



MINISTRY OF FINANCE

Government Securities Issuance Program for 2022

In 2022, the government gross financing needs amount to approx. RON 145.4 billion, the total borrowing volume to be raised by the Ministry of Finance from domestic and external markets is a percent of the projected budget deficit of 5.84% of GDP (approx. RON 77 billion) and the volume of public debt to be refinanced in 2022, in the amount of approx. RON 68.4 billion. The budget deficit is to be financed from the domestic market (30%) and from the external market (70%), taking into account the objective of developing the government securities market at the same time as the capacity to absorb government securities from the domestic market.

The Ministry of Finance will pursue a flexible approach in completing the funding plan in 2022, aiming at preserving predictability and transparency of the government bond supply, in order to react appropriately to any changes in market trends and investors' behaviour.

Domestic market

The estimated borrowing volume to be raised by the Ministry of Finance from domestic market is of RON 75 billion, with a maturity structure of 10% / 90% (short term / 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 re-opened 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;
- RON and EUR denominated retail government securities with maturities of 1y to 5y, with an estimated volume of RON 10 billion.

In order to consolidate and expand the yield curve of RON-denominated government securities as well as to improve the liquidity of the government securities market, the Ministry of Finance plans to re-open benchmark bonds until reaching a volume of EUR 2.5 billion equivalent on each benchmark series, along with using liability management operations (buybacks and exchanges).

Furthermore, in order to reduce refinancing risk and subject to secondary market conditions, the Ministry of Finance intends to use liability management operations in 2022. 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 2022 and 2023, quarterly announcements and monthly prospectuses being updated in case such transactions are performed.

The Ministry of Finance may also consider issues of government securities denominated in euro on the domestic market that can be re-opened periodically subject to demand for such instruments from local investors.

External market

The 2022 indicative volume of international markets borrowing is of approx. EUR 14 billion and will be completed through: i) Eurobond issuances in the amount of EUR 10 billion (equivalent), including private placements, subject to the developments, conditions and opportunities offered by these markets, and buybacks and exchange transactions of existing issuances to manage reimbursement peaks in 2023 - 2024; ii) European Commission disbursement of EUR 3.8 billion to Romania under the Recovery and Resilience Facility (RRF); iii) drawings under loans contracted from international financial institutions of about EUR 0.4 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 strengthen the foreign currency buffer available to the State Treasury and to diversify the investment base.

The elements announced above may be revised during 2022, subject to changes in government financing needs, financial markets trends, the investment needs of market participants, the budget deficit financing and refinancing of the public debt, as well as subject to the need to maintain and strengthen the foreign currency buffer at the disposal of the State Treasury.

Subject to favourable conditions on financial markets, Ministry of Finance may also consider pre-financing 2023 borrowing needs, taking also into account the objective of maintaining a financial buffer with the State Treasury at an equivalent of up to four months of gross financing needs.

Also, Ministry of Finance envisages to include green bonds issuances in the external financing plan for 2022, 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, with the actual volumes and other specific terms announced in the approved prospectuses. For the first quarter of 2022, Ministry of Finance announces an indicative volume of about RON 18 - 20 billion for domestic government securities issued on the interbank market.

Minister of Finance

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