

## PRESS RELEASE

### Financing Programme for the Republic of Portugal for 2023

On January 3<sup>rd</sup> 2023, the Ministry of Finance approved the Financing Programme of the Republic of Portugal for 2023. The Financing Programme includes the main policy guidelines regarding the management of the direct Government debt and of the State Treasury's cash balances to be conducted by the Portuguese Treasury and Debt Management Agency (IGCP).

Based on the estimates supporting the Budget Law for 2023, issued on December 30, 2022, the funding needs for 2023 are as follows:

	2020	2021	2022 P	2023 P
<b>State borrowing requirements</b>	<b>24.5</b>	<b>26.6</b>	<b>23.7</b>	<b>23.9</b>
<b>Net financing needs</b>	<b>16.8</b>	<b>13.8</b>	<b>8.3</b>	<b>12.4</b>
Overall deficit (a)	12.2	9.5	5.3	5.9
Net acquisitions of financial assets (b)	4.6	4.3	3.0	6.4
One-off operations (c)				
<b>MLT Redemptions</b>	<b>7.7</b>	<b>12.8</b>	<b>15.4</b>	<b>11.5</b>
Tbonds (PGB + MTN) (d)	7.7	9.4	11.4	10.0
FRN/OTRV/Other MLT instruments		3.5	3.5	
Official loans			0.5	1.5
<b>State financing sources</b>	<b>24.5</b>	<b>26.6</b>	<b>23.7</b>	<b>23.9</b>
<b>Use of deposits</b>	<b>-10.2</b>	<b>8.3</b>	<b>2.8</b>	<b>-2.0</b>
<b>Financing in the year</b>	<b>34.7</b>	<b>18.3</b>	<b>20.9</b>	<b>25.9</b>
<b>Executed</b>	<b>34.7</b>	<b>18.3</b>	<b>14.4</b>	
EU	3.0	2.8	1.1	
Tbonds (PGB + MTN)	27.2	14.6	12.0	
FRN/OTRV				
Retail debt (net)	0.7	0.5		
Tbills (net)	-0.5	-4.8	1.3	
Other flows (net) (e)	4.4	5.2		
<b>To be executed</b>			<b>6.5</b>	<b>25.9</b>
EU			0.3	0.3
Tbonds (PGB + MTN)				19.8
FRN/OTRV				
Retail debt (net)			4.3	3.5
Tbills (net)				4.3
Other flows (net) (e)			2.0	-2.0
<b>State Treasury cash position at year-end (f)</b>	<b>17.0</b>	<b>8.8</b>	<b>5.9</b>	<b>8.0</b>

(a) State sub-sector cash deficit according to State budget for 2023.

(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 2023 are expected to be around EUR 12.4 billion.

## **2. Financing strategy**

The Financing Strategy for 2023 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 19.8 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 2023, issuance of BT should have a positive impact of EUR 4.3 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>
BT21JUL2023	Launch (6 months)	18-Jan-23	1250-1500
BT19JAN2024	Launch (12 months)		
BT19MAY2023	Reopening (3 months)	15-Feb-23	750-1000
BT19JAN2024	Reopening (11 months)		
BT22SEP2023	Reopening (6 months)	15-Mar-22	1250-1500
BT15MAR2024	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>, 2023