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

As defined in the Council of Ministers Resolution No. 157-D/2017 the remuneration of Treasury Certificates Savings Growth, as from the second year, includes a premium that depends on the average growth rate of the real Gross Domestic Product (GDP), as described next:

- *"From the 2nd year, a premium will be added to the interest rate fixed. This premium will be announced on the website of Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E. (IGCP, E.P.E.) on the second-last day of the month preceding the interest payment date.*
- *The premium corresponds to 40% of average real GDP growth at market prices (annual rate of change rounded to one decimal place, according to information provided by Instituto Nacional de Estatística, I.P. (INE, I.P.), in the first publication of the full estimates of the Quarterly National Accounts for the reference quarter) for the last four quarters known in the month preceding the interest payment date.*
- *The premium will only be paid if real average GDP growth is positive and is limited to a maximum of 1.2% each year, equivalent to 40% of 3% real average GDP growth.*
- *The premium is not retroactively corrected as a result of subsequent revisions of the GDP estimates published by INE, I.P."*

IGCP, E.P.E. publishes today the value of this premium for the first time, to be in place during the month of October, 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 40% of the average of the year-on-year rate of change of the last four quarters, limited to a maximum of 1.2% each year) 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 August 2019 (which can be found here: https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=353902199&DESTAQUESmodo=2&xlang=en) for the year-on-year rate of change estimated for the period between the third quarter of 2018 and the second quarter of 2019:

Computation of the TC Savings Growth remuneration premium		
Year-on-year rate of change of real GDPmp	3Q 2018 (A)	2.1%
	4Q 2018 (B)	1.7%
	1Q 2019 (C)	1.8%
	2Q 2019 (D)	1.8%
Average growth rate of real GDP (E = average[A,B,C,D])		1.850%
TC Savings Growth remuneration premium (F = 0.4 x E)		**0.740%**

d) Hence, for the subscriptions executed in October 2017, a premium of **0.74%** will be added to the base interest rate of the second year (0.75%), fixing the gross remuneration rate of the second year at 1.49%.

IGCP, E.P.E., 27 September 2019