

PRESS RELEASE

Financing Programme for the Republic of Portugal for 2021

The 2021 Financing Programme includes the main policy guidelines regarding the management of the direct Government debt and of the State Treasury's cash balances.

According to the latest estimates, funding needs for 2021 are as follows:

	2017	2018	2019	2020 P	2021 P
State borrowing requirements	28,3	20,3	19,2	24,9	25,6
Net financing needs	10,4	7,3	9,5	17,2	14,0
Overall deficit ^(a)	4,8	3,7	3,9	12,5	10,0
Net acquisitions of financial assets ^(b)	5,2	3,7	5,6	4,7	4,0
One-off operations ^(c)	0,4				
MLT Redemptions	17,9	13,0	9,7	7,7	11,6
Tbonds (PGB + MTN) ^(d)	7,9	7,5	7,7	7,7	8,1
FRN/OTRV					3,5
EU/IMF (executed)	10,0	5,5	2,0		
EU/IMF (to be executed)					
State financing sources	28,3	20,3	19,2	24,9	25,6
Use of deposits	0,4	0,5	2,5	-10,2	6,7
Financing in the year	27,9	19,9	16,7	35,2	18,9
Executed	27,9	19,9	16,7	35,2	0,0
EU				3,0	
Tbonds (PGB + MTN)	15,1	16,4	15,7	27,2	
FRN/OTRV	3,5	1,0			
Retail debt (net)	2,8	1,3	0,8	0,7	
Tbills (net)	0,3	-1,8	-1,4	-0,5	
Other flows (net) ^(e)	6,2	2,9	1,6	4,8	
To be executed					18,9
EU					2,9
Tbonds (PGB + MTN)					15,0
FRN/OTRV					
Retail debt (net)					0,0
Tbills (net)					0,0
Other flows (net) ^(e)					1,0
State Treasury cash position at year-end ^(f)	9,8	9,3	6,8	17,0	10,4

^(a) State sub-sector cash deficit in 2017-21.

^(b) Includes refinancing of other public entities (namely SOEs) and credit lines to the Single Resolution Board and the National Resolution Fund.

^(c) Includes other operations that impact net financing needs (e.g. bank recapitalization in 2012-2013, privatization revenues).

^(d) Includes net impact of exchange offers.

^(e) Includes centralization of funds of other public entities in the Single Treasury Account.

^(f) Excluding cash-collateral.

1. **Borrowing needs**

The net borrowing needs of the central Government for 2021 are expected to be around **EUR 14 billion**.

2. **Financing strategy**

The Financing Strategy for 2021 will be focused on the Portuguese Government Bonds (PGB) curve with regular issuance of Government bonds (OT), to promote liquidity and the efficient functioning of the primary and secondary market.

Opportunities to perform bond exchanges and buybacks will be further explored.

3. Issuance of Government bonds (OT)

An amount of EUR 15 billion is to be met through gross issuance of OT combining syndicated operations with auctions, through monthly issuance.

OT auctions will have the participation of the Primary Dealers (OEVT) and Other Auction Participants (OMP) and will be held on the 2nd or 4th Wednesday of each month. The auction indicative amount and the OT lines to be tapped will be announced to the market up to T-3 business days.

4. Issuance of Treasury bills (BT)

In 2021 issuance of BT should have a null impact in net financing. The strategy of issuing along the full curve will be maintained combining a short-term Bill with a longer tenor.

IGCP will maintain the profile of holding a monthly auction on the 3rd Wednesday of each month but, if demand justifies, may decide also to use the 1st Wednesday.

Indicative amounts will continue to be announced within a range. Allocation between lines will be decided by IGCP depending on the bid's amount 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 (million euros)
BT 16JUL2021	Reopening (6 months)	20-Jan-21	1250-1500
BT 21JAN2022	Launch (12 months)		
BT 21MAY2021	Reopening (3 months)	17-Feb-21	1000-1250
BT 21JAN2022	Reopening (11 months)		
BT 17SEP2021	Reopening (6 months)	17-Mar-21	1250-1500
BT 18MAR2022	Launch (12 months)		

5. Other financing

Issuance can also occur under the Euro Medium Term Notes programme, depending on market opportunities that suit the overall financing strategy.

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 retain flexibility to introduce adjustments to this programme as required by market developments and by the Republic's financing needs throughout the year.

IGCP, January 7th, 2021