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<b>PRESS RELEASE</b>
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**Debentures: Mr Feetham shows lack of understanding of public finances**

It is clear to the Government that the only person who appears to be confused in respect of Gibraltar Savings Bank Debentures is Mr Feetham.

The Government's policy to redeem Government debentures early is in order to provide these through the Savings Bank, the liabilities of which are secured on Government finances by law.

The Government is pursuing this objective in a manner that takes due care of its debenture-holders, who currently hold over 60% of this public debt, and who are mainly senior citizens of our community that have come to depend on the monthly interest that they earn on their debentures.

The Gibraltar Savings Bank has been able to assist the Government in this respect, as indeed it has done many times before, to enable investors to re-invest their savings upon the redemption of any Government debentures.

As regards the Government's 4% Debentures, with a maturity date of 31 December 2013, out of 450 debenture-holders, 389 have chosen to re-invest their holdings in the Gibraltar Savings Bank; 29 debenture-holders have taken the option to cash-in their debentures early; and 33 debenture-holders have decided to stay with their existing holdings to maturity later in the year.

As regards the Government's 5% Debentures, with a maturity date of 31 December 2015, the Government has decided to redeem these early by giving debenture-holders the required 6-months' notice. It has also offered debenture-holders the opportunity to cash in these debentures early, if they so wish.

At the same time, the Gibraltar Savings Bank has been able to offer these debenture-holders the opportunity to re-invest their holdings in Gibraltar Savings Bank debentures with the same interest and maturity dates as their existing Government debentures. It is also offering these debenture-holders the opportunity to re-invest their holdings in longer-dated Gibraltar Savings Bank debentures, if they so wish.

Our senior citizens can also rest assured that the security offered to debenture-holders by the Gibraltar Savings Bank remains the same as they had with their Government debentures. This is because, as aforementioned, all deposits in the Gibraltar Savings Bank are fully guaranteed by the Government under the law.

Moreover, it should also be noted that the references by the Opposition to this being 'off balance sheet' is not correct and reflects a lack of understanding about public finances. All deposits of the Gibraltar Savings Bank, including Gibraltar Savings Bank Debentures are fully reflected in the bank's balance sheet. Also, the redemption of these debentures, as indeed is the case with the repayment of any Public Debt, will necessarily be paid from the Consolidated Fund and will therefore be fully reflected in the public accounts of Gibraltar.

For all of these reasons, it is patently clear the Mr Feetham's press statement is either misconceived or designed to prey on the worries of the many pensioners whose deposits are safely and securely held by the Gibraltar Savings Bank.