

## FINANCING, CASH AND ACTIVE DEBT MANAGEMENT OPERATIONS

### OPERATIONS WITHIN THE FRAMEWORK OF THE REPO FACILITY

In order to promote liquidity and increase the efficiency of the Portuguese government debt market, IGCP provides market makers in MEDIP/MTS Portugal with a repo window of last resort for OT and BT quoted in this market.

Within the framework of this facility, the number of operations carried out and their volume fell sharply in 2011. In total, there were 19 operations – 5 involving BT and 14 involving OT – compared to 217 operations in 2010 (98 involving BT and 119 involving OT). In terms of nominal value, EUR 613.5 million were traded (versus EUR 8,379.5 million in 2010). In terms of collateral, EUR 505 million of OT were traded in comparison to the EUR 5,929.5 traded in the previous year. In the case of BT, the nominal value traded amounted to EUR 108.5 million versus EUR 2,450 million in 2010.

### ACTIVE DEBT MANAGEMENT OPERATIONS

In order to enhance the performance of the debt portfolio, the management of market risk is carried out using derivative instruments, primarily plain-vanilla interest rate swaps (IRS). With regard to IRS (67 per cent of the operations carried out), 2 new operations and 11 unwindings were negotiated.

In total, the nominal amount of contracts involving derivative instruments was EUR 9,024 billion.

**Table 10 – Transactions with financial derivatives**

Instrument	New contracts		Early redemption		Total	
	No. Trans.	EUR Million	No. trans.	EUR Million	No. trans.	EUR Million
IRS	2	500	11	5,600	13	6,100
CIRS	8	2,924	0	0	8	2,924

SOURCE: IGCP

At the end of 2011, the nominal value of outstanding contracts in the derivatives' portfolio amounted to EUR 38.4 billion, equivalent to 22 per cent of the total outstanding of the State direct debt.

**Table 11 – Financial derivatives portfolio as at 31.12.2011**  
(unit: EUR million)

Swap type	Pay leg	NV Total	0-2Y	2-5Y	5-10Y	10-15Y	+15Y
SWAPTION	Fix	0	0	0	0	0	0
	Float	500	0	0	0	0	500
CIRS	Fix	211	0	211	0	0	0
	Float	4,579	348	1,888	2,343	0	0
IRS	Fix	19,100	9,600	6,550	1,650	1,300	0
	Float	13,981	650	2,000	9,451	1,880	0
<b>TOTAL</b>		<b>38,371</b>	<b>10,598</b>	<b>10,649</b>	<b>13,444</b>	<b>3,180</b>	<b>500</b>



## CASH MANAGEMENT OPERATIONS

Just as in 2010, in 2011 it was not advisable to pursue the goal of maintaining cash balances at relatively low levels. Cash balances were therefore significantly higher than in previous years. Throughout 2011, the average daily cash balance amounted to EUR 8,379 million, in comparison to EUR 3,218 million in the previous year.

Persistent cash surpluses, excluding those held with *Banco de Portugal*, were invested in short-term deposits, with an average term of 15 days and an average amount of approximately EUR 350 million.