BRAZIL LAUNCHES ITS FIRST TRANSACTION IN THE EXTERNAL MARKET IN 2024

On January 22, the National Treasury announced a dual-tranche transaction in the international market consisting of two new 10- and 30-year benchmarks, maturing in 2034 and 2054, respectively. The National Treasury took advantage of the liquidity and stability of the international financial market to carry out its largest foreign currency issuance, with a volume of $4.5 billion and spreads close to the minimums achieved in the last six years. The operation also stood out for offering a new 30-year benchmark bond, something that had not happened since 2019. The joint bookrunners were Citigroup, Scotiabank and UBS and the settlement took place yesterday, January 29, 2024.

Bond	Global 2034	Global 2054
Maturity	03/15/2034	05/13/2054
Coupon	6.125%	7.125%
Yield	6.35%	7.15%
Price (% Face value)	98.32%	99.71%
Spread	225.2	281.8

The new GLOBAL 2034 with maturity on March 15, 2034, was launched in the amount of $2.25 billion, and coupon of 6.125% per year, with interest payment on March 15 and September 15 of each year. The issuance was carried out at a price of 98.323% of its face value, which corresponds to a rate of return for investors of 6.35% per year and to a spread-over-treasury of 225 basis-point (U.S. Treasury bond).

The new GLOBAL 2054, with maturity on May 13, 2054, was also launched in the amount of $2.25 billion, and coupon of 7.125% per year, with interest payment on May 13 and November 13 of each year. The issuance was carried out at a price of 99.707% of its face value, which corresponds to a rate of return for investors of 7.15% per year and to a spread-over-treasury of 282 basis-point (U.S. Treasury bond).

Debt Report

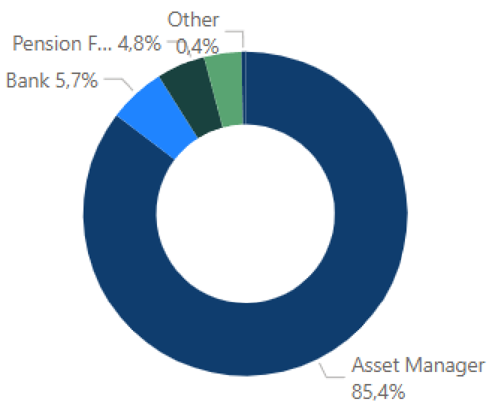
Objectives

The objective of the operation is to continue the National Treasury's strategy of promoting the liquidity of the sovereign yield curve in dollars in the foreign market, providing a reference for the corporate sector, and anticipating the financing of maturities in foreign currency.

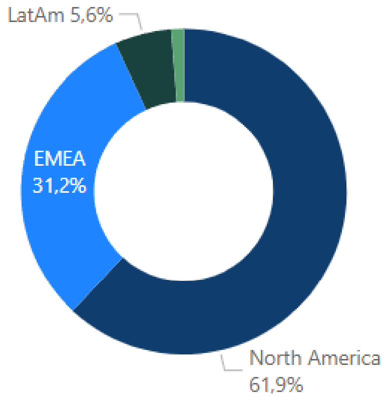
Results

- Raising US$ 4.5 billion, the largest international operation in the history of the National Treasury;
- Demand reached $14.7 billion, exceeding the initial supply by 3.7 times;
- Approximately 94% of the bonds were acquired by high-quality buy-and-hold investors;
- First issuance of a new 30-year benchmark since 2019.

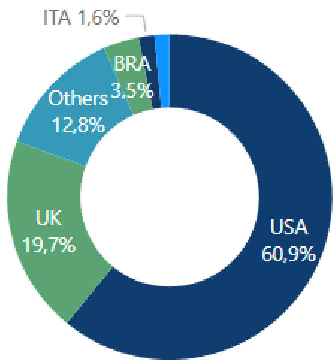
Aggregate Orderbook – Investors' Type



Aggregate Orderbook – Geographic Distribution



Aggregate Orderbook - Country



Pricing

- The dual tranche was carried out in a context of high international liquidity and stability in financial markets, with country risk indicators approaching the historic lows seen since 2020. This favored increased international demand for Brazilian bonds, especially those with longer maturities;
- In a week with no major developments in the economic agenda, the timing of the operation was also opportune, taking advantage of the relative scarcity of bond offerings from similar issuers;
- Although the benchmark U.S. Treasury interest rate was about 30 points above the December lows on the day of the operation, the main benchmark of the sovereign curve,

the 10-year bond, had a *spread* (relative to the *Treasury* equivalent) close to the lows of recent months;

- The bonds were initially offered with yields close to levels of 6.625% and 7.500% for the securities maturing in 2034 and 2054, respectively;
- With the strong demand observed during the operation, it was possible to compress the yields by 27.5 and 35 basis points for the bonds maturing in 2034 and 2054, respectively, without compromising the quality of the investor base.