BONDS ISSUE
CONSTANȚA 2036

Long term issuer rating in progress

FitchRatings

Financial consultant

VMB PARTNERS

CONSTANȚA MUNICIPALITY BONDS ISSUE 2036

1. Issue Total	€110,000,000
2. Volume and Face Value	1,100,000 bonds, each worth 100 €
3. Transaction	Private placement (estimated october 2026)
4. Bond Type	Dematerialized Bonds to be listed to Bucharest Stock Exchange
5. Use of Proceeds	According to Local Council Decision no. 30/29.01.2026 for the partial refinancing of the municipality's public debt and financing a local investment project, co-financed by non-reimbursable funds, as follows: - Rehabilitation and endowment of the National Opera and Ballet Theater Oleg Danovski, Constanța
6. Maturity	October 2036 (120 months)
7. Principal Repayment (1)	Principal to be repaid in 4 annual instalments (1) , at coupon payment date (anniversary) during 2033 - 2036. Each of the installments represents percentages of the total initial issue as follows: 22% în 2033, 24% în 2034, 26% în 2035, and 28% în 2036. As a result, face value will be reduced, pro-rata, after each repayment.
8. Fixed Date Call option (2)	At 7th coupon payment(2033) (2)
9. Floating Coupon	EURIBOR $_{6m}$ + Spread (% p.a.) paid semi-anually. For the purposes of this bond issue, "spread" is defined as the fixed margin (% p.a.) that added to EURIBOR $_{6M}$ will result in the floating coupon. The spread will result from the outcome of professional and private investors bidding at the end of the subscription period. Should EURIBOR $_{6m}$ become negative during the bond's lifetime, the coupon will be calculated as spread-only.
10. Guarantees	Full pledge over the municipality's own revenues, according to Local Public Finance Law no. 273/2006.
11. Rating	Long term issuer rating in progress by Fitch Ratings, estimated early August 2026.

(1) Art. 63 para. (4) of the Law no. 273/2006 regarding Local Public Finance forbids new local public debt from being raised when annual repayment plus interest for existing debt exceeds 30% of the City's own revenue. Although these bond proceeds will be merely used for co-financing EU funded projects – a situation regulated by the exemption stated under Art. 63 para. (5^1) of the same law –, prudential rationale of having debt indicators match internationally agreed-upon debt standards resulted in the issuer opting for this less usual 4 annual instalments for the principal repayment during 2033-2036.

(2) Given the principal repayment (see footnote 1), the City is committed to use the 2033 call option. In this scenario, sources for principal repayment are its own revenues and/or a roll-over bond issue. In fact, setting principal repayment in 4 annual instalments not only observes the provision of the Art. 63 para. (4) of the Law no. 273/2006 but also constitutes a safety solution to address risks associated to the "if necessary" 2033 rollover bond issue.

CONTEXT AND OBJECTIVES

Constanța is the oldest continuously inhabited settlement in Romania—with a history dating back to Greek antiquity—as well as the oldest continuously inhabited port on the Black Sea; indeed, its history constitutes the municipality's most significant brand. From the founding of the Greek colony of Tomis to the present day, Constanța has spanned multiple historical eras and periods of development (Greek, Roman, Byzantine, Ottoman, and Romanian). These elements lend the area a unique character and significance at national, European, and international levels.

The municipality is also the main Black Sea port in Romania and is home to one of the country's most important shipyards. The Constanța Metropolitan Area is a competitive, multifunctional hub for Romania and the primary economic driver of the Black Sea region. Through the sustainable development of the entire area and the reduction of current development disparities among the 14 localities comprising the Growth Pole, Constanța is set to become a European metropolis—a thriving tourism destination with a rapidly growing economy and a high standard of living for all its residents.

To achieve sustainable development and transform the city into a modern European hub in the long term, the following are essential priorities: modern urban renewal; a more inspired leveraging of its geographical and geopolitical location; creative promotion of the municipality as a top-tier national and regional tourist destination; enhanced utilization of its historical, cultural, and architectural assets; the development of industrial, technological, and logistics parks capable of attracting a highly-skilled workforce; and the continuous attraction of investment..

Priority investment objectives in the Municipality of Constanța include tourism, the rehabilitation and development of the residential sector, and the modernization of the local thermal energy production system (CET). To this end, City Hall has secured several loans from banks or the Ministry of Finance over the past few years.

Through investments in the thermal energy sector, the municipality succeeded in halving the subsidies required for thermal energy procurement in 2025 compared to 2024, by limiting network losses and relieving the municipal budget of significant costs.

While this marks Constanța's first municipal bond issuance, the city has a strong and varied track record regarding loans secured from both domestic and international banks. With an outstanding loan balance of 373 mln RON (~71 mln EUR), one of the benefits of the current issuance is the easing of the public debt burden; this, in turn, facilitates the acceleration of existing and future projects—spanning both the long and very long term—through the scope of future issuances.

The municipality's more than 80 ongoing or planned projects include initiatives aimed at increasing the energy efficiency of numerous public buildings, modernizing various public road sections, and developing eco-islands, green belts, medical centers, and promenades, as well as completing the modernization of the municipal heating network, with a total investment exceeding €4.3 billion.

In the realm of art and culture, the municipality of Constanța boasts a rich heritage and a well-developed cultural infrastructure. A key characteristic of Constanța is the blend of old and new, of tradition and modernity. This complementarity lends the city added charm and offers tourists the opportunity to discover and understand the history and traditions of the places they visit.

The Oleg Danovski National Opera and Ballet Theatre is the first site listed among the cultural assets requiring investment in the 2021 report on the economic, social, and environmental status of the Municipality of Constanța. Its inclusion in the funding list for this issuance demonstrates the municipality's consistent approach regarding its stated objectives.

The plan outlined in the aforementioned report highlighted a series of objectives regarding transportation, improving citizens' quality of life, and accelerating access to European funds. The municipality's leadership has demonstrated its commitment to pursuing and implementing these long-term goals; the current bond issue helps relieve pressure on the municipal budget, thereby facilitating additional investment to complete numerous ongoing projects and start development on those already planned.

USE OF PROCEEDS

Through Local Council Decision no. 30/29.01.2026 the following investment objectives to be financed by the bonds issue were approved:

- 3 bank loans to be refinanced
- one objective that benefits from non-reimbursable EU financing.

Taking into account certain fluctuations in the RON/EUR exchange rate, as well as changes in the balance to be refinanced, the financing plan currently stands as follows:

A	**Loans to be refinanced**	
	Loan Agreements	**Remaining balance (EUR)**
1	European Bank for Reconstruction and Development – Loan Agreement No. 174936, dated 30 December 2016	3,649,934.74
2	Banca Transilvania – loan agreement no. 14820532, dated 06.11.2023	48,838,729.85
3	Banca Comercială Română SA – Contract No. 20250314137, dated 20 March 2025	52,090,165.60
Subtotal A		**104,578,830.19**
B	**Investment projects co-financed through non-repayable funds**	
	Description	**Value (EUR)**
1	Rehabilitation and endowment of the National Opera and Ballet Theater Oleg Danovski, Constanța	5,421,169.81
Subtotal B		**5,421,169.81**
TOTAL (A+B, EUR)		**110,000,000**

The modernization of the public transport fleet was financed through the EBRD loan via the acquisition of Euro 6 buses.

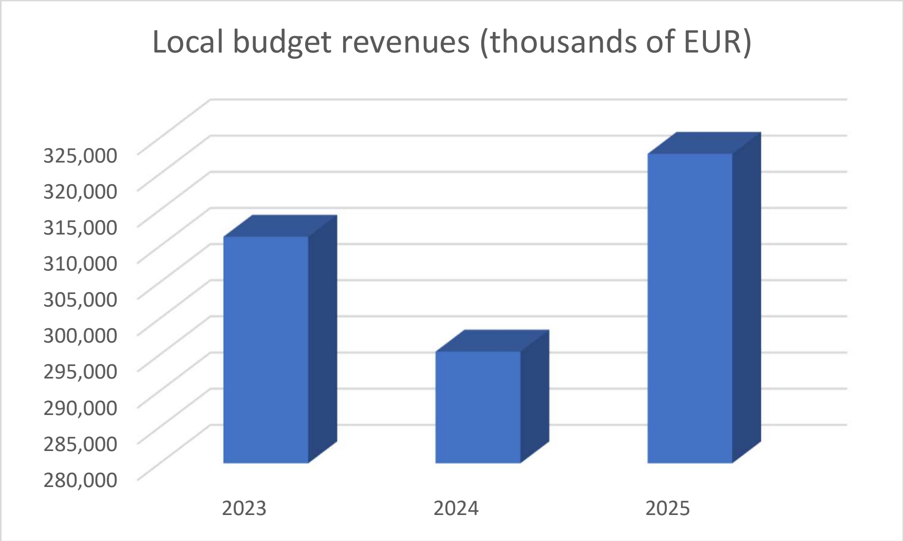
The BT loan financed projects aimed at improving the energy efficiency of various public buildings, investments in thermal and electrical energy, the rehabilitation of heating networks, pedestrian access and mobility, the acquisition of electric transport vehicles (buses), and investments in public health facilities (a hospital and an outpatient clinic).

The BCR loan was used to finance ineligible costs for certain PNRR projects: increasing the energy efficiency of schools and residential buildings, rehabilitating and modernizing kindergartens, and acquiring a high-efficiency cogeneration unit for the production of thermal and electrical energy..

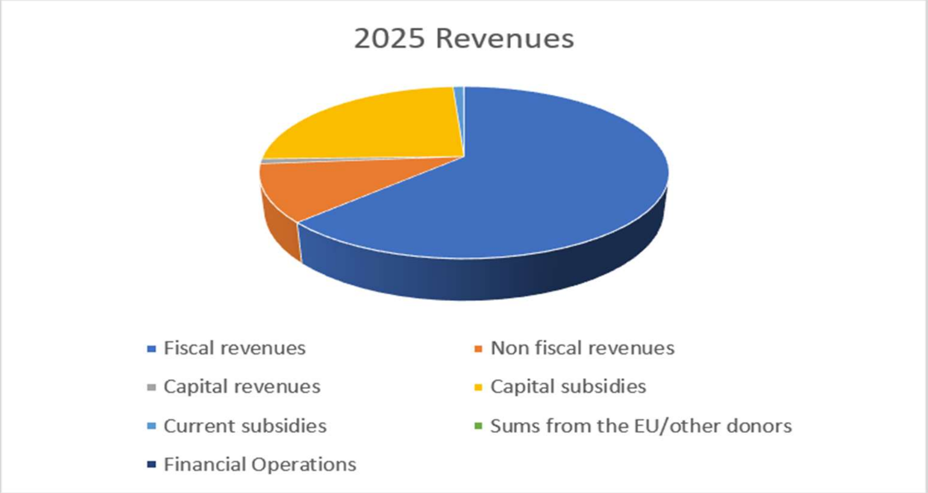
CONSTANȚA LOCAL BUDGET – REVENUES

The adjacent chart and table show the revenues of the Municipality of Constanța for the financial years ending December 31, 2023, 2024, and 2025 (in thousands of EUR). Tax revenues—specifically shares of income, profit, and capital gains taxes from individuals—account for the largest share of the Municipality's total revenue: 60% in 2023, 84% in 2024, and 83% in 2025. The 2026 budget projects a 36% increase compared to 2025.

	2023	2024	2025	2026 Budget
Local budget revenues, of which	**311,318**	**295,434**	**322,785**	**441,138**
Fiscal revenues	187,390	195,156	202,929	222,345
Non fiscal revenues	18,300	21,582	34,987	37,259
Capital revenues	2,748	1,644	2,929	514
Capital subsidies	14,737	33,022	78,849	148,392
Current subsidies	2,554	3,176	3,230	3,962
Sums from the EU/other donors	74,564	10,473	-138	23,809
Financial Operations	11,025	30,381	0	4,857



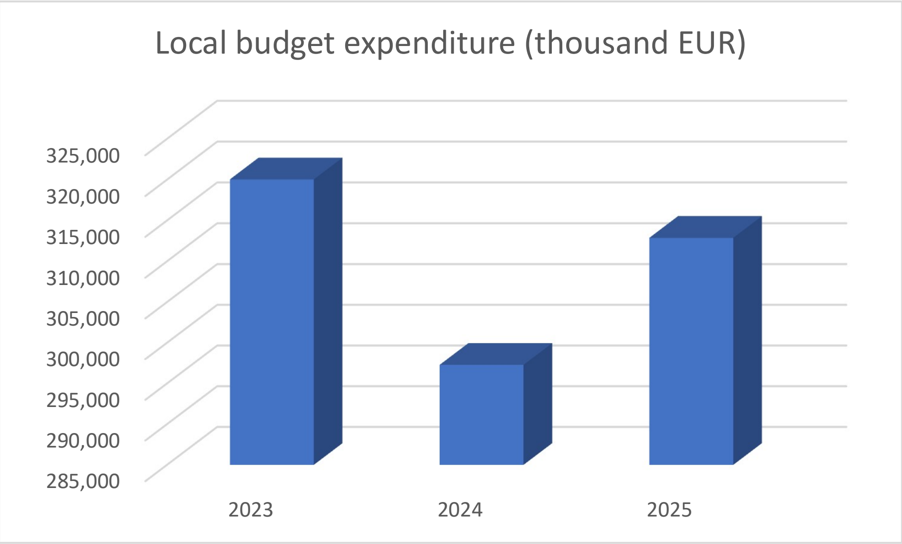
The decline between 2023 and 2024 is due to the end of the European funding cycle; EU funding amounts are currently on an upward trend with the start of the new cycle.



CONSTANȚA LOCAL BUDGET - EXPENDITURES

The adjacent chart and table show the expenditures of the Municipality of Constanța for the financial years ending on December 31, 2023, 2024, and 2025 (in thousands of EUR). Current expenditures account for the largest share of total spending—approximately 76% in 2024 and 67% in 2025—while capital expenditures averaged around 506 million (~30%) over the last three completed years. The figures for 2026 represent the budgeted amounts for the current year.

	2023	2024	2025	2026 Budget
Local budget expenditures, of which	**320,036**	**297,289**	**312,876**	**453,207**
Current expenditures	177,105	226,934	209,835	226,859
Capital expenditures	120,762	66,126	102,330	221,435
Loan repayments	1,601	1,601	1,601	4,913
Loans	22,381	4,857	190	-
Payments made in previous years and regained in the current year	(1,812)	(2,229)	(1,080)	-



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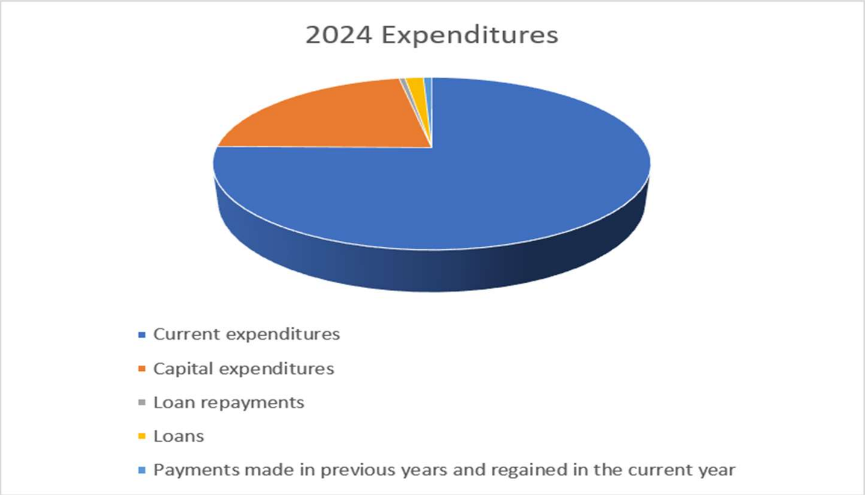

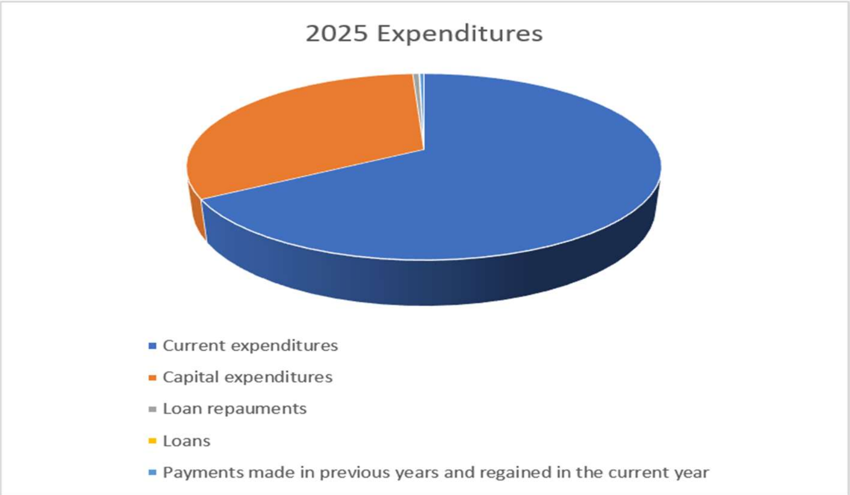

ANNEX 1.3 – Local budget indebtedness (thousand EUR, current)

Nr. Crt.	Name	Code from budget execution document	Local Budget Execution 31.XII.2023	Local Budget Execution 31.XII.2024	Local Budget Execution 31.XII.2025	Financial indicators for the duration of the debt service												
			thousands of EUR														Thousands of EUR	
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
0	A	B	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	***Own Revenues***	**2**	**178,036**	**171,942**	**202,572**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**	**184,183**
2	**30% of own revenues indebtedness limit**		53,411	51,583	60,772	55,255	55,255	55,255	55,255	55,255	55,255	55,255	55,255	55,255	55,255	55,255	55,255	55,255
3	**Serviciul anual al datoriei publice locale**[4)]					25,858	31,373	18,950	16,569	15,860	13,301	12,735	12,169	11,603	11,040	7,133	1,305	0
4	Repayments	121				18,809	24,906	13,724	12,124	12,124	10,219	10,219	10,219	10,219	10,219	6,833	1,285	0
5	Interests	122				7,048	6,467	5,226	4,446	3,737	3,081	2,516	1,950	1,384	821	300	20	0
6	Commissions	174				0	0	0	0	0	0	0	0	0	0	0	0	0
7	**Indebtedness as %**					**14.04%**	**17.03%**	**10.29%**	**9.00%**	**8.61%**	**7.22%**	**6.91%**	**6.61%**	**6.30%**	**5.99%**	**3.87%**	**0.71%**	**0.00%**

ANEXA 1.4 – Debt service (thousand EUR, current)

Annual Local Debt Service	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Local debt service for existing reimbursable loans (a+b+c)	**25,858**	**31,373**	**18,950**	**16,569**	**15,860**	**13,301**	**12,735**	**12,169**	**11,603**	**11,040**	**7,133**	**1,305**
a) Repayments	**18,809**	**24,906**	**13,724**	**12,124**	**12,124**	**10,219**	**10,219**	**10,219**	**10,219**	**10,219**	**6,833**	**1,285**
b) Interests	**7,048**	**6,467**	**5,226**	**4,446**	**3,737**	**3,081**	**2,516**	**1,950**	**1,384**	**821**	**300**	**20**
c) Commissions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Local debt service for BERD 100 mln. RON loan	**1,903**	**1,786**	**1,672**									
a) Repayments	1,601	1,601	1,601									
b) Interests	302	186	71									
c) Commissions	0	0	0									
Local debt service for BT 50,909 mil. EURO	**5,491**	**7,226**	**6,984**	**6,742**	**6,501**	**6,259**	**6,017**	**5,775**	**5,533**	**5,294**	**1,710**	
a) Repayments	3,324	5,079	5,079	5,079	5,079	5,079	5,079	5,079	5,079	5,079	1,693	
b) Interests	2,168	2,147	1,905	1,663	1,421	1,179	937	695	454	214	17	
c) Commissions	0	0	0	0	0	0	0	0	0	0	0	
Local debt service for BCR 269,82 mil. lei	**2,427**	**7,032**	**8,013**	**7,689**	**7,366**	**7,042**	**6,718**	**6,394**	**6,070**	**5,747**	**5,423**	**1,305**
a) Repayments	0	3,855	5,140	5,140	5,140	5,140	5,140	5,140	5,140	5,140	5,140	1,285
b) Interests	2,427	3,177	2,874	2,550	2,226	1,902	1,578	1,255	931	607	283	20
c) Commissions	0	0	0	0	0	0	0	0	0	0	0	0
Local debt service for BCR 67,8 mil. Lei guarantee	**3,790**											
a) Repayments	3,695											
b) Interests	95											
c) Commissions	0											
Local debt service for BCR 80 mil. Lei guarantee	**6,888**	**6,271**										
a) Repayments	6,095	6,086										
b) Interests	793	185										
c) Commissions	0	0										
Local debt service for Ministry of Finance - 50 mil. lei	**2,572**	**2,424**	**2,281**	**2,138**	**1,994**							
a) Repayments	1,905	1,905	1,905	1,905	1,905							
b) Interests	667	519	376	233	90							
c) Commissions	0	0	0	0	0							
Local debt service for EXIMBank 2025 - 45 mil. Lei guarantee	**2,787**	**6,634**										
a) Repayments	2,190	6,381										
b) Interests	596	253										
c) Commissions	0	0										