



MINISTRY OF PUBLIC FINANCE

Government Securities Issuance Program for 2020

In 2020 the government gross financing needs amount to approx. RON 86.9 billion. The total borrowing volume of the Ministry of Public Finance from the domestic and external markets is determined by the projected budget deficit of 3.6% of GDP (approx. RON 40.6 billion) and the volume of public debt to be refinanced in 2020, in the amount of approx. RON 46.3 billion. The budget deficit is to be financed 55% from the domestic market and 45% from the external market, taking into account the objectives to limit the foreign exchange risk and to further develop the government securities market.

The Ministry of Public Finance will pursue a flexible approach in completing the funding plan in 2020, aiming at preserving predictability and transparency of the government bond supply and to react appropriately to any changes in market trends and investors' behaviour.

The Ministry of Public Finance intends to borrow from international markets a volume of about EUR 6 billion (equivalent), by issuing Eurobonds, including buy-back and exchange transactions of the existing issues, private placements, subject to the developments, conditions and opportunities offered by these markets, as well as by drawings under loans contracted from international financial institutions.

Through external loans, the Ministry of Public Finance aims to reduce the refinancing risk by extending the remaining average maturity of the government securities portfolio at the most advantageous cost and diversifying the investment base, as well as strengthening the existing foreign currency buffer available to the State Treasury.

On the domestic market, Ministry of Public Finance intends to issue government securities in amount of RON 55-57 billion, with a maturity structure mostly on the medium and long term, using the following instruments:

- a) treasury discounted certificates for short-term, with maturities up to one year;
- b) medium and long term benchmark bonds, issued in previous years as well as new issuances that will be reopened frequently and subject to the investors demand, and
- c) retail government securities, with maturities ranging between 1 year and 10 years with an estimated volume of up to 10% of the government securities to be issued on the domestic market (about RON 6 billion).

In order to achieve the objectives of developing the domestic government securities market, consolidating and expanding the yield curve of RON-denominated government securities and improving the liquidity of the government securities market, the Ministry of Public Finance intends to reopen the benchmark issuances up to an equivalent EUR 2.5 billion per series and using the liability management operations. Subject to the completion of the applicable legal framework and depending on the secondary market conditions during 2020, the Ministry of Public Finance together with NBR intends to use liability management operations, such as buybacks or exchanges of government securities. The government securities that may be subject to buybacks or exchanges are those related to government securities with a residual maturity of up to one year at the time of the transaction, respectively the series maturing in years 2020 and 2021.

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

The elements announced above may be revised during the year, subject to the change in the government financing needs, the evolution of financial markets, the investment needs of market

participants, the budget deficit financing and the refinancing of the public debt and the need to maintain and strengthen the foreign currency buffer at the disposal of the State Treasury.

Should the conditions in the financial markets are favourable, the Ministry of Public Finance may also consider the pre-financing of the borrowing needs in 2021 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.

The indicative volume of government securities issues on the domestic market will be announced quarterly, with the actual volumes announced in the monthly prospectuses; following the completion of the legal framework together with NBR, the volume of buybacks or exchange operations of the government securities will be also announced.

For the first quarter of 2020, the Ministry of Public Finance announces an indicative volume of government securities to be issued on the domestic market between RON 13 and 15 billion.

The government securities issuance programme for 2020 is published on the following web pages: www.mfinante.ro (Treasury and Public Debt Section - Government Securities Issues) and www.mfinante.datoriepublica.gov.ro.

Minister of Public Finance

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