STRATEGY FOR GLOBAL ASSET AND LIABILITY MANAGEMENT 2026 - 2029

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Message from the Minister of Economy and Finance

Peru is undergoing a critical phase to restore economic dynamism and boost confidence in its institutions. Progress in macroeconomic stability and fiscal discipline proves sustainable effort by technical teams in the economy and finance sector, who provide professionalism to public management. Preserving these achievements is essential to ensure an inclusive and sustainable growth towards the well-being of the population in Peru.

Our management is within a transitional government framework, and it has been tasked with ensuring institutional continuity, maintaining macroeconomic stability, and boosting confidence among citizens and investors. Even if there are time constraints, the task is crucial. Every decision-making is important to consolidate management recognized for transparency, efficiency and technical criteria in the service of the country.

The Ministry of Economy and Finance (MEF) is part of a coordinated sector with attached bodies and specialized teams that share a common fiscal sustainability vision. A coordinated work among entities is key to reaching solid results and meeting population needs efficiently.

Every action the Ministry takes has an effect on people's lives. Public management must be developed with responsibility, quickness, and clearness, being fully aware that decisions impact the development of the country. Efficient State actions are also a demonstration of respect for citizens and public funds.

This administration reaffirms the values that shape the institutional identity of the Ministry: transparency fosters an open and coherent approach, grounded in accountability; commitment ensures the greatest effort in the fulfillment of our duties; probity constitutes the foundation of trust and the most valuable hallmark of public service, guaranteeing the proper use of public resources; responsibility is reflected in the manner in which leadership is exercised and in the consistency of every technical decision; and, finally, respect completes this framework of principles, reminding us that economic management is only meaningful when it serves the common well-being.

The Government remains committed to recovering investment and strengthening growth within the framework of fiscal responsibility and public finance sustainability. In this regard, the 2026-2027 Strategy for Global Asset and Liability Management is a technical instrument prepared by the Treasury that guides the Government and consolidates a comprehensive vision of public asset and liabilities; it promotes coordinated debt and liquidity policies and strengthens risk management and financial planning.

The macroeconomic stability, the fiscal discipline, and the institutional integrity are public goods that must be firmly preserved. Instruments such as this Strategy reinforce this commitment, fostering responsible management of public funds. The Ministry of Economy and Finance will continue working with strict technical criteria and integrity to support the development the country deserves.

DENISSE MIRALLES MIRALLES
Minister of Economy and Finance

TABLE OF CONTENTS

LIST OF TABLES

LIST OF CHARTS

EXECUTIVE SUMMARY

In 2026, the world economic scenario will enter into a transitional stage towards lower interest rates and a more stable financial environment, following a restrained cycle that characterized the postpandemic. According to the International Monetary Fund (IMF), global growth will go from 3.3% in 2024 to 3.2% in 2025 and to 3.1% in 2026, and inflation will decrease until 4.2% and 3.7%, respectively. In Latin America, growth will remain around 2.4% in 2025 and around 2.3% in 2026 amidst gradual deflation and limited fiscal margins; international trade will be impacted by tariff tensions and uneven recovery.

The new tariff policies adopted by the United States in 2025, which are aimed at protecting strategic sectors, have adjusted trade flows and value chains, increasing uncertainty in emerging economies which are facing exigent financial conditions amidst persistent volatility risks in international markets, which urges more flexible and proactive public management.

Concerning Peru, the IMF projects economic growth of 2.9% for 2025 and 2.7% for 2026, while the 2026-2029 Multiannual Macroeconomic Framework (MMF) estimates an increase of 3.5% for 2025, supported by the recovery of the domestic demand and greater private and public investment. Inflation would be around 1.7% and 1.9% within the target range of the Central Bank of Reserve of Peru (BCRP, in Spanish). From a fiscal viewpoint, the Non-Financial Public Sector (NFPS) deficit will remain around 2.2% of GDP in 2025 and 1.8% in 2026; public debt will be stable with 32.1% of GDP and a sol-denominated composition of 52.8%. Such a combination maintains a solid macroeconomic position, supported by a prudent debt policy and a sustainable public debt structure, which helps maintain favorable access to markets and preserve financial stability.

The 2026-2029 Strategy for Global Asset and Liability Management (EGIAP, in Spanish) has been developed amidst a global re-alignment with the aim of strengthening the capability of the Treasury to comprehensively manage the NFPS financial risks. It seeks to anticipate and mitigate refinancing risk, to optimize debt structure and improve the financial asset and liability management to maintain the alignment between fiscal policy decisions and indebtedness.

The Strategy consolidates the advances made in recent years, and it includes a more prospective analytical approach. Among its advances are the setting of long-term quantitative objectives that define parameters that measure debt composition, foreign exchange exposure, average duration, and liquidity level of the NFPS portfolio. These objectives assess scenarios for the application of the Liquidity Management Scheme that helps analyze optimal combinations between domestic and foreign debt and the use of public funds of the Treasury Single Account (TSA), strengthening the efficiency of annual financial programming.

The EGIAP maintains its structure based on three strategic and interrelated pillars: the first pillar, the sustainable public debt managed based on cost and risk criteria, seeks to preserve debt stability and ensure a predictable maturity profile; the second pillar, the consolidation of the domestic sol-denominated debt market, promotes depth of domestic market and a greater participation of institutional investors; the third pillar, the global financial asset and liability management of the NFPS, strengths coordination between financing and public fund management, allowing a more organized view of the Government financial position. These pillars are consistent with the 2026-2029 MMF, and they reinforce the connection between debt strategy and public finance sustainability.

In addition to introducing the current macrofinance context, this document presents the situation of the NFPS assets and liabilities, and it describes the reference framework for the 2026-2029 period. Furthermore, this document sets out the operation guidelines that will guide the Treasury's debt decisions, financial asset management, and liquidity management, strengthening the institution's capacity to tackle changing scenarios. Such guidelines are as follows:

a. Promoting competitiveness, participation and diversification of the public debt domestic market.
b. Promoting the efficient use of public funds that are in line with the Cash Unity Principle and the use of liquidity management tools.
c. Ensuring that liquidity needs are to be met for a suitable implementation of the public budget; to capitalize public fund surpluses and to reduce liquidity costs.
d. Managing public funds by anticipating financial needs that result from adverse events.
e. Strengthening the global financial asset and liability management.

Overall, the 2026-2029 EGIAP consolidates a technical framework for the government's financial decision-making, strengthening planning, risk management, and efficiency in the use of public funds. Its implementation is in line with the objectives of preserving macroeconomic stability, strengthening fiscal resilience, and maintaining investors’ confidence in the Peruvian debt market in a global environment of challenges and opportunities for emerging economies.

INTRODUCTION

At the end of 2025, the international economic and financial environment reflects a period of adjustment toward more balanced monetary conditions, in which the moderation of global inflation coincides with the context of slower growth and trade tensions that stem from new tariff policies in advanced economies. The measures adopted by the United States, which are aimed at protecting strategic sectors through differentiated tariff increases, have impacted on trade flows and international prices, generating greater uncertainty for emerging economies.

In Latin America, the LA5 economies (Brazil, Chile, Colombia, Mexico, and Peru) are experiencing a gradual recovery, with more favorable financial conditions, but they are still subject to external risks. Fiscal frameworks remain demanding, and the capacity of domestic markets to absorb new debt issuance is a key factor for financial stability. In this context, Peru maintains a prudent macro-fiscal position and one of the strongest public debt structures in the region.

Locally, the convergence of inflation to the BCRP's target range and the reduction in the benchmark interest rate reflect a process of normalization of financial conditions, with the local currency debt market operating in a more stable environment. Nevertheless, the gap between the SPNF financing needs and the domestic market absorption capacity, together with exposure to changes in external financial conditions, reinforce the importance of maintaining a global asset and liability management strategy within a coherent and mid-term approach.

In this regard, the 2026-2029 EGIAP represents a comprehensive technical tool for the NFPS financial management. The Strategy combines debt risks and financial asset assessment with guidelines for financing programming and the use of available funds in accordance with the 2026-2029 MMF principles.

Among the most remarkable features of this issue is the setting of long-term quantitative objectives as a reference for planning and monitoring of the NFPS financial position. Such objectives evaluate the consistency of the Strategy in terms of debt composition, FX exposure, and liquidity level. Furthermore, there are scenarios for the implementation of this liquidity management scheme that are aimed at assessing combinations between the use of the public funds from the TSA and the internal and external debt issuances to optimize financial programming and to reduce the exposure to volatility episodes.

The 2026-2029 EGIAP structure maintains three pillars: the sustainable management of the public debt based on cost and risk; the consolidation of the domestic debt market in soles and the global financial asset and liability management of the NFPS. Each of these components contributes to efficient and predictable public fund management in line with macroeconomic stability and public finance sustainability.

This document is divided into four sections: the first section presents the global and domestic context and the main fiscal indicators; the second section defines the scope of application and the methodological aspects; the third section analyses the position and the NFPS financial asset and liability risks including long-term quantitative objectives and the scenarios for the application of the liquidity management scheme. Thus, the Strategy reaffirms the commitment to solid and transparent financial management that encourages the efficient use of public funds and the preservation of a sound financial position in a mid-term basis.

ACCRONYMS AND ABBREVIATIONS

AFP. Administradora de Fondos de Pensiones	AFP. Pension Fund Administrator in Peru
AFSP. Administración Financiera del Sector Público	AFSP. Public Financial Management of the Public Sector
BCRP. Banco Central de Reserva del Perú	BCRP. Central Reserve Bank of Peru
BN. Banco de la Nación	BN. Bank of the Nation
CDS. *Credit Default Swaps*	CDS. Credit Default Swaps
CUT. Cuenta Única del Tesoro Público	TSA. Treasury Single Account
D.L. Decreto Legislativo	L.D. Legislative Decree
DGTP. Dirección General del Tesoro Público	DGTP. General Directorate of Public Treasury (Ministry of Economy and Finance)
EE. UU. Estados Unidos	US. United States
EGIAP. Estrategia de Gestión Integral de Activos y Pasivos	EGIAP. Strategy for the Global Asset and Liability Management
EMBIG. *J.P. Morgan Emerging Market Bond Index Global*	EMBIG. J.P. Morgan Emerging Market Bond Index Global
ESG. *Environmental, Social and Governance*	ESG. Environmental, Social and Governance
ETF. *Exchange-Traded Fund*	ETF. Exchange-Traded Fund
FCR. Fondo Consolidado de Reservas	FCR. Consolidated Pension Reserve Fund in Peru
Fed. Reserva Federal de Estados Unidos	Fed. US Federal Reserve
FEF. Fondo de Estabilización Fiscal	FEF. Fiscal Stabilization Fund
FMI. Fondo Monetario Internacional	IMF. International Monetary Fund
GC. Gobierno Central	CG. Central Government
GDRM. *Government Debt and Risk Management*	GDRM. *Government Debt and Risk Management*
GG. Gobierno General	GG. General Government
LTP. Letras del Tesoro Público	T-Bills. Treasury Bills
MEF. Ministerio de Economía y Finanzas	MEF. Ministry of Economy and Finance
MIF. Módulo de Instrumentos Financieros	MIF. Module of Financial Instruments
MMM. Marco Macroeconómico Multianual	MMF. Multiannual Macroeconomic Framework
OAD. Operación de Administración de Deuda	LMO. Liability Management Operation
OCDE. Organización para la Cooperación y el Desarrollo Económico	OECD. Organization for Economic Co-operation and Development
ONP. Oficina de Normalización Previsional	ONP. Pension Normalization Office
p.p. Puntos porcentuales	p.p. percentage point
PBI. Producto Bruto Interno	GDP. Gross Domestic Product.
pbs. Puntos básicos	bps. basis points
RO. Recursos Ordinarios	RO. Ordinary Resources
ROOC. Recursos por Operaciones Oficiales de Crédito	ROOC. Resources from Official Credit Operations
RSL. Reserva Secundaria de Liquidez	RSL. Secondary Liquidity Reserve
SNEP. Sistema Nacional de Endeudamiento Público	SNEP. National System of Public Indebtedness
SNT. Sistema Nacional de Tesorería	SNT. National System of Treasury
SPNF. Sector Público No Financiero	NFPS. Non-Financial Public Sector
VaR. *Value at Risk*. Valor en riesgo	VaR. Value at Risk
VM. Vida media de la deuda	ATM. Average Term to Maturity

I. GENERAL FRAMEWORK OF THE 2026-2029 STRATEGY FOR GLOBAL ASSET AND LIABILITY MANAGEMENT

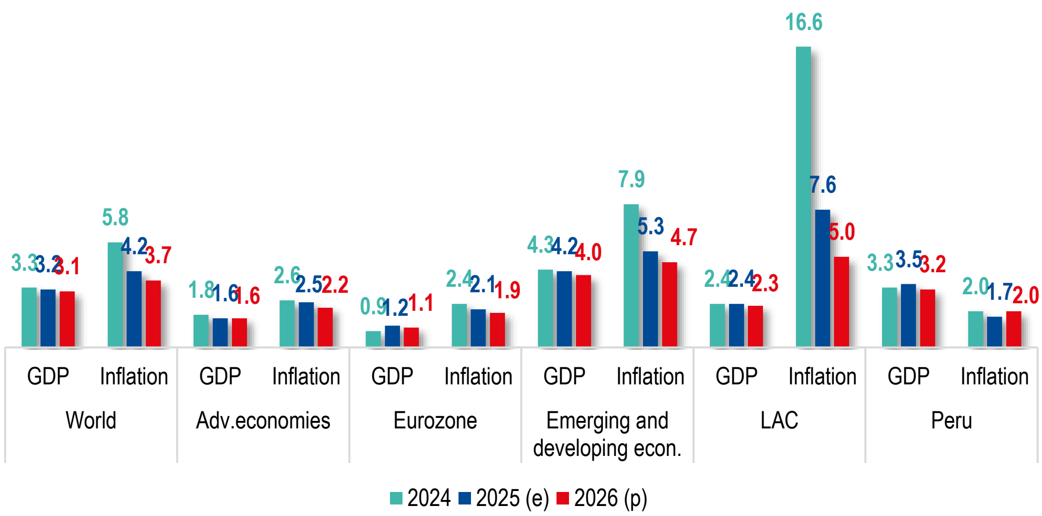
1.1 Local and International Financial Context

In 2025, there has been a consolidation of moderate global growth; deflation is ongoing, and real interest rates are still positive. The monetary policy has become more balanced: central banks in developed countries have gradually started to cut their benchmark rates amidst a process of financial normalization, while the reshaping of supply chains and a stricter tariff policy are redefining trade flows and relative prices.

The IMF’s projections indicate a slight slowdown in global growth from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026; with a persistent gap between advanced economies of around 1.6% and emerging economies, growing 4.2% on average. The US would converge towards 2.0%; the Eurozone would remain weak by 1.2%; China would grow by 4.8% approximately and Japan, 1.1% due to demanding financial conditions. Inflation will continue decreasing to 4.2% in 2025 and to 3.7% in 2026 with growth differences among regions as well.

The risk of bias remains for less favorable scenarios due to further protectionist measures, lower immigration participation in labor offer, fiscal vulnerabilities, and occasional episodes of financial volatility.

Chart 1. GDP and Inflation Perspectives for the 2024-2026 Period
Annual real % change



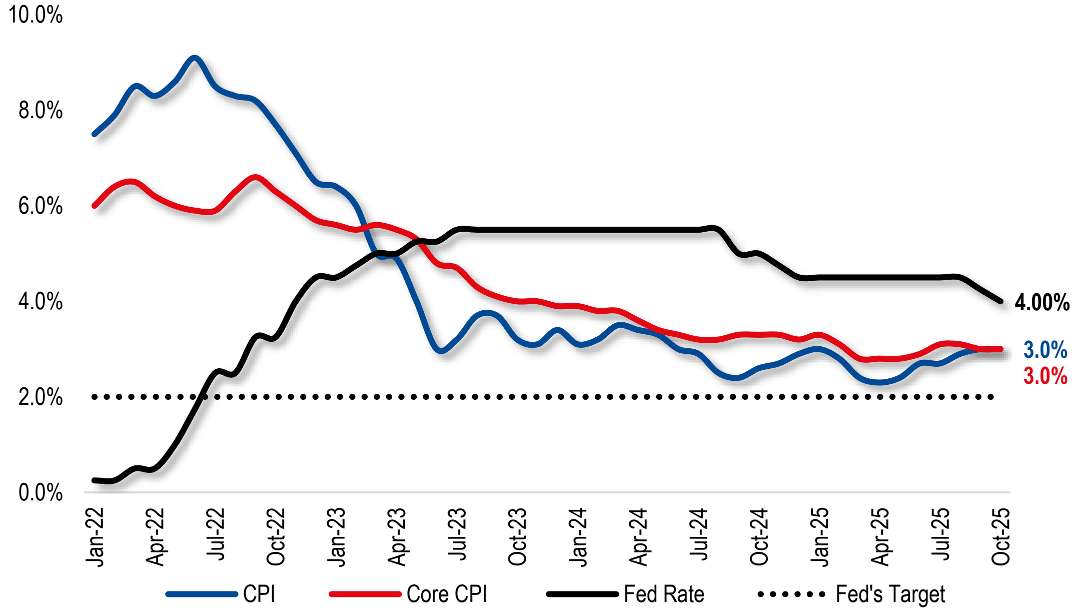
Source: MEF, BCRP and IMF.
e/ estimated.
p/ projected

The US inflation grew slowly at first, and then it rebounded so that it could remain above 2% of Fed’s target. Prices were boosted by a combination of internal and external factors. The PCE inflation, which is the Federal Reserve's preferred measure of inflation, remained around 2.9% year-over-year until September, which proves a slower-than-expected deflation process and supports a prudent monetary policy stance.

In its September meeting, the Fed made its first rate cut of the year by 25 bps, followed by another quarter of p.p. in its October meeting; thus, the rate of the federal funds ranged from 3.75%

to 4.00%. The Fed reaffirmed that next movements would depend on further evidence of inflation slowdown and the real sector performance.

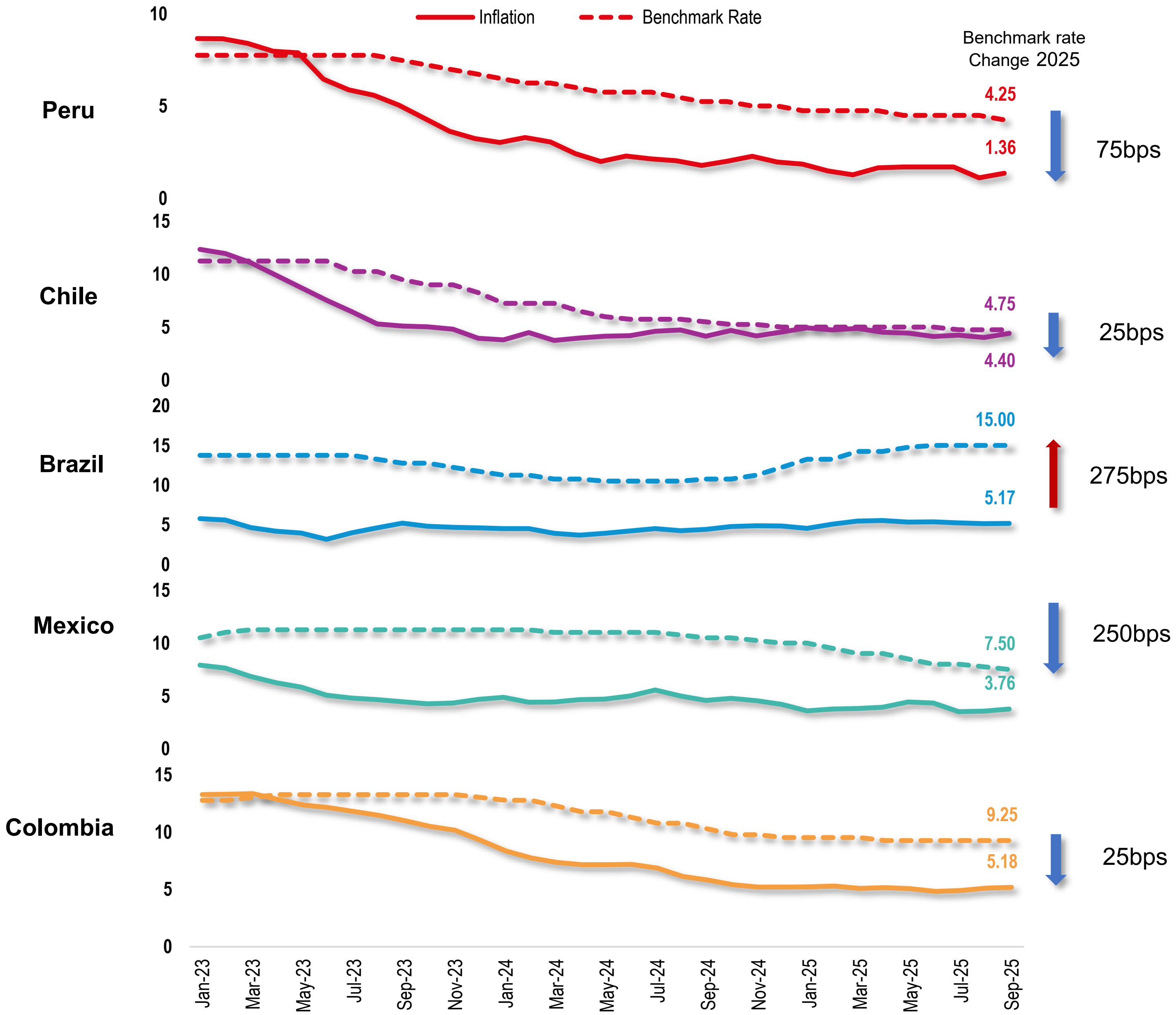
Chart 2. Headline inflation vs. Core inflation in US
Annual % change



Source: Bureau of Economic Analysis, U.S. Bureau of Labor Statistics.
Prepared by the authors.

Monetary policy in Latam continues its prudent normalization path dependent on data. In Peru, the BCRP cut its benchmark rate by 75 bps to 4.25% in 2025; in Chile, the central bank cut its benchmark rate once and maintains its monetary policy rate in 4.75%, waiting for greater inflation convergence; Mexico reduced its benchmark rate from 10.00% to 7.5% based on lower inflation and a stable foreign exchange rate; Colombia cut its benchmark rate by 25 bps and maintained the Repo rate at 9.25%, while maintaining its cautionary approach on the fiscal front. In Brazil, the central bank rose the Selic rate to 15.00%, reinforcing cautiousness regarding persistent expectations and fiscal risks.

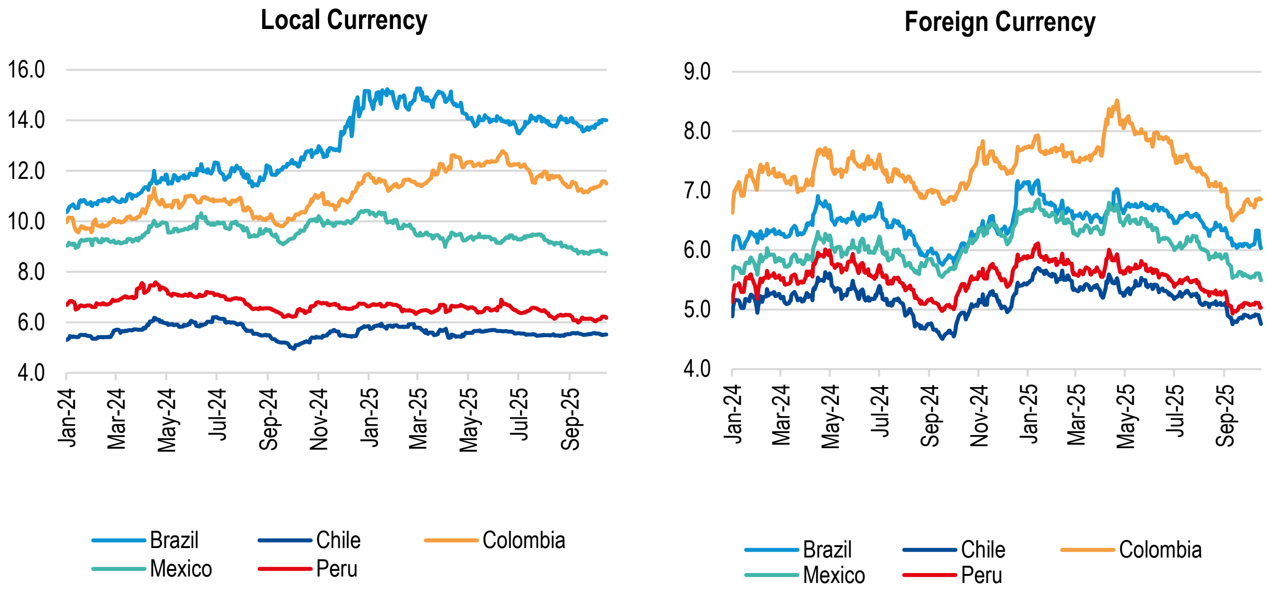
***Chart 3. Inflation and Monetary Policy in LA5 Countries*[1]**
Annual % change and annual % rate



Source: BCRP and central banks at reference countries.
Prepared by the authors.
[1] Brazil, Chile, Colombia, Mexico and Peru.

The onset of the US monetary flexibilization, the regional deflation and better external opportunity windows fostered the value of the public debt market in LA5 countries. Throughout the year, there has been lower risk-aversion, spread compression, and longer financing costs in domestic currency and in dollars. Local currency sovereign curves have concentrated on the biggest improvement in the mid-tranches (5-15 years). A similar trend was observed for foreign currency; there was a larger decline in the mid-tranche with more stability at the long end of the curve.

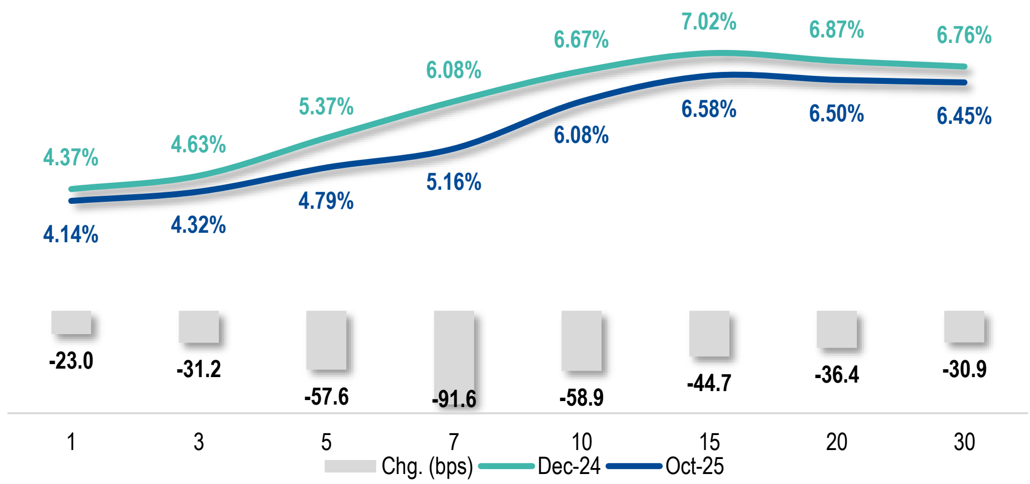
Chart 4. Yield of 10-year Benchmark Bonds of LA5 Countries
In %



Source: Bloomberg Finance, L.P.
Prepared by the authors.

At the close of October 2025, sovereign curve yields in soles decreased, on average, 47 bps. This performance is the result of a favorable public debt local environment that is marked by the prudent implementation of the bond sales program in soles and by LMOs that are aimed at strengthening the maturity profile of debt. Such actions helped moderate the term premium on the mid-tranche of the curve and maintain institutional investors' interest in 7-12 year-term sovereign bonds, a segment that concentrated the highest market liquidity.

Chart 5. Peru: Sovereign Bond Yield Curve in Soles
In % and bps chg.



Source: Datatec.
Prepared by the authors.

1.2 Fiscal Indicators of Peru and Reference Countries

Over 2025, public finances in LA5 countries showed an uneven fiscal consolidation process. According to the IMF, the average fiscal deficit in these countries stands at around 4.8% of GDP, with progress seen in Chile, Mexico and Peru, while Brazil and Colombia are still struggling with higher deficits. Between 2024 and 2025, public debt in LA5 remains stable, with an average near 57% of GDP; nevertheless, composition by country is still heterogeneous: Brazil stands at 91.4% of GDP, Colombia and Mexico stand at around 58.9%, Chile stands at 42.7% and Peru remains the country with the lower debt level with 32.1% of GDP.

Under these circumstances, Peru maintains a relatively solid fiscal position in comparison to reference countries in the region with similar ratings and OECD countries. Public debt in Peru will remain stable at 32.1% of GDP in 2025 which is well below the LA5 average (57,0%), the OECD average (70.9%) and BBB countries (61.0%). Interest burden attains 8.6% of revenues, lower than the BBB average (10.6%). Furthermore, debt share in domestic currency rose to 52.8% in 2025, which helps gradually reduce FX exposure of the public portfolio, although it remains below the levels in other LA5 and OECD countries.

Table 1. Fiscal Indicators for 2025: Peru and Reference Countries
In millions of S/ and %

Indicator (%)	Peru[1]	LATAM				Avrg. OECD [2]	Avrg. BBB [3]
		Brazil	Chile	Colombía	Mexico		
Public debt (% GDP)	32.1	91.4	42.7	58.9	58.9	70.9	61.0
Local public debt (% GDP)	17.7	72.0	27.2	34.2	38.7	45.0	32.7
Debt in LCY (% gross debt)	52.8	94.7	62.4	67.2	85.4	92.1	61.4
Public debt (% revenues)	166.0	231.0	172.9	213.7	243.1	184.7	225.9
Interests (% revenues)	8.6	20.0	5.6	15.6	17.6	5.7	10.6
Revenues (% GDP)	19.4	39.6	24.7	27.5	24.2	40.3	28.2
Economic result (% GDP)	-2.2	-8.4	-2.1	-6.9	-4.3	-2.5	-3.4

Source: MEF, IMF, Fitch Ratings, OECD.
Prepared by the authors.

Looking forward to 2026, the situation of public finances in LA5 countries shows limited margins, but the main variables show some stabilization. Both the IMF and the OECD foresee moderate growth, fiscal restraints, and more positive financial conditions, which would lead to a gradual decrease of fiscal deficits towards levels that are near 4.0% of GDP, on average.

In this context, Peru would continue to show a differentiated position: the 2026-2029 MMF forecasts a decrease in the deficit to 1.8% of GDP and a stable debt of 32.1% of GDP for 2026;[4]

1 NFPS fiscal figures coming from the 2026-2029 MMF.

2 The OECD has 38 country members: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Island, Irland, Israel, Italy, Japan, South Korea, Letonia, Lithuania, Luxemburg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States. Statistics corresponds to the General Government.

3 This average covers 26 sovereign bonds. As of October 2025, they have been awarded at least a long-term sovereign rating in foreign currency of BBB-, BBB o BBB+ by Fitch Ratings or S&P Global Ratings or Baa3, Baa2 or Baa1 by Moody's Investor Service, and they show fiscal series similar to the IMF and/or Fitch statistics. Azerbaijan, Andorra, Aruba, Botswana, Bulgaria, Colombia, Curacao, Greece, Hungary, India, Indonesia, Italy, Kazakhstan, Malasia, Republic of Mauritius, Mexico, Oman, Panama, Paraguay, Peru, The Philippines, Romania, The Republic of San Marino, Serbia, Thailand, Trinidad and Tobago and Uruguay are all included. Statistics corresponds to the General Government.

4 These indicators correspond to the Non-Financial Public Sector.

this reflects a prudent fiscal policy and a financial strategy with higher shares of local currency debt; thus, the Government fiscal strategy maintains and reaffirms the fiscal policy guidelines having been leading public finance aimed at preserving sustainability and supporting macroeconomic stability

II. SCOPE OF APPLICATION AND METHODOLOGY

The 2026-2029 EGIAP sets out the objectives, guidelines and strategic actions that guide entities and NFPS institutional units in terms of financial management within the framework of their corresponding constitutional and legal mandates.

It is worth noting that the statistical information on the financial asset and liability position on this document may differ from the information published in the 2026-2029 MMF and from the BCRP's data, mainly due to methodological factors:

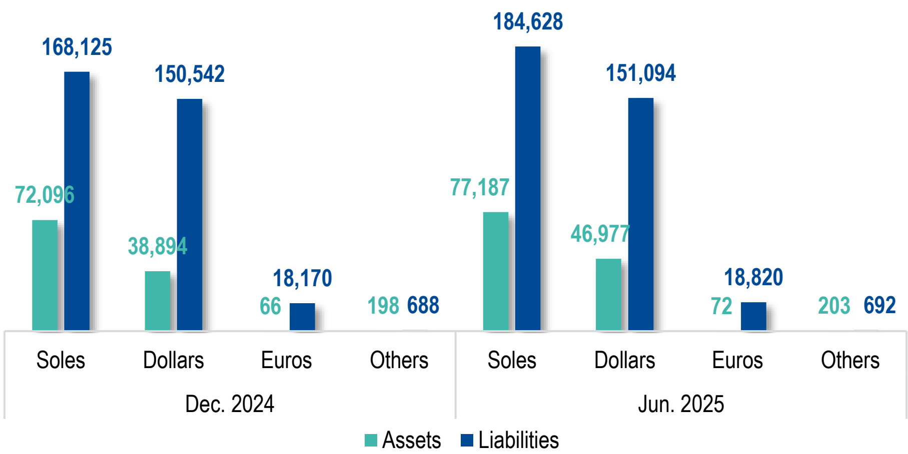
i) Valuation methodology for ONP bonds.
ii) Information on financial liabilities excludes short-term debt.
iii) The exchange rate corresponds to the closing of the period.
iv) Information of the financial asset position comes from the MIF, and it was registered by the NFPS entities as of 06.30.2025.

It must be considered that projections on this document include assumptions that may differ from the ones on the 2026-2029 MMF due to market prices, effects of LMOs that have been scheduled for the period of analysis, among others.

III. NFPS FINANCIAL ASSET AND LIABILITIES RISKS[5]

Information on the NFPS financial assets and liabilities is presented as of June 2025, compared to December 2024 as follows:

Chart 6. NFPS Financial Assets and Liabilities by Currency
In millions of S/



Source: DGTP – MEF.

[5] Analysis based on data as of June 2025.

3.1 Financial Assets and Related Risks

Position of financial assets

Financial assets for S/ 124.44 billion were registered at the close of the first half of 2025, which represented an increase of 11.9% compared to the end of 2024. This variation was mainly explained by an economic reactivation that showed favorable levels of revenue increase and the transfer of net profits by public entities to the Treasury. This increase in financial assets allowed the use of public funds for S/ 6.78 billion in the first half of the year under the liquidity management scheme for temporary financial coverage to meet the country's obligations.

The Treasury concentrates 60.0% of the NFPS financial assets, and this reflects the process of centralization of public funds into the TSA that allows greater treasury efficiency through the implementation of revenues, liquidity and payment management within the SNT[6]. Concerning the FCR, it maintains 18.9% of the NFPS financial assets.

Table 2. Situation of the NFPS Financial Assets by Level of Government
In millions of S/ and in %

Level of Government	2021	2022	2023	2024	Jun.-25	Part. %
General Government	122,305	121,508	108,101	100,351	112,494	90.4%
National Government	120,393	119,457	103,964	97,161	109,258	87.8%
In the Treasury	85,626	84,492	68,568	64,233	74,708	60.0%
FCR	19,096	21,023	22,143	23,307	23,489	18.9%
Others	15,671	13,941	13,253	9,622	11,061	8.9%
Regional Government	669	940	1,208	476	451	0.4%
Local Governments	1,243	1,111	2,929	2,714	2,785	2.2%
Non-financial companies and others	6,635	9,199	9,673	10,902	11,947	9.6%
TOTAL NFPS	**128,940**	**130,707**	**117,775**	**111,253**	**124,441**	**100%**

Source: MEF.
Prepared by the authors.
Financial balance at nominal value as reported in the MIF.

Concerning types of financial assets, there is a higher concentration of highly liquid assets in demand and term positions attaining 76.1% of the total of the NFPS. The Treasury's bonds for 6.3% stand out, while 4.3% and 3.2% are investment and mutual funds, respectively. These positions are concentrated in counterparts and financial securities with solid financial support.

Table 3. NFPS Financial Assets by Type of Instrument
In millions of S/ and in %

	2021	2022	2023	2024	Jun.-25	%
Cash and equivalents	**103,086**	**102,475**	**88,388**	**79,801**	**94,719**	**76.1%**
Demand position	26,431	26,501	27,312	24,943	21,392	17.2%
Term position	76,655	75,974	61,076	54,858	73,327	58.9%
Fixed income	**8,972**	**10,965**	**11,670**	**12,237**	**12,655**	**10.2%**
Treasury's bond	5,086	7,265	7,693	7,702	7,896	6.3%
Corporate bonds	3,150	2,794	2,803	2,797	2,710	2.2%
Others	737	905	1,174	1,738	2,048	1.6%
Variable income	**11,757**	**12,347**	**12,503**	**13,584**	**12,674**	**10.2%**

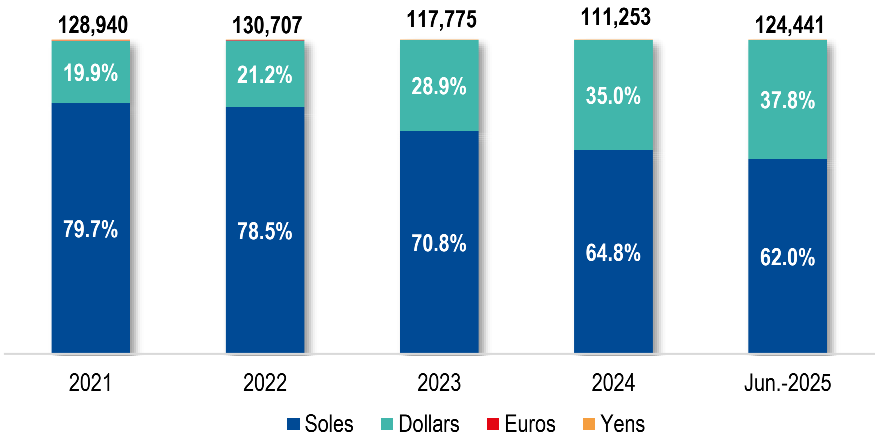
[6] Approved by Legislative Decree N° 1441, *Legislative Decree of the National System of Treasury*.

Investment funds	6,326	6,046	6,265	6,489	5,382	4.3%
Mutual funds	3,973	3,013	2,992	3,392	4,024	3.2%
Others	1,458	3,288	3,247	3,703	3,268	2.6%
Accounts receivable	**5,078**	**4,908**	**5,205**	**5,626**	**4,389**	**3.5%**
Others	**47**	**12**	**8**	**6**	**4**	**0.0%**
TOTAL	**128,940**	**130,707**	**117,775**	**111,253**	**124,441**	**100%**

Source: MEF.
Prepared by the authors.
Financial balance at nominal value according to the MIF's report.

Financial assets in domestic currency concentrate 62.0%, attaining S/ 77.19 billion, while 37.8% are in dollars, which is equivalent to S/ 46.98 billion. The balance of the FEF grew to US$ 3.21 billion, which is equivalent to S/ 11.36 billion as of the first half of 2025.

Chart 7. NFPS Financial Assets by Currency
In millions of S/ and in %

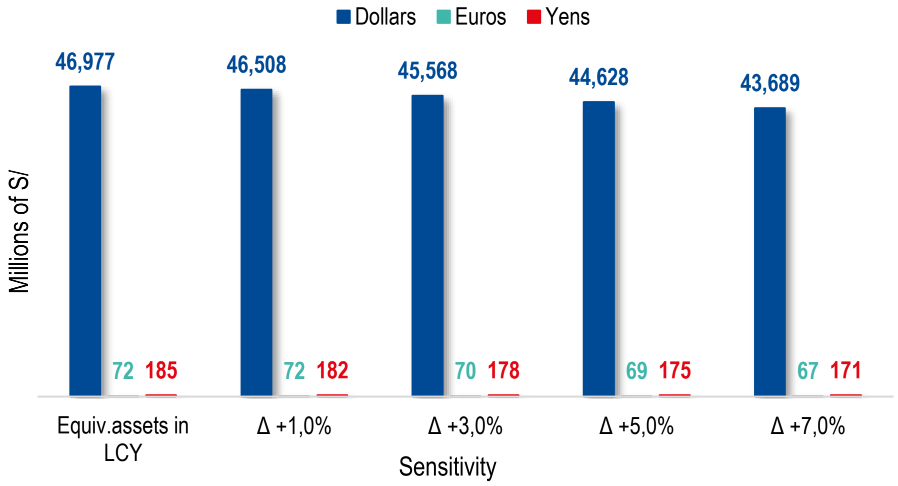


Source: DGTP – MEF.

<u>Foreign exchange risk</u>

Since the US dollars represent 37.8% of the NFPS financial assets, there is significant exposure to exchange rate fluctuations. Because of a theoretical appreciation by 7% of the local currency, financial assets in foreign currency would decrease from S/ 47.25 billion to S/ 43.93 billion, which means a reduction of S/ -3.33 billion.

Chart 8.Sensitivity Analysis of the Financial Assets due to Exchange Rate Movement
In millions of S/



Prepared by the authors.

Due to market conditions, it is estimated that the maximum loss of the NFPS financial asset in foreign currency ranges from S/ 4.86 billion to S/ 8.81 billion, with 95% and 99% confidence, respectively, and this would represent between 3.9% and 7.1% of the total of the financial assets through the VaR, under the historical method.

Liquidity risk

As the governing entity of the SNT, the DGTP aims to ensure that the public funds are available to meet its obligations on time by using available liquidity management tools. The liquidity risks come from the likelihood that entities do not have enough liquid assets to meet their obligations in due time, or they may incur further costs or excessive costs to meet them.

Table 4. NFPS Financial Assets by Settlement Capacity
In millions of S/ and in % of the total

	2021	2022	2023	2024	Jun.-25	%
Liquid assets	**26,431**	**26,501**	**27,312**	**24,943**	**21,392**	**17.2%**
Term liquid assets	**81,844**	**81,001**	**66,511**	**60,773**	**77,893**	**62.6%**
Term deposits	74,058	73,878	58,476	51,763	69,206	55.6%
Resource transfers	4,827	4,606	4,565	5,262	4,040	3.2%
Others	2,959	2,518	3,471	3,648	4,647	3.7%
Market liquidity assets	**20,314**	**22,913**	**23,621**	**25,258**	**24,848**	**20.0%**
Bonds	8,787	10,549	10,933	11,310	11,580	9.3%
Investment funds	6,326	6,046	6,265	6,489	5,382	4.3%
Mutual funds	3,973	3,013	2,992	3,392	4,024	3.2%
Others	1,228	3,305	3,432	4,067	3,862	3.1%
Illiquid assets*	**304**	**280**	**322**	**374**	**304**	**0.2%**
Derivatives	**47**	**12**	**8**	**6**	**4**	**0.0%**
TOTAL	**128,940**	**130,707**	**117,775**	**111,253**	**124,441**	**100.0%**

Source: MEF.
Prepared by the authors.
*The illiquid assets are made up of trusts.
Financial balance is at nominal value according to the MIF’s report.

The NFPS have always kept their funds in liquid assets; in particular, current accounts (17.2%) and term deposits (55.6%); in addition, 20.0% of the assets of these entities are market liquidity assets, mainly bond holdings (9.3% of the total financial assets); furthermore, there is a low probability of illiquidity.

Credit risk

Counterparts that hold the public funds of the NFPS entities are sound: the BCRP concentrates 51.9% of the financial assets and banks of the domestic financial system, 20.7%. Apart from the BCRP and the Treasury, it is worthwhile to state that financial entities that hold such funds have been awarded “A” and “A+” credit ratings, which indicates solvency and low-risk credit ratings positions.

Table 5. NFPS Financial Assets by Main Counterparts
In millions of S/ % of the total

	Ratings 1/	Jun.-25	%
BCRP 2/	-	64,537	51.9%
Public Treasury 2/	-	8,422	6.8%
BN	A	5,988	4.8%
IBK	A	6,531	5.2%
SCB	A+	6,457	5.2%
BCP	A+	4,806	3.9%
BBVA	A+	3,887	3.1%
BanBif	A	898	0.7%
TOTAL		**101,527**	**81.6%**

Source: MEF.
Prepared by the authors.
1/ Corresponds to the lowest current rating.
2/ On average, international rating agencies have given Peru BBB rating with a stable outlook; locally, the country’s credit rating is the risk-free benchmark, equivalent to a local AAA rating.

3.2. Financial Liabilities and Related Risks

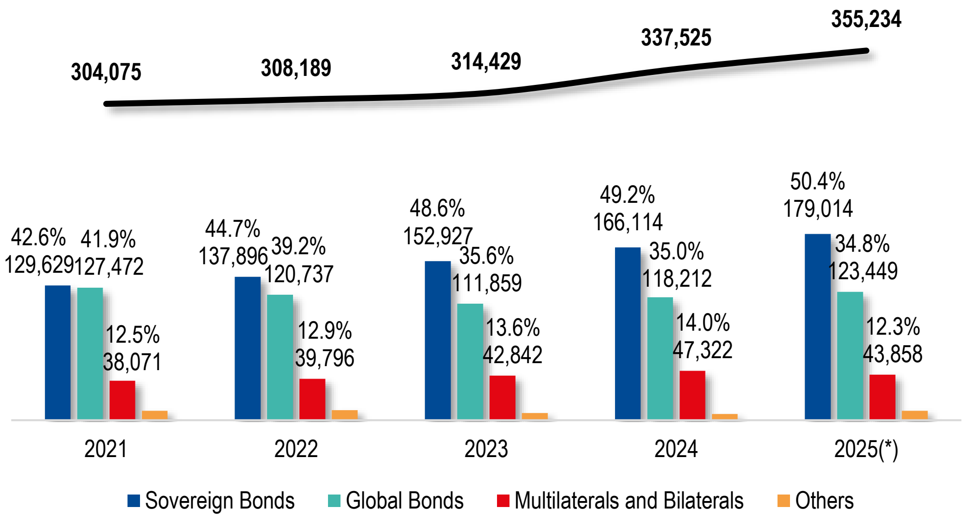
Position of the financial liabilities

Since the close of 2021, the NFPS gross debt increase has stabilized by 3.2% annually. The path of public debt ensures a mid-term consolidation in line with the fiscal rule trajectory[7] that indicates that the NFPS debt must be equal or lower than 30% of GDP in 2035 at the latest, and the 2026-2029 MMF projections.

Following the shock caused by the COVID-19 pandemic, there has been a progression in public debt composition. Economic activity and financial markets were severely affected by the pandemic; particularly in emerging countries having less developed capital markets, such as the Peruvian market. As a result, the Government decided to issue global bonds and obtain loans in foreign currency from international organizations for financing.

[7] Legislative Decree N° 1621, *Legislative Decree that regulates a gradual return to macrofiscal rules for the Non-Financial Public Sector.*

Chart 9. NFPS Debt by Source
In millions of S/ and % of the total



Source: DGTP – MEF.
(*) Data as of 06.30.2025.

The NFPS debt in sovereign bonds grew from 42.6% in 2021 to 50.4% at the close of the first half of 2025. Following a significant postpandemic decrease in 2021, debt market instruments in local currency have grown 7.8 pp since local currency debt was prioritized through the regular issuance of sovereign bonds and the implementation of LMOs in 2023, 2024 and 2025. Additionally, market debt instruments in soles, dollars and euros represented 85.2% at the close of June 2025, and they were the main source of debt to finance the public budget.

This advance is the result of active management of the public debt in Peru. On the one hand, financing in local currency market instruments has been prioritized through the public debt domestic market; on the other hand, LMOs were implemented between 2023 and 2025 amidst a more favorable financial context with respect to the normalization of monetary policy that results from improved local and international inflation control. Such operations have helped reduce maturity concentration in the following years and increase local currency debt in the debt portfolio.

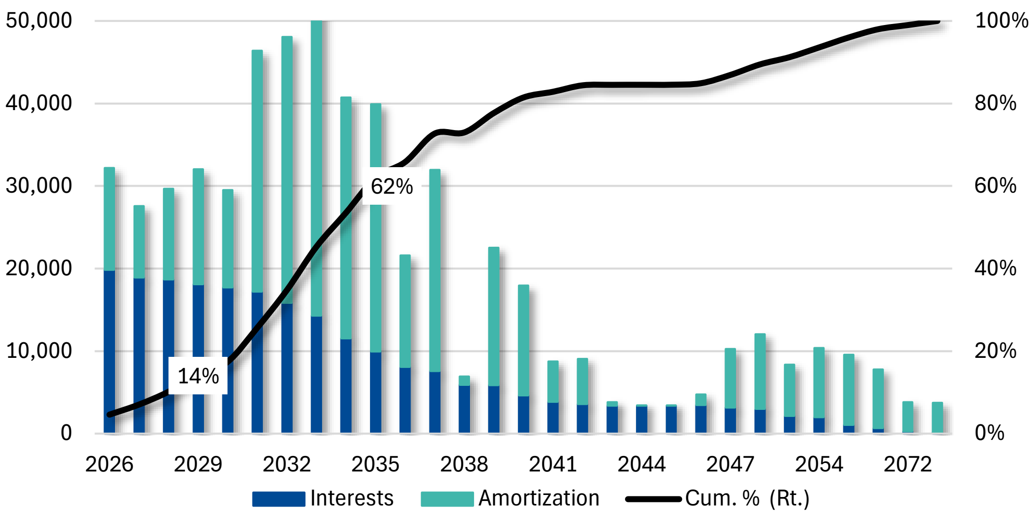
Concentration and market risk

Between 2026 and 2029, there is a concentration of 14% of the total public debt maturity which means a decrease of 3 p.p. compared to the 2025-2028 period; and this is a result of the previously mentioned actions that were taken in terms of debt management. Furthermore, 62% of debt will mature towards 2035, which represents a source of concentration risk and refinancing in the mid-term. Debt composition, which is mainly bullet-structured market instruments,[8] concentrates in line with their maturities. Nevertheless, since they are securities that are traded in capital markets, they may be repurchased or interchanged more easily by bonds in LMOs than by loans.

There are peaks in the debt service that surpass S/ 40.00 billion each year, between 2031 and 2025, mainly due to bond maturities and debt financial burden. In such a period, the cumulative debt service reaches S/ 226.57 billion. Similarly, between 2026 and 2029, debt service will exceed S/ 30.00 billion annually; therefore, it becomes necessary to implement actions to manage maturities in these periods.

[8] The principal of the instruments is repaid when the obligation matures.

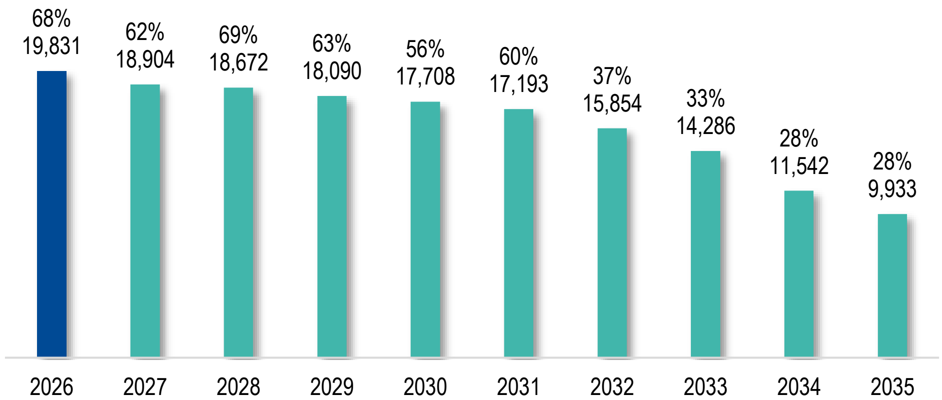
Chart 10. Profile of the NFPS Gross Public Debt Service
In millions of S/ and in % of the total



Source: DGTP – MEF.

Between 2026 and 2029, the financial burden will represent, on average, 62% of the debt service annually: 68% of debt service in 2026 are interests and they will rise to 69% in 2028. As mid-term market instruments mature, the share of financial burden in the debt service falls to 28% in 2035. Although the implementation of the LMOs[9] has an impact on the debt amortization profile, it has a limited impact on lowering the financial burden since A LMO with market instruments replaces short-term maturities with longer-term ones, and the interest flow of the instruments that are withdrawn is replaced by the interest borne by newly issued securities, resulting in marginal net effects.

Chart 11. Pressure of the NFPS Gross Public Debt Financial Burden
Interests as percentage of the debt service and millions of S/

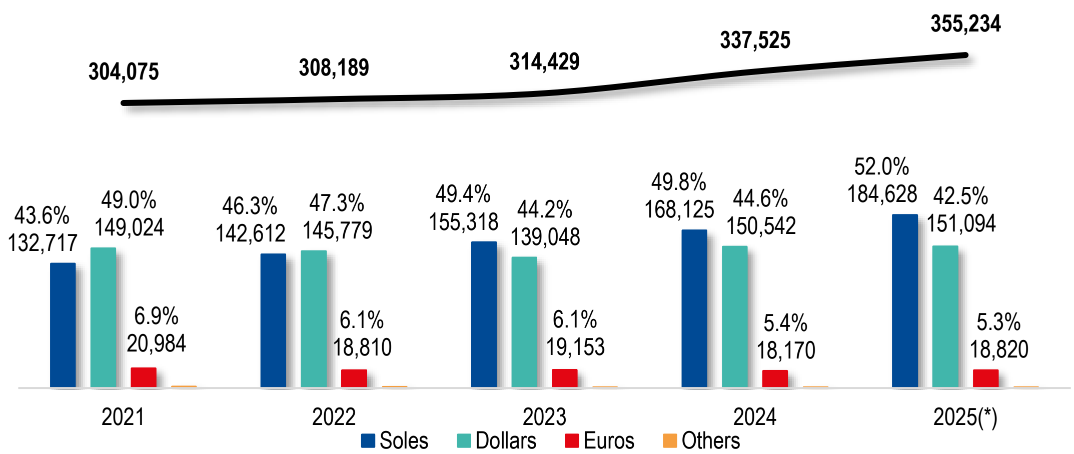


Source: DGTP – MEF.

The sol has become the main currency in the country's debt portfolio. Following the shock caused by the COVID-19 pandemic that forced the Government to borrow more in foreign currency to meet further requirements, debt in local currency has gained momentum rising by 8.4 p.p since 2021 because of the priority placed in financing in soles and the implementation of the LMOs since 2023, reducing the exchange risk of debt.

[9] In the form of exchange or repurchase of global and sovereign bonds.

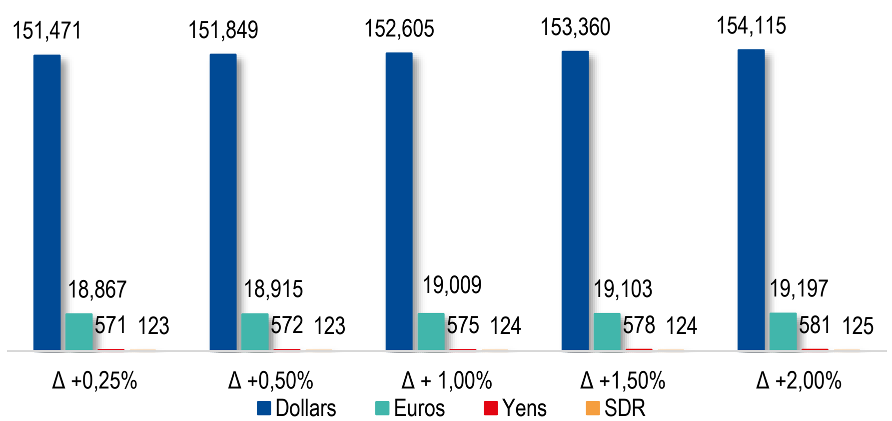
Chart 12. NFPS Gross Public Debt by Currency
In millions of S/ and in %



Source: DGTP – MEF.
(*) Data as of 06.03.2025.

As of June 30, 2025, FX fluctuations could result in a daily increase of S/ 948.2 million with the VaR metric for exchange rates under the historical method, using 1,000 observations (4 years of historical data approximately) with 95% of confidence, which represents 0.61% of the foreign currency present value of debt; that is, assuming the occurrence of an exchange rate shock similar to the 95% of those happened in the previous four years, there would be a daily increase in such an amount. A sensitivity analysis of foreign currency debt affected by adverse fluctuations of FX rates, it is estimated that an increase in foreign exchange rate against the sol of 2% would raise debt by 1.0%.

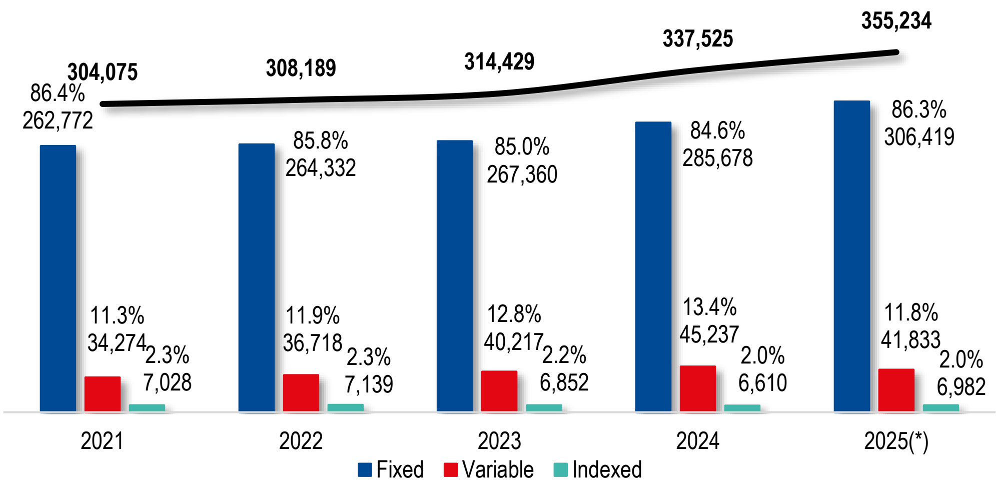
Chart 13. Due Balance Sensitivity in Foreign Currency vs. Exchange Changes
In millions of S/



Source: DGTP – MEF.
Prepared by the authors.

The fixed interest rate debt is still strengthening, reaching levels similar to 2021; at the close of the first half of 2025, the fixed interest rate reached 86.3%, which was 1.7 p.p. higher than the 2024 rate, while the variable rate debt has decreased to 11.8% from 13.4% in the same period.

Chart 14. NFPS Gross Public Debt by Rate
In millions of S/ and in %

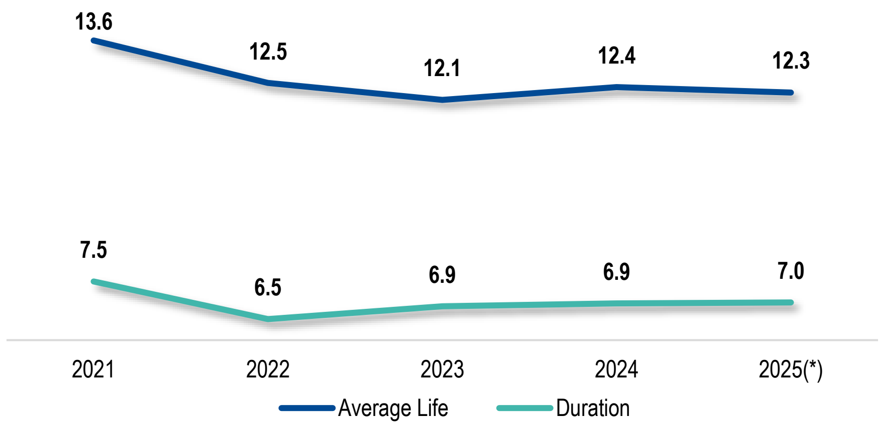


Source: DGTP – MEF.
(*) Data as of 06.30.2025.

The duration of the NFPS debt portfolio has decreased to 7.0 years from 7.5 years between the close of 2021 and June 2025. This fall is explained by the market debt issued by the Government that is concentrated around 10 years. Redeemable loans with bilateral and multilateral organizations with shorter maturity also reduce the portfolio duration.

ATM of debt has gradually decreased to 12.3 years at the close of the first half of 2025 from 13.6 years in 2021. This fall is also explained by shorter-term market instrument issuances, as well as short-term average life loans.

Chart 15. NFPS Gross Debt Duration and ATM
In years



Source: DGTP – MEF.
(*) Data as of 06.30.2025.

As the market fluctuates, public debt is daily exposed to an increase of S/ 18.5 billion due to lower exposure to rate fluctuations,[10] a theoretical exercise that uses the VaR metric, under the historical method, using 1,000 observations (4 years of historical data approximately) with 95% of confidence, which represent 0.04% of the present value of variable debt; that is, assuming the

[10] Estimated as of June 30, 2025.

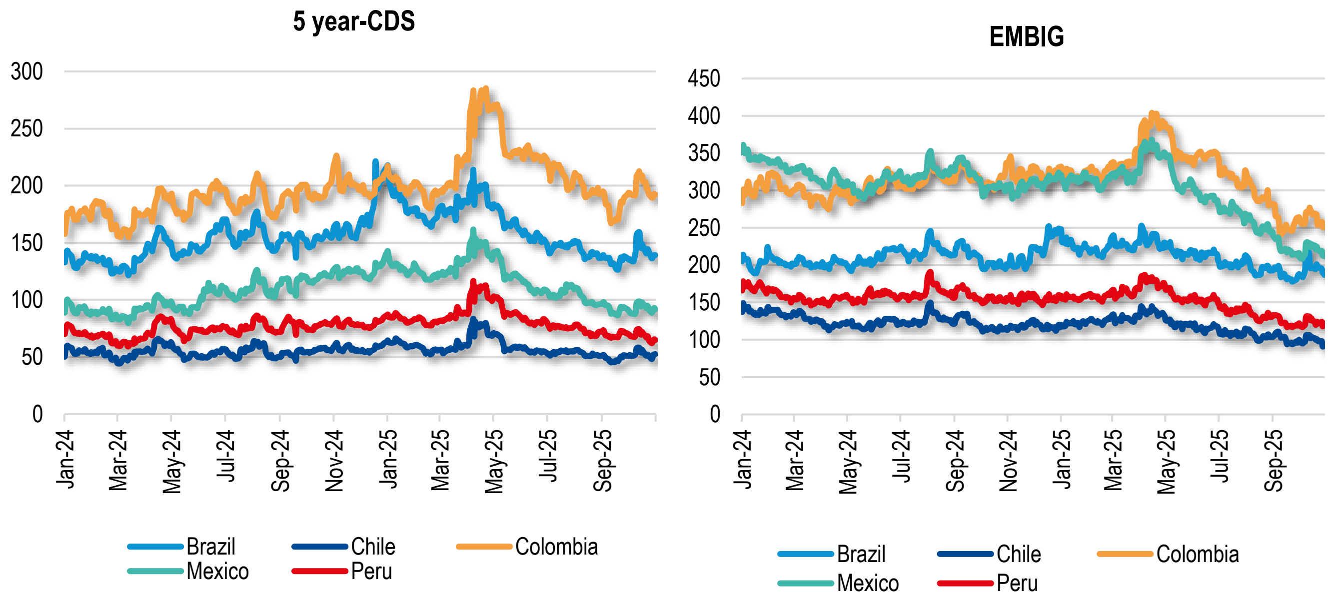
occurrence of an exchange rate shocks similar to the 95% of those that happened the previous last four years, variable debt would rise S/ 18.5 million in a day.

Under the parametric method, the one-day VaR by exchange rate movements is S/ 27.5 million, estimating the mean and the standard deviation, using 1,000 observations with 95% confidence level that represents 0.07% of the present value of variable debt.[11]

Country risk

Peru remains the second country with the lowest country risk among the reference economies of the region. An improved financial environment between 2024 and 2025, as well as more favorable growth perspectives, have led to a significant decrease in sovereign risk. The EMBIG Peru spread has shrunk to 120 bps in October this year from 169 bps at the onset of 2024. These levels show a lower risk premium demanded by investors, which means a larger margin for lower financing costs and a more favorable environment to invest in the country.

Chart 16. Risk Indicators in LA5 Countries
In bps



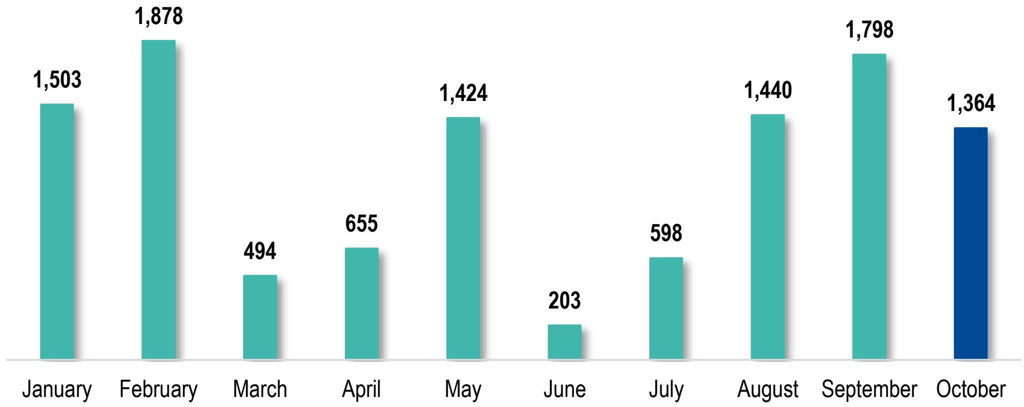
Source: BCRP and Bloomberg Finance, L.P.

Liquidity risk

The primary market for sovereign bonds has gained some momentum compared to last year. Compared to the close of October 2024, sovereign bond sales through regular auctions have increased by 1.3% this year. As of October, the Treasury has carried out 30 auctions and has sold S/ 11.36 billion, representing 48.5% of the total authorized by Law N°32187, *Law on indebtedness of the Public Sector for the Fiscal Year 2025.*

[11] Nevertheless, this sort of estimations has methodological constraints that must be taken into consideration. The historical method assumes that market conditions and recent events would repeat themselves with similar magnitudes. The parametric method assumes a regular distribution of data variations, which is not necessarily the case, among other constraints.

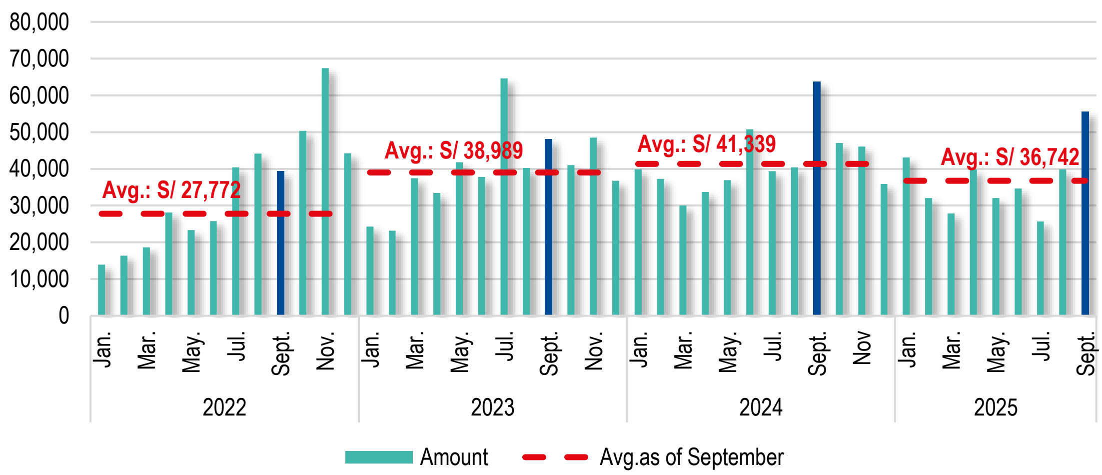
Chart 17. Sale Levels at Sovereign Bond Auctions
In millions of S/



Source: DGTP – MEF.
Note: Data as of 10.29.2025.

Concerning the secondary market for public debt, it remains at levels like 2023, but the dynamics shown in 2024 are not the same due to the Fed's interest rate cuts and flexible financial conditions. Regarding the monthly average as of September, the traded amount is 11.1% lower this year than in 2024, 5.8% lower than in 2023 and 32.3% more than in 2022.

Chart 18. Sovereign Bonds Traded in the Secondary Market
In millions of S/

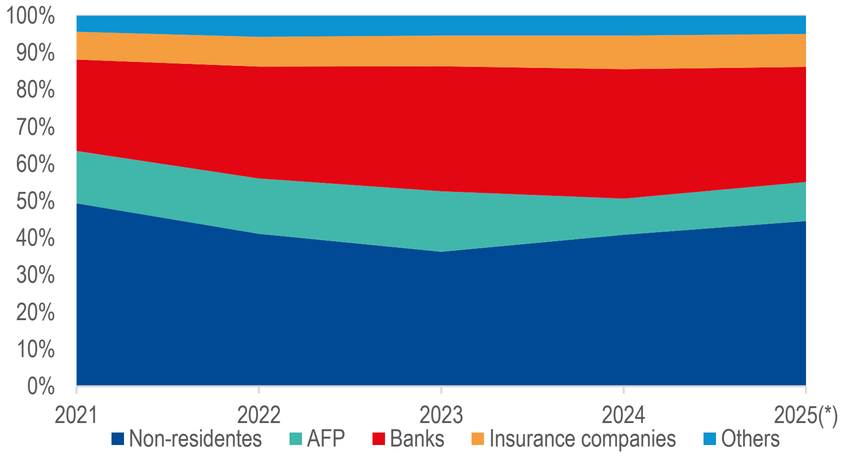


Source: CAVALI.
Prepared by the authors.

Other risks

After a significant decline in sovereign bond holdings by nonresident institutional investors, their share has increased in 2025, and this is explained by several factors: on one hand, the financial context has been more favorable in 2024 and in 2025 compared to previous years; on the other hand, better economic expectations and a lower-than-expected impact due to pension fund withdrawals have made nonresident investors demand for bonds in soles. As of October 2025, sovereign bond nonresident investors' holdings reached 44.6% of the total, 8.3 p.p. more than at the close of 2023.

Chart 19. Sovereign Bond Holdings
In %



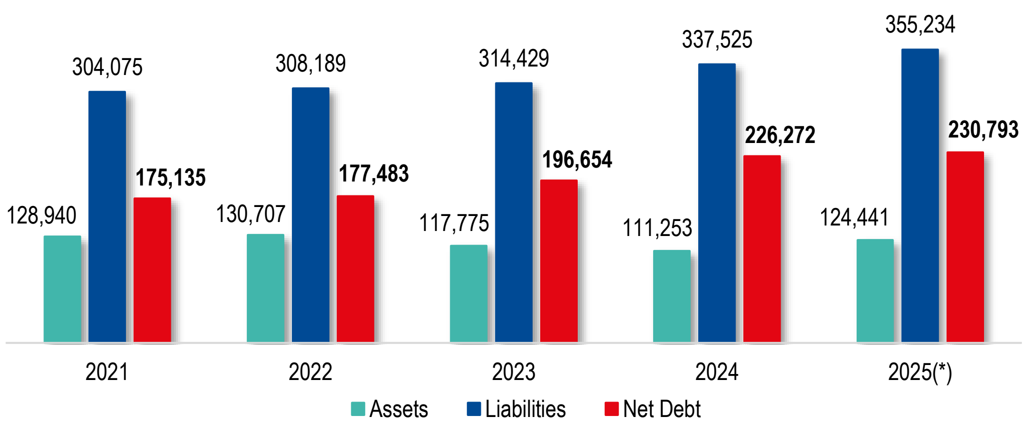
Source: DGTP – MEF.
(*) Data as of 10.31.2025.

3.3. NFPS Net Public Debt Stock

The NFPS net public debt has steadily increased as a result of economic challenges the country has faced following the COVID-19 pandemic. This increase is not only due to current but structural factors; furthermore, the debt increase differs from the weak position of the financial assets, evidencing the pressure that public accounts are currently facing.

In response to the pandemic, the Government turned towards fiscal buffers and external financing, which accelerated the increase of net debt. Nevertheless, this rise must be analyzed based on more restrictive financial conditions of the international environment, financial volatility, high interest rates and inflationary pressures that have loosened since 2023, as well as better growth perspectives since 2024.

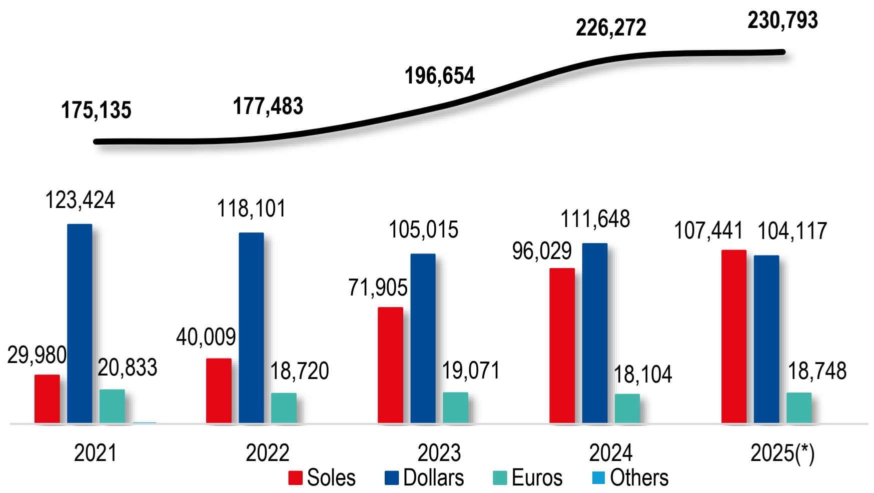
Chart 20. Evolution of the NFPS Net Public Debt
In millions of S/



Prepared by the authors.
(*) Data as of 06.30.2025.

The net debt composition by currency has gradually increased as debt in local currency has been prioritized, and the fiscal buffers have been rebuilt. Net debt in soles attains S/ 107.44 billion, representing 46.6% of the total net debt as of June 2025. This amount is significantly higher than S/ 29.98 billion that were part of the net debt in soles at the close of 2021, and this only represented 17.1% of the total.

Chart 21. Composition of the NFPS Net Public Debt by Currency
In millions of S/



Prepared by the authors.
(*) Data as of 06.30.2025.

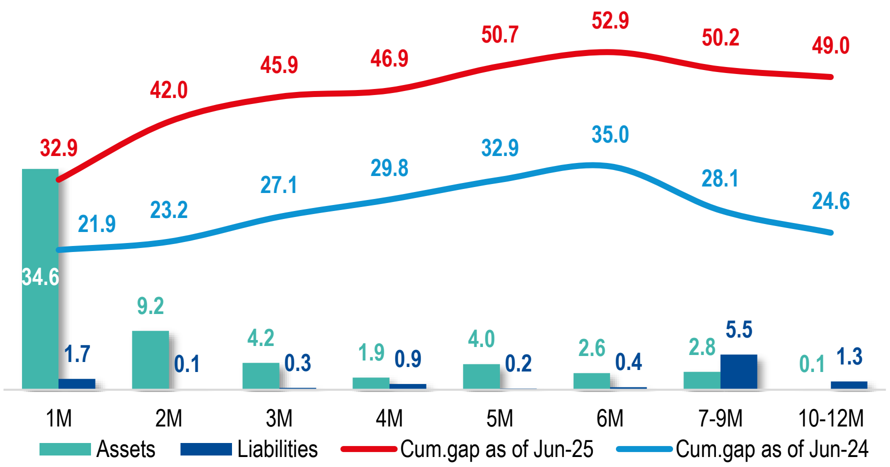
Structural Risk of the Central Government Balance-sheet

Entities have financial assets and liabilities in different terms, interest rates and currencies, and this leads to different mismatches and exposure to financial risks. Managing structural risk is part of the global financial asset and liability management that mainly manages the short-term impact of financial exposures to risk.

Liquidity risk

The CG financial assets are short-term instruments that are highly liquid, while the financial liabilities are mainly made up of mid and long-term debt instruments. The mismatches resulting from the term structure of assets and liabilities are known as liquidity gaps. After analyzing this short-term mismatch, it is observed that the CG can cover its financial obligations with its financial assets.

Chart 22. One-year Liquidity Gap
In billions of S/



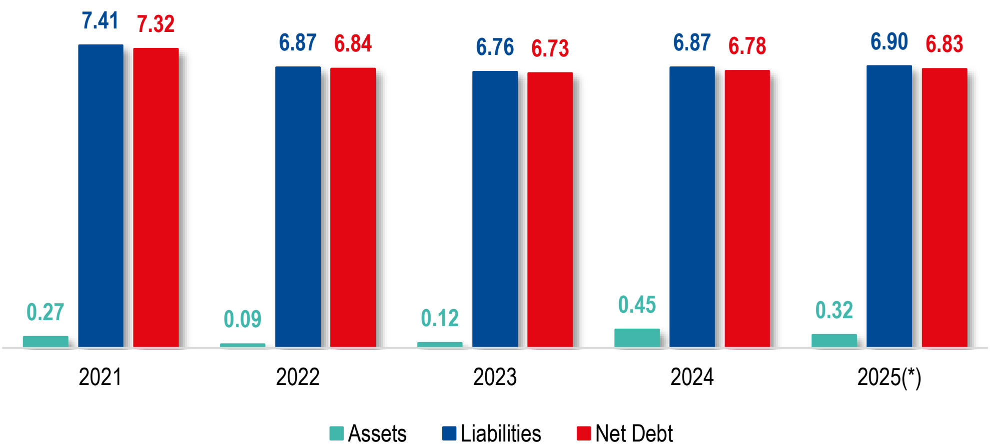
Prepared by the authors.

Interest rate risks

The duration of both components of the balance sheet is not similar due to the structure of the instruments; on one hand, for assets such as current accounts and term deposits, and on the other hand, for liabilities such as mid-and long-term bonds and loans. As of June 2025, the duration of the assets and liabilities is 0,32 years and 6.90 years, respectively.

Because of its structure, the duration of liabilities is significantly higher than the duration of assets and it defines to a greater extent the duration of the net debt that was 6.83 years as of June 2025. Regarding composition by currency, the net public debt in dollars shows a longer duration of 7.23 years.

Chart 23. Duration of the Financial Assets and Liabilities and the Net Public Debt of the CG
In years



Prepared by the authors.
(*) Data as of 06.30.2025.

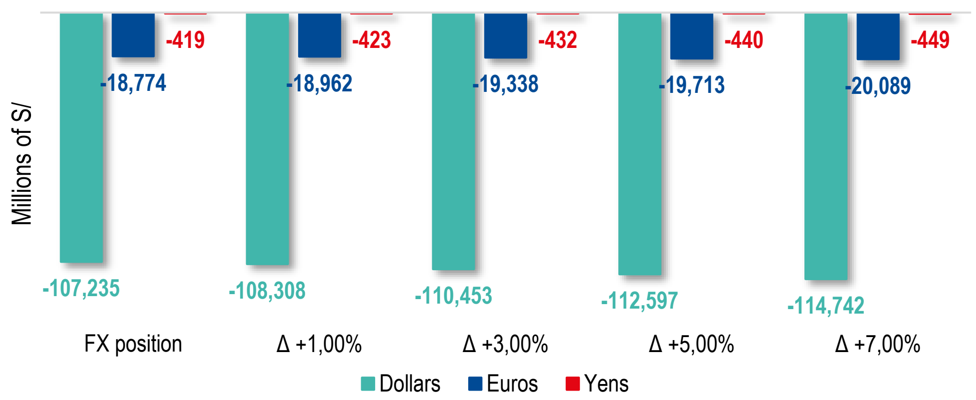
Exchange rate risk

The CG financial assets and liabilities are mainly concentrated in soles and US dollars; furthermore, their exposures are less relevant in euros, yens and other currencies; consequently, the CG structural balance-sheet is exposed to foreign exchange rate variations.

The financial assets are concentrated in local currency, and an important amount of financial liabilities are concentrated in foreign currency, making the CG exchange position negative. As of June 2025, the VaR calculated through the historical method for the GC net debt is S/ 3.50 billion, with a monthly horizon of 95% that is equivalent to 2.8% of the exchange position. The result shows that the exchange position would increase to S/ -127.69 billion in a monthly basis considering 5% of probability, while the CG net debt would increase to S/ 266.94 billion from S/ 263.44 billion.

Regarding the sensitivity of the global exchange position in foreign currency due to movements of the exchange rate at the close of the first half of 2025, an adverse theoretical movement of 3% of the exchange rate in each of the currencies would result in an increase of S/ 3.72 billion in the mismatch in foreign currency and net debt.

Chart 24. Sensitivity of the Positions in Foreign Currency vs. Exchange Variations
In millions S/



Prepared by the authors.

IV. IMPLEMENTATION OF THE STRATEGY FOR GLOBAL ASSET AND LIABILITY MANAGEMENT

4.1 Reference Framework for the Asset and Liability Management

The Financial Management of the Public Sector (AFSP, in Spanish)[12] is the legal framework under which the State manages its assets and honors its financial or non-financial obligations. The guidelines of this legislative framework set out the global financial assets and liabilities management, seen as *"the global management of the non-financial Public Sector financial assets and liabilities with the aim of providing financial sustainability to the execution of the economic activities in line with the availability of public funds."*

Thus, the global financial asset and liability management requires to set out key objectives for the 2026-2029 EGIAP that are in line with the aim of the AFSP that addresses various aspects in which the Public Treasury are involved. The strategic objectives are as follows:

[12] It is regulated by the Legislative Decree N° 1436, *the Legislative Decree that sets the framework for the Public Sector Financial Management*.

1. To manage public debt in line with the fiscal rules, contributing to debt sustainability.
2. To consolidate a strategic public debt market in soles.
3. To strengthen the efficient use of public resources.

Likewise, the Strategy guidelines have been updated and strengthened so that they will allow to set out strategic actions to better address the Treasury's current situation, in its role as the governing body of the National Systems of Treasury and Public Indebtedness. The 2026-2029 EGIAP guidelines are the following:

a. To promote competition, participation, and diversification of the local public debt market.
b. To promote efficiency in the use of Public Funds in line with the principle of Cash Unity and in the use of liquidity management tools.
c. To ensure the coverage of liquidity requirements for a suitable execution of the public budget; capitalize public fund surpluses; and reduce liquidity costs.
d. To manage public funds by anticipating financial requirements resulting from adverse events.
e. To strengthen global financial assets and liability management.

4.2 Setting the Long-term Quantitative Objectives[13]

A long-term vision for managing public debt is developed in the 2018-2021 Global Asset and Liability Management, based on the productive capacity of the country and the volatility of fiscal revenues, ensuring that the vision is consistent with the structure of the economy and its capacity to honor its financial obligations. From a comparative approach and based on the information of countries with similar productive structures, the percentage of debt in local currency was determined to be 78%, within a range between 75% and 81%. The percentage of fixed rate debt was set out to be 95%, with a range between93% and 97%. Concerning the ATM, it would be 11 years with a range of 9 and 13 years.

Although this approach intended to match the revenue structure with the financial liabilities through strategic goals based on the economic structure and their exposure to exchange shocks, it is necessary to implement a more comprehensive methodology involving debt composition from a financial viewpoint, considering the cost and risk relation.

For this, an efficient frontier model[14] was implemented that allows the assessment of such relation in a debt portfolio in which the cost means the debt burden (debt variation) and the risk is measured by the volatility in the value of the components of this portfolio.

An efficient portfolio can be defined as the one that has debt instruments in soles, dollars and euros, both in bonds and loans. In addition, nominal fixed rate market instruments, indexed (VAC) rate and variable rate loans with different maturities are included. Through an optimization process, an efficient frontier of 500 portfolios was defined, choosing portfolios with the following features: (i) portfolios at a low-cost risk zone; and (ii) portfolios that maximize the diversification of debt instruments.

Thus, a reference range for debt indicators is obtained, based on its composition by currencies, rates and term structures that represent the financial conditions of the efficient portfolios that are inside a section of the frontier:

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[13] The implementation of these objectives comes from technical assistance that has been financed by the World Bank's Government Debt and Risk Management Program. We thank Pedro Ivo Ferreira de Souza Junior and Luiz Fernando Alves and the Program's team for the support in the development and implementation of the methodology.

[14] The efficient frontier represents the set of portfolios that offers the best possible higher expected return (or cost) for a defined level of risk or for a defined level of return (or cost) involving the lowest possible risk.

Table 6. Long-term Reference Range for Debt Management

Optimal Debt Composition	Range
By currency (% of the total)	
Local currency	60.2% - 71.6%
Foreign currency	39.8% - 28.4%
By type of rate (% of the total)	
Nominal fixed rate	89.0% - 89.0%
Variable + indexed	11.0% - 11.0%
By term structure (years)	
ATM	11.7 - 11.5
Duration	8.1 - 8.0

Prepared by the authors.

Box N° 1. Definition of the Debt Portfolio Reference Ranges and Structural Limitations

The aim was to define an "optimal" composition of public debt—that is, a balance between cost and risk—to ensure that the Government can finance itself sustainably over time, minimizing exposure to financial risks. For this, the efficient frontier model was used, which compares different debt portfolios according to their risk and expected cost.

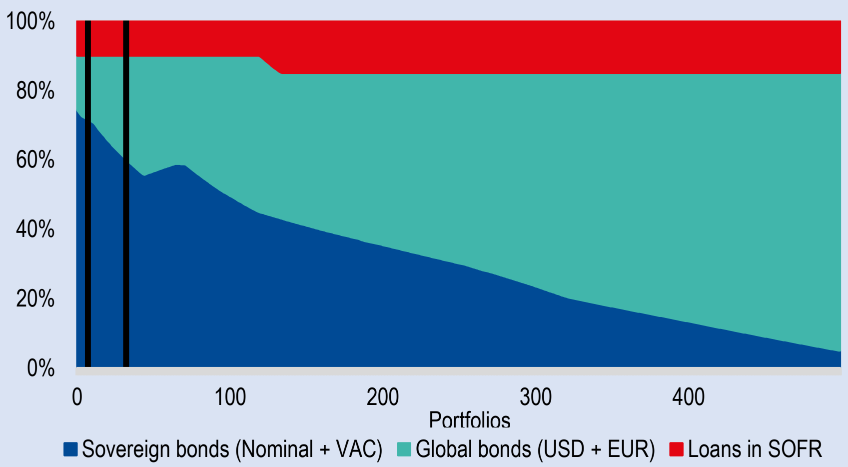
Part of this work is carried out through an integrated model of fiscal and financial projections, which builds simulations based on the long-term equilibrium of the economy for variables such as economic growth, interest rates, and exchange rates. Through this model, possible scenarios are calculated for different types of debt (debt instruments, with different currencies, interest rates, and maturities).

The objective is to identify the combinations that maximize stability (low risk) and minimize the debt burden for the State under prudent debt management. Based on 500 simulated portfolios, those offering the greatest low risk diversification were chosen. The results indicate that a balanced debt portfolio for the country should have on average:

- **High fixed-rate proportion**, which provides stability to payments in the future.
- **Moderate participation of external loans,** as well as VAC instruments.
- **Greater share of local currency** to reduce the exchange rate and foster sol-denominated debt.
- **Long average-term-to-maturity debt**, which maintains a stable and sustainable payment calendar.

This portfolio will serve as a benchmark for the Government to make future debt decisions.

Composition of Portfolios in the Efficient Frontier by Type of Instrument
% of the total



Prepared by the authors.

Although the defined optimal debt portfolio is intended to achieve a participation that is higher than 60% of debt in soles, this target is facing structural constraints in terms of domestic market liquidity and depth. This situation is highly significant if increased financing requirement projection in the 2026-2029 MMF for the coming years exceeds the expected growth of the structural demand for sovereign bonds in local currency.

Although the sovereign bond market has shown sustained growth, it lacks depth, and it is concentrated, with demand growing more slowly than Government financing needs. As a result, it is expected that the coverage ratio of financing requirements by sovereign bonds will remain below 50% until 2029, which means that absorption capacity of the local market will remain limited compared to the volume of bond sales required.

Under such circumstances, the gap between financing requirements and the domestic market capacity will involve other schemes to avoid an increase of dollar-denominated debt such as bookbuilding schemes[15] with sovereign bonds or the implementation of liability management operations financed by market securities in local currency. This will be a challenge for the public debt sustainability strategy as it increases the FX risk exposure and puts limits to the advance towards the objectives of long-term sol-denominated debt and development of the local market securities.

4.3 Financial Strategy and Projections for 2026-2029 Period

Considering the long-term reference ranges of the previous section, the 2026-2029 financial strategy has been prepared under the financial assumptions set out in the 2026-2029 MMF. Consequently, a gradual increase of the participation of debt in soles is projected: it would rise between 4 to 5 p.p. in line with the strategy that prioritizes financing in local currency; a domestic market depth and the mitigation of the exchange risk. Despite this growth, the projected composition is still below the strategic target of the reference range.

Nevertheless, reaching this level will require supporting a program of bond sales in local currency that comes with a growing structural demand for sovereign bonds and the preservation of cost and risk conditions of the portfolio within the tolerance limits.

The Government has different issuing schemes to meet its financial requirements in domestic currency: (i) regular sovereign bond auctions through the Market Makers Program; (ii) special sovereign bond sales; (iii) issuances of sovereign bonds through bookbuilding in the local market; and (iv) sovereign bond sales in the international market, as well as the implementation of liability management operations financed by sovereign bonds that are aimed to raise debt in soles in the portfolio. The implementation of such operations will depend on the current financial conditions so that the implementation opportunity will be assessed accordingly.

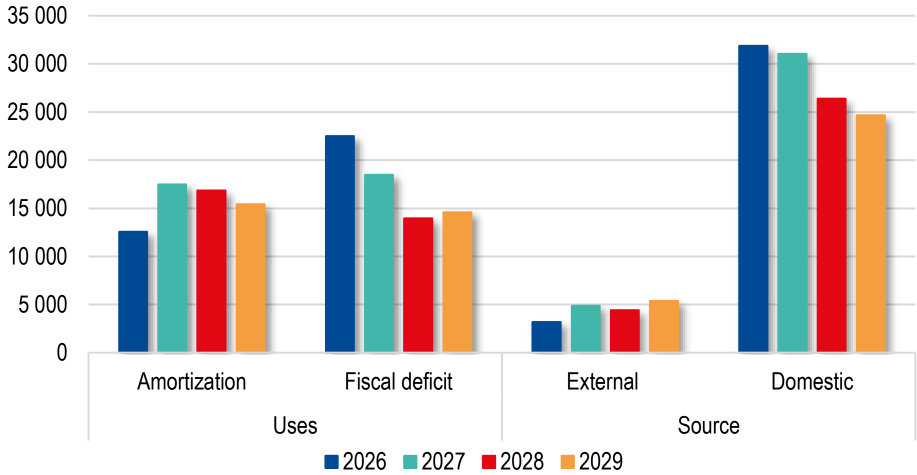
Meanwhile, the share of fixed-rate debt is projected to increase by 1-2 bps in 2029, in accordance with current financial conditions. This adjustment reflects a lower exposure to interest rate risk, consistent with the long-term nature and prudential approach of the sovereign debt portfolio. While the projected structure remains slightly below the strategic target, the anticipated progress is consistent with the strategy of prioritizing borrowing through market instruments, and the debt service objectives aimed at consolidating a more stable and predictable debt service structure.

The 2026-2029 MMF's projection indicates that the NFPS financing requirements will be, on average, 2.4% of GDP for the projected period, a percentage significantly lower than the average of emerging economies, which reaches 16.3% of GDP. This performance limits the exposure of the country to episodes of external volatility and high international interest rates. The combination of capped

[15] Process through which institutional investors submit their bids when bonds are to be issued.

deficits, a spread-out amortization schedule, and a longer average maturity debt portfolio help contain refinancing risk and preserve the sustainability of public finances in the mid-term**.**

Chart 25. Uses and Financing Sources for the 2026-2029 Period
In millions of S/



Source: MEF.
Prepared by the authors.

Domestic sources will be the main financing source over the 2026-2029 period; they are mainly sovereign bonds that would represent, on average, 86.3% of the financing sources over the period. The remaining 13.7% will come from foreign loans.

The Government has diversified its indebtedness sources to reduce financing costs and be financially supported by diverse financing sources under the current conditions. The Government can issue bonds in domestic and foreign markets, in local or foreign currency for project financing or debt service. It can also get funds through loans with multilateral and bilateral organizations and have quick access to contingency lines to respond to crisis or natural disasters.

During the period of validity of the 2026-2029 EGIAP, the issuance strategy for sovereign bonds will be focused on covering all the tranches on the sovereign curve with the aim of maintaining liquid references that facilitate market dynamics and serve as benchmarks for the domestic capital market. Nevertheless, priority will be given to issuances on the mid and long-end of the curve to preserve debt average life and avoid short-term maturity concentration.

Concerning funding from the public debt domestic market, the absorption capacity of the market must be assessed, considering market participants and its behavior. As of October, this year, S/ 11.36 billion in sovereign bonds have been sold through the primary market. If this financing source cannot meet the scheduled requirements, public funds can be temporarily used in application of the Principle of Fungibility while the opportunity to issue bonds in the international markets is awaited.

To implement this measure, the DGTP can use the public funds of the TSA within the liquidity management scheme and the Principle of Fungibility as established in the SNT. The DGTP is enabled to temporarily use public funds comprising the TSA, as well as Treasury Bills or RSL balances as part of liquidity management.

Box N° 2. Scenarios for the Application of the Liquidity Management Scheme in the Financial Strategy

The liquidity management is a financial scheme that allows the DGTP to manage public funds efficiently through the temporary use of public funds of the TSA to ensure that the Government pays its obligations on time according to law. This is important as the liquidity management allows:

1. To address situations where revenues are received outside the timeframes required to cover expenses for the corresponding fiscal year, thus creating temporary financial mismatches in the corresponding funding source(s). Without this scheme, these temporary mismatches would create liquidity risks during the execution of the Public Sector Budget.

2. To address situations where local and/or international debt market financial conditions are unfavorable for completing all the domestic and/or international bond issuances required to meet obligations for the corresponding fiscal year, resulting in a financial mismatch that could extend beyond the current fiscal year. In this context, liquidity management involves utilizing the public funds of the TSA under scenarios other than temporary mismatches.

The application is based on the provision 16.2 of the article 16 of the Legislative Decree N°1441, the *Legislative Decree of the National System of Treasury* that, among others, sets out the forceable restitution of the public funds comprising the TSA that were used. Thus, this scheme is neither an additional financing source nor a replacement of the budgetary revenues; this is an instrument for financial management to soften the temporary cash requirements, and its use is consistent with efficient and logical asset management, based on criteria, guidelines and policies for an appropriate application and control, which are defined by the Treasury.

Within this frame, the DGTP, in its role as the governing body of the SNT, is responsible for the Financial Structuring of the Public Sector Multiannual Budget, among others. This work is carried out to strictly comply not only with the principles that rules the SNT but also with the principles that rule the AFSP that are described in the article 2 of the Legislative Decree N°1436, *the Legislative Decree Framework for the Public Sector Financial Management*.

In turn, the Financial Structuring of the Multiannual Public Sector Budget is ruled, among others, by the Principle of Fiscal Responsibility, according to which public policies are established with the commitment to prudent and disciplined fiscal management of public finances that guarantees compliance with the macrofiscal framework and the preservation of macroeconomic stability; and by the Principle of Fiscal Sustainability, which consists of preserving the financial solvency of the Public Sector in the mid-term, strictly considering its financial capacity prior to assuming obligations of any nature that have a fiscal impact.[16]

In this sense, the Financial Structuring of the Budget of the Public Sector for the Fiscal Year 2026 was prepared following the current fiscal deficit path[17] and the Baseline Scenario considered for the preparation of the *Law on Budget, Financial Balance and Indebtedness of the Public Sector Bills for the Fiscal Year 2026*.

Starting from the **Baseline Scenario**, sovereign bond placements in the local and international capital markets are estimated to identify the potential use of public funds of the TSA within the framework of Liquidity Management. Based on this, and considering various perspectives on capital market financial conditions for the Fiscal Year 2026, three alternative scenarios are created for the application of the **Liquidity Management Scheme**:

- **Scenario 1**:

  This scenario assumes that macroeconomic and financial conditions will be more favorable than officially projected. This means better-than-expected performance of key macroeconomic variables, as well as more

[16] Pursuant to article 2 of the Legislative Decree N° 1436, *Legislative Decree Framework for the Public Sector Financial Management*.

[17] Legislative Decree N° 1621, *Legislative Decree regulating a gradual return to macrofiscal rules for the Non-Financial Public Sector* (in which it is established that the fiscal deficit path attains 1,8%, 1,4% y 1,0% of GDP for 2026, 2027 and 2028).

benign market conditions that facilitate the issuance of new debt. In this context, investors are assumed to perceive less risk, reflected in a reduction in the EMBIG and lower benchmark interest rates, allowing access to external financing on more advantageous terms with greater demand. Overall, this scenario describes a climate of greater macroeconomic and financial confidence, which translates into lower costs and greater ease in placing public debt securities.

- **Scenario 2**:

  This scenario assumes that macroeconomic conditions evolve in line with recent trends and the historical performance of the Peruvian economy, without significant shocks compared to expectations. Likewise, international financial conditions, reflected in variables such as the EMBIG, and benchmark interest rates are assumed to follow a trajectory that is similar to that observed in previous years, maintaining a level of risk and financing costs consistent with the average recorded.

- **Scenario 3**:

  This scenario is the counterpart to scenario 1, as it is based on the assumption that macroeconomic and financial conditions are more unfavorable than projected. It considers weaker economic growth and more persistent inflationary pressures. Besides, this scenario explains a less favorable international financial environment, evidenced by a deterioration in country risk, an increase in the EMBIG, and higher global interest rates, which raises the cost of financing and make it more difficult to issue new debt. Overall, this scenario describes a context of greater uncertainty and tighter liquidity, in which access to capital markets is more limited, and the conditions for new indebtedness become more demanding.

STRUCTURING OF THE ROOC FINANCING FISCAL YEAR 2026	SCENARIOS (Millions of S/)			
	Base	1	2	3
(1) Bond sales:	**29,267**	**26,118**	**22,250**	**18,152**
(1.1) In local markets	*29,267*	*14,617*	*12,009*	*8,992*
(1.2) In international markets	*-*	*11,501*	*10,241*	*9,160*
(2) Loans	**2,471**	**2,471**	**2,471**	**2,471**
(3) Liquidity management scheme	**-**	**3,149**	**7,017**	**11,115**
TOTAL ROOC FINANCING[1/]: (1) + (2) + (3)	**31,738**	**31,738**	**31,738**	**31,738**

1/ This information includes reliefs for 2026 as LMOs were carried out between June and August 2025.
Source: DGTP – MEF, Bills for Law on Budget, Financial Balance and Indebtedness of the Public Sector for the Fiscal Year 2026.
Prepared by the authors.

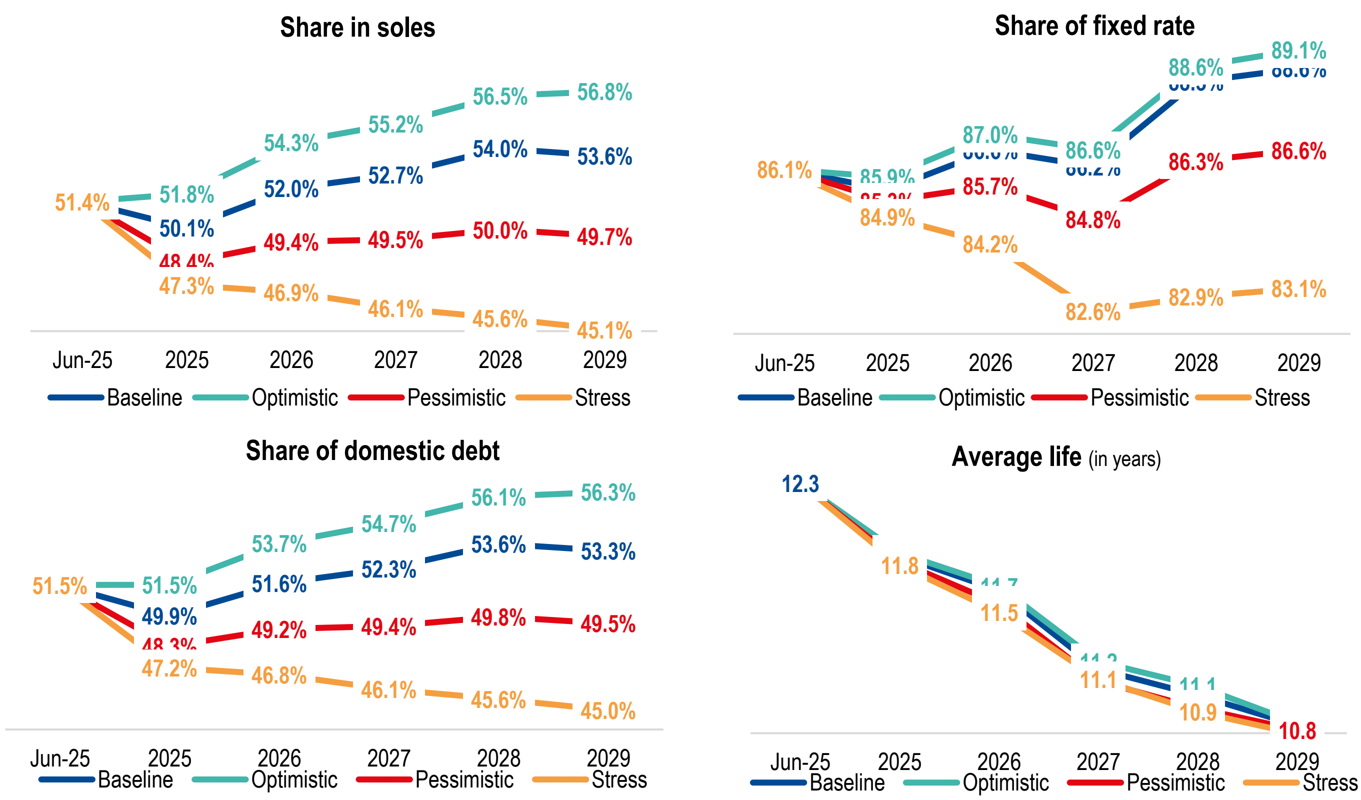
Thus, the alternative scenarios allow to analyze how well different macrofinance conditions define the volume of bond issuances and the application of the Liquidity Management Scheme to meet financial requirements of the Fiscal Year 2026, maintaining consistency with the macrofiscal framework for both the Baseline Scenario and the alternative scenarios.

As of September 2025, the public fund balance comprising the TSA reaches S/ 28.07 billion; consequently, the above-described scenarios could be assumed as a temporary utilization of 11% and 40% of such public funds by applying the Liquidity Management Scheme.

The Liquidity Management scheme strengthens fiscal sustainability and the comprehensive management of assets and liabilities by empowering the DGTP to manage temporary cash flow mismatches and actively manage the public debt portfolio. In high-interest-rate scenarios, its application can prevent costly issuances; reduce the average cost of financing and align liquidity decisions with cost-risk objectives and macroeconomic stability, in accordance with international best practices for Government treasury management. Beyond legal compliance, this scheme represents a financial flexibility instrument that contributes to efficient asset management and to maintaining a sovereign financing profile consistent with the objectives of the 2026-2029 EGIAP.

Furthermore, the assessment of the NFPS gross public debt has been made based on the financial requirements set out by the 2026-2029 MMF, potential financing sources and their impact on the main monitoring indicators. In this regard, four deterministic scenarios have been outlined (baseline, optimistic, pessimistic and stress scenarios) with the aim of setting the ranges for the reference quantitative targets of the gross public debts for the period in which the 2026-2029 EGIAP is in force. The results of some of these indicators are as follows:

Chart 26. NFPS Gross Debt Indicators



Source: DGTP – MEF.
Prepared by the authors.

If the proposed financial strategy is implemented effectively under the evaluated financial conditions, debt reference indicators are required to meet the established ranges as seen in the following Table. These projections are consistent with the gross public debt strategy of the NFPS, which is basically oriented to reducing exposure to market and refinancing risks, based on the results of the pessimistic and optimistic scenario.

Table 7. Referred Projections of the NFPS Mid-term Debt

Concept	Dec-2029
Share of debt in soles	49.7% - 56.8%
Share of debt at fixed rate	86.6% - 89.1%
Share of domestic debt	49.5% - 56.3%
Average-term-to-maturity (years)	10.8 - 10.9
Average-term-to-reprice (years)	10.1 - 10.4
Accumulated amortizations for the following 12 months 1/	2.3% - 1.6%
Share of financing in local currency 2/	51.0% - 64.0%

Source: DGTP – MEF.
1/ Indicator that measures the most immediate payment pressure.
2/ Includes the financing of liability management operations that are expected to be carried out.

Projections of the 2026-2029 period

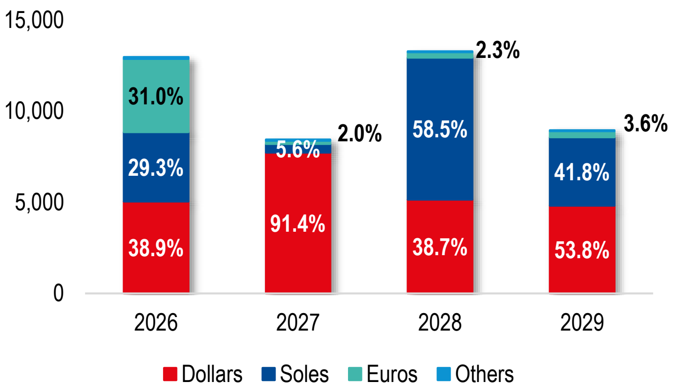
Given the assumptions considered for the analysis of the scenarios to project the different monitoring indicators of the gross public debt, the results of the baseline scenario are expected to be closer to being fulfilled so that the analysis of the position and projections of the NFPS gross debt can be taken from this scenario as a reference.

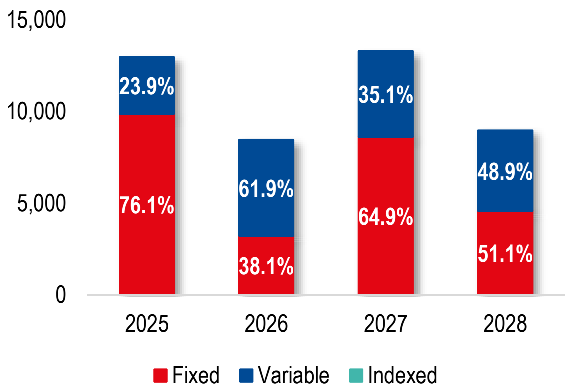
- Projection of the NFPS gross debt amortization payment for the following 4 years

  Amortizations in 2026 represent around 3.4% of the total due and their average stands at around 2.7% until 2029. In relative terms, pressures to pay the debt service in the public budget will range between 11.7% to 13.8% of the annual revenues.

  Meanwhile, payments in dollars accounted for around 38.9% in 2025 and 55.7%, on average, for maturities from 2026 to 2029. In this vein, in 2026, fixed rate loans amounted for 76.1%, while 51.4% corresponds to the average of the following 3 years.

Chart 27. Maturities of NFPS Gross Public Debt by Currency and Interest Rates
In millions of S/ and in %



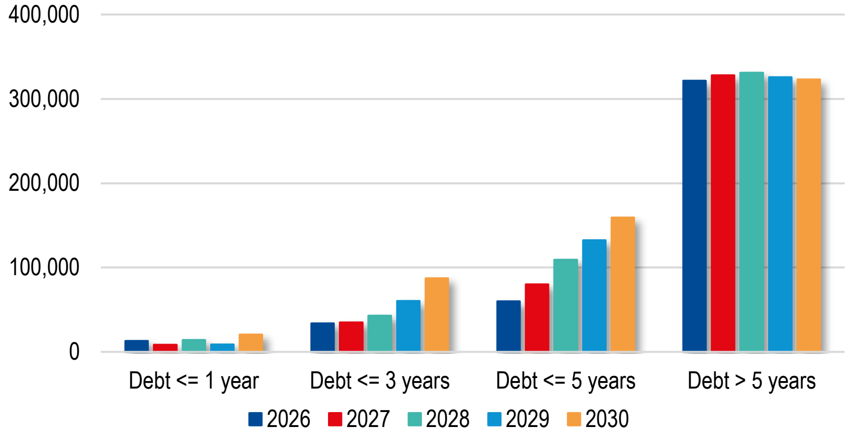


Source: DGTP – MEF.
Prepared by the authors.

- Projection of composition by maturity term

  In the baseline scenario, the maturity percentage of longer-than-5-year debt as of December 2029 is projected to be around 67.0%. This situation is explained by factors related to liability management operations; their financing implies a mid-term sovereign bond issuance. The average life indicator reinforces this position, while this indicator is expected to be around 10.9 years at the close of 2029.

Chart 28. NFPS Gross Public Debt Term-to-Maturity
In millions of S/



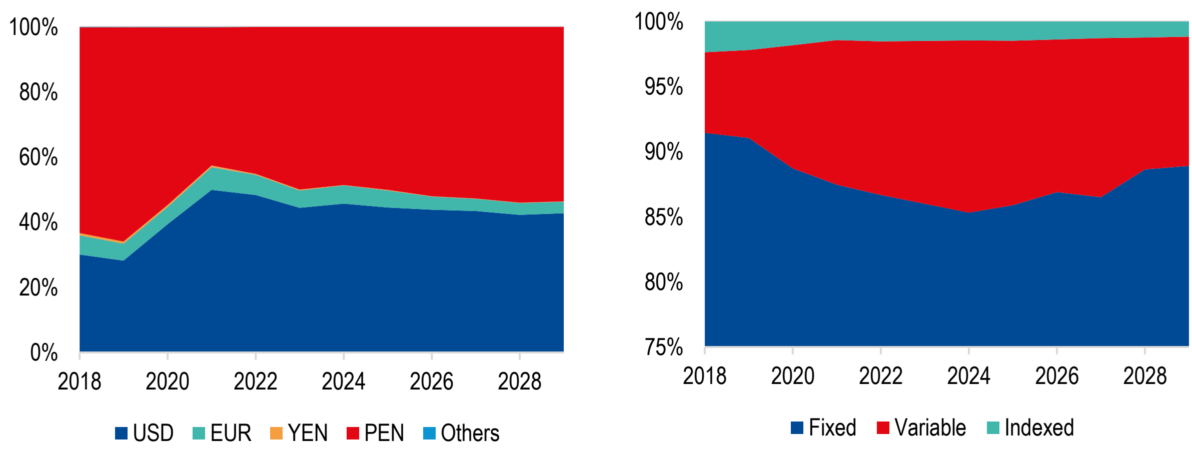
Source: DGTP – MEF.
Prepared by the authors.

- <u>Projection of the composition by currency and interest rates</u>

  In an optimal scenario, the domestic currency share in the total gross debt would be around 56.8% at the close of 2029, higher than 51.8% that would be reached in 2025. An increased participation in soles in the total gross debt is one of the most important objectives of debt management to consolidate a low-risk position and reduce the existing gap against other comparable countries, favoring a potential increase in credit rating by credit rating agencies and, consequently, a lower debt cost for the private and public sector.

  Meanwhile, the projected fixed rate component of the gross debt structure remains high for the coming years; 85.6% is expected by 2025 and an increase to 88.6% by the end of 2029. This position maintains predictable cash flows in the preparation of the corresponding budget.

Chart 29. Evolution of the NFPS Gross Public Debt Composition by Currencies and Interest Rates
(In %)

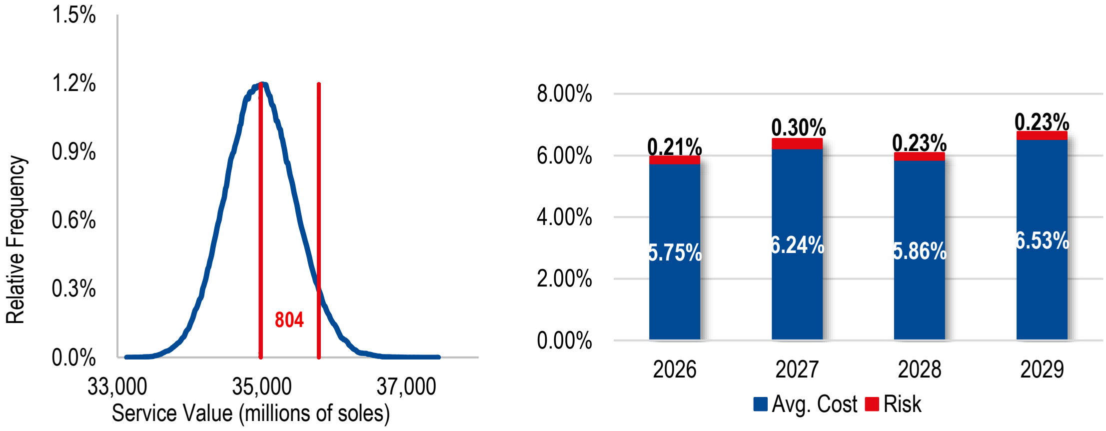


Source: DGTP – MEF.
Prepared by the authors.

- Service and cost at risk of the NFPS gross public debt

The projected debt service for 2026 would attain S/ 33.10 billion due to fluctuations of interest rates and exchange rates. Making an analysis of the Service at Risk (SeR) analysis, with 95% of confidence, these fluctuations could represent an additional expenditure regarding the expected service[18] for S/ 804 million (2.3% additional to the projected debt service payment).

Chart 30. Cost and Risk Service and NPFS Gross Public Debt Risk for the 2026-2029 period
In %



Source: DGTP – MEF.
Prepared by the authors.

- Debt ratios and the amortization profile

In relative terms, some debt-to-GDP ratios have been projected for the coming years with the aim of defining their budgetary feasibility. The NFPS gross public debt is rising until 2027 followed by a decrease to 32.5% of GDP in 2029 in line with the debt consolidation trajectory.

Table 8. NFPS Gross Public Debt Ratios
In % of GDP

	2026	2027	2028	2029
NFPS debt/GDP	32.5%	33.4%	32.9%	32.5%
NFPS service payments/GDP	2.7%	2.3%	2.6%	2.3%
NFPS amortization payments/PBI	1.0%	0.7%	1.0%	0.6%
NFPS interest payments/GDP	1.6%	1.7%	1.7%	1.7%

Source: DGTP – MEF.
Note: The result of these indicators could differ from projections published in the 2026-2029 MMF due to market prices; liability management operations carried out during the period of analysis, among others.
Prepared by the authors.

The assessment of the NFPS gross public debt in terms of revenues measures the Government's payment capacity. The debt gross balance indicator follows an upward trend until 2027; nevertheless, the debt service and the amortizations go up in 2028, mainly due to important debt maturities over the year.

[18] Measured by the difference between the 95% percentile and the average.

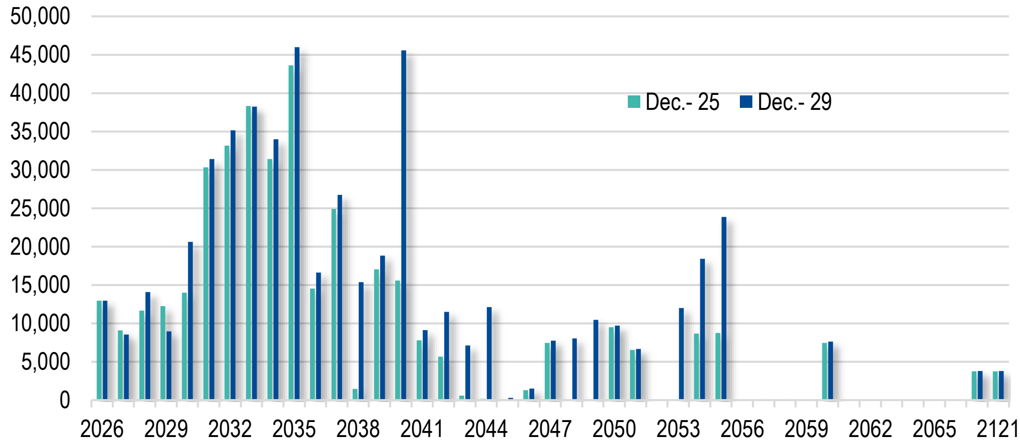
Table 9. NFPS Gross Public Debt Ratios
In % of revenues

	2026	2027	2028	2029
NFPS debt/Revenues	170.5%	174.1%	171.6%	171.7%
NFPS service payments/Revenues	13.8%	11.8%	13.8%	11.7%
NFPS amortizations payments/Revenues	5.4%	3.4%	5.3%	3.2%
NFPS interests payments/Revenues	8.4%	8.4%	8.5%	8.5%

Source: DGTP – MEF.
Prepared by the authors.

With the aim of mitigating the refinancing and market risk related to fluctuations of FX and interest rates, the DGTP is permanently monitoring opportunity windows and market conditions to carry out liability management operations. Considering the results of the baseline scenario, the results that such operations would have on the debt service profile towards the end of the 2026-2029 EGIAP timeframe are as follows:

Chart 31. Projection of the NFPS Gross Public Debt Amortizations
In millions of S/



Source: DGTP – MEF.
Prepared by the authors.

4.4 Strategic Actions

The strategic actions that are set out in the 2026-2029 EGIAP help strengthen the financial planning and the global asset and liability management, modernize treasury and develop the public debt domestic market within the framework of the strategic objectives that have being defined and the proposed guidelines.

a. <u>To promote competitiveness, participation and diversification of the public debt domestic market</u>

- **To promote the dynamism of the public debt domestic market through a larger diversity of financial instruments**, which helps foster greater investors’ participation in this market. Among this, it is aimed to continue providing support to the Sovereign Bond Stock Fund under the World Banks’s ETF Issuer Driven Program, as well as the implementation of repo operations such as a temporary transfer of securities with sovereign bonds. Additionally, financial inclusion will be promoted to increase the retail investors’ participation in the public debt market through schemes or instruments that encourage development.

To promote the mobilization of resources toward sustainable projects and expenditures through the issuance of social, green, and sustainable bonds in the capital markets; this will not only broaden the investor base, considering market conditions, but also contribute to the country's environmental and social policy objectives. Furthermore, the use of other thematic instruments or financial structures and schemes will continue to be explored as the scope of sustainable finance continues to advance and incorporate innovations that expand the range of instruments for suitable financial management, which are in line with international standards.

- **To continue issuing sovereign bonds in accordance with the Treasury's Regular Auction Schedule**, taking into account the capacity of the local market to absorb these securities; thus, the issuances of sovereign bonds will consider the debt service concentration and the analysis of the market conditions.

b. <u>To carry on with initiatives that encourage improved treasury management efficiency in line with the Principle of Cash Unity, considering better information track, based on good practices and the optimization of liquidity management tools.</u>

- **To complete the centralization of Public Funds into the TSA**: transfer of balances to all the banking accounts through which public funds are managed; it also involves the transfer of the accounts with balances that come from transactions with public funds at Banco de la Nación and other companies of the Financial National System and their corresponding closure.

- **To implement Public Trust in the TSA and to apply the TSA exempt seizure**, in addition to the DGTP's banking accounts or the ones it authorizes.

- **To consolidate the process of implementation of electronic and digital means for the State's payment operations for every expense or financial expenditure**, as well as for the collection of public revenues in favor of the Treasury and the NFPS entities, considering suitable and timely tracking.

- **To strengthen the Treasury's liquidity management and financial planning** through advanced methodologies and techniques that estimate liquidity reserves with the aim that these ones ensure the process of payment despite volatile cash flows.

c. <u>To ensure that liquidity requirements are met for a suitable execution of the public budget; to capitalize the public fund surpluses and to reduce liquidity cost</u>

- **To continue implementing operational improvement related to the management of financial revenue and expenditure flows,** consolidating operativity of the TSA through the BCRP.

- **To continue implementing a strategy aimed at strengthening the consistency, tracking, coverage and timeliness of the financial revenue and expenditure flow information**, strengthening the back office through an accounting record of receivable accounts (in charge of entities managing financial revenues) and payable accounts (in charge of entities executing the Public Sector Budget and of those ones receiving transfers from the Treasury by express legal mandate) to enhance the ability to predict daily cash and financial planning projections, making it easy implement monitoring and control actions, in addition to optimizing the treasury management decision-making and enhancing the financial asset and liability management.

- **To explore new instruments and markets that promote the diversification of Treasury's cash surpluses investments**, based on risk-conscious position, giving priority to conservative investment decisions; furthermore, to strengthen related financial risk management.

- **To set out investment guidelines and investment criteria that define the framework for investment management by NFPS entities**; to promote the capitalization of their temporary surpluses, and to limit exposure to financial risks. This measure also aims to strengthen the entities' treasury management, particularly in the preparation of more accurate cash flow adjustments that allow for the determination of the balances and maturities of surplus funds that can be potentially capitalized.

d. <u>To manage public funds to foresee financial requirements that arise from adverse events</u>

- **To maintain contingency funds such as liquidity reserves, credit lines and other instruments that enhance the Government's response to crisis and postcrisis events.** These instruments can be structured through a combination of instruments such the FEF, contingency credit lines and risk transfer instruments. The amount, composition, and sequence will have to be consistent with a financial protection strategy that places priority to the efficient use of public funds and mitigates the fiscal impact of adverse shocks.

- **To establish priorities for the use of public funds and available financial instruments to finance crisis and postcrisis events**. In line with the previous strategic action, establishing the best scheme for using public funds for crisis and post-crisis events is needed, considering the cost of public funds and the timeliness to get them.

e. <u>To strengthen the global financial asset and liability management</u>

- **To standardize the methodology for the assessment of public debt decisions using objective financial criteria**. To establish financial criteria that help strengthen the assessment of debt alternatives and define an order of priority for debt sources, considering the cost of public funds and the timeliness of obtaining them.

- **To monitor, on a regular basis, the financial risks to which financial assets and liabilities are exposed**. Within the framework of strengthening the SNEP and the SNT, regular monitoring of the financial risks of financial assets and liabilities must be conducted in compliance with the entire risk management cycle.

- **To strengthen the global financial asset and liability management in accordance with the OECD** recommendations; consequently, it is necessary to reinforce the analytical framework of the DGTP as the regulatory entity of the SNEP and the SNT, including analysis and simulations of the cost and risk of the debt and its asset capitalization. Additionally, it is necessary to consolidate information systems for decision-making.

- **To enhance technical criteria for the assessment and selective use of hedging operations** as an additional liability management tool, considering the sovereign curve as a reference of opportunity cost, and its implementation depending on favorable market windows that improve the public debt cost and risk indicators

APPENDIX 1: Schedule of the 2026 Regular Auction of Treasury's Sovereign Bonds

In line with the strategic actions, the schedule of the 2026 Regular Auction of Treasury's Sovereign Bonds is set out as a reference for the implementation of the securities auctions in the local market

January 2026

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	**15**	16	17
18	19	20	21	**22**	23	24
25	26	27	28	**29**	30	31

February 2026

S	M	T	W	T	F	S
1	2	3	4	**5**	6	7
8	9	10	11	**12**	13	14
15	16	17	18	**19**	20	21
22	23	24	25	**26**	27	28

March 2026

S	M	T	W	T	F	S
1	2	3	4	**5**	6	7
8	9	10	11	**12**	13	14
15	16	17	18	**19**	20	21
22	23	24	25	**26**	27	28
29	30	31				

April 2026

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	**9**	10	11
12	13	14	15	**16**	17	18
19	20	21	22	**23**	24	25
26	27	28	29	**30**		

May 2026

S	M	T	W	T	F	S
					1	2
3	4	5	6	**7**	8	9
10	11	12	13	**14**	15	16
17	18	19	20	**21**	22	23
24	25	26	27	**28**	29	30
31						

June 2026

S	M	T	W	T	F	S
	1	2	3	**4**	5	6
7	8	9	10	**11**	12	13
14	15	16	17	**18**	19	20
21	22	23	24	**25**	26	27
28	29	30				

July 2026

S	M	T	W	T	F	S
			1	**2**	3	4
5	6	7	8	**9**	10	11
12	13	14	15	**16**	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August 2026

S	M	T	W	T	F	S
						1
2	3	4	5	**6**	7	8
9	10	11	12	**13**	14	15
16	17	18	19	**20**	21	22
23	24	25	26	**27**	28	29
30	31					

September 2026

S	M	T	W	T	F	S
		1	2	**3**	4	5
6	7	8	9	**10**	11	12
13	14	15	16	**17**	18	19
20	21	22	23	**24**	25	26
27	28	29	30			

October 2026

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	**15**	16	17
18	19	20	21	**22**	23	24
25	26	27	28	**29**	30	31

November 2026

S	M	T	W	T	F	S
1	2	3	4	**5**	6	7
8	9	10	11	**12**	13	14
15	16	17	18	**19**	20	21
22	23	24	25	**26**	27	28
29	30					

December 2026

S	M	T	W	T	F	S
		1	2	**3**	4	5
6	7	8	9	10	11	12
13	14	15	16	**17**	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

The schedule of the Treasury's Sovereign Bond Auctions is a reference; and it is subject to changes by the General Directorate of Public Treasury (DGTP) as deemed appropriate.

Strategy of Issuances

Sales of sovereign bonds in the mid-to-term will be privileged to maintain liquid benchmarks.

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APPENDIX 2: Advances Prior to the Implementation of the 2025 – 2028 EGIAP

The 2025-2028 EGIAP was organized into guidelines and their strategic actions. The main advances of these actions are presented as follows:

Guideline 1. To Foster competitiveness, participation, and diversification of the public debt domestic market.

(i) To make the public debt local market dynamic through a greater diversity of financial instruments

The process of diversification of the local market was enhanced; the launch of the Exchange-traded bond Fund (ETF) stands out, and it is an innovative scheme to increase liquidity and expand the institutional investors' base.

A complete liability management operation was carried out, which involved the issuances of the sovereign bond 2035 and global bonds 2036 and 2055 in dollars to finance the exchange and repurchase of sovereign bonds, the exchange of global bonds in dollars and the repurchase of global bonds in dollars and euros in addition to the financial requirements of 2025.

(ii) **To continue issuing sovereign bonds in accordance with the auction schedule**

Sovereign bond regular auctions were carried out in the local market until October 2025 under the Market Maker Program for a nominal value of S/ 11.36 billion. The demand for sovereign bonds was 2.5 times the amount placed for such a period.

Guideline 2. To promote the efficient use of public funds in accordance with the Principle of Cash Unity and the use of liquidity management tools.

(i) To consolidate the centralization of Public Funds into the TSA

The process of rationalization of accounts in the Banco de la Nación has been carried out, analyzing the information of more than 1.2 billion current accounts, with a cumulative balance of S/ 2.16 billion.

Guideline 3. To ensure coverage of liquidity requirements for the proper execution of the public budget, capitalize public fund surpluses, and reduce the cost of their liquidity.

(ii) To diversify investments of temporary cash surpluses.

An investment plan for the Treasury surpluses is being developed with the aim of improving the diversification of public funds that are subject to a prudent level of risk.

Guideline 4. To manage public funds to anticipate financial requirements arising from adverse events in full application of the Principle of Fungibility.

(i) **To maintain contingency funds such as liquidity reserves, credit lines and other instruments to respond to crisis and postcrisis scenarios.**

The FEF is a public savings scheme that aims to enhance the State's response to scenarios that would have a direct and significant impact on the national economy, such as emergency situations and recessions. At the close of October 2025, the FEF balance rose to US$ 3.22 billion.

Likewise, as part of a financial strategy to respond to unexpected adverse events, the MEF has loans or contingency credit lines with multilateral organizations. As of June 2025, the available credit lines and loans totalized US$ 1.6 billion.

Guidelines 5. To make borrowing decisions based on comparable financial criteria, reducing exposure to financial risks.

(i) To aligned public indebtedness decisions within the framework of fiscal risk management

Systematic monitoring of risks related to interest rates, exchange rates, and maturity concentration continued with the aim of preserving financial stability and reducing structural vulnerabilities in the State's portfolio. Thus, between June and July 2025, the DGTP completed the implementation of a comprehensive debt management operation for over S/ 20 billion through the repurchase or exchange of sovereign bonds in soles, and the repurchase and exchange of global bonds in dollars and euros with the aim of reducing amortization pressures on bonds between 2025 and 2031, supporting the sol-denominated debt, and financing the financial requirements of the fiscal year.

APPENDIX 3: NFPS Gross Debt: Projections for Some Indicators

In millions of S/ and %

	Jun-25	2025	2026	2027	2028	2029
Baseline scenario						
Gross total debt	**359,510**	**382,864**	**409,199**	**441,595**	**459,357**	**483,365**
Fixed rate	86.1%	85.6%	86.6%	86.2%	88.3%	88.6%
Soles	51.4%	50.1%	52.0%	52.7%	54.0%	53.6%
Securities debt	86.0%	85.4%	86.5%	86.4%	88.6%	89.0%
Domestic debt	51.5%	49.9%	51.6%	52.3%	53.6%	53.3%
Soles (in 3 years)	0.0%	34.7%	38.9%	49.1%	48.0%	55.2%
Fixed rate (in 3 years)	0.0%	62.6%	53.2%	68.6%	78.8%	84.8%
Financing in soles	69.6%	23.0%	55.0%	49.5%	60.6%	49.6%
Average life (years)	12.30	11.86	11.66	11.18	11.03	10.85
Average reprice (years)	11.70	11.20	11.05	10.51	10.46	10.32
Equivalent rate	6.0%	5.9%	5.9%	5.8%	5.8%	5.8%

	Jun-25	2025	2026	2027	2028	2029
Optimistic scenario						
Gross total debt	**354,987**	**371,281**	**398,026**	**430,322**	**448,528**	**471,043**
Fixed rate	86.1%	85.9%	87.0%	86.6%	88.6%	89.1%
Soles	52.0%	51.8%	54.3%	55.2%	56.5%	56.8%
Securities debt	86.1%	85.8%	86.9%	86.9%	89.1%	89.6%
Domestic debt	52.1%	51.5%	53.7%	54.7%	56.1%	56.3%
Soles (in 3 years)	0.0%	37.5%	38.7%	50.9%	50.0%	58.1%
Fixed rate (in 3 years)	0.0%	63.3%	52.9%	68.8%	79.0%	85.4%
Financing in soles	69.6%	35.0%	59.4%	54.0%	64.0%	54.1%
Average life (years)	12.33	11.88	11.68	11.23	11.08	10.86
Average reprice (years)	11.73	11.23	11.10	10.58	10.54	10.36
Equivalent rate	5.8%	5.7%	5.7%	5.6%	5.6%	5.6%

	Jun-25	2025	2026	2027	2028	2029
Pessimistic scenario						
Gross total debt	**363,584**	**394,872**	**420,942**	**455,689**	**474,658**	**496,900**
Fixed rate	86.1%	85.3%	85.7%	84.8%	86.3%	86.6%
Soles	50.8%	48.4%	49.4%	49.5%	50.0%	49.7%
Securities debt	86.0%	85.1%	85.6%	85.0%	86.6%	87.0%
Domestic debt	50.9%	48.3%	49.2%	49.4%	49.8%	49.5%
Soles (in 3 years)	0.0%	30.6%	36.3%	43.6%	43.8%	51.4%
Fixed rate (in 3 years)	0.0%	59.7%	50.3%	63.8%	76.2%	82.7%
Financing in soles	69.6%	28.7%	46.5%	42.4%	51.0%	43.0%
Average life (years)	12.26	11.83	11.58	11.11	10.95	10.82
Average reprice (years)	11.65	11.14	10.90	10.31	10.20	10.10
Equivalent rate	6.2%	6.2%	6.2%	6.1%	6.1%	6.1%

	Jun-25	2025	2026	2027	2028	2029
Stress scenario						
Gross total debt	**367,315**	**404,229**	**433,787**	**475,348**	**498,635**	**521,043**
Fixed rate	86.1%	84.9%	84.2%	82.6%	82.9%	83.1%
Soles	50.3%	47.3%	46.9%	46.1%	45.6%	45.1%
Securities debt	85.9%	84.7%	84.1%	82.7%	83.2%	83.5%
Domestic debt	50.4%	47.2%	46.8%	46.1%	45.6%	45.0%
Soles (in 3 years)	0.0%	28.0%	34.6%	40.7%	41.1%	48.5%
Fixed rate (in 3 years)	0.0%	58.2%	48.5%	62.0%	74.5%	80.8%
Financing in soles	69.6%	26.3%	35.5%	33.0%	39.1%	36.7%
Average life (years)	12.23	11.81	11.53	11.12	10.93	10.80
Average reprice (years)	11.62	11.07	10.68	10.01	9.79	9.69
Equivalent rate	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%