

IMPORTANT

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THE FOLLOWING INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS INFORMATION MEMORANDUM MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES AND WITHIN THE UNITED STATES TO “QUALIFIED INSTITUTIONAL BUYERS” (“QIBs”) AS DEFINED IN AND PURSUANT TO RULE 144A OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) (“RULE 144A”). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT TO QIBs PURSUANT TO RULE 144A.

Confirmation of your representation: In order to be eligible to view this Information Memorandum or make an investment decision with respect to any securities, you must be a person who is outside the United States unless you are a QIB in the United States. By accepting the email and accessing this Information Memorandum, you shall be deemed to have represented to the Arrangers and Dealers named herein that you and any customers you represent, unless you are QIBs, are not in the United States; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia unless you are a QIB in the United States; and that you consent to delivery of such Information Memorandum by electronic transmission.

You are reminded that this Information Memorandum has been delivered to you on the basis that you are a person into whose possession this Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Information Memorandum to any other person.

Any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

This document is being distributed only to and directed only at (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as “**relevant persons**”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This Information Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arrangers or Dealers named herein, any person who controls any such persons, or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Information Memorandum distributed to you in electronic format and the hard copy version.

INFORMATION MEMORANDUM



ROMANIA

ACTING THROUGH THE MINISTRY OF FINANCE

EUR 90,000,000,000

Global Medium Term Note Programme

Under this EUR 90,000,000,000 global medium term note programme (“**Programme**”) described in this information memorandum (“**Information Memorandum**”), Romania acting through the Ministry of Finance (“**Romania**” or “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (“**Notes**”) on the terms set out herein, as supplemented by a Final Terms or Drawdown Information Memorandum (each as defined herein). The aggregate principal amount of Notes outstanding will not at the time of issuance exceed EUR 90,000,000,000 (or the equivalent in other currencies).

This Information Memorandum does not comprise a prospectus for the purpose of the Prospectus Regulation (as defined herein). Accordingly, this document has not been and will not be submitted for approval to any competent authority within the meaning of the Prospectus Regulation and in particular the *Luxembourg Commission de Surveillance du Secteur Financier* (“**CSSF**”), in its capacity as competent authority for the purposes of the Prospectus Regulation.

Applications may be made for Notes to be admitted to listing on the Official List and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The relevant Final Terms in respect of any issue of any Notes will specify whether or not such Notes will be admitted to listing and/or trading on any other market and/or stock exchange.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under “Risk Factors” below.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States (the “**U.S.**”), and Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in certain transactions permitted by U.S. tax regulations. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States except in certain transactions exempt from the registration requirements of the Securities Act. The Notes may be offered and sold (A) outside the United States in reliance on Regulation S and (B) within the United States to persons who are “qualified institutional buyers” (“**QIBs**”) in reliance on Rule 144A under the Securities Act (“**Rule 144A**”). Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Information Memorandum, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

Arrangers

ERSTE GROUP

SOCIÉTÉ GÉNÉRALE
CORPORATE & INVESTMENT BANKING

Dealers

BARCLAYS

BNP PARIBAS

BofA SECURITIES

CITIGROUP

CRÉDIT AGRICOLE CIB

DAIWA CAPITAL MARKETS

DEUTSCHE BANK

ERSTE GROUP

GOLDMAN SACHS BANK EUROPE SE

HSBC

IMI – INTESA SANPAOLO

ING

J.P. MORGAN

MIZUHO

MORGAN STANLEY

NOMURA

RAIFFEISEN BANK
INTERNATIONAL

SOCIÉTÉ GÉNÉRALE
CORPORATE & INVESTMENT BANKING

UNICREDIT

8 July 2025

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IMPORTANT NOTICES

This Information Memorandum contains information provided by the Issuer in connection with the Programme and the Notes to be issued under the Programme. The Issuer accepts sole responsibility for the information contained in this Information Memorandum and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Information Memorandum does not constitute a prospectus within the meaning of the Prospectus Regulation (as defined below) nor an alleviated prospectus pursuant to Part III of the Luxembourg law of 16 July 2019 on prospectuses for securities (the “**Luxembourg Prospectus Law**”). Accordingly, this Information Memorandum does not purport to meet the format and the disclosure requirements of the Prospectus Regulation and it has not been and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Regulation and in particular the CSSF, in its capacity as competent authority under the Luxembourg Prospectus Law.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (“**Conditions**”) as amended and/or supplemented by a document specific to such Tranche called final terms (“**Final Terms**”) or in a separate information memorandum specific to such Tranche (“**Drawdown Information Memorandum**”) as described under “*Final Terms and Drawdown Information Memorandum*”. In the case of a Tranche of Notes which is the subject of a Drawdown Information Memorandum, each reference in this Information Memorandum to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Information Memorandum unless the context requires otherwise. This Information Memorandum must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms must be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Information Memorandum and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Information Memorandum or any responsibility for any acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Information Memorandum or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Information Memorandum is true subsequent to the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Information Memorandum and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information

Memorandum or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Information Memorandum or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

In particular, the Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in certain transactions permitted by U.S. tax regulations. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes may be offered and sold (A) outside the United States in reliance on Regulation S and (B) within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (“SEC”), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS INFORMATION MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Distributors should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE “SFA”) AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE “CMP REGULATIONS 2018”) – In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notify all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)), that all Notes issued or to be issued under the Programme are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

Neither this Information Memorandum nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Information Memorandum or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Information Memorandum or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, including consultation with its such tax, legal and financial advisers as it deems necessary.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 90,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “*Subscription and Sale*”.

In this Information Memorandum, unless otherwise specified, references to the “**Government**” are to the government of the Republic of Romania, references to the “**EEA**” are to the European Economic Area, references to a “**Member State**” are references to a Member State of the EEA, references to “**\$**”, “**U.S.\$**”, “**U.S. dollars**” or “**dollars**” are to United States dollars, references to “**RON**”, “**lei**” and “**Leu**” are to Romanian New Leu, references to “**EUR**” or “**euro**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended, and references to the “**Prospectus Regulation**” mean Regulation (EU) 2017/1129.

As of the date of this Information Memorandum, the Programme has been rated “Baa3” by Moody’s France SAS (“**Moody’s**”), “BBB-” for unsecured Notes with a maturity of one year or more and “A-3” for unsecured Notes with a maturity of less than one year by S&P Global Ratings Europe Limited (“**S&P**”) and “BBB-” by Fitch Ratings Limited (“**Fitch**”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above, which are assigned to the Programme and not to the Notes issued under the Programme, or the rating(s) assigned to the Programme or to Notes already issued. There is no assurance that the Notes under the Programme will be assigned a rating, or that the rating assigned to a specific issue under the Programme will be the same as the rating assigned to the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms.

NOTES ISSUED AS GREEN BONDS

None of the Issuer or the Dealers accept any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Bonds or make any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such “ESG”, “green”, “sustainable”, “social” or similar labels (including in relation to, but not limited to, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the “**EU Taxonomy Regulation**”) and any related technical screening criteria, or the optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds under Regulation (EU) 2023/2631 (the “**EU Green Bond Regulation**”), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“**SFDR**”) and any implementing legislation and guidelines, or any similar legislation in the United Kingdom or any market standards or guidance, including green bond principles or other similar principles or guidance published by ICMA (the “**ICMA Principles**”) or any requirements of such labels or market standards as they may evolve from time to time.

None of the Dealers is responsible for (i) the use or allocation of proceeds for any Notes issued as Green Bonds, (ii) the impact, monitoring or reporting in respect of such use of proceeds, or (iii) the alignment of the bond with the Green Bond Framework or alignment of the Green Bond Framework with the applicable ICMA Principles, (iv) nor do any of the Dealers undertake to ensure that there are at any time sufficient Eligible Green Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Green Bonds in full.

In addition none of the Issuer or Dealers are responsible for the assessment of the Green Bond Framework including the assessment of the applicable eligibility criteria in relation to Green Bonds set out in therein. S&P has issued a Second Party Opinion (defined below). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Issuer or the Dealers as to the suitability or reliability of the Second Party Opinion or any opinion, review or certification of any third party (including any post-issuance reports prepared by an external reviewer) made available in connection with an issue of Notes issued as Green Bonds. As at the date of this Information Memorandum, the providers of such opinions, reviews, certifications and post-issuance reports are not subject to any specific regulatory or other regime or oversight. Whilst the EU Green Bond Regulation has introduced a supervisory regime of external reviewers of European Green Bonds this does not apply to external reviewers in respect of an issue of Green Bonds. The Second Party Opinion and any other such opinion, review, certification or post-issuance report is not, nor should be deemed to be, a recommendation by the Issuer or the Dealers, or any other person to buy, sell or hold any Notes and is current only as of the date it is issued. Prospective investors must determine for themselves the relevance of the Second Party Opinion and any opinion, review, certification or post-issuance report and/or the information contained therein. The criteria and/or considerations that form the basis of the Second Party Opinion or any other opinion, review, certification or post-issuance report may change at any time and the Second Party Opinion or any other opinion, review, certification or post-issuance report may be amended, updated, supplemented, replaced and/or withdrawn. The Green Bond Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Information Memorandum. The Green Bond Framework, the Second Party Opinion and any other such opinion, review, certification or post-issuance report does not form part of, nor is incorporated by reference in, this Information Memorandum.

See also the risk factor in this Information Memorandum headed “*Risk Factors – In respect of any Notes issued as Green Bonds, there can be no assurance that such use of proceeds will be (or remain) suitable for the investment criteria of an investor.*”. In the event any such Notes are, or are intended to be, listed, included on

or admitted to trading on a dedicated “ESG”, “green”, “sustainable”, “social” or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Issuer or Dealers that such listing, inclusion or admission will be obtained or maintained for the lifetime of the Notes.

For the avoidance of doubt, neither the Green Bond Framework nor any second party opinion are, nor shall they be deemed to be, incorporated in and/or form part of, this Information Memorandum and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme. Prospective investors should seek advice from their independent financial adviser or other professional adviser regarding their purchase of any Notes or Green Bonds to be issued under the Programme before deciding to invest.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the over-allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Romania reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 (the “**Foreign Sovereign Immunities Act**”) with respect to actions brought against it under United States federal securities laws or any state securities laws, and Romania’s appointment of the process agent has not extended to such actions. Without a waiver of immunity by Romania with respect to such actions, it would be impossible to obtain a United States judgment in an action against Romania unless a court were to determine that Romania is not entitled under the Foreign Sovereign Immunities Act to sovereign immunity with respect to that action. However, even if a United States judgment could be obtained, it may not be possible to enforce in Romania such United States judgment.

Romania is a foreign sovereign nation, and a substantial portion of the assets of Romania are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Romania, or to enforce in the United States, court judgments obtained in courts located in the United States, against Romania. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon U.S. securities laws.

Furthermore, the United States and Romania currently do not have bilateral or other treaties between them providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. A final and conclusive judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. securities laws, would not automatically be recognised or enforceable in Romania.

The procedure for the recognition and enforcement in Romania of a judgment rendered by a court in a jurisdiction outside Romania in commercial and civil matters depends on whether that jurisdiction is from (i) a state which is a member of the European Union (“EU”), (ii) a state which is a party to a bilateral or multilateral international convention by which Romania is bound, which waives the application of the Romanian Civil Procedure Code provisions on the recognition and enforcement of foreign judgments (including the 2007

Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (“**Lugano Convention**”) and the Convention of 30 June 2005 on Choice of Court Agreements (the “**Hague Choice of Court Convention**”)) or (iii) a non-EU Member State which is not a party to any bilateral or multilateral international convention mentioned under paragraph (ii) above.

A judgment of a court of law of a non-EU Member State which is not a party to a bilateral or multilateral international convention by which Romania is bound, which waives the application of the Romanian Civil Procedure Code provisions on the recognition and enforcement of foreign judgments, made *in personam* for a certain sum, which is not impeachable as void or voidable under the internal laws of the foreign jurisdiction (“**Non-European Judgment**”) would be recognised in Romania provided that the relevant conditions in respect of recognition of foreign judgments set out in the Romanian Civil Procedure Code are met. Among other requirements, such conditions require that: (a) the Non-European Judgment is final (“*hotărâre definitivă*”) according to the law of the state where it was made; (b) the court rendering such Non-European Judgment had, according to *lex fori*, jurisdiction to try the relevant litigation, but without relying exclusively on the presence in that jurisdiction of the defendant or of some of its assets which are not directly connected with that litigation; (c) there exists reciprocity regarding the effects of foreign judgments between Romania and the foreign jurisdiction which rendered the Non-European Judgment whose recognition is sought; (d) when given in default of appearance, the party who lost the trial was served in due course with a summons for appearance for the hearing where the court tried the merits of the case and with the document which instituted the proceedings, was given the possibility to defend itself and was given the possibility to challenge the Non-European Judgment; (e) such Non-European Judgment is not manifestly contrary to the Romanian private international public order (such incompatibility is evidenced by taking into account, in particular, the criterion of strength of the link between the specific case and the Romanian jurisdiction, as well as the gravity of the consequences of such incompatibility); (f) where the Non-European Judgment is rendered in an area of law where persons cannot dispose freely of their rights, the Non-European Judgment was not obtained exclusively for the purpose of withholding the matter from the incidence of the law that would otherwise be applicable pursuant to Romanian conflict of law rules; (g) the claim has not been settled between the same parties through a judgment (even if not final) of the Romanian courts nor was pending before Romanian courts as at the date the foreign court was vested; (h) the Non-European Judgment is not irreconcilable with a prior foreign judgment which may be recognised in Romania; (i) Romanian courts did not have exclusive jurisdiction to try the subject matter of the Non-European Judgment; (j) the right of defence was not breached; (k) the Non-European Judgment may not be challenged in any other manner in the state where it was rendered; and (l) the application for recognition before Romanian courts is duly made according to the Romanian procedural rules and encloses all the documentation thereby required. Additionally, the recognition of the Non-European Judgment may not be refused solely for the reason that the foreign court rendering the Non-European Judgment applied another law than the law that would have been applicable according to Romanian conflict of law rules, except where the trial concerns the civil status and the capacity of a Romanian citizen and the solution adopted by the court differs from the solution that would have been reached according to the Romanian law.

A Non-European Judgment can be enforced in Romania based on a final decision of a Romanian competent court approving the enforcement, only if: (i) the requirements mentioned above for the recognition in Romania of Non-European Judgments are met; (ii) the Non-European Judgment is enforceable according to the law of the jurisdiction where it was made; (iii) where the Non-European Judgment establishes an obligation arising from a foreign fiscal law, there exists reciprocity regarding the effects of foreign judgments in the relevant fiscal matter between Romania and the foreign jurisdiction which rendered the Non-European Judgment whose recognition and enforcement is sought; (iv) the application for enforcement before Romanian courts is duly made according to the Romanian procedural rules and encloses all the documentation thereby required; and (v) the right to enforce the final judgment is not restricted by any limitation period.

A judgment of a court of law of a state which is a party to a bilateral or multilateral international convention by which Romania is bound, which waives the application of the relevant Romanian Civil Procedure Code provisions on the recognition and enforcement of foreign judgments (including the Lugano Convention and the Hague Choice of Court Convention) would be recognised and enforced in Romania in accordance with the rules set forth in the relevant convention.

The Hague Choice of Court Convention applies exclusively to judgments of courts which have been rendered based on an exclusive jurisdiction clause. Where the parties did not include an exclusive jurisdiction clause, the rules set out in the Romanian Civil Procedure Code shall apply.

Under the Hague Choice of Court Convention, a final and conclusive judgment rendered in a state which is a contracting party to the Hague Choice of Court Convention, other than Romania, would be enforced in Romania provided that the conditions for enforcement are met, as follows: (i) it is enforceable in the state where the Non-European Judgment was made; (ii) the Romanian competent court is provided with a complete and certified copy of the judgment and if the judgement was given by default, the original or a certified copy of a document establishing that the document which instituted the proceedings or an equivalent document was notified to the defaulting party, and any documents necessary to establish that the judgment has effect or, where applicable, is enforceable in the state of origin; (iii) the Romanian competent enforcement authority is provided with the exclusive choice of court agreement, a certified copy thereof, or other evidence of its existence.

Under the Hague Choice of Court Convention, recognition or enforcement of judgments rendered in a contracting state may be refused only if: (a) the agreement which included the exclusive choice of jurisdiction was null and void under the law of the state of the chosen court, unless the chosen court has determined that the agreement is valid; (b) one of the parties lacked the capacity to conclude the agreement which included the exclusive choice of jurisdiction under the law of the requested state; (c) the document which instituted the proceedings or an equivalent document, including the essential elements of the claim, (i) was not notified to the defendant in sufficient time and in such a way as to enable him to arrange for his defence, unless the defendant entered an appearance and presented his case without contesting notification in the court of origin, provided that the law of the state of origin permitted notification to be contested; or (ii) was notified to the defendant in the requested state in a manner that is incompatible with fundamental principles of the requested state concerning service of documents; (d) the judgement was obtained by fraud in connection with a matter of procedure; (e) recognition or enforcement would be manifestly incompatible with the public policy of the requested state, including situations where the specific procedures leading to the judgement were incompatible with fundamental principles of procedural fairness of that state; (f) the judgment is inconsistent with a judgement given in the requested state in a dispute between the same parties; (g) the judgement is inconsistent with an earlier judgement given in another state between the same parties on the same cause of action, provided that the earlier judgement fulfils the conditions necessary for its recognition in the requested state; (h) the judgment awards damages, including exemplary or punitive damages, that do not compensate a party for the actual loss or harm suffered.

The procedure for recognition, declaration of enforceability or registration for enforcement, and the enforcement of the judgement will be governed by the Romanian Civil Procedure Code. Recognition or enforcement may be postponed or refused if the judgment made in a contracting state is the subject of review in the state of origin or if the time limit for seeking ordinary review has not expired. A refusal does not prevent a subsequent application for recognition or enforcement of the judgment. Romanian courts may refuse the recognition or enforcement of a judgment made in a contracting state if, and to the extent that, the judgment was based on a ruling on a matter excluded from the scope of the Hague Convention under Article 2, paragraph 2 of the Hague Convention (including without limitation matters relating to consumers, employment, the status and legal capacity of natural persons, family law matters, maintenance obligations, insolvency, composition and analogous matters, anti-trust (competition) matters, claims for personal injury brought by or on behalf of

natural persons, tort or delict claims for damage to tangible property that do not arise from a contractual relationship, rights in rem in immovable property, tenancies of immovable property, the validity, nullity, or dissolution of legal persons, the validity of decisions of corporate bodies, the validity or infringement of certain intellectual property rights and the validity of entries in public registers).

Interim measures of protection are not governed by the Hague Choice of Court Convention. Judgements rendered in connection with preliminary matters are not recognised or enforced under the Hague Choice of Court Convention.

Non-European Judgments stipulating for protective measures and those for which only a temporary enforcement is available (*“hotarari date cu executare provizorie”*) cannot be enforced in Romania.

A final and conclusive judgment *in personam* rendered in an EU Member State other than Romania (a **“European Judgment”**) would be recognised and enforced in Romania provided that the relevant conditions set forth in Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (**“Regulation 1215/2012”**) are met. Under Regulation 1215/2012, European Judgments may be recognised in Romania only if: (a) such recognition is not manifestly contrary to public order in Romania; (b) where it was given in default of appearance, if (i) the defendant was served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defence and failing that, if (ii) the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so; (c) it is not irreconcilable with a judgment given in a dispute between the same parties in Romania; (d) it is not irreconcilable with an earlier judgment given in a EU Member State or in a third state involving the same cause of action and between the same parties, provided that the earlier judgment fulfils the conditions necessary for its recognition in Romania; and (e) the European Judgment does not conflict with the provisions of the Regulation 1215/2012 dealing with jurisdiction in matters relating to insurance, jurisdiction over customer contracts, individual contracts of employment and exclusive jurisdiction, as applicable.

A European Judgment can be enforced in Romania only if: (i) it is enforceable in the state where the European Judgment was made; (ii) the Romanian competent enforcement authority is provided with a copy of the European Judgment which satisfies the conditions necessary to establish its authenticity; (iii) the Romanian competent enforcement authority is provided with an original certificate issued by the relevant state’s court or other competent authority substantially in the form set out in Annex I of the Regulation 1215/2012 and none of the conditions above preventing the recognition of a European Judgment is applicable; (iv) where the European Judgment orders a periodic payment by way of penalty, (including but not limited to, default interest), the amount of the payment has been finally determined by the court of the state of origin; and (v) the right to enforce the final judgment is not restricted by any limitation period.

In addition to the above, other conditions may be applicable with respect to specific matters under special local or international conventions.

In addition to and independently from the procedure provided by Regulation 1215/2012, Regulation (EC) No 805/2004 of the European Parliament and of the Council (**“Regulation 805/2004”**) regulates the creation of a European Enforcement Order for uncontested claims (within the meaning of Regulation 805/2004) in civil and commercial matters. A European Judgment that has been certified as a European Enforcement Order in the EU Member State of origin (provided that the conditions set forth under Regulation 805/2004 for such certification have been met) shall be recognised and enforced in Romania without the need for a declaration of enforceability and without any possibility of opposing its recognition. The European Enforcement Order certificate shall take effect only within the limits of the enforceability of the judgment. The enforcement procedures shall be governed by Romanian law. A judgment certified as a European Enforcement Order shall be enforced in

Romania subject to the same conditions as those applicable to a judgment rendered in Romania. Enforcement shall, upon application by the debtor, be refused by the competent Romanian enforcement authority if the judgment certified as a European Enforcement Order is irreconcilable with an earlier judgment given in any EU Member State or in a third country, provided that: (i) the earlier judgment involved the same cause of action and was between the same parties; and (ii) the earlier judgment was given in Romania or fulfils the conditions necessary for its recognition in Romania; and (iii) the irreconcilability was not and could not have been raised as an objection in the court proceedings in the EU Member State of origin.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Information Memorandum, as well as written and oral statements that Romania and its representatives make from time to time in reports, filings, news releases, conferences, teleconferences, web postings or otherwise, are or may be deemed to be forward-looking statements. Statements that are not historical facts, including, without limitation, statements about Romania's beliefs and expectations, are forward-looking statements. These statements are based on current plans, objectives, assumptions, estimates and projections. When used in this Information Memorandum, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. Therefore, undue reliance should not be placed on them. Forward-looking statements speak only as of the date on which they are made and Romania undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. Romania cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Forward-looking statements include, but are not limited to: (i) plans with respect to the implementation of economic policy, including privatisations, and the pace of economic and legal reforms; (ii) expectations about the behaviour of the economy if certain economic policies are implemented; (iii) the outlook for gross domestic product, inflation, exchange rates, interest rates, foreign investment, trade and fiscal accounts; and (iv) estimates of external debt repayment and debt service.

In addition to the factors described in this Information Memorandum, including those discussed under "*Risk Factors*", the following factors, among others, could cause future results to differ materially from those expressed in any forward-looking statements made herein:

- adverse external factors, such as global or regional economic slowdowns that may affect Romania, higher international interest rates, reduced demand for Romania's exports or increases in oil and gas prices, which could each adversely affect Romania's economy and in particular could negatively affect the current account, balance of payments and international reserves and cause or contribute to recession or low growth in Romania;
- adverse domestic factors, such as recession, declines in foreign direct investment ("**FDI**") and portfolio investment, high domestic inflation, high domestic interest rates, exchange rate volatility, strong variations in yearly agricultural output, a reduction in gas supplies, difficulties in borrowing in the domestic and foreign markets, trade and political disputes between Romania and its trading partners, political uncertainty or lack of political consensus, which could each lead to lower growth in Romania and lower international currency reserves;
- decisions of Romania's official creditors regarding the provision of new debt or rescheduling of the existing debt and decisions of international organisations, such as the International Monetary Fund ("**IMF**") or the EU, regarding the terms of their financial assistance to Romania, and accordingly the net cash flow to or from Romania over the life of the Notes;

- decisions of international financial institutions such as the IMF, the European Bank for Reconstruction and Development (“**EBRD**”) and the European Investment Bank (“**EIB**”) regarding the funding of new or existing projects over the life of the Notes; and
- political and economic factors in Romania and abroad, which affect the timing and structure of economic reforms in Romania, the climate for FDI, the rate of absorption of the EU funds and the pace, scale and timing of privatisations in Romania.

INFORMATION SOURCES

The statistical information in this Information Memorandum has been derived from a number of different identified sources. All statistical information provided in this Information Memorandum may differ from that produced by other sources for a variety of reasons, including the use of different definitions, methodologies of calculation and cut-off times. The source for most of the financial and demographic statistics for Romania included in this Information Memorandum is data prepared by, and is stated on the authority of, the National Institute of Statistics, a Romanian government agency. The National Institute of Statistics harmonises, to the extent possible, its programmes and methodologies with the statistics of the EU. Certain other financial and statistical information contained herein has been derived from official Romanian government bodies including the Ministry of Finance and from the National Bank of Romania (the “**NBR**”), and is stated on the authority of such bodies.

OVERVIEW

This following is a brief overview only and must be read, in relation to any Series of Notes, in conjunction with the relevant Final Terms and, to the extent applicable, the Terms and Conditions of the Notes set out herein. The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Information Memorandum. Words and expressions defined in “*Terms and Conditions of the Notes*” or elsewhere in this Information Memorandum have the same meanings in this summary.

Issuer:	Romania, acting through the Ministry of Finance.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under “ <i>Risk Factors</i> ” below.
Arrangers:	Erste Group Bank AG and Société Générale.
Dealers:	Barclays Bank Ireland PLC, BNP PARIBAS, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Crédit Agricole Corporate and Investment Bank, Daiwa Capital Markets Europe Limited, Deutsche Bank Aktiengesellschaft, Erste Group Bank AG, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., Intesa Sanpaolo S.p.A., J.P. Morgan SE, Mizuho Bank Europe N.V., Morgan Stanley Europe SE, Nomura Financial Products Europe GmbH, Raiffeisen Bank International AG, Société Générale, UniCredit Bank GmbH and any other Dealer appointed from time to time by the Issuer generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent, Paying Agent, Transfer Agent:	Citibank, N.A., London Branch.
Registrar:	Citigroup Global Markets Europe AG.
Luxembourg Listing Agent:	Société Générale Luxembourg.
Final Terms or Drawdown Information Memorandum:	Notes issued under the Programme may be issued either (1) pursuant to this Information Memorandum and associated Final Terms or (2) pursuant to a Drawdown Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms or, as the case may be the relevant Drawdown Information Memorandum.
Listing and Trading:	Applications may be made for Notes to be admitted from the date hereof to listing on the Official List and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other

	or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
Clearing Systems:	The Depositary Trust Company (“ DTC ”), Euroclear Bank SA/NV as operator of the Euroclear System (“ Euroclear ”) and/or Clearstream Banking S.A. (“ Clearstream, Luxembourg ”) and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to EUR 90,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes:	Notes may be issued in bearer form or in registered form. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.
	<i>Bearer Notes</i>
	Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a “ Classic Global Note ” or “ CGN ”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a “ New Global Note ” or “ NGN ”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If TEFRA D is specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if

interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Registered Notes

Each Tranche of Registered Notes will be represented by either:

- (i) Individual Note Certificates; or
- (ii) one or more Unrestricted Global Note Certificates in the case of Registered Notes sold outside the United States in reliance on Regulation S and/or one or more Restricted Global Note Certificates in the case of Registered Notes sold to QIBs in reliance on Rule 144A,

in each case as specified in the relevant Final Terms.

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of an Unrestricted Global Note Certificate to be held under the new safekeeping structure (“**New Safekeeping Structure**” or “**NSS**”), registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg or (b) in the case of an Unrestricted Global Note Certificate which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, or registered in the name of Cede & Co. as nominee for DTC and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depositary or such other nominee or custodian.

Each Note represented by a Restricted Global Note Certificate will either be:

- (a) in the case of a Restricted Global Note Certificate to be held under the New Safekeeping Structure, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Restricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg; or
- (b) in the case of a Restricted Global Note Certificate which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, or registered in the name of Cede & Co. as nominee for DTC and/or any other relevant clearing system and the relevant Restricted

Global Note Certificate will be deposited on or about the issue date with the common depositary or such other nominee or custodian.

Currencies:

Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes:

The Notes and Coupons relating to them constitute direct, unconditional and unsecured obligations of the Issuer which rank and will at all times rank *pari passu*, without preference among themselves, with all other unsecured Public External Indebtedness (as defined in Condition 5 (*Negative Pledge*)) of the Issuer, from time to time outstanding, *provided, however*, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public External Indebtedness and, in particular, the Issuer shall have no obligation to pay other Public External Indebtedness at the same time or as a condition of paying sums due on the Notes and/or Coupons and vice versa. See “*Terms and Conditions of the Notes – Status*” and “*Risk Factors - Risks Related to Notes Generally – The Issuer is not required to effect payment under the Notes equally or rateably with payment(s) under its other debt obligations and, in particular, is not required to make payment under the Notes at the same time as or as a condition of paying sums due under its other debt obligations and vice versa*”.

Issue Price:

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their

businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Redemption:

Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.

Interest:

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

Denominations:

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Negative Pledge:

The Notes will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*).

Cross Default:

The Notes will have the benefit of a cross default as described in Condition 13 (*Events of Default*).

Taxation:

All payments in respect of Notes will be made free and clear of withholding taxes of Romania, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Governing Law:

English law.

Enforcement of Notes in Global Form:

In the case of Global Notes and Global Note Certificates, individual investors' rights against the Issuer will be governed by a deed of covenant dated 17 July 2023 ("**Deed of Covenant**"), a copy of which will be available for inspection during normal business hours at the specified office of the Fiscal Agent upon reasonable request.

Meetings of Noteholders:

The Conditions contain a "collective action" clause which permits defined majorities to bind all Noteholders.

If the Issuer issues future debt securities which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, the Notes would be capable of aggregation for voting purposes with any such future debt securities, thereby allowing 'cross-series' modifications to the

terms and conditions of all affected series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on). See *“Risk Factors – Risks Related to Notes Generally – The terms and conditions of the Notes contain a “collective action” clause under which the terms of any one series of Notes and/or multiple Series of Notes may be amended, modified or waived without the consent of the holders of all Notes or of all affected Series of Notes”*.

Ratings:

The following ratings have been assigned to the Programme:

“BBB-” by Fitch;

“Baa3” by Moody’s; and

“BBB-” (for unsecured Notes with a maturity of one year or more) and “A-3” (for unsecured Notes with a maturity of less than one year) by S&P.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above, which are assigned to the Programme and not to the Notes issued under the Programme, or the rating(s) assigned to the Programme or to Notes already issued. There is no assurance that the Notes under the Programme will be assigned a rating, or that the rating assigned to a specific issue under the Programme will be the same as the rating assigned to the Programme. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Canada the Republic of Italy, Romania, Switzerland and Singapore see *“Subscription and Sale”*.

Transfer Restrictions:

There are restrictions on transfers of Notes. See *“Transfer Restrictions”*.

RISK FACTORS

The Issuer believes that the following factors may affect or hinder its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should read the entire Information Memorandum and reach their own views (including in consultation with any tax, legal and financial advisers as it deems necessary) prior to making any investment decision. Words and expressions defined in “Terms and Conditions of the Notes” or elsewhere in this Information Memorandum have the same meanings in this section.

Risks Relating to Romania

Political and economic uncertainty could have an adverse effect on Romania’s economy

Romania has undergone major changes during its recent history. Many political and economic reforms have been implemented, but Romania’s economy still has a number of structural weaknesses. These include under-capitalisation of both private and public firms, a large emigration of the working age population, an ageing population coupled with negative population growth, a very uneven distribution of gross domestic product (“GDP”) between regions, a significant transport infrastructure gap, historical current account and budget deficits, as well as delayed absorption of EU funds and a lack of certain key reforms, all of which could lead to economic and political uncertainty. Political and economic, among other uncertainties, could delay or stop economic and regulatory reforms in Romania and challenge political stability, which could have an adverse effect on Romania’s economy. See “Description of Romania –Political System” for further information in relation to political uncertainty and “Description of Romania – International Relations” for further information in relation to geopolitical and security challenges.

An investment in an emerging market, such as Romania, is subject to greater risks than an investment in a more developed country

Although progress has been made in reforming Romania’s economy and political and legal systems, the development of Romania’s legal infrastructure and regulatory framework is still ongoing. As a consequence, an investment in Romania carries risks that are not typically associated with investing in more mature markets. Accordingly, investors must decide for themselves whether, in light of those risks, an investment in Romania is appropriate. Generally, investments in emerging markets, such as Romania, are only suitable for sophisticated investors who can fully appreciate the significance and consequences of the risks involved.

In addition, international investors’ reactions to events occurring in one country sometimes demonstrate a “contagion” effect, in which an entire region or class of investment is disfavoured by international investors. Therefore, investment in Romania’s sovereign securities, as in any other comparable economy, could be adversely affected by negative economic or financial developments in other countries. Disruptions in the international capital markets, especially in relation to sovereign and emerging markets debt, could lead to reduced global liquidity. Further, such disruptions could result in higher credit risk premiums for certain market participants, including Romania, which may lead to a reduction of available financing. While Romania has put

certain measures in place to offset such contagion risks, there can be no assurance that they will be sufficient to mitigate all future risks.

The ongoing war of aggression launched by Russia against Ukraine could impact Romania

In February 2022, the Russian government commenced a war of aggression against Ukraine, resulting in a humanitarian crisis and significant disruption to global financial markets. As a result, the governments of the United States, the United Kingdom, the European Union, Japan and other countries have imposed extensive sanctions on certain industries and sectors in Russia, on the regions of Donetsk and Luhansk that have been temporarily occupied by Russian Armed Forces and on certain individuals in Russia and abroad. Such sanctions include restrictions on selling or importing goods, services or technology in or from affected regions, travel bans, asset freezes and prohibitions to make funds available impacting politically connected individuals and political, military, business and financial organisations in Russia, barring certain Russian enterprises from raising money in the U.S. market and blocking the access of Russian banks to financial markets, including severing Russia's largest bank from the U.S. financial system entirely.

Romania continues to support further sanctioning measures against the entities and persons responsible for the war in Ukraine, as well as in a wider context of further violations of international law, the rules based international order and human rights. Furthermore, Romania actively participates in the international efforts to promote access to the mechanisms of international law, in order to restore justice. Romania is a strong supporter of efforts to seek accountabilities for all serious crimes committed in Ukraine by Russian forces, joining the core group of States working alongside Ukraine to identify the most appropriate legal basis to establish a Special Tribunal for the Punishment of the Crime of Aggression against Ukraine.

Romania's trade relations with both Ukraine and Russia were limited even before the war and together accounted for approximately 5 per cent. of Romania's total imports and 2 per cent. of Romania's total exports during the twelve months ended 31 December 2022 and accounted for approximately 1.0 per cent. and 2.0 per cent. of total imports and exports, respectively as at 31 December 2024. Romania has a limited dependency on Russia to meet its requirements for energy and raw materials. The share of Romania's total imports of fuels and raw materials from Russia in 2022 was around 17.3 per cent. The share of FDI with Russia as the country of origin is limited and only accounts for 0.1 per cent. at the end of 2023 (when accounting from the perspective of the immediate investor) of the total FDI in Romania. The exposure is slightly higher (0.9 per cent. of total FDI) when accounting from the perspective of the final beneficiary of the investment.

Exports to Ukraine accounted for 2.0 per cent. of total Romanian exports in 2024 and 2.7 per cent. of total Romanian exports in 2023. Imports from Ukraine accounted for 1.0 per cent. of total Romanian imports in 2024 and 1.2 per cent. of total Romanian imports in 2023.

Romania is supporting Ukraine and other vulnerable partners in the region at bilateral and multilateral levels. Security in the Black Sea is of significant importance for Romania, as both a member of NATO and an EU Member State. Romania remains a strong supporter of Ukrainian grains transit through Solidarity Lanes for export over land and through the Black Sea and Romanian Danube ports.

As a member of the European Union (the "EU") and the North Atlantic Treaty Organization ("NATO"), with a foreign policy based on the respect of the principles of international law, Romania has been a promoter of peace and stability in its region, in Europe and throughout the world. Sharing the largest NATO and EU border with Ukraine, Romania reaffirmed its ability to act as a reliable member of the Euro-Atlantic community and as an anchor of stability in Europe's eastern region.

Maintaining security in the Black Sea is paramount for Romania. Furthermore, Romania will continue to stand with Ukraine, including in terms of exploring ways to facilitate short and long-term projects for Ukraine's reconstruction process.

Romania is committed to strengthening the unity and solidarity within NATO and the EU in the face of threats posed by Russia's war of aggression. At the same time, Romania continues to participate in relevant regional initiatives, such as the Bucharest-9 Initiative and the Three Seas Initiative ("**3SI**"). See *Description of Romania – International Relations – Black Sea Initiative*. Romania also maintains strategic partnerships with the United States, Germany, Japan, and the European Commission (the "**EC**"). Although these initiatives and partnerships contribute to supporting joint security aims and promote infrastructure investment within Romania, there can be no assurance that participation in these initiatives will be sufficient to mitigate all future risks.

Romania is exposed to risks relating to geopolitical and macroeconomic events, particularly those affecting Europe and the European Union

Romania's economy remains vulnerable to geopolitical as well as external and domestic economic conditions, including political and macroeconomic risks relating to the impact of Russia's war of aggression against Ukraine, global health crises and pandemics, rising trade protectionism, possible trade disruption as a result of a resurgence in armed conflict between Iran and Israel and the effect of any future significant economic difficulties on its major trading partners or general "contagion" effects, which could have a material adverse effect on Romania's economic growth. Economic and financial difficulties affecting other EU member countries may negatively affect Romania's economy due to the high percentage of Romania's trade that is realised with other EU countries. For instance, proposed tariffs by the United States against the EU, and subsequent retaliatory tariffs, could disrupt Romania's supply chains with its major EU trade partners, potentially leading to slower economic growth and decreased performance across various sectors. If the EU or other countries with which Romania has a trading or investment relationship experience an extended period of very slow economic growth, or if they fail to maintain growth, Romania's economy would be adversely affected, and such events could also affect Romania's ability to raise capital in the future. For example, following the global recession in 2020 due to the COVID-19 pandemic, the EU experienced contraction in its economy which impacted most sectors of the European economy. Any economic crisis in the Eurozone could significantly affect Romania's economy, which is heavily reliant upon intra-EU trade. In addition, foreign investors may reduce investment in Romania, due to the difficulties experienced by other EU economies, resulting in lower demand for Romanian export products or services. See "*Description of Romania*" and "*Foreign Trade and Balance of Payments*".

There is an uncertain and unpredictable legislative framework in the Romanian financial and banking sector

Romania's legislative framework with regards to the financial and banking sector is subject to continuing reform and as a result, the sector remains subject to uncertainty. For example, in 2016, two pieces of legislation impacting the Romanian banking and financial sector, Law 77/2016 relating to the discharge of mortgage debt ("**Debt Discharge Law**") and the law on converting CHF-denominated loans into lei denominated loans at the exchange rate applicable as at the execution date of the loan agreement ("**CHF Conversion Law**"), were passed by the Romanian Parliament. Subsequently, some provisions of the Debt Discharge Law and the CHF Conversion Law in its entirety were declared unconstitutional by the Constitutional Court. The potential impact of these laws on Romanian financial institutions, as well as the uncertainty surrounding their implementation while they were under review by the Constitutional Court had an adverse effect on the stability of the Romanian banking and financial sector. See "*Monetary and Financial System – Banking Sector – Structure of the Banking Sector*".

While the decisions of the Constitutional Court ultimately allayed concerns about the impact of these laws, future legislative uncertainty of this type could have an adverse impact on the stability of the Romanian banking and financial sector and on Romania's economy as a whole.

The high level of foreign ownership and growing levels of private debt in the Romanian banking system make it vulnerable to disruption as a result of internal and external factors

The Romanian banking sector is dominated by subsidiaries of banks incorporated in Eurozone countries, with a relatively large proportion of assets being held by Austrian (23.46 per cent. of the total net assets of credit institutions in Romania), Dutch (10.97 per cent.), Italian (12.79 per cent.) and French (10.04 per cent.) banks as of 31 March 2025 (see “*Description of Romania*” and “*Monetary and Financial System—Banking System—General*”). As of 31 March 2025, foreign banks owned 63.14 per cent. of banks’ net assets in Romania.

Foreign banks may rebalance their global loan portfolio in a manner that might adversely affect Romania as a result of events related or unrelated to Romania, including economic turbulence in the Eurozone and sovereign debt markets. In addition, foreign banks may dispose of, decrease new funding to or refinance the funding to their subsidiaries operating in Romania in the event of weaker than expected economic performance. This may lead to, among other things, depleted capital for their Romanian subsidiaries in the event of increased economic stress and RON depreciation. Resulting balance sheet mismatches may negatively affect the Romanian economy and, as a result, have an adverse effect on Romania’s capacity to meet its obligations under the Notes.

In addition, the non-performing loans (“NPLs”) ratio has been decreasing in recent years sustained by banks’ balance sheet clean-up and it is currently at the lower bound in the intermediate risk bucket according to EBA assessment of risks, while the coverage ratio of NPLs is in the EBA’s lower risk range. While the reduction in NPLs has continued in recent years, deteriorating economic conditions could have an impact on banks’ asset quality, diminishing this positive trend. For instance, both the COVID-19 pandemic and subsequent recession and the Russian war of aggression against Ukraine have led to sudden supply and demand shocks, causing rising default rates and higher provisioning needs. The worsening financial position of corporates and households, in particular in highly indebted cases, might affect existing loan portfolios and efforts to manage NPLs.

Furthermore, a difficult external environment could pose a challenge to financial stability in Romania. In particular, the fallout from the sovereign debt crisis within the Eurozone, including any lingering vulnerabilities in the banking sectors in Europe, may harm economic growth in Romania and pose a challenge to financial stability by affecting the capacity of its banking sector to access financing and undermining banks’ asset quality.

Romania’s credit rating may change

The long-term foreign and domestic currency debt of Romania is currently rated BBB- by S&P, Baa3 by Moody’s and BBB- by Fitch (see “*Description of Romania—Public Finance—Public Debt—Credit Ratings*”). The rating outlook is “Negative” for Fitch, S&P and Moody’s.

A credit rating downgrade could result in a sub-investment grade rating of the Notes. In turn, any adverse changes in an applicable credit rating or its outlook could adversely affect the trading price for the Notes. In addition, a sub-investment grade rating could adversely affect Romania’s ability to refinance existing indebtedness, finance its deficit and could adversely affect its capacity to meet its obligations under the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Infrastructure in Romania is underdeveloped, and Romania may experience difficulties in financing and developing infrastructure successfully

Compared to Western Europe, infrastructure in Romania, particularly the transportation system, is underdeveloped. The poor infrastructure is due partly to the dominance of inefficient state-owned enterprises (“SOEs”) in the transportation and energy sectors where quality of public investment is low. Romania currently has plans to undertake various development projects to improve infrastructure in the country (see “*Description of Romania—Transportation—Infrastructure Development*”). Various financing plans have been proposed and

attempted to further infrastructure development, including the use of public private partnerships (“PPP”). Romania also funds infrastructure development using budgetary sources and EU non-reimbursable funds and thus the development of infrastructure projects is connected to Romania’s capacity to absorb such EU funds.

However, the funding and construction of infrastructure has been challenging. For example, whereas PPP projects have frequently been used in other countries in the EU for various investment objectives, Romania’s previous legal framework governing this field did not have implementing rules and therefore, Romania could not utilise PPP projects; however, Romania is now able to do so following approval of Government Emergency Ordinance No. 39/2018, which simplifies and streamlines the process of awarding and realising PPP projects. The implementation of a PPP project under the new ordinance is yet to take place.

Additionally, Romania has historically entered into financial assistance agreements with the IMF and the European Commission. In connection with these agreements, the IMF has issued country reports, which have noted that Romania had made slow progress in restructuring inefficient SOEs and that such delays were severely affecting growth and investment. To address its infrastructure gap and improve its growth prospects, Romania needs to advance reforms in administration and the SOEs sector and there can be no assurance that these reforms will be implemented successfully. While structural reforms, including with respect to SOEs, remain a priority, the risk of delays and setbacks in implementing these reforms and particularly those risks which are of a political nature is high.

There can be no guarantee that infrastructure projects will be financed or completed successfully, and any failure or delays in developing infrastructure projects in Romania may slow the growth in the Romanian economy. Any delay or setback in structural reform of inefficient SOEs could negatively impact improvements in the efficiency of, and the attractiveness of investing in, Romania’s economy.

Romania is subject to risk in relation to external balances

Romania’s current account deficit has been trending upwards. See “*Foreign Trade and Balance of Payments*”. A significant share of Romania’s exports is directed to the EU. Consequently, a potential recession in EU Member States or Romania’s primary trading partners could adversely affect Romania’s exports, exacerbating the trade deficit. A widening current account deficit could, in turn, negatively impact Romania’s economy.

In 2022, the current account deficit reached 9.5 per cent. of GDP, exceeding the 7.2 per cent. recorded in 2021. However, this was followed by a decrease in current account deficit in 2023, with external imbalance declining to 6.6 per cent. of GDP. Despite this improvement, the deficit widened again in 2024 to 8.4 per cent. and remained elevated over the medium term.

Trade deficit made the largest contribution to the current account deficit due to continued broad-based deteriorations in trade goods. Statistical data for the first quarter of 2025 indicate continued increase in trade deficit.

By the end of 2025, the current account deficit is forecasted to remain high, albeit slightly narrower as compared to 2024, reflecting the resumption of the fiscal consolidation process. The introduction of additional measures to accelerate the correction of the excessive budget deficit could lead to a stronger adjustment in the external imbalance. Further improvements in the current account deficit also depend on economic activity among Romania’s main EU trading partners and the absence of renewed disruptions in global value chains. Upside risks stemming from a potential escalation in trade protectionism could contribute to lower exports in tandem with higher value of nominal imports, especially if the EU introduces retaliatory tariffs.

Romania’s trend of external deleveraging may not continue. High wage growth, expansionary fiscal policy and increased household lending could lead to a high growth in imports, which could further widen the current account deficit. Higher deficits might necessitate external borrowing and could therefore risk halting the trend of external deleveraging (see “*Foreign Trade and Balance of Payments – Foreign Direct Investments*”).

Romania is subject to exchange rate and inflation risk

The RON is subject to a managed-floating exchange rate regime, whereby the value of the RON against foreign currencies is determined in the interbank foreign exchange market. NBR monetary policy strategy is inflation targeting. Since 2013, the inflation target has been set at 2.5 per cent. with a variation band of ± 1 per cent.

The managed-floating exchange rate regime uses inflation targets as a nominal anchor for monetary policy which allows for a flexible policy response to unpredicted shocks likely to affect the economy. The NBR does not target any level or range under this regime. The ability of the NBR to limit volatility of the RON is contingent on several economic and political factors, including the availability of foreign currency reserves, foreign direct investment inflows, as well as developments in market sentiment and investors' risk aversion. Compared to December 2024, the RON depreciated in May 2025 in nominal terms by 1.9 per cent. against the EUR and by 5.7 per cent. against the USD. In real terms, the RON appreciated during the same period by 0.7 per cent. against the EUR and by 8.5 per cent. against the USD. See "*Monetary and Financial System—Monetary Policy—Exchange Rate Policy*". Romania's public debt is also subject to foreign currency risk, as a substantial proportion of the country's public debt is denominated in foreign currencies (principally in EUR). While this risk is partially mitigated by the existence of a hard currency buffer, which is maintained at up to four months of gross funding needed to provide protection against any vulnerabilities arising from external factors, there can be no assurance that the buffer will be adequate to eliminate foreign currency risk.

CPI disinflation continued through the first half of 2024, amid benign conditions in most commodity markets, declining inflation expectations and favourable base effects due to rapid price increases implemented in 2023. As headline CPI reached 4.94 per cent. in June 2024, core inflation also decreased to 5.7 per cent., stemming from all three main components – food, non-food and services. The second half of 2024 saw disinflation brought mostly to a halt, with the annual CPI rate reaching 5.14 per cent. in December 2024. Drought and heatwaves during the summer months damaged crops, reducing most yields to levels well below the multi-year average. This led to greater inflation within the food component, both processed and unprocessed, with the former also undermining the downward trend of the core inflation indicator (5.6 per cent. in December 2024).

Following the increase seen in the last three months of 2024, the annual CPI inflation rate fell during the first three months of 2025, to 4.86 per cent. in March 2025 from 5.14 per cent. in December 2024. The decline in CPI inflation was further bolstered by favourable base effects, driven by large disinflationary contributions from fuel prices (due to the favourable developments in oil prices) and tobacco product prices. The annual adjusted CORE2 inflation rate also declined in the first three months of 2025, reaching 5.2 per cent. in March 2025 from 5.6 per cent. in December 2024. The rate of disinflation remains moderate.

The authorities' inflation projections are subject to numerous risks stemming from both the increase in trade protectionism and ongoing fiscal consolidation process. The implementation of the measures envisaged by Government Emergency Ordinance no. 156/2024 contributed to reducing short-term uncertainties surrounding Romania's fiscal stance, yet achieving the authorities' targets in the multi-annual plan might call for additional fiscal measures, which may create additional risk. In the case of electricity and natural gas, the expiration of the capping scheme is likely to create upside risks. At the same time, the labour market continues to pose relevant risks, on the back of private sector pay rises feeding through to consumer prices to a larger extent than forecasted by the authorities. Additional inflationary pressures could stem from persistent structural labour market deficiencies increasing the skills mismatch in certain sectors. The government may be required to adjust public sector wages to curb government expenditures over the medium term and reduce inflation. Externally, the increase in trade protectionism instils volatility into financial markets and entails the risk of retaliatory measures. Such developments could negatively affect confidence and investment decisions. Higher prices of imported goods and disruptions in global value chains could fuel inflationary pressures, though this could be mitigated by the disinflationary effect of a potential decrease in aggregate demand. Geopolitical tensions may

contribute to further upside risk. Over the medium term, climate change policies could necessitate additional adaptation costs which may pose additional risk.

As the authorities' monetary policy primarily impacts the RON and has limited impact on foreign currencies, including the euro, the large-scale use of the euro in the Romanian economy may undermine the ability of the authorities to implement their monetary policy. Similarly, the policies of the European Central Bank ("ECB") affecting the euro may indirectly impact the Romanian economy and may pose limits on the authorities' monetary policy, which, may have an adverse effect on the Romanian economy.

Romania is subject to risks of fiscal slippage and economic overheating

Romania's budget deficit is expected to be 7.0 per cent. of GDP in 2025, in part due to the impact of recently adopted fiscal measures. The Government's initial estimate cash target deficit of 7.0 per cent. for 2025 was based on the National Commission for Strategy and Prognosis 2024 Autumn National Forecast, with an assumption of 2.5 per cent. real GDP growth in 2025 and a nominal GDP growth of 8.4 per cent. High economic growth, coupled with a low interest environment and a pro-cyclical fiscal policy stance, as well as renewed credit growth, could increase the risk of overheating in the economy, and potentially lead to an increase in credit or asset prices in the absence of appropriate policy reactions, which could have a detrimental impact on the systemic financial stability of Romania. Overheating refers to the positive output gap being the difference between real GDP and potential GDP. The latter is a non-observable measure, which has been subject to frequent revisions, as growth consolidation after a crisis implies changes in the time series for both real and potential GDP. Growth rates of potential GDP are still below those from the pre-crisis period, which means that the output gap could be revised downwards in the future if potential GDP would be revised upwards, which also has implications on the structural deficit.

Failure to access all available EU funds could slow Romania's further development

In the early years of its EU membership, Romania registered a slower absorption rate (defined as the level of amounts sent for reimbursements to the EC as a percentage of the total amount of European Structural and Investment Funds available to it) on programmes potentially financeable from EU accession funds, in particular from EU Structural and Cohesion Funds (European Regional Development Fund, Cohesion Fund and European Social Fund). However, under the coordination of the Ministry of European Investments and Projects (formerly Ministry of European Funds) the management and control system for EU funds in Romania has been improved and the absorption rate has significantly increased since 2012. As at 22 May 2025, Romania's current absorption rate was 99.7 per cent. of the total EU budget allocation for the 2014-2020 Cohesion Policy.

The total amount received from the EC (including pre-financing) since the beginning of the 2014-2020 programming period, for the operational programmes ("OPs") financed by ESIF and The Fund for European Aid to the Most Deprived ("FEAD") is approximately EUR 34.7 billion, representing 97.2 per cent. of total EU allocation. In addition to ESIF and FEAD, Romania benefits from additional available financing of approximately EUR 19.3 billion under the European Agricultural Guarantee Fund ("EAGF"), out of which approximately EUR 18.3 billion, representing 93.2 per cent. of allocation, have been received.

For the 2014-2020 programming period, the availability of funds depended on Romania meeting 36 ex-ante conditionalities required by EC regulation, all of which have been fulfilled.

Romania has undertaken various actions and measures to ensure that use of EU funding continues at the same pace or even possibly increases in the future, given the increase in the allocation for the programming period 2021-2027, as the loss of potential EU funding would have a negative impact on Romania's budget, which has been under pressure since the COVID-19 pandemic and the start of Russia's war in Ukraine.

As of 22 May 2025, no funds have been decommitted and the estimated amounts of payment applications to be sent to the EC for payment to Romania in 2024 and 2025 cover the risk of automatic decommitment of funds

for the 2021-2027 programming period. Nevertheless, Romanian authorities have established the facilities for the absorption of the entire EU allocation. In June 2025, the EC made a partial payment of EUR 1.3 billion for the completion of 68 out of 74 milestones under the Romanian Recovery and Resilience Plan. Romania has six months to satisfy the six outstanding targets in order to receive the full allotment of EUR 2.66 billion. Romania has generally been successful in accessing the funds allocated to it by the EC under the Recovery and Resilience Plan, however, there is no guarantee that Romania will continue to meet the targets and milestones set by the EC in the future, and therefore may lose access to these funds. Failure to access and apply all available EU funds in the future could have an adverse impact on Romania's economy, Romania's ability to develop its infrastructure and its capacity to meet its obligations under the Notes.

Corruption and money laundering issues may hinder the growth of the Romanian economy, and otherwise have a material adverse effect on Romania and therefore on its capacity to meet obligations under the Notes

The European Commission published the final report on Romania under the Cooperation and Verification Mechanism ("CVM") on 22 November 2022. The report noted that all the objectives (benchmarks), including the anticorruption benchmarks, have been met and that further cooperation with the European Commission in the area of judicial reform can be carried out within the framework of the Rule of Law Mechanism, applicable to all EU Member States. On 15 September 2023, the EC formally closed the Cooperation and Verification Mechanism for Romania and Bulgaria. Additionally, on 24 July 2023, Romania submitted its Instrument of Accession to the Convention with the Organisation for Economic Cooperation and Development ("OECD") after ratifying the OECD Anti-Bribery Convention. Romania officially became the 45th member of the Working Group on Bribery ("WGB") as of 22 September 2023. This working group was established to monitor compliance by OECD member states with relevant legal instruments. Phase 1 of the WBG evaluation was completed in October 2023 and the Phase 2 report was adopted by the OECD Working Group on Bribery during its plenary meetings from 8 October 2024.

On 18 July 2023, the Mutual Evaluation Report of Romania in the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ("MONEYVAL") annual report was published, marking the completion of a broad and comprehensive process of evaluating the efficiency and effectiveness of Romania's National System for the Prevention and Combating of Money Laundering, initiated in October 2021 and carried out over approximately 18 months. Since the last assessment, Romania has taken steps to address the weaknesses identified, managing to strengthen its legal framework and carrying out its first national risk assessment. However, the report also notes that as there are aspects of the Romania's framework which still require improvements and institutional reforms required to ensure compliance with the requirements imposed by the Financial Action Task Force standards.

Although substantial progress has been made by the passing of important laws needed to implement the provisions of European directives in the field of anti-money laundering, corruption and money laundering remain an ongoing concern in Romania. Should anti-money laundering, corruption and money laundering continue to be a concern in Romania, or should they worsen, they could have an adverse impact on Romania's economy.

Official economic data and third party information included in this Information Memorandum may not be fully comparable with information on similar subjects from other sources or countries

This Information Memorandum includes information and statistics from a range of government ministries and other state entities, including the Ministry of Finance, the NBR, the National Commission for Prognosis and the Ministry of Economy, Entrepreneurship and Tourism. The various sources of this information may compile the information and statistics which they provide using differing methodologies and practices. These differences can produce variations in results. This Information Memorandum presents data as provided by the ministry or

other source to which the data is attributed. No attempt has been made to reconcile such data to the data compiled by other ministries or state entities or by third party organisations.

The Romanian National Institute of Statistics estimates that, based on national statistics on tax evasion and the number of employees reported in business and household surveys, Romania has a significant shadow economy, though its current size is unknown. The accuracy of official economic data may therefore be distorted as a result of such shadow economy.

This Information Memorandum also provides information derived from third party sources. Romania has not independently verified such information.

A significant increase of Romania's debt level could make it difficult to refinance debt on favourable terms

According to EU methodology, as at 31 December 2024 the general government debt increased to 54.8 per cent. of GDP, from 48.9 per cent. of GDP as at 31 December 2023. Any further increase in Romania's indebtedness or deterioration in financing conditions as a result of market, economic or political factors outside Romania's control could make it difficult for Romania to refinance its indebtedness on favourable terms. The level of non-resident ownership of public debt was 27.2 per cent. of GDP as at 31 December 2024, as calculated per EU methodology. In addition, any deterioration of the current account deficit or a decrease in net foreign direct investments could add further pressure on Romania's external finances.

The inconsistent application of reforms of the Justice Laws could have an adverse effect on Romania's economy and therefore on the Notes

In 2022, Romania introduced a series of reforms to its justice system. The new Justice Laws (Law no. 303/2022 on the statute of judges and prosecutors, Law no. 304/2022 on the judicial organisation and Law no. 305/2022 on the Superior Council of Magistracy) have advanced reform of the judicial system, increasing its independence and efficiency. The Romanian Government also adopted a new judicial strategy and related action plan for 2022-2025 and intends to implement projects to improve the digitalisation of the justice system. Like the new Justice Laws and judicial strategy, the Anti-Corruption Strategy for 2021-2025, which Romania adopted in 2021, relies on political support to implement important legislative reforms for the investigation and sanction of corruption cases that have been ongoing for years.

Though progress is ongoing, there can be no certainty that ongoing reform efforts will produce the desired results or that the new strategies will prove successful. See "*Description of Romania—Overview—Judiciary and Constitutional Court—Reform of the Judiciary*". If Romania were unable to effectively and successfully implement its reform efforts or if existing reforms were to prove less effective than initially observed or contemplated, this would likely depress confidence in the Romanian judicial system, which may have a materially adverse effect on the Romanian economy.

Factors That Are Material for the Purpose of Assessing the Market Risks Associated with Notes Issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks Related to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the Euro Interbank Offered Rate (“**EURIBOR**”). The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rates on its Notes.

Floating Rate Notes

Reference rates and indices, including interest rate benchmarks, such as EURIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmarks Regulation**”) and the Regulation (EU)

2016/1011 as it forms part of United Kingdom domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”) apply to the provision of benchmarks and the contribution of input data to a benchmark within the EU or the UK (as applicable) and the use of a benchmark within the EU or the UK.

The Benchmarks Regulation and the UK Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation and the UK Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark. Any reform may cause EURIBOR to perform differently than it has done in the past and may have other consequences which cannot be predicted. The potential transition from EURIBOR to €STR or the elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in respect of any Notes referencing such benchmark. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the original Reference Rate was discontinued and if such original Reference Rate is discontinued permanently, the same Rate of Interest will continue to be the Rate of Interest for each successive Interest Period until the maturity of the floating rate Notes, so that the floating rate Notes will, in effect, become fixed rate Notes utilising the last available Rate of Interest. Uncertainty as to the continuation of the original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the original Reference Rate is discontinued may adversely affect the value of, and return on, the floating rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the floating rate Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

In respect of any Notes issued as Green Bonds, there can be no assurance that such use of proceeds will be (or remain) suitable for the investment criteria of an investor.

The applicable Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equivalent to the relevant net proceeds towards projects and/or activities that promote climate-friendly, sustainability and other environmental purposes in accordance with the Green Bond Framework. The Green Bond Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Information Memorandum. The Green Bond Framework does not form part of, nor is incorporated by reference in, this Information Memorandum.

Prospective investors should have regard to the information in this Information Memorandum and the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes, together with any other investigation such investor deems necessary. No assurance is given by the Issuer or the Dealers that the use of such proceeds for the stated purposes will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses (including in relation to the EU Taxonomy Regulation and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds, SFDR and any implementing legislation and guidelines, or any similar legislation in any jurisdiction or any market standards or guidance, including the ICMA Principles). There is also no requirement for any such projects and/or activities that promote climate-friendly, sustainability and other environmental purposes to have a maturity or lifespan matching the minimum duration of any related Notes specified in the applicable Final Terms as "Green Bonds" ("**Green Bonds**") or any other liabilities, and any such mismatch shall not result in an obligation to redeem any Green Bonds at any time.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as such. The EU Green Bond Regulation introduced a voluntary label (the "**EU Green Bond Standard**") for issuers of green use of proceeds bonds (such as Green Bonds) where the proceeds will be invested in economic activities aligned with the EU Taxonomy Regulation. Any Green Bonds issued under this programme will not be aligned with the European Green Bond Standard and are intended to comply with the criteria and processes set out in the Green Bond Framework only. It is not clear at this stage the impact which the European Green Bond Standard may have on investor demand for, and pricing of, green use of proceeds bonds (such as the Green Bonds) that do not meet such standard. It could reduce demand and liquidity for the Green Bonds and their price.

A failure of any Green Bonds to meet investor expectations or requirements as to their "green", "sustainable", "social" or equivalent characteristics, any failure by the Issuer to allocate or reallocate an amount equal to the net proceeds of any particular issue of Green Bonds to the financing or refinancing of Eligible Green Projects (as defined in and as described in the Green Bond Framework) of the Issuer at any time, the failure by the Issuer to report on any use of proceeds or any change in the performance of the Eligible Green Projects (including the

loss of any “green”, “sustainable”, “social” or equivalent characteristics), any failure by the Issuer to comply with its general environmental or similar targets (if any), the failure to provide, or the withdrawal of, a third party opinion or certification in connection with an issue of Green Bonds may have a material adverse effect on the value of Notes issued as Green Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the Notes issued as Green Bonds as a result of the Notes issued as Green Bonds not falling within the investor’s investment criteria or mandate). However, none of these events specified above nor any mismatch between the duration of the relevant Eligible Green Projects and the term of the relevant Green Bonds will give rise to any claim by a Noteholder against the Issuer or the Dealers or constitute an Event of Default under the Green Bonds.

Green Bonds are not linked to the performance of the Eligible Green Projects and do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes. The performance of the Green Bonds is not linked to the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any environmental or similar targets. The Issuer does not undertake to ensure that there are at any time sufficient Eligible Green Projects to allow for allocation of an amount equal to the net proceeds of the issue of such Green Bonds in full. There will be no segregation of assets and liabilities in respect of the Green Bonds. Consequently, neither payments of principal and/or interest on the Green Bonds nor any rights of Noteholders shall depend on the performance of the relevant Eligible Green Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Green Bonds shall have no preferential rights or priority against the assets of any Eligible Green Projects nor benefit from any arrangements to enhance the performance of the Notes.

While it is the intention of the Issuer to apply an amount equal to the net proceeds of any issue of Green Bonds primarily in the manner described in this Information Memorandum and/or the applicable Final Terms, there can be no assurance that the Issuer will be able to do so. Any such failure by the Issuer will not (i) create an obligation for the Issuer to redeem the relevant Green Bonds or (ii) create an option for the Noteholders to redeem the relevant Green Bonds.

No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to any Green Bonds

The Second Party Opinion provides an opinion on certain environmental and related considerations is a statement of opinion, not a statement of fact. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion any opinion, review or certification of any third party (whether or not solicited by the Issuer) (including any post-issuance reports prepared by an external reviewer) which may or may not be made available in connection with the issue of any Notes in order to fulfil any environmental, sustainability, social and/or other criteria. The criteria and/or considerations that formed the basis of the Second Party Opinion or any opinion, review, certification or post-issuance report may change at any time and the Second Party Opinion or any such opinion, review, certification or post-issuance report may be amended, updated, supplemented, replaced and/or withdrawn at any time. The Second Party Opinion or any opinion, review, certification or post-issuance report would provide an opinion on certain environmental and related considerations only and would not be intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion or any opinion, review, certification or post-issuance report would be a statement of opinion not a statement of fact. For the avoidance of doubt, the Second Party Opinion or any opinion, review, certification or post-issuance report is not, nor shall be deemed to be, incorporated in and/or form part of this Information Memorandum. The Second Party Opinion or any opinion, review, certification or post-issuance report is not, nor should be deemed to be, a recommendation by the Issuer, the Arrangers, the Dealers, or any other person to buy, sell or hold any such Notes. The Second Party Opinion

and any opinion, review, certification or post-issuance report is only current as of the date that such opinion was initially issued. Prospective investors must determine for themselves the relevance of the Second Party Opinion or any opinion, review, certification or post-issuance report and/or the information contained therein and/or the provider of such opinion, review, certification or post-issuance report for the purpose of any investment in such Notes. Currently, the providers of such opinions, reviews, certifications or post-issuance reports are not subject to any specific regulatory or other regime or oversight. Whilst the EU Green Bond Regulation has introduced a supervisory regime of external reviewers of European Green Bonds this would not apply to external reviewers in respect of an issue of Green Bonds. In addition, the withdrawal of the Second Party Opinion or any opinion, review, certification or post-issuance report or the Second Party Opinion or any such opinion, review, certification or post-issuance report attesting that the Issuer is not complying in whole or in part with any matters for which such opinion, review, certification or post-issuance report is opining or certifying on may have a material adverse effect on the value of such Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

No assurance that Green Bonds will be admitted to trading on any dedicated "green", "sustainable", "social" (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Arrangers, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

If any of the above risks materialise this may have a material adverse effect on the value of such Notes issued as Green Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell such Notes as a result of such Notes not falling within the investor's investment criteria or mandate).

Risks Related to Notes Generally

Set out below is a brief description of certain risks relating to the Notes generally:

The terms and conditions of the Notes contain a "collective action" clause under which the terms of any one Series of Notes and/or multiple Series of Notes may be amended, modified or waived without the consent of the holders of all Notes or of all affected Series of Notes

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to reserved matters, multiple Series of Notes to be aggregated for voting purposes (*provided that* each such Series also contains the collective action clauses in the terms and conditions of the relevant Notes).

The Issuer expects that all Series of Notes issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of reserved matters

across multiple Series of Notes. This means that a defined majority of the holders of such Series of Notes (when taken in the aggregate only, in some circumstances and/or individually) would be able to bind all holders of Notes in all the relevant aggregated Series.

Any modification or actions relating to reserved matters, including in respect of payments, amendment of the Events of Default and other important terms, may be made to a single Series of Notes with the consent of the holders of 75 per cent. of the aggregate principal amount outstanding of such Notes, and to multiple Series of Notes with the consent of both (i) the holders of 66⅔ per cent. of the aggregate principal amount outstanding of all Series of Notes being aggregated and (ii) the holders of 50 per cent. in aggregate principal amount outstanding of each Series of Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition in the Conditions, any such modification or action relating to reserved matters may be made to multiple Series of Notes with the consent of 75 per cent. of the aggregate principal amount outstanding of all Series of Notes being aggregated only, without requiring a particular percentage of the holders in any individual affected Series of Notes to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some Series of Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Notes simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk therefore that the terms and conditions of a Series of Notes may be amended, modified or waived in relation to a Reserved Matter (as defined in Condition 17.5 (*Reserved Matters*)) in certain circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different Series of Notes and, as such, without a minimum percentage of the Noteholders of the relevant Series (such as the Notes) having voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple Series of Notes may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to any Notes may adversely affect their trading price.

In the future, the Issuer may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions. If this occurs, then this could mean that any Series of Notes issued under the Programme would be capable of aggregation with any such future debt securities.

The terms and conditions of the Notes restrict the ability of an individual holder to declare an Event of Default, and permit a majority of holders to rescind a declaration of such a default

The Notes contain a provision which, if an Event of Default occurs, allows the holders of at least 25 per cent., in aggregate principal amount of the outstanding Notes to declare all the Notes to be immediately due and payable by providing notice in writing to the Issuer, whereupon the Notes shall become immediately due and payable, at their principal amount, with accrued interest, without further action or formality.

The Conditions also contain a provision permitting the holders of at least 50 per cent., in aggregate principal amount, of the outstanding Notes to notify the Issuer to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn. The Issuer shall give notice thereof to the Noteholders, whereupon the relevant declaration shall be withdrawn and shall have no further effect.

The Issuer is not required to effect payment under the Notes equally or rateably with payment(s) under its other debt obligations and, in particular, is not required to make payment under the Notes

at the same time as or as a condition of paying sums due under its other debt obligations and vice versa

The Notes will at all times rank at least *pari passu* with all other unsecured Public External Indebtedness (as defined in the Terms and Conditions of the Notes) of the Issuer. However, the Issuer will have no obligation to effect payment under the Notes equally or rateably with payment(s) under other unsecured Public External Indebtedness of the Issuer and, in particular, will have no obligation to make payment under the Notes at the same time or as a condition of paying sums due under other unsecured Public External Indebtedness of the Issuer.

Tax consequences of holding the Notes

Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in its particular circumstances. See “*Taxation*” below.

Bearer Notes generally may not be offered or sold in the United States or to U.S. persons. Unless an exemption applies, a U.S. person holding a Bearer Note or Coupon will not be entitled to deduct any loss on the Bearer Note or Coupon and must treat as ordinary income any gain realised on the sale or other disposition (including the receipt of principal) of the Bearer Note or Coupon.

Further Notes may be issued without the consent of Noteholders

The Issuer may from time to time create and issue further Notes without the consent of Noteholders, subject to terms and conditions which are the same as those of existing Notes, or the same except for the amount of the first new payment of interest. Such new Notes may be consolidated and form a single series with outstanding Notes, if such further Notes are able to be treated as fungible for the purposes of U.S. tax and securities laws.

A claimant may face delays in receiving payments under a court judgment or may not be able to enforce a court judgment against certain assets of Romania in certain circumstances

Romania is a sovereign state. Consequently, it may be difficult for investors to obtain judgments of courts in countries outside Romania against Romania. Enforcement of such judgments in Romania may be refused in certain circumstances in the absence of an applicable treaty facilitating such enforcement. There is also a risk that, notwithstanding the waiver of sovereign immunity by Romania, a claimant will not be able to enforce a court judgment against certain assets of Romania in certain jurisdictions (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale) without Romania having specifically consented to such enforcement at the time when the enforcement is sought.

Certain rights and properties of Romania benefit from sovereign immunity under Romanian or international law, which implies, *inter alia*, that such rights and properties, on the grounds that they belong to the public domain of Romania or of Romanian administrative-territorial units (i.e. counties, cities or villages) cannot (i) be sold or otherwise subjected to transfer of ownership, (ii) constitute security for creditors or be subjected to foreclosure or (iii) be acquired by third parties by prolonged or good-faith possession (*i.e.*, *usus capio*) or by any other means whatsoever. Such rights and properties include, without limitation, all the assets listed in Article 136, republished, of the Romanian Constitution and Article 859 of the Civil Code of Romania (i.e. subterranean resources of public interest, airspace, waters with marketable hydroelectric potential, of national interest, beaches, territorial waters, natural resources of the contiguous economic zone and the continental shelf, as well as other assets established by law), the assets listed in the Schedule No. 2 to the Romanian Government Emergency Ordinance No. 57/2019 regarding the Administrative Code, any present or future “premises of the mission” as defined in the Vienna Convention on Diplomatic Relations signed in 1961 (including the furnishings and other property therein and the means of transport of such mission), any “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963 (including the furnishings and other

property therein and the means of transport of such mission) or military property or military assets or property or assets of Romania related thereto, and any other assets that according to the Romanian laws or by their nature are of public use or interest and are acquired by legal means by the Romanian state or by the administrative-territorial units of Romania.

Under the Romanian Government Ordinance No. 22/2002 on the foreclosure of the public institutions' payment obligations under writs of enforcement as amended, the foreclosure of the payment obligations of public institutions (including Romania (as the Issuer)) established through writs of enforcement may only be carried out against the amounts included for such purposes in the relevant public budget. Should there be insufficient amounts in the budget for such purpose, Romania has the benefit of a six-month period from the date of receipt of the summons for payment from a competent enforcement officer to fulfil its payment obligations before the relevant creditor may begin foreclosure proceedings against it according to the Code of Civil Procedure or other applicable foreclosure laws. Furthermore, a court of law may grant a grace period or rescheduling of payments at the request of Romania, if Romania evidences that it is unable to meet its obligations towards the relevant creditor because of obligations incumbent on the Issuer according to the law. According to recent case law of the HCCJ, the amounts destined for the payment of salary rights held in the accounts of public institutions cannot be seized.

The foreign exchange reserves of Romania are controlled and administered by the NBR, which is an independent central bank legally distinct from the government. Accordingly, such reserves would not be available to satisfy any claim or judgment in respect of the Notes.

Romanian courts are not familiar with the concept of insolvency of central public authorities, and consequently, the procedure for, and enforcement of payment under, the Notes in such circumstances is uncertain. While Romania is taking all the measures and actions to defend its position and its interest in respect of the matter referred to herein, there can be no assurance that the claimants in this or other proceedings will not seek to attach interest or principal of Romanian indebtedness, which may affect the proper delivery of payments to Noteholders.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Information Memorandum.

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

Notes issued under the Programme will be represented on issue by one or more Global Notes or Global Note Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC. Except in the circumstances described in each Global Note and/or Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear

and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note or Global Certificate held through it. While the Notes are represented by a Global Note or Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes or Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note or Global Certificate.

Holders of beneficial interests in a Global Note or Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Transferability of the Notes may be limited under applicable securities laws

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. Certain Notes issued under the Programme may not be offered, sold or otherwise transferred in the United States other than to persons that are QIBs. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended by the Issuer to restrict transfers of Notes as described under “*Subscription and Sale*” and “*Transfer Restrictions*”. It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Although an application has been made to list on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Luxembourg Stock Exchange’s regulated market, there is no assurance that such application will be accepted or that an active trading market for the Notes will develop or, if one does develop, that it will be liquid or maintained. If a Tranche of Notes is issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

The market for securities issued by Romania is influenced by economic and market conditions in Romania and, to a varying degree, economic conditions in other Eastern European markets as well as global, emerging and developed markets generally. There can be no assurance that events which would cause volatility of the sort that occurred in worldwide financial markets in 1998 and 2008-2009, and which have continued to a considerable degree until the present, will not occur again, or that any such volatility will not adversely affect the price or liquidity of the Notes.

In addition, if the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions

and the financial condition of Romania. As a result of the above factors, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Currently, there are no exchange control restrictions in place in Romania. However, it may be mentioned in the context of notes with a maturity of less than one year that if significant short term foreign currency inflows were to exercise sufficient pressure on the foreign exchange market and significantly affect the central bank's monetary and foreign exchange policies, with significant impact on internal liquidity and material deterioration of the payments balance, under the NBR Regulation No. 4/2005 on foreign exchange operations, the NBR may activate certain safeguard measures. These safeguard measures may consist of: obliging residents and non-residents to notify the NBR of their intention to enter into short-term capital foreign exchange transactions; setting thresholds and other limitations for short-term capital foreign exchange transactions which generate capital inflows and outflows by residents and non-residents; temporarily withholding, in an account domiciled with the NBR, certain incoming/outgoing amounts denominated in RON or foreign currency resulting from short-term capital foreign exchange transactions and which generate capital inflows and outflows by residents and non-residents; applying a fee on transactions made on the foreign exchange market; increasing minimum reserve requirements for amounts representing short-term capital inflows, held by residents or non-residents with credit institutions; setting maturity restrictions for certain short-term capital foreign exchange transactions; restricting the introduction of new short-term capital foreign exchange transactions; and introducing additional monitoring measures concerning capital foreign exchange transactions and/or currency control measures. Nevertheless, by virtue of NBR Regulation No. 4/2005, the enforcement of such measures cannot extend beyond a period of six months and should be notified to the EC (and stopped, if so requested by the EC). They must also apply without discrimination and may not be directed solely against a particular transaction or entity.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

INFORMATION INCORPORATED BY REFERENCE

All amendments and supplements to this Information Memorandum prepared by the Issuer from time to time shall be deemed to be incorporated in, and form part of, this document save that any statement contained herein or any documents incorporated by reference in, and forming part of, this Information Memorandum shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

The section “*Terms and Conditions of the Notes*” as contained in pages 33-68 (inclusive) of the Information Memorandum relating to the Programme dated 17 July 2023, the section “*Terms and Conditions of the Notes*” as contained in pages 40 – 76 (inclusive) of the Information Memorandum relating to the Programme dated 6 April 2021, the section “*Terms and Conditions of the Notes*” as contained in pages 36 – 72 (inclusive) of the Information Memorandum relating to the Programme dated 26 March 2019, the section “*Terms and Conditions of the Notes*” as contained in pages 45 – 81 (inclusive) of the Information Memorandum relating to the Programme dated 5 October 2017, the section “*Terms and Conditions of the Notes*” as contained in pages 38 – 68 (inclusive) of the Information Memorandum relating to the Programme dated 18 May 2016 and the section “*Terms and Conditions of the Notes*” as contained in pages 42 – 73 (inclusive) of the Information Memorandum relating to the Programme dated 21 May 2015, each of which has previously been published and has been filed with the CSSF, shall be incorporated by reference in, and form part of, this Information Memorandum.

Copies of the documents specified above as containing information incorporated by reference in this Information Memorandum may be inspected, free of charge, at the specified office of the Paying Agent during normal business hours upon reasonable request. Any information contained in any of the documents specified above which is not incorporated by reference in this Information Memorandum is either not relevant to investors or is covered elsewhere in this Information Memorandum.

FINAL TERMS AND DRAWDOWN INFORMATION MEMORANDUM

In this section the expression “necessary information” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes, the reasons for the issuance and its impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Information Memorandum all of the necessary information except for information relating to the Notes which is not known at the date of this Information Memorandum and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Information Memorandum and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Information Memorandum. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Information Memorandum in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Information Memorandum.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Information Memorandum and must be read in conjunction with this Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Information Memorandum will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Information Memorandum. In the case of a Tranche of Notes which is the subject of a Drawdown Information Memorandum, each reference in this Information Memorandum to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Information Memorandum unless the context requires otherwise.

Each Drawdown Information Memorandum will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a registration document (“**Registration Document**”) containing the necessary information relating to the Issuer, a securities note (“**Securities Note**”) containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Information Memorandum is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or material inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (“**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (“**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in New Global Note (“**NGN**”) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the ECB announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (“**Eurosystem**”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

While any Bearer Note issued in accordance with United States Treasury Regulation §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (“**TEFRA D**”) is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (substantially in the form to be provided) to the effect that the beneficial owners of such Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by United States Treasury Regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) has or have given a like certification (based on the certifications it has or they have received) to the Fiscal Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearing and/or settlement system(s) specified in the applicable Final Terms.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (“**TEFRA C**”) or TEFRA D are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither TEFRA C nor TEFRA D are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, on or after the day following the expiry of 40 days after the issue date (“**Exchange Date**”) of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

1. Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated and, in the case of a Permanent Global Note in NGN form, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Notes represented by the Permanent Global Note in accordance with its terms against:
 - (a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
 - (b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership provided, however, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

2. If:
 - (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
 - (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

3. The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form (“**Definitive Notes**”):
 - (a) on the expiry of such period of notice as may be specified in the Final Terms; or
 - (b) at any time, if so specified in the Final Terms; or
 - (c) if the Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
 - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with

Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

4. If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that TEFRA C is applicable or that neither TEFRA C nor TEFRA D is applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form (“**Definitive Notes**”) on or after the day following the expiry of 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that TEFRA D is applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes on or after the day following the expiry of 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

5. If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or

- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

- 6. If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
 - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

- 7. If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

Registered Notes

Each Tranche of Notes in registered form (“**Registered Notes**”) will be represented by either:

- (a) individual Note Certificates in registered form (“**Individual Note Certificates**”); or
- (b) one or more unrestricted global note certificates (“**Unrestricted Global Note Certificate(s)**”) in the case of Registered Notes sold outside the United States in reliance on Regulation S (“**Unrestricted Registered Notes**”) and/or one or more restricted global note certificates (“**Restricted Global Note Certificate(s)**”) in the case of Registered Notes sold to QIBs in reliance on Rule 144A (“**Restricted Registered Notes**”),

in each case as specified in the relevant Final Terms, and references in this Information Memorandum to “**Global Note Certificates**” shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

In a press release dated 22 October 2008, “*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*”, the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the International Central Securities Depository (“**ICSDs**”) had designed in co-operation with market participants and that Notes to be held under the new structure (“**New Safekeeping Structure**” or “**NSS**”) would be in compliance with the “*Standards for the use of EU securities settlement systems in ESCB credit operations*” of the central banking system for the euro (“**Eurosystem**”), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of a Certificate which is not to be held under the New Safekeeping Structure, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or registered in the name of Cede & Co. as nominee for DTC and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depository or such other nominee or custodian; or (b) in the case of an Unrestricted Global Note Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Note represented by a Restricted Global Note Certificate will either be (a) in the case of a Certificate which is not to be held under the New Safekeeping Structure, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or registered in the name of Cede & Co. as nominee for DTC and/or any other relevant clearing system and the

relevant Restricted Global Note Certificate will be deposited on or about the issue date with the common depositary or such other nominee or custodian; or (b) in the case of an Restricted Global Note Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Restricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

If the relevant Final Terms specifies the form of Notes as being “Individual Note Certificates”, then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being “Global Note Certificate exchangeable for Individual Note Certificates”, then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies “in the limited circumstances described in the Global Note Certificate”, then:
 - (i) in the case of any Global Note Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or DTC ceases to be a “clearing agency” registered under the U.S. Exchange Act of 1934 (“**Exchange Act**”) or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;
 - (ii) in the case of any Global Note Certificate held by or on behalf of Euroclear, Clearstream, Luxembourg or any other relevant clearing system, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and
 - (iii) in any case, if any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person’s holding). In addition, whenever a Restricted Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Note Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under “*Transfer Restrictions*”.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note or Individual Note Certificate will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*”.

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*”.

1 Introduction

- (a) **Programme:** Romania (“**Issuer**”) has established a Global Medium Term Note Programme (“**Programme**”) for the issuance of up to EUR 90,000,000,000 in aggregate principal amount of notes (“**Notes**”).
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a final terms (“**Final Terms**”) which supplements these terms and conditions (“**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of an amended and restated issue and paying agency agreement dated 5 October 2017 (“**Agency Agreement**”) between the Issuer, Citibank, N.A., London Branch as fiscal agent (“**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), paying agent (“**Paying Agents**”, which expression includes any successor or additional paying agent appointed from time to time in connection with the Notes) and transfer agent (“**Transfer Agent**”, which expression includes any successor or additional transfer agent appointed from time to time in connection with the Notes) and Citigroup Global Markets Europe AG as registrar (“**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes). In these Conditions references to the “**Agents**” are to the Fiscal Agent, the Registrar, the Paying Agents and the Transfer Agent and any reference to an “**Agent**” is to any one of them.
- (d) **The Notes:** The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the Specified Office of the Fiscal Agent and the Registrar during normal business hours and copies may be obtained from the Specified Office of the Fiscal Agent and the Registrar.
- (e) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to the detailed provisions of the Agency Agreement. Noteholders (as defined herein) and the holders of the related interest coupons, if any (“**Couponholders**” and “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents upon reasonable request, the initial Specified Offices of which are set out below.

2 Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:
 - “**Accrual Yield**” has the meaning given in the relevant Final Terms;

“Additional Business Centre(s)” means the city or cities specified as such in the relevant Final Terms;

“Additional Financial Centre(s)” means the city or cities specified as such in the relevant Final Terms;

“Business Day” means:

- (A) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (B) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“Business Day Convention”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (A) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (B) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (C) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (D) **“FRN Convention”**, **“Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (E) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Agent” means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (“**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (A) if “**Actual/Actual (ICMA)**” is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
- (B) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- (C) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (i) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (ii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (iii) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
 - (iv) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30”;

- (v) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and “D2” is the calendar day, expressed as a number, immediately following the

last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“Early Termination Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

“Extraordinary Resolution” has the meaning given in the Agency Agreement;

“Final Redemption Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“First Interest Payment Date” means the date specified in the relevant Final Terms;

“Fixed Coupon Amount” has the meaning given in the relevant Final Terms;

“Holder”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer—Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer—Title to Registered Notes*);

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“Interest Commencement Date” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“Interest Determination Date” has the meaning given in the relevant Final Terms;

“Interest Payment Date” means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (A) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (B) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“ISDA Definitions” means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first

Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**Margin**” has the meaning given in the relevant Final Terms;

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Maximum Rate of Interest**” has the meaning given in the relevant Final Terms;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Member State**” means a member state of the European Economic Area;

“**Minimum Rate of Interest**” has the meaning given in the relevant Final Terms;

“**Noteholder**”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer—Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer—Title to Registered Notes*);

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Final Terms;

“**Optional Redemption Date (Put)**” has the meaning given in the relevant Final Terms;

“**Participating Member State**” means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

“**Payment Business Day**” means:

(A) if the currency of payment is euro, any day which is:

- (i) a day on which banks in the relevant place of presentation (if presentation is required) are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(B) if the currency of payment is not euro, any day which is:

- (i) a day on which banks in the relevant place of presentation (if presentation is required) are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (A) in relation to euro, it means the principal financial centre of such Participating Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer (or its agent or financial adviser); and
- (B) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer (or its agent or financial adviser);

“Put Option” means a put option in accordance with the provisions of Condition 10 (d) (*Redemption at the option of Noteholders*);

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

“Reference Price” has the meaning given in the relevant Final Terms;

“Reference Rate” has the meaning given in the relevant Final Terms;

“Regular Period” means:

- (A) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (B) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (C) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the

Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Financial Centre**” has the meaning given in the relevant Final Terms;

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning given in the relevant Final Terms;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” has the meaning given in the Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Talon**” means a talon for further Coupons;

“**TARGET Settlement Day**” means any day on which T2 is open for the settlement of payments in euro;

“**Treaty**” means the Treaty establishing the European Communities, as amended;

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

- (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3 Form, Denomination, Title and Transfer

- (a) *Bearer Notes*: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes*: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- (c) *Registered Notes*: Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) *Title to Registered Notes*: The Registrar will maintain the registers in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- (e) *Ownership*: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfers of Registered Notes*: Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or (as the case may be) the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes

represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or the Transfer Agent but against such indemnity as the Registrar or (as the case may be) the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4 Status

The Notes and Coupons constitute direct, unconditional and unsecured obligations of the Issuer which rank and will at all times rank *pari passu*, without preference among themselves, with all other unsecured Public External Indebtedness (as defined in Condition 5 (*Negative Pledge*)) of the Issuer, from time to time outstanding, provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Public External Indebtedness and, in particular, the Issuer shall have no obligation to pay other Public External Indebtedness at the same time or as a condition of paying sums due on the Notes and/or Coupons and *vice versa*.

5 Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement) the Issuer will not create or permit to subsist any Security Interest other than a Permitted Security Interest (as defined below) in any of its property or assets to secure Public External Indebtedness of the Issuer unless (i) the Notes are secured equally and rateably with such Public External Indebtedness or (ii) the Notes have the benefit of such other security, guarantee, indemnity or other arrangement as shall be substantially equivalent.

“**Permitted Security Interest**” means:

- (a) any Security Interest upon property (or any revenues therefrom) to secure Public External Indebtedness incurred for the purpose of financing the acquisition or construction of such property;
- (b) any Security Interest existing on any property (or any revenues therefrom) at the time of its acquisition;

- (c) any Security Interest securing Public External Indebtedness incurred for the purpose of Project Financing provided that (i) the holders of such Public External Indebtedness expressly agree to limit their recourse to the assets and revenues of such project as the principal source of repayment of such Public External Indebtedness and (ii) the property over which such Security Interest is granted consists solely of such assets and revenues;
- (d) any Security Interest existing on the original date of issue of each series of Notes; and
- (e) the renewal or extension of any Security Interest described in subparagraphs (a) to (d) above, provided that the principal amount of the Public External Indebtedness secured thereby is not increased.

“**Project Financing**” means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development, or exploitation of any property.

“**Public External Indebtedness**” means any obligations (other than the Notes) for borrowed monies that are (i) denominated or payable in a currency or by reference to a currency other than the lawful currency of Romania and (ii) evidenced or represented by bonds, notes or other securities which are for the time being or are capable of being or intended to be quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

6 Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11(A) (*Payments — Bearer Notes*) and Condition 11(B) (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7 Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11(A) (*Payments—Bearer Notes*) and Condition 11(B) (*Payments—Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser (such Independent Adviser acting in good faith and in a commercially reasonable manner as an expert), determines appropriate;
 - (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable,

the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms; and
 - (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and (such Independent Adviser acting in good faith and in a commercially reasonable manner as an expert), determines appropriate.
- Provided that in any circumstances where under the ISDA Definitions the Calculation Agent would be required to exercise any discretion, including the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer (or its agent or financial adviser).
- (e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
 - (f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
 - (g) *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified

Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount.

The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange (or listing agent as the case may be) and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (j) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent (if not the Calculation Agent), the Registrar, the Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8 Zero Coupon Note Provisions

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in

respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9 Dual Currency Note Provisions

- (a) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10 Redemption and Purchase

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).
- (b) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (c) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(b) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (d) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to (but excluding) such date. In order to exercise the option contained in this Condition 10(d), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(d), may be withdrawn;

provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(d), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (e) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (d) above.
- (f) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(f) or, if none is so specified, a Day Count Fraction of 30E/360.

- (g) *Purchase:* The Issuer may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (h) *Cancellation:* All Notes so redeemed or purchased by the Issuer and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11 Payments

(A) *Bearer Notes*

This Condition 11(A) is only applicable to Bearer Notes.

- (a) *Principal:* Payments of principal shall be made (where applicable) only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (“**Relevant Coupons**”) being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.
- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(d) (*Redemption at the option of Noteholders*), Condition 10(b) (*Redemption at the option of the*

Issuer) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

(B) Registered Notes

This Condition 11(B) is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without

prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

- (d) *Payments on business days*: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11(B) arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Payment Record Date*: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment ("**Payment Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Payment Record Date.

12 Taxation

Gross up: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Romania or of any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note, Note Certificate or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Note Certificate or Coupon by reason of its having some connection with Romania other than the mere holding of, or receipt of payment on, the Note, Note Certificate or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder of such Note, Note Certificate or Coupon would have been entitled to such additional amounts on presenting such Note, Note Certificate or Coupon for payment on the last day of such period of 30 days.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 12 (*Taxation*).

13 Events of Default

If any of the following events (each, an “**Event of Default**”) occurs and is continuing:

- (a) any amount of principal is not paid on the due date for payment thereof or any amount of interest on the Notes is not paid within 30 days of the due date for payment thereof; or
- (b) the Issuer fails to duly perform or observe any of its other material obligations under the Notes, which failure continues unremedied for 45 days after written notice thereof has been delivered by any Noteholder to the Issuer (with a copy to the Fiscal Agent); or
- (c) Romania ceases to be a member of the IMF or to be eligible to use the general resources of the IMF, and such situation continues unremedied for 45 days after written notice thereof has been delivered by any Noteholder to the Issuer (with a copy to the Fiscal Agent); or
- (d) (i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any Public External Indebtedness of the Issuer, (ii) the Issuer defaults in the payment of any principal of or interest on any of its Public External Indebtedness when and as the same shall become due and payable, and such default continues for more than the grace period, if any, originally applicable thereto or, in the case of interest where such grace period does not exceed 30 days, for more than 30 days or (iii) the Issuer defaults in the payment when due and called upon of any guarantee or indemnity of the Issuer in respect of any Public External Indebtedness of any other person and such default continues for more than the grace period, if any, originally applicable thereto or, if such grace period does not exceed 30 days, for more than 30 days; provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned in this subparagraph (d) have occurred equals or exceeds \$70,000,000 or its equivalent; or
- (e) a moratorium on the payment of principal of, or interest on, the Public External Indebtedness of the Issuer is declared by the Issuer, unless such moratorium expressly excludes the Notes; or
- (f) the validity of the Notes is contested by the Issuer or the Issuer shall deny any of its payment obligations under the Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or it shall be or become unlawful for the Issuer to perform or comply with all or any of its payment obligations set out in the Notes or any such obligations shall be or become unenforceable or invalid, in each case as a result of any law or regulation in Romania or any ruling of any court in Romania whose decision is final and unappealable,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer.

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect, but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

14 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

15 Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent and the Paying Agent having its Specified Office in Luxembourg, subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

16 Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Fiscal Agent, Registrar, Paying Agents and Transfer Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Registrar, any Paying Agent or Transfer Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents or transfer agents; provided, however, that:

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Fiscal Agent, Registrar, Paying Agents or Transfer Agents or in their Specified Offices shall promptly be given to the Noteholders.

17 Meetings of Noteholders; Written Resolutions

17.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions:

- (a) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

- (b) The Issuer will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 17.9 (*Notes controlled by the Issuer*)) have delivered a written request to the Issuer setting out the purpose of the meeting. The Issuer will set the time and place of the meeting. The Issuer will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (c) The Issuer will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer will arrange such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*:
 - (i) the date, time and location of the meeting;
 - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
 - (iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
 - (iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
 - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
 - (vi) whether Condition 17.2 (*Modification of this Series of Notes only*), or Condition 17.3 (*Multiple Series Aggregation – Single limb voting*), or Condition 17.4 (*Multiple Series Aggregation – Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;
 - (vii) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
 - (viii) such information that is required to be provided by the Issuer in accordance with Condition 17.6 (*Information*);
 - (ix) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 17.7 (*Claims Valuation*); and
 - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

- (e) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 17.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
- (f) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
- (j) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 17 and Condition 18 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

17.2 Modification of this Series of Notes only:

- (a) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
- (b) A “**Single Series Extraordinary Resolution**” means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) by a majority of:
 - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
 - (ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.
- (c) A “**Single Series Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
 - (i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
 - (ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.

17.3 Multiple Series Aggregation – Single limb voting:

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, *provided that* the Uniformly Applicable condition is satisfied.
- (b) A “**Multiple Series Single Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A “**Multiple Series Single Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.
- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Extraordinary Resolution or Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and Couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (e) The “**Uniformly Applicable**” condition will be satisfied if:
 - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (A) the same new instrument or other consideration or (B) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

- (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
- (f) It is understood that a proposal under paragraph 17.3(a) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (g) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 17.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

17.4 Multiple Series Aggregation – Two limb voting:

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 17.1 (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:
 - (i) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (c) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the

applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

- (i) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually). Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
- (d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (e) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 17.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

17.5 Reserved Matters:

In these Conditions, “**Reserved Matter**” means any proposal:

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (d) to change this definition, or the definition of “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution” or “Multiple Series Two Limb Written Resolution”;
- (e) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;

- (f) to change the definition of “Uniformly Applicable”;
- (g) to change the definition of “outstanding” or to modify the provisions of Condition 17.9 (*Notes controlled by the Issuer*);
- (h) change the legal ranking of the Notes;
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 13 (*Events of Default*);
- (j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer’s waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 25 (*Governing Law and Jurisdiction*);
- (k) to impose any condition on or otherwise change the Issuer’s obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (l) to modify the provisions of this Condition 17.5;
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
 - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
 - (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

17.6 Information:

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 17.2 (*Modification of this Series of Notes only*), Condition 17.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 17.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer shall publish in accordance with Condition 18 (*Aggregation Agent; Aggregation Procedures*) with the following information:

- (a) a description of the Issuer’s economic and financial circumstances which are, in the Issuer’s opinion, relevant to the request for any potential modification or action, a description of the Issuer’s existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (b) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where

permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

- (c) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 17.1(d)(vii).

17.7 Claims Valuation:

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 17.3 (*Multiple Series Aggregation – Single limb voting*) and Condition 17.4 (*Multiple Series Aggregation – Two limb voting*), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

17.8 Manifest error, etc.:

The Notes, these Conditions and the provisions of the Agency Agreement may be amended without the consent of the Noteholders or Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

17.9 Notes controlled by the Issuer:

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution: (b) Condition 17.1 (*Convening Meetings of Noteholders: Conduct of Meetings of Noteholders; Written Resolutions*) and (c) Condition 13 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (i) “**public sector instrumentality**” means the National Bank of Romania, any department, ministry or agency of the government of Romania or any corporation, trust, financial institution or other entity owned or controlled by the government of Romania or any of the foregoing; and
- (ii) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition, to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or

otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 18.4 (*Certificate*) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

17.10 Publication:

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 18.7 (*Manner of publication*).

17.11 Exchange and Conversion:

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

18 Aggregation Agent; Aggregation Procedures

18.1 Appointment:

The Issuer will appoint an aggregation agent ("**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

18.2 Extraordinary Resolutions:

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

18.3 Written Resolutions:

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

18.4 Certificate:

For the purposes of Condition 18.2 (*Extraordinary Resolutions*) and Condition 18.3 (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 17.2 (*Modification of this Series of Notes only*), Condition 17.3 (*Multiple Series Aggregation – Single limb voting*) or Condition 17.4 (*Multiple Series Aggregation – Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (a) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 17.9 (*Notes controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

18.5 Notification:

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 18 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

18.6 Binding nature of determinations; no liability:

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 18 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

18.7 Manner of publication:

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 17 (*Meetings of*

Noteholders; Written Resolutions), this Condition 18, Condition 19 (*Noteholders' Committee*) and Condition 13 (*Events of Default*):

- (a) through Euroclear Bank SA/NV, Clearstream Banking S.A. and The Depository Trust Company and/or any other clearing system in which the Notes are held;
- (b) in such other places and in such other manner as may be required by applicable law or regulation; and
- (c) in such other places and in such other manner as may be customary.

19 Noteholders' Committee

- (a) *Appointment*: Holders of at least 25 per cent. of the aggregate principal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may by notice in writing to the Issuer (with a copy to the Fiscal Agent) appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:
 - (i) an Event of Default under Condition 13 (*Events of Default*);
 - (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 13 (*Events of Default*), become an Event of Default;
 - (iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or
 - (iv) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other affected series of debt securities are outstanding.

Upon receipt of a written notice that a committee has been appointed in accordance with paragraph (a) above, and a certificate delivered pursuant to Condition 19.2 (*Certification*), the Issuer, shall give notice of the appointment of such a committee to:

- (i) all Noteholders in accordance with Condition 21 (*Notices*); and
- (ii) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities,

as soon as practicable after such written notice and such certificate are delivered to the Issuer.

- (b) *Powers*: Such committee in its discretion may, among other things:
 - (i) engage legal advisers and financial advisers to assist it in representing the interests of the Noteholders;
 - (ii) adopt such rules as it considers appropriate regarding its proceedings;
 - (iii) enter into discussions with the Issuer and/or other creditors of the Issuer;
 - (iv) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer;

Except to the extent provided in this Condition 19(b) (*Powers*), such committee shall not have the ability to exercise any powers or discretions which the Noteholders could themselves exercise.

19.1 Engagement with the committee and provision of information

- (a) The Issuer shall:
 - (i) subject to paragraph (b) immediately below, engage with the committee in good faith;
 - (ii) provide the committee with information equivalent to that required under Condition 17.6 (*Information*) and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and
 - (iii) pay any reasonable fees and expenses of any such committee as may be agreed with it (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.
- (b) If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this Condition 19 and/or equivalent provisions set out in the conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

19.2 Certification

Upon the appointment of a committee, the person or persons constituting such a committee ("**Members**") will provide a certificate to the Issuer signed by the authorised representatives of the Members, and the Issuer may rely upon the terms of such certificate.

The certificate shall certify:

- (a) that the committee has been appointed;
- (b) the identity of the initial Members; and
- (c) that such appointment complies with the conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate, which the Issuer may rely on conclusively, will be delivered to the Issuer identifying the new Members. The Issuer will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 19.2 shall apply, *mutatis mutandis*, to any steering group appointed in accordance with Condition 19.1 (*Engagement with the committee and provision of information*).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

20 Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the outstanding Notes of any series of Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any Notes issued

pursuant to this Condition 20 (*Further Issues*) and forming a single series with such Notes provided that, in the case of further Notes to which TEFRA D applies, such further Notes will initially be represented by Temporary Global Notes exchangeable for interests in Permanent Global Notes or Definitive Notes and such consolidation can only occur following the exchange of interests in the Temporary Global Notes for interests in the Permanent Global Notes or Definitive Notes upon certification of non U.S. beneficial ownership, and provided further that, in the case of Registered Notes that are part of a Series that was placed in whole or in part pursuant to Rule 144A under the Securities Act, such additional Notes are issued with less than *de minimis* original issue discount (“OID”) for U.S. federal income tax purposes or as part of a qualified reopening for U.S. federal income tax purposes.

21 Notices

- (a) *Bearer Notes*: Notices to the Holders of Bearer Notes shall be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.luxse.com) or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.luxse.com) or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.
- (c) *Notices to Issuer*: All notices to the Issuer will be valid if sent to the Issuer at the Ministry of Finance, 16, Libertatii Boulevard, RO 050706 Bucharest, Romania for the attention of the Treasury and Public Debt Department, or such other address as may be notified by the Issuer to Noteholders in accordance with Condition 21(a) (*Bearer Notes*).

22 Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (“**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (“**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

23 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a per cent. (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all euro amounts used in or resulting from such calculations will be rounded up to the nearest cent (with one half cent being rounded up), (d) all RON amounts used in or resulting from such calculations will be rounded up to the nearest ban (with one half ban being rounded up), and (e) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24 Redenomination, Renominalisation and Reconventioning

- (a) *Application:* This Condition 24 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.
- (b) *Notice of redenomination:* If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents, designate a date ("**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- (c) *Redenomination:* Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
 - (i) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Fiscal Agent then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
 - (ii) if Notes have been issued in definitive form:
 - (A) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date ("**Euro Exchange Date**") on which the Issuer gives notice ("**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (provided that such Notes and Coupons are available) and no payments will be made in respect thereof;

- (B) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 24) shall remain in full force and effect; and
 - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.
- (d) *Interest*: Following redenomination of the Notes pursuant to this Condition 24, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.
- (e) *Interest Determination Date*: If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

25 Governing Law and Jurisdiction

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and construed in accordance with, English law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to decide any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including a dispute relating to any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum*: The Issuer agrees, and any Noteholder will be deemed to agree, that the courts of England are the most appropriate and convenient courts to decide any Dispute and, accordingly, that they will not argue to the contrary.
- (d) *Process agent*: The Issuer agrees that the documents which start any proceedings relating to a Dispute (“**Proceedings**”) and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Embassy of Romania, 4 Palace Green, London W8 4QD, United Kingdom (Attention: Economic Secretary of the Romanian Embassy in the UK). If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

- (e) *Consent to enforcement etc.*: The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (f) *Waiver of immunity*: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction and to the extent it is permitted to do so under applicable law provided, however, that immunity is not waived in respect of public property as such is regulated by the applicable Romanian legislation (including, without limitation, Article 136 of the Romanian Constitution, the Romanian Civil Code and the Administrative Code), present or future “premises of the mission” as defined in the Vienna Convention on Diplomatic Relations signed in 1961 (including the furnishings and other property therein and the means of transport of such mission), “consular premises” as defined in the Vienna Convention on Consular Relations signed in 1963 (including the furnishings and other property therein and the means of transport of such mission) or military property or military assets or property or assets of the Issuer related thereto.

26 Standard Clauses

Without prejudice to Condition 25(a) (*Governing Law*), for the purposes of Article 1203 of the Romanian Civil Code, the Issuer hereby expressly accepts all conditions in these terms and conditions which:

- (a) Provide in favour of the Holders of any Notes: (i) the limitation of liability; (ii) the right to unilaterally terminate (*denuntare unilaterala*) the Notes; (iii) the right to suspend performing the Holders’ obligations; OR
- (b) Provide to the detriment of the Issuer: (i) the forfeiture of rights (*decadere din drepturi*); (ii) the forfeiture of the benefit of a timeline (*decaderea din beneficiul termenului*); (iii) the limitation of the right to raise defences (*dreptul de a opune exceptii*); (iv) the limitation of the right to contract with third parties; (v) the tacit renewal of the agreement; (vi) the applicable law; (vii) the submission to arbitration (*clauzele compromisorii*); or clauses derogating from the rules of court jurisdiction;

including, without limitation, Conditions 3(e), 4, 5, 7(j), 10(e) and (h), 13, 17.8, 25(a), (b), (c), (d), (e) and (f) and 27.

27 Hardship

Without prejudice to Condition 25(a) (*Governing law*), the Issuer, in full awareness of the contents and nature of the transaction contemplated by these terms and conditions, hereby assumes the risk of change of the circumstances under which these terms and conditions is entered into, in accordance with Article 1271 paragraph 3 letter (c) of the Romanian Civil Code, and hereby waives its right to raise defences based on hardship (*impreviziune*).

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] [non-advised sales] [and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].]

[UK MiFIR product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined

in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”) and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (“UK MiFIR”); ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and][non-advised sales][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable].]]

[Notification under Section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”): In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)), that the Notes are [prescribed capital markets products] [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).]¹

¹ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Final Terms dated [●]

ROMANIA
acting through the Ministry of Finance

Legal entity identifier (LEI): 315700IASY927EDWBK92

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

under the EUR 90,000,000,000

Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

This document constitutes the final terms relating to the issue of Notes described herein. [Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (“**Conditions**”) set forth in the Information Memorandum dated *[date]* [and the supplemental Information Memorandum dated *[date]*] ([together,]the “**Information Memorandum**”). These Final Terms contain the final terms of the Notes and must be read in conjunction with such Information Memorandum [as so supplemented].]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (“**Conditions**”) set forth in the Information Memorandum dated *[original date]*. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Information Memorandum dated *[date]* [and the supplemental Information Memorandum dated *[date]*] ([together,]the “**Information Memorandum**”), save in respect of the Conditions which are [extracted from the Information Memorandum dated *[original date]* and are attached hereto/set forth in the Information Memorandum dated *[original date]* and are incorporated by reference in the Information Memorandum].

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States[, and Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in certain transactions permitted by U.S. tax regulations.] The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States except pursuant to an exemption from, or in certain transactions exempt from the registration requirements of the Securities Act.

Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.

- | | | |
|---|-----------------------------------|--|
| 1 | (i) Issuer: | Romania, acting through the Ministry of Finance |
| 2 | (i) [Series Number:] | [●] |
| | (ii) [Tranche Number:] | [●] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> |
| 3 | Specified Currency or Currencies: | [●] |
| | | <i>(If Notes are being cleared through DTC with interest and or principal payable in a currency other than U.S. dollars, check whether DTC will accept payments in such currency.)</i> |

- 4 Aggregate Principal Amount: [●]
 [(i)] [Series]: [●]
 [(ii)] Tranche: [●]
- 5 Issue Price: [●] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
- 6 (i) Specified Denominations: [●]
 (ii) Calculation Amount: [●]
- 7 (i) Issue Date: [●]
 (ii) Interest Commencement Date: [*Specify*/Issue Date/Not Applicable]
- 8 Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.]
- 9 Interest Basis: [[●] per cent. Fixed Rate]
 [[*Specify* reference rate] +/- [●] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (*Specify*)]
 (further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (*Specify*)]
- 11 Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
- 13 Date [Min Fin] approval for issuance of Notes obtained: [●] [and [●], respectively]
(N.B. Only relevant where authorisation is required for the particular tranche of Notes)

14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) [Determination Dates: [●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

16 **Floating Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Interest Period(s): [●]
- (ii) Specified Period: [●]
(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")
- (iii) Specified Interest Payment Dates: [●]
(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")
- (iv) [First Interest Payment Date]: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

- (vi) Additional Business Centre(s): [Not Applicable/*give details*]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]) [[*Name*] shall be the Calculation Agent (*no need to specify if the Fiscal Agent is to perform this function*)]
- (ix) Screen Rate Determination:
- Reference Rate: [For example, *EURIBOR*]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [For example, *Reuters EURIBOR 01*]
 - Relevant Time: [For example, *11.00 a.m. Brussels time*]
 - Relevant Financial Centre: [For example, *Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
- (x) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - ISDA Definitions: 2006
- (xi) Linear Interpolation: Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xii) Margin(s): [+/-] [•] per cent. per annum
- (xiii) Minimum Rate of Interest: [•] per cent. per annum
- (xiv) Maximum Rate of Interest: [•] per cent. per annum
- (xv) Day Count Fraction: [•]
- (xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
- 17 **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [Amortisation/Accrual] Yield: [•] per cent. per annum
- Reference Price: [•]

	Any other formula/basis of determining amount payable:	[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10(f)]]
18	Index-Linked Interest Note/other variable-linked interest Note Provisions	[Applicable/Not Applicable]
		(If not applicable, delete the remaining sub- paragraphs of this paragraph)
	(i) Index/Formula/other variable:	[give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[•]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other	[•]
	(iv) Interest Determination Date(s):	[•]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi) Interest or calculation period(s):	[•]
	(vii) Specified Period:	[•] <i>(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention.</i>
	<i>Otherwise, insert “Not Applicable”)</i>	
	(viii) Specified Interest Payment Dates:	[•] <i>(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”)</i>
	(ix) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
	(x) Additional Business Centre(s):	[•]
	(xi) Minimum Rate/Amount of Interest:	[•] per cent. per annum
	(xii) Maximum Rate/Amount of Interest:	[•] per cent. per annum

- (xiii) Day Count Fraction: [•]
- 19 **Dual Currency Note Provisions** [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Rate of Exchange/method of calculating Rate of Exchange: [give details]
- Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]
- Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

- 20 **Call Option** [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (a) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]
- 21 **Put Option** [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Optional Redemption Date(s): [•]
- Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- Notice period: [•]
- 22 **Final Redemption Amount of each Note** [•] per Calculation Amount
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]

- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
 - (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [●]
 - (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
 - (vi) [Payment Date]: [●]
 - (vii) Minimum Final Redemption Amount: [●] per Calculation Amount
 - (viii) Maximum Final Redemption Amount: [●] per Calculation Amount
- 23 Early Redemption Amount
- Early Redemption Amount(s) on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Not Applicable]
- (If the Early Termination Amount are the principal amount of the Notes/ or the Early Termination Amount if different from the principal amount of the Notes)]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24 Form of Notes:
- Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

(Note: The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000”. Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.)

Registered Notes:

[Unrestricted Global Note Certificate exchangeable for unrestricted Individual Note Certificates on [●] days’ notice/at any time/in the limited circumstances described in the Unrestricted Global Note Certificate]

[Restricted Global Note Certificate exchangeable for Restricted Individual Note Certificates on [●] days’ notice/at any time/in the limited circumstances described in the Restricted Global Note Certificate]

[Restricted Global Note Certificate [(U.S.\$ [●]/Euro [●] principal amount)] registered in the name of a nominee for [DTC]]

[Unrestricted Global Note Certificate [(U.S.\$/Euro [●] principal amount)] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]

[Restricted Global Note Certificate [(U.S.\$/Euro [●] principal amount)] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]

- | | | |
|----|---|---|
| 25 | New Global Note: | [Yes] [No] [Not Applicable] |
| 26 | New Safekeeping Structure: | [Yes] [No] [Not Applicable] |
| 27 | Additional Financial Centre(s) or other special provisions relating to payment dates: | <p>[Not Applicable/give details.</p> <p><i>Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(ii), 16(vi) and 18(x) relate]</i></p> |
| 28 | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. If yes, give details] |
| 29 | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each | [Not Applicable/give details] |

payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:

- 30 Details relating to Instalment Notes: [Not Applicable/*give details*]
amount of each instalment, date on which each payment is to be made:
- 31 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 24 (*Redenomination, Renominatisation and Reconventioning*)] apply]
- 32 Consolidation provisions: [Not Applicable/The provisions [in Condition 20 (*Further Issues*)] [annexed to this Final Terms] apply]
- 33 Other final terms: [Not Applicable/*give details*]
[*(When adding any other final terms consideration should be given as to whether such terms trigger the need for a supplement to the Information Memorandum in accordance with the Information Memorandum.)*]

DISTRIBUTION

- 34 (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of Subscription Agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- 35 If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
- 36 Total commission and concession: [●] per cent. of the Aggregate Principal Amount
- 37 U.S. Selling Restrictions: Reg. S Compliance Category 1
(In the case of Bearer Notes) — [TEFRA C/TEFRA D/TEFRA not applicable]
(In the case of Registered Notes) – [Not] Rule 144A Eligible
- 38 Non-exempt Offer: Not Applicable
- 39 Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] public offer [admission to trading on the [regulated market of the Luxembourg Stock Exchange] [*other market*] of the Notes described herein] pursuant to the EUR 90,000,000,000 Global Medium Term Note Programme of Romania acting through the Ministry of Finance.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of

ROMANIA, ACTING THROUGH THE MINISTRY OF FINANCE:

By:

Duly authorised

PART B — OTHER INFORMATION

1 LISTING

- (i) Listing [London/Luxembourg/Other (*specify*)/None]
- (ii) Admission to trading Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [●].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

2 RATINGS

- Ratings: The Programme has been rated:
- Standard & Poor's Global Ratings Europe Limited: "[●]" (for unsecured Notes with a maturity of one year or more) and "[●]" (for unsecured Notes with a maturity of less than one year)]
- Moody's France SAS: "[●]"
- Fitch Ratings Limited*: "[●]"
- (Other*: The exact legal name of the rating agency entity providing the rating should be specified—for example "Standard & Poor's Credit Market Services Europe Limited", rather than just Standard and Poor's.)
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [●]
- (See ["*Use of Proceeds*"] wording in Information Memorandum — if reasons for offer different, will need to include those reasons here.)]
- [(ii) Estimated net proceeds: [●]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

- [(iii)] Estimated total expenses: [●]
[Include breakdown of expenses]
(It is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)
- 5 **[Fixed Rate Notes only — YIELD]**
 Indication of yield: [●]
 Calculated as *[include details of method of calculation in summary form]* on the Issue Date.
 As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
- 6 **[Floating Rate Notes only — HISTORIC INTEREST RATES]**
 Details of historic [EURIBOR/other] rates can be obtained from [Reuters].]
- 7 **[Index-linked or other variable-linked notes only — PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**
Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]
- 8 **[Dual Currency Notes only — PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]**
Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]
[(When completing this paragraph, consideration should be given as to whether such matters described trigger the need for a supplement to the Information Memorandum in accordance with the terms of the Information Memorandum.)]
- 9 **OPERATIONAL INFORMATION**
- (i) CUSIP: [●] [Not applicable]
 - (ii) ISIN Code: [●]
 - (iii) Common Code: [●]
 - (iv) Issuer LEI: 315700IASY927EDWBK92
 - (v) Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
 - (vi) Delivery: Delivery [against/free of] payment

- (vii) Names and addresses of initial Paying Agent(s): [•]
- (viii) Names and addresses of additional Paying Agent(s) (if any): [•]
- (ix) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No][Not Applicable]

[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] *[include this text for Registered Notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][*include this text if “yes” selected in which case the Bearer Notes must be issued in NGN form*]/

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Note Certificates, references in the Terms and Conditions of the Notes to “Noteholder” are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Note Certificate held by or on behalf of DTC, will be Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC or in the case of any Restricted Global Note Certificate which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper; and (b) in the case of an Unrestricted Global Note Certificate held by or on behalf of DTC, will be Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC or in the case of any Unrestricted Global Note Certificate which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Note Certificate (each an “**Accountholder**”) must look solely to DTC, Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Note Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Note Certificate.

Transfers of Interests in Global Notes and Global Note Certificates

Transfers of interests in Global Notes and Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Note Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Transfer Restrictions*”, transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Transfer Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Note Certificates will be effected through the DTC Custodian, the Registrar and the Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Note Certificate resulting in such transfer and (ii) two business days after receipt by the Registrar or the Transfer Agent, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

Upon the issue of a Restricted Global Note Certificate to be held by or on behalf of Euroclear, Clearstream, Luxembourg, DTC or the DTC Custodian will credit the respective principal amounts of the individual beneficial interests represented by such Global Note Certificate to the account of the Euroclear, Clearstream, Luxembourg or DTC participants, as applicable. Ownership of beneficial interests in such Global Note Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg or DTC or its nominee(s). DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes represented by a Global Note Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Global Note Certificate are credited, and only in respect of such portion of the aggregate principal amount of such Global Note Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Global Note Certificate for Individual Note Certificates (which will bear the relevant legends set out in “*Transfer Restrictions*”).

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent, the Registrar, the Dealers or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Note Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Individual Note Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

Conditions applicable to Global Notes

Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Note Certificate which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payment Business Day: In the case of a Global Note or a Global Note Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (“**Payment Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 10(d) (*Redemption at the option of Noteholders*) the bearer of a Permanent Global Note or the holder of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(b) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Note Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected

in the records of DTC, Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Note Certificate is, registered in the name of DTC's nominee or deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.luxse.com).

DESCRIPTION OF ROMANIA

Overview

Territory and Population

Romania is located in Central Eastern Europe, north of the Balkan Peninsula. Its neighbouring countries are Hungary, Ukraine, Moldova, Bulgaria and Serbia. On the southeast it borders the Black Sea. The country is the second largest in the Central European region and covers an area of 238,397 square kilometres.

According to 2024 data from Romania's National Institute of Statistics ("NIS"), Romania has approximately 19,064,409 inhabitants.

History and Constitution

Following the downfall of the communist regime in 1989, on 21 November 1991, a new constitution establishing Romania as a parliamentary democracy was adopted by the Romanian Parliament and subsequently approved by popular referendum. The Constitution formally separates the legislative, executive and judicial branches of power. The Constitution was amended in 2003, envisaging Romania's accession to the European Union.

Government

The Government exercises the executive power of the state. It comprises the Prime Minister and his cabinet. In practice, the largest party or coalition of parties in the Parliament forms the Government. Each cabinet appointment is subject to the approval of the President.

Parliament

Legislative power is vested in the Romanian Parliament. The Parliament of Romania has a bicameral structure consisting of the Senate and the Chamber of Deputies. Parliamentarians are directly elected for four-year terms.

Since December 2024, the following main political parties have had parliamentary representation:

- the National Liberal Party (*Partidul National Liberal*) ("PNL"), a liberal, centre-right party, currently led by Ilie Gavril Bolojan;
- the "Save Romania Union" (*Uniunea Salvați România*) ("USR"), a centrist and reformist alliance, currently led by Dominic Samuel Fritz;
- the Social Democratic Party (*Partidul Social Democrat*) ("PSD"), a social democratic, centre-left party, currently led by Sorin Mihai Grindeanu;
- the Hungarian Democratic Union of Romania (*Uniunea Democrat Maghiara din Romania*) ("UDMR"), a centrist, Hungarian minority party, currently led by Kelemen Hunor;
- the Alliance for the Union of the Romanian (*Alianța pentru Unirea Românilor*) ("AUR"), a right-wing party, currently led by George Simion;
- the SOS Romania Party (*S.O.S. România*) ("SOS RO"), a right wing party, led by Diana Iovanovici-Șoșoacă; and
- the Young People's Party (*Partidul Oamenilor Tineri*) ("POT"), a right wing party, led by Anamaria Gavriliă.

Elections are conducted through a proportional list-based election system requiring voters to cast their vote for the list nominated by a political party, rather than for an individual and provided for one deputy for every 73,000 citizens and one senator for every 168,000 citizens. Under this system, 464 parliamentary seats (313 deputies,

17 minority deputies and 134 senators) are elected. Romanian citizens living abroad are represented by four deputies and two senators.

On 1 December 2024, Romania held parliamentary elections. PSD won the most seats in the Romanian Parliament, followed closely by AUR, with PNL and USR finishing third and fourth, respectively. The elections resulted in a political alliance between the PSD, the PNL, and the UDMR.

On 23 December 2024, the newly elected Parliament gave a vote of confidence to the government, supported by the PSD-PNL-UDMR coalition, with Mr. Ion-Marcel Ciolacu being appointed as the Prime Minister.

On 12 February 2025, Mr. Klaus Werner Iohannis resigned from the position of President of Romania and was replaced by Mr. Ilie Gavril Bolojan, President of the Senate of the Parliament of Romania, as interim President of Romania.

On 5 May 2025, Mr. Ion-Marcel Ciolacu officially submitted his resignation from the position of Prime Minister to the interim President of Romania, Mr. Ilie Gavril Bolojan. On 6 May 2025, the interim President of Romania, Mr. Ilie Gavril Bolojan nominated Mr. Cătălin Marian Predoiu as interim Prime Minister.

On 23 June 2025, the Romanian Parliament provided a vote of confidence to the government, supported by the PSD-PNL-USR-UDMR coalition, with Mr. Ilie Gavril Bolojan being appointed as the Prime Minister by the President of Romania, Mr. Nicușor Dan on the same day.

President

The President of Romania is the head of the Romanian state and is elected by popular vote for a five-year term. Upon election, the President cannot be a member of a political party. The President nominates the Prime Minister and formally appoints the Government. The President is also the president of the Romanian Supreme Council of Defence and the commander-in-chief of the Romanian armed forces.

The most recent presidential elections were held on 4 May 2025 (first round) and 18 May 2025 (second round), following the annulment by the Constitutional Court of Romania of the first round of presidential elections which had been held on 24 November 2024. In the run-off election, Mr. Nicușor Dan (independent candidate) was elected as President of Romania with 53.60 per cent. of the vote, while his opponent, Mr. George Simion (leader of AUR), received 46.40 per cent.

Local Government

Local government is conducted at the level of the 42 counties (*judete*), including Bucharest, and at the municipal level. County and municipal authorities are generally responsible for providing education, social services and basic utilities within their area. General local elections were last held on 9 July 2024.

Judiciary and Constitutional Court

General Structure of the Judiciary and Constitutional Court

Pursuant to Article 126 para. (1) and (3) of the Constitution, “justice shall be administered by the High Court of Cassation and Justice and by the other courts established by law”. Judicial authority is vested with the High Court of Cassation and Justice (“HCCJ”) and a series of other courts established by law. The lower courts are comprised of regional courts of appeal (*curti de apel*), tribunals (*tribunale*), specialised tribunals (*tribunale specializate*), military courts (*instante militare*) and courts of first instance (*judecatorii*).

According to the Constitution, the Constitutional Court is not deemed to be part of the Judiciary. The Constitutional Court determines matters of constitutional significance.

The Constitution grants courts of law jurisdiction only to the extent established by law. Courts with specialised subject matter jurisdiction may also be established, although these must also be established by law.

Ensuring the Independence of the Judiciary and of the Constitutional Court

Judges must be independent and obey only the law. They are appointed by the President, at the proposal of the Superior Council of Magistracy (“**Superior Council**”), which acts as guarantor of the independence of the Judiciary. The Superior Council has 19 members: nine judges, five prosecutors and two representatives of the civil society. The other three members of the Superior Council are the Minister of Justice, the president of the HCCJ and the general public prosecutor of the Public Prosecutor’s Office attached to the HCCJ (for a six-year term that cannot be extended or renewed).

The nine judges of the Constitutional Court are appointed (for a nine-year term that cannot be extended or renewed) by the President, the Chamber of Deputies and the Senate, each of which is entitled to make three appointments.

The principles, structure and organisation of the Romanian judicial system are enshrined in the Romanian Constitution and Law No.304/2022 on the judicial organisation. In 2025, the government introduced, Government Decision no. 390/2025 approving the Strategy for the Development of the Judicial System and Justice as a public service 2025-2029 and its corresponding action plan. The law aims to address the needs of citizens and business to reliably access a modern, efficient and high-quality judicial system. The action plan is focused on improving public trust by introducing policies to combat corruption and crime within the Judiciary.

Rule of Law

On 24 July 2024, the EC published the 5th edition of the Rule of law Report- Country Chapter on the rule of law situation in Romania (the “**Rule of Law Report**”). According to the report, on 15 September 2023, in line with the 2006 decision setting up the Cooperation and Verification Mechanism (“**CVM**”), the EC formally closed the CVM, as Romania had fulfilled all applicable benchmarks and all recommendations set under the mechanism. Monitoring continues under the Rule of Law Report, as required for all EU Member States. Romania’s rule of law report will be published in July 2025.

The report noted the positive developments achieved by Romania in the areas of justice reform and the fight against corruption, acknowledging the steps taken to complete the process of integrating the recommendations of the Venice Commission on the justice laws (“**Justice Laws**”), along with several other matters.

Additional steps have been taken to ensure effective implementation of the Justice Laws. The Anti-Corruption Strategy for 2021-2025 (“**NAS 2021-2025**”) was adopted in December 2021. Its effective implementation relies on institutional transparency, integrity, priority of public interest and political support to implement the measures established by NAS 2021-2025. The implementation of NAS 2021-2025 remains on track, with Romanian authorities maintaining a positive track record in combating corruption at all levels. However, delayed legislative action on statutes of limitations reform continues to result in the closing of many corruption cases and the annulment of convictions. Further steps have been taken with regards to the system for investigating and prosecuting corruption in the judiciary. A proposal to update the integrity framework has been submitted to the Ministry of Justice. The National Integrity Agency continues to work efficiently on conflicts of interest, asset declarations and whistleblowing. The adoption of legislation to improve the transparency of political party financing remains pending.

NAS provides for five general objectives and eighteen specific objectives. The second monitoring report of NAS 2021-2025 regarding the implementation of the anti-corruption strategy during 2023 was approved in June 2024. The progress report regarding the monitoring of NAS implementation for 2024 is currently drafted and shall be approved within the meetings of the cooperation platforms organised in June 2025.

The Ministry of Justice has initiated the preparatory process for the post-2025 National Anti-Corruption Strategy while continuing to monitor the current strategy. The new framework will be aligned with the

upcoming European Union Anti-Corruption Strategy and international evaluation mechanisms to ensure compliance with global standards.

Romania officially became the 45th member of the WGB on 22 September 2023. On October 2024, the WGB completed Romania's Phase II evaluation under the OCED Anti-Bribery Convention. The evaluation concluded that Romania's legal framework is largely in compliance, although there are several points that will continue to be examined during the third phase of the evaluation. In December 2024, the Romanian Parliament adopted Law no. 319/2024 to align with the OECD Anti-Bribery Convention by raising sanctions, removing the effective regret clause for foreign bribery and improving the definition of foreign public officials.

Law no. 49/2025 amending and supplementing Government Emergency Ordinance No. 57/2019 on the Administrative Code and amending Article 1, paragraph (1) of Law No. 251/2004 regarding certain measures related to goods received free of charge during protocol events in the exercise of a mandate or function was published in the Official Gazette of Romania, Part I, no. 336 on 15 April 2025. The purpose of the provisions is to establish an ethical code of conduct and to strengthen integrity in the exercise of public office. The provision achieves this by regulating professional conduct to ensure impartiality in carrying out a mandate or function; establishing a legal framework that promotes responsible behaviour; creating rules regarding gifts; and providing a transparent framework for interactions with third parties who may seek to influence the decision-making process. This provision will apply to all members of the government.

Legislative developments

The most important pieces of legislation governing the Romanian Judicial system are the Constitution, the Justice Laws (Law no. 303/2022 on the statute of judges and prosecutors, Law no. 304/2022 on the judicial organisation and Law no. 305/2022 on the Superior Council of Magistracy), the Criminal Code, the Criminal Procedure Code, the Civil Code, the Civil Procedure Code and other special laws (i.e., laws on companies, insolvency, trade register, asset recovery, judicial fees and legal aid).

Criminal Code and Criminal Procedure Code Amendments

The Criminal Code and Criminal Procedure laws, aimed at aligning certain provisions with Constitutional Court decisions, were adopted in 2023 and published in the Official Gazette of Romania (Law no.200/2023 and Law no. 201/2023). Law no. 200/2023 enshrined a remedy for unconstitutionality in the Criminal Code and Law no. 201/2023 provided similar protections within the Criminal Procedure Code.

Romanian Recovery and Resilience Plan

Romania intends to access its full, revised RRF allocation of EUR 28.5 billion from the Recovery and Resilience Plan, which consists of a non-refundable financial assistance component (EUR 13,566 million) and a refundable financial assistance component (EUR 14,942 million). The Next-Generation EU amount represents 4 per cent. of the total value of this fund, with Romania receiving the seventh highest allocation of all EU member states.

Since January 2022, Romania has received EUR 4.08 billion in pre-financing from the RRF, consisting of EUR 3.8 billion in pre-financing or 13 per cent. of the total value of the plan and EUR 0.28 billion or 20 per cent. of the REPower EU chapter. Across the RRF's two financial components, approximately EUR 13.6 billion will come from the non-refundable financial assistance component and approximately EUR 14.9 billion will come from the refundable financial assistance component, according to the loan agreement between the EC and Romania.

On 20 October 2022, the European Commission processed the payment related to the first payment request. According to the RRF implementation calendar, Romania met 21 milestones and targets. The disbursement of financial contribution after deducting pre-financing for the first instalment of the non-refundable financial assistance component was EUR 1,772 million and for refundable financial assistance component was EUR 789.7 million, totalling EUR 2,562 million.

After deducting pre-financing, the amount related to the second payment request is EUR 2,798.72 million (EUR 1,868.32 million related to the non-refundable financial assistance component and EUR 930.40 million related to the refundable financial assistance component).

After a series of negotiations with the EC and the submission of a proposal to amend the NRRP, on 11 December 2023 the Council of the European Union issued the *Implementing Decision of the Council amending the Implementing Decision of the Council from 3 November 2021, approving the assessment of Romania's recovery and resilience plan*. The Council's implementing decision adjusted NRRP targets and milestones and introduced a new REPowerEU chapter, based on Articles 18, 21 and 21c of Regulation (EU) 2021/241, as subsequently amended.

Thus, the modified NRRP allocation amounts to EUR 28.5 billion (EUR 14.9 billion in loans and EUR 13.6 billion in grants) and covers 66 reforms and 113 investments (179 total measures), structured around 16 components. The revised plan includes 518 targets and milestones.

On 25 January 2024, the EC made pre-financing payments to Romania, as well as to eight other countries, from the funds allocated under REPowerEU component 16 of the National Recovery and Resilience Plan. Consequently, Romania received EUR 288 million in non-reimbursable financial support in REPowerEU pre-financing, which will contribute to accelerating the implementation of key measures, investments, and reforms included in the new chapter.

Romania's modified plan places a strong emphasis on the planned green and digital transitions, allocating 44.1 per cent. (an increase from 41 per cent. in the initial plan) and 21.8 per cent. (an increase from 20.5 per cent. in the initial plan) of available funds, respectively.

After approval of the modified plan, Romania submitted payment request no. 3. As of March 2025, 68 out of 74 payment milestones and targets were considered fulfilled satisfactory by EC. A payment of EUR 1.3 billion was made by the EC in June 2025 for the partial completion of the required targets and milestones. Romania has six months to complete the six outstanding requirements to receive the complete allotment of EUR 2.66 billion (EUR 1.86 billion in grants and EUR 0.81 billion in loans).

Disputes in front of ICSID

Currently, Romania is party to several pending cases at the International Centre for Settlement of Investment Disputes ("ICSID"), as described below.

Case No. ARB 20/15 (Ep Wind Project (Rom) Six Ltd v. Romania)

According to the procedural timetable established by the Arbitral Tribunal, Romania had to examine the documents identified in the national public authorities, review the claimant's allegations and formulate its first detailed written defence (the "Counter-Memorandum") by 10 May 2022. The claimants quantified the damages suffered at EUR 183.3 million. The hearings in this case took place between 8 and 19 May 2023.

On 15 September 2023, each party filed a statement of costs. On 17 March 2025, the Tribunal issued a decision on jurisdiction, liability and select issues of *quantum*. Arbitration proceedings are ongoing.

Case No. ARB/21/54 (Kelag-Kärntner Elektrizitäts-Aktiengesellschaft and others v. Romania)

The claimants argue that based on Romania's legislation in the field of renewable energy (Law no. 220/2008), since 2013 they have put into operation several wind farms, located in several counties in Romania. The claimant assert that they had been convinced that the support scheme in renewable energy was to apply for a period of fifteen years cumulatively with certain (progressive) quotas established for energy produced from renewable sources. Moreover, the claimants raise that Romania had allegedly given assurances that it will invest millions of euros into the renewable energy support scheme. According to the claimants, after the adoption of a series of laws starting in 2013, profitability of the wind power plants built by them in Romania were materially

reduced. As such the claimants argue that Romania violated the provisions of art. 10 paragraph (1) and art. 13 of the Energy Charter Treaty, regarding fair and equitable treatment and the prohibition of illegal expropriations.

The requested amount of compensation is approximately EUR 48.4 million. On 8 May 2025 the Tribunal decided on the Respondent's request of 30 April 2025, and the Claimants' request of 1 May 2025. Arbitration proceedings are ongoing.

Case No. 22/10 (Clara Petroleum Ltd v. Romania)

The claimant, Clara Petroleum Ltd (a company with its registered office in Great Britain), invoked the existence of a dispute with Romania resulting from an oil concession agreement concluded by it with the National Agency for Mineral Resources (NAMR) regarding the perimeter of exploration-development-exploitation EX-4 Tulcea Bloc, concession agreement that was approved by Government Decision no. 1184/2012. The requested amount of compensation is approximately EUR 62.5 million. On 10 July 2024 each party filed a submission on costs. Arbitration proceedings are ongoing.

Case No. 22/13 (Alderlyne Ltd v. Romania)

The claimant states that based on Romania's legislation in the field of renewable energy (Law no. 220/2008), since 2013 the claimant company has put into operation several photovoltaic (central) parks, located in several counties in Romania. Considering the existing legislation at that time, the claimant had the understanding that the renewable energy support scheme was to apply for a period of 15 years cumulatively with certain progressive quotas (established for energy produced from renewable sources).

The claimant believes that, through the measures adopted in the field of renewable energy from 2014 onwards, Romania has eliminated the characteristics of stability and predictability that were the basis of the original regime, which reduced the profitability of photovoltaic plants built in Romania, causing considerable losses. The claimant states that Romania violated the provisions of art. 10 and art. 13 of the Energy Charter Treaty, provisions aimed at fair and equitable treatment and the prohibition of illegal expropriations.

The requested amount of compensation is approximately EUR 151.4 million. Hearings took place in May 2025. Arbitration proceedings are ongoing.

Case No. 22/15 (Plaza Centers N.V. v. Romania)

The claimant, Plaza Centers N.V. (a company with its registered office in Netherlands) states that Romania has not fulfilled its obligations under the public-private partnership contract for the functional reconversion of the "Dambovița Center" location. The requested amount of compensation is approximately EUR 385 million. On 31 January 2025 each party filed a statement of costs. Arbitration proceedings are ongoing.

Case No. ARB/24/18 (Eurohold Bulgaria AD and Euroins Insurance Group AD v. Romania)

Eurohold Bulgaria AD and Euroins Insurance Group AD have filed a Request for Arbitration against the Government of Romania at the ICSID in Washington, DC. The claim is in excess of EUR 500 million.

The claimants have commenced the arbitration proceedings due to the alleged failure of the Romanian state to observe its obligations under the Bilateral Investment Treaty ("BIT") between Bulgaria and Romania, including its obligation to provide fair and equitable treatment to the companies. According to the claimants, EIG has been one of the largest investors in the Romanian insurance market, having invested approximately EUR 280 million.

On 17 March 2023, the Financial Supervision Authority ("FSA"), the Romanian financial authority, withdrew the license of Euroins Romania. The claimants allege that the decision of the regulator was arbitrary and discriminatory. According to the claimants the decision of the FSA constituted an unlawful expropriation of Euroins Romania in a flagrant breach of EU and international law. The claimants state that the FSA decision

caused the bankruptcy of Euroins Romania in June 2023, destroying the business operations of the company, previously a leader in the local insurance sector. In May 2025, the Tribunal held a hearing on the respondent's objection that the claim is manifestly without legal merit and on the claimants' ancillary claims in London. Arbitration proceedings are ongoing.

International Relations

Romania maintains diplomatic relations with 189 United Nations (the "UN") member states, as well as the Holy See, the Sovereign Military Order of Malta and Palestine. It has a broad foreign representation network, consisting of nearly 170 missions, including 95 embassies, seven permanent representations and missions, two delegations, 44 general consulates, six consulates, one representation office, as well as eighteen Romanian Cultural Institutes and a network of approximately 190 honorary consulates.

Predictability and continuity remain core principles in Romania's foreign policy. The key national security objectives encompass the further consolidation of the strategic partnership with the U.S., strengthening the profile of Romania within NATO and the EU, strengthening co-operation with neighbouring countries and states on NATO's Eastern flank and increasing regional co-operation, with the support and promotion of democratic values, fundamental rights and freedoms, stability and security both in the region and globally and the promotion and strict observance of international law and effective multilateralism.

On the bilateral level, Romania has increased its focus on consolidating its strategic partnerships and other special or privileged relationships with EU member States, as well as extending new relationships with states in Asia, the Pacific, the Middle East and the Gulf, Africa and Latin America.

A key component of Romania's foreign policy is its active contribution to international initiatives, including the UN, NATO, the Council of Europe, the Organisation for Security and Co-operation in Europe ("OSCE") and the World Trade Organisation, as well as to regional programs in the Balkans and the Black Sea area, such as the Three Seas Initiative ("3SI"). Moreover, Romania is an active member of the Alliance for Multilateralism, an informal network of countries united in their conviction that a rules-based multilateral order is the only reliable guarantee for international stability and peace and that our common challenges can only be solved through cooperation.

Becoming a member of the OECD is a top priority of Romania's foreign policy. On 25 January 2022, Romania received an official invitation from the OECD to open accession negotiations (together with the other five aspiring countries). At the OECD Ministerial Council Meeting, held on 9 and 10 June 2022, the Accession Roadmap for Romania's accession to the OECD was adopted. At the national level, the accession process is managed by a coordination team, led by the National Coordinator, a State Secretary within the Ministry of Foreign Affairs. Romania successfully finalised several steps in the accession process, such as submitting the Initial Memorandum containing self-evaluations in relation with the alignment to the OECD legal instruments (December 2022), filling technical questionnaires requested by the OECD experts, organising on-site fact-finding missions and beginning accession committee review. As of May 2025, Romania has been evaluated by 24 out of the 25 evaluation committees (Statistics Committee scheduled for late Summer/early Autumn 2025). As a result, fourteen OECD Committees have successfully closed accession discussions and issued their formal opinion, as well as a number of subcommittees, which issued their technical opinion.

NATO

Romania has been a member of NATO since 2004 and of the EU since 2007. NATO is the main guarantor of the country's security. The NATO Hague Summit in June 2025 reaffirmed NATO's deterrence and defence posture along its Eastern border, which includes Romania, providing the highest level of security in Romania's history.

For Romania, 21 years of NATO membership brought major benefits, politically, economically and militarily. It also represents a fundamental part of Romania's definition as a European nation with transatlantic connections.

Romania will remain a steady contributor to the defence and security measures adopted by NATO, promoting an approach based on unity and solidarity to overcome all threats and challenges. At the same time, Romania will continue to support the strengthening of EU's role in security and defence, in conjunction with NATO. Acting as a reliable security provider on a regional level, Romania will ensure the conditions for a substantial allied presence in its territory and facilitate sustainable development of its defence industry by increasing competitiveness, training and qualification of its workforce. Romania welcomes the U.S. support for a stronger and more capable Europe with regards to defence and remains confident that stronger EU defence capabilities would contribute positively to transatlantic and global security.

In light of the ongoing Russia-Ukraine war, Romania continues to provide consistent and multifaceted aid to Ukraine, while emphasising the importance of reaching a just and enduring peace for Ukraine, in accordance with international law. Romania will remain an important hub for the assistance provided by NATO, the EU, and other partner countries to Ukraine. In the face of Russia's war against Ukraine, NATO-EU cooperation remains essential for European and Euro-Atlantic security, including in support of regional resilience and stability. To this end, Romania intends to continue to advocate for an increased Euro-Atlantic and European support for strengthening the resilience, defence and economies of vulnerable countries in the wider Black Sea region to develop the economic potential of the region.

Romania has historically exceeded the NATO defence spending target. On 25 June 2025, Romania voted to increase the defence spending requirement to 5 per cent. of GDP.

Partnership with the United States

The strategic partnership between Romania and the United States of America was launched in 1997 and remains a key pillar of Romania's foreign and security policy. Since then, it has undergone several key developments, marked by bilateral political declarations and agreements including the Joint Statement from the President of Romania and the President of the United States (August 2019), which reaffirmed the strategic partnership in its bilateral, regional and global levels. Romania and the United States continue to develop their strategic partnership by expanding their bilateral cooperation to new areas, such as civil nuclear energy, security of 5G communication networks and the capitalisation of 5G licences. During Romania's President Klaus W. Iohannis meeting with then U.S. President Joe Biden, in Washington D.C., on 7 May 2024, the two Presidents reviewed recent evolutions in the bilateral strategic partnership between both countries and ways to further strengthen it in the current security context.

On 8 October 2020, the Minister of Defence of Romania and the United States Secretary of Defence signed a ten-year road map for defence cooperation that captures the nations' common strategic goals and shared interests, such as defence modernisation and Black Sea-area security. On 25 September 2024, Romania and the U.S. signed a Foreign Military Financing loan valued at U.S.\$920 million to finance Romania's acquisition of military equipment and services from the United States as well as a joint U.S.-Romanian, public-private initiative to produce artillery ammunition.

The Export-Import Bank of the United States ("EXIM") signed a memorandum of understanding with Romania's Ministry of Economy, Energy, and Business Climate, aimed at enhancing trade and economic opportunities between the two countries. Under the memorandum of understanding, EXIM and Romania agree to explore and identify options to potentially use EXIM financing in an aggregate amount of up to U.S.\$7 billion, and to identify areas to work together to promote business development opportunities, particularly in the energy (including nuclear and liquefied natural gas and infrastructure projects including road, rail and bunkering stations) and infrastructure industries.

On 4 November 2021, S.N. Nuclearelectrica and NuScale signed an agreement to advance the deployment of the latter's innovative small modular reactor ("SMR") technology. The NuScale 6-module power plant is estimated to generate 193 permanent power plant jobs, 1,500 construction jobs, and 2,300 manufacturing jobs. The project also has the potential to help Romania reduce its CO2 emissions by four million tons per year. On 27 June 2022, during the G7 Summit, then U.S. President Joe Biden announced a grant of U.S.\$14 million to finance the first stages of the implementation of the SMR Power Plant in Romania. The Trump administration has reaffirmed the United States' continued support for SMR Power Plants in Romania, with the US Nuclear Regulatory Commission providing design approval for the NuScale 77mw reactor on an expedited basis.

On 20 May 2023, during the G7 Summit in Japan, EXIM issued a letter of interest for a potential U.S.\$99 million loan for design studies on the SMR project. Alongside expressions of interest from public and private partners from Japan, Republic of Korea, and United Arab Emirates, the current early-stage support for the SMR Project amounts to U.S.\$275 million. In addition, the DFC and the U.S. EXIM also issued letters of interest for potential support of up to U.S.\$1 billion and U.S.\$3 billion, respectively, for project deployment. The SMR project is currently in the second phase of evaluation, after which a final investment decision will be made.

On 9 November 2022, in the margins of COP 27, EXIM issued two letters of interest for a U.S.\$3.05 billion loan aimed at the implementation of the Cernavodă project, which includes the building of two additional nuclear units at Cernavodă Nuclear Power Plant/NPP ("Units 3 and 4") within the Euro-Atlantic cooperation framework, due to be completed by 2030-2031. Units 3 and 4 of the Cernavoda NPP project were notified to the EC in June 2023 according to the Article 41 of the Euratom Treaty.

EnergioNuclear, a Nuclearelectrica fully owned subsidiary, and FCSA Joint Venture comprised of U.S., Canadian and Italian companies signed at COP 29 (November 2024) in Baku the Engineering, Procurement and Construction Management ("EPCM") LNTP phase contract for the advancement of Cernavoda NPP Units 3 and 4. The contract price for both the LNTP and subsequent Final Notice to Proceed ("FNTP") phase of the EPCM contract is estimated at EUR 3.2 billion, with approximately 85 per cent. of the loans needed to finance the project coming from partner states including the United States. The EPCM contract, with an estimated duration of 108 months, is structured in two phases, namely the Limited Notice to Proceed ("LNTP") phase (24-30 months) and later, subject to commercial terms being further refined and agreed, and the Final Investment Decision.

American companies are key partners in Romania energy sector. With regards to renewable energy, SAGE Geosystems has begun the process of developing geothermal power within Romania and General Atlantic is in the process of taking over the multinational sustainable infrastructure investment fund Actis, which has a number of solar power projects in Romania. Within the oil and gas market, American companies such as Carlyle, Hunt Oil and Halliburton Energy Services have either begun production or are in the process of establishing production within Romania. Furthermore, the semi-submersible platform Transocean Barents, operated by Transocean Ltd. is currently extracting natural gas from the Domino and Pelican Sud fields, which are part of the Neptun Deep block.

Partnerships with Other Nations

From time to time, Romania enters into bilateral and multilateral partnerships with other nations.

For example, on 26 October 2020, the Romanian and French governments signed a declaration of intent regarding the cooperation of the two countries in the civil nuclear field, aimed at the construction, in a broader framework, with other strategic partners, of reactors 3 and 4 and the renovation of reactor 1 of the Cernavodă nuclear power plant. An agreement was also concluded between Nuclearelectrica and a French company, Orano (formerly Areva).

Further, on 15 February 2020, Nuclearelectrica signed a Memorandum of Understanding with SACE and Ansaldo Nucleare to advance the development and financing of Cernavoda NPP Unit 1 Refurbishment and Cernavoda NPP Units 3 and 4 strategic projects.

On 15 November 2024, on the sidelines of COP 29, Nuclearelectrica, together with the FCSA Joint Venture comprising Fluor, Fluor Energy Transition Inc. Wilmington Bucharest Branch, Candu Energy (owned by AtkinsRéalis), Ansaldo Nucleare, S&L Engineers, and Sargent & Lundy Energy have signed the Engineering, Procurement, and Construction Management (“EPCM”) LNTP phase contract to advance Units 3 and 4 of the Cernavodă Nuclear Power Plant.

The EPCM contract, estimated to last 108 months, is divided into two phases: the LNTP phase, which is expected to take 24-30 months, and subsequently, pending the establishment and approval of commercial terms and the Final Investment Decision in accordance with the Support Agreement between the Romanian state and SNN, the FNTP phase, which is expected to take 80-84 months.

Furthermore, to implement the Agreement between the governments of the Republic of Azerbaijan, Georgia, Romania and Hungary regarding the strategic partnership in the field of Green Energy Development and Transport, also known as the “Green Energy Corridor” Project, CNTEE Transelectrica SA and the other relevant parties designated by each state, signed a Memorandum of Understanding. The 2022 quadripartite agreement concluded in Bucharest between the governments of Azerbaijan, Georgia, Romania and Hungary is to be followed by the establishment of a joint venture company, based in Romania whose core task is the completion of the feasibility study for green electricity transmission (submarine power cable) and digital communication.

Romania firmly supports the sovereignty, territorial integrity, independence and the EU membership aspirations of Ukraine. Since the beginning of Russia’s war of aggression against Ukraine, Romania has extended humanitarian help to the Ukrainian authorities. As of March 2025, more than 11 million Ukrainians have entered Romania, and 82,000 have settled in Romania. A humanitarian hub was established in Suceava on 9 March 2022. Since its establishment, over one hundred humanitarian convoys have passed through the Suceava hub and reached Ukraine. Specific legislation was adopted for establishing the amount, conditions and mechanism for awarding lump sums in accordance with Government Emergency Ordinance No. 15/2022 regarding the granting of support and humanitarian assistance by the Romanian state to foreign citizens or stateless persons in special situations, coming from the areas of the armed conflict in Ukraine. Between 22 February 2022 and 31 December 2024, approximately RON 2 billion (EUR 407 million) were awarded from the Emergency Ordinance funds. Following the implementation of Government Emergency Ordinance No.94/2022, Romania extended support and humanitarian assistance for foreign citizens or stateless persons, who entered Romania prior to 1 July 2024, escaping the conflict in Ukraine until 31 December 2025. Since the beginning of the Russian invasion, Romania has been instrumental in facilitating grain exports from Ukraine, with almost 55 million tons of Ukrainian grains transited through Romania. At the same time, the Danube corridor became the most important transit route within the EU-Solidarity Lanes, with over 68 per cent. of the total quantity transited.

Romania remains committed to the deepening of the bilateral strategic partnership with Moldova, by continuing support for its path to EU membership through bilateral projects for strategic interconnectivity and projects of assistance carrying direct benefits for the citizens of Moldova. On 11 December 2023, Moldova and Romania published the Memorandum of Understanding between the governments of Moldova and Romania on the implementation of projects necessary for the interconnection of the natural gas and electricity networks of Romania and Moldova. This memorandum designated Romanian Gas and Electricity Market Operator SA (“OPCOM”), as the primary operator of the electricity market in Moldova and nominated OPCOM as the operator responsible for the integration of the Moldovan electricity market into the EU through market coupling. OPCOM is in the process of establishing a subsidiary within Moldova.

A major priority for Romania is the development and deepening of its bilateral strategic partnerships and special relationships, such as those linking Romania to the EU core, those which promote deeper bonds within the EU member states and those that bring added value to Romania's security and prosperity, in Europe and Asia. Special attention has been paid to the strategic relationships with Germany, France, Poland, Italy, Spain, the UK, Türkiye and Azerbaijan, and also with neighbouring countries. In Asia, the bilateral relation with Japan was raised to strategic partnership level, while the strategic partnership with the Republic of Korea continues to deepen. The special relationship with Israel and the traditional relations with Arab states in the Middle East, North Africa and the Gulf have deepened, including in trade and investment. In 2024, Romania continued to increase its engagement with the Gulf countries, both bilaterally, through the Prime Minister's visits to Qatar and the United Arab Emirates in April 2024 and within the EU-GCC framework. Romania maintains its traditional long held positions on the Middle East peace process and the status of Jerusalem. In 2024, Romania also put a strong emphasis on relaunching relations with countries in Africa. The first National Strategy for Africa was adopted, and presidential visits were organised in Kenya, Tanzania, Cabo Verde and Senegal. Additionally, Romania organised presidential visits across Latin America in Brazil, Chile and Argentina. Apart from the projects under the Multiannual Strategic Program on the International Development Cooperation and Humanitarian Assistance for the Period 2024-2027, the Ministry of Foreign Affairs has implemented a number of programmes aimed at building good governance, stability and resilience in the Sahel region of Central Africa. Romania also intends to expand its economic connections, trade and investment relations with other countries including Brazil and countries in North Africa, South-East Asia, the Middle East, the Gulf area and the South Caucasus.

Following Russia's invasion of Ukraine in 2022, Romania played an active role both in the adoption and the implementation of all seventeen EU sanctions packages against Russia. Romania withdrew from the two international banks which represent successor institutions of the former Council for Mutual Economic Assistance (which remain under Russian influence), namely the International Investment Bank and the International Bank for Economic Co-operation. The two banks officially withdrew from Russia on 9 June 2023, ending their operations in the country. Politically, the Romanian authorities condemn the aggression of Russia against Ukraine and do not recognise the illegal annexation by Russia of the regions of Eastern Ukraine (including Luhansk, Donetsk, Kherson and Zaporozhye), which remain an inalienable part of the national territory of Ukraine, in accordance with core principles of international law. Additionally, Romania advocated for sanctions against Russia in connection with its within the EU sanctions regime, targeting individuals and entities responsible for Russia's destabilisation efforts in Moldova.

Black Sea Initiatives

As part of Europe and a bridge to Central Asia and beyond, the wider Black Sea is critical to Euro-Atlantic security. Consequently, Romania is focused on enhancing regional security and co-operation. Strengthening security in the Black Sea area requires a collaborative approaches and multilateral solutions based on the democratic participation of countries in the region, as well as engagement with the EU, the United States., NATO and the OSCE.

Romania's long-term vision is to achieve a secure and prosperous Black Sea, firmly anchored in international law. To transform the Black Sea into a region that offers great benefits for Euro-Atlantic and global security, the presence of NATO and Allied forces should be increased to ensure credible deterrence.

Since 2019, Romania has taken significant steps to enhance EU involvement in regional cooperation, focusing particularly on the development of a sustainable blue economy. Romania is involved in the Black Sea Synergy initiative ("BSS"), which serves as the EU's regional policy framework for the Black Sea area. The BSS has two operating frameworks: the Common Maritime Agenda for the Black Sea and the Black Sea Strategic Research and Innovation Agenda. Both frameworks enable the EU to finance projects in the broader Black Sea area. In 2023, Romania held the rotating presidency of Common Maritime Agenda for the Black Sea, a sea

basin initiative aimed at supporting regional cooperation for a more sustainable blue economy. Romania supports a swift and decisive EU strategic approach for the Black Sea. Romanian diplomatic initiatives launched in early 2024, led to greater institutional effort within the EU to develop a comprehensive strategy for the Black Sea. Romania, along with other EU Member States and the EC support a comprehensive strategy, based on a result-oriented approach that focuses on enhancing regional connectivity, resilience and security. On 28 May 2025, the EC published its proposed strategy for the Black Sea region. The proposed strategy aims to foster cooperation within the Black Sea region by enhancing security and stability, promoting sustainable growth while ensuring environmental protection are adequate to address climate change concerns and to establish civil protections. The three flagship initiatives (The Black Sea Maritime Flagship Initiative, the Black Sea Maritime Security Hub and a deduced connectivity agenda to extend the Trans-European communication networks) introduced by the strategy will be implemented by the EU and its partners in the Black Sea area.

Romania actively engaged with the United States, offering input on the drafting of the United States' Black Sea Strategy, which aims to better coordinate the efforts of the United States with its allies and partners in the Black Sea region. The adoption of the first U.S. Strategy for the Security of the Black Sea not only sent a strong political message for the U.S. commitment to the region but also raised the strategic importance of the Black Sea area for global stability and security.

Key aspect of Romania's foreign policy are major multinational regional development programmes in the Black Sea region in which Romania has participated and will continue to participate including the Bucharest-9 Initiative (which includes Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia), the 3SI, the Security Trilateral with Poland and Türkiye, the Valencia Trio with Spain and Poland, and the bilateral working group on security in the Black Sea with Türkiye. The 3SI, which includes thirteen full members (Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Austria, Croatia, Romania, Greece and Bulgaria) and four partner-participants (Albania, Moldova, Montenegro and Ukraine), is particularly important for economic recovery and development, aiming to close the development gap between Central and Eastern European states and Western Europe through investments in infrastructure projects across the energy, transport, and digital sectors. Another goal of the 3SI is to attract investors to the region, and for this purpose the 3SI Infrastructure Fund was established in 2019, with Romania contributing EUR 20 million in investment through Exim Banca Romaneasca. In 2024, Romania, along with financial institutions from Poland, Lithuania, Hungary, and Slovenia, signed a letter of intent to jointly establish the second Three Seas Initiative Investment Fund, which aims to finance infrastructure projects that enhance connectivity between countries. On 30 September 2024, the European Investment Fund, the Polish development bank, BGK, the Czech development bank and NRB, jointly established the Three Seas Innovation Fund, structured as a "fund of funds". Romania expressed its interest in joining the 3SI Innovation Fund, however, certain legislative changes are required to enable its participation. 3SI remains focused on establishing a second Three Seas Initiative Investment Fund and utilising the Three Seas Initiative Innovation Fund. Romania hosted the 3SI Summits in 2018 and 2023 and intends to continue working with the other 3SI participating states, strategic partners, associating participating states and financial institutions to maximise the potential of 3SI, with a focus on projects that are of particular interest to Romania.

Furthermore, the mine-countermeasures Task Group launched by Romania together with Bulgaria and Türkiye in the Black Sea remains open to NATO members, as well as to Ukraine when the war with Russia ends. Therefore, this Task Group represents a valuable contribution, as well as a relevant incentive for the future regional and Euro-Atlantic security fabric.

Partnerships with International Financial Organisations

Since 1990, Romania has steadily developed its relations with international financial organisations, including the IMF, the World Bank Group, EBRD, the European Investment Bank Group, the Council of Europe

Development Bank, the Asian Infrastructure Investment Bank, the Japan International Cooperation Agency and the Black Sea Trade and Development Bank.

Membership in the European Union

Overview

Romania has been an EU Member State since 1 January 2007. According to the EU treaties, Romania ranks amongst the Member States with medium voting power. Following the 2024 European Parliament elections, Romania holds 33 out of the total of 720 parliamentary seats in the European Parliament. At a leadership level, two Romanian members of the European Parliament were raised to Vice Presidents. Roxana Minzatu is Romania's current representative in the College of Commissioners, she holds the position of Executive Vice-President of the European Commission for Social Rights and Skills, Quality Jobs and Preparedness. Romania is also involved in the activity of a number of European consultative bodies, with fifteen seats allocated in the Economic and Social Committee and fifteen seats allocated in the European Committee of the Regions. Romania is also represented in the European External Action Service, including the management of some EU Delegations and civilian missions.

Romania continues to be an active promoter of the European integration process. Romania supports the strengthening of the European project, centred on major priorities such as economic growth, jobs, cohesion, stimulating investments, energy security and consolidation of the EU as a global actor, as well the advancement of the EU's enlargement process. In the last years, Romania's visibility and role in the EU have significantly increased as a result of how the country has handled various crises at the EU level. Russia's war in Ukraine reconfirmed that EU action must be based on solidarity and cohesion, as well as on the respect for Europe's democratic values and principles, which Romania fully embraces.

Romania has a dynamic regional agenda and plays a key role in advancing the EU strategy for the Danube Region ("EUSDR"), a framework launched by Romania and Austria for regional cooperation under the EU umbrella, covering nine EU member states and five EU candidate countries. Through its more than 12 years of existence, the EUSDR has contributed to the economic, social and territorial cohesion of the region. Moreover, it assists the EU candidate countries which participate in the EUSDR with their alignment with EU policies and values, thus contributing to the success of the EU enlargement policy. Furthermore, the EUSDR gives investors the opportunity to participate in concrete projects financed primarily from EU sources in areas such as transport, communication, energy, environment, tourism and culture.

Schengen Area

As of 1 January 2025, Romania is a full Schengen member, applying the relevant *acquis* at its land, air and sea borders, and remains fully committed to protect the external borders and fight illegal migration and transnational crime.

European economic recovery

Romania has been actively engaged in debates on European economic recovery and in setting up an adequate financial framework for supporting companies and citizens. Romania has advocated for an inclusive, EU-wide approach to the design and implementation of financial instruments meant to mitigate the economic impact of the COVID-19 pandemic and the twin transition, which aims to make the EU economy greener and more digital, so as to allow the EU to re-emerge as a consolidated, convergent and competitive economy. Following agreements at EU level, Romania has emerged as one of the net beneficiaries of both the revised 2021-2027 Multiannual Financial Framework ("MFF") and the Recovery and Resilience Facility.

Romania supports the ongoing processes of further consolidating the Economic and Monetary Union, and actively participates in the efforts to create mechanisms for early warning and addressing future economic or financial crisis.

Energy and Climate

Energy and climate change are two of the main priority areas for Romania. The EU's 2030 Climate and Energy Framework and subsequent legislation adopted at the EU level represent important steps in the implementation of the commitments taken by the EU and its Member States under the Paris Agreement.

Romania supports the objective of the EU reaching climate neutrality by 2050 and has a proactive balanced approach within intra-EU negotiations on the intermediary binding EU target of a net domestic reduction of greenhouse gas emissions by at least 55 per cent. by 2030, compared to 1990 levels (the Fit For 55 package).

Moreover, Romania is currently adapting its energy and climate policy framework to incorporate new targets on renewable energy production and emissions reduction. These measures are part of the REPowerEU Chapter in the Recovery and Resilience Plan. The aim of the REPowerEU chapter is to contribute to reducing the dependence on fossil fuels in Romania by supporting the implementation of renewable energy sources and energy efficiency renovations targeting especially the most vulnerable customers and by increasing the capacity of the transmission network electricity to integrate renewable energy sources. Some of these measures are also part of the REPowerEU Chapter in the revised Recovery and Resilience Plan.

Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU was transposed in national primary legislation by Governmental Emergency Ordinance no. 143/2021, amending the Electricity and Natural Gas Law no. 123/2012.

The full liberalisation of the retail electricity market was accomplished on 1 January 2021, by removing any regulated supply prices for final customers. However, the market continues to have capping and compensation mechanisms in place that allow for assistance to be provided to vulnerable customers and ensure protection against excessive price increases. These mechanisms help maintain market stability and consistent functioning of energy providers, distributors and producers. The current legal framework for these capping and compensation mechanisms are in place until 31 March 2025.

The competitive supply prices are compared on a centralised platform administered by the Romanian Energy Authority ("ANRE") and every consumer may change their supplier, according to European legislation provisions. ANRE has since implemented a project financed by a European grant programme in order to allow the changing of supplier within 24 hours by 2026, by using a single changing platform administered by ANRE.

In addition to onshore exploitation and offshore exploration for natural gas in the Black Sea, Romania has operational gas interconnections with Bulgaria, Republic of Moldova and Hungary. Romania aims to contribute to the diversification of gas supply sources and the enhancement of the security of natural gas supply in southeastern Europe and Central Europe. Over the last five years, Romania has been working on developing its natural gas infrastructure. Romania has additional plans to further increase transmission capacity with neighbouring countries, thus a Memorandum of Understanding regarding the future interconnection of national gas transmission systems was signed with Serbia on 5 August 2024.

At the European level, Romania has been actively engaged in EU initiatives aimed at securing EU energy supplies and mitigating the high energy prices.

As requested by European authorities, Greek, Bulgarian, Romanian, Ukrainian and Moldovan national natural gas transmission system operators have committed to operationalise the Trans-Balkan Corridor concept. The first task, which was completed in 2019, consisted of fulfilling technical conditions which allows the reversible

flow of natural gas volumes. The Romanian transport operator also completed all technical work on the Romanian component of the Trans-Balkan gas pipeline and, as a result, Romania can pump 4.5 billion m³ of gas per year to Ukraine. However, the physical possibility of meeting any demand from Ukraine depends on the pressure and quantities of natural gas that the Bulgarian operator can provide at the southern border of Romania.

To secure its energy security in the current volatile political and economic environment, Romania engaged in exploratory negotiations targeting supplementary volumes of gas from external markets, most notably from Caspian states, using Turkish systems of transit. On 28 June 2022, the production of natural gas from the Black Sea officially began with the Midia Natural Gas Development Project (the “MGD”), which is operated by the company Black Sea Oil & Gas. In 2022, 0.5 billion cubic meters of gas was estimated to be produced by the MGD, and from 2023 the production is expected to be about 1 billion m³ per year for the next three years of the ten years of life estimated for the Ana and Doina gas fields. Important technical solutions are being put in place to meet the 2027 estimated term.

OMV Petrom announced on 12 December 2023 that it had signed agreements estimated at EUR 325 million with Transocean Barents for the semi-submersible drilling rig and with Halliburton Romania (EUR 140 million) for integrated drilling services. The two contracts are in addition to the EUR 1.6 billion previously announced agreement with Saipem for offshore installations. As such, OMV Petrom has secured more than 80 per cent. of the performance agreements required to deliver the Neptun Deep project.

Important steps have also been made to secure access to the Black Seas’ gas resources for Romania’s transport system through the construction of the Tuzla-Podişor pipeline. In June 2023, Transgaz signed a contract with Kalyon of Türkiye for the execution of works on the Tuzla-Podişor gas pipeline, which could be commissioned as soon as summer 2025. On 24 April 2024, construction of the pipeline began.

Romania is interested in Azerbaijan’s natural gas resources which could reach the Romanian market and, subsequently, the markets of Central Europe. The completion and the commercial operationalisation of the Gas Interconnector Greece-Bulgaria (“IGB”) Pipeline could facilitate Romania’s access to the volumes of Azeri natural gas in the near future, which could also be distributed to ensure the energy security of Romania’s Eastern partners, Moldova and Ukraine. On 3 December 2022, Romania started gas deliveries for Moldova through the Iaşi-Ungheni pipeline, and subsequently the two governments initiated discussions to increase the capacity of transport and expand this pipeline.

Cases before the Court of Justice of the European Union (“CJEU”)

As of May 2025, 49 infringement procedures launched by the EC against Romania, all of which are currently in the pre-litigation phase. There are no current infringement cases against Romania pending before the CJEU.

On 14 December 2023, the CJEU issued its judgment regarding infringement case C-109/22, in which it noted that Romania had not closed 31 unauthorised landfills, and ordered Romania to pay a lump sum of EUR 1.5 million and a penalty of EUR 600 per landfill per day of delay in closure. In January 2024, the Ministry of Finance paid a lump sum of EUR 1.5 million. In July 2024, a penalty of EUR 3.3 million, for the period from 15 December 2023 to 15 June 2024 was paid. In February 2025, a penalty of EUR 3.18 million was levied against Romania for continued infringement for the 15 June to 15 December 2024 period. Since the Court’s judgement, two of the 31 landfills have been closed.

EU Funding

Pre-accession Funds

After its accession to the EU, Romania continued to benefit from funding made available as part of the EU pre-accession funding programmes, including PHARE (Poland and Hungary: Assistance for Restructuring their

Economies), ISPA (Instrument for Structural Policies for Pre-Accession) and SAPARD (Special Accession Programme for Agriculture and Rural Development). Closing procedures are ongoing in respect of most projects funded using pre-accession funds.

Post-accession Funds

Since 2007, the year of Romania's EU accession, the EU has provided and will continue to provide financial assistance to Romania through various instruments, among the most important of which are the EU Structural and Cohesion Funds and the European Agricultural Fund for Rural Development.

Structural and Cohesion Funds

Overview

The EU Structural and Cohesion Funds are financial tools set up to implement the EU's cohesion policy, which aims to reduce economic disparity among regions and EU Member States. The EU Structural and Cohesion Funds include the European Regional Development Fund ("ERDF"), the European Social Fund ("ESF") and the Cohesion Fund ("CF"), each of which has different objectives and priorities. Generally, support from the EU Structural and Cohesion Funds is granted to Romania for accelerating its economic development.

As of 22 May 2025, approximately EUR 24 billion (99.7 per cent.) was received from the EC (including pre-financing and reimbursements) and, as of the same date, Romania ranked fourth among the 27 Member States in absolute value of EU funds received for the Cohesion Policy 2014-2020. Out of this amount, the allocation for European Structural and Investment Funds ("ESIF") was EUR 35.2 billion, for FEAD, EUR 0.5 billion, and for EAGF, EUR 19.3 billion. The allocation for the Cohesion Policy, which is financed under ESIF, was EUR 24.1 billion. As of 22 May 2025, approximately EUR 24 billion (99.7 per cent.) was received from the EC (pre-financing and reimbursements) and as of the same date, Romania ranked fourth among the 27 Member States in absolute value of EU funds received for the Cohesion Policy.

The Ministry of European Investments and Projects ("MEIP") coordinates the 2014-2020 ESIF and the managing authorities ("MAs") for all operational programmes (Competitiveness, Large Infrastructure, Technical Assistance, Human Capital, Aid for the Most Deprived, Regional Operational Programme and Administrative Capacity Operational Programme).

Decommitment rule

The use of Structural and Cohesion Funds and of European Structural and Investment Funds is subject to a decommitment rule, which provides that the EU shall automatically decommit any part of a budget commitment in an operational programme that has not been used for payment of pre-financing or interim payments or for which an application for payment has not been sent by the end of a certain period (which is two or three years after the year when the financial allocation is granted ("n+2/n+3 rule")). Allocations that are decommitted are permanently lost. Due to the fact that the payment applications sent to the European Commission exceeded the decommitment threshold at the end of each year, to date no amounts have been decommitted.

Funds under the 2014-2020 programming period

The Partnership Agreement was adopted with EC Decision 5515/6.08.2014 (Romania being the 11th Member State for which this strategic document was adopted by the EC). The Partnership Agreement is the strategic document that defines Romania's development vision, including its use of European Union support, and it indicates how investments were concentrated to promote competitiveness, convergence and co-operation and to encourage local development, based on economic growth and social inclusion. Investments from the ESIF are one of the most important tools to reduce development disparities between different regions of Romania, but also between Romania and other Member States.

The ESIF regulatory framework for the programming period 2014-2020 reflects the European Commission's orientation towards performance. Under Regulation (EU) No 1303/2013, the European Commission completed a review of the performance monitoring framework, including milestones and specific targets corresponding to each operational programme in 2019. To improve spending efficiency of EU Funds, the European Commission put in place performance reserves in amounts ranging between 5 and 7 per cent. of the allocations under each priority within the OP, with the exception of priorities dedicated to technical assistance and programmes dedicated to financial instruments.

Under the framework, allocation of the performance reserve is made only to programmes and priorities that have achieved their milestones. On the basis of the performance review, the European Commission adopts a decision to determine, for each ESI Fund and Member State, the programmes and priorities which have achieved their milestones. For priorities that achieved their milestones, the amount of the performance reserve established for the priority is considered to be definitively allocated.

Where priorities have not achieved their milestones, Romanian authorities have proposed reallocating the corresponding amount of the performance reserve to the priorities set out in the European Commission's decision, as well amending existing programmes as a result of the reallocation of the performance reserve.

Another important tool of the performance monitoring framework is the use of ex-ante conditionalities to ensure the conditions for effective cohesion policy investments at the start of OP reflecting the predictability of national sectorial policies. The availability of funds depended on Romania meeting 36 ex-ante conditionalities. The European Commission has officially accepted that Romania has fulfilled all 36 ex-ante conditionalities.

The eligibility period for the 2014-2020 programmes was between 1 January 2014 and 31 December 2023. Expenditure is eligible for a contribution from the ESI Funds only if it has been incurred by a beneficiary and paid within this period.

Designation/implementation process

In accordance with the EC's regulations, after the official designation of authorities involved in the management and control systems, Romanian authorities started to submit payment applications to reimburse the eligible expenditures declared by the beneficiaries.

By May 2025, the entire allocation for programmes financed under ESIF and FEAD, excluding the agriculture sector, was launched, while the contracting rate rose to 138.6 per cent. As of 22 May 2025, the absorption rate was 99.9 per cent. for the Large Infrastructure OP, 99.4 per cent. for the Competitiveness OP, 100 per cent. for the Technical Assistance OP, 100 per cent. for the Regional OP, 98.9 per cent. for the Human Capital OP, 99.3 per cent. for the Administrative Capacity OP and 100 per cent. for the Aid to the Most Deprived OP.

As at 22 May 2025, for the signed contracts, payments made to the beneficiaries provided for in the OPs amounted to EUR 27.8 billion of EU contribution (including the overbooked expenditure), representing 113 per cent. of the OPs' EU allocation. The amount requested from the EC is approximately EUR 25 billion, representing a current absorption rate of approximately 101.9 per cent. Out of the amount requested, the EC made reimbursements of EUR 22.5 billion, which is equivalent to a 91.7 per cent. absorption rate. The total amount received for the above-mentioned OPs from the EC is approximately EUR 24.5 billion (including pre-financing and reimbursements), which represents 99.7 per cent. of the total EU allocation.

Out of EUR 55 billion allocated to Romania for the 2014-2020 programming period, EUR 35.2 billion was allocated for ESIF. To date, the total amount received from the EC (including pre-financing), for programmes financed by ESIF is approximately EUR 34.2 billion, representing 97.2 per cent. of total EU allocation of such programmes. In addition, approximately EUR 18 billion was received from the EC for direct payments in agriculture.

COVID-19 measures and Ukrainian war crisis mitigation measure

In order to generate a faster and more effective response to the COVID-19 pandemic, the EC initiated a series of support measures available to the Member States with facilities to support actions at a national level in order to tackle the effects of the COVID-19 pandemic.

The MFF, which allocates funding to EU Member States in connection with the EU's Cohesion Policy, Common Agricultural Policy and the Just Transition Fund (EU Green Deal), along with the new recovery instrument Next Generation EU ("NGEU"), a temporary and exceptional EU instrument intended exclusively to support EU Member States in their recovery from the COVID-19 pandemic, played a central role in Romania's economic recovery.

The potential NGEU funding for Romania is expected to be spent through 2026 on projects related to recovery from the COVID-19 pandemic and focus on restoring sustainable growth, creating jobs and addressing the European Commission's country specific recommendations and the transition to a green and digital economy in the EU. As of 31 December 2022, a total of EUR 10.7 billion has been allocated from NGEU funding to Romania. Romania represents 4 per cent. of the total value of the NGEU, receiving the seventh highest allocation of all EU Member States.

On 29 October 2021, the EU Council approved through written procedure the National Resilience and Recovery Plan of Romania (the "NRRP"). Since the NRRP's approval, the Romanian authorities have been working on developing a series of legislative acts concerning the implementation of NRRP. Romania signed both financial and loan agreements with the EC and received prefinancing from the grant allocation totalling EUR 1.85 billion on 2 December 2021. On 23 December 2021, the loan agreement was approved based on Government Emergency Ordinance no. 134/2021. The prefinancing from the loan allocation was disbursed by the European Commission on 13 January 2022 in the amount of EUR 1.9 billion.

Following negotiations with the EC, the targets and milestones included in the NRRP were adjusted and the new REPowerEU chapter was introduced, based on art. 18, 21 and 21c of Regulation (EU) 2021/241, as amended.

The total allocation of Romania's revised NRRP is EUR 28.5 billion which is broken up as follows: non-refundable financial assistance component (EUR 13.6 billion) and a refundable financial assistance component (EUR 14.9 billion). This financial support is provided in instalments related to payment requests (for both grants and loans). The first payment request was sent to the EC on 1 June 2022, the second payment request was sent on 15 December 2022 and the third payment request was sent on 15 December 2023, and all subsequent payment requests will be sent according to the operational arrangements, after the renegotiation of the NRRP. The amount of each payment is established in the Council Implementation Decision amending the Council Implementation Decision of 3 November 2021 approving the evaluation of the NRRP. Romania's first payment request to the EC received a positive assessment of the fulfilment of all 21 milestones and targets included, which meant that the payment instalments could begin. The first payment was received on the 27 October 2022 in the amount of EUR 1.77 billion for the grant component and EUR 789.7 million for the loan component. The total amount received was EUR 2.56 billion, after deducting the pre-financing amount of EUR 264.8 million for the grant component and EUR 118.0 million for the loan component.

The third payment of EUR 2.66 billion (EUR 1.85 billion in grants and EUR 0.81 billion in loans, before pre-financing deduction) contains 74 milestones and targets. A partial payment of EUR 1.3 billion for the completion of 68 out of 74 milestones and targets was made in June 2025 by the EC. Romania has six months to complete the remaining milestones in order to receive the full allotment.

In the context of the humanitarian crisis of refugees from Ukraine, early measures were taken at the EU level. This included the adoption of CARE and CARE+, which allowed flexible use of "cross-financing" between

ESF and ERDF, flexibility of 100 per cent. co-financing rate applicable for the current accounting year, the possibility of a simplified cost option for Ukrainian refugees' expenditure from ESF/ERDF and increasing pre-financing from REACT-EU. The financial resources identified from the savings generated by projects completed at the level of the Human Capital OP, in the amount of approximately EUR 100 million, were reused to finance these support measures and other humanitarian assistance for Ukrainian refugees in Romania.

Funds under the 2021-2027 programming period

The total allocation for Romania from the Cohesion Policy funds in the 2021-2027 programming period is EUR 30.98 billion in current prices and is balanced through the Partnership Agreement, comprised of eight regional programmes and the following eight national Programmes: Sustainable Development, Transport, Health, Education and Employment, Inclusion and Social Dignity, Programme for Just Transition, Programme for Smart Growth, Digitalisation and Financial Instruments and Programme for Technical Assistance. The total Cohesion Policy's allocation also includes approximately EUR 0.4 billion for European Territorial Cooperation programmes, distributed to the eight programmes in which Romania participates.

The 2021-2027 EU Multiannual Financial Framework is expected to play a central role in Romania's economy, addressing specific green, digital, infrastructure, social and health issues at the national, regional and local levels, contributing to the EU general objective on investments for growth and jobs and reducing disparities between regions.

The Partnership Agreement with the EU was approved on 25 July 2022, and all sixteen programmes were approved throughout 2022. The official launch on the 2021-2027 Cohesion Policy of Romania took place on 3 April 2023 in Iasi.

As of June 2025, for the 2021-2027 programming period, Romania has received EUR 3.28 billion in pre-financing and reimbursements from the EC, representing approximately 10.6 per cent. from the total allocation. As part of the NGEU, Romania has an allocation of EUR 32.6 billion in EU financing (EUR 28.5 billion under the RRF that includes the Repower EU chapter, EUR 1.5 billion under REACT-EU 2021/2022, EUR 1.2 billion under the Just Transition Fund and EUR 0.7 billion from the European Agricultural Fund for Rural Development).

To start the 2021-2027 programmes smoothly, on 15 February 2023 MEIP published the consolidated version of the Indicative Calendar of Calls for projects for all sixteen programmes of the 2021-2027 period.

Calls for proposals were launched, totalling approximately EUR 35.6 billion (approximately EUR 24 billion EU contribution, representing approximately 78 per cent. of the EU allocation of programmes). Within these calls, 15,567 projects were submitted, totalling approximately EUR 70.9 billion eligible amount (approximately EUR 43.4 billion EU contribution). Managing authorities for the 2021-2027 programmes have signed 4,966 financing contracts with beneficiaries totalling approximately EUR 36.1 billion eligible amount (approximately EUR 23.6 billion EU contribution). In the contracting stage there are 1,258 projects with a total value of approximately EUR 2.5 billion eligible amount (approximately EUR 1.8 billion EU contribution). Taking into account the value of the contracted projects and those in the contracting stage, the contracting rate is 82 per cent. For signed contracts, payments made to the beneficiaries amount to EUR 4.7 billion.

Romania is a beneficiary of the recently adopted RESTORE regulation, which introduces specific objectives under the ERDF, EFS+ and CF to support reconstruction in the event of natural disasters, complementary to the European Union Solidarity Fund. Thus, RESTORE enables more flexibility and additional financial assistance for natural disasters occurring in the period between 1 January 2024 and 31 December 2025.

Mid-term review of MFF 2021-2027

On 20 June 2023, the European Commission presented an assessment of the implementation of Romania's current multiannual financial framework and its proposals. The main elements of the proposal addressed the continuation of the financial support for Ukraine, migration and external partnerships, boosting the EU's long-term competitiveness on critical technologies through the STEP Platform and a mechanism to cater to the increase of NGEU funding costs.

The MFF 2021-2027 mid-term review package was published in the Official Journal of the European Union on 29 February 2024. According to article 18, point 2 of the Regulation EU 2021/1060 (CRP) Member States shall submit an assessment for each Programme on the outcome of the mid-term review ("**MTR**").

A sum of EUR 64.6 billion in extra funding was allocated to tackle the EU's new and evolving challenges and to fulfil the EU's legal commitments. To lessen the burden on national budgets, a segment of this funding, amounting to EUR 10.6 billion, was managed through budgetary reallocations, without affecting the EU funds initially allocated to Romania. Romania's total MFF allocation is EUR 49.9 billion. With regards to the Cohesion Policy, the MTR process is ongoing, all facilities were required to submit assessments on the outcome of the review, with proposed allocations due to the EC by 31 March 2025.

SURE Financial Instruments

Following the COVID-19 pandemic, in May 2020, the EU introduced (through Council Regulation (EU) 2020/672) the European instrument for temporary support to mitigate unemployment risks in an emergency ("**SURE**"), which can be used in addition to other financial support instruments, such as the EU Solidarity Fund, to support Member States' efforts at national level and cover the sharp increase in public spending on employment.

Romania was approved a loan under the SURE instrument in an amount of up to EUR 4.1 billion, which was distributed during 2020 – 2021.

SME Support

In the 2021-2027 programming period, the Cohesion Policy's allocation proposed by the European Commission was EUR 273 billion for ERDF and CF and EUR 101 billion for ESF +, aimed to support the Treaty on the Function of the European Union in its goals regarding economic, social and territorial cohesion, and the reduction of development disparities across EU regions. In Romania, the Cohesion Policy's allocation is EUR 29.2 billion, equivalent to approximately 27 per cent. relative growth, as compared to 2014-2020 programming period.

Agriculture related Financial Assistance

The European Agricultural Fund for Rural Development ("**EAFRD**") was created to support the implementation of the EU's Common Agricultural Policy by funding investments to increase the competitiveness of the agricultural sector, the improvement of environment and the improvement of rural areas, including improving the quality of life in these areas.

EAGF finances direct payments to farmers and implements measures to regulate the agricultural markets, for example through intervention and export refunds. The purpose of the European Maritime and Fisheries Fund ("**EMFF**") is to grant financial support to ensure the conservation and sustainable use of fisheries and aquaculture marine resources.

For the National Rural Development Programme, the total amount requested in the period between 2018 and May 2025 from the European Commission is EUR 7.44 billion, out of which 7.38 billion was reimbursed by the European Commission as at December 2025.

As regards the European Agricultural Guarantee Fund 2014-2020 the total amount requested in the period from 2018 to 2022 from the European Commission was EUR 9.49 billion, of which EUR 9.26 billion was reimbursed by the European Commission as of 31 December 2022.

Funds under the 2014-2020 programming period

The 2014-2020 EU fund allocation for the Romanian agricultural sector amounted to a total of EUR 20.66 billion (of which EUR 12.3 billion were allocated under EAGF for direct payments), EUR 238.5 million were allocated for the national support programme in the wine sector and EUR ten million (2017-2019) were allocated for the apiculture programme. For the fishery and aquaculture sector, EUR 168.4 million was allocated under the European Maritime and Fisheries Fund.

For the agricultural sector, Regulation (EU) no. 2220/2020, which was approved on 23 December 2020, stipulates the extension of the applicability of the existing legal framework for 2021 and 2022 and the increase of the budget using resources related to the 2021-2027 MFF and the European Recovery Instrument (“**EURI**”). The EAFRD budget was increased by EUR 2.15 billion for 2021-2022. EUR 692.09 million was allocated from EURI funds for 2021-2022.

As of May 2025, 95,767 projects had been approved, of which 92,478 contracts were concluded for a total public value of EUR 7.14 billion. In addition, through the transition procedure, from the National Rural Development Programme 2007-2013, 18,625 contracts with a public value of EUR 404.7 million were transferred in the National Rural Development Programme 2014-2020, for completion. A total amount of EUR 11.8 billion had been paid to beneficiaries of the National Rural Development Programme 2014-2020 by the Paying Agency.

Funds under the 2023-2027 programming period

The EU fund allocation for the CAP Strategic Plan 2023-2027 consists of EUR 9.78 billion in EAGF Direct Payments and EUR 5.03 billion in EAFRD rural development funds. As at December 2024, EUR 3.14 billion had been paid from the EAGF and EUR 447.03 million from the EAFRD. As of May 2025, 5,216 projects have been approved, of which 4,478 contracts were concluded with a total public value of EUR 1.16 billion, with EUR 821.8 million being paid to the beneficiaries from the EAFRD.

As of May 2025, EUR 3.6 billion has been paid from EAGF fund, 782 projects have been contracted from the Operational Programme for Fisheries and Maritime Affairs 2014-2020, with a total public value of EUR 216.0 million. A total of EUR 202.6 million has been paid to beneficiaries of the Operational Programme for Fisheries and Maritime Affairs 2014-2020. For the 2023-2027 programming period, EGAF will provide approximately EUR 151.8 million to the planned agricultural budget.

Funds under the 2021-2027 programming period

The 2021-2027 EU fund allocation for the Romanian fishery and aquaculture sector amounted to a total of EUR 162.5 million. As of 22 May 2025, six projects have been contracted from the Aquaculture and Fisheries Programme 2021-2027, with a total public value of EUR 89,908.49.

THE ROMANIAN ECONOMY

Overview

In recent years, Romania has registered considerable progress in reducing macroeconomic imbalances through monetary policies and structural reforms maintaining macroeconomic and financial stability.

Romania had one of the highest growth rates in the EU prior to COVID-19, with annual average GDP growth of 4.8 per cent. between 2015–2019. In an unfavourable economic period dominated by the ongoing Russia-Ukraine conflict and high inflation, GDP growth was 2.4 per cent. in 2023. In 2024, economic growth slowed to 0.8 per cent. as compared to 2023. GDP is expected to increase by 1.4 per cent. in 31 December 2025.

The National Institute for Statistics (“NIS”) publishes quarterly and annual data regarding GDP, according to the European System of Accounts (“ESA”) 2010 methodology, which is aligned with the amendments brought to the System of National Accounts 2008.

The following table shows the main macroeconomic indicators for the years 2020, 2021, 2022, 2023, 2024 and the first quarter of 2025.

	Main Macroeconomic Indicators					
	2020	2021	2022	2023	2024	Jan-Mar 2025
Gross domestic product – current prices (EUR billion)⁽¹⁾	221.1	242.3	281.8	324.4	353.8	73.4
Real growth (percentage change) ⁽¹⁾	(3.7)	5.5	4.0	2.4	0.8	0.3 ⁽²⁾
GDP/per capita (EUR)	11,460	12,660	14,790	17,010	18,560	—
GDP/per capita (RON)	55,430	62,290	73,930	84,160	92,310	—
Average exchange rate (EUR/RON)	4.8371	4.9204	4.9315	4.9465	4.9746	4.9766 ⁽³⁾
GDP/per capita purchasing power (percentage change) ⁽⁴⁾	72.4	72.3	73.5	77.9	78.0	—
Industrial production (percentage change)	(9.3)	7.1	0.4	(3.0)	(1.6)	(4.2)
Agricultural production (percentage change)	(15.4)	14.3	(15.8)	0.6 ⁽⁵⁾	—	—
Retail (percentage change) ⁽⁷⁾	2.2	10.2	4.5	1.6	8.6	3.5
Current account balance (EUR million)	(11,209)	(17,427)	(26,827)	(21,491)	(29,586)	(7,655)
Real wage (percentage change)	4.9	1.1	(2.2)	5.2	7.4	4.6
Average inflation (percentage change)	2.63	5.05	13.8	10.4	5.59	4.98 ⁽⁸⁾
Employment (percentage change) (according to LFS – Labour Force Survey) ⁽⁹⁾	(1.3)	0.8	0.7	(1.4)	2.0	—

Notes:

Source: National Commission for Strategy and Prognosis, except where specified otherwise.

Notes:

- (1) Data according to NIS.
- (2) Provisional data according to NIS.
- (3) Average of the first three months of 2025.
- (4) According to Eurostat.
- (5) Data for the first ten months of 2024 as compared to the ten months of 2023.
- (6) Final data for 2023 according to Press Release No. 273/15 October 2024 NIS.
- (7) Excluding sale, maintenance and repair of motors, vehicles and motorcycles. Base year 2021.
- (8) February 2024 – March 2025 as compared to the previous 12 months.
- (9) Data according to the methodology of the Household Labour Force Survey (AMIGO).

Source: National Commission for Strategy and Prognosis, except where specified otherwise

In 2020, GDP contracted by 3.7 per cent., as compared to the previous year. Within domestic demand, gross fixed capital formation decreased by 0.5 per cent., while private consumption decreased by 3.8 per cent. during the same period (representing a negative contribution of 2.3 per cent. to real GDP growth). Net external demand had a negative contribution of 1.5 percentage points to real GDP growth.

In 2021, GDP increased by 5.5 per cent. compared to 2020. The increase was due to a 6.6 per cent. increase in domestic demand compared to 2020. In this context, private consumption increased by 7.0 per cent., while government consumption decreased by 0.6 per cent. compared to 2020. A decrease in the volume of activity in the construction sector starting in the second half of 2021, as a result of both rising energy and raw material prices and disruptions in supply chains had a direct impact on gross investment. These factors led to a moderate increase by 4.0 per cent. of gross fixed capital formation in 2021 compared to 2020. The change in inventories contributed by 1.8 percentage points to the economic growth in 2021. Net exports had a negative contribution of 1.3 percentage points to the economic growth rate, as a result of the increase in exports of goods and services, in real terms, by 12.6 per cent. in 2021 compared to 2020, which was offset by an increase of 14.6 per cent., in real terms, in imports of goods and services.

In 2022, GDP increased by 4.0 per cent. as compared to 2021. Economic growth in 2022 was primarily due to growth in the services sector, while industry, construction and agriculture decreased. GVA in the service sector increased by 9.6 per cent. in 2022 compared to 2021. GVA in the construction sector decreased by 0.7 per cent. in 2022 compared to 2021. GVA in the industry sector decreased by 11.4 per cent. in 2022 compared to 2021. On the demand side, economic growth was sustained both by the gross fixed capital formation, as well as private consumption. Gross fixed capital formation increased by 5.4 per cent., due to the efficiency with which the European and governmental funds were used to the construction sector, priority for infrastructure. Private consumption increased by 5.1 per cent., Ukrainian refugees, who transited or settled in Romania, contributed to the robust growth of consumption in 2022. Government consumption decreased by 1.4 per cent. Both exports of goods and services as well as imports of goods and services increased by 9.3 per cent. compared to 2021, net exports had a negative contribution to the real GDP growth (-0.5 percentage points).

In 2023, the Romanian economy registered an increase of 2.4 per cent. compared to 2022. On the supply side, growth in the economy came from construction, agriculture and services sectors, while decreases in industry mitigated growth. GVA in the construction sector increased by 12.0 per cent. in 2023 compared to 2022. GVA in the agriculture increased by 9.6 per cent. in 2023 compared to 2022. GVA in the service sector increased by 2.0 per cent. in 2023 compared to 2022. GVA in the industry sector decreased by 2.2 per cent. in 2023 compared to 2022.

Significant contributions to the economic growth were registered in gross fixed capital formation (3.6 percentage points) and final consumption (2.9 percentage points). The construction sector, benefiting from

substantial funding from national and European funds, reflected the strong performance in gross fixed capital formation (14.5 per cent.). Within final consumption, private consumption contributed by 1.9 percentage points to economic growth, although it had a modest dynamic (3.0 per cent.). Government consumption increased by 6.3 per cent., contributing by 1.1 percentage points to the real GDP growth. However, positive growth of the two components of domestic demand was not fully reflected in the change in real GDP growth rate, the negative contribution of the change in inventories (-4.4 percentage points) considerably reduced the real economic growth rate. On the external side, lower demand affected both export and import of goods and services. Thus, exports of goods and services decreased, in real terms, by 0.8 per cent. and imports of goods and services decreased by 1.1 per cent. Net exports had a positive contribution to the economic growth (0.2 percentage points).

In 2024, the Romanian economy grew by 0.8 per cent. as compared to 2023. On the supply side, industry, agriculture and construction registered decreased growth rates, while services sector had positive growth. Gross value added in industry decreased in 2024 compared to 2023 by 0.2 per cent., while GVA in agriculture decreased by 5.9 per cent. and GVA in construction decreased by 2.6 per cent. in 2024. The services sector increased by 0.9 per cent.

On expenditures side, economic growth came from private consumption, which maintained its robustness throughout the year, but its positive impact was reduced by a decline in exports of goods and services and contraction of investments. Private consumption rose by 6.0 per cent., primarily driving economic growth and contributing 3.7 percentage points to real GDP growth rate. The growth in consumption stemmed from higher real disposable income (due to increased public sector wages, pensions, and the minimum wage), lower inflation and greater consumer willingness to take out loans. Government consumption increased by 0.7 per cent., contributing 0.1 percentage points to real GDP growth rate. As a result of the decline in construction activity, gross fixed capital formation slowed down, the unpredictability and uncertainty of the economic environment is also delaying investors' decisions to start new projects. Contraction of gross investments in the last quarter of 2024 led to a decrease in gross fixed capital formation by 3.3 per cent. In the context of limited domestic supply, consumer demand was mainly covered by an increase in import of goods and services (3.8 per cent.), while export of goods and services, in the context of the modest economic performance of Romania's main trading partners, decreased by 3.1 per cent. Thus, the gap between import of goods and services and the decline in exports led to a major negative contribution to net exports by 2.9 percentage points.

In 2025, private and government consumption are expected to decrease to 2.5 per cent. and 0.4 per cent., respectively, compared to the 31 December 2024. Gross fixed capital formation and exports and imports of goods and services is expected to increase to 5.9 per cent., 0.8 per cent. and 1.6 per cent., respectively.

According to NIS data, published on 15 May 2025, GDP increased by 0.2 per cent. in the first three months of 2025 as compared to the first three months of 2024. Industrial production increased by 5.3 per cent. in the first four months of 2025.

The following table shows the percentage of GDP by sector for the years 2020, 2021, 2022, 2023 and 2024:

	2020	2021	2022	2023	2024
	<i>(per cent. of GDP)</i>				
Industry.....	20.0	19.7	20.5	19.1	17.5
Agriculture, forestry and fisheries	4.1	4.6	3.8	3.9	3.3
Construction	6.5	6.4	6.8	7.6	7.5
Services – Total	60.1	59.7	60.7	60.7	62.4

	2020	2021	2022	2023	2024
	<i>(per cent. of GDP)</i>				
Trade, hotel and restaurants, transport and communications.....	24.9	26.4	27.8	27.3	27.6
Financial, real estate, renting and business services	18.0	17.6	18.1	18.5	18.8
Other service activities	17.2	15.7	14.8	14.9	16.0
Net taxes	9.3	9.6	8.2	8.7	9.3
Gross domestic product.....	100.0	100.0	100.0	100.0	100.0

Source: National Institute of Statistics

Structure of the Economy

The following table shows percentage changes in sectoral components of GDP for the years 2020, 2021, 2022, 2023 and 2024:

	2020	2021	2022	2023	2024
	<i>(per cent. change against previous year)</i>				
Industry.....	(7.1)	1.2	(11.4)	(2.2)	(0.2)
Agriculture, forestry and fisheries	(15.3)	15.7	(14.1)	9.6	(5.9)
Construction	2.1	2.6	(0.7)	12.0	(2.6)
Services – Total	(1.9)	6.0	9.6	2.0	0.9
Trade, hotel and restaurants, transport and communications.....	(1.8)	12.7	9.8	1.9	1.4
Financial, real estate, renting and business services	(1.5)	4.3	13.5	2.0	(0.5)
Other service activities	(5.8)	(1.7)	5.1	2.3	1.7
Gross value added.....	(3.5)	5.2	3.1	2.1	0.1
Net taxes	(5.2)	9.3	11.9	5.5	8.6
Gross domestic product.....	(3.7)	5.5	4.0	2.4	0.8

Source: National Institute of Statistics

Industrial Production

The following table shows percentage changes in industrial production by volume by sector for the years 2020, 2021, 2022, 2023, 2024 and the first three months of 2025 (as compared to the first three months of 2024):

	2020	2021	2022	2023	2024	Jan-Mar 2025
	<i>(per cent. change against the same period of the previous year)</i>					
Mining and quarrying	(9.9)	(2.3)	(0.8)	(1.9)	(1.0)	(1.5)
Manufacturing	(10.2)	7.0	(2.0)	(2.5)	(1.1)	(4.7)
Energy	(2.6)	11.3	(8.0)	(6.7)	(4.7)	(1.9)
Total industry.....	(9.3)	7.1	(0.5)	(3.0)	(1.5)	(4.2)

Source: National Institute of Statistics

Natural Gas

The following table shows the total amount of natural gas available in Romania for the period between 2020, 2021, 2022, 2023, 2024 and the first two months of 2025:

	2020	2021	2022	2023	2024	Jan-Feb 2025
	(billion cubic metres)					
Total amount of natural gas available...	13.820	14.439	13.539	14.341	14.258	3.591
Generated by domestic production	8.914	8.938	9.060	9.207	9.365	1.558
Imported	2.144	3.565	2.851	2.673	2.255	575

Sources: Data for 2020, 2021, 2022 and 2023: *Energy balance and the energy equipment structure*, National Institute of Statistics, Ed. 2019, 2020, 2021, 2022, 2023 and 2024. Data for 2024 - *Industry Statistical Bulletin No.1/2025* Data for the first two months of 2025 – *Industry Statistical Bulletin No. 2/2025*

On 1 September 2022 the Romanian Government approved the revision of the Government Emergency Ordinance no. 27/2022 energy aid scheme by passing Government Emergency Ordinance no. 119/2022. This extended the duration of the aid scheme until the end of August 2023. While the end consumer price levels for gas and electricity were kept at previous levels, consumption ceilings were lowered to provide incentives for limiting consumption (85 per cent. of consumption benefits from fixed prices). In addition, windfall profits were extended to all market intermediaries (both producers and energy traders) and taxed up to 100 per cent. The Romanian Government also introduced a cap on electricity price levels at 1300 RON/MWh, which will be offset in the budget, and set up an energy fund with a view to both limit the amount of compensation to energy providers and speed-up the process by which the compensation is received. The state budget has so far collected RON 9.5 billion in windfall energy tax and RON 2.7 billion in oil and gas royalties.

On 13 December 2022 the Romanian Government approved another revision of the Government Emergency Ordinance no. 27/2022 energy aid scheme by passing Law no. 357/2022, This revision extended the duration of the aid scheme until the end of March 2025.

See also “*Description of Romania – Membership of the European Union – Disputes in front of ICSID*” for further details on the EC infringement proceedings against Romania relating to legislative measures adopted by the government in December (GEO 114/2018).

Agriculture, Forestry and Fisheries

Agriculture is an essential part of the national economy with significant economic and social importance. According to the 2018 Romanian Statistical Yearbook, Romania’s aggregate agricultural area in 2014, the latest year for which statistical data are available, represented approximately 14.6 million hectares or 61.4 per cent. of its total territory, of which arable land represented 64.2 per cent. of the total agricultural area. At the end of 2014, the total area covered by forests and other forest-like vegetation was 28.2 per cent. of the total land in Romania.

The varying performance of Romanian agriculture over the previous years is a direct result of the influence of weather conditions, in the context of the general absence of adequate technical facilities such as irrigation systems. Another factor contributing to poor results in agriculture is the fragmentation of agricultural lands, which makes irrigation, the use of large-scale mechanised equipment and the application of remedies more difficult.

In 2020 crop output by volume decreased as compared to the previous year for most crops, including following: dried pulses (48.4 per cent.), grain maize (42.1 per cent.), barley and two row barley (39.3 per cent.), sunflower (40.5 per cent.) and wheat (37.9 per cent.). In 2021 crop output increased for most crops as compared to 2020,

including rapeseed (76.2 per cent.), barley and two row barley (73.6 per cent.), wheat (63.2 per cent.), grain maize (46.8 per cent.), dried pulses (42.6 per cent.), sunflower (33.9 per cent.) and rye (23.2 per cent.). In 2022, crop output decreased for most crops as compared to 2021, including grain maize (45.8 per cent.), soya beans (29.7 per cent.), dried pulses (31.7 per cent.), sunflower (25.9 per cent.), wheat (16.8 per cent.), barley and two row barley (13.8 per cent.) and potatoes (3.7 per cent.). In 2023, crop output increased for most crops as compared with 2022, including grain maize (8.8 per cent.), soya beans (24.1 per cent.), dried pulses (38.0 per cent.), wheat (10.8 per cent.), barley and two row barley (17.0 per cent.) and rapeseed (45.6 per cent.). Decreases were recorded for vegetables (4.7 per cent.), sunflower (4.3 per cent.), oats (9.6 per cent.), and potatoes (12.1 per cent.).

In 2024, crop output decreased compared to the previous year for most crops as compared to 2023, including spring two-row barely (3.0 per cent), wheat, rye and triticale (4.0 per cent.) and rapeseed for oil (36.6 per cent.). Growth was recorded in oats (20.7 per cent.), autumn barley (13.5 per cent.) and autumn two-row barley (5.6 per cent.).

Construction

The following table shows the percentage change in the construction sector by volume for the years 2020, 2021, 2022, 2023, 2024 and the first three months of 2025 (as compared to the first three months of 2024):

	Construction Sector					
	2020	2021	2022	2023	2024	Jan-Mar 2025
	<i>(per cent. changed compared to the prior period)</i>					
Construction works, total.....	15.9	(0.6)	12.3	16.1	(5.9)	12.2
by structural elements:						10.0
New construction works	9.3	5.9	8.4	17.6	(5.3)	10.0
Capital repair works.....	46.0	(22.7)	23.6	23.7	1.8	60.1
Maintenance and current repair works:.	24.4	(7.9)	19.4	9.1	(11.2)	(4.0)
by type of construction:						
(a) Buildings.....	13.6	4.6	11.7	3.1	(14.2)	5.7
Residential buildings.....	17.8	28.0	2.5	0.9	(22.1)	11.1
Non-residential buildings.....	10.9	(11.4)	20.4	4.8	(8.0)	2.0
(b) Civil engineering.....	18.5	(6.2)	13.2	31.9	2.0	18.9

Source: National Institute of Statistics

Services

The following table shows the percentage change in the services sector by volume for the years 2020, 2021, 2022, 2023 and 2024:

	Service Sector				
	2020	2021	2022	2023	2024
	<i>(per cent. changed compared to the prior period)</i>				
Services total	(1.9)	6.0	9.6	2.0	0.9
Trade, hotels and restaurants and Transport and Communication	(1.8)	12.7	9.8	1.9	1.4

	Service Sector				
	2020	2021	2022	2023	2024
	<i>(per cent. changed compared to the prior period)</i>				
Financial, real estate and business services	1.5	4.3	13.5	2.0	(0.5)
Other services	(5.8)	(1.7)	5.1	2.3	1.7

Energy

In 2020, main primary energy resources amounted to 40.0 million tons of oil equivalent. In 2021 the primary energy resources amounted to 43.2 million tons of oil equivalent, representing an increase of 4.4 per cent. compared to 2020. In 2022, the primary energy resources amounted to 42.5 million tonnes of oil equivalent, representing a decrease of 1.7 per cent. compared to 2021. In 2023, the primary energy resources amounted to 42.0 million tonnes of oil equivalent, representing a decrease of 1.1 per cent. compared to 2022.

For the years 2020, 2021, 2022, 2023, 2024 and the first two months of 2025, the breakdown of primary energy resources by per cent. of total energy resources comprise Romania's domestic production is as follows:

	2020	2021	2022	2023	2024	Jan-Feb 2025
	<i>(per cent. of total energy resources)</i>					
Net coal.....	11.6	13.1	12.5	10.2	9.0	10.8
Crude oil	15.1	14.1	13.7	13.3	12.9	13.5
Usable natural gas.....	33.1	32.3	33.8	34.9	35.4	41.0
Hydroelectric, wind, photovoltaic, energy and nuclear electric energy.....	22.3	22.2	21.7	24.2	23.9	24.0
Others	17.9	18.3	18.3	17.4	18.8	10.7
Total.....	100	100	100	100	100	100

Source: Data for 2020 and 2021 – Energy balance and the energy equipment structure, Ed. 2019, 2020, 2021 and 2022 – National Institute of Statistics; Data for 2022 – Industry Statistical Bulletin No. 12/2022. Data for 2024 – Industry Statistical Bulletin No. 12/2024; Data for the first 2 months of 2025 - Industry Statistical Bulletin No. 2/2025

Electricity

For the years 2020, 2021, 2022, 2023, 2024 and the first two months of 2025, the breakdown of the sources of electricity production by per cent. of total electricity production is as follows:

	2020	2021	2022	2023	2024	Jan-Feb 2025
	<i>(per cent. of total energy resources)</i>					
Electricity produced in thermo-power stations.....	35.9	37.3	38.5	31.7	33.3	42.8
Electricity produced in hydro-power station	28.1	29.8	25.6	32.2	27.3	19.5
Electricity produced in wind-power station	12.4	11.1	12.5	13.0	12.1	22.2

	2020	2021	2022	2023	2024	Jan-Feb 2025
	<i>(per cent. of total energy resources)</i>					
Electricity produced in nuclear-electric stations.....	20.5	19.1	19.8	19.3	20.8	11.6
Electricity produced in photovoltaic sun stations	3.1	2.9	3.6	3.8	6.5	3.9
Total	100	100	100	100	100	100

Source: Data for 2020, 2021, 2022 and 2023 – *Energy balance and the energy equipment structure. Ed. 2020, 2021, 2022, 2023 and 2024* – National Institute of Statistics; Data for 2024 – *Industry Statistical Bulletin No. 1/2025*; Data for the first 2 months of 2025 - *Industry Statistical Bulletin No. 2/2025*; Data for the first two months of 2025 – *Industry Statical Bulletin No. 2/2025*.

Electricity Market

Electricity can be traded on medium- or long-term markets on centralised platforms operated by licensed market operators, featuring exchange like contracts (futures), OTC-like contracts or on a freely bilateral negotiated basis, as well as short-term markets, on the day ahead or intraday markets. Beginning in 2023, a mandatory mechanism of centralised trading was established by primary legislation as an energy crisis measure, applied for some generation categories, such as electricity that has not yet been contracted and for suppliers to final customers operating at a regulated single price. Between 1 April 2024 and the end of the procurement programme on 31 December 2024, participation in the centralised procurement mechanism became voluntary for certain relevant generation sectors.

As at the date of this Information Memorandum, the Romanian electricity market is fully operationally and integrated into the Single Day-Ahead Coupling (“SDAC”) and the Single Intra-Day Coupling (“SIDC”). Currently, regional activities are carried out within the Core Flow-Based Market Coupling project, which successfully went live in June 2022 as well as in cooperation with Bulgarian stakeholders within the RO-BG Market Coupling project, which successfully went live in October 2022. Intra-day auctions at the SIDC were successfully launched in June 2024, while 15-minute products in SDAC aims to launch as early as the last quarter of 2025.

Energy Crisis measures taken by Romanian Government

As a consequence of the energy (gas and electricity) crisis attributable to Russian policy and their war of aggression in Ukraine, the Romanian Government has issued a series of Emergency Ordinances since November 2021 aimed at easing the burden of high energy prices on consumers.

With respect to electricity, these GEOs have mainly established caps on the final electricity prices for different categories of consumers, either entirely or for some quota, with the differences being supported by public finances through direct payments to electricity suppliers by the Government. They also have established mechanisms for taxation of windfall profits/revenues recorded by electricity generators and/or traders, being revised and then approved by the Romanian Parliament through law.

One of these Government Emergency Ordinances, Government Emergency Ordinance no. 27/2022 was issued in April 2022 and was applied until 31 March 2023 and subsequently extended to the end of August 2023. While the end consumer price levels for gas (310 RON/MWh for households and 370 RON/MWh for companies) and electricity (680-800 RON/MWh for households and 1000 RON/MWh for small companies and public administration) were kept at previous levels, consumption ceilings were lowered to provide incentives for limiting consumption (85 per cent. of consumption benefits from fixed prices). In addition, windfall profit taxation was extended to all market intermediaries (both producers and energy traders) and taxed up to 100 per

cent. This tax was found to be contrary to the Constitution in 2024 and was thus abolished following the publication of the Constitutional Court Decision in June 2025.

The Romanian Government also introduced a cap on electricity price levels at 1300 RON/MWh, which will be offset in the budget, and set up an energy fund with a view to limit the amount of compensation to energy providers and speed-up the process by which the compensation is received. The state budget has so far collected RON 9.5 billion in windfall energy tax and RON 2.7 billion in oil and gas royalties.

On 13 December 2022, the Romanian Government approved a revision of the Government Emergency Ordinance no. 27/2022 energy aid scheme by passing Law no. 357/2022. This revision extended the duration of the aid scheme until the end of March 2025. On 28 February 2025, the Romanian Government approved Government Emergency Ordinance no.6/2025 which would further extend the aid scheme until 30 June 2025 for electricity and 31 March 2026 for natural gas.

The following energy legislation has played a key role in supporting renewables:

Directive 2009/28/EC establishes, as a mandatory target for Romania, a 24 per cent. share of energy from renewable sources in gross final consumption of energy by 2020. In order to achieve the national target of 24 per cent. renewable energy, Law no. 220/2008 was adopted to establish the system for promoting the production of energy from renewable energy sources. The beneficiaries of Law no. 220/2008 are producers of electricity from the following renewable sources: hydraulic power used in plants with installed capacity of up to 10 megawatt (“**MW**”), wind, solar, geothermal, biomass, biogas, waste gas fermentation and sewage fermentation gas from sewage plants. The support mechanism established by Law no. 220/2008 has led, in a few years, to a significant increase in investments in new renewable energy sources (“**RES**”) generation capacities. The promotion scheme established by Law no. 220/2008 closed on 31 December 2016. Producers who have accessed the promotion scheme by this date are expected to benefit from state aid until 2031.

A new mechanism for supporting low-carbon electricity generation projects in Romania is the Contracts for Difference (“**CfD**”) scheme, which is currently operational, and aims to incentivise investment in renewable energy by providing project developers who have high upfront costs and long project lifetimes with direct protection from volatile prices in the wholesale market. The Romanian Ministry of Energy is responsible for administering the CfD with the assistance of Transelectrica. The first round of the CfD tenders was successful, with ten wind and eleven solar projects securing subsidies. On 12 May 2025, the Romanian Ministry of Energy launched a second round of CfD tenders. Successful applicants are expected to be announced on 14 August 2025 and contracts signed in early September 2025.

The CfD will be financed through the CfD Liquidity Fund. This fund will be primarily financed through the European Union’s Modernisation Fund. Should funding from the Modernisation Fund not be sufficient to cover the needs of the CfD, Romania will be responsible for covering any potential financing deficit and must to notify to the EC of any alteration to existing aid. For administrative costs of the CfD, a levy is applied to all final consumers, according to a mechanism defined by ANRE.

Restructuring and Investment

The Government intends to restructure the energy sector to increase production efficiency, in line with the common energy policy at EU level.

The main objectives of Government policy for the energy sector include securing the energy supply, improving energy efficiency and promoting use of renewable energy sources. Romania enjoys a greater degree of energy supply security of energy supply compared to other countries in the region as its coal, lignite, oil and natural gas reserves and its integrated power infrastructure provides flexibility that allow for ample domestic electricity production.

Romania has progressed with its reform agenda for state-owned energy companies, in line with the restructuring plans discussed with the IMF, the European Commission and the World Bank.

The most important investment projects being promoted by the Government in the energy sector include:

- the construction of two additional nuclear units (3 and 4) at the Cernavoda power plant, in a consortium with private investors (Romania already has two nuclear facilities with an aggregate capacity of 1,400 MW);
- the construction of a NuScale 6-module power plant by 2027/2028, due to generate 462 MW of clean energy a year;
- the Tarnita-Lapustesti pump storage hydroelectric power plant, with a capacity of 1,000 MW; and
- the Azerbaijan-Georgia-Romania natural gas transport system known as the “AGRI” project.

The AGRI project continues to be a priority for the Ministry of Energy, although the shareholders of the project are considering the need to suspend the activity of AGRI LNG company for a period of up to three years according to the Romanian legislation, due to a lack of assurance (i) the guaranteed gas supply from the main supplier of the project (Azerbaijan) and (ii) any other progress in the development of the project, especially in terms of securing funding. AGRI did not succeed in obtaining European funding. Although the feasibility study performed in 2014 in relation to the AGRI project confirmed the competitiveness of the project and its attractiveness for implementation, the study needs to be updated to take into account the latest developments in the gas markets. The Ministry of Energy believes that the AGRI project is in line with the intentions of the European Commission, as highlighted in the strategy for liquified natural gas and gas storage.

For Romania, an important target is the interconnection of its natural gas transportation transmission network with the transmission systems of Bulgaria, Serbia and Moldova. A first step towards interconnecting with Moldova was made in August 2014, through the inauguration of the Iasi-Ungheni 42-km-long pipeline. The Iasi-Ungheni-Chisinău pipeline was completed at the end of September 2021 when the Onesti-Gheraesti-Letcani pipeline and two gas compressor stations (Onesti and Gheraesti) were finalised. As a result, Moldova can receive up to 6.5 million m³ of gas per day from Romania.

The Romania-Bulgaria (Giurgiu-Ruse) interconnection was completed at the end of November 2016. The technical conditions ensuring gas export from Romania to Bulgaria have been created. There are additional ongoing interconnection projects which will allow bi-directional flows at various interconnections with Hungary and Bulgaria. The implementation of the Bulgaria-Romania-Hungary-Austria corridor will contribute to achieving the maximum technological parameters for the related interconnections.

Transportation

The following table shows the percentage change in the transport of passengers by total number of passengers according to modes of transport as compared to the previous year for 2020, 2021, 2022, 2023 and 2024:

	2020 ⁽³⁾	2021	2022	2023	2024
	<i>(per cent. change against the same period of the previous year)</i>				
Interurban and international transport ⁽¹⁾	(26.1)	3.2	8.1	8.2	—
Railway.....	(27.5)	8.7	28.3	5.4	(4.7)
Road	(23.1)	0.8	0.9	8.3	2.4
Inland waterways ⁽²⁾	20.7	9.0	—	3.1	—
Air.....	(69.0)	55.5	87.6	17.0	6.0

	2020 ⁽³⁾	2021	2022	2023	2024
	<i>(per cent. change against the same period of the previous year)</i>				
Maritime	—	—	—	—	—
Urban transport total ⁽²⁾	(19.0)	(3.7)	—	—	3.4

Notes:

- (1) Cruise passengers' excursions – inwards included.
- (2) The data are not comparable with those from 2021, due to the change in the way of determining the number of transported passengers, by some transport companies.
- (3) 2020 figures were profoundly depressed by the effects of the COVID 19 pandemic

Source: National Institute of Statistics – publication “Passengers and goods transport, by mode of transport” – 2020–2024

The following table shows the percentage change in goods transported by volume according to modes of transport as compared to the previous years for 2020, 2021, 2022, 2023 and 2024:

	2020	2021	2022	2023	2024
	<i>(per cent. change against the same period of the previous year)</i>				
Goods transported – total	(2.0)	13.8	4.3	0.4	(3.6)
Railway	(15.5)	15.6	(3.9)	(11.5)	(12.0)
Road	3.9	15.1	5.8	(1.0)	0.4
Inland waterways	(8.2)	5.2	(10.9)	12.2	—
Air	(14.6)	1.9	22.7	(1.2)	3.8
Maritime	(11.1)	12.5	13.4	14.9	(14.1)
Transport via petroleum pipelines	(6.5)	(0.4)	8.1	(13.1)	16.0

Note:

- (1) Including transport data between harbours in Bulgaria, equal to transport transit for Romania.

Source: National Institute of Statistics – publication “Passengers and goods transport, by mode of transport” (2020 – 2024)

Infrastructure Development

The Romanian Government is dedicated to making significant investments in infrastructure-related projects in order to improve the country's poor infrastructure system. The main areas of infrastructure development to which the Romanian Government has committed funds (which include projects that have been or may be developed in partnership with the private sector) include constructing and modernising roads and motorways; modernising national railways; constructing and/or rehabilitating navigation facilities, inland waterways, river navigation monitoring systems; and modernising ports and airports.

The Investment Programme for infrastructure development 2021 – 2030 (“IP”) was adopted by Government Decision no. 1312/30.12.2021 as a strategic document. In the period 2021 to 2030, Romania is expected to benefit from several financing instruments, presented in the 2021-2030 Investment Programme. The IP aims to update the General Transport Master Plan Implementation Strategy, with the main targets of improving socio-economic efficiency, recalibrating investment objectives using a multi-criteria analysis starting from finished and ongoing projects, identifying future needs and financing sources, offering proposals regarding measures for improving the implementation process and implementing a series of horizontal measures on whole transport sector.

Railways

During the 2021-2027 programming period, Căile Ferate Române (“CFR”) has brought into operation a total of 715.98 km of railway lines, through funding from the NRRP, the Transport Programme 2021–2027 (“PT”), and the Connecting Europe Facility (“CEF”). In 2025, 155 infrastructure contracts are in the process of being implemented, totalling to RON 34.89 billion. 128 contracts of these contracts are funded under PNRR and include the modernisation of the Caransebeș–Timișoara–Arad and Cluj–Episcopia Bihor railway lines, the renewal of the Bucharest–Pitești line, and “Quick Wins” works across 408 km of railway lines. Additionally, the Km 614–Simeria railway corridor has seen significant progress, with Section 2a now operational at speeds of up to 160 kilometre per hour for passenger trains.

Major projects funded through CEF are also ongoing, such as the electrification of rail connections to the Port of Constanța, the Giurgiu railway line and a cross border connection with Ukraine. CFR is also modernising sixteen railway stations and has launched procurement procedures worth over RON 20 billion for additional upgrades across the network, including critical structures like bridges and tunnels. Over 1,700 km of railway lines are currently in various stages of preparation, indicating a strong pipeline of future infrastructure investments.

Air

As of 2025, all sixteen regional airports in Romania, namely Arad, Bacău, Baia Mare, Cluj-Napoca, Constanța (Mihail Kogălniceanu), Craiova, Iași, Maramureș, Oradea, Satu Mare, Sibiu, Suceava, Târgu Mureș, Timișoara, Tulcea, and Tuzla have been fully modernised, marking the successful culmination of a wide-ranging investment strategy in air transport infrastructure. These developments were carried out primarily under the Large Infrastructure Operational Programme 2014–2020, with substantial support from EU non-reimbursable funds, as well as co-financing from the national budget, local authorities, and private stakeholders. The total value of the airport modernisation projects exceeded EUR 1 billion, with the European Union contributing the majority of the funding.

These strategic investments have significantly improved the safety, capacity, and operational efficiency of Romania’s regional airports, while also supporting sustainable mobility, enhancing regional connectivity, and stimulating local and regional economic growth through the development of a modern air transport network.

Waterways

Romania’s port and inland waterway infrastructure development has achieved substantial progress, particularly along the Danube corridor. A wide range of modernisation works have been finalised or are actively being implemented in key ports such as Brăila, Galați, Tulcea and Isaccea, leading to enhanced operational capacity, improved regional connectivity, and stronger integration into multimodal transport networks. These upgrades contribute to safer navigation and increased cargo handling efficiency across eastern Danube. Targeted investments are underway to enhance navigability and safety of both the Danube–Black Sea Canal and the Poarta Albă–Midia Năvodari Canal.

Efforts are being focused on rehabilitating major ports such as Giurgiu, Calafat, Corabia and Drobeta Turnu Severin, with the goal of restoring port platforms, developing quay infrastructure, and creating access routes. The Port of Constanța continues to benefit from extensive infrastructure upgrades, including road widening, utility modernisation and the rehabilitation of platforms and railway lines. These developments align with Romania’s strategic objective in supporting the Danube as high-capacity transport corridor, fully integrated into the trans-European TEN-T network.

Roads

At the end of 2024, Romania had 1295.37 km of motorways in operation. In 2025, several sections of motorways and express roads, over 700 km, are at different stages of construction. Another 400 km of motorways and express roads are at different stages of preparation.

Inflation

Overview

The following table shows percentage changes in consumer prices for the years 2020, 2021, 2022, 2023, 2024, and the first four months of 2025:

	2020	2021	2022	2023	2024	Apr 2025
	<i>(per cent. change against the previous year)</i>					
12 Months Average Increase						
Food goods	4.80	3.24	15.69	14.89	3.56	3.97
Non-food goods	1.00	7.08	14.74	7.08	5.76	4.64
Services	3.10	3.10	7.75	11.25	8.93	7.66
Total	2.63	5.05	13.80	10.40	5.59	4.98
End of Period Increase						
Food goods	3.24	6.69	22.05	5.82	5.09	5.57
Non-food goods	1.01	10.73	14.95	5.51	4.38	3.53
Services	2.69	4.49	9.78	11.21	7.10	6.83
Total	2.06	8.19	16.37	6.61	5.14	4.85

Source: National Institute of Statistics and National Bank of Romania

According to the May 2025 NBR Inflation Report, the annual CPI inflation rate is expected to rise slightly in the short term, reaching 5.1 per cent. In the fourth quarter of 2025, inflation is projected to continue its downward trajectory, falling to 4.6 per cent. by December 2025. Inflation is expected to reach the NBR's target band (2.5 per cent. ± 1 percentage point) in the third quarter of 2026 and remain relatively stable thereafter, reaching 3.4 per cent. by December 2026. Among the main components of the CPI basket, core inflation is forecasted to decline gradually beginning in the third quarter of 2025. This downward trend reflects weakening aggregate demand—reflected in a negative output gap—alongside a slow easing of inflation expectations and stable import price dynamics. The CPI trajectory is also influenced by a projected 15 per cent. increase in electricity prices in July 2025, when the current cap is scheduled to expire.

2020

Annual CPI inflation followed a steep decline in the first half of 2020, following the cut in fuel excise duties at the beginning of the year and the sharp drop in price of oil due to the negative global economic impact of the COVID-19 pandemic. In February 2020, at the beginning of the COVID-19 pandemic, annual inflation re-entered the target variation band around the target (3.1 per cent.), and decreased further throughout the year, reaching 2.06 per cent. in December 2020. All major CPI components followed disinflationary trajectories in 2020, mainly due to the global dip in energy prices and the negative output gap following the rapid spread of the COVID-19 pandemic. The complex intertwining of demand- and supply-side shocks generated by the COVID-19 pandemic kept adjusted CORE2 inflation (which is a sub-index of the CPI inflation rate computed by excluding from the overall index goods and services with administered prices, such as electricity, natural gas, fuels, foods with volatile prices such as vegetables, fruits and eggs, as well as tobacco products and alcoholic beverages) relatively stable for most of the year (3.6 per cent. in October 2020). Exchange rate

pressures were limited, the national currency having depreciated only slightly against the euro during 2020, by around 1.8 per cent. compared to the previous year, and significantly less than other currencies in the region. Core inflation subsided in the last two months of 2020 (reaching 3.3 per cent. in December 2020), owing mostly to a favourable base effect on the meat segment.

2021

The annual CPI inflation rate reversed its downward trajectory since the beginning of 2021, exceeding the upper bound of the variation band of the target in May 2021 and reaching 8.19 per cent. in December 2021 (+6.13 percentage points as compared to the end of 2020). The increase was primarily the result of an increase in energy prices, which mirrored the movements on the wholesale markets stemming from both external and internal factors. Fuel prices kept an upward trend through most of 2021, as the global recovery pushed Brent crude oil prices up, and the steep rise in firewood prices added further pressure on prices in the second half of the year. The purchase costs of CO₂ emission certificates spiked in Europe in 2021, while the production of renewable energy remained limited. The European gas market also experienced supply shortages and low stocks, amid reduced deliveries from the main natural gas exporters and the backdrop of increasing demand due to the resurgent economic situation. The energy components of the consumer basket, which consists of fuel, electricity and natural gas, increased by approximately 22, 15 and 52 per cent., respectively, on an annual basis in 2021 compared to 2020, which contributed to over half of the headline inflation rate. The annual adjusted CORE2 inflation rate reached 4.7 per cent. by the end of 2021, compared to 3.3 per cent. at the end of 2020. At the end of 2021, core consumer prices began to reflect the build-up of pressures related to increases in global commodity prices (in particular for energy goods), the stress on international supply chains and the losses suffered by businesses during the height of the COVID-19 pandemic. These upward pressures were reflected in consumer prices more swiftly than anticipated, as aggregate demand grew rapidly once COVID-19 restrictions were lifted and savings accumulated over the past year.

2022

The 2021 inflationary trend continued through the first half of 2022, as the general increase in commodity prices exerted further inflationary pressures on the global economy, primarily as a result of the ongoing conflict in Ukraine. Subsequently, CPI inflation increased more moderately. Fuel prices also increased in the first half of 2022, reflecting supply issues in the crude market, panic buying following the invasion of Ukraine, as well as a sharp appreciation of the USD. In the second part of 2022, the steadily descending path of crude oil, alongside Government measures reducing final fuel prices by 0.5 RON per litre and capping the price of firewood, helped bring inflation down significantly (12.4 per cent. in December 2022, from a peak of 41.3 per cent. in June). Core inflation reached 14.6 per cent. in December 2022, with the largest increase in the prices of processed food. As opposed to the headline indicator, core inflation grew continuously throughout 2022, as cost pressures were transmitted gradually into final prices, boosted by resilient consumer demand and elevated inflation expectations.

2023

Romania's annual inflation fell markedly in 2023, dropping from 16.37 per cent. in December 2022 to 6.61 per cent. in December 2023. This retrenchment reflected declining commodity prices, government measures to slow increases in energy and food prices, moderated inflation expectations and weaker consumer demand. Energy prices dropped from an annual increase of 26.7 per cent. to -3.2 per cent. in the same period, aided by lower global oil prices and a new government ordinance capping electricity and gas tariffs on households. Core inflation, however, declined more gradually. After peaking at 15.1 per cent. in February 2023 (up from 14.6 per cent. in December 2022), inflation decreased to 8.4 per cent. by December 2023. Inflation in non-food items and services continued to climb throughout 2023, peaking at 12.2 per cent. and 11.5 per cent. year-on-year in September and October, respectively before trending downward for the remainder of 2023 (11.0 per cent. in

November and 10.2 per cent. in December). The sustained upward trend of non-food and services inflation kept core inflation from declining at the same rate as headline CPI.

2024

In 2024, inflation in Romania showed a mixed trajectory. After temporarily reversing its decline in January, the annual CPI inflation rate continued its downward trend into the first half of 2024, settling at around 5 per cent. Over the course of the first quarter, CPI inflation was 6.61 per cent., the same as in December 2023, partly due to increases in energy price inflation (electricity and fuel) driven by statistical effects, rising crude oil prices and higher excise duties. Additional administrative measures, such as VAT hikes on surgical products and some services also influenced inflation. CPI fell further to 4.94 per cent. in June 2024, due to a decline in natural gas and electricity prices as a result of favourable market conditions and legislative changes. Core inflation also declined in the first half of 2024, reaching 5.7 per cent. in June 2024, driven by balanced reductions across food, non-food, and services components. As at November 2024, there was a fall in the Romania's rate of deflation, with the annual CPI rate remaining around 5 per cent. (5.11 per cent. in November). Adverse weather conditions during the summer months, characterised by severe drought and heat, resulted in considerable crop damage and diminished yields. As a result of the draught, inflationary pressures increased within the food sector, across both processed and unprocessed goods, which slowed the downward trajectory of the core inflation, which was generally unchanged in November 2024 compared to June 2024. While disinflationary trends continued within the non-food and services segments, inflation remained at relatively high levels (6.6 per cent. and 7.1 per cent., respectively, in November), due to the upward pressure exerted on firms' production costs due to rapidly escalating wages and the slight bounce back in inflation expectations. As of December 2024, average inflation for 2024 reached 5.14 per cent.

2025

The first four months of 2025 saw a modest decline in headline inflation (4.85 per cent. in April), driven mainly by the sharp drop in oil prices and depreciation in the U.S. Dollar, as a result of trade tension between the United States, China and the EU. Core inflation trended downward during the first quarter of 2025, decreasing by a similar amount as headline inflation, reaching 5.3 per cent. in April 2025. Processed food inflation reversed its downward trend, while services inflation remained stable. Disinflation on both segments is being hampered as firms continue to face pressures from labour costs (including recurrent hikes in the minimum wage and the removal of tax breaks on wages in certain sectors, which some employers decided to cover at their expense), along with a slight bounce back in inflation expectations. The non-food segment of core inflation declined, supported by slower demand and cheaper imports.

Wages

The following table shows gross earnings for the years 2020, 2021, 2022, 2023, 2024, and the first three months of 2025:

	2020	2021	2022	2023	2024	Jan-Mar 2025
	<i>(per cent. change against the same period of the previous year)</i>					
Average gross nominal monthly earnings (value in RON)	5,213	5,535	6,126	7,042	8,508	9,112
(per cent. change against the previous period)	7.4	6.2	10.7	15.0	15.5	11.7
Average net nominal monthly earnings (value in RON)	3,217	3,416	3,801	4,412	5,197	5,457

	2020	2021	2022	2023	2024	Jan-Mar 2025
	<i>(per cent. change against the same period of the previous year)</i>					
(per cent. change against the previous period)	7.7	6.2	11.3	16.1	13.4	9.7
Real earnings (per cent. change against the previous period)	4.9	1.1	(2.2)	5.2	7.4	4.6

Source: National Institute of Statistics

From 1 January 2022, the monthly gross wage of staff paid from public funds remains at the same level set for December 2021 (Government Emergency Ordinance no.130/2021). In addition, in 2022, the salaries of staff paid from public funds remained at December 2021 levels, except for health, social assistance and education staff who, from 1 January 2022, benefited from salaries increased by 25 per cent. of the difference between the salary provided by the Framework Law no. 153/2017 for the year 2022 and the salary from December 2021. From 1 January 2023, the gross minimum wage increased to RON 3,000 per month according to Government Decision no. 1447/2022. This is an increase of 17.6 per cent. compared to the previous year.

From 1 October 2023, the gross minimum wage increased to RON 3,300 per month according to Government Decision No. 900/2023, an increase of 10.0 per cent. compared to the previous months. From 1 July 2024, the gross minimum wage increased to RON 3,700 per month according to Government Decision No. 598/2024, an increase of 12.1 per cent. compared to the previous months.

From 1 January 2025, the gross minimum wage increased to RON 4,050 per month according to Government Decision No. 1506/2024, an increase of 9.5 per cent. compared to the previous months.

According to Government Emergency Ordinance no. 57/2023, from 1 June 2023 basic salaries in the education sector increased by RON 1,300 per month for teaching and auxiliary teaching staff and by RON 400 per month for non-teaching staff.

According to Emergency Ordinance no. 63/2023, starting from 1 August 2023 limited salary increases for employees in the health sector were granted. The specialised medical and sanitary personnel, who perform guard shifts in medical units on the basis of an individual part-time employment contract, and the specialised medical-sanitary and auxiliary personnel, who ensure medical assistance, also benefit from a monthly allowance. A monthly allowance between RON 100 and RON 300 was granted for each day worked that is a weekly rest day, public holiday or other non-working day, for all categories of personnel, with some exemptions.

In 2020, average gross earnings increased were RON 5,213 or 7.4 per cent. higher than 2019. Net average earning, which grew by 7.7 per cent., were RON 3,217 and real earnings increased by 4.9 per cent. compared to the same period in 2019. In the public and private sectors, in 2020 average gross earnings were RON 6,869 and RON 4,824, respectively.

In 2021, according to annual data, average gross earnings increased to RON 5,535, 6.2 per cent. higher than in 2020. Net average earnings grew by 6.2 per cent. to RON 3,416 and real earnings increased by 1.1 per cent. compared to 2020. In the public and private sectors, average gross earnings reached RON 6,982 and RON 5,193, respectively.

In 2022, based on monthly data, average gross earnings increased to RON 6,126, 11.3 per cent. higher than 2021. Net average earnings grew by 12.2 per cent. to RON 3,416 and real earnings decreased by 3.8 per cent. compared to 2021. In the public and private sectors, in 2022 average gross earnings reached RON 7,297 and RON 6,216, respectively.

In 2023, average gross earnings increased to RON 7,042, a 15.0 per cent. increase from 2022. Net average earning grew by 16.1 per cent. to RON 4,412 and real earnings increased by 5.2 per cent. as compared to 2022. In the public and private sectors, average gross earnings reached RON 8,145 and RON 6,789, respectively.

In 2024, based on monthly data, average gross earnings increased to RON 8,508, a 15.5 per cent. increase compared to 2023. Net average earning grew by 13.4 per cent. to RON 5,197 and real earnings increased by 7.4 per cent. as compared to 2023. In the public and private sectors, average gross earnings reached RON 9,660 and RON 8,223 respectively.

In the first three months of 2025, average gross earnings increased to RON 9,112, a 11.7 per cent. increase as compared to the same period in 2024. Net average earning grew by 9.7 per cent. to RON 5,457 and real earnings increased by 4.6 per cent. as compared to 2024. In the public and private sectors, average gross earnings reached RON 10,069 and RON 8,874, respectively. Gross average salary for 2025 is projected to be RON 8,637, according to the spring forecast 2025.

Employment

Romania's economy faced labour market adjustments as a result of the global financial crisis. Romania's accession to the EU led to an increase in labour mobility with free movement of Romanian workers to other EU Member States. Estimates indicate that approximately 2.5 million Romanian citizens work abroad, mostly in EU Member States; this labour-force displacement has had a visible impact on the national labour market, as it has reduced the supply of skilled labour. The trends of unemployment in Romania are determined by particularities of Romania's economic structure. The large proportion of the population living in rural areas, the relatively large share of the public sector, the size of the hidden economy and of the informal labour market and the significant number of daily workers are among the economic factors influencing the unemployment evolution. The positive labour market trends registered over the past several years were in line with the evolution of the economy.

The following table shows percentage changes in certain data relating to the labour force as of 31 December 2020, 2021, 2022, 2023 and 2024

	2020 ⁽¹⁾	2021 ⁽¹⁾	2022 ⁽¹⁾	2023	2024
	<i>(per cent. change against the same period of the previous year)</i>				
Active population ⁽²⁾⁽³⁾	0.0	0.5	0.8	(1.5)	2.0
Employment ⁽²⁾	(1.3)	1.0	0.8	(1.5)	2.1
Employees ⁽⁴⁾	(1.2)	1.4	1.1	(0.9)	1.6
Activity rate ⁽²⁾⁽³⁾	64.1%	65.6%	66.8%	66.8%	67.4%
Employment rate ⁽²⁾	60.2%	61.9%	63.1%	63.0%	63.7%
International Labour Organisation (ILO) unemployment rate	6.1%	5.6%	5.6%	5.6%	5.4%

Notes:

- (1) Data according to the 2021 methodology of Households Labour Force Survey (AMIGO).
- (2) Calculated for working age population (15 to 64 years old).
- (3) Total number of individuals who are either employed or are actively seeking employment.
- (4) Defined as person who carries out his activity based on a labour contract within an economic or social unit - irrespective of its ownership type - or for private persons, getting a remuneration as salary.

Source: National Institute of Statistics

The employment rate for the working-age population increased from 60.2 per cent. in 2020 to 61.9 per cent. in 2021. As a result of the COVID-19 pandemic, in 2020, the ILO unemployment rate reached 6.1 per cent. In

addition, starting with 2021, the methodology of the Household Labour Force Survey was revised to meet the requirements of new European regulations. In 2022, the employment rate of the working-age population increased to 63.1 per cent. In 2023, the employment rate of the working-age population fell slightly to 63.0 per cent. as compared to 2022. In 2024, the employment rate increased slightly to 63.7 per cent. At the end of March 2025, the number of employees increased by 0.7 per cent. compared to the end of March 2024, to 5,183.6 thousand people. In May 2025, the ILO unemployment rate increased slightly to 5.8 per cent. from 5.4 per cent. as at 31 December 2024.

In 2020, the average number of employees (the monthly average number of employees, according to the National Institute of Statistics) was 4,929.4 thousand people. In 2021, the average number of employees (the monthly average number of employees, according to the National Institute of Statistics) was 4,970.1 thousand people, increasing by 40.8 thousand people, or 0.8 per cent., compared to 2020. In 2022, the average number of employees (the monthly average number of employees, according to the National Institute of Statistics) was 5,056.1 thousand people, increasing by 86.0 thousand people, or 1.7 per cent., compared to 2021. In 2023, the average number of employees was 5,120.4 thousand people, increasing by 64.3 thousand people, or 1.3 per cent., compared to 2022. In 2024 the average number of employees was 5,154.2, increasing by 33.8 thousand people, or 0.7 per cent. compared to 2023. In the first three months of 2025, the average number of employees was 5,181.2 thousand people, increasing by 39.7 thousand people, or 0.8 per cent., compared to the corresponding period of 2024.

The registered unemployment rate, which represents individuals who have registered with either a government organised or private employment service providers operating under Law no. 76/2002, was 3.4 per cent. in 2020 decreasing to 3.0 per cent. in 2021 and remaining at around 3.0 per cent. for 2022 and 2023. Registered unemployment increased to 3.28 per cent. at in December 2024. The registered unemployment at end of April 2025 remained at 3.25 per cent. This was primarily a result of job creation due to economic growth and active government policies and measures, including measures to incentivise employers to hire employees from certain categories of disadvantaged persons (by increasing the subsidies offered to employers) and measures aimed at incentivising the labour mobility of unemployed persons.

The following table shows the rate of unemployment registered at the national level as at 31 December 2020, 2021, 2022, 2023, 2024 and as at 30 April 2025:

	2020	2021	2022	2023	2024	As at 30 April 2025
Registered Unemployment Rate	3.4	3.0	3.1	2.9	3.3	3.25

Source: National Institute of Statistics and National Agency for Workforce Employment

Social Security System

Unemployment Benefits

The unemployment insurance system is mandatorily available to: persons engaged in individual labour contracts or temporary employment contracts, except pensioners; civil servants and other persons appointed to perform public functions; people working in elective office or certain other government positions; people working in elected positions within non-profit organisations; administrators of companies, who perform a mandate-based activity and others who obtain income from certain additional activities covered by the law. The main source of revenue of the unemployment insurance budget is work insurance contributions (paid by employers only) to the state budget, of which 17 per cent. of such monthly work insurance contributions is allocated to the unemployment insurance budget.

The unemployment insurance budget mainly covers the following expenditures: payment of unemployment benefits, including in certain circumstances, unemployment benefits conferred by competent institutions of other EU Member States; the payment of contributions for state social insurance for the beneficiaries of unemployment benefits; certain compensatory payments granted by law; the financing of certain measures aimed at stimulating employment and at preventing unemployment; and the financing of vocational training services.

Unemployment benefits represent (i) partial compensation of income lost as a result of job loss or (ii) an income for graduates of educational institutions who did not find a job after graduation. Unemployment benefits are paid monthly to unemployed persons for six, nine or twelve months, depending on the length of contribution, and represents the value of the social reference indicator, plus, for those with a contribution period exceeding three years, an additional amount based on length of contribution and the average income for the last twelve months for which the contribution was made. The unemployment benefit for graduates represents 50 per cent. of the value of the social reference indicator and is granted for a period of six months.

Health System in Romania

Romania relies on a social health insurance system to finance a large part of its health care. Introduced in 1998, this system has been beneficial as it has increased the amount of public spending available to the sector. The National Health Insurance House (“NHH”) is the institution that manages the Single National Health Insurance Fund (“SNHIF”). One of the principles on which the health insurance system in Romania is based is the mandatory participation in the payment of the social health insurance contribution for financing the SNHIF. Contributions are due by natural persons, respectively, employees, as well as by other natural persons who earn income on which the contribution is due. The full contribution rate due to the employee is 10 per cent., and for the other categories of persons who generate income on which the contribution is due, the share is 10 per cent.

Romania has historically committed a lower share of its national wealth to healthcare than other EU Member States. About 4.7 per cent. of Romania’s GDP was spent on healthcare in 2023, compared to an average of 7.3 per cent. in the EU.

Romania has continued the reform of the national healthcare system, by initiating the implementation of the national health strategy, which improves access to medical services, efficiency and financial sustainability of the healthcare system and supports modernisation of healthcare provisions at the regional level. In order to modernise the healthcare infrastructure at a regional level, the Ministry of Health is in the process of building three regional emergency hospitals for which feasibility studies have been developed.

Pension System Reform

The following table shows the average number of employed persons, the average number of pensioners receiving state social security and the dependency ratio in 2020, 2021, 2022, 2023 and 2024:

	2020	2021	2022	2023	2024 ⁽¹⁾
Average no. of employees (<i>thousands</i>).....	5,031.8	5,094.3	5,209.5	5,364.9	5,412.0
Average no. of pensioners receiving state social security (<i>thousands</i>).....	4,674.9	4,654.1	4,607.6	4,601.4	4,589.9
Dependency ratio ⁽²⁾	0.9290	0.9135	0.8845	0.8576	0.8481

Notes:

(1) Based on monthly averages.

(2) According to National Institute of Statistics methodology. Represents the ratio between average number of pensioners receiving state social security and average number of employees.

Public Pension System

The Romanian public pensions system, which has been traditionally financed by the Romanian Government by means of subsidies, has seen its deficit increase as a result of a number of factors in Romania that combined to put pressure on the pension system, including demographic factors (the ageing of population); increases in state expenditures per person on pensions and other pressures on the state social insurance budget; the emergence of special public pensions (which introduced a number of privileges and favourable treatment of certain professional categories, leading to a large gap between the highest and lowest paid state pension); and the existence of laws governing the organisation and functioning of different pension schemes for certain professions which was hampering the functioning of the pension system.

In 2020, the deficit of the public pension system increased to RON 14 billion (approximately EUR 2.87 billion at the December 2020 average exchange rate). In 2021, the deficit of the public pension system decreased to RON 12 billion (approximately EUR 2.43 billion at the December 2021 average exchange rate). In 2022, the deficit of the public pension system decreased to RON 11.9 billion (approximately EUR 2.43 billion at the December 2022 average exchange rate). In 2023, the deficit of the public pension system increased to RON 13.4 billion (approximately EUR 2.69 billion at the December 2023 average exchange rate). In 2024, the deficit of the public pension system increased to RON 27.1 billion (approximately EUR 5.45 billion at the December 2023 average exchange rate).

The deficits of the public pension system budget were covered by amounts transferred from the state budget in the form of subsidies. Aiming to tackle the growth of the deficit of the public pension system under the impact of the global economic crisis, and in order to meet a condition of the financial assistance programmes with the IMF and the EU, the Romanian Government has reformed the Romanian public pension system for the purpose of ensuring its financial stability, eliminating the inequities in the system and stimulating private savings through a voluntary private pension system.

The reform measures under Law no. 360/2023 regarding the public pension system (Pillar I pensions) included: changing the formula for calculating pensions, introducing a new indexation rule for pensions, the reduction of early retirement opportunities, the introduction of incentives for those who delay retirement, the voluntary increase of the standard retirement age up to 70 years, in accordance with the increase in life expectancy, and introducing stability points for employees who have contributed to the public pension system for more than 25 years. These reforms aimed to increase the minimum pension level and increase contributions to Pillar II pensions. In relation to Pillar II reforms, in March 2023 the Government approved a one percentage point increase in contributions, to 4.75 per cent., in effect as of 1 January 2024.

Current Pension System Reform

In the context of the RRF, Romania is currently planning one major pension reform related to special pensions. The reform aims to eliminate inequities in the system and decrease expenses, with the goal of promoting the sustainability of public finances in the long-term.

The special pensions reform was passed by Parliament on 29 June 2023, following adoption by the Senate in March 2023. The reform aimed to get special pensions in line with the contributory principles of the rest of the pension system. The law approving the special pension reform was declared unconstitutional by the Constitutional Court of Romania on 2 August 2023 and was returned to the Parliament to be modified according to the judgement of the Court. On 15 March 2025 the Constitutional Court of Romania admitted the objection of unconstitutionality formulated by the People's Advocate and found that the Law supplementing Law no. 223/2015 on state military pensions unconstitutional in its entirety.

The Government of Romania is considering passing another special pensions reform by the end of July 2025 in order to meet the milestone requirements under the RRF.

Subsidies

Subsidies are granted by the Romanian government primarily for the support of public railroad transportation, public subway transportation, exports, business environment and international trade, farmers and programmes for preservation and closing of mines. The following Government ministries offer subsidies out of the state budget in order to support projects in these areas: the Ministry of Transportation and Infrastructure, the Ministry of Economy, Entrepreneurship and Tourism, the Ministry of Agriculture and Rural Development and the Ministry of National Defence.

Subsidies from the general consolidated budget accounted for 1.1 per cent. of GDP in 2023 and 0.97 per cent. in 2024 and were budgeted at 0.7 per cent. for 2025.

Privatisation

The Authority for State Assets Administration (“AAAS”), placed under the co-ordination of the Minister of Economy, Digitalization, Entrepreneurship and Tourism, and subordinated to the Government, has a portfolio of 387 companies, as of 31 December 2024. However, out of these 387 companies with a total state-owned capital of RON 2,110.24 million, only 234 companies are currently operational, the remainder largely being companies under insolvency proceedings. Among the 234 operational companies, AAAS holds majority stakes in 12 companies with a total share capital held by the state of no more than RON 149 million.

Shadow Economy

Romania has a significant shadow economy, around half of which is believed to be based on unregistered labour. Its size, although difficult to verify, is estimated by the authorities based on national statistics on tax evasion and the number of employees reported in the business and household surveys prepared by the National Institute of Statistics.

FOREIGN TRADE AND BALANCE OF PAYMENTS

The current account deficit increased from 5.1 per cent. of GDP in 2020 to 8.4 per cent. of GDP in 2024, primarily as a result of the increase in trade balance and primary income deficit. Financial account net inflows increased from 3.4 per cent. of GDP to 6.0 per cent. of GDP over the same period, being mainly concentrated in direct investment, supplemented by portfolio investment, when necessary, including through the issuance of government bonds and other investments. The financial inflows were supplemented in the same period by net capital transfers (increasing from 1.9 per cent. of GDP in 2020 to 2.7 per cent. of GDP in 2023 and going down in 2024 to 1.2 per cent. of GDP), mainly representing EU funds.

Trade in goods

The following table shows changes in foreign trade for the years 2020 to 2024 and the first three months of 2025:

	2020	2021	2022	2023	2024 ^p	Jan-Apr 2025 ^p
Current account balance (EUR million)	(11,209)	(17,427)	(26,827)	(21,491)	(29,586)	(10,103)
per cent. of GDP	(5.1)	(7.2)	(9.5)	(6.6)	(8.4)	—
Trade balance FOB ⁽¹⁾ (EUR million)	(18,949)	(23,122)	(32,070)	(29,012)	(32,933)	(11,633)
per cent. of GDP	(8.6)	(9.5)	(11.4)	(8.9)	(9.3)	—
Exports of goods (EUR million)	57,560	70,196	85,994	86,531	86,263	29,568
annual percentage change	(8.7)	22.0	22.5	0.6	(0.3)	1.1
Imports of goods FOB ⁽¹⁾ (EUR million)	76,509	93,318	118,064	115,543	119,196	41,088
annual percentage change	(5.4)	22.0	26.5	(2.1)	3.2	7.2

Notes:

(r) revised data as end of March 2025.

(p) Provisional data as end of April 2025.

(1) Free on board (“**FOB**”) means the seller’s obligation to deliver is fulfilled when the goods have passed over the ship’s rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of, or damage to, the goods from that point. Imports on FOB of goods are calculated based on the coefficient published by the National Institute of Statistics. (“**CIF**” means cost, insurance and freight).

Source: National Bank of Romania

Main trends from 2020 to 2024 and the first four months of 2025

In 2020, the goods deficit increased to EUR 18,949 million, with decreases in both imports and exports as compared to the previous year. The imports through exports coverage was 75.2 per cent.

In 2021, both exports and imports recovered, increasing by 22 per cent. each year-on-year, which led to a similar growth rate of the goods deficit (+22.0 per cent.) that arrived at EUR 23,122 million. The imports through exports coverage remained flat at 75.2 per cent.

In 2022, the increase in imports (26.5 per cent.) exceeded the increase in exports (22.5 per cent.) resulting in an increase in the trade deficit by 38.7 per cent., to EUR 32,070 million compared to 2021. The imports through exports coverage decreased by 2.4 percentage points in 2022 to 72.8 per cent., compared to 2021.

In 2023, the exports increase slowed down to 0.6 per cent., which, together with the decrease in imports by 2.1 per cent. reflected in a cut of the trade deficit by 9.5 per cent., to EUR 29,012 million compared to 2022. In 2023, 80.7 per cent. of the goods deficit came from the intra-EU trade in goods, while extra-EU trade in goods made up the remaining 19.3 per cent. The imports through exports coverage increased by 2.1 percentage points in 2023 to 74.9 per cent., compared to 2022.

In 2024, the goods deficit accounted for EUR 32,933 million, 13.5 per cent. an increase compared to 2023, with export decreasing by 0.3 per cent. and import increasing by 3.2 per cent. Out of the total goods deficit, 78.2 per cent. came from the intra-EU trade. Imports through exports coverage decreased by 2.5 percentage points in 2024, to 72.4 per cent. compared to 2023.

In the first four months of 2025, the goods deficit accounted for EUR 11,633 million, 28.5 per cent. increase compared to the same period in 2024, with exports increasing by 1.1 per cent. and imports by 7.7 per cent.

Exports and imports of goods included in the balance of payments

Exports of goods in 2020 amounted to EUR 57,560 million. Exports to EU countries accounted for 73.2 per cent. of total exports. Import of goods amounted to EUR 76,509 million. Imports from EU countries as a share of total imports was 74.1 per cent.

In 2021, exports of goods accounted for EUR 70,196 million, up 22.0 per cent. year-on-year, out of which 72.0 per cent. represented exports to other EU countries. Imports of goods totalled EUR 93,318 million, an increase of 22.0 per cent. year-on-year, with imports from EU countries decreasing by 1.0 percentage points as a share in total imports, to 73.1 per cent.

In 2022, exports of goods accounted for EUR 85,994 million, up 22.5 per cent. year-on-year, out of which 72.1 per cent. represented exports to other EU countries. Imports of goods totalled EUR 118,064 million, an increase of 26.5 per cent. year-on-year, with imports from EU countries decreasing by 1.0 percentage points as a share in total imports, to 72.1 per cent.

In 2023, exports of goods accounted for EUR 86,531 million, up 0.6 per cent. year-on-year, out of which 72.3 per cent. represented exports to other EU countries. Imports of goods totalled EUR 115,543 million, a decrease of 2.1 per cent. year-on-year, with imports from EU countries increasing by 2.3 percentage points as a share in total imports, to 74.4 per cent.

In 2024, exports of goods reached EUR 86,263 million, down 0.3 per cent. year-on-year, out of which EUR 62,196 million represented exports to other EU countries. Imports of goods totalled EUR 119,196 million, an increase of 3.2 per cent. year-on-year, with imports from EU countries decreasing by 0.6 percentage points as a share in total imports, to 73.8 per cent.

In the first three months of 2025, exports of goods reached EUR 22,074 million, up 2.6 per cent. as compared to the first quarter of 2024. Imports of goods totalled EUR 30,418 million, an increase of 9.2 per cent. as compared to the first quarter of 2024, with imports from EU countries decreasing by 2.3 percentage points as a share in total imports, to 73.6 per cent.

The shares of groups of goods in total exports and in total imports from 2020 to the first three months of 2025 are shown in the table below:

Trade Balance – Groups of Goods and Sections

	Export FOB						Import FOB					
	2020	2021	2022	2023	Jan.-Mar.		2020	2021 ^(r)	2022	2023	Jan.-Mar.	
					2024 ^(p)	2025 ^(p)					2024 ^(p)	2025 ^(p)
					(%)							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1 Agri-food items.....	12.1	13.6	13.8	14.0	12.4	11.5	11.5	10.6	10.8	11.3	11.6	11.9
I Live animals and animal products	1.5	1.5	1.3	1.4	1.5	1.7	2.4	2.2	2.3	2.6	2.6	2.5
II Vegetable origin products	5.8	7.7	7.8	7.7	5.5	4.7	3.7	3.3	3.6	3.3	3.3	4.0
III Animal or vegetable oils and fats	0.3	0.5	0.7	0.5	0.4	0.3	0.2	0.3	0.4	0.2	0.2	0.3
IV Foodstuff, beverages, tobacco.....	4.5	3.9	3.9	4.4	5.0	4.7	5.1	4.8	4.6	5.3	5.4	5.2
2 Mineral products (V).....	2.8	4.0	8.3	5.9	5.5	6.2	5.7	8.1	12.5	8.6	8.3	8.3
3 Chemical and plastic products	10.0	10.1	9.9	10.0	10.8	11.6	18.1	18.4	17.2	16.5	16.7	17.9
VI Chemical products	3.9	3.7	3.6	3.5	4.3	4.9	11.3	11.2	10.6	10.1	10.3	11.5
VII Plastics, rubber	6.1	6.4	6.3	6.5	6.5	6.7	6.8	7.3	6.6	6.3	6.4	6.4
4 Wood products, paper.....	3.6	4.0	3.7	2.9	2.9	3.0	2.3	2.4	2.3	2.0	2.1	2.0
IX Wooden products	2.8	3.1	2.7	2.1	2.1	2.1	0.9	1.0	0.9	0.7	0.7	0.7
X Wood pulp, paper.....	0.8	0.9	1.0	0.9	0.9	0.9	1.4	1.4	1.4	1.3	1.4	1.3
5 Textiles, clothing, footwear.....	4.0	3.8	3.4	3.5	3.5	3.6	6.0	5.2	4.9	5.0	5.0	5.0
XI Textiles and articles thereof.....	3.1	3.0	2.6	2.7	2.7	2.7	5.0	4.3	4.0	4.0	4.0	3.9
XII Footwear.....	0.9	0.8	0.8	0.8	0.8	0.9	1.0	0.9	0.9	1.0	1.0	1.1
6 Common metals (XV)	8.7	10.8	10.1	8.6	8.1	8.2	9.7	10.8	10.3	9.7	9.7	9.8
7 Machinery, apparatus, electric equipment, transport means.....	49.1	45.0	41.6	45.1	47.3	46.7	37.1	35.2	32.9	36.5	36.4	35.0
XVI Machinery, appliances and electric equipment	30.0	28.5	26.0	28.1	27.9	28.1	27.0	25.3	23.8	25.4	24.9	24.1
XVII Transport means.....	19.1	16.5	15.6	17.1	19.4	18.6	10.0	9.9	9.1	11.1	11.4	10.9
8. Others	9.5	8.6	8.8	9.9	9.4	9.3	9.8	9.2	9.0	10.4	10.3	10.2
VIII Undressed leather and dressed leather, furs and fur products	0.2	0.2	0.2	0.2	0.3	0.3	0.7	0.6	0.5	0.5	0.5	0.5
XIII Stone products, cement, ceramics, glass	0.7	0.7	0.7	0.7	0.7	0.7	1.4	1.4	1.4	1.3	1.3	1.2
Miscellaneous goods and products	8.6	7.7	7.9	9.0	8.4	8.3	7.6	7.1	7.1	8.5	8.5	8.5

Notes:

(r) Revised data as of the end of March 2025

Some totals may differ from the sum of components due to rounding.

Source: National Institute of Statistics, National Bank of Romania calculations

The main markets for imports and exports for Romania in 2020 to the first three months of 2025 are shown in the table below:

Trade Balance – Geographical Distribution

Country Group	Export FOB						Import FOB					
	2020	2021	2022	2023	Jan.-Mar.		2020	2021	2022	2023	Jan.-Mar.	
					2024 ^(p)	2025 ^(p)					2024 ^(p)	2025 ^(p)
					(%)							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- Intra EU Trade (EU-27), of which	73.2	72.0	72.1	72.3	72.1	71.0	74.1	73.1	72.1	74.4	73.8	73.9
Germany	22.9	20.5	20.0	21.1	21.0	20.6	20.7	20.1	17.9	19.4	18.9	18.7
Italy	8.8	8.8	8.5	8.4	8.0	8.2	7.9	8.0	7.3	7.8	7.6	7.2
France	6.8	6.5	6.1	6.5	6.4	6.4	4.6	4.2	3.9	4.3	4.3	4.3
Hungary	5.2	5.9	7.7	5.9	5.6	5.0	7.6	7.1	6.7	6.6	6.9	7.3
Bulgaria	3.9	4.1	4.1	4.4	4.7	4.8	3.3	4.3	7.2	4.8	4.6	4.8
Spain	3.1	3.1	3.3	3.4	3.3	3.2	2.5	2.6	2.6	2.9	3.1	3.2
Netherlands	3.4	3.5	3.6	3.4	3.7	3.6	4.1	4.2	4.3	4.6	4.8	4.7
Poland	3.9	4.2	4.0	3.9	4.2	4.2	6.3	6.4	6.1	6.4	6.5	6.4
Austria	2.4	2.5	2.4	2.0	2.0	2.0	3.2	3.2	3.1	3.4	3.1	3.2
- Extra EU Trade (extra- EU-27), of which	26.8	28.0	27.9	27.7	27.9	29.0	25.9	26.9	27.9	25.6	26.2	26.1
Türkiye	3.6	3.7	3.2	3.4	3.7	3.9	4.3	4.5	4.7	5.0	5.4	5.4
Russian Federation	1.4	1.4	0.5	0.3	0.2	0.2	2.2	3.1	3.0	0.3	0.1	0.2
U.S.	1.8	2.2	2.5	2.4	2.4	2.4	1.1	0.9	1.1	1.1	1.0	1.0
Ukraine	0.7	0.7	1.6	2.6	1.9	1.8	0.9	1.1	1.6	1.0	0.8	0.8
Republic of Moldova	1.5	1.6	2.4	2.1	2.4	3.0	0.5	0.5	0.6	0.6	0.7	0.5
People's Republic of China .	1.4	1.6	1.2	0.9	0.8	0.8	6.3	6.3	5.9	5.5	6.2	6.6
Japan	0.8	0.6	0.8	0.9	0.9	0.9	0.4	0.4	0.3	0.4	0.3	0.4
Kazakhstan	0.1	0.0	0.0	0.1	0.1	0.1	1.4	1.5	2.5	2.2	2.0	1.9
United Kingdom of Great Britain and Northern Ireland	3.3	3.0	2.8	2.9	3.1	3.2	2.0	1.1	0.9	1.0	1.0	1.0

Notes:

(r) Revised data as of the end of March 2025

(p) Provisional data

Some totals may differ from the sum of components due to rounding.

Source: National Institute of Statistics, National Bank of Romania calculations

Balance of Payments

Current Account

According to the International Monetary Fund's BPM6 Methodology, "Current Account" consists of goods (calculated based on the international trade in goods data, from which the value of goods processed in Romania and abroad is eliminated and to which the net exports of goods by merchants is added; in order to comply with the BPM6 principle of change in ownership), services (which also include the value of the processing of goods owned by others and is not simply translated from goods, but compiled based on alternate data sources, i.e. quarterly surveys of international trade in services), primary income (including compensation of employees, investment income and other primary income) and secondary income (purely current transfers).

In 2020, the current account deficit was EUR 11,209 million (5.1 per cent. of GDP). Primary income recorded a deficit of EUR 2,420 million in 2020. The secondary income surplus was EUR 932 million, amid increased inflows from the European Fund for Agriculture and Rural Development.

In 2021, the current account deficit increased to EUR 17,427 million, primarily due to increases in the trade balance deficit and the primary income deficit, as well as the decrease in secondary income surplus. Primary income deficit increased by 75.9 per cent., to EUR 4,256 million, due to higher reinvested earnings in direct investment companies in Romania, partially offset by increased employee compensation. The secondary income balance decreased to EUR 523 million, following the trend of EU funds inflows of current transfers nature (such as EFARD and ESF) and the contributions to the EU budget.

In 2022, the current account deficit reached EUR 26,827 million, an increase of 53.9 per cent. as compared to 2021. This was mainly due to an increase in the trade balance and the primary income deficits. The primary income deficit doubled from EUR 4,256 million in 2021 to EUR 8,497 million in 2022, and the secondary income surplus more than doubled from EUR 523 million in 2021 to EUR 1,102 million in 2022.

In 2023, the current account deficit went down by 19.9 per cent., to EUR 21,491 million, mainly following the trend of trade in goods deficit, but being also favourably influenced by the decrease in primary income deficit, as well as of the increase in services and secondary income surpluses. The services surplus slightly grew by 5.3 per cent., to EUR 13,307 million and that of secondary income doubled to EUR 2,226 million. Meanwhile, the primary income deficit decreased by 5.7 per cent., to EUR 8,012 million.

In 2024, the current account deficit reached EUR 29,586 million, up 37.7 per cent. year-on-year, primarily as a result of increases in the trade goods deficit (by 13.5 per cent., to EUR 32,933 million) and primary income deficit (by 17.1 per cent., to EUR 9,385 million, mainly following the trend of interest paid for government bonds), but also of the decrease in the services surplus (by 14.7 per cent., to EUR 11,353 million), due to the expansion of travel and transportation related payments. Secondary income recorded a surplus of EUR 1,379 million, as compared with EUR 2,226 million in 2023, hampered by lower inflows of EU funds (European Social Fund).

In the first quarter of 2025, the current account deficit reached EUR 7,656 million, up 82.2 per cent. year-on-year, primarily as a result of a 31.2 per cent. increase in the trade goods deficit to EUR 8,344 million, combined with narrowing in the services balance surplus and the secondary income surplus turning into deficit. The services balance surplus accounted for EUR 2,387 million, down 17.4 per cent., mainly following the current trends in the travel-tourism sector. Primary income deficit arrived at EUR 1,561 million, 8.2 per cent. under the level recorded in the first three months of 2024, being supported by an increase in EU agricultural subsidies. Secondary income recorded a deficit of EUR 138 million, as compared with a surplus in EUR 957 million in the first three months of 2024, due to lower inflows of EU funds (European Social Fund – ESF).

In 2020, the combined current and capital account had a deficit of EUR 7,009 million while non-residents' direct investment stood at EUR 3,005 million, following the trend of both equity and intra-group loans. In 2021, the combined current and capital account deficit totalled EUR 13,076 million, whereas the net non-residents' direct investment accounted for EUR 8,968 million. In 2022, the combined current and capital account ended with a deficit of EUR 20,818 million, out of which non-residents' direct investment (EUR 10,587 million) covered 50.9 per cent. In 2023 the cumulated deficit fell to EUR 12,631 million, while the contribution of non-residents' direct investment to its financing increased to 53.4 per cent. In 2024 the combined current and capital account deficit attained EUR 25,368 million, out of which approximately 23 per cent. was covered by non-residents' direct investment. In the first three months of 2025 the combined current and capital account deficit reached EUR 6,736 million, out of which approximately 25 per cent. was covered by non-residents' direct investment.

Based on preliminary data from the NBR, in the first four months of 2025 the account deficit reached EUR 10.1 billion, a 60.7 per cent. increase year-over-year. The capital account surplus reached EUR 1.0 billion, up 8.1 per cent compared with the first four months of 2024, as a result of higher private capital transfers. Net financial

inflows totalled EUR 7.2 billion, due to the reduced rate of increase in reserve assets and a decrease in residents' deposit abroad.

The financing of the current account through FDI and EU funds for 2020 to the first three months of 2025 is summarised in the table below:

	2020	2021	2022	2023	2024 ^(r)	Jan.-Mar. 2025 ^(p)
			(EUR million)			
Current account balance	(11,209)	(17,427)	(26,827)	(21,491)	(29,586)	(7,656)
Foreign direct investments flows	3,005	8,968	10,587	6,748	5,730	1,672
EU funds inflows	6,894	7,606	9,901	14,177	8,039	2,721
Subsidies	2,524	2,501	2,373	2,564	2,478	1,729
Current transfers	1,010	916	1,552	2,770	1,825	152
Capital transfers	3,359	4,189	5,976	8,842	3,736	840

Notes:

(r) Revised data as end of March 2025

(p) Provisional data

Some totals may differ from the sum of components due to rounding.

Source: National Bank of Romania

Capital Account

In 2020, the surplus on capital account was EUR 4,200 million (or 1.9 per cent. of GDP), reflecting inflows of EU funds and receipts from the sale of CO2 certificates. The capital account surplus further grew to EUR 4,351 million in 2021 (1.8 per cent. of GDP), following the inflows of EU grants in the framework of the RRF. The aim of the RRF is to mitigate the economic and social impact of the COVID-19 pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. In 2022 the capital account surplus increased by 38.1 per cent. to EUR 6,009 million compared to 2021, primarily as a result of the upward trend of EU funds inflows (mainly European Regional Development Fund and Cohesion Fund). In 2023 the capital account surplus increased by 47.4 per cent. to EUR 8,860 million, as a result of EU capital transfers. In 2024, the capital account surplus decreased by more than half year-on-year, to EUR 4,218 million, due to lower inflows of EU grants (European Fund for Regional Development and Resilience and Recovery Mechanism). In the first quarter of 2025, the capital account surplus increased by 3.6 per cent. year-on-year, to EUR 920 million, due to increased private capital transfers. In the first four months of 2025, the capital accounts surplus reached EUR 1.0 billion, an 8.3 per cent. increase compared to the same period in 2024, as a result of higher private capital transfers.

Financial Account

In 2020, net financial inflows were EUR 7,595 million, consisting of EUR 2,958 million in direct investment, EUR 13,298 million in portfolio investment and EUR 3,076 million in net outflows from other investment. In 2020, approximately 64 per cent. of the current account deficit was covered by net inflows from direct investment and capital inflows, while the difference was covered by the issuance of government bonds.

In 2021, net financial inflows were EUR 14,382 million, consisting of EUR 8,848 million in direct investment, EUR 3,451 million in portfolio investment and EUR 4,487 million in other investment. Reserve assets increased by EUR 2,251 million. Net inflows from direct investment and capital inflows covered more than three quarters of the current account deficit.

In 2022, net financial inflows were EUR 18,648 million, consisting of EUR 9,355 million in direct investment, EUR 4,901 million in portfolio investment and EUR 11,319 million in other investment. Reserve assets increased by EUR 6,574 million. Net inflows from direct investment and capital inflows covered 57.3 per cent. of the current account deficit.

In 2023, net financial inflows were EUR 10,456 million, consisting of EUR 6,365 million in direct investments, EUR 13,772 million in portfolio investment, and EUR 3,777 million in other investment. Net financial inflows decreased by approximately 44 per cent. as compared to 2022, due to a decrease in net inflows recorded by other investment and direct investment. 70.8 per cent. of current accounts were covered by FDIs and capital inflows compared to 57.3 per cent. covered in 2023, an increase of 13.5 per cent.

In 2024, net financial inflows totalled EUR 21,167 million, consisting of EUR 5,698 million in direct investment, EUR 12,518 million in portfolio investment and EUR 3,803 million in other investment. Net financial inflows increased by approximately 102 per cent. versus a 2023 due to the reduced rate of increase in reserve assets together with a slight increase in other investment net inflows.

In the first three months of 2025, net financial inflows totalled EUR 5,549 million, consisting of EUR 1,667 million in direct investment, EUR 3,663 million in portfolio investment and EUR 585 million in other investment. Net financial inflows increased by 21.2 per cent. compared to the same period in 2024 due to the reduced rate of increase in reserve assets as well as due to a decrease in residents' deposits abroad.

Balance of Payments for the Years 2020, 2021, 2022, 2023, 2024 and the first three months of 2025

	2020			2021			2022			2023			2024 ^r			2025 June-Mar ^p		
	Net acquisitions of assets ⁽³⁾	Net incurrence of liabilities ⁽³⁾	Net	Net acquisitions of assets ⁽³⁾	Net incurrence of liabilities ⁽³⁾	Net	Net acquisitions of assets ⁽³⁾	Net incurrence of liabilities ⁽³⁾	Net	Net acquisitions of assets ⁽³⁾	Net incurrence of liabilities ⁽³⁾	Net	Net acquisitions of assets ⁽³⁾	Net incurrence of liabilities ⁽³⁾	Net	Net acquisitions of assets ⁽³⁾	Net incurrence of liabilities ⁽³⁾	Net
B. Financial account.....	12,746	20,341	(7,595)	5,024	19,406	(14,382)	10,576	29,224	(18,648)	20,793	31,249	(10,456)	5,023	26,190	(21,167)	191	5,741	(5,549)
<i>a. Direct Investment.....</i>	115	3,073	(2,958)	1,111	9,960	(8,848)	2,089	11,444	(9,355)	1,703	8,068	(6,365)	1,067	6,766	(5,698)	259	1,926	(1,667)
- Equity.....	52	3,998	(3,946)	169	6,774	(6,605)	1,214	8,438	(7,224)	122	6,990	(6,868)	39	4,332	(4,292)	5	2,979	(2,973)
Equity other than reinvestment of earnings.....	63	983	(921)	118	2,164	(2,046)	1,078	1,860	(782)	236	2,063	(1,827)	40	272	(232)	6	1,587	(1,581)
Reinvestment of earnings.....	(11)	3,015	(3,026)	50	4,610	(4,559)	136	6,577	(6,442)	(114)	4,927	(5,040)	(1)	4,059	(4,060)	0	1,392	(1,392)
- Debt instruments.....	63	(925)	988	943	3,186	(2,243)	876	3,007	(2,131)	1,580	1,078	502	1,028	2,434	(1,406)	254	(1,053)	1,306
<i>b. Portfolio investment</i>	33	13,331	(13,298)	1,588	5,039	(3,451)	1,529	6,431	(4,901)	1,489	15,260	(13,772)	1,196	13,714	(12,518)	(73)	3,590	(3,663)
- Equity and investment fund shares/units.....	430	(762)	1,192	14	(126)	140	776	(281)	1,057	(70)	(256)	186	1,284	(550)	1,834	232	(15)	247
- Debt securities.....	(396)	14,093	(14,490)	1,575	5,165	(3,591)	753	6,712	(5,959)	1,558	15,516	(13,958)	(88)	14,264	(14,352)	(305)	3,605	(3,910)
<i>c. Financial derivatives.....</i>	(16)	0	(16)	153	0	153	353	0	353	188	0	188	63	0	63	(39)	0	(39)
<i>d. Other investment</i>	7,013	3,936	3,076	(79)	4,407	(4,486)	30	11,349	(11,318)	4,143	7,920	(3,777)	1,907	5,710	(3,803)	(360)	225	(585)
1. Other equity other direct investment and portfolio investment	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Currency and deposits	5,142	(588)	5,731	(2,653)	271	(2,924)	(3,409)	1,868	(5,276)	203	(326)	530	1,215	(448)	1,663	(916)	(647)	(269)
3. Loans.....	249	3,440	(3,191)	(116)	(227)	112	139	2,475	(2,336)	(35)	2,081	(2,116)	(90)	3,456	(3,546)	281	335	(53)
4. Insurance, pension and standardized guarantee schemes.....	(18)	(10)	(8)	318	(10)	328	173	14	160	(339)	(3)	(336)	170	28	142	42	1	41
5. Trade credits and advances.....	659	247	411	1,102	1,384	(282)	1,881	2,915	(1,034)	409	1,137	(728)	1,508	1,045	463	210	239	(29)
6. Other accounts receivable/payable	980	848	132	1,270	893	377	1,245	4,077	(2,832)	3,905	5,032	(1,126)	(896)	1,629	(2,525)	23	297	(274)
7. SDRs.....	0	0	0	0	2,097	(2,097)	0	0	0	0	0	0	0	0	0	0	0	0
<i>e. Reserve Assets</i>	5,601	0	5,601	2,251	0	2,251	6,574	0	6,574	13,270	0	13,270	790	0	790	404	0	404
3. Net errors and omissions			(586)			(1,306)			2,170			2,175			4,201			1,186

Notes:

(r) Revised data as of March 2025

(p) Provisional data

(3) BPM6 methodology.

(4) FOB imports are NBRs' figures calculated using NIS CIF/FOB coefficient.

Differences between total and the sum of components are due to rounding.

Foreign Direct Investment

According to the results of the annual statistical surveys (for the period from 2020 - 2023), FDI recovered after the COVID-19 pandemic, reaching EUR 9.0 billion in 2021 and EUR 10.6 billion in 2022. In 2023 net FDI reached EUR 6.7 billion, down 36.3 per cent. as compared to 2022, primarily as a result of a decrease in inter-company lending, but also from positive growth in equity and reinvested earnings.

Non-residents' direct investment accounted for 1.4 per cent. of GDP in 2020 and recovered to 3.7 per cent. of GDP in 2021 and 3.8 per cent. of GDP in 2022. In 2023 non-resident direct investment declined to 2.1 per cent. of GDP.

As of 31 December 2020, out of EUR 118.2 billion in total FDI stock, approximately 71 per cent. consisted of equity, including reinvested earnings (EUR 84.8 billion), while net credit from foreign investors amounted to EUR 33.4 billion. Industry was the largest contributor with 38.6 per cent. of total foreign investment (manufacturing comprised 29.3 per cent., represented primarily by transport equipment, oil processing and chemicals), followed by construction & real estate (17.5 per cent.) and trade (17.1 per cent.). The four largest economies in which FDI originated (based on ultimate beneficiary country) as at 31 December 2023 were Germany (14.5 per cent.), Austria (11.7 per cent.), France (11.0 per cent.) and the United States (7.0 per cent.). In 2024, estimated net FDI was EUR 5.7 billion, out of which equity and reinvested earnings totalled EUR 4.3 billion and intragroup loans EUR 1.4 billion. In the first three months of 2025, estimated net FDI was EUR 1.7 billion, out of which equity and reinvested earnings totalled EUR 3.0 billion, while intragroup loans recorded the negative value of EUR 1.3 billion. The estimated net FDI for the first four months of 2025 was approximately EUR 2.0 billion (together with capital inflows, representing 29.7 per cent. of the current account).

The following table shows non-residents' direct investment in Romania from 2020 to the first three months of 2025:

	Net Foreign Direct Investment ⁽²⁾					2025
	2020	2021	2022	2023	2024 ^(p)	Jan.-Mar. ^(p)
Net FDI	3,005	8,968	10,587	6,748	5,730	1,672
Equity, including reinvested earnings ..	3,999	6,775	8,444	6,996	4,332	2,979
Other capital (intra-group loans)	(994)	2,193	2,143	(248)	1,398	(1,307)

Notes:

(1) Provisional data as of end March 2025.

(2) Non-residents' direct investment in Romania.

Source: National Bank of Romania

MONETARY AND FINANCIAL SYSTEM

National Bank of Romania

The NBR is the central bank of Romania, organised as an independent public institution and has its headquarters in Bucharest. The primary objective of the NBR, set forth in its statutory provisions, is to ensure and maintain price stability.

The NBR is empowered and authorised:

- to develop and apply monetary policies and foreign exchange policies;
- to authorise, regulate and supervise, from a prudential perspective, credit institutions;
- to promote and monitor the proper functioning of payment systems in order to ensure financial stability;
- to issue Romanian legal tender (banknotes and coins);
- to establish a foreign currency regime and to supervise its observance; and
- to manage the international reserves of the Romanian state.

The Government, acting through the Ministry of Finance, and the NBR maintain a close working relationship. Although the NBR is expected to support the Government's economic policy, the NBR's power to determine monetary policy or to generally perform its duties is not subject to any review or consent by the Government. The NBR does not receive instructions from any public authority, institution or any other authority.

The NBR is managed by a board of nine members and its executive functions within the Monetary Policy Committee and the Supervisory Committee are delegated to a governor, a first deputy governor and two deputy governors. The members of the board of the NBR are appointed by the Parliament for five-year terms and can be reappointed.

In its capacity as bank supervisor, the NBR has the legal power to require credit institutions to: (i) hold own funds over the minimum solvency ratio; (ii) reinforce internal governance arrangements, processes, mechanisms and strategies; (iii) apply a specific provisioning policy or treatment of assets in terms of own funds requirements; (iv) impose restrictions or limitations on business, operations or network; (v) reduce the risk inherent in their activities, products and systems; (vi) limit variable remuneration as a percentage of total net revenues when it is inconsistent with the maintenance of a sound capital base; and (vii) use net profits to strengthen their capital base.

The NBR is also empowered to: (i) withdraw the approval granted to the credit institution managers and/or board members; (ii) limit the qualifying holdings of the credit institution in financial or non-financial institutions, effectively forcing a sale of such holdings; (iii) require the credit institution to draw up and approve a recovery plan to improve the condition of its business; (iv) require shareholders with qualifying holdings to financially support the credit institution by increasing the share capital or by providing subordinated loans and/or by converting such loans into shares; and (v) prohibit or limit profit distribution for purposes other than those provided by law, until the NBR ascertains that the financial condition of the credit institution has been restored.

Monetary Policy

The chief monetary policy instruments used by the NBR are open market operations, standing facilities and reserve requirements. Open market operations are conducted at the central bank's initiative and play a key role in steering interest rates, managing liquidity conditions in the money market and signalling the monetary policy

stance. The NBR may not acquire from the primary market receivables against the state, central and local public authorities, autonomous administrations, national companies and other majority state owned companies or receivables against other bodies and public companies from EU Member States. The main categories of open market operations available to the NBR on the secondary market are: repo operations, deposit-taking operations, issuance of certificates of deposit, reverse repo operations, credit operations against eligible assets as collateral, outright sales/purchases of eligible assets and foreign exchange swaps. The NBR's standing facilities to credit institutions, consisting of a credit facility and a deposit facility, aim to absorb and provide overnight liquidity, signal the general monetary policy and bind overnight interbank rates by the corridor defined by the interest rates on the lending and deposit facilities. The standing facilities are available to credit institutions upon request.

Recent Monetary Policy

2020

The specific macroeconomic and financial context of 2020 called for an immediate and decisive response of the NBR to COVID-19, and warranted afterwards the further adjustment of the monetary policy stance in a prudent manner. Hence, in the first two months of the year, the NBR Board extended the status-quo of the monetary policy rate, while in an emergency meeting on 20 March 2020 it adopted a package of measures aimed at mitigating the economic impact of the pandemic and at consolidating liquidity in the banking system so as to ensure the good functioning of the money market and of other financial market segments, as well as the smooth financing of the real economy and the public sector. The package included a cut in the monetary policy rate by 0.50 percentage points, to 2.00 per cent., and the narrowing of the corridor defined by interest rates on standing facilities around the monetary policy rate to ± 0.5 percentage points from ± 1.0 percentage point, as well as decisions on conducting repo operations for providing liquidity to credit institutions and on purchasing leu-denominated government securities on the secondary market. Over the following quarters, the NBR carried out three other policy rate cuts, in prudent steps of 0.25 percentage points each, bringing the policy rate down to a historical low of 1.25 per cent. in January 2021, yet above the key interest rates of central banks in the region. The deposit facility rate and the lending facility rate were also lowered gradually, to 0.75 per cent. and 1.75 per cent. respectively. Given the liquidity shortfall on the money market, the new cuts in the NBR's key rates were accompanied by decisions to further conduct repo transactions and continue to purchase leu-denominated government securities on the secondary market, while keeping the minimum reserve requirement ratio on leu-denominated liabilities of credit institutions at 8 percent; however, the minimum reserve requirement ratio on foreign currency-denominated liabilities was reduced in November 2020 to 5 per cent. from 6 per cent. Through these decisions, the central bank aimed to support the recovery of economic activity after the pandemic-induced contraction, with a view to bringing and consolidating over the medium term the annual inflation rate in line with the 2.5 per cent. ± 1 percentage point inflation target, while safeguarding financial stability.

The course of the domestic economy was changed by the outbreak of the COVID-19 pandemic in the first quarter and by the drastic mobility restrictions implemented to contain its spread, with a renewed intensification in autumn, after a relative abatement during the summer of 2020. As a result, the economy witnessed a severe contraction in the second quarter, anticipated to be recovered largely over the next period, yet gradually afterwards, implying the abrupt opening of a significant negative output gap in the middle of the first half of the year, which would narrow markedly in the third quarter, but somewhat slowly thereafter. The current account deficit and its financing structure extended nonetheless their worsening trends. In turn, the labour market saw a sudden deterioration towards the end of the first quarter, cushioned initially and then partly reversed by the government's job retention measures, as well as by the gradual resumption of activity in numerous sectors, but also by firms and households progressively adapting to social distancing rules.

Against this background, the medium-term projections updated during the year highlighted and reconfirmed a significant downward adjustment of the anticipated inflation pattern over the long-term horizon. In the short-

term, the pattern remained essentially unchanged, amid the persistent nature of core inflation and the associated expectations, changes in the consumption structure and supply-side disruptions/constraints and costs associated with the pandemic. At the same time, the uncertainties surrounding the projections reached extreme levels, given the multiple unknowns concerning the evolution and the implications of the pandemic and of the related measures, alongside those regarding the development and large-scale use of effective vaccines, or the capacity of firms and households to adapt their economic behaviour to the epidemiological situation. A major source of heightened uncertainties and risks was the future stance of the fiscal and income policies, especially in view of the election calendar and the new pension law, given, on one hand, the considerable widening of the budget deficit in 2020, under the impact of COVID-19 and the support measures, but also as a result of further increase in certain permanent expenditures and, on the other hand, the potential start in the near future of the necessary budget consolidation, amid the excessive deficit procedure launched by the European Commission in spring. However, such a major shift in the fiscal policy stance became apparent only at year-end, after the December elections, once the budget deficit target for 2021 was announced and the new government adopted budget consolidation measures, including the temporary capping of public sector wages.

2021

The macroeconomic and financial context of 2021 called for prompt, but also prudent recalibrations of the monetary policy stance. Thus, after having cut the policy rate to 1.25 per cent. in January 2021, the NBR maintained the policy rate. Over the following three quarters, the central bank kept unchanged both the policy rate and the interest rates on standing facilities, amid the discontinuation in May of the purchases of leu-denominated government securities on the secondary market and the subsequent tightening of control over money market liquidity.

In October 2021, the NBR embarked on a policy rate hiking cycle, raising the monetary policy rate on three successive occasions in October, November 2021 and January 2022, by 0.25 percentage points each time, to 2.00 per cent. The increases were complemented by the two-step widening of the corridor of interest rates on standing facilities around the policy rate to the standard width of ± 1.00 percentage points in November 2021 and January 2022, as well as by maintaining firm control over money market liquidity. In addition, the NBR preserved the existing levels of minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions (8 per cent. and 5 per cent. respectively). These measures aimed to anchor inflation expectations over the medium term and hence prevent the second-round effects of the increase in inflation triggered by adverse supply-side shocks, so as to bring the annual inflation rate in line with the 2.5 per cent. ± 1 percentage point flat target in the medium-term, in a manner conducive to achieving sustainable economic growth.

Of particular relevance for the macroeconomic and financial context of 2021 were the sizeable adverse supply-side shocks worldwide, in the context of the robust, albeit asynchronous recovery of activity and reopening of economies amid the progress of vaccination against COVID-19, alongside unpredictable new pandemic waves. The divergent nature of the effects exerted on consumer price dynamics and on economic activity by these global shocks – especially by the surge in prices of energy, agri-food commodities and crude oil, as well as by bottlenecks in production and supply chains – was compounded on the domestic front by the liberalisation, starting 1 January 2021, of the electricity market for household consumers, but also by the influences of the budget consolidation initiated in 2021, in line with the commitments under the excessive deficit procedure.

Specifically, after having fallen at end-2020 slightly below the mid-point of the flat target, *i.e.*, to 2.06 per cent., the annual inflation rate re-embarked in January 2021 on an upward path, which exceeded the upper bound of the variation band of the target in the middle of the second quarter and then witnessed an unexpectedly marked steepening, climbing to 8.19 per cent. in December 2021. Some 80 per cent. of the advance came from the increases in natural gas, electricity and fuel prices – exogenous CPI components – while half of the contribution (only 15 per cent.) made by core inflation was attributable to processed food.

At the same time, after the downturn seen in 2020 under the impact of the pandemic shock, the economy recorded particularly robust growth in 2021 (5.8 per cent. in annual terms). The developments resulted in the re-opening of the positive output gap in the first quarter of 2021. Also, the trade deficit recorded a considerably faster increase during the year under review, and the current account deficit also widened markedly. Moreover, the inflation outlook kept worsening during the year. Thus, the anticipated path of the annual inflation rate witnessed a renewed substantial upward revision in the November 2021 projection exercise, even amid the capping and compensation of energy prices for households starting that month.

The increase in inflation triggered by supply-side shocks risked deteriorating medium-term inflation expectations and thus generating second-round effects, possibly via a wage-price spiral. In the near run, this risk was mitigated by the adverse implications for economic activity and the labour market stemming from the fourth pandemic wave, the energy crisis and global supply chain bottlenecks. Moreover, high uncertainties were further associated with the outlook on the absorption of EU funds, especially those under the Next Generation EU programme, as well as with the future fiscal policy stance, given the improvement in the budget execution for the first quarters of 2021, in line with commitments, but also the risks to budget consolidation progress induced by the successive pandemic waves and by the surge in energy prices, as well as by the change in the composition of the coalition government that took place in the autumn of 2021. At the same time, high uncertainties and risks also stemmed from the strong pick-up in inflation worldwide and in Europe entailed by global supply-side shocks, which prompted central banks in emerging economies, including those in the region, to start in mid-2021 and then continue to raise key interest rates at a swift pace.

2022

The NBR gradually accelerated the policy rate increases during the first half of 2022 against the background of a considerable worsening of inflation developments and its outlook under the impact of global supply-side shocks amplified and protracted by the war in Ukraine. The size of the monetary policy rate hike was therefore increased from 0.25 percentage points in January 2022 to 0.50 percentage points in February and April, then to 0.75 percentage points in May and to 1.00 percentage point in July, when the key rate was lifted up to 4.75 per cent. Afterwards the NBR continued the rate-hiking cycle during the second part of the year, while prudently reducing its pace. This was in response to both the actual and near-term expected inflation developments likely to induce further risks to longer term inflation expectations, but also to the outlook for the annual inflation rate to decline gradually from the beginning of 2023, on a trajectory which was however decisively contingent upon the setup of energy price capping schemes. The size of rate hikes was thus reduced to 0.75 percentage points in August and October, to 0.50 percentage points in November and to 0.25 percentage points in January 2023, when the monetary policy rate reached 7.00 per cent. The lending facility rate and the deposit facility rate were raised accordingly, up to 8.00 per cent. and 6.00 per cent. respectively. Moreover, the central bank maintained firm control over money market liquidity throughout most of the year and kept the existing levels of minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions at 8 per cent. and 5 per cent. respectively. The monetary policy measures aimed to anchor inflation expectations over the medium term and to foster saving, so as to bring the annual inflation rate back in line with the 2.5 per cent. ± 1 percentage point flat target on a lasting basis, in a manner conducive to achieving sustainable economic growth.

The annual inflation rate rose at a markedly faster pace and above expectations in the first half of 2022 – climbing up to 15.05 per cent. in June – and then remained on an upward path, reaching 16.37 per cent. in December, well above the variation band of the target. This owed primarily to the sharper increase in processed food prices under the impact of large hikes in agri-food commodity prices and energy and transport costs but also reflected the influence of the advance in fuel prices and in electricity and natural gas prices, mitigated significantly or even reversed in the second part of the year by capping/compensation measures, by base effects and by downward corrections of some commodity prices (crude oil price in particular).

The steady and above-expectations strengthening of the inflationary impact exerted by global supply-side shocks also entailed a progressive and sizeable worsening of the inflation outlook, especially in the first half of the year. All quarterly projections updated during the year pointed to the ongoing step-up in the annual inflation rate over the near-term horizon, to increasingly high two-digit peaks well above the upper bound of the variation band of the target. At the same time, the inflation dynamics were anticipated to decrease afterwards only gradually – particularly following increasingly strong base effects and downward adjustment of some commodity prices amid the easing of wholesale markets and implementation of energy price capping schemes – and on a path revised markedly and successively upwards even amid the extension of energy price capping schemes which were repeatedly extended/changed throughout the year. Also, in the May and November 2022 projection rounds, the trajectory was expected to stay significantly above the variation band of the target at the end of the projection horizon. Thus, the last medium term macroeconomic projection updated in 2022 (November Inflation Report) saw the annual inflation rate reaching 16.3 per cent. in December 2022, before declining to 11.2 per cent. in December 2023 and to 4.2 per cent. at the end of the projection horizon. Furthermore, the balance of supply-side risks to the inflation outlook remained tilted to the upside until near the end of 2022, owing to the protraction of the war in Ukraine and the extension of associated sanctions, but also amid the widespread drought in Europe.

At the same time, underlying inflationary pressures were expected to be stronger in the second part of the year, also in relation to previous projections, as the economy advanced markedly above expectations in the first quarters of 2022 so that the positive output gap widened steadily during this period (contrary to projections). Meanwhile, the current account deficit continued to widen swiftly throughout the year, also under the influence of the worsening terms of trade and the surge in the flows of reinvested earnings and distributed dividends.

According to the second half of 2022 assessments, economic growth was seen decelerating markedly in 2023 – amid the protraction of the war in Ukraine and the extension of associated sanctions, as well as in the context of the monetary policy stance and the fiscal consolidation, only partly counterbalanced in terms of impact by the absorption of European funds under the Next Generation EU instrument – and rebounding only mildly in 2024. This outlook rendered it likely that the output gap would close relatively quickly and enter negative territory as of the fourth quarter of 2023, implying the decrease of demand-side inflationary pressures over a short-time horizon. Moreover, labour market tightness receded slightly in the closing months of 2022 and was expected to abate further in the short-term, mainly amid very high energy costs, after having continued to rise in the first half of 2022, albeit staying considerably below pre-COVID-19 levels.

At the same time, the escalation of the war in Ukraine and the related sanctions generated considerable uncertainties and risks to the outlook for economic activity. A major source of uncertainties and risks was also the absorption of EU funds, especially those under the Next Generation EU programme, conditional on fulfilling strict milestones and targets for implementing the projects. Uncertainties and risks were also associated, nonetheless, with the fiscal policy stance, given the requirement for further budget consolidation amid the excessive deficit procedure and the overall tightening trend of financing conditions, but also the challenging economic and social environment domestically and globally, as well as the packages of additional measures implemented in 2022 to support households and firms with potential adverse implications for budget parameters.

2023

After raising the policy rate by a cumulative 5.75 percentage points between October 2021 and January 2023 during the February-November 2023 interval, the NBR kept the monetary policy interest rate unchanged at 7.00 per cent. and the interest rates on standing facilities, at 8.00 and 6.00 per cent., respectively. NBR also maintained the existing levels of minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions at 8 per cent. and 5 per cent., respectively.

The status-quo decisions were adopted as the annual inflation rate began a downward trend in December 2022 and decreased in line with expectations in the first three quarters of 2023, though on a trajectory considerably above the variation band of the target, going down to 8.4 per cent. in December 2023 (from the peak of 16.76 per cent. in November 2022). The decline was primarily driven by the sharp decreases in processed food (which stood at 5.3 per cent. year-on-year in December 2023, down from 22.9 per cent. year-on-year in December 2022) and energy prices, under the influence of disinflationary base effects, falling commodities prices and administrative measures (capping schemes for electricity and natural gas prices and for the mark-ups on basic food products). The annual adjusted CORE2 inflation rate began declining in March 2023 and fell faster than expected in the third quarter of 2023, reaching 11.3 per cent. in September (from 14.6 per cent. in March 2023 and December 2022).

In addition to the impact of the decrease in the price of processed food, the decline in core inflation also reflected the downward adjustment of short-term inflation expectations in the first half of 2023 and the weakening pass-through of higher corporate costs, especially wage costs, into consumer prices, as well as the softening of the inflationary impact of imports. The macroeconomic forecasts for the first three quarters of 2023 confirmed the outlook that the annual inflation rate will gradually fall over the next two years and remain slightly above the variation band of the target at the end of the projection horizon. The forecasts from the first three quarters of 2023 also expected underlying inflationary pressures to be somewhat stronger in the first six months of 2023 than previously anticipated, but to soften more quickly afterwards and fade away entirely towards the end of the projection horizon given the prospects for a relatively abrupt contraction of the output gap starting in the third quarter of 2023, then entering negative territory towards the end of 2024, significantly earlier than previously forecasted. The growth of unit labour costs was also expected to decelerate starting in 2024.

Furthermore, the latest projection from November 2023 saw the annual inflation rate going up at the onset of 2024 – under the impact of the increase and introduction of some taxes and charges – and expected the inflation to then gradually decrease, on a higher-than-previously-expected trajectory during 2024, reaching 4.8 per cent. in December 2024, but accelerating its decline in 2025, falling to 3.3 per cent., in the upper half of the variation band of the target, at the end of the projection horizon. The decline was expected to be primarily driven by supply-side factors, mainly by the disinflationary base effects and the downward corrections of some commodity prices, especially of agri-food items.

The growth unit of the labour costs was also expected to decelerate starting in 2023. However, uncertainties around, and risks related to, inflation continued during the period, stemming primarily from increases in taxes and charges (aimed at furthering budget consolidation) and from the evolution of oil prices in light of conflict in the Middle East. Notable uncertainties and risks were also associated with the future fiscal and income policy stance, given the recent actions aimed at containing budget expenditures in 2023 and the possible broadening over the next years of the package of corrective fiscal and budgetary measures, but also the potential implications of the new legislation on pensions and wages in the public sector, as well as possible further pay rises in the budgetary sector. However, at the same time, significant uncertainties and risks to the prospects for economic activity, implicitly the medium-term inflation developments, were arising from the war in Ukraine and the Middle East conflict, from below-expectations economic performance in Europe, as well as from the absorption of EU funds, especially those under the Next Generation EU programme.

2024

The NBR extended the status quo of the monetary policy interest rate in the first half of 2024, keeping it unchanged at 7.0 per cent. in January, February, April and May 2024. The interest rates on NBR's lending and deposit facilities were also maintained at 8.00 and 6.00 per cent. respectively. At the same time, the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions were kept at their existing levels (8 per cent. and 5 per cent. respectively).

In July and August 2024, the NBR cut the monetary policy interest rate by 0.25 percentage points to 6.50 per cent. At the same time, the interest rates on the central bank's lending and deposit facilities were reduced in similar steps, to 7.50 per cent. and 5.50 per cent. respectively. Meanwhile the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions were maintained at their existing levels. The decisions aimed at adequately calibrating the restrictiveness of the monetary policy stance from the perspective of ensuring and maintaining price stability over the medium term, in a manner conducive to achieving sustainable economic growth.

The NBR kept the monetary policy rate unchanged at 6.50 per cent. for the remainder of 2024. Also, the interest rates on the lending and deposit facilities were maintained at 7.50 per cent. and 5.50 per cent. respectively, and the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions were kept at their existing levels (8 per cent. and 5 per cent. respectively). The decisions, adopted in October and November, were warranted by the worsening of the inflation developments and outlook, as well as by elevated uncertainties associated with longer-term inflation forecasts. The NBR Board decisions over the year 2024 aimed to ensure and maintain price stability over the medium term, in a manner conducive to achieving sustainable economic growth.

2025

In January, February, April and May 2025, the NBR further kept the monetary policy interest rate unchanged at 6.50 per cent. The interest rates on NBR's lending and deposit facilities were also maintained at 7.50 per cent. and 5.50 per cent. respectively. At the same time, the minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions were kept at their existing levels (8 per cent. and 5 per cent. respectively).

The decisions were warranted by the renewed worsening of current and expected inflation developments, as well as by high uncertainty associated with longer-term macroeconomic forecasts:

- The annual inflation rate increased in the last three months of 2024 more than expected (to 5.15 per cent. in December 2024), on the back of the substantial increases in food prices, as well as of the hikes in electricity and fuel prices, and then declined in first three months of 2025 less than anticipated, to 4.86 per cent. in March, as the decreases in the dynamics of fuel and tobacco product prices, along with those of the non-food sub-components of core inflation, were partially counterbalanced, in terms of impact, by the swifter increases in energy prices, administered prices and processed food prices.
- The annual adjusted CORE2 inflation rate saw its decline come to a halt in the last three months of 2024, having remained steady at 5.6 per cent., above expectations, on account of the rise of processed food prices picking up pace in H2 2024 and of the disinflation slowing in the case of non-food items and services. The indicator resumed its descent in first three months 2025, but at a slower-than-expected pace, reaching 5.2 per cent. in March, as the disinflationary base effects from non-food sub-components and the slowdown in import price dynamics had further a downward impact, while notable opposite influences came from the hike in some agri-food commodity prices, as well as from the gradual pass-through of higher wage costs to some consumer prices, also amid the high levels of short-term inflation expectations.
- Preliminary data pointed to a standstill in economic activity in the first three months of 2025 compared with the slight advance anticipated in February, as well as to a decline in annual GDP dynamics to 0.2 per cent. from 0.5 per cent. in the last three months of 2024, amid mixed developments across aggregate demand components and major sectors, as suggested by high-frequency indicators.

- The annual growth rate of trade deficit posted a strong re-acceleration in first three months of 2025, after having eased somewhat in the last three months of 2024, while the high year-on-year increase in current account deficit continued to step up in both quarters.
- Tension in the labour market increased in the last three months of 2024 but appeared to ease again at the beginning of the second half of 2025. The annual growth rate of nominal gross wage slowed down its decrease in first three months of 2025, remaining in the two-digit range, while that of nominal unit wage costs in industry increased to 16.6 per cent. during this period, after dropping considerably in the last three months of 2024.
- Financial market conditions remained relatively stable during the first four months of 2025, before being strongly affected by the electoral context and related tensions in the domestic political stage, conducive to high uncertainties and increased investor concerns about the outlook for budget consolidation and for the overall macroeconomic picture. Specifically, after having stayed practically flat in January through April, the main interbank money market rates saw considerable rises in the days immediately following the first round of the presidential election. In their turn, yields on government securities climbed relatively abruptly, after a period of relative stability since the end of February which followed a downward correction to the levels seen at the beginning of the year. Furthermore, the EUR/RON exchange rate recorded a significant increase and then tended to stick to the new readings following the first-round presidential ballot, after having moved to a slightly higher level in the first part of February and tended to remain around these values during the next two months. The USD/RON went up even more steeply, given the stronger appreciation trend of the US currency in the international financial market.
- The macroeconomic forecasts updated during the first half of the year revealed successive deteriorations of the inflation outlook, especially in the short term in February, and then in the middle part of the projection horizon in May. According to the May forecast, the annual inflation rate was expected to fluctuate further until September 2025, amid some base effects and the expiry of the electricity price capping scheme. It would then decrease for four quarters on a significantly higher path than in the previous forecast, falling no sooner than in September 2026 and only marginally below the upper bound of the variation band of the target, before remaining relatively constant. As such, the annual inflation rate was expected to decrease to 4.6 per cent. at the end of 2025 and to 3.4 per cent. in December 2026, compared to corresponding levels of 3.8 per cent. and 3.1 per cent., respectively, envisaged by the previous forecast, and then to reach 3.3 per cent. in March 2027.
- The decrease was expected to be driven by disinflationary base effects and by influences coming from the deceleration in import price growth, as well as from the downward adjustment of short-term inflation expectations, on a higher path, however, than in the prior projection. The negative output gap anticipated to open and to widen moderately during the current year, but to narrow slowly afterwards, will add lagged disinflationary effects.
- High uncertainties and risks stemmed from the future evolution of energy and food prices, largely correlated with developments in commodity prices, as well as from the trade policy measures taken in the advanced economies, with potentially significant impact on the international prices of some intermediate and final goods.
- Heightened uncertainties were associated with the future fiscal and income policy stance, also in the current domestic political context, given, on the one hand, the budget execution in the first three months of the year and, on the other hand, the budget consolidation requirement according to the *National Medium-Term Fiscal-Structural Plan* agreed with the European Commission and to the excessive deficit procedure.

- Furthermore, the absorption and use of EU funds remained a major source of risk, especially those under the Next Generation EU programme due to the associated conditions on fulfilling strict milestones and targets for implementing the projects.
- High uncertainties and risks to the outlook for economic activity, particularly the medium-term inflation developments, arise from the external environment, given the protracted war in Ukraine and the Middle East situation, but especially amid the uncertainty and the potential effects generated by the US trade policy and by the retaliatory measures taken by other countries, affecting the developments in the global economy and in international trade.

The decisions aimed to ensure and maintain price stability over the medium term, in a manner conducive to achieving sustainable economic growth. Annual inflation as of May 2025 was 5.5 per cent.

Expected future developments in monetary policy

The NBR will further configure parameters of the monetary policy with a view to ensure price stability over the medium-term, in line with the 2.5 per cent. \pm 1 per cent. target, including by firmly anchoring medium- to long-term inflation expectations, and in a manner that is expected to contribute to sustainable economic growth. The inflation developments and outlook and the assessment of the balance of risks to the inflation projection are the key factors behind future monetary policy decisions.

Developments in the Lending Process

2020

The annual growth rate of credit to the private sector was robust during 2020 (5.5 per cent.), continuing to be supported mainly by the strong, though slowly decelerating, growth in the lei-denominated component, and, to a lesser extent, by foreign currency-denominated loans, which continued to increase in annual terms. The annual dynamics of loans to non-financial companies decreased slightly, whilst that of loans to households remained broadly stable at high levels, mainly on the back of the strong growth in loans for house purchase.

However, under the influence of the COVID-19 pandemic and the associated restrictive measures, lending growth slowed down in April 2020 and May 2020 (to 4.5 per cent. in annual terms), notably in the case of loans to non-financial companies. The deceleration eased considerably in the subsequent two months, while in August 2020 the annual dynamics of credit to the private sector changed course, rising gradually to 5.5 per cent. in December 2020. The annual growth of domestic currency-denominated loans recovered to 8.5 per cent. in December 2020 (from 6.0 per cent. in June 2020, compared to 9.6 per cent. in the first quarter of 2020). The annual dynamics of foreign currency-denominated component (expressed in euros) decreased to -5.0 per cent. in October 2020 before easing somewhat to -2.5 per cent. in December 2020. Against this background, the share of domestic currency-denominated component in total credit to the private sector rose to 69.5 per cent. in December 2020 (representing the post-January 1996 record). From the perspective of the main sectors, the annual growth in total loans to non-financial companies picked up to 5.3 per cent. in December 2020, following a relatively steeper decline to 1.5 per cent. in July 2020, from 5.4 per cent. on average during the first quarter of 2020, while the dynamics of loans to households declined gradually (4.8 per cent. in December 2020, from an average of 7.6 per cent. during the first quarter of 2020), and largely on the back of loans for consumption, as growth in loans for house purchase remained resilient.

2021

The annual growth rate of credit to the private sector remained relatively robust during the first two months of 2021, staying around the level reached at the end of 2020 (5.3 per cent. in February 2021). Since March 2021, lending growth picked up considerably, reaching a double-digit level in May (10.1 per cent.) and increasing to 14.8 per cent. in December 2021 (the highest value since May 2009).

The dynamics of domestic currency-denominated loans rose further (to 19.6 per cent. in December 2021, from 8.5 per cent. in December 2020) amid the recovery of economic activity and as result of Government support programmes and the reduced levels of interest rates. The foreign currency-denominated component (expressed in euros) decreased in annual terms in the first quarter of 2021 (-5.0 per cent. in March 2021), while since July 2021 its annual dynamics became positive again, standing at 2.2 per cent. in December 2021. Against this background, the share of the leu-denominated component in total credit to the private sector continued to increase, reaching 72.4 per cent. in December 2021. At a sectoral level, the growth rate of loans to non-financial companies accelerated further (to 19.8 per cent. in December 2021 from 5.3 per cent. in December 2020) with the contribution of medium and long-term loans in RON. The annual dynamics of loans to households continued to decline gradually until February (to 4.3 per cent., from 4.8 per cent. in December 2020), while in March it changed course, rising gradually to 9.7 per cent. in December under the impact of the strong momentum gains in housing loans and as a result of the dynamics of consumer credit returning to a significant positive level.

2022

The annual growth rate of credit to the private sector increased further during the first half of 2022, reaching 17.5 per cent. in June 2022, the highest since April 2009 (from 14.8 per cent. in December 2021). It then began to decline gradually, however, while still posting two-digit dynamics (12.1 per cent. in December 2022). The deceleration reflected the marked decrease in the dynamics of the domestic currency-denominated loans, which, after hovering at the six-year high of 20 per cent. during the first half of the year, changed course and descended until to 6.6 per cent. in December 2022, against the background of increased interest rates and tighter lending standards. The dynamics of foreign currency loans strongly picked up (26.7 per cent. in December 2022, from 2.2 per cent. in December 2021), on account of the increase in loans to non-financial corporations. Consequently, the share of the leu-denominated component in total credit to the private sector stopped its 10-year ascent, declining to 68.8 per cent. in December 2022 from 72.4 per cent. in December 2021.

Overall, the annual growth rate of loans to non-financial companies continued its upward path throughout the first half of 2022 (up to 25.8 per cent. in June 2022, from 19.8 per cent. in December 2021), amid a significant acceleration in the growth of foreign currency-denominated loans and the persistent elevated dynamics of the leu-denominated component, but then plateaued and decreased to 18.8 per cent. in December 2022, due to the leu-denominated component. The dynamics of loans to households saw a turning point early in the year and then slowed down to 4.3 per cent. at end-2022, driven by the decrease in the annual dynamics of both housing loans and consumer credit, slightly more pronounced for the former.

2023

The annual growth rate of private sector credit decreased during the first nine months of 2023, to 4.5 per cent. in September, down from 12.1 per cent. in December 2022 and posted modest increases during the fourth quarter of 2023 rising to 6.4 per cent. in December 2023. The annual growth rate was driven chiefly by the leu-denominated component, whose growth against the same period of previous year came virtually to a halt by the second quarter of 2023 (from 6.6 per cent. in December 2022) and increased slightly in the last three months of 2023, to 5.8 per cent. in December 2023. At the same time, the growth rate of the foreign currency-denominated credit (expressed in EUR) declined in the second quarter of 2023, reaching 7.3 per cent. by December 2023, from 30.2 per cent. in April 2023 and 26.7 per cent. in December 2022.

The annual dynamics of loans to non-financial corporations continued to decrease in the first nine months of 2023 and temporarily increased during the final quarter of 2023, reaching 10.3 per cent. from 18.8 per cent. in December. In its turn, the growth of loans to households decelerated in the first half of 2023 (from 4.3 per cent. in December 2022) and then stalled in the third quarter of 2023, primarily on the back of loans for house purchase, before increasing slightly to 1.4 per cent. as of 31 December 2023.

2024

The annual growth rate of credit to the private sector decreased during the first three months of the year, to 4.7 per cent. in March (from 6.4 per cent. in December 2023) and then rose during the subsequent three quarters of 2024, reaching 8.9 per cent. in December 2024. The growth rate of the leu-denominated component continued to rise steadily to 11.7 per cent. in October and then remained broadly unchanged (11.4 per cent. in December 2024, from 5.7 per cent. in December 2023), while the annual dynamics of the foreign currency-denominated loans posted sharp declines during the first quarter of 2024 (to 0.7 per cent. in March 2024, from 7.3 per cent. in December 2023 based on outstanding amounts expressed in EUR) and then fluctuated around slightly higher levels (standing at 3.3 per cent. in December 2024).

From a sectoral perspective, the pattern in the growth rate of credit to the private sector during 2024 was mainly shaped by loans to non-financial corporations. Annual dynamics for loans to non-financial corporations resumed its decline at the beginning of the year, reaching 5.1 per cent. in March (from 10.3 per cent. in December 2023), yet it rebounded, standing at 7.6 per cent. in October and 7.2 per cent. in December 2024. The growth of the leu-denominated component slowed in January (to 6.1 per cent., from 8.8 per cent. in December 2023) and remained broadly unchanged until August but increased subsequently to stand at 11.2 per cent. in October and 9.6 per cent. in December 2024. In turn, the annual dynamics of the foreign currency-denominated credit reaccelerated its decline in the first quarter of 2024 (to 2.6 per cent. in March, from 11.6 per cent. in December 2023) and broadly remained flat for the remainder of the year (4.3 per cent. in December 2024).

The annual growth rate of loans to households prolonged its steady increase throughout the year (to 9.2 per cent. in December 2024, from 1.4 per cent. in December 2023), driven by the uptick in the dynamics of leu-denominated credit (to 13.0 per cent. in December 2024, from 3.8 per cent. in December 2023), especially on the back of consumer loans, but also with a contribution from housing loans. The foreign currency-denominated credit sharpened its annual contraction almost continuously (to -18.2 per cent. in December 2024, from -13.7 per cent. in December 2023).

2025

The annual growth rate of credit to the private sector increased further during the first quarter of 2025, albeit significantly slower compared to previous quarters, standing at 9.2 per cent. in March (from 8.9 per cent. in December 2024), as the two-digit annual dynamics of lei-denominated component decreased slightly (to 10.9 per cent. in March, from 11.4 per cent. in December 2024) and the growth rate of foreign currency-denominated loans picked up (to 5.1 per cent. in March, from 3.3 per cent. in December 2024, based on outstanding amounts expressed in EUR).

Overall, the annual growth rate of loans to households continued its upward path throughout the first quarter of 2025, yet at a considerably slower pace (reaching 9.6 per cent. in March, from 9.2 per cent. in December 2024), with the dynamics of the leu-denominated component slightly up at 13.1 per cent. in March (13.0 per cent. in December 2024), amid an acceleration in the growth of housing loans and a modest decrease in the elevated dynamics of consumer loans. The foreign currency-denominated credit kept broadly unchanged its annual contraction (to -18.0 per cent. as in March, from -18.2 per cent. in December 2024).

The annual dynamics of loans to non-financial corporations continued to increase in the first two months of 2025, reaching 8.2 per cent. in February (from 7.2 per cent. in December 2024) and decreased to 7.7 per cent. in March, as the growth rate of leu-denominated loans slowed further (to 7.7 per cent. in March, from 9.6 per cent. in December 2024) and the annual growth rate of the foreign currency-denominated component picked up (to 7.5 per cent. in March, from 4.3 per cent. in December 2024).

Inflation Rates, Target Inflation Rates and Monetary Policy Rates

The following table sets out quarterly inflation rates, annual target inflation rates and monetary policy rates as at the end of each quarter from 2020 to March 2025:

End of Period	Inflation Rate	Target Inflation Rate	Monetary Policy Rate
		<i>(per cent.)</i>	
March 2020	3.05	2.5	2.00
June 2020	2.58	2.5	1.75
September 2020.....	2.45	2.5	1.5
December 2020	2.06	2.5	1.5
March 2021	3.05	2.5	1.25
June 2021	3.94	2.5	1.25
September 2021.....	6.29	2.5	1.25
December 2021	8.19	2.5	1.75
March 2022	10.15	2.5	2.50
June 2022	15.05	2.5	3.75
September 2022.....	15.88	2.5	5.50
December 2022	16.37	2.5	6.75
March 2023	14.53	2.5	7.00
June 2023	10.25	2.5	7.00
September 2023.....	8.83	2.5	7.00
December 2023	6.61	2.5	7.00
March 2024	6.61	2.5	7.00
June 2024	4.94	2.5	7.00
September 2024.....	4.62	2.5	6.50
December 2024	5.14	2.5	6.50
March 2025	4.85	2.5	6.50

Source: National Institute of Statistics, National Bank of Romania

Monetary Aggregates

The following table shows selected monetary aggregates as of 31 December 2020, 2021, 2022, 2023, 2024 and as of 30 April 2025:

	2020	2021	2022	2023	2024	As of 30 April 2025
			<i>(RON million)</i>			
M1 (narrow money) – Total.....	337,563.5	406,773.3	398,074.2	409,346.8	448,237.7	451,045.9
Currency in circulation	88,180.6	96,100.3	101,298.4	110,214.9	125,811.8	131,247.2

	2020	2021	2022	2023	2024	As of 30 April 2025
			(RON million)			
Overnight deposits.....	249,382.9	310,673.0	296,775.8	299,131.9	322,425.9	319,798.6
M2 (intermediate money) – Total	487,349.9	564,423.0	603,042.0	666,387.1	741,768.4	743,248.1
M1	337,563.5	406,773.3	398,074.2	409,346.8	448,237.7	451,045.9
Deposits with agreed maturity of up to two years.....	149,786.4	157,649.7	204,967.9	257,040.4	293,530.7	292,202.3
M3 broad money.....	487,349.9	564,423.0	603,042.0	666,387.1	741,768.4	743,248.1
M2	487,349.9	564,423.0	603,042.0	666,387.1	741,768.4	743,248.1
M1 (narrow money) – Total.....	337,563.5	406,773.3	398,074.2	409,346.8	448,237.7	451,045.9

Source: National Bank of Romania

Interest Rates

2020

The net liquidity surplus in the banking system re-amplified at the beginning of the year, and was further absorbed by the NBR via deposit-taking operations, while in March it narrowed swiftly and banks' net liquidity position became strongly negative, as volatility on international financial markets exacerbated and preference for liquidity surged abruptly amid the spread of the COVID-19 pandemic. The liquidity deficit remained considerable during the second quarter of 2020, and was covered by the NBR mainly via repo operations and, in addition, through outright purchases of government bonds in the secondary market. It persisted afterwards, while gradually declining amid some fluctuations, such that the NBR continued to provide liquidity to credit institutions via repo operations and, in addition, purchases of government bonds, but in lower volumes compared to the second quarter of 2020 and in a prudent manner, which was associated with a temporary increase in banks' resort to NBR's lending facility in September 2020 and October 2020, implying a tightening in liquidity conditions. Since November 2020, liquidity conditions saw a relative normalisation, with the contribution of NBR's repo operations, followed by a slight easing towards the end of the fourth quarter of 2020.

Against this background, overnight interbank rates remained broadly constant during the first four months of 2020 around 2.5 per cent., standing during most of the first quarter in the proximity of the policy rate, and declining in May 2020 and June 2020 in line with the policy rate. Subsequently, they neared and remained generally in the proximity of the lending facility rate (also after the NBR cut it to 2 per cent. in August 2020), notably in October 2020, before declining in November 2020 to December 2020 towards the monetary policy interest rate.

In turn, the 3-month to 12-month ROBOR rates re-embarked at the beginning of the year, and stood for most of the first quarter upon a slightly descending path, before suffering a relatively abrupt increase in mid-March. This was followed, however, by a swift and relatively ample downward adjustment after the NBR's monetary policy decisions of March 20 and a gradual declining trend until August 2020, also in response to subsequent cuts in the monetary policy rate. They stood broadly stable afterwards until the end of 2020.

The average interest rate on new loans of non-bank customers increased temporarily at the beginning of the year, but resumed its general downward trend afterwards, reaching 5.42 per cent. in December 2020, the lowest level of the past almost three and a half years (down 1.29 per cent. compared to December 2019). The decline was slightly stronger in the case of the interest rate on new loans to non-financial corporations, which went down by 1.15 per cent. since December 2019, to 4.64 per cent., also in the context of the IMM Invest Romania

Programme (which provides state guarantees and subsidies to support the SMEs' access to bank lending, being adopted in response to COVID-19). The average interest rate on new loans to households fell by 0.93 per cent. to 6.67 per cent.). The average interest rate on new time deposits declined by 0.73 per cent. during the year, to 1.52 per cent. in December 2020, reflecting the decreases in the households sector (-0.43 per cent., to 1.55 per cent.), as well as the non-financial corporations sector (-0.85 per cent., to 1.51 per cent.).

2021

The easing of money market liquidity conditions observed towards the end of 2020 became more pronounced in January 2021, as large injections from the Treasury's operations increased the liquidity surplus, absorbed by the NBR via its deposit facility. In the context of heightened global financial market volatility, the net liquidity position of the banking system shrank significantly in February 2021 and even turned negative in March 2021, such that the NBR provided liquidity to credit institutions in a prudent manner (through repo operations and, to a lower extent, purchases of Government bonds), which was associated with a temporary increase in banks' resorting to the NBR's lending facility. The excess liquidity returned to the money market at the beginning of the second quarter of 2021 due to the Treasury's ample reserve injections, being drained initially via NBR's deposit facility and, occasionally, through one-week deposit taking operations. In the third quarter of 2021, the NBR increased the role of one-week deposit-taking operations in draining excess liquidity in the money market and started in August to conduct these on a weekly basis in the form of fixed-rate full allotment tenders. Liquidity conditions have tightened since the end of the third quarter of 2021, amid the predominantly contractionary impact of autonomous factors. During the fourth quarter of 2021, temporary reserve deficits emerging in the first half of the period were covered via the NBR's lending facility, while liquidity surpluses were drained through one-week deposit-taking operations. Towards the end of the period, amid the shift of banks' net liquidity position to a deficit, the NBR provided liquidity via repossession operations.

Against this background, overnight interbank rates fell at the onset of the year and then tended to remain for three quarters below the monetary policy rate. Afterwards, they increased and stayed in the upper half of the interest rate corridor.

In turn, after a period of more pronounced fluctuations, the 3-month to 12-month ROBOR rates saw upward adjustments in August and notably at the end of September 2021, also amid banks' expectations of a policy rate hike in the upcoming period. They accelerated their uptrend during the fourth quarter of 2021, prompted by the policy rate hikes, as well as the tightening of liquidity conditions and the expectation of further increases in the policy rate.

During the period from January 2021 to September 2021, against the background of the general downward trend of interbank interest rates, average interest rates on new time deposits of non-bank customers decreased, reaching their lowest levels of the last four years in the second half of this period. Compared to December 2020, the average interest rate on new time deposits decreased by 0.34 percentage points, to 1.18 per cent., with the downward trend characterising both the households sector (where the interest rate fell by 0.41 percentage point to 1.14 per cent.) and the non-financial corporations sector (-0.32 percentage point to 1.19 per cent.). The interest rates on main loan categories also followed a downward trend over this period, while developments in aggregate measures of interest rates at the sectoral level were also influenced by changes in the structure of the loan flows. Thus, the average interest rate on new loans of non-bank customers declined in September by 0.17 percentage point compared to its level in December 2020, to 5.24 per cent. The average interest rate on new loans to households fell by 0.33 percentage point from December 2020, to 6.34 per cent. in September 2021. The average interest rate on new loans to non-financial corporations recorded a visibly downward movement in January-September 2021, decreasing by 0.69 percentage point to 3.95 per cent. (a minimum level of the last four years).

In the period from October 2021 through December 2021, as a result of the increase in the monetary policy interest rate and interbank interest rates, the average interest rate on new time deposits of non-bank customers increased by a cumulative 0.68 percentage points compared to September 2021, to 1.86 per cent. The upward move was stronger in the case of non-financial corporations (+0.82 percentage points, to 2.01 per cent. in December 2021) and more moderate in the case of households (+0.27 percentage points to 1.41 per cent. in December 2021). Over the same period, the average interest rate on new loans to non-bank customers remained almost unchanged (5.26 per cent. in December), with developments diverging across the two sectors. Thus, the average interest rate on new loans to non-financial corporations increased by 0.63 percentage points compared to September (to 4.58 per cent.), while the average interest rate on new loans to households extended its decline (-0.32 percentage points compared to September, reaching 6.02 per cent.).

2022

The NBR maintained firm control over money market liquidity throughout most of the year. Hence, against the background of increased liquidity injections arisen from Treasury's operations at the end of 2021, the NBR resumed in January its 1-week deposits-taking operations. Since March it used mainly its credit facility and, in addition, bilateral repo operations to cover the considerable liquidity deficit which re-emerged amid the abrupt deterioration of investor sentiment, especially towards CEE financial markets, and a surge in preference for liquidity with the outbreak of the war in Ukraine. During the last months of 2022, as the perception of the risk associated with financial markets in the region improved and the relative attractiveness of investments in lei increased, also amid the policy rate hikes, the liquidity position turned positive again, with the surplus drained by the central bank through its deposit facility.

Overnight interbank rates increased and stayed close to the lending facility rate until the middle of the fourth quarter of 2022, rising in step with it, before falling at the bottom of the interest rate corridor, which was raised further by the central bank until January 2023. In turn, the three-month to twelve-month ROBOR strongly increased their uptrend during the first three quarters of 2022, as a result of the NBR's interest rate hikes, the tightening of the liquidity conditions, but also banks' expectations of further key interest rate increases. The three-month to twelve-month ROBOR rates thus reached 13-year highs in October, and then remained above the policy rate, however on a downward trajectory. Overall, the average of the three-month ROBOR rate went up to 7.66 per cent. in December 2022, from 2.83 per cent. in December 2021.

During 2022, against the background of the increases of monetary policy interest rate and interbank rates, the average interest rate on new loans for non-bank customers increased by 4.40 percentage points to 9.66 per cent. The average interest rate on new time deposits increased by 4.86 percentage points (to 6.71 per cent. in December 2022). The average interest rate on new loans increased both on the households segment (by 3.39 percentage points, to 9.41 per cent.) and especially on the non-financial corporations segment (by 5.38 percentage points, to 9.96 per cent. over the same time period). The average interest rate on new time deposits increased by 5.73 percentage points in the case of the households (to 7.14 per cent.) and 4.49 percentage points in the case of the non-financial corporations (to 6.50 per cent.) in December 2022.

2023

The liquidity surplus in the money market increased considerably in 2023 and was further absorbed by the central bank via the deposit facility. Overnight interbank rates remained within proximity of the lower bound of the interest rate range. The three-month to twelve-month ROBOR interest rates continued to decline during the first part of the year, yet at a slower pace after entering the lower half of the interest rate range, and then remained almost constant from August until the end of the year, except for some minor decreases in the last three months of 2023.

In 2023, the average interest rates on new loans and new time deposits of non-bank customers saw relatively modest decreases, and significantly lower amplitude compared to the increases in the previous year.

Specifically, the average interest rate on new loans went down by 1.01 percentage points to 8.63 per cent. in December 2023, as the average interest rate on new loans to households decreased by 0.82 percentage points to 8.58 per cent. New loans to non-financial corporations declined by 1.24 percentage points to 8.69 per cent. In turn, the average interest rate on new time deposits declined by 1.07 percentage points to 5.64 per cent., amid the decreases seen both in the case of non-financial corporations (by 0.98 percentage points to 5.52 per cent.), and households (by 1.26 percentage points to 5.89 per cent.).

2024

The liquidity surplus on the money market, further absorbed by the NBR via its deposit facility, continued to widen at the beginning of 2024 and stood very high in the first half of the year, but narrowed relatively quickly in the second half of the year, especially in the last quarter in the context of the high volatility of the global risk appetite but also amid the uncertainty associated with the electoral events in November and early December, conducive to a temporary rise in financial investor concerns about the fiscal and external positions of the economy. Against this background, the short-term money market interest rates stayed close to NBR's deposit facility rate, which was cut by the NBR in July and August by 0.25 percentage points, posting recurrent, albeit moderate, increases in the second half of the last three months of 2024.

In turn, the three-month to twelve-month ROBOR interest rates stood quasi-linear during H1 2024, and, after declining in response to NBR's cuts of its representative interest rates in July and August, remained relatively constant for a while, before rising significantly in the second half of November and stabilising at the new levels.

In 2024, the average interest rates on new loans and new time deposits of non-bank customers declined compared to December 2023, by 0.92 percentage points to 7.71 per cent. and by 0.64 percentage points to 5.00 per cent. respectively. From a sectoral perspective, household loans decreased at a relatively high rate when compared to other sectors. As such, the average interest rate on new loans to households went down by 1.23 percentage points to 7.35 per cent. and new loans to non-financial corporations decreased by 0.43 percentage points to 8.26 per cent. At the same time, the average interest rate on new time deposits of households declined by 1.08 percentage points to 4.82 per cent., whereas on the non-financial corporations sector it decreased by 0.43 percentage points to 5.09 per cent.

2025

During the first four months of 2025, the short-term money market interest rates continued to fluctuate above the interest rate on NBR's standing facility, however at a more moderate rate and at lower levels compared to the second half of the last three months of 2024, amid the re-amplification of the liquidity surplus on the money market, further drained by the NBR via its standing deposit facility. During the same period, the three-month to twelve-month ROBOR interest rates tended to stay near the increased levels reached at the end of November 2024.

In May, the main interbank money market rates saw considerable rises in the days immediately following the first round of the presidential elections and remained elevated afterwards, against the background of a significant change in the liquidity conditions on the money market, amid the political tensions, conducive to high uncertainties and increased investor concerns about the outlook for budget consolidation and for the overall macroeconomic picture.

In January-March 2025, the average interest rates on new loans and new time deposits of non-bank customers stopped their downward trend, rising from December 2024 by 0.24 percentage points in the case of new loans, to 7.95 per cent. and marginally, by 0.04 percentage points in the case of new time deposits, to 5.04 per cent. Developments were broadly similar across the two main sectors. Thus, the average interest rate on new loans to households increased by 0.23 percentage points, to 7.58 per cent., and that on new loans to non-financial corporations by 0.57 percentage points, to 8.83 per cent. The average interest rates on new time deposits went

up marginally both in the case of households (to 4.83 per cent.) and non-financial corporations (to 5.14 per cent.)

The following table shows key financing interest rates as at 31 December 2020, 2021, 2022, 2023, 2024 and 30 April 2025:

National Bank of Romania – Annual Interest Rate (Domestic Currency Operations)

	2020	2021	2022	2023	2024	30 April 2025
Policy rate.....	1.50	1.75	6.75	7.00	6.50	6.50
Lending facility.....	2.00	2.50	7.75	8.00	7.50	7.50
Deposit facility	1.00	1.00	5.75	6.00	5.50	5.50

Source: National Bank of Romania

The following table shows annual average interest rates for loans and term deposits as of 31 December 2020, 2021, 2022, 2023, 2024 and 31 March 2025:

National Bank of Romania – Annual Interest Rate (Domestic Currency Operations)

	2020	2021	2022	2023	2024	31 March 2025
			(%)			
Individuals.....						
Loans	6.83	6.24	8.76	9.22	8.51	8.36
Term Deposits	1.82	1.7	6.18	6.47	5.19	5.06
Non-financial corporation.....						
Loans	4.8	4.81	10.2	8.95	8.31	8.54
Term Deposits	1.59	1.9	6.78	5.62	4.91	5.01
Total						
Loans	6.06	5.66	9.33	9.11	8.43	8.43

Source: National Bank of Romania

Foreign Exchange and Convertibility of the RON

The NBR issues and implements regulations governing foreign currency transactions in Romania and supervises their implementation under NBR Regulation No. 4/2005, as amended and republished (“**FX Regulation**”). The FX Regulation sets out safeguard measures for foreign exchange transactions which the NBR may apply in the event of substantial changes in domestic liquidity or severe imbalances of payments. Residents and non-residents currently engage freely in both current and capital transactions, in foreign and domestic currency.

The imported and exported cash amounts are regulated by Regulation (EC) No. 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community, directly applicable in Romania and which is within the competence of the National Customs Authority of Romania.

Exchange Rate Policy

The exchange rate of the RON is determined in the interbank foreign exchange market.

2020

Amid the generally favourable sentiment on international financial markets, the EUR/RON exchange rate remained stable in January, and declined slightly in the first half of February, following the announcement on the inclusion of Romanian Government bonds into the Bloomberg Barclays Global Aggregate Index starting in September 2020. However, the EUR/RON exchange rate suddenly reversed its movement in mid-February 2020, facing rising pressures which sharpened around mid-March 2020 as the volatility in the international financial markets exacerbated amid the COVID-19 pandemic. The increase of the EUR/RON exchange rate came to a halt afterwards, with the relative easing of global financial market tensions, also due to the monetary policy measures adopted by major and emerging market central banks, but also in the context of the tightening of domestic money market conditions. Both the upward movement of the EUR/RON in March 2020 and its subsequent fluctuations were considerably more moderate compared to those of the exchange rates of the currencies in the region.

Throughout May 2020 and August 2020, the EUR/RON exchange rate fluctuated in a narrow range, as global financial market sentiment saw a relative improvement, but also against the background of liquidity conditions on the domestic money market and the interest rate differential.

In September 2020, the EUR/RON exchange rate moved higher, given (i) the abrupt increase in global risk aversion and worsening investor perception of the financial markets in the region, amid the sharp increase in new COVID-19 infections, and (ii) investor concerns regarding the outlook on Romania's fiscal position and sovereign rating. The EUR/RON exchange rate however remained relatively stable in October 2020 and November 2020 in the context of the temporary tighter liquidity conditions on the domestic money market and of the interest rate differential. The pressures on the EUR/RON exchange rate essentially faded away towards the end of 2020, against the background of an improvement in investor perception on the domestic economy following the parliamentary elections and a subsequent increase in global risk appetite.

Compared to 31 December 2019, the RON depreciated in nominal terms by 1.9 per cent. against the EUR and appreciated by 7.5 per cent. against the US Dollar at 31 December 2019. In real terms it appreciated during the same period by 0.1 per cent. against the EUR and by 9.7 per cent. against the US Dollar.

2021

During the first nine months of 2021, the EUR/RON exchange rate was relatively stable but saw two periods of increases in March 2021 and August 2021 to September 2021. These developments were primarily due to the fluctuations of global risk aversion, which deteriorated in the first three months of the year and saw a general improvement afterwards, before being marked in the second half of the third quarter by the increased prospects of the US Federal Reserve starting to scale back its asset purchases, and initiating rate hikes earlier than previously expected, but also due to rising investor concerns on the outlook of global economic growth amid the spreading of the Delta variant of COVID-19 and the worsening of macroeconomic conditions in China. However, particularly important were the domestic economic fundamentals, mainly the trend of the external position of the economy and of inflation, which were compounded by political tensions in autumn seen as inducing risks to the fiscal consolidation process. During the fourth quarter of 2021, the EUR/RON rate stood relatively stable at the high readings reached in mid-September, amid the increases in the NBR's monetary policy interest rate, complemented by the tightening of liquidity conditions in the money market and, in November 2021, by the widening of the interest rate corridor. These factors were complemented by the easing of political tensions in the second half of the fourth quarter of 2021, while global risk appetite saw a deterioration in November 2021, before improving somewhat afterwards.

Compared to December 2020, the RON depreciated in December 2021 in nominal terms by 1.6 per cent. against the EUR and by 8.6 per cent. against the US Dollar. In real terms, it appreciated during the same period by 6.5 per cent. against the EUR and depreciated by 1.2 per cent. against the US Dollar.

The pace of 12-month nominal depreciation of the RON against the EUR stood unchanged from the previous month in December 2021, to 1.6 per cent., and increased markedly against the US Dollar, to 8.6 per cent.

2022

Against the background of an improvement in international financial market sentiment, the EUR/RON exchange rate saw a slight downward adjustment at the beginning of the year, albeit far more modest than those recorded in the region, amid larger hikes in key rates implemented by central banks. However, pressures on the EUR/RON exchange rate increased following the outbreak of the military conflict in Ukraine, which caused an abrupt deterioration of investor sentiment, especially towards CEE financial markets, and a temporary significant rise of residents' demand for foreign currency. The increase of the EUR/RON exchange rate was of a small amplitude, however, and was followed by a relative stabilisation at the new levels, also in the context of the tightening of money market liquidity conditions and central bank's liquidity management actions.

Subsequently, the EUR/RON exchange rate remained broadly stable, also against the background of NBR's monetary policy decisions, while in the second half of the year, the leu tended to appreciate against the euro, amid an improvement in international financial market sentiment and in the risk perception towards financial market in the regions, as well as an increase in the relative attractiveness of leu-denominated financial assets. This also came against the background of the narrowing of the short-term interest rate differential, given the new significant rate hikes by the NBR and the slowdown/halt of policy rate increases by central banks in the region.

Compared to December 2021, the RON appreciated in December 2022 in nominal terms by 0.5 per cent. against the EUR and depreciated by 5.8 per cent. against the USD. In real terms, it appreciated in 2022 by 17 per cent. against the EUR and by 9.6 per cent. against the USD.

2023

The EUR/RON exchange rate remained broadly stable during the first four months of 2023, against the background of favourable investor sentiment towards financial market in the CEE region and an improvement in the trade balance. In mid-May, in the context of revised investor expectations on the short-term prospects for the Fed interest rate, the EUR/RON saw a relatively steep increase, which however reversed in July, also under the influence of domestic one-off and seasonal factors. In September, the exchange rate repositioned around the higher levels reached in May and then remained broadly stable, amid the fluctuations in global risk appetite induced by changes in expectations on major central banks' monetary policy decisions and by geopolitical developments, but also against the backdrop of further improvement in the trade balance and of the expectations on the short-term outlook of NBR's monetary policy interest rate.

Compared to December 2022, the RON depreciated in the first eleven months of 2023 by 1.0 per cent. in nominal terms against the EUR and appreciated by 1.0 per cent. against the USD. In real terms, the RON appreciated during the same period by 5.3 per cent. against the EUR and by 7.4 per cent. against the USD.

2024

The EUR/RON exchange rate reached a relatively high level at the beginning of 2024 and remained around this rate through the year, in the context of some temporary downward adjustments, particularly in the first half of 2024. The high rate is largely due to frequent shifts in global risk appetite stemming from successive revisions of financial investors' expectations regarding the future path of the U.S. Federal Reserve interest rate, coupled with geopolitical tensions and the economic and political developments in the U.S. and in Europe, which led to an abrupt appreciation of the USD on international financial markets which continued through the second half of 2024. Significant influences came, however, from the relative attractiveness of investments in local currency, further supported by the NBR's prudent monetary policy stance, but also from the temporary increase in

investors' concerns regarding the fiscal and external positions of the economy, in the context of the uncertainty generated by the political events in November and early December.

In December 2024, the leu depreciated slightly against the euro, while it lost 4.0 per cent. in nominal terms against the U.S. dollar as the dollar strengthened on international financial markets, as compared to December 2023. In real terms, however, the leu appreciated over the same period by 5.0 per cent. against the euro and by 0.9 per cent. against the US dollar.

2025

The EUR/RON exchange rate moved at a higher level in the first part of February and tended to remain around these values for the following two months. The increase in exchange rate is largely due to fluctuations in international financial market sentiment, especially in the context of trade policy measures of the U.S. administration which have had an impact on EUR/USD exchange rate developments, coupled with pronounced worsening trends in Romania's trade balance and by financial investors' concerns regarding the outlook for fiscal consolidation. Investor sentiment improved following the adoption, in early-February 2025, of the budget programme for 2025 by the new Parliament.

In May, the EUR/RON exchange rate recorded a significant increase in the days immediately following the first round of the presidential elections and have remained elevated, amid the political tensions which generated high uncertainties and triggered substantial capital outflows, in various forms.

Compared to December 2024, the EUR/RON exchange rate registered a minor depreciation in April 2025, while in May it depreciated by 1.7 per cent. from the previous month. Against the U.S. dollar, the leu appreciated by 6.9 per cent. in nominal terms in April compared to December 2024, given the dollar's weakening on international financial markets, whereas in May it depreciated by 1.3 per cent. from the previous month. In real terms, the leu appreciated in April 2025 compared to December 2024 by 2.1 per cent. against the euro and by 9.2 per cent. versus the U.S. dollar.

EUR/RON and USD/RON Exchange Rates

The following table sets out the EUR/RON and USD/RON exchange rates as at 31 December 2020, 2021, 2022, 29 December 2023 and 31 December 2024 and the average EUR/RON and USD/RON exchange rates for the

	EUR/RON and USD/RON Exchange Rate									
	2020		2021		2022		2023		2024	
	31 Dec	Average	31 Dec	Average	31 Dec	Average	29 Dec	Average	31 Dec	Average
EUR	4.8694	4.8371	4.9481	4.9204	4.9474	4.9315	4.9746	4.9465	4.9741	4.9746
USD	3.9660	4.2440	4.3707	4.1604	4.6346	4.6885	4.4958	4.5743	4.7768	4.5984

Note:

Note: Annual averages are computed as simply arithmetic average of monthly figures.

Source: National Bank of Romania

Real Effective Exchange Rate

Labour cost pressures in recent years were significant, yet their effect on the Producer Price Index-based ("PPI") Real Effective Exchange Rate ("REER") were limited. The indicator saw modest variations (between ± 1 per cent.) in 2018-2020. Cost pressures began to build up in 2021 and especially in 2022, amid the supply shocks affecting the global economy; against this background, the PPI-based REER appreciated by 4.7 per cent. in 2022, but subsequently, as commodity markets began to rebound, annual dynamics fell to lower rates (1.2 per cent. in 2023, 2.1 per cent. in 2024 and 1.1 per cent. in the first four months of 2025).

As of 30 September 2024, the share of assets held by banks with total or majority private capital in total assets of the Romanian banking system was 85.9 per cent., while the share of assets held by banks with total or majority foreign capital, including foreign bank branches, was 62.4 per cent. Banks with total or majority state-owned capital held 14.1 per cent., while the private domestic capital held 23.5 per cent. As of 30 September 2024, the total net balance sheet assets of the Romanian banking system amounted to EUR 169.5 billion and the share capital was EUR 6.4 billion.

Market share of credit institutions in terms of assets

	2020	2021	2022	2023	Sep.2024
			(% market share)		
Banks with majority state capital	10.6	11.4	12.1	13.7	14.1
Banks with majority domestic private capital.	18.9	20.4	19.8	20.7	23.5
Banks with majority foreign capital.....	70.5	68.2	68.1	65.6	62.4
Total banking system.....	100.0	100.0	100.0	100.0	100.0

Source: National Bank of Romania

International Reserves

As of 31 December 2020, Romania's foreign exchange reserves amounted to EUR 37,379 million, an increase of EUR 4,453 million compared to 31 December 2019. The principal inflows, totalling EUR 42,215 million, were represented by credit institutions' foreign currency required reserves held with the NBR, inflows into the Ministry of Finances' accounts (including flows from the Ministry of Finance's foreign currency bond issuances amounting to EUR equivalent 14,400 million) and inflows into the European Commission account (amounting to EUR 5,024 million). The principal outflows for the reported period totalling EUR 37,762 million were represented by withdrawals of credit institutions' foreign currency required reserves as well as the repayment of principal and interest payments on public and publicly guaranteed foreign currency debt and payments from the European Commission account.

As of 31 December 2021, Romania's foreign exchange reserves amounted to EUR 40,475 million, an increase of EUR 3,096 million compared to 31 December 2020. The principal inflows, totalling EUR 27,460 million, were represented by credit institutions' foreign currency required reserves held with the NBR, inflows into the Ministry of Finances' accounts (including flows from the Ministry of Finance's foreign currency bond issuances amounting to EUR equivalent 8,911 million), inflows into the European Commission account (amounting to EUR 5,270 million) and the crediting of Romania's SDR account following the IMF's new general allocation (with the quota of SDR 1,736 million, equivalent to approximately EUR 2,100 million). The principal outflows for the reported period totalling EUR 24,364 million were represented by withdrawals of credit institutions' foreign currency required reserves as well as the repayment of principal and interest payments on public and publicly guaranteed foreign currency debt and payments from the European Commission account.

As of 31 December 2022, Romania's foreign exchange reserves amounted to EUR 46,636 million, an increase of EUR 6,161 million compared to 31 December 2021. The principal inflows, totalling EUR 42,180 million, were represented by credit institutions' foreign currency required reserves held with the NBR, inflows into the Ministry of Finance's accounts (including flows from the Ministry of Finance's foreign currency bond issuances amounting to EUR equivalent 9,754 million) and inflows into the European Commission account (amounting to EUR 7,749 million). The principal outflows for the reported period totalling EUR 36,019 million were represented by withdrawals of credit institutions' foreign currency required reserves as well as the repayment of principal and interest payments on public and publicly guaranteed foreign currency debt and payments from the European Commission account.

As of 31 December 2023, Romania's foreign exchange reserves amounted to EUR 59,770 million, an increase of EUR 13,134 million compared to 31 December 2022. The principal inflows, totalling EUR 35,090 million, were represented by credit institutions' foreign currency required reserves held by the NBR, inflows into the Ministry of Finance's accounts (including flows from the Ministry of Finance's foreign currency bond issuances amounting to the equivalent of EUR 12,879 million) and inflows into the EC accounts (amounting to EUR 5,414 million). The principal outflows for the reported period totalling EUR 21,956 million were represented by withdrawals of credit institutions' foreign currency required reserves as well as the repayment of principal and interest payments on public and publicly guaranteed foreign currency debt and payments from the EC's account.

As of 31 December 2024, Romania's foreign exchange reserves amounted to EUR 62,135 million, an increase of EUR 2,365 million compared to 31 December 2023. The principal inflows, totalling EUR 46,396 million, were represented by credit institutions' foreign currency required reserves held with the NBR, inflows into the Ministry of Finance's accounts (including flows from the Ministry of Finance's foreign currency bond issuances amounting to EUR equivalent 16,476 million) and inflows into the EC's account (amounting to EUR 2,700 million). The principal outflows for the reported period totalling EUR 44,031 million were represented by withdrawals of credit institutions' foreign currency required reserves as well as the repayment of principal and interest payments on public and publicly guaranteed foreign currency debt and payments from the EC's account.

As of 30 June 2025, Romania's foreign exchange reserves amounted to EUR 58,281 million, a decrease of EUR 3,854 million compared to 31 December 2024. The principal inflows, totalling EUR 29,997 million, were represented by credit institutions' foreign currency required reserves held with the NBR, inflows into the Ministry of Finance's accounts (including flows from the Ministry of Finance's foreign currency bond issuances amounting to the equivalent of EUR 10,882 million) and inflows into the EC's account (amounting to EUR 2,179 million). The principal outflows for the reported period totalled EUR 33,843 million and were represented by withdrawals of credit institutions' foreign currency required reserves, the repayment of principal and interest payments on public and publicly guaranteed foreign currency debt and payments from the EC's account.

The amount of total reserves was EUR 42,517 million as of the end of 2020, EUR 45,831 million as of the end of 2021, EUR 52,305 million as of the end of 2022, EUR 65,983 million as of the end of 2023, EUR 70,491 million as of the end of 2024 and EUR 67,627 million as of 30 June 2025. Romania's gold reserve assets have remained at approximately 103.6 tonnes since the second half of 2007 and were valued at EUR 9,346 million on 30 June 2025.

Regarding the extent to which the reserves are encumbered by liens, the central bank has opened custody accounts with international financial institutions in order to manage the foreign reserves. The technical procedures of the custodians, which are commonly used for custody and settlement systems, may entitle the custodians to exercise certain remedies and to benefit from certain guarantees in relation to the participants, in case of non-compliance with the custodians' general terms and conditions, which are intended to ensure the fulfilment of such participants' obligations. The NBR is not engaged in any type of currency derivative transactions.

The following table shows Romania's international reserves as at 31 December 2020, 2021, 2022, 2023, 2024 and 30 June 2025:

	2020	2021	2022	2023	2024	June 2025
			(EUR million)			
Foreign exchange reserves.....	37,379	40,475	46,636	59,770	62,135	58,281
Gold reserves.....	5,138	5,356	5,669	6,213	8,356	9,346

	2020	2021	2022	2023	2024	June 2025
			(EUR million)			
Total reserves	42,517	45,831	52,305	65,983	70,491	67,627

Future changes to NBR's reserve assets could be triggered by monetary policy decisions impacting the international reserves size and currency composition as well as inflows/outflows triggered by foreign currency public debt management.

Banking System

General

A variety of structural changes by way of privatisation, mergers & acquisitions, or the granting of banking licences, including to domestic branches of foreign based banks, occurred over the years. In addition, the share of domestic majority owned private banks, foreign majority owned private banks and state majority owned banks also experienced some changes over the past three years.

As at 31 March 2025, the share of assets held by banks with total or majority private capital in total assets of the Romanian banking system was 85.8 per cent., while the share of assets held by banks with total or majority foreign capital, including foreign bank branches, was 63.1 per cent.

Banks with total or majority state-owned capital held 14.2 per cent., while the private domestic capital held 22.7 per cent. As at 31 March 2025, the total net balance sheet assets of the Romanian banking system amounted to EUR 178.2 billion and the share capital was EUR 5.8 billion.

Market share of credit institutions in terms of assets

	2020	2021	2022	2023	2024	March 2025
			(% market share)			
Banks with majority state capital	10.6	11.4	12.1	13.7	14.1	14.2
Banks with majority domestic private capital	18.9	20.4	19.8	20.7	23.5	22.7
Banks with majority foreign capital.....	70.5	68.2	68.1	65.6	62.4	63.1
Total banking system	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bank of Romania

In terms of net assets, the market share of banks with majority foreign capital was 63.1 per cent. in 31 March 2025 compared to 70.5 per cent. in 31 December 2020. The largest share of this majority foreign ownership in March 2025 was Austrian (23.46 per cent.), followed by Italian (12.79 per cent.), Dutch (10.97 per cent.) and French (10.04 per cent.). The market share of banks with majority Greek controlled capital declined significantly over the past ten years, from 12.2 per cent. as of 31 December 2014 to no banks with Greek capital operating in Romania as of 31 December 2024.

Banking System Ownership by Total Asset

	2020	2021	2022	2023	2024	March 2025
Romania.....	29.47	31.81	31.89	34.39	37.56	36.86

	2020	2021	2022	2023	2024	March 2025
Austria	23.92	23.57	22.99	22.31	23.06	23.46
Netherlands.....	12.81	12.33	12.07	11.75	11.59	10.97
France.....	12.32	11.25	11.01	10.69	10.27	10.04
Italy.....	9.27	8.94	9.72	9.35	12.54	12.79
Greece.....	3.20	2.94	3.01	2.93	0.00	0.00
Cyprus	1.92	2.63	2.54	2.57	2.44	2.46
Hungary.....	2.65	2.89	2.85	2.48	0.01	0.01
Other.....	4.44	3.64	3.92	3.51	2.53	3.38

Source: National Bank of Romania

The share in total equity capital held by banks with majority foreign capital was 50.8 per cent. as at March 2025, 66.8 per cent. decreased compared to December 2019. Banks with majority Austrian capital held the largest share in March 2025 (14.4 per cent.).

Structure of the Banking Sector

As at 31 March 2025, the Romanian banking system had 32 credit institutions, which consisted of one majority state-owned institution, one fully state-owned institution (CEC Bank), ten branches of foreign banks and 20 credit institutions with private capital (including Banca Centrală Cooperatistă CREDITCOOP – the network of credit cooperatives), of which 15 had majority foreign ownership.

The following table shows the composition of the Romanian banking sector as of 31 March 2025:

Type of capital	Number of banks	Total loans	Total deposits	Total balance sheet
		(% market share)		
State-owned	1	8.1	12.3	11.2
Majority state-owned.....	1	3.0	3.0	3.0
Majority privately owned, of which.....	20	77.2	72.4	73.9
majority domestic capital.....	5	20.7	22.8	22.7
majority foreign capital.....	15	56.5	49.6	51.2
Branches of foreign banks	10	11.7	12.3	11.9

Source: National Bank of Romania

Current Condition of the Banking Sector

The prudential and financial position of the Romanian banking sector has remained adequate, despite the persistence of the economic and geopolitical uncertainties. Banks with majority domestic capital continued to strengthen their market share, accounting for 37 per cent. of total bank assets, 36.4 per cent. of private sector deposits and currently have the largest contribution to financial intermediation (31.5 per cent. of total loans as of 30 April 2025). The relatively high share of claims on the government sector in the balance sheet (27.1 per cent. in April 2025) supports liquidity but can contribute to the amplification of shocks to the banking sector in the event of a significant increase in risk aversion, manifested in the form of higher government bond yields.

The total capital ratio (25.1 per cent., 23.3 per cent., 23.4 per cent., 23.6 per cent. and 24.9 per cent. in December 2020, 2021, 2022, 2023 and 2024, respectively), Tier 1 capital ratio (23.2 per cent., 20.9 per cent., 20.5 per cent., 20.7 per cent. and 22.2 per cent., in December 2020, 2021, 2022, 2023 and 2024, respectively) and the

liquidity coverage ratio (265.9 per cent., 238.8 per cent., 209.2 per cent., 280.6 per cent., and 254.7 per cent. in December 2020, 2021, 2022, 2023 and 2024, respectively) continue to exceed the EU average, giving stability to credit institutions facing the effects of the current crises. The results of the latest solvency stress test exercise carried out over 2024-2026 show that banks generally have the capacity to cope with higher potential losses from projected regulated risks, without significantly affecting capital.

Asset quality has remained inside the EBA's defined low-risk bucket (with an NPL ratio of 2.6 per cent. as of 30 April 2025). The NPL coverage ratio remains adequate (66.7 per cent. as of 30 April 2025) and significantly higher than the EU average (41.2 per cent. as of 31 December 2024).

As of 31 December 2024, net profit from the Romanian banking sector was RON 14.2 billion (RON 13.5 billion as of 31 December 2023) due to growth in operating profit and low levels of loan losses, given the still limited materialisation of credit risk. Operating profit increased due to growth in net interest income, with interest expense favourably impacted by significant growth in demand deposits (51 per cent. of the real sector's deposits). As of 31 December 2024, the ROA stood at 1.7 per cent. (1.8 per cent. as of 31 December 2023), with a ROE of 18.4 per cent. (20.1 per cent. as of 31 December 2023). As of 30 April 2025, net profit was RON 4.7 million, representing an annualised ROE of 17.7 per cent. and a ROA of 1.6 per cent. respectively.

The banking sector's total assets at gross value continued to strengthen, posting a 4.3 per cent. annual rise as of 30 April 2025, up to RON 918.9 billion, given increased savings and exposure to the private and public sectors. Liabilities primarily consist of deposits from resident non-government clients (69 per cent. as of 30 April 2025). Households remain the main funding provider for the banking sector accounting for 42 per cent. in total liabilities and 61 per cent. of all deposits from residents.

Cross-border activity remained low, with foreign assets making up only 9.0 per cent. of the aggregate balance sheet, and 7.2 per cent. of foreign liabilities in April 2025. Investments in foreign markets are mainly in the form of short-term loans to credit institutions in the Eurozone, concentrated in the balance sheets of a few large banks. Exposures to the external public sector are small (2.2 per cent. of total assets as of April 2025). External financing has been largely replaced over the past decade by domestic deposits. The share of external financing has gradually decreased to an annual average of 7.3 per cent. of total liabilities in 2024, from an annual average of 23 per cent. from 2010 to 2014. Financial intermediation remained low (the non-government credit-to-GDP ratio was 23.9 per cent. and the gross assets-to-GDP was 52.0 per cent. in December 2024), against the backdrop of persistent structural vulnerabilities in the domestic economy.

At the end of the first quarter of 2025, the non-financial companies' NPL ratio increased (according to the methodology developed by the European Banking Authority), by 0.6 percentage points year-on-year, to 4.4 per cent. compared to 3.8 per cent. as at March 2024. By sector, the highest NPL ratio was recorded in the extractive industry at 18.8 per cent., despite a year-on-year decrease of 6.6 percentage points. This sector also represents the smallest share of the banking corporate portfolio (1.2 per cent.). The utilities sector continues to hold the lowest non-performance rate for loans, 0.8 per cent. in March 2025 (+0.1 percentage points year-on-year). For the household sector, the NPL ratio (according to the methodology developed by the European Banking Authority) decreased to less than 3 per cent. in March 2025 (-0.3 pp annually). By loan type, the NPL ratio for consumer loans was 5 per cent. in March 2025, decreasing by 0.8 percentage points compared to the corresponding period in 2024, while the NPL ratio for mortgage loans were approximately 1.6 per cent., a decrease of 0.09 percentage points compared to the previous year. The total volume of household exposures rose by 9.2 per cent. in annual terms and the non-performing exposures decreased by 0.6 per cent. in March 2025 compared to March 2024. The non-performing loan ratio for foreign currency lending is higher than for domestic currency loans (6.95 per cent. for foreign currency loans compared to 2.6 per cent. for domestic currency loans by March 2025).

According to the latest NBR Bank Lending Survey (February 2025), in the fourth quarter of 2024, credit institutions in Romania reported a tightening of credit standards for loans and credit lines to non-financial corporations, as well as for consumer credit to households. Conversely, amid the expected developments in the real estate market and in the general economic situation, as well as pressure from bank competition, credit institutions pointed to an easing of credit standards for loans to households for house and land purchase. Loan demand from the real estate sector saw mixed developments in the last three months of 2024. Specifically, loan demand declined from non-financial corporations and from households in the case of consumer credit, whereas household demand rose for loans for house and land purchase.

The default rate of non-financial companies has reached 2.8 per cent. in March 2025, up 0.5 percentage points compared to the same period of 2024. The average probability of default estimated for the March 2025-March 2026 period is 4.1 per cent. according to the baseline macroeconomic scenario, indicating an increase in the overall credit risk for non-financial companies. As of March 2025, the annual default rate for housing loans was 0.2 per cent. and for consumer loans granted to households was 2.9 per cent. The probability of default is projected to slightly worsen over the next twelve months for both housing (to 0.23 per cent.) and consumer loans (to 3.1 per cent.) due to macroeconomic conditions.

Bank Resolution Framework

To date, the Government has not used public funds to support the stability of the financial system. The recapitalisation of the banking sector was entirely supported by bank shareholders. The backstop measures available in Romania mainly consist of private sector solutions and only a few public sector solutions. The private sector solutions of the backstop toolkit consist of supervisory and resolution measures, available to the NBR in accordance with its statutory powers.

The existing legal framework (Law No. 312/2015 regarding the recovery and resolution of credit institutions and investment firms) provides the NBR with a set of resolution to manage threats to financial stability posed by deterioration in the banking system., these resolutions include: (i) the sale of business resolution; (ii) the bridge institution resolution; (iii) the asset separation resolution; and (iv) the bail-in resolution. These resolutions can be used individually or in any combination, except for the asset separation resolution which may be applied only together with another resolution. The Ministry of Finance, as the competent ministry, and the NBR, as a resolution authority, determine when such resolutions are required so as to avoid a significant adverse effect on the financial system. Such resolutions shall be carried out under the leadership of the Ministry of Finance, as the competent ministry, in close cooperation with the NBR, as a resolution authority. Public equity support and temporary public ownership are used as a last resort after having assessed and exhausted other resolutions to the maximum extent practicable while maintaining financial stability.

In its capacity as resolution authority, the NBR carries out the resolution planning activity under the harmonised EU legal framework for each bank or banking group in the European Union present in Romania. NBR elaborates resolution plans for local credit institutions, while for Romanian subsidiaries of cross-border banking groups, it takes part in updating the group-level resolution plans within the resolution colleges established by the Single Resolution Board (“**SRB**”) or the resolution authorities in Member States where the consolidating supervisor is also located, in order to adopt the joint decisions on the resolution plans and on the Minimum Requirement for Own Funds and Eligible Liabilities (“**MREL**”).

The DORA Directive (Directive (EU) 2022/2256), which entered Romanian law through the Law no. 16/2025, brings further elements for resolution planning and resolvability assessment with regards to credit institutions, such as: demonstrating the capacity of ensuring the digital operational resilience and satisfying assessments of the feasibility of IT and communication service contracts, especially in connection with networks and systems supporting critical functions and core business lines of the credit institution.

The resolution legal framework also includes a considerable number of EU legislative acts (such as delegated regulations or implementing regulations), directly applicable in Romania as well as guidelines adopted by the EBA. Relevant in the area of resolvability of banks are the guidelines on improving resolvability for institutions and resolution authorities under articles 15 and 16 of BRRD (EBA/GL/2022/01), with the amendments brought by Guidelines EBA/GL/2023/05 (on resolvability testing) and Guidelines for institutions and resolution authorities to complement the resolvability assessment for transfer strategies (Transferability guidelines) EBA/GL/2022/11, with which the NBR declared its compliance.

On 15 December 2023, in line with the provisions of the guidelines to resolution authorities on the publication of the write down and conversion and bail-in exchange mechanic (EBA/GL/2023/01), the NBR as resolution authority published its updated framework.

At the same time, the legal framework was improved through the publication in the Official Gazette of Romania of the NBR Regulation no. 4/2024 on the authorisation of the bridge credit institution. This regulation establishes not only the conditions for authorisation, but also the documentation accompanying the application for authorisation under which the NBR, as the resolution authority, authorises a bridge credit institution. Having in view that the process of authorising a bridge credit institution shall be carried out in a single step, the regulation ensures the application of this resolution instrument with the necessary expedience.

At the end of 2024, the available financial means of the Bank Resolution Fund (“BRF”) reached the target level provided by Directive 2014/59/EU of at least 1 per cent. of the amount of covered deposits of all the credit institutions authorised in Romania. As no bank resolution action was required in Romania, the BRF has not been tapped.

The NBR, in its capacity as resolution authority, sets the MREL requirement for all banks subject to resolution proceedings (local or subsidiaries of cross-border banking groups) under its remit, on the basis of the provisions of BRRD2 - Directive (EU) 2019/879, following its transposition in Romania by *Law No. 320/2021*, in force since 3 January 2022, and on the basis of the NBR MREL policy (*Policy regarding the determination of minimum requirement for own funds and eligible liabilities (MREL) for the credit institutions under the remit of the NBR, as amended in August 2024*). The transition period (for building up the final MREL target level) ended on 1 January 2024 for all banks under NBR’s remit.

At the end of 2024, the average MREL final target for resolution banks under the NBR remit amounted to 24.74 per cent. of the Total Risk Exposure Amount. When the Combined Buffer Requirement is considered on top of the risk-based MREL, the final target reached 29.74 per cent. As of 31 December 2024, all banks comply with the applicable MREL final target and are expected to comply with it on a continuous basis.

In order to achieve compliance with the applicable MREL target, the banks- resolution entities under NBR’s remit have issued eligible liabilities for external MREL with an aggregated value of approximately RON 34.7 billion as of May 2025, while the Romanian banks subject to internal MREL raised subordinated funding from their parent entities (new or prolonged loans and financing lines), with an aggregated contracted value exceeding RON 18.6 billion for the period between December 2021 to May 2025 (out of which RON 4.3 billion represents loans with prolonged maturity).

Romanian Banking Regulation and Business Standards

Banking Regulation and Supervision

Credit institutions are mainly regulated by the Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy (“**Banking Law**”), as subsequently amended and supplemented, which ensures the transposition of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“**CRD IV**”) in national legislation and by

Regulation No. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (“**CRR**”) and, among others, by the Law no. 85/2014 regarding the procedures for the prevention of insolvency and the insolvency procedures.

Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (“**BRRD1**”) was transposed into Romanian legislation by Law no. 312 as of 4 December 2015, which establishes the domestic grounds for the recovery and resolution of credit institutions, and which repealed certain provisions of Government Emergency Ordinance No. 99/2006 on credit institutions and capital adequacy regarding the stabilisation measures.

On 11 April 2024 Directive (EU) 2024/1174 of the European Parliament and of the Council amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities (Daisy Chains Directive), was published in the Official Journal.

This directive is part of the EC proposal which aims to amend the bank crisis management and deposit insurance (CMDI package). Its main provisions are as follows:

(1) Provide the resolution authorities with the power of setting internal MREL on a consolidated basis subject to certain conditions. Where the resolution authority allows a banking group to apply such consolidated treatment, the intermediate subsidiaries will not be obliged to deduct their individual holdings of internal MREL.

(2) Introduce a specific MREL treatment for ‘liquidation entities.’ These are defined as entities earmarked for winding-up in accordance with insolvency laws, which would, therefore, not be subject to resolution action (conversion or write-down of MREL instruments). On this basis and as a rule, liquidation entities will not be obliged to comply with an MREL requirement, unless the resolution authority decides otherwise on a case-by-case basis for financial stability protection reasons. The funds of these liquidation entities issued to intermediate entities will not need to be deducted except when they represent a material share of the intermediate entities’ funds and eligible liabilities of the intermediate entity.

The Daisy Chains Directive was transposed into Romanian legislation by Law No.40/2025 amending and supplementing Law No.312/2015 on the recovery and resolution of credit institutions and investment firms, as well as amending and supplementing certain normative acts in the financial sector, published in the Official Gazette, Part I, No.304 on 7 April 2025

The current prudential regulatory framework ensures:

- (i) harmonisation with CRD and adequate measures to facilitate the implementation of CRR, in the above-mentioned context; and
- (ii) harmonisation with guidelines/recommendations issued by the European Banking Authority; areas in which the EBA guidelines/recommendations were transposed into Romanian regulations refer to equivalents of the confidentiality regime; COVID-19 measures reporting and disclosure in compliance with CRR “quick fix”; governance arrangements; assessment of the suitability of members of the management body and key function holders; remuneration policies, credit risk management practices and accounting for expected credit losses; prudential treatment of legislative and non-legislative moratoria on loan payments introduced in response to the COVID-19 pandemic; management of non-performing and forborne exposures; specification of types of exposures to be associated with high risk under the CRR; internal capital and liquidity adequacy assessment process and management of significant risks; liquidity cost benefit allocation; conditions for outsourcing of activities; assessment and validation of using advanced approaches for calculating capital requirements for credit and operational risks; retention requirements in securitisation transactions; clarifications regarding the revised large exposures regime and clarifications regarding the exemption of some short-term exposures

from the application of the large exposures regime; specifying the conditions for the application of the alternative treatment of institutions' exposures related to 'tri-party repurchase agreements' for large exposures purposes; the eligibility criteria for capital instruments to be recognised as original own funds; recovery and resolution of credit institutions; liquidity coverage ratio ("LCR") disclosure; disclosure requirements under Part eight of the CRR; implicit support for securitisation transactions; modified duration for debt instruments; acquisitions and qualifying holdings; connected clients; definition of default; funding plans; ICT risk; determining the weighted average maturity of a tranche in securitisation transactions; treatment of structural FX; criteria to assess the exceptional cases when institutions exceed the large exposure limits; and specifying criteria for the use of data inputs in the risk-measurement model used for calculating the own funds requirements for market risk; monitoring of the threshold and other procedural aspects on the establishment of an intermediate EU parent; identification, evaluation and management of the interest rate risk arising from the non-trading book (banking book) activities (IRRBB), internal governance arrangements in relation to the management of IRRBB, criteria to assess the sudden and unexpected changes in the interest rate for the purposes of the review and evaluation performed by competent authorities; identification and management of credit spread risk in the non-trading book (CSRBB); loan origination and monitoring; improving resolvability for institutions and resolution authorities under articles 15 and 16 BRRD including in case of transfer strategies; publication of the write-down and conversion and bail-in exchange mechanic; common procedure and methodologies for the supervisory review and evaluation process (SREP); and supervisory stress testing, benchmarking exercises on remuneration practices, the gender pay gap and approved higher ratios, data collection exercises regarding high earners, benchmarking of diversity practices including diversity policies and gender pay gap, overall recovery capacity in recovery planning, resubmission of historical data under the EBA reporting framework.

Moreover, starting with the CRD IV/CRR and BRRD implementation, credit institutions are required to observe the EC's implementing regulations laying down technical standards, directly applicable in all Member States, including also those related to the reporting field.

On 7 June 2019, the risk reduction measures package (the "**RRM package**") were published which included (i) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU regarding exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures ("**CRD V**"), (ii) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regarding the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements and Regulation (EU) No 648/2012 ("**CRR II**") and (iii) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regarding the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC ("**BRRD II**").

In December 2020, the NBR issued Regulation No.11/2020 amending and supplementing NBR Regulation No. 5/2013 on prudential requirements for credit institutions, as subsequently amended and supplemented, in areas such as internal governance, assessment of the suitability of members of the management body and key function holders, risk management, internal capital and liquidity adequacy assessment process (ICAAP/ILAAP), management of interest rate risk arising from non-trading book activities. The revision of the Regulation No. 5/2013 also took into account the recommendations made by the International Monetary Fund and the World Bank as a result of Financial Sector Assessment Programme in Romania (2017 – 2018).

The implementation of the RRM package is an important step forward towards completing the Economic and Monetary Union (EMU), which will also ensure, apart from risk reduction, the strengthening of banks' ability

to withstand potential shocks, through better capitalisation and by holding much more adequate tools to this end.

The laws ensuring the transposition of Directive (EU) 2019/878 and Directive (EU) 2019/879 in the national legislation were adopted by the Romanian Parliament in late 2021. Directive (EU) 2019/878 has been transposed by *Law no.319/2021* amending and supplementing Government Emergency Ordinance no.99/2006 on credit institutions and capital adequacy, published in the Official Gazette of Romania, Part I, no.1247 on 30 December 2021. The technical provisions were transposed by amending the regulations issued by the NBR in the field of authorisation of credit institutions (Regulation No.1/2022 amending Regulation No.12/2020 on authorisation of credit institutions and changes in the situation of credit institutions) as well as in the field of prudential requirements (Regulation No.2/2022 amending Regulation No.5/2013 on the prudential requirements for credit institutions).

The technical provisions of the Directive (EU) 2019/878, which regulate the attributions of the macro-prudential authority (the General Board of the National Committee for Macroprudential Oversight (“**NCMO**”) in Romania) have been transposed at the level of the secondary legislation by appropriately modifying the NCMO Regulation no. 2/2017 on the methodology and procedure used to establish the capital buffers and the scope of these instruments. The NCMO Regulation no. 1/2020 was published in the Official Gazette of Romania, Part I no. 1277 on 22 December 2020.

On 18 December 2019, the Official Journal of the EU published the Covered bonds package including Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU and Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No. 575/2013 as regards exposures in the form of covered bonds. The regulation went into effect on 8 July 2022.

On 19 June 2024 in the Official Journal of the European Union published the Basel III package, respectively:

- Directive (EU) 2024/1619 of the European Parliament and of the Council, of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (CRD VI); and
- Regulation (EU) 2024/1623 of the European Parliament and of the Council, of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR III).

According to Article 2 of CRD VI, member states have the obligation to adopt and publish the necessary normative acts to transpose the directive into national legislation by 10 January 2026.

In Romania, the transposition of the CRD VI will be achieved by amending both the primary and secondary legal framework.

The main areas where changes to the existing legal framework are necessary, as a result of the elements introduced by CRD VI, are the following: a) independence of the competent authorities; b) strengthening supervisory powers in relation to certain operations carried out by supervised entities (respectively direct or indirect acquisitions of significant participations in financial or non-financial entities, significant transfer of assets or liabilities and mergers or divisions); c) the regime of third country branches (minimum authorisation requirements, prudential requirements, internal governance, supervision and reporting); d) environmental, social and governance (ESG) risks; e) strengthening the sanctioning regime. To avoid inconsistencies with provisions of CRR III, it is also necessary to amend the existing secondary legal framework, particularly the NBR Regulation No. 5/2013 on prudential requirements for credit institutions.

The provisions of Directive (EU) 2019/2162 have been transposed in the national legislation by Law No. 233/2022 regarding covered bonds, as well as amending and supplementing some normative acts in the financial field, and by NBR Regulation No. 10/2022 on the issuance of covered bonds, which transposes the technical provisions of the directive in the national legislation.

Directive (EU) 2019/879 has been transposed by Law No. 320/2021 amending and supplementing Law no. 312/2015 on the recovery and resolution of credit institutions and investment firms, amending and supplementing certain legislative acts in the financial field, published in the Official Gazette of Romania, Part I, no. 1256 on 31 December 2021. Law no. 320/2021 ensuring the transposition of Directive (EU) 2019/879 (BRRD II), entered into force on 3 January 2022.

In March 2022, the NBR issued Regulation no. 5/2022 on amending and supplementing NBR Regulation No. 5/2013 on prudential requirements for credit institutions and on repealing of some normative acts. The regulation was published in the Official Gazette of Romania, Part I, no. 314 on 30 March 2022.

In October 2022, the NBR issued Regulation no. 11/2022 on amending and supplementing some normative acts issued by the NBR, respectively: NBR Order no. 9/2017; NBR Order no. 10/2017; NBR Order no. 18/2007; NBR Regulation no. 4/2019; NBR Regulation no. 5/2019; NBR Regulation no. 20/2009; NBR Regulation no. 2/2019; NBR Regulation no. 17/2012; NBR Regulation no. 5/2013; NBR Regulation no. 12/2020; NBR Order no. 8/2014; NBR Order no. 9/2014 and NBR Order no. 2/2014. The regulation was published in the Official Gazette of Romania, Part I, no. 1036 on 25 October 2022. The main objective of the regulation was to implement the European Systemic Risk Board Recommendation (ESRB/2020/12) on identifying legal entities, by requesting the LEI Code of the reporting entity to be presented through reports (if the reporting entity has such an LEI Code), and also the LEI Code of any other legal entity about which information must be reported by the reporting entity and which has an LEI Code, and also publishing the LEI Code in the public registers/lists with financial institution supervised by NBR, if the institutions have such an identifier.

At the beginning of 2023, the NBR published two orders in the area of remuneration reporting, respectively NBR Order no. 4/2023 on the benchmarking exercises on remuneration practices and the gender pay gap (Official Gazette of Romania, Part I, no. 387 on 5 May 2023) and NBR Order no. 5/2023 on the data-collection exercises regarding high earners (Official Gazette of Romania, Part I, no. 391 on 8 May 2023). The two orders were developed taking into account European Bank Authority's guidelines in this area, and regulate the content of the reporting forms regarding the information to be provided by the credit institutions to National Bank of Romania for the reporting exercises, for the purpose of benchmarking the remuneration trends and practices.

In August 2024, the NBR issued Regulation no. 8/2024 on amending and supplementing NBR Regulation no. 5/2013 on prudential requirements for credit institutions, in the area of outsourcing. The Regulation also ensures the transposition of some of the provisions of the Corrigendum to Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures. The Regulation was published in the Official Gazette of Romania, Part I, vo. 809 on 14 August 2024.

In October 2024, the NBR issued Regulation no. 11/2024 on amending and supplementing NBR Regulation no. 5/2013 on prudential requirements for credit institutions, which was published in the Official Gazette of Romania, Part I, no. 987 of 2 October 2024. The regulation establishes, based on the national discretion provided in article 116(4) of CRR, the preferential treatment applicable to exposures of credit institutions towards development banks established under Law no. 207/2022 for the regulation of measures regarding the general framework applicable to the establishment and operation of development banks in Romania, in the context of capital requirements for credit risk, respectively the application of risk weights equivalent to those applicable to the central government for exposures to development banks.

The provisions of Directive (EU) 2022/2556 regarding digital operational resilience for the financial sector have been transposed in the national legislation by Law No. 16/2025 on amending and supplementing of some normative acts in the financial field, published in the Official Gazette of Romania, Part I, no. 234 of 17 March 2025. This law amended the following normative acts: Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved with amendments and supplements by Law no. 227/2007, with subsequent amendments and supplements, Law no. 312/2015 on the recovery and resolution of credit institutions and investment firms and on amending and supplementing of some normative acts in the financial field, Law no. 209/2019 on payment services and on amending of some normative acts and Law No. 210/2019 on the activity of issuing electronic money.

The technical provisions were transposed in NBR Regulation no.1/2025 on amending and supplementing of some normative acts issued by the NBR. The regulation aims to adjust the secondary regulatory framework in force at national level, to accommodate the compliance of credit institutions, payment institutions and electronic money institutions with the cybersecurity requirements established by Regulation (EU) 2022/2554 on digital operational resilience for the financial sector, by amending the regulations issued by the NBR in the field of prudential requirements for credit institutions, respectively NBR Regulation no. 5/2013 on prudential requirements for credit institutions, regulations issued by the NBR in the field of payment services, respectively NBR Regulation no. 4/2019 on payment institutions and account information services providers and regulations issued by the NBR for electronic money institutions, respectively NBR Regulation no. 5/2019 on electronic money institutions.

In 2022, two laws which ensure the transposition and implementation of European legislative acts and which also apply to credit institutions, were adopted:

- (a) in the area of the prudential supervision of investment firms - Law no.236/2022 (amending Government Emergency Ordinance no. 99/2006) transposed the Directive (EU) 2019/2034, which was addressed to investment firms and made changes regarding credit institutions, such as the definition of a credit institution, in the sense that this notion means either a credit institution carrying out banking activities or a large investment firm converted in a credit institution. This new category of credit institutions (large investment firms) are to be subject to the authorisation, supervision and regulation of the Financial Supervisory Authority; and
- (b) in the area of crowdfunding services - Law no. 244/2022 established measures to implement Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937(Crowdfunding Regulation), and regulated the situations in which credit institutions as well as other categories of entities from the financial sector within the competence of the NBR (payment institutions, providers specialised in information services regarding accounts of legal entities and institutions issuing electronic money, non-banking financial institutions) intend to provide crowdfunding services.

In 2022, following the process started by the Ministry of Finance for the establishment of a national development bank, were adopted the following acts: Law no. 207/2022 for the regulation of some measures regarding the general framework applicable to the establishment and operation of development banks in Romania, published in the Official Gazette of Romania, Part I, no. 693 of 12 July 2022, modified by Government Emergency Ordinance no. 132/2022; Government Emergency Ordinance no. 17/2023 and Government Emergency Ordinance no. 44/2023. Law no. 207/2022 establishes a special prudential regime applicable to development banks, under the conditions in which they will be set up as credit institutions, but exempted from the application of the CRD/CRR framework, without requiring NBR authorisation, so as to ensure the legislation is tailored to development banks' activity, as well as the legal basis for the elaboration by the NBR of the prudential regulatory framework in the application of the law.

Government Ordinance no. 17/2023 regarding the amendment and completion of Law no. 207/2022, published in the Official Gazette of Romania, Part I, no.85 of 31 January 2023 was adopted in the context of the provisional inclusion of the Investment and Development Bank S.A. (IDB) in the list of entities exempted from the prudential framework applicable to credit institutions (CRD/CRR), on the negotiation process of Basel III package (CRD VI and CRR III), approved by ECOFIN on 8 November 2022.

NBR Regulation no.4/2023 on prudential requirements for development banks regulates the requirements regarding the assessment of suitability of the management body and of the key function holders within a development bank. The regulation was published in the Official Gazette of Romania, Part I, no.434 of 18 May 2023.

NBR Regulation no. 12/2024 on prudential requirements for development banks, which amends and supplements NBR Regulation no. 4/2023 on prudential requirements for development banks, by introducing provisions according to which development banks must be registered by the NBR in a register published on the official website of the NBR. Similarly, credit institutions must also be recorded in a register, as required by Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, with subsequent amendments and supplements. In 2023, Law no. 65/2023 for the implementation of Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) was adopted, with some provisions of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as well as to amend and supplement some legislation in the field of private pensions. The law establishes, among other things, the regime of credit institutions as suppliers and/or distributors of personal pension products, including in terms of clarifying the powers of the Financial Supervisory Authority (FSA) and the NBR in relation to them.

On 25 May 2024, Law no. 145/2024 amending and completing Law no. 158/2020 for the amendment, completion and repealing of certain legislative acts, as well as for the establishment of certain measures for the application of (EU) Regulation 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU, and Regulations (EC) no. 1060/2009 and (EU) no. 648/2012 entered into force and introduced express provisions to ensure the assumption by the NBR of the quality of competent authority at national level, in the field of securitisation for entities under its supervision.

On 24 April 2024, the Official Journal of the European Union published the following:

- (a) Commission Implementing Regulation (EU) 2024/855 of 15 March 2024 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/451 as regards rules on the supervisory reporting of interest rate risk in the banking book;
- (b) Commission Delegated Regulation (EU) 2024/856 of 1 December 2023 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the supervisory shock scenarios, the common modelling and parametric assumptions and what constitutes a large decline; and
- (c) Commission Delegated Regulation (EU) 2024/857 of 1 December 2023 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying a standardised methodology and a simplified standardised methodology to evaluate the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of an institution's non-trading book activities.

Altogether, the regulations mentioned above constitute new European requirements for IRRBB. At the national level, a series of amendments will be made with respect to the secondary legal framework, in order to avoid inconsistencies or overlaps with the regulatory requirements established by the EU.

The financial reporting framework (“**FINREP**”) approved by the European Banking Authority, is governed by the (EU) Regulation No 680/2014, as subsequently amended and supplemented, replaced by Regulation (EU) no. 451/2021, as subsequently amended and supplemented, that was also replaced by Regulation (EU) No. 3117/2024, being directly applicable to the EU credit institutions. In order to ensure the optimal conditions for the unitary application of the FINREP individual reporting framework by Romanian credit institutions, this framework was adapted in 2014 for solo reporting purposes and subsequently updated following the adoption, at EU level, of IFRS 9 and the other amendments brought by the EBA to the FINREP consolidated reporting framework, being issued as NBR Order no. 9/2017 last significantly updated by NBR Order no. 8/2020 and NBR Order no. 8/2024. To ensure continuity of financial and accounting statistical information, reported by the Romanian branches of credit institutions with head offices in other Member States, required by the NBR to perform analyses and studies of the credit sector, the NBR also issued the Order no. 10/2017 last significantly updated by NBR Order no. 8/2020 and NBR Order no. 8/2024.

On 29 July 2022, the NBR adopted the NBR Order no. 2/2022 as regards the reporting of information on exposures subject to legislative moratoria according to Government Emergency Ordinance no. 90/2022 on granting certain facilities for loans granted by banks and non-bank financial institutions to certain categories of debtors that was published in the Official Gazette of Romania, Part I, no. 760 and 760 bis. on 29 July 2022. In April 2023, the NBR Order no. 2/2022 was repealed through NBR Order no. 2/2023 that was published in the Official Gazette of Romania, Part I, no. 335 on 21 April 2023.

In February 2023, NBR adopted the NBR Order no.1/2023 supplementing the NBR Order no.27/2010 approving the Accounting regulations according to the IFRS and the NBR Order no. 6/2015 approving the Accounting regulations according to the European directives, according to which the entities under the central bank’s regulation scope that meet certain criteria should publish and make accessible a report on income tax information. This was published in the Official Gazette of Romania, Part I, no. 167 on 27 February 2023.

In October 2024, NBR Order no.5/2024 amending and supplementing the NBR Order no. 27/2010 approving the Accounting regulations according to the IFRS and the NBR Order no. 6/2015 approving the Accounting regulations according to the European directives was issued to transpose the provisions of the European Directive regarding adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups (Directive (EU) 2023/2775).

The prudential supervision system of the NBR consists of both off-site and on-site inspections.

Off-site supervision consists mainly of regularly monitoring the activities of individual credit institutions, groups of credit institutions and the banking sector as a whole, reviewing compliance with the prudential rules (relating to matters such as solvency, large exposures, related party lending, credit classification and provisioning, foreign exchange positions, own funds and liquidity) and limits, and taking remedial measures when problems are identified.

In addition to regular assessment of credit institutions’ financial condition, off-site supervision also focuses on some other aspects of credit institutions’ activities relating to the assessment of the suitability of persons intending to acquire qualifying share holdings and the approval of persons nominated for members of the board and executive managerial positions based on factors such as their reputation, moral integrity and experience.

On-site inspections are carried out according to the annual programme of inspections approved by the NBR’s Supervisory Committee, focusing on areas such as credit, market, operational and reputational risk management, management of IT systems, money laundering prevention and overall assessment of internal

control systems. During on-site inspections, assessments are made of the methods used by credit institutions to identify, measure, evaluate, monitor and limit the risks that they face. Attention is given to the methods applied by credit institutions to measure, evaluate and monitor risks, to whether the information used in risk management is complete, reliable and up to date, and also as to whether there is a clear definition and assignment of responsibilities to competent departments and staff members. On this basis, relevant conclusions are drawn regarding the overall performance of credit institutions and their risk profiles.

Minimum Capital Requirements

The minimum capital requirements of credit institutions are regulated by the CRR and the NBR Regulation no. 5/2013 on the prudential requirements for credit institutions, in accordance with which:

- the minimum initial capital of a bank is RON 37 million;
- the minimum initial capital of a mortgage bank or a building society is RON 25 million;
- the minimum amount of the initial capital and of the own funds of a central body of credit co-operatives is the equivalent in RON of EUR 5 million;
- the minimum amount for the own funds of a credit co-operative is RON 300,000; and
- the minimum amount of the total capital and of the own funds of a co-operative network is set at the equivalent in RON of EUR 10 million.

The subscribed minimum capital of a credit institution has to be paid up, in full and in cash, on incorporation. Similarly, in capital increase operations, the subscribed capital has to be paid-up, in full and in cash, at subscription.

Minimum Reserve Requirements

The main function of RON-denominated reserve requirements is the monetary control (in close correlation with liquidity management by the NBR) and stabilisation of interbank money market rates while the function of foreign currency denominated reserve requirements is to moderate the expansion of foreign exchange loans. During the period of 2014 through 2017, the NBR reduced the minimum reserve requirement ratios on RON-denominated liabilities of credit institutions to 8 per cent. from 15 per cent.; the minimum reserve requirement ratio on their foreign currency-denominated liabilities was lowered to 5 per cent. from 20 per cent. in 2020. Both measures were aimed at ensuring further harmonisation of the minimum reserve requirements mechanism with the relevant standards and practices of the European Central Bank and the major central banks across the EU, while the former was primarily geared towards supporting the sustainable recovery of lending activity.

Provisioning and Loans/Investments Classification

Credit Institutions

Since 2012, all provisions are determined according to IFRS as adjustments for impairment losses. Starting with 2018, all banks apply IFRS 9, which requires allowances for expected credit losses (based on internal calculations) for all loans, including for those classified as performing (i.e. stage 1 and stage 2) to be set aside.

For non-performing exposures, the Regulation (EU) 2019/630 amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures was published on 25 April 2019. This Regulation sets out a minimum loss coverage ratio for NPLs also imposing prudential backstop (deduction from own funds) where the imposed minimum loss coverage is not met.

Loan Classification for Creditors other than Credit Institutions

NBR Regulation No. 5/2012 regarding the classification of loans and the constitution, regularisation and use of specific provisions for credit risk applicable to entities supervised by the National Bank of Romania, other than credit institutions the legislation that regulated the loan classification for creditors other the credit institutions was repealed and replaced by NBR Regulation No. 2/2023 regarding the classification of loans and the constitution, regularisation and use of specific provisions for credit risk applicable to payment institutions and electronic money institutions, other than non-bank financial institutions.

NBR Regulation no. 5/2012 regarding the classification of loans and the constitution, regularisation and use of specific provisions for credit risk applicable to applicable to entities supervised by the National Bank of Romania, other than credit institutions the legislation that regulated the loan classification for creditors other the credit institutions was repealed by NBR Regulation No. 2/2023 regarding the classification of loans and the constitution, regularisation and use of specific provisions for credit risk applicable to payment institutions and electronic money institutions, other than non-bank financial institutions.

NBR Regulation no. 2/2023 applies to payment institutions, Romanian legal entities, which grant credits related to payment services, and electronic money institutions, Romanian legal entities, which grant credits related to payment services and which do not also hold the status of a non-bank financial institution registered in the General register kept by the National Bank of Romania according to Law no. 93/2009 regarding non-bank financial institutions, with subsequent amendments and additions.

Pursuant to the NBR Regulation no. 2/2023, loans granted by the above-mentioned creditors to their non- bank debtors are classified from an exposure perspective into five categories: standard, watch, sub-standard, doubtful and loss. For each of these categories the provisioning coefficients are stipulated as follows: zero for “standard”, 0.05 for “watch”, 0.2 for “sub-standard”, 0.5 for “doubtful” and 1 for “loss”, in the case of loans other than those booked in foreign currency or indexed to a foreign currency, granted to individual borrowers exposed to foreign exchange risk; and 0.07 for “standard”, 0.08 for “watch”, 0.23 for “sub-standard”, 0.53 for “doubtful” and 1 for “loss” in case of loans booked in foreign currency or indexed to a foreign currency, granted to individual borrowers exposed to foreign exchange risk.

Credit exposures are classified by the above reporting institutions according to debt service history (the number of past-due days from the maturity date) and the commencement of legal proceedings against the debtor.

The above-mentioned institutions must send a report on the classification of credits to the NBR, along with the specific provisions for credit risk, no later than 25 days after the end of the quarter for which the report is made. The form and content of the quarterly report are regulated by the NBR Order no. 3/2023 regarding the reporting of the situation concerning the classification of credit exposures and the need for specific provisions for credit risk related to them, applicable to payment institutions and electronic money institutions, other than non-bank financial institutions.

Starting from 1 January 2023, non-bank financial institutions were required to apply IFRS as their accounting basis and for the preparation of the individual annual financial statements. Therefore, they apply IFRS 9 to calculate the expected credit losses for loans granted to debtors and classify these exposures to impairment stages according to the rules in IFRS 9, as follows:

- Stage I: loans at initial recognition or loans that have low credit risk at the reporting date;
- Stage II: loans for which the credit risk has increased significantly from initial recognition.
- Stage III: loans that are impaired at the reporting date.

The reporting for these stages is provided quarterly according to NBR Order no. 4/2022 approving the methodological rules regarding the preparation of periodical financial statements at individual level, according

to International Financial Reporting Standards, applicable to non-bank financial institutions for monitoring/prudential supervision purposes, as amended by NBR Order no. 7/2024.

Capital Adequacy

The own funds requirements for credit institutions are regulated by the CRR. Hence, credit institutions shall maintain own funds which are at all times at least equal to the sum of the following capital requirements:

- for credit risk and dilution risk in respect of all of their business activities (other than trading – book business), 8 per cent. of the total of their risk weighted exposure amounts calculated, in accordance with the relevant provisions of the CRR;
- for credit valuation adjustment risk, in accordance with the relevant provisions of the CRR;
- in respect of their trading-book business, for position risk, settlement and counterparty risk, the capital requirements determined in accordance with the relevant provisions of the CRR;
- in respect of all of their business activities, for foreign exchange risk, settlement and commodities risk, the capital requirements determined in accordance with the relevant provisions of the CRR; and
- in respect of all of their business activities, for operational risk, the capital requirements determined in accordance with the relevant provisions of the CRR.

Capital Buffers

The CRD IV/CRR regulatory package makes available a set of macro-prudential instruments that national competent authorities can resort to with a view to preventing the emergence of cyclical systemic risks or mitigating structural systemic risks, as follows: (i) the capital conservation buffer; (ii) the countercyclical capital buffer; (iii) the buffer relating to global systemically important institutions (G-SII buffer), (iv) the buffer relating to other systemically important institutions (O-SII buffer); and (v) the systemic risk buffer. By regulating capital buffers through a European Directive and a directly applicable Regulation, it was envisaged to (a) ensure a level playing field across EU Member States, as an essential pre-requisite for the functioning of the internal market, (b) prevent regulatory arbitrage, (c) ensure a high level of harmonisation, and (d) enhance transparency and predictability in the macro-prudential field.

According to the NBR Regulation no. 5/2013, as of 1 January 2019, the capital conservation buffer is set at 2.5 per cent. of the credit institutions' total risk exposure amount.

The beginning of 2022 marked the finalisation of the transposal of the CRD V framework into national law. The main difference regarding the capital buffers topic is that Romanian banks started to accumulate the O-SII and SyRB buffers as applicable. The former provisions of the CRD IV stated that banks apply only the highest of the two buffers.

In order to identify systemic risks, the NBR continues to monitor signals pointing to the build-up of vulnerabilities as regards loans granted to certain sectors. The NBR implemented the NCMO recommendation to increase the countercyclical buffer (“CCyB”) rate to 1 per cent. from 0.5 per cent. by issuing NBR Order no. 7/2022 for the amendment of the Order of the National Bank of Romania No. 12/2015 regarding the capital conservation buffer and the countercyclical capital buffer (published in the Official Gazette of Romania, Part I, no.1187 of 12 December 2022). Considering international and domestic uncertainties, the NBR decided to maintain the CCyB rate at 1 per cent.

The NBR has implemented, at national level, a methodology for identifying systemically important credit institutions in line with the EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs).

In the meeting of the NCMO held on 16 December 2024, the General Board decided to approve the NCMO Recommendation no. R/6/2024 on the capital buffer for other systemically important institutions in Romania to be effective from 1 April 2025. NBR Order no. 1/2025 regarding the capital buffer for credit institutions authorised in Romania and identified as other systemically important institutions was published in the Official Gazette of Romania, Part I, no. 168 on 25 February 2025. On 1 April 2025, credit institutions authorised in Romania and identified as systemically important institutions have to maintain an O-SII buffer rate ranging from 0.5 per cent. to 2.5 per cent. as follows: (i) 2.5 per cent. for Banca Transilvania S.A. (consolidated level); (ii) 1.5 per cent. for UniCredit Bank S.A. (consolidated level), Banca Comercială Română S.A. (consolidated level), BRD – Groupe Société Générale S.A. (consolidated level); (iii) 1 per cent. for Raiffeisen Bank S.A. (consolidated level), CEC Bank S.A. (consolidated level); (iv) 0.5 per cent. for EXIM BANCA ROMANEASCA S.A. (individual level). These rates and the other systemically important institutions identified will be maintained as they are mentioned in NBR Order nr. 9/06.12.2023 which came into effect on 1 January 2024.

Moreover, in the meeting of the NCMO held on 15 December 2022, the members of the NCMO General Board decided on the compliance with and the implementation at national level of the European Banking Authority Guidelines EBA/GL/2022/12 amending Guidelines EBA/GL/2020/14 on the specification and disclosure of systemic importance indicators by relevant national authorities.

In the meeting of the NCMO held on 18 June 2024, the members of the NCMO General Board also decided on the compliance with the provisions of the European Banking Authority Guideline EBA/GL/2023/10 amending Guideline EBA/GL/2020/14 on the specification and disclosure of systemic importance indicators, issuing R/3/2024 in this respect. To date, no global systemically important institutions (G-SIIs) have been identified in the Romanian banking sector, due to the relatively small size of the institutions operating on the national banking market, compared to international banks. The threshold from which an entity can be classified in the G-SII category, as set out in point 6 of the EBA/GL/2020/14 is EUR 200 billion, on a consolidated or individual basis, applicable to the exposure measurement indicator used to calculate the leverage ratio.

On 18 December 2017, the NCMO adopted Recommendation no. R/9/2017, recommending the NBR, as competent authority, to implement a systemic risk buffer (“**SyRB**”) of 0 per cent., 1 per cent. or 2 per cent., applicable to all exposures, starting on 30 June 2018. The 2 per cent. buffer rate is applied to banks which are both above the NPL ratio threshold and below the coverage ratio threshold, the 1 per cent. rate is applied to banks which meet only one of the criteria, while a 0 per cent. rate is applied to banks that are both below the NPL ratio threshold and above the coverage ratio threshold, as detailed in the following table:

Non-performing loan ratio	Coverage ratio	Buffer level (% of total exposures)
<5%	>55%	0%
>5%	>55%	1%
<5%	<55%	1%
>5%	<55%	2%

The recommendation was enforced by NBR Order no. 4/2018 regarding the Systematic Risk Buffer, published in the Official Gazette of Romania Part I, no. 433 on 22 May 2018. By Recommendation no. R/7/2018, implemented by NBR Order No. 8/2018, the NCMO recommended further application of the provisions and methodology of the recommendation from 1 January 2019. The dynamics of the breakdown of credit institutions by SyRB rate is also indicative of a sustained improvement in the NPL resolution process within the Romanian banking sector. The number of institutions to which a 2 per cent. rate applies has decreased significantly, while

the number of institutions with a SyRB rate of 0 per cent. has increased, from 4 in the first six months of 2019 to 13 in the first six months of 2025.

Participation in Other Enterprises

According to the NBR Regulation No. 5/2013 and the CRR, for qualifying holdings (direct or indirect holdings in an undertaking which represents 10 per cent. or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking) in an undertaking (other than a credit institution, financial institution, insurance/reinsurance undertaking or an undertaking carrying on activities which are a direct extension of banking services or concern services ancillary to banking, such as leasing, factoring, management of investment funds, data processing services or any other similar activity) for the purpose of calculating the capital requirement, Romanian credit institutions shall apply a risk weight of 1.250 per cent. to the greater of the following:

- the amount of qualifying holdings in excess of 15 per cent. of the eligible capital; and
- the total amount of qualifying holdings that exceed 60 per cent. of the eligible capital of the institution.

According to the Banking Law, Romanian credit institutions may not acquire qualifying holdings in an undertaking if in this manner they may exercise control over the undertaking in question.

According to CRR shares of undertakings outside the financial sector, as detailed above, shall not be included in calculating the eligible capital limits specified above if those shares are held temporarily during a financial assistance operation.

Lending Limits

With respect to lending limits, credit institutions shall observe the rules established by EU Regulation no. 575/2013 regarding the large exposures of a credit institution to a connected client or a group of connected clients.

In order to prevent abuses arising from exposures to related parties, as provided by the Basel Core Principle no. 20, the NBR set out provisions to limit such exposures and to prevent banks from performing non-arm's length transactions with related parties. The limits on exposures to related parties are harmonised with those imposed for large exposures:

- an institution shall not incur an exposure to a related party or group of related parties, with a value in excess of 25 per cent. of its own funds;
- where that client is an institution or where a group of related parties includes one or more institutions, the exposure shall not exceed 25 per cent. of the institution's own funds or EUR;
- 150 million (in the case of credit institutions), whichever the higher.

In line with the previous regulatory framework on responsible and sustainable lending and borrowing, in December 2012, the NBR implemented the recommendations of the European Systemic Risk Board on lending in foreign currency, aiming at strengthening the currency and interest rate risk awareness mechanism for unhedged borrowers and introducing the creditors' obligation to evaluate, apart from households, the companies' creditworthiness, in order to create prerequisites for forex loans to be granted only to debtors that are able to cope with the increase in loan instalments resulting from a severe depreciation of the RON and an increase in the loan's currency interest rate. The NBR has also adopted regulations requiring credit institutions to incorporate in their internal risk management systems the risks incurred by foreign currency lending and to account for these risks in their internal pricing and internal capital allocation.

Deposit Guarantee Scheme

On 8 March 2022, the Law no. 42/2022 amending and supplementing the Law no. 311/2015 on deposit guarantee schemes and the Bank Deposit Guarantee Fund was published in the Official Gazette of Romania, Part I, no. 226/2022. The amendments to the Law no. 311/2015 are aimed at establishing the possibility for the National Bank of Romania to provide liquidity to the Bank Deposit Guarantee Fund in the form of short-term loans (in exceptional situations, based on the NBR assessment; the loans shall cover exclusively liquidity needs for Fund in order to allow it to make the compensations' payment in case of emergency, and when the financial stability is at stake), through repo operations. Such funding shall not exceed 90 days and shall be secured by financial instruments eligible as collateral for monetary policy operations conducted by the National Bank of Romania. The provisions of the Law no. 311/2015 were also amended in order to ensure fine-tuning of the Directive 2014/49/EU transposition text as well as for strengthening the Bank Deposit Guarantee Fund's governance.

Non-Bank Financial Institutions Sector

As of 30 April 2025, there were 176 non-bank financial institutions registered in the General Register under the NBR oversight, out of which 82 are listed in the Special Register and are under NBR prudential supervision. In 2025, there were three deletions from the General Register, following requests from non-bank institutions (two cases) or as a result of other causes provided by law (one case).

As of 30 September 2024, the financial aggregate indicators of non-bank financial institutions were as follows: a total share capital of RON 4.41 billion; total assets of RON 63.07 billion; loans and commitments granted of RON 67.32 billion and non-performing loans (including commitments) of RON 4.28 billion.

Off-site supervision consists mainly of regularly monitoring the activities of individual non-bank financial institutions, reviewing compliance with the prudential rules (relating to matters such as large exposures, related party lending, credit classification and provisioning and own funds) and limits, and taking remedial measures whenever problems are identified. It is based on the continuous appraisal of all available information on non-bank financial institutions' activities taken from various sources, in particular the statements and reports regularly submitted by non-bank financial institutions, non-bank financial institutions' financial statements and annual reports, auditors' reports, the results of on-site inspections and other sources. Conclusions and findings arising from off-site supervision assist in the selection of non-bank financial institutions to be supervised through on-site inspections and the related activities.

On-site inspections are carried out according to the annual programme of inspections approved by the NBR's Supervisory Committee, focusing mainly on areas such as the management of granting loans to individuals and companies, credit, market, operational and reputational risk management, money laundering prevention and overall assessment of internal control and audit systems.

Until 31 December 2022 (including), the non-bank financial institutions applied NBR Order No. 27/2010 for the approval of the accounting regulations according to IFRS.

The accounting regulatory framework applicable to non-bank financial institutions was updated by issuing the NBR Order No.8/2019 according to which, starting from 1 January 2022, non-bank financial institutions registered in the General Register must adopt International Financial Reporting Standards and use only these standards as a basis for accounting and for the preparation of the individual annual financial statements. Due to the COVID-19 pandemic, in order to support the non-bank financial institutions activity, NBR issued the Order No.3/2020 according to which the application of IFRS as accounting basis and for the preparation of the individual annual financial statement has been postponed from 1 January 2022 to 1 January 2023. Starting from 2023, these institutions must stop preparing individual financial statements according to the national regulations in compliance with the European Directives. In addition, over the period between 2019 and 2022, non-bank

financial institutions registered in the General Register were required to prepare, for informational purposes only, a set of individual annual financial statements in accordance with IFRS, obtained by restating the information of the financial statements prepared according to the national regulations in compliance with the European Directives.

In this context, in July 2020, the NBR Board also adopted the Regulation No.4/2020 amending NBR Regulation No.20/2009 on non-bank financial institutions, so as to ensure a 6-month deferral of the programme for the application of the transitional regime for own funds, applicable from 1 January 2021, instead of 1 July 2020. In addition, as a result of the amendment of the NBR Regulation no.20/2009, non-bank financial institutions registered in the Special Register were allowed not to comply, for a limited period of time, with the requirements on the minimum level of own funds set at the minimum level of share capital, established as a mechanism similar to the one regulated for the situation where the limits of exposure are exceeded.

In September 2021, the NBR Board adopted the Regulation No.3/2021 amending and supplementing NBR Regulation No.20/2009 on non-bank financial institutions. The amendments made under the new regulation change existing criteria and establish new criteria used as a trigger for registration in the Special Register of NBFIs, as well as establishing certain elements on the basis of which the professional experience requirements for NBFIs managers are assessed.

In addition, other changes have been made to facilitate the NBR's assessment of the information on NBFIs, as well as to clarify some issues arising during the application of NBR Regulation no.20/2009.

In August 2022, the NBR adopted the NBR Order no. 1/2022 amending and supplementing the National Bank of Romania Order no. 27/2010 for the approval of the accounting regulations according to International Financial Reporting Standards ("**IFRS**"), applicable to credit institutions, as published in the Official Gazette of Romania, Part I, no. 772 and 772 bis. on 3 August 2022. The main purpose of this order was to include non-bank financial institutions in the scope of the accounting regulations according to IFRS, taking into consideration the fact that, under NBR Order no. 8/2019 on the application of IFRS by non-bank financial institutions, non-bank financial institutions will be required to maintain accounting records according to IFRS treatments and will need to prepare and publish individual financial statements according to IFRS starting from 1 January 2023. As of 31 December 2022, the non-bank financial institutions applied NBR Order No. 6/2015 for the approval of the accounting regulations, as subsequently amended, in compliance with the EU's legislative requirements.

NBR Regulation No. 3/2023 amending and supplementing NBR Regulation No. 20/2009 on non-bank financial institutions was published in May 2023. The amendments made under the new regulation aim to strengthen the credit risk regulatory framework and the supervision regime for NBFIs involved in the issuance of guarantees or/and the assumption of guarantee commitments (by changing one of the existing criteria used as a trigger for registration in the Special Register of NBFIs, *i.e.*, if the scope of activity includes the activity of issuing guarantees and/or the assumption of guarantee commitments as well as increasing the share capital of non-bank financial institutions issuing guarantees/assuming guarantee commitments from EUR 200,000 to EUR 3,000,000).

At the same time, NBFIs registered in the Special Register are required to comply with prudential limits regarding solvency and liquidity. Therefore, they have to meet, on a continuous basis, a solvency ratio of at least 8 per cent., representing the own funds of the non-bank financial institution expressed as a percentage of the total risk-weighted exposure amount and a liquidity ratio which requires that cash outflows recorded in a 30-day period be covered by cash inflows for the same period.

In September 2022, the NBR adopted the NBR Order no. 4/2022 approving the methodological rules regarding the preparation of periodical financial statements at individual level, according to IFRS, applicable to non-bank financial institutions, for monitoring/prudential supervision purposes, as published in the Official Gazette of

Romania, Part I, no. 896 on 12 September 2022. In December 2024, NBR Order No. 4/2022 has been subsequently amended and supplemented by NBR Order No. 7/2024, published in the Official Gazette of Romania, Part I, no. 1219 on 4 December 2024.

Payment Services Sector

The NBR is the sole authority entitled to authorise and perform prudential supervision of payment institutions and account information service providers according to the existing regulatory framework.

On 1 August 2024, the NBR Regulation no. 9/2024 amending and supplementing the NBR Regulation no. 4/2019 on payment institutions and account information services providers was published in the Official Gazette of Romania, Part I, no. 752/2024. The amendments made under the new regulation aim to ensure the adequacy of the own funds held by payment service providers that grant loans relating to payment services, including to cover the credit risk related to the ancillary loans granted in connection with the execution of a payment transaction.

On 09 April 2024, the NBR Regulation no. 2/2024 amending and supplementing the NBR Regulation no. 4/2019 on payment institutions and account information services providers was published in the Official Gazette no. 326/2024. The amendments made under the new regulation aim to clarify that taking possession of users' funds is an essential criterion for being included in the scope of payment services, and the entities that provide such activities must take the necessary steps in order to be authorised as a payment institution.

As of 30 April 2025, there were eleven payment institutions registered in the Register of Payment Institutions and 20 agents through which they provide payment services in Romania and Moldova. Among authorised payment institutions, four also hold the quality of non-banking financial institution and are registered in the General Register.

Electronic Money Institutions Sector

The NBR is the sole authority entitled to authorise and perform prudential supervision of electronic money institutions, according to the existing regulatory framework.

The legislative measures for the full transposition of the EU Directive 2015/2366 (that cover both the payment services sector and electronic money institutions sector) were adopted and published in the Official Gazette of Romania, Part I, no. 913 on 13 November 2019 (Law No. 209/2019 on payment services and for the modification of some normative acts), respectively no. 914 on 13 November 2019.

NBR Regulation No. 5/2019 on electronic money institutions, adopted in the application of Law No. 210/2019 on the activity of issuing electronic money, details the requirements and documentation to be submitted, as well as the conditions that an entity shall meet to gain access to the activity as an electronic money institution.

As of 30 April 2025, there were three authorised electronic money institutions registered in the Register of Electronic Money Institutions. Among authorised electronic money institutions, one also holds the designation of non-banking financial institution and is registered in the General Register.

Financial System Supervision

The FSA is a specialised, autonomous administrative institution, independent and self-financed, led by a council of nine members, including a president, a first vice-president and three vice-presidents with executive functions, each with specific tasks corresponding to one of the three sectors of financial supervision.

Private Pension System

Pension reform in Romania has included the introduction and implementation, within the pension system, of two private pension pillars, one mandatory (second pillar) and the other voluntary (third pillar), both managed by private companies.

In 2020, Law no. 1/2020 regarding occupational pension was adopted, which established the framework for an occupational pension system. There are no administrators licensed yet for managing occupational pension funds.

Second Pillar

Participation in the second pillar is mandatory for employees and certain other persons up to 35 years old and voluntary for those between 35 and 45 years old.

The contribution to a private pension fund represents a part of an individual's social insurance contribution payable to the public pension system. The contribution to a pension fund is deducted from the monthly gross salary of the participant, the level of which is determined by the amount of salary an employee receives. The contribution to a pension fund does not impose supplementary financial obligations on the state. In 2008, the privately administered pension funds received their first contributions, namely 2 per cent. of each participant's gross salary. Since January 2024, the contribution to the mandatory private pillar was raised to 4.75 per cent. of an individual's social insurance contribution payable to the public pension system.

In December 2022, through an emergency ordinance (Government Emergency Ordinance no. 174/2022), in the context of multiple crisis on different levels (geopolitical, economic and financial), changes were made in the primary legislation with the aim of strengthening the supervisory capacity of the FSA and imposing a greater responsibility on pension fund management companies with regards to the performance of their operations with the end purpose of ensuring additional protection of assets held by private pension funds.

In April 2025, Government Emergency Ordinance no. 26/2025 for the amendment and completion of certain normative acts in the field of private pensions amended the primary legislation governing private pensions in order to implement OECD recommendations.

As of 30 April 2025, there are ten pension fund management companies operating seven pension funds in the mandatory pillar (total assets under management of RON 160 billion and 8.3 million members) and ten pension funds in the voluntary pillar (total assets under management of approximately RON 6 billion and 0.9 million members), within the private pension market.

Insurance Market

The FSA is a full member of the European Insurance and Occupational Pensions Authority, an institution which has replaced the Committee of European Insurance and Occupational Pensions Supervisors since 1 January 2011. The FSA is also a member of the European Insurance and Occupational Pensions Committee, as well as of the International Association of Insurance Supervisors.

Insurance activity in Romania may be pursued only subject to an authorisation granted by the FSA or due to an authorisation in another EU Member State.

The regulatory framework of the insurance sector has been reformed significantly in the last five years by laws like Emergency Ordinance no. 102 of 22 September 2021 on reducing the term from which the Insured Guarantee Fund is entitled to make payments to insurance creditors.

Data regarding the insurance undertakings and intermediaries

Number of insurance undertakings and intermediaries

The following table sets out the number of insurers and insurance intermediaries in Romania as at 31 December 2020, 2021, 2022, 2023 and 2024:

	2020	2021	2022	2023	2024
Insurers (total), of which	27	26	26	25	25
Non-life	14	13	13	13	13
Life	7	7	7	6	6
Composite.....	6	6	6	6	6
Insurance intermediaries	286	273	269	261	253

The value of gross written premiums (“GWP”) in the Romanian insurance market, which includes companies authorised and supervised by the FSA and entities incorporated in other EU member states, was approximately RON 23.4 billion in 2024, an 11 per cent. increase compared to 2023. This increase was largely driven by growth in compulsory third party liability motor insurance (“MTPL”), facultative auto insurance, fire and natural disasters insurance and traditional life insurance. Non-life insurance and life insurance recorded growth year-over-year of 10 per cent. and 16 per cent., respectively in 2024.

Insurance companies, authorised and regulated by the FSA had a GWP of RON 19.8 billion in 2024, increasing by 9 per cent. compared to 2023. By contrast, insurance companies incorporated in other EU Member States but operating within Romania, had a GWP of approximately RON 3.6 billion in 2024, increasing by approximately 23 per cent. compared to 2023.

The Romanian insurance market remains oriented towards the non-life insurance activity, which holds a share of 81 per cent. of the total GWP by the insurance companies authorised and regulated by the FSA and branches. Over the medium term, the increase in GWP share has been observed on the market, mainly as a result of the significant increase in the GWP value for MTPL as well as other lines of insurance.

The non-life insurance market remains dominated by motor insurance. Motor insurance represents approximately 73 per cent. of the total GWP for non-life insurance activity written by insurance companies in 2024. The GWP of motor insurance exceeded RON 14 billion in 2024, an 8 per cent. increased compared to 2023.

At the level of the entire FSA regulated market, the rates of Solvency Capital Requirements (the “SCR”) and the Minimum Capital Requirements (the “MCR”) were both greater than 100 per cent. from 2020 to 2024. At market level, as of December 2024, the SCR and MCR rates were 160 per cent. and 375 per cent., respectively, well above the legal threshold.

In 2024, the value of premiums distributed by brokerage companies was approximately RON 16.12 billion, a 10 per cent. increase compared to 2023 due to an increase in the volume of premiums distributed for non-life insurance (+10 per cent.) and life-insurance activities (+19 per cent.). Brokerage companies distributed approximately 69 per cent. of the total volume of GWP written by insurers in these insurance types. The highest rate of distribution was recorded by non-life insurance, approximately 81 per cent. of total volume of GWP written by insurers. Life insurance distributed approximately 19 per cent. of total volume GWP written by insurers in 2024.

Capital Markets

Government Emergency Ordinance No. 32/2012 on undertaking for collective investment in transferable securities and investment management companies, as well as for amending supplementing Law no. 297/2004 on capital markets, as amended and supplemented, Law no. 24/2017 on issuers of financial instruments and market operations, republished, as amended and supplemented, Law no. 74/2015 on managers of alternative investments funds, as amended and supplemented, Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts, as amended and supplemented, and Law no. 126/2018 regarding market in financial instruments, as amended and supplemented, and the secondary legislation issued in their application, represent the main legal framework for capital markets in Romania.

The capital market legal framework is also supplemented by the following laws:

Law no. 158/2020 for the amendment, completion and repealing of certain legislative acts, as well as for the establishment of certain measures for the application of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 providing a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU, and Regulations (EC) no. 1060/2009 and (EU) no. 648/2012 which amends and supplements several legal acts, the most important of which refer to the amendment and completion of Law no. 24/2017 on issuers of financial instruments and market operations.

Law no. 244/2022 on establishing measures implementing Regulation (EU) 2020/1503 of the European parliament and of the Council of 7 October 2020 on European providers of participatory finance services and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937. This law recognises FSA as the competent authority in Romania responsible for carrying out the functions and duties provided for in the ECSPR, as well as marking FSA as the single contact point for cross-border cooperation between the competent authorities along with ESMA , and outlining the conditions and authorisation procedure by the FSA of crowdfunding service providers.

Emergency Ordinance no. 71/2024 for the amendment and completion of certain normative acts, as well as for the establishment of measures to prevent and combat advertising and aggressive communication techniques practiced by entities that are not registered in the Register of the Financial Supervisory Authority. This law amends a series of laws applicable to the capital market while also limiting advertising and restricting communication by entities that are not registered with the FSA.

Law no. 11/2025, amending and supplementing, Law no. 24/2017 on issuers of financial instruments and market operations aims to transpose into national legislation some provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 with regard to sustainability reporting by companies, as well as the provisions of Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on strengthening gender balance among directors of listed companies and related measures. This law introduce provision focused on developing the capital markets within Romania during the 2023-2026 period. Law no. 126/2018 implements the provisions of MiFID II and applies it to Romanian investment firms, market operators, central depositaries, central counterparties, investment firms from other EU Member States that operate in Romania and non-EU Member State investment firms which are providing investment services or perform investment activities in Romania by establishing a subsidiary.

In 2022, Law no. 126/2018 was amended by Law no. 188/2022 and Law no. 236/2022, to ensure the national transposition of the following directives:

- art. 1 of Directive (EU) 2019/2177 amending Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Directive 2014/65/EU on markets in financial

instruments and Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money-laundering or terrorist financing;

- Directive (EU) 2020/1504 amending Directive 2014/65/EU on markets in financial instruments;
- art. 1 of Directive (EU) 2021/338 amending Directive 2014/65/EU as regards information requirements, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis;
- art. 64 Directive (EU) 2019/2034 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

In 2023, Law no. 236/2022 was issued in order to ensure the transposition of the Directive (EU) 2019/2034. The new European legislative package addressed to investment firms includes large investment firm in the notion of credit institutions. According to the Law No 236/2022, this new category of credit institutions will be subject to the authorisation, supervision and regulation of the FSA.

Law No. 181/2023 on the establishment of measures to implement Regulation (EU) 2021/23 on a framework for the recovery and resolution of central counterparties was published in the Romanian Official Gazette in June 2023 and entered into force in July 2023. With a view to aligning the Romanian capital markets legislation and practice to European and international standards, while ensuring their adjustment to local particularities, the Romanian competent authority seeks to follow and capture recent developments in the international and European capital markets. The FSA is a full member of the European Securities and Markets Authority and of the International Organisation of Securities Commission.

In terms of supervisory activity, the FSA focuses on strengthening its monitoring capacity over regulated entities. One of the FSA's priorities is to ensure the implementation of the reporting requirements both for issuers and other entities and to ensure a fair treatment for investors. The FSA monitors the completeness of the periodic reports as well as the observance by issuers of the deadline for the submission of these reports. Significant achievements in this respect were made by the implementation by the Romanian competent authority of an application for the electronic supervision of issuers and other regulated entities through reports, easing the FSA's monitoring duties. Issuers failing to comply with the legal requirements are notified accordingly by the FSA.

The FSA also undertakes real-time monitoring of transactions performed on the Romanian regulated markets and investigates any abnormal movements of the prices and the quantity of the transactions carried out during trading sessions for the purposes of detecting possible cases of market abuse.

The FSA exercises its monitoring prerogatives by performing regular and transparent controls of the activity of regulated and supervised entities. The control activity performed by the Romanian competent authority in recent years was finalised with sanctions, notifications of the companies under investigation with regard to the obligation to remedy the deficiencies ascertained by the control teams and notification of other state institutions (e.g. the National Office for Prevention and Control of Money Laundering, the Ministry of Internal Affairs, the General Inspectorate of Romanian Police, the Prosecutor's Office attached to the HCCJ and the NAFA).

Capital Market Intermediaries

Investment services and activities are performed by intermediaries such as investment firms authorised by the FSA, credit institutions authorised by the NBR, as well as by foreign regulated entities authorised in an EU Member State or in a non-EU State by the relevant home State authorities.

Intermediaries on the local capital market

The following table shows the number of intermediaries on the local market as at the dates indicated.

	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
Investment firms authorised by the FSA.....	19	18	19	17	17
Credit institutions authorised by the NBR.....	24	24	24	22	22
Investments firms authorised by the home competent authority in a Member State.....	475	465	505	495	537
Credit institutions authorised by the relevant authority in a Member State.....	129	131	168	172	178
Branches of investment firms from other EU Member States	6	6	7	7	6
Branches of credit institutions from other EU Member States	3	3	3	3	3
Total	656	648	716	716	763

Source: Financial Supervision Authority

Investment firms and credit institutions from other EU Member States are registered with the FSA in order to perform financial services in Romania further to notifications addressed to the FSA by the relevant competent authorities of the relevant Member States. Following the United Kingdom's departure from the EU and the end of the transition period thereafter, investment firms and credit institutions from the UK were removed from the FSA Public Register. Intermediaries, both Romanian and foreign, must be registered as participants on the Romanian stock exchanges in order to perform transactions on those markets. Among the intermediaries registered with the Bucharest Stock Exchange ("BSE"), six intermediaries are foreign entities originating from Austria, Bulgaria, Poland, Hungary and the Czech Republic.

Collective Investment Undertakings (*Organisme de Plasament Colectiv*)

Over recent years, collective investment undertakings ("CIUs") have strengthened their role as alternative savings vehicles, collecting significant financial resources from individuals and legal persons.

The tables below show statistical data on active CIUs (UCITS and CIU, and collective investment undertakings, other than UCITS ("non-UCITS")), as well as on other entities active in Romania.

Collective Investment Undertakings

The following table shows the undertakings for collective investment in transferable securities ("UCITS") in Romania and UCITS authorised in an EU Member State and whose units have been distributed in Romania as at 31 December 2020, 2021, 2022, 2023 and 2024.

	As at 31 December				
	2020	2021	2022	2023	2024
UCTIS:					
Open-end investment funds (performing activities in practice).....	83	83	89	92	92

	As at 31 December				
	2020	2021	2022	2023	2024
non-UCITS:					
Closed-end investment funds (active).....	26	26	29	32	30
Investment companies	6	6	7	7	7
Total no. of CIUs	115	115	124	131	129
Management companies	17	17	20	21	20
Depositories.....	4	4	4	4	4
Entities from Member States:					
UCITS authorised in a Member State and whose units have been distributed in Romania.....					
	66	61	65	67	76

Source: Financial Supervision Authority

The following table shows certain data in relation to the evolution of indicators describing the funds industry as at 31 December 2020, 2021, 2022, 2023 and 2024.

	As at 31 December				
	2020	2021	2022	2023	2024
Development of mutual funds					
Number of management companies	18	17	20	21	20
Total assets under management (million EUR)	8,101	10,101	8,584	7,332	8,922
Equity funds and investment companies (excluding ETFs)	4,286	5,864	5,791	4,130	4,698
Bond funds	3,016	3,193	1,675	1,901	2,430
Hybrid funds.....	797	1,034	1,103	1,265	1,699
Money market funds.....	0	0	0	0	0
ETFs	2	10	15	36	95
Number of CIUs.....	115	113	125	128	129
Equity funds and investment companies (excluding ETFs)	39	42	43	41	43
Bond funds	33	31	24	26	26
Hybrid funds.....	43	39	57	59	58
Money market funds.....	0	0	0	0	0
ETFs	1	1	1	2	2

Source: Management companies reports submitted by FSA. Reports on total assets can be found on the official websites of investment funds managed.

Regulated Market and Multilateral Trading Facility

From 3 January 2018, Bucharest Stock Exchange (“BSE”) is the only market operator registered in Romania.

The BSE is authorised by the FSA as a market operator and, as such, it manages a regulated market (“**Regulated Market**”). Companies listed on the BSE Regulated Market are classified into two tiers (“**Premium**” and “**Standard**”), according to their compliance with several qualitative and quantitative criteria. The Regulated

Market includes an International Tier and Other International Financial Investments Sector. In addition, BSE also operates a Multilateral Trading Facility (“MTF”) with two main sections: one dedicated to the listing of securities issued by small and medium-size enterprises for shares (AeRO) and bonds, and another one dedicated to trading of foreign shares already listed on a regulated market in EU or on another exchange in a non-EU country, using market-maker services.

On 21 September 2020, Romania was included in the Emerging Market Indices by the global index provider FTSE Russell.

On 31 December 2024, there were shares issued by 86 companies listed on BSE’s Regulated Market, out of which 83 are domestic companies and three are foreign. At the same date, there were 131 issues of domestic bonds listed on BSE, out of which 40 are corporate bonds, 37 issues are municipal bonds and 54 are government bonds. As of 31 December, 2024, two funds units and three ETFs were listed on the BSE’s Regulated Market.

As for the MTF, as at 31 December 2024, there were 276 shares tradable on the two trading segments of the MTF operated by the BSE, out of which 261 shares were listed in the section dedicated to SMEs (AeRO market) within the three tier structure of the exchange (50 Premium shares, 208 Standard shares and three Base share), 15 shares were traded in the section dedicated to trading of foreign securities already listed on a regulated market in the EU or on another exchange in a non-EU country. Additionally, as of 31 December 2024, 30 bonds and one fund unit were listed on the MTF.

Capitalisation of the BSE Regulated Markets

The following table shows the market capitalisation of the BSE Regulated Markets as at 31 December 2020, 2021, 2022, 2023 and 2024.

	Market Capitalisation	Year Change
	(EUR billion)	(per cent.)
As at		
31 December 2020	31.67	(19.51)
31 December 2021	46.29	31.58
31 December 2022	39.86	(16.13)
31 December 2023	59.15	48.39
31 December 2024	70.39	19.00

Source: BSE

Trading Volumes on the BSE Regulated Markets

The following table shows certain information relating to trading volumes on the BSE Regulated Markets as at the end of 2020, 2021, 2022, 2023 and 2024.

Trading Volumes

	As at 31 December				
	2020	2021	2022	2023	2024
Total trading volumes (EUR)	2,489,739,116	2,418,512,654	2,420,727,759	3,104,330,889	3,472,809,872
Stock (EUR)	2,239,349,477	2,033,177,798	2,082,526,293	2,802,843,399	3,012,101,757

	As at 31 December				
	2020	2021	2022	2023	2024
Bonds (EUR).....	76,323,700	198,561,666	159,413,540	155,977,867	243,482,613
Rights (EUR).....	0	521,758	3,101	87,468	1,206,819
Fund Units (EUR)	2,981,568	9,372,670	12,448,787	21,688,807	93,953,843
Structured Products (EUR)	171,084,371	176,878,763	166,333,594	123,733,348	122,064,840
Futures (EUR)	0	0	0	0	0
Number of trading days	249	252	251	248	250

Note:

The table does not include the values of the public offers conducted by BSE and of the transactions on the Unlisted Market.

Source: BSE

Daily Average Turnover of the BSE Regulated Markets

The following table shows the daily average turnover of the BSE Regulated Markets as in 2020, 2021, 2022, 2023 and 2024.

Year	Daily Average Turnover (EUR million)	Year Change (per cent)
2020	10.0	21.95
2021	9.6	(4.16)
2022	9.64	0.41
2023	12.52	29.88
2024	13.98	10.94

Source: BSE

BSE Indices

The following table shows the value of the BSE Indices as at 31 December 2020, 2021, 2022, 2023 and 2024 and percentage change between 2023 and 2024.

	2020	2021	2022	2023	2024	Change in 2024 (compared to 2023)
	(points)					(per cent)
BSE Indices						
BET	9,805.60	13,061.32	11,663.53	15,371.11	16,720.75	8.77
BET-XT.....	871.60	1,142.52	1,018.60	1,323.75	1,444.96	9.4
BET Plus.....	1,464.75	1,947.85	1,748.14	2,279.93	2,473.22	8.51
BET-TR.....	16,509.64	23,113.93	22,685.99	31,745.21	36,872.05	16.15
BET-FL.....	43,077.92	52,157.90	50,284.36	59,309.11	62,020.49	4.57
BET-NG	693.14	896.97	852.34	1,120.16	1,199.03	7.05

	2020	2021	2022	2023	2024	Change in 2024 (compared to 2023)
	(points)					(per cent)
BSE Indices						
BET-BK.....	1,867.14	2,514.55	2,202.71	2,887.40	3,139.92	8.72
BET-XTTR.....	1,474.50	2,021.26	1,969.01	2,702.94	3,132.32	15.91
RTL	20,559.86	27,997.57	25,947.89	34,053.81	37,231.88	9.33

Source: BSE

The BET index, reflecting the performance of the 20 most liquid companies admitted to trading on the BSE's RM, increased in 2024 by 8.78 per cent. compared to 31 December 2023. BET-FI, which represents the index of the investment companies admitted to trading on the BSE's RM, increased in 2024 by 4.57 per cent. compared to 31 December 2023. The BET-XT index, which reflects the performance of the 30 most liquid companies admitted to trading on the BSE RM, increased in 2024 by 9.15 per cent. compared to 31 December 2023 and the BET-NG, which represents the index of the energy and utilities companies admitted to trading on the BSE's RM increased in 2024 by 7.04 per cent. compared to 31 December 2023. BETAeRO, the BSE dedicated MTF index, consists of the 35 most liquid companies decreased in 2024 by 10.82 per cent. compared to 31 December 2023.

Money Laundering

In 2008, significant progress was made in the field of money laundering by the adoption of important anti-money laundering and counter terrorism finance legal acts needed to fully transpose the provisions of Directive 2005/60/EC of the European Parliament and Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and of EC Directive 2006/70/EC as regards politically exposed persons, and to implement the recommendations in the Assessment Report on Romania adopted by the Moneyval Committee of the Council of Europe.

Since 2009, the anti-money laundering and counter terrorism finance (AML/CFT) supervision competence of the National Bank of Romania is carried out through a specialised division (Monitoring of International Sanctions Enforcement, Prevention of Money Laundering and Terrorist Financing Division).

Over the time, the scope of AML/CFT supervision was extended to include, beside credit institutions, the payment institutions, electronic money institutions and non-bank financial institutions (lenders and leasing companies) registered in the central bank Special Register and the branches from Romania of similar foreign institutions.

In addition, a risk-based approach was implemented in the evaluation of supervised institutions, taking into account the nature of the activity and the size of the supervised institution, correlated with the level of money laundering or terrorism financing risks.

With the entry into force of Law no. 129/2019, the status of the National Office for Prevention and Control of Money Laundering was established as Romania's financial intelligence unit of administrative type, a specialised body with legal personality, independent and autonomous from an operational and functional point of view, subordinated to the Ministry of Finance. The office's activity is to receive, analyse, process and disseminate financial information and to supervise and control, in accordance with the law, reporting entities for the purpose of prevention and control of money laundering and terrorist financing.

In the performance of its activities, the Office cooperates with all the authorities and institutions of the system for the prevention and control of money laundering and terrorist financing, including the Ministry of Justice, the Ministry of Finance, the Prosecutor's Office of the High Court of Cassation and Justice, the National Bank of Romania, the Financial Supervisory Authority, the Romanian Intelligence Service, the self-regulatory authorities of the liberal professions and professional associations.

The Office is the authority that coordinates the implementation of the national money laundering and terrorist financing risk assessment and the national response to identified risks. In 2019, the NBR continued its efforts to strengthen its operational capacity in the supervisory area in terms of the risk of money laundering and terrorist financing to which credit institutions and the financial institutions in its supervisory scope are exposed, by allocating additional human resources and steadily improving the methodologies and instruments used. The latter have been tailored to the new legal framework in this field, thereby the NBR Regulation No. 2/2019 on preventing and combating money laundering and terrorist financing was adopted.

As regards the procedures and methodologies applied, the risk-based supervisory and evaluation process was adjusted in line with the institutions' exposure to the money laundering and terrorist financing risk, leading to a significant improvement in the quality and effectiveness of this process. Moreover, the aim was to ensure an appropriate balance between off-site and on-site supervisory activities, based on the institutions' risk profile and systemic importance. As a result, the amount of information requested, as well as the frequency and intensity of checks, reviews and assessments were established depending on the business model, the internal governance, the dynamics and the level of risk of money laundering and terrorist financing.

The Law no. 129/2019 on the prevention and countering of money laundering and terrorism financing, as well as for the modification and completion of some legislation, transposing the Fourth Anti-Money Laundering Directive, was adopted by the Romanian Parliament and published in the Official Gazette of Romania, Part I, no. 589 on 18 July 2019.

Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU has been transposed in Romania by the Government Emergency Ordinance no. 111/2020 on amending and supplementing Law no. 129/2019 for preventing and combating money laundering and terrorist financing, as well as for amending and supplementing some legislative acts, for completing art. 218 of the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, for the amendment and completion of Law no. 207/2015 on the Fiscal Procedure Code, as well as for completing art. 12 para. (5) of Law no. 237/2015 on the authorisation and supervision of the insurance and reinsurance activity. Government Emergency Ordinance no. 111/2020 was approved, with modifications and completions, by the Law no. 101/2021.

On the 13 March 2025 the Emergency Government Ordinance no. 10/2025 amending Law no. 129/2019 was adopted. The objective of the Emergency Ordinance was the implementation of Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849, which extends the anti-money laundering and counter-terrorist financing requirements to crypto-asset service providers, as regulated by Regulation (EU) 2023/1114 on markets in crypto-assets, as well as to crypto-asset transfers.

Other legislation that amended or supplemented the Law 129/2019 on the prevention and countering of money laundering and terrorism financing, as well as for the modification and completion of some legislation were the following:

- Law no. 208/2020 regarding the modification and completion of some legislation;

- Law no. 102 of 26 April 2021 regarding the completion of art. 49 of Law no. 129/2019 on the prevention and countering of money laundering and terrorism financing, as well as for the modification and completion of some legislation; and
- Law no. 315 of 28 December 2021 on amending and supplementing Law no. 129/2019 on the prevention and countering of money laundering and terrorism financing, as well as for the modification and completion of some legislation.
- Government Emergency Ordinance no. 53/2022 on amending and supplementing Law no. 129/2019 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain normative acts;
- Government Emergency Ordinance no. 123/2022 on the amendment of Law no. 129/2019 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain normative acts.

As of 9 June 2023, Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849 (recast) was published in the Official Journal of the European Union.

The amendments made to Directive (EU) 2015/849 by Article 38 of Regulation (EU) 2023/1113 were transposed into national law by Emergency Ordinance no. 10/2025 on amending and supplementing Law No. 129/2019 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain normative acts, which also created the legal framework necessary for the application of this Regulation.

A new set of regulations on the fight against money laundering and terrorist financing was published in the Official Journal of the European Union on 19 June 2024 which included:

- Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on mechanisms to be put in place by Member States to prevent the use of the financial system for the purpose of money laundering or terrorist financing, amending Directive (EU) 2019/1937 and amending and repealing Directive (EU) 2015/849
- Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing
- Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Combating Money Laundering and Terrorist Financing and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010.

The provisions of Article 74 of Directive (EU) 2024/1640 has been transposed into national law by Law No. 86/2025 on amending and supplementing Law No. 129/2019 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain normative acts, and the remaining provisions of the Directive will be transposed within the deadlines set by the latter.

Currently Romania does not have a deficit in transposing European legislation in the field of preventing and combating money laundering and terrorist financing.

Public Finance

The Budgetary System

The Budgetary Process

The Romanian Ministry of Finance prepares two main budget laws each year (the central state budget law and the state social security budget law). The central state budget is prepared by the Romanian Government, acting through the Ministry of Finance, and is based on draft budgets (proposals) from the direct recipients of budgetary allocations (line ministries).

The budget proposals submitted to the Ministry of Finance include programmes for investment by public institutions and other capital expenditures. These investment and capital expenditure programmes are based on a listing of certain projects approved in accordance with the legal provisions in force, as well as global amounts for other expenditures for investments.

The budgets are approved by Parliament in their entirety. If the central state budget and the state social security budget have not been approved by the end of the year preceding the period budgeted, the Romanian Government applies, with certain limitations, the provisions of the previous year's budget until the budget for the current year is adopted.

The consolidated general budget is prepared by the Ministry of Finance and includes, amongst others: the central state budget plus the state social security budget; the special funds; the autonomous and self-financed institutions' budgets; and the local government budgets.

The state social security system and local governments are each responsible for the management of their own revenues and expenditure.

State Social Security Budget

The state social security budget is independent of the central state budget, although it is subject to approval by Parliament each year. The public pension system is based on a "pay as you go" principle, with the contributions paid by employers representing the main source of income for the system. The majority of expenditure from the state social security budget is in the form of pension benefits, including old age pensions, early retirement pensions, partial early retirement pensions, disability pensions, survivor pensions and death benefits.

Special Funds

Special Funds are the national health insurance funds, the budget of which is approved as an annex to the central state budget law, and the budget for unemployment insurances, which is approved along with the state social security budget law.

Local Budgets

Local budgets are prepared, approved and executed according to the law on local public finances and the law on local public administration. These laws authorise local authorities to develop and approve their own budgets and assign to them certain sources of revenue, including a share of personal income tax and certain other taxes collected at the level of the central state budget. Additional local budget revenues come from property taxes. Local authorities are required to balance their current spending and they are able to contract loans for investment purposes and for refinancing local public debt.

The budgets of administrative territorial units are prepared and approved in two sections, operational and development. Each of the two sections has its own revenue and expenditure. Thus, operational expenditure includes current expenses and repayment of loans, while development expenditure includes capital expenditures and post-accession EU co-financed projects.

Amounts can be transferred from the operational section to the development section only after payments for operational costs have been completely secured.

Local budgets of communes, towns, cities, Bucharest districts, counties and the Bucharest municipality, as well as the budgets of public institutions financed from their own revenues and subsidies from local budgets and external grant budgets are approved, under the “balanced budget” condition, while the development section deficit can be covered by the previous year operational section’s surplus.

The annual budget will include distinct appropriations for payment of the previous year’s arrears.

The permitted level of indebtedness of each administrative territorial unit/subdivision (such as a city or a county) has been limited to 30 per cent. of their own revenues (consisting of taxes, fees, contributions, other income and allocated shares from income tax) as averaged across the last three years preceding the year in which approval is requested, less the income resulting from the sale of certain assets over the same period, belonging to the private domain of the respective administrative territorial subdivision. Loans contracted and/or guaranteed by the administrative territorial subdivision relating to financing of projects which benefit from pre and post-accession non-reimbursable external funds from the European Union are not included in the calculation.

The loans contracted and/or guaranteed by administrative territorial subdivisions in respect of the financing of projects which benefit from pre- and post-accession non-reimbursable external funds from the European Union are exempted from the 30 per cent. limit of the level of indebtedness.

Medium-Term Budgetary Planning Process

Although medium-term budgetary planning has been utilised in Romania since 2003, the Medium-Term Budgetary Framework became mandatory only when Law no. 69/2010 on fiscal responsibility (“**Fiscal Responsibility Law**”) entered into force in 2010 resulting in medium-term budget ceilings requiring approval by Parliament.

The most important reforms regarding the fiscal framework (as provided under the Fiscal Responsibility Law) include the following:

- *Mandatory Medium-term Planning:* A new stage has been introduced in the budgetary calendar. By 15 July of each year the Ministry of Finances shall submit to the Government the Fiscal Budgetary Strategy (“**FBS**”) (covering the following three years), which shall be further presented to the Parliament by 15 August each year.
- *Parliament Approval on Key Medium Term Budgetary Targets:* Together with the FBS, the cabinet submits a draft law to be debated and voted on by the Parliament, which includes a maximum threshold for the structural deficit (as a percentage of GDP), the cash budget balance (as a percentage of GDP), personnel expenditures (as a percentage of GDP), guarantees issued by the government and local authorities, loans contracted by local authorities, total expenditure, excluding financial assistance from EU, public debt (as a percentage of GDP), etc.
- *Binding Medium-term Targets:* When preparing the annual budget, the maximum thresholds referred to above must be observed.
- *Escape Clauses:* The FBS may be revised if: (i) there is a change in the scope of the general consolidated budget; (ii) there is a significant worsening of the macroeconomic indicators used in preparing the FBS; or (iii) there is a change in government. In the latter case, the new government will make public whether its programme is consistent with the FBS and, if not, the Ministry of Finance will prepare a new draft

FBS. This revision must be approved by Parliament and is subject to the review and opinion of the Fiscal Council.

- *New Fiscal Rules:* (i) The structural deficit cannot be higher than 0.5 per cent. of GDP (or 1.0 per cent. of GDP if the public debt is comfortably below 60 per cent. of GDP); (ii) public debt should not be higher than 60 per cent. of GDP; (iii) the intermediate prudential public debt thresholds have been set at 45 per cent., 50 per cent. and 55 per cent. of GDP; (iv) an automatic correction mechanism has been put in place if a deviation of the above rules occurs; (v) the annual increase of public sector expenditure has to be in line with the rules set by the EC Regulation No. 1466/1997; (vi) the macroeconomic projection utilised for budget planning has to be compared to the European Commission official projection and any difference clearly presented; (vii) during the budget year, funds approved for public investment cannot be transferred to current expenditure; (viii) there cannot be more than two budget rectifications during one year; and (ix) a budget rectification may take place only in the second half of the year.
- *The New Fiscal Institution:* The Fiscal Responsibility Law introduces the Fiscal Council, an independent body made up of five members, one from each of the Romanian Academy, Romanian National Bank, the Academy of Economic Studies, the Romanian Banking Institute and the Romanian Banking Association, who are appointed by the Parliament for a period of nine years. The Fiscal Council issues opinions and recommendations on official macroeconomic and budgetary projections, and on the FBS, Annual Budget Law, Budget execution and major legislative initiatives which can have an impact on budget expenditures. The Fiscal Council also monitors the observance of the fiscal rules.

Taxation system

The following table presents the share of the main sources of revenue in the general consolidated budget as at 31 December 2020, 2021, 2022, 2023 and 2024:

	As at 31 December				
	2020	2021	2022	2023	2024
			(%)		
Social security contributions.....	34.8	33.6	30.4	30.5	33.0
VAT.....	18.8	20.9	20.4	20.0	21.0
Non-fiscal revenues	7.6	6.9	8.6	8.0	8.5
Income tax	7.5	7.4	7.3	7.8	8.5
Excises.....	9.5	9.1	7.7	7.2	8.1
Corporate tax	5.0	5.3	5.8	5.6	6.3
Other.....	16.8	16.8	19.8	20.9	14.6
Total.....	100	100	100	100	100

Source: Ministry of Finance

Value Added Tax

According to the Fiscal Code, the standard VAT rate is 19 per cent. from 1 January 2017.

Starting 1 January 2023, Romania increased the VAT rate from 5 per cent. to 9 per cent. for the following categories of goods and services: food products other than high quality foods, irrigation water in agriculture and for water supply and sewerage services; human and veterinary medicines; fertilisers and pesticides used in agriculture, seeds and other agriculture products for sowing or planting and agricultural services, restaurant/catering and hotel accommodation.

Similarly, for non-alcoholic beverages containing added sugar or other sweeteners or flavours, the VAT rate increased from 9 per cent. to 19 per cent. from 1 January 2023.

Also, starting 11 June 2023, supplies of services related to construction, rehabilitation and modernisation of hospitals from the public state network or non-profit entities, and supplies of medical equipment, devices, accessories and materials for sanitary use carried out for hospitals from the public state network or non-profit entities are exempt from VAT with the right to deduct.

From 1 January 2024, the following changes were made with regard to Romania's VAT rates:

- The reduced VAT rate of 9 per cent. was eliminated for the supply of alcohol-free beer and foods with added sugar, whose total sugar content is at least 10g/100g product, with some exceptions;
- the VAT rate was increased from 5 per cent. to 9 per cent. for certain categories of goods and services (for example, supply of housing as part of social policy, high-quality food, photovoltaic panels, solar thermal panels, heat pumps and other high-efficiency heating systems, access to fairgrounds, amusement parks and recreational parks, fairs, exhibitions, cinemas, sports events and cultural events);
- the reduced VAT rate of 5 per cent. was eliminated for the right to use sports facilities and for transport with certain vehicles of people for tourist or leisure purposes; and
- the VAT exemption to allow for deduction for operations carried out for state hospitals was eliminated.

Romania also applies a reduced VAT rate of 5 per cent. for the supply of schoolbooks, books, newspapers and magazines, except for those used solely or principally for advertising; services consisting in admission to castles, museums, memorial houses, historical, archaeological and architectural monuments, zoos and botanical gardens; district heating in the cold season; and firewood in certain forms.

Since 29 March 2024, VAT exemption with the right to deduct for construction, rehabilitation, modernisation services of hospital units, as well as for the supplies of medical equipment, devices, accessories, materials and consumables for sanitary use, also applies to companies wholly owned by non-profit entities, if the goods and services purchased by these companies are donated or made available free of charge to hospital units in the public state network or are intended for hospital units owned and operated by these companies. The VAT registration threshold applied for small undertakings is RON 300,000 (approximately EUR 88,500 calculated using the exchange rate on the day of Romania's accession to EU). Entities that carry out activities which generate revenues below this threshold are not obliged to register for VAT purposes, but can opt to do so. Romania currently applies an optional VAT cash accounting system which is available to companies with a turnover of less than RON 4,500,000 (approximately EUR 900,000), adopted in order to assist SMEs.

Income Tax

As of 1 January 2025, the tax rate has been increased from 8 per cent. to 10 per cent. for dividends distributed as of 1 January 2025.

The fiscal facilities granted to individuals who earn income from salaries as a result of creating computer programmes or for employers in the construction, agricultural and food industry sectors, under the conditions established by the Fiscal Code, starting with the income related to January 2025 have been repealed.

Excises

Romania applies excise duties to goods which are mandatorily subject to excise tax at the EU level (ethyl alcohol, alcoholic beverages, manufactured tobacco, energy products and electricity). A non-harmonised excise duties is required for:

- (1) products containing tobacco intended for inhalation and other non-tobacco nicotine based inhalants;

- (2) non-alcoholic drinks with added sugar for which the total sugar level is between 5g and 8g/100ml and non-alcoholic drinks with added sugar for which the total sugar level is above 8g/100ml; and
- (3) tobacco free nicotine-containing products, intended for oral consumption,

The excise duty levels for the products specified above are provided in Law no. 227/2015 regarding the Fiscal Code, with subsequent amendments, and are set out in Annex no. 1 for harmonised excise duties products and in Annex no. 2 for non-harmonised excise duties products.

As provided in Fiscal Code, excise duties levels, for harmonised products, excepting cigarettes, cigars and cigarillos, fine cut tobacco intended for rolling of cigarettes and other smoking tobacco, are updated on an annual basis, by reference to the growth in consumer prices, calculated over a period of twelve months ending in September of the year that precedes the period for which the new level of excise duties shall apply, by comparison to the level of the consumer prices for the period October 2014 to September 2015 which was officially announced by NIS. From 1 January 2024 to 31 December 2024, the level of excise duty for alcohol and alcoholic beverages is exempt from this calculation.

During 2023, the level of excise duty for leaded petrol, unleaded petrol and gasoil were excepted from updates pertaining to the increase in consumer prices from the last twelve months, calculated in September 2022 and compared to the period of October 2014 to September 2015, the applicable level during 2023 being the minimum level provided for in the Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity.

From 1 January 2024, the level of excise duty for beer, sparkling wines, fermented beverages, other than beer and wine, intermediate products, ethyl alcohol, cigarettes, fine cut tobacco intended for rolling of cigarettes and other smoking tobacco, products containing tobacco intended for inhalation without combustion, leaded petrol, unleaded petrol, gasoil, heavy fuel oil, kerosene, LPG, natural gas, coal and coke and electricity were increased. For energy products and electricity, the excise duty level is updated on an annual basis, by reference to the growth in consumer prices, calculated over a period of twelve months ending in September of the year that precedes the period for which the new level of excise duties shall apply, by comparison to the level of the consumer prices for the period October 2014 to September 2015, according to the general rule provided for in the Tax Code. The level of excise duty applicable in 2024 for leaded petrol, unleaded petrol and gasoil was as follows:

From 1 January 2024

- Leaded petrol: RON 3,085.84 per tonne, or RON 2,375.48 per 1.000 litres;
- Unleaded petrol: RON 2,622.87 per tonne, or RON 2,019.60 per 1.000 litres;
- Gasoil: RON 2,190.51 per tonne, or RON 1,850.95 per 1.000 litres.

From 1 July 2024

- Leaded petrol: RON 3,639.90 per tonne, or RON 2,802,72 per 1.000 litres;
- Unleaded petrol: RON 3,094.62 per tonne, or RON 2,382,84 per 1.000 litres;
- Gasoil: RON 2,584.49 per tonne, or RON 2,183,85 per 1.000 litres.

During 2024, the level of excise duty for beer, sparkling wines, fermented beverages, other than beer and wine, intermediate products and ethyl alcohol was excepted from updates pertaining to the increase in consumer prices from the last twelve-month period, calculated in September 2022 and compared to the period of October 2014 to September 2015.

Starting in 2024, a reduced level of excise duty has been established for gasoil used as motor fuel for the carriage of goods by road for one's own account and for other persons, as well as for the carriage of persons, whether by regular or occasional service, excluding local public passenger transport.

The reduced level of excise duty for gas oil used as motor fuel in the above purposes is:

- 1,720.95 RON/1000 litres, until June 30 2024, inclusive;
- 2,053.85 RON/1,000 litres, between July 1 2024 and December 31 2024, inclusive; and
- 2,117.59 RON/1000 litres, between January 1 2025 and March 30 2025, inclusive.

In 2025, the excise duty for energy products was updated on an annual basis, by reference to the growth in consumer prices, calculated over a period of twelve months ending in September of the year that precedes the period for which the new level of excise duties shall apply, by comparison to the level of the consumer prices for the period October 2014 to September 2015, according to the general rule provided for in the Tax Code.

As of 1 January 2025, ethyl alcohol and alcoholic beverages were placed on an increasing excise duty calendar for 2025 – 2026. In 2025, this category of products, is excluded from updates pertaining to the increase in consumer prices from the last twelve months, calculated in September 2022 and compared to the period of October 2014 to September 2015.

From 1 April 2025, the excise duty level for cigarettes, fine cut tobacco intended for rolling of cigarettes and other smoking tobacco, products containing tobacco intended for inhalation without combustion, products intended for inhalation without combustion, containing tobacco substitutes, with or without nicotine, liquids containing nicotine or not, nicotine-containing products, tobacco free, intended for oral consumption, increased, as it is provided for in Tax Code - Annex 1 (harmonised excise duty) and Annex II (non- harmonised excise duty).

For 2025, a reduced excise duty level of 104.49 RON/1.000 litres is applicable for gasoil used as motor fuel in mechanised agricultural work in the crop, livestock and land improvement sectors. This reduced level represents the conversion from euro to RON of the minimum tax rate of EUR 21/1.000 liters as provided for in the Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity.

Corporate Income Tax

According to the Fiscal Code, the Romanian corporate tax system is characterised with the following attributes:

- A general system of taxation, the corporate tax, established by applying a tax rate of 16 per cent. on taxable profit, required to be calculated and paid quarterly or annually;
- From 1 January 2024, taxpayers who registered a turnover of over EUR 50 million in the previous year and, in the calculation year, determine a profit tax, accumulated from the beginning of the fiscal year/amended fiscal year until the end of the quarter/calculation year, lower than the minimum turnover tax of 1 per cent., are obliged to pay profit tax at the level of the minimum turnover tax of 1 per cent.;
- For credit institutions (including Romanian legal entities and Romanian branches of credit institutions) foreign legal entities owe, in addition to the profit tax, a turnover tax, which is calculated by applying the following tax rates to the turnover:
 - (a) 2 per cent., for the period 1 January 2024 to 31 December 2025 (inclusive)
 - (b) 1 per cent., starting from 1 January 2026; and

- For legal entities which carry out activities in the oil and natural gas, a specific turnover tax of 0.5 per cent. in addition to the profit tax is owed.

As of 1 January 2025, according to Law no. 290/2024, art. I point 5, the income ceiling was removed for taxpayers carrying out activities in the oil and natural gas sectors, paying additional tax

- Art. LXIV point 1 of Emergency Government Ordinance no. 156/2024 amends art. 43 para 2 of the Fiscal Code, thus the dividend tax rate on dividends distributed between Romanian legal entities was increased starting 1 January 2025, from 8 per cent. to 10 per cent. The measure applies to dividend income distributed after 1 January 2025.
- The annual tax losses starting from 2024 carried forwards from the taxable profits made, within the limit of 70 per cent. (inclusive), in the next five consecutive years.

Micro-enterprises tax

As of 1 January 2024, the following new conditions are added and the tax rates on the income of micro-enterprises are:

- 1 per cent. of turnover for micro-enterprises whose revenues do not exceed EUR 60,000 (inclusive) and do not carry out certain activities; and
- 3 per cent. of turnover for micro-enterprises whose revenues are over EUR 60,000 or carry out certain activities.

For fiscal year 2025, the threshold regarding income level was reduced from EUR 500,000 to EUR 250,000 and to EUR 100,000 for fiscal year 2026.

Other tax incentives are:

(A) Fiscal incentives for research and development (R&D) activities

Romanian taxpayers that perform R&D activities can benefit from various incentives for corporate income tax relief, including:

- an additional 50 per cent. deduction for the eligible research and development related expenses; and
- accelerated depreciation for equipment and devices used in R&D activities of up to 50 per cent. of the fiscal value of the asset which may be deducted during the first year in usage. The remaining fiscal value of the asset would be depreciated over the remaining useful life.

Among the eligible expenses for the R&D incentives are the following:

- depreciation and rental expenses of tangible and intangible assets that are used by taxpayers in R&D activities;
- salaries of personnel directly involved in R&D activities and related expenses;
- maintenance and repair costs for the assets used for the R&D activities;
- operating expenses, including expenses for services provided by third-parties, expenses of consumable materials, expenses of inventory items and raw materials, etc.; and
- overhead expenses, which can be allocated directly to the research results or proportionally by using an allocation key.

(B) Corporate income tax exemption for reinvested profit

- The tax exemption applies to profit reinvested in the production and/or purchase of technological equipment and machinery, computers and peripheral equipment, tax cash registers, software and rights to use software.
- As of 1 January 2023, the facilities for tax exemption on invested profits are extended to investments in assets used in production, processing and refurbishment assets.

(C) Reduction of corporate tax and micro-enterprise income tax for equity growth

- A temporary COVID-19 measure has also been introduced between 2021 and 2025 to encourage companies that have made losses during the pandemic to increase their equity. The CIT rate is lowered by two percentage points for companies whose equity is above 50 per cent. of the share capital. Additionally, further CIT rate reductions between 5-10 percentage points are available for companies that increase their equity in a year by between 5 per cent. and 25 per cent.

Construction Tax

Government Emergency Ordinance no. 156/2024

Since 1 January 2025, according to article LXIV, points 16-19, the construction tax, provided by Title X of the Fiscal Code, is due by:

- Romanian legal entities, with the exception of public institutions, national research and development institutes, associations, foundations and other legal entities without an exempted purpose, according to the laws on organisation and operation;
- foreign legal entities that carry out activity through a permanent establishment in Romania; and
- legal entities with registered offices in Romania established according to European legislation.

The annual construction tax is calculated as follows:

- (a) A rate of 0.5 per cent. is applied to the net value of constructions—other than those specified in section (b)—for which no building tax is owed under Title IX. This applies to constructions included in the taxpayer's assets as at 31 December of the previous year, or the final day of the amended fiscal year preceding the year when the construction tax is due;
- (b) A rate of 0.25 per cent. is applied to the value of constructions derived from contracts, agreements, or other legal instruments that establish rights of administration, concession, or use free of charge or for rent, when belonging to the public or private domain of the state or administrative-territorial units, existing on 31 December of the previous year or on the last day of the amended fiscal year prior to the one for which the construction tax is due, for which no building tax is due according to the provisions of Title IX; the taxpayers who hold such rights through administration, concession, free use, or rental are liable for the tax.

Certain measures relating to energy and telecommunications companies

Government Emergency Ordinance no. 114/2018 introduced certain measures on various sectors of the Romanian economy, including telecommunication and energy companies. In particular, it (i) increased National Authority for Management and Regulation in Communications' ("ANCOM") annual monitoring fee to 3 per cent. of total turnover of a telecommunications operator for the preceding year; "(ii) increased ANRE's annual fee to 2 per cent. of total turnover of an energy company for the preceding year generated by licensed activities; (iii) conditioned any extension of an existing mobile communication license on the payment of a fee equivalent

to 4 per cent. of the total turnover of Romania's mobile telephony market for the year preceding the requested extension date, multiplied by the number of years for which the extension is requested; (iv) conditioned any issuance of new mobile communication licenses on the payment of fees equivalent to 2 per cent. or 4 per cent. (depending on the frequency band for which the license is requested) of the total turnover of Romania's mobile telephony market for the year preceding the issuance date, multiplied by the number of years for which the new license is requested; and (v) significantly increased penalties for breaches of applicable regulations. Government Emergency Ordinance no. 114/2018 provides for fines of up to 10 per cent. of a company's turnover in the year prior to the decision to impose such penalties.

Government Emergency Ordinance no. 1/2020 repealed the provisions of Government Emergency Ordinance no. 114/2018 which established the financial contribution owed to ANRE by the license holders at the level of 2 per cent. of the turnover of an energy company for the preceding year generated by licensed activities.

Starting from January 2020, the level of tariffs and contributions charged by ANRE is established annually by order of the president of ANRE and published in the Official Gazette of Romania, Part I.

Taxation of non-residents

The following types of income, when derived from Romanian sources by non-residents are not considered as subject to withholding tax:

- interest paid on public debt instruments;
- income obtained from transactions involving the use of derivative financial instruments for risk management purposes in relation to holding governmental public debt instruments;
- income from the trading of governmental bonds and bonds issued by administrative-territorial units domestically or on foreign markets;
- interest related to instruments issued by the NBR for the achievement of monetary policy targets and income from the trading of transferable securities issued by the NBR; and
- interest from debt instruments/debt securities issued by Romanian companies, set up according to Law no. 31/1990, republished, as subsequently amended and supplemented, if the debt instruments/debt securities are issued under a prospectus approved by the competent regulatory authority and the interest is paid to a person who is not affiliated to the issuer of the debt instruments/securities.

Local Taxes and Fees

The Fiscal Code regulates the local taxes and fees which generate revenues for local budgets. The local taxes and fees include property taxes (the tax on buildings, tax on land, tax on vehicles, taxes on advertising, fees for issuing of certificates and permits) as well as other taxes and fees which can be set by local municipalities.

The main criterion for determining the tax on buildings is the actual use of the property – residential, non-residential or mixed and not primarily the legal status of the owner (individual or legal entity).

The tax rates are similar for individuals and legal entities who own similar types of buildings. The tax base of the non-resident building is the assessed value of the building, based on standards approved by the National Association of Authorised Valuers.

Government Emergency Ordinance no. 156/2024

Since 1 January 2025, according to article LXIV, points 16-19, the construction tax, provided by Title X of the Fiscal Code, is due by:

- Romanian legal entities, with the exception of public institutions, national research and development institutes, associations, foundations and other legal entities without an exempted purpose, according to the laws on organisation and operation;
- foreign legal entities that carry out activity through a permanent establishment in Romania; and
- legal entities with registered offices in Romania established according to European legislation.

The values provided in the Fiscal Code in connection with local taxes and fees will be updated on an annual basis, based on to the inflation index for the previous year.

Budgetary Income Collection

In order to enhance budgetary income collection, as to increase the efficiency of the fiscal administration authorities, as well combating tax evasion, certain measures have been implemented, such as:

- The Virtual Private Space was established as a single communication channel for legal entities, starting from 1 March 2022;
- Entry into force of the applicable legal framework defining the risk criteria for the classification of taxpayers;
- Cash registers are connected to the National Agency for Fiscal Administrations' IT system;
- Desk audits as the usual way of carrying out fiscal audits;
- Reform in the field of organisation and operation of fiscal control structures by introducing a series of amendments to the Fiscal Procedure Code;
- Implementation of a webinar service dedicated to taxpayer assistance;
- Electronic invoicing system, which has been operational since November 2021; and
- Development of an alternative model for calculating the VAT fiscal gap, broken down between relevant economic sectors.

The General Consolidated Budget

The following table shows income and revenues relating to the general consolidated budget for the years ended 31 December 2020, 2021, 2022, 2023 and 2024:

	2020	2021	2022	2023	2024
			(RON million)		
A. Revenue.....	322,656.5	379,717.9	460,202.7	520,595.8	574,598.8
Current incomes.....	288,054.5	339,808.4	410,081.8	451,554.7	530,281.4
Taxes	151,276.6	186,103.0	230,461.7	251,030.2	291,708.1
Income fee, profit and capital gain from legal entities	19,142.3	24,102.2	31,426.0	33,386.7	40,321.3
Income fee, profit and capital gain from individuals	24,333.8	28,017.1	33,707.6	41,637.7	50,455.5
Property fees and taxes	5,935.9	6,547.4	6,821.6	7,242.9	8,286.6
Fees and taxes on goods and services	99,821.9	124,797.2	155,286.2	165,717.7	8,286.6
Fee on the external trade and international transactions	1,119.6	1,526.8	1,938.7	1,713.5	1,926.8

	2020	2021	2022	2023	2024
			(RON million)		
Other fiscal fees and taxes	923.2	1,112.3	1,281.6	1,331.7	1,657.7
Social security contributions.....	112,250.7	127,493.4	139,920.2	158,655.4	189,510.1
Non-fiscal incomes	24,527.3	26,212.0	39,699.9	41,869.2	49,063.3
Incomes from capital	776.0	1,473.1	1,408.6	1,285.5	1,401.8
Donations.....	3.4	6.0	32.0	16.1	12.7
Amounts in distribution	266.6	(17.3)	274.6	101.3	294.0
Amounts received from EU	33,555.8	38,447.7	48,405.7	67,632.2	42,608.9
Financial operations.....	—	—	—	—	—
B. Total Expenses	424,455.2	459,627.1	540,968.5	610,656.5	727,316.2
Current expenses.....	393,091.0	427,640.3	502,909.8	573,869.5	665,123.3
Personnel related expenses	109,976.2	111,898.8	117,683.4	132,691.2	164,595.4
Goods and services	57,094.9	64,178.6	72,468.7	77,149.0	93,658.8
Interest	14,513.1	17,979.5	29,094.3	29,913.1	36,278.3
Subsidies.....	8,140.2	8,648.4	18,006.4	18,012.0	17,096.0
Transfers between the units of the public administration.....	1,529.1	1,696.8	2,196.1	2,651.7	3,175.2
Other transfers	19,065.2	25,424.1	27,002.3	28,762.4	35,197.6
Projects financed from non-reimbursable EU Funds post-accession (including national co- financing).....	341.7	217.5	1,180.3	10,107.6	29,281.4
Social assistance	138,552.9	147,248.0	174,301.5	191,013.8	223,932.3
Projects financed from non-reimbursable EU Funds post-accession financing programme 2014-2020.....	34,764.7	41,340.7	49,461.4	65,894.1	17,460.8
NRRP Projects (grants and loans)	—	—	844.2	5,894.5	23,505.5
Reserve funds	—	—	—	—	—
Other expenses.....	8,356.9	8,323.6	10,074.3	10,905.3	10,690.7
Programmes financed from reimbursable funds (including local funds)	756.0	684.2	597.0	874.8	1,383.6
Capital expenses	33,177.0	33,673.3	40,553.5	38,817.5	65,194.0
Loans granted	—	—	—	—	—
Payments for previous years	(1,812.8)	(1,686.4)	(2,494.9)	(2,030.5)	(3,001.2)
C. Surplus/Deficit	(101,798.7)	(79,909.2)	(80,765.8)	(90,060.7)	(152,717.4)
Deficit as % of GDP	(9.6)	(6.7)	(5.7)	(5.6)	(8.7)
Deficit as % of GDP (according to ESA 2010).....	(9.2)	(7.1)	(6.3)	(6.6)	(9.3)
Gross domestic product (RON billion).....	1,066.8	1,189.1	1,401.3	1,604.6	1,760.1

Note:

- (1) Data regarding general consolidated budget were compiled by including budgets of local public institutions financed partially or totally from own revenues, internal and external local loans, revenue and expenditure outside the local budget, budget of public institutions subordinated to ministries, budget of property fund and issuance of compensation titles. Data has been prepared on a cash basis.

Source: Ministry of Finance

2020 Budget Execution

Based on operational data, the general government budget in 2020 registered a RON 101.8 billion deficit (9.5 per cent. of GDP).

General Government Revenue

The revenues of the general consolidated budget amounted to RON 322.6 billion in 2020. Wage and income tax revenues registered 24.3 RON billion. The single declaration for income tax and social contributions of individuals increased to 9.2 per cent. and the dividend tax increased to 7.9 per cent compared to the previous year. Insurance contributions amounted to RON 112.3 billion. Income tax revenues amounted to RON 16.0 billion. Other taxes on income, profit and capital gains from legal entities registered RON 3.2 billion. The dynamics of these revenues were also affected by the unfavourable economic situation, the restructuring and rescheduling of tax obligations declared by taxpayers paying income tax on micro-enterprises, as well as the 10 per cent. bonuses granted to them for the payment of maturity tax. The amounts reimbursed by the European Union on account of payments made and donations totalled RON 33.6 billion.

General Government Expenditure

Expenditures of the general consolidated budget in the amount of RON 424.4 billion. Personnel expenses amounted to RON 109.98 billion, reflecting salary increases and a food allowance. Expenditures on goods and services were RON 57.1 billion. Within the general consolidated budget, increases compared to the average are recorded at the level of the local administration, including the hospitals under their subordination, increases determined mainly by additional payments for medicines, sanitary materials, reagents and other products necessary for diagnosing and treating patients infected with COVID-19. Expenditures on subsidies amounted to RON 8.1 billion, most of which were allocated to the agricultural sector and transport, respectively subsidies to support agricultural producers, subsidies for passenger transport and for price and tariff differences. Expenditures on social assistance amounted to RON 138.6 billion. Investment expenditures, which include capital expenditures, as well as the most important financial development programs from internal and external sources, amounted to RON 53.2 billion, the largest amount invested in the economy in the last 10 years. Within the general consolidated budget, the increases appear to the state and local budgets both from national funds and related to projects financed from non-reimbursable external funds. Thus, the local administration invested 64.6 per cent. more than the same period last year in financial projects in non-reimbursable external funds related to the financial framework 2014-2021.

2021 Budget Execution

Based on operational data, the general government budget in 2021 registered a RON 79.9 billion deficit (6.7 per cent. of GDP). The general government budget outcome for 2021 indicates a decrease by 2.9 per cent. of GDP in budget deficit, from 9.6 per cent. of GDP in 2020.

General Government Revenue

The revenues of the general consolidated budget amounted to RON 379.71 billion in 2021, by 17.7 per cent. above the level collected in the previous year.

Wage and income tax revenues registered 28.02 RON billion in 2021, recording an increase of 15.1 per cent. as compared to 2020. A significant component of this increase was the positive dynamics of the pension income tax (increasing to 38.6 per cent.). Additionally, the single declaration for income tax and social contributions of individuals increased to 18.8 per cent. and the dividend tax increased to 32.0 per cent.

Insurance contributions amounted to RON 127.5 billion in 2021, registering an increase of 13.6 per cent. as compared to 2020.

Corporate income tax revenues amounted to RON 20.0 billion in 2021, increasing by 25.4 per cent., as compared to 2020. This advance was determined by the main component, tax revenues for profit from economic agents, with a positive dynamic of 28.4 per cent. as compared to 2020. Net VAT receipts registered RON 79.4 billion in 2021, increasing by 30.5 per cent., as compared to 2020. Excise revenues amounted to RON 34.5 billion in 2021, increasing by 12.3 per cent., as compared to 2020.

Non-tax revenues amounted to RON 26.2 billion in 2021, registering an increase of 6.9 per cent., as compared to 2020. The increase was supported by the dynamics of revenues from concessions and rents (up by 16.7 per cent.), respectively dividends distributed by state-owned companies (higher by 4.4 per cent.).

The amounts reimbursed by the European Union on account of payments made and donations totalled RON 38.4 billion in 2021, increasing by 14.5 per cent. compared to the level recorded in 2020.

General Government Expenditures

Expenditures of the general consolidated budget in the amount of RON 459.6 billion increased in nominal terms by 8.3 per cent. compared to 2020.

Personnel expenses amounted to RON 111.9 billion, up 1.7 per cent. compared to the previous year. Expressed as a share of GDP, personnel expenditure represents a level of 9.4 per cent. of GDP, 1.7 percentage points less than the previous year.

Expenditures on goods and services were RON 64.2 billion, up 12.4 per cent. from the previous year. An increase was reflected in the state budget, respectively 21.1 per cent. compared to the previous year, as well as in the budget of the Single National Health Insurance Fund which recorded an increase of 11.4 per cent. Mainly, according to the data communicated by the main authorising officers, RON 7.85 billion of total goods and services represent payments for medicines, sanitary materials, reagents and other products necessary for the diagnosis and treatment of patients infected with the SARS-CoV-2 coronavirus, as well as payment for vaccines against COVID -19.

Expenditures on subsidies amounted to RON 8.65 billion, most of which were allocated to the agricultural sector and transport, respectively subsidies to support agricultural producers, subsidies for passenger transport and for price and tariff differences.

Expenditures on social assistance amounted to RON 147.3 billion, an increase of 6.3 per cent. compared to the previous year. This was mainly due to the increase of the pension point from 1 September 2020 by RON 177, respectively from RON 1,265 to RON 1,442. It also reflects the increase from 1 September 2020 of the level of the social allowance for pensioners guaranteed from RON 704 to 800, as well as the increases to the state allowances for children on 1 May 2019, 1 January 2020 and 1 August 2020, which represent an increase of the allowance by approximately 20 per cent. more than the allowance paid in July 2020, as well as with 1 January 2021 which represents an increase in the allowance by approximately 16 per cent. higher than that paid in December 2020.

Expenditure on projects financed by non-reimbursable external funds (including subsidies from the European Union related to agriculture) amounted to RON 41.34 billion, up 18.9 per cent. compared to the previous year.

Investment expenditures, which include capital expenditures, as well as the most important financial development programs from internal and external sources, amounted to RON 59.3 billion, increasing by 11.5 per cent. compared to the previous year. There was also a more pronounced increase in projects funded from post-accession non-reimbursable external funds, representing 48.1 per cent. of the total investment expenditures for 2021, by RON 6.9 billion compared to the previous year.

2022 Budget Execution

The execution of the consolidated general budget recorded a deficit of RON 80.8 billion in 2022 (5.7 per cent. of GDP) showing a decrease of approximately 1.0 percentage points compared to 2021, due to the increase in budget revenue by 0.7 percentage points and the decrease in total expenditure by 0.3 percentage points.

The revenues of the consolidated general budget totalled RON 460.2 billion in 2022, with 21.2 per cent. above the level for the same period 2021, mainly influenced by the advance of VAT revenues, insurance contributions, additional receipts from energy (other taxes on goods and services), non-tax revenues and European funds.

Salary and income tax receipts totalled RON 33.7 billion, recording an increase of 20.3 per cent. year-on-year, supported by the increase in dividend tax receipts (+79.9 per cent.), the single declaration (+32.3 per cent.), and the tax related to pensions (+25.1 per cent.).

Revenues from the payroll tax increased by 10.5 per cent., below the evolution of the wage fund in the economy (+12.7 per cent.); the dynamics of this category of receipts was influenced by the expansion in the agricultural sector and the food industry of the facility granted to construction workers (negative effect from the income tax exemption from wages, according to Law no. 135/2022).

Insurance contributions recorded RON 139.9 billion, increasing by 9.7 per cent. year-on-year. As in the case of the payroll tax, the evolution of contributions remained lower than the dynamics of the wage fund and as a result of the expansion in the agricultural sector and the food industry of the facility granted to construction workers (effect on receipts starting from July 2022, according to Law no. 135/2022). Starting from September, contributions were favourably influenced by the change in the ceiling up to which tax benefits are granted to employees in the construction, agricultural and food industry (from RON 30,000 per month to RON 10,000 per month) and by the measure to establish the base of monthly calculation at the level of the minimum gross salary per country for the income made on the basis of individual part-time employment contracts whose remuneration is below the level of the minimum gross salary.

Profit tax receipts totalled RON 26.7 billion, registering an increase of 33.0 per cent. year-on-year, supported both by the advance of profit tax receipts from economic agents (29.3 per cent. year-on-year, respectively RON 5.6 billion), as well as the profit tax transferred by commercial banks (RON 1.0 billion).

Net receipts from VAT registered RON 94.1 billion, up by 18.6 per cent. year-on-year, but below the dynamics of the relevant macroeconomic base, and against the background of a higher level of VAT refunds, compared to the previous year (+15.0 per cent., year-on-year).

Revenues from excise duties totalled RON 35.3 billion, recording an increase of 2.4 per cent. year-on-year. In terms of structure, revenue from excise duties for energy products recorded a 2.4 per cent. year-on-year dynamic, supported both by the 3.6 per cent. increase in excise duty starting from 1 January 2022, and by the advance of fuel consumption compared to the same period last year. Revenues from excise duties for tobacco products increased by 1.9 per cent., in the conditions of an increased level of excise duty on cigarettes by 5.5 per cent. starting from 1 August 2022 (RON 594.97/1000 cigarettes, compared to RON 563.97/1000 cigarettes starting 1 April 2021). The monthly evolution of excise revenue generally shows a higher volatility, determined by the policy of economic operators of fiscal warehousing of excisable products.

Other taxes and duties on goods and services totalled RON 19.2 billion, registering an advance of RON 13.7 billion compared to the previous year, due to additional receipts from the energy sector.

Non-tax revenues totalled RON 39.7 billion, recording an increase of 51.5 per cent. year-on-year, supported by the advance of property revenues, including payments from the BNR's net revenues, dividends, interest and oil royalties. The level of non-fiscal income is determined by the registration of the amounts from the sale of greenhouse gas emissions certificates.

The amounts reimbursed by the European Union on account of payments made and donations totalled RON 48.44 billion, increasing by 26.0 per cent. year-on-year.

The expenses of the general consolidated budget in the amount of RON 541.0 billion increased in nominal terms by 17.7 per cent. compared to the previous year. Expressed as a percentage of GDP, expenditures for the year 2022 registered a decrease of 0.8 percentage points from 38.7 per cent. of the GDP in the year 2021 to 38.4 per cent. of the GDP in the year 2022.

Personnel expenses totalled RON 117.68 billion, up 5.2 per cent. compared to the previous year. Expressed as a share of GDP, personnel expenses represent a level of 8.3 per cent. of GDP, 1.1 percentage points less than the previous year.

Expenditure on goods and services was RON 72.5 billion, up 13.4 per cent. compared to the previous year.

Interest expenses were RON 29.1 billion. Compared to the previous year, interest payments related to the public debt portfolio increased by RON 11.1 billion as a result of the increase in interest rates in the inflationary context manifested especially starting from the second part of 2021, both domestically and internationally, as well as a result of the uncertainties generated by the armed conflict in Ukraine.

Social assistance expenses were RON 174.3 billion, an increase of 18.4 per cent. compared to the previous year. The evolution of social assistance expenses was mainly influenced by the increase from 1 January 2022, of the pension point by 10 per cent., respectively from RON 1,442 to RON 1,586, of the level of social allowance for pensioners (minimum pension) from RON 800 to RON 1,000, for the granting of financial aid to retirees of the public pension system with pensions less than or equal to RON 1,600, so that all those who fall into this category have an income of RON 2,200, in January 2022, as well as the granting of the thirteenth allowance for people with disabilities.

The social assistance expenses were also influenced by the payments from July 2022 for the granting of financial aid in the amount of RON 700 for retirees from the public system, the state military pension system and for the beneficiaries of rights provided by special laws, whose income is less than or equal to RON 2,000.

At the same time, the increase in the state allowance for children reflects an increase starting from 1 January 2022, to RON 600 for children aged up to 2 years or up to 3 years, in the case of a disabled child. At the same time, disabled children benefit from this amount until they reach the age of 18. Also, the state allowance for children between the ages of 2 and 18, but also for young people over 18 who attend high school or professional courses, until they finish, has been increased to RON 243, including for those with disabilities who follows a form of pre-university education provided by law, but no later than the age of 26. The social assistance expenses were also influenced by the payments from the state budget for the compensation of bills related to the consumption of electricity and natural gas, respectively until the end of 2022, in the amount of RON 3.9 billion.

Subsidy expenses were RON 18.01 billion, mainly, representing subsidies for passenger transport, for supporting agricultural producers, as well as for the compensation scheme for the consumption of electricity and natural gas by non-household consumers for the 2021 cold season (RON 7.1 billion) which represents 39.1 per cent. of the total subsidies.

Other expenses were RON 10.1 billion, mainly representing sums related to the payment titles issued by the National Authority for the Restitution of Properties, according to the legislation in force, scholarships for pupils and students, supporting cultural groups and other civil compensations.

Expenditures on projects financed from non-reimbursable external funds (including subsidies from the European Union related to agriculture) were RON 50.92 billion, 22.5 per cent. higher compared to 2021.

Investment expenses, which include capital expenses, as well as those related to development programs financed from internal and external sources, amounted to RON 72.53 billion, up 22.4 per cent. compared to

2021 when they were in value of RON 59.26 billion. There is also an increase in the share of investments financed by external non-reimbursable funds after accession, representing 51.21 per cent. of the total expenditure on investments.

2023 Budget

The budget for 2023 was approved through Law no. 368/2022.

The budget for 2023 projects a cash budget deficit of 4.4 per cent. of GDP, reflecting an adjustment of 1.4 percentage points compared to 2022 (cash methodology).

Budgetary revenue is projected at 34.8 per cent. of GDP, an increase of 1.9 percentage points compared to 2022, while budgetary expenditure is projected at 39.2 per cent. of GDP, a decrease of 0.5 percentage points as compared to the same period in 2022.

General consolidated budget revenue is expected to increase as a result of additional receipts from EU funds, including NPRR (+1.2 percentage points), VAT revenue (+0.6 percentage points) and social contributions (+0. percentage points pp). Although increases in nominal terms have been ensured for most expenditure categories, most of them show a decrease in their share in GDP: the main decreases are projected for social assistance (-0.8 percentage points), subsidies (-0.6 percentage points), personnel expenditure (-0.2 percentage points), goods and services (-0.4 percentage points) and interest (-0.2 percentage points), while public investments are foreseen to increase by 1.0 percentage points.

GDP in 2023 is expected to be RON 1,552.1 billion, a real growth rate of 2.8 per cent. Inflation at the end of 2023 is expected to be 8.0 per cent., with the annual average expected to be 9.6 per cent. The average number of employees in 2023 is expected to be 5,252 thousand and the rate of registered unemployment is expected to be 2.7 per cent. The growth rate of exports is expected to be 10.6 per cent., while the growth rate of imports is expected to be 12.7 per cent.

Among the most important measures that have been taken into account in the 2023 budget planning are: (i) the amendment of the Tax Code in mid-2022, with an initially estimated impact on 2023 budget revenue of 0.4 per cent. of GDP; (ii) the maintenance of Government support for the economy and vulnerable categories of citizens in the current difficult circumstances due to the inflationary environment; and (iii) the increase in investment spending from RON 87 billion in 2022 to RON 112 billion in 2023, mainly based on EU funds.

2023 Budget execution

The execution of the consolidated general budget for 2023, according to operational data, ended with a deficit of RON 89.90 billion, or 5.68 per cent., of GDP compared to a deficit of RON 80.77 billion, or 5.76 per cent., of GDP during the same period in 2022. Total revenues amounted to RON 521.45 billion in 2023, increasing by 13.3 per cent. year-on-year, primarily due to receipts from European funds, salary and income tax and insurance contributions. Moderate growth was recorded in VAT revenues (an increase of 10.9 per cent. to RON 104.3 billion), personal income tax (an increase of 19.9 per cent.), social security contributions (an increase of 13.4 per cent.), corporate income tax (an increase of 9.2 per cent.), excise tax (an increase of 5.5 per cent.) and non-tax revenue (an increase 7.5 per cent.). Reimbursements from the EU also increased by 39.8 per cent. in 2023, to RON 67.7 billion.

Expenses increased by RON 611.35 billion, or by 13.0 per cent. compared to the same period in 2022. Expressed as a percentage of the GDP, expenditures for the year 2023 maintained their weight at the level of 38.6 per cent. of GDP. Personnel expenditures increased by 12.9 per cent. compared to 2022, goods and services expenditures increased by 6.5 per cent. over the same period and social assistance expenditure increased by 6.5 per cent. over the same period. Interest expenditure increased by 5.2 per cent. to RON 30.62 billion, while investment

expenditure increased by 38.8 per cent. to RON 100.66 billion. Expenditure on projects financed by non-reimbursable external funds amounted to RON 78.41 billion in 2023.

2024 Budget

The 2024 budget estimates a cash budget deficit of 5.0 per cent. of GDP, reflecting a decrease of 0.7 percentage points compared to the estimated cash budget deficit for 2023. Total revenue is projected to be 33.8 per cent. of GDP, an increase of 0.9 percentage points compared to the estimated revenue for 2023, while expenditure is estimated to remain stable at 38.8 per cent. of GDP. Budget assumptions for the 2024 budget include economic growth of 3.4 per cent. and GDP deflation of 5.9 per cent. (reflecting an estimated nominal GDP of RON 1,733.8 billion).

General consolidated budget revenue is expected to increase because of additional receipts from current revenue (primarily resulting from social contribution, VAT and PIT) reflecting the impact of the tax package implemented in late-2023, as well as due to the improvement of revenue collection. The most impactful measures of the tax package include partially removing the tax exemptions for social security contributions and personal income tax, streamlining the reduced VAT rates and increasing excise taxes (which will have an estimated impact reflecting 1 per cent. of GDP in 2024).

The budget also reflects a 1 per cent. of GDP increase in investment, indexation of pensions and social assistance (including the recalculation of all pension rights as of September 2024) and increases in public wages (including a 20 per cent. increase in the education sector and 5 per cent. on average for other government sectors). The budget also envisages an adjustment in goods and services by about 0.2 percentage points, subsidies by 0.3 percentage points and national capital spending (excluding EU funds) by 0.2 percentage points.

2024 Budget Execution

The execution of the general consolidated budget for 2024, according to preliminary data, resulted in a deficit of RON 152.72 billion, representing 8.65 per cent. of GDP, compared to a deficit of RON 90.06 billion or 5.61 per cent. of GDP recorded in 2023.

Total revenues amounted to RON 574.60 billion in 2024, which represents a year-on-year increase of 10.4 per cent., driven by a better collection of current revenues (+17.4 per cent.). These increases were mainly supported by higher receipts from social security contributions, VAT, excise duties, personal income tax, corporate income tax, and non-tax revenues, the latter including the effects of the tax amnesty introduced through Government Emergency Ordinance (GEO) No. 107/2024.

General government expenditures reached RON 727.32 billion, representing a nominal increase of 19.1 per cent. compared to the previous year. As a percentage of GDP, expenditures increased by 3.16 percentage points in 2024, from 38.06 per cent. of GDP in 2023 to 41.22 per cent. of GDP in 2024.

2025 Budget

The 2025 initial budget projected a cash budget deficit of RON 133.8 billion or 7.0 per cent. of GDP, reflecting a fiscal adjustment of 1.6 percentage points compared to estimated 2024 outcome. Macroeconomic assumptions underlying the initial budget included real GDP growth of 2.5 per cent. and GDP deflation of 5.8 per cent. (implying a nominal GDP of RON 1,912.6 billion), an increase of 6.2 per cent. in average gross wages and CPI of 4.4 per cent.

Current revenue was expected to increase to RON 667.5 billion or 34.9 per cent. of GDP, representing a 0.35 percentage points of GDP increase against the 2024 comparable base (excluding one-offs) and reflecting the impact of fiscal measures adopted at the end of 2024 and effective as of 1 January 2025 such as a reduction of the micro-enterprise revenue ceiling, increasing the dividend tax, removal of PIT exemptions and the implementation of a special construction tax.

Expenditures were expected to reach RON 802.2 billion, or 41.9 per cent. of GDP, reflecting adjustments (as a share of GDP) in personnel spending (-0.5 percentage points), goods and services (-0.4 percentage points) and nationally funded investment projects/non-EU investment (-0.5 percentage points). Social assistance is expected to remain unchanged due to the carryover effect of pension recalculation. The decrease in spending reflects the impact of several spending measures such as the employment freeze in public sector, freezes in base wages for public employees, freezes in all pensions and social assistance rights, rescheduling of investments under the nationally funded programmes and the suspension of new investment commitments and procurement on non-critical local infrastructure.

Romania Government Programme 2025-2028 and the First Set of Fiscal and Budgetary Measures Approved by the Government

The government has established a programme of fiscal and structural measures for the 2025-2028 period which is designed to implement a significant financial adjustment through a comprehensive set of reforms targeting both public revenue and expenditure. The estimated impact of the measures (on both revenues and expenditures) is 1.1 per cent. of GDP in 2025 and 3.5 per cent. of GDP in 2026.

The Government has approved a draft law regarding certain fiscal and budgetary measures (in two separate Government meetings held on 4 July 2025 and 7 July 2025). The draft law was presented to Parliament on 7 July 2025, under a special approval procedure. On the revenue side, the Government has approved the following reforms, which will go into effect on 1 August 2025:

- (i) the standard VAT rate will increase from 19 per cent. to 21 per cent., the reduced VAT rates will increase from 5 per cent. and 9 per cent. to 11 per cent. for items such as books, some cultural activities, hospitality sector services, social housing, energy, firewood, food, medicines, water and pesticides, with all remaining reduced rates also rising to 21 per cent.;
- (ii) excises on alcohol and fuel will increase by 10 per cent. and 2.25 per cent. on tobacco products;
- (iii) the government will introduce a health care tax on pensions over RON 3,000 as well as for certain social benefits, including parental and adoption leave allowances, unemployment benefits, social aid, and support for persecuted persons, deportees, veterans, and revolutionaries;
- (iv) taxes on the banking sector will be increased from 2 per cent. to 4 per cent. for the years 2025 and 2026; and
- (v) taxes on the gambling sector will also be increased.

On the expenditure side, the programme aims to streamline government agencies and ministries while also reducing general costs. The most significant measures include a reduction in bonuses granted within public administration, such as those for hazardous work, EU funds and other categories of allowances and premiums. The measures will also include reforms to education related funding (adjusting teaching workloads and restructuring the student scholarship system) and to the health fund (expanding the contribution base by introducing mandatory health insurance contributions for co-insured individuals and adjusting compensation rates for medical leave and temporary work incapacity). The programme will also reschedule investments under the national financed programme and suspend new investment commitments and procurement for non-critical local infrastructure.

Further measures will enter into force on 1 January 2026, including an increase in the tax on dividends and corporate income from 10 per cent. to 16 per cent., an increase in the road tax from EUR 28 to EUR 50 per year. On the expenditure side, a freeze on public sector wages and social benefits will be implemented, as well as a reduction in the threshold for holiday vouchers.

The above package of measures, together with potential additional measures to be adopted in the future, was also presented to the EC's Economic and Financial Affairs Council on 8 July 2025 following the EC's recommendation that amended fiscal measures be put into place.

National medium-term fiscal-structural plan

The National Medium-Term Fiscal-Structural Plan covers the period 2025–2031 and outlines a fiscal adjustment process spanning seven years. The plan commits to a set of reforms and investments aimed at supporting the extended adjustment period, during which average net expenditure growth is projected at 4 per cent.

The budget deficit adjustment trajectory is based on an estimated budget deficit of 7.9 per cent. in 2024, aiming to reach 2.5 per cent. of GDP by 2031, reflecting an average annual adjustment in the primary structural deficit of around 1 percentage point of GDP over the 7-year extended period.

Under the assumptions outlined in the plan, general government debt was projected to peak at 62.6 per cent. of GDP in 2029, before gradually declining to 61.4 per cent. of GDP in 2031 and further decreasing below 55 per cent. of GDP starting in 2035.

Fiscal consolidation relies primarily on reducing spending, projected to decrease by nearly 5 percentage points of GDP. Revenue is expected to increase by 2 percentage points of GDP, driven by tax measures and improved collection efforts.

The set of reforms and investments underpinning an extension of the adjustment period consists of several commitments from the Recovery and Resilience Plan (RRP), along with some new reforms and investments.

Main investments and reforms supporting 7-year extended period for fiscal adjustment:

- Pension reform: new calculation formula, a revised indexation rule, and a mechanism to prevent ad-hoc increases in pensions, reduced early retirement opportunities, incentives to extend working life.
- Minimum wage reform: establishing a minimum wage setting mechanism, based on the projected inflation and productivity growth rates; aims to improve predictability of minimum wage updates, supporting the avoidance of ad hoc increases with potential negative impact on cost competitiveness.
- Public sector wage reform: ensure a fair and fiscally sustainable wage policy by revising ranking coefficients for each occupational family, salary grids for local government officials, and capping bonuses at 20 per cent. of the basic salary.
- Micro-enterprises tax reform: gradual reduction of the scope of the tax regime for micro-enterprises by tightening the eligibility conditions, while keeping the system as simple as possible.
- Review of the tax framework: implementing a tax reform that contributes to fiscal consolidation and promotes better economic incentives; operationalising the information system for assessing properties subject to property taxes.
- Reform of the tax administration: to increase the efficiency and administrative capacity of ANAF (the tax administration agency), by leveraging digital tools and implementing stricter monitoring mechanisms.
- Reform of the public expenditure system: aims to increase efficiency, transparency, and fiscal responsibility in the use of public funds. It includes measures to control unjustified cost overruns, implement systematic expenditure assessments (spending reviews) and expand centralised procurement.

- Business financing reform: establishment of an Investment Fund for the support of the private equity business for SMEs, a new legal framework to support strategic investments and for granting special purpose grants in the manufacturing industry.
- Reform of the expenditure system of state/local economic operators (state-owned enterprises, SOEs): the goal of this reform is to generate savings across SOEs, through efficiency gains and greater responsibility in spending decisions.
- Reforms and investment to support the decarbonisation of large industries (steel and chemicals), through electrification of production processes and the transition to renewable hydrogen or hydrogen-based fuels.
- State Support scheme for regional development investments, through large scale investment projects targeting high-end sectors and supporting the diversification of economic activities in the least favoured regions; State aid scheme for strategic investments, with grants, tax breaks and administrative simplification measures for key industries: food, chemicals, pharmaceuticals, metallurgy, defence, metal construction, construction of machinery and installations, machinery and equipment manufacturing, and electrical equipment.

Arrears of the General Consolidated Budget

The following table shows the breakdown of government arrears (outstanding for more than 90 days in accordance with the definition in the standby agreement 2009-2011 concluded with the IMF, that various institutions in the central and local government have to their suppliers) by sectors for the years 2020, 2021, 2022, 2023 and 2024. The local authorities have the highest amount of arrears and those are the delayed payments for the investment projects.

	As at 31 December				
	2020	2021	2022	2023	2024
			(RON million)		
State Budget ⁽¹⁾	23.05	23.05	18.04	22.66	57.4
Local Budget	206.63	149.04	264.55	257.31	462.5
Social Security Budget	0.00	0.00	0.00	0.00	0.00
Total	229.68	172.09	282.59	279.97	519.9

Note:

(1) Includes State budget and self-financed.

Source: Ministry of Finance

Public Debt

Overview

The public debt of Romania is subject to Government Emergency Ordinance No. 64/2007 (“**Debt Ordinance**”), which came into force in June 2007. For the purposes of reporting governmental public indebtedness, Romania distinguishes between governmental public indebtedness incurred directly and governmental public indebtedness guaranteed by the Romanian Government through the Ministry of Finance, and includes amounts advanced temporarily from the credit of the treasury account and debt contracted directly by line ministries. For the purposes of reporting local public indebtedness, Romania includes indebtedness incurred directly or guaranteed by local public administration authorities in accordance with the Debt Ordinance and Law no. 273/2006 on local public finance.

According to the funding plan for 2025, the gross financing needs at government level has been adjusted to RON 232 billion (12 per cent. of GDP), covering the budgetary deficit of 7 per cent. of GDP and planned refinancing of debt at the end of 2025.

On 2 September 2024, the financing plan for 2024 was revised from RON 181 billion to RON 217 billion. This revision was made to finance the current 2024 budget deficit, to finance the volume of the debt to be refinanced by the end of 2024 and to ensure coverage for the partial pre-financing of 2025 financing requirements (in accordance with the 2024-2026 Government Public Debt Management Strategy). RON 252 billion was achieved in 2024. RON 148 billion was generated from the domestic market, EUR 18 billion in equivalents through bonds and EUR 2.2 billion in loans from IFIs.

In connection with the EC, Romania has been preparing its medium-term fiscal structure plan (“MTP”), which considers the indicative reference trajectory provided by the EC in 2024 and aims to bring Romania’s budget deficit, over a seven-year period, within the bounds of EU targets. Romania submitted its MTP to the EC in October 2024 and the EC issued the Recommendation COM (2024) 725 for Council Recommendation endorsing the national medium-term fiscal-structural plan of Romania.

In 2023, the Government borrowed RON 203.8 billion equivalent (12.7 per cent. of GDP), covering the budgetary deficit of 5.6 per cent. of GDP (approximately RON 90.0 billion) and the volume of debt refinanced in 2023 (approximately RON 95.8 billion). Remaining amounts were allocated for the consolidation of the foreign exchange buffer and the partial pre-financing of the Government financing needs in 2024.

In 2024, the Government borrowed RON 252.3 billion equivalent (14.3 per cent. of GDP), covering the budgetary deficit in execution (approximately RON 152.7 billion or 8.65 per cent. of GDP), the volume of debt refinanced in 2024 (approximately RON 95.6 billion), consolidation of the foreign exchange buffer and the partial pre-financing of the Government financing needs in 2025.

The level of the total public indebtedness calculated based on the national legislation (including guarantees) increased to 64.2 per cent. of GDP at the end of December 2024 compared to 59.6 per cent. of GDP at the end of December 2023. The following table shows public indebtedness indicators according to national legislation for the years 2020, 2021, 2022, 2023 and December 2024.

	31 December 2020		31 December 2021		31 December 2022		31 December 2023		31 December 2024 (preliminary data)	
	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)
1. Public government										
debt of:	573,986.6	117,876.2	679,132.2	137,251.1	803,254.3	162,358.9	933,520.2	187,657.3	1,103,900.0	221,929.6
a) direct public debt	541,082.3	111,118.89	636,276.2	128,590.0	741,795.7	149,936.5	867,927.7	174,471.9	1,045,099.5	210,108.3
b) guaranteed debt	32,904.3	6,757.36	42,856.0	8,661.1	61,458.6	12,422.4	65,592.5	13,185.5	58,800.5	11,821.3
- weight in GDP (%)	53.7	53.7	57.0	57.0	57.8	57.8	58.2	58.2	62.7	62.7
- direct debt, weight in GDP (%)	50.6	50.6	53.4	53.4	53.4	53.4	54.1	54.1	59.4	59.4
- guaranteed debt, weight in GDP (%)	3.1	3.1	3.6	3.6	4.4	4.4	4.1	4.1	3.3	3.3
2. Local debt of:	17,483.3	3,590.4	18,914.7	3,822.6	20,403.9	4,124.2	23,379.7	4,699.8	26,047.6	5,236.6
a) contracted directly	16,888.8	3,468.35	18,420.4	3,722.7	19,969.2	4,036.3	22,890.5	4,601.5	25,578.1	5,142.3
b) guaranteed by local public authorities	594.5	122.09	494.3	99.9	434.7	87.9	489.2	98.3	469.5	94.4
- weight in GDP (%)	1.6	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5
- direct debt, weight in GDP (%)	1.6	1.6	1.5	1.5	1.4	1.4	1.4	1.4	1.5	1.5
- guaranteed debt, weight in GDP (%)	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Public debt	591,469.9	121,466.7	698,046.9	141,073.7	823,658.2	166,483.0	956,899.9	192,357.2	1,129,947.6	227,166.2

	31 December 2020		31 December 2021		31 December 2022		31 December 2023		31 December 2024 (preliminary data)	
	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)	(RON millions)	(EUR millions)
Total public debt, weight in GDP (%).....		55.3		58.5		59.3		59.6		64.2
GDP (mln RON)		1,069,629.0		1,192,285.0		1,389,450.0		1,604,554.0		1,760,118.0
Total public debt, weight in revenue (%).....		183.3		183.8		179.0		183.8		196.9
Revenues of the general consolidated budget (mln RON)		322,656.5		379,717.9		460,202.7		520,595.8		574,598.8
Exchange rate at the end of reporting period (EUR/RON)		4.8694		4.9481		4.9474		4.9746		4.9741

Note:

(*) Revenues of the general consolidated budget planned for 2024 according to the approved State Budget Law

Source: Ministry of Finance

According to the EU methodology, as at 31 December 2023, the government debt was 48.9 per cent. of GDP and 54.8 per cent. of GDP at 31 December 2024. As of March 2025, government debt was 56.1 per cent. of GDP, 27.8 per cent. of this was represented by external debt and 28.3 per cent was domestic debt.

Governmental Public Indebtedness

The public government debt at the end of December 2024 represented 62.7 per cent. of GDP and local public debt (debt contracted directly and guaranteed by local public authorities) was 1.5 per cent. of total public debt. Domestic public debt was 38.0 per cent. of GDP (59.2 per cent. of total public debt) and the external public debt was 26.2 per cent. of GDP (40.8 per cent. of total public debt). By interest type, a major part of government public debt was fixed rate, representing 77.9 per cent. at December 2024, compared to 76.0 per cent. at the end of 2023. Non-residents held 21.7 per cent. of government securities issued on the domestic market. Per national legislation, external governmental public indebtedness, which represented direct external liabilities of Romania or liabilities guaranteed by Romania, increased by RON 86.1 billion from December 2023 to December 2024, mainly due to Eurobond issuances for financing and refinancing of the public debt. The level of external governmental public indebtedness increased from 23.1 per cent. of GDP at the end of 2023 to 26.0 per cent. of GDP at the end of December 2024.

Per national legislation, domestic public government debt increased in December 2024 by RON 84.3 billion and the level of domestic governmental public indebtedness at, increased by 1.7 per cent. of GDP in 31 December 2024 as compared to 31 December 2023. At the end of December 2024, outstanding government securities issued on the domestic market in RON and EUR amounted to RON 442.1 billion compared to RON 361.2 billion as at 31 December 2023, of which treasury bills represented RON 20.4 billion and bonds (including retail bonds of RON 49.4 billion) represented RON 421.7 billion.

The governmental public indebtedness of the State according to national legislation for the years 2020, 2021, 2022, 2023 and December 2024 developed as follows:

	31 December 2020	31 December 2020	31 December 2021	31 December 2021	31 December 2022	31 December 2022	31 December 2023	31 December 2023	31 December 2024
		(%)		(%)		(%)		(%)	(%)
Public Government Debt	573,986.6	100	679,132.2	100	803,254.3	100	933,520.2	100	100
<i>by type</i>									
- direct debt	541,082.3	94.3	636,276.2	93.7	741,795.7	92.3	867,927.7	93.0	94.7
- guaranteed debt	32,904.3	5.7	42,856.0	6.3	61,458.6	7.7	65,592.5	7.0	5.3

	31 December 2020	31 December 2020	31 December 2021	31 December 2021	31 December 2022	31 December 2022	31 December 2023	31 December 2023	31 December 2024
		(%)		(%)		(%)		(%)	(%)
<i>by creditor type</i>									
- multilateral	51,279.1	8.9	51,439.3	7.57	65,586.7	8.2	74,143.6	7.9	7.5
- bilateral	78.2	0.0	61.2	0.01	53.7	0.0	46.7	0.0	0.0
- private banks and others	522,629.3	91.1	627,631.7	92.42	737,613.9	91.8	859,329.9	92.1	92.5
<i>by instrument</i>									
- T-bills.....	5,498.2	1.0	6,557.7	1.0	5,080.8	0.6	7,034.0	0.8	1.8%
- cash management instruments	0.0	0.0	6,000.0	0.9	8,450.0	1.1	12,500.0	1.3	1.6
- Bonds (ROL & Forex)	232,138.4	40.4	247,114.9	36.4	270,064.5	33.6	319,959.3	34.3	33.7
- Tezaur and Fidelis programs	10,258.8	1.8	17,230.9	2.5	27,484.1	3.4	34,241.5	3.7	4.5
- Eurobonds	177,538.9	30.9	218,457.5	32.2	251,695.8	31.3	296,913.8	31.8	33.7
- loans.....	83,978.4	14.6	100,138.4	14.7	135,460.0	16.9	144,996.5	15.5	14.0
- loans from surplus of State Treasury account.....	64,573.9	11.3	83,635.8	12.3	105,019.1	13.1	117,875.1	12.6	10.7
<i>by initial maturity</i>									
- short - term.....	70,072.2	12.2	101,211.4	14.9	131,913.2	16.4	145,665.3	15.6	16.0
- medium - term (1-5 years) .	165,093.3	28.8	141,301.7	20.8	140,235.4	17.5	202,495.8	21.7	17.3
- long - term.....	338,821.1	59.0	436,619.1	64.3	531,105.7	66.1	585,359.1	62.7	66.7
<i>by interest type</i>									
- fixed.....	458,528.9	79.9	521,301.1	76.8	601,807.7	74.9	709,940.2	76.0	77.9
- variable	115,457.7	20.1	157,831.1	23.2	201,446.6	25.1	223,580.0	24.0	22.1
<i>by currency</i>									
- RON.....	308,576.3	53.8	367,685.2	54.1	443,492.7	55.2	523,390.2	56.1	54.8
- USD	39,997.4	7.0	43,938.4	6.5	56,309.7	7.0	68,044.2	7.3	9.0
- EURO	223,652.7	39.0	265,949.3	39.2	302,149.3	37.6	341,005.9	36.5	36.0
- CAD.....	102.0	0.0	37.6	0.0	0.0	0.0	0.0	0.0	0.0
- JPY	1,658.2	0.3	1,521.8	0.2	1,302.6	0.2	1,079.9	0.1	0.2

Source: Ministry of Finance

At the end of December 2024, the outstanding amount of state guarantees was RON 58.8 billion (3.3 per cent. of GDP), of which RON 0.2 billion was guarantees granted for companies, RON 48.1 billion was granted under governmental programmes, RON 7.3 billion was guarantees granted by EXIM Banca Romaneasca in the name and state account and RON 3.2 billion EU guarantees.

The ceiling for government guarantees issuances for 2024 was set at RON 40 billion according to the FBS 2025-2027.

The following table sets out the debt service schedule for Romania's public government indebtedness according to national legislation based on outstanding debt as at the end of December 2024

	2024	2025	2026	2027	2028	2029	Thereafter
<i>(RON million)</i>							
Direct debt service:							
Principal.....	88,939.9	108,804.6	127,691.6	82,389.6	93,445.0	100,410.0	550,736.5
Interest and Commission.....	35,901.3	48,117.7	46,928.9	39,346.0	35,483.9	31,691.2	213,901.7
<i>Total government direct public debt service</i>	<i>124,841.2</i>	<i>156,922.3</i>	<i>174,620.5</i>	<i>121,735.6</i>	<i>128,929.0</i>	<i>132,101.2</i>	<i>764,638.2</i>
Guaranteed debt service:							

	2024	2025	2026	2027	2028	2029	Thereafter
				(RON million)			
Principal.....	19,846.4	7,038.8	7,300.9	6,295.1	5,943.6	5,806.2	23,083.4
Interest and Commission.....	14.0	9.0	6.0	4.7	28.1	52.4	318.7
<i>Total government guaranteed public debt service.....</i>	<i>19,860.4</i>	<i>7,047.8</i>	<i>7,306.9</i>	<i>6,299.7</i>	<i>5,971.7</i>	<i>5,858.6</i>	<i>23,402.0</i>
Public government debt service							
Principal.....	108,786.3	115,843.4	134,992.4	88,684.7	99,388.6	106,216.2	573,819.9
Interest and Commission.....	35,915.3	48,126.7	46,934.9	39,350.7	35,512.0	31,743.6	214,220.4
Total government public debt service	144,701.6	163,970.1	181,927.3	128,035.4	134,900.6	137,959.8	788,040.2

Notes:

- (1) Includes refinancing of government securities issued on domestic market.
- (2) The payments in foreign currency are converted in RON using the exchange rate at the end of December 2024.

Source: Ministry of Finance (preliminary data)

Public Debt Instruments and External Financing Programmes

Government Bonds

Treasury bonds and bills denominated in RON are sold at regular auctions by the Ministry of Finance through the NBR. The primary domestic market is based on a selected group of banks acting as primary dealers.

Trading in Treasury bonds is conducted on three secondary markets: the non-regulated over-the-counter market: the E-Bond, an electronic platform developed by Bloomberg and used by Ministry of Finance to monitor the primary dealers' performance vs the minimum requirements for market-making; and on the regulated markets of the Bucharest Stock Exchange.

In 2024, the Romanian domestic government securities consist of the following:

- short-term treasury bills or treasury certificates, which may be issued as interest-bearing or discounted instruments with maturity up to one year after the date of issue; and
- medium or long-term benchmark bonds with maturities between 2 to 15 years (in RON) and of up to three and four years (in EUR) issued as interest-bearing.
- Romania's outstanding government bonds (including retail bonds) issued on domestic market amounted to RON 354.2 billion at the end of December 2023 and RON 421.7 billion at the end of December 2024.
- The average time to maturity ("ATM") of local currency debt had decreased to 4.6 years as at 31 December 2024 compared to 5.1 years as at 31 December 2023, while ATM of total debt was 6.9 years as at 31 December 2024 compared to 7.4 years as at 31 December 2023. The government securities issued on domestic market in amount of RON 442.1 billion have the following maturity structure (end of December 2024): 9.0 per cent. on short term and 91.1 per cent. on medium term and long term.

- Romania's outstanding international bonds amounted to EUR 54.8 billion, USD 20.6 billion and JPY 33.0 billion as of December 2024 as compared to EUR 46.0 billion and USD 15.1 billion as of December 2023.

External Financing Programmes

Under the World Bank Country Partnership Strategy 2019-2023, it was agreed that the Romanian authorities could contract from the International Bank for Reconstruction and Development over that period a loan in the amount of EUR 50 million for strengthening disaster risk management. Two similar loans, in the aggregate amount of EUR 90 million, were also signed.

In June 2019 an advance agreement in amount of EUR 2.5 million was signed by Ministry of Finance and the World Bank in preparation of the Justice District Development Project (preparation is on-going until November 2025) and in September the same year, Romania has concluded a Loan Agreement with the IBRD for a Programme for Results operation in the health sector.

A new loan of EUR 100 million, for the Safer, Inclusive and Sustainable Schools Project is currently under negotiation and it is expected to be concluded by mid-2021.

In addition, under the newly established European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 pandemic, which enabled the EU to provide financial assistance to Member States, Romania has contracted in October 2020 a loan of EUR 4.1 billion.

In September 2018, the Romanian Government signed a sovereign loan with the EIB in the amount of EUR 450 million in order to partially cover state budget contribution to several OPs under the 2014-2020 programming period.

From 2016 to 2019 two loans in the aggregate amount of EUR 351 million were concluded with the Council of Europe Development Bank for a social housing programme and for the modernisation of judiciary infrastructure (infrastructure for two new penitentiaries with approximately 900 detention places each).

Total financing provided through EFSI by September 2020 was in amount of EUR 1 billion, expecting to trigger EUR 4 billion of investments.

As at 1 December 2020, the aggregate outstanding value of the public debt portfolios contracted from the World Bank, EIB, EBRD, CEB and JBIC in Romania was EUR 10,320 million, consisting of sovereign loans and guarantees mainly for the financing of public projects in the infrastructure and social sectors.

During 31 December 2018 and 31 December 2020, the Ministry of Finance has issued "no-objection" letters to the EIB, the IFC and EBRD for 37 projects financing the private sector and local authorities totalling approximately EUR 30.05 billion.

Trends for Public Debt

The public debt according to national legislation increased from 59.6 per cent. of GDP as at 31 December 2023 to 64.2 per cent. of GDP as at 31 December 2024 based on preliminary data.

Debt management

In terms of government public debt management, the Government approved in August 2024 its medium-term strategy for the period 2024 to 2026. The main objectives of the approved strategy are: (i) covering the government financing needs, while minimising medium and long-term costs; (ii) limiting the risks of the government public debt portfolio; and (iii) developing the domestic market for government securities.

Starting with 2010, in order to improve public debt management and to avoid the seasonal pressure to finance the budget deficit and refinance debt, the Ministry of Finance established a financial reserve (buffer) in foreign

currency, which will be consolidated to an amount equivalent to the needs of financing the budget deficit and refinancing the public debt over a period of up to four months.

Furthermore, the Ministry of Finance envisages the use of derivative financial instruments (currency swaps and interest rate swaps). In this respect the Ministry of Finance has modified the legal framework on public debt in order to allow it to use financial derivatives and is in the process of developing internal procedures to establish the activities and measures to be performed to cover all processes specific to transactions in derivative financial instruments, including negotiation and execution of specific documentation (such as an ISDA Master Agreement) for the use of these instruments. ISDA Master Agreements were concluded in 2022, with several counterparties, currently in the process of concluding agreements with additional counterparties.

Public debt according to the EU methodology

The level of general government debt according to EU methodology increased from 48.9 per cent. of GDP as at 31 December 2023 to 54.8 per cent. of GDP as at 31 December 2024, out of which the external general government debt represented 27.2 per cent. of GDP and domestic general government debt represented 27.6 per cent. of GDP.

In terms of debt structure, the central government indebtedness increased to 53.4 per cent. of GDP as at 31 December 2024 from 47.5 per cent. of GDP as at 31 December 2023, and the level of local government indebtedness has remained unchanged at 1.4 per cent. over the same period. By initial maturity the government debt was 8.3 per cent. short-term debt, by currency 51.5 per cent. of the government debt was denominated in foreign currency, out of which 80.2 per cent. was denominated in Euro. Central government indebtedness increased to 79.9 per cent. of GDP as at 31 December 2024.

In order to maintain the general government debt at a sustainable level the Fiscal Responsibility Law stipulates the rules for the limits on government debt, calculated according to the EU methodology, as follows:

- if the government debt is between 45 per cent. and 50 per cent., Ministry of Finance submits to the Government a report explaining the debt increase presenting proposals to maintain this indicator at a sustainable level.
- if the government debt is between 50 per cent. and 55 per cent., the Government initiates and adopts a programme approved by law with measures to reduce the weight of this indicator to GDP, including the freeze of wages in the public sector.
- if the government debt is between 55 per cent. and 60 per cent., additionally to the measures above, the Government will propose measures to freeze the social security expenditures of the public sector.
- if the general government debt is above 60 per cent., additionally to the measures above, the Government will propose to the Parliament a plan to reduce the public debt by an average of 5 per cent. per year.

The sensitivity analysis of the public debt as presented in the Convergence Programme for 2023-2026, shows that a fiscal slippage could translate into a cash deficit of 5.0 per cent. of GDP in 2023 and 4.8 per cent. of GDP starting with 2024 and according to the European Commission autumn projection 2022 would lead to a higher level of public indebtedness, which could increase by up to 5.1 per cent. of GDP at the end of 2026 as compared to the current level of general government debt estimated for 2026 at 45.4 per cent. of GDP.

In accordance with the EU economic governance framework, Romania submitted its medium-term fiscal-structural plan, which will run from 2025 to 2031. In January 2025, the European Economic Council approved the net expenditure and medium-term fiscal-structural plans for 21 member states, including Romania. As of 2025 Romania commits to re-entering a budget deficit adjustment trajectory which ensures the necessary fiscal space for the implementation of reforms and investments, targeting a budget deficit of 2.5 per cent. to GDP in

2031. According to medium-term fiscal-structural plan, public debt will increase to more than 60 per cent. of GDP during 2027 – 2031, which corresponds with implementation various reforms and investment projects, most of which will be carried out under the National Plan of Recovery and Resilience. Public debt will gradually return to more sustainable levels (48 per cent. to GDP) in 2041 as a result of fiscal consolidation.

USE OF PROCEEDS

Save as otherwise specified in the applicable Final Terms, the net proceeds from each issue of Notes will be used for budget deficit financing, redemption of public debt and liability management operations (buy-backs or exchanges) or operations related to the use of financial derivatives as hedging instruments. If, in respect of any particular issue, there is a particular identified use of proceeds this will be stated in the applicable Final Terms.

Where the Notes are stated to be “Green Bonds” in the “Reasons for the offer” in Part B of the applicable Final Terms, an amount equal to the net proceeds of each Tranche of Green Bonds will be intended to be applied by the Issuer in order to finance or refinance Eligible Green Projects (as defined in and as described in the Sovereign Green Bond Framework of the Government of Romania dated December 2023 published on the Issuer’s website (as amended, supplemented or otherwise updated from time to time, the “**Green Bond Framework**”)).

The Green Bond Framework has been approved by Romanian Government Decision no. 83 dated 8 February 2024, published in the Official Gazette of Romania, Part I, no. 117 bis on 9 February 2024.

The Issuer’s Green Bond Framework is aligned with the Green Bond Principles administered by the International Capital Market Association (“**ICMA**”) and published in June 2021 (with June 2022 Appendix 1) (the “**ICMA Green Bond Principles**”). The Green Bond Framework adopts the four core components and key recommendations of the ICMA Green Bond Principles, which are: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting. The Green Bond Framework also follows the recommendations of the ICMA Green Bond Principles regarding external review.

Use of Proceeds

Under the Green Bond Framework, the Issuer can issue green bonds, proceeds of which will be exclusively allocated to Eligible Green Projects.

The Issuer intends to allocate an amount equal to the relevant net proceeds of the issuance of Green Bonds to finance or refinance Eligible Green Projects which:

- (a) may include finance assets, capital expenditure, and operating expenditure, including research and development expenses;
- (b) promote, in whole or in part and whether directly or indirectly, Romania’s transition to a low carbon, climate-resilient and environmentally sustainable economy and contribute to any of six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems);
- (c) are funded, in whole or in part and whether directly or indirectly, through the public budget, subsidies or tax foregone (or a combination of all or some of the foregoing); and
- (d) are intended to have a 3-year lookback period for refinancing and a 3-year look forward period for newly financed projects.

The Green Bond Framework excludes projects such as fossil fuel-based power generation and transportation (except for projects related to combined heat and power gas power plants meeting the criteria described in the Green Bond Framework), nuclear power generation, landfill projects, and defence investments.

Project Evaluation and Selection

An interministerial committee established and operating according to Romanian Government Decision No. 547 dated 8 June 2023 and published in the Official Gazette of Romania, Part I, no. 526 on 14 June 2023 (the “**Committee**”) will evaluate, select, and approve projects and expenditures. Each month, or as needed, the Committee will evaluate the submitted projects to ensure compliance with the Green Bond Framework.

All projects under the Green Bond Framework are subject to an annual impact assessment, which draws on national and European laws and guidelines and considers the environmental and social risks of the projects during their construction and operation phases.

Management of Proceeds

The General Directorate of Treasury and Public Debt within the Ministry of Finance is responsible for the issuance of Green Bonds and will manage the allocation of an amount equivalent to the net proceeds of these Notes, using a portfolio approach. The Ministry of Finance intends to track the proceeds through a green financing register.

Any unallocated funds will be managed according to prudential liquidity policies appropriate to a sovereign such as Romania. For the avoidance of doubt, unallocated proceeds will not be allocated to greenhouse gas emissions-intensive activities as per the exclusion criteria described in the Green Bond Framework.

Reporting

An annual allocation and impact report will be available to investors on the Ministry of Finance’s website (www.mfinante.gov.ro/en/web/trezor) until full allocation of the net proceeds of the relevant Green Bonds.

Romania intends to align with ICMA’s Harmonised Framework for Impact Reporting on a best-effort basis which is in line with best market practice.

In case of any material changes, Romania intends to update investors on a timely basis. Romania will request on an annual basis, starting one year after the relevant Green Bond issuance and until full allocation (or in case of material changes, on a timely basis) an assurance report on the allocation of the proceeds to Eligible Green Projects, provided by an external review provider.

The Second Party Opinion Provider

The Issuer has appointed S&P Global Ratings (“**S&P**”) to conduct an external review of the Green Bond Framework and provide a second party opinion (the “**Second Party Opinion**”), commenting on, *inter alia*, the alignment of the Green Bond Framework with the ICMA Green Bond Principles.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion and in particular, as to whether any Eligible Green Projects fulfils any environmental, green, social or sustainability criteria. The Second Party Opinion is not a recommendation to buy, sell or hold the Notes.

Neither the Green Bond Framework, the Second Party Opinion nor any public reporting are incorporated by reference into, and they do not form part of, this Information Memorandum.

TAXATION

Romanian Taxation

The following is a general description of certain Romanian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of the Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Romania of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date.

Under Law no. 227/2015 on the fiscal code as subsequently amended and supplemented (“**Romanian Fiscal Code**”), certain types of income received by non-residents from Romanian sources are subject to Romanian tax at the rates prescribed by the Romanian Fiscal Code, irrespective of whether the income is received in Romania or abroad. For the purposes of the Romanian Fiscal Code:

- (i) a “**non-resident**” is defined as any foreign legal person, any non-resident natural person, and any other foreign entities, including undertakings for collective investment in transferable securities, without legal personality, which are not registered in Romania according to the law;
- (ii) a “**foreign legal person**” is defined as any legal person which is not a Romanian legal person and any legal person established pursuant to European law which is not headquartered in Romania;
- (iii) a “**Romanian legal person**” is defined as any legal person established and functioning in accordance with Romanian law;
- (iv) a “**legal person established pursuant to European law**” is defined as any legal person established in accordance with and by the mechanics contemplated by European regulations;
- (v) a “**non-resident natural person**” is defined as any natural person which is not a resident natural person, as well as any foreign citizen enjoying diplomatic or consular regime within Romania, any foreign citizen who is an employee or officer of an international or intergovernmental organisation registered in Romania, any foreign citizen who is an officer or an employee of a foreign state in Romania, or their family members; and
- (vi) a “**resident natural person**” is defined as any natural person that meets at least one of the following conditions: (a) is domiciled in Romania, or (b) has the centre of his vital interests (Romanian language: “*centrul intereselor vitale*”) located in Romania, or (c) is present in Romania for a period or several periods exceeding in aggregate 183 days during any twelve consecutive months, and that period(s) end(s) in the relevant calendar year, or (d) is a Romanian citizen that works abroad as an officer or an employee of the Romanian state.

Taxation of non-resident Noteholders

Under the Romanian Fiscal Code interest payable to Noteholders, which are non-residents (as defined above), on the Notes is exempted from taxation (the special exemption applies since the Notes are Romanian public debt instrument). Also, for capital gains (determined as the difference between the sale price and the acquisition price and in some cases, the transaction costs) derived by non-residents (as defined above) from the transfer of Notes, such non-resident Noteholders are not taxed (the special exemption applies since the Notes are Romanian public debt instrument). Therefore, no tax on interest or capital gains will be levied on such income. Additionally, the income obtained by non-residents (as defined above) from financial derivative transactions utilised for the hedging of Romanian governmental public debt is exempted from Romanian withholding tax.

Other Information

Romania is a party to 88 double tax treaties and protocols with other jurisdictions, most of which are based on the OECD Model Convention.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary discusses certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased on original issuance at their “**issue price**” (as defined below);
- Notes held as capital assets;
- U.S. Holders (as defined below); and
- Notes treated as debt for U.S. federal income tax purposes.

This discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or Medicare tax on net investment income), and does not address state, local, non-U.S., or other tax laws. This discussion also does not describe all of the tax consequences that may be relevant in light of a Holder’s particular circumstances or to Holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- dealers in securities or foreign currencies;
- individual retirement accounts and other tax deferred accounts;
- tax-exempt organisations;
- persons holding Notes as part of a hedging transaction, “straddle,” conversion transaction or other integrated transaction;
- U.S. Holders whose functional currency is not the U.S. dollar;
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes and their partners;
- persons subject to special rules for the taxable year of inclusion for accrual-basis taxpayers under Section 451(b) of the Internal Revenue Code of 1986, as amended (the “**Code**”);
- persons that have ceased to be U.S. citizens or lawful permanent residents of the United States;
- persons holding Notes in connection with a trade or business outside of the United States; or
- U.S. citizens or lawful permanent residents living abroad.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed United States Treasury Regulations, all as of the date of this Information Memorandum and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. Persons considering the purchase of the Notes should consult the relevant Final Terms of the Drawdown Information Memorandum for any additional discussion regarding U.S. federal income taxation.

This summary does not discuss Notes that by their terms may be retired for an amount less than their principal amount and Notes subject to special rules. The tax treatment of certain Notes, such as Index-Linked Notes, Dual Currency Notes, other variable-linked Notes and Notes that are not principal protected, may be specified in the

relevant Final Terms of the Drawdown Information Memorandum. Moreover, this summary does not discuss Bearer Notes, which are not being marketed to U.S. persons. In general, U.S. federal income tax law imposes significant limitations on U.S. Holders of Bearer Notes. U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of the acquisition, ownership and disposition of Bearer Notes.

As used herein, the term “**U.S. Holder**” means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- an individual that is a citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Entities or arrangements classified as partnerships for U.S. federal income tax purposes holding Notes should consult with their tax advisers regarding the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE NOTES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS, AND POSSIBLE CHANGES IN TAX LAW.

Payments of Stated Interest

Interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the Holder’s method of accounting for U.S. federal income tax purposes, provided that the interest is “**qualified stated interest**” (as defined below). Interest income earned by a U.S. Holder with respect to a Note and original issue discount (“**OID**”), if any, accrued with respect to the Notes generally will constitute foreign source income for U.S. federal income tax purposes. Special rules governing the treatment of interest paid with respect to OID Notes and Foreign Currency Notes (each as defined below) are described under “— *Original Issue Discount*” and “— *Foreign Currency Notes*.”

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is attributable to an amount of interest accrued prior to the date the Note is issued (the “pre-issuance accrued interest”), a portion of the first interest payment on the Notes equal to the amount of the pre-issuance accrued interest may be treated as a non-taxable return of the pre-issuance accrued interest. The remainder of this discussion assumes that, if a Note is issued with pre-issuance accrued interest, the first interest payment on such Notes will be so treated, and references to interest in the remainder of this discussion exclude pre-issuance accrued interest. Further, in determining the “issue price” of a Note issued with pre-issuance accrued interest, an amount equal to the pre-issuance accrued interest will be excluded from the price of such Notes and pre-issuance accrued interest should not form part of any amortisable bond premium

(as described below under “–*Acquisition Premium and Amortisable Bond Premium*”). A U.S. Holder’s tax basis in a Note will be reduced by any non-taxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest, including the potential recognition of foreign currency exchange gain or loss upon receipt of an otherwise non-taxable return of pre-issuance accrued interest with respect to Foreign Currency Notes.

Original Issue Discount

A Note, other than a Note with a term of one year or less (a “**short-term Note**”), that has an “issue price” that is less than its “stated redemption price at maturity” will be considered to have been issued at original discount for U.S. federal income tax purposes (and will be referred to as an “**OID Note**”) unless the Note satisfies a *de minimis* threshold (as described below). The “issue price” of a Note generally will be the first price at which a substantial amount of the Notes are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The “stated redemption price at maturity” of a Note generally will equal the sum of all payments required to be made under the Note other than payments of “qualified stated interest.” “Qualified stated interest” is stated interest unconditionally payable (other than in Notes of the Issuer) at least annually during the entire term of the Note at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information (or certain combinations thereof). A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option in a manner that minimises the yield on the Note, and the U.S. Holder will be deemed to exercise any put option in a manner that maximises the yield on the Note.

If the difference between a Note’s issue price and its stated redemption price at maturity is less than a *de minimis* amount (generally 1/4 of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity, or, if the Notes provide for principal payments before maturity, the product of the same percentage and their weighted average maturity) the Note will not be considered to have OID. U.S. Holders of Notes with less than the specified *de minimis* amount of OID will include this OID in income, as capital gain, on a *pro rata* basis as principal payments are made on the Note.

A U.S. Holder of OID Notes will be required to include OID in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. Holders generally will have to include in taxable income increasingly greater amounts of OID in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Note (including stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election (a “**constant yield election**”) only with the permission of the U.S. Internal Revenue Service (“**IRS**”). If a U.S. Holder makes a constant yield election with respect to a Note with market discount (discussed below), the U.S. Holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisers about making this election in light of their particular circumstances.

Variable Interest Rate Notes

Notes that provide for interest at variable rates (“**Variable Interest Rate Notes**”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under United States Treasury Regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

Notes referencing an IBOR that are treated as having a qualified floating rate for purposes of the above will not fail to be so treated merely because the terms of the Notes provide for a replacement of the IBOR in the case of a Benchmark transition event. In particular, under the regulations, the IBOR referencing rate and the replacement rate are treated as a single qualified rate.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer. Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument,” then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) equal to or in excess of a specified de minimis amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument, and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. See “—*Contingent Payment Debt Instruments*” for a discussion of the U.S. federal income tax treatment of such Notes.

Market Discount

If a U.S. Holder purchases after its original issuance a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity or, in the case of an OID Note, its revised issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an OID Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of, a Note, including disposition in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the U.S. Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier sale, exchange or other disposition (including in certain non-recognition transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless a U.S. Holder makes an election on a Note to accrue on the basis of a constant interest rate. This election applies only to the market discount Note with respect to which it is made and is irrevocable.

Acquisition Premium and Amortisable Bond Premium

A U.S. Holder who purchases a Note for an amount that is greater than the Note’s adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of OID that the U.S. Holder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Note for an amount that is greater than the stated redemption price at maturity, the Holder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note. A Holder who elects to amortise bond premium must reduce its tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the Holder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under “—*Original Issue Discount*”) for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the Holder’s debt instruments with amortisable bond premium.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a short-term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on short-term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale, exchange or retirement of the short-term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale, exchange or retirement. U.S. Holders who are not required and do not elect to accrue OID on short-term Notes will be required to defer deductions for interest on borrowings allocable to short-term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a short-term Note are included in the short-term Note’s stated redemption price at maturity. A U.S. Holder may elect to determine OID on a short-term Note as if the short-term Note had been originally issued to the U.S. Holder at the U.S. Holder’s purchase price for the short-term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of OID and market discount included in the Holder’s gross income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder’s income with respect to the Note, and decreased by (i) any bond premium or acquisition premium previously amortised and (ii) the amount of any payment received from the Issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Note. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under “— *Payments of Stated Interest*.”

Except as described below, gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held the Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the Holder’s taxable income. See “— *Original Issue Discount*” and “—*Market Discount*.” In addition, other exceptions to this general rule apply in the case of Foreign Currency Notes (as defined below), and contingent payment debt instruments. See “—*Foreign Currency Notes*” and “—*Contingent Payment Debt Instruments*.” The deductibility of capital losses is subject to limitations.

Contingent Payment Debt Instruments

If the terms of the Notes provide for certain contingencies that affect the timing and amount of payments (including Notes with a variable rate that do not qualify as “variable rate debt instruments” for purposes of the OID rules) that are neither remote nor incidental, they generally will be “contingent payment debt instruments” for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Notes qualifies as qualified stated interest. Rather, a U.S. Holder must account for interest for U.S. federal income tax purposes based on a “comparable yield,” and the differences between actual payments on the Note and the Note’s “projected payment schedule,” as described below. The comparable yield is determined by the Issuer at the time of issuance of the Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Notes. Solely for the purpose of determining the amount of interest income that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a “projected payment schedule” that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments, unless the U.S. Holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of its method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment debt instrument (as set forth below).

A U.S. Holder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a U.S. Holder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
 - the amount of all previous interest inclusions under the contingent payment debt instrument; over
 - the total amount of the U.S. Holder’s net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the two per cent. floor limitation imposed on miscellaneous itemised deductions. However, the deduction for miscellaneous itemised deductions is suspended for tax years beginning after December 31, 2017 and before January 1, 2026. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its

adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Note that is a contingent payment debt instrument generally will be the acquisition cost of the Note, increased by the interest previously accrued by the U.S. Holder on the Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Note. A U.S. Holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent that the U.S. Holder's total interest inclusions on the contingent payment debt instrument exceed the total net negative adjustments on the contingent payment debt instrument the U.S. Holder took into account as ordinary losses, and the balance as capital loss. Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a contingent payment debt instrument will generally be foreign source. The deductibility of capital losses is subject to limitations. In addition, if a U.S. Holder recognises loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS (as described under "*Tax Reporting*").

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair market value of the property, determined at the time of retirement. The Holder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt instruments that are denominated, or provide for payments, in a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, these Notes are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amount must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. Holders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of such Notes.

Foreign Currency Notes

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Notes that are denominated in a specified currency other than the U.S. dollar, or the payments of interest or principal on which are payable in a currency other than the U.S. dollar ("**Foreign Currency Notes**").

The rules applicable to Foreign Currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a Foreign Currency Note to be re-characterised as ordinary income or loss. The rules applicable to Foreign Currency Notes are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of Foreign Currency Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a Foreign Currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of

whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including OID or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. The U.S. dollar value of the accrued income generally will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year.

An accrual method U.S. Holder may elect to translate interest income (including OID) into U.S. dollars at the spot rate on the last day in the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the relevant taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

The U.S. Holder will recognise ordinary income or loss with respect to accrued interest income on the date the payment of interest is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to the rules applicable to accrual method U.S. Holders apply in the case of a cash method taxpayer required or who elects to currently accrue OID or market discount.

OID, market discount, acquisition premium and amortisable bond premium on a Foreign Currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as on the sale, exchange or retirement of the Foreign Currency Note. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a Foreign Currency Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a market loss to the extent of the bond premium.

A U.S. Holder's tax basis in a Foreign Currency Note, and the amount of any subsequent adjustment to the Holder's tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such Foreign Currency Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment, or the settlement date for the purchase, in the case of Notes traded on an established securities market that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). A U.S. Holder who purchases a Foreign Currency Note with previously owned foreign currency will recognise ordinary

income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the Foreign Currency Note on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a Foreign Currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of, and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued qualified stated interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the Foreign Currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder or the "qualified business unit" of the Holder on whose books the Note is properly reflected. Any gain or loss realised by these U.S. Holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any discount not previously included in the U.S. Holder's income, provided that the Note is not a Foreign Currency Contingent Payment Debt Instrument. U.S. Holders should consult their own tax adviser with respect to the U.S. federal income tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange, retirement or other disposition of a Foreign Currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method taxpayer who buys or sells a Foreign Currency Note that is traded on an established securities market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations provided that the Notes are traded on an established securities market. This election cannot be changed without the consent of the IRS. If either (i) the Note is not traded on an established securities market or (ii) it is, and the Holder is an accrual method taxpayer that does not make the election described above with respect to such Note, exchange gain or loss may result from currency fluctuations between the trade date and the settlement date of the purchase or sale. Any gain or loss realised by a U.S. Holder on a sale, exchange, retirement or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase Foreign Currency Notes) will be ordinary income or loss.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments of principal and interest, and accruals of OID, on the Notes and the proceeds from a sale, redemption or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes.

Reportable Transactions

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, ownership or disposition of Notes constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

U.S. Holders should consult their own tax advisers regarding any additional tax reporting or filing obligations they may have as a result of the acquisition, ownership or disposition of the Notes, including reporting requirements related to the holding of certain specified foreign financial assets. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank Ireland PLC, BNP PARIBAS, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Crédit Agricole Corporate and Investment Bank, Daiwa Capital Markets Europe Limited, Deutsche Bank Aktiengesellschaft, Erste Group Bank AG, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., Intesa Sanpaolo S.p.A., J.P. Morgan SE, Mizuho Bank Europe N.V., Morgan Stanley Europe SE, Nomura Financial Products Europe GmbH, Raiffeisen Bank International AG, Société Générale, UniCredit Bank GmbH and any other dealer appointed from time to time (“**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 17 July 2023 (“**Dealer Agreement**”) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase.

The Dealers are entitled in certain circumstances to be released and discharged from their obligations under the Dealer Agreement prior to the closing of the issue of a Tranche of Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the issue date of such Tranche of Notes. In this situation, the issuance of the Notes may not be completed. None of the Dealers nor the Issuer accepts any liability in relation to expenses incurred or loss suffered by investors in these circumstances.

The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Selling Restrictions

United States of America

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder. The applicable Final Terms will identify whether TEFRA C or TEFRA D applies or whether TEFRA is not applicable.

The Notes will be offered and sold (A) outside the United States in reliance on Regulation S and (B) within the United States only to persons who are QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Dealer Agreement provides that the Arranger, or any other Dealer with the prior written consent of the Arranger, may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to QIBs pursuant to Rule 144A.

Each issuance of index-linked Notes shall be subject to additional U.S. selling restrictions as the Relevant Dealer(s) shall agree as a term of the issuance and purchase of such Notes. Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

1. *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
 - (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (b) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or
 - (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

2. *Financial Promotion*: It has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
3. *General compliance*: It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Romania

The Notes may not be offered or sold in Romania, nor may this Information Memorandum or any other material relating to the Notes be distributed in Romania, except in full compliance with all Romanian applicable laws, rules and regulations as amended and supplemented from time to time.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not directly or indirectly offered or sold and will not offer or sell any Notes in Romania and that it has not distributed and will not distribute any Drawdown Information Memorandum or any Final Terms or any related offering material relating to the Notes in Romania, except in full compliance with all Romanian applicable laws, rules and regulations as amended and supplemented from time to time.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (“CONSOB”) pursuant to Italian securities legislation. Each Dealer has represented and agreed that any offer,

sale or delivery of the Notes or distribution of copies of the Information Memorandum or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of the Information Memorandum or any other document relating to the Notes in the Republic of Italy must be:

1. made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
2. in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Canada - Ontario

The Notes may be sold to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Information Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

If applicable, pursuant to section 3A.4 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of Notes under the Programme.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except where explicitly permitted by the relevant Final Terms:

1. except as set out below, it will not make a public offer of the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the Swiss Financial Services Act ("**FinSA**");
2. the Notes will not be admitted by it to trading on a trading venue (exchange or multilateral trading facility) in Switzerland;
3. it will not offer, sell, advertise or distribute the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the FinSA, except to professional clients as such term is defined or interpreted under the FinSA (the "**Professional Investors**"); and
4. no key information document pursuant to article 58(1) FinSA (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and, therefore, any Notes with a derivative character within the meaning of article 86(2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

The Notes may not be publicly offered, directly or indirectly, in Switzerland, except (i) to Professional Investors or (ii) in the case of Notes, the Final Terms of which explicitly permit a public offer in Switzerland. Offering or marketing material relating to Notes or the Final Terms which do not explicitly permit a public offer in Switzerland, may not be distributed or otherwise made available in Switzerland, except to Professional Investors.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than:

1. to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;
2. to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or
3. otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or
5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1) of the SFA and the CMP Regulations 2018: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notify all persons (including all relevant persons (as defined in Section 309A(1) of

the SFA)), that all Notes issued or to be issued under the Programme are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

General

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any jurisdiction by the Issuer or any Dealer that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Information Memorandum, any Final Terms or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Information Memorandum or any Final Terms come are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Information Memorandum or any other offering material relating to the Notes, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Information Memorandum.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge) comply with all applicable securities laws and regulations in force in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses or distributes this Information Memorandum, any Final Terms or any other offering materials. Other persons into whose hands this Information Memorandum or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Information Memorandum or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer described in the paragraph headed “*General*” above.

Certain of the Dealers and their affiliates have engaged, are currently engaged and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. Such persons may have received, or may continue to receive, customary compensation. Certain of the Dealers may also have positions, deal or make markets in Notes related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit

default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

TRANSFER RESTRICTIONS

Each purchaser of Restricted Registered Notes in reliance on Rule 144A, by accepting delivery of this Information Memorandum, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;
- (ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States; and (2) it will, and each subsequent holder of the Restricted Registered Notes is required to, notify any purchaser of the Restricted Registered Notes from it of the resale restrictions applicable to the Restricted Registered Notes;
- (iii) the purchaser understands that the Restricted Global Note Certificate and any restricted Individual Note Certificate (a “**Restricted Individual Note Certificate**”) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (4) TO THE ISSUER OR ITS AFFILIATES OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE INSTRUMENTS;

- (iv) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- (v) the purchaser understands that Restricted Registered Notes offered in reliance on Rule 144A will be represented by a Restricted Global Note Certificate. Before any interest in a Restricted Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Unrestricted Global Note Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and
- (vi) the purchaser understands that the Issuer, the Dealers, the Agents and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer(s).

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the Issuer will deliver only a Restricted Global Note Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar or the Transfer Agent such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate will, upon transfer, cease to be an interest in a Restricted Global Note Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Note Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

DTC Book-Entry System

Registered Notes whether as part of the initial distribution of the Notes or in the secondary market, are eligible to be held in book-entry form in DTC.

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a “**banking organisation**” within the meaning of the New York Banking Law, a “**clearing corporation**” within the meaning of the New York Uniform Commercial Code and a “**clearing agency**” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants (“**Direct Participants**”) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (“**DTC Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below, and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners

are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for Individual Note Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Note Certificate, will be legended as set forth under "*Transfer Restrictions*".

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have each Tranche of Notes represented by the Restricted Global Note Certificate, and if applicable, the Unrestricted Global Note Certificate, accepted in its book-entry settlement system. Upon the issue of any Global Registered Notes, DTC or its custodian will credit, on its internal book-entry system, the respective principal amounts of the individual beneficial interests represented by such Global Registered Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer.

Ownership of beneficial interests in a Global Registered Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Global Registered Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Registered Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the relevant Paying Agent on behalf of DTC's nominee and the relevant Paying Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Registered Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Agents or the Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC are the responsibility of the Issuer.

Transfers of Notes Represented by Global Registered Notes

Transfers of any interests in Notes represented by a Global Registered Note will be effected in accordance with the customary rules and operating procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be. The laws of some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Registered Note to such persons may depend upon the ability to exchange such Notes for Individual Note Certificates. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Registered Note held by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Registered Note held by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Transfers at any time by a holder of a book-entry interest in a Restricted Global Note Certificate to a transferee who takes delivery of such book-entry interest through an Unrestricted Global Note Certificate for the same Series of Notes will only be made upon delivery to the Registrar or the Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S. Transfers at any time by a holder of a book-entry interest in an Unrestricted Global Note Certificate to a transferee who takes delivery of such book-entry interest through a Restricted Global Note Certificate for the same Series of Notes will only be made upon receipt by the Registrar or the Transfer Agent of a written certificate from the transferor of such book-entry interest to the effect that such transfer is being made to a person whom such transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any state of the United States.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, and/or the Transfer Agents, as the case may be, and any custodian with whom the relevant Global Registered Notes have been deposited.

On or after the relevant issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in DTC and Euroclear or Clearstream, Luxembourg participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear or Clearstream, Luxembourg on the other, transfers of interests in the relevant Global Registered Notes will be effected through the Registrar and/or the relevant Transfer Agent, as the case may be, and the custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payments must be made separately.

Euroclear, Clearstream, Luxembourg and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Notes among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer(s) will be responsible for any performance by Euroclear, Clearstream, Luxembourg and DTC or its respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

OFFICIAL STATEMENTS

Information contained herein that is identified as being derived from a publication of Romania or one of its agencies or instrumentalities is included herein on the authority of such publications as an official public document of Romania. All other information contained herein is included as an official public statement made on the authority of the public officials of Romania.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised by Government Decision No. 1264/2010 on the approval of the sovereign notes framework programme “Medium Term Sovereign Notes”, as rectified through the rectification published in the Official Gazette of Romania, Part I, no. 730 on 29 October 2012 and as amended by Government Decision No. 361/2013, by Government Decision No. 923/2013, by Government Decision No. 192/2015, by Government Decision No. 242/2016, by Government Decision No. 929/2017, by Government Decision No. 352/2019, by Government Decision No. 238/2020, by Government Decision No. 384/2021, by Government Decision No. 1018/2021, by Government Decision No. 354 of 20 April 2023, by Government Decision No. 11 of 11 January 2024, by Government Decision No. 503 of 16 May 2024 and by Government Decision No. 1 of 10 January 2025.

The increase in the size of the Programme from EUR 75,000,000,000 to EUR 90,000,000,000 was authorised by Government Decision No. 1 of 10 January 2025 which entered into force on 10 January 2025 and all references to the Initial Programme Amount in the Base Information Memorandum shall be construed accordingly.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations (including without limitation such ministerial orders or approvals or governmental memoranda or approvals as may be required under applicable law from time to time) in connection with each issue and performance of Notes thereunder.

Issue of Notes

The maximum aggregate principal amount of Notes outstanding from time to time under the Programme will not exceed the maximum amount specified in the Government Decision No. 1264/2010 on the approval of the sovereign notes framework programme “Medium Term Sovereign Notes”, as rectified through the rectification published in the Official Gazette of Romania, Part I, no. 730 on 29 October 2012 and as amended by Government Decision No. 361/2013, by Government Decision No. 923/2013, by Government Decision No. 192/2015, by Government Decision No. 242/2016, by Government Decision No. 929/2017, by Government Decision No. 352/2019, by Government Decision No. 238/2020 of 26 March 2020, by Government Decision No. 384 of 31 March 2021, by Government Decision No. 1018/2021 of 29 September 2021, by Government Decision No. 354/2023 of 20 April 2023, by Government Decision No. 11 of 11 January 2024, by Government Decision No. 503 of 16 May 2024 and by Government Decision No. 1 of 10 January 2025 and as may be rectified, amended or replaced from time to time, and in any other applicable Romanian law.

The issue of Notes is made in accordance with the Government Emergency Ordinance No. 64/2007 on public debt, as subsequently amended, and Government Decision No. 1470/2007 on the approval of the methodological norms for the application of the Government Emergency Ordinance No. 64/2007 on public debt, as subsequently amended.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 315700IASY927EDWBK92.

No Significant Change

Save as otherwise disclosed in this Information Memorandum, there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Issuer since 31 December 2024.

Legal and Arbitration Proceedings

There are no legal or arbitration proceedings against or affecting the Issuer, or any of its assets, nor is the issuer aware of any pending or threatened proceedings, which are or might be material in the context of the issue of the Notes.

Documents on Display

For so long as Notes may be issued pursuant to this Information Memorandum, copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of Citibank, N.A., London Branch, Citigroup Centre, 25 Canada Square, London E14 5LB upon reasonable request for:

- the current Information Memorandum in relation to the Programme, together with any amendments or supplements thereto;
- the Agency Agreement;
- the Deed of Covenant;
- the Programme Manual (which contains the forms of the Notes in global and definitive form); and
- the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Bearer Notes in New Global Note form and Registered Notes to be held under the New Safekeeping Structure).

Clearing of the Notes

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg. The appropriate Common Code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) and/or the Committee on Uniform Security Identification Procedures (CUSIP) Number in relation to the Notes of each Series will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

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