



PRESS RELEASE – 5th of January 2023

Republic of Portugal

(Moody's Baa2 Stable, S&P BBB+ Stable, Fitch BBB+ Stable, DBRS A low Stable)

EUR 3.0 billion OT 3.500% due 18th June 2038

Summary Terms

Format:	Reg S Category 1, (144a eligible for QIBs), CAC
Size:	EUR 3.0 billion
Pricing Date:	5 th January 2023
Settlement:	12 th January 2023 (T+5)
Maturity:	18 th June 2038
Coupon:	3.500%, Fixed, Annual ACT/ACT, Short First Coupon
Re-offer Spread:	Mid Swaps +75bp
Re-offer Yield:	3.689%
Re-offer Price:	97.821%
Listing:	MTS, BrokerTec, BGC Brokers and Euronext Lisbon
Denominations:	EUR 0.01
Lead Managers:	Barclays, BNP Paribas, Goldman Sachs Bank Europe SE, J.P. Morgan (B&D/DM), Morgan Stanley and NovoBanco

Transaction Highlights

- On Thursday 5th of January 2023, the Republic of Portugal rated Baa2 Stable by Moody's, BBB+ Stable by S&P, BBB+ Stable by Fitch and A low Stable by DBRS, priced a EUR 3.0 billion 3.500% 15-year Government Bond (OT), due 18th June 2038, at Mid swaps +75bp. The joint-bookrunners managing the transaction were Barclays, BNP Paribas, Goldman Sachs Bank Europe SE, J.P. Morgan, Morgan Stanley and NovoBanco.
- This is the first syndicated transaction executed by the Republic of Portugal in 2023 and represents the first syndicated issuance in the 15-year tenor in the EGB market for 2023. The transaction also marks the first OT benchmark launched in the 15-year sector since July 2020, injecting liquidity in the long end of the PGB curve.
- Despite elevated market volatility and the withdrawal of ECB Quantitative Easing, the transaction benefited from robust demand and was more than 5.9x oversubscribed, with a final orderbook in excess of EUR 17.9 billion (incl. EUR 1.8 billion joint-bookrunner interest) comprised of over 140 accounts. The strong demand allowed the Republic to print EUR 3.0 billion and refresh a key pricing reference on the PGB curve.

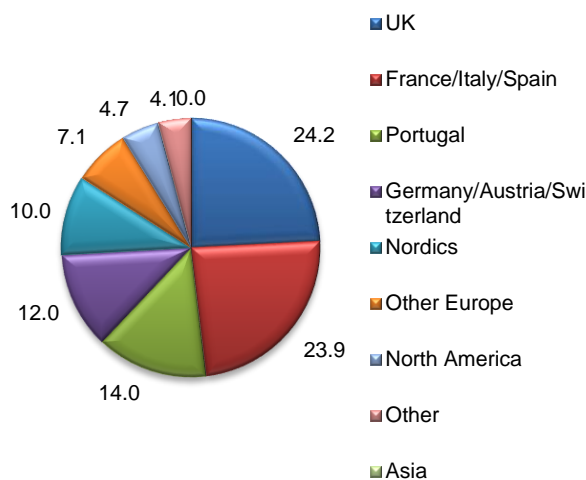
- The Republic of Portugal capitalised on the country’s upward credit rating trajectory to tighten the spread by 2bp from initial guidance, which exceeded the spread movement from the Republic’s PGB syndications in 2022. Despite the 2bp tightening in the spread, investor demand remained robust, which is testament to the high-quality composition of the orderbook.

Execution Summary

- On the afternoon of Wednesday, 4th of January 2023, off the back of stable market conditions, the IGCP proceeded to move quickly and announce to the market a new 15-year OT benchmark, maturing 18th June 2038, to be launched in the near future, subject to market conditions.
- The following morning on Thursday 5th of January 2023 at 08:12 LDN, the IGCP and the joint-bookrunners decided to release initial guidance of Mid swaps +77bp area. With orders quickly accelerating in excess of EUR 15.0 billion (including EUR 1.5 billion of joint-bookrunner interest), at 10:18 LDN the spread was tightened and set at Mid swaps +75bps.
- Shortly thereafter, the orderbook closed at 11:00 LDN in excess of EUR 17.9 billion (pre-reconciliation), comparable in size to the orderbooks of previous long-dated Portuguese government bond syndications despite the fading of ECB Quantitative Easing. The high quality of the orderbook allowed the IGCP and joint-bookrunners to launch the transaction at 12:00 LDN with a size of EUR 3.0 billion.
- The new EUR 3.0 billion OT 15-year benchmark was priced at 14:52 LDN with a coupon of 3.500% and a re-offer yield of 3.689%, equivalent to a spread of +124.9bp versus the DBR 1.00% May-38.
- The transaction was allocated to a broad array of high quality accounts. The geographical distribution was diversified with large participation from investors based in the United Kingdom as well as France / Italy / Spain. By investor type, demand predominantly came from fund managers, as well as banks / private banks.

Final Distributions

By Investor Country



By Investor Profile

