

Explanatory note on the computation of the *Treasury Certificates Savings Plus* remuneration premium

As defined in the Council of Ministers Resolution No. 62/2013, the remuneration of Treasury Certificates Savings Plus in the fourth and fifth years includes a premium that depends on the average growth rate of the real Gross Domestic Product (GDP), as described next:

- *“In the 4th and 5th year, a premium shall be added to the fixed interest rate. This premium shall be announced by Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E. (IGCP, E.P.E.) via its website on the last but one day of the month preceding the date of the interest payment. It shall correspond to 80% of the average real GDP growth at market prices (year-on-year rate of change in volume rounded off to one decimal place, according to information provided by the Portuguese Statistics Institute (INE, I.P.), on the first publication of the complete estimates of the Quarterly National Accounts for the reference quarter) in the last four quarters known in the month preceding the date of the interest payment.*
- *The premium shall only be paid should the average real GDP growth be positive.*
- *The premium shall not be corrected retroactively as a result of subsequent revisions of GDP estimates published by INE, I.P.”*

IGCP, E.P.E. publishes today the value of this premium, to be in place during the next month, and hence wishes to clarify the following:

- a) The computation of the premium will take into consideration the first publication of the complete estimates of the Quarterly National Accounts, currently published by INE, I.P. 60 days after the end of each quarter.
- b) The computation will be based on the year-on-year rate of change in volume rounded off to one decimal place, but the value of the premium (which will correspond to 80% of the average of the year-on-year rate of change of the last four quarters) will not suffer any additional rounding.
- c) In the current month, the computation will take into consideration the values published by INE, I.P. on the press release from the 30th of November (which can be found here: https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=281044615&DESTAQUESmodo=2&xlang=en) for the year-on-year rate of change estimated for the period between the fourth quarter of 2016 and the third quarter of 2017:

Computation of the TC Savings Plus remuneration premium		
Year-on-year rate of change of real GDPmp	4Q 2016 (A)	2,2%
	1Q 2017 (B)	2,8%
	2Q 2017 (C)	3,0%
	3Q 2017 (D)	2,5%
Average growth rate of real GDP (E = average[A,B,C,D])		2,625%
TC Savings Plus remuneration premium (F = 0.8 x E)		2,100%

- d) Hence, for the subscriptions executed in January 2014, a premium of **2.10%** will be added to the base interest rate of the fourth year (5.0%), fixing the gross remuneration rate of the fourth year at 7.10%.