



HACIENDA

SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO

2024 Annual Borrowing Plan

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**ABP
2024**

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I. Executive Summary

The Annual Borrowing Plan (ABP) informs the lines of action, objectives and strategies of the public debt policy of the Public Sector.

For 2024, the Federal Government will consolidate the five pillars it developed during the administration in accordance with its public debt policy strategy:

1

Meet the financing needs of the Federal Government, with an adequate level of cost and risk.

2

Improve the debt maturity profile and its characteristics.

3

Continue developing the Sustainable Bonds markets.

4

Perform comprehensive risk management.

5

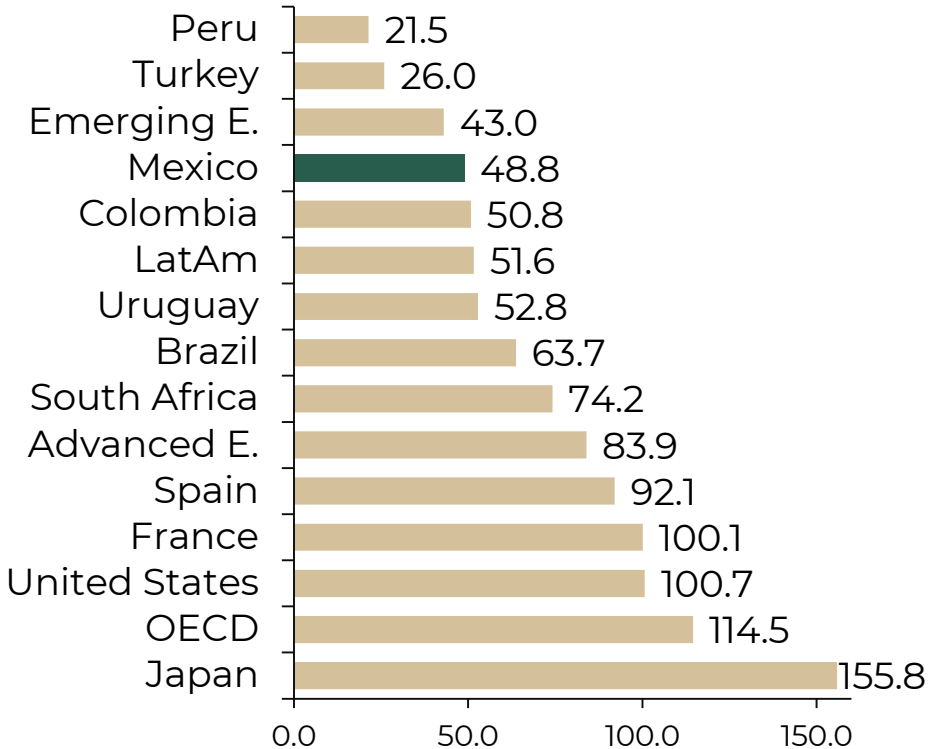
Public debt sustainability.

I. Executive Summary

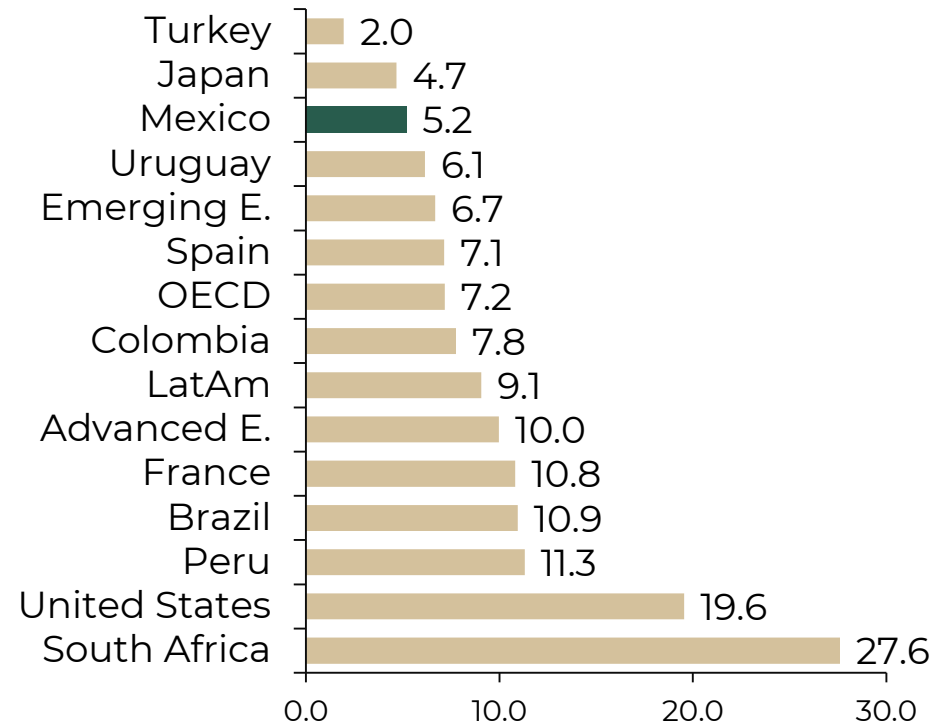
International Comparison

In an international setting, Mexico compares favorably with advanced and emerging countries with regard to public debt management, due to a lower balance and a lower increase from 2018 to 2024.

**Public Debt 2024e/
(% of GDP)**



**Public Debt Increase 2018 – 2024e/
(% of GDP)**



e/ estimate.

Note For Mexico the HBPSBR is used. For the OECD gross debt is used.

LatAm: Group of emerging and middle-income economies from Latin America.

Source: IMF, OECD and Ministry of Finance.

I. Executive Summary

Public Sector Financing Needs

For 2024, the estimated financing needs of Public Sector Entities will be **16.2% of GDP**.

	2023e/		2024e/		Δ
	MXN bn	% GDP	MXN bn	% GDP	% GDP
Total	4,867.4	15.2	5,582.6	16.2	1.0
Federal Government	3,635.6	11.4	4,250.7	12.4	1.0
Deficit	1,168.3	3.7	1,906.1	5.5	1.9
Amortization	2,467.3	7.7	2,344.7	6.8	-0.9
SOEs^{1/}	307.1	1.0	51.7	0.2	-0.8
Deficit	0.0	0.0	-145.0	-0.4	-0.4
Amortization	307.1	1.0	196.7	0.6	-0.4
NDB^{2/}	606.9	1.9	896.5	2.6	0.7
TNF ^{3/}	123.9	0.4	315.3	0.9	0.5
Amortization	483.0	1.5	581.2	1.7	0.2
Others^{4/, 5/}	317.8	1.0	383.7	1.1	0.1
Deficit	60.5	0.2	109.0	0.3	0.1
Amortization	257.4	0.8	274.7	0.8	0.0

Note: Total figures may not add up due to rounding.

1/ State-Owned Enterprises (Pemex and CFE).

2/ National Development Banks (Nafin, Banobras, Bancomext and SHF).

3/ Total Net Financing. It includes cash availability.

4/ Other issuers (FIRA, Infonacot and IPAB).

5/ IPAB's total needs consider deficit, amortizations, and (dis) accumulation of liquid resources.

e/ estimate.

II. Debt Management Strategy Results

II.1 Federal Government Funding

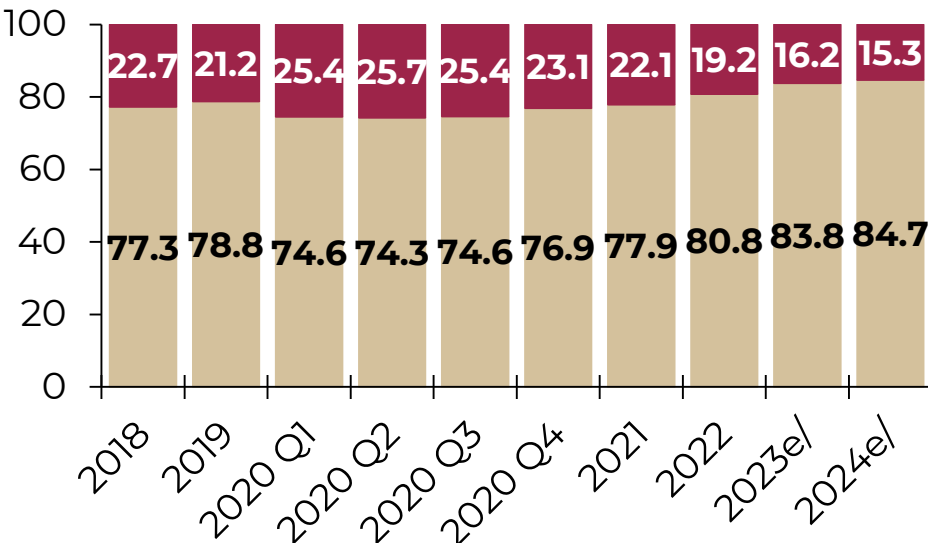
For 2024 external debt is estimated to represent 15.3% of the total debt, a decrease of more than 7 percentage points compared to 2018.

The portfolio's composition has contributed to greater strength against restrictive monetary policy. Although cost increases persisted in 2023, they did not compromise public finances.

Debt Composition

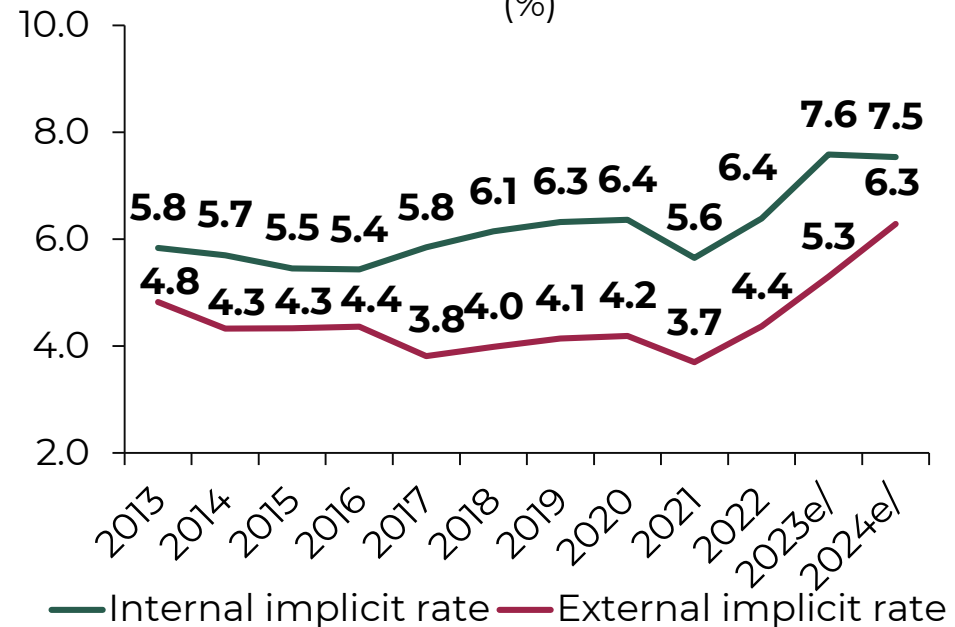
(%)

Internal External



Implicit Debt Rates

(%)



Internal implicit rate External implicit rate

e/ estimate.

Source: Ministry of Finance.

e/ estimate.

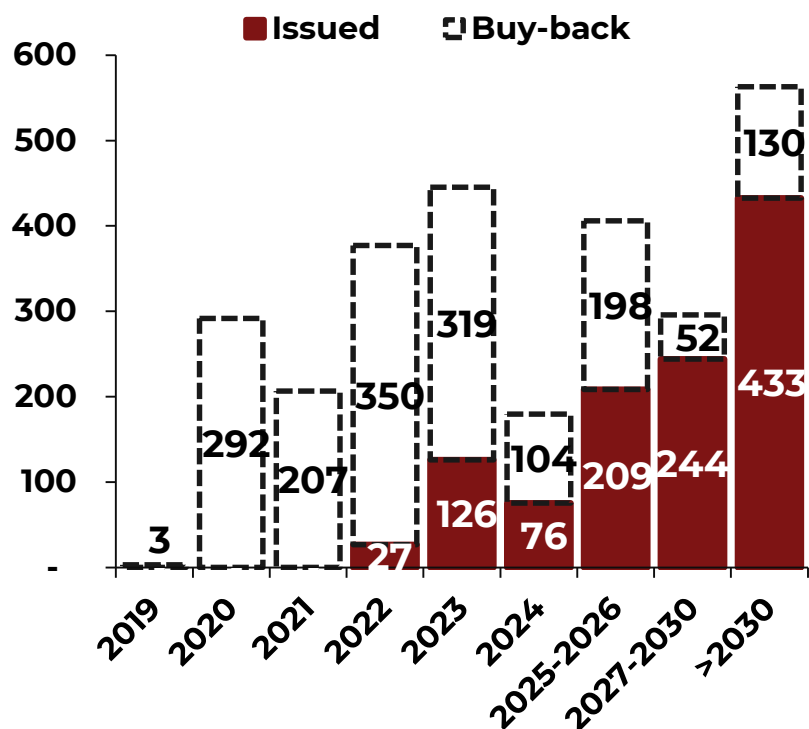
Source: Ministry of Finance.

II. Debt Management Strategy Results

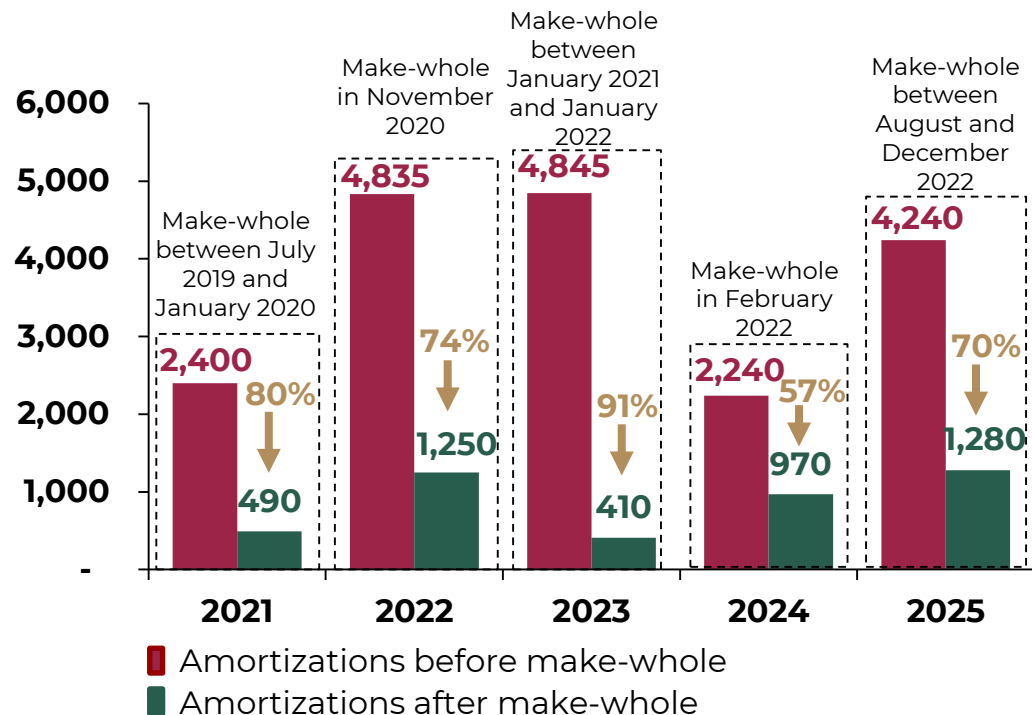
II.2 Optimization of the debt maturity profile

During 2023, there were liability management exercises in both domestic and foreign markets. Efforts towards an orderly government transition have been made. In the external market, debt amortizations for 2025 were reduced by 70% and in the local market, amortizations for 2023 and 2024 have been extended.

Change in the amortization profile of the internal debt (billion pesos)



Benefits of the make-whole of Federal Government external bonds (million dollars)



Note: It only includes the refinanced amount of M Bonds and Udibonos. Neither Cetes nor Bondes are included.

Source: Ministry of Finance.

Source: Ministry of Finance.

II. Debt Management Strategy Results

II.3 Comprehensive risk management

The Federal Government implements a comprehensive risk management strategy as an essential part of a strong commitment to economic stability and sound public finances. The strategy is designed to address variations in oil prices, exchange rates and interest rates.

Federal Government's Gross External Debt Composition (% external debt)

Currency	Dollar	Euro	Yen	Pound Sterling	Swiss Franc	Others	TOTAL
2018	73.9%	18.0%	6.1%	2.0%	0.0%	0.0%	100.0%
2019	65.4%	23.1%	7.6%	2.0%	2.0%	0.0%	100.0%
2020	68.4%	22.1%	5.8%	1.8%	1.9%	0.0%	100.0%
2021	68.6%	21.6%	5.9%	1.7%	1.8%	0.4%	100.0%
2022	66.9%	18.9%	5.8%	1.5%	1.8%	5.1%	100.0%
2023e/	66.6%	17.0%	4.4%	1.5%	1.8%	8.7%	100.0%

Nota: Total figures may not add up due to rounding.
e/ estimate.

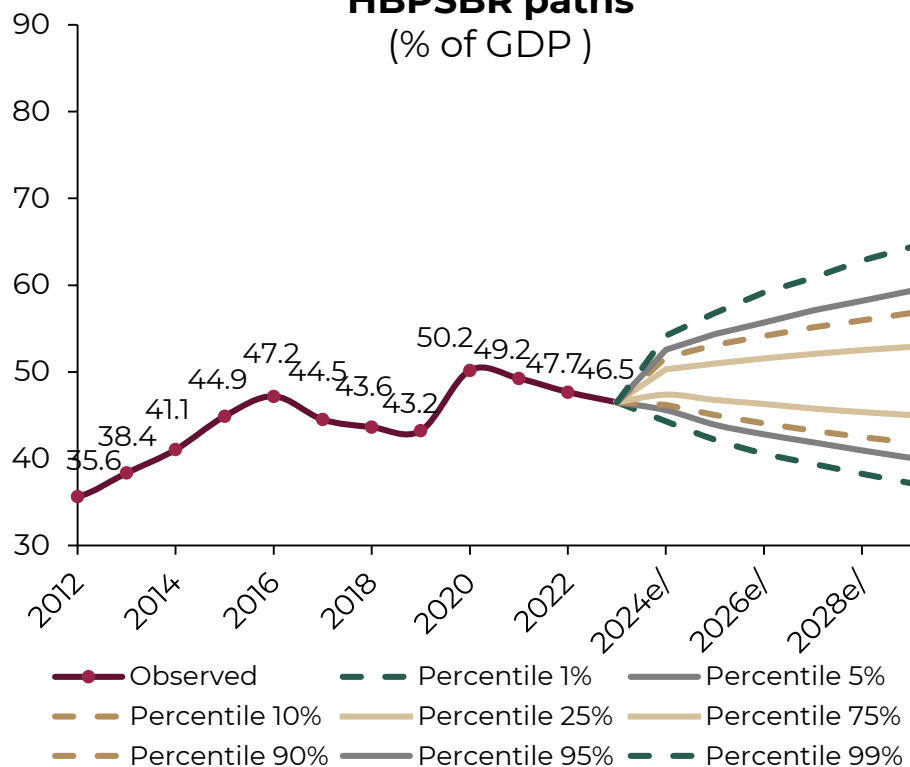
Source: Ministry of Finance.

II. Debt Management Strategy Results

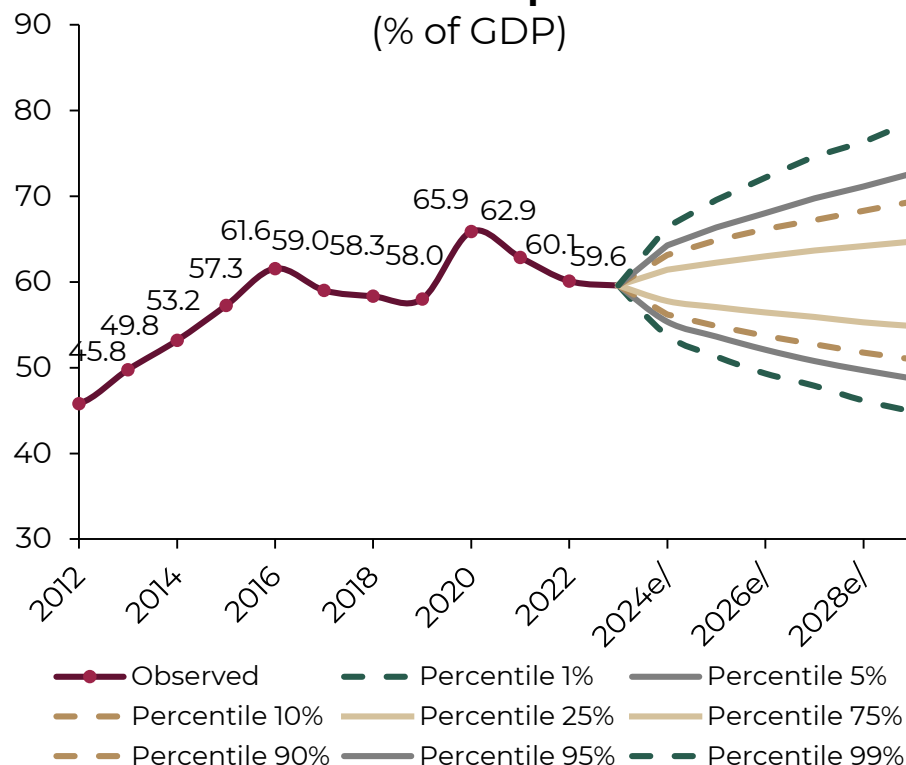
II.4 Public Debt Sustainability

By the end of 2023 and 2024, the HBPSBR is estimated to be **46.5%** and **48.8%** of GDP, respectively, and a stable trajectory is expected for the coming years. As a result of a prudent policy, public debt is sustainable, even under stress scenarios.

HBPSBR paths
(% of GDP)



Gross Debt paths
(% of GDP)

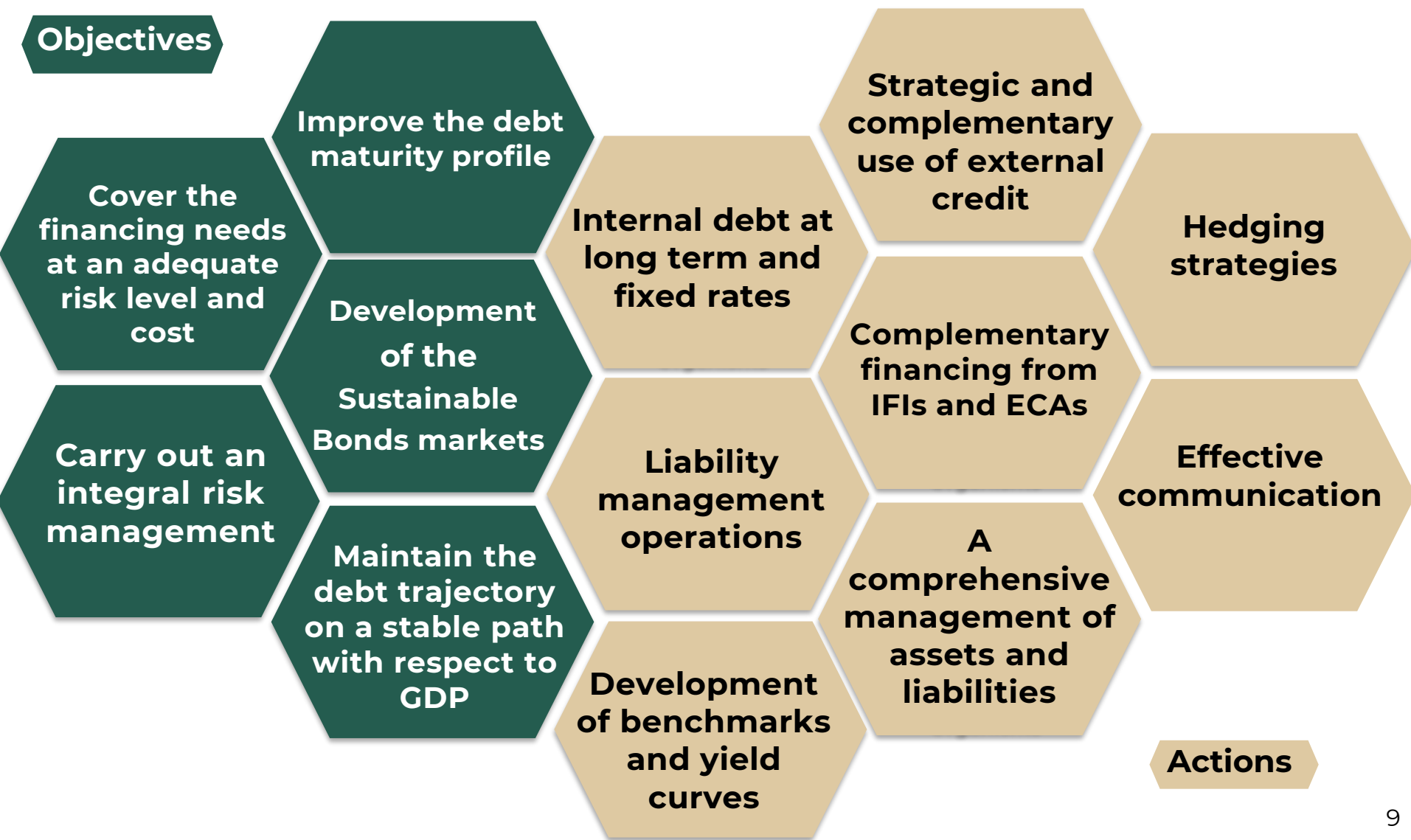


Source: Ministry of Finance.

The data presented are indicative and may be adjusted throughout the year, depending on the evolution of market conditions and the strategy of each entity.

III. Federal Government's Debt

III.1 Public debt policy general guidelines and integral management of assets and liabilities



III. Federal Government's Debt

III.2 2024 Financing Needs

For 2024, the Federal Government's needs add up to **12.4%** of GDP. This amount results from the following elements:

1. Federal Government deficit of **5.5%** of GDP.

2. Debt amortization of **6.8%** of GDP.

6.6% of GDP of internal debt amortization.

0.2% of GDP of external debt amortization.

	2023e/		2023e/		$\Delta^{3/}$
	MXN bn	% GDP	MXN bn	% GDP	% GDP
TOTAL (A + B) ^{1/}	3,635.6	11.4	4,250.7	12.4	1.0
A. Deficit	1,168.3	3.7	1,906.1	5.5	1.9
B. Amortization	2,467.3	7.7	2,344.7	6.8	-0.9
Internal	2,391.8	7.5	2,279.8	6.6	-0.9
Securities	2,367.6	7.4	2,268.0	6.6	-0.8
Cetes	813.0	2.5	1,135.1	3.3	0.8
Bondes	749.5	2.3	637.4	1.9	-0.5
Bonds	537.4	1.7	495.5	1.4	-0.2
Udibonos	267.7	0.8	0.1	0.0	-0.8
Others ^{2/}	24.2	0.1	11.7	0.0	0.0
External	75.5	0.2	64.9	0.2	0.0
Bonds	34.8	0.1	18.4	0.1	-0.1
IFIs	36.6	0.1	42.3	0.1	0.0
Others	4.1	0.0	4.2	0.0	0.0

^{1/} Total figures may not add up due to rounding.

^{2/} Includes the net financing needs of the Pension Savings System (SAR).

^{3/} Variation in percentage points.

e/ Estimates for year-end 2023 and 2024.

Source: Ministry of Finance.

III. Federal Government's Debt

III.3 Financing strategy for 2024

III.3.1 Internal debt

This will continue to be the main source of financing.

The auction program will be adapted to the conditions and evolution of the financial markets.

The development of sustainable markets will continue.

Refinancing operations are considered for short-term debt amortizations, to contribute to an orderly government transition.

Bonos M

Fixed-rate bonds will be issued for terms of 3, 5, 10, 20 and 30 years. The 10, 20 and 30 year benchmarks will be updated.

Udibonos

Udibonos will be issued every 4 weeks, alternating issuances with terms of 3, 10, 20 and 30 years. The 10 and 30 year benchmarks will be updated.

Cetes

The minimum and maximum amounts to be issued weekly will be announced quarterly for terms of 28, 91, 182, 364 and 728 days.

Bondes F

Will be auctioned at terms of 1, 2, 3, 5, 7 and 10 years. The terms and amounts will be announced quarterly in the Government Securities Action Calendar.

III. Federal Government's Debt

III.3 Financing strategy for 2024

III.3.2 External debt

For 2024, flexibility in financing will be provided. The aim is to maintain a downward trend in the proportion of external debt within the portfolio to mitigate the impact of external shocks.

III.3.3 Development-Oriented Financing

Sustainable Bonds	In the local market, both variable rate bonds (Bondes G) and fixed rate bonds (Bonos S) will be issued. The external market will be constantly monitored for favorable execution windows. All these instruments comply with the Government of Mexico's ESG criteria.
IFIs	They represent a financing alternative that promotes the transfer of knowledge and the adoption of international best practices in numerous areas such as: i) transparency; ii) institutional strengthening; iii) evaluation and monitoring; iv) governance, among others.
ECAs	By 2024, the use of this type of loans will continue, when the financing schemes are convenient, and the cost and term of the loans are competitive.

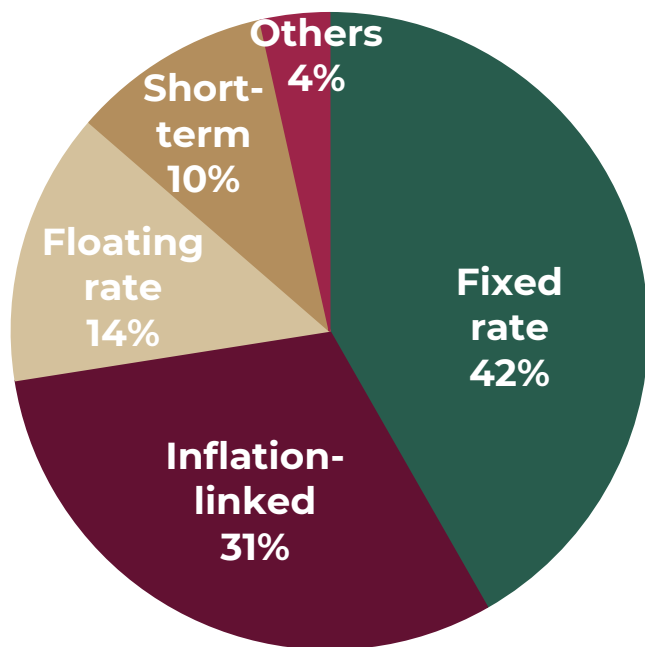
III. Federal Government's Debt

III.4 Federal Government's Debt portfolio

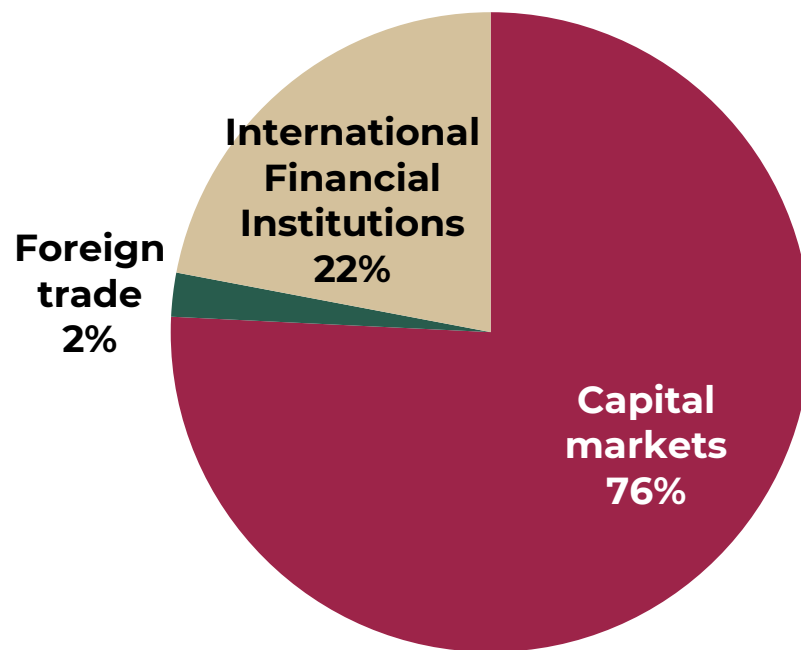
Most of the debt is contracted at fixed rates. In the case of internal debt, most of the balance of government securities is long-term and at nominal and real fixed rates.

By the end of 2024, most of the Federal Government's external debt corresponds to bonds issued in international markets (76%), followed by credits with IFIs, and, to a lesser extent, credits with export agencies.

Federal Government's internal debt structure
(%)



Federal Government's external debt structure
(%)



III. Federal Government's Debt

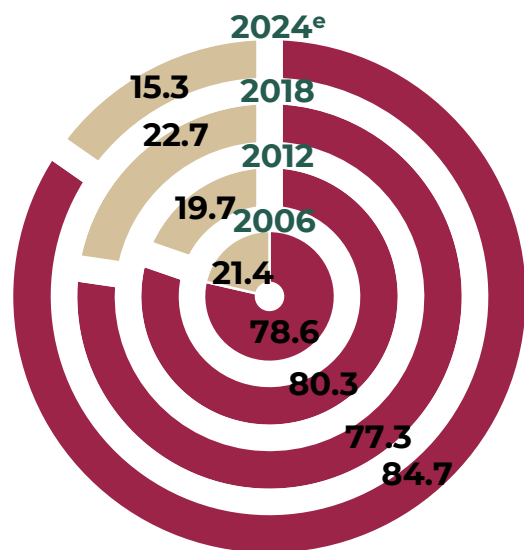
III.4 Federal Government's Debt Portfolio

Medium-Term Horizon

The objectives remain to preserve a resilient debt portfolio, carry out refinancing, and manage interest rates and exchange rate risks.

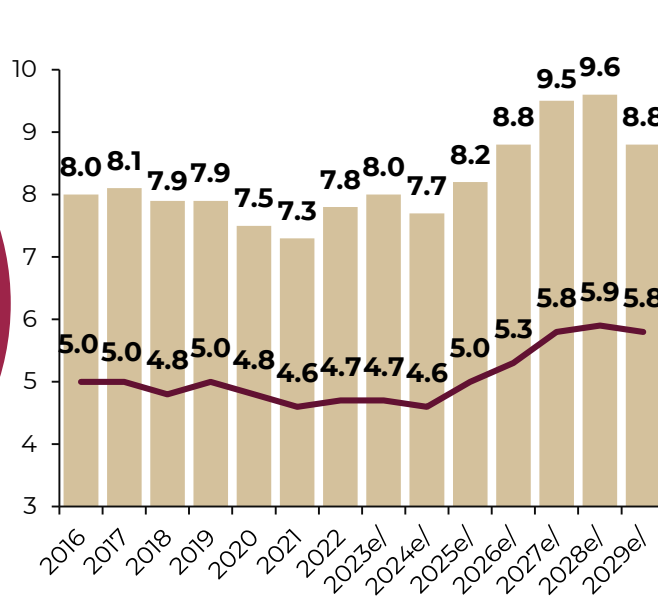
Debt portfolio composition
(% of total)

Internal External



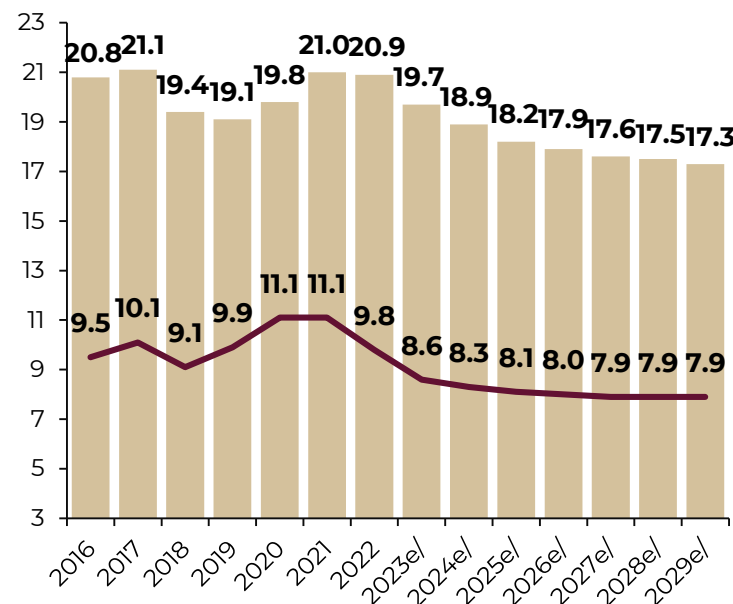
Average maturity and duration of Federal Government's Securities
(years)

Average Maturity Duration



Average maturity and duration of external market debt
(years)

Average Maturity Duration



Source: Ministry of Finance.

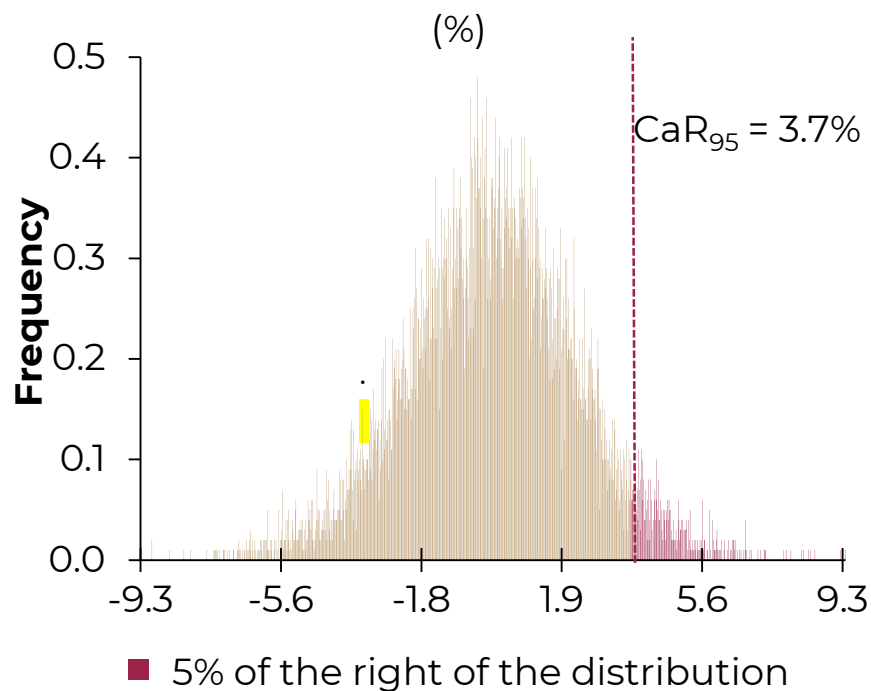
The estimations are indicative and may be adjusted throughout the year, depending on the evolution of market conditions and the strategy of each entity.

III. Federal Government's Debt

III.5 Sensitivity of financial cost

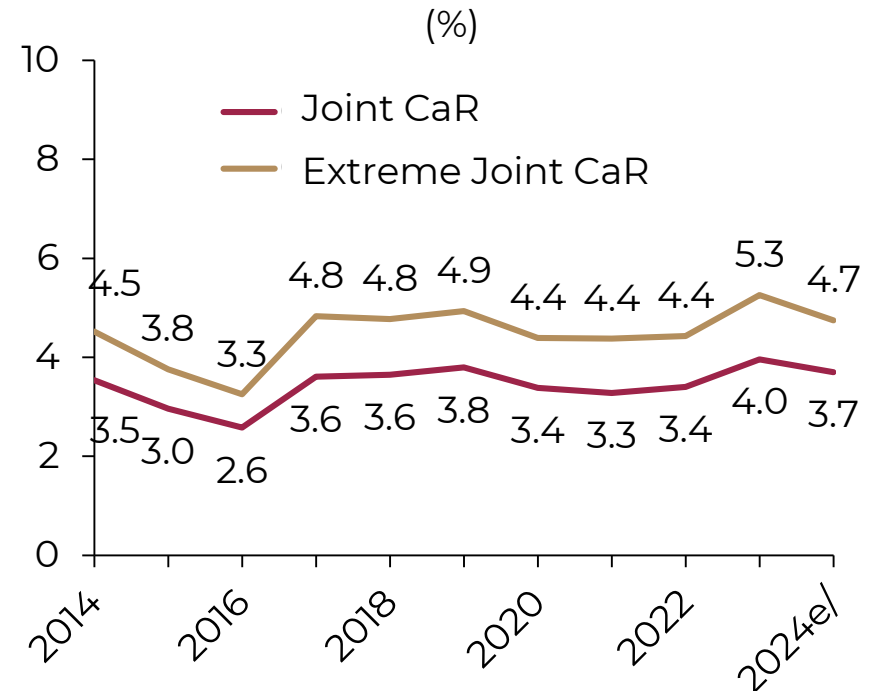
Despite the exchange rate variation and the rise in interest rates observed in 2023, the Cost at Risk (CaR) remains limited and stable due to a portfolio composition of mostly local currency and fixed rate instruments.

Deviation from expected 2024 cost of Federal Government's Debt



e/ estimate.
Source: Ministry of Finance.

Federal Government's Debt: historical behavior of the Joint CaR and Extreme Joint CaR



e/ estimate.
Source: Ministry of Finance.

It is estimated that in 2024, the financial cost will not increase by more than 3.7% with respect to its expected value, which corresponds to a variation of less than 0.13% of the estimated GDP for 2024.

IV. Public Sector Entities' Debt

The ABP shows the lines of action and objectives of the Public Sector Entities' debt policy to promote transparency and present debt management strategies. The financing needs are the sum of the deficit and scheduled debt amortizations.

State-Owned Enterprises

- State-Owned Enterprises require 51.7 billion MXN to cover their financing needs by 2024.
- Of this amount, 38.9 billion MXN are Pemex's financing needs, given a surplus of 145 billion MXN and amortizations of 183.9 billion MXN.
- CFE's financing needs will be 12.8 billion MXN, given a zero deficit and amortization payments of 12.8 billion MXN.

Development Banks

- The financing needs of Nafin, Banobras, Bancomext and SHF for 2024 amount to 896.5 billion MXN. 581.2 billion MXN are debt amortizations, and 315.3 billion MXN are net financing.

Other Issuers

- The financing needs of FIRA, Infonacot and IPAB for 2024 represent an amount of 383.7 billion MXN.



ABP 2024



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