

## PRESS RELEASE

### Financing Programme for the Republic of Portugal for 2022

The Ministry of Finance approved the proposal for the 2022 Financing Programme submitted by the Portuguese Government Treasury and Debt Agency (IGCP). The 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 Stability Program 2021-25 the estimates of the funding needs for 2022 are as follows:

	2019	2020	2021 P	2022 P
<b>State borrowing requirements</b>	<b>19,2</b>	<b>24,5</b>	<b>26,2</b>	<b>24,3</b>
<b>Net financing needs</b>	<b>9,5</b>	<b>16,8</b>	<b>13,4</b>	<b>10,9</b>
Overall deficit (a)	3,9	12,2	9,5	8,7
Net acquisitions of financial assets (b)	5,6	4,6	3,8	2,2
One-off operations (c)	-	-	-	-
<b>MLT Redemptions</b>	<b>9,7</b>	<b>7,7</b>	<b>12,8</b>	<b>13,4</b>
Tbonds (PGB + MTN) (d)	7,7	7,7	9,4	9,4
FRN/OTRV	-	-	3,5	3,5
Official loans	2,0	-	-	0,5
<b>State financing sources</b>	<b>19,2</b>	<b>24,5</b>	<b>26,2</b>	<b>24,3</b>
<b>Use of deposits</b>	<b>2,5</b>	<b>-10,2</b>	<b>8,1</b>	<b>1,3</b>
<b>Financing in the year</b>	<b>16,7</b>	<b>34,7</b>	<b>18,1</b>	<b>23,0</b>
<b>Executed</b>	<b>16,7</b>	<b>34,7</b>	<b>12,6</b>	<b>0,0</b>
EU	-	3,0	2,8	-
Tbonds (PGB + MTN)	15,7	27,2	14,6	-
FRN/OTRV	-	-	-	-
Retail debt (net)	0,8	0,7	-	-
Tbills (net)	-1,4	-0,5	-4,8	-
Other flows (net) (e)	1,6	4,4	-	-
<b>To be executed</b>	-	-	<b>5,5</b>	<b>23,0</b>
EU	-	-	-	1,2
Tbonds (PGB + MTN)	-	-	-	17,7
FRN/OTRV	-	-	-	-
Retail debt (net)	-	-	0,5	0,1
Tbills (net)	-	-	-	3,0
Other flows (net) (e)	-	-	5,0	0,9
<b>State Treasury cash position at year-end (f)</b>	<b>6,8</b>	<b>17,0</b>	<b>8,9</b>	<b>7,7</b>

(a) State sub-sector cash deficit (2022 refers to estimate based on General Government accrual deficit).

(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. 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 2022 are expected to be around EUR 10.9 billion<sup>1</sup>.

<sup>1</sup> Net borrowing requirements for 2022 were estimated based on information from the Stability Program 2021-2025 and updated with most recent data.

## **2. Financing strategy**

The Financing Strategy for 2022 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 17.7 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 second and fourth 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 2022, issuance of BT should have a positive impact of EUR 3.0 billion 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 third Wednesday of each month but, if demand justifies, may decide also to use the first 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:

<b>Instrument</b>	<b>Type</b>	<b>Indicative date</b>	<b>Indicative amount (million euros)</b>
BT22JUL2022	Reopening (6 months)	19-Jan-22	1250-1500
BT20JAN2023	Launch (12 months)		
BT20MAY2022	Reopening (3 months)	16-Feb-22	1000-1250
BT20JAN2023	Reopening (11 months)		
BT23SEP2022	Launch (6 months)	16-Mar-22	1500-1750
BT17MAR2023	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 4<sup>th</sup>, 2022