

## PRESS RELEASE

### Financing Programme for the Republic of Portugal for 2009

The Ministry of Finance approved the proposal for the 2009 Financing Programme presented by the Portuguese Government Treasury and Debt Agency (IGCP), with the following guidelines on the policy regarding the management of the direct Government debt and of the State Treasury's cash balances.

#### **1. Borrowing needs**

The borrowing needs of the central Government for 2009, to be met through the gross issuance of medium and long-term debt instruments and short-term net financing, are expected to be EUR 14 to 16 billion.

#### **2. Financing strategy**

The Financing Programme aims at meeting the borrowing requirements resulting from the execution of the budget, whilst pursuing the objectives of minimizing the debt cost in a long-term perspective and non-exposure to excessive risks. This will be accomplished via the implementation of strategies for the issuance of government debt instruments, the reduction of the debt outstanding, the minimisation of cash balances and the limitation and control of risks, including refinancing, credit and interest-rate risks.

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

In 2009, the net financing of the Republic will once again be concentrated on the issuance of Government bonds (OT), therefore continuing to create the conditions to promote market liquidity and the efficient functioning of the primary and secondary market.

An amount of EUR 11 to 13 billion is to be met via the gross issuance of OT. One or two new OT series will be opened in 2009, with maturities and dates to be announced to the market in due time. As usual, the new series will be launched via a banking syndicate of EUR 3 billion with all Primary Dealers (OEVT) and will subsequently be reopened via auction. In addition to the launching of new OT series and subsequent reopenings throughout the year, other series may also be reopened with the objective of increasing their liquidity and size. The maximum outstanding amount of any OT series will be EUR 6 to 8 billion.

OT auctions will have the participation of the Primary Dealers and Other Auction Participants (OMP) and will continue to be held on the 2<sup>nd</sup> and 4<sup>th</sup> Wednesday of the month. The auctions and the OTs to be tapped will be announced to the market up to T-5 business days. The indicative amount of the auctions will be between EUR 750 and 1,000 million.

IGCP intends to hold 2 to 3 OT auctions in the first quarter of 2009.

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

The net financing resulting from the issuance of BT should be positive in 2009, around EUR 2 to 4 billion.

Six new lines will be launched in 2009: BT January 2010, BT March 2010, BT May 2010, BT July 2010, BT September 2010 and BT November 2010.

The new lines will continue to be launched in odd months via 2 auctions, the first being held on the 3<sup>rd</sup> Wednesday of the month and the second by the 1<sup>st</sup> Wednesday of the following month. The indicative calendar of the reopening auctions will be announced on a quarterly basis. The total indicative amount of the two launching auctions should fall between EUR 1,250 and 2,500 million, while the indicative amount of the reopening auctions will be between EUR 400 and 1,000 million.

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

<b>Instrument</b>	<b>Type</b>	<b>Number of auctions</b>	<b>Indicative date of the auctions</b>	<b>Indicative amount (net) (EUR million)</b>
BT18SEP2009	Reopening	1	7-Jan-09	600
BT22JAN2010	Launch	2	21-Jan-09/ 4-Feb-09	1500 – 2000
BT22MAY2009	Reopening	1	18-Feb-09	400-750
BT18SEP2009	Reopening	1	4-Mar-09	500-1000
BT19MAR2010	Launch	2	18-Mar-09/ 1-Apr-09	1500 – 2000

#### **5. Other financing**

The Republic of Portugal will also use very short term financing instruments, such as repos, credit facilities, and commercial paper, aimed at increasing the flexibility of the financing programme to adjust to the cash needs profile. There's also the possibility of issuance under the Medium Term Notes programme.

#### **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 remain flexible to introduce adjustments to this programme as required by market developments and by the Republic's financing needs throughout the year.

IGCP, 7 January 2009