The IR Office was officially created at 1999, but the main attributions as currently defined were set at 2001, in the context of the new public debt management model;

- Maintain and improve relationship with investors and opinion makers’- Investors community in general;
- Broaden the investor base;
- Provide uniformity and publicity on the information about debt management;
- Management of Tesouro Direto Program.
Debt Management

Improving Public Debt Structure – Composition and Maturity Profile

Source: National Treasury.
Note: Federal Public Debt, which includes both domestic and external liabilities.
Domestic Federal Public Debt (DFPD) - Holders

Holders (Apr -16)

- Financial Institutions: 21.9%
- Mutual Funds: 20.9%
- Pension Funds: 24.1%
- Non-residents: 17.4%
- Government: 5.9%
- Insurance: 4.7%
- Others: 5.1%

Source: National Treasury (Apr/2016)

Note: “Pension Funds” includes both open and closed pension funds. “Government” comprises funds that are managed by the public sector, including those whose assets are not public.

» The share of Non Residents in Domestic Federal Public Debt has been kept stable.

» This is the result of a strategy adopted by the National Treasury aimed at diversifying the investor base.

Share of Non-Residents

17.39%
1%
6%
11%
16%
21%
26%
Mar-08
Jul-08
Nov-08
Mar-09
Jul-09
Nov-09
Mar-10
Jul-10
Nov-10
Mar-11
Jul-11
Nov-11
Mar-12
Jul-12
Nov-12
Mar-13
Jul-13
Nov-13
Mar-14
Jul-14
Nov-14
Mar-15
Jul-15
Nov-15
Mar-16

Source: National Treasury (Apr/2016)
Domestic Federal Public Debt (DFPD) - Holders

» As regards the debt by type, 40% of bank holdings are fixed rate bonds, while 56% of Mutual Fund’s portfolio is in floating rate bonds. Inflation-linked bonds are 56% of Pension Fund holdings.

» Regarding maturities, Pension Fund portfolio’s have longest duration.
» The National Treasury Directive number 29, dated 01/21/2016, defines the Federal Public Debt (FPD) Management objective, sets the reports to be published regularly and establishes the Federal Public Debt Management Committee (COGED).

The directive also provides coordination between debt management and fiscal management, setting the interaction between the COGED and Fiscal Policy Committee - COPOF, newly introduced.
### National Treasury Directive – Reports Description

<table>
<thead>
<tr>
<th>Report Type</th>
<th>Frequency</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ABP - Annual Borrowing Plan</strong></td>
<td>Until January 31 of the reference year</td>
<td>It presents the objectives and guidelines, the market strategy for internal and external Federal Public Debt (FPD) and reference limits for the main debt indicators at the end of the year.</td>
</tr>
<tr>
<td><strong>ADR - Annual Debt Report</strong></td>
<td>Until January 31 of the year following the reference</td>
<td>It presents accountability of the FPD evolution over the year based on the reference limits set out in the Annual Borrowing Plan.</td>
</tr>
<tr>
<td><strong>MDR - Monthly Debt Report</strong></td>
<td>Until the last business day of the month following the reference</td>
<td>It presents the monthly monitoring of the FPD and its indicators.</td>
</tr>
<tr>
<td><strong>Annual Securities Auction Schedule</strong></td>
<td>Until December 31 of the previous year following the reported</td>
<td>It presents at least auction dates, types of auctions to be held on each date, the securities to be offered in each auction and the maturity dates of these securities.</td>
</tr>
</tbody>
</table>

*Other types of reports may be created if it’s on the community behalf*
National Treasury Directive – IRO Activities

- **Short-term courses for Journalists**
  - Attempt to provide homogeneity in their understandings on basic concepts
  - Proactive behavior, flexibility

- **Foreign Investors Handout**

- **Public Bonds Pricing Methodology**
  - IRO identified this demand and trade desk elaborated it

- **Operations in the international market**
  - Detailed reports on every operation after clearance - Disclosure

- **Presentations**

- **Website management**
  - “Tesouro Transparente”

- **Tesouro Direto -Retail Sales Program**
  - Monthly Reports and press releases
International Institute of Finance

Assessment of 30 key borrowing countries in Investor Relations and Data Transparency Practices.

Measures:

- Staff reachable through website
- Reciprocal links between government agencies
- Investors able to register for website subscription
- Investor conference call
- Regular self-assessment of investor relations activities.
Lessons Learned

- *Transparency is an important value for itself*
  - *Key element for DMOs which finance debt through market instruments*
  - *But also important for contractual debt*
- *Organizational structure may vary - customized to the local environment*
- *In Brazil*
  - Active behavior towards the main stakeholders
    - Market participants - regular meetings with the investors’ community - *discuss topics related to the economic agenda*
    - Credit rating agencies
    - Press
  - Not necessarily bounded to debt management
    - Basically any topic related to debt management may be addressed
      - State-owned companies, Local Gov’t, Fiscal policy
- During Crisis: It’s vital to coordinate with front-office what are the main topics to be tackled and react
- Important to channel all the information created in the DMO throughout the market
  - Reduce informational asymmetries
For additional information access the National Treasury website:

www.tesouro.fazenda.gov.br

Or contact Institutional Relations area:

brazildebt@fazenda.gov.br