

## PRESS RELEASE

### THE BRAZILIAN NATIONAL TREASURY REVIEWS THE 2015 ANNUAL BORROWING PLAN OUTSTANDING DEBT LIMITS

The Brazilian National Treasury reviews the Federal Public Debt (FPD) outstanding limits defined in the 2015 Annual Borrowing Plan (ABP). The upper and lower limits were set between R\$ 2.45 and 2.60 trillion, were revised to R\$ 2.65 and 2.80 trillion, respectively, according to the table below. The other limits for the Annual Borrowing Plan were not changed.

**Table 1 – 2015 Annual Borrowing Plan limits**

Indicators	2014	Limits for 2015	
		Min	Max
<b>Outstanding (R\$ bn)</b>			
FPD	2,295.9	2,650.0	2,800.0
<b>Profile (%)</b>			
Fixed Rate	41.6	40.0	44.0
Inflation Linked	34.9	33.0	37.0
Floating Rate	18.7	17.0	22.0
FX-linked	4.8	4.0	6.0
<b>Maturity Profile</b>			
% maturing in 12 months	24.0	21.0	25.0
Av.Maturity (years)	4.4	4.4	4.6
Av.Life (years)	6.6	–	–

\* The National Treasury publishes "Average Life" stats exclusively for international comparison purposes. The ABP references only to "Average Maturity", which is a more suitable indicator to assess refinancing risk.  
Source: National Treasury

The Treasury has issued debt at volumes superior to its financing needs, also contributing to reduce the excess of liquidity observed in the financial system, represented by the outstanding repo operations, according to the strategy already defined in the 2015 ABP. The sizable demand observed in Treasury's auctions throughout the year has helped the federal government to roll over more than 100%

of its annual maturities, requiring an adjustment in the strategy regarding the outstanding debt limits. It's important to highlight that this review does not affect the Net Public Sector Debt, nor the General Government Gross Debt<sup>1</sup>.

As a consequence of this adjustment, the liquidity cushion dedicated to fulfill Treasury's obligations has been reinforced. Hence, the Treasury has more comfort to operate under volatile scenarios, with more degrees of freedom to adjust its placements according to market conditions, reducing its refinancing risks.

Finally, it's important to recall that the Federal Public Debt management will continue to operate under its guidelines. In that sense, the long term strategy will search to increase both fixed rate and inflation-linked shares of the debt, while reducing the floating rate share, observing the given market conditions. Besides that, the debt management aim to lengthen the maturity profile and reduce the percentage maturing in 12 months.

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<sup>1</sup> Treasury's net issuances (difference between the issuances and redemptions) are compensated by a reduction in the outstanding repo operations held at Central Bank (BCB). That is, these operations constitute a switch between the liabilities with the society for each institutions: Treasury and BCB. Therefore, the outstanding debt sizes are not affected.