

2025

Published
01/28/2026

Ministry of Finances
National Treasury Secretariat

ADR - Annual Debt Report

Minister of Finance
Fernando Haddad

Executive Secretary of the Ministry of Finance
Dario Carnevalli Durigan

National Treasury Secretary
Rogério Ceron de Oliveira

Deputy Secretary of the National Treasury
Viviane Aparecida da Silva Varga

Undersecretary for Fiscal Management (SUGEF)
Rafael Rezende Brigolini

Undersecretary for Strategic Fiscal Policy Planning (SUPEF)
David Rebelo Athayde

Undersecretary for Public Accounting (SUCON)
Heriberto Henrique Vilela do Nascimento

Undersecretary for Federal Financial Administration (SUAFI)
Paulo Moreira Marques

Undersecretary for Intergovernmental Financial Relations (SURIN)
Suzana Teixeira Braga

Undersecretary for Public Debt (SUDIP)
Daniel Cardoso Leal

Undersecretary for Administration, Digital Transformation, and Innovation (SUATI)
Maria Betânia Gonçalves Xavier

Head of Public Debt Operations Office
Helano Borges Dias

Head of Strategic Planning for Public Debt Office
Luiz Fernando Alves*

Head of Public Debt Control and Payment Office
Leonardo Martins Canuto Rocha

Head of Retail Program Office
Thayssa Mendes Tavares Pena

Technical Team

Alison de Oliveira Barcelos
Amanda Giordani Pereira
Ana Cristini Gomes e Silva Ilha
Ana Lucia Barbosa Coelho Nielsen
André Duarte Veras
Aline de Medeiros Dantas
Augusto César Araújo Maeda
Carlos Roberto de Carvalho Júnior
Cassio Sobocinski Castro
Cecília de Souza Salviano
Cesar Almeida de Meneses Silva
Cinthia de Fátima Rocha*
Claudio Araujo de Freitas Gago
Clarissa Pernambuco Peixoto da Silva
Daniel Mário Alves de Paula
Diogo Martins Esteves
Diogo Osti Coscrato
Duilio Itacarambi Reis Canedo
Eduardo Antonio Gomes Barbosa
Eduardo Henrique Leitner
Edson Silveira Sobrinho
Fabiana Magalhaes Rodopoulos
Fabio dos Santos Barbosa
Fabrício Merola Leão Lima

Fausto Jose Araujo Vieira
Felipe Costa
Fernando Cesar de Oliveira Leite
Fernando Eurico de Paiva Garrido
Flávia Fontoura Valle May
Frederico Hartmann de Souza
Giovana Leivas Craveiro
Guilherme Barbosa Pelegrini
Gustavo Matte Russomanno
Helio Henrique Fonseca Miranda
Jorge Lenardt Quadrado
Juan Guillermo Valdivia Murillo
Juliana Cintra Miranda de Souza Aranha
Juliana Torres da Paz
Leandro Enrique Pereira Espino
Lucas Gurgel Leite
Luis Alberto Beckman Meirelles
Marcelo de Alencar Soares Viana
Marcelo Rocha Vitorino
Marcelo Rodrigues Calil
Marcia Fernanda de Oliveira Tapajos
Marcio Rodrigo Vieira de Araujo
Marcos Minoru Taketomi
Mariana de Lourdes Moreira Lopes Leal

Mariana Padrao de Lamonica Freire
Paulo de Castro Brandão
Paulo de Oliveira Leitao Neto
Paulo Ernesto Monteiro Gomes
Pedro Ferreira Barbosa
Pedro Manfroio Iurinic da Costa
Petrônio de Oliveira Castanheira
Plínio Portela de Oliveira
Poliana de Carvalho Pereira
Rafael Danilo de Sales Leal
Raquel Lima Pereira de Araujo Leite*
Renato Lourenço Guedes*
Ricardo José Macedo dos Santos
Ricardo Machado Miranda Filho
Ricardo Milsztajn
Rodrigo Sampaio Marques
Sérgio Ricardo de Brito Gadelha
Victor Valdivino Caetano de Almeida
Vinicius Pinto de Menezes
Vivian Fernandes Rodrigues Barbosa

*Coordenação Técnica

Disclaimer: The National Treasury publishes an English version of the Annual Borrowing Plan with the intention to disseminate the document to a broader audience. However, in case of divergence of interpretation, the text in Portuguese shall prevail

Information

E-mail: ascom@tesouro.gov.br

Available at: www.tesourotransparente.gov.br

Federal Public Debt: *Annual Debt Report 2025 is an annual National Treasury publication. Full or partial reproduction is authorized provided the source is fully acknowledged.*

Graphic design and layout

Social Communication Advisory (ASCOM/National Treasury)

Graphic Design: Rayane Amorim

Photos: Adobe Stock

Publication date: January 28, 2026



Summary

	Foreward by the National Treasury	4
1	Macroeconomic and Financial Context in 2025	5
	1.1 Macroeconomic Context	5
	1.2 Financial Market in 2025	6
2	Borrowing Strategy in 2025	9
	2.1 Borrowing Requirement	9
	2.2 Liquidity Reserve	10
	2.3 Domestic Debt	11
	2.4 External Debt	13
	2.5 Sovereign Sustainable Issuances	14
3	Main Outcomes	16
	3.1 2025 Annual Borrowing Plan and Main Results	16
	3.2 Outstanding FPD	17
	3.3 FPD Risks	17
	3.4 Public Debt Cost	21
	3.5 Investor base of the DFPD	21
	3.6 Retail Program	22
4	Guarantees	24
5	Final Remarks	28
	Methodological Appendix	29



Foreward by the National Treasury

We are pleased to present the 2025 Annual Debt Report (ADR), a document that consolidates the main results of Federal Public Debt management throughout the year. The publication of this report is part of the National Treasury's commitment to responsible, transparent management in line with international best practices.

The implementation of the financing strategy in 2025 took place in a challenging international environment, marked by high commercial and geopolitical uncertainty and historically high domestic interest rates. In the fiscal field, efforts to achieve the primary result target reinforced the commitment to consolidating public accounts.

In this context, demand for government securities remained consistent throughout the year. This allowed the National Treasury to strengthen its liquidity reserve and conduct a more balanced composition of issuances among the different instruments, with an emphasis on fixed-rate securities. LFTs continued to play an important role in financing, accompanied by securities indexed to price indices.

In 2025, the external Federal Public Debt achieved historic performance, with the largest amount issued since 2005 and the most number of issuances since 2010, demonstrating foreign investors' appetite and confidence in the strength of the Brazilian economy. This result reinforces the National Treasury's presence in international markets and contributes to the diversification of financing sources.

The National Treasury remains attentive to the conditions and adequate dynamics of the government securities market, seeking to reconcile its financing strategy with the preservation of liquidity and the proper functioning of the market.



1 Macroeconomic and Financial Context in 2025

1.1 Macroeconomic Context

In 2025, the international environment was marked by greater uncertainty and volatility, particularly due to the tightening of US trade policy and tariff measures that affected several partners, including Brazil. These actions increased the perception of global risk, put pressure on asset prices, and created additional challenges for Brazilian foreign trade throughout the year, despite some specific adjustments in tariffs.

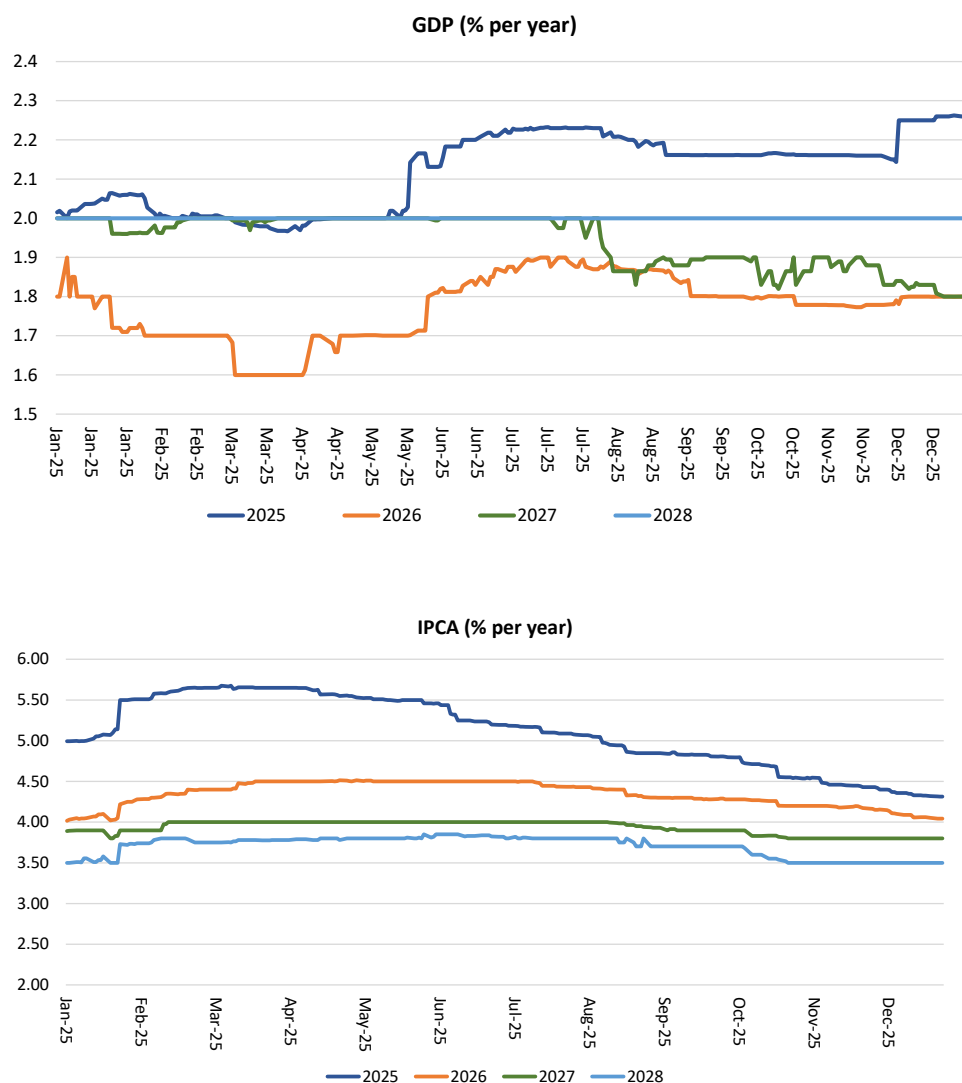
In the major economies, the dynamics also contributed to a pressured environment. In the United States, activity remained robust and inflation remained above target, even though the Federal Reserve began a gradual process of monetary easing in the second half of the year in response to signs of a slowdown in the labor market. China, meanwhile, continued its transition to more moderate growth, influenced by the persistent weakness of the real estate sector since 2022.

Domestically, the Brazilian economy maintained robust growth in 2025, albeit at a more moderate pace than in previous years. The expansion, estimated at around 2.3% (Focus of December 31st, 2025),

represents a slowdown compared to the performance in 2024. At the beginning of the year, agriculture and infrastructure investments drove results, while household consumption and industry advanced more slowly, influenced by high interest rates and slower credit expansion. The service sector remained a highlight, sustained by the disinflation process and the heated labor market, with unemployment at a historic low, favoring domestic demand.

Inflation slowed throughout the year, in line with the moderation of some sectors of economic activity. The appreciation of the exchange rate contributed to bringing the price index variation closer to the target tolerance range. The reduction was more intense in tradable goods, favored by the appreciation of the exchange rate, while services adjusted more slowly due to the heated labor market. Inflation expectations for the next 12 months gradually converged toward the tolerance range, reinforcing a scenario of disinflation consistent with the cooling of the economy. Figure 1 below illustrates the evolution of market projections for GDP and inflation.

Figure 1. Evolution of market projections for GDP and inflation (% per year)



Source: Central Bank (Focus Research)

In terms of monetary policy, the Central Bank continued the tightening cycle that began in September 2024, promoting successive increases in the Selic rate until it reached 15% in June, a level that remained stable until the end of the year. Restrictive interest rates and signals from the monetary authority that it intends to keep the Selic rate high for an extended period are aimed at ensuring that inflation converges to the 3.0% target.

As for fiscal policy, the scenario remained challenging, with gradual progress in controlling expenditures and expanding revenues under the new Fiscal Framework. The most recent projections, released in the 5th Bimonthly Report on Primary Revenue and Expenditure Assessment on November 21, 2025, point to a primary deficit of BRL 72.4 billion (about 0.6% of GDP). The result indicates not only compliance with the fiscal target for the year, but also an improvement over the performance in 2024.

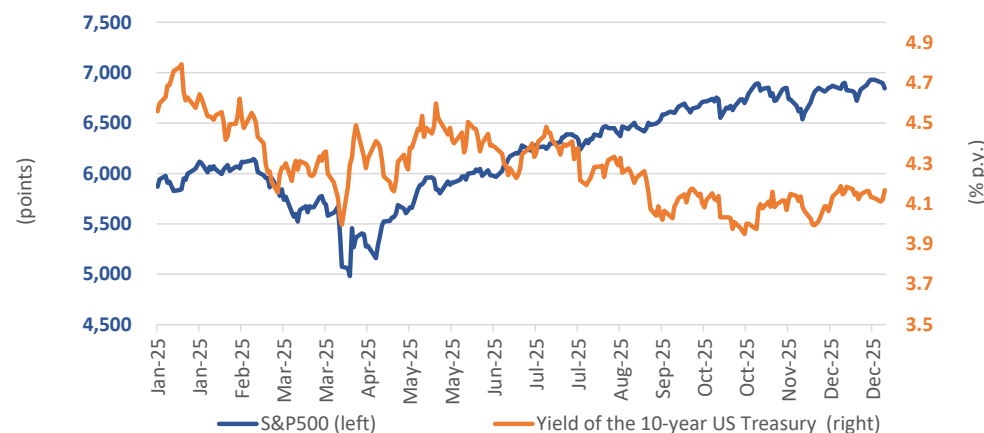
External accounts became more challenging in 2025, with an increase in the current account deficit, reflecting the lower trade balance result in view of the slowdown in exports and the fall in international commodity prices. Despite this scenario, the deficit has been financed mainly by inflows of Foreign Direct Investment (FDI), which contributes to reducing financing risks. In addition, international reserves remain at a high level, above USD 350 billion, ensuring greater external resilience.

1.2 Financial Markets In 2025

Despite uncertainty about economic policies in the United States, stock markets performed robustly, with stock indices at record levels, driven by corporate results, especially in the technology sector linked to Artificial Intelligence (AI). The yield curves closed, contributing to a more positive market environment with the resumption of the

interest rate cutting cycle, after the Fed Funds rate was maintained between January and August. This movement allowed the 10-year Treasury yield to return to the level observed before Donald Trump's election. Figure 2 shows the relationship between stock markets and US securities during the period.

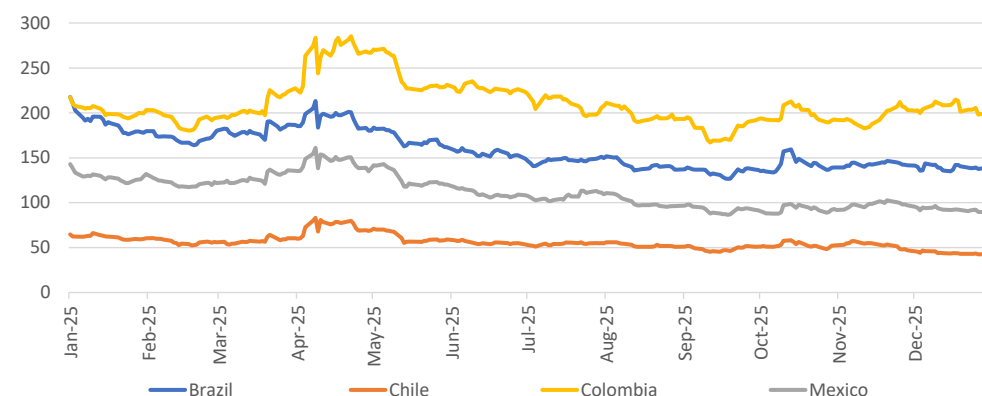
Figure 2. US equity market and Treasury performance during the year



Source: Bloomberg

The geopolitical landscape in 2025 was marked by volatility and uncertainty in global markets, driven by the US government's tariff dispute with strategic trading partners such as China, the European Union, and Brazil. At the same time, conflicts in Ukraine and the Gaza Strip kept investors on alert, influencing commodity prices and raising the risk premium for emerging economies. Despite the adverse global scenario, the Brazilian Credit Default Swap (CDS) followed the trend of its Latin American peers and ended 2025 at around 138 bps (basis points), below the previous year's level, as shown in Figure 3.

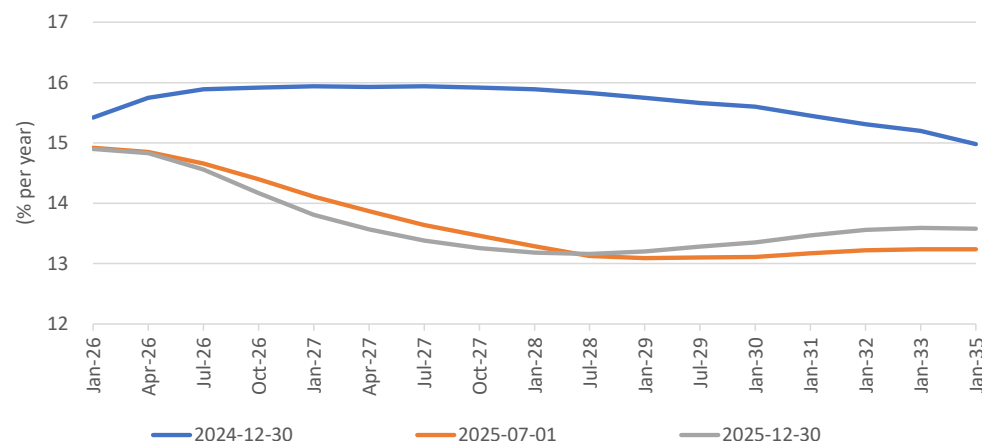
Figure 3. Credit Default Swap (CDS) - selected countries (basis points)



Source: Bloomberg

Domestically, in light of the process of raising interest rates to a restrictive level, the Brazilian Central Bank remained firmly committed to containing the de-anchoring of inflation expectations. In this context, the dynamics of interest rates and local government bonds were strongly influenced by expectations regarding the end of the Selic rate hike cycle and the subsequent onset of monetary easing, as shown in Figure 4.

Figure 4. DI Futures Yield Curves



Source: Bloomberg

The fixed income market fluctuated amid mixed signals from the domestic economy. While activity indicators pointed to a gradual slowdown, the labor market remained resilient. In addition, discussions about the political scenario and fiscal sustainability added volatility to local assets. Furthermore, the imposition of tariffs on Brazilian products by the United States was a source of uncertainty and put pressure on market expectations.

Provisional Measure 1303/2025, which proposed changes in investment taxation, put pressure on the government securities market. This movement opened space for growth in private credit issuance, especially through incentivized debentures, which increased in relevance due to the scenario of tax uncertainty. Thus, the National Treasury concentrated its issuances on fixed-rate securities, especially in the second half of the year, while LFTs showed the most stable behavior during the year. Another important move by the National Treasury was the holding of two auctions with off-the-run¹ NTN-B securities in April and September, with the aim of contributing to the efficiency of interest rate curves and the secondary market for government securities.

¹ Government securities that are not part of the National Treasury's regular issuance schedule.



2 Borrowing Strategy in 2025

2.1 Borrowing Requirements

In 2025, the National Treasury's net borrowing requirement reached BRL 1,460.6 billion, BRL 0.3 billion below the 2025 Annual Borrowing Plan (ABP) forecast, as shown in Figure 5.

Figure 5. National Treasury borrowing requirements (BRL billion)

	Net Borrowing Requirements		FPD Maturities		Primary Expenditures (except Debt)		Guarantees Honored		Budget Revenues
Executed	1,460.6	=	1,556.8	+	134.9	+	11.1	-	242.2
ABP 2025	1,460.9	=	1,453.7	+	256.5	+	10.5	-	259.8
Difference	-0.3	=	103.1	+	-121.6	+	0.6	-	-17.6

Source: National Treasury

Federal Public Debt (FPD) maturities in 2025 exceeded the amounts projected in the ABP by BRL 103.1 billion, mainly due to domestic debt flows in the market: early redemptions from the Retail Program

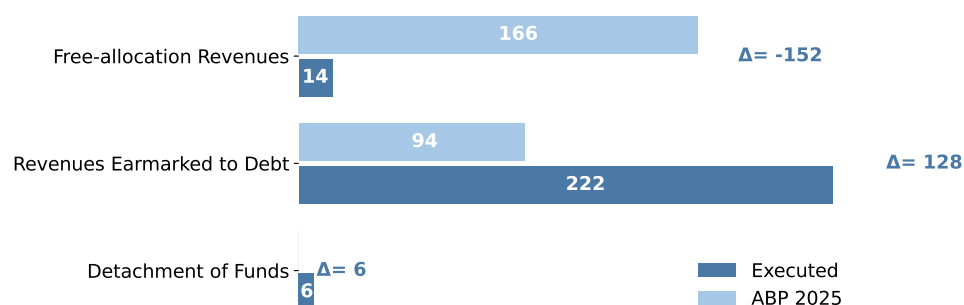
(BRL 36.9 billion), bond issues with payment flows within the fiscal year itself (BRL 34.5 billion) and payments related to retroactive issuances of Salary Variation Certificates - CVS² (BRL 27.6 billion).

Guarantee payments, which are detailed in section 4 of this ADR, totaled an amount in line with the projection for the year.

Coverage of budgetary expenses (except debt) with proceeds from the issuance of government securities was BRL 121.6 billion below the amount provided for in the 2025 Annual Budget Law (BRL 256.5 billion), after the reallocation of funds (BRL 150.9 billion) for these expenses. Also under this item, there were payments associated with outstanding payments (BRL 8.6 billion). Finally, funds not derived from credit operations used in debt payments were BRL 17.6 billion below the initial forecast, but with a change in their composition, as shown in Figure 6. There was an increase in debt payments with sources exclusively for this purpose. The reallocation of free sources contributed to the before mentioned reduction in the use of issuance resources to cover budgetary expenses outside the debt.

² Retroactive CVS issues relate to the Federal Government's securitization of contingent liabilities arising from the Salary Variation Compensation Fund (FCVS) through the novation of its debts in the 1990s. The CVS security was created with an issue date of January 1, 1997, and a maturity of 30 years (i.e., final maturity on January 1, 2027). As novations continue to occur, the issues are called retroactive because they refer to securities registered in the system after the original issue date. This means that, upon registration, part of the principal and interest has already matured and, therefore, these amounts are settled on the first business day of the month following registration.

Figure 6. Use of budgetary resources not derived from issuances in 2025 - BRL billion

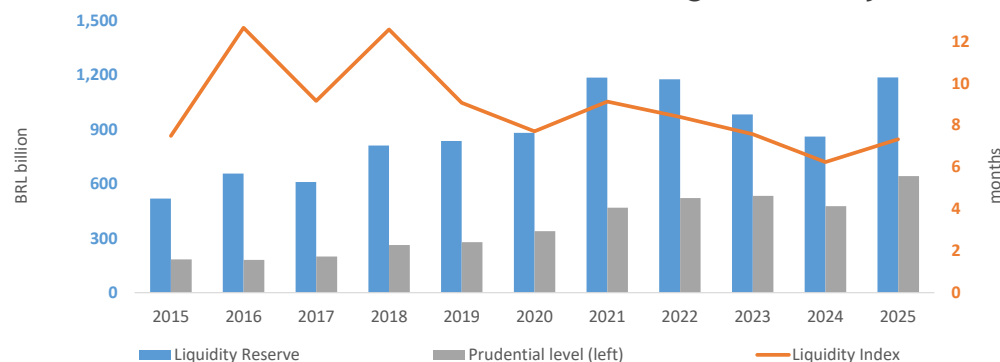


Source: National Treasury

2.2 Liquidity Reserve

The debt liquidity reserve remained at a comfortable level throughout 2025, giving the National Treasury flexibility to manage maturities, mitigate refinancing risk (see section 3.2), and adjust its strategy in periods of greater uncertainty. In December 2025, its balance totaled BRL 1.19 trillion - equivalent to 7.3 months of debt maturities in the market and interest due to the Central Bank (Figure 7) - well above the prudential level of 3.0 months.

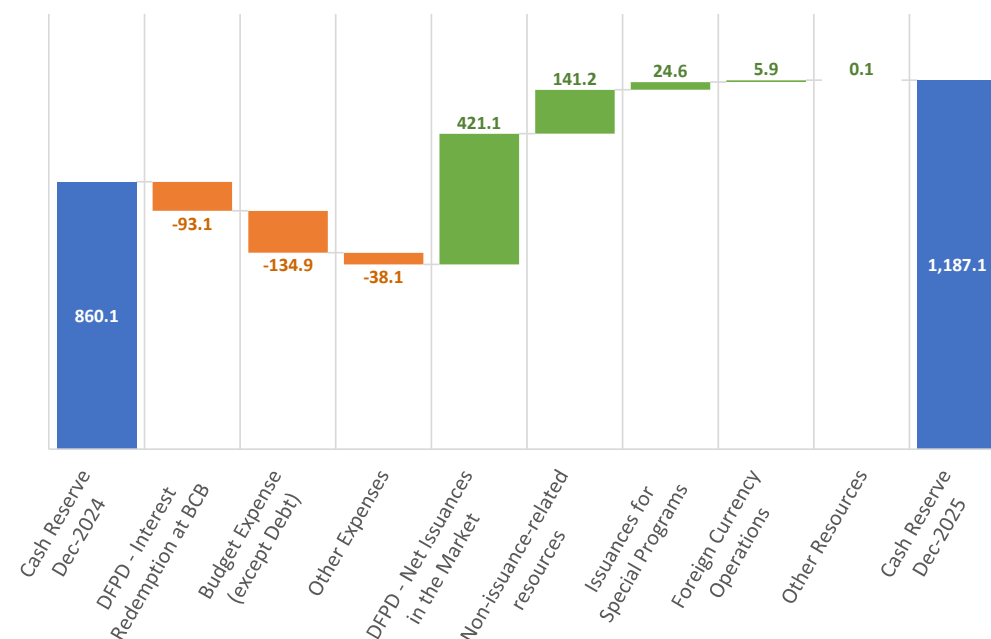
Figure 7. Evolution of the Public Debt liquidity reserve and amount of months of DFPD maturities coverage for each year



Source: National Treasury

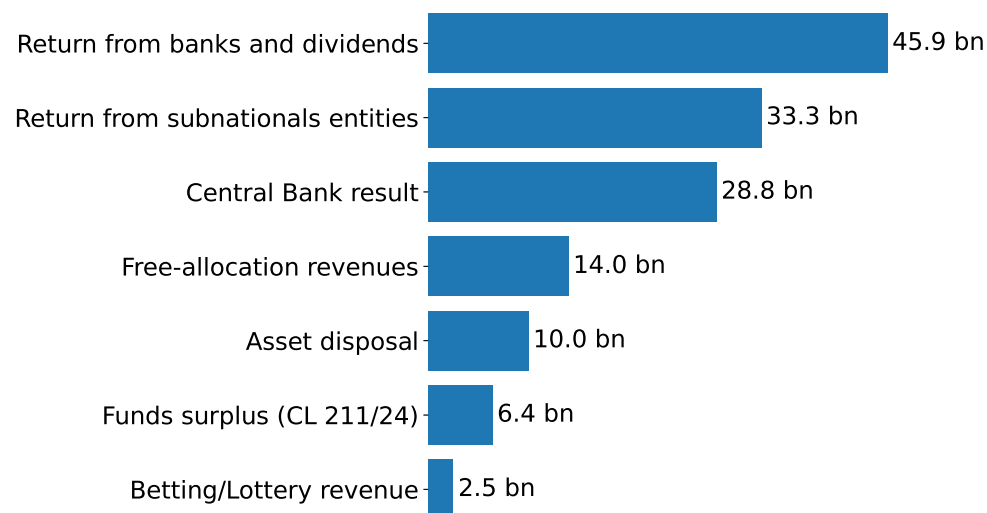
Net issuances of Domestic Federal Public Debt (DFPD) stood out positively by strengthening the liquidity reserve in 2025, as shown in Figure 8. Market conditions, combined with consistent demand for government securities, allowed for funding above the initial forecast in the 2025 ABP. As a result, the Treasury took advantage of the favorable window to expand issuances without putting pressure on prices—a relevant move to prepare debt management for possible market fluctuations in 2026.

Figure 8. Sources of Variation in Liquidity Reserve - BRL billion



Source: National Treasury

In addition, the inflow of revenues to the National Treasury also contributed to strengthening the liquidity reserve. Figure 9 highlights the main inflows in the group of sources not originating from the issuance of securities.

Figure 9. Inflows from Sources Not Derived from Securities Issuance in 2025 - BRL billion

***Funds raised from betting/lotteries: funds provided for in Law 13,756/18, art. 14, §7, used to pay public debt.*

Source: National Treasury

Conversely, the main factors contributing to the negative variation in the liquidity reserve were charges on securities in the Central Bank's portfolio³ and budgetary expenses not related to debt. In addition, "Other Expenses" include payments of federal guarantees on credit operations by subnational entities (-BRL 11.1 billion) and expenses with the Salary Variation Compensation Fund (-BRL 23.8 billion).

Table 1 shows the composition of the liquidity reserve by source of funds at the end of fiscal year 2024 and its variation throughout 2025. By definition, this reserve consists only of revenues from the issuance of securities and exclusive sources of debt, but it may eventually receive

³ Under Article 39 of the Fiscal Responsibility Law (Complementary Law No. 101/2000), the actual interest on the Central Bank (BCB) portfolio cannot be refinanced through payments with Treasury securities directly to the BCB

funds from unrestricted sources, provided they are used to pay the debt.

Table 1. Change in the liquidity reserve by source in 2025 - in BRL billion

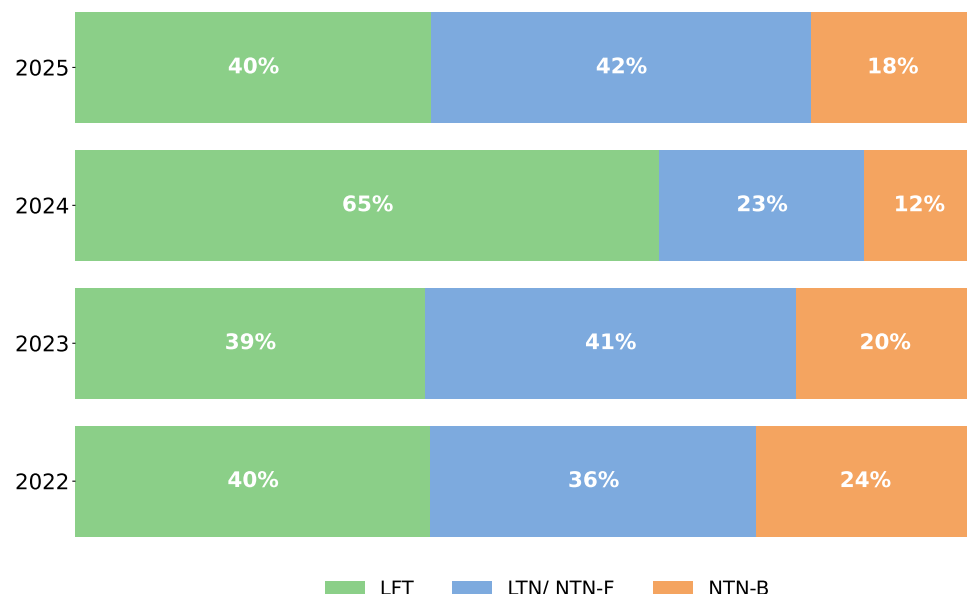
	Source	Initial Balance	Revenues	Expenses	Final Balance
400	Return of credits from subnational entities, Asset disposal and Central Bank result	92.8	72.1	-151.7	13.2
401	Return of credits from public banks and Dividends	35.7	45.9	-67.7	13.9
443/444	Resources from government bonds issuance	731.6	2,462.8	-2,034.3	1,160.1
448	Resources from External Loans	0.0	0.4	-0.4	0.0
000	Free Resources	0.0	14.0	-14.0	0.0
007/020/050/083	Superavit from Public Funds	0.0	6.4	-6.4	0.0
121	Superavit Resources linked to Debt Payments	0.0	2.5	-2.5	0.0
Total		860.1	2,604.1	-2,277.1	1,187.1

*** Issuance revenues include the refinancing of principal on maturing securities in the Central Bank's portfolio, in addition to domestic market funding.*

Source: National Treasury

2.3 Domestic Debt

The National Treasury's financing strategy remained anchored in the domestic market, which accounted for 96.8% of Federal Public Debt (FPD) issuances in 2025. Throughout the year, placements recovered a more balanced composition by indexers and maturities, preserving the set of benchmarks that ensures market depth and predictability for investors, after the strong concentration in LFTs observed in 2024. As shown in Figure 10, although LFTs maintained a significant share, the weight of fixed-rate and inflation-indexed securities increased, bringing the mix of issuances back to a pattern closer to historical levels.

Figure 10. Composition of bond issues at auctions - Percentage

Source: National Treasury

In fixed-rate securities, the traditional structure of LTNs was preserved, with options of 6, 12, 24, 48, and 72 months, while NTN-Fs remained anchored at 7 and 10 years. For NTN-B bonds, the Treasury maintained the calendar of six main maturities (3, 5, 7, 10, 25, and 40 years), alternating the groups offered weekly to ensure liquidity along the curve, in addition to holding two off-the-run auctions (detailed in Box 1) to adjust specific points in the term structure. LFTs continued with two central vertices (3 and 6 years), with predictable rollover throughout the year. This set of references reinforced the construction of a stable and well-distributed public interest rate curve, in addition to sustaining the diversification of the issuance mix in 2025.

Box 1. Off-the-Run Auctions of NTN-B

The National Treasury continuously monitors market conditions to ensure the smooth functioning of the secondary market for government securities. In this context, it held two auctions of off-the-run NTN-B bonds—maturities outside the regular calendar—in April and September. In April, series maturing in May 2033, August 2040, August 2050, and May 2055 were offered; in September, those maturing in August 2040, August 2050, and May 2055 were offered. The auction results are shown in Table 2. In total, the two operations amounted to BRL 40.1 billion in off-the-run NTN-B bonds. In both auctions, the peak with the highest demand was Aug/2040, contributing to improved efficiency at that point in the forward structure.

Table 2. Balance of 2025 Off-the-Run Auctions - NTN-B

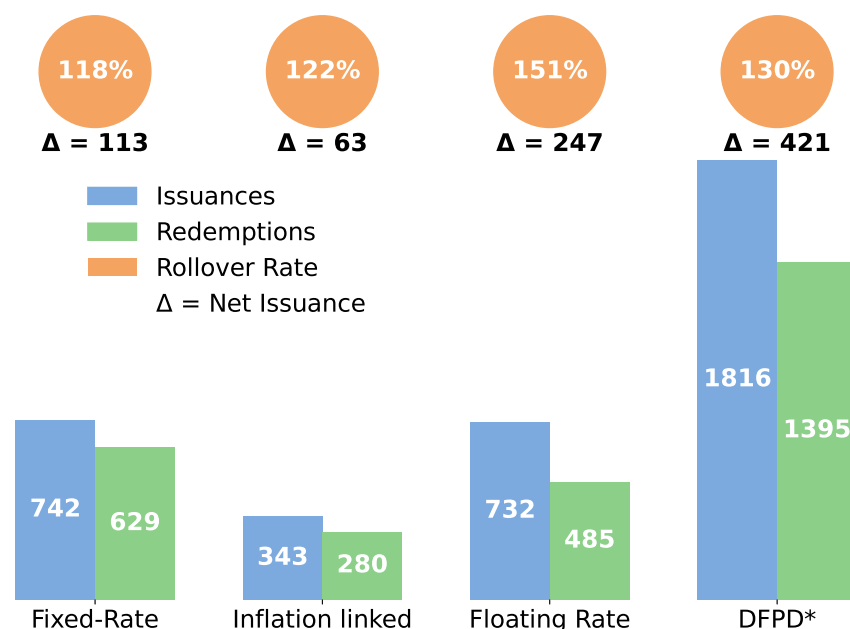
Auction Date	Maturity Date	Accepted Amount (BRL million)
2025-04-23	2033-05-15	5,217.30
2025-04-23	2040-08-15	9,828.50
2025-04-23	2050-08-15	1,441.50
2025-04-23	2055-05-15	2,418.10
2025-09-03	2040-08-15	7,423.00
2025-09-03	2050-08-15	6,488.90
2025-09-03	2055-05-15	7,325.40
Total		40,142.70

Source: National Treasury

Considering the Domestic Federal Public Debt (DFPD) over the last year, issuances exceeded redemptions, ensuring a comfortable rollover rate of 130% and strengthening the debt liquidity reserve. Net issuance was positive in all three groups of securities, reflecting a more balanced financing strategy aligned with the maturity profile. As

shown in Figure 11, the contribution came from fixed-rate, inflation-indexed, and floating-rate securities, marking a gradual recomposition of the mix after a strong concentration in the latter group in 2024.

Figure 11. Net issuance of DFPD and percentage of refinancing by indicator

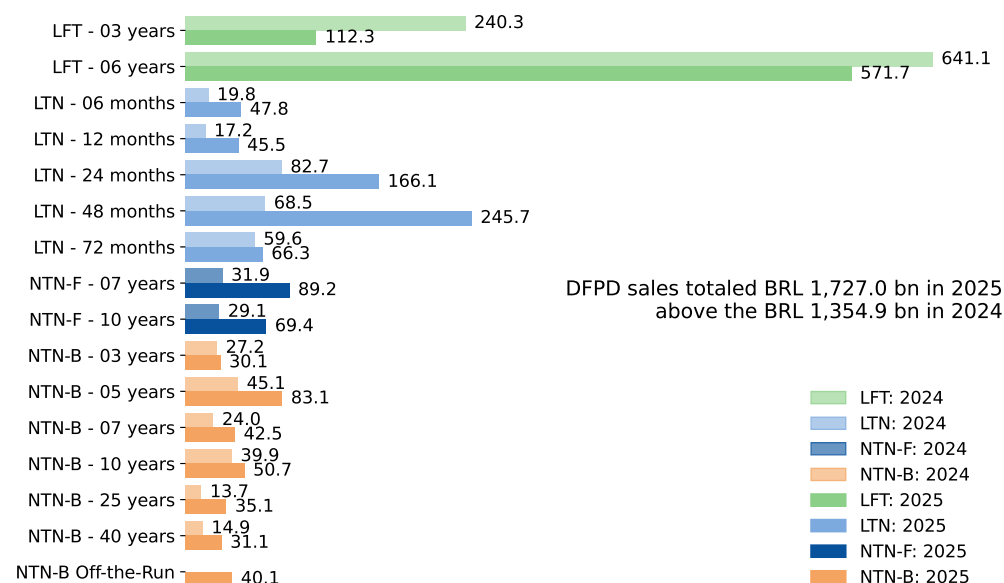


* Only issuances and redemptions impacting liquidity are considered.

Source: National Treasury.

Funding in traditional DFPD auctions totaled approximately BRL 1,727.0 billion in 2025 (Figure 12). Although 6-year LFTs remained the most issued security, their volume fell compared to the previous year. Among fixed-rate securities, there was a general increase in issuance—with the exception of 72-month LTNs—and, in NTN-Bs, growth was more significant at the 5- and 10-year vertices. Off-the-run auctions also reinforced the share of NTN-Bs in total issuance, contributing to the diversification observed throughout the year.

Figure 12. Issuance of DFPD securities - sales auctions



DFPD sales totaled BRL 1,727.0 bn in 2025 above the BRL 1,354.9 bn in 2024

Source: National Treasury.

2.4 External Debt

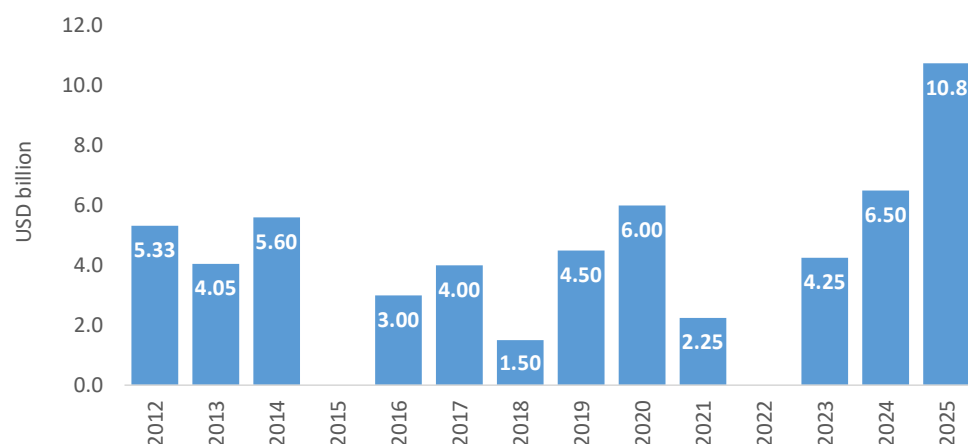
The management of the External Federal Public Debt (EFPD) remains guided by the goal of strengthening the public debt structure, with an emphasis on consolidating solid and accessible benchmarks along the sovereign yield curve. This effort also seeks to attract a more diverse investor audience, improve the vertices of the sovereign yield curve in dollars, and extend maturities, promoting greater efficiency and diversification in government financing.

In 2025, the National Treasury increased the volume of issuances compared to previous years, in accordance with the guidelines set out in the 2024 ABP, which raised the target for the share of foreign currency debt in long-term FPD from 5% to 7%. To this end, the scenario was favorable for most of the year. Interest rates on US securities and risk indicators were falling until March, when the National Treasury

made its first foreign issuance of the year. Between April and May, with the trade dispute between the US and several countries around the world, the scenario became unfavorable, returning to previous levels from June onwards. The second half of the year was marked by renewed interest rate cuts in the United States, which stimulated optimism and increased liquidity in the fixed income market.

In order to achieve the goal of increasing the relative share of foreign currency debt in relation to total debt, it is understood that it will be necessary to increase both the volume and frequency of issuances. In this context, the National Treasury carried out three more external issuances starting in June. As a result, 2025 was marked by a record USD 10.8 billion (Figure 13), the highest volume in the historical series.

Figure 13. Issuance of external federal public debt securities - USD billion



Source: National Treasury

It is worth noting the spreads in relation to the benchmarks for US Treasury securities. For 10-year securities, for example, the most commonly used benchmark for external issuances, the average spread for the year in relation to similar US securities was close to 220 points, the lowest value since 2019, which indicates growing

confidence among foreign investors.

Another new development in 2025 was the liability management operation. After seven years without such an operation, the Treasury resumed it in September. It consisted of an offering of long-term bonds, Global 2056, which gave investors the opportunity to exchange their shorter-term bonds. The exchanges prioritized the most critical points on the curve, with high rates of return. Thus, the National Treasury was able to simultaneously smooth and lengthen its interest rate curve and provide liquidity to investors. With this type of mechanism, the Treasury conveys to investors the credibility of good liability management, which favors future issuances.

2.5 Sovereign Sustainable Issuances

In line with the strategy for external Federal Public Debt (EFPD), the National Treasury has already carried out three sustainable sovereign bond issuances: Global 2031 (November/2023), Global 2032 (June/2024) and Global 2033 (November/2025).

The Global 2033, a 7-year benchmark, was issued in the amount of USD 1.5 billion, with a rate of return for investors of 5.75% p.y. and maturing on February 4, 2033. The transaction registered robust demand, and a spread of 187.4 basis points above the U.S. Treasury bond benchmark.

As with the first two sustainable issuances, this third issuance also followed the publication of a Pre-Issuance Report⁴, in August 2025, indicating the intention to report between 50% and 60% of the amount equivalent to the net proceeds of the issuance in environmental expenses. Additionally, as shown in Table 3 below, the Pre-Issuance Report sets target ranges for allocation by expense category as provided for in Brazil's Sovereign Sustainable Bond Framework⁵.

⁴ [Pre-Issuance Report](#)

⁵ [Brazil's Sovereign Sustainable Bond Framework](#)

Table 3. Indicative ranges by expense category for the allocation of proceeds from Brazil's third sustainable sovereign bond issuance

Expenditure Categories	3 rd RPE	
	Lower Limit	Upper Limit
Environmental	50%	60%
2. Renewable energy	12%	16%
5. Sustainable management of natural resources and land use	10%	14%
6. Terrestrial and aquatic biodiversity	15%	19%
7. Sustainable management of water and effluents	11%	15%
8. Adaptation to climate change	2%	6%
Social	40%	50%
1.1 Combating poverty	20%	25%
2. Food security and sustainable food systems	10%	15%
5. Access to basic infrastructure	10%	15%

Source: National Treasury

According to Brazil's Sovereign Sustainable Bond Framework, the Sovereign Sustainable Finance Committee (CFSS)⁶ is responsible for consolidating and publishing the Allocation and Impact Reports for the National Treasury's sustainable issuances. This report must be published annually until the maturity of each transaction or until the complete allocation of the net proceeds from the securities, which must occur within 24 months after each issuance.

Thus, reflecting the country's commitment to transparency and good market practices, such as those established by the principles of the International Capital Market Association (ICMA), the second Allocation and Impact Report (RAI)⁷ was released in November 2025, referring to the first two issuances of sustainable sovereign securities.

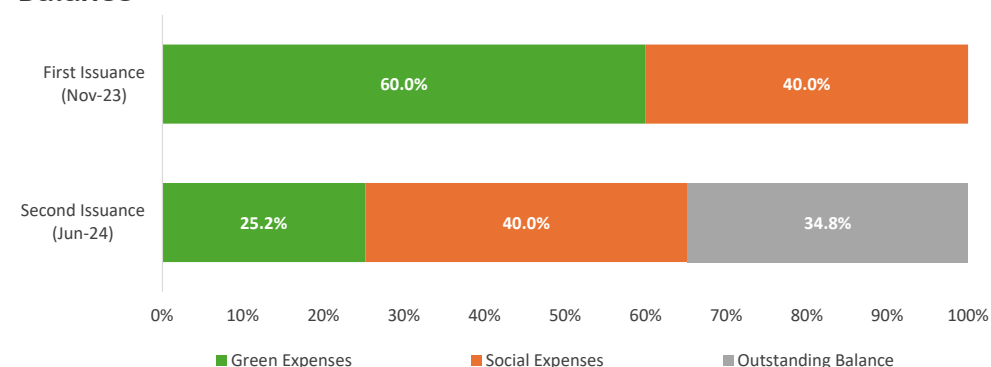
According to Figure 14 below, with regard to the first issuance,

⁶ The Federal Government established the CFSS, a permanent collegiate body, in May 2023 by Decree No. 11,532/2023, whose main objective is to plan, implement, and monitor the Framework, as well as the issuance of sustainable government securities.

⁷ [Allocation and Impact Report 2025](#)

carried out in November 2023, the 2025 RAI delivered the complete allocation of resources, with 60% going to environmental expenses and 40% to social expenses, carried out between January 2023 and June 2025. In financial terms, these allocations correspond to BRL 5.77 billion and BRL 3.85 billion, respectively. The net resources from the second issuance are distributed as follows: 25.2% (BRL 2.73 billion) for environmental expenses and 40% (BRL 4.33 billion) for social expenses, with 34.8% (BRL 3.73 billion) remaining, which will be reported in the 2026 edition of the Allocation and Impact Report.

Figure 14. Distribution of Net Proceeds from Issues between Environmental Expenditures, Social Expenditures, and Outstanding Balance



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES

Among the main highlights in the environmental sphere is the allocation of resources to initiatives aimed at preserving terrestrial and aquatic biodiversity, considered crucially important for Brazil. Substantial resources were also allocated to the sustainable management of living and natural resources and land use, especially aimed at protecting indigenous health. Within the scope of the Climate Fund, renewable energy projects that promote the country's energy transition stand out.

In this way, Brazil contributes to strengthening sustainable finance and related policies, which are essential for achieving the country's climate and social goals.

3 Main Outcomes

The management of the Federal Public Debt (FPD) in 2025 adhered to the guidelines established in the Annual Borrowing Plan (ABP), reflecting the challenges and opportunities of the economic scenario throughout the year. It was observed that, despite the environment of international uncertainty, there was an increase in the share of fixed-rate securities in domestic federal debt securities issues compared to 2024. This development allowed for a return to issuance patterns similar to those observed between 2021 and 2023.

In addition to the improvement in the share of fixed-rate securities, there was a reduction to around 40% in the issuance of floating-rate securities. This dynamic of high LFT participation, although temporarily contrary to the long-term guidelines for debt composition, contributed to the extension of maturities and reduction of refinancing risk. Price-indexed securities showed an improvement over the previous year, but remain below the levels observed in the immediately preceding period and below the recommended levels for the long-term portfolio, partly due to greater competition from incentive debentures.

This section analyzes the main indicators of FPD management in 2025, with an emphasis on the results achieved in relation to the ABP and its revision, as well as risk, cost, and investor base indicators. Finally, the results of the retail program (“Tesouro Direto”) are detailed, highlighting its performance and the innovations implemented throughout the year.

3.1 2025 Annual Borrowing Plan and Main Results

Throughout 2025, the National Treasury identified a window of opportunity to increase the volume of issuances from the beginning of the year, mainly of fixed-rate securities. The strategy was executed in line with market demand, without exerting significant pressure on prices. This increase in issuances caused the outstanding FPD to grow more than initially expected, leading to a revision in September of the reference limits for this indicator defined in the ABP, as shown in Table 4:

Table 4. Reference limits for the FPD and main results in 2025

Indicators	2024	2025	Original 2025 ABP Range		Revised 2025 ABP	
			Minimum	Maximum	Minimum	Maximum
Outstanding Volume (BRL billion)						
FPD	7,316.1	8,635.1	8,100.0	8,500.0	8500.0	8800.0
Composition (%)						
Fixed-rate	22.0	22.0	19.0	23.0	19.0	23.0
Inflation-linked	27.0	25.9	24.0	28.0	24.0	28.0
Floating-rate	46.3	48.3	48.0	52.0	48.0	52.0
FX	4.8	3.8	3.0	7.0	3.0	7.0
Maturity Structure						
% maturing in 12 months	17.9	17.5	16.0	20.0	16.0	20.0
Average maturity	4.0	4.0	3.8	4.2	3.8	4.2

Source: National Treasury

The increase in issuance reinforced the National Treasury's liquidity

reserve, which is important in case of market fluctuations that could put pressure on issuance costs and reduce demand for securities. As a result, the number of months of debt maturity coverage increased from 6.2 in December 2024 to 7.3 at the end of 2025. This higher level mitigates refinancing risk and provides greater flexibility in debt management, allowing for smoother issuance in periods of greater volatility.

Although debt composition indicators did not move toward the desired profile for the long-term portfolio, the 2025 result was in line with the most optimistic expectations. The share of floating-rate securities was close to the lower limit of the ABP. On the other hand, the stock of fixed-rate securities was above the midpoint of the ABP range.

3.2 Outstanding FPD

The outstanding FPD increased by approximately 18.0% compared to the previous year. This growth was mainly driven by interest accruals, reflecting, to a large extent, the level of interest rates in the economy, which reached 15% in mid-2025. Net issuance accounted for one-third of the increase in the outstanding FPD. As the Domestic Federal Public Debt (DFPD) represents approximately 96% of the outstanding FPD, virtually all of the increase is concentrated in this component, as shown in Table 5.

Table 5. Factors affecting FPD variation (BRL billion)

Indicators	Debt Outstanding			Factors of variation			
	2024	2025	Diff.	Issuances (a)	Redemptions* (b)	Net Issuances (a-b)	Appropriated interest
FPD	7,316.1	8,635.1	1,319.0	1,902.4	1,463.4	439.1	880.0
DFPD	6,966.9	8,309.0	1,342.1	1,840.9	1,395.1	445.8	896.3
EFPD	349.2	326.1	-23.1	61.5	68.3	-6.8	-16.4

*DFPD: Do not include bond exchange/swap operations.

Source: National Treasury

Regarding the External Federal Public Debt (EFPD), despite the execution of four issuances of external Federal Public Securities in 2025 – the highest number since 2010 and with the largest volume in the past 20 years, the outstanding EFPD decreased. This occurred largely due to the exchange rate appreciation – the rate, which at the end of last year was close to BRL/USD 6.20, dropped to BRL/USD 5.38 – and to the high amount of redemptions carried out during the year. The appreciation of the real also resulted in negative accrued interest on the outstanding external debt.

In the context of external Federal Public Securities, 2025 was marked by the highest number of external issuances by the National Treasury since 2005, amounting to USD 10.8 billion. In the third auction of the year, a liability management (ALM) operation included the repurchase of USD 1.5 billion, resulting in net issuance—excluding the buyback—of USD 9.2 billion in the year. Nevertheless, redemptions over the period, disregarding early buybacks, totaled USD 9.4 billion, representing the largest historical maturity of EFPD securities. In turn, with respect to the external Federal Contractual Public Debt, redemptions reached USD 0.9 billion, compared with USD 0.3 billion in new disbursements.

3.3 FPD Risks

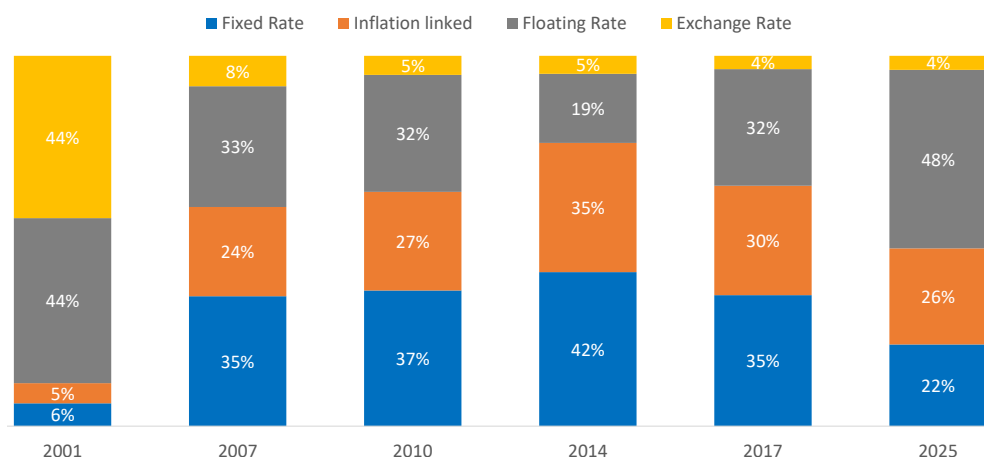
3.3.1 FPD Composition

Despite the increase in fixed-rate bond issuances in 2025, the share of this index in the outstanding FPD remains at a historic low. The lowest composition since 2005 is mainly explained by the high volume of redemptions of these securities. Since 2021, almost 50% of DFPD redemptions have come from fixed-rate securities, while about 30% have been from floating-rate securities.

On the other hand, the share of floating-rate securities in the outstanding FPD increased, despite their lower presence in this year's

auctions compared to 2024. This movement is due to the growth in LFT issues over the decade and their longer maturity, causing them to remain in the debt stock for longer in this initial period. Foreign exchange linked securities, on the other hand, saw their share reduced even further due to the exchange rate appreciation observed throughout the year, as shown in Figure 15 below.

Figure 15. Composition of the FPD by index - selected years



Source: National Treasury

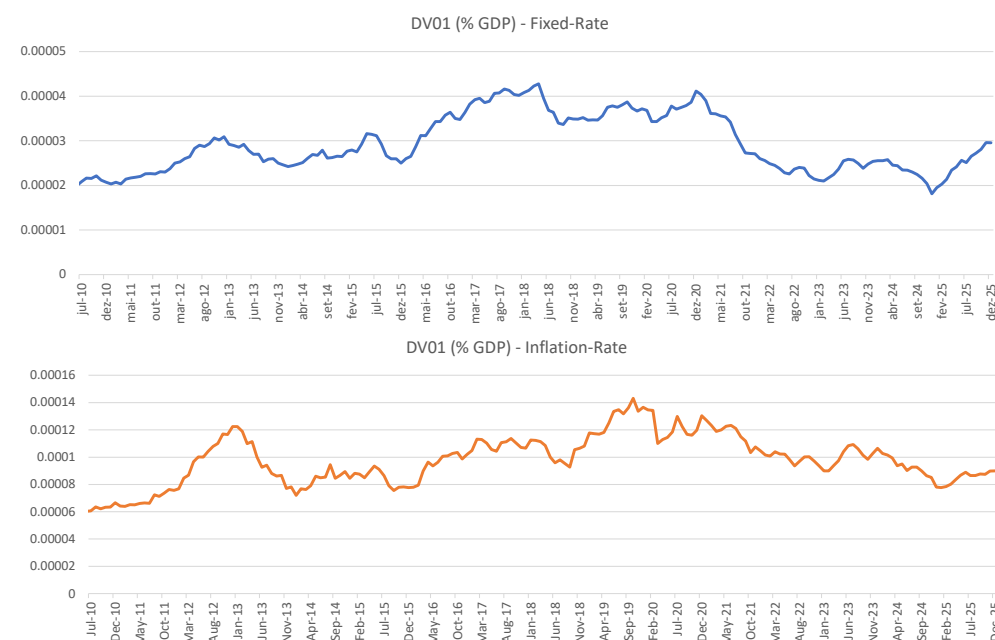
Historically, in the early 2000s, Brazilian public debt had a higher risk profile for renegotiation, with a strong presence of foreign exchange and floating rate securities, increasing exposure to external shocks and interest rate volatility. From then on, a gradual improvement began, which consolidated until 2007, the year before investment grade status was achieved, with a greater share of fixed-rate and price-indexed securities, bringing predictability to the cost of debt. This positive trajectory continued until 2014, when more than three-quarters of the debt was already in these instruments. Since then, however, there has been a reversal, marked by an increase in floating-rate securities and a reduction in fixed-rate securities, moving the debt profile away from its long-term guidelines.

The improvement in the composition of the debt—with a greater share

of fixed-rate and price-indexed securities—tends to increase the risk borne by the market. In this context, DV01 is used as a sensitivity metric, estimating the financial impact of a 1 basis point change in the rates of return applied to the portfolio of these instruments. It can be observed that, starting in 2010, market risk increased in line with the change in the composition of the FPD.

After 2016, although the percentage share of fixed-rate and inflation-indexed securities in the FPD declined, DV01 in the market remained on an upward trajectory, driven by an increase in the stock of these securities and growth in indebtedness. Since the pandemic, however, the indicator has been on a downward trajectory and has remained below the historical average until 2024. In 2025, the risk associated with fixed-rate securities returned to the average level observed since 2010, while the DV01 of indexed securities remains below this benchmark—a trend illustrated in Figure 16. Both remain below levels already absorbed by the market in previous periods, especially between 2017 and 2020.

Figure 16. DV01 of the stock of securities in the market - different indexes

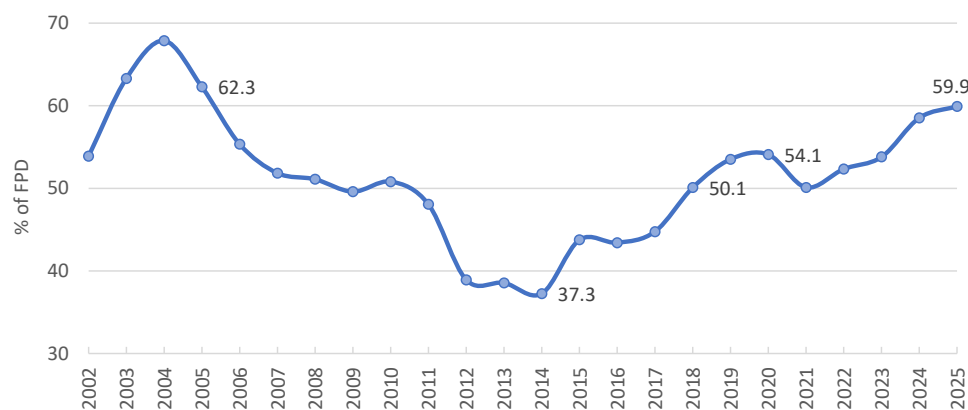


Source: National Treasury

Although the greater share of LFTs in the FPD increases the risk of renegotiation, which refers to the impact of changes in interest rates on the cost of debt, replacing them with short-term fixed-rate securities would not be an effective solution, as it would require frequent refinancing, making them equally vulnerable to interest rate shocks and potentially more costly.

To assess this sensitivity more comprehensively, the 12-month debt cost renewal percentage indicator is used, which considers both the debt maturing in that period and floating-rate securities maturing later. This indicator tends to rise when there is a concentration of short-term maturities, even with a higher share of fixed-rate securities, and only shows a consistent reduction when, in addition to increasing the share of fixed-rate and price-indexed securities, there is a decrease in the proportion of maturities of less than one year. It should be noted that since 2014, there has been an increase in the percentage of cost renewal in 12 months, showing the highest risk of renegotiation since 2005, as shown in Figure 17.

Figure 17. Renegotiation Risk: Percentage of debt cost renewal in 12 months (% of FPD)



Source: National Treasury

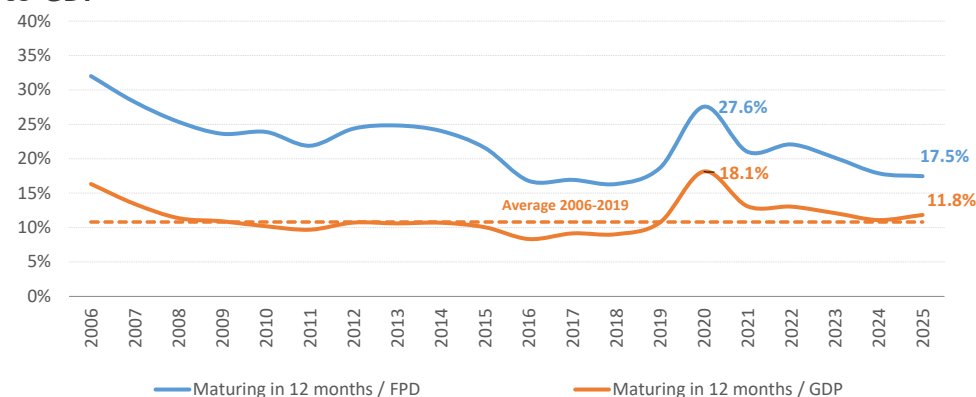
3.3.2 Maturity Structure and Refinancing Risk

The debt maturity structure is essential for assessing refinancing risk, which corresponds to the possibility of the National Treasury facing adverse financial conditions when rolling over its maturing debt. This scenario can lead to increased issuance costs or, in extreme situations, difficulty in raising sufficient funds to honor its commitments.

The refinancing risk of the Federal Public Debt is monitored by two complementary indicators. Together, these indicators allow for the assessment of both the immediate need for rollover and the ability to maintain a longer profile, reducing vulnerability to changes in market conditions.

The first indicator corresponds to the portion of the debt maturing in the next 12 months (Figure 18), which reveals the degree of concentration of payments in the short term and, consequently, the pressure for issuances in a reduced period. Although there has been a recent increase, the trend since 2020 has been one of consistent reduction, indicating lower risk associated with the concentration of maturities. The second indicator is the average maturity of the stock (figure 20), which indicates how long, considering the present value and the payment of principal and interest, it will take for the securities to be paid, reflecting the length of the financing horizon.

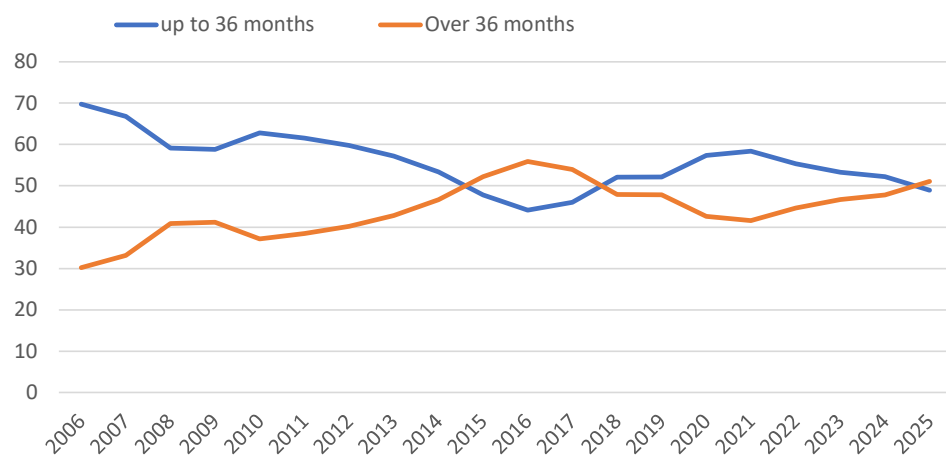
Figure 18. Percentage of maturities in 12 months and in relation to GDP



Source: National Treasury

The debt maturity structure has shown a consistent improvement trend since 2020, with a gradual reduction in the share of securities with shorter maturities (Figure 19). For the first time since the middle of the last decade, the share of debt maturing in more than 36 months exceeds that maturing in less than 36 months, signaling progress in lengthening the profile. Although there is still a significant proportion of shorter-term securities, this movement reinforces the importance of maintaining an issuance strategy focused on longer maturities, ensuring greater predictability and less vulnerability to adverse market conditions.

Figure 19. Composition of the FPD by maturity (%)

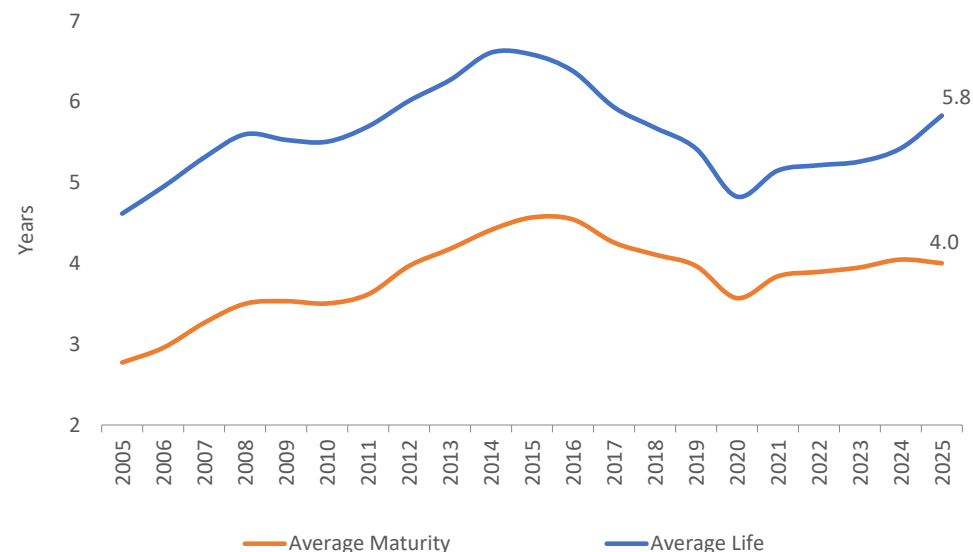


Source: National Treasury

The average maturity of the FPD, in turn, remained stable in the last year, reaching 4.0 years at the end of 2025 (Figure 20). This performance stems from the increased contribution of fixed-rate bonds, which registered an increase of 0.52 years between Dec/24 and Dec/25, maintaining the same share of stock. In other words, it prevented the fall in the total average maturity from being even

greater (Figure 20)⁸.

Figure 20. Average Maturity and Average Life of the FPD

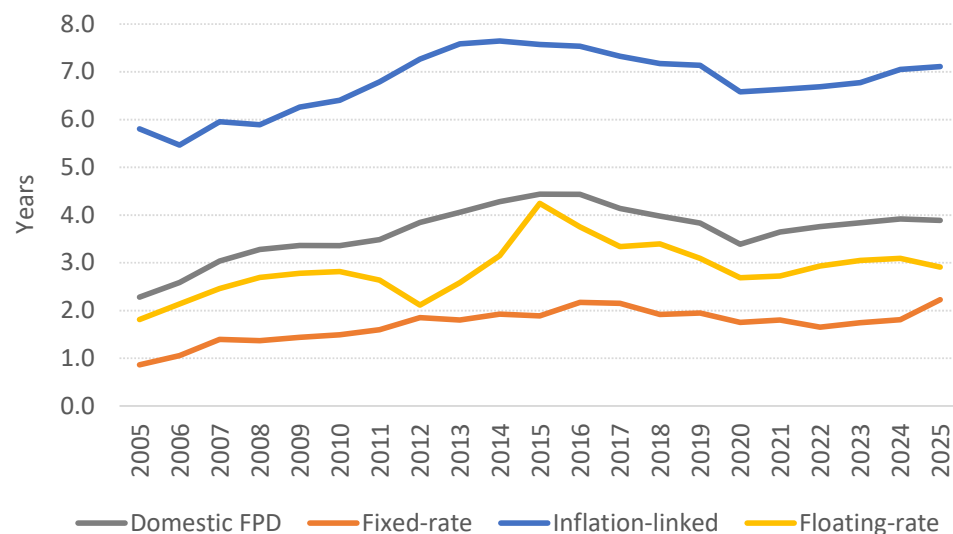


Source: National Treasury

The average maturity of the debt has shown consistent improvement since 2020, reversing the downward trend observed until the pandemic, when it reached its lowest level since 2011. Price-indexed and fixed-rate securities were mainly responsible for this improvement, with a gradual increase in their average maturities, reinforcing the strategy of lengthening the debt profile. Floating-rate securities, on the other hand, have remained stable in recent years, despite a slight recent reduction. This movement indicates greater balance in the maturity structure and contributes to reducing vulnerability to market shocks, as shown in Figure 21.

⁸ Figure 20 compares the average term indicator with the average life indicator. The average term represents the average time remaining for redemptions, weighted by the present values of principal and interest flows. The percentage maturing in 12 months indicates the concentration of bond maturities in the short term. The average life does not consider intermediate interest coupon payments or the present value of principal flows. Thus, it is considered more appropriate for Brazilian public debt statistics to use the average term indicator as the main benchmark for the maturity structure. For more information on the average term methodology, see Public Debt: The Brazilian Experience (2009).

Figure 21. DFPD Average Maturity by Indexer

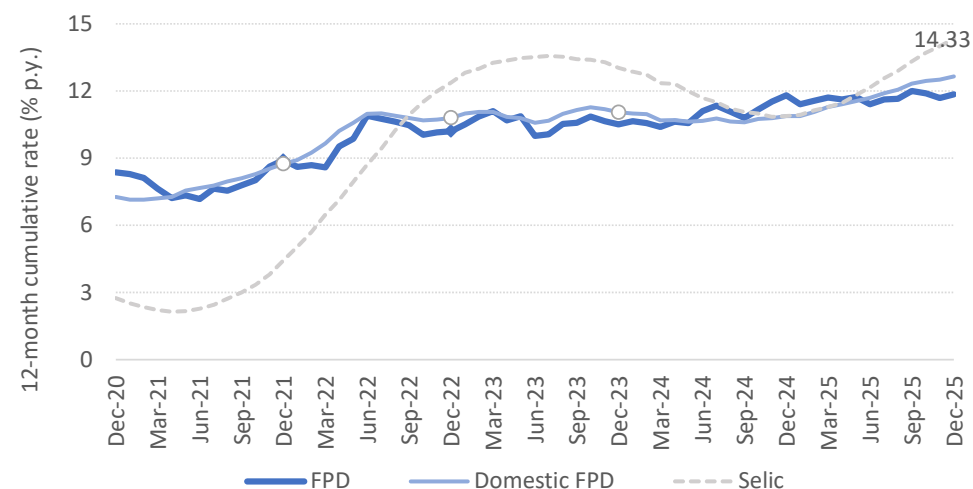


Source: National Treasury

3.4 Public Debt Cost

In 2025, the behavior of the average cost indicators of the FPD showed different dynamics. The cost of the FPD remained relatively stable when compared to the end of 2024, influenced by lower pressure from external debt, whose average cost remained low, largely due to currency appreciation. The cost of the DFPD, on the other hand, rose throughout the year, reflecting the impact of the Central Bank's monetary adjustment cycle, which put pressure on both new issuances and floating-rate securities, as shown in Figure 22.

Figure 22. FPD and DFPD average cost and Selic rate (accumulated in 12 months, % p.y.)



Source: National Treasury

This trajectory highlights the relationship between the debt profile, the composition of the indexes, and the term structure of interest rates. The diversification of the FPD—with a significant proportion of fixed-rate and price-indexed instruments—reduces the sensitivity of the average cost of debt to Selic rate fluctuations, even with the significant presence of securities linked to the base rate. In other words, the composition strategy acts as a buffer, limiting the immediate transmission of monetary policy shocks to the cost of debt. The result reinforces the importance of planning and active management to mitigate the effects of market conditions on the cost and risk of the FPD.

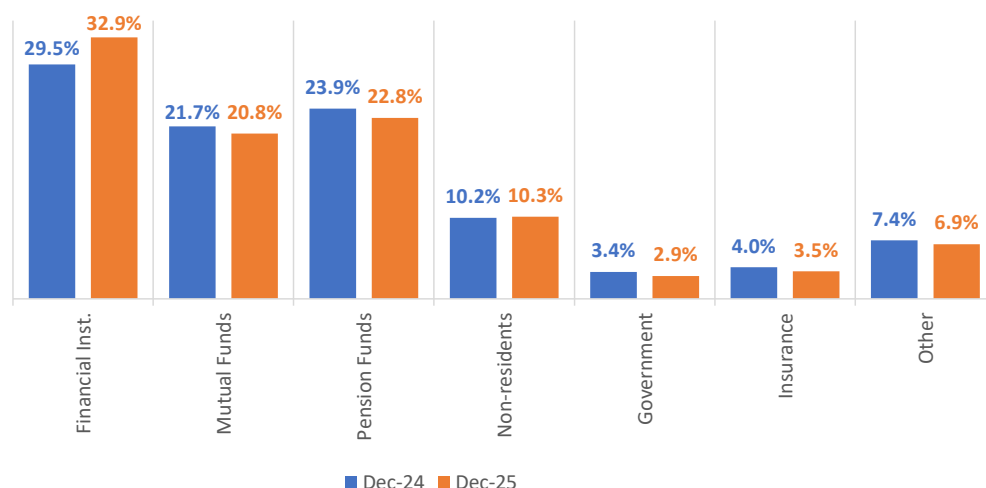
3.5 Investor Base of the DFPD

Diversification of the investor base is essential to debt management objectives, as it increases liquidity, reduces dependence on a single

group, and distributes different risk profiles and investment horizons. Here, the focus is on domestic debt, since external debt does not allow for equivalent monitoring.

For DFPD, financial institutions remain the main holders, with a historical share of between 28% and 33% and a recent increase of around 2.5 percentage points. Pension funds remain the second largest group, with a stable composition, while investment funds have reduced their share over the last five years. Non-residents have been growing moderately and are approaching the upper limit of the recent range, still below that observed during the investment grade period. Taken together, these movements indicate that diversity among holders has been preserved, as shown in Figure 23.

Figure 23. Evolution of the DFPD Investor Base (%)

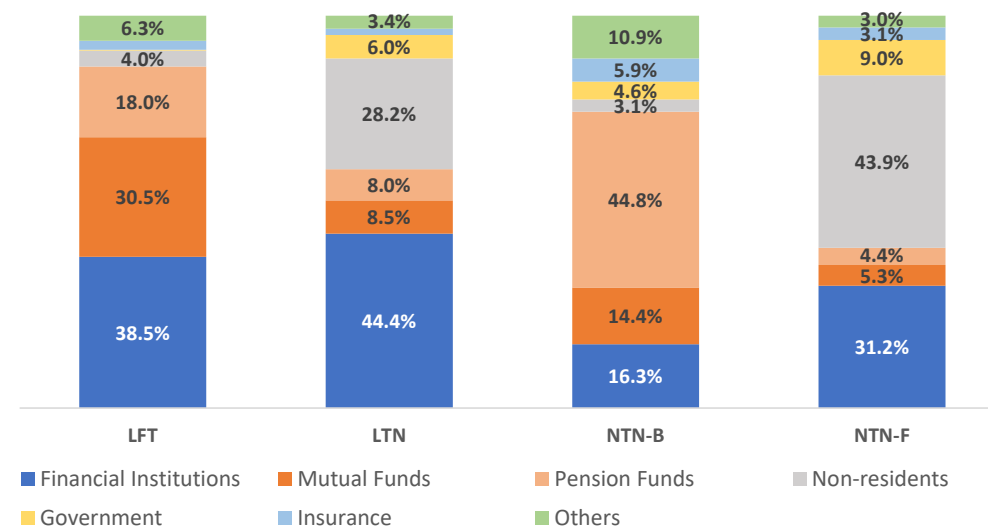


Source: National Treasury and Selic

The composition of holders varies significantly between different types of securities. Financial institutions hold most of the LFT and LTN, reinforcing their dominant role in short-term debt. The pension fund group stands out as the main holder of NTN-B, reflecting a

preference for inflation-indexed instruments, in line with these investors' long-term horizon. Non-residents, in turn, have a significant share in NTN-F, showing greater interest in longer-term fixed-rate securities. This distribution reinforces the importance of diversifying the investor base, ensuring liquidity and reducing volatility in the secondary market, as shown in Figure 24.

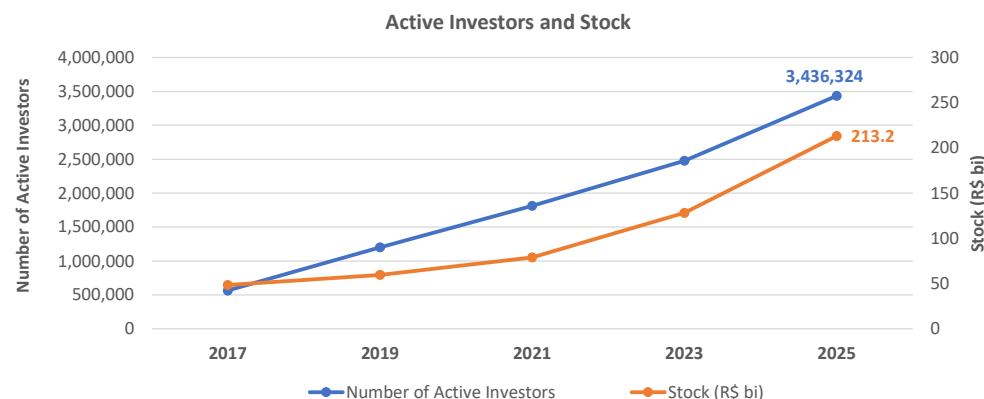
Figure 24. Holders participation by Security (%)



Source: National Treasury, BCB e CVM

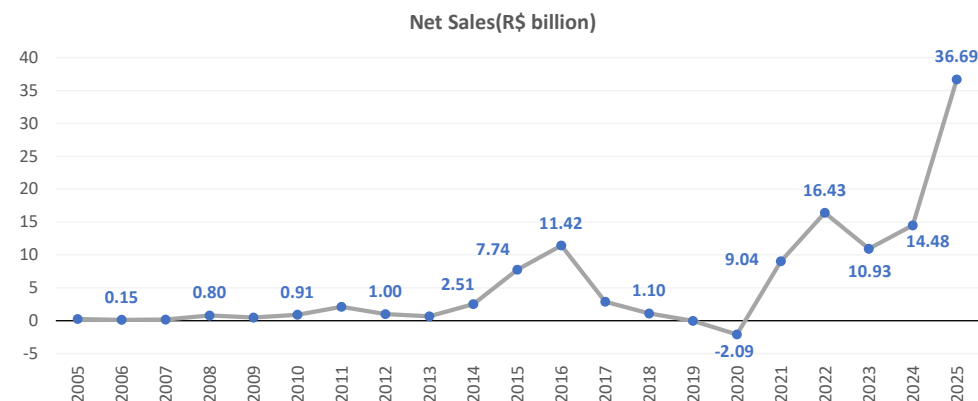
3.6 Retail Program

“Tesouro Direto”, the retail program for government bonds, maintained its upward trajectory throughout 2025, registering a 14% growth in the number of active investors - those who have a balance invested in the Program - and reaching a historic milestone of 3,436,324 participants. The Program's total financial stock reached BRL 213.2 billion, representing an expansion of 35.9% compared to the end of 2024, as can be seen in Figure 25.

Figure 25. Number of investors and stock

Source: National Treasury

During the year, bond maturities totaled BRL 15.1 billion, representing the second-highest annual volume in the historical series of Tesouro Direto. The reinvestment of these funds was significant, driven by a strategy targeting investors with securities about to mature. Net sales throughout 2025 reached BRL 36.7 billion - the highest annual volume since the Program's launch, as shown in Figure 26 below.

Figure 26. History of net sales

Source: National Treasury

There was also progress in Tesouro Educa+ and Tesouro Renda+

securities, both linked to the Broad National Consumer Price Index (IPCA). These securities offer an initial stage of resource accumulation, followed by monthly income payments. Tesouro Renda+ reached a volume of BRL 10.4 billion, distributed among 365,900 investors, while Tesouro Educa+ totaled BRL 2.3 billion, with 194,600 participants.

In addition to providing investment options to the population, the National Treasury, with the purpose of promoting financial knowledge among students in Basic Education, launched the second edition of the “Tesouro Direto” Financial Education Olympics - OLITEF. More than 1.755 million students from 13,000 educational institutions across the country participated in OLITEF, consolidating the event as the largest financial education Olympics in Brazil. The year also featured the second edition of TD Impacta, which sought to boost impact businesses with a priority focus on financial education.

Finally, in 2025, “Tesouro Direto” began to receive its first investments from the “Pé-de-Meia” Program, through the so-called “Incentivo Conclusão” (Completion Incentive), aimed at public high school students. Starting in November 2025, the new modality already has investments from 31,000 students, representing a stock of BRL 27.7 million.

4 Guarantees

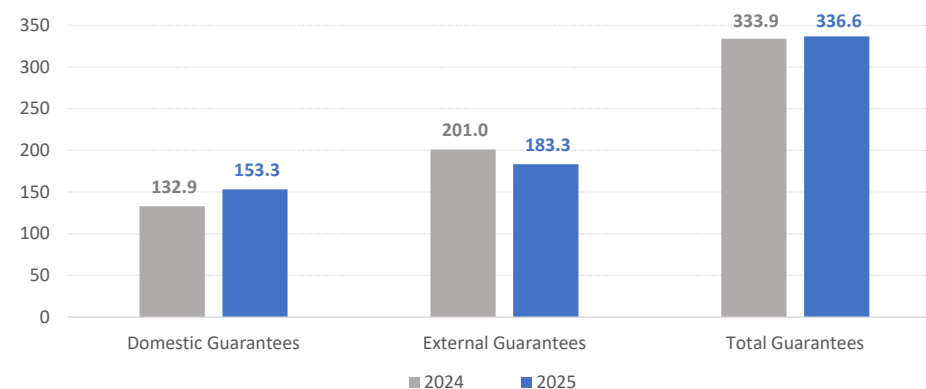
The Federal Government grants guarantees on credit loans to subnational entities (states and municipalities), federal state-owned entities (federal SOEs) and subnational state-owned entities (subnational SOEs). These guarantees reduce the credit risk of borrowers and allow them to raise funds at lower costs than those that would be obtained in the absence of such guarantees.

Within the scope of the National Treasury, the Federal Guarantee System comprises the granting of guarantees by the Federal Government, the control of the outstanding balance of guaranteed debts, and the execution of guarantees and its collaterals. It is important to note that an increase in honored guarantees, without the corresponding recovery of its collateral, results in an increase in the FPD, since the amounts paid by the Federal Government to honor these guarantees constitute budgetary expenses financed by debt issuances. In this sense, guaranteed debt constitutes a contingent liability and incorporates the budgetary and financial needs of the federal government, so that its control is fundamental to FPD management⁹.

⁹ To provide more details on this contingent liability, the National Treasury publishes the [Guaranteed Debt Report](#). In addition, the data in the report are available on the [Guarantees Story](#) page, which explains the guarantees granted by the Federal Government in an educational and innovative way, and on the [Guarantee Dashboard](#), which allows users to view detailed data on the guarantees. Finally, the [Honored Guarantees Dashboard](#) and the [Monthly Report on Honored Guarantees](#) provide available information on guarantees honored by the Federal Government.

In 2025, the Federal Government maintained 1,319 guaranteed credit operations under the responsibility of the National Treasury. As shown in Figure 27, at the end of 2025, the outstanding balance of these operations totaled BRL 336.6 billion, of which BRL 153.3 billion was in domestic operations and BRL 183.3 billion in foreign operations¹⁰.

Figure 27. Internal and External Guarantees (BRL billion)



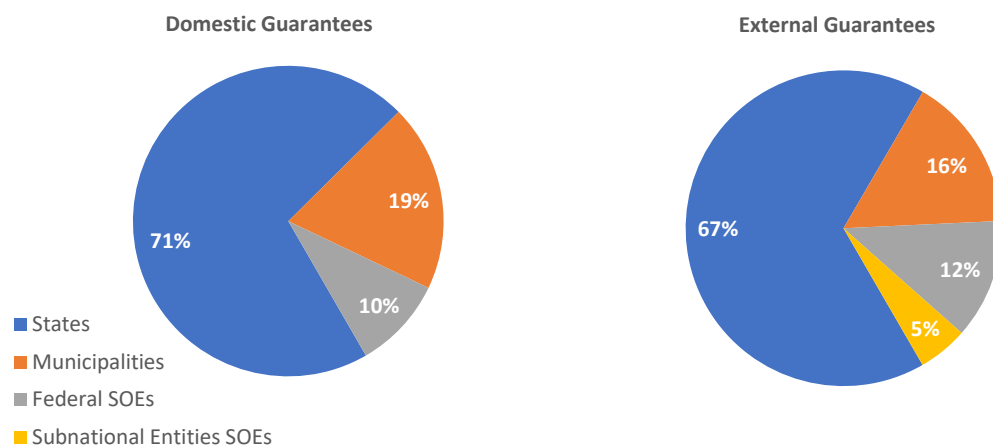
Source: National Treasury

In terms of composition, Figure 28 shows the predominance of guarantees granted to the states, both in domestic and external operations, followed by those granted to municipalities.

¹⁰ The table with the complete historical series can be found in Annex 1 of the [Guaranteed Debt Report](#).

It should be highlighted that, on December 29th, 2025, the Federal Government signed a Guarantee Agreement related to a credit operation signed between the Brazilian Postal and Telegraph Company (*Correios*) and the banking syndicate composed of Banco do Brasil, Itaú Unibanco, Banco Bradesco, Banco Santander, and Caixa Econômica Federal, in the amount of BRL 12 billion. The operation is intended to finance working capital and strategic investments aimed at strengthening the operating liquidity and financial sustainability of *Correios*, in accordance with the Company's Economic-Financial Rebalancing Plan. Of the BRL 12 billion contracted, BRL 10 billion were disbursed by the banks in 2025, and this amount was incorporated into the outstanding balance of Brazilian guaranteed debt.

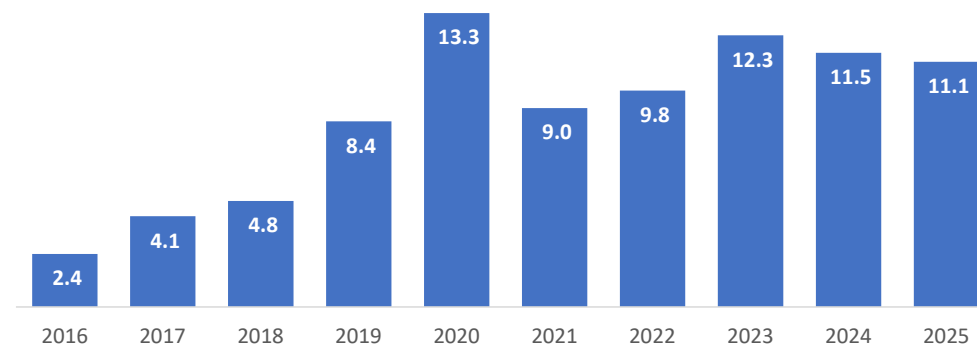
Figure 28. Composition of Internal and External Guarantees (2025)



Source: National Treasury

In 2025, the Federal Government made payments of BRL 11.1 billion to honor guarantees granted to credit operations, as shown in Figure 29. These payments refer to five states and eight municipalities, listed in Table 6.

Figure 29. Guarantee Payments (BRL billion)



Source: National Treasury

Table 6. Executed guarantees in credit operations in 2025 (BRL million)

2025	
States	10,951.09
Rio de Janeiro	4,692.83
Minas Gerais	3,552.09
Rio Grande do Sul	1,591.91
Goiás	888.06
Rio Grande do Norte	226.19
Municipalities	130.47
Taubaté - SP	64.73
São Gonçalo do Amarante - RN	29.76
Sobral - CE	19.70
Parauapebas - PA	9.64
Iguatu - CE	4.59
Santanópolis - BA	0.87
Porto Nacional - TO	0.59
Paraná - TO	0.58
Total	11,081.56

Source: National Treasury

Of the BRL 11.1 billion paid in 2025, only BRL 272.5 million were recovered through the execution of its collaterals. The remaining amount had a direct and immediate impact on the FPD.

The low percentage of executed collaterals is mainly due to the Fiscal Recovery Regime (FRR)¹¹ and legal injunctions that prevent the Federal Government from executing the collaterals of executed guarantees.

Currently, the states of Rio de Janeiro and Rio Grande do Sul are under the Fiscal Recovery Regime (FRR). The states of Goiás and Minas Gerais agreed to the terms of Complementary Law No. 212/2025, which establishes a program for refinancing state debts with the federal government (PROPAG), by signing contractual amendments on December 24th, 2025, and December 31st, 2025, respectively. As a result, the fiscal recovery regimes of both states were concluded.

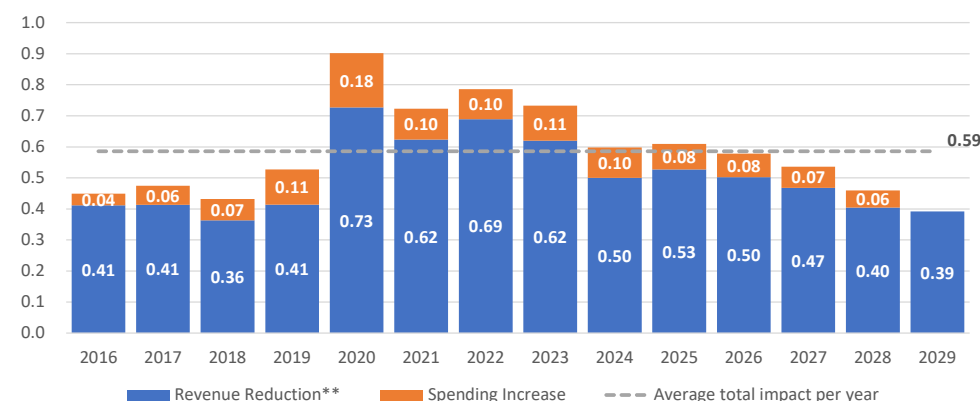
The amounts of executed guarantees under the FRR are not recovered through the execution of its collaterals. Part of these amounts is refinanced in up to 360 months, through the execution of a refinancing agreement, pursuant to Article 9-A of LC No. 159/2017 and Article 23 of LC No. 178/2021, and part is reimbursed to the Federal Government in installments, pursuant to paragraph 2 of Article 9 of LC No. 159/2017. In other cases, the federal government is prevented from executing the collaterals of executed guarantees due to legal injunctions.

In addition to honored guarantees, the FPD is affected by the loss of revenue resulting from debt renegotiations with states and municipalities, the impacts of which accumulate over time. A milestone in this process was Law No. 9,496/1997, followed by MP 2,185/2001, which allowed the Federal Government to assume and consolidate state and municipal debts. This move increased the FPD in the short term, with the expectation of future compensation through payments by these entities to the Federal Government.

¹¹ The Fiscal Recovery Regime (FRR) was established by Complementary Law No. 159/2017. The Regime aims to assist states and the Federal District that may face serious fiscal imbalances. In general terms, the FRR is a legal framework that allows states in a situation of fiscal imbalance to obtain benefits such as flexible fiscal rules, the granting of credit operations, and the possibility of suspending debt payments, provided that the state adopts institutional reforms aimed at restructuring fiscal balance.

Successive debt renegotiations with states and municipalities, supported by several subsequent legislative changes, modified the terms, indexes, and conditions of the debt originally projected by the federal government under Law No. 9,496/1997 and MP No. 2,185/2001, reducing the expected flow of receipts and increasing the Treasury's financing needs. These effects, added to honored guarantees, contributed to a higher FPD over time. Figure 30 presents the aggregate estimate of this impact, and the set of rules that underpinned the renegotiations is listed in the appendix.

Figure 30. Impact of restructurings and guarantee payments (% GDP) *



*Values presented in constant prices, adjusted by the IGP-DI of December 2025.

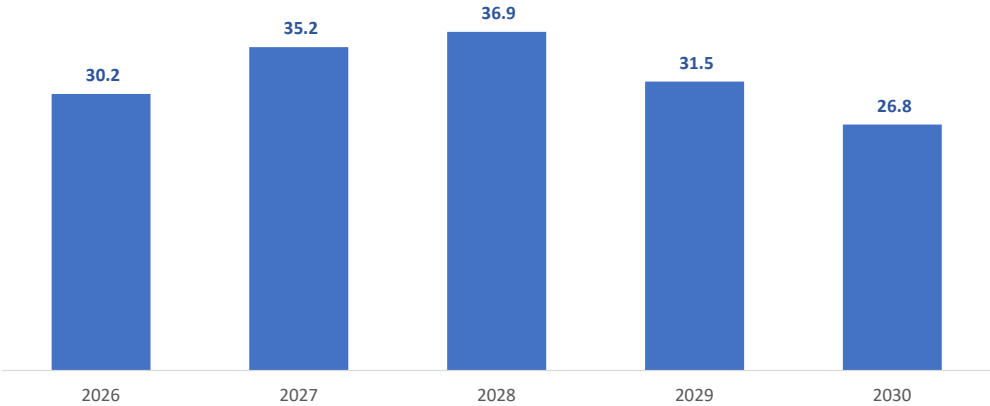
** Simply put, the reduction in revenue is calculated by considering the difference between: 1) the projected revenue flow that would accrue to the Federal Government under Law No. 9,496/97 and the amount actually received by the Federal Government, for amounts up to 2024; and 2) the projected revenue flow under Law No. 9,496/97 with the effects of Complementary Laws Nos. 148, 156, 159, 173, 178, 181, 194, and 201, for amounts from 2025 to 2029.

Also included are the effects of LC No. 206/2024, which benefited Rio Grande do Sul with the suspension of debt collection, as well as ACO 3678 of RJ, which determined that contractual debt payments to the Federal Government would be limited to the amounts paid in 2023.

Source: National Treasury

The most recent change in subnational debt conditions was Propag, established by LC No. 212/2025¹². The program allows for broad renegotiation of contracts with the Federal Government, including extraordinary amortizations, replacement of the original indexes with the IPCA, adjustment of interest rates through counterparties, and refinancing of outstanding balances in up to 360 months. Preliminary estimates point to an additional reduction in federal revenues of around BRL 160.6 billion between 2026 and 2030¹³, as illustrated in Figure 31.

Figure 31. Estimated financial impact of Complementary Law No. 212/2025 (BRL billion)



Source: National Treasury

Together, renegotiations and honored guarantees reduced the federal government's available revenues and increased the FPD, reinforcing the need for continuous monitoring of the fiscal impacts associated with subnational debts.

¹² [Complementary Law No. 212, of January 13, 2025](#)

¹³ To reduce financial burdens, states can choose between various percentages of extraordinary amortization of the outstanding balance, percentages of contributions to the Equalization Fund, and percentages of application of resources in specific investments. The impact estimates consider a scenario in which all states choose not to make extraordinary amortizations of the outstanding balance and a real interest rate of 2% p.y. is applied to all. The impact is calculated as the difference between the payment flows with the current charges and the projected flows with the 2% rate. It should be noted that the calculation is still preliminary, as it depends both on the regulation of the law and on the definition of the scenarios adopted by each state. For more details, see Technical Note - Estimated Impact of Complementary Law No. 212/2025, dated January 21, 2025.



5

Final Remarks

The performance of the FPD in 2025 occurred in an environment of high uncertainty, marked by international trade tensions, restrictions on a share of Brazilian exports, and high external interest rates, which required greater caution in debt management. Domestically, monetary policy remained restrictive, while the economy showed moderate growth, driven by the service sector and the continued decline in unemployment.

In this context, the increase in issuances throughout 2025 raised the refinancing rate to 130% and strengthened the National Treasury's cash position. With sufficient liquidity reserves for more than seven months of DFPD maturities at the end of the year, refinancing risks were reduced, the flexibility of the issuance strategy was maintained, and the Treasury enters 2026 better prepared for any turbulence, being able to adjust the pace of funding according to market conditions.

In addition to quantitative aspects, 2025 was marked by qualitative advances in debt management. The third sustainable sovereign bond issuance and the release of the second Allocation and Impact Report reinforced the National Treasury's commitment to transparency and social and environmental responsibility, in line with international standards. In the domestic market, Tesouro Direto continued to be an important channel for financial inclusion, registering an increase in the number of investors and reinforcing the democratization of access to government securities.

Public debt management in 2025 demonstrated resilience and adaptability

in the face of a changing environment. The preservation of liquidity, risk control, and the constant pursuit of efficiency remain fundamental pillars for ensuring fiscal sustainability and strengthening the country's macroeconomic stability.

M

ethodological Appendix

INVESTOR BASE

The National Treasury classifies investors into six main groups:

- Financial institutions: includes the proprietary portfolios of commercial banks, investment banks, brokerage firms, distributors, and credit unions. It also includes state-owned banks and the BNDES. Financial institutions' investments in investment funds are also linked to this category.
- Funds: includes investment funds governed by the CVM, excluding investments by financial institutions, pension entities, non-resident investors, the government, and insurance companies, which are allocated to their respective categories.
- Pension funds: includes the institution's own open and closed pension fund portfolio and RPPS. It also includes pension fund investments in investment funds.
- Non-residents: Includes the portfolio of individuals or legal entities domiciled or headquartered abroad, in accordance with Central Bank regulations. Securities held by non-residents through investment funds are also included.
- Government: includes funds and resources managed by the Federal

Government, such as FAT, FGTS, extra-market funds, sovereign funds, and guarantee funds.

- Insurers: In addition to their own, this also includes reinsurers.
- Others: includes the Tesouro Direto program, accounts of resident individual clients, capitalization companies, among others

FEDERAL PUBLIC DEBT

The Federal Public Debt (FPD) corresponds to the sum of the Domestic Federal Public Debt (DFPD) and the External Federal Public Debt (EFPD), the latter being subdivided into securities 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.

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>.

GUARANTEE PAYMENTS

The amounts allocated to the payment of guarantees refer, for the most part, to payment flows in contracts of states in default on debts guaranteed by the Federal Government, which have joined or may join the Fiscal

Recovery Regime - FRR (Complementary Law No. 159/2017). The budget forecast for guarantee payments also includes a margin to ensure execution of guarantees of non-performing guaranteed debt from states whose collaterals are not recovered due to judicial injunctions.

FINANCING NEED

The federal government's financing needs consist of expenses related to FPD maturities, honors of guarantees for credit operations by subnational entities, and other budgetary expenses paid with revenues from the issuance of government securities. The concept of net financing needs subtracts from this amount the budgetary resources not derived from the issuance of government securities, but which were allocated to the payment of public debt.

The ADR considers the expenses incurred with the maturity of the FPD in the year, including debt payment flows resulting from issuances made in the fiscal year itself - securities maturing in the same year, long-term security coupons, and early redemptions, including in the Treasury Direct program.

As for revenues, the ADR considers only those actually used to pay debt expenses in the fiscal year itself. Revenues that come in but remain in cash do not reduce the need for revenues from bond issuance. Thus, the financing requirement reflects an ex post perspective: the net result shows how much of the expenses were covered by issuance revenues, regardless of changes in cash availability, in contrast to the prospective nature of the PAF.

REFINANCING PERCENTAGE

The refinancing percentage corresponds to the ratio between debt issuances and redemptions (multiplied by 100) in a given period, with redemptions including principal and interest amounts. When the debt refinancing percentage is 100%, i.e., the Treasury issues the same amount of maturing debt in the market, the evolution of the debt stock is given by its average cost. However, under favorable market conditions, the Treasury may issue

above the volume of maturing debt, reaching a refinancing percentage greater than 100% of debt maturities in the period, and use the financial resources to strengthen the debt cash position.

Note that the increase in the FPD stock due to a refinancing percentage above 100%, when associated with the strengthening of the debt cash position, has a neutral effect on the General Government Gross Debt (GGGD) and the Public Sector Net Debt (PSND), since it reduces, in turn, the volume of repurchase agreements by the Central Bank. In other words, net issues or redemptions of FPD securities in the market lead to a change in the structure of the central government's debt between the National Treasury and the Central Bank, without altering 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 portion of the stock value that will mature within that period.

AVERAGE TERM OF THE STOCK

The average term of the stock reflects the average time remaining for redemptions, weighted by the present values of principal and interest flows.

AVERAGE TERM AND AVERAGE LIFE

Unlike the average term, which considers both principal and interest flows for its calculation, the average life indicates only the remaining term of the principal of the public debt. The latter, adopted by many countries as the sole indicator of the maturity of their debts, is often compared with the average term calculated by Brazil and disclosed in its monthly reports, in the Annual Borrowing Plan (ABP) and in the Annual Debt Report (ADR).

Just to qualify the difference in perception of refinancing risk that arises when using average life instead of average term, the average life of the FPD reached 5.6 years in December 2008, compared to 3.5 years for the

average term. Despite the difference between these indicators, Brazil continues to use the latter, as it believes that it more accurately captures the risks to which the FPD is exposed. In addition, it continues to cite the average life indicator in its reports, solely to allow analysts and investors to compare Brazilian debt indicators with those of other countries that use this indicator.

DEBT RENEGOTIATIONS WITH SUBNATIONAL ENTITIES

The trajectory of debt management by Brazilian states and municipalities is marked by a set of rules that, over the last few decades, have restructured liabilities, redefined indexers, introduced fiscal rules, and instituted adjustment programs. This regulatory framework simultaneously shapes both the fiscal sustainability of entities and the behavior of the FPD itself, either through measures that generated direct fiscal costs or through institutional improvements that strengthened governance and reduced the risk of default.

The following table shows the history of the regulations that have underpinned the renegotiation processes since 1997.

Legislation relating to the renegotiation of subnational entities' debts

Year	Regulation/Program	Description of the measure
1997	Law 9.496 - PAF	Refinancing for 30 years, subsidy, and fiscal targets.
2001	LRF / MP 2.185	Fiscal rules, limits, transparency, and rules for credit operations.
2014	LC 148	Reduction of interest rates and debt indexes..
2016	LC 156 - PAF 2	Extension +20 years and spending cap.

2017	LC 159 - RRF	Debt suspension and Fiscal Recovery Plan.
2021	LC 178 - PEF/PAF3 LC 181	Reopens deadline for extending PAF2 refinancing (LC 156/2016) LC 181 - Simplifies PAF 2, aligns annual CAPAG (Ability to pay) targets Amends rules (LC 172/20 and Law 14,029/20, LC 156/16 or PAF2, LC 159/17 or RRF, LC 178/21) and provides additional flexibility and extra deadlines for states and municipalities to adjust contracts, refinancing, and obligations under the RRF.
2022	LC 194	Compensation for ICMS losses.
2023	LC 201 / ACO 3678	Regulates compensation; court decision for State for Rio de Janeiro.
2024	LC 206	Exceptional measures for State for Rio Grande do Sul (zero interest and suspension).
2025	LC 212 - PROPAG/FEF	Extensive debt renegotiation and incentives for good fiscal performance.

LIQUIDITY RESERVE

The Federal Government's cash holdings are part of the Single Treasury Account, with the debt liquidity reserve being a subset of that Account. These funds are classified into budgetary sources according to their origin, of which two groups make up the liquidity reserve, namely: (a) sources of government bond issuance, which originate from market funding through

securities debt; and (b) sources exclusively for debt payment, 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 the debt stock due to variations in the cost components of government securities, namely changes in the basic interest rate, the exchange rate, or the level of inflation.

REFINANCING RISK

Refinancing risk represents the possibility that the National Treasury, when refinancing its maturing debt, will encounter adverse financial conditions that cause an increase in its issuance costs or, at worst, will be unable to raise funds to honor its payments. The risk of debt refinancing will be higher the higher the percentage maturing in 12 months and the shorter the average term of the stock.

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 the debt with floating interest rates 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 securities would keep the renegotiation risk virtually unchanged, even with a change in composition.