Outlook	Foreign currency long-term liabilities	Outlook	Affirmed
Moody's	Aa3	Stable	Aa3	Stable	27/5/2020 ¹
S&P Global Ratings	AA	Stable	AA-	Stable	1/5/2020
Fitch Ratings	AA-	Stable	AA-	Stable	24/1/2020
JCR	AA	Stable	AA-	Stable	29/8/2019
R&I	AA-	Stable	AA-	Stable	9/3/2020
Scope Ratings	AA	Stable	AA	Stable	26/1/2018
Dagong Global Credit Rating	A+	Stable	A+	Stable	16/10/2018
ACRA Europe	AA	Stable	AA	Stable	24/1/2020
ACRA	AA	Stable	AA	Stable	17/3/2020

¹ Updated "Credit Opinion" supporting current rating.

Source: Moody's, S&P Global Ratings, Fitch Ratings, JCR, R&I, Scope Ratings, Dagong Global Credit Rating, ACRA Europe, ACRA

Financing Needs and State Debt Development

The financing needs are determined by the standard components that must be covered by cash resources in a given year, i.e. the state budget cash deficit, and regular redemptions, redemptions before the maturity date, buy-backs and exchange operations of nominal values (principals) of state debt, including the related derivatives. Financing

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

Table 2: Financing Needs in 2020

CZK bn	2020F
State budget deficit ¹	500.0
Transfers and other operations of state financial assets ²	16.4
T-Bonds denominated in local currency redemptions ³	162.1
T-Bonds denominated in foreign currency redemptions ⁴	27.2
Redemptions and early redemptions on savings government bonds	2.8
T-Bills and other money market instruments redemptions ⁵	18.4
Repayments on credits and loans ⁶	3.8
Total financing needs	730.6
Total financing needs (% of GDP)⁷	13.2%
Covered by debt instruments maturing after 31 December 2020	73.0%

¹ The government approved state budget deficit as a result of the amendment to the state budget act for 2020 within Resolution No. 632 from 8 June 2020.

² Transfers and other operations of state financial assets according to paragraph 36, section 3 of Act No. 218/2000 Coll.

³ Incl. the effect of already executed buy-backs and exchange operations in previous years. Excl. planned future buy-backs and exchange operations.

⁴ T-Bonds denominated in foreign currency redemptions are stated in CZK equivalent.

⁵ Excl. T-Bills issued and redeemed within respective year and roll-over of other money market instruments.

⁶ Credits and loans received from international financial institutions.

⁷ Source for GDP in ESA 2010 methodology for 2020 is Macroeconomic Forecast of the Czech Republic – April 2020.

Source: MoF

For 2020, the updated financing needs amount to CZK 730.6 billion, i.e. approximately 13.2% of GDP, which represents an increase of CZK 459.5 billion compared to its planned amount published in the Strategy. To further increase of the financing needs compared to its updated amount published in the Debt Portfolio Management Quarterly Report for 1st Quarter of 2020 (the Quarterly Report), which already reflected an increase in the state budget deficit from CZK 40 billion to CZK 200 billion as a result of the approval of amendments to the state budget act for 2020 in March, led mainly by other amendment to this Act, when the Chamber of Deputies approved an increase in the state budget deficit to CZK 300 billion in April. On June 8, the government approved, within Resolution No. 632, an increase in the state budget deficit by another CZK 200 billion to the resulting CZK 500 billion.

The financing needs in 2020 were also increased by the transfer of the surplus of the pension system from 2019 to a special account of the pension insurance reserve. In accordance with paragraph 36, section 3 of Act No. 218/2000 Coll., the Ministry transfers to this special account for each year in

which the income from pension insurance, including income from penalties and fines related to pension insurance, is higher than expenditures on pension insurance benefits, including expenditures related to the collection of pension insurance income and the payment of pension insurance benefits, an amount equal to the difference between these revenues and expenditures from the state budget. The surplus of the pension system for 2019, which will be transferred this year, amounted to CZK 16.4 billion and was approved by the government in its Resolution No. 467 of 27 April 2020, represents an additional financing needs, which must be covered in this year. The Ministry explicitly expresses the transfers and other operations of state financial assets to the financing needs after the surplus of the pension system, representing a relatively significant part of the total need for financing, was reached for the second year in a row.

During the first half of the year, the Ministry has already successfully covered CZK 533.0 billion (more than 77%) of the CZK-denominated financing needs by issuing and selling government bonds, thus creating sufficient space for its smooth coverage

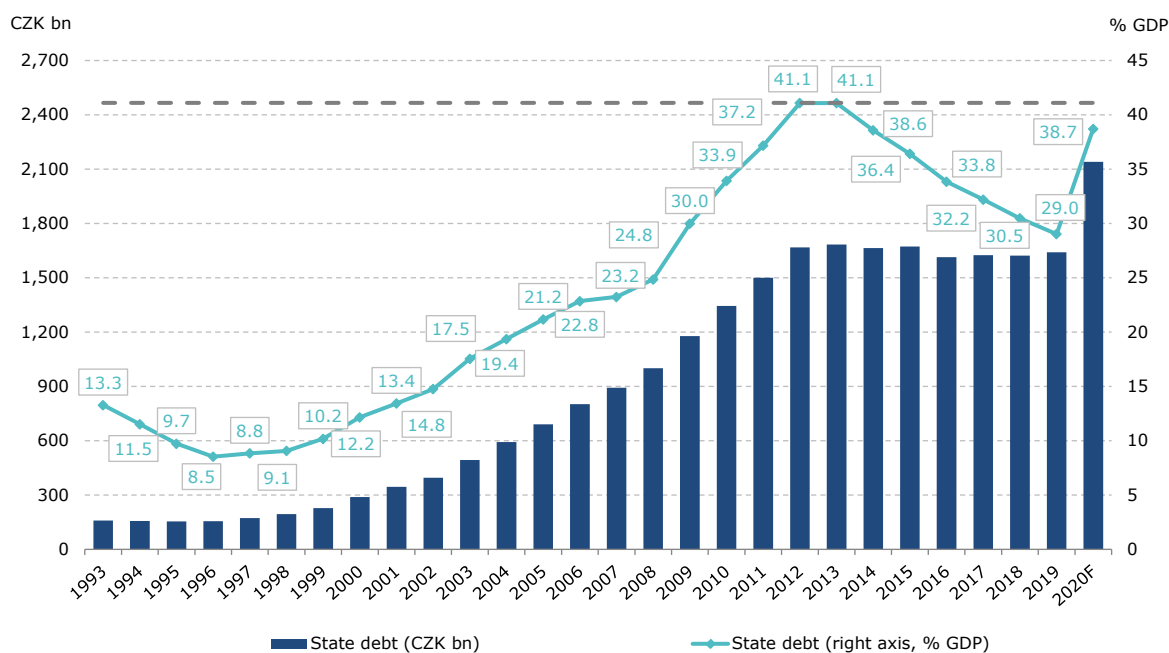
by issuance activities during the second half of the year. However, the realized amount of financing needs in 2020 will depend primarily on the actual state budget performance and realized exchange operations and buy-backs of government bonds this year. Additionally, the issuance activity, or exchange operations and buy-backs will be carried out in order to smooth out the maturity profile of the state debt in individual years, i.e. the financing needs.

By the approval of Act No. 288/2020 Coll., which extended the deadlines for drafting the state budget for 2021 and its medium-term outlook for 2022 and 2023 due to extreme uncertainty about the depth of the health and economic crisis, its duration and its aftermath, as well as the fact that data on the depth of the economic downturn, the impact on consumption, investment, gross value added and other indicators from the real economy for the second quarter of 2020, on the basis of which it will be possible to compile a more realistic macroeconomic forecast for the following years, will be known in September this year at the earliest, the Ministry will not publish

an updated forecast of financing needs for 2021 and 2022. The update, together with the forecast for 2023, will be published within The Czech Republic Funding and Debt Management Strategy for 2021 in the second half of December this year.

The resulting gross borrowing requirement, which is derived from the financing needs and represents the part of financing needs, which must be covered by borrowing operations on financial markets, especially government bond markets, is dependent on the involvement of financial assets, i.e. in particular the available state treasury resources into covering the financial needs and the state reduction of the state financial assets accounts. In case of involvement of these liquid assets into covering the financing needs, the resulting gross borrowing requirement is lower than total financing needs in respective period. In the opposite case, when there is an accumulation of financial assets, the gross borrowing requirement is higher than the financing needs.

Figure 1: Czech Republic's State Debt Development



Note: Source for GDP in ESA 2010 methodology for 1993 to 2019 is CZSO, for 2020 Macroeconomic Forecast of the Czech Republic – April 2020. Source: MoF, CZSO

The state debt level at the end of 2020 will be significantly affected by the actual state budget performance, i.e. the actual amount of the state borrowing needs. However, despite the expected significant year-on-year increase in state debt,

its relative value expressed as a share of GDP will remain below 41.1% in 2013, when state debt reached a total nominal value of CZK 1,683.3 billion in absolute terms.

Funding Programme and Issuance Activity in the Second Half of 2020

CZK-denominated Medium-Term and Long-Term Government Bonds

The total planned scope of CZK-denominated medium-term and long-term government bonds gross issue on domestic market in 2020 has been increased by CZK 110 billion compared to the Quarterly Report to a minimum amount of CZK 480.0 billion, but its actual value will depend mainly on the state budget performance in the second half of this year and also on the situation on domestic and foreign financial markets. The stated minimum value of the issue of CZK-denominated medium-term and long-term government bonds does not include sales of government bonds as part of exchange operations, where the Ministry buys back government bonds due in 2021.

The Ministry plans to re-open already issued CZK-denominated medium-term and long-term government bonds on domestic market with maturity from 2022 in dependence on the interest and demand from primary dealers and recognized dealers. In connection with the decline in CZK-denominated government bond yields along the entire yield curve, the Ministry plans to issue a new fixed-rate CZK-denominated issue maturing in 2028, 2029 or 2035 in order to approximate the average coupon rate of bonds sold closer to the new market conditions. The issuance including the inclusion of variable-rate CZK-denominated medium-term and long-term government bonds will be carried out with the respect to the riskiness of the debt portfolio and maintaining strategic targets and limits for risk parameters of the state debt portfolio valid for the medium-term horizon.

The Ministry will continue in tap sales of medium-term and long-term government bonds from its own asset account on the secondary market via electronic trading platform MTS Czech Republic during the second half of 2020 supplementing the issuance on primary market due to the significantly higher flexibility of these operation, as they may be carried out more often and in the limited scope of total nominal value compared to the auctions on primary market. In the case of government bonds with a longer time to maturity, tap sales can be also used to manage the average time to maturity of the debt portfolio. In exchange operations, the Ministry will focus on government bonds with a maturity in 2021, allowing to pre-finance state debt redemptions without an increase in gross state debt this year.

The Ministry plans to include government bonds in buy-backs and exchange operations depending on the market situation in the relevant segment

of the yield curve, and their implementation will depend mainly on demand from primary dealers and recognized dealers. Exchange operations and buy-backs will continue to be available to primary dealers and recognized dealers through the electronic trading platform MTS Czech Republic. The impacts of these operations affect the financing needs and borrowing requirement and have a positive effect on the refinancing risk of the state debt portfolio.

The competitive part of primary auction of medium-term and long-term government bonds issued on domestic market will be held on the traditional auction day of Wednesday while the non-competitive part of primary auctions will be held on Thursday in the course of the second half of 2020 as well. The settlement will take place according to the T+2 standards for settling operations on the primary market, usually on Friday. The possibility to submit bids within the competitive part is allowed to both primary dealers and recognized dealers, but access to the non-competitive part of the auction remains exclusively only for the group of primary dealers.

The issuance calendars of medium-term and long-term government bonds together with indicative maximum total nominal value of these bonds sold in auctions for respective quarter of the year will be published monthly in the second half of 2020, the third or the fourth working Monday of the month preceding the respective month unless announced otherwise by the Ministry, with the exception of the issuance calendar for January 2021, which will be published together with The Czech Republic Funding and Debt Management Strategy for 2021.

However, the Ministry reserves the option to update the issuance calendar according to the actual development of market conditions and the demand from the primary dealers and recognized dealers. The Ministry also reserves the right to replace the offered government bond with government bond having similar time to maturity. The selection of particular government bond for the relevant auction will be announced at least one working day before the date of the competitive part of the auction. The nominal value of medium-term and long-term government bonds offered in the competitive part of the auction will be published in indicative maximum amount or in indicative range within the issuance calendars. When choosing particular maturities and instrument type, the Ministry will flexibly react on the development of market conditions and demand from primary dealers and recognized dealers.

Foreign Currency Medium-Term and Long-Term Government Bonds

The Ministry still prefers the refinancing of foreign currency debts by issuing the new issue of foreign currency government bonds on domestic market under Czech law in the case of cost-effective conditions. For this reason, the Ministry intends to build on last year's successful pilot issue of this new type of government bond maturing in 2021 with a total outstanding value of EUR 1.0 billion in successive sales, and plans to issue a new issue of a government zero-coupon EUR-bond with a maturity of 5 to 10 years.

In the event of deteriorating conditions on domestic financial market and high volatility, the Ministry retains the possibility of a flexible reaction in the form of issuance on foreign markets under foreign law,

or in the form of a private placement to selected investors. The implementation of the syndicated issue of medium-term and long-term government bonds under foreign law will depend primarily on the current market situation. The condition is lower interest costs associated with the issue of government bonds on foreign market compared to a similar issue of government bonds on domestic market after taking into account all other additional costs in the form of fees for senior managers of the issue, creation of necessary documentation and other related activities. The specific method will be decided in such a way as to minimize the costs and financial risks associated with borrowing operations in accordance with the set targets, limits and risk parameters of the debt portfolio.

Money Market Instruments, Term Deposits and Other Debt Instruments

In order to cover the short-term CZK-denominated financing needs in the second half of 2020, **state treasury bills** may be offered by the Ministry in all available maturities of up to one year. In the event of further supporting of the state treasury's liquidity reserves, state treasury bills maturing in 2021 may be issued. All sales will be made with regard to current borrowing needs, money market conditions and effective state treasury liquidity management. They will continue to be issued on traditional auction day of Thursday with a settlement T+1, usually on Friday.

The issuance calendars of state treasury bills with particular maturities offered in individual auctions will be published monthly, third or fourth working Monday of the month preceding the respective month unless announced otherwise by the Ministry, with the exception of issuance calendar for January 2021, which will be published together with The Czech Republic Funding and Debt Management Strategy for 2021. The nominal value of state treasury bills offered in auction will be published in predetermined indicative range or an indicative maximum value will be announced. However, the Ministry reserves the right to change the range or maximum value according to the actual development of market conditions or the demand from primary dealers and recognized dealers. Together with the issuance calendars, the Ministry will publish also the indicative maximum total nominal value of state treasury bills issues for respective quarter.

Stabilizing repo operations with the domestic banking sector using state treasury bills as collateral, the extent of which will primarily depend on the state of the treasury's liquidity reserves, can be used as another flexible tool for creating treasury

liquidity reserves alternative to the issuance of state treasury bills.

The extent of **lending facilities** in the form of repo operations or in the form of collateralized loans of medium-term and long-term government bonds designed to support the liquidity of the secondary government bond market will depend primarily on demand for specific government bonds by investors, with the Ministry is being ready to meet this demand flexibly according to the availability of government bonds on the Ministry's asset account.

Short-term loans in the form of **deposit operations** or **foreign exchange swaps** may continue to be used to cover the short-term EUR-denominated financing needs, provided that a prudent approach is taken to manage financial risks and minimize interest costs.

In order to increase the efficiency of liquidity management, the Ministry will continue to allow holders of accounts subordinate to the state treasury pursuant to paragraph 3 letter h) points 11 to 14 and 16 to 18 of Act No. 218/2000 Coll., to use so-called **term deposits**, within which the account holder's funds will be deposited for a predetermined period and in the agreed amount at the treasury single accounts. Upon its maturity, the Ministry will provide the account holder with monetary compensation replacing the interest set for term deposits according to its duration. The goal of term deposits as an important component of treasury management is to increase the incentive for selected account holders to hold their funds in accounts subordinate to the treasury single accounts, which contributes to greater stabilization of government liquidity, which can be involved in short-term funding without the need to increase state debt.

In the second half of 2020, government-approved **loans from the European Investment Bank** for the modernization of transport infrastructure and water management projects totalling CZK 19.5 billion (EUR 733 million) and a **loan from the Council of Europe Development Bank** to finance the purchase of medical needs and equipment for the Czech Republic in the total amount

of approximately CZK 8 billion (EUR 300 million) may also be drawn. For these loans, it is possible to accept them both in local currency and in euro, the choice of a specific currency is at the discretion of the Ministry and will depend on the current financing needs in the respective currencies and the advantage of financing costs compared to issuing government bonds.

Direct Sale of Government Bonds to Citizens

The Ministry will continue the project of direct sale of government bonds to citizens during the second half of 2020, when the Ministry offers government bonds for subscription within the individual subscription periods, which will follow each other smoothly. The government bonds will be subscribed at the end of the subscription periods at quarterly specified intervals. The deadlines for individual subscription periods for the second half of 2020 are set from 15 June to 18 September, with the issue date of 1 October, when the Inflation-linked Government Bond of the Czech Republic, 2020–2026 IV, CPI% and Reinvestment Government Bond of the Czech Republic, 2020–2026 IV, FIX% are offered for sale, and another one starting from 21 September. The ministry plans to sell more types of government bonds during the subscription period, but the portfolio offered will depend on the situation on domestic bond market and on the demand from citizens.

All offered government bonds can be subscribed via electronic access to asset account management or through selected branches of contractual distributors, which are currently Československá obchodní banka, a. s. and Česká spořitelna, a.s. The goal of the Ministry is to continue the gradual electronization of the system of distribution and administration of government bonds for citizens, and therefore the functionality of electronic access is being expanded and improved. The first phase of development was launched on 15 June 2020 and its users now have the option, for example, to request a complaint about non-payment of yield or non-payment of nominal value or to generate and print gift certificates or commemorative certificates of the issue. At the same time, it is also possible to fill in a sworn statement directly in the electronic access environment. The launch of further phases will follow during the second half of the year.

Targets, Limits and Risk Parameters of the Debt Portfolio

Targets and limits for each risk indicator of state debt portfolio for medium-term horizon announced in the Strategy remain valid. The markets risks among which belong the refinancing, interest and currency risk are managed by these medium-term targets and limits. Despite the significantly increased in financing needs and uncertainty in the financial markets, it was not necessary to revise or short-term modify and loosen the strategic targets and limits of state debt portfolio, which thus remain unchanged for the second half of this year.

of the state debt portfolio. Within the interest risk, the Ministry publicly announces medium-term targets and limit for these indicators: share of interest re-fixing of the debt portfolio within one year to the total state debt and the average time to re-fixing of the state debt. Within the currency risk, the Ministry publicly announces limits for the share of net foreign-currency exposure of the state debt with the impact on state debt level and net foreign-currency exposure with the impact of the level of interest expenditure on state debt service.

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

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

Table 3: Targets, Limits and Risk Parameters of the Debt Portfolio

INDICATOR	Announced targets and limits for medium-term horizon
Short-term state debt	20.0% and less
Medium-term state debt	70.0% and less
Average time to maturity	6.0 years ¹
Interest re-fixing up to 1 year	40.0% and less
Average time to re-fixing	5.0 years ¹
Net foreign-currency exposure with the impact on the state debt level	15.0% ²
Net foreign-currency exposure with the impact on the level of interest expenditure on state debt service	15.0% ²

¹ With a possibility of deviation of 0.25 years.

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

Source: MoF

Primary Dealers and Recognized Dealers in Czech Republic Government Bonds

Medium-term and long-term government bonds and state treasury bills are offered in auctions to a group of primary dealers, who concluded the Primary Dealer Agreement for Czech Government Securities with the Ministry, as well as recognized dealers, who concluded the Recognized Dealer Agreement for Czech Government Securities with the Ministry, whose obligation is to be an active market participant and to contribute to

the liquidity of government bonds, but access to the non-competitive part of auctions is left exclusively to the group of primary dealers. The status of recognized dealer of Czech government bonds can currently be used by Goldman Sachs International. The number of primary dealers for the second half of 2020 is 9, when Raiffeisen Bank International AG has expanded the group since the beginning of this year. The following table contains the list of them.

Table 4: List of Primary Dealers and Recognized Dealers in Czech Republic Government Bonds for 2020

Primary Dealers and Recognized Dealers	
Citibank Europe plc	Société Générale / Komerční banka, a.s.
Erste Group Bank AG / Česká spořitelna, a.s.	PPF banka a.s.
KBC Bank NV / Československá obchodní banka, a. s.	Raiffeisen Bank International AG
ING Bank N.V.	UniCredit Bank Czech Republic and Slovakia, a.s.
J.P. Morgan Securities plc	Goldman Sachs International (Recognized Dealer)

Source: MoF

Calendar of Information Published in the Second Half of 2020

July

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

August

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

September

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

October

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

November

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

December

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

- Publication of The Czech Republic Funding and Debt Management Strategy for 2021
- between 17 and 23 December
- Publication of The Czech Republic Debt Management Quarterly Report
- the third Friday in July and the third Friday in October
- Publication of statistics of the Central Government Debt and Fiscal Data for the Czech Republic (SDDS Plus standards)
- the third Friday in July and the third Friday in October
- Publication of the Statistics on Government Bonds by Type of Instrument, Statistics on Government Bonds by Type of Holder and Statistics on Government Bonds by Maturity
- the last working day of the month
- Publication of the issuance calendars of T-Bills and T-Bonds for following month
- the third or fourth Monday in the month prior to the month of the respective auctions, except December, when issuance calendar will be published together with The Czech Republic Funding and Debt Management Strategy for 2021

Ministry reserves the right to change the date of publication due to flexible response to financial markets situation. Any change will be communicated to the public in time through Ministry's website.

The publication was prepared based on the information and data available on 26 June 2020. The Ministry reserves the right to promptly respond to the actual development of financing needs using its tools over the course of 2020. The fulfilment of the funding programme and announced strategic goals and limits will depend of the development of the situation on domestic and foreign financial markets in terms of the minimization of expenditure on state debt service and financial risk management.

This publication is also available on the following website:

www.mfcr.cz/statedebt

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