15-Apr-2022 | 16:12 EDT

Romania 'BBB-/A-3' Ratings Affirmed; Outlook Stable

Overview

- The Russia-Ukraine conflict will drag on Romania's GDP growth and push up already-elevated inflation.
- A key uncertainty for Romania and the rest of Europe is the duration of the conflict.
- More positively, the EU is set to disburse over 10% of Romania's GDP in European Structural and Investment Funds and Next Generation EU transfers to the country over 2022-2027, benefiting the sovereign's fiscal and external profile.
- We affirmed our 'BBB-/A-3' ratings on Romania with a stable outlook.

Rating Action

On April 15, 2022, S&P Global Ratings affirmed its 'BBB-/A-3' long- and short-term foreign and local currency sovereign credit ratings on Romania. The outlook is stable.

Outlook

The stable outlook balances economic risks from the Russia-Ukraine conflict against the buffers provided by the country's modest stocks of external and government debt, and incoming EU transfers between 2022 and 2027, which we expect will exceed 10% of GDP. We anticipate that authorities' commitment to reform and fiscal consolidation will continue to be anchored by policy commitments under the EU's Recovery and Resilience Facility (RRF) and the ongoing Excessive Deficit Procedure (EDP).

Downside scenario

We could lower the ratings if:

- The negative impact of the conflict in Ukraine proves to be larger and longer than we currently expect, endangering the government's medium-term fiscal consolidation plans and increasing the government's financing costs;
- Financing for Romania's twin deficits were to be increasingly oriented toward debt-creating external flows, signaling an inability to absorb EU funding sources; or
- The National Bank of Romania (NBR) fails to anchor core inflation or significantly limits the ability of the exchange rate to adjust to external shocks in favor of material foreign currency intervention, putting the credibility of the monetary regime and effectiveness of its execution into question.

Upside scenario

We could raise the ratings if we see evidence that Romania's high economic growth rates can be sustained at the same time as the government's fiscal deficit narrows, indicating the strengthening productive capacity of the economy.

Rationale

The Russia-Ukraine conflict will have sizable effects on Romania's economy. As a consequence, we have lowered our projection of real Romanian GDP growth for 2022 by 2.6 percentage points to 2.1%. New supply-side bottlenecks and higher energy and other commodity prices will pressure already-elevated inflation levels, weaken investor and consumer confidence, and lower external demand from Romania's main euro area trading partners.

We have also significantly raised our annual average inflation forecast to 9.0% in 2022 from 6.0% in December 2021, reflecting higher food and fuel prices, both components exacerbated by the conflict in Ukraine, and outweighing the disinflationary effects of the one-year extension of caps on the price of electricity and natural gas for households.

The economic and external security shocks from the conflict are difficult to quantify, particularly since they arrive before the economy had a chance to fully recover from the COVID-19 pandemic. Our assumption is that the longer the conflict persists, the greater the drag on GDP growth, and the steeper the challenge will be to control inflation. The alternative scenario of a broader conflict between the North Atlantic Treaty Organization (NATO) and Russia would almost certainly lead to substantial downside pressures to the baseline economic, balance of payments, and fiscal projections published in this report.

By the end of March, about 500,000 Ukrainians had crossed the Romanian border, of which we understand the vast majority is in transit to other countries, with about 80,000 refugees potentially settling in Romania and adding 0.5% to the population. If the conflict persists, these numbers are likely to rise. So far, Romanian citizens and nongovernment organizations have borne much of the cost of hosting refugees, although on April 4, the European Council authorized the redirection of EU Cohesion and other funds (including unallocated funds from the previous EU budget) to finance assistance to refugees. Even so, the related housing and social services spending by Romania could total at least 1% of GDP in 2022 if the conflict persists (though additional offsetting EU funds may be forthcoming). Additional expenditure is allocated toward facilitating entry into the labor market for the refugees that remain in Romania. Coupled with official plans to ramp up defense spending, this will put additional expenditure pressure on Romania's public finances. We expect the near-term shock will delay the government's fiscal consolidation until 2023, on the assumption that the conflict stabilizes by the end of 2022.

We believe Romania's economic performance in 2022 and its projected economic recovery next year will be highly contingent on the successful execution of EU-funded investments. Romania stands to gain about 20% of GDP in EU grants over the next six years as a key beneficiary under the EU's RRF and 2021-2027 Multiannual Framework. While Romania's track record on spending EU funds compares poorly with many other EU members (it had spent 60% of funds available under the previous EU 2014-2020 budget as of end-2021), it is important to highlight that the RRF does not require co-financing.

The ratings are further supported by Romania's access to external financing markets, together with the benefits from the country's EU membership, which constitutes a key policy anchor and benefits the country's institutional framework.

Institutional and economic profile: Successful absorption of EU funds will support Romania's economic growth in 2023

- We expect Romania's GDP will expand by 2.1% in 2022 and 4.5% in 2023.
- The conflict's key effect on Romania's economy will be predominantly via weaker growth in the EU, higher commodity prices, weaker business and consumer confidence, and curtailed private investments.
- The continued commitment to a balanced and credible fiscal agenda will be crucial to support the economic recovery and maintain financial market confidence.

Romania has the longest land border with Ukraine of all NATO countries. Despite Romania's proximity to Ukraine, we think it will contain the direct economic effect, thanks to limited trade links with both Russia and Ukraine. Goods exports to Russia, Ukraine, and Belarus together represented only about 2.5% of the total before the pandemic. That said, Romania's GDP growth in 2022 will inevitably suffer for several reasons:

- The conflict in Ukraine and its spillovers into global commodity prices and private-sector confidence will weaken what appeared to be a strong growth outlook in the eurozone, Romania's key trading partner. We now forecast the euro area will expand by 3.2% this year, compared with our previous projection of 4.4%.
- Rising food, fuel, and energy prices will add to already-high inflation levels in Romania over the coming months, outweighing the disinflationary effects of a recent extension of the cap on electricity and natural gas prices for households, ultimately depressing real wages and disposable income.
- Positively, Romania is one of the most self-sufficient countries in the EU in terms of energy production, suggesting a more favorable position in adapting to the potential disruption of energy trade links. Importantly, Romania's position includes comparatively low dependance on Russian energy--its imports of Russian natural gas, crude oil, and coal are

markedly lower than EU peers', suggesting further EU sanctions on Russian energy trade would have limited direct implications for Romania.

- Uncertainty created by the conflict will likely affect business confidence in Romania, which will weaken the outlook for private investment, especially if the conflict persists.

As a result, we have lowered our real GDP growth forecast for Romania to 2.1% in 2022, based on the expected slowdown in exports, investment, and consumption. We forecast Romania's growth will reach 4.5% in 2023 and average about 4% over 2024-2025 on the back of strong private sector demand and investment. The rebound of Romania's economy in 2023-2024 will depend on its ability to absorb and efficiently use the significant EU financing available to it under the European Commission's RRF, which effectively unlocked about 12% of GDP in investment spending, requiring no co-financing. The RRF includes €14.2 billion in grants and €14.9 billion in loans, to be used by Romania over 2021-2026. We understand that €1.85 billion of prefinancing under the RRF, in the form of grants was received in December 2021 with an additional €1.9 billion in loans under the RRF received in January 2022. Payments totaling €6 billion, of which about two-thirds are grants and remaining loans, will be forthcoming in 2022, signaling the front-loaded nature of this program.

Disbursements under the RRF are contingent on Romania using the investment funds and implementing fiscal reforms. We consider the RRF an important policy anchor that can provide incentive and facilitate key reforms to promote sustainability in Romania's social spending. We also highlight the European Council's April 4 decision to enable member states to draw upon REACT-EU financing for 2022, as well as unallocated cohesion policy funds from the 2014-2020 budgetary period for financing of social spending to support Ukrainian refugees. In Romania's case, unallocated cohesion policy funds from the previous (2014-2020) EU budget amount to about 50% of the total.

We anticipate the window for more wide-reaching reforms has shrunk, given the need to counteract the imminent fallout from the conflict in Ukraine in 2022 and before the political situation returns to election mode in the run-up to both parliamentary and presidential elections in 2024.

Flexibility and performance profile: Stagflationary shock complicates economic policy-making amid already-elevated twin deficits

- We forecast Romania's public deficit at 6% of GDP this year, pushing net government debt to 47% of GDP.

- Rising global and domestic interest rates will likely prompt rising financing cost, which could add further strain to Romania's expenditure-heavy budget.
- We expect the NBR to be required to accelerate its monetary policy tightening to anchor price developments while continuing to support the currency through limited intervention in the foreign currency market.

The economic recovery in 2021 resulted in stronger-than-expected fiscal performance, with the general government deficit coming in at 6.7% of GDP, compared with the budgeted 7.1%. While we consider the government's commitment to fiscal consolidation intact, we believe that circumstances in 2022 will require a temporary loosening of fiscal stringency.

We forecast the general government deficit will reach 6% of GDP in 2022. Our projections incorporate multiple fiscal pressures but they are still subject to downside risks. Specifically, we factor in rising expenditure related to hosting Ukrainian refugees and announced increases in defense-related spending of about 2.5% of GDP over the next couple of years. The government has also enacted an increase to the minimum wage of 10% in 2022 alongside a cap to electricity and natural gas prices for households and industry-specific schemes for large consumers. We understand that policy efforts directed at curbing the domestic price increases on energy will be largely self-financed by utilizing the windfall gains of state-owned utility companies.

We consider the ongoing monitoring of the EDP process by the European Commission, together with the stipulations within the negotiated RRF framework, as important mechanisms to support budgetary discipline. We anticipate that the government will be required to formalize and broaden its budgetary rebalancing efforts as the EDP progresses, with the goal of bringing Romania's government deficit below 3% of GDP in 2024. Notwithstanding efforts both on the expenditure and revenue side, such as the closing of the largest value-added tax gap in the EU, we expect new spending proposals in the run-up to the election year of 2024 to result in the 3% target only being achieved in 2025, but holding a clear trend. We expect net general government debt to GDP to stabilize at just below 50% by 2024.

We estimate the gross government financing requirement over 2022 at Romanian leu 145 billion or about 11% of GDP. We expect the majority will be sourced from the domestic market, notwithstanding the domestic banking sector's already substantial exposure to the government, at more than 20% of its assets. As of end-March 2022, about one-third of the financing need had been covered.

The financing markets exhibited significant volatility over March 2022 in response to the uncertainty provoked by the Russia-Ukraine conflict. The NBR resumed its purchases of government securities during the month after being absent in the secondary markets for government securities since April 2021. The NBR's activities helped improve the liquidity of the domestic market and had a positive effect on the primary market issuance during this month.

The elevated inflationary context is prompting interest rate increases in Romania as well as globally. We believe that increasing interest rates could complicate emerging markets financing conditions, leading to a step-up in financing costs marking an end to hitherto benign financing conditions. While rising interest expense would further strain an already-rigid budget, we acknowledge Romania's established market access alongside the government's liquidity holdings (consisting of a sizable hard currency buffer of about 3% of GDP) will provide financing flexibility. We forecast that interest expenditure will remain below 5% of government revenue, albeit on an upward trend.

We expect Romania's current account deficit to reach 7.5% of GDP in 2022 due to elevated import prices. Although the external deficit is largely a consequence of the fiscal spending, the persistently wide trade deficit, in our view, also reflects underlying competitiveness problems. Furthermore, over the past three years, the current account deficit has been increasingly covered by debt-financed inflows, which we estimate pushed Romania's narrow net external debt ratio close to 40% of current account receipts in 2021. We believe the financing mix of the external deficit will improve in 2022-2023 due to the absorption of EU investment grants and, in 2023, from resumed foreign direct investment flows. We forecast that the country's narrow net external debt will stabilize at about 45% of current account receipts in 2023.

The credibility around Romanian's monetary policy arrangements and the effectiveness of their execution will be tested over the coming two years. Romania's elevated inflation levels highlight the difficult environment for the NBR. The institution will face the challenge of reining in inflation through its main tool, the policy rate, while not hurting the short-term growth outlook. Annual inflation stood at 8.2% in December 2021 and has since increased to 8.5% in February 2022. Inflationary pressures pertain to high food and energy prices while the government's extended price capping schemes dampened price developments. We assume inflation in 2022 will average 9.0% in 2022 and remain above 5.0% in 2023. This is well above the NBR's inflation target of 2.5% plus or minus 1%. In its April meeting, the institution increased its policy rate by 50 basis points (bps) to 3%, up from 1.25% in January 2021.

We expect the NBR will hasten its monetary tightening to curb price developments while intermittently intervening in the foreign exchange market to ensure stability of the currency.

The NBR's international reserves stood at €46 billion (17% of GDP) in March 2022, a reduction from €48.5 billion in January 2022, depicting the NBR's stabilization efforts. Furthermore, the NBR holds a repo line with the European Central Bank at €4.5 billion. We estimate the current level of reserves will remain at about four months of current account payments in 2022, declining to about three months on average over 2023-2025 About half of Romania's government debt and an estimated 40% of financial sector deposits are denominated in foreign-currency public- and private-sector balance sheets more susceptible to sharp declines in the exchange rate.

Romania's predominantly foreign-owned and largely deposit-funded banking sector remains stable, in our view, and we see it as a limited contingency risk for the government. We understand that Romanian banks have only minor financial links to Ukraine. That said, the underbanked Romanian market prevents the financial sector from acting as an intermediator and catalyst to economic activity. With loans to the private sector at about 27.4% of GDP in December 2021, the Romanian banking sector ranks last in Europe in terms of financial intermediation.

Key Statistics

Table 1

Romania Selected Indicators

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ECONOMIC INDICATORS (%)										
Nominal GDP (bil. LC)	764	858	952	1,059	1,059	1,179	1,313	1,444	1,564	1,690
Nominal GDP (bil. $)	188	212	241	250	250	283	291	309	331	356

GDP per capita (000s $)	9.5	10.8	12.4	12.9	12.9	14.8	15.2	16.2	17.4	18.8
Real GDP growth	4.7	7.3	4.5	4.2	(3.7)	5.9	2.1	4.5	4.0	4.2
Real GDP per capita growth	5.3	8.0	5.1	4.8	(3.3)	6.6	2.4	4.8	4.3	4.5
Real investment growth	(0.1)	3.5	(1.1)	12.9	4.1	4.0	3.0	8.0	5.2	4.0
Investment/GDP	23.4	23.4	22.8	23.6	24.4	26.2	26.3	26.4	26.3	25.8
Savings/GDP	21.8	20.3	18.1	18.7	19.4	19.2	18.8	19.3	19.8	19.7
Exports/GDP	41.8	42.0	41.9	40.4	37.2	40.4	40.6	39.1	39.1	39.1
Real exports growth	16.3	7.8	5.3	5.4	(9.4)	11.1	2.5	4.0	5.5	5.6
Unemployment rate	7.2	6.1	5.3	4.9	6.1	5.2	5.2	4.9	4.7	4.6
EXTERNAL INDICATORS (%)										
Current account balance/GDP	(1.6)	(3.1)	(4.6)	(4.9)	(5.0)	(7.1)	(7.5)	(7.1)	(6.5)	(6.1)

Current account balance/CARs	(3.3)	(6.6)	(10.0)	(10.7)	(11.8)	(15.6)	(16.1)	(15.6)	(14.3)	(13.3)
CARs/GDP	47.7	47.3	46.6	45.7	42.6	45.5	46.5	45.7	45.8	46.0
Trade balance/GDP	(5.7)	(6.8)	(7.5)	(8.0)	(8.7)	(9.7)	(11.4)	(11.4)	(11.2)	(10.7)
Net FDI/GDP	2.7	2.6	2.4	2.2	1.4	3.0	1.5	2.0	2.3	2.3
Net portfolio equity inflow/GDP	(0.3)	(0.1)	(0.2)	(0.3)	(0.4)	(0.2)	(0.0)	(0.1)	(0.0)	(0.1)
Gross external financing needs/CARs plus usable reserves	103.9	100.8	102.7	103.2	101.2	101.6	105.8	109.4	110.2	110.5
Narrow net external debt/CARs	31.3	33.0	26.5	26.2	40.0	42.5	46.7	47.5	46.7	44.8
Narrow net external debt/CAPs	30.3	31.0	24.1	23.7	35.8	36.8	40.2	41.1	40.9	39.6
Net external liabilities/CARs	100.6	107.7	93.5	95.5	121.3	114.0	116.1	118.8	118.2	116.3

Net external liabilities/CAPs	97.4	101.1	85.0	86.3	108.5	98.6	100.0	102.8	103.4	102.6
Short-term external debt by remaining maturity/CARs	35.7	28.3	27.6	25.8	26.8	25.7	28.8	29.1	28.6	28.1
Usable reserves/CAPs (months)	3.9	3.8	3.7	3.5	4.0	4.0	3.8	3.4	3.1	3.0
Usable reserves (mil. $)	33,876	38,246	36,903	39,373	50,254	49,955	45,536	45,011	45,728	46,224
FISCAL INDICATORS (GENERAL GOVERNMENT; %)										
Balance/GDP	(2.6)	(2.6)	(2.9)	(4.4)	(9.3)	(6.7)	(6)	(4.8)	(4.0)	(3.0)
Change in net debt/GDP	0.3	2.4	3.5	5.4	9.9	7.2	7.0	4.8	4.0	4.0
Primary balance/GDP	(1.1)	(1.4)	(1.8)	(3.2)	(7.9)	(5.2)	(4.4)	(3.1)	(2.3)	(1.2)
Revenue/GDP	32.0	30.8	32.0	31.9	32.7	33.5	34.5	34.5	34.8	35.2
Expenditures/GDP	34.6	33.5	34.9	36.3	42.0	40.2	40.5	39.3	38.8	38.2

Interest/revenues	4.7	4.1	3.6	3.6	4.3	4.6	4.6	4.7	4.9	5.0
Debt/GDP	37.3	35.1	34.7	35.3	47.2	49.2	51.2	51.3	51.3	51.5
Debt/revenues	116.8	113.7	108.6	110.7	144.4	146.9	148.4	148.7	147.8	146.4
Net debt/GDP	29.9	29.0	29.6	32.0	41.9	44.8	47.3	47.7	48.0	48.5
Liquid assets/GDP	7.4	6.1	5.1	3.3	5.3	4.4	3.9	3.6	3.3	3.1
MONETARY INDICATORS (%)										
CPI growth	(1.1)	1.1	4.1	3.9	2.3	4.1	9.0	5.0	4.0	3.5
GDP deflator growth	2.4	4.7	6.2	6.8	3.9	5.2	9.0	5.2	4.2	3.7
Exchange rate, year-end (LC/$)	4.30	3.89	4.07	4.26	3.97	4.37	4.65	4.70	4.75	4.75
Banks' claims on resident non-gov't sector growth	1.1	5.6	7.9	6.6	5.5	14.7	7.0	5.0	5.0	5.0
Banks' claims on resident non-gov't sector/GDP	29.2	27.5	26.7	25.6	27.0	27.8	26.8	25.5	24.7	24.0

Foreign currency share of claims by banks on residents	25.4	22.0	20.8	19.6	17.6	15.8	31.4	31.4	31.4	31.4
Foreign currency share of residents' bank deposits	31.3	31.8	33.2	34.3	34.8	35.0	31.0	31.0	31.0	31.0
Real effective exchange rate growth	(1.8)	(1.5)	2.8	(0.4)	1.5	0.9	N/A	N/A	N/A	N/A

Sources: Eurostat (economic indicators), Bank of Romania and IMF (monetary indicators), Eurostat (fiscal and debt indicators), and National Bank of Romania (external indicators).

Adjustments: No data adjustments applied.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Romania Ratings Score Snapshot

KEY RATING FACTORS	SCORE	EXPLANATION
Institutional assessment	4	Policy choices over the past few years have led to very procyclical fiscal policies and therefore weakened support for sustainable public finances. The country suffers from weak transparency, owing to political interference undermining institutional independence.
Economic assessment	4	Based on GDP per capita ($) as per the Selected Indicators in Table 1.
External assessment	3	The Romanian leu is neither a reserve nor an actively traded currency. Based on narrow net external debt and gross external financing needs as per the Selected Indicators in Table 1

Fiscal assessment: flexibility and performance	4	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1, excluding the exceptional deviation from the fiscal package of emergency measures.
Fiscal assessment: debt burden	3	The Romanian leu is neither a reserve nor an actively traded currency. Based on narrow net external debt and gross external financing needs as per the Selected Indicators in Table 1
		Bank exposure to government sector stands at over 20% and over 40% of government debt is denominated in foreign currency.
Monetary assessment	3	Managed float. Since 2005, the National Bank of Romania has targeted inflation but hasn't moved to a full-inflation targeting framework. It therefore intervenes in foreign exchange markets.
		The central bank enjoys operational independence with market-based instruments.
Indicative rating	bbb-	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	0	
FINAL RATING		

Foreign currency	BBB-	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	BBB-	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- **General Criteria: Environmental, Social, And Governance Principles In Credit Ratings**, Oct. 10, 2021
- **Criteria | Governments | Sovereigns: Sovereign Rating Methodology**, Dec. 18, 2017
- **General Criteria: Methodology For Linking Long-Term And Short-Term Ratings**, April 7, 2017
- **General Criteria: Principles Of Credit Ratings**, Feb. 16, 2011

- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Risk Indicators, April. 11, 2022; a free interactive version is available at http://www.spratings.com/sri
- Sovereign Ratings Score Snapshot, April 7, 2022
- Sovereign Ratings List, April 5, 2022
- Sovereign Ratings History, April 5, 2022
- Economic Outlook EMEA Emerging Markets Q2 2022: Weaker Growth, Higher Inflation, Tighter Financing Conditions, March 28, 2022
- Next Generation EU Will Shift European Growth Into A Higher Gear, April 27, 2021
- Default, Transition, and Recovery: 2020 Annual Sovereign Default And Rating Transition Study, April 12, 2021

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

RATINGS AFFIRMED	
ROMANIA	
Sovereign Credit Rating	BBB-/Stable/A-3
Transfer & Convertibility Assessment	A-
Senior Unsecured	BBB-
Short-Term Debt	A-3

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; or Stockholm (46) 8-440-5914

Regulatory Disclosures For Each Credit Rating Including Ratings List Table

Disclosures include requirements relating to press releases or reports published in accordance with Article 10(1), 10(2), and 10(5), and Annex I, Section D, I, 1, 2, 2a, 4, and 5. These requirements are available by rating via the link titled "Regulatory Disclosure" and include, but are not limited to:

- Key Elements Underlying The Credit Rating
- ESG Credit Factors
- Solicited Or Unsolicited Status
- Analysts Primarily Responsible For The Credit Rating
- Office Responsible For The Credit Rating
- Materials Used In The Credit Rating Process
- Criteria Applied
- Models Applied, Loss, And Cash Flow Analysis Performed
- Scenario Analysis
- Sensitivity Analysis
- Risk Warning, Understanding Credit Rating Categorizations, And Criteria
- Rated Entity Notification
- Ancillary And Additional Services
- Attributes And Limitations Of The Credit Rating
- Information Specific To Structured Finance And Securitization Instruments

Contact the analysts:

Gabriel Forss

Primary Credit Analyst,
Stockholm

P. **+ 46 84 40 5933**

E. **gabriel.forss@spglobal.com**

Niklas Steinert

Secondary Contact,
Frankfurt

P. **+ 49 693 399 9248**

E. **niklas.steinert@spglobal.com**

Meghna Ashtekar

Research Contributor,
CRISIL Global Analytical
Center, an S&P affiliate,
Mumbai

P.

E.

Sovereign and IPF EMEA

Additional Contact, undefined

P.

E. SOVIPF@spglobal.com