



MINISTRY OF FINANCE

Indicative plan of government securities issuances for 2023

In 2023, the gross financing needs at government level amount to approx. RON 160 billion. To this will be added the needs for refinancing cash management instruments. The volume of loans to be raised by the Ministry of Finance from domestic and external markets is covering being the projected budget deficit of 4.40% of GDP (approx. RON 68 billion) and the volume of public debt to be refinanced in 2023, in the amount of approx. RON 92 billion. It is estimated that the budget deficit will be financed approx. 30% from domestic sources and 70% from external sources.

The Ministry of Finance will have a flexible approach in carrying out the financing process in 2023, aiming to preserve the predictable and transparent nature of the offer of government securities in order to react adequately to potential changes in market trends and investor behavior.

Domestic market

The indicative volume of loans to be contracted from the domestic market amounts to approx. RON 97-102 billion, with a maturity structure of about 20%/80% (short term versus medium and long term), by issuing the following instruments:

- short-term treasury certificates, with maturities up to 12 months;
- previously issued medium and long term benchmark bonds that will be frequently reopened according to investors demand until reaching an appropriate volume to increase their liquidity;
- new benchmark bonds with initial maturities of around standard maturities 3, 5, 7, 10 and 15 years, taking into account investors demand and the objective of consolidating and expanding the yield curve of RON-denominated government securities;
- retail bond issuances in RON and foreign currency, with maturities between 1y and 5y;
- private placement instruments, denominated in RON or foreign currency.

In order to achieve the objective of consolidating and expanding the yield curve of RON denominated government securities and improving the liquidity in the secondary market, the Ministry of Finance is considering reopening the benchmark bond issuances in a volume of up to EUR 2,5-3 billion equivalent on each benchmark series, along with using liability management operations (buybacks and exchanges).

Furthermore, in order to reduce the refinancing risk, depending on the existing conditions in the secondary market, the Ministry of Finance intends to use liability management operations in 2023. The government securities issued on domestic market that may be subject to buybacks or exchanges with newly issued benchmark bonds are those with a residual maturity of up to one year at the time of the transaction, respectively the series maturing in years 2023 and 2024. Quarterly announcements and monthly prospectuses will be updated for such transactions.

The Ministry of Finance may also consider issues of government securities denominated in euro on the domestic market that will be re-opened periodically subject to market demand.

External market

The 2023 indicative volume of international markets borrowing is of approx. EUR 11-12 billion and will be completed through:

- i) Eurobond issuances in the amount of EUR 7.5-8.5 billion (equivalent), including private placements, subject to the developments, conditions and market opportunities. MoF will performe buybacks and exchange transactions to manage reimbursement peaks in 2023 - 2024. Subject to financial conditions and evolution of the financial markets, other instruments can be used (eg: Samurai bonds) after completing the specific documentation;
- ii) European Commission disbursement of EUR 2 billion to Romania under the Recovery and Resilience Facility (RRF);
- iii) drawings under loans contracted from international financial institutions of about EUR 1.5 billion. Through external loans, the Ministry of Finance aims to reduce refinancing risk by extending the remaining average maturity of the government securities portfolio at the most efficient cost, and to diversify the investor base.

Depending on the market conditions and the implementation of the financing plan proposed for 2023, the financial reserve in foreign currency available for the State Treasury can be consolidated or partially used.

The elements announced above may be revised during 2023 depending on the financing needs evolution at the government level, the development of the financial markets and investor demand.

Also, Ministry of Finance envisages to include green bonds issuances in the external financing plan for 2023, subject to completion of the *General Framework for Sovereign Green Bonds* based on coordinated efforts of the line ministries and subject to identifying eligible expenses/projects that will be financed through this type of bonds.

The indicative volume of government securities issued on the domestic market will be announced quarterly, including the volumes and other specific terms announced in the approved prospectuses. For the first quarter the indicative volume of government securities to be issued on the interbank market is around RON 18 - 20 billion.

Minister of Finance

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