

PRESS RELEASE

Financing Programme for the Republic of Portugal for 2014

The Ministry of Finance approved the proposal for the 2014 Financing Programme submitted by the Portuguese Government Treasury and Debt Agency (IGCP). This proposal was prepared following the approval by the Parliament of the Government's Budget for 2014. The Financing Programme includes the main policy guidelines regarding the management of the direct Government debt and of the State Treasury's cash balances.

1. **Borrowing needs**

The net borrowing needs of the central Government for 2014 are expected to be around **EUR 11,8 billion**.

2. **Financing strategy**

The Financing Strategy for 2014 will continue to combine funding under the Financial Assistance Programme with market sources.

Opportunities to perform bond exchanges and buybacks will be further explored but IGCP also expects to reintroduce Government bonds (OT) auctions in the first half of 2014 to promote market liquidity and the efficient functioning of the primary and secondary market.

In the Financing Strategy for 2014 IGCP also anticipates a positive contribution of EUR 2 billion from Retail Products.

3. **Issuance of Government bonds (OT)**

An amount of EUR 11 to 13 billion is to be met via the gross issuance of OT combining syndicated operations with auctions.

OT auctions will have the participation of the Primary Dealers (OEVT) and Other Auction Participants (OMP) and will be held on the 2nd and 4th Wednesday of the month. The auction indicative amount and the OTs to be tapped will be announced to the market up to T-3 business days.

4. **Issuance of Treasury bills (BT)**

In 2014 issuance of BT should have no impact in net financing. **The strategy of issuing along the full curve will be maintained combining a short-term Bill with a longer tenor.**

IGCP will maintain the profile of holding a monthly auction on the 3rd Wednesday of each month but, **if demand justifies, may decide also to use the 1st Wednesday.**

Indicative amounts will continue to be announced within a range. In the case of two BT lines auctioned simultaneously, allocation between the two lines will be decided by IGCP depending on the bid's amount and price.

The indicative calendar and amounts of the BT auctions to be held in the first quarter are as follows:

Instrument	Type	Indicative date	Indicative amount EUR million
BT18APR2014	Reopening (3 months)	15-Jan-14	1000-1250
BT23JAN2015	Launch (12 months)		
BT23MAY2014	Reopening (3 months)	19-Feb-14	1000-1250
BT20FEB2015	Launch (12 months)		
BT19SEP2014	Reopening (9 months)	19-Mar-14	1000-1250
BT20MAR2015	Reopening (12 months)		

5. Other financing

The Republic of Portugal may use other short term financing instruments, such as repos, credit facilities and commercial paper, aimed at increasing the flexibility of the financing programme.

Issuance can also occur under the Euro Medium Term Notes programme, depending on market opportunities that suit the overall financing strategy.

6. Risk management and Buyback Programme

The management of the refinancing risk will take into account that financing operations should avoid the excessive concentration of redemptions over time and includes debt buyback transactions, to be announced to the market in due time.

As usual, IGCP will retain flexibility to introduce adjustments to this programme as required by market developments and by the Republic's financing needs throughout the year.

IGCP, 15 January 2014