

ANNUAL BORROWING PLAN FOR THE YEAR 2018

In terms of Article 18 of the Government Borrowing and Management of Public Debt Act [GBMPDA] (Cap. 575) the Treasury is hereby publishing the Annual Borrowing Plan for the year 2018.

Securities and Debt Instruments with maturity of more than one year

Maximum amount of issuance

The Treasury announces that the issuance of Malta Government Securities and Debt Instruments with maturity of more than one year for the financial year 2018 has been set not to exceed € 350 million.

Purpose of issuance

It is planned that the funds raised from the borrowing programme shall be applied mainly to finance the Central Government borrowing requirements for 2018 including:

- The redemption of seven (7) MGS issues amounting to € 391,007,321 which are due to mature as hereunder:

18 th April 2018	3.85% MGS 2018 (V)	€ 121,431,000
15 th July 2018	7.8% MGS 2018 (I)	€ 163,057,021
5 th September 2018	FRN MGS 2018 (IV)	€ 31,400,000
25 th September 2018	FRN MGS 2018 (VI)	€ 38,950,000
12 th December 2018	FRN MGS 2018 (VII)	€ 29,300,000,

Ex-Church Property Stocks redeemable between 1st January 2018 and 31st December 2018

7% MGS 2018 (II)	€ 326,700
7% MGS 2018 (III)	€ 6,542,600;

- Financing of Central Government deficit estimated at €21.4 million; and
- Effecting changes in the Central Government debt portfolio, as and when required, in line with the Government's debt management policies.

Types of Securities and Debt Instruments to be issued

The issuance programme will be covered by the issue of three different types of securities/debt instruments: –

- The conventional fixed rate MGS;

- The Floating Rate MGS linked to the six month Euribor; and
- Malta Government Retail Savings Bond.

The conventional fixed rate Malta Government Stock shall be the Treasury's primary financial instrument by which to fund the central government borrowing requirements during the year 2018.

Alongside the conventional fixed rate MGS, the Treasury is expected to offer a limited amount of the Floating Rate MGS linked to the six-month Euribor via the auction system mainly for institutional investors as well as limited amount of Malta Government Retail Savings Bond which will be similar to the savings bond issued in 2017.

Frequency of issuance

The Treasury intends to fund the financing requirements for 2018 over three (3) to four (4) issues. As part of its issuance strategy, the Treasury shall retain the flexibility and capability to adapt quickly to changing market and other conditions and, where necessary will review the type of debt securities/debt instruments to be issued as well as the intervals of issuances.

Maturity and terms of issuance of Malta Government Stocks

The maturity structure of the 2018 MGS issues will be a mix of short and medium to long term MGS. The exact maturity and details on whether the offer will be for a new stock or a re-opening of an existing MGS will be announced one (1) to two (2) weeks prior to the opening of each issuance. The relevant terms and conditions of MGS issue will be published via an issuance circular published in the Government Gazette prior to the actual date of each issue.

Malta Government Stocks shall be issued under the GBMPDA

The issuance of Malta Government Stocks shall be issued under the new legislation, the Government Borrowing and Management of Public Debt Act (Cap. 575) which came into force on 1st September 2017 and under new updated Regulations.

Collective Action Clauses (CACs) in newly issued Malta Government Stocks

In accordance with paragraph 3 of Article 12 of the modified version of The Treaty establishing the European Stability Mechanism (ESM), all new MGSs issued on or after 1st January 2013 will incorporate the Model Collective Action Clauses (CACs).

Treasury Bills

- Auctions will continue to be held on a weekly basis, typically on Tuesday of the auction week and settled on Thursday on T+2 basis;
- The maturity structure of issues will include a mix of 28-day, 91-day, 182-day, 273-day and 364-day Treasury bills;
- The issuance is expected to focus on the 91-day and 182-day tenor;

- An issuance calendar of Treasury Bills showing the tenor, the auction date and the issue (settlement) date will be published in advance in the government gazette on a monthly basis for the next month;
- The Treasury Bills Prospectus may be viewed under the Treasury Bills section on the Treasury's website at www.treasury.gov.mt .

30th January 2018