



SECRETARIA DO  
TESOURO NACIONAL

SECRETARIA ESPECIAL DO  
TESOURO E ORÇAMENTO

MINISTÉRIO DA  
ECONOMIA



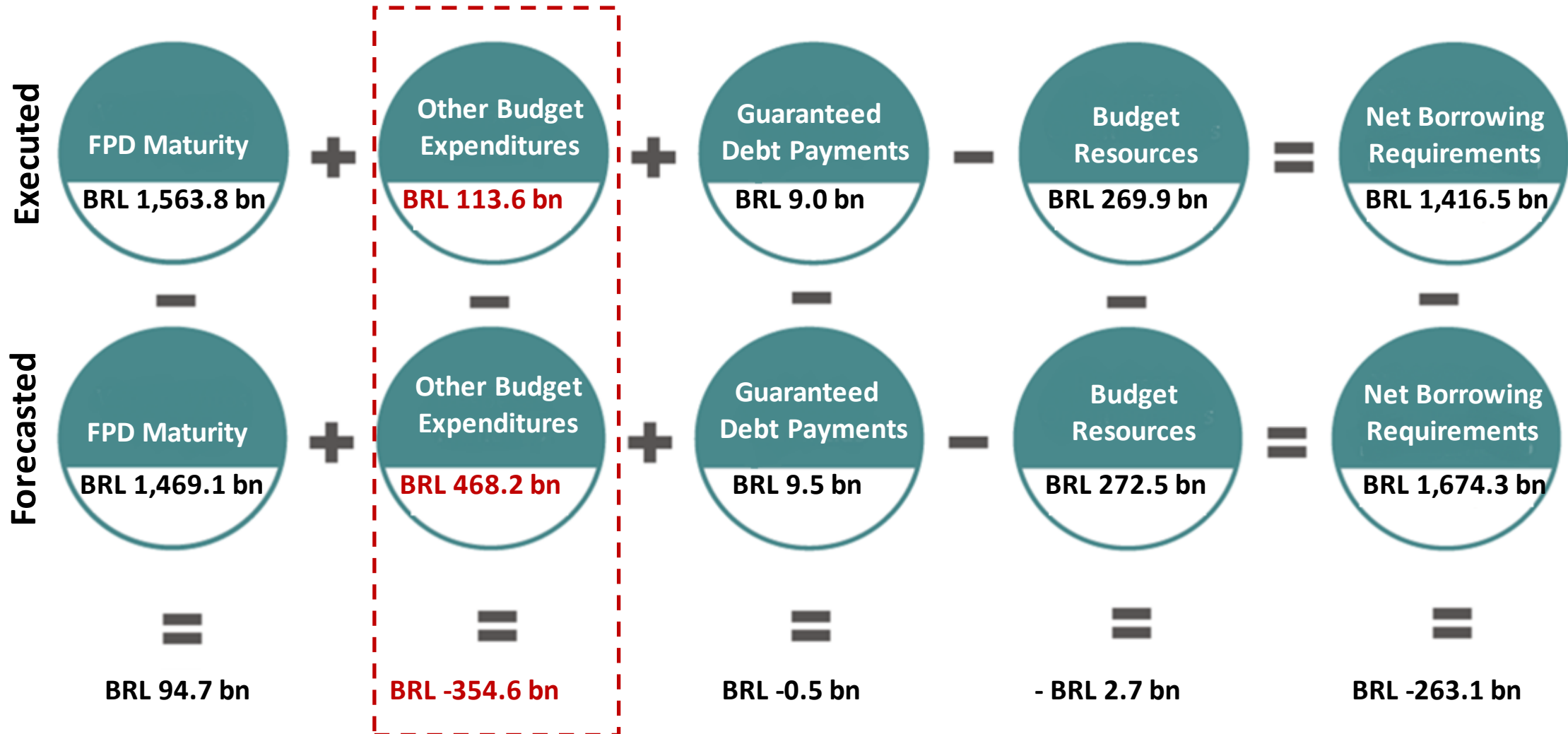


# **Annual Debt Report – ADR 2021**

**Annual Borrowing Plan– ABP 2022**

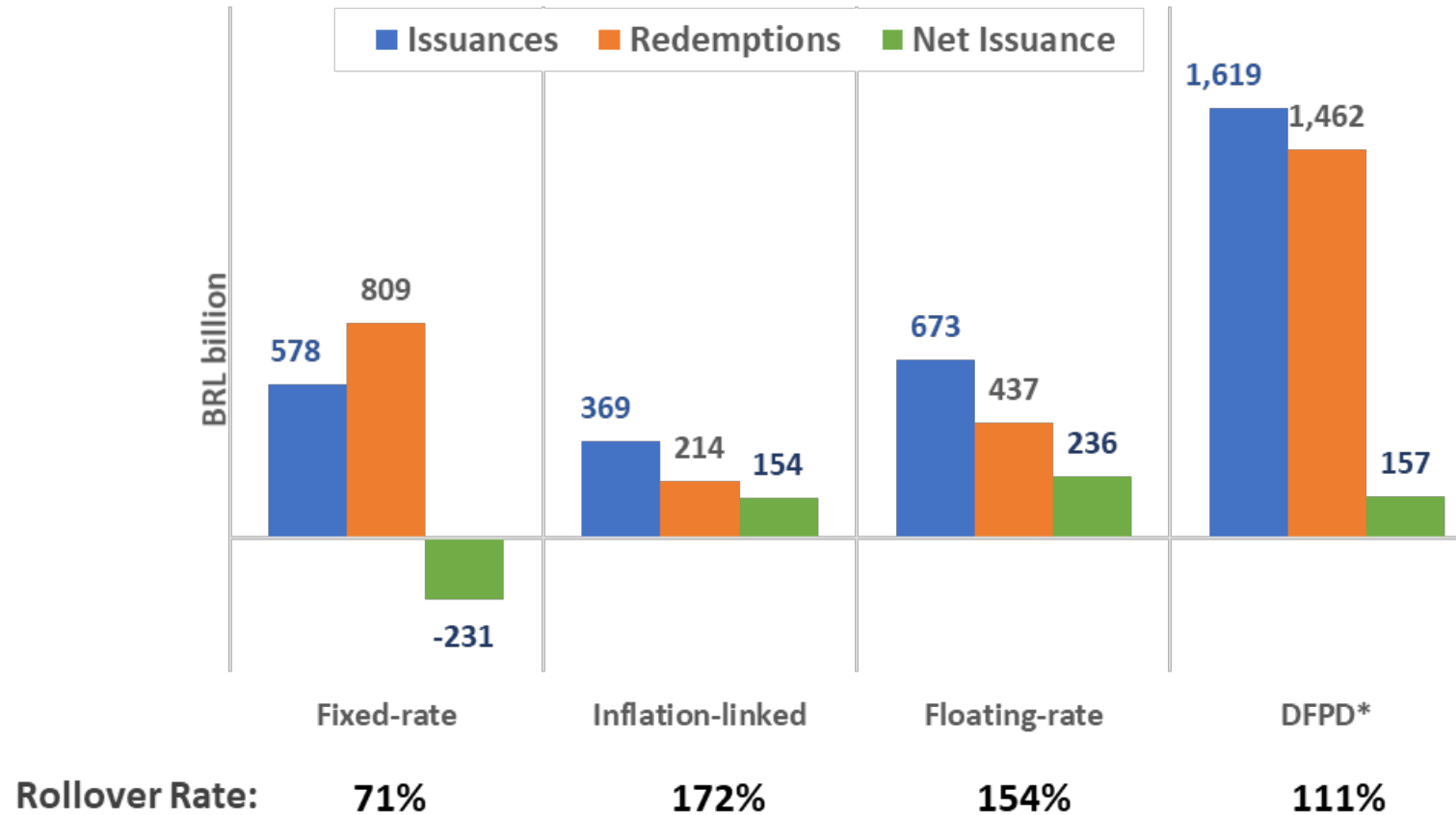


## Primary revenue performance reduced borrowing requirements in 2021



## ... and rollover rate above 100% strengthened the debt cash position

Net Issuance and rollover rate by Indexer



\* Only bond issuances and redemptions with an impact on liquidity are considered

## The Treasury carried out issuances of longer-term bonds when compared with 2020

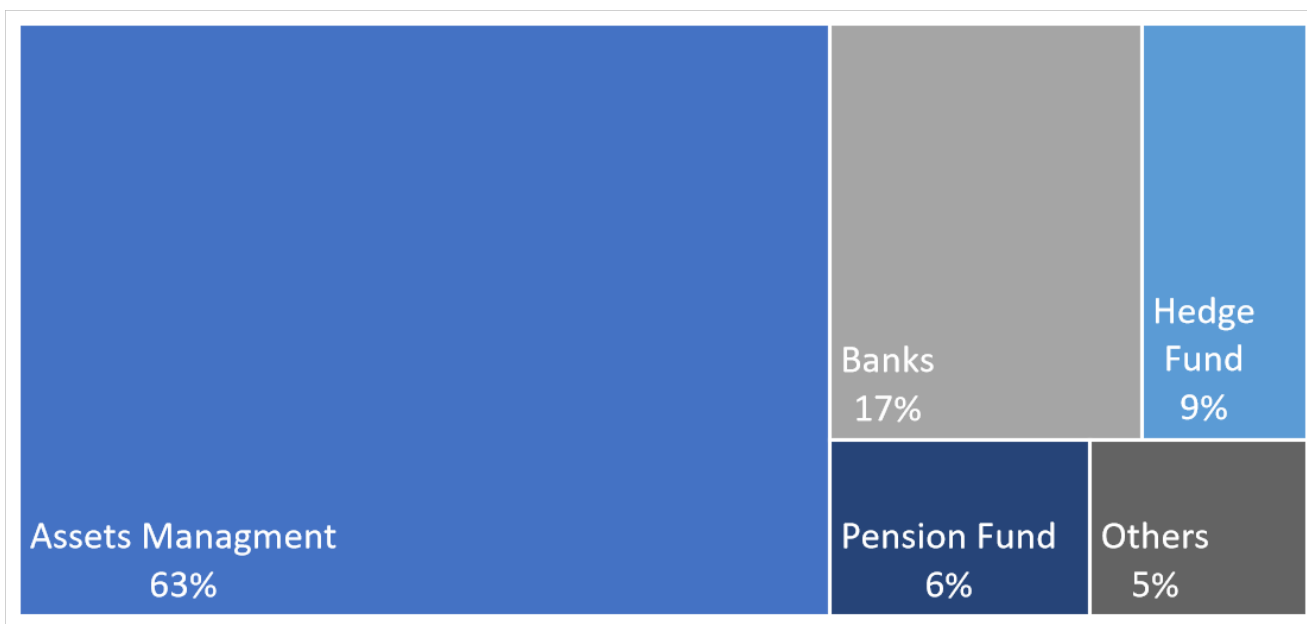
### DFPD issuances in 2020 and 2021

<i>BRL Billion</i>	2020		2021		Change in share %
Issued bonds*	Total	%	Total	%	
LFT	222.2	18.0%	612.9	41.6%	131%
LTN	777.5	63.1%	439.1	29.8%	-53%
NTN-F	46.5	3.8%	66.4	4.5%	19%
NTN-B	186.8	15.1%	355.7	24.1%	59%
<b>Total</b>	<b>1,233.0</b>	<b>100.0%</b>	<b>1,474.1</b>	<b>100.0%</b>	

\* Exchange and extraordinary auctions are not considered. Bonds issued in 2021 that matured in 2021 were also not considered.

# External Debt: lengthening public debt maturities and improving the investors base profile

## Share by Investors' Type



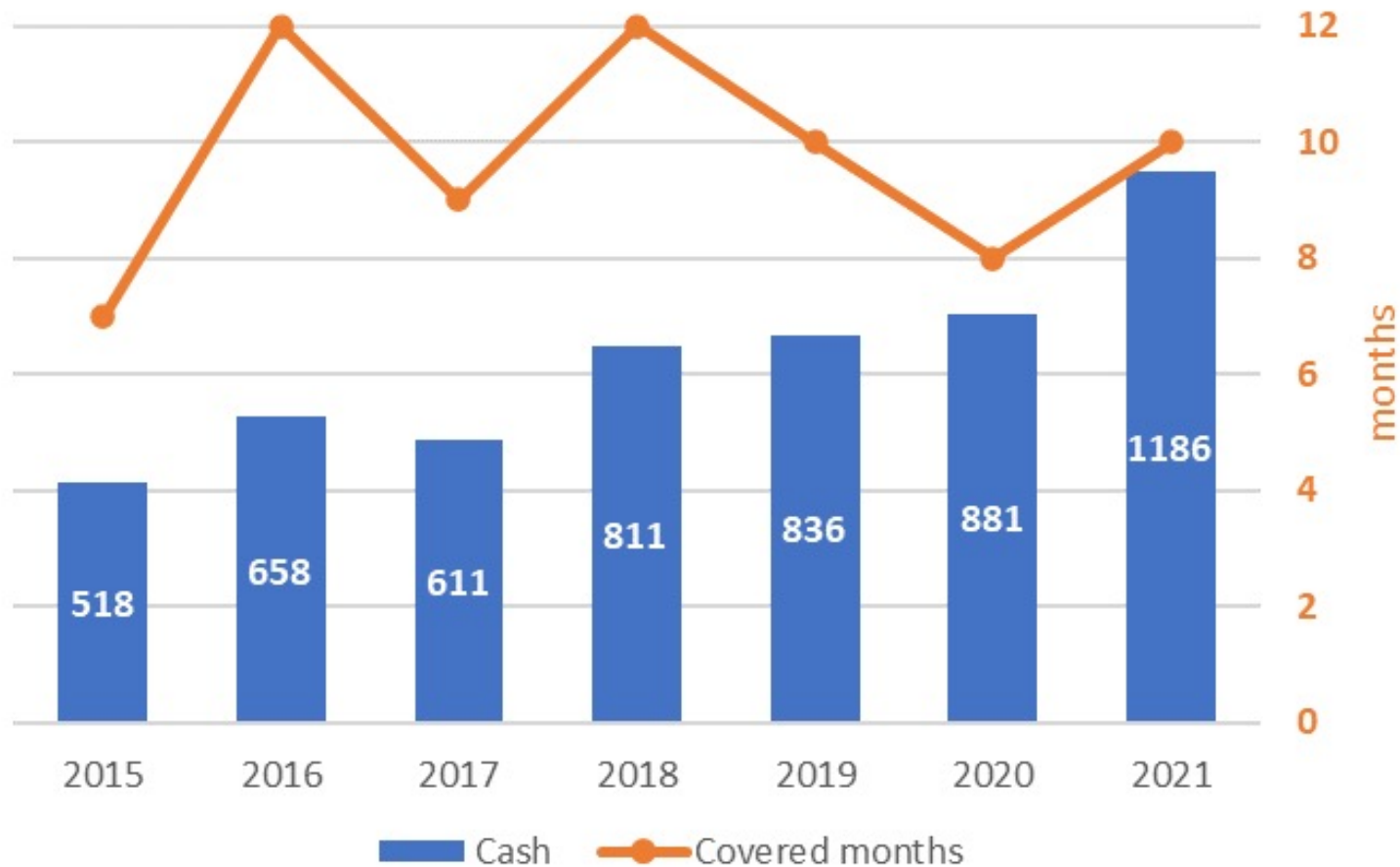
## Operations in 2021 (06/29)

Bond	Maturity	Volume*	Yield (%)	Coupon
Global 2031	12/09/2031	\$1.50	3.875	12/3 e 12/09
Global 2050	14/01/2050	\$0.75	4.925	14/01 e 14/07
<b>Total</b>		<b>\$2,25</b>		

\* In billions of US dollars.

- New 10-year benchmark issuance (Global 2031) and the reopening of the current 30-year benchmark (Global 2050)
- The order book reached a volume close to three times the final amount issued in both tranches

## Significant cash position provides flexibility for debt management in 2022



Factors that positively impacted the liquidity reserve (cash position) in 2021:

- Lower requirement in borrowing needs
  - Improvement in primary revenue release the pressure on the cash position
  - Free-allocation funds (BRL 166 bn) to finance FPD service
- FPD rollover strategy with a rate above 100%

## Revision of the 2021 ABP debt reference limits in May

### Revision reasons:

- Expectation of reduction in short-term fixed-rate bonds (6 and 12 months)
- Greater demand for LFT and NTN-B, which have longer-terms when compared to short-term fixed-rate bonds
- Reinforcement of the liquidity reserve (cash position) that was not foreseen when the 2021 ABP was released

Indicators	2021 ABP limits		2021* reviewed limits	
	Minimum	Maximum	Minimum	Maximum
<b>Outstanding debt (BRL billion)</b>				
FPD	5,600.0	5,900.0	<b>5,500.0</b>	<b>5,800.0</b>
<b>Composition (%)</b>				
Fixed-rate	38.0	42.0	<b>31.0</b>	<b>35.0</b>
Inflation-linked	24.0	28.0	<b>26.0</b>	<b>30.0</b>
Floating-rate	28.0	32.0	<b>33.0</b>	<b>37.0</b>
FX	3.0	7.0	<b>3.0</b>	<b>7.0</b>
<b>Maturity structure</b>				
% Maturing in 12 months	24.0	29.0	<b>22.0</b>	<b>27.0</b>
Average Maturity (years)	3.2	3.6	<b>3.4</b>	<b>3.8</b>

Reviewed ABP, available on:

[https://sisweb.tesouro.gov.br/apex/f?p=2501:9::::9:P9\\_ID\\_PUBLICACAO\\_ANEXO:13428](https://sisweb.tesouro.gov.br/apex/f?p=2501:9::::9:P9_ID_PUBLICACAO_ANEXO:13428)

- This scenario mitigated the rollover risk through a new issuance strategy



## Demand for longer-term bonds resulted in the improvement in the debt profile

Indicators	Dec/19	Dec/20	Dec/21	2021 ABP reviewed limits*	
				Minimum	Maximum
Outstanding debt (BRL billion)					
FPD	4,248.9	5,009.6	5,613.7	5,500.0	5,800.0
Composition (%)					
Fixed-rate	31.0	34.8	28.9	31.0	35.0
Inflation-linked	26.0	25.3	29.3	26.0	30.0
Floating-rate	38.9	34.8	36.8	33.0	37.0
FX	4.1	5.1	5.0	3.0	7.0
Maturity structure					
% Maturing in 12 months	18.7	27.6	21.0	22.0	27.0
Average Maturity (years)	4.0	3.6	3.8	3.4	3.8

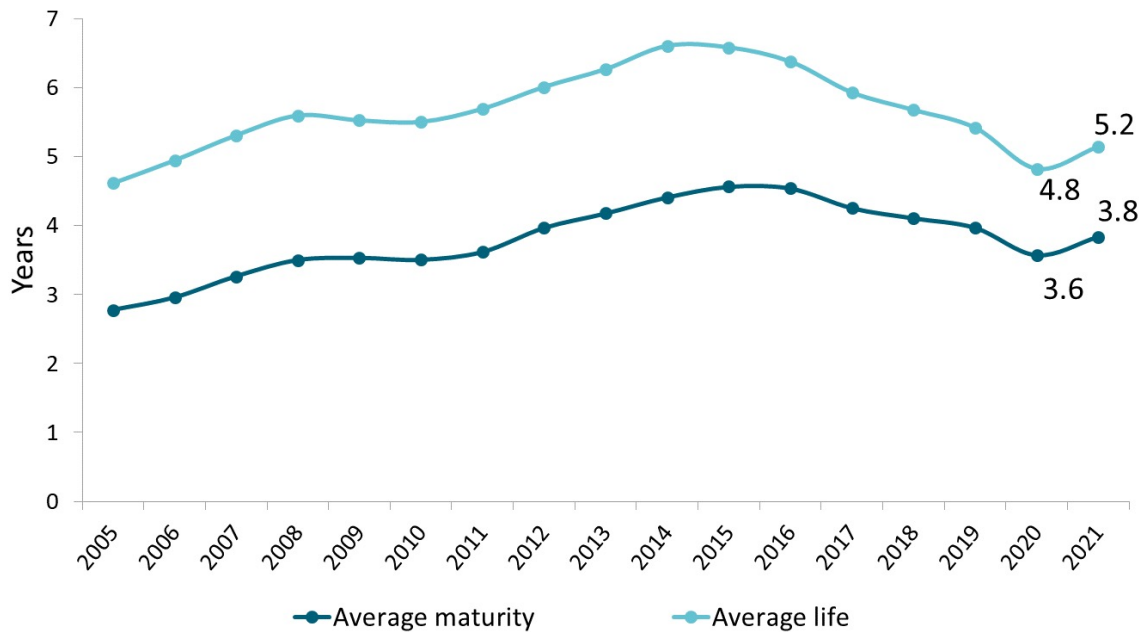
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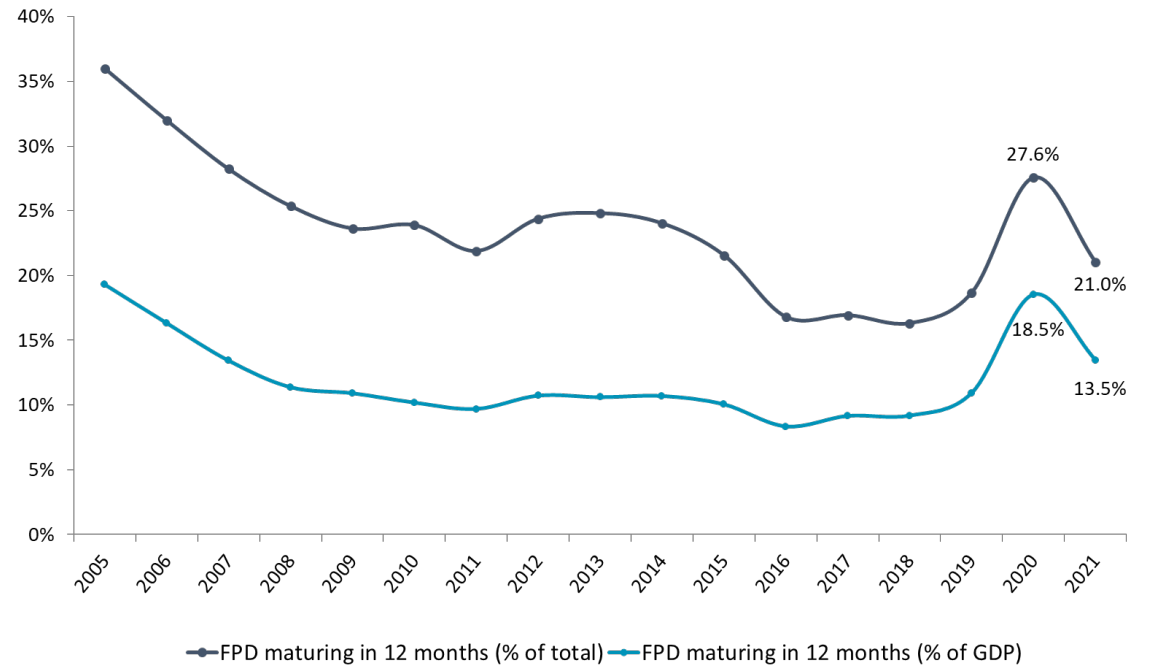
- Maturity structure improved: lower concentration of short-term debt, better than predicted
- The increase in the share of floating-rate bonds contributed to the lengthening of the outstanding debt maturity

## FPD maturity structure improved from the issuance strategy throughout the year

FPD average maturity and average life (years)



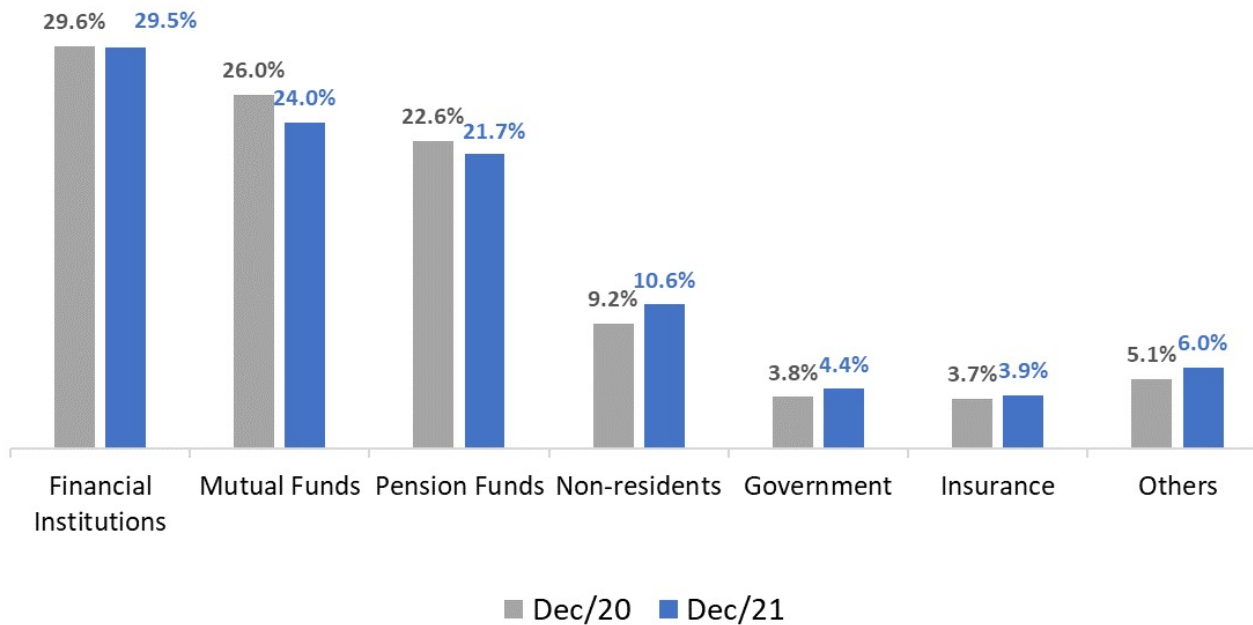
Share of debt maturing in 12 months



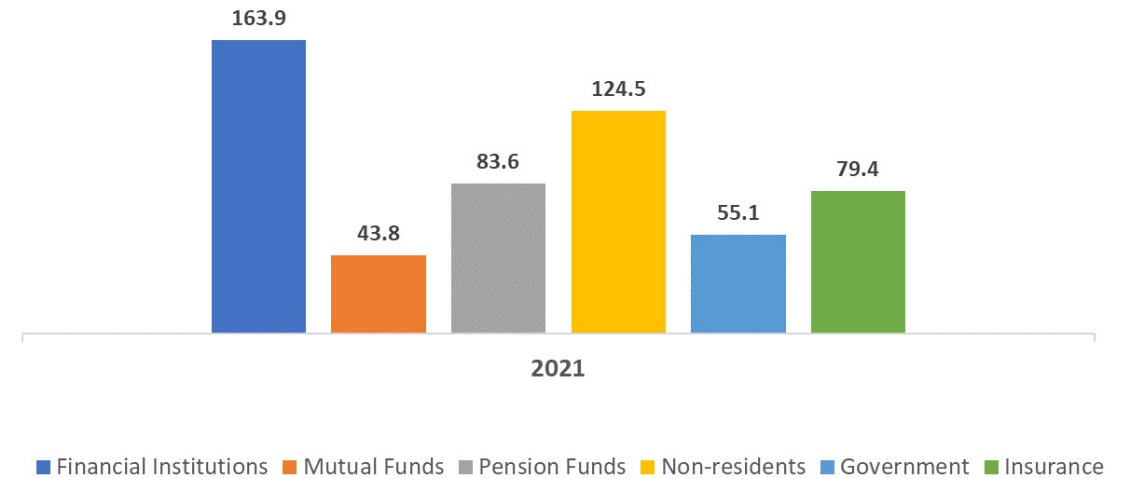
- The issuance strategy allowed the indicators of average maturity and share of debt maturing in 12 months to return to levels close to those of 2019

## Diversified investor base, with few relative changes

**Holders of the domestic Federal Public Debt  
(% da DFPD)**

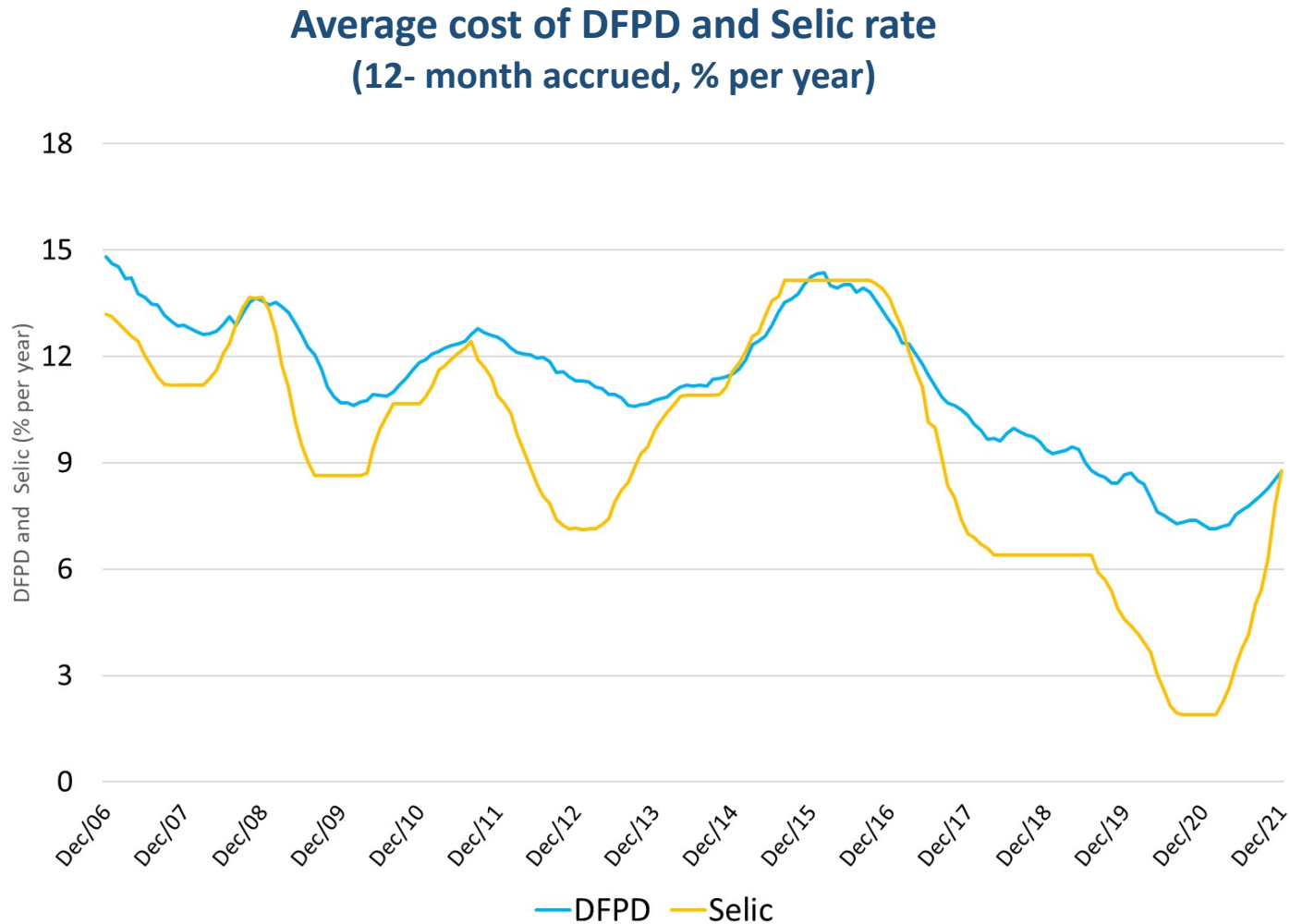


**Changes in holders' portfolio  
(BRL billion)**



- The group of non-resident increased its share in the DFPD while mutual and pension funds reduced their share

## A more diversified debt structure smoothes the effects of the monetary cycle



## Total guaranteed debt and honored guarantees in credit operations

BRL billion	2016	2017	2018	2019	2020	2021
<b>Domestic Guarantees</b>	<b>111.1</b>	<b>111.5</b>	<b>114.3</b>	<b>109.3</b>	<b>114.0</b>	<b>112.9</b>
States	81.3	84.7	91.4	90.9	97.3	96.7
Municipalities	4.0	3.9	3.9	4.9	6.9	8.2
SOEs	24.7	22.5	18.8	13.5	9.8	8.0
SCEs	1.1	0.4	0.2	0.0	0.0	0.0
<b>External Guarantees</b>	<b>103.8</b>	<b>121.9</b>	<b>144.0</b>	<b>146.6</b>	<b>181.9</b>	<b>190.5</b>
States	75.5	91.2	107.7	109.6	135.2	137.4
Municipalities	10.7	11.1	13.5	14.6	20.0	22.4
SOEs	13.9	14.0	15.3	14.7	17.2	21.5
SCEs	3.7	5.6	7.5	7.7	9.5	9.2
<b>Total Guarantees</b>	<b>214.9</b>	<b>233.4</b>	<b>258.3</b>	<b>255.9</b>	<b>295.9</b>	<b>303.4</b>
<b>Executed Guarantees</b>	<b>2.4</b>	<b>4.1</b>	<b>4.8</b>	<b>8.4</b>	<b>13.3</b>	<b>9.0</b>

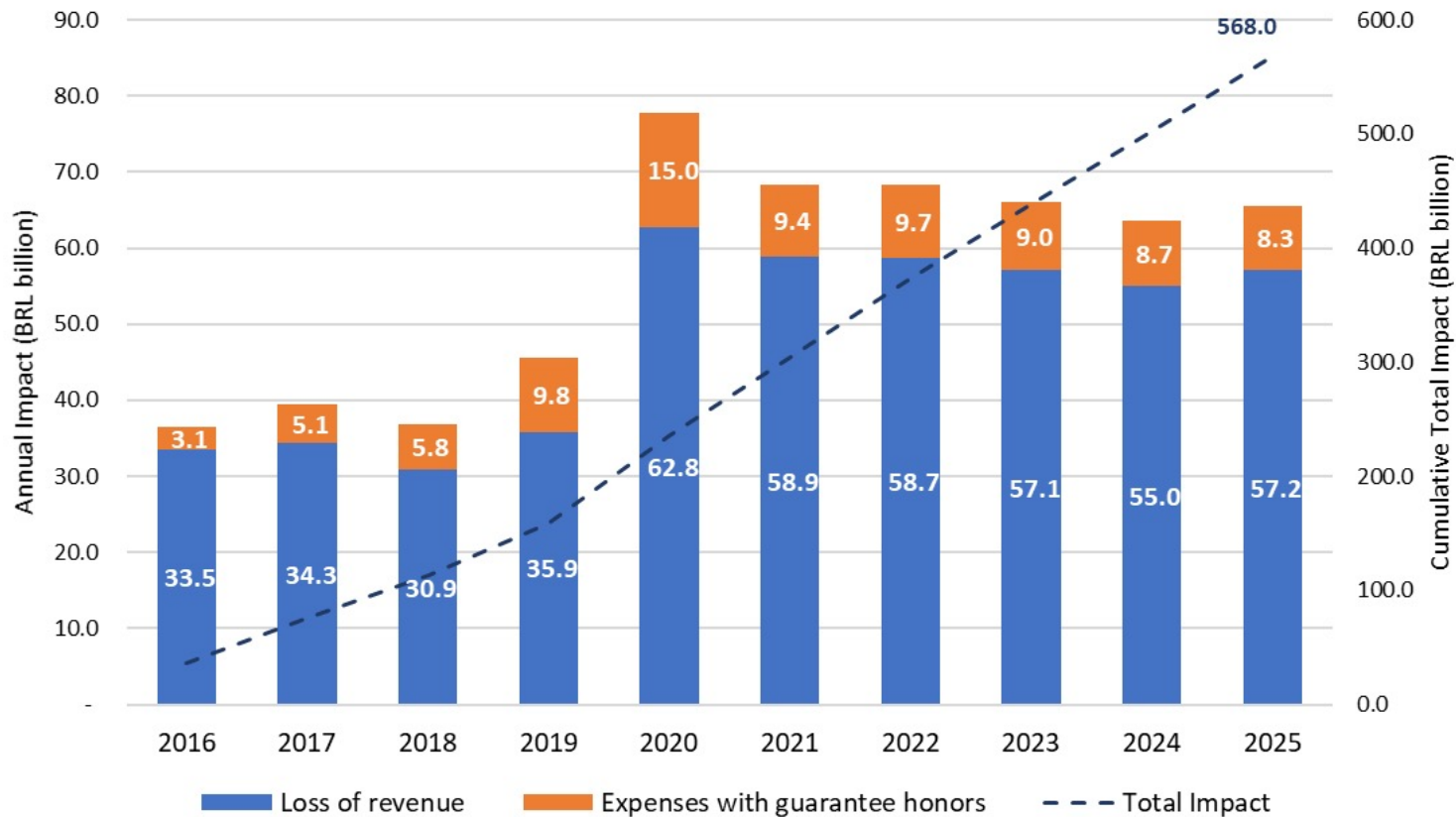
### Honored Guarantees in 2021

BRL billion	Executed Guarantees	%
Borrower	2021	
<b>States</b>	<b>8,963.3</b>	<b>100.0%</b>
Rio de Janeiro	4,180.5	46.6%
Minas Gerais	3,130.0	35.8%
Goiás	1,301.5	14.2%
Amapá	194.3	2.1%
Rio Grande do Norte	157.0	1.3%
<b>Municipalities</b>	<b>1.6</b>	<b>0.0%</b>
Belford Roxo - RJ	1.6	0.0%
<b>Total</b>	<b>8,964.8</b>	<b>100.0%</b>



## Impact of debt restructuring measures and covering guarantees of subnational entities

### Impact from subnationals' debt restructuring and honored guarantees\* (BRL billion)



- Total impact of **BRL 484 bn**: lower revenues represent an obstacle to Treasury's effort to decrease the public debt
- Total impact in **2021, historic result of changes, was BRL 68.3 bn**, of which BRL 58.9 bn correspond to loss of revenues and BRL 9.4 bn, expenses with guarantee honors.

\*IPCA-adjusted values, BRL in 12/31/2021

Source: National Treasury



Annual Debt Report – ADR 2021

**Annual Borrowing Plan – ABP 2022**

## FPD management objective: balance between cost and risk

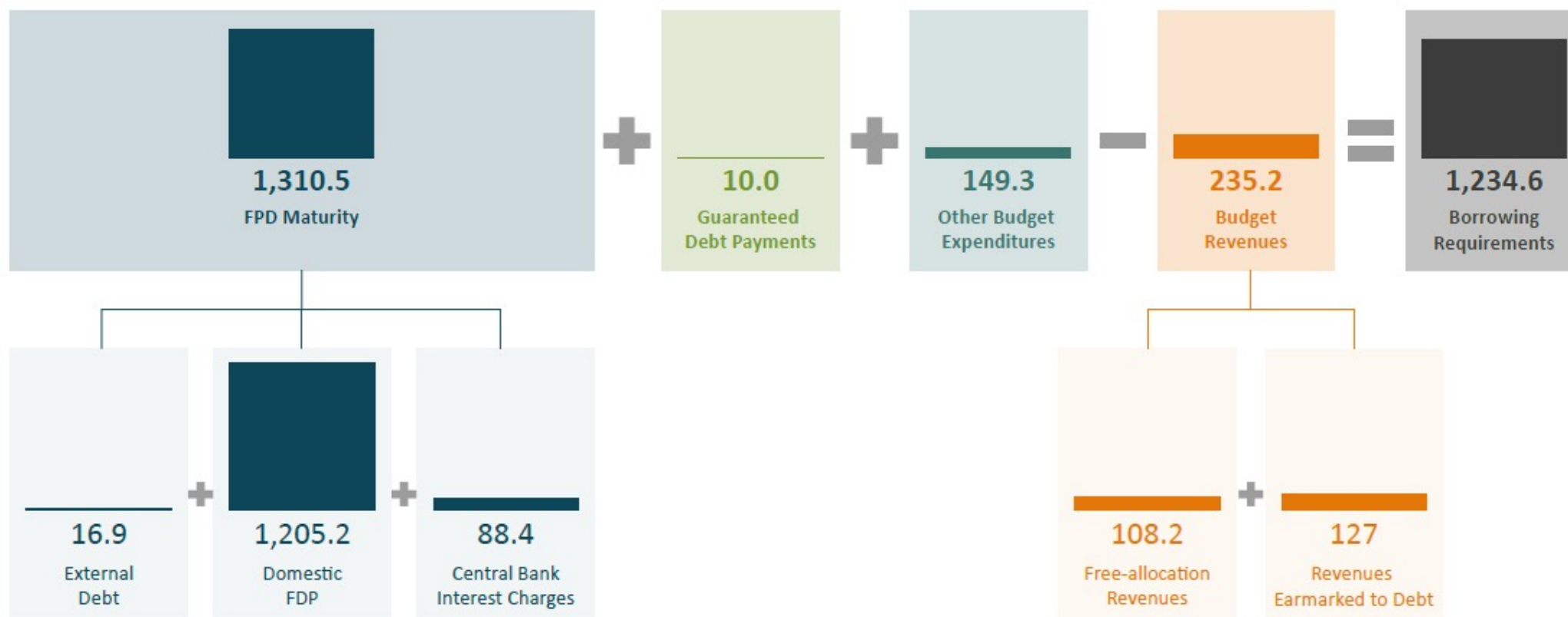
### Objective

The objective of the FPD management is to efficiently supply the federal government borrowing needs at the lowest cost in the long term while maintaining prudent levels of risk and contributing to the proper functioning of the Brazilian bond market.

### Guidelines

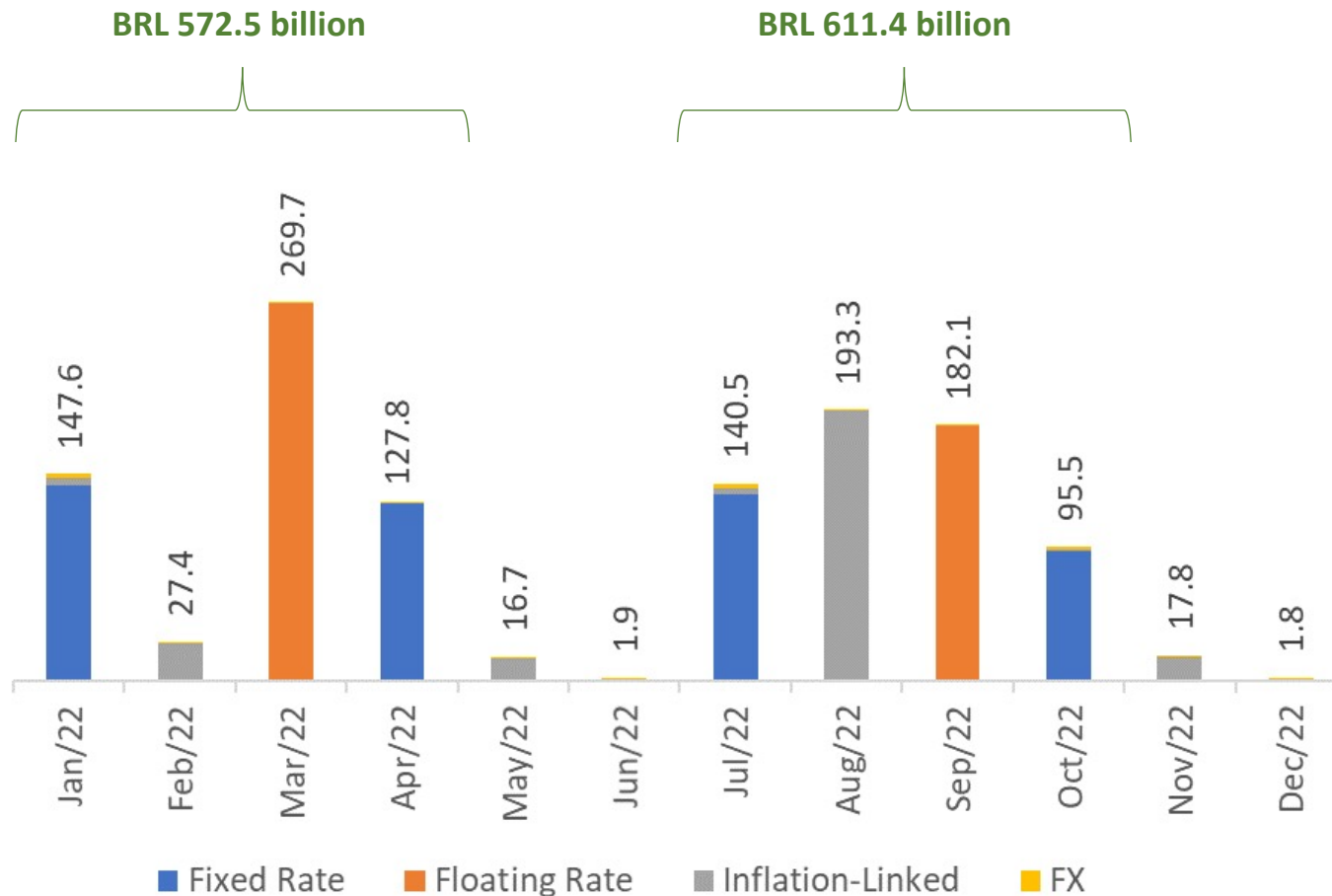
- Gradually replacing the floating-rate bonds by fixed-rate and inflation-linked bonds;
- Smoothing the maturity structure, with particular attention to short-term maturity;
- Increasing the average maturity of the outstanding debt;
- Developing the yield curve;
- Increasing federal government bonds liquidity on the secondary market;
- Broadening and diversifying the investors base;
- Maintaining the liquidity reserve above its prudent level.

## Federal Government Borrowing Requirements for 2022



The latest forecasts indicate that, at the end of January, the National Treasury will have a **liquidity reserve in BRL** sufficient to cover DFPD principal and interest maturities in the market, plus interest on the BCB's securities portfolio until the end of 2022. Besides this, the cash position in dollars, considering the resources from the last external issuance, is enough to pay all maturities of the external debt until the end of 2022.

## FPD maturity for 2022: higher concentration up to April and at the beginning of the second semester (BRL billion)



» A greater share of fixed-rate and floating-rate bonds

Type	FPD	
	BRL billion	% of the total
Fixed Rate	491.6	40.2%
Floating Rate	451.4	36.9%
Inflation Linked	263.5	21.6%
FX	15.6	1.3%
<b>Total</b>	<b>1,222.1</b>	<b>100.0%</b>



## Borrowing strategy – Benchmarks

*The 2022 ABP aims to keep prudent level of resources to cover expenses, mitigate the public debt refinancing, and ensure the proper functioning of the government bond market, valuing transparency and predictability, albeit with flexibility to adapt to possible changes in scenarios.*

### Highlights for 2022:

- » NTN-F benchmarks: 7 and **10 years**
- » Maintenance of the 3-year maturity for NTN-B, with new offered tenors of 15- and 25-years maturities and tenors of 7 and 20 years are no longer offered. **Offering of a new 40-year benchmark.**
- » LFT with two tenors, 3 and 6 years
- » **Weekly auctions are held for all bonds**

**The auction calendar will be published on a quarterly basis, 15 days prior to the beginning of each quarter**

## Benchmarks issuances – 1st quarter of 2022

Fixed Rate		
Bond	Maturity	1st Quarter
LTN	6 months	Oct/22
	12 months	Apr/23
	24 months	Apr/24
	48 months	Jul/25
NTN-F	7 years	Jan/29
	10 years	Jan/33

Inflation-Linked Rate		
Bond	Maturity	1st Quarter
NTN-B	3 years	May/25
	5 years	May/27
	10 years	Aug/32
	15 years	Aug/35
	25 years	Aug/45
	40 years	Aug/60

Floating Rate		
Bond	Maturity	1st Quarter
LFT	3 years	Mar/25
	6 years	Mar/28

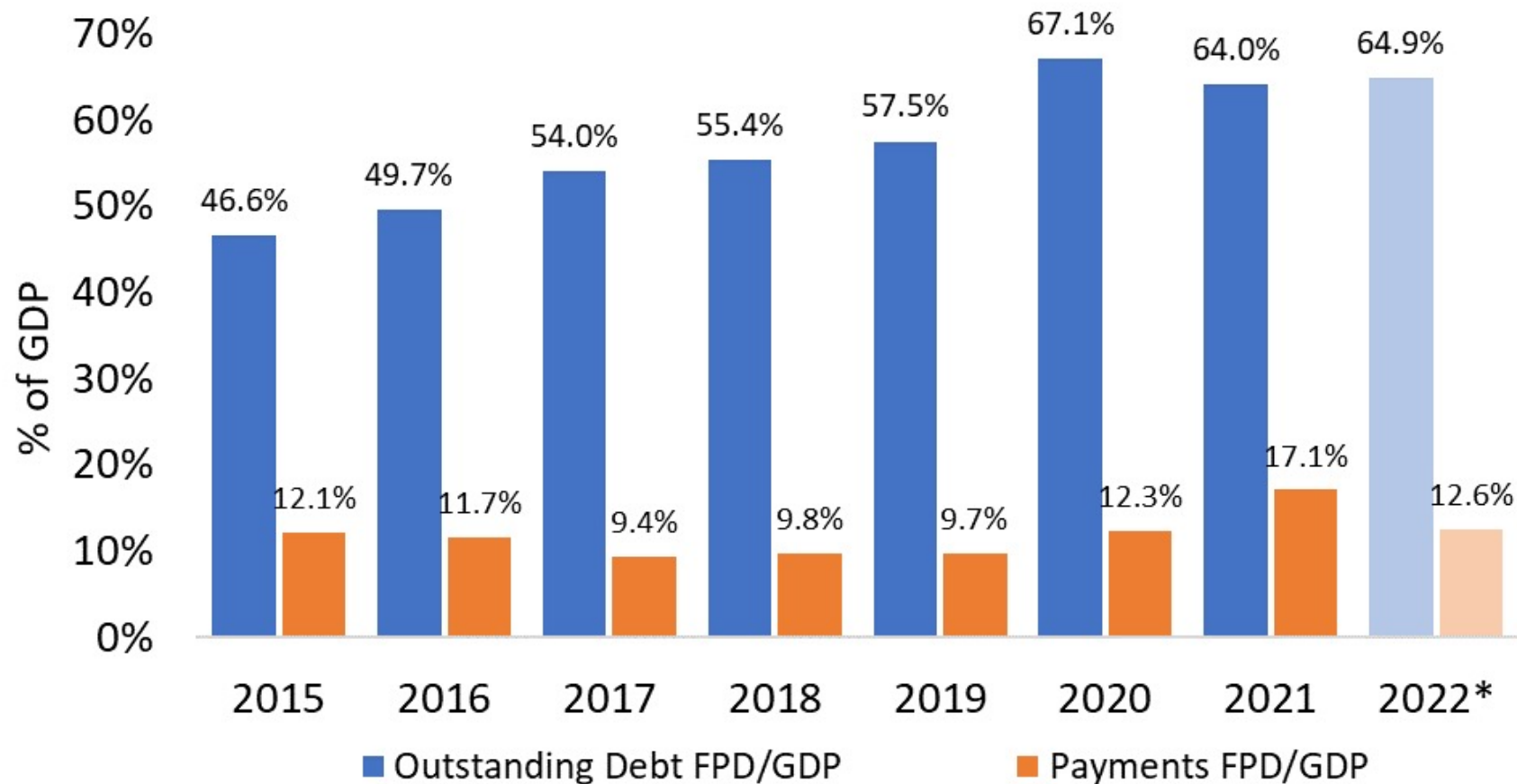
## Borrowing plan for 2022: expected results

Indicators	2021	2022 ABP limits	
		Minimum	Maximum
Outstanding debt (BRL billion)			
FPD	5,613.7	6,000.0	6,400.0
Composition (%)			
Fixed-rate	28.9	24.0	28.0
Inflation-linked	29.3	27.0	31.0
Floating-rate	36.8	38.0	42.0
FX	5.0	3.0	7.0
Maturity structure			
% Maturing in 12 months	21.0	19.0	23.0
Average Maturity (years)	3.8	3.8	4.2

- » Lower share of fixed-rate bonds, mainly short-term bond reduction
- » Increase in the share of floating-rate debt
- » Maintenance of share of debt maturing in 12 months at appropriate levels
- » Lengthen the FPD average maturity

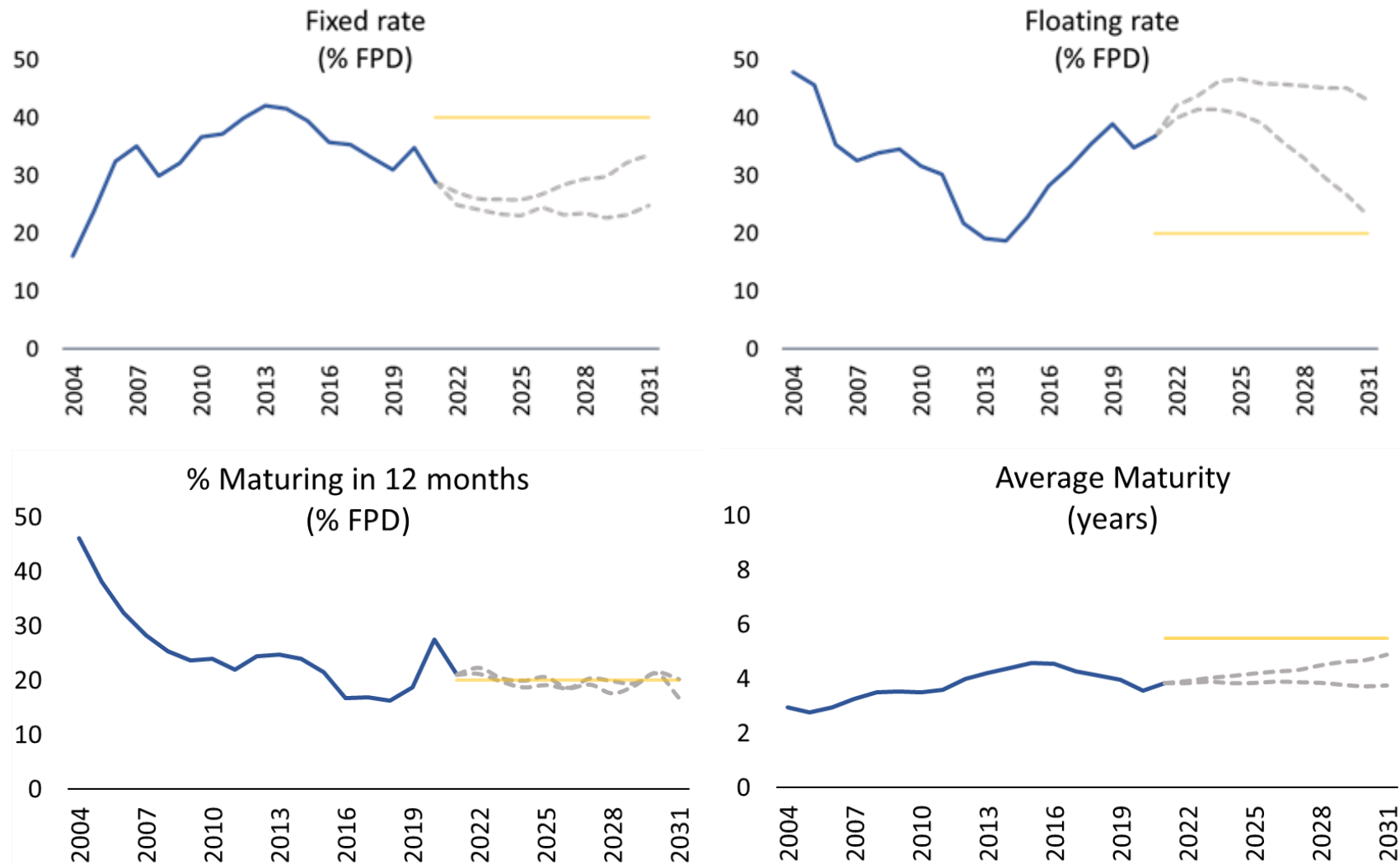
## Maturity structure improvement is key: higher debt outstanding results in higher redemptions each year

### FPD outstanding stock and maturity payment – on a GDP ratio



\* Forecasts based on the midpoint of 2022 ABP limits

## Forecasts for debt indicators evolution in the medium-term



Actual data

Forecast  
intervals

Benchmark





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