



Press Release – 02 September 2015

Republic of Portugal

(Ba1 Stable/ BB Positive/ BB+ Positive)

EUR 3 billion OT 2.20% 17 October 2022

- On 2nd September 2015 the Republic of Portugal (rated Moody's Ba1 (Stable), S&P BB (Positive), Fitch BB+ (Positive)), priced a €3bn 2.20% 7-year OT due 17 October 2022 at MS+148bps. Joint leads were BNP Paribas, J.P. Morgan, Morgan Stanley, Nomura and Novo Banco. The new issue had a price of 99.737 and a re-offer yield of 2.240%

Transaction Highlights

- The Republic of Portugal demonstrates strong access to international capital markets through the strength of this 7-year benchmark transaction, executed during volatile market conditions, which achieved a minimal new issue concession and a strongly oversubscribed book consisting of over 150 orders
- This is the Republic of Portugal's third new benchmark line of 2015, after having issued new 10-year and 30-year bonds in January, and its first 7-year benchmark. The October 2022 maturity fits well in the existing Portuguese government bond curve given the outstanding April 2021 and October 2023 OT benchmarks
- The transaction priced in line with a minimal premium over the secondary market curve – at the time of pricing the OT April 2021 and October 2023 were trading at ASW+120.7 and +152.2 respectively

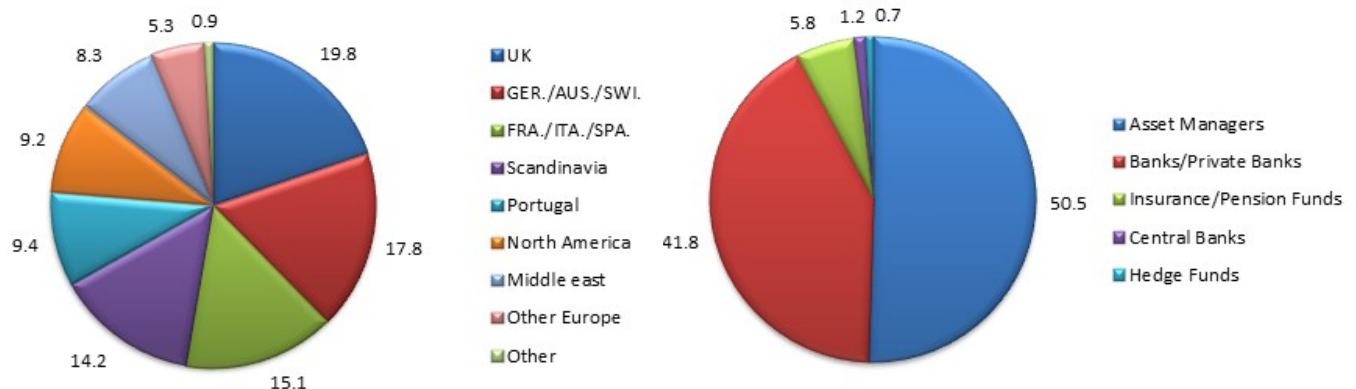
Execution Summary

- Though underlying market conditions have been difficult and competing supply has been elevated, the EUR primary market demonstrated robustness in the weeks leading to the syndication. Therefore the Republic of Portugal was able to announce a 7-year Euro benchmark at 2pm London on Tuesday the 1st September after monitoring markets closely
- Official price guidance was announced at 8.30am London on Wednesday September the 2nd at MS+150bps area, offering an initial 10 basis point concession to interpolated fair value
- Books grew quickly after official guidance was released and stood at €2.7bn (including €600m of joint-lead interest) when books were officially opened at 10.00am London
- At 11.30am London the spread was tightened and set at MS+148bps with books in excess of €5bn (including €695m of joint-lead interest)

- Size was set at €3bn and books were closed at 12.00pm London
- The transaction priced at 15.30 London where the re-offer yield was set at 2.240%, to give a coupon of 2.20%, a re-offer price of 99.737, and spread to the DBR 1.5% 9/22 pf 185.5bps

Distribution Comments

- Final books were in excess of €5.5bn (including €695m of joint-lead interest) and were comprised of over 150 individual orders, demonstrating a highly granular and deep global investor penetration
- Geographical distribution was well diversified within the EMEA region, amongst the UK, Germany/ Austria/ Switzerland, France/ Italy/ Spain, Scandinavia and Portugal. By investor type, the transaction was dominated by Asset Managers and Banks, though there was also good interest from Insurance and Pension Funds



Final Terms

Issuer:	Republic of Portugal
Rating:	Ba1 (Stable)/ BB (Positive)/ BB+ (Positive)
Format:	144a/ RegS Category 1, Registered
Notional Amount:	EUR 3 billion
Settlement:	9 September 2015
Maturity:	17 October 2022
Coupon:	2.20%
Re-offer Price:	99.737
Re-offer Yield:	2.240%
Mid Swap Spread:	+148bps
Benchmark Spread:	DBR 1.5% 9/22 + 185.5bps / spot: 107.685
Lead Managers:	BNP Paribas, J.P. Morgan, Morgan Stanley & Co International, Nomura International, Novo Banco S.A.
Co-leads:	Remaining Primary Dealers

Issuer Background

- The Republic of Portugal is a Eurozone sovereign and a regular issuer with a gross borrowing requirement of ca. €25.9bn in 2015 (including prefunding for 2016 of €9bn) and a net financing requirement of €9bn. As of today 90% of long-term funding is completed including this transaction
- During the remainder of 2015, the Republic will continue to access the capital markets through tap auctions of existing Euro benchmarks and T-bill auctions, and will continue to look at possible MTNs and syndications on a strategic basis