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ABP - Annual Borrowing Plan 2026

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Foreword by the National Treasury



The National Treasury Secretariat presents the 26th Annual Borrowing Plan (ABP), an essential document for enhancing transparency and predictability in the management of the Federal Public Debt. The ABP is one of the main means of dialogue with society, bringing together the guidelines that underpin the federal government's financing strategy.

The macroeconomic environment expected for 2026 should remain challenging, with high international uncertainty and impacts on trade, investments, and financial conditions. In this context, the ongoing fiscal consolidation gains relevance by reinforcing discipline and predictability in the management of public accounts. Continuity of structural reforms remains crucial to sustaining confidence, raising productivity, and supporting stability and economic growth in the medium term.

In this scenario, the 2026 ABP aims to gradually improve the composition of the debt, with a greater share of fixed-rate bonds and longer maturities, which are key guidelines for efficient debt management. In the foreign market, the ABP points to more frequent action by the Brazilian Treasury, with consistent issuances in dollars and expansion into new markets, such as the euro and yuan, expanding the reach of Brazil's financing strategy.

1

Introduction

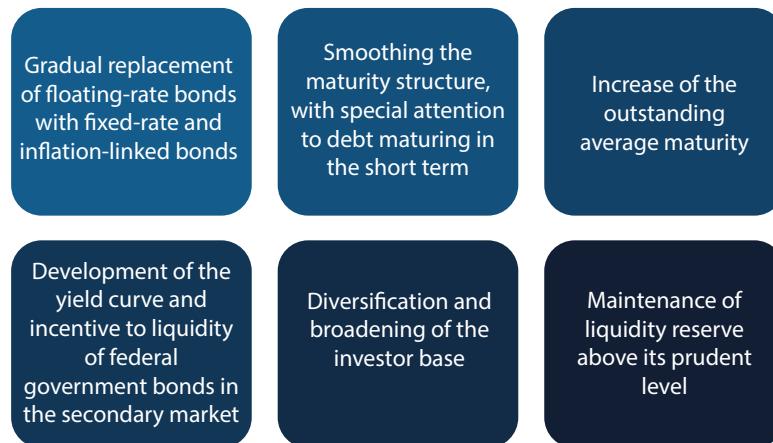
The publication of the Annual Borrowing Plan (ABP) is essential for aligning the expectations of market agents and society regarding debt management. The document presents the guidelines and annual strategy for domestic and external debt under the responsibility of the Federal Government, as well as projections for the main debt indicators at the end of the fiscal year. Its publication complies with regulatory provisions of item I of Article 14 of the STN/MF Ordinance No. 559, of April 5, 2024.

The financing strategy outlined in the 2026 ABP aims to achieve the objective established in the sole paragraph of Article 2 of the same Ordinance, namely:

“The objective of the Federal Public Debt is to efficiently meet the financing needs of the Federal Government at the lowest long-term cost, while maintaining prudent levels of risk and, additionally, seeking to contribute to the proper functioning of the Brazilian government securities market.”

The management of the Federal Public Debt (FPD) follows a set of guidelines to achieve this objective. They aim to continuously improve the composition of the debt, extend its tenors, smooth the maturity structure, and strengthen the balance between cost and risk. Figure 1 summarizes these principles, which underpin the definition of the annual strategy and form the basis for the medium-term (10 years) and long-term (optimal composition) visions presented in a specific section of this document.

Figure 1. FPD Management Guidelines



This document is structured in five sections. After this introduction, the second section presents the macroeconomic context and estimates of resource requirements for the period. Section three details the government bond issuance strategy planned for 2026, highlighting the main drivers of the financing policy. The fourth section brings together projections for FPD indicators, including analyses of composition, maturities, and the expected trajectory of key indicators over the medium term, considering the desired long-term structure (benchmark composition). The fifth section presents the document's final remarks.

2

MACROECONOMIC SCENARIOS AND BORROWING REQUIREMENTS

2.1 MACROECONOMIC SCENARIO

The 2026 ABP borrowing strategy is based on a baseline scenario but also considers alternative paths for the economy. This approach allows the main debt indicators, such as outstanding debt and composition, to be projected in ranges rather than single values. By working with realistic and transparent margins, the Brazilian Treasury improves predictability for the public and, at the same time, maintains the flexibility necessary to adjust issuances in the face of changes in the domestic or international environment.

In the international outlook, the policies of the United States government and their potential effects will be key factors in understanding the global landscape in the coming years. The maintenance of import tariffs at historically high levels, even after rounds of negotiations, reinforces the perception that the global economy will continue to experience significant tariff shocks. The Federal Reserve's (Fed) monetary policy and the performance of the Chinese economy are also key factors in differentiating scenarios.

The baseline external scenario considers a gradual decline in U.S. inflation, which is still limited by the effects of tariffs. It also assumes a monetary policy path characterized by moderate adjustments, with slower interest rate cuts in the short term. In this outlook, China is able to soften its structural slowdown by supporting domestic demand.

Additionally, there is a risk of intensifying geopolitical tensions, which could increase the volatility of financial asset prices throughout the year.

In the alternative scenario, the Fed adopts a more aggressive stance in the short term, with significant cuts in the Fed Funds rate, without a proportional slowdown in activity or inflation. This move tends to raise risk perception, causing instability in foreign exchange markets, putting pressure on emerging-market currencies, and increasing global volatility. China would be hit hardest by the shock to foreign trade and would be unable to mitigate the resulting slowdown.

The domestic baseline scenario, considered the most likely, is based on the expectation of a moderate economic slowdown beginning in the second half of 2025. Inflation continues to ease, favored by a stronger exchange rate, while the normalization of the Selic rate begins in early 2026 at a gradual pace, as the monetary authority assesses the lagged effects of monetary tightening. This scenario assumes that the fiscal target will be met.

The adverse alternative scenario considers greater difficulties in advancing the government's economic agenda and in preserving fiscal discipline. The combination of internal uncertainties with a more unfavorable external environment leads to a more intense slowdown in the Brazilian economy in 2026.

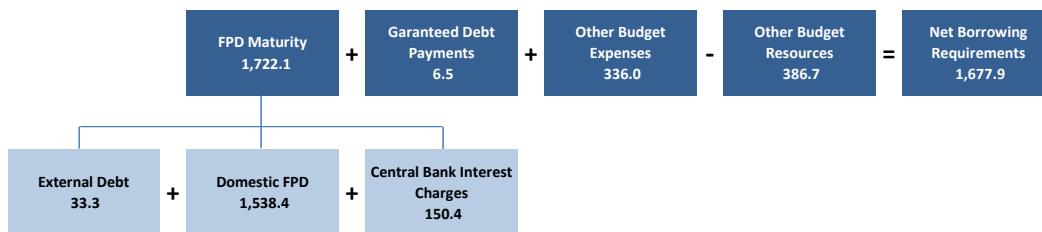
In the optimistic scenario, however, fiscal consolidation measures advance, reducing uncertainty and asset volatility. With a relatively stable—or even appreciated—exchange rate and compliance with the fiscal target, the perception of risk decreases, allowing for monetary policy flexibility and sustaining more favorable economic growth.

Finally, this ABP does not define its limits based on scenarios involving severe shocks or stress events.

2.2 BORROWING REQUIREMENTS FOR 2026

The ABP in 2026 forecasts a net financing requirement of BRL 1.677,9 billion¹ for 2026, as shown in Figure 2². This amount stems mainly from domestic debt maturities, totaling BRL 1,538.4 billion, the largest portion of the FPD. Added to this amount are the external debt maturities held by the market and the interest on the Brazilian Central Bank's portfolio, which, by legal determination, cannot be refinanced³.

Figure 2. Borrowing requirement in 2026 (R\$ billion)



Source: National Treasury (STN) and Federal Budget Secretariat (SOF)

Among the FPD maturities in the market, fixed-rate bonds represent the largest share, with 40.5%, as shown in Table 1. The most significant concentration occurs in March and August (Figure 3). Of the total, BRL

1 This amount does not necessarily correspond to the volume of bond issuance to be carried out throughout the year as the Treasury has a debt liquidity reserve. The amount to be issued may be equal to lower or higher depending on market conditions throughout the fiscal year.

2 The methodological definitions of the components of the financing requirement are detailed in the annex to this document.

3 Article 29 of Complementary Law No. 101 of May 4, 2000 (Fiscal Responsibility Law - LRF).

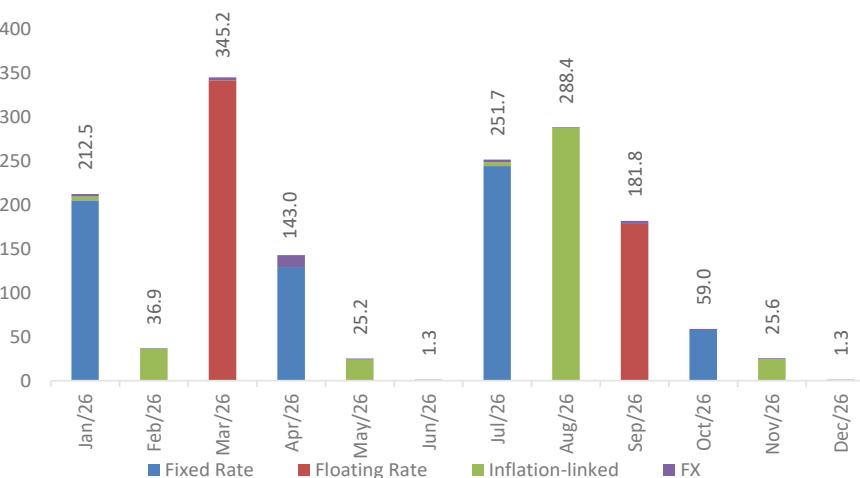
1,186.1 billion (76%) corresponds to principal payments, and BRL 364.5 billion (24%) refers to effective interest payments.

Table 1. Estimated FPD maturities in the market for 2026 (BRL billion and % of the total)

Rentabilidade	DPF		DPMFi		DPFe	
	R\$ bilhões	% do total	R\$ bilhões	% do total	R\$ bilhões	% do total
Prefixados	635,9	40,5%	635,5	41,3%	0,5	1,5%
Flutuantes	522,1	33,2%	522,1	33,9%	0,0	0,0%
Índice de Preços	380,3	24,2%	380,3	24,7%	0,0	0,0%
Câmbio	33,4	2,1%	0,5	0,0%	32,8	98,5%
Total	1.571,8	100,0%	1.538,4	100,0%	33,3	100,0%

Source: National Treasury (STN)

Figure 3. Estimated FPD maturities in the market for 2026 (BRL billion)



Source: National Treasury (STN). Position as of December 31, 2025. Does not include the effect of maturities of bond issues that will occur throughout 2026.

The budget for 2026 provides for the use of BRL 336.0 billion in bond

issuance revenues to cover budgetary expenses not related to FPD maturities. Of this total, BRL 288.1 billion is conditional on the approval of supplementary credits by the National Congress, in accordance with the Golden Rule (Article 167, III, of the Federal Constitution). Most of this amount is designated for the payment of Social Bond Benefits (BRL 243.5 billion), with a share of this amount (BRL 218.1 billion) depending on the approval of these credits for full execution⁴.

To reduce borrowing requirements, the budget provides for BRL 386.7 billion in revenues from sources other than government bond issues, earmarked for FPD payments. Of this total, BRL 87.5 billion are funds directly linked to the debt, while BRL 299.2 billion corresponds to free sources, with no specific *ex ante* allocation.

The National Treasury aims to maintain a minimum reserve equivalent to three months of maturities as a risk management parameter. This practice has historically proven effective in coping with periods of greater volatility, such as the international economic and financial crisis between 2008 and 2009 and the most critical phase of the Covid-19 pandemic in 2020. Currently, this liquidity reserve totals BRL 1,187.1 billion (position as of 12/31/2025), which is sufficient to cover approximately 7.3 months of maturities of the Domestic Federal Public Debt (DFPD) in the market and charges on the Brazilian Central Bank's portfolio.

In addition to the local currency reserve, the National Treasury has sufficient foreign currency resources to fully honor the principal and interest payments on the external debt scheduled for 2026.

4 The Golden Rule prohibits credit operations above the amount of capital expenditures. When the budget requires borrowing beyond this limit, the Constitution itself allows an exception, provided that the excess portion is authorized by the Legislative Branch, by an absolute majority and for a specific purpose. The 2026 budget includes amounts conditional on this authorization. See item "golden rule and conditional expenditures" in the methodological annex for more details.



3

BORROWING STRATEGY



The borrowing strategy for 2026 was designed to ensure that the Federal Government has the necessary resources throughout the year, maintaining the liquidity reserve at an adequate level and promoting a balance between the cost and risk of the FPD. The strategy includes diversifying debt instruments, extending maturities, and seeking greater participation in fixed-rate and price-indexed bonds, in accordance with established management guidelines.

In terms of foreign debt management, the 2026 ABP expects the Brazilian Treasury to be more active in international markets. Issuances will be predominantly in U.S. dollars, but there will also be room for other currencies, such as the euro and yuan. This strategy will expand Brazil's presence across different global segments and strengthen its positioning among diverse investor profiles.

Decisions regarding issuances consider macroeconomic environment and market conditions, allowing for tactical adjustments that support financial stability and investor predictability. The National Treasury is committed to transparency and fiscal sustainability, reinforcing confidence in the government bond market, and contributing to the smooth functioning of the national financial system.

3.1 DOMESTIC DEBT

The National Treasury's financing strategy maintains the issuance of

fixed-rate bonds—LTN (zero-coupon bonds) and NTN-F (bonds with semi-annual interest coupons)—in line with guidelines aimed at increasing this segment's share in the composition of the FPD. In the case of LTNs, the main change is the introduction of the 36-month tenor. Offers remain concentrated between 6 and 72 months to foster market dynamics by increasing liquidity in the shorter and intermediate terms.

For longer maturities, the new offering will be the 5-year NTN-F, which will be added to the already consolidated 7- and 10-year maturities of this indexer. This structure will contribute to a more appropriate balance between the risk carried by the market and the financial revenue from auctions. Furthermore, throughout the year, the National Treasury plans to introduce a longer NTN-F benchmark, with the aim of promoting the gradual lengthening of the maturities offered along the interest rate curve.

The issuances of NTN-B, bonds indexed to the IPCA, will continue to support the FPD's lengthening strategy. These bonds will be offered in eight tenors, with maturities ranging from 3 to 40 years. For longer maturities, above 10 years, the National Treasury may offer all bonds currently available on the market, promoting turnover among these tenors — a definition that will be released in the quarterly schedules. The objective is to enable all long-term bonds to be offered as on-the-run throughout the year, reinforcing market predictability and depth.

Floating-rate indexed bonds (LFT) will remain important financing instruments, especially during periods of heightened risk aversion. Because LFT typically carry longer maturities, their issuance contributes to extending the average maturity of the debt beyond what could be achieved using fixed-rate bonds alone.

Auctions will be held weekly: NTN-B and LFT on Tuesdays, and fixed-rate bonds on Thursdays. The specific maturities of the bonds offered in each operation will be defined as provided for in the quarterly auction schedules, which will be disclosed and can be consulted at the following link: <https://thot-arquivos.tesouro.gov.br/comunicado/3129>. The National Treasury may adjust its issuance strategy throughout the fiscal year, according to market conditions and the FPD's management objectives.

3.2 EXTERNAL DEBT

In addition to the FPD's general guidelines, the management of the external Federal Public Debt (EFPD) follows specific guidelines, as shown in Figure 4.

Figure 4. External debt management guidelines



The external debt strategy for 2026 aims to increase the National Treasury's presence in international markets. The focus will remain on expanding and diversifying the investor base, as well as achieving

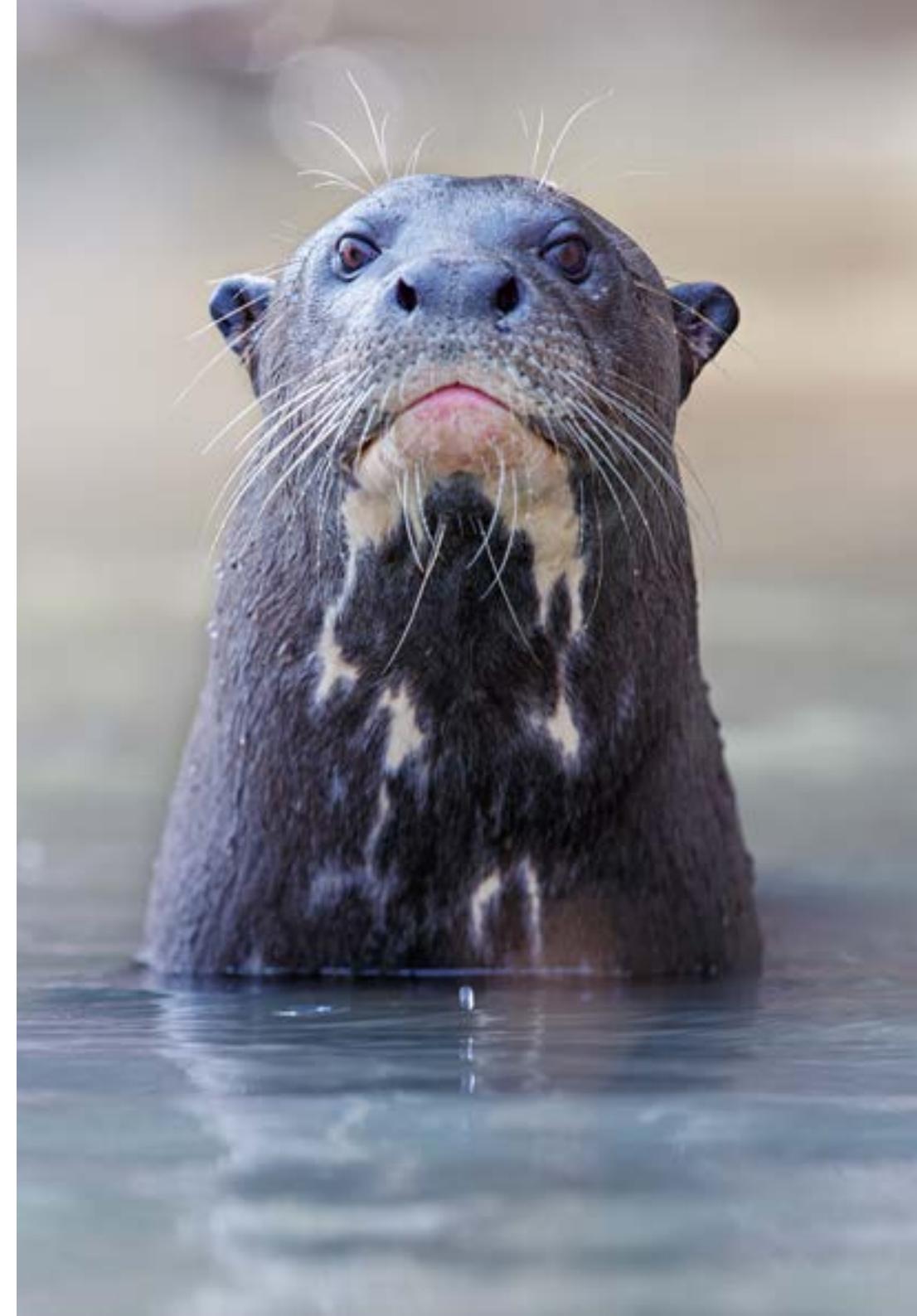
an efficient cost and term structure, with more consistent activity throughout the year.

The strategy prioritizes the continuation of benchmark bond issuance in U.S. dollars for external debt management, thereby consolidating a sovereign yield curve that serves as a benchmark for both the government and Brazilian companies accessing the external market. In addition, it provides for the Treasury's return to the European market with the aim of building and consolidating a benchmark curve in euros. Furthermore, it assesses market conditions for an inaugural issuance in yuan. The increase in the frequency and volume of U.S. dollar issuances, combined with greater participation in different global segments, reinforces the objective of increasing the share of foreign-currency debt to the National Treasury's benchmark composition. This movement, combined with ongoing monitoring of international fixed income trends, allows actions to be adapted to market opportunities, including the issuance of thematic bonds to attract new investor profiles.

The gradual expansion of Brazil's activities in international markets—whether through increased issuance volumes or diversification across currencies and regions—is consistent with the objective of prudently increasing the share of foreign-currency debt. Today, this indicator stands at around 4% of the FPD, and the long-term plan calls for it to converge to approximately 7%, according to the established benchmark (see section 4.2). This progress will occur gradually, always subject to market conditions and the balance between cost, risk, and debt diversification.

In this context of a gradual increase in the percentage of foreign currency debt, buyback operations are planned for 2026 with the aim of strengthening active external debt management. This strategy contributes to making the external interest rate curve more efficient by reducing distortions between tenors and increasing liquidity at reference points, favoring price formation in the secondary market.

The National Treasury plans to continue issuing sustainable bonds as complementary instruments in the development of international benchmarks. After three consecutive years of issuances, the intention is to maintain a regular presence in this market, consolidating a benchmark interest rate curve. Sustainable bonds reinforce the commitment to the environmental and social agenda, while expanding the investor base, attracting new flows, and strengthening the EFPD's strategy.



4 EXPECTED RESULTS

4.1 THE FPD IN THE SHORT TERM (2026)

Table 2 presents the expected results for the FPD indicators at the end of 2026, highlighting the indicative limits for the value of the outstanding debt, its composition, and maturity structure. These limits are based on the economic scenario and borrowing requirements discussed in section 2, in addition to the financing strategy detailed in section 3.

Table 2. Reference Limits for the FPD in 2026

Statistics	2025	Reference limits to 2026	
		Minimum	Maximum
Outstanding debt (BRL billion)			
FPD	8,635.1	9,700.0	10,300.0
Composition (%)			
Fixed rate	22.0	21.0	25.0
Inflation-linked	25.9	23.0	27.0
Floating rate	48.3	46.0	50.0
FX	3.8	3.0	7.0
Maturing structure			
% maturing 12 months	17.5	18.0	22.0
Average maturity (years)	4.0	3.8	4.2

Source: National Treasury

The projected range for the FPD outstanding at the end of 2026 considers interest accruals, expectations for indexers, and issuance

and redemption planning. The upper limit allows for issuances above redemptions if market conditions are favorable, strengthening the liquidity reserve.

The ranges for the composition in 2026 indicate an increase in the share of fixed-rate bonds and a stabilization in those linked to floating interest rates, although variations in the opposite direction cannot be ruled out. For inflation-indexed bonds, the central scenario indicates a slight decline, although some recomposition in contexts of higher demand is possible.

The percentage of the FPD maturing in 12 months - an indicator measuring the concentration of short-term maturities - is expected to increase in 2026, after ending the previous year at one of the lowest levels in the last 20 years. This increase stems from maturities scheduled for 2027, part of which is associated with LFT issued in greater volume in 2021. At that time, they were used to refinance short-term bonds placed in the context of the Covid-19 pandemic, a period in which financing needs grew to cover extraordinary expenses aimed at mitigating its social impacts. Even so, the indicator should remain close to 20%, a historically comfortable level for the FPD.

The average term of the debt⁵, on the other hand, is expected to

⁵ For international comparison purposes, we recommend using the FPD average life indicator. See the methodological annex for clarification.

remain broadly stable around the midpoint, despite adjustments to the strategy for 2026 aimed at addressing maturities in the coming years while supporting the smooth functioning of the government bond market.

The guideline for extending the debt in the medium term remains in place, to be achieved gradually as market conditions allow for increased issuance of longer-term bonds, such as NTN-F and NTN-B.

4.2 OPTIMAL LONG-TERM COMPOSITION

Table 3 presents the FPD benchmark—the quantitative reference that guides the composition and maturity structure of the debt in the long term. The benchmark defines the ideal shares of each type of indexer, as well as the target values for the average term and for the concentration of maturities within 12 months. This defines the optimal structure for balancing cost and risk. It also guides for the development of the medium-term strategy, which will be the subject of the next section.

Table 3. Expected long-term FPD composition (in 2035)

Statistics	Benchmark		Intervals	
	Composition (% of FPD)	Average Maturity (years)	Composition (% of FPD)	Average Maturity (years)
Indexer				
Fixed rate	35	3.0	± 2.0	± 0.3
Inflation-linked	35	7.5	± 2.0	± 0.5
Floating rate	23	3.5	± 2.0	± 0.3
Exchange rate	7	7.5	± 2.0	± 0.5
Maturity Structure				
FPD average maturity		5.0		± 0.5
12-Month Maturity Share	20		± 2.0	

Source: National Treasury

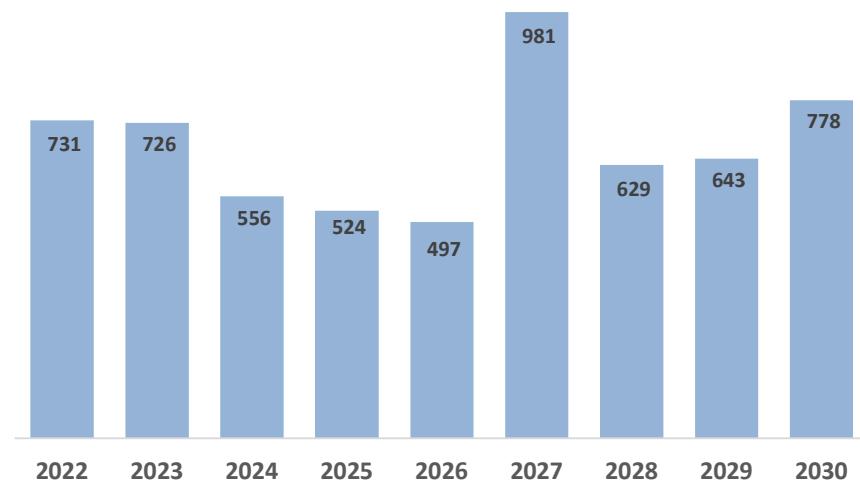
The convergence of the FPD to the benchmark should be gradual and subject to market conditions and investor appetite. It is essential to

consider the composition and maturities of each type of bond together, ensuring that adjustments in the relative share of instruments are accompanied by the sustainable extension of their maturities, preserving the balance between cost and risk over time.

4.3 THE MEDIUM-TERM OUTLINE FOR THE FPD

Progress toward the benchmark depends simultaneously on the profile of issuances and the maturity calendar. In years when the proportion of fixed-rate bond maturities exceeds that of LFT, the share of fixed-rate bonds in the stock tends to be reduced, as the net entry of fixed-rate bonds into the stock is limited. In contrast, years with greater LFT maturity open an opportunity to improve the composition of the debt through its replacement—as projected for 2027 (Figure 5).

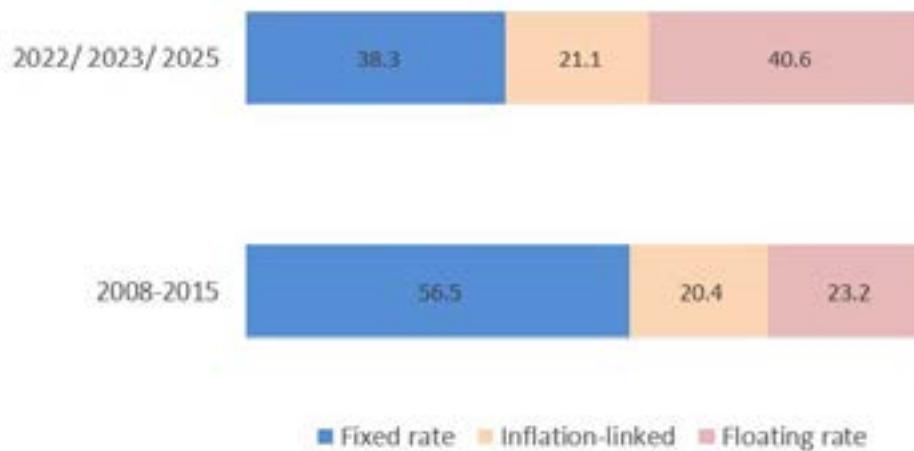
Figure 5. History and projections for LFT maturities (BRL billion)



Source: National Treasury. Historical values (2022-2025) were updated using the Selic interest rate through December 31, 2025. The amounts for 2026 to 2030 correspond to the present value of the flows (outstanding value), also as of December 31, 2025.

The adoption of an issuance profile similar to that observed in recent periods by the National Treasury would already allow for gradual advances in the composition of the debt in the coming years. As shown in Figure 6, the average pattern for 2022, 2023, and 2025—excluding 2024, a year with an unusually high concentration of LFT issuance—had relatively balanced issuances, with similar shares of fixed-rate and floating-rate bonds. The possibility of accelerating this gradual advance would be associated with an issuance profile closer to that observed between 2008 and 2015, a period in which the country held investment grade status. This hypothesis is explored in the following exercises.

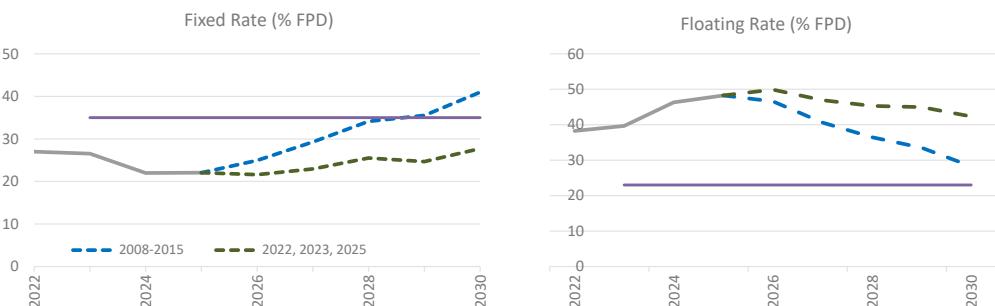
Figure 6. Average profile of DFPD bond market issuances (% of issuances)



Source: National Treasury

If the average issuance structure observed in 2022, 2023, and 2025 were maintained, the composition of the outstanding debt would evolve gradually over the horizon. In this counterfactual exercise, the greater relative maturity of LFT in 2027 would allow for advances already in that year, an effect that is not seen in 2026. The continuation of this profile until 2030 would imply a progressive increase in the share of fixed-rate bonds and a reduction in floating-rate bonds, as illustrated in Figure 7.

Figure 7. Composition of the FPD in the medium term - counterfactual analysis (% FPD)



Source: National Treasury (STN)

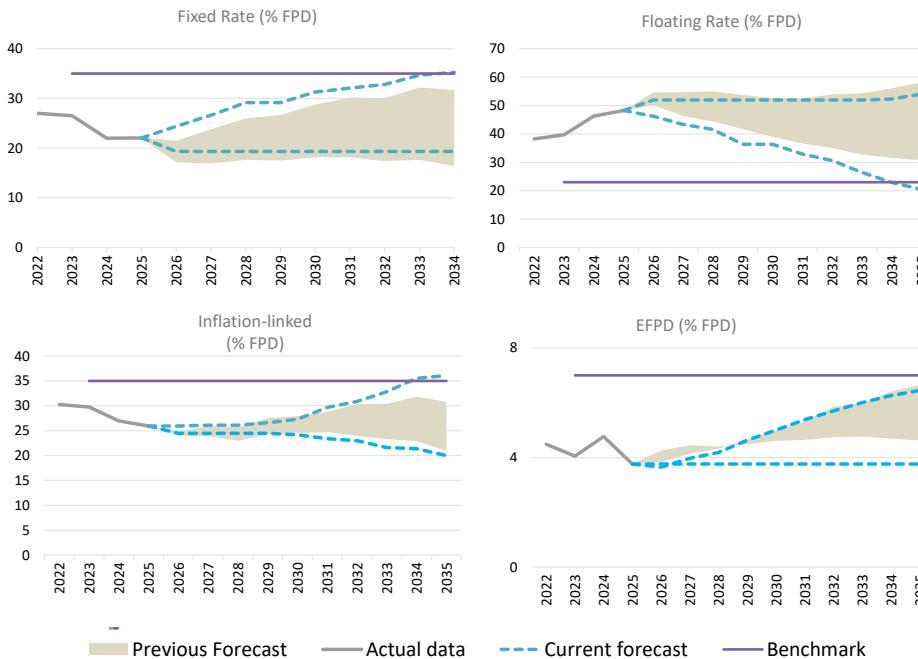
An issuance profile closer to that observed between 2008 and 2015 would indicate additional potential for convergence with the benchmark. In this second counterfactual exercise, the greater weight of fixed-rate bonds (56.5%) would allow the benchmark for this group to be exceeded and significantly narrow the gap between the share of floating-rate bonds and the benchmark by 2030. Both are illustrative exercises, highlighting the combined role of issuances and maturities, depending on market conditions, cost, and demand.

Below are exercises that explore feasible medium-term trajectories for the composition and maturity profile of the debt, based on financing strategies compatible with the most likely macroeconomic scenarios. The trajectories are presented as ranges, allowing for an assessment of the trade-offs between cost and risk and the speed of convergence of the FPD to the benchmark. The exercises, therefore, do not constitute targets, but indicate plausible movements in the medium term, subject to market conditions.

The projections point to an increase in the share of fixed-rate bonds, more evident from 2027 onwards, as opposed to a reduction in floating-rate bonds, as illustrated in Figure 8. In the most favorable scenarios, the composition converges to the benchmark by 2035 in all

indexers groups. In the more conservative scenarios, there may be a reduction in the share of fixed-rate and inflation-indexed bonds, with a corresponding increase in floating-rate bonds.

Figure 8. FPD Composition - Medium Term Forecast - % of the FPD



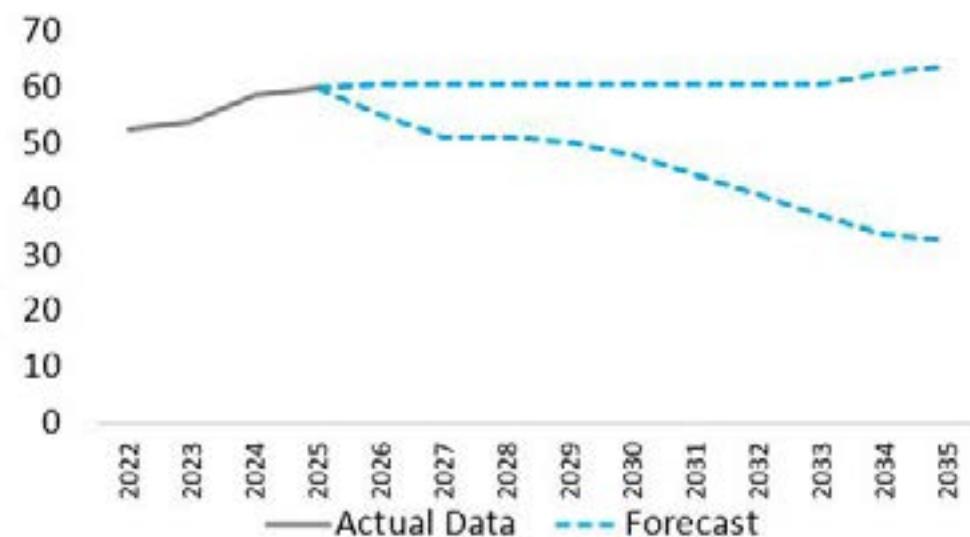
Source: National Treasury

The evolution of the debt composition directly affects its market risk, especially its exposure to fluctuations in short-term interest rates, which increases with the greater share of floating-rate bonds. However, from a prudential perspective, this exposure should not be reduced through short-term fixed-rate bonds, which are also subject to refinancing at new interest rates.

In a more comprehensive approach, the renegotiation risk combines the size of the indexes with the maturity profile. As shown in Figure 9, although this indicator has increased in recent years, mainly reflecting the greater share of LFT in the FPD, medium-term projections point to

its reduction in the most favorable scenarios or stabilization in more conservative scenarios. This result stems not only from the lower share of floating-rate bonds, but also from the lengthening of debt maturities.

Figure 9. FPD renegotiation risk - % of FPD



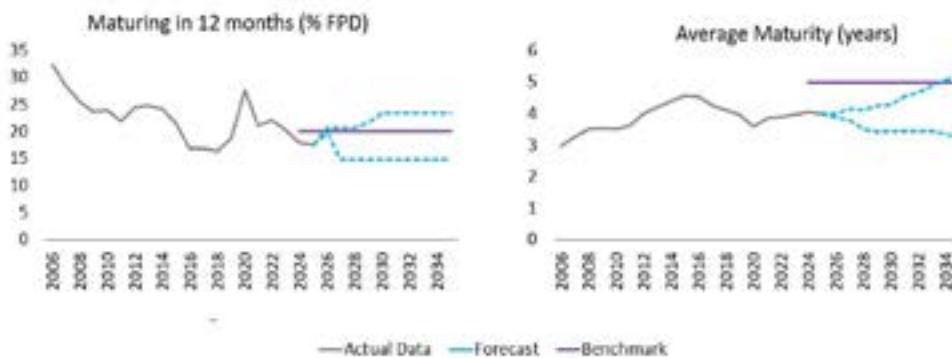
Source: National Treasury

The FPD maturity structure complements the analysis of the composition by index and is central to the assessment of refinancing risk. Changes in the issuance strategy—especially greater use of fixed-rate bonds—tend to simultaneously affect the percentage of debt maturing in 12 months and the average maturity, a relationship that is particularly relevant in a market still characterized by a preference for shorter-term instruments.

As shown in Figure 10, the share of the FPD maturing within 12 months is projected to remain close to 20% until 2035, with limited variations associated with the dynamics of maturities concentrated in specific years. The average maturity of the FPD remains at a comfortable level, around four years, with the potential gradually extended in the most favorable

scenarios, approaching the benchmark at the end of the horizon.

Figure 10. FPD maturity structure - Medium-Term Projections over the next 10 years



Source: National Treasury

Average maturity extension depends mainly on the lengthening of the average maturity of fixed-rate bonds—currently around two years, compared to a benchmark of three years. In this regard, the eventual issuance of fixed-rate bonds with maturities longer than 10 years—currently the longest maturity for NTN-F—could be considered as market conditions become favorable. The extension of the FPD would also benefit from greater participation by NTN-B and foreign exchange bonds, which are typically longer-term instruments than fixed-rate bonds. Figure 11 shows the projections for the average maturity by type of indexer.

Figure 11. Average maturity by index (in years)



Source: National Treasury

In summary, the main challenge for advances in the composition and maturity structure of the debt depend on the conditions of demand for longer-term bonds, which, in turn, are influenced by investors' perceptions of the country's economy and fiscal situation. Progress in fiscal consolidation, with repercussions on the recovery of the investment grade and greater participation by non-resident investors, is fundamental to enable both the extension of domestic debt maturities and the convergence of the FPD toward the benchmark.

5 Final Remarks



The 2026 ABP was built based on a challenging external scenario—marked by tighter global trade conditions, uncertainty surrounding major currencies, and elevated interest rates—and a domestic context shaped by both optimism and risks related to fiscal sustainability. In this setting, the evolution of fiscal policy perceptions will be decisive for the execution of the ABP.

The financing strategy outlined in the ABP aims to promote gradual advances in the composition and maturity structure of the debt, reconciling the reduction of exposure to floating rate bonds with the need to preserve a balanced maturity profile. As discussed throughout the report, this process depends on market conditions that allow for increased placement of longer-term bonds in the domestic market. It also depends on complementary action in international markets, supported by a strengthening of the external debt strategy over the coming years.

In 2026, a year marked by the electoral cycle, debt management starts from a robust position, with a high capacity to cope with episodes of volatility. Maintaining a liquidity reserve equivalent to approximately seven months of debt maturities provides flexibility to the issuance strategy and reinforces the resilience of the financing policy, allowing for gradual and prudent advances in the debt structure, in line with macroeconomic and financial conditions.

Methodological Annex

FEDERAL PUBLIC DEBT

The Federal Public Debt (FPD) corresponds to the sum of the domestic Federal Public Bonds Debt (DFPD) and the external Federal Public Debt (EFPD), the latter being subdivided into bonds and contractual debt. The statistics presented throughout this document refer exclusively to debt held by the public, not including the portion of DFPD held by the Central Bank of Brazil.

Information on this debt can be found in the annexes to the FPD Monthly Reports, among other publications, available at <https://www.gov.br/tesouronacional/pt-br/divida-publica-federal/publicacoes-da-divida>.

GUARANTEED DEBT

The amounts earmarked for the payment of non-performing guaranteed debt mainly refer to payment flows in contracts of states defaulting on debts guaranteed by the federal government, which have adhered or may accede to the Fiscal Recovery Regime - FRR (Complementary Law no. 159, of 2017). The budget forecast for non-performing guaranteed debt includes a margin to ensure execution of guarantees of non-performing guaranteed debt from states whose collaterals are not recovered due to judicial injunctions.

BORROWING REQUIREMENTS

The federal government's borrowing requirements are made up of

expenditure on FPD maturities, expenditure on guarantees for credit operations by sub-national entities, and other budget expenditures to be paid with the revenues from government bond issuance. The concept of net borrowing needs subtracts from this amount the budget resources not originating from the issuance of government bonds, but that will be used to pay off the public debt.

The ABP considers, on the side of FPD maturity expenses, only the bonds in the outstanding on December 31 of the year prior to the reference year. Thus, the projections do not include the effect of the ABP's own issuance strategy—such as any very short-term bonds or the impact of coupons—nor possible early redemptions, including in the Treasury Direct program. This option is justified because such flows do not yet constitute obligations of the National Treasury at the time the plan is prepared, depending on future decisions to materialize. Furthermore, including only maturities associated with future issuances, without simultaneously considering the issuances' own, would create a conceptual inconsistency: since issuances are defined precisely to meet financing needs, they should not, by definition, be included in the calculation of those needs.

The concept of borrowing requirements used in the ABP follows budgetary logic and therefore considers only revenues received in the current year. Thus, by design, revenues arising from financial surpluses generated in previous years, which constitute cash available

to pay debt, are not included in the calculation of the net borrowing requirement. This prevents the same revenue from being included in the estimate for more than one year if it is not used in the planned year, which would distort the historical analysis. The ex post view, which is presented in the Annual Debt Report, takes into account the financial surplus actually used in the year, so that the ex-post net result shows the amount of expenditure that has been paid out with resources of bond issuances, regardless of the variation in cash available.

The cash available for debt payment makes up the liquidity reserve, also known as the debt cushion, which is an important tool for managing public debt and, therefore, must be preserved. For this reason, the borrowing requirement indicator should not be seen as the volume of bond issuances to be issued during the year, but rather as the amount that should be issued to keep the liquidity reserve level stable.

REFINANCING PERCENTAGE

The refinancing percentage corresponds to the ratio of debt issuances to debt redemption (multiplied by 100) over a given period, where redemption includes both principal and interest amounts. When the debt refunding percentage is 100%, i.e., the National Treasury issues the same amount of debt maturing in the market, the evolution of the debt outstanding is given by its average cost. However, under favorable market conditions, the National Treasury can issue more debt than the amount maturing, resulting in a refinancing percentage of more than 100% of the debt maturing in the period, and use the financial resources to strengthen the debt cash position.

Note that the increase in the outstanding FPD due to percentage of debt refinancing above 100%, when associated with the strengthening of the debt cash flow, has a neutral effect on General Government Gross Debt (GGGD) and Public Sector Net Debt (PSND), as it reduces the volume of central bank repo operations. In other words, net issuances or redemptions of FPD bonds in the market lead to a change in the

structure of central government debt between the National Treasury and the Central Bank of Brazil, without changing its total volume.

PERCENTAGE MATURING IN 12 MONTHS

The percentage maturing in 12 months indicates the concentration of debt maturing in the short term, corresponding to the FPD outstanding share maturing within that period.

OUTSTANDING AVERAGE MATURITY

The outstanding average maturity reflects the average time remaining for redemptions, which are weighted by the present values of principal and interest flows

AVERAGE MATURITY AND AVERAGE LIFE

In contrast to the average maturity, which includes both principal and interest flows in its calculation, the average life indicates only the remaining term of the public debt principal. The latter, adopted by many countries as the only indicator of the maturity of their debt, is often compared with the average term calculated by Brazil and published in its Monthly Reports, Annual Borrowing Plan and Annual Report. Just to qualify the difference in perception of refinancing risk that results from using the average life instead of the average maturity, the average life of the FPD reached 5.4 years in December 2024, compared to 4.0 years for the average maturity. Despite the difference between these indicators, Brazil continues to use the latter as it believes that this indicator more accurately captures the risks to which the FPD is exposed. In addition, it continues to use the average maturity indicator in its reports only to allow analysts and investors to compare Brazilian debt indicators with those of other countries that use this indicator.

GOLDEN RULE AND CONDITIONAL SPENDING

According to Article 22 of Law No. 15,321, of December 31st, 2025 (2026

Budget Guidelines Law), in *verbis*: (Lei de Diretrizes Orçamentárias de 2026), *in verbis*:

*“Article 22. The 2026 Budget Bill and the respective Law may contain revenues from credit operations and primary current expenditure schedules whose execution is conditional on approval by the National Congress by an absolute majority, according to the provisions of Article 167, *caput*, item III, of the Constitution, except for the case provided for in paragraph 3 of this article.”*

*The amount of these conditional expenditures and, therefore, the estimated financing requirement in this ABP may be reduced during the fiscal year if there is a financial surplus or excess revenue from sources of funds, as provided for in paragraph 3 of the aforementioned article, in *verbis*:*

“Paragraph 3 The amounts referred to in § 1 may be reduced as a result of the replacement of the conditional source of funds by other sources, in accordance with the provisions of Article 52, § 1, item III, subitem “a,” including that relating to credit operations already authorized and made available through a prior change in the source of funds, without prejudice to the provisions of Article 65.”

LIQUIDITY RESERVE

The Union's cash balances are part of the Treasury's Single Account, with the debt liquidity reserve being a subset of that Account. These cash balances are classified into budgetary sources according to their origin, of which two groups make up the liquidity reserve, namely: (a) sources from issuing government bonds, which originate from raising funds on market through bonds debt; and (b) sources exclusively for debt repayment, according to specific legislation for each source (return on credit operations for financial institutions and regional governments, for example).

MARKET RISK

Market risk refers to the possibility of an increase in outstanding debt due to fluctuations in the cost components of government bonds, namely changes in the basic interest rate, the exchange rate, or inflation rate.

REFINANCING RISK

Refinancing risk represents the possibility of higher issuance costs due to adverse financial conditions when financing the maturing debt or, in extreme cases, the inability to raise funds to pay its obligations. The refinancing risk will be higher in case of higher debt percentage maturing within 12 months and shorter outstanding debt average maturity.

RENEGOTIATION RISK

Renegotiation risk is the portion of public debt whose cost may be updated within twelve months, reflecting the sensitivity of the FPD to short-term changes in market conditions. The indicator corresponds to the sum of the volume of debt maturing within one year and the portion of floating-rate debt maturing after that period, as this portion also undergoes periodic interest rate adjustments. In practical terms, it expresses the amount that would have its rate renewed within one year if there were a significant change in interest rates.

By simultaneously capturing the composition and maturity profile, the renegotiation risk shows the potential impact of market fluctuations on the cost of debt and highlights the necessary balance between market risk and refinancing risk. It is a more conservative metric than analyses based solely on index participation: for example, replacing LFT with very short-term fixed-rate bonds would keep the renegotiation risk virtually unchanged, even with a change in composition.