

PRESS RELEASE

Financing Programme for the Republic of Portugal for 2012

The Ministry of Finance approved the proposal for the 2012 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 2012. 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 2012, to be met through the Economic Adjustment Programme and short-term net financing, are expected to be around EUR 17,4 billion.

2. Financing strategy

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

3. Issuance of Treasury bills (BT)

In 2012 the net financing resulting from the issuance of BT should be negative EUR 1,25 billion. The strategy of issuing 3 and 6 month T-Bills, initiated following the implementation of the Economic Adjustment Programme, will be maintained. This strategy is not followed in March, when the maturity of a 3 month Bill would match the redemption of a Portuguese Government Bond (OT) – 4 month Bill will be issued instead.

IGCP will maintain the profile of holding 2 auctions monthly, the first being held on the 1st Wednesday – 3 month line – and the second on the 3rd Wednesday - 3 and 6 month lines. Due to reduced funding needs this rule should not be met in March, were IGCP may only issue on the second auction.

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 amounts bid 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
BT20APR2012	Reopening (3 months)	4-Jan-12	750-1,000
BT20APR2012	Reopening (3 months)	18-Jan-12	1500-1,750
BT20JUL2012	Launch	18-Jan-12	
BT18MAY2012	Reopening (3 months)	1-Fev-12	750-1,000
BT18MAY2012	Reopening (3 months)	15-Fev-12	1500-1,750
BT17AUG2012	Launch	15-Fev-12	
BT20JUL2012	Reopening (4 months)	21-Mar-12	750-1,000
BT21SEP2012	Launch	21-Mar-12	

4. 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.

Issuance can also occur under the Euro Medium Term Notes programme, depending on market opportunities.

5. 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.