

The emergence of credit derivatives brought a crucial change to hedging and diversifying credit risk. Since then, credit derivatives have become a major investment tool as well. This paper investigates the credit derivatives supply of banks in the Czech republic. Considering the costiness of credit derivative products and its targeting to large institutional investors, it is quite obvious that these products are traded in a small volume in the CR. Only three banks offer credit derivatives here and they just re-sell products from their foreign partners. Generally, these products are structured credit products (i.e. CLNs and CDOs) that can be tailored to specific investors' needs. A credit default swap market does not exist in the CR at all. The question of future development here is the introduction of credit derivative products to retail banking which is of a great potential in the CR.